

TALERI

Q2

Taleri Half-Year Financial Report

CEO Peter Ramsay
CFO Minna Smedsten
19 August 2022

Q2 highlights

The result of Group's investing operations was twofold

Changes in the fair values in the Strategic Investments segment weighed on the Group's income and operating profit, but an earn-out from the Finsilva holding sold in 2016 of EUR 6.7 million was recognized.

Renewable energy continued to grow its development portfolio

The building of the project development portfolio continued according to plan and at the end of the review period our portfolio already included 14 projects.

The successful first closing of Taaleri Bioindustry I fund

The first fund of the bioindustry business, Taaleri Bioindustry I, reached its target size of EUR 80 million already at the first closing.

Excellent combined ratio in Garantia once again

The sales of guaranty insurances grew in Garantia, and the combined ratio describing the profitability of insurance operations was once again excellent at 31.0%.

Taaleri Housing Fund VIII made its first investments

Real estate business carried out two new investments in Aktia's special mutual funds that are portfolio-managed by the real estate business, as well as the first investment in Taaleri Housing Fund VIII.

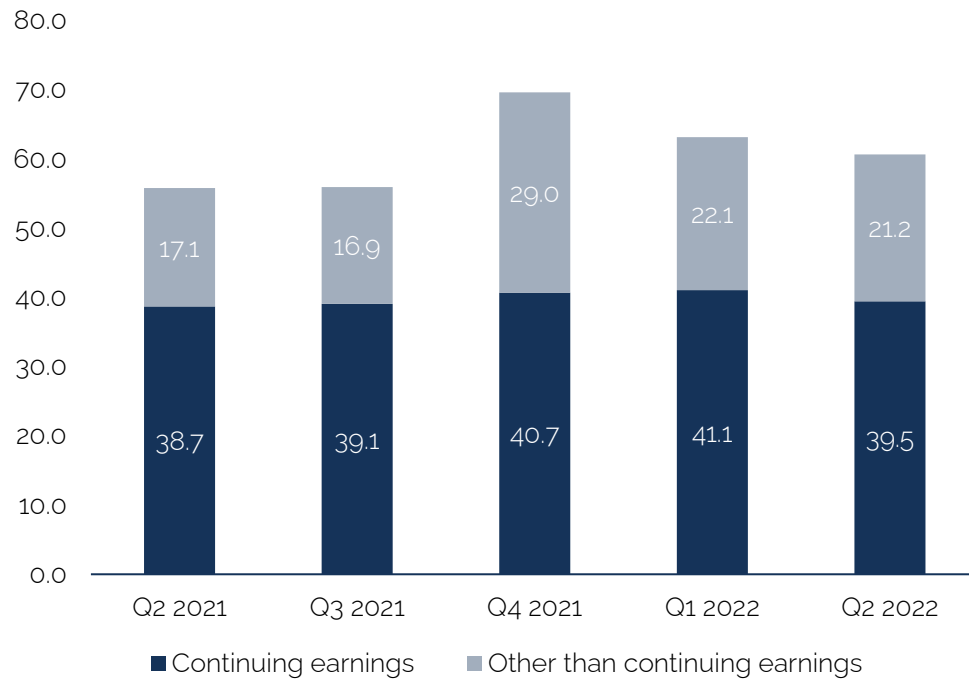
Q2 2022

- Continuing earnings decreased by 14.3% to EUR 9.3 (11.2) million. The continuing earnings of the Private Asset Management segment decreased by 14.4% to EUR 4.8 (5.6) million, and the continuing earnings of the Strategic Investments segment by 12.2% to EUR 4.0 (4.6) million.
- No performance fees were accrued during the review period and earnings from investment operations were EUR 2.3 (3.2) million.
- Income was EUR 11.9 (14.3) million, a decrease of 17.3%.
- Operating profit was EUR 2.4 (5.4) million, corresponding to 20.5% of income.
- Earnings per share were EUR 0.00 (3.94).
- The assets under management in the Private Asset Management segment grew by 6.3% to EUR 2.4 (31.12.2021: 2.2) billion.

