Q2

YIT Corporation
Half-year report 1-6/2021

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Half-year report January–June 2021

Satisfactory quarter driven by good housing results. Group adjusted operating profit at EUR 30 million.

- YIT's adjusted operating profit improved to EUR 30 million (5).
- Good results in the housing businesses.
- Infrastructure's adjusted operating profit at loss due to margin reductions on certain projects.
- Solid operating cash flow after investments of EUR 109 million (247).
- Net interest-bearing debt decreased to EUR 353 million (715). Gearing continued to improve reaching 35% (73).

- Strong residential sales continued. Number of unsold completed apartments at a low level.
- Housing start-ups in Finland and CEE increased substantially to 1,878 (889).
- YIT signed a committed EUR 300 million revolving credit facility linked to sustainability targets.
- Measures to improve performance progressed at a fast pace. Focus on project management, operating model and Infrastructure business.

- Ilkka Tomperi appointed as Executive Vice President of the Partnership properties segment as of August 2021.
- Pasi Tolppanen appointed as Executive Vice President of the Infrastructure segment as of August 2021.
- Tuomas Mäkipeska appointed as Chief Financial Officer as of beginning of February 2022 at the latest.

Key figures

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Revenue	733	700	1,339	1,407	3,069
Operating profit	25	0	40	-4	35
Operating profit margin, %	3.5	0.0	3.0	-0.3	1.1
Adjusted operating profit	30	5	51	13	85
Adjusted operating profit margin, %	4.1	0.7	3.8	0.9	2.8
Result before taxes	17	-8	23	-25	-6
Result for the period, continuing operations	11	-9	15	-18	-8
Result for the period, including discontinued operations	11	45	15	13	27
Earnings per share, EUR	0.05	0.22	0.06	0.06	0.13
Operating cash flow after investments	109	247	178	199	336
Net interest-bearing debt	353	715	353	715	628
Gearing ratio, %	35	73	35	73	68
Equity ratio, %	41	33	41	33	33
Return on capital employed, % (ROCE, rolling 12 months)	8.0	9.5	8.0	9.5	5.2
Order book	3,890	4,074	3,890	4,074	3,528
Combined lost time injury frequency (LTIF, rolling 12 months)	10.2	10.0	10.2	10.0	9.8
Customer satisfaction rate (NPS)	51	53	51	53	51

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

Markku Moilanen, President and CEO

"YIT's second quarter was satisfactory in many ways. We swiftly took immediate measures to improve our performance, and the progress has been promising. Regarding the business performance, our cash flow was solid resulting in a lower net debt of EUR 353 million (715). Furthermore, the results of the housing businesses were very good, supporting our overall profitability. The Group's adjusted operating profit improved to EUR 30 million (5).

I am proud of the excellent work the organisation has done in responding to strong housing demand by boosting sales and margins in all regions. Supported by the strong balance sheet, we have accelerated our housing start-ups significantly and expect this trend to continue throughout the year. With this, we are answering to customer needs and ensuring our solid market position also for next year.

In Business premises, performance improvement continued. Last year, our profitability was burdened by certain financial settlements, and the positive adjusted operating profit in this year's second quarter is evidence that we are moving in the right direction. We are still finalising some old projects, but apart from these, Business premises' project portfolio is healthy.

In Infrastructure, we took control of the business and went through the entire project portfolio in detail and found several areas for improvement where management attention was needed. This led to margin reductions in some of the projects and consequently, Infrastructure's second quarter adjusted operating profit was negative. We expect challenges in Infrastructure to continue for the rest of the year while we are defining new direction for this business.

As Infrastructure strategy work has progressed, we have at this point made several important conclusions. First and foremost, we see that the Infrastructure business will continue to have a strategic role in the YIT Group. Our sustainable urban development agenda requires a wide portfolio of offerings, including top-notch infrastructure expertise. We already see that in large urban development projects, having our own infrastructure business enables us to achieve clear synergy benefits and financial opportunities. Our aim is to be differentiated, leading and an innovative partner for demanding infrastructure projects.

However, as the performance of this segment has not been satisfactory, changes are needed. Going forward, our focus will be on our core capabilities, such as rock tunnelling, foundation engineering, rail & tram and urban bridges & marine. We will take a look at our offering to become more competitive and efficient and in particular, be more selective in projects. Our future Infrastructure business will be somewhat smaller than today, but clearly more predictable and profitable.

Parallel to the Infrastructure strategy efforts, we have taken swift measures in project management and our operating model. The work is progressing according to our plans, and we expect to communicate the outcomes over the next couple of months. While actions are still needed, I am confident that we have all it takes to achieve steady operational performance with an efficient cost structure which will be the key for our future success."

Markku Moilanen
President and CEO

Guidance for 2021

In Housing Finland and CEE, housing completions in 2021 are expected to decrease compared to 2020 and volatility between the quarters is expected to be high. In the third quarter, the number of completions is estimated to decrease to approx. 300 units compared to 874 units in the third quarter of 2020, which is expected to have an approx. EUR 15 million impact on the segment's adjusted operating profit year-on-year. On the other hand, the fourth-quarter completions are expected to be at a high level.

For the full year, Housing Russia's solid underlying performance is estimated to continue. In Business premises, the stabilising development is expected to continue. The infrastructure segment is expected to be impacted by certain low performing projects during the second half of the year. In Partnership properties, portfolio development is expected to continue.

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

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

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

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

Market environment and outlook by region

Housing market

Q2	Outlook for Q3
Finland • Consumer demand started to normalise but stayed at a strong level. Access to consumer mortgages was delayed as banks continued to be congested. • Institutional investor demand stayed stable. • In the rental market, supply remained high and renting periods long, adding downward pressure on rental levels in certain regions. • Housing company loan financing was challenging due to the cautiousness of banks. • Cost inflation of construction materials started accelerating.	• Consumer activity expected to remain stable but delays in handling consumer mortgages expected to continue. • Institutional investor demand expected to strengthen and international investors to become more active. • In the rental market, competition expected to remain intense. • Availability of housing company loan financing expected to remain challenging. • Cost inflation of construction materials expected to continue. • Competition for plots expected to become more intense.
Baltic countries • Consumer demand was strong. • Cost inflation of construction materials started accelerating.	• Consumer demand expected to stay stable at a good level. • Cost inflation of construction materials expected to continue.
Central European countries • Consumer demand strengthened. • Cost inflation of construction materials started accelerating.	• Consumer demand expected to stay stable at a good level. • Cost inflation of construction materials expected to continue.
Russia • Interest rates for mortgages remained stable while reference rates started to increase. Share of consumers purchasing apartments with mortgages continued to increase. • Price levels continued to increase. • Competition for plots was intense. • Cost inflation of construction materials started accelerating.	• The State's interest subsidy programmes expected to continue to support consumer demand. • Consumer demand expected to stay at a good level. • Competition for plots expected to remain intense. • Cost inflation of construction materials expected to continue.

Real estate market

Q2	Outlook for Q3
Finland • Public sector demand remained active. • Investor demand started to pick up. • Yield requirements for commercial properties remained stable. • Competition for projects remained intense. • Rental demand started recovering. • Cost inflation of construction materials started accelerating.	• Public sector demand expected to stay active. • Investor demand expected to remain active. • Yield requirements for commercial properties expected to remain stable. • Intense competition expected to add pressure on price levels. • Rental demand expected to continue recovering. • Cost inflation of construction materials expected to continue.
Baltic countries • Investor demand was strong. • Cost inflation of construction materials started accelerating.	• Investor demand expected to remain strong. • Cost inflation of construction materials expected to continue.
Central European countries • Investor demand was stable and price levels stabilised. • Rental demand was stable. • Cost inflation of construction materials started accelerating.	• Investor demand expected to strengthen. • Rental demand expected to remain stable. • Cost inflation of construction materials expected to continue.

