

TAALERI

Q1

Taaleri Interim Statement

CEO Peter Ramsay
CFO Minna Smedsten
3 May 2023



Q1 highlights

Taaleri's continuing earnings increased by 24% to EUR 9.8 million

Both the private asset management business and Garantia's guaranty insurance operations developed well during the first quarter.

Garantia's combined ratio strengthened to 24.3%

In addition, Garantia's insurance service result increased by 44% to EUR 3.8 million during the review period.

Renewable energy continued the fundraising for Taaleri SolarWind III fund

The fund will be based on a project development portfolio compiled by Taaleri Energia, which already included the targeted 35 projects at the end of the review period.

Taaleri applies IFRS 17 standard starting from 1 January, 2023

The adjusted comparative financial information according to the new standard was published in March. The accounting principles for key figures in the insurance business also changed.

Taaleri Bioindustry Fund I made its third investment

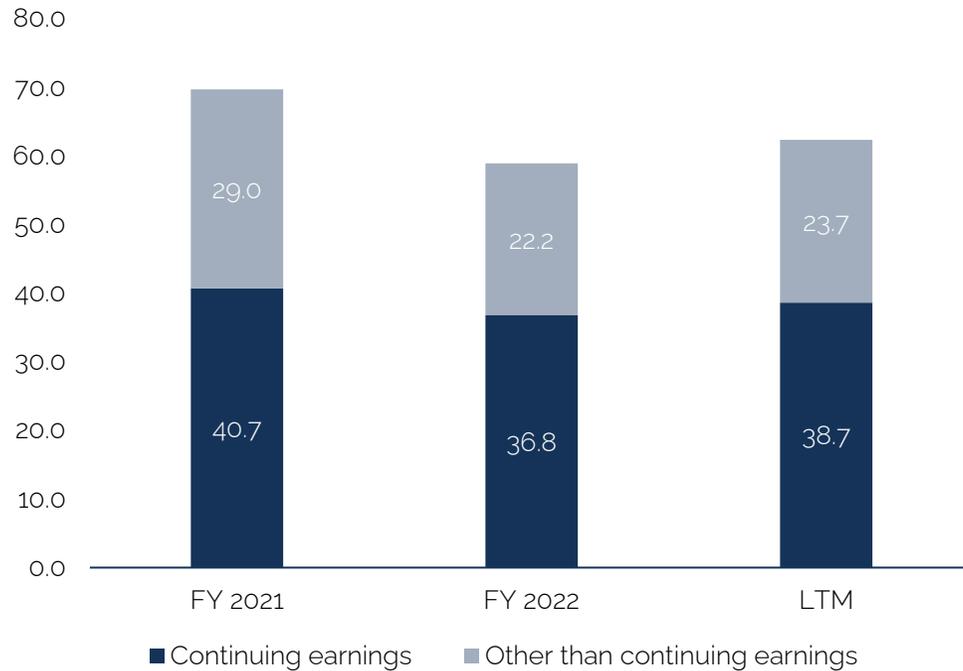
The investee is Nordic Bioproducts Group, a company producing cellulose-based materials with a high processing value. In addition, the bioindustry business prepared for its next fund.

