

TAALERI

Q1

Taaleri Interim Statement

CEO Peter Ramsay
CFO Minna Smedsten
6 May 2022

Q1 highlights

Continuing earnings grew in Private Asset Management segment

In the Private Asset Management segment, operational activity strengthened from last year, and continuing earnings grew by 15.8% in the first quarter.

The sale of Bioindustry's products continued

The sale of the Taaleri Bioindustry I fund began in Aktia. During the review period, a decision was made to invest in a torrefied biomass plant to be built in Joensuu. The project will be implemented as a co-investment.

Renewable energy business focused on advancing the projects

The renewable energy business advanced projects of the Taaleri SolarWind II fund that were in the construction phase and built the project development portfolio. At the end of March our portfolio already included 12 projects.

Excellent combined ratio in Garantia

The net income from the guaranty insurance operations grew from the corresponding period by 7.4% to EUR 3.9 million, and the combined ratio describing the profitability of insurance operations was excellent at 31.3%.

Real estate business exited the daycare properties

The real estate business successfully exited the Taaleri Daycare Properties fund by selling the fund's ten daycare properties to a Norwegian buyer.

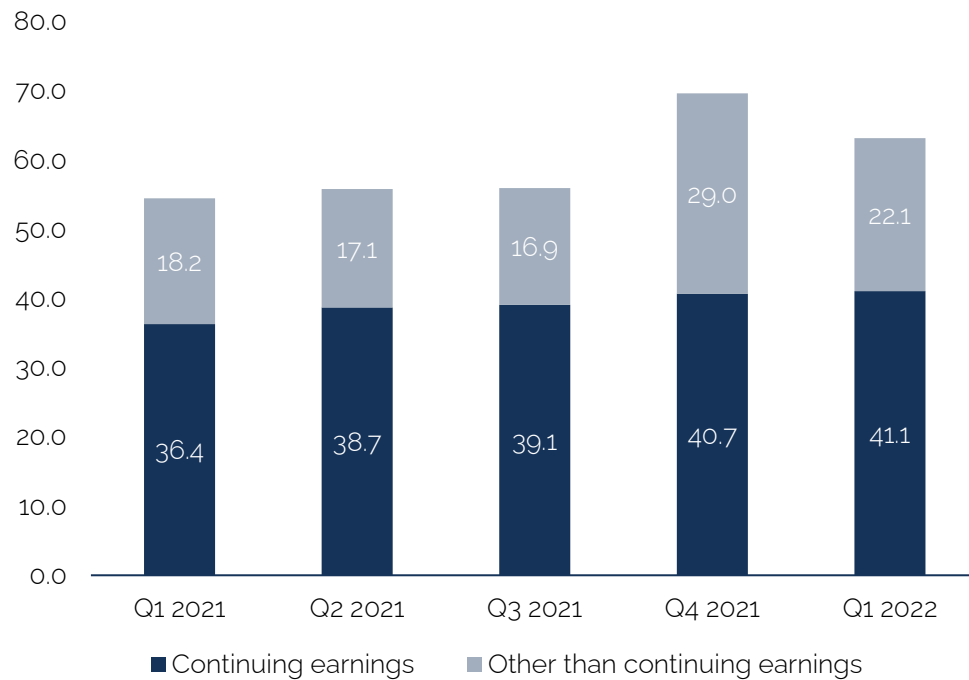
Q1 2022

- Continuing earnings grew by 4.3% to EUR 9.3 (8.9) million. The continuing earnings of the Private Asset Management segment grew by 15.8% to EUR 4.9 (4.2) million.
- Performance fees were EUR 0.5 (0.8) million and earnings from investment operations were EUR -2.6 (4.0) million due to changes in fair value.
- Income was EUR 7.2 (13.7) million, a decrease of 47.6% due to unrealized changes in the fair value of investment operations.
- Operating profit was EUR -0.7 (5.8) million.
- Earnings per share were EUR -0.05 (0.25).

