

TAALERI

Q3

Taaleri Interim Statement

CEO Peter Ramsay
CFO Minna Smedsten
1 November 2023



Q3 highlights

Taaleri's business developed well during the third quarter

Group's continuing earnings grew by 9.8% due to the successful fundraising of the Taaleri SolarWind III Fund. Group's income was EUR 13.1 million and operating profit EUR 5.7 million.

Garantia's combined ratio improved further to 22.0%

Garantia's insurance service result was EUR 3.6 million and the combined ratio improved further to 22.0%. Garantia's return on investment at fair value was 1.4%, as the interest rates continued to rise.

Renewable energy continued fundraising of Taaleri SolarWind III Fund

We expect that there will be continued strong demand for Taaleri SolarWind III Fund. In addition, the business launched preparations to exit the Taaleri Wind II and Taaleri Wind III Funds, which are at the end of their lifecycle.

Taaleri has been preparing a strategy update, which will be announced in November

We have been preparing Taaleri's strategy update and will publish our updated strategy before the Capital Markets Day on 22 November. The Capital Markets Day can be followed through a webcast open to all.

Bioindustry business continued evaluating potential investees

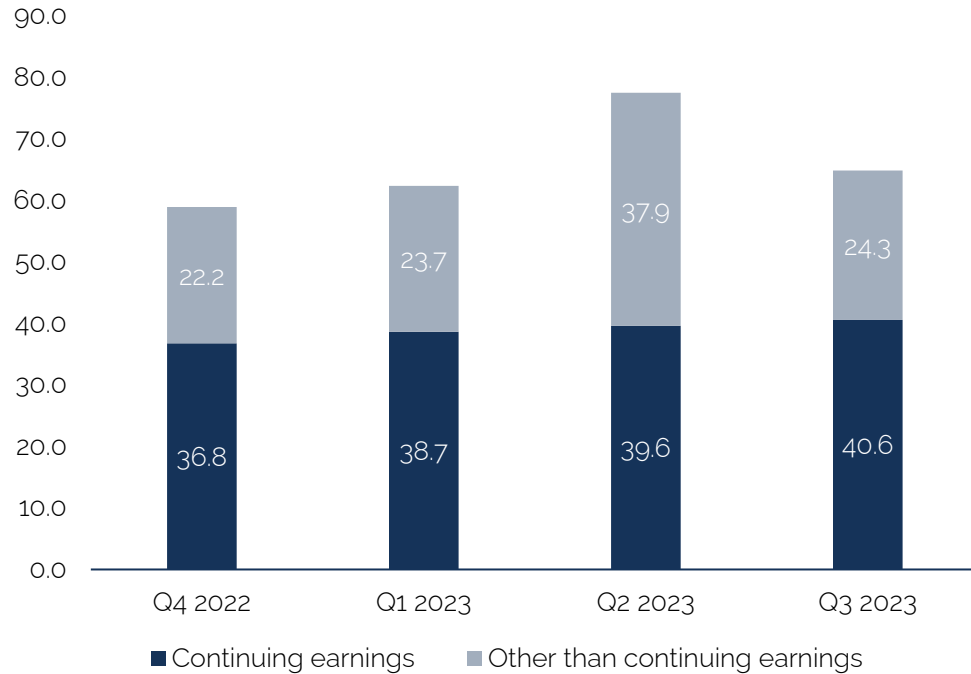
The business continued to map potential investees for the Taaleri Bioindustry I Fund and to prepare the venture capital fund. Additionally, it promoted the construction phase of the torrefied biomass plant to be built in Joensuu.

