

2022

Annual report



HARTELÀ

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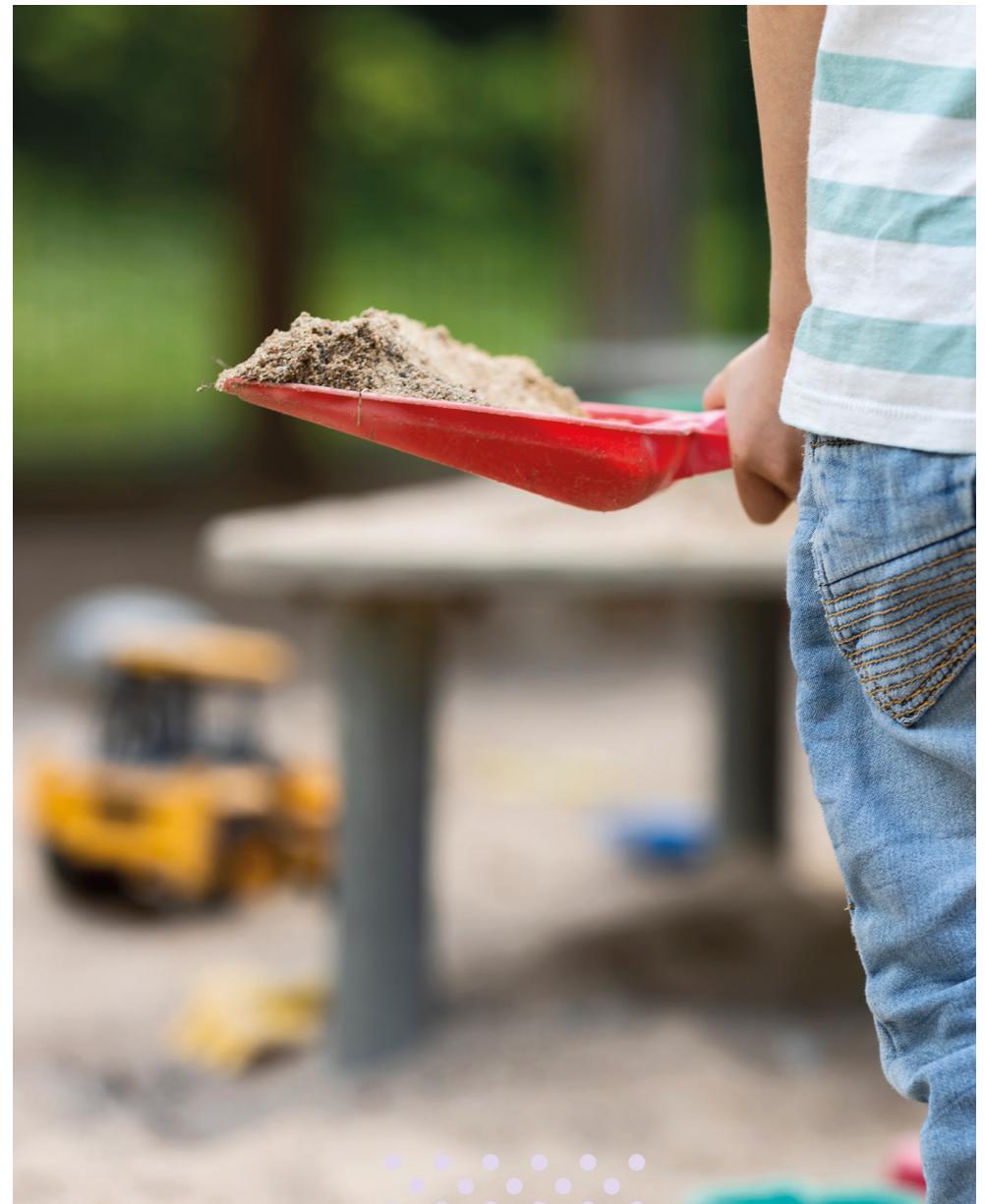
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HARTELA IN BRIEF

"If it's worth doing, then it's worth doing properly!", our founder Emil Hartela once said. This has been our leading thought.