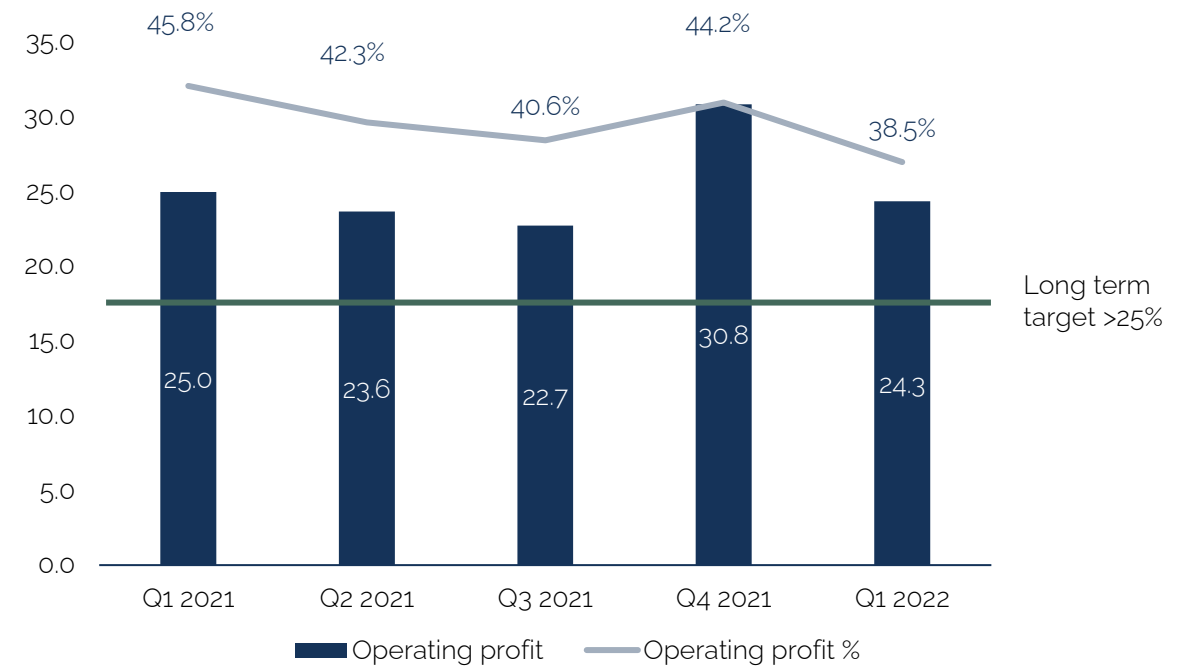


The development of Taaleri's income and operating profit, rolling 12M

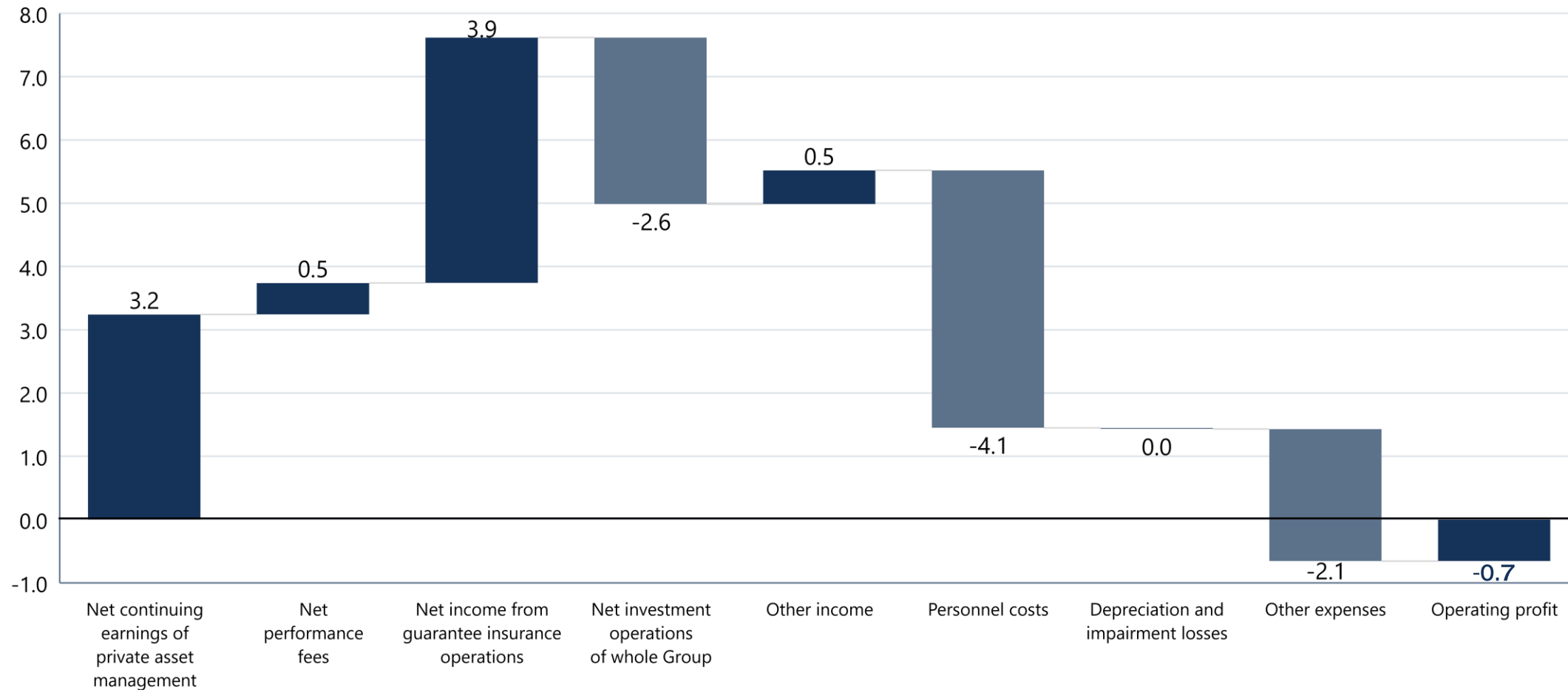
Income previous 12M, MEUR



Operating profit previous 12M, MEUR



The unrealized changes in the fair value of investment operations weighed on income and operating profit in Q1



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**Private Asset
Management**



Q1: Renewable energy focused on projects and built its project development portfolio

- The renewable energy business focused on advancing projects of the Taaleri SolarWind II fund that were in the construction phase and on operating the completed projects of its funds. Taaleri SolarWind II fund's projects in the construction phase in Finland, Norway, Poland and the United States proceeded as planned during the review period, and the Escalade wind farm in Texas that had been in the construction phase entered production.
- In December 2021, Taaleri announced that Taaleri Energia had secured EUR 44 million of funding for wind and solar project development. The building of the project development portfolio has started as planned, and at the end of the review period our portfolio included 12 projects. The aim of the renewable energy business is to increase the project development portfolio to 25–30 projects.
- The continuing earnings of the renewable energy business grew by 10.4% to EUR 3.5 (3.2) million, but the income fell by 4.5% to EUR 3.8 (4.0) million. In the past quarter, performance fees were EUR 0.0 (0.8) million, which explains the decrease in income.
- The operating profit of the renewable energy business was EUR 0.6 (0.7) million, corresponding to 16.9% (16.5) of income.

