Q4

YIT Corporation
Financial Statements Bulletin 1–12/2023

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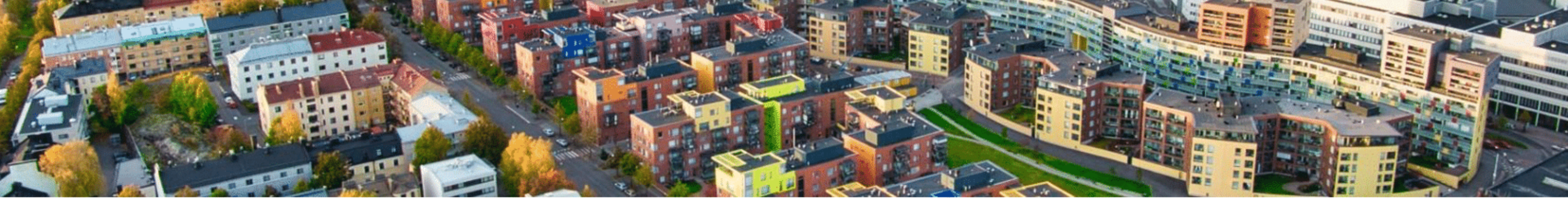


Financial Statements Bulletin January–December 2023

Operating cash flow after investments and financial position improved towards the end of the year

2023 in brief

- Order book was EUR 3,157 million (30 Sep 2023: 3,391). Order book decreased in Housing and remained stable in Business Premises and Infrastructure. At the end of the quarter, 74% of the order book was sold (30 Sep 2023: 75%).
- Revenue decreased to EUR 2,163 million (2,403), increasing in Business Premises and decreasing in Housing and Infrastructure.
- Adjusted operating profit decreased to EUR 41 million (110), and the adjusted operating profit margin was 1.9% (4.6). The decrease was mainly related to low consumer apartment sales in Finland and fair value changes of equity investments and investment properties in the fourth quarter.
- Operating cash flow after investments amounted to EUR -137 million (-285), mainly affected by the first quarter negative cash flow in the Housing segment. From the second quarter onwards, cash flow improved, supported by successful capital release actions of the transformation program and the sale of the Maistraatinportti office property.
- Net interest-bearing debt amounted to EUR 795 million (615), and gearing was 94% (70). Compared to the previous quarter, both net interest-bearing debt and gearing decreased.
- In Housing, adjusted operating profit decreased to EUR 32 million (98), impacted by low consumer sales in Finland. New consumer apartment start-ups decreased to 863 (2,400). The number of unsold completed apartments increased to 1,267 (30 Sep 2023: 948).
- In Business Premises, adjusted operating profit decreased to EUR 0 million (16), affected by the decline in fair value of investments in the fourth quarter and 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 14 million (4). YIT announced on 5 December 2023 that it had agreed on the sale of YIT Energy Oy, the renewable energy business. An estimated total purchase price of EUR 48 million and an estimated gain on sale of EUR 47 million was recorded for Q4/2023. The gain on sale is reported in operating profit adjusting items. On 8 January 2024, YIT announced that it had decided to close down its infrastructure business in Sweden. The business to be closed down is recorded in operating profit adjusting items from the beginning of Q4/23.
- Result for the period was EUR 3 million (63, continuing operations).
- YIT's Board of Directors proposes that no dividend be distributed.
- During the fourth quarter, YIT signed a EUR 140 million term loan, which is secured. The loan replaced previous term loans totalling EUR 150 million which were to mature in late 2023 and the spring of 2024.
- YIT's transformation program has progressed faster than originally expected. With the actions taken by the end of 2023, YIT will gain annualised run-rate cost savings of EUR 25 million, which will be fully realised by the end of 2024. In addition to the cost savings, YIT is expecting to achieve a significant amount of project-related and capital efficiency gains.

Key figures

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Revenue	597	779	2,163	2,403
Operating profit	33	42	51	102
Operating profit, %	5.5	5.3	2.4	4.2
Adjusted operating profit	13	42	41	110
Adjusted operating profit margin, %	2.2	5.4	1.9	4.6
Result before taxes	13	35	-5	74
Result for the period, continuing operations	17	28	3	63
Result for the period, including discontinued operations	17	28	3	-375
Earnings per share, continuing operations, EUR	0.08	0.13	-0.01	0.28
Operating cash flow after investments	67	40	-137	-285
Net interest-bearing debt	795	615	795	615
Gearing ratio, %	94	70	94	70
Equity ratio, %	33	35	33	35
Return on capital employed, % (ROCE, rolling 12 months)	2.5	8.4	2.5	8.4
Order book	3,157	3,702	3,157	3,702
Combined lost time injury frequency (cLTIF, rolling 12 months)	12.1	13.3	12.1	13.3
Customer satisfaction rate (NPS)	52	49	52	49

YIT has supplemented agreements in the scope of IFRS 16 leases and adjusted the 2022 comparative balance sheet and the income statement and balance sheet of the three first quarters of 2023. More information is disclosed in the notes.

YIT Kalusto Oy was classified as an asset held-for-sale at year-end 2023. Accordingly, related assets and liabilities are presented as separate line items in the balance sheet. The Russian businesses, sold in 2022, have been reported as discontinued operations.
Unless otherwise noted, the figures in brackets in this report refer to the corresponding period in the previous year.

Comments from the President and CEO, Heikki Vuorenmaa

Year 2023 was characterized by difficult market conditions. The euro area experienced a steep increase in interest rates, which impacted the housing market in most of our operating countries, especially in Finland. Additionally, increased inflation on materials and labor costs continued to impact our fixed price agreements in contracting segments. On the positive side, demand in Central Eastern European countries, especially in Poland, continued to improve throughout the year.

We responded to the challenging operating environment with firm actions. We simplified our organisation and business model, streamlined our internal operating models and improved productivity, as well as renewed our procurement model. As a result, we reduced approximately 20% of our comparable fixed costs on a year-on-year basis, while comparable revenue declined by 10% during the same period. Additionally, we continued to improve the underlying profitability of both of our contracting segments, Business Premises and Infrastructure, and released capital from our investment portfolio and other non-core businesses. As we move forward, a key focus area is capital allocation; ensuring we optimise the use of capital and smartly allocate it to get the best return on it.

Our transformation program, launched in February 2023, is delivering on the targets set and progressing faster than initially anticipated. With the actions taken by the end of 2023, YIT will gain annualised inflation-adjusted run-rate cost savings of EUR 25 million by the end of 2024. While there is still work to do, I want to express my sincere gratitude to our entire organisation for their hard work and commitment during the challenging year.

In Housing, our business portfolio with operations in different geographical regions has shown its strength, with our operations in Central Eastern Europe achieving a record-high operating profit in 2023. In Finland, the market conditions were unprecedentedly challenging in the beginning of the year, followed by a slow market recovery and overall weak market. Towards the end of the year, we saw a clear activation in the secondary housing market, and we believe this will eventually lead to an activation of demand in the primary market. An imbalance of demand and supply has led to a larger number of unsold apartments than typically in recent years. Our portfolio of unsold completed apartments consists of high-quality apartments, which are located in attractive housing markets, with more than 90% of the units in capital regions or university towns in Finland and Central Eastern Europe.

In Business Premises, the year was marked by challenges brought on by increased inflation impacting our contracting business and rising yields that led to a decrease in real estate values. I am happy that we succeeded in completing the sale of the Maistraatinportti office property in these difficult market conditions. Maistraatinportti is a great example of YIT's strong project development and renovation projects expertise. During the fourth quarter, we made a significant change in the segment's operating model, which enables us to conduct business in a more customer- and market-oriented way.

In Infrastructure, we improved our way of operating towards the end of the year, which enabled us to start the new year well positioned. In the Finnish infrastructure business, we have the necessary expertise and the ability to win demanding projects. On the other hand, even though the Swedish infrastructure market is active, our positioning did not allow us to successfully compete for projects there. As a result of our strategic review, we made the decision to start closing down the operations in Sweden.

During 2023, we strengthened our strategic focus on the customer and continued our determined work to improve productivity and sustainability. We became the first Finnish construction company to have our emissions reduction targets validated by the Science Based Targets initiative. Sustainability is an integral enabler of our long-term competitiveness. Our customers expect sustainable solutions, and we want to be in the frontline in providing them. With the science-based targets, we are taking the lead in the industry and are also encouraging our partners to invest in sustainable solutions. We have also continued the systematic work to optimise work safety, increase transparency and openness in safety communication, and strengthen day-to-day safety management within the company and with our partners.

YIT is executing a significant capital reallocation and a capital release program. While capital has been increasingly tied to the Finnish housing stock, we succeeded in releasing capital and reducing our indebtedness in the last quarter of the year. We have built resilience to face the cyclical nature of our operating environment. The work is not yet finished, and we are determined to continue with the required measures.

For more than 100 years, we have been a significant player in developing societies in the countries where we operate. Despite the turbulent environment around us, the fundamentals of our actions and business remain unchanged; our focus is – and always will be – to serve our customers to the best of our ability.

Heikki Vuorenmaa
President and CEO

Guidance and outlook for 2024

YIT expects its Group adjusted operating profit for continuing operations to be EUR 20–60 million in 2024. The operating cash flow after investments is expected to be positive.

The housing market recovery in Central Eastern Europe is expected to continue. In Finland, the housing market is expected to continue to be weak in the first half of the year. In Business Premises and Infrastructure, the underlying operational performance is expected to improve.

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

Changes in the macroeconomic environment, especially in interest rates, may impact the housing market demand and the fair value of investments. Delayed apartment completions could lead to the postponement of revenue and profit from quarter or year to another. Actions to release capital may have an impact on the company's profit.

Market environment

Housing market

In Finland,consumer demand continued at a low level as a result of the generally weak consumer confidence. Market interest rates started to decline during the fourth quarter of 2023, which could improve the demand if the decline continues. In the investor market, the higher interest rates have had a significant negative impact on activity levels. Although interest rates have shown signs of levelling off, uncertainty in the market remains high. The housing market is expected to continue to be weak in the first half of the year. Housing company loan financing has been challenging due to the banks' increased caution.

In the Baltic and Central Eastern European countries, inflation has slowed down, and increase in interest rates have peaked in all operating countries. 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	Q4	Outlook
Finland	Weak	Stable
Baltic countries	Weak	Stable
Central Eastern Europe	Normal	Stable

Real estate market

In Finland, demand remained moderate, but general low market confidence slows down customers' decision making, especially in the private sector. Activity in industrial projects is expected to increase in the coming years, driven by the green transition. Inflation in construction material prices has stabilised. The competition for new projects has intensified as a result of the overall decline in construction volumes. In the investor market, the low availability of financing, higher financing costs and higher yields have decreased activity levels in transactions and new developments.

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	Q4	Outlook
Finland	Normal	Stable
Baltic countries	Normal	Stable
Central Eastern Europe	Normal	Stable

Infrastructure market

Public-sector demand in **Finland** is expected to remain 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 long-term outlook for the overall market remains stable. The development span of infrastructure projects is relatively long, and increased caution could lead to postponements of upcoming projects.