Our story began in Turku in 1942, and over the decades we have grown into a significant Finnish construction company. We build homes, rental housing, office and industrial buildings and public buildings.

In 2022, there were approximately 550 of us at Hartela, and more than 75 projects were under construction in six provinces. Our offices are located in Helsinki, Lahti, Turku, Tampere, Rauma and Oulu.

 We have been awarded the right to use the Finnish key flag, indicating that our production is Finnish and that our management and headquarters are situated in Finland.

The ownership of the family-owned company Hartela has passed from one generation to the next over the years. The main principle has remained the same throughout the years: our operations are based on long-term plans and the quality of construction is never compromised.



Our operations are based on shared values. Our values describe what we consider important, and they guide us in our day-to-day work.

PROFESSIONAL PRIDE

We are a trustworthy Finnish family-owned business, and we stand by our work.

CUSTOMER INTIMACY

The customer is important to us. We listen to our customers and want them to consider cooperation with us valuable.

INITIATIVE

Our eyes are set on the future and we recognise the importance of initiative. We actively develop our operations to meet the expectations of our customers, partners and employees.



MANAGING DIRECTOR'S REVIEW

Hartela celebrated its 80th anniversary in 2022. Despite the challenges in the operating environment, we developed the company further and achieved a solid result.

Hartela Kodit comprises the implementation of RS sites for consumers and apartments for investors and public developers based on the company's own land bank. Consumer customers' confidence in their own finances decreased significantly towards the end of the year, which slowed down the demand for housing. However, the diversity of our production and the possibility to increase the number of projects implemented for investors increased the stability of our operations. In investor projects, demand remained good in spite of tighter financial calculations for investors as costs increased.

In construction partnering, we implement various types of projects using alliance and turnkey models. Traditionally, partnering projects have been business premises, industrial facilities and schools, but the share of apartments grew significantly in 2022.

As the impacts of the COVID-19 pandemic waned, new challenges arose in our operating environment as a result of the war in Ukraine. The main effects of the war on our operations have been increasing energy costs, rising interest rates, inflation, changes in the availability of materials and an increase in construction costs. Despite inflation, we managed to implement most of the projects in a difficult market with good margins through successful advance planning and project management.

The stabilisation of finances in the challenging situation has also required us to make difficult decisions in the form of change negotiations in 2022. Towards the end of the year, we also made organisational changes as part of our efforts to increase our operational efficiency. The changes also aim to accelerate the implementation of the strategy and the harmonisation of our operations.





We and the construction sector as a whole play an important role in solving climate and societal challenges.

2022 was also a year of reform for Hartela. We updated Hartela's strategy and created our sustainability programme based on sustainability pledges. Our new strategy strengthens our role as a customer-oriented builder. Our strategic vision combines responsibility with customer experience: our goal is to be a "family-owned company that builds a sustainable tomorrow with in-depth customer insight".

We and the construction sector as a whole play an important role in solving climate and societal challenges. We want to build a sustainable tomorrow with all our personnel. Our sustainability programme, which is based on ten sustainability pledges, paves the way for a sustainable future. In the area of responsibility, we took major leaps forward by launching two projects aligned with the EU

taxonomy: the Ilmalan Aura business facility project in Ilmala, Helsinki, and a residential project in Pukkila, Turku.

As we are a family-owned company, employees play a key role in Hartela's responsibility work. Long-term work to improve safety was successful, with occupational safety improving in all of our subsidiaries. Another important indicator of our success as a good and responsible employer is the employee net promoter index eNPS, which was excellent last year. Investments were made in the development of the competence of the personnel last year by starting a new training programme, TP-HACA, for supervisors and production managers, for example.

The driving force of Hartela over the years has been its close proximity to the customer.

