TOIVO

TOIVO GROUP PLC

Annual report 2024

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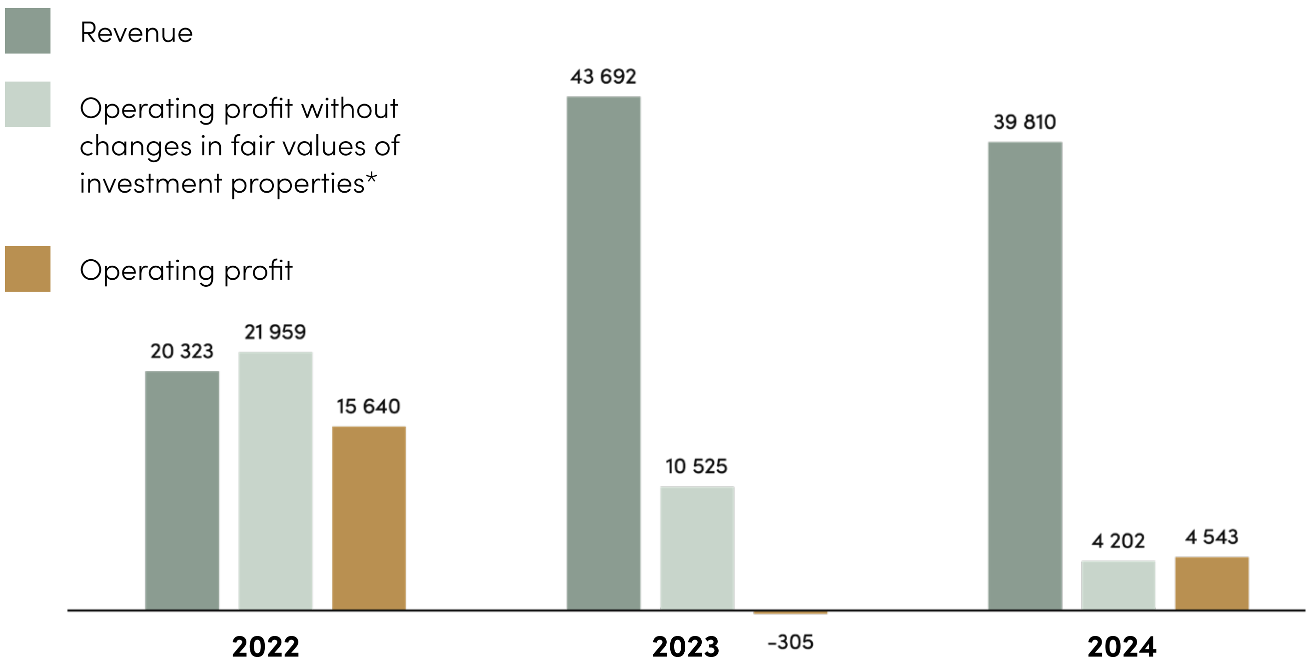
Operations in brief

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

Toivo's strategy is to develop apartments in accordance with the Toivo concept. The apartments aim for a strong development margin and a stable and attractive return, and this way enable short- and long-term ownership of apartments and the generation of higher additional value to Toivo's customers.

Development of Toivo Group Plc's revenue, operating profit excluding changes in fair values and operating profit

(EUR thousand)



*A change in the fair values of properties is the change in fair values arising from the yield requirement of properties.

Key moments in 2024

05 May

Toivo sold 117 family homes to Novus Family Homes Oy and signed an agreement worth approximately EUR 42 million to implement the family home portfolio with Nuveen.

06 June

Toivo signed new contracts and approximately EUR 100 million worth of news against the tide during Q2.

In community properties, Toivo moved from piloting to production.

08 August

Toivo launched a property worth approximately EUR 18 million into its own balance sheet.

12 December

Toivo invested in E-Heat Oy and expands into sustainable energy business.

CEO's review 2024

2024 was a challenging year for property developers and investors, but it also offered opportunities for bold players. Toivo went against the tide and increased its market share in a difficult environment. In addition, operating profit turned out to be fairly good.

Despite the challenges in the real estate market, Toivo signed contracts for more than EUR 200 million and was involved in four of the 20 largest real estate transactions in Finland during the year. This shows that we have strengthened our position in the market. In addition, the company's expansion in community properties from piloting to production is pleasing.

The housing demand will be visible in the Helsinki metropolitan area in 2025, and the demand for new apartments is growing. Toivo's market share in non-subsidised apartment building production increased to approximately 10 per cent, which is an indication of successful acquisitions and investments. Construction costs have stabilised and signs of recovery can be seen in the rental market. This opens up opportunities for long-term investments. Now is the right time to take advantage of the market situation and further strengthen our position.

During 2024, our strategy has worked as planned and we have continued to develop, build, own and sell in a balanced manner.

DEVELOPMENT: We are preparing for the future and the opening up of the market with a project development portfolio of some 3,200 apartments, of which 91% are located in the Helsinki metropolitan area.

CONSTRUCTION: During the year, the construction of 276 new apartments was started and contracts for the construction of 271 apartments were signed.

OWNERSHIP: The occupancy rate was one of the lowest in history in the latter half of the year, but its trend has turned upwards.

SELLING: The last quarter of the year was strong in terms of sales for Toivo. The company entered into contracts for properties worth more than EUR 200 million.

We are now in a situation where the economic environment is showing signs of recovery. Lower interest rates support investments, and activity in the housing market is expected to increase. Toivo is ready to take advantage of this development.

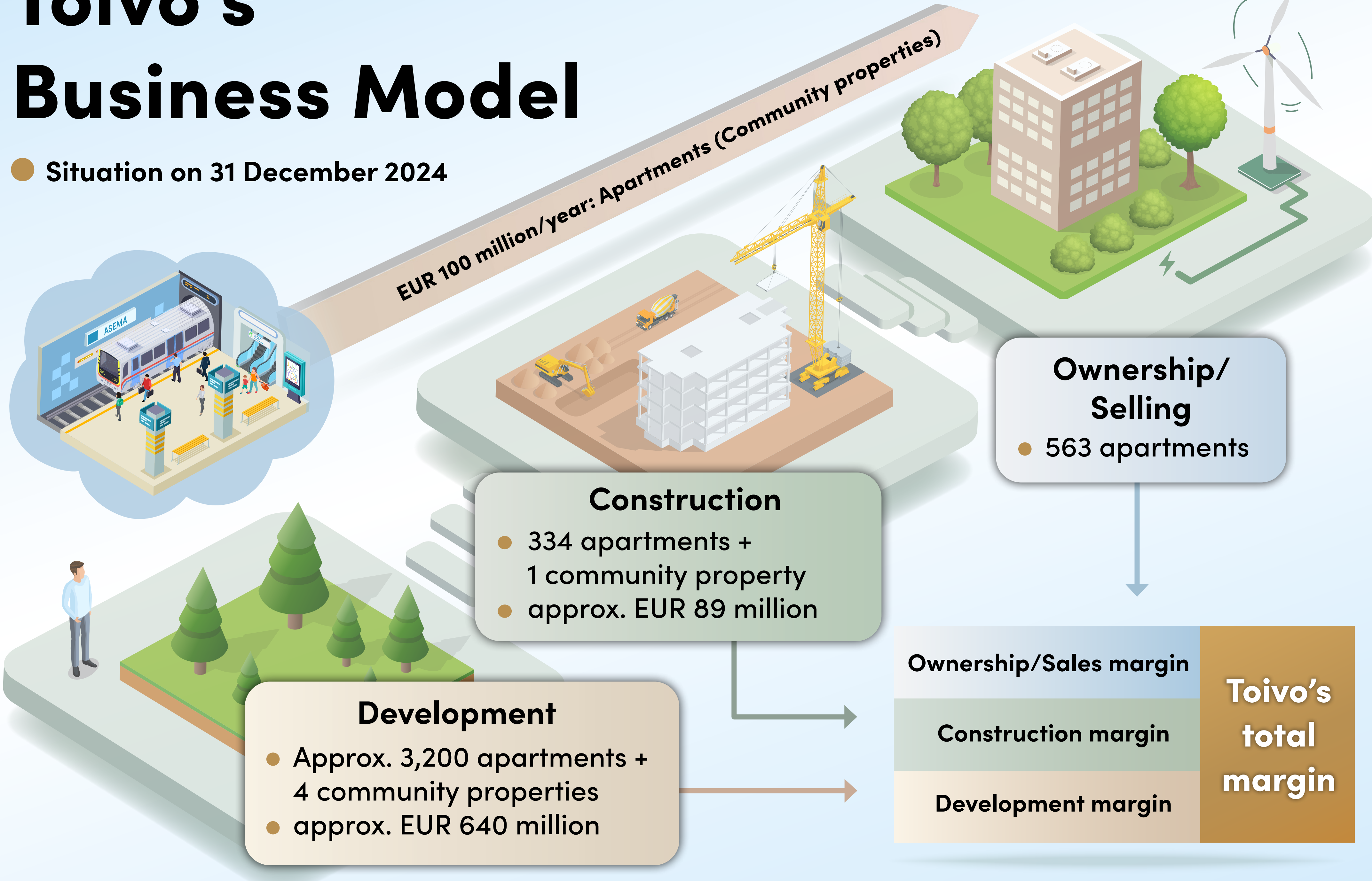
The company's financial position has strengthened: the equity ratio increased to 48.9% and the loan-to-value ratio decreased to 43.9%. This gives us good conditions for growth.

Toivo will continue its determined growth and development of its operations. I would like to thank our customers, partners and, above all, the Toivo team for their great work in 2024. 2025 brings new opportunities, and we are ready to seize them!

Markus Myllymäki
CEO
Toivo Group Plc

Toivo's Business Model

- Situation on 31 December 2024



Ownership/ Selling

- 563 apartments

Construction

- 334 apartments + 1 community property
- approx. EUR 89 million

Development

- Approx. 3,200 apartments + 4 community properties
- approx. EUR 640 million

Ownership/Sales margin	Toivo's total margin
Construction margin	
Development margin	

Business idea

In 2024, Toivo's unique business idea, in which the company develops, builds and owns its apartments, has demonstrated ability to react to changes in the housing business field when the company is managed and operated by the right people. The phases Land developer, Constructor of the building, Owner of the apartment and Seller of the apartment are described in more detail below:

Land developer

IN THE DEVELOPMENT PHASE, the company acquires its land resources and continuously develops its housing product in order to meet the requirements of the rental market in the best possible way, but profitably. In the acquisition of land reserves, the company acquires unplanned and zoned land areas for the construction of housing. In the Development phase, the company also continuously develops Toivo's own housing product and applies for building permits for its land reserve with Toivo's own housing concept. In the Development phase, the company ensures that the company has enough apartments under construction, that the company has land reserves for the next two years and that the company's housing product is among the best in the rental housing market.

Constructor of the building

IN THE CONSTRUCTION PHASE, the company builds or develops all of its apartments itself. More than half of the apartments built are implemented as the company's own project management contracts. In the Construction phase, the company ensures that all properties are implemented with Toivo's own housing concept, are mainly implemented in energy class An and the buildings are connected to geothermal heat.

Owner of the apartment

IN THE OWNERSHIP PHASE, Toivo leaves the constructed apartments in its own balance sheet. In the Ownership phase, the company operates properties with its own Asuntomestarit team, who rent and manage all residential properties from start to finish. In the Ownership phase, the company's goal is that all of the company's apartments have a maintenance charge of approximately EUR 2.7 per square metre, an occupancy rate of more than 98 per cent and customer satisfaction of more than 4 (on a scale of 1–5). Toivo approaches every land area from the point of view that the company could, if it wanted, own the property it has implemented from start to finish for the next 50 years.

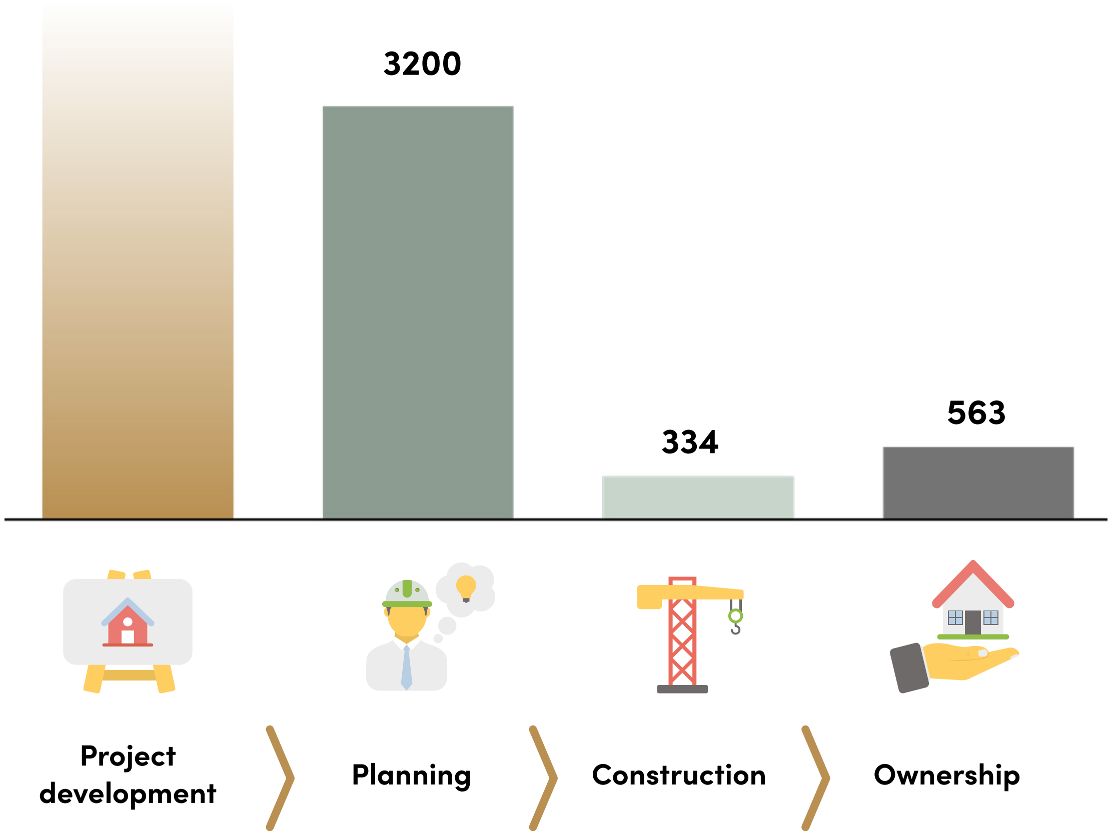
Seller of the apartment

IN THE SELLING PHASE, Toivo sells the majority of its annual production volume. The aim of sales is the efficient use and recycling of capital. Capital is allocated from ownership to development and construction, where the company's capital efficiency is higher.

Toivo's apartment portfolio

Toivo's apartment portfolio is divided into three parts. For development and construction projects as well as completed properties.

At the end of 2024, the company had approximately 3,200 apartments in the Development phase. The land areas of these apartments are included in the company's balance sheet or have been bindingly agreed. The company is planning or applying for building permits for these properties. At the end of 2024, the company had 334 apartments under construction and 563 apartments owned.



TOIVO GROUP PLC

Board of Directors' report 2024

OPERATING ENVIRONMENT

As in the previous year, in 2024, the operating environment for housing developers and investors was uneven and challenging. The continuation of the war in Ukraine posed its own challenges to the operating environment. Apartment prices remained low, and yield requirements have not yet declined significantly. In addition, housing trade volumes remained low compared to previous years.

In 2024, several large housing investors withheld new investments due to debt financing costs. Similarly, several housing developers have postponed their projects due to lack of demand. The strong increase in the cost of debt, particularly in 2022 and 2023, and the decline in consumer confidence have had a significant impact on the demand for both investment and owner-occupied housing, which is expected to recover in 2025–2026.

Construction costs remained at the previous year's level after the demand for construction decreased.

Housing investors were only able to partially incorporate inflation to rent levels. Housing prices declined in general in Finland, although there were differences between localities. The decline was more moderate than in the previous year.

BUSINESS DEVELOPMENT IN THE FINANCIAL YEAR 2024

The company's financial year that ended was mainly in line with the forecasts. In January 2024, the company announced a change in yield requirements, which reduced the fair values of the properties in the company's balance sheet.

During the year, the company continued to clarify its business model and its strategy in a changing and challenging business environment. The company focused on scaling its operational and cash-generating business. A good example of this is the company's expansion in community properties from piloting to production.

During the financial year, the company sold a total of 380 completed rental apartments to three institutional investors. As a result of these transactions, the company's balance sheet structure was strengthened and debt reduced, and the company was able to free up capital for the launch of new projects.

During the financial year, the company signed agreements that enable the construction of approximately 271 apartments.

During the financial year, the company started projects to build a total of 276 apartments.

