



**Toivo Group Plc's Financial  
Statement Release  
1 January–31 December  
2023**

# Toivo Group Plc's Financial Statement Release

## 1 January–31 December 2023: Operational business grew strongly and was profitable in a challenging market.

EUR thousand	1 January–31 December 2023	1 January–31 December 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%

EUR thousand	1 October–31 December 2023	1 October–31 December 2022	Change, %
Revenue	10,073	7,040	43%
Operating profit	-8,058	-2,375	-239%
Operating profit without changes in values of investment properties	2,772	3,944	-30%
Profit or loss for the financial year	-8,476	-1,257	-574%
Earnings per share (EUR)	-6.57	-0.02	-28,629%
Fair value of investment properties	164,122	155,716	5%
Economic occupancy rate	95.0%	97.8%	-3%
Total equity	68,830	70,007	-2%
Total assets	192,132	187,694	2%

## FINANCIAL PERIOD 1 JANUARY–31 DECEMBER 2023 KEY EVENTS

- Revenue EUR 43.7 (20.3) million.
- Contracts for building a total of 126 (302) apartments were signed during the period under review.
- 118 (464) apartment start-ups during the period under review.
- 377 (309) apartments were completed during the period under review.

## 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.



# CEO MARKUS MYLLYMÄKI



The real prices of old apartments decreased by approximately 26% in the Helsinki metropolitan area over the period from Q2/2021 to Q4/2023. The operating environment for residential developers, construction companies and investors has been very challenging.

At Toivo, we decided in 2022 to look at the market honestly and directly. We initiated intensive measures to secure our cash flow. As a result, we achieved an operating profit in excess of EUR 10 million during the year under review, excluding the change in fair values. Every Toivo employee makes me proud and grateful. The change achieved by Toivo's team represents strong performance in the prevailing market conditions.

In 2024, we expect interest rates to fall, apartment prices to rise and rents to be increased. Not all of the companies in the market will be able to benefit from the improved operating conditions. We are prepared to see a number of bankruptcies in the industry in 2024. Nevertheless, we believe the operating environment will improve in 2024, and the challenges in the industry will present opportunities for Toivo's special situations unit.

We will update our strategy in connection with publishing our financial statements for 2023. Our business model of development, construction and ownership will be complemented by an important new element: selling. The aim of property sales is to cycle capital from properties currently on the balance sheet to properties that are under development and construction and have the highest return on equity in our value chain.

**DEVELOPMENT:** The company is prepared for the future and the opening up of the market with a project development portfolio of some

3,200 apartments, of which approximately 91% are located in the Helsinki metropolitan area. The company will implement these projects primarily as Energy Class A buildings with geothermal heating. The company will start these projects when the market conditions are more favourable.

**CONSTRUCTION:** The company started three new construction sites in October–December. Two of the properties are special situation projects. One of the properties is a project management service contract. Starting three properties in the latter part of 2023 represents a good achievement in the current market conditions.

**OWNERSHIP:** With regard to lease activities and management, Asuntomestarit® have succeeded well. The company carried out rent increases of 4–5% in autumn 2023. Toivo's competitive, high-quality apartment product combined with the services of Asuntomestarit has proved its price-quality ratio in the challenging market.

**SELLING:** In December 2023, the company announced it is negotiating the sale of five residential properties. The company also has several other negotiations under way regarding the sale of properties that have already been completed or are currently under construction. We expect to see progress in these negotiations in H1/2024.

Toivo's business is very capital-intensive, and an optimal financial structure is important for the company. The company's debt financing consists primarily of long-term bank financing. The company's equity ratio was 36.47% and the financial loan to value (LTV) rate of its properties was 62.6%.

I would like to thank all customers, partners and Toivo employees for 2023!

## NEW CONTRACTS 1 OCTOBER–31 DECEMBER 2023

Toivo signed four new contracts during the final quarter of the year. Two of the projects were special situation projects in Helsinki. One of the projects consisted of 13 apartments and the other comprised 6 apartments.