NPS, which measures our customers' willingness to recommend us, has improved year by year and was excellent in 2022. Even today, customer insight is a prerequisite for our profitable business. During the coming strategy period, we will deepen our customer insight. We summarise our goal in the sentence "When Hartela knows the customer, the customer knows it". To deliver on this promise, we engage all Hartela employees and our value chains.

The economic outlook for 2023 is weak and the likelihood of a recession is high. In this market situation, we are launching projects prudently and in locations in which our experience shows there will be demand. We also invest in land acquisition in interesting areas in order to achieve the land bank required for future growth.

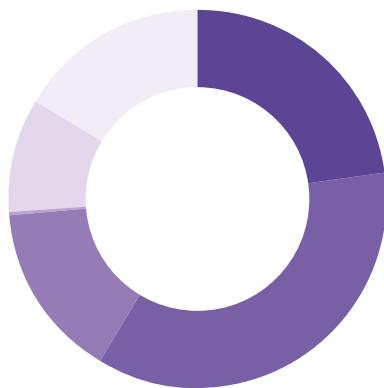
In 2023, we will focus on implementing the strategic themes: creating value for our customers, improving our productivity, taking care of people and expertise and building a land bank that will enable future growth. Overcoming the challenges requires ever-closer cooperation and opportunities to improve efficiency in many areas. I believe in the expertise of Hartela's people and our partners, as well as the power of cooperation in this uncertain market situation.

I would like to thank all of our customers for their trust and the people of Hartela and our partners for their long-term work for our common goals in 2022.

Juha Korkiamäki
CEO

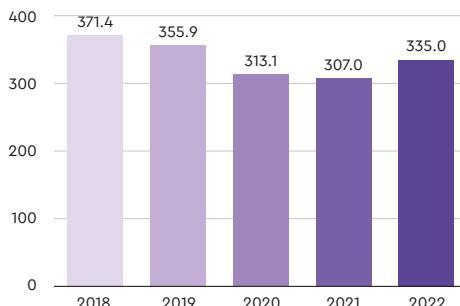
KEY FIGURES

TURNOVER, Business area EUR million

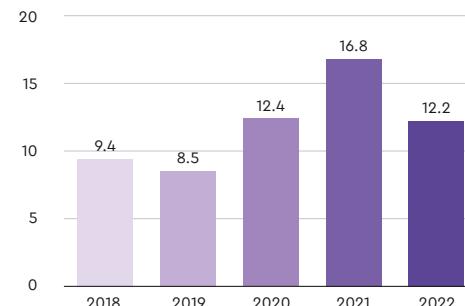


- Dwellings for consumers 76.6
- Dwellings for investors 120.4
- Partnership projects 50.0
- Rent and other 0.9
- Business premises 32.3
- Contract work 54.7

TURNOVER EUR million



OPERATING RESULT EUR million



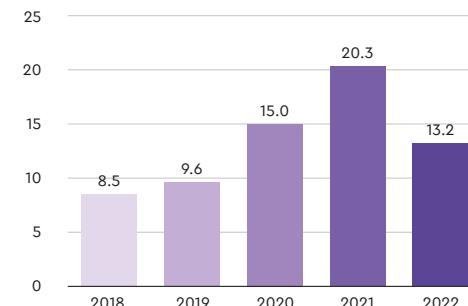
Net turnover
EUR million

335.0

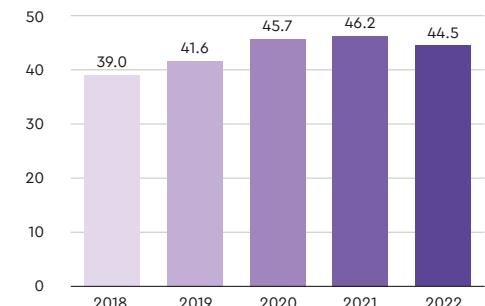
Operating profit
EUR million

12.2

RETURN ON CAPITAL EMPLOYED %



EQUITY RATIO %



Highlights IN 2022



THE ILMALAN AURA PROJECT WAS LAUNCHED

We started the construction of new commercial premises in Ilmala, Helsinki. The property's flexibility and versatile services with shared use facilities meet the needs of future work and employees.



