

TAALERI

Q2

Taaleri Half- Year Financial Report

CEO Peter Ramsay
CFO Minna Smedsten
16 August 2023



Q2 highlights

Taaleri's second quarter of the year was strong by many measures

Continuing earnings increased by 11% and net income from investment operations grew to EUR 15.0 million. Our operating profit was EUR 17.8 million, corresponding to a profit margin of 67%.

Real estate business successfully exited the Taaleri Forest Fund III

A total of EUR 3.5 million in performance fees realized from the sale of the real estate business's Taaleri Forest Fund III, of which a previously unrecognised proportion of EUR 1.5 million was recognised as income for the period.

Renewable energy raised EUR 286 million for the Taaleri SolarWind III Fund

In connection with the closing, the fund acquired a project development portfolio developed by Taaleri Energia, which included 50 projects. Taaleri recorded EUR 8.3 million in capital gains from the sale.

Garantia's combined ratio remained strong at 27.1%

Garantia's income was EUR 5.2 million, with net income from investment operations increased to EUR 1.7 million as fixed income investments strengthened compared to the corresponding period last year.

Bioindustry business continued evaluating potential investees

The bioindustry business continued to map potential investees for the Taaleri Bioindustry I Fund and to prepare the venture capital fund.

Own sales and distribution strengthened in Private Asset Management

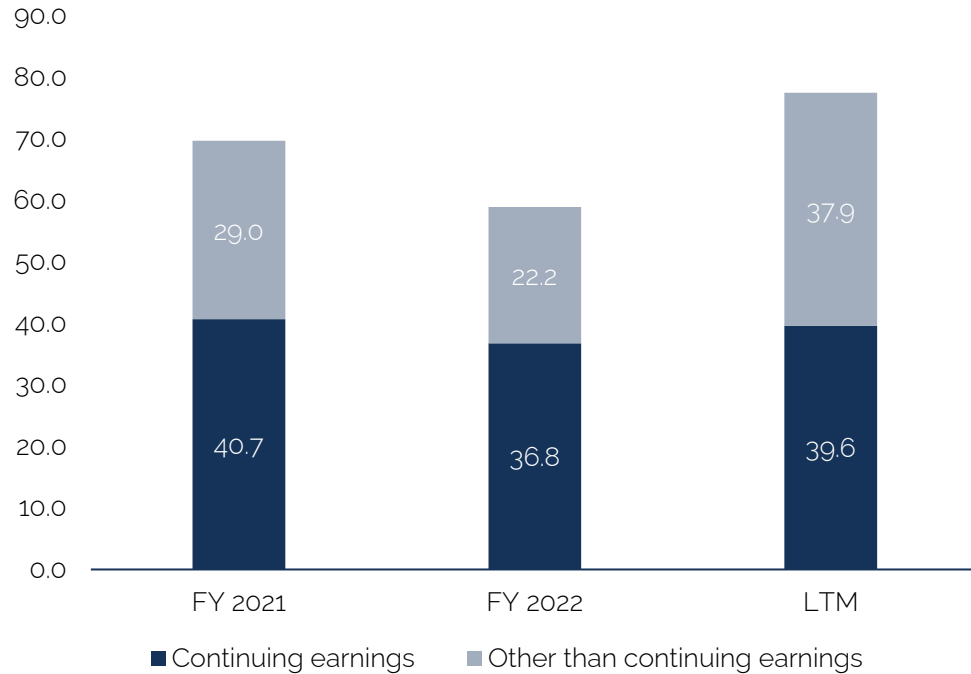
We have entered into or are in the process of negotiating distribution partnerships for our funds in Europe, North America and Asia.

