

Q2

Taaleri Half- Year Financial Report

CEO Peter Ramsay
CFO Ilkka Laurila
20 August 2024



TAALERI

Key figures

Continuing earnings
Q2 2024

€10.1 million

Q2 2023: €9.9 million

Income
Q2 2024

€11.9 million

Q2 2023: €26.3 million

Operating profit
Q2 2024

€4.4 million

Q2 2023: €17.8 million

AUM
Q2 2024

€2.6 billion

31.12.2023: €2.6 billion

Continuing earnings,
previous 12M

€40.6 million

Growth in continuing earnings 2.3%
(LTM)

Income,
previous 12M

€59.7 million

Growth in income -23.0%
(LTM)

Operating profit,
previous 12M

€26.5 million

Growth in operating profit -40.8%
(LTM)

Sustainable fund
products of AUM

85%

85% of the assets under management by Taaleri are sustainable fund products classified in accordance with Article 8 and 9 of the EU SFDR Regulation.

Q2 highlights

Continuing earnings grew and profitability remained at a good level

Taaleri Group's continuing earnings grew by 3% to EUR 10.1 million in the second quarter, especially due to the development of the renewable energy business. Income was EUR 11.9 million, down from the corresponding period as a result of lower returns on investment operations.

The real estate business implemented its new strategy

We aim to develop and launch new products this year in real estate business. In addition to planning for a new closed-end fund, the team is strengthened with new recruitments.

Renewable energy continued the fundraising for Taaleri SolarWind III Fund

The renewable energy business continued the fundraising for Taaleri SolarWind III Fund and the active development of the fund's project development portfolio. Several investors are currently conducting due diligence on the fund.

Garantia's combined ratio strengthened to 26.5%

Insurance service result remained at the level of the corresponding period at EUR 3.5 million. Garantia's net income from investment operations was EUR 1.4 million, mainly due to favourable market development.

Bioindustry advanced its international projects

Taaleri Bioindustry I Fund made its fourth investment, and the venture capital fund starts formal fundraising in the autumn. We also established a project development company in Canada to explore the opportunity to start production of torrefied biomass.

Signs of improvement despite a persistently challenging operating environment

The European Central Bank commenced rate cuts as expected in the summer and expectations for additional cuts have increased. The fundraising market remains challenging. Increased M&A activity as a result of lower interest rates would increase distributions to investors, which in turn would support fundraising.

Taaleri's two reporting segments are Private Asset Management and Garantia

- On 7 August 2024, Taaleri announced that it had changed the composition of its reportable segments by transferring its shareholding in Aktia Bank Plc from the Strategic Investments segment to the Other group.
- As of the reporting period beginning on 1 April 2024, the former Strategic Investments segment will include only the Garantia business, and the segment will henceforth be named Garantia.
- Taaleri received shares in Aktia Bank Plc on 30 April 2021, as part of the consideration for the sale of its wealth management business. The change in segment reporting is a result of Taaleri Plc's sale of a total of 150,000 shares of Aktia Bank Plc during the period from 1 April to 30 June 2024.

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Private Asset Management



Q2: Renewable energy continued the fundraising of Taaleri SolarWind III Fund

- During the second quarter, the renewable energy business continued the fundraising for Taaleri SolarWind III Fund and the active development of the fund's project development portfolio. Investors launched new due diligence processes during the second quarter.
- By the end of the review period, construction decisions have been made on three projects of the Taaleri SolarWind III Fund.
- Preparations continued to exit the Taaleri Wind II and Taaleri Wind III Funds, which are at the end of their lifecycle.

Renewable energy, EUR million	4-6/2024	4-6/2023	Change, %
Continuing earnings	4.8	4.0	21.9%
Performance fees	-	-	-
Investment operations	0.7	8.9	-92.6%
Income	5.5	12.9	-57.4%
Personnel costs	-1.5	-2.4	-36.1%
Other costs	-2.4	-2.4	-2.1%
Operating profit	1.6	8.1	-80.3%
FTE, at the end of the period	51	50	2.0%
Assets under management, EUR billion	1.6	1.5	



Q2: Other private asset management advanced new products, the investment operations of current funds and internationalisation projects

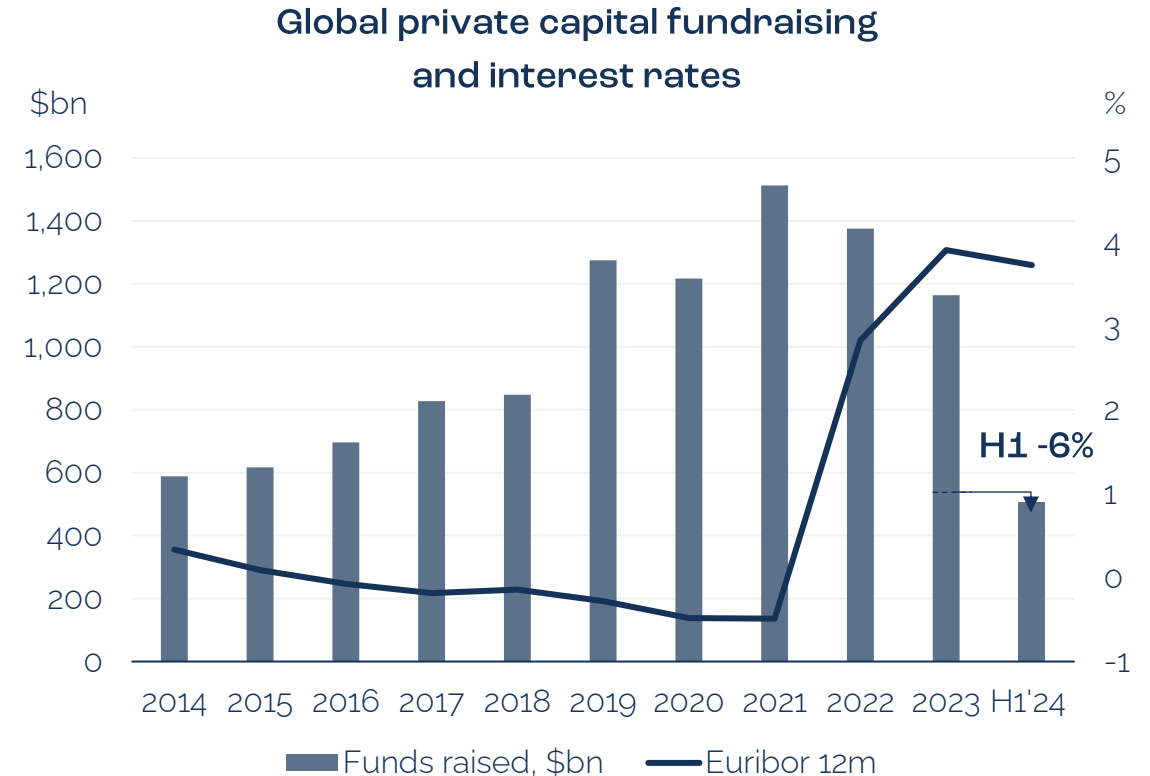
- The real estate business continued the structuring of new products and investment activities in line with its updated strategy.
- The Taaleri Bioindustry I Fund made its fourth investment in eniferBio. Fundraising preparations for the new venture capital fund continued and fundraising will commence during autumn following the confirmation of anchor investors. The bioindustry business also proceeded with the completion of the construction work of the torrefied biomass plant in Joensuu. Taaleri further explores the opportunity to start torrefied biomass production internationally. At the end of the review period, the bioindustry business founded a project development company for torrefied biomass production in Canada.