The company also signed contracts on two project management service projects in the fourth quarter: one in Tampere, consisting of 34 apartments, and the other in Helsinki, comprising 23 apartments.

## NEW SITES 1 OCTOBER–31 DECEMBER 2023

In the fourth quarter, the company started two special situation projects and a project management service project in Helsinki. The new projects comprise a total of 42 apartments.

## COMPLETED SITES 1 OCTOBER–31 DECEMBER 2023

One project was completed in the fourth quarter.

Site	District	Apartment product	Number of apartments	Completion	Energy efficiency class A
As Oy Espoon Kartanonpiha	Lommila	Apartment building	47	12/2023	Yes

## OTHER ACTIVITIES 1 OCTOBER–31 DECEMBER 2023

- On 18 December 2023, the company issued the following release: Toivo Group successfully completes the directed share issue of new shares raising EUR 3 million; Korpi Capital becomes 2nd largest shareholder in the company
- On 15 December 2023, the company issued the following release: Toivo Group Plc is negotiating on the sale of five residential properties
- On 21 November 2023, the company announced a change in its Certified Adviser.
- On 8 November 2023, the company announced the composition of Toivo's Shareholders' Nomination Committee.
- On 6 October 2023, the company announced that Jonna Toikka has requested to resign from Toivo Group Plc's Board of Directors.

## EVENTS AFTER THE PERIOD UNDER REVIEW

On 31 January 2024, the company announced the Shareholders' Nomination Committee's proposal for the composition and remuneration of Toivo Group Plc's Board of Directors. The Shareholders' Nomination Committee will propose at the Annual General Meeting of Toivo Group Plc (hereinafter referred to as the "company") that the number of members of the Board of Directors be increased to five (5).

The Nomination Committee proposes that Asko Myllymäki, Harri Tahkola, Petri Kärkkäinen and Tomi Koivukoski be re-elected as ordinary members of the company's Board of Directors. The Nomination Committee proposes that Margit Lindholm, M.Sc., be elected as a new ordinary member of the Board of Directors. The Shareholders' Nomination Committee proposes that members of the Board of Directors be paid the following fees: Chair and other members of the Board: EUR 1,600 per month each.

## OPERATING ENVIRONMENT

The operating environment for residential developers, construction companies and investors was characterised by significant changes in 2021–2023. The real price index for old apartments fell by approximately 26% between Q2/2021 and Q4/2023. (Source: Statistics Finland, statistics 15 February 2024)

The real prices of old apartments have fallen to the level of 2007. This has challenged the company in two ways. The fair values of Toivo's properties have decreased by approximately 25% in real terms. Inflation accounts for approximately 15% of the decline and the decrease on nominal values approximately 10%. A further challenge is that 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.

To secure its cash flow, Toivo has focused on ensuring financing, freezing investments, reducing maintenance costs and cutting fixed costs. The company has also increased cash flow through self-developed housing production, project management contracting, special situations of properties and rent increases. The company is piloting community properties with the aim of increasing future cash flows.

The company's assessment of the overall outlook for 2024 is that interest rates will decrease and the prices of old apartments will turn to an increase in 2024. The company also expects that rents will start to increase in the Helsinki metropolitan area in 2024 because the number of completed apartments will decrease significantly during the year. (Sources: Statistics Finland, Macrobond, Bloomberg, Nordea)

## CHANGE IN STRATEGY

From 2019 to 2023, the company operated under a development–construction–ownership business model. In operating under this business model, the company has made the following observations:

**Development:** The typical duration of the development stage is 2–4 years. This stage ties up approximately 0–5% of the equity required for the project. The return on equity in the development stage is 0–50%.

**Construction:** The typical duration of the construction stage is one year. This stage ties up approximately 20–50% of the equity required for the project. The return on equity in the construction stage is 20–50%.

