



TOIVO GROUP PLC

Financial statements

2022

Consolidated income statement, IFRS

EUR thousand	Note	1 Jan – 31 Dec 2022	1 Jan–31 Dec 2021	EUR thousand	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Revenue	2, 3	20,323	13,574	Earnings per share calculated from the profit belonging to the parent company owners			
In terms of investment properties changes in values as well as gains and losses on the disposal of investment properties	12	12,373	13,252	Basic and diluted earnings per share, EUR	11	0.22	0.24
Other operating income	4	-	4	THE GROUP'S STATEMENT OF COMPREHENSIVE INCOME			
Raw materials and services	5	-13,692	-8,475	Financial year profit (loss)		12,143	12,071
Staff expenses	6	-1,114	-1,060	Other comprehensive income			
Depreciation, amortisation and reduction in value	7	-51	-68	Items that may be subsequently reclassified to profit or loss		-	-
Other operating expenses	8	-2,199	-1,409	Currency translation differences		-22	-1
Operating profit (loss)	1.8	15,640	15,818	Other comprehensive income for the financial year		-22	-1
Share of associated companies of the result	1.5	22		Total comprehensive income for the financial year		12,121	12,070
Financial income	9	405	18	Distribution of total comprehensive income for the financial year			
Financial expenses	9	-1,197	-703	Parent company owners		12,044	11,917
Net financial expenses		-792	-685	For those out of control to the owners		77	153
Profit (loss) before taxes		14,870	15,133				
Current tax based on the financial year's taxable income	10	-138	-756				
Deferred taxes, change	10	-2,589	-2,306				
Income taxes, total		-2,727	-3,062				
Financial year profit (loss)		12,143	12,071				
Distribution of the profit (loss) of the financial year							
Parent company owners		12,066	11,918				
Non-controlling interests		77	153				

Consolidated balance sheet, IFRS

EUR thousand	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Investment properties	12	155,716	97,649
Right-of-use assets	13	21	16
Tangible assets	14	65	61
Intangible assets	15	14	45
Financial assets	17		
Non-current receivables	27	556	
Investments combined using the equity method	1	69	
Deferred tax assets	10	122	57
Non-current assets, total		156,563	97,828
Current assets			
Inventories	16	15,025	4,808
Rent, trade and other receivables	13, 17-18	9,683	3,143
Cash and cash equivalents	17	6,423	15,275
Current assets total		31,131	23,226
Assets, total		187,694	121,054
EQUITY			
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
Equity belonging to the owners of the parent company		69,814	54,175
Non-controlling interests		193	245
Total equity	19	70,007	54,420

EUR thousand	Note	31 Dec 2022	31 Dec 2021
LIABILITIES			
Non-current liabilities			
Financial institution loans	20-22	81,947	46,125
Lease liabilities	13, 20	9,813	4,105
Loans granted to associates	20, 25	2,500	-
Other financial liabilities and other non-current liabilities	20	400	1,263
Deferred tax liabilities	10	6,657	3,972
Non-current liabilities total		101,317	55,466
Current liabilities			
Financial institution loans	20-22	2,589	971
Lease liabilities	13, 20	715	26
Loans granted to associates	20, 25	765	3,000
Provisions	24	-	123
Accounts Payable and other debts	20, 22-23	12,301	7,049
Current liabilities total		16,371	11,169
Liabilities, total		117,687	66,634
Total equity and liabilities		187,694	121,054

Group cash flow statement, IFRS

EUR thousand	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Cash flows from operating activities			
Profit or loss for the financial year		12,143	12,071
<i>Adjustments:</i>			
In terms of investment properties changes in values as well as gains and losses on the disposal of investment properties		-12,373	-13,252
Depreciation, amortisation and reduction in value	7	51	68
Finance income and cost	9	792	685
Result of associated company		-22	-
Income tax expense	10	2,727	3,062
Cash flows before changes to net working capital and financial items		3,318	2,634
Change to net working capital:			
Rent and sales receivables and other receivables additions (-) / subtractions (+)		-8,507	-280
Increases (-)/decreases (+) to inventories		-8,311	-4,308
Increases (-)/decreases (+) to current payables with no interest		5,628	941
Cash flows before financial items		-7,872	-1,013
Interest paid		-1,603	-643
Interest received		33	5
Income tax paid		-133	-277
Net operating cash flow (A)		-9,575	-1,928

EUR thousand	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Investing cash flows			
Investments in investment properties	12	-47,317	-34,002
Material assets acquisition		-104	-28
Intangible assets acquisition		-	-
Material assets disposal proceeds		64	137
Intangible assets disposal proceeds		-	17
Investments in associated companies		-48	
Sale of subsidiaries less acquired cash		-191	
Sales of investment properties	12	8,124	3,980
Investing cash flow (B)		-39,472	-29,896
Cash flows from financing activities			
Proceeds from subordinated loans	19, 25	22	1,260
Initial public offering	19	-	14,529
Proceeds from shares issued	19	3,531	1,147
Subordinated loan interests		-	-
Proceeds from financial institution borrowings		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		-239	-258
Net financing activity cash flow (C)		40,195	43,946
Changes in cash flows (A+B+C)		-8,852	12,121
Cash and cash equivalents at the beginning of the financial year		15,275	3,154
Cash and cash equivalents at end of year		6,423	15,275

Calculation of changes in the group's equity, IFRS

Equity attributable to owners of the parent company

EUR 1,000	Note	Share capital	Capital loans	Placed free equity fund	Translation differences	Retained earnings	Total	Non-controlling interests	Own capital in total
EQUITY 1 JANUARY 2022		1,000	16,921	14,529	-2	21,726	54,175	245	54,420
Comprehensive income									
Financial year profit (loss)						12,066	12,066	77	12,143
Corrections to the previous ones to the profits of the accounting period						-121	-121		-121
Other comprehensive income					-22		-22		-22
Total comprehensive income for the financial year		-	-	-	-22	11,945	12,044	77	12,121
Transactions with owners									
Increase in subordinated loans	19, 25		359				359		359
Subordinated loan interests	19, 25					-173	-173		-173
Proceeds from shares issued	19			3,531			3,531		3,531
Share bonus system									
Out of control change in owners' share							-	-129	-129
Transactions with owners total		-	359	3,531	-	-173	3,716	-129	3,587
Equity 31 December 2022		1,000	17,280	18,061	-25	33,498	69,814	193	70,007
EQUITY 1 JANUARY 2021		1,000	15,661	-	-1	10,537	27,197	92	27,290
Comprehensive income									
Financial year profit (loss)						11,918	11,918	153	12,071
Corrections to the previous ones to the profits of the accounting period						-1,673	-1,673		-1,673
Other comprehensive income					-1		-1		-1
Total comprehensive income for the financial year		-	-	-	-1	10,245	10,244	153	10,396
Transactions with owners									
Increase in subordinated loans	19, 25		1,260				1,260		1,260
Subordinated loan interests	19, 25					-190	-190		-190
Proceeds from shares issued	19			14,529		1,147	15,676		15,676
Out of control change in owners' share							-	0	0
Transactions with owners total		-	1,260	14,529	-	957	16,746	0	16,747
Equity 31 December 2021		1,000	16,921	14,529	-2	21,726	54,175	245	54,420

Notes on the preparation of the consolidated financial statements

1 DRAFTING BASIS

1.1 Toivo Group's basic information

Toivo Group Plc (hereinafter “Toivo” or “the Group”;) is a Finnish limited company established in 2015 under Finnish laws (business identity code 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 Toivo Group Plc approved these financial statements for publication on February 27, 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 the their publication. The General Meeting of Shareholders may also decide to amend the financial statements.

1.2 Basis of accounting

This financial statement has been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU as of 31 December 2022. International accounting standards refer to the standards and interpretations given in the Finnish Accounting Act and the regulations issued pursuant to it, in accordance with the procedure laid down in EU Regulation (EC) No. 1606/2002, as applicable in the EU. The group has not applied any new or amended standard or interpretation that has already been published before its effective date.

The general principles for preparing the consolidated financial statements are described in this section. The preparation principles for a specific financial statement item, as well as an explanation of decisions based on management judgment and the use of estimates and assumptions are presented below in connection with the relevant notes.

The consolidated financial statements are prepared based on the original acquisition costs, with the exception of investment properties. More information is presented in note 12 Investment properties.

Financial statement information is presented in thousands of euros, unless stated otherwise. All figures presented have been rounded, so the total sum of the individual figures may differ from the total figure presented. Identification numbers are calculated using exact values. The comparison figures presented in parentheses refer to the previous year's equivalent period or time, unless otherwise stated. The consolidated financial statements are prepared for the calendar year, which is also the financial year of the parent company and subsidiaries.

Toivo has not yet applied the amended standards already published by the IASB, the application of which is mandatory for financial periods starting on or after January 1, 2023. The Group adopts them from the effective date of each standard and interpretation, or if the effective date is other than the first day of the financial year, from the beginning of the financial year following the effective date, provided that they have been approved for application in the EU. Toivo estimates that the changed standards will not have a significant impact on the future consolidated financial statements when they are introduced.

1.3 War in Ukraine

The war in Ukraine has affected the Company's operations in terms of the availability of materials and the increase in the cost of materials. The war in Ukraine has had a significant impact on inflation and, with it, also on the increase in real estate yield requirements, which has had a negative impact on the Company's financial results together with increased construction costs. Trading in the real estate market slowed down significantly compared to the previous year.

1.4 Covid-19 pandemic

The Covid-19 pandemic has affected the Company's operations somewhat in terms of the availability of materials, the costs of materials and the availability of resources. There have been minor delays in some projects due to absences caused by Covid-19. No significant effects on the Company's financial result have been. The rental periods in some vacant apartments have been slightly longer than before the Covid-19 pandemic.

1.5 Consolidation principles of consolidated financial statements

The consolidated financial statements include the parent company Toivo Group Plc, subsidiaries, shares in joint arrangements (joint operations) and investments in associated companies in which the parent company has control, joint control or significant influence at

the end of the period. More information on the group structure is presented in note 25 Related party transactions.

Subsidiaries

Toivo is considered to have control when, by being a shareholder in the company, it is exposed to the company's variable return or is entitled to its variable return and it is able to influence this return by using its power over the company. In general, control is based on the parent company's direct or indirect holding of more than 50% of the subsidiary's voting power. If the facts or circumstances later change, the group will reassess whether it still has control over the target. The companies acquired or established during the period are combined in the consolidated financial statements from the time Toivo has gained control until the control ceases.

When preparing the consolidated financial statements, the group's internal business transactions, receivables, liabilities and unrealized margins and internal profit distribution are eliminated. If the loss is due to impairment, unrealized losses are not eliminated.

Subsidiaries are combined in the consolidated financial statements using the acquisition method. Toivo's subsidiaries are mainly founded by the group itself. The group had non-controlling owners in the financial years 2021-2022.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. Joint control is based on an agreement and prevails only when decisions concerning relevant activities require the unanimous approval of the parties.

A joint arrangement is either a joint operation or a joint venture. A joint venture is an arrangement in which Toivo has rights to the net assets of the arrangement, while in a joint operation Toivo has rights and obligations regarding assets related to the arrangement. Toivo's all joint arrangements are joint activities. They include housing stock companies and mutual real estate companies of which the group owns less than 100%. The shares owned by Toivo in these companies give the right to manage a certain room space.

Toivo combines, line by line, his share of the assets, liabilities, income and expenses of the balance sheet related to joint activities, as well as his share of possible joint assets and liabilities and the income and expenses of joint activities. Toivo applies this proportional consolidation method to all joint operations, regardless of the group's share of ownership. If proportionally combined companies have items in the comprehensive income statement or balance sheet that belong only to Toivo or other owners, these items are treated in a similar way in Toivo's consolidated financial statements as well.

Associated companies

Companies in which Toivo has considerable influence are classified as associated companies. In general, considerable influence is created when Toivo has a 20–50% share of the target's voting power or when Toivo otherwise has considerable influence but no controlling power. Investments in associated companies are combined in the consolidated financial statements using the equity method from the time the group gains significant influence until the significant influence ends. The share of Toivo's ownership share in the results of the financial period of the associated companies is presented on its own line in the consolidated income statement.

Toivo's associated companies (Elämäni Kodit 10 Oy and Elämäni Kodit 40 Oy) are subject to restrictions regarding the ARAVA and/or interest subsidy legislation. Restricted rental apartments are currently subject to restrictions regarding the amount of rent and profit sharing, as well as other restrictions based on ARAVA and/or interest subsidy legislation. For properties falling within the scope of the restrictions of the arava and/or interest subsidy legislation of the associated companies, e.g. rent regulation is applied, which means, among other things, that tenants may be charged rent for the residential apartment no more than an amount that is needed, along with other income, for the financing of the rental apartments and related premises and the expenses in accordance with good

property management. For the construction of these projects, the Partnership uses a bank loan that is fully guaranteed by the Finnish government.

