Q3

YIT Corporation
Interim report 1-9/2021

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Interim report January–September 2021

Good profitability progress continued in the third quarter. Group third quarter adjusted operating profit improved to EUR 18 million and more than doubled to EUR 69 million during January–September.

- YIT's third quarter adjusted operating profit improved to EUR 18 million (16).
- Solid profitability in both housing segments with Housing Finland and CEE reaching adjusted operating profit of EUR 17 million (16) and Housing Russia posting adjusted operating profit of EUR 6 million (7).
- Business premises' adjusted operating profit improved significantly to EUR 2 million (-19).
- Infrastructure's adjusted operating profit remained positive at EUR 3 million (10) despite margin reductions in certain old projects.
- Net interest-bearing debt at EUR 411 million (740), gearing at 40% (84).

- Strong residential sales continued. Number of unsold completed apartments at a low level.
- Housing start-ups in Finland and CEE continued to increase to 2,025 (1,634).
- Plot reserve stood at EUR 787 million (852) at the end of the quarter.

- Co-operation negotiations concluded in Finland, allowing YIT to align its organisation with a renewed operating model. The estimated number of personnel reductions is a maximum of 230 employees throughout YIT Group out of which a maximum of 190 employees in Finland.
- Tuomas Mäkipeska takes up position as Chief Financial Officer on 1 November 2021.

Key figures

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Revenue	587	687	1,927	2,094	3,069
Operating profit	6	-16	46	-20	35
Operating profit margin, %	1.0	-2.4	2.4	-0.9	1.1
Adjusted operating profit	18	16	69	29	85
Adjusted operating profit margin, %	3.1	2.4	3.6	1.4	2.8
Result before taxes	-1	-27	22	-52	-6
Result for the period, continuing operations	-3	-26	12	-44	-8
Result for the period, including discontinued operations	-3	-26	12	-12	27
Earnings per share, EUR	-0.02	-0.12	0.04	-0.06	0.13
Operating cash flow after investments	-23	-9	155	190	336
Net interest-bearing debt	411	740	411	740	628
Gearing ratio, %	40	84	40	84	68
Equity ratio, %	40	31	40	31	33
Return on capital employed, % (ROCE, rolling 12 months)	8.4	8.9	8.4	8.9	5.2
Order book	4,099	3,831	4,099	3,831	3,528
Combined lost time injury frequency (LTIF, rolling 12 months)	9.8	10.0	9.8	10.0	9.8
Customer satisfaction rate (NPS)	51	52	51	52	51

Nordic paving and mineral aggregates businesses sold on 1 April 2020, are reported as discontinued operations.
Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

Markku Moilanen, President and CEO

"YIT's good progress in improving profitability continued in the third quarter. The Group's adjusted operating profit was EUR 18 million, higher than the EUR 16 million reported a year before. Looking at our cumulative performance during this year, it is evident that we are moving in the right direction. Our adjusted operating profit during the first nine months of the year more than doubled to EUR 69 million from last year's January-September adjusted operating profit of EUR 29 million.

This good performance is the result of solid earnings development in the housing segments, as well as our rigorous work to stabilise performance in Business premises. Our housing market presence is solid in the selected cities in which we operate in Finland, Russia, Poland, the Czech Republic and Slovakia. Throughout the year, the market has been strong in all the regions and at YIT we have done excellent work in leveraging this presence and turning it into profits.

In the third quarter, our housing completions reached their low point based on the decision to momentarily cease start-ups during the spring 2020 in the midst of the COVID-19 pandemic. Despite this, the Housing Finland and CEE segment's third quarter adjusted operating profit was firmly positive, which reflects improved margins, a more favourable sales mix and better overall efficiency. At the same time, Housing Russia continued its stable performance with a satisfactory adjusted operating profit.

Business premises posted yet another positive quarter and improved its profitability significantly from last year's third quarter. However, the earnings level is not yet satisfactory due to some old low-margin projects which are still being finalised, but profitability is expected to gradually improve as the segment continues its work in completing those projects. Infrastructure's third quarter adjusted operating profit was negatively impacted by margin reductions in certain projects; however, despite these, the result remained positive. This demonstrates that the underlying business which is based on our core competencies is healthy and, while certain old low-margin projects are impacting our profitability, the outlook for the business is positive.

Our focus to significantly improve our project management, as well as our operating model renewal continued in the third quarter. We concluded co-operation negotiations in Finland, which are expected to result in reductions of up to 190 people in Finland and Group-wide reductions of up to 230 people. This will enable us to align our organisation with our renewed operating model, which aims for more efficient, competitive, and customer-oriented ways of working.

Simultaneously, we have worked on our new strategy. We will announce the new strategy and objectives prior to our Capital Markets Day which will be held on 23 November."

Markku Moilanen
President and CEO

Guidance for 2021

In the fourth quarter, housing completions in Housing Finland and CEE are expected to be at a high level. Housing Russia's solid underlying performance is estimated to continue and in Business premises the stabilising development is expected to continue for the rest of the year. The Infrastructure segment is expected to be impacted by certain low-performing projects. In Partnership properties, portfolio development is expected to continue.

YIT expects its full-year 2021 adjusted operating profit to be higher than in 2020 (EUR 85 million).

The result is dependent on certain project completions and contract closings towards the end of the year. Temporary shutdowns or slower progress on construction sites and delayed completions due to the COVID-19 pandemic could lead to the postponement of revenue and profit from one quarter or year to another. Changes in market yields or estimated future cash flows may have impacts on the fair value of the investments.

YIT aims at transferring increased construction material costs into contracting and housing prices. Thus, YIT expects it to have only minor impact on its earnings during the rest of the year.

Supported by a strong balance sheet, YIT has answered to market demand by significantly increasing its apartment start-ups in Finland and CEE countries. This is expected to tie up capital as the year progresses.

Estimates of the market environment and market outlook are based on the company's own assessment

Market environment and outlook by region

Housing market

Q3	Outlook for Q4
Finland • Consumer demand continued at a strong level. • Institutional investor demand stayed stable and yield requirements decreased slightly. • In the rental market, the situation began to normalise. • Housing company loan financing was challenging due to the cautiousness of banks. • Construction material cost inflation persisted.	• Consumer activity expected to remain stable. • Institutional investor demand expected to remain stable. • Competition for plots expected to become more intense. • Rental market expected to continue to normalise. • Availability of housing company loan financing expected to remain challenging. • Construction material cost inflation expected to level off.
Baltic countries • Consumer demand was strong. • Availability of foreign workforce was challenging. • Construction material cost inflation persisted.	• Consumer demand expected to stay stable at a good level. • Availability of foreign workforce expected to remain challenging, and uncertainty caused by the COVID-19 pandemic to continue. • Construction material cost inflation expected to level off.
Central European countries • Consumer demand was strong. • Delays in authorities' planning permission processes. • Cost inflation of construction materials was high, and it had an effect on the availability of some materials.	• Consumer demand expected to stay stable at a good level. • Delays in authorities' planning permission processes expected to continue. • Construction material cost inflation expected to level off.
Russia • Interest rates for mortgages started to increase. • Price levels continued to increase. • Competition for plots was intense. • Construction material cost inflation persisted.	• The government's interest rate subsidy programmes expected to continue. • Consumer demand expected to stay stable. • Competition for plots expected to remain intense. • Construction material cost inflation expected to level off.