Infrastructure market

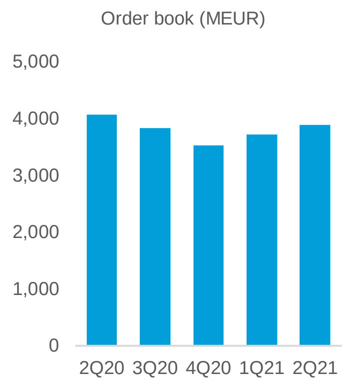
Q2	Outlook for Q3
Finland • Public sector demand remained on a relatively low level. • Investor demand was moderate. Demand for wind parks was strong. • Competition was intense, adding pressure on the prices. • Cost inflation of construction materials started accelerating.	• Public sector demand expected to remain subdued. State stimulus packages not expected to largely support the sector yet in 2021. • Investor demand expected to remain moderate. • Competition expected to remain intense. • Cost inflation of construction materials expected to continue.
Baltic countries • Public sector demand was moderate. • Competition was intense adding pressure on the prices. • Cost inflation of construction materials started accelerating.	• Public sector demand expected to slow down as the governments' budgets have already been running over. • Competition expected to remain intense. • Cost inflation of construction materials expected to continue.
Sweden • Public sector demand remained strong supported by several ongoing major infrastructure projects. • Private demand remained solid supported by several ongoing industrial investments. • Cost inflation of construction materials started accelerating.	• Public sector demand expected to remain at a good level due to traffic infrastructure development programmes and urbanisation development. • Private demand expected to remain at a good level. Large-scale industrial investments ongoing and in preparation. • Cost inflation of construction materials expected to continue.

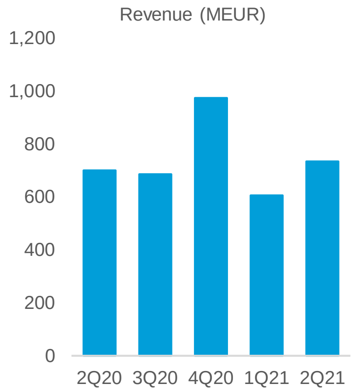
Market environment in Q2/2021

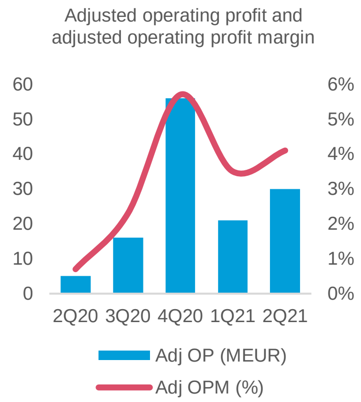
Good Normal Weak

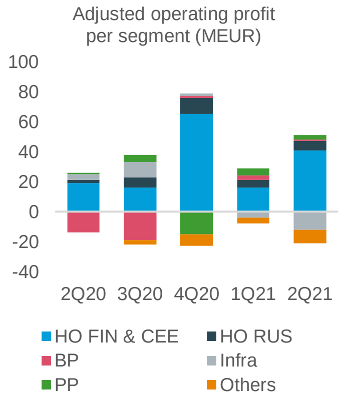
Market outlook for Q3/2021

Improving Stable Weakening









Results

April–June

At the end of the second quarter 2021, YIT's order book amounted to EUR 3,890 million (31 Mar 2021: 3,716). Compared to the first quarter, the order book remained stable in the Partnership properties segment and increased in all other segments. At the end of the quarter, 79% of the order book was sold (31 Mar 2021: 80).

The Group's revenue was EUR 733 million (700). Revenue increased in Housing Finland and CEE, Housing Russia and Partnership properties. Revenue decreased in the Infrastructure and Business premises segments.

The Group's adjusted operating profit amounted to EUR 30 million (5) and the adjusted operating profit margin to 4.1% (0.7). The result improved in the Housing Finland and CEE, Business premises, Housing Russia, and Partnership properties segments, but weakened in the Infrastructure segment.

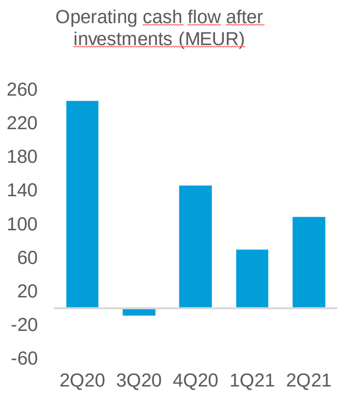
YIT's operating profit was EUR 25 million (0). The adjusting items amounted to EUR 5 million (5), including operating profit from operations to be closed.

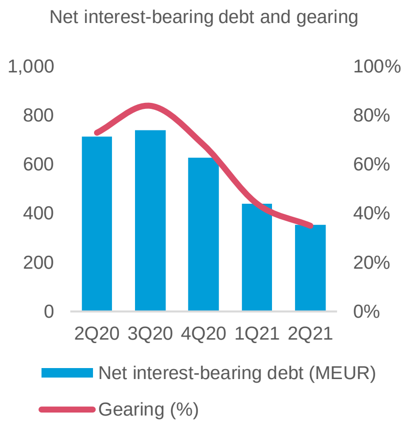
January–June

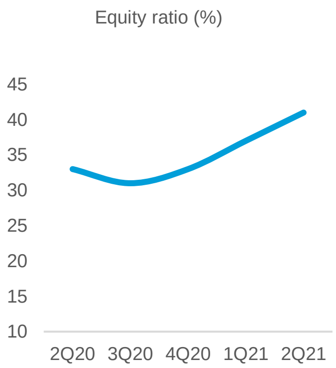
The Group's revenue was EUR 1,339 million (1,407). Revenue increased in the Housing Finland and CEE and Partnership properties segments, but decreased in the Business premises, Infrastructure and Housing Russia segments.

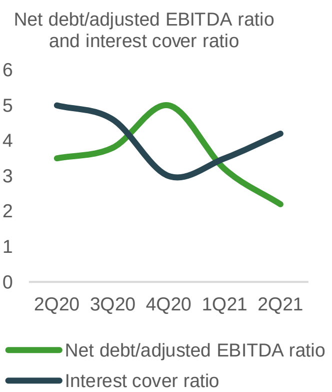
The Group's adjusted operating profit amounted to EUR 51 million (13) and the adjusted operating profit margin to 3.8% (0.9). The result improved in the Business premises, Housing Finland and CEE, and Housing Russia segments but decreased in the Infrastructure and Partnership properties segments.

YIT's operating profit was EUR 40 million (-4). The adjusting items amounted to EUR 11 million (16) including, among others, operating profit from operations to be closed.









Cash flow and financial position

During April–June, the Group's operating cash flow after investments was EUR 109 million (247), supported by lower capital employed. The corresponding period included cash flow of EUR 283 million from the sale of the Nordic paving and mineral aggregates businesses. Cash flow from plot investments was EUR -28 million (-30). Cash flow from investments to associated companies and joint ventures was EUR -6 million (-3).

During January–June, the Group's operating cash flow after investments was EUR 178 million (199), the cash flow from plot investments was EUR -43 million (-82) and the cash flow from investments to associated companies and joint ventures was EUR -15 million (-7).

At the end of the period, interest-bearing debt amounted to EUR 713 million (1,160) and net interest-bearing debt to EUR 353 million (715). Key drivers behind the net debt reduction were strong operating cash flow after investments during the last 12 months, as well as the hybrid bond issuance at the end of the first quarter of 2021. Gearing ratio was 35% (73) and equity ratio 41% (33). Equity increased to EUR 1,021 million (976). Net debt/adjusted EBITDA ratio was 2.2 (3.5) and interest cover ratio 4.2 (5.0).

During April–June, the net finance costs amounted to EUR 8 million (8). During January–June, the net finance costs amounted to EUR 17 million (21).

During the second quarter, YIT signed a committed EUR 300 million revolving credit facility linked to sustainability targets (lost time injury frequency rate, LTIF, and emission intensity of the Group's own operations). The facility will mature during the second quarter in 2024, with an option for one one-year extension. Simultaneously, YIT cancelled the current EUR 300 million committed revolving credit facility. YIT also agreed to extend the maturity of its EUR 50 million term loan by one year. The new maturity date is in March 2023.

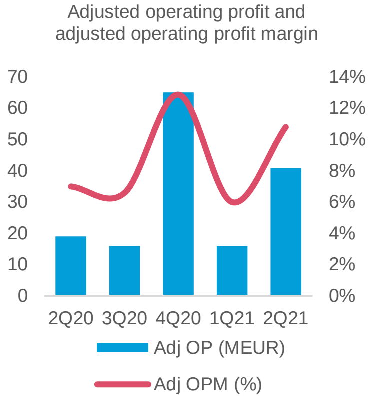
Cash and cash equivalents decreased to EUR 304 million (380), in addition to which YIT had undrawn overdraft facilities amounting to EUR 32 million (47). Furthermore, a committed revolving credit facility of EUR 300 million (300) was completely undrawn, and undrawn and committed housing company and project loan limits related to apartment projects were EUR 232 million (193).