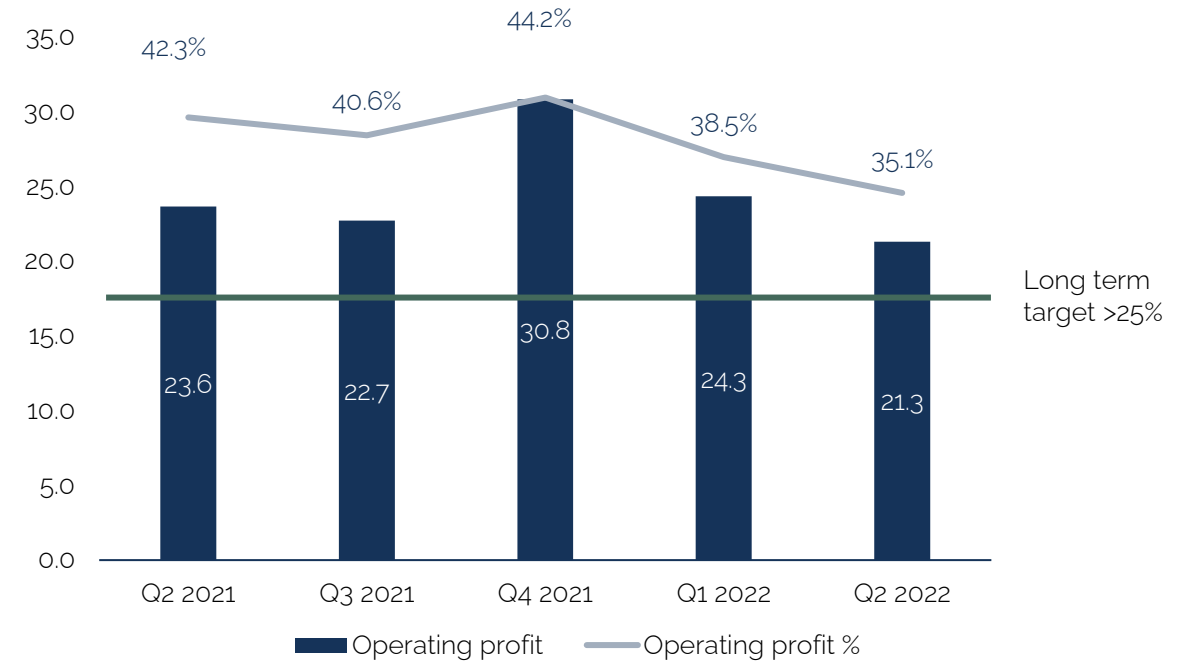


The development of Taaleri's income and operating profit, 12M

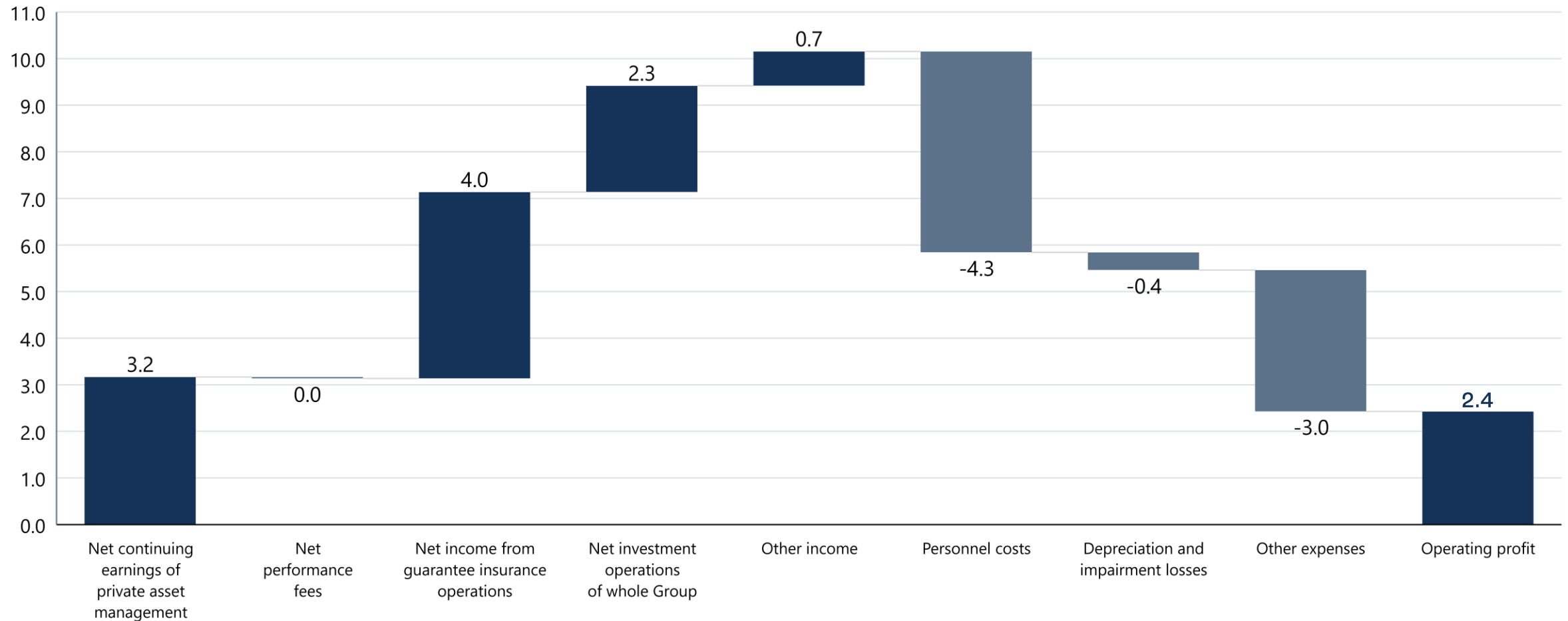
Income previous 12M, MEUR