Other private asset management, EUR million	4–6/2024	4–6/2023	Change, %
Continuing earnings	1.2	1.7	-27.7%
Performance fees	-	1.5	-
Investment operations	-0.3	0.0	n/a
Income	0.9	3.2	-70.2%
Personnel costs	-1.2	-0.9	41.9%
Other costs	-1.0	-1.4	-28.6%
Operating profit	-1.3	0.9	n/a
FTE, at the end of the period	37	33	11.4%
Assets under management, EUR billion	1.0	1.1	



The stabilisation of interest rates supports fundraising

- Globally, 6% less private capital has been raised in H1 2024 compared to the first half of last year.
- The European Central Bank started interest rate cuts as expected in the summer, and the first rate cuts by the Federal Reserve are being priced in for autumn.
- The implemented and expected interest rate cuts support the transaction market, which in turn accelerates capital returns to investors and enables investors to make new commitments to funds.



Global private capital fundraising (Private Equity, Venture Capital, real estate, infrastructure)
Sources: Preqin, Bank of Finland

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Garantia



Q2: Garantia's combined ratio strengthened from the comparison period

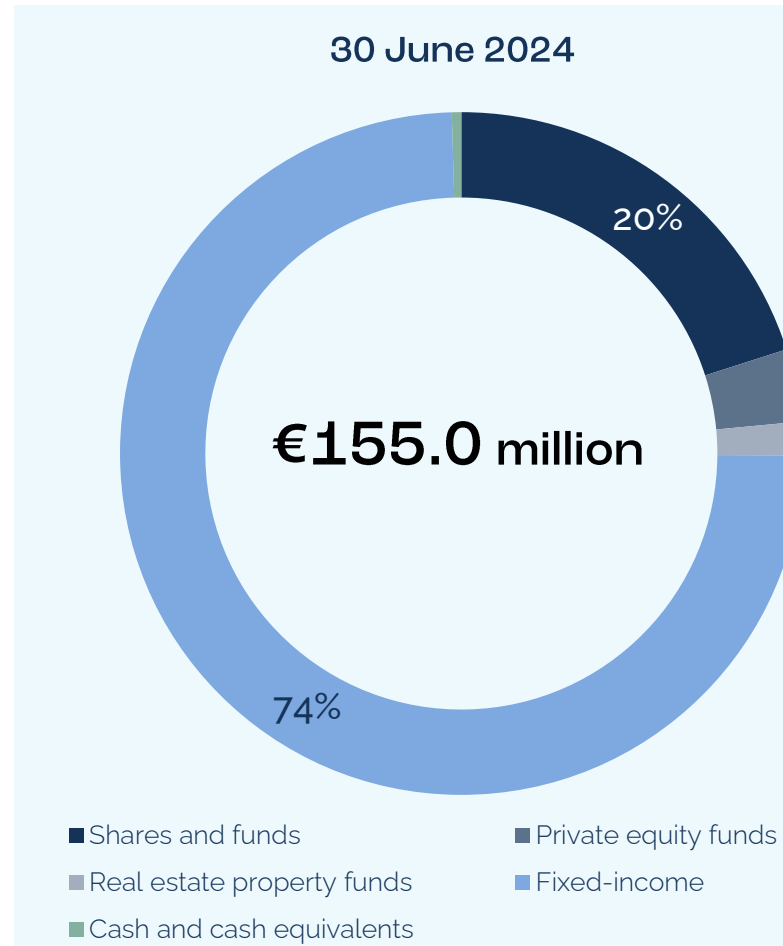
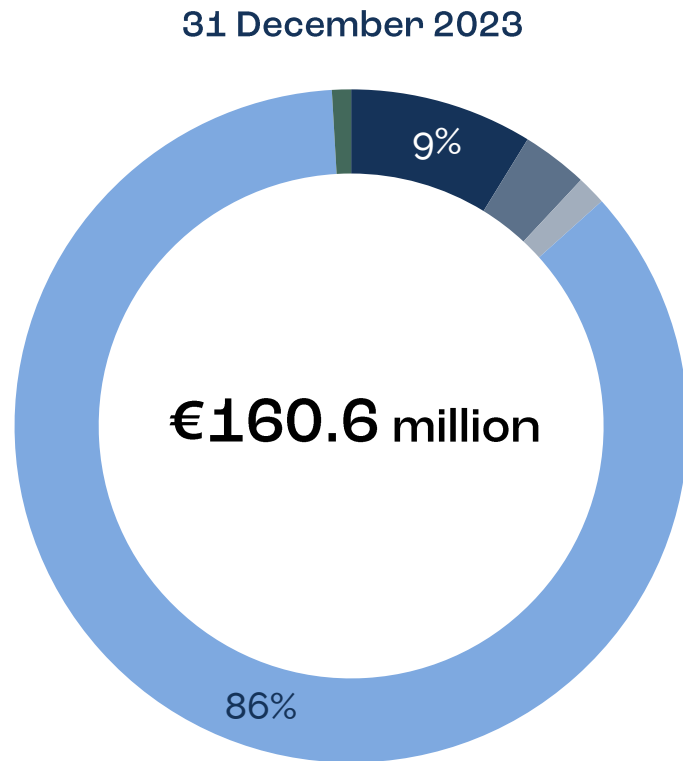
- Garantia's insurance service result remained at the corresponding period's level at EUR 3.5 million. Insurance revenue decreased slightly, and insurance service expenses remained at the level of the comparison period. The combined ratio improved to 26.5%.
- Garantia's net income from investment operations recognised in profit & loss was EUR 1.4 million.
- In the investment operations, the allocation to equity was maintained at level with the first quarter of the year. At the end of the review period, fixed-income investments made up 74.5% (31 December 2023: 85.7) of the investment portfolio.

