Annual Review 2023

Contents

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YIT in brief

Better living environments sustainably

We create sustainable and attractive cities and living environments for our customers and society. In growing cities, we build, develop and renovate homes, public and business premises that have long lifespans and are highly functional. We also build infrastructure to facilitate smooth mobility and transport for people.

Sustainability is an integral element of our strategy. We promote sustainability throughout the value chain with regard to environmental responsibility, social responsibility and corporate governance. We focus particularly on climate change mitigation, occupational safety and responsible procurement.

We employ around 4,300 professionals in eight countries: Finland, Sweden, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia and Poland. Our revenue in 2023 was EUR 2.2 billion. YIT Corporation's headquarters are in Helsinki, Finland, and its shares are listed on Nasdaq Helsinki.

June 2023

YIT's emission reduction targets were the first of a Finnish construction company to be validated by the Science Based Targets initiative

Read more

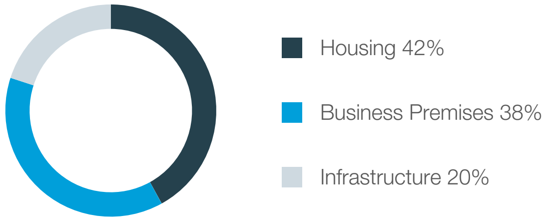
September 2023

YIT was recognised as the ideal construction industry employer in Finland for the fourth consecutive year

(Universum Professionals Survey 2023)

Read more

SHARE OF REVENUE PER SEGMENT



REVENUE

2.2

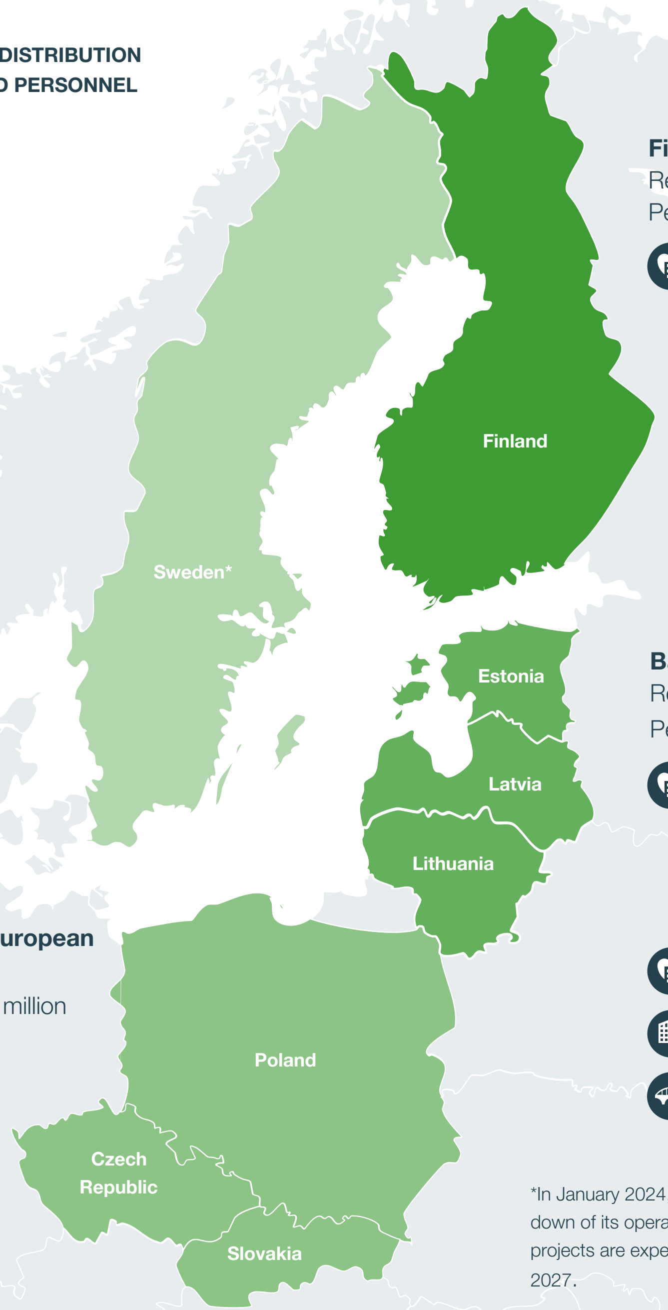
EUR billion in 2023

ADJUSTED OPERATING PROFIT

41

EUR million in 2023

GEOGRAPHICAL DISTRIBUTION OF REVENUE AND PERSONNEL



Finland
Revenue: EUR 1,608 million
Personnel: ~3,000

Baltic countries
Revenue: EUR 246 million
Personnel: ~800

Central Eastern European countries
Revenue: EUR 228 million
Personnel: ~400

Housing
Business Premises
Infrastructure

*In January 2024, YIT announced the closing down of its operations in Sweden. Ongoing projects are expected to be completed by 2027.

Our services

Housing

We build highly functional and sustainable homes and living environments in growing cities. We provide the framework for easy and convenient housing that is aligned with the principles of sustainable development.

Read more

Business Premises

We build and renovate commercial and public premises to ensure customer-centricity and optimal usability throughout their lifecycle.

Read more

Infrastructure

We build tracks, rails, roads, bridges, tunnels, halls and facilities in challenging environments. We also maintain roads and streets to make it smoother for people, businesses and society to live a sustainable life.

Read more

CEO's review: Transforming YIT in a challenging operating environment

The year 2023 was characterised by difficult market conditions. Our team navigated a turbulent market with increasing interest rates, geopolitical uncertainty and declining consumer purchasing power. The Finnish housing market witnessed a dramatic slowdown in demand, which was reflected in our business, from sales to the number of new start-ups. Additionally, increased inflation on materials and labor costs continued to impact our fixed price agreements in contracting segments Business Premises and Infrastructure. On the positive side, demand in Central Eastern European countries, especially in Poland, continued to improve throughout the year.

At YIT, we responded to the challenges with determined actions. Our transformation program, launched in February 2023, is delivering on the targets set and progressing faster than initially anticipated.

During the year we simplified our organisation structure, streamlined our operating model and improved productivity, as well as renewed our procurement model. In addition, we continued to improve the underlying profitability of both of our contracting segments and released capital from our investment portfolio and other non-core businesses. Going forward, a key focus area is capital allocation to ensure we optimise the use of capital and get the best return on it.

While increasing efficiencies and saving costs are essential, our transformation entails much more. Ultimately, our aim is to increase our competitiveness and performance.

During the year we renewed our employee engagement survey to increase transparency and build trust. I'm pleased that despite the challenges in our market environment, our employee Net Promoter Score, measuring the likelihood that an employee would recommend YIT as a workplace to others, was at very good level. We will continue to focus developing our company culture in line with our shared values of respect, cooperation, creativity and passion.

Strengthening customer focus and sustainability

During 2023, we strengthened our strategic focus on the customer and continued our determined work to improve productivity and sustainability. We believe that the construction industry can play a critical role in progressing circular economy and thereby mitigate climate change and prevent the loss of biodiversity. We became the first Finnish construction company to have our emissions reduction targets validated by the Science Based Targets initiative. Sustainability is an integral enabler of our long-term competitiveness. Our customers expect sustainable solutions, and we want to be in the frontline in providing them. With the science-based targets, we are taking the lead in the industry and are also encouraging our partners to invest in sustainable solutions.

> **"At YIT, we responded to the challenges with determined actions.**

"In the everyday work, our primary objective is to ensure that the teams at our construction sites have the necessary support to succeed in the projects and provide high-quality results to our customers.

We have continued our systematic work to optimise work safety, increase transparency and openness in safety communications, and strengthen day-to-day safety management within the company and with our partners.

Our businesses

In Housing, our business portfolio with operations in different geographical regions has shown its strength, as our operations in Central Eastern Europe achieved a record-high operating profit in 2023. In Finland, the market conditions were unprecedentedly challenging in the beginning of the year, followed by a slow market recovery and overall weak market. Towards the end of the year, we saw a clear activation in the secondary housing market, and we believe this will eventually lead to an activation of demand in the primary market. An imbalance of demand and supply has led to a larger number of unsold apartments than typically in recent years. Our portfolio of unsold completed apartments consists of high-quality apartments, which are located in attractive housing markets, with more than 90% of the units in capital regions or university towns in Finland and Central Eastern Europe.

In Business Premises, the year was marked by challenges brought on by increased inflation impacting our contracting business and rising yields that led to a decrease in real estate values. I am happy that we succeeded in completing the sale of the Maistraatinportti office property in these difficult market conditions. Maistraatinportti is a great example of YIT's strong project development and renovation projects expertise. During the fourth quarter, we made a significant change in the segment's operating model, which enables us to conduct business in a more customer- and market-oriented way.

In Infrastructure, we improved our way of operating towards the end of the year, which enabled us to start the new year well positioned. In the Finnish infrastructure business, we have the necessary expertise and the ability to win demanding projects. On the other hand, even though the Swedish infrastructure market is active, our positioning did not allow us to successfully compete for projects there. As a result of our strategic review, we made the difficult decision to start closing down the operations in Sweden.

Looking ahead

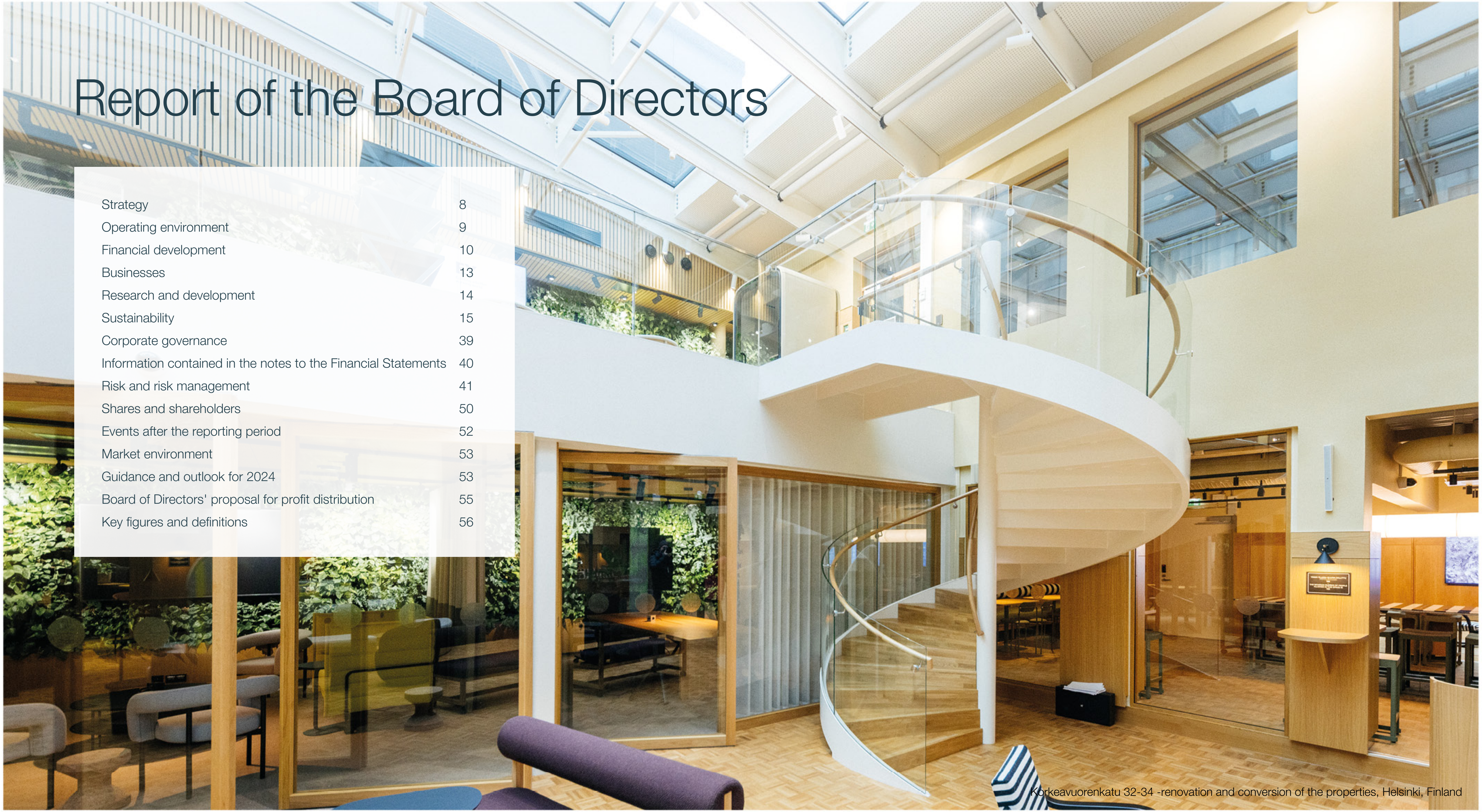
During the past year, our team has built resilience to face the cyclical nature of our operating environment. The work is not yet finished, and we are determined to continue with the required measures. In the everyday work, our primary objective is to ensure that the teams at our construction sites have the necessary support to succeed in the projects and provide high-quality results to our customers.

For more than 100 years, we been a significant player in developing societies in the countries where we operate. Despite the turbulent environment around us, the fundamentals of our actions and business remain unchanged; our focus is – and always will be – to serve our customers to the best of our ability.

I thank all our employees for their commitment and hard work and our customers for their trust during 2023 and beyond.

Heikki Vuorenmaa
President and CEO

Report of the Board of Directors



Korkeavuorenkatu 32-34 -renovation and conversion of the properties, Helsinki, Finland

Strategy

FOCUS ON STRATEGY IMPLEMENTATION

YIT's strategy for the years 2022–2025 – Creating sustainable success through sustainable living – was launched in November 2021. In 2023, YIT simplified its organisational structure into three agile and customer-focused business segments: Housing, Business Premises, and Infrastructure. The operations of the former Property Development segment were divided into other continuing segments and group functions.

- **The Housing** segment builds functional homes and sustainable living in growing cities and develops entire residential areas in Finland, Estonia, Latvia, Lithuania, Poland, the Czech Republic and Slovakia.

- **The Business Premises** segment is responsible for the construction of business premises projects, focusing on new construction, renovation and lifecycle projects. Projects include office, commercial, hotel, business, logistics, and industrial buildings, as well as public buildings such as hospitals, health and well-being centres, daycares, schools and multi-purpose buildings.

- **The Infrastructure** segment builds railways, bridges, tunnels, structures, and facilities in demanding environments as well as maintains roads and streets to enable a smoother flow of sustainable living for people, businesses and society.

During 2023, YIT continued the implementation of its strategy and specified the action plans for the Housing, Business Premises and Infrastructure segments on how the business segments contribute to YIT's common goals. The company strengthened its strategic focus on the customer and continued the determined work to improve productivity and sustainability.

TRANSFORMATION PROGRAM TO IMPROVE COMPETITIVENESS

In February 2023, YIT introduced a transformation program to accelerate the implementation of the strategy, focusing on improving the company's performance and competitiveness, generating efficiency gains and cost savings, and increasing agility and customer focus.

The transformation program has progressed faster than originally expected, and YIT has launched all the planned measures to achieve the targeted annual inflation-adjusted run-rate cost savings of EUR 40 million by the end of 2024. With the actions taken by the end of 2023, YIT will gain annualised run-rate cost savings of EUR 25 million, which will be fully realised by the end of 2024. Savings have been achieved by streamlining the organisation and reducing IT and premises costs, for example.

In addition to the cost savings, YIT is expecting to achieve a significant amount of project-related efficiency gains. Competitiveness is improved by increasing efficiency in procurement, project management and productivity. YIT has changed the procurement model from project-level procurement to selective and partner-based cooperation, gaining savings by utilising YIT's and partners' combined knowledge. To reduce project management risks, an emphasis has been placed on project management training and supporting the starting projects in the early phases. Productivity development measures have focused on shortening the construction time and improving site coordination.

The program costs are estimated to be EUR 50–70 million, of which EUR 19 million was realised by the end of 2023. Program costs are recorded in operating profit adjusting items.

In June 2023, YIT estimated that as part of the transformation program, the company had the potential to release approximately EUR 400 million in capital, excluding current assets such as self-developed projects, unsold apartments and land plots. Measures aiming to achieve the potential are ongoing. With the actions taken by the end of 2023, YIT has released approximately EUR 100 million of the stated potential, including the sales of the renewable energy development portfolio and the SIA LiveOn co-investment vehicle and other capital efficiency measures related to the program. YIT will continue to evaluate alternatives for other assets, including YIT's share of the Mall of Tripla, considering the market situation. Actions to improve net working capital are proceeding according to plan.

TAKING THE LEAD IN SUSTAINABILITY

Sustainability is at the core of YIT's strategy, and climate change mitigation is an essential aspect of sustainability. In 2023, YIT became the first Finnish construction company to have its emissions reduction targets validated by the Science Based Targets initiative. With the science-based targets, YIT is taking the lead in the industry, and it also encourages its partners to invest in sustainable solutions.

Sustainability is an integral enabler of the company's long-term competitiveness. YIT's customers expect sustainable solutions, and the company aims to be on the frontline in providing them.

The company has continued the systematic work to optimise work safety, increase transparency and openness in safety communication, and strengthen day-to-day safety management within the company and with its partners.

Operating environment

The global macroeconomic and geopolitical environment was challenging in 2023. YIT's operating environment was significantly affected by the high inflation rates and general price increases, and the resulting exceptionally strong rise in market interest rates. The high price level and market interest rates significantly reduced both consumer confidence and consumers' disposable income. The effects were particularly strong in the housing market, where demand and market activity remained weak, especially in Finland. Both the inflation rate and interest rates showed some signs of improvement at the end of the year, however.

The rise in construction material prices due to global logistics issues in previous years and the significantly increased demand was reversed during the year. The cost level remained higher than before the rise, however.

HOUSING MARKET

The Finnish housing market remained challenging throughout 2023. The rapid rise in interest rates towards the end of 2022 had a strong impact on both consumer and investor demand, and overall consumer confidence fell. The ratio of disposable income to housing prices fell to a record low. The sharp rise in construction costs in the previous year was reversed during the year. The availability of both project and customer financing decreased. However, forecasts of lower interest rates and changes made to the transfer tax boosted demand at the end of the year.

In the Baltic and eastern Central European countries, the increase in costs and the inflation rate slowed down during the year. Demand remained moderate, with falling interest rates late in the year boosting demand particularly in Poland.

REAL ESTATE MARKET

Finnish business premises construction remained stable throughout 2023. Fewer renovation projects than expected were started, partly due to the increased costs. Demand in the public sector remained stable throughout the year.

Demand in the Baltic and eastern Central European countries remained moderate. In the Baltic countries, investments in industrial production and logistics facilities continued at a good level.

Demand on the investor side was weak due to the high yields and high financing costs caused by the rising interest rates, especially in the office sector in all operating countries. The rise in construction costs broke during the year, but prices still remained at a level higher than before the rise.

INFRASTRUCTURE MARKET

In 2023, public sector demand for infrastructure construction remained at a moderate level in Finland, and public sector investments remained stable. However, the Finnish infrastructure market as a whole declined, as ground engineering and foundation construction fell as a result of the general slowdown in construction.

Private sector investments in renewable energy and ancillary industries remained stable in Finland and at a high level in Sweden. The exceptionally rapid rise in the cost level during the previous years was reversed, but the cost level did not experience a significant decrease. The competitive situation in the market remained unchanged.

Financial development

REVENUE

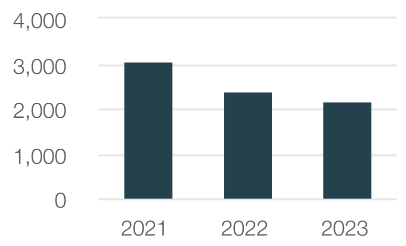
YIT's revenue decreased to EUR 2,163 million (2,403). In Housing, revenue decreased due to low consumer apartment sales, especially in Finland. Revenue was supported by the sales of apartments in Finland to YIT's joint venture's rental housing portfolio during the first half of the year. In Business Premises, revenue was at the previous year's level, supported by the sale of the Maistraatinportti office property during the third quarter. The comparison period in Business Premises included a sale of two self-developed projects. In Infrastructure, revenue decreased. The comparison period in Infrastructure was supported by certain large projects that have since been completed.

RESULT

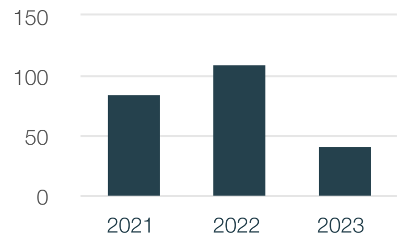
YIT's adjusted operating profit decreased to EUR 41 million (110), and the adjusted operating profit margin was 1.9% (4.6). In Housing, profitability was negatively impacted by low consumer sales in Finland and a weaker sales mix. In Business Premises, higher construction material prices weighed on margins in projects started before the surge in price inflation. Fair value changes also impacted the result in the fourth quarter. The comparison period in Business Premises was supported by the sale of two self-developed projects. In Infrastructure, profitability increased.

YIT's operating profit was EUR 51 million (102). Adjusting items amounted to EUR -10 million (8). Adjusting items were mainly related to the gain on sale of the renewable energy development portfolio, the negative booking related to the closing down of the infrastructure business in Sweden and the costs of the transformation program. Net finance costs amounted to EUR 56 million (28). The result for the period amounted to EUR 3 million (-375, including discontinued operations), and earnings per share amounted to EUR -0.01 (0.28, continuing operations). The comparison period was burdened by the sale of the Russian businesses.

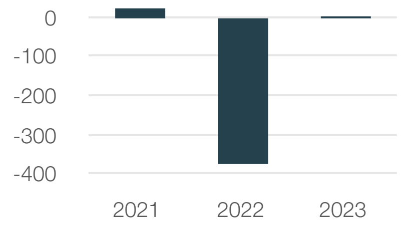
REVENUE (EURm)



ADJUSTED OPERATING PROFIT (EURm)



RESULT FOR THE PERIOD INCLUDING DISCONTINUED OPERATIONS (EURm)



Hiekkaharju water tower, Vantaa, Finland

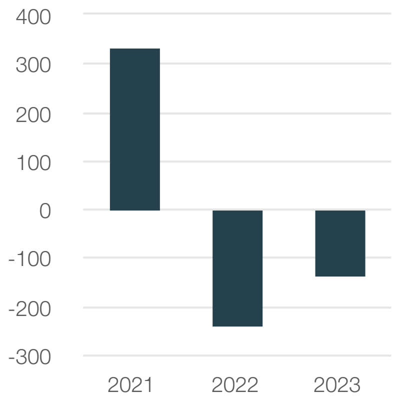
CASH FLOW AND FINANCIAL POSITION

YIT's operating cash flow after investments amounted to EUR -137 million (-285), mainly affected by the first quarter negative cash flow in the Housing segment. The full year cash flow was burdened by the low consumer apartment sales in Finland, payments for plot investments committed before 2023, and the apartments under construction. From the second quarter onwards, cash flow improved, supported by successful capital release actions of the transformation program, the sale of the Maistraatinportti office property and plot sales. Cash flow from plot investments was EUR -65 million (-138), impacted by payments for plot investments committed before 2023.
At the end of the period, interest-bearing debt amounted to EUR 998 million (878) and net interest-bearing debt to EUR 795 million (615). The increase in net interest-bearing debt was mainly driven by the increased capital employed in Housing during the first quarter. Net interest-bearing debt included IFRS 16 lease liabilities of EUR 256 million (254), as well as housing company loans of EUR 260 million (230) related to unsold apartments.

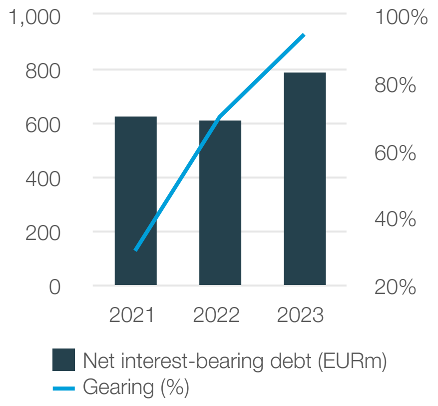
The gearing ratio was 94% (70), and the equity ratio 33% (35). Equity decreased to EUR 845 million (883). The net debt/adjusted EBITDA ratio was 11.7 (4.5), and the interest cover ratio 1.3. Cash and cash equivalents decreased to EUR 128 million (206), and YIT had undrawn overdraft facilities amounting to EUR 20 million (32). YIT also had a EUR 300 million committed revolving credit facility, of which EUR 220 million (300) was unused and available at the end of the fourth quarter. Unutilised and committed housing company loan limits associated with apartment projects decreased to EUR 49 million (222), as a result of lower number of consumer apartment start-ups.
YIT announced on 21 November 2023, that it had signed a EUR 140 million term loan, which is secured. The loan replaced previous term loans totalling EUR 150 million which were to mature in late 2023 and the spring of 2024. The new loan agreement includes repayments of EUR 30 million during 2024, and the rest of the loan matures during the spring of 2025.

Capital employed increased to EUR 1,618 million (1,489) at the end of the financial year. The increase was driven mainly by the increased capital employed in Housing in Finland, attributable to low consumer apartment sales and the increase in the number of unsold completed apartments to 1,267 (794).

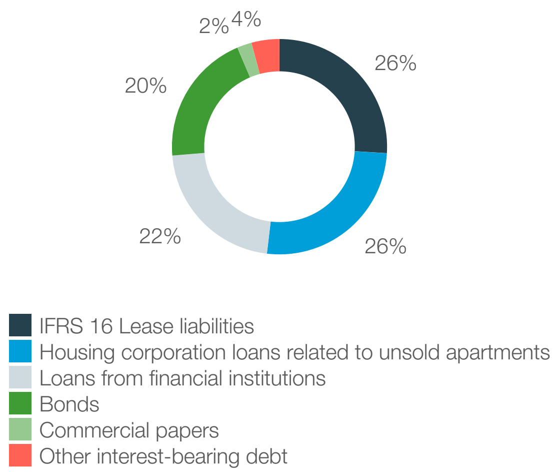
OPERATING CASH FLOW AFTER INVESTMENTS (EURm)



NET INTEREST-BEARING DEBT AND GEARING



INTEREST-BEARING DEBT PORTFOLIO



GROSS CAPITAL EXPENDITURE AND PLOT INVESTMENTS

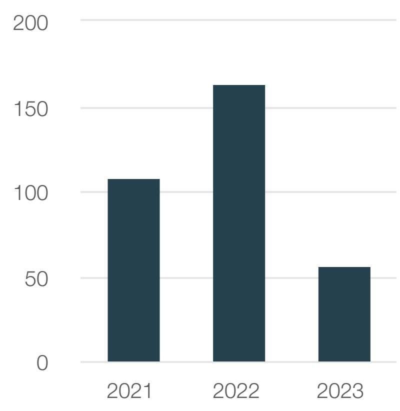
Gross capital expenditure was EUR 24 million (19), or 1.1% of revenue (0.8), of which EUR 19 million (14) was leased. Investments in plots were EUR 56 million (163), impacted by payments for plot investments committed before 2023. Investments in leased plots, excluding sale and leaseback transactions, were EUR 3 million (3).

ORDER BOOK

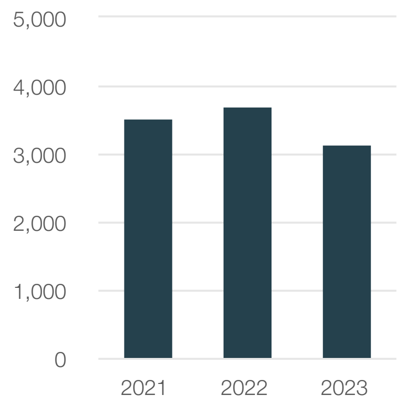
Order book was EUR 3,157 million (3,702). Order book decreased in Housing and Business Premises and remained stable in Infrastructure. At the end of the year, 74% (72%) of the order book was sold.

Numerous projects were added to YIT's order book during the year, the most significant of which were the construction of health and wellbeing centre in Kamppi, central Helsinki, a research building in Otaniemi, Espoo, for Technopolis, the development phase of Pirkkala–Linnainmaa tramway alliance, the construction and maintenance of two schools using the life cycle model in Siilinjärvi, the Prysmian Group's cable tower construction project in Kirkkonummi, the construction of the Jätkäsaari Circular Economy Block in Helsinki for the Yrjö and Hanna Foundation, Office, the construction of office, sales and stock office premises for SBA Urban in Liehuania, the implementation phase of the Tampere City Central Office Building renovation and extension project, the renovation of Hotel Kämp in the centre of Helsinki, a development phase of Kupittaan kärki partnership project's alliance and residential construction project Asunto Oy Helsingin Nihdin Torni.

INVESTMENTS IN PLOTS (EURm)



ORDER BOOK (EURm)



Kuitinmäen koulu, life cycle project, Kumppanuuskoulut, Espoo, Finland

Businesses

As part of the transformation program, YIT simplified its organisational structure into three agile and customer-focused business segments: Housing, Business Premises, and Infrastructure starting from 1 April 2023. The operations in the former Property Development segment have been allocated to the other segments and Group Functions.

HOUSING

Revenue decreased to EUR 912 million (1,084) due to low consumer apartment sales especially in Finland. Revenue was supported by the sales of apartments in Finland to YIT's joint venture's rental housing portfolio during the first half of the year. Adjusted operating profit decreased to EUR 32 million (98), negatively impacted by low consumer sales in Finland. Profitability was also negatively impacted by a weaker sales mix.

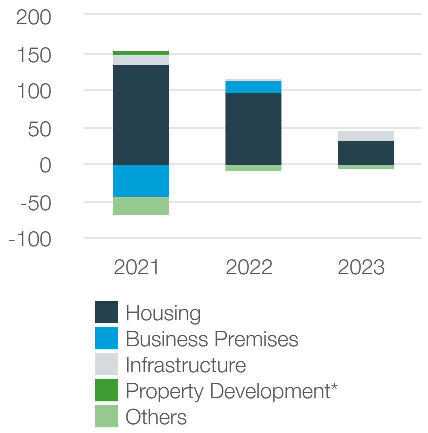
BUSINESS PREMISES

Revenue increased to EUR 843 million (817), supported by the sale of the Maistraatinportti office property during the third quarter. Revenue in the comparison period was supported by the sale of two self-developed projects. Adjusted operating profit decreased to EUR 0 million (16). Profitability was affected by the decline in fair value of investments in the fourth quarter and burdened by higher construction material prices, which weighed on margins in projects started before the surge in price inflation. The comparison period was supported by the sale of two self-developed projects.

INFRASTRUCTURE

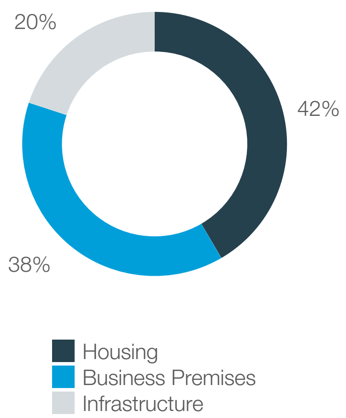
Revenue decreased to EUR 437 million (539)), including EUR 81 million (125) for the businesses to be closed down. Revenue in Finland decreased to EUR 357 million (412). The comparison period was supported by certain large projects that have since been completed. Adjusted operating profit increased to EUR 14 million (4), Adjusted operating profit in Finland increased to EUR 18 million (16).

ADJUSTED OPERATING PROFIT PER SEGMENT (EURm)

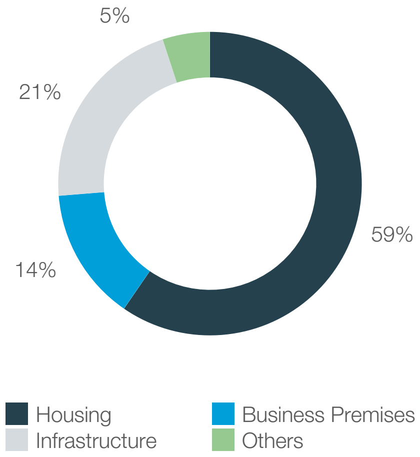


* Figures from year 2021 are not restated to reflect the segment structure change in 2023.

REVENUE PER SEGMENT



PERSONNEL BY SEGMENT



Research and development

YIT´s research and development activities were implemented in 2023 with the guidance of YIT´s strategic priorities. The Group´s research and development costs amounted to EUR 11 million (15), which corresponds to 0.5% (0.6) of revenue. The costs include internal resource allocation and consulting as well as technology investments.

DEVELOPMENT OPERATING MODEL

We further developed the model where YIT´s development activities are guided by our strategic priorities (Customer, Productivity and Sustainability). Model, which is based on cooperation between business segments and support functions, was fine-tuned to be even more transparent and business targets supportive. Operating model covers budgeting, resourcing, change management and result evaluation. YIT is utilizing both agile and traditional water fall methods in the development projects.

CUSTOMER

We focused on our core businesses and supporting developments, thus putting efforts on improving our sales and customer experience. Customers´ service experience and digital solutions development is a continuous work to improve our competitiveness. B2C CRM and product management developments were continued as well as YIT´s brand and web page improvements. Sales and marketing concepts were continuously under development due to the changes in business environment.

PRODUCTIVITY

Project and risk management capability improvements included forecasting, reporting and follow-up procedure developments. Industrial construction methods such as prefabrication, procurement, takt time scheduling and site logistics were further developed based on the experiences from on-going construction projects. Construction cost and lead time decreases were targeted in all the business segments. YIT is a member in a “Building 2030” consortium which is lead by Aalto University and consisted of 21 construction companies. Research includes site supportive design, distributed work planning and takt time possibilities investigations.

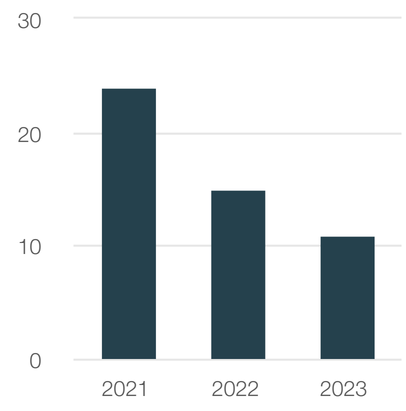
SUSTAINABILITY

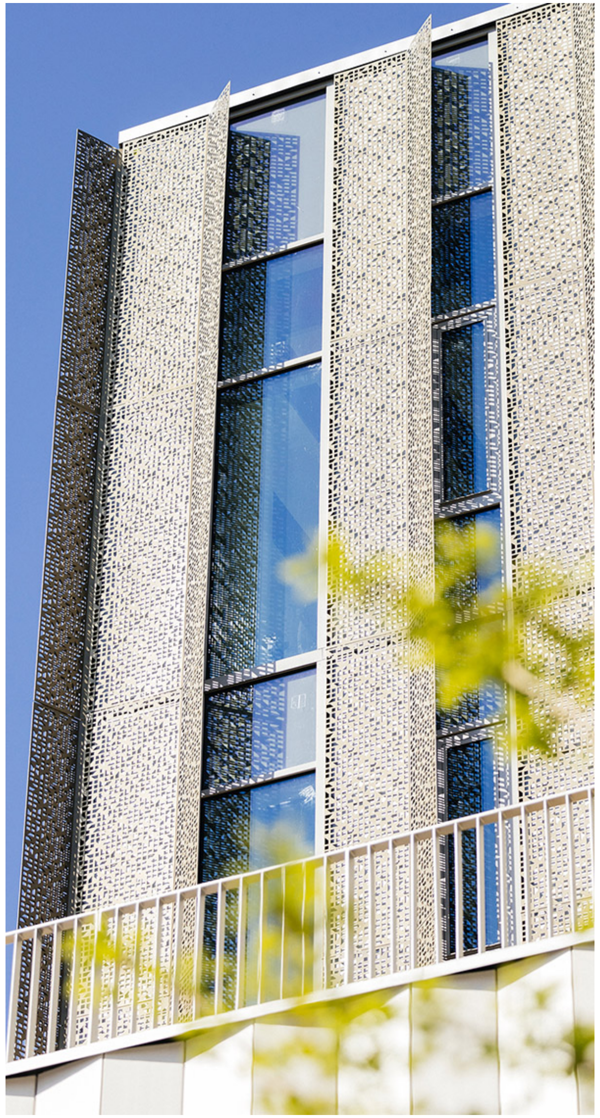
We continued towards low carbon future guided by our carbon road map and climate targets. In November 2021, YIT became the first Finnish construction company to commit to set emissions reduction targets through the Science Based Targets initiative (SBTi). In 2023 the SBTi validated these targets, confirming that targets are in line with the Paris Agreement and contribute to limiting global warming to 1.5 degrees. ESG reporting, emission calculation and project planning capabilities were progressed, including the development of EU taxonomy reporting process and system, CSRD (Corporate Sustainability Reporting Directive) prerequisites and including ESG criteria into YIT´s updated design guidelines. More emphasize were put to sustainability communication, both internal and external.

OTHER RESEARCH AND DEVELOPMENT ACTIVITIES

YIT´s master data development and processes including data driven management capabilities were under development. The financial management system development and process harmonization work carried on.

RESEARCH AND DEVELOPMENT COSTS (EURm)





Tapiolan Tuultenristi, Smart Building commercial and of

Sustainability

Sustainability is one of YIT's three strategic priority areas and a key part of YIT's business. This section describes material sustainability issues and disclosures relevant to YIT's stakeholders, as well as material sustainability topics and key performance indicators under the Non-Financial Reporting Directive. The reporting period is from 1 January 2023 to 31 December 2023. The report is published annually.

BUSINESS MODEL

YIT is a major project developer and construction company with a mission to create better living environments – sustainably. YIT designs, builds and develops housing, business premises and infrastructure solutions in collaboration with its customers. YIT creates functional, sustainable and safe homes and living environments in growing cities and is developing and building commercial premises, public spaces and properties for society. In addition, YIT builds, renovates and maintains schools, daycare centres and multi-purpose buildings, and builds railways, bridges, tunnels and structural solutions for demanding environments to enable a smoother flow of sustainable living for people, businesses and society. YIT operates as an active developer and constructor to create better living environments, while striving to offer its customers zero-emission solutions for a smooth and sustainable everyday life.

As of 1 April 2023, YIT's three reportable business segments are Housing, Business Premises and Infrastructure. Operations under the former Property Development segment were allocated to the other segments and group functions as part of an organisational reform. YIT operates in eight countries: Finland, Sweden, Estonia, Latvia, Lithuania, the Czech Republic, Slovakia and Poland.

YIT's reportable segments are described in more detail in the notes to the consolidated financial statements, **Segment information.**

IMPACT OF BUSINESS OPERATIONS ON PEOPLE, THE ENVIRONMENT AND SOCIETY

The company systematically assesses the impact of its business operations on people, the environment and society. A more detailed business impact assessment was started in 2023 as part of the upcoming reporting obligations under the Corporate Sustainability Reporting Directive. The identification of environmental impact continued as the EU Taxonomy analyses were extended to cover all six environmental targets. In addition, YIT decided that all self-developed housing projects in Finland started after January 2023 will be planned to meet the requirements of energy class A. In 2024, the business impact assessment will continue with biodiversity, among other themes.

YIT's key stakeholders include customers, personnel, shareholders, investors, partners, cities, municipalities, the public administration, civil society and non-governmental organisations. YIT seeks to engage in varied dialogue with stakeholder representatives. The views of stakeholders are taken into account during actions such as materiality assessments. Dialogue also takes place at various events and through several communication channels through participation in and the implementation of surveys, for example. *The Sustainable Urban Environments* barometer was arranged for the sixth time in 2023. The barometer examines what kind of urban environment people like, and how cities should be developed. In the year under review, YIT enabled 18 good deeds for non-profit organisations through the *100 Good Deeds* programme. More information about stakeholder expectations and communication channels can be found on YIT's website under **Stakeholder collaboration**.

YIT's business has a significant and long-lasting impact on the surrounding society. The company's biggest impact on society is through the end products it produces – such as homes, business premises, real estate and infrastructure – as well as through more extensive urban development projects. The built environment lasts for decades, which means that sustainable design and implementation play a key role in the impact of YIT's activities, especially in the context of climate change.

The positive environmental impact of YIT's operations consists of sustainable and long-lasting living environments built for customers, regional conversion projects, and the development and use of new products and services that support sustainability.

Positive impacts are further enhanced by the environmental construction carried out by YIT, which assists the preservation of environmental values and the restoration and rehabilitation of habitats. The development of sustainable mobility, such as the construction of urban railways and tramways, is also part of YIT's positive environmental impact that contributes to sustainable development.

On the other hand, YIT's operations have a negative environmental impact in the form of the use of raw materials and land, energy consumption, and associated greenhouse gas emissions, and temporary effects during construction and demolition. In addition, waste is generated as a by-product of the company's operations.

The company is a significant taxpayer and creates value for its shareholders through dividends and growth in market capitalisation. The company business operations also have a direct and indirect impact on employment. On average, more than 3,000 people work on YIT's construction sites in Finland every day, including the employees of subcontractors. In addition, the construction industry and YIT employ a significant number of foreign workers. Long supply chains can have a negative impact on people through material purchasing and subcontracting.

SUSTAINABILITY MANAGEMENT

YIT's Board of Directors is responsible for approving strategic targets related to sustainability. The Board also oversees risk management and makes decisions on sustainability-related remuneration. At the operational level, sustainability is managed by the President and CEO, the Group Management Team, business unit directors, and the Vice President, ESG.

The framework for sustainability management is established by YIT's eight material sustainability themes, for which targets for the 2022–2025 strategy period have been set, and actions to achieve the targets have been planned. The Group Management Team has confirmed the material sustainability themes. Other reporting topics have been approved by the directors responsible for each theme. The reporting of non-financial information has been approved by the Vice President, ESG. YIT reports non-financial information as part of the report of the Board of Directors, which is signed by the Board.

In 2021, YIT was the first construction company in Finland to commit itself to the Science Based Targets. The Science Based Targets initiative (SBTi) approved the emissions reduction targets set by YIT in June 2023. Progress in the climate and occupational safety targets is regularly reported to the YIT's Board of Directors. The sustainability targets are part of personnel remuneration, which is explained in more detail in the chapter **Total rewards**.

YIT is active in various networks and organisations and is leading the construction industry in a more sustainable direction. YIT is a member of for example, the Confederation of Finnish Construction Industries RT (CFCI) and associations under it, such as Construction Quality Association through RT membership, Green Building Council Finland (FIGBC), FIBS ry's corporate responsibility network and the Climate Leadership Coalition (CLC) climate business network.

Sustainability is integrated into the YIT management system. YIT has certified ISO 14001 environmental management, ISO 45001 occupational health and safety management, and ISO 9001 quality management systems in Finland, Sweden, Estonia, Lithuania and the Czech Republic. In addition, there is a certified ISO 50001 energy management system in Latvia and Lithuania.

YIT has prepared a Green Finance Framework to support investments that enable the transition to a low-carbon circular economy and help achieve the company's other sustainability targets. Green financing according to the framework is one tool for YIT to support the achievement of its climate and sustainability targets.

Risks involving the environment, climate change, personnel, sustainable procurement, human rights, and the prevention of corruption and the grey economy are identified and managed as part of YIT's strategy and annual planning process and as part of risk management at the segment level and in projects. The company's Board of Directors and its Audit Committee oversee risk management, including sustainability risks. Risks and risk management are discussed in more detail in the **Risks and risk management** chapter.

YIT has a range of material policies and principles to guide its sustainability work. *The YIT Code of Conduct* guides all actions at YIT. *The Code of Conduct* describes what it means to comply with YIT's values when dealing with various stakeholders such as customers, employees, shareholders, business partners, competitors, society and the environment. *The YIT Code of Conduct* must be observed always and everywhere in YIT. Everyone in YIT has a duty to report any suspected violations of the *Code of Conduct*, and appropriate consequences apply to all violations.

The *YIT Code of Conduct* is complemented by the *Sustainability Policy* approved by the Board of Directors and the *Environmental Principles*, *Biodiversity Principles, Supplier Code of Conduct*, *HR Principles* and *Occupational Health and Safety Principles* approved by the Group Management Team. The *Sustainability Policy* guides the company's operations in relation to the environment, people, ethics and corporate governance.

YIT is committed to supporting the achievement of the UN Sustainable Development Goals (SDGs). The most relevant SDGs have been integrated into YIT's sustainability targets and are used in the sustainability impact assessment process. YIT has identified the nine SDGs that are most relevant for its activities and stakeholders: 5. Gender equality; 6. Clean water and sanitation; 7. Affordable and clean energy; 8. Decent work and economic growth; 11. Sustainable cities and communities; 12. Responsible consumption and production; 13. Climate action; 15. Life on land, and 16. Peace, justice and strong institutions.

UN Sustainable Development Goals (SDGs) most relevant to YIT's operations:

MATERIAL SUSTAINABILITY THEMES

YIT's sustainability work is based on material sustainability themes. When selecting the material sustainability themes, their relevance to stakeholders and YIT and the special characteristics of the construction industry were taken into account. Connections between the sustainability themes and the promotion of the UN SDGs were also considered. The material sustainability themes cover environmental responsibility, social responsibility and good governance. Targets and action plans have been established for each theme. The sustainability themes were most recently updated in 2022.

YIT's material sustainability themes are the following:

1. We enable a sustainable lifestyle for our customers
2. Reducing environmental impact of own operations
3. Occupational safety
4. Good governance and preventing corruption and grey economy
5. Safeguarding biodiversity
6. Promoting competence development of our personnel
7. Respecting human rights
8. Responsible subcontracting and procurement

The Group Management Team has confirmed the material sustainability themes. The themes will guide YIT's sustainability work during the 2022–2025 strategy period. The targets, measures and progress of each of YIT's material sustainability themes – and their links to the SDGs – are described in the table on the next page.

PREPARING FOR REPORTING UNDER THE CORPORATE SUSTAINABILITY REPORTING DIRECTIVE

YIT's direct reporting obligation in accordance with the requirements of the Corporate Sustainability Reporting Directive (CSRD) will start on 1 January 2024 and apply to the report to be published in 2025 as part of the Report of the Board of Directors.

Nordic Bemowo, Varsova, Poland

SUSTAINABILITY TARGETS, MEASURES AND PROGRESS IN 2023

On target · Improving · In progress

THEME	TARGET	ACTIONS AND PROGRESS IN 2023	STATUS	Link to the UN Sustainable Development Goals
1. We enable a sustainable lifestyle for our customers	We offer sustainable projects with high-level environmental certifications to our customers	3 (1) building with LEED Gold certification or better 1 project with BREEAM Excellent or better 1 (4) buildings with four star RTS environmental rating	On target	UN SDG 6 UN SDG 7 UN SDG 11 UN SDG 13
	Increase the amount of geothermal heating in residential projects	9 (11) self-developed residential projects with geothermal heating started in 2023		
2. Reducing environmental impacts of own operations	Reducing GHG emissions from own operations (Scope 1 and 2) 90% by 2030 from a 2019 base year*	Scope 1 and Scope 2 emissions -18% (-9) compared to 2022 Emission intensity 14.3 tCO_2e / revenue EURm (15.8)	Improving	UN SDG 12 UN SDG 13 UN SDG 15
	Sorting rate of construction waste % > 80	Sorting rate in Finland 89% (75) in 2023		
3. Occupational safety	Management walks and talks 12 pcs. / director / year	98% (100) completion of Management walks and talks	Improving	UN SDG 8
	Safe working environment, combined lost time accident frequency cLTIF < 10.5	Combined lost time accident frequency cLTIF 12.1 (13.3)		
	Safety observations 7 pcs / person / year	Safety observation frequency 7.3 pcs (5.7) / person / year (total 72,739 pcs)		
4. Good governance and preventing corruption and grey economy	All YIT employees complete *YIT Code of Conduct Code III* -learning	*Code of Conduct Code III -learning* completed by 71% (80) of personnel	Improving	UN SDG 5 UN SDG 16
	The YIT *Ethics Channel* complies with local legislation in all YIT countries of operation	Developed the structure and processes of the whistleblowing channel to meet the requirements of local legislation in all YIT countries of operation 28 (37) reported suspected cases of misconduct, of which 5 (3) led to measures		

*The target boundary includes land-related emissions and removals from bio-energy feedstocks.