1.6 Items denominated in foreign currency

The items included in the financial statements of each subsidiary are valued using the currency of the economic environment in which the company in question mainly operates ("functional currency"). The functional currency of the parent company Toivo Group Plc is the euro, which is also the presentation currency of the consolidated financial statements.

Business transactions denominated in foreign currency are converted into local operating currencies based on the exchange rates on the day of the transaction. The balance sheet's foreign currency receivables and liabilities are converted using the exchange rates of the end of the reporting period. The exchange rate differences resulting from this are recorded with effect on profit and presented in financial items.

The income and expense items of the income statement and the comprehensive income statement, as well as the items of the cash flow statement, of the subsidiaries whose operating currency is other than the euro are converted into euros at the average exchange rates of the accounting period. The balance sheet items are converted into euros using the exchange rates of the end of the reporting period. The

change in translation differences resulting from the use of different exchange rates is recorded in equity through other comprehensive income items. When a foreign unit is sold or otherwise disposed of (in whole or in part), the accumulated translation differences are transferred from equity to an item affecting profit as part of the total profit or loss arising from the transaction.

1.7 The most significant judgment-based decisions made by the management and key uncertainty factors

Preparing IFRS financial statements requires management to make decisions based on judgment and to use estimates and assumptions. These affect the amounts of assets and liabilities, as well as the information provided about contingent assets and liabilities on the end of the period, as well as the amounts of income and expenses in the reporting period. The estimates and assumptions in question are based on Toivo's accumulated experience and other justifiable factors, such as expectations regarding future events, taking into account the conditions at the end of the reporting period and when the estimates and assumptions in question were made. The view of Toivo's management is that the estimates made and the assumptions used are reasonable.

It is possible that actual results may differ from the estimates and assumptions made.

The Group may have to change its accounting estimates if it receives new information or gains more experience, or if the circumstances on which the estimates are based change. Toivo reviews estimates and background assumptions regularly, and records any changes to estimates and assumptions in the accounting period in the accounting period during which the estimate or assumption is changed.

Decisions based on judgment that Toivo's management has made when applying the accounting principles, and which have the greatest impact on the numbers presented in the consolidated financial statements, are related to the following areas:

- classification of the group's property holdings as investment properties or inventory properties based on the purpose of use of each property (see note 12.1 Preparation principle / Classification of properties)
- classification of group land leases as operating leases or finance leases. Toivo's view is that all of the group's leases are operating leases, as the risks and benefits inherent in ownership are not transferred to the lessees in all essential respects (see note 13.1 Drafting principle / A) Toivo as lessor).
- when the investment property or properties are considered to meet the requirements for classification as for sale (see note 12.1 Preparation principle / Properties classified as for sale)

The main uncertainties related to the assumptions and estimates made by the group, which cause a significant risk of the book values of assets and liabilities changing substantially during the next accounting period, are related to the valuation of investment properties at fair value (see note 12 Investment properties).

1.8 Determination of Fair Values

The application of some principles for the preparation of Toivo's consolidated financial statements and the preparation of the information presented in the financial statements require the determination of fair values. Fair value is the price that would be received from the sale of an asset or paid for the transfer of a liability between market parties in a normal transaction on the valuation date. Fair values are classified as levels 1, 2 or 3 of the fair value hierarchy. These levels describe the significance of the input data used in the valuation methods, based on the input data at the lowest level, which is significant for the entire valuation as follows:

- Level 1: the fair value is calculated based on the quoted (unadjusted) prices of completely similar assets or liabilities in active markets to which Toivo has access on the valuation date.
- Level 2: the fair value is calculated based on inputs other than quoted prices belonging to level 1 and which are observable for the asset

or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

- Level 3: the fair value is calculated based on inputs that are not observable for the asset or liability (other than observable inputs).

1.9 Operating profit

Toivo's view is that operating profit is an important subtotal for understanding the group's financial development. Since the IFRS standard set does not define the concept of operating profit, Toivo has defined it as follows:

Operating profit is the net amount that is formed when:

- + other business income is added to turnover and subtracted / added
- changes in the fair value of investment properties and capital gains and losses
- material and service costs
- personnel costs
- depreciation and impairment, as well as
- other business expenses.

All other items processed with a profit impact are presented below the operating profit line.

2 OPERATING SEGMENTS

2.1 Drafting principle

Toivo reports on its business operations as a single entity, i.e. at the group level. This is based on the group's business model and the fact that Toivo's profit and resource situation has

been evaluated before and will continue to be evaluated as a whole. The group's reporting model and management structure are also based on this approach. Toivo is neither a construction company nor a real estate fund, but a comprehensive real estate developer and active owner. With its own team, the group manages the entire life cycle of the property, from raw land to lease contract negotiations. Thus, Toivo has one reportable operating segment. Toivo's top decision-maker is the group's management team.

Toivo implemented the pilot in Sweden, which ended at the end of 2021. The overall cost of piloting is low. The company estimates that the costs incurred in Piloting are approximately equal to the profit from the sale of one of Piloting's properties. The Swedish country manager was a member of Toivo's management team.

A breakdown of the Group's turnover and information about geographical areas is presented in note 3, Turnover.

3 TURNOVER

3.1 Drafting principle

In the fiscal year 2022, Toivo's net sales consisted of rental income, property sales, project management contracting and development services, and other income. During the fiscal year 2022, Toivo continued to develop his business model. The group mainly

focuses on rental apartments mostly in the metropolitan area, Turku and Tampere areas.

Finding suitable real estate projects is essential for Toivo's business. As a rule, the group implements its real estate development projects as new construction by building the real estate sites it plans on the plots it owns or leases. Obtaining building permits is essential in project scheduling and planning.

Rental income

Toivo rents plots, apartments and business premises to its customers in Finland's growth centers. Toivo rents apartments both for long-term living and as furnished apartments. Toivo also rents its residential properties to operators who rent the apartments as furnished apartments. All of the group's leases are classified as operating leases. Toivo's rental income practically consists of space rents and they are recorded in equal installments during the rental period. The share of other income included in apartment rental income (sauna and parking fees, shared car) is small. Increases in the group's lease agreements are mainly tied to the cost of living index. Possible modifications to the rented space carried out by the group on behalf of the tenant will either be deducted from the rental deposit or charged to the tenant as a rent increase. See also note 13.1 Drafting principle / A) Toivo as lessor.

Toivo records the effects of rent-free periods and rent reductions in equal installments for

the rental period, if these have been agreed upon in the original rental agreement. If the group has granted a rent reduction at the tenant's request, e.g. due to the market situation, the effect is recorded for the remaining lease period.

Project management contracting

The group started project management contracting activities in autumn 2020. The company implements its real estate development projects either with its own project management contracting, shared contracting or KVR contracting (total responsibility contract, KVR). The decision on the implementation method is made in each project separately before the building permit is granted. In his own project management contracting, Toivo builds the site using several different contractors. In shared contracting, on the other hand, the Company distributes the project to a few, typically around 2-5 different operators in the construction industry. In KVR contracting, Toivo orders the project as a total responsibility contract with one contract from one contractor. Project management contracting is carried out for the group's affiliated companies, for example Elämäni Kodit 10 Oy's subsidiaries and Elämäni Kodit 40 Oy. Project management contracting will also be offered outside the group in the 2023 fiscal year.

In project management contracting projects, Toivo usually agrees with the customer on

the planning and management tasks of the construction project management contract for a property owned by the customer. Contract projects may have several different work phases and tasks, but they nevertheless form one integrated service entity, which is thus treated as a single performance obligation. The contract does not agree on variable consideration. Toivo's payment terms may vary somewhat in different projects, but the given payment period is always clearly less than a year. Thus, the contracts do not include a significant financial component.

Income from project management contracting projects is recognized over time. In this case, the income and expenses of the projects are recorded as income and expenses based on the degree of fulfillment, when the final result of the project can be reliably assessed. The completion rate is determined by calculating the relative share of the expenses accumulated by the balance sheet date of each project from the estimated total expenses of that project. Revenue is recorded in an amount corresponding to the degree of fulfillment. If it is likely that the total expenses needed to complete the project will exceed the total income from the project, the expected loss is immediately recognized as an expense. Toivo uses installment tables for invoicing.

Construction services

These services consist of expert work related to spatial and structural planning of construction

projects. The construction service constitutes one performance obligation. The invoicing of the construction service, i.e. the transaction price, is based on the cost level approved by the authority. The agreement does not include variable consideration or a significant financial component. According to the group's estimate, about half of the expenses related to construction services accrue from the design work before the construction of the object on the site begins, and the rest during the construction period, e.g. with the monitoring of the construction site. Thus, Toivo also records about half of the total amount of the income in question at the start and the rest during the construction period according to the progress of the project, for now practically every quarter.

Sales of items

In the fiscal year 2022, Toivo implemented properties intended for direct sale. In these projects, Toivo works as a developer. The sale of objects is recognized as income at one point in time, according to the handover, when control of the object is transferred to the buyer. The projects to be implemented during the accounting period are mainly residential projects.

Turnover has been adjusted with indirect taxes and sales adjustment items.

Plot rental

In 2018, the group started renting plots for residential construction. The group acquires either a single plot of land or a larger area of land and rents the plots to selected customers individually. Customers are private individuals, housing corporations or Grynders. The land lease agreement is usually for 50 years and its content is very similar to the land lease agreements used by cities.

Toivo records the effects of rent-free periods and rent reductions in equal installments for the rental period, if these have been agreed upon in the original rental agreement. If the group has granted a rent reduction at the tenant's request, the effect is recorded for the remaining rental period.

3.2 Distribution of turnover

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
Total	20,323	13,574

In the fiscal year 2022, two properties in Espoo were completed and sold. In addition, the Company sold individual plots of land and housing shares. The number of rental concessions that Toivo gave to its customers in the 2022 fiscal year was small.

The group estimates that it will record project management contracting income approx. 20 million euro in the financial year 2023.

3.3 Information about geographical areas

The turnover of the geographical regions presented below is based on the location of the customers and the assets of the regions on the location of those assets.

EUR thousand	Revenues 2022	Non- current assets ¹ 2022	Revenues 2021	Non- current assets ¹ 2021
Finland	19,277	156,441	13,574	96,907
Sweden	1,046	0	-	865
Total	20,323	156,442	13,574	97,772

¹ Long-term assets other than financial instruments and deferred tax assets.

4 OTHER BUSINESS INCOME

4.1 Drafting principle

Other business income includes income other than Toivo's actual business, such as consulting fees and public subsidies. The Group records a public grant when it is reasonably certain that Toivo meets the related conditions, and the grant will be received. Grants related to income are recorded with effect on profit in the periods in which Toivo records as expenses the expenses that the grants are intended to cover.

5 MATERIALS AND SERVICES

5.1 Drafting principle

The acquisition cost of real estate properties acquired or built for sale is determined based on the purchase costs, which are adjusted with the item Change in current assets.

5.2 Breakdown of material and service costs

EUR thousand	2022	2021
Purchase expenses	-7,214	-3,269
External services	-6,478	-5,206
Total	-13,692	-8,475

6 PERSONNEL COSTS

6.1 Drafting principle

The Personnel expenses item of the consolidated income statement includes expenses from the following items: short-term employee benefits, post-employment benefits, other long-term employee benefits¹, benefits related to termination of employment¹ and a share-based incentive plan.

Short-term employment benefits include salaries, bonuses as well as benefits in kind, annual holidays and bonuses. Some of Toivo's

¹ Toivo did not have these benefits in the financial years 2021–2022.

personnel have a performance-based payment arrangement. The Group records the expenses arising from these benefits for the period in which the employees perform the work in question.

Post-employment benefits are paid to their recipients after the employment ends. In the group, these benefits consist of pensions. Pension plans are classified as either defined benefit or defined contribution plans. Toivo only has payment-based arrangements. A defined contribution plan means a pension plan where the group pays fixed payments to a separate entity, and the group has no legal or factual obligations to make additional payments if the life insurance company does not have sufficient funds to pay all pension benefits. Toivo's pension arrangements have been handled by external pension insurance companies. Pension payment obligations are recorded as expenses in the period when the employees perform the work in question. The Group records the payments made in advance as assets to the extent that they lead to a reduction of future pension payments or a refund in cash.

Toivo has a long-term share-based incentive system for key personnel. The determination of the reward is based on the realization of Toivo's financial metrics in relation to the set goals. The bonus is allocated over the respective earning period to Toivo's result, and the increase in equity corresponding to the expense entry is recorded. More information about the arrangements is presented in note 25.2 Related party transactions.

6.2 Expenses recorded with a profit impact

EUR thousand	2022	2021
Salaries and fees	-447	-764
Pension costs (contribution-based plans)	-476	-249
Other personal expenses	-94	-47
Share-based incentive arrangement	-97	-
Total	-1,114	-1,060

The average number of staff during the accounting period was a total of: 42

Information on the remuneration of Toivo's key management personnel is presented in note 25 Related Party Transactions.

