Q2

YIT Corporation
Half-year Report 1–6/2023

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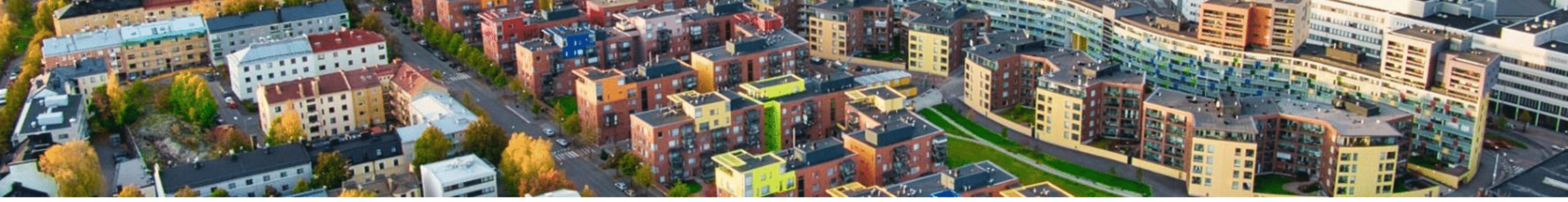


Half-year Report January–June 2023

Q2: Order book remained stable during the quarter and operating cash flow was positive. Adjusted operating profit decreased to EUR 14 million (25), negatively impacted by low consumer sales.

Second quarter 2023 highlights

- Adjusted operating profit decreased to EUR 14 million (25), and the adjusted operating profit margin to 2.4% (4.5). Profitability was negatively impacted by low consumer sales in Housing, especially in Finland. The comparative period was supported by the sale of two self-developed projects in Business Premises.
- Operating cash flow after investments amounted to EUR 14 million (-132), supported by YIT's actions to improve capital efficiency.
- The Housing segment's consumer sales increased from the first quarter of 2023. Demand was still at a low level in Finland, while the demand in certain Central Eastern European countries improved.
- New consumer apartment start-ups decreased to 522 (1,062). All the new start-ups were in Central Eastern Europe, in countries where demand improved.
- The number of unsold completed apartments decreased slightly to 730 from the first quarter (31 Mar 2023: 747), but increased year-on-year.
- Result for the period was EUR -1 million (16, continuing operations).
- Net interest-bearing debt was at EUR 819 million (435), and gearing at 99% (51).

- YIT's transformation program, launched in February, has progressed faster than originally expected. YIT has identified and launched all measures to achieve the targeted cost savings. Actions taken by the end of the quarter will result in annualised cost savings of EUR 18 million by the end of 2024.
- As part of the transformation program, YIT initiated a strategic review regarding certain assets and operations such as YIT's wind power development portfolio, infrastructure operations in Sweden, and selected investments, including YIT's ownership stake in Tripla Mall. With these measures, YIT has the potential to release approx. EUR 400 million of capital by the end of 2024.
- Order book remained stable during the quarter at EUR 3,540 million (31 Mar 2023: 3,542), supported by strengthened order books in Business Premises and Infrastructure.

- YIT simplified its organisational structure into three agile and customer-focused business segments: Housing, Business Premises, and Infrastructure.
- YIT became the first Finnish construction company to have its emissions reduction targets validated by the Science Based Targets initiative (SBTi).
- YIT's combined lost time injury frequency weakened to 14.1 (12.0), largely as more accidents were reported by YIT's partners. YIT continued its systematic work to increase transparency and openness in safety communication and to strengthen safety management within the company and with its partners.
- Jennie Stenbom was appointed as EVP, HR, and a member of the Group Management Team. She will start in her position in November 2023 at the latest. Tanja Kauhajärvi acts as Interim EVP, HR. Katja Ahlstedt, the former EVP, HR, left the company on 16 May 2023.

Key figures

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Revenue	558	545	1,013	1,063	2,403
Operating profit	10	22	2	44	102
Operating profit, %	1.8	4.1	0.2	4.2	4.2
Adjusted operating profit	14	25	10	47	110
Adjusted operating profit margin, %	2.4	4.5	0.9	4.4	4.6
Result before taxes	-1	14	-20	28	74
Result for the period, continuing operations	-1	16	-15	28	63
Result for the period, including discontinued operations	-1	-277	-15	-410	-375
Earnings per share, continuing operations, EUR	-0.01	0.07	-0.08	0.12	0.28
Operating cash flow after investments	14	-132	-197	-173	-281
Net interest-bearing debt	819	435	819	435	569
Gearing ratio, %	99	51	99	51	64
Equity ratio, %	33	37	33	37	36
Return on capital employed, % (ROCE, rolling 12 months)	4.9	7.6	4.9	7.6	8.4
Order book	3,540	4,067	3,540	4,067	3,702
Combined lost time injury frequency (cLTIF, rolling 12 months)	14.1	12.0	14.1	12.0	13.3
Customer satisfaction rate (NPS)	52	48	52	48	49

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

Heikki Vuorenmaa, President and CEO

"The second quarter of 2023 included significant milestones for YIT. We launched a simplified new organisational structure and continued our good progress in transforming the company towards its full potential. We took determined actions to improve our performance and capital efficiency. Some of the impacts of our actions can already be seen in our performance this quarter, particularly in our improved cash flow. At the same time, the strong market headwinds in the Finnish housing market persisted. Our profitability was negatively impacted by low consumer sales, and our Group adjusted operating profit amounted to EUR 14 million (25) for the quarter.

The demand in the Housing segment continued to be negatively impacted by the rising interest rates and uncertain market outlook, especially in Finland. Although our consumer sales increased compared to the first quarter, the demand was still at a low level in Finland. In contrast, the demand in certain Central Eastern European countries improved. As we did not have any consumer completions in Central Eastern Europe during this quarter, the earnings of the Housing segment fell to a low level. We continued with a careful approach to new start-ups and plot investments, and we therefore decided to only launch new self-developed residential projects in Central Eastern European countries, where the market conditions were more favourable.

The Business Premises segment had an operationally solid quarter, even though the higher construction material prices continued to weigh on margins in projects that were started before the surge in price inflation. I'm pleased that we have succeeded in creating competitive solutions for our customers, which further strengthened the segment's order book. We remain focused on serving our customers and being a trusted partner with market-leading capabilities.

In the Infrastructure segment, our performance was supported by a solid performance in Finland. In Sweden, profitability was burdened by certain low-margin legacy projects. During the quarter, we initiated a strategic review to secure the best possible value creation for the Infrastructure operations in Sweden.

On the Group level, I'm proud of how the whole YIT team has adapted to the challenging market conditions. In the short-term, we have systematically improved our cash management, cost discipline and net working capital efficiency. In addition, our transformation program includes a set of initiatives to strengthen our long-term capabilities and operational efficiency.

During the quarter, we achieved an important step in our sustainability agenda. 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 want to take leadership in the industry and encourage our partners to invest in sustainable solutions.

Looking forward, developments in housing markets continue to be a major source of uncertainty for us. Although the demand in certain markets in Central Eastern Europe has improved, the market in Finland is yet to show definite signs of a recovery, and the level of uncertainty in the market remains very high. According to industry estimates, new housing start-ups in the overall Finnish market are expected to reach a multi-year low this year, well below the estimated long-term demand. Such a scenario could have serious repercussions throughout the industry.

We are focusing on implementing our plan and executing the ongoing initiatives to build a stronger and more competitive YIT. We follow market developments closely and remain ready to adapt our agenda accordingly. We will carefully evaluate both risks and opportunities in this exceptional period. I'm confident in YIT's ability to deliver value to our shareholders in the long-term."

Heikki Vuorenmaa
President and CEO

Guidance and outlook for 2023

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

In Housing, the demand outlook is expected to gradually recover in the second half of the year. The gradual housing market recovery in Central Eastern Europe is expected to continue into the second half of the year, while the recovery in Finland is expected to become more pronounced only towards the end of the year. In Business Premises and Infrastructure, the underlying operational performance is expected to improve, but certain low-margin legacy projects will still affect Infrastructure's performance.