THEME	TARGET	ACTIONS AND PROGRESS IN 2023	STATUS	Link to the UN Sustainable Development Goals
5. Safeguarding biodiversity	Safeguarding biodiversity through both project-specific measures and group-wide actions	Developed group-wide biodiversity principles	green	UN SDG 12 UN SDG 15
6. Promoting competence development of our personnel	Project management expertise ensured: at least 300 people trained	335 people trained	yellow	UN SDG 5 UN SDG 8
	Introductory briefings: new employees' attendance 75%	New employees' attendance in introductory briefings 68% (58)		
	Young people and competence: 610 trainees Working environment: trainee feedback (recommendation index) > 80 %	667 trainees (822) Trainee feedback (recommendation index) 99% (99)		
7. Respecting human rights	Regular assessment of human rights impacts and development actions based on assessment results	Developing due diligence procedures based on the 2022 human rights impact assessment	green	UN SDG 5 UN SDG 8
	Increase awareness to recognise the signs of work-related exploitation and what to do if you suspect you have encountered work-related exploitation	Information distributed on the signs of work-related exploitation, *YIT Ethics Channel* and other resources in internal training sessions		
8. Responsible subcontracting and procurement	Transition to low-carbon construction materials. Reducing emissions in the value chain (Scope 3) by 30% by 2030 from a 2019 base year	Scope 3 emissions -31% compared to 2022 Roadmaps for the transition to low-carbon building materials for precast concrete and precast concrete elements.	green	UN SDG 8 UN SDG 16
	Improve transparency in the supply chain	Number of supplier audits 54 (50) Contractor liability audits practices have moved to a preventive model. The checks required by the Contractors' Liability Act are already carried out at the pre-contract stage.		
	Prevent unauthorised work on YIT construction sites by workers outside EU, EEA or Switzerland	All foreign workers are subject to a right to work check. The Group procurement team monitors the implementation of the right to work based on a risk assessment 323 work permit inspections for non-EU, EEA or Switzerland nationals completed, there of 4 deviations (749, thereof 21 deviations)		

More detailed sustainability indicators are reported in a separate **GRI index** and calculation methods of the indicators are described in section **Definitions of non-financial key performance indicators**.

ENVIRONMENT

YIT's key areas of environmental responsibility are climate change mitigation, the continuous improvement of material efficiency and waste sorting, the promotion of the circular economy, the protection of biodiversity, and enabling a more sustainable lifestyle for customers.

YIT's operations influence the environment in a variety of ways, in particular through how the company shapes the environment and uses natural resources. Effects also arise through the long lifecycle of the company's own products. The aim is to reduce the negative impact, both on YIT's own operations and on finished products and the supply chain. For example, positive effects can be achieved by reducing the lifecycle emissions of buildings and by constructing buildings and infrastructure in accordance with environmental certificates.

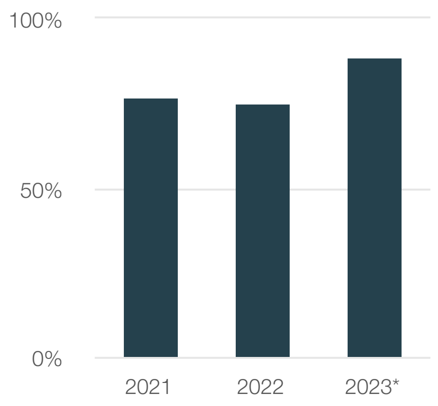
YIT's main environmental impact consists of energy consumption and waste. The aim is to reduce this impact by improving operational efficiency. The materials used in construction also play a significant role in the reduction of carbon dioxide emissions. In construction, the aim is to use more energy-efficient solutions and materials containing less carbon, such as low-carbon concrete. In addition, efforts are actively made to reduce negative environmental impacts by improving waste sorting and materials reuse or recycling, supporting the principles of a circular economy and enabling the efficient recycling and use of resources.

YIT's environment-related principles are set out in the *YIT Code of Conduct*, the *Supplier Code of Conduct*, the *Sustainability Policy* and YIT's *Environmental Principles.* The promotion of emissions reduction targets has been integrated into the long-term remuneration scheme for the Group's management. Environmental responsibility indicators have been used as KPIs for long-term share-based incentive schemes since 2021. Starting from 2023, they have also been incorporated into the KPIs of project incentives for all new projects.

The development of project management in terms of the EU Taxonomy continued in 2023 to better comply with the criteria for the classification of sustainable activities in the future. A more detailed description of taxonomy reporting is given in the **EU Taxonomy** chapter in this Annual Report.

YIT has long invested in the reduction and sorting of waste by fraction on construction sites. During the year, measures were continued to make them more effective. The total waste volume generated by YIT in 2023 was 213,292 tonnes, of which 113,565 tonnes was construction and demolition waste. The amount of construction and demolition waste was calculated by deducting waste used in the production of energy and fuel, as well as soil and aggregates from the total waste volume. In 2022, YIT reported its waste volume as 60,000 tonnes of waste, which was the share of construction and demolition waste. This year, the volume of construction and demolition waste was higher due to a significant amount of demolition waste and the inclusion of asphalt waste in construction and demolition waste. These factors also raised the sorting rate. This year, the sorting rate was 89% (75) in Finland and 85% for the entire Group. The appropriate sorting of waste enables the recycling of materials and thereby promotes the circular economy.

SORTING RATE (FINLAND)



*includes a significant amount of demolition waste

The circular economy provides excellent opportunities for the construction industry to mitigate climate change and prevent biodiversity loss. YIT promotes the circular economy in projects through actions such as the reuse and recycling of construction materials. In 2023, YIT signed an agreement with the Yrjö and Hanna Foundation on the implementation of the Jätkäsaari Circular Economy Block in Helsinki. The Circular Economy Block project aims to find affordable and replicable solutions to develop the circular economy in the construction sector towards a circular economy model. In addition, partners have been encouraged to participate in the development of circular economy solutions and products. With one partner, YIT has tested whether industrial surplus glass that cannot be recycled in glass production could be added to facade bricks or sandwich elements, for example.

TOTAL WASTE BY FRACTIONS 2023

Waste fraction	Share of total Waste, %
Concrete	28.95
Contaminated soil	24.40
Soil and mineral aggregates and silt	22.35
Asphalt	9.26
Mixed waste	7.28
Wood	4.67
Metal	1.52
Hazardous waste	0.12
Others	1.45

Wood includes recycled wood and mixed wood. Others include energy waste, gypsum, cardboard, paper, plastic, biowaste, glass waste, electric and electronic waste, and other smaller items.

Extensive use of circular economy solutions is possible in repair construction. The renovation of Aleksanterinkatu 13 in Helsinki continued in 2023, and opportunities to reuse the demolished materials were actively sought. For example, part of the suspended ceiling of the old department store will be renovated and reused elsewhere in the building. In addition, demolished bricks will be used to build walls, and part of the old copper roof will be reused in the building. Light fixtures, sheet copper and components from old escalators have also been recovered for use as spare parts on the customer's other sites. In addition, the project makes use of discarded batches and dismantled materials such as parquet. YIT monitors the development of the circular economy and is actively involved in its promotion.

In YIT, environmental observations are made using a mobile tool and reporting platform. For example environmental observations are made in situations where an accident could have occurred but was avoided, and no harm occurred. Environmental observations always require follow-up actions. Observations can also be positive, such as improvement suggestions or implemented enhancements. Additionally, environmental accidents are observed. During 2023, more than 1,500 (over 700) environmental observations were made, of which 32% (37) were positive. The number of observations has increased because YIT encourages its personnel to make observations, as they help to anticipate risks, avoid damage, learn from observations and improve performance. In the reporting year, there were minor environmental accidents. A total of 79 accidents were reported, of which 15 were minor oil spills. In the case of environmental accidents corrective measures were taken immediately at the sites in accordance with the action plans.

Changes in natural resources and land use as a result of construction have a significant impact on biodiversity. YIT aims to promote the protection of biodiversity and species in all its projects, both during the planning and construction phases. At the end of the year, the Group Management Team adopted Group-wide biodiversity principles that will be implemented in 2024.

CLIMATE CHANGE

In 2023, YIT continued to work on climate change mitigation and adaptation in line with the carbon roadmap published in December 2022. The carbon roadmap for 2022–2030 includes measures in four areas: 1. Sustainable living environments and products, 2. Carbon neutrality in own operations, 3. Design management & supply chain engagement and 4. Sustainable ways of working. In June, YIT received the approval of the Science Based Targets initiative for its emissions reduction targets. Development in emission reporting focused in particular on the reporting of value chain scope 3 emissions to meet the requirements of the Greenhouse Gas Protocol and the Science Based Targets initiative.

CLIMATE TARGETS

YIT's climate targets include both the emission reduction targets validated by the Science Based Targets initiative and YIT's own target of becoming carbon neutral in its own operations by 2030. The approval of the Science Based Targets initiative confirms that YIT's emissions reduction targets are in line with the latest climate science and contribute to limiting global warming to 1.5 degrees.

YIT's emissions reduction targets validated by the SBTi are:

- YIT commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2030 from a 2019 base year*.
- YIT also commits to reduce absolute scope 3 GHG emissions 30% by 2030 from a 2019 base year.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

SCOPE 1 AND SCOPE 2 EMISSIONS FROM OWN OPERATIONS

YIT aims to reduce its scope 1 and 2 emissions by at least 90% by 2030. In 2023, emissions from YIT's own operations decreased by 18% compared to the previous year. The decrease in scope 1 emissions was mainly due to decrease in overall fuel consumption. The share of biofuels increased slightly and was 8% (6) of total fuel consumption. In 2023, most of YIT's construction sites in Finland, Sweden, Lithuania, and Estonia used green electricity. The share of renewable energy from YIT Group's energy consumption increased and was 37% (32). The share of purchased renewable electricity was 92% (89)

On construction sites, the aim is to to reduce energy consumption and switch to renewable energy. In 2023, possibilities for saving energy in construction site operations were explored, and a pilot project was prepared to generate electricity for construction site activities using solar energy. YIT has started to electrify small machinery and replace it with battery-powered machines as the fleet ages. In the case of company cars, a decision to switch entirely to electric cars was made. Furthermore, the first electric vans were acquired in 2023. In the case of specialised equipment, the focus is on replacing fossil fuels with biofuels, as the availability of specialised electric equipment is limited.

VALUE CHAIN EMISSIONS (SCOPE 3)

YIT's target is to reduce absolute scope 3 emissions by 30% by 2030 compared to 2019. The largest source of emissions in the value chain is category 11. Emissions from sold products during the use phase. This category accounts for 72% of all scope 3 emissions. In 2023, YIT's emissions were below the emission reduction target above all due to a decrease in construction volume. Additionally, emissions have been reduced by building more energy-efficient buildings that utilize renewable energy. As the volume of construction varies, absolute emissions also vary from year to year. YIT aims to influence the emissions of completed sites especially by building energy class A buildings, and further increasing the number of geothermal heat sites.

The second largest source of scope 3 emissions is purchased goods and services and capital goods. More than 50% of the material emissions of residential buildings come from concrete, followed by technical building systems and steel structures. In 2023, YIT engaged in active discussions with precast concrete element and ready-mixed concrete suppliers on available low-emission products and the verification of their emission impact. Ready-mixed concrete with lower emissions was tested in pilots and YIT also carried out a study on the transition to low-emission steel. YIT also took part in WWF Finland's Green Steel campaign, which aims to highlight the role of the steel industry in mitigating climate change. YIT is best able to influence the emission of both finished buildings and material emissions during the design phase of self-developed projects.

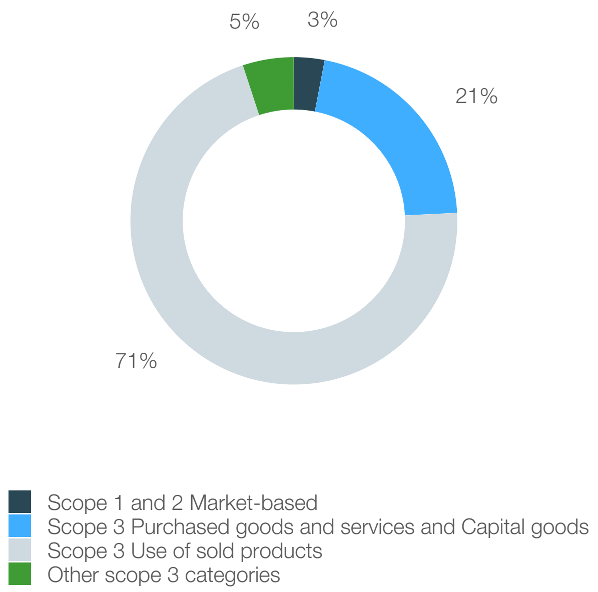
ACCOUNTING PRINCIPLES

In emissions reporting, YIT complies with the Greenhouse Gas Protocol and its operational control approach. On scope 2 emissions both marked-based and location based emissions are reported. Biogenic emissions are reported separately outside of scopes. Scope 3 emissions in all categories that occur in YIT's business have been mapped. Activity data is collected from suppliers and purchase invoices, and the proportion of missing activity data is estimated. The emissions factors are based on publicly available sources such as AIB's Residual Mixes 2022, IEA (2021), DEFRA (2022) and CO2 data.fi. Where possible, product-specific emissions factors are used in calculating buildings life cycle emissions.

RISKS RELATED TO CLIMATE CHANGE

YIT assesses climate change risks and opportunities at both the strategic and project level. Project-based risks are assessed as part of the EU taxonomy alignment assessment. For more detailed information about risks related to climate change, see the **Risks and risk management** section of this Annual Review and the note **General accounting policies** in the consolidated financial statements.

YIT'S CARBON FOOTPRINT IN 2023



TOTAL ENERGY USAGE

MWh	2023	2022	2021	2019
Fuel	**85,800**	**101,900**	**100,000**	**116,700**
Non-renewable	78,700	96,200	97,800	116,000
Renewable	7,100	5,700	2,200	700
Renewable, %	**8%**	**6%**	**2%**	**1%**
Electricity, heat, steam, and cooling	**98,700**	**114,800**	**115,300**	**156,400**
Non-renewable	38,400	50,300	57,800	156,400
Renewable	60,300	64,500	57,500	0
Renewable, %	**61%**	**56%**	**50%**	**0%**
Total energy consumption	**184,500**	**216,700**	**215,300**	**273,100**
Non-renewable	117,100	146,500	155,600	272,400
Renewable	67,400	70,200	59,700	700
Renewable, %	**37%**	**32%**	**28%**	**0%**
Energy intensity (GWh / revenue M€)[1]	**0.09**	**0.09**	**0.08**	**0.09**

[1] The energy intensity for 2019 is not comparable as it included the business in Russia.

DIRECT AND INDIRECT EMISSIONS

tCO_2e	2023	2022[4]	2021	2019	Change since baseyear, %	Change since previous year, %
Scope 1	19,400	24,400	23,800	28,000	-31	-20
Scope 2 Marked-based	7,800	8,900	7,600	37,400	-79	-12
Scope 2 Location-based	10,100	16,400	15,900	27,900	-64	-38
Total (scope 1 and 2 maked based)	**27,200**	**33,300**	**31,400**	**65,400**	**-58**	**-18**
Scope 3 (Categories 1, 2, 4, 5 and 11)[1]	837,600	1,219,500	—	1,308,400	-36	-31
Biogenic emissions[2]	20,300	21,300	21,000	28,500	-29	-5
Emission intensity (tCO_2e / revenue M€)[3]	**14.3**	**15.8**	**13.5**	**25[5]**	**—**	**—**

[1] Includes categories included in the Scope 3 emission reduction target.
[2] The coverage of biogenic emissions reporting has been extended and emissions have been recalculated for 2022, 2021 and 2019.
[3] Emission intensity has been calculated for Scope 1, scope 2 Marked-based and scope 3 categories 5. Waste generated in operations and 6. Business travel.
[4] Scope 1 and 2 emissions have been recalculated due to improved data quality.
[5] Emission intensity for 2019 is not comparable as it included business in Russia.

SCOPE 3

tCO_2e	Category share, %[1]	2023	2022	2019	Change since baseyear, %	Change since previous year, %
1. Purchased goods and services and 2. Capital goods	22.1	192,400	325,200	350,000	-45	-41
3. Fuel- and energy-related activities (not included in scope 1 or 2)	1.1	—	—	—	—	—
4. Upstream transportation and distribution	1.4	12,100	21,500	25,200	-52	-44
5. Waste generated in operations	0.4	3,600	4,200	9,100	-60	-14
6. Business travel[2]	0.0	250	500	1,600	-84	-50
7. Employee commuting	0.8	—	—	—	—	—
8. Upstream leased assets	0.1	—	—	—	—	—
9. Downstream transportation and distribution	—	—	—	—	—	—
10. Processing of sold products	—	—	—	—	—	—
11. Use of sold products	72.4	629,500	868,600	924,100	-32	-28
12. End-of-life treatment of sold products	1.5	—	—	—	—	—
13. Downstream leased assets	—	—	—	—	—	—
14. Franchises	—	—	—	—	—	—
15. Investments	0.1	—	—	—	—	—

YIT's emission reduction targets include categories 1. Purchased goods and services, 2. Capital goods, 4. Upstream transport and distribution, 5. Waste generated in operations and 11. Use of sold products.
[1] The most significant categories have been calculated and negligible categories have been estimated.
[2] Business travel includes only flights.

BIOGENIC EMISSIONS

tCO_2e	2023	2022	2021	2019	Change since baseyear, %	Change since previous year, %
Scope 1	1,500	1,400	700	700	114	4
Scope 2	2,500	—	—	—	—	—
Scope 3	16,300	19,900	20,300	27,800	-41	-18
Total	**20,300**	**21,300**	**21,000**	**28,500**	**-29**	**-5**

The coverage of biogenic emissions reporting has been extended and emissions have been recalculated for 2022, 2021 and 2019.

SUSTAINABILITY OF PRODUCTS AND SERVICES

Sustainability is at the heart of YIT's strategy, and the principles and objectives of responsible business practices have been integrated as key elements into the business strategy. YIT has decided that all residential buildings in Finland for which planning started after January 2023 will be constructed to meet the criteria of energy efficiency class A. The targets for large urban development projects include achieving the highest level of environmental certification, energy class A and EU Taxonomy-aligned construction. YIT sees these ambitious sustainability requirements as both important for the future and an opportunity to demonstrate its expertise in sustainability work. In large urban development projects, YIT may lead the project from conception through to maintenance, providing an opportunity to influence the sustainability of the whole project.

YIT aims to develop products and services with a lower carbon impact. In 2023, the company completed the renovation of the Maistraatinportti office building in Helsinki. The sustainable and energy-efficient building, as well as its carbon footprint, were influenced by decisions made during the design phase and material choices made during construction. The building utilises low-carbon concrete, which has 15% lower emissions than regular concrete.

The development of smart and energy-efficient solutions contributes to environmentally friendly properties. Emissions during the lifecycle of a building can be reduced by managing the building's energy and water consumption. The *YIT Smart Building* solution, which uses AI to optimise the energy use and maintenance of a building to improve its energy efficiency, was used at Tapiolan Tuultenristi, a commercial and office building completed in Espoo in 2023.

The Maistraatinportti office building also shows that sustainability is not just about environmental sustainability, but can also have a social and cultural dimension. The renovation of Maistraatinportti preserved an architecturally valuable post-modernist building for future generations. With the renovation, the cultural layers in the building can continue to grow, and the building's story will continue.

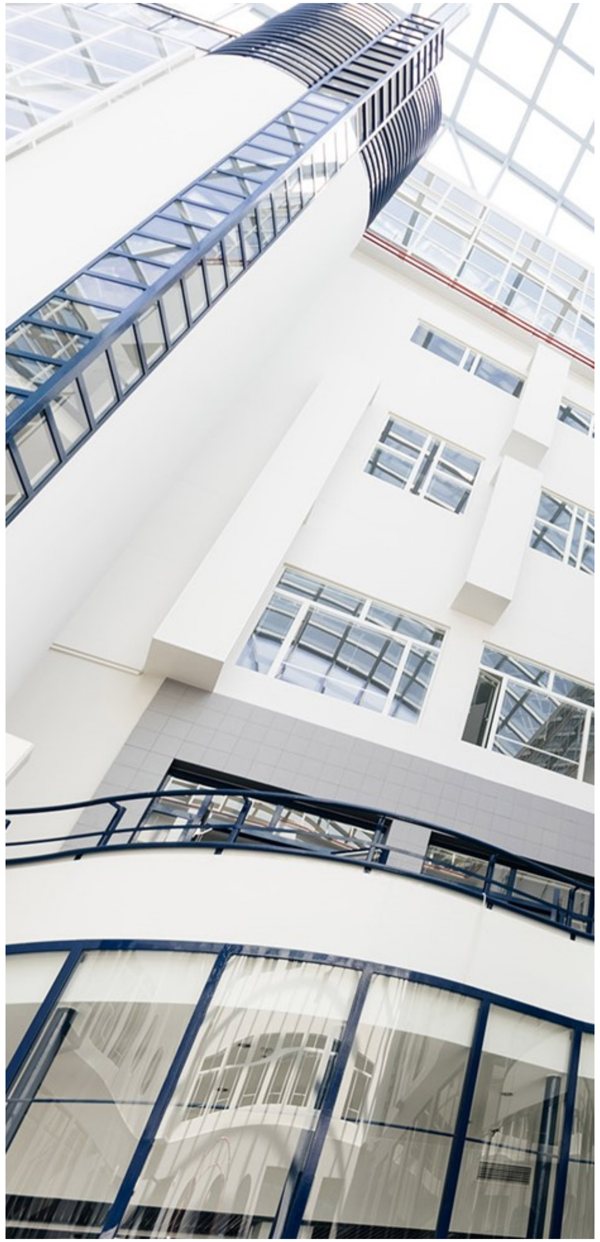
In infrastructure construction, sustainability is manifested, for example, in tramway projects, where efforts are made to increase biodiversity through the use of grassed tracks. They are realised by allowing the grass along the edges of the track to grow longer and become more natural, which helps pollinators thrive in urban environments. Decaying trees can also be used as pollinator habitats.

YIT utilises various environmental certificates to support design and construction. Certification is an objective way of verifying the sustainability of construction. Seven projects for which at least LEED Gold certification will be sought were launched in 2023. The Tapiola Tuultenristi and the Perhelän toimisto building achieved LEED Gold certification. The Korkeavuorenkatu 32–34 commercial and office building earned LEED Platinum-level certification. The Toivala campus in Siilinjärvi has been awarded the Nordic Swan label, which indicates that the building is environmentally friendly throughout its lifecycle. BREEAM certification was awarded to two office building sites, and BREEAM certification at the highest level has been applied for the Pradiareň office premises in Slovakia. A BREEAM Infrastructure certificate will be applied for the Crown Bridges alliance.

The Raide-Jokeri light rail line alliance was awarded by the Finnish Association of Civil Engineers RIL in 2023. In this project, sustainability aspects were taken into account during construction by supporting biodiversity through restoring trout streams and planting endangered vegetation in a depot, as well as by making extensive use of circular economy principles in the form of using recycled kerbstones in an area spanning several kilometres.

Projects that received environmental certification in 2023

Name	Certificate
Logistics facilities for NREP Logicenters	BREEAM – Excellent
Logistics facilities for Tunturi Oy	BREEAM – Very Good
Sockenplan etapp 1-project	CEEQUAL
Toivala Campus	The Nordic Swan Ecolabel
Tapiolan Tuultenristi	LEED – Gold
Perhelän toimisto	LEED – Gold
Korkeavuorenkatu 32–34	LEED – Platinum
Lauritsala school	RTS-ympäristöluokitus – ****


Maistraatinportti renovation, Helsinki, Finland

EU TAXONOMY

The EU has set a target of carbon neutrality by 2050. This goal is supported by the classification system for sustainable economic activities, known as the EU taxonomy. It turns the EU's climate and environmental objectives into criteria for determining the sustainability of business. The current classification system for sustainable economic activities covers the sectors that are significant with regard to climate change in terms of representing over 80% of Europe's CO2 emissions and having the greatest potential to enable the EU's green transition towards carbon neutrality. In 2023, 82% of YIT's business operations (revenue performance indicator table, A. taxonomy-eligible activities) were within the scope of the classification system of the EU taxonomy. In 2022, the corresponding share was 84%.

In 2023, the EU set technical criteria to assess sustainable business operations for four environmental objectives (Taxo4) in addition to the climate change objectives (mitigation of climate change and significant contribution to the adaptation to climate change). The environmental objectives concern the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and control of pollution, and the protection and restoration of biodiversity and ecosystems. In addition, Do No Significant Harm (DNSH) criteria have been published for each of the six environmental objectives.

In 2021, YIT reported its taxonomy-eligible revenue, operating expenditure and capital expenditure in accordance with the requirements stipulated by Commission Delegated Regulation (EU) 2021/2139 and the Taxonomy Regulation (EU) 2020/852. Starting from the financial year 2022, YIT's reporting was expanded to be activity-specific and to cover taxonomy alignment. In 2022, YIT conducted an analysis, focusing on its major business operations and the extent to which YIT's operations meet the technical screening criteria regarding substantial contribution to climate change mitigation and adaptation while causing no significant harm to any of the other environmental objectives. In addition, YIT confirmed that the minimum social safeguards set out in the taxonomy concerning human rights, corruption, taxation and fair competition, were met at the company level. In the 2023 financial period, the reporting was extended to include the taxonomy eligibility of the four environmental criteria in line with the Environmental Delegated Act. Changes to the Delegated Regulation on climate have also been taken into account.

YIT began preparation for the EU taxonomy in 2021 by analysing compliance with the technical screening criteria in pilot projects with the aim of determining the extent to which the criteria of the EU taxonomy criteria have been met in YIT's projects. In 2022, YIT developed a taxonomy analysis methodology, key interpretations, and a taxonomy analysis and reporting tool. This work was continued in 2023, taking the new environmental criteria into account. During the year, the reporting requirements introduced by the environmental criteria were added to the analysis process and reporting tool. In addition, the technical criteria for the climate change objectives were integrated into the business segments' control system in late 2023.

ASSESSMENT OF TAXONOMY ELIGIBILITY AND ALIGNMENT

YIT has assessed the technical requirements of the taxonomy on a project-specific basis to establish an accurate picture of the fulfilment of the technical screening criteria. YIT's economic activities were defined only for customer agreements that generate external revenue for the Group, i.e. projects, to avoid double counting. In terms of taxonomy eligibility, the approach to the analysis was the same as in the 2022 reporting, and focused on the largest business operations, including all operations in Finland and Sweden, as well as the Housing segment's business across the entire group.

In examining taxonomy-aligned (A.1) activities, the projects started in 2023 were selected on the basis of the materiality of each individual project's revenue with regard to the Group's business operations in Finland and Sweden. The projects were analysed, and the technical information was compared to the criteria for making a substantial contribution. Following the analysis, it was ensured that a project that met the criteria for making a substantial contribution did no significant harm to the five other environmental objectives, and that the minimum social safeguards had been met at the company level. The status of the projects that were reported as taxonomy-aligned in 2022 were also updated.

Based on the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, guidelines and procedures related to various stages of the human rights due diligence process were reviewed, and a human rights impact assessment was carried out. The policies, principles and measures associated with the minimum safeguards are described in more detail in the sections on Human rights, Responsible sourcing, Anti-corruption and the grey economy, Fair competition, and Responsible tax practices sections in this report. Based on its interpretations, YIT has concluded that the minimum safeguards have been met. However, in YIT's view, the Final Report on Minimum Safeguards published by the EU Platform on Sustainable Finance in October 2022 is open to interpretation concerning the basis on which the human rights due diligence process can be considered sufficient.

During the course of the taxonomy analysis, YIT made a few key interpretations with regard to the technical screening criteria. In instances involving uncertainty regarding the interpretation of the technical screening criteria where compliance with the criteria could not be confirmed, YIT has reported the project in question in category A.2 as taxonomy eligible. With regard to climate change adaptation (DNSH 2 criterion), YIT has identified the material risks associated with its business operations in Finland, which may be significant at the individual project level. Risks were then assessed on a project-specific basis. The analysis was also utilised in project-specific climate risk assessments for operations in Sweden. With regard to the transition to a circular economy (DNSH 4 criterion), YIT's interpretation concerning the fulfilment of the "prepared for reuse, recycling and other material recovery" requirement is based on the proportion of YIT's waste that is sorted in YIT's operations and for which reuse, recycling and other material recovery can be ensured. In infrastructure construction projects where several different parties are responsible for different sections of the project, only the share for which YIT has business responsibility is reported for each project section for the criteria that are applicable on an operator-specific basis.

THE KEY PERFORMANCE INDICATORS AND THEIR CALCULATION PRINCIPLES

YIT's taxonomy-aligned (A.1 in the classification system) revenue for 2023 amounted to EUR 120 million (177), corresponding to 6% (7%) of the total revenue. Of the revenue, EUR 4 million (16) was derived from taxonomy category CCM 4.3. (Electricity generation from wind power) and EUR 114 million (161) was derived from taxonomy category CCM 6.14. (Infrastructure for rail transport). The taxonomy-aligned revenue is reported on a project-specific basis, meaning that all of the criteria for the taxonomy category in question are met for the project. YIT's infrastructure construction services cover, among others, the construction of railways and water supply infrastructure, as well as wind farm contracting. The revenue reported in taxonomy category CCM 4.3. is related to contracting for a wind farm developed and sold by YIT. Of the projects in taxonomy category 5.3. (Construction, extension and operation of waste water collection and treatment), a significant proportion meets the criteria for contributing substantially to climate change adaptation and other technical screening criteria but, according to the notice published by the European Commission in December 2022, YIT cannot report taxonomy-aligned revenue for those projects. YIT's view is that the EU taxonomy has not, in this respect, taken into account the role of the construction industry in enabling climate change adaptation. Some of YIT's residential construction projects in taxonomy category CCM 7.1. (Construction of new buildings) meet the criteria for substantial contribution. However, certain technical DNSH criteria were not met for these projects, or the fulfilment of the criteria could not be confirmed due to ambiguities concerning interpretation, and they are consequently not reported in taxonomy-aligned revenue.

YIT's taxonomy-eligible (taxonomy-eligible activities A.2) revenue for 2023 amounted to EUR 1,653 million (1,837), corresponding to 76% of total revenue (76%). Most of this was derived from activities in category 7.1. (Construction of new buildings) and 7.2. (Renovation of existing buildings).

The impact of the environmental objectives on YIT's taxonomy-eligible revenue in 2023 was not significant. For the Infrastructure segment, a small amount of revenue was classified as taxonomy-eligible according to the environmental objectives. The most significant of these were CE 3.5 (Use of concrete in civil engineering) and WTR 2.2 (Urban waste water treatment) in the transition to a circular economy objective and WTR 2.3 (Sustainable urban drainage systems) in the sustainable use and protection of water and marine resources objective.

YIT's non-eligible share of revenue was EUR 390 million (388), corresponding to 18% (16%) of revenue. Non-eligible activities (B) include, for example, nearly all the Infrastructure segment's road-related activities, as taxonomy eligibility would require demonstrating that the road infrastructure is dedicated to the operation of zero tailpipe CO2 emission vehicles. In the case of road maintenance activities, on the other hand, taxonomy eligibility would require predefined and regular activity focused on pavement management. Most of the maintenance activity in the Infrastructure segment is weather-dependent and focuses on road structures and environments other than pavements. The maintenance activities concerning real estate premises implemented as life cycle projects are reported entirely as non-eligible activities. All business activities and projects excluded from the analysis of taxonomy eligibility are reported as non-eligible activities (B).

Revenue is a central key performance indicator in assessing the sustainability of YIT's business from the perspective of the EU taxonomy. The definition of revenue in the EU taxonomy corresponds to the items presented under revenue in YIT's consolidated income statement, the accounting policies for which are described in more detail under "Customer contracts" in the notes to the consolidated financial statements. YIT has projects for which revenue is recognised over time, as well as projects for which revenue is recognised at a point in time. The projects for which revenue is recognised at a point in time are primarily self-developed projects in which construction has been completed at the time of revenue recognition, and the technical taxonomy analysis is therefore final. For projects for which revenue is recognised over time, the actual outcomes for all of the technical screening criteria are not yet final. Instead, they are based on the information available on the reporting date. Consequently, the estimates may change over the course of a given project. In the event of a change in an estimate, the taxonomy status of the project will be updated accordingly. No retrospective adjustments to previously reported figures are made in such cases.

In accordance with the EU taxonomy definition of capital expenditure, the items that YIT has included in total capital expenditure include additions in intangible and tangible assets, as well as additions in right-of-use assets, including potential additions to the items in question resulting from business combinations. YIT's total capital expenditure in accordance with the taxonomy definition of the capital expenditure indicator amounted to EUR 24 million in 2023 (19), over half of which was attributable to leased and owned machinery and equipment. Of the total capital expenditure, EUR 10 million was directly related to taxonomy activity CCM 7.7 Acquisition and ownership of buildings, which is reported only as taxonomy-eligible in category A.2. The remaining share of capital expenditure has been allocated to taxonomy-eligible and taxonomy-aligned proportions for different activities using a revenue-based method. The allocation has been made using the activity-specific proportions of the revenue indicator directly, as capital expenditure cannot be obtained on a project-specific basis. The capital expenditure according to the taxonomy definition is not material for YIT in terms of the euro amount and with regard to the nature of YIT's business. The reconciliation, with references to the notes to the consolidated financial statements, is presented below after the capital expenditure table.

In accordance with the EU taxonomy definition of operating expenditure, YIT's total operating expenditure consists of research and development expenditure recognised as expenses, direct expenses associated with building renovations and the day-to-day maintenance of tangible fixed assets, and expenses associated with short-term leases and leases for which the underlying asset is of low value. YIT's total operating expenditure in accordance with the taxonomy definition of the operating expenditure indicator amounted to EUR 57 million in 2023 (64). A significant proportion of the total operating expenditure is attributable to expenses associated with short-term leases and leases for which the underlying asset is of low value. The allocation into the taxonomy-eligible and taxonomy-aligned proportions has been made using the activity-specific shares of the revenue indicator directly, as operating expenditure on a project-specific basis cannot be derived. The operating expenditure according to the taxonomy definition are not material for YIT in terms of the euro amount and with regard to the nature of YIT's business. The item amounts cannot be directly derived from the notes to the consolidated financial statements because the taxonomy definition of operating expenditure does not fully correspond to specific items in the financial statements.

Revenue

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
ECONOMIC ACTIVITIES	Codes	Absolute revenue	Proportion of revenue	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	**Proportion of Taxonomy-aligned (A.1) or eligible (A.2) revenue, 2022**	**Category (enabling activity)**	**Category (transitional activity)**
		EUR million	**%**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**Y/N**	**%**	**E**	**T**
A. ELIGIBLE ACTIVITIES																			
A.1 Eligible Taxonomy-aligned activities																			
Electricity generation from wind power	CCM 4.3.	4	0%	Y							Y	Y	Y	Y	Y	Y	1%		
Infrastructure for rail transport	CCM 6.14.	114	5%	Y							Y	Y	Y	Y	Y	Y	7%	E	
Infrastructure enabling low carbon water transport	CCM 6.16.	1	0%	Y							Y	Y	Y	Y	Y	Y		E	
Revenue of eligible Taxonomy-aligned activities (A.1)		**120**	**6%**													**Y**	**7%**		
Of which Enabling		**115**	**5%**														**7%**		
Of which Transitional																			

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
ECONOMIC ACTIVITIES	Codes	Absolute revenue	Proportion of revenue	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) revenue, 2022	Category (enabling activity)	Category (transitional activity)
		EUR million	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2. Eligible not Taxonomy-aligned activities																			
Urban waste water treatment	WTR 2.2.	3	0%			EL										Y			
Sustainable urban drainage systems	WTR 2.3.	3	0%			EL										Y			
Remediation of contaminated sites and areas .	PPC 2.4.	1	0%					EL								Y			
Construction of new buildings	CE 3.1 / CCM 7.1.	1,348	62%	EL			EL									Y	66%		
Renovation of existing buildings	CE 3.2 / CCM 7.2.	181	8%	EL			EL									Y	6%		
Maintenance of roads and motorways	CE 3.4.	4	0%				EL									Y			
Use of concrete in civil engineering	CE 3.5.	16	1%				EL									Y			
Manufacture of other low carbon technologies	CCM 3.6.	19	1%	EL												Y			
Electricity generation from wind power	CCM 4.3.			EL												Y	0%		
Electricity generation from hydropower	CCM 4.5.	0	0%	EL												Y	0%		
Transmission and distribution of electricity	CCM 4.9.	2	0%	EL												Y	0%		
Storage of thermal energy	CCM 4.11.	1	0%	EL												Y	0%		
Production of heat/cool using waste heat	CCM 4.25.	1	0%	EL												Y	0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	4	0%	EL												Y	0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	58	3%	EL												Y	4%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13.	7	0%	EL												Y	0%		
Infrastructure for rail transport	CCM 6.14.	6	0%	EL												Y	1%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15.	0	0%	EL												Y			
Infrastructure enabling low carbon water transport	CCM 6.16.			EL												Y	0%		
Revenue of eligible not Taxonomy-aligned activities (A.2)		**1,653**	**76%**													**Y**	**76%**		
Total (A.1 + A.2)		**1,773**	**82%**													**Y**	**84%**		
B. NON-ELIGIBLE ACTIVITIES																			
Revenue of non-eligible activities (B)		**390**	**18%**																
Total (A + B)		**2,163**	**100%**																

The total revenue reported in Total (A+B) row reconciles with the revenue line item in YIT's consolidated financial statements.

Capital Expenditure (CapEx)

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
ECONOMIC ACTIVITIES	Codes	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category (enabling activity)	Category (transitional activity)
		EUR million	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES																			
A.1 Eligible Taxonomy-aligned activities																			
Electricity generation from wind power	CCM 4.3.	0	0%	Y							Y	Y	Y	Y	Y	Y	1%		
Infrastructure for rail transport	CCM 6.14.	1	3%	Y							Y	Y	Y	Y	Y	Y	5%	E	
Infrastructure enabling low carbon water transport	CCM 6.16.	0	0%	Y							Y	Y	Y	Y	Y	Y		E	
CapEx of eligible Taxonomy-aligned activities (A.1)		**1**	**3%**													**Y**	**6%**		
Of which Enabling		**1**	**3%**														**5%**		
Of which Transitional																			

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
ECONOMIC ACTIVITIES	Codes	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) CapEx, 2022	Category (enabling activity)	Category (transitional activity)
		EUR million	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2. Eligible not Taxonomy-aligned activities																			
Urban waste water treatment	WTR 2.2.	0	0%			EL										Y			
Sustainable urban drainage systems	WTR 2.3.	0	0%			EL										Y			
Remediation of contaminated sites and areas	PPC 2.4.	0	0%					EL								Y			
Construction of new buildings	CE 3.1. / CCM 7.1.	9	37%	EL			EL									Y	50%		
Renovation of existing buildings	CE 3.2 / CCM 7.2.	1	5%	EL			EL									Y	5%		
Maintenance of roads and motorways	CE 3.4.	0	0%				EL									Y			
Use of concrete in civil engineering	CE 3.5.	0	0%				EL									Y			
Manufacture of other low carbon technologies	CCM 3.6.	0	1%	EL												Y			
Electricity generation from wind power	CCM 4.3.			EL												Y	0%		
Electricity generation from hydropower	CCM 4.5.	0	0%	EL												Y	0%		
Transmission and distribution of electricity	CCM 4.9.	0	0%	EL												Y	0%		
Storage of thermal energy	CCM 4.11.	0	0%	EL												Y	0%		
Production of heat/cool using waste heat	CCM 4.25.	0	0%	EL												Y	0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	0	0%	EL												Y	0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	0	2%	EL												Y	3%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13.	0	0%	EL												Y	0%		
Infrastructure for rail transport	CCM 6.14.	0	0%	EL												Y	0%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15.	0	0%	EL												Y			
Infrastructure enabling low carbon water transport	CCM 6.16.			EL												Y	0%		
Acquisition and ownership of buildings	CCM 7.7.	10	41%	EL												Y	24%		
CapEx of eligible not Taxonomy-aligned activities (A.2)		**21**	**87%**													**Y**	**82%**		
Total (A.1 + A.2)		**22**	**90%**													**Y**	**88%**		
B. NON-ELIGIBLE ACTIVITIES																			
CapEx of non-eligible activities (B)		**2**	**10%**																
Total (A + B)		**24**	**100%**																

Reconciliation of total CapEx to consolidated financial statements

Item	EUR million	Reference
Additions to tangible assets	5	Note 14. Property, plant and equipment
Additions to intangible assets	0	Note 15. Other intangible assets and goodwill
Additions to right-of-use assets	19	Note 16. Leases
Total Capital Expenditure	**24**	

Operating Expenditure (OpEx)

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
ECONOMIC ACTIVITIES	Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2022	Category (enabling activity)	Category (transitional activity)
		EUR million	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. ELIGIBLE ACTIVITIES																			
A.1 Eligible Taxonomy-aligned activities																			
Electricity generation from wind power	CCM 4.3.	0	0%	Y							Y	Y	Y	Y	Y	Y	1%		
Infrastructure for rail transport	CCM 6.14.	3	5%	Y							Y	Y	Y	Y	Y	Y	7%	E	
Infrastructure enabling low carbon water transport	CCM 6.16.	0	0%	Y							Y	Y	Y	Y	Y	Y		E	
OpEx of eligible Taxonomy-aligned activities (A.1)		**3**	**5%**													**Y**	**7%**		
Of which Enabling		**3**	**5%**														**7%**		
Of which Transitional																			

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Does Not Significantly Harm)									
ECONOMIC ACTIVITIES	Codes	Absolute OpEx	Proportion of OpEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Proportion of Taxonomy-aligned (A.1) or eligible (A.2) OpEx, 2022	Category (enabling activity)	Category (transitional activity)
		EUR million	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A.2. Eligible not Taxonomy-aligned activities																			
Urban waste water treatment	WTR 2.2.	0	0%			EL										Y			
Sustainable urban drainage systems	WTR 2.3.	0	0%			EL										Y			
Remediation of contaminated sites and areas .	PPC 2.4.	0	0%					EL								Y			
Construction of new buildings	CE 3.1. / CCM 7.1.	35	2%	EL			EL									Y	66%		
Renovation of existing buildings	CE 3.2. / CCM 7.2.	5	0%	EL			EL									Y	6%		
Maintenance of roads and motorways	CE 3.4.	0	0%				EL									Y			
Use of concrete in civil engineering	CE 3.5.	0	0%				EL									Y			
Manufacture of other low carbon technologies	CCM 3.6.	0	0%				EL									Y			
Electricity generation from wind power	CCM 4.3.			EL												Y	0%		
Electricity generation from hydropower	CCM 4.5.	0	0%	EL												Y	0%		
Transmission and distribution of electricity	CCM 4.9.	0	0%	EL												Y	0%		
Storage of thermal energy	CCM 4.11.	0	0%	EL												Y	0%		
Production of heat/cool using waste heat	CCM 4.25.	0	0%	EL												Y	0%		
Construction, extension and operation of water collection, treatment and supply systems	CCM 5.1.	0	0%	EL												Y	0%		
Construction, extension and operation of waste water collection and treatment	CCM 5.3.	2	3%	EL												Y	4%		
Infrastructure for personal mobility, cycle logistics	CCM 6.13.	0	0%	EL												Y	0%		
Infrastructure for rail transport	CCM 6.14.	0	0%	EL												Y	1%		
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15.	0	0%	EL												Y			
Infrastructure enabling low carbon water transport	CCM 6.16.			EL												Y	0%		
OpEx of eligible not Taxonomy-aligned activities (A.2)		**43**	**75%**													**Y**	**76%**		
Total (A.1 + A.2)		**46**	**81%**													**Y**	**84%**		
B. NON-ELIGIBLE ACTIVITIES																			
OpEx of non-eligible activities (B)		**10**	**18%**																
Total (A + B)		**57**	**100%**																

SOCIAL RESPONSIBILITY AND PERSONNEL

Committed and competent people are the key to YIT's operations. The company's values of Respect, Cooperation, Creativity and Passion are reflected in caring about the personnel and enabling the creation of winning teams. YIT aims to be an attractive employer that takes good care of its employees in all circumstances. The company has a clear set of principles to guide its actions in all HR matters such as recruitment, competence development, health and safety management, and people management.

The YIT Management Team sets out the Group's occupational safety and HR targets, and monitors their achievement. The business segments are responsible for the implementation of development plans in accordance with the HR targets. The HR organisation supports the business segments and coordinates development projects and business processes.

The goal is for YIT to have the most qualified and suitable employees, irrespective of their age, gender, race or nationality. The company also wants to offer equal opportunities to its employees. During the year, a team was established to promote diversity, equality and inclusiveness in the company. YIT does not tolerate any kind of harassment or bullying in the workplace. All incidents raised are dealt with, and corrective action is taken in accordance with the group guidelines described in the Management System.

YIT also pays particular attention to ensuring that the employees' values are in line with those of the company. The company promotes open cooperation and confidential relations, both among employees and between the management and employees. The company values the opinions and views of its employees and encourages ongoing dialogue.

Between January and December 2023, the Group employed an average of 4,717 persons (5,207), of whom 3,389 (3,816) worked in Finland. In reporting the number of personnel, YIT uses the number of persons with an employment relationship with the company. This also includes employees with a fixed-term employment relationship and trainees. The overall personnel turnover rate was 13.4% (13.8). A total of 5.8% (9.2) of the employees resigned for personal reasons. Personnel expenses in 2023 totalled EUR 310 million (352). In 2023, of YIT's employees in Finland, 158 men and 58 women were on parental leave. During the year, the number of people who returned from parental leave in Finland was 187, of which 151 were men, and 36 were women. In 2023, 84.5% (83.5) of the employees in Finland and 64% (63.6) of all employees were covered by a collective agreement.

During the year, YIT simplified its organisational structure into three agile and customer-focused business segments: Housing, Business Premises and Infrastructure. With this change, the company reduced bureaucracy and simplified its operating model by reducing overlap, streamlining the organisation, strengthening common processes and bringing decision making closer to the customer. Flexibility, management responsibility and clarity were also improved.

As part of the transformation programme announced by YIT in February, YIT is reformed its company structure by incorporating some of the business operations of the current YIT Finland Ltd. The new companies started their operations on 1 January 2024. A process of clarifying the vision, mission and values was also launched at the end of the year, involving all employees.

The personnel focus areas identified in 2022 continued to play an important role in 2023. The focus areas are *attracting, retaining and developing people, empowered and high-performing teams, and the lean and safe YIT Way.*
The company has continued its work in line with these focus areas. For the fourth consecutive year, professionals in the field of engineering ranked YIT as the most attractive employer in the construction industry in the Universum Professional Talent Survey. YIT wants to respond to this appreciation by better developing and engaging its personnel and by meeting the expectations of current and future YIT employees.

To increase transparency and trust, the YIT Voice personnel survey was renewed, and a revised performance and development discussion concept, Focus on People, was introduced. Investments in open internal communication were made by increasing the number of employee information events. Furthermore, YIT has continued its systematic work to increase the transparency and openness of safety communication and to strengthen safety management within the company and with its partners.

YIT also educates young people for the construction industry through the YIT Path trainee programme. During the year, YIT provided summer jobs and trainee positions to 667 (822) young people, 566 (680) of whom worked in Finland. Of those who completed the summer trainee feedback survey, 99% (99) would be willing to recommend YIT as an employer, and 95% (95) felt safe in their working environment. In the Universum Student Talent Survey, YIT was ranked as the most attractive employer in the construction industry for the fifth consecutive year.

