

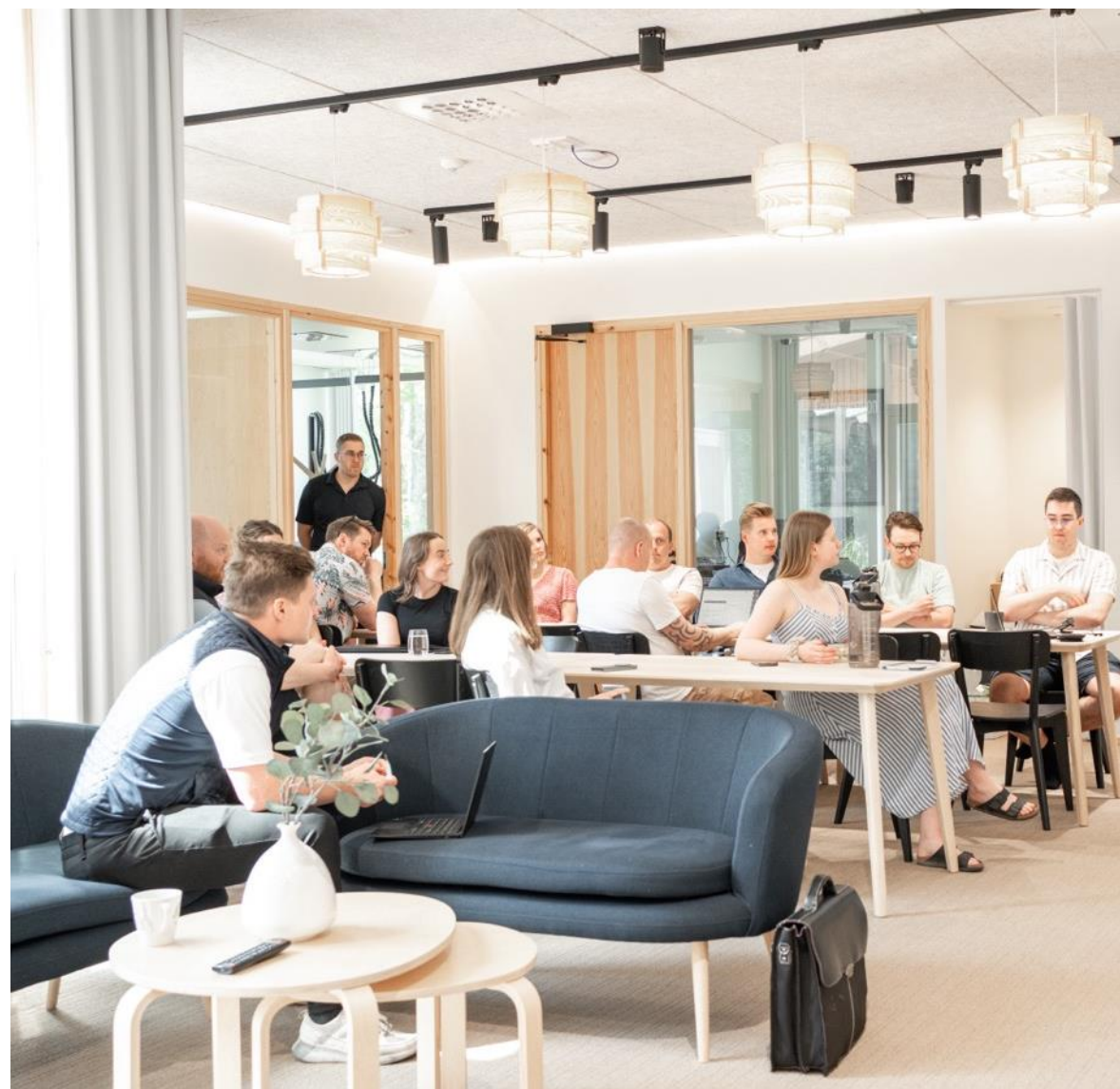
# Toivo Group Plc's HALF-YEAR REVIEW 1.1.-30.6.2024

