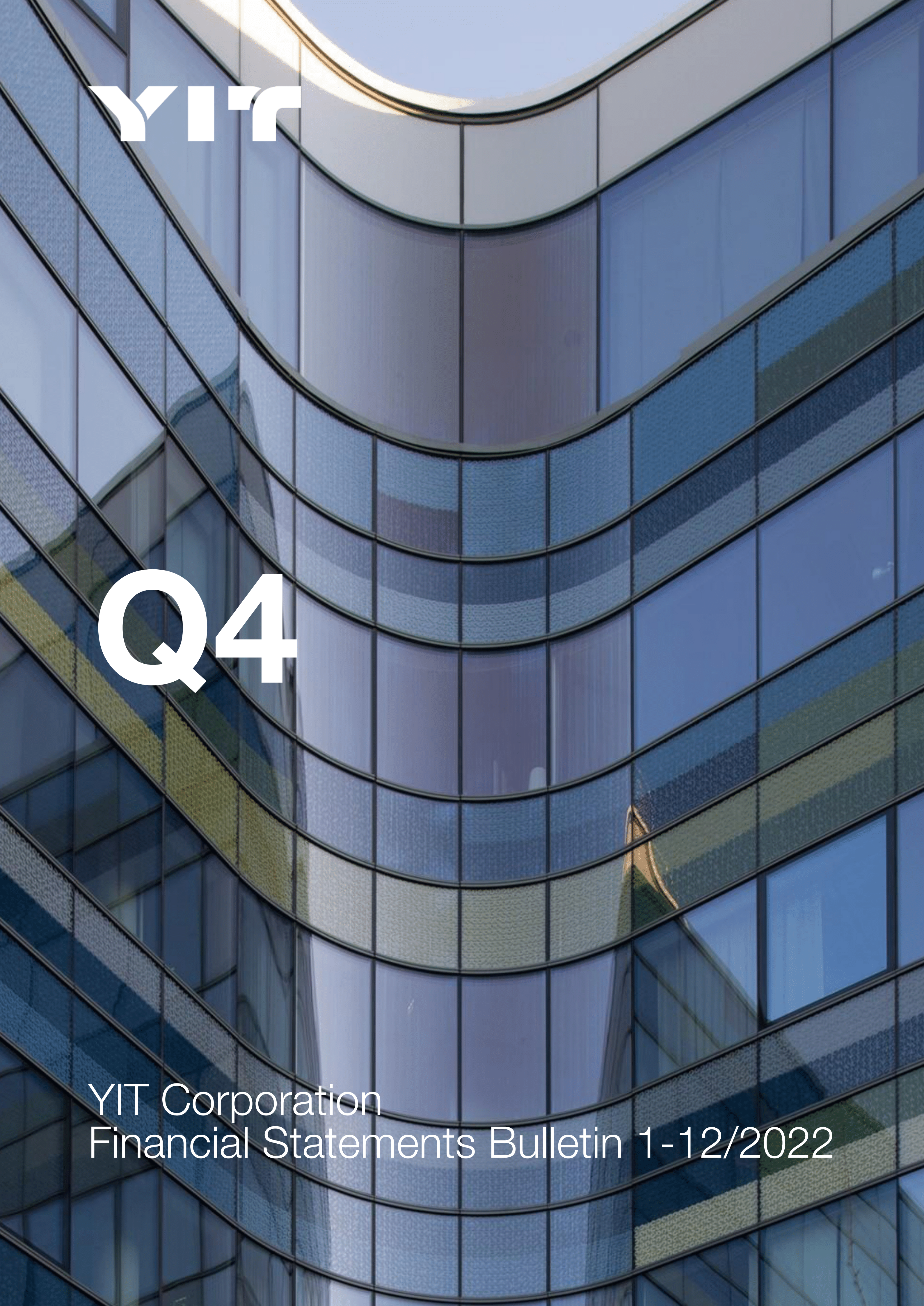

YIT

Q4

YIT Corporation
Financial Statements Bulletin 1-12/2022

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Financial Statements Bulletin January-December 2022

Adjusted operating profit margin improved from 3.2% to 4.6% in 2022

2022 highlights

- Adjusted operating profit increased to EUR 110 million (85)[1].
- Adjusted operating profit margin improved to 4.6% (3.2). Higher profitability reflects stabilising underlying performance in Business Premises and Infrastructure, and productivity gains from existing operating model and enhanced project management.
- Result for the period was EUR -375 million (4), impacted by the result of EUR -438 million from the discontinued operations following the sale of YIT's businesses in Russia. The result for the period for continuing operations was EUR 63 million (6).
- Operating cash flow after investments amounted to EUR -281 million (288), burdened by increased capital employed as a result of lower sales in Housing.
- The number of unsold completed apartments increased to 794 (321),
- Net interest-bearing debt was at EUR 569 million (303) and gearing at 64% (30).

- Order book decreased to EUR 3,702 million (3,847). The order book decreased in Infrastructure and remained stable in other segments. At the end of the period, 72% of the order book was sold (83%).
- YIT's land bank in Housing amounted to 2,201,000 sqm (2,363,000), which enables the construction of 34,000 new homes.
- YIT's wind power development portfolio consisted of approx. 2,900 MW of project opportunities in the preliminary study phase (30 Sep 2022: 3,000). In addition, YIT had approx. 550 MW of projects in the permitting phase (30 Sep 2022: 550).

- In 2022, YIT's combined lost time injury frequency weakened to 13.3 (11.0), and there were two fatal accidents at YIT's construction sites. Strong improvement actions have been implemented to reverse the trend. The number of safety observations, which YIT uses as a proactive key performance indicator in safety management, improved by over 100% compared to 2021.
- YIT updated its climate targets and created a carbon roadmap to reduce emissions. In its own operations (scope 1 and 2), YIT's goal is to be carbon neutral by 2030. YIT is committed to cutting value chain emissions (scope 3) by at least 30% by 2030, compared to reference year 2019.
- Heikki Vuorenmaa started as President and CEO of YIT Corporation on 28 November 2022.

Key figures

EUR million	10-12/22	10-12/21	1-12/22	1-12/21
Revenue	779	870	2,403	2,652
Operating profit	42	25	102	56
Operating profit, %	5.3	2.8	4.2	2.1
Adjusted operating profit	42	35	110	85
Adjusted operating profit margin, %	5.4	4.0	4.6	3.2
Result before taxes	35	17	74	22
Result for the period, continuing operations	28	7	63	6
Result for the period, including discontinued operations	28	-8	-375	4
Earnings per share, continuing operations, EUR	0.13	0.03	0.28	0.01
Operating cash flow after investments	40	133	-281	288
Net interest-bearing debt	569	303	569	303
Gearing ratio, %	64	30	64	30
Equity ratio, %	36	40	36	40
Return on capital employed, % (ROCE, rolling 12 months)	8.4	6.8	8.4	6.8
Order book	3,702	3,847	3,702	3,847
Combined lost time injury frequency (cLTIF, rolling 12 months)	13.3	11.0	13.3	11.0
Customer satisfaction rate (NPS)	49	51	49	51

[1] 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. Unless otherwise noted, all figures in this report concern continuing operations, and the figures in brackets refer to the restated figures of the corresponding period in the previous year. Balance sheet and cash flow statement for comparative periods were not restated.

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.

Heikki Vuorenmaa, President and CEO

"During the year 2022, we made progress in multiple areas. With the efforts of the entire YIT team, we focused on strategy execution, improved our productivity, and advanced towards our sustainability ambitions.

In 2022, our Group adjusted operating profit increased to EUR 110 million compared to EUR 85 million in 2021. Furthermore, our adjusted operating profit margin improved to 4.6% compared to 3.2% in 2021. We increased our operational efficiency and achieved productivity gains from our existing operating model and enhanced project management. In Housing, our performance was impacted by the weakening market. In Business Premises and Infrastructure, we progressed in improving our profitability. In Property Development, we continued to strengthen our portfolio in wind power and renewable energy.

One of the key events of the year was the sale of YIT's businesses in Russia. The strategic review of the Russian businesses was originally initiated in November 2021, and then accelerated after Russia's invasion of Ukraine in early 2022. The sale was finalised in challenging conditions, which led to a weaker financial outcome than originally anticipated. After the sale, we were able to fully focus on our strategy and core businesses.

At the end of 2022, we set an ambitious goal at carbon-neutral construction by updating our climate targets and creating a carbon roadmap to reduce emissions. We aim to be carbon neutral in our own operations by 2030, and we commit to cutting at least 30% of our value chain emissions by 2030. I am pleased with our progress, as we have already reduced the emissions from our own operations by over 55% compared to the reference year 2019. We have also taken an important step in reducing our value chain emissions, by starting to use low-carbon hollow-core slabs in housing production in our major markets in Finland. We are decisive in our sustainability actions, with a focus on measures that we estimate will have the biggest impact on the entire industry.

The market environment in 2022 was challenging. Construction material cost inflation was at a high level at the start of the year, and then accelerated even further following the geopolitical turmoil. In the second half of the year, the market environment abruptly weakened as high overall inflation, rapid interest rate hikes, and the energy crisis led to increased cautiousness among households and investors.

The strong headwinds from the market are expected to persist into 2023. Here at YIT, we continue our decisive actions in project management, procurement, and tendering to mitigate the impacts. Additionally, we have already tightened our focus on cash generation and taken a more prudent approach to new housing start-ups. Going forward, we will accelerate the implementation of our strategy to improve our performance and competitiveness, both in the short and long term.

I am confident in YIT's potential. We have a strong brand and unique capabilities that enable us to fulfil our customers' needs. In the long-term, we see growing demand for sustainable and energy-efficient living and working environments in our key markets. Green transition is also creating new growth opportunities for us. We enter the challenging market in 2023 with a solid action plan, as we move towards the next phase of our strategy implementation."

Heikki Vuorenmaa
President and CEO

Outlook and guidance for 2023

YIT expects its Group adjusted operating profit for continuing operations to be lower than in 2022 (2022: EUR 110 million).

In Housing, the demand outlook remains muted in the short term. In Business Premises and Infrastructure, the underlying operational performance is expected to improve, but certain legacy low-margin projects will still affect Infrastructure's performance.

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

Developments in housing markets may have an impact on the outlook. Rising interest rates may have a negative impact on the fair value of investments.

Market environment

Housing market

In Finland, consumer demand remained at a low level as a result of weakened general consumer confidence, rising interest rates, and higher energy prices. Demand on the investor side was also affected, as investors grew more cautious due to the uncertain economic outlook. The demand outlook remains muted in the short term. Challenges in construction material availability and cost inflation eased during the quarter, as availability improved, and the prices of some materials showed signs of stabilising. Housing company loan financing was challenging due to the cautiousness of banks.

In Baltic and Central Eastern European countries, demand was impacted by increased uncertainty, rising interest rates, and higher energy prices. Consequently, the demand outlook remains muted in the short term. Headwinds caused by construction material availability and cost inflation eased during the quarter, as availability improved, and the prices of some materials showed signs of stabilising.

Market environment and outlook, Housing market

Region	Q4	Outlook
Finland	🔴	⇨
Baltic countries	🔴	⇨
Central Eastern Europe	🔴	⇨

Real estate market

In Finland, demand remained at a moderate level. Growing cost pressures have slowed down customers' decision-making, but only a few projects have been postponed. Demand on the investor side weakened, as rising interest rates put upward pressure on yields. Rising interest rates also increased project financing costs. Cost inflation in some construction materials showed signs of levelling off.

