

TAALERI

Q3

Taaleri Interim Statement

CEO Karri Haaparinne
CFO Minna Smedsten
5 November 2021

The differences between IFRS reporting and segment reporting

- On April 30, 2021, Taaleri completed the sale of its 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.
- 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. The earnings figures in the explanatory section in this half year financial 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.

Peter Ramsay new CEO as of 1 December 2021

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.



Highlights during July–September

Q3 focus on promoting the strategy

After the major strategic changes in early 2021, we focused on our core business and advancing our strategy in the third quarter.

The growth in the sale of residential mortgage guarantees continued

The sale of Garantia's new residential mortgage guarantees continued to grow as a result of an expanded distribution channel and a buoyant housing market.

The investments of Taaleri SolarWind II proceeded

The operation and construction projects of the fund proceeded according to plan in the third quarter, and the project pipeline looks promising.

Group's cost reduction effects began to show in the figures

The cost reduction effects of financial, personnel and corporate arrangements made earlier in the year began to show as expected in the third quarter.

The exit of Taaleri Housing Fund VI

The sale of the fund completed very successfully in July for the purchase price of approximately EUR 145 million. The fund almost doubled the capital invested by its investors.

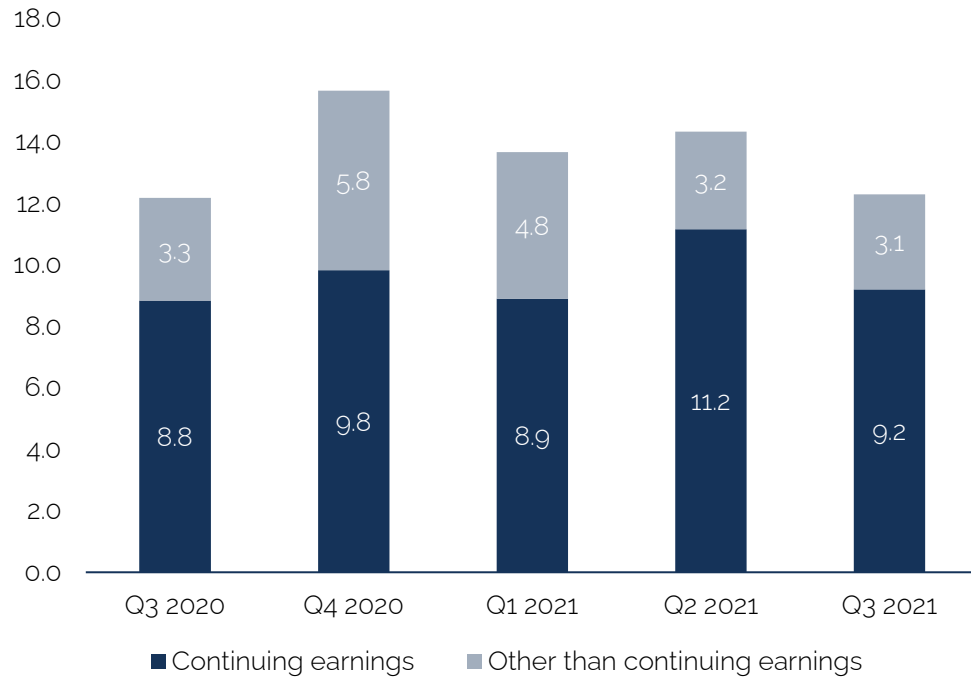
July–September 2021

- The income according to the segment reporting grew by 0.9% to EUR 12.3 (12.2) million.
- Continuing earnings grew by 4.2% to EUR 9.2 (8.8) million.
- Performance fees were EUR 0.0 (0.1) million and investment operations generated EUR 3.1 (3.3) million.
- According to segment reporting, operating profit was EUR 4.6 (5.0) million, corresponding to 37.3% (40.7) of income.
- Earnings per share were EUR 0.11 (0.10) for continuing operations, EUR 0.00 (0.08) for discontinued operations and EUR 0.11 (0.17) for the result of the period.