TOAS HIPPOS PROJECT LAUNCHED IN TAMPERE

The TOAS Hippos alliance started the construction of the Hippos project in June in Kaleva, Tampere. Hartela is the main developer in the alliance.



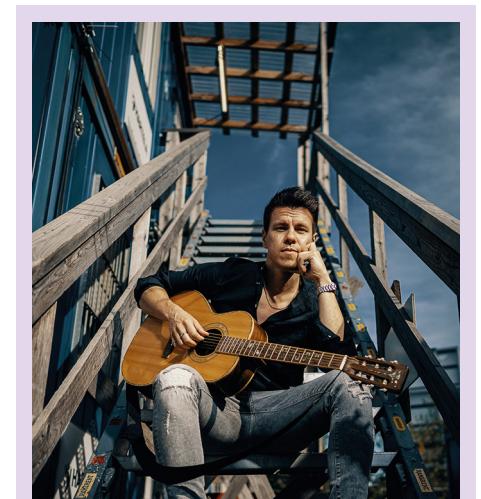
BLOOD SERVICE FACILITIES COMPLETED IN VEHKALA, VANTAA

We built flexible facilities meeting today's needs for the Finnish Red Cross Blood Service in Vehkala, Vantaa. The project, implemented using the partnership model, was handed over to the Blood Service for commissioning in July 2022. The premises are owned by Fastighets AB Balder with the Blood Service being its tenant.



TOPPING-OUT CEREMONY CELEBRATED AT OULU COURTHOUSE IN AUGUST

Senate Properties carried out the project in cooperation with Hartela Pohjois-Suomi Oy using the spearhead project alliance model. The renovation was completed in December 2022. Due to the COVID-19 pandemic, the topping-out ceremony was not celebrated at the construction site until August. The renovation of the courthouse was completed in 2022, and its expansion will be completed at the end of February 2023.



HARTELIA'S OWN SONG RELEASED

Musician Olli Halonen was inspired by Hartela's 80 years of construction – a song was born on how the desire to be and do things together carries us through difficult times.



CELEBRATING OUR 80TH ANNIVERSARY WITH THE ENTIRE STAFF AT LITTLE FINLANDIA

More than 300 Hartela employees gathered together at Little Finlandia in Helsinki to celebrate 80 years of Hartela.

OLU UNIVERSITY HOSPITAL RADIOTHERAPY UNIT COMPLETED IN OULU

The new facilities of the Radiotherapy Unit at Oulu University Hospital will streamline treatment and speed up recovery. We carried out the project in two phases: the foundation and frame phase as a contract and the interior design phase as a contract.



Strategy

A family business building a sustainable tomorrow with in-depth customer insight.

Value for the customer

Personnel and competence

Productivity and digitalisation

Land strategy



Together towards higher customer value

HARTELA'S STRATEGY FOR 2023–2025:

value for the customer

Hartela updated its strategy during 2022. Our goal is to be a "family-owned company that builds a sustainable tomorrow with in-depth customer insight".

Our vision combines customer insight with a responsible way of working: we want to create value for our customers while ensuring that our operations are sustainable for the environment, people and the economy. Our mission is to build premises for a good life.

As a Finnish family-owned company, our long-term goals are guided by the ownership strategy, which ensures that the company is developed over the economic cycle in the long term. Hartela's strategy for 2023–2025 includes four focus areas: creating value for the customer, improving productivity, developing personnel and expertise, and ensuring a sufficient land bank for future growth.