In Baltic and Central Eastern European countries, demand and market activity remained stable, supported especially by private sector demand for new business premises. Headwinds caused by the uncertain macroeconomic outlook are expected to persist in the short term. Workforce availability improved during the quarter, while the prices of some construction materials showed signs of stabilising.

Market environment and outlook, Real estate market

Region	Q4	Outlook
Finland	🟡	⇨
Baltic countries	🟡	⇨
Central Eastern Europe	🟡	⇨

Infrastructure market

In Finland, public sector demand remained at a moderate level with several projects in the planning and bidding phase. Private sector demand is driven by industrial construction and the transition towards renewable energy. The short-term outlook for demand is moderate. The increased cautiousness in the overall market could lead to postponements of some upcoming projects.

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

Market environment and outlook, Infrastructure market

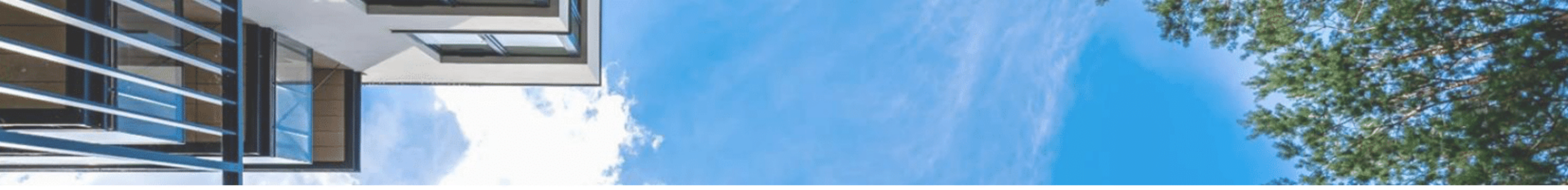
Region	Q4	Outlook
Finland	🟡	⇨
Sweden	🟢	⇨

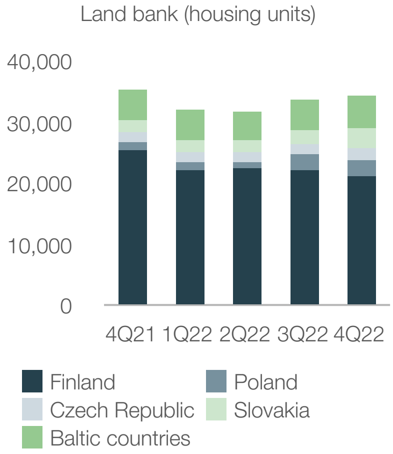
Q4 market environment

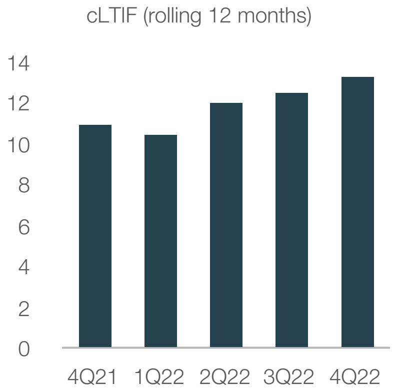
🟢 Good 🟡 Normal 🔴 Weak

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 has three strategic priority areas: Focus, Productivity, and ESG.

Focus

YIT's objective of focusing on its core capabilities progressed well. In 2022, YIT streamlined its business portfolio by completing the sale of its Russian businesses and withdrawing from all operations in Russia.

During the year, YIT's Housing segment strengthened its land bank in selected growing cities. In the fourth quarter, the land bank increased to 2,201,000 sqm (30 Sep 2022: 2,172,000), as permitting in existing plots progressed. The land bank enables the construction of approximately 34,000 new homes. In 2022, YIT's other segments, that is Business Premises, Infrastructure, and Property Development, successfully renewed their focus on their core competencies. Business Premises and Infrastructure were consequently more selective in project tendering, while Property Development was able to strengthen its wind power development portfolio and its capabilities in renewables.

Productivity

YIT achieved productivity gains in 2022, demonstrated by the annual cost savings from the existing operating model, which amounted to over EUR 20 million, exceeding the goal outlined in the strategy. YIT also gained efficiencies from its enhanced project management.

YIT's efforts to boost industrial construction in order to shorten lead times and transform supply chain management to gain benefits from economies of scale also progressed well. These actions are expected to unlock further efficiency improvements in the medium term.

ESG

Environment

In 2022, YIT updated its climate targets and created a carbon roadmap to reduce emissions. In its own operations (scope 1 and 2), the company’s goal is to be carbon neutral by 2030. YIT is committed to cutting value chain emissions (scope 3) by at least 30% by 2030, compared to the reference year 2019. The new targets are in line with the Paris Agreement, and SBTi is expected to validate them by the end of 2023.

YIT has already decreased its scope 1 and 2 emissions by over 55% compared to 2019, driven by the transition to renewable electricity. In 2022, the company also took an important step towards reducing its value chain emissions by starting to use low-carbon hollow-core slabs in housing production in its major markets in Finland. In YIT’s housing production, hollow-core slabs are the individual construction product category with the highest emission impact.

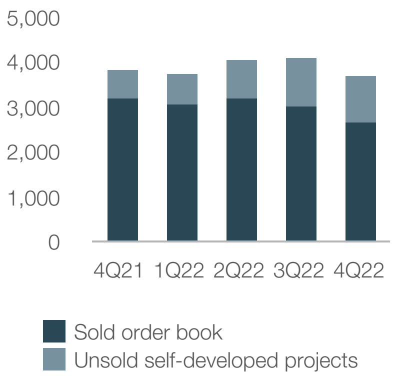
Social

In 2022, the combined lost time injury frequency weakened to 13.3 (11.0), and there were two fatal accidents at YIT's construction sites. Strong improvement actions have been implemented to reverse the trend. The number of safety observations, which YIT uses as a proactive key performance indicator in safety management, improved by over 100% compared to 2021.

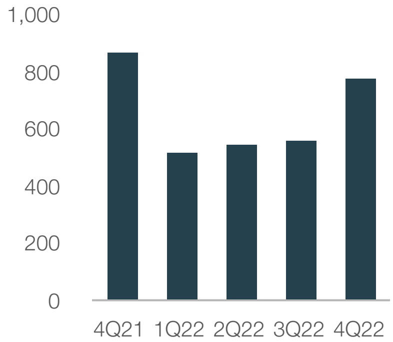
Governance

YIT continued to advance ESG matters throughout its supply chains. 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. The company has established an internal process for inspecting non-EU/EEA/EFTA workers. In 2022, 21 non-compliant work permit statuses were found out of the 749 inspected.

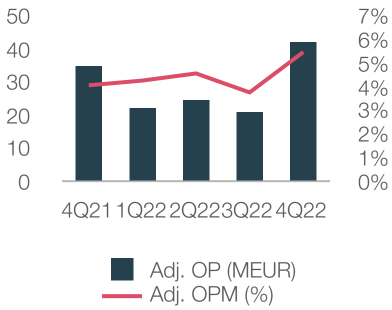
Order book (MEUR)



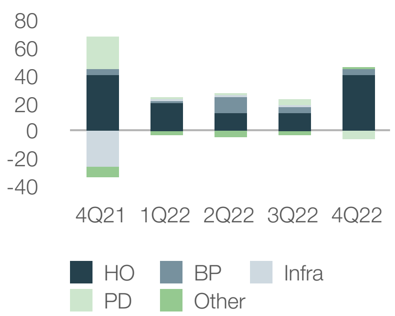
Revenue (MEUR)



Adjusted operating profit and adjusted operating profit margin



Adjusted operating profit per segment (MEUR)



Results

October–December

YIT's order book decreased to EUR 3,702 million during the fourth quarter (30 Sep 2022: 4,089). The decrease was driven by the lower order book in Housing, mainly attributable to the lower number of consumer apartment start-ups. At the end of the quarter, 72% of the order book was sold (30 Sep 2022: 74%).

YIT's revenue decreased by 10% to EUR 779 million (870). Revenue increased in Infrastructure, but decreased in other segments. In Housing, revenue was impacted by lower sales, while in Business Premises and Property Development the comparative period was supported by self-developed projects.

YIT´s adjusted operating profit increased to EUR 42 million (35), and the adjusted operating profit margin improved to 5.4% (4.0). Higher profitability reflects improved performance in Infrastructure, and productivity gains from existing operating model and enhanced project management. Profitability was negatively impacted by an impairment in Property Development related to a development project. Adjusted operating profit in Other Items segment was positively impacted by a reversal of internal margins. The comparative period was negatively impacted by write-downs and margin reductions of EUR 66 million in certain legacy and non-strategic projects, partly offset by a positive impact of EUR 48 million from the sale of Lestijärvi wind farm.

YIT's operating profit was EUR 42 million (25). Adjusting items were EUR 1 million in the fourth quarter (10). The result for the period was EUR 28 million (-8).

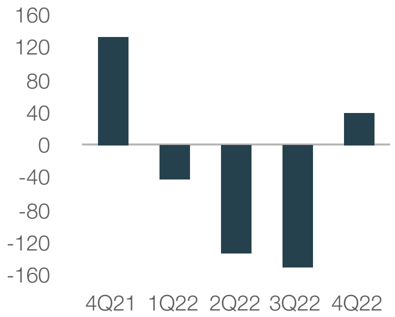
January–December

YIT´s revenue decreased to EUR 2,403 million (2,652). The decrease is mainly related to the lower number of apartment completions and lower sales in Housing. Revenue remained stable in Business Premises and Infrastructure, but decreased in Property Development where the comparative period was supported by the Lestijärvi wind farm sale.

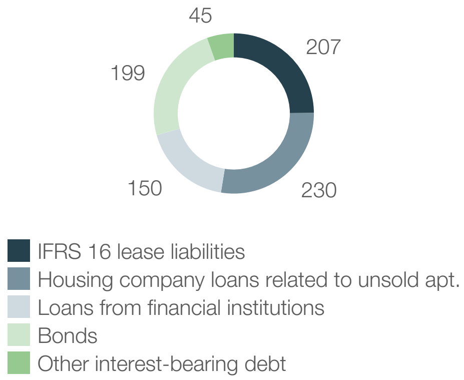
YIT´s adjusted operating profit increased to EUR 110 million (85), and the adjusted operating profit margin improved to 4.6% (3.2). Higher profitability reflects stabilising underlying performance in Business Premises and Infrastructure, and productivity gains from existing operating model and enhanced project management. Increased construction material costs had a negative impact on margins. In Housing, profitability was also negatively impacted by the lower number of apartment completions and lower sales, while an impairment related to a development project burdened profitability in Property Development.

YIT's operating profit was EUR 102 million (56). The adjusting items amounted to EUR 8 million (29). Adjusting items were mainly related to merger-related fair value allocations. The result for the period amounted to EUR -375 million (4) and the earnings per share amounted to EUR -1.82 (0.00). The result was impacted by the impairment booked in the first quarter following the held for sale classification of the Russian operations and the booking of the accumulated RUB/EUR translation difference in the second quarter. The result for the period for continuing operations amounted to EUR 63 million (6) and the earnings per share for continuing operations amounted to EUR 0.28 (0.01).

