

Toivo Group Plc's BUSINESS REVIEW 1 January–30 September 2022

CEO Markus Myllymäki

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Event main points

- Operating profit MEUR 18.0 (MEUR 9.9), +81%
- Review period in short
- Preparing for the changes in the operating environment
- Property valuation
- New business concept
- Prospects for 2022 unchanged



January–September 2022 in brief

- Operating profit MEUR 18.0 (MEUR 9.9), +81%
- **DEVELOPMENT:** Contracts for 302 (650) new apartments
- **CONSTRUCTION:** 417 (464) apartment start-ups (280 apartments in energy class A)
- **OWNERSHIP OF APARTMENTS:** 309 (112) apartments were completed (158 apartments in energy class A)
- The operating environment challenges the housing market
- Occupancy rate 98.7%

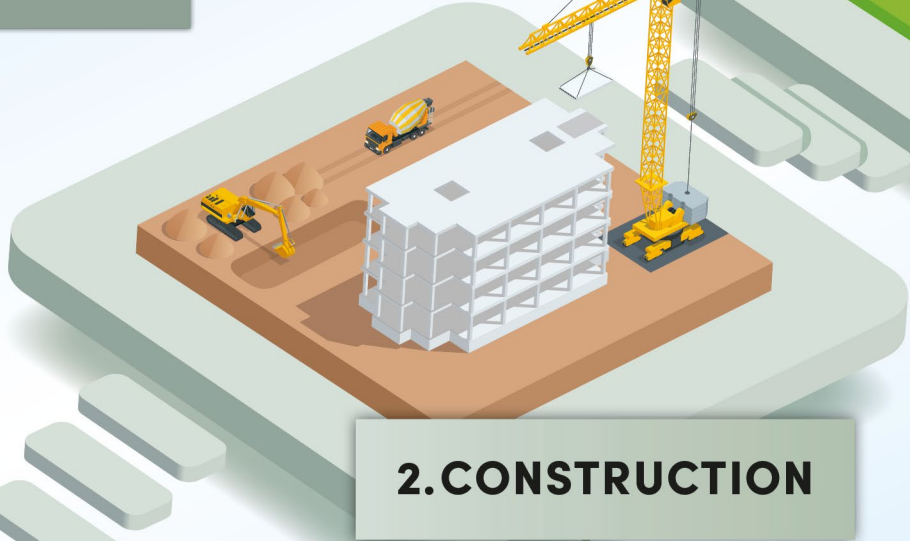
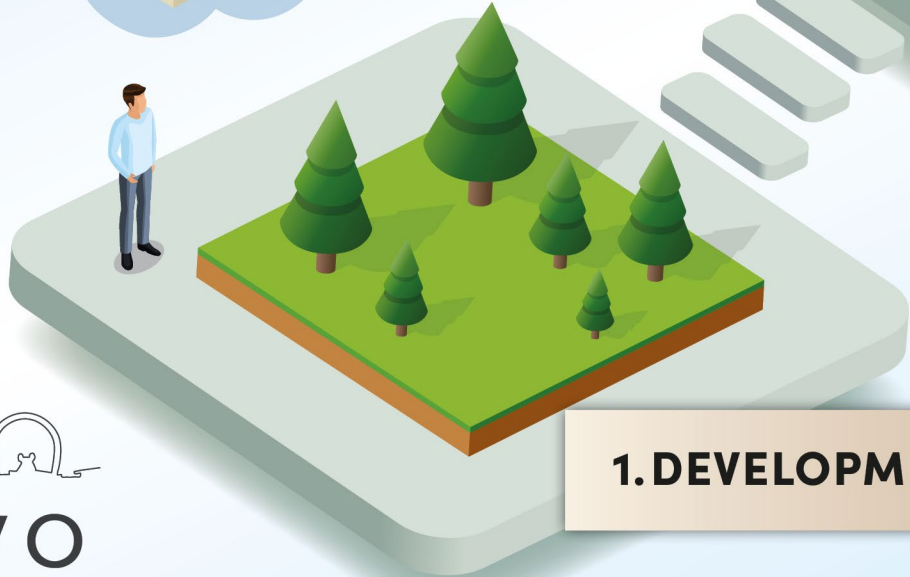