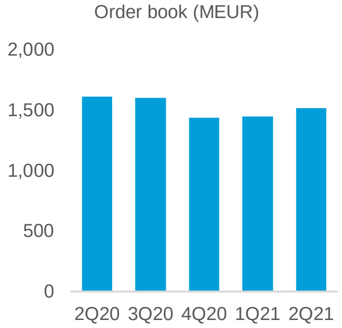
Capital employed was EUR 1,364 million (1,692) at the end of the quarter, out of which capital employed in Russia was 12% (15) resulting in EUR 158 million (258). Capital employed decreased primarily due to strong apartment sales, low apartment start-ups in 2020 and, hence, low number of unsold completed apartments in the housing segments. In new residential development projects in Russia, the consumer payments for housing shall be made to escrow accounts and the funds will be released to the developer from the escrow accounts upon completion of the project. At the end of the period, the Russian escrow accounts amounted to EUR 65 million (15). Equity investments in Russia were EUR 280 million (321).

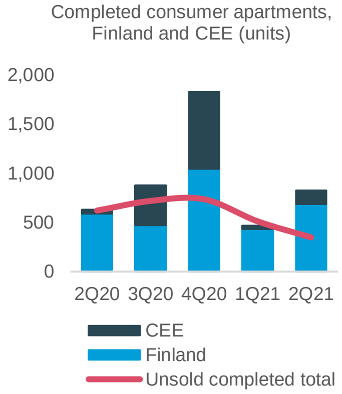
Investments and divestments

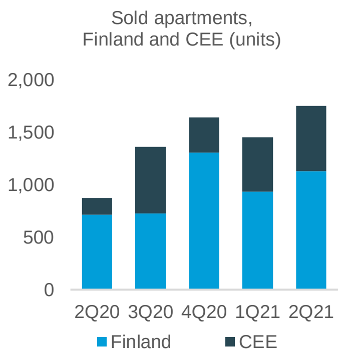
During April–June, the gross capital expenditure amounted to EUR 12 million (3), or 1.7% of revenue (1.7), of which EUR 9 million (2) was leased. Investments in plots were EUR 34 million (18), after which the plot reserve amounted to EUR 681 million (723). Investments in leased plots were EUR 3 million (2), after which the leased plot reserve amounted to EUR 109 million (137). The total plot reserve at the end of the quarter was EUR 790 million (860).

During January–June, the gross capital expenditure was EUR 15 million (15), or 1.1% of revenue (1.1), of which EUR 11 million (12) was leased. Investments in plots were EUR 46 million (49) and, in addition, investments in leased plots amounted to EUR 3 million (10).









Housing Finland and CEE

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Revenue	380	284	645	532	1,286
Operating profit	41	19	57	27	108
Adjusted operating profit	41	19	57	27	108
Adjusted operating profit margin, %	10.8	6.8	8.9	5.1	8.4
Order book at end of period	1,518	1,611	1,518	1,611	1,437
Capital employed	555	744	555	744	700

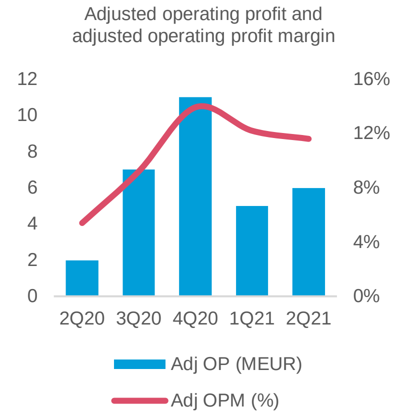
Results

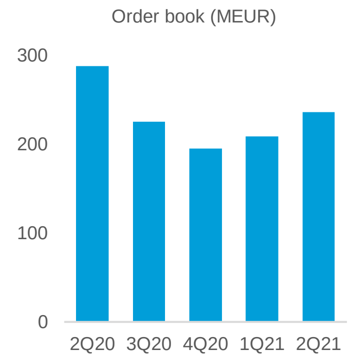
April–June

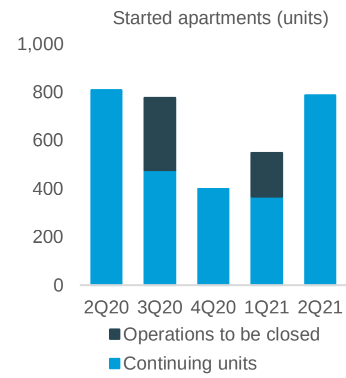
- Revenue increased by 34% to EUR 380 million (284), supported by strong apartment sales and high number of completed apartments.
- Number of unsold completed apartments decreased by 44% to 348 (621).
- Adjusted operating profit increased to EUR 41 million (19), supported by stronger apartment sales and improved margins across the business, as well as high number of completed apartments.
- Order book increased slightly to EUR 1,518 million (31 Mar 2021: 1,451).
- Consumer apartment start-ups increased by 100% to 1,053 (526).
- Capital employed decreased to EUR 555 million (744) due to strong apartment sales, low apartment start-ups in 2020 and, hence, low number of unsold completed apartments. The capital employed is expected to start increasing as apartment start-ups are picking up.
- The living services business progressed well:
  - Number of residential rental agreements increased by 131% year-on-year.
  - YIT Plus service platform: platform updated, and number of visits increased year-on-year by 72% in total in Finland and 63% in the CEE countries.

January–June

- Revenue increased by 21% to EUR 645 million (532), supported by strong apartment sales.
- Adjusted operating profit increased to EUR 57 million (27), supported by higher apartment sales and improved margins across the business.







Housing Russia

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Revenue	48	44	92	151	305
Operating profit	4	0	8	-4	8
Adjusted operating profit	6	2	11	9	27
Adjusted operating profit margin, %	11.6	5.4	11.9	5.8	8.8
Order book at end of period	236	288	236	288	195
Capital employed	157	249	157	249	180

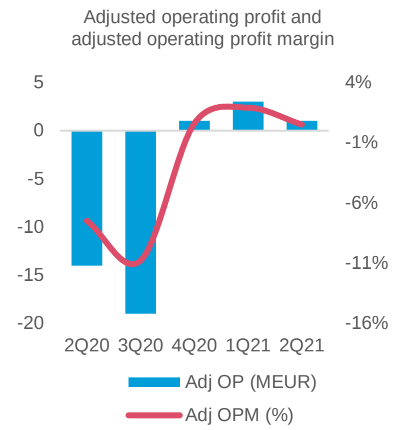
Results

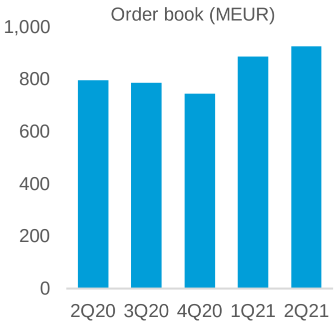
April–June

- Revenue increased by 9% to EUR 48 million (44), supported by good apartment sales.
- Number of unsold completed apartments decreased by 87% to 68 (531).
- Adjusted operating profit increased to EUR 6 million (2), supported by improved margins and good apartment sales.
- Order book increased to EUR 236 million (31 Mar 2021: 209).
- Share of sold apartments financed with mortgage continued to increase to 71% (54).
- At end of quarter, YIT was responsible for service and maintenance for
  - over 74,000 apartments (66,000)
  - over 15,000 parking spaces (12,000)
  - over 11,000 business premises (9,000)
  - total over 101,000 clients (88,000)

January–June

- Revenue decreased by 39% to EUR 92 million (151). In the corresponding period, the change in revenue recognition had a positive impact of EUR 57 million on the first quarter revenue.
- Adjusted operating profit increased to EUR 11 million (9), supported by good apartment sales and improved margins. In the corresponding period, the change in revenue recognition had a positive impact of EUR 5 million on the first quarter adjusted operating profit.





