Q2

YIT Corporation
Half-year report 1-6/2022

Table of contents

Half-year report January–June 2022

Strategy execution continues: profitability improved despite prevailing market instability, the sale of the businesses in Russia completed successfully

Second quarter 2022 highlights:

- Adjusted operating profit was EUR 25 million (24).
- Adjusted operating profit margin improved to 4.5% (3.4) supported by enhanced productivity.
- Good performance in Housing continued in market instability. Earnings were weaker than previous year mainly due to a lower number of apartment completions in Finland resulting from low start-ups during the COVID-19 pandemic.
- Transformation in other segments progressed driven by improvements in project management in Business Premises and Infrastructure and portfolio development in Property Development.
- YIT withdrew from all operations in Russia successfully.
- Result for the period was EUR -277 million (11), negatively impacted by the result of EUR -293 million from the discontinued operations following the sale of YIT's operations in Russia. Discontinued operations' result was impacted by the booking of the accumulated RUB/EUR translation difference of EUR -253 million. The booking did not have an impact on Group's equity or cash flow.
- Net interest-bearing debt was at EUR 435 million (353) and gearing at 51% (35).

- Order book strengthened to EUR 4,067 million (31 March 2022: 3,756).
- Land bank amounted to 2,145,000 sqm (31 March 2022: 2,173,000), which enables the construction of approx. 32,000 new homes.

- Combined lost time injury frequency amounted to 12.0 (12.1).
- Teemu Helppolainen, Executive Vice President, Housing Russia, left the company with the completion of the sale of YIT´s businesses in Russia.

Key figures

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Revenue	545	685	1,063	1,247	2,652
Operating profit	22	21	44	31	56
Operating profit margin, %	4.1	3.1	4.2	2.5	2.1
Adjusted operating profit	25	24	47	39	85
Adjusted operating profit margin, %	4.5	3.4	4.4	3.1	3.2
Result before taxes	14	12	28	12	22
Result for the period, continuing operations	16	9	28	7	6
Result for the period, including discontinued operations	-277	11	-410	15	4
Earnings per share, continuing operations, EUR	0.07	0.04	0.12	0.03	0.01
Operating cash flow after investments	-133	109	-174	178	288
Net interest-bearing debt	435	353	435	353	303
Gearing ratio, %	51	35	51	35	30
Equity ratio, %	37	41	37	41	40
Return on capital employed, % (ROCE, rolling 12 months)	7.6	-	7.6	-	6.8
Order book	4,067	3,653	4,067	3,653	3,847
Combined lost time injury frequency (LTIF, rolling 12 months)	12.0	12.1	12.0	12.1	11.0
Customer satisfaction rate (NPS)	48	50	48	50	51

From the first quarter of 2022 onwards, YIT has four reportable segments: Housing, Business Premises, Infrastructure and Property Development. Sold Russian businesses are reported as discontinued operations. On 25 April 2022, YIT restated financial information for comparative periods reflecting an operating model change, where certain operations and functions were transferred between reportable segments, and the reporting of the sold Russian businesses as discontinued operations. Balance sheet and cash flow statement for comparative periods were not restated. Unless otherwise noted, all figures in this report concern continuing operations.

Unless otherwise noted, the figures in brackets refer to the corresponding period in the previous year.

Markku Moilanen, President and CEO

"The second quarter was eventful. Market turbulence was noticeable: while supply chains were finding new balances, consumer confidence was deteriorating due to rising interest rates and inflation. However, for us at YIT, the quarter was successful despite the prevailing market instability. The highlight of the quarter was the closure of the sale of our Russian businesses. I am satisfied that we were able to negotiate a strong deal, close it according to the agreed terms, and withdraw from all operations in Russia in these challenging conditions. This achievement makes me proud as, above all, it is a testimony to the enormous expertise and commitment of our people who worked relentlessly to accomplish this important milestone in YIT's history.

The second quarter was successful also for our businesses. We reached a solid adjusted operating profit of EUR 25 million, a slight increase from last year (24). More importantly, our relative profitability improved with our adjusted operating profit margin amounting to 4.5% compared to 3.4% a year before. This is a remarkable achievement considering that the market was not easy at all. It proves that our businesses are in good shape and our strategy execution has been successful.

The core of our strategy is a strong Housing business. The growth is sought in key cities in Finland, Poland, the Czech Republic and Slovakia, where YIT sees opportunities in the medium and long term. This growth is enabled by improving performance in the rest of our businesses.

The construction sector is cyclical and typically it is housing that swings harder than the rest of the construction. Now, it seems evident that we are heading towards a downturn. Accordingly, it is of the utmost importance to have a business model which withstands shocks from the market. That is what we have built-in at YIT. Our diversified business model provides us protection against market turbulence, which can be seen in our second quarter earnings. While the Housing segment's earnings decreased from last year's very strong levels to more normalised figures, the successful transformation and improving performance in Business Premises and Infrastructure drove our earnings growth.

I am happy to see that our strategy execution is on the right track. We have already achieved substantial productivity gains from our new agile operating model and focus on project management. Our renewed focus on core businesses is developing well with selectiveness in project tendering and selected divestments. ESG, in turn, unlocks future potential as green investments increase.

In short term, however, there are challenges as market instability continues. Rising interest rates and high inflation are impacting our sector, especially in the Housing business. Demand has come down from last year's exceptionally strong levels and there are uncertainties in the near term. Regarding construction materials, on the other hand, we see some signs of stabilising prices at the moment. Our material availability has remained at a good level because of strong relationships with our suppliers and hard work of our procurement and project organizations.

While we at YIT are obviously not immune from the market instability, our diversified business model and strategy which focuses on core competencies are supporting us. Our balance sheet is strong and withstands cyclical changes in sales levels. Our investments are geared towards future growth and opportunities. We have clear competitive advantages and expect to navigate through current market challenges by rigorous strategy execution and to continue our solid performance."

Markku Moilanen
President & CEO

Guidance for 2022

In Housing, completions of consumer apartments are expected to decrease compared to 2021. In Business Premises, operational performance will continue to improve. Infrastructure will gradually improve, while still impacted by certain legacy low-margin projects. In Property Development, there are several promising projects in the pipeline.

YIT expects its Group adjusted operating profit for continuing operations to be higher than in 2021 (2021: EUR 85 million).

Temporary shutdowns or slower progress on construction sites and delayed completions due to the COVID-19 pandemic or challenges in construction material and labour availability could lead to the postponement of revenue and profit from one quarter or year to another. YIT aims to mitigate the impact of increased construction material costs by actively managing its customer relations, contracts, and procurement. Rising interest rates and overall inflation could have an impact on consumer demand and result in lower-than-expected apartment sales. Due to an increased number of apartments under construction, YIT expects to tie up more capital as the year progresses.

Market environment and outlook

Housing market

In Finland, consumer demand has been softening on the back of a weakening economic outlook and increasing consumer cautiousness. Consumer demand is expected to remain somewhat muted in the short-term. Challenges in construction material availability and material cost inflation have persisted, but the situation is stabilising. Housing company loan financing has continued to be challenging due to the cautiousness of banks.

In Baltic and Central Eastern European countries, consumer demand softened as macroeconomic uncertainty rose, but the demand outlook remains cautiously positive. Challenges in construction material availability and material cost inflation have still persisted, and these challenges are expected to continue. Delays in planning permission processes of authorities have somewhat subsided.

Market environment and outlook, Housing

Region	Q2	Outlook
Finland	Normal	Weakening
Baltic countries	Normal	Weakening
Central Eastern Europe	Normal	Stable

Real estate market

In Finland, the second quarter was solid. However, the uptick in construction material inflation started to impact the sentiment, as decision making by some customers slowed due to growing cost pressures. On the investor side, rising rates have put upward pressure on yields, which in turn has led to increased levels of cautiousness. So far, demand has remained on a good level, but the uncertainty in the market is increasing.

In Baltic and Central Eastern European countries, the market remained moderate despite growing macroeconomic uncertainty. The headwinds caused by the high level of cost inflation continued, but availability of workforce was already on a better level compared to the previous quarter.

Market environment and outlook, Real estate

Region	Q2	Outlook
Finland	Normal	Weakening
Baltic countries	Normal	Weakening
Central Eastern Europe	Normal	Weakening

Infrastructure market

In Finland, public sector demand has remained moderate. Private sector demand is driven by energy and industrial construction, as well as growing demand for wind power. The increasing uncertainty has led to postponement of projects in some specific instances, but overall, the market is solid.