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

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

Market environment

Housing market

In Finland, consumer demand was at a low level as a result of the rising interest rates and weak general consumer confidence. On the investor side, the higher interest rates have also had a clear negative impact on activity levels. Uncertainty in the market remains high, and the market recovery is expected to become more pronounced only towards the end of the year. Housing company loan financing has been challenging due to the increased caution of banks.

In the Baltic and Central Eastern European countries, the elevated inflation and rising interest rates had a negative impact on the market sentiment. However, the demand in certain countries improved. The gradual market recovery is expected to continue into the second half of the year, and the overall market outlook remains stable.

Market environment and outlook, Housing market

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

Real estate market

In Finland, demand remained moderate. Increased cost pressures have slowed down customers' decision making, but only a few projects have been postponed. On the investor side, the lower availability of financing and higher financing costs have impacted activity levels in transactions and new developments. Inflation in construction materials prices stabilised. The competition for new projects intensified as a result of the overall decline in construction volumes.

In the Baltic and Central Eastern European countries, demand and market activity remained stable, supported especially by private-sector demand for new business premises. Price inflation in construction materials stabilised, but new project start-ups are facing challenges due to increased cost pressures and higher financing costs.

Market environment and outlook, Real estate market

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

Infrastructure market

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

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

Market environment and outlook, Infrastructure market

Region	Q2	Outlook
Finland	Normal	Stable
Sweden	Good	Stable

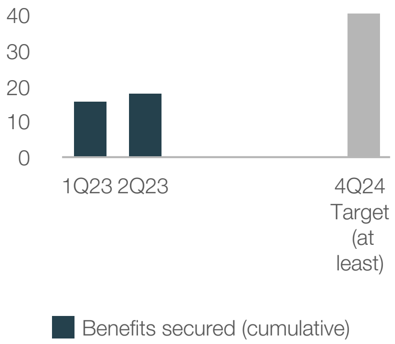
Q2 market environment

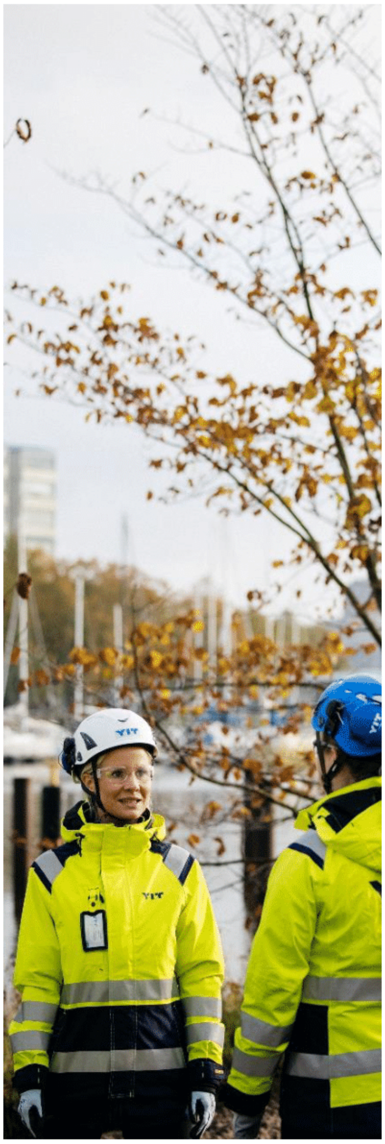
Good Normal Weak

Short-term market outlook

Improving Stable Weakening

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





Strategy

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

Transformation program

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

The transformation program has progressed faster than originally expected. By the end of the second quarter, YIT had identified and launched all measures to achieve the targeted cost savings. With the actions taken by the end of the quarter, YIT will gain annualised cost savings of EUR 18 million, which will be fully realised by the end of 2024. At the end of the quarter, EUR 5 million were realised in program costs.

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

Strategy implementation

SBTi validation

A highlight of strategy execution during the quarter, in addition to the scope of the transformation program, was the validation of YIT's emissions reduction targets. YIT became the first Finnish construction company to have its emissions reduction targets validated by the Science Based Targets initiative (SBTi). The validation confirms that the targets are in line with the Paris Agreement and contribute to limiting global warming to 1.5 degrees. YIT commits to reduce absolute scope 1 and 2 GHG emissions 90% by 2030 from a 2019 base year*. YIT also commits to reducing absolute scope 3 GHG emissions 30% by 2030 from a 2019 base year.

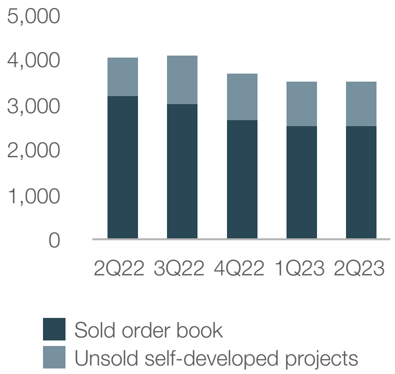
YIT will reduce its emissions with the support of a carbon roadmap prepared by the company. The roadmap includes more detailed measures and covers the entire life cycle from early-stage planning to construction and to the use-phase. Key measures for reducing emissions include, adopting emission-free sources of energy with regard to equipment and the heating and cooling of YIT's properties, using low-carbon concrete and steel as building materials, and reducing the emissions generated in the use of completed apartments and business premises.

Safety development

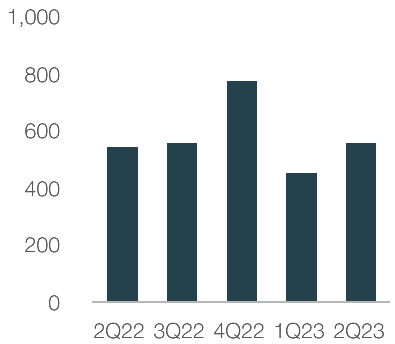
During the quarter, YIT's combined lost time injury frequency weakened to 14.1 (12.0), largely as more accidents were reported by YIT's partners. YIT continued its systematic work to increase transparency and openness in safety communication and to strengthen day-to-day safety management within the company and with its partners.

*The target boundary includes land-related emissions and removals from bioenergy feedstocks.

Order book (MEUR)

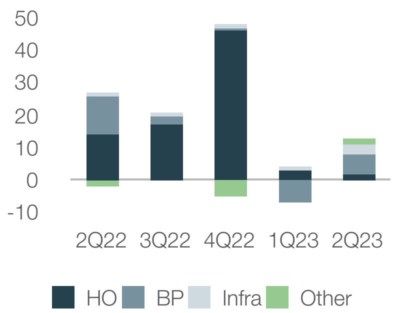


Revenue (MEUR)



Adjusted operating profit and adjusted operating profit margin

Adjusted operating profit per segment (MEUR)



Results

April–June

YIT's order book remained stable at EUR 3,540 million compared to the first quarter of 2023 (31 Mar 2023: 3,542), supported by strengthened order books in Business Premises and Infrastructure. Year-on-year the order book has decreased, driven by the lower number of consumer apartment start-ups in Housing. At the end of the quarter, 72% of the order book was sold (31 Mar 2023: 72%).

YIT's revenue was stable at EUR 558 million (545). In Housing, revenue increased, supported by the sale of apartments in Finland to YIT's joint venture's rental housing portfolio during the quarter, and sale and leaseback transactions for 11 plots. In Business Premises, revenue remained stable. The comparative period in Business Premises was supported by the sale of two self-developed projects. In Infrastructure, revenue decreased, mainly as a result of strict project selection in Sweden.

YIT's adjusted operating profit decreased to EUR 14 million (25), and the adjusted operating profit margin amounted to 2.4% (4.5). In Housing, profitability was negatively impacted by low consumer sales, especially in Finland. In Business Premises, the underlying operational performance was solid, but higher construction material prices weighed on margins in projects started before the surge in price inflation. The comparative period in Business Premises was supported by the sale of two self-developed projects. In Infrastructure, profitability was supported by a solid performance in Finland, while profitability in Sweden was burdened by certain low-margin legacy projects.