The company completed a total of 165 apartments during the financial year.

STRATEGY

Toivo's strategy is to develop, build, own and sell apartments and community properties in accordance with the megatrends of the sector and the Toivo concept. The properties aim for a strong development margin and a stable and attractive return, which enable long-term ownership and the generation of higher additional value for the company's customers.

DEVELOPMENT OF FINANCES

The Group's revenue was EUR 39.8 million, representing a decrease of 9% when compared to the reference period (1 January–31 December 2023). Changes in the fair values and the profit and loss on the disposal of investment properties were EUR -1.8 million. The change in the fair values of investment properties was better than in the reference period due to a moderate increase in property values. This value also includes disposal losses arising from the sale of a few portfolios in relation to the fair value on the balance sheet.

At the end of the review period, the company had 563 apartments, 29 leased plots/real estate units and 2 commercial properties generating rental cash flow.

The maintenance costs of properties amounted to EUR -2.50 (-1.82) million. Property maintenance costs grew by 37% from the reference period due to the increase in the number of apartments and rising costs.

Staff expenses were EUR -1.0 (-1.2) million, representing a decrease of 15%. The decrease is due to a decline in staff expenses allocated to projects under construction.

Operating profit was EUR 4.5 (-0.31) million.

Net financial income and expenses were EUR -4.10 (-3.86) million. The financial year's current income tax was EUR -1.08 (-1.28) million and, largely due to the changes in the fair values of properties, the deferred tax was EUR 1.5 (1.1) million.

The net profit for the period under review was EUR 0.7 (-4.4) million, representing a year-on-year increase of 117%. Earnings per share were EUR 0.01 (-0.08).

SHARES AND SHARE CAPITAL

Largest shareholders on 31 December 2024: (by beneficiary)

Name	Apartments	Ownership and share of votes
1. Raatihuone Oy	39,430,141	67.36%
2. Korpi Listatut Oy	3,333,333	5.69%
3. Evli Finnish Small Cap Fund	1,270,306	2.17%
4. Urho Myllymäki	1,156,409	1.98%
5. Samuli Niemelä	926,637	1.58%
6. Tikkapuu Oy	864,267	1.48%
7. M.H. Korporaatio Oy	726,601	1.25%
8. Erikoissijoitusrahasto Aktia Mikro Markka	635,106	1.08%
9. Harri Tahkola	459,184	0.78%
10. Petri Kärkkäinen	459,184	0.78%

Toivo Group Plc had 2,294 shareholders at the end of the financial year.

On 31 December 2024, the number of shares of Toivo Group Plc was 58,759,559. At the end of the financial year, Toivo Group Plc held 294,964 own shares.

The weighted average number of shares during the financial year was 58,688,029 (55,243,578). Equity at the end of the financial year 2024 was EUR 69.4 (68.8) million.

The share closing price on the last trading day of the financial year, 30 December 2024, was EUR 1.01. The lowest trading price for the financial year was EUR 0.91 and the highest EUR 1.24. The average share price, weighted by trading volumes, was EUR 1.05. The exchange of shares during the financial year was 3,225,521 shares. Toivo Group Plc's market value at the end of the financial year was EUR 59.3 million.

OPTION PROGRAMMES

The company does not have a valid option programme, but the Board of Directors of Toivo Group Plc has decided on a long-term incentive scheme for key employees. The incentive scheme for 2025 is conditional on the Company's Annual General Meeting deciding to authorise the Company's Board of Directors to decide on a share issue for the payment of bonuses.

SUBORDINATED LOANS

Subordinate loans are less favourable than other debts, but have a higher priority than equities. The loans do not have a due date. Toivo Group Plc has the right, but not the obligation, to repay the loans in full or in part if the company has distributable funds. The loan interest rate was 2% at the time of the financial statements. There was no unrecognised interest at the time of the financial statements on 31 December 2024.

LEGAL PROCEEDINGS AND DISPUTES

Two of the group's subsidiaries were subject to a tax audit during the financial years 2022 and 2023. Based on the tax audit, it is possible that the company will have to settle VAT refunds of approximately EUR 0.6 million. A possible return is not estimated to have an impact on profit or loss.

The case is currently being processed by the administrative court. The company estimates the processing time of the process to be 1–2 years.

ANNUAL GENERAL MEETING ON 12 APRIL 2024

The Annual General Meeting of Toivo Group Plc was held in Espoo on 12 April 2024. The Annual General Meeting adopted the financial statements, Board of Directors' report and audit report for 2023.

The Annual General Meeting approved the proposal of the Board of Directors that no dividends are paid out and that the profit indicated by the balance sheet remains unrestricted equity.

The Annual General Meeting discharged the members of the Board of Directors and the CEO from liability for the financial year 1 January–31 December 2023.

The Annual General Meeting decided to appoint five members to the Board of Directors. Asko Myllymäki, Harri Tahkola, Petri Kärkkäinen and Tomi Koivukoski were re-elected as members of the Board of Directors, with Margit Lindholm as a new member. In its first meeting immediately after the Annual General Meeting, the Board of Directors appointed Asko Myllymäki as the Chair of the Board.

The Board of Directors decided that KPMG Oy Ab, authorised public accountants, be re-elected as the company's auditor for the term ending at the close of the next Annual General Meeting. KPMG Oy Ab has announced that it will appoint Pekka Alatalo, APA, as the auditor with principal responsibility.

The Annual General Meeting resolved to authorise the Board of Directors to decide on the repurchase and/or on the acceptance as pledge of the Company's own shares, as proposed by the Board of Directors. The authorisation covers a maximum of 5,853,956 shares. The proposed number of shares corresponds to approximately ten (10) per cent of the company's total share capital. Own shares may be repurchased on the basis of this authorisation only by using unrestricted equity. The authorisation is effective until the end of the next Annual General Meeting; however, no longer than until 30 June 2025.

The Annual General Meeting resolved to authorise the Board of Directors to decide on the issue of shares and other special rights entitling to shares referred to in Chapter 10, Section 1 of the Companies Act in accordance with the proposal of the Board of Directors. The number of own shares to be issued may not exceed 20,000,000 shares, which corresponds to approximately 34% of the company's total share capital. The authorisation is effective until the end of the next Annual General Meeting; however, no longer than until 30 June 2025.

ASSESSMENT OF OPERATIONAL RISKS AND UNCERTAINTIES

Operational risks

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

Financial risks

Financial risks include, for example, risks related to interest rates and the availability and adequacy of financing. During the period under review, the company managed to secure the financing it required for the sites under construction. The Group's solvency was good during the period of 1 January–31 December 2024. The cash flow is enough to cover the Group's running costs and debt management costs (repayments + interest). The company's rental income involves a risk that its customers may be unable to carry out their duties. The company's lease agreements (regarding apartments) typically include a security deposit equal to the rent of 1 month, which reduces the risk of the company facing loss of income. The agreements for leased plots include a priority mortgage equal to the rent of 2–3 years. This also considerably reduces the risk of loss of income.

Damage risks

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

Financial risks related to operations

The company estimates that the risks and uncertainties of the current financial year are largely related to the development of Finnish economy. The development of the economy is reflected in the housing and financing markets. These factors may affect Toivo's result and cash flow. For example, the development of Finnish economy, higher interest rates or new demands on returns from property investors may cause fluctuation in the prices of apartments, which may in turn affect the fair value of the Group's property portfolio.

The supply of rental apartments may grow locally in Toivo's key operating areas and this fluctuation in supply and demand may affect the turnover rate of Toivo's tenants or the economic occupancy rate of Toivo Group Plc and, consequently, the company's lease income. The authorities' interpretations regarding VAT liability for the rental of furnished apartments may have an impact on the occupancy rate or cash flow of Toivo's apartment properties or the fair value of the Group's property assets.

The project development portfolio involves risks related to financing, zoning and building permits, for example.

Geopolitical risks and the war in Ukraine

The company estimates that the strong geopolitical risks that emerged during 2022 and the war in Ukraine will be reflected in the residential and financial markets. These factors may affect Toivo's result and cash flow. The geopolitical situation and the war in Ukraine may have impacts on inflation, interest rate hikes, availability and price of materials, availability of labour or changes in the yield requirements of apartments. This may cause fluctuation in the prices of apartments, which may in turn affect the fair value of the Group's property portfolio.

ESTIMATE OF PROBABLE FUTURE DEVELOPMENT

The company's development in the coming years is expected to be stable and controlled. It is estimated that implementing the growth will not require large numbers of recruitments from the company. Instead, the growth could likely be implemented by scaling the business and following proven operating methods.

Going forward, the company will mainly focus on residential properties in the Helsinki metropolitan area and community properties in the Helsinki metropolitan area and growth centres.

FINANCIAL TARGETS

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, an annual volume of EUR 100 million (revenue and investments) will be achieved by the end of 2026.
- Equity ratio more than 40%.
- In dividend distribution, the company's investment needs and financial position will be taken into consideration.

Profit forecast 2025

- The company expects the operating profit for the financial year of 1 January–31 December 2025 to be EUR 6–11 million.
- The company expects the operating profit without changes in values of investment properties for the financial year of 1 January–31 December 2025 to be EUR 6–11 million.

SIGNIFICANT EVENTS AFTER THE FINANCIAL YEAR

On 14 February 2025, Toivo Group Plc signed a preliminary agreement concerning the acquisition of the entire share capital of Toivo's associated company E-Heat Oy, which agrees on the terms and conditions under which Toivo will make an offer to the shareholders of E-Heat Oy to implement the transaction.

Toivo's aim is to acquire the entire share capital of E-Heat Oy in order to expand its business also to the data centre and sustainable energy business. Upon completion of the transaction, the data centre and energy business would provide Toivo with a new strong supporting foot that would create significant shareholder value for Toivo's shareholders.

E-Heat Oy operates in a market that is currently undergoing a notable transformation. In order for E-Heat Oy to take advantage of this development in the best possible way, it needs solid financial, administrative and operational resources. Toivo's goal is to ensure that E-Heat Oy can grow and strengthen its position in the data centre and energy sector.

If completed, the acquisition may have a significant impact on Toivo's revenue and operating profit in the medium and long term. The company has significant growth potential and, if successful, the company's business will be more profitable than the real estate business.

PROPOSAL BY THE BOARD OF DIRECTORS FOR PROFIT DISTRIBUTION

The Board of Directors proposes that the parent company's profit for the financial period, EUR 321,082,70.85, be transferred to the retained earnings account. The Board of Directors proposes that no dividend be paid.

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

TOIVO GROUP PLC

Financial statements 2024

Consolidated income statement, IFRS

EUR thousand	Notes	1 January–31 December 2024	1 January–31 December 2023
Revenue	2, 3	39,810	43,692
Changes in the fair values of, and profit and loss on the disposal of, investment properties	12	-1,754	-7,107
Other operating income	4	-	-
Raw materials and services	5	-28,560	-32,569
Staff expenses	6, 25	-1,020	-1,198
Depreciation, amortisation and reduction in value	7	-113	-78
Other operating expenses	8	-3,820	-3,045
Operating profit (loss)	1,8	**4,543**	**-305**
Share of the result of associated companies	1.4	**-160**	**-22**
Financial income	9	243	73
Financial expenses	9	-4,340	-3,931
Net financial expenses		**-4,097**	**-3,857**
Profit (loss) before taxes		**286**	**-4,184**
Current tax based on the financial year's taxable income	10	-1,076	-1,283
Deferred taxes, change	10	1,524	1,103
Income taxes, total		447	-180
Financial year profit (loss)		**734**	**-4,364**
Distribution of the profit (loss) of the financial year			
Parent company owners		747	-4,426
Non-controlling interests	1.4	-13	61

EUR thousand	Notes	1 January–31 December 2024	1 January–31 December 2023
Earnings per share calculated from the profit belonging to the parent company owners			
Basic and diluted earnings per share, EUR	11	0.02	-0.08
THE GROUP'S STATEMENT OF COMPREHENSIVE INCOME			
Financial year profit (loss)		**734**	**-4,364**
Other comprehensive income			
Items that may be subsequently reclassified to profit or loss		-	-
Translation differences		-27	-2
Other comprehensive income for the financial year		**-27**	**-2**
Total comprehensive income for the financial year		**707**	**-4,367**
Distribution of total comprehensive income for the financial year			
Parent company owners		720	-4,428
Non-controlling interests		-13	61

Consolidated balance sheet, IFRS

EUR thousand	Notes	31 December 2024	31 December 2023
ASSETS			
Non-current assets			
Investment properties	12	108,035	138,382
Right-of-use assets	13	41	98
Tangible assets	14	216	146
Intangible assets	15	11	10
Financial assets	17		
Non-current receivables	20-22	120	209
Equity method investments	1	1,758	48
Deferred tax assets	10	481	267
Non-current assets, total		**110,661**	**139,159**
Current assets			
Inventories	16	10,520	13,278
Rent, trade and other receivables	13, 17-18	11,594	8,596
Cash and cash equivalents	17	11,693	5,359
Current assets total		**33,806**	**27,233**
Investment properties available for sale	12	-	25,740
ASSETS, TOTAL		**144,467**	**192,132**
EQUITY			
Ordinary shares		1,000	1,000
Subordinated loans		17,051	17,280
Share premium account		20,998	20,998
Translation differences		-	-27
Retained earnings		30,117	29,325
Equity belonging to the owners of the parent company		**69,166**	**68,576**
Non-controlling interests		268	254
TOTAL EQUITY	19	**69,434**	**68,830**

EUR thousand	Notes	31 December 2024	31 December 2023
LIABILITIES			
Non-current liabilities			
Financial institution loans	20-22	47,641	80,730
Lease liabilities	13, 20	7,911	6,913
Loans granted to associates	20, 25	-	2,500
Other financial liabilities and other non-current liabilities	20	760	463
Deferred tax liabilities	10	4,409	5,699
Non-current liabilities total		**60,721**	**96,305**
Current liabilities			
Financial institution loans	20-22	2,000	3,738
Lease liabilities	13, 20	649	559
Loans granted to associates	20, 25	106	107
Trade and other payables	20, 22-24	11,559	9,556
Current liabilities total		**14,313**	**13,960**
LIABILITIES, TOTAL		**75,033**	**110,264**
Liabilities associated with investment properties available for sale	12	-	13,038
TOTAL EQUITY AND LIABILITIES		**144,467**	**192,132**

Consolidated statement of cash flows, IFRS

EUR thousand	Notes	1 January–31 December 2024	1 January–31 December 2023
Cash flows from operating activities			
Profit or loss for the financial year		734	-4,306
Adjustments:			
Changes in the fair values of investment properties and gains and losses on the disposal of investment properties		1,754	7,081
Depreciation, amortisation and reduction in value	7	113	127
Finance income and cost	9	4,097	3,857
Result of associated company		160	22
Other		395	-
Income tax expense	10	-447	122
Cash flows before changes to net working capital and financial items		6,805	6,903
Change to net working capital:			
Rent and trade and other receivables increases (-)/decreases (+)		-5,963	2,824
Increases (-)/decreases (+) to inventories		2,758	1,747
Increases (-)/decreases (+) to current payables with no interest		4,501	-1,367
Cash flows before financial items		8,101	10,106
Interest paid		-4,060	-4,322
Interest received		79	-
Income tax paid		-760	-860
Net operating cash flow (A)		**3,361**	**4,924**

EUR thousand	Notes	1 January–31 December 2024	1 January–31 December 2023
Investing cash flows			
Investments in investment properties	12	-5,445	-19,843
Acquisitions of tangible assets		- 180	-159
Proceeds from the disposal of tangible assets		- 6	-
Investments in associated companies		-1,870	-
Sale of subsidiaries less acquired cash		-	-
Sales of investment properties	12	12,346	276
Investing cash flow (B)		**4,846**	**-19,726**
Cash flows from financing activities			
Proceeds from subordinated loans	19, 25	0	-
Proceeds from shares issued	19	-	2,938
Dividends paid		-	-40
Proceeds from financial institution borrowings		3,916	33,751
Proceeds from other borrowings		22	63
Repayments of borrowings		-5,618	-20,751
Repayments of other borrowings		-2,500	-658
Loan receivables from joint ventures		2,916	-1,390
Repayments of lease liabilities		-609	-174
Net financing activity cash flow (C)		**-1,873**	**13,739**
Changes in cash flows (A+B+C)		**6,334**	**-1,063**
Cash and cash equivalents and bank overdrafts at beginning of year		**5,359**	**6,423**
Cash and cash equivalents and bank overdrafts at end of year		**11,693**	**5,359**

Consolidated statement of changes in equity, IFRS

EUR 1,000	Notes	Share capital	Subordinated loans	Share premium account	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
		Equity attributable to the owners of the parent company							
EQUITY 1 JANUARY 2024		**1,000**	**17,280**	**20,998**	**-27**	**29,325**	**68,576**	**254**	**68,830**
Comprehensive income									
Financial year profit (loss)						720	720	13	734
Restatements to retained earnings of previous financial years						14	14	-	14
Other comprehensive income					27		27	-	27
Total comprehensive income for the financial year		**-**	**-**	**-**	**27**	**734**	**747**	**13**	**760**
Transactions with owners									
Increase in subordinated loans	19, 25		-229			–	-229		-229
Subordinated loan interests	19, 25					-187	-187		-187
Sale of treasury shares	19					44	44		44
Share bonus system						201	201		201
Transactions with owners total		**-**	**-229**	**–**	**-**	**58**	**-171**	**–**	**-171**
Equity 31 December 2024		**1,000**	**17,051**	**20,998**	**0**	**30,117**	**69,166**	**267**	**69,433**

EUR 1,000	Notes	Share capital	Subordinated loans	Share premium account	Translation differences	Retained earnings	Total	Non-controlling interests	Total equity
EQUITY 1 JANUARY 2023		**1,000**	**17,280**	**18,061**	**-24**	**33,498**	**69,814**	**193**	**70,007**
Comprehensive income									
Financial year profit (loss)						-4,426	-4,426	61	-4,364
Corrections to retained earnings							-		0
Other comprehensive income					-2		-2		-2
Total comprehensive income for the financial year	**-**	**-**	**-**	**-**	**-2**	**-4,426**	**-4,428**	**61**	**-4,367**
Transactions with owners									
Change in subordinated loans						-			
Proceeds from shares issued	19			2,938			2,938		2,938
Dividend distribution						-40	-40		-40
Share bonus system						292	292		292
Change in non-controlling interests							-	-	-
Transactions with owners total		**-**	**-**	**2,938**	**-**	**252**	**3,190**	**-**	**3,190**
Equity 31 December 2023		**1,000**	**17,280**	**20,998**	**-27**	**29,325**	**68,576**	**254**	**68,830**

Notes on the preparation of the consolidated financial statements

1 BASIS OF PREPARATION

1.1 Basic information about Toivo Group

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

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

The Board of Directors of Toivo Group Plc approved this financial statement release for publication on 26 February 2025. 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.