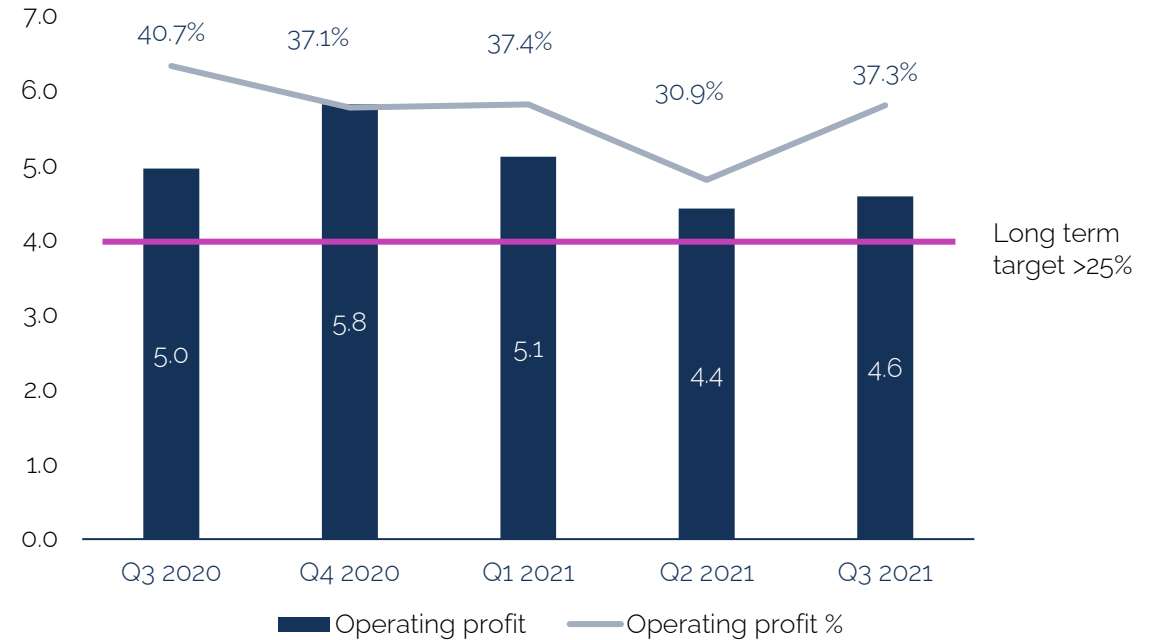


Taaleri's income and operating profit

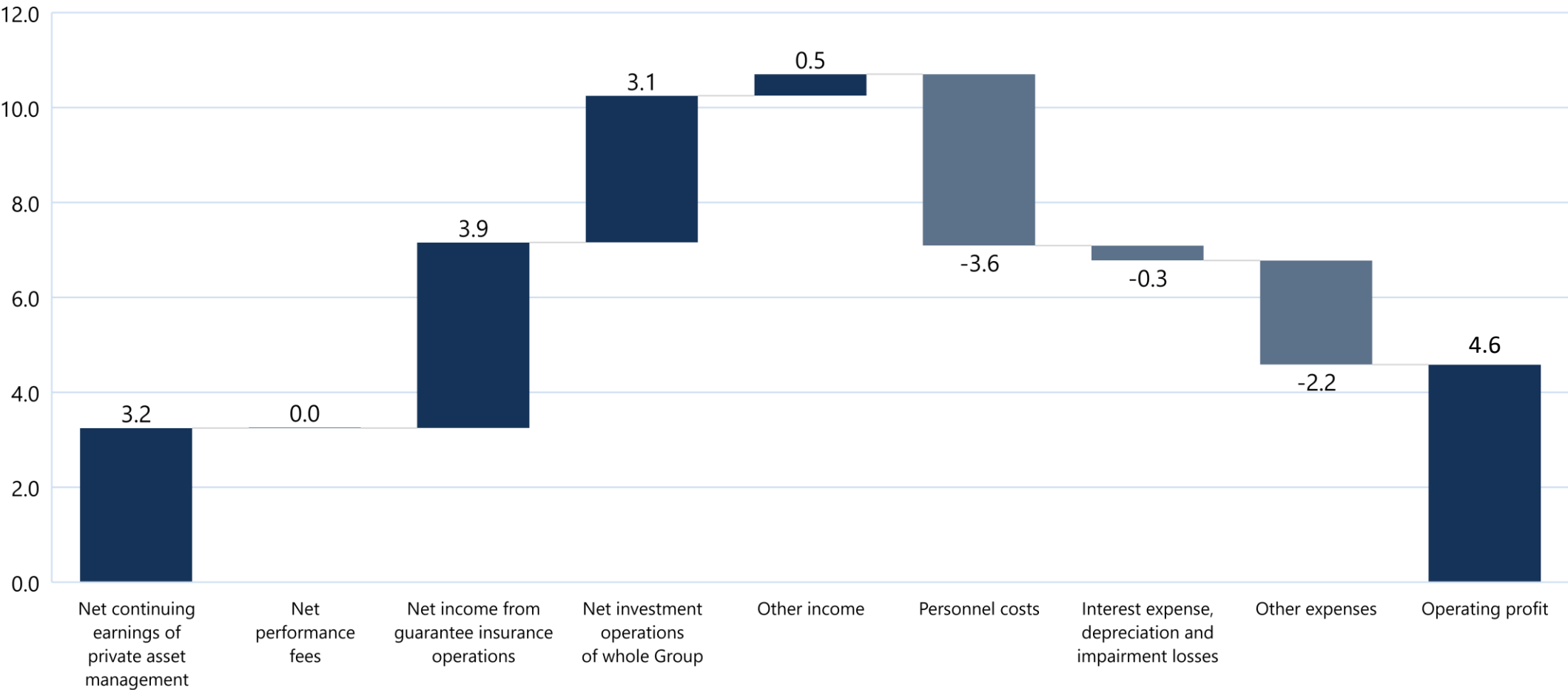
Income, MEUR



Operating profit, MEUR



Group's Q3 operating profit was EUR 4.6 million, corresponding to 37.3% of income