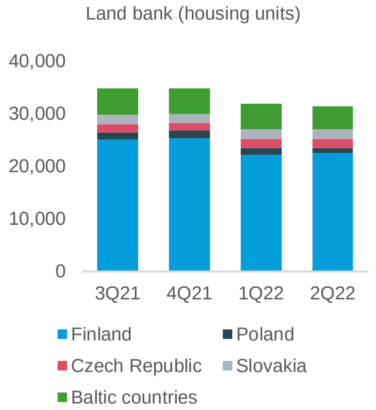
In Sweden, the market remains active due to a good level of demand in both public and private sectors, although competition for projects has intensified. The public sector is supported by several ongoing infrastructure projects, and the private sector demand is driven by industrial investments.

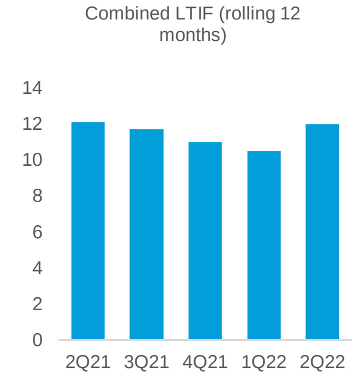
Market environment and outlook, Infrastructure

Region	Q2	Outlook
Finland	Normal	Stable
Sweden	Good	Stable

Q2 market environment
Good Normal Weak

Short-term market outlook
Improving Stable Weakening





Strategy

The objective of YIT's strategy is to be the most reliable partner to all stakeholders delivering predictable, market-leading results. YIT plans to achieve this objective by seeking growth in the Housing business and completing transformation in other businesses. YIT has three strategic priority areas: Focus, Productivity, and ESG.

Focus

YIT is driving growth in the Housing business in selected growth cities in Finland, Poland, the Czech Republic, and Slovakia. In the second quarter, YIT continued to invest in attractive urban plots in line with its strategy. Simultaneously, YIT continued to structure its land bank to support its strategic objectives by divesting plots in nonstrategic regions.

During the second quarter, YIT made several plot acquisitions, the most significant of which include the plots for over 300 housing units in Warsaw, Poland, and approximately 160 units in Kraków, Poland. At the end of the second quarter, YIT´s land bank amounted to 2,145,000 sqm (31 Mar 2022: 2,173,000), which enables the construction of approximately 32,000 new homes. 52% of YIT´s land bank was located in selected growth cities.

YIT was also streamlining its business portfolio by completing the sale of its Russian businesses in May. The transaction was in line with YIT's strategy to focus on its core businesses.

Productivity

In its strategy, YIT aims to achieve a step change in productivity by streamlining its operating model, focusing on project selection and risk and project management, and driving transformation on supply chain management.

Cumulative cost savings year to date from the new agile operating model amounted to EUR 14 million at the end of the second quarter. In addition, YIT has achieved substantial efficiency gains from enhanced project management. In the second quarter, YIT also successfully launched a new financial system in Finland. The new system improves project and performance management throughout the organisation. In addition, YIT continued its work to develop its supply chain management by launching a development roadmap.

ESG

Environment

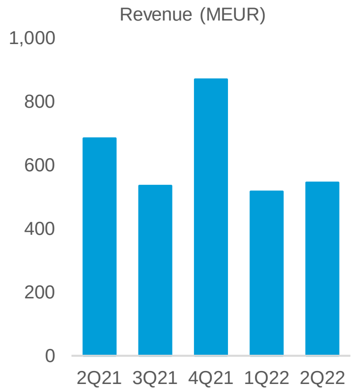
YIT announced in 2021 that it commits to the Science Based Targets initiative (SBTi) to limit global warming to 1.5 degrees in line with the Paris Climate Agreement. YIT has reduced the CO2 emission of its own operations (Scope 1 & 2) already by -51% compared to 2019. The reduction has been driven by a shift to green electricity and reducing energy intensity of operations.

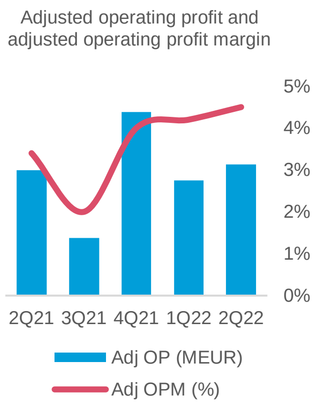
Social

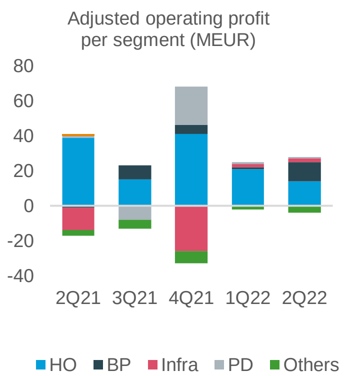
In the second quarter, YIT's lost time injury frequency (LTIF) amounted to 12.0 (12.1). YIT continues its work to decrease accident frequency and pursues zero-harm workplace. YIT uses the number of safety observations as a key performance indicator in safety management. The number of observations and interventions have increased, indicating that the safety culture is improving. During the first half of 2022, the total number of observations increased by 110% compared to the corresponding period.

Governance

In Finland, YIT requires employees from non-EU/EEA/EFTA countries to have the right of employment and residence in order to prevent work-related exploitation and other grey economy phenomena. YIT has established a continuing internal audit process for inspecting non-EU/EEA/EFTA workers. During the first half of 2022, 9 non-compliant work permit statuses were found out of the 535 inspected.







Results

April–June

YIT's order book increased to EUR 4,067 million at the end of the second quarter (31 Mar 2022: 3,756). The increase was driven by the strengthened order book of the Housing segment. In Business Premises, Infrastructure, and Property Development, the order book remained stable. At the end of the quarter, 92% of the order book was sold (31 Mar 2022: 82).

YIT's revenue decreased by 20% to EUR 545 million (685). The decrease was primarily due to a lower number of apartment completions and lower sales in Housing, partly offset by a higher revenue in Business Premises driven by the sale of two self-developed projects.

YIT´s adjusted operating profit was EUR 25 million (24) and the adjusted operating profit margin increased to 4.5% (3.4). Improved profitability was driven by the successful continued transformation in Business Premises and Infrastructure, as well as sales of two self-developed projects in Business Premises.

YIT's operating profit was EUR 22 million (21). Adjusting items were EUR 2 million in the second quarter (2). The result for the period, including discontinued operations, was EUR -277 million (11) and was impacted by the booking of the accumulated RUB/EUR translation difference of EUR -253 million following the sale of the Russian businesses.

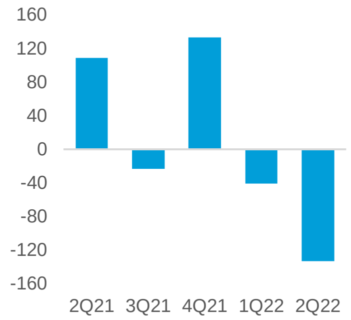
January–June

YIT´s revenue was EUR 1,063 million (1,247). Revenue increased in the Business Premises and Property Development segments but decreased in the Housing and Infrastructure segments.

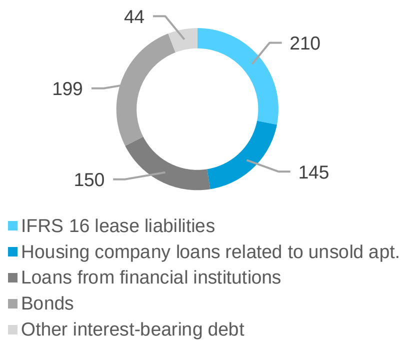
YIT´s adjusted operating profit increased to EUR 47 million (39) and the adjusted operating profit margin to 4.4% (3.1). Improved profitability reflects solid performance across the segments, particularly successful continued transformation in Business Premises and Infrastructure.

YIT's operating profit was EUR 44 million (31). The adjusting items amounted to EUR 2 million (8).