Q1 2023

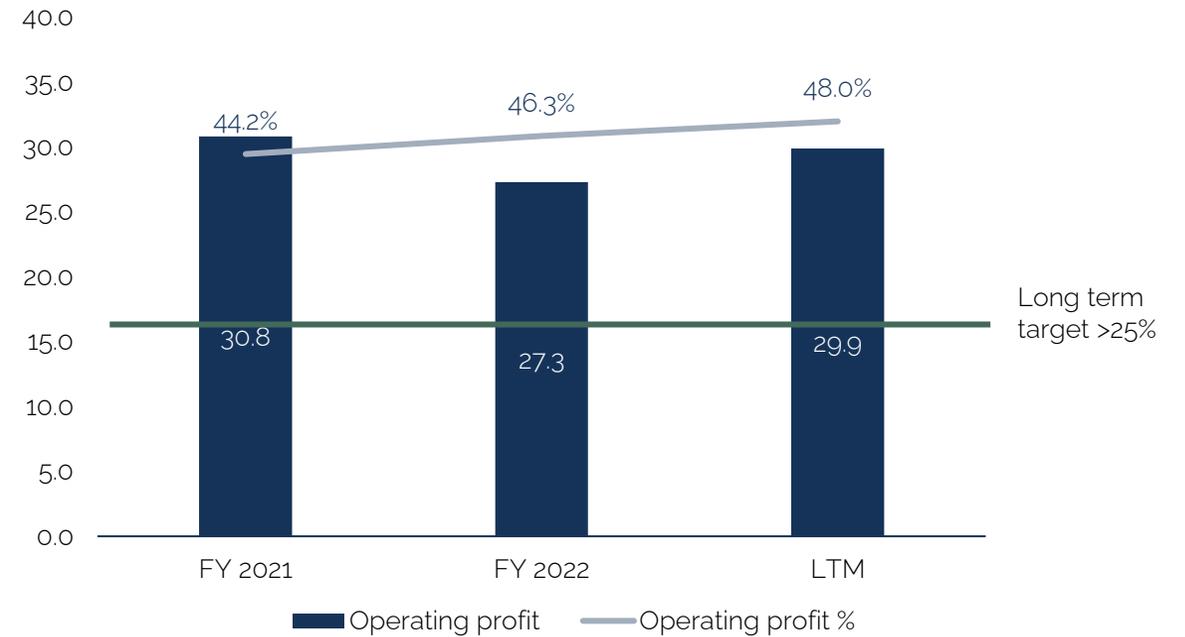
- Continuing earnings grew by 23.6% to EUR 9.8 (8.0) million. The Private Asset Management segment's continuing earnings grew by 13.8% to EUR 5.6 (4.9) million and the Strategic Investments segment's continuing earnings by 52.2% to EUR 3.9 (2.5) million.
- Performance fees were EUR 0.0 (0.5) million, and net income from investment operations was EUR -0.6 (-2.6) million.
- Income increased by 58.9% to EUR 9.3 (5.8) million.
- Operating profit was EUR 1.6 (-1.0) million, corresponding to 16.8% of income.
- The assets under management in the Private Asset Management segment remained at EUR 2.5 (31 December 2022: 2.5) billion.
- Earnings per share were EUR 0.02 (-0.05).

