

Toivo Group Plc's FINANCIAL STATEMENT RELEASE 1 January–31 December 2022

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Event main

- Operating profit MEUR 15.6 (MEUR 15.8), -1%
- A brief look at the review period
- Strong project development portfolio
- Reacting to the changes in the operating environment
- Prospects for 2023



January–December 2022 in brief

- Operating profit MEUR 15.6 (MEUR 15.8), -1%
- **DEVELOPMENT:** Contracts for 342 (985) new apartments
- **CONSTRUCTION:** 539 (575) apartment start-ups (402 apartments in energy class A)
- **OWNERSHIP OF APARTMENTS:** 581 (114) apartments were completed (259 apartments in energy class A)
- The operating environment challenges the housing market
- 12 new people were added to the staff
- Occupancy rate 98.4%



Key figures*

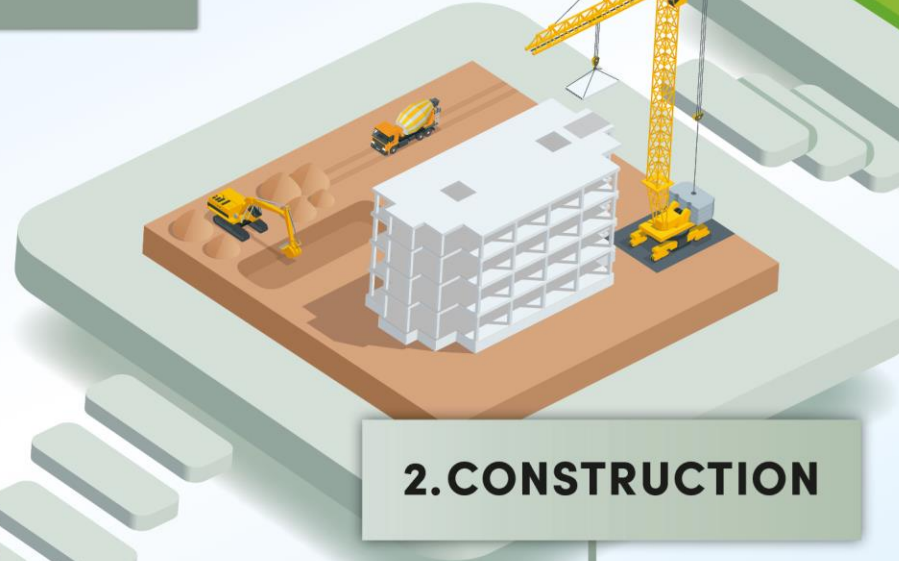
EUR thousand	1 January–31 December 2022	1 January–31 December 2021	change %
Revenue	20,323	13,574	50%
Operating profit	15,640	15,818	-1%
Profit or loss for the financial year	12,143	12,071	1%
Earnings per share (EUR)	0.22	0.24	-7%
Fair value of investment properties	155,716	97,649	59%
Economic occupancy rate	98.4%	98.9%	-1%
Total equity	70,007	54,420	29%
Total assets	187,694	121,054	55%

* Unaudited

TOIVO'S BUSINESS MODEL



1.DEVELOPMENT



2.CONSTRUCTION



3.OWNERSHIP

Ownership margin

Construction margin

Development margin

**Toivo's
total
margin**

Strategic priorities of the apartments

Apartments currently under construction, completed apartments and Toivo's land portfolio fulfill the strategic priorities as follows:

STRATEGIC PRIORITIES



New
apartments



Small and
efficient
apartments



Apartments in the
Helsinki
metropolitan area,
Turku and Tampere



Affordable
housing



High
occupancy rate



Low
maintenance
charges

TOIVO'S PORTFOLIO

approx.
1 year

Average age of
apartments

approx.
41 m²

Average
size of
apartments

94%

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

approx.
€840 per
month
Average rent

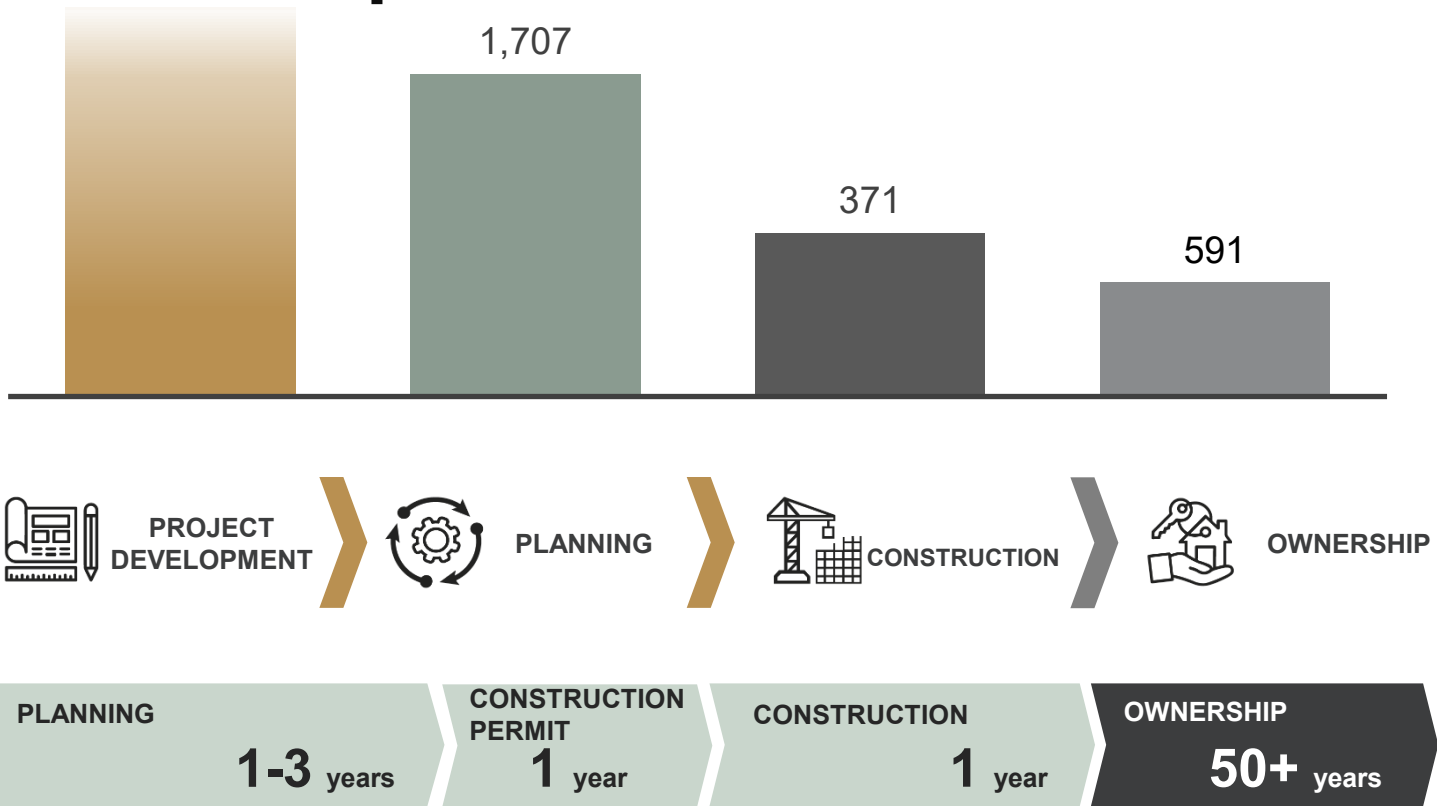
98.4%

Occupancy
rate of
apartments

approx.
€2.75 per m²

Maintenance
charge of
housing
properties

Development, construction and ownership



Real estate development is a long process and Toivo has done a significant amount of work for its current project development portfolio.

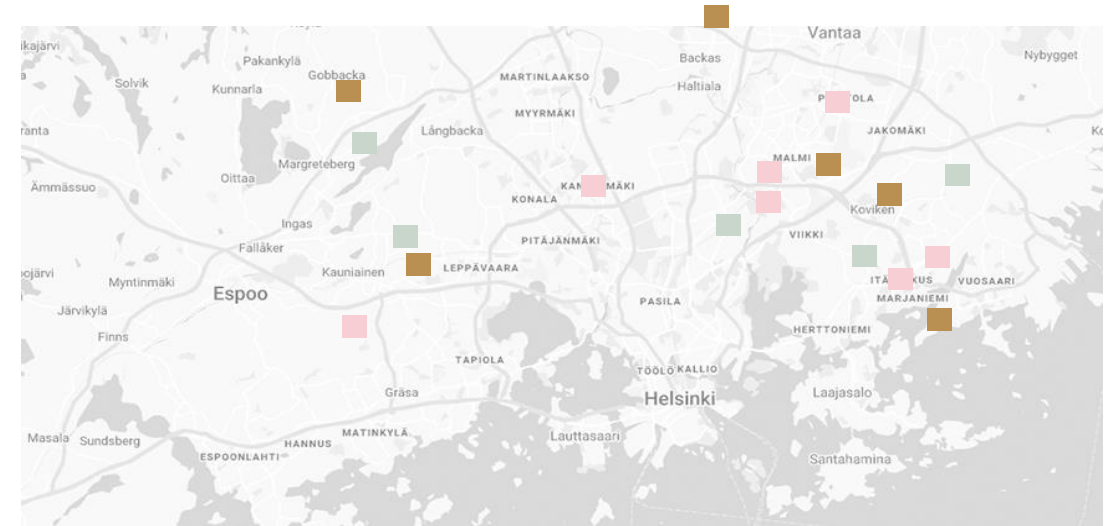
963	developed residential apartments
~ 23%	average development margin
approx. 1,707	residential apartments in project development portfolio
approx. 77,000 m ²	leasable area in project development portfolio
~410 M€	fair value of project development portfolio
~300 M€	Fair value of the raw land portfolio
~1,513	Apartments in the raw land portfolio