Q2 2023

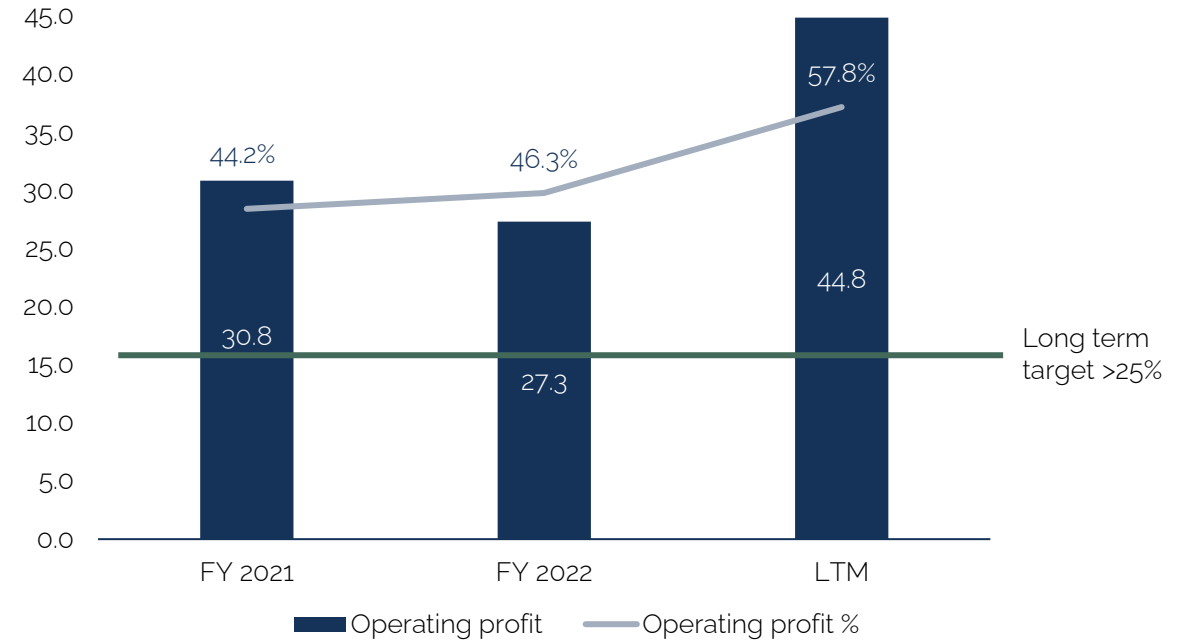
- Continuing earnings grew by 11.3% to EUR 9.9 (8.9) million. The Private Asset Management segment's continuing earnings grew by 16.7% to EUR 5.6 (4.8) million and the Strategic Investments segment's continuing earnings by 6.0% to EUR 3.5 (3.3) million.
- Performance fees were EUR 1.5 (0.0) million, and net income from investment operations grew to EUR 15.0 (2.3) million.
- Income increased by 136.0% to EUR 26.3 (11.1) million.
- Operating profit was EUR 17.8 (2.8) million, corresponding to 67.5% of income.
- The assets under management in the Private Asset Management segment grew by 5.2% to EUR 2.6 (31 December 2022: 2.5) billion.
- Earnings per share were EUR 0.49 (0.07).

