

TAALERI

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TAALERI PLC
Q1 INTERIM STATEMENT

1 JANUARY-31 MARCH 2021

TAALERI PLC'S INTERIM STATEMENT 1 JANUARY-31 MARCH 2021

Taaleri sold its wealth management operations and revised its strategy - a strong result in the first quarter

On 10 March 2021, Taaleri announced the sale of the wealth management operations 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.

January-March 2021, IFRS reporting, continuing operations

- Income from continuing operations in accordance with IFRS amounted to EUR 12.1 (-2.2) million and operating profit to EUR 4.7 (-8.1) million.
- Earnings per share were EUR 0.13 (-0.30) for continuing operations, EUR 0.11 (0.09) for discontinued operations and EUR 0.25 (-0.20) for income for the period.
- After the review period, Taaleri called an extraordinary general meeting to make resolutions on the distribution of dividend and on the equity repayment. The Board of Directors proposes a distribution of funds of EUR 1.00 per share.

January-March 2021, segment reporting, continuing operations

- Segment reporting income was EUR 13.7 (-0.8) million.
- Continuing earnings grew by 5.5 per cent to EUR 8.9 (8.4) million. The continuing earnings of the Private Asset Management segment amounted to EUR 4.2 (4.6) million. The continuing earnings of the Strategic Investments segment, i.e. Garantia, were EUR 3.6 (3.3) million.
- Performance fees were EUR 0.8 (0.0) million and investment operations generated EUR 4.0 (-9.2) million.
- Segment reporting operating profit was EUR 5.1 (-7.5) million, corresponding to 37.4 (negative in the comparison period) per cent of income. Furthermore, the operating profit of discontinued operations was EUR 3.5 (2.2) million.
- The assets under management in the Private Asset Management segment amounted to EUR 1.7 (1.7) billion.

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. 20), 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 interim statement 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 IAS 34 standard was not observed in the preparation of this interim statement. The information in the interim statement has not been audited. See page 16 for further information of the accounting policies of this interim statement.

Group key figures

Group key figures, continuing operations in segment reporting	1-3/2021	1-3/2020	Change, %	2020	Long term target
Earnings key figures					
Continuing earnings, MEUR	8.9	8.4	5.5%	35.9	
Growth in continuing earnings, %	5.5%	n/a	n/a	n/a	> 15.0
Income, MEUR	13.7	-0.8	n/a	40.0	
Operating profit, MEUR	5.1	-7.5	n/a	9.1	
Operating profit, %	37.4%	n/a		22.8%	> 25.0
Profit for the period in consolidated income statement, MEUR	6.8	-5.6	n/a	13.1	
Return on equity*, %	20.7%	-18.9%		10.1%	> 15.0
Balance sheet key figures					
Equity ratio, %	48.1%	43.3%		49.7%	
Group's capital adequacy ratio, %	163.7%	183.4%		216.2%	
Other key figures					
Cost/income ratio excluding investment operations	75.8%	74.8%		78.1%	
Cost/income ratio	62.9%	182.1%		74.6%	
Number of full-time employees in continuing operations, average	102	88		92	
Assets under management in Private Asset Management segment, BEUR	1.7	1.5		1.7	
Assets under management in Group, BEUR	8.0	6.5		7.6	
Guaranty insurance portfolio, MEUR	1,736	1,762		1,817	

*Annualised

REVIEW BY CEO ROBIN LINDAHL

The first quarter of 2021 was very significant for Taaleri and for the future of the company. We announced that we were selling our wealth management operations to Aktia Bank Plc, presented our revised strategy and held the first Capital Markets Day in the history of the company, which turned out to be a delightfully popular event. In future, our growth will be driven 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.

The transaction of the wealth management operations was completed as planned after the review period on 30 April for the purchase price of EUR 120 million. As a result of the transaction, Taaleri will recognise a capital gain of approximately EUR 110 million. Following the execution of the transaction, we invited our shareholders to an extraordinary general meeting to decide on the distribution of additional dividend to our shareholders. Taaleri's Board of Directors' proposal on the distribution of funds is EUR 1.00 per share. According to our updated dividend policy, we will distribute to our shareholders at least 50 per cent 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.

We can be very satisfied with Taaleri's first quarter amid the major changes underway. The Group's continuing earnings grew to EUR 8.9 (8.4) million and income increased to EUR 13.7 (-0.8) million. The operating profit of continuing operations was EUR 5.1 (-7.5) million, corresponding to 37 per cent of income.

The business operations of the Private Asset Management segment's largest business Renewable energy developed steadily during the review period and fund projects progressed on schedule. The continuing earnings were lower than in the comparison period due to the closing of the SolarWind II fund during the comparison period. The final closing of the SolarWind II fund, which will take place during the second quarter, was prepared during the review period.

During the first quarter, our real estate business focused on growing our investment period funds and preparing the divestment of funds in the exit phase. We were also preparing for the Aktia transaction, as a result of which the assets managed by the real estate business grew as we expanded our operations to external portfolio management mandates.

In our new bioindustry business, we focused on starting operations, preparing the first fund and identifying future projects. Our goal is to launch the fund in the second half of the year. Furthermore, the infrastructure business transferred to Taaleri as a part of the Aktia transaction is preparing its first fund, which is planned to be launched already during the second quarter.

Garantia Insurance Company Ltd, which forms our Strategic Investments segment, continued its solid business operations in accordance with its own strategy. Investment returns that had been hard-hit by the pandemic during the comparison period increased significantly, but the net income from guaranty insurance operations also grew. The latter was affected by the opening of a new distribution channel in October 2020, which significantly increased the residential mortgage guaranty portfolio and, as a result, the earned premiums. The combined ratio describing the financial performance of insurance operations was at a very good level at 38.6 per cent.

The first quarter of the wealth management operations, included in discontinued operations, was strong. The continuing earnings from wealth management grew by 6.3 per cent to EUR 8.0 (7.6) million, and the income grew by 29.8 per cent to EUR 11.3 (8.7) million. The operating profit increased by 58.0 per cent to EUR 3.5 (2.2) million, including the direct expenses pertaining to the sale of the wealth management operations.

I am very excited to work together with all our employees, investors, partners and shareholders to steer Taaleri ahead in our new phase of development. At the same time, we are upholding the values and principles that are close to our hearts. Through our operations, we channel capital towards economically profitable undertakings that have a lasting positive impact on the environment and society at large. We know from experience that sustainability and profitability thrive side by side. We believe that they will become increasingly linked in the coming years.



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

The operating environment of Taaleri's continuing operations developed positively during the first quarter of 2021. The global confidence in the recovery of economy following the COVID-19 pandemic improved as vaccinations progressed, although the epidemiological situation continued to be difficult in several European countries and strict restrictions decelerated the opening of the economy.

The renewable energy operating environment remained largely unchanged during the review period. The price of emission allowances reached record level, which will help steer the market towards renewable energy. We expect the solar and wind power market in particular to continue to grow.

In the real estate market, activity has continued to increase during the beginning of the year, and the operating environment is returning to normal as the restrictions caused by the COVID-19 pandemic are being lifted. Investor interest has been the strongest in the investment categories where the impacts of the pandemic have been the most moderate, and we expect to continue to see strong demand of rental homes, public properties and logistics facilities.

Bioindustry is attracting a lot of market interest, and we believe that this interest will only increase as awareness of the industry and its potential grows.