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

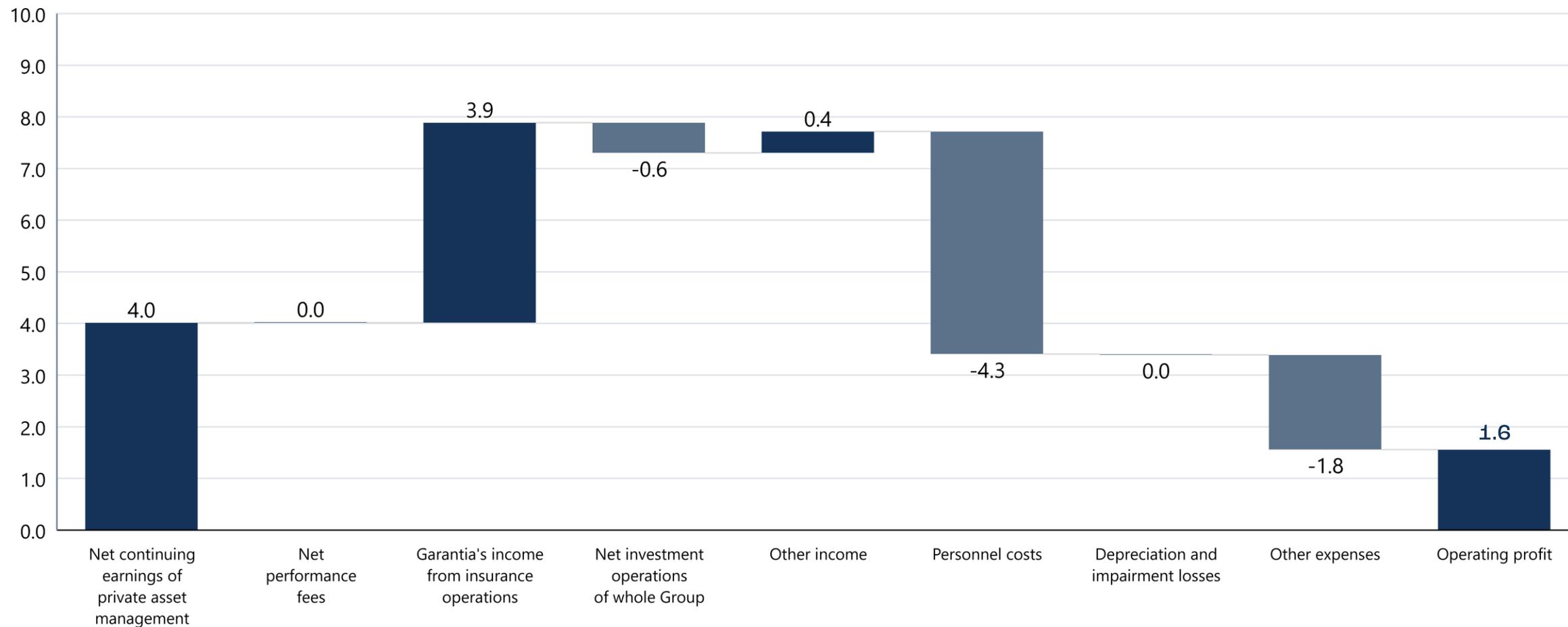
Income previous 12M, MEUR



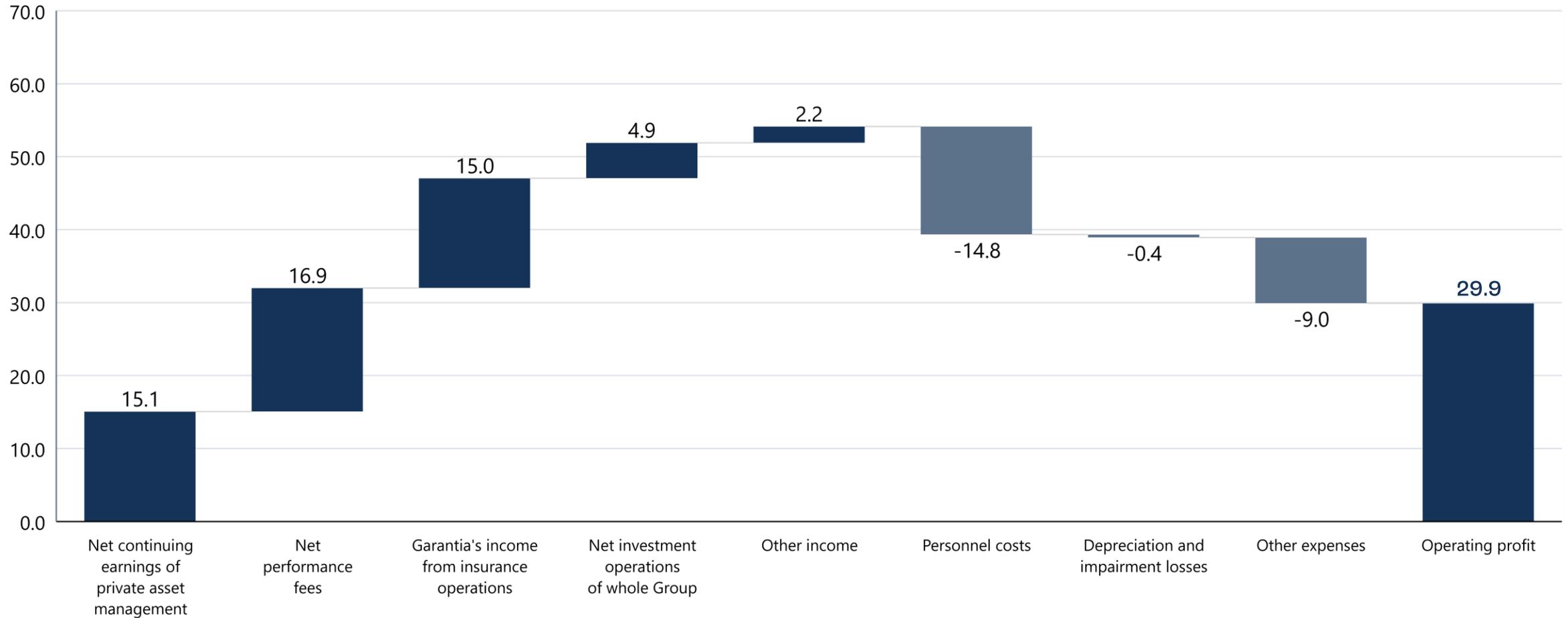
Operating profit previous 12M, MEUR



Q1: Continuing earnings grew by 23.6%, but fair value changes of investment operations weighed on the operating profit



The development of Taaleri's operating profit, 12M



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Private Asset Management



Q1: Renewable energy business continued the fundraising for the Taaleri SolarWind III fund

- The renewable energy business continued fundraising for the Taaleri SolarWind III fund, which is classified as a dark green fund under Article 9 of the EU's Sustainable Finance Disclosure Regulation. The fund's first closing is expected to take place in the second quarter. The fund will be based on a project development portfolio compiled by Taaleri Energia, which included the targeted 35 projects at the end of the review period.
- Continuing earnings of the renewable energy business grew by 11.7% to EUR 3.9 (3.5) million. The net income from investment operations was EUR -0.3 (0.3) million, which was mainly from exchange rate changes in the holding of a wind power project in the United States. Income of the renewable energy business decreased to EUR 3.6 (3.8) million due the net income from investment operations.
- Operating profit of the renewable energy business was EUR -0.3 (0.6) million.



Key figures Q1 2023 (Q1 2022)

Income

3.6

(3.8) MEUR

Operating profit

-0.3

(0.6) MEUR

Operating profit %

neg

(16.9)

AUM

1.4

(31.12.2022: 1.4)
MRD EUR

Q1: In Other private asset management the focus was on promoting new investment products

- The real estate business focused on the active development of new investment products. In addition, preparations for the exit of old funds and the identification of potential new acquisition targets continued during the review period.
- The first fund of the bioindustry business, Taaleri Bioindustry Fund I, made its third investment in the Nordic Bioproducts Group, a Finnish company producing cellulose-based materials with a high processing value. The bioindustry business also prepared its next fund, the strategy of which would be to invest in start-up companies in the bioindustry sector.
- Continuing earnings of Taaleri's real estate, bioindustry and other businesses grew by 19.0% to EUR 1.6 (1.4) million due to successful product launches in 2022. No performance fees were recognised in the quarter, while EUR 0.5 million in performance fees were recognised in the corresponding period. Despite this, income from Taaleri's real estate, bioindustry and other businesses grew by 5.2% to EUR 1.6 (1.5) million. Operating profit of Taaleri's real estate, bioindustry and other businesses stood at EUR -0.5 (-0.6) million.