Market environment and outlook, Infrastructure market

Region	Q4	Outlook
Finland	Normal	Stable

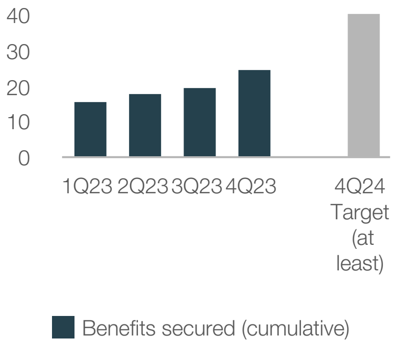
Q4 market environment

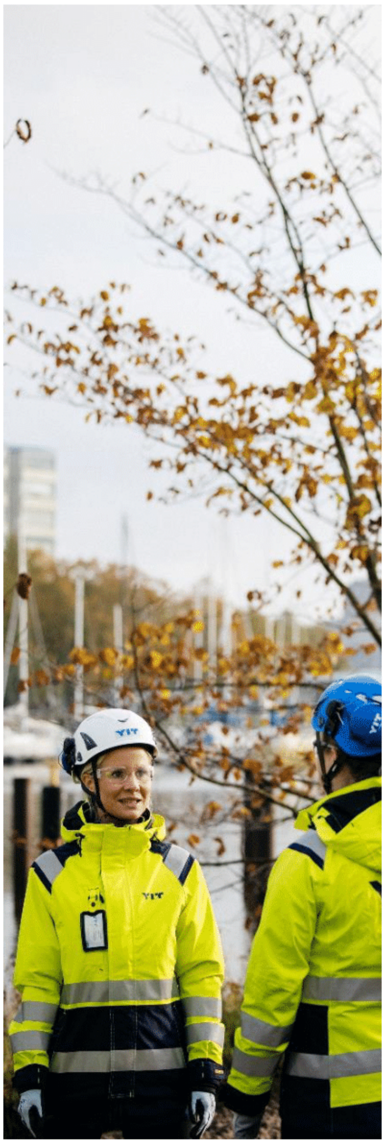
Good Normal Weak

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. During 2023, YIT continued the implementation of its strategy and specified the action plans for the Housing, Business Premises and Infrastructure segments on how the business segments contribute to YIT's common goals. The company strengthened its focus on the customer and continued the determined work to improve productivity and sustainability. In February 2023, YIT launched a transformation program to accelerate the implementation of the strategy.

Transformation program

The purpose of YIT's transformation program is to improve competitiveness, generate efficiency gains, achieve cost savings and release capital, and to increase agility and strengthen customer focus.

The transformation program has progressed faster than originally expected, and YIT has launched all the planned measures to achieve the targeted annual inflation-adjusted run-rate cost savings of EUR 40 million by the end of 2024. With the actions taken by the end of 2023, YIT will gain annualised run-rate cost savings of EUR 25 million, which will be fully realised by the end of 2024. Savings have been achieved by streamlining the organisation and reducing IT and premises costs, for example.

In addition to the cost savings, YIT is expecting to achieve a significant amount of project-related and capital efficiency gains. Competitiveness is improved by increasing efficiency in procurement, project management and productivity. YIT has changed the procurement model from project-level procurement to selective and partner-based cooperation, gaining savings by utilising YIT's and partners' combined knowledge. To reduce project management risks, an emphasis has been placed on project management training and supporting the starting projects in the early phases. Productivity development measures have focused on shortening the construction time and improving site coordination.

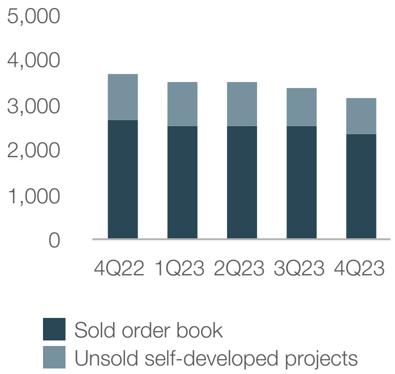
The program costs are estimated to be EUR 50–70 million, of which EUR 19 million was realised by the end of 2023. Program costs are recorded in operating profit adjusting items.

In June 2023, YIT estimated that as part of the transformation program, the company had the potential to release approximately EUR 400 million in capital, excluding current assets such as self-developed projects, unsold apartments and land plots. Measures aiming to achieve the potential are ongoing. With the actions taken by the end of 2023, YIT has released approximately EUR 100 million of the stated potential, including the sales of the renewable energy development portfolio and SIA LiveOn co-investment vehicle and other capital efficiency measures related to the program. YIT will continue to evaluate alternatives for other assets, including YIT's share of the Mall of Tripla Ky, considering the market situation. The actions to improve net working capital are proceeding according to plan.

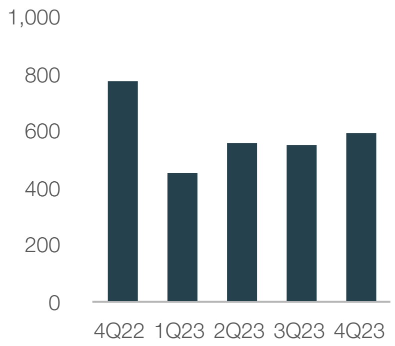
Safety development

YIT's combined lost time injury frequency improved to 12.1 (13.3) compared to the comparison period. Lost time injury frequency also improved compared to the previous quarter. 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.

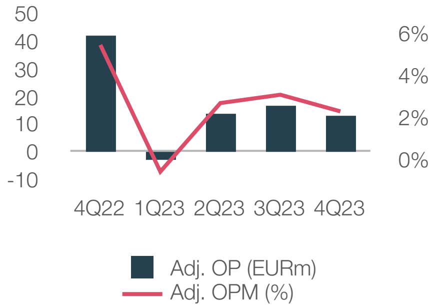
Order book (EURm)



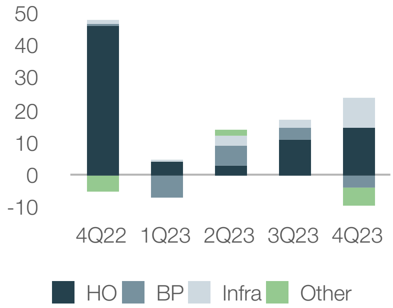
Revenue (EURm)



Adjusted operating profit and adjusted operating profit margin



Adjusted operating profit per segment (EURm)



Results

October–December

YIT's order book decreased to EUR 3,157 million (30 Sep 2023: 3,391). The order book decreased slightly in Housing and Business Premises and remained stable in Infrastructure. At the end of the quarter, 74% of the order book was sold (30 Sep 2023: 75%).

YIT's revenue decreased from the comparison period to EUR 597 million (779). In Housing, revenue decreased due to lower sales in Finland. Revenue increased in Business Premises and decreased in Infrastructure. The comparison period was supported by certain large projects that have since been completed.

YIT's adjusted operating profit decreased to EUR 13 million (42), and the adjusted operating profit margin was 2.2% (5.4). In Housing, profitability was negatively affected by low consumer sales in Finland and a weaker sales mix. In Business Premises, adjusted operating profit was affected by the decline in fair value of investments, while underlying operative performance improved for the quarter. In Infrastructure, profitability increased. On 8 January 2024, YIT announced that it had decided to close down its infrastructure business in Sweden. The businesses to be closed down are recorded in operating profit adjusting items from the beginning of Q4/23.

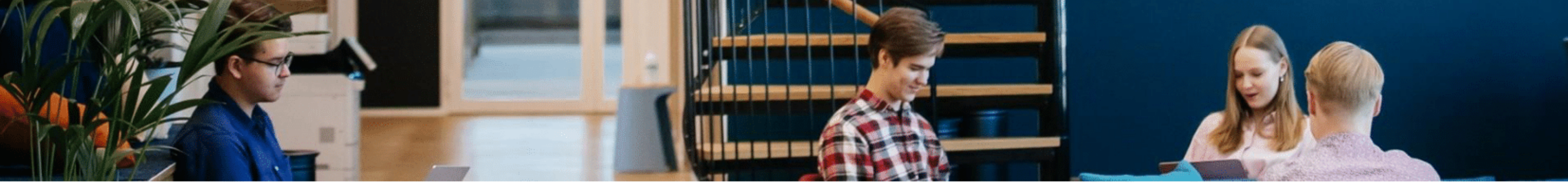
YIT's operating profit was EUR 33 million (42). Adjusting items were EUR -20 million in the fourth quarter (1), mainly related to the gain on sale of the renewable energy development portfolio, the negative booking related to the closing down of the infrastructure business in Sweden, and the costs of the transformation program. Net finance costs amounted to EUR 20 million (6) due to increased market interest rates, interest rate margins and the higher amount of net interest-bearing debt. The result for the period was EUR 17 million (28).

January–December

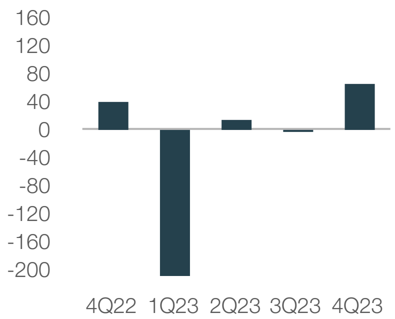
YIT's revenue decreased by 10% to EUR 2,163 million (2,403). In Housing, revenue decreased due to low consumer apartment sales, especially in Finland. Revenue was supported by the sales of apartments in Finland to YIT's joint venture's rental housing portfolio during the first half of the year. In Business Premises, revenue was at the previous year's level, supported by the sale of the Maistraatinportti office property during the third quarter. The comparison period in Business Premises included a sale of two self-developed projects. In Infrastructure, revenue decreased. The comparison period in Infrastructure was supported by certain large projects that have since been completed.

YIT's adjusted operating profit decreased to EUR 41 million (110), and the adjusted operating profit margin was 1.9% (4.6). 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. Fair value changes also impacted the result in the fourth quarter. The comparison period in Business Premises was supported by the sale of two self-developed projects. In Infrastructure, profitability increased.

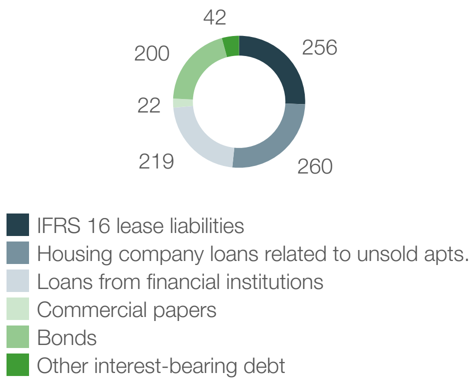
YIT's operating profit was EUR 51 million (102). Adjusting items amounted to EUR -10 million (8). Adjusting items were mainly related to the gain on sale of the renewable energy development portfolio, the negative booking related to the closing down of the infrastructure business in Sweden and the costs of the transformation program. Net finance costs amounted to EUR 56 million (28). The result for the period amounted to EUR 3 million (-375, including discontinued operations), and earnings per share amounted to EUR -0.01 (0.28, continuing operations). The comparison period was burdened by the sale of the Russian businesses.



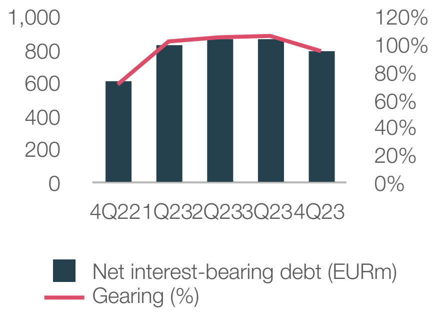
Operating cash flow after investments (EURm)



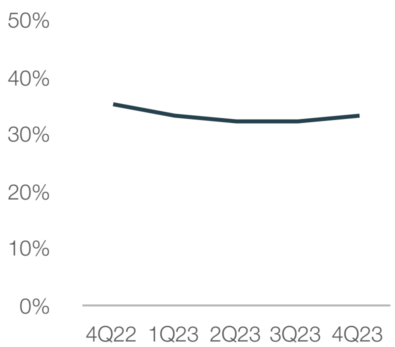
Distribution of interest-bearing debt (EURm)



Net interest-bearing debt and gearing



Equity ratio



Cash flow

October–December

YIT's operating cash flow after investments increased to EUR 67 million (40). Cash flow was supported by YIT's improved net working capital efficiency, the successful divestments of the SIA LiveOn co-investment vehicle and the renewable energy development portfolio, and plot sales to YIT's new project development co-investment vehicle in Slovakia. Cash flow was burdened by low consumer apartment sales in Finland and capital tied to consumer apartments. Cash flow from plot investments amounted to EUR 2 million (-27).

