



**Toivo Group Plc's  
Financial Statement Release  
1 January–31 December 2022**

# Toivo Group Plc's Financial Statement Release

## 1 January–31 December 2022: A strong result despite the market environment. Operating profit was EUR 15.6 (15.8) million. (Unaudited)

EUR thousand	1 January– 31 December 2022	1 January– 31 December 2021	change %
Revenue	20,323	13,574	50%
Operating profit	15,640	15,818	-1%
Profit or loss for the financial year	12,143	12,071	1%
Earnings per share (EUR)	0.22	0.24	-7%
Fair value of investment properties	155,716	97,649	59%
Economic occupancy rate	98.4%	98.9%	-1%
Total equity	70,007	54,420	29%
Total assets	187,694	121,054	55%

EUR thousand	1 October– 31 December 2022	1 October– 31 December 2021	change %
Revenue	7,040	2,454	187%
Operating profit	-2,375	5,891	-140%
Profit or loss for the financial year	-1,257	4,304	-129%
Earnings per share (EUR)	-0,02	0.08	-128%
Fair value of investment properties	155,716	97,649	59%
Economic occupancy rate	97.80%	99.50%	-2%
Total equity	70,007	54,420	29%
Total assets	187,694	121,054	55%

## FINANCIAL PERIOD 1 JANUARY–31 DECEMBER 2022 KEY EVENTS

- Operating profit EUR 15.6 (15.8) million.
- Contracts for building a total of 342 (985) apartments were signed during the period under review.
- 539 (575) apartment start-ups during the period under review.
- 581 (114) apartments were completed during the period under review.

## 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.



## CEO MARKUS MYLLYMÄKI

The company's operating profit in 2022 came to EUR 15.6 million, which includes the reduction in value of the company's residential real estate assets arising from a change in yield requirements, which was announced during the financial year. I am pleased with our result for the year. The balance sheet valuation of the company's real estate assets provides us a good financial starting point for the financial year 2023.

Toivo is a housing developer that focuses on the full value chain of residential real estate development, construction and ownership. Toivo develops, builds and owns its housing properties but can also implement one or more components of the value chain.

Toivo executes its business model primarily in the Helsinki metropolitan area in energy-efficient concrete apartment buildings and area development projects.

Toivo's strategy and business model were put to the test by the market forces in 2022. The war in Ukraine, inflation, the general development of costs and rising interest rates have created challenges for companies that develop, build and own housing. Our business model, which we operate with an agile organisation, has given us the opportunity to react to the changes in the market.

In 2022, our company focused on reacting to the operating environment while still keeping our eyes on the future. During the year, we applied a more specific approach to project choices, increased our cash flow business and sought cost savings in fixed expenses and investments.

The disciplined execution of our business model and reacting to the operating environment have produced good results. During the period under review, the company started two pre-sold projects with a total of 122 apartments.

The company looks to the future with a project development portfolio of 1,707 apartments, approximately 91% of which are located in the Helsinki metropolitan area. The company will implement these projects primarily as Energy Class A buildings with geothermal heating.



**DEVELOPMENT:** The challenging market conditions open up opportunities in development in particular, but we must be very cautious with new opportunities. In 2023, the company will select projects with particular care and analysis. The company has a strong project portfolio and projects will be started when the investment parameters are favourable for the company. During the period under review, the company signed an agreement on the development and acquisition of a total of 28 hectares of land in Espoo. The land in question has significant potential with regard to municipal land use planning.

**CONSTRUCTION:** During the fourth quarter, the company started two pre-sold projects with a total of 122 apartments. Significant attention is paid to the price and location of projects to be initiated. For new project start-ups, the aim is to tender the construction costs to lower them significantly.

**OWNERSHIP:** With regard to lease activities and management, Asuntomestarit® have succeeded well. The economic occupancy rate for the fourth quarter was 97.8%. Toivo's competitive, high-quality apartment product combined with the services of Asuntomestarit has proved its price-quality ratio in the challenging market.

Toivo's business is very capital-intensive, and an optimal financial structure is vital for the company. The company's equity ratio was 38.4% and the financial loan to value (LTV) rate of its properties was 59.3%.

I want to take this opportunity to thank everyone at Toivo for their excellent and disciplined work and for the growing number of customers who choose a Toivo home.

## NEW CONTRACTS 1 OCTOBER–31 DECEMBER 2022 (DEVELOPMENT)

One new contract was signed during the fourth quarter. The company signed an agreement on the development and acquisition of properties located in Espoo with a total area of 28 hectares. The agreement will be reported as part of Toivo's raw land portfolio. In the same agreement, the company agreed on a land area for which building permits can be sought for approximately 40 regional construction apartments. At the end of the period under review, the company held a project development portfolio of about 1,707 apartments and EUR 410 million. In addition, the company has a raw land portfolio of 1,513 apartments.