The operating environment and market situation of Garantia Insurance Company Ltd remained steady at the beginning of the year, and the housing market situation further improved. The credit standing of both corporate customers and consumers has remained good despite the COVID-19 pandemic and no significant changes have occurred in the risk position of our guaranty insurance portfolio. 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. 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.

After the review period, 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 pays EUR 10 million of the purchase price by directing 974,563 new Aktia shares to Taaleri. The subscription price per share for the new shares is EUR 10.2610. In addition, Taaleri received the net cash of the divested operations, approximately EUR 4 million, and dividends paid by Taaleri Wealth Management Ltd to Taaleri Plc during the beginning of the year, totaling EUR 7.2 million. Taaleri will recognise a capital gain of approximately EUR 110 million on the sale in the second quarter of 2021.

FINANCIAL RESULT

Income and operating profit

Group key figures, continuing operations in segment reporting, EUR million	1-3/2021	1-3/2020	Change, %	2020
Income	13.7	-0.8	n/a	40.0
Private Asset Management	5.2	5.5	-5.1%	21.9
Strategic Investments (Garantia)	7.0	-4.1	n/a	17.2
Other	1.5	-2.1	n/a	0.9
Operating profit	5.1	-7.5	n/a	9.1
Private Asset Management	-0.1	1.4	-106.2%	3.7
Strategic Investments (Garantia)	5.4	-5.7	n/a	10.2
Other	-0.2	-3.2	93.6%	-4.8

The Group's share of the result of associated companies is taken into account in the segment income. Segment information is presented on page 24.

January-March 2021

Income from the Group's continuing operations in the review period totalled EUR 13.7 (-0.8) million. Continuing earnings grew by 5.5 per cent to EUR 8.9 (8.4) million. Performance fees of continuing operations were EUR 0.8 (0.0) million and earnings from investment operations was EUR 4.0 (-9.2) million. The Group's continuing investment operations without Garantia generated EUR 0.5 (-1.8) million. The net income from insurance operations totalled EUR 7.0 (-4.1) million, consisting of net income from guaranty insurance operations of EUR 3.6 (3.3) million and net income from investment operations of EUR 3.4 (-7.4) million. The return on investment of insurance operations at fair value was 2.1 (-8.8) per cent.

The operating profit of the Group's continuing operations was EUR 5.1 (-7.5) million, corresponding to 37.4 (negative in the comparison period) per cent of the income of the continuing operations. The operating expenses of the Group's continuing operations were EUR 8.5 (6.7) million of which personnel costs amounted to EUR 4.1 (2.5) million.

In the consolidated income statement, which applies the IFRS 5 standard, the income from continuing operations totalled EUR 12.1 (-2.2) million. In the consolidated income statement, the income of continuing operations was EUR 3.7 (-8.3) million, the income of discontinued operations was EUR 3.2 (2.7) million, the profit for the period was EUR 6.8 (-5.7) million and the Group's comprehensive income was EUR 6.6 (-9.7) million.

Balance sheet, investments, and financing

At the end of March, Taaleri Group's balance sheet total was EUR 271.8 (268.0) million. The Group's cash and cash equivalents totalled EUR 26.7 (25.8) million, excluding cash and cash equivalents of assets classified as held for sale, and investments EUR 212.0 (194.8) million, corresponding to 78.0 (72.7) per cent of the Group's balance sheet total.

The Group's interest-bearing liabilities amounted to EUR 62.2 (64.7) million and consisted of EUR 35.0 (34.9) million in Taaleri Plc bond programmes, EUR 12.4 (14.9) million in liabilities to credit institutions and EUR 14.8 (14.8) million in Taaleri Plc Tier 2 bond. Liabilities totalled EUR 141.0 (134.8) million and equity stood at 130.8 (133.2) million.

The equity ratio of Taaleri Group remained strong at 48.1 (49.7) per cent.

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. In group Other is presented Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments.

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 infrastructure 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	1-3/2021	1-3/2020	Change, %	2020
Continuing earnings	4.2	4.6	-7.6%	18.5
Performance fees	0.8	0.0	100.0%	1.0
Investment operations	0.2	0.9	-81.7%	2.4
Income	5.2	5.5	-5.1%	21.9
Operating profit before allocating the financing expenses	0.4	2.0	-77.9%	6.2
Allocation of financing expenses	-0.5	-0.6	-12.4%	-2.5
Operating profit	-0.1	1.4	-106.2%	3.7
Full-time personnel, average	56	43		47

Private Asset Management segment's investments, EUR million	31.3.2021	31.12.2020	Change, %
Investments and receivables, fair value	22.4	23.6	-5.1%
Real estate	7.4	9.0	-17.9%
Bioindustry	4.2	4.0	4.4%
Renewable energy	10.2	10.1	1.0%
Other investments	0.6	0.5	20.0%

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. Existing bioindustry investments include, among others, investments in Fintoil Oy, which will produce crude tall oil in the near future. Real estate investments include investments in real estate development company Sepos Oy, real estate company Munkkiniemi Group Oy and Turun Toriparkki Oy parking hall. Renewable energy investments include, among others, investment in the Truscott-Gilliland East Wind farm in United States, and the strategic investments of the Infrastructure business are presented under Other investments. Group investments are presented in further detail under segment information on page 25.

RENEWABLE ENERGY

Renewable energy, EUR million	1-3/2021	1-3/2020	Change, %	2020
Continuing earnings	3.2	3.5	-8.5%	14.3
Performance fees	0.8	0.0	100.0%	1.0
Investment operations	0.0	0.9	-100.0%	2.1
Income	4.0	4.4	-8.9%	17.4
Operating profit before allocating the financing expenses	0.7	2.0	-67.6%	6.6
Allocation of financing expenses	-0.4	-0.4	-10.3%	-1.7
Operating profit	0.3	1.6	-81.8%	4.9
Full-time personnel, average	36	28		30
Assets under management, EUR billion	1.1	1.0		1.1

January-March 2021

The renewable energy income in January-March 2021 was EUR 4.0 (4.4) million. The comparison period income includes a one-off management fee paid retroactively in connection with the closing of the SolarWind II fund. Operating expenses totalled EUR 3.3 (2.3) million, of which fee and commission expenses were EUR 1.1 (1.0) million and personnel costs EUR 1.7 (0.7) million. The increase in personnel costs is due to both the increase in the number of employees and variable remuneration, of which EUR 0.4 million is allocated to the previous financial period. Operating profit of renewable energy before allocation of financing expenses was EUR 0.7 (2.0) million and operating profit EUR 0.3 (1.6) million.

Renewable energy fund projects progressed as planned during the review period. Future investments of the funds were surveyed, but no new investment decisions were made during the review period.

OTHER PRIVATE ASSET MANAGEMENT

Other private asset management, EUR million	1-3/2021	1-3/2020	Change, %	2020
Continuing earnings	1.0	1.1	-4.9%	4.2
Performance fees	0.0	0.0	0.0%	0.0
Investment operations	0.2	0.0	100.0%	0.3
Income	1.2	1.1	10.6%	4.5
Operating profit before allocating the financing expenses	-0.2	0.0	-508.6%	-0.4
Allocation of financing expenses	-0.2	-0.2	-16.7%	-0.8
Operating profit	-0.4	-0.2	-64.1%	-1.2
Full-time personnel, average	20	15		17
Assets under management, EUR billion	0.6	0.5		0.6

January-March 2021

The income of Taaleri's real estate and bioindustry businesses in January-March 2021 was EUR 1.2 (1.1) million. Operating expenses totalled EUR 1.4 (1.1) million, of which fee and commission expenses were EUR 0.7 (0.7) million and personnel costs EUR 0.4 (0.3) million. Operating profit before allocation of financing expenses was EUR -0.2 (0.0) million and operating profit -0.4 (-0.2) million.

