



Toivo Group Plc's FINANCIAL STATEMENT RELEASE 1 January–31 December 2023

**CEO Markus Myllymäki
CFO Samuli Niemelä**

28 February 2024



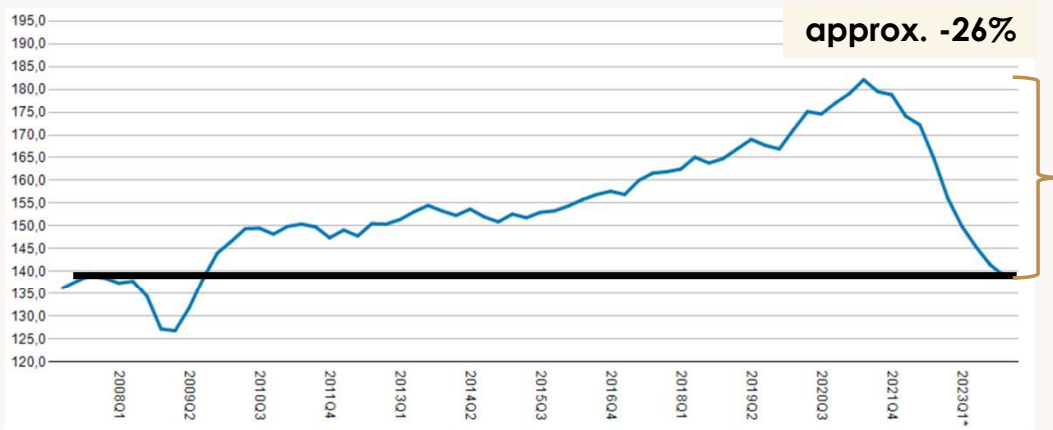
Event main points

- Operating environment
- Toivo in 2021–2023
- A brief look at the review period
- Q4/23 key figures
- Change in strategy
- New medium-term targets
- Prospects for 2024



The operating environment has been challenging

Real price index for old apartments in the Helsinki metropolitan area 2007–2023



Toivo's actions:

Securing cash flow:

- Financing
- Freezing investments
- Maintenance costs
- Fixed costs

Increasing cash flow:

- Self-developed housing production
- Project management contracting
- Property special situations
- Rent increases
- Pilot project on community properties

Lost 15 years in residential property investment.

The real values of apartments decreased by approximately 26% between Q3/2021 and Q4/2023.

Practical implications in 2022–2023

Challenge 1: The valuations of Toivo's properties have decreased by 25% in terms of real value. (Inflation => approx. 15% & decrease in nominal value => approx. 10%)

Challenge 2: The construction of new residential projects has practically come to a halt. It has been challenging to carry out new investments for the company itself and for other clients.

Toivo's responses in 2021–2023



* The change in the fair values of properties is the change in fair values arising from the yield requirement of properties.

Toivo's actions are reflected in the company's operating result and cash flow.

Market change in the change in the fair values of properties.

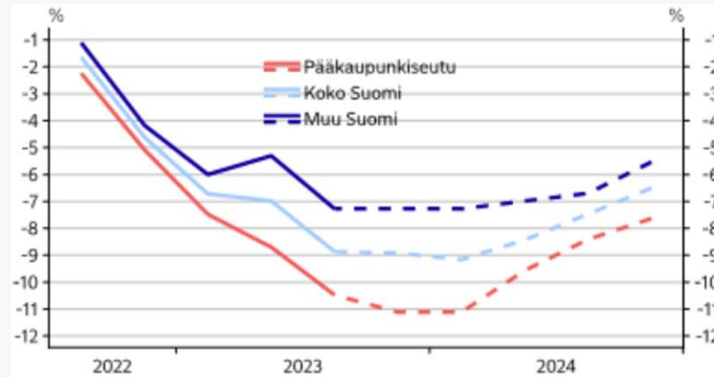
General outlook for 2024

12-month Euribor, history and forecast



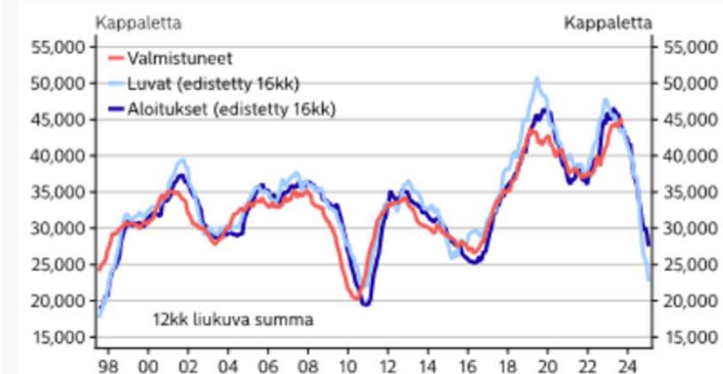
INTEREST RATES WILL DECREASE*

Development of the prices of old apartments from Q4/2022 onwards



PRICES WILL INCREASE*

Residential construction



RENTS WILL INCREASE IN THE HELSINKI METROPOLITAN AREA*

Unanswered questions in the market:

1. When will prices have recovered sufficiently for residential construction to resume?
2. When will prices have recovered sufficiently and interest rates decreased enough for the residential transaction market to get going in earnest?

