

Toivo Group Plc's BUSINESS REVIEW 1 January–30 September 2023

CEO Markus Myllymäki
VP, finance Lauri Rekola



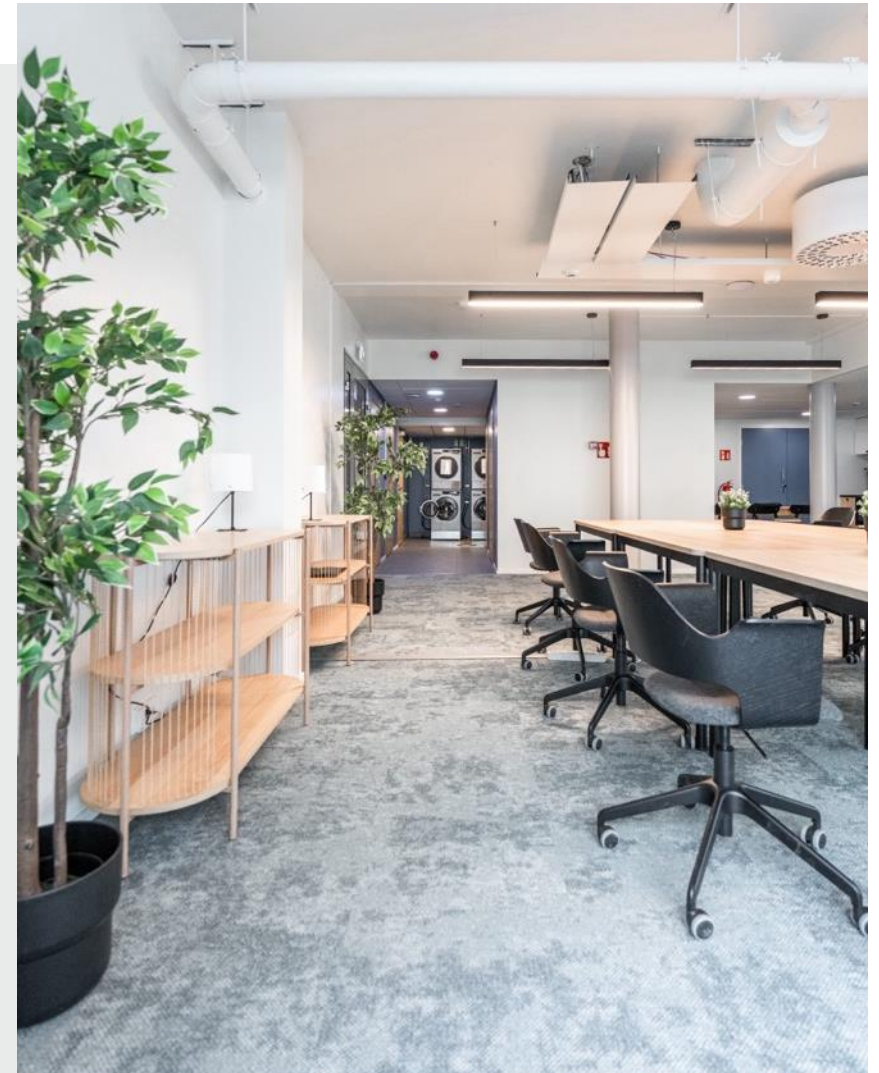
Event main points

- A brief look at the review period
- Q3/23 key figures
- Pilot project on community properties
- First special situation projects
- Strategy work
- Prospects for 2023



January–September 2023 in brief

- Revenue EUR 33.6 million (EUR 13.3 million), +153%
- Operating profit EUR 7.8 million (EUR 18.01 million), -57%
- **DEVELOPMENT:** Contracts for 50 (302) new apartments
- **CONSTRUCTION:** Construction of 76 (464) apartments was started
- **OWNERSHIP OF APARTMENTS:** 330 (309) apartments were completed
- The operating environment is challenging for housing developers, construction companies and property owners
- Occupancy rate 97.8%