7 DEPRECIATION AND IMPAIRMENT

7.1 Depreciation and impairment by commodity group

EUR thousand	2022	2021
Intangible assets		
IT programs	-3	-3
Tangible assets		
Machinery and equipment	-45	-27
Total depreciation, owned assets	-48	-30
Right-of-use assets (leased assets) ¹	-3	-38
Depreciation affecting profit in total	-51	-68

¹ The breakdown of depreciation by right-of-use asset category is presented in note 13.3 Items recognized with a profit impact.

Toivo did not record any impairment losses in the financial years 2021-2022.

8 OTHER BUSINESS EXPENSES

8.1 Drafting principle

Toivo's other business expenses include expenses that cannot be considered directly related to the operational tasks of the group's business areas. These costs include e.g. real estate and business premises, marketing and information system costs, as well as personnel-related costs other than wages.

8.2 Breakdown of other business expenses

EUR thousand	2022	2021
Real estate and premises expenses	-1,127	-576
Marketing expenses	-184	-79
System costs	-204	-76
Personnel-related expenses other than wages	-293	-105
Other lots	-391	-573
Total	-2,199	-1 409

8.3 Fees of auditors

EUR thousand	2022	2021
KPMG		
Audit	-142	-56
Other services		-
Total	-142	-56

9 FINANCIAL INCOME AND EXPENSES

9.1 Drafting principle

Toivo processes interest income and expenses using the effective interest method. The group capitalizes the debt expenses resulting from unfinished construction projects to the acquisition cost of investment properties, see for more details note 12.1 Calculation principle / Acquisition cost of investment properties. Interest expenses for capital loans (equity loans) are recorded in equity. Other interest expenses are recorded with effect on profit. Toivo presents all exchange rate

differences in financing items. More detailed accounting principles for financial assets and liabilities are presented in notes 17 Financial assets, 20 Financial liabilities and 22 Financial risk management.

9.2 Items recognized with a profit impact

EUR thousand	2022	2021
Financial income		
Capital gains on financial assets valued at fair value through profit and loss	-	-
Other interest and financial income	405	18
Total financial income	405	18
Financial expenses		
Interest expenses – financial debt valued at amortized cost ¹	-1,129	-611
Other financial costs	-90	-93
Total financial costs	-1,197	-703
Net financial expenses	-792	-685

¹ Includes interest expenses mainly from financial institution loans and lease liabilities.

10 INCOME TAXES

10.1 Drafting principle

The group's tax expense consists of tax based on the taxable income of the financial year, possible adjustments to income taxes from previous financial years, and the change in deferred tax liabilities and receivables. Income taxes are recorded with effect on profit, except when they are related to other items of comprehensive income or items recorded directly in equity. In this case, income tax is also recorded in those items.

Tax based on the group's taxable income for the period is calculated based on the taxable income determined according to the tax legislation of each country and the effective tax rate (or the tax rate practically accepted by the balance sheet date) in the countries where Toivo operates and generates taxable income. This tax is adjusted with possible taxes related to previous accounting periods. Taxes other than income taxes are included in other business expenses. Taxable income differs from the result reported in the financial statements, e.g. because certain income and expense items are not taxable or tax-deductible at all, or they are taxable or tax-deductible in different years.

Deferred tax is recorded using the debt method:

- on temporary differences between the accounting values and tax values of assets and liabilities on the balance sheet date, and
- unused tax losses and unused tax credits.

The group's most significant temporary difference arises from the valuation of investment properties at fair value.

Deferred tax debt is usually recorded in full on the balance sheet. Deferred tax liability is not recorded, however, if it results from the initial recording of goodwill, or the initial recording of an asset or liability, when it is not a business combination and the transaction does not affect the accounting result or taxable income at the time of

implementation. Deferred taxes on investment properties are recorded on the difference between the fair value of the investment property owned by the real estate company belonging to the group and the tax value of the investment property that is the basis of the taxation of the relevant real estate company (acquisition cost not deducted in taxation) after the acquisition date.

Deferred tax liabilities are recorded for investments made in subsidiaries, except when Toivo can determine the date of discharge of the temporary difference, and the temporary difference is not likely to be discharged in the foreseeable future.

Deferred tax assets are recorded for tax purposes from deductible temporary differences only to the extent that it is probable that taxable income will be generated in the future against which Toivo can utilize the temporary difference.

- Tax receivables recorded in the balance sheet: At the end of each reporting period, the Group reassesses the probability of utilizing these tax assets and their amount. If the tax benefit is to some extent no longer probable, Toivo records a deduction from the accounting value of the deferred tax asset.
- Deferred tax assets not entered in the balance sheet: Toivo reevaluates these items at the end of each season. They are recorded in the balance sheet to the extent that it has become probable that the receivables in question can be used against taxable income generated in the future.

Toivo determines deferred tax assets and liabilities using the tax rate (and tax laws) likely to be in effect in the year in which the asset is realized or otherwise utilized or the debt is settled. The tax rate is the corporate tax rate valid on the end of the reporting period of each country or the tax rate of the year following the financial year, if it has been practically accepted by the end of the reporting period.

The group's management evaluates the solutions made in the income

tax return and the related uncertainty, if the tax legislation is open to interpretation. If necessary, Toivo records tax reserves in the amount that will probably be paid. This is based on the group's interpretation of the application of tax laws and management's judgment.

10.3 Income taxes recorded with effect on profit

EUR thousand	2022	2021
Current tax based on the financial year's taxable income	-138	-756
Deferred taxes, change	-2,589	-2,306
Total	-2,727	-3,062

10.4 Income tax expense and applicable in Finland reconciliation calculation between income taxes calculated at the tax rate

EUR thousand	2022	2021
Profit (Loss) before income taxes	14,870	15,133
Tax calculated at the tax rate applicable in Finland (20%)	-2,974	-3,027
Non-deductible expenses	-16	-1
Income taxes apply to previous years	246	-
Use of unrecorded confirmed losses from previous years	0	-
Unrecognized deferred tax assets from tax losses	-9	-6
Other lots	-	-
Total	-2,753	-3,034
Income taxes recorded with effect on profit	-2,727	-3,062



10.5 Changes in deferred tax assets and liabilities

EUR thousand	1 Jan 2022	Registered profitably	Other changes	31 Dec 2022
Deferred tax assets				
Tax confirmed losses	5	4	-	9
Lease agreements	19	15		34
Other lots	33	46	-	79
Total	57	65	-	122
Deferred tax liabilities				
Investment properties	-4,326	-2,506	-	-6,832
Lease income	1	-1	-	-
Subordinated loan interests	-64	-35		-98
Investment properties available for sale	-			-
Other lots	386	-113	-	273
Total	-4,003	-2,654	-	-6,657

EUR thousand	1 Jan 2021	Registered profitably	Other changes	31 Dec 2021
Deferred tax assets				
Tax confirmed losses	5		-	5
Lease agreements	7	12		19
Other lots	9	24	-	33
Total	21	36	-	57
Deferred tax liabilities				
Investment properties	-1,920	-2,405	-	-4,326
Lease income	-35	36	-	1
Subordinated loan interests	-26	-38		-64
Investment properties available for sale	-			-
Other lots	-1	-1	-	-2
Total	-1,982	-2,408	-	-4,391

11 EARNINGS PER SHARE

11.1 Drafting principle

Undiluted profit per share is calculated by dividing the profit (loss) for the financial year attributable to the owners of the parent company by the weighted average of the number of ordinary shares outstanding (during the financial year), excluding any own shares held by Toivo.

When calculating diluted earnings per share, the dilutive effect of all potential shares is taken into account in the weighted average number of outstanding shares. The group had no dilutive instruments in the financial periods 2022 and 2021. Thus, undiluted and diluted earnings per share were equal in these years.

11.2 Undiluted and diluted earnings per share

	2022	2021
Profit for the financial year attributable to the owners of the parent company, one thousand euros	12,066	11,918
The weighted average of the number of shares outstanding during the financial period (1,000 pcs.)	54,091	49,790
Undiluted and diluted earnings per share (euro / share)	0.22	0.24

Toivo implemented a directed share issue on June 21, 2022. In the share issue, the number of shares increased from 53,086,226 shares to 54,986,226 shares. Payments for the share issue (approximately EUR 3.7 million) were made in June 2022. For more details, see note 19 Equity.

12 INVESTMENT PROPERTIES

12.1 Drafting principle

Definition of investment property

Investment property is defined as land, a building or part of it that Toivo holds in order to obtain rental income or an increase in the property's value, or for both reasons. The aforementioned asset can be owned directly or in partnership form.

Property classification

Toivo's investment properties include completed and unfinished residential and commercial properties, leased plots and plot reserve. Possible properties classified as for sale and current assets belong to Toivo's property portfolio, but are not included in the balance sheet item Investment properties. The property is transferred from other asset groups to the Investment properties item or from this item to other asset groups when there is a change of purpose of use. Toivo moves the property from the Investment properties lot to the Investment properties for sale lot when the sale of the property is considered highly probable. Objects acquired for sale or under construction are included in the Inventories item in the consolidated balance sheet.

The acquisition cost of the investment property

Toivo initially values investment properties at acquisition cost. The acquisition cost includes:

- purchase price of the item
- plot rental costs
- transaction costs such as professional fees and transfer taxes, and
- those debt expenses, such as interest expenses and arrangement fees, which directly result from the acquisition or construction of the investment property.

Capitalization of borrowing costs is started when construction of a new building begins and capitalization is stopped when the asset is substantially ready for rental use or sale. Toivo's debt capital expenses that can be capitalized are accumulated from loans taken out for construction projects. Borrowing capital expenditures are recorded as an addition to the balance sheet item Advance payments and unfinished acquisitions, and they are transferred after the object is completed to the Investment properties item as part of the acquisition cost of the object.

Fair value calculation model and valuation process

Ready-made investment properties

Toivo values the investment properties at fair value after initial recognition. The fair values of the Group's investment properties are determined on a property-by-property basis by an external independent appraiser. In the years 2022 and 2021, the estimates were prepared by Catella Property Oy. The appraiser has used a model based on 10-year cash flow analyzes to determine the fair values of the investment properties. Thus, all the group's investment properties are classified at level 3 of the fair value hierarchy (for the definition of the levels, see note 1.7 Determination of fair values). Changes in value are recorded in the period in which the changes in value are determined and are presented with effect on profit and loss (item Changes in fair value of investment properties and gains and losses on disposal).

Investment properties under construction

Properties under construction are classified as investment properties. For investment properties under construction, the share of the project's estimated development profit corresponding to the stage of completion is presented as a change in fair value. The development profit is obtained by deducting its estimated construction costs from the fair value of the completed object according to the appraisal book. Finished items are recorded at fair value based on an appraisal book made by an external operator.

Changes in the value of unfinished objects are recorded in the same way as changes in the fair values of completed objects (item Changes in the fair values of investment properties and disposal gains and losses).

Business combinations and asset acquisitions

Acquisitions of investment properties are treated in accounting either as acquisitions of an asset (or group of assets) or as business combinations. Determining whether it is a business combination requires management judgment.

Writing off the investment property from the balance sheet

An investment property is written off the balance sheet when it is handed over or when it is permanently taken out of use and no future financial benefit is expected from its handing over. The property owned by Toivo is considered sold when the significant risks and benefits related to ownership have been transferred from the group to the buyer. Usually this happens when control of the shares is transferred. Gains and losses on disposal are included in the consolidated income statement in the item Changes in fair values of investment properties and gains and losses on disposal.

12.2 Assumptions and uncertainties

The group's management uses judgment when assessing whether the presented fair values of the investment properties reflect their actual fair values as reliably as possible. Catella Property Oy annually delivers appraisal books for investment properties owned by Toivo Group Plc. The management of the group examines the factors affecting the fair values of the investment properties on a quarterly basis and, if necessary, requests a new estimate from an external appraiser, if it deems it appropriate to update the fair values of the investment properties so that they reflect the real market value of the object. The external appraiser also presents his opinion on a quarterly basis about the need to change the fair values of investment properties. See also note 12.9 Uncertainty factors and sensitivity analysis related to

parameters used in cash flow calculations.

12.3 Toivo's real estate portfolio

Toivo's real estate portfolio mainly consists of rental apartments. The real estate portfolio also includes small plots of land for rent and business premises. All of Toivo's rental apartments are located in Finland, mainly focusing on growth centers such as the capital region, Turku and Tampere. Toivo's real estate portfolio mainly includes new and innovative apartment buildings, but also to a small extent terraced, detached and semi-detached houses. The group's strategic focus is on new, small and reasonably priced apartments located in good and attractive locations in growth centers.