CEO Markus Myllymäki  
CFO Samuli Niemelä



# Event main points

- Key figures
- A brief look at the review period
- Approximately EUR 100 million in contracts and news on working against the tide
- Strategy change and the market
- Large international investors
- Community properties in production
- Outlook



## January–June 2024 in brief

- Revenue EUR 28.4 million (EUR 19.7 million), +44%
- Operating profit EUR 2.3 million (EUR 5.7 million), -59%
- **DEVELOPMENT:** Contracts for 173 (50) new apartments and two community properties.
- **CONSTRUCTION:** Construction of 85 (76) apartments was started
- **OWNERSHIP:** 159 (199) apartments were completed
- The operating environment is challenging for housing developers, construction companies and property owners
- Occupancy rate 92.1%



# Key figures\*

EUR thousand	1.1.-30.6.2024	1.1.-30.6.2023	Change, %
Revenue	28,403	19,727	44%
Operating profit	2,344	5,650	-59%
Operating profit without changes in values of investment properties	2,344	5,650	-59%
Profit or loss for the financial year	437	3,248	-87%
Earnings per share (EUR)	0.00	0.06	-100%
Fair value of investment properties	135,137	168,139	-20%
Economic occupancy rate	92,1 %	97,8 %	-6 %
Total equity	68,537	73,227	-6 %
Total assets	161,176	194,476	-17%

\* Unaudited

# Toivo's

# Business Model

● Situation 30 June 2024

EUR 100 million/year: Apartments (Community properties)



**Ownership/  
Selling**  
● 783 apartments

**Construction**  
● 114 apartments  
under construction  
● approx. MEUR 30

**Development**  
● A project portfolio of approximately 3,150  
apartments and two community properties  
● approx. MEUR 680

Ownership/Sales margin	<b>Toivo's total margin</b>
Construction margin	
Development margin	

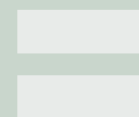
# Approximately EUR 100 million in contracts and news on working against the tide

Contract	Size	Apartments /m2	Development	Construction	Ownership	Selling	Cash flow/ balance sheet
Implementation of the Nuveen apartment portfolio	EUR 41.85 million	141 units	X	X		X	Cash flow
Sale of Novus/Niam apartment portfolio	over EUR 20 million	117 units	X	X	X	X	Cash flow
Community property Esperi Kangasala	EUR 13 million	4,100 m2	X	X	X	X	Balance sheet
Terraced and semi-detached houses, owner-occupied housing, Espoo	EUR 6.8 million	17 units	X	X		X	Cash flow
Project management contracting, apartments, Vantaa	EUR 6.4 million	36 units	X	X	X	X	Balance sheet
Community property Norlandia Espoo	EUR 4.5 million	1,200 m2		X	X	X	Balance sheet
Special situation project, apartments, Järvenpää	EUR 4 million	15 units					
<b>Total</b>	<b>Approx. EUR 100 million</b>	<b>326 units and 4,300 m2</b>					

Sales of completed properties from the balance sheet: approximately EUR 30 million



Sales of properties under construction: approximately EUR 70 million



Contracts won in Q2/2024: approximately EUR 100 million in total

# Strategy change and the market

The contracts won in Q2/2024, with a combined value of approximately EUR 100 million, were not the result of the change in the market, but, rather, the company's efforts that began in autumn 2022 and included the following elements:

1. Active market research and acceptance of the facts.
2. Scenario analysis for different market situations.
3. Updating the strategy and business model to reflect the market situation and the scenarios developed by the company.
4. Disciplined execution of the changes to the company's strategy and business models.

## Main drivers of the Finnish housing market:

1. High inflation and interest rates in Europe.
2. Oversupply of completed apartments in Finland.
3. Ongoing change in the operators in the housing market.

