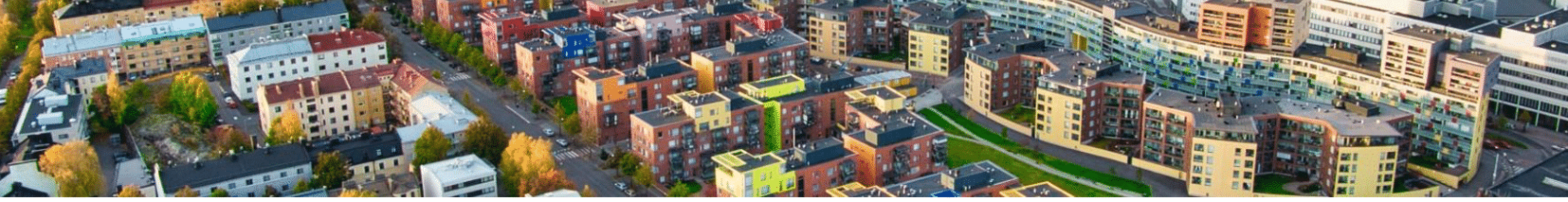
Q3

YIT Corporation
Interim Report 1–9/2023

Table of contents



Interim Report January–September 2023

Operating cash flow for the quarter improved significantly from the comparison period; net debt remained stable from the previous quarter. Revenue was stable at EUR 553 million (560), while adjusted operating profit decreased to EUR 16 million (21).

Third quarter 2023 in brief

- The order book was EUR 3,391 million (30 Jun 2023: 3,540), the decrease was due to the lower number of consumer apartment start-ups in Housing. The order book in Business Premises remained stable and increased somewhat in Infrastructure. At the end of the quarter, 75% of the order book was sold (30 Jun 2023: 72%).
- Revenue remained stable at EUR 553 million (560), supported by the sale of the Maistraatinportti office property.
- Adjusted operating profit decreased to EUR 16 million (21), and the adjusted operating profit margin amounted to 2.9% (3.7).
- Operating cash flow after investments amounted to EUR -3 million (-149). The cash flow was supported by YIT's improved net working capital efficiency and the sale of Maistraatinportti. Consumer apartments under construction affected the third quarter cash flow. Due to less apartments under construction in the coming quarters, the increase of the capital tied up to apartments will slow down compared to previous quarters.
- Net interest-bearing debt was at EUR 820 million (590), and gearing was at 100% (69). Compared to the previous quarter, both net interest-bearing debt and gearing remained stable.
- In Housing, adjusted operating profit decreased to EUR 10 million (17), negatively impacted by low consumer sales in Finland. New consumer apartment start-ups decreased to 108 (596). The number of unsold completed apartments increased to 948 (30 Jun 2023: 730).
- In Business Premises, adjusted operating profit increased to EUR 4 million (3), however, still burdened by higher construction material prices, which weighed on margins in fixed price projects started before the surge in price inflation.
- In Infrastructure, adjusted operating profit increased to EUR 2 million (1), but it was still burdened by certain low-margin legacy projects in Sweden.
- Result for the period was EUR 1 million (7, continuing operations).
- YIT's transformation program, launched in February, has progressed faster than originally expected. YIT has identified and launched all measures to achieve the targeted annual inflation-adjusted run-rate cost savings of 40 million euros by the end of 2024. Actions taken by the end of the third quarter amounted to EUR 20 million. In addition, YIT is expecting to achieve a significant amount of project-related efficiency gains.

Key figures

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Revenue	553	560	1,566	1,623	2,403
Operating profit	13	16	16	60	102
Operating profit, %	2.4	2.9	1.0	3.7	4.2
Adjusted operating profit	16	21	26	67	110
Adjusted operating profit margin, %	2.9	3.7	1.6	4.1	4.6
Result before taxes	1	11	-19	38	74
Result for the period, continuing operations	1	7	-14	35	63
Result for the period, including discontinued operations	1	7	-14	-403	-375
Earnings per share, continuing operations, EUR	0.00	0.03	-0.08	0.15	0.28
Operating cash flow after investments	-3	-149	-200	-322	-281
Net interest-bearing debt	820	590	820	590	569
Gearing ratio, %	100	69	100	69	64
Equity ratio, %	33	36	33	36	36
Return on capital employed, % (ROCE, rolling 12 months)	4.4	8.1	4.4	8.1	8.4
Order book	3,391	4,089	3,391	4,089	3,702
Combined lost time injury frequency (cLTIF, rolling 12 months)	13.2	12.5	13.2	12.5	13.3
Customer satisfaction rate (NPS)	51	48	51	48	49

Russian businesses, sold on 30 May 2022, are reported as discontinued operations.
Unless otherwise noted, the figures in brackets in this report refer to the corresponding period in the previous year.

Heikki Vuorenmaa, President and CEO

“The third quarter was a step forward for YIT. While macroeconomic factors are beyond our control, our determined actions to improve and transform our performance have progressed faster than originally expected. With the actions taken by the end of the third quarter, YIT will gain annualised inflation-adjusted run-rate cost savings of EUR 20 million by the end of 2024. In addition, we are expecting to achieve a significant amount of project-related efficiency gains. We are also off to a good start with the capital release actions, which we are determined to execute according to plan. I want to take the opportunity to thank our personnel for their tireless commitment to the transformation ongoing in the company. To ensure our competitiveness, we need to strengthen the consistency of our processes, best practices and culture. These are the assets that will enable us to operate effectively across segments in the future.

Supported by the actions taken to improve net working capital efficiency, our operating cash flow for the quarter improved significantly from the comparison period. We have managed to halt the growth of debt and due to less apartments under construction in the coming quarters, the increase of the capital tied up to apartments will slow down compared to previous quarters. After a challenging first quarter, we have improved the cash flow by close to 300 million euros year-on-year, despite the increased number of unsold completed apartments. This is a great achievement in the prevailing environment, and we are determined to continue with the actions to improve our financial position. Group adjusted operating profit amounted to EUR 16 million (21) for the quarter, affected by the low consumer sales in Housing in Finland. In Housing, completion of net 356 apartments in CEE countries were shifted from the third quarter to the fourth quarter, affecting the segment's result.

The market headwinds in the Finnish housing market continued during the quarter, and the profitability in the Housing segment was negatively impacted by low consumer sales. In contrast, demand in Central Eastern Europe improved, with consumer sales increasing significantly from the comparison period and the previous quarter, partly offsetting the challenging Finnish market. The business portfolio, where we have operations in different geographical areas, is proving its strength. We continued with a careful approach to new start-ups and plot investments, with most of the consumer apartment start-ups in Central Eastern Europe where market conditions were more favourable.

The Business Premises segment increased its revenue, supported by the sale of the self-developed renovation site Maistraatinportti office building located in Länsi-Pasila, Helsinki. I am happy that we succeeded in completing the transaction in these difficult market conditions. Maistraatinportti is a great example of YIT’s strong expertise in project development and renovation projects. Renovation projects can extend the life cycle of buildings while simultaneously making them more energy efficient to use, which reduces emissions and the carbon footprint. We are committed to the Science Based Targets initiative (SBTi), and one of the key measures is to reduce the emissions that stem from the usage of completed premises.

In the Infrastructure segment, our performance was supported by the performance of the Finnish operations. We were selected as a service provider for the development phase of the Pirkkala-Linnainmaa tramway alliance. Winning this alliance project is an excellent example of the strong skills and expertise that we share with our partners. We are delighted to be able to develop this regionally and socially significant project together with all parties involved. In Sweden, low-margin legacy projects continued to weigh on profitability.