Key figures*

EUR thousand	1 January–30 September 2022	1 January–30 September 2021	Change %
Revenue	13,283	11,120	19%
Operating profit	18,015	9,927	81%
Profit or loss for the financial year	13,400	7,767	73%
Earnings per share (EUR)	0.25	0.15	60%
Fair value of investment properties	160,681	83,433	93%
Economic occupancy rate	98.7%	98.6%	0%
Total equity	70,962	51,169	39%
Total assets	183,317	101,182	81%

* Unaudited

TOIVO'S BUSINESS MODEL



Ownership margin	Toivo's total margin
Construction margin	
Development margin	

Strategic priorities of the apartments

Toivo's completed apartments fulfill the strategic priorities as follows:

STRATEGIC PRIORITIES



New
apartments



Small and
efficient
apartments



Apartments in the
Helsinki
metropolitan area,
Turku and Tampere



Affordable
housing



High occupancy
rate



Low
maintenance
charges

TOIVO'S PORTFOLIO

approx.
1 year

Average
age of
apartments

approx.
41 m²

Average
size of
apartments

94%

Of apartments
located in the
regions of Helsinki,
Turku and
Tampere

approx.
€825
per month

Average
rent

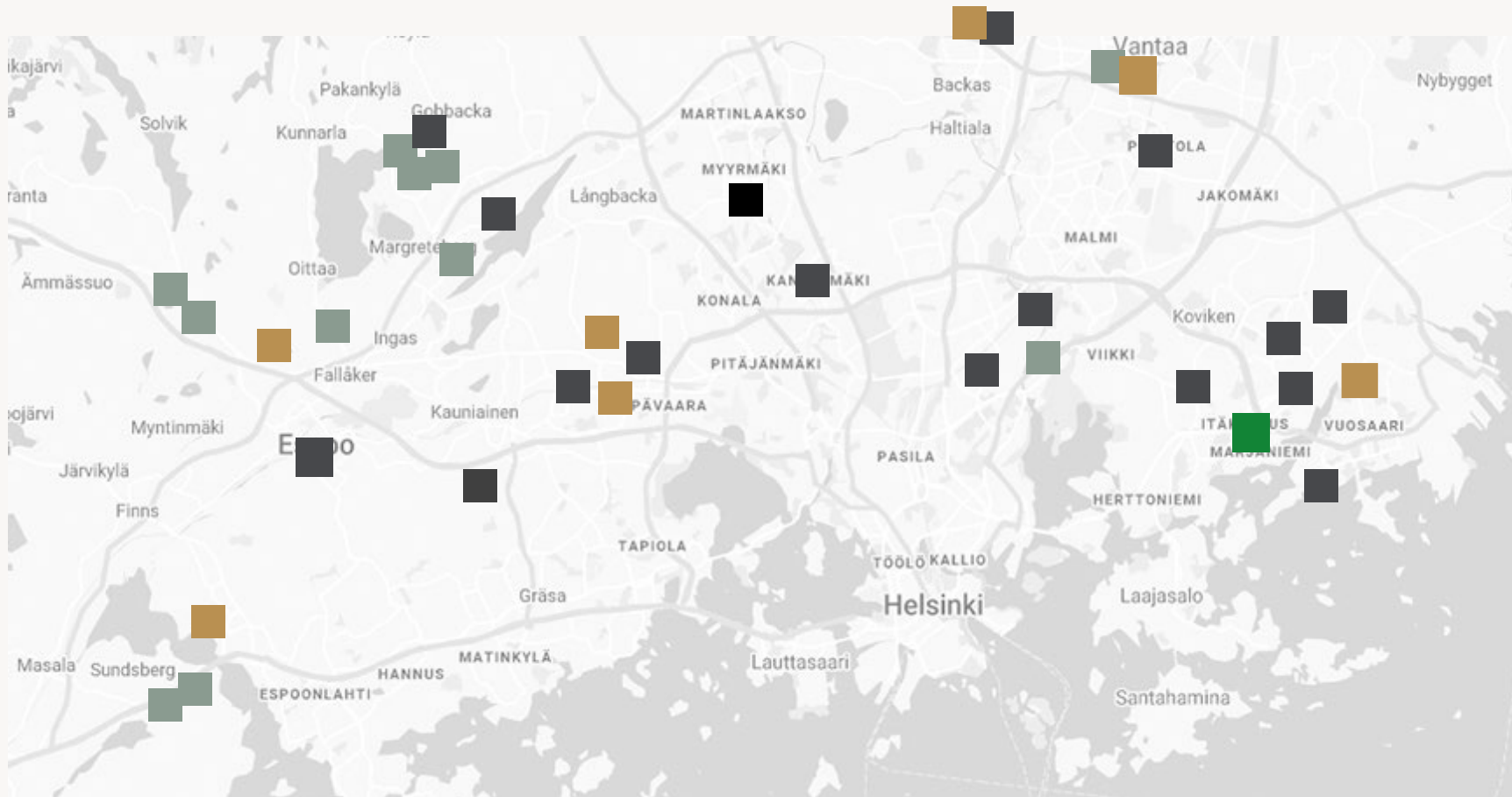
98.7%

Occupancy
rate of
apartments

approx.
€2.75
per m²





Maintenance
charge of