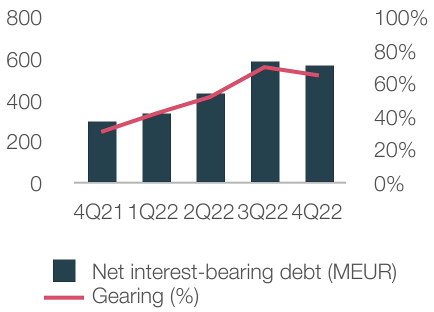
Operating cash flow after investments (MEUR)



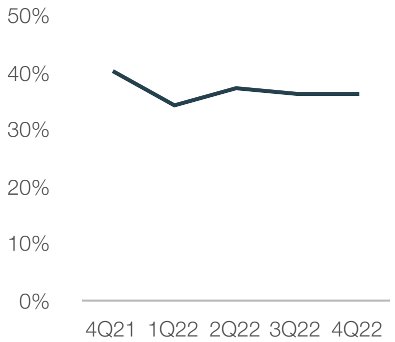
Distribution of interest-bearing debt (MEUR)



Net interest-bearing debt and gearing



Equity ratio



Cash flow and financial position

October–December

YIT's operating cash flow after investments amounted to EUR 40 million (133), burdened by increased capital employed as a result of lower sales in Housing. Cash flow from plot investments was EUR -27 million (-57). Cash flow from investments to associated companies and joint ventures was EUR -4 million (-8). Net finance costs amounted to EUR 6 million (7). The net finance costs were positively impacted by fair value changes in interest rate derivatives.

January–December

YIT's operating cash flow after investments amounted to EUR -281 million (288), burdened by increased capital employed as a result of lower sales in Housing. The cash flow from plot investments was EUR -138 million (-124) and the cash flow from investments to associated companies and joint ventures was EUR -26 million (-29). Net finance costs amounted to EUR 28 million (34). The net finance costs were positively impacted by fair value changes in interest rate derivatives.

At the end of the period, interest-bearing debt amounted to EUR 831 million (751) and net interest-bearing debt to EUR 569 million (303). Net interest-bearing debt included IFRS 16 lease liabilities of EUR 207 million (234), as well as housing company loans of EUR 230 million (106) related to unsold apartments. Gearing ratio was 64% (30) and equity ratio 36% (40). Equity decreased to EUR 883 million (1,017) due to a negative result from discontinued operations. Net debt/adjusted EBITDA ratio was 4.2 (30 Sep 2022: 4.5) and interest cover ratio 7.1 (30.9.2022: 5.9).

During the period, YIT agreed on a one-year extension of its EUR 50 million term loan by utilising its contractual option. The new maturity date for the facility is in March 2024. YIT also 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.

Cash and cash equivalents decreased to EUR 206 million (389), 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 222 million (336).

Capital employed increased to EUR 1,443 million (1,142, continuing operations) at the end of the period. The increase was primarily the result of lower sales in Housing.

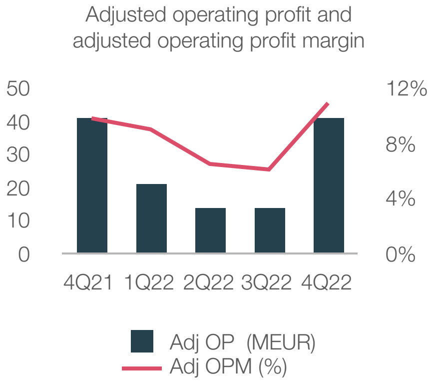
Investments and divestments

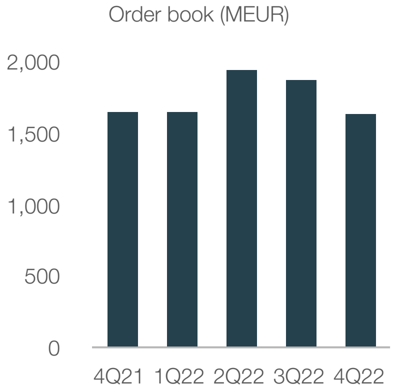
October–December

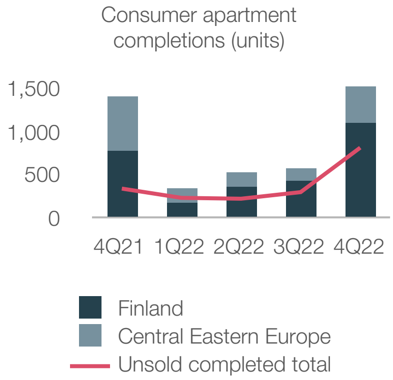
Gross capital expenditure amounted to EUR 6 million (13), of which EUR 4 million (9) was related to leased assets. Investments in plots were EUR 36 million (35), after which the plot reserve amounted to EUR 630 million (643). Investments in leased plots were EUR 0 million (4), after which the leased plot reserve amounted to EUR 86 million (105). The total plot reserve at the end of the quarter was EUR 716 million (748).

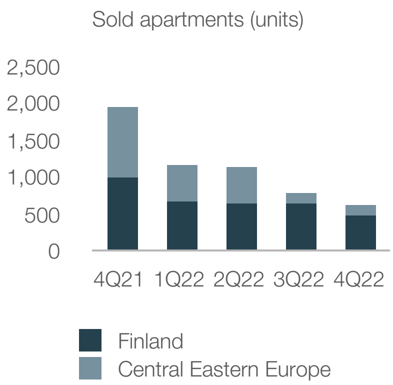
January–December

Gross capital expenditure was EUR 19 million (32), or 0.8% of revenue (1.2), of which EUR 14 million (22) was leased. Investments in plots were EUR 163 million (110) and investments in leased plots EUR 3 million (16).









Housing

EUR million	10-12/22	10-12/21	1-12/22	1-12/21
Revenue	382	419	1,075	1,281
Operating profit	41	41	90	109
Adjusted operating profit	41	41	90	109
Adj. operating profit margin, %	10.8	9.7	8.4	8.5
Order book at end of period	1,643	1,647	1,643	1,647
Capital employed	805	581	805	581

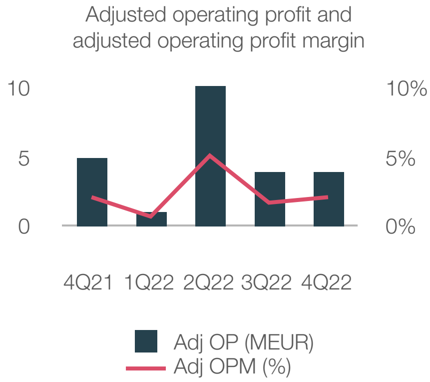
Results

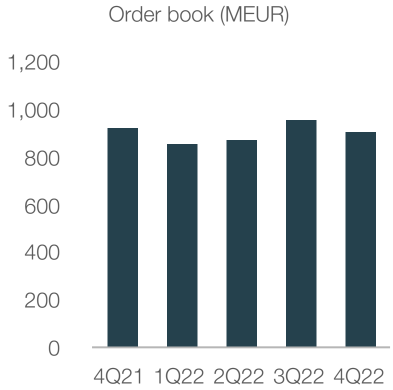
October–December

- Revenue decreased by 9% to EUR 382 million (419). Although the number of apartment completions was higher, revenue was impacted by lower sales.
- The number of unsold completed apartments increased to 794 (321), as a result of the higher number of apartment completions and lower sales. The unsold completed apartments are located in attractive housing markets, with more than 80% of the units in the capital regions or university towns in Finland and Central Eastern Europe.
- Adjusted operating profit remained stable at EUR 41 million (41), supported by the higher number of apartment completions, but negatively impacted by lower sales. The comparative period was negatively impacted by a write-down of EUR 8 million in non-strategic plots.
- Order book decreased to EUR 1,643 million (30 Sep 2022: 1,881).
- Consumer apartment start-ups decreased to 253 (840), as a result of a more prudent approach to new start-ups.

January–December

- Revenue decreased by 16% to EUR 1,075 million (1,281), impacted by the lower number of apartment completions resulting from a lower number of start-ups during the COVID-19 pandemic, and lower sales.
- Adjusted operating profit decreased by 17% to EUR 90 million (109), impacted by lower sales and increased construction material costs. The comparative period was negatively impacted by a write-down of EUR 8 million in non-strategic plots.
- Capital employed increased to EUR 805 million (581), as a result of lower sales.





Business Premises

EUR million	10-12/22	10-12/21	1-12/22	1-12/21
Revenue	201	265	807	787
Operating profit	4	4	18	8
Adjusted operating profit	4	5	20	11
Adj. operating profit margin, %	2.0	2.0	2.4	1.4
Order book at end of period	908	919	908	919
Capital employed	-77	-92	-77	-92

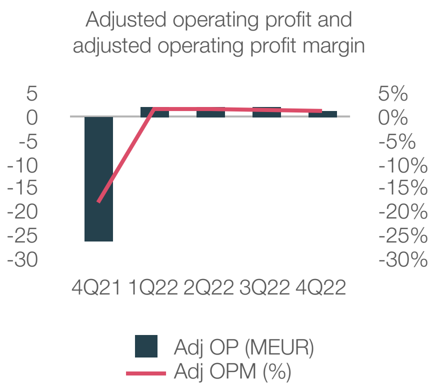
Results

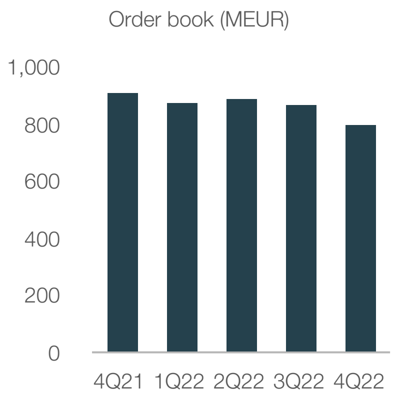
October–December

- Revenue decreased by 24% to EUR 201 million (265). The comparative period was supported by completions of two self-developed projects.
- Adjusted operating profit decreased to EUR 4 million (5). The operational performance remained stable, but the increased construction material costs had a negative impact on margins. The comparative period was impacted by margin reductions related to certain legacy and non-strategic projects, offset by completions of two self-developed projects.
- The order book remained stable at EUR 908 million (30 Sep 2022: 956)
    - The detailed design and construction of a new A++ energy class bicycle factory for Pon.Bike and the construction of a residential building for Auratum Asunnot were among the projects entered in the order book.

January–December

- Revenue remained stable at EUR 807 million (787).
- Adjusted operating profit increased to EUR 20 million (11), supported by the sale of two self-developed projects during the second quarter. The transformation of the business progressed according to plans, although the increased construction material costs had a negative impact on margins.
- Capital employed remained at a good level at EUR -77 million (-92).





Infrastructure

EUR million	10-12/22	10-12/21	1-12/22	1-12/21
Revenue	145	140	539	544
Operating profit	1	-35	7	-59
Adjusted operating profit	1	-26	6	-39
Adj. operating profit margin, %	0.9	-18.4	1.2	-7.2
Order book at end of period	796	910	796	910
Capital employed	15	-19	15	-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.