City	District	Apartment product	Number of apartments (estimate)
Espoo	Perusmäki	Regional construction	40
Espoo	Pitkäjärvi	Regional construction	approx. 700

## NEW SITES 1 OCTOBER–31 DECEMBER 2022 (CONSTRUCTION)

In the fourth quarter, the company signed agreements on two pre-sold projects: an apartment building with 72 apartments in Vantaa's Aviapolis district and an apartment building with 50 apartments in the Järvenpää city centre.

Site	District	Apartment product	Apartment qty	Completion	Energy efficiency class A
Vantaa	Aviapolis	Apartment building	72	12/2023	Yes
Järvenpää	City centre	Apartment building	50	12/2023	Yes

## COMPLETED SITES 1 OCTOBER–31 DECEMBER 2022 (OWNERSHIP)

Four new residential sites were completed during the fourth quarter. Koy Toivo Studios is the first project under the Toivo Studios concept. \*A total of 50 apartments were completed in 12/2022. As Oy Espoon Wood & Terrace and As Oy Espoon Rock together comprise 101 apartments. As Oy Helsingin Piippuhylly is a developed-for-sale project with 10 apartments completed in 12/2022.

Site	District	Apartment product	Apartment qty	Completion	Energy efficiency class A
Koy Toivo Studios, Espoo	Leppävaara	Apartment building	101*	12/2022	
As Oy Espoon Wood & Terrace	Saunalahti	Apartment building	62	11/2022	Yes
As Oy Espoon Rock	Saunalahti	Apartment building	39	11/2022	Yes
As Oy Helsingin Piippuhylly	Vuosaari	Terraced house	10	12/2022	

## OTHER ACTIVITIES 1 OCTOBER–31 DECEMBER 2022

- Two new companies were established during the review period.
- On 3 November 2022, the company announced that it had signed an agreement for the development of a total of 28 hectares of land in Espoo.
- On 25 November 2022, the company announced a reduction in its guidance due to a change in market yield requirements.
- On 29 December 2022, the company announced the composition of the Shareholders' Nomination Committee, consisting of Raatihuone Oy, represented by Asko Myllymäki; Heuke Oy, represented by Urho Myllymäki; and M.H. Korporaatio Oy, represented by Tuomas Hemmilä.
- The company's number of personnel decreased by two persons.

## EVENTS AFTER THE PERIOD UNDER REVIEW

There have been no significant events after the end of the review period.



## STRONG PROJECT DEVELOPMENT PORTFOLIO

During the period 2019–2022, Toivo has put together a strong project development portfolio that comprises approximately 1,707 apartments. Of the apartments, approximately 629 are in the planning stage and 1,078 are in the municipal planning stage. Toivo also has a raw land portfolio with a municipal land use planning potential of approximately 1,513 apartments. The municipal planning processes will begin within the next few years. The project development portfolio secures Toivo's land needs to a very good extent for the period 2023–2030.

Of the project development portfolio and raw land portfolio, 44% is located in Espoo, 34% in Helsinki, 14% in Vantaa and 8% in Nurmijärvi.

Location	Status	City	Estimated number of apartments	Estimated time of construction
Ramsinranta	Planning	Helsinki	84 apartments	2023 – 2024
Aviapolis	Planning	Vantaa	294 apartments	2023 – 2024
Kilo	Planning	Espoo	85 apartments	2023 – 2024
Vartiokylä	Planning	Helsinki	31 apartments	2023 – 2024
Malmi	Planning	Helsinki	95 apartments	2023 – 2024
Gobbacka	Planning	Espoo	40 apartments	2024 – 2025
Pukinmäki	Municipal planning	Helsinki	84 apartments	2024 – 2025
Puistola	Municipal planning	Helsinki	85 apartments	2024 – 2025
Kannelmäki	Municipal planning	Helsinki	130 apartments	2024 – 2026
Savela	Municipal planning	Helsinki	28 apartments	2024 – 2026
Puotila	Municipal planning	Helsinki	271 apartments	2025 – 2026
Pohjois-Suurpelto	Municipal planning	Espoo	250 apartments	2025 – 2026
Itäkeskus	Municipal planning	Helsinki	230 apartments	2026 – 2027
Myllypuro	Raw land	Helsinki	58 apartments	2027 ->
Vanhakartano	Raw land	Espoo	360 apartments	2027 ->
Klaukkala	Raw land	Nurmijärvi	250 apartments	2027 ->
Pitkäjärvi	Raw land	Espoo	700 apartments	2027 ->
Vaarala	Raw land	Vantaa	145 apartments	2027 ->



## PREPARING FOR THE CHANGES IN THE OPERATING ENVIRONMENT

In 2022–2023, the most significant changes to the operating environment of housing development, construction and investing have been rising inflation, higher interest costs, increased construction costs, the changing housing market in Sweden, the declining volume of construction, and costs.