housing properties

Toivo's projects on a map

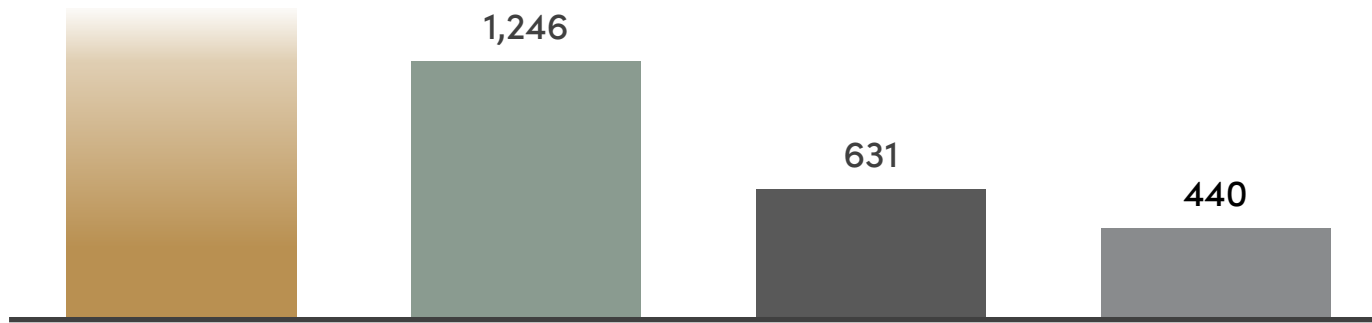


Toivo's project portfolio in the metropolitan area is strong.

The locations of the projects in contracts are attractive.

-  Completed
-  Under construction
-  Contracts
-  New contracts 7-9/2022

Project development portfolio



REAL ESTATE DEVELOPMENT IS A LONG PROCESS AND TOIVO HAS DONE A SIGNIFICANT AMOUNT OF WORK FOR ITS CURRENT PROJECT DEVELOPMENT PORTFOLIO.

761

developed residential apartments

~ 28%

average development margin

approx. 1,900

residential apartments in project development portfolio

approx. 86,000 m²

leasable area in project development portfolio

~EUR 410 M

fair value of project development portfolio

Preparing for the changes in the operating environment

The most significant changes in the operating environment of the business in 2022:

1. Rapid inflation
2. Increased interest costs
3. Increased construction costs
4. Fluctuating Swedish housing market

Specific project selection

The company will only build affordable housing in the Helsinki metropolitan region, Tampere and Turku.

Cost savings

The company has sought and will seek cost savings during the 2022 and 2023.