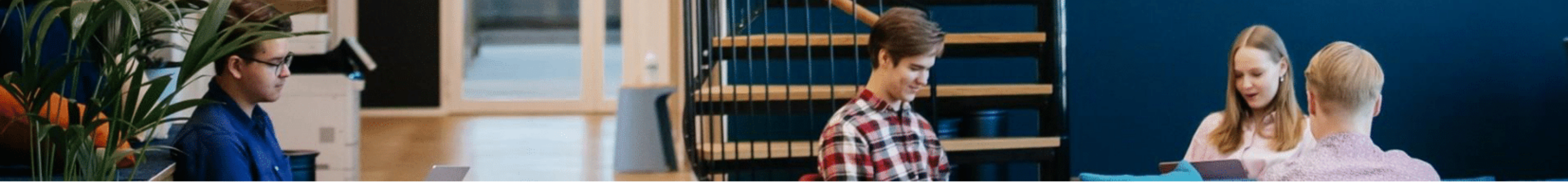
YIT's operating profit was EUR 10 million (22). Adjusting items were EUR 3 million in the second quarter (2), mainly associated with the costs of the transformation program. Net finance costs amounted to EUR 11 million (9). The result for the period was EUR -1 million (-277). The comparative period was burdened by the result of EUR -293 million from the discontinued operations following the sale of the Russian businesses.

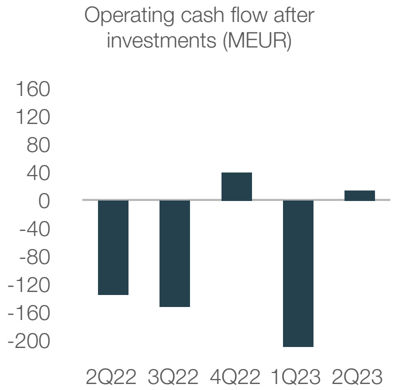
January–June

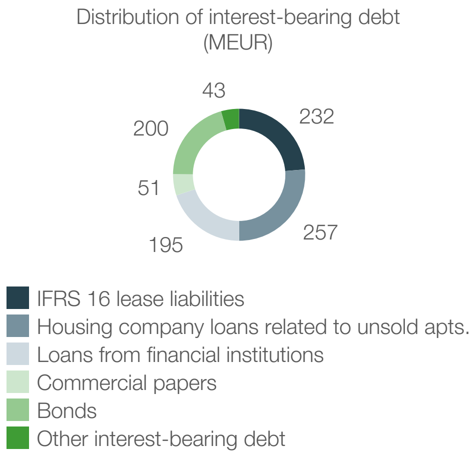
YIT's revenue decreased by 5% to EUR 1,013 million (1,063). In Housing, revenue remained stable, supported by the sales of apartments in Finland to YIT's joint venture's rental housing portfolio. In Business Premises, revenue decreased. The comparative period in Business Premises was supported by the sale of two self-developed projects. In Infrastructure, revenue decreased, mainly as a result of strict project selection in Sweden.

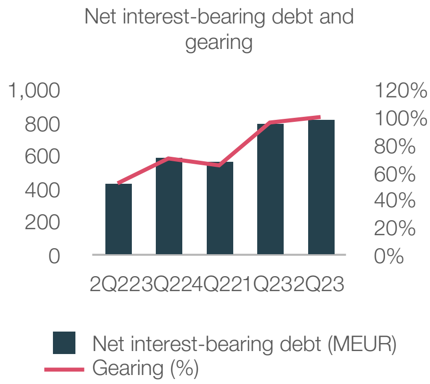
YIT's adjusted operating profit decreased to EUR 10 million (47), and the adjusted operating profit margin amounted to 0.9% (4.4). In Housing, profitability was negatively impacted by low consumer sales. In Business Premises, profitability decreased as higher construction material prices weighed on margins in projects started before the surge in price inflation. In Infrastructure, profitability improved, driven by a solid performance in Finland, while profitability in Sweden was burdened by certain low-margin legacy projects.

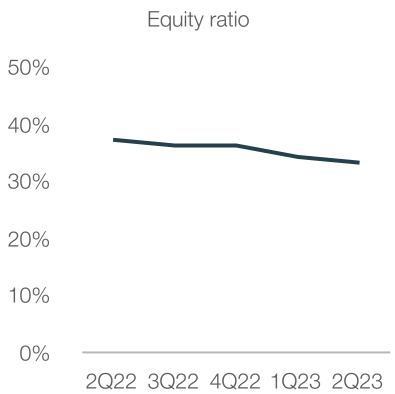
YIT's operating profit was EUR 2 million (44). Adjusting items amounted to EUR 7 million (2). Adjusting items were related mainly to the costs of the transformation program. Net finance costs amounted to EUR 22 million (16). The result for the period amounted to EUR -15 million (-410), and the earnings per share amounted to EUR -0.08 (0.12, continuing operations). The comparative period was burdened by the sale of the Russian businesses.











Cash flow

April–June

YIT's operating cash flow after investments amounted to EUR 14 million (-132), supported by YIT's actions to improve capital efficiency. The main drivers of the positive cash flow, despite low consumer sales, were improved net working capital efficiency, the sale of apartments in Finland to YIT's joint venture's rental housing portfolio, and sale and leaseback transactions for 11 plots. During the quarter, YIT agreed the sale of 190 apartments to its joint venture's rental housing portfolio, and the apartments were either completed or in the final stages of construction. Cash flow from plot investments amounted to EUR -17 million (-48), impacted by payments for plot investments committed before 2023.

January–June

YIT's operating cash flow after investments amounted to EUR -197 million (-173). Approximately half the negative cash flow was attributable to Housing, where the cash flow was burdened by low consumer sales, payments for plot investments committed before 2023, and the apartments under construction. The cash flow from plot investments was EUR -64 million (-90), impacted by payments for plot investments committed before 2023.

Financial position

At the end of the period, interest-bearing debt amounted to EUR 978 million (747), and net interest-bearing debt to EUR 819 million (435). Net interest-bearing debt included IFRS 16 lease liabilities of EUR 232 million (210), as well as housing company loans of EUR 257 million (145) related to unsold apartments. The gearing ratio was 99% (51), and the equity ratio 33% (37). Equity decreased to EUR 828 million (848). The net debt/ adjusted EBITDA ratio was 8.2 (31 Mar 2023: 7.1), and the interest cover ratio 3.9 (31.3.2023: 4.9).

On 22 May, YIT announced that it considers the issuance of new green notes. On 30 May, YIT announced that it decided to withdraw the contemplated issuance of the new notes due to prevailing market conditions. The company continues its normal measures to manage its maturity structure.

Cash and cash equivalents decreased to EUR 97 million (248), and YIT had undrawn overdraft facilities amounting to EUR 35 million (32). Furthermore, YIT had a EUR 300 million committed revolving credit facility, of which EUR 255 million (300) was unused and available at the end of the period. Unutilised and committed housing company and project loan limits associated with apartment projects were EUR 101 million (292).

Capital employed increased to EUR 1,636 million (1,286) at the end of the period. The increase was driven mainly by the increased capital employed in Housing, attributable to low consumer sales, apartments currently under construction, and the increase in the number of unsold completed apartments to 730 (204).

Investments and divestments

April–June

Gross capital expenditure amounted to EUR 3 million (4), of which EUR 2 million (3) was related to leased assets. Investments in plots were EUR 25 million (31), impacted by payments for plot investments committed before 2023. Investments in leased plots, excluding sale and leaseback transactions, were EUR 0 million (0). The total plot reserve at the end of the quarter amounted to EUR 799 million (678).

January–June

Gross capital expenditure was EUR 12 million (8), or 1.2% of revenue (0.8), of which EUR 9 million (6) was leased. Investments in plots were EUR 51 million (85), impacted by payments for plot investments committed before 2023. Investments in leased plots, excluding sale and leaseback transactions, were EUR 0 million (0).