TAALERI

**Private Asset
Management**



Q3: Renewable energy focused on the investments of Taaleri SolarWind II fund

- The renewable energy business focused on the Taaleri SolarWind II fund's existing investments as well as the development of projects. Projects in the construction phase of the fund in Finland, Norway, Poland and the United States proceeded as planned.
- In addition, the renewable energy business arranged the refinancing of the Taaleri Wind II and Taaleri Wind III funds, which was completed in October. As a result of the refinancing, the return potential of the funds increased significantly, and the funds will be able to return a significant portion of the investors' original capital invested. Additionally, Taaleri's estimate for the funds' performance fee potential under the current market conditions increased to approximately EUR 20 million. Following the capital distributions, the performance fee will be partly amortised to Taaleri's result starting in October 2021.
- The continuing earnings of renewable energy business grew by 2.0% to EUR 3.6 (3.5) million, but income decreased to EUR 3.6 million as the investment operations of the review period were less profitable than during the comparison period.
- Operating profit of renewable energy business before allocation of financial expenses was EUR 0.8 (1.3) million, corresponding to 22.4% of income, and operating profit was EUR 0.4 (0.8) million.

Key figures Q3 2021 (Q3 2020)

Income

3.6

(4.3) MEUR

0.8

(1.3) MEUR

Operating profit before the financing expenses

22.4

(29.0) Operating profit % before the financing expenses

AUM

1.1

(31.12.2020: 1.1) MRD EUR

Q3: Other private asset management focused on growing the business according to the strategy

- In July, the real estate business very successfully completed the sale of Taaleri Housing Fund VI for the purchase price of approximately EUR 145 million. The fund clearly exceeded its profit target and almost doubled the capital invested by its investors. The performance fee will be fully recognised in the last quarter of the year.
- The real estate business concluded their first international management agreement.
- At the end of the review period, the retail sale of real estate business' Taaleri Housing Fund VIII started in Aktia and bioindustry business started the sale of the Biocoal co-investment.
- The continuing earnings from Taaleri's real estate, bioindustry and infrastructure businesses grew by 20.3% to EUR 1.3 (1.1) million, and the income decreased to 0.7 (1.1) million due to a negative investment performance.
- Taaleri is investing in the growth of the private asset management business in accordance with its strategy, and this is reflected in the increase in the number of employees and personnel costs. Operating profit before allocation of financial expenses was EUR -1.0 (-0.1) million and operating result -1.2 (-0.3) million.

Key figures Q3 2021 (Q3 2020)

Income

0.7

(1.1) MEUR

-1.0

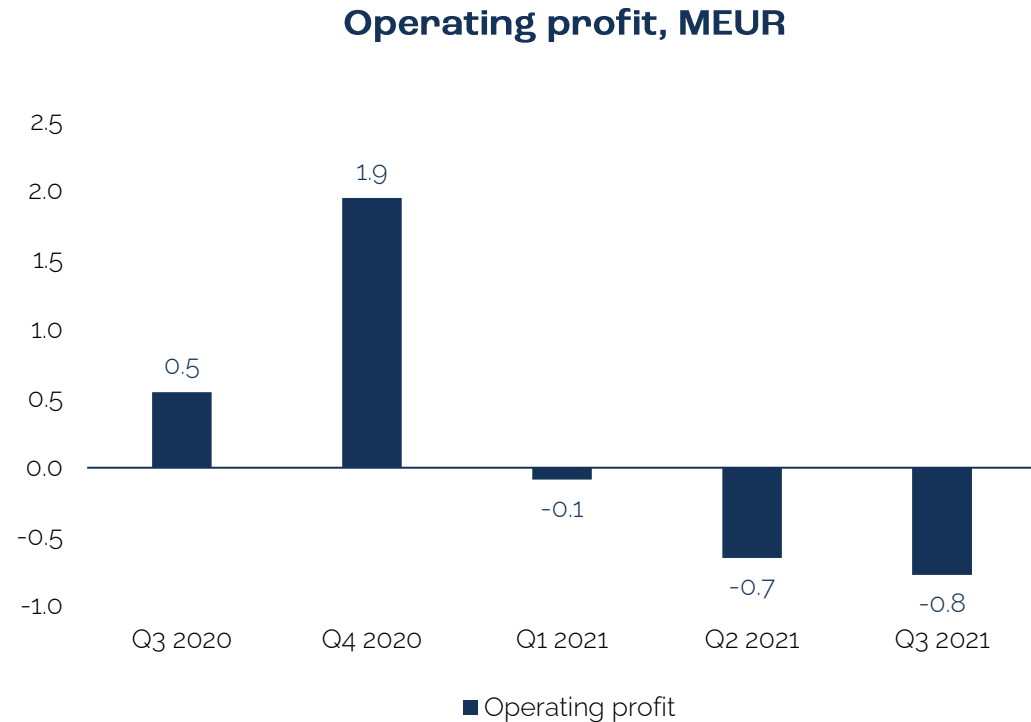
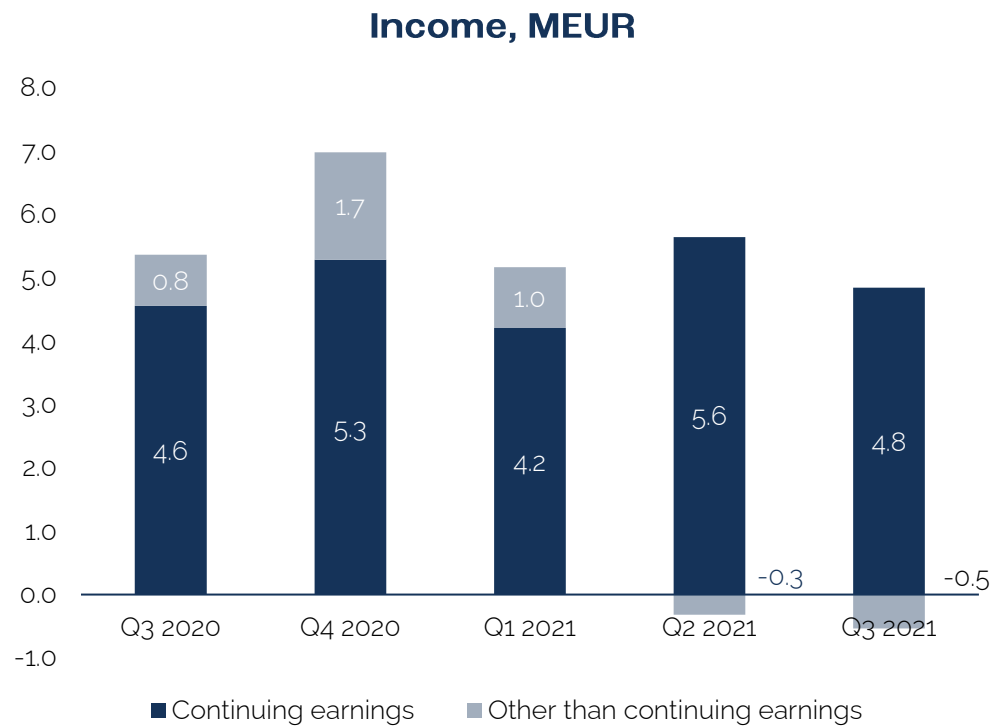
(-0.1) MEUR
Operating profit before
the financing expenses