In early 2022, the company started to prepare for these changes in the operating environment and will continue to prepare in 2023 with the following actions:

**Specific project selection:** The company will mainly build housing in Helsinki, Espoo and Vantaa.

**Pre-sold projects:** In 2022, the company closed pre-sold projects for 2023 totalling approximately EUR 30 million and they are expected to generate a profit margin of approximately EUR 2–4 million. The company is also engaged in multiple negotiations regarding projects starting in 2023.

**Construction costs:** The company will put construction costs up to tender with an ambitious approach in 2023. The company aims to take advantage of the cost benefits arising from declining volumes.

**Cost savings:** The company has sought, and continues to seek, cost savings in fixed expenses and housing companies' maintenance charges.

**Additional sources of income:** The company will seek additional cash flow from new concepts and services offered to customers.

**Rent increases:** At the turn of 2022–2023, the company increased rents in its housing portfolio by approximately 4.5 per cent and aims to increase rents by approximately 5 per cent in 2023.

**Project starts:** The company will exercise discretion in starting new rental housing projects in the current business and interest rate environment.

As residential construction volumes decline, the residential construction market will also present opportunities. The company has observed significant changes in terms of declining contracting prices, labour availability and the availability of planning resources. Rental housing is growing in popularity as people postpone their decision to buy a home. As the supply of housing declines, demand and supply will be better balanced when the volume of completed apartments in housing construction declines.



## ECONOMIC OPERATING ENVIRONMENT

Finland's GDP increased by an estimated 1.9% in 2022 but is expected to turn to a decline of -0.2% in 2023. Consumer price inflation had accelerated to over 9% by December 2022. Although the rapid increase in consumer prices is largely due to the increase in energy prices, the number of increasing prices in the consumer price index exceeds the number of decreasing prices tenfold. Consumer price inflation is very wide-ranging, and prices in all commodity prices are increasing rapidly. GDP growth will slow to approximately 1% in 2023–2026. (Source: Ministry of Finance, Economic Survey, winter 2022)

The development of apartments in the construction sector has been exceptionally high in 2018–2020, with the construction of up to 44,600 new apartments beginning every year. The number of new residential project start-ups and building permits began to decrease sharply in 2022 and will decline further in 2023. (Source: The Confederation of Finnish Construction Industries RT sectoral report October 2022)

Interest rates began to rise in 2022 and have continued to increase in 2023. The 12-month Euribor rate is now positive after remaining negative for several years and is currently at approximately 3.5%. With regard to interest rates in 2023, the focus is on the European Central Bank's key interest rate and how it controls potential inflation. (Source: Ministry of Finance, Economic Survey, winter 2022, Bank of Finland statistics 12 February 2023)

## REVIEW OF FINANCES

### Development of finances

The Group's revenue was EUR 20.3 (13.6) million and it increased by 50% when compared to the reference period (1 January–31 December 2021). Changes in the fair values and the profit and loss on the disposal of investment properties were EUR 12.4 (13.3) million. The change in the fair values of investment properties was smaller than in the reference period due to a change in the development of the values of apartments. The development margin of properties has remained at a good level and in line with the company's goals.

At the end of the period under review, the company had 591 apartments, 46 leased plots/real estate units and 2 commercial properties generating rental cash flow.

The maintenance costs of properties were EUR -0.94 (-0.69) million. The maintenance costs of properties were 36% higher than in the reference period, mainly due to the increase in the number of apartments.

Staff expenses were EUR -1.1 (-1.1) million, representing growth of 5%. The increase is due to higher wages.

Operating profit was EUR 15.6 (15.8) million, representing a decrease of 1%.

Net financial income and expenses were EUR -0.8 (-0.7) million. The financial year's current income tax was EUR -0.14 (-0.76) million and, largely due to the changes in the fair values of properties, the deferred tax was EUR -2.6 (-2.3) million.

The net profit of the period under review was EUR 12.1 (12.1) million, representing growth of 1% when compared to the reference period. Earnings per share were EUR 0.22 (0.24).

## INVESTMENTS

The consolidated balance sheet total at the end of the period was EUR 187.7 (121.1) million, an increase of 55% compared to the reference period. During the period, investments worth a total of EUR 47.3 (34.0) million in acquisition value were made in properties.

## FINANCING

At the end of the period, the company's interest-bearing liabilities amounted to EUR 88.2 (51.4) million.

The company's financing position was good throughout the period under review. The company's sources of finance consisted of cash, drawn investment loans, investment loans to be drawn according to loan agreements and commercial paper to be issued according to the business programme. Commercial paper (EUR 50 million) remained unused throughout the period.

## PROPERTY SITES AND CONTRACTS

By 31 December 2022, the company had 591 apartments, 46 leased plots/real estate units and 2 commercial properties. An additional 10 properties with a total of 371 apartments were also being built. Four projects were completed in full or in part during the period under review: Koy Toivo Studios (101 apartments), As Oy Espoon Wood & Terrace (62 apartments), As Oy Espoon Rock (39 apartments) and As Oy Helsingin Piippuhylly (10 apartments).