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

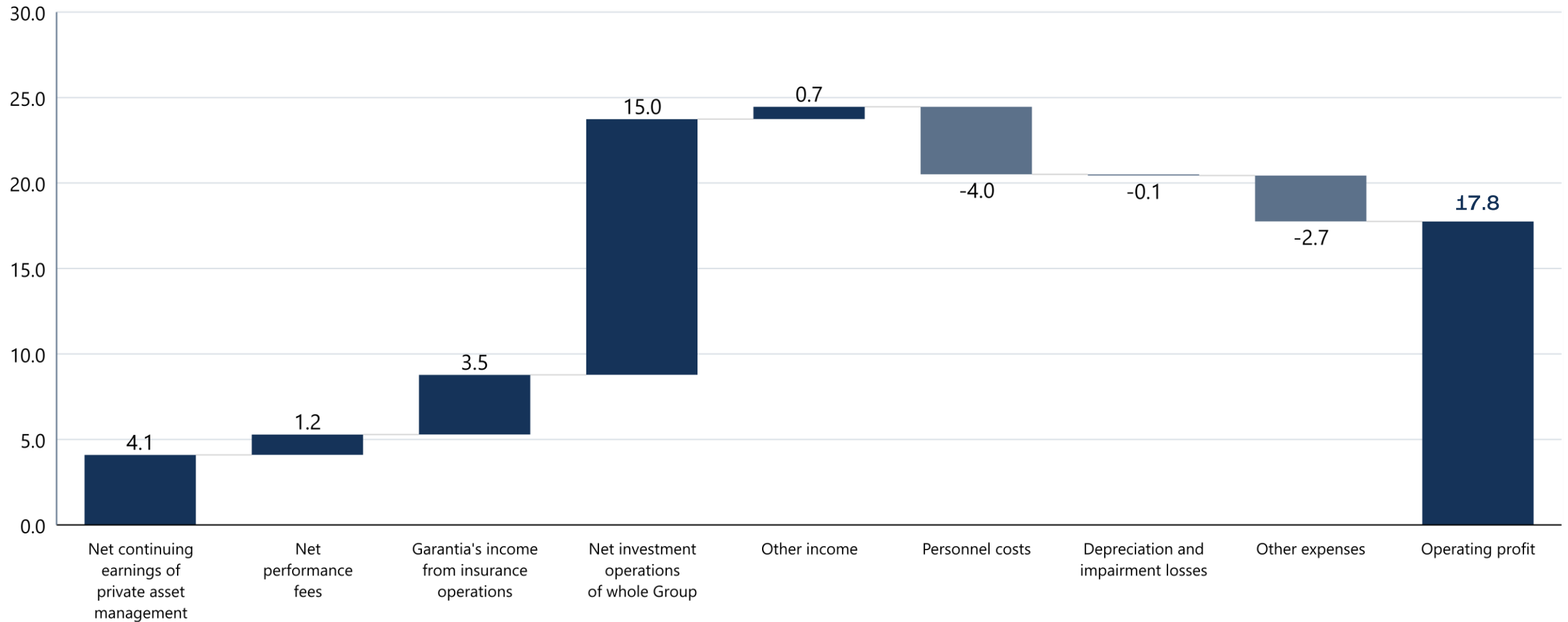
Income previous 12M, MEUR



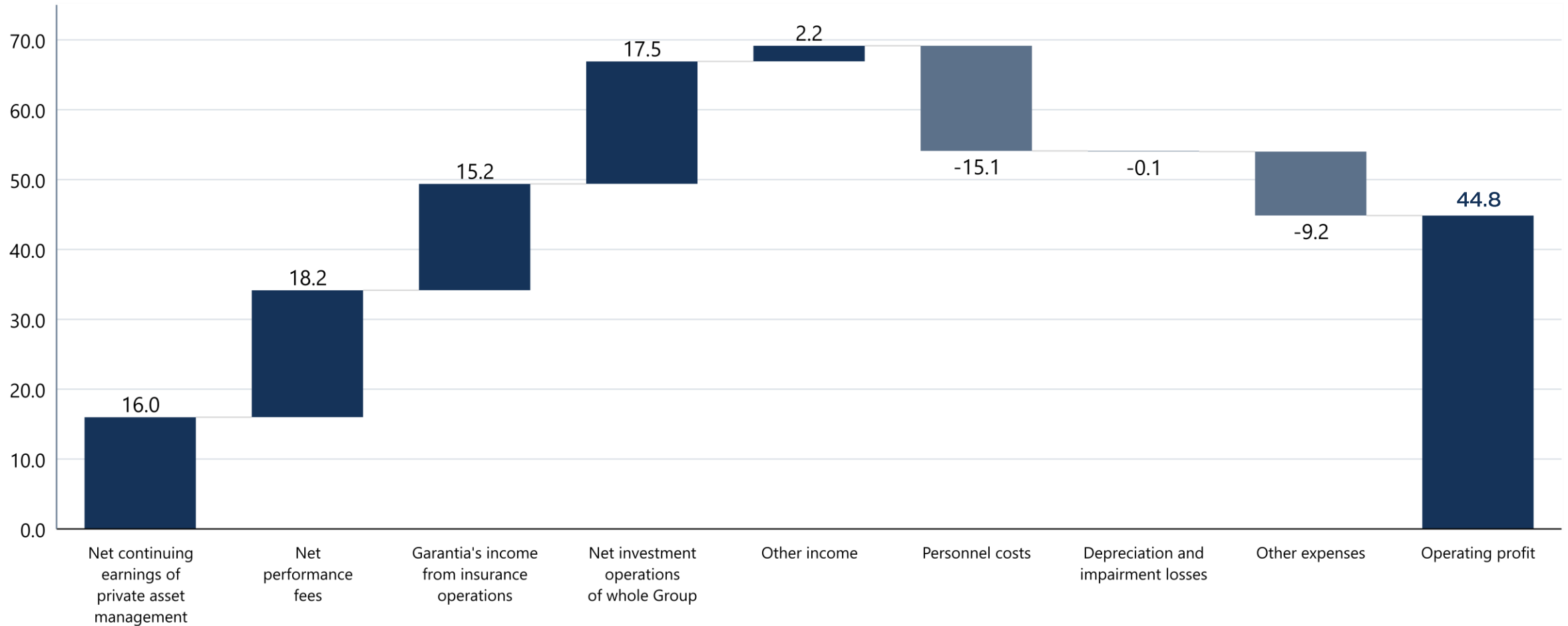
Operating profit previous 12M, MEUR



Taaleri had a good Q2 due to an 11% increase in continuing earnings and a strong net income from investment operations