Key figures Q1 2022 (Q1 2021)

Income

3.8

(4.0) MEUR

Operating profit

0.6

(0.7) MEUR

Operating profit %

16.9

(16.5)

AUM

1.3

(31.12.2021: 1.2)
MRD EUR

Q1: Other private asset management promoted investments in their alternative investment products

- In March, the real estate business carried out the sale of the Taaleri Daycare Properties fund units, and EUR 0.5 million in performance fees were recorded for the sale. Four new investments were carried out in Aktia's special investment funds in the portfolio management of the real estate business. The real estate business continued to map investments for Taaleri Housing Fund VIII, which invests in rental housing under construction, and the retail sale of the fund continued in Aktia.
- The retail sale of Taaleri Bioindustry I fund, the first private equity fund in the bioindustry business, continued. In March, Taaleri made a EUR 1.0 million seed investment in the Finnish company Nordtreat, which produces environmentally friendly and non-toxic fire retardants. The investment in Nordtreat opens up investment opportunities for Taaleri Bioindustry I fund, which is in the fundraising phase. In addition, the bioindustry business launched more detailed planning work for Joensuu Biocoal Oy, a bioindustry plant to be built in Joensuu as a co-investment project.
- The continuing earnings of Taaleri's real estate, bioindustry and other businesses grew in the first quarter of the year by 32.9% to EUR 1.4 (1.0) million, and performance fees of EUR 0.5 (0.0) million were recognized. The income increased by 27.8% to EUR 1.5 (1.2) million.
- 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. The operating profit was EUR -0.6 (-0.2) million.

Key figures Q1 2022 (Q1 2021)

Income

1.5

(1.2) MEUR

Operating profit

-0.6

(-0.2) MEUR

AUM

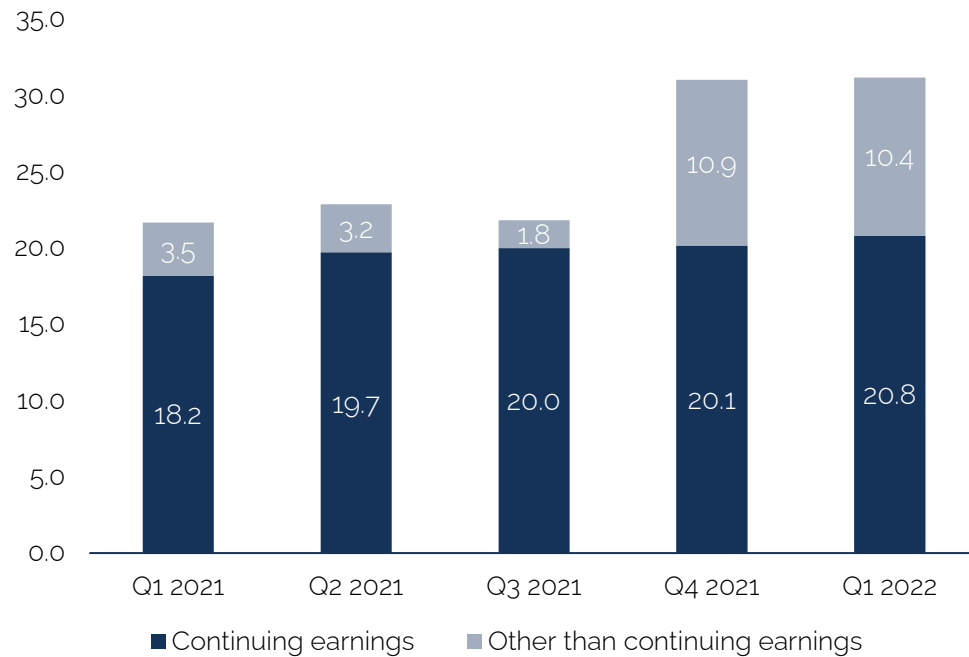
1.0

(31.12.2021: 1.0)