Q3 2023

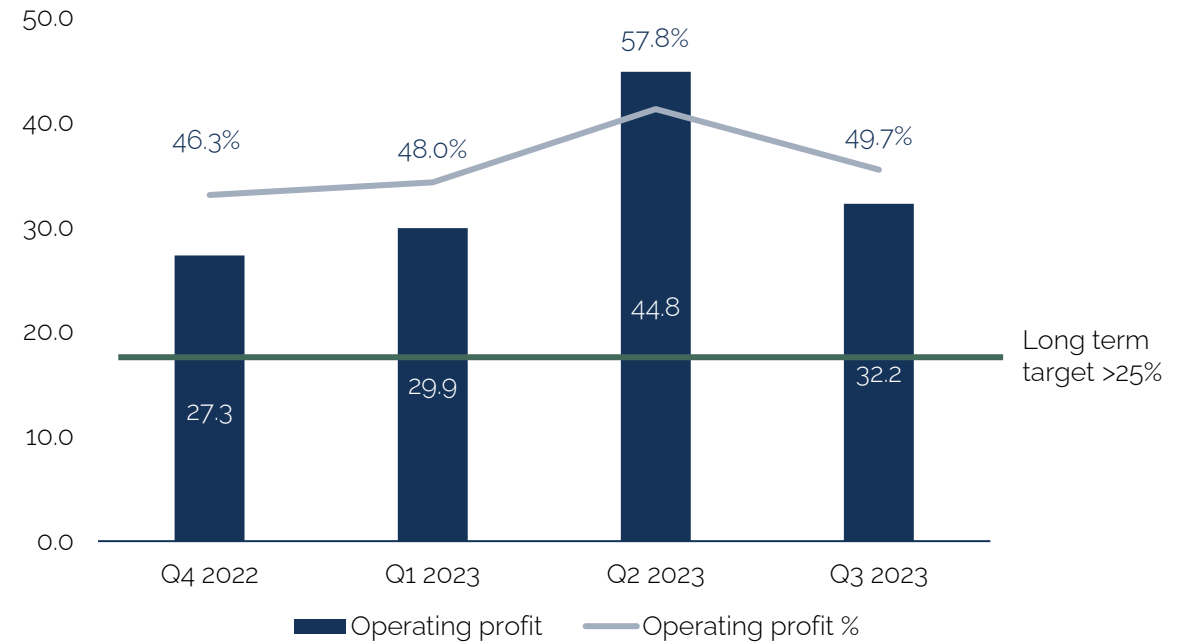
- Continuing earnings grew by 9.8% to EUR 10.3 (9.4) million. The continuing earnings from the Private Asset Management segment grew by 21.6% to EUR 6.5 (5.3) million and the continuing earnings from the Strategic Investments segment by 4.2% to EUR 3.4 (3.3) million.
- Performance fees were EUR 0.0 (6.5) million, and net income from investment operations was EUR 2.8 (9.9) million. Profits totalling EUR 14.0 million were recognised in the corresponding period due to a successful exit.
- Income amounted to EUR 13.1 (25.8) million.
- Operating profit was EUR 5.7 (18.3) million, corresponding to 43.5% of income.
- The assets under management in the Private Asset Management segment grew by 4.5% to EUR 2.6 (31 December 2022: 2.5) billion.
- Earnings per share were 0.16 (0.51) EUR.