Garantia, EUR million	4-6/2024	4-6/2023	Change, %
Insurance service result	3.5	3.5	-0.9%
Net finance income and expense	-0.1	0.0	n/a
Other income	0.0	0.0	36.6%
Net income from investment operations	1.4	1.7	-19.4%
Income	4.7	5.2	-9.4%
Personnel costs	-0.0	-0.3	-95.8%
Other costs	-0.0	-0.0	8.0%
Operating profit	4.7	4.9	-4.8%
FTE, at the end of the period	20	20	-2.0%
Guaranty insurance portfolio, EUR billion	1.7	1.7	
Combined ratio (IFRS), %	26.5	27.1	



*) The key figures for 2019-2021 have been calculated in accordance with the previous standard on insurance contracts, IFRS 4.

H1: Garantia has increased the share of equities in its investment allocation towards the standard allocation identified in the investment plan



- The risk level of investment activities was moderately increased in the first half of the year by increasing allocation into equity index funds and by extending the duration of fixed-income investments.
- The majority of fixed-income investments are placed in bonds issued by creditworthy Nordic companies and financial institutions.

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Other



Q2: The shareholdings in Aktia Bank Plc were transferred to non-strategic investments as of 1 April 2024

- The shareholdings in Aktia Bank Plc were transferred to non-strategic investments as of 1 April 2024 and during the review period, EUR 1.4 million in shares were sold. As of 30 June 2024, Taaleri's non-strategic investments totalled EUR 26.1 (31 December 2023: 35.5) million.
- The net income from investment operations in Other group mainly consisted of the result of Taaleri's associate company Turun Toriparkki Oy, which is consolidated using the equity method. The net income from investment operations in the corresponding period was affected by, among other things, changes in fair value of EUR 3.2 million in the non-strategic investment portfolio.

Other, EUR million	4-6/2024	4-6/2023	Change, %
Continuing earnings	0.7	0.7	0.1%
Performance fees	-	-	-
Investment operations	0.0	4.3	-99.7%
Income	0.7	5.0	-85.2%
Personnel costs	-0.6	-0.4	48.2%
Other costs	-0.7	-0.8	-5.2%
Operating profit	-0.6	3.8	n/a
FTE, at the end of the period	20	22	-9.6%

EUR million	30.6.2024	31.12.2023	Change, %
Non-strategic investments	26.1	35.5	-26.5%
Real estate	15.0	22.7	-33.7%
Other*	11.1	12.9	-13.7%

*) Includes the holdings in Aktia Bank Plc for both periods presented

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Result and balance sheet



Taaleri's continuing earnings grew and profitability remained at a good level in the second quarter of the year

Taaleri Group's continuing earnings grew by 3% to EUR 10.1 million in the second quarter, especially due to the development of the renewable energy business. Income was EUR 11.9 million, down from the corresponding period as a result of lower returns on investment operations. The operating profit margin was 36.9%.

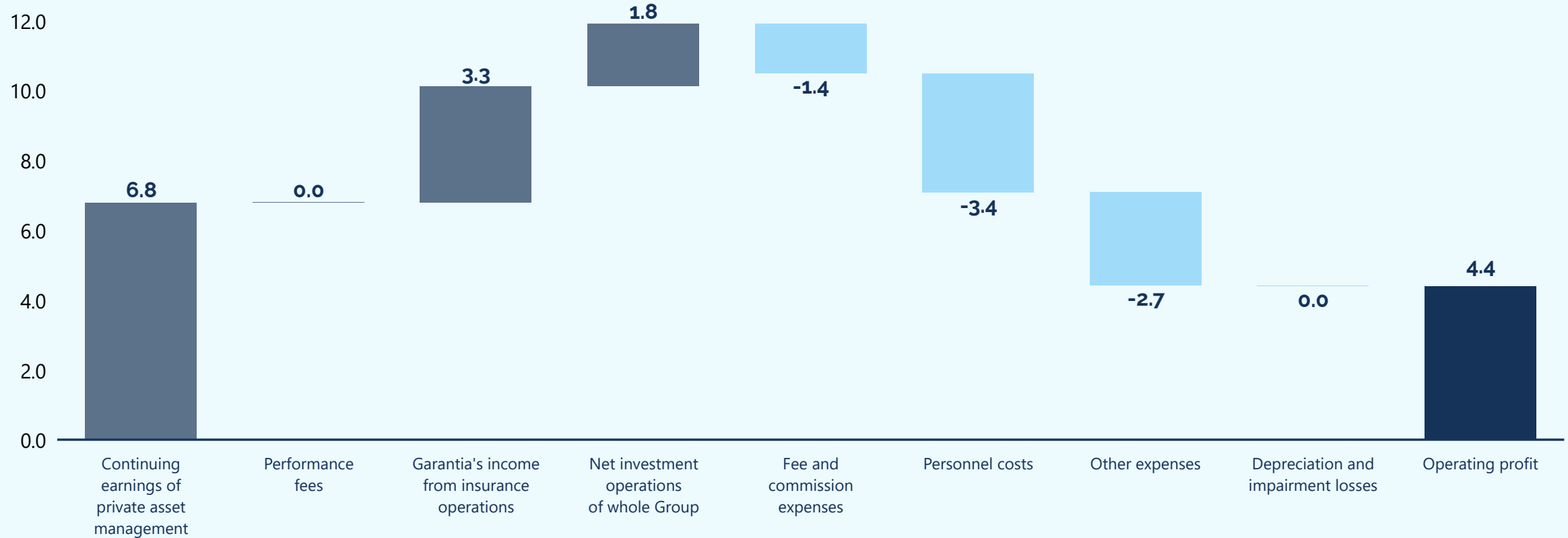
EUR 1,000	Q2 2024	Q2 2023	Change	H1 2024	H1 2023	Change	FY 2023
Continuing earnings	10,111	9,860	2.6%	20,392	19,699	3.5%	39,872
Performance fees	-	1,494	-100.0%	-	1,494	-100.0%	1,489
Investment operations	1,785	14,955	-88.1%	8,549	14,367	-40.5%	24,979
Income*	11,897	26,308	-54.8%	28,941	35,560	-18.6%	66,340
Fee and commission expense	-1,416	-1,854	-23.6%	-2,916	-3,414	-14.6%	-6,576
Personnel costs	-3,404	-3,956	-14.0%	-7,275	-8,265	-12.0%	-16,140
Direct expenses	-2,667	-2,680	-0.5%	-4,848	-4,489	8.0%	-11,157
Depreciation, amortisation and impairment	-11	-31	-65.4%	-64	-44	45.9%	25
Impairment losses on receivables	-13	-33	-59.7%	134	-36	-467.9%	-607
Operating profit	4,386	17,754	-75.3%	13,971	19,311	-27.7%	31,885
Operating profit, %	36.9%	67.5%		48.3%	54.3%		48.1%