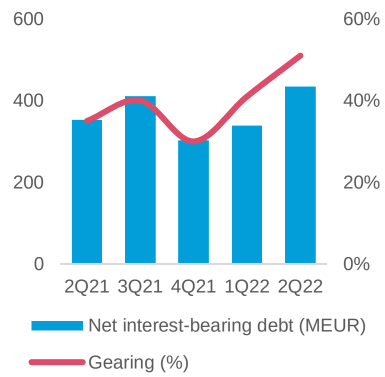
Operating cash flow after investments (MEUR)



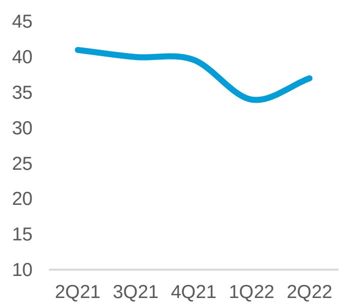
Distribution of interest-bearing debt (MEUR)



Net interest-bearing debt and gearing



Equity ratio (%)



Cash flow and financial position

During April–June, the Group's operating cash flow after investments was EUR -133 million (109). Cash flow from plot investments was EUR -48 million (-28). Cash flow from investments to associated companies and joint ventures was EUR -12 million (-6).

During January–June, the Group's operating cash flow after investments was EUR -174 million (178), the cash flow from plot investments was EUR -90 million (-43) and the cash flow from investments to associated companies and joint ventures was EUR -17 million (-15).

At the end of the period, interest-bearing debt amounted to EUR 747 million (713) and net interest-bearing debt to EUR 435 million (353). Net interest-bearing debt included IFRS 16 lease liabilities of EUR 210 million (204), as well as housing company loans of EUR 145 million (106) related to unsold apartments. Gearing ratio was 51% (35) and equity ratio 37% (41). Equity decreased to EUR 848 million (1,021). Net debt/adjusted EBITDA ratio was 3.6 and interest cover ratio 4.3.

During the second quarter, YIT agreed on a one-year extension of its EUR 300 million revolving credit facility by utilising its one-year extension option. The new maturity date for the facility is in June 2025. The extension of the loan maturity supports YIT's existing strong liquidity position. The revolving credit facility is undrawn.

During April–June, the net finance costs amounted to EUR 9 million (9). During January–June, the net finance costs amounted to EUR 16 million (19).

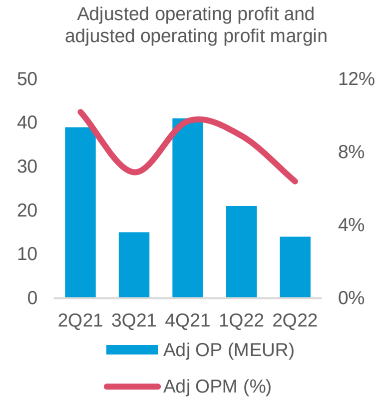
Cash and cash equivalents decreased to EUR 248 million (304), and YIT had undrawn overdraft facilities amounting to EUR 32 million (32). Furthermore, a committed revolving credit facility of EUR 300 million (300) was completely undrawn, and unutilised and committed housing company and project loan limits related to apartment projects were EUR 292 million (232).

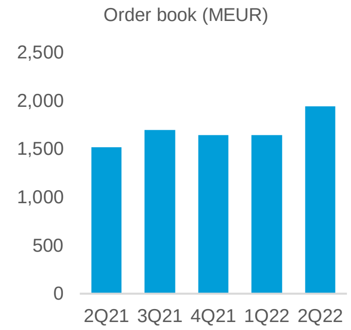
Capital employed was EUR 1,286 million (1,207, continuing operations) at the end of the quarter. Capital employed increased primarily due to an increased number of apartments under construction.

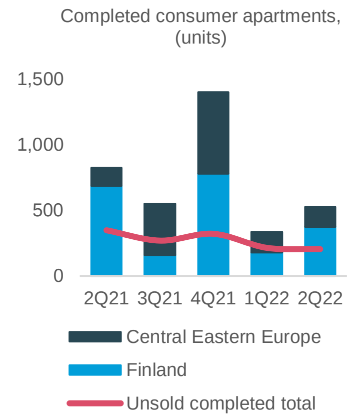
Investments and divestments

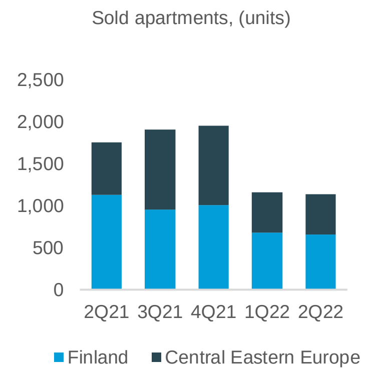
During April–June, gross capital expenditure amounted to EUR 4 million (12), of which EUR 3 million (9) was related to leased assets. Investments in plots were EUR 31 million (34), after which the plot reserve amounted to EUR 582 million (681). During April–June, there were no investments in leased plots. The leased plot reserve amounted to EUR 96 million (109). The total plot reserve at the end of the quarter was EUR 678 million (790).

During January–June, the gross capital expenditure was EUR 8 million (15), or 0.8% of revenue (1.2), of which EUR 6 million (11) was leased. Investments in plots were EUR 85 million (46). During January–June there were no investments in leased plots.









Housing

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Revenue	221	380	454	645	1,281
Operating profit	14	39	35	53	109
Adjusted operating profit	14	39	35	53	109
Adjusted operating profit margin, %	6.4	10.2	7.7	8.3	8.5
Order book at end of the period	1,941	1,518	1,941	1,518	1,647
Capital employed	670	535	670	535	581

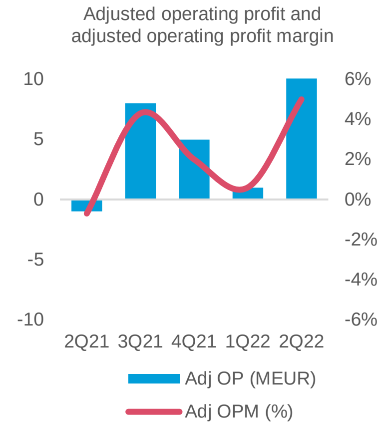
Results

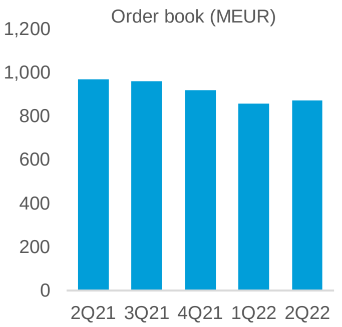
April–June

- Revenue decreased by 42% to EUR 221 million (380) due to a lower number of apartment completions in Finland resulting from low start-up levels during the COVID-19 pandemic, and lower sales. The comparative period was positively impacted by the strong sales of unsold completed apartments, in addition to the higher number of completions.
- The number of unsold completed apartments amounted to 204 (348).
- Adjusted operating profit decreased to EUR 14 million (39), impacted by the lower number of apartment completions and lower sales.
- Order book increased to EUR 1,941 million (31 March 2022: 1,648).
- Consumer apartment start-ups remained stable at 1,062 (1,053).

January–June

- Revenue decreased by 30% to EUR 454 million (645), as a result of the lower number of apartment completions in Finland resulting from a lower number of start-ups during the COVID-19 pandemic, and lower sales.
- Adjusted operating profit decreased by 34% to EUR 35 million (53).