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

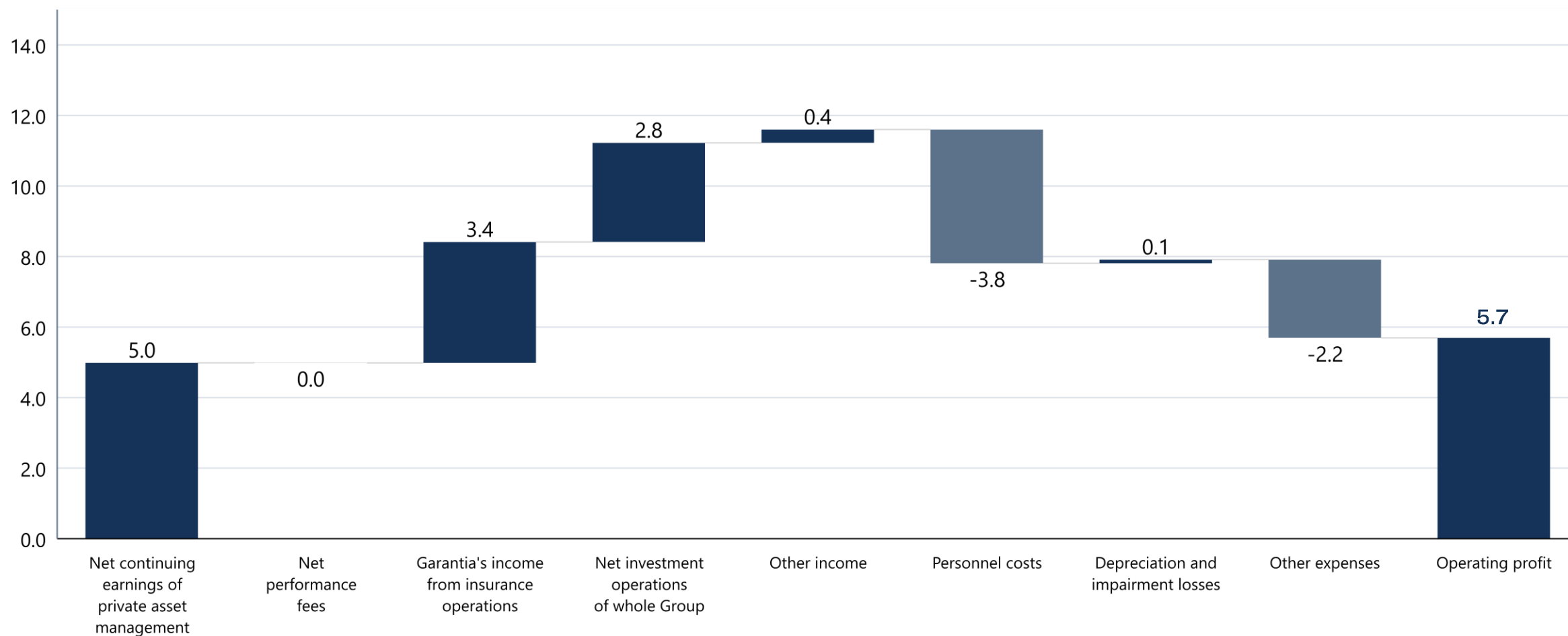
Income previous 12M, MEUR



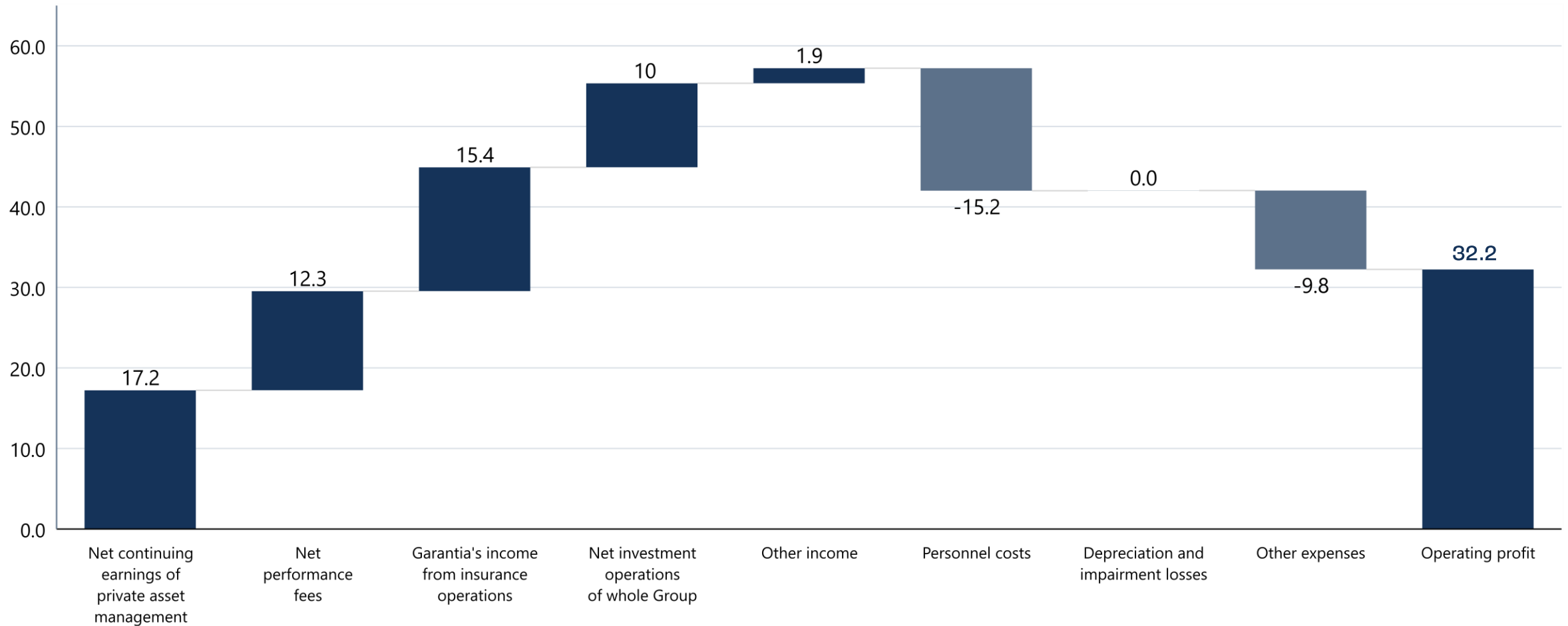
Operating profit previous 12M, MEUR



Q3: Taaleri's continuing earnings grew by 9.8% due to the successful fundraising of the Taaleri SolarWind III Fund



The development of Taaleri's operating profit, 12M



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Private Asset Management



Q3: Renewable energy continued fundraising of Taaleri SolarWind III Fund and launched next exit preparations

- The renewable energy business made its first closing of the Taaleri SolarWind III Fund at the beginning of July, by which time EUR 286 million had been raised for the fund. Several investors are currently conducting due diligence on the fund, and fundraising continues, supported by strong demand despite the challenging operating environment.
- In addition, during the review period, the renewable energy business launched preparations to exit the Taaleri Wind II and Taaleri Wind III Funds, which are at the end of their lifecycle.
- The continuing earnings of the renewable energy business grew by 36.0% to EUR 5.1 (3.7) million, of which EUR 0.6 million was non-recurring fees. Net income from investment operations was EUR 1.9 (0.8) million, of which EUR 0.7 million was recorded as a revision of the purchase price of the project development portfolio sold to the Taaleri SolarWind III Fund earlier in June, and EUR 0.3 million as exchange rate changes from the ownership of a wind power project in the United States. In addition, a total of EUR 0.9 million was recorded in the net income from investment operations from invoicing related to renewable energy projects. The corresponding costs were recognised in operating expenses.