Professionals in the field of engineering ranked YIT the most attractive employer in the construction industry in the Universum Professionals Survey for the fourth consecutive year. We are very proud of this recognition, and that YIT has remained the ideal employer for professionals in the field for such a long time. It is important for us to remain a pioneer in our field and to invest in our operating methods, personnel competence development and diverse career paths. In particular, in this challenging market situation in the construction sector, we bear our responsibility for the attractiveness of the industry, offering opportunities for personal development and an excellent employee experience.

Consumers’ disposable income continued to be under pressure during the third quarter, and the economic uncertainty leading to caution in the housing market continued. In addition, we have unfortunately witnessed new geopolitical tensions globally, and uncertainty remains high. However, we are seeing a growth of pent-up demand among the consumers in the apartment market. As the start-ups in Finland have been at an extremely low level during recent quarters, there will be a significantly lower supply of apartments in the markets in 2024 and early 2025. YIT’s unsold completed apartments are located in attractive housing areas and consist of an attractive mix of different sized apartments. When the economic recovery kicks off, we will be in an excellent position to respond to the demand and gain market share.

With over 100 years of experience in the construction industry, YIT has witnessed changing economic conditions and retained its position as a quality player in the construction business. With a clear focus and high energy, we continue to navigate our way through the current cycle."

Heikki Vuorenmaa,
President and CEO

Guidance and outlook for 2023

YIT expects its Group adjusted operating profit for continuing operations to be lower than in 2022, but at least EUR 50 million (2022: EUR 110 million).

The housing market recovery in Central Eastern Europe is expected to further continue. In Finland, the market is expected to continue to be weak in the fourth quarter. In Business Premises and Infrastructure, the underlying operational performance is expected to improve, but low-margin legacy 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. Delayed apartment completions could lead to the postponement of revenue and profit from one quarter or a year to another.

Market environment

Housing market

In Finland, consumer demand continued at a low level as a result of the rising interest rates and generally weak consumer confidence. On the investor side, the higher interest rates have also had a clear negative impact on activity levels. Interest rates have shown signs of levelling off, but uncertainty in the market remains high. The market is expected to continue to be weak in the fourth quarter. Housing company loan financing has been challenging due to the banks' increased caution.

In the Baltic and Central Eastern European countries, the elevated inflation and rising interest rates have had a negative impact on market sentiment. However, demand in Poland, the Czech Republic and Latvia continued to improve during the quarter. The gradual market recovery is expected to continue, and the overall market outlook remains stable.

Market environment and outlook, Housing market

Region	Q3	Outlook
Finland	Weak	Stable
Baltic countries	Weak	Stable
Central Eastern Europe	Normal	Stable

Real estate market

In Finland, demand remained moderate, but increased cost pressures have slowed down customers' decision making. On the investor side, the low availability of financing, higher financing costs and higher yields have clearly decreased activity levels in transactions and new developments. Inflation in construction materials prices have stabilised. The competition for new projects has intensified as a result of the overall decline in construction volumes.

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

Market environment and outlook, Real estate market

Region	Q3	Outlook
Finland	Normal	Stable
Baltic countries	Normal	Stable
Central Eastern Europe	Normal	Stable

Infrastructure market

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

In Sweden, the market remained active due to good demand in both the public and private sectors. However, the price competition for projects also remained intense. Public-sector demand is supported by several ongoing infrastructure projects, and private-sector demand is driven by industrial investments.

Market environment and outlook, Infrastructure market

Region	Q3	Outlook
Finland	Normal	Stable
Sweden	Good	Stable

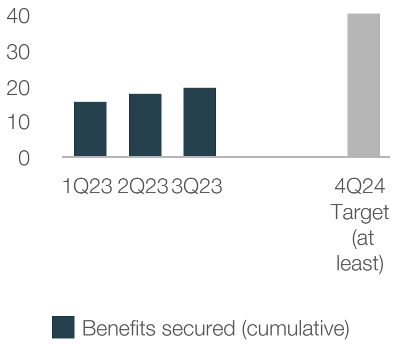
Q3 market environment

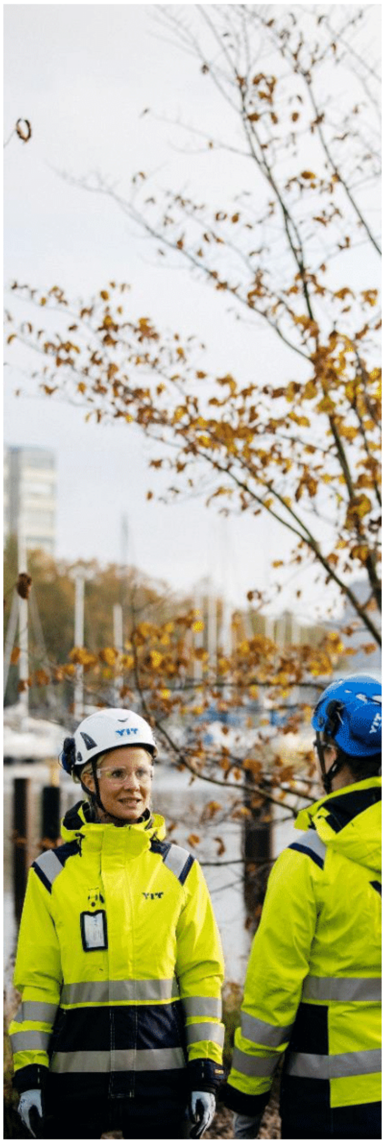
Good Normal Weak

Short-term market outlook

Improving Stable Weakening

Cumulative annualised cost savings secured from the transformation program (EURm)





Strategy

YIT launched its 2022–2025 strategy in November 2021. The objective of YIT's strategy is to be the most reliable partner for all its stakeholders, delivering predictable market-leading results. YIT has three strategic priority areas: Focus, Productivity, and ESG. In February 2023, YIT launched a transformation program to accelerate the implementation of the strategy, focusing on improving the company's performance and competitiveness, and increasing agility and customer focus.

Transformation program

YIT's transformation program is designed to generate efficiency gains. As part of the program, YIT will evaluate opportunities to save costs by e.g. reducing IT and facility expenses, as well as increasing efficiency in procurement, project management and productivity. The targeted inflation-adjusted run-rate cost savings are expected to be at least EUR 40 million by the end of 2024, with more than half the planned run-rate cost savings already expected to be achieved during 2023. In addition, YIT is expecting to achieve a significant amount of project-related efficiency gains. The program costs are estimated to be EUR 50–70 million.

The transformation program has progressed faster than originally expected. By the end of the third quarter, YIT has proceeded with measures to achieve the targeted cost savings. With the actions taken by the end of the third quarter, YIT will gain annualised run-rate cost savings of EUR 20 million, which will be fully realised by the end of 2024. At the end of the quarter, EUR 7 million were realised in program costs which will be recorded in adjusting items.

The transformation program also aims to improve capital efficiency. During the quarter, YIT continued the strategic review of certain assets and operations to secure the best possible value creation. The review concerns assets and operations such as YIT's wind power development portfolio, infrastructure operations in Sweden, and selected investments, including YIT's ownership stake in Tripla Mall. YIT has the potential to release approximately EUR 400 million of capital by the end of 2024. The stated potential does not factor in inventory items such as self-developed projects, unsold apartments, or plots.

Strategy implementation

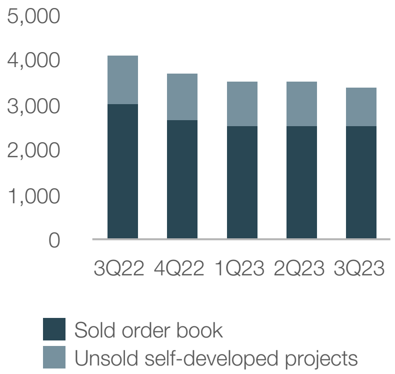
As part of YIT's transformation program, the company is improving its project management capabilities and productivity. Since the launch of the program in February 2023, there has been altogether approximately 1,200 participants in project management training sessions, with the topics being contract management, procurement, scheduling, profitability management and forecasting.