* 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.

The development of Taaleri's operating profit, Q2 2024

Taaleri's continuing earnings grew and profitability remained on a good level in the second quarter of the year

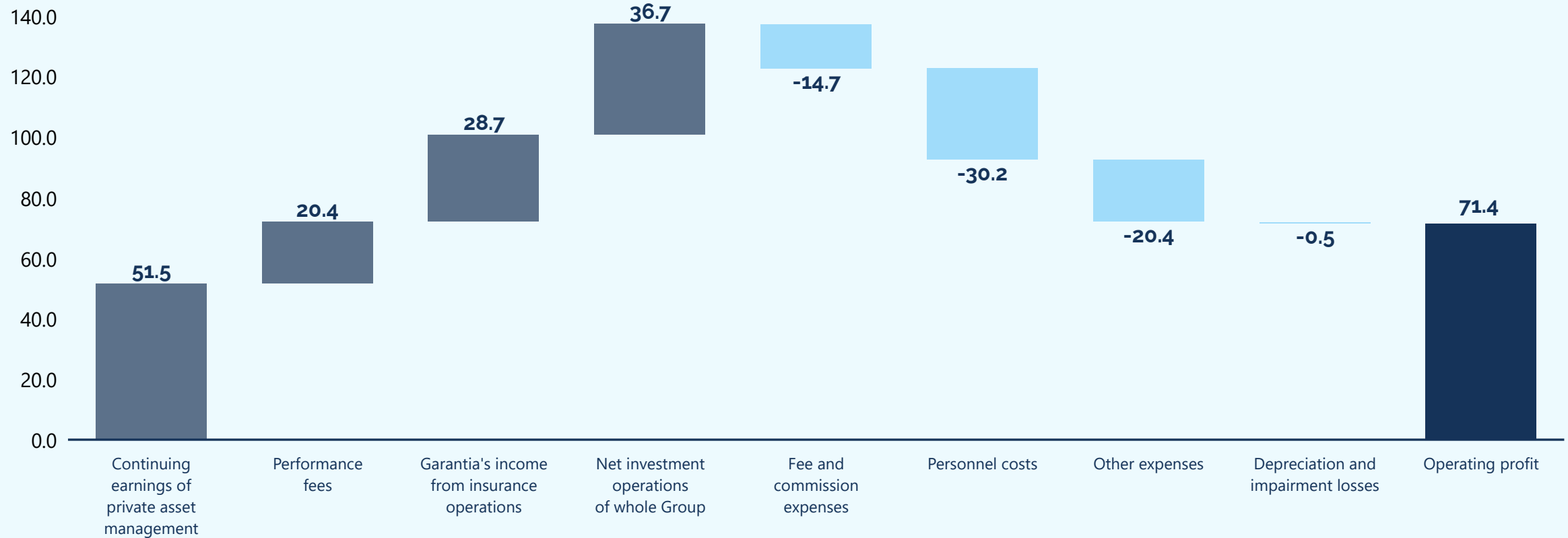
EUR million



The development of Taaleri's operating profit, 24M

Stable income development from four different sources

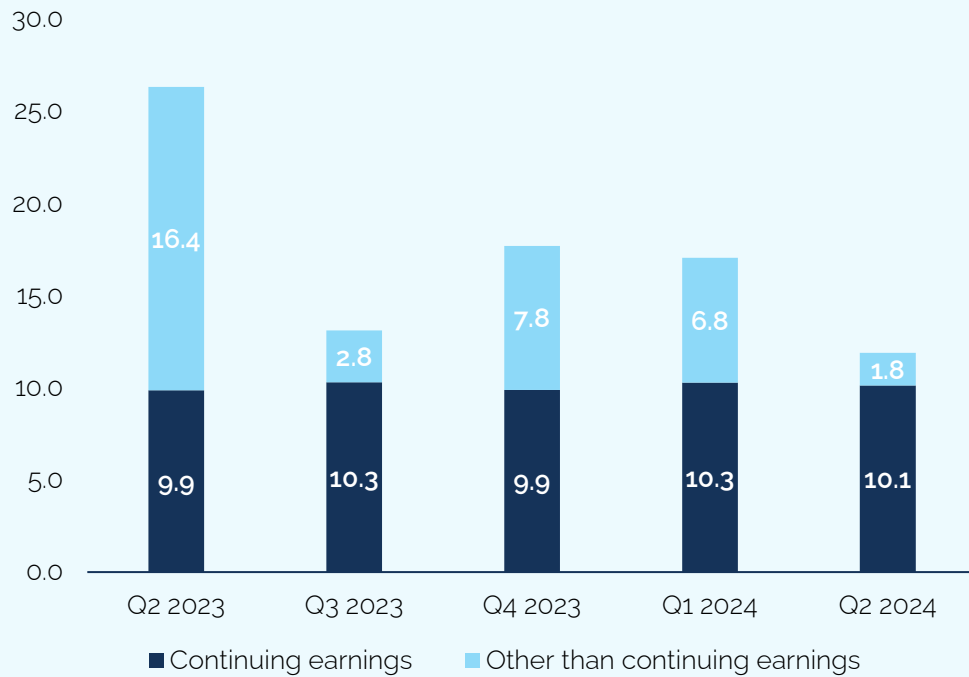
EUR million



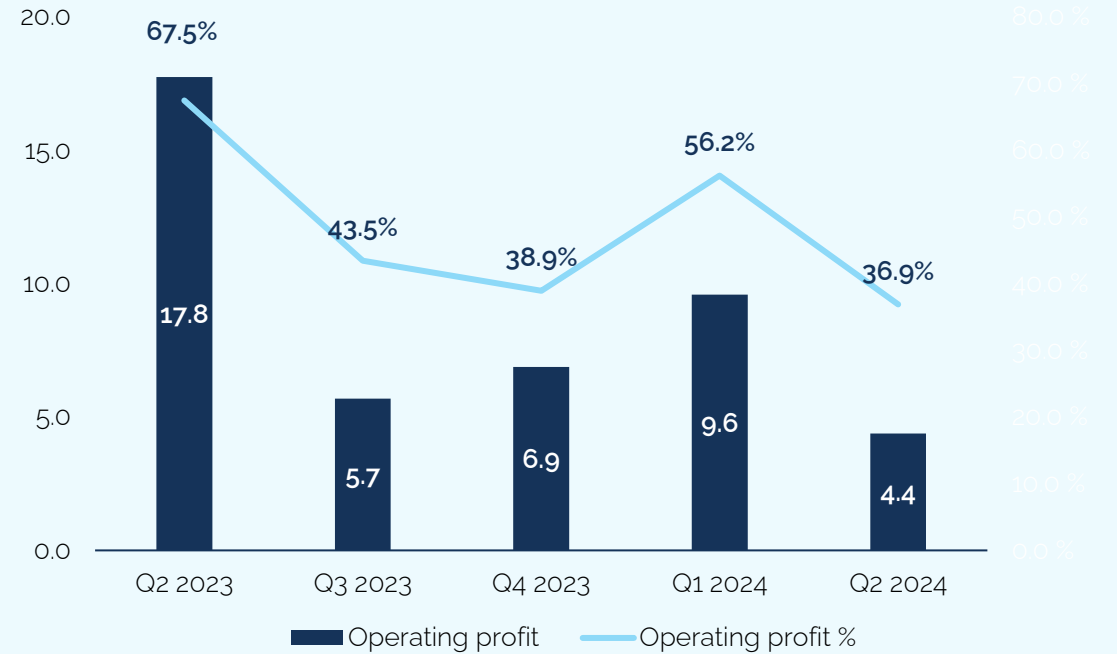
The development of Taaleri's quarterly income and operating profit