With the exception of three sites, all residential sites are located in the Helsinki metropolitan area. The sites under construction are located in the Helsinki metropolitan area and Tampere.

## PERSONNEL AND MANAGEMENT

The average number of Toivo's personnel between 1 January and 31 December 2022 was 42 people. At the end of the period, Toivo employed 40 people.

The management group of Toivo consists of CEO Markus Myllymäki, CFO Samuli Niemelä, Director of Finance and Risk Management Aleksi Kallio, Director of Real Estate Development Tuomas Hemmilä, Construction Director Heikki Myllymäki and Director of Building Urho Myllymäki.

## 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.

## ASSESSMENT OF OPERATIONAL RISKS AND UNCERTAINTIES

### Operational risks

Operational risks include the dependency on the expertise of key personnel. It is important that the key personnel will remain at the company. Success is largely based on the skills of the company's management and employees. Recruiting skilled employees to the company poses a potential challenge. The company conducts employee satisfaction surveys regularly a few times a year.

### Financial risks

Financial risks include, for example, risks related to interest rates and the availability and adequacy of financing. During the period under review, the company managed to secure the financing it required for the sites under construction. The Group's solvency was good during the period of 1 January–31 December 2022. The cash flow is enough to cover the Group's running costs and debt management costs (repayments + interest). The company's rental income involves a risk that its customers may be unable to carry out their duties. The company's lease agreements (regarding apartments) typically include a security deposit equal to the rent of 1 month, which reduces the risk of the company facing loss of income. The agreements for leased plots include a priority mortgage equal to the rent of 2–3 years. This also considerably reduces the risk of loss of income.

### Damage risks

The company estimates that it has secured adequate insurance coverage required in the industry. All properties are insured with full value insurance, which includes a coverage for interruption in lease income. The company has valid indemnity insurance.

### Financial risks related to operations

The company estimates that the risks and uncertainties of the current financial year are largely related to the development of Finnish economy. The development of the economy is reflected in the housing and financing markets. These factors may affect Toivo's result and cash flow.

For example, the development of Finnish economy, higher interest rates or new demands on returns from property investors may cause fluctuation in the prices of apartments, which may in turn affect the fair value of the Group's property portfolio.

The supply of rental apartments may grow locally in Toivo's key operating areas and this fluctuation in supply and demand may affect the turnover rate of Toivo's tenants or economic occupancy rate and, consequently, the company's lease income. The project development portfolio involves risks related to financing, zoning and building permits, for example.

### Geopolitical risks and war in Ukraine

The company estimates that the strong geopolitical risks that emerged during 2022 will be reflected in the residential and financial markets. These factors may affect Toivo's result and cash flow.

The geopolitical situation can have impacts on inflation, interest rate hikes, availability and price of materials, availability of labour or changes in the yield requirements of apartments. This may cause fluctuation in the prices of apartments, which may in turn affect the fair value of the Group's property portfolio.

## SHARES AND SHAREHOLDERS

### Issued shares and ordinary shares

The average number of issued shares during the financial year 2022 was 54,090,884 (49,790,126) and, at the end of the financial year on 31 December 2022, the number of shares was 54,986,226 (53,086,226).

### Shareholders

A total of 54,986,226 Toivo Group Plc shares were entered in the trade register on 31 December 2022. On 31 December 2022, Toivo had a total of 2,189 shareholders.

## BOARD OF DIRECTORS PROPOSAL REGARDING THE PROFIT OF THE FINANCIAL YEAR

The Board of Directors proposes that the parent company's profit for the financial year EUR 101,960.20 is transferred to the retained earnings/loss account. The Board of Directors proposes that no dividend is distributed.

The company's financial position has not changed substantially since the end of the fiscal year.

## ANNUAL GENERAL MEETING 31 MARCH 2022

- The Annual General Meeting of Toivo Group Plc was held in Helsinki on 31 March 2022. The Annual General Meeting approved the company's financial statement, annual report and audit report for 2021.
- The Annual General Meeting approved the proposal of the Board of Directors that no dividends are paid out and that the profit indicated by the balance sheet remains unrestricted equity.
- The Annual General Meeting discharged the members of the Board of Directors and the CEO from liability for the financial year 1 January–31 December 2021.
- The Annual General Meeting decided to appoint new members to the Board of Directors. Asko Myllymäki, Harri Tahkola, Petri Kärkkäinen and Tomi Koivukoski were reappointed as members of the Board of Directors. In its first meeting immediately after the Annual General Meeting, the Board of Directors appointed Asko Myllymäki Chairman of the Board.
- The Board of Directors decided that KPMG Oy Ab, authorised public accountants, be re-elected as the company's auditor for the term ending at the close of the next Annual General Meeting. KPMG Oy Ab has announced that it will appoint Timo Nummi, APA, as the auditor with principal responsibility.
- The Annual General Meeting resolved to authorise the Board of Directors to decide on the repurchase and/or on the acceptance as a pledge of, at most, 5,308,622 of the company's own shares in accordance with the proposal of the Board of Directors. The proposed number of shares corresponds to approximately ten (10) per cent of the company's total share capital. Own shares may be repurchased on the basis of this authorisation only by using unrestricted equity. The authorisation is effective until the end of the next Annual General Meeting; however, no longer than until 30 June 2023.