January–December

YIT's operating cash flow after investments amounted to EUR -137 million (-285), mainly affected by the first quarter negative cash flow in the Housing segment. The full year cash flow was burdened by the low consumer apartment sales in Finland, payments for plot investments committed before 2023, and the apartments under construction. From the second quarter onwards, cash flow improved, supported by successful capital release actions of the transformation program, the sale of the Maistraatinportti office property and plot sales. Cash flow from plot investments was EUR -65 million (-138), impacted by payments for plot investments committed before 2023.

Financial position

At the end of the period, interest-bearing debt amounted to EUR 998 million (878), and net interest-bearing debt to EUR 795 million (615). The increase in net interest-bearing debt was mainly driven by the increased capital employed in Housing during the first quarter. Compared to the previous quarter, net interest-bearing debt decreased. Net interest-bearing debt included IFRS 16 lease liabilities of EUR 256 million (254), as well as housing company loans of EUR 260 million (230) related to unsold apartments. The gearing ratio was 94% (70), and the equity ratio 33% (35). Equity decreased to EUR 845 million (883). The net debt/adjusted EBITDA ratio was 11.7 (30 Sep 2023: 9.0), and the interest cover ratio 1.3 (30 Sep 2023: 2.6).

Cash and cash equivalents decreased to EUR 128 million (206), and YIT had undrawn overdraft facilities amounting to EUR 20 million (32). YIT also had a EUR 300 million committed revolving credit facility, of which EUR 220 million (300) was unused and available at the end of the fourth quarter. Unutilised and committed housing company loan limits associated with apartment projects decreased to EUR 49 million (222), as a result of lower number of consumer apartment start-ups.

YIT announced on 21 November 2023, that it had signed a EUR 140 million term loan, which is secured. The loan replaced previous term loans totalling EUR 150 million which were to mature in late 2023 and the spring of 2024. The new loan agreement includes repayments of EUR 30 million during 2024, and the rest of the loan matures during the spring of 2025.

Capital employed increased to EUR 1,618 million (1,489) at the end of the fourth quarter, decreasing from the previous quarter (30 Sep 2023: 1,681). The increase was driven mainly by the increased capital employed in Housing in Finland, attributable to low consumer apartment sales and the increase in the number of unsold completed apartments to 1,267 (794).

Gross capital expenditure and plot investments

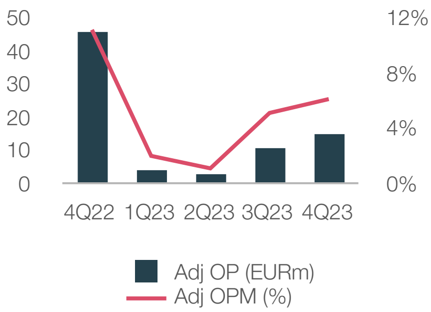
October–December

Gross capital expenditure amounted to EUR 6 million (6), of which EUR 5 million (4) was related to leased assets. Investments in plots were EUR 2 million (36). Investments in leased plots were EUR 3 million (0). The total plot reserve at the end of the quarter amounted to EUR 813 million (762).

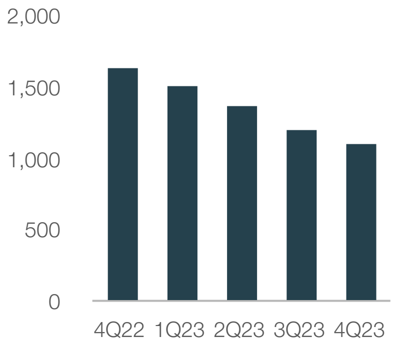
January–December

Gross capital expenditure was EUR 24 million (19), or 1.1% of revenue (0.8), of which EUR 19 million (14) was leased. Investments in plots were EUR 56 million (163), impacted by payments for plot investments committed before 2023. Investments in leased plots, excluding sale and leaseback transactions, were EUR 3 million (3).

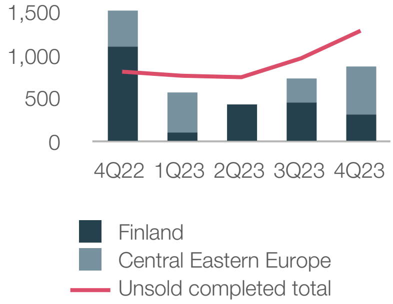
Adjusted operating profit and adjusted operating profit margin



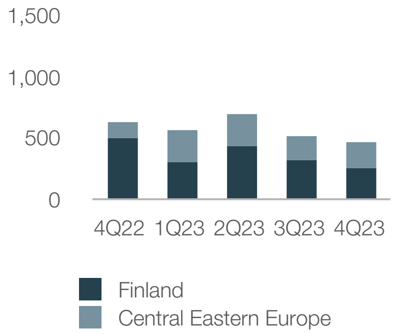
Order book (EURm)



Consumer apartment completions (units)



Sold apartments (units)



Housing

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Revenue	242	420	912	1,084
Operating profit	15	46	32	98
Adjusted operating profit	15	46	32	98
Adj. operating profit margin, %	6.0	11.0	3.5	9.0
Order book at end of period	1,105	1,643	1,105	1,643
Capital employed	1,054	931	1,054	931

Results

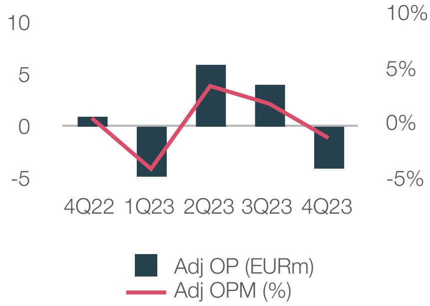
October–December

- Revenue decreased to EUR 242 million (420).
- The number of unsold completed apartments increased to 1,267 (30 Sep 2023: 948). The unsold completed apartments are located in attractive housing markets, with more than 90% 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 15 million (46), negatively impacted by low consumer sales in Finland and a weaker sales mix.
- The share of results of associated companies and joint ventures was EUR 7 million (3), including a successful completion of a project in Slovakia and declined fair values of investment properties, and changes in the fair value of the segment's equity investments amounted to EUR -1 million (2).
- Consumer sales were low in Finland at 122 (206) apartments. In comparison, demand in Central Eastern Europe was higher, with consumer sales increasing year-on-year and amounting to 220 (132) apartments.
- Consumer apartment start-ups increased to 204 (118). 30 (123) of the new start-ups were in Finland, and 174 (130) in Central Eastern Europe.
- Capital employed at the end of the period increased to EUR 1,054 million (931), decreasing slightly from the previous quarter. The increase year-on-year is attributable to low consumer sales and the increase in the number of unsold completed apartments to 1,267 (794).
- The land bank in Housing amounted to 2,080,000 sqm (30 Sep 2023: 2,112,000). The land bank will enable the construction of approximately 34,000 new homes.

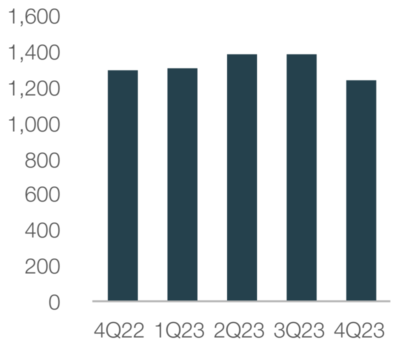
January–December

- Revenue decreased to EUR 912 million (1,084) due to low consumer apartment sales especially in Finland. 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 32 million (98), negatively impacted by low consumer sales in Finland. Profitability was also negatively impacted by a weaker sales mix.
- The share of results of associated companies and joint ventures was EUR 14 million (11), and changes in the fair value of the segment's equity investments amounted to EUR -1 million (2).

Adjusted operating profit and adjusted operating profit margin



Order book (EURm)



Business Premises

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Revenue	240	216	843	817
Operating profit	-4	1	-2	14
Adjusted operating profit	-4	1	0	16
Adj. operating profit margin, %	-1.5	0.3	—	2.0
Order book at end of period	1,244	1,301	1,244	1,301
Capital employed	247	270	247	270

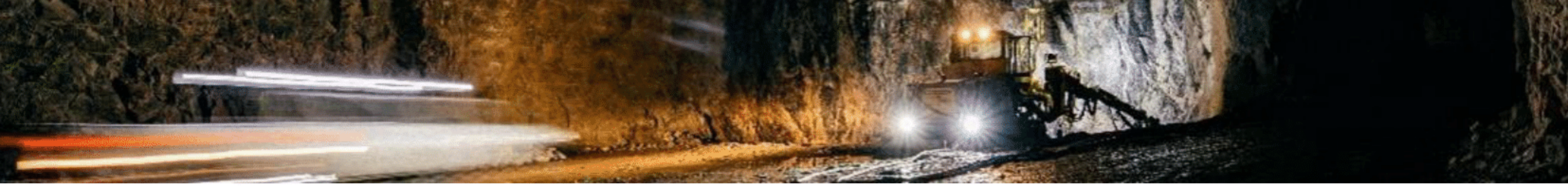
Results

October–December

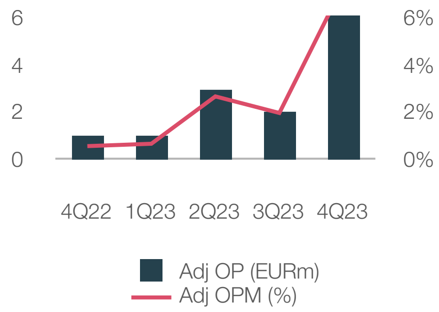
- Revenue increased to EUR 240 million (216).
- Adjusted operating profit decreased to EUR -4 million (1), affected by the decline in the fair value of investments. Adjusted operating profit for the quarter improved compared to the comparison period, excluding the change in fair values.
- The share of 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 declined to EUR 192 million (30 Sep 2023: 199), mainly as a result of an increase in yield. Accordingly, the changes in the fair value of the segment's equity investments amounted to EUR -7 million (2).
- Capital employed at the end of the period decreased to EUR 247 million (270), largely attributable to the sale of the Maistraatinportti office property.
- The order book amounted to EUR 1,244 million (30 Sep 2023: 1,384). At the end of the quarter, the order book included EUR 322 million (30 Sep 2023: 332) of service periods for life cycle projects.
  - The construction of a health and well-being centre in Kamppi, central Helsinki, the construction of a research building in Otaniemi, Espoo for Technopolis and several projects in Lithuania were among the most significant projects entered in the order book during the quarter.

January–December

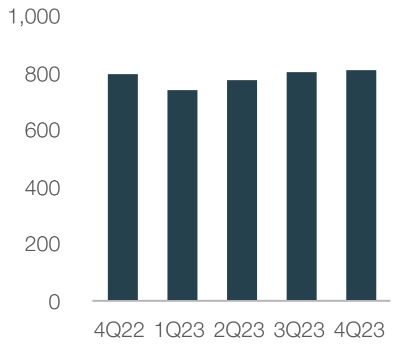
- Revenue increased to EUR 843 million (817), supported by the sale of the Maistraatinportti office property during the third quarter. Revenue in the comparison period was supported by the sale of two self-developed projects.
- Adjusted operating profit decreased to EUR 0 million (16). Profitability was affected by the decline in fair value of investments in the fourth quarter and 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 the segment's equity investments amounted to EUR -1 million (11).



Adjusted operating profit and adjusted operating profit margin



Order book (EURm)



Infrastructure

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Revenue	122	145	437	539
Operating profit	40	1	45	4
Adjusted operating profit	9	1	14	4
Adj. operating profit margin, %	7.3	0.5	3.3	0.7
Order book at end of period	808	796	808	796
Capital employed	36	37	36	37

Operating profit from the businesses to be closed down in Norway, and Sweden from Q4/23 onwards, are recorded in adjusting items and not presented in adjusted operating profit.