Applicable new and amended standards and interpretations as of 31 December 2024

IFRS 17 Insurance Contracts, including Comparative Information – Amendments to IFRS 17 Insurance Contracts: Initial application of IFRS 17 and IFRS 9 (applicable to financial years beginning on or after 1 January 2023).

The new standard applies to insurance contracts and helps investors and other parties to better understand insurers' exposure to risks as well as their profitability and financial position. This standard replaces IFRS 4.

The amendments reduce the conflicts in comparative data resulting from the different transition requirements of IFRS 9 and IFRS 17. The amendments also enable the presentation of comparative information on financial assets in a manner that is more consistent with the requirements of IFRS 9 Financial Instruments.

Presentation of accounting policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements (applicable to financial years beginning on or after 1 January 2023)

The amendments clarify the application of the materiality principle to the information concerning accounting policies.

Definition of Accounting Estimates - Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (applicable to financial years beginning on or after 1 January 2023).

The amendments clarify how companies should distinguish between changes in accounting policies and changes in accounting estimates and focus on the definition of the accounting estimate and its clarifications.

Deferred tax on assets and liabilities arising from a single transaction – Amendments to IAS 12 Income Taxes (applicable to financial years beginning on or after 1 January 2023).

The amendments narrow the scope of the exception to initial recognition and clarify that the exception does not apply to transactions such as lease agreements and decommissioning obligations that result in equal and opposite temporary differences.

International tax reform – Pillar 2 model rules – Amendments to IAS 12 Income Taxes (the temporary mandatory exemption will be effective immediately after its publication on 28 May 2023; the disclosure requirements for financial statements will apply to financial years beginning on or after 1 January 2023)

The amendments provide relief for the accounting treatment of deferred taxes arising from the international tax reform of the OECD (Organisation for Economic Co-operation and Development) and require the presentation of new notes aimed at compensating for any loss of information resulting from relief.

The changes have no material impact on group reporting.

1.2 Basis of accounting

These financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the EU in force on 31 December 2024. International accounting standards refer to the standards approved for application in the EU in accordance with the procedure laid down in Regulation (EC) No. 1606/2002 in the Finnish Accounting Act and the provisions issued pursuant thereto. The Group has not applied any new or amended standard or interpretation already published before its effective date.

The general accounting policies for the consolidated financial statements are described in this section. The accounting policies applicable to a particular financial statement item and a description of the decisions based on management's judgement and the use of estimates and assumptions are presented below in connection with the relevant note.

The consolidated financial statements are prepared on the basis of original acquisition costs, excluding investment properties and share-based remuneration schemes. Further information is presented in Note 6 Staff expenses and 12 Investment properties.

The financial statements are presented in EUR thousand, unless otherwise stated. All figures shown are rounded, so the sum of the individual figures may differ from the total shown. The key figures are calculated using exact values. The comparative figures in brackets refer to the corresponding period or time in the previous year, 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 whose application is mandatory for financial years beginning on or after 1 January 2025. The group adopts them from the date of entry into force of each standard and interpretation, or if the date of entry into force is different from the first day of the financial year, from the beginning of the financial year following the date of entry into force, provided that they have been approved for application in the EU. Toivo estimates that the amended standards will not have a significant impact on the future consolidated financial statements when they are adopted.

1.3 Macroeconomic environment

The increase in reference interest rates has increased total interest costs. Reference interest rates are actively monitored and updated in forecasts and cash flow statements. The stabilised inflation is reflected more in the realisation of the procurement of services and materials. According to forecasts, the increase in energy prices has had an impact on the profitability of investment properties in particular, and the management has taken efficiency measures to incorporate costs into customer prices and by agreeing on fixed-price electricity contracts.

1.4 Consolidated financial statements consolidation principles

The consolidated financial statements include the parent company Toivo Group Plc, subsidiaries, shares in joint arrangements (joint operations) and investments in associates where the parent company has control, joint control or significant influence at the end of the period. Further information on the group structure is presented in Note 25 Related party transactions.

Subsidiaries

Toivo is deemed to have control when it is exposed to the company's variable return or is entitled to its variable return by participating in the company and is able to influence this return by exercising its power over the company. Usually, control is based on the parent company's direct or indirect ownership of more than 50% of the subsidiary's voting rights. If the facts or circumstances change later, the group reassesses whether it still has control of the concerned. The companies acquired or established during the period are consolidated in the consolidated financial statements from the time that Toivo has acquired control to until the control ceases.

In preparing the consolidated financial statements, the group's internal transactions, receivables, liabilities and unrealised margins as well as internal profit sharing are eliminated. If the loss is due to reduction in value, unrealised losses are not eliminated.

Subsidiaries are consolidated using the acquisition method. Toivo's subsidiaries are mainly founded by the group itself. The group had non-controlling interests in the financial years 2023–2024.

Joint arrangements

A joint arrangement is an arrangement in which two or more parties have joint control. Joint control is based on an agreement and only exists when decisions concerning meaningful 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, whereas in a joint operation, Toivo has rights and obligations regarding the assets related to the arrangement. All Toivo's joint arrangements are joint activities. These include housing companies and mutual real estate companies of which the group owns less than 100%. In these companies, the shares owned by Toivo entitle the holder to control a certain room space.

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

Associated companies

Associated companies are those companies in which Toivo has significant influence. Significant influence usually arises when Toivo holds a 20–50% share of the voting power of the concerned or when Toivo otherwise has significant influence but no control. Investments in associated companies are consolidated in the consolidated financial statements using the equity method from when the group acquires significant influence to until the significant influence ceases. Toivo's share of the results of associated companies for the financial year is presented on a separate line in the consolidated income statement.

Toivo's associated companies (Elämäni Kodit 10 Oy and Elämäni Kodit 40 Oy) are subject to restrictions under the ARAVA and/or interest subsidy legislation. Restricted rental housing is currently subject to restrictions on the amount of rent and distribution of profits as well as other restrictions based on ARAVA and/or interest subsidy legislation. For example, rent regulation is applied to properties of associated companies that are subject to the restrictions of the ARAVA and/or interest subsidy legislation, which means, among other things, that rent may be charged from the tenants for the apartment up to the amount needed, in addition to other income, for the financing and good property maintenance of rental housing and related premises. To develop these projects, the associate uses a bank loan that is fully guaranteed by the Finnish state.

Non-controlling interests

Non-controlling interests in the acquiree are recognised on an acquisition-specific basis at an amount corresponding to the non-controlling interests' proportional share of the net assets of the acquiree.

The distribution of profit or loss for the financial year to the parent company's shareholders and non-controlling interests is presented in the consolidated statement of comprehensive income. Comprehensive income is allocated to the parent company's shareholders and non-controlling interests even if this would result in the share of the non-controlling interests becoming negative. The share of equity attributable to non-controlling interests is presented as a separate item in the balance sheet as part of the equity. Changes in the parent company's holding in a subsidiary that do not result in a loss of control are treated as equity transactions.

1.5 Foreign currency items

The items included in each subsidiary's financial statements are measured using the currency of the economic environment in which the company in question is primarily active ("operating currency"). The operating currency of the parent company, Toivo Group Plc, is the euro, which is also the presentation currency of the consolidated financial statements.

Transactions denominated in foreign currencies are translated into local operating currencies based on the exchange rates on the date of the transaction. Receivables and liabilities denominated in foreign currencies on the balance sheet are translated using exchange rates at the end of the reporting period. The resulting exchange rate differences are recognised in profit or loss and presented under financial items.

1.6 The most significant decisions made by management based on discretion and key uncertainties

The preparation of IFRS financial statements requires management to make decisions based on discretion and to use estimates and assumptions. These affect the amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the end of the period as well as the amounts of income and expenses during the reporting period. Such estimates and assumptions are based on Toivo's experience and other reasonable factors, such as expectations of future events, taking into account the circumstances at the end of the reporting period and when such estimates and assumptions have been made. Toivo's management believes that the estimates made and the assumptions used are reasonable.

Actualisations may differ from estimates and assumptions made. The group may need to adjust its accounting estimates if it gains new information or experience, or if the circumstances on which the estimates are based change. Toivo reviews the estimates and background assumptions regularly and records any changes in the estimates and assumptions in the accounts for the financial year during which the estimate or assumption is changed.

The judgmental decisions that Toivo's management has made in applying the accounting policies and which have the greatest impact on the figures presented in the consolidated financial statements relate to the following areas:

- the classification of the group's property holdings as investment properties or trading properties based on the purpose of use of each property (see Note 12.1 Accounting policy / Classification of properties)
- the classification of leases on the group's plots of land as operational leases or finance leases. Toivo's view is that all of the group's leases are operational leases, as the risks and benefits of ownership in them are not transferred to the lessees in all material respects (see Note 13.1 Accounting policy / A) Toivo as the lessor).
- when the investment property or properties are deemed to meet the requirements for classification as being available for sale (see note 12.1 Accounting policy / Properties classified as being available for sale)

The key uncertainties related to the group's assumptions and estimates that cause a significant risk of changes in the accounting values of assets and liabilities during the following financial year are related to the fair value measurement of investment properties (see Note 12 Investment properties).

1.7 Determination of fair values

The application of some of Toivo's accounting policies for consolidated financial statements and the preparation of 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 participants in a normal transaction carried out on the valuation date. Fair values are classified in 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 must be marked as follows with regard to the entire valuation:

- Level 1: the fair value is calculated based on quoted (unadjusted) prices of identical assets or liabilities in the operating market to which Toivo has access on the valuation date.
- Level 2: Fair value is calculated based on inputs that are not quoted prices belonging to Level 1 and that are observable for an 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 (non-observable inputs).

1.8 Operating profit

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

Operating profit is the net amount that is generated when:

+ other operating income is added to revenue and deducted/added

- changes in the fair values of, and profit and loss on the disposal of, investment properties

- raw material and service costs

- staff expenses

- depreciation, amortisation and reduction in value, and

- other operating expenses.

All other items recognised in profit or loss are presented below the operating profit line.

2 OPERATING SEGMENTS

2.1 Accounting policy

Toivo reports on its business operations as one entity, i.e. at group level. This is based on the group's business model and the fact that Toivo's result and resource situation have been assessed previously and will continue to be assessed as a whole. The group's reporting model and governance structure are also based on this approach. Toivo is not a construction company nor a real estate fund; it is a comprehensive property developer and active owner. With its own team, the group manages the entire life cycle of the property, from raw materials to lease negotiations. This means that Toivo has one operating segment to report. Toivo's highest decision-maker is the group' management team.

Toivo carried out a pilot in Sweden, which ended at the end of 2021. The companies that joined the pilot were discontinued in spring 2023. The costs incurred in the pilot project were approximately as high as the capital gain on the sale of property in connection with the pilot.

A breakdown of the group's revenue and information on geographical areas is presented in Note 3 Revenue.

3 REVENUE

3.1 Accounting policy

Toivo's revenue for the financial year 2024 consisted of rental income, property sales revenue, project management contracting and construction services revenue and other revenue. Toivo continued to develop its business model during the 2024 financial year. The group mainly focuses on rental housing and project management contracting in the Helsinki netropolitan area, Turku and Tampere.

Finding suitable real estate projects is essential for Toivo's business. The group mainly implements its property development projects as new construction by building the planned properties on the plots it owns or leases. Obtaining building permits is essential for scheduling and planning a project.

Lease income

Toivo leases plots, apartments and business premises to its customers in Finland's growth centres. Toivo rents apartments for both long-term and short-term accommodation. Toivo also leases its apartments to operators who continue to lease the apartments as furnished apartments. All of the group's leases are classified as operating leases. In practice, Toivo's lease income consists of rents for premises and is recognised as equal instalments during the lease period. The share of other income included in lease income (sauna and parking fees, shared car) is small. The increases in the Group's leases are mainly linked to the cost of living index. Any alterations to the leased premises carried out by the group on behalf of the tenant are either deducted from the rental security deposit or charged to the tenant as a rent increase. See also Note 13.1 Accounting policy / A) Toivo as the lessor.

Toivo records the effects of rent-free periods and rent discounts as equal instalments for the lease period if these have been agreed in the original lease agreement. If the group has granted a rent reduction at the tenant's request, for example due to the market situation, the effect is recognised for the remaining lease period.

Project management contracting

The company implements its property development projects either through its own project management contracting, shared contracting or turnkey contracting (turnkey contract). A decision on the implementation method is made separately for each project before the building permit is granted. In its own project management contracting, Toivo develops the site using several different contractors. In shared contracting, on the other hand, the company distributes the project to a few, typically approximately 2–5 different construction industry operators. In turnkey contracting, Toivo orders the project as a turnkey contract with one agreement through one contractor. Project management contracting is carried out for the group's associated companies, such as Elämäni Kodit Oy, Elämäni Kodit 10 Oy's subsidiaries and Elämäni Kodit 40 Oy. Project management contracting was also carried out outside the group in the financial year 2024.

In project management contracting projects, Toivo usually agrees with the customer on the planning and management tasks of the construction project management contract for the property owned by the customer. Contract projects may have several different work phases and tasks, but they nevertheless form one integrated service package, which is thus treated as one performance obligation. No variable remuneration has been agreed in the agreement. Toivo's payment terms may vary somewhat between different projects, but the payment period given is always clearly less than one year. Thus, the contracts do not include a significant financial component.

Revenue from project management contracting projects is recognised over time. In this case, the income and expenses of the projects are recognised as income and expenses based on the occupancy rate when the final result of the project can be reliably estimated. The occupancy rate is determined by calculating the proportional share of the total estimated expenditure of each project accrued by the financial statement date. Revenue is recognised in the amount corresponding to the occupancy rate. If it is probable that the total expenditure required to complete the project will exceed the total revenue from the project, the expected loss is recognised immediately as an expense. Toivo uses instalment tables for invoicing.

Real estate development services

These services consist of expert work related to the 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 authorities. The agreement does not include variable consideration or a significant financial component. According to the group's estimate, approximately half of the expenses related to real estate development services arise from planning work before the construction of the property begins on the site, and the rest during the construction period with, for example, site supervision. Thus, Toivo also recognises roughly half of the total amount of these revenues at the start of the project and the rest during the construction period according to the progress of the project, so far practically quarterly.

Sales of properties

During the financial year 2023–2024, Toivo implemented properties intended for direct sale. Toivo acts as the developer in these projects. The sale of properties is recognised as income at one point in time in accordance with the transfer when control of the property is transferred to the buyer. The projects implemented during the financial year and the previous financial year were residential properties.

Revenue has been adjusted for indirect taxes and sales adjustment items.

Plot leasing

The group leases plots for residential construction. The group acquires either an individual plot or a larger area of land and leases the plots to individually selected customers. The customers are private individuals, housing companies or founding contractors. A land lease agreement is usually 50 years long and is very similar in content to the land lease agreements used by cities.