The company's current existing investment properties and concluded contracts combined have a fair value of approximately EUR 470 million, and the total financing need is approximately EUR 340 million. The Company has already financed a part of this and the Company will finance the remaining part with financial instruments conditional on debt and equity capital and with the help of sales of properties.

12.4 Rental income and maintenance costs

Treatment costs are caused by e.g. about property maintenance and service, repairs and energy consumption. Treatment costs are recorded as expenses for the period to which they apply according to the accrual basis.

The rental income and management costs related to investment properties are presented below:

EUR thousand	Gross rent the proceeds		Net rent the proceeds		Maintenance costs	
	2022	2021	2022	2021	2022	2021
Toivo Maat Suomi Oy	265	274	238	242	-26	-32
Toivo Group Plc	12	107	7	77	-5	-30
Toivo Homes Oy	2,976	1,600	2,163	1,069	-813	-531
Toivo Living Oy	321	450	301	429	-21	-20
Toivo Liiketilat Oy	296	245	226	161	-70	-84
Toivo Rakennuttaminen Oy	43	-	39	-	-5	-
Total	3,914	2,676	2,975	1 979	-940	-697

The rental income and management costs of the companies in question also include the rental income and management costs of any of their own subsidiaries.

Since Toivo's properties are mainly new or new, according to the group's assessment, they are also in good technical condition and will not be subject to major repair needs in the next few years.

12.5 Acquisitions and sales of investment properties

In 2022, Toivo acquired plots of land, and none of these acquisitions were individually significant. The group has treated acquisitions of investment properties as acquisitions of assets, as these were not entities considered as business operations.

The most significant sale of investment properties was the sale of 65 apartments in December 2022. In the financial year 2022, the capital gains on investment properties totaled -1,411 (-117) thousand euros.

12.6 Completed investment properties

EUR thousand	2022	2021
Fair value of completed investment properties 1.1.	36,877	33,635
Purchases during the financial year	1,617	
Capitalised borrowing costs	-492	102
Sales during the financial year	-7,010	-12,085
Transfers from properties under construction	74,500	14,991
Other transfers	-	-11,629
Right-of-use assets (leased plots of land)	2,907	4,015
Change in fair values	6,981	7,848
Fair value of completed investment properties, 31 December	115,380	36,877

12.7 Investment properties under construction

EUR thousand	2022	2021
Fair value of investment properties under construction 1.1.	60,772	23,386
Additions / Deductions	59,376	42,473
Capitalised borrowing costs	-179	269
Sales during the financial year	-10,615	
Transfers to ready-made investment properties	-74,500	-14,991
Transfers to current assets		
Other transfers		566
Change in fair values	5,482	9,069
Fair value of investment properties under construction 31.12.	40,336	60,772
Total fair value of investment properties on 31.12.	155,716	97,649

The fair values of the investment properties under construction at the time of acquisition correspond to the acquisition costs of these objects.

12.8 Valid values: key parameters

The key parameters used by the external evaluator in the cash flow calculations of investment properties are presented below:

Completed investment properties (Apartments)

	2022	2021
Input data:		
Net return requirement (%)	4.30 - 5.60%	4.30 - 5.20%
Market rent (euro /m ² / month)	17.07 - 33.31	18.23 to 25.64
Treatment costs (euro / m ² / month)	1.85 to 3.86	1.50 to 2.80
Average for the accounting period economic occupancy rate (%)	90 - 100%	97 - 100%

Completed investment properties (Apartments)

	2022	2021
Other important information:		
Rentable area (m ²) in total	22,501	6,776
Inflation assumption (%)	2.0%	2.0%

Investment properties under construction (Apartments)

	2022	2021
Input data:		
Net return requirement (%)	4.40 - 4.90%	4.10 - 5.30%
Market rent (euro/m ² / month)	15.75 to 22.91	17.50 - 28.00
Treatment costs (euro/m ² / month)	1.88 to 3.07	1.70 to 2.85
Average for the accounting period economic occupancy rate (%)	98 - 100%	97 - 100%

Investment properties under construction (Apartments)	2022	2021
Other important information:		
Rentable area (m ²) in total	11,456	23,422
Inflation assumption (%)	2.0%	2.0%

Plots for rent	2022	2021
Input data:		
Net return requirement (%)	4.20 - 5.80%	4.00 - 5.35%
Market rent (euro / chem ² / month)	2.12 to 4.67	2.46 to 4.17
Treatment costs (euro / m ² / month)	-	-
Average financial occupancy rate for the financial year (%)	100%	100%

Plots for rent	2022	2021
Other important information:		
Rentable area (chem ²) in total	7,944	10,424
Inflation assumption (%)	2.0%	2.0%

Completed investment properties (Business premises)	2022	2021
Input data:		
Net return requirement (%)	8.0 - 9.0%	8.0 - 9.5%
Market rent (euro / m ² / month)	4.74 to 12.91	4.5 to 11.67
Treatment costs (euro / m ² / month)	1.22 to 12.00	1.30 to 6.87
Average financial occupancy rate for the financial year (%)	95 - 100%	95 - 100%

Ready-made investment properties (Business premises)	2022	2021
Other important information:		
Rentable area (m ²) in total	7,360	7,360
Inflation assumption (%)	2.0%	2.0%

12.9 Uncertainty factors and sensitivity analysis related to parameters used in cash flow calculations

The most important components of the fair values of investment properties are yield requirement, market rents, vacancy rate and maintenance costs. In the financial years 2021 and 2022, Toivo used an external independent appraiser, Catella Property Oy, to determine the fair values of the investment properties, which produces estimates of the fair values of the investment properties by object.

Changes in the parameters used in the cash flow calculations have a direct connection to the company's result and financial position through changes in the current values of the investment properties. In the cash flow calculations, the market's return requirement and inflation expectation are used as discount factors, which are evaluated by region. With other parameters used in cash flow calculations remaining unchanged, the increase in the yield requirement and inflation expectations leads to a decrease in the fair value of the investment property, and their decrease, in turn, to an increase in the fair value of the investment property.

Other parameters affecting the fair value of investment properties include estimates of future rental income, maintenance costs, occupancy rate and future investments. The future expectation of a decrease in occupancy rates lowers the current values of investment properties, and an estimated increase in the occupancy rate increases them. Maintenance costs and possible other investments in properties, such as basic improvement costs, appear in cash flow calculations as a

negative income flow and thus reduce the current values of investment properties.

The fair values of investment properties are susceptible to changes in the market parameters used in the calculation. The sensitivity of fair values to changes in parameters is described in the following table, which illustrates the effects of a change in the market's return requirement on the fair values of the group's investment properties.

Change in yield requirement

31 December 2022	-10%	-5%	0%	5%	10%
Fitting value (1,000 euros)	173,018	163,912	155,716	148,301	141,560
Change (1,000 euros)	17,302	8,196	-	-7,415	-14,156
Change (%)	11.1%	5.3%	0.0%	-4.8%	-9.1%

Change in yield requirement

31 December 2021	-10%	-5%	0%	5%	10%
Fitting value (1,000 euros)	108,499	102,788	97,649	92,999	88,772
Change (1,000 euros)	10,850	5,139	-	-4,650	-8,877
Change (%)	11.1%	5.3%	0.0%	-4.8%	-9.1%

Change in rental rate (% units)

31 December 2022	-4%	-3%	-2%	-1%	0%
Fitting value (1,000 euros)	149,487	151,044	152,602	154,159	155,716
Change (1,000 euros)	-6,229	-4,671	-3,114	-1,557	-
Change (%)	-4%	-3%	-2%	-1%	0%

Change in rental rate (% units)

31 December 2021	-4%	-3%	-2%	-1%	0%
Fitting value (1,000 euros)	93,743	94,719	95,696	96,672	97,649
Change (1,000 euros)	-3,906	-2,929	-1,953	-976	-
Change (%)	-4%	-3%	-2%	-1%	0%

The sensitivity analysis includes those items that have received an assessment from an external evaluator. The sensitivity analysis does not include Toivo's leased plots (right-of-use assets), which are treated as investment properties in the consolidated balance sheet. Thus, the total sum of fair values presented in the sensitivity analysis at the end of the financial years 2022 and 2021 differs from the combined balance sheet value of the investment properties on 31 December 2022 and 31 December 2021.

The fair values of investment properties are sensitive to changes in the yield requirement. When the yield requirement decreases, the fair value of the investment property increases, and when the yield requirement increases, the fair value of the investment property decreases. In sensitivity analysis, one parameter is changed at a time, but in reality, parameter changes often occur simultaneously.

12.10 Ongoing projects

Those that started during 2022 or on 31 December 2022 are mentioned below ongoing projects.

Location	Estimated gross investment (one thousand euros)	Realized gross investments on 31 December 2022 by (one thousand euros)	Completion
Espoo	14,978	7,988	9/2023-11/2023
Järvenpää	10,047	8,870	3/2023-4/2023
Vantaa	3,279	1,589	6/2023-7/2023
Tuusula	3,874	1,112	7/2023-8/2023
Tampere	3,025	1,792	6/2023-7/2023

13 LEASES

13.1 Drafting principle

Toivo works both as a lessor and as a lessee.

A) Toivo as a lessor

Toivo rents plots, apartments and business premises to its customers in Finland's growth centers. The group rents out its rental properties both for long-term rentals and for renting furnished apartments. Customers are mainly private individuals. All of Toivo's leases are classified as operating leases, as the risks and benefits inherent in ownership are not transferred to the lessees in all essential respects. The rents of the group's lease agreements are fixed.

Toivo's residential lease agreements with its consumer customers are basically lease agreements valid for an indefinite period, which can be terminated at any time with a short notice period. The notice

period for consumer customers is usually one month. Toivo's land lease agreements with its customers are generally concluded for fifty years at a time, and they end without notice, unless an extension of the lease period has been separately agreed between the parties.

About a third of land leases have a redemption clause (the tenant's redemption right). The redemption price is defined at the time of signing the contract and is tied to the cost of living index. The redemption price of the plot (= Fair value) does not decrease, even if the cost of living index has decreased. Some of the plots have the option of redeeming the plot in several installments. During the company's history, a few customers have wanted to claim the plot for themselves. Pursuant to Section 34, Chapter 2 of the Land Lease Act, the Company is subject to the obligation to redeem buildings, trees and shrubs, as well as equipment and facilities intended for permanent use, which would be transferred to the Company's ownership upon possible termination of the lease relationship.

B) Toivo as a tenant

Toivo has rented office space and lots. The group usually records assets (right-of-use assets) and lease liabilities related to all leases in its balance sheet. Exceptions are short-term and lease agreements for low-value assets. The agreement is a lease agreement or contains a lease agreement if the agreement grants the right to control the use of an identified asset in exchange for consideration.

As a rule, Toivo works on the plots it owns, but it also builds to some extent on plots rented from municipalities, cities and land funds. As a rule, Toivo has the right to re-let the rental area at the end of the rental period, if the rental area is re-rented for a similar purpose. During the rental period, the lease agreement can in principle only be terminated in accordance with the grounds for termination according to the Land Lease Act, and lease agreements generally do not limit Toivo's right to transfer the lease agreement to a third party if necessary, e.g. when selling the property. In addition, lease agreements are often in the

name of the housing stock company, in which case the sale of the housing stock company itself does not affect the validity of the lease agreement.

Toivo records the right-of-use asset and lease liability at the time the contract begins. The right-of-use asset is initially valued at acquisition cost, which includes the following:

- the amount according to the original valuation of the lease debt
- the rents paid by the start of the agreement, from which any incentives received related to the lease agreement have been deducted
- possible initial expenses incurred by Toivo, and
- an estimate of possible expenses related to restoration to the original state, which the group incurs.

Later, right-of-use assets are valued at acquisition cost less accumulated depreciation and impairment losses. It is adjusted by certain items resulting from the redetermination of the lease liability. Toivo records depreciation as straight-line depreciation from the start of the contract, either during the economic useful life of the right-of-use asset or during the lease term, whichever is shorter. The right-of-use asset is tested for impairment just like self-owned assets, if there are indications of impairment. A possible impairment loss is recorded with effect on profit. The leased plots are included in the Investment properties balance sheet item and are valued at fair value, so no depreciation is recorded on them.

Initially, the lease debt is valued at the present value of the lease payments that have not been paid at the time the contract begins. The group uses Toivo's additional credit interest as the discount rate. This is the interest that the group would have to pay when borrowing a similar amount of money under similar conditions in a similar economic environment.

The rents included in the value of the lease debt consist of the following items:

- fixed fees, incl. effectively fixed charges, and
- variable rents that depend on an index or price level (e.g. consumer price index) and which are initially determined based on the index or price level at the start of the contract.