Key figures*

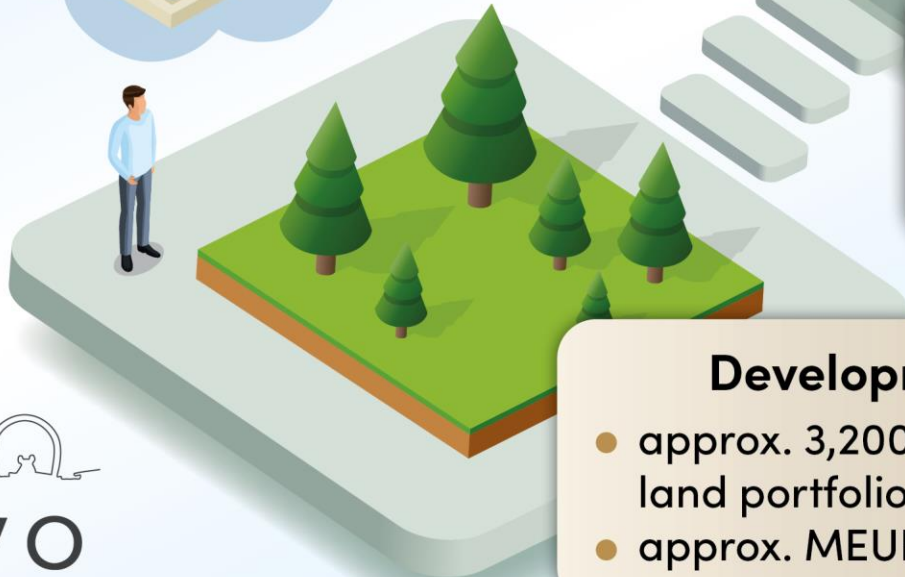
EUR thousand	1 January–30 September 2023	1 January–30 September 2022	change %
Revenue	33,619	13,283	153%
Operating profit	7,753	18,015	-57%
Profit or loss for the financial year	4,112	13,400	-69%
Earnings per share (EUR)	0.07	0.25	-70%
Fair value of investment properties	171,914	160,681	7%
Economic occupancy rate	97.8%	98.7%	-1%
Total equity	74,121	70,962	4%
Total assets	196,313	183,317	7%

* Unaudited

Toivo's

Business Model

● Situation 30 September 2023



Construction

- 245 apartments under construction
- approx. MEUR 50

Ownership

- 873 apartments for rent

Development

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

Ownership margin	Toivo's total margin
Construction margin	
Development margin	

Pilot project on community properties

Toivo is starting a pilot project on community properties. The pilot project is headed by M.Sc. (Eng.) Perttu Aikkila.

Toivo is interested in community properties:

Daycare centres

Retirement homes

Special housing

Cities' and municipalities' needs

More than 5 potential negotiations on community property projects are underway.

Why?

Community properties are one of the most defensive types of properties, because:

- A)** The leases are long
- B)** The leases are hedged against inflation
- C)** There is an enormous need for community properties
- D)** The need does not depend on the market.



First special situations in properties

Toivo's Special situations of properties unit started several discussions and negotiations on special situations of properties during autumn 2023.

The partners have typically been banks and pledgers of collateral.

We announced the first two special situations of properties projects through press releases on 2 October 2023 and 3 October 2023.

Toivo's special situations of properties projects :

6 apartments Helsinki

Location: Eastern Helsinki

Number of apartments: 6

Completion rate: Approx. 20%

Sales rate: 3/6

Apartment type: Semi-detached and detached houses

Completion: 9/2024

13 apartments Helsinki

Location: Eastern Helsinki

Number of apartments: 13

Completion rate: Approx. 55%

Sales rate: 12/13

Apartment type: Terraced house and semi-detached houses

Completion: 6/2024

Strategy work

STARTING POINTS

Market change

A strong market change commenced in 2022–2023.

Reaction kick-off

In autumn 2022, Toivo began to react to the market change.

Day-to-day business

Successful and timely strategic reaction and its management incorporated into day-to-day business.

RESULTS OF 12 MONTHS OF REACTING

Revenue +153%

Number of investment properties: +7%

Total assets: + 7%

Over 12 months, we have made new investments with extreme caution and begun to scale our cash flow businesses.

UPDATED STRATEGY

Work on the strategy has been in progress during autumn 2023.

We will publish the updated strategy and mid-term objectives **by the publication of the financial statements for 2023.**

Financial prospects

PROSPECTS FOR 2023

- The company expects the operating profit for the financial year of 1 January–31 December 2023 to be EUR 10–17 million.

FINANCIAL TARGETS 2021–2026

- The fair value of investment properties will be EUR 500 million by the end of 2026.
- Toivo's non-current net assets per share (Net asset value, NAV/share) will increase significantly every year.
- The loan to value (LTV) rate will be under 60%.
- Toivo will not pay dividends or only minimal dividends in the coming years as the potential profit from business will be invested in securing the continued growth of Toivo.

Thank you!