**Summary:** The market is difficult, but the outlook 6-12 months from now is better.

Development	
Typical duration	2–4 years
Equity tied up	approx. 0–5% of the project
Return on equity*	approx. 0–50%

Construction	
Typical duration	1 year
Equity tied up	approx. 20% of the project
Return on equity*	approx. 20–50%

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



# Property sales as part of the change in strategy

*Toivo has updated its strategy in order to enable property sales. Toivo completed its first property sale valued in excess of EUR 20 million to Novus Family Homes Oy. Toivo has updated its strategy and completed its first property sales for reasons related to business and risk management:*

## **RISK MANAGEMENT REASONS:**

1. Improving the equity ratio
2. Reducing the amount of liabilities
3. Reducing interest expenses
4. Increasing liquidity

## **BUSINESS REASONS:**

1. Increasing the company's financial flexibility
2. Enabling the implementation of new projects
  - For example, contracts of approximately EUR 70 million signed in the second quarter concerning new projects.
3. Preparing for the reopening of the market
  - The ability to take advantage of the availability of plots, resources and materials



# Large international institutional investors

**nuveen**

A TIAA Company

**NIAM**

*Toivo has concluded large transactions with major international institutional investors. Toivo has been able to offer investors the following:*

1. Products with international demand (yield, product, price and location)
2. An easy way to invest
3. A business model that spans the entire investment value chain
4. Local insight into the market and value chain
5. A reliable and credible partner
6. A portfolio that includes both completed properties and properties in development
7. Ability to partly solve the issue of financing during construction

# Community properties in production

*Toivo started the pilot phase for community properties in September 2023 and has decided to move to the production phase. The pilot phase has delivered promising results. The company has decided to move to the production phase for the following reasons:*

- 1. BUSINESS MODEL:** The company is able to execute its business model of development, construction and ownership/selling in the same manner for community properties as for apartments.
- 2. TYPE OF CONSTRUCTION:** In terms of project development and construction techniques, community properties are the property type that is the closest to residential projects, which means we can extensively leverage Toivo's expertise and experience.
- 3. THE MARKET:** The community properties market is a less organised market than the housing market.
- 4. SECURITY/DIVERSIFICATION:** The public real estate market is not as sensitive to interest rate changes. Diversification is another goal of the company's expansion into the community properties market.



# Financial prospects

## PROSPECTS FOR 2024

- The company expects the operating profit without changes in values of investment properties for the financial year of 1 January–31 December 2024 to be EUR 6–12 million.
- The company expects the operating profit for the financial year of 1 January–31 December 2024 to be EUR 8–14 million.

## FINANCIAL TARGETS 2024–2026

- Non-current net assets per share (Net asset value, NAV/share) will increase significantly every year.
- Operating profit without changes in values of investment properties EUR 20 million in 2026.
- In development and construction, achieve an annual volume of EUR 100 million (revenue and investments) by the end of 2026 (approximately EUR 63 million in 2023).
- Equity ratio more than 40%.
- In dividend distribution, the company's investment needs and financial position will be taken into consideration.

# Thank you!



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# Appendices

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# Appendix 1. Key figures 30 June 2024\*

Group, EUR thousand	1-6/2024	1-6/2023	Change
Revenue	28 403	19,727	8,676
Lease income	3,989	3 196	793
Net lease income	2,607	2,329	278
Operating profit	2,344	5,650	-3,307
Operating profit without changes in values of investment properties	2,344	5,650	-3,307
Cash flow before changes in working capital (Funds from Operations, FFO)	1,131	847	284
Fair value of investment properties	135,137	168,139	-33,002
Investments in investment properties	3,553	15,997	-12,444
Sales of investment properties	29,758	130	29,628
Net debt with interest	69,273	96 333	-27 061
Non-current net assets (Net asset value, NAV)	55,257	62,944	-7,687
Loan to value (LTV), %	51.3%	57,3 %	-6%
Equity ratio	43.0%	39.3%	3.7%
Non-current net assets per share, EUR	0,94	1,14	-0,20
Increase in non-current net assets per share, %	-17,2	9,3	-26.5
Earnings per share (EPS), EUR <sup>1)</sup>	0.00	0.06	-0,06
Occupancy rate, %	92,1 %	97,8 %	-5,7 %
Total leasable apartment area, square metres	26,829	25,769	1,060
Other leasable area, square metres	14,813	15,143	-330