Key figures Q1 2023 (Q1 2022)

Income

1.6

(1.5) MEUR

Operating profit

-0.5

(-0.6) MEUR

Operating profit %

neg

(neg)

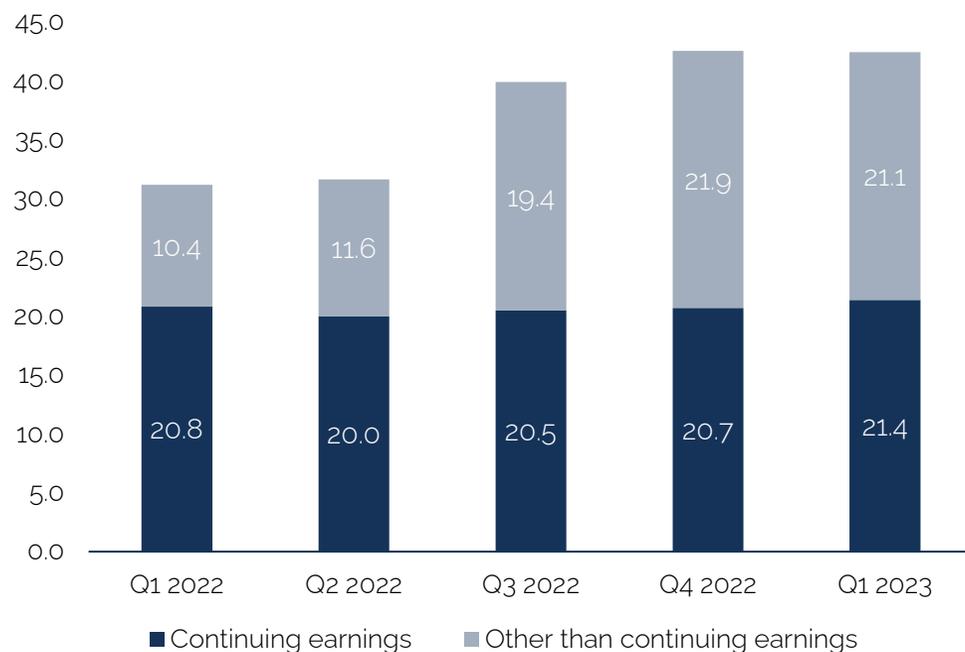
AUM

1.1

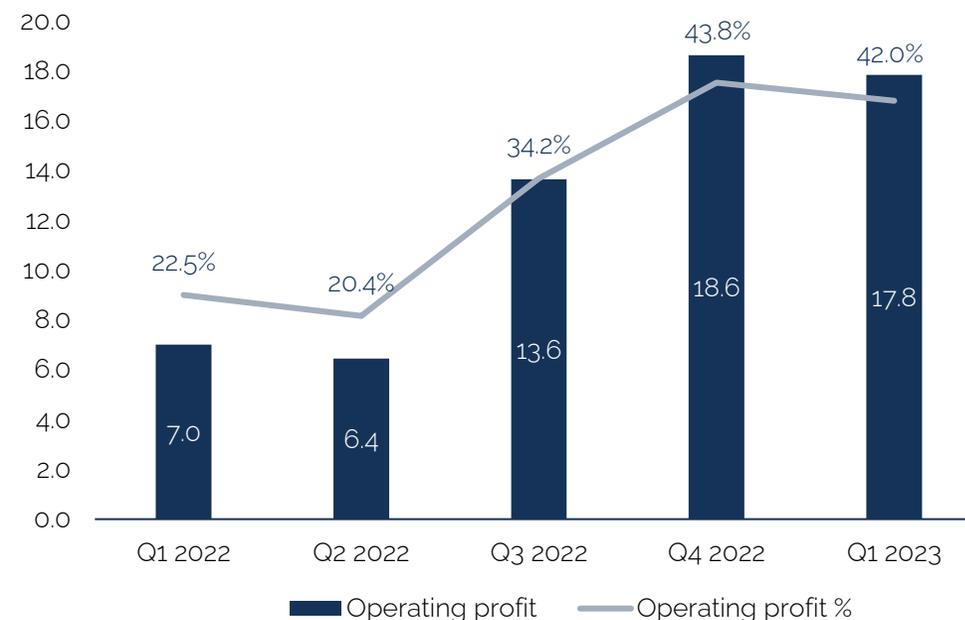
(31.12.2022: 1.1)
MRD EUR

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

Income previous 12M, MEUR



Operating profit previous 12M, MEUR



Q4 2022 operating profit includes EUR 12.4 million in performance fees.
 Q3 2022 operating profit includes EUR 6.5 million in performance fees.
 Q4 2021 operating profit includes EUR 10.6 million in performance fees.