Results

October–December

- Revenue decreased by 16% to EUR 122 million (145), including EUR 17 million (30) for the businesses to be closed down. Revenue in Finland decreased to EUR 105 million (114). The comparison period was supported by certain large projects that have since been completed.
- Adjusted operating profit increased to EUR 9 million (1). Adjusted operating profit in Finland increased to EUR 9 million (4). Adjusted operating profit margin increased to 7.3% (0.5), supported by improved performance of projects in Finland.
- The order book amounted to EUR 808 million (30 Sep 2023: 803).
- On 5 December 2023, YIT announced that, as a result of the strategic review, it had signed an agreement on the sale of YIT Energy Oy, the renewable energy business, to Eolus Vind AB. The transaction was completed on 12 December 2023. The sale included YIT's project development portfolio of wind and solar power and the personnel working with the business. An estimated total purchase price of EUR 48 million and an estimated gain on sale of EUR 47 million were recorded for Q4/2023. The gain on sale is reported in operating profit adjusting items.
- On 8 January 2024, YIT announced that, as a result of the strategic review, it had decided to close down its infrastructure business in Sweden. In connection with the decision, a negative booking of EUR 16 million in profit was recognised for Q4/2023, related to the decision to close down the operations and its implications for the margin forecasts of ongoing projects. The business to be closed down is recorded in operating profit adjusting items from the beginning of Q4/2023.

January–December

- Revenue decreased by 19% to EUR 437 million (539), including EUR 81 million (125) for the businesses to be closed down. Revenue in Finland decreased to EUR 357 million (412). The comparison period was supported by certain large projects that have since been completed.
- Adjusted operating profit increased to EUR 14 million (4), Adjusted operating profit in Finland increased to EUR 18 million (16).

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–December, the Group employed an average of 4,717 people (5,207) in continuing operations. Personnel expenses in October–December totalled EUR 82 million (96) and in January–December amounted to EUR 310 million (352).

Governance

Changes in the Group Management Team

On 29 March 2023, YIT announced that Aleksi Laine, SVP, Traffic Infrastructure, had been appointed as the interim leader of the Infrastructure segment and a member of the Group Management Team, starting on 29 March 2023. At the same time, YIT's previous EVP, Infrastructure segment, Pasi Tolppanen, left the company.

On 16 May 2023, YIT announced that Jennie Stenbom had been appointed as EVP, Human Resources and a member of the Group Management Team. She started on this position on 2 October 2023. Tanja Kauhajärvi, VP, Employment Relations and Services, had been appointed as interim EVP of HR and member of the Group Management Team, starting on 16 May 2023. At the same time, YIT's previous EVP, Human Resources, Katja Ahlstedt, left the company.

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

On 18 October 2023, YIT announced that Peter Forssell, SVP, Central Eastern Europe, Business Premises, had been appointed as the interim leader of the Business Premises segment and a member of the Group Management Team, starting on 18 October 2023. At the same time, YIT's previous EVP, Business Premises segment, Tom Ekman, left the company.

On 22 December 2023, YIT announced that Peter Forssell had been appointed as EVP, Business Premises segment and a member of the Group Management Team, starting on 1 January 2024. He has been the interim leader of the Business Premises segment and a member of the Group Management Team since 18 October 2023.

Resolutions passed at the Annual General Meeting 2023

The Annual General Meeting of YIT Corporation was held on 16 March 2023. The Stock Exchange Releases on the resolutions of the Annual General Meeting and on the organisational meeting of the Board of Directors were published on 16 March 2023. The Stock Exchange Releases and introductions of the members of the Board of Directors are available on YIT's website.

Annual General Meeting 2024

YIT Corporation's Annual General Meeting 2024 will be held on 14 March 2024. The notice of the Annual General Meeting, which contains the Board of Directors' proposals to the Annual General Meeting, will be published in its entirety as a separate Stock Exchange Release.

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 Appendix 1.

Low residential demand, especially in Finland, continues due to the uncertainty in the macroeconomic environment. 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 executing capital release measures that may have an impact on its financial position.

Events after the reporting period

On 8 January 2024, YIT announced that it had completed the strategic review of its Swedish infrastructure business, which was announced on 20 June 2023. As a result of the review, YIT announced that it had decided to close down its infrastructure business in Sweden. In connection with the decision, YIT announced it would recognize a negative booking of EUR 16 million in profit for Q4/2023, related to the decision to close down the operations and its implications for the margin forecasts for ongoing projects. The business to be closed down will be recorded in operating profit adjusting items from the beginning of Q4/2023. Read more.

On 9 January 2024, YIT announced that it had agreed on the sale of the entire share capital of YIT Kalusto Oy, the company's subsidiary providing in-house equipment services, to Renta Oy, a company operating in the equipment rental business. As part of the arrangement, YIT and Renta announced the signing of a long-term cooperation agreement on the delivery of equipment services to YIT in Finland. In addition to the share transaction, YIT announced that it would sell the property used by YIT Kalusto Oy, located in Urjala, Finland, to Renta. Prior to the share transaction, the specialised equipment

related to YIT's Infrastructure business and the personnel working with the business will be transferred to YIT Infra Oy in an intra-group business transaction. Read more.

Board of Directors' proposal for profit distribution

The distributable funds of YIT Corporation on 31 December 2023 amounted to EUR 768 million, of which the profit for the period 2023 amounted to EUR 11 million.

On 21 November 2023, YIT announced that the Board of Directors would not propose a profit distribution for the financial year 2023 to the General Meeting. Accordingly, YIT's Board of Directors proposes that no dividend be distributed based on the balance sheet to be adopted for 2023. The proposal is based on an assessment of the Board of Directors of YIT on the industry's business cycle, prevailing market conditions and the Company's estimated cash flow. The assessment also considers the terms of financing agreements.

YIT Corporation
Board of Directors

Helsinki, 9 February 2024

Financial Statements Bulletin January–December 2023: Tables

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Primary Financial Statements

Consolidated income statement

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Revenue	**597**	**779**	**2,163**	**2,403**
Other operating income	49	6	57	17
Change in inventories of finished goods and in work in progress	-35	56	-47	174
Materials and supplies	-106	-222	-353	-505
External services	-322	-409	-1,234	-1,415
Personnel expenses	-82	-96	-310	-352
Other operating expenses	-61	-68	-207	-206
Changes in fair value of financial assets	-8	1	-1	9
Share of results of associated companies and joint ventures	8	2	13	11
Depreciation, amortisation and impairment	-7	-7	-29	-33
Operating profit	**33**	**42**	**51**	**102**
Finance Income	1	2	5	9
Exchange rate differences (net)	-1	-2	-5	-9
Finance expenses	-20	-7	-56	-28
Finance income and expenses, total	-20	-6	-56	-28
Result before taxes	**13**	**35**	**-5**	**74**
Income taxes	4	-8	8	-11
Result for the period, continuing operations	**17**	**28**	**3**	**63**
Result for the period, discontinued operations	**—**	**—**	**—**	**-438**
Result for the period	**17**	**28**	**3**	**-375**
Attributable to				
Owners of YIT Corporation	17	28	3	-375
Non-controlling interests		—		—
Earnings per share, attributable to the equity holders of the parent company, EUR				
Basic, total	0.08	0.13	-0.01	-1.82
Diluted, total	0.08	0.13	-0.01	-1.82
Basic, continuing operations	0.08	0.13	-0.01	0.28
Basic, discontinued operations	—	—	—	-2.09
Diluted, continuing operations	0.08	0.13	-0.01	0.28
Diluted, discontinued operations	—	—	—	-2.09

Consolidated statement of comprehensive income

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Result for the period	17	28	3	-375
Items that may be reclassified to income statement				
Cash flow hedges, net of tax	-1	—	-3	3
Change in translation differences, continuing operations	4	4	4	2
Change in translation differences, discontinued operations				27
Translation differences reclassified to income statement, discontinued operations				253
Items that may be reclassified to income statement, total	**3**	**4**	**2**	**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	**3**	**4**	**2**	**285**
Total comprehensive income, continuing operations	20	31	5	67
Total comprehensive income, discontinued operations		—		-157
Total comprehensive income	**20**	**31**	**5**	**-91**
Attributable to				
Owners of YIT Corporation	20	31	5	-91
Non-controlling interests		—		—

Consolidated statement of financial position

EUR million	12/23	12/22
ASSETS		
Non-current assets		
Property, plant and equipment	22	37
Leased property, plant and equipment	60	68
Goodwill	248	249
Other intangible assets	3	4
Investments in associated companies and joint ventures	77	72
Equity investments	214	218
Interest-bearing receivables	62	56
Trade and other receivables	73	43
Deferred tax assets	49	30
Non-current assets total	**807**	**778**
Current assets		
Inventories	1,417	1,426
Leased inventories	192	205
Trade and other receivables	255	273
Interest-bearing receivables	12	—
Income tax receivables	2	3
Cash and cash equivalents	128	206
Current assets total	**2,006**	**2,114**
Assets classified as held for sale	**18**	
Total assets	**2,832**	**2,892**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent company	746	783
Hybrid bond	99	99
Equity total	**845**	**883**
Non-current liabilities		
Deferred tax liabilities	4	9
Pension obligations	3	3
Provisions	87	88
Interest-bearing liabilities	328	288
Lease liabilities	240	235
Contract liabilities, advances received	5	1
Trade and other payables	29	29
Non-current liabilities total	**695**	**653**
Current liabilities		
Contract liabilities, advances received	248	276
Other contract liabilities	10	82
Trade and other payables	535	576
Income tax payables	5	16
Provisions	54	51
Interest-bearing liabilities	414	336
Lease liabilities	16	19
Current liabilities total	**1,282**	**1,356**
Liabilities directly associated with assets classified as held for sale	**11**	
Liabilities total	**1,987**	**2,009**
Total equity and liabilities	**2,832**	**2,892**

Consolidated cash flow statement

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Result for the period	**17**	**28**	**3**	**-375**
Reversal of accrual-based items	-17	44	28	503
Change in trade and other receivables	44	71	17	-19
Change in inventories	50	-9	21	-257
Change in current liabilities	-15	-75	-121	-50
Change in working capital, total	79	-13	-83	-326
Cash flow of financial items	-17	-10	-66	-65
Taxes paid (-)	-2	-5	-21	-16
Net cash generated from operating activities	**60**	**44**	**-139**	**-279**
Cash flow from investing activities				
Acquisition of subsidiaries, net of cash	—	—	—	-4
Sale of subsidiaries, net of cash	10	—	10	-14
Investments in associated companies and joint ventures	-3	-4	-6	-26
Proceeds from sale of associated companies and joint ventures	1	1	2	29
Purchases of tangible assets	-1	-2	-4	-5
Purchases of intangible assets	—	—	—	—
Proceeds from tangible and intangible assets	—	1	2	3
Proceeds from sale of investments	11	—	11	—
Dividends received (from associated companies and joint ventures)	—	1	4	16
Change in interest-bearing receivables	-12	—	-16	-3
Net cash used in investing activities	**7**	**-4**	**2**	**-6**
Operating cash flow after investments	**67**	**40**	**-137**	**-285**
Cash flow from financing activities				
Proceeds from non-current interest-bearing liabilities	205	—	360	18
Repayments of non-current interest-bearing liabilities	-215	—	-310	—
Proceeds from current interest-bearing liabilities	121	128	326	409
Repayments of current interest-bearing liabilities	-122	-68	-260	-273
Payments of lease liabilities	-6	-5	-22	-21
Dividends paid	-19	-17	-38	-34
Net cash used in financing activities	**-36**	**39**	**57**	**100**
Net change in cash and cash equivalents	31	79	-81	-185
Cash and cash equivalents at the beginning of the period	94	125	206	389
Foreign exchange differences	4	3	2	2
Cash and cash equivalents at the end of the period	**128**	**206**	**128**	**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						3	3		3
Cash flow hedges, net of tax				-3			-3		-3
Change in fair value of defined benefit pension, net of tax						—	—		—
Translation differences			4				4		4
Comprehensive income for the period, total			**4**	**-3**		**3**	**5**		**5**
Dividend distribution						-38	-38		-38
Share-based incentive schemes					—	1	1		1
Transactions with owners, total					**—**	**-37**	**-37**		**-37**
Hybrid bond interests and expenses, net of tax						-6	-6		-6
Equity on 31 December 2023	**150**	**553**	**5**	**1**	**-8**	**44**	**746**	**99**	**845**

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 financial statements bulletin

Basis of preparation

This financial statements bulletin has been prepared in accordance with IFRS Accounting Standards recognition and measurement principles and all the requirements of IAS 34 Interim Financial Reporting standard have been applied. This financial statements bulletin should be read together with YIT's consolidated Financial Statements 2022. The figures presented in the financial statements bulletin are unaudited. In the financial statements bulletin, the figures are presented in million euros doing the rounding on each line, which may cause some rounding inaccuracies in columns and total sums.