Housing

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Revenue	252	211	446	434	1,084
Operating profit	2	14	5	35	98
Adjusted operating profit	2	14	5	35	98
Adj. operating profit margin, %	0.7	6.5	1.0	8.0	9.0
Order book at end of period	1,376	1,941	1,376	1,941	1,643
Capital employed	1,010	728	1,010	728	884

Results

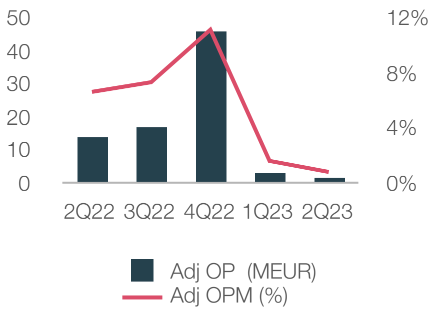
April–June

- Revenue increased by 19% to EUR 252 million (211), supported by the sale of apartments in Finland to YIT's joint venture's rental housing portfolio during the quarter. The sale included 190 apartments in total, and the apartments were either completed or in the final stages of construction. Revenue was also supported by sale and leaseback transactions for 11 plots.
- The number of unsold completed apartments decreased slightly to 730 from the first quarter (31 Mar 2023: 747), but increased year-on-year. The remaining 730 unsold completed apartments are located in attractive housing markets, with more than 80% of the units in the capital regions or university towns in Finland and Central Eastern Europe. YIT recognises unsold completed apartments at either the lower of cost or net realisable value on its balance sheet.
- Adjusted operating profit decreased to EUR 2 million (14), negatively impacted by low consumer sales, especially in Finland. There were no consumer apartment completions in Central Eastern Europe during the quarter. Profitability was also negatively impacted by a weaker sales mix and the lower volume of apartments under construction for investors.
- The share of results of associated companies and joint ventures was EUR 3 million (3), and changes in fair value of segment's equity investments amounted to EUR -1 million.
- Consumer sales were low in Finland at 105 (235) apartments. In comparison, demand in Central Eastern Europe was higher, with consumer sales amounting to 183 (285) apartments.
- Consumer apartment start-ups decreased to 522 (1,062) as a result of a prudent approach to new start-ups. All the new start-ups were in Central Eastern Europe, in countries where the demand improved.
- Capital employed increased to EUR 1,010 million (728). The increase is attributable to low consumer sales, apartments currently under construction, and the increase in the number of unsold completed apartments to 730 (204).
- The land bank in Housing amounted to 2,086,340 sqm (31 Mar 2023: 2,078,000). The land bank will enable the construction of approximately 34,000 new homes.

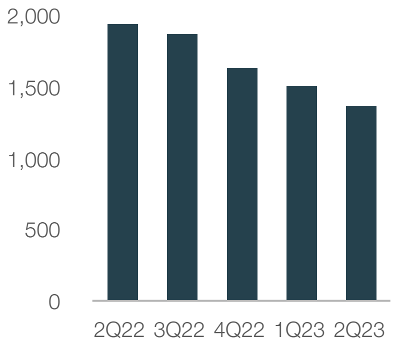
January–June

- Revenue increased by 3% to EUR 446 million (434). Revenue was supported by the sales of apartments in Finland to YIT's joint venture's rental housing portfolio.
- Adjusted operating profit decreased to EUR 5 million (35), negatively impacted by low consumer sales. Profitability was also negatively impacted by a weaker sales mix, and the lower volume of apartments under construction for investors.
- The share of results of associated companies and joint ventures was EUR 5 million (6), and changes in fair value of the segment's equity investments amounted to EUR -1 million.

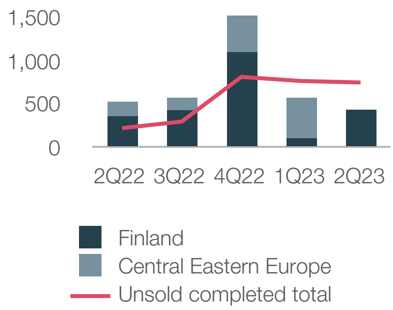
Adjusted operating profit and adjusted operating profit margin



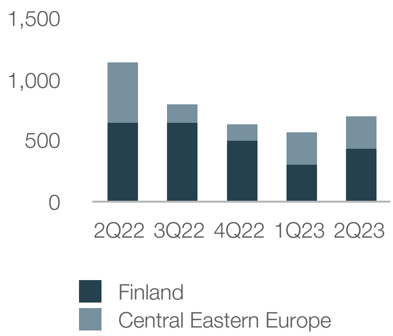
Order book (MEUR)

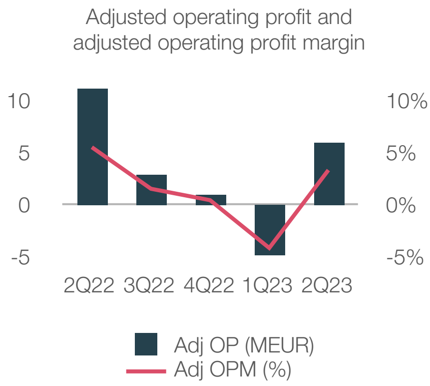


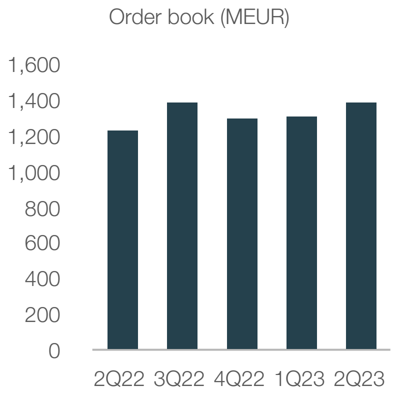
Consumer apartment completions (units)



Sold apartments (units)







Business Premises

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Revenue	204	215	365	390	817
Operating profit	5	10	-2	11	14
Adjusted operating profit	6	12	0	12	16
Adj. operating profit margin, %	3.2	5.4	-0.1	3.2	2.0
Order book at end of period	1,391	1,235	1,391	1,235	1,301
Capital employed	319	232	319	232	270

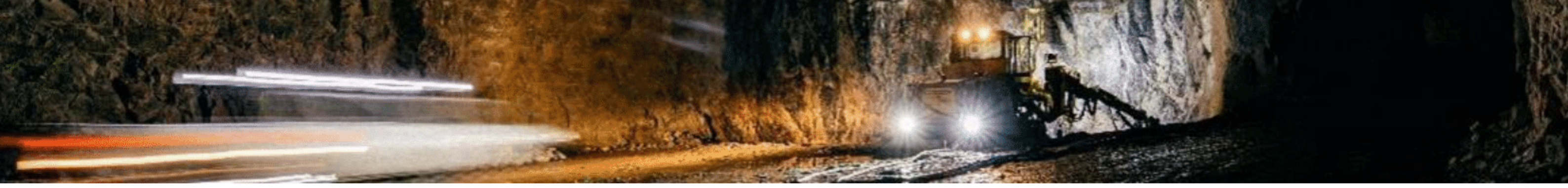
Results

April–June

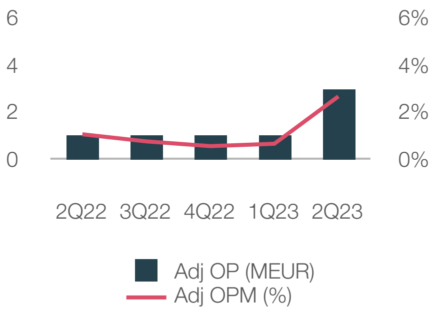
- Revenue remained stable at EUR 204 million (215). Revenue in the comparative period was supported by the sale of two self-developed projects.
- Adjusted operating profit decreased to EUR 6 million (12). The underlying operational performance was solid, but higher construction material prices weighed on margins in projects started before the surge in price inflation. The comparative 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 (2).
- YIT's partly owned the Mall of Tripla, reported under the Business Premises segment in the new segment structure, continued its good operational performance. The Mall of Tripla's total revenue increased, and the total number of visitors grew year-on-year. The fair value of YIT's equity investment in Tripla Mall Ky increased to EUR 197 million (31 Mar 2023: 195) due to a decrease in Tripla Mall Ky's net debt. The changes in the fair value of the segment's equity investments amounted to EUR 2 million (2) accordingly.
- The order book increased to EUR 1,391 million (31 Mar 2023: 1,313). At the end of the quarter, the order book included EUR 326 million (31 Mar 2023: 328) of service periods for life cycle projects.
    - The renovation of Hotel Kämp in Helsinki, the implementation phase of the Tampere City Central Office Building renovation and extension, the construction of the first stage of Urban HUB Kaunas in Lithuania, and the construction of the Jätkäsaari Circular Economy Block in Helsinki, were among the projects entered in the order book during the quarter.