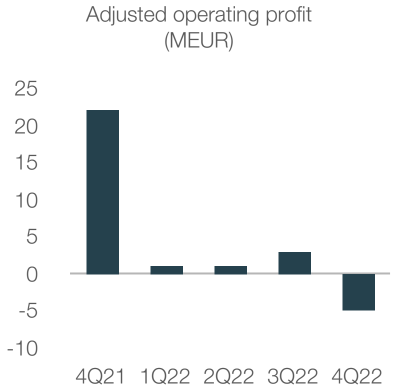
Results

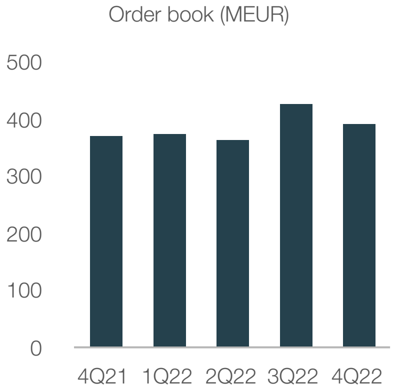
October–December

- Revenue increased by 4% to EUR 145 million (140), supported by progress in certain large-scale projects.
- Adjusted operating profit increased to EUR 1 million (-26). Profitability was negatively impacted by certain legacy low-margin projects and increased construction material costs. The comparative period was negatively impacted by margin reductions of EUR 22 million related to certain legacy projects.
- The order book decreased to EUR 796 million (30 Sep 2022: 864), as the selection of new projects has been strict.

January–December

- Revenue remained stable at EUR 539 million (544).
- Adjusted operating profit increased to EUR 6 million (-39). The transformation of the business progressed successfully, but profitability was negatively impacted by certain legacy low-margin projects and increased construction material costs. The comparative period was negatively impacted by margin reductions of EUR 37 million, as Infrastructure strategy and projects were thoroughly analysed, and certain legacy projects were reassessed.
- Capital employed increased to EUR 15 million (-19).





Property Development

EUR Million	10-12/22	10-12/21	1-12/22	1-12/21
Revenue	15	67	69	91
Operating profit	-5	22	0	17
Adjusted operating profit	-5	22	0	18
Order book at the end of period	393	371	393	371
Capital Employed	442	387	442	387

Results

October–December

- Revenue decreased to EUR 15 million (67). The comparative period was supported by the sale of Lestijärvi wind farm.
- Adjusted operating profit decreased to EUR -5 million (22), burdened by an impairment related to a development project. The comparative period was supported by a positive impact of EUR 48 million from the sale of Lestijärvi wind farm, but negatively impacted by write-downs of EUR 25 million.
- The order book was stable at EUR 393 million (30 Sep 2022: 426).
- YIT's wind power development portfolio consisted of approximately 2,900 MW of project opportunities in the preliminary study phase (30 Sep 2022: 3,000). In addition, YIT had approximately 550 MW of projects in the permitting phase (30 Sep 2022: 550). The amount of project opportunities in the preliminary study phase slightly decreased, as some project opportunities were determined to be unfeasible for further development. New opportunities were also added to the portfolio, while several existing ones progressed favourably.

January–December

- Revenue decreased to EUR 69 million (91). The comparative period was supported by the sale of Lestijärvi wind farm.
- Adjusted operating profit decreased to EUR 0 million (18), burdened by an impairment related to a development project. The comparative period was supported by the sale of Lestijärvi wind farm, but negatively impacted by write-downs of EUR 25 million.
- Capital employed increased to EUR 442 million (387), primarily due to new investments and progress in development projects.
- The fair value of YIT's partly owned Mall of Tripla remained stable. Market yields increased, but the negative effect on fair value was offset by other factors, including increases in cash flow estimates. Mall of Tripla continued its good performance with all-time high sales in both November and December 2022. The total revenue of Mall of Tripla for the year increased by 21% to EUR 307 million (254) and the total number of visitors grew by 32% to over 24 million (18).

Investment portfolio

- The internal rate of return for the segment´s investment portfolio was 11% at the end of the quarter.[1]

EUR million	Value[2]	Change 10/22 - 12/22[3]	Change 1/22 - 12/22[3]
Housing	73	2	16
Commercial	205	-3	1
Infra	6	—	-1
Total	**283**	**-1**	**16**

[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 fourth quarter was EUR 0 million (-15). The January–December result for discontinued operations was EUR -438 million (-2). The result was impacted by the impairment booked in the first quarter following the held for sale classification of the Russian operations and the booking of the accumulated RUB/EUR translation difference in the second quarter.

Shares

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

At the end of 2022, YIT's share capital was EUR 149,716,748.22 (149,716,748.22). The number of shares outstanding at the end of the reporting period, on 31 December 2022, was 209,511,146 (31 Dec 2021: 209,118,906).

Personnel

During January–December, the Group employed on average 5,199 people (5,540) in continuing operations. The decrease in personnel was the result of redundancies for production and financial reasons, the end of fixed-term employment contracts, changes in the number of summer trainees and limits on the number of new recruitments.

Personnel expenses in October–December totalled EUR 96 million (90) and in January–December amounted to EUR 352 million (351).

Governance

Changes in the Group Management Team

Katja Ahlstedt started as Executive Vice President, Human Resources and a member of the Group Management Team on 1 April 2022.

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.

Heikki Vuorenmaa started as President and CEO of YIT Corporation on 28 November 2022. At the same time, YIT's previous President and CEO Markku Moilanen stepped down from his position and continued as a Senior Advisor until the end of the year.

Ilkka Tomperi, Executive Vice President, Property Development, left the company on 31 December 2022. YIT announced on 29 December 2022 that Heikki Vuorenmaa, President and CEO of YIT Corporation, will act as the interim leader of the Property Development segment in addition to his own duties, until further notice, starting from 1 January 2023.

Resolutions passed at the Annual General Meeting 2022

The Annual General Meeting of YIT Corporation was held on 17 March 2022. The Stock Exchange Releases on the resolutions of the Annual General Meeting and on the organisational meeting of the Board of Directors were published on 17 March 2022. The Stock Exchange Releases and introductions of the members of the Board of Directors are available on YIT's website.

Resolutions passed at the Extraordinary General Meeting

YIT announced on 15 September 2022 a notice convening YIT Corporation's Extraordinary General Meeting. The Extraordinary General Meeting was held on 6 October 2022 in Helsinki.

The Extraordinary General Meeting decided on amendments to the Company’s Articles of Association and on the composition of the Board of Directors in accordance with the proposals of the Board of Directors. The Extraordinary General Meeting resolved to elect as new members Sami Laine and Keith Silverang to the Board of Directors for a term ending at the close of the next Annual General Meeting.

YIT announced on 7 October 2022 that the Board of Directors decided in its meeting held on that day to reinforce its committees with the newly elected members. Sami Laine was elected as a new member of the Audit Committee, and Keith Silverang was elected as a new member of the Personnel Committee.

Annual General Meeting 2023

YIT Corporation's Annual General Meeting 2023 will be held on Thursday, 16 March 2023. The notice of the Annual General Meeting, which contains the Board of Directors' proposals to the Annual General Meeting, will be published in its entirety as a separate Stock Exchange Release on 10 February 2023.

Significant risks and uncertainties

The purpose of YIT’s risk management is to promote the achievement of the objectives set for YIT’s operations and ensure . Risk management is incorporated into all of the Group’s significant operating, reporting and management processes. Risk management planning, risk exposure assessment and risk analyses of the operating environment are part of the annual strategy and planning process. In addition, material changes in risks and risk exposure are reported and monitored on a monthly and quarterly basis in accordance with the Group’s governance and reporting practices.

YIT has categorised the risks that are significant to its operations into strategic, operational, project-related, financial and event risks. Detailed descriptions of risks, their impacts and risk management practices are available in Appendix 1.

Board of Directors' proposal for profit distribution

The distributable funds of YIT Corporation on 31 December 2022 amounted to EUR 795 million, of which the profit for the period 2022 amounted to EUR 20 million.

The Board of Directors proposes that a dividend of EUR 0.18 per share be paid based on the balance sheet to be adopted for the year 2022 and that the dividend shall be paid in two equal instalments.

The first instalment of the dividend shall be paid to the shareholders who are registered in the shareholders' register maintained by Euroclear Finland Oy on the dividend record date of 21 March 2023. The Board of Directors proposes that the dividend for this instalment be paid on 5 April 2023.

The second instalment of the dividend shall be paid in October 2023. The second instalment of the dividend shall be paid to shareholders who are registered in the shareholders' register maintained by Euroclear Finland Oy on the dividend record date, which, together with the payment date, shall be decided by the Board of Directors in its meeting to be scheduled for September 2023. The dividend record date for the second instalment as per the current rules of the Finnish book-entry system would be 3 October 2023 at the earliest and the dividend payment date 11 October 2023.

On 31 December 2022, the number of outstanding shares of the company amounted to 209,511,146, of which the corresponding dividend based on Board of Directors proposal amounts to approximately EUR 38 million.

Events after the reporting period

On 10 February 2023, YIT published a stock exchange release related to the launch of a transformation program to improve the company's performance and competitiveness. The target is to simplify the organisational structure and operating model, increase agility and strengthen customer focus.

The program is designed to generate efficiency gains. The targeted, inflation-adjusted run-rate cost savings are expected to be at least EUR 40 million by the end of 2024. More than half of the planned run-rate cost savings are expected to be achieved already during 2023. These efficiency gains will come on top of the cost savings announced at Capital Markets Day in November 2021, when YIT outlined plans to achieve annual cost savings of EUR 15–20 million by 2023. YIT has achieved annual cost savings of over EUR 20 million by the end of 2022.

The program costs are estimated to be EUR 50–70 million and they will be recorded in adjusting items and not presented in adjusted operating profit. YIT will provide updates on the progress of the program in connection with its financial reporting.

As part of the program, YIT will initiate change negotiations in Finland. The negotiations concern salaried and senior salaried employees as well as directors in Finland. Potential reduction needs related to these change negotiations do not concern salaried employees working in production jobs at construction sites nor employees. With the transformation program, also new jobs and roles are expected to be created. The planned changes could result in a reduction of approximately 150 jobs at most in Finland.

YIT Corporation
Board of Directors

Helsinki, 10 February 2023

Financial Statements Bulletin January-December 2022: Tables

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Primary Financial Statements

Consolidated Income statement

EUR million	10-12/22	10-12/21	1-12/22	1-12/21
Revenue	**779**	**870**	**2,403**	**2,652**
Other operating income	6	3	17	14
Change in inventories of finished goods and in work in progress	56	-91	174	-108
Production for own use		—	—	—
Materials and supplies	-222	-192	-505	-536
External services	-409	-378	-1,415	-1,350
Personnel expenses	-96	-90	-352	-351
Other operating expenses	-68	-92	-206	-251
Changes in fair value of financial assets	1	2	9	6
Share of results of associated companies and joint ventures	2	2	11	11
Depreciation, amortisation and impairment	-7	-8	-33	-32
Operating profit	**42**	**25**	**102**	**56**
Finance Income	2	1	9	2
Exchange rate differences (net)	-2	—	-9	-1
Finance expenses	-7	-8	-28	-35
Finance income and expenses, total	-6	-7	-28	-34
Result before taxes	**35**	**17**	**74**	**22**
Income taxes	-8	-10	-11	-16
Result for the period, continuing operations	**28**	**7**	**63**	**6**
Result for the period, discontinued operations	**—**	**-15**	**-438**	**-2**
Result for the period	**28**	**-8**	**-375**	**4**
Attributable to				
Owners of YIT Corporation	28	-8	-375	4
Non-controlling interests	—	—	—	1
Earnings per share, attributable to the equity holders of the parent company, EUR				
Basic, total	0.13	-0.04	-1.82	0.00
Diluted, total	0.13	-0.04	-1.82	0.00
Basic, continuing operations	0.13	0.03	0.28	0.01
Basic, discontinued operations	—	-0.07	-2.09	-0.01
Diluted, continuing operations	0.13	0.03	0.28	0.01
Diluted, discontinued operations	—	-0.07	-2.09	-0.01