AUM

1.0

(31.12.2020: 0.6)
MRD EUR

Private Asset Management segment's income and operating profit

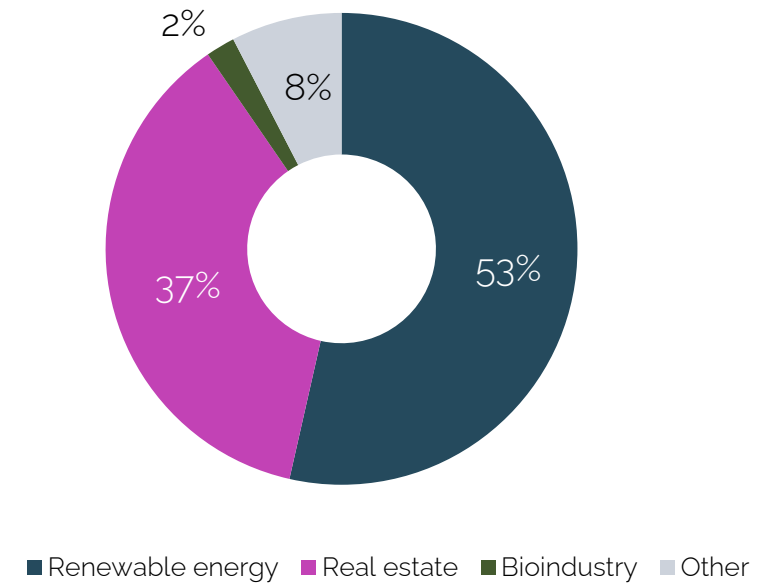
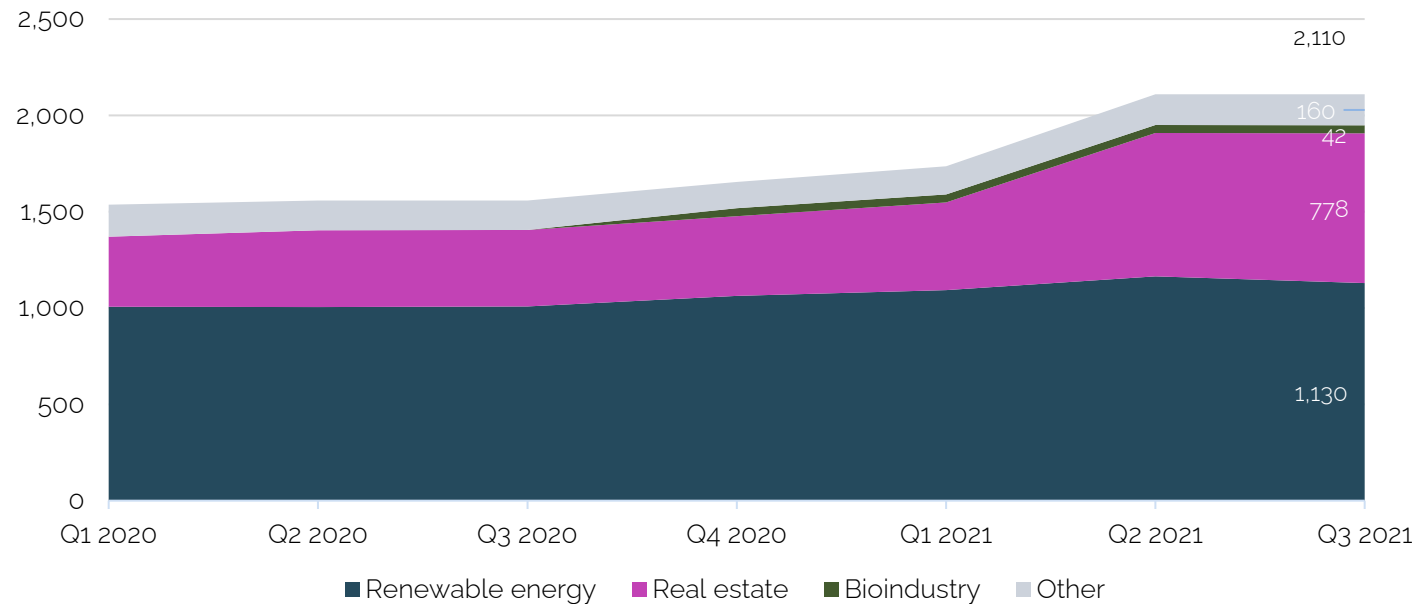