The goal is to improve the ability of the personnel in selected areas of project management and ensure and improve the implementation of projects in accordance with the goals set for the projects. To ensure employees' competences are developed and maintained throughout the cycles, YIT is seeking ways for job-rotation, training key talent in e.g. digitalisation and lean construction, coaching managers to improve their leadership skills and working closely with employee representatives to find development opportunities for blue collar workforce.

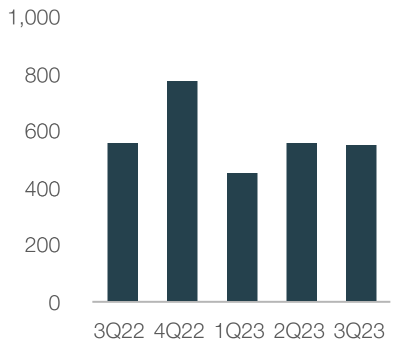
Safety development

During the quarter, YIT's combined lost time injury frequency weakened to 13.2 (12.5), largely because more accidents were reported by YIT's partners. Compared to the previous quarter, lost time injury frequency improved. YIT continued its systematic work to increase transparency and openness in safety communication and to strengthen day-to-day safety management within the company and with its partners. Special emphasis has been placed on preparing the sites for winter conditions.

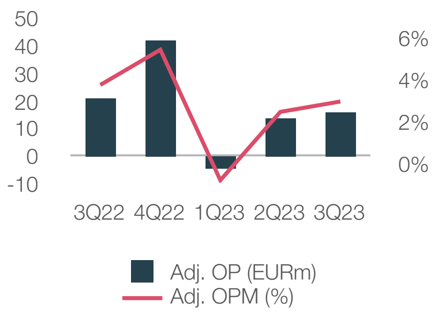
Order book (EURm)



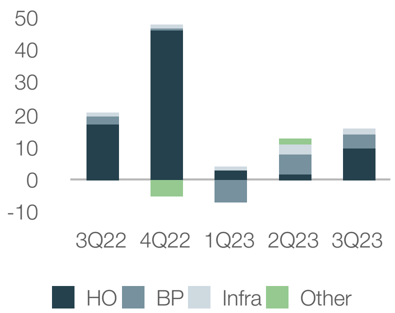
Revenue (EURm)



Adjusted operating profit and adjusted operating profit margin



Adjusted operating profit per segment (EURm)



Results

July–September

YIT's order book decreased to EUR 3,391 million (30 Jun 2023: 3,540), driven by the lower number of consumer apartment start-ups in Housing. At the end of the quarter, 75% of the order book was sold (30 Jun 2023: 72%).

YIT's revenue was at the previous year's level at EUR 553 million (560). In Housing, revenue remained stable despite lower sales in Finland, supported by a higher number of consumer completions in Central Eastern Europe. In Business Premises, revenue increased, due to the sale of the Maistraatinportti office property during the quarter. In Infrastructure, revenue decreased. The comparative period was supported by certain large projects that have since been completed.

YIT's adjusted operating profit decreased to EUR 16 million (21), and the adjusted operating profit margin was 2.9% (3.7). In Housing, profitability was negatively impacted by low consumer sales in Finland and a weaker sales mix. In Business Premises, higher construction material prices weighed on margins in projects started before the surge in price inflation. In Infrastructure, profitability increased, but was still burdened by certain low-margin legacy projects in Sweden.

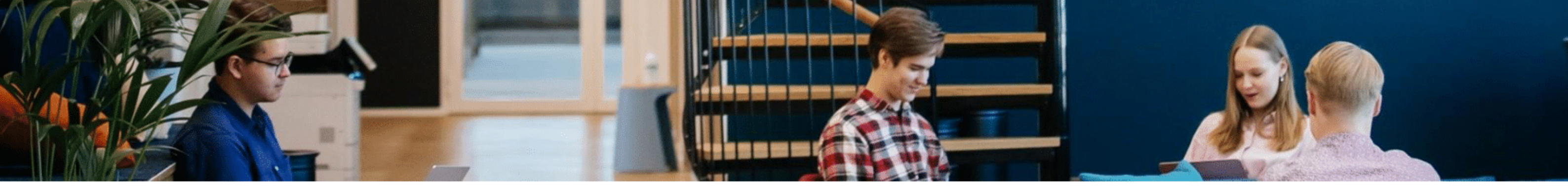
YIT's operating profit was EUR 13 million (16). Adjusting items were EUR 3 million in the third quarter (5), mainly associated with the costs of the transformation program. Net finance costs amounted to EUR 12 million (5) due to increased market interest rates and higher amount of net interest bearing debt. The result for the period was EUR 1 million (7).

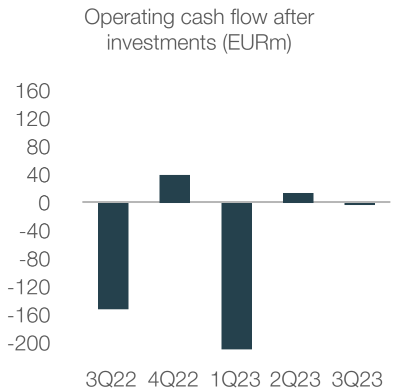
January–September

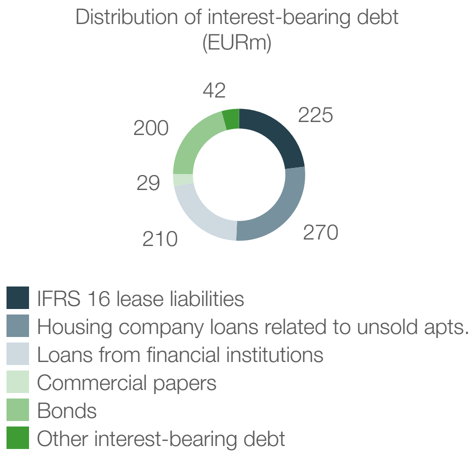
YIT's revenue decreased by 4% to EUR 1,566 million (1,623). In Housing, revenue remained stable, supported by the sales of apartments in Finland to YIT's joint venture's rental housing portfolio during the first half of the year. In Business Premises, revenue was at the previous year's level, supported by the sale of the Maistraatinportti office property during the third quarter. The comparative period in Business Premises included a sale of two self-developed projects. In Infrastructure, revenue decreased. The comparative period in Infrastructure was supported by certain large projects that have since been completed.

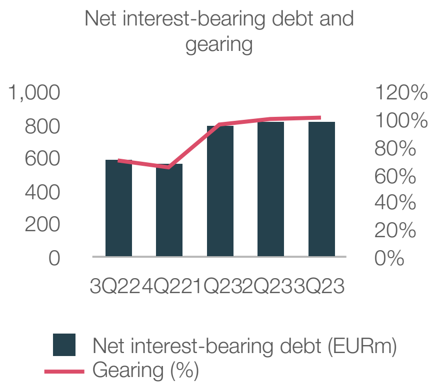
YIT's adjusted operating profit decreased to EUR 26 million (67), and the adjusted operating profit margin was 1.6% (4.1). In Housing, profitability was negatively impacted by low consumer sales and a weaker sales mix. In Business Premises, higher construction material prices weighed on margins in projects started before the surge in price inflation. The comparative period in Business Premises was supported by the sale of two self-developed projects. In Infrastructure, profitability increased but was still burdened by certain low-margin legacy projects in Sweden.