YIT VALUES

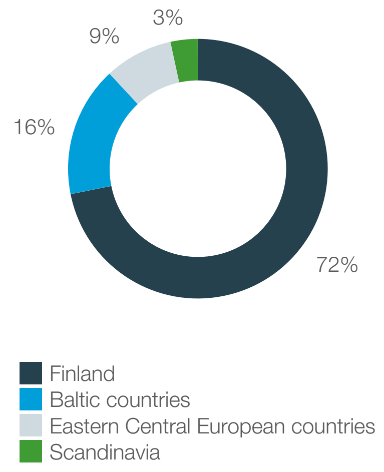
Respect
We care about our customers and personnel
We look for environmentally sustainable solutions

Cooperation
We are open and share knowledge
We involve and partner to succeed

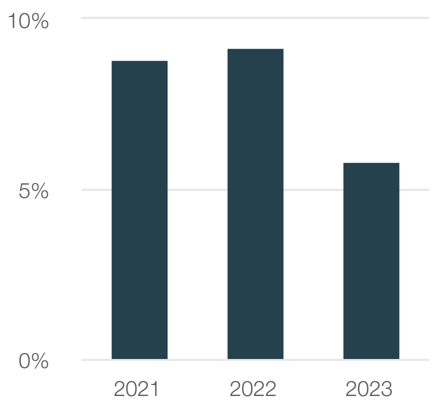
Creativity
We trust and build a positive spirit
We empower people to innovate and challenge

Passion
We aim high with quality, expertise and results
We work ethically and keep our promises

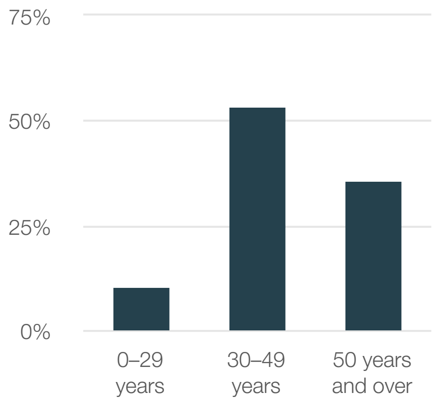
PERSONNEL BY REGION



EMPLOYEE TURNOVER (rolling 12 months, %)

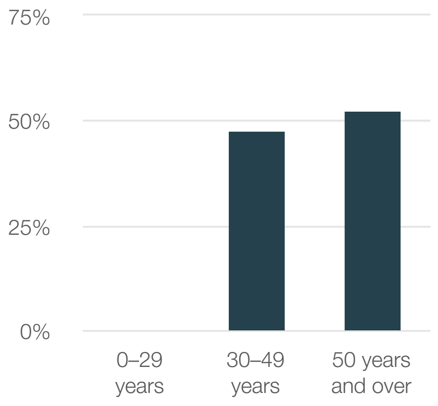


PERSONNEL AGE DISTRIBUTION



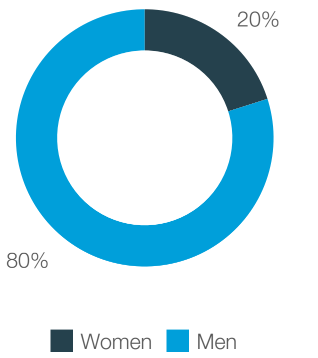
Personnel age distribution, excluding trainees.

AGE DISTRIBUTION OF SENIOR POSITIONS



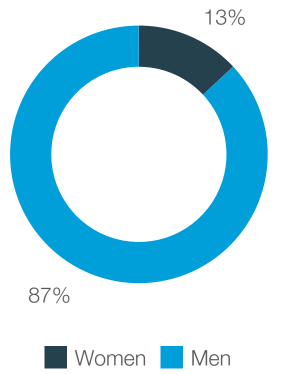
Age distribution of senior positions, five most senior levels (President and CEO, Group Management Team, Heads of Divisions and Demanding Unit Leader Positions in Businesses and Functions).

PERSONNEL BY GENDER



Personnel by gender, excluding trainees.

GENDER BREAKDOWN IN SENIOR POSITIONS



Gender breakdown in senior positions, five most senior levels (President and CEO, Group Management Team, Heads of Divisions and Demanding Unit Leader Positions in Businesses and Functions).

TOTAL REWARDS

During the year, YIT executed its remuneration policy, which aims to strengthen the corporate culture and shareholder value, motivate and engage personnel, support the recruitment of necessary skills and promote the implementation of the strategy. In addition to wages, salaries and benefits, YIT has project-based and annual short-term incentive plans, as well as a long-term incentive plan. Recognition tools are used to complement remuneration. As a part of total rewards and engagement, YIT invests in individual competence development, job rotation, mentoring and career opportunities.

Total rewards at YIT support the execution of the strategy. Occupational safety indicators aimed at preventing accidents and promoting safer working methods have been established as permanent components of the performance metrics used in project-based and annual short-term incentive plans. Reducing emissions in our own operations according to the Science Based Targets initiative has been part of the long-term incentive plan since 2022. From the beginning of 2024, reducing emissions in the entire value chain will be added to the incentivised metrics. Environment-related metrics are also incentivised under project-based and short-term incentive plans. More detailed information about remuneration and metrics used is provided in **YIT's remuneration report**.

OCCUPATIONAL SAFETY

YIT strongly believes that a healthy and safe working environment can only be achieved through the cooperation of all the parties involved. A proactive and caring health and safety culture requires open interaction and working together. For example, encouraging people to get involved in the planning and preparation of their own work as early as possible will not only help identify the best practices but also commit people to a mutually agreed, healthy and safe way of working.

The promotion of proactive safety measures and encouraging people to use them were continued in 2023. The message of the *'Care – Don't Walk By'* concept, which is based on the *'Respect life'* concept that has been implemented for several years now, supported the important role of anticipation, especially in the promotion of safety observations. Safety observations were established as a daily practice throughout the Group. The number of observations continued to increase, with more than 72,000 observations (+21%) being made during the year. This was particularly positive because of an increase in the number of observations made by employees, especially in Northern Finland. Observation activity also increased significantly in both the Baltic countries and eastern Central Europe.

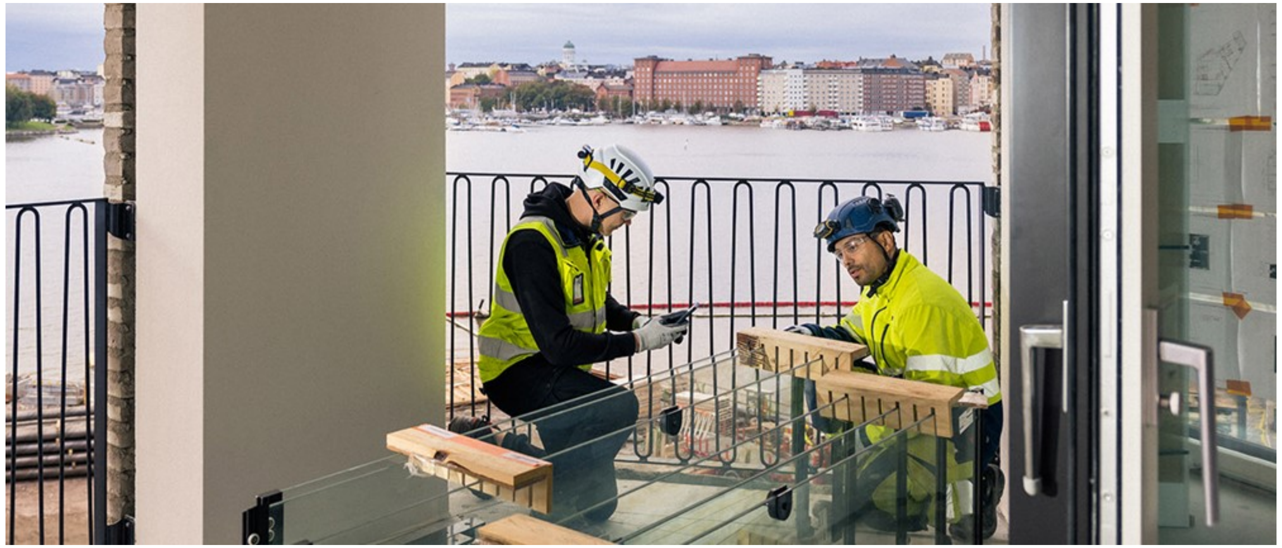
The *'What does good look like'* approach to systematic development of day-to-day management, the improvement of the operating environment and the sharing of good practices was very well received throughout the organisation. In improving construction site safety, the approach has already led to significant steps forward in understanding the shared target state and the correcting of the main areas for improvement. For example, the number of movement-related accidents started to decline as the focus shifted to walkways. Best practices from the *'Safety step-up'* concept were also expanded to new units.

There was a slight improvement from the previous year in lost time injury frequency (LTIF), which includes YIT's own personnel and the personnel of partners. At the end of the year, LTIF was 12.1 (13.3). Meanwhile, the severity rate of accidents leading to an absence (number of sick leave days per accident) decreased – for partners, by as much as about a third. It can therefore be stated that people dare to point out less serious non-conformities rather than trying to hide them. This can be seen as a sign of successful cooperation with the partners, where trust and a more open safety culture have been built together. The trend has also been similar in countries outside the Nordics. Work towards a more open safety culture will continue next year.

The Health and Safety Week, which has already become a tradition, took place for the sixth time in May in all the company's operating countries. The week focused on topics such as safety observations and the safety of access routes in the spirit of *'What good looks like'*. During the year the management led the promotion and strengthening of occupational safety by example, with almost 600 *management walk and talks* on site, and by continuing and developing the management *Safety reviews* to improve the overview of the safety management status.

A two-part training package on lifting operations, their planning and ensuring the safe use of personnel hoists aimed at both construction site workers and white-collar employees was launched in the Helsinki metropolitan region. To maintain and develop safety competence, YIT offered a total of almost 1,400 person-days of training to its personnel in safety-related matters. In addition, all YIT construction site workers were briefed in preliminary and site inductions.

In the coming year, the company will continue to focus on coaching safety leadership, systematic improvement and the partner management. Special attention will be paid to improving work-specific pre-planning with the people carrying out the work.



WELL-BEING AT WORK AND COMPETENCE DEVELOPMENT

In early 2023, normal practices for respiratory infections were restored after several years of the covid-19 pandemic. Following the change in the general instructions, the number of short periods of sick leave experienced a significant decrease, returning to the moderate pre-pandemic levels.

In many ways, the previous exceptional years challenged YIT in terms of a sense of community and the teams' psychological safety. After the pandemic years, hybrid work has become more common in YIT whenever the nature of the work allows it. Training sessions for supervisors to increase their capability of boosting the psychological safety of the work communities in the case of hybrid working were also arranged during the year. In addition, the development of supervisors' work capacity management skills continued.

Another focus area for the year was the identification of psychosocial stress factors at work and related risk assessments. The aim of the process is to identify stress factors that can pose a risk to people's health and working capacity to determine measures to reduce the burden from risk factors that are harmful to health.

The improvement of ergonomics at the workplace is a continuous process. During the year, ergonomics reviews were implemented in the Helsinki metropolitan area as part of the Occupational safety improvement project. The aim is to increase ergonomic competence on construction sites by integrating the theme into day-to-day management practices.

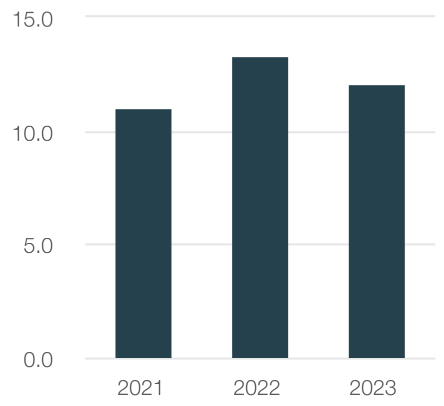
At YIT, employees can develop professionally through a wide range of career options and learning opportunities. The competence development focused on occupational safety management, implementation of takt production, agile development, corporate responsibility in procurement and project management. The topics covered in annual performance and development discussions include competence development needs, the setting of annual targets and a survey of career opportunities.

In 2023, the company focused on on-the-job learning and designing new competence development solutions. Various training sessions were also organised during the year to complement the learning and provide an opportunity to deepen or broaden one's competence in areas of strategic and operational importance. A total of 335 persons participated in project management trainings. In 2023, 71% of the personnel has completed the *YIT Code III* training, which focuses on the *YIT Code of Conduct* principles updated in 2022. YIT provided a total of over 1,700 (over 3,900) training days for its personnel during the year, which translates to an average of 3.1 (6) training hours per employee.

Personnel engagement, smooth working and high-quality managerial work are important themes for YIT, and *the YIT Voice* personnel survey was renewed to promote them. As a result of the reform, a more comprehensive survey will be carried out once a year. During the year under review, the survey took place in November. All employees of YIT had the opportunity to respond to the survey. It was realised in the same format in all YIT's countries of operation.

The survey measured commitment using 12 indices. The Employee Net Promoter Score (eNPS), which measures employee satisfaction, was also determined. The eNPS for the year was 20, which is considered a good result. The results of the survey were analysed at the team, unit, segment and organisation level, and development actions were determined based on the analyses, the results of which will be monitored by the business units in 2024.

ACCIDENT FREQUENCY (COMBINED LTIF, ROLLING 12 MONTHS)



Comparable accident frequencies with ongoing business operation and Norwegian business operations.

INDICES OF PERSONNEL SURVEY

Engagement index	3.9
eNPS	20
Response rate	75%

HUMAN RIGHTS

YIT recognises that its operations can have a positive or negative impact on people, either directly through the company's operations or indirectly through the value chain. The characteristics of the construction sector, such as the high level of subcontracting and long supply chains, increase labour and human rights risks. YIT therefore pays special attention to the implementation of human rights and the prevention of human rights violations in its supply chains. YIT respects the Universal Declaration of Human Rights and the basic rights confirmed in the ILO's eight fundamental Conventions, and YIT's partners are also required to respect the same rights. The operating principles related to human rights are described in the *YIT Code of Conduct* and the *Supplier Code of Conduct*.

All YIT employees are obliged to respect human rights and report any suspected violations. In addition, non-YIT employees have the opportunity to anonymously report suspected violations through the **YIT Ethics Channel,** an independent service maintained by the external service provider WhistleB. This ensures the anonymity of the reports and the confidential processing of data. The service is accessible via any web-based device or phone in all the YIT operating languages. YIT's procurement function is responsible for monitoring compliance with human rights among the subcontractors and in the supply chain.

YIT seeks to identify human rights risks and develop its due diligence procedures with respect to human rights. In assessing the severity and likelihood of the potential impact on human rights, the company has found that the most significant human rights issues it can influence involve occupational health and safety, labour exploitation, and the pollution of the environment. YIT assesses the human rights impact at least once every two years – more often if required due to changes in the operating environment or the business operations.

In 2023, YIT arranged internal training and communication on the prevention of labour exploitation. A poster on the prevention of labour exploitation is used on YIT's construction sites in Finland to help people recognise the signs of labour exploitation and help them in seeking assistance from the appropriate parties. The poster has also been published on the YIT website in ten languages.

During the year, YIT recognised that the significance of human rights warranted the allocating of more resources on human rights efforts. YIT will continue its work to establish a systematic approach and harmonised practices to assess the realisation of human rights in all its countries of operation.

RESPONSIBLE PROCUREMENT

YIT requires all its partners to comply with its principles on environmental protection, human rights, corruption, bribery and the grey economy. These principles are set out in the *YIT Supplier Code of Conduct*. Every person working on a YIT construction site must complete YIT's preliminary induction before entering the site. This applies to everyone working on YIT's construction sites in Finland: not only YIT's own personnel but also subcontractors and independent contractors. The preliminary induction covers matters such as *YIT's sustainability policy* and the *YIT Ethics Channel*.

The eligibility of suppliers and subcontractors as YIT's contractual partners is verified through supplier audits. In 2023, YIT audited 54 (50) companies or operators in different sectors in Finland. The supplier audits cover the supplier's practices in areas such as social responsibility, environmental responsibility and good governance. As YIT's procurement becomes categorical, risk assessments related to the operators in the sector will be carried out based on the category and supplier in the future. The category-specific risk assessment will also take risks involving breaches of YIT's principles such as *the YIT Code of Conduct*, legislation, and human rights into account. A decision on whether a supplier audit is necessary in addition to the regular audit of a standard partner will be made based on these risk assessments.

The preparation of CO_2 roadmaps for the ready-mixed concrete and precast concrete element categories in YIT's procurement started in early 2023. For example, the impact of these categories on CO_2 emissions in residential construction is approximately 60% of the project's CO_2 emissions. In addition to concrete product suppliers, YIT has been in touch with more than 20 key material suppliers in the construction industry. The aim is to work with the suppliers to enable a wider range of products with lower emissions and a broader supplier base. In the future, carbon neutral solutions will increasingly guide the development of YIT's partnerships and the selection of partners.

YIT's corporate security, the group ESG team and procurement management are jointly responsible for the coordination, development and monitoring of responsible procurement. YIT's regional procurement organisations and construction sites are responsible for verifying and monitoring the obligations of subcontractors and suppliers under the Contractor's Liability Act. The Group Procurement team assists, supports and trains the procurement organisations and construction sites in responsible subcontracting practices as necessary.

The Group Procurement team also carries out contractor liability audits on construction sites. In 2023, 1,611 (6,852) subcontracting agreements for 15 (102) projects were audited in Finland. There have been no contractor liability audits since March 2023, however, as the systems have evolved to make the audits more proactive, and audits are already carried out when an agreement is being prepared. The systems also allow better monitoring of the agreements. No operations or suppliers with a risk of forced or compulsory labour have been identified during the audits.

An analysis of subcontracting chains and related risk factors carried out in 2022 was used in 2023 to plan and implement measures to reduce chaining risks. In 2022–2023, YIT carried out a project in Finland to integrate the construction site induction training system into supplier management data. This makes it possible to prevent representatives of specific companies entering YIT's construction sites if the companies are suspected of unethical operations. This functionality was introduced to operational use in early 2023.

To prevent labour exploitation and the grey economy, YIT requires workers from outside the EU, the EEA and Switzerland to have a right of employment and residence granted by the Finnish authorities. In exceptional cases for a justified reason, the Group Procurement team may grant permission for a posted worker to work on a construction site for a brief period. Work and residence permit checks continued, and the process was developed further in 2023. The Group Procurement team ensured on a daily basis that no citizens from outside the EU, the EEA or Switzerland were on any YIT construction site in Finland without special permission from YIT. In addition, the residence and work permits of a randomly selected sample of approximately 10% of locally hired third-country nationals were checked.

In 2023, based on the findings made in 2022, random sampling and a risk-based selection process for work permit checks were introduced in Finland. During the first quarter of 2023, the right to work of all citizens from outside the EU, the EEA and Switzerland was checked. In 2023, a total of 323 (749) checks were carried out, and the rights of 98.8% (97.2) workers were in order. 4 workers (21) were removed from a construction site due to uncertainties regarding their right of residence and right to work. When a person needs to be removed from a construction site, YIT instructs the worker and their employer to apply for a residence permit that includes the right to work. To facilitate the processing of residence and work permits on construction sites and to improve control, YIT has launched a secure digital archive for the documents required from foreign workers.

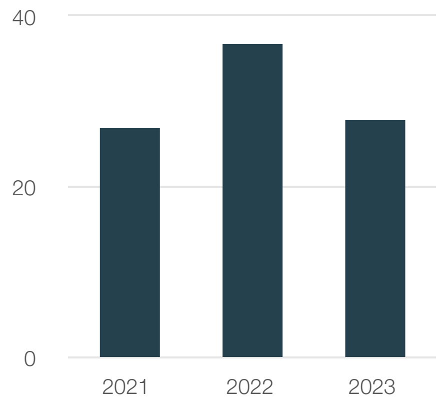
PREVENTING CORRUPTION AND THE GREY ECONOMY

The *YIT Code of Conduct* lays the foundation for the prevention of corruption, bribery and the grey economy. The company does not tolerate any form of corruption, extortion, blackmail or bribery, and is committed to actively combating these phenomena. YIT's sustainability requirements apply to the entire supply chain. The company cooperates with the authorities to prevent the grey economy. The YIT Group Management Team is responsible for the fight against corruption, bribery and the grey economy. The business units are responsible for compliance with the *YIT Code of Conduct* and good corporate governance in their day-to-day operations. The internal audit organisation supports management in the development and control of risk management, internal control and good corporate governance.

YIT has a risk management and corporate security organisation that is responsible for developing the Group's corporate security practices. Risk management is a key part of the company's management system, which describes how risks are identified and assessed, and the necessary preventive measures. Updates made to the management system are incorporated into the business operations.

Reports through the *YIT Ethics Channel* or via shop stewards are the most common way to receive information about suspected misconduct. In 2023, 10 (12) reports of suspected misconduct were submitted via the YIT Ethics Channel. The number of internal investigations of suspected misconduct cases decreased in 2023 compared to the previous year, amounting to 28 (37). Of the investigations, 5 (3) led to criminal proceedings or a procurement ban.

INVESTIGATIONS OF SUSPECTED MISCONDUCT CASES (UNITS)



Investigations of suspected misconduct cases (UNITS)

YIT Code of Conduct section	2023	2022	2021
Customers	1	2	1
Employees	5	7	3
Owners	0	0	0
Suppliers, subcontractors and other business partners	13	18	16
Competitors	0	0	1
Society	2	0	0
Environment	0	0	0
Conflicts of interest	0	1	0
Communications	0	1	0
Data protection	0	5	3
Other	7	3	3
Total	**28**	**37**	**27**

FAIR COMPETITION

YIT aims to ensure through its own actions that competition in the market is open and fair. YIT is determined to ensure that all its employees are aware of the importance of competition law and comply with it in all YIT's operations. YIT organises regular competition law training for its personnel as separate training courses and as part of other training on the management of agreements. In addition, the Group's Legal Services maintain up-to-date competition law guidelines for the personnel and organise case-specific briefings concerning competition law. The *YIT Code of Conduct* sets out the principles that guide the Group's operations in relation to competitors. Competition law matters are covered in the YIT Code III online training on the Code of Conduct. The Group's management system also provides guidance on awareness of and compliance with competition law and regulations.

DATA PROTECTION AND CORPORATE SECURITY

YIT is committed to compliance with data protection laws. Each YIT employee is responsible for compliance with data protection in their work duties. YIT has corporate security principles and a data protection policy which describes the company's processing principles concerning all personal data. The YIT data protection organisation supports and trains the personnel in complying with data protection laws. Information security is part of YIT's corporate security principles, and YIT's separate information security policy contributes to ensuring the secure handling of personal data at YIT.

RESPONSIBLE TAX PRACTICES

Decisions that concern YIT's taxes are an important part of sustainable and responsible business operations at YIT. YIT is committed to acting responsibly in relation to its tax affairs, i.e. YIT fulfils its tax compliance and disclosure obligations and operates in accordance with all relevant laws and regulations. YIT's tax policy contains the principles and guidelines on how the tax policy is to be applied in YIT Group, as well as YIT's approach to cooperation with the authorities.

Definitions of non-financial key performance indicators

Key figure	Definition	Reason for use
Energy consumption	Consumption of direct and indirect energy sources in all YIT offices, construction sites and transportation under operational control.	Energy consumption describes the total amount of energy consumed in YIT's operations in GWh. Energy efficiency is one way of reducing carbon dioxide emissions.
Emissions – Scope 1	Emissions of direct energy consumption in carbon dioxide equivalents. Includes all offices, construction sites and transportation under YIT's operational control.	Describes the direct emissions of energy consumption caused by YIT's operations.
Emissions – Scope 2	Emissions of electricity and heat consumption in carbon dioxide equivalents. Includes all offices, construction sites and transportation under YIT's operational control. YIT reports both market- and location-based indicators separately, but uses a market-based approach when calculating the total emissions.	Describes the indirect emissions of energy consumption caused by YIT's operations.
Emissions – Scope 3	Scope 3 categories 1. Purchased goods and services, 2. Capital goods, 4. Upstream transport and distribution, 5. Waste generated in operations, 6.Business travel and 11. Use of sold products.	Describes YIT's value chain emissions.
Emission intensity – Own operations	Total emissions Scope 1, 2 and 3 categories 5. Waste generated in operations and 6. Business travel divided by revenue (tCO_2e/EURm).	Emission intensity of own operations describes emissions of YIT's operations with relation to business volume.
Sorting rate	Amount of sorted waste divided by total amount of waste generated.	Sorting rate describes YIT's ability to sort waste. The waste management partner, if possible, has the ability to recycle the waste that has been sorted.

Key figure	Definition	Reason for use
Lost-time accident frequency LTIF	Accidents at work of YIT's employees and subcontractors per one million hours worked. The accident frequency rate is calculated on the basis of accidents at work resulting in at least one day's absence.	Accident frequency rate describes the accidents at work involving YIT's employees and subcontractors. This is significant for a healthy and safe working environment.
Safety observations	Total number of negative and positive safety observations made by the employees of YIT, its partners and third parties in proportion to the calculated number of YIT's own employees and the employees of partners working on YIT's projects on an annual basis. The number of employees was obtained by dividing the number of working hours by the calculated annual working hours.	Describes the average number of safety observations made by one employee per year. Safety observations are part of the proactive measures used to influence the safety environment by detecting defects and identifying good practices.
Personnel survey	There are 12 engagement drivers in the personnel survey that make up the engagement index (response scale 1-5). Another key result of the survey is eNPS (employee Net Promoter Score). eNPS consists of a question that measures the likelihood of an employee recommending their organization as a workplace to others.	A measure of employee job satisfaction and engagement, which is used as a tool for development.
Employee turnover	The share of employees who left YIT's service out of all employees. Calculated as a 12-month rolling average.	Describes YIT's attractiveness as an employer and employee commitment.
Code of Conduct training	Share of personnel who have completed the updated Code III Code of Conduct training.	The completion rate of the Code of Conduct training courses describes the deployment of YIT's operating instructions.
Sample-based work permit inspections	Number of sample-based work permit inspections, as well as deviations from YIT's work permit criteria detected and their ratio to all inspections.	Local work/residence permits reduce the risk of labour exploitation.

Corporate governance

YIT's operations are based on sustainability ethics and adherence to good corporate governance. Detailed information on the company's corporate governance and remuneration can be found in **Corporate Governance Statement** and **Remuneration Report.**

RESOLUTIONS PASSED AT THE ANNUAL GENERAL MEETING

YIT Corporation's annual general meeting of 16 March 2023 approved the financial statements for 2022 and discharged the members of the Board of Directors and the President and CEO from liability. The annual general meeting decided on the payment of dividend, the composition and fees of the Board of Directors, the appointment and fees of the auditor for the financial periods 2023 and 2024, the amendment of the Articles of Association as well as authorising the Board of Directors to decide on the repurchase of company shares and share issues.

DIVIDEND PAYMENT

It was decided that a dividend of EUR 0.18 per share in two equal instalments, totalling approximately EUR 38 million, would be paid, as proposed by the Board of Directors. No dividend is paid for own shares held by the company. The first dividend instalment of 0.09 cents per share was paid to shareholders who, by the dividend record date of the first instalment, 21 March 2023, had been entered as shareholders in the company's shareholder register maintained by Euroclear Finland Oy. The payment date for the first instalment was set as 5 April 2023. The second dividend instalment of 0.09 cents per share was paid in October to shareholders who, by the dividend record date of the second instalment, had been entered as shareholders in the company's shareholder register maintained by Euroclear Finland Oy. In accordance with an authorisation received, the Board of Directors decided at its meeting of 27 September 2023 to set 3 October 2023 as the record date for the second instalment, and 11 October 2023 as the payment date of the dividend.

REMUNERATION REPORT FOR THE COMPANY'S GOVERNING BODIES

A remuneration report for the governing bodies of YIT Corporation was presented to the annual general meeting. The annual general meeting approved the presented remuneration report. The decision was advisory in nature.

COMPOSITION OF THE BOARD OF DIRECTORS AND THEIR FEES

It was decided that a chairperson, a vice chairperson and five ordinary members would be elected to the Board of Directors for a term ending at the close of the next annual general meeting. Harri-Pekka Kaukonen was re-elected as the chairperson, Jyri Luomakoski was elected as the vice chairperson and Sami Laine, Casimir Lindholm, Keith Silverang, Barbara Topolska and Kerttu Tuomas were re-elected as the ordinary members.

It was decided that the members of the Board of Directors would be paid the following fixed annual fees for the term ending at the conclusion of the next annual general meeting:

- EUR 105,000 to the chairperson of the Board of Directors;
- EUR 73,500 to the vice chairperson and the chairpersons of the permanent committees, except if the same person was also the chairperson or vice chairperson of the Board of Directors; and
- EUR 52,500 to the members.

It was also decided that, based on a decision of the annual general meeting, 40% of the fixed annual fee would be paid in the form of YIT Corporation's shares to be acquired on behalf of the Board members at a price determined by public trading on the Helsinki Stock Exchange (Nasdaq Helsinki Ltd). The shares were purchased within two weeks of the publication of the interim report for the period 1 January to 31 March 2023. The company carried the costs arising from the purchase of the shares.

Members of the Board and its permanent and temporary committees were paid a meeting fee of EUR 800 for each meeting to members resident in Finland and EUR 2,000 to members resident elsewhere in Europe, including meetings of the Board or its committees held remotely by electronic means or by telephone.

A fee of EUR 1,600 per meeting was paid to the chairperson of the Board and the chairpersons of the permanent and temporary committees. A daily allowance was paid for trips in Finland and abroad in accordance with the Group's travel policy and guidelines of the Finnish Tax Administration.

Members of the Shareholders' Nomination Board, including the expert member, were paid a meeting fee of EUR 800 per meeting, and the chairperson of the Nomination Board was paid EUR 1,600 per meeting.

APPOINTMENT AND FEES OF AUDITORS

Auditing firm PricewaterhouseCoopers Oy, with Samuli Perälä, Authorised Public Accountant, as the principal auditor, was appointed as the auditor for the 2023 financial period. The auditor's fee was paid as per an invoice approved by the company.

Auditing firm Ernst & Young Oy, with Mikko Rytilahti, Authorised Public Accountant, as the principal auditor, was appointed as the auditor for the 2024 financial period. The auditor's term will start at the end of the 2024 annual general meeting and end at the end of the 2025 annual general meeting.

REPURCHASE OF THE COMPANY'S OWN SHARES

The annual general meeting authorised the Board of Directors to decide on the purchase of company shares in accordance with the Board's proposal. The authorisation granted to the Board of Directors covered the purchasing of a maximum of 21,000,000 company shares with assets include in the company's unrestricted equity. The authorisation reversed an authorisation to purchase the company's own shares granted by the annual general meeting on 17 March 2022. The authorisation is valid until 30 June 2024.

SHARE ISSUES

The Annual General Meeting authorised the Board of Directors to decide on share issues in accordance with the Board's proposal. The authorisation may be used in full or in part by issuing shares in the company in one or more tranches so that the maximum number of shares issued is 21,000,000. The Board of Directors is authorised to decide on all the terms and conditions of a share issue. The authorisation reversed an authorisation on share issues granted by the annual general meeting on 17 March 2022. The authorisation is valid until 30 June 2024.

AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The annual general meeting decided to amend the Articles of Association concerning the auditor's term and matters to be decided by the annual general meeting (Clauses 7 and 9). These amendments to the Articles of Association involve proposed decisions on the appointment of the auditor.

ORGANISATION OF THE BOARD OF DIRECTORS

The organising meeting of the YIT Corporation Board of Directors took place on 16 March 2023. The meeting decided on the composition of the Board of Director's Personnel Committee, Audit Committee, and Investment and Project Committee.

At its organising meeting following the annual general meeting, the Board of Directors elected from among its members Kerttu Tuomas as the chairperson of the Personnel Committee, and Harri-Pekka Kaukonen, Jyri Luomakoski and Keith Silverang as the members of the committee.

The duties of the Personnel Committee include assisting the Board of Directors in matters related to the appointment and rewarding of the Group's key personnel. Among other things, the Personnel Committee prepares proposals on the development of the Group's corporate culture and HR policy, remuneration and incentive schemes, the rules for performance-based bonuses and the performance-based bonuses paid to the management. The identification of talents, the development of key personnel and planning for management successors also fall under the preparation responsibility of the committee.

The Board of Directors elected from amongst its members Jyri Luomakoski as the chairperson of the Audit Committee, and Sami Laine and Kerttu Tuomas as the members of the committee.

The Audit Committee assists the Board of Directors in the supervision of the Group's reporting and accounting processes. Its tasks include overseeing the company's financial reporting process, the effectiveness of internal control, internal audits and risk management systems, as well as assessing audits. The committee participates in the preparation of the Group's financing policy, financing plan and financing arrangements. The committee reviews the company's financial statements, interim reports and half-year reports, as well as monitors audits. It also evaluates compliance with laws and regulations and monitors the Group's financial position.

The Board of Directors elected from amongst its members Casimir Lindholm as the chairperson of the Investment and Project Committee, and Harri-Pekka Kaukonen, Sami Laine and Barbara Topolska as the members of the committee.

The Investment and Project Committee discusses and prepares for the Board of Directors important future contract tenders, property development projects, plot and area project investments and divestments, and acquisitions, disposals and equity investments. It also monitors related portfolios, financial reporting and risk management.

SHARE-BASED INCENTIVE PLAN

YIT has a share-based long-term incentive plan decided by the Board of Directors 16 March 2020. The purpose of the long-term incentve plan (LTIP) is to engage the key employees, promote the strategy execution and increase shareholder returns. The earning periods of the incentive plan are set for three years. A potential reward will be determined on the basis of the indicators decided annually by the Board of Directors of YIT Corporation for each earning period.

The second earning period was agreed for the years 2021-2023. Return on capital employed, absolute total shareholder return (TSR) and sustainability (emissions reduction index) have been set as earning period KPIs. The Board of Directors also decided on the approximately 260 key persons to be included in the incentive plan for this earning period. A maximum of 2,100,000 gross shares can be distributed as awards. On 31 December 2023 there are 153 active participants with the maximum earning opportunity of 1,133,556 gross shares.

The third earning period was agreed for the years 2022-2024. Absolute total shareholder return (TSR) and sustainability (Science Based Target initiative Scope 1 and 2 emissions reduction) have been set as earning period KPIs. The Board of Directors also decided on the approximately 150 key persons to be included in the incentive plan for this earning period. A maximum of 2,326,000 gross shares can be distributed as awards. On 31 December 2023 there are 113 active participants with the maximum earning opportunity of 1,367,916 gross shares.

The fourth earning period was agreed for the years 2023-2025. Absolute total shareholder return (TSR) and sustainability (Science Based Target initiative Scope 1 and 2 emissions reduction) have been set as earning period KPIs. The Board of Directors also decided on the approximately 150 key persons to be included in the incentive plan for this earning period. A maximum of 2,184,000 gross shares can be distributed as awards. On 31 December 2023 there are 119 active participants with the maximum earning opportunity of 1,933,666 gross shares.

Furthermore, the Board of Directors recommends that along with the long-term incentive program, the President and CEO aims to hold YIT shares with the value equivalent to his annual salary while a Group Management Team member aims to hold shares with the value of half of his/her annual salary as long as he/she is the member of the Group Management Team. After the three-year earning period and the confirmation of the annual report, the earned shares are transferred to key persons employed by the company. Under all circumstances, the Board of Directors has the right to amend the bonuses in a reasonable manner.

The aim of YIT's remuneration policy is to strengthen company culture and value, increase the motivation and engagement of personnel, support in recruiting needed talents and promote strategy execution.

CHANGES IN COMPANY MANAGEMENT

Pasi Tolppanen, Executive Vice President, Infrastructure segment, left the company on 29 March 2023. Aleksi Laine, Executive Vice President, Traffic Infrastructure segment, was appointed as Interim Executive Vice President, Infrastructure segment as of 29 March 2023 and as Executive Vice President, Infrastructure segment as of 1 October 2023.

Katja Ahlstedt, Executive Vice President, Human Resources, left the company on 16 May 2023. Tanja Kauhajärvi, Executive Vice President, Employment Relations and HR Services, was appointed as Interim Executive Vice President, Human Resources, as of 16 May 2023. YIT appointed Jennie Stenbom as Executive Vice President, Human Resources from 2 October 2023.

Tom Ekman, Executive Vice President, Business Premises segment, left the company on 18 October 2023. Peter Forssell, Senior Vice President, Business Premises CEE, was appointed as Interim Executive Vice President, Business Premises segment from 18 October 2023 and as Executive Vice President, Business Premises segment as of 1 January 2024.

Information contained in the notes to the Financial Statements

Related party transactions are disclosed in the note 33.

Risks and risk management

The purpose of YIT's risk management is to promote the achievement of the objectives set for YIT's operations and ensure the continuity of operations.

Risk management at YIT is governed by a risk management policy approved by the Board of Directors. The risk management policy describes YIT's main risk management principles, the risk management model and key risk management processes. The Board of Directors guides and supervises the planning and execution of risk management and approves the company's risk-taking capacity and risk appetite. The Group's President and CEO carries the overall responsibility for risk management. The President and CEO is responsible for the organisation, monitoring and implementation of risk management, as well as the development of the risk management strategy. The business and support functions are responsible for risk management practices in their areas of responsibility.

Risk management is incorporated into all of the Group's significant operating, reporting and management processes. Risk management planning, risk exposure assessment and risk analyses of the operating environment are part of the annual strategy and planning process. In addition, material changes in risks and risk exposure are reported and monitored on a monthly and quarterly basis in accordance with the Group's governance and reporting practices.

YIT has categorised the risks that are significant to its operations into strategic, operational, project-related, financial and event risks.

YIT's business is project-based, meaning that uncertainty related to project portfolios and individual projects is essential for risk management. The management of project portfolio risks is implemented in connection with annual planning, project selection and business reviews, for example. A gate model is utilised in the risk management of individual projects; the processing of each gate includes a risk assessment. Furthermore, risks at the implementation and maintenance phases are managed with the aid of standardised project risk management principles and tools.

The main characteristics of the internal control and risk management systems related to the financial reporting process are presented in the **Corporate Governance Statement.**

MOST SIGNIFICANT SHORT TERM BUSINESS RISKS

Strategic risks

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Market risks	• General economic development, performance of the financial markets and the political environment in YIT's countries of operation influence the Group's business operations. • Domestic and foreign policy tensions in the EU, countries close to the EU, the USA and Russia, or other international tensions, affect the demand for construction and create business complications. • Russia's continued military operations in Ukraine have a negative impact on the operating environment and the Group's business. • The unrest in the Middle East and the threat of an escalation increase the uncertainty in terms of both demand and the financial markets. • The recession and negative development of purchasing power and the trust of consumers and businesses, the availability of financing for consumers/businesses, and the general interest rate may undermine the demand for YIT's products and services. They also affect the parameters used for the valuation of balance sheet items. • Demand is weakened by the rising inflation rate, rising interest rates, lay-offs, the threat of unemployment and general uncertainty about the future. • If materialised, declining prices of sold or owned assets and an increase in the interest level and investors' yield requirements pose a risk for the Group's profitability. • Supply chain disruptions due to events such as bankruptcies or other performance issues due to the general economic situation influence the performance of subcontractors and the availability of materials, increasing the risk of delays in project completion. • Changes in customer preferences and in the competitors' offerings reduce the demand for the Group's products and services. • New competitors, business models and products may pose risks related to demand for the Group's products and services. • Higher prices and interest rates, increased supply of rental housing or reduced demand for business premises or homes among tenants, and better yields of alternative investments may lead to a decrease in investor demand. • An excessively high level of capital invested to finished but unsold products complicates the financial situation of the Group and the projects, jeopardising the launch of new projects and increasing financing costs. • Increased supply and slower population growth or strong local decrease of population may have a negative impact on housing demand locally.	• Continuously monitoring and analysing market developments and the operating environment. • Realising financing and project model solutions with partners. • Continuously monitoring yield requirement levels, the tender portfolio and the sales status. If the market situation changes, reacting by refraining from exceeding the risk limits set for production, completed projects and capital. • Using contract structures, practices and a diverse supplier network that allows the Group to mitigate the negative impact of changes in prices and availability. • Ensuring competitive products and services that correspond to customer demand. • Identifying alternative investors and users for projects already in the design phase. Making projects as flexible as possible so that the spatial solutions can serve different customer and user groups. • Using adequate but reasonable measures to limit the number of unsold completed projects.
Climate change	• Climate change may present physical, legislative, technical, financial, market and reputational risks to YIT's business. • Extreme weather conditions such as considerably higher annual rainfall or extended periods of hot weather may lead to increased costs, changes in planning processes or delays in production. • Costs related to CO_2 emissions or emissions reductions may create pressure regarding the supply chain or the development of new solutions as the construction industry transitions to alternative building materials and seeks more effective ways to reduce emissions. • Increasing sustainability-related requirements among customers, investors and other stakeholders may be reflected in YIT's customer demand, financing conditions and attractiveness as an investment or development partner. • Failing to reach the emissions targets may influence the availability or cost of financing. • The fight against climate change may lead to rapid and significant legislative constraints and requirements.	• Regularly evaluating climate risks and opportunities. • Adopting a proactive approach and setting ambitious goals to develop the operations in a sustainable and climate-friendly direction. • Incorporating sustainability criteria into YIT's investment and tendering processes. • Engaging in active cooperation and dialogue with stakeholders in the value chain to develop alternative construction materials and solutions. • Using YIT's proactive project and product development, piloting new solutions and ensuring active cooperation throughout the value chain.
Risks related to sustainability legislation	• Changes to legislation concerning sustainability or changes in the interpretation of the regulations may lead to declining investor and consumer demand, poorer availability of financing or increased financing costs, or otherwise weaken the Group's operating conditions.	• Evaluating legislative requirements in detail and preparing related impact assessments.

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Changes in legislation and requirements	• Changes in legislation and the authorities' processes may slow down the progress of projects, have a negative impact on net debt, increase the need for equity or debt financing, or prevent additional funding from being realised. • In the case of individual projects, factors that can cause risks or postpone the order book, revenue, profit and cash flow from one quarter or year to the next include zoning, building permits, and approvals and interpretations by the authorities.	• Continuously monitoring changes in legislation and regulations. Actively participating in zoning to manage the risks. Identifying and assessing all risks that affect projects and the project portfolio before making any tender or start-up decisions. • Engaging in active dialogue with stakeholders and the authorities throughout the project lifecycle. Using proactive project risk management to ensure that last-minute decisions or changes will not have a significant impact on the start or completion of projects and consequently on financial indicators.
Country risks	**Finland** • Finland accounts for a significant share of YIT's business, which underscores the significance of Finland's economic development for the company's business. • Slower growth of the Finnish economy, the inflation rate, rising interest rates, migration and public sector debt may weaken consumers' purchasing power and general trust, which would have a negative impact on the demand for homes and business premises. An increase in public sector debt may make it more difficult to finance infrastructure investments, especially in the municipal sector. • In Finland, disruptions or significant changes in project financing and housing company loans may affect YIT's ability to finance its construction phase costs, which may have an indirect impact on customer demand. **Central Eastern Europe** • Slower economic growth, the inflation rate and rising interest rates may weaken consumers' purchasing power and general trust, which would have a negative impact on the demand for homes and business premises. • There are uncertainties related to the operations of the authorities, permit processes and their efficiency, which may result in significant delays to project development. • Increased political risks may influence demand or otherwise complicate business operations. • There is an increased risk related to labour and migration from outside the EU, for example.	**Finland** • Continuously monitoring the economic development and public sector investments in Finland. • Engaging in risk management related to project financing and the availability of housing company loans by managing working capital and financial reserves through efficient allocation and use of capital, by reducing lead times and by ensuring sufficient financing capacity. • Developing project funding models and cooperation with partners. **Central Eastern Europe** • Continuously monitoring the economic development and public sector investments. • Working in close cooperation with the authorities to ensure handovers and the processing of permits. • Housing production is a relatively low-risk business in terms of political risks. Changes in selling prices and continuous monitoring of sales allow YIT to manage price risks better than in contracting-based production. • Monitoring has been increased in YIT's production and procurement activities with respect to terms of employment and human rights issues.
Corporate governance	• The industry's special characteristics, the geographical dispersion of the Group's operations, the large number of contracts and the temporary nature of projects may lead to risks related to matters such as corruption, bribery, the grey economy and labour exploitation. • Lack of commitment among suppliers to the YIT Code of Conduct can pose risks to human rights or reputational risks to the company.	• YIT is committed to good corporate governance through compliance with laws and regulations. • YIT trains its personnel to act responsibly. • YIT has updated its sustainability strategy. YIT continues with its zero-tolerance policy towards the grey economy, corruption, labour exploitation and discrimination. YIT is also undertaking purposeful action to promote sustainability throughout its supply chain. Going forward, YIT will require its suppliers to make the same commitments to environmental, social and governance criteria as YIT has set for itself.
Reputation risks	• Topics discussed in public concerning either the construction industry or YIT's operations may either justifiably or unjustifiably reduce trust in the company and have a negative impact on YIT's reputation. Such topics include the grey economy, unethical activities and quality problems in construction.	• Continuously developing the company's governance model, proactive risk management and monitoring practices in terms of issues such as sustainability. • Communicating with stakeholders quickly, reliably and openly. • Providing training and guidelines for the personnel and partners; using a monitoring system. • Developing crisis communication practices and ensuring the communication capabilities of key personnel.

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Investments & divestments, mergers and acquisitions	• The Group's investments, divestments, mergers or acquisitions may prove to be contrary to the strategy or fall short of the set objectives.	• Applying the gate model and the gate-specific approval practices and criteria stipulated by the model to the preparation of investments and divestments and related decision-making. Ensuring that individual investments and divestments are in line with the investment policy and satisfy the criteria of the gate model, including a risk assessment prior to approval. • Ensuring that the start of an acquisition or divestment process for a business of material significance and decision-making on the final transaction are always subject to approval by the Group's President and CEO, the Group Investment Board, the Investment and Project Committee of the Board of Directors and YIT Corporation's Board of Directors. • Conducting the processing and decision-making related to acquisitions and divestments, i.e. the acquisition or sale of a legal entity (share transaction) or business where the purpose of the transaction is to acquire or divest a business, in accordance with YIT's gate model for acquisitions and divestments and the relevant gate-specific approval practices and criteria. • In processing and decision-making concerning associated companies and joint ventures, applying the gate model of the company in question and the relevant gate-specific approval practices and criteria. • Ensuring that an investment in a joint venture or associated company, or the establishment of such a company or divesting YIT's holding in such a company and exiting a joint venture structure is always subject to approval by the Group's President and CEO and the Group Investment Board. The aforementioned decision-making and control measures aim to ensure the meeting of objectives in line with YIT's strategy and investment policy criteria.
Strategic development projects and strategy implementation	• The Group may be unable to implement or adjust its strategy in its operating environment, or the chosen strategy may prove to be incorrect, which may have an adverse impact on YIT's financial performance.	• Due to changes in the business environment, YIT has reassessed its three strategic focus areas (focus, productivity and ESG), and found them to be valid. YIT has also updated its financial targets. • Responsibilities have been assigned for the regular monitoring of the implementation of the strategy, and a dedicated regular operating model has been prepared to facilitate the monitoring of the progress and the implementation of corrective measures as necessary. Ensuring flexibility of the strategy and continuously assessing alternative paths.

Operational risks

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Resources and personnel	• Failure to engage the commitment of skilled staff in a challenging market situation.	• YIT has three HR focus areas to support the strategy and ensure the availability and retention of a skilled workforce: 1. YIT is an attractive employer, we engage the commitment of our employees and develop their professional competencies. 2. Empowered and efficient teams 3. YIT's way of working – efficient and safe
Risks related to occupational safety and human rights	• Occupational health and safety risks are typically various types of accidents and hazardous situations that primarily lead to injuries or material damage. Most accidents at work involve movement, e.g. tripping, falling or slipping on a construction site. Hazardous situations also arise in relation to falling materials during lifting, or when employees work above or below others. • There are risks related to human rights throughout the supply chain, including labour exploitation, working conditions, harassment, racism, discrimination and other unethical conduct. The chaining of contracts typically makes it more difficult to retain transparency in the construction industry. If these risks materialise, it will affect the company's reputation as a responsible operator.	• Engaging in preventive occupational safety measures such as safety planning, management walks, safety observations, weekly onsite meetings and safety briefings, orientation and training. Investigating accidents and hazardous situations, internal communications. • Using supplier requirements and audits related to labour and human rights. Conducting a separate assessment pertaining to the chaining of contracts. Regularly evaluating the human rights impact. Providing multiple channels for reporting suspected violations of labour and human rights, and investigating all reports.