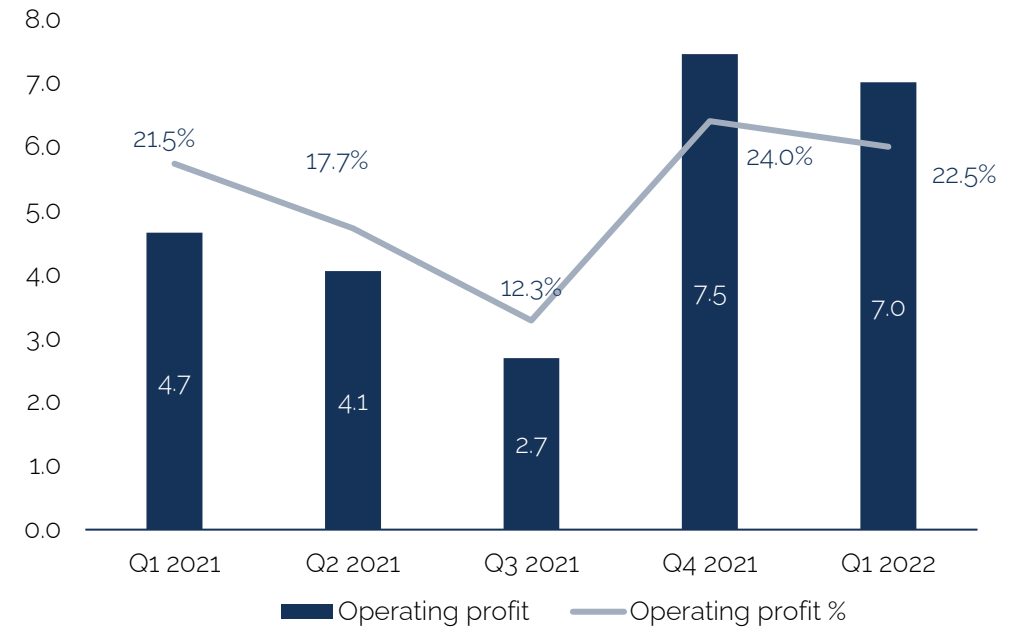
MRD EUR

The development of Private Asset Management segment's income and operating profit, rolling 12M

Income previous 12M, MEUR



Operating profit previous 12M, MEUR



Q2-Q3 2021 operating profit was burdened by the negative result of investment operations. Q4 2021 operating profit was EUR 7.3 million due to record-high performance fees.

Taaleri's private equity funds

Renewable energy	Founded	Product	Business area	AUM Q1 2022	Stage of the fund
Taaleri SolarWind II	2019	Private equity fund	Renewable energy		Investing period
Taaleri Wind Fund II Ky	2014	Private equity fund	Renewable energy		Invested
Taaleri Wind Fund III Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind I Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind II Feeder Fund Ky	2019	Feeder fund	Renewable energy		Investing period
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy		Investing period
Managed accounts	2019-	Managed accounts	Renewable energy		Invested
Renewable energy total				1,266 MEUR	
Other private asset management	Founded	Product	Business area	AUM Q1 2022	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	Private equity fund	Real estate		Invested
Taaleri Forest Fund III Ky	2014	Private equity fund	Real estate		Invested
Taaleri Daycare Properties Ky	2019	Private equity fund	Real estate	-	Exited
Taaleri Housing Fund IV Ky	2010	Private equity fund	Real estate		Invested
Taaleri Multifunctional Properties Ky	2018	Private equity fund	Real estate		Investing period
Taaleri Property Fund I Ky	2015	Private equity fund	Real estate		Invested
Taaleri Property Fund II Ky	2016	Private equity fund	Real estate		Invested
Taaleri Rental Home Ky	2016	Private equity fund	Real estate		Investing period
Taaleri Housing Fund VIII Ky	2021	Private equity fund	Real estate	-	Fundraising
Managed accounts	2021-	Managed accounts	Real estate		Investing period
Real estate total				773 MEUR	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Investing period
Joensuu Biocoal	2021	Co-investment	Bioindustry		Fundraising
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry	-	Fundraising
Bioindustry total				53 MEUR	
Other funds total				169 MEUR	
Other private asset management total				994 MEUR	
Private Asset Management segment total				2,261 MEUR	

