

Q3

Taaleri Interim Statement

CEO Peter Ramsay
CFO Ilkka Laurila
5 November 2024



TAALERI

Key figures

Continuing earnings
Q3 2024

€9.7 million

Q3 2023: €10.3 million

Income
Q3 2024

€21.6 million

Q3 2023: €13.1 million

Operating profit
Q3 2024

€14.7 million

Q3 2023: €5.7 million

AUM
Q3 2024

€2.6 billion

31.12.2023: €2.6 billion

Continuing earnings,
previous 12M

€40.0 million

Growth in continuing earnings -1.5%
(LTM)

Income,
previous 12M

€68.2 million

Growth in income 5.2%
(LTM)

Operating profit,
previous 12M

€35.5 million

Growth in operating profit 10.2%
(LTM)

Earnings per share
Q1–Q3 2024

0.76

Q1–Q3 2023: 0.67

Q3 highlights

Income grew and profitability was excellent

Taaleri Group's income amounted to EUR 21.6 million in the third quarter, increasing by 65% from the comparison period as a result of the recognition of the earn-out from the sale of the renewable energy project development portfolio in 2023. The operating profit margin was excellent at 68%.

The real estate business strengthened its team

The real estate business continued to develop new products in the third quarter of the year. The expertise of the real estate team was strengthened. The goal is to develop and launch new products next year.

Fundraising for Taaleri SolarWind III Fund continued

The renewable energy business continued fundraising for Taaleri SolarWind III Fund. In addition to capital raised in the third quarter, we received further commitments to the fund in October, which will bring the fund to EUR 470 million.

Garantia's combined ratio remained strong at 25.8%

Insurance service result was EUR 3.4 million. Garantia's net income from investment operations was EUR 3.5 million, mainly due to favourable market development and a transition towards the investment portfolio's target allocation.

Value creation continued in the Bioindustry I Fund

We continued the value creation work in the existing investments of the Taaleri Bioindustry I Fund. Over one-third of the fund's investment commitments have now been deployed, and the fund continues to actively evaluate new potential investments.

The fundraising climate for private capital has remained challenging

Uncertainty related to interest rates, the exit market and the geopolitical situation curbed investor demand. However, slight optimism is on the horizon. According to Preqin, the share of investors who expect unlisted market returns to improve over the next year has increased since last spring.

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Private Asset Management



Q3: Renewable energy recognised the earn-out from the sale of the project development portfolio

- During the third quarter, the renewable energy business continued the fundraising for Taaleri SolarWind III Fund and the active development of the fund's project development portfolio. Based on indicative decisions made during the third quarter of the year, the amount of capital committed will continue to grow during the year.
- The fund made a decision during the review period to invest in a 154-megawatt wind power project in Serbia.
- 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	7–9/2024	7–9/2023	Change, %
Continuing earnings	5.0	5.1	-15%
Performance fees	-	-	-
Investment operations	8.2	1.9	332.2%
Income	13.2	7.0	89.7%
Personnel costs	-1.5	-1.9	-21.7%
Other costs	-2.0	-2.2	-11.2%
Operating profit	9.7	2.8	245.0%
FTE, at the end of the period	51	48	6.1%
Assets under management, EUR billion	1.7	1.6	



Q3: Other private asset management advanced new products, the investment operations of current funds and internationalisation projects

- The bioindustry business focused on assessing new investments for the Taaleri Bioindustry I Fund and finalised negotiations for a potential fifth investment.
- The bioindustry business also continued the completion of the construction work of the torrefied biomass plant in Joensuu and continued the international project to investigate potential torrefied biomass production in Canada.
- The real estate business continued the structuring of new products and investment activities and prepared for future fundraising for a new closed-end fund.