The real estate business continued to grow investment-period funds and prepared for the divestment of funds in the exit phase. Acquisitions were made for Taaleri Rental Home, Taaleri Daycare Properties and Taaleri Multifunctional Premises private equity funds and to Taaleri Real Estate special investment fund. During the review period, Taaleri Real Estate special investment fund collected net subscriptions worth EUR 1.9 million. During the review period, preparations were also made for the Aktia transaction, as a result of which the managed real estate assets grew by external portfolio management mandates and the real estate business was fortified by the three-person real estate team that transferred from Aktia.

During the review period, the bioindustry business focused on launching its operations, identifying investments for its first fund, marketing the fund to be launched, and recruiting team members.

Taaleri's infrastructure business will start in May 2021 following the execution of Taaleri's wealth management operations transaction. As a part of this transaction, Taaleri acquired the Aktia Infra I Ky fund, and the Aktia infrastructure business team was transferred to Taaleri.

Strategic Investments (Garantia)

The Strategic Investments segment includes Garantia Insurance Company Ltd., an insurance company specializing in guaranty insurance. 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	1-3/2021	1-3/2020	Change, %	2020
Net income from guaranty insurance operations	3.6	3.3	9.4%	14.6
- of which Earned premiums, net	3.9	3.4	13.7%	14.9
- of which Claims incurred, net	-0.3	-0.1	154.6%	-0.3
Net income from investment operations	3.4	-7.4	n/a	2.5
Other income	0.0	0.0	-57.9%	0.0
Revenue	7.0	-4.1	n/a	17.2
Operating expenses	-1.2	-1.0	17.7%	-5.3
Operating profit before allocating the financing expenses	5.8	-5.2	n/a	11.9
Allocation of financing expenses	-0.4	-0.5	-26.0%	-1.7
Operating profit before valuations	5.4	-5.7	n/a	10.2
Change in fair value of investments	-0.3	-5.4	95.3%	0.2
Result at fair value before tax	5.2	-11.1	n/a	10.4

Garantia, EUR million	1-3/2021	1-3/2020	Change, %	2020
Claims ratio, %	8.7%	5.0%	3.7%-p.	4.0%
Expense ratio, %	29.6%	28.6%	1.0%-p.	33.3%
Combined ratio, %	38.3%	33.6%	4.7%-p.	37.3%
Return on investments at fair value, %	2.1%	-8.8%	10.9%-p.	1.8%
Number of full-time personnel, average	21	23		21

Garantia, EUR million	31.3.2021	31.12.2020	Change, %
Investment portfolio, fair value, MEUR	152	159	-4.4%
Guaranty insurance portfolio, MEUR	1,736	1,817	-4.5%
Solvency ratio, %	232.5%	229.4%	3.1%-p.
Credit rating (S&P)	A-	A-	-

January-March 2021

Garantia's revenue in January-March 2021 reached EUR 7.0 (-4.1) million. The net income from insurance operations grew by 9.4 per cent to EUR 3.6 (3.3) million. Net income from investment operations grew to EUR 3.4 (-7.4) million. The growth in net income from insurance operations was especially attributable to continued growth in earned premiums. The net income from investment operations in the period of comparison was significantly affected by the market reactions caused by the spreading of the COVID-19 pandemic.

Operating expenses were EUR 1.2 (1.0) million, of which personnel costs were EUR 0.8 (0.6) million. The operating profit before valuations was EUR 5.4 (-5.7) million. The result at fair value before tax was EUR 5.2 (-11.1) million.

Insurance operations

Garantia's earned premiums grew 13.7 per cent in the review period to EUR 3.9 (3.4) million. The increase in earned premiums was mainly attributable to growth in residential mortgage guaranty exposure. The growth in residential mortgage guaranty volume has been significantly affected by the sales volume brought in by the new distribution channel that opened in October 2020. In addition, growth in the exposure volume has been supported by the positive development of the housing market.

Garantia's gross guaranty insurance exposure amounted to EUR 1,736 (1,817) million at the end of March 2021. The contraction in gross exposure was mainly caused by the decline in the volume of corporate exposures. This decline was a result of the company's strategic decision to cease underwriting new construction sector related commercial bonds as of the beginning of 2020. The development of consumer exposures was favourable, and the volume of these exposures grew.

At the end of March, consumer exposures made up EUR 988 (972) million, or 57 (54) per cent, of total gross insurance exposure, and corporate exposures made up EUR 748 (844) million, or 43 (46) per cent. The consumer exposures include residential mortgage loan guaranties and rent guarantees underwritten to households. The corporate exposures include corporate loan guaranties, commercial bonds, and other business-related guaranties.

Claims incurred in January-March amounted to EUR 0.3 (0.1) million. Claims ratio was 8.7 (5.0) per cent, and the ratio of claims incurred as a percentage of the guaranty insurance exposure was 0.04 (0.03) per cent. The level of claims incurred in the review period remained low.

The expense ratio increased in January-March to 29.6 (28.6) per cent and the combined ratio stood at 38.3 (33.6) per cent.

Investment operations

Net income from investment operations in January-March was EUR 3.4 (-7.4) million and it mainly consisted of interest income and fair value changes. In addition, the change in the fair value of investment assets recognised in comprehensive income before taxes was EUR -0.3 (-5.4) million. Hence, investment income at fair value totaled EUR 3.2 (-12.9) million, resulting in a return of 2.1 (-8.8) per cent. During the period of comparison, investment return was significantly affected by the market reactions caused by the spreading of the COVID-19 pandemic. The investment portfolio was valued at EUR 152 (159) million at the end of March. The decrease in the value of the investment portfolio was due to dividends paid in the review period.

Risk position

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

The risk position of insurance operations remained stable in January-March 2021. The share of consumer exposure as a proportion of total guaranty insurance exposure increased, and the share of corporate exposure decreased.

Investment-grade exposures, or exposures rated AAA...BBB-, accounted for 17.2 (15.6) per cent of the corporate guaranty portfolio. Insurance exposure rated BB- or above accounted for 73.6 (73.2) per cent. The share of the weak rating classes of C+ or lower came down and stood at 3.2 (3.7) per cent. The principal sectors in the corporate guaranty insurance portfolio were construction at 32.4 (35.4) per cent and manufacturing at 24.3 (24.7) per cent. None of the other sectors exceeded 10 per cent of the portfolio. 47.9 (48.8) per cent of the construction sector exposure is reinsured.

As part of the Taaleri Group, Garantia falls within the scope of the large exposure regulation regime specified in the EU Capital Requirements Regulation. At the end of March, Garantia's largest single counterparty exposure amounted to 22.6 (19.8) per cent of Taaleri Group's own funds.