Real estate market

Q3	Outlook for Q4
Finland • Public sector demand remained active. • Investor demand was brisk, especially for logistics, prime offices and societal properties. • Yield requirements for commercial properties remained stable. • Office rental demand started to normalise. • Cautiousness in the contracting market increased as the price levels rose. • Construction material cost inflation persisted.	• Public sector demand expected to remain active. • Investor demand expected to remain active. • Yield requirements for commercial properties expected to remain stable. • Office rental demand expected to continue to increase. • Cautiousness in the contracting market expected to continue due to the increased price levels. • Construction material cost inflation expected to level off.
Baltic countries • Investor demand was strong. • Availability of foreign workforce challenging, and uncertainty caused by the COVID-19 pandemic increased. • Construction material cost inflation persisted.	• Investor demand expected to remain strong. • Availability of foreign workforce expected to remain challenging, and uncertainty caused by the COVID-19 pandemic to continue. • Construction material cost inflation expected to level off.
Central European countries • Investor demand was stable and price levels stable. • Rental demand was stable. • Construction material cost inflation persisted.	• Investor demand expected to strengthen. • Rental demand expected to remain stable. • Construction material cost inflation expected to level off.

Infrastructure market

Q3	Outlook for Q4
Finland • Public sector demand remained on a relatively low level. • Investor demand was moderate. • Competition was intense, adding pressure on the prices. • Construction material cost inflation persisted.	• Public sector demand expected to remain subdued. • Investor demand expected to remain moderate. • Competition expected to remain intense. • Construction material cost inflation expected to level off.
Baltic countries • Public sector demand was at low level. • Competition was intense adding pressure on the prices. • Availability of foreign workforce challenging, and uncertainty caused by the COVID-19 pandemic increased. • Construction material cost inflation persisted.	• Public sector demand expected to slow down as the governments' budgets have already been running over. • Competition expected to remain intense. • Availability of foreign workforce expected to remain challenging, and uncertainty caused by the COVID-19 pandemic to continue. • Construction material cost inflation expected to level off.
Sweden • Public sector demand remained strong supported by several ongoing major infrastructure projects. • Private demand remained solid supported by several ongoing industrial investments. • Construction material cost inflation persisted.	• Public sector demand expected to remain at a good level due to traffic infrastructure development programmes and urbanisation development. • Private demand expected to remain at a good level. Large-scale industrial investments ongoing and in preparation. • Construction material cost inflation expected to level off.

Market environment in Q3/2021

Good Normal Weak

Market outlook for Q4/2021

Improving Stable Weakening

Results

July–September

At the end of the third quarter 2021, YIT's order book amounted to EUR 4,099 million (30 Jun 2021: 3,890). Compared to the second quarter, the order book increased in the Housing Finland and CEE and Partnership properties segments and remained relatively stable in all other segments. At the end of the quarter, 80% of the order book was sold (30 Jun 2021: 79).

The Group's revenue was EUR 587 million (687). Revenue increased in the Partnership properties segment, remained stable in Business premises, and decreased in the Infrastructure and housing segments.

The Group's adjusted operating profit amounted to EUR 18 million (16) and the adjusted operating profit margin to 3.1% (2.4). The result improved in the Business premises segment, remained stable in the housing segments, and weakened in the Infrastructure and Partnership properties segments.

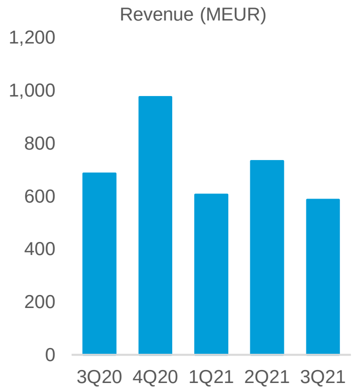
YIT's operating profit was EUR 6 million (-16). The adjusting items amounted to EUR 12 million (32), including operating profit from operations to be closed.

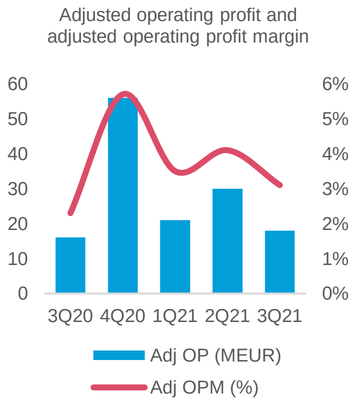
January–September

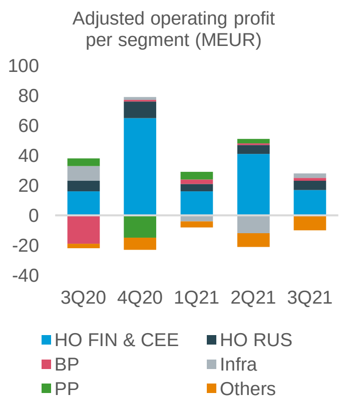
The Group's revenue was EUR 1,927 million (2,094). Revenue increased in the Housing Finland and CEE and Partnership properties segments, but decreased in the Business premises, Infrastructure and Housing Russia segments.

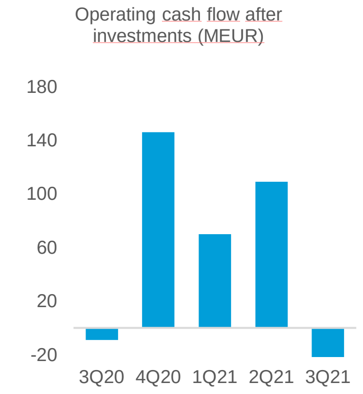
The Group's adjusted operating profit amounted to EUR 69 million (29) and the adjusted operating profit margin to 3.6% (1.4). The result improved in the Business premises, Housing Finland and CEE, and Housing Russia segments but decreased in the Infrastructure and Partnership properties segments.

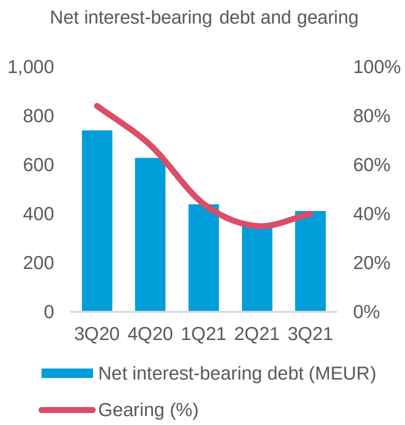
YIT's operating profit was EUR 46 million (-20). The adjusting items amounted to EUR 24 million (49) including, among others, operating profit from operations to be closed.

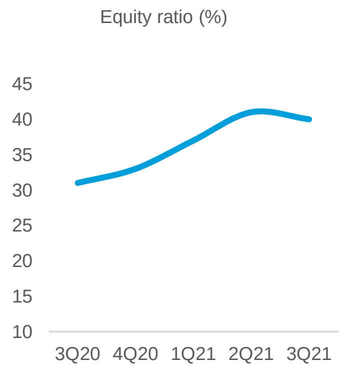


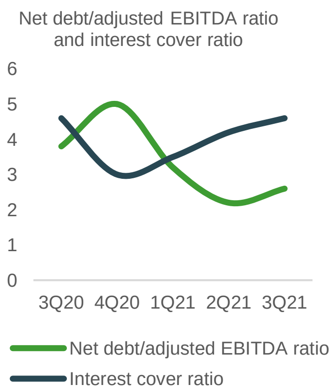












Cash flow and financial position

During July–September, the Group's operating cash flow after investments was EUR -23 million (-9). Cash flow from plot investments was EUR -24 million (-37). Cash flow from investments to associated companies and joint ventures was EUR -5 million (-2).

During January–September, the Group's operating cash flow after investments was EUR 155 million (190), the cash flow from plot investments was EUR -67 million (-119) and the cash flow from investments to associated companies and joint ventures was EUR -20 million (-9).