- The Annual General Meeting resolved to authorise the Board of Directors to decide on the issue of shares and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act in accordance with the proposal of the Board of Directors. The number of own shares to be issued may not exceed 20,000,000 shares, which corresponds to approximately 38 per cent of the company's total share capital. The authorisation is effective until the end of the next Annual General Meeting; however, no longer than until 30 June 2023.

## EXTRAORDINARY GENERAL MEETING 2022

Toivo Group Plc's Extraordinary General Meeting was held on 31 August 2022 in Helsinki. The General Meeting adopted the Board of Directors' proposal to add the option for attending a general meeting remotely or entirely without a physical meeting place to the Articles of Association.

The general meeting adopted the proposal of the shareholders' nomination committee that the number of board members is five (5).

The general meeting decided, in accordance with the proposal of the shareholders' nomination committee, that Jonna Toikka will be elected as a ordinary member of the company's board.

## FINANCIAL DISCLOSURES AND ANNUAL GENERAL MEETING

12 May 2023	Business review Q1/2023
9 August 2023	Half-year review H1/2023
8 November 2023	Business review Q3/2023

The Annual General Meeting of Toivo Group Plc is scheduled for Thursday 12 April 2023. The company's Board of Directors will issue a notice of the Annual General Meeting separately.

The company will publish the Group's annual report and financial statements for 2022 on Wednesday 16 March 2023 at about 9:00 a.m. in the form of a release. The annual report and financial statements will be attached to the release and will subsequently be available on the company's website at [investors.toivo.fi/en](https://investors.toivo.fi/en).

## MEDIA AND ANALYST CONFERENCE

A public media and analyst conference in Finnish will be held on 28 February 2023 at 10:00 as a webcast. Use the following link to join the webcast:

<https://toivo.videosync.fi/h2-2022-tulos>.

The review will be presented by CEO Markus Myllymäki, Director of Real Estate Development Tuomas Hemmilä and CFO Samuli Niemelä. The presentation materials will be published later at: [sijoittajille.toivo.fi](https://sijoittajille.toivo.fi) ja [sijoittajille.toivo.fi/en](https://sijoittajille.toivo.fi/en).

**Helsinki, 28 February 2023**

**Toivo Group Plc**  
Board of Directors

# CONSOLIDATED INCOME STATEMENT

EUR thousand	1 January– 31 December 2022	1 January– 31 December 2021
Revenue	20,323	13,574
Changes in the fair values of investment properties and gains and losses on the disposal of investment properties	12,373	13,252
Other operating income	-	4
Raw materials and services	-13,692	-8,475
Staff expenses	-1,114	-1,060
Depreciation, amortisation and reduction in value	-51	-68
Other operating expenses	-2,199	-1,409
<b>Operating profit (loss)</b>	<b>15,640</b>	<b>15,818</b>
<b>Share of the result of associated companies</b>	<b>22</b>	
Financial income	405	18
Financial expenses	-1,197	-703
<b>Net financial expenses</b>	<b>-792</b>	<b>-685</b>
<b>Profit (loss) before taxes</b>	<b>14 870</b>	<b>15 133</b>
Current tax based on the financial year's taxable income	-138	-756
Deferred taxes, change	-2,589	-2,306
Income taxes, total	-2,727	-3,062
<b>Financial year profit (loss)</b>	<b>12,143</b>	<b>12,071</b>
<b>Distribution of the profit (loss) of the financial year</b>		
Parent company owners	12,066	11,918
Non-controlling interests	77	153
<b>THE GROUP'S STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>Financial year profit (loss)</b>	<b>12,143</b>	<b>12,071</b>
<b>Other comprehensive income</b>		
Items that may be subsequently reclassified to profit or loss	-	-
Currency translation differences	-22	-1
<b>Other comprehensive income for the financial year</b>	<b>-22</b>	<b>-1</b>
<b>Total comprehensive income for the financial year</b>	<b>12,121</b>	<b>12,070</b>
<b>Distribution of total comprehensive income for the financial year</b>		
Parent company owners	12,044	11,917
Non-controlling interests	77	153
Earnings per share (EPS), EUR	0.22	0.24