AUM €2.3 billion by business area



- Other
- Bioindustry
- Real estate
- Renewable energy

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



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**Strategic
Investments**

Q1: Garantia's combined ratio stood at 31.3% as claims incurred remained low

- Earned premiums grew by 3.2% and amounted to EUR 4.0 (3.9) million.
 - The increase in earned premiums was mainly attributable to the growth in residential mortgage guaranty operations. The growth in residential mortgage guaranty operations was significantly affected by the favourable market conditions of the housing market.
- Net income from investment operations was EUR -2.4 (3.4) million.
 - During the review period, net income from investment operations was significantly weaker than usual due to pronounced increases in interest rates and widening risk margins.
- Guaranty insurance exposure decreased to EUR 1.7 billion (31.12.2021: 1.7). 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 was 223% (31.12.2021: 219).

Garantia's key figures Q1 2022 (Q1 2021)

Income

1.5

(7.0) MEUR

Operating profit

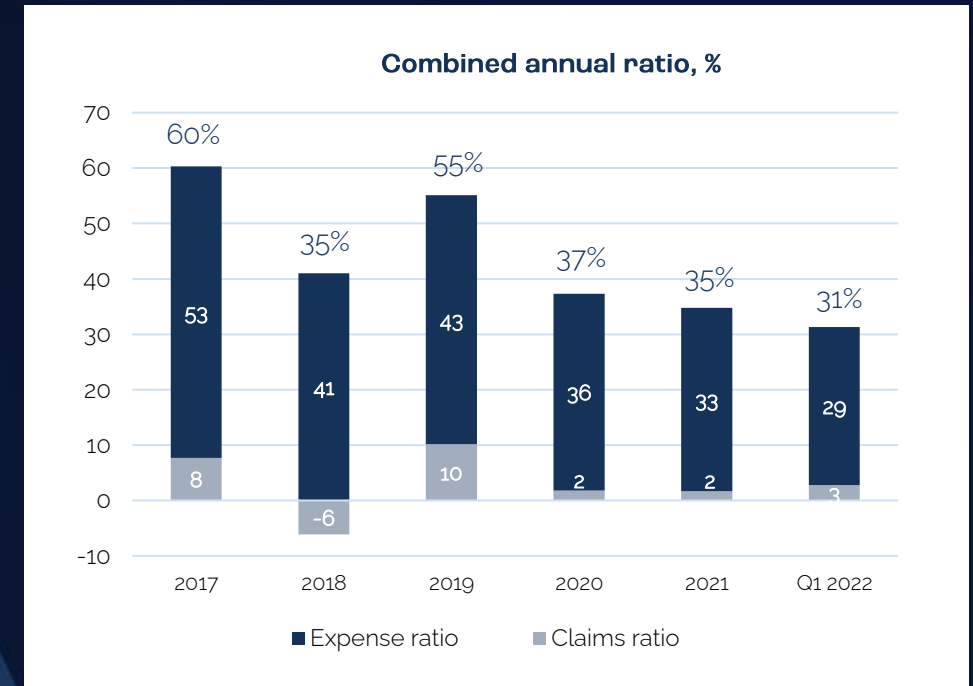
0.4

(5.8) MEUR

Return of investments at fair value

-4.4%

(2.1)%



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Other



Q1: The Other group's income grew and Taaleri continued to divest non-strategic investments

- 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.
- In the first quarter of the year, the income of the Other group totalled EUR 1.7 (1.5) million, consisting of continuing earnings of EUR 0.5 (1.1) million and earnings from investment operations of EUR 1.1 (0.4) million.
- Taaleri continued to divest non-strategic investments and further decreased its holding in Betolar Plc during the review period. On 31 March 2022, Taaleri's non-strategic investments totalled EUR 25.4 (23.7) million. The increase in the portfolio during the review period is mainly due to the change in fair value of EUR 1.2 million in Fellow Finance Plc's shares.
- The Other group's operating profit in the review period was EUR 0.3 (-0.4) million.