Taaleri's private equity funds

Renewable energy	Founded	Product	Business area	AUM Q1 2023	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				1,364 MEUR	
Other private asset management	Founded	Product	Business area	AUM Q1 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		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				838 MEUR	
Taaleri Biorefinery Ky	2020	Co-investment	Bioindustry		Invested
Joensuu Biocoal	2021	Co-investment	Bioindustry		Fundraising
Taaleri Bioindustry I Ky	2021	Private equity fund	Bioindustry		Fundraising
Bioindustry total				163 MEUR	
Other funds total				160 MEUR	
Other private asset management total				1,160 MEUR	
Private Asset Management segment total				2,524 MEUR	

**AUM €2.5 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



Q1: Garantia's combined ratio strengthened and net income from investment operations increased as markets recovered

- Insurance service result grew by 43.8% to EUR 3.8 (2.7) million in the reporting period, and it was lifted by increased insurance revenue and a decrease in insurance service expenses.
 - The growth in insurance revenue was a result of the growth in guaranty insurance portfolio compared to the corresponding period last year. Insurance service expenses were lower than in the period of comparison, as losses on onerous contracts, as recognised according to IFRS 17 standard, were booked in the previous year.
- Income increased to EUR 4.8 (0.2) million. The growth in income was a result of increased insurance service result and increased net investment income compared to the period of comparison.
 - Net investment income grew to EUR 0.9 (-2.4) million. The strong rise in interest rates decreased investment returns in the comparison period.
- Guaranty insurance exposure contracted by 1.2% to EUR 1.8 (31.12.2022: 1.9) billion during Q1. The decrease in the number of new guaranties underwritten contributed to the contraction.
- Solvency ratio strengthened to 235% (31.12.2022: 231%).

Garantia's key figures Q1 2023 (Q1 2022)

Income

4.8

(0.2) MEUR

Operating profit

4.4

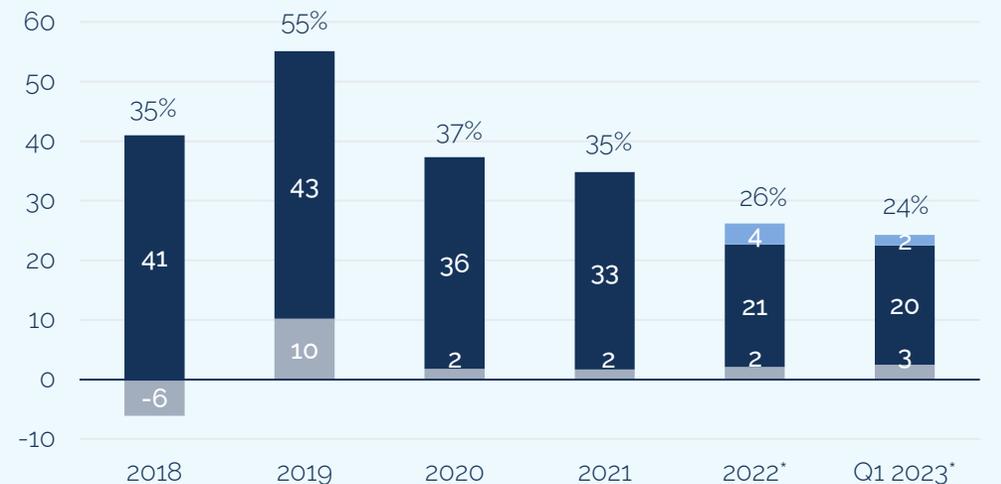
(-0.0) MEUR

Return of investments at fair value

1.5%

(-4.4%)

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



Q1: Exchange rate changes and fair value changes weighed 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 -0.1 (1.7) million, consisting of continuing earnings of EUR 0.4 (0.5) million and net income from investment operations of EUR -0.5 (1.1) million. Negative exchange rate changes and unrealised changes in fair value had an impact of EUR -0.2 million on the net income from investment operations in the quarter.
- The Other group's operating profit was EUR -1.4 (0.3) million.
- On 31 March 2023, Taaleri's non-strategic investments totalled EUR 24.6 (25.2) million. Taaleri continues to exit its non-strategic investments.

