

Toivo Group Plc's BUSINESS REVIEW 1 January–31 March 2024

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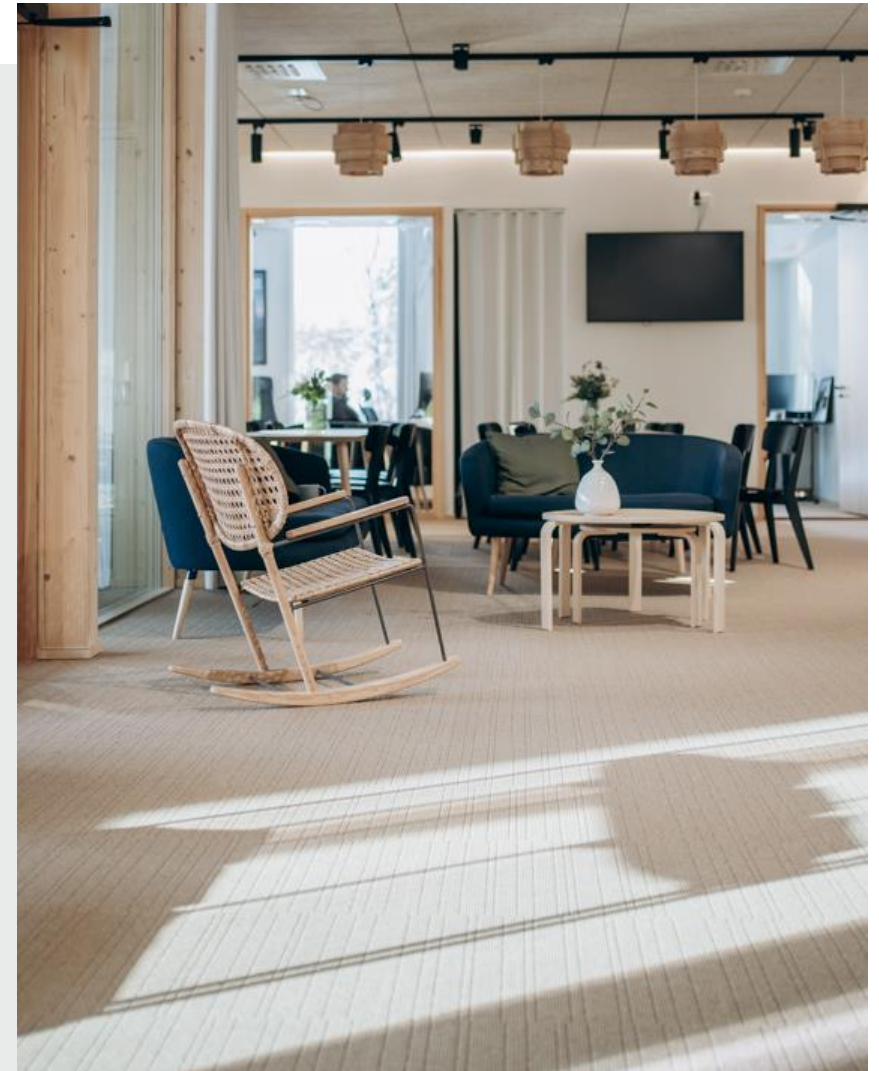
Event main points

- A brief look at the review period
- Key figures
- Q1/24 key figures
- Strategy review
- The outlook of the operating environment
- Starting projects against the tide
- Sale of a portfolio of family apartments
- Outlook



January–March 2024 in brief

- Revenue EUR 10.3 million (EUR 13.6 million), -25%
- Operating profit EUR 1.2 million (EUR 2.8 million), -57%
- **DEVELOPMENT:** Contracts for 0 (50) new apartments
- **CONSTRUCTION:** Construction of 0 (0) apartments was started
- **OWNERSHIP:** 72 (91) apartments were completed
- The operating environment is challenging for housing developers, construction companies and property owners
- Occupancy rate 92.9%



Key figures*

EUR thousand	1 January–31 March 2024	1 January–31 March 2023	Change, %
Revenue	10,268	13,637	-25%
Operating profit	1,181	2,772	-57%
Operating profit without changes in values of investment properties	1,181	2,772	-57%
Profit or loss for the financial year	81	1,579	-95%
Earnings per share (EUR)	0.00	0.03	-94%
Fair value of investment properties	165,439	163,934	1%
Economic occupancy rate	92.9%	98.4%	-6%
Total equity	68,673	71,583	-4%
Total assets	189,918	187,227	1%

* Unaudited

Toivo's

Business Model

● Situation 31 March 2024

EUR 100 million/year: Apartments (Community properties)



Construction

- 117 apartments under construction
- approx. MEUR 30

Development

- approx. 3,200 apartments land portfolio
- approx. MEUR 680

Ownership/Selling

- 923 apartments

Ownership/Sales margin	Toivo's total margin
Construction margin	
Development margin	



Strategy



Development	
Typical duration	2–4 years
Equity tied up	approx. 0–5% of the project
Return on equity*	approx. 0–50%

Construction	
Typical duration	1 year
Equity tied up	approx. 20% of the project
Return on equity*	approx. 20–50%

Ownership/selling	
Typical duration	50+ years
Equity tied up	approx. 40% of the project
Return on equity*	approx. 5–10%

* Return on equity in projects implemented by Toivo in 2019–2023. The yield varies greatly from site to site and from year to year.