Q3 2021 operating profit is burdened by the negative result of investment operations of EUR -0.5 million and the allocation of financing expenses of EUR -0.6 million.

Development of assets under management of Private Asset Management segment

The assets under management of the Private Asset Management segment reported by Taaleri Group are assets that generate continuing earnings and include both equity and debt financing.

AUM, MEUR



Taaleri's private equity funds

Renewable energy	Founded	Product	Business area	AUM Q3 2021	Stage of the fund
Taaleri SolarWind II	2019	Private equity fund	Renewable energy		Investing period
Taaleri Wind Fund II Ky	2014	Private equity fund	Renewable energy		Invested
Taaleri Wind Fund III Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind I Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind II Feeder Fund Ky	2019	Feeder fund	Renewable energy		Investing period
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy		Investing period
Managed accounts	2019-	Managed accounts	Renewable energy		Invested
Renewable energy total				1,130 MEUR	
Other private asset management	Founded	Product	Business area	AUM Q3 2021	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	Private equity fund	Real estate		Invested
Taaleri Linnainmaankulma Ky	2011	Private equity fund	Real estate		Investments exited
Taaleri Forest Fund III Ky	2014	Private equity fund	Real estate		Invested
Taaleri Daycare Properties Ky	2019	Private equity fund	Real estate		Investing period
Taaleri Housing Fund IV Ky	2010	Private equity fund	Real estate		Invested
Taaleri Multifunctional Properties Ky	2018	Private equity fund	Real estate		Investing period
Taaleri Property Fund I Ky	2015	Private equity fund	Real estate		Invested
Taaleri Property Fund II Ky	2016	Private equity fund	Real estate		Invested
Taaleri Rental Home Ky	2016	Private equity fund	Real estate		Investing period
Managed accounts	2021-	Managed accounts	Real estate		Invested
Real estate total				778 MEUR	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Investing period
Bioindustry total				42 MEUR	
Other funds total				160 MEUR	
Other private asset management total				980 MEUR	
Private Asset Management segment total				2,110 MEUR	

The assets under management of the Private Asset Management segment reported by Taaleri Group are assets that generate continuing earnings and include both equity and debt financing. Assets under management in real estate mandates are gross assets under management in portfolio management mandates and market value of real estate portfolios under management in other real estate management mandates.