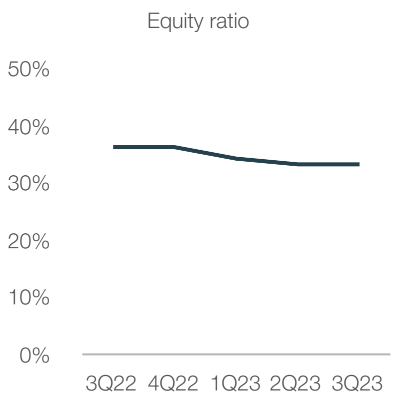
YIT's operating profit was EUR 16 million (60). Adjusting items amounted to EUR 10 million (7). Adjusting items were related mainly to the costs of the transformation program. Net finance costs amounted to EUR 34 million (22). The result for the period amounted to EUR -14 million (-403, including discontinued operations), and earnings per share amounted to EUR -0.08 (0.15, continuing operations). The comparative period was burdened by the sale of the Russian businesses.











Cash flow

July–September

YIT's operating cash flow after investments amounted to EUR -3 million (-149). Cash flow was supported by YIT's improved net working capital efficiency and the sale of the Maistraatinportti office property. Cash flow was burdened by the low consumer apartment sales in Finland and capital tied to consumer apartments. The major part of consumer apartments under construction will be completed in the last quarter of the year. Due to less apartments under construction in the coming quarters, the increase of the capital tied up to apartments will slow down compared to previous quarters. This will become more evident as the year progresses. Cash flow from plot investments amounted to EUR -3 million (-21).

January–September

YIT's operating cash flow after investments amounted to EUR -200 million (-322). The negative cash flow was mainly attributable to Housing, where the cash flow was burdened by low consumer apartment sales in Finland, payments for plot investments committed before 2023, and the apartments under construction. Cash flow from plot investments was EUR -66 million (-111), impacted by payments for plot investments committed before 2023.

Financial position

At the end of the period, interest-bearing debt amounted to EUR 976 million (778), and net interest-bearing debt to EUR 820 million (590). Compared to the previous quarter, net interest-bearing debt remained stable. Net interest-bearing debt included IFRS 16 lease liabilities of EUR 225 million (216), as well as housing company loans of EUR 270 million (166) related to unsold apartments. The gearing ratio was 100% (69), and the equity ratio 33% (36). Equity decreased to EUR 824 million (855). The net debt/adjusted EBITDA ratio was 8.7 (30 Jun 2023: 8.2), and the interest cover ratio 2.8 (30 Jun 2023: 3.9).

Cash and cash equivalents decreased to EUR 94 million (125), and YIT had undrawn overdraft facilities amounting to EUR 35 million (32). Furthermore, YIT had a EUR 300 million committed revolving credit facility, of which EUR 240 million (300) was unused and available at the end of the third quarter. Unutilised and committed housing company and project loan limits associated with apartment projects were EUR 62 million (288).

During the quarter, the company progressed in its negotiations with lenders regarding the refinancing of its term loans.

Capital employed increased to EUR 1,632 million (1,444) at the end of the third quarter. The increase was driven mainly by the increased capital employed in Housing, attributable to low consumer apartment sales, apartments currently under construction, and the increase in the number of unsold completed apartments to 948 (280).

Investments and divestments

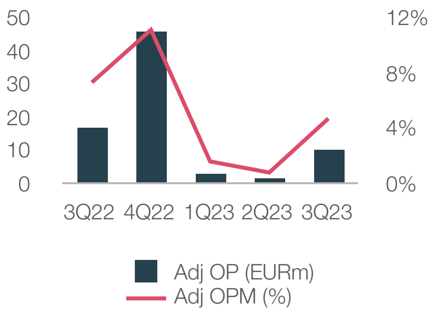
July–September

Gross capital expenditure amounted to EUR 5 million (5), of which EUR 4 million (4) was related to leased assets. Investments in plots were EUR 3 million (43). Investments in leased plots were EUR 0 million (3). The total plot reserve at the end of the quarter amounted to EUR 792 million (707).

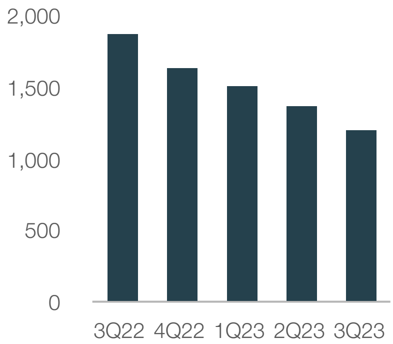
January–September

Gross capital expenditure was EUR 17 million (13), or 1.1% of revenue (0.8), of which EUR 13 million (10) was leased. Investments in plots were EUR 54 million (128), impacted by payments for plot investments committed before 2023. Investments in leased plots, excluding sale and leaseback transactions, were EUR 0 million (3).

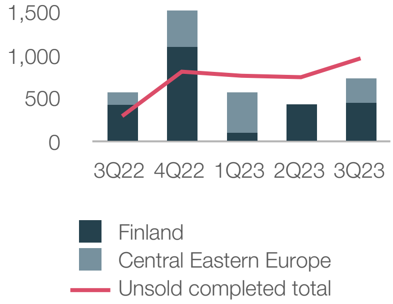
Adjusted operating profit and adjusted operating profit margin



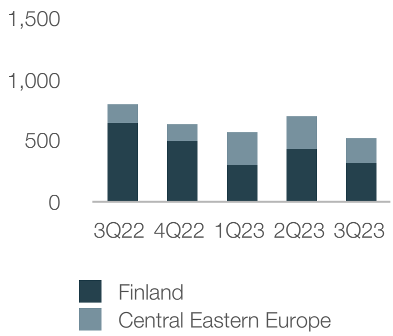
Order book (EURm)



Consumer apartment completions (units)



Sold apartments (units)



Housing

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Revenue	225	230	670	664	1,084
Operating profit	10	17	15	52	98
Adjusted operating profit	10	17	15	52	98
Adj. operating profit margin, %	4.6	7.2	2.2	7.8	9.0
Order book at end of period	1,204	1,881	1,204	1,881	1,643
Capital employed	1,042	829	1,042	829	884

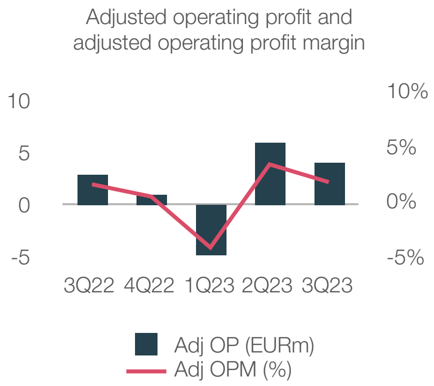
Results

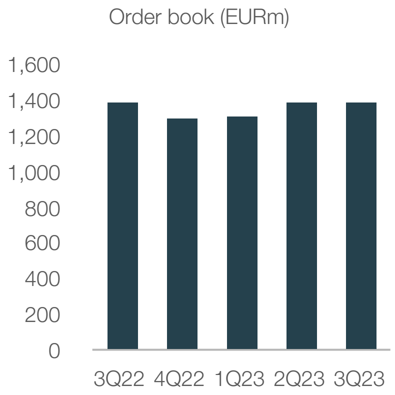
July–September

- Revenue was stable at EUR 225 million (230).
- The number of unsold completed apartments increased to 948 (30 Jun 2023: 730). The unsold completed apartments are located in attractive housing markets, with more than 80% of the units in capital regions or university towns in Finland and Central Eastern Europe. YIT recognises unsold completed apartments at the lower of cost or net realisable value on its balance sheet.
- Adjusted operating profit decreased to EUR 10 million (17), negatively impacted by low consumer sales in Finland and a weaker sales mix. Completion of net 356 apartments in CEE countries were shifted from the third quarter to the fourth quarter, affecting the segment's result.
- The share of results of associated companies and joint ventures was EUR 2 million (3), and changes in the fair value of the segment’s equity investments amounted to EUR 1 million.
- Consumer sales were low in Finland at 118 (216) apartments. In comparison, demand in Central Eastern Europe was higher, with consumer sales increasing year-on-year and amounting to 204 (137) apartments.
- Consumer apartment start-ups decreased to 108 (596) as a result of a prudent approach to new start-ups. 32 (264) of the new start-ups were in Finland, and 76 (197) in Central Eastern Europe.
- Capital employed increased to EUR 1,042 million (829). The increase is attributable to low consumer sales, apartments currently under construction, and the increase in the number of unsold completed apartments to 948 (280).
- The land bank in Housing amounted to 2,112,000 sqm (30 Jun 2023: 2,132,000). The land bank will enable the construction of approximately 34,000 new homes.