The outlook of the operating environment

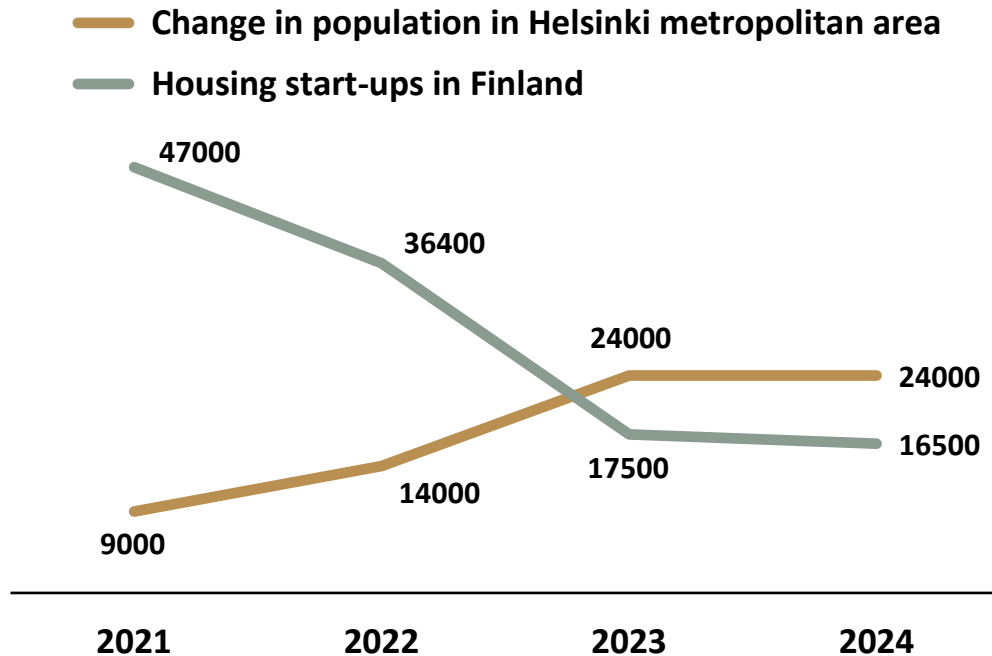
	Autumn 2022	12-month outlook	Spring 2024	12-month outlook
Interest rates	(approx. 2–3%) Interest rates rising	Negative (-)	(approx. 3–4%) Interest rates falling	Positive (+)
Number of completed apartments	A large number of completed apartments	Negative (-)	The number of completed apartments has plummeted	Positive (+)
Net migration gain, Helsinki metropolitan area	+10,000 people per year	Negative (-)	+20,000 people per year	Positive (+)
Number of industry operators	Normal market	Negative (-)	A decreased number of operators	Positive (+)
Construction costs	Rising	Negative (-)	Falling	Positive (+)
Maintenance costs	Rising	Negative (-)	Levelled off	Positive (+)
Special situations	Not available	Negative (-)	Limited availability	Positive (+)
Financing environment	Stable	Neutral (+/-)	Tightened	Negative (-)



The market environment for the resumption of a higher level of business activity has improved significantly between autumn 2022 and spring 2024.

Sources: Bank of Finland statistics 25 April 2024, Confederation of Finnish Construction Industries economic survey, March 2024, Helsinki Region Trends, Asiakastiето Oy, Statistics of Finland statistics 25 April 2024

We will start projects against the tide!



Sources: Helsinki Region Trends, Statistics Finland statistics 25 April 2024

In our view, the following factors:

- The net migration gain in the Helsinki metropolitan area
- The halt to housing start-ups
- The falling interest rate market

Will lead to the general resumption of housing construction in Tampere and the Helsinki metropolitan area in H1/2025. The period before that is an excellent time to invest because:

- Construction costs are still at a moderate level
- The availability of construction resources is good
- The supply of plots of land is good

Sale of a portfolio of family apartments

On 8 May 2024, Toivo sold a portfolio of five residential properties and 117 apartments to Novus Family Homes Plc.

The family apartment portfolio consisted of terraced houses and semi-detached houses with the following characteristics:

1. A private yard
2. Proximity to nature
3. Timber construction
4. Sensible apartment size

The sale of the portfolio was an excellent achievement in the current transaction market. The sale is also evidence of the attractiveness of Toivo's housing portfolio, also from the perspective of international institutional investors.



Financial prospects

PROSPECTS FOR 2024

- The company expects the operating profit without changes in values of investment properties for the financial year of 1 January–31 December 2024 to be EUR 6–12 million.
- The company expects the operating profit for the financial year of 1 January–31 December 2024 to be EUR 8–14 million.