Strong project development and raw land portfolio

Location	Status	City	Estimated number of apartments	Estimated time of construction
Ramsinranta	Planning	Helsinki	84 apartments	2023–2024
Aviapolis	Planning	Vantaa	294 apartments	2023–2024
Kilo	Planning	Espoo	85 apartments	2023–2024
Vartiokylä	Planning	Helsinki	31 apartments	2023–2024
Malmi	Planning	Helsinki	95 apartments	2023–2024
Gobbacka	Planning	Espoo	40 apartments	2024 - 2025
Pukinmäki	Municipal planning	Helsinki	84 apartments	2024–2025
Puistola	Municipal planning	Helsinki	85 apartments	2024–2025
Kannelmäki	Municipal planning	Helsinki	130 apartments	2024–2026
Savela	Municipal planning	Helsinki	28 apartments	2024–2026
Puotila	Municipal planning	Helsinki	271 apartments	2025–2026
Pohjois-Suurlpelto	Municipal planning	Espoo	250 apartments	2025–2026
Itäkeskus	Municipal planning	Helsinki	230 apartments	2026–2027
Myllypuro	Raw land	Helsinki	58 apartments	2027 ->
Vanhakartano	Raw land	Espoo	360 apartments	2027 ->
Klaukkala	Raw land	Nurmijärvi	250 apartments	2027 ->
Pitkäjärvi	Raw land	Espoo	700 apartments	2027 ->
Vaarala	Raw land	Vantaa	145 apartments	2027 ->

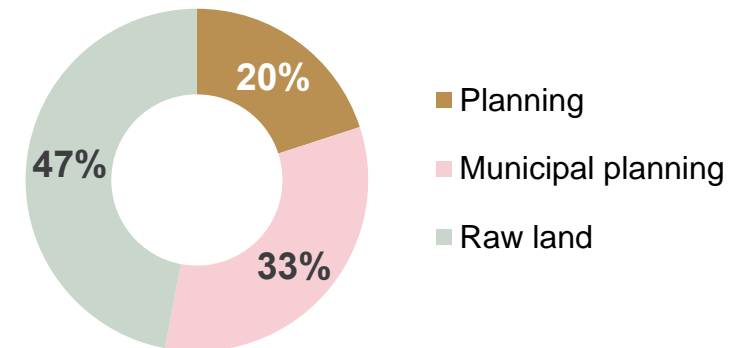
Project development portfolio
1,707 apartments

Raw land portfolio
1,513 apartments



- Project development portfolio planning project
- Project development portfolio municipal planning project
- Raw land portfolio municipal planning project

Project development and raw land portfolio status



Reacting to the changes in the operating environment

The most significant changes in the operating environment in 2022–2023:

1. Rising inflation
2. Increased interest costs
3. Increased construction costs in 2021–2022
4. Changes in the Swedish housing market
5. Declining construction volume and costs in 2023.

Specific project selection

The company will mainly build housing in Helsinki, Espoo and Vantaa.

Cost savings

The company has sought, and continues to seek, cost savings in fixed expenses and housing companies' maintenance charges.

Project starts

The company will exercise discretion in starting new rental housing projects in the current business and interest rate environment.

Pre-sold projects

In 2023, the company will build pre-sold projects totalling approximately EUR 30 million, and they are expected to generate a margin of approximately EUR 2-4 million. The company is also engaged in multiple negotiations regarding projects starting in 2023.

Additional sources of income

The company will seek additional cash flow from new concepts and services offered to customers.

As residential construction volumes decline, the market will also present opportunities:

1. Declining contracting prices
2. Labour availability
3. Availability of planning resources
4. Rental housing is growing in popularity
5. Demand and supply are gradually becoming better balanced.

Construction costs

The company will put construction costs up to tender with an ambitious approach in 2023. The company aims to take advantage of the cost benefits arising from declining volumes.

Rent increases

At the turn of 2022–2023, the company increased rents in its housing portfolio by approximately 4.5 per cent and aims to increase rents by approximately 5 per cent in 2023.