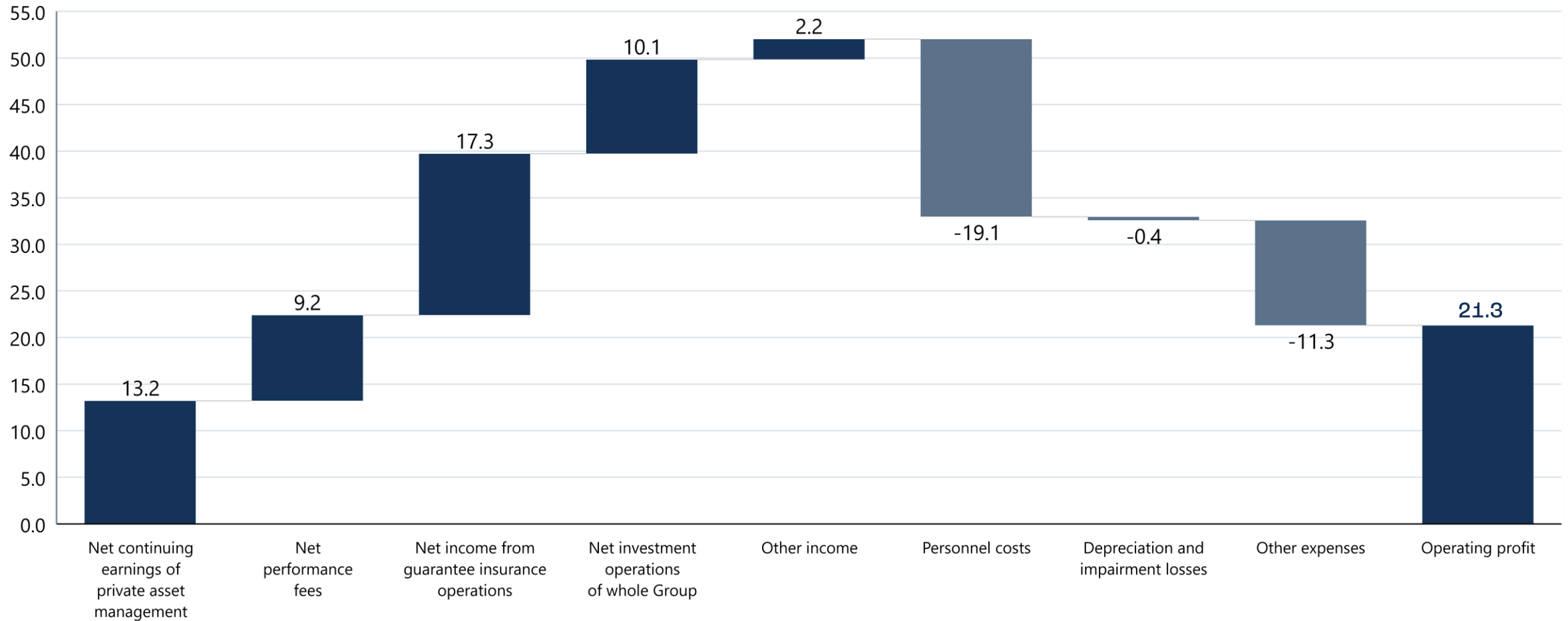
Operating profit previous 12M, MEUR



The unrealized changes in the fair value of investment operations weighed on income and operating profit also in Q2