In investment operations, the level of risk was kept unchanged during the review period. Fixed income investments (incl. cash and bank balances) made up 84.6 (86.4) per cent, equity & private equity investments 14.3 (12.5) per cent, and real-estate investments 1.1 (1.1) per cent of the investment portfolio. The fixed income investments mainly consist of investments in bonds of Finnish and Nordic companies and credit institutions with strong creditworthiness. The share of investment-grade fixed income investments was 70.3 (61.4) per cent. The modified duration of the fixed income investments was 3.6 (3.5).

Credit rating

No changes took place in Garantia's credit rating or its outlook during January-March.

On 14 October 2020, Standard & Poor's Global Ratings (S&P) confirmed Garantia Insurance Company Ltd.'s Issuer Credit Rating (ICR), Financial Strength Rating (FSR) and the Financial Enhancement Rating (FER) reflecting the company's solvency and willingness to meet its financial commitments at A- with stable outlook.

Other

The group entitled Other is used to present the Group's non-strategic investments, Taaleri Kapitaali and Group operations not included in the business segments. On 31 March 2021, Taaleri's non-strategic investments totalled EUR 30.0 (30.5) million. The Group investments are presented in further detail under segment information on page 25.

Other, EUR million	1-3/2021	1-3/2020	Change, %	2020
Continuing earnings	1.1	0.6	88.2%	2.7
Performance fees	0.0	0.0	0.0%	0.0
Investment operations	0.4	-2.7	n/a	-1.8
Income	1.5	-2.1	n/a	0.9
Operating profit	-0.2	-3.2	93.6%	-4.8
Full-time personnel, average	25	23		24

Non-strategic investments, EUR million	31.3.2021	31.12.2020	Change, %
Investments and receivables, fair value	30.0	30.5	-1.6%
Real estate	12.0	11.3	6.0%
Other investments	18.0	19.1	-6.1%

January-March 2021

Income of the Other-group in January-March 2021 was EUR 1.5 (-2.1) million. Operating expenses totalled EUR 2.6 (2.2) million, of which interest expenses were EUR 0.7 (0.8) million and personnel costs EUR 1.1 (0.9) million. The Other-group's operating profit in the review period was EUR -0.2 (-3.2) million. The review period income included fair value change of EUR -0.2 (-2.2) million from Fellow Finance Plc.

DISCONTINUED OPERATIONS

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	1-3/2021	1-3/2020	Change, %	2020
Wealth management fees	8.0	7.6	6.3%	29.3
Performance fees	3.2	1.1	190.2%	6.1
Investment operations	0.0	0.0	0.0%	0.0
Income	11.3	8.7	29.8%	35.5
Operating profit	3.5	2.2	58.0%	8.5
Full-time personnel, average	103	106		106

Assets under management, EUR million	31.3.2021	31.12.2020	Change, %
Assets under management	7,487	7,121	5.1%
Mutual funds	1,338	1,209	10.6%
Private equity funds	1,332	1,282	3.8%
Wealth management	4,818	4,629	4.1%

January-March 2021

Income of wealth management operations classified as discontinued operations in January-March 2021 was EUR 11.3 (8.7) million. The continuing fees of wealth management grew by 6.3 per cent to EUR 8.0 (7.6) million. The performance of Taaleri's mutual funds was excellent, and performance fees accrued from several funds in January-March totalled EUR 3.2 (1.1) million. Operating expenses of discontinued operations totalled EUR 7.5 (6.3) million, of which fee and commission expenses were EUR 1.3 (1.1) million and personnel costs EUR 4.1 (2.8) million. The operating expenses of discontinued operations include direct costs related to the sale of wealth management operations in the review period amounting to EUR 0.3 (0.3) million. The operating profit for the review period was EUR 3.5 (2.2) million with an operating profit margin of 31 (26) per cent. Assets under management of wealth management operations grew by 5.1% during the first quarter of the year.

ANNUAL GENERAL MEETING 2021

Taaleri Plc's Annual General Meeting was held on 25 March 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.

TAALERI'S PERSONNEL

The continuing operations of the Group employed an average of 102 (89) full-time people during the review period. There were 56 (43) full-time employees in the Private Asset Management segment and 21 (23) in Strategic Investments (Garantia) segment. The full-time personnel in the Other group averaged 25 (23), including 6 employees in Mobify Invoices Oy. Of the personnel, 95 (96) per cent were employed in Finland.

During the review period, the personnel costs of the continuing operations of the Group totalled EUR 4.1 (2.5) million, of which fixed personnel costs totalled EUR 2.8 (2.3) million.

SHARES AND SHARE CAPITAL

Taaleri's share on Nasdaq Helsinki

1-3/2021	No of shares traded	Total value EUR	High EUR	Low EUR	Average EUR*	Last EUR
TAALA	2,576,491	22,654,397	10.15	7.80	8.79	9.52

* 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 March 2021, the company possessed 45,000 (45,000) treasury shares.

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

Flaggings during January-March 2021

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

Taaleri share price development since listing 20.4.2013-31.3.2021



CAPITAL ADEQUACY OF TAALERI

Capital adequacy under the Act on the Supervision of Financial and Insurance Conglomerates

Taaleri Group forms a financing and insurance conglomerate, according to the Act on the Supervision of Financial and Insurance Conglomerates (RaVa) (2004/699).

As a RaVa conglomerate, Taaleri Group discloses its own funds and capital adequacy in accordance with the capital adequacy regulations for financial and insurance conglomerates. At the end of March 2021 Taaleri RaVa conglomerate's Tier 1 capital amounted EUR 101.5 (118.5) million, Tier 2 capital amounted EUR 14.8 (14.8) million and own funds amounted EUR 116.4 (133.3) million, with the minimum requirement being EUR 61.7 (60.3) million. The conglomerate's capital adequacy was EUR 62.9 (61.7) million ja the capital adequacy ratio was 163.7 (216.2) per cent, with the minimum requirement being 100 per cent. The Board of Directors' proposal of 3.5.2021 of EUR 28.4 million for the additional profit distribution is taken into account in the conglomerate's own funds.

Within the Taaleri Group, the regulatory capital according to Solvency II is determined and reported not only for Garantia Insurance Company Ltd but also for Taaleri Plc as a part of the RaVa conglomerate. The total solvency capital requirement (SCR) of the parent company Taaleri Plc and the subsidiary Garantia Insurance Company Ltd was EUR 51.0 (50.0) million.

Taaleri's own funds fully comprise its own unrestricted Tier 1 basic funds and a EUR 15 million Tier 2 bond issued by Taaleri Plc, in October 2019.

Capital adequacy of RaVa conglomerate, EUR 1,000	31.3.2021	31.12.2020
Shareholders' equity of the Taaleri Group	139,850	133,209
Goodwill and other intangible assets	-533	-6,778
Non-controlling interests	1,483	1,134
Dividend for 2020	-9,072	-9,072
Planned distribution of profit	-28,351	-
Tier 1 capital	101,541	118,492
Tier 2 capital	14,839	14,839
Conglomerate's own funds, total	116,384	133,332
Financing business' requirement for own funds	11,880	11,783
Insurance business' requirement for own funds	50,983	49,900
Minimum amount of own funds of the conglomerate, total	62,863	61,683
Conglomerate's capital adequacy	40,063	71,649
Conglomerate's capital adequacy ratio	163.7%	216.2%

Capital adequacy according to the Act on Credit Institutions and the EU Capital Requirements Regulation (Basel III)

Within the Taaleri Group, the regulatory capital according to the Act on Credit Institutions (610/2014) and the EU Capital Requirements Regulation (CRR) (No 575/2013 of the European Parliament and of the Council) is determined and disclosed to the supervised parties operating in the Financing sector. Taaleri applies the standardized approach in the regulatory capital calculation of the credit risk capital requirement.