Business premises

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Revenue	153	188	297	397	761
Operating profit	1	-14	3	-26	-46
Adjusted operating profit	1	-14	3	-26	-44
Adjusted operating profit margin, %	0.5	-7.5	1.1	-6.6	-5.8
Order book at end of period	927	797	927	797	745
Capital employed	-24	-5	-24	-5	-44

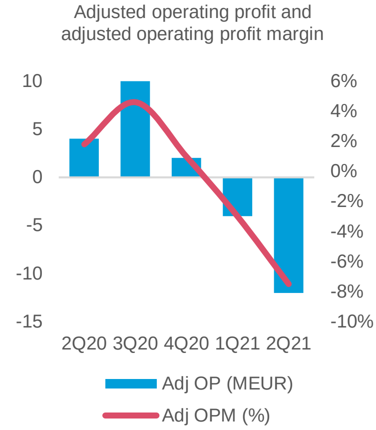
Results

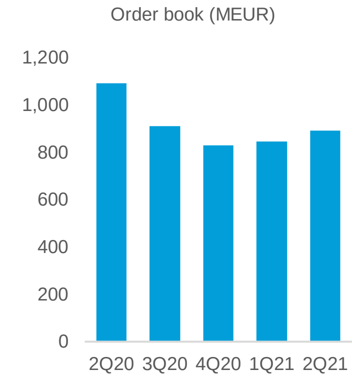
April–June

- Revenue decreased by 19% to EUR 153 million (188).
- Adjusted operating profit increased to EUR 1 million (-14), burdened by finalising of some old projects. The comparison period was negatively impacted by financial settlements.
- Order book increased to EUR 927 million (31 Mar 2021: 886).
  - The apartment construction agreement with the City of Helsinki, value of EUR 58 million, and the parking hall in Turku, Finland, value of EUR 24 million, among other projects, were entered in the order book.

January–June

- Revenue decreased by 25% to EUR 297 million (397). The comparison period included revenue recognition from the finalisation of the Espoo Keilaniemi project’s Accountor Tower transaction as well as revenue from the completion of Tripla offices and the hotel, as well as revenue from the real estate management business.
- Adjusted operating profit increased to EUR 3 million (-26), supported by stabilising operational performance. The comparison period was negatively impacted by financial settlements in certain challenging projects.





Infrastructure

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Revenue	161	201	303	374	791
Operating profit	-12	4	-21	1	-1
Adjusted operating profit	-12	4	-16	1	13
Adjusted operating profit margin, %	-7.5	1.8	-5.4	0.2	1.6
Order book at end of period	891	1,091	891	1,091	829
Capital employed	33	74	33	74	48

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

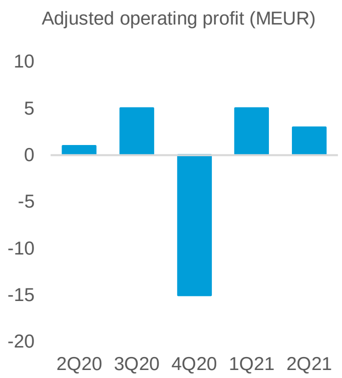
Results

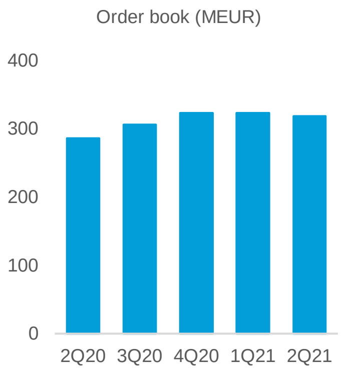
April–June

- Revenue decreased by 20% to EUR 161 million (201) as a result of strict selection of projects, as well as progress in closing down operations in Norway and the Baltics.
- Adjusted operating profit decreased to EUR -12 million (4), impacted by margin reductions in some projects.
- YIT announced on 28 April 2021 that it is selling its paving and mineral aggregates businesses in Estonia. The transaction was closed during the second quarter and did not have material impact on the second quarter results.
- Order book increased slightly to EUR 891 million (31 Mar 2021: 847).
  - The bridges of the Crown Bridges project, value of EUR 61 million, road maintenance contracts of Veteli, Lappeenranta, Raahe-Ylivieska and Karstula, total value of EUR 57 million, and earthworks of Northvolt's facility in Sweden, value of EUR 39 million, among other projects, were entered in the order book.
- Order book decreased compared to the previous year as several large projects have progressed and the selection of new projects has been strict.

January–June

- Revenue decreased by 19% to EUR 303 million (374) as a result of strict selection of projects, as well as progress in closing down operations in Norway and the Baltics.
- Adjusted operating profit decreased to EUR -16 million (1) due to margin reductions in some projects.
- Adjusting items were EUR 5 million (0) including operating profit from operations to be closed in Norway and businesses sold in Estonia.





Partnership properties

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Revenue	9	2	12	2	17
Operating profit	3	1	8	15	5
Adjusted operating profit	3	1	8	15	5
Order book at end of period	318	286	318	286	323
Capital employed	349	300	349	300	331

Results

April–June

- Revenue grew to EUR 9 million (2).
- Adjusted operating profit increased to EUR 3 million (1).
- Order book was stable at EUR 318 million (31 Mar 2021: 323) including primarily service periods for life cycle projects.
- YIT announced on 6 April 2021, that it has acquired the Finnish operations of UMA Workspace, a business established in 2016 by Technopolis. In connection with the acquisition, eight UMA employees were transferred to YIT's Partnership properties segment to strengthen the operations of YIT Workery+.

January–June

- Revenue increased to EUR 12 million (2).
- Adjusted operating profit decreased to EUR 8 million (15). The comparison period was supported by the finalisation of the Espoo Keilaniemi project's Accountor Tower transaction in Finland.

Investments

EUR million	
Portfolio balance sheet value 1 January 2021	254
Net change in invested equity	5
Net result	9
Dividends received	-7
Changes in fair value	3
Portfolio balance sheet value 30 June 2021	264

Shares

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

At the beginning of 2021, YIT's share capital was EUR 149,716,748.22 (149,716,748.22) and the number of shares outstanding at the end of the reporting period, on 30 June 2021, was 209,118,906 (31 Dec 2020: 209,083,556).

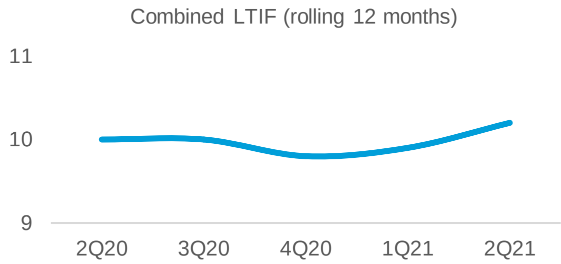
Personnel

During January–June 2021, the Group employed on average 7,174 people (7,502). Personnel expenses in April–June totalled EUR 101 million (95) and in January–June amounted to EUR 194 million (197).

Sustainability

Safety

The Group's rolling 12-month combined lost time injury frequency, including own personnel and subcontractors, was 10.2 (10.0).



Environment

During the second quarter, YIT progressed with piloting low-carbon construction materials as it began construction of its first project using low-carbon hollow-core slabs altogether. Low-carbon hollow-core slabs enable to lower the CO_2 emissions of the building frame by approximately a fifth.

Governance

Changes in the Group Management Team

Markku Moilanen commenced as the President and CEO of YIT Corporation on 1 April 2021.

YIT announced on 1 April 2021 that Harri Kailasalo, Executive Vice President of the Infrastructure segment, has left the company. Antti Inkilä, who had acted as the YIT Corporation's interim President and CEO until 31 March 2021, took over the position as interim Executive Vice President of the Infrastructure segment and member of the Group Management Team. Marko Oinas continues as interim Executive Vice President of the Housing Finland and CEE segment.

YIT announced on 30 April 2021 that YIT's Board of Directors has appointed Ilkka Tomperi (45, Ph.D., Finance) as Executive Vice President of the Partnership properties segment and a member of the Group Management Team. He shall take over his position at the beginning of August 2021. Timo Lehmus continues as interim Executive President of the Partnership properties segment until the end of July, and thereafter, he will continue his position as Head of Development of the Partnership properties segment.

YIT announced on 20 May 2021 that YIT Corporation's Board of Directors has appointed Pasi Tolppanen (54, Ph.D., Engineering Geology) as the Executive Vice President of the Infrastructure segment and a member of the Group Management Team. He shall take over his position at the latest at the beginning of September 2021. Antti Inkilä continues as the interim Executive Vice President of the Infrastructure segment until the end of August, and thereafter, he will return to his position as the Executive Vice President of the Housing Finland and CEE segment.

Significant risks and uncertainties

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

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

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

Events after the reporting period

YIT announced on 30 July that its Board of Directors has appointed Tuomas Mäkipeska (43, M.Sc. in Economics) as YIT's Chief Financial Officer and a member of the Group Management Team. He shall take over his position latest at the beginning of February 2022. The YIT Group's current CFO Ilkka Salonen has requested to leave YIT to focus on Board membership and advisor roles in the future. He will continue as the CFO of YIT until Tuomas Mäkipeska joins the company.