Continuing earnings are developing steadily

Income, EUR million



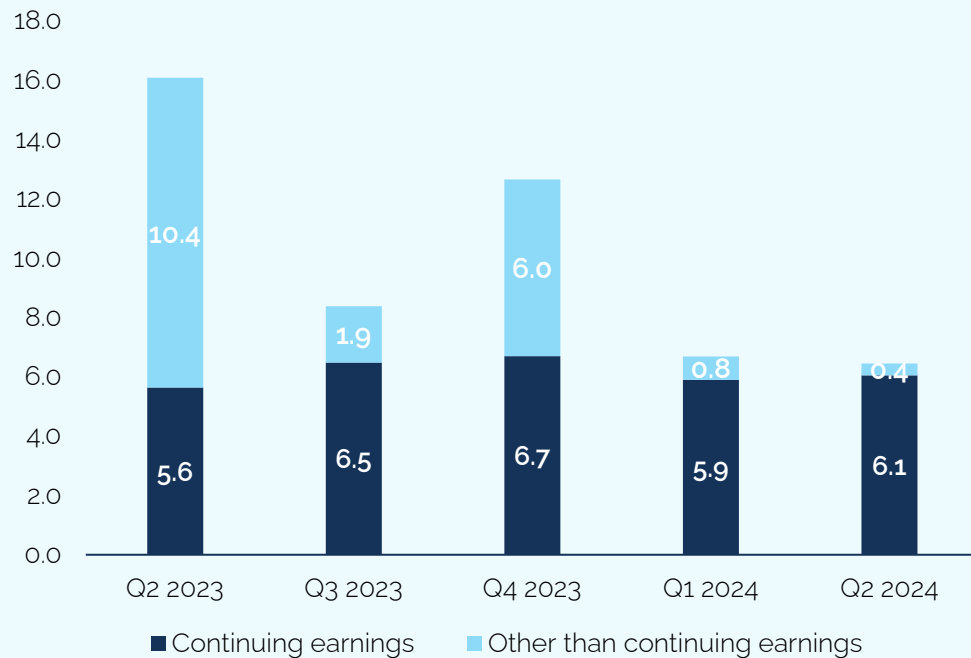
Operating profit, EUR million



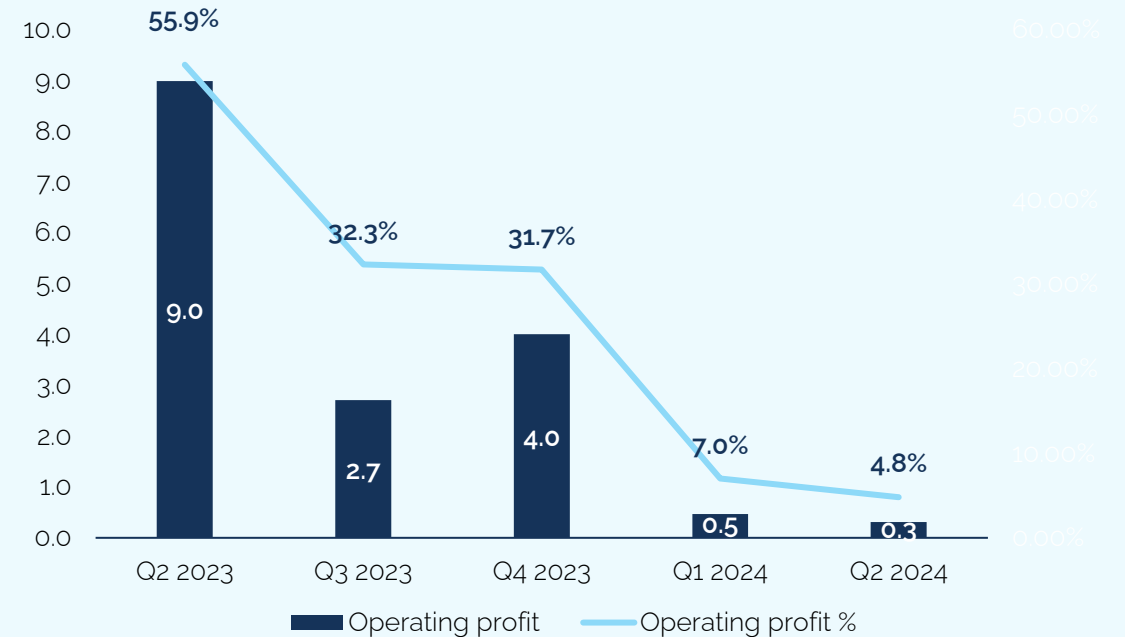
The development of Private Asset Management segment's quarterly income and operating profit