January–September

- Revenue remained stable at EUR 670 million (664). Revenue was supported by the sales of apartments in Finland to YIT’s joint venture’s rental housing portfolio during the first half of the year.
- Adjusted operating profit decreased to EUR 15 million (52), negatively impacted by low consumer sales, especially in Finland. Profitability was also negatively impacted by a weaker sales mix.
- The share of results of associated companies and joint ventures was EUR 7 million (9), and changes in the fair value of the segment’s equity investments amounted to EUR 0 million.





Business Premises

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Revenue	239	211	604	601	817
Operating profit	4	3	2	14	14
Adjusted operating profit	4	3	3	15	16
Adj. operating profit margin, %	1.6	1.4	0.6	2.6	2.0
Order book at end of period	1,384	1,382	1,384	1,382	1,301
Capital employed	281	261	281	261	270

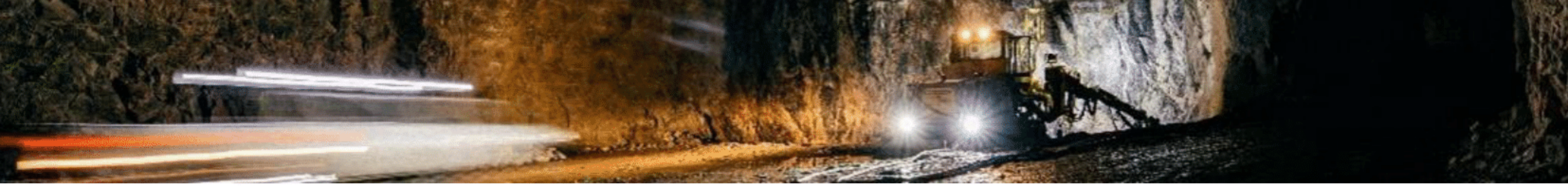
Results

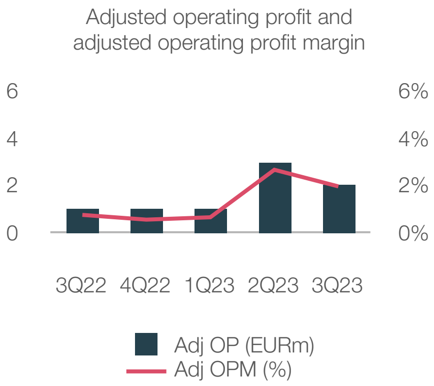
July–September

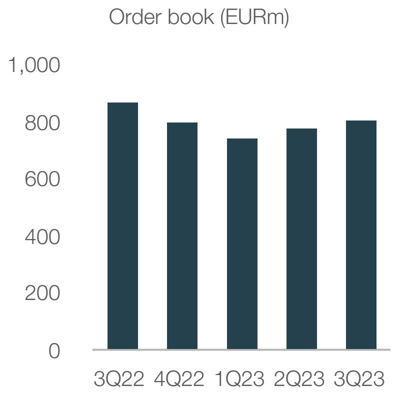
- Revenue increased to EUR 239 million (211), supported by the sale of the Maistraatinportti office property.
- Adjusted operating profit increased to EUR 4 million (3). Profitability was burdened by higher construction material prices, which weighed on margins in fixed price projects started before the surge in price inflation.
- The share of results of associated companies and joint ventures was EUR 0 million (0).
- YIT's partly owned Mall of Tripla continued its good operational performance. The Mall of Tripla's total revenue increased, and the total number of visitors grew year-on-year. The fair value of YIT's equity investment in Tripla Mall Ky increased to EUR 199 million (30 Jun 2023: 197) due to a decrease in Tripla Mall Ky's net debt. The changes in the fair value of the segment's equity investments amounted to EUR 2 million (4) accordingly.
- Capital employed increased to EUR 281 million (261), attributable to progress in two ongoing self-developed projects.
- The order book remained stable at EUR 1,384 million (30 Jun 2023: 1,391). At the end of the quarter, the order book included EUR 332 million (30 Jun 2023: 326) of service periods for life cycle projects.
  - The construction and maintenance of two life cycle schools in Siilinjärvi, the expansion and spatial reorganisation of Kannisto school in Vantaa, the construction of a residential building for Asuntosäätiö in Helsinki, and the construction of the Urban HUB office, sales and warehousing project in Vilnius, were among the projects entered in the order book during the quarter.

January–September

- Revenue increased to EUR 604 million (601), supported by the sale of the Maistraatinportti office property during the third quarter. Revenue in the comparison period was supported by the sale of two self-developed projects.
- Adjusted operating profit decreased to EUR 3 million (15). Profitability was burdened by higher construction material prices, which weighed on margins in projects started before the surge in price inflation. The comparison period was supported by the sale of two self-developed projects.
- The share of results of associated companies and joint ventures was EUR -1 million (0). Changes in the fair value of equity investments amounted to EUR 6 million (10).







Infrastructure

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Revenue	94	133	315	393	539
Operating profit	2	1	5	3	4
Adjusted operating profit	2	1	5	3	4
Adj. operating profit margin, %	1.9	0.7	1.7	0.8	0.7
Order book at end of period	803	864	803	864	796
Capital employed	44	56	44	56	37

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

Results

July–September

- Revenue decreased by 29% to EUR 94 million (133).
  - Revenue in Finland decreased to EUR 78 million (106). The comparison period was supported by certain large projects that have since been completed.
  - Revenue in Sweden decreased to EUR 16 million (24), driven by a strict selection of new projects.
- Adjusted operating profit increased to EUR 2 million (1).
  - Adjusted operating profit in Finland decreased to EUR 3 million (8). The comparison period was supported by certain large projects that have since been completed.
  - Adjusted operating profit in Sweden amounted to EUR -1 million (-7), as certain low-margin legacy projects still continued to weigh on profitability.
- The order book increased to EUR 803 million from the second quarter (30 Jun 2023: 773) but decreased year-on-year.
  - During the quarter, YIT announced that it had been selected as a service provider for the Pirkkala-Linnainmaa tramway alliance. The development phase of the project will be entered in the order book during the fourth quarter. After the development phase, the project aims to enter the implementation phase.
- The amount of projects in the permitting phase in YIT's wind power development portfolio increased slightly to approximately 1,000 MW (30 Jun 2023: 990), driven by increases in project sizes. The amount of project opportunities in the preliminary study phase remained stable at approximately 1,130 MW (30 Jun 2023: 1,130).
- The strategic review concerning YIT’s wind power development portfolio and infrastructure operations in Sweden continued during the quarter.

January–September

- Revenue decreased by 20% to EUR 315 million (393).
  - Revenue in Finland decreased to EUR 252 million (298). The comparison period was supported by certain large projects that have since been completed.
  - Revenue in Sweden decreased to EUR 63 million (85), as the selection of new projects has been strict.
- Adjusted operating profit increased to EUR 5 million (3).
  - Adjusted operating profit in Finland decreased to EUR 9 million (12).
  - Adjusted operating profit in Sweden amounted to EUR -4 million (-9).

Shares

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

At the end of the reporting period, YIT's share capital was EUR 149,716,748.22 (31 Dec 2022: 149,716,748.22) and the number of shares outstanding was 209,547,734 (31 Dec 2022: 209,511,146).