January–June

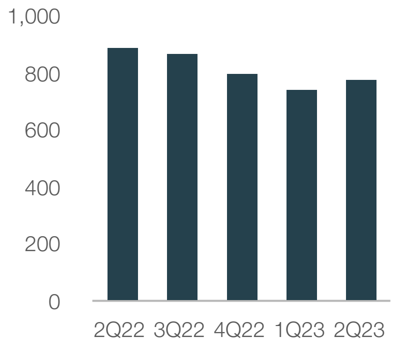
- Revenue amounted to EUR 365 million (390). Revenue in the comparative period was supported by the sale of two self-developed projects.
- Adjusted operating profit decreased to EUR 0 million (12), as higher construction material prices weighed on margins in projects started before the surge in price inflation. The comparative 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 (1). Changes in fair value of equity investments amounted to EUR 4 million (6).
- Capital employed increased to EUR 319 million (232), attributable to progress in ongoing self-developed projects nearing completion.



Adjusted operating profit and adjusted operating profit margin



Order book (MEUR)



Infrastructure

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Revenue	112	132	221	260	539
Operating profit	3	2	4	3	4
Adjusted operating profit	3	1	4	2	4
Adj. operating profit margin, %	2.6	1.0	1.6	0.8	0.7
Order book at end of period	773	891	773	891	796
Capital employed	42	44	42	44	37

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

Results

April–June

- Revenue decreased by 15% to EUR 112 million (132).
  - Revenue in Finland was stable at EUR 90 million (93).
  - Revenue in Sweden decreased to EUR 22 million (35), driven by a strict selection of new projects.
- Adjusted operating profit increased to EUR 3 million (1).
  - Adjusted operating profit in Finland increased to EUR 4 million (2), supported by a solid performance.
  - Adjusted operating profit in Sweden amounted to EUR -1 million (-1), as certain low-margin legacy projects weighed on profitability.
- The order book increased to EUR 773 million from the first quarter (31 Mar 2023: 743), but decreased year-on-year.
  - The implementation phase of the Prysmian Group’s cable tower construction project in Kirkkonummi was among the projects entered in the order book during the quarter.
- The amount of projects in the permitting phase in YIT's wind power development portfolio increased to approximately 990 MW (31 Mar 2023: 940), as YIT agreed on a 50 MW solar extension to the Murtomäki 2 project. The amount of project opportunities in the preliminary study phase remained stable at approximately 1,130 MW (31 Mar 2023: 1,130).
- During the quarter, YIT announced that it has initiated a strategic review regarding certain assets and operations, including its infrastructure operations in Sweden and its wind power development portfolio,

January–June

- Revenue decreased by 15% to EUR 221 million (260).
  - Revenue in Finland decreased to EUR 173 million (191). The comparative period was supported by certain large projects that have since been completed.
  - Revenue in Sweden decreased to EUR 47 million (61), as the selection of new projects has been strict.
- Adjusted operating profit increased to EUR 4 million (2).
  - Adjusted operating profit in Finland increased to EUR 6 million (4).
  - Adjusted operating profit in Sweden was stable at EUR -2 million (-2).

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–June, the Group employed an average of 5,145 people (5,264) in continuing operations.

Personnel expenses in April–June totalled EUR 83 million (93) and in January–June amounted to EUR 166 million (180).

Governance

Changes in the Group Management Team

On 16 May, YIT announced that Jennie Stenbom had been appointed as Executive Vice President of Human Resources and a member of the Group Management Team. She will start in her position in November 2023 at the latest. Tanja Kauhajärvi, Vice President, Employment Relations and Services, was appointed Interim Executive Vice President of Human Resources and a member of the Group Management Team, starting on 16 May 2023. Katja Ahlstedt, the former Executive Vice President, Human Resources left the company on 16 May 2023.

Significant risks and uncertainties

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

YIT has categorised the risks that are significant to its operations as strategic, operational, project-related, financial and event risks.

Detailed descriptions of risks, their impacts and risk management practices are available in YIT's Annual Review 2022. These risks still apply. Low residential demand continues due to uncertainty related to the market outlook and higher interest rates. At YIT, the implications of market uncertainty could lead to weakening business performance and profitability or the postponement of revenue and profit from one quarter or year to another.

YIT Corporation
Board of Directors

Helsinki, 1 August 2023

Half-year Report January–June 2023: Tables

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Primary Financial Statements

Consolidated income statement

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Revenue	**558**	**545**	**1,013**	**1,063**	**2,403**
Other operating income	3	7	6	10	17
Change in inventories of finished goods and in work in progress	32	51	68	76	174
Materials and supplies	-104	-99	-169	-177	-505
External services	-325	-350	-638	-663	-1,415
Personnel expenses	-83	-93	-166	-180	-352
Other operating expenses	-65	-39	-103	-81	-206
Changes in fair value of financial assets	2	2	3	4	9
Share of results of associated companies and joint ventures	2	5	4	6	11
Depreciation, amortisation and impairment	-8	-7	-15	-14	-33
Operating profit	**10**	**22**	**2**	**44**	**102**
Finance Income	2	—	2	1	9
Exchange rate differences (net)	-1	-3	-3	-4	-9
Finance expenses	-11	-7	-21	-14	-28
Finance income and expenses, total	-11	-9	-22	-16	-28
Result before taxes	**-1**	**14**	**-20**	**28**	**74**
Income taxes	-1	2	4	—	-11
Result for the period, continuing operations	**-1**	**16**	**-15**	**28**	**63**
Result for the period, discontinued operations	**—**	**-293**	**—**	**-438**	**-438**
Result for the period	**-1**	**-277**	**-15**	**-410**	**-375**
Attributable to					
Owners of YIT Corporation	-1	-277	-15	-410	-375
Non-controlling interests		—		—	—
Earnings per share, attributable to the equity holders of the parent company, EUR					
Basic, total	-0.01	-1.33	-0.08	-1.97	-1.82
Diluted, total	-0.01	-1.33	-0.08	-1.97	-1.82
Basic, continuing operations	-0.01	0.07	-0.08	0.12	0.28
Basic, discontinued operations	—	-1.40	—	-2.09	-2.09
Diluted, continuing operations	-0.01	0.07	-0.08	0.12	0.28
Diluted, discontinued operations	—	-1.40	—	-2.09	-2.09

Consolidated statement of comprehensive income

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Result for the period	-1	-277	-15	-410	-375
Items that may be reclassified to income statement					
Cash flow hedges, net of tax	-1	1	-1	2	3
Change in translation differences, continuing operations	4	-1	5	-1	2
Change in translation differences, discontinued operations		51		27	27
Translation differences reclassified to income statement, discontinued operations		253		253	253
Items that may be reclassified to income statement, total	**3**	**304**	**4**	**281**	**285**
Items that will not be reclassified to income statement					
Change in fair value of defined benefit pension, net of tax			—	—	—
Items that will not be reclassified to income statement, total			**—**	**—**	**—**
Other comprehensive income, total	**3**	**304**	**4**	**281**	**285**
Total comprehensive income, continuing operations	2	15	-11	29	67
Total comprehensive income, discontinued operations		11	—	-158	-157
Total comprehensive income	**2**	**27**	**-11**	**-129**	**-91**
Attributable to					
Owners of YIT Corporation	2	27	-11	-129	-91
Non-controlling interests		—		—	—

Consolidated statement of financial position

EUR million	6/23	6/22	12/22
ASSETS			
Non-current assets			
Property, plant and equipment	36	49	37
Leased property, plant and equipment	67	69	68
Goodwill	248	249	249
Other intangible assets	4	5	4
Investments in associated companies and joint ventures	75	83	72
Equity investments	220	190	218
Interest-bearing receivables	62	57	56
Trade and other receivables	43	50	43
Deferred tax assets	36	28	30
Non-current assets total	**790**	**781**	**778**
Current assets			
Inventories	1,517	1,296	1,426
Leased inventories	180	159	158
Trade and other receivables	314	296	273
Interest-bearing receivables	1	6	—
Income tax receivables	2	1	3
Cash and cash equivalents	97	248	206
Current assets total	**2,110**	**2,006**	**2,068**
Total assets	**2,900**	**2,786**	**2,845**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent company	729	748	783
Hybrid bond	99	99	99
Equity total	**828**	**848**	**883**
Non-current liabilities			
Deferred tax liabilities	5	6	9
Pension obligations	3	3	3
Provisions	86	72	88
Interest-bearing liabilities	184	387	288
Lease liabilities	213	192	189
Contract liabilities, advances received	—	5	1
Trade and other payables	27	27	29
Non-current liabilities total	**518**	**692**	**606**
Current liabilities			
Contract liabilities, advances received	297	329	276
Other contract liabilities	81	148	82
Trade and other payables	544	552	576
Income tax payables	3	10	16
Provisions	48	41	51
Interest-bearing liabilities	561	150	336
Lease liabilities	19	18	19
Current liabilities total	**1,553**	**1,247**	**1,356**
Liabilities total	**2,072**	**1,939**	**1,962**
Total equity and liabilities	**2,900**	**2,786**	**2,845**