* Source: Nordea, Blomberg, Tilastokeskus, Macrobond.

January–December 2023 in brief

- Revenue EUR 43.7 million (EUR 20.3 million), +115%
- Operating profit EUR -0.3 million (EUR 15.6 million)
- Operating profit without changes in values of investment properties EUR 10.5 million (EUR 22,0 million).
- **DEVELOPMENT:** Contracts for 126 (342) new apartments
- **CONSTRUCTION:** Construction of 118 (575) apartments was started
- **OWNERSHIP:** 377 (581) apartments were completed
- The operating environment is challenging for housing developers, construction companies and property owners
- Occupancy rate 97.0%



Key figures

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022	Change, %
Revenue	43,692	20,323	115%
Operating profit	-305	15,640	-102%
Operating profit without changes in values of investment properties	10,525	21,959	-52%
Profit or loss for the financial year	-4,364	12,143	-136%
Earnings per share (EUR)	-0.08	0.22	-136%
Fair value of investment properties	164,122	155,716	5%
Economic occupancy rate	97.0%	98.4%	-1%
Total equity	68,830	70,007	-2%
Total assets	192,132	187,694	2%

Capital efficiency



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

➔ **Toivo's change in strategy is a matter of using equity more efficiently.**

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

Develop, build, own/sell

Business strategy:

Development, construction, ownership/selling of apartments and community properties

Business volume:

EUR 100 million annual volume by the end of 2026

Target distribution:

Approximately 50% of the volume will be produced for the company itself
Approximately 50% of the volume will be produced for others

Selling:

Most of the company's own annual production will be sold.

Criteria for apartments:

- Only in the Helsinki metropolitan area, Turku and Tampere
- Energy efficiency class A
- Ordinary apartment buildings and area development projects
- Aligned with Toivo's concept and business model.

Criteria for community properties:

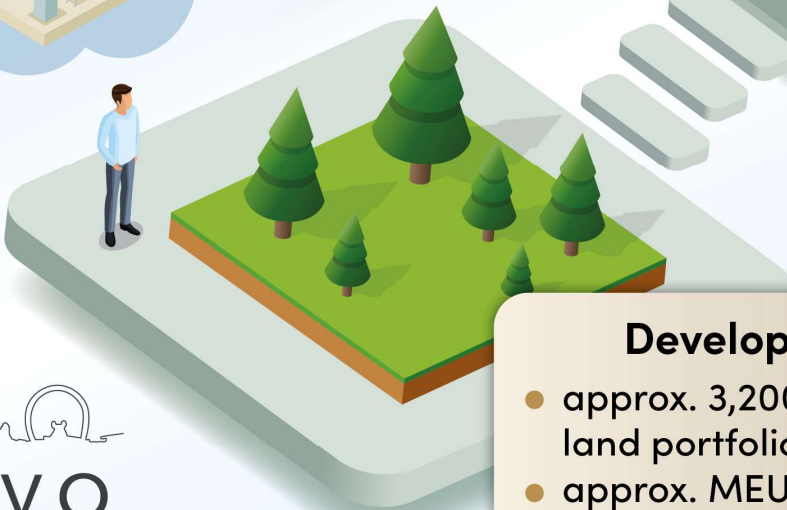
- Only long leases (over 10 years)
- For the best tenants in the industry
- Properties characterised by Toivo's expertise in building technology
- Aligned with Toivo's concept and business model.

Toivo's

Business Model

● Situation 31 December 2023

EUR 100 million/year: Apartments (Community properties)



Construction

- 240 apartments under construction
- approx. MEUR 48

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	



Changes to financial targets

OLD 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.

NEW FINANCIAL TARGETS 2023–2026

- Non-current net assets per share (Net asset value, NAV/share) will increase significantly every year.
- Operating profit without changes in values of investment properties 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. (Ca. EUR 63 million in 2023)
- Equity ratio more than 40 %.
- In dividend distribution, the company's investment needs and financial position will be taken into consideration.

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 2024–2026

- Non-current net assets per share (Net asset value, NAV/share) will increase significantly every year.
- Operating profit without changes in values of investment properties 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. (Ca. EUR 63 million in 2023).
- Equity ratio more than 40 %.
- In dividend distribution, the company's investment needs and financial position will be taken into consideration.

Thank you!