At the end of the period, interest-bearing debt amounted to EUR 758 million (1,165) and net interest-bearing debt to EUR 411 million (740). The key drivers behind the net debt reduction were strong operating cash flow after investments during the last 12 months, as well as the hybrid bond issuance at the end of the first quarter of 2021. Gearing ratio was 40% (84) and equity ratio 40% (31). Equity increased to EUR 1,025 million (884). Net debt/adjusted EBITDA ratio was 2.6 (3.8) and interest cover ratio 4.6 (4.6).

During July–September, net finance costs amounted to EUR 7 million (11). During January–September, net finance costs amounted to EUR 24 million (32).

Cash and cash equivalents decreased to EUR 292 million (359), and YIT had undrawn overdraft facilities amounting to EUR 32 million (47). Furthermore, a committed revolving credit facility of EUR 300 million (300) was completely undrawn, and undrawn and committed housing company and project loan limits related to apartment projects were EUR 247 million (130).

Capital employed was EUR 1,423 million (1,650) at the end of the quarter, out of which capital employed in Russia was 13% (13) resulting in EUR 184 million (209). Capital employed decreased primarily due to strong apartment sales, low apartment start-ups in 2020 and, hence, the low number of unsold completed apartments in the housing segments. In new residential development projects in Russia, the consumer payments for housing shall be made to escrow accounts and the funds will be released to the developer from the escrow accounts upon completion of the project. At the end of the period, the Russian escrow accounts amounted to EUR 106 million (35). Equity investments in Russia were EUR 282 million (272).

Investments and divestments

During July–September, gross capital expenditure amounted to EUR 4 million (10), or 0.7% of revenue (1.4), of which EUR 3 million (9) was leased. Investments in plots were EUR 28 million (4), after which the plot reserve amounted to EUR 674 million (711). Investments in leased plots were EUR 9 million (3), after which the leased plot reserve amounted to EUR 113 million (141). The total plot reserve at the end of the quarter was EUR 787 million (852).

During January–September, gross capital expenditure was EUR 19 million (25), or 1.0% of revenue (1.2), of which EUR 14 million (21) was leased. Investments in plots were EUR 74 million (52) and, in addition, investments in leased plots amounted to EUR 12 million (13).

Housing Finland and CEE

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Revenue	218	249	863	781	1,286
Operating profit	16	16	74	44	108
Adjusted operating profit	17	16	74	44	108
Adjusted operating profit margin, %	7.9	6.6	8.6	5.6	8.4
Order book at end of period	1,700	1,604	1,700	1,604	1,437
Capital employed	598	740	598	740	700

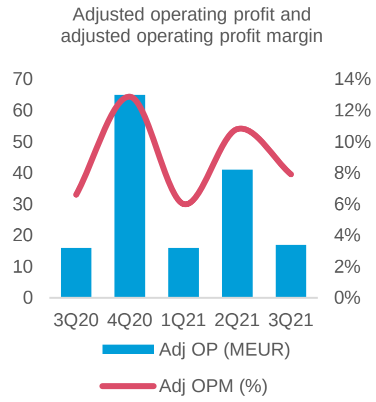
Results

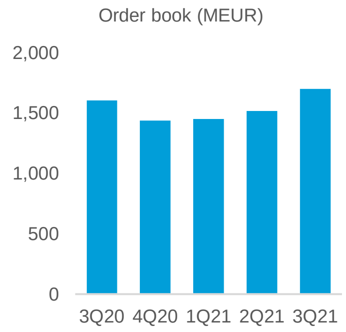
July–September

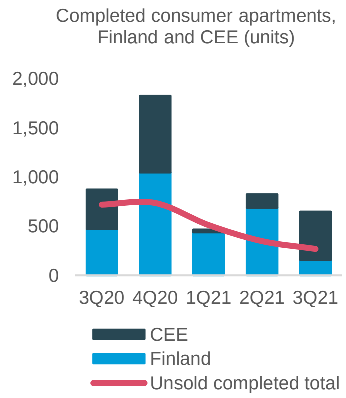
- Revenue decreased by 13% to EUR 218 million (249) due to lower number of completed apartments.
- Number of unsold completed apartments decreased by 63% to 269 (719).
- Adjusted operating profit increased to EUR 17 million (16), supported by improved margins across the business, better sales mix, and strong apartment sales.
- Order book increased to EUR 1,700 million (30 Jun 2021: 1,518) supported by increasing apartment start-ups.
- Consumer apartment start-ups increased by 52% to 1,058 (696).
- The living services business progressed well:
  - Number of residential rental agreements increased cumulatively by 51% year-on-year.
  - Number of visits on YIT Plus service platform increased year-on-year by 28% in total in Finland and 57% in the CEE countries.

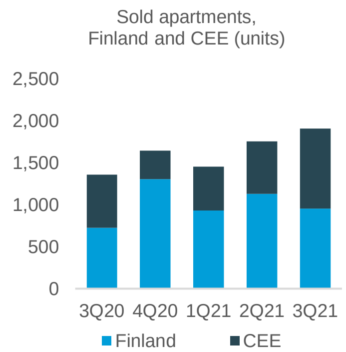
January–September

- Revenue increased by 11% to EUR 863 million (781), supported by strong apartment sales.
- Adjusted operating profit increased to EUR 74 million (44), supported by higher apartment sales and improved margins across the business.



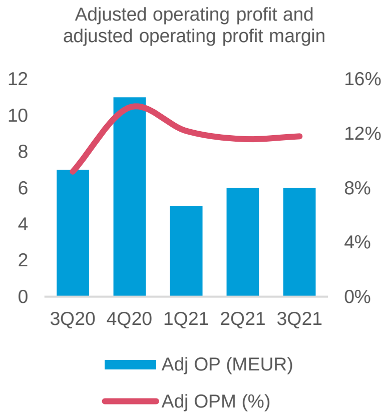


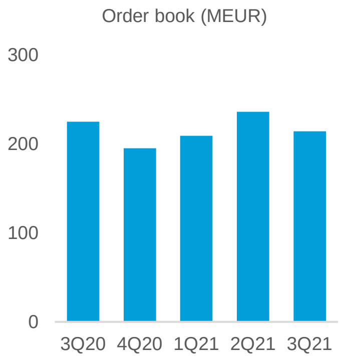




Housing Russia

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Revenue	52	75	145	225	305
Operating profit	5	-4	13	-8	8
Adjusted operating profit	6	7	17	16	27
Adjusted operating profit margin, %	11.8	9.3	11.9	7.0	8.8
Order book at end of period	214	225	214	225	195
Capital employed	183	208	183	208	180





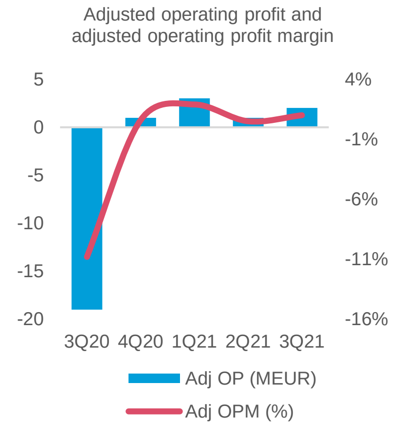
Results

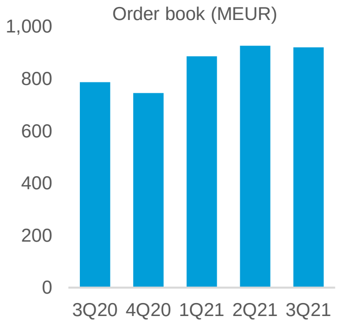
July–September

- Revenue was EUR 52 million (75), and revenue from continuing units amounted to EUR 44 million (50). The decrease was primarily due to smaller number of apartments for sale.
- Number of unsold completed apartments decreased by 88% to 27 (222).
- Adjusted operating profit was relatively stable at EUR 6 million (7). Profitability was negatively impacted by lower sales, but this negative impact was largely offset by improved margins, as well as operational efficiency and restructuring measures taken on previous years.
- Order book decreased to EUR 214 million (30 Jun 2021: 236).
- Share of sold apartments financed with mortgage continued on high level at 66% (58).
- At the end of the quarter, YIT was responsible for service and maintenance for
  - nearly 76,000 apartments (68,000)
  - over 16,000 parking spaces (12,000)
  - over 11,000 business premises (9,000)
  - total over 103,000 clients (90,000)