Taaleri Group's target level for the own funds of the Financing sector is 1.3 times the internal risk-based capital requirement, calculated on the basis of the pillar 1 minimum capital requirement and additional pillar 2 risk-based capital requirement.

The Finnish Financial Supervisory Authority has given the permission to leave the insurance company holdings undeducted from the common equity Tier 1 capital (CET1) given to Taaleri Plc, pursuant to Article 49 (1) of the EU Capital Requirements Regulation (EU) 575/2013 (CRR), until 25 June 2021. The permission granted by the Finnish Financial Supervision Authority is related to the reform of the capital requirements framework for investment firms that is scheduled to come into effect on 26 June 2021.

With the permission, Garantia's acquisition expense of EUR 60.4 million can be left undeducted. The impact on the result accumulated by the insurance company investment is not included in the consolidated Common Equity Tier 1 of the investment service company. Equity investments include the Group's internal insurance company investment of EUR 60.4 million with a risk-weight of 100 per cent. If the CRR 49 permission were not applied and using the alternative calculation method, where the insurance company investment is deducted from the Common Equity Tier 1 and excluding the result of the review period and excluding the additional profit distribution as a result of the sale of the wealth management operations, were applied, the consolidated Common Equity Tier 1 of the investment service company would be EUR 19.3 million and equity EUR 34.1 million on 31 March 2021.

Taaleri's financing sector's Common Equity Tier 1 with the CRR 49 permission is EUR 42.9 (71.2) million and equity EUR 57.8 (86.0) million, of which the additional proposed profit distribution of EUR 28.4 million is deducted. The risk-weighted commitments were EUR 228.7 (226.9) million, of which the share of credit risk was EUR 150.8 (149.0) million and the share of operational risk EUR 77.9 (77.9) million according to the standardized approach. The Financing sector's Tier 1 Capital adequacy ratio was 18.8 (31.4) per cent and capital adequacy ratio was 25.3 (37.9) per cent.

Financing sector's capital adequacy, EUR 1,000 (with the CRR 49 permission)	31.3.2021	31.12.2020
Common Equity Tier 1 before deductions	85,276	85,516
Deductions from the Common Equity Tier 1		
Goodwill and intangible assets	-6,419	-6,428
Non-controlling interests	1,483	1,134
Dividend for 2020	-9,058	-9,058
Additional profit distribution	-28,351	-
Common Equity Tier 1 (CET1)	42,931	71,163
Tier 2 capital before deductions	14,839	14,839
Deductions from the Tier 2 capital	-	-
Tier 2 capital (T2)	14,839	14,839
Total capital (TC = T1 + T2)	57,774	86,003
Total risk-weighted commitments (total risk)	228,722	226,872
- of which the share of credit risk	150,801	148,951
- of which insurance company holdings	60,350	60,350
- of which the share of operational risk	77,921	77,921
- of which the share of other risks	-	-
Common Equity Tier 1 (CET1) in relation to the amount of total risk (%)	18.8%	31.4%
Tier 1 capital (T1) in relation to the amount of total risk (%)	18.8%	31.4%
Total capital (TC) in relation to the amount of total risk (%)	25.3%	37.9%

Solvency according to the Insurance Companies Act (Solvency II)

Garantia's solvency strengthened slightly during the review period, when compared to the level at the end of 2020. The company's basic own funds amounted to EUR 118.0 (114.1) million, and the solvency capital requirement was 51.0 (49.7) million. Solvency ratio, or the ratio of basic own funds to the solvency capital requirement, was 231.5 (229.4) per cent.

Garantia's basic own funds grew as a result of the profits accumulated in the period. The increase in the solvency capital requirement was mainly attributable to the growth in the capital requirement for market risk.

According to the Insurance Companies Act, Solvency II capital adequacy regulations do not fall within the scope of statutory auditing.

SHORT TERM RISKS AND CONCERNS

The coronavirus pandemic will continue to cause uncertainty in 2021. However, the global economy is likely to recover as coronavirus vaccinations progress. The most significant external uncertainties affecting the Group's operating profit are changes in the operating and regulatory environment and the development of the financial markets globally and especially in Finland. 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 and the development of capital markets. 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.

The Other group's returns 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 38 on pages 56-71 of the 2020 financial statements.

MATERIAL EVENTS AFTER THE REVIEW PERIOD

On April 7, 2021, Taaleri Plc paid a dividend of EUR 0.32 per share, decided by the annual general meeting, for a total of EUR 9,057,798.40.

On 28 April 2021, the Finnish Financial Supervision Authority granted Taaleri Plc permission not to consolidate Garantia Insurance Company Ltd using the equity method in accordance with Article 18 (7) of the EU Solvency Regulation in the consolidated solvency calculation of Taaleri Plc's investment firm. Taaleri's regulatory framework will change significantly following the sale of investment firm business. Taaleri will inform about changes in the regulatory framework later.

Taaleri completed the sale of its wealth management operations to Aktia on 30 April 2021. The divested business was sold at its enterprise value (excluding liabilities and cash) of EUR 120 million. Aktia pays EUR 10 million of the purchase price by directing 974,563 new Aktia shares to Taaleri. The subscription price per share for the new shares is EUR 10.2610. In addition, Taaleri received the net cash of the divested operations, approximately EUR 4 million, and dividends paid by Taaleri Wealth Management Ltd to Taaleri Plc during the beginning of the year, totaling EUR 7.2 million. Taaleri will recognise a capital gain of approximately EUR 110 million on the sale in the second quarter of 2021.

On May 5, 2021, Taaleri Plc announced that it will exercise its right to redeem prematurely its outstanding 4.250% Senior Bond due 20 December 2021.

On 7 May 2021 Taaleri called an extraordinary general meeting to make resolutions on the payment of dividend and on the distribution of the assets from the invested unrestricted equity fund. The Board of Directors proposes to the Extraordinary General Meeting that a dividend of EUR 0.40 per share be paid out. Additionally, the Board proposes to the Extraordinary General Meeting that an equity repayment of EUR 0.60 per share be paid out from the reserve of invested unrestricted equity. The dividend and equity repayment shall be paid to those who are registered as shareholders in Taaleri Plc's shareholder register maintained by Euroclear Finland Ltd on the record date 1 June 2021. The Board proposes 8 June 2021 as the payment date of the dividend and equity repayment.

Helsinki, 7 May 2021
Taaleri Plc
Board of Directors

Additional info

CEO Robin Lindahl, +358 50 595 9616, robin.lindahl@taaleri.com
CFO Minna Smedsten, +358 40 700 1738, minna.smedsten@taaleri.com
Head of Communications and IR Siri Markula, +358 40 743 2177, siri.markula@taaleri.com

Webcast presentation for analysts and media

A live webcast for analysts and the media will be held on May 7, 2021 at 1 p.m. The event is in Finnish. The webcast can be followed online at <https://taaleri.videosync.fi/2021-05-07-osavuosiraporttiq12021>. The event will be recorded and will be available later on Taaleri's investor pages at www.taaleri.com/investors/reports-and-presentations.

