

# Toivo Group Plc's BUSINESS REVIEW 1 January–30 September 2024

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# Event main points

- Key figures
- A brief look at the review period
- Toivo is preparing for growing demand for housing
- A good time to invest
- EUR 30.5 million in news on working against the tide Q3/2024
- Property sales as part of the change in strategy
- Outlook



# Key figures\*

EUR thousand	1 January– 30 September 2024	1 January– 30 September 2023	Change, %
Revenue	32,587	33,619	-3%
Operating profit	3,405	7,753	-56%
Operating profit without changes in values of investment properties	3,405	7,753	-56%
Profit or loss for the financial year	332	4,112	-92%
Earnings per share (EUR)	0.01	0.07	-91%
Fair value of investment properties	138,554	171,914	-19%
Economic occupancy rate	91.4%	97.8%	-7%
Total equity	68,500	74,121	-8%
Total assets	162,228	196,313	-17%

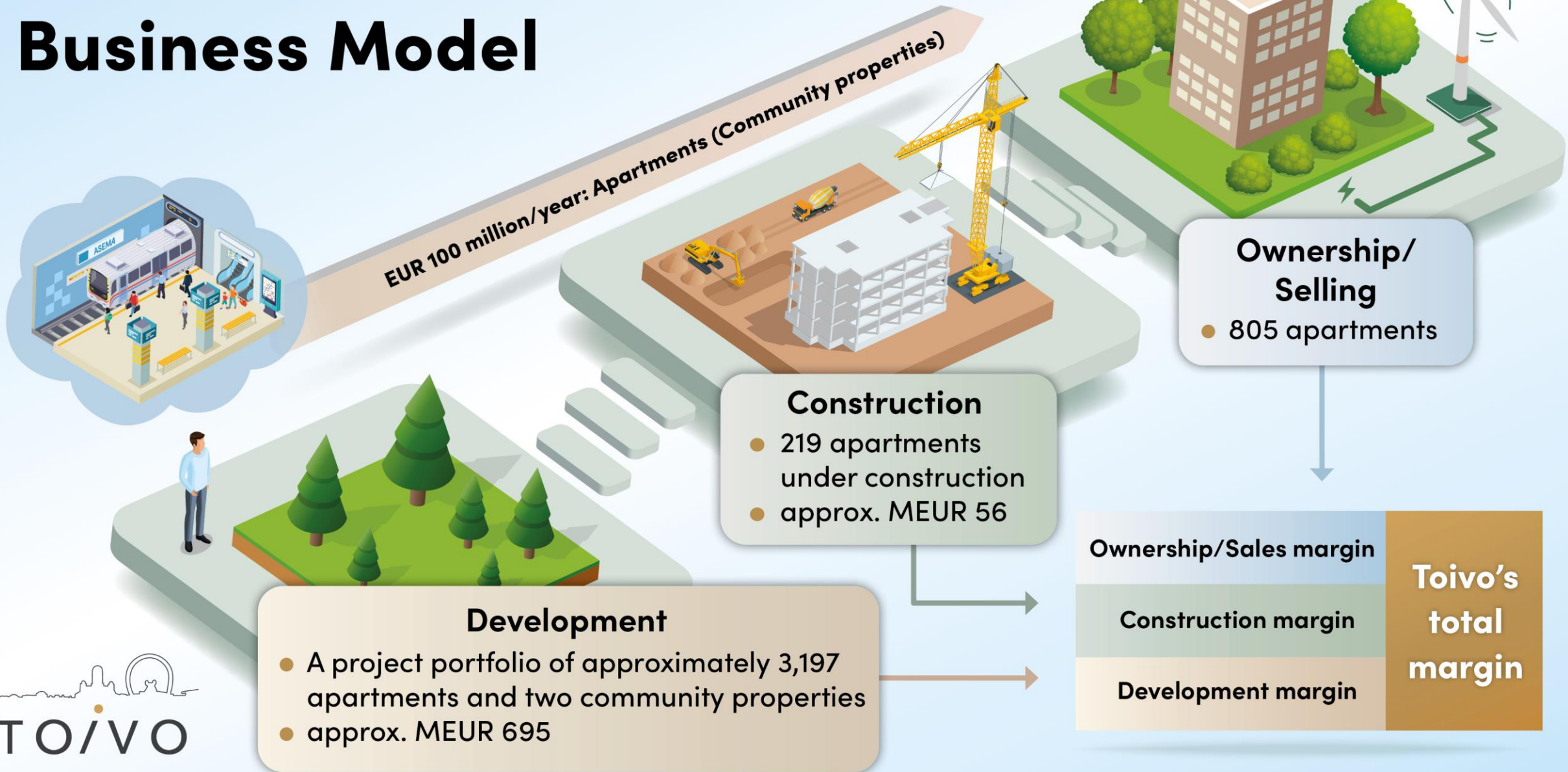
\* Unaudited

# January–September 2024 in brief

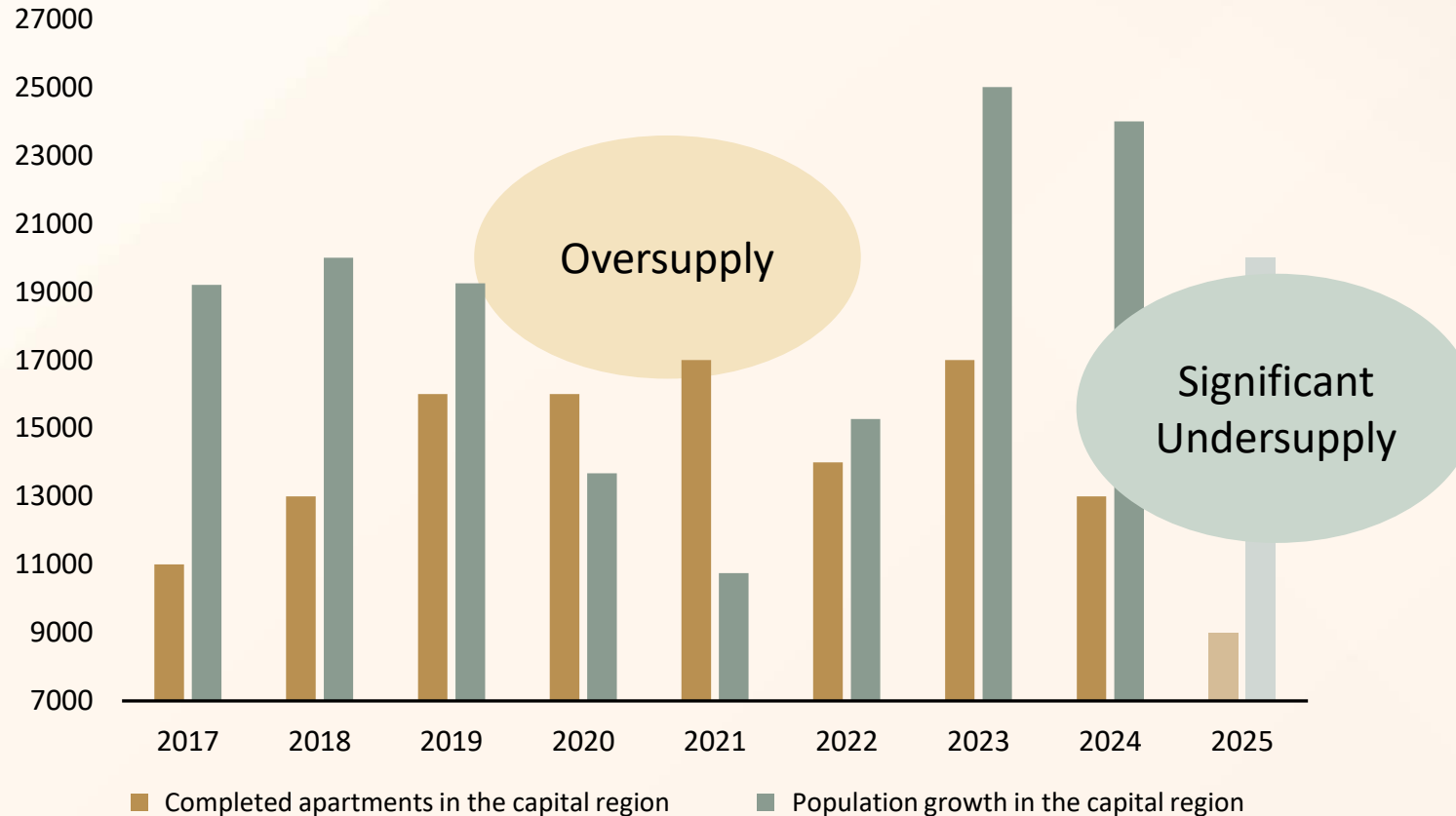
- Revenue EUR 32.6 million (EUR 33.6 million), -3%
- Operating profit EUR 3.4 million (EUR 7.8 million), -56%
- **DEVELOPMENT:** Contracts for 220 (50) new apartments and two community properties.
- **CONSTRUCTION:** Construction of 196 (76) apartments was started
- **OWNERSHIP:** 165 (330) apartments were completed
- The operating environment is challenging for housing developers, construction companies and property owners
- Occupancy rate 91.4%