Business Premises

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Revenue	221	171	386	323	787
Operating profit	9	0	10	-4	8
Adjusted operating profit	11	-1	12	-3	11
Adjusted operating profit margin, %	5.0	-0.7	3.2	-0.8	1.4
Order book at end of the period	871	968	871	968	919
Capital employed	-75	-39	-75	-39	-92

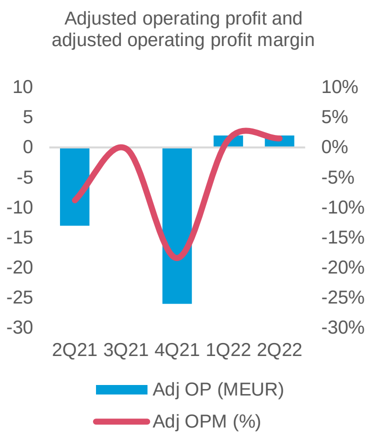
Results

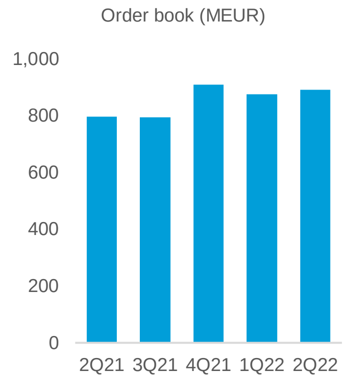
April–June

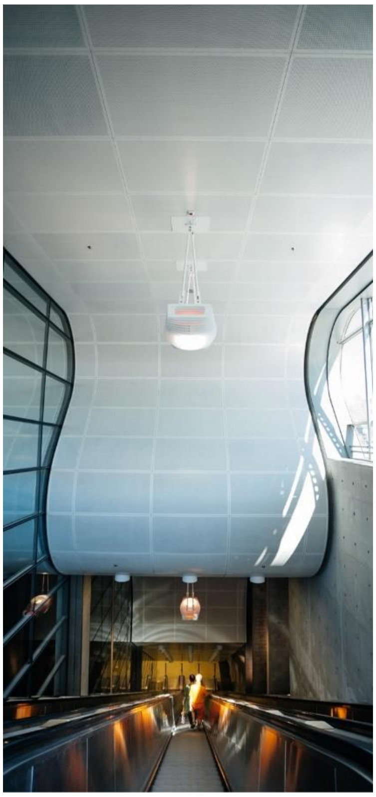
- Revenue increased by 29% to EUR 221 million (171), primarily due to the sale of two self-developed projects during the quarter.
- Adjusted operating profit increased to EUR 11 million (-1), supported by the sale of two self-developed projects. Underlying operational performance continued on a solid level driven by improved project management, although the continuing uptick in construction material costs had an impact on construction margins.
- The order book was stable at EUR 871 million (31 March 2022: 859)
- Contracts for several new projects were signed during the quarter, including for example, a contract agreement with Nokia regarding the building of new facilities in Oulu. These projects will be entered in the order book in the following quarters.
- Adjusting items were EUR 2 million (-1).

January–June

- Revenue increased by 20% to EUR 386 million (323), driven by the sale of two self-developed projects during the second quarter.
- Adjusted operating profit increased to EUR 12 million (-3), supported by the sale of two self-developed projects, as well as by stabilising operational performance and improved project management.







Infrastructure

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Revenue	132	143	260	276	544
Operating profit	2	-14	4	-17	-59
Adjusted operating profit	2	-13	3	-13	-39
Adjusted operating profit margin, %	1.3	-8.8	1.3	-4.9	-7.2
Order book at end of the period	891	796	891	796	910
Capital employed	22	37	22	37	-19

Operating profit from the businesses to be closed in Norway and the businesses sold in Estonia in 2021 is recorded in adjusting items and not presented in adjusted operating profit.

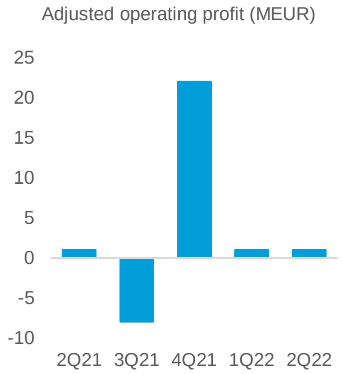
Results

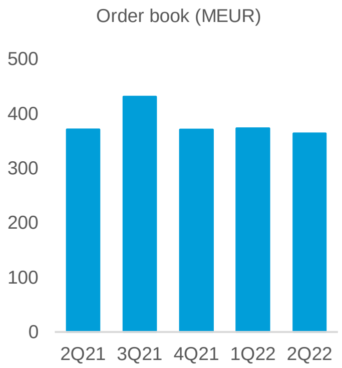
April–June

- Revenue decreased by 8% to EUR 132 million (143). The comparative period was supported by certain large-scale projects that have since been completed.
- Adjusting operating profit increased to EUR 2 million (-13), supported by the continuing transformation and improved project management. The comparative period was impacted by margin reductions.
- The order book remained stable at EUR 891 million (31 March 2022: 876)
  - The construction of the Keilaniemenranta underground parking facility as a turnkey project, value EUR 100 million, among other projects, was entered in the order book.
- During the second quarter, Helen selected YIT together with ACCIONA as alliance partners for a tunnel system in a seawater heat recovery project in Salmisaari. The total value of the project is approximately EUR 400 million, of which YIT´s share is about half. The work will start with a two-year development phase, which will be included in the order book during the third quarter.

January–June

- Revenue decreased by 6% to EUR 260 million (276).
- Adjusted operating profit increased to EUR 3 million (-13), supported by the continuing transformation and improved project management. The comparative period was impacted by margin reductions.
- Adjusting items were EUR -1 million (4) including operating profit from operations to be closed in Norway.





Property Development

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Revenue	13	9	35	13	91
Operating profit	1	1	2	3	17
Adjusted operating profit	1	1	2	3	18
Order book at end of the period	364	371	364	371	371
Capital employed	384	378	384	378	387

Results

April–June

- Revenue grew to EUR 13 million (9).
- Adjusted operating profit was stable at EUR 1 million (1), supported by a sale of the development projects of Regenero to a new joint venture. This positive effect was partly offset by the EUR 2 million negative impact from the settlement agreement of the Trigoni project.
- The order book was stable at EUR 364 million (31 March 2022: 373). The order book includes primarily service periods for life cycle projects.
- Capital employed increased to EUR 384 million (378) due to new investments and progress in development projects.
- YIT's partly owned Mall of Tripla continued its good performance with the number of visitors developing positively.
- The wind power development pipeline progressed favourably. The Murtomäki 2 and Taraskallio projects are now under zoning.

January–June

- Revenue increased to EUR 35 million (13).
- Adjusted operating profit was EUR 2 million (3).

Investment portfolio

- In addition to its project development and services businesses, the Property Development segment also participates in various equity investments, including, among others, investments in housing, commercial developments, and public-private partnerships.
- The internal rate of return for the segment´s investment portfolio was 11% at the end of the second quarter.[1]

EUR million	Value[2]	Change from 31 Mar 2022[3]	Change from 30 June 2021[3]
Housing	63	2	6
Commercial	206	-4	7
Infra	6	0	-1
Total	**275**	**-2**	**12**

[1] The internal rate of return is calculated for both fully exited investments since 2018 and current holdings based on monthly cash flows and latest value of the assets still in the portfolio.

[2] Book value of Property Development´s equity investment including shareholder/capital loan.

[3] Including changes in book value, e.g., fair value, additional investments, and/or capital returns.

Discontinued operations

On 30 May 2022, YIT announced it had completed the sale of its businesses in Russia to Etalon Group PLC. The total transaction price was EUR 71 million and the debt-free purchase price EUR 30 million. Net cash impact was EUR -14 million. YIT classified the operations that are part of the transaction as assets held for sale and has reported them as discontinued operations in the first quarter of 2022.

The result for discontinued operations in the second quarter was EUR -293 million (3). The result was impacted by the booking of the accumulated RUB/EUR translation difference of EUR -253 million. The booking did not have an impact on Group´s equity or cash flow.

January–June result for discontinued operations was EUR -438 million (7). The result was impacted by the booking of the accumulated RUB/EUR translation difference in second quarter and the impairment booked in first quarter following the held for sale classification of the Russian operations.

Shares

YIT Corporation's share capital and the number of shares remained unchanged during the reporting period. The number of shares outstanding at the end of the reporting period, on 30 June 2022, was 209,511,146 (31 Dec 2021: 209,118,906).

Personnel

During January–June 2022, the Group employed on average 5,264 people (5,625) in continuing operations. Personnel expenses in April–June totalled EUR 93 million (97) and in January–June amounted to EUR 180 million (184).

Governance

Changes in the Group Management Team

Teemu Helppolainen, Executive Vice President, Housing Russia, left the company with the completion of the sale of YIT´s businesses in Russia on 30 May 2022.

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, event, and project risks.

Detailed descriptions of risks, their impacts and risk management practices are available in YIT's Annual Review 2021. These risks still apply. The main updates to risks since the publication of the review are related to the changes in the geopolitical situation, as well as removal of Russia related country and currency exchange risks as a result of the completion of the sale of YIT's businesses in Russia.