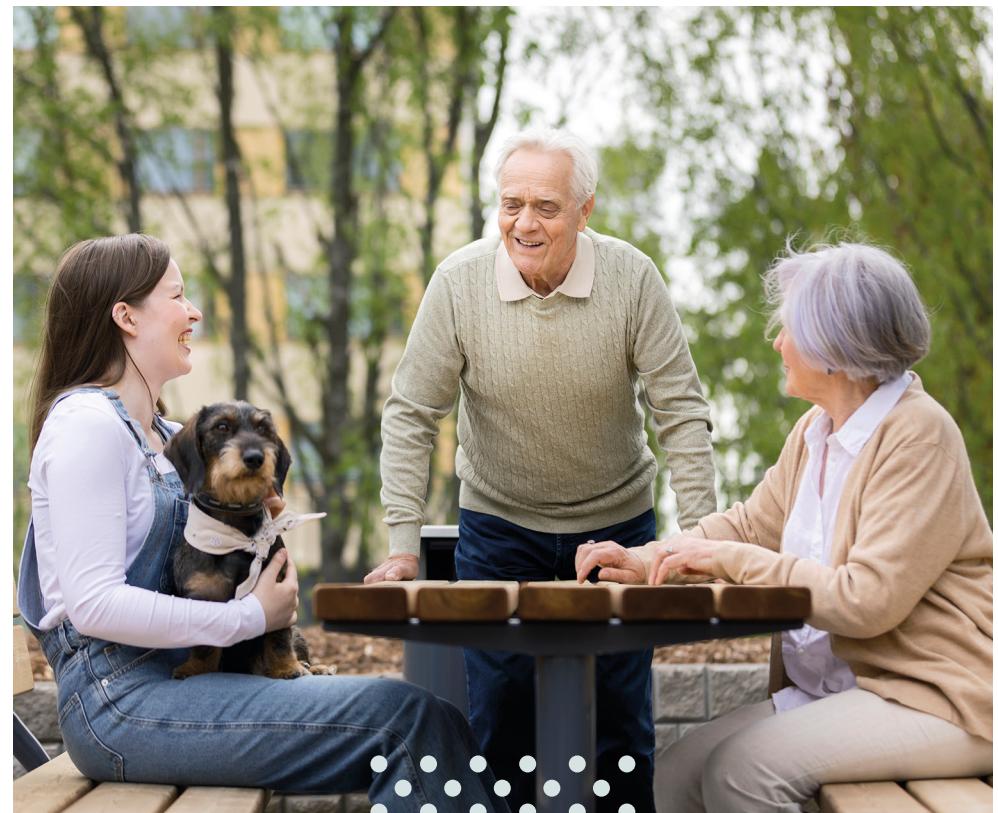
Hartela's updated strategy responds to the most significant forces of change in the operating environment: urbanisation, climate

change, tightening legislation, digitalisation, and customers' growing expectations and diversifying needs create a situation where only by deepening customer insights and expertise and improving productivity can we create a competitive advantage.

VALUE FOR THE CUSTOMER

By deepening customer insight, we create unrivalled value for the customer and an excellent customer experience, increasing our market share.

Our strategic goal is facilitated by developing an increasingly customer-oriented operating culture. The aim is to create a culture of working together in which all Hartela employees understand their own role in implementing the customer-oriented strategy.



PRODUCTIVITY

We improve cost efficiency and our process in such a way that we produce customer value and achieve profitability targets.

With regard to digitalisation, we utilise solutions that have been proven to improve productivity and create higher customer value.

PERSONNEL AND COMPETENCE

Our goal is to create a Hartela culture of working together and to share knowledge and expertise. We will systematically develop our competencies during the strategy period. The goal is that Hartela employees have clear paths to develop professionally and create value for the customer.

We want to be a sought-after employer in the construction sector and a leading work community with a culture of interaction that supports success.

LAND STRATEGY

The solid foundation for value creation is provided by Hartela's land bank strategy, which guides our plot choices, taking into account the customer's needs and sustainability goals, and ensures a sufficient land bank also in the future.



CASE: The village is ready



Over the past ten years, the Painiitty district has emerged in the vicinity of Leppävaara, Espoo, close to comprehensive services. The peaceful and idyllic area of low-rise buildings is largely built by Hartela. Along the way, we have learned a lot about what customers want from their homes.