FINANCIAL TARGETS 2023–2026

- Non-current net assets per share (Net asset value, NAV/share) will increase significantly every year.
- Operating profit EUR 20 million in 2026
- In development and construction, achieve an annual volume of EUR 100 million (revenue and investments) by the end of 2026.
- The loan to value (LTV) rate will be under 55%.
- In dividend distribution, the company's investment needs and financial position will be taken into consideration.

Thank you!



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Appendices

TOIVO

Appendix 1. Key figures 31 March 2024*

Group, EUR thousand	1-3/2024	1-3/2023	Change
Revenue	10,268	13,637	-3,369
Lease income	2,090	1,495	595
Net lease income	1,455	1,089	366
Operating profit	1,181	2,772	-1,591
Operating profit without changes in values of investment properties	1,181	2,772	-1,591
Cash flow before changes in working capital (Funds from Operations, FFO)	(30)	449	-480
Fair value of investment properties	165,439	163,934	1,505
Investments in investment properties	1,250	7,593	-6,343
Sales of investment properties	-	65	-65
Net debt with interest	104,608	91,276	13,332
Non-current net assets (Net asset value, NAV)	56,453	60,972	-4,519
Loan to value (LTV), %	63.2%	55.7%	7.5%
Equity ratio	36.48%	39.36%	-2.9%
Non-current net assets per share, EUR	0.96	1.11	-0.14
Increase in non-current net assets per share, %	-13.1	26.3	
Earnings per share (EPS), EUR ¹⁾	0.00	0.03	-0.03
Occupancy rate, %	92.90%	98.40%	-5.5%
Total leasable apartment area, square metres	34,052	22,501	11,551
Other leasable area, square metres	14,893	15,224	-331

* Unaudited

¹⁾ The reverse stock split decided on by the company's Annual General Meeting on 22 April 2021 is taken into account in the number of shares

Group income 1–3/2024*

Consolidated income statement

EUR thousand	1 January–31 March 2024	1 January–31 March 2023
Revenue	10,268	13,637
Changes in the fair values of, and profit and loss on the disposal of, investment properties	-119	1,264
Other operating income	-	-
Raw materials and services	-7,279	-10,891
Staff expenses	-698	-505
Depreciation, amortisation and reduction in value	-26	-7
Other operating expenses	-966	-726
Operating profit (loss)	1,181	2,772
Share of the result of associated companies	-	-
Financial income	2	2
Financial expenses	-1,206	-562
Net financial expenses	-1,204	-560
Profit (loss) before taxes	-23	2,212
Current tax based on the financial year's taxable income	21	-291
Deferred taxes, change	84	-342
Income taxes, total	105	-633
Financial year profit (loss)	81	1,579
Distribution of the profit (loss) of the financial year		
Parent company owners	94	1,557
Non-controlling interests	-13	22

Group's statement of comprehensive income

EUR thousand	1 January–31 March 2024	1 January–31 March 2023
Financial year profit (loss)	81	1,579
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss	-	-
Currency translation differences	-	-2
Other comprehensive income for the financial year	-	-2
Total comprehensive income for the financial year	81	1,576
Distribution of total comprehensive income for the financial year		
Parent company owners	94	1,555
Non-controlling interests	-13	22
Earnings per share (EPS), EUR	0.00	0.03
Non-cash flow based expenses associated with the share-based incentive system	-41	-38

* Unaudited

Consolidated balance sheet 31 March 2024*

EUR thousand	31 March 2024	31 March 2023
ASSETS		
Non-current assets		
Investment properties	139,699	163,934
Right-of-use assets	84	18
Tangible assets	198	63
Intangible assets	9	13
Financial assets		
Non-current receivables	249	522
Equity method investments	48	69
Deferred tax assets	310	124
Non-current assets, total	140,596	164,743
Current assets		
Inventories	11,856	9,778
Rent, trade and other receivables	8,613	8,360
Cash and cash equivalents	3,114	4,345
Current assets total	23,582	22,483
Investment properties available for sale	25,740	
Assets, total	189,918	187,227

EUR thousand	31 March 2024	31 March 2023
EQUITY		
Share capital	1,000	1,000
Subordinated loans	17,302	17,280
Share premium account	20,998	18,061
Currency translation differences	-27	-27
Retained earnings	29,133	35,054
Equity belonging to the owners of the parent company	68,406	71,368
Non-controlling interests	267	215
Total equity	68,673	71,583
LIABILITIES		
Non-current liabilities		
Financial institution loans	79,861	81,054
Lease liabilities	7,104	8,445
Loans granted to associates	2,400	2,500
Other financial liabilities and other non-current liabilities	479	416
Deferred tax liabilities	5,658	7,008
Non-current liabilities total	95,502	99,422
Current liabilities		
Financial institution loans	3,738	2,589
Lease liabilities	578	616
Loans granted to associates	567	2
Provisions	-	-
Trade and other payables	7,864	13,015
Deferred tax liabilities	-	-
Current liabilities total	12,747	16,222
Liabilities, total	108,249	115,644
Liabilities associated with investment properties available for sale	12,996	-
Total equity and liabilities	189,918	187,227

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