The crisis in Ukraine has led to uncertainty in the availability of construction materials and labour. In addition, inflation, which continued to accelerate during the second quarter, has led to increased price pressure for construction materials. Uncertainty about the outlook for consumer demand for apartments has also grown, which began to show during the second quarter as a slowdown in consumer decision-making and a decrease in sales in the Finnish housing market. The uncertainty of consumer and investor demand is further increased by rising interest rates.

YIT has evaluated the effects of the Ukrainian crisis on its business with a scenario analysis. In the first phase, the review has focused especially on the business effects of cost inflation through the price increase and challenges in the availability of construction materials. The prevailing scenario seems to be a prolonged conflict, the effects of which will increase the uncertainty of the operating environment in the medium term. At the end of the review period and after that, the risk of an energy crisis affecting operations in Central Europe in particular has increased significantly. Its possible direct and indirect effects on YIT's business are still difficult to predict at this stage. The consequences of the crisis may lead to a deterioration in the economic development and profitability of YIT's business, or a shift in revenue and operating profit from one quarter or year to another.

In order to anticipate the effects of the Ukraine crisis, YIT's risk management function has conducted a weekly business continuity risk assessment together with business segments and group functions during the period. Risk assessments and the measures initiated based on them have been aimed at preventing the possible effects of the crisis on business continuity and creating a continuous situational picture of the effects of the crisis. This practice will be continued for the time being.

YIT Corporation
Board of Directors

Helsinki, 28 July 2022

Half-year report January–June 2022: Tables

Table of contents

Primary Financial Statements

Consolidated income statement

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Revenue	**545**	**685**	**1,063**	**1,247**	**2,652**
Other operating income	7	4	10	7	14
Change in inventories of finished goods and in work in progress	51	-39	76	-58	-108
Production for own use		0		0	0
Materials and supplies	-99	-136	-177	-234	-536
External services	-350	-332	-663	-626	-1,350
Personnel expenses	-93	-97	-180	-184	-351
Other operating expenses	-39	-60	-81	-115	-251
Changes in fair value of financial assets	2	1	4	3	6
Share of results in associated companies and joint ventures	5	3	6	9	11
Depreciation, amortisation and impairment	-7	-8	-14	-17	-32
Operating profit	**22**	**21**	**44**	**31**	**56**
Finance income	0	0	1	1	2
Exchange rate differences (net)	-3	0	-4	0	-1
Finance expenses	-7	-10	-14	-19	-35
Finance income and expenses, total	-9	-9	-16	-19	-34
Result before taxes	**14**	**12**	**28**	**12**	**22**
Income taxes	2	-3	0	-5	-16
Result for the period, continuing operations	**16**	**9**	**28**	**7**	**6**
Result for the period, discontinued operations	**-293**	**3**	**-438**	**7**	**-2**
Result for the period	**-277**	**11**	**-410**	**15**	**4**
Attributable to					
Owners of YIT Corporation	-277	11	-410	15	4
Non-controlling interests	0	0	0	0	1
Earnings per share, attributable to the equity holders of the parent company, EUR					
Basic, total	-1.33	0.05	-1.97	0.06	0.00
Diluted, total	-1.33	0.05	-1.97	0.06	0.00
Basic, continuing operations	0.07	0.04	0.12	0.03	0.01
Basic, discontinued operations	-1.40	0.01	-2.09	0.03	-0.01
Diluted, continuing operations	0.07	0.04	0.12	0.03	0.01
Diluted, discontinued operations	-1.40	0.01	-2.09	0.03	-0.01

Consolidated statement of comprehensive income

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Result for the period	-277	11	-410	15	4
Items that may be reclassified to income statement					
Cash flow hedges, net of tax	1	0	2	0	0
Change in translation differences, continuing operations	-1	0	-1	1	2
Change in translation differences, discontinued operations	51	6	27	14	20
Translation differences reclassified to income statement, continuing operations					0
Translation differences reclassified to income statement, discontinued operations	253	0	253	0	0
Items that may be reclassified to income statement, total	**304**	**6**	**281**	**15**	**23**
Items that will not be reclassified to income statement					
Change in fair value of defined benefit pensions, net of tax					-1
Items that will not be reclassified to income statement, total					**-1**
Other comprehensive income, total	**304**	**6**	**281**	**15**	**22**
Total comprehensive income, continuing operations	15	9	29	9	8
Total comprehensive income, discontinued operations	11	8	-158	21	18
Total comprehensive income	**27**	**17**	**-129**	**30**	**26**
Attributable to					
Owners of YIT Corporation	27	17	-129	30	25
Non-controlling interests	0	0	0	0	1

Consolidated statement of financial position

EUR million	6/22	6/21	12/21
ASSETS			
Non-current assets			
Property, plant and equipment	49	58	53
Leased property, plant and equipment	69	79	79
Goodwill	249	249	249
Other intangible assets	5	8	7
Investments in associated companies and joint ventures	83	94	92
Equity investments	190	182	186
Interest-bearing receivables	57	48	46
Trade and other receivables	50	10	36
Deferred tax assets	28	36	31
Non-current assets total	**781**	**764**	**779**
Current assets			
Inventories	1,296	1,327	1,285
Leased inventories	159	167	174
Trade and other receivables	296	345	350
Interest-bearing receivables	6	8	13
Income tax receivables	1	4	5
Cash and cash equivalents	248	304	389
Current assets total	**2,006**	**2,155**	**2,215**
Total assets	**2,786**	**2,918**	**2,994**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company	748	919	915
Non-controlling interests		3	3
Hybrid bond	99	99	99
Equity total	**848**	**1,021**	**1,017**
Non-current liabilities			
Deferred tax liabilities	6	8	19
Pension obligations	3	2	3
Provisions	72	80	86
Interest-bearing liabilities	387	337	398
Lease liabilities	165	142	161
Contract liabilities, advances received	5		11
Trade and other payables	27	29	27
Non-current liabilities total	**665**	**597**	**705**
Current liabilities			
Contract liabilities, advances received	329	309	293
Other contract liabilities	148	129	121
Trade and other payables	552	584	615
Income tax payables	10	7	5
Provisions	41	36	46
Interest-bearing liabilities	150	172	118
Lease liabilities	45	63	74
Current liabilities total	**1,274**	**1,300**	**1,272**
Liabilities total	**1,939**	**1,897**	**1,977**
Total equity and liabilities	**2,786**	**2,918**	**2,994**

Consolidated cash flow statement

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Result for the period	**-277**	**11**	**-410**	**15**	**4**
Reversal of accrual-based items	136	24	310	43	117
Change in trade and other receivables	5	58	-41	74	69
Change in inventories	58	54	-24	58	104
Change in current liabilities	-22	-26	38	8	24
Change in working capital, total	41	87	-27	140	197
Cash flow of financial items	-30	-12	-44	-28	-28
Taxes paid (-)	-6	-5	-9	-8	-14
Net cash generated from operating activities	**-135**	**105**	**-181**	**163**	**275**
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash	-4	0	-4	-1	-1
Sale of subsidiaries, net of cash	-14	10	-14	10	8
Investments in associated companies and joint ventures	-12	-6	-17	-15	-29
Proceeds from sale of associated companies and joint ventures	24		30	8	22
Purchases of tangible assets	-1	-2	-3	-3	-8
Purchases of intangible assets	0	-1	0	-1	-1
Proceeds from tangible assets	-2	4	2	11	15
Proceeds from sale of investments	0	0	0	0	0
Dividends received (from associated companies and joint ventures)	12		12	7	7
Net cash used in investing activities	**2**	**5**	**6**	**17**	**14**
Operating cash flow after investments	**-133**	**109**	**-174**	**178**	**288**
Cash flow from financing activities					
Proceeds from non-current interest-bearing liabilities	9		25	200	239
Repayments of non-current interest-bearing liabilities		-79		-300	-329
Proceeds from current interest-bearing liabilities	94	80	189	156	326
Repayment of current interest-bearing liabilities	-62	-292	-144	-424	-597
Payments of lease liabilities	-2	-6	-11	-17	-31
Change in interest-bearing receivables	9	2	-4	3	5
Proceeds from hybrid bond				100	100
Change in treasury shares		0		0	0
Dividends paid	-17	-15	-17	-15	-30
Net cash used in financing activities	**32**	**-309**	**38**	**-296**	**-316**
Net change in cash and cash equivalents	-101	-200	-136	-118	-29
Cash and cash equivalents at the beginning of the period	349	501	389	419	419
Foreign exchange differences	0	3	-5	3	-1
Cash and cash equivalents at the end of the period	**248**	**304**	**248**	**304**	**389**