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Procurement risks	• The high level of subcontracting in the construction industry and the specialisation of areas of expertise may involve risks related to the management of contracting chains. The fact that light entrepreneurship has become more common has increased the risk of the grey economy on construction sites. • Foreign workforce can involve risks pertaining to labour and human rights, for example. Mobility of labour within the EU has increased, and the number of workers from third countries is significant. • Disruptions in availability and deliveries may delay the implementation of projects and incur additional costs. • Procurement-related sustainability issues and internationalisation issues such as the realisation of labour and human rights, as well as challenges associated with the management of contracting chains, may pose risks and have a significant negative impact on reputation. • Lead times, availability and prices of construction materials may vary due to global supply chain challenges.	• Managing the efficiency risk in procurement as part of project management, and using more standardised solutions. Reducing supply chain risks through effectively managed lean construction. • Using proactive risk management at the planning phase of projects and when selecting partners. Using annual contracts and anticipating purchases. YIT has started to prevent subcontractors who do not meet the set supplier criteria from entering construction sites. • YIT aims to develop mutually beneficial long-term relationships with its partners. Continuously developing sustainability-related matters in procurement; for example, ensuring compliance with obligations throughout the supply chain. Engaging suppliers' commitment to the Supplier Code of Conduct. Continuously monitoring projects, supply chains and the partners involved in them by means of information systems and audits. • Enabling the detection of human rights violations through YIT's Code of Conduct and the YIT Whistleblower channel. • Developing monitoring for the working conditions of foreign workers. Using supplier requirements related to labour and human rights. Requiring a residence permit issued by the Finnish authorities and the related right to work for posted workers from outside the EU, EEA or Switzerland. Using site access control systems to identify workers from third countries. Regularly conducting anonymous surveys of foreign workers with a focus on working conditions, housing conditions and labour exploitation.

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Acquisition risks related to plots of land and properties	• Zoning and the general market development may be reflected in the availability, risks and economic feasibility associated with plots of land and building rights. • External uncertainties such as changes in legislation and regulations, construction-related requirements and interpretations by the public authorities, and the replacement of decision-makers may present risks that have a financial impact. Complaints related to land use planning and building permits may cause delays and additional costs. • The efficiency of YIT's own land acquisition and the sufficiency of building rights may pose risks. Deficiencies in initial data or incorrect project calculations may lead to incorrect pricing of plots. • Delays in starting projects may tie up more capital than planned and lead to higher financing cost.	• Continuously monitoring the sufficiency of the plot reserve to ensure continuity of the business and the economy of operations. Continuously monitoring plot acquisitions and commitments to ensure capital efficiency and manage the financial risks. • Applying the company-specific gate model and the gate-specific approval practices and criteria stipulated by the model to the preparation of plot acquisitions and related decision-making. Identifying and assessing uncertainties associated with plot acquisitions as part of the gate review procedures. • Subjecting the acquisition or sales of plots to the approval of the Group's President and CEO and the Group Investment Board, and depending on the size of the transaction, also the approval of the Board of Directors' Investment and Project Committee and the Board of Directors. • In the case of individual plot acquisitions, managing uncertainties through participation in regional development and land use planning, for example. Using due diligence, risk transfer and plot acquisition structuring practices to mitigate and manage risks.
Environmental risks	• Operational risks related to the environment may be locally significant in the event of a fuel leak or soil contamination, for example. • The most significant acute environmental risks are related to the handling of hazardous materials. • Due to their location or the construction methods used, construction projects may give rise to risks related to the loss of biodiversity. • Risk of the loss of biodiversity. The lack of a raw material or a sufficient quantity of a raw material. • The use of water and the risk of wastewater discharges affect freshwater and marine ecosystems.	• Construction sites' operating instructions for risk identification, prevention and management. • An environmental risk assessment conducted in the planning phase for the largest projects. • Measures to protect biodiversity are planned on a project-specific basis in the planning stage. • Reducing or avoiding the use of chemicals, and cleaning or neutralising wastewater.

Project risks

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Changes in the operating environment	• Political, macroeconomic and social changes, as well as changes related to technological development and the regulatory operating environment. • The escalation of geopolitical risks that are reflected in general uncertainty and demand. Risks related to the availability and price of energy have a direct and indirect negative impact on the company's business operations through construction materials. Geopolitical risks may influence the actions of central banks and the market rates of interest, which will in turn affect the valuation of assets on the balance sheet. • Hybrid operations may affect the availability of information systems or data connections used by the Group. • Influencing or reconnaissance of critical infrastructure projects.	• Continuously monitoring the market and the price development in the area, the area's image and the land use planning status. • Identifying and assessing all risks and planning measures as part of decision-making pertaining to plot acquisition, planning, bidding or the start of construction. Appropriately pricing the risks, especially in long-term projects. • Monitoring market reactions and taking targeted adjustment measures. • Increasing the staff's vigilance and awareness of hybrid operations. • Improving the company's preparedness for unexpected situations.
Project portfolio risks	• Efficiency risks and financial risks if the Group is unsuccessful in site selection, tendering, contract negotiations or project management. • Non-compliance of project requirements with YIT's competencies, resources or profitability targets. • Risks associated with individual large projects may jeopardise the company's financial performance.	• Managing the project portfolio so that the set targets can be achieved within the planned risk thresholds. • Ensuring and planning key resources and competencies before making the final commitment to a project at the tendering and/or project development phase. • Using the decision-making authorisations defined in the YIT investment policy with risk ratings to determine the decision-making level and profitability target of the project. • Focusing on the pre-selection of large projects by using gate review practices before the project development phase. Risk and project management in large projects involves more frequently recurring monitoring and review practices during the implementation phase in addition to financial reporting reviews.

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Project and property risks	• Risks related to diversity, planning management, the quality of the tender and planning documentation, and the suitability of the contracting form, as well as project lifecycle risks.	• Breaking down projects into appropriate implementation packages and choosing the right method of implementation, particularly in self-developed projects. Proactively identifying the risks and opportunities and preparing a project risk management plan before the start of the planning phase. Dividing the risks between the project participants. • Managing planning and changes to plans and designs. Planning flexible and adaptable projects whenever possible. Ensuring the economic feasibility of projects during the management of planning. • Completing the planning process before the start of the implementation phase and taking advantage of the 'golden window' in production planning when the plans have been completed. • Efficiently managing procurement and ensuring active participation of the procurement function in the management of planning. • Using gate reviews to assess the risks of individual projects, and mitigating these risks as part of the fulfilment of the gate's decision-making criteria.

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Customer and end user risks	• The implementation of self-developed projects includes a sales risk due to changing economic cycles. • In the case of contracting projects and investor sales, the fixed price implementation form in particular poses a profitability risk as inflation related to material costs continues. • In contracting projects, there are the requirements of the client organisation, the quality of the plans and risks related to the effectiveness of the cooperation. Additional work and alterations during the project in proportion to the original project package are a risk, especially in the case of target price or price ceiling contracts. • The implementation and completion of projects, as well as the warranty and maintenance period, may involve risks that can reduce the profitability of projects.	• In the case of self-developed projects, achieving an adequate sales or occupancy rate by means of market-based pricing. • Preparing for cost increases with adequate provisions for increases and, where possible, linking the costs of key materials to indices. • Through active cooperation with the client and the designers, seeking collaborative implementation models to mitigate risks related to the implementation phase and improve the management of additional work and alterations. • Actively influencing the development of the general contractual terms used in the construction industry. Complying with the general contractual terms. • Communicating with customers and managing customer insight. Managing contracting forms and contract structures. Using legal expertise in the drafting of contracts. • Developing the management of additional work and alterations as part of project management.
Risks related to project implementation and liability period	• Project management challenges in individual projects may jeopardise the achievement of the financial targets, particularly in the case of large projects. • The project implementation phase involves various risks involving factors such as construction feasibility, unexpected changes in project scope, yield or costs, partners, performance of the construction site and contractor, schedules, environment, occupational health and safety risks, quality deviations, complaints, liability repairs and service-level deviations. Impact of the aforementioned risks on the project's financial performance and financial reporting.	• Monitoring project deviations and their impact on project performance as part of YIT's monthly reporting and monthly reviews. Highlighting significant deviations in the monthly or gate reviews, and planning corrective measures and follow-up actions. • Continuously maintaining the risk management plan and assessing the financial impact as part of project management and reporting. Implementing gate reviews concerning risks and, in the case of high-risk projects, using periodic risk reviews. Escalating deviations. Discussing the risks in monthly financial reports. • In the case of large projects, realising more frequent reviews in the implementation phase and ensuring that not only the project management but also group- and segment-level management attend the reviews.

Financial risks

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Reporting risks	• Changes in accounting standards and their interpretation may lead to changes in YIT's accounting policies and consequently affect YIT's financial indicators. • Actual figures and projections related to customer projects constitute a significant part of YIT's financial reporting. Risks such as project implementation and liability period risks may have an unexpected impact and may therefore affect YIT's financial performance.	• Managing risks related to financial reporting with the aid of the Group's accounting principles, financing and tax policy, investment guideline, acquisition instructions, control environment and internal control. • Actively monitoring the development of accounting standards and assessing their impact. • Maintaining and consistently complying with the defined accounting principles. • Continuously monitoring business forecasts, training personnel and developing the reporting and ERP system.
Financial risks	• The most significant financial risks are risks related to the availability of financing (acquisition of new loans and refinancing), liquidity, interest rates and the development of foreign exchange rates. • The Group has regular financing needs and an extensive portfolio of financial instruments. Depending on the prevailing situation in the financial markets and the development of the Group's profitability and/or financial position, the availability of financing may decline, or the price of financing may increase. Some of the Group's financing agreements and credit limits are subject to compliance with certain financial covenants. • The desire of banks and investors to limit their own risk exposure in the construction sector, which may lead to a reduction in the availability of financing or other credit limits, making it more difficult to start or participate in new projects. • The Group's most significant exchange rate risks are related to investments made in currencies other than the euro in group companies located outside the euro area, such as zloty-denominated investments in Poland. • Rising interest rates in euros and the Group's other operating currencies increase the financing costs.	• Ensuring that sufficient credit facilities and a sufficient number of financing sources are available, and actively managing financing agreements. • Aiming to safeguard the sufficiency of financing so that the liquidity available to the Group matches the Group's overall liquidity requirement at all times. • Managing the Group's foreign exchange risk through foreign exchange forward contracts used for hedging debt investments in Group companies, among other measures. Managing the translation risks arising from equity investments by optimising the capital structure of Group companies. • Managing the interest rate risk by striving to set the average interest rate fixing period of the Group's liabilities close to the interest rate sensitivity level of the Group's business. Monitoring the average interest rate fixing period of liabilities and the ratio between fixed rate and floating rate liabilities. Preparing sensitivity analyses on the Group's interest rate risk. Using interest rate derivatives for hedging against the interest rate risk. • More detailed information on financial risks and their management is provided in Note 30 to the consolidated financial statements.

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Capital efficiency	• Excessive growth of capital if YIT fails to manage the capital employed. This would lead to increased financing costs and the risk of non-compliance with key financial covenants. A reduction in the Group's strategic leeway. • YIT's measures to increase capital efficiency may result in write-downs or expenses that may have a negative or positive financial impact.	• Continuously assessing the use of the capital employed and its allocation to the business functions, and taking the necessary action to improve capital efficiency.

Event risks

RISK	RISK DESCRIPTION AND IMPACT	RISK MANAGEMENT
Information systems, data security and data protection	• The cybersecurity incident risk could jeopardise the continuity of business. • Any long-term disruptions in global supply chains will have repercussions for all services provided. • A repair backlog and development needs of systems supporting the business processes will slow down business growth.	• Developing controls as a continuous process, ensuring detection and resolution capabilities. Ensuring the continuity and recovery of critical services in the changed service production model. • Ensuring service-related supply chains, resourcing and contingency arrangements in the changed service production model. • Developing information systems to support the business through a shared development plan.
Pandemics, COVID-19	• An epidemic or pandemic may have a direct or indirect impact on the Group's operations and risks due to factors such as the availability of personnel, sickness rate, administrative decisions, and the availability and price of materials and financing. These can lead to the temporary closure of construction sites or slower progress and delays in completion, and consequently financial risks and risks associated with financial reporting. • An epidemic or pandemic may influence the occupancy rates of owned or sold properties and consequently their value. • A prolonged pandemic may affect consumers' and investors' purchasing decisions and their timing.	• Ensuring the continuity of construction sites and procurement through analyses, substitution arrangements, the scheduling of work and breaks, the maintenance of appropriate hygiene standards and active communication. • Engaging in active dialogue with various stakeholders and the public authorities.
Criminal offences, misconduct and other serious non-conformities	• YIT's business is local and project-oriented. Criminal offences and incidents of misconduct are typically related to construction site functions or procurement. The networked and chained operating principles in the construction industry and the relatively low barrier to entry may create conflicts of interest or risks involving the grey economy. • Climate change, economic uncertainty, geopolitical escalation and political activity may increase the probability of incident risks.	• In recent years, the construction industry has developed risk management concerning the grey economy. Examples of this include the VAT reverse charge, reporting in compliance with the Act on the Contractor's Obligations and Liability when Work is Contracted Out, the use of the Valtti card, and monthly company- and employee-level reporting to the Finnish Tax Administration. • YIT's risk management is based on the Group's values, leadership principles, Code of Conduct and Supplier Code of Conduct. • Decision-making authorisations have been defined at the Group level and separately for each business segment. In addition to the Group Investment Board, segment-level investment boards have been established, and some decision-making powers have been delegated to them. • Detecting and addressing serious non-conformities through an escalation procedure. • In the case of insured risks, the Group decides on and acquires Group insurance policies and supports the business units in insurance-related matters. • Proactively managing the risks, typical examples being conducting risk assessments for contractual partners and acquired properties before making any commitments and managing corporate security risks on construction sites with the aid of access control and CCTV systems. • Investigating serious non-conformities in accordance with the agreed process, minimising damage and continuous development based on the lessons learned. Raising alertness regarding incidents in the business operations and on the Group's sites. • Raising alertness regarding incidents in the business operations and on the company's sites.

Shares and shareholders

YIT Corporation's shares are listed on Nasdaq Helsinki Ltd. The company has one series of shares. Each share carries one vote and confers an equal right to a dividend.

SHARE CAPITAL AND NUMBER OF SHARES

YIT Corporation's share capital and number of shares remained unchanged during the reporting period.

At the end of 2023, YIT's share capital was EUR 149,716,748.22 (149,716,748.22) and the number of shares outstanding at the end of the reporting period 31 December 2023 was 209,547,734 (209,511,146).

TREASURY SHARES AND AUTHORISATIONS OF THE BOARD OF DIRECTORS

On 31 December 2023, YIT Corporation held 1,552,119 (1,588,707) treasury shares.

The Annual General Meeting authorised the Board of Directors on 16 March 2023 to decide on the purchase of company shares as proposed by the Board of Directors. The authorisation covers the purchasing of a maximum of 21,000,000 company shares using the company's unrestricted equity. The authorisation is valid until 30 June 2024.

On 2 May 2023, the Board of Directors decided on a directed share issue for the reward payment from the 2020–2022 earnings period under YIT Group's *incentive scheme* 2020–2024. On 4 May 2023, in the share issue, in total 36,588 YIT Corporation shares were issued and conveyed without consideration to the key persons participating in the incentive scheme according to the terms and conditions of the incentive scheme 2020–2024.

SHARE VALUE DEVELOPMENT AND TRADING

YIT's share price decreased approximately 21% during the reporting period. The opening price of YIT's share was EUR 2.50 on the first trading day of 2023. The closing price of the share at the end of the reporting period on 30 December 2023 was EUR 1.99. The highest price of the share during the reporting period was EUR 2.93, the lowest EUR 1.65 and the average price was EUR 2.24.

YIT Corporation's market capitalisation at the end of the reporting period on 31 December 2023 was EUR 417 million (515). The market capitalisation has been calculated excluding the shares held by the company.

The share turnover on the main market place Nasdaq Helsinki during the reporting period was approximately 83 million shares (91). The value of the share turnover was approximately EUR 186 million (315), source: Nasdaq Helsinki.

DIVIDEND

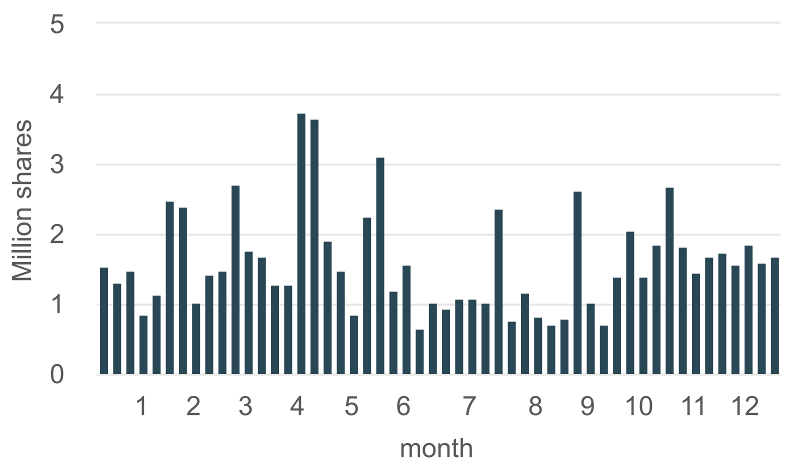
The Annual General Meeting of YIT Corporation held on 16 March 2023 decided that a dividend of EUR 0.18 be paid per share, or a total of approximately EUR 38 million, as proposed by the Board of Directors, and that the dividend will be paid in two equal instalments. No dividend will be paid on treasury shares. The first instalment of EUR 0.09 per share was paid on 5 April 2023. The second instalment of EUR 0.09 per share was paid on 11 October 2023.

BASIC SHARE INFORMATION

Listed on: Nasdaq Helsinki Ltd
Trading code: YIT
ISIN code: FI009800643

Read more about **YIT as an investment**.

WEEKLY EXCHANGE OF SHARES 2023



SHARE PRICE DEVELOPMENT IN 2023

OWNERSHIP STRUCTURE AND OWNERS

At the end of 2023, the number of registered shareholders was 45,308 (44,513). A total of 28.26% (27.80) of the shares were owned by nominee-registered and non-Finnish investors.

The information is based on the shareholder register on 31 December 2023 maintained by Euroclear Finland Ltd. Each nominee-registered shareholder is recorded in the share register as a single shareholder. The ownership of many investors can be managed through one nominee-registered shareholder.

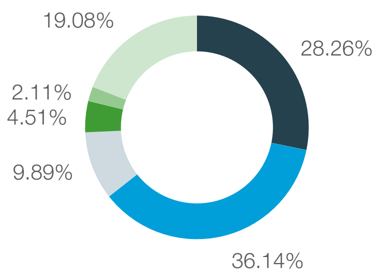
During the reporting period, YIT received the following shareholder flagging notifications in accordance with the Finnish Securities Markets Act:

- Virala Oy Ab's holding of the shares and votes of the company increased above the threshold of 20 percent on 21 November 2023. According to the announcement, the total number of YIT Oyj's shares owned directly or through financial instruments by Virala Oy Ab and its chain of controlled undertakings was 20.31% of the company's shares and votes on 21 November 2023.

OWNERSHIP BY THE NUMBER OF SHARES HELD 31 DECEMBER 2023

Number of shares	Number of shareholders	%	Number of shares	%
1-100	13,008	28.71	654,900	0.31
101-500	15,685	34.62	4,380,561	2.08
501-1 000	6,651	14.68	5,288,052	2.51
1 001-5 000	7,747	17.10	17,762,417	8.41
5 001-10 000	1,234	2.72	8,999,046	4.26
10 001-50 000	832	1.84	16,304,437	7.72
50 001-100 000	73	0.16	5,148,185	2.44
100 001-500 000	51	0.11	10,234,386	4.85
500 001-	27	0.06	142,327,869	67.42
Total	**45,308**	**100.00**	**211,099,853**	**100.00**

OWNERSHIP BY SECTOR 31 DECEMBER 2023



- Nominee registered and non-Finnish holders
- Households
- General government
- Financial and insurance corporations
- Non-profit institutions
- Non-financial corporations and housing corporations

MAJOR SHAREHOLDERS 31 DECEMBER 2023

	Shareholder	Number of shares	% of shares and votes
1	Tercero Invest AB	39,902,000	18.90
2	PNT Group Oy	15,742,799	7.46
3	Varma Mutual Pension Insurance Company	11,945,975	5.66
4	Conficap Oy	8,886,302	4.21
5	Pentti Heikki Oskari Estate	8,146,215	3.86
6	Pentti Noora Eva Johanna	5,085,529	2.41
7	Herlin Antti	3,595,180	1.70
8	Ilmarinen Mutual Pension Insurance Company	3,504,252	1.09
9	Pentti Lauri Olli Samuel	3,398,845	1.61
10	Fideles Oy	2,988,126	1.42
11	Pentti-Kortman Eva Katarina	2,715,410	1.29
12	The State Pension Fund	2,626,674	1.24
13	Pentti Timo Kaarle Kristian	2,303,575	1.09
14	Pentti-von Walzel Anna Eva Kristina	2,184,259	1.03
15	Elo Mutual Pension Insurance Company	1,773,000	0.84
	200 largest shareholders total	146,637,619	69.46
	Nominee registered total	19,367,561	9.18
	Other shares	45,094,673	21.36
	Total	**211,099,853**	**100.00**

Events after the reporting period

On 8 January 2024, YIT announced that it had completed the strategic review of its Swedish infrastructure business, which was announced on 20 June 2023. As a result of the review, YIT announced that it had decided to close down its infrastructure business in Sweden. In connection with the decision, YIT announced it would recognize a negative booking of EUR 16 million in profit for the fourth quarter of the financial year 2023, related to the decision to close down the operations and its implications for the margin forecasts for the ongoing projects. The business to be closed down will be recorded in EBIT adjusting items from the beginning of the fourth quarter of the financial year 2023. **Read more.**

On 9 January 2024, YIT announced that it had agreed on the sale of the entire share capital of YIT Kalusto Oy, the company's subsidiary providing in-house equipment services, to Renta Oy, a company operating in the equipment rental business. As part of the arrangement, YIT and Renta announced the signing of a long-term cooperation agreement on the delivery of equipment services to YIT in Finland. In addition to the share transaction, YIT announced that it would sell the property used by YIT Kalusto Oy, located in Urjala, Finland, to Renta. Prior to the share transaction, the specialised equipment related to YIT's Infrastructure business and the personnel working with the business will be transferred to YIT Infra Oy in an intra-group business transaction. **Read more.**

YIT announced on 12 February 2024 and supplemented on 14 February 2024 that YIT's EUR 300 million committed revolving credit facility has acceded on 12 February 2024 in the security arrangement agreed in connection with the financing agreement announced on 21 November 2023. Committed revolving credit facility was unsecured before this. The security arrangement has been concluded taking into account the restrictions in other financing agreements. The enforced security arrangement, whereby the EUR 140 million financing agreement announced on 21 November 2023 and the company's EUR 300 million committed revolving credit facility are, in accordance with financial market practice, placed in the same collateral position, does not affect the company's liquidity or financial position. The EUR 300 million committed revolving credit facility will remain fully available to the company. As published on 9 February 2024 in the financial statements bulletin, EUR 220 million of the committed revolving credit facility was unused at the end of the fourth quarter of 2023. **Read more**.

Sockenplan, Stockholm, Sweden

Market environment

HOUSING MARKET

In **Finland**, consumer demand continued at a low level as a result of the generally weak consumer confidence. Market interest rates started to decline during the fourth quarter of 2023, which could improve the demand if the decline continues. In the investor market, the higher interest rates have had a significant negative impact on activity levels. Although interest rates have shown signs of levelling off, uncertainty in the market remains high. The housing market is expected to continue to be weak in the first half of the year. Housing company loan financing has been challenging due to the banks' increased caution.

In the **Baltic and Central Eastern European countries**, inflation has slowed down, and increase in interest rates have peaked in all operating countries. Demand in Poland, the Czech Republic and Latvia continued to improve during the quarter. The gradual market recovery is expected to continue, and the overall market outlook remains stable.

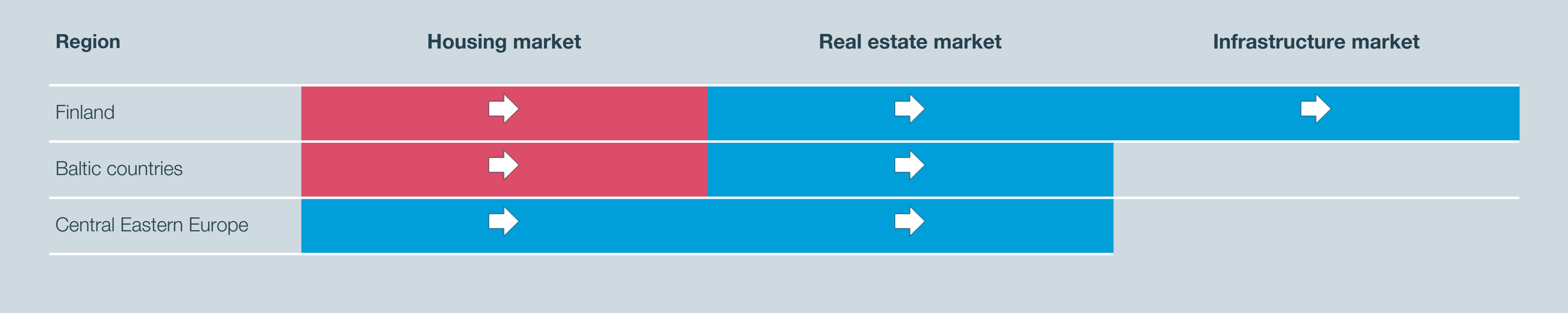
REAL ESTATE MARKET

In **Finland**, demand remained moderate, but general low market confidence slows down customers' decision making, especially in the private sector. Activity in industrial projects is expected to increase in the coming years, driven by the green transition. Inflation in construction material prices has stabilised. The competition for new projects has intensified as a result of the overall decline in construction volumes. In the investor market, the low availability of financing, higher financing costs and higher yields have decreased activity levels in transactions and new developments.

In the **Baltic and Central Eastern European countries**, overall demand and market activity remained stable, supported especially by private-sector demand for new industrial premises in certain countries. Price inflation in construction materials has stabilised, but new project start-ups are facing challenges due to low availability of financing, higher financing costs and higher yield requirements.

INFRASTRUCTURE MARKET

Public-sector demand in **Finland** is expected to remain stable, with several projects in the planning and bidding phase. Private-sector demand is driven by industrial construction and the transition to renewable energy. The decline in construction volumes is reflected in the demand for earthworks and foundation construction, but the long-term outlook for the overall market remains stable. The development span of infrastructure projects is relatively long, and increased caution could lead to postponements of upcoming projects.



Q4 market environment: Good Normal Weak

Short-term market outlook: Improving Stable Weakening

Guidance and outlook for 2024

YIT expects its Group adjusted operating profit for continuing operations to be EUR 20–60 million in 2024. The operating cash flow after investments is expected to be positive.

The housing market recovery in Central Eastern Europe is expected to continue. In Finland, the housing market is expected to continue to be weak in the first half of the year. In Business Premises and Infrastructure, the underlying operational performance is expected to improve.

YIT's performance will be supported by the increased efficiencies from the transformation program launched on 10 February 2023.

Changes in the macroeconomic environment, especially in interest rates, may impact the housing market demand and the fair value of investments. Delayed apartment completions could lead to the postponement of revenue and profit from quarter or year to another. Actions to release capital may have an impact on the company's profit.

Board of Directors' proposal for profit distribution

The distributable funds of YIT Corporation on 31 December 2023 amounted to EUR 768 million, of which the profit of the period 2023 amounted to EUR 11 million.

On 21 November 2023, YIT announced that the Board of Directors would not propose a profit distribution for the financial year 2023 to the General Meeting. Accordingly, YIT's Board of Directors proposes that no dividend be distributed based on the balance sheet to be adopted for 2023. The proposal is based on an assessment of the Board of Directors of YIT on the industry's business cycle, prevailing market conditions and the Company's estimated cash flow. The assessment also considers the terms of financing agreements.

Teollisuuskatu 13 renovation of office premises, Helsinki, Finland

Key figures and definitions

SHARE-RELATED KEY FIGURES

		2023	2022	2021	2020	2019
Earnings per share	EUR	-0.01	-1.82	0.00	0.13	0.07
Earnings per share, diluted	EUR	-0.01	-1.82	0.00	0.13	0.07
Earnings per share, continuing operations	EUR	-0.01	0.28	0.01	-0.04	0.02
Dividend per share	EUR	0*	0.18	0.16	0.14	0.40
Equity per share	EUR	4.03	4.21	4.86	4.40	5.08
Dividend/earnings	%	—	-9.9	5000.0	107.7	571.9
Effective dividend yield	%	—	7.32	3.71	2.84	6.71
Price/earnings multiple (P/E)	%	-199.0	-1.4	1,346.9	37.9	85.2
Share price trend						
Average price	EUR	2.24	3.41	4.81	5.10	5.36
Low	EUR	1.65	2.38	4.21	3.58	4.77
High	EUR	2.93	4.79	5.68	7.12	6.20
Price at Dec 31	EUR	1.99	2.46	4.31	4.93	5.96
Market capitalisation at Dec 31	EUR million	417	515	901	1,031	1,244
Weighted average number of shares outstanding	1,000	209,536	209,379	209,107	208,966	210,492
Weighted average number of shares outstanding, diluted	1,000	209,593	209,406	209,546	209,536	211,450
Number of shares outstanding at Dec 31	1,000	209,548	209,511	209,119	209,084	208,768

*Board of Directors' proposal to the Annual General Meeting.

KEY FINANCIAL FIGURES

		2023	2022	2021	2020	2019
Revenue	EUR million	2,163	2,403	2,652	3,069	3,392
of which activities outside Finland	EUR million	555	572	559	824	844
Operating profit	EUR million	51	102	56	35	80
% of revenue	%	2	4	2	1	2
Result for the financial year	EUR million	3	-375	4	27	15
% of revenue	%	—	-16	0	1	0
Equity ratio[1,2]	%	33	35	40	33	34
Net interest-bearing debt[1,2]	EUR million	795	615	303	628	862
Net debt/adjusted EBITDA, rolling 12 months[1,2]		11.7	4.5	2.1	5.0	3.9
Interest cover ratio[3]		1.3	7.1	3.5	3.0	5.8
Gearing ratio[1,2]	%	94	70	30	68	81
Return on capital employed (ROCE, rolling 12 months)[3]	%	3	8	7	5	10
Order book on 31 December[3]	EUR million	3,157	3,702	3,847	3,528	4,131
of which activities outside Finland[3]	EUR million	722	732	779	988	1,175
Gross capital expenditures[2]	EUR million	24	19	32	31	32
% of revenue[2]	%	1	1	1	1	1
Operating cash flow after investments[4]	EUR million	-137	-285	288	336	51
Return on equity[2]	%	0	-40	1	3	1
Number of employees at Dec 31[3]		4,302	4,999	5,297	7,045	7,417

YIT restated financial information for comparative period 2021 reflecting the reporting of sold Russian businesses as discontinued operations. Balance sheet and cash flow statement for comparative periods were not restated.

[1] The comparability for 2022 is affected by the adjustment related to supplementary agreements in the scope of IFRS 16 leases.

[2] The comparability is affected by the sale of Russian businesses. Comparative periods' figures before 2022 have not been restated.

[3] The comparability is affected by the sale of Russian businesses. Comparative periods' figures before 2021 have not been restated.

[4] The comparability for 2022 is affected by the adjustment related to change in interest-bearing receivables. The change, previously presented in net cash used in financing activities, is presented in net cash used in investing activities from 2022 onwards.

DEFINITIONS OF FINANCIAL KEY PERFORMANCE INDICATORS

Key figure	Definition	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling the subtotal presented in the consolidated income statement.	Operating profit shows result generated by operating activities excluding finance and tax-related items.
Adjusted operating profit	Operating profit excluding adjusting items.	Adjusted operating profit is presented in addition to operating profit to reflect the underlying core business performance and to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations, thus improving comparability from period to period.
Adjusting items	Adjusting items are material items outside the ordinary course of business such as write-down of inventories, impairment of goodwill, fair value changes related to redemption liability of non-controlling interests, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, operating profit from businesses to be closed down, gains or losses arising from the divestments of a business or part of a business, items related to restructuring, efficiency and adaptation measures and other non-recurring costs arising from agreements with the Group management team, impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment, and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA"). YIT has clarified the definition of Adjusting items 1 January 1 2022 to include also other non-recurring costs arising from agreements with the Group management team in addition to restructuring, efficiency and adaptation measures related items.	

Key figure	Definition	Reason for use
Capital employed	Capital employed includes tangible and intangible assets, shares in associates and joint ventures, investments, inventories, trade receivables and other non-interest bearing receivables total less provisions, advances received related to contract liabilities, other contract liabilities and other non-interest bearing debts excluding items related to taxes, finance items and profit distribution. Capital employed is calculated from the total capital employed of the segments.	Capital employed presents capital employed of segment's operating business.
Interest-bearing debt	Non-current and current borrowings including non-current and current lease liabilities.	Interest-bearing debt is a key figure for measuring YIT's total debt financing.
Net interest-bearing debt	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables.	Net interest-bearing debt is an indicator for measuring YIT's net debt financing.
Equity ratio, %	Equity total/total assets less advances received related to contract liabilities and other contract liabilities.	Equity ratio is a key figure for measuring the relative proportion of equity used to finance YIT's assets.
Gearing ratio, %	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables/total equity.	Gearing ratio is one of YIT's key long-term financial targets. It helps to understand how much debt YIT is using to finance its assets relative to the value of its equity.
Return on equity, %	Result for the period, 12 months rolling/equity total average.	Key figure describes YIT's relative profitability.
Return on capital employed, segments total (ROCE), %, rolling 12 months	Rolling 12 months adjusted operating profit/capital employed, segments total average. (YIT has changed the definition of return on capital employed on 1 January 2020 to include leases related entries.)	Return on capital employed, % is one of YIT's key long-term financial targets. Key figure describes segment's relative profitability, in other words, the profit received from capital employed.
Operating cash flow after investments	Operating cash flow presented in cash flow statement after investments.	
Gross capital expenditures	Investments in tangible and intangible assets. (YIT has changed the definition of gross capital expenditures on 1 January 2020 to include leases-related investments.)	
Equity per share	Equity total divided by number of outstanding shares at the end of the period.	

Key figure	Definition	Reason for use
Net debt/adjusted EBITDA, rolling 12 months	Net interest-bearing debt/rolling 12 months adjusted operating profit before depreciations and amortisations added. (YIT has changed the definition of return on capital employed on 1 January 2020 to include leases-related entries and to exclude EBITDA from discontinued operations.)	Net debt to adjusted EBITDA gives investor information on ability to service debt.
Order book	Transaction price allocated to performance obligations that are partially or fully unsatisfied and estimated transaction price related to unsold own developments.	Order book presents estimated transaction price for all projects.
Interest cover ratio	Adjusted operating profit before depreciations and amortisations/(net finance costs - net exchange currency differences), rolling 12 months.	Interest cover ratio gives investors information on YIT's ability to service debt.
Market capitalisation	(Number of shares - treasury shares) multiplied by share price on the closing date by share series.	
Average share price	EUR value of shares traded during period divided by number of shares traded during period.	
Earnings per share	Net profit for the period divided by weighted average number of shares outstanding during the period.	
Earnings per share, continuing operations	Net profit of the continuing operations for the period divided by weighted average number of shares outstanding during the period.	
Earnings per share, diluted	Net profit for the period divided by diluted weighted average number of shares outstanding during the period.	
Dividend per earnings (%)	Dividend per share divided by earnings per share.	
Effective dividend yield (%)	Dividend per share divided by closing price of the share, 31 December.	
Price/earnings ratio (P/E-ratio)	Closing price of the share, 31 December divided by earnings per share.	

RECONCILIATION OF CERTAIN KEY FIGURES

RECONCILIATION OF ADJUSTED OPERATING PROFIT

EUR million	2023	2022
Operating profit (IFRS)	**51**	**102**
Adjusting items		
Gains and losses on disposal of businesses	-47	—
Fair value changes related to redemption liability of non-controlling interests	—	2
Items related to restructuring, efficiency and adaptation measures, and other non-recurring costs related to Group management team	20	1
Court proceedings	—	-2
Operating profit from operations to be closed	17	1
Inventory fair value adjustment from PPA[1]	—	—
Depreciation, amortisation and impairment from PPA[1]	1	6
Adjusting items, total	**-10**	**8**
Adjusted operating profit	**41**	**110**

[1]PPA refers to merger fair value adjustments.

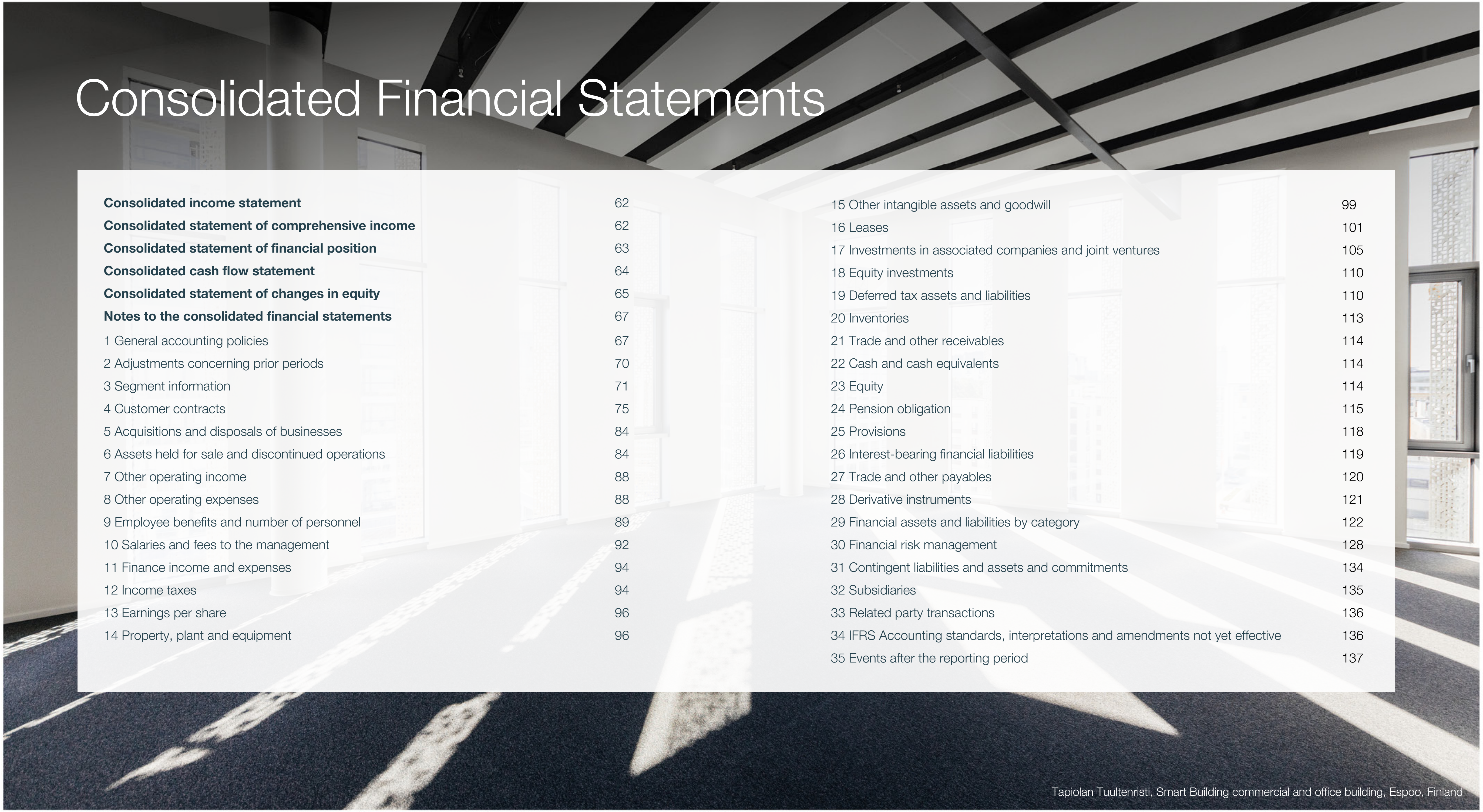
RECONCILIATION OF ADJUSTED EBITDA, ROLLING 12 MONTHS

EUR million	2023	2022
Adjusted operating profit, rolling 12 months	41	110
Depreciation and amortisation	29	33
Depreciation, amortisation and impairment from PPA	-1	-6
Items related to restructuring, efficiency and adaptation measures, and other non-recurring costs related to Group management team	-1	—
Adjusted EBITDA	**68**	**137**

RECONCILIATION OF ORDER BOOK

EUR million	2023	2022
Partially or fully unsatisfied performance obligations	2,345	2,671
Unsold self-developed projects	812	1,031
Order book	**3,157**	**3,702**

Consolidated Financial Statements



Tapiolan Tuultenristi, Smart Building commercial and office building, Espoo, Finland

CONSOLIDATED INCOME STATEMENT

EUR million	Note	2023	2022
Revenue	3, 4	**2,163**	**2,403**
Other operating income	7	57	17
Change in inventories of finished goods and in work in progress		-47	174
Production for own use		—	—
Materials and supplies		-353	-505
External services		-1,234	-1,415
Personnel expenses	9	-310	-352
Other operating expenses	8	-207	-206
Changes in fair value of financial assets	29	-1	9
Share of results of associated companies and joint ventures	17	13	11
Depreciation, amortisation and impairment	14,15,16	-29	-33
Operating profit		**51**	**102**
Finance income		5	9
Exchange rate differences (net)		-5	-9
Finance expenses		-56	-28
Finance income and expenses, total	11	-56	-28
Result before taxes		**-5**	**74**
Income taxes	12	8	-11
Result for the period, continuing operations		**3**	**63**
Result for the period, discontinued operations	6	**—**	**-438**
Result for the period		**3**	**-375**
Attributable to			
Owners of YIT Corporation		3	-375
Non-controlling interests			—
Total		**3**	**-375**
Earnings per share, attributable to the equity holders of the parent company, EUR			
Basic	13	-0.01	-1.82
Diluted	13	-0.01	-1.82
Basic, continuing operations	13	-0.01	0.28
Basic, discontinued operations	13	—	-2.09
Diluted, continuing operations	13	-0.01	0.28
Diluted, discontinued operations	13	—	-2.09

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	Note	2023	2022
Result for the period		3	-375
Items that may be reclassified to income statement			
Cash flow hedges, net of tax		-3	3
Change in translation differences, continuing operations		4	2
Change in translation differences, discontinued operations			27
Translation differences reclassified to income statement, discontinued operations	6		253
Items that may be reclassified to income statement, total		**2**	**285**
Items that will not be reclassified to income statement			
Change in fair value of defined benefit pensions, net of tax		—	—
Items that will not be reclassified to income statement, total		**—**	**—**
Other comprehensive income, total		**2**	**285**
Total comprehensive income, continuing operations		5	67
Total comprehensive income, discontinued operations			-157
Total comprehensive income		**5**	**-91**
Attributable to			
Owners of YIT Corporation		5	-91
Non-controlling interests			—
Total		**5**	**-91**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	Note	2023	2022
ASSETS			
Non-current assets			
Property, plant and equipment	14	22	37
Leased property, plant and equipment	16	60	68
Goodwill	15	248	249
Other intangible assets	15	3	4
Investments in associated companies and joint ventures	17	77	72
Equity Investments	18	214	218
Interest-bearing receivables	21	62	56
Trade and other receivables	21	73	43
Deferred tax assets	19	49	30
Non-current assets total		**807**	**778**
Current assets			
Inventories	20	1,417	1,426
Leased inventories	16. 20	192	205
Trade and other receivables	21	255	273
Interest-bearing receivables	21	12	—
Income tax receivables		2	3
Cash and cash equivalents	22	128	206
Current assets total		**2,006**	**2,114**
Assets classified as held for sale	6	**18**	
Total assets		**2,832**	**2,892**

EUR million	Note	2023	2022
EQUITY AND LIABILITIES			
Equity attributable to the equity holders of the parent company	23		
Share capital		150	150
Unrestricted equity reserve		553	553
Treasury shares		-8	-8
Translation differences		5	1
Fair value reserve		1	4
Retained earnings		44	84
Equity attributable to owners of the parent company		**746**	**783**
Hybrid bond	23	99	99
Equity total		**845**	**883**
Non-current liabilities			
Deferred tax liabilities	19	4	9
Pension obligations	24	3	3
Provisions	25	87	88
Interest-bearing liabilities	26	328	288
Lease liabilities	2, 16, 26	240	235
Contract liabilities, advances received	4	5	1
Trade and other payables	27	29	29
Non-current liabilities total		**695**	**653**
Current liabilities			
Contract liabilities, advances received	4	248	276
Other contract liabilities	4	10	82
Trade and other payables	27	535	576
Income tax payables		5	16
Provisions	25	54	51
Interest-bearing liabilities	26	414	336
Lease liabilities	2, 16, 26	16	19
Current liabilities total		**1,282**	**1,356**
Liabilities directly associated with assets classified as held for sale	6	**11**	
Liabilities total		**1,987**	**2,009**
Total equity and liabilities		**2,832**	**2,892**

CONSOLIDATED CASH FLOW STATEMENT

EUR million	Note	2023	2022
Cash flow from operating activities			
Result for the financial year		3	-375
Adjustments for			
Depreciation, amortisation and impairment loss	14,15,16	29	34
Other adjustments		—	175
Finance income and expenses	11	56	47
Gains on the sale of tangible and intangible assets		-50	228
Taxes		-8	19
Total adjustments		28	503
Change in working capital			
Change in trade and other receivables		17	-19
Change in inventories		21	-257
Change in current liabilities		-121	-50
Change in working capital, total		-83	-326
Interest paid		-57	-36
Other financial items, net cash flow		-13	-32
Interest received		4	3
Dividends received		—	—
Taxes paid		-21	-16
Net Cash generated from operating activities		**-139**	**-279**
Cash flow from investing activities			
Acquisition of subsidiaries, net of cash		—	-4
Sale of subsidiaries, net of cash		10	-14
Acquisition of associated companies and joint ventures		-6	-26
Proceeds from sale of associated companies and joint ventures		2	29
Purchases of tangible assets		-4	-5
Purchases of intangible assets		—	—
Proceeds from tangible assets		2	3
Proceeds from intangible assets		—	—
Purchase of other investments		—	—
Proceeds from sale of investments		11	—
Dividends received (from associated companies and joint ventures)		4	16
Change in interest-bearing receivables	21	-16	-3
Net cash used in investing activities		**2**	**-6**
Operating cash flow after investments		**-137**	**-285**

EUR million	Note	2023	2022
Cash flow from financing activities			
Proceeds from non-current interest-bearing liabilities	26	360	18
Repayment of non-current interest-bearing liabilities	26	-310	—
Proceeds from current interest-bearing liabiities	26	326	409
Repayment of current interest-bearing liabilities	26	-260	-273
Payments of lease liabilities	26	-22	-21
Dividends paid	23	-38	-34
Net cash used in financing activities		**57**	**100**
Net change in cash and cash equivalents		-81	-185
Cash and cash equivalents at the beginning of the financial year		206	389
Foreign exchange differences		2	2
Cash and cash equivalents at end of the period	22	**128**	**206**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	Share capital	Unrestricted equity reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Hybrid bond	Equity total
Equity on January 1, 2023		**150**	**553**	**1**	**4**	**-8**	**84**	**783**	**99**	**883**
Result for the period							3	3		3
Cash flow hedges, net of tax					-3			-3		-3
Change in fair value of defined benefit pensions, net of tax							—	—		—
Change in translation differences				4				4		4
Translation differences reclassified to income statement				—				—		—
Comprehensive income for the period, total				**4**	**-3**		**3**	**5**		**5**
Dividend distribution	23						-38	-38		-38
Share-based incentive schemes	9						1	1		1
Transfer of treasury shares	23					—		—		—
Transactions with owners, total						**0**	**-37**	**-37**		**-37**
Hybrid bond interests and expenses, net of tax							-6	-6		-6
Equity on December 31, 2023		**150**	**553**	**5**	**1**	**-8**	**44**	**746**	**99**	**845**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Note	Share capital	Legal reserve	Unrestricted equity reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Hybrid bond	Equity Total
Equity on January 1, 2022		**150**	**1**	**553**	**-281**	**0**	**-10**	**501**	**915**	**3**	**99**	**1,017**
Result for the period								-375	-375	—		-375
Cash flow hedges, net of tax						3			3			3
Change in fair value of defined benefit pensions, net of tax								—	—			—
Change in translation differences	23				29				29	—		29
Translation differences reclassified to income statement	23				253				253			253
Comprehensive income for the period, total					**282**	**3**		**-376**	**-91**	**0**		**-91**
Dividend distribution	23							-33	-33			-33
Share-based incentive schemes	9							—	—			—
Transfer of treasury shares	23						2		2			2
Transactions with owners, total							**2**	**-33**	**-31**			**-31**
Hybrid bond interests and expenses, net of tax								-8	-8			-8
Other changes			-1	—					-2	-3		-4
Equity on December 31, 2022		**150**	**—**	**553**	**1**	**4**	**-8**	**84**	**783**	**—**	**99**	**883**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL ACCOUNTING POLICIES

The overall general accounting policies of the financial statements are described in this section. To improve the readability and understandability of the financial statements, YIT presents the accounting policies in connection with the note to which the accounting policy refers to. The management judgement related to the accounting policies and key accounting estimates and assumptions are presented as part of the note it relates to.