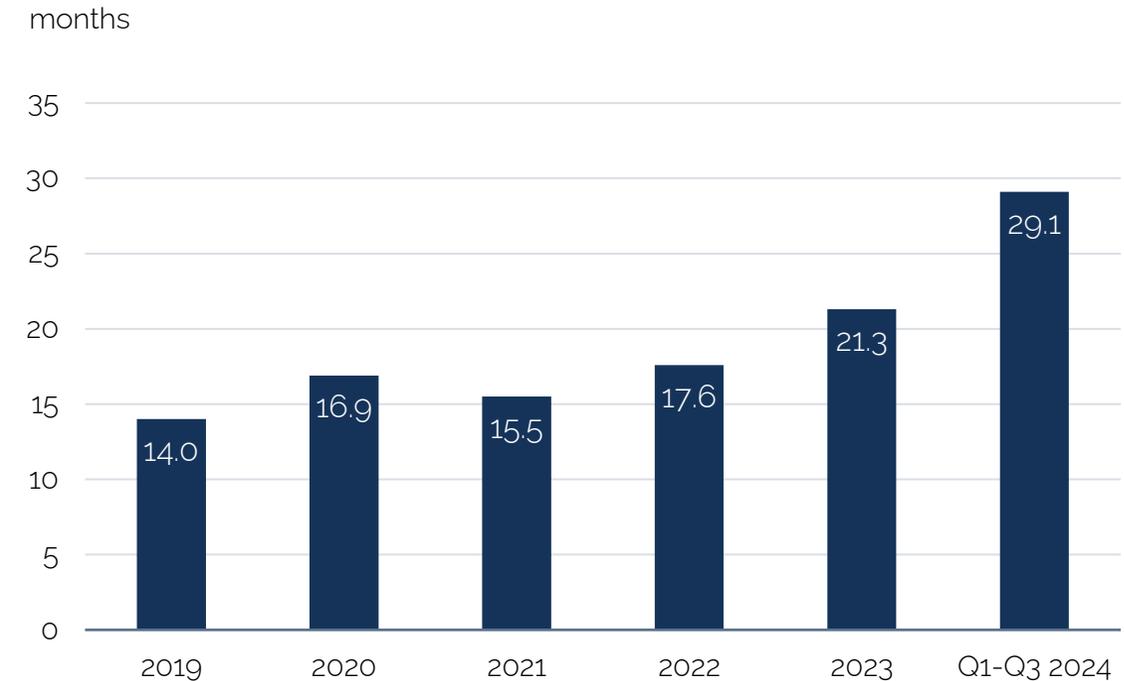
Other private asset management, EUR million	7–9/2024	7–9/2023	Change, %
Continuing earnings	1.2	1.4	-18.9%
Performance fees	-	-0.0	n/a
Investment operations	0.1	0.0	>100.0%
Income	1.2	1.4	-13.8%
Personnel costs	-0.7	-0.7	6.1%
Other costs	-1.0	-0.8	15.7%
Operating profit	-0.5	-0.1	354.1%
FTE, at the end of the period	37	34	9.5%
Assets under management, EUR billion	1.0	1.0	



The operating environment remains challenging

- As inflation has eased, central banks have shifted their tight monetary policy toward a more neutral stance, leading to declining interest rates.
- The fundraising environment for private capital remained challenging in the third quarter. Time spent fundraising has increased.
- The renewable energy business is supported by the global transition to renewable energy.
- Economic uncertainty and financial market challenges remain present in the operating environment for the bioindustry business.
- The real estate market was characterised by moderate activity in the third quarter, and transaction volumes fell short of the previous quarter.
- In Garantia's operating environment, economic uncertainty kept consumer confidence significantly below the long-term average.

Time spent fundraising, average months



Global infrastructure fundraising
Source: Infrastructure Investor fundraising report Q3 2024

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Garantia

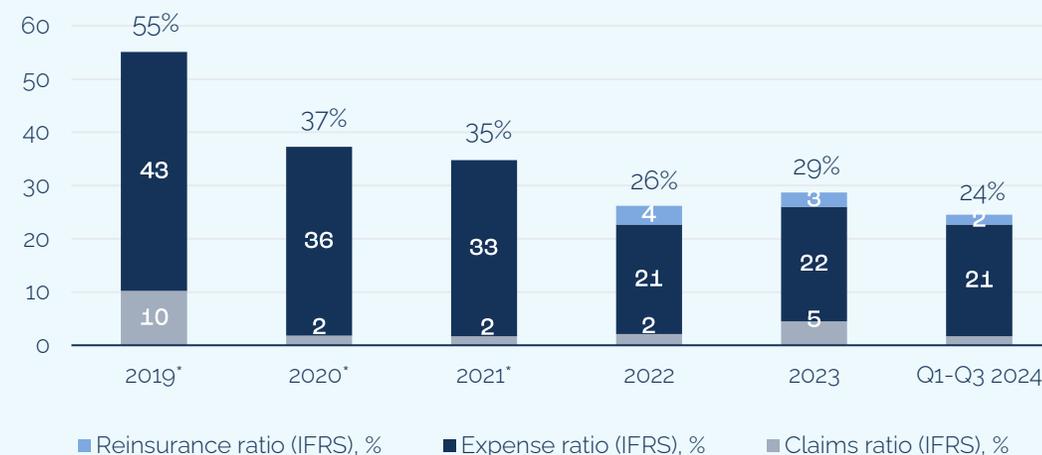


Q3: Garantia's insurance revenue remained at the corresponding period's level

- Garantia's insurance service result decreased 3.2 per cent from the corresponding period to EUR 3.4 million. Insurance revenue remained at the level of the comparison period, but insurance service expenses increased. The combined ratio declined to 25.8% but was still at an excellent level.
- Garantia's total net income from investment operations was 4.0%, i.e. EUR 6.2 million, of which a total of EUR 3.5 million was recognised in profit and loss.
- The increase in total net income from investment operations was driven by the strong stock market performance and decreasing interest rate environment.