Consolidated statement of changes in equity

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 1 January 2022	**150**	**1**	**553**	**-281**	**0**	**-10**	**501**	**915**	**3**	**99**	**1,017**
Result for the period							-410	-410	0		-410
Cash flow hedges, net of tax					2			2			2
Translation differences				26				26	0		26
Translation differences reclassified to income statement				253				253			**253**
Comprehensive income for the period, total				**279**	**2**		**-410**	**-129**	**0**		**-129**
Dividend distribution							-33	-33			-33
Share-based incentive schemes						2	0	2			2
Transactions with owners, total						**2**	**-34**	**-31**			**-31**
Hybrid bond interests and expenses, net of tax							-5	-5			-5
Other changes		-1	0					-2	-3		-4
Other items, total		**-1**	**0**				**-5**	**-6**	**-3**		**-9**
Equity on 30 June 2022	**150**		**553**	**-2**	**2**	**-8**	**53**	**748**		**99**	**848**

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 1 January 2021	**150**	**1**	**553**	**-303**		**-10**	**527**	**918**	**2**		**920**
Result for the period							15	15	0		15
Cash flow hedges, net of tax					0			0			0
Translation differences				15				15	0		15
Translation differences reclassified to income statement				0				0			0
Comprehensive income for the period, total				**15**	**0**		**15**	**30**	**0**		**30**
Dividend distribution							-29	-29			-29
Share-based incentive schemes						0	0	1			1
Transactions with owners, total						**0**	**-29**	**-29**			**-29**
Hybrid bond										99	99
Other items, total										**99**	**99**
Equity on 30 June 2021	**150**	**1**	**553**	**-288**	**0**	**-10**	**512**	**919**	**3**	**99**	**1,021**

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 1 January 2021	**150**	**1**	**553**	**-303**		**-10**	**527**	**918**	**2**		**920**
Result for the period							4	4	1		4
Cash flow hedges, net of tax					0			0			0
Change in fair value of defined benefit pension, net of tax							-1	-1			-1
Translation differences				22				22	0		22
Translation differences reclassified to income statement				0				0			0
Comprehensive income for the period, total				**22**	**0**		**3**	**25**	**1**		**26**
Dividend distribution							-29	-29	0		-29
Share-based incentive schemes						0	1	1			1
Transactions with owners, total						**0**	**-28**	**-28**	**0**		**-28**
Hybrid bond										99	99
Other items, total										**99**	**99**
Equity on 31 December 2021	**150**	**1**	**553**	**-281**	**0**	**-10**	**501**	**915**	**3**	**99**	**1,017**

Basis of preparation and accounting policies of the half-year report

Basis of preparation

This half-year report has been prepared in accordance with IFRS recognition and measurement principles and all requirements of IAS 34 Interim Financial Reporting standard have been applied. This half-year report should be read together with YIT's consolidated Financial Statements 2021. The figures presented in the half-year report are unaudited. In the half-year report, the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in columns and total sums.

Accounting policies

The same IFRS recognition and measurement principles have been applied in the preparation of this half-year report as in YIT's consolidated Financial Statements 2021 except for the amendments to IFRS standards which were effective as of January 1, 2022. The amendments did not have impact on the consolidated financial statements.

Significant management judgements

In preparing this half-year report, significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the consolidated Financial Statements for the year ended 31 December 2021.

Coronavirus pandemic (COVID-19) and Ukrainian crisis

The sections of the financial statements that involve an unusual amount of judgement or that include significant assumptions and estimates have been described in YIT's Financial Statements 2021. When making these judgements, the management estimates constantly the impacts of coronavirus pandemic and the Ukrainian crisis on the estimates and judgements. There were no material impacts in the second quarter reporting. 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.

Most relevant currency exchange rates used in the half-year report

		Average rates			End rates		
		1–6/22	**1–6/21**	**1–12/21**	**6/22**	**6/21**	**12/21**
1 EUR =	CZK	24.6403	25.8575	25.6465	24.7390	25.4880	24.8580
	PLN	4.6340	4.5375	4.5647	4.6904	4.5201	4.5969
	RUB	85.0151	89.6102	87.2208	56.3794	86.7725	85.3004
	SEK	10.4742	10.1300	10.1452	10.7300	10.1110	10.2503
	NOK	9.9756	10.1780	10.1635	10.3485	10.1717	9.9888

Notes

Adjustments concerning prior periods

Restated financial figures for 2021 reflecting operating model change and sale of the Russian businesses

On 25 April 2022, YIT published restated financial figures for 2021 reflecting the operating model change impact to segment reporting and sale of the YIT's operations in Russia. YIT classified the operations that are part of the transaction as assets held for sale and has reported them as discontinued operations in the first quarter of 2022. On 30 May 2022, YIT announced it had completed the sale of its businesses in Russia to Etalon Group PLC.

Presentation of contract liabilities

In the last quarter of 2021, YIT changed the presentation and names of contract liabilities in the primary financial statements in the statement of financial position. Previously, YIT has presented all customer contract related liability items in the Advances received line item in the statement of financial position. The presentation was changed in such a way that the housing company loans and lease liabilities of leased plots related to sold apartments in unfinished residential development projects, presented before in Advances received, have been transferred to Other contract liabilities line item. In addition to this, Advances received line item was named Contract liabilities, advances received.

The below table presents the changed balances (considering the adjustment related to the gross amount presentation described below).

Eur million	9/21	6/21	3/21
Contract liabilities, advances received	324	309	303
Other contract liabilities	149	129	185

Adjustment to customer contract related items in the statement of financial position

In the last quarter of 2021, YIT adjusted current Trade and other receivables and current Contract liabilities, advances received line items in the statement of financial position. The adjustment relates to gross amount presentation of customer contract balances for CEE countries, which was adjusted to net amount-based presentation. The cash flow statement was adjusted between the line items Trade and other receivables and Current liabilities. The adjustment did not have an impact on the income statement.

Eur million	9/21	Adjustment	Adjusted 9/21	6/21	Adjustment	Adjusted 6/21	3/21	Adjustment	Adjusted 3/21
Trade and other receivables	459	-27	**432**	363	-19	**345**	430	-27	**403**
Contract liabilities, advances received	351	27	**324**	328	19	**309**	330	27	**303**

Adjustment to presentation of certain material costs in the consolidated income statement

YIT changes the presentation of certain material costs in the consolidated income statement. Starting from the second quarter of 2022 these costs are presented in Materials and Supplies instead of External Services. The adjustment applies to the first quarter of 2022 and all quarters of financial year 2021. The adjustment did not have an impact on the operating profit, on the consolidated statement of financial position or cash flow statement.

The below table presents the changed cumulative balances.

Eur million	1-3/21	Adjustment	Adjusted 1-3/21	1-6/21	Adjustment	Adjusted 1-6/21	1-9/21	Adjustment	Adjusted 1-9//21
Materials and Supplies	-82	-16	**-98**	-201	-34	**-234**	-296	-48	**-343**
External Services	-310	16	**-294**	-660	34	**-626**	-1,020	48	**-972**

Eur million	1-12/21	Adjustment	Adjusted 1-12/21	1-3/22	Adjustment	Adjusted 1-3/22
Materials and Supplies	-460	-76	**-536**	-52	-26	**-78**
External Services	-1,425	76	**-1,350**	-339	26	**-313**

Segment information

Segment financial information

4-6/22 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Revenue	**221**	**221**	**132**	**13**	**-43**	**545**
Revenue from external customers	213	207	121	13	-10	545
Revenue Group internal	8	13	11	0	-32	
Depreciation, amortisation and impairment	-1	-1	-3	0	-3	-7
Operating profit	**14**	**9**	**2**	**1**	**-4**	**22**
Operating profit margin, %	**6.4**	**4.2**	**1.5**	**9.4**		**4.1**
Adjusting items		2	0		1	2
Adjusted operating profit	**14**	**11**	**2**	**1**	**-4**	**25**
Adjusted operating profit margin, %	**6.4**	**5.0**	**1.3**	**9.4**		**4.5**