**Ownership:** The typical duration of the ownership stage is over 50 years. This stage ties up approximately 40% of the equity required for the project. The return on equity in the ownership stage is 5–10%.

Toivo's change in strategy is a matter of using equity more efficiently and allocating it to the most productive purposes. The new strategy also provides better protection from changes in interest rates.

### The change in strategy in practice

**Business strategy:**

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

**Business volume:**

EUR 100 million 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.

**Investment 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.

## ECONOMIC OPERATING ENVIRONMENT

The Finnish economy is not expected to have grown in 2023. Inflation was 3.6% in December 2023. The Harmonised Index of Consumer Prices increased by only 3% over 12 months. Annual GDP growth in 2024–2025 is projected to be approximately 1–2%. (Source: Ministry of Finance, Economic Survey, winter 2023)

The development of apartments in the construction sector has been exceptionally high in 2018–2021, 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 declined significantly in 2023. (Source: Confederation of Finnish Construction Industries RT, economic survey, September 2023, Ministry of Finance)

Interest rates have partially increased and levelled off in 2023. The 12-month Euribor rate is now positive after remaining negative for several years and is currently at slightly under 4%, depending on the date. With regard to interest rates in 2024, the focus is on the European Central Bank's key interest rate and how the ECB manages inflation. (Source: Ministry of Finance, Economic Survey, winter 2023, Bank of Finland, statistics 15 February 2023)

## REVIEW OF FINANCES 1 JANUARY–31 DECEMBER 2023

**Development of finances**

The Group's revenue was EUR 43.7 (20.3) million, representing an increase of 115% compared to the reference period (1 January–31 December 2022). Changes in the fair values and the profit and loss on the disposal of investment properties were EUR -7.1 (12.4) million. The change in the fair values of investment properties was weaker than in the reference period due to a decrease in property values. The development margin on properties has fallen below the company's target.

At the end of the review period, the company had 920 apartments, 30 leased plots/real estate units and 2 commercial properties generating rental cash flow.

The maintenance costs of properties amounted to EUR -1.82 (-0.94) million. The maintenance costs of properties were 94% higher than in the reference period, mainly due to the increase in the number of apartments.

Staff expenses were EUR -1.2 (-1.1) million, representing an increase of 8%. The increase is due to higher wages.

Operating profit was EUR -0.31 (15.6) million, representing a decrease of 102%.

Net financial income and expenses were EUR -3.86 (-0.8) million. The financial year's current income tax was EUR -1.28 (-0.14) million and, largely due to the changes in the fair values of properties, the deferred tax was EUR 1.1 (-2.6) million.

The net profit for the period under review was EUR -4.4 (12.1) million, representing a year-on-year decrease of 136%. Earnings per share were EUR -0.08 (0.22).

## INVESTMENTS

The consolidated balance sheet total at the end of the period was EUR 192.1 (187.7) million, an increase of 2% compared to the reference period. During the period, investments worth a total of EUR 19.8 (47.3) million in acquisition value were made in properties.

## FINANCING

At the end of the period, the company's interest-bearing liabilities amounted to EUR 100.6 (88.2) 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. In addition, the company signed a financing agreement of EUR 60 million with the European Investment Bank in spring 2023. The financing was entirely unused on the balance sheet date. The financing is intended to replace some of the existing long-term financing arrangements and finance new investments in investment properties that have not been started yet. The agreement includes special conditions linked to financial key indicators that are currently not met. Negotiations are under way to amend the conditions to better suit the current situation. Leaving the financing unused does not constitute a risk for Toivo, as all of the company's current financing arrangements are long-term, and there are no projects under way for which financing under the EIB agreement would be necessary.

## PROPERTY SITES AND CONTRACTS

On 31 December 2023, the company had 923 completed apartments, 30 leased plots/real estate units and 2 commercial properties. A further 9 properties with a total of 240 apartments were under construction. One project was completed in full or in part during the period under review: As Oy Espoon Kartanonpiha.

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 Turku region.