Garantia, EUR million	7-9/2024	7-9/2023	Change, %
Insurance service result	3.4	3.6	-3.2%
Net finance income and expense	-0.2	-0.1	15.3%
Other income	0.0	0.0	3.3%
Net income from investment operations	3.5	0.7	>100.0%
Income	6.8	4.1	64.6%
Personnel costs	-0.4	-0.3	74.7%
Other costs	0.0	0.0	71.2%
Operating profit	6.3	3.9	64.1%
FTE, at the end of the period	21	19	10.5%
Guaranty insurance portfolio, EUR billion	1.7	1.7	
Combined ratio (IFRS), %	25.8%	22.0%	

Combined annual ratio (IFRS), %



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

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Other



Q3: The operating profit in Other group remained at the corresponding period's level

- The shareholdings in Aktia Bank Plc were transferred to non-strategic investments as of 1 April 2024 and during 2024, a total of EUR 3.8 million in shares has been sold. As of 30 September 2024, Taaleri's non-strategic investments totalled EUR 23.8 (31 December 2023: 35.5) million.
- The continuing earnings in Other group consist of interest income. The net income from investment operations mainly consisted of the result of Taaleri's associate company Turun Toriparkki Oy, which is consolidated using the equity method.

Other, EUR million	7-9/2024	7-9/2023	Change, %
Continuing earnings	0.3	0.4	-33.7%
Performance fees	-	-	-
Investment operations	0.2	0.2	-25.8%
Income	0.4	0.6	-30.8%
Personnel costs	-0.9	-0.9	0.5%
Other costs	-0.3	-0.5	-34.3%
Operating profit	-0.9	-0.9	1.2%
FTE, at the end of the period	20	18	11.0%

Non-strategic investments, EUR million	30.9.2024	31.12.2023	Change, %
Total	23.8	35.5	-33.1%
Real estate development	15.1	22.7	-33.4%
Other*	8.7	12.9	-32.6%

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



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Result and balance sheet



Taaleri had a strong financial result in the third quarter of the year

Taaleri Group's income amounted to EUR 21.6 million in the third quarter, increasing by 65% from the comparison period as a result of the recognition of the earn-out from the sale of the renewable energy project development portfolio in 2023. Continuing earnings fell by 6% to EUR 9.7 million. The operating profit margin was excellent at 67.9%.