- Income from the renewable energy business grew by 54.1% to EUR 7.0 (4.5) million and operating profit was EUR 2.8 (1.5) million, corresponding to a profit margin of 40.5% (33.5).



Key figures Q3 2023 (Q3 2022)

Income

7.0

(4.5) MEUR

Operating profit

2.8

(1.5) MEUR

Operating profit %

40.5

(33.5)

AUM

1.6

(31.12.2022: 1.4)
MRD EUR

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

- The real estate business continued to develop new investment products and focused on optimising the profitability of the real estate portfolios owned by its funds. In addition, the business continued the preparations to exit funds that are at the end of their lifecycle. The asset management mandate of an international client's real estate portfolio ended at the beginning of July in accordance with the agreement.
- The bioindustry business continued to map potential investees for the Taaleri Bioindustry I Fund and the due diligence processes of potential investments, as well as to prepare further financing arrangements for the fund's current investments. In addition to the preparations for the new venture capital fund, the business also promoted the construction phase of the torrefied biomass plant to be built in Joensuu.
- Continuing earnings from Other private asset management fell by 11.6% to EUR 1.4 (1.6) million. The decrease in continuing earnings was partly due to Taaleri's share of the profit of WasteWise Group, which is consolidated in the bioindustry business as an associated company, as well as the fund exits carried out between the review periods. No performance fees were recognised in the review period ended, but a performance fee of EUR 6.5 million for the comparison period arose from a transaction concerning the shares of Ficolo Ltd owned by Taaleri's co-investment and associated company Taaleri Datacenter Ky. Other private asset management's income fell to EUR 1.4 (8.1) million and the operating profit (loss) was EUR -0.1 (5.5) million.