Personnel

During January–September, the Group employed an average of 4,954 people (5,256) in continuing operations.

Personnel expenses in July–September totalled EUR 62 million (75) and in January–September amounted to EUR 228 million (255).

Governance

Changes in the Group Management Team

On 29 September, YIT announced that Aleksi Laine had been appointed as Executive Vice President, Infrastructure segment and as a member of the Group Management Team, starting on 1 October 2023. He had been acting as the interim leader of the Infrastructure segment and as a member of the management team since 29 March 2023.

On the same date, YIT also announced that Jennie Stenbom's starting date had been specified and that she would start in her position on 1 October. The appointment of Jennie Stenbom as EVP, Human Resources and a member of the Group Management Team was originally announced as a Stock Exchange Release on 16 May 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 the continuity of operations. Risk management is incorporated into all 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 as strategic, operational, project-related, financial and event risks. Detailed descriptions of risks, their impacts and risk management practices are available in YIT's Annual Review 2022. These risks still apply.

Low residential demand, especially in Finland, continues due to uncertainty related to the market outlook and higher interest rates. At YIT, the implications of market uncertainty could lead to weakening business performance and profitability or the postponement of revenue and profit from one quarter or year to another. Delayed apartment completions could also lead to the postponement of revenue and profit from one quarter or year to another.

The escalation of geopolitical risks reflected in general uncertainty and demand could have a negative impact on the company's financial position.

The company is undergoing strategic evaluations and capital release measures that may have an impact on its financial position.

Events after the reporting period

YIT announced on 18 October that Tom Ekman, EVP, Business Premises segment and a member of the YIT Group Management Team would leave the company on 18 October 2023. Peter Forssell, SVP, Central Eastern Europe, Business Premises at YIT will act as the interim leader of the Business Premises segment and as a member of the YIT Group Management Team as of 18 October 2023.

YIT Corporation
Board of Directors

Helsinki, 1 November 2023

Interim Report January–September 2023: Tables

Table of contents

Primary Financial Statements

Consolidated income statement

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Revenue	**553**	**560**	**1,566**	**1,623**	**2,403**
Other operating income	2	1	8	11	17
Change in inventories of finished goods and in work in progress	-80	41	-12	117	174
Materials and supplies	-78	-106	-247	-283	-505
External services	-274	-342	-912	-1,005	-1,415
Personnel expenses	-62	-75	-228	-255	-352
Other operating expenses	-46	-57	-149	-138	-206
Changes in fair value of financial assets	3	4	6	8	9
Share of results of associated companies and joint ventures	2	3	6	9	11
Depreciation, amortisation and impairment	-6	-11	-21	-26	-33
Operating profit	**13**	**16**	**16**	**60**	**102**
Finance Income	1	5	4	6	9
Exchange rate differences (net)	-1	-3	-4	-7	-9
Finance expenses	-12	-8	-34	-21	-28
Finance income and expenses, total	-12	-5	-34	-22	-28
Result before taxes	**1**	**11**	**-19**	**38**	**74**
Income taxes	—	-4	4	-4	-11
Result for the period, continuing operations	**1**	**7**	**-14**	**35**	**63**
Result for the period, discontinued operations	**—**	**—**	**—**	**-438**	**-438**
Result for the period	**1**	**7**	**-14**	**-403**	**-375**
Attributable to					
Owners of YIT Corporation	1	7	-14	-403	-375
Non-controlling interests		—		—	—
Earnings per share, attributable to the equity holders of the parent company, EUR					
Basic, total	0.00	0.03	-0.08	-1.94	-1.82
Diluted, total	0.00	0.03	-0.08	-1.94	-1.82
Basic, continuing operations	0.00	0.03	-0.08	0.15	0.28
Basic, discontinued operations	—	—	—	-2.09	-2.09
Diluted, continuing operations	0.00	0.03	-0.08	0.15	0.28
Diluted, discontinued operations	—	—	—	-2.09	-2.09

Consolidated statement of comprehensive income

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Result for the period	1	7	-14	-403	-375
Items that may be reclassified to income statement					
Cash flow hedges, net of tax	-1	1	-2	3	3
Change in translation differences, continuing operations	-5	-1	—	-2	2
Change in translation differences, discontinued operations		—		27	27
Translation differences reclassified to income statement, discontinued operations		—		253	253
Items that may be reclassified to income statement, total	**-6**	**—**	**-2**	**281**	**285**
Items that will not be reclassified to income statement					
Change in fair value of defined benefit pension, net of tax	—	—	—	—	—
Items that will not be reclassified to income statement, total	**—**	**—**	**—**	**—**	**—**
Other comprehensive income, total	**-5**	**—**	**-1**	**281**	**285**
Total comprehensive income, continuing operations	-4	7	-15	36	67
Total comprehensive income, discontinued operations		—	—	-157	-157
Total comprehensive income	**-4**	**7**	**-15**	**-122**	**-91**
Attributable to					
Owners of YIT Corporation	-4	7	-15	-122	-91
Non-controlling interests		—		—	—

Consolidated statement of financial position

EUR million	9/23	9/22	12/22
ASSETS			
Non-current assets			
Property, plant and equipment	35	43	37
Leased property, plant and equipment	64	68	68
Goodwill	248	249	249
Other intangible assets	4	5	4
Investments in associated companies and joint ventures	67	90	72
Equity investments	222	193	218
Interest-bearing receivables	61	57	56
Trade and other receivables	42	46	43
Deferred tax assets	39	25	30
Non-current assets total	**781**	**776**	**778**
Current assets			
Inventories	1,457	1,394	1,426
Leased inventories	158	170	158
Trade and other receivables	298	341	273
Interest-bearing receivables	1	6	—
Income tax receivables	3	1	3
Cash and cash equivalents	94	125	206
Current assets total	**2,010**	**2,037**	**2,068**
Assets classified as held for sale*	**11**		
Total assets	**2,802**	**2,814**	**2,845**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company	725	756	783
Hybrid bond	99	99	99
Equity total	**824**	**855**	**883**
Non-current liabilities			
Deferred tax liabilities	6	6	9
Pension obligations	3	3	3
Provisions	87	69	88
Interest-bearing liabilities	199	388	288
Lease liabilities	193	183	189
Contract liabilities, advances received	—	1	1
Trade and other payables	23	28	29
Non-current liabilities total	**510**	**676**	**606**
Current liabilities			
Contract liabilities, advances received	287	301	276
Other contract liabilities	20	143	82
Trade and other payables	527	576	576
Income tax payables	3	11	16
Provisions	48	44	51
Interest-bearing liabilities	552	174	336
Lease liabilities	32	34	19
Current liabilities total	**1,467**	**1,283**	**1,356**
Liabilities total	**1,978**	**1,959**	**1,962**
Total equity and liabilities	**2,802**	**2,814**	**2,845**

*Assets held for sale on 30 September 2023 include YIT's equity investment Sia LiveOn, in which YIT held a 30% stake. The sale was completed on 5 October 2023.