January–September

- Revenue decreased by 36% to EUR 145 million (225). Revenue from continuing units was EUR 120 million (174). In the corresponding period, the change in revenue recognition had a positive impact of EUR 57 million on the first quarter revenue.
- Adjusted operating profit increased to EUR 17 million (16), supported by improved margins. In the corresponding period, the change in revenue recognition had a positive impact of EUR 5 million on the first quarter adjusted operating profit.





Business premises

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Revenue	173	178	469	576	761
Operating profit	2	-19	5	-46	-46
Adjusted operating profit	2	-19	5	-45	-44
Adjusted operating profit margin, %	1.0	-10.8	1.1	-7.9	-5.8
Order book at end of period	920	787	920	787	745
Capital employed	-34	-21	-34	-21	-44

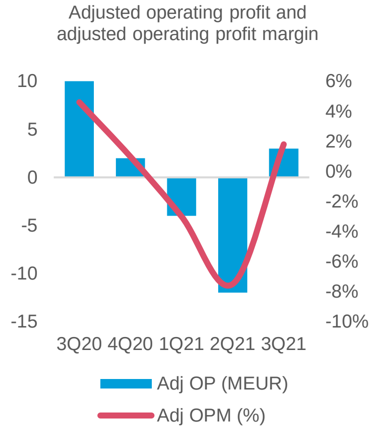
Results

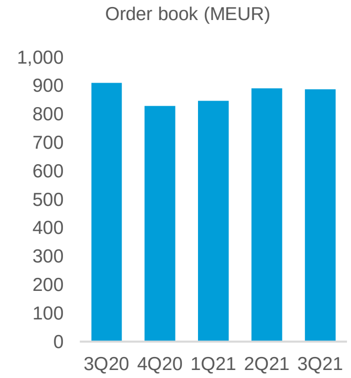
July–September

- Revenue decreased by 3% to EUR 173 million (178).
- Adjusted operating profit increased to EUR 2 million (-19), as the stabilisation of the business continued according to plans. The comparison period was negatively impacted by an EUR 18 million margin reduction in revenue and cost estimates of the Tripla project and an inventory write-down of EUR 7 million related to a business premise.
- Order book remained stable at EUR 920 million (30 Jun 2021: 927).
  - The construction of Pirkkala school campus, value of 43 million, the second phase of the University of Helsinki Main Building renovation, value of EUR 37 million, and the construction of a school centre in Turenki, Janakkala, Finland, value of EUR 19 million, among other projects, were entered in the order book.

January–September

- Revenue decreased by 19% to EUR 469 million (576). The comparison period included revenue recognition from the finalisation of the Espoo Keilaniemi project's Accountor Tower transaction as well as revenue from the completion of Tripla offices and the hotel, as well as revenue from the real estate management business.
- Adjusted operating profit increased to EUR 5 million (-45), supported by stabilising operational performance. The comparison period was negatively impacted by financial settlements in certain challenging projects, margin reduction in revenue and cost estimates of the Tripla project and an inventory write-down.





Infrastructure

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Revenue	148	212	451	586	791
Operating profit	-5	-2	-26	-1	-1
Adjusted operating profit	3	10	-14	11	13
Adjusted operating profit margin, %	1.8	4.6	-3.0	1.8	1.6
Order book at end of period	887	910	887	910	829
Capital employed	34	89	34	89	48

From the third quarter 2020 onwards, operating profit from the businesses to be closed in Norway are recorded in adjusting items and are not presented in adjusted operating profit. From the first quarter 2021 onwards, operating profit from the businesses sold in Estonia are recorded in adjusting items and are not presented in adjusted operating profit.

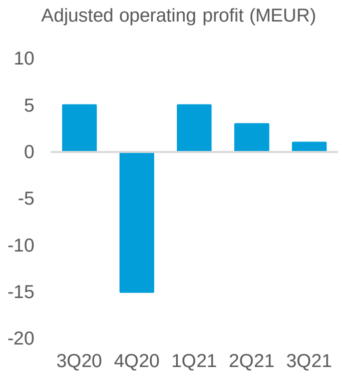
Results

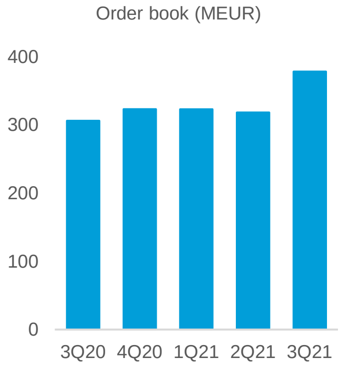
July–September

- Revenue decreased by 30% to EUR 148 million (212) primarily due to strict selection of projects according to new strategy of the segment, as well as progress in closing down operations in Norway and the Baltics. The comparison period also included several large projects in their final stages.
- Adjusted operating profit decreased to EUR 3 million (10), impacted by margin reductions in certain projects as part of the stabilisation of the business.
- Order book remained stable at EUR 887 million (30 Jun 2021: 891).

January–September

- Revenue decreased by 23% to EUR 451 million (586) as a result of strict selection of projects, as well as progress in closing down operations in Norway and the Baltics.
- Adjusted operating profit decreased to EUR -14 million (11) due to margin reductions in certain projects as part of the stabilisation of the business.
- Adjusting items were EUR 13 million (12) including operating profit from operations to be closed in Norway and businesses sold in Estonia.





Partnership properties

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Revenue	18	2	30	4	17
Operating profit	0	5	9	20	5
Adjusted operating profit	1	5	9	20	5
Order book at end of period	378	305	378	305	323
Capital employed	337	306	337	306	331

Results

July–September

- Revenue grew to EUR 18 million (2) supported by the progress in certain project development projects.
- Adjusted operating profit decreased to EUR 1 million (5) as the development costs of several ongoing development projects weighed on the result.
- Order book increased by 19% to EUR 378 million (30 Jun 2021: 318) including primarily service periods for life cycle projects.
- Capital employed increased to EUR 337 million (306) due to new investments and progress in development projects.
- YIT widened its investment portfolio by establishing a co-investment vehicle with BTA Baltic Insurance Company AAS, representing Vienna Insurance Group, investing in rental apartments located in the Baltic countries. YIT's share of the co-investment will be 30%. The total investment capacity of the vehicle is EUR 120 million. In connection, YIT has agreed on the sale of five rental apartment buildings in Tallinn, Riga and Vilnius to the co-investment vehicle with a value of EUR 65 million.

January–September

- Revenue increased to EUR 30 million (4) supported by the progress of certain project development projects.
- Adjusted operating profit decreased to EUR 9 million (20). The comparison period was supported by the finalisation of the Espoo Keilaniemi project's Accountor Tower transaction in Finland.
- YIT announced on 6 April 2021 that it has acquired the Finnish operations of UMA Workspace, a business established in 2016 by Technopolis.