\* Unaudited

6.8.2024

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



# Group income 1–6/2024\*

## Consolidated income statement

EUR thousand	1 Jan–30 June 2024	1 Jan–30 June 2023
Revenue	28,403	19,727
Changes in the fair values of investment properties and gains and losses on the disposal of investment properties	-1,282	2,426
Other operating income	-	-
Raw materials and services	-21,298	-14,420
Staff expenses	-1,315	-623
Depreciation, amortisation and reduction in value	-52	-15
Other operating expenses	-2,112	-1,444
<b>Operating profit (loss)</b>	<b>2,344</b>	<b>5,650</b>
<b>Share of the result of associated companies</b>	<b>0</b>	<b>0</b>
Financial income	4	24
Financial expenses	-2,240	-1,302
<b>Net financial expenses</b>	<b>-2,237</b>	<b>-1,277</b>
<b>Profit (loss) before taxes</b>	<b>108</b>	<b>4,373</b>
Current tax based on the financial year's taxable income	-789	-442
Deferred taxes, change	1,118	-682
Income taxes, total	330	-1,125
<b>Financial year profit (loss)</b>	<b>437</b>	<b>3,248</b>
<b>Distribution of the profit (loss) of the financial year</b>		
Parent company owners	460	3,208
Non-controlling interests	-23	42

## Group's statement of comprehensive income

EUR thousand	1 Jan–30 June 2024	1 Jan–30 June 2023
<b>Financial year profit (loss)</b>	<b>437</b>	<b>3,248</b>
<b>Other comprehensive income</b>		
Items that may be subsequently reclassified to profit or loss	-	-
Currency translation differences	-	12
<b>Other comprehensive income for the financial year</b>	<b>-</b>	<b>12</b>
<b>Total comprehensive income for the financial year</b>	<b>437</b>	<b>3,260</b>
<b>Distribution of total comprehensive income for the financial year</b>		
Parent company owners	460	3,219
Non-controlling interests	-23	42
Earnings per share (EPS), EUR	-0.00	0.06
Non-cash flow based expenses associated with the share-based incentive system	-81	-94

\* Unaudited

# Consolidated balance sheet 30 June 2024\*

EUR thousand	30 June 2024	30 June 2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	135,137	168,139
Right-of-use assets	71	15
Tangible assets	189	59
Intangible assets	8	13
Non-current receivables	427	602
Equity method investments	48	69
Deferred tax assets	319	129
<b>Non-current assets, total</b>	<b>136,199</b>	<b>169,027</b>
<b>Current assets</b>		
Inventories	3,455	11,332
Rent, trade and other receivables	11,642	10,150
Cash and cash equivalents	9,880	3,967
<b>Current assets total</b>	<b>24,978</b>	<b>25,449</b>
Investment properties available for sale	-	-
<b>Assets, total</b>	<b>161,176</b>	<b>194,476</b>

EUR thousand	30 June 2024	30 June 2023
<b>EQUITY</b>		
Share capital	1,000	1,000
Subordinated loans	17,302	17,280
Share premium account	20,998	18,061
Currency translation differences	-27	-13
Retained earnings	28,986	36,664
<b>Equity belonging to the owners of the parent company</b>	<b>68,260</b>	<b>72,992</b>
Non-controlling interests	277	235
<b>Total equity</b>	<b>68,537</b>	<b>73,227</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial institution loans	69,066	87,068
Lease liabilities	6,135	7,184
Loans granted to associates	-	2,500
Other financial liabilities and other non-current liabilities	495	431
Deferred tax liabilities	4,619	7,361
<b>Non-current liabilities total</b>	<b>80,314</b>	<b>104,545</b>
<b>Current liabilities</b>		
Financial institution loans	2,841	2,589
Lease liabilities	510	525
Loans granted to associates	107	2
Provisions	-	-
Trade and other payables	8,868	13,588
Deferred tax liabilities	-	-
<b>Current liabilities total</b>	<b>12,325</b>	<b>16,704</b>
<b>Liabilities, total</b>	<b>92,640</b>	<b>121,249</b>
Liabilities associated with investment properties available for sale	-	-
<b>Total equity and liabilities</b>	<b>161,176</b>	<b>194,476</b>



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