Key figures Q3 2023 (Q3 2022)

Income

1.4

(8.1) MEUR

Operating profit

-0.1

(5.5) MEUR

Operating profit %

neg

(68.2)

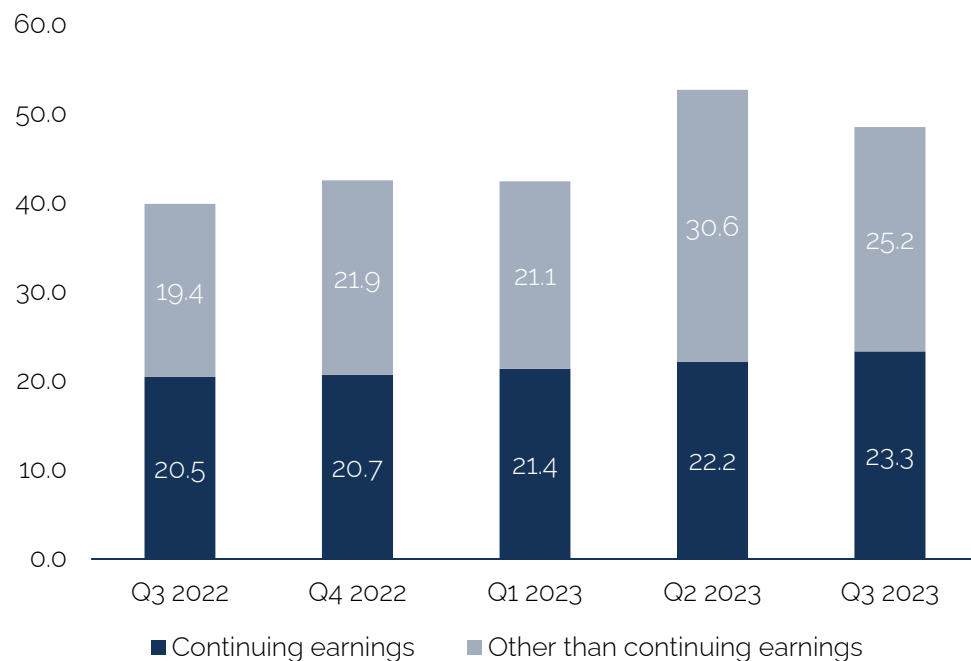
AUM

1.0

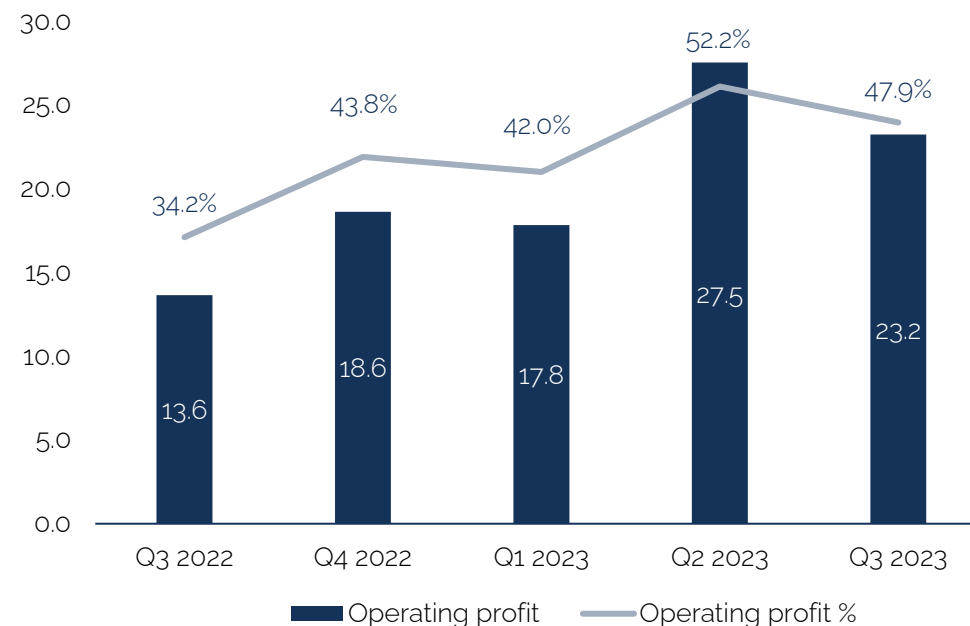
(31.12.2022: 1.1)
MRD EUR

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

Income previous 12M, MEUR



Operating profit previous 12M, MEUR



Q3 2023 operating profit includes EUR 0.7 million as a revision of the purchase price of the renewable energy project development portfolio sold.