GENERAL INFORMATION OF THE GROUP

YIT is the biggest Finnish construction service provider. YIT develops and builds apartments and living services, business premises and entire areas. YIT is also specialised in demanding infrastructure construction. The continuing operations' market areas are Finland, Estonia, Lithuania, Latvia, the Czech Republic, Slovakia and Poland. In January 2024, YIT announced the closing down of its operations in Sweden. On-going projects are estimated to be completed by 2027.

From the second quarter of 2023 onwards, YIT has three reportable segments: Housing, Business Premises and Infrastructure. Russian businesses, sold in 2022, are reported as discontinued operations.

The Group's parent company is YIT Corporation. The parent company is domiciled in Helsinki (Finland), and its registered address is Panuntie 11, 00620 Helsinki, Finland. The parent company YIT Corporation's shares are listed on Nasdaq OMX Helsinki Oy, the Helsinki stock exchange.

YIT Corporation's Board of Directors approved these consolidated financial statements for publication in its meeting held on February 15, 2024. Copies of the consolidated financial statements will be available on the company's website from week 8 of 2024 onwards.

BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards approved for adoption in the European Union. IFRS Accounting Standards refer to accounting standards and their interpretations approved for adoption within the EU in accordance with the procedure enacted in EU regulation (EC) 1606/2002, included in the Finnish Accounting Act and regulations based on it. The notes to the consolidated financial statements are also in accordance with Finnish accounting and corporate legislation supplemental to the IFRS Accounting Standards. The notes are an integral part of these consolidated financial statements.The consolidated financial statements are presented in euros, which is the Group's functional and reporting currency. In the financial statements, the figures are presented in million euros, but the figures are presented in more detail if giving a true view requires it. The financial statements are based on original cost, except for the items presented hereinafter, which have been valued at fair value in accordance with the applicable standards.

MANAGEMENT JUDGEMENT RELATED TO APPLICATION OF ACCOUNTING POLICIES OF THE FINANCIAL STATEMENTS AND KEY ACCOUNTING ESTIMATES AND ASSUMPTIONS

When preparing the financial statements, the management has had to make accounting estimates and assumptions about the future, as well as judgement-based decisions on the application of accounting policies. These estimates and decisions may affect the reported amounts of assets, liabilities, income and expenses for the reporting period as well as the recognition of contingent items. The estimates and assumptions are based on historical knowledge, perception of the market situation and other justifiable assumptions which are considered to be reasonable at the time of preparing the financial statements. It is possible that actuals differ from the estimates and assumptions used in the financial statements due to the related uncertainty, even though they are based on best knowledge and up-to-date information.

The sections of the financial statements that involve an unusual amount of judgement or that include significant assumptions and estimates are described in the table below. The management judgement, estimates and assumptions have been described in more detail in the related note.

Area	
Consolidation	Assessment of power when making consolidation decisions
Customer contracts	Recognition and measurement of revenue, self-developed residential construction in Finland
Goodwill	Estimates and assumptions used in goodwill impairment testing
Disposals of businesses	Estimating the amount of variable consideration
Deferred tax assets and liabilities	Recoverability of deferred taxes
Lease agreements	Measurement and recognition of leases
Inventories	Valuation of inventories
Pension obligations	Assumptions used in measuring pension benefits
Equity investments	Valuation of equity investments
Provisions	Probability and amount of provisions

PRINCIPLES OF CONSOLIDATION

Subsidiaries

The consolidated financial statements cover the parent company YIT Corporation and all the subsidiaries in which the Group exercises control. The criteria for control are fulfilled when the Group owns more than 50% of voting shares in the company, either directly or indirectly, or when it has otherwise control. Control means that YIT is exposed, or has rights, to variable returns from its involvement with the investee and YIT has the ability to affect those returns through its power over the investee. Subsidiaries are consolidated in the consolidated financial statements from the date when the Group obtains control, while subsidiaries divested are consolidated until the date when control ceases. Direct acquisition-related costs are expensed as incurred.

Intra-group transactions, internal margins, internal receivables and liabilities and dividend payments are eliminated in consolidation. The distribution of profit for the financial year to the shareholders of the parent company and to the non-controlling interests is presented in the income statement.

Associates and joint ventures

Associates are entities over which the Group has significant influence, but neither control nor joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies. Typically, significant influence is considered to exist when the Group holds 20% or more of the voting rights of the entity but does not have control. Also, YIT's business relationship (for example construction) with the investee can cause significant influence. If YIT has significant influence in the investee caused by a significant business relationship, the significant influence ends when YIT's business relationship (for example construction) with the investee ends.

An entity is classified as a joint venture when the company has joint control with another party or parties and when decisions about the relevant activities require the unanimous consent of all parties. When classifying the arrangement, the management estimates the arrangement's actual nature of decision making as well as contractual rights and obligations.

Associates and joint ventures are consolidated using the equity method. In the equity method, the Group's share of the results of associates and joint ventures corresponding to its ownership stake is included in the consolidated income statement. Correspondingly, the Group's share of the equity in the associate or joint venture, including the goodwill arising from its acquisition, is recorded as the value of the Group's holding in the entity on the consolidated statement of financial position. If the Group's share of the losses of an associate or joint venture exceeds the investment's carrying amount, the investment is assigned a value of zero on the statement of financial position and the excess is disregarded, unless the Group has obligations related to the associate or joint venture.

Internal gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's ownership and they are realised to income statement when control of the service or product is transferred outside the Group's influence, the investee is sold, or it is classified as an equity investment for example as a result of loss of significant influence.

Unrealised losses from transactions between the Group and its associates and joint ventures are not eliminated. Accounting policies of the associates and joint ventures have been changed where necessary to ensure consistency with the policies applied by the Group.

Joint operations

Construction consortia and consortia are typical joint operations for YIT. A construction consortium is not an independent legal entity, but the contracting parties are directly responsible for its operations and liabilities. A consortium is not a legal entity. Contractually, the parties have a joint responsibility towards the customer. Also mutual real estate companies of which YIT owns less than 100% are treated as joint operations. YIT includes in its consolidated financial statements its share of the income, expenses, assets and liabilities and cash flows of the joint operations.

Non-controlling interests

On the statement of financial position, the non-controlling interest is included in the total equity of the Group. The Group treats transactions with non-controlling interests as transactions with equity owners.

When the Group purchases shares from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity. When the Group ceases to have control, any remaining interest in the entity is re-measured at fair value on the date control ceases, with the change in the carrying amount recognised in the income statement. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as realised and booked to the income statement. If the interest is reduced but control is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are booked to non-controlling interest in equity.

MANAGEMENT JUDGEMENT AND ESTIMATES

ASSESSMENT OF POWER WHEN MAKING CONSOLIDATION DECISIONS

In addition to self-developed projects, YIT implements projects together with other parties via a consortium, company or some other joint arrangement. To define the accounting treatment of the arrangement (a subsidiary, joint venture, joint operation, associated company or equity investment), YIT's management uses its judgement to assess the key elements of power (such as the company's decision-making mechanisms, legal structure and financing of the arrangements) and their effect on the consolidation.

IMPACTS OF CLIMATE CHANGE

Background

Construction and the use of built environments have a major impact on the climate. The life cycle emissions of a building consist of the materials used in the building, the construction process, the operational phase of the building, repairs, and finally, the demolition or conversion of the building. According to YIT's estimate, energy consumption in the operational phase accounts for about 53% of the emissions during the entire life cycle of a residential building, while building materials account for 37%.

Commitments

In November 2021, YIT decided to commit to the Science Based Targets initiative (SBTi) to limit global warming to 1.5°C in line with the Paris Agreement. SBTi validated YIT's emission reduction targets in June 2023. YIT aims to reduce emissions from its own operations (Scopes 1 and 2) by 90% by 2030 and emissions from its value chain (Scope 3) by 30% compared to the 2019 reference year. YIT has published a carbon roadmap to guide its activities and identify the key measures to achieve the targets. No emission commitment provisions have been recorded, as the criteria for recognition are not met.

Risks

YIT has identified climate change as one of its strategic risks. Climate change can cause both physical and transition risks for YIT. Physical risks such as increased rainfall, flooding and prolonged heat waves can cause project delays and increase costs. Meanwhile, the transition to low-carbon construction may cause technical, financial, market and reputational risks for YIT. It is possible that legislation and customer requirements in construction change rapidly.

The risks and their management are described in more detail in Section Risks and risk management of the report of the Board of Directors.

Effects of the risks on the financial statements

If materialised, the above risks may have financial consequences. YIT has identified inventories, goodwill and project accounting as parts of the financial statements that could be affected. In addition, YIT has an equity investment in Tripla Mall Ky, which is the single most significant real estate investment on YIT's statement of financial position. In YIT's view, no physical or transitional risks are associated with the investment, as the Mall of Tripla is a LEED Platinum certified property in energy efficiency class B that was completed in 2019.

YIT's inventories consist mainly of a housing-related plot reserve, properties under construction, and completed apartments and real estate. The possible need for inventory write-downs is assessed regularly by comparing the cost of inventory with the net realisable value. YIT assesses the net realisable value of plots used for construction primarily as part of the construction projects. The net realisable value of construction projects can be affected by factors such as emission limitation requirements to obtain building permits, or flooding. These risks can affect the profitability of individual construction projects. No write-downs due to risks related to climate change were made at the reporting date.

Key assumptions used in the cash flow estimates in goodwill impairment testing are linked in particular to the abovementioned factors affecting the profitability of individual housing projects and YIT's own emissions reduction measures. The planning of self-developed residential construction projects takes into account on a project-basis measures of the carbon roadmap, such as low-carbon building materials and energy-efficient solutions.

YIT's business is project-natured, and project cost estimates are regularly updated to reflect the risks. Many of the risks associated with climate change are project-level risks that depend on factors such as the geographical characteristics of the region and the surrounding environment.

FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing on the date of transaction or valuation, where items are re-measured. Foreign exchange rate gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Foreign exchange differences relating to ordinary course of business are recognised in the corresponding line items above operating profit and foreign exchange differences resulting from financing transactions are presented in the income statement as a separate line item in finance income and expenses. Non-monetary items are mainly valued at the transaction date's foreign exchange rates. The foreign exchange rate gains or losses related to non-monetary items valued at fair value are included in the change of fair value.

Translation of the financial statements of foreign group companies

The income statements of foreign Group companies have been translated to euro using the average exchange rate quoted for the calendar months of the reporting period. The statement of financial positions have been translated using the rates on the closing date. The translation of the result for the period using different exchange rates in the income statement and statement of financial position results in a translation difference, which is entered in equity in the translation differences.

The financial statement items of each Group company are measured using the currency of its business environment (functional currency).

Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and items classified to be a part of net investments and the hedging result of these net investments are entered in equity in the translation differences. When a business is disposed of or sold, translation differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

Currency exchange rates used in the consolidated financial statements

		Average rates		End Rates	
		1–12/23	1–12/22	12/23	12/22
1 EUR =	CZK	24.0030	24.5616	24.7240	24.1160
	PLN	4.5406	4.6856	4.3395	4.6808
	SEK	11.4739	10.6278	11.0960	11.1218
	NOK	11.4260	10.1019	11.2405	10.5138

APPLICATION OF NEW AND REVISED STANDARDS OR INTERPRETATIONS FROM JANUARY 1, 2023

The amendments effective as of January 1, 2023 did not have impact on the consolidated financial statements.

RUSSIAN INVASION OF UKRAINE

The areas of the financial statements that involve an unusual amount of judgement or that include significant assumptions and estimates have been described in the Management judgement and estimates -sections. When making these judgements, the management constantly estimates the impacts of the Russian invasion of Ukraine on the estimates and judgements.

The Russian invasion of Ukraine is not expected to have such direct impacts on YIT's financial performance which would require material adjustments to carrying amounts in the statement of financial position. However, YIT's management follows constantly the market indicators and estimated future cash flows related to fair values of investments and carrying amounts of other assets.

2. ADJUSTMENTS CONCERNING PRIOR PERIODS

ADJUSTMENT TO REPORTED LEASED PLOTS

YIT has supplemented agreements in the scope of IFRS 16 leases. A corresponding adjustment has been made to the 2022 comparative figures for the carrying amount of the leased plots reported in inventories and the carrying amount of the lease liabilities. All adjustments are related to Housing segment. The table below presents the adjustments for 2022.

EUR million	2022	Adjustment	Adjusted 2022
Leased inventories	158	47	205
Equity attributable to owners of the parent company	783	—	783
Non-current lease liabilities	189	47	235
Current lease liabilities	19	—	19

RESTATED FINANCIAL FIGURES FOR 2022 REFLECTING THE NEW ORGANISATIONAL STRUCTURE

On 20 June 2023, YIT published restated financial figures for 2022 reflecting the new organisational structure. The new organisation, effective from 1 April 2023, consists of three business segments: Housing, Business Premises, and Infrastructure. The operations in the former Property Development segment have been allocated to the other segments and Group Functions.

ADJUSTMENT TO PRESENTATION OF LEASE LIABILITIES IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

YIT adjusted the presentation of non-current and current lease liabilities in the consolidated statement of financial position. The table below presents the adjustments for 2022.

EUR million	2022	Adjustment	Adjusted 2022
Non-current lease liabilities	168	21	189
Current lease liabilities	40	-21	19

ADJUSTMENT TO PRESENTATION OF CONSOLIDATED CASH FLOW STATEMENT

YIT has adjusted the presentation of consolidated cash flow statement between net cash used in investing activities and net cash used in financing activities. Change in interest-bearing receivables, previously presented in net cash used in financing activities, is now presented in net cash used in investing activities. The table below presents the adjustments for 2022.

EUR million	2022	Adjustment	Adjusted 2022
Net cash used in investing activities	-2	-3	-6
Net cash used in financing activities	96	3	100

3. SEGMENT INFORMATION

ACCOUNTING POLICY

YIT has three reportable segments: Housing, Business Premises and Infrastructure. YIT presents the segment information in a manner which is consistent with the internal reporting provided to the Group Management Team. The Group Management Team is YIT's chief operating decision-maker which is responsible for the allocation of resources to the segments and for the assessment of the business segments' performance.

Group and segment reporting is prepared in accordance with the IFRS Accounting Standards. The segments' revenue, depreciation, amortisation, impairment, operating profit and adjusted operating profit are reported regularly to the Group Management Team. In addition, the segment-specific capital employed is reported, which includes both tangible and intangible assets, shares in associates and joint ventures, investments, inventories, trade receivables and other non-interest-bearing receivables, provisions, advances received related to contract liabilities, other contract liabilities and other non-interest-bearing liabilities excluding items related to taxes, distribution of profits and finance items.

SEGMENT DESCRIPTIONS

The Housing segment's business comprises the development and construction of apartments, entire residential areas and leisure-time residences. YIT also offers and develops different living services and concepts. Residential construction projects are mainly residential development and turnkey projects which are mainly new development projects, but the segment also carries out competitive contracting. The customers are private consumers and investors. Private consumers purchase an apartment in a residential development project to use as their own home or for investment purposes, while investors purchase multiple apartments, an entire residential building or a residential project portfolio. The segment's geographical markets are Finland, the Czech Republic, Slovakia, Poland, Estonia, Latvia and Lithuania.

The Business Premises segment engages in contracting in business premises construction as well as residential construction. Business premises projects include new construction and renovation projects for office, retail, sports, hotel, commercial, logistics and industrial buildings as well as public buildings, such as hospitals, health and well-being centres, day care centers, schools, and multi-purpose buildings. The customers include investors, owner-occupiers, and public clients. Most of the projects are cooperative project management contracting, design and build projects, alliances, and PPP (Public Private Partnership) and life cycle projects which can include both the construction of new buildings and the renovation of existing buildings. The segment is responsible for the availability, energy efficiency and maintenance of lifecycle buildings, as contracted. The Business Premises segment also develops and carries out hybrid projects. Renovation constructing services range from small-scale surface renovation to the comprehensive refurbishment of entire buildings. The Business Premises segment also carries out pipe renovation projects for housing companies. The Business Premises segment also has self-developed business premises projects. These are projects which have not necessarily been sold when construction starts. In these projects the segment can also act as a landlord. Most of the segment's business is in Finland, but the segment also operates in Estonia, Lithuania and Slovakia. In Slovakia, the segment operates as a property developer. In Estonia and Lithuania, it also operates as a contractor in both business premises and infrastructure construction projects. In Lithuania, the segment also operates in the paving business.

The Infrastructure segment develops and builds transport infrastructure, industrial sites and other infrastructure projects for our customers with a goal to promote green transition. The segment's services include railway and traffic route construction and maintenance, bridge building and repairing, foundation construction and other earthworks, shoreline and water works construction, underground construction such as excavation and structural engineering, water supply construction and implementing sport and parking facilities. Most of the projects are alliances, project management contracting, design and build projects and road maintenance projects. Infrastructure services are often provided to the public sector, but they are also built for a wide range of businesses, such as industry. The segment operates in Finland and in Sweden.

Other items include Group internal services, rental revenue from external customers, Group level unallocated costs and elimination of internal margins on transactions between Group's subsidiaries and its associates and joint ventures. If the ownership of an associate or a joint venture is reported in some other segment than the segment constructing the project, revenue and costs to the extent of YIT's ownership are eliminated in Other items segment. Year 2018 merger-related fair value allocations and goodwill have not been allocated to the segments' capital employed but are reported in the segment level in Other items.

CHANGES

Organisational structure change

As part of the transformation program launched in 2023, YIT has simplified its organisational structure. The new organisation, effective from 1 April 2023, consists of three business segments: Housing, Business Premises, and Infrastructure. YIT has restated financial information for 2022 to reflect the organisational structure change.

The key impacts of the organisational structure change:

As part of the changes in the organisational structure, the operations in the former Property Development segment have been allocated to the other segments and Group Functions:

- Wind power development, previously reported under the Property Development segment, is reported in the Infrastructure segment. YIT sold the project development portfolio of wind and solar power to Eolus Vind AB in December 2023.
- Self-developed business premises projects, previously reported under the Property Development segment, are now reported in the Business Premises segment.
- Investments in associated companies and joint ventures, as well as equity investments, previously reported under the Property Development segment, have been allocated to the Housing, Business Premises and Infrastructure segments. YIT's investment in Tripla Mall is now reported as part of the Business Premises segment.

ALTERNATIVE PERFORMANCE MEASURES IN SEGMENT REPORTING

YIT uses alternative performance measures in internal reporting of business performance and profitability to the chief operating decision-maker, i.e. the Group Management Team. These indicators should be examined together with the performance indicators based on IFRS financial statements. Further information on the definitions of the alternative performance measures and the reconciliation for the IFRS consolidated income statement and the balance sheet can be found in Report of the Board of Directors in section Key figures and definitions and in section Reconciliation of certain key figures.

SEGMENT FINANCIAL INFORMATION

2023

EUR million	Housing	Business Premises	Infrastructure	Other items	Group
Revenue	**912**	**843**	**437**	**-30**	**2,163**
Revenue from external customers	912	844	409	-3	2,163
Revenue Group internal	—	-1	28	-28	
Depreciation, amortisation and impairment	-4	-6	-10	-10	-29
Operating profit	**32**	**-2**	**45**	**-24**	**51**
Operating profit margin, %	**3.5**	**-0.2**	**10.3**		**2.4**
Adjusting items / Unaudited	—	1	-31	20	-10
Gains and losses on disposal of businesses			-47		-47
Restructurings, adaptation measures and other non-recurring costs related to group management team		2		18	20
Operating profit from operations to be closed		—	17	—	17
Depreciation, amortisation and impairment from PPA*				1	1
Adjusted operating profit (unaudited)	**32**	**0**	**14**	**-5**	**41**
Adjusted operating profit margin, % (unaudited)	**3.5**	**0.0**	**3.3**		**1.9**

*PPA refers to merger-related fair value adjustments.

2022

EUR million	Housing	Business Premises	Infrastructure	Other items	Group
Revenue	**1,084**	**817**	**539**	**-37**	**2,403**
Revenue from external customers	1,084	817	502	—	2,403
Revenue Group internal	—	—	36	-37	
Depreciation, amortisation and impairment	-4	-3	-11	-16	-33
Operating profit	**98**	**14**	**4**	**-14**	**102**
Operating profit margin, %	**9.0**	**1.7**	**0.7**		**4.2**
Adjusting items / Unaudited	—	2	—	6	8
Fair value changes related to redemption liability of non-controlling interests		2			2
Restructurings, adaptation measures and other non-recurring costs related to group management team				1	1
Court proceedings				-2	-2
Operating profit from operations to be closed		—	—	1	1
Inventory fair value adjustment from PPA*				—	—
Depreciation, amortisation and impairment from PPA*				6	6
Adjusted operating profit (unaudited)	**98**	**16**	**4**	**-8**	**110**
Adjusted operating profit margin, % (unaudited)	**9.0**	**2.0**	**0.7**		**4.6**

*PPA refers to merger-related fair value adjustments.

Capital employed by segments (unaudited)

EUR million	31 Dec 2023	31 Dec 2022
Housing	1,054	931
Business Premises	247	270
Infrastructure	36	37
Other items	266	252
Segments, total	**1,603**	**1,489**
Reconciliation*	15	
Capital employed total	**1,618**	**1,489**

**Reconciliation relates to assets and liabilities classified as held for sale, which are not part of capital employed items presented in the consolidated statement of financial position.

GEOGRAPHICAL INFORMATION

Revenue by market area is presented in the note Customer contracts. Non-current assets are presented by location of assets in the below table.

Non-current assets without non-current receivables and equity investments

EUR million	31 Dec 2023	31 Dec 2022
Finland	390	403
CEE		
Baltics	3	6
The Czech Republic, Slovakia and Poland	31	20
Scandinavia		
Sweden*	1	1
Norway		—
Group total	**426**	**430**

*Comparative period figure has been adjusted.

4. CUSTOMER CONTRACTS

ACCOUNTING POLICY

Presentation and measurement of revenue
YIT presents revenues from contracts with customers less indirect taxes and discounts as revenue. The transaction price expected to be received from the customer, including variable amounts such as possible penalties and bonus payments based on performance, is determined at the contract inception. Some or all of the amount of the variable consideration estimated is included in the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The estimated transaction price is updated at the end of each reporting period. All costs generated before the inception of a contract are expensed once incurred if they cannot be capitalised according to other standards. YIT capitalises costs to fulfil contracts that meet the criteria of capitalisation. Capitalised costs to fulfil contracts are amortised according to the measure of progress. For YIT, costs to fulfil contracts are typically costs related to plots of land in construction projects in which the plot and the construction service constitute one performance obligation. Costs to fulfil contracts are presented in the statement of financial position in the line item inventories. In some specific contracts with customers, there is a significant timing difference between the payment from the customer and the transfer of the promised goods or services to the customer. YIT applies a practical expedient and does not adjust the promised amount of consideration for the effects of a significant financing component, when the period between the payment from the customer and the transfer of the promised goods or services to the customer is expected to be one year or less. A significant financing component is accounted for if the 12 months financing position is exceeded and the annual average interest expense is significant with respect to the contract.

Performance obligations
When a contract contains more than one performance obligation, the transaction price is allocated based on stand-alone selling prices. Construction constitutes mainly delivering one integrated entirety. In these cases, the contract contains one performance obligation. Specific aspects regarding performance obligations are described hereinafter.

Warranties arising from legislation or general terms do not affect revenue recognition because they are assurance-type warranties which are accounted for as provisions. In a case where YIT has committed to warranty periods that are longer than what has been defined in legislation or in general terms and conditions, the excess warranty period is considered as a separate performance obligation and the transaction price allocated to it is recognised as revenue when the service is performed. Typical contract modifications are additional and change works which usually do not add distinct services and/or products and are therefore mainly accounted for as part of the original contract. If the additional and/or change work fulfilled the criteria for distinct, it is accounted for separately only if it is material based on YIT's materiality threshold.

Timing of revenue recognition and determining the measure of progress
Revenue is recognised separately for each performance obligation when or as the control of the promised good or service is transferred to the customer. YIT has revenues which are recognised over time and at a point in time. These are described in more detail hereinafter. The measure of progress is input based when recognising revenue over time. In some circumstances, for example in the early stages of a contract, YIT may not be able to reasonably measure the outcome of a performance obligation but expects to recover the costs incurred in satisfying the performance obligation. In those circumstances, YIT recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation. If it is probable that the total costs to complete a customer contract will exceed the transaction price to be received from the customer contract, the expected loss is expensed and recognised as a provision.

Contract assets and liabilities
At the end of the reporting period, if the project billing is less than the revenue recognised based on the measured progress of the project, the difference is presented in the statement of financial position as a contract asset in the line item Trade and other receivables. At the end of the reporting period, if the project billing exceeds the revenue recognised based on the measured progress of the project, the difference is presented in the statement of financial position under current liabilities in the line item Contract liabilities, advances received. The line item Other contract liabilities include housing company loans and plot lease liabilities related to sold but unrecognised Finnish self-developed projects.

Special aspects regarding revenue recognition
Self-developed residential construction in Finland
Residential development projects are projects developed by YIT which are not sold as construction begins and of which individual residential apartments are sold instead of entire buildings during construction. YIT constructs a residential building for the housing company it has established. YIT sells the apartments of the residential building it has constructed to the customer in the form of shares which give a right to control the apartment. The (Finnish) RS security system is applied in the self-developed residential construction with the intent of protecting the buyer's rights during the construction phase. The decisions linked to the construction phase of the self-developed housing company have been defined beforehand in the RS documents. The housing company is not engaged in commercial activities, and the decisions are made according to the previously mentioned documents. YIT recognises revenue from the sale of the shares in the housing company according to IFRS 15 standard. Applying IFRS 15 reflects best the economical substance of the transaction.

When the customer and YIT sign the sales contract, a binding contract according to IFRS 15 is formed. Even though the customer has a legal right to cancel the contract, YIT considers the compensation due to cancellation of the contract to be significant for the customer, and thus fulfilling the IFRS 15 criteria in regard to contractual commitment. YIT applies the five-step model of IFRS 15 to the customer contract.

Transaction price and timing of revenue recognition

In residential development projects, separate residential apartments are distinct performance obligations. YIT receives advance payments for apartments sold during construction. Some of the payments occur over 12 months prior to the hand-over of the residential building. YIT does not account for the time value of money for payments because management's judgement is that the financing component is not significant for the individual contract. Transaction prices in residential development projects include variable elements, such as delay penalties. In addition, the transaction price of a sold residential apartment includes the share of housing company loan allocated to the apartment. The buyer is responsible for the repayment of the loan allocated to the apartment. The construction cost of Finnish residential development projects are typically covered partially by housing company loans, which the housing company raises. Total sales prices, i.e. transaction prices, received from the sales of residential apartments by YIT contain both sales prices paid by customers and the housing company loan amounts related to the apartments. Housing company loans of unfinished residential development projects are presented in the consolidated statement of financial position either in interest-bearing liabilities (unsold apartments) or as other contract liability (sold apartments). At the time of the project's completion, the amounts presented as contract liabilities are recognised as revenue. The revenue from residential development construction is recognised at a point in time, on completion, when control of the apartment is transferred to the customer. The over time revenue recognition criteria are not met due to customer's right to cancel the contract based on Finnish Housing Transactions Act.

Self-developed residential construction in CEE countries
Timing of revenue recognition

The revenue from self-developed residential projects is recognised at a point in time after obtaining permission from the authorities when YIT de facto considers having fulfilled its performance obligation.

Self-developed real estate construction
Determining performance obligations

The performance obligation is determined by the scope of the work. If a contract includes constructing more than one building, each building is a separate performance obligation. Contracts where YIT sells both the plot and the construction service are accounted for as one performance obligation because the output of the construction service, i.e. the building, is significantly integrated with the plot, the building cannot be separated from the plot later on, and the plot cannot be used for other purposes after the building is completed. Projects containing the obligation to lease the premises, i.e. lease liability commitments, forms one performance obligation together with the construction service. In these projects, YIT's promise to the customer is to deliver a building constructed or renovated and leased according to the agreed specifications, i.e. the management has determined that the overall promise to the customer is an agreed amount of cash flow in the form of rental income instead of a distinct construction service and leasing service.

Determining transaction price

The transaction prices of the contracts include variable elements like possible delay and quality penalties, performance bonuses and lease liability commitments related to commercial premises. A portion of sales price based on leased square metres and rents per square metres of commercial real estate construction is accounted for as a variable consideration in the transaction. The amount and probability of the lease liability commitments are estimated as the project is progressing.

Timing of revenue recognition and determining measure of progress

In real estate development projects, the criteria for recognising revenue over time are evaluated against the contract terms and conditions of each project. The revenue from real estate development contracts where the criteria for revenue recognition over time are not met, is recognised at a point in time when the control of the asset is transferred to the customer, i.e. the asset is completed and handed over to the customer.

YIT uses an input-based method for determining measure of progress. The measure of progress is determined in proportion of realised costs at time of reporting to estimated total costs or stage of physical completion, which is determined in proportion of cost incurred from completed stages of construction to estimated total costs.

Costs of fulfilling a contract

Costs to fulfil contracts are costs related to plots of land in construction projects in which the plot and the construction service constitute one performance obligation.

Contracting
Performance obligations and determining transaction price

The number of performance obligations depends on the contract and it is always analysed on a contract-by-contract basis. In most cases, YIT delivers an integrated entirety which forms one performance obligation. The transaction prices include variable elements such as possible delay penalties and bonuses. Especially bonuses in alliance projects might be significant.

Timing of revenue recognition and determining measure of progress

The criteria for revenue recognition over time are met in most customer contracts related to contracting because the work is usually done on customer's land area. In other words, the customer has control over the asset under construction. YIT uses an input-based method to measure the progress. The measure of progress is determined in proportion of realised costs at time of reporting to estimated total costs or stage of physical completion, which is determined in proportion of cost incurred from completed stages of construction to estimated total costs.

Wind power projects
Performance obligations
Wind power projects' customer contracts, where YIT sells project rights and construction service to the customer, contain two separate performance obligations.

Timing of revenue recognition
The revenue from wind power projects' project rights is recognised as revenue once the customer obtains the legal title of the rights and therefore controls them. Revenue from the construction services are recognised over time.

Life cycle and PPP projects
In all life cycle projects, the basis for payment is usability or quality, hence there are no intangible rights in the statement of financial position.

All of the projects in which YIT is a direct contracting party to the customer are financed by the customer. In these projects, the revenue from construction or renovation phases and maintenance phases are recognised over time as separate performance obligations. YIT receives payments during the construction period based on the construction's progress. During the maintenance period, YIT receives payments on a monthly basis, corresponding to the provided services. Life cycle and PPP projects include usability deductions which are accounted for as variable considerations. The consideration of the construction phase is tied to the construction cost index, and the maintenance periods are tied to the maintenance index. The indices are reviewed on an annual basis. YIT has no material supplementary right of use to the infrastructure.

Projects in which the contractual party to the customer is a joint venture established by YIT and another party have been carried out using a model where the joint venture is responsible for the financing. YIT acts as the contractor and service provider for the joint venture, and YIT recognises revenue using the previously explained method.

YIT is also a party to consortia that act as a contracting party to the customer. In such projects, YIT is responsible for building the infrastructure. YIT receives payments during the construction phase based on progress of the construction and recognises revenue over time from the construction services.

Revenue recognition for 2022 discontinued operations
Timing of revenue recognition and determining measure of progress
Based on YIT's assessment, the current legislation and legal practice make the sales contract non-cancellable for the customer in Russia. Therefore, YIT has a right to payment for performance completed to date during the whole construction period. Therefore, YIT recognises revenue over time from its Russian residential development projects. YIT uses an input-based method for determining the measure of progress. The measure of progress is determined in proportion of realised costs at time of reporting to estimated total costs of the project.

Costs of fulfilling a contract
Costs to fulfil contracts are costs related to plots of land in construction projects in which the plot and the construction service constitute one performance obligation.

MANAGEMENT JUDGEMENT AND ESTIMATES

RECOGNITION AND MEASUREMENT OF REVENUE

A major part of YIT's business is project related, and projects might extend across several years. Project revenue recognition over time is based on estimated revenue and costs as well as a reliable estimate of measure of progress. These estimates contain a considerable amount of management judgement which is described in more detail hereinafter. Significant management judgements related to recognition and measurement of revenue are related to the number of performance obligations, estimates regarding the contract's transaction price, i.e. realised revenues, determining measure of progress, timing of revenue recognition in self-developed residential construction as well as Finnish self-developed residential projects.

Number of performance obligations

When identifying performance obligations, YIT's management assesses, for example, the interrelations between the different tasks and services of construction services as well as whether the customer can separately benefit from them. The significant management judgement in identifying performance obligations is related to additional tasks performed in addition to construction service. Management has concluded to account for construction service and the transfer of the plot included in the customer contract as one performance obligation. This is because the output of the construction service, that is, the building, is significantly integrated with the plot, the building cannot be later separated from the plot and the plot can no longer be used for another purpose once the building is finished. Wind power projects' customer contracts, where YIT sells project rights and construction services to the customer, include two distinct performance obligations. YIT's management has concluded that the lease liability commitment in business premise projects', or the so-called lease liability commitments, creates one performance obligation together with the construction service. In projects like this, YIT's promise to the customer is to deliver a building constructed or renovated and leased as agreed. In other words, the management has determined that the overall promise to the customer is an agreed cash flow amount in the form of rental income instead of a distinct construction service or rental service.

Determining the transaction price

To determine revenue, management must assess the factors affecting the expected transaction price, including variable components, such as penalties or additional fees based on the work performances. In the transaction price YIT includes variable considerations, such as penalties or additional fees based on work performances, which are highly probable not to result in significant reversal of cumulative revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved. YIT assesses the initial transaction price for each contract. YIT only enters into contracts that are highly likely, in YIT's estimate, to be implemented as agreed. As a result, in the initial transaction prices, penalties are typically estimated not to be realised. The variable considerations are reassessed contract-specifically at each reporting date.

Significant bonuses are primarily linked to infrastructure alliance projects, where all parties of the alliance affect the outcome of the bonuses. Because the outcome of the bonuses is not purely dependent on the success of YIT's performance, YIT limits the revenue recognition of the variable consideration and does not include bonuses in the transaction price based solely on its own performance. When assessing the probability of the bonus outcome the performances of all alliance parties are assessed as one entirety.

Significant variable considerations are linked to some customer contracts as lease liability commitments. In this case, the consideration received by YIT will vary on the basis of the success of the rental, that is, based on the realised occupancy rates and prices. In contracts like this, YIT limits the recognition of revenue from variable considerations and does not recognise variable consideration as revenue when such variable consideration is not highly probable to be realised. The management's estimate of the amount of variable consideration that is highly probable to be realised is based on historical and project-specific data on a project-by-project basis.

In some cases, YIT's claims to the customer might cause disagreements. The disagreements might be a result of additional and change works, defects in designs as well as disruptions to the project's time schedule. In these cases, YIT assesses its legal position and applies IFRS 15 guidance on contract modifications.

Determining the measure of progress

YIT uses an input-based method in measuring the progress of construction projects. YIT's management considers that realised costs, i.e. costs incurred from raw materials, labour input and other procedures performed in order to further the project towards completion, in proportion to estimated total costs, best depicts a construction project's progress towards completion. Similarly, costs not incurred in proportion to estimated total costs better depict performance not fulfilled, i.e. YIT's obligation to fulfil a partially transferred performance obligation.

A contract's estimated costs are determined and specified as accurately as possible to make a reliable estimate in determining the measure of progress with input-based methods. The calculation of the total profits of contracts includes estimates of the development of the total expenditure required to complete the contract. The total cost estimate might also include estimates related to subcontractors' costs in dispute. When assessing the impact of those costs on the total cost estimate, YIT's management estimates the situation of the disputes based on the best knowledge available at that point. Despite of the careful assessment by YIT's management, the outcome might differ from the estimate. Estimates related to contract revenue recognition are regularly and reliably updated.

If the estimates of the end result of a contract recognised as revenue over time change, the revenue and profit recognised are adjusted in the reporting period when the change first became known and could be estimated. If it is probable that the total expenditure required to complete a contract will exceed the total income from the contract, the expected loss is expensed immediately.

Timing of revenue recognition in self-developed residential projects
YIT's management is exercising country-specific judgement when assessing the timing of fulfilment of performance obligations. In making the judgement, the management analyses, among others, the local legislation and terms of customer contracts when assessing the criteria for transfer of control. The key aspects of the assessment are that YIT has fulfilled its contractual performance obligation, the authorities have approved the use of the building and YIT has a right to payment from the customer.

Finnish self-developed residential projects
In Finland, the sales of apartments is done by selling shares of the housing company which is acting as a corporate wrapper. The (Finnish) RS security system is applied in the self-developed residential construction with the intent of protecting the buyer's rights during the construction phase. The decisions linked to the construction phase of the self-developed housing company have been defined beforehand in the RS documents. The housing company is not engaged in commercial activities, and the decisions are made according to the previously mentioned documents. Based on the true substance of the transaction, the sale is accounted for according to IFRS 15.

DISAGGREGATION OF REVENUE

The Group's revenue consists of revenue from contracts with customers. The services and products provided by YIT are described in the note Segment information. For other types of income see note Other operating income.

2023

EUR million	Housing	Business Premises	Infrastructure	Other items	Group
Market area					
Finland	614	669	328	-3	1,608
CEE	299	176	—	—	474
Baltics	75	171	—	—	246
The Czech Republic, Slovakia, Poland	224	4	—	—	228
Scandinavia	—	—	81	—	81
Sweden	—	—	82	—	82
Norway	—	—	-1	—	-1
Internal sales between segments	—	-1	28	-28	—
Total	**912**	**843**	**437**	**-30**	**2,163**

2023

EUR million	Housing	Business Premises	Infrastructure	Other items	Group
Timing of revenue recognition					
Over time	300	788	406	-3	1,490
At a point in time	613	56	3	—	672
Internal sales between segments	—	-1	28	-28	—
Total	**912**	**843**	**437**	**-30**	**2,163**

2022

EUR million	Housing	Business Premises	Infrastructure	Other items	Group
Market area					
Finland	793	662	375	—	1,831
CEE	291	154	2	—	447
Baltics	109	130	2	—	241
The Czech Republic, Slovakia, Poland	182	24	—	—	206
Scandinavia	—	—	125	—	125
Sweden	—	—	110	—	110
Norway	—	—	15	—	15
Internal sales between segments	—	—	36	-37	—
Total	**1,084**	**817**	**539**	**-37**	**2,403**

2022

EUR million	Housing	Business Premises	Infrastructure	Other items	Group
Timing of revenue recognition					
Over time	388	785	502	-1	1,674
At a point in time	696	31	—	1	729
Internal sales between segments	—	—	36	-37	—
Total	**1,084**	**817**	**539**	**-37**	**2,403**

CONTRACT ASSETS AND LIABILITIES

EUR million	31 Dec 2023	31 Dec 2022
Contract assets	**76**	**122**
Contract liabilities, advances received		
Non-current contract liabilities, advances received	5	1
Current contract liabilities, advances received	248	276
Contract liabilities, advances received total	**252**	**276**
Other contract liabilities		
Housing company loans related to sold apartments	7	58
Lease liabilities related to leased plots for sold apartments	3	25
Other contract liabilities, total	**10**	**82**

Contract liabilities, advances received include payments from customers exceeding the work progress in over time recognised projects and customer payments related to sold but unrecognised self-developed projects. Current advances received will be recognised as revenue during the following year.

Warranty provision and 10-year liability commitments are presented in the note 25 Provisions.

PERFORMANCE OBLIGATIONS

Transaction price allocated to performance obligations that are partially or fully unsatisfied relates to sold projects.

EUR million	31 Dec 2023	31 Dec 2022
Unrecognised transaction price	**2,345**	**2,671**
To be recognised next year	1,266	1,470
To be recognised later	1,080	1,201

JOINT OPERATIONS

Construction consortia and consortia are typical joint operations for YIT. The consortia have been listed in the table for Life cycle and PPP projects. A construction consortium is not a separate legal person and it is incorporated only to execute one project after which it will be winded up. A construction consortium makes a joint offer and a contract of which the parties to the construction consortium will be jointly liable for against the customer and third parties.

The most significant construction consortia are listed in the table below.

Project	Segment	Contract date	Total value of the contract for the construction consortium, EUR million
Crown Bridges	Infrastructure	09/2021	126

LIFE CYCLE AND PPP PROJECTS

In life cycle and PPP projects (Public Private Partnership), the service provider designs and builds or renovates the infrastructure used for providing the services, such as a school or road network, and maintains it for the duration of the contract period. The maintenance contract period is typically long, 20–25 years. Life cycle and PPP projects are used in large public construction and renovation projects, and the customer is typically the public sector. YIT is engaged in projects in which YIT itself is responsible for all contractual obligations to the customer as well as projects that are carried out using a joint venture or a consortium together with another party.

Project	Contract date	Construction phase	Maintenance phase	Total value, EUR million*
Oulu, Kastelli community centre	06/2006	completed	ends 2039	86
Kuopio, schools and day-care centre	12/2009	completed	ends 2036	94
Jyväskylä, Huhtasuo schoolcentre	03/2012	completed	-**	26
Espoo, Lintuvaara school and day-care centre	01/2014	completed	-**	15
Pudasjärvi, school campus	03/2014	completed	ends 2041	41
Espoo, Päivänkehrä school	03/2015	completed	-**	14
Kokkola, Torkinmäki school	04/2015	completed	-**	9
Hollola, Heinsuo and Kalliola schools	06/2015	completed	ends 2037	49
E18 Hamina- Vaalimaa (PPP-project)	06/2015	completed	ends 2034	378
Pudasjärvi, care facility	11/2015	completed	ends 2036	12
Porvoo, schools and day-care centres	12/2015	completed	ends 2038	61
Kuopio, Jynkkä and Karttula schools	06/2016	completed	ends 2038	37
Hämeenlinna, Nummikeskus	06/2016	completed	-**	19
Parkano, school campus	03/2017	completed	ends 2039	25
Sodankylä Health centre	06/2017	completed	ends 2039	31
Kirsti school and day-care centre	10/2017	completed	-**	22
Kuopio, Hiltulanlahti school	12/2017	completed	ends 2039	26
Kuopio, Kuntolaakso	12/2017	completed	-**	18
Imatra, school campus	05/2018	completed	ends 2040	55
Juva, school campus	01/2019	completed	ends 2040	33
Helsinki, Vuosaari school	08/2019	completed	-**	20
Pudasjärvi, wellness centre	10/2019	completed	ends 2041	36
Lappeenranta, Lauritsala school	11/2019	completed	ends 2041	32
Viherlaakso schools	12/2016	completed	-**	27
Espoo, Tuomarila school	10/2019	completed	-**	16

Project	Contract date	Construction phase	Maintenance phase	Total value, EUR million*
Sodankylä, community centre	08/2020	completed	ends 2042	35
Extension of Rajala school	12/2020	completed	ends 2036	4
Extension of Hiltulanlahti school	12/2017	completed	ends 2039	2
Espoo, Laajalahti school	10/2019	completed	-**	16
Etelä-Nummela, school and day-care centre	04/2021	completed	ends 2043	37
Valkeala, community centre	06/2021	completed	ends 2043	38
Espoo, schools (PPP-project)	06/2020	ends 2024	ends 2042	300
Vääksy school	02/2022	ends 2024	ends 2044	28
Gesterby school	10/2022	ends 2026	ends 2045	64
Kuopio, extension of Jynkkä school	05/2023	ends 2024	ends 2037	4
Siilinjärvi, Siilinlahti school	07/2023	ends 2025	ends 2045	24
Siilinjärvi, Ahmo school	07/2023	ends 2027	ends 2047	45

*Based on estimate of the total value of the contract at contract inception. Regarding consortia, the value includes only YIT's share. The total value for PPP projects is the total value of the whole project

**The life cycle project carried out as a consortium (joint operation) where YIT is responsible for the construction phase and the other party of the consortium is responsible for the maintenance phase.

5. ACQUISITIONS AND DISPOSALS OF BUSINESSES

MANAGEMENT JUDGEMENT AND ESTIMATES

When selling a business, the transaction price may include both fixed and variable elements. The variable consideration may, for example, be linked to the profit of the business sold after the termination of YIT's control. Therefore, due to the nature of the variable consideration, it is possible that the estimated variable consideration recognised at the date when control ceases may change in subsequent periods. The estimate of the variable consideration is primarily based on information available from the market and from the buyer in relation to the business sold.

DISPOSALS OF BUSINESSES

YIT sold its renewable energy business, YIT Energy Oy, to Eolus Vind AB in December 2023. The transaction price consists of a fixed and a variable consideration. The fixed consideration, EUR 25 million, will be paid in three instalments. The first instalment of EUR 10 million was paid in December 2023 and EUR 15 million will be paid in two instalments during 2024 and 2025. The variable consideration is defined based on project sales and completed projects and it amounts to EUR 0–75 million. The variable consideration will be determined by the end of 2032. YIT estimates that the variable consideration weighted with probabilities of the project development portfolio is EUR 23 million. Main estimates related to the variable consideration are project size, probability and net margin estimate per MW. The estimate of the variable consideration is assessed quarterly. YIT recorded a discounted total consideration of EUR 48 million and a gain on sale of EUR 47 million in 2023. The effect of discounting in the total consideration recorded amounts to EUR 4 million. Gain on sale is presented as part of the other operating income in the consolidated income statement. YIT Energy Oy was part of the Infrastructure segment.

During the financial year 2022, YIT sold its Russian businesses to Etalon Group Plc. Impacts of the sale are described in more detail in the note Assets held for sale and discontinued operations.

ACQUISITIONS OF BUSINESSES

There were no business acquisitions during the financial year 2023 or 2022.

6. ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

ACCOUNTING POLICY

Non-current assets or a disposal group are classified as held for sale if their carrying amount will be recovered principally through the disposal of the assets and the sale is highly probable. If their carrying amount will be recovered principally through their disposal rather than through their continuing use, they are measured at the lower of carrying amount and fair value less costs to sell.

The assets and liabilities related to discontinued operations are presented as separate line items in the statement of financial position as assets held for sale until the sale. The result from discontinued operations is reported separately from income and expenses from continuing operations in the consolidated income statement. Intra-group revenues and expenses between continuing and discontinued operations have been eliminated, except for those revenues and expenses that are considered to continue after the disposal of the discontinued operation.

ASSETS HELD FOR SALE

In January 2024 YIT announced that it has agreed on the sale of the entire share capital of YIT Kalusto Oy, YIT's subsidiary providing in-house equipment services, to Renta Oy, a company operating in the equipment rental business. As part of the arrangement, YIT and Renta will sign a long-term cooperation agreement on the delivery of equipment services to YIT in Finland. YIT Kalusto Oy was classified as an asset held for sale at year-end 2023 because the sale was highly probable at year-end. YIT Kalusto Oy is part of the Infrastructure segment.

In addition to the share transaction, YIT sells to Renta the property used by YIT Kalusto Oy, located in Urjala, Finland. Prior to the share transaction, the specialised equipment related to YIT's Infrastructure business and the personnel working with the business, will be transferred to YIT Infra Oy in an intra-group business transaction. The share transaction between YIT and Renta is conditional to the approval by the Finnish Competition and Consumer Authority, and it is estimated to be completed by 30 June 2024.

Assets and liabilities classified as held for sale

EUR million	2023
Assets classified as held for sale	
Property, plant and equipment	12
Leased property, plant and equipment	5
Trade and other receivables	—
Deferred tax assets	1
Inventories	1
Assets classified as held for sale, total	**18**
Liabilities directly associated with assets classified as held for sale	
Deferred tax liabilities	3
Pension obligations	—
Lease liabilities	5
Trade and other payables	3
Income tax payables	—
Liabilities directly associated with assets classified as held for sale, total	**11**

DISCONTINUED OPERATIONS

On 30 May 2022, YIT announced it had completed the sale of its businesses in Russia to Etalon Group PLC. YIT classified the operations that were part of the transaction as assets held for sale and reported them as discontinued operations in the first quarter of 2022.