The development of Taaleri's operating profit, 12M



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**Private Asset
Management**



Q2: Renewable energy focused on projects and grew its project development portfolio

- During the review period, the renewable energy business focused on advancing the Taaleri SolarWind II fund's projects that are in the construction phase in Finland, Lithuania and Croatia.
- Two new projects were successfully added to Taaleri Energia's project development portfolio during the review period, and the size of the portfolio increased to 14 projects.
- Continuing earnings from the renewable energy business decreased by 17.2% to EUR 3.6 (4.3) million, with the comparison period including EUR 0.9 million in non-recurring fees from the final closing of the Taaleri SolarWind II fund. Income from the renewable energy business grew by 0.9% to EUR 4.3 (4.3) million as a result of the positive changes in exchange rates that affected the result of investment operations.
- Operating profit for the renewable energy business was EUR 0.4 (0.8) million, corresponding to 8.7% (18.8) of income.

Key figures Q2 2022 (Q2 2021)

Income

4.3

(4.3) MEUR

Operating profit

0.4

(0.8) MEUR

Operating profit %

8.7

(18.8)

AUM

1.3

(31.12.2021: 1.2)
MRD EUR

Q2: In Other private asset management Taaleri Bioindustry I fund reached its target size

- Fundraising for the bioindustry business's first private equity fund, Taaleri Bioindustry I, continued extremely successfully during the review period and the fund reached its target size of EUR 80 million already in the first round of funding. The Finnish Climate Fund, a state-owned special assignment company, made the decision to become an anchor investor in the Taaleri Bioindustry I fund, investing EUR 10 million in it.
- In the real estate business, Aktia continued to sell Taaleri Housing Fund VIII, and in May the fund acquired a residential development to be constructed at Kirstinpuisto in Turku. Additionally, the real estate business carried out two new investments in Aktia's special mutual funds that are portfolio-managed by the real estate business.
- Continuing earnings from Taaleri's real estate, bioindustry and other businesses in the second quarter decreased by 5.4% to EUR 1.3 (1.3) million, with the comparison period including management fees from Taaleri Housing Fund VI that was sold in July 2021. Income increased by 41.4% to EUR 1.5 (1.0) million as a result of the strong performance of investment operations.

Key figures Q2 2022 (Q2 2021)