Pre-sold projects

In 2022, the company has closed pre-sold projects and they are expected to generate an operating profit of approximately EUR 2–4 million for the financial year 2023.

New sources of income

The company will seek new additional cashflow with new concepts and services offered to customers.

Construction costs

The company aims to make the most out of the cost benefits of decreasing volumes.

Rent increases

The company will transfer the increases in the cost-of-living index to rents to the extent that is possible based on building-specific reviews. Increase of the rents will impact positively to the balance sheet values of the properties.

Property valuation

When reviewing the valuation of Toivo's apartments in the assets in relation to completed housing projects and housing projects under construction in which the apartments are sold separately in Helsinki, Espoo, Vantaa, Turku and Järvenpää, Toivo's apartments are usually valued more moderately.

The review covers approximately 75 per cent of Toivo's completed housing projects and housing projects under construction.

City	Toivo's number of apartments 1)	Toivo's average size	Toivo's value in assets € per apartment	New apartments' € per apartment 2) 3) 4) 5)
Helsinki	94	42.1	216,000	281,133
Espoo	417	36.7	191,000	213,993
Vantaa	110	34.7	172,000	183,025
Turku	103	36.2	149,727	183,209
Järvenpää	149	34.4	155,000	150,316

1. The apartments included in the total number include completed apartments and apartments expected to be under construction at the end of 2022.
2. The price per apartment of new apartments has been calculated by city from data provided by STH-Group. Coverage over 90% of the market.
3. From the data, the apartments selected by city include those with an average area of below 50 m² per apartment.
4. The average price per square metre of the apartments included in the data has been multiplied by Toivo's average size in the city in question.
5. The data included the following number of corresponding projects by city: Helsinki 35, Espoo 42, Vantaa 25, Turku 32, Järvenpää 3.

Source: STH-Group market overview autumn and spring 2022.

Studios by Toivo

Toivo will open its first Studios by Toivo property in Leppävaara, Espoo on 1 January 2023. The project is a communal housing concept with additional services.

THE LEASE INCLUDES

Monthly rent	Including
Water	Including
Electricity	Including
Wi-Fi	Including
Bed, table, chair, TV, home appliances	Including
The right to use the gym	Including
The right to use co-working premises	Including
The right to use the library	Including
Activities 3 times a week	Including
The right to use a shared car	Including
Monthly cleaning	Including
The right to use the sauna	Including
Concierge services	Including

**Total starting from €599 per month +
€49 commodity fee**

NEW!
Hotel-level
living starting at
€599 per month
+ a commodity fee
of €49
per month

STUDIOS
by TOIVO

Financial prospects

PROSPECTS FOR 2022

- The company expects the operating profit of the financial year of 1 January–31 December 2022 to be EUR 22–28 million. (Unchanged)
- The company expects the fair value of investment properties to be approximately EUR 175 (12/2021: 97.6) million at the end of 2022. (Unchanged)

FINANCIAL TARGETS 2021–2026

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

Thank you!



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Appendices

TOIVO

Appendix 1. Key figures 30 September 2022

Group	1-9/2022	1-9/2021	Change
Revenue	13,283	11,120	2,163
Lease income	2,604	1,852	752
Net lease income	1,851	1,453	398
Operating profit	18,015	9,927	8,089
Cash flow before changes in working capital (Funds from Operations, FFO)	1,511	1,850	-339
Fair value of investment properties	160,681	83,433	77,248
Investments in investment properties	44,060	26,342	17,718
Sales of investment properties	3,478	10,000	-6,522
Net debt with interest	89,212	29,350	59,862
Non-current net assets (Net asset value, NAV)	61,059	37,012	24,047
Loan to value (LTV), %	55.5%	35.2 %	20.3%
Equity ratio	39.2%	52.0 %	-12.8%
Non-current net assets per share, EUR	1.11	0.70	0.41
Increase in non-current net assets per share, %	59.3	191.2	
Earnings per share (EPS), EUR ¹⁾	0.25	0.15	0.09
Occupancy rate, %	98.7%	98.6%	0.1%
Total leasable apartment area, square metres	17,937	6,642	11,295
Other leasable area, square metres	16,189	21,135	-4,946