Key figures Q1 2023 (Q1 2022)

Income

-0.1

(1.7) MEUR

Operating profit

-1.4

(0.3) MEUR

Personnel

16

16

MEUR	31.3.2023	31.12.2022	Change, %
Non-strategic investments	24.6	25.2	-2.4%
Real estate	16.1	16.4	-1.7%
Other	8.5	8.9	-3.8%

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Result and balance sheet



Taaleri's result Q1 2023

Changes in the fair value of investment activities weighed on income and operating profit. The Group's operating profit excluding net income from investment operations was EUR 2.1 (1.6) million, corresponding to 21.8% (18.7) of income excluding investment operations.

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	5,550	3,938	1,612	3,874	416	9,839
Performance fees	-	-	-	-	-	-
Investment operations	-339	-317	-22	255	-503	-587
Income*	5,210	3,620	1,590	4,128	-87	9,252
Fee and commission expense	-1,535	-1,062	-474	-	-25	-1,561
Personnel costs	-2,933	-1,822	-1,111	-387	-990	-4,309
Direct expenses	-1,530	-1,031	-498	-16	-263	-1,809
Depreciation, amortisation and impairment	-10	-6	-4	-	-3	-13
Impairment losses on receivables	-	-	-	-	-3	-3
Operating profit	-798	-300	-498	3,726	-1,371	1,557
Operating profit, %	neg	neg	neg	90.2%	neg	16.8%
Interest expenses	-127	-127	-	-	-147	-274
Allocation of financing expenses	-396	-293	-103	-475	871	-
Profit before tax and NCI	-1,321	-720	-601	3,251	-647	1,283

* 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 according to IFRS 17

EUR 1,000	Q1 2023	Q1 2022	Change	FY 2022 (IFRS 17)	FY 2022 (IFRS 4)
Continuing earnings	9,839	7,958	23.6%	36,770	41,049
Performance fees	-	500	-100.0%	19,365	19,365
Investment operations	-587	-2,635	-77.7%	2,812	2,811
Income*	9,252	5,823	58.9%	58,947	63,226
Fee and commission expense	-1,561	-1,712	-8.8%	-8,689	-8,876
Personnel costs	-4,309	-3,540	21.7%	-14,033	-16,197
Direct expenses	-1,809	-1,603	12.9%	-8,510	-10,401
Depreciation, amortisation and impairment	-13	-12	4.6%	-395	-407
Impairment losses on receivables	-3	-6	-44.1%	-17	-17
Operating profit	1,557	-1,049	n/a	27,304	27,329
Operating profit, %	16.8%	neg		46.3%	43.2%
Interest expenses	-274	-242	13.0%	-916	-916
Profit before tax and NCI	1,283	-1,291	n/a	26,388	26,412