Consolidated cash flow statement

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Result for the period	**-1**	**-277**	**-15**	**-410**	**-375**
Reversal of accrual-based items[1]	12	284	25	458	503
Change in trade and other receivables[1]	-17	-4	-43	-51	-19
Change in inventories[1]	-12	-79	-78	-161	-257
Change in current liabilities	46	-22	-34	38	-50
Change in working capital, total[1]	17	-105	-155	-174	-326
Cash flow of financial items	-15	-30	-35	-44	-65
Taxes paid (-)	-1	-6	-16	-9	-16
Net cash generated from operating activities[1]	**12**	**-134**	**-197**	**-179**	**-279**
Cash flow from investing activities					
Acquisition of subsidiaries, net of cash	—	-4	—	-4	-4
Sale of subsidiaries, net of cash	—	-14	—	-14	-14
Investments in associated companies and joint ventures	-2	-12	-2	-17	-26
Proceeds from sale of associated companies and joint ventures	—	24	—	30	29
Purchases of tangible assets	-1	-1	-3	-3	-5
Purchases of intangible assets	—	—	—	—	—
Proceeds from tangible and intangible assets	1	-2	1	2	3
Proceeds from sale of investments	—	—	—	—	—
Dividends received (from associated companies and joint ventures)	4	12	4	12	16
Net cash used in investing activities	**2**	**2**	**0**	**6**	**-2**
Operating cash flow after investments[1]	**14**	**-132**	**-197**	**-173**	**-281**
Cash flow from financing activities					
Proceeds from non-current interest-bearing liabilities[1]	85	2	85	18	18
Repayments of non-current interest-bearing liabilities	-40	—	-40	—	—
Proceeds from current interest-bearing liabilities[1]	10	100	154	195	409
Repayments of current interest-bearing liabilities	-25	-62	-80	-144	-273
Payments of lease liabilities	-5	-2	-10	-11	-21
Change in interest-bearing receivables	—	9	-5	-4	-3
Dividends paid	-19	-17	-19	-17	-34
Net cash used in financing activities[1]	**6**	**30**	**85**	**36**	**96**
Net change in cash and cash equivalents	20	-101	-112	-136	-185
Cash and cash equivalents at the beginning of the period	75	349	206	389	389
Foreign exchange differences	2	—	2	-5	2
Cash and cash equivalents at the end of the period	**97**	**248**	**97**	**248**	**206**

[1]Q2/2022 figures have been adjusted

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						-15	-15		-15
Cash flow hedges, net of tax				-1			-1		-1
Translation differences			5				5		5
Comprehensive income for the period, total			**5**	**-1**		**-15**	**-11**		**-11**
Dividend distribution						-38	-38		-38
Share-based incentive schemes					—	—	—		—
Transactions with owners, total						**-38**	**-37**		**-37**
Hybrid bond interests and expenses, net of tax						-6	-6		-6
Equity on 30 June 2023	**150**	**553**	**6**	**3**	**-8**	**25**	**729**	**99**	**828**

EUR million	Share capital	Legal reserve	Unrestricted equity reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Hybrid bond	Equity total
Equity on 1 January 2022	**150**	**1**	**553**	**-281**	**0**	**-10**	**501**	**915**	**3**	**99**	**1,017**
Result for the period							-410	-410	—		-410
Cash flow hedges, net of tax					2			2			2
Translation differences				26				26	—		26
Translation differences reclassified to income statement				253				253			253
Comprehensive income for the period, total				**279**	**2**		**-410**	**-129**	**0**		**-129**
Dividend distribution							-33	-33			-33
Share-based incentive schemes						2	—	2			2
Transactions with owners, total						**2**	**-34**	**-31**			**-31**
Hybrid bond interests and expenses, net of tax							-5	-5			-5
Other changes		-1	—					-2	-3		-4
Equity on 30 June 2022	**150**	**—**	**553**	**-2**	**2**	**-8**	**53**	**748**	**—**	**99**	**848**

EUR million	Share capital	Legal reserve	Unrestricted equity reserve	Translation differences	Fair value reserve	Treasury shares	Retained earnings	Equity attributable to owners of parent company	Non-controlling interests	Hybrid bond	Equity total
Equity on 1 January 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 half-year report

Basis of preparation

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

Accounting policies

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

Significant management judgements

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

Russia's invasion of Ukraine

The sections of the financial statements that involve an unusual amount of judgement or that include significant assumptions and estimates have been described in YIT's Financial Statements 2022. When making these judgements, the management constantly estimates the impact of Russia's invasion of Ukraine on the estimates and judgements. The Russian invasion of Ukraine is not expected to have direct impacts on YIT's financial performance that would require material adjustments to carrying amounts in the statement of financial position. However, YIT's management continuously monitors the market indicators and estimated future cash flows related to fair values of investments and carrying amounts of other assets.

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

		Average rates			End Rates		
		1-6/23	**1-6/22**	**1-12/22**	**6/23**	**6/22**	**12/22**
1 EUR =	CZK	23.6807	24.6403	24.5616	23.7420	24.7390	24.1160
	PLN	4.6249	4.6340	4.6856	4.4388	4.6904	4.6808
	SEK	11.3321	10.4742	10.6278	11.8055	10.7300	11.1218
	NOK	11.3231	9.9756	10.1019	11.7040	10.3485	10.5138

Notes

Adjustments concerning prior periods

Restated financial information for 2022 and Q1/2023

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

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

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

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

Presentation of Warranty provisions

YIT has adjusted current Trade and other payables and non-current and current Provisions line items in the statement of financial position in the last quarter of 2022. The adjustment relates to the change in the presentation of warranty provision due to system development. It was not previously possible to separate part of the warranty provision from other current liabilities. A retrospective adjustment has not been prepared as the necessary information is unavailable. The adjustment had no impact on the consolidated income statement.

Segment information

Segment financial information

4-6/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**252**	**204**	**112**	**-10**	**558**
Revenue from external customers	252	200	106	-1	558
Revenue Group internal	—	4	6	-10	—
Depreciation, amortisation and impairment	-1	-2	-2	-2	-8
Operating profit	**2**	**5**	**3**	**0**	**10**
Operating profit margin, %	**0.7**	**2.6**	**2.6**		**1.8**
Adjusting items	—	1	—	2	3
Adjusted operating profit	**2**	**6**	**3**	**2**	**14**
Adjusted operating profit margin, %	**0.7**	**3.2**	**2.6**		**2.4**

4-6/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**211**	**215**	**132**	**-13**	**545**
Revenue from external customers*	203	215	121	6	545
Revenue Group internal*	8	—	11	-19	—
Depreciation, amortisation and impairment	-1	-1	-3	-3	-7
Operating profit	**14**	**10**	**2**	**-3**	**22**
Operating profit margin, %	**6.5**	**4.5**	**1.1**		**4.1**
Adjusting items	—	2	—	1	2
Adjusted operating profit	**14**	**12**	**1**	**-2**	**25**
Adjusted operating profit margin, %	**6.5**	**5.4**	**1.0**		**4.5**

* The presentation has been adjusted between the Revenue from external customers and Revenue group Internal line items.