Investments

EUR million	
Portfolio balance sheet value 1 January 2021	254
Net change in invested equity	0
Net result	9
Dividends received	-7
Changes in fair value	4
Portfolio balance sheet value 30 September 2021	260

Shares

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

At the beginning of 2021, 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, on 30 September 2021, was 209,118,906 (31 Dec 2020: 209,083,556).

Dividend

On 29 September, YIT Corporation's Board of Directors decided on the record date and payment date for the dividend's second instalment of EUR 0.07 per share. The record date was 1 October, and the dividend's second instalment was paid on 12 October. The total amount of dividends paid by YIT in 2021 is EUR 0.14 per share.

Personnel

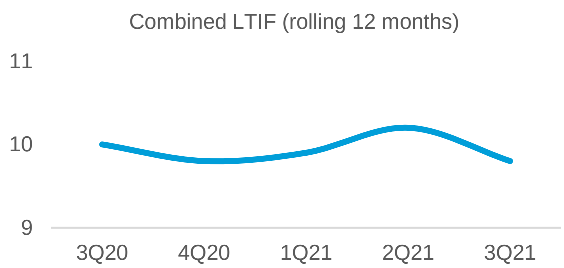
During January–September 2021, the Group employed on average 7,156 people (7,468). Personnel expenses in July–April totalled EUR 82 million (81) and in January–September amounted to EUR 275 million (277).

On 25 August, YIT commenced co-operation negotiations in Finland. The co-operation negotiations were concluded after the reporting period on 15 October.

Sustainability

Safety

The Group's rolling 12-month combined lost time injury frequency, including own personnel and subcontractors, was 9.8 (10.0). Sadly, two fatal accidents occurred in the third quarter.



Governance and transparency

YIT strengthened its sustainability practices by implementing a new policy regarding foreign workforce. Starting from 1 October 2021, new contract and subcontract agreements will require posted workers from non-EU/EEA countries or Switzerland to have a residence permit granting the right to work issued by the Finnish authorities. The previous policy, which was in line with the legal requirements, allowed workers posted from non-EU/EEA countries to work in Finland with a work permit issued by the EU country of origin. The new policy increases the transparency in terms of employment and minimises the risks associated with various grey economy phenomena.

Governance

Changes in the Group Management Team

YIT announced on 30 July that its Board of Directors has appointed Tuomas Mäkipeska (43, M.Sc. in Economics) as YIT's Chief Financial Officer and a member of the Group Management Team. Ilkka Salonen will continue as the CFO of YIT until Tuomas Mäkipeska joins the company.

Significant risks and uncertainties

The purpose of YIT's risk management is to identify the most significant risks to the company's operations and manage them in a balanced way. Risk management aims to ensure the continuity of YIT's operations and the achievement of targets. YIT has a risk management policy that guides the management of the company's overall risk position. Risk management is included in all of the Group's significant operating, reporting and management processes.

YIT has categorised the risks that are significant to its operations into strategic, operational, financial and event risks. Strategic risks relate to market, countries of operation, legislation, good corporate governance, reputation and climate change. Operational risks, on the other hand, relate to projects, contract and agreement disputes, resources and personnel, procurement, occupational safety, human rights and the environment. Financial risks relate to financing, reporting and capital efficiency, while event risks include issues related to information security and pandemics.

Detailed descriptions of risks, their impacts and risk management practices are available in YIT's Annual Review 2020 on pages 27-32. These risks still apply. The main updates to risks since the publication of the report are related to the operations to be closed, which include risks related to sales of assets and finalisation of operation closures. Cost inflation of construction materials has started to accelerate, and the price pressure is expected to continue. This might have an impact on YIT's profitability. The mitigation actions include pricing as well as contractual and procurement practices.

Events after the reporting period

YIT announced on 11 October that it extends the maturity of its credit facility by one month. The new maturity date for the EUR 50 million credit facility is in November 2021.

YIT announced on 15 October that it has concluded the co-operation negotiations concerning white collar employees in Finland. The organisational changes to operate according to the new operating model have now started and they will be effective from 1 January 2022. The estimated number of reductions in personnel is a maximum of 230 employees throughout YIT Group and a maximum of 190 employees in Finland.

YIT announced on 15 October that Juhani Nummi, Executive Vice President, Development and member of the YIT Management Team will leave the company. The tasks of EVP, Development will be shared between the CFO and the segment development leads.

YIT announced on 20 October that Tuomas Mäkipeska's commencement date as the CFO of YIT Corporation has been specified. He will start in the position on 1 November 2021. The YIT Group's current CFO Ilkka Salonen continues as the CFO of YIT until Tuomas Mäkipeska joins the company.

YIT announced on 27 October that it extends the maturity of its credit facility by one year and links it to sustainability targets (lost time injury frequency rate and emission intensity of the Group's own operations). The new maturity date for the EUR 50 million credit facility is in November 2023.

YIT Corporation
Board of Directors

Helsinki, 29 October 2021

Interim report January–September 2021: Tables

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Primary Financial Statements

Consolidated income statement, IFRS

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Revenue	**587**	**687**	**1,927**	**2,094**	**3,069**
Other operating income	6	10	13	25	30
Change in inventories of finished goods and in work in progress	33	-44	-36	-78	-249
Production for own use		0	0	0	0
Materials and supplies	-94	-88	-303	-253	-325
External services	-391	-410	-1,097	-1,316	-1,777
Personnel expenses	-82	-81	-275	-277	-372
Other operating expenses	-48	-82	-172	-186	-291
Changes in fair value of financial assets	2	1	4	2	-14
Share of results in associated companies and joint ventures	1	2	9	17	23
Depreciation, amortisation and impairment	-8	-12	-26	-48	-58
Operating profit	**6**	**-16**	**46**	**-20**	**35**
Finance income	1	1	3	2	4
Exchange rate differences (net)	1	1	2	1	1
Finance expenses	-9	-12	-28	-35	-45
Finance income and expenses, total	-7	-11	-24	-32	-41
Result before taxes	**-1**	**-27**	**22**	**-52**	**-6**
Income taxes	-2	2	-10	8	-3
Result for the period, continuing operations	**-3**	**-26**	**12**	**-44**	**-8**
Result for the period, discontinued operations		**0**		**31**	**35**
Result for the period	**-3**	**-26**	**12**	**-12**	**27**
Attributable to					
Owners of YIT Corporation	-3	-26	11	-12	26
Non-controlling interests	0	0	0	0	0
Total	**-3**	**-26**	**12**	**-12**	**27**
Earnings per share, attributable to the equity holders of the parent company, EUR					
Basic, total	-0.02	-0.12	0.04	-0.06	0.13
Diluted, total	-0.02	-0.12	0.04	-0.06	0.13
Basic, continuing operations	-0.02	-0.12	0.04	-0.21	-0.04
Basic, discontinued operations		0.00		0.15	0.17
Diluted, continuing operations	-0.02	-0.12	0.04	-0.21	-0.04
Diluted, discontinued operations		0.00		0.15	0.17

Consolidated statement of comprehensive income, IFRS

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Result for the period	-3	-26	12	-12	27
Items that may be reclassified to income statement					
Cash flow hedges	0		0		
Income tax relating to item above	0		0		
Change in translation differences	7	-41	23	-89	-88
Translation differences reclassified to income statement		2	0	6	1
Items that may be reclassified to income statement, total	**7**	**-39**	**23**	**-83**	**-87**
Items that will not be reclassified to income statement					
Change in fair value of defined benefit pension	-1	0	-1	0	0
Income tax relating to item above	0	0	0	0	0
Items that will not be reclassified to income statement, total	**-1**	**0**	**-1**	**0**	**0**
Other comprehensive income, total	**6**	**-38**	**22**	**-83**	**-87**
Total comprehensive income	**3**	**-64**	**34**	**-95**	**-60**
Attributable to					
Owners of YIT Corporation	3	-64	33	-95	-60
Non-controlling interests	0	0	0	0	0
Total	**3**	**-64**	**34**	**-95**	**-60**