Key figures Q1 2022 (Q1 2021)

Income

1.7

(0.4) MEUR

Operating profit

0.3

(-0.4) MEUR

Personnel

16

(24)

	31.3.2022	31.12.2021	Change, %
Non-strategic investments	25.4	23.7	7.4%
Real estate	13.4	12.9	4.2%
Other	12.0	10.8	11.2%



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**Result and
balance sheet**

Taaleri's result Q1 2022

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	4,878	3,524	1,354	3,879	534	9,291
Performance fees	500	-	500	-	-	500
Investment operations	-58	285	-343	-3,699	1,122	-2,635
Income*	5,320	3,809	1,511	180	1,657	7,156
Fee and commission expense	-1,638	-1,029	-609	-	-74	-1,712
Personnel costs	-2,630	-1,511	-1,118	-704	-735	-4,069
Direct expenses	-1,048	-620	-428	-429	-537	-2,014
Depreciation, amortisation and impairment	-6	-3	-3	-3	-6	-15
Impairment losses on receivables	-	-	-	-	-6	-6
Operating profit	-2	645	-647	-956	299	-659
Operating profit, %	neg	16.9%	neg	neg	18.1%	neg
Interest expenses	-1	-1	-	-	-242	-242
Allocation of financing expenses	-596	-380	-215	-475	1,071	-
Profit before tax and NCI	-598	264	-863	-1,431	1,128	-901

* Includes share of associates' profit or loss. In addition, transit items that have no effect on the result for the financial year have been eliminated from segment income.

Taaleri's result

Taaleri's operating profit excluding investment operations strengthened to EUR 2.0 (1.9) million, corresponding to 20.2% (19.3) of income excluding investment operations.

EUR 1,000	Q1 2022	Q1 2021	Change	FY 2021
Continuing earnings	9,291	8,905	4.3%	40,711
Performance fees	500	797	-37.3%	11,411
Investment operations	-2,635	3,968	-166.4%	17,593
Income*	7,156	13,670	-47.6%	69,715
Fee and commission expense	-1,712	-1,884	-9.1%	-9,590
Personnel costs	-4,069	-4,123	-1.3%	-19,046
Direct expenses	-2,014	-1,762	14.3%	-9,616
Depreciation, amortisation and impairment	-15	-24	-39.1%	-71
Impairment losses on receivables	-6	-36	-83.5%	-565
Operating profit	-659	5,841	n/a	30,827
Operating profit, %	neg	42.7%		44.2%
Interest expense	-242	-714	-66.0%	-2,293
Profit before tax and NCI	-901	5,127	n/a	28,534

* Includes share of associates' profit or loss. In addition, transit items that have no effect on the result for the financial year have been eliminated from segment income.

Key figures

Group key figures	Q1 2022	Q1 2021	Change	FY 2021	Long term target
Earnings key figures					
Continuing earnings, MEUR	9.3	8.9	4.3%	40.7	>15.0%
Income, MEUR	7.2	13.7	-47.6%	69.7	
Operating profit, MEUR	-0.7	5.8	n/a	30.8	
Operating profit, %	neg	42.7%		44.2%	>25.0%
Profit for the period in consolidated income statement, MEUR	-1.2	6.8	n/a	136.1	
Return on equity*, %	-2.2%	20.7%		75.0%	>15.0%
Balance sheet key figures					
Equity ratio, %	72.1%	48.1%		72.1%	
Other key figures					
Cost/income ratio excluding investment operations, %	83.3%	88.6%		77.9%	
Cost/income ratio, %	111.6%	60.8%		58.3%	
Number of full-time employees in continuing operations, at the end of the period	101	103	-2.0%	104	
Assets under management in Private Asset Management segment, BEUR	2.3	1.7		2.2	
Guaranty insurance portfolio, BEUR	1.7	1.7		1.7	