Consolidated statement of comprehensive income

EUR million	10-12/22	10-12/21	1-12/22	1-12/21
Result for the period	28	-8	-375	4
Items that may be reclassified to income statement				
Cash flow hedges, net of tax	—	—	3	—
Change in translation differences, continuing operations	4	2	2	2
Change in translation differences, discontinued operations		-2	27	20
Translation differences reclassified to income statement, continuing operations		—		—
Translation differences reclassified to income statement, discontinued operations		—	253	—
Items that may be reclassified to income statement, total	**4**	**—**	**285**	**23**
Items that will not be reclassified to income statement				
Change in fair value of defined benefit pension, net of tax	—		—	-1
Items that will not be reclassified to income statement, total	**—**	**—**	**—**	**-1**
Other comprehensive income, total	**4**	**—**	**285**	**22**
Total comprehensive income, continuing operations	31	10	67	8
Total comprehensive income, discontinued operations	—	-17	-157	18
Total comprehensive income	**31**	**-8**	**-91**	**26**
Attributable to				
Owners of YIT Corporation	31	-8	-91	25
Non-controlling interests	—	—	—	1

Consolidated statement of financial position

EUR million	12/22	12/21
ASSETS		
Non-current assets		
Property, plant and equipment	37	53
Leased property, plant and equipment	68	79
Goodwill	249	249
Other intangible assets	4	7
Investments in associated companies and joint ventures	72	92
Equity investments	218	186
Interest-bearing receivables	56	46
Trade and other receivables	43	36
Deferred tax assets	30	31
Non-current assets total	**778**	**779**
Current assets		
Inventories	1,426	1,285
Leased inventories	158	174
Trade and other receivables	273	350
Interest-bearing receivables	—	13
Income tax receivables	3	5
Cash and cash equivalents	206	389
Current assets total	**2,068**	**2,215**
Total assets	**2,845**	**2,994**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent company	783	915
Non-controlling interests		3
Hybrid bond	99	99
Equity total	**883**	**1,017**
Non-current liabilities		
Deferred tax liabilities	9	19
Pension obligations	3	3
Provisions	88	86
Interest-bearing liabilities	288	398
Lease liabilities	168	161
Contract liabilities, advances received	1	11
Trade and other payables	29	27
Non-current liabilities total	**585**	**705**
Current liabilities		
Contract liabilities, advances received	276	293
Other contract liabilities	82	121
Trade and other payables	576	615
Income tax payables	16	5
Provisions	51	46
Interest-bearing liabilities	336	118
Lease liabilities	40	74
Current liabilities total	**1,377**	**1,272**
Liabilities total	**1,962**	**1,977**
Total equity and liabilities	**2,845**	**2,994**

Consolidated cash flow statement

EUR million	10-12/22	10-12/21	1-12/22	1-12/21
Result for the period	**28**	**-8**	**-375**	**4**
Reversal of accrual-based items	44	56	503	117
Change in trade and other receivables	71	80	-19	69
Change in inventories	-9	86	-257	104
Change in current liabilities	-75	-70	-50	24
Change in working capital, total	-13	96	-326	197
Cash flow of financial items	-10	1	-65	-28
Taxes paid (-)	-5	-3	-16	-14
Net cash generated from operating activities	**44**	**144**	**-279**	**275**
Cash flow from investing activities				
Acquisition of subsidiaries, net of cash	—	—	-4	-1
Sale of subsidiaries, net of cash	—	—	-14	8
Investments in associated companies and joint ventures	-4	-8	-26	-29
Proceeds from sale of associated companies and joint ventures	1	—	29	22
Purchases of tangible assets	-2	-4	-5	-8
Purchases of intangible assets	—	—	—	-1
Proceeds from tangible and intangible assets	1	1	3	15
Proceeds from sale of investments	—	—	—	—
Dividends received (from associated companies and joint ventures)	1	—	16	7
Net cash used in investing activities	**-3**	**-11**	**-2**	**14**
Operating cash flow after investments	**40**	**133**	**-281**	**288**
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities	—	39	18	239
Repayments of non-current interest-bearing liabilities	—	-29	—	-329
Proceeds from current interest-bearing liabilities	128	577	409	326
Repayments of current interest-bearing liabilities	-68	-597	-273	-597
Payments of lease liabilities	-5	-6	-21	-31
Change in interest-bearing receivables	—	-4	-3	5
Proceeds from hybrid bond				100
Dividends paid	-17	-15	-34	-30
Net cash used in financing activities	**38**	**-34**	**96**	**-316**
Net change in cash and cash equivalents	79	98	-185	-29
Cash and cash equivalents at the beginning of the period	125	292	389	419
Foreign exchange differences	3	-1	2	-1
Cash and cash equivalents at the end of the period	**206**	**389**	**206**	**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							-375	-375	—		-375
Cash flow hedges, net of tax					3			3			3
Change in fair value of defined benefit pension, net of tax							—	—			—
Translation differences				29				29	—		29
Translation differences reclassified to income statement				253				253			253
Comprehensive income for the period, total				**282**	**3**		**-376**	**-91**	**0**		**-91**
Dividend distribution							-33	-33			-33
Share-based incentive schemes						2	—	2			2
Transactions with owners, total						**2**	**-33**	**-31**			**-31**
Hybrid bond interests and expenses, net of tax							-8	-8			-8
Other changes		-1	—					-2	-3		-4
Equity on 31 December 2022	**150**	**—**	**553**	**1**	**4**	**-8**	**84**	**783**	**—**	**99**	**883**

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					—			—			—
Change in fair value of defined benefit pension, net of tax							-1	-1			-1
Translation differences				22				22	—		22
Translation differences reclassified to income statement				—				—			—
Comprehensive income for the period, total				**22**	**0**		**3**	**25**	**1**		**26**
Dividend distribution							-29	-29	—		-29
Share-based incentive schemes						—	1	1			1
Transactions with owners, total						**0**	**-28**	**-28**	**0**		**-28**
Hybrid bond										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 financial statements bulletin

Basis of preparation

This financial statements bulletin 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 financial statements bulletin should be read together with YIT's consolidated Financial Statements 2021. The figures presented in the financial statements bulletin are unaudited. In the financial statements bulletin, 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 financial statements bulletin 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 financial statements bulletin, 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 Russia's invasion of Ukraine

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 Russia's invasion of Ukraine on the estimates and judgements. The Covid-19 pandemic and the Russian invasion of Ukraine are not expected to have such direct impacts on YIT's financial performance which would require material adjustments to carrying amounts in the statement of financial position. However, YIT's management follows constantly the market indicators and estimated future cash flows related to fair values of investments and carrying amounts of other assets.

Most relevant currency exchange rates used in the financial statements bulletin

		Average rates		End Rates	
		1-12/22	**1-12/21**	**12/22**	**12/21**
1 EUR =	CZK	24.5616	25.6465	24.1160	24.8580
	PLN	4.6856	4.5647	4.6808	4.5969
	RUB	73.6959	87.2208	77.9167	85.3004
	SEK	10.6278	10.1452	11.1218	10.2503
	NOK	10.1019	10.1635	10.5138	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 reported them as discontinued operations in the first quarter 2022. On 30 May 2022, YIT announced it had completed the sale of its businesses in Russia to Etalon Group PLC.

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

YIT changed 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	Adjust-ment	Adjusted 1-3/21	1-6/21	Adjust-ment	Adjusted 1-6/21	1-9/21	Adjust-ment	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	Adjust-ment	Adjusted 1-12/21	1-3/22	Adjust-ment	Adjusted 1-3/22
Materials and Supplies	-460	-76	**-536**	-52	-26	**-78**
External Services	-1,425	76	**-1,350**	-339	26	**-313**

Presentation of Warranty provisions

YIT adjusted current Trade and other payables and non-current and current Provisions line items in the statement of financial position in the last quarter of 2022. The adjustment relates to the change in the presentation of warranty provision due to system development. Previously, it was not possible to separate part of the warranty provision from other current liabilities. Retrospective adjustment has not been prepared as the necessary information is not available. The adjustment did not have an impact on the consolidated income statement.

Segment information

Segment financial information

10-12/22 EUR Million	Housing	Business Premises	Infrastructure	Property Development	Other Items	Group
Revenue	**382**	**201**	**145**	**15**	**36**	**779**
Revenue from external customers	390	186	138	15	51	779
Revenue Group internal	-8	15	8	—	-15	—
Depreciation, amortisation and impairment	-1	-1	-3	—	-3	-7
Operating Profit	**41**	**4**	**1**	**-5**	**0**	**42**
Operating profit margin, %	**10.8**	**2.0**	**0.8**	**-32.3**		**5.3**
Adjusting items	—	—	—	—	1	1
Adjusted operating profit	**41**	**4**	**1**	**-5**	**1**	**42**
Adjusted operating profit margin, %	**10.8**	**2.0**	**0.9**	**-32.3**		**5.4**

10-12/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other Items	Group
Revenue	**419**	**265**	**140**	**67**	**-20**	**870**
Revenue from external customers	419	265	135	67	-15	870
Revenue Group internal	—	—	5	—	-5	—
Depreciation, amortisation and impairment	-1	-1	-3	—	-3	-8
Operating Profit	**41**	**4**	**-35**	**22**	**-8**	**25**
Operating profit margin, %	**9.8**	**1.5**	**-24.8**	**32.7**		**2.8**
Adjusting items	—	1	9	—	1	10
Adjusted operating profit	**41**	**5**	**-26**	**22**	**-7**	**35**
Adjusted operating profit margin, %	**9.7**	**2.0**	**-18.4**	**32.7**		**4.0**

1-12/22 EUR Million	Housing	Business Premises	Infrastructure	Property Development	Other Items	Group
Revenue	**1,075**	**807**	**539**	**69**	**-86**	**2,403**
Revenue from external customers	1,074	749	502	68	9	2,403
Revenue Group internal	—	58	36	—	-95	—
Depreciation, amortisation and impairment	-4	-2	-11	-1	-15	-33
Operating Profit	**90**	**18**	**7**	**0**	**-13**	**102**
Operating profit margin, %	**8.4**	**2.2**	**1.2**	**0.4**		**4.2**
Adjusting items	—	2	—	—	6	8
Adjusted operating profit	**90**	**20**	**6**	**0**	**-7**	**110**
Adjusted operating profit margin, %	**8.4**	**2.4**	**1.2**	**0.4**		**4.6**

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	—	—	15	—	-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	—	3	20	—	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	12/22	12/21
Housing	805	581
Business Premises	-77	-92
Infrastructure	15	-19
Property Development	442	387
Other items	258	286
Segments, total	**1,443**	**1,142**
Reconciliation*	—	172
Capital employed, total	**1,443**	**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	12/22	12/21
Housing	1,643	1,647
Business Premises	908	919
Infrastructure	796	910
Property Development	393	371
Internal order book	-39	—
Order book, total	**3,702**	**3,847**

Revenue from customer contracts

1-12/22 EUR Million	Housing	Business Premises	Infrastructure	Property Development	Other Items	Group
Revenue by market area						
Finland	783	594	375	68	9	1,831
CEE	291	154	2	—	—	447
Baltic countries	109	130	2	—	—	241
Czech, Slovakia, Poland	182	24	—	—	—	206
Scandinavia	—	—	125	—	—	125
Sweden	—	—	110	—	—	110
Norway	—	—	15	—	—	15
Internal sales between segments	—	58	36	—	-95	—
Total	**1,075**	**807**	**539**	**69**	**-86**	**2,403**