Financial information

Taaleri reports its result in 2021 as follows:

- 19 August 2021: Semi-annual report for the period 1 January to 30 June 2021
- 5 November 2021: Interim statement for the period 1 January to September 30 2021

Taaleri in brief

Taaleri is a Nordic investment and asset manager with an emphasis on renewable energy and other alternative investments. We channel capital towards economically profitable undertakings that have a lasting positive impact on the environment and society. We are a signatory of the UN Principles for Responsible Investment (UNPRI) since 2010. Taaleri's vision is to be a Nordic forerunner in alternative investments focusing on sustainability.

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

Taaleri has EUR 1.7 bn of assets under management in its private equity funds and co-investments. The company has approximately 120 employees. Taaleri Plc is listed on Nasdaq Helsinki.

www.taaleri.com

ACCOUNTING POLICIES

Taaleri's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. This interim statement has not been prepared in accordance with IAS 34. The interim statement is unaudited. The interim statement has been published in Finnish and English. The Finnish interim statement is official and is used if there is a discrepancy between the language versions.

The accounting policies of the interim statement are substantially the same as those presented in Taaleri's financial statements for 2020, except for the amendments listed below and the amendments to IFRS standards that came into force on 1 January 2021. The revised standards and interpretations do not have a material impact on the reported result or financial position.

Discontinued operations

On March 10, 2021, Taaleri announced the sale of the wealth management operations 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. Taaleri has classified the wealth management operations as held-for-sale assets and reports them as discontinued operations as of the Q1 2020 interim statement, as the transaction agreement was signed on March 10, 2021, the transaction is considered probable at the reporting date and the divested business represents a separate key business area within the Group. 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. Assets and liabilities related to discontinued operations are presented separately in the balance sheet on March 31, 2021, as Assets classified as held for sale and Liabilities of Assets classified as held for sale.

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 and promotes actively and continuously the sale. Also, the holding of Fellow Finance Oyj is presented separately in the balance sheet on March 31, 2021, as Assets classified as held for sale.

Segment reporting

Taaleri only reports continuing operations in its segment reporting, so because 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 consists of Garantia. 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.

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. 20), 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 interim statement 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.

KEY FIGURES

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

Group

Group	1-3/2021	1-3/2020	1-12/2020
Income, EUR 1,000	12,138	-2,224	33,950
Operating profit (-loss), EUR 1,000	4,716	-8,111	6,532
- as percentage of income	38.9%	n/a	19.2%
Net profit for the period, EUR 1,000	6,822	-5,675	13,102
- as percentage of income	56.2%	255.2%	38.6%
Basic earnings per share, EUR	0.25	-0.20	0.46
Diluted earnings per share, EUR	0.24	-0.20	0.45
Return on equity % (ROE) ¹⁾	20.7%	-18.9%	10.1%
Return on equity at fair value % (ROE) ¹⁾	20.1%	-32.3%	10.0%
Return on assets % (ROA) ¹⁾	10.1%	-8.5%	4.9%
Cost/income ratio	60.9%	-258.5%	74.6%
Cost/income ratio excluding investment operations	88.7%	73.7%	76.7%
Price/earnings (P/E) ¹⁾	9.7	-7.6	17.7
Number of full-time employees, avg	205	183	192
Equity ratio -%	48.1%	43.3%	49.7%
Net gearing -%	27.1%	35.6%	29.2%
Equity/share, EUR	4.67	4.11	4.75
Dividend/share, EUR	1.00 ²⁾	-	0.32
Dividend/earnings, %	408.1%	-	69.6%
Effective dividend yield, %	10.5%	-	3.9%
Loan receivables, EUR 1,000	5,079	9,070	6,699
Conglomerate's capital adequacy ratio, %	163.7%		216.2%
Financing sector capital adequacy ratio, %	25.3%		37.9%
Number of shares at the end of period ³⁾	28,305,620	28,305,620	28,305,620
Average number of shares ³⁾	28,305,620	28,305,620	28,305,620
Share average price, EUR	8.79	8.14	7.26
- highest price, EUR	10.15	9.76	9.76
- lowest price, EUR	7.80	5.82	5.82
- closing price, EUR	9.52	6.12	8.12
Market capitalization, EUR 1,000 ³⁾	269,470	173,230	229,842
Shares traded, thousands	2,576	1,133	4,104
Shares traded, %	9%	4%	14%

¹⁾ Annualized

²⁾ Board of Directors' proposal

³⁾ Reduced by own shares acquired

Insurance operations key figures

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

EUR 1,000	1-3/2021	1-3/2020	1-12/2020
Net income from insurance	3,607	3,297	14,614
Earned premiums, net	3,861	3,397	14,885
Claims incurred, net	-254	-100	-270
Other income	2	5	33
Net income from investment operations	3,427	-7,436	2,534
Operating expenses	-1,225	-1,041	-5,281
Operating profit before valuations	5,410	-5,716	10,163
Change in fair value of investments	-252	-5,427	195
Profit before taxes and non-controlling interests	5,158	-11,142	10,359
Combined ratio, %	38.3%	33.6%	37.3%
Claims ratio, %	8.7%	5.0%	4.0%
Expense ratio, %	29.6%	28.6%	33.3%
Return on investments at fair value, %	2.1%	-8.8%	1.8%
Solvency ratio (S2), % ¹⁾	231.5%	197.2%	229.4%
Insurance exposure, EUR billion	1.74	1.76	1.82
Number of employees, avg	21	23	21

¹⁾ The Solvency II figures do not fall within the sphere of statutory auditing under the Insurance Companies Act. The Solvency II 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), %

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

Return on equity at fair value %, (ROE)

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

Return on assets (ROA), %

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

Cost/income ratio, %

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

Cost/income ratio, % excluding investment operations

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

Price/Earnings (P/E)

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

Equity ratio, %	$\frac{\text{Total equity} \times 100}{\text{Balance sheet total}}$
Gearing ratio, %	$\frac{(\text{Interest-bearing liabilities} - \text{cash and cash equivalents}) \times 100}{\text{Total equity}}$
Equity/share, EUR	$\frac{\text{Equity attributable to ordinary shareholders of the parent company}}{\text{Number of shares at end of period} - \text{repurchased own shares}}$
Dividend/share, EUR	$\frac{\text{Dividend payable for the financial period} \times 100}{\text{Weighted average number of ordinary shares outstanding} - \text{repurchased own shares}}$
Dividend/earnings, %	$\frac{\text{Dividend/share} \times 100}{\text{Basic earnings per share}}$
Effective dividend yield, %	$\frac{\text{Dividend/share} \times 100}{\text{Price of share at the end of the period}}$
Conglomerate's capital adequacy ratio, %	$\frac{\text{Conglomerate's total capital base}}{\text{Conglomerate's minimum requirement of total capital base}}$
Total capital in relation to risk-weighted items	$\frac{\text{Total Capital (TC)}}{\text{Risk-weighted items (Total risk)}}$
Common equity tier in relation to risk-weighted items	$\frac{\text{Common Equity Tier (CET1)}}{\text{Risk-weighted items (Total risk)}}$
Market capitalization	Number of shares at end of financial period, less repurchased own shares, multiplied by stock exchange price at end of financial period
Shares traded, %	$\frac{\text{Shares traded during the financial period} \times 100}{\text{Weighted average number of ordinary shares outstanding}}$