1-6/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**446**	**365**	**221**	**-18**	**1,013**
Revenue from external customers	446	361	208	-1	1,013
Revenue Group internal	—	4	13	-17	—
Depreciation, amortisation and impairment	-2	-3	-5	-5	-15
Operating profit	**5**	**-2**	**4**	**-4**	**2**
Operating profit margin, %	**1.0**	**-0.5**	**1.6**		**0.2**
Adjusting items	—	1	—	6	7
Adjusted operating profit	**5**	**0**	**4**	**2**	**10**
Adjusted operating profit margin, %	**1.0**	**-0.1**	**1.6**		**0.9**

1-6/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue	**434**	**390**	**260**	**-21**	**1,063**
Revenue from external customers	426	390	241	6	1,063
Revenue Group internal	8	—	19	-27	—
Depreciation, amortisation and impairment	-2	-1	-5	-6	-14
Operating profit	**35**	**11**	**3**	**-4**	**44**
Operating profit margin, %	**8.0**	**2.7**	**1.0**		**4.2**
Adjusting items	—	2	-1	1	2
Adjusted operating profit	**35**	**12**	**2**	**-3**	**47**
Adjusted operating profit margin, %	**8.0**	**3.2**	**0.8**		**4.4**

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	6/23	6/22	12/22
Housing	1,010	728	884
Business Premises	319	232	270
Infrastructure	42	44	37
Other Items	265	282	252
Capital employed, total	**1,636**	**1,286**	**1,443**

Order book at the end of the period by segments

EUR million	6/23	6/22	12/22
Housing	1,376	1,941	1,643
Business Premises	1,391	1,235	1,301
Infrastructure	773	891	796
Internal order book	—	—	-39
Order book, total	**3,540**	**4,067**	**3,702**

Revenue from customer contracts

1-6/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue by market area					
Finland	309	294	161	-1	763
CEE	136	67	—	—	203
Baltic countries	41	65	—	—	106
Czech, Slovakia, Poland	96	2	—	—	97
Scandinavia	—	—	47	—	47
Sweden	—	—	47	—	47
Norway	—	—	—	—	—
Internal sales between segments	—	4	13	-17	—
Total	**446**	**365**	**221**	**-18**	**1,013**

1-6/23 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Timing of revenue recognition					
Over time	149	354	208	-2	710
At a point in time	297	6	—	—	303
Internal sales between segments	—	4	13	-17	—
Total	**446**	**365**	**221**	**-18**	**1,013**

1-6/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Revenue by market area					
Finland	303	310	172	6	791
CEE	123	80	1	—	204
Baltic countries	57	57	1	—	116
Czech, Slovakia, Poland	66	23	—	—	89
Scandinavia	—	—	68	—	68
Sweden	—	—	61	—	61
Norway	—	—	7	—	7
Internal sales between segments	8	—	19	-27	—
Total	**434**	**390**	**260**	**-21**	**1,063**

1-6/22 EUR million	Housing	Business Premises	Infrastructure	Other Items	Group
Timing of revenue recognition					
Over time	201	372	241	—	814
At a point in time	225	18	—	6	249
Internal sales between segments	8	—	19	-27	—
Total	**434**	**390**	**260**	**-21**	**1,063**

Property, plant and equipment

EUR million	6/23	6/22	12/22
Carrying amount at Jan, 1	**37**	**53**	**53**
Exchange rate differences	—	—	—
Increases	3	3	5
Decreases	—	—	-7
Business disposals		-2	-2
Depreciation, continuing operations	-4	-5	-9
Depreciation, discontinued operations		—	—
Reclassifications	—	—	—
Carrying amount at the end of the period	**36**	**49**	**37**

Leased property, plant and equipment

EUR million	6/23	6/22	12/22
Carrying amount at Jan, 1	**68**	**79**	**79**
Exchange rate differences	—	—	—
Increases, including the effect of index changes	9	6	14
Decreases	-1	-3	-4
Business disposals		-3	-3
Depreciation, continuing operations	-9	-9	-18
Depreciation, discontinued operations		—	—
Carrying amount at the end of the period	**67**	**69**	**68**

Goodwill

EUR million	6/23	6/22	12/22
Housing	105	105	105
Business Premises	87	88	88
Infrastructure	56	56	56
Goodwill total	**248**	**249**	**249**

EUR million	6/23	6/22	12/22
Carrying amount at Jan, 1	**249**	**249**	**249**
Decreases	-1		
Carrying amount at the end of the period	**248**	**249**	**249**

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

Cash flows (used in) discontinued operations

EUR million	1-6/22	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	6/23	6/22	12/22
Raw materials and consumables	8	5	6
Work in progress	577	629	560
Plot reserve	684	582	630
Completed apartments and real estate	232	64	208
Advance payments	16	15	22
Other inventories	—	1	—
Inventories	**1,517**	**1,296**	**1,426**
Plot reserve	115	96	86
Plots, work in progress	33	51	45
Plots, completed apartments and real estate	31	12	27
Leased inventories	**180**	**159**	**158**

Financial assets and liabilities by category

30 June 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		219	2	220	220	Level 3
Trade receivables, interest-bearing receivables and other receivables*	92			92	72	
Loan receivables		6		6	6	Level 3
Derivative agreements		6		6	6	Level 2
Current financial assets						
Trade receivables, interest-bearing receivables and other receivables*	206			206	206	
Derivative agreements		2	3	5	5	Level 2
Cash and cash equivalents	97			97	97	
Financial assets by category, total	**395**	**232**	**5**	**632**	**613**	
Non-current financial liabilities						
Interest-bearing liabilities	184			184	157	
Trade payables and other liabilities*	27			27	21	
Current financial liabilities						
Interest-bearing liabilities	561			561	561	
Trade payables and other liabilities*	295			295	295	
Derivative agreements		3		3	3	Level 2
Financial liabilities by category, total	**1,067**	**3**		**1,070**	**1,037**	

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

30 June 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		188	2	190	190	Level 3
Trade receivables, interest-bearing receivables and other receivables*	97			97	92	
Loan receivables		6		6	6	Level 3
Derivative agreements			3	3	3	Level 2
Current financial assets						
Trade receivables, interest-bearing receivables and other receivables*	190			190	190	
Derivative agreements		2		2	2	Level 2
Cash and cash equivalents	248			248	248	
Financial assets by category, total	**535**	**196**	**5**	**736**	**731**	
Non-current financial liabilities						
Interest-bearing liabilities	387			387	374	
Trade payables and other liabilities*	27			27	24	
Derivative agreements		1		1	1	Level 2
Current financial liabilities						
Interest-bearing liabilities	150			150	150	
Trade payables and other liabilities*	262			262	262	
Derivative agreements		–		–	–	Level 2
Financial liabilities by category, total	**826**	**1**		**827**	**811**	

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

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 4.74–9.39 % (2.40–3.48 %). The fair values of other current financial assets and liabilities are equal to their carrying amounts.

Fair value measurement

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

Level 1

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

Level 2

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

Level 3

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

Fair value measurements using significant unobservable inputs (level 3)

	Valuation technique	Significant unobservable inputs	Base value 6/23	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	4.13%	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	5.50% - 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.	Separate yields used for different parts of the shopping center.
Equity investments recognised at fair value through profit and loss, OP Vuokrakoti Ky	Comparable transactions method and discounted cash flow method	Price per square meter	5,073 € / m2	5,268 € / m2	5 percentage point increase (decrease) in the average square meter price leads to a EUR 3 million increase (EUR 3 million decrease) in the fair value of the asset.	Both comparable transactions and discounted cash flow method are taken into account in the determination of average square meter price.
Other receivables recognised at fair value through profit and loss	Discounted Cash Flow (DCF) method	Discount rate	5.82%	5.76%	1 percentage point increase (decrease) in the input value leads to a decrease of EUR 0 million (or increase of EUR 0 million).	The input value rate reflects the exit yield of the investor.