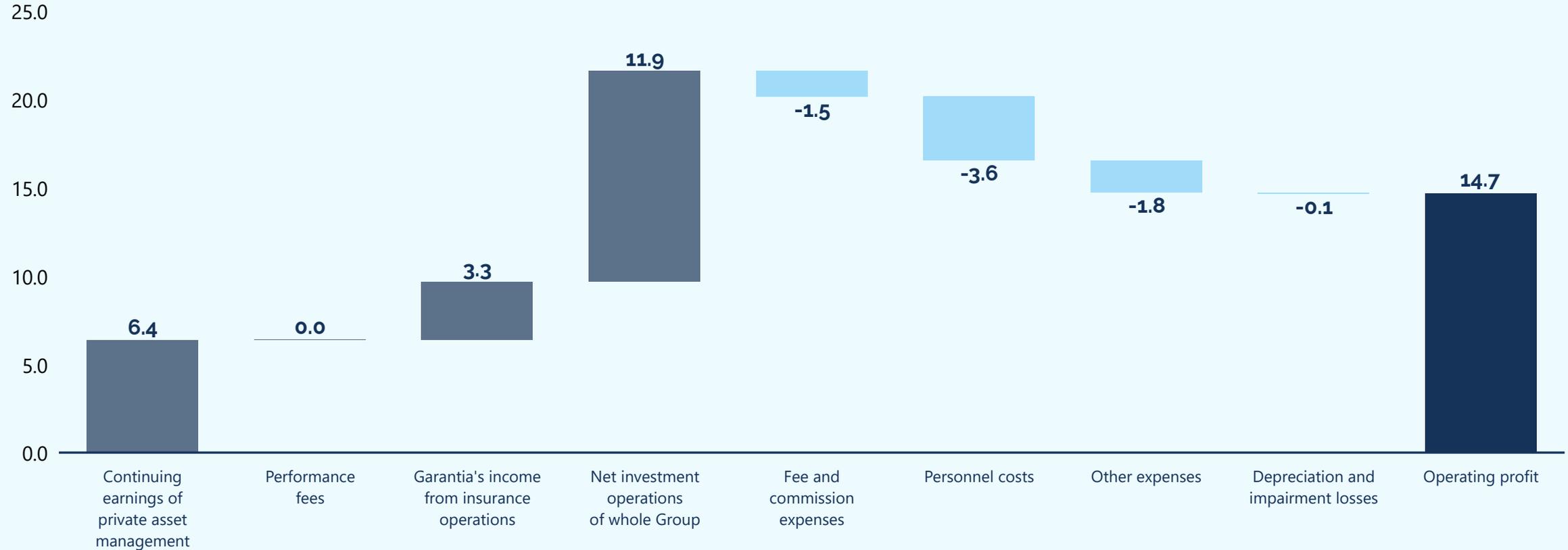
EUR 1,000	Q3 2024	Q3 2023	Change	Q1–Q3 2024	Q1–Q3 2023	Change	FY 2023
Continuing earnings	9,683	10,292	-5.9%	30,075	29,990	0.3%	39,872
Performance fees	-	-5	-100.0%	-	1,489	-100.0%	1,489
Investment operations	11,928	2,810	324.4%	20,477	17,178	19.2%	24,979
Income*	21,611	13,098	65.0%	50,552	48,657	3.9%	66,340
Fee and commission expense	-1,458	-1,504	-3.0%	-4,375	-4,918	-11.0%	-6,576
Personnel costs	-3,620	-3,791	-4.5%	-10,895	-12,056	-9.6%	-16,140
Direct expenses	-1,808	-2,214	-18.4%	-6,656	-6,703	-0.7%	-11,157
Depreciation, amortisation and impairment	-50	107	-146.6%	-114	63	-281.2%	25
Impairment losses on receivables	-2	-3	-52.9%	132	-40	-432.7%	-607
Operating profit	14,674	5,693	157.8%	28,645	25,003	14.6%	31,885
Operating profit, %	67.9%	43.5%		56.7%	51.4%		48.1%
Earnings per share, EUR	0.39	0.16		0.76	0.67		0.81
Total other comprehensive income EPS, EUR	0.46	0.19		0.88	0.72		0.88