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 Q3 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				1,623 MEUR	
Other private asset management	Founded	Product	Business area	AUM Q3 2023	Stage of the fund
Taaleri Real Estate Development Fund Ky	2015	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		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				685 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				157 MEUR	
Other private asset management total				1,007 MEUR	
Private Asset Management segment total				2,629 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



Q3: Garantia's combined ratio improved further from the already excellent level to 22.0%

- Garantia's insurance service result grew by 8.2% to EUR 3.6 (3.3) million.
 - Insurance revenue remained at the level of the comparison period, but insurance service result increased due to decreased insurance service expenses. Insurance service expenses on the other hand decreased due to reversal of losses related to onerous contracts.
- Income was EUR 4.1 (4.4) million. The decrease in income was a result of lower net investment income.
 - Net investment income was EUR 0.7 (1.1) million. The continued increase in market interest rates put pressure on investment operations in the third quarter.
- Guaranty insurance exposure was at the end of September EUR 1.8 (31.12.2022: 1.9) billion.
- Solvency ratio strengthened to 271% (31.12.2022: 231%).

Garantia's key figures Q3 2023 (Q3 2022)

Income

4.1

(4.4) MEUR

Operating profit

3.9

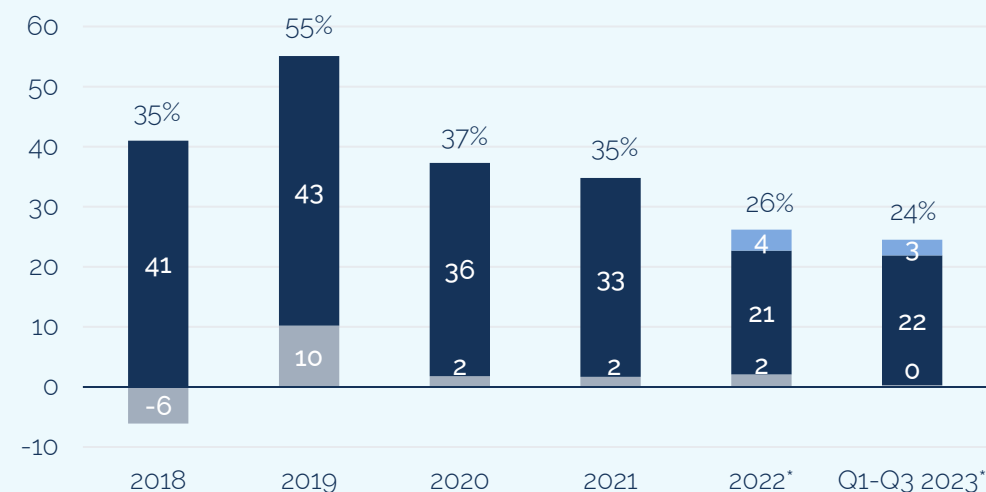
(4.2) MEUR

Return of investments at fair value

1.4%

(0.0%)

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



Q3: Other group's income decreased as expected due to the successful exit in the corresponding period

- 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 0.8 (8.3) million, consisting of continuing earnings of EUR 0.4 (0.7) million and net income from investment operations of EUR 0.4 (7.5) million. The profit of EUR 7.5 million from investment operations in the corresponding period consisted mainly of the profit of an associated company consolidated into the Taaleri Group as a result of a transaction involving the shares of Ficolo Ltd owned by Taaleri Datacenter Ky.
- The Other group's operating profit (loss) was EUR -0.7 (6.6) million.
- On 30 September 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 Q3 2023 (Q3 2022)

Income	Operating profit	Personnel
0.8	-0.7	15
(8.3) MEUR	(6.6) MEUR	18

MEUR	30.9.2023	31.12.2022	Change, %
Non-strategic investments	29.1	25.2	15.4%
Real estate	22.5	16.4	37.3%
Other	6.6	8.9	-25.2%