RESULTS OF DISCONTINUED OPERATIONS

EUR million	2022
Revenue	**60**
Other operating income	1
Change in inventories of finished goods and in work in progress	6
Materials and supplies	-150
External services	-43
Personnel expenses	-7
Other operating expenses	-17
Depreciation, amortisation and impairment	—
Operating profit	**-152**
Finance income	1
Exchange rate differences (net)	-18
Finance expenses	-2
Finance income and expenses, total	**-20**
Result before taxes	**-171**
Income taxes	-7
Result after taxes	**-179**
Loss on sale of discontinued operations	**-6**
Translation differences reclassified to income statement	**-253**
Result from discontinued operations	**-438**

CASH FLOWS (USED IN) DISCONTINUED OPERATIONS

EUR million	2022
Net cash used in operating activities	-24
Net cash used in investing activities*	-14
Net cash used in financing activities	23
Net cash flow for the period	**-18**

* Includes EUR 30 million related to cash consideration received from the sale of Russian businesses and EUR -44 million related to cash and cash equivalents held by the sold Russian entities.

EFFECT OF DISCONTINUED OPERATIONS ON THE STATEMENT OF FINANCIAL POSITION

EUR million	30 May 2022
Assets	
Property, plant and equipment	2
Leased property, plant and equipment	3
Other intangible assets	1
Deferred tax assets	–
Inventories	15
Leased inventories	1
Trade and other receivables	102
Inocme tax receivables	5
Cash and cash equivalents	44
Total assets	**173**
Liabilities	
Deferred tax liabilities	3
Interest-bearing liabilities	55
Contract liabilities, advances received	15
Provisions	8
Lease liabilities	4
Trade and other payables	57
Income tax payables	–
Total liabilities	**142**
Net assets sold	**31**

EUR million	2022
Cash consideration	30
Sold net assets	-31
Other items	-5
Loss on sale of discontinued operations	**-6**

Total transaction price amounted to EUR 71 million and the debt-free purchase price amounted to EUR 30 million.

7. OTHER OPERATING INCOME

ACCOUNTING POLICY

Income not related to ordinary course of business, such as rental income and gains on sales of tangible and intangible assets are typically presented in other operating income. Rental income relates mainly to subleased right-of-use assets. Accounting policies related to leases are described in more detail in note Lease agreements.

OTHER OPERATING INCOME

EUR million	2023	2022
Gain on sales of property, plant and equipment	2	2
Gain on sales of investments*	48	6
Rental income	3	4
Other income	5	5
Total	**57**	**17**

*Amount includes the gain on sale of EUR 47 million from renewable energy business, YIT Energy Oy. Effects of the sale are described in more detail in the note Acquisitions and disposals of businesses.

8. OTHER OPERATING EXPENSES

ACCOUNTING POLICY

Losses on sales of property, plant and equipment and intangible assets, expenses related to short-term leases and leases of low-value assets, IT expenses and other operating expenses, among others, are presented in other operating expenses. Expenditure related to research are expensed when incurred. Development costs are capitalised if the criteria in IAS 38 standard are fulfilled. So far, the development costs have not fulfilled the criteria.

OTHER OPERATING EXPENSES

EUR million	2023	2022
Losses on the sale of property, plant and equipment and intangible assets	—	—
Expenses related to short-term leases and low-value assets	-49	-54
Voluntary indirect personnel expenses	-9	-10
Travel expenses	-14	-14
IT expenses	-29	-28
Maintenance costs of premises	-2	-2
Other costs from customer contracts	-59	-48
Other expenses	-45	-49
Total	**-207**	**-206**

Group's expensed research and development costs amounted to EUR 11 million (15).

Audit fees

EUR million	2023	2022
PricewaterhouseCoopers		
Statutory audit	-1.0	-1.1
Tax services	—	—
Other services	-0.3	—
Total	**-1.3**	**-1.1**

The fees for other than statutory audit services provided by PricewaterhouseCoopers Oy for YIT Group companies amounted to EUR 0.3 million (0.1) in the financial year 2023. The fees included auditor's reports EUR 0.04 million (0,00) and other services EUR 0.22 million (0.05).

9. EMPLOYEE BENEFITS AND NUMBER OF PERSONNEL

ACCOUNTING POLICY

SHARE-BASED PAYMENTS

Depending on the settlement of the reward, the share-based incentive plans are recognised either as equity-settled or cash-settled share-based payment transactions. If the share-based payment transaction includes a net-settlement feature for withholding tax obligations, the transaction is classified fully as equity-settled. YIT has both equity- and cash-settled share-based payment plans and entirely equity-settled plans.

The fair value of the reward settled as equity is based on the market price of YIT Corporation's share at the grant date less the present value of expected dividends. Additionally, when determining the grant date fair value of the reward, the effect of market-based vesting conditions (Total Shareholder Return, TSR) is taken into account. The grant date fair value is determined using a probability weighted valuation model to reflect the probability of not achieving the market-based vesting condition. The expense is recognised irrespectively of whether the market-based vesting condition is satisfied. Non-market-based vesting conditions and the service condition are not included when determining the grant date fair value. Instead, the conditions are taken into account in the number of shares which are expected to vest at the end of the vesting period. The fair value of the equity-settled reward is recognised in personnel expenses and equity during the vesting period.

The cash-settled reward is based on the market price of YIT Corporation's share at the reporting date and it is expensed to personnel expenses and current liabilities until the settlement date. The liability is valued at fair value at every reporting date.

TERMINATION BENEFITS

Termination benefits are costs from which the company does not receive corresponding work performance. The Group recognises termination benefits when it is committed to terminating the employment of current employees according to a detailed formal plan without the possibility of withdrawal. In addition, benefits that the Group has offered in connection with terminations to encourage voluntary redundancy are expensed. Other possible liabilities arising from the termination of employees in different legislations are assessed at the closing date and recognised as an expense and liability.

PERSONNEL EXPENSES AND NUMBER OF PERSONNEL

EUR million	2023	2022
Wages and salaries	-252	-288
Pension costs, defined contribution plan	-39	-43
Pension costs, defined benefit plan	—	—
Share-based compensations	-1	-2
Other indirect employee costs	-18	-19
Total	**-310**	**-352**

The average number of employees in continuing operations during the financial year was 4,717 (5,207).

SHARE-BASED PAYMENTS

YIT has implemented a share-based long-term incentive plan to support the company's strategy of sustainable success and supplement the other elements of remuneration. The plan aims to engage employees in target-oriented mindset, reward excellent performance and support long-term commitment to the company. Members of YIT's Board of Directors are not included in this share-based incentive program.

Plans 2021–2023, 2022–2024 and 2023–2025

The Board of Directors of YIT Corporation decided on 16 March 2020 to launch a new long-term share-based incentive plan for key persons. The earning periods of the incentive plan are set for three years. A potential bonus will be determined on the basis of the performance indicators and their target levels decided annually by the Board of Directors of YIT Corporation for each earning period. For the 2021–2023 earning period indicators are Return on Capital Employed (ROCE), Absolute TSR (Total Shareholder Return) and Sustainability (CO2 reduction index). For the 2022–2024 earning period indicators are Absolute TSR (Total Shareholder Return) and Sustainability. For the 2023–2025 earning period indicators are Absolute TSR (Total Shareholder Return) and Sustainability. The Sustainability metric is emissions reduction in alignment with Science Based Targets initiative's Scope 1 and Scope 2. The Board of Directors also decides on the approximately 150 key persons from YIT's operative countries to be included in the incentive plan for each new earning period.

After the three-year earning period and the confirmation of the annual report, the shares are transferred to key persons employed by the company. A maximum of 2,100,000 - 2,326,000 gross shares can be distributed each year. Furthermore, the Board of Directors recommends that the Group Management Team members aims to hold along with the long-term incentive plan YIT shares equaling half of the value of his/her annual salary as long as he/she is a member of the Group Management Team. The Board of Directors recommends that the President and CEO aims to hold YIT shares with an equal value to his annual salary. Under all circumstances, the Board of Directors has the right to revise the incentives.

Share-based plan information

Share-based plan information	Earning period 2023-2025	Earning period 2022-2024	Earning period 2021-2023	Earning period 2020-2022
Grant date	2 May 2023	19 Apr 2022	22 Feb 2021	31 Mar 2020
Maximum number of shares	2,184,000	2,326,000	2,100,000	2,100,000
Earning period start date	1 Jan 2023	1 Jan 2022	1 Jan 2021	1 Jan 2020
Earning period end date	31 Dec 2025	31 Dec 2024	31 Dec 2023	31 Dec 2022
Commitment period end date	31 May 2026	31 May 2025	31 May 2024	31 May 2023
Vesting conditions	Absolute total shareholder return (TSR) and Sustainability (emissions reduction) and continued employment	Absolute total shareholder return (TSR) and Sustainability (emissions reduction) and continued employment	ROCE %, absolute total shareholder return (TSR) and continued employment	ROCE %, Net Promoter Score (NPS), absolute total shareholder return (TSR) and continued employment
Payment method	Cash & equity	Cash & equity	Cash & equity	Cash & equity
Description of shares	Gross share*	Gross share*	Gross share	Gross share
Number of persons in the arrangement at the end of reporting period	119	113	153	0

*The amount of gross shares in the marked period represents the number of shares granted before additional TSR boost opportunity. The total reward could be multiplied with 1,5 if the set TSR level is achieved.

Changes in number of shares

	Earning period 2023-2025	Earning period 2022-2024	Earning period 2021-2023	Earning period 2020-2022
Outstanding shares on 1 Jan 2023, pcs		1,766,999	1,295,666	998,000
Shares granted	2,062,666	24,583	3,667	
Shares forfeited	117,000	379,666	155,777	36,278
Shares exercised	0	0	0	60,272
Shares expired	0	0	0	901,450
Outstanding shares on 31 Dec 2023, pcs	1,945,666	1,411,916	1,143,556	0

Information regarding fair value determination

The fair value of share based incentives have been determined at grant date and the fair value is expensed until vesting. The fair market value of the market-based criteria is calculated with Monte Carlo simulation. The fair value at reporting period end reflects the best available estimate on 31 December 2023 of the total IFRS 2 costs. The pricing of the share based incentives granted during the period was determined by the following inputs:

	2023	2022	2021
Grant date	2 May 2023	19 April 2022	22 February 2021
Share price at grant date, EUR	2.22	3.63	4.96
Share price at the end of the reporting period, EUR	1.99	1.99	1.99
Expected dividends, EUR	0.3	0.56	0.98
Valuation model	Monte Carlo	Monte Carlo	Monte Carlo
Risk-free interest rate, %	2.6	0.5	-0.7
Expected volatility, %*	31	22	33
Maturity, years	2.9	3.1	2.8
Fair value, EUR million on 31 Dec 2023	1	2	1

*Expected volatility was determined by calculating the historical volatility of the Group`s share using daily observations over corresponding maturity.

Effect of share-based incentive plans on profit and loss to statement of financial position

EUR million	2023	2022
Total expenses for the financial year regarding share-based payments	-1	-1
Total expenses for the financial year regarding equity-settled share-based payments	-1	-1
Liabilities arising from share-based payments	—	—

YIT estimates the amount of cash to be paid to the tax authorities in the future regarding share-based plans to be EUR 0 million. The actual amount may differ from the estimated amount.

10. SALARIES AND FEES TO THE MANAGEMENT

Members of the key management personnel comprise the Board of Directors, the President and CEO and the members of the Group Management Team. The aim of YIT's remuneration systems is to reward good performance, increase the personnel's motivation and commit the company's management and its employees to the company's objectives in the long-term.

DECISION-MAKING REGARDING REMUNERATION

YIT Corporation's Annual General Meeting decides on the fees for the Board of Directors. The Board of Directors decides on the salary and fees and other terms of employment of the CEO and other key Group employees, such as the members of the Group Management Team. In addition, the Board of Directors decides annually both short- and long-term indicators for management remuneration and the target values for the indicators which are designed to support the achievement of the strategic goals. On the basis of the President and CEO's proposal, the Board of Directors also decides on the amount of fees and whether the indicator-based goals have been reached.

The task of the Personnel Committee is to assist the Board of Directors in issues related to appointing and rewarding key personnel. Among other things, the Personnel Committee prepares proposals for the development of the Group's corporate culture and HR policy, remuneration and incentive schemes, the rules for performance-based bonuses, and the performance-based bonuses paid to the management. In addition, identifying talents, the development of key personnel and succession planning fall under the preparation responsibility of the committee. The Shareholders' Nomination Board prepares proposals concerning the election and remuneration of the members of the Board of Directors for the Annual General Meeting.

REMUNERATION OF BOARD MEMBERS

The Annual General Meeting 2022 decided that the Board of Directors are paid fixed annual remuneration for the term ending at the close of the next Annual General Meeting. The remuneration of the Chairman of the Board is EUR 105,000 per year (EUR 105,000), the remuneration of the Vice Chairman of the Board and the Chairman of the Audit Committee is EUR 73,500 per year (Vice Chairman of the Board EUR 73,500 and the Chairman of the Audit Committee EUR 73,500) and the remuneration of the other members of the Board is EUR 52,500 per year (EUR 52,500).

The award and payment of the fixed annual remuneration is contingent on the Board members committing to purchase directly, based on the resolution of the Annual General Meeting, YIT Corporation shares amounting to 40% of the fixed annual fee from a regulated market (Nasdaq Helsinki Ltd) at a price determined by public trading, and that the shares in question are purchased directly on behalf of the Board members. The shares have been purchased within two weeks of the publication of the interim report for the period from 1 January to 31 March 2023.

In addition, EUR 800 per meeting has been paid to members of the Board located in Finland, and EUR 2,000 per meeting to the members of the Board located in Europe outside Finland, also for meetings of the Board and its committees held via electronic remote connections or by telephone. Earlier, until 15 March 2023, if the meeting was held by phone or by other electronic devices and connections, the Board and Committee meeting fee paid was EUR 800 per meeting for both members living in Finland and elsewhere in Europe.In case of remote meetings, EUR 800 has been paid to members of the Board regardless of their place of residence. The same fees have also been paid for the Board committee meetings for the committee members, the chairs of the committees have been paid a fee of EUR 1,600 per meeting.

Travel-related costs in the home country and abroad have been reimbursed, and daily allowances have been paid according to YIT's Travel Policy and rules set by the tax authorities.

The members of the Shareholders' Nomination Board, including the expert members, have been paid a meeting fee of EUR 800 per Board meeting and the Chairman EUR 1,600 per Board meeting.

The remuneration of the Board of the Directors has been decided at the Annual General Meeting on 16 March 2023.

The Board has decided to decrease their annual fixed fee by 10% to contribute to the company's cost reduction and efficiency development efforts.

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The President and CEO and members of the Group Management Team are paid for performance. Their remuneration consists of a fixed base salary, fringe benefits, other benefits, annual short-term incentive plan, fixed-term incentive plan related to the strategic transformation program as well as long-term share-based incentive plan and a supplementary defined contribution pension plan.

Costs related to remuneration of the President and CEO and the Group Management Team are presented in the table below. In 2023, the group booked social security costs of EUR 0.5 million (EUR 0.8 million) from key management personnel's salaries, fees and other employee benefits. Social security costs are not included in the figures shown in the table below. The figures presented in the table are calculated on an accrual basis and the performance and share-based rewards included in the figures are based on a year-end estimate.

EUR million	2023	2022
Short-term employee benefits	2.9	5.0
President and CEO*	0.7	–
Former President and CEO**	0.0	1.1
Key management personnel other than the President and CEO	2.2	3.8
Post-employment benefits	0.4	0.7
President and CEO*	0.1	–
Former President and CEO**	0.0	0.2
Key management personnel other than the President and CEO	0.3	0.5
Termination benefits	0.5	1.2
Former President and CEO**	0.0	1.2
Key management personnel other than the President and CEO	0.5	0.0
Share-based payments	0.2	0.2
President and CEO*	0.0	–
Former President and CEO**	0.0	–
Key management personnel other than the President and CEO	0.2	0.2
Remuneration of Group Management Team, total	**4.1**	**7.1**

*President and CEO Heikki Vuorenmaa from 1 December 2022 onwards
**Former President and CEO Markku Moilanen from 1 April 2021 to 30 November 2022

SHORT-TERM EMPLOYEE BENEFITS

Short-term employee benefits include a fixed basic salary which is determined by the requirements of the position as well as the performance and experience of the person holding the position. In addition, short-term employee benefits include the use of a car benefit, mobile phone benefit, meal benefit, insurance cover for leisure time accidents and life insurance.

Incentives paid are determined on the basis of individual performance, the Group's financial result, and the attainment of profitability, growth and development-related objectives of employee's own organization. Performance and development discussions are an essential part of the performance management system. In these discussions, employees and their managers agree on the key objectives and their relative weighting and review the fulfilment of the previously agreed objectives. The achievement of key objectives is monitored regularly by the Group Management Team. The maximum short-term incentive payable for the President and CEO was 90 per cent of the annual base salary (including fringe benefits) and 50 per cent for other members of the Group Management Team.

INCENTIVE PLAN RELATED TO STRATEGIC TRANSFORMATION PROGRAM

A fixed-term incentive plan related to the Group's strategic transformation program was established on 9 Feb 2023 by the Board for 2023 and 2024. The plan covers the President and CEO, other members of the Group Management Team and key stakeholders contributing to the transformation program. The maximum payment from 2023 for the President and CEO was 50 per cent of the annual base salary (including fringe benefits) and 20 per cent for other members of the Group Management Team.

POST-EMPLOYMENT BENEFITS

The additional pension plan of the members of the Group Management Team is based on a cash basis and earning a paid-up policy. The amount of the payment is 20 per cent of the fixed annual salary. Members of the management are entitled to retire at the age of 63.

OTHER LONG-TERM BENEFITS

There are no other long-term benefits.

TERMINATION BENEFITS

The period of notice for the President and CEO is six months. If the company terminates the contract, the President and CEO shall also be paid separate compensation amounting to 12 months' salary. The period of notice for the other members of the Group Management Team is 6–12 months. Some members of the Group Management Team also have the contractual right to be paid separate compensation amounting to six months' salary if the company terminates their contract.

11. FINANCE INCOME AND EXPENSES

ACCOUNTING POLICY

Interest income and expenses are recognised using the effective interest rate method and dividend income when the right to dividend has materialised.

FINANCE INCOME AND EXPENSES

EUR million	2023	2022
Finance income		
Interest income on loans and other receivables	4	3
Other finance income*	1	6
Finance income total	**5**	**9**
Finance expenses		
Interest expenses on financial liabilities recognised at amortised cost	-41	-17
Interest expenses on lease liabilities	-14	-11
Interest expenses on interest rate derivatives	6	—
Other interest and finance expenses*	-16	-7
Interest expenses capitalised on qualifying assets	9	7
Finance expenses total	**-56**	**-28**
Exchange rate differences, net	-5	-9
Finance income and expenses total	**-56**	**-28**
Exchange rate differences recognised in income statement		
Exchange rate differences in operating income and expenses	—	1
Exchange rate differences in financial items	-5	-9
Exchange rate differences total	**-5**	**-8**

*Other interest and finance expenses include change in fair value of interest derivatives EUR -5 million. The fair value change of the comparison period EUR 6 million was included in Other finance income.

12. INCOME TAXES

ACCOUNTING POLICY

Taxes calculated based on the taxable profit or loss of Group companies for the accounting period, adjustments to taxes for earlier accounting periods, and change in the deferred tax liability and assets are recognised as income taxes on the consolidated income statement. The tax effect associated with items recognised directly in equity or other comprehensive income is recognised correspondingly in equity or in other comprehensive income. The current tax charge is calculated using the tax rate that is in force at the end of the reporting period for each country.

INCOME TAXES IN THE INCOME STATEMENT

EUR million	2023	2022
Income taxes for the financial year	-12	-22
Taxes for prior years	1	—
Deferred taxes	19	11
Total income taxes	**8**	**-11**

TAX RECONCILIATION

EUR million	2023	2022
Result before taxes	**-5**	**74**
Income taxes at the tax rate in Finland 20%	1	-15
Effect of different tax rates outside Finland	2	2
Tax exempt income and non-deductible expenses	8	1
Net results of associated companies and joint ventures	3	2
Unrecognised tax on loss for the period	-5	-3
Adjustments to previous year's deferred taxes	—	1
Taxes for prior years	1	—
Effect of changes in tax rates	—	—
Income taxes in the income statement	**8**	**-11**

Unrecognised deferred tax assets on losses for the period amounting to EUR -5 million relate to companies in Sweden and Norway. The recoverability of tax losses in companies in these countries is subject to considerable uncertainty, and hence no deferred tax assets have been recognised for the financial year 2023.

PILLAR TWO MINIMUM TAXATION

In December 2021 OECD introduced the Global Anti-Base Erosion (GloBE) Rules, which set out global minimum tax rules designed to ensure that large multinational businesses with the group's annual revenue of EUR 750 million or more pay a minimum effective rate of tax of 15 % on profits in all their operating countries (referred as Pillar Two). The Pillar Two EU Directive had to be implemented into the EU Member States' national legislation by 31 December 2023. The countries may also implement their own domestic minimum tax regimes. To provide transitional relief for Pillar Two tax compliance and administrative burden, OECD has introduced a Framework for Transitional Safe Harbours (CbCR) applicable for Transition Period covering fiscal years 2024–2026.

YIT is in the scope of Pillar Two due to the fact that YIT Group's annual revenue exceeds EUR 750 million. YIT has taken measures for assessing its potential exposure to Pillar Two minimum taxation. Based on the initial impact assessment for the Transition period, no material Top-up Taxes are expected to arise for YIT Group as YIT Group is not operating in low-tax jurisdictions.

YIT will monitor the development of regulatory updates, as OECD is expected to publish additional guidance and details concerning e.g. permanent Safe Harbours Frameworks and Qualified Domestic Minimum Tax Regimes.

13. EARNINGS PER SHARE

ACCOUNTING POLICY

Basic earnings per share is calculated by dividing result for the period attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share is calculated by adjusting the number of shares to assume conversion of all diluting potential shares. When calculating earnings per share, the result is adjusted with hybrid bond interests regardless of payment date and adjusted with tax effect.

EARNINGS PER SHARE

	Basic		Diluted	
	2023	**2022**	**2023**	**2022**
Result attributable to the equity holders of the company, EUR million	3	-375	3	-375
Accumulated interest expenses on hybrid bond after taxes, EUR million	-5	-5	-5	-5
Result for the financial year used in the calculation of earnings per share, EUR million	**-2**	**-380**	**-2**	**-380**
Weighted outstanding basic number of shares during the period, million shares	210	209	210	209
Potentially dilutive shares of share based incentive plans during the period, million shares			0	0
Weighted outstanding adjusted dilutive number of shares during the period, million shares			210	209
Earnings per share, EUR/ share	-0.01	-1.82	-0.01	-1.82
Earnings per share, continuing operations, EUR/ share	-0.01	0.28	-0.01	0.28
Earnings per share, discontinued operations, EUR/ share	—	-2.09	—	-2.09

When calculating the earnings per share for continued operations, the Interest expenses on hybrid bond after taxes for the period have been deducted from the result used in the calculation. In earnings per share for discontinued operations, the interest expenses on hybrid bond have not been deducted from the result used in the calculation.

14. PROPERTY, PLANT AND EQUIPMENT

ACCOUNTING POLICY

MEASUREMENT AND RECOGNITION

Tangible assets are measured at cost less depreciation and impairment. Tangible assets are depreciated over their estimated useful lives using a straight-line method starting from the date when the asset is ready for use. Land is not depreciated. The residual values and useful lives of assets are assessed at the end of the reporting period. If necessary, they are adjusted to reflect the changes in the expected economic benefits. Gains or losses on the sale and disposal of property, plant and equipment are included in other operating income or expenses. Normal maintenance and repair costs are expensed as incurred. Significant improvements or additional investments are capitalised as part of the cost of the corresponding asset and depreciated over the remaining useful life of the asset to which they pertain, if it is likely that YIT will derive future economic benefit from the investment. YIT expenses the interest costs of the acquisitions of property, plant and equipment, unless the asset meets the requirements for capitalisation of borrowing costs, in which case they are capitalised as part of the cost.

Estimated useful life

Land areas, no depreciation	
Buildings and constructions	10–40 years
Machinery and equipment	3–15 years
Other tangible assets	10–40 years

IMPAIRMENT

At the end of each reporting period, YIT evaluates whether there are indications of impairment in any asset item. If there are indications of impairment, the recoverable amount of said asset is estimated. The need for impairment is assessed at the level of cash-generating units. The recoverable amount is the fair value of the asset item less the higher of selling costs or the value in use. In the measurement of value in use, expected future cash flows are discounted to their present value with discount rates that reflect the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of the asset item is higher than its recoverable amount. The impairment loss is entered immediately in the income statement. An impairment loss is reversed if the situation changes and the amount recoverable from the asset has improved since the date when the impairment loss was recorded. However, impairment losses are not reversed beyond the carrying amount of the asset excluding the impairment losses.

2023

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Historical cost on 1 January	6	14	199	15	1	234
Exchange rate differences	—	—	—	—	—	—
Increases	—	—	5	—	—	5
Decreases	—	-1	-1	—	-1	-2
Reclassifications	—	-1	-1	—	—	-2
Transfers to assets classified as held for sale	—	—	-150	—	—	-150
Historical cost on 31 December	**6**	**13**	**52**	**15**	**0**	**85**
Accumulated depreciation and impairment on 1 January	-4	-9	-173	-11	0	-197
Exchange rate differences	—	—	—	—	—	—
Depreciation	—	-1	-6	-1	—	-8
Impairment		—	—	—	—	—
Accumulated depreciation of reclassifications	—	1	2	—	—	3
Transfers to assets classified as held for sale	—	—	138	—	—	138
Accumulated depreciation and impairment on 31 December	**-4**	**-8**	**-39**	**-12**	**0**	**-63**
Carrying value on 1 January	2	5	26	3	1	37
Carrying value on 31 December	**2**	**5**	**13**	**2**	**0**	**22**

2022

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and work in progress	Total
Historical cost on 1 January	12	21	198	16	0	247
Exchange rate differences	—	—	1	—	—	1
Increases	—	—	4	—	1	5
Decreases	-5	-4	-1	—	—	-11
Business disposals	—	-4	-4	—	—	-8
Reclassifications	-1	—	1	—	—	—
Historical cost on 31 December	**6**	**14**	**199**	**15**	**1**	**234**
Accumulated depreciation and impairment on 1 January	-1	-13	-168	-12	0	-193
Exchange rate differences	—	—	—	—	—	-1
Depreciation, continuing operations	—	-1	-7	-1	—	-9
Depreciation, discontinued operations	—	—	—	—	—	—
Impairment, continuing operations	-4	—	—	—	—	-4
Accumulated depreciation of reclassifications	1	6	3	1	—	10
Accumulated depreciation and impairment on 31 December	**-4**	**-9**	**-173**	**-11**	**0**	**-197**
Carrying value on 1 January	11	8	30	4	0	53
Carrying value on 31 December	**2**	**5**	**26**	**3**	**1**	**37**

15. OTHER INTANGIBLE ASSETS AND GOODWILL

ACCOUNTING POLICY

OTHER INTANGIBLE ASSETS

An intangible asset is initially entered on the statement of financial position at cost when the cost can be reliably determined, and the intangible asset is expected to yield economic benefit to the Group. Intangible assets with a known or estimated useful life are expensed in the income statement on a straight-line basis over their estimated useful lives. Amortisation begins when the asset is ready for use. Intangible assets with indefinite useful lives are not amortised but are instead subjected to an impairment test annually. Other intangible assets acquired in connection with business acquisitions are recognised in the statement of financial position if they fulfil the definition of intangible assets: the asset will yield future economic benefit, they can be specified or are based on agreements or legal rights. Other intangible assets recognised in connection with business acquisitions include, among others, brands and trademarks, customer agreements and customer relationships. Acquired software licenses are capitalised at cost. The costs incurred to take the software into use are assessed based on their materiality and the costs are capitalised if the capitalisation criteria are met. The cost is amortised on a straight-line basis over the estimated useful life.

Estimated useful life

Customer relations and contract bases	3–5 years
Trademarks	15 years
Computer software and other items	2–5 years
Unpatented technology	3–5 years

GOODWILL

Goodwill is the difference between the consideration paid including any non-controlling interest and the acquisition date fair value of identifiable net assets acquired. Goodwill is subjected to an annual impairment test. For that purpose, goodwill is allocated to cash-generating units. Goodwill is measured at the original acquisition cost less impairment. Impairment is expensed immediately in the income statement. An impairment loss recognised from goodwill is not reversed at a later reporting period. Gains and losses on the disposal of an entity or business include the carrying amount of goodwill relating to the entity sold.

IMPAIRMENT

At the end of each reporting period, YIT evaluates whether there are indications of impairment in any asset item. If there are indications of impairment, the recoverable amount of said asset is estimated. In addition, the recoverable amount is assessed annually for each of the following assets regardless of whether impairment is indicated: goodwill, intangible assets with an unlimited useful life and intangible assets in progress. The need for impairment is assessed at the level of cash-generating units. The recoverable amount is the fair value of the asset less the higher of selling costs or the value in use.

In the measurement of value in use, expected future cash flows are discounted to their present value with discount rates that reflect the time value of money and the risks specific to the asset. The Weighted Average Cost of Capital (WACC) is used as the discount factor. WACC takes into account the risk-free interest rate, the illiquidity premium, the expected market rate of return, the industry's beta value, country risk and the debt interest rate, including the interest rate margin. These components are weighted according to the revenue of the sector. If it is not possible to calculate the recoverable cash flows for an individual asset, the recoverable amount for the cash-generating unit to which the asset belongs is determined.

An impairment loss is recognised if the carrying amount of the asset item is higher than its recoverable amount. The impairment loss is entered immediately in the income statement and is initially allocated to the goodwill allocated to the cash-generating unit and thereafter equally to other assets.

MANAGEMENT JUDGEMENT AND ESTIMATES

ESTIMATES AND ASSUMPTIONS USED IN GOODWILL IMPAIRMENT TESTING

Goodwill is tested for potential impairment annually and whenever there are indications of impairment. The recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require a significant use of estimates and assumptions. The cash flow forecasts are based on financial plans approved by YIT's management for a certain period and on other justifiable estimates of the prospects for the business sector and the cash-generating unit. The key assumptions in value in use calculations are the discount rate and EBITDA margin.

OTHER INTANGIBLE ASSETS

EUR million	2023	2022
Historical cost on 1 January*	43	45
Exchange rate differences	—	—
Increases	—	—
Decreases	-5	-1
Business disposals		-1
Historical cost on 31 December	**39**	**43**
Accumulated amortisation and impairment on 1 January*	-39	-38
Exchange rate differences	—	—
Amortisation, continuing operations	-1	-2
Amortisation, discontinued operations		—
Accumulated amortisation of reclassifications and decreases	5	1
Accumulated amortisation and impairment on 31 December	**-35**	**-39**
Carrying amount on 1 January	4	7
Carrying amount on 31 December	**3**	**4**

*Opening balances for 2022 have been adjusted. The adjustment had no impact on the carrying amount.

GOODWILL

EUR million	2023	2022
Carrying amount on 1 January	249	249
Exchange rate differences		—
Increases		—
Decreases	-1	—
Carrying amount on 31 December	**248**	**249**

YIT has identified cash generating units at the the level of reported segments.

Allocation of goodwill to segments

Following the business structure change on 1 April 2023, Property Development segment's businesses were transferred to Business Premises and Infrastructure segments. As a result of the change, EUR 7 million goodwill, previously allocated to Property development segment, was reallocated to Business premises segment based on the new business structure. No goodwill was allocated to the business transferred to Infrastructure segment. Impairment test was performed for Property Development segment before the reallocation of goodwill.

EUR million	31 Dec 2023	Discount rate, % (WACC before taxes)
Housing	105	10.3
Business premises	87	11.6
Infrastructure	56	9.5
Goodwill, total	**248**	

EUR million	31 Dec 2022	Discount rate, % (WACC before taxes)
Housing	105	9.8
Business premises	81	8.8
Infrastructure	56	8.3
Property development	7	8.7
Goodwill, total	**249**	

Goodwill impairment tests

In the annual goodwill impairment tests, the recoverable amounts of cash generating units are determined based on value-in-use calculations. The cash flow forecasts used in calculations were prepared for a five-year planning period and they are based on groups' strategic and annual goals approved by the management. In the testing, YIT uses probability-weighted cash flow projections based on two different forecast scenarios, base and low scenario. Base-scenario is based on the existing forecast where the low-scenario takes particularly into account uncertainties related to demand. In Housing segment, forecast is based on a gradual recovery in demand in the planning period.

Cash flows beyond the forecasting period are calculated using the end value method. All cash generating units' forecasts are based on the assumption of 2.0% (1.5%) annual growth, which equals the European Central Bank's target inflation rate over the medium term. As a result of the annual impairment tests carried out in 2023 and 2022, no impairment was recognised on goodwill.

YIT prepares a sensitivity analysis for the cash-generating units annually if a reasonably possible change in the key assumptions used in the cash flow forecasts could have an impact on the asset's carrying value. Based on the impairment tests performed in 2023, reasonably possible change in discount rate would result impairment in the Housing segment, if the discount rate increased over 1.3 percentage points (2.3). The amount by which the aggregate recoverable amount exceeds aggregate of the carrying amount of Housing segment is EUR 233 million (390). Management estimates that there is no reasonably possible sensitivity in the other key assumptions used in the cash flow forecasts that could have an impact on the carrying value of the assets.

16. LEASES

ACCOUNTING POLICY

YIT AS LESSEE

The Group's most significant lease agreements include plot lease agreements related to self-developed construction in Finland and lease agreements related to buildings and structures, and machinery and equipment. If the agreement or part of the agreement is classified as a lease, the lease liability and right-of-use asset are recognised at the commencement date of an agreement. The commencement date is the date when the underlying asset is available for use by the lessee. The Group recognises lease payments related to short-term leases (lease term is 12 months or less) and leases for which the underlying asset is of low value on straight-line basis as an expense in the income statement.

Measurement and presentation of lease liability

Lease liabilities are measured by discounting expected future lease payments to present value. Lease payments comprise fixed lease payments (including in-substance fixed payments), expected amounts payable related to residual value guarantee and possible exercise price of purchase option, if the decision to use a purchase option is reasonably certain. If the Group is reasonably certain to exercise a termination option, the possible termination fee is included in the lease liability. The lease term is the non-cancellable period of the lease covered by options to terminate if the termination is not reasonably certain. Possible extension options are included in the lease term, if the Group is reasonably certain to exercise the options. Lease payments are discounted using the interest rate implicit in the lease, if the rate is readily determinable. If the interest rate implicit in the lease is not readily determined, the Group uses the incremental borrowing rate as a discount rate.

Lease liabilities are subsequently measured using the effective interest rate method and the Group remeasures the carrying amount to reflect any reassessments or lease modifications. A reassessment of the lease liability takes place, if the cash flow changes based on the original terms and conditions of the lease, for example, if the lease term changes or if the lease payments change based on an index or a variable rate. Many of the Group's significant lease agreements include lease payments, which are tied to an index. The lease liability is initially measured using the index at the commencement day of the lease agreement. Future changes in the index are considered in the measurement when there is a change in the cash flow. Reassessment of extension and termination options are done only when a significant event or change in circumstances occur, that is within the control of the Group and affects whether the Group is reasonably certain to exercise an option. The discount rate used in the reassessment varies based on the nature of the reassessment. For example, the reassessment due to an index change is done based on the original discount rate and reassessments due to the changes in the lease term is done using revised discount rate. The lease liability is presented as a separate line item in the statement of financial position as non-current and current liability.

Measurement and presentation of right-of-use asset

Right-of-use assets are measured at cost based on the amount of the initial measurement of lease liability. Initial direct costs, restoration costs or any lease payments made at or before the commencement date less any lease incentives received are also included in the measurement of the right-of-use asset. The right-of-use assets, excluding plot lease agreements, are depreciated over the shorter of the lease term and the useful life of the asset, unless there is a transfer of ownership or a purchase option, which is reasonably certain to be exercised at the end of the lease term. Then the right-of-use asset is depreciated over the useful life of the underlying asset. Any remeasurements of the lease liability will be treated as a corresponding adjustment to the right-of-use asset. Right-of-use assets related to tangible assets are presented on a separate line item in the statement of financial position as leased property, plant and equipment. Right-of-use assets related to leased plots are presented on a separate line item in the statement of financial position as leased inventory.

Treatment of plot lease agreements related to self-developed construction

The Group has material plot lease agreements related to self-developed construction only in Finland. The plot lease agreements are presented in the statement of financial position and income statement in a similar manner as the Group's own plots in inventory. In Finland, the Group has self-developed construction projects, where typically residential buildings are built either on to an owned or a leased plot. The plot lease agreements in Finland are typically long-term agreements, usually between 20 to 50 years. The leased plots related to self-developed residential construction projects, as well as to the Group's own plots in inventory, form part of the performance obligation under the revenue recognition guidance to sell apartments to the customers. The leased plots related to self-developed residential construction projects are initially measured according to measurement requirements of IFRS 16.

In Finland, when the Group enters a plot lease agreement related to self-developed residential construction and the development project has not started, the right-of-use asset of the plot lease agreement is recognised in inventories and the lease liability in the statement of financial position. The plot lease agreement related to self-developed residential construction will be derecognised from inventories and the change in inventories is recognised in the income statement when the sale is recognised based on the revenue recognition policies of the Group. The lease liability of plot lease agreements related to incomplete self-developed residential construction projects in Finland is presented in the statement of financial position either as a lease liability or in the Other contract liabilities line item depending on the degree of sale. The portion of the lease liability related to unsold apartments in self-developed residential construction projects under construction is presented as a lease liability in the statement of financial position. The lease liability related to sold apartments in self-developed residential construction projects under construction is a liability transferred to the customer's responsibility. This liability is presented in Other contract liabilities line item, based on the substance of the transaction. When recognising revenue from the project, the lease liability of the sold apartments is recognised as revenue in the income statement. The lease liability of completed unsold apartments is presented as a lease liability in the statement of financial position.

Sale and leaseback

In sale and leaseback transactions YIT assesses first whether the IFRS 15 criteria, according to which the transfer is accounted for as a sale, are met. If the transfer of the asset is a sale, the right-of-use asset is measured at the proportion of the previous carrying amount of the asset that relates to the right of use retained by YIT. As a gain or loss is presented only the amount of any gain or loss that relates to the rights transferred to the buyer. If the consideration from the sale of the asset does not equal the fair value of the asset, or if the payments for the lease are not at market rates, the sale proceeds are adjusted. Any below-market terms are accounted for as a prepayment of lease payments and any above market terms are accounted for as a financial liability. If the IFRS 15 criteria are not fulfilled, the transferred asset is continued to recognise in the statement of financial position and the consideration is presented as a financial liability.

YIT AS LESSOR

The Group has subleased business premises it leases from third parties and these are treated as other lease agreements instead of finance leases. The classification is done with reference to the right-of-use asset of the original lease agreement. Rental income is recorded as income in the income statement during the lease period. The Group's activities as a lessor are not material.

MANAGEMENT JUDGEMENT AND ESTIMATES

MEASUREMENT AND RECOGNITION OF LEASES

The assessment of the lease term and the incremental borrowing rate have a significant impact on the measurement of lease liabilities and right-of-use assets. When assessing the lease term, YIT will include the periods covered by extension options and termination options whether it's reasonably certain to exercise or not to exercise such an option. The management considers, for example, contractual terms and conditions for optional periods or costs related to the termination of the lease and the signing of a new replacement. Overall, the management is always considering the importance of a certain asset to its operations. Typically, the plot lease agreements related to own building development are in the Group's possession only for a short period of time. Considering the Group's use of the of the plot lease agreements related to own building development, it can be assumed that YIT will not use possible termination, purchase or extension options. With office agreements the management is considering the significance of the leasehold improvements and possible relocation costs.

If the lease term is indefinite, the management assesses the period when the contract is enforceable to define what is the earliest point in time at which both parties (lessee and lessor) can leave the contract and its contractual obligations without no more than an insignificant penalty. As a significant penalty YIT considers not only direct penalty payments to lessor but also indirect or economic penalties for both parties. YIT considers the facts and circumstances mentioned above, including the nature of the leased asset in relation to the corresponding business plan, to assess when it will be reasonably certain to terminate the lease contract. The lease term is assessed accordingly. YIT's indefinite lease contracts are typically related to buildings and machinery and equipment.

In the definition of incremental borrowing rate, YIT has considered the nature of a leased asset, risk factors of the Group and geographical location, underlying currency and duration of the agreement.

YIT AS LESSEE

Description of lease agreements

Leased property, plant and equipment of YIT include among others properties, company cars and other equipment used in the business. The weighted average lease term for the leased property, plant and equipment is about 3 years, of which properties are typically longer than average and other leased property, plant and equipment typically shorter than average. Part of the lease agreements related to property, plant and equipment include index terms, which are typically tied to cost-of-living-index or consumer price index.

Leased inventories include leased plots, which are used in self-developed residential construction. Leased plots are long-term in their nature, lease agreements with a lease term with weighted average of 40 years. YIT transfers these mostly by selling apartments from self-developed residential projects. Plot lease agreements include typically index terms which are typically tied to cost-of-living-index in Finland. The lease payments for plots are considered to their full amount when assessing the lease liability. Short term and low value leases are typically equipment used at construction sites and ICT equipment.

RIGHT-OF-USE ASSETS

Leased property, plant and equipment

2023

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Total
Carrying value on 1 January	1	51	16	68
Exchange rate differences	—	—	—	—
Increases including the effect of index changes	—	10	9	19
Decreases	—	-4	-1	-5
Business disposals	—	—	—	—
Depreciation and impairment	—	-11	-6	-18
Transfers to assets classified as held for sale	—	-1	-4	-5
Carrying value on 31 December	**1**	**46**	**14**	**60**

2022

EUR million	Land and water areas	Buildings and structures	Machinery and equipment	Total
Carrying value on 1 January	1	63	15	79
Exchange rate differences	—	—	—	—
Increases including the effect of index changes	—	5	9	14
Decreases	—	-2	-1	-4
Business acquisitions	—	—	—	—
Business disposals	—	-3	—	-3
Depreciation and impairment, continuing operations	—	-11	-7	-18
Depreciation and impairment, discontinued operations	—	—	—	—
Carrying value on 31 December	**1**	**51**	**16**	**68**

Leased inventories

EUR million	2023 Plots	2022 Plots
Carrying value on 1 January	205	174
Exchange rate differences	—	—
Increases including the effect of index changes	38	25
Decreases	-49	-39
Business disposals	—	-1
Impairment	-1	
Other changes*		47
Carrying value on 31 December	**192**	**205**

*More information in the note Adjustments concerning prior periods.

LEASE LIABILITIES

Maturity analysis of contractual undiscounted cash flows

EUR million	31 Dec 2023	31 Dec 2022
Less than one year	29	30
From one to three years	54	64
From three to five years	45	42
From five to ten years	76	74
Over ten years	336	325
Undiscounted lease liabilities, total	**540**	**535**

Maturity analysis from year 2022 includes the change in lease liabilities presented in the note Adjustment concerning prior periods.

ITEMS RECOGNISED IN THE INCOME STATEMENT

EUR million	2023	2022
Change in inventories of finished goods and in work in progress	-49	-30
Expenses related to short-term leases and low-value assets	-49	-54
Depreciation and impairment	-19	-18
Interest on lease liabilities	-14	-11
Income from sale and leaseback agreements	—	—

Total cash outflow for leases amounted to EUR -85 million (-86).

YIT AS LESSOR

YIT has primarily subleased business premises it leases from others. The operating lease agreements of office facilities have a lease term of up to eight years. The index, renewal and other terms of the lease agreements of office premises vary. Most of the agreements include extension options after the initial expiry date. The minimum lease amount is calculated until the earliest possible date of termination.

The future minimum lease receivables under non-cancellable operating leases

EUR million	31 Dec 2023	31 Dec 2022
No later than 1 year	1	2
1–5 years	2	2
Over 5 years	1	1
Total	**4**	**5**

Rental income from subleasing the right-of-use assets amounted to EUR 3 million (4).

17. INVESTMENTS IN ASSOCIATED COMPANIES AND JOINT VENTURES

ACCOUNTING POLICY

The consolidation principles of associated companies and joint ventures have been described in note Consolidation principles.

INVESTMENTS IN ASSOCIATED COMPANIES

EUR million	Segment	Business	Domicile	Ownership 2023, %	Carrying amount 2023	Ownership 2022, %	Carrying amount 2022
Associated companies							
Ålandsbanken Lunastustontti I Ky	Housing	Real estate investing	Finland	20.00	12	20.00	13
Fidus Villa Ky	Housing	Real estate investing	Finland	20.00	9	20.00	11
ÅB Kodit I Ky	Housing	Real estate investing	Finland	40.00	—	40.00	—
SIA "LiveOn"*	Housing	Real estate investing	Latvia			30.00	10
YCE Housing I Ky**	Housing	Project development	Finland			40.00	—
Nuuka Solutions Oy***	Other items	Services	Finland	16.67	2		
Associated companies total					**23**		**34**

This table does not include housing and real estate companies owned by associated companies nor housing and real estate construction project companies.

*SIA “LiveOn” was reclassified to equity investments in 2023 due to loss of significant influence. YIT sold its stake in SIA “LiveOn” on 4 October 2023.

**YCE Housing I Ky was dissolved in 2023.

***Nuuka Solutions Oy has been reclassified from joint ventures to associated companies in 2023.

INVESTMENTS IN JOINT VENTURES

EUR million	Segment	Business	Domicile	Ownership 2023, %	Carrying amount 2023	Ownership 2022, %	Carrying amount 2022
Joint ventures							
FinCap Asunnot Oy	Housing	Real estate investing	Finland	49.00	23	49.00	16
Nuppu Housing s.r.o.	Housing	Project development	Slovakia	50.00	4	50.00	6
Zwirn area s.r.o	Housing	Project development	Slovakia	50.00	10	50.00	1
Mlynárka Area s.r.o.	Housing	Project development	Slovakia	50.00	2		
YR Holding s.r.o.	Housing	Project development	the Czech Republic	50.00	3	50.00	1
Regenero Oy	Business Premises	Project development	Finland	50.00	1	50.00	1
Campus Marian Kehitys Oy	Business Premises	Project development	Finland	50.00	1	50.00	1
Kumppanuuskoulut Oy	Business Premises	PPP Project company	Finland	20.00	—	20.00	—
Keilaniemen Kiinteistökehitys Strike Ky	Business Premises	Project development	Finland	33.33	8	33.33	10
Keilaniemen Kiinteistökehitys GP Oy	Business Premises	Project development	Finland	33.33	—	33.33	—
YIT Zwirn Office s.r.o.	Business Premises	Project development	Slovakia	50.00	1	50.00	1
Tieyhtiö Vaalimaa Oy	Infrastructure	PPP Project company	Finland	20.00	—	20.00	—
Nuuka Solutions Oy***	Other items	Services	Finland			16.67	2
Joint ventures total					**54**		**39**

This table does not include housing and real estate companies owned by joint ventures nor housing and real estate construction project companies.

*Nuuka Solutions Oy has been reclassified from joint ventures associated companies in 2023.

CHANGES IN CARRYING AMOUNTS

EUR million	Associated companies	Joint ventures	Total 2023	Associated companies	Joint ventures	Total 2022
Carrying amount on 1 January	34	39	72	48	44	92
Exchange rate differences		—	—	—	—	—
Share of results	-2	15	13	5	9	13
Increases	3	5	8	13	14	26
Decreases	-1	-2	-3	-5	-15	-21
Transfers to equity investments*	-10		-10	-23	—	-23
Dividend received during the financial year	—	-3	-4	-4	-12	-16
Carrying amount on 31 December	**23**	**54**	**77**	**34**	**39**	**72**

*Transfers to equity investments includes the reclassification of SIA "LiveOn" in 2023 and the reclassification of OP Vuokrakoti Ky in 2022 to equity investments due to loss of significant influence.