* Annualised

Balance sheet

Assets, EUR 1,000	31.3.2022	31.12.2021
Receivables from credit institutions	60,737	53,255
Receivables from the public and general government	5,323	6,021
Shares and units	41,975	41,546
Assets classified as held for sale	6,490	5,246
Participating interests	9,556	8,889
Insurance assets	148,609	168,973
- Insurance assets	2,253	3,119
- Investments	146,356	165,854
Intangible assets	709	711
Tangible assets	982	1,149
Other assets	12,765	13,669
Accrued income and prepayments	20,236	16,921
Deferred tax assets	2,593	2,343
Total	309,975	318,723
Liabilities and equity, EUR 1,000	31.3.2022	31.12.2021
Liabilities	86,463	88,975
Insurance liabilities	38,568	39,421
Other liabilities	2,286	3,318
Accrued expenses and deferred income	13,776	14,172
Deferred tax liabilities	16,154	16,580
Derivative contracts	821	630
Subordinated debt	14,858	14,854
Equity	223,512	229,747
Total	309,975	318,723

Cash at bank EUR 60.7 million, dividend of EUR 34.0 million paid in April

The largest investments are Aktia Bank Plc EUR 10.6 million, Truscott Gilliland wind farm EUR 10.1 million and real estate project in Canada EUR 9.7 million.

Fixed income investments 82% of Garantia's investment portfolio. Garantia distributed a dividend of EUR 15.0 million to the parent company during the first quarter.

Taaleri's equity is EUR 223.5 million. The Group's equity ratio is strong at 72.1%.

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Summary



Q1: Summary

- Taaleri's continuing earnings grew up to EUR 9.3 million. In Private Asset Management segment the continuing earnings grew by 15.8%.
- The unrealized changes in the fair value of investment operations weighed on income and operating profit.
- The renewable energy business focused on advancing the projects of the Taaleri SolarWind II fund and building the project development portfolio.
- The retail sale of the Taaleri Bioindustry I fund began in Aktia. During the review period, a decision was made to invest in a torrefied biomass plant to be built in Joensuu.
- The real estate business successfully exited the Taaleri Daycare Properties fund by selling the fund's ten daycare properties to a Norwegian buyer.
- Garantia continued its very strong business and the combined ratio remained at excellent level and stood at 31.3%.

A look into next quarter

- Renewable energy business will make the final investments in Taaleri SolarWind II fund and continues its own project development activities.
- The real estate business focuses mainly on transaction activities to grow the real estate funds in investment phase. Taaleri Housing Fund VIII launches its investment activities.
- The bioindustry business continues to sell its first private equity fund and begins the construction phase of a torrefied biomass plant in Joensuu.
- The construction work on the Hamina biorefinery of Taaleri's associated company Fintoil will continue and production of the biorefinery will start during the second half of the year.
- Garantia continues to develop its business according to its strategy.
- Taaleri will record an estimated earn-out of EUR 6.7 million in the second quarter from the Finsilva holding sold in 2016.
- Taaleri sells its stake in Ficolo Ltd and will record a total profit of approximately EUR 14.0 million in the third quarter from the transaction.

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

Further information: Head of Communications and IR Siri Markula, siri.markula@taaleri.com, +358 40 743 2177

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Attachments

Segment result Q1 2021

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
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
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
Personnel costs	-2,173	-1,736	-437	-813	-1,137	-4,123
Direct expenses	-770	-530	-239	-403	-588	-1,762
Depreciation, amortisation and impairment	-12	-9	-3	-9	-4	-24
Impairment losses on receivables		-		-	-36	-36
Operating profit	441	658	-217	5,810	-411	5,841
Operating profit, %	8.5%	16.5%	neg	82.6%	neg	42.7%
Interest expenses	-1	-1	-	-	-713	-714
Allocation of financing expenses	-526	-363	-164	-400	926	-
Result before tax and NCI	-86	295	-381	5,410	-197	5,127

* Includes share of associates' profit or loss. In addition, transit items that have no effect on the result for the financial year have been eliminated from segment income.