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Result and balance sheet



Taaleri's result Q3 2023

Taaleri's continuing earnings grew by 9.8% to EUR 10.3 million in the third quarter due to the successful fundraising of the Taaleri SolarWind III Fund

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	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	497	411	2,810
Income*	8,382	6,951	1,431	3,927	788	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	3,656	-673	5,693
Operating profit, %	32.3%	40.5%	neg	93.1%	neg	43.5%
Interest expenses	-	-	-	-	-194	-194
Allocation of financing expenses	-460	-312	-148	-475	935	-
Profit before tax and NCI	2,250	2,503	-253	3,181	68	5,499

* 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

Strong performance for the period of January-September with an operating profit of EUR 25.0 million that corresponds to 51.4%. The exit of Taaleri Datacenter Ky in Q3 2022 explains the big variances in income.

EUR 1,000	Q3 2023	Q3 2022	Change	Q1-Q3 2023	Q1-Q3 2022	Change	FY 2022
Continuing earnings	10,292	9,369	9.8%	29,990	26,189	14.5%	36,770
Performance fees	-5	6,492	n/a	1,489	6,992	-78.7%	19,365
Investment operations	2,810	9,898	-71.6%	17,178	9,548	79.9%	2,812
Income*	13,098	25,760	-49.2%	48,657	42,729	13.9%	58,947
Fee and commission expense	-1,504	-2,374	-36.6%	-4,918	-5,859	-16.1%	-8,689
Personnel costs	-3,791	-3,623	4.6%	-12,056	-10,870	10.9%	-14,033
Direct expenses	-2,214	-1,439	53.8%	-6,703	-5,512	21.6%	-8,510
Depreciation, amortisation and impairment	107	-12	n/a	63	-385	n/a	-395
Impairment losses on receivables	-3	-2	70.9%	-40	-28	43.8%	-17
Operating profit	5,693	18,310	-68.9%	25,003	20,076	24.5%	27,304
Operating profit, %	43.5%	71.1%		51.4%	47.0%		46.3%
Interest expenses	-194	-203	-4.3%	-959	-666	43.9%	-916
Profit before tax and NCI	5,499	18,107	-69.6%	24,045	19,410	23.9%	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