Financial prospects

PROSPECTS FOR 2023

- The company expects the operating profit for the financial year of 1 January–31 December 2023 to be EUR 10–17 million.

FINANCIAL TARGETS 2021–2026

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

Thank you!



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Appendices

TO/VO

Appendix 1. Key figures, 31 December 2022*

Group, EUR thousand	1–12/2022	1–12/2021	Change
Revenue	20,323	13,574	6,749
Lease income	3,914	2,676	1,238
Net lease income	2,975	1,979	996
Operating profit	15,640	15,818	-179
Cash flow before changes in working capital (Funds from Operations, FFO)	1,582	1,714	-132
Fair value of investment properties	155,716	97,649	58,067
Investments in investment properties	47,317	34,002	13,315
Sales of investment properties	16,861	12,085	4,776
Net debt with interest	92,306	40,215	52,091
Non-current net assets (Net asset value, NAV)	59,069	41,169	17,900
Loan to value (LTV), %	59.3%	41.2%	18.1%
Equity ratio	38.38%	45.3%	-6.9%
Non-current net assets per share, EUR	1.07	0.78	0.30
Increase in non-current net assets per share, %	38.5	158.5	
Earnings per share (EPS), EUR ¹⁾	0.22	0.24	-0.02
Occupancy rate, %	98.40%	98.9%	-0.5%
Total leasable apartment area, square metres	22,501	6,776	15,725
Other leasable area, square metres	15,304	17,784	-2,480

* Unaudited

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



Group income 1–12/2022*

Consolidated income statement

EUR 1,000	1 January–31 December 2022	1 January–31 December 2021
Revenue	20,323	13,574
Changes in the fair values of, and profit and loss on the disposal of, investment properties	12,373	13,252
Other operating income	-	4
Raw materials and services	-13,692	-8,475
Staff expenses	-1,114	-1,060
Depreciation, amortisation and reduction in value	-51	-68
Other operating expenses	-2,199	-1,409
Operating profit (loss)	15,640	15,818
Share of the result of associated companies	22	
Financial income	405	18
Financial expenses	-1,197	-703
Net financial expenses	-792	-685
Profit (loss) before taxes	14,870	15,133
Current tax based on the financial year's taxable income	-138	-756
Deferred taxes, change	-2,589	-2,306
Income taxes, total	-2,727	-3,062
Financial year profit (loss)	12,143	12,071
Distribution of the profit (loss) of the financial year		
Parent company owners	12,066	11,918
Non-controlling interests	77	153

Group's statement of comprehensive income

EUR 1,000	1 January–31 December 2022	1 January–31 December 2021
Financial year profit (loss)	12,143	12,071
Other comprehensive income		
Items that may be subsequently reclassified to profit or loss	-	-
Currency translation differences	-22	-1
Other comprehensive income for the financial year	-22	-1
Total comprehensive income for the financial year	12,121	12,070
Distribution of total comprehensive income for the financial year		
Parent company owners	12,044	11,917
Non-controlling interests	77	153

* Unaudited

Consolidated balance sheet 31 December 2022*

EUR 1,000	31 December 2022	31 December 2021
ASSETS		
Non-current assets		
Investment properties	155,716	97,649
Right-of-use assets	21	16
Tangible assets	65	61
Intangible assets	14	45
Financial assets		
Non-current receivables	556	
Deferred tax assets	122	57
Non-current assets, total	156,564	97,828
Current assets		
Inventories	15,025	4,808
Rent, trade and other receivables	9,683	3,143
Cash and cash equivalents	6,423	15,275
Current assets total	31,131	23,226
Investment properties available for sale		
Assets, total	187,694	121,054
EQUITY		
Share capital	1,000	1,000
Subordinated loans	17,280	16,921
Share premium account	18,061	14,529
Currency translation differences	-25	-2
Retained earnings	33,498	21,726
Equity belonging to the owners of the parent company	69,814	54,175
Non-controlling interests	193	245
Total equity	70,007	54,420

EUR 1,000	31 December 2022	31 December 2021
LIABILITIES		
Non-current liabilities		
Financial institution loans	81,947	46,125
Lease liabilities	9,813	4,105
Loans granted to associates	2,500	-
Other financial liabilities and other non-current liabilities	400	1,263
Deferred tax liabilities	6,657	3,972
Non-current liabilities total	101,317	55,466
Current liabilities		
Financial institution loans	2,589	971
Lease liabilities	715	26
Loans granted to associates	765	3,000
Provisions	-	123
Trade and other payables	12,301	7,049
Deferred tax liabilities	-	
Current liabilities total	16,371	11,169
Liabilities, total	117,687	66,634
Liabilities associated with investment properties available for sale	-	-
Total equity and liabilities	187,694	121,054

* Unaudited

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