Markus Myllymäki

CEO

+358 (0)40 847 6206

markus.myllymaki@toivo.fi



Samuli Niemelä

CFO

+358 (0)50 430 3483

samuli.niemela@toivo.fi

Appendices



Appendix 1. Key figures, 31 December 2023

Group, EUR thousand	1-12/2023	1-12/2022	Change
Revenue	43,692	20,323	23,369
Lease income	7,205	3,914	3,291
Net lease income	5,383	2,975	2,408
Operating profit	-305	15,640	-15,945
Operating profit without changes in values of investment properties	10 525	21 959	- 11,434
Cash flow before changes in working capital (Funds from Operations, FFO)	1,721	1,582	139
Fair value of investment properties	164,122	155,716	8,406
Investments in investment properties	19,843	47,317	-27,474
Sales of investment properties	276	16,861	-16,585
Net debt with interest	102,687	92,306	10,381
Non-current net assets (Net asset value, NAV)	56,729	59,069	-2,340
Loan to value (LTV), %	62.6%	59.3%	3.3%
Equity ratio	36.47%	38.38%	-1.9%
Non-current net assets per share, EUR	0.97	1.07	-0.11
Increase in non-current net assets per share, %	-9.8	38.5	
Earnings per share (EPS), EUR ¹⁾	- 0.08	0.22	-0.30
Occupancy rate, %	97.00%	98.40%	-1.4%
Total leasable apartment area, square metres	34,052	22,501	11,551
Other leasable area, square metres	14,893	15,304	-411

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

28 February 2024



Group income 1–12/2023

Consolidated income statement

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Revenue	43,692	20,323
Changes in the fair values of, and profit and loss on the disposal of, investment properties	-7,107	12,373
Other operating income	-	-
Raw materials and services	-32,569	-13,692
Staff expenses	-1,198	-1,114
Depreciation, amortisation and reduction in value	-78	-51
Other operating expenses	-3,045	-2,199
Operating profit (loss)	-305	15,640
Share of the result of associated companies	-22	22
Financial income	73	405
Financial expenses	-3,931	-1,197
Net financial expenses	-3,857	-792
Profit (loss) before taxes	-4,184	14,870
Current tax based on the financial year's taxable income	-1,283	-138
Deferred taxes, change	1,103	-2,589
Income taxes, total	-180	-2,727
Financial year profit (loss)	-4,364	12,143
Distribution of the profit (loss) of the financial year		
Parent company owners	-4,426	12,066
Non-controlling interests	61	77

Group's statement of comprehensive income

EUR thousand	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Financial year profit (loss)	-4,364	12,143
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss	-	-
Currency translation differences	-2	-22
Other comprehensive income for the financial year	-2	-22
Total comprehensive income for the financial year	-4,367	12,121
Distribution of total comprehensive income for the financial year		
Parent company owners	-4,428	12,044
Non-controlling interests	61	77
Earnings per share (EPS), EUR	-0.08	0.22
Non-cash flow based expenses associated with the share-based incentive system	-292	0

Consolidated balance sheet 31 December 2023

EUR thousand	31 Dec 2023	31 Dec 2022	EUR thousand	31 Dec 2023	31 Dec 2022
ASSETS			LIABILITIES		
Non-current assets			Non-current liabilities		
Investment properties	138,382	155,716	Financial institution loans	80,730	81,947
Right-of-use assets	98	21	Lease liabilities	6,913	9,813
Tangible assets	146	65	Loans granted to associates	2,500	2,500
Intangible assets	10	14	Other financial liabilities and other non-current liabilities	463	400
Non-current receivables	209	556	Deferred tax liabilities	5,699	6,657
Equity method investments	48	69	Non-current liabilities total	96,305	101,317
Deferred tax assets	267	122	Current liabilities		
Non-current assets, total	139,159	156,564	Financial institution loans	3,738	2,589
Current assets			Lease liabilities	559	715
Inventories	13,278	15,025	Loans granted to associates	107	765
Rent, trade and other receivables	8,596	9,683	Provisions	-	-
Cash and cash equivalents	5,359	6,423	Trade and other payables	9,556	12,301
Current assets total	27,233	31,131	Deferred tax liabilities	-	-
Investment properties available for sale	25,740		Current liabilities total	13,960	16,371
Assets, total	192,132	187,694	Liabilities, total	110,264	117,687
EQUITY			Liabilities associated with investment properties available for sale	13,038	-
Share capital	1,000	1,000	Total equity and liabilities	192,132	187,694
Subordinated loans	17,280	17,280			
Share premium account	20,998	18,061			
Currency translation differences	-27	-25			
Retained earnings	29,325	33,498			
Equity belonging to the owners of the parent company	68,576	69,814			
Non-controlling interests	254	193			
Total equity	68,830	70,007			

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