4-6/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Revenue	**380**	**171**	**143**	**9**	**-18**	**685**
Revenue from external customers	380	171	139	9	-13	685
Revenue Group internal	0	0	4	0	-4	
Depreciation, amortisation and impairment	-1	-1	-3	0	-3	-8
Operating profit	**39**	**0**	**-14**	**1**	**-5**	**21**
Operating profit margin, %	**10.2**	**-0.2**	**-9.5**	**13.6**		**3.1**
Adjusting items		-1	1		2	2
Adjusted operating profit	**39**	**-1**	**-13**	**1**	**-3**	**24**
Adjusted operating profit margin, %	**10.2**	**-0.7**	**-8.8**	**13.6**		**3.4**

1-6/22 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Revenue	**454**	**386**	**260**	**35**	**-71**	**1,063**
Revenue from external customers*	446	362	241	34	-20	1,063
Revenue Group internal*	8	24	19	0	-51	
Depreciation, amortisation and impairment	-2	-1	-5	0	-6	-14
Operating profit	**35**	**10**	**4**	**2**	**-7**	**44**
Operating profit margin, %	**7.7**	**2.7**	**1.5**	**5.9**		**4.2**
Adjusting items		2	-1		1	2
Adjusted operating profit	**35**	**12**	**3**	**2**	**-6**	**47**
Adjusted operating profit margin, %	**7.7**	**3.2**	**1.3**	**5.9**		**4.4**

* Presentation has been adjusted between line items Revenue from external customers and Revenue group Internal. Accordingly, the corresponding line items in the first quarter 2022 have been adjusted.

1-6/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Revenue	**645**	**323**	**276**	**13**	**-10**	**1,247**
Revenue from external customers	645	323	268	13	-1	1,247
Revenue Group internal	0	0	8	0	-9	
Depreciation, amortisation and impairment	-2	-2	-6	0	-7	-17
Operating profit	**53**	**-4**	**-17**	**3**	**-5**	**31**
Operating profit margin, %	**8.3**	**-1.1**	**-6.2**	**25.8**		**2.5**
Adjusting items		1	4		3	8
Adjusted operating profit	**53**	**-3**	**-13**	**3**	**-2**	**39**
Adjusted operating profit margin, %	**8.3**	**-0.8**	**-4.9**	**25.8**		**3.1**

1-12/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Revenue	**1,281**	**787**	**544**	**91**	**-51**	**2,652**
Revenue from external customers	1,281	787	529	90	-35	2,652
Revenue Group internal	0	0	15	0	-16	
Depreciation, amortisation and impairment	-3	-3	-12	-1	-13	-32
Operating profit	**109**	**8**	**-59**	**17**	**-20**	**56**
Operating profit margin, %	**8.5**	**1.1**	**-10.8**	**19.1**		**2.1**
Adjusting items	0	3	20	0	6	29
Adjusted operating profit	**109**	**11**	**-39**	**18**	**-14**	**85**
Adjusted operating profit margin, %	**8.5**	**1.4**	**-7.2**	**19.4**		**3.2**

Capital employed by segments

EUR million	6/22	6/21	12/21
Housing	670	535	581
Business Premises	-75	-39	-92
Infrastructure	22	37	-19
Property Development	384	378	387
Other items	284	295	286
Segments, total	**1,286**	**1,207**	**1,142**
Reconciliation*		157	172
Capital employed, total	**1,286**	**1,364**	**1,314**

* Reconciliation relates to Russian businesses which are not part of segment reporting.

Order book at the end of the period by segments

EUR million	6/22	6/21	12/21
Housing	1,941	1,518	1,647
Business Premises	871	968	919
Infrastructure	891	796	910
Property Development	364	371	371
Order book, total	**4,067**	**3,653**	**3,847**

Customer contracts

1-6/22 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Revenue by market area						
Finland	323	282	172	34	-20	791
CEE	123	80	1			204
Baltic countries	57	57	1			116
Czech, Slovakia, Poland	66	23				89
Scandinavia			68			68
Sweden			61			61
Norway			7			7
Internal sales between segments	8	24	19	0	-51	
Total	**454**	**386**	**260**	**35**	**-71**	**1,063**

1-6/22 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Timing of revenue recognition						
Over time	201	342	241	30		814
At a point in time	245	20	0	5	-20	249
Internal sales between segments	8	24	19	0	-51	
Total	**454**	**386**	**260**	**35**	**-71**	**1,063**

1-6/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Revenue by market area						
Finland	577	278	200	13	-1	1,066
CEE	68	45	1			115
Baltic countries	50	43	1			95
Czech, Slovakia, Poland	18	2				20
Scandinavia			66		0	66
Sweden			55		0	55
Norway			12			12
Internal sales between segments	0	0	8	0	-9	
Total	**645**	**323**	**276**	**13**	**-10**	**1,247**

1-6/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other items	Group
Timing of revenue recognition						
Over time	222	312	267	12	2	816
At a point in time	423	10	1	0	-3	431
Internal sales between segments	0	0	8	0	-9	
Total	**645**	**323**	**276**	**13**	**-10**	**1,247**

Property, plant and equipment

EUR million	6/22	6/21	12/21
Carrying amount at Jan, 1	**53**	**68**	**68**
Exchange rate differences	0	0	0
Increases	3	2	8
Decreases	0	-2	-3
Business acquisitions		0	
Business disposals	-2	-5	-10
Depreciation, continuing operations	-5	-5	-11
Depreciation, discontinued operations	0	0	0
Impairments		0	0
Reclassifications	0	0	0
Carrying amount at the end of the period	**49**	**58**	**53**

Leased property, plant and equipment

EUR million	6/22	6/21	12/21
Carrying amount at Jan, 1	**79**	**84**	**84**
Exchange rate differences	0	0	1
Increases*	6	13	22
Decreases	-3	-7	-7
Business acquisitions		1	1
Business disposals	-3	-2	-2
Depreciation, continuing operations	-9	-10	-19
Depreciation, discontinued operations	0	0	-1
Reclassifications		0	
Carrying amount at the end of the period	**69**	**79**	**79**

*Increases include the effect of index changes.

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 are part of the transaction as assets held for sale and has reported them as discontinued operations in the first quarter of 2022.

Results of discontinued operations

EUR million	1-6/22	1-6/21	1-12/21
Revenue	**60**	**92**	**204**
Other operating income	1	1	0
Change in inventories of finished goods and in work in progress	6	-11	-24
Materials and supplies	-150	-8	-23
External services	-43	-46	-111
Personnel expenses	-7	-10	-19
Other operating expenses	-17	-9	-18
Depreciation, amortisation and impairment	0	-1	-1
Operating profit	**-152**	**9**	**7**
Finance income	1	1	2
Exchange rate difference (net)	-18	2	3
Finance expenses	-2	-1	-1
Finance income and expenses, total	-20	2	3
Result before taxes	**-171**	**10**	**10**
Income taxes	-7	-3	-12
Result after taxes	**-179**	**7**	**-2**
Loss on sale of discontinued operations	**-6**		
Translation differences reclassified to income statement	**-253**		
Result for the period, discontinued operations	**-438**		

In 2021, the result of the discontinued operations includes an adjustment of EUR -3 million related to the sale of YIT's paving and mineral aggregates businesses in Finland, Sweden, Norway and Denmark.