TAALERI

**Strategic
Investments**

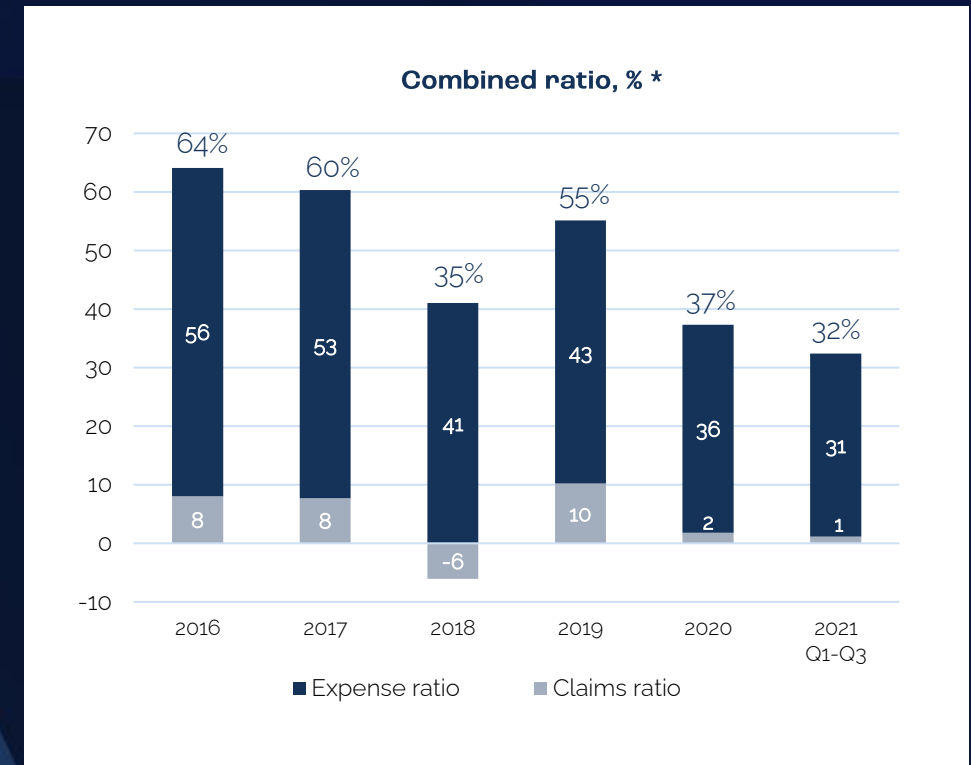
Q3: Earned premiums remained at comparison period's level, combined ratio 36.8%

- Earned premiums remained at comparison period's level and amounted to EUR 4.0 million.
 - The sale of new residential mortgage guarantees continued to grow as a result of an expanded distribution channel and a buoyant housing market.
- Net income from investment operations was EUR 1.8 (2.2) million.
 - The net income from investment operations was significantly higher in the comparison period as the market recovered from the fall caused by the COVID-19 pandemic.
- Guaranty insurance exposure decreased to EUR 1.7 billion (31.12.2020: 1.8). 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.
- Solvency ratio strengthened to 248% (31.12.2020: 229).

*) The accounting principles for the claims ratio and the expense ratio have been amended as of the Half-year Financial Report for 2021, and the figures for the periods of comparison have been restated accordingly.

Key figures Q3 2021 (Q3 2020)

Income	Operating profit	Return of investments at fair value
5.7	3.7	1.1%
(6.1) MEUR	(4.6) MEUR	(2.5) %



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Other



Q3: Group's cost reduction effects began to show in the figures

- 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.
- The income of the Other group totalled EUR 1.4 (0.7) million, consisting of continuing earnings of EUR 0.5 (0.4) million and earnings from investment operations of EUR 1.0 (0.3) million.
- Taaleri decreased its ownership of Inderes, belonging to non-strategic investments, in connection with the company's listing and recorded a total of EUR 2.3 million of realised capital gain and change in fair value.
- As a result of the reorganisation, fixed personnel costs fell by one third from the comparison period of last year. External interest and finance costs decreased to EUR 0.3 (0.8) million due to the funding reorganisation.

Key figures Q3 2021 (Q3 2020)

Income

1.4

(0.7) MEUR

Operating profit

0.8

(-0.1) MEUR

Personnel

16

(26)

	30.9.2021	31.12.2020	Change, %
Non-strategic investments	27.5	30.5	-9.8%
Real estate	12.4	11.3	9.8%
Other	15.0	19.1	-21.4%

A photograph of a person's hand pointing at architectural blueprints on a desk. The scene is a meeting room with a laptop, a notebook, and a white mug on the desk. The image is partially overlaid by a dark blue geometric shape on the right side.

TALERI

**Result, balance
sheet and capital
adequacy**

Segment result Q3 2021

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	4,846	3,578	1,267	3,909	456	9,210
Performance fees	-	-	-	-	-	-
Investment operations	-537	-4	-533	2,651	977	3,092
Income*	4,309	3,574	735	6,560	1,433	12,302
Fee and commission expense	-1,598	-1,016	-583	-100	-121	-1,820
Personnel costs	-1,985	-1,220	-765	-905	-720	-3,610
Direct expenses	-880	-525	-354	-393	-700	-1,973
Depreciation, amortisation and impairment	-38	-14	-24	-3	-8	-48
Impairment losses on receivables	-	-	-	-	16	16
Operating profit before financing expenses	-192	799	-991	5,159	-99	4,868
Interest expenses	-1	-1	-	-	-284	-284
Allocation of financing expenses	-583	-380	-203	-633	1,217	-
Operating profit	-776	418	-1,194	4,526	833	4,583
Operating profit, %	neg	11.7%	neg	69.0%	58.2%	37.3%