Toivo records the effects of rent-free periods and rent discounts as equal instalments for the lease period if these have been agreed in the original lease agreement. If the group has granted a rent reduction at the tenant's request, the effect is recognised for the remaining lease period.

3.2 Distribution of revenue

EUR thousand	2024	2023
Lease income	7,376	7,205
Project management contracting	24,917	30,344
Real estate development services	-9	961
Sales of properties	7,308	5,067
Other sales	218	115
Total	**39,810**	**43,692**

In the financial year 2024, Toivo had 3 individual customers (2 individual customers in the financial year 2023) whose share of revenue was more than 10%.

During the financial years 2023–2024, the company sold individual plots and housing shares.

The advances received include EUR 2,259 thousand in advance payments received from construction projects in progress that exceed the turnover according to the completion rate, which will be recognised as revenue in the financial year 2025. Advances received are included in trade and other financial payables on the balance sheet.

3.3 Information on geographical areas

The revenues of the geographical areas presented below are based on the location of the customers and the assets of the areas in the locations of the assets in question.

	2024		2023	
EUR thousand	**Income**	**Non-current assets[1]**	**Income**	**Non-current assets[1]**
Finland	39,810	110,180	43,692	138,893
Sweden			-	0
Total	**39,810**	**110,180**	**43,692**	**138,893**

The Swedish business was discontinued during the financial year 2023.

1 Non-current assets other than financial instruments and deferred tax assets.

4 OTHER OPERATING INCOME

4.1 Accounting policy

Other operating income includes income other than that those related to Toivo's actual business, such as damages received or other exceptional income.

5 MATERIALS AND SERVICES

5.1 Accounting policy

The acquisition cost of properties acquired or constructed for sale is determined on the basis of purchase costs, which are adjusted by the item Change in inventories.

5.2 Breakdown of raw material and service costs

EUR thousand	2024	2023
Purchase costs	-6,859	-12,403
External services	-21,701	-20,166
Total	**-28,560**	**-32,569**

The decrease in purchase costs for the financial year 2024 and the increase in the number of external services compared to the previous financial year 2023 mainly consist of materials purchased installed, in which case the costs are included in external services.

6 STAFF EXPENSES

6.1 Accounting policy

Staff expenses in the consolidated income statement include expenses for short-term employee benefits, post-employment benefits, other long-term employee benefits[1], termination benefits[1] and the share-based incentive plan.

Short-term employee benefits include salaries, remuneration, fringe benefits, annual holidays and bonuses. Some of Toivo's personnel have a performance-based pay scheme. The group recognises the expenses arising from these benefits for the period in which the employees perform the work in question.

Benefits after the termination of employment are paid to their recipients after the termination of employment. In the group, these benefits consist of pensions. Pension arrangements are classified as either benefit- or payment-based arrangements. Toivo only has payment-based arrangements. A payment-based arrangement refers to a pension plan where the group pays fixed payments to a separate unit and the group has no legal or constructive obligation to make additional payments if the pension insurance company does not have sufficient funds to pay all pension benefits. Toivo's pension arrangements are managed by external pension insurance companies. Pension payment obligations are recognised as expenses in the period in which the employees perform the work in question. The group recognises advance payments as assets to the extent that they result in a reduction in future pension payments or a cash return.

Toivo uses a long-term share-based incentive scheme for key employees. The determination of the reward is based on the realisation of Toivo's financial indicators in relation to the set objectives. The reward is accrued for the respective earning period in Toivo's result, and the increase in equity corresponding to the expense entry is recognised. Further information on the arrangements is presented in Note 25.2 Related party transactions.

The parent company Raatihuone Oy had a share-based incentive scheme with select Toivo employees for the financial year 2023, based on set personal targets. Based on the achievement of the targets, Raatihuone Oy sold Toivo Group Plc's shares to Toivo's employees at a reduced price. The reward has been accrued in Toivo's result, and an increase in equity corresponding to the expense entry has been recognised. Further information on the arrangements is presented in Note 25.2 Related party transactions.

6.2 Expenses recognised in profit or loss

EUR thousand	2024	2023
Salaries and remuneration	-664	-758
Pension costs (payment-based arrangements)	-114	-84
Other staff expenses	-41	-63
Share bonus systems	-201	-292
Total	**-1,020**	**-1,198**

The average number of employees in the financial year 2024 was 40, while the total number of employees in the financial year 2023 was 39.

Information on the remuneration of key personnel belonging to Toivo's management is presented in Note 25 Related party transactions.

7 DEPRECIATION, AMORTISATION AND REDUCTION IN VALUE

7 Depreciation, amortisation and reduction in value by commodity group

EUR thousand	2024	2023
Intangible assets		
IT programs	-5	-5
Tangible assets		
Machines and equipment	-108	-73
Total depreciation and amortisation, owned assets	**-113**	**-78**
Right-of-use assets (leased assets)[1]		-
Total depreciation and amortisation affecting profit or loss	**-113**	**-78**

1 A breakdown of depreciation by right-of-use asset category is presented in Note 13.3 Items recognised in profit or loss.

Toivo did not recognise any impairment losses in the financial years 2023–2024.

[1] Toivo did not have these benefits in the financial years 2022–2024.

8 OTHER OPERATING EXPENSES

8.1 Accounting policy

Toivo's other operating expenses include expenses that cannot be considered directly related to the operational tasks of the group's business areas. These expenses include, for example, property and business premises, marketing and information system expenses as well as staff-related non-wage expenses.

8.2 Breakdown of other operating expenses

EUR thousand	2024	2023
Property and premises expenses	-2,324	-2,094
Marketing expenses	-280	-275
System expenses	-196	-221
Staff-related non-wage costs	-253	-222
Other items	-767	-233
Total	**-3,820**	**-3,045**

8.3 Auditors' fees

EUR thousand	2024	2023
KPMG		
Auditing	-112	-93
Tax counselling	-6	-
Other services		
Total	**-118**	**-93**

9 FINANCIAL INCOME AND COST

9.1 Accounting policy

Toivo processes interest income and expenses using the effective interest method. The group capitalises debt costs arising from unfinished construction projects in the acquisition cost of properties, see Note 12.1 Accounting policy / Acquisition cost of investment property. Interest expenses on subordinated loans (equity loans) are recognised in equity at the time of payment. Other interest expenses are recognised in profit or loss. Toivo presents all exchange rate differences in financial items. More detailed accounting policies concerning financial assets and liabilities are presented in Notes 17 Financial assets, 20 Financial liabilities and 22 Management of financial risks.

9.2 Items recognised in profit or loss

EUR thousand	2024	2023
Financial income		
Gains on the sale of financial assets measured at fair value through profit or loss	-	-
Other interest and financial income	243	73
Total financial income	**243**	**73**
Financial expenses		
Interest expenses – financial liabilities measured at amortised costt[1]	-4,147	-3,506
Other financial expenses	-248	-42
Total financial expenses	**-4,340**	**-3,931**
Net financial expenses	**-4,097**	**-3,857**

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

10 INCOME TAXES

10.1 Accounting policy

The group's tax expenses consists of tax based on taxable income for the financial year, any adjustments to income taxes for previous financial years and changes in deferred tax liabilities and receivables. Income taxes are recognised in profit or loss, except when they relate to other items in comprehensive income or items recognised directly in equity. In this case, income tax is also recognised in these items.

Tax based on the group's taxable income for the period is calculated on the basis of the taxable income determined by the tax legislation of each country and the tax rate in force (or the tax rate approved in practice by the balance sheet date) in the countries in which Toivo operates and generates taxable income. This tax is adjusted with any taxes related to previous financial years. Taxes other than income taxes are included in other operating expenses. Taxable income differs from the result reported in the financial statements, for example, because certain income and expense items are not taxable or deductible at all, or they are taxable or deductible in different years.

Deferred tax is recognised using the debt method:

- 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 liabilities are usually recognised in full on the balance sheet. However, a deferred tax liability is not recognised if it is due to the initial recognition of goodwill, or the initial recognition 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 the transaction, and does not result in similar taxable and tax-deductible temporary differences at the time of the transaction. Deferred taxes on investment properties are recognised as the difference between the fair value of the investment property owned by a group property company and the taxable value of the investment property on which the taxation of the property company in question is based (acquisition cost not depreciated in taxation) after the acquisition date.

Leases are typically transactions in which an asset and a liability are initially recognised to create a taxable and tax-deductible item of the same amount. Toivo recognises the tax expense or income arising from this difference through profit or loss and presents it in deferred tax assets on the balance sheet.

A deferred tax liability is recognised for investments in subsidiaries, unless Toivo is able to determine when the temporary difference will be reversed and the temporary difference is not likely to be reversed in the foreseeable future.

Deferred tax assets are recognised in taxation from deductible temporary differences only to the extent that it is probable that future taxable income will arise against which Toivo can utilise the temporary difference.

- Tax assets recognised on the balance sheet: At the end of each reporting period, the group reassesses the likelihood and amount of the utilisation of these tax assets. If the tax benefit is no longer probable to some extent, Toivo recognises a deduction from the accounting amount of the deferred tax asset.
- Unrecognised deferred tax assets: Toivo reassesses these items at the end of each period. They are recognised on the balance sheet to the extent that it has become probable that the assets in question can be utilised against future taxable income.

Toivo determines deferred tax assets and liabilities using the tax rate (and tax laws) that are likely to apply in the year in which the asset is realised or otherwise utilised or the liability is settled. The tax rate used is the corporate tax rate valid on the end date of each reporting period or the tax rate for the year following the financial year if it has been approved in practice by the end date of the reporting period.

The group's management assesses the decisions made in the income tax return and the associated uncertainty if the tax legislation is open to interpretation. In this case, Toivo recognises tax provisions, if necessary, for the amount that is likely to be paid. This is based on the group's interpretation of the application of tax laws and the management's judgement.

10.2 Income tax recognised in profit or loss

EUR thousand	2024	2023
Current tax based on the financial year's taxable income	-1,076	-1,283
Deferred taxes, change	1,524	1,103
Total	**447**	**-180**

10.3 Reconciliation between income tax expense and income tax calculated at the tax rate applicable in Finland

EUR thousand	2024	2023
Profit (Loss) before income tax	286	-4,184
Tax calculated at the tax rate applicable in Finland (20%)	-57	837
Non-deductible expenses	-221	-148
Income taxes for previous years	104	-303
Use of unrecognised confirmed losses from previous years	918	-209
Unrecognised deferred tax assets on taxable losses	-296	-356
Other items		
Total	**447**	**-180**
Income tax recognised in profit or loss	**447**	**-180**

10.4 Changes in deferred tax assets and liabilities

EUR thousand	1 January 2024	Recognised in profit or loss	Other changes	31 December 2024
Deferred tax assets				
Losses confirmed in taxation	23	81	-	104
Lease liabilities	1,619	361		1,979
Right-of-use assets	-1,581	-352		-1,933
Total leases	**37**	**9**		**46**
Other items	207	124	-	331
Total	**267**	**214**	**-**	**481**
Deferred tax liabilities				
Investment properties	-4,850	261	-	-4,590
Lease income	-	-	-	-
Subordinated loan interests	-156	58		-98
Investment properties available for sale	-1,027	1,027		-
Other items	334	-52	-	281
Total	**-5,699**	**1,293**	**-**	**-4,408**

EUR thousand	1 January 2023	Recognised in profit or loss	Other changes	31 December 2023
Deferred tax assets				
Losses confirmed in taxation	9	14	-	23
Lease liabilities	1,424	195	0	1,619
Right-of-use assets	-1,389	-193		-1,581
Total leases	**35**	**2**		**37**
Other items	79	128	-	207
Total	**122**	**145**	**-**	**267**
Deferred tax liabilities				
Investment properties	-6,832	1,982	-	-4,850
Lease income	-	-	-	-
Subordinated loan interests	-98	-58		-156
Investment properties available for sale	-	-1,027		-1,027
Other items	273	60	-	334
Total	**-6,657**	**957**	**-**	**-5,699**

11 EARNINGS PER SHARE (EPS)

11.1 Accounting policy

The undiluted EPS is calculated by dividing the profit (loss) for the financial year attributable to the owners of the parent company by the weighted average number of outstanding ordinary shares (during the financial year), excluding any treasury shares held by Toivo.

When calculating the diluted EPS, the weighted average number of outstanding shares takes into account the dilutive effect of all potential shares. The group did not have dilutive instruments in the financial years 2024 and 2023. Consequently, the basic and diluted EPS were equal in these years.

11.2 Basic and diluted earnings per share (EPS)

	2024	2023
Profit of the financial year attributable to owners of the parent company, EUR thousand	747	-4,426
Weighted average number of outstanding shares during the financial year (1,000 shares)	58,760	55,244
EPS: Imputed interest on the capital loan after taxes	369	132
Basic and diluted EPS (EUR/share)	**0.01**	**-0.08**

Toivo carried out a bonus issue of shares on 3 April 2024, which increased the number of shares from 58,539,226 to 58,759,559. The share issue on 3 April 2024 is in preparation for the needs of the company management's share-based incentive system.

12 INVESTMENT PROPERTIES

12.1 Accounting policy

Definition of investment property

An investment property is defined as land, a building or a part thereof that Toivo holds in order to acquire rental income or an increase in the value of assets, or both. The aforementioned asset may be owned directly or in a corporate form.

Classification of properties

Toivo's investment properties include completed and incomplete residential and commercial properties, leased plots and a plot reserve. Any properties classified as being available for sale and inventories belong to Toivo's property portfolio but are not included in the balance sheet item Investment properties. The property is transferred from other asset categories to Investment properties or from this item to other asset categories when the purpose of use is changed. Toivo will transfer the property from the Investment properties item to the Investment properties available for sale item when the sale of the property is considered to be highly probable. Properties acquired for sale or to be built are included in the item Inventories on the consolidated balance sheet.

Acquisition cost of investment property

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

- purchase price of the property
- plot rental expenses
- transaction costs, such as expert fees and transfer taxes; and
- borrowing costs, such as interest expenses and arrangement fees, that are directly attributable to the acquisition or construction of investment property.

Capitalisation of borrowing costs begins when the construction of a new building begins and ends when the asset is substantially ready for lease or sale. Toivo's capitalisable liabilities are accumulated from loans taken out for construction projects. Borrowing costs are recognised as an addition to the balance sheet item Advance payments and unfinished purchases, and they are transferred to Investment properties as part of the property's acquisition cost once the property is completed.

Fair value calculation model and valuation process

Completed investment properties

Toivo measures investment properties at fair value after initial recognition. The fair values of the group's investment properties are determined individually for each property by an independent external assessor. In 2024 and 2023, the estimates were prepared by Catella Property Oy. The valuator has used a 10-year cash flow analysis model to determine the fair values of investment properties. Thus, all of 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 Fair value determination). Changes in value are recognised in the period in which the changes in value are recognised and presented as profit or loss (item Changes in fair values of, and profit and loss on the disposal of, investment properties).

Investment properties under construction

Properties under construction are classified as investment properties. The change in fair value of investment properties under construction is presented as the proportion of the project's estimated development profit corresponding to the completion rate. The development profit is obtained by deducting the estimated construction costs from the fair value of the completed property in accordance with the valuation document. Completed properties are recognised at fair value based on a valuation document prepared by an external operator.

Changes in the value of properties in progress are recognised in profit or loss in the same way as changes in the fair value of completed properties (Changes in fair values of, and profit and loss on the disposal of, investment properties).

Business combinations and acquisition of assets

Acquisitions of investment properties are accounted for either as acquisitions of an asset (or asset group) or as business combinations. Deciding whether a business combination is involved requires management judgement.

Properties classified as being available for sale

Toivo will transfer the property from the balance sheet item Investment properties to the Investment properties available for sale item when the sale of the property is considered to be highly probable. In this case, the amount corresponding to the accounting value of the property is estimated to be accumulated mainly from the sale of the property instead of it being accumulated in lease use. The following conditions must be met to qualify as being available for sale:

- sale is considered to be highly likely
- the investment property is immediately available for sale in its current condition under the general and customary terms and conditions
- Toivo's management is committed to an active property sales plan and the group has launched a project to find a buyer and implement the sales plan
- the investment property is actively marketed at a price that is reasonable in relation to its fair value, and
- the sale is expected to be completed within one year of classification.

Investment properties classified as being available for sale are still measured at fair value after the classification.

Derecognition of investment property

An investment property is derecognised from the balance sheet when it is disposed of or when it is permanently decommissioned and no future financial benefit is expected from its disposal. A 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 disposals are included in the item Changes in fair values of, and profit and loss on the disposal of, investment properties in the consolidated income statement.