Cash flows (used in) discontinued operations

EUR million	1-6/22	1-6/21	1-12/21
Net cash used in operating activities	-24	43	41
Net cash used in investing activities*	-14	0	0
Net cash used in financing activities	23	1	9
Cash flow for the period	**-18**	**44**	**43**

* 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	May 30, 2022
ASSETS	
Property, plant and equipment	2
Leased property, plant and equipment	3
Other intangible assets	1
Deferred tax assets	0
Inventories	15
Leased inventories	1
Trade and other receivables	102
Income 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	0
Total liabilities	**142**
Net assets sold	**31**

EUR million	1-6/22	1-12/21
Cash consideration received	30	
Net assets sold	-31	
Other items	-5	-3
Loss on sale of discontinued operations	**-6**	**-3**

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

Inventories

EUR million	6/22	6/21	12/21
Raw materials and consumables	5	6	7
Work in progress	629	499	501
Plots and plot owning companies	582	681	643
Completed apartments and real estate	64	102	92
Advance payments	15	38	41
Other inventories	1	2	0
Total inventories	**1,296**	**1,327**	**1,285**
Leased inventories	**159**	**167**	**174**

Financial assets and liabilities by category

June 30, 2022, EUR million

Measurement category	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
Non-current financial assets						
Equity investments		188	2	190	190	Level 3
Trade receivables, interest-bearing receivables and other receivables*	97			97	92	
Loan receivables		6		6	6	Level 3
Derivative agreements			3	3	3	Level 2
Current financial assets						
Trade receivables, interest-bearing receivables and other receivables*	190			190	190	
Derivative agreements		2		2	2	Level 2
Cash and cash equivalents	248			248	248	
Financial assets by category, total	**535**	**196**	**5**	**736**	**731**	
Non-current financial liabilities						
Interest-bearing liabilities	388			388	374	
Trade payables and other liabilities*	27			27	24	
Derivative agreements		1		1	1	Level 2
Current financial liabilities						
Interest-bearing liabilities	150			150	150	
Trade payables and other liabilities*	262			262	262	
Derivative agreements		0		0	0	Level 2
Financial liabilities by category, total	**826**	**1**		**827**	**811**	

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

June 30, 2021, EUR million

Measurement category	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
Non-current financial assets						
Equity investments		180	2	182	182	Level 3
Trade receivables, interest-bearing receivables and other receivables*	49			49	44	
Loan receivables		7		7	7	Level 3
Derivative agreements			0	0	0	Level 2
Current financial assets						
Trade receivables, interest-bearing receivables and other receivables*	197			197	197	
Derivative agreements		3		3	3	Level 2
Cash and cash equivalents	304			304	304	
Financial assets by category, total	**551**	**191**	**2**	**744**	**739**	
Non-current financial liabilities						
Interest-bearing liabilities	337			337	332	
Trade payables and other liabilities*	29			29	26	
Derivative agreements		0		0	0	Level 2
Current financial liabilities						
Interest-bearing liabilities	172			172	172	
Trade payables and other liabilities*	279			279	279	
Derivative agreements		1		1	1	Level 2
Financial liabilities by category, total	**817**	**1**		**818**	**811**	

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

The fair values of bonds are based on the market price 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 related risk premium of 2.40-3.48 % (Jun 30, 2021: 2.87-4.07 %). The fair values of other current financial assets and liabilities are equal to their carrying amounts.

Fair value measurement

The Group 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 data. The fair value levels are presented in previous tables. YIT has classified investments at fair value on Level 3.

Fair value measurements using significant unobservable inputs (level 3)

	Valuation technique	Significant unobservable inputs	Base value 06/22	Base value 12/21	Sensitivity of the input to fair value for YIT	Additional information regarding the input
Equity investments recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method, 10-year period	Compound annual growth rate (CAGR) of Net Operating Income (NOI) for the entire valuation period	4.01%*	4.44%*	1 percentage point increase (decrease) in the input value leads to a EUR 27 million increase (EUR 23 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.
		Extra coefficient for the discount factor used for the cash flows of parking	10%	10%	10 percentage increase (decrease) in the input value leads to a EUR 0 million decrease (EUR 4 million increase) in the fair value of the asset.	The purpose of the input value is to act as a variable taking into account the uncertainty related to estimating the future NOI of a new parking facility.
		Exit yield	5.25%–5.75%	5.25%–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.	Separate exit yields used for different parts of the shopping center.
Other receivables recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method	Discount rate	4.58%	2.66%	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.

*The coronavirus pandemic impacts the cash flows of 2020–2022, which will also have an effect on the average compound annual growth rate of NOI.

Description of valuation techniques

Equity investments recognised at fair value through profit and loss

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, due to the different income generation profile of the parking facility. For the valuation of the income from the short-term parking YIT has used a third-party report. The potential income is inspected, among other things, through the perspective of pricing, location, and provided services in the neighbouring area and also by comparing to relevant sites. The report also takes a stand to the development of the parking facilities during the first years of operations. 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). YIT has separately taken into consideration the uncertainty for the income from the parking facilities with a discount rate addition, which is applied to valuation of the present value of the future cashflows.

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, when the investment is sold or when the profit-sharing agreement has expired in 2024. 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 modeling of the profit-sharing agreement indicates that the equity multiple is at the target range, and therefore has no effect on YIT's share. If the equity multiple increased by 5 percent, it would still remain in the target range. If the equity multiple decreased by 5 percent, the value of the asset would decrease by EUR 1 million. 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".

Loan receivables recognised at fair value through profit and loss

The fair value of loan receivables for YIT has been 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 concerned and the risk premium for the loan.

Level 3 reconciliation

EUR million	6/22	6/21	12/21
Fair value at Jan 1	**193**	**187**	**187**
Decreases	0	0	0
Change in fair value from equity investments recognised in income statement	4	3	6
Change in fair value from loan receivables recognised in income statement	-1	0	-1
Fair value at end of the period	**196**	**190**	**193**

Derivative contracts

EUR million	6/22	6/21	12/21
Value of underlying instruments			
Interest rate derivatives (hedge accounting applied)	100	100	100
Interest rate derivatives (hedge accounting not applied)	80	60	30
Foreign exchange derivatives	170	246	216
Commodity derivatives		1	
Fair value			
Interest rate derivatives (hedge accounting applied)	3	0	1
Interest rate derivatives (hedge accounting not applied)	-1	0	0
Foreign exchange derivatives	1	2	-2
Commodity derivatives		0	

Contingent liabilities and assets and commitments

EUR million	6/22	6/21	12/21
Guarantees given			
Guarantees on behalf of others	1	1	1
Guarantees on behalf of construction consortia	12	10	10
Guarantees on behalf of associated companies and joint ventures	4	5	5
Guarantees on behalf of parent and other Group companies	1,004	983	989
Other commitments			
Investment commitments	108	31	85
Purchase commitments	136	190	171

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

As a result of the partial demerger registered on June 30, 2013, YIT has a secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 6 million (6) on June 30, 2022.

Purchase commitments are mainly pre-contracts for plot acquisitions, which will apply when contract terms are met, for example when the zoning of the area is confirmed.

At the end of the reporting period, YIT has EUR 1 million accrued interest on the hybrid bond which is not recognised in the statement of financial position.

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. In February-March 2022, the parties reached an amicable settlement, which became final in April 2022.

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	1-6/22	1-6/21	1-12/21
Sale of goods and services			
Key management personnel			0.2
Associated companies and joint ventures	24	24	50

EUR million	6/22	6/21	12/21
Trade and other receivables			
Associated companies and joint ventures	5	6	6
Interest-bearing receivables			
Associated companies and joint ventures	13	18	22
Trade payables and other liabilities			
Associated companies and joint ventures	5	1	

The sale of goods and services to key management personnel was sale of apartments in year 2021. Other related party transactions with key management personnel and Board of Directors consisted of ordinary salaries and remuneration. All transactions with related parties are made at arm's length principle.

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	4-6/22	4-6/21	1-6/22	1-6/21	1-12/21
Operating profit (IFRS)	**22**	**21**	**44**	**31**	**56**
Adjusting items					
Fair value changes related to redemption liability of non-controlling interests	2		2		1
Restructurings and divestments					3
Court proceedings					0
Operating profit from operations to be closed	0	1	-1	6	22
Inventory fair value adjustment from PPA*	0	0	0	0	1
Depreciation and amortisation expenses from PPA*	0	1	1	1	2
Adjusting items, total	**2**	**2**	**2**	**8**	**29**
Adjusted operating profit	**25**	**24**	**47**	**39**	**85**

*PPA refers to merger related fair value adjustments.

Reconciliation of adjusted EBITDA, rolling 12 months

EUR million	6/22
Adjusted operating profit	**93**
Depreciations and amortisations	30
Depreciation and amortisation expenses from PPA	-2
Adjusted EBITDA	**121**

Reconciliation of order book

EUR million	6/22	6/21	12/21
Partially or fully unsatisfied performance obligations	3,293	3,012	3,193
Started unsold self-developed projects	774	641	654
Order book	**4,067**	**3,653**	**3,847**

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 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 presents capital employed of segment's operative business.
Interest-bearing debt	Non-current interest-bearing liabilities, current interest-bearing liabilities 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 related to contract liabilities and other contract liabilities.	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	
Order book	Transaction price allocated to performance obligations that are partially or fully unsatisfied and estimated transaction price related to started unsold own developments	Order book presents estimated transaction price for all projects under construction.
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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