Key figures for insurance operations

Combined ratio, %	Claims ratio, % + Expense ratio, %
Claims ratio, %	$\frac{(\text{Claims incurred} + \text{operating expenses allocated to claims paid}) \times 100}{\text{Insurance premium income}}$ This key figure is calculated after the share of the reinsurers.
Expense ratio, %	$\frac{(\text{Operating costs} - \text{Group's allocated overhead and financing expenses} + \text{operating expenses allocated to claims paid}) \times 100}{\text{Insurance premium income}}$ This key figure is calculated after the share of the reinsurers.
Solvency ratio (S2), %	$\frac{\text{Basic own funds} \times 100}{\text{Solvency capital requirement (SCR)}}$

CONSOLIDATED INCOME STATEMENT

EUR 1,000	1.1.-31.3.2021	1.1.-31.3.2020
Fee and commission income	4,012	3,318
Net income from insurance	7,034	-4,139
From guaranty insurance operations	3,607	3,297
From investment operations	3,427	-7,436
Net gains or net losses on trading in securities and foreign currencies	468	-540
Income from equity investments	-87	-2,161
Interest income	456	379
Other operating income	255	920
TOTAL INCOME	12,138	-2,224
Fee and commission expense	-352	-291
Interest expense	-729	-775
Administrative expenses		
Personnel costs	-4,264	-2,631
Other administrative expenses	-887	-1,104
Depreciation, amortisation and impairment of tangible and intangible assets	-198	-205
Other operating expenses	-957	-828
Expected credit losses from financial assets measured at amortised cost	-36	-19
Share of associates' profit or loss		-33
OPERATING PROFIT	4,716	-8,111
Income tax expense	-1,047	-222
PROFIT FROM CONTINUING OPERATIONS	3,669	-8,333
DISCONTINUED OPERATIONS		
Profit from discontinued operations	3,153	2,657
PROFIT FOR THE PERIOD	6,822	-5,675
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	1.1.-31.3.2021	1.1.-31.3.2020
Profit for the period	6,822	-5,675
Items that may be reclassified to profit or loss		
Translation differences	33	286
Changes in the fair value reserve	-252	-5,427
Income tax	50	1,085
Items that may be reclassified to profit or loss in total	-169	-4,056
Items that may not be reclassified to profit or loss		
Changes in the fair value reserve	-9	-5
Income tax	2	1
Items that may not be reclassified to profit or loss in total	-7	-4
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	6,646	-9,735
Profit for the period attributable to		
Owners of the parent company	6,937	-5,726
Non-controlling interests	-115	51
Total	6,822	-5,675
Total comprehensive income for the period attributable to		
Owners of the parent company	6,761	-9,786
Non-controlling interests	-115	51
Total	6,646	-9,735
Earnings per share for profit attributable to the shareholders of the parent company	1.1.-31.3.2021	1.1.-31.3.2020
Basic earnings per share, continuing operations	0.13	-0.30
Diluted earnings per share, continuing operations	0.13	-0.29
Basic earnings per share, discontinued operations	0.11	0.09
Diluted earnings per share, discontinued operations	0.11	0.09
Basic earnings per share, profit for the period	0.25	-0.20
Diluted earnings per share, profit for the period	0.24	-0.20

CONSOLIDATED BALANCE SHEET

Assets, EUR 1,000	31.3.2021	31.12.2020
Receivables from credit institutions	26,727	25,786
Receivables from the public and general government	5,079	6,699
Debt securities	1,498	1,498
Shares and units	21,904	21,971
Assets classified as held for sale	29,198	5,357
Participating interests	9,628	9,248
Insurance assets	152,339	160,410
Insurance assets	2,608	3,705
Investments	149,731	156,705
Intangible assets	530	6,775
Goodwill	347	5,097
Other intangible assets	183	1,679
Tangible assets	2,294	2,944
Owner-occupied properties	2,132	2,427
Other tangible assets	162	517
Other assets	12,775	14,455
Accrued income and prepayments	8,235	11,237
Deferred tax assets	1,594	1,611
	271,802	267,990

Liabilities, EUR 1,000	31.3.2021	31.12.2020
LIABILITIES	141,010	134,781
Liabilities to credit institutions	12,432	14,939
Debt securities issued to the public	34,952	34,937
Insurance liabilities	34,275	34,676
Liabilities of assets classified as held for sale	7,225	-
Other liabilities	12,453	5,401
Accrued expenses and deferred income	9,508	14,623
Deferred tax liabilities	15,322	15,366
Subordinated debt	14,843	14,839
EQUITY CAPITAL	130,792	133,209
Share capital	125	125
Reserve for invested non-restricted equity	35,814	35,814
Fair value reserve	-1,073	-864
Translation difference	-56	-89
Retained earnings or loss	90,528	86,344
Profit or loss for the period	6,937	13,012
Non-controlling interest	-1,483	-1,134
	271,802	267,990

CONSOLIDATED STATEMENT OF CASH FLOWS

EUR 1,000	1.1.-31.3.2021	1.1.-31.3.2020
Cash flow from operating activities:		
Operating profit (loss)	4,716	-8,111
Depreciation	198	205
Other adjustments		
Changes in fair value of investments	-1,549	15,718
Other adjustments	19	353
Cash flow before change in working capital	3,384	8,165
Change in working capital		
Increase (-)/decrease (+) in loan receivables	1,661	-756
Increase (-)/decrease (+) in current interest-free receivables	1,863	-1,115
Increase (+)/decrease (-) in current interest-free liabilities	-2,746	-505
Cash flow from operating activities before financial items and taxes	4,162	5,789
Direct taxes paid (-)	-969	-727
Cash flow from operating activities from continuing operations	3,193	5,061
Cash flow from operating activities from discontinued operations	3,968	3,508
Cash flow from operating activities (A)	7,161	8,569
Cash flow from investing activities:		
Investments in tangible and intangible assets	234	209
Investments in subsidiaries and associated companies net of cash acquired	-100	-2,500
Other investments	7,692	7,998
Cash flow from investing activities from continuing operations	7,826	5,707
Cash flow from investing activities from discontinued operations	-554	-409
Cash flow from investing activities (B)	7,273	5,297
Cash flow from financing activities:		
Changes in synthetic options	246	242
Decrease in non-current liabilities	-2,500	-
Dividends paid and other distribution of profit		
To parent company shareholders	-	-
To non-controlling shareholders	-228	-1,007
Cash flow from financing activities from continuing operations	-2,482	-765
Cash flow from financing activities from discontinued operations	-	-
Cash flow from financing activities (C)	-2,482	-765
Increase/decrease in cash and cash equivalents (A+B+C)	11,951	13,101
Cash and cash equivalents at beginning of period	25,786	29,102
Cash and cash equivalents at end of period / Group	26,727	42,203
Cash and cash equivalents at end of period / Assets classified as held for sale	11,010	-
Net change in cash and cash equivalents	11,951	13,101