## PERSONNEL AND MANAGEMENT

The average number of Toivo's personnel between 1 January and 31 December 2023 was 39 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 Lauri Rekola, Construction Director Heikki Myllymäki and Director of Building Urho Myllymäki.

## NEW 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.

## 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 2023. 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 the economic occupancy rate of Toivo Group Plc and, consequently, the company's lease income. The authorities' interpretations regarding VAT liability for the rental of furnished apartments may have an impact on the occupancy rate or cash flow of Toivo's apartment properties or the fair value of the Group's property assets. The project development portfolio involves risks related to financing, zoning and building permits, for example.

### **Geopolitical risks and the war in Ukraine**

The company estimates that the strong geopolitical risks that emerged during 2022 and the war in Ukraine will be reflected in the residential and financial markets. These factors may affect Toivo's result and cash flow. The geopolitical situation and the war in Ukraine may 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 2023 was 55,243,578 (54,090,884) and, at the end of the financial year on 31 December 2023, the number of shares was 58,539,559 (54,986,226).

### **Shareholders**

A total of 58,539,559 Toivo Group Plc shares were entered in the trade register on 31 December 2023. On 31 December 2023, Toivo had a total of 2,303 shareholders.

## **BOARD OF DIRECTORS PROPOSAL REGARDING THE RESULT FOR THE FINANCIAL YEAR**

The Board of Directors proposes that the parent company's profit for the period, EUR 117,956.13, be transferred to the retained earnings account. The Board of Directors proposes that no dividend be paid.

There have been no significant changes in the company's financial position after the end of the financial year.

## ANNUAL GENERAL MEETING 2023

The Annual General Meeting of Toivo Group Plc was held in Espoo on 14 April 2023. The Annual General Meeting approved the company's financial statement, annual report and audit report for 2022.

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 2022.

The Annual General Meeting decided to appoint five members to the Board of Directors. Asko Myllymäki, Harri Tahkola, Petri Kärkkäinen, Jonna Toikka and Tomi Koivukoski were re-elected as members of the Board of Directors. In its first meeting immediately after the Annual General Meeting, the Board of Directors appointed Asko Myllymäki as the Chair 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, 5,498,622 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 2024.

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 36% 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 2024.

## FINANCIAL DISCLOSURES AND ANNUAL GENERAL MEETING

14 May 2024 Business Review Q1/2024

6 August 2024 Half-year review H1/2024

6 November 2024 Business review Q3/2024

The Annual General Meeting of Toivo Group Plc is scheduled for 11 April 2024. 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 2023 on Wednesday 13 March 2024 at about 9:00 a.m. in the form of a release. They can be accessed as attachments to the release and at [sijoittajille.toivo.fi](https://sijoittajille.toivo.fi) after the release has been published.

## MEDIA AND ANALYST CONFERENCE

A public media and analyst conference in Finnish will be held on Wednesday, 28 February 2024, at 11:00 in the form of a webcast. Use the following link to join the webcast: <https://toivo.videosync.fi/tilinpaatos-2023>

The review will be presented by CEO Markus Myllymäki and CFO Samuli Niemelä. The presentation materials will be published later at: [sijoittajille.toivo.fi](https://sijoittajille.toivo.fi) and [sijoittajille.toivo.fi/en](https://sijoittajille.toivo.fi/en).