Income

1.5

(1.0) MEUR

Operating profit

-1.1

(-0.9) MEUR

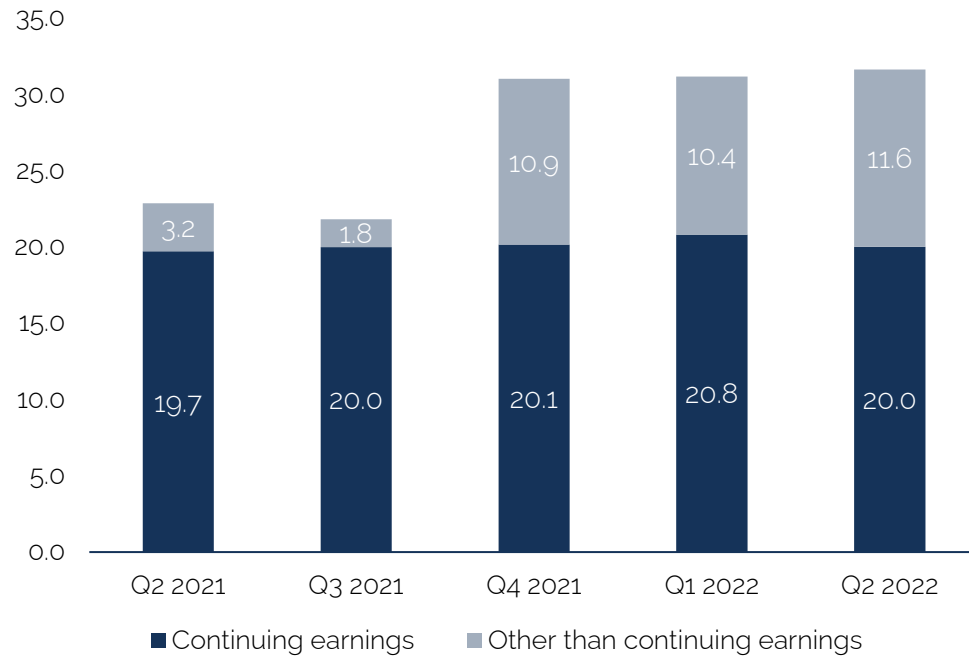
AUM

1.1

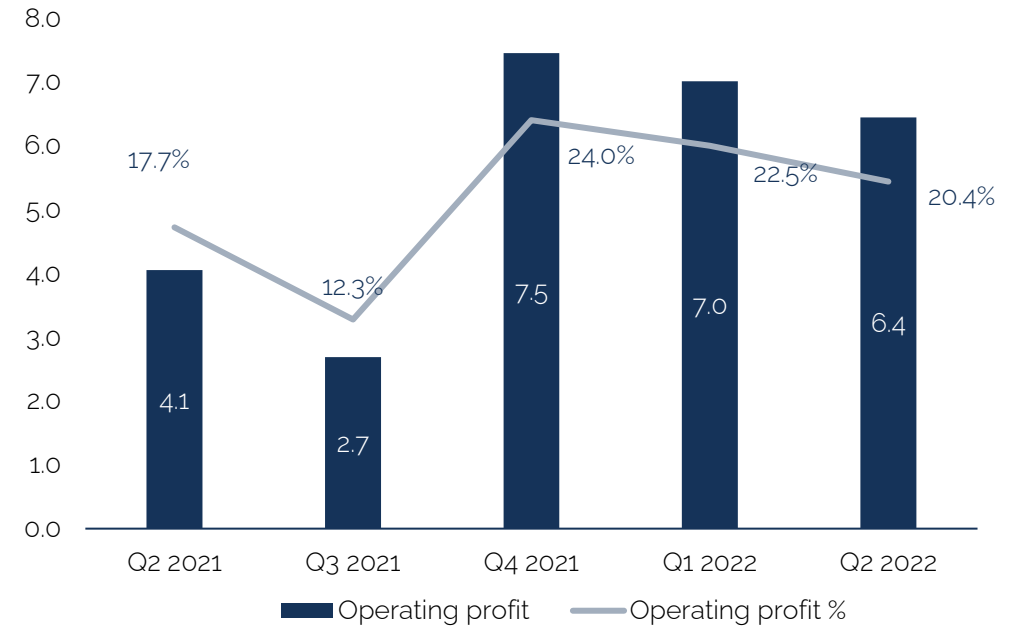
(31.12.2021: 1.0)
MRD EUR

The development of Private Asset Management segment's income and operating profit, 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 Q2 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				1,272 MEUR	
Other private asset management	Founded	Product	Business area	AUM Q2 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 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				764 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				133 MEUR	
Other funds total				200 MEUR	
Other private asset management total				1,016 MEUR	
Private Asset Management segment total				2,368 MEUR	

AUM €2.4 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**

Q2: Garantia's combined ratio stood at 31.0% as claims incurred remained low

- Earned premiums decreased by 8.1% and amounted to EUR 4.0 (4.5) million. The sales of guaranty insurances grew.
 - Earned premiums decreased as a result of the change in the provision for unearned premiums, which was larger than in the period of comparison. The growth in the provision for unearned premiums was attributable to the guaranty insurance exposure focusing more on consumer exposure.
- Net income from investment operations decreased to EUR -3.9 (2.2) million.
 - During the review period, net income from investment operations was significantly weaker than usual due to pronounced increases in market interest rates, widening risk margins and fall in share prices. The fair value changes were EUR -4.8 million.
- Gross guaranty insurance exposure grew by 2.8% to EUR 1.7 (1.7) billion. The amount of consumer exposures in the portfolio increased and the amount of corporate exposures decreased, in line with the company's strategy.
- Solvency ratio strengthened to 238% (31.12.2021: 219).