Accounting policies

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

Significant management judgements

In preparing this financial statements bulletin, significant judgements made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those described in the consolidated Financial Statements for the year ended 31 December 2022 except for the management judgement applied in estimating the amount of variable consideration related to the sold renewable energy business, YIT Energy Oy, which is described more in the note Disposals of business. When selling a business, the transaction price may include both fixed and variable elements. The variable consideration may, for example, be linked to the profit of the business sold after the termination of YIT's control. Therefore, due to the nature of the variable consideration, it is possible that the estimated variable consideration recognised at the date when control ceases may change in subsequent periods. The estimate of the variable consideration is based primarily on information available from the market and from the buyer in relation to the business sold.

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 financial statements bulletin

		Average rates		**End Rates**	
		1–12/23	**1–12/22**	**12/23**	**12/22**
1 EUR =	CZK	24.0030	24.5616	24.7240	24.1160
	PLN	4.5406	4.6856	4.3395	4.6808
	SEK	11.4739	10.6278	11.0960	11.1218
	NOK	11.4260	10.1019	11.2405	10.5138

Notes

Adjustments concerning prior periods

Adjustment to reported leased plots

YIT has supplemented agreements in the scope of IFRS 16 leases. A corresponding adjustment has been made to the 2022 comparative figures for the carrying amount of the leased plots reported in inventories and the carrying amount of the lease liabilities. In addition, YIT adjusted the income statement and statement of financial position for the first three quarters of 2023 for the effects of the supplemented lease agreements. All adjustments are related to Housing segment. The adjustments are described in the tables below.

EUR million	12/22	Adjustment	Adjusted 12/22	3/23	Adjustment	Adjusted 3/23
Leased inventories	158	47	**205**	163	47	**209**
Equity attributable to owners of the parent company	783	—	**783**	732	—	**732**
Non-current lease liabilities	189	47	**235**	194	46	**241**
Current lease liabilities	19	—	**19**	19	—	**19**

EUR million	6/23	Adjustment	Adjusted 6/23	9/23	Adjustment	Adjusted 9/23
Leased inventories	180	47	**226**	158	48	**206**
Equity attributable to owners of the parent company	729	—	**729**	725	—	**725**
Non-current lease liabilities	213	46	**259**	193	48	**241**
Current lease liabilities	19	—	**20**	32	—	**32**

EUR million	1-3/23	Adjusted 1-3/23	1-6/23	Adjusted 1-6/23	1-9/23	Adjusted 1-9/23
Other operating expenses	-38	**-37**	-103	**-101**	-149	**-146**
Operating profit	-8	**-7**	2	**4**	16	**18**
Finance expenses	-10	**-11**	-21	**-23**	-34	**-36**
Finance income and expenses, total	-11	**-12**	-22	**-23**	-34	**-37**
Result before taxes	-19	**-19**	-20	**-19**	-19	**-18**
Result for the period	-14	**-14**	-15	**-15**	-14	**-14**

Key figures

EUR million	1-12/22	Adjusted 1-12/22	1-3/23	Adjusted 1-3/23	1-6/23	Adjusted 1-6/23	1-9/23	Adjusted 1-9/23
Adjusted operating profit	110	**110**	-4	**-3**	10	**11**	26	**28**
Adjusted operating profit-%	4.6	**4.6**	-0.9	**-0.7**	0.9	**1.1**	1.6	**1.8**
Capital employed	1,443	**1,489**	1,626	**1,672**	1,636	**1,683**	1,632	**1,681**
Net interest-bearing debt	569	**615**	791	**837**	819	**865**	820	**869**
Gearing ratio, %	64	**70**	95	**101**	99	**104**	100	**105**
Equity ratio, %	36	**35**	34	**33**	33	**32**	33	**32**
Return on capital employed, % (ROCE, rolling 12 months)	8.4	**8.4**	6.0	**6.0**	4.9	**4.9**	4.4	**4.4**
Net debt/ adjusted EBITDA, rolling 12 months	4.2	**4.5**	7.1	**7.5**	8.2	**8.5**	8.7	**9.0**

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**

Adjustment to presentation of consolidated cash flow statement

YIT has adjusted the presentation of consolidated cash flow statement between net cash used in investing activities and net cash used in financing activities. Change in interest-bearing receivables, previously presented in net cash used in financing activities, is now presented in net cash used in investing activities. The table below presents the adjustments for 2022 and for Q1-Q3/2023.

EUR million	1-3/22	Adjust -ment	Adjusted 1-3/22	1-6/22	Adjust -ment	Adjusted 1-6/22	1-9/22	Adjust -ment	Adjusted 1-9/22	1-12/22	Adjust-ment	Adjusted 1-12/22
Net cash used in investing activities	4	-13	**-9**	6	-4	**3**	1	-3	**-2**	-2	-3	**-6**
Net cash used in financing activities	7	13	**20**	38	4	**41**	58	3	**61**	96	3	**100**

EUR million	1-3/23	Adjust -ment	Adjusted 1-3/23	1-6/23	Adjust -ment	Adjusted 1-6/23	1-9/23	Adjust -ment	Adjusted 1-9/23
Net cash used in investing activities	-1	-5	**-7**	0	-5	**-5**	-1	-4	**-5**
Net cash used in financing activities	79	5	**84**	85	5	**90**	89	4	**93**

Segment information

Segment financial information

10–12/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**242**	**240**	**122**	**-7**	**597**
Revenue from external customers	242	242	114	-1	597
Revenue Group internal	—	-2	9	-6	—
Depreciation, amortisation and impairment	-1	-2	-2	-2	-7
Operating profit	**15**	**-4**	**40**	**-18**	**33**
Operating profit margin, %	**6.0**	**-1.5**	**32.5**		**5.5**
Adjusting items	—	—	-31	11	-20
Adjusted operating profit	**15**	**-4**	**9**	**-7**	**13**
Adjusted operating profit margin, %	**6.0**	**-1.5**	**7.3**		**2.2**

10–12/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**420**	**216**	**145**	**-1**	**779**
Revenue from external customers	428	216	138	-2	779
Revenue Group internal	-8	—	8	1	—
Depreciation, amortisation and impairment	-1	-1	-3	-3	-7
Operating profit	**46**	**1**	**1**	**-6**	**42**
Operating profit margin, %	**11.0**	**0.3**	**0.4**		**5.3**
Adjusting items	—	—	—	1	1
Adjusted operating profit	**46**	**1**	**1**	**-5**	**42**
Adjusted operating profit margin, %	**11.0**	**0.3**	**0.5**		**5.4**

1–12/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**912**	**843**	**437**	**-30**	**2,163**
Revenue from external customers	912	844	409	-3	2,163
Revenue Group internal	—	-1	28	-28	—
Depreciation, amortisation and impairment	-4	-6	-10	-10	-29
Operating profit	**32**	**-2**	**45**	**-24**	**51**
Operating profit margin, %	**3.5**	**-0.2**	**10.3**		**2.4**
Adjusting items	—	1	-31	20	-10
Adjusted operating profit	**32**	**0**	**14**	**-5**	**41**
Adjusted operating profit margin, %	**3.5**	**0.0**	**3.3**		**1.9**

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	12/23	12/22
Housing	1,054	931
Business Premises	247	270
Infrastructure	36	37
Other Items	266	252
Capital employed, segments total	**1,603**	**1,489**
Reconciliation*	15	—
Capital employed, total	**1,618**	**1,489**

*Reconciliation relates to assets and liabilities classified as held for sale, which are not part of capital employed items presented in the consolidated statement of financial position.

Order book at the end of the period by segments

EUR million	12/23	12/22
Housing	1,105	1,643
Business Premises	1,244	1,301
Infrastructure	808	796
Internal order book	—	-39
Order book, total	**3,157**	**3,702**

Revenue from customer contracts

1–12/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue by market area					
Finland	614	669	328	-3	1,608
CEE	299	176	—	—	474
Baltic countries	75	171	—	—	246
Czech, Slovakia, Poland	224	4	—	—	228
Scandinavia	—	—	81	—	81
Sweden	—	—	82	—	82
Norway	—	—	-1	—	-1
Internal sales between segments	—	-1	28	-28	—
Total	**912**	**843**	**437**	**-30**	**2,163**

1–12/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Timing of revenue recognition					
Over time	300	788	406	-3	1,490
At a point in time	613	56	3	—	672
Internal sales between segments	—	-1	28	-28	—
Total	**912**	**843**	**437**	**-30**	**2,163**

1–12/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue by market area					
Finland	793	662	375	—	1,831
CEE	291	154	2	—	447
Baltic countries	109	130	2	—	241
Czech, Slovakia, Poland	182	24	—	—	206
Scandinavia	—	—	125	—	125
Sweden	—	—	110	—	110
Norway	—	—	15	—	15
Internal sales between segments	—	—	36	-37	—
Total	**1,084**	**817**	**539**	**-37**	**2,403**

1–12/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Timing of revenue recognition					
Over time	388	785	502	-1	1,674
At a point in time	696	31	—	1	729
Internal sales between segments	—	—	36	-37	—
Total	**1,084**	**817**	**539**	**-37**	**2,403**

Property, plant and equipment

EUR million	12/23	12/22
Carrying amount at Jan, 1	**37**	**53**
Exchange rate differences	—	—
Increases	4	5
Decreases	—	-7
Business disposals		-2
Depreciation, continuing operations	-8	-9
Depreciation, discontinued operations		—
Impairment, continuing operations		-4
Reclassifications	—	—
Transfers to assets classified as held for sale	-12	
Carrying amount at the end of the period	**22**	**37**

Leased property, plant and equipment

EUR million	12/23	12/22
Carrying amount at Jan, 1	**68**	**79**
Exchange rate differences	—	—
Increases, including the effect of index changes	19	14
Decreases	-5	-4
Business disposals	—	-3
Depreciation and impairment, continuing operations	-18	-18
Depreciation and impairment, discontinued operations		—
Transfers to assets classified as held for sale	-5	
Carrying amount at the end of the period	**60**	**68**

Goodwill

EUR million	12/23	12/22
Housing	105	105
Business Premises	87	88
Infrastructure	56	56
Goodwill total	**248**	**249**

EUR million	12/23	12/22
Carrying amount at Jan, 1	**249**	**249**
Decreases	-1	
Carrying amount at the end of the period	**248**	**249**

Disposals of business

YIT sold its renewable energy business, YIT Energy Oy, to Eolus Vind AB in December 2023. The transaction price consists of a fixed and a variable consideration. The fixed consideration, EUR 25 million, will be paid in three instalments. The first instalment of EUR 10 million was paid in December 2023 and EUR 15 million will be paid in two instalments during 2024 and 2025. The variable consideration is defined based on project sales and completed projects and it amounts to EUR 0–75 million. The variable consideration will be determined by the end of 2032. YIT estimates that the variable consideration weighted with probabilities of the project development portfolio is EUR 23 million. Main estimates related to the variable consideration are project size, probability and net margin estimate per MW. The variable consideration is assessed quarterly. YIT recorded a discounted total consideration of EUR 48 million and a gain on sale of EUR 47 million in 2023. The effect of discounting in the total consideration recorded amounts to EUR 4 million. Gain on sale is presented as part of the other operating income in the consolidated income statement. YIT Energy Oy was part of the Infrastructure segment.