Continuing earnings
Q3 2023

€10.3 million

Q3 2022: €9.4 million

Operating profit excl. net
income from investment
operations Q3 2023

€2.9 million

Q3 2022: €8.4 million

Operating profit
Q3 2023

€5.7 million

Q3 2022: €18.3 million

AUM
Q3 2023

€2.6 billion

31.12.2022: €2.5 billion

Continuing earnings
Q1-Q3 2023

€30.0 million

Q1-Q3 2022: €26.2 million

Operating profit excl. net
income from investment
operations Q1-Q3 2023

€7.8 million

Q1-Q3 2022: €10.5 million

Operating profit
Q1-Q3 2023

€25.0 million

Q1-Q3 2022: €20.1 million

Growth in AUM
Q1-Q3 2023

4.5%

FY 2022: 12.9%

Taaleri Group's balance sheet Q3 2023

Private Asset Management segment's investments

€34.6 million

31.12.2022: €28.8 million

Garantia's investment portfolio

€154.9 million

31.12.2022: €152.5 million

Assets total

€304.1 million

31.12.2022: €299.9 million

Equity

205.9 million

31.12.2022: €200.5 million

Non-strategic investments

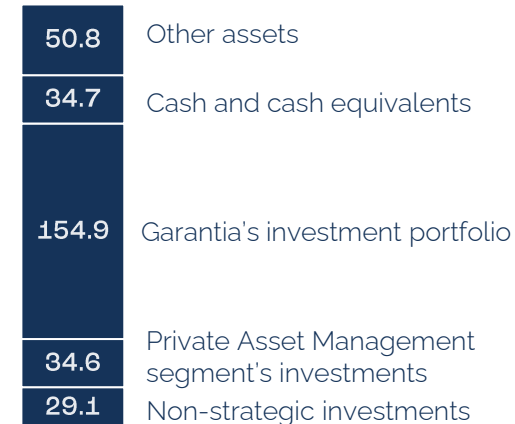
€29.1 million

31.12.2022: €25.2 million

Cash and cash equivalents

€34.7 million

31.12.2022: €46.8 million



Dividend paid in April, per share

€0.70

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Summary



Q3 2023: Summary

- Taaleri's private asset management business and Garantia's guaranty insurance operations developed well during the third quarter. Group's continuing earnings increased by 9.8% due to a successful fundraising of Taaleri SolarWind III Fund. Group's income was EUR 13.1 million and operating profit EUR 5.7 million.
- Renewable energy business held the first closing of Taaleri SolarWind III Fund at the beginning of third quarter and continued the fundraising thereafter. In addition, the business launched preparations to exit the Taaleri Wind II and Taaleri Wind III Funds, which are at the end of their lifecycle.
- The bioindustry business continued to map potential investees for the Taaleri Bioindustry I Fund and to prepare a venture capital fund.
- Garantia continued its good profit performance despite the tepid housing market. Garantia's insurance service result was EUR 3.6 million and the combined ratio improved further from the already excellent level to 22.0%. Garantia's net income from investment operations was EUR 0.7 million and the return on investment at fair value 1.4%, as the interest rates continued to rise.

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 despite the challenging operating environment. 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. The construction of the torrefied biomass plant in Joensuu has started and the production is scheduled to start in the fall of 2024.
- Garantia continues to execute its strategy by serving current customers and developing new product launches.
- Taaleri organizes a Capital Markets Day on 22 November 2023, where Taaleri's updated strategy will be presented.



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

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Attachments



Balance sheet

Assets, EUR 1,000	30.9.2023	31.12.2022
Receivables from credit institutions	34,718	46,817
Receivables from the public and general government	5,562	6,243
Shares and units	43,080	44,462
Participating interests	12,775	3,708
Insurance assets	155,388	153,043
- Reinsurance assets	468	526
- Investments	154,919	152,517
Intangible assets	589	355
Tangible assets	2,673	421
Other assets	16,620	13,210
Accrued income and prepayments	28,719	28,451
Deferred tax assets	3,964	3,208
Total	304,087	299,918
Liabilities and equity, EUR 1,000	30.9.2023	31.12.2022
Liabilities	98,155	99,397
Liabilities to public and general government	-	410
Insurance contract liabilities	45,189	46,544
Other liabilities	3,859	1,454
Accrued expenses and deferred income	17,753	19,185
Deferred tax liabilities	16,472	16,933
Subordinated debt	14,882	14,870
Equity	205,932	200,521
Total	304,087	299,918

Cash at bank at the end of September EUR 34.7 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 10.8 million, Truscott Gilliland wind farm EUR 10.7 million, Aktia Bank Plc EUR 8.9 million and Turun Toriparkki EUR 8.0 million.

Fixed income investments 86% of Garantia's investment portfolio, portfolio in total EUR 154.9 million. Garantia distributed a dividend of EUR 10.0 million to the parent company during the first quarter.

Taaleri's equity is EUR 205.9 million. The Group's equity ratio is strong at 67.7%.

Taaleri's result Q3 2022

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	5,334	3,714	1,620	3,293	742	9,369
Performance fees	6,492	-	6,492	-	-	6,492
Investment operations	748	798	-50	1,611	7,540	9,898
Income*	12,574	4,512	8,062	4,904	8,282	25,760
Fee and commission expense	-2,232	-1,114	-1,118	-	-141	-2,374
Personnel costs	-2,454	-1,471	-983	-188	-981	-3,623
Direct expenses	-874	-415	-460	-21	-544	-1,439
Depreciation, amortisation and impairment	-6	-3	-3	-	-6	-12
Impairment losses on receivables	-	-	-	-	-2	-2
Operating profit	7,008	1,510	5,498	4,695	6,607	18,310
Operating profit, %	55.7%	33.5%	68.2%	95.7%	79.8%	71.1%
Interest expenses	-8	-7	-1	-	-195	-203
Allocation of financing expenses	-408	-300	-108	-475	883	-
Result before tax and NCI	6,592	1,203	5,389	4,220	7,295	18,107

* 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.