* 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 Group's balance sheet

Private Asset Management segment's investments Q1 2023

€36.7 million

31.12.2022: €28.4 million

Garantia's investment portfolio Q1 2023

€144.0 million

31.12.2022: €152.5 million

Assets total Q1 2023

€307.6 million

31.12.2022: €299.9 million

Equity Q1 2023

202.0 million

31.12.2022: €200.5 million

Non-strategic investments Q1 2023

€24.6 million

31.12.2022: €25.2 million

Cash and cash equivalents Q1 2023

€52.4 million

31.12.2022: €46.8 million



Dividend paid in April, per share

€0.70

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Summary



Q1 2023: Summary

- Taaleri's continuing earnings increased by 23.6% to EUR 9.8 million. Both the private asset management business and Garantia's guaranty insurance operations developed well during the first quarter.
- The renewable energy business continued to raise funds for its sixth fund, Taaleri SolarWind III. The first closing is expected to take place in the second quarter. The fund will be based on a project development portfolio that already included the targeted 35 projects at the end of the first quarter.
- The bioindustry business prepared the next fund, the strategy of which would be to invest in start-up companies in the bioindustry sector. In addition, at the end of the review period, the Taaleri Bioindustry Fund I made its third investment in the Nordic Bioproducts Group, a company producing cellulose-based materials with a high processing value.
- Garantia continued its very strong business. Garantia's insurance service result increased to EUR 3.8 million during the review period, and the combined ratio strengthened further, being an excellent 24.3%. Garantia's net investment income increased to EUR 0.9 million as the investment market recovered in the first quarter, but investment returns remained moderate.

Looking ahead

- The renewable energy business will continue the fundraising for Taaleri SolarWind III fund and the first closing is expected to take place in the second quarter.
- The bioindustry business continues the investment activities and fundraising of Taaleri Bioindustry I fund and prepares its new fund. They will also start 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 Interim Statement is found on our [website](#)

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Attachments



Balance sheet

Assets, EUR 1,000	31.3.2023	31.12.2022
Receivables from credit institutions	52,405	46,817
Receivables from the public and general government	7,756	6,243
Shares and units	48,814	44,462
Participating interests	3,396	3,708
Insurance assets	144,809	153,043
- Reinsurance assets	759	526
- Investments	144,050	152,517
Intangible assets	353	355
Tangible assets	2,635	421
Other assets	13,220	13,210
Accrued income and prepayments	30,874	28,451
Deferred tax assets	3,333	3,208
Total	307,595	299,918
Liabilities and equity, EUR 1,000	31.3.2023	31.12.2022
Liabilities	105,619	99,397
Liabilities to public and general government	7,515	410
Insurance contract liabilities	45,355	46,544
Other liabilities	2,987	1,454
Accrued expenses and deferred income	17,926	19,185
Deferred tax liabilities	16,963	16,933
Subordinated debt	14,874	14,870
Equity	201,977	200,521
Total	307,595	299,918

Cash at bank at the end of March EUR 52.4 million, of which dividend of EUR 19.8 million was paid in April.

The largest investments are Aktia Bank Plc EUR 9.3 million, Truscott Gilliland wind farm EUR 10.3 million and real estate project in Canada EUR 10.0 million.

Fixed income investments 88% of Garantia's investment portfolio, portfolio in total EUR 144.0 million. Garantia distributed a dividend of EUR 10.0 million to the parent company during the first quarter.

Taaleri's equity is EUR 202.0 million. The Group's equity ratio is strong at 65.7%.

Taaleri's result Q1 2022

EUR 1,000	Private Asset Management	Renewable energy	Other private asset management	Strategic Investments	Other	Total
Continuing earnings	4,878	3,524	1,354	2,545	534	7,958
Performance fees	500	-	500	-	-	500
Investment operations	-58	285	-343	-3,699	1,122	-2,635
Income*	5,320	3,809	1,511	-1,153	1,657	5,823
Fee and commission expense	-1,638	-1,029	-609	-	-74	-1,712
Personnel costs	-2,630	-1,511	-1,118	-175	-735	-3,540
Direct expenses	-1,048	-620	-428	-19	-536	-1,603
Depreciation, amortisation and impairment	-6	-3	-3	-	-6	-12
Impairment losses on receivables	-	-	-	-	-6	-6
Operating profit	-2	645	-647	-1,347	300	-1,049
Operating profit, %	neg	16.9%	neg	neg	18.1%	neg
Interest expenses	-1	-1	-	-	-242	-242
Allocation of financing expenses	-596	-380	-215	-475	1,071	-
Result before tax and NCI	-598	264	-863	-1,822	1,129	-1,291

* 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.