12.2 Assumptions and uncertainties

The group's management exercises discretion in assessing whether the fair values presented for investment properties reflect their actual fair values as reliably as possible. Catella Property Oy delivers annual valuation documents for investment properties owned by Toivo Group Plc. The group's management reviews the factors affecting the fair values of investment properties on a quarterly basis and, if necessary, requests an external assessor to reassess them if it deems it appropriate to update the fair values of investment properties so that they reflect the actual market value of the property. The external assessor also presents its view on the need to change the fair values of investment properties on a quarterly basis. See also Note 12.9 Uncertainty factors and sensitivity analysis related to the parameters used in cash flow calculations.

12.3 Toivo's property portfolio

Toivo's property portfolio mainly consists of rental housing. The property portfolio also includes a small amount of leasable plots and business premises. All of Toivo's rental housing is located in Finland, mainly focusing on growth centres, such as the Helsinki metropolitan area, Turku and Tampere. Toivo's property portfolio mainly includes new and fairly new apartment blocks, but also, to a minor extent, terraced houses, balcony access blocks and semi-detached houses. The group's strategic focus is on new, small and reasonably priced apartments in good and attractive locations in growth centres.

The total fair value of the company's existing investment properties and contracts is approximately EUR 568 million, and the total financing requirement is approximately EUR 450 million. The company has already financed some of this, and the company will finance the remainder with debt and equity financial instruments and through the sale of properties.

12.4 Lease income and maintenance costs

Maintenance costs are caused by, for example, property maintenance, repairs and energy consumption. Management expenses are recognised as expenses for the period to which they are allocated in accordance with the performance basis. The decrease in net lease income is due to the change in occupancy rate.

Lease income and maintenance expenses related to investment properties are presented below:

EUR thousand	Gross lease income		Net lease income		Maintenance costs	
	2024	2023	2024	2023	2024	2023
Toivo Maat Suomi Oy	186	223	173	224	-13	1
Toivo Group Plc	28	25	-22	13	-51	-12
Toivo Kodit Oy	6,182	6,042	4,328	4,562	-1,854	-1,480
Toivo Living Oy	246	314	221	290	-25	-23
Toivo Liiketilat Oy	241	258	153	190	-89	-69
Toivo Rakennuttaminen Oy	87	241	-16	135	-103	-106
Toivo Projektinhallinta Oy	34	6		-23		-29
Toivo Majoitus Oy	260	17	234	-1	-25	-18
ALV-yhtymä Elämäni Kodit Oy ja Toivo Kodit Oy	102	79	-27	-7	-129	-86
Total	**7,366**	**7,205**	**5,043**	**5,383**	**-2,289**	**-1,822**

The rental income and management expenses of these companies also include the rental income and management expenses of their own subsidiaries, if any.

As the properties owned by Toivo are mainly new or fairly new, they are also in good technical condition according to the group's assessment and will not be subject to significant repair needs in the coming years.

12.5 Acquisitions and sales of investment properties

In 2024, Toivo acquired plots, and none of these acquisitions were significant when reviewed individually. The group has treated the acquisitions of investment properties as acquisitions of assets, as these were not entities considered to constitute business operations.

During the financial year, the company sold 10 significant investment properties. The sales were made for both business reasons and risk management reasons. In addition, the company sold two low-rise building plots included in investment properties.

12.6 Completed investment properties

EUR thousand	2024	2023
Fair value of completed investment properties on 1 January	130,211	115,380
Purchases during the financial year	-	612
Capitalised borrowing costs	-563	-571
Sales during the financial year	-39,019	-276
Transfers from properties under construction		46,973
Other transfers		-25,740
Right-of-use assets (leased plots of land)	1,700	2,623
Change in fair values	341	-8,790
Fair value of completed investment properties, 31 December	**92,671**	**130,211**

12.7 Investment properties under construction

EUR thousand	2024	2023
Fair value of investment properties under construction on 1 January	8,171	40,336
Increases / Decreases	5,445	9,983
Capitalised borrowing costs	-162	-105
Sales during the financial year		-
Transfers to completed investment properties		-46,973
Transfers to inventories		-
Other transfers		-
Right-of-use assets (leased plots of land)	116	3,247
Development profit	1,795	3,723
Change in fair values	-	-2,040
Fair value of investment properties under construction on 31 December	**15,365**	**8,171**
Total fair value of investment properties on 31 December	**108,035**	**138,381**

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

The change in the fair values of investment properties was weaker than in the comparison period due to housing portfolio sales and a decrease in the volume of properties developed on the company's own balance sheet. The development margin on properties has fallen below the company's target.

12.8 Investment properties classified as being available for sale

At the end of the financial year 2024, the group had no investment properties classified as being available for sale. At the end of the financial year 2023, the group's investment properties classified as being available for sale, with a value of EUR 25,740 thousand, consisted of residential properties in the Helsinki metropolitan area and elsewhere in Finland. They were measured at fair value before and after being classified as being available for sale. Liabilities related to these properties totalled EUR 1,337 thousand on 31 December 2023. During the financial year 2024, the company sold investment properties available for sale.

12.9 Fair values: key parameters

The yield requirements for investment properties decreased slightly year-on-year. There were differences in the changes in yield requirements by locality. The moderate decrease in yield requirements was mainly due to lower inflation and interest rates. The key parameters used by the external assessor in the cash flow statements for investment properties are presented below:

Completed investment properties (Apartments)	2024	2023
Input data:		
Net yield requirement (%)	4.40–5.50%	4.50–6.30%
Market rent (EUR / m² / month)	12.11–33.91	17.16–33.91
Maintenance costs (EUR / m² / month)	2.14–6.70	1.58–4.29
Average financial occupancy rate for the financial year (%)	85–100%	90–100%

Completed investment properties (Apartments)	2024	2023
Other relevant information:		
Total leasable area (m ²)	18,404	34,052
Inflation assumption (%)	2.0%	2.0%

Investment properties under construction (Apartments)	2024	2023
Input data:		
Net yield requirement (%)	4.40–5.00%	
Market rent (EUR / m² / month)	19.95–25.31	
Maintenance costs (EUR / m ² / month)	3.00–4.33	
Average financial occupancy rate for the financial year (%)		

Investment properties under construction (Apartments)	2024	2023
Other relevant information:		
Total leasable area (m²)	6,041	
Inflation assumption (%)	2.0%	

Leasable plots	2024	2023
Input data:		
Net yield requirement (%)	5.20–5.50%	5.20–5.50%
Market rent (EUR / floor area m² / month)	2.25–4.95	2.23–4.90
Maintenance costs (EUR / m² / month)	-	-
Average financial occupancy rate for the financial year (%)	100%	100%

Leasable plots	2024	2023
Other relevant information:		
Total leasable area (floor area m²)	6,850	7,533
Inflation assumption (%)	2.0%	2.0%

Completed investment properties (Business premises)	2024	2023
Input data:		
Net yield requirement (%)	7.5–9.5%	7.5–9.5%
Market rent (EUR / m² / month)	4.30–13.74	4.75–13.50
Maintenance costs (EUR / m² / month)	1.56–8.47	1.32–10.16
Average financial occupancy rate for the financial year (%)	80.3–100%	95–100%

Completed investment properties (Business premises)	2024	2023
Other relevant information:		
Total leasable area (m ²)	7,360	7,360
Inflation assumption (%)	2.0%	2.0%

No yield requirement information is available for investment properties under construction (specified in section 12.11).

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

The most important factors in the fair values of investment properties are the yield requirement, market rents, vacancy rate and maintenance costs. In the financial years 2023 and 2024, Toivo used an external, independent assessor, Catella Property Oy, to determine the fair values of investment properties. Catella Property Oy produces estimates of the fair values of investment properties by individual property.

Changes in the parameters used in the cash flow calculations are directly related to the company's result and financial position through changes in the fair values of investment properties. The discount factor used in cash flow calculations is the market's yield requirement and inflation expectations, which are assessed by region. While the other parameters used in cash flow calculations remain unchanged, the increase in the yield requirement and inflation expectations will lead to a decrease in the fair value of the investment property. On the other hand, their decrease will lead to an increase in the fair value of the investment property.

Other parameters affecting the fair values of investment properties include estimates of future rental income, maintenance costs, occupancy rate and future investments. Future expectations of a decline in occupancy rates will lower the fair values of investment properties, and an estimated increase in occupancy rates will increase them. Maintenance costs and any other investments made in properties, such as renovation costs, are reflected in the cash flow statements as a negative income flow and thus reduce the fair values of investment properties.

The fair values of investment properties are subject 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 changes in market yield requirements on the fair values of the group's investment properties.

Change in yield requirement 31 December 2024	**-10%**	**-5%**	**0%**	**5%**	**10%**
Fair value (EUR 1,000)	120,039	113,721	108,035	102,891	98,214
Change (EUR 1,000)	12,004	5,686	-	-5,145	-9,821
Change (%)	11.1%	5.3%	0.0%	-4.8%	-9.1%

Change in yield requirement 31 December 2023	**-10%**	**-5%**	**0%**	**5%**	**10%**
Fair value (EUR 1,000)	153,758	145,665	138,382	131,792	125,802
Change (EUR 1,000)	15,376	7,283	-	-6,590	-12,580
Change (%)	11.1%	5.3%	0.0%	-4.8%	-9.1%

Change in occupancy rate (percentage points) 31 December 2024	**-8%**	**-6%**	**-4%**	**-2%**	**0%**
Fair value (EUR 1,000)	99,392	101,553	103,714	105,875	108,035
Change (EUR 1,000)	-8,643	-6,482	-4,321	-2,161	-
Change (%)	-8%	-6%	-4%	-2%	0%

Change in occupancy rate (percentage points) 31 December 2023	**-4%**	**-3%**	**-2%**	**-1%**	**0%**
Fair value (EUR 1,000)	132,847	134,231	135,615	136,998	138,382
Change (EUR 1,000)	-5,535	-4,151	-2,768	-1,384	-
Change (%)	-4%	-3%	-2%	-1%	0%

The sensitivity analysis includes those items that have been assessed by an external assessor. The sensitivity analysis does not include plots leased by Toivo (right-of-use assets), which are treated as investment properties on the consolidated balance sheet. Thus, the total fair values presented in the sensitivity analysis at the end of the financial years 2024 and 2023 differ from the total balance sheet values of investment properties on 31 December 2024 and 31 December 2023.

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. Sensitivity analysis involves changing one parameter at a time, but in reality, changes to parameters often occur simultaneously. Yield requirements for the company's investment properties have changed by less than -10% year-on-year.

12.11 Ongoing projects

Below are the projects started in 2024 or ongoing on 31 December 2024.

Location	Estimated gross investment (EUR thousand)	Realised gross investments by 31 Dec 2024 (EUR thousand)	Completion
Järvenpää	3,091	2,321	2/2025–3/2025
Turku	4,015	570	no estimate of completion
Espoo	13,700	5,230	11/2025–12/2025
Helsinki	15,480	1,596	2/2026–4/2026
Vantaa	5,783	825	12/2025–1/2026

13 LEASE AGREEMENTS

13.1 Accounting policy

Toivo acts as both a lessor and a lessee.

A) Toivo as the lessor

Toivo leases plots, apartments and business premises to its customers in Finland's growth centres. The group rents lease apartments for both long-term and short-term accommodation. The customers are mainly private individuals. All of Toivo's leases are classified as operational leases, as the risks and benefits of ownership are not transferred to the lessees in all material respects. The group's lease agreement rents are fixed.

As a rule, Toivo's apartment lease agreements with its consumer customers are lease agreements valid until further notice, which can be terminated at any time with a short notice period. The notice period for consumer customers is usually one month. As a rule, land lease agreements concluded by Toivo with its customers are concluded for fifty years at a time, and they end without notice, unless the parties have separately agreed on an extension of the lease period.

Approximately one third of land lease agreements have a redemption clause (tenant's redemption right). The redemption price is determined at the time of signing the agreement and is tied to the cost of living index. The redemption price of a plot (= fair value) does not decrease even if the cost of living index had decreased. Some plots can be redeemed in several instalments. Throughout the company's history, a small number of customers have wanted to redeem the plot for themselves. Pursuant to Chapter 2, Section 34 of the Land Lease Act, the company is obligated to redeem buildings, trees and shrubs as well as equipment and installations intended for permanent use, which would possibly become the property of the company at the end of the lease.

B) Toivo as the lessee

Toivo has leased office space and plots. The group generally recognises assets (right-of-use assets) and lease liabilities related to all leases in its balance sheet. Exceptions are short-term leases and leases for low-value assets. The agreement is a lease agreement or includes a lease agreement if the agreement gives the right to control the use of an identified asset in return for consideration.

Toivo mainly operates on its own plots of land but also develops some real estate on plots leased from municipalities, cities and plot funds. As a rule, Toivo has the privilege of releasing the leased area at the end of the lease period if the leased area is released for a similar purpose. During the lease period, the lease agreement can, in principle, only be terminated in accordance with the grounds for termination in accordance with the Land Lease Act, and the lease agreements do not usually restrict 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 a housing company, in which case the sale of the housing company itself does not affect the validity of the lease agreement.

Toivo recognises the right-of-use asset and lease liability at the commencement of the agreement. The right-of-use asset is initially measured at cost, which includes the following:

- the amount according to the original measurement of the lease liability
- rents paid by the commencement of the lease minus any incentives received in connection with the lease
- any immediate initial expenditure incurred by Toivo, and
- an estimate of the possible restoration costs incurred by the group.

Right-of-use assets are subsequently measured at cost minus accumulated depreciation and impairment losses. It is adjusted by certain items arising from the reassessment of the lease liability. Toivo recognises depreciation as straight-line depreciation from the commencement of the agreement, either over the useful life of the right-of-use asset or over the lease term, whichever is shorter. The right-of-use asset is tested for impairment in the same way as owned assets if there are indications of impairment. Any impairment loss is recognised in profit or loss. Leased plots are included in the Investment properties balance sheet item and are measured at fair value, so no depreciation is recognised on them.

The lease liability is initially measured at the present value of the lease payments that have not been paid at the commencement of the lease. The group uses Toivo's additional credit interest rate as the discount rate. This is the interest rate that the group would have to pay if it borrowed an equivalent amount of money under similar conditions in a similar economic environment. Rents included in the value of lease liabilities consist of the following items:

- fixed payments, including actual fixed payments, and
- variable rents that depend on an index or price level (e.g. consumer price index) and are initially determined on the basis of an index or price level at the start of the agreement.

Subsequently, the lease liability is measured at amortised cost. The lease liability is reassessed when there has been a change in future lease payments due to a change in the index or price level or if Toivo changes its estimate of whether it intends to exercise a purchase, extension or termination option. When a lease liability is reassessed in this way, a corresponding adjustment is made to the accounting value of the right-of-use asset, or the adjustment is recognised in profit or loss if the accounting value of the right-of-use asset has been reduced to zero.

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

Toivo does not recognise in its balance sheet right-of-use assets or lease liabilities related to:

- short-term leases (maximum lease term 12 months). Toivo applies this practical means to all underlying asset classes.
- leases of low-value assets (new value of each asset up to approximately EUR 5,000).

The group recognises such lease expenses as expenses in equal instalments over the lease term.

A) Toivo as the lessor

13.2 Contractual undiscounted lease income from lease agreements

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

EUR thousand	2024	2023
During the first year	5,773	9,647
During the second year	2,852	3,738
During the third year	2,852	3,738
During the fourth year	2,707	3,738
During the fifth year	2,707	3,597
Later	10,610	11,668
Total	**27,499**	**36,127**

On 31 December 2024, Toivo's lease base was as follows: 563 apartments, 29 land leases and 3 leases for business premises.

Most apartment leases are valid until further notice.

On 31 December 2023, Toivo's lease base was as follows: 923 apartments, 30 land leases and 4 leases for business premises.

B) Toivo as the lessee

13.3 Items recognised in profit or loss

EUR thousand	2024	2023
Lease expenses for low-value assets [1] (other than short-term leases)	5	-
Interest expenses on lease liabilities [1]	-472	-75
Change in the fair values of leased plots [2]	125	61
Total	**-341**	**-14**

[1] Included in Financial expenses in the income statement.

[2] Included in the item Changes in fair values of, and profit and loss on the disposal of, investment properties in the income statement.

13.4 Items presented in the statement of cash flows

EUR thousand	2024	2023
Total outflow from leases	-1,081	-3,131

13.5 Tangible assets acquired through leases

	Leased plots*		Leased car		Office premises		Total	
EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Acquisition cost								
Opening balance 1 January	7,414	10,405	32	24	–		7,446	10,429
Increases	2,237	–		8			2,237	8
Decreases	-1,057	-2,991	-11		–		-1,067	-2,991
Exchange rate differences	–	–			–		–	–
Closing balance 31 December	8,594	7,414	21	32	–		8,615	7,446
Accumulated depreciation and impairment / Changes in fair values							**-**	
Opening balance 1 January	-227	-166	-25	-14	–		-252	-180
Changes in fair value	-137	-61	–	–	–		–	–
Impairment losses	–	–	–	–	–		–	–
Exchange rate differences	–	–	–	–	–		–	–
Changes in fair values					–		–	–
Depreciation for the financial year	–	–	-46	-11	–		-46	-11
Closing balance 31 December	-364	-227	-71	-25	–		-436	-253
Accounting value 1 January	**7,186**	**10,239**	**7**	**10**	**-**		**7,194**	**10,249**
Accounting value 31 December	**8,229**	**7,186**	**-50**	**7**	**-**		**8,179**	**7,193**

*Includes property development contracting plots

The plots leased by Toivo are treated as investment properties and measured at fair value. Thus, depreciation is not recognised for these right-of-use assets. Changes in the values of plots are recognised in the item Changes in fair values of, and profit and loss on the disposal of, investment properties in the income statement.