Assets held for sale

In January 2024 YIT announced that it has agreed on the sale of the entire share capital of YIT Kalusto Oy, YIT's subsidiary providing in-house equipment services, to Renta Oy, a company operating in the equipment rental business. As part of the arrangement, YIT and Renta will sign a long-term cooperation agreement on the delivery of equipment services to YIT in Finland. YIT Kalusto Oy was classified as an asset held-for-sale at year-end 2023 because the sale was highly probable at year-end. YIT Kalusto Oy is part of the Infrastructure segment.

In addition to the share transaction, YIT sells to Renta the property used by YIT Kalusto Oy, located in Urjala, Finland. Prior to the share transaction, the specialised equipment related to YIT's Infrastructure business and the personnel working with the business, will be transferred to YIT Infra Oy in an intra-group business transaction. The share transaction between YIT and Renta is conditional to the approval by the Finnish Competition and Consumer Authority, and it is estimated to be completed by 30 June 2024.

Assets and liabilities classified as held for sale

EUR million	12/23
Assets classified as held for sale	
Property, plant and equipment	12
Leased property, plant and equipment	5
Trade and other receivables	—
Deferred tax assets	1
Inventories	1
Assets classified as held for sale, total	**18**
Liabilities directly associated with assets classified as held for sale	
Deferred tax liabilities	3
Pension obligations	—
Lease liabilities	5
Trade and other payables	3
Income tax payables	—
Liabilities directly associated with assets classified as held for sale, total	**11**

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

Cash flows (used in) discontinued operations

EUR million	1–12/22	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	12/23	12/22
Raw materials and consumables	7	6
Work in progress	370	560
Plot reserve	664	630
Completed apartments and real estate	360	208
Advance payments	16	22
Other inventories	—	—
Inventories	**1,417**	**1,426**
Plot reserve	150	133
Plots, work in progress	12	45
Plots, completed apartments and real estate	30	27
Leased inventories	**192**	**205**

In 2023, YIT recognised inventory write-downs related to the Business Premises segment amounting to EUR 3 million (1). In 2022, YIT recognised inventory write-downs related to discontinued operations of EUR 137 million.

Financial assets and liabilities by category

31 December 2023, EUR million

Measurement category	Financial assets and liabilities measured at amortised cost	Financial assets and liabilities recognised at fair value through profit and loss	Financial assets and liabilities recognised at fair value through comprehensive income	Carrying amount	Fair value	Fair value measurement hierarchy
Non-current financial assets						
Equity investments		212	2	214	214	Level 3
Trade receivables, interest-bearing receivables and other receivables*	111			111	101	
Loan receivables and interest-bearing receivables		21		21	21	Level 3
Derivative agreements		2		2	2	Level 2
Current financial assets						
Trade receivables, interest-bearing receivables and other receivables*	181			181	181	
Derivative agreements		—	1	1	1	Level 2
Cash and cash equivalents	128			128	128	
Financial assets by category, total	**420**	**236**	**3**	**659**	**648**	
Non-current financial liabilities						
Interest-bearing liabilities	328			328	292	
Trade payables and other liabilities*	28			28	26	
Derivative agreements		1		1	1	Level 2
Current financial liabilities						
Interest-bearing liabilities	414			414	414	
Trade payables and other liabilities*	283			283	283	
Derivative agreements		3		3	3	Level 2
Financial liabilities by category, total	**1,054**	**4**		**1,058**	**1,019**	

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

31 December 2022, EUR million

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

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

The fair values of bonds issued are based on the market price at the reporting date. The fair values of other non-current financial assets and liabilities are based on discounted cash flows. The discount rate is defined to be the rate YIT was to pay for equivalent external loans at the end of the reporting period. It consists of risk-free market rate and company related risk premium of 4.94–8.01 % (2.00–5.02 %). The fair values of other current financial assets and liabilities are equal to their carrying amounts.

Fair value measurement

The Group categorises financial instruments recognised at fair value by using a three-level fair value hierarchy. Financial instruments recognised at fair value in the balance sheet are classified by fair value measurement hierarchy as follows:

Level 1

Level 1 of the fair value hierarchy is defined as all financial instruments for which there are quotes available in an active market. These quoted market prices are readily and regularly available from an exchange, broker, pricing service or regulatory agency. These prices are used without adjustment to measure fair value. YIT has no financial instruments classified in Level 1.

Level 2

The fair value of financial instruments in Level 2 is determined using valuation techniques. These techniques utilize other than Level 1 quoted market prices readily and regularly available from an exchange, broker, pricing service or regulatory agency. YIT values OTC derivatives from a Level 2 Intermediary, pricing service or regulatory agency at fair value based on observable market inputs and generally accepted valuation methods.

Level 3

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

Fair value measurements using significant unobservable inputs (level 3)

	Valuation technique	Significant unobservable inputs	Base value 12/23	Base value 12/22	Sensitivity of the input to fair value for YIT	Additional information regarding the input
Equity investments recognised at fair value through profit and loss, Tripla Mall Ky	Discounted Cash Flow (DCF) method, 10-year period	Compound annual growth rate (CAGR) of Net Operating Income (NOI) for the entire valuation period	3.72%	4.80%	1 percentage point increase (decrease) in the input value leads to a EUR 23 million increase (EUR 19 million decrease) in the fair value of the asset.	The change in the input value is estimated through a coefficient that increases/ decreases the growth of all annual NOI cash flows identically, therefore depicting a scenario where the NOI of commercial facility and parking facility follows a higher/lower growth trajectory during the valuation period.
		Yield	5.75%	5.50% - 5.75%	5 percentage increase (decrease) in the input values leads to a EUR 12 million decrease (EUR 16 million increase) in the fair value of the asset.	
Equity investments recognised at fair value through profit and loss, OP Vuokrakoti Ky	Comparable transactions method and discounted cash flow method	Price per square meter	4,935 € / m2	5,268 € / m2	5 percentage point increase (decrease) in the average square meter price leads to a EUR 2 million increase (EUR 2 million decrease) in the fair value of the asset.	Both comparable transactions and discounted cash flow method are taken into account in the determination of average square meter price.
Loan receivables and interest-bearing receivables recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method	Discount rate	5.16 - 10.94%	5.76%	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.

Description of valuation techniques

Equity investments recognised at fair value through profit and loss

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

The value of the investment of YIT to Tripla Mall Ky is also affected by a separate profit-sharing agreement between the shareholders of Tripla Mall Ky. When an equity multiple that is calculated with fixed market parameters (inflation and exit yield) exceeds (or is below) an agreed target range, YIT is entitled to a larger (or smaller) share of the fair value of the investment, in 2024 when the investment is sold or when the profit-sharing agreement has expired. 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 reporting date, the outcome of the modelling of the profit-sharing agreement does not have an impact on the value of the investment when compared to the carrying amount. 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 lead to a EUR 12 million decrease in the fair value of the asset compared to the carrying amount. 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”.

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

Loan receivables recognised at fair value through profit and loss

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

Level 3 reconciliation

EUR million	**12/23**	**12/22**
Fair value on 1 January	**223**	**193**
Additions	24	23
Change in fair value from equity investments recognised in income statement	-2	10
Change in fair value from loan receivables and interest-bearing receivables recognised in income statement	1	-1
Decreases	-11	—
Fair value on 31 December	**235**	**223**

Derivative contracts

EUR million	12/23	12/22
Value of underlying instruments		
Interest rate derivatives (hedge accounting applied)	100	100
Interest rate derivatives (hedge accounting not applied)	200	160
Foreign exchange derivatives	188	176
Fair value		
Interest rate derivatives (hedge accounting applied)	1	4
Interest rate derivatives (hedge accounting not applied)	1	6
Foreign exchange derivatives	-3	—

Contingent liabilities and assets and commitments

EUR Million	12/23	12/22
Guarantees given		
Guarantees on behalf of others	—	1
Guarantees on behalf of construction consortia	2	2
Guarantees on behalf of associated companies and joint ventures	—	4
Guarantees on behalf of parent and other Group companies	883	968
Collateral given		
Amount of financial liabilities covered by collateral	140	
Collateral related to financial liabilities above		
Plots and real estate properties in inventories	150	
Equity investments	192	
Other commitments		
Investment commitments	82	73
Purchase commitments*	317	310

*Amount of purchase commitments in Q4/2022 has been adjusted by EUR 131 million.

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 0 million (0) on 31 December 2023.

Purchase commitments are mainly pre-contracts for plot acquisitions, the realisation of which typically depends on the implementation of zoning. The value of the plot purchase commitments is an estimate which is subject to zoning, amount of building rights and changes in cost indexes. In addition, the amount presented in the notes is based on the estimated acquisition value of the land, despite a possible termination clause in the contract.

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.

YIT's related party transactions with key management personnel and Board members other than those shown in the table consisted of normal salaries and remuneration. All transactions with related parties are made at arm's length principle.

EUR Million	1–12/23	1–12/22
Sale of goods and services		
Key management personnel	0.01	
Associated companies and joint ventures	269	160
Purchases of goods and services		
Associated companies and joint ventures	1	—

EUR Million	12/23	12/22
Trade and other receivables		
Associated companies and joint ventures	19	6
Interest-bearing receivables		
Associated companies and joint ventures	35	18
Trade payables and other liabilities		
Associated companies and joint ventures	—	—
Interest-bearing liabilities		
Associated companies and joint ventures	3	7

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	10–12/23	10–12/22	1–12/23	1–12/22
Operating profit (IFRS)	**33**	**42**	**51**	**102**
Adjusting items				
Gains and losses on disposal of businesses	-47		-47	
Fair value changes related to redemption liability of non-controlling interests		—		2
Items related to restructuring, efficiency and adaptation measures, and other non-recurring costs related to Group management team	11	1	20	1
Court proceedings		-2		-2
Operating profit from operations to be closed	17	1	17	1
Inventory fair value adjustment from PPA*		—		—
Depreciation, amortisation and impairment from PPA*	—	—	1	6
Adjusting items, total	**-20**	**1**	**-10**	**8**
Adjusted operating profit	**13**	**42**	**41**	**110**

*PPA refers to merger-related fair value adjustments.

Reconciliation of adjusted EBITDA, rolling 12 months

EUR million	12/23
Adjusted operating profit	**41**
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	**68**

Reconciliation of order book

EUR million	12/23	12/22
Partially or fully unsatisfied performance obligations	2,345	2,671
Unsold self-developed projects	812	1,031
Order book	**3,157**	**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.	