Markus Myllymäki

CEO

+358 (0)40 847 6206

markus.myllymaki@toivo.fi



Lauri Rekola

VP, finance

+358 (0) 44 543 2179

lauri.rekola@toivo.fi

Appendices

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Appendix 1. Key figures 30 September 2023

Group, EUR thousand	1–9/2023	1–9/2022	Change
Revenue	33,619	13,283	20,336
Lease income	5,094	2,604	2,490
Net lease income	3,792	1,851	1,941
Operating profit	7,753	18,015	-10,261
Cash flow before changes in working capital (Funds from Operations, FFO)	1,281	1,511	-230
Fair value of investment properties	171,914	160,681	11,233
Investments in investment properties	19,688	44,060	-24,372
Sales of investment properties	276	3,478	-3,202
Net debt with interest	99,285	89,212	10,073
Non-current net assets (Net asset value, NAV)	64,019	61,059	2,962
Loan to value (LTV), %	57.8%	55.5%	2.2%
Equity ratio	38.9%	39.2%	-0.3%
Non-current net assets per share, EUR	1.16	1.11	0.05
Increase in non-current net assets per share, %	4.4	59.3	
Earnings per share (EPS), EUR ¹⁾	0.07	0.25	-0.17
Occupancy rate, %	97.8%	98.7%	-0.9%
Total leasable apartment area, square metres	31,524	17,937	13,587
Other leasable area, square metres	14,893	16,189	-1,296

Group income 1–9/2023*

Consolidated income statement

EUR thousand	1 January–30 September 2023	1 January–30 September 2022
Revenue	33,619	13,283
Changes in the fair values of, and profit and loss on the disposal of, investment properties	2,789	15,269
Other operating income	-	-
Raw materials and services	-25,640	-8,465
Staff expenses	-837	-741
Depreciation, amortisation and reduction in value	-30	-30
Other operating expenses	-2,148	-1,300
Operating profit (loss)	7,753	18,015
Share of the result of associated companies	0	0
Financial income	24	42
Financial expenses	-2,289	-919
Net financial expenses	-2,265	-877
Profit (loss) before taxes	5,488	17,139
Current tax based on the financial year's taxable income	-522	-463
Deferred taxes, change	-854	-3,276
Income taxes, total	-1,376	-3,739
Financial year profit (loss)	4,112	13,400
Distribution of the profit (loss) of the financial year		
Parent company owners	4,063	13,353
Non-controlling interests	49	47

Group's statement of comprehensive income

EUR thousand	1 January–30 September 2023	1 January–30 September 2022
Financial year profit (loss)	4,112	13,400
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss	-	-
Currency translation differences	12	-22
Other comprehensive income for the financial year	12	-22
Total comprehensive income for the financial year	4,124	13,378
Distribution of total comprehensive income for the financial year		
Parent company owners	4,075	13,333
Non-controlling interests	49	47
Earnings per share (EPS), EUR	0.07	0.25
Non-cash flow based expenses associated with the share-based incentive system	-153	0

* Unaudited

Consolidated balance sheet 30 September 2023*

EUR thousand	30 Sep 2023	30 Sep 2022
ASSETS		
Non-current assets		
Investment properties	171,914	160,681
Right-of-use assets	12	24
Tangible assets	76	58
Intangible assets	16	167
Non-current receivables	712	0
Equity method investments	69	2
Deferred tax assets	148	248
Non-current assets, total	172,946	161,179
Current assets		
Inventories	12,222	9,526
Rent, trade and other receivables	7,063	7,500
Cash and cash equivalents	4,083	5,112
Current assets total	23,367	22,138
Investment properties available for sale		
Assets, total	196,313	183,317
EQUITY		
Share capital	1,000	1,000
Subordinated loans	17,280	16,943
Share premium account	17,983	18,061
Currency translation differences	-13	-24
Retained earnings	37,629	34,818
Equity belonging to the owners of the parent company	73,879	70,799
Non-controlling interests	242	163
Total equity	74,121	70,962

EUR thousand	30 Sep 2023	30 Sep 2022
LIABILITIES		
Non-current liabilities		
Financial institution loans	90,428	83,167
Lease liabilities	6,886	8,321
Loans granted to associates	2,500	-
Other financial liabilities and other non-current liabilities	447	1,311
Deferred tax liabilities	7,567	7,451
Non-current liabilities total	107,828	100,249
Current liabilities		
Financial institution loans	2,589	921
Lease liabilities	513	605
Loans granted to associates	4	-
Provisions	-	-
Trade and other payables	11,250	10,580
Deferred tax liabilities	7	
Current liabilities total	14,364	12,105
Liabilities, total	122,192	112,355
Liabilities associated with investment properties available for sale	-	-
Total equity and liabilities	196,313	183,317

* Unaudited

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