1-12/22 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other Items	Group
Timing of revenue recognition						
Over time	379	722	502	63	8	1,674
At a point in time	696	26	—	6	1	729
Internal sales between segments	—	58	36	—	-95	—
Total	**1,075**	**807**	**539**	**69**	**-86**	**2,403**

1-12/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other Items	Group
Revenue by market area						
Finland	1,010	629	399	90	-35	2,093
CEE	271	158	3	—	—	432
Baltic countries	100	153	3	—	—	256
Czech, Slovakia, Poland	171	5	—	—	—	176
Scandinavia	—	—	127	—	—	127
Sweden	—	—	119	—	—	119
Norway	—	—	8	—	—	8
Internal sales between segments	—	—	15	—	-16	—
Total	**1,281**	**787**	**544**	**91**	**-51**	**2,652**

1-12/21 EUR million	Housing	Business Premises	Infrastructure	Property Development	Other Items	Group
Timing of revenue recognition						
Over time	441	725	527	45	12	1,750
At a point in time	841	62	1	45	-47	902
Internal sales between segments	—	—	15	—	-16	—
Total	**1,281**	**787**	**544**	**91**	**-51**	**2,652**

Property, plant and equipment

EUR Million	12/22	12/21
Carrying amount at Jan, 1	**53**	**68**
Exchange rate differences	—	—
Increases	5	8
Decreases	-7	-3
Business acquisitions	—	—
Business disposals	-2	-10
Depreciation, continuing operations	-9	-11
Depreciation, discontinued operations	—	—
Impairment, continuing operations	-4	—
Reclassifications	—	—
Carrying amount at the end of period	**37**	**53**

Leased property, plant and equipment

EUR Million	12/22	12/21
Carrying amount at Jan, 1	**79**	**84**
Exchange rate differences	—	—
Increases, including the effect of index changes	14	22
Decreases	-4	-7
Business acquisitions	—	1
Business disposals	-3	-2
Depreciation, continuing operations	-18	-19
Depreciation, discontinued operations	—	-1
Carrying amount at the end of period	**68**	**79**

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

Results of discontinued operations

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

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	1-12/22	1-12/21
Net cash used in operating activities	-24	41
Net cash used in investing activities*	-14	—
Net cash used in financing activities	23	9
Cash flow for the period	**-18**	**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	—
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	—
Total liabilities	**142**
Net assets sold	**31**

EUR Million	1-12/22	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	12/22	12/21
Raw materials and consumables	6	7
Work in progress	560	501
Plot reserve	630	643
Completed apartments and real estate	208	92
Advance payments	22	41
Other inventories	—	—
Inventories	**1,426**	**1,285**
Plot reserve	86	105
Plots, work in progress	45	62
Plots, completed apartments and real estate	27	7
Leased inventories	**158**	**174**

In 2022, YIT recognised inventory write-downs related to discontinued operations of EUR 137 million (13). Write-downs related to continuing operations amounted to EUR 1 million (39). In 2021, YIT recognised inventory write-downs for continuing operations amounting to EUR 39 million. Write-downs in Housing segment amounted to EUR 8 million, in Property Development segment EUR 23 million and in Business Premises segment EUR 8 million.

Financial assets and liabilities by category

31 December 2022, EUR million

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

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

31 December 2021, EUR million

Measurement category	Financial assets and liabilities measured at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial assets and liabilities recognised at fair value through comprehensive income	Carrying amount	Fair value	Fair value measurement hierarchy
Non-current financial assets						
Equity investments		184	2	186	186	Level 3
Trade receivables, interest-bearing receivables and other receivables*	74			74	68	
Loan receivables		7		7	7	Level 3
Derivative agreements			1	1	1	Level 2
Current financial assets						
Trade receivables, interest-bearing receivables and other receivables*	189			189	189	
Derivative agreements		1		1	1	Level 2
Cash and cash equivalents	389			389	389	
Financial assets by category, total	**652**	**192**	**2**	**846**	**839**	
Non-current financial liabilities						
Interest-bearing liabilities	398			398	395	
Trade payables and other liabilities*	27			27	25	
Current financial liabilities						
Interest-bearing liabilities	118			118	118	
Trade payables and other liabilities*	276			276	276	
Derivative agreements		3		3	3	Level 2
Financial liabilities by category, total	**820**	**3**		**823**	**818**	

*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 issued 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 2.00–5.02 % (2.40–3.48 %). 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 12/22	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, Tripla Mall Ky	Discounted Cash Flow (DCF) method, 10-year period	Compound annual growth rate (CAGR) of Net Operating Income (NOI) for the entire valuation period	4.80%	4.44%	1 percentage point increase (decrease) in the input value leads to a EUR 23 million increase (EUR 19 million decrease) in the fair value of the asset.	The change in the input value is estimated through a coefficient that increases/ decreases the growth of all annual NOI cash flows identically, therefore depicting a scenario where the NOI of commercial facility and parking facility follows a higher/lower growth trajectory during the valuation period.
		Yield	5.50% - 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 yields used for different parts of the shopping center.
Equity investments recognised at fair value through profit and loss, OP Vuokrakoti Ky	Comparable transactions method and discounted cash flow method	Price per square meter	5,268 € / m2	N/A	5 percentage point increase (decrease) in the average square meter price leads to a EUR 3 million increase (EUR 3 million decrease) in the fair value of the asset.	Both comparable transactions and discounted cash flow method are taken into account in the determination of average square meter price.
Other receivables recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method	Discount rate	5.76%	2.66%	1 percentage point increase (decrease) in the input value leads to a decrease of EUR 0 million (or increase of EUR 0 million).	The input value rate reflects the exit yield of the investor.

Description of valuation techniques

Equity investments recognised at fair value through profit and loss

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

The value of the investment of YIT to Tripla Mall Ky is also affected by a separate profit-sharing agreement between the shareholders of Tripla Mall Ky. When an equity multiple that is calculated with fixed market parameters (inflation and exit yield) exceeds (or is below) an agreed target range, YIT is entitled to a larger (or smaller) share of the fair value of the investment, 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 modelling 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, it would not remain in the target range and a decrease in the input value would lead to a EUR 8,6 million decrease in the fair value of the asset. Fair value changes resulting from the profit-sharing agreement are reported in consolidated income statement in the row "Change in fair value of financial assets".

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

Loan receivables recognised at fair value through profit and loss

The fair value of 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	12/22	12/21
Fair value on 1 January	**193**	**187**
Additions	23	—
Change in fair value from equity investments recognised in income statement	10	6
Change in fair value from loan receivables recognised in income statement	-1	-1
Decreases	—	—
Fair value on 31 December	**223**	**193**

Valuation processes

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

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

Derivative contracts

EUR Million	12/22	12/21
Value of underlying instruments		
Interest rate derivatives (hedge accounting applied)	100	100
Interest rate derivatives (hedge accounting not applied)	160	30
Foreign exchange derivatives	176	216
Fair value		
Interest rate derivatives (hedge accounting applied)	4	1
Interest rate derivatives (hedge accounting not applied)	6	—
Foreign exchange derivatives	—	-2

Contingent liabilities and assets and commitments

EUR Million	12/22	12/21
Guarantees given		
Guarantees on behalf of others	1	1
Guarantees on behalf of construction consortia	2	10
Guarantees on behalf of associated companies and joint ventures	4	5
Guarantees on behalf of parent and other Group companies	968	989
Other commitments		
Investment commitments	73	85
Purchase commitments	178	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 5 million (6) on 31 December 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 comparison period 2021, YIT had EUR 4 million accrued interest on the hybrid bond which was 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. In February-March 2022, the parties reached an amicable settlement, which became final in April 2022. The settlement did not have a material impact on the financial position of the group.

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	1-12/22	1-12/21
Sale of goods and services		
Key management personnel	–	0.2
Associated companies and joint ventures*	160	157
Purchases of goods and services		
Associated companies and joint ventures	–	–

EUR Million	12/22	12/21
Trade and other receivables		
Associated companies and joint ventures	6	6
Interest-bearing receivables		
Associated companies and joint ventures	18	22
Trade payables and other liabilities		
Associated companies and joint ventures	–	–
Interest-bearing liabilities		
Associated companies and joint ventures	7	–

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.

*Comparative figure have been adjusted.

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR Million	10-12/22	10-12/21	1-12/22	1-12/21
Operating profit (IFRS)	**42**	**25**	**102**	**56**
Adjusting items				
Fair value changes related to redemption liability of non-controlling interests	—	1	2	1
Restructurings, adaptation measures and other non-recurring costs related to group management team	1	—	1	3
Court proceedings	-2	—	-2	—
Operating profit from operations to be closed	1	9	1	22
Inventory fair value adjustment from PPA*	—	—	—	1
Depreciation, amortisation and impairment from PPA*	—	—	6	2
Adjusting items, total	**1**	**10**	**8**	**29**
Adjusted operating profit	**42**	**35**	**110**	**85**

*PPA refers to merger related fair value adjustments.

Reconciliation of adjusted EBITDA, rolling 12 months

EUR Million	12/22
Adjusted operating profit	**110**
Depreciation and amortisation	33
Depreciation, amortisation and impairment from PPA	-6
Adjusted EBITDA	**137**

Reconciliation of order book

EUR Million	12/22	12/21
Partially or fully unsatisfied performance obligations	2,671	3,193
Unsold self-developed projects	1,031	654
Order book	**3,702**	**3,847**

Definitions of financial key performance indicators

Key figure	Definition	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling 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 from restructurings and adaptation measures and other non-recurring costs arising from agreements with the Group management team, impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA"). YIT has clarified the definition of Adjusting items on 1 January 2022 to include also other non-recurring costs arising from agreements with the Group management team in addition to costs from restructurings and adaptation measures.	
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 is calculated from the total capital employed of the segments.	Capital employed presents capital employed of segment's operative business.
Interest-bearing debt	Non-current and current borrowings including 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 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.
Return on equity, %	Result for the period, 12 months rolling / equity total average	

Key figure	Definition	Reason for use
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 unsold own developments.	Order book presents estimated transaction price for all projects.
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 ratio (rolling 12 months)	Net 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.	