Description of valuation techniques

Equity investments recognised at fair value through profit and loss

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

The value of the investment of YIT to Tripla Mall Ky is also affected by a separate profit-sharing agreement between the shareholders of Tripla Mall Ky. When an equity multiple that is calculated with fixed market parameters (inflation and exit yield) exceeds (or is below) an agreed target range, YIT is entitled to a larger (or smaller) share of the fair value of the investment, when the investment is sold or when the profit-sharing agreement has expired in 2024. If the equity multiple is in the agreed target range, YIT is entitled to its original share of the fair value of the investment. The equity multiple is defined as the ratio between the equity value, which is projected in the fair value model, and realised equity investments in Tripla Mall Ky. At the reporting date, the modelling of the profit-sharing agreement indicates that the equity multiple is at the target range, and therefore has no effect on YIT's share. If the equity multiple increased by 5 percent, it would still remain in the target range. If the equity multiple decreased by 5 percent, it would not remain in the target range and a decrease in the input value would lead to a EUR 11 million decrease in the fair value of the asset. Fair value changes resulting from the profit-sharing agreement are reported in consolidated income statement in the row "Change in fair value of financial assets".

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

Loan receivables recognised at fair value through profit and loss

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

Level 3 reconciliation

EUR million	6/23	6/22	12/22
Fair value on 1 January	**223**	**193**	**193**
Additions	—	—	23
Change in fair value from equity investments recognised in income statement	2	4	10
Change in fair value from loan receivables recognised in income statement	—	-1	-1
Decreases	—	—	—
Fair value on 30 June	**226**	**196**	**223**

Derivative contracts

EUR million	6/23	6/22	12/22
Value of underlying instruments			
Interest rate derivatives (hedge accounting applied)	100	100	100
Interest rate derivatives (hedge accounting not applied)	200	80	160
Foreign exchange derivatives	205	170	176
Fair value			
Interest rate derivatives (hedge accounting applied)	3	3	4
Interest rate derivatives (hedge accounting not applied)	6	-1	6
Foreign exchange derivatives	-1	1	—

Contingent liabilities and assets and commitments

EUR Million	6/23	6/22	12/22
Guarantees given			
Guarantees on behalf of others	—	1	1
Guarantees on behalf of construction consortia	2	12	2
Guarantees on behalf of associated companies and joint ventures	—	4	4
Guarantees on behalf of parent and other Group companies	962	1,004	968
Other commitments			
Investment commitments	74	108	73
Purchase commitments	161	136	178

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

As a result of the partial demerger registered on 30 June, 2013, YIT has a secondary liability for guarantees transferred to Caverion Corporation, with a maximum total amount of EUR 5 million (6) on 30 June 2023.

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

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.

All transactions with related parties are made at arm's length principle.

EUR Million	1-6/23	1-6/22	1-12/22
Sale of goods and services			
Associated companies and joint ventures*	104	54	160
Purchases of goods and services			
Associated companies and joint ventures	1		—

EUR Million	6/23	6/22	12/22
Trade and other receivables			
Associated companies and joint ventures	17	5	6
Interest-bearing receivables			
Associated companies and joint ventures*	23	19	18
Trade payables and other liabilities			
Associated companies and joint ventures	—	5	—
Interest-bearing liabilities			
Associated companies and joint ventures	4		7

*Q2/2022 figures have been adjusted

Additional information

Reconciliation of certain key figures

Reconciliation of adjusted operating profit

EUR million	4-6/23	4-6/22	1-6/23	1-6/22	1-12/22
Operating profit (IFRS)	**10**	**22**	**2**	**44**	**102**
Adjusting items					
Fair value changes related to redemption liability of non-controlling interests		2		2	2
Items related to restructuring, efficiency and adaptation measures, and other non-recurring costs related to Group management team	3		7		1
Court proceedings					-2
Operating profit from operations to be closed	—	—	—	-1	1
Inventory fair value adjustment from PPA*		—		—	—
Depreciation, amortisation and impairment from PPA*	—	—	1	1	6
Adjusting items, total	**3**	**2**	**7**	**2**	**8**
Adjusted operating profit	**14**	**25**	**10**	**47**	**110**

*PPA refers to merger-related fair value adjustments.

Reconciliation of adjusted EBITDA, rolling 12 months

EUR million	6/23
Adjusted operating profit	**73**
Depreciation and amortisation	33
Depreciation, amortisation and impairment from PPA	-5
Items related to restructuring, efficiency and adaptation measures, and other non-recurring costs related to Group management team	-1
Adjusted EBITDA	**100**

Reconciliation of order book

EUR million	6/23	6/22	12/22
Partially or fully unsatisfied performance obligations*	2,566	3,201	2,671
Unsold self-developed projects*	974	866	1,031
Order book	**3,540**	**4,067**	**3,702**

*Q2/2022 figures have been adjusted

Definitions of financial key performance indicators

Key figure	Definition	Reason for use
Operating profit	Result for the period before taxes and finance expenses and finance income equalling the subtotal presented in the consolidated income statement.	Operating profit shows result generated by operating activities excluding finance and tax-related items.
Adjusted operating profit	Operating profit excluding adjusting items.	Adjusted operating profit is presented in addition to operating profit to reflect the underlying core business performance and to enhance comparability from period to period. Management believes that this alternative performance measure provides meaningful supplemental information by excluding items not part of YIT's core business operations thus improving comparability from period to period.
Adjusting items	Adjusting items are material items outside ordinary course of business such as write-down of inventories, impairment of goodwill, fair value changes related to redemption liability of non-controlling interests, integration costs related to merger, transaction costs related to merger, costs, compensations and reimbursements related to court proceedings, write-downs related to non-core businesses, operating profit from businesses to be closed down, gains or losses arising from the divestments of a business or part of a business, items related to restructuring, efficiency and adaptation measures and other non-recurring costs arising from agreements with the Group management team, impacts of the fair value adjustments from purchase price allocation, such as fair value adjustments on acquired inventory, depreciation of fair value adjustments on acquired property, plant and equipment, and amortisation of fair value adjustments on acquired intangible assets relating to business combination accounting under the provisions of IFRS 3, referred to as purchase price allocation ("PPA"). YIT has clarified the definition of Adjusting items on 1 January 2022 to include also other non-recurring costs arising from agreements with the Group management team in addition to restructuring, efficiency and adaptation measures related items.	
Capital employed	Capital employed includes tangible and intangible assets, shares in associates and joint ventures, investments, inventories, trade receivables and other non-interest bearing receivables, provisions, advance payments and other non-interest bearing debts excluding items related to taxes, finance items and profit distribution. Capital employed is calculated from the total capital employed of the segments.	Capital employed presents capital employed of segment's operating business.
Interest-bearing debt	Non-current and current borrowings including non-current and current lease liabilities.	Interest-bearing debt is a key figure for measuring YIT's total debt financing.
Net interest-bearing debt	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables.	Net interest-bearing debt is an indicator for measuring YIT's net debt financing.
Equity ratio, %	Equity total/total assets less advances received.	Equity ratio is a key figure for measuring the relative proportion of equity used to finance YIT's assets.
Gearing ratio, %	Interest-bearing debt less cash and cash equivalents and interest-bearing receivables/total equity.	Gearing ratio is one of YIT's key long-term financial targets. It helps to understand how much debt YIT is using to finance its assets relative to the value of its equity.
Return on capital employed, segments total (ROCE), %, rolling 12 months	Rolling 12 months adjusted operating profit/capital employed, segments total average.	Return on capital employed, % is one of YIT's key long-term financial targets. Key figure describes segment's relative profitability, in other words, the profit received from capital employed.
Return on equity, %	Result for the period, 12 months rolling/equity total average	Key figure describes YIT's relative profitability.

Key figure	Definition	Reason for use
Operating cash flow after investments	Operating cash flow presented in cash flow statement after investments.	
Order book	Transaction price allocated to performance obligations that are partially or fully unsatisfied and estimated transaction price related to unsold own developments.	Order book presents estimated transaction price for all projects.
Gross capital expenditures	Investments in tangible and intangible assets.	
Equity per share	Equity total divided by number of outstanding shares at the end of the period.	
Net debt/adjusted EBITDA ratio (rolling 12 months)	Net debt/rolling 12 months adjusted operating profit before depreciations and amortisations added	Net debt to adjusted EBITDA gives investor information on ability to service debt.
Interest cover ratio	Adjusted operating profit before depreciations and amortisations/ (net finance costs - net exchange currency differences), rolling 12 months	Interest cover ratio gives investors information on YIT's ability to service debt
Market capitalisation	(Number of shares - treasury shares) multiplied by share price on the closing date by share series.	
Average share price	EUR value of shares traded during period divided by number of shares traded during period.	

Together we can do it.

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