**Espoo, 28 February 2024**

**Toivo Group Plc**  
Board of Directors

# 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
<b>Operating profit (loss)</b>	<b>-305</b>	<b>15,640</b>
<b>Share of the result of associated companies</b>	<b>-22</b>	<b>22</b>
Financial income	73	405
Financial expenses	-3,931	-1,197
<b>Net financial expenses</b>	<b>-3,857</b>	<b>-792</b>
<b>Profit (loss) before taxes</b>	<b>-4,184</b>	<b>14,870</b>
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
<b>Financial year profit (loss)</b>	<b>-4,364</b>	<b>12,143</b>
<b>Distribution of the profit (loss) of the financial year</b>		
Parent company owners	-4,426	12,066
Non-controlling interests	61	77
<b>THE GROUP'S STATEMENT OF COMPREHENSIVE INCOME</b>		
<b>Financial year profit (loss)</b>	<b>-4,364</b>	<b>12,143</b>
<b>Other comprehensive income</b>		
Items that may be subsequently reclassified to profit or loss	-	-
Currency translation differences	-2	-22
<b>Other comprehensive income for the financial year</b>	<b>-2</b>	<b>-22</b>
<b>Total comprehensive income for the financial year</b>	<b>-4,367</b>	<b>12,121</b>
<b>Distribution of total comprehensive income for the financial year</b>		
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

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

# STATEMENT OF CASH FLOWS

EUR thousand	1 Jan-31 Dec 2023	1 Jan-31 Dec 2022
<b>Cash flows from operating activities</b>		
Profit for the financial year	-4,306	12,143
<i>Adjustments:</i>		
Changes in the fair values of, and profit and loss on the disposal of, investment properties	7,081	-12,373
Depreciation	127	51
Finance income and cost	3,857	792
Result of associated company	22	-22
Income tax expense	122	2,727
Cash flows before changes to net working capital and financial items	6,903	3,318
Change in net working capital:		
Increases (-)/decreases (+) to rent, trade and other receivables	2,824	-8,507
Increases (-)/decreases (+) to inventories	1,747	-8,311
Increases (+)/decreases (-) to current non-interest-bearing liabilities	-1,367	5,628
Cash flow from operating activities before financial items and taxes	10,106	-7,872
Interest paid	-4,322	-1,603
Interest received	-	33
Income tax paid	-860	-133
<b>Net operating cash flow (A)</b>	<b>4,924</b>	<b>-9,575</b>
<b>Investing cash flows</b>		
Investments in investment properties	-19,843	-47,317
Acquisitions of tangible assets	-159	-104
Proceeds from the disposal of tangible assets	-	64
Investments in associated companies	-	-48
Sale of subsidiaries less acquired cash	-	-191
Sales of investment properties	276	8,124
<b>Investing cash flow (B)</b>	<b>-19,726</b>	<b>-39,472</b>
<b>Cash flows from financing activities</b>		
Proceeds from subordinated loans	-	22
Proceeds from shares issued	2,938	3,531
Dividends paid	-40	
Proceeds from financing loans	33 751	56,267
Proceeds from other borrowings	63	5,787
Repayments of borrowings	-20,751	-18,876
Repayments of other borrowings	-658	-6,299
Loan receivables from joint ventures	-1,390	
Repayments of lease liabilities	-174	-239
<b>Net financing activity cash flow (C)</b>	<b>13,739</b>	<b>40,195</b>
<b>Changes in cash flows (A+B+C)</b>	<b>-1,063</b>	<b>-8,852</b>
<b>Cash and cash equivalents and bank overdrafts at beginning of year</b>	<b>6,423</b>	<b>15,275</b>
<b>Cash and cash equivalents and bank overdrafts at end of year</b>	<b>5,359</b>	<b>6,423</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 2023</b>	1,000	17,280	18,061	-24	33,498	69,814	193	70,007
<b>Comprehensive income</b>								
Financial year profit (loss)					-4,426	-4,426	61	-4,364
Restatements to retained earnings of previous financial years								
Other comprehensive income				-2		-2		-2
<b>Total comprehensive income for the financial year</b>	-	-	-	-2	-4,426	-4,428	61	-4,367
<b>Transactions with owners</b>								
Increase in subordinated loans								
Subordinated loan interests								
Proceeds from shares issued			2,938			2,938		2,938
Dividend distribution					-40	-40		-40
Share bonus system					292	292		292
Changes in non-controlling interests						-	0	0
<b>Transactions with owners total</b>	-	-	2 938	-	252	3,190	-	3,190
<b>Equity 31 December 2023</b>	1,000	17,280	20,998	-27	29,325	68,576	254	68,830

## 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



# 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 construction, 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 28 February 2024. 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 2023, Toivo Group Plc sold three subsidiaries and closed one subsidiary in Sweden and established or acquired one subsidiary and merged two subsidiaries with its parent company.