Consolidated statement of financial position, IFRS

EUR million	9/21	9/20	12/20
ASSETS			
Non-current assets			
Property, plant and equipment	56	70	68
Leased property, plant and equipment	75	86	84
Goodwill	249	249	249
Other intangible assets	8	11	10
Investments in associated companies and joint ventures	83	64	80
Equity investments	184	196	180
Interest-bearing receivables	43	49	49
Other receivables	11	11	11
Deferred tax assets	37	46	35
Non-current assets total	**745**	**781**	**764**
Current assets			
Inventories	1,370	1,554	1,376
Leased inventories	181	207	190
Trade and other receivables	459	450	417
Interest-bearing receivables	13	16	17
Income tax receivables	6	2	2
Cash and cash equivalents	292	359	419
Current assets total	**2,320**	**2,589**	**2,421**
Total assets	**3,065**	**3,371**	**3,185**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company	922	882	918
Non-controlling interests	3	2	2
Hybrid bond	99		
Equity total	**1,025**	**884**	**920**
Non-current liabilities			
Deferred tax liabilities	7	9	10
Pension obligations	3	2	2
Provisions	78	71	78
Borrowings	339	343	286
Lease liabilities	160	200	174
Trade and other payables	32	39	27
Non-current liabilities total	**619**	**665**	**577**
Current liabilities			
Advances received[1]	501	498	429
Trade and other payables	619	650	566
Income tax payables	9	8	3
Provisions	34	45	37
Borrowings	185	559	592
Lease liabilities	74	63	62
Current liabilities total	**1,421**	**1,822**	**1,688**
Liabilities total	**2,041**	**2,487**	**2,265**
Total equity and liabilities	**3,065**	**3,371**	**3,185**

[1] On September 30, 2021, the reported amount includes EUR 149 (206) non-cash considerations from customer contracts related to sold uncompleted residential developments arising from housing company loans and plot lease liabilities.

Consolidated cash flow statement, IFRS

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Result for the period	**-3**	**-26**	**12**	**-12**	**27**
Reversal of accrual-based items	17	56	60	37	56
Change in trade and other receivables	-94	-52	-38	22	55
Change in inventories	-40	22	18	60	251
Change in current liabilities	95	4	121	-192	-299
Change in working capital, total	-40	-27	101	-110	7
Cash flow of financial items	-2	-15	-30	-34	-51
Taxes paid (-)	-4	0	-12	17	15
Net cash generated from operating activities	**-32**	**-11**	**131**	**-103**	**54**
Investments to subsidiaries, associated companies and joint ventures	-5	-2	-21	-3	-27
Disposal of subsidiaries, associated companies and joint ventures	12	0	37	291	306
Cash outflow from other investing activities	-1	-1	-5	-11	-13
Cash inflow from other investing activities	3	5	14	16	16
Net cash used in investing activities	**8**	**2**	**24**	**292**	**282**
Operating cash flow after investments	**-23**	**-9**	**155**	**190**	**336**
Proceeds from non-current borrowings		7	200	57	57
Repayments of non-current borrowings			-300	-30	-30
Change in current borrowings	17	-1	-251	89	66
Payments of lease liabilities	-8	-11	-25	-28	-35
Change in interest-bearing receivables	6	-1	9	-9	-10
Proceeds from hybrid bond			100		
Change in treasury shares		0	0	2	2
Dividends paid	0	**0**	-15	-30	-84
Net cash used in financing activities	**14**	**-6**	**-282**	**51**	**-35**
Net change in cash and cash equivalents	-9	-14	-127	241	301
Cash and cash equivalents at the beginning of the period	304	380	419	132	132
Foreign exchange differences	-4	-7	-1	-13	-14
Cash and cash equivalents at the end of the period	**292**	**359**	**292**	**359**	**419**

Consolidated statement of changes in equity, IFRS

EUR million	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, 2021	**150**	**1**	**553**	**-303**		**-10**	**527**	**918**	**2**		**920**
Comprehensive income											
Result for the period							11	11	0		12
Cash flow hedges					0			0			0
Income tax relating to item above					0			0			0
Change in fair value of defined benefit pension							-1	-1			-1
Income tax relating to item above							0	0			0
Translation differences				22				22	0		23
Translation differences reclassified to income statement				0				0			0
Comprehensive income for the period, total				**22**	**0**		**11**	**33**	**1**		**34**
Transactions with owners											
Dividend distribution							-29	-29			-29
Share-based incentive schemes						0	1	1			1
Transactions with owners, total						**0**	**-29**	**-29**			**-29**
Other items											
Hybrid bond										99	99
Other items, total										**99**	**99**
Equity on September 30, 2021	**150**	**1**	**553**	**-281**	**0**	**-10**	**509**	**922**	**3**	**99**	**1,025**

EUR million	Share capital	Legal reserve	Unrestricted equity reserve	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Equity total
Equity on January 1, 2020	**150**	**1**	**553**	**-216**	**-12**	**585**	**1,061**		**1,061**
Comprehensive income									
Result for the period						-12	-12	0	-12
Change in fair value of defined benefit pension						0			0
Income tax relating to item above						0			0
Translation differences				-89			-89	0	-89
Translation differences reclassified to income statement				6			6		6
Comprehensive income for the period, total				**-83**		**-12**	**-95**	**0**	**-95**
Transactions with owners									
Dividend distribution						-84	-84		-84
Share-based incentive schemes					2	-1	1		1
Transactions with owners, total					**2**	**-85**	**-83**		**-83**
Other items									
Non-controlling interests from business combinations								2	2
Other items, total								**2**	**2**
Equity on September 30, 2020	**150**	**1**	**553**	**-300**	**-10**	**487**	**882**	**2**	**884**

EUR million	Share capital	Legal reserve	Unrestricted equity reserve	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Equity total
Equity on January 1, 2020	**150**	**1**	**553**	**-216**	**-12**	**585**	**1,061**		**1,061**
Comprehensive income									
Result for the period						26	26	0	27
Change in fair value of defined benefit pension						0	0		0
Income tax relating to item above						0	0		0
Translation differences				-88			-88	0	-88
Translation differences reclassified to income statement				1			1		1
Comprehensive income for the period, total				**-87**		**27**	**-60**	**0**	**-60**
Transactions with owners									
Dividend distribution						-84	-84		-84
Share-based incentive schemes					2	-1	1		1
Transactions with owners, total					**2**	**-85**	**-83**		**-83**
Other items									
Non-controlling interests from business combinations								2	2
Other items, total								**2**	**2**
Equity on December 31, 2020	**150**	**1**	**553**	**-303**	**-10**	**527**	**918**	**2**	**920**

Basis of preparation and accounting policies of the interim report

Basis of preparation

This interim report has been prepared in accordance with IFRS recognition and measurement principles, but all requirements of IAS 34 Interim Financial Reporting standard have not been applied. This interim report should be read together with YIT's consolidated Financial Statements 2020. The figures presented in the interim report are unaudited. In the interim report, the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in column and total sums.