YIT Corporation
Board of Directors

Helsinki, 30 July 2021

Half-year report January–June 2021: Tables

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Primary Financial Statements

Consolidated income statement, IFRS

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Revenue	**733**	**700**	**1,339**	**1,407**	**3,069**
Other operating income	4	3	8	15	30
Change in inventories of finished goods and in work in progress	-43	26	-69	-34	-249
Production for own use	0	0	0	0	0
Materials and supplies	-123	-88	-209	-165	-325
External services	-376	-478	-706	-906	-1,777
Personnel expenses	-101	-95	-194	-197	-372
Other operating expenses	-64	-58	-124	-104	-291
Changes in fair value of financial assets	1	0	3	1	-14
Share of results in associated companies and joint ventures	3	0	9	15	23
Depreciation, amortisation and impairment	-8	-11	-17	-36	-58
Operating profit	**25**	**0**	**40**	**-4**	**35**
Finance income	1	1	2	2	4
Exchange rate differences (net)	1	1	1	0	1
Finance expenses	-10	-10	-20	-23	-45
Finance income and expenses, total	-8	-8	-17	-21	-41
Result before taxes	**17**	**-8**	**23**	**-25**	**-6**
Income taxes	-6	0	-8	6	-3
Result for the period, continuing operations	**11**	**-9**	**15**	**-18**	**-8**
Result for the period, discontinued operations		**54**		**31**	**35**
Result for the period	**11**	**45**	**15**	**13**	**27**
Attributable to					
Owners of YIT Corporation	11	45	15	13	26
Non-controlling interests	0	0	0	0	0
Total	**11**	**45**	**15**	**13**	**27**
Earnings per share, attributable to the equity holders of the parent company, EUR					
Basic, total	0.05	0.22	0.06	0.06	0.13
Diluted, total	0.05	0.22	0.06	0.06	0.13
Basic, continuing operations	0.05	-0.04	0.06	-0.09	-0.04
Basic, discontinued operations		0.26		0.15	0.17
Diluted, continuing operations	0.05	-0.04	0.06	-0.09	-0.04
Diluted, discontinued operations		0.26		0.15	0.17

Consolidated statement of comprehensive income, IFRS

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Result for the period	11	45	15	13	27
Items that may be reclassified to income statement					
Cash flow hedges	0		0		
Income tax relating to item above	0		0		
Change in translation differences	6	28	15	-46	-88
Translation differences reclassified to income statement	0	3	0	3	1
Items that may be reclassified to income statement, total	**6**	**31**	**15**	**-43**	**-87**
Items that will not be reclassified to income statement					
Change in fair value of defined benefit pension					0
Income tax relating to item above					0
Items that will not be reclassified to income statement, total					**0**
Other comprehensive income, total	**6**	**31**	**15**	**-43**	**-87**
Total comprehensive income	**17**	**76**	**30**	**-29**	**-60**
Attributable to					
Owners of YIT Corporation	17	76	30	-29	-60
Non-controlling interests	0	0	0	0	0
Total	**17**	**76**	**30**	**-29**	**-60**

Consolidated statement of financial position, IFRS

EUR million	6/21	6/20	12/20
ASSETS			
Non-current assets			
Property, plant and equipment	58	73	68
Leased property, plant and equipment	79	92	84
Goodwill	249	251	249
Other intangible assets	8	12	10
Investments in associated companies and joint ventures	94	61	80
Equity investments	182	195	180
Interest-bearing receivables	48	49	49
Other receivables	10	11	11
Deferred tax assets	36	41	35
Non-current assets total	**764**	**785**	**764**
Current assets			
Inventories	1,327	1,635	1,376
Leased inventories	167	195	190
Trade and other receivables	363	407	417
Interest-bearing receivables	8	15	17
Income tax receivables	4	3	2
Cash and cash equivalents	304	380	419
Current assets total	**2,173**	**2,635**	**2,421**
Total assets	**2,937**	**3,420**	**3,185**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company	919	974	918
Non-controlling interests	3	2	2
Hybrid bond	99		
Equity total	**1,021**	**976**	**920**
Non-current liabilities			
Deferred tax liabilities	8	9	10
Pension obligations	2	2	2
Provisions	80	75	78
Borrowings	337	340	286
Lease liabilities	142	205	174
Trade and other payables	29	41	27
Non-current liabilities total	**597**	**672**	**577**
Current liabilities			
Advances received[1]	456	466	429
Trade and other payables	584	647	566
Income tax payables	7	3	3
Provisions	36	41	37
Borrowings	172	558	592
Lease liabilities	63	57	62
Current liabilities total	**1,318**	**1,772**	**1,688**
Liabilities total	**1,916**	**2,444**	**2,265**
Total equity and liabilities	**2,937**	**3,420**	**3,185**

[1] On June 30, 2021, the reported amount includes EUR 129 (170) non-cash considerations from customer contracts related to sold uncompleted residential developments arising from housing company loans and plot lease liabilities.

Consolidated cash flow statement, IFRS

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Result for the period	**11**	**45**	**15**	**13**	**27**
Reversal of accrual-based items	24	-32	43	-20	56
Change in trade and other receivables	66	8	56	74	55
Change in inventories	54	-13	58	38	251
Change in current liabilities	-34	-24	26	-195	-299
Change in working capital, total	87	-30	140	-83	7
Cash flow of financial items	-12	-16	-28	-20	-51
Taxes paid (-)	-5	0	-8	18	15
Net cash generated from operating activities	**105**	**-33**	**163**	**-91**	**54**
Investments to subsidiaries, associated companies and joint ventures	-6	-4	-16	-3	-27
Disposal of subsidiaries, associated companies and joint ventures	10	283	25	294	306
Cash outflow from other investing activities	-3	-1	-4	-10	-13
Cash inflow from other investing activities	4	2	11	11	16
Net cash used in investing activities	**4**	**280**	**15**	**290**	**282**
Operating cash flow after investments	**109**	**247**	**178**	**199**	**336**
Proceeds from non-current borrowings			200	50	57
Repayments of non-current borrowings	-79		-300	-30	-30
Change in current borrowings	-212	5	-268	90	66
Payments of lease liabilities	-6	-7	-17	-17	-35
Change in interest-bearing receivables	2	-1	3	-8	-10
Proceeds from hybrid bond			100		
Change in treasury shares	0	2	0	1	2
Dividends paid	-15	-29	-15	-30	-84
Net cash used in financing activities	**-309**	**-31**	**-296**	**57**	**-35**
Net change in cash and cash equivalents	-200	216	-118	255	301
Cash and cash equivalents at the beginning of the period	501	161	419	132	132
Foreign exchange differences	3	3	3	-7	-14
Cash and cash equivalents at the end of the period	**304**	**380**	**304**	**380**	**419**

Consolidated statement of changes in equity, IFRS

EUR million	Share capital	Legal reserve	Unrestricted equity reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Hybrid bond	Equity total
Equity on January 1, 2021	**150**	**1**	**553**	**-303**		**-10**	**527**	**918**	**2**		**920**
Comprehensive income											
Result for the period							15	15	0		15
Cash flow hedges					0			0			0
Income tax relating to item above					0			0			0
Translation differences				15				15	0		15
Translation differences reclassified to income statement				0				0			0
Comprehensive income for the period, total				**15**	**0**		**15**	**30**	**0**		**30**
Transactions with owners											
Dividend distribution							-29	-29			-29
Share-based incentive schemes						0	0	1			1
Transactions with owners, total						**0**	**-29**	**-29**			**-29**
Other items											
Hybrid bond										99	99
Other items, total										**99**	**99**
Equity on June 30, 2021	**150**	**1**	**553**	**-288**	**0**	**-10**	**512**	**919**	**3**	**99**	**1,021**

EUR million	Share capital	Legal reserve	Unrestricted equity reserve	Translation differences	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Equity total
Equity on January 1, 2020	**150**	**1**	**553**	**-216**	**-12**	**585**	**1,061**		**1,061**
Comprehensive income									
Result for the period						13	13		13
Translation differences				-46			-46		-46
Translation differences reclassified to income statement				3			3		3
Comprehensive income for the period, total				**-43**		**13**	**-29**		**-29**
Transactions with owners									
Dividend distribution						-58	-58		-58
Share-based incentive schemes					2	-1	0		0
Transactions with owners, total					**2**	**-59**	**-58**		**-58**
Other items									
Non-controlling interests from business combinations								2	2
Other items, total								**2**	**2**
Equity on June 30, 2020	**150**	**1**	**553**	**-259**	**-11**	**538**	**974**	**2**	**976**

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

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

Basis of preparation

This half-year report has been prepared in accordance with IFRS recognition and measurement principles and all requirements of IAS 34 Interim Financial Reporting standard have been applied. This half-year report should be read together with YIT's consolidated Financial Statements 2020. The figures presented in the half-year report are unaudited. In the half-year report, the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in column and total sums.