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Most significant short-term business risks

Strategic risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Market risks	• General economic development, performance of the financial markets and the political environment in YIT's countries of operation influence the Group's business operations. • Domestic and foreign policy tensions in the EU, countries close to the EU, the USA and Russia, or other international tensions, affect the demand for construction and create business complications. • Russia's continued military operations in Ukraine have a negative impact on the operating environment and the Group's business. • The unrest in the Middle East and the threat of an escalation increase the uncertainty in terms of both demand and the financial markets. • The recession and negative development of purchasing power and the trust of consumers and businesses, the availability of financing for consumers/businesses, and the general interest rate may undermine the demand for YIT's products and services. They also affect the parameters used for the valuation of balance sheet items. • Demand is weakened by the rising inflation rate, rising interest rates, lay-offs, the threat of unemployment and general uncertainty about the future. • If materialised, declining prices of sold or owned assets and an increase in the interest level and investors' yield requirements pose a risk for the Group's profitability. • Supply chain disruptions due to events such as bankruptcies or other performance issues due to the general economic situation influence the performance of subcontractors and the availability of materials, increasing the risk of delays in project completion. • Changes in customer preferences and in the competitors' offerings reduce the demand for the Group's products and services. • New competitors, business models and products may pose risks related to demand for the Group's products and services. • Higher prices and interest rates, increased supply of rental housing or reduced demand for business premises or homes among tenants, and better yields of alternative investments may lead to a decrease in investor demand. • An excessively high level of capital invested to finished but unsold products complicates the financial situation of the Group and the projects, jeopardising the launch of new projects and increasing financing costs. • Increased supply and slower population growth or strong local decrease of population may have a negative impact on housing demand locally.	• Continuously monitoring and analysing market developments and the operating environment. • Realising financing and project model solutions with partners. • Continuously monitoring yield requirement levels, the tender portfolio and the sales status. If the market situation changes, reacting by refraining from exceeding the risk limits set for production, completed projects and capital. • Using contract structures, practices and a diverse supplier network that allows the Group to mitigate the negative impact of changes in prices and availability. • Ensuring competitive products and services that correspond to customer demand. • Identifying alternative investors and users for projects already in the design phase. Making projects as flexible as possible so that the spatial solutions can serve different customer and user groups. • Using adequate but reasonable measures to limit the number of unsold completed projects.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Climate change	• Climate change may present physical, legislative, technical, financial, market and reputational risks to YIT's business. • Extreme weather conditions such as considerably higher annual rainfall or extended periods of hot weather may lead to increased costs, changes in planning processes or delays in production. • Costs related to CO_2 emissions or emissions reductions may create pressure regarding the supply chain or the development of new solutions as the construction industry transitions to alternative building materials and seeks more effective ways to reduce emissions. • Increasing sustainability-related requirements among customers, investors and other stakeholders may be reflected in YIT's customer demand, financing conditions and attractiveness as an investment or development partner. • Failing to reach the emissions targets may influence the availability or cost of financing. • The fight against climate change may lead to rapid and significant legislative constraints and requirements.	• Regularly evaluating climate risks and opportunities. • Adopting a proactive approach and setting ambitious goals to develop the operations in a sustainable and climate-friendly direction. • Incorporating sustainability criteria into YIT's investment and tendering processes. • Engaging in active cooperation and dialogue with stakeholders in the value chain to develop alternative construction materials and solutions. • Using YIT's proactive project and product development, piloting new solutions and ensuring active cooperation throughout the value chain.
Risks related to sustainability legislation	• Changes to legislation concerning sustainability or changes in the interpretation of the regulations may lead to declining investor and consumer demand, poorer availability of financing or increased financing costs, or otherwise weaken the Group's operating conditions.	• Evaluating legislative requirements in detail and preparing related impact assessments.
Changes in legislation and requirements	• Changes in legislation and the authorities' processes may slow down the progress of projects, have a negative impact on net debt, increase the need for equity or debt financing, or prevent additional funding from being realised. • In the case of individual projects, factors that can cause risks or postpone the order book, revenue, profit and cash flow from one quarter or year to the next include zoning, building permits, and approvals and interpretations by the authorities.	• Continuously monitoring changes in legislation and regulations. Actively participating in zoning to manage the risks. Identifying and assessing all risks that affect projects and the project portfolio before making any tender or start-up decisions. • Engaging in active dialogue with stakeholders and the authorities throughout the project lifecycle. Using proactive project risk management to ensure that last-minute decisions or changes will not have a significant impact on the start or completion of projects and consequently on financial indicators.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Country risks	**Finland** • Finland accounts for a significant share of YIT's business, which underscores the significance of Finland's economic development for the company's business. • Slower growth of the Finnish economy, the inflation rate, rising interest rates, migration and public sector debt may weaken consumers' purchasing power and general trust, which would have a negative impact on the demand for homes and business premises. An increase in public sector debt may make it more difficult to finance infrastructure investments, especially in the municipal sector. • In Finland, disruptions or significant changes in project financing and housing company loans may affect YIT's ability to finance its construction phase costs, which may have an indirect impact on customer demand. **Central Eastern Europe** • Slower economic growth, the inflation rate and rising interest rates may weaken consumers' purchasing power and general trust, which would have a negative impact on the demand for homes and business premises. • There are uncertainties related to the operations of the authorities, permit processes and their efficiency, which may result in significant delays to project development. • Increased political risks may influence demand or otherwise complicate business operations. • There is an increased risk related to labour and migration from outside the EU, for example.	**Finland** • Continuously monitoring the economic development and public sector investments in Finland. • Engaging in risk management related to project financing and the availability of housing company loans by managing working capital and financial reserves through efficient allocation and use of capital, by reducing lead times and by ensuring sufficient financing capacity. • Developing project funding models and cooperation with partners. **Central Eastern Europe** • Continuously monitoring the economic development and public sector investments. • Working in close cooperation with the authorities to ensure handovers and the processing of permits. • Housing production is a relatively low-risk business in terms of political risks. Changes in selling prices and continuous monitoring of sales allow YIT to manage price risks better than in contracting-based production. • Monitoring has been increased in YIT's production and procurement activities with respect to terms of employment and human rights issues.
Corporate governance	• The industry's special characteristics, the geographical dispersion of the Group's operations, the large number of contracts and the temporary nature of projects may lead to risks related to matters such as corruption, bribery, the grey economy and labour exploitation. • Lack of commitment among suppliers to the YIT Code of Conduct can pose risks to human rights or reputational risks to the company.	• YIT is committed to good corporate governance through compliance with laws and regulations. • YIT trains its personnel to act responsibly. • YIT has updated its sustainability strategy. YIT continues with its zero-tolerance policy towards the grey economy, corruption, labour exploitation and discrimination. YIT is also undertaking purposeful action to promote sustainability throughout its supply chain. Going forward, YIT will require its suppliers to make the same commitments to environmental, social and governance criteria as YIT has set for itself.
Reputation risks	• Topics discussed in public concerning either the construction industry or YIT's operations may either justifiably or unjustifiably reduce trust in the company and have a negative impact on YIT's reputation. Such topics include the grey economy, unethical activities and quality problems in construction.	• Continuously developing the company's governance model, proactive risk management and monitoring practices in terms of issues such as sustainability. • Communicating with stakeholders quickly, reliably and openly. • Providing training and guidelines for the personnel and partners; using a monitoring system. • Developing crisis communication practices and ensuring the communication capabilities of key personnel.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Investments & divestments, mergers and acquisitions	• The Group's investments, divestments, mergers or acquisitions may prove to be contrary to the strategy or fall short of the set objectives.	• Applying the gate model and the gate-specific approval practices and criteria stipulated by the model to the preparation of investments and divestments and related decision-making. Ensuring that individual investments and divestments are in line with the investment policy and satisfy the criteria of the gate model, including a risk assessment prior to approval. • Ensuring that the start of an acquisition or divestment process for a business of material significance and decision-making on the final transaction are always subject to approval by the Group's President and CEO, the Group Investment Board, the Investment and Project Committee of the Board of Directors and YIT Corporation's Board of Directors. • Conducting the processing and decision-making related to acquisitions and divestments, i.e. the acquisition or sale of a legal entity (share transaction) or business where the purpose of the transaction is to acquire or divest a business, in accordance with YIT's gate model for acquisitions and divestments and the relevant gate-specific approval practices and criteria. • In processing and decision-making concerning associated companies and joint ventures, applying the gate model of the company in question and the relevant gate-specific approval practices and criteria. • Ensuring that an investment in a joint venture or associated company, or the establishment of such a company or divesting YIT's holding in such a company and exiting a joint venture structure is always subject to approval by the Group's President and CEO and the Group Investment Board. The aforementioned decision-making and control measures aim to ensure the meeting of objectives in line with YIT's strategy and investment policy criteria.
Strategic development projects and strategy implementation	• The Group may be unable to implement or adjust its strategy in its operating environment, or the chosen strategy may prove to be incorrect, which may have an adverse impact on YIT's financial performance.	• Due to changes in the business environment, YIT has reassessed its three strategic focus areas (focus, productivity and ESG), and found them to be valid. YIT has also updated its financial targets. • Responsibilities have been assigned for the regular monitoring of the implementation of the strategy, and a dedicated regular operating model has been prepared to facilitate the monitoring of the progress and the implementation of corrective measures as necessary. Ensuring flexibility of the strategy and continuously assessing alternative paths.

Operational risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Resources and personnel	• Failure to engage the commitment of skilled staff in a challenging market situation.	• YIT has three HR focus areas to support the strategy and ensure the availability and retention of a skilled workforce: 1. YIT is an attractive employer, we engage the commitment of our employees and develop their professional competencies. 2. Empowered and efficient teams 3. YIT's way of working – efficient and safe
Risks related to occupational safety and human rights	• Occupational health and safety risks are typically various types of accidents and hazardous situations that primarily lead to injuries or material damage. Most accidents at work involve movement, e.g. tripping, falling or slipping on a construction site. Hazardous situations also arise in relation to falling materials during lifting, or when employees work above or below others. • There are risks related to human rights throughout the supply chain, including labour exploitation, working conditions, harassment, racism, discrimination and other unethical conduct. The chaining of contracts typically makes it more difficult to retain transparency in the construction industry. If these risks materialise, it will affect the company's reputation as a responsible operator.	• Engaging in preventive occupational safety measures such as safety planning, management walks, safety observations, weekly onsite meetings and safety briefings, orientation and training. Investigating accidents and hazardous situations, internal communications. • Using supplier requirements and audits related to labour and human rights. Conducting a separate assessment pertaining to the chaining of contracts. Regularly evaluating the human rights impact. Providing multiple channels for reporting suspected violations of labour and human rights, and investigating all reports.
Procurement risks	• The high level of subcontracting in the construction industry and the specialisation of areas of expertise may involve risks related to the management of contracting chains. The fact that light entrepreneurship has become more common has increased the risk of the grey economy on construction sites. • Foreign workforce can involve risks pertaining to labour and human rights, for example. Mobility of labour within the EU has increased, and the number of workers from third countries is significant. • Disruptions in availability and deliveries may delay the implementation of projects and incur additional costs. • Procurement-related sustainability issues and internationalisation issues such as the realisation of labour and human rights, as well as challenges associated with the management of contracting chains, may pose risks and have a significant negative impact on reputation. • Lead times, availability and prices of construction materials may vary due to global supply chain challenges.	• Managing the efficiency risk in procurement as part of project management, and using more standardised solutions. Reducing supply chain risks through effectively managed lean construction. • Using proactive risk management at the planning phase of projects and when selecting partners. Using annual contracts and anticipating purchases. YIT has started to prevent subcontractors who do not meet the set supplier criteria from entering construction sites. • YIT aims to develop mutually beneficial long-term relationships with its partners. Continuously developing sustainability-related matters in procurement; for example, ensuring compliance with obligations throughout the supply chain. Engaging suppliers' commitment to the Supplier Code of Conduct. Continuously monitoring projects, supply chains and the partners involved in them by means of information systems and audits. • Enabling the detection of human rights violations through YIT's Code of Conduct and the YIT Whistleblower channel. • Developing monitoring for the working conditions of foreign workers. Using supplier requirements related to labour and human rights. Requiring a residence permit issued by the Finnish authorities and the related right to work for posted workers from outside the EU, EEA or Switzerland. Using site access control systems to identify workers from third countries. Regularly conducting anonymous surveys of foreign workers with a focus on working conditions, housing conditions and labour exploitation.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Acquisition risks related to plots of land and properties	• Zoning and the general market development may be reflected in the availability, risks and economic feasibility associated with plots of land and building rights. • External uncertainties such as changes in legislation and regulations, construction-related requirements and interpretations by the public authorities, and the replacement of decision-makers may present risks that have a financial impact. Complaints related to land use planning and building permits may cause delays and additional costs. • The efficiency of YIT's own land acquisition and the sufficiency of building rights may pose risks. Deficiencies in initial data or incorrect project calculations may lead to incorrect pricing of plots. • Delays in starting projects may tie up more capital than planned and lead to higher financing cost.	• Continuously monitoring the sufficiency of the plot reserve to ensure continuity of the business and the economy of operations. Continuously monitoring plot acquisitions and commitments to ensure capital efficiency and manage the financial risks. • Applying the company-specific gate model and the gate-specific approval practices and criteria stipulated by the model to the preparation of plot acquisitions and related decision-making. Identifying and assessing uncertainties associated with plot acquisitions as part of the gate review procedures. • Subjecting the acquisition or sales of plots to the approval of the Group's President and CEO and the Group Investment Board, and depending on the size of the transaction, also the approval of the Board of Directors' Investment and Project Committee and the Board of Directors. • In the case of individual plot acquisitions, managing uncertainties through participation in regional development and land use planning, for example. Using due diligence, risk transfer and plot acquisition structuring practices to mitigate and manage risks.
Environmental risks	• Operational risks related to the environment may be locally significant in the event of a fuel leak or soil contamination, for example. • The most significant acute environmental risks are related to the handling of hazardous materials. • Due to their location or the construction methods used, construction projects may give rise to risks related to the loss of biodiversity. • Risk of the loss of biodiversity. The lack of a raw material or a sufficient quantity of a raw material. • The use of water and the risk of wastewater discharges affect freshwater and marine ecosystems.	• Construction sites' operating instructions for risk identification, prevention and management. • An environmental risk assessment conducted in the planning phase for the largest projects. • Measures to protect biodiversity are planned on a project-specific basis in the planning stage. • Reducing or avoiding the use of chemicals, and cleaning or neutralising wastewater.