Later, the lease debt is valued at amortized cost. The lease debt is redefined when there has been a change in the due rent payments due to a change in the index or price level, or if Toivo changes its assessment of whether it intends to use the purchase, extension or termination option. When the lease liability is redefined in this way, a corresponding adjustment is made to the book value of the right-of-use asset item, or the adjustment is recorded in profit and loss if the book value of the aforementioned item has been reduced to zero.

In the cash flow statement, repayments of the lease debt are presented in the net cash flow of financing. Interest payments related to lease liabilities and rent payments related to low-value assets and short-term leases are presented in the net cash flow of operations.

Toivo does not record in its balance sheet the right-of-use assets and lease contract liabilities related to:

- for short-term rental agreements (rental period max 12 months). Toivo applies this practical aid to all target asset classes.
- to lease agreements for low-value assets (new value of each asset no more than about 5,000 euros).

The group records the rental expenses in question as expenses in equal installments during the rental period.

A) Toivo as a lessor

13.2 Contractual aspects of rental agreements undiscounted rental income

The maturity distribution of rental income describes the accumulation of future undiscounted rents in the coming years.

EUR thousand	2022	2021
During the 1st year	7,330	3,011
During the 2nd year	2,090	1,092
During the 3rd year	2,032	1,092
During the 4th year	2,032	1,092
During the 5th year	2,032	1,092
Later	13,937	17,937
Total	29,451	25,316

On 31.12.2022, Toivo's lease contract base was as follows: 591 apartments, 46 land leases and 4 business leases. The majority of apartment leases are valid for the time being.

B) Toivo as a tenant

13.3 Items recognized with a profit impact

EUR thousand	2022	2021
Lease costs for low-value assets ¹ (which are not short-term leases)		-12
Lease costs from short-term leases ¹		-
Depreciation of right-of-use assets ²	-3	-38
Interest expense on lease liabilities ³	-208	-224
Change in fair values of leased plots ⁴	92	74

1 The costs in question are included in the income statement under Other business costs.

2 Consist of depreciation of office premises and are included in the income statement item Depreciation and depreciation.

3 Included in the income statement item Financial costs.

4 Included in the income statement item Changes in the fair value of investment properties as well as gains and losses on disposal.

13.4 Items presented in the cash flow statement

EUR thousand	2022	2021
Total outgoing cash flow resulting from rental agreements	-447	-483

13.5 Tangible assets acquired through leases

EUR thousand	Rental plots*		Leasing a car		Office premises		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Acquisition cost								
Opening balance 1.1.	4,089	2,479	16	-	106	83	4,212	2,562
Additions	6,316	1,610	8	16		23	6,324	1,650
Final balance 31.12.	10,405	4,089	24	16	106	106	10,535	4,212
Accumulated depreciation and impairments / Changes in fair values								
Opening balance 1.1.	-74	-	-3		-103	-66	-180	-66
Depreciation for the accounting period	-92	-	-11		-3	-38	-106	-38
Changes in fair values		-74		-3	-	-	-	-77
Final balance 31.12.	-166	-74	-14	-3	-106	-103	-287	-180
Book value 1.1.	4,015	2,438	13	-	3	17	4,032	2,496
Book value 31.12.	10,239	4,015	10	13	0	3	10,249	4,032

*Includes ground plots

The plots rented by Toivo are treated as investment properties and are valued at fair value. Thus, these right-of-use assets are not recorded depreciation. Changes in the value of plots of land are recorded in the income statement under Changes in fair value of investment properties and gains and losses on disposal.

Leased plots of land are included in the consolidated balance sheet under Investment properties and leased office spaces are shown in the right-of-use assets line of the consolidated balance sheet.

13.6 Balance sheet values of lease liabilities

EUR thousand	2022	2021
Brief	715	26
Prolonged	9,813	4,105
Total	10,528	4,131

Lease liabilities are presented in the line Lease liabilities of the consolidated balance sheet, divided into long-term and short-term portions according to the maturity date.

14 TANGIBLE FIXED ASSETS

14.1 Drafting principle

Toivo's tangible assets mainly consist of buildings and machinery and equipment. The acquisition cost includes the costs that directly result from the acquisition of the commodity in question, incl. installation costs. After initial recognition, tangible fixed assets are presented in the balance sheet at acquisition cost less accumulated depreciation and impairment losses. Repair and maintenance expenses are recorded in the income statement when they are incurred.

The group records tangible fixed assets as straight-line depreciation (other than buildings) as expenses over the estimated useful lives (4-5 years). Toivo has an office building in its own use, which is presented in the balance sheet under long-term assets under Buildings and Structures. Depreciation is stopped when the tangible asset is classified as held for sale. Toivo checks the estimated useful lives and residual values of the assets at least at the end of each accounting period. If they differ significantly from previous estimates, the depreciation period is changed accordingly.

Toivo assesses on each end of the reporting period whether there are indications that the value of the tangible fixed asset has decreased.

If there are indications, the group estimates the amount of money that can be collected from the asset in question. If it is lower than the book value, the difference between these, i.e. the impairment loss, is recorded with an effect on profit.

14.2 Breakdown of tangible assets

EUR thousand	Machines and stock		Unfinished acquisitions		Total	
	2022	2021	2022	2021	2022	2021
Acquisition cost						
Opening balance 1.1.	117	227	-	-	117	227
Additions	49	28	-	-	49	28
Deductions		-137	-	-	-	-137
Exchange rates	-	-	-	-	-	-
Final balance 31.12.	166	117	-	-	166	117
Accumulated depreciation and impairment						
Opening balance 1.1.	-56	-32	-	-	-56	-32
Depreciation for the accounting period	-45	-24	-	-	-45	-24
Final balance 31.12.	-101	-56	-	-	-101	-56
Book value 1.1.	61	195	-	-	61	195
Book value 31.12.	65	61	-	-	65	61

Additional information about Toivo's leased tangible assets is presented in section 13 Leasing agreements.

15 INTANGIBLE ASSETS

15.1 Drafting principle

The Group records an intangible asset in the balance sheet only when the acquisition cost of the asset can be determined reliably and it is likely that the expected financial benefit resulting from the asset will benefit Toivo. All other expenses are recorded as expenses when they are incurred. Toivo values intangible assets at original acquisition cost less depreciation and possible impairment.

The accounting treatment of cloud service arrangements depends on whether the cloud-based software is classified as an intangible asset or a service contract. Those arrangements in which Toivo does not have control over the software in question are treated in accounting as service contracts that give Toivo the right to use the cloud service provider's application software during the contract period. The ongoing license fees for the application software, as well as configuration or customization costs related to the software, are recorded in other business expenses when Toivo receives the services.

Toivo records intangible assets as straight-line depreciation as expenses over the estimated useful lives (five years). The group checks the applied depreciation periods at least at the end of each financial period. If the expected useful life of the asset differs significantly from previous estimates, the depreciation period is changed accordingly. When an intangible asset is classified as held for sale, the recording of depreciation on it is stopped.

Toivo assesses on each end of the reporting period whether there are indications that the value of the intangible asset has decreased. If there are indications, the group estimates the amount of money that can be collected from the asset in question. If it is lower than the book value, the difference between these, i.e. the impairment loss, is recorded with an effect on profit.

15.2 Breakdown of intangible assets

EUR thousand	IT systems		Other intangible assets		Total	
	2022	2021	2022	2021	2022	2021
Acquisition cost						
Opening balance 1.1.	8	11	37	54	45	65
Additions	9			-17	9	-17
Deductions		-	-37	-	-37	-
Final balance 31.12.	17	11	-	37	17	48
Accumulated depreciation and impairment						
Opening balance 1.1.		-		-	-	-
Depreciation for the accounting period	-3	-2		-1	-3	-3
Final balance 31.12.	-3	-2	-	-1	-3	-3
Book value 1.1.	8	11	37	54	45	65
Book value 31.12.	14	8	-	37	14	45

16 INVENTORIES

16.1 Drafting principle

Toivo's inventory consists of unfinished and/or completed construction sites intended for direct sale. The acquisition cost of these includes the value of the plot, other construction raw materials, design costs, costs resulting from direct work performance, debt costs and other direct and indirect costs related to construction projects. Inventories are valued

at acquisition cost or net realizable value, whichever is lower. The net realizable value is the estimated sales price obtained in the ordinary course of business, from which the estimated expenses necessary to complete the object and the estimated expenses necessary for the realization of the sale have been deducted.

At the end of the fiscal year 2022, the current assets consisted of properties being built for sale, some of which have yet to be sold, i.e. some of the properties have been started without customers. The objects were valued at acquisition cost.

17 FINANCIAL ASSETS

17.1 Drafting principle

Toivo's financial assets mainly consist of rent and trade receivables and cash.

Classification and recording

Toivo classifies its financial assets as financial assets recorded at amortized cost. Financial assets are classified based on the purpose of their acquisition when an item belonging to financial assets is acquired. The classification is based on the goals of Toivo's business model and the contractual cash flows of financial assets.

All purchases and sales of financial assets are recorded on the transaction date. If it is an item that is not valued at fair value through profit and loss, the transaction costs are included in the original book value of the financial assets. The group writes an item belonging to financial assets off the balance sheet when Toivo has lost the contractual right to cash flows from financial assets, or when it has transferred significant parts of the risks and profits outside the group.

Financial assets recorded at amortized cost

This category includes rent and trade receivables as well as cash and cash equivalents. They are valued at amortized cost using the effective interest method. Rent and trade receivables are short-term assets that Toivo plans to hold for a maximum of 12 months from the end of the reporting period. The accounting values of rent and trade receivables are deemed to correspond substantially to their fair values. The accounting treatment of impairments is described in note 22.3 Credit and counterparty risk. The group's cash and cash equivalents consist of cash and funds in bank accounts. Items classified as cash assets have a maximum maturity of three months from the date of acquisition.

17.2 Balance sheet values

EUR thousand	Note	2022	2021
Amortized acquisition cost			
Loan receivables	25.3	3,326	1,062
Rental receivables	13, 22.3	150	72
Accounts receivable	22,3	979	232
Cash and cash equivalents		6,423	15,275
Total		10,878	16,642

18 Other receivables

EUR thousand	2022	2021
Accruals	1,810	838
Other receivables	3,418	938
Total	5,228	1,776

19 EQUITY

19.1 Accounting principle – equity instruments

Toivo classifies the instruments it issues as either financial debt or equity based on the nature of the instruments.

- A financial debt is an instrument that obliges the group to hand over cash or other financial assets, or whose holder has the right to demand cash or other financial assets from Toivo.
- An equity instrument is any contract that shows the right to a share of Toivo's assets after deducting all of its liabilities.

19.2 Equity items

Ordinary shares

Share capital includes Toivo Group Plc's ordinary shares, which are classified as equity. The company has one class of shares. The share has no nominal value. According to the Companies Act, one Toivo share entitles one to one vote at the general meeting. All issued shares have been paid in full.

The subscription price of the shares received in connection with share issues is entered in the share capital, to the extent that the subscription price has not been decided in the share issue decision to be recorded in the invested unrestricted equity fund. Transaction costs that result directly from the issuance of new shares are recorded in equity as a reduction of payments received and adjusted for tax effects.

Subordinated loans

These capital loans are loans that meet all the conditions of a capital loan referred to as a limited liability company loan (OYL, Chapter 12). They are classified as equity, as the group pays back the loans in question only based on the debtor's decision. The interest rate on the loans was 1.0% on 31 December 2022 and 31 December 2021. In the fiscal

year 2022, Toivo Group Plc took out 22 (1,260) new capital loans. On 31 December 2022, the total amount of capital loans was 17,280 (16,921) thousand euros, including capitalized interest of 336 thousand euros. See also note 25 Related party transactions.

Capital loans have a lower priority than other debts, but with a higher priority than shares. Loans have no maturity date. Toivo Group Plc has the right, but not the obligation, to repay the loans in whole or in part, if the company has distributable funds.

Toivo paid a total of 0 (0) thousand euros in interest on capital loans in the 2022 fiscal year. There was no unrecorded interest on 31 December 2022

Translation differences

The translation differences fund contains translation differences that have arisen from the translation of the foreign subsidiary's financial statements.

Retained earnings

Retained earnings are assets accumulated from previous accounting periods that have not been transferred to equity funds or distributed as profit distribution to the owners. Dividend distribution and other profit distribution to the shareholders of the parent company are entered as a liability in the consolidated balance sheet in the period during which the profit distribution is approved at the general meeting.

SVOP

The invested unrestricted equity fund includes other investments of an equity nature and the subscription price of the shares to the extent that it is not subscribed to the share capital according to the express decision.

19.3 Changes in share numbers and equity

The changes in the number of shares and the corresponding changes in the group's equity are presented below.