# Toivo's Business Model

● Situation 30 September 2024



# Toivo prepares for housing demand



1. The number of new residential project start-ups has fallen to a historic low.
2. We estimate that the current stock of vacant apartments will last for approximately 6–12 months. (Situation: 10/2024)
3. New housing production will start in earnest in 2026.
4. We estimate that the housing shortage will last from 6/2025 to 2027

The year 2025 is an excellent time to invest and develop the company with a long-term view.

# A good time to invest

## BALANCE SHEET AND RENTAL PROPERTIES:

*Toivo has initiated, and is accelerating, balance sheet investments for the following reasons:*

1. The construction costs of new projects are encouraging.
2. The financing of new projects has been encouraging.
3. Rent levels are expected to rise in good locations when the properties are completed over the next 12 months.
4. New projects can be constructed with first-class resources.

## SALES AND OWNER-OCCUPIED HOUSING PROJECTS:

*Toivo will accelerate the introduction of new owner-occupied housing projects to the market for the following reasons:*

1. The housing market is awakening.
2. Toivo does not have many unsold apartments in stock, and no apartments that are in the highest price category.
3. Toivo has the ability to develop precisely the right kinds of products for the new market.
4. Customers feel confident about buying from Toivo, and customers' banks are confident about financing projects built by Toivo.

## IN THE DEVELOPMENT OF THE COMPANY:

*Toivo is investing in the development of the company right now for the following reasons:*

1. There is a good availability of projects to add to the project portfolio.
2. There is an exceptionally good availability of new key individuals to support growth and new business initiatives.
3. Special situation opportunities are opening up for the company.

# 30,5 M € EUR 30.5 million in news on working against the tide 7–9/2024



## ASEMAMESTARI

Location: Kilo, Espoo  
Value: EUR 18 million  
Number of apartments: 85  
Start: 9/2024  
Model: Balance sheet investment



## URHO

Location: Oulunkylä, Helsinki  
Value: EUR 8 million  
Number of apartments: 26  
Start: 9/2024  
Model: Project management contract



## TAKSVÄRKKI

Location: Torpparinmäki, Helsinki  
Value: EUR 4.5 million  
Number of apartments: 13  
Start: 12/2024  
Model: Owner-occupied housing project



# Property sales as part of the change in strategy

In 2024, Toivo has completed property sales for almost EUR 30 million from the company's balance sheet and signed contracts for new sites for approximately EUR 70 million.

Toivo will also seek to complete additional property sales in 2024–2025. Property sales are carried out for business reasons and risk management reasons.

Property sales provide financial flexibility that enables Toivo to increase its market share.

## **BUSINESS REASONS:**

1. Increasing the company's financial flexibility
2. Enabling the implementation of new projects
3. Preparing for the reopening of the market
4. Increasing volume as the housing shortage nears.

## **RISK MANAGEMENT REASONS:**

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

# Financial prospects

## PROSPECTS FOR 2024

- The company expects the operating profit without changes in values of investment properties for the financial year of 1 January–31 December 2024 to be EUR 4–7 million.
- The company expects the operating profit for the financial year of 1 January–31 December 2024 to be EUR 4–10 million.

## FINANCIAL TARGETS 2023–2026

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

# Thank you!



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# Appendices

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# Appendix 1. Key figures 30 September 2024\*

Group, EUR thousand	1-9/2024	1-9/2023	Change
Revenue	32,587	33,619	-1,033
Lease income	5,874	5,094	780
Net lease income	3,977	3,792	184
Operating profit	3,405	7,753	-4,348
Operating profit without changes in values of investment properties	3,405	7,753	-4,348
Cash flow before changes in working capital (Funds from Operations, FFO)	-198	1,281	-1,479
Fair value of investment properties	138,554	171,914	-33,359
Investments in investment properties	5,014	19,688	-14,674
Sales of investment properties	29,758	276	29,482
Net debt with interest	71,610	99,285	-27,675
Non-current net assets (Net asset value, NAV)	55,411	64,019	-8,608
Loan to value (LTV), %	51.7%	57.8%	-6%
Equity ratio	42.8%	38.9%	3.9%
Non-current net assets per share, EUR	0.95	1.16	-0.21
Increase in non-current net assets per share, %	-18.3	4.4	-22.7
Earnings per share (EPS), EUR	0.01	0.07	-0.07
Occupancy rate, %	91.4%	97.8%	-6.4%
Total leasable apartment area, square metres	26,829	31,524	-4,695
Other leasable area, square metres	14,813	14,893	-80