Garantia's key figures Q2 2022 (Q2 2021)

Income

0.1

(6.8) MEUR

Operating profit

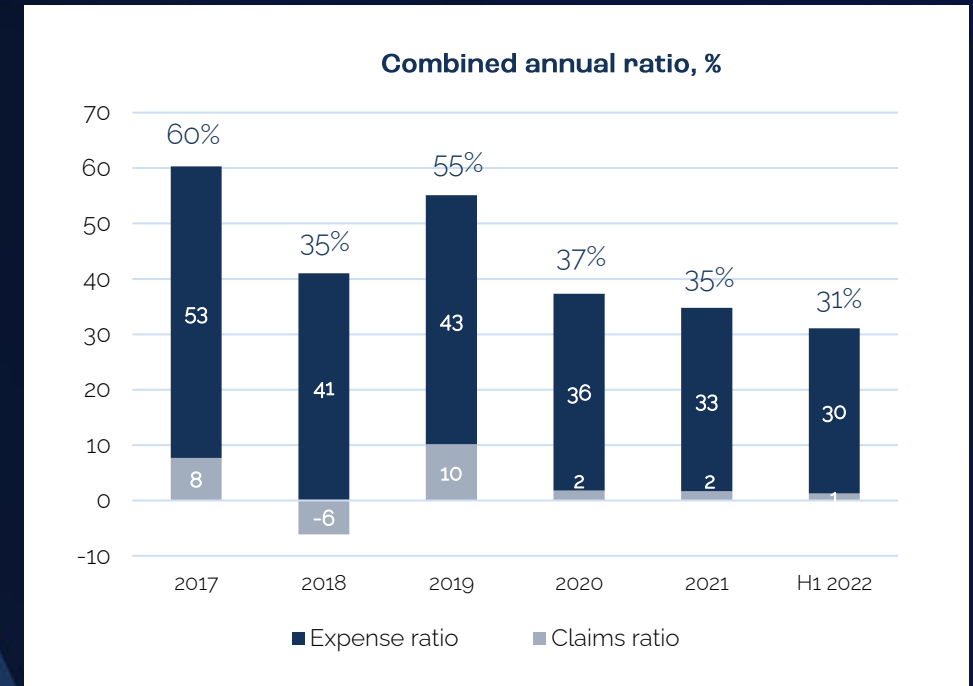
-1.2

(5.6) MEUR

Return of investments at fair value

-7.2%

(2.0)%



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Other



Q2: The earn-out from the Finsilva holding increased income and operating profit in Other group

- 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 7.1 (1.7) million, consisting of continuing earnings of EUR 0.7 (1.0) million and net income from investment operations of EUR 6.4 (0.8) million. The main part of the net income of the investment operations accrued from the earn-out from the Finsilva holding sold in 2016 of EUR 6.7 million.
- Taaleri continued to divest non-strategic investments and further decreased its holding in Betolar Plc during the review period. On 30 June 2022, Taaleri's non-strategic investments totalled EUR 35.7 (23.7) million. The increase in the portfolio during the review period is mainly due to the transfer of real estate and other investments from the Private Asset Management segment's investments to non-strategic investments amounting EUR 8.2 million and the capitalization of Fellow Bank Plc amounting EUR 2.5 million.
- The Other group's operating profit in the review period was EUR 5.5 (-0.5) million.

Key figures Q2 2022 (Q2 2021)

Income

7.1

(1.7) MEUR

Operating profit

5.5

(-0.5) MEUR

Personnel

17

(18)

	30.6.2022	31.12.2021	Change, %
Non-strategic investments	35.7	23.7	50.9%
Real estate	22.0	12.9	70.9%
Other	13.7	10.8	27.0%

A photograph of a modern building facade. The left side shows a brick building with windows and balconies. The right side shows a glass-walled building with multiple floors. A large blue geometric graphic is overlaid on the right side of the image.