Accounting policies

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

Hybrid bond

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

Hedge accounting

Derivative instruments used in hedge accounting that meet the hedge accounting criteria under IFRS 9 are entered in the balance sheet at fair value on the day that YIT becomes counterpart to the agreement. YIT has applied hedge accounting for hedging against the reference rate of certain floating rate loans (cash flow hedging), but YIT always estimates hedge accounting needs case by case. YIT documents the relationship between the target and the hedging instruments and risk management objective as well as the strategy applied. The effectiveness of hedging is evaluated at least on every reporting date. Changes in the fair value of the effective part of derivative instruments meeting the criteria for cash flow hedging are entered in the fair value reserves in shareholders' equity, taking the tax impact into consideration. Gains and losses recognised in shareholders' equity are transferred to financial income or expenses within the same financial periods as the items of the hedging target.

Earnings per share (EPS)

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

Significant management judgements

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

Coronavirus pandemic (COVID-19)

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 2020. When making these judgements, the management estimates constantly the impacts of coronavirus pandemic on the estimates and judgements.

Coronavirus pandemic is not expected to have such long-term impacts on YIT's financial performance which would require adjustments to carrying amounts in the statement of financial position. However, the management of the company follows constantly the market indicators and estimated future cash flows related to fair values of investments and carrying amounts of other assets. The most significant single investment is Tripla Mall Ky which is recognised at fair value through profit and loss.

YIT has also assessed the implications of the coronavirus pandemic in regard to its most significant financial risks, i.e. funding, liquidity, and credit risks and market risks, e.g. foreign exchange and interest rate risks. Out of these, the funding and liquidity risks have been seen from YIT perspective as the main affected risks by the turbulence in the market. YIT's liquidity position is strong and it was further improved in the first half of the year by solid operative cash flow and issuance of EUR 300 million new bonds, with which EUR 250 million old bonds were redeemed. With this transaction the capital structure and equity of YIT was also further strengthened as the new bonds included an EUR 100 million green hybrid bond.

In addition, YIT signed a new committed EUR 300 million revolving credit facility which replaced the simultaneously cancelled EUR 300 million committed credit facility of which EUR 45 million would have matured during the third quarter of 2021 and EUR 255 during the third quarter of 2022. The new facility will mature during the second quarter of 2024 with an option for one-year extension. These actions support sustaining a high level of liquidity and extended the average maturity profile of the debt portfolio.

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

		Average rates			End rates		
		1–6/21	**1–6/20**	**1–12/20**	**6/21**	**6/20**	**12/20**
1 EUR =	**CZK**	25.8575	26.3496	26.4595	25.4880	26.7400	26.2420
	PLN	4.5375	4.4142	4.4436	4.5201	4.4560	4.5597
	RUB	89.6102	76.7218	82.6883	86.7725	79.6300	91.4671
	SEK	10.1300	10.6617	10.4875	10.1110	10.4948	10.0343
	NOK	10.1780	10.7397	10.7261	10.1717	10.9120	10.4703

Notes

Segment information

Seasonality of business

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

Segment financial information

4-6/21 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**380**	**48**	**153**	**161**	**9**	**-18**	**733**
Revenue from external customers	380	48	153	157	8	-13	733
Revenue Group internal	0		0	4	0	-4	
Depreciation, amortisation and impairment	-1	0	0	-4	0	-3	-8
Operating profit	**41**	**4**	**1**	**-12**	**3**	**-10**	**25**
Operating profit margin, %	**10.8**	**7.7**	**0.5**	**-7.7**	**32.8**		**3.5**
Adjusting items		2		0		3	5
Adjusted operating profit	**41**	**6**	**1**	**-12**	**3**	**-8**	**30**
Adjusted operating profit margin, %	**10.8**	**11.6**	**0.5**	**-7.5**	**32.8**		**4.1**

4-6/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**284**	**44**	**188**	**201**	**2**	**-19**	**700**
Revenue from external customers	284	44	188	197	1	-15	700
Revenue Group internal	0	0	0	4	0	-4	
Depreciation, amortisation and impairment	-1	0	0	-5	0	-4	-11
Operating profit	**19**	**0**	**-14**	**4**	**1**	**-10**	**0**
Operating profit margin, %	**6.8**	**0.7**	**-7.5**	**1.9**	**39.1**		**0.0**
Adjusting items		2	0	0		3	5
Adjusted operating profit	**19**	**2**	**-14**	**4**	**1**	**-7**	**5**
Adjusted operating profit margin, %	**6.8**	**5.4**	**-7.5**	**1.8**	**39.1**		**0.7**

1-6/21 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**645**	**92**	**297**	**303**	**12**	**-10**	**1,339**
Revenue from external customers	645	92	297	295	12	-1	1,339
Revenue Group internal	0		0	8	0	-9	
Depreciation, amortisation and impairment	-2	-1	-1	-8	0	-7	-17
Operating profit	**57**	**8**	**3**	**-21**	**8**	**-16**	**40**
Operating profit margin, %	**8.9**	**8.5**	**1.1**	**-7.0**	**66.0**		**3.0**
Adjusting items		3		5		3	11
Adjusted operating profit	**57**	**11**	**3**	**-16**	**8**	**-12**	**51**
Adjusted operating profit margin, %	**8.9**	**11.9**	**1.1**	**-5.4**	**66.0**		**3.8**

1-6/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue	**532**	**151**	**397**	**374**	**2**	**-48**	**1,407**
Revenue from external customers	532	151	397	366	1	-39	1,407
Revenue Group internal	0	0	0	8	0	-9	
Depreciation, amortisation and impairment	-2	-15	-1	-10	0	-9	-36
Operating profit	**27**	**-4**	**-26**	**1**	**15**	**-16**	**-4**
Operating profit margin, %	**5.1**	**-2.6**	**-6.7**	**0.3**			**-0.2**
Adjusting items		13	0	0	0	4	16
Adjusted operating profit	**27**	**9**	**-26**	**1**	**15**	**-12**	**13**
Adjusted operating profit margin, %	**5.1**	**5.8**	**-6.6**	**0.2**			**0.9**

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

Capital employed by segments

EUR million	6/21	6/20	12/20
Housing Finland and CEE	555	744	700
Housing Russia	157	249	180
Business premises	-24	-5	-44
Infrastructure	33	74	48
Partnership properties	349	300	331
Other items	295	331	312
Capital employed, total	**1,364**	**1,692**	**1,527**

Order book at the end of the period

EUR million	6/21	6/20	12/20
Housing Finland and CEE	1,518	1,611	1,437
Housing Russia	236	288	195
Business premises	927	797	745
Infrastructure	891	1,091	829
Partnership properties	318	286	323
Order book, total	**3,890**	**4,074**	**3,528**

Revenue from customer contracts

The Group's revenue consists of revenue from contracts with customers. Other types of income are reported under Other operating income. Revenue is generated in the following operating segments and market areas

1-6/21 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue by market area							
Finland	577		278	201	12	-2	1,066
Russia		92				0	92
CEE	68		19	28			115
Baltic countries	50		17	28			95
Czech, Slovakia, Poland	18		1				20
Scandinavia				66		0	66
Sweden				55		0	55
Norway				12			12
Internal sales between segments	0		0	8	0	-9	
Total	**645**	**92**	**297**	**303**	**12**	**-10**	**1,339**

1-6/21 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Timing of revenue recognition							
Over time	222	92	292	288	12	2	908
At a point in time	423		5	7		-3	431
Internal sales between segments	0		0	8	0	-9	
Total	**645**	**92**	**297**	**303**	**12**	**-10**	**1,339**

1-6/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Revenue by market area							
Finland	482		374	246	1	-40	1,063
Russia		151				0	151
CEE	50		23	49			122
Baltic countries	28		19	49			97
Czech, Slovakia, Poland	22		4				26
Scandinavia				71		1	72
Sweden				52		1	53
Norway				19			19
Internal sales between segments	0	0	0	8	0	-9	
Total	**532**	**151**	**397**	**374**	**2**	**-48**	**1,407**