In terms of proximity to nature and transport connections, Painiitty is a one-of-a-kind district, but another special thing is that one company has built the area almost completely from beginning to end. The first new residents moved into the terraced houses built by Hartela in 2010. Hartela has built seven low-rise blocks of flats and 17 terraced houses in the area — more than 800 homes in total.

At their best, long-term projects provide the builder with a huge number of lessons learned. In Painiitty, Hartela has wanted to learn to understand the needs of customers in this particular area, improving the homes and service from project to project.

"If we have noticed that the residents want to alter rooms, we have designed

the subsequent areas so that, for example, a large bedroom can easily be converted into two small ones. If the residents have wished for an outdoor socket for Christmas lights, one has been built for everyone in the next project. Along the way, we have learned a lot about the needs of our customers," says Emma Grönlund, Director of Project Development at Hartela.

The Painiitty district project is a good example of how systematic and long-term construction work can also provide employees with an opportunity to learn, develop and feel that their work is meaningful.

"We have had largely the same Hartela

team working on Painiitty from start to finish," says Emma Grönlund.

Hartela's goal has been to build Painiitty into a village-like place where people can easily meet. Listening to the residents of the area, it has been very successful.

"It really feels like a village. Painiitty is a laid-back and safe area where people know each other. Friends are easy to find, but there is peace in the home. The jogging trails are good and the views change nicely according to the seasons. You can watch deer, foxes and rabbits through your window," says Annukka Larjomaa, who moved to the area seven years ago.

PHOTOGRAPHER: Henri Christensen



HARTELA'S BUSINESS

All of our operations are based on Hartela's strategy, which defines the direction of the company. Hartela's business areas are dwellings for consumers, dwellings for investors, business premises, partnership projects and building contracting. Construction business operations took place within four subsidiaries, with Hartela Etelä-Suomi Oy operating in the Helsinki metropolitan area and Lahti region, Hartela Länsi-Suomi Oy in Southwest Finland and the Satakunta and Western Uusimaa regions, Hartela Pirkanmaa Oy in Pirkanmaa, and Hartela Pohjois-Suomi Oy in the Oulu region.

Dwellings for consumers include all developer-driven RS housing production for consumers on plots controlled by Hartela (for example, owned or leased) for consumers.

Dwellings for investors include all housing production to be built on plots controlled by Hartela (for example, owned or leased) for investors and non-profit organisations. The entire stock of the project is sold to an individual investor in these projects.

In construction partnering, we implement various types of projects using alliance and turnkey models. Traditionally, partnering projects have been business premises, industrial facilities and schools, but the share of apart-

ments grew significantly in 2022.

Business premises projects include self-developed business premises projects.

Building contracting includes all construction activities (both housing production and business premises) produced as pure contract work on the client's plot.

During 2022, the Group completed a total of 1,393 apartments (936), of which 472 (439) were in developer contracting projects and 594 (389) were in projects sold to investors and non-profit organisations. A total of 75 completed homes remained unsold in the entire Group at the end of the year. The sales rate of developer-driven properties under construction was 51%. Developer-driven housing production accounted for approximately 60% and other building construction for 40% of turnover.

Last year, of Hartela's order book for which revenue had not yet been recognised, 17% were developer contracting projects, 39% negotiation-based contracting projects, 20% partnership projects, 18% competitive tender contracting projects and 19% office contracting for business premises.

CASE: Long-term cooperation with TA provides value for the customer

TA-yhtiöt is one of Hartela's longest-standing and most significant customers. The cooperation has continued over the years by implementing affordable right-of-occupancy apartments in blocks of flats and terraced houses across Finland. Several housing projects are currently underway, one of which is Simpukkatie 17 in the centre of Lieto. Simpukkatie will be TA-yhtiöt's first project to apply for the official Nordic Swan Ecolabel when the apartments are completed in August 2023.

Products and services awarded the Nordic Swan Ecolabel meet comprehensive environmental requirements based on a life cycle approach. At Simpukkatie, this means, among