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**Result and
balance sheet**

Taaleri's result Q2 2022

The fair value changes in Strategic Investments segment amounting EUR -5.5 million burdened the operating profit

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	4,834	3,568	1,266	3,999	735	9,568
Performance fees	-	-	-	-	-	-
Investment operations	961	774	188	-5,075	6,399	2,285
Income*	5,795	4,341	1,454	-1,076	7,133	11,852
Fee and commission expense	-1,699	-1,250	-449	6	-75	-1,768
Personnel costs	-2,940	-1,691	-1,249	-733	-638	-4,311
Direct expenses	-1,507	-1,022	-485	-516	-940	-2,963
Depreciation, amortisation and impairment	-354	-3	-351	-3	-6	-363
Impairment losses on receivables	-	-	-	-	-20	-20
Operating profit	-705	376	-1,081	-2,321	5,455	2,428
Operating profit, %	neg	8.7%	neg	neg	76.5%	20.5%
Interest expenses	-3	-3	-	-	-218	-221
Allocation of financing expenses	-400	-297	-103	-475	875	-
Profit before tax and NCI	-1,108	76	-1,184	-2,796	6,112	2,207

* 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

EUR 1,000	Q2 2022	Q2 2021	Change	H1 2022	H1 2021	Change	FY 2021
Continuing earnings	9,568	11,160	-14.3%	18,859	20,066	-6.0%	40,711
Performance fees	-	14	-100.0%	500	811	-38.3%	11,411
Investment operations	2,285	3,161	-27.7%	-350	7,129	-104.9%	17,593
Income*	11,852	14,335	-17.3%	19,009	28,005	-32.1%	69,715
Fee and commission expense	-1,768	-1,843	-4.1%	-3,480	-3,727	-6.6%	-9,590
Personnel costs	-4,311	-4,236	1.8%	-8,379	-8,359	0.2%	-19,046
Direct expenses	-2,963	-2,228	33.0%	-4,977	-3,989	24.8%	-9,616
Depreciation, amortisation and impairment	-363	-20	1,715.7%	-378	-44	749.9%	-71
Impairment losses on receivables	-20	-559	-96.5%	-26	-595	-95.7%	-565
Operating profit	2,428	5,449	-55.4%	1,769	11,290	-84.3%	30,827
Operating profit, %	20.5%	38.0%		9.3%	40.3%		44.2%
Interest expense	-221	-1,040	-78.8%	-464	-1,753	-73.6%	-2,293
Profit before tax and NCI	2,207	4,410	-49.9%	1,306	9,537	-86.3%	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

Continuing earnings
Q2 2022

€9.6 million

Q2 2021: €11.2 million

Income
Q2 2022

€11.9 million

Q2 2021: €14.3 million

Operating profit
Q2 2022

€2.4 million

Q2 2021: €5.4 million

AUM
Q2 2022

€2.4 billion

31.12.2021: €2.2 billion

Continuing earnings
H1 2022

€18.9 million

H1 2021: €20.1 million

Income
H1 2022

€19.0 million

H1 2021: €28.0 million

Operating profit
H1 2022

€1.8 million

H1 2021: €11.3 million

Growth in AUM
H1 2022

6.3%

AUM 30.6.2022: €2.4 billion
AUM 31.12.2021: €2.2 billion

Taaleri Group's balance sheet

Strategic investments
Q2 2022

€28.1 million

31.12.2021: €33.1 million

Garantia's investment
portfolio Q2 2022

€143.2
million

31.12.2021: €165.9 million

Assets total
Q2 2022

€269.3 million

31.12.2021: €318.7 million

Equity
Q2 2022

€182.5 million

31.12.2021: €229.7 million

Non-strategic
investments Q2 2022

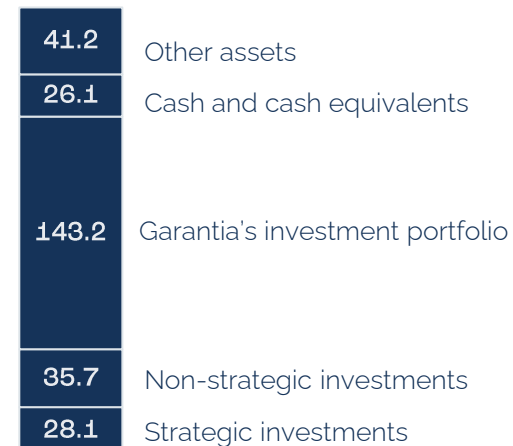
€35.7 million

31.12.2021: €23.7 million

Cash and cash
equivalents Q2 2022

€26.1 million

31.12.2021: €53.3 million



Dividend paid in
April 2022

€1.20

A dividend of EUR 1.20 per share, a total of EUR 34.0 million, was paid on 8 April 2022 for the financial year 2021.