* Includes share of associates' profit or loss

Taaleri's result in segment reporting

EUR 1,000	Q3 2021	Q3 2020	Change	Q1-Q3 2021	Q1-Q3 2020	Change	2020
Continuing earnings	9,210	8,842	4.2%	29,276	26,051	12.4%	35,885
Performance fees	-	55	-100.0%	811	75	>100.0%	985
Investment operations	3,092	3,291	-6.1%	10,221	-1,758	n/a	3,169
Income*	12,302	12,188	0.9%	40,307	24,368	65.4%	40,038
Fee and commission expense	-1,820	-1,822	-0.1%	-5,546	-5,858	-5.3%	-8,192
Personnel costs	-3,610	-3,377	6.9%	-11,970	-8,299	44.2%	-13,314
Direct expenses	-1,973	-1,107	78.3%	-5,914	-4,208	40.5%	-5,956
Depreciation, amortisation and impairment	-48	-32	50.8%	-135	-96	41.4%	-128
Impairment losses on receivables	16	-70	-123.2%	-579	-141	311.9%	-105
Operating profit before financing expenses	4,868	5,781	-15.8%	16,163	5,767	180.3%	12,342
Interest expense	-284	-822	-65.4%	-2,038	-2,466	-17.4%	-3,225
Operating profit	4,583	4,959	-7.6%	14,125	3,301	>100.0%	9,117
Operating profit, %	37.3%	40.7%		35.0%	13.5%		22.8%

Taaleri is investing in the growth of the private asset management business in accordance with its strategy, and this is reflected in the increase in the number of employees and personnel costs.

* Includes share of associates' profit or loss

Key figures

Group key figures, continuing operations in segment reporting	Q3 2021	Q3 2020	Change	Q1-Q3 2021	Q1-Q3 2020	Change	2020	Long term target
Earnings key figures								
Continuing earnings, MEUR	9.2	8.8	4.2%	29.3	26.1	12.4%	35.9	>15.0%
Income, MEUR	12.3	12.2	0.9%	40.3	24.4	65.4%	40.0	
Operating profit, MEUR	4.6	5.0	-7.6%	14.1	3.3	>100%	9.1	
Operating profit, %	37.3%	40.7%		35.0%	13.5%		22.8%	>25.0%
Profit for the period in consolidated income statement, MEUR	3.2	4.7	-33.0%	124.1	6.2	>100%	13.1	
Return on equity*, %	5.8%	15.5%		93.7%	6.6%		10.1%	>15.0%
Balance sheet key figures								
Equity ratio, %	67.5%	48.5%		67.5%	48.5%		49.7%	
Group's capital adequacy ratio, %	378.7%	170.4%		378.7%	170.4%		181.5%	
Other key figures								
Cost/income ratio excluding investment operations	84.0%	80.5%		85.1%	80.1%		83.6%	
Cost/income ratio	62.9%	58.7%		63.5%	85.9%		77.0%	
Number of full-time employees in continuing operations, at the end of the period	105	90	16.7%	105	90	16.7%	92	
Assets under management in Private Asset Management segment, BEUR	2.1	1.6		2.1	1.6		1.7	
Guaranty insurance portfolio, BEUR	1.7	1.8		1.7	1.8		1.8	

* Annualised

Balance sheet

Assets, EUR 1,000

	30.9.2021	31.12.2020
Receivables from credit institutions	74,368	25,786
Receivables from the public and general government	5,491	6,699
Debt securities	-	1,498
Shares and units	39,425	21,971
Assets classified as held for sale	5,080	5,357
Participating interests	8,666	9,248
Insurance assets	164,522	160,410
- Insurance assets	2,114	3,705
- Investments	162,408	156,705
Intangible assets	1,013	6,775
Tangible assets	1,339	2,944
Other assets	12,571	14,455
Accrued income and prepayments	10,857	11,237
Deferred tax assets	2,359	1,611
Total	325,692	267,990

Shares of Aktia Bank Plc
EUR 11.3 million

Fixed income investments 84% of
Garantia's investment portfolio

Liabilities and equity, EUR 1,000

	30.9.2021	31.12.2020
Liabilities	105,751	134,781
Liabilities to credit institutions	-	14,939
Debt securities issued to the public	-	34,937
Insurance liabilities	38,360	34,676
Other liabilities	25,591	5,401
Accrued expenses and deferred income	10,947	14,623
Deferred tax liabilities	16,004	15,366
Subordinated debt	14,850	14,839
Equity	219,940	133,209
Total	325,692	267,990

Bank loans and bond paid off

Short-term interest free debt
EUR 22.5 million

Tier2-debt EUR 14.9 million

Gain on the sale of the wealth
management operations of
EUR 11.1 million and distribution of assets
EUR 37.4 million

Capital adequacy of RaVa conglomerate

Capital adequacy of RaVa conglomerate, EUR 1,000	30.9.2021	31.12.2020
Shareholders' equity of the Taaleri Group	219,940	133,209
Goodwill and other intangible assets	-1,016	-6,778
Non-controlling interests	769	1,134
Dividend for 2020	-	-9,072
Financing sector's profit for the period	-3,440	-
Own funds attributable only to insurance sector	-19,229	-21,387
Tier 1 capital	197,024	97,105
Tier 2 capital	14,850	14,839
Conglomerate's own funds, total	211,874	111,945
Financing business' requirement for own funds	-	11,783
Insurance business' requirement for own funds	55,949	49,900
Minimum amount of own funds of the conglomerate, total	55,949	61,683
Conglomerate's capital adequacy	155,925	50,261
Conglomerate's capital adequacy ratio	378.7%	181.5%

On 29 October 2021, the Finnish Financial Supervisory Authority decided that Taaleri Group is no longer covered by the Act on the Supervision of Financial and Insurance Conglomerates (RaVa).