* 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, Q3 2024

Taaleri had a strong financial result in the third quarter of the year

EUR million



The development of Taaleri's operating profit, 24M

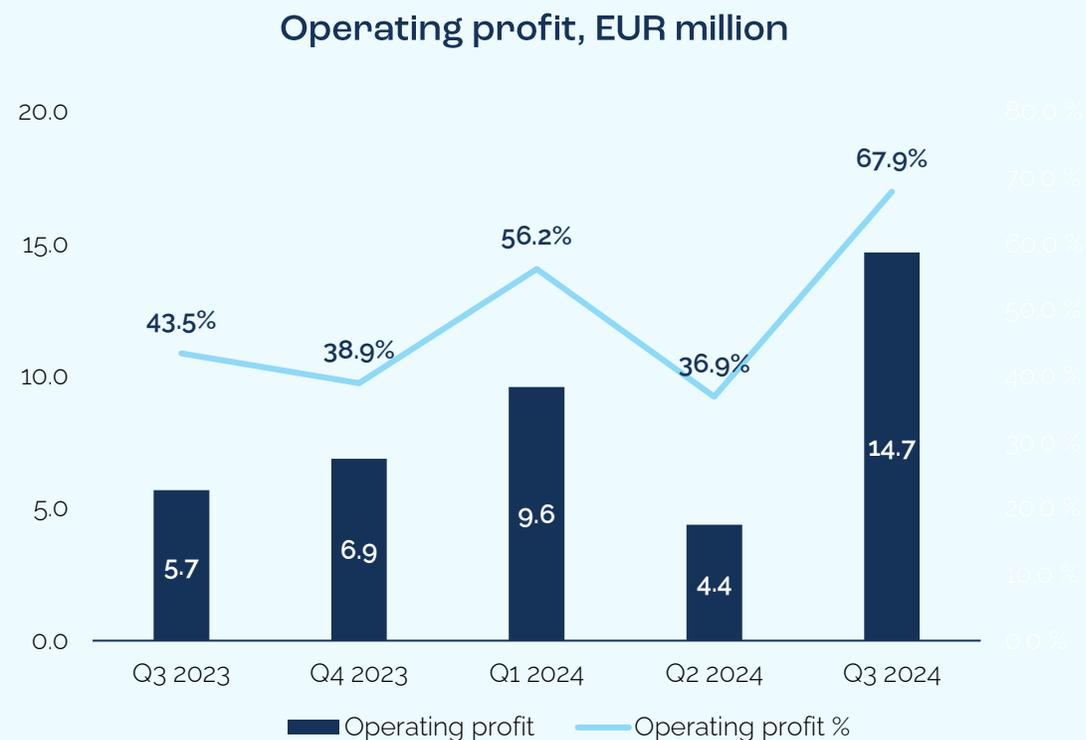
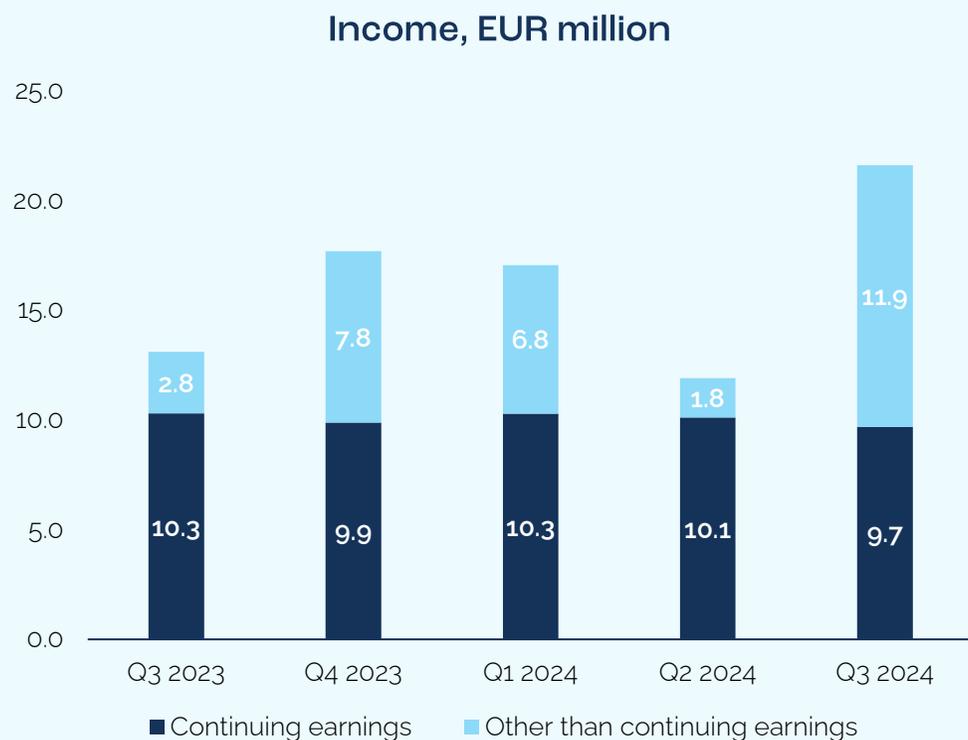
Stable income development from four different sources

EUR million



The development of Taaleri's quarterly income and operating profit

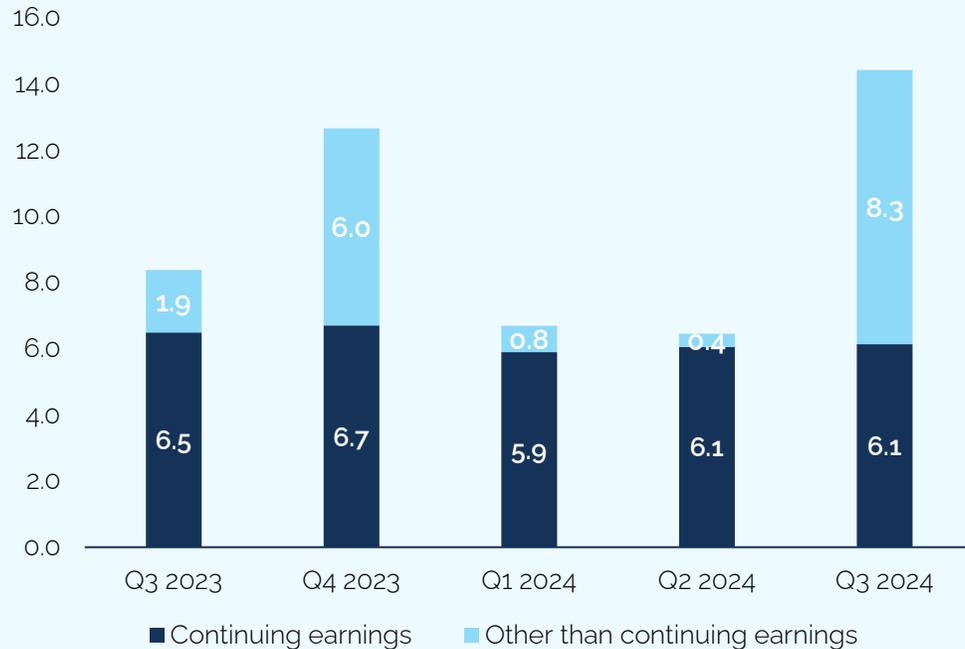
Continuing earnings are developing steadily