Consolidated cash flow statement

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Result for the period	**1**	**7**	**-14**	**-403**	**-375**
Reversal of accrual-based items	17	1	42	459	503
Change in trade and other receivables	15	-39	-27	-90	-19
Change in inventories	50	-87	-28	-248	-257
Change in current liabilities	-72	-14	-107	25	-50
Change in working capital, total	-7	-139	-162	-313	-326
Cash flow of financial items	-11	-10	-47	-55	-65
Taxes paid (-)	-2	-2	-19	-11	-16
Net cash generated from operating activities	**-2**	**-143**	**-200**	**-323**	**-279**
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash	—	—	—	-4	-4
Sale of subsidiaries, net of cash	—	—	—	-14	-14
Investments in associated companies and joint ventures	-1	-6	-3	-22	-26
Proceeds from sale of associated companies and joint ventures	1	-2	1	28	29
Purchases of tangible assets	-1	-1	-4	-3	-5
Purchases of intangible assets	—	—	—	—	—
Proceeds from tangible and intangible assets	—	—	2	2	3
Proceeds from sale of investments	—	—	—	—	—
Dividends received (from associated companies and joint ventures)	—	3	4	15	16
Net cash used in investing activities	**-1**	**-5**	**-1**	**1**	**-2**
Operating cash flow after investments	**-3**	**-149**	**-200**	**-322**	**-281**
Cash flow from financing activities					
Proceeds from non-current interest-bearing liabilities	70	—	155	18	18
Repayments of non-current interest-bearing liabilities	-55	—	-95	—	—
Proceeds from current interest-bearing liabilities	51	87	205	281	409
Repayments of current interest-bearing liabilities	-58	-61	-138	-205	-273
Payments of lease liabilities	-5	-5	-15	-16	-21
Change in interest-bearing receivables	1	1	-4	-3	-3
Dividends paid	—	—	-19	-17	-34
Net cash used in financing activities	**4**	**21**	**89**	**58**	**96**
Net change in cash and cash equivalents	1	-128	-111	-263	-185
Cash and cash equivalents at the beginning of the period	97	248	206	389	389
Foreign exchange differences	-4	4	-1	-1	2
Cash and cash equivalents at the end of the period	**94**	**125**	**94**	**125**	**206**

Consolidated statement of changes in equity

EUR million	**Share capital**	**Unrestricted equity reserve**	**Translation differences**	**Fair value reserve**	**Treasury shares**	**Retained earnings**	**Equity attributable to owners of parent company**	**Hybrid bond**	**Equity total**
Equity on 1 January 2023	**150**	**553**	**1**	**4**	**-8**	**84**	**783**	**99**	**883**
Result for the period						-14	-14		-14
Cash flow hedges, net of tax				-2			-2		-2
Change in fair value of defined benefit pension, net of tax						—	—		—
Translation differences			—				—		—
Comprehensive income for the period, total			**—**	**-2**		**-14**	**-15**		**-15**
Dividend distribution						-38	-38		-38
Share-based incentive schemes					—	—	1		1
Transactions with owners, total					**—**	**-37**	**-37**		**-37**
Hybrid bond interests and expenses, net of tax						-6	-6		-6
Equity on 30 September 2023	**150**	**553**	**1**	**2**	**-8**	**27**	**725**	**99**	**824**

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							-403	-403	—		-403
Cash flow hedges, net of tax					3			3			3
Change in fair value of defined benefit pension, net of tax							—	—			—
Translation differences				25				25	—		25
Translation differences reclassified to income statement				253				253			253
Comprehensive income for the period, total				**278**	**3**		**-403**	**-122**	**0**		**-122**
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							-5	-5			-5
Other changes		-1	—					-2	-3		-4
Equity on 30 September 2022	**150**	**—**	**553**	**-3**	**4**	**-8**	**60**	**756**	**—**	**99**	**855**

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**

Basis of preparation and accounting policies of the interim report

Basis of preparation

This interim report has been prepared in accordance with IFRS recognition and measurement principles but not all the requirements of IAS 34 Interim Financial Reporting standard have been applied. This interim report should be read together with YIT's consolidated Financial Statements 2022. The figures presented in the interim report are unaudited. In the interim report, the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in columns and total sums.

Accounting policies

The same IFRS recognition and measurement principles have been applied in the preparation of this interim report as in YIT's consolidated Financial Statements 2022, except for the amendments to the IFRS standards effective as of January 1, 2023. The amendments had no impact on the consolidated financial statements.

Significant management judgements

In preparing this interim report, significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the consolidated Financial Statements for the year ended 31 December 2022.

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 2022. When making these judgements, the management constantly estimates the impact of Russia's invasion of Ukraine on the estimates and judgements. The Russian invasion of Ukraine is not expected to have direct impacts on YIT's financial performance that would require material adjustments to carrying amounts in the statement of financial position. However, YIT's management continuously monitors 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 interim report

		Average rates			End Rates		
		1–9/23	**1–9/22**	**1–12/22**	**9/23**	**9/22**	**12/22**
1 EUR =	CZK	23.8301	24.6198	24.5616	24.3390	24.5490	24.1160
	PLN	4.5826	4.6712	4.6856	4.6283	4.8483	4.6808
	SEK	11.4769	10.5229	10.6278	11.5325	10.8993	11.1218
	NOK	11.3502	10.0040	10.1019	11.2535	10.5838	10.5138

Notes

Adjustments concerning prior periods

Restated financial information for 2022 and Q1/2023

On 20 June 2023, YIT published restated financial information for 2022 and Q1/2023 reflecting the new organisational structure. YIT has simplified its organisational structure as part of the transformation program. The new organisation, effective from 1 April 2023, consists of three business segments: Housing, Business Premises, and Infrastructure. The operations in the former Property Development segment have been allocated to the other segments and Group Functions. As a result, YIT has restated the financial information for 2022 and for Q1/2023.

Adjustment to presentation of lease liabilities in the consolidated statement of financial position

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

EUR million	3/22	Adjust-ment	Adjusted 3/22	6/22	Adjust-ment	Adjusted 6/22	9/22	Adjust-ment	Adjusted 9/22	12/22	Adjust-ment	Adjusted 12/22
Non-current lease liabilities	171	33	**204**	165	27	**192**	153	30	**183**	168	21	**189**
Current lease liabilities	51	-33	**18**	45	-27	**18**	64	-30	**34**	40	-21	**19**

Presentation of Warranty provisions

YIT has 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. It was not previously possible to separate part of the warranty provision from other current liabilities. A retrospective adjustment has not been prepared as the necessary information is unavailable. The adjustment had no impact on the consolidated income statement.

Segment information

Segment financial information

7–9/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**225**	**239**	**94**	**-5**	**553**
Revenue from external customers	225	242	87	-1	553
Revenue Group internal	—	-2	7	-5	—
Depreciation, amortisation and impairment	-1	-1	-2	-2	-6
Operating profit	**10**	**4**	**2**	**-2**	**13**
Operating profit margin, %	**4.6**	**1.5**	**1.8**		**2.4**
Adjusting items	—	—	—	2	3
Adjusted operating profit	**10**	**4**	**2**	**0**	**16**
Adjusted operating profit margin, %	**4.6**	**1.6**	**1.9**		**2.9**

7–9/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**230**	**211**	**133**	**-14**	**560**
Revenue from external customers	230	211	123	-4	560
Revenue Group internal	—	—	10	-10	—
Depreciation, amortisation and impairment	-1	-1	-3	-7	-11
Operating profit	**17**	**3**	**1**	**-4**	**16**
Operating profit margin, %	**7.2**	**1.4**	**0.6**		**2.9**
Adjusting items	—	—	—	4	5
Adjusted operating profit	**17**	**3**	**1**	**0**	**21**
Adjusted operating profit margin, %	**7.2**	**1.4**	**0.7**		**3.7**

1–9/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**670**	**604**	**315**	**-23**	**1,566**
Revenue from external customers	670	602	295	-2	1,566
Revenue Group internal	—	2	20	-21	—
Depreciation, amortisation and impairment	-3	-4	-7	-7	-21
Operating profit	**15**	**2**	**5**	**-6**	**16**
Operating profit margin, %	**2.2**	**0.3**	**1.7**		**1.0**
Adjusting items	—	2	—	8	10
Adjusted operating profit	**15**	**3**	**5**	**2**	**26**
Adjusted operating profit margin, %	**2.2**	**0.6**	**1.7**		**1.6**