Continuing earnings are developing steadily

Income, EUR million

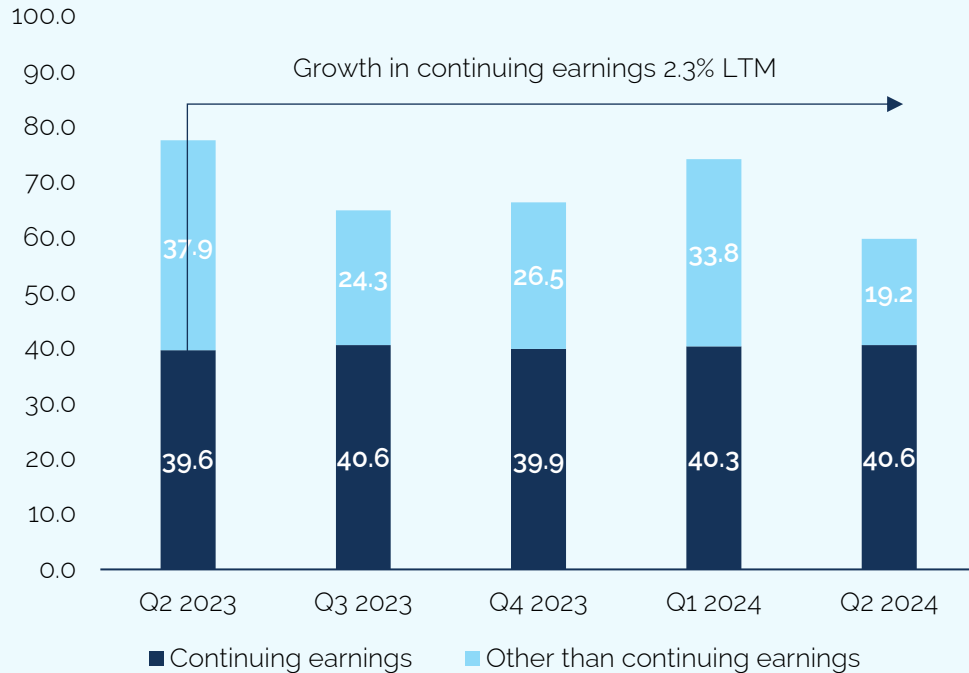


Operating profit, EUR million

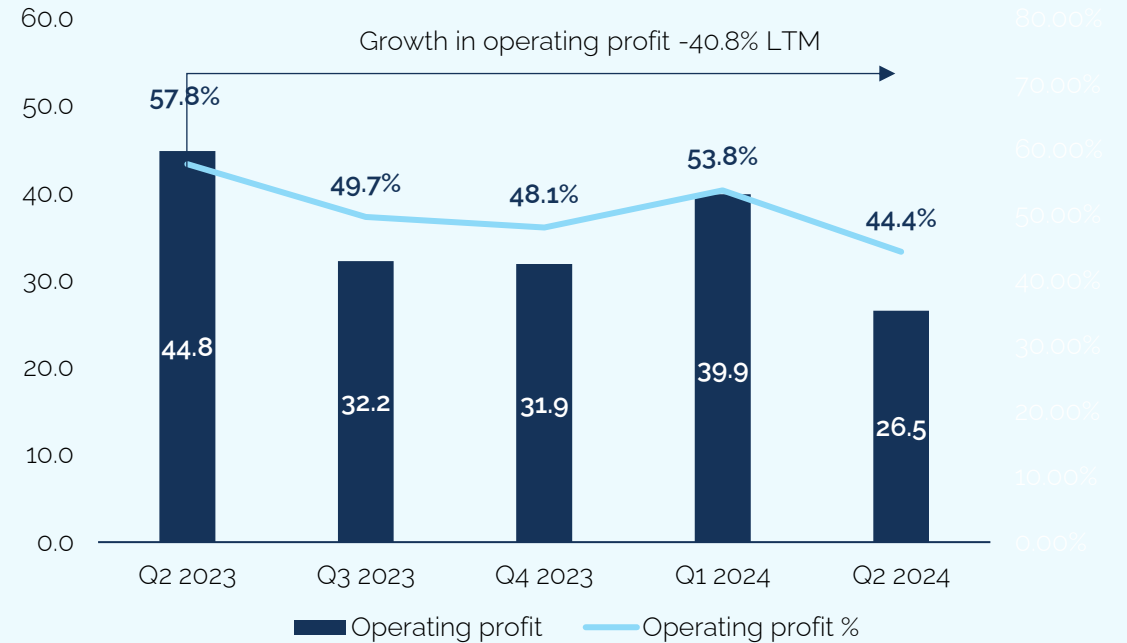


The development of Taaleri's income and operating profit, 12M

Income previous 12M, EUR million



Operating profit previous 12M, EUR million

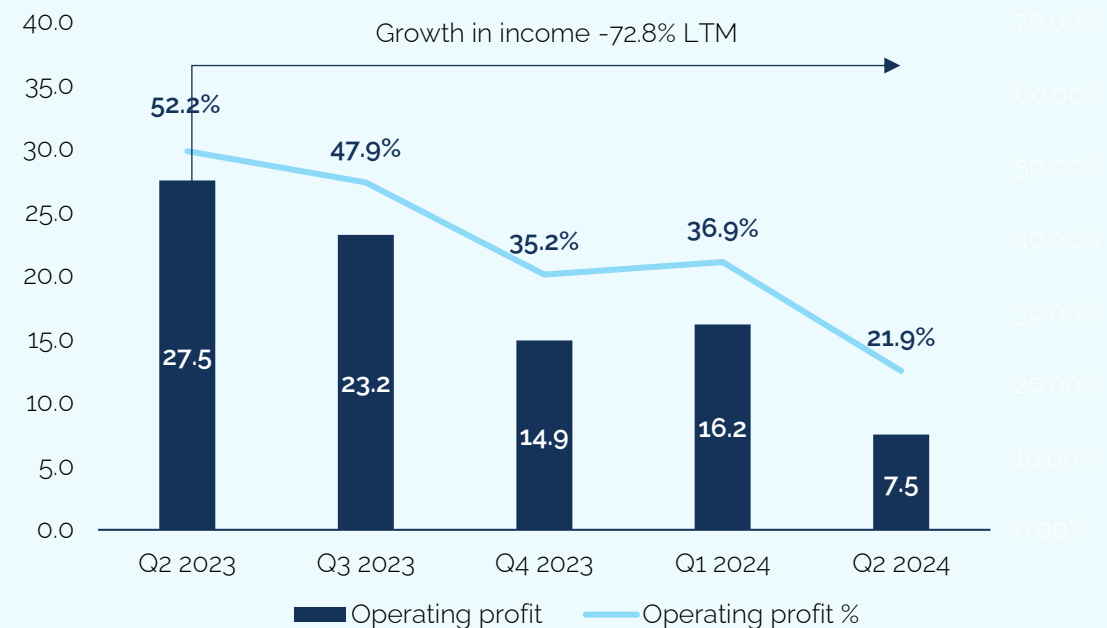


The development of Private Asset Management segment's income and operating profit, 12M

Income previous 12M, EUR million



Operating profit previous 12M, EUR million



Taaleri Group's balance sheet Q2 2024

Taaleri sold a total of 150,000 Aktia Bank Plc shares during the period from 1 April to 30 June 2024 and classifies the shares henceforth to Taaleri's non-strategic investment portfolio. The information for the corresponding period has been adjusted accordingly.

Private Asset Mgmt segment's direct investments

€37.6 million

31.12.2023: €32.3 million

Garantia's investment portfolio

€155.0 million

31.12.2023: €160.6 million

Assets total

€285.4 million

31.12.2023: €307.9 million

Equity

€192.0 million

31.12.2023: €208.6 million

Non-strategic investments

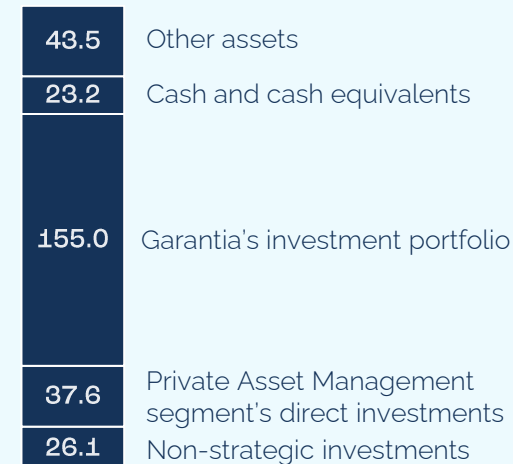
€26.1 million

31.12.2023: €35.5 million

Cash and cash equivalents

€23.2 million

31.12.2023: €38.3 million



Dividend per share, paid in April

€1.00

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Summary



Q2 summary

Continuing earnings grew and profitability remained at a good level

Taaleri Group's continuing earnings grew by 3% to EUR 10.1 million in the second quarter, especially due to the development of the renewable energy business. Income was EUR 11.9 million, down from the corresponding period as a result of lower returns on investment operations.

The real estate business implemented its new strategy

We aim to develop and launch new products this year in real estate business. In addition to planning for a new closed-end fund, the team is strengthened with new recruitments.

Renewable energy continued the fundraising for Taaleri SolarWind III Fund

The renewable energy business continued the fundraising for Taaleri SolarWind III Fund and the active development of the fund's project development portfolio. Several investors are currently conducting due diligence on the fund

Garantia's combined ratio strengthened to 26.5%

Insurance service result remained at the level of the corresponding period at EUR 3.5 million. Garantia's net income from investment operations was EUR 1.4 million, mainly due to favourable market development.

Bioindustry advanced its international projects

Taaleri Bioindustry I Fund made its fourth investment, and the venture capital fund starts formal fundraising in the autumn. We also established a project development company in Canada to explore the opportunity to start production of torrefied biomass.

Signs of improvement despite a persistently challenging operating environment

The European Central Bank commenced rate cuts as expected in the summer and expectations for additional cuts have increased. The fundraising market remains challenging. Increased M&A activity as a result of lower interest rates would increase distributions to investors, which in turn would support fundraising.