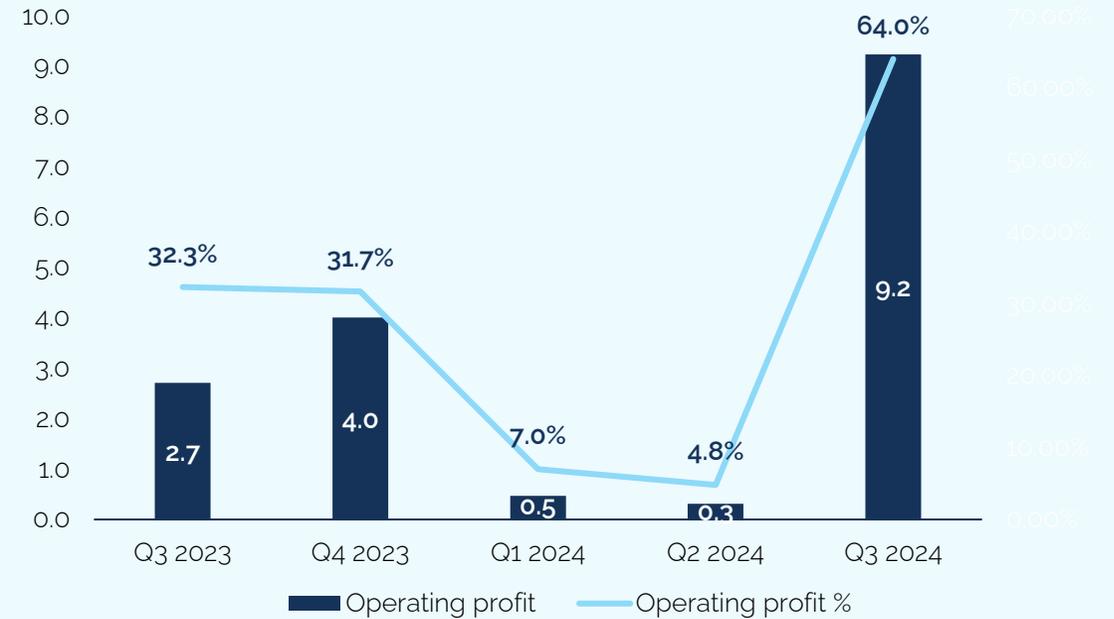
The development of Private Asset Management segment's quarterly income and operating profit