The development of Taaleri's operating profit, 12M



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Private Asset Management



Q2: Renewable energy's Taaleri SolarWind III Fund held its first closing with EUR 286 million in commitments

- The renewable energy business continued fundraising for the Taaleri SolarWind III Fund, which held a technical first closing at the end of the review period. The actual first closing was held after the review period at the beginning of July, by which time EUR 286 million had been raised for the fund. In connection with the closing, Taaleri Energia sold its project development portfolio developed for the fund, which included 50 projects. In addition to the capital gain of EUR 8.3 million recognised for the period from the sale, the transaction involves the possibility of an earn-out if the fund's projects progress according to agreed terms.
- Continuing earnings from the renewable energy business grew by 11.4% to EUR 4.0 (3.6) million. Net income from investment operations was EUR 8.9 (0.8) million, EUR 8.3 million of which came from the capital gain from the sale of the project development portfolio to the Taaleri SolarWind III Fund. EUR 0.7 million of invoicing related to renewable energy projects was also recognised in net income from investment operations, the corresponding costs of which were recognised in operating expenses in the same amount. Income of the renewable energy business grew to EUR 12.9 (4.3) million due the net income from investment operations.
- Operating profit of the renewable energy business was EUR 8.1 (0.4) million, corresponding to 62.7% of the income.



Key figures Q2 2023 (Q2 2022)

Income

12.9

(4.3) MEUR

Operating profit

8.1

(0.4) MEUR

Operating profit %

62.7

(8.7)

AUM

1.5

(31.12.2022: 1.4)
MRD EUR

Q2: A total of EUR 3.5 million in performance fees realised from the sale of the Taaleri Forest Fund III

- The real estate business focused on the active development of new investment products. In addition, the business continued the preparations to exit funds at the end of their lifecycle and successfully implemented the sale of Taaleri Forest Fund III and its forest estate portfolio.
- The bioindustry business continued to map potential investees for the Taaleri Bioindustry I Fund and participated closely in the strategy and sustainability work of the investees already acquired for the fund. The business also continued to prepare a venture capital fund. In addition, the convertible bond of WasteWise Group, a Finnish company, held by Taaleri was converted into the company's shares during the review period. In addition, Taaleri made an additional EUR 2.5-million investment in the company after the review period.
- Continuing earnings from Taaleri's real estate, bioindustry and other businesses grew by 31.7% to EUR 1.7 (1.3) million due to successful product launches in 2022 in bioindustry business. Performance fees of EUR 1.5 million were recognised for the sale of Taaleri Forest Fund III. The performance fee on the sale of the fund is EUR 3.5 million in total, EUR 2.0 million of which was recognised as income in 2022. The transaction involves the possibility of an earn-out. Income from Taaleri's real estate, bioindustry and other businesses more than doubled to EUR 3.2 (1.5) million and operating profit was EUR 0.9 (-1.1) million.

Key figures Q2 2023 (Q2 2022)

Income

3.2

(1.5) MEUR

Operating profit

0.9

(-1.1) MEUR

Operating profit %

28.4

(neg)