1–9/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**664**	**601**	**393**	**-36**	**1,623**
Revenue from external customers	656	601	364	2	1,623
Revenue Group internal	8	—	29	-37	—
Depreciation, amortisation and impairment	-3	-2	-8	-13	-26
Operating profit	**52**	**14**	**3**	**-8**	**60**
Operating profit margin, %	**7.8**	**2.3**	**0.9**		**3.7**
Adjusting items	—	2	—	6	7
Adjusted operating profit	**52**	**15**	**3**	**-3**	**67**
Adjusted operating profit margin, %	**7.8**	**2.6**	**0.8**		**4.1**

1–12/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**1,084**	**817**	**539**	**-37**	**2,403**
Revenue from external customers	1,084	817	502	—	2,403
Revenue Group internal	—	—	36	-37	—
Depreciation, amortisation and impairment	-4	-3	-11	-16	-33
Operating profit	**98**	**14**	**4**	**-14**	**102**
Operating profit margin, %	**9.0**	**1.7**	**0.7**		**4.2**
Adjusting items	—	2	—	6	8
Adjusted operating profit	**98**	**16**	**4**	**-8**	**110**
Adjusted operating profit margin, %	**9.0**	**2.0**	**0.7**		**4.6**

Capital employed by segments

EUR million	9/23	9/22	12/22
Housing	1,042	829	884
Business Premises	281	261	270
Infrastructure	44	56	37
Other Items	266	298	252
Capital employed, total	**1,632**	**1,444**	**1,443**

Order book at the end of the period by segments

EUR million	9/23	9/22	12/22
Housing	1,204	1,881	1,643
Business Premises	1,384	1,382	1,301
Infrastructure	803	864	796
Internal order book	—	-38	-39
Order book, total	**3,391**	**4,089**	**3,702**

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 reported them as discontinued operations in the first quarter of 2022.

Results of discontinued operations

EUR million	1–9/22	1–12/22
Revenue	**60**	**60**
Other operating income	1	1
Change in inventories of finished goods and in work in progress	6	6
Materials and supplies	-150	-150
External services	-43	-43
Personnel expenses	-7	-7
Other operating expenses	-17	-17
Depreciation, amortisation and impairment	—	—
Operating profit	**-152**	**-152**
Finance income	1	1
Exchange rate differences (net)	-18	-18
Finance expenses	-2	-2
Finance income and expenses, total	**-20**	**-20**
Result before taxes	**-171**	**-171**
Income taxes	-7	-7
Result after taxes	**-179**	**-179**
Loss on sale of discontinued operations	**-6**	**-6**
Translation differences reclassified to income statement	**-253**	**-253**
Result from discontinued operations	**-438**	**-438**

Cash flows (used in) discontinued operations

EUR million	1–9/22	1–12/22
Net cash used in operating activities	-24	-24
Net cash used in investing activities*	-14	-14
Net cash used in financing activities	23	23
Cash flow for the period	**-18**	**-18**

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

Effect of discontinued operations on the statement of financial position

EUR million	30 May 2022
ASSETS	
Property, plant and equipment	2
Leased property, plant and equipment	3
Other intangible assets	1
Deferred tax assets	—
Inventories	15
Leased inventories	1
Trade and other receivables	102
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
Cash consideration received	30
Net assets sold	-31
Other items	-5
Loss on sale of discontinued operations	**-6**

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

Inventories

EUR million	9/23	9/22	12/22
Raw materials and consumables	9	7	6
Work in progress	463	658	560
Plot reserve	691	617	630
Completed apartments and real estate	277	88	208
Advance payments	18	23	22
Other inventories	—	1	—
Inventories	**1,457**	**1,394**	**1,426**
Plot reserve*	101	90	86
Plots, work in progress	15	57	45
Plots, completed apartments and real estate	42	23	27
Leased inventories	**158**	**170**	**158**

* Q3 2022 figure has been adjusted.

Derivative contracts

EUR million	9/23	9/22	12/22
Value of underlying instruments			
Interest rate derivatives (hedge accounting applied)	100	100	100
Interest rate derivatives (hedge accounting not applied)	200	140	160
Foreign exchange derivatives	192	218	176
Fair value			
Interest rate derivatives (hedge accounting applied)	2	5	4
Interest rate derivatives (hedge accounting not applied)	6	4	6
Foreign exchange derivatives	1	2	—

Contingent liabilities and assets and commitments

EUR Million	9/23	9/22	12/22
Guarantees given			
Guarantees on behalf of others	—	1	1
Guarantees on behalf of construction consortia	2	2	2
Guarantees on behalf of associated companies and joint ventures	—	4	4
Guarantees on behalf of parent and other Group companies	950	1,024	968
Other commitments			
Investment commitments	67	107	73
Purchase commitments	174	137	178

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

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

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.

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	7–9/23	7–9/22	1–9/23	1–9/22	1–12/22
Operating profit (IFRS)	**13**	**16**	**16**	**60**	**102**
Adjusting items					
Fair value changes related to redemption liability of non-controlling interests				2	2
Items related to restructuring, efficiency and adaptation measures, and other non-recurring costs related to Group management team	2		9		1
Court proceedings					-2
Operating profit from operations to be closed	—	—	—	—	1
Inventory fair value adjustment from PPA*		—		—	—
Depreciation, amortisation and impairment from PPA*	—	4	1	5	6
Adjusting items, total	**3**	**5**	**10**	**7**	**8**
Adjusted operating profit	**16**	**21**	**26**	**67**	**110**

*PPA refers to merger-related fair value adjustments.

Reconciliation of adjusted EBITDA, rolling 12 months

EUR million	9/23
Adjusted operating profit	**68**
Depreciation and amortisation	29
Depreciation, amortisation and impairment from PPA	-1
Items related to restructuring, efficiency and adaptation measures, and other non-recurring costs related to Group management team	-1
Adjusted EBITDA	**94**

Reconciliation of order book

EUR million	9/23	9/22	12/22
Partially or fully unsatisfied performance obligations	2,554	3,042	2,671
Unsold self-developed projects	838	1,047	1,031
Order book	**3,391**	**4,089**	**3,702**

Definitions of financial key performance indicators

Key figure	Definition	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling the subtotal presented in the consolidated income statement.	Operating profit shows result generated by operating activities excluding finance and tax-related items.
Adjusted operating profit	Operating profit excluding adjusting items.	Adjusted operating profit is presented in addition to operating profit to reflect the underlying core business performance and to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations thus improving comparability from period to period.
Adjusting items	Adjusting items are material items outside ordinary course of business such as write-down of inventories, impairment of goodwill, fair value changes related to redemption liability of non-controlling interests, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, operating profit from businesses to be closed down, gains or losses arising from the divestments of a business or part of a business, items related to restructuring, efficiency and adaptation measures and other non-recurring costs arising from agreements with the Group management team, impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment, and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA"). YIT has clarified the definition of Adjusting items on 1 January 2022 to include also other non-recurring costs arising from agreements with the Group management team in addition to restructuring, efficiency and adaptation measures related items.	
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 operating business.
Interest-bearing debt	Non-current and current borrowings including non-current and current lease liabilities.	Interest-bearing debt is a key figure for measuring YIT's total debt financing.
Net interest-bearing debt	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables.	Net interest-bearing debt is an indicator for measuring YIT's net debt financing.
Equity ratio, %	Equity total/total assets less advances received.	Equity ratio is a key figure for measuring the relative proportion of equity used to finance YIT's assets.
Gearing ratio, %	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables/total equity.	Gearing ratio is one of YIT's key long-term financial targets. It helps to understand how much debt YIT is using to finance its assets relative to the value of its equity.
Return on 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 describes YIT's relative profitability.

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.	

Together we can do it.

YIT Corporation

P.O. Box 36, Panuntie 11
FI-00621 Helsinki
Tel. +358 20 433 111

www.yitgroup.com

twitter.com/YITInvestors