The leased plots are included in Investment properties and leased office premises in the consolidated balance sheet under Right-of-use assets.

13.6 Balance sheet values of lease liabilities

EUR thousand	2024	2023
Short-term	649	559
Long-term	7,911	6,913
Total	**8,560**	**7,471**

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

14 TANGIBLE ASSETS

14.1 Accounting policy

Toivo's tangible assets mainly consist of machines and equipment. An acquisition cost includes the costs directly attributable to the acquisition of the asset in question, including installation costs. After initial recognition, tangible fixed assets are presented in the balance sheet at cost minus accumulated depreciation and impairment losses. Repair and maintenance expenses are recognised in profit or loss when they are realised.

The group recognises tangible fixed assets as straight-line depreciation (other than buildings) over the estimated useful lives (4–5 years). Recognition of depreciation is discontinued when a tangible asset is classified as being available for sale. Toivo reviews the estimated useful lives and residual values of assets at least at the end of each financial year. If they differ significantly from previous estimates, the depreciation period will be adjusted accordingly.

Toivo assesses on each reporting period end date whether there are any indications that the value of a tangible asset has decreased. If there are indications, the group estimates the recoverable amount of the asset in question. If it falls below the accounting amount, the difference between these, i.e. the impairment loss, is recognised in profit or loss.

14.2 Breakdown of tangible assets

	Machines and equipment		Unfinished purchases		Total	
EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Acquisition cost						
Opening balance 1 January	320	166	-	-	320	166
Increases	178	154	-	-	178	154
Decreases			-	-	-	-
Exchange rate differences	-	-	-	-	-	-
Closing balance 31 December	498	320	-	-	498	320
Accumulated depreciation, amortisation and reduction in value						
Opening balance 1 January	-174	-101	-	-	-174	-101
Depreciation for the financial year	-108	-73	-	-	-108	-73
Impairment losses	-	-			-	-
Exchange rate differences	-	-	-	-	-	-
Closing balance 31 December	-282	-174	-	-	-282	-174
Accounting value 1 January	**146**	**65**	**-**	**-**	**146**	**65**
Accounting value 31 December	**216**	**146**	**-**	**-**	**216**	**146**

Notes on tangible assets leased by Toivo are presented in section 13 Lease agreements.

15 INTANGIBLE ASSETS

15.1 Accounting policy

The group recognises an intangible asset in the balance sheet only when the acquisition cost of the asset can be reliably determined and it is probable that the expected financial benefit arising from the asset will benefit Toivo. All other expenses are recognised as expenses once incurred. Toivo measures intangible assets at their original cost minus depreciation and any impairment.

The accounting treatment of cloud service arrangements depends on whether cloud-based software is classified as an intangible asset or a service agreement. Arrangements in which Toivo has no control over the software in question are treated in accounting as service agreements that give Toivo the right to use the cloud service provider's application software during the agreement period. The ongoing licence fees for the application software and the configuration or customisation costs related to the software are recognised in other operating expenses when Toivo receives the services.

Toivo recognises intangible assets as straight-line depreciation over the estimated useful lives (five years). The group reviews the applied depreciation periods at least at the end of each financial year. If the expected useful life of an asset differs significantly from previous estimates, the depreciation period is adjusted accordingly. When an intangible asset is classified as being available for sale, recognition of depreciation is discontinued.

Toivo assesses on each reporting period end date whether there are any indications that the value of an intangible asset has decreased. If there are indications, the group estimates the recoverable amount of the asset in question. If it falls below the accounting amount, the difference between these, i.e. the impairment loss, is recognised in profit or loss.

15.2 Breakdown of intangible assets

	IT systems		**Other intangible assets**		**Total**	
EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Acquisition cost						
Opening balance 1 January	17	17	–		17	17
Increases	6				6	–
Decreases			–		–	–
Exchange rate differences					–	–
Closing balance 31 December	23	17	–		23	17
Accumulated depreciation, amortisation and reduction in value						
Opening balance 1 January	-8	-3			-8	-3
Depreciation for the financial year	-5	-5			-5	-5
Impairment losses			–		–	–
Exchange rate differences			–		–	–
Closing balance 31 December	-12	-8	–		-12	-8
Accounting value 1 January	**10**	**14**	**-**		**10**	**14**
Accounting value 31 December	**11**	**10**	**-**	**-**	**11**	**10**

16 INVENTORIES

16.1 Accounting policy

Toivo's inventories consist of uncompleted and/or completed constructed properties intended for direct sale. Their acquisition cost includes the value of the plot, other construction raw materials, planning costs, costs arising from direct work performance, borrowing costs and other direct and indirect costs related to construction projects. Inventories are measured at cost or net realisable value, whichever is lower. Net realisable value is the estimated selling price obtained in the ordinary course of business less the estimated costs necessary for the completion of the asset and the estimated costs necessary for the realisation of the sale.

	Uncompleted properties		Completed properties		Total	
EUR thousand	**2024**	**2023**	**2024**	**2023**	**2024**	**2023**
Acquisition cost						
Opening balance 1 January	9,377	13,416	3,901	1,609	13,278	15,025
Increases	5,584	12,476	2,733	5,047	8,317	17,524
Decreases	-7,805	-14,327	-2,702	-2,755	-10,507	-17,082
Land leases	-716	-2,093	-	-	-716	-2,093
Other transfers	148	-95	-	-	148	-95
Closing balance 31 December	6,589	9,377	3,931	3,901	10,520	13,278
Accounting value 1 Jan	**9,377**	**13,416**	**3,901**	**1,609**	**13,278**	**15,025**
Accounting value 31 Dec	**6,589**	**9,377**	**3,931**	**3,901**	**10,520**	**13,278**

At the end of the financial year 2024, inventories consisted of properties under construction for sale, some of which still remain unsold, i.e. some of the properties have been started without customers. Unsold properties were measured at cost. Completed unsold assets were measured at cost or the lower net realisable value.

17 FINANCIAL ASSETS

17.1 Accounting policy

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

Classification and recognition

Toivo classifies its financial assets as financial assets at amortised cost. Financial assets are classified on the basis of the purpose for which they were acquired when an item belonging to financial assets is acquired. The classification is based on the objectives of Toivo's business model and the contractual cash flows of financial assets.

All purchases and sales of financial assets are recognised on the transaction date. In the case of an item that is not measured at fair value as profit or loss, transaction costs are included in the original accounting amount of financial assets. The group derecognises a financial asset when Toivo has lost the contractual right to cash flows from the financial assets or when it has transferred significant risks and rewards outside the group.

Financial assets at amortised cost

This category includes lease, loan and trade receivables and cash and cash equivalents. They are measured at amortised cost using the effective interest method. Lease and sales receivables are current assets that Toivo intends to hold for a maximum of 12 months after the end of the reporting period. The accounting amounts of lease and sales receivables are considered to correspond in all material respects to their fair values. The accounting treatment of impairments is described in Note 22.3 Credit and counterparty risk. The group's loan receivables consist of loan receivables from associated companies and other loan receivables. The group's cash and cash equivalents consist of cash and cash equivalents in bank accounts. Items classified as cash and cash equivalents have a maximum maturity of three months from the date of acquisition.

17.2 Balance sheet values

EUR thousand	Notes	2024	2023
Amortised cost			
Loan receivables	25.3	5,993	3,045
Lease receivables	13, 22.3	122	183
Sales receivables	22.3	2,529	1,453
Cash and cash equivalents		11,693	5,359
Total		**20,337**	**10,039**

18 Other receivables

EUR thousand	2024	2023
Accrued income and prepayments	2,095	2,733
Other receivables	754	1,183
Total	**2,849**	**3,916**

19 EQUITY

19.1 Accounting policy — equity instruments

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

- A financial liability is an instrument that obligates the group to dispose of 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 indicates a right to a share of Toivo's assets after deducting all of its liabilities.

19.2 Equity items

Ordinary shares

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

The issue price received in connection with share issues is entered in the share capital to the extent that the issue price has not been decided in the share issue decision to be recorded in the share premium account. Transaction costs arising directly from the issue of new shares are recognised in equity as a deduction for payments received and adjusted for tax effects.

Subordinated loans

These subordinated loans are loans that meet all the conditions for subordinated loans referred to in the Limited Liability Companies Act (chapter 12 of the act). They are classified as equity, as the group repays these loans only on the basis of the debtor's decision. The interest rate on loans was 2.0% on 31 December 2024 and 1.0% on 31 December 2023. During the financial year 2024, Toivo Group Plc raised a new capital loan of EUR 0 (0) and repaid EUR 228,760.00. On 31 December 2024, the total amount of subordinated loans was EUR 17,051 (17,280) thousand. See also Note 25 Related party transactions.

Subordinate loans are less favourable than other debts, but have a higher priority than equities. The loans do not have a due date. Toivo Group Plc has the right, but not the obligation, to repay the loans in full or in part if the company has distributable funds.

Toivo paid a total of EUR 7 (0) thousand in interest on subordinated loans in the financial year 2024. There was no unrecognised interest on 31 December 2024.

Retained earnings

Accrued earnings are assets accrued from previous financial years that have not been transferred to equity reserves or distributed to shareholders as profit distributions. Dividends and other profit distributions to the parent company's shareholders are recognised as liabilities in the consolidated balance sheet for the period during which the profit distribution is approved at the Annual General Meeting.

SVOP

The reserve for invested unrestricted equity includes other investments of an equity nature and the issue price of shares to the extent that it is not expressly decided to be subscribed to as share capital.

19.3 Changes in the number of shares and equity

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

EUR thousand	Shares (thousand shares)	Share capital	Equity loans	SVOP fund	Translation differences	Retained earnings	Total
1 January 2023	**54,986**	**1,000**	**17,280**	**18,061**	**-25**	**33,498**	**69,814**
Adjustments to retained earnings							
Profit for the financial year, to owners of the parent company	-				-2	-4,426	-4,428
Bonus issue of shares (splitting of shares)	220						
Proceeds from shares issued	3,333			2,938			2,938
Change in subordinated loans						-40	-40
Share bonus system						292	292
Total	**3,553**	**-**	**-**	**2,938**	**-2**	**-4,173**	**-1,238**
31 December 2023	**58,540**	**1,000**	**17,280**	**20,998**	**-27**	**29,325**	**68,576**
1 January 2024	**58,540**	**1,000**	**17,280**	**20,998**	**-27**	**29,325**	**68,576**
Adjustments to retained earnings						14	14
Profit for the financial year, to owners of the parent company	-				27	720	747
Bonus issue of shares (splitting of shares)	220						-
Sale of treasury shares						44	44
Change in subordinated loans			-229			-187	-416
Share bonus system						201	201
Total	**220**	**-**	**-229**	**-**	**27**	**792**	**590**
31 December 2024	**58,760**	**1,000**	**17,051**	**20,998**	**0**	**30,117**	**69,166**

The company has the powers to acquire and/or pledge a maximum of 5,853,956 of the company's own shares and the powers to issue 20,000,000 shares. The authorisations are effective until the end of the next Annual General Meeting; however, no longer than until 30 June 2025.

Toivo Group Plc held 294,964 treasury shares at the end of the financial year 2024 and 220,000 at the end of the financial year 2023.

19.4 Share issue

Toivo carried out a bonus issue of shares on 3 April 2024, which increased the number of shares from 58,539,226 to 58,759,559. The share issue on 3 April 2024 is in preparation for the needs of the company management's share-based incentive system.

19.5 Capital management

Toivo's capital structure management aims to support the company's objectives, optimise the capital structure, ensure good operating conditions in different market situations and create long-term shareholder value. The company's management and Board of Directors regularly monitor the development of the capital structure and liquidity to ensure the implementation of the growth strategy and liquidity. The capital structure is influenced by factors such as profit, investments, purchases and sales of assets, dividend payments and share issues. The capital structure is monitored through the equity ratio, which is the share of equity of total capital. Toivo aims for an equity ratio of more than 40%. There were no significant changes in the group's capital management compared to 2023.

Equity ratio

EUR thousand	**2024**	**2023**
Total equity	69,434	68,830
Total assets	144,467	192,132
Advances received deducted	-2,346	-3,411
+ (balance sheet total - advances received)	142,121	188,721
Equity ratio, %	**49%**	**36%**

20 FINANCIAL LIABILITIES

20.1 Accounting policy

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

- measured at fair value as profit or loss, and
- measured at amortised cost (other financial liabilities).

The classification determines whether an instrument is required to be revalued at fair value and where the item resulting from the measurement is recognised. In the financial years 2024 and 2023, Toivo only had financial liabilities measured at amortised cost.

Toivo's financial liabilities mainly consist of loans from financial institutions, lease liabilities and trade payables. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Transaction costs that can be allocated to a specific loan are deducted from the amount of debt received. The difference between the amount received and the amount repaid is recognised as financial expenses in profit or loss over the term of the loan. Capitalisable liabilities related to investment properties are included in the acquisition cost of properties, see Note 12.1 Accounting policy (Acquisition cost of investment property).

Toivo classifies a financial liability as current unless the group has the unconditional right to postpone the payment of the liability at least 12 months after the end of the reporting period. Of loans from financial institutions, the share of loans maturing in less than 12 months is presented in current financial liabilities. Toivo has received a covenant waiver from two financiers regarding the review date of 31 December 2024, and the next review date is 30 June 2025.

The group derecognises a financial liability (or part thereof) from the balance sheet only when the liability has ceased to exist, i.e. when the obligation specified in the agreement has been fulfilled or cancelled or has expired.

20.2 Financial liabilities

EUR thousand	Notes	2024	2023
Non-current financial liabilities			
Financial institution loans	22	47,641	80,730
Lease liabilities	13.6	7,911	6,913
Loans granted to associates	25.3	-	2,500
Other financial liabilities		591	463
		56,143	**90,605**
Current financial liabilities			
Financial institution loans	22	2,000	3,738
Lease liabilities	13.6	649	559
Loans granted to associates	25.3	106	107
Trade payables		4,227	1,761
Other financial liabilities		609	883
		7,590	**7,048**
Total financial liabilities		**63,733**	**110,691**

20.3 Loan terms and conditions

The group finances its real estate development operations mainly with debt bank loans in the names of housing or real estate companies established in projects, with the parent company Toivo Group Plc or the housing or real estate company's direct parent company as the guarantor.

Some of the parent company's and its subsidiaries' credit agreements include standard covenants, such as ownership, loan management margin, interest margin and loan-to-value covenants. A breach of these covenants may result in Toivo having to repay the loan in question prematurely, which may weaken the terms of the renegotiated financing or make it more difficult to access financing.

Toivo has received a covenant waiver from two financiers regarding the review date of 31 December 2024, and the next review date is 30 June 2025. The covenant of one of the financiers concerns the operating margin for loans, which must be at least 1.25 (adjusted EBITDA in relation to the interest and loan repayments paid by the group in accordance with the payment plans). Toivo received a waiver on 31 December 2024 for the period under review, according to which the loan management margin must be at least 1.05, which Toivo also fulfilled. The total amount of loans under this covenant is EUR 10.0 million. The covenant of another financier applies to the interest margin (operating margin/financial expenses) of debtor companies, which must be at least 2.0. Toivo received a waiver on 31 December 2024 at the time of review, according to which the covenant clause will not be applied on 31 December 2024 and the terms of the covenant will be redefined to better correspond to the purpose of the covenant. The total amount of loans under this covenant is EUR 23.7 million.

Guarantees related to loans are presented in Note 23 Provisions, contingent items and commitments.

20.4 Changes in liabilities arising from cash flows from financing activities

The following table presents the reconciliation between the opening and closing balances of liabilities attributable to financing.

	2024			2023		
EUR thousand	**Loans from financial institutions**	**Lease liabilities**	**Loans granted to associates**	**Loans from financial institutions**	**Lease liabilities**	**Loans granted to associates**
Balance 1 January	**97,969**	**7,471**	**2,500**	**84,937**	**10,528**	**2,500**
Changes arising from cash flows from financing activities						
Repayments of loans	-5,618		-2,500	-20,751		
Proceeds from borrowings	3,916			33,814		
Payments of lease liabilities		-609	-		-3,056	-
Changes arising from cash flows from financing activities in total	-1,702	-609	-2,500	13,063	-3,056	-
Change in loans concerning sold properties	-46,626					
New lease agreements		1,697				
Other changes	-			-30		
Balance 31 December	**49,641**	**8,559**	**-**	**97,969**	**7,471**	**2,500**

21 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

21.1 Accounting policy

21.1 Classification in accounting and fair values

The following table presents the balance sheet values and fair values of financial assets and liabilities, including their levels according to the fair value hierarchy. The levels are described in Note 1.7 Determining fair values. The table does not present fair value information on financial assets and liabilities that are not measured at fair value if the accounting value is reasonably close to fair value and the maturity of the item is short (lease and trade receivables and trade payables).