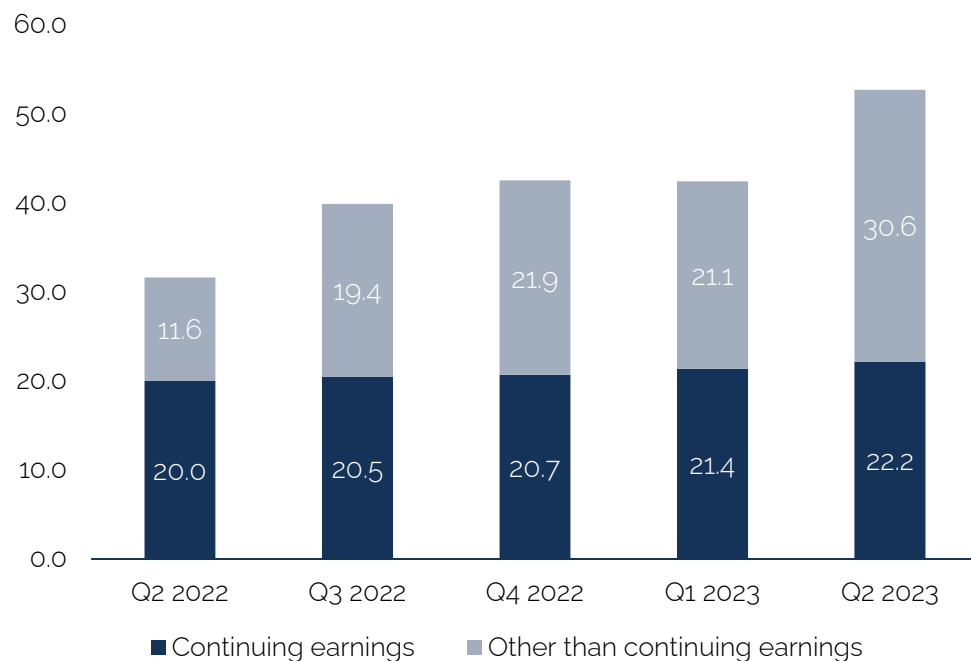
AUM

1.1

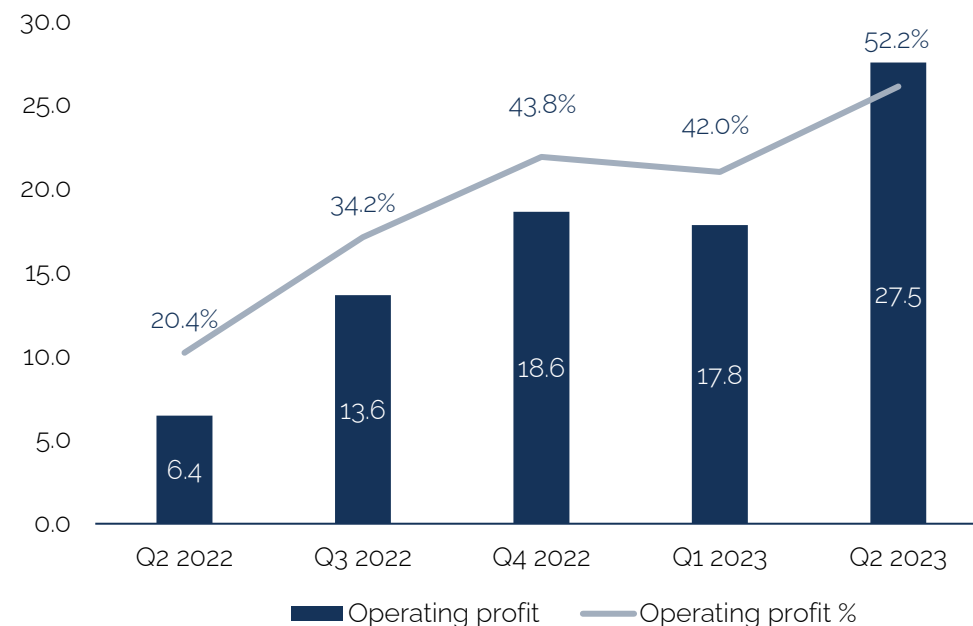
(31.12.2022: 1.1)
MRD EUR

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

Income previous 12M, MEUR



Operating profit previous 12M, MEUR



Q2 2023 operating profit includes EUR 1.5 million in performance fees and EUR 8.3 million in capital gains from the sale of the renewable energy project development portfolio.

Q4 2022 operating profit includes EUR 12.4 million in performance fees.

Q3 2022 operating profit includes EUR 6.5 million in performance fees.

Taaleri's private equity funds

Renewable energy	Founded	Product	Business area	AUM Q2 2023	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				1,508 MEUR	
Other private asset management	Founded	Product	Business area	AUM Q2 2023	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		Exited
Taaleri Housing Fund IV Ky	2010	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		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				811 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		Fundraising
Bioindustry total				164 MEUR	
Other funds total				163 MEUR	
Other private asset management total				1,138 MEUR	
Private Asset Management segment total				2,646 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.