# CONSOLIDATED BALANCE SHEET

EUR thousand	31 December 2022	31 December 2021
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	155,716	97,649
Right-of-use assets	21	16
Tangible assets	65	61
Intangible assets	14	45
Financial assets		
Non-current receivables	556	
Deferred tax assets	122	57
<b>Non-current assets, total</b>	<b>156,564</b>	<b>97,828</b>
<b>Current assets</b>		
Inventories	15,025	4,808
Rent, trade and other receivables	9,683	3,143
Cash and cash equivalents	6,423	15,275
<b>Current assets total</b>	<b>31,131</b>	<b>23,226</b>
Investment properties available for sale		
<b>Assets, total</b>	<b>187,694</b>	<b>121,054</b>
<b>EQUITY</b>		
Share capital	1,000	1,000
Subordinated loans	17,280	16,921
Share premium account	18,061	14,529
Currency translation differences	-25	-2
Retained earnings	33,498	21,726
<b>Equity belonging to the owners of the parent company</b>	<b>69,814</b>	<b>54,175</b>
Non-controlling interests	193	245
<b>Total equity</b>	<b>70,007</b>	<b>54,420</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial institution loans	81,947	46,125
Lease liabilities	9,813	4,105
Loans granted to associates	2,500	-
Other financial liabilities and other non-current liabilities	400	1,263
Deferred tax liabilities	6,657	3,972
<b>Non-current liabilities total</b>	<b>101,317</b>	<b>55,466</b>
<b>Current liabilities</b>		
Financial institution loans	2,589	971
Lease liabilities	715	26
Loans granted to associates	765	3,000
Provisions	-	123
Trade and other payables	12,301	7,049
Deferred tax liabilities	-	
<b>Current liabilities total</b>	<b>16,371</b>	<b>11,169</b>
<b>Liabilities, total</b>	<b>117 687</b>	<b>66 634</b>
Liabilities associated with investment properties available for sale	-	-
<b>Total equity and liabilities</b>	<b>187,694</b>	<b>121,054</b>

# STATEMENT OF CASH FLOWS

EUR thousand	1 January– 31 December 2022	1 January– 31 December 2021
<b>Cash flows from operating activities</b>		
Profit for the financial year	12,143	12,071
<i>Adjustments:</i>		
Change in fair value and gains on disposal	-12,373	-13,252
Depreciation	51	68
Finance income and cost	792	685
Result of associated company	-22	-
Income tax expense	2,727	3,062
Cash flows before changes to net working capital and financial items	3,318	2,634
Change in net working capital:		
Increases (-)/decreases (+) to trade receivables	-8,507	-280
Increases (-)/decreases (+) to inventories	-8,311	-4,308
Increases (+)/decreases (-) to current non-interest-bearing liabilities	5,628	941
Cash flow from operating activities before financial items and taxes	-7,872	-1,013
Interest paid	-1,603	-643
Interest received	33	5
Income tax paid	-133	-277
<b>Net operating cash flow (A)</b>	<b>-9,575</b>	<b>-1,928</b>
<b>Investing cash flows</b>		
Investments in investment properties	-47,317	-34,002
Acquisitions of tangible assets	-104	-28
Acquisitions of intangible assets	-	-
Proceeds from the disposal of tangible assets	64	137
Proceeds from the disposal of intangible assets	-	17
Investments in associated companies	-48	-
Sale of subsidiaries less acquired cash	-191	-
Sales of investment properties	8,124	3,980
<b>Investing cash flow (B)</b>	<b>-39,472</b>	<b>-29,896</b>
<b>Cash flows from financing activities</b>		
Proceeds from subordinated loans	22	1,260
Initial public offering	-	14,529
Proceeds from shares issued	3,531	1,147
Proceeds from financing loans	56,267	37,276
Proceeds from other borrowings	5,787	4,260
Repayments of borrowings	-18,876	-13,857
Repayments of other borrowings	-6,299	-411
Repayments of lease liabilities (IFRS 16)	-239	-258
<b>Net financing activity cash flow (C)</b>	<b>40,195</b>	<b>43,946</b>
<b>Changes in cash flows (A+B+C)</b>	<b>-8,852</b>	<b>12,121</b>
<b>Cash and cash equivalents and bank overdrafts at beginning of year</b>	<b>15,275</b>	<b>3,154</b>
<b>Cash and cash equivalents and bank overdrafts at end of year</b>	<b>6,423</b>	<b>15,275</b>



# CHANGES IN EQUITY

## Equity attributable to owners of the parent company

EUR thousand	Ordinary shares	Subordinated loans	Share premium reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
<b>Equity 1 January 2022</b>	1,000	16,921	14,529	-2	21,726	54,175	245	54,420
<b>Comprehensive income</b>								
Financial year profit (loss)					12,066	12,066	77	12,143
Restatements to retained earnings of previous financial years					-121	-121		-121
Other comprehensive income				-22		-22		-22
<b>Total comprehensive income for the financial year</b>	-	-	-	-22	11,945	12,044	77	12,121
<b>Transactions with owners</b>								
Increase in subordinated loans		359				359		359
Subordinated loan interests					-173	-173		-173
Proceeds from shares issued			3,531			3,531		3,531
Changes in non-controlling interests						-	-129	-129
<b>Transactions with owners total</b>	-	359	3,531	-	-173	3,716	-129	3,587
<b>Equity 31 December 2022</b>	1,000	17,280	18,061	-25	33,498	69,814	193	70,007