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

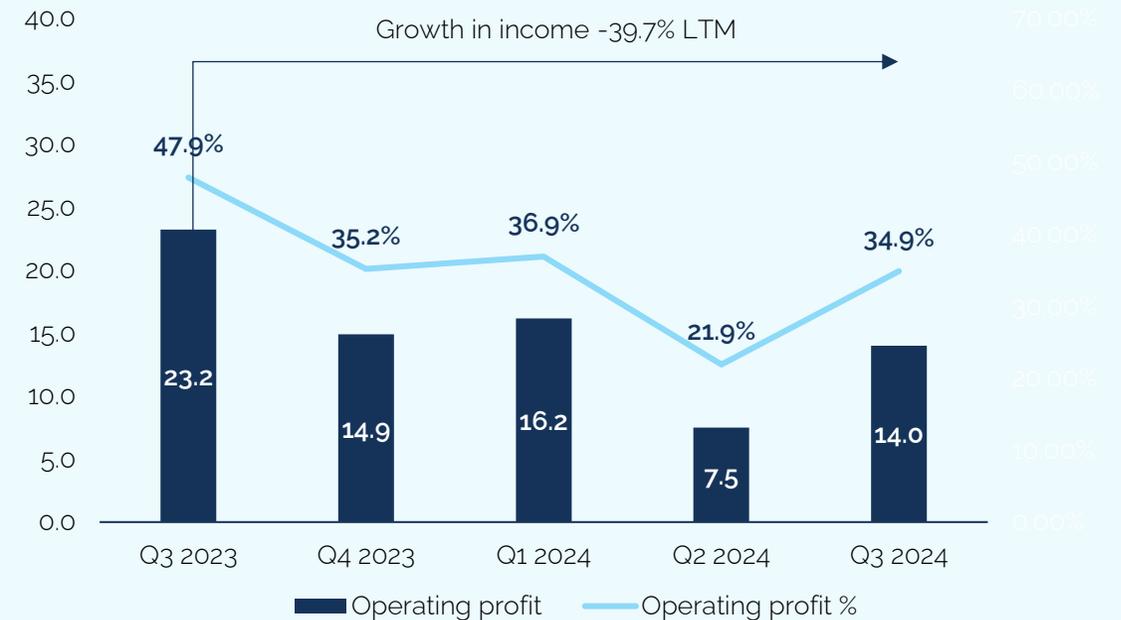


The development of Private Asset Management segment's income and operating profit, 12M

Income previous 12M, EUR million



Operating profit previous 12M, EUR million



Taaleri Group's balance sheet Q3 2024

After the end of the review period, Taaleri redeemed the Tier 2 bond of EUR 15 million in October. Furthermore, Taaleri agreed on a EUR 30 million three-year revolving credit facility agreement during the review period to strengthen its strategy.

Private Asset Management segment's direct investments

€37.5 million

31.12.2023: €32.3 million

Garantia's investment portfolio

€159.3 million

31.12.2023: €160.6 million

Assets total

€301.6 million

31.12.2023: €307.9 million

Equity

€207.3 million

31.12.2023: €208.6 million

Non-strategic investments

€23.8 million

31.12.2023: €35.5 million

Cash and cash equivalents

€29.3 million

31.12.2023: €38.3 million



Dividend per share, paid in April

€1.00

Taaleri's own balance sheet investments

Breakdown of Taaleri's own balance sheet investments, the fair value of which exceeds one million euros at the balance sheet date

Private Asset Management segment's direct investments, EUR 1,000	Investment type	Purchase price 30.9.2024	Fair value 30.9.2024	Holding 30.9.2024
Renewable energy investments				
Truscott Gilliland East Wind	Shares and participations	10,973	10,025	7.0%
Taaleri SolarWind II	Shares and participations	2,731	3,331	0.9%
Taaleri Debt Ky	Shares and participations	1,500	2,079	15.0%
Taaleri SolarWind III	Shares and participations	1,677	1,704	1.1%
Bioindustry investments				
Fintoil Oy	Shares and participations	8,069	9,870	39.6%
Tracegrow Ltd	Shares and participations	2,260	1,266	7.1%
WasteWise Group Oy	Shares and participations	3,650	3,044	33.7%
Taaleri Biocoal Development Ky	Shares and participations	1,500	1,408	12.4%
Other investments		4,480	4,796	
Total Private Asset Management segment's direct investments		36,841	37,524	

Non-strategic investments, EUR 1,000	Investment type	Purchase price 30.9.2024	Fair value 30.9.2024	Holding 30.9.2024
Real estate development investments				
TT Canada RE Holdings Corporation	Loan	-	2,210	-
Sepos Oy	Shares and participations	2,834	678	30.0%
Sepos Oy	Loan	2,072	2,104	-
Turun Toriparkki Oy	Shares and participations	8,503	8,833	39.3%
Other investments				
Aktia Bank Plc	Shares and participations	5,876	5,325	0.8%
Alisa Bank Plc	Shares and participations	5,460	2,767	10.4%
Other investments		6,436	1,859	
Total non-strategic investments		31,181	23,776	

Taaleri's private equity funds

Renewable energy, EUR million	Founded	Product	Business area	AUM Q3 2024	Stage of the fund
Taaleri Wind Fund II Ky	2014	Private equity fund	Renewable energy	319	Invested
Taaleri Wind Fund III Ky	2016	Private equity fund	Renewable energy	52	Invested
Taaleri SolarWind I Ky	2016	Private equity fund	Renewable energy	169	Invested
Taaleri SolarWind II Feeder Fund Ky	2019	Feeder fund	Renewable energy	185	Invested
Taaleri Wind Fund IV Ky	2019	Co-investment fund	Renewable energy	204	Invested
Taaleri SolarWind II	2019	Private equity fund	Renewable energy	290	Invested
Taaleri SolarWind III*	2023	Private equity fund	Renewable energy	386	Fundraising
Managed accounts	2019-	Managed accounts	Renewable energy	54	Invested
Renewable energy total				1,659	
Other private asset management, EUR million	Founded	Product	Business area	AUM Q3 2024	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	Private equity fund	Real estate	11	Invested
Taaleri Multifunctional Properties Ky	2018	Private equity fund	Real estate	42	Invested
Taaleri Property Fund I Ky	2015	Private equity fund	Real estate	36	Invested
Taaleri Property Fund II Ky	2016	Private equity fund	Real estate	2	Invested
Taaleri Rental Home Ky	2016	Private equity fund	Real estate	171	Invested
Taaleri Housing Fund VIII Ky	2021	Private equity fund	Real estate	92	Investing period
Managed accounts	2021-	Managed accounts	Real estate	325	Investing period
Real estate total				677	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry	42	Invested
Joensuu Biocoal	2021	Co-investment	Bioindustry	16	Investing period
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry	107	Investing period
Bioindustry total				164	
Other funds total				142	
Other private asset management total				983	
Private Asset Management segment total				2,643	