## 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 2023 are based on Toivo Group Plc’s audited financial statements for 2023. The figures in brackets refer to the corresponding period in 2022, 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 2023 / 31 December 2023</b>						
Key management personnel (including controlled companies)	5,150	-115	-70	-	-	15,840
Associated companies	13,524	-59	-	-68	3,045	107
Parent company Raatihuone Oy	-	-	-219	-	-	3,798
<b>Total</b>	<b>18,674</b>	<b>-174</b>	<b>-289</b>	<b>-68</b>	<b>3,045</b>	<b>19,745</b>

EUR thousand	Sales	Purchases	Interest expenses	Interest income	Receivables	Liabilities
<b>Financial year 2022 / 31 December 2022</b>						
Key management personnel (including controlled companies)	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>

## REVENUE BREAKDOWN

EUR thousand	2023	2022
Lease income	7,205	3,914
Project management contracting	30,344	2,872
Real estate development services	961	538
Sales of properties	5,067	12,817
Other sales	115	182
<b>Total</b>	<b>43,692</b>	<b>20,323</b>

## INVESTMENT PROPERTIES

EUR thousand	2023	2022
Fair value of investment properties, 1 January	155,716	97,649
Purchases during the financial year	10,595	60,993
Capitalised borrowing costs	-676	-671
Sales during the financial year	-276	-17,624
Other transfers	-25,740	-
Right-of-use assets (leased plots of land)	5,870	2,907
Development profit	3,723	18,782
Change in fair values	-10,830	-6,320
<b>Fair value of investment properties, 31 December</b>	<b>138,382</b>	<b>155,716</b>

## GUARANTEES, COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	Loans taken from financial institutions	
	2023	2022
Loans guaranteed by mortgages, shares or other guarantees	98,342	96,848
Mortgages given	168,265	142,792
Shares pledged	54,147	40,867
Directly enforceable guarantees	95,842	76,522
<b>Guarantees total</b>	<b>318,254</b>	<b>260,182</b>

## KEY FIGURES

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 <sup>1)</sup>	-0.08	0.22	-0.30
Occupancy rate, %	97.0%	98.4%	-1.4%
Total leasable apartment area, square metres	34,052	22,501	11,551
Other leasable area, square metres	14,893	15,304	-411

<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

## RECONCILIATION OF ALTERNATIVE PERFORMANCE MEASURES

EUR thousand	1 October-31 December 2023	1 October-31 December 2022	1 January-31 December 2023	1 January-31 December 2022
Operating profit	-8,058	-2,375	-305	15,640
Adjustments	-10,830	-6,320	-10,830	-6,320
<b>Operating profit without changes in values of investment properties</b>	<b>2,772</b>	<b>3,944</b>	<b>10,525</b>	<b>21,959</b>

Toivo discloses Alternative Performance Measures (APMs). These APMs are not defined in IFRS or other applicable accounting standards. They do not substitute for any IFRS measures of performance either. For these reasons, they might not be comparable to other companies' APMs. The APMs Toivo discloses are meant to provide better information about Toivo's operational profitability, which is also monitored by the management.

Performance measures regulated by IFRS or other legislation are not regarded as APMs. All APMs are disclosed with comparison numbers and are consistently used over the years, unless otherwise noted.

# KEY FIGURE CALCULATION FORMULAE

Key figure	Definition
Net lease income	= Lease income - Maintenance costs
Operating profit without changes in values of investment properties	= Operating profit - fair value changes of investment properties
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 2023 was EUR 43.7 million, its operating profit without changes in values of investment properties was EUR 10.5 million and operating profit was -0.3 million.

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## FURTHER INFORMATION

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