Accounting policies

The same IFRS recognition and measurement principles have been applied in the preparation of this interim report as in YIT's consolidated Financial Statements 2020 except for the changes described below and the amendments to IFRS standards which were effective as of January 1, 2021. The amendments did not have impact on the consolidated financial statements.

Hybrid bond

A hybrid bond is recognised in shareholders' equity after equity belonging to shareholders. The bond holders do not have any rights equivalent to ordinary shareholders, and the bond does not dilute shareholders' ownership in the company. YIT has no contractual obligation to repay the loan capital or the interest on the loan. The hybrid bond is initially recognised at fair value less transaction cost and subsequently the bond is measured at cost. If interest is paid to the hybrid bond, it is recognised directly into retained earnings adjusted with tax effect.

Hedge accounting

Derivative instruments used in hedge accounting that meet the hedge accounting criteria under IFRS 9 are entered in the balance sheet at fair value on the day that YIT becomes counterpart to the agreement. YIT has applied hedge accounting for hedging against the reference rate of certain floating rate loans (cash flow hedging), but YIT always estimates hedge accounting needs case by case. YIT documents the relationship between the target and the hedging instruments 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 financial income or expenses within the same financial periods as the items of the hedging target.

Earnings per share (EPS)

The hybrid bond issued in the first quarter of 2021 has an effect on the calculation of earnings per share. When calculating earnings per share, the result is adjusted with hybrid bond interests regardless of payment date and adjusted with tax effect. When YIT redeems the hybrid bond, redemption costs adjusted with tax effect are adjusted from the result when calculating earnings per share.

Significant management judgements

In preparing this interim report, significant judgements made by management in applying the company's accounting policies and the key sources of estimation uncertainty were the same as those described in the consolidated Financial Statements for the year ended December 31, 2020.

Most relevant currency exchange rates used in the interim report

		Average rates			End rates		
		1–9/21	**1–9/20**	**1–12/20**	**9/21**	**9/20**	**12/20**
1 EUR =	**CZK**	25.7372	26.3904	26.4595	25.4950	27.2330	26.2420
	PLN	4.5471	4.4229	4.4436	4.6197	4.5462	4.5597
	RUB	88.5963	79.9336	82.6883	84.3391	91.7763	91.4671
	SEK	10.1519	10.5613	10.4875	10.1683	10.5713	10.0343
	NOK	10.2289	**10.7160**	10.7261	10.1650	11.1008	10.4703

Notes

Segment information

Seasonality of business

Seasonality of certain operations of the company affects the company's profit and its timing. According to IFRS accounting principles, certain customer contracts are recognised at a certain point in time. As a result, the profit of the company can fluctuate greatly between quarters depending on the completion of the projects. Additionally, length of working season is limited in the Infrastructure segment's road construction business in Baltics.

Segment financial information

7-9/21 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**218**	**52**	**173**	**148**	**18**	**-21**	**587**
Revenue from external customers	218	52	172	146	18	-18	587
Revenue Group internal	0		0	2	0	-2	
Depreciation, amortisation and impairment	-1	0	0	-3	0	-3	-8
Operating profit	**16**	**5**	**2**	**-5**	**0**	**-12**	**6**
Operating profit margin, %	**7.5**	**9.6**	**0.9**	**-3.5**	**1.5**		**1.0**
Adjusting items	1	1	0	8	0	2	12
Adjusted operating profit	**17**	**6**	**2**	**3**	**1**	**-10**	**18**
Adjusted operating profit margin, %	**7.9**	**11.8**	**1.0**	**1.8**	**3.0**		**3.1**

7-9/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**249**	**75**	**178**	**212**	**2**	**-29**	**687**
Revenue from external customers	249	74	178	208	2	-25	687
Revenue Group internal	0	0	0	3	0	-4	
Depreciation, amortisation and impairment	-1	0	0	-4	0	-6	-12
Operating profit	**16**	**-4**	**-19**	**-2**	**5**	**-12**	**-16**
Operating profit margin, %	**6.6**	**-6.0**	**-10.8**	**-1.0**			**-2.4**
Adjusting items		11		12		9	32
Adjusted operating profit	**16**	**7**	**-19**	**10**	**5**	**-3**	**16**
Adjusted operating profit margin, %	**6.6**	**9.3**	**-10.8**	**4.6**			**2.4**

1-9/21 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**863**	**145**	**469**	**451**	**30**	**-31**	**1,927**
Revenue from external customers	863	145	469	440	30	-20	1,927
Revenue Group internal			0	10	0	-11	
Depreciation, amortisation and impairment	-2	-1	-1	-11	0	-10	-26
Operating profit	**74**	**13**	**5**	**-26**	**9**	**-28**	**46**
Operating profit margin, %	**8.5**	**8.9**	**1.1**	**-5.8**	**28.0**		**2.4**
Adjusting items	1	4	0	13	0	5	24
Adjusted operating profit	**74**	**17**	**5**	**-14**	**9**	**-22**	**69**
Adjusted operating profit margin, %	**8.6**	**11.9**	**1.1**	**-3.0**	**28.9**		**3.6**

1-9/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**781**	**225**	**576**	**586**	**4**	**-78**	**2,094**
Revenue from external customers	781	225	575	575	4	-65	2,094
Revenue Group internal	0	1	0	11	0	-13	
Depreciation, amortisation and impairment	-3	-14	-1	-14	0	-15	-48
Operating profit	**44**	**-8**	**-46**	**-1**	**20**	**-28**	**-20**
Operating profit margin, %	**5.6**	**-3.7**	**-7.9**	**-0.2**			**-0.9**
Adjusting items		24	0	12		13	49
Adjusted operating profit	**44**	**16**	**-45**	**11**	**20**	**-16**	**29**
Adjusted operating profit margin, %	**5.6**	**7.0**	**-7.9**	**1.8**			**1.4**

1-12/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**1,286**	**305**	**761**	**791**	**17**	**-90**	**3,069**
Revenue from external customers	1,286	305	760	776	17	-75	3,069
Revenue Group internal	0		0	15		-16	
Depreciation, amortisation and impairment	-4	-14	-2	-18	0	-20	-58
Operating profit	**108**	**8**	**-46**	**-1**	**5**	**-40**	**35**
Operating profit margin, %	**8.4**	**2.5**	**-6.0**	**-0.1**	**30.2**		**1.1**
Adjusting items		19	1	13		15	50
Adjusted operating profit	**108**	**27**	**-44**	**13**	**5**	**-24**	**85**
Adjusted operating profit margin, %	**8.4**	**8.8**	**-5.8**	**1.6**	**30.2**		**2.8**

Capital employed by segments

EUR million	9/21	9/20	12/20
Housing Finland and CEE	598	740	700
Housing Russia	183	208	180
Business premises	-34	-21	-44
Infrastructure	34	89	48
Partnership properties	337	306	331
Other items	305	328	312
Capital employed, total	**1,423**	**1,650**	**1,527**

Order book at the end of the period

EUR million	9/21	9/20	12/20
Housing Finland and CEE	1,700	1,604	1,437
Housing Russia	214	225	195
Business premises	920	787	745
Infrastructure	887	910	829
Partnership properties	378	305	323
Order book, total	**4,099**	**3,831**	**3,528**

Discontinued operations

On July 4, 2019, YIT announced having signed an agreement with Peab on the sale of YIT's paving and mineral aggregates businesses in Finland, Sweden, Norway and Denmark. The transaction comprised the operations of the company's Paving segment with the exclusion of the road maintenance business in Finland and paving business in Russia. The sale was successfully completed on April 1, 2020. For the financial year 2020 the income statement and cash flows used in discontinued operations are therefore presented for the three months period from Jan 1, 2020 to April 1, 2020.