EUR thousand	Shares (thousands)	Share capital	Capital loans	SVOP fund	Conversion differences	Retained earnings	Total
1 Jan 2021	90,000	1,000	15,661	-	-1	10,537	27,197
Corrections to profits from previous financial periods						-1,673	-1,673
The result of the financial year, for the owners of the parent company	-	-	-		-1	11,918	11,917
Free share issue (share split)	-45,000	-	-			-	-
Proceeds from shares issued	918			740			740
Share issue listing	7,168			13,789		1,147	14,936
Increase in subordinated loans	-	-	1,260			-	1,260
Subordinated loan interests	-	-	-			-190	-190
Total	-36,914	-	1,260	14,529	-1	11,202	26,990
31 December 2021	53,086	1,000	16,921	14,529	-2	21,726	54,175
1 Jan 2022	53,086	1,000	16,921	14,529	-2	21,726	54,175
Corrections to profits from previous financial periods						-121	-121
The result of the financial year, for the owners of the parent company	-	-	-		-22	12,066	12,044
Free share issue (share split)						-	-
Proceeds from shares issued	1,900			3,531			3,531
Share issue listing							-
Increase in subordinated loans		-	359			-	359
Subordinated loan interests		-	-			-173	-173
Total	1,900	-	359	3,531	-22	11,771	15,639
31 December 2022	54,986	1,000	17,280	18,061	-25	33,498	69,814

The company has the authority to acquire and/or pledge a maximum of 5,308,622 of the company's own shares and the authority to issue 20,000,000 shares. The authorizations are valid until the end of the annual general meeting, as well as until June 30, 2023 at most.

Toivo Group Plc did not hold any own shares in the 2021-2022 financial years.

19.4 Share issue and listing

Toivo implemented a directed share issue on June 21, 2022. In the share issue, the number of shares increased from 53,086,226 shares to 54,986,226 shares. Payments for the share issue (approximately EUR 3.7 million) were made in June 2022.

19.5 Capital management

The goal of Toivo's capital structure management is to support the goals set by the company, optimize the capital structure, ensure good operating conditions in different market situations and create shareholder value in the long term. The company's management and board regularly monitor the development of the capital structure and liquidity to ensure the realization of the growth strategy and liquidity. The capital structure is influenced by e.g. profit, investments, asset purchases and sales, dividend distribution and share issues. The capital structure is monitored through the equity ratio, which is the share of equity in total capital. Toivo's goal is a self-sufficiency rate of over 30%. There were no significant changes in the group's capital management compared to 2021.

Self-sufficiency rate

EUR thousand	2022	2021
Total equity	70,007	54,420
Total assets	187,694	121,054
The advances received are deducted	-5,266	-791
+ (balance sheet total - advances received)	182,428	120,264
Equity ratio, %	38%	45%

20 FINANCIAL LIABILITIES

20.1 Drafting principle

Toivo classifies the group's financial liabilities into two groups as follows:

- to be recognized at fair value through profit and loss, and
- valued at amortized cost (other financial liabilities).

The classification determines whether the instrument is required to be revalued to fair value and where the revaluation item is recorded. In the financial years 2022 and 2021, Toivo only had financial liabilities valued at amortized cost.

Toivo's financial debts mainly consist of financial institution loans, lease contract debts and purchase debts. They are initially entered in the books at fair value and are then valued at amortized cost using the effective interest method. Transaction costs that can be allocated to a specific loan are deducted from the received debt amount. The difference between the amount of money received and the amount of money to be repaid is recorded as financial expenses during the loan period. Debt capital costs related to investment properties that can be capitalized are included in the acquisition cost of the real estate, see for more information note 12.1 Preparation principle (Acquisition cost of investment property).

Toivo classifies the financial debt as short-term, unless the group has the absolute right to postpone the payment of the debt at least 12 months after the end of the reporting period. From financial institution loans, short-term financial liabilities show the share of loans due in less than 12 months.

The Group only writes off the financial debt (or its part) from the balance sheet when the debt has ceased to exist, i.e. when the obligation specified in the contract has been fulfilled, canceled or its validity has ceased.

20.2 Financial liabilities

EUR thousand	Note	2022	2021
Long-term financial liabilities			
Financial institution loans	22	81,947	46,125
Lease liabilities	13,6	9,813	4,105
Loans granted to associates	25,3	2,500	-
Other financial liabilities		400	1,263
		94,660	51,493
Short-term financial liabilities			
Financial institution loans	22	2,589	971
Lease liabilities	13,6	715	26
Loans granted to associates	25,3	765	3,000
Accounts payable		3,481	3,892
Other financial liabilities		250	233
		7,799	8,121
Total financial liabilities		102,459	59,614

20.3 Terms of loans

The group finances its real estate development activities mainly with bank loans in the name of the housing or real estate joint stock companies established in the projects, with the parent company Toivo Group Plc as the own debt guarantor.

Some of the credit agreements of the parent company and its subsidiaries contain standard covenants, such as ownership, interest coverage and LTV covenants (Loan-to-Value, credit ratio). A breach of the covenants in question may result in Toivo having to pay off the credit

in question prematurely, in which case the terms of the renegotiated financing may weaken or the availability of financing may become more difficult.

Collateral related to loans is presented in note 23 Provisions, contingent installments and commitments.



20.4 Changes in liabilities resulting from financing cash flows

The following table shows the reconciliation calculation between the opening and closing balances of the liabilities resulting from financing.

EUR thousand	2022			2021		
	Funding institute loans	Lease liabilities	Close circle loans	Funding institute loans	Lease liabilities	Close circle loans
Balance 1.1.	47,095	4,131	3,000	23,696	2,491	369
Changes due to financing cash flows						
Loan repayments	-18,876	-	-3,000	-14,268	-	-369
Loan withdrawals	56,267		2,500	37,276		3,000
Lease debt payments	-	-239	-	-	-258	-
Total changes due to financing cash flows	37,391	-239	-500	23,008	-258	2,631
Other additions to loans	-	-	-	-	-	-
Conversion of loans		-	-	391	-	-
New leases	-	6,636	-	-	1,898	-
Conversion of the loan into capital loans	-	-	-	-	-	-
Other changes	50	-	-		-	-
Balance on 31.12.	84,537	10,528	2,500	47,095	4,131	3,000

21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

21.1 Classification in accounting and fair values

The following table shows the balance sheet values and fair values of financial assets and liabilities, incl. levels according to their fair value hierarchy. The levels are described in note 1.7 Determining fair values. The table does not present information on fair values for those financial assets and liabilities that are not valued at fair value, if the book value is reasonably close to the fair value and the maturity of the item is short (rental and trade receivables and trade payables).

31 December 2022		Balance sheet value	Fitting value			
			Level 1	Level 2	Level 3	Total
EUR thousand	Note					
Financial liabilities that are not valued at fair value						
Financial institution loans	20, 22	84,537	-	-	84,537	84,537
Loans granted to associates	20, 25.3	3,265	-	-	3,265	3,265
Total		87,801	-	-	87,801	87,801

31 December 2021		Balance sheet value	Fitting value			
			Level 1	Level 2	Level 3	Total
EUR thousand	Note					
Financial liabilities that are not valued at fair value						
Financial institution loans	20, 22	47,096	-	-	47,096	47,096
Loans granted to associates	20, 25.3	3,000	-	-	3,000	3,000
Total		50,096	-	-	50,096	50,096

22 FINANCIAL RISK MANAGEMENT

22.1 Principles of financial risk management

Toivo is exposed to financial risks in its business, which include interest rate, credit, refinancing, liquidity and counterparty risk. Accordingly, exchange rate and translation risks will be removed from the estimate during 2023, as the company announced in 2021 that it will end the pilot phase in Sweden. The construction and real estate industry is cyclical and prone to economic fluctuations, and its volume and profitability vary as a result of, for example, the general economic situation. Toivo's business has expanded in 2022 and the group's strategic goal is to grow the business significantly in the long term.

The central principle of financial risk management is to try to reduce the possible negative effects of the financial market on the group's business, to try to enable efficient use of equity capital and to provide the opportunity for financing according to the credit rating without an additional risk premium, and to try to give freedom of movement to the actual business. In order to control financial risks, the group uses an extensive network of banks and credit institutions, strives to diversify the selection of financial instruments and maturity distribution, and maintains a sufficient degree of equity.

In the management of refinancing risk, the main goal is to continuously extend the existing maturities of the group's loan portfolio, the financing has been spread over several operators, there is sufficient liquidity and further financing has been agreed upon when the loans mature, and sufficient financing has been reserved for investments and possible other financing needs have been taken into account. The group can use different types of financial instruments only to reduce or eliminate financial risks on the balance sheet. Changes in the financial markets may negatively or positively affect the availability of investment and refinancing as well as financing costs in the future.

22.2 Interest rate risk

A significant financial risk is focused on the fluctuation of the interest costs of the group's loan portfolio, which can be managed with the financial instruments intended for it. The biggest interest rate risks are financial institution loans with variable interest rates. Toivo Group Plc also has a commercial paper program, which has not been used in the financial years 2021 and 2022. Interest rate bonds have been diversified with maturities of different lengths, and the interest rate risk was systematically reduced in the 2022 financial year, and the company has protected some of its loans with an interest rate cap or an interest rate tube corresponding to a fixed interest rate. The counterparties to the agreements are Nordic banks with a good credit rating from Fitch Rating, Moody's Investor Service or S&P Global credit rating agency. Possible hedging of interest rate risk and its quantity and quality are constantly evaluated. However, Toivo cannot protect more than the loans on the balance sheet require. The goal is to strive to provide the group with sufficient operating conditions for the current financial market situation. However, the group does not, in principle, protect financial instruments under the Housing Finance and Development Center (ARA) that may be granted to subsidiaries or associated companies. Their interest rate risk is reduced by e.g. Interest subsidy from the Finnish government.

The sensitivity analysis presented below illustrates the effect of changes in market interest rates on the Group's interest expenses:

EUR thousand	2022		2021	
	+1%	-0.1%	+1%	-0.1%
Interest expenses recorded on loans with variable interest rates	663	-66	339	-34

The group's financial institution loans totaled 84,537 (47,096) thousand euros on 31.12.2022. The figures presented in the table above do not include the effect of deferred taxes.

22.3 Credit and counterparty risk

The group strives to avoid significant credit and counterparty risks. The group's rental receivables are spread over different rental segments. Among land lease receivables, the company has mortgages as the highest priority. In other rental receivables, the credit risk is reduced by the use of collateral. Similarly, in construction projects, the counterparty is required, among other things, to have a sufficient guarantee issued by a bank or an insurance company, a schedule of payment installments approved by the group, and other internal control measures. Credit and counterparty risk is constantly assessed based on the financial situation of the counterparty, the age distribution of rental receivables, the collateral position and the success of possible collection actions. In terms of funding sources, Toivo aims to diversify debt-based financing for different actors.

Toivo records a deduction for expected credit losses at amortized cost of financial assets valued. Expected credit loss is recorded in rent and trade receivables based on the group's accumulated information on receivables neglect or payment delays due to financial difficulties. The expected loss is determined as the difference between the book value of the receivable and the present value of the estimated future cash flows discounted at the effective interest rate. This adjustment is recorded in other business expenses or net sales and to reduce the book value of the receivable. Changes in expected credit losses as well as actualized credit losses are also recorded under the item Other business expenses. A credit loss is reversed in a later period if the reversal can be objectively considered to be related to an event after the credit loss was recorded. The group did not record reversals of bad debts in the financial years 2022 and 2021.

Age distribution of rent and trade receivables

EUR thousand	Gross book value 2022	Gross book value 2021
Accounts receivable		
Undue	979	232
Rental receivables		
Undue	67	-4
Overdue		
1-30 days	18	14
31-60 days	12	9
61-90 days	9	4
More than 90 days	98	71
	138	98
Total	205	94
Total rent and trade receivables	1,184	327

The group has recorded expected credit losses of 32 (15) thousand euros in the 2022 financial year. In addition, Toivo negotiates one customer's overdue receivables. The group's assessment is that Toivo will receive the receivables in question.

22.4 Liquidity risk

The availability of external financing on competitive terms is important from the point of view of Toivo's business operations and profitability. The group's solvency is secured with sufficient cash reserves, contracts and sufficient bank or credit institution loans. The group also aims to start a commercial paper program to support short-term liquidity. The

group's cash flow mainly consists of rental business, sales and other fees. The adequacy of funding is monitored regularly with cash and investment forecasts.

The group's liquidity was at a good level during the accounting period. Cash and cash equivalents at the end of the financial year were 6,423 (15,275) thousand euros. The investments were mainly financed with long-term loans. The financial and financial management constantly evaluates the amount of financing required by the business in different periods, so that the group has enough liquid assets to finance the

operations. In order to make financial transactions successful, the group uses several counterparties and the self-sufficiency it deems sufficient. Funding sources mainly consist of undrawn long-term loans.

Contractual due amounts of financial liabilities

The following table describes the maturity distribution of financial liabilities based on contracts. The presented figures are undiscounted. In the financial years 2021–2022, Toivo's financial liabilities consisted of financial liabilities valued at amortized cost.