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. In some of the funds, the assets that generate continuing earnings includes both Fund's 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.

*) On 30 September 2024, the total commitments of the Taaleri SolarWind III Fund were EUR 440 million and included a conditional commitment dependent on the final size of the fund that has not been included in the reported assets under management that generate recurring fees.

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Outlook



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. It is possible, that the exits will be postponed to the 2025 financial year.
- 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 Interim Statement is found on our [website](#)

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Attachments



Group balance sheet

Assets, EUR 1,000	30.9.2024	31.12.2023
Receivables from credit institutions	29,275	38,302
Receivables from the public and general government	5,301	5,142
Shares and units	40,385	38,708
Participating interests	12,970	12,884
Insurance assets	159,515	160,875
- Reinsurance assets	263	325
- Investments	159,252	160,551
Intangible assets	581	572
Tangible assets	2,008	2,406
Other assets	14,134	17,163
Accrued income and prepayments	31,485	26,742
Deferred tax assets	5,903	5,116
Total	301,557	307,911
Liabilities and equity, EUR 1,000	30.9.2024	31.12.2023
Liabilities	94,283	99,265
Insurance contract liabilities	43,489	45,616
Other liabilities	5,651	4,944
Accrued expenses and deferred income	18,626	17,327
Deferred tax liabilities	11,618	16,491
Subordinated debt	14,899	14,886
Equity	207,274	208,646
Total	301,557	307,911

Cash at bank at the end of September EUR 29.3 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 September were Truscott Gilliland wind farm EUR 10.0 million, Fintoil EUR 9.9 million, Turun Toriparkki EUR 8.8 million and Aktia Bank Plc EUR 5.3 million.

Fixed income investments 75% of Garantia's investment portfolio, portfolio in total EUR 159.3 million. Garantia distributed a dividend of EUR 15.0 million to the parent company during the first quarter.

After the review period, Taaleri redeemed its Tier 2 bond.

Taaleri's equity is EUR 207.3 million. The Group's equity ratio is strong at 68.7%.

Taaleri's result Q3 2024

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Garantia	Other	Total
Continuing earnings	6,136	4,975	1,161	3,297	250	9,683
Performance fees	-	-	-	-	-	-
Investment operations	8,282	8,210	72	3,486	160	11,928
Income*	14,418	13,184	1,233	6,783	410	21,611
Fee and commission expense	-1,454	-1,072	-382	-	-5	-1,458
Personnel costs	-2,225	-1,484	-742	-447	-947	-3,620
Direct expenses	-1,475	-903	-572	-17	-315	-1,808
Depreciation, amortisation and impairment	-30	-16	-14	-	-20	-50
Impairment losses on receivables	-	-	-	-	-2	-2
Operating profit	9,233	9,710	-477	6,319	-878	14,674
Operating profit, %	64.0%	73.6%	neg	93.2%	neg	67.9%

* 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 Q3 2023

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Garantia	Other	Total
Continuing earnings	6,484	5,052	1,432	3,430	377	10,292
Performance fees	-5	-	-5	-	-	-5
Investment operations	1,903	1,899	3	692	216	2,810
Income*	8,382	6,951	1,431	4,122	593	13,098
Fee and commission expense	-1,497	-1,024	-473	-	-7	-1,504
Personnel costs	-2,593	-1,894	-699	-256	-942	-3,791
Direct expenses	-1,624	-1,302	-322	-15	-574	-2,214
Depreciation, amortisation and impairment	42	84	-42	-	66	107
Impairment losses on receivables	-	-	-	-	-3	-3
Operating profit	2,710	2,815	-105	3,851	-868	5,693
Operating profit, %	32.3%	40.5%	neg	93.4%	neg	43.5%

* 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.