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Strategic Investments



Q2: Garantia's combined ratio was excellent and net income from investment operations increased

- Garantia's insurance service result grew by 1.2% to EUR 3.5 (3.4) million.
 - Insurance revenue grew as a result of increased volume and change in the product mix of the guaranty insurance portfolio. Insurance service expenses on the other hand grew due to increases in claims, insurance administrative expenses and insurance acquisition expenses.
- Income was EUR 5.2 (-0.6) million. The growth in income was mainly a result of increased net investment income compared to the period of comparison.
 - Net investment income grew to EUR 1.7 (-3.9) million. The strong rise in interest rates decreased investment returns in the comparison period.
- Guaranty insurance exposure was at the end of June EUR 1.9 (31.12.2022: 1.9) billion.
- Solvency ratio strengthened to 260% (31.12.2022: 231%).

Garantia's key figures Q2 2023 (Q2 2022)

Income

5.2

(-0.6) MEUR

Operating profit

4.9

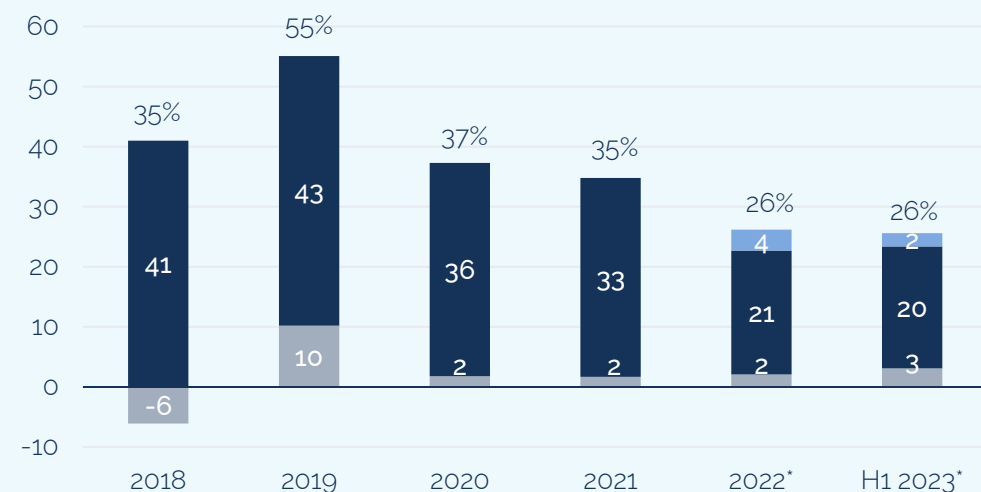
(-0.8) MEUR

Return of investments at fair value

0.8%

(-7.2%)

Combined annual ratio (IFRS), %



■ Reinsurance ratio (IFRS), % ■ Expense ratio (IFRS), % ■ Claims ratio (IFRS), %

*) The key figures for 2022 and 2023 have been calculated in accordance with the IFRS 17 standard that entered into force on January 1, 2023.

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Other



Q2: Positive fair value changes were reflected on the income of the 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 4.8 (7.1) million, consisting of continuing earnings of EUR 0.7 (0.7) million and net income from investment operations of EUR 4.1 (6.4) million. During the quarter ended, a profit of EUR 0.9 million was recognised from the exit from Taaleri Infra I Ky. In addition, the net income from investment operations was affected by the positive EUR 3.3 million value change recorded from Turun Toriparkki Oy due to the successful refinancing of the company.
- The Other group's operating profit was EUR 3.7 (5.5) million.
- On 30 June 2023, Taaleri's non-strategic investments totalled EUR 29.1 (25.2) million. The change in the portfolio during the period is mainly due to the EUR 2.3-million capitalisation of Turun Toriparkki Oy and its change in value, the exit from Taaleri Infra Ky and other changes in the portfolio's fair value. Taaleri continues to exit its non-strategic investments.

Key figures Q2 2023 (Q2 2022)

Income	Operating profit	Personnel
4.8	3.7	18
(7.1) MEUR	(5.5) MEUR	17

MEUR	30.6.2023	31.12.2022	Change, %
Non-strategic investments	29.1	25.2	15.3%
Real estate	22.0	16.4	34.2%
Other	7.1	8.9	-19.7%

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Result and balance sheet



Taaleri's result Q2 2023

Exits during the review period and strong other net income from investment activities increased Group's income. Operating profit was strong in all business segments.