EUR thousand	Balance sheet value	Total	1 year during	2-5 years during	6-10 years during	11-15 years during	Later
31 December 2022							
Financial institution loans	84,537	109,724	3,379	44,509	49,709	5,058	7,069
Lease liabilities	10,528	20,412	715	2,885	3,599	3,593	9,620
Accounts payable	3,481	3,481	3,481				
Loans granted to associates	3,265	3,265	765	2,500			
Other financial liabilities ¹	650	650	250	400			
Total	102,459	137,530	8,589	50,294	53,308	8,651	16,688

¹ Includes unpaid interest on financial loans for the fiscal year 2022 recorded in accrued liabilities.

EUR thousand	Balance sheet value	Total	1 year during	2-5 years during	6-10 years during	11-15 years during	Later
31 December 2021							
Financial institution loans	47,096	64,757	2,016	19,602	35,988	3,513	3,637
Lease liabilities	4,131	13,020	258	1,029	1,275	1,275	9,183
Accounts payable	3,892	3,892	3,892	-	-	-	-
Loans granted to associates	3,000	3,000	3,000	-	-	-	-
Other financial liabilities	1,496	1,496	-	1,496			
Total	59,614	86,165	9,166	22,127	37,264	4,789	12,820

22.5 Currency risk

If necessary, the Group's currency risk can be managed by protecting it with financial instruments intended for that purpose. However, the amount of possible hedging cannot exceed the hedging need on the balance sheet, and the hedging need is constantly evaluated by the financial and financial management. The main cash flows of the group are in Finland and the main currency is the euro. There was therefore no need to hedge the currency risk in the financial years 2021–2022.

Toivo's translation risk consists of the negative effects of exchange rate changes on the foreign subsidiary's assets when these assets are converted to the parent company's reporting currency (euro). The group has a subsidiary in Sweden established in 2020, from which the translation differences arising in 2022 are not a significant item.

In 2022, the financial statement items exposed to currency risk consisted of group receivables (EUR 337 thousand) and cash and cash equivalents (EUR 264 thousand). If the Swedish krona were to strengthen against the euro by one (1) percentage point, there would be a loss in the income statement due to exchange rate differences about six thousand euros.

23 OTHER LIABILITIES AND ACCRUALS

EUR thousand	2022	2021
Advances received	5,266	791
Accruals	912	392
Tax liabilities based on the taxable income of the financial year	86	716
Other short-term liabilities	2,307	1,026
Total	8,571	2,924

The most significant single item of other short-term liabilities is the unpaid purchase price of the purchased plots.

24 PROVISIONS, CONTINGENT INSTALLMENTS AND COMMITMENTS

24.1 Drafting principle – Reservations

Provisions are liabilities whose realization date or realized amount is uncertain. Toivo records a provision when the group has a legal or factual obligation as a result of a previous event, the fulfillment of the payment obligation is probable and the size of the obligation can be reliably estimated. The amount to be recorded as a provision is the management's best estimate of the expenses required to fulfill the obligation at the end of the reporting period, taking into account possible risk and uncertainty factors related to the obligation.

Toivo records a provision for a loss-making contract when the necessary expenses required to fulfill the obligations exceed the benefits obtained from the contract. Unavoidable costs include the costs of fulfilling the contract or the costs of terminating the contract, whichever is lower.

The group records a restructuring provision in the balance sheet when a detailed, appropriate plan has been drawn up and the implementation of the plan has started or those affected by the arrangement have been informed about it.

At the end of the fiscal year 2022, Toivo had a provision of 30 thousand euros (123), which concerns the apartment building site built for the subsidiary of the Company.

24.2 Accounting principle – Contingent liabilities and contingent assets

Contingent assets and contingent liabilities are potential assets and liabilities that arise as a result of past events. Their existence is confirmed only when one or more uncertain events, which are not completely under Toivo's control, take place or fail to take place in the future.

24.3 Collateral

EUR thousand	Loans raised from financial institutions		Undrawn loans from financial institutions	
	2022	2021	2022	2021
Debts whose as collateral is given mortgages, shares and other collateral	96,848	49,453	11,719	9,066
Mortgages given	142,792	102,305	14,935	9,964
Shares pledged	40,867	21,286	3,572	-
Directly enforceable guarantees	76,522	44,134	3,572	7,664
Guarantees total	260,182	167,725	22,079	17,628

For most of the loans for which Toivo Group Plc has given a personal guarantee, mortgages have also been given as security. In addition to the self-debt guarantees given by Toivo Group Plc, Toivo Kodit Oy, Toivo Homes Oy and Toivo Liiketilä Oy have also given self-debt guarantees for loans taken by subsidiaries, either alone or together with the parent company.

24.4 Guarantee limit

The parent company has a guarantee limit for 12 subsidiaries. About 2,370 thousand euros of the guarantee limit were used on 31 December 2022. The guarantee limit is jointly and severally liable.

24.5 Liability commitments

The group had the following liability commitments related to investment properties on 31 December 2022:

Refund responsibility for reduced value added taxes (VAT).

The amount of VAT on Toivo's real estate investments was 6,562 (2,005) thousand euros on December 31, 2022. There was 31.12.2022 left of the return responsibility 60-100% (70-100%) of the VAT deduction made. The Group's investment properties are subject to VAT refund liability, which is realized if the properties in question are transferred to VAT-free use during the 10-year audit period.

24.6 Litigation and disputes

The group's two subsidiaries have been subject to a tax audit during the 2022 financial year. Based on the tax audit, it is possible that the Company will have to account for returned value added taxes of approximately EUR 0.6 million. A possible return is not estimated to have an effect on the result.

The company has applied for an adjustment to the taxpayer's decision from the taxpayer's board of adjustment. The matter will possibly proceed to court hearings. The company estimates the processing time for the process to be 1-2 years.

25 RELATED PARTY EVENTS

25.1 Drafting principle

Toivo Group Oy's related parties include the following parties:

- subsidiaries and associated companies and joint arrangements (such housing stock companies and mutual real estate companies, of which the group owns less than 100%).
- the parent company's management consists of key personnel, which are the members of the board, the CEO and other members of the management team
- entities in which the aforementioned persons have control or joint control
- close family members of the aforementioned persons, and

- Raatihuone Oy, which has control in Toivo Group Plc, as well as the companies in which Raatihuone exercises control, joint control or has considerable influence.

The parent company of Toivo Group Plc is Raatihuone Oy (Y-ID 2962361-5). Raatihuone Oy will prepare consolidated financial statements for the financial year 2022. Raatihuone Oy is owned by Toivo Group Plc's key personnel through the companies under their control.

Transactions with related parties that are not eliminated in the consolidated financial statements are presented as related party transactions.

25.2 Remuneration of key management personnel

The amounts shown in the following tables correspond to the expenses recorded as expenses in the respective accounting periods. Possible fringe benefits are included in the salary amounts. The pension benefits of key management personnel consist of pensions granted within the framework of Finnish statutory pension arrangements. The group does not have voluntary supplementary pension plans.

EUR thousand	2022	2021
a) Total key personnel in management (including b) and c))		
Wages and other short-term employment benefits	-553	-463
Pension benefits (contribution-based plans)	-37	-35
Share-based incentive arrangement	-55	-
Total	-645	-498

EUR thousand	2022	2021
b) CEO Markus Myllymäki		
Wages and other short-term employment benefits	-76	-68
Pension benefits (contribution-based plans)	-5	-5
Share-based incentive arrangement	-8	-
Total	-90	-73
c) Other members of the management team		
Wages and other short-term employment benefits	-477	-395
Pension benefits (contribution-based plans)	-32	-30
Share-based incentive arrangement	-47	-
Total	-556	-425
d) Board in total (including e), f) and g))		
Wages and other short-term employment benefits	-44	-36
Pension benefits (contribution-based plans)	-	-
Total	-44	-36
e) Board member Petri Kärkkäinen		
Wages and other short-term employment benefits	-19	-18
Pension benefits (contribution-based plans)	-	-
Total	-19	-18

EUR thousand	2022	2021
f) Board member Harri Tahkola		
Wages and other short-term employment benefits	-19	-18
Pension benefits (contribution-based plans)	-	-
Total	-19	-18
g) Board member Jonna Toikka		
Wages and other short-term employment benefits	-6	-
Pension benefits (contribution-based plans)	-	-
Total	-6	-

Share-based incentive system

Toivo has a long-term share-based incentive system for key personnel. The reward is determined by the realization of key financial indicators for Toivo's business in relation to the set goals.

The system's possible rewards are based on:

- from the earning period 2022 to operating profit without changes in the fair value of investment properties
- from the earning period 2023 to operating profit without changes in the fair value of investment properties and to operating cash flow
- from the earning period 2024, basically to operating profit without changes in the fair value of investment properties and to operating cash flow

In the 2022 fiscal year, the impact of the share bonus system for key personnel on Toivo's result was EUR -0.1 (0.0) million.

25.3 Transactions with related parties and open balances

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

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

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

In the fiscal year 2022, Toivo Group Plc took out a new capital loan from parties belonging to the company's related parties totaling 0 (0) thousand euros. On 31 December 2022, the total amount of capital loans was 17,280 (16,921) thousand euros, including capitalized interest. See also note 19.2 Equity items.

25.4 Group structure

On 31 December 2022, the group had the following holdings in subsidiaries, joint operations and associated companies. The companies directly owned by the parent company are presented below, of which the parent companies of the subgroups are the following:

Toivo Maat Suomi Oy, Toivo Kodit Oy, Toivo Liiketilat Oy, Toivo Projektinhallinta Oy, Toivo Rakennuttaminen Oy and Toivo Turku Oy.

Company	Business identity code	Share of ownership, %
Toivo Group Plc, parent company		
Toivo Maat Suomi Oy	2882279-4	100
Toivo Maat Suomi 2 Oy	3264258-5	100
Toivo Liiketilat Oy	2970253-2	100
Toivo Projektinhallinta Oy	2995388-4	100
Toivo Kodit Oy	2970249-5	100
Toivo Rakennuttaminen Oy	3018292-5	100
Toivo Kiinteistökehitys Oy	3018297-6	100
Toivo Living Oy	3018293-3	100
Toivo Sweden AB		100
Kiinteistö Oy Toivon Päämaja	3187972-4	100
Toivo Hankekehitys Oy	3232411-4	100
Toivo Asuntokehitys Oy	3232412-2	100
Toivo Turku Oy	3294538-3	93
Toivo Homes Turku Oy	3294540-4	100
Toivo Majoitus Oy	3319268-6	100
Elämäni Kodit 10 Oy	3096646-3	25
Elämäni Kodit 40 Oy	3135666-7	25
Elämäni Kodit Oy	2970250-8	20

In the fiscal year 2022, Toivo Group Corporation sold seven subsidiaries and founded or bought nineteen subsidiaries.

26 EVENTS AFTER THE END OF THE ACCOUNTING PERIOD

No material events after the financial period.

Income statement of the parent company, FAS

Euro	Note	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Revenue	3.2	1,722,355	1,164,453
Change in fair values of investment properties	1.2, 3	-	-731,290
Other operating income		-	1,075,517
Raw materials and services			
Materials, supplies and goods			
Purchases during the year		-262,021	-602
Materials, supplies and goods in total		-262,021	-40,630
External services		-2,350	-7,648
Materials and services in total		-264,371	-48,278
Staff expenses	2		
Salaries and fees		-1,159,469	-777,312
Personal expenses			
Pension expenses		-204,762	-136,681
Other personal expenses		-41,046	-18,678
Total personal expenses		-245,808	-155,359
Total personnel costs		-1,405,277	-932,671
Depreciation, amortisation and reduction in value			
Planned depreciation		-15,360	-15,387
Total depreciation and impairment		-15,360	-15,387
Other operating expenses	3.2	-1,160,368	-1,949,492
Operating profit / loss		-1,123,020	-1,437,149

Euro	Note	1 Jan-31 Dec 2022	1 Jan-31 Dec 2021
Finance income and cost			
Income from shares in companies of the same group		-	-
Other interest and financial income		75,627	45,171
Impairment of fixed assets investments		-1,999	-
Interest expenses and other financial expenses		-242,815	-209,384
Financial income and expenses total		-169,187	-164,213
Profit (loss) before appropriations and taxes		-1,292,207	-1,601,361
Financial statement transfers			
Group grants received		1,150,028	3,652,570
Granted group grants		-	-2,320
Total financial statements transfers		1,150,028	3,650,250
Profit / Loss before taxes		-142,179	2,048,889
Income tax expense			
Taxes for the financial year		244,139	-572,835
Deferred taxes	5	-	146,258
Income taxes, total		244,139	-426,577
Net profit / loss		101,960	1,622,312