Outlook for 2024

Private Asset Management

- Continuing earnings from the renewable energy business are expected to develop positively during the financial year 2024. The operating profit for 2024 will depend on, among other things, the net income from the investment operations and the revision of the estimated performance fees of the exit-phase funds Taaleri Wind II and Taaleri Wind III Funds, or their final amount, and on the timing of such exits.
- According to Taaleri's updated strategy, strong international growth is sought in Taaleri's bioindustry, real estate and other businesses, which is reflected in the profitability of Other private asset management and the increase in the number of employees. Operating profit in Other private asset management is expected to be negative for 2024.

Garantia

- Garantia's continuing earnings are expected to fall slightly from the level of the corresponding period, in particular due to the development of the Finnish housing market. In an interest rate environment in line with market expectations, Garantia's net income from investment operations is expected to develop positively compared to the corresponding period.

Other group

- The income from the Other group in 2024 is heavily dependent on changes in the fair value of non-strategic investments, and final exits in particular. The cost level of Group operations is expected to remain at approximately the level of the corresponding period.



Q&A

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The Half-Year Financial Report is found on our [website](#)
Further information: Director, Investor Relations and Communications Linda Tierala, +358 40 571 7895, linda.tierala@taaleri.com

TALARI

Attachments



Group balance sheet

Assets, EUR 1,000	30.6.2024	31.12.2023
Receivables from credit institutions	23,225	38,302
Receivables from the public and general government	5,090	5,142
Shares and units	42,992	38,708
Participating interests	13,065	12,884
Insurance assets	155,400	160,875
- Reinsurance assets	382	325
- Investments	155,018	160,551
Intangible assets	586	572
Tangible assets	2,234	2,406
Other assets	14,204	17,163
Accrued income and prepayments	22,790	26,742
Deferred tax assets	5,856	5,116
Total	285,442	307,911
Liabilities and equity, EUR 1,000	30.6.2024	31.12.2023
Liabilities	93,473	99,265
Insurance contract liabilities	44,302	45,616
Other liabilities	3,267	4,944
Accrued expenses and deferred income	19,823	17,327
Deferred tax liabilities	11,186	16,491
Subordinated debt	14,895	14,886
Equity	191,969	208,646
Total	285,442	307,911

Cash at bank at the end of June EUR 23.2 million. In April, a dividend of EUR 28.2 million was distributed to owners of the parent company.

The largest investments at the end of June were Truscott Gilliland wind farm EUR 10.5 million, Fintoil EUR 9.9 million, Turun Toriparkki EUR 8.8 million and Aktia Bank Plc EUR 7.6 million.

Fixed income investments 75% of Garantia's investment portfolio, portfolio in total EUR 155.0 million. Garantia distributed a dividend of EUR 15.0 million to the parent company during the first quarter.

Taaleri's equity is EUR 192.0 million. The Group's equity ratio is strong at 67.3%.

Taaleri's result Q2 2024

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Garantia	Other	Total
Continuing earnings	6,052	4,846	1,206	3,333	727	10,111
Performance fees	-	-	-	-	-	-
Investment operations	395	658	-262	1,376	14	1,785
Income*	6,447	5,503	944	4,709	741	11,897
Fee and commission expense	-1,408	-1,038	-370	-	-8	-1,416
Personnel costs	-2,765	-1,534	-1,231	-11	-627	-3,404
Direct expenses	-1,891	-1,331	-559	-12	-764	-2,667
Depreciation, amortisation and impairment	-1	-1	-	-	-10	-11
Impairment losses on receivables	-71	-	-71	-	58	-13
Operating profit	310	1,599	-1,289	4,685	-610	4,386
Operating profit, %	4.8%	29.1%	neg	99.5%	neg	36.9%

* 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 Q2 2023

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Garantia	Other	Total
Continuing earnings	5,643	3,976	1,667	3,491	727	9,860
Performance fees	1,494	-	1,494	-	-	1,494
Investment operations	8,951	8,943	8	1,707	4,296	14,955
Income*	16,088	12,919	3,169	5,197	5,023	26,308
Fee and commission expense	-1,847	-1,057	-790	-	-7	-1,854
Personnel costs	-3,268	-2,399	-868	-265	-423	-3,956
Direct expenses	-1,968	-1,361	-608	-11	-701	-2,680
Depreciation, amortisation and impairment	-9	-5	-4	-	-22	-31
Impairment losses on receivables	-	-	-	-	-33	-33
Operating profit	8,996	8,097	899	4,921	3,837	17,754
Operating profit, %	55.9%	62.7%	28.4%	94.7%	76.4%	67.5%

* 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 private equity funds

Renewable energy	Founded	Product	Business area	AUM Q2 2024	Stage of the fund
Taaleri Wind Fund II Ky	2014	Private equity fund	Renewable energy		Invested
Taaleri Wind Fund III Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind I Ky	2016	Private equity fund	Renewable energy		Invested
Taaleri SolarWind II Feeder Fund Ky	2019	Feeder fund	Renewable energy		Invested
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy		Invested
Taaleri SolarWind II	2019	Private equity fund	Renewable energy		Invested
Taaleri SolarWind III	2023	Private equity fund	Renewable energy		Fundraising
Managed accounts	2019-	Managed accounts	Renewable energy		Invested
Renewable energy total				1,645 MEUR	
Other private asset management	Founded	Product	Business area	AUM Q2 2024	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	Private equity fund	Real estate		Invested
Taaleri Multifunctional Properties Ky	2018	Private equity fund	Real estate		Invested
Taaleri Property Fund I Ky	2015	Private equity fund	Real estate		Invested
Taaleri Property Fund II Ky	2016	Private equity fund	Real estate		Invested
Taaleri Rental Home Ky	2016	Private equity fund	Real estate		Invested
Taaleri Housing Fund VIII Ky	2021	Private equity fund	Real estate		Investing period
Managed accounts	2021-	Managed accounts	Real estate		Investing period
Real estate total				678 MEUR	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Invested
Joensuu Biocoal	2021	Co-investment	Bioindustry		Investing period
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry		Investing period
Bioindustry total				164 MEUR	
Other funds total				149 MEUR	
Other private asset management total				991 MEUR	
Private Asset Management segment total				2,636 MEUR	

AUM €2.6 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.