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	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	1,882	4,121	14,955
Income*	16,088	12,919	3,169	5,373	4,848	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	5,097	3,661	17,754
Operating profit, %	55.9%	62.7%	28.4%	94.9%	75.5%	67.5%
Interest expenses	-298	-298	-	-	-193	-491
Allocation of financing expenses	-419	-306	-113	-475	894	-
Profit before tax and NCI	8,279	7,494	786	4,622	4,362	17,263

* 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

The Group's continuing earnings grew by 17.1% in the first half of the year and the Group's income doubled to EUR 35.6 million.

EUR 1,000	Q2 2023	Q2 2022	Change	H1 2023	H1 2022	Change	FY 2022
Continuing earnings	9,860	8,862	11.3%	19,699	16,819	17.1%	36,770
Performance fees	1,494	-	100.0%	1,494	500	>100.0%	19,365
Investment operations	14,955	2,285	>100.0%	14,367	-350	n/a	2,812
Income*	26,308	11,147	136.0%	35,560	16,970	109.5%	58,947
Fee and commission expense	-1,854	-1,774	4.5%	-3,414	-3,485	-2.0%	-8,689
Personnel costs	-3,956	-3,707	6.7%	-8,265	-7,247	14.1%	-14,033
Direct expenses	-2,680	-2,470	8.5%	-4,489	-4,073	10.2%	-8,510
Depreciation, amortisation and impairment	-31	-360	-91.3%	-44	-373	-88.2%	-395
Impairment losses on receivables	-33	-20	67.3%	-36	-26	41.8%	-17
Operating profit	17,754	2,815	>100.0%	19,311	1,766	>100.0%	27,304
Operating profit, %	67.5%	25.3%		54.3%	10.4%		46.3%
Interest expenses	-491	-221	122.0%	-765	-463	65.0%	-916
Profit before tax and NCI	17,263	2,594	>100.0%	18,546	1,303	>100.0%	26,388

* 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

The Group's operating profit excluding net income from investment operations was EUR 2.8 (0.5) million, corresponding to 24.7% (6.0) of income excluding investment operations.