* Unaudited

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



Group income 1–9/2022*

Group Income Statement

EUR 1,000	1 Jan.–30 Sep. 2022	1 Jan.–30 Sep. 2021	1 Jan.–31 Dec. 2021
Revenue	13,283	11,120	13,574
Changes in the fair values and the profit and loss on the disposal of investment properties	15,269	7,953	13,252
Other operating income	-	30	4
Raw materials and services	-8,465	-7,099	-8,475
Staff expenses	-741	-730	-1,060
Depreciation, amortisation and reduction in value	-30	-110	-68
Other operating expenses	-1,300	-1,239	-1,409
Operating profit (loss)	18,015	9,927	15,818
Financial income	42	21	18
Financial expenses	-919	-476	-703
Net financial expenses	-877	-455	-685
Profit (loss) before taxes	17,139	9,472	15,133
Current tax based on financial year's taxable income	-463	-462	-756
Deferred taxes, change	-3,276	-1,242	-2,306
Income taxes, total	-3,739	-1,705	-3,062
Financial year profit (loss)	13,400	7,767	12,071
Distribution of the profit (loss) of the financial year			
Parent company owners	13,353	7,543	11,918
Non-controlling interests	47	-112	153

Group's statement of comprehensive income

EUR 1,000	1 Jan.–30 Sep. 2022	1 Jan.–30 Sep. 2021	1 Jan.–31 Dec. 2021
Financial year profit (loss)	13,400	7,767	12,071
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss			
Currency translation differences	-22	-0	-1
Other comprehensive income for the financial year	-22	-0	-1
Total comprehensive income for the financial year	13,378	7,767	12,070
Distribution of total comprehensive income for the financial year			
Parent company owners	13,332	7,543	11,917
Non-controlling interests	47	-112	153

* Unaudited

Group balance sheet 30 September 2022*

EUR 1,000	30 Sep.2022	30 Sep.2021	31 Dec. 2021	EUR 1,000	30 Sep.2022	30 Sep.2021	31 Dec. 2021
ASSETS				LIABILITIES			
Non-current assets				Non-current liabilities			
Investment properties	160,681	83,433	97,649	Financial institution loans	83,167	28,207	46,125
Right-of-use assets	24	27	16	Lease liabilities	8,321	4,142	4,105
Tangible assets	58	67	61	Loans granted to associates	-	3,000	-
Intangible assets	167	10	45	Other financial liabilities and other non-current liabilities	1,311	1,478	1,263
Investments combined using the equity method	2			Deferred tax liabilities	7,451	3,247	3,972
Deferred tax assets	248	278	57	Non-current liabilities total	100,249	40,073	55,466
Non-current assets, total	161,179	83,815	97,828	Current liabilities			
Current assets				Financial institution loans	921	494	971
Inventories	9,526	1,129	4,808	Lease liabilities	605	13	26
Rent, trade and other receivables	7,500	7,885	3,143	Loans granted to associates	-	369	3,000
Cash and cash equivalents	5,112	8,353	15,275	Provisions	-		123
Current assets total	22,138	17,367	23,226	Trade and other payables	10,580	9,064	7,049
Investment properties available for sale		-		Current liabilities total	12,105	9,940	11,169
Assets, total	183,317	101,182	121,054	Liabilities, total	112,355	50,013	66,634
EQUITY				Liabilities associated with investment properties available for sale	-	-	-
Share capital	1,000	1,000	1,000	Total equity and liabilities	183,317	101,182	121,054
Subordinated loans	16,943	16,921	16,921				
Share premium account	18,061	14,756	14,529				
Currency translation differences	-24	-0	-2				
Retained earnings	34,819	18,287	21,726				
Equity belonging to the owners of the parent company	70,799	50,964	54,175				
Non-controlling interests	163	204	245				
Total equity	70,962	51,169	54,420				

* Unaudited

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