Balance sheet of the parent company, FAS

Euro	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets			
other long term expenses		14,361	8,280
Total intangible assets		14,361	8,280
Tangible assets			
Machinery and equipment		37,197	35,864
Total tangible assets		37,197	35,864
Investments			
Shares in companies of the same group	6	21,514	14,014
Shares in joint ventures		500	-
Other receivables		50,000	2,702,000
Investment properties		-	2,935,474
Total investments		72,014	5,651,489
Non-current assets, total		123,573	5,695,632
Current assets			
Short-term receivables			
Accounts receivable		11,753	22,889
Receivables from companies of the same group		43,688,204	35,677,806
Receivables from affiliated companies		1,344,284	1,062,400
Other receivables		175,690	27,358
Accruals		387,500	12,980
Total short-term receivables		45,607,432	36,803,432
Money and bank receivables		352,048	2,987,135
Current assets, total		45,959,480	39,790,567
ASSETS TOTAL		46,083,052	45,486,199

EUR thousand	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Share capital		1,000,000	1,000,000
Invested equity fund		19,381,050	15,676,050
Profit (loss) of previous financial periods		2,748,044	4,677,482
Financial year profit (loss)		101,960	1,622,312
Capital loan		17,279,825	16,921,299
Total equity	3	40,510,879	39,897,142
Liabilities			
Non-current liabilities			
Liabilities to companies of the same group		2,500,000	3,000,000
Other debts	5	-	63,346
Deferred tax liabilities	4	-	585,095
Non-current liabilities, total		2,500,000	3,648,440
Short-term debt Current liabilities			
Advances received		-	-
Accounts payable		151,853	43,375
Liabilities to companies of the same group		2,101,106	1,079,769
Other debts		469,718	65,885
Accruals		349,496	751,588
Current liabilities, total		3,072,173	1,940,617
Liabilities, total		5,572,173	5,589,057
EQUITY AND LIABILITIES TOTAL		46,083,052	45,486,199

1 NOTE INFORMATION REGARDING THE PREPARATION OF THE FINANCIAL STATEMENTS

1.1 Information about the regulations used in preparing the financial statements

In preparing the financial statements, the small business regulations of the Regulation on Information to be Presented in the Financial Statements of Small and Micro Enterprises (PMA) have been followed.

1.2 Valuation principles and methods and accrual principles and methods

The investment properties owned by the company have been valued at fair value. In determining the fair value, an assessment statement of the real estate's fair value given by an experienced real estate expert has been used.

In other respects, they are in accordance with the assumptions regarding small businesses in the Small and Micro Enterprise Regulation.

2 PERSONNEL

During the accounting period, the company employed an average of 13 (8) people.

3 EQUITY

3.1 Equity items

Euro	2022	2021
Share capital 1.1.	1,000,000	1,000,000
Share capital 31.12.	1,000,000	1,000,000
Share premium	19,381,050	15,676,050
Profit / loss of previous financial periods 1.1.	4,677,482	2,968,284
Transfer of the result of the previous financial year	1,622,312	1,709,198
Corrections to profits from previous financial periods ¹	-3,551,749	-
Profit / loss of previous financial periods 31.12.	2,748,044	4,677,482
The result of the financial year	101,960	1,622,312
Subordinated loans	17,279,825	16,921,299
Total equity	40,510,879	39,897,142

¹ Fiscal year 2022: Includes the change in the preparation principle for shell processing and the canceled group grant changes.

3.2 Funds eligible for profit distribution

Euro	2022	2021
Net profit (loss)	101,960	1,622,312
Changes in fair values during the accounting period, less deferred tax liability	-	-
Distributable profit for the financial year	101,960	1,622,312
Profit / loss of previous financial periods	2,748,044	4,677,482
Share premium account	19,381,050	15,676,050
Changes in fair values, less deferred tax liability	-	-2,340,379
Distributable profit from previous financial periods	22,129,095	18,013,153
Total	22,231,055	19,635,465

4 DEFERRED TAX LIABILITIES

The breakdown of the imputed tax liability (20%) formed from changes in the fair values of investment properties is presented below:

Euro	2022	2021
Debt formed from changes in fair values in previous accounting periods	585,095	731,353
The debt formed from changes in fair values in the ended financial period	-585,095	-146,258
Deferred tax liability in total	-	585,095

The company has changed its accounting principles for investment properties. Previously, Toivo Maat Suomi Oy was included in Toivo Group Plc's financial statements as an investment property in compliance with the Accounting Board's statement 1949 from 2016,

which refers to the so-called to shell company thinking as part of valuing investment properties.

5 BORROWED CAPITAL

The company had no long-term liabilities maturing later than five years on 31 December 2022 or 31 December 2021.

6 HOLDINGS IN OTHER COMPANIES

Companies subject to one-fifth or more ownership:

Company	Business identity code	Share of ownership, %
Toivo Maat Suomi Oy	2882279-4	100 %
Toivo Liiketilat Oy	2970253-2	100 %
Toivo Projektinhallinta Oy	2995388-4	100 %
Toivo Kodit Oy	2970249-5	100 %
Toivo Rakennuttaminen Oy	3018292-5	100 %
Toivo Kiinteistökehitys Oy	3018297-6	100 %
Toivo Living Oy	3018293-3	100 %
Toivo Sweden AB		100 %
Kiinteistö Oy Toivon Päämaja	3187972-4	100 %
Toivo Hankekehitys Oy	3232411-4	100 %
Toivo Asuntokehitys Oy	3232412-2	100 %
Toivo Turku Oy	3294538-3	93 %
Toivo Majoitus Oy	3319268-6	100 %
Elämäni Kodit 10 Oy	3096646-3	25 %
Elämäni Kodit 40 Oy	3135666-7	25 %
Elämäni Kodit Oy	2970250-8	20 %

7 COLLATERAL AND GUARANTEES ON BEHALF OF GROUP COMPANIES

Toivo Group Plc has issued the claims raised on behalf of the group companies a total of self-debt guarantees as collateral for financial institution loans 54,756,287 (27,406,696) euros on 31 December 2022.

The amount of VAT on Toivo's real estate investments was 6,562 (2,005) thousand euros on December 31, 2022. There was 31.12.2022 left of the return responsibility 60-100% (70-100%) of the VAT deduction made. The Group's investment properties are subject to VAT refund liability, which is realized if the properties in question are transferred to VAT-free use during the 10-year audit period.

8 THE ATTACHED INFORMATION CONCERNING THE PERSON RESPONSIBLE FOR ACCOUNTING BELONGING TO THE GROUP

The company belongs to a group whose parent company is Raatihuone Oy, business ID number 2962361-5. Raatihuone Oy will prepare consolidated financial statements for the financial year 2022.

9 SIGNIFICANT EVENTS AFTER THE ACCOUNTING PERIOD

No material events after the financial period.

Signatures of the financial statement and the activity report

in Helsinki on February 27, 2023

Asko Myllymäki
Chairman of the Board

Tomi Koivukoski
Member of the board

Petri Kärkkäinen
Member of the board

Harri Tahkola
Member of the board

Jonna Toikka
Member of the board

Markus Myllymäki
CEO

Financial statement entry

A report on the performed audit has been issued today.

in Helsinki on February 27, 2023

KPMG Ltd

Timo Nummi
KHT

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

¹⁾ The reverse split of shares decided by the company's annual general meeting on April 22, 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)	= $\frac{\text{Non-current net assets (Net asset value, NAV)}}{\text{Number of shares at end of year}}$

Key figure	Definition
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)	= $\frac{\text{The financial period belonging to the owners of the parent company (win/lose)}}{\text{With the weighted average of the number of ordinary shares outstanding (during the financial year), excluding possible ones I wish to own shares in my possession}}$
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

Auditor's report 2022

Auditor's report

Toivo Group Plc's general meeting

AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Toivo Group Plc (business ID 2687933-2) for the financial year from January 1 to December 31, 2022. The financial statements include the consolidated balance sheet, income statement, comprehensive income statement, statement of changes in equity, cash flow statement and notes, including a summary of the most significant accounting principles, as well as the parent company's balance sheet, income statement and notes.

In our statement, we submit that

- the consolidated financial statements give a correct and sufficient picture of the financial position of the group as well as the results of its operations and cash flows in accordance with the international financial reporting standards (IFRS) approved for use in the EU,
- the financial statements give a correct and sufficient picture of the parent company's operating result and financial position in accordance with the regulations on the

preparation of financial statements in force in Finland and meet the statutory requirements.

Reasons for the statement

We have performed the audit in accordance with good auditing practice in Finland. Our obligations according to good auditing practice are described in more detail in the section *Duties of the auditor in the audit of the financial statements*. We are independent of the parent company and group companies in accordance with the ethical requirements in Finland that apply to the audit we perform, and we have fulfilled our other ethical obligations in accordance with these requirements. In our opinion, we have obtained the necessary amount of appropriate audit evidence to base our opinion on.

The financial statements concern the board of directors and responsibilities of the CEO

The board of directors and the CEO are responsible for the preparation of the financial statements in such a way that the consolidated financial statements give a true

and sufficient picture in accordance with the international financial reporting standards (IFRS) approved for use in the EU and in such a way that the financial statements give a true and sufficient picture in accordance with the regulations on the preparation of financial statements in force in Finland and meet the statutory requirements. The Board of Directors and the CEO are also responsible for such internal control as they deem necessary in order to be able to prepare financial statements that are free from material inaccuracy due to abuse or error.

When preparing the financial statements, the board of directors and the CEO are obliged to assess the parent company's and the group's ability to continue their operations and, in applicable cases, present matters related to the continuity of operations and the fact that the financial statements have been prepared based on the continuity of operations. The financial statements are prepared based on the continuity of operations, except if the parent company or group is to be liquidated or the operations are to cease or there is no other realistic alternative but to do so.

Duties of the auditor in the audit of the financial statements

Our objective is to obtain reasonable assurance as to whether the financial statements as a whole are materially misstated due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that a material misstatement will always be detected in an audit performed in accordance with good auditing practice. Misstatements can result from fraud or error and are considered material if they, alone or in combination, could reasonably be expected to influence the financial decisions that users make based on the financial statements.

An audit in accordance with good auditing practice means that we use professional judgment and maintain professional skepticism throughout the audit.

In addition:

- We identify and assess the risks of material misstatement of the financial statements due to misuse or error, plan and perform audit procedures corresponding to these risks, and obtain the necessary amount of appropriate audit evidence to base our opinion on. The risk that a material misstatement due to misconduct will go undetected is greater than the risk that a material misstatement due to error will go

undetected, as the misconduct may involve collusion, falsification, intentional failure to present information or presentation of incorrect information, or ignoring internal control.

- We form an understanding of the audit-relevant internal control in order to be able to plan audit measures appropriate to the circumstances, but not for the purpose of being able to give an opinion on the effectiveness of the parent company's or group's internal control.
- We evaluate the appropriateness of the accounting principles applied and the reasonableness of the accounting estimates made by the management and the information presented about them.
- We draw a conclusion on whether it was appropriate for the board of directors and the CEO to prepare financial statements based on the assumption of going concern, and based on the audit evidence we have obtained, we draw a conclusion on whether there is a material uncertainty related to events or circumstances that may give significant reason to doubt the ability of the parent company or the group to continue its operations. If our conclusion is that a material uncertainty exists, we must draw the reader's attention in our auditor's report to the uncertainty disclosures in the

financial statements or, if the uncertainty disclosures are insufficient, adjust our opinion. Our conclusions are based on the audit evidence obtained by the date of issuing the audit report. However, adverse events or circumstances may result in the parent company or group not being able to continue its operations.

- We evaluate the financial statements, including all the information presented in the financial statements, the general presentation, structure and content, and whether the financial statements reflect the underlying transactions and events in such a way that it gives a true and sufficient picture.
- We obtain the necessary amount of audit evidence suitable for the purpose from the financial information about the entities or businesses belonging to the group in order to be able to give an opinion on the consolidated financial statements. We are responsible for directing, supervising and performing the group's audit. We are solely responsible for the audit report.

We communicate with the governing bodies about, among other things, the planned scope and timing of the audit, as well as significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

OTHER REPORTING OBLIGATIONS

Other information

The board and CEO are responsible for the rest of the information. Other information includes the activity report. Our opinion on the financial statements does not cover other information.

It is our duty to read the other information in connection with the audit of the financial statements and, in doing so, assess whether the other information is materially inconsistent with the financial statements or the knowledge we acquired during the audit, or whether it otherwise appears to be materially incorrect. It is also our duty to assess whether the activity report has been prepared in accordance with the regulations applicable to its preparation.

In our opinion, we present that the information in the activity report and the financial statements are consistent and that the activity report has been prepared in accordance with the regulations applicable to the preparation of the activity report.

If, based on the work we perform, we conclude that there is a material misstatement in the activity report, we must report this fact. We have nothing to report on this matter.

in Helsinki on February 27, 2023

KPMG OY AB

Timo Nummi

KHT