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Summary



Q2: Summary

- The result of Group's investing operations was twofold. Changes in the fair values in the Strategic Investments segment weighed on the Group's income and operating profit, but an earn-out from the Finsilva holding sold in 2016 of EUR 6.7 million was recognized.
- The first fund of the bioindustry business, Taaleri Bioindustry I, reached the target size of EUR 80 million in its first close and continues to raise funds supported by strong demand.
- The renewable energy business focused on advancing the projects of the Taaleri SolarWind II fund and growing the project development portfolio.
- Garantia continued its very strong business and the combined ratio remained at an excellent level at 31.0%. Garantia's net income from investment operations continued to suffer, in particular, from rising interest rates and changes in risk premiums, but most of the investment losses were unrealized changes in fair value.

A look into the next quarter

- Renewable energy business will launch the marketing for Taaleri SolarWind III this autumn. In addition, it will make the final investments in Taaleri SolarWind II fund and continues its own project development activities.
- The bioindustry business continues the fundraising of Taaleri Bioindustry I fund and aims for a second close during H2. They also continue to advance the torrefied biomass plant in Joensuu.
- The Hamina biorefinery of Taaleri's associated company Fintoil will become operational during the third quarter of the year.
- The real estate business focuses mainly on transaction activities to grow the real estate funds in investment phase.
- Garantia continues to execute its strategy by serving current customers and developing new product launches.
- Taaleri sold its stake in Ficolo Ltd and will record a total income of approximately EUR 14 million in the third quarter from the transaction.

TAALERI

The Half-Year Financial Report is found on our [website](#)
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TALARI

Attachments

Balance sheet

Assets, EUR 1,000

	30.6.2022	31.12.2021
Receivables from credit institutions	26,059	53,255
Receivables from the public and general government	6,516	6,021
Shares and units	47,020	41,546
Assets classified as held for sale	-	5,246
Participating interests	9,590	8,889
Insurance assets	143,944	168,973
- Insurance assets	755	3,119
- Investments	143,190	165,854
Intangible assets	358	711
Tangible assets	799	1,149
Other assets	13,907	13,669
Accrued income and prepayments	17,891	16,921
Deferred tax assets	3,201	2,343
Total	269,286	318,723

Cash at bank EUR 26.1 million, dividend of EUR 34.0 million paid in April

The largest investments are Aktia Bank Plc EUR 8.9 million, Truscott Gilliland wind farm EUR 10.9 million and real estate project in Canada EUR 10.3 million.

Fixed income investments 88% of Garantia's investment portfolio. Garantia distributed a dividend of EUR 15.0 million to the parent company during the first quarter.

Liabilities and equity, EUR 1,000

	30.6.2022	31.12.2021
Liabilities	86,780	88,975
Liabilities to public and general government	100	-
Insurance liabilities	40,840	39,421
Other liabilities	2,096	3,318
Accrued expenses and deferred income	12,366	14,172
Deferred tax liabilities	16,515	16,580
Derivative contracts	-	630
Subordinated debt	14,862	14,854
Equity	182,506	229,747
Total	269,286	318,723

Taaleri's equity is EUR 182.5 million. The Group's equity ratio is strong at 67.8%.

Taaleri's result Q2 2021

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	5,648	4,309	1,338	4,556	956	11,160
Performance fees	14	-	14	-	-	14
Investment operations	-329	-5	-324	2,717	773	3,161
Income*	5,333	4,304	1,028	7,273	1,729	14,335
Fee and commission expense	-1,773	-1,075	-698	-	-70	-1,843
Personnel costs	-2,347	-1,403	-944	-769	-1,120	-4,236
Direct expenses	-802	-473	-329	-410	-1,015	-2,228
Depreciation, amortisation and impairment	-17	-11	-6	-5	2	-20
Impairment losses on receivables	-535	-535	-	-	-25	-559
Operating profit	-141	807	-948	6,089	-498	5,449
Operating profit, %	neg	18.8%	neg	83.7%	neg	38.0%
Interest expenses	-1	-1	-	-	-1,039	-1,040
Allocation of financing expenses	-510	-367	-143	-267	777	-
Result before tax and NCI	-652	440	-1,092	5,822	-760	4,410

* 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.