Financial Statements Bulletin 2022: Appendix 1
Most significant short term business risks

Strategic risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Market risks	• The general economic development, functioning of the financial markets and the political environment in YIT's countries of operation have an impact on the Group's business operations. • Domestic and foreign policy tensions in the EU, countries close to the EU, the USA and Russia, or other international tensions, may affect construction demand, create business complications or be reflected in sanctions, for example, which can have an impact on the Group's business. • The war in Ukraine started by Russia will have a significant adverse impact on our operating environment and the company's business. • A recession, negative developments related to purchasing power, consumer confidence, business confidence, the availability of financing for consumers or businesses and the general interest rates may decrease the demand for YIT's products and services. They also affect the parameters used for the measurement of balance sheet items at fair value. Demand is weakened by rising inflation, energy prices and the declining availability of energy. • Declining prices for assets sold or owned, or an increase in investors' yield requirements, present a risk for the Group's profitability should these risks materialise. With regard to pricing, the risk increases if rising in input prices cannot be passed on to selling prices or hedged, especially in fixed-price contracting. • Supply chain disruptions create difficulties with regard to the availability of materials and increase risks related to rising construction costs and project delays. • Changes in customer preferences and in the competitors' offerings present risks related to the demand for the Group's products and services. • New competitors, business models and products may pose risks related to the demand for the Group's products and services. • Higher prices or interest rates, the increased supply of rental housing or the weakening of tenant demand in the business premises or residential market, and better yields of alternative investments, may lead to a decrease in investor demand. • Increased supply, slower population growth or local decrease of population may have a negative impact on housing demand locally.	• Continuous monitoring and analysis of market developments and the operating environment. • Financing and project model solutions implemented with partners. • Continuous monitoring of yield requirement levels, the tender portfolio and the sales situation. The Group reacts to changes in the market situation by refraining from exceeding the risk limits associated with production, completed projects and capital. • Contract structures, practices and a diverse supplier network that make it possible to reduce the negative impacts of changes in prices and availability. • Ensuring competitive products and services that correspond to customer demand. • Alternative investors and users are assessed for projects starting from the design phase. Projects are designed to be as flexible as possible so that the spatial solutions serve different groups of customers and users.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Climate change	• Climate change may present physical, legislative, technical, financial, market and reputation risks to YIT's business. • Extreme weather, such as considerably higher annual rainfall or extended periods of hot weather, may lead to increased costs, changes in planning processes or delays in production. • Costs related to CO_2 emissions or emission reductions may create pressure with regard to the supply chain or the development of new solutions as the construction industry transitions to alternative building materials and seeks more effective ways to reduce emissions. • Increasing sustainability-related requirements among customers, investors and other stakeholders may be reflected in YIT's customer demand, financing conditions and attractiveness as an investment or development partner. • Failing to achieve emissions targets may influence the availability or cost of financing.	• Regular evaluation of climate risks and opportunities • Proactive action and setting ambitious goals to develop operations in a sustainable and climate-friendly direction. • Incorporating sustainability criteria into YIT's investment and tendering processes. • Training of personnel with regard to sustainability issues • Active cooperation and dialogue with stakeholders in the value chain to develop alternative construction materials and solutions. • YIT's proactive project and product development, piloting new solutions and active cooperation throughout the value chain.
Risks related to sustainability legislation	• Changes to regulations concerning sustainability, or changes in the interpretation of the regulations, may lead to declining investor and consumer demand, a lower availability of financing or the cost of financing, or otherwise weaken the company's operating conditions.	• Detailed evaluation of legislative requirements and related impact assessment
Changes in legislation and requirements	• Changes in legislation and the authorities' permit processes may slow down the progress of projects, have a negative impact on net debt, increase the need for equity or debt financing or prevent additional funding from being realised. • In individual projects, zoning, building permits and approvals and interpretations by the authorities, among other factors, can cause risks and, for example, postpone the order book, revenue or profits from one quarter or year to another.	• Continuous monitoring of changes in legislation and regulations. Active participation in zoning and planning to support risk management. Comprehensive identification and assessment of risks that affect projects and the project portfolio before making tender or start-up decisions. • Active dialogue with stakeholders and the authorities throughout the project life cycle. Proactive project risk management in such a way that last-minute decisions or changes do not have a significant impact on the start or completion of projects and consequently on financial indicators.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Country risks	**Finland** • Finland accounts for a significant share of the Group's business, which underscores the significance of Finland's economic development for YIT's business. • Slowing growth in the Finnish economy, inflation, rising interest rates, migration and increasing public sector debt may weaken consumers' purchasing power and general confidence, which would have a negative impact on the demand for apartments and business premises. An increase in public sector debt can make it more difficult to finance infrastructure investments, especially in the municipal sector. • In Finland, disruptions or significant changes in project financing and housing company loans can affect YIT's ability to finance construction-time costs and have indirect impacts on customer demand. **Central and Eastern Europe** • Slowing economic growth, inflation and rising interest rates may weaken consumers' purchasing power and general confidence, which would have a negative impact on the demand for apartments and business premises. • There are uncertainty factors related to the operations of the authorities, permit processes and their efficiency, which may result in significant delays to project development. • Increasing political risks may influence demand or otherwise complicate business operations. • Increased risk related to labour and migration from outside the EU, for example.	**Finland** • Continuous monitoring of the economic development of Finland and public investments. • Risk management related to project financing and housing company loans involves managing working capital and financial reserves through efficient allocation and use of capital, shortening lead times and ensuring sufficient financing capacity. Developing project funding models and cooperation with partners. **Central and Eastern Europe** • Continuous monitoring of economic development and public investments. • Close engagement with the authorities to ensure handovers and the processing of permits. • Housing production is a relatively low-risk business in terms of political risks. Changes in selling prices and the continuous monitoring of sales make it possible to manage price risks better than in contracting-based production. • Monitoring has been increased in YIT's production and procurement activities with respect to the terms of employment and human rights issues.
Corporate governance	• The industry's special characteristics, the geographical dispersion of the Group's operations, the large number of contracts and the fixed-term nature of projects may present risks related to the prevention of corruption, bribery, the grey economy and labour exploitation, for example. • Suppliers' failure to commit to the Code of Conduct will increase the risk of human rights violations and harm to YIT's reputation..	• YIT is committed to good corporate governance through compliance with laws and regulations. • YIT trains its personnel to act responsibly. • YIT has updated its sustainability strategy. YIT continues its zero-tolerance policy towards the grey economy, corruption, labour exploitation and discrimination. YIT is also undertaking purposeful action to promote sustainability-related issues throughout its supply chain. Going forward, YIT will require its suppliers to make the same commitments to environmental, social and governance criteria as the Group has set for itself.
Reputation risks	• Topics discussed in the public debate concerning the construction industry or YIT's operations may, either justifiably or unjustifiably, reduce trust in the Group and have a negative impact on YIT's reputation. Such topics include the grey economy, unethical activities and quality problems in construction.	• Continuous development of the Group's governance model, preventive risk management and monitoring practices in connection with sustainability issues, for example. • Quick, reliable and open communication with stakeholders. • Training and guidelines for personnel and partners, monitoring system • Developing crisis communication practices and ensuring the communication capabilities of key personnel

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Investments & divestments, mergers and acquisitions	• The Group's investments, divestments, mergers or acquisitions may prove to be contrary to the implementation of the strategy or fall short of meeting the set objectives.	• YIT applies the gate model in the preparation of investments and divestments and related decision-making as well as the gate-specific approval practices and criteria stipulated by the model. Individual investments and divestments must be in line with YIT's investment policy and satisfy the criteria of the gate model, including risk assessment before approval. • Starting an acquisition or divestment process for a business of material significance and decision-making on the final transaction is always subject to approval by the Group's President and CEO, the Group Investment Board, the Investment and Project Committee of the Board of Directors and YIT Corporation's Board of Directors. • Processing and decision-making related to acquisitions and divestments (the acquisition or sale of a legal entity [share transaction] or business [asset deal]), where the purpose of the transaction is to acquire or divest a business, is conducted in accordance with YIT's gate model for acquisitions and divestments and the relevant gate-specific approval practices and criteria. • In processing and decision-making concerning associated companies and joint ventures, YIT applies the gate model of the company in question and the relevant gate-specific approval practices and criteria. • Investing in a joint venture or associated company, or establishing such a company or divesting YIT's holding in such a company and exiting a joint venture structure is always subject to approval by the Group's President and CEO and the Group Investment Board. The aforementioned decision-making and control measures are intended to ensure the fulfilment of objectives in line with YIT's strategy and investment policy criteria.
Strategic development projects and strategy implementation	• The Group may not be able to implement or adjust its strategy in its operating environment, or the chosen strategy may prove to be incorrect, which may have adverse impacts on YIT's financial performance.	• Due to the changes in the business environment, YIT has reassessed and determined the validity of its three strategic focus areas: Focus, Productivity and ESG. YIT has also updated its financial targets. • Responsibilities have been assigned for the regular monitoring of strategy implementation, and a dedicated regular operating model has been prepared for that purpose to facilitate the monitoring of progress and the implementation of corrective measures as necessary. Flexibility of the strategy and continuous assessment of alternative paths.

Operational risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Resources and personnel	• Labour availability: issues related to the availability of human resources may prevent production in accordance with the planned production volume. Cyclical fluctuations in the construction market may affect the availability of labour. • Retention and competence of the personnel: competitors' human resource needs constitute a risk of losing key employees and competencies.	• We have identified three personnel-related focus areas to support YIT's strategy and ensure the availability, retention and competence of personnel: 1.We are an attractive employer, we engage the commitment of our employees and develop their professional competencies. 2.Empowered and efficient teams 3.YIT's way of working – efficient and safe • We ensure goal-oriented recruitment and resource allocation, and we build an attractive employer image. • We make active efforts to engage the commitment of employees and develop leadership, particularly in situations involving changes in business; we create psychological security. • We ensure competitive and fair remuneration packages. • We develop the professional competence of our personnel, provide diverse career paths and engage in active succession planning to prepare for changes. • We support and monitor work ability and job satisfaction by ensuring the conditions for safety, health and well-being at work, and by developing excellent work ability management and safety management.
Risks related to occupational safety and human rights	• Occupational safety risks, typically various accidents and hazardous situations that primarily lead to injury or material damage. Most accidents at work are related to movement, such as tripping, falling and slipping at construction sites. Hazardous situations arise in relation to falling materials during lifting or when employees work above or below other workers. • Risks related to respecting human rights throughout the supply chain, such as labour exploitation, working conditions, harassment, racism, discrimination and other unethical conduct. The chaining of contracts typically makes transparency more complicated in the construction industry.	• Preventive occupational safety measures, such as safety planning, management walks, safety observations, on-site weekly meeting and safety briefing practices, orientation and training. Investigation of accidents and hazardous situations and internal communications. • Supplier requirements and audits related to labour and human rights. A separate assessment pertaining to the chaining of contracts. Regular evaluations of human rights impacts. Multiple channels are provided for reporting suspected violations of labour and human rights, and all reports are investigated.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Procurement risks	• The high level of subcontracting in the construction industry and the specialisation of areas of expertise may involve risks related to the management of contracting chains. • Foreign labour can involve risks, such as the realisation of labour and human rights. The mobility of labour within the EU has increased and the amount of labour from outside the EU is significant. • Availability and delivery disturbances can delay the implementation of projects and incur additional costs. • Procurement-related sustainability issues and internationalisation may cause risks and significant adverse reputational impacts related to the realisation of labour rights and human rights as well as challenges associated with the management of chained contracts. • The delivery times, availability and prices of construction materials may vary due to global supply chain challenges.	• The efficiency risk of the procurement function is managed as part of project management, in addition to which the use of standard solutions will be increased. Reducing supply chain risks through effectively managed lean construction. • Proactive risk management in the planning phase of projects and the selection of partners. Use of annual contracts and forecasting purchases. • YIT aims to develop mutually beneficial long-term relationships with its partners. Continuous development of sustainability-related matters in procurement; for example, ensuring compliance with own obligations throughout the supply chain. Engaging suppliers' commitment to the Supplier Code of Conduct. Continuous monitoring of projects and the supply chains and partners involved in projects by means of information systems and audits. • Requiring the contract number related to the order for all invoices allocated to YIT's construction sites. • Enabling the detection of human rights violations through YIT's Code of Conduct and the YIT Whistleblower channel. • Developing the monitoring of the working conditions of foreign workers. Supplier requirements related to labour and human rights. Requiring a residence permit issued by the Finnish authorities and the related right to work from posted workers who are not from the EU, EEA or Switzerland. Regular anonymous surveys of foreign workers, focusing on working conditions, living conditions and labour exploitation.
Acquisition risks related to plots of land and properties	• Zoning and general market developments may be reflected in the availability, risks and economic feasibility associated with plots of land and building rights. • External uncertainties, such as changes in legislation and regulations, construction-related requirements and interpretations by the public authorities and changes in decision-makers may present risks that have financial impacts. Complaints related to zoning and building permits may cause delays and additional costs. • The efficiency of YIT's own land acquisition and the sufficiency of building rights may pose risks. Deficiencies in input data or incorrect project calculations may lead to the incorrect pricing of plots.	• Continuous monitoring of the sufficiency of the plot reserve to ensure business continuity and economy of operations. Continuous monitoring of land acquisitions and commitments to ensure capital efficiency and manage financial risks. • YIT applies the company-specific gate model in the preparation of plot acquisitions and related decision-making as well as the gate-specific approval practices and criteria stipulated by the model. The uncertainties associated with land acquisitions are identified and assessed as part of the gate review procedures. • Acquisitions or sales of plots of land are subject to the approval of the Group's President and CEO and the Group Investment Board and, depending on the size of the transaction, the approval of the Board of Directors' Investment and Project Committee and the Board of Directors. • For individual plot acquisitions, managing uncertainty through participation in area development and zoning, for example. Due diligence, risk transfer and plot acquisition structuring practices aimed at mitigating and managing risks. • Allocating adequate and competent resources to business functions engaged in land acquisition.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Environmental risks	• Operational risks related to the environment may be locally significant; for example, in the event of a fuel leak or soil contamination. • The most significant acute environmental risks are related to the handling of hazardous materials. • Due to their location or the construction methods used, construction projects may give rise to risks related to the loss of biodiversity.	• Construction sites' operating instructions for risk identification, prevention and management. • An environmental risk assessment conducted in the planning phase for the largest projects. • Measures to protect biodiversity are planned on a project-specific basis in the planning stage.