## Equity attributable to owners of the parent company

EUR thousand	Ordinary shares	Subordinated loans	Share premium reserve	Translation differences	Retained earnings	Total	Non-controlling interests	Equity total
<b>Equity 1 January 2021</b>	1,000	15,661	-	-1	10,537	27,197	92	27,290
<b>Comprehensive income</b>								
Financial year profit (loss)					11,918	11,918	153	12,071
Restatements to retained earnings of previous financial years					-1,673	-1,673		-1,673
Other comprehensive income				-1		-1		-1
<b>Total comprehensive income for the financial year</b>	-	-	-	-1	10,245	10,244	153	10,396
<b>Transactions with owners</b>								
Increase in subordinated loans		1,260				1,260		1,260
Subordinated loan interests					-190	-190		-190
Proceeds from shares issued			14,529		1,147	15,676		15,676
Changes in non-controlling interests						-	0	0
<b>Transactions with owners total</b>	-	1,260	14,529	-	957	16,746	0	16,747
<b>Equity 31 December 2021</b>	1,000	16,921	14,529	-2	21,726	54,175	245	54,420

# CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## BASIC INFORMATION ABOUT THE GROUP

Toivo Group Plc (hereinafter referred to as “Toivo” or “the Group”) is a Finnish limited liability company, established in 2015 in accordance with Finnish legislation (Business ID 2687933-2). The company’s domicile is Helsinki and its registered address is Gransinmäki 6, 02650 Espoo. The parent company Toivo Group Plc was listed on Nasdaq First North Growth Market Finland in summer 2021.

Toivo is a Finnish operator specialising in real estate development and property ownership. The Group’s mission is to transform the value chain of real estate properties and create a differentiated business model. Our investment portfolio comprises housing, plots of land and commercial properties.

The Board of Directors of Toivo Group Plc approved this financial statement release for publication on 27 February 2023. Pursuant to the Finnish Limited Liability Companies Act, shareholders have the opportunity to adopt or reject the financial statements at the General Meeting of Shareholders held after their publication. The General Meeting of Shareholders may also decide to amend the financial statements.

During the financial year 2022, Toivo Group Plc sold seven subsidiaries and established or acquired 19 subsidiaries.

## ACCOUNTING POLICIES

### Basis for preparation

This financial statement release has been prepared in accordance with the IAS 34 Interim Financial Reporting standard and by applying the same accounting policies as in the previous annual financial statements. The figures in the financial statement release have not been audited.

The figures for 2022 are based on Toivo Group Plc’s audited financial statements for 2022. The figures in brackets refer to the corresponding period in 2021, and the comparison period is the corresponding period in the previous year, unless otherwise indicated.

The preparation of the financial statement release in accordance with the IFRS standards requires Toivo’s management to apply estimates and assumptions that affect the reported amounts of assets and liabilities on the balance sheet date and the reported amounts of income and expenses for the period. Toivo’s management also needs to exercise judgement with regard to the application of the accounting policies. Actual results may differ from the estimates and assumptions used. The most significant area in which the management has exercised judgement in the preparation of this financial statement release is the fair value measurement of investment properties. The COVID-19 pandemic and the war in Ukraine may have exceptional impacts on the housing and financial markets. These factors may have an impact on Toivo’s result and cash flow as well as the fair value of housing properties.

## RELATED PARTY TRANSACTIONS

### Transactions and open balances with related parties

Transactions with, receivables from and liabilities to related parties are as follows:

EUR thousand	Sales	Purchases	Interest expenses	Interest income	Receivables	Liabilities
<b>Financial year 2022 / 31 December 2022</b>						
Key management personnel	14	-17	-70	-	-	17,258
Associated companies	9,261	-	-	76	3,236	1
Parent company Raatihuone Oy	-	-	-104	-	-	2 500
<b>Total</b>	<b>9,275</b>	<b>-17</b>	<b>-173</b>	<b>76</b>	<b>3,236</b>	<b>19,759</b>

EUR thousand	Sales	Purchases	Interest expenses	Interest income	Receivables	Liabilities
<b>Financial year 2021 / 31 December 2021</b>						
Key management personnel	-	-4	-70	-	-	16,921
Associated companies	9,457	-	-	-	1,062	-
Parent company Raatihuone Oy	-	-	-97	-	-	3,000
<b>Total</b>	<b>9,457</b>	<b>-4</b>	<b>-167</b>	<b>-</b>	<b>1,062</b>	<b>19,921</b>

## REVENUE BREAKDOWN

EUR thousand	2022	2021
Lease income	3,914	2,667
Project management contracting	2,872	9,483
Real estate development services	538	300
Sales of properties	12,817	1,100
Other sales	182	25
<b>Total</b>	<b>20,323</b>	<b>13,574</b>