1-6/20 EUR million	Housing Finland and CEE	Housing Russia	Business premises	Infrastructure	Partnership properties	Other items	Group, IFRS
Timing of revenue recognition							
Over time	202	151	396	357	1	1	1,108
At a point in time	329		2	9	0	-40	300
Internal sales between segments	0	0	0	8	0	-9	
Total	**532**	**151**	**397**	**374**	**2**	**-48**	**1,407**

Property, plant and equipment

EUR million	6/21	6/20	12/20
Carrying amount at Jan,1	**68**	**76**	**76**
Exchange rate differences	0	-2	-1
Increases	2	8	5
Decreases	-2	-3	-13
Business acquisitions	0	0	
Business disposals	-5		
Depreciation	-6	-7	-14
Impairment	0		-1
Reclassifications	0		14
Transfers to assets classified as held-for-sale		2	2
Carrying amount at the end of the period	**58**	**73**	**68**

Leased property, plant and equipment

EUR million	6/21	6/20	12/20
Carrying amount at Jan,1	**84**	**95**	**95**
Exchange rate differences	0	-1	-2
Increases*	13	12	26
Decreases	-7	0	-10
Business acquisitions	1		
Business disposals	-2		
Depreciation and impairment	-10	-13	-25
Reclassifications	0		
Carrying amount at the end of the period	**79**	**92**	**84**

*Increases include the effect of index changes

Discontinued operations

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

Results of discontinued operations

EUR million	1-6/20	1-12/20
Revenue	**28**	**27**
Other operating income	1	1
Change in inventories of finished goods and in work in progress	8	8
Production for own use	0	0
Materials and supplies	-11	-11
External services	-12	-11
Personnel expenses	-17	-17
Other operating expenses	-18	-17
Share of results in associated companies and joint ventures	-1	-1
Operating profit	**-23**	**-22**
Finance income	0	0
Finance expenses	-1	-1
Finance income and expenses, total	-1	-1
Result before taxes	**-24**	**-23**
Income taxes	4	4
Result after taxes	**-20**	**-19**
Gain on sale of discontinued operation	**51**	**55**
Result from discontinued operations	**31**	**35**

Cash flows (used in) discontinued operations

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

Effect of disposal on financial position

EUR million	April 1, 2020
Sold assets	
Property, plant and equipment	112
Leased property, plant and equipment	39
Goodwill	55
Other intangible assets	23
Investments in associated companies and joint ventures	3
Deferred tax assets	3
Inventories	60
Trade and other receivables	37
Cash and cash equivalents	5
Sold assets, total	**337**
Sold liabilities	
Deferred tax liabilities	16
Provisions	8
Lease liabilities	31
Advances received	7
Trade and other payables	54
Income tax payables	0
Sold liabilities, total	**116**
Sold net assets	**221**

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

Other items include translation difference of -2 million euros.

Inventories

EUR million	6/21	6/20	12/20
Raw materials and consumables	6	12	10
Work in progress	499	666	482
Plots and plot owning companies	681	723	678
Shares in completed housing and real estate companies	102	174	151
Advance payments	38	57	51
Other inventories	2	3	3
Total inventories	**1,327**	**1,635**	**1,376**
Leased inventories	**167**	**195**	**190**

Financial assets and liabilities by category

June 30, 2021, EUR million

Measurement category	Financial assets recognised at fair value through other comprehensive income	Financial assets recognised at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial liabilities recognised at amortised cost	Carrying amount	Fair value	Fair value measurement hierarchy
Non-current financial assets							
Equity investments	2		180		182	182	Level 3
Trade, loan and other receivables		49			49	44	
Loan receivables			7		7	7	Level 3
Derivative assets	0				0	0	Level 2
Current financial assets							
Trade, loan and other receivables[1]		197			197	197	
Derivative assets			3		3	3	Level 2
Cash and cash equivalents		304			304	304	
Financial assets by category, total	**2**	**551**	**191**		**744**	739	
Non-current financial liabilities							
Interest-bearing liabilities				337	337	332	
Trade and other payables				29	29	26	
Derivative liabilities			0		0	0	Level 2
Current financial liabilities							
Interest-bearing liabilities				172	172	172	
Trade and other payables[2]				279	279	279	
Derivative liabilities			1		1	1	Level 2
Financial liabilities by category, total			**1**	**817**	**818**	811	

[1] Trade and other receivables do not include accruals or advances paid, as these are not classified as financial assets under IFRS.
[2] Trade payables and other liabilities do not include statutory obligations or advances received, as these are not classified as financial liabilities under IFRS.

June 30, 2020, EUR million

Measurement category	Financial assets recognised at fair value through other comprehensive income	Financial assets recognised at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial liabilities recognised at amortised cost	Carrying amount	Fair value	Fair value measurement hierarchy
Non-current financial assets							
Equity investments	2		192		195	195	Level 3
Trade, loan and other receivables		52			52	51	
Loan receivables			8		8	8	Level 3
Current financial assets							
Trade, loan and other receivables[1]		243			243	243	
Derivative assets			1		1	1	Level 2
Cash and cash equivalents		380			380	380	
Financial assets by category, total	**2**	**675**	**201**		**879**	**878**	
Non-current financial liabilities							
Interest-bearing liabilities				340	340	340	
Trade and other payables				40	40	37	
Derivative liabilities			1		1	1	Level 2
Current financial liabilities							
Interest-bearing liabilities				558	558	559	
Trade and other payables[2]				339	339	339	
Derivative liabilities			2		2	2	Level 2
Financial liabilities by category, total			**3**	**1,277**	**1,280**	**1,278**	

[1] Trade and other receivables do not include accruals or advances paid, as these are not classified as financial assets under IFRS.
[2] Trade payables and other liabilities do not include statutory obligations or advances received, as these are not classified as financial liabilities under IFRS.

The fair values of bonds are based on the market price at the reporting date. The fair values of other non-current receivables and liabilities are based on discounted cash flows. The discount rate is defined to be the rate YIT Group was to pay for equivalent external loans at the end of the reporting period. It consists of risk-free market rate and company and maturity related risk premium of 2.87-4.07% (Jun 30, 2020: 2.45-2.79%). The fair values of current receivables and liabilities are equal to their carrying amounts except for bonds.

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 statement of financial position 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 utilise other than Level 1 quoted market prices readily and regularly available from an exchange, broker, pricing service or regulatory agency.

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

Level 3

Fair values of financial instruments within Level 3 are not based on observable market data. The fair value levels are presented in previous tables. YIT has classified investments at fair value on Level 3.

Fair value measurements using significant unobservable inputs (level 3)

	Valuation technique	Significant unobservable inputs	Base value 06/21	Base value 12/20	Sensitivity of the input to fair value for YIT	Additional information regarding the input
Equity investments recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method, 10-year period	Compound annual growth rate (CAGR) of Net Operating Income (NOI) for the entire valuation period	4.64%[1]	5.45%[1]	1 percentage point increase (decrease) in the input value leads to a EUR 23 million increase (EUR 23 million decrease) in the fair value of the asset.	The change in the input value is estimated through a coefficient that increases/decreases the growth of all annual NOI cash flows identically, therefore depicting a scenario where the NOI of commercial facility and parking facility follows a higher/lower growth trajectory during the valuation period.
		Extra coefficient for the discount factor used for the cash flows of parking	25%	25%	25 percentage point increase (decrease) in the input value leads to a EUR 8 million decrease (EUR 8 million increase) in the fair value of the asset.	The purpose of the input value is to act as a variable taking into account the uncertainty related to estimating the future NOI of a new parking facility.
		Exit yield	5.25% - 5.75%	5.25% - 5.75%	5 percentage increase (decrease) in the input values leads to a EUR 16 million decrease (EUR 16 million increase) in the fair value of the asset.	Separate exit yields used for different parts of the shopping center.
Other receivables recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method	Discount rate	2.73%	2.31%	1 percentage point increase (decrease) in the input value leads to a decrease of EUR 1 million (or increase of EUR 1 million).	The input value rate reflects the exit yield of the investor.

[1] Coronavirus pandemic situation impacts the cash flows of 2020 and 2021, which will also have an effect on the average compound annual growth rate of NOI.