Project risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Changes in the operating environment	• Political, macroeconomic and social changes, as well as changes related to technological development and the regulatory operating environment. • The escalation of geopolitical risks that are reflected in general uncertainty and demand. Risks related to the availability and price of energy have a direct and indirect negative impact on the company's business operations through construction materials. Geopolitical risks may influence the actions of central banks and the market rates of interest, which will in turn affect the valuation of assets on the balance sheet. • Hybrid operations may affect the availability of information systems or data connections used by the Group. • Influencing or reconnaissance of critical infrastructure projects.	• Continuously monitoring the market and the price development in the area, the area's image and the land use planning status. • Identifying and assessing all risks and planning measures as part of decision-making pertaining to plot acquisition, planning, bidding or the start of construction. Appropriately pricing the risks, especially in long-term projects. • Monitoring market reactions and taking targeted adjustment measures. • Increasing the staff's vigilance and awareness of hybrid operations. • Improving the company's preparedness for unexpected situations.
Project portfolio risks	• Efficiency risks and financial risks if the Group is unsuccessful in site selection, tendering, contract negotiations or project management. • Non-compliance of project requirements with YIT's competencies, resources or profitability targets. • Risks associated with individual large projects may jeopardise the company's financial performance.	• Managing the project portfolio so that the set targets can be achieved within the planned risk thresholds. • Ensuring and planning key resources and competencies before making the final commitment to a project at the tendering and/or project development phase. • Using the decision-making authorisations defined in the YIT investment policy with risk ratings to determine the decision-making level and profitability target of the project. • Focusing on the pre-selection of large projects by using gate review practices before the project development phase. Risk and project management in large projects involves more frequently recurring monitoring and review practices during the implementation phase in addition to financial reporting reviews.
Project and property risks	• Risks related to diversity, planning management, the quality of the tender and planning documentation, and the suitability of the contracting form, as well as project lifecycle risks.	• Breaking down projects into appropriate implementation packages and choosing the right method of implementation, particularly in self-developed projects. Proactively identifying the risks and opportunities and preparing a project risk management plan before the start of the planning phase. Dividing the risks between the project participants. • Managing planning and changes to plans and designs. Planning flexible and adaptable projects whenever possible. Ensuring the economic feasibility of projects during the management of planning. • Completing the planning process before the start of the implementation phase and taking advantage of the 'golden window' in production planning when the plans have been completed. • Efficiently managing procurement and ensuring active participation of the procurement function in the management of planning. • Using gate reviews to assess the risks of individual projects, and mitigating these risks as part of the fulfilment of the gate's decision-making criteria.

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Customer and end user risks	• The implementation of self-developed projects includes a sales risk due to changing economic cycles. • In the case of contracting projects and investor sales, the fixed price implementation form in particular poses a profitability risk as inflation related to material costs continues. • In contracting projects, there are the requirements of the client organisation, the quality of the plans and risks related to the effectiveness of the cooperation. Additional work and alterations during the project in proportion to the original project package are a risk, especially in the case of target price or price ceiling contracts. • The implementation and completion of projects, as well as the warranty and maintenance period, may involve risks that can reduce the profitability of projects.	• In the case of self-developed projects, achieving an adequate sales or occupancy rate by means of market-based pricing. • Preparing for cost increases with adequate provisions for increases and, where possible, linking the costs of key materials to indices. • Through active cooperation with the client and the designers, seeking collaborative implementation models to mitigate risks related to the implementation phase and improve the management of additional work and alterations. • Actively influencing the development of the general contractual terms used in the construction industry. Complying with the general contractual terms. • Communicating with customers and managing customer insight. Managing contracting forms and contract structures. Using legal expertise in the drafting of contracts. • Developing the management of additional work and alterations as part of project management.
Risks related to project implementation and liability period	• Project management challenges in individual projects may jeopardise the achievement of the financial targets, particularly in the case of large projects. • The project implementation phase involves various risks involving factors such as construction feasibility, unexpected changes in project scope, yield or costs, partners, performance of the construction site and contractor, schedules, environment, occupational health and safety risks, quality deviations, complaints, liability repairs and service-level deviations. Impact of the aforementioned risks on the project's financial performance and financial reporting.	• Monitoring project deviations and their impact on project performance as part of YIT's monthly reporting and monthly reviews. Highlighting significant deviations in the monthly or gate reviews, and planning corrective measures and follow-up actions. • Continuously maintaining the risk management plan and assessing the financial impact as part of project management and reporting. Implementing gate reviews concerning risks and, in the case of high-risk projects, using periodic risk reviews. Escalating deviations. Discussing the risks in monthly financial reports. • In the case of large projects, realising more frequent reviews in the implementation phase and ensuring that not only the project management but also group- and segment-level management attend the reviews.

Financial risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Reporting risks	• Changes in accounting standards and their interpretation may lead to changes in YIT's accounting policies and consequently affect YIT's financial indicators. • Actual figures and projections related to customer projects constitute a significant part of YIT's financial reporting. Risks such as project implementation and liability period risks may have an unexpected impact and may therefore affect YIT's financial performance.	• Managing risks related to financial reporting with the aid of the Group's accounting principles, financing and tax policy, investment guideline, acquisition instructions, control environment and internal control. • Actively monitoring the development of accounting standards and assessing their impact. • Maintaining and consistently complying with the defined accounting principles. • Continuously monitoring business forecasts, training personnel and developing the reporting and ERP system.
Financial risks	• The most significant financial risks are risks related to the availability of financing (acquisition of new loans and refinancing), liquidity, interest rates and the development of foreign exchange rates. • The Group has regular financing needs and an extensive portfolio of financial instruments. Depending on the prevailing situation in the financial markets and the development of the Group's profitability and/or financial position, the availability of financing may decline, or the price of financing may increase. Some of the Group's financing agreements and credit limits are subject to compliance with certain financial covenants. • The desire of banks and investors to limit their own risk exposure in the construction sector, which may lead to a reduction in the availability of financing or other credit limits, making it more difficult to start or participate in new projects. • The Group's most significant exchange rate risks are related to investments made in currencies other than the euro in group companies located outside the euro area, such as zloty-denominated investments in Poland. • Rising interest rates in euros and the Group's other operating currencies increase the financing costs.	• Ensuring that sufficient credit facilities and a sufficient number of financing sources are available, and actively managing financing agreements. • Aiming to safeguard the sufficiency of financing so that the liquidity available to the Group matches the Group's overall liquidity requirement at all times. • Managing the Group's foreign exchange risk through foreign exchange forward contracts used for hedging debt investments in Group companies, among other measures. Managing the translation risks arising from equity investments by optimising the capital structure of Group companies. • Managing the interest rate risk by striving to set the average interest rate fixing period of the Group's liabilities close to the interest rate sensitivity level of the Group's business. Monitoring the average interest rate fixing period of liabilities and the ratio between fixed rate and floating rate liabilities. Preparing sensitivity analyses on the Group's interest rate risk. Using interest rate derivatives for hedging against the interest rate risk.
Capital efficiency	• Excessive growth of capital if YIT fails to manage the capital employed. This would lead to increased financing costs and the risk of non-compliance with key financial covenants. A reduction in the Group's strategic leeway. • YIT's measures to increase capital efficiency may result in write-downs or expenses that may have a negative or positive financial impact.	• Continuously assessing the use of the capital employed and its allocation to the business functions, and taking the necessary action to improve capital efficiency.

Event risks

RISK	RISK DESCRIPTION	RISK MANAGEMENT
Information systems, data security and data protection	• The cybersecurity incident risk could jeopardise the continuity of business. • Any long-term disruptions in global supply chains will have repercussions for all services provided. • A repair backlog and development needs of systems supporting the business processes will slow down business growth.	• Developing controls as a continuous process, ensuring detection and resolution capabilities. Ensuring the continuity and recovery of critical services in the changed service production model. • Ensuring service-related supply chains, resourcing and contingency arrangements in the changed service production model. • Developing information systems to support the business through a shared development plan.
Pandemics, COVID-19	• An epidemic or pandemic may have a direct or indirect impact on the Group's operations and risks due to factors such as the availability of personnel, sickness rate, administrative decisions, and the availability and price of materials and financing. These can lead to the temporary closure of construction sites or slower progress and delays in completion, and consequently financial risks and risks associated with financial reporting. • An epidemic or pandemic may influence the occupancy rates of owned or sold properties and consequently their value. • A prolonged pandemic may affect consumers' and investors' purchasing decisions and their timing.	• Ensuring the continuity of construction sites and procurement through analyses, substitution arrangements, the scheduling of work and breaks, the maintenance of appropriate hygiene standards and active communication. • Engaging in active dialogue with various stakeholders and the public authorities.
Criminal offences, misconduct and other serious non-conformities	• YIT's business is local and project-oriented. Criminal offences and incidents of misconduct are typically related to construction site functions or procurement. The networked and chained operating principles in the construction industry and the relatively low barrier to entry may create conflicts of interest or risks involving the grey economy. • Climate change, economic uncertainty, geopolitical escalation and political activity may increase the probability of incident risks.	• In recent years, the construction industry has developed risk management concerning the grey economy. Examples of this include the VAT reverse charge, reporting in compliance with the Act on the Contractor's Obligations and Liability when Work is Contracted Out, the use of the Valtti card, and monthly company- and employee-level reporting to the Finnish Tax Administration. • YIT's risk management is based on the Group's values, leadership principles, Code of Conduct and Supplier Code of Conduct. • Decision-making authorisations have been defined at the Group level and separately for each business segment. In addition to the Group Investment Board, segment-level investment boards have been established, and some decision-making powers have been delegated to them. • Detecting and addressing serious non-conformities through an escalation procedure. • In the case of insured risks, the Group decides on and acquires Group insurance policies and supports the business units in insurance-related matters. • Proactively managing the risks, typical examples being conducting risk assessments for contractual partners and acquired properties before making any commitments and managing corporate security risks on construction sites with the aid of access control and CCTV systems. • Investigating serious non-conformities in accordance with the agreed process, minimising damage and continuous development based on the lessons learned. Raising alertness regarding incidents in the business operations and on the Group's sites. • Raising alertness regarding incidents in the business operations and on the company's sites.

Together we can do it.

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