## INVESTMENT PROPERTIES

EUR thousand	2022	2021
Fair value of investment properties, 1 January	97,649	57,021
Purchases during the financial year	60,993	42,473
Capitalised borrowing costs	-671	371
Sales during the financial year	-17,624	-12,085
Other transfers	-	-11,063
Right-of-use assets (leased plots of land)	2,907	4,015
Change in fair values	12,463	16,917
<b>Fair value of investment properties, 31 December</b>	<b>155,716</b>	<b>97,649</b>

## GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	Loans taken from financial institutions	
	2022	2021
Loans guaranteed by mortgages, shares or other guarantees	96,848	49,453
Mortgages given	142,792	102,305
Shares pledged	40,867	21,286
Directly enforceable guarantees	76,522	44,134
<b>Guarantees total</b>	<b>260,182</b>	<b>167,725</b>

## KEY FIGURES

Group, EUR thousand	1-12/2022	1-12/2021	Change
Revenue	20,323	13,574	6,749
Lease income	3,914	2,676	1,238
Net lease income	2,975	1,979	996
Operating profit	15,640	15,818	-179
Cash flow before changes in working capital (Funds from Operations, FFO)	1,582	1,714	-132
Fair value of investment properties	155,716	97,649	58,067
Investments in investment properties	47,317	34,002	13,315
Sales of investment properties	16,861	12,085	4,776
Net debt with interest	92,306	40,215	52,091
Non-current net assets (Net asset value, NAV)	59,069	41,169	17,900
Loan to value (LTV), %	59.3%	41.2%	18.1%
Equity ratio	38.38%	45.3%	-6.9%
Non-current net assets per share, EUR	1.07	0.78	0.30
Increase in non-current net assets per share, %	38.5	158.5	
Earnings per share (EPS), EUR 1)	0.22	0.24	-0,02
Occupancy rate, %	98.40%	98.9%	-0.5%
Total leasable apartment area, square metres	22,501	6,776	15,725
Other leasable area, square metres	15,304	17,784	-2,480

<sup>1)</sup> 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

# KEY FIGURE CALCULATION FORMULAE

Key figure	Definition
Net lease income	= Lease income - Maintenance costs
Cash flow before changes in working capital (Funds from Operations, FFO)	= Cash flows before changes to net working capital and financial items - Interest paid - Income tax expense
Fair value of investment properties	= Investment properties + Investment properties available for sale
Gross investments in investment properties	= Acquisition cost-based gross investments
Sales of investment properties	= Investment properties sold at fair value
Net debt with interest	= Financial institution loans + Lease liabilities + Loans to related parties + Loans related to investment properties available for sale + Other financial liabilities and other non-current liabilities - Cash and cash equivalents
Non-current net assets (Net asset value, NAV)	= Equity attributable to the owners of the parent company - Subordinated loans + Deferred tax liabilities - Deferred tax assets
Loan to value (LTV) rate	= $\frac{\text{Net debt with interest}}{\text{Fair value of investment properties}}$
Equity ratio	= $\frac{\text{Total equity}}{(\text{Assets total} - \text{Deferred revenue})}$
Non-current net assets per share (Net asset value, NAV)	= $\frac{\text{Non-current net assets (Net asset value, NAV)}}{\text{Number of shares at end of year}}$
Increase in non-current net assets per share	= $\frac{(\text{Non-current net assets per share} - \text{Non-current net assets per share of the previous year})}{\text{Non-current net assets per share of the previous year}}$
Earnings per share (EPS)	= $\frac{\text{Profit (loss) of the financial year attributable to owners of the parent company}}{\text{The weighted average of the number of issued ordinary shares (during the financial year), with the exception of any shares potentially held by Toivo}}$
Occupancy rate	= $\frac{\text{Net lease income from properties}}{\text{Potential lease income with full occupancy rate} \times 100, (\text{including apartments older than two months})}$

# TOIVO GROUP PLC IN BRIEF

Toivo is a Finnish real estate company that was founded in 2015. Its business consists of developing apartment lots, constructing housing and ownership of apartments. The Company's business model is unique as Toivo's business combines the value chain of real estate business from development and construction to ownership, management and rental of a completed property. Toivo manages the entire life cycle of residential real estate with its own team, from raw land development to renting apartments. This way Toivo is able to generate additional value to its customers, shareholders and stakeholders.

Toivo's strategy is to develop apartments in accordance with the Toivo concept. The apartments aim for a strong development margin and a stable and attractive return, and this way enable long-term ownership and the generation of higher additional value to Toivo's customers. Toivo has a knowledgeable and experienced team of experts with strong merits in the real estate business. The members of Toivo's team have been involved in the development and construction of over 17,000 apartments, and they have an average of ten years of experience.

Toivo's revenue in 2022 was EUR 20.3 million and its operating profit was EUR 15.6 million.

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## FURTHER INFORMATION

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