CHANGES IN GROUP EQUITY CAPITAL

	Share capital	Fair value reserve	Reserve for invested non-restricted equity	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
2021, EUR 1,000								
1.1.2021	125	-864	35,814	-89	99,357	134,343	-1,134	133,209
Total comprehensive income for the financial period		-209		33	6,937	6,761	-115	6,646
Earnings for the period					6,937	6,937	-115	6,822
Other comprehensive income items		-209		33		-176		-176
Distribution of profit					-9,058	-9,058	-228	-9,286
Dividend EUR 0.32/share					-9,058	-9,058		-9,058
Distribution of profit for subgroup							-228	-228
Share-based payments payable as equity					226	226		226
Other					3	3	-6	-3
31.3.2021	125	-1,073	35,814	-56	97,464	132,275	-1,483	130,792
2020, EUR 1,000								
31.12.2019	125	-935	35,814	236	90,671	125,911	-182	125,729
Changes to previous periods		-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	13,012	12,848	89	12,937
Earnings for the period					13,012	13,012	89	13,102
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					-153	-153	-49	-202
Other					-631	-631	24	-606
31.12.2020	125	-864	35,814	-89	99,357	134,343	-1,134	133,209

SEGMENT INFORMATION - EARNINGS

1.1.-31.3.2021, EUR 1,000	Continuing operations					Total
	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments (Garantia)	Other	
Continuing earnings	4,213	3,193	1,019	3,609	1,083	8,905
Performance fees	797	797	-	-	-	797
Investment operations	162	-	162	3,427	379	3,968
Total income	5,172	3,990	1,182	7,036	1,462	13,670
Fee and commission expense	-1,777	-1,056	-720	-	-107	-1,884
Interest expense	-1	-1	-	-	-713	-714
Personnel costs	-2,173	-1,736	-437	-813	-1,137	-4,123
Direct expenses	-752	-529	-224	-403	-598	-1,754
Depreciation, amortisation and impairment	-29	-10	-19	-9	-4	-42
Impairment losses on loans and other receivables	-	-	-	-	-36	-36
Operating profit before allocating the financing expenses	440	658	-217	5,810	-1,133	5,118
Allocation of financing expenses	-526	-363	-164	-400	926	-
Operating profit	-86	295	-381	5,410	-206	5,118
Operating profit, %	n/a	7%	n/a	77%	n/a	37%
Change in fair value of investments	-	-	-	-252	-9	-261
Profit before taxes and NCI	-86	295	-381	5,158	-215	4,857
1.1.-31.3.2020, EUR 1,000						
Continuing earnings	4,561	3,489	1,071	3,302	576	8,438
Performance fees	1	-	1	-	-	1
Investment operations	888	892	-3	-7,436	-2,699	-9,246
Total income	5,450	4,381	1,069	-4,134	-2,123	-808
Fee and commission expense	-1,672	-1,009	-663	-	-76	-1,748
Interest expense	-	-1	-	-	-756	-757
Personnel costs	-974	-724	-250	-583	-927	-2,484
Direct expenses	-796	-610	-186	-449	-436	-1,681
Depreciation, amortisation and impairment	-16	-10	-5	-9	-8	-33
Impairment losses on loans and other receivables	-	-	-	-	-19	-19
Operating profit before allocating the financing expenses	1,991	2,027	-36	-5,175	-4,346	-7,529
Allocation of financing expenses	-601	-405	-196	-541	1,142	-
Operating profit	1,390	1,622	-232	-5,716	-3,204	-7,529
Operating profit, %	26%	37%	n/a	n/a	n/a	n/a
Change in fair value of investments	-	-	-	-5,427	-	-5,427
Profit before taxes and NCI	1,390	1,622	-232	-11,142	-3,204	-12,956

Reconciliations

Reconciliation of total income	1.1.-31.3.2021	1.1.-31.3.2020
Total income of segments	13,670	-808
Share of associates' profit or loss allocated to total income of segments	-	33
Transactions between continuing and discontinued operations ¹⁾	-1,532	-1,449
Consolidated total income	12,138	-2,224

Reconciliation of operating profit	1.1.-31.3.2021	1.1.-31.3.2020
Total earnings of segments before taxes and NCI	4,857	-12,956
Change in fair value of investments	261	5,427
IFRS 16 Leases ²⁾	-2	-10
Transactions between continuing and discontinued operations ¹⁾	-51	-287
Direct costs related to the sale of the discontinued operations ³⁾	-350	-285
Consolidated operating profit	4,716	-8,111

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 IFRS 16 Leases standard is not applied in the segment reporting.

³⁾ Direct costs related to the sale of the discontinued operations have been eliminated 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. Non-strategic investments are presented as part of the Other group.

Private Asset Management segment's investments, EUR 1,000	Investment type	Purchase price 31.3.2021	Fair value 31.3.2021	Holding 31.3.2021
<u>Renewable energy investments</u>				
Truscott Gililand East Wind	Shares and participations	8,872	8,872	7.0%
<u>Real estate investments</u>				
Sepos Oy	Shares and participations	2,500	2,396	30.0%
Sepos Oy	Loan	1,150	1,185	-
Turun Toriparkki Oy	Shares and participations	3,502	2,913	48.2%
<u>Bioindustry investments</u>				
Fintoil Oy	Shares and participations	3,425	3,425	27.4%

Non-strategic investments, EUR 1,000	Investment type	Purchase price 31.3.2021	Fair value 31.3.2021	Holding 31.3.2021
<u>Real estate investments</u>				
Taaleri Datacenter Ky (Ficolo)	Shares and participations	2,900	2,909	29.5%
TT Canada RE Holdings Corporation	Loan	6,729	8,332	-
<u>Other investments</u>				
Inderes Oy	Shares and participations	448	1,463	10.8%
Fellow Finance Oyj	Shares and participations	2,974	5,172	25.9%
Fellow Finance Oyj	Loan	1,500	1,529	-
Taaleri Telakka Ky	Shares and participations	3,430	3,280	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.

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
<u>Renewable energy investments</u>				
Truscott Gililand East Wind	Shares and participations	8,872	8,872	7.0%
<u>Real estate investments</u>				
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	-
<u>Bioindustry investments</u>				
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
<u>Real estate investments</u>				
Taaleri Datacenter Ky (Ficolo)	Shares and participations	2,900	2,908	29.5%
TT Canada RE Holdings Corporation	Loan	6,729	7,687	-
<u>Other investments</u>				
Inderes Oy	Shares and participations	448	1,463	10.8%
Fellow Finance Oyj	Shares and participations	2,974	5,357	25.9%
Fellow Finance Oyj	Loan	1,500	1,508	-
Taaleri Telakka Ky	Shares and participations	3,430	3,293	16.1%

DISCONTINUED OPERATIONS AND ASSETS CLASSIFIED AS HELD FOR SALE AND LIABILITIES OF ASSETS CLASSIFIED AS HELD FOR SALE

Description of the sale of discontinued operations

On March 10, 2021, Taaleri announced the sale of the wealth management operations 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.

Profit from discontinued operations

Profit from discontinued operations, EUR 1,000	1.1.-31.3.2021	1.1.-31.3.2020
Income	11,278	8,689
Expenses	-7,349	-5,680
Operating profit	3,929	3,009
Income tax expense	-776	-351
Profit after income tax of discontinued operations	3,153	2,657

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

Assets classified as held for sale

Assets classified as held for sale, EUR 1,000	31.3.2021	31.12.2020
Wealth management operations	24,026	-
Investments in associates	5,172	5,357
Assets classified as held for sale	29,198	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 and promotes actively and continuously the sale. Fellow Finance Plc is part of the Other group.

Liabilities of assets classified as held for sale

Liabilities of assets classified as held for sale, EUR 1,000	31.3.2021	31.12.2020
Wealth management operations	7,225	-
Liabilities of assets classified as held for sale	7,225	-

TAALERI

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