\* Unaudited

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



# Group income 1–9/2024\*

## Group Income Statement

EUR thousand	1 January– 30 September 2024	1 January– 30 September 2023
Revenue	32,587	33,619
Changes in the fair values of investment properties and gains and losses on the disposal of investment properties	-351	2,789
Other operating income	-	-
Raw materials and services	-24,308	-25,640
Staff expenses	-1,323	-837
Depreciation, amortisation and reduction in value	-82	-30
Other operating expenses	-3,117	-2,148
<b>Operating profit (loss)</b>	<b>3,405</b>	<b>7,753</b>
<b>Share of the result of associated companies</b>	<b>0</b>	<b>0</b>
Financial income	21	24
Financial expenses	-3,442	-2,289
<b>Net financial expenses</b>	<b>-3,422</b>	<b>-2,265</b>
<b>Profit (loss) before taxes</b>	<b>-17</b>	<b>5,488</b>
Current tax based on the financial year's taxable income	-572	-522
Deferred taxes, change	921	-854
Income taxes, total	350	-1,376
<b>Financial year profit (loss)</b>	<b>332</b>	<b>4,112</b>
<b>Distribution of the profit (loss) of the financial year</b>		
Parent company owners	370	4,063
Non-controlling interests	-37	49

## Group's statement of comprehensive income

EUR thousand	1 January– 30 September 2024	1 January– 30 September 2023
<b>Financial year profit (loss)</b>	<b>332</b>	<b>4,112</b>
<b>Other comprehensive income</b>		
Items that may be subsequently reclassified to profit or loss	-	-
Translation differences	-	12
<b>Other comprehensive income for the financial year</b>	<b>-</b>	<b>12</b>
<b>Total comprehensive income for the financial year</b>	<b>332</b>	<b>4,124</b>
<b>Distribution of total comprehensive income for the financial year</b>		
Parent company owners	370	4,075
Non-controlling interests	-37	49
Earnings per share (EPS), EUR	0.01	0.07
Non-cash flow based expenses associated with the share-based incentive system	-149	-153

\* Unaudited

# Consolidated balance sheet 30 September 2024\*

EUR thousand	30 September 2024	30 September 2023
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment properties	138,554	171,914
Right-of-use assets	57	12
Tangible assets	215	76
Intangible assets	6	16
Non-current receivables	170	712
Equity method investments	48	69
Deferred tax assets	325	148
<b>Non-current assets, total</b>	<b>139,375</b>	<b>172,946</b>
<b>Current assets</b>		
Inventories	4,318	12,222
Rent, trade and other receivables	10,680	7,063
Cash and cash equivalents	7,856	4,083
<b>Current assets total</b>	<b>22,853</b>	<b>23,367</b>
Investment properties available for sale	-	-
<b>Assets, total</b>	<b>162,228</b>	<b>196,313</b>

EUR thousand	30 September 2024	30 September 2023
<b>EQUITY</b>		
Ordinary shares	1,000	1,000
Subordinated loans	17,302	17,280
Share premium account	20,998	17,983
Translation differences	-27	-13
Retained earnings	28,935	37,629
<b>Equity belonging to the owners of the parent company</b>	<b>68,208</b>	<b>73,879</b>
Non-controlling interests	292	242
<b>Total equity</b>	<b>68,500</b>	<b>74,121</b>
<b>LIABILITIES</b>		
<b>Non-current liabilities</b>		
Financial institution loans	69,309	90,428
Lease liabilities	6,195	6,886
Loans granted to associates	-	2,500
Other financial liabilities and other non-current liabilities	511	447
Deferred tax liabilities	4,830	7,567
<b>Non-current liabilities total</b>	<b>80,846</b>	<b>107,828</b>
<b>Current liabilities</b>		
Financial institution loans	2,841	2,589
Lease liabilities	504	513
Loans granted to associates	106	4
Provisions	-	-
Trade and other payables	9,432	11,250
Deferred tax liabilities	-	7
<b>Current liabilities total</b>	<b>12,882</b>	<b>14,364</b>
<b>Liabilities, total</b>	<b>93,728</b>	<b>122,192</b>
Liabilities associated with investment properties available for sale	-	-
<b>Total equity and liabilities</b>	<b>162,228</b>	<b>196,313</b>

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