31 December 2024		Balance sheet value	Fair value			
EUR thousand	**Notes**		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities not measured at fair value						
Financial institution loans	20, 22	49,641	–	–	49,641	49,641
Loans granted to associates	20, 25.3	106	–	–	106	106
Total		**49,747**	**-**	**-**	**49,747**	**49,747**

31 December 2023		Balance sheet value	Fair value			
EUR thousand	**Notes**		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial liabilities not measured at fair value						
Financial institution loans	20, 22	71,430	–	–	71,430	71,430
Financial institution loans concerning properties to be sold	20, 22	13,038			13,038	13,038
Loans granted to associates	20, 25.3	2,607	–		2,607	2,607
Interest rate derivatives				209		209
Total		**87,075**	**-**	**209**	**87,075**	**87,283**

22 MANAGEMENT OF FINANCIAL RISKS

22.1 Financial risk management principles

Toivo is exposed to financial risks in its business operations, which include interest rate, credit, refinancing, liquidity and counterparty risks. The construction and real estate sector is cyclical and vulnerable to cyclical fluctuations, and its volume and profitability vary as a result of the general economic situation, for example. Toivo's business expanded in 2024, and the group's strategic goal is to significantly grow its business in the long term.

The key principle of financial risk management is to seek to reduce the potential negative impacts of the financial markets on the group's business, to seek to enable efficient use of equity and to provide the possibility of financing in accordance with the credit rating without an additional risk premium, and to seek to give freedom of movement to the actual business operations. In order to manage financial risks, the group uses an extensive network of banks and credit institutions, seeks to diversify the range of financial instruments and the maturity distribution and maintains an adequate equity ratio.

A key objective in the management of refinancing risk is to maintain sufficient maturities in the group's loan portfolio. Financing has been distributed to several operators, there is sufficient liquidity and further financing has been agreed for the maturities of loans, sufficient financing has been reserved for investments and any other financing needs have been taken into account. The group may use different types of financial instruments only to reduce or eliminate financial risks on the balance sheet. Changes in the financial markets may have a negative or positive impact on the availability of investment and refinancing as well as financing costs in the future.

Toivo has an overdraft facility of EUR 2 million that was unused at the time of the financial statements.

Some of Toivo's credit agreements include special terms and conditions linked to financial key figures, such as interest margin or equity ratio.

22.2 Interest rate risk

Significant financial risk is related to the fluctuation of the interest costs of the group's loan portfolio, which can be managed with the financial instruments intended for this purpose. The largest interest rate risks are related to floating-rate loans from financial institutions. Interest-rate bonds are diversified with different-length maturities. The company has hedged some of its loans with an interest ceiling or a fixed-interest with corresponding interest rate collar. The counterparties to the agreements are Nordic banks with a good credit rating from Fitch Rating, Moody's Investor Service or S&P Global. Interest rate risk hedging and its amount and quality are assessed continuously. However, Toivo cannot protect more than the loans on the balance sheet require. The aim is to provide the group with sufficient operating conditions for the current financial market situation. However, the group does not generally hedge any financial instruments granted to subsidiaries or associated companies under the Housing Finance and Development Centre of Finland (Ara). Their interest rate risk is reduced by, for example, interest subsidies from the Finnish state.

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

	2024		2023	
EUR thousand	**+1%**	**-0.1%**	**+1%**	**-0.1%**
Interest expenses recognised on floating-rate loans	453	-45	835	-84

The group's loans to financial institutions totalled EUR 49,641 (97,506) thousand. The figures presented in the table above do not include the effect of deferred taxes.

22.3 Credit and counterparty risk

The group aims to avoid significant credit and counterparty risks. The group's lease receivables are spread across different leasing segments. Of land lease receivables, the company prioritises mortgages. In other lease receivables, the credit risk is reduced by the use of guarantees. Correspondingly, real estate development projects require the counterparty to provide sufficient guarantees provided by a bank or insurance company, a payment schedule approved by the group and other internal control measures, such as business analyses of significant subcontractors. The credit and counterparty risk is assessed on an ongoing basis based on the counterparty's financial situation, the age distribution of lease receivables, the standing with guarantees and the success of any collection measures. In terms of financing sources, Toivo aims to diversify debt financing to different actors.

Toivo recognises a deduction for expected credit losses from financial assets measured at amortised cost. The expected credit loss is recognised on lease and trade receivables based on information accumulated by the group about defaults on receivables or delays in payments due to financial difficulties. The expected loss is determined as the difference between the accounting amount of the receivable and the present value of the estimated future cash flows discounted at the effective interest rate. This adjustment is recognised in other operating expenses or revenue and reduces the accounting value of the receivable. Changes in expected credit losses and actual credit losses are also recognised under Other operating 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 recognition of the credit loss. The group did not recognise reversals of credit losses in the financial years 2024 and 2023.

Age distribution of lease and trade receivables

EUR thousand	Gross accounting value 2024	Gross accounting value 2023
Sales receivables		
Not yet due	2,529	1,453
Lease receivables	*177*	*194*
Not yet due	32	29
Overdue		
1–30 days	9	22
31–60 days	10	19
61–90 days		8
Over 90 days	127	115
	145	164
Total	**177**	**222**
Total lease and trade receivables	**2,707**	**1,675**

The group recorded expected credit losses of EUR -39 (-14) thousand in the financial year 2024. In addition, Toivo is negotiating one customer's overdue receivables. The group estimates that Toivo will receive these receivables.

22.4 Liquidity risk

The availability of external financing on competitive terms is important for Toivo's business operations and profitability. The group's liquidity is secured with sufficient cash and cash equivalents, agreements and sufficient bank or credit institution loans. The group's cash flow mainly consists of lease operations, sales and other fees. The adequacy of funding is monitored regularly with cash and investment forecasts. Before the start of investments and projects, the financing of the project is ensured, which typically consists of equity, bank loans or the buyer's payment posts during construction. The company has an overdraft facility of EUR 2 million as one means of strengthening liquidity.

The group's liquidity was at a good level during the financial year. Cash and cash equivalents at the end of the financial year amounted to EUR 11,692 (5,359) thousand. Investments were mainly financed by way of long-term loans. The financial management continuously assesses the amount of financing required by the business over different periods in order to ensure that the group has sufficient liquid assets at its disposal to finance its operations. In order to succeed with financing transactions, the group uses several counterparties and equity it deems sufficient. The sources of funding mainly consist of undrawn long-term loans.

Contractual amounts due for financial liabilities

The following table describes the maturity distribution of financial liabilities based on agreements. The figures presented are non-discounted. In the financial years 2023–2024, Toivo's financial liabilities consisted of financial liabilities measured at amortised cost.

EUR thousand	Balance sheet value	Total	Within 1 year	Within 2–5 years	Within 6–10 years	Within 11–15 years	Later
31 December 2024							
Financial institution loans	49,641	65,344	2,778	38,207	22,083	1,149	1,127
Lease liabilities	8,560	27,499	5,773	11,117	1,206	1,206	8,198
Trade payables	4,227	4,227					
Loans granted to associates	–	–					
Other financial liabilities [1]	1,200	1,200	609	591			
Total	**63,627**	**94,043**	**9,160**	**49,914**	**23,288**	**2,354**	**9,325**

[1] Includes unpaid interest on financial loans recognised in accruals for the financial year 2024.

EUR thousand	Balance sheet value	Total	Within 1 year	Within 2–5 years	Within 6–10 years	Within 11–15 years	Later
31 December 2023							
Financial institution loans	84,468	100,255	2,986	41,038	47,793	3,390	5,047
Lease liabilities	7,471	20,412	715	2,885	3,599	3,593	9,620
Trade payables	1,761	1,761	1,761				
Loans granted to associates	2,500	2,500	–	2,500			
Other financial liabilities	1,346	1,346	883	463			
Total	**97,546**	**126,273**	**6,345**	**46,886**	**51,392**	**6,983**	**14,666**

22.5 Currency risk

If necessary, the group's currency risk can be managed by hedging it with financial instruments intended for this purpose. However, the amount of potential hedging cannot exceed the hedging requirement in the balance sheet, and the need for hedging is assessed continuously by financial management. The group's main cash flows are in Finland, and the main currency is the euro. Therefore, there was no need for currency risk hedging in the financial years 2023–2024.

The group has had a subsidiary established in Sweden in 2020, which was dissolved during the financial year 2023.

For the financial year 2024, translation differences caused by exchange rate changes in the Swedish subsidiary from previous financial years have been reversed.

23 OTHER LIABILITIES AND ACCRUALS

EUR thousand	2024	2023
Advance payments received	2,346	3,411
Accruals	1,887	1,153
Current tax liabilities based on the financial year's taxable income	1,071	600
Other current liabilities	1,250	1,720
Total	**6,554**	**6,883**

24 PROVISIONS, CONTINGENT ITEMS AND COMMITMENTS

24.1 Accounting policy – Provisions

Provisions are liabilities whose realisation date or amount is uncertain. Toivo recognises a provision when the group has a legal or constructive obligation as a result of a previous transaction, the fulfilment of the payment obligation is probable and the amount of the obligation can be reliably estimated. The amount recognised as a provision is the management's best estimate of the expenses required to fulfil the obligation at the end of the reporting period, taking into account any risk and uncertainty factors related to the obligation.

Toivo recognises a provision for a loss-making agreement when the necessary expenses required to fulfil the obligations exceed the benefits of the agreement. Unavoidable expenses include the costs of fulfilling the contract or the costs of terminating the agreement, whichever are lower.

The group recognises a restructuring provision in the balance sheet when a detailed, appropriate plan has been prepared and the implementation of the plan has begun or has been communicated to those affected by the restructuring.

At the end of the financial year 2024, Toivo had a provision for guarantee expenses of EUR 338 (30) thousand.

24.2 Accounting policy – Contingent liabilities and contingent assets

Contingent assets and contingent liabilities are contingent assets and contingent liabilities arising from past transactions. Their existence is only verified when one or more uncertain events that are not entirely under Toivo's control occur or remain unoccupied in the future.

24.3 Guarantees

EUR thousand	Loans taken from financial institutions 2024	Loans taken from financial institutions 2023	Undrawn loans from financial institutions 2024	Undrawn loans from financial institutions 2023
Loans guaranteed by mortgages, shares or other guarantees	49,857	98,342	14,640	2,090
Mortgages given	124,261	168,265	38,200	12,585
Shares pledged	47,489	54,147	14,640	-
Directly enforceable guarantees	49,426	95,842	14,640	2,090
Guarantees total	**221,176**	**318,254**	**67,480**	**14,676**

Mortgages have also been given as guarantees for most of the loans for which Toivo Group Plc has provided a directly enforceable guarantee. In addition to the directly enforceable guarantees provided by Toivo Group Plc, Toivo Kodit Oy has also provided directly enforceable guarantees for loans taken out by subsidiaries either alone or together with the parent company.

24.4 Guarantee limit

The group has two separate guarantee limits for a total of 12 subsidiaries. Approximately EUR 4,559,109 thousand of the guarantee limits were in use on 31 December 2024.

24.5 Contingent liabilities

On 31 December 2024, the group had the following contingent liabilities related to investment properties:

Return liability for deducted value added tax (VAT)

The value added tax amount of Toivo's property investments was EUR 7,758 (10,833) thousand on 31 December 2024. On 31 December 2024, 50–90% (60–90%) of the VAT deduction made remained on the return liability. The group's investment properties are subject to VAT return liability, which is realised if the properties in question are transferred to VAT-exempt use during the 10-year audit period.

24.6 Legal proceedings and disputes

Two of the group's subsidiaries were subject to a tax audit during the financial years 2022 and 2023. Based on the tax audit, it is possible that the company will have to settle VAT refunds of approximately EUR 0.6 million. A possible return is not estimated to have an impact on profit or loss.

The case is currently being processed by the administrative court. The company estimates the processing time of the process to be 1–2 years.

25 RELATED PARTY TRANSACTIONS

25.1 Accounting policy

Toivo Group Plc's related parties include the following:

- subsidiaries and associated companies as well as joint arrangements (housing companies and mutual real estate companies of which the group owns less than 100%).
- the key members of the parent company's management, including the members of the Board of Directors, 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 over Toivo Group Plc, and the companies in which Raatihuone exercises control, joint control or significant influence.

Toivo Group Plc's parent company is Raatihuone Oy (Business ID 2962361-5). Raatihuone Oy will prepare the consolidated financial statements for the financial year 2024. Raatihuone Oy is owned by key persons belonging to the management of Toivo Group Plc 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 presented in the following tables correspond to expenses recognised as expenses in the financial years in question. Any fringe benefits are included in the salary amounts. The pension benefits of key management personnel consist of pensions granted under Finnish statutory pension schemes. The group has no voluntary supplementary pension arrangements. Heikki Myllymäki left the management team on 21 March 2024.

EUR thousand	2024	2023
a) Total key management personnel (including b) and c))		
Salaries and other short-term employee benefits	-501	-454
Pension benefits (payment-based arrangements)	-32	-31
Share-based incentive scheme	-63	-36
Total	**-596**	**-521**

EUR thousand	2024	2023
b) CEO Markus Myllymäki		
Salaries and other short-term employee benefits	-101	-39
Pension benefits (payment-based arrangements)	-6	-2
Share-based incentive scheme	-14	-8
Total	**-120**	**-49**
c) Other members of the management team		
Salaries and other short-term employee benefits	-400	-416
Pension benefits (payment-based arrangements)	-26	-29
Share-based incentive scheme	-50	-28
Total	**-477**	**-472**
d) Board of Directors in total (including e), f), g), h), i) and j))		
Salaries and other short-term employee benefits	-82	-54
Pension benefits (payment-based arrangements)	-	-
Total	**-82**	**-54**
e) Chairman of the Board Asko Myllymäki		
Salaries and other short-term employee benefits	-14	-
Pension benefits (payment-based arrangements)	-	-
Total	**-14**	**-**

EUR thousand	2024	2023
f) Board member Tomi Koivukoski		
Salaries and other short-term employee benefits	-14	-
Pension benefits (payment-based arrangements)	-	-
Total	**-14**	**-**
g) Board member Petri Kärkkäinen		
Salaries and other short-term employee benefits	-19	-19
Pension benefits (payment-based arrangements)	-	-
Total	**-19**	**-19**
h) Board member Harri Tahkola		
Salaries and other short-term employee benefits	-19	-19
Pension benefits (payment-based arrangements)	-	-
Total	**-19**	**-19**
i) Board member Margit Lindholm		
Salaries and other short-term employee benefits	-14	-
Pension benefits (payment-based arrangements)	-	-
Total	**-14**	**-**

EUR thousand	2024	2023
j) Board member Jonna Toikka		
Salaries and other short-term employee benefits	-	-16
Pension benefits (payment-based arrangements)	-	-
Total	**-**	**-16**

Jonna Toikka resigned from the Board of Directors during the financial year 2023.

Share-based incentive scheme

Toivo uses a long-term share-based incentive scheme for key employees. The reward is determined based on the realisation of Toivo's key financial indicators in relation to the set objectives.

The possible fees of the system are based on:

- operating profit from the earning period 2024 without changes in the fair value of investment properties, cash flow from operating activities and the realisation of personal KPIs
- operating profit from the earning period 2025 at group level and business unit level

In the financial year 2024, the impact of the share-based incentive schemes for key employees on Toivo's result was EUR -0.2 (-0.3) million.

25.3 Transactions and open balances with related parties

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

EUR thousand	Sales	Purchases	Interest expenses	Interest income	Receivables	Liabilities
Financial year 2024 / 31 December 2024						
Key management personnel (including Companies with control)	27	-16	-138	-	-	6,919
Associated companies	10,705	-4	-	144	5,560	103
Parent company Raatihuone Oy	-	-	-163	-	-	10,110
Total	**10,732**	**-20**	**-301**	**144**	**5,560**	**17,132**

EUR thousand	Sales	Purchases	Interest expenses	Interest income	Receivables	Liabilities
Financial year 2023 / 31 December 2023						
Key management personnel (including Companies with control)	5,150	-115	-70	-	-	15,840
Associated companies	13,524	-59	-	-68	3,045	107
Parent company Raatihuone Oy	-	-	-219	-	-	3,798
Total	**18,674**	**-174**	**-289**	**-68**	**3,045**	**19,745**

In the financial year 2024, Toivo Group Plc drew a total of EUR 0 (0) thousand in new capital loans from related parties of the company. On 31 December 2024, the total amount of subordinated loans was EUR 17,051 (17,280) thousand, including capitalised interest. See also Note 19.2 Equity items.