Taaleri Group discloses for the last time September 30, 2021 its own funds and capital adequacy in accordance with the capital adequacy regulations for financial and insurance conglomerates.

The conglomerate's capital adequacy was 378.7%, which includes the Tier 2 loan EUR 15 million. The minimum requirement is 100%.

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Summary



Q3 Summary

- After the major strategic changes in early 2021, we focused on our core business and advancing our strategy in the third quarter.
- Taaleri's continuing earnings grew by 4% and operating profit was 37.3% of income.
- Renewable energy business focused on projects in the construction phase and project proposals of the Taaleri SolarWind II fund, which held its final closing in June, and on advancing its in-house development projects.
- Real estate business completed very successfully the sale of Taaleri Housing Fund VI and concluded its first international management agreement.
- Once again, a strong result from Garantia – the expanded distribution channel and a buoyant housing market increased the residential mortgage guarantee portfolio.

A look into next quarter

- Renewable energy business will continue to make new investments in Taaleri SolarWind II fund.
- The real estate business focuses mainly on transaction activities to grow the real estate funds in investment phase.
- The bioindustry business continues to prepare its first private equity fund towards the launch of the fund and continues to sell the Biocoal co-investment.
- The infrastructure business continues the investment and fundraising activities of its first fund.
- We will continue to actively develop funds and cooperation models with Aktia during the current quarter.
- Garantia continues to develop its business according to its strategy. After the end of the review period, 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.

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The Interim Statement is found on our [website](#)

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TALARI

Attachments

Segment result Q3 2020

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	4,561	3,507	1,054	3,914	367	8,842
Performance fees	55	55	-	-	-	55
Investment operations	752	750	2	2,200	338	3,291
Income*	5,368	4,312	1,056	6,115	706	12,188
Fee and commission expense	-1,761	-1,102	-659	-	-61	-1,822
Personnel costs	-1,772	-1,518	-254	-742	-863	-3,377
Direct expenses	-645	-432	-213	-379	-83	-1,107
Depreciation, amortisation and impairment	-14	-9	-5	-9	-8	-32
Impairment losses on receivables	-	-	-	-	-70	-70
Operating profit before financing expenses	1,176	1,251	-76	4,985	-379	5,781
Interest expenses	-	-1	-	-	-822	-822
Allocation of financing expenses	-630	-429	-201	-434	1,064	-
Operating profit	546	822	-276	4,550	-137	4,959
Operating profit, %	10.2%	19.1%	neg	74.4%	neg	40.7%

* Includes share of associates' profit or loss

Segment result Q1–Q3 2021

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	14,706	11,081	3,625	12,074	2,496	29,276
Performance fees	811	797	14	-	-	811
Investment operations	-703	-9	-694	8,795	2,129	10,221
Income*	14,814	11,869	2,945	20,869	4,625	40,307
Fee and commission expense	-5,148	-3,147	-2,001	-100	-299	-5,546
Personnel costs	-6,505	-4,360	-2,145	-2,488	-2,977	-11,970
Direct expenses	-2,416	-1,525	-891	-1,206	-2,291	-5,914
Depreciation, amortisation and impairment	-102	-37	-65	-16	-17	-135
Impairment losses on receivables	-534	-535	-	-	-45	-579
Operating profit before financing expenses	108	2,265	-2,157	17,058	-1,004	16,163
Interest expenses	-2	-2	-	-	-2,035	-2,038
Allocation of financing expenses	-1,620	-1,110	-510	-1,300	2,920	-
Operating profit	-1,514	1,153	-2,667	15,758	-119	14,125
Operating profit, %	neg	9.7%	neg	75.5%	neg	35.0%

* Includes share of associates' profit or loss

Segment result Q1–Q3 2020

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	13,242	10,165	3,077	10,848	1,961	26,051
Performance fees	75	55	20	-	-	75
Investment operations	1,640	1,642	-2	-1,170	-2,227	-1,758
Income*	14,956	11,862	3,094	9,678	-267	24,368
Fee and commission expense	-5,131	-3,133	-1,998	-	-727	-5,858
Personnel costs	-3,899	-3,158	-741	-1,793	-2,607	-8,299
Direct expenses	-2,260	-1,699	-560	-1,149	-800	-4,208
Depreciation, amortisation and impairment	-43	-27	-16	-27	-25	-96
Impairment losses on receivables	-	-	-	-	-141	-141
Operating profit before financing expenses	3,624	3,844	-221	6,709	-4,566	5,767
Interest expenses	-1	-1	-	-	-2,464	-2,466
Allocation of financing expenses	-1,837	-1,247	-590	-1,333	3,170	-
Operating profit	1,785	2,596	-811	5,376	-3,860	3,301
Operating profit, %	11.9%	21.9%	neg	55.5%	neg	13.5%

* Includes share of associates' profit or loss