SUMMARY OF FINANCIAL INFORMATION FOR THE ASSOCIATED COMPANIES AND JOINT VENTURES

EUR million	Associated companies	Joint ventures	Total 2023	Associated companies	Joint ventures	Total 2022
Condensed Statement of Financial Position						
Investment properties	138	193	332	99	109	208
Other non-current assets	113	399	512	129	264	394
Current assets	9	355	364	20	221	241
Non-current liabilities	151	712	863	87	424	511
Current liabilities	5	123	128	10	95	105
Net assets	**104**	**113**	**217**	**152**	**76**	**227**
Income Statement						
Revenue	8	181	189	16	87	103
Result for the period	-13	30	17	13	16	29
of which change in fair value of investment properties	-13	10	-4	2	—	2
Dividends received by YIT	**—**	**3**	**4**	**4**	**12**	**16**

COMMITMENTS

YIT has investment commitments, both equity and loan, concerning current and coming associated companies and joint ventures in total of EUR 82 million (73).

INVESTMENT PROPERTIES IN ASSOCIATED COMPANIES AND JOINT VENTURES

ACCOUNTING POLICY

INVESTMENT PROPERTIES

Investment properties are properties or land held by YIT to earn rentals or for capital appreciation or both and which are not held for use for YIT, use in the operations or sale in the ordinary course of business. Associated companies and joint ventures involved in real estate investing which are consolidated into YIT's consolidated financial statements using equity method have investment properties as defined in the IAS 40 Investment properties standard. Investment properties comprise rental apartments which are both under construction and completed. Neither the parent company of YIT or subsidiaries possess assets classified as investment properties. In YIT's consolidated financial statements, the investment properties are included in the statement of financial position as part of the line item Investments into associated companies and joint ventures.

Recognition and measurement principles

At initial recognition, investment properties are measured at cost, which includes transaction costs. Subsequently, investment properties are valued at fair value in accordance with IFRS 13 Fair value measurement. Gains and losses from changes in fair value are recognised in the income statement in the period in which it arises.

The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell the asset would take place between market participants at the measurement date under current market conditions. YIT classifies all investment properties on fair value hierarchy level 3. Items included in the hierarchy level 3 are measured using input data which is not based on observable market data.

Completed rental apartments are valued based on an income or market approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets or a group of assets, such as a business. The income approach converts future amounts (e.g. cash flows or income and expenses) to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts. Properties under construction are measured at fair value when the fair value can be reliably measured. Otherwise properties under construction are measured at cost. Associated company and joint venture use an external independent appraiser to define the fair value.

An investment property is derecognised from the statement of financial position on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in income statement. The amount of consideration to be included in the gain or loss arising from the derecognition of an investment property is determined in accordance with the requirements for determining the transaction price according to IFRS 15. Investment properties held for sale are measured at fair value. A property is transferred to, or from, investment property when there is a change in use.

The amounts presented in the tables below are presented as full amounts from the financial reporting of the associated company and the joint ventures.

Fair value of investment properties

EUR million	2023	2022
1 January	208	187
Acquisitions	157	97
Sales	-2	-2
Decreases	-28	-76
Gains and losses from changes in fair value	-4	2
31 December	**332**	**208**

Investment properties based on valuation method

	31 Dec 2023			31 Dec 2022		
EUR million	**Investment properties under construction**	**Completed investment properties**	**Total**	**Investment properties under construction**	**Completed investment properties**	**Total**
Measured based on income		83.83	83.83	—	28	28
Measured based on market value		193	193	—	109	109
Measured based on cost	54		54	71	—	71
Total	**54**	**277**	**332**	**71**	**137**	**208**

18. EQUITY INVESTMENTS

ACCOUNTING POLICY

The accounting policies and management judgement and estimates are described in more detail in note Financial assets and liabilities by category.

EQUITY INVESTMENTS

EUR million	2023	2022
Carrying value on 1 January	218	186
Increases	10	23
Decreases	-11	—
Changes in fair value recognised in income statement	-2	10
Carrying value on 31 December	**214**	**218**

The most significant individual equity investment is Tripla Mall Ky, whose value was EUR 192 million (193). More information related to fair valuation is provided in the note Financial assets and liabilities by category. In 2023, increases include the reclassification of SIA “LiveOn” from an associated company to equity investments due to loss of significant influence, and decreases include the sale of SIA “LiveOn” on 4 October 2023. In 2022, increases include the reclassification of OP Vuokrakoti Ky from associated company to equity investments due to loss of significant influence.

19. DEFERRED TAX ASSETS AND LIABILITIES

ACCOUNTING POLICY

The deferred tax is calculated from the temporary differences between taxation and accounting, with either the tax rate in force on the reporting date or a known tax rate that will come into force at a later date. A deferred tax liability is not recognised in respect of a temporary difference that arises from the initial recognition of an asset or liability (other than from a business combination) and affects neither the result for the period in bookkeeping nor taxable profit at the time of the transaction. A deferred tax asset is recognised only to the extent that it is likely that there will be future taxable profit against which the temporary difference may be utilised.

Carry-forward tax losses are treated as a deferred tax asset to the extent that it is likely that YIT will be able to utilise them in the near future. A deferred tax liability is only recognised in respect of the undistributed profits of subsidiaries when payment of the tax is expected to be realised in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

MANAGEMENT JUDGEMENT AND ESTIMATES

RECOVERABILITY OF DEFERRED TAXES

Deferred tax assets recognised on tax losses contain uncertainty of their recoverability. Deferred tax assets from tax losses are recorded in the amount that the management estimates, based on its profit forecasts, to be recoverable in the future, considering the expiration period of tax losses. Additionally, the management takes into consideration the reason of occurrence of losses when estimating the probability of recurrence of losses. The recoverability of deferred tax assets is assessed regularly.

CHANGES IN DEFERRED TAX ASSETS AND LIABILITIES

2023

EUR million	1 January	Exchange rate difference	Moved to assets classified as held-for-sale	Recognised in income statement	Recognised in comprehensive income/ equity	31 December
Deferred tax assets						
Provisions	28	—		1		29
Tax losses carried forward	1	—		14		15
Pension benefits	1		—	—	—	1
Revenue recognition over time	0			1		1
Inventories	13			3		16
Lease contracts*	56	—	-1	-4		51
Other items*	4	—		—	1	5
Offsetting of deferred taxes*	-74			6		-68
Total	**30**	**0**	**-1**	**19**	**1**	**49**
Deferred tax liabilities						
Accumulated depreciation differences	3		-2	—		0
Revenue recognition over time	3	—		—		3
Inventories	1	—		1		2
Vuokrasopimukset*	54		-1	-4		49
Equity investments	16			-2		15
Other items*	5	—	—	-1	-1	4
Offsetting of deferred taxes*	-74			6		-68
Total	**9**	**0**	**-3**	**0**	**-1**	**4**
Deferred taxes, net						**45**

From accumulated losses of which some part are not approved by the tax authorities, deferred tax assets of 21 EUR million (16) have not been recognised. The unrecognised deferred tax assets from losses in 2023 are from the companies in Norway and Sweden. According to the Estonian and Latvian tax systems, the companies are not taxed until the profits are distributed out of the company. Thus, YIT is able to determine the reversal date of the temporary difference, and therefore, no deferred tax has been recognised related to those countries.

2022

EUR million	1 January	Exchange rate difference	Business disposals	Recognised in income statement	Recognised in comprehensive income/ equity	31 December
Deferred tax assets						
Provisions	27	—	—	2		28
Tax losses carried forward	4	—	-2	-1		1
Pension benefits	1			—	—	1
Revenue recognition over time	2	—	-3	1		0
Inventories	0	—	—	13		13
Lease contracts*	52	—	-1	5		56
Other items*	11	—	-1	-7		4
Offsetting of deferred taxes*	-66			-8		-74
Total	**31**	**1**	**-6**	**4**	**0**	**30**
Deferred tax liabilities						
Accumulated depreciation differences	3			-1		3
Revenue recognition over time	2	—	-1	2		3
Inventories	6	—	-1	-4		1
Lease contracts*	50		-1	5		54
Equity investments	14			2		16
Other items*	10	—	-1	-3	-1	5
Offsetting of deferred taxes*	-66			-8		-74
Total	**19**	**0**	**-3**	**-7**	**-1**	**9**
Deferred taxes, net						**21**

*YIT applied "Deferred tax related to assets and liabilities arising from a single transaction" (Amendments to IAS 12) from 1 January 2023. Following the amendment, deferred tax assets and liabilities arising from lease contracts are presented according to gross basis. Previously, these items were presented according to net basis as part of Other items.

20. INVENTORIES

ACCOUNTING POLICY

The cost of **materials and supplies** is determined using the FIFO method (first-in, first-out).

The plot reserve line item includes the original cost of purchase as well as the costs related to soil improvement, water and electricity connections and construction permits that raise the value of the plot. YIT acquires plots to develop them to be sold as apartments or real estate. The plot can be acquired directly or through the acquisition of the company in ownership of the plot. At the moment of starting the construction project, the plot possibly included in it will be transferred at its cost into Work in progress line item. YIT also sells unconstructed plots and companies in ownership of plots.

Work in progress line item includes, in addition to the possible cost of plot, the construction costs to the extent they have not been expensed. The construction costs include cost of raw material, planning costs improving the asset, direct costs of labour, other direct costs and the appropriate portion of the variable general costs of manufacture and fixed overhead. In self-developed construction projects lasting over 12 months where revenue is recognised at a point in time, the value of work in progress includes borrowing costs.

Unsold apartments and real estate in completed construction projects are presented in line item **Completed apartments and real estate**.

Advance payments line item primarily includes advances related to acquisition of plots.

Inventories are measured either at the lower of cost or net realisable value. The net realisable value is the estimated selling price in ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When estimating the net realisable value of completed apartments and real estate, the information available from the market is taken into consideration as well. When estimating the net realisable value of plots, their intended use is taken into consideration. Plots used for construction are assessed as part of the construction projects. The value of plots is written down when apartments and real estate under construction are being assessed to be sold at a lower price than the book value of the plot. The net realisable value of plots other than those used for construction purposes is based on their market value.

YIT carries out construction projects also on leased plots which are presented as part of inventory, but which are measured according to the IFRS 16 standard. The accounting policy related to leased plots is described in more detail in the note Leases.

MANAGEMENT JUDGEMENT AND ESTIMATES

VALUATION OF INVENTORY

The possible need for inventory write-downs is assessed regularly by comparing the cost of inventory with the net realisable value. The net realisable value is an assessment of the management that is based on the most reliable information available. Making the assessment requires that management makes an assessment of the net realisable value in the market. A write-down is not recognised in case the finished products, which will include the assessed inventory items, are assessed to be sold at cost or at a higher price.

INVENTORIES

EUR million	31 Dec 2023	31 Dec 2022
Raw materials and consumables	7	6
Work in progress	370	560
Plot reserve	664	630
Completed apartments and real estate	360	208
Advance payments	16	22
Other inventories	—	—
Inventories	**1,417**	**1,426**
Plot reserve	150	133
Plots, work in progress	12	45
Plots, completed apartments and real estate	30	27
Leased inventories	**192**	**205**

The specification of leased inventories can be found in the note Leases.

In 2023, YIT recognised inventory write-downs related to the Business Premises segment amounting to EUR 3 million (1). In 2022, YIT recognised inventory write-downs related to discontinued operations of EUR 137 million.

21. TRADE AND OTHER RECEIVABLES

EUR million	31 Dec 2023	31 Dec 2022
Non-current receivables		
Trade receivables	36	25
Interest-bearing receivables	62	56
Other receivables*	29	2
Trade receivables, interest-bearing receivables and other receivables total	**127**	**84**
Loan receivables	6	5
Receivables from derivative agreements	2	10
Non-current receivables total	**135**	**100**
Current receivables		
Trade receivables	134	121
Interest-bearing receivables	12	—
Other receivables*	35	22
Trade receivables, interest-bearing receivables and other receivables total	**181**	**144**
Contract assets	76	122
Accrued income	8	6
Receivables from derivative agreements	1	1
Current receivables total	**267**	**274**
Non-current and current receivables total	**402**	**373**

*Non-current other receivables include EUR 28 million and current other receivables EUR 10 million consideration related to the sale of YIT's renewable energy business, YIT Energy Oy. Impacts of the sale are described in more detail in the note Acquisitions and disposals of business.

Information about expected credit losses is found in note Financial risk management.

22. CASH AND CASH EQUIVALENTS

EUR million	31 Dec 2023	31 Dec 2022
Cash in hand and in banks	128	206

Cash and cash equivalents include cash in hand and liquid deposits with solvent banks with original maturities of three months or less.

23. EQUITY

ACCOUNTING POLICY

Legal reserve

Legal reserve includes equity transferred as undistributable equity based on the rule of Articles of Associations or by decision of Annual General Meeting.

Unrestricted equity reserve

The unrestricted equity reserve includes the subscription price of the shares to the extent that it is not explicitly recognised in the share capital.

Translation differences

Translation differences include foreign exchange rate differences arising from translation of the financial statements of foreign group companies in Group consolidation.

Fair value reserve

Fair value reserve includes movements in the fair value of the equity investments designated at fair value through other comprehensive income and the derivative instruments used for cash flow hedging.

Treasury shares

When the parent company of the Group, or any subsidiary, purchases the parent company's equity share capital (treasury shares), the consideration paid, including any transaction costs, is deducted from the equity attributable to the company's equity holders. Where such ordinary shares are subsequently sold or reissued, any consideration received is included in the equity attributable to the company's equity holders. No gain or loss is recognised in the income statement from purchasing, selling, issuance or cancellation of the company's equity instrument.

Hybrid bond

A hybrid bond is recognised in shareholders' equity after equity belonging to shareholders. Noteholders of the hybrid bond do not have any rights equivalent to ordinary shareholders, and the bond does not dilute shareholders' ownership in the company. YIT does not have a contractual obligation to repay the loan capital. YIT can also postpone interest payments if it does not distribute dividends or any other equity to its shareholders. The hybrid bond is initially recognised at fair value less transaction cost and subsequently the bond is measured at cost. Interest is recorded into retained earnings adjusted with tax effect upon payment or accrued Interest is recorded into retained earnings adjusted with tax effect and as an accrued interest liability when the commitment to payment arises.

SHARE CAPITAL AND TREASURY SHARES

	Number of outstanding shares	Number of treasury shares	Share capital, EUR million	Treasury shares, EUR million
1 Jan 2022	209,118,906	1,980,947	150	-10
Transfer of treasury shares	392,240	-392,240		2
31 December 2022	**209,511,146**	**1,588,707**	**150**	**-8**
1 Jan 2023	209,511,146	1,588,707	150	-8
Transfer of treasury shares	36,588	-36,588		—
31 December 2023	**209,547,734**	**1,552,119**	**150**	**-8**

All issued and subscribed shares have been fully paid and the shares do not have a nominal value. The consideration paid for the treasury shares amounted to EUR 8 million and is disclosed as a separate reserve in equity. The consideration paid for treasury shares decreases the distributable funds of YIT Corporation. The shares are held by the company as treasury shares and have the right to be reissued in the future.

DIVIDENDS

Dividend paid and proposed	2023	2022
Dividend paid during the financial year		
Per share for the previous year, EUR	0.18	0.16
In total for the previous year, EUR million	38	33
Board of Directors' proposal for approval by the AGM		
Per share for the financial year, EUR	0.00	0.18
In total for the financial year, EUR million	0	38

24. PENSION OBLIGATIONS

ACCOUNTING POLICY

The Group's pension plans are mainly defined contribution pension plans. Contributions to defined contribution pension plans are entered in the income statement in the financial period during which the charge applies, after which the Group has no further obligations or payments.

The Group has also defined benefit pension plans in Finland. Independent actuaries calculate the obligations connected to the Group's defined benefit plans. The discount rate used in calculating the present value of the pension liability is the market rate of high-quality corporate bonds or the interest rate of treasury notes. The maturity of the reference rate substantially corresponds to the maturity of the calculated pension liability. The liability recognised on the statement of financial position in respect of the defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. Defined benefit pension plan expenses comprise service cost and net interest cost, which are recognised in personnel expenses. Actuarial gains are recognised in other comprehensive income and recorded as a change of defined benefit plan on the statement of financial position.

MANAGEMENT JUDGEMENT AND ESTIMATES

ASSUMPTIONS USED IN MEASURING PENSION BENEFITS

The present value of pension obligations depends on various actuarial factors and the discount rate used. Changes in the assumptions and discount rate impact the carrying amount of pension liabilities. The discount rate used is the market rate of high-quality corporate bonds or the interest rate of treasury notes for the currency in which the benefits will be realised. The maturity of the reference rate used corresponds substantially to the maturity of the calculated pension liability. Other assumptions are based on actuarial statistics and prevailing market conditions.

PENSION OBLIGATIONS

EUR million	2023	2022
Net defined benefit pension oblligations in the statement of financial position	3	3
Defined benefit pension costs in the income statement	—	—

In 2023 and 2022, the Group had defined benefit pension plans resulting from supplementary pension insurance in Finland. The pension liability has been calculated based on, among other things, the number of years employed and the salary level. The pension plans are managed by insurance companies, which are managed according to the local pension legislation.

DETERMINATION OF DEFINED BENEFIT PENSION OBLIGATIONS

EUR million	31 Dec 2023	31 Dec 2022
Present value of funded obligations	14	14
Fair value of plan assets	-11	-11
Pension liability, net	**3**	**3**

Changes in present value of the obligation

EUR million	2023	2022
Obligation on 1 January	14	17
Service cost	—	—
Interest cost	—	—
Actuarial gains/losses	—	-1
Settlements	—	—
Benefits paid	-1	-1
Obligation on 31 December	**14**	**14**

Fair value changes of plan assets

EUR million	2023	2022
Plan assets on 1 January	11	14
Expected return of plan assets	—	—
Remeasurements	—	-1
Settlements	—	—
Employer contribution	—	—
Benefits paid	-1	-1
Plan assets on 31 December	**11**	**11**

Actuarial assumptions

	2023	2022
Discount rate	3.7%	3.1%
Rate of salary increase	2.7%	2.8%
Rate of pension increases	2.7%	2.8%

Future payments

The following table presents the future payments used as the basis of the pension obligation calculations.

EUR million	2023	2022
Due within one year	1	1
Due in 1–5 years	5	5
Due in 5–10 years	5	5
Due in 10–15 years	3	3
Due in 15–20 years	2	2
Due in 20–25 years	1	1
Due in 25–30 years	1	1
Due after more than 30 years	1	1
Total	**19**	**20**

Sensitivity analysis

The following table presents the effect of change in the discount rate on the defined benefit obligation.

EUR million	2023	2022
Interest increase by 0.5% points	-1	-1
Interest decrease by 0.5% points	1	1

25.PROVISIONS

ACCOUNTING POLICY

Provisions are recorded when the Group has a legal or constructive obligation on the basis of a prior event, the materialisation of the payment obligation is probable, and the size of the obligation can be reliably estimated. Provisions are valued at the present value of the costs required to cover the obligation. If compensation for a share of the obligation can be received from a third party, the compensation is recorded as a separate asset item when it is practically certain that said compensation will be received.

A provision is made for **onerous contracts** when the amount of expenditure required by the agreement to fulfil the obligations exceeds the benefits that may be derived from it. The required expenditure includes the costs arising from completing the contract or the lower costs resulting from the cancellation of the contract.

The **10-year liability provision** arising from Finnish residential and commercial construction is determined by considering the class of 10-year liabilities as a whole. In this case, the likelihood of future economic loss for one project may be small, although the entire class of these obligations is considered to cause an outflow of resources from the company.

Warranty provisions cover repair costs after completion arising from warranty obligations. Warranty provisions are calculated on the basis of the level of warranty expenses actually incurred in earlier accounting periods. If the Group will receive reimbursement from a subcontractor or material supplier on the basis of an agreement in respect of anticipated expenses, the future compensation is recognised when its receipt is considered secure. Warranty provisions are mainly used in one to two years.

Provisions for restructuring are recognised when the Group has made a detailed restructuring plan and initiated the implementation of the plan or has communicated about it.

YIT recognises a provision for **legal** proceedings and for potential disputes which lead to a legal proceeding when the company's management estimates that an outflow of financial resources is likely, and the amount of the outflow can be reliably estimated.

MANAGEMENT JUDGEMENT AND ESTIMATES

PROBABILITY AND AMOUNT OF PROVISIONS

The recognition of provisions involves probability and amount-related estimates. The estimate of the probability and amount of realised costs is based on previous similar events and experience-based knowledge.

EUR million	Warranty provision	10-year liability commitments	Onerous contracts	Legal provisions	Other provisions	Total 2023	Total 2022
1 January	**47**	**77**	**10**	**3**	**3**	**139**	**132**
Exchange rate difference	—	—	—	—	—	0	0
Additions	13	8	17	—	1	39	63
Used during the period	-22	-2	-11	-1	—	-37	-49
Reversals of unused provisions	-1	—	—	—	-1	-2	0
Business disposals	—	—	—	—	—	0	-7
31 December	**37**	**83**	**17**	**1**	**3**	**141**	**139**
Non-current	17	68	—	1	—	87	88
Current	20	14	17	—	3	54	51
Total	**37**	**83**	**17**	**1**	**3**	**141**	**139**

The effect of discounting on the total amount of provisions was EUR 8 million (9).

26. INTEREST-BEARING FINANCIAL LIABILITIES

NON-CURRENT FINANCIAL LIABILITIES

EUR million	31 Dec 2023	31 Dec 2022
Bonds	100	199
Loans from financial institutions	189	50
Other interest-bearing liabilities	39	39
Total	**328**	**288**

CURRENT FINANCIAL LIABILITIES

EUR million	31 Dec 2023	31 Dec 2022
Bonds	100	–
Loans from financial institutions	30	100
Commercial papers	22	–
Housing company loans	260	230
Other interest-bearing liabilities	3	7
Total	**414**	**336**

Loans from financial institutions on 31 December 2023, EUR 219 million, were loans taken from banks and include different kind of financial covenants related to gearing, liquidity and interest coverage ratio. EUR 140 million of the loans from financial institutions are covered by collateral. The value of the collateral on 31 December 2023 was EUR 342 million. More information about the collateral given in note Contingent liabilities and assets and commitments. Housing company loans presented in financial liabilities relate to unsold sold apartments' share of housing company loans in residential development projects and the loans have a long maturity. Details of the bonds are shown on the next table.

Information about the bonds

31 Dec 2023 and 31 Dec 2022

	Nominal amount, EUR million	Maturity date	Coupon interest, %	Covenants*
FI4000496294	100	31.3.2024	3kk Euribor + 3,100	Equity ratio
FI4000496302	100	15.1.2026	3.250	Equity ratio
Total	**200**			

*In addition to the equity ratio covenant, terms and conditions of the bonds include an incurrence based interest coverage covenant.

Bonds are unsecured and callable before the final maturity date. In addition, YIT has a hybrid bond which is recognised in equity. The details of the hybrid bond are described in the note Financial risk management.

Lease liabilities

EUR million	31 Dec 2023	31 Dec 2022
Non-current lease liabilities	240	235
Current lease liabilities	16	19
Lease liabilities total	**256**	**254**

Reconciliation of interest-bearing financial liabilities

2023

EUR million	Current	Non-current	Lease liabilities	Total
Interest-bearing financial liabilities on 1 Jan	**336**	**288**	**254**	**878**
Short-term part of the long-term liabilities at the beginning	-100	100		
Cash flows	252	50	-4	299
Share of liabilities concerning sold apartments*	-184		-18	-202
Changes in lease liabilities			24	24
Other non-cash changes**		—		0
Short-term part of the long-term liabilities at the end	110	-110		
Interest-bearing financial liabilities on 31 Dec	**414**	**328**	**256**	**998**

2022

EUR million	Current	Non-current	Lease liabilities	Total
Interest-bearing financial liabilities on 1 Jan	**118**	**398**	**234**	**751**
Short-term part of the long-term liabilities at the beginning	-13	13		
Cash flows	403	18	-2	419
Share of liabilities concerning sold apartments*	-267		-18	-285
Changes in lease liabilities			40	40
Other non-cash changes**	-6	-42		-47
Short-term part of the long-term liabilities at the end	100	-100		
Interest-bearing financial liabilities on 31 Dec	**336**	**288**	**254**	**878**

*Housing company loans and lease liabilities related to sold apartments of unfinished residential development projects are transferred to Other contract liabilities line item. Upon completion, the housing company loans and lease liabilities of sold apartments are transferred to revenue. These transfers are presented as repayments of current borrowings and lease liabilities in cash flow statement.

**Other non-cash changes also include foreign exchange rate differences and financial liabilities transferred to discontinued operations.

27. TRADE AND OTHER PAYABLES

EUR million	31 Dec 2023	31 Dec 2022
Non-current liabilities		
Trade payables	21	19
Other liabilities	7	10
Trade payables and other liabilities total	**28**	**29**
Liabilities of derivative agreements	1	—
Non-current liabilities total	**29**	**29**
Current liabilities		
Trade payables	219	215
Other liabilities	64	84
Trade payables and other liabilities total	**283**	**299**
Other accrued expenses	114	131
Accrued expenses in projects	133	144
Liabilities of derivative agreements	3	2
Current liabilities total	**535**	**576**
Trade payables and other liabilities total	**564**	**605**

Other accrued expenses

EUR million	31 Dec 2023	31 Dec 2022
Accrued employee-related expenses	62	80
Interest liabilities	12	10
Other accrued expenses	40	41
Total	**114**	**131**

28. DERIVATIVE CONTRACTS

ACCOUNTING POLICY

Derivatives are initially recognised at fair value on the statement of financial position on the date a derivative contract is entered into and subsequently re-measured at fair value on each reporting date.

YIT has applied hedge accounting under IFRS 9 for hedging against the change of the reference interest rate of specific floating rate loans (cash flow hedging), but YIT always estimates hedge accounting needs case by case. YIT documents the hedging relationship between the hedging instrument and hedged item, and risk management objective as well as the strategy applied. The effectiveness of hedging is evaluated at least on every reporting date.

Changes in the fair value of the effective part of derivative instruments meeting the criteria for cash flow hedging are entered in the fair value reserves in shareholders' equity, taking the tax impact into consideration. Gains and losses recognised in shareholders' equity are transferred to income statement within the same financial periods as the hedged items have an effect on income statement.

The fair value changes of derivatives that are not eligible for hedge accounting are recognised according to the nature of the derivative, either in other operating income and expenses or in the financial items.

	31 Dec 2023				31 Dec 2022			
EUR million	**Nominal amount**	**Fair value, positive**	**Fair value, negative**	**Fair value, net**	**Nominal amount**	**Fair value, positive**	**Fair value, negative**	**Fair value, net**
Foreign exchange derivatives	188	—	-3	-3	176	1	-2	0
Interest rate derivatives (hedge accounting applied)	100	1	—	1	100	4	—	4
Interest rate derivatives (hedge accounting not applied)	200	2	-1	1	160	6	—	6
Total	**488**	**4**	**-4**	**-1**	**436**	**11**	**-2**	**10**

All derivative contracts are utilised for hedging purposes according to the Group's treasury policy, but hedge accounting, as defined in IFRS 9, is only applied to certain interest rate derivative contracts. The derivatives are used in order to reduce business risks, interest rate risks and to hedge balance sheet items denominated in foreign currencies.

In some cases, above mentioned financial derivatives are subject to master netting or similar arrangements which are enforceable in some circumstances. According to these arrangements, above mentioned derivative assets and liabilities could be settled on a net basis. Netting arrangements are enforceable according to typical negligence events or other events of default as the general terms for derivative transactions applies. Items, to which settlement on a net basis could be applied under certain conditions, are recognised on gross basis in the statement of financial position. Net figures would have been EUR 2 million (2) smaller than the gross figures presented above.

At the end of the reporting period (nor comparison period) YIT had no outstanding paid or received variation margin / margin call payments in relation to its derivative agreements.

29. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

ACCOUNTING POLICY

FINANCIAL ASSETS

YIT records financial assets at the current value of the trading day. YIT classifies financial assets on initial recognition into the following measurement categories: financial assets measured at amortised cost, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Financial assets are derecognised once the Group has lost the contractual right to their cash flows or when it has substantially transferred their risks and rewards to a party outside the Group.

Financial assets measured at fair value through profit and loss

Financial assets measured at fair value through profit or loss include all investments and derivative contracts acquired or held for trading purposes. These derivative contracts include interest rate and foreign exchange derivatives. Derivatives are carried at fair values based on market prices and generally accepted valuation models. Changes in the fair values are recognised according to the nature of the derivative, either in other operating income or expenses, or in financial items.

Financial assets measured at fair value through other comprehensive income

Financial equity assets measured at fair value through other comprehensive income are financial assets exclusive of derivative assets. In respect of such financial assets, the company has irrevocably decided in connection with the original recognition that changes that occur later in the fair value of an equity investment that is not made for trading purposes are recognised in other assets of the comprehensive income. At YIT, this includes certain investments in real property and apartment shares as well as other shares. Once the choice has been made, the amounts presented in the other assets of the comprehensive income will not be transferred to the income later. The dividends of such investments are recognised in income statement. The choice is made based on the investment-specific assessment.

Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest. This category includes cash and cash equivalents, trade receivables, interest-bearing receivables and other receivables on the statement of financial position. Financial assets of this category are initially recognised at fair value added with transaction costs, and they are subsequently measured at amortised cost using the effective interest rate method. A gain or loss on a financial asset measured at amortised cost is recognised in profit or loss when the asset is derecognised or impaired. Cash and cash equivalents comprise cash in hand, bank-account balances and liquid money-market investments with original maturities of three months or less.

FINANCIAL LIABILITIES

YIT records financial liabilities at the current value of the trading day deducted by the transaction costs. Subsequently, all financial liabilities except derivative instruments are measured at amortised cost using the effective interest rate method.

Financial liabilities measured at fair value through profit or loss include derivative contracts. These derivative contracts include interest rate and foreign exchange derivatives. Derivatives are carried at fair values based on market prices and generally accepted valuation models. Changes in the fair values are recognised according to the nature of the derivative, either in other operating income or expenses, or in financial items.

Fees paid on the establishment of loan facilities are capitalised as a prepayment for liquidity services and amortised over the period of the facility to which they relate.The Group has both non-current and current financial liabilities, and they may be interest-bearing or non-interest bearing. Financial liabilities are derecognised once YIT's obligations in relation to liability are discharged, cancelled or expired.

FAIR VALUE MEASUREMENT

YIT categorises financial instruments recognised at fair value by using a three-level fair value hierarchy. Financial instruments recognised at fair value in the balance sheet are classified by fair value measurement hierarchy as follows:

Level 1

Level 1 of the fair value hierarchy is defined as all financial instruments for which there are quotes available in an active market. These quoted market prices are readily and regularly available from an exchange, broker, pricing service or regulatory agency. These prices are used without adjustment to measure fair value. YIT has no financial instruments classified in Level 1.

Level 2

The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize other than Level 1 quoted market prices readily and regularly available from an exchange, broker, pricing service or regulatory agency.

YIT values OTC derivatives from a Level 2 Intermediary, pricing service or regulatory agency at fair value based on observable market inputs and generally accepted valuation methods.

Level 3

Fair values of financial instruments within Level 3 are not based on observable market quotations or market prices. YIT has classified investments at fair value on Level 3.

MANAGEMENT JUDGEMENT AND ESTIMATES

VALUATION OF EQUITY INVESTMENTS

YIT's most significant equity investment is Tripla Mall Ky whose fair value valuation is significantly based on the valuation of the property. The key inputs in the fair valuation of the property are the yield, vacancy rate as well as the compound annual growth rate of the net operating income. YIT's management has had to use its consideration and estimates to specify them. YIT's management follows constantly the indicators and their development relating to fair valuation of the equity investments.

31 Dec 2023

EUR million	Financial assets and liabilities recognised at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial assets and liabilities recognised at fair value through other comprehensive income	Carrying amount	Fair value	Fair value measurement hierarchy	Note
Non-current financial assets							
Equity investments		212	2	214	214	Level 3	18
Trade receivables, interest-bearing receivables and other receivables*	111			111	101		21
Loan receivables and interest-bearing receivables		21		21	21	Level 3	21
Derivative agreements		2		2	2	Level 2	28
Current financial assets							
Trade receivables, interest-bearing receivables and other receivables*	181			181	181		21
Derivative agreements		—	1	1	1	Level 2	28
Cash and cash equivalents	128			128	128		22
Financial assets by category, total	**420**	**236**	**3**	**659**	**648**		
Non-current financial liabilities							
Interest bearing liabilities	328			328	292		26
Trade payables and other liabilities*	28			28	26		27
Derivative agreements		1		1	1	Level 2	**28**
Current financial liabilities							
Interest-bearing liabilities	414			414	414		26
Trade payables and other liabilities*	283			283	283		27
Derivative agreements		3		3	3	Level 2	28
Financial liabilities by category, total	**1,054**	**4**		**1,058**	**1,019**		

*Do not include accruals, statutory obligations or advances, as these are not classified as financial assets and liabilities under IFRS Accounting standards.

31 Dec 2022

EUR million	Financial assets and liabilities recognised at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial assets and liabilities recognised at fair value through other comprehensive income	Carrying amount	Fair value	Fair value measurement hierarchy	Note
Non-current financial assets							
Equity investments		216	2	218	218	Level 3	18
Trade receivables, interest-bearing receivables and other receivables*	83			83	72		21
Loan receivables		5		5	5	Level 3	21
Derivative agreements		6	4	10	10	Level 2	28
Current financial assets							
Trade receivables, interest-bearing receivables and other receivables*	143			143	143		21
Derivative agreements		1		1	1	Level 2	28
Cash and cash equivalents	206			206	206		22
Financial assets by category, total	**433**	**228**	**6**	**668**	**656**		
Non-current financial liabilities							
Interest bearing liabilities	288			288	263		26
Trade payables and other liabilities*	29			29	24		27
Current financial liabilities							
Interest-bearing liabilities	336			336	336		26
Trade payables and other liabilities*	299			299	299		27
Derivative agreements		2		2	2	Level 2	28
Financial liabilities by category, total	**953**	**2**		**954**	**924**		

*Do not include accruals, statutory obligations or advances, as these are not classified as financial assets and liabilities under IFRS Accounting Standards.

The fair values of bonds issued are based on the market prices at the reporting date. The fair values of other non-current financial assets and liabilities are based on discounted cash flows. The discount rate is defined to be the rate YIT was to pay for equivalent external loans at the end of the reporting period. It consists of risk free market rate and company and maturity related risk premium of 4.94-8.01% (2.00-5.02%). The fair values of other current financial assets and liabilities are equal to their carrying amounts.

FAIR VALUE MEASUREMENTS USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)

	Valuation technique	Significant unobservable inputs	Base value 2023	Base value 2022	Sensitivity of the input to fair value for YIT	Additional information regarding the input
Equity investments recognised at fair value through profit and loss, Tripla Mall Ky	Discounted Cash Flow (DCF) method, 10 year period	Compound annual growth rate (CAGR) of Net Operating Income (NOI) for the entire valuation period	3.72 %	4.80%	1 percentage point increase (decrease) in the input value leads to a EUR 23 million increase (EUR 19 million decrease) in the fair value of the asset.	The change in the input value is estimated through a coefficient that increases/decreases the growth of all annual NOI cash flows identically, therefore depicting a scenario where the NOI of commercial facility and parking facility follows a higher/lower growth trajectory during the valuation period.
		Yield	5.75 %	5.50 % - 5.75 %	5 percentage increase (decrease) in the input values leads to a EUR 12 million decrease (EUR 16 million increase) in the fair value of the asset.	
Equity investments recognised at fair value through profit and loss, OP Vuokrakoti Ky	Comparable transactions method and discounted cash flow method	Price per square meter	4,935 € / m²	5,268 € / m²	5 percentage point increase (decrease) in the average square meter price leads to a EUR 2 million increase (EUR 2 million decrease) in the fair value of the asset.	Both comparable transactions and discounted cash flow method are taken into account in the determination of average square meter price.
Loan receivables and interest-bearing receivables recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method	Discount rate	5.16% - 10.94%	5.76%	1 percentage point increase (decrease) in the input value leads to a decrease of EUR 1 million (or increase of EUR 1 million).	The input value rate reflects the exit yield of the investor.

Description of valuation techniques

Equity investments recognised at fair value through profit and loss

Tripla Mall Ky

The fair value of YIT's equity investment in Tripla Mall Ky is calculated as the fair value of the property, subtracting the net debt and the sum is multiplied with YIT's share of ownership. The value of the property is determined by using the income approach, taking 10-year discounted cash flows and the present value of the terminal value. An independent external appraiser (CBRE) has audited the valuation model used by YIT and assessed the relevant valuation assumptions and stated that it fulfils the requirements of IFRS and IVSC (International Valuation Standards Council). Separate calculations have been used for the shopping mall and the parking facility. In general, the discounted cash flow model uses contract rents until the lease expiry, after which the expected market rent rates are used. The valuation is made on a net rental basis and utilises a long-term vacancy rate for the net rental income. For both shopping mall and the parking facility, other operating income such as advertising have been added to the net rental income. Similarly, expenses such as maintenance expenses for vacant premises and administration expenses have been deducted from the net rental income. The discount rates used are based on reasonable market yields and projected average inflation for the 10-year cash flow valuation period. The market yields are derived from market data and the market knowledge of the independent external appraiser (CBRE).

The value of the investment of YIT to Tripla Mall Ky is also affected by a separate profit-sharing agreement between the shareholders of Tripla Mall Ky. When an equity multiple that is calculated with fixed market parameters (inflation and exit yield) exceeds (or is below) an agreed target range, YIT is entitled to a larger (or smaller) share of the fair value of the investment, in 2024 when the investment is sold or when the profit-sharing agreement has expired. If the equity multiple is in the agreed target range, YIT is entitled to its original share of the fair value of the investment. The equity multiple is defined as the ratio between the equity value, which is projected in the fair value model, and realised equity investments in Tripla Mall Ky. At the balance sheet date, the outcome of the modelling of the profit-sharing agreement does not have an impact on the value of the investment when compared to the carrying amount. If the equity multiple increased by 5 percent, it would still remain in the target range. If the equity multiple decreased by 5 percent, it would lead to a EUR 12 million decrease in the fair value of the asset compared to the carrying amount. Fair value changes resulting from the profit-sharing agreement are reported in consolidated income statement in the row Change in fair value of financial assets.

OP Vuokrakoti Ky

The fair value of YIT's equity investment in OP Vuokrakoti Ky is calculated as the fair value of the owned properties, subtracting the net debt and the sum is multiplied with YIT's share ownership. The fair values of the properties are based on valuation reports from an independent external appraiser (Finnish AKA report, following IVS). Valuation is made separately for each property. Both comparable transactions method and discounted cash flow method have been used in the valuation. Based on the judgement of the appraiser, the two valuation methods have been weighted in the final valuation.

Loan receivables recognised at fair value through profit and loss

The fair value of YIT's loan receivables are calculated by discounting the expected cash flows with a specific discount rate. The discount rate is based on the average maturity, market interest rate for the maturity in question and the risk premium for the loan receivable.

Level 3 reconciliation

EUR million	2023	2022
Fair value on 1 January	223	193
Additions	24	23
Change in fair value from equity investments recognised in income statement	-2	10
Change in fair value from loan receivables and interest-bearing receivables recognised in income statement	1	-1
Decreases	-11	—
Fair value on 31 December	**235**	**223**

Valuation processes

Tripla Mall Ky

The valuation of Tripla Mall Ky is performed in-line with YIT's quarterly reporting cycle by relevant business management. The valuation is validated by an independent external appraiser (CBRE) according to IVS (International Valuation Standards) standards and IFRS Accounting Standards. The valuation is approved by the Group's CEO based on an active quarterly discussion between the relevant business management preparing the valuation.

OP Vuokrakoti Ky

OP Vuokrakoti Ky orders the valuation report (following IVS-standards) from an independent external appraiser quarterly.

30. FINANCIAL RISK MANAGEMENT

YIT is exposed to several financial risks in its business operations. The most significant financial risks are funding, liquidity, and credit risks and market risks like foreign exchange and interest rate risks. The aim of YIT's financial risk management is to reduce uncertainty concerning the possible impacts that changes in fair values on the financial markets could have on YIT's result, cash flow and value.

The management of financial risks is based on principles of the treasury policy approved by the Board of Directors. The treasury policy defines the principles and division of responsibilities with regard to financial activities and the management of financial risk. The policy is reviewed and if necessary updated at least annually.

Execution of the treasury policy is the responsibility of the Group Treasury, which is mainly responsible for the management of financial risks and handles the Group's treasury activities on a centralised basis. The Group's treasury policy defines the division of responsibilities between the Group Treasury and business units in each subarea. The Group companies are responsible for providing the Group Treasury with up-to-date and accurate information on treasury-related matters concerning their business operations. The Group Treasury serves as an internal bank and co-ordinates, directs and supports the group companies in treasury matters such that the Group's financial needs are met and its financial risks are managed effectively in line with the treasury policy.

LIQUIDITY RISK

YIT seeks to ensure the availability of funding, optimise the use of liquid assets in funding its business operations and to minimise interest and other finance costs. The Group Treasury is responsible for managing the Group's overall liquidity and ensuring that adequate credit lines and a sufficient number of different funding sources are available. It also ensures that the maturity profile of the Group's loans and credit facilities is spread sufficiently evenly over coming years as set out in the treasury policy.

The availability of funding depends on the prevailing situation in the financial markets and the construction sector as well as the development of the Group's profitability and financial position. The availability of funding could decrease and/or finance costs increase due to negative development of YIT's profitability and financial key figures. Also the desire of banks and investors to limit their own risk exposure in the construction sector could lead to a reduction in the availability of financing or uncommitted funding limits, making it more difficult to start or participate in new projects.

According to the treasury policy, the Group's liquidity shall at all times match the Group's total liquidity requirement. The funding requirements are based on cash flow forecasting. Funding and cash management are centralised to the Group Treasury. As the cash management is centralised to the Group Treasury, the use of liquid funds can be optimised between the different units of the Group. YIT's liquidity consists of liquid funds, a commercial paper programme, bank overdraft facilities, and committed credit limits. The amount of YIT's liquid funds at the end of 2023 was EUR 128 million (206). The total amount of YIT's commercial paper programme is EUR 400 million (400), of which was unused EUR 378 million (400) at the end of reporting period. At the end of the reporting period, YIT had available committed credit facilities amounting to EUR 220 million (300) and overdraft limits amounting to EUR 20 million (32). Committed credit facility is available until June 2025. In addition, committed housing company and project loan limits related to apartment projects amounted to EUR 49 million (222) at the end of the reporting period. The Group's financing agreements include different kind of financial covenants related to equity, gearing, liquidity and interest coverage ratio. It is essential that YIT's key figures maintain at an adequate level to meet the covenants.

The housing company finances the construction works using a financing model where the housing company draws housing company loan according to measure of progress to finance the construction. Housing company loans presented in interest-bearing financial liabilities relate to unsold apartments' share of housing company loans in residential development projects amounted to EUR 260 million (230) at the end of the reporting period. Regarding unsold apartments, housing company loans will be paid with financial consideration for the apartments in questions during a long loan period.

The following table describes the contractual maturities of the financial liabilities and interest and other expenses related to those items. The amounts are undiscounted. The interest flows of floating-rate loans and interest rate derivative instruments are based on interest rates prevailing on 31 December 2023 (31 December 2022). Cash flows of foreign currency denominated liabilities are translated into euros at the foreign exchange rates prevailing at the reporting date. Cash flows of foreign exchange derivative contracts are translated into euros at forward rates.

Contractual cash flows of financial liabilities and derivative instruments

31 Dec 2023

EUR million	2024	2025	2026	2027	2028	2029-	Total
Interest-bearing liabilities	445*	190	145				780
Lease liabilities	29	29	26	24	21	412	540
Trade payables and other liabilities	284	21	6	1	2	1	314
Interest rate derivatives	-6	-3	-2	-1	—		-12
Foreign exchange derivatives							
cash outflow	-185						-185
cash inflow	188						188
Guarantees given on behalf of others	—		—				—
Total	**754**	**237**	**175**	**23**	**23**	**412**	**1,625**

31 Dec 2022

EUR million	2023	2024	2025	2026	2027	2028-	Total
Interest-bearing liabilities	358*	161	5	145			669
Lease liabilities	30	40	24	22	20	399	535
Trade payables and other liabilities	304	12	5	4	1	2	328
Interest rate derivatives	-2	-1	—	—	—		-3
Foreign exchange derivatives							
cash outflow	-174						-174
cash inflow	175						175
Guarantees given on behalf of others	—	—	—	—			—
Total	**691**	**212**	**34**	**171**	**21**	**401**	**1,530**

Table from year 2022 includes the change in lease liabilities presented in the note Adjustments concerning prior periods.

*Includes housing company loans related to unsold apartments EUR 260 million (230).

INTEREST RATE RISK

The aim of YIT's interest rate risk management is to minimise changes affecting the result, cash flows and value of YIT due to interest rate fluctuations. The Group Treasury manages and monitors the interest rate position. YIT's interest rate risk primarily comprises fixed-rate and variable-rate borrowings, interest-bearing financial assets and interest rate derivatives. Interest rate changes have an effect on items in the income statement, consolidated statement of financial position and cash flow.

YIT's interest rate risk is managed by aligning the Group's average period of interest fixing term with the interest rate sensitivity of the business. The interest rate sensitivity of YIT's business is estimated to be about 2 years. Average interest rate fixing term and fixed/floating ratio of the debt portfolio is being followed by Group Treasury. In addition, sensitivity analysis on interest rate risk are being done.

YIT can have both variable- and fixed-rate long-term borrowings. The ratio of fixed- and variable-rate borrowings can be changed by using interest rate derivatives. YIT has used interest rate swaps for managing interest rate risks. Hedge accounting has been applied to certain derivative contracts and it has been effective. 70 per cent (75) of the interest rate portfolio which consist of interest-bearing financial liabilities, lease liabilities and interest rate derivatives was at fixed rate at the end of reporting period.

The below presented interest rate risk sensitivity analysis illustrates the effect of a change of one percentage point in market interest rates on net financial costs before taxes and other comprehensive income items taken on account the tax effect. Sensitivity analysis includes floating rate items of the year-end balance sheet net debt, and interest rate derivatives.

	31 Dec 2023		31 Dec 2022	
EUR million	**1% point increase in interest rates**	**1% point decrease in interest rates**	**1% point increase in interest rates**	**1% point decrease in interest rates**
Net finance expenses	1	-1	3	-3
Other comprehensive income	0	0	1	-1

Sensitivity analysis is based on prevailing market interest rates at the end of reporting period, like for example three month Euribor, which was 3.909% at the end of period (2.132%). Market interest rates rose during the year and the mentioned three month Euribor was 3.437% on average in the reporting period. In a strongly changing interest rate environment like this, the effect on net finance expenses comes with a delay, thus the result of the sensitivity analysis cannot be directly compared to the realised net finance expenses of the reporting period.

Changes in interest rates have effect on parameters used in a fair valuation of YIT's balance sheet items and may have effect on the demand for YIT's products and services..

CREDIT AND COUNTERPARTY RISK

YIT's credit risk is related to counterparties with open receivables or with long-term agreements. YIT is exposed to credit risk mainly through the Group's trade receivables, interest-bearing receivables, cash and cash equivalents and derivatives. The maximum amount of credit risk is the combined total values of the aforementioned items as presented in the consolidated statement of financial position.

Historically, the actual credit losses at YIT have been small. The most significant past due receivables relate to cases where YIT's different claims to the customer have caused disagreements. The disagreements might be a result of additional and change works, defects in designs as well as disruptions to the project's time schedule. In these cases, YIT assesses its legal position and applies IFRS 15 guidance on contract modifications. Therefore, the changes in the revenue recognition of the customer contract are not accounted for as a credit loss and it will not have an impact on the expected credit loss rate.