Results of discontinued operations

EUR million	**1-9/20**	**1-12/20**
Revenue	**27**	**27**
Other operating income	1	1
Change in inventories of finished goods and in work in progress	8	8
Production for own use	0	0
Materials and supplies	-11	-11
External services	-11	-11
Personnel expenses	-18	-17
Other operating expenses	-17	-17
Share of results in associated companies and joint ventures	-1	-1
Operating profit	**-23**	**-22**
Finance income	0	0
Finance expenses	-1	-1
Finance income and expenses, total	-1	-1
Result before taxes	**-24**	**-23**
Income taxes	4	4
Result after taxes	**-20**	**-19**
Gain on sale of discontinued operation	**52**	**55**
Result from discontinued operations	**31**	**35**

Cash flows (used in) discontinued operations

EUR million	**1-9/20**	**1-12/20**
Cash used in operating activities	-24	-24
Cash used in investing activities	277	277
Cash used in financing activities	-6	-6
Cash flow for the period	**247**	**247**

Effect of disposal on financial position

EUR million	**April 1, 2020**
Sold assets	
Property, plant and equipment	112
Leased property, plant and equipment	39
Goodwill	55
Other intangible assets	23
Investments in associated companies and joint ventures	3
Deferred tax assets	3
Inventories	60
Trade and other receivables	37
Cash and cash equivalents	5
Sold assets, total	**337**

Sold liabilities	
Deferred tax liabilities	16
Provisions	8
Lease liabilities	31
Advances received	7
Trade and other payables	54
Income tax payables	0
Sold liabilities, total	**116**
Sold net assets	**221**

EUR million	**April 1, 2020**
Cash consideration	288
Sold net assets	-221
Other items	-12
Gain on sale of discontinued operation	**55**

Other items include translation difference of EUR -2 million.

Inventories

EUR million	**9/21**	**9/20**	**12/20**
Raw materials and consumables	7	11	10
Work in progress	563	617	482
Plots and plot owning companies	674	711	678
Shares in completed housing and real estate companies	85	159	151
Advance payments	39	55	51
Other inventories	2	2	3
Total inventories	**1,370**	**1,554**	**1,376**
Leased inventories	**181**	**207**	**190**

Derivative contracts

EUR million	**9/21**	**9/20**	**12/20**
Value of underlying instruments			
Interest rate derivatives (hedge accounting applied)	100		
Interest rate derivatives (hedge accounting not applied)	60	110	60
Foreign exchange derivatives	305	158	198
Commodity derivatives	1	2	1
Fair value			
Interest rate derivatives (hedge accounting applied)	0		
Interest rate derivatives (hedge accounting not applied)	-0	-1	-1
Foreign exchange derivatives	3	2	-1
Commodity derivatives	0	0	0

Contingent liabilities and assets and commitments

EUR million	9/21	9/20	12/20
Guarantees			
Guarantees on behalf of others	1	1	1
Guarantees on behalf of consortiums	10	10	10
Guarantees on behalf of associated companies	5	0	5
Guarantees on behalf of parent and other Group companies	996	1,039	1,053
Other commitments			
Investment commitments	81	22	46
Purchase commitments	188	105	201

In addition, at the reporting date, the company has EUR 3 million accrued interest liabilities concerning its hybrid bond which are not recognised in statement of financial position. As a result of the partial demerger registered on June 30, 2013, YIT Corporation has secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 6 million on September 30, 2021.

Legal proceedings

Quality concerns related to ready-mixed concrete

Ready-mixed concrete, among other things, has been used in construction business as a raw material. During the year 2016, especially in some infrastructure projects, suspicions arose that the ready-mixed concrete used in Finland would not entirely fulfil the predetermined quality requirements.

The Hospital District of Southwest Finland presented claims for damages to YIT relating to the quality of the ready-mixed concrete as well as the work performance in the project for the construction of the concrete deck of the T3 building of Turku University Hospital.

YIT has in April 2019 signed a contract with the concrete supplier on agreeing the dispute between YIT and the concrete supplier.

The Hospital District of Southwest Finland has on June 3, 2020 filed a summons in the District Court of Southwest Finland against YIT and presented claims for damages etc. to YIT relating to the project for the construction of the concrete deck of the T3 building of Turku University Hospital. The capital amount of the claims totals approximately EUR 20 million. The company deems the claims for damages etc. unfounded.

YIT has submitted its response to the Hospital District’s claims to the District Court on 29 January 2021. In its response YIT has denied the Hospital District’s claims as unfounded.

Adjustments concerning prior periods

In the beginning of 2021, the company adjusted its presentation of Finnish VAT expenses for own use. This adjustment has been made between items above operating profit and has no effect on revenue, operating profit or items presented after operating profit. Prior to 2021, VAT expenses for own use were presented in the income statement under Other operating expenses. From the beginning of 2021 these expenses are presented in External services. The change has been implemented by adjusting the items of the comparison period that are affected as follows:

EUR million	1-12/20	Adjustment	Adjusted 1-12/20	1-9/20	Adjustment	Adjusted 1-9/20
External services	-1,612	-164	-1,777	-1,195	-121	-1,316
Other operating expenses	-456	164	-291	-307	121	-186

EUR million	1-6/20	Adjustment	Adjusted 1-6/20	1-3/20	Adjustment	Adjusted 1-3/20
External services	-820	-86	-906	-384	-44	-428
Other operating expenses	-190	86	-104	-91	44	-47

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	7-9/21	7-9/20	1-9/21	1-9/20	1-12/20
Operating profit (IFRS)	**6**	**-16**	**46**	**-20**	**35**
Adjusting items					
Goodwill impairment		2		15	15
Fair value changes related to redemption liability of non-controlling interests		-3		-8	-7
Restructurings and divestments	3		3	1	1
Court proceedings		0		-2	-3
Integration costs related to merger		1		3	6
EBIT from operations to be closed	8	32	18	37	34
Inventory fair value adjustment from PPA[1]	0	0	1	1	1
Depreciation and amortisation expenses from PPA[1]	1	1	2	2	3
Adjusting items, total	**12**	**32**	**24**	**49**	**50**
Adjusted operating profit	**18**	**16**	**69**	**29**	**85**

[1] PPA refers to merger related fair value adjustments.

Reconciliation of adjusted EBITDA, rolling 12 months

EUR million	9/21
Adjusted operating profit	**125**
Depreciations and amortisations	36
Depreciation and amortisation expenses from PPA	-3
Goodwill impairment	0
Adjusted EBITDA	**158**

Definitions of financial key performance indicators

Key figure	Definitions	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling to 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 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, costs on the basis of statutory personnel negotiations and adaption measures, and cost 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").	
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, provisions, advance payments and other non-interest-bearing debts excluding items related to taxes, finance items and profit distribution.	Capital employed presents capital employed of segment's operative business.
Interest-bearing debt	Non-current borrowings, current borrowings and non-current and current lease liabilities.	Interest-bearing debt is a key figure to measure 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 to measure YIT's net debt financing.
Equity ratio, %	Equity total / total assets less advances received.	Equity ratio is a key figure to measure 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.

Key figure	Definitions	Reason for use
Return on capital employed, segments total (ROCE), %, rolling 12 months	Rolling 12 months adjusted operating profit/capital employed, segments total average.	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.	
Equity per share	Equity total divided by number of outstanding shares at the end of the period.	
Net debt / adjusted EBITDA, rolling 12 months	Net interest-bearing debt/rolling 12 months adjusted operating profit before depreciations and amortisations added	Net debt to adjusted EBITDA gives investor information on ability to service debt.
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.	

Together we can do it.

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