Project risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Changes in the operating environment	• Political, macroeconomic and social changes as well as changes related to technological development and the regulatory operating environment. • The escalation of geopolitical risks that are reflected in general uncertainty and demand. Risks related to the availability and price of energy have direct and indirect negative impacts on the company's business operations through construction materials. Geopolitical risks may influence the actions of central banks and market interest rates which, in turn, affects the measurement of assets on the balance sheet.	• Continuous monitoring of market and area price development, each area's image and the zoning situation. • Comprehensive risk identification, risk assessment and action planning as part of decision-making pertaining to plot acquisition, planning, bidding and the start of construction. Appropriate pricing of risks, especially in long-term projects. • Monitor market reactions and take targeted adjustment measures.
Project portfolio risks	• Efficiency risks and financial risks if the Group is unsuccessful in site selection, tendering, contract negotiations or project management. • The project requirements do not correspond to YIT's competencies, resources or profitability targets. • The risks associated with individual large projects may jeopardise the Group's financial performance.	• Managing the project portfolio so that the set targets can be achieved within the planned risk thresholds. • Ensuring and planning key resources and competencies before making the final commitment to a project in the tendering and/or project development phase. • The decision-making authorisations defined in YIT's investment policy, together with risk ratings, determine the decision-making level and profitability target of the project. • Focusing on the pre-selection of large projects by using gate review practices before the project development phase. Risk and project management in large projects involves more frequently recurring monitoring and review practices than normal projects during the implementation stage in addition to financial reporting reviews.
Project and property risks	• Risks related to diversity, design management, the quality of tender and planning documentation and the suitability of the contracting form as well as the project's life cycle risks.	• Breaking down projects into appropriate implementation packages and choosing the right method of implementation, particularly in self-developed projects. Determining the project's risk category at the beginning of the project development stage. Proactive identification of risks and opportunities and preparing a risk management plan for the project before the planning stage begins. Risk sharing between project participants. • Design management and managing changes to plans and designs. Designing projects to be flexible and adaptable where possible. Ensuring the economic feasibility of projects in design management. • Implementation planning before implementation begins, taking advantage of the so-called golden window in production planning when the plans have been completed. • Efficient procurement and the active participation of the procurement function in design management. • Gate reviews are used to assess the risks of individual projects, and their mitigation, as part of the fulfilment of the gate's decision-making criteria.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Customer and end user risks	• The implementation of self-developed projects includes an element of sales risk in changing economic cycles. • In contracting projects and investor sales, the fixed price implementation form, in particular, creates a profitability risk as inflation related to material costs continues. • In contracting projects, the requirements of the client organisation, the quality of the plans, and risks related to the effectiveness of cooperation. Additional and alteration work during the project in proportion to the original project package is a risk, especially in target price or price ceiling contracts. • The implementation and completion of projects as well as the warranty and maintenance period may involve risks that can reduce project profitability.	• In self-developed projects, achieving an adequate selling rate or occupancy rate by means of market-based pricing. • Preparing for cost increases with adequate provisions for increases and, where possible, strive to link the costs of key materials to indices. • Through active cooperation with the client and the designers, seek collaborative implementation models to mitigate risks related to the implementation stage and improve the management of additional work and alterations. • Actively influencing the development of the general contractual terms used in the construction industry. Compliance with the general contractual terms. • Customer communication and managing customer insight. Managing contracting forms and contract structures. Use of legal expertise in the drafting of contracts. • Developing the management of additional work and alterations as part of a project aimed at the development of project management capabilities.
Risks related to project implementation and liability period	• Project management challenges in individual projects may jeopardise the achievement of financial targets, which is particularly significant in the context of large projects. • The project implementation stage involves various risk areas, including construction feasibility risks, unexpected changes in project scope, yield or costs, partner risks, construction site and contractor performance, schedule risks, environmental risks, occupational safety risks, quality deviations, complaints, liability repairs and service level deviations. The impacts of the aforementioned risks on the project's financial performance and financial reporting.	• Project deviations and their impact on project performance are monitored as part of YIT's monthly reporting and monthly reviews. Significant deviations are highlighted in monthly reviews or gate reviews, with corrective measures and follow-up actions planned. • Continuous maintenance of the risk management plan and financial impact assessment as part of project management and reporting. Gate reviews concerning risks and, in high-risk projects, periodic risk reviews. Escalation of deviations. Financial reporting risk reviews and processing on a monthly basis. • For large projects, review practices in the implementation stage are applied more frequently than in normal projects, and project reviews are participated in by not only the project management but also group-level and segment-level management.

Financial risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Reporting risks	• Changes in accounting standards and their interpretation may lead to changes in YIT's accounting policies and consequently affect YIT's financial indicators. • The actual figures and projections related to customer projects constitute a significant part of YIT's financial reporting. Project implementation and liability period risks, for example, can have unexpected impacts and, consequently, they may affect YIT's financial performance.	• Risks related to financial reporting are managed with the help of the Group's accounting principles, financing and tax policy, investment guideline, acquisition instructions, control environment and internal control. • YIT actively monitors the development of accounting standards and assesses their impact. • The Group maintains and consistently complies with its defined accounting principles. • Continuous monitoring of business forecasts, personnel training and development of the reporting and ERP system.
Financial risks	• The most significant financial risks are risks related to the availability of financing (new loan acquisition and refinancing), liquidity, interest rates and the development of foreign exchange rates. • The Group has regular financing needs and an extensive portfolio of financial instruments. The availability of financing may decline or the price of financing may increase depending on the prevailing situation in the financial market as well as the development of the Group's profitability and/or financial position. Some of the company's financing agreements and credit limits are subject to the fulfilment of certain financial covenants. • The Group's most significant exchange rate risks are related to investments made in currencies other than the euro in group companies located outside the euro area; for example, zloty-denominated investments in Poland. • Rising interest rates in euros and the Group's other operating currencies (including PLN, CZK, SEK and NOK) increase financial expenses.	• Ensure that sufficient credit facilities and a sufficient number of sources of financing are available and actively manage financing agreements. • The aim is to safeguard the sufficiency of financing so that the liquidity available to the Group matches the Group's overall liquidity needs at all times. • The Group's foreign exchange risk is managed through foreign exchange forward contracts, used for hedging debt investments in group companies, among other measures. The translation risks arising from equity investments is managed by optimising the capital structure of Group companies. • Interest rate risk is managed by striving to set the average interest rate fixing period of the Group's liabilities close to the interest rate sensitivity level of the Group's business. The average interest rate fixing period of liabilities and the ratio between fixed rate and floating rate liabilities are monitored. Sensitivity analyses are also conducted for the Group's interest rate risk. Interest rate derivatives are used for hedging against interest rate risk. • More detailed information on financial risks and their management is provided in Note 30 to the consolidated financial statements.
Capital efficiency	• If YIT were to fail in managing capital employed, this could lead to the excessive growth of capital employed. • YIT's measures to increase capital efficiency may result in write-downs or expenses, which may have negative or positive financial impacts.	• The Group continuously assesses the use of capital employed and its allocation to businesses and takes the necessary measures to improve capital efficiency.

Event risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Information systems, data security and data protection	• The risk of cyber security deviations that may compromise the continuity of business operations increases as the overall situation becomes more tense. • The need for the renewal of information systems, particularly with respect to sales process support systems, involves a significant amount of dependencies between different processes and systems. • Dependence on suppliers and the geographical location of the services provided by suppliers may create continuity-related risks in service provision.	• Continuous assessment of the scope of controls and improving them to correspond to the threat level. Identification and recovery planning of critical information systems related to business processes. • Taking dependencies into consideration in critical projects involving the renewal of support systems. • Ensuring that suppliers have the necessary resources and capabilities, and conducting an overall assessment of service provision.
Pandemics, COVID-19	• Epidemics or pandemics may have direct or indirect impacts on the Group's operations and risks, such as the availability of personnel, sickness rate, administrative decisions and the availability and price of materials and financing. They can lead to the temporary closure of construction sites or slower progress and delays in completion and, consequently, financial risks and risks associated with financial reporting. • Epidemics or pandemics can have an impact on the occupancy rates of properties owned and sold and, consequently, their values. • A prolonged pandemic can affect consumers' and investors' purchasing decisions and their timing.	• Ensuring the continuity of construction sites and procurement through analyses, substitution arrangements, the scheduling of work and breaks, maintaining appropriate hygiene standards and active communication. • Active dialogue with various stakeholders and the public authorities.
Criminal offences, misconduct and other serious non-conformities	• YIT's business is local and project-oriented. Criminal offences and incidents of misconduct are typically related to construction site functions or procurement. The networked and chained operating principles in the construction industry and the relatively low barrier to entry may create conflicts of interest. • Climate change, economic uncertainty and political activity may increase the probability of event risks.	• During the past few years, the construction industry has developed risk management concerning the grey economy. Examples of this include reverse charge value added tax, reporting in compliance with the legislation governing contractors' obligations when work is contracted out, the use of the VALTTI card and monthly company-level and employee-level reporting to the tax authorities. • YIT's risk management is based on the Group's values, leadership principles, Code of Conduct and Supplier Code of Conduct. • Decision-making authorisations have been defined at the Group level and separately in each business segment. Segment-level investment boards have been established in addition to the Group Investment Board, with some decision-making delegated to the segment-level boards. • Detecting and addressing serious non-conformities through an escalation procedure. • For risks that are insured against, the Group decides on and acquires Group insurance and supports the business units in insurance-related matters. • Proactive risk management, with a typical example being the risk evaluation of contractual partners and acquired properties before any commitment is made and managing corporate security risks at construction sites with the help of access management and camera surveillance. • Investigating serious non-conformities in accordance with the agreed process, minimising damage and continuous development based on the lessons learned.

Together we can do it.

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