Operating units are responsible for the credit risk related to operating items, such as trade receivables. Operating units are responsible for the credit risk of loan receivables acquired in connection with business operations. Customers and the nature of the agreements differ between the Group's segments. Customer-specific credit risk management is carried out in the segments' finance departments in cooperation with the operating units. The Group manages credit risk related to operating items by holding the ownership of construction projects until payment is received; taking advance payments; accelerated payment programmes of projects; payment guarantees; site-specific mortgages; credit risk insurance policies; and careful examination of clients' background information. The background of the new customers and counterparties is examined thoroughly by, for example, acquiring credit information. In addition, selling of receivables to financial institutions is used in the management of the credit risk of operations. Trade receivables related to sales of office buildings which are paid only when the ownership is transferred, and the related risk of insolvency of the counterparty, are typically transferred to banks and financial institutions. These transfers meet the conditions set out in IFRS 9 for derecognition of financial assets. The Group does not have any significant concentrations of credit risk as the clientele is widespread and geographically divided into the countries in which the Group operates.The operating units are not expecting any unusual credit risk arising from loan receivables recognized at fair value, interest-bearing receivables acquired in connection with business operations, sales receivables or other receivables.

The Group Treasury is responsible for the management of the YIT's counterparty and credit risks related to cash and cash equivalents, derivative instruments and other financial transactions. The treasury policy specifies the approved counterparties and their criteria. No impairment has been recognised on the derivative instruments, the cash and cash equivalents or other financial transactions in the reporting period. At the end of the reporting period the counterparty risk of aforementioned items was considered to be low.

Expected credit losses

ACCOUNTING POLICY

IMPAIRMENT OF FINANCIAL ASSETS

The impairment model for financial assets is based on expected credit losses in accordance with IFRS 9. The expected credit losses affect the valuation of financial assets that have been classified in the amortised cost. On every reporting date, YIT assesses whether the credit risk pertaining to a financial asset has materially increased. If the credit risk is deemed to have materially increased, the amount recoverable from the financial asset, which is the fair value of the asset, is estimated and the impairment loss is recognised wherever the carrying amount exceeds the recoverable amount. Impairment losses are recognised in the income statement either in other operating expenses or in finance expenses based on the nature of the financial asset. When a debtor is in significant financial difficulties, any probable bankruptcy, delinquent payments, or payments that are more than 90 days overdue constitute evidence of possible neglect of the receivables.

Trade receivables and assets based on customer contracts

YIT applies the simplified model in accordance with IFRS 9 for trade receivables and contract assets. According to the model, the credit loss allowance is recognised based on the lifetime expected credit losses. Trade receivables and contract assets have been reviewed by country. YIT has specified expected credit loss rates for trade receivables of different maturities in accordance with the age distribution.

The amount of the expected credit loss is based on the management's best estimate of the expected credit losses. The credit loss model takes into account the customers' previous payment behaviour as well as the available future forecasts.

Interest-bearing receivables

The impairment of loan receivables is calculated on the basis of the credit loss that is expected to occur during a 12-month period, unless a significant credit risk increase has occurred since the original recognition, in which case the allowance is calculated on the basis of the expected credit loss of the asset's entire lifetime.

	2023			2022		
EUR million	**Carrying value**	**Expected credit loss**	**Expected credit loss rate, %**	**Carrying value**	**Expected credit loss**	**Expected credit loss rate, %**
Trade receivables						
Not past due	109	1	0.6	84	—	0.6
1-60 days	14	—	0.6	10	—	0.6
61-90 days	1	—	0.6	3	—	0.6
91-180 days	3	—	0.6	1	—	0.6
Over 181 days	45	1	2.0	33	—	4.1
Total	**172**	**2**		**131**	**1**	
Contract assets	**76**	**—**	**0.3**	**122**	**—**	**0.3**
Interest-bearing receivables	**74**			**57**	**6**	

FOREIGN EXCHANGE RATE RISK

The aim of foreign exchange rate risk management is to reduce uncertainty concerning the possible impacts that changes in exchange rates could have on the future values of cash flows, business receivables and liabilities, and other items in the statement of financial position. Exchange rate risk mainly consists of translation risk and transaction risk.

Translation risk consists of foreign exchange rate risk arising from the translation of the income statements and the statement of financial position of foreign group companies into the Group's functional currency. Exchange rate difference recorded in accounting is caused by equity investments in foreign entities and their retained earnings, the effects of which are recorded under translation differences in shareholders' equity. Translation risk is managed by optimising group companies' capital structure. By decision of the Board of Directors, the net investments in foreign operations are not hedged from the changes in foreign exchange rates. The change in foreign exchange rates increased the value of YIT's net investments and the change in translation differences increased Group's equity by EUR 4 million (29) compared to the end of the previous year. The change in translation differences of Polish zloty was EUR 7 million and the total change in Group's translation differences amounted to EUR 4 million. A decrease or increase of ten percent in the euro exchange rate against Polish zloty, which possesses the biggest translation risk position, would have had an impact of EUR 8 million (8) on translation differences at the reporting date.

Transaction risk consists of foreign currency transactions from operational and financial activities. Business units' commercial contracts cause foreign exchange rate risk for YIT. However, the contracts are mainly made in the units' own functional currencies. YIT seeks to hedge business currency risks primarily by operative means. The remaining transaction risk is hedged by using for example foreign exchange derivatives. Business units are responsible for identifying, reporting, forecasting and hedging their transaction risk positions internally with Group Treasury. The Group Treasury is responsible for hedging the group's risk positions as external transactions in accordance with the treasury policy. During 2023 there were no significant open foreign exchange rate risks related to commercial contracts.

Loans taken by the centralised treasury function in parent company are mainly denominated in euro, but the intra-Group loans are primarily given in the functional currency of each subsidiary. The parent company hedges this foreign exchange rate risk by using, for example, foreign exchange derivatives. According to sensitivity analysis, weakening or strengthening of euro would not have had a material impact on the result of YIT. In the sensitivity analysis there are internal and external loans and receivables, and foreign exchange derivative contracts made to hedge these items against foreign exchange rate risk, which offset the impact of changes in foreign exchange rates.

YIT has not applied hedge accounting in currency hedging during the reporting period. Changes in the fair values of derivatives are recognised through profit and loss in accordance with the accounting policies.

COMMODITY PRICE RISK

Business units are responsible for identifying their commodity price risks. YIT can protect itself against the commodity price risks for example with price clauses in sales agreements, fixed purchase prices and derivatives.

MANAGEMENT OF CAPITAL AND THE CAPITAL STRUCTURE

Capital refers to the equity and interest-bearing liabilities shown on YIT Group's consolidated statement of financial position. YIT's capital management ensures cost-effectively that all of YIT's business sectors maintain their business viability at a competitive level in all cyclical conditions, that risk carrying capacity is adequate, for example, in construction contracts, and that the company is able to service its borrowings, pay a good dividend and increase the shareholder value.

In the capital-intensive business operations, such as residential development projects and real estate development projects, capital investments must be adjusted according to the market conditions by decreasing or increasing the number of plot investments and project start-ups. In addition, the objective is effective turnover of net working capital in all business areas. The amount and structure of capital is also controlled by adjusting the amount of dividend, acquiring the company's own shares, issuing new shares or selling assets in order to reduce debt. If the Group fails to manage the capital employed, it could lead to increased financing costs and the risk of non-compliance with key financial covenants.

The amount of YIT's interest-bearing liabilities is affected by factors such as scale of operations and cash flow, acquisitions, investments in or the sale of production equipment, buildings and land, and possible equity related arrangements. YIT's equity is also affected by changes in value from investments valued at fair value which may change due to various factors.

YIT continuously monitors especially the amount of debt, the ratio of net debt to EBITDA, gearing and the equity ratio. The company also follows the development of capital by means of the return on capital employed. YIT has determined its financial targets to be reached by the end of 2025 as follows: operating profit margin: 6%, gearing: less than 50%, and dividend: stable growth.

YIT may from time to time seek to repurchase its outstanding debt through cash purchases and/or exchanges for equity securities, in open market purchases, privately negotiated transactions or otherwise. The amounts involved may be material. YIT may decide to hold, cancel or sell such repurchased debt. Possible subsequent sales of repurchased debt may be made against cash or other compensation or in exchange for equity securities and such sales may be executed as open market offers, privately negotiated transactions or otherwise. Repurchases or exchanges of outstanding debt or subsequent sales or exchanges of repurchased debt, if any, will depend on prevailing market conditions, liquidity requirements, contractual restrictions and other factors.

YIT has reorganised its debt portfolio and funding sources during the reporting period as follows:

During the last quarter, YIT signed a EUR 140 million term loan which is secured. The loan is fully withdrawn and it replaced previous term loans totalling EUR 150 million which were to mature in late 2023 and spring 2024. The new loan agreement includes liquidity and gearing related financial covenants which are reviewed depending on the financial covenant either on a monthly basis or on a quarterly basis. In addition, the loan agreement includes restrictions to distribute funds based on the Company's leverage ratio. The loan will be repaid by EUR 30 million during 2024 and the rest of the loan matures during spring 2025.

Hybrid bond which is recorded as part of equity, bears a fixed interest rate of 5.75% per annum until 31 March 2026 (the "Reset Date"), and, from the Reset Date, a floating interest rate as defined in the terms and conditions of the hybrid bond. According to certain conditions, YIT can defer the interest payments. The hybrid bond does not have a maturity date, but the company is entitled to redeem it on the Reset Date, and subsequently, on each interest payment date.

There are quarterly or monthly monitored financial covenants included in YIT's financial agreements. These covenants are equity ratio, gearing, liquidity and interest coverage ratio. YIT has met its financial covenants. If YIT's profitability and key figures develop unfavourably it may cause a risk that company's covenants would not be met and lead to covenant restrictions to enter into force. This may lead to early maturity of the loans. In addition, there is also an incurrence based interest coverage covenant included in YIT's senior bonds, which may restrict YIT's ability to raise certain type of funding if covenant would not be met at the time of testing.

Financial indicators	31 Dec 2023	31 Dec 2022
Interest-bearing liabilities, EUR million	998	878
Interest-bearing receivables, EUR million	74	57
Cash and cash equivalents, EUR million	128	206
Net interest-bearing debt, EUR million	795	615
Equity, EUR million	845	883
Equity ratio, %	33	35
Gearing ratio, %	94	70

31. CONTINGENT LIABILITIES AND ASSETS AND COMMITMENTS

ACCOUNTING POLICY

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of an uncertain future event that is not within the control of the Group. In addition, a present obligation whose settlement is not likely to require an outflow of financial resources and an obligation whose amount cannot be measured with sufficient reliability are deemed contingent liabilities. No provision is made for contingent liability. Instead, it is presented in the notes to the financial statements.

Contingent assets usually arise from unplanned or other unexpected events that give rise to the possibility of an inflow of economic benefits to the entity. Contingent assets are not recognised in financial statements, but they are presented in the notes of the financial statements.

CONTINGENT LIABILITIES AND ASSETS AND COMMITMENTS

EUR million	31 Dec 2023	31 Dec 2022
Guarantees given		
Guarantees on behalf of others	—	1
Guarantees on behalf of consortia	2	2
Guarantees on behalf of associated companies and joint ventures	—	4
Guarantees on behalf of parent and other Group companies	883	968
Collateral given		
Amount of financial liabilities covered by collateral	140	
Collateral related to financial liabilities above		
Plots and real estate properties in inventories	150	
Equity investments	192	
Other commitments		
Investment commitments	82	73
Purchase commitments*	317	310

*Amount of purchase commitments in 2022 has been adjusted by EUR 131 million.

Guarantees given are typical in construction industry including, for example, performance and warranty guarantees.

As a result of the partial demerger registered on 30 June 2013, YIT has a secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 5 million (5) on December 31, 2023.

Purchase commitments are mainly pre-contracts for plot acquisitions, the realisation of which typically depends on the implementation of zoning. The value of the plot purchase commitments is an estimate which is subject to zoning, amount of building rights and changes in cost indexes. In addition, the amount presented in the notes is based on the estimated acquisition value of the land, despite a possible termination clause in the contract.

32. SUBSIDIARIES

	Domicile	Ownership of the parent company, %	Ownership of the Group, %
YIT Finland Ltd	Finland	100	100
YIT Equipment Ltd	Finland	100	100
YIT Ventures Oy	Finland	100	100
UAB Lemcon Vilnius	Lithuania	100	100
Finn-Stroi Oy	Finland		100
Lemcon HR Oy	Finland		100
YIT International Oy	Finland		100
YIT Talon Tekniikka Oy	Finland		100
YIT Eesti AS	Estonia		100
YIT Infra Latvija SIA	Latvia		100
YIT Latvija SIA	Latvia		100
UAB "YIT Lietuva"	Lithuania		100
YIT Infra Norge AS	Norway		100
YIT Development SP. Z O.O.	Poland		100
YIT Sverige AB	Sweden		100
YIT Slovakia a.s.	Slovakia		100
YIT Stavo s.r.o	the Czech Republic		100

The table does not include housing and real estate companies or housing and real estate construction project companies.

33. RELATED PARTY TRANSACTIONS

The Group's related parties include associated companies, joint ventures and key executives with their closely associated persons. Key executives include the members of the Board of Directors, President and CEO and the Group Management Team.

EUR million	2023	2022
Sale of goods and services		
Key management personnel	0.01	–
Associated companies and joint ventures	269	160
Total	**269**	**160**
Purchases of goods and services		
Associated companies and joint ventures	1	–
Trade and other receivables		
Associated companies and joint ventures	19	6
Interest-bearing receivables		
Associated companies and joint ventures	35	18
Trade payables and other liabilities		
Associated companies and joint ventures	–	–
Interest-bearing liabilities		
Associated companies and joint ventures	3	7

YIT's related party transactions with key management personnel and Board members other than those shown in the table consisted of normal salaries and remuneration. All transactions with related parties are made at arm's length principle.

34. IFRS ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS NOT YET EFFECTIVE

YIT has not applied any standards, amendments to standards or interpretations that will be effective after the annual reporting period beginning after 1 January 2023. YIT does not expect any significant impact on the financial statements from any published, but not yet effective, IFRS Accounting standard, IFRIC interpretation, IFRS Accounting Standard annual improvement or change. The amendments to IAS 1, IFRS 7 and IAS 7 effective from 1 January 2024 will increase the amount of information to be disclosed in the notes, for example in relation to supplier financing arrangements and covenanted loans.

35. EVENTS AFTER THE REPORTING PERIOD

On 8 January 2024, YIT announced that it had completed the strategic review of its Swedish infrastructure business, which was announced on 20 June 2023. As a result of the review, YIT announced it had decided to close down its infrastructure business in Sweden. In connection with the decision, YIT announced it would recognize a negative booking of EUR 16 million in profit for Q4/2023, related to the decision to close down the operations and its implications for the margin forecasts for ongoing projects. The business to be closed down will be recorded in operating profit adjusting items from the beginning of Q4/2023.

On 9 January 2024, YIT announced that it has agreed on the sale of the entire share capital of YIT Kalusto Oy, YIT's subsidiary providing in-house equipment services, to Renta Oy, a company operating in the equipment rental business. As part of the arrangement, YIT and Renta will sign a long-term cooperation agreement on the delivery of equipment services to YIT in Finland. YIT Kalusto Oy was classified as an asset held-for-sale at year-end 2023 because the sale was highly probable at year-end. YIT Kalusto Oy is part of the Infrastructure segment. In addition to the share transaction, YIT sells to Renta the property used by YIT Kalusto Oy, located in Urjala, Finland. Prior to the share transaction, the specialised equipment related to YIT's Infrastructure business and the personnel working with the business, will be transferred to YIT Infra Oy in an intra-group business transaction. The enterprise value is EUR 37 million in total. The purchase price will be paid at the closing of the transaction. The estimated net cash inflow from the transaction is approximately EUR 30 million, and the preliminary estimate of the gain on sale from the transaction is approximately EUR 10 million. The financial implications of the transaction will be specified at the closing. The share transaction between YIT and Renta is conditional to the approval by the Finnish Competition and Consumer Authority, and it is estimated to be completed by 30 June 2024. In connection with the share transaction, 67 employees of YIT Kalusto Oy will transfer to Renta. Renta Group has operations in eight North European countries, 175 depots and over 2,000 employees.

YIT announced on 12 February 2024 and supplemented on 14 February 2024 that YIT's EUR 300 million committed revolving credit facility has acceded on 12 February 2024 in the security arrangement agreed in connection with the financing agreement announced on 21 November 2023. Committed revolving credit facility was unsecured before this. The security arrangement has been concluded taking into account the restrictions in other financing agreements. The enforced security arrangement, whereby the EUR 140 million financing agreement announced on 21 November 2023 and the company's EUR 300 million committed revolving credit facility are, in accordance with financial market practice, placed in the same collateral position, does not affect the company's liquidity or financial position. The EUR 300 million committed revolving credit facility will remain fully available to the company. As published on 9 February 2024 in the financial statements bulletin, EUR 220 million of the committed revolving credit facility was unused at the end of the fourth quarter of 2023.

Parent company’s financial statements

The Crown Bridges, Crown Bridges Consortium, Helsinki,Finland

INCOME STATEMENT, PARENT COMPANY, FAS

EUR thousand	Note	2023	2022
Revenue	2	**61,854**	**76,294**
Other operating income	3	1,332	3,055
Personnel expenses	4	-25,492	-34,828
Depreciation and impairment	5	-754	-2,016
Other operating expenses	6	-58,094	-59,391
Operating profit/loss		**-21,155**	**-16,887**
Financial income and expenses	7	32,222	-12,620
Profit before appropriations and taxes		**11,067**	**-29,507**
Appropriations	8	—	54,510
Income taxes		-13	-5,382
Profit for the financial year		**11,054**	**19,621**

BALANCE SHEET, PARENT COMPANY, FAS

EUR thousand	Note	2023	2022
Assets			
Non-current assets			
Intangible assets	9		
Intangible rights		22	49
Other capitalised expenditure		1,259	1,652
Total intangible assets		1,281	1,701
Property, plant and equipment	9		
Land and water areas		984	1,038
Buildings and structures		385	508
Machinery and equipment		87	293
Other tangible assets		57	57
Total property, plant and equipment		1,513	1,896
Investments	10		
Shares in Group companies		1,207,490	1,244,372
Other shares and holdings		505	505
Total investments		1,207,995	1,244,878
Total non-current assets		**1,210,790**	**1,248,475**

EUR thousand	Note	2023	2022
Current assets			
Long-term receivables	11		
Receivables from Group companies		284,844	144,555
Other receivables*		28,169	—
Accrued income		2,892	10,704
Total long-term receivables		315,905	155,260
Short-term receivables	11		
Trade receivables		142	210
Receivables from Group companies		26,535	69,162
Other receivables* **		12,527	384
Accrued income**		6,594	5,562
Total short-term receivables		45,798	75,317
Cash and cash equivalents		99,678	178,649
Total current assets		**461,381**	**409,225**
Total assets		**1,672,171**	**1,657,700**

*Long term other receivables include receivables from the sale of YIT Energy Oy's shares in total EUR 28 169 thousand and short term other receivables in total EUR 9 709 thousand.

**Comparative period figure has been adjusted.

EUR thousand	Note	2023	2022
Equity and liabilities			
Equity	12		
Share capital		149,717	149,717
Fair value reserve		1,114	4,443
Other reserves			
Non restricted equity reserve		563,092	563,214
Retained earnings		194,127	212,016
Profit/loss for the financial year		11,054	19,621
Total equity		**919,103**	**949,011**
Liabilities			
Non-current liabilities	14		
Bonds		200,000	300,000
Loans from financial institutions		190,000	50,000
Non-current accrued liabilities		1,151	—
Total non-current liabilities		391,151	350,000
Current liabilities	15		
Bonds		100,000	—
Loans from financial institutions		30,000	100,000
Commercial paper		21,889	—
Trade payables		12,171	6,624
Current liabilities to group companies		176,607	222,199
Other current liabilities*		1,632	1,486
Accrued expenses*		19,618	28,380
Total current liabilities		361,917	358,689
Total liabilities		**753,068**	**708,689**
Total equity and liabilities		**1,672,171**	**1,657,700**

*Comparative period figure has been adjusted.

CASH FLOW STATEMENT, PARENT COMPANY, FAS

EUR thousand	2023	2022
Cash flow from operating activities		
Profit/loss before appropriations	11,067	-29,507
Adjustments for:		
Depreciations	754	2,016
Other non-cash transactions	22	543
Gains on the sale of tangible and intangible assets	-294	-240
Financial income and expenses	-32,222	12,620
Cash flow before change in working capital	-20,673	-14,567
Change in working capital		
Change in trade and other receivables	-9,773	2,832
Change in current liabilities	-771	-1,184
Net cash flow from operating activities before financial items and taxes	-31,217	-12,919
Interest paid and other finance expenses	-54,003	-60,758
Dividends received	21,000	—
Interest received and financial income	42,353	45,428
Taxes paid	-5,218	-301
Net cash generated from operating activities	**-27,086**	**-28,549**

EUR thousand	2023	2022
Cash flow from investing activities		
Purchases of tangible and intangible assets	-11	-6
Proceeds from sale of tangible and intangible assets	354	6,524
Increase in loan receivables*	-285,544	-194,622
Decrease in loan receivables*	148,629	267,774
Capital refunds from subsidiary	16,500	—
Proceeds from sale of investments	9,774	56
Net cash used in investing activities	**-110,298**	**79,727**
Cash flow from financing activities		
Change in IHB receivables and liabilities*	-6,234	-244,633
Proceeds from short-term borrowings**	117,261	48,132
Repayment of short-term borrowings**	-119,472	-39,408
Proceeds from long-term borrowings	360,000	—
Repayment of long-term borrowings	-310,000	—
Dividends paid and other distribution of assets	-37,713	-33,490
Group contributions received	54,510	53,850
Purchases/sales of treasury shares	61	974
Net cash used in financing activities	**58,413**	**-214,576**
Net change in cash and cash equivalents	**-78,971**	**-163,398**
Cash and cash equivalents at the beginning of the financial year	178,649	342,047
Cash and cash equivalents at the end of the financial year	99,678	178,649

*Presentation of the cash flow statement has been adjusted. Changes in loan receivables are now presented according to gross basis in cash flow from investing activities. Previously, these items were presented according to net basis in cash flow from financing activities.
**Short-term borrowings are presented on gross basis. Previously, they were presented on net basis.

NOTES TO FINANCIAL STATEMENTS, PARENT COMPANY

1. PARENT COMPANY ACCOUNTING POLICIES

YIT Corporation's financial statements are prepared in accordance with the principles of Finnish accounting legislation. The financial statements are prepared for 12 months in the financial period from 1 January to 31 December 2023.

ITEMS DENOMINATED IN FOREIGN CURRENCIES

Foreign currency business transactions are recognised at the exchange rate of the transaction date. Receivables and liabilities denominated in foreign currencies open on the closing date are valued at the exchange rate of the closing date. Changes in the value of foreign currency denominated loans, deposits and other balance sheet items are recognized under financial income and expenses in the income statement.

DERIVATIVE INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

Financial risk management of YIT Corporation is centralised to Treasury department. The principles of financial risk management of the Group are presented in more detail in the consolidated financial statements in the note Financial risk management.

The derivatives are used in order to reduce business risks, interest rate risks and to hedge balance sheet items denominated in foreign currencies.

Foreign exchange derivatives are used to hedge against changes in forecasted foreign currency denominated cash flows and changes in value of receivables and liabilities in foreign currencies. The company has used foreign exchange forward contracts which are re-measured at the balance sheet date by using the foreign exchange forward rates prevailing on the balance sheet date.

Interest rate derivatives are used to hedge against changes affecting the result, balance sheet and cash flows due to interest rate fluctuations. The company has used interest rate swaps which are re-measured by discounting the contractual future cash flows to the present value.

All derivative instruments have been utilised for hedging purposes, but hedge accounting is applied to only some of the instruments. If hedge accounting is applied, the changes in the fair values are recognised in equity's fair value reserve. If hedge accounting is not applied the changes in the fair values are recognised according to the nature of the derivative, either in the financial items or in other operating income or expenses. Interest related to interest rate swaps are recognised under interest income and expenses in the income statement, and interest accrued is entered under accrued income and accrued expenses on the balance sheet.

NON-CURRENT ASSETS AND DEPRECIATION

Tangible and intangible assets are recognised on the balance sheet at historical cost less depreciation according to plan. Depreciation according to plan is calculated as straight-line depreciation on the basis of the estimated useful life of tangible and intangible assets.

Depreciation periods are as follows:

Intangible assets

IT programs 3–5 years

Other capitalised expenditure 5–10 years

Tangible assets

Buildings and structures 10-40 years
Machinery and equipment 4-10 years

Subsidiary shares and other shares and holdings included in investments under non-current assets are measured at historical cost or fair value, whichever is lower.

PROVISIONS

Provisions represent future expenses to the payment of which the parent company is committed, and which are not likely to generate corresponding income, or future losses the realisation of which must be considered evident.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash, bank deposits that can be withdrawn on demand and other short-term liquid investments with original maturities of three months or less.

RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are recognised as an annual expense in the year they arise.

PENSIONS

The statutory pension security in the parent company is provided by an external pension insurance company. Pension expenditure is expensed in the year it accrues.

LEASING

Lease payments are recognised in other operating expenses. The remaining lease payments under lease agreements are recognised under liabilities in the notes. The terms and conditions of lease agreements do not differ from ordinary terms and conditions.

TAXES

The income tax row in the income statement includes taxes for previous periods. Deferred taxes have not been booked.

2. DISAGGREGATION OF REVENUE

EUR thousand	2023	2022
Market area		
Finland	49,361	64,025
CEE		
Baltics	4,882	4,545
The Czech Republic, Slovakia, Poland	5,481	4,196
Scandinavia		
Sweden	2,130	2,406
Norway	—	202
Russia	—	920
Total	**61,854**	**76,294**

The revenue consists of service fee to Group companies EUR 53,966 thousand (66,089) and rental income EUR 7,888 thousand (10,204). The rental income is included in the revenue from Finland in total.

3. OTHER OPERATING INCOME

EUR thousand	2023	2022
Capital gains on disposals of fixed assets	294	240
Other	1,038	2,815
Total	**1,332**	**3,055**

4. INFORMATION CONCERNING PERSONNEL AND KEY MANAGEMENT

EUR thousand	2023	2022
Personnel expenses		
Wages, salaries and fees	19,535	29,629
Pension expenses	4,965	4,373
Other indirect personnel costs	992	827
Total	**25,492**	**34,828**
Salaries and fees to the management		
President and CEO	734	48
Former President and CEO	—	2,531
Members of the Board of Directors	651	812
Total	**1,385**	**3,391**

	2023	2022
Average personnel	241	303

Company books share based compensation costs to wages and salary costs. The share based compensation arrangement does not include off balance sheet liabilities.

5. DEPRECIATION AND IMPAIRMENT

EUR thousand	2023	2022
Depreciation on other capitalised expenditures	420	954
Depreciation on buildings and structures	117	678
Depreciation on machinery and equipment	217	363
Depreciation on other tangible assets	—	22
Total	**754**	**2,016**

6. OTHER OPERATING EXPENSES

EUR thousand	2023	2022
Rents	10,181	10,034
Cost of premises	4,741	5,473
IT cost	27,316	26,346
Consulting costs	8,185	4,473
Administration costs	4,957	3,126
Other	2,715	9,938
Total	**58,094**	**59,391**

AUDIT FEES

EUR thousand	2023	2022
PricewaterhouseCoopers Oy, Authorised Public Accountants		
Audit fee	410	430
Other services	234	29
Total	**643**	**460**

7. FINANCIAL INCOME AND EXPENSES

EUR thousand	2023	2022
Dividend income		
From Group companies	21,000	—
From others	—	—
Interest income from non-current receivables		
From Group companies	19,002	13,932
Income from investments held as non-current assets		
In Group companies*	28,745	—
From other investments	—	23
Other interest and financial income		
From Group companies	6,451	4,363
Interest incomes from derivatives to others	5,737	—
From other companies	21,159	34,437
Total	**102,093**	**52,755**
Other interest and financial expenses		
Interest expenses to Group companies	-3,712	-2,403
Impairment loss on shares	-1,475	—
Interest expenses on derivatives to others	—	-255
Interest expenses to others	-30,537	-16,595
Other expenses to others	-34,147	-46,122
Total	**-69,871**	**-65,375**
Total financial income and expenses	**32,222**	**-12,620**
Other financial income and expenses include e.g. following items		
Foreign exchange rate gains and losses	-4,878	-14,782
Fair value change in currency derivatives	-2,824	-522
Fair value change in interest derivatives	-4,520	5,931

*Amount includes the gain on sale of EUR 28.7 million from renewable energy business, YIT Energy Oy. YIT Corporation recorded a total consideration of EUR 48 million from the sale, which includes a fixed consideration of EUR 25 million and a variable consideration of EUR 23 million.

8. APPROPRIATIONS

EUR thousand	2023	2022
Appropriations		
Group contributions	—	54,510
Total	**0**	**54,510**

9. CHANGES IN FIXED ASSETS

INTANGIBLE ASSETS

EUR thousand	2023	2022
Intangible rights		
Historical cost at Jan 1	16,032	16,032
Decreases	-4,751	—
Historical cost at Dec 31	11,281	16,032
Accumulated depreciation and impairment Jan 1	15,983	15,446
Depreciation for the period	27	537
Accumulated depreciation of decreases	-4,751	—
Accumulated depreciation and impairment Dec 31	11,259	15,983
Book value at December 31	**22**	**49**

EUR thousand	2023	2022
Other capitalized expenditures		
Historical cost at Jan 1	3,591	3,591
Decreases	-56	—
Historical cost at Dec 31	3,535	3,591
Accumulated depreciation and impairment Jan 1	1,939	1,522
Depreciation for the period	392	417
Accumulated depreciation of decreases	-56	—
Accumulated depreciation and impairment Dec 31	2,275	1,939
Book value at December 31	**1,259**	**1,652**
Total intangible assets	**1,281**	**1,701**

TANGIBLE ASSETS

EUR thousand	2023	2022
Land and water areas		
Historical cost at Jan 1	1,038	6,267
Decreases	-54	-5,229
Book value at December 31	**984**	**1,038**
Buildings and structures		
Historical cost at Jan 1	5,358	18,784
Decreases	-466	-13,427
Historical cost at Dec 31	4,891	5,358
Accumulated depreciation and impairment Jan 1	4,850	16,709
Depreciation for the period	117	678
Accumulated depreciation of decreases	-460	-12,537
Accumulated depreciation and impairment Dec 31	4,506	4,850
Book value at December 31	**385**	**508**
Machinery and equipment		
Historical cost at Jan 1	2,559	3,067
Increases	11	6
Decreases	-617	-514
Historical cost at Dec 31	1,953	2,559

EUR thousand	2023	2022
Accumulated depreciation and impairment Jan 1	2,266	2,288
Depreciation for the period	217	363
Accumulated depreciation of decreases	-617	-385
Accumulated depreciation and impairment Dec 31	1,867	2,266
Book value at December 31	**87**	**293**
Other tangible assets		
Historical cost at Jan 1	60	176
Decreases	—	-116
Historical cost at Dec 31	60	60
Accumulated depreciation and impairment Jan 1	3	60
Depreciation for the period	—	22
Accumulated depreciation of decreases	—	-79
Accumulated depreciation and impairment Dec 31	3	3
Book value at December 31	**57**	**57**
Total tangible assets	**1,513**	**1,896**

10. INVESTMENTS

EUR thousand	2023	2022
Shares in Group companies		
Historical cost at Jan 1	1,244,372	1,244,372
Decreases	-36,882	
Historical cost at Dec 31	**1,207,490**	**1,244,372**
Other shares and holdings		
Historical cost at Jan 1	505	541
Decreases	0	-36
Historical cost at Dec 31	**505**	**505**
Total investments	**1,207,995**	**1,244,878**

11. RECEIVABLES

NON-CURRENT RECEIVABLES

EUR thousand	31 Dec 2023	31 Dec 2022
Receivables from Group companies		
Loan receivables	284,844	144,555
Total	**284,844**	**144,555**
Accrued receivables, group external		
Exchange rate derivatives	2,288	10,100
Accrued arrangement fees from financial agreements	605	605
Total	**2,892**	**10,704**

CURRENT RECEIVABLES

EUR thousand	31 Dec 2023	31 Dec 2022
Receivables from Group companies		
Trade receivables	7,247	851
Loan receivables	18,250	12,906
Other receivables	—	54,510
Accrued income	1,039	895
Total	**26,535**	**69,162**
Accrued receivables, intra-group		
Receivables from derivatives	227	—
Other receivables	812	895
Total	**1,039**	**895**
Accrued receivables, group external		
Prepaid expenses*	2,175	1,769
Exchange rate derivatives	1,400	1,201
Accrued arrangement fees from financial agreements	2,496	2,020
Other receivables	523	571
Total	**6,594**	**5,562**

*Comparative period figure has been adjusted. Previously, the item was reported in other receivables.

12. EQUITY

EUR thousand	2023	2022
Share capital		
Share capital Jan 1	149,717	149,717
Share capital Dec 31	**149,717**	**149,717**
Fair value reserve		
Fair value reserve 1.1.	4,443	537
Increases	—	3,906
Decreases	-3,329	—
Fair value reserve 31.12	**1,114**	4,443
Non restricted equity reserve		
Non restricted equity reserve Jan 1	563,214	563,893
Share issue	-122	-679
Non restricted equity reserve Dec 31	**563,092**	**563,214**
Retained earnings		
Retained earnings Jan 1	231,637	243,310
Dividends paid and other distribution of assets	-37,715	-33,490
Treasury shares	205	2,197
Retained earnings Dec 31	**194,127**	**212,016**
Net profit/loss for the financial period	11,054	19,621
Total retained earnings	**205,180**	**231,637**
Total equity	**919,103**	**949,011**

DISTRIBUTABLE FUNDS ON 31 DECEMBER

EUR thousand	2023	2022
Non restricted equity reserve	563,092	563,214
Retained earnings	194,127	212,016
Net profit/loss for the financial year	11,054	19,621
Distributable funds from shareholders' equity	**768,272**	**794,851**

TREASURY SHARES OF YIT OYJ

	31 Dec 2023	31 Dec 2022
Amount	1,552,119	1,588.707
% of total shares	0.74 %	0.75 %
% of voting rights	0.74 %	0.75 %

13. DEFERRED TAX ASSETS AND LIABILITIES

DEFERRED TAX ASSETS

EUR thousand	31 Dec 2023	31 Dec 2022
Postponed depreciation	199	184
Pension liability	424	489
Unused tax losses	7,352	–
Total	**7,975**	**674**

DEFERRED TAX LIABILITIES

EUR thousand	31 Dec 2023	31 Dec 2022
Land and water revaluations	–	8
Total	**–**	**8**

Deferred taxes are not booked in the parent company's financial statements.

14. NON-CURRENT LIABILITIES

EUR thousand	31 Dec 2023	31 Dec 2022
Bonds*	200,000	300,000
Loans from financial institutions*	190,000	50,000
Accrued expenses	1,151	–
Total	**391,151**	**350,000**

ACCRUED EXPENSES, GROUP EXTERNAL

EUR thousand	31 Dec 2023	31 Dec 2022
Payables from derivatives	1,151	–
Total	**1,151**	**–**

*Current bonds and loans from financial institutions which were originally classified as non-current financial liabilities were EUR 110,000 thousand (100,000) at the end of the reporting period. More information about financial liabilities in the consolidated financial statements of YIT Group.

15. CURRENT LIABILITIES

LIABILITIES TO GROUP COMPANIES

EUR thousand	31 Dec 2023	31 Dec 2022
Trade payables	46	550
Other liabilities	176,557	221,547
Accrued expenses	4	103
Total	**176,607**	**222,199**

ACCRUED EXPENSES, INTRA-GROUP

EUR thousand	31 Dec 2023	31 Dec 2022
Payables from derivatives	4	103
Total	**4**	**103**

ACCRUED EXPENSES, GROUP EXTERNAL

EUR thousand	31 Dec 2023	31 Dec 2022
Personnel expenses	6,188	12,131
Interest expenses	9,886	9,020
Taxes	—	5,382
Payables from derivatives*	3,334	1,620
Other expenses	211	227
Total	**19,618**	**28,380**

*Comparative period figure has been adjusted. Previously, the item was reported in other liabilities.

16. COMMITMENTS AND CONTINGENT LIABILITIES

EUR thousand	31 Dec 2023	31 Dec 2022
Leasing commitments for premises		
Payable during the current financial year	6,363	6,835
Payable in subsequent years	27,612	29,810
Total	**33,975**	**36,644**
Operating leasing commitments		
Payable during the current financial year	1,370	1,818
Payable in subsequent years	1,402	2,046
Total	**2,772**	**3,864**
Other commitments		
Other commitments	2,122	2,447
Total	**2,122**	**2,447**
Guarantees		
On own behalf	10,533	10,935
On behalf of Group companies	872,952	957,342
On behalf of associates and joint ventures	—	3,950
On behalf of consortiums	2,095	2,095
On behalf of others	394	673
Total	**885,974**	**974,995**

Other group companies have given EUR 342 million collateral related to YIT Corporation's EUR 140 million loans from financial institutions. Collateral given includes plots, real estate properties and equity investments.

DERIVATIVE CONTRACTS

EUR thousand	31 Dec 2023	31 Dec 2022
External foreign currency derivatives (level 2)		
Fair value, positive	286	1,201
Fair value, negative	-3,334	-1,620
Value of underlying instruments	187,778	175,522
Internal foreign currency derivatives (level 2)		
Fair value, positive	227	—
Fair value, negative	-4	-103
Value of underlying instruments	6,051	7,905
External interest rate swaps derivatives (level 2)		
Fair value, positive	3,402	10,100
Fair value, negative	-1,151	—
Value of underlying instruments	300,000	260,000

Derivative instruments are measured at fair value and categorised by using a three-level fair value hierarchy. Financial instruments within Level 1 are traded in active markets, hence prices are obtained directly from the efficient markets. Fair values of financial instruments within Level 2 are based on observable market inputs and generally accepted valuation methods. Fair values of financial instruments within Level 3 are not based on observable market data.

Signature of the Report of the Board of Directors and financial statements

Helsinki 15 February 2024

Harri-Pekka Kaukonen
Chairman

Jyri Luomakoski
Vice Chairman

Sami Laine

Casimir Lindholm

Keith Silverang

Barbara Topolska

Kerttu Tuomas

Heikki Vuorenmaa
President and CEO

The Auditor's Note
A report on the audit performed has been issued today.
Helsinki

PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä, Authorised Public Accountant (KHT)

Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of YIT Corporation

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report to the Audit Committee.

What we have audited

We have audited the financial statements of YIT Corporation (business identity code 0112650-2) for the year ended 31 December 2023. The financial statements comprise:

- the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement and notes.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland and we have not provided non-audit services that are prohibited under Article 5(1) of Regulation (EU) No 537/2014. The non-audit services that we have provided are disclosed in note 8 to the Financial Statements.

OUR AUDIT APPROACH

Overview

Materiality

- Overall group materiality was € 19 million (previous year € 20 million).

Audit Scope

- The group audit scope encompassed the most significant group companies and covers the vast majority of group's revenues, assets and liabilities.

Key Audit Matters

- Revenue recognition
- Equity investments
- Goodwill
- Work in progress and completed apartments included in inventories

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole.

- **Overall group materiality**
  € 19 million (2022: € 20 million)
- **How we determined it**
  We used a combination of total revenues and profit before tax as benchmarks to determine overall group materiality.
- **Rationale for the materiality benchmark applied**
  We determined that total revenue and profit before tax as a combination provide a suitable representation of the volume of YIT's operations and profitability.

How we tailored our group audit scope

We tailored the scope of our audit, taking into account the structure of the YIT group, the accounting processes and controls, and the industry in which the group operates.

We determined the type of work that needed to be performed at reporting units by us, as the group engagement team, or component auditors from other PwC network firms operating under our instruction. Where the work was performed by component auditors, we issued specific instructions to reporting component auditors which included our risk analysis, materiality and audit approach to centralized systems. Audits were performed in group companies, which were considered significant either because of their individual financial significance or due to their specific nature, covering the majority of revenue, assets and liabilities of the group.

By performing the procedures above at reporting components, combined with additional procedures at the group level, we have obtained sufficient and appropriate evidence regarding the financial information of the group as a whole to provide a basis for our opinion on the consolidated financial statements.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Revenue recognition over time *Refer to the Note 4. "Customer contracts" of the consolidated financial statements.* A major part of YIT's business is project related, and projects might extend across several years. Project revenue recognition over time is based on estimated revenue and costs as well as reliable estimate of measure of progress. The measure of progress is determined in proportion of realised costs at the time of reporting to estimated total costs or stage of physical completion, which is determined in proportion of cost incurred from completed stages of construction to estimated total costs. Revenue recognition over time requires a considerable amount of management judgement included in the estimate of measure of progress and in the estimated outcome of the project. Despite the careful assessment made by management, the outcome might differ from the estimate. If the estimate of the outcome of the project change, revenue and profit recognised are adjusted in the reporting period when the change first became known and could be estimated. Revenue recognition over time is a key audit matter in the audit due to the level of management judgement included in the estimates.	Our audit procedures included understanding and testing of the company's controls as well as substantive testing. Our testing of the company's controls focused on the IT systems used by the company. Our substantive testing focused on 1) assessing the appropriateness of the used accounting methods for compliance with the applicable accounting standards, 2) accuracy and reliability of the estimates, 3) accuracy and completeness of the recognised revenue and profit, as follows: • We performed analytical substantive procedures at project level for revenue and gross margin • We read the contracts of selected new projects and evaluated the appropriateness of the used accounting method • We tested revenue and cost estimates for selected projects by comparing the estimates to supporting documents and by discussing with project management • We tested the degree of completion for selected projects by recalculating the degree of completion based on realised costs at the time of reporting. When stage of physical completion method was used, we obtained appropriate evidence to support the stage of completion • We compared estimated margins in previous year-end with realised outcomes for projects completed during the current year to ensure the accuracy and reliability of the project estimates • We tested the accuracy of revenue and profit recognised over time for selected projects by recalculating the revenue and profit.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Equity investments - Tripla Mall Ky *Refer to the Notes 18. "Equity investments" and 29. "Financial assets and liabilities by category" of the consolidated financial statements.* Equity investments are recognised at fair value through profit and loss. The most significant individual equity investment is Tripla Mall Ky. The fair value of the investment is calculated as the fair value of the property, subtracting the net debt and the sum is multiplied with YIT's share of ownership. The value of the property is determined by using the income approach; taking 10-year discounted cash flows and the present value of the terminal value. Determining the fair value requires estimates of the future cashflows and discount rates. Equity investment to Tripla Mall Ky is a key audit matter in our audit due to the size of the investment and the level of management judgement included in the valuation of the investment.	Our audit focused on assessing the appropriateness of management's judgment and estimates through the following procedures: • We assessed the appropriateness of the valuation model used and tested the mathematical accuracy of the model. • We tested the accuracy of the input information used in the valuation model and assessed the appropriateness of the assumptions and estimates included in the model. • We discussed with management about the valuation model and the assumptions used in the valuation. • We read the report prepared by the external appraiser used by management concerning the valuation.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Goodwill *Refer to the Note 15. "Other Intangible assets and goodwill" of the consolidated financial statements.* Goodwill is measured at the original acquisition cost less impairment. Goodwill is tested for potential impairment annually and whenever there are indications of impairment. To this end, goodwill is allocated to cash-generating units. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. In the measurement of value in use, expected future cash flows are discounted to their present value with discount rates that reflect the time value of money and the risks specific to the asset. An impairment loss is recognised if the carrying amount of the asset item is higher than its recoverable amount. Value-in-use calculations, in particular estimated future cash flows, discount rates and the long-term growth assumptions are subject to significant management judgement. Valuation of goodwill is a key audit matter in our audit due to the size of the goodwill in the balance sheet and the high level of management judgement involved in goodwill impairment tests.	We obtained an understanding of the goodwill impairment test performed by the company, as follows: • We tested the methodology applied in the value-in-use calculation and compared to the requirements of IAS 36, impairment of assets. • We tested the mathematical accuracy of the calculations prepared by management. • We evaluated management's future cash flow forecasts and the process by which they were drawn up. • We evaluated and challenged the underlying assumptions for the cash flow forecasts in particular revenue and profitability forecasts. • We have verified that the discount rates and the long-term growth rates used are consistent with observable market data. • We assessed the adequacy of the information presented in the financial statements.

Key audit matter in the audit of the group	How our audit addressed the key audit matter
Work in progress and completed apartments included in inventories *Refer to the Note 20. "Inventories" of the consolidated financial statements.* YIT's inventories consist mainly of plot reserve, work in progress, and completed apartments and real estate. The number of completed unsold apartments increased to 1267 during the financial year (794). Inventories are measured either at the lower of cost or net realisable value. The net realisable value is an assessment of the management that is based on the most reliable information available. Making the assessment requires management judgement. Valuation of work in progress and completed apartments is a key audit matter in our audit due to the size of these inventories in the balance sheet and due to the management judgement involved in valuation.	We obtained an understanding of the goodwill impairment test performed by the company, as follows: • We tested the methodology applied in the value-in-use calculation and compared to the requirements of IAS 36, impairment of assets. • We tested the mathematical accuracy of the calculations prepared by management. • We evaluated management's future cash flow forecasts and the process by which they were drawn up. • We evaluated and challenged the underlying assumptions for the cash flow forecasts in particular revenue and profitability forecasts. • We have verified that the discount rates and the long-term growth rates used are consistent with observable market data. • We assessed the adequacy of the information presented in the financial statements.

We have no key audit matters to report with respect to our audit of the parent company financial statements

There are no significant risks of material misstatement referred to in Article 10(2c) of Regulation (EU) No 537/2014 with respect to the consolidated financial statements or the parent company financial statements.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR FOR THE FINANCIAL STATEMENTS

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, 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 is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive 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 for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, 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 our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

OTHER REPORTING REQUIREMENTS

APPOINTMENT

YIT Corporation became a public interest entity on 4 September 1995. We have been the auditors of YIT Corporation all that time it has been a public interest entity.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion

- the information in the report of the Board of Directors is consistent with the information in the financial statements
- the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 16 February 2024
PricewaterhouseCoopers Oy
Authorised Public Accountants

Samuli Perälä
Authorised Public Accountant (KHT)

Information for shareholders

INVESTOR RELATIONS

The aim of YIT investor relations is to support the appropriate valuation of the YIT share by providing information relevant to value creation in a continuous, transparent, and consistent manner to all essential market parties in an equitable manner. Investor relations also aims to increase the interest in the company of both equity and debt investors and analysts, to improve the loyalty of existing shareholders and to reach new investors and analysts interested in the company.

YIT investor relations is responsible on the production of Interim reports, the Financial Statements Bulletin and Stock Exchange Releases, creating investor presentations and the planning and implementation of all investor communications. YIT also regularly arranges a Capital Markets Day for analysts and investors. In addition, the investor relations function maintains an ongoing dialogue with market parties.

INVESTORS WEBSITE AND SOCIAL MEDIA

The **YIT investors website** contains information about the share and YIT as an investment, financial information and outlook, information about major shareholders, corporate governance policies, investor calendar and events, as well as financial reports, presentation materials and recordings. In addition, quarterly investor newsletters are published with the latest Investor Relations updates. An archieve of newsletters can be found on the **investor website.** By registering on the investor website, you can subscribe to the company's releases. All published releases can be found on our **website**.

YIT's social media channel for investors is **@YITInvestors** in X (formerly Twitter), where we publish the latest news, financial information and events of our investor communications.

Subscribe YIT news:
https://www.yitgroup.com/en/media

FINANCIAL REPORTING AND SILENT PERIODS IN 2024

Financial Statements Bulletin 2023	9 February 2024
Interim Report January-March 2024	30 April 2024
Half-year Report January-June 2024	26 July 2024
Interim Report January-September 2024	31 October 2024

Prior to results publications, YIT follows a so-called silent period that will begin on 1 January, 1 April, 1 July and 1 October and that will last until the respective announcement of results. During a silent period, YIT's representatives will not comment on the company's financial position or meet capital market representatives.

ANNUAL GENERAL MEETING 2024

YIT Corporation's Annual General Meeting 2024 will be held on Thursday, 14 March 2024. The notice of the Annual General Meeting, which contains the Board of Directors ´proposals to the Annual General Meeting, will be published in its entirely as a separate Stock Exchange Release.

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YIT is a leading construction and development company. Building on over 110 years of experience, we develop and build sustainable living environments: functional homes, future-proof public and commercial buildings, and infrastructure to support the green transition. We employ approximately 4,300 professionals. Our revenue in 2023 was EUR 2.2 billion. YIT Corporation's shares are listed on Nasdaq Helsinki.

Read more: www.yitgroup.com

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