Continuing earnings
Q2 2023

€9.9 million

Q2 2022: €8.9 million

Operating profit excl. net
income from investment
operations Q2 2023

€2.8 million

Q2 2022: €0.5 million

Operating profit
Q2 2023

€17.8 million

Q2 2022: €2.8 million

AUM
Q2 2023

€2.6 billion

31.12.2022: €2.5 billion

Continuing earnings
H1 2023

€19.7 million

H1 2022: €16.8 million

Operating profit excl. net
income from investment
operations H1 2023

€4.9 million

H1 2022: €2.1 million

Operating profit
H1 2023

€19.3 million

H1 2022: €1.8 million

Growth in AUM
H1 2023

5.2%

FY 2022: 12.9%

Taaleri Group's balance sheet Q2 2023

Private Asset Management segment's investments

€29.7 million

31.12.2022: €28.4 million

Garantia's investment portfolio

€148.4 million

31.12.2022: €152.5 million

Assets total

€298.2 million

31.12.2022: €299.9 million

Equity

200.0 million

31.12.2022: €200.5 million

Non-strategic investments

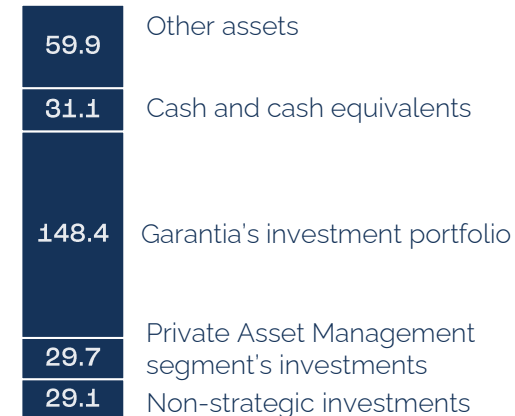
€29.1 million

31.12.2022: €25.2 million

Cash and cash equivalents

€31.1 million

31.12.2022: €46.8 million



Dividend paid in April, per share

€0.70

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Summary



Q2 2023: Summary

- Taaleri's second quarter of the year was strong by many measures. Continuing earnings increased by 11% and net income from investment operations grew to EUR 15.0 million. Our operating profit was EUR 17.8 million, corresponding to a profit margin of 67%.
- Renewable energy business raised EUR 286 million for the Taaleri SolarWind III Fund, and the fund held its first closing at the turn of the review period. In connection with the closing, the fund acquired a project development portfolio developed by Taaleri Energia, which included 50 projects. Taaleri recorded EUR 8.3 million in capital gains from the sale.
- The bioindustry business continued to map potential investees for the Taaleri Bioindustry I Fund and to prepare a venture capital fund.
- A total of EUR 3.5 million in performance fees realized from the sale of the real estate business's Taaleri Forest Fund III, of which a previously unrecognised proportion of EUR 1.5 million was recognised as income for the period.
- Garantia continued its strong performance. Garantia's insurance service result grew by 1.2% to EUR 3.5 (3.4) million, the combined ratio was once again excellent at 27.1% and net income from investment operations increased as the investment market strengthened from the corresponding period.

Looking ahead

- The renewable energy business will continue the fundraising for Taaleri SolarWind III Fund. With a significant number of investors in active due diligence, we expect that there will be continued strong demand in future closings. Our goal is to raise EUR 700 million from investors for the Taaleri SolarWind III fund.
- The bioindustry business continues the investment activities of Taaleri Bioindustry I Fund and preparation of a new fund. They will also begin the construction phase of the torrefied biomass plant in Joensuu.
- The real estate business focuses mainly on actively developing new products.
- Garantia continues to execute its strategy by serving current customers and developing new product launches.



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

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Attachments



Balance sheet

Assets, EUR 1,000	30.6.2023	31.12.2022
Receivables from credit institutions	31,138	46,817
Receivables from the public and general government	6,013	6,243
Shares and units	43,354	44,462
Participating interests	8,831	3,708
Insurance assets	148,999	153,043
- Reinsurance assets	623	526
- Investments	148,376	152,517
Intangible assets	573	355
Tangible assets	2,755	421
Other assets	22,980	13,210
Accrued income and prepayments	30,159	28,451
Deferred tax assets	3,395	3,208
Total	298,197	299,918
Liabilities and equity, EUR 1,000	30.6.2023	31.12.2022
Liabilities	98,197	99,397
Liabilities to public and general government	5	410
Insurance contract liabilities	45,299	46,544
Other liabilities	4,495	1,454
Accrued expenses and deferred income	16,958	19,185
Deferred tax liabilities	16,563	16,933
Subordinated debt	14,878	14,870
Equity	200,000	200,521
Total	298,197	299,918

Cash at bank at the end of June EUR 31.1 million. In April, a dividend of EUR 19.8 million was paid to owners of the parent company.

The largest investments are a real estate project in Canada EUR 10.5 million, Truscott Gilliland wind farm EUR 10.4 million and Aktia Bank Plc EUR 9.1 million.

Fixed income investments 88% of Garantia's investment portfolio, portfolio in total EUR 148.4 million. Garantia distributed a dividend of EUR 10.0 million to the parent company during the first quarter.

Taaleri's equity is EUR 200.0 million. The Group's equity ratio is strong at 67.1%.

Taaleri's result Q2 2022

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	4,834	3,568	1,266	3,293	735	8,862
Performance fees	-	-	-	-	-	-
Investment operations	961	774	188	-5,075	6,399	2,285
Income*	5,795	4,341	1,454	-1,782	7,133	11,147
Fee and commission expense	-1,699	-1,250	-449	-	-75	-1,774
Personnel costs	-2,940	-1,691	-1,249	-129	-638	-3,707
Direct expenses	-1,507	-1,022	-485	-24	-939	-2,470
Depreciation, amortisation and impairment	-354	-3	-351	-	-6	-360
Impairment losses on receivables	-	-	-	-	-20	-20
Operating profit	-705	376	-1,081	-1,935	5,455	2,815
Operating profit, %	neg	8.7%	neg	neg	76.5%	25.3%
Interest expenses	-3	-3	-	-	-218	-221
Allocation of financing expenses	-400	-297	-103	-475	875	-
Result before tax and NCI	-1,109	76	-1,185	-2,410	6,113	2,594

* 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.