Sales with related parties include real estate development services sold to related parties.

25.4 Group structure

On 31 December 2024, the group had the following holdings in subsidiaries, joint operations and associated companies. The companies directly owned by the parent company are presented below. The parent companies of the sub-groups are the following: Toivo Maat Suomi Oy, Toivo Kodit Oy, Toivo Liiketilat Oy, Toivo Projektinhallinta Oy, Toivo Rakennuttaminen Oy, Toivo Yhteiskuntakiinteistöt Oy and Toivo Turku Oy.

Company	Business ID	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 Kiinteistökehitys Espoo Oy	3478030-8	100
Toivo Kiinteistökehitys Helsinki Oy	3478032-4	100
Toivo Kiinteistökehitys Vantaa Oy	3478033-2	100
Toivo Living Oy	3018293-3	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 Yhteiskuntakiinteistöt Oy	3394051-7	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

During the financial year 2024, Toivo Group Plc established eleven new subsidiaries, sold fifteen subsidiaries and acquired two subsidiaries. These are real estate and housing companies related to the group's operations.

26 EVENTS AFTER THE END DATE OF THE FINANCIAL YEAR

On 14 February 2025, Toivo Group Plc signed a preliminary agreement concerning the acquisition of the entire share capital of Toivo's associated company E-Heat Oy, which agrees on the terms and conditions under which Toivo will make an offer to the shareholders of E-Heat Oy to implement the transaction.

Parent company's income statement, FAS

EUR	Notes	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Revenue	3.2	1,983,856	1,869,519
Change in the fair values of investment properties	1.2, 3	-	-
Other operating income		704	748
Raw materials and services			
Materials, consumables and goods			
Purchases during the financial year		-	-264,538
Total materials, consumables and goods		-	-264,538
External services		-	-
Materials and services, total		-	-264,538
Staff expenses	2		
Salaries and remuneration		-933,059	-960,732
Non-wage staff expenses			
Pension expenses		-205,793	-175,510
Other staff expenses		-18,141	-21,188
Total non-wage staff expenses		-223,934	-196,699
Total staff expenses		-1,156,993	-1,157,431
Depreciation, amortisation and reduction in value			
Depreciation and amortisation according to plan		-14,365	-14,330
Total depreciation, amortisation and reduction in value		-14,365	-14,330
Other operating expenses	3.2	-991,277	-1,070,793
Operating profit/loss		**-178,075**	**-636,824**

EUR	Notes	1 Jan–31 Dec 2024	1 Jan–31 Dec 2023
Finance income and cost			
Income from holdings in companies in the same group		-	-
Other interest and financial income		1,422,004	1,150,421
Reduction of value of fixed assets investments		-	-
Interest expenses and other financial expenses		-475,486	-395,641
Total financial income and expenses		**946,518**	**754,780**
Profit/loss before appropriations and taxes		**768,443**	**117,956**
Financial statement appropriations			
Group contributions received		-	-
Group contributions paid		-378,410	-
Total financial statement appropriations		-378,410	-
Profit/loss before taxes		**390,033**	**117,956**
Income tax expense			
Taxes for the financial year		-68,950	-
Deferred taxes	5	-	-
Income taxes, total		-68,950	-
Financial year profit /loss		**321,083**	**117,956**

Parent company balance sheet, FAS

EUR	Notes	31 Dec 2024	31 Dec 2023
ASSETS			
Non-current assets			
Intangible assets			
Other long-term expenditure		11,076	9,719
Total intangible assets		11,076	9,719
Tangible assets			
Machines and equipment		32,853	32,292
Total tangible assets		32,853	32,292
Investments			
Shares in companies in the same group	6	16,875	16,875
Shares in associated companies		1,870,880	500
Other receivables		50,000	50,000
Investment properties		-	-
Total investments		1,937,755	67,375
Non-current assets, total		**1,981,684**	**109,386**
Current assets			
Current receivables			
Sales receivables		-	6,437
Receivables from companies in the same group		31,878,952	46,576,684
Receivables from associated companies		4,971,644	2,164,259
Other receivables		110,276	105,405
Accrued income and prepayments		929,664	674,902
Total current receivables		37,890,536	49,527,686
Cash and cash at bank		6,095,316	3,400,119
Current assets, total		**43,985,852**	**52,927,805**
TOTAL ASSETS		**45,967,536**	**53,037,190**

EUR	Notes	31 Dec 2024	31 Dec 2023
LIABILITIES			
Equity			
Ordinary shares		1,000,000	1,000,000
Invested equity reserve		22,318,765	22,318,765
Profit (loss) for previous financial years		3,011,917	2,850,004
Financial year profit (loss)		321,083	117,956
Capital loan		17,051,065	17,279,825
Total equity	3	**43,702,829**	**43,566,550**
Liabilities (debt capital)			
Non-current liabilities			
Loans from financial institutions		-	2,003,261
Liabilities to companies in the same group		-	2,500,000
Other liabilities	5	190,509	62,921
Deferred tax liabilities	4	-	-
Total non-current liabilities		**190,509**	**4,566,182**
Current liabilities			
Advance payments received		-	-
Trade payables		28,912	122,908
Liabilities to companies in the same group		1,510,795	4,304,471
Liabilities to associated companies		578	578
Other liabilities		107,212	126,555
Accruals		426,702	349,946
Total current liabilities		2,074,199	4,904,458
Total liabilities (debt capital)		**2,264,707**	**9,470,640**
TOTAL LIABILITIES		**45,967,536**	**53,037,190**

1 NOTES ON THE PREPARATION OF THE FINANCIAL STATEMENTS

1.1 Information on the regulatory framework used in the preparation of the financial statements

The financial statements have been prepared in accordance with the regulations for small enterprises laid down in the regulation on information to be presented in the financial statements of small and micro enterprises (PMA).

2 STAFF

During the financial year, the company employed an average of 21 (17) people.

3 EQUITY

3.1 Equity items

EUR	2024	2023
Share capital 1 January	1,000,000	1,000,000
Share capital 31 December	**1,000,000**	**1,000,000**
Share premium	**22,318,765**	**22,318,765**
Profit/loss for previous financial years, 1 January	2,850,004	2,748,044
Retained earnings from the previous financial year	117,956	101,960
Amount paid for own shares	43,956	-
Profit/loss for previous financial years 31 December	**3,011,917**	**2,850,004**
Profit or loss for the financial year	**321,083**	**117,956**
Subordinated loans	**17,051,065**	**17,279,825**
Total equity	**43,702,829**	**43,566,550**

3.2 Profit-distributable assets

EUR	2024	2023
Financial year profit/loss	321,083	117,956
Changes in fair values during the financial year minus deferred tax liability	-	-
Distributable profit for the financial year	**321,083**	**117,956**
Profit/loss for previous financial years	3,011,917	2,850,004
Share premium account	22,318,765	22,318,765
Changes in fair values minus deferred tax liability	-	-
Distributable profit for previous financial years	**25,330,682**	**25,168,769**
Total	**25,651,764**	**25,286,726**

4 LIABILITIES (DEBT CAPITAL)

The company did not have non-current liabilities maturing later than in five years on 31 December 2024 or 31 December 2023. The company did not have non-current liabilities maturing later than in five years on 31 December 2024 or 31 December 2023.

5 GUARANTEES AND CONTINGENT LIABILITIES

Lease liabilities	2024	2023
Maturing in the next financial year	1	1
Maturing later	1	2
Total	**2**	**3**

6 HOLDINGS IN OTHER COMPANIES

Companies owned by one-fifth or more

Company	Business ID	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%
Kiinteistö Oy Toivon Päämaja	3187972-4	100%
Toivo Kiinteistökehitys Espoo Oy	3478030-8	100%
Toivo Kiinteistökehitys Vantaa Oy	3478033-2	100%
Toivo Kiinteistökehitys Helsinki Oy	3478032-4	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%
Toivo Yhteiskuntakiinteistöt Oy	3394051-7	100%
Elämäni Kodit 10 Oy	3096646-3	25%
Elämäni Kodit 40 Oy	3135666-7	25%
Elämäni Kodit Oy	2970250-8	20%

7 GUARANTEES ON BEHALF OF GROUP COMPANIES

On 31 December 2024, Toivo Group Plc provided a total of EUR 49,425,898 (124,103,460) of directly enforceable guarantees as guarantees for loans from financial institutions taken out on behalf of group companies.

The value added tax amount of Toivo's property investments was EUR 7,757 (10,833) thousand on 31 December 2024. On 31 December 2024, 50–90% (60–100%) of the VAT deduction made remained on the return liability. The group's investment properties are subject to VAT return liability, which is realised if the properties in question are transferred to VAT-exempt use during the 10-year audit period.

Other group receivables and other liabilities to group companies include the assets and liabilities of a group bank account arrangement with the group's subsidiaries.

8 NOTES CONCERNING THE GROUP'S ACCOUNTING ENTITY

The company is part of a group whose parent company is Raatihuone Oy, business ID 2962361-5. Raatihuone Oy will prepare the consolidated financial statements for the financial year 2024.

9 KEY EVENTS AFTER THE FINANCIAL YEAR

No key events after the financial year.

Signatures to the financial statements and Board of Directors' report

Helsinki, 25 February 2025

Asko Myllymäki
Chairman of the Board

Tomi Koivukoski
Member of the Board

Petri Kärkkäinen
Member of the Board

Harri Tahkola
Member of the Board

Margit Lindholm
Member of the Board

Markus Myllymäki
CEO

Financial statement entry

A report on the performed audit has been issued today.

Helsinki, 25 February 2025

KPMG Oy Ab

Pekka Alatalo
APA

Key figures

Group, EUR thousand	1–12/2024	1–12/2023	Change
Revenue	39,810	43,692	-3,882
Lease income	7,509	7,205	304
Net lease income	5,008	5,383	-374
Operating profit	4,543	-305	4,849
Operating profit without changes in values of investment properties	4,202	10,525	-6,323
Cash flow before changes in working capital (Funds from Operations, FFO)	1,985	1,721	264
Fair value of investment properties	108,035	164,122	-56,087
Investments in investment properties	5,445	19,843	-14,399
Sales of investment properties	64,505	276	64,229
Net debt with interest	47,373	102,687	-55,314
Non-current net assets (Net asset value, NAV)	56,043	56,729	-686
Loan to value (LTV), %	43.9%	62.6%	-19%
Equity ratio	48.9%	36.47%	12.4%
Non-current net assets per share, EUR	0.95	0.97	-0.02
Increase in non-current net assets per share, %	-1.6	-9.8	
Earnings per share (EPS), EUR [1)]	0.01	-0.08	0.09
Occupancy rate, %	92.3%	97.0%	-4.7%
Total leasable apartment area, square metres	18,404	34,052	-15,648
Other leasable area, square metres	14,210	14,893	-683

[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

Key figure calculation formulae

Key figure		Definition
Net lease income	=	Lease income – Maintenance costs
Operating profit without changes in values of investment properties	=	Operating profit – fair value changes of investment properties
Cash flow before changes in working capital (Funds from Operations, FFO)	=	Cash flows before changes to net working capital and financial items – Interest paid – Income tax expense
Fair value of investment properties	=	Investment properties + Investment properties available for sale
Gross investments in investment properties	=	Acquisition cost-based gross investments
Sales of investment properties	=	Investment properties sold at fair value
Net debt with interest	=	Financial institution loans + Lease liabilities + Loans to related parties + Loans related to investment properties available for sale + Other financial liabilities and other non-current liabilities – Cash and cash equivalents
Non-current net assets (Net asset value, NAV)	=	Equity attributable to the owners of the parent company – Subordinated loans + Deferred tax liabilities – Deferred tax assets
Loan to value (LTV) rate	=	Net debt with interest / Fair value of investment properties

Key figure		Definition
Equity ratio	=	Total equity / (Assets total – Deferred revenue)
Non-current net assets per share (Net asset value, NAV)	=	Non-current net assets (Net asset value, NAV) / Number of shares at end of year
Increase in non-current net assets per share	=	(Non-current net assets per share – Non-current net assets per share of the previous year) / Non-current net assets per share of the previous year
Earnings per share (EPS)	=	Profit (loss) of the financial year attributable to owners of the parent company / The weighted average of the number of issued ordinary shares (during the financial year), with the exception of any shares potentially held by Toivo
Occupancy rate	=	Net lease income from properties / Potential lease income with full occupancy rate x 100, (including apartments older than two months)

TOIVO GROUP PLC

Audit report 2024

Audit report

To Toivo Group Plc's Annual General Meeting

AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Toivo Group Plc (Business ID 2687933-2) for the financial year 1 January–31 December 2024. The financial statements include the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, the cash flow statement and notes, including material information on accounting policies, as well as the parent company's balance sheet, income statement and notes.

We state that

- the consolidated financial statements give a true and fair view of the group's financial position, results of operations and cash flows in accordance with the International Financial Reporting Standards (IFRS) adopted in the EU;
- the financial statements give a true and fair view of the results of operations and financial position of the parent company in accordance with the regulations governing the preparation of financial statements in Finland and meet the statutory requirements.

Grounds for the opinion

We have conducted our audit in accordance with generally accepted auditing practices in Finland. Our responsibilities in accordance with good auditing practice are described in more detail under *Auditor's responsibilities in the audit of the financial statements*.

We are independent of the parent company and group companies in accordance with the ethical requirements applicable to our audit in Finland, and we have fulfilled our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the CEO regarding the financial statements

The Board of Directors and the CEO are responsible for preparing the financial statements in such a way that the consolidated financial statements give a true and fair view in accordance with the International Financial Reporting Standards (IFRS) adopted in the EU, and that the financial statements give a true and fair view 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 prepare financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the CEO are obligated to assess the parent company's and the group's ability to continue as a going concern and, where applicable, to present matters related to the going concern basis of operations and the fact that the financial statements have been prepared on a going concern basis. The financial statements are prepared on a going concern basis, unless the parent company or the group intends to dissolve or cease operations or there is no other realistic alternative than to do so.

Auditor's duties in auditing the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's 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 conducted in accordance with good auditing practice. Misstatements can arise from fraud or error and are considered material if, individually or together, they could reasonably be expected to influence the financial decisions made by users on the basis of the financial statements.

Auditing in accordance with good auditing practice involves exercising professional judgement and maintaining professional scepticism throughout the audit.

In addition to this:

- We identify and assess the risks of material misstatements regarding the financial statements, whether due to fraud or error, design and perform audit procedures appropriate to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the risk of not detecting a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- We form an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- We assess the appropriateness of the accounting policies applied and the reasonableness of the accounting estimates and related disclosures made by management.
- We conclude whether it was appropriate for the Board of Directors and the CEO to prepare the financial statements on the basis of the going concern basis of accounting and, based on the audit evidence obtained, whether there is any material uncertainty related to the events or circumstances that may give significant reason to doubt the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we must draw the reader's attention in our auditor's report to the uncertainty-related disclosures in the financial statements or, if the uncertainty-related disclosures are inadequate, adjust our opinion. Our conclusions are based on the audit evidence obtained by the date of our audit report. However, future events or circumstances may result in the parent company or the group being unable to continue as a going concern.
- We assess the general presentation, structure and content of the financial statements, including all information presented in the financial statements, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.
- We plan and perform the audit of the group in order to obtain an audit evidence of the financial information of the group entities or business units that is sufficient and appropriate to provide a basis for our audit opinion on the group financial statements. We are responsible for directing, supervising and reviewing the group's audit work. We are solely responsible for the audit opinion.

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

OTHER REPORTING OBLIGATIONS

Other information

The Board of Directors and the CEO are responsible for other information. Other information includes the Board of Directors' report and the information included in the annual report but does not include the financial statements or our audit report on them. We have received the Board of Directors' report before the date of this audit report and expect to receive the annual report after that date. Our opinion on the financial statements does not cover any other information.

Our responsibility is to read the other information identified above in connection with our audit of the financial statements and, in doing so, to assess whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially incorrect. With regard to the Board of Directors' report, our duty is also to assess whether the Board of Directors' report has been prepared in accordance with the applicable regulations.

Our opinion is that the information in the Board of Directors' report and the financial statements is consistent and that the Board of Directors' report has been prepared in accordance with the applicable regulations.

If, on the basis of our work on other information obtained before the date of our audit report, we conclude that the other information in question is materially incorrect, we must report on this. We do not have anything to report in this regard.

Helsinki, 25 February 2025

KPMG OY AB

Pekka Alatalo
APA

TOIVO

Toivo Group Plc

Gransinmäki 6

02650 Espoo, Finland

info@toivo.fi

investors.toivo.fi