Description of valuation techniques

The fair value of YIT's equity investment in Tripla Mall Ky is calculated as the fair value of the property, subtracting the net debt and the sum is multiplied with YIT's share of ownership. The value of the property is determined by using the income approach taking 10-year discounted cash flows and the present value of the terminal value. An independent external appraiser

(CBRE) has audited the valuation model used by YIT and assessed the relevant valuation assumptions and stated that it fulfils the requirements of IFRS and IVSC (International Valuation Standards Council). Separate calculations have been used for the shopping mall and the parking facility, due to the different income generation profile of the parking facility. For the valuation of the income from the short-term parking YIT has used a third-party report. The potential income is inspected, among other things, through the perspective of pricing, location, and provided services in the neighbouring area and also by comparing to relevant sites. The report also takes a stand to the development of the parking facilities during the first years of operations. In general, the discounted cash flow model uses contract rents until the lease expiry, after which the expected market rent rates are used. The valuation is made on a net rental basis and utilises a long-term vacancy rate for the net rental income. For both shopping mall and the parking facility, other operating income such as advertising have been added to the net rental income. Similarly, expenses such as maintenance expenses for vacant premises and administration expenses have been deducted from the net rental income. The discount rates used are based on reasonable market yields and projected average inflation for the 10-year cash flow valuation period. The market yields are derived from market data and the market knowledge of the independent external appraiser (CBRE). YIT has separately taken into consideration the uncertainty for the income from the parking facilities with a discount rate addition, which is applied to valuation of the present value of the future cashflows.

The value of the investment of YIT to Tripla Mall Ky is also affected by a separate profit-sharing agreement between the shareholders of Tripla Mall Ky. When an equity multiple that is calculated with fixed market parameters (inflation and exit yield) exceeds (or is below) an agreed target range, YIT is entitled to a larger (or smaller) share of the fair value of the investment, when the investment is sold or when the profit sharing agreement has expired in 2024. If the equity multiple is in the agreed target range, YIT is entitled to its original share of the fair value of the investment. The equity multiple is defined as the ratio between the equity value, which is projected in the fair value model, and realised equity investments in Tripla Mall Ky. At the balance sheet date, the modeling of the profit-sharing agreement indicates that the equity multiple is at the target range, and therefore has no effect on the YIT 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 still remain in the target range. Fair value changes resulting from the profit-sharing agreement are reported in consolidated income statement in the row “Changes in fair value of financial assets”.

The fair value of loan receivables for YIT has been calculated by discounting the expected cash flows with a specific discount rate. The discount rate is based on the average maturity, market interest rate for the maturity concerned and the risk premium for the loan.

Level 3 reconciliation

EUR million	**6/21**	**6/20**	**12/20**
Fair value at Jan 1	**187**	**202**	**202**
Additions			
Decreases	-0		-1
Change in fair value from equity investments recognised in income statement	3	1	-14
Change in fair value from loan receivables recognised in income statement	-0	0	-0
Fair value at end of period	**190**	**203**	**187**

Valuation processes

The valuation of Tripla Mall Ky is performed in-line with the Group’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.

Derivative contracts

EUR million	6/21	6/20	12/20
Value of underlying instruments			
Interest rate derivatives (hedge accounting applied)	100		
Interest rate derivatives (hedge accounting not applied)	60	180	60
Foreign exchange derivatives	246	127	198
Commodity derivatives	1	1	1
Fair value			
Interest rate derivatives (hedge accounting applied)	0		
Interest rate derivatives (hedge accounting not applied)	-0	-1	-1
Foreign exchange derivatives	2	-1	-1
Commodity derivatives	0	0	0

Contingent liabilities and assets and commitments

EUR million	6/21	6/20	12/20
Guarantees			
Guarantees on behalf of others	1	8	1
Guarantees on behalf of consortiums	10	10	10
Guarantees on behalf of associated companies	5		5
Guarantees on behalf of parent and other Group companies	983	1,099	1,053
Other commitments			
Investment commitments	31	35	46
Purchase commitments	190	128	201

In addition, at the reporting date, the company has EUR 1 million accrued interest liabilities concerning its hybrid bond which are not recognised in statement of financial position. As a result of the partial demerger registered on June 30, 2013, YIT Corporation has secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 6 million on June 30, 2021.

Legal proceedings

Quality concerns related to ready-mixed concrete

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

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

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

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

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

Adjustments concerning prior periods

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

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

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

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.

Transactions with related party are made at a market price.

EUR million	1-6/21	1-6/20	1-12/20
Sale of goods and services			
Key management personnel		0.4	0.4
Associated companies and joint ventures	24	60	96
Purchases of goods and services			
Associated companies and joint ventures			

EUR million	6/21	6/20	12/20
Trade and other receivables			
Associated companies and joint ventures	6	10	19
Loan receivables			
Associated companies and joint ventures	18	26	28
Trade payables and other debts			
Associated companies and joint ventures	1	0	0

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	4-6/21	4-6/20	1-6/21	1-6/20	1-12/20
Operating profit (IFRS)	**25**	**0**	**40**	**-4**	**35**
Adjusting items					
Goodwill impairment		0		14	15
Fair value changes related to redemption liability of non-controlling interests				-5	-7
Restructurings and divestments		0		1	1
Court proceedings				-2	-3
Integration costs related to merger		1		2	6
EBIT from operations to be closed	4	3	10	6	34
Inventory fair value adjustment from PPA[1]	0	0	0	0	1
Depreciation and amortisation expenses from PPA[1]	1	1	1	1	3
Adjusting items, total	**5**	**5**	**11**	**16**	**50**
Adjusted operating profit	**30**	**5**	**51**	**13**	**85**

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

Reconciliation of adjusted EBITDA, rolling 12 months

EUR million	6/21
Adjusted operating profit	**123**
Depreciations and amortisations	40
Depreciation and amortisation expenses from PPA	-3
Goodwill impairment	-1
Adjusted EBITDA	**159**

Definitions of financial key performance indicators

Key figure	Definitions	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling to the subtotal presented in the consolidated income statement.	Operating profit shows result generated by operating activities excluding finance and tax related items.
Adjusted operating profit	Operating profit excluding adjusting items.	Adjusted operating profit is presented in addition to operating profit to reflect the underlying core business performance and to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations thus improving comparability from period to period.
Adjusting items	Adjusting items are material items outside ordinary course of business such as write-down of inventories, impairment of goodwill, fair value changes related to redemption liability of non-controlling interests, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, operating profit from businesses to be closed down, gains or losses arising from the divestments of a business or part of a business, costs on the basis of statutory personnel negotiations and adaption measures, and cost impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA").	
Capital employed	Capital employed includes tangible and intangible assets, shares in associates and joint ventures, investments, inventories, trade receivables and other non-interest-bearing receivables, provisions, advance payments and other non-interest-bearing debts excluding items related to taxes, finance items and profit distribution.	Capital employed presents capital employed of segment's operative business.
Interest-bearing debt	Non-current borrowings, current borrowings and non-current and current lease liabilities.	Interest-bearing debt is a key figure to measure YIT's total debt financing.
Net interest-bearing debt	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables.	Net interest-bearing debt is an indicator to measure YIT's net debt financing.
Equity ratio, %	Equity total / total assets less advances received.	Equity ratio is a key figure to measure the relative proportion of equity used to finance YIT's assets.
Gearing ratio, %	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables/ total equity.	Gearing ratio is one of YIT's key long-term financial targets. It helps to understand how much debt YIT is using to finance its assets relative to the value of its equity.
Return on equity, %	Result for the period, 12 months rolling / equity total average	Key figure describes YIT's relative profitability.

Key figure	Definitions	Reason for use
Return on capital employed, segments total (ROCE), %, rolling 12 months	Rolling 12 months adjusted operating profit/capital employed, segments total average.	Return on capital employed, % is one of YIT's key long-term financial targets. Key figure describes segment's relative profitability, in other words, the profit received from capital employed.
Operating cash flow after investments	Operating cash flow presented in cash flow statement after investments.	
Gross capital expenditures	Investments in tangible and intangible assets.	
Equity per share	Equity total divided by number of outstanding shares at the end of the period.	
Net debt / adjusted EBITDA, rolling 12 months	Net interest-bearing debt/rolling 12 months adjusted operating profit before depreciations and amortisations added	Net debt to adjusted EBITDA gives investor information on ability to service debt.
Interest cover ratio	Adjusted operating profit before depreciations and amortisations / Net finance costs - net exchange currency differences, rolling 12 months	Interest cover ratio gives investors information on YIT's ability to service debt
Market capitalisation	(Number of shares – treasury shares) multiplied by share price on the closing date by share series.	
Average share price	EUR value of shares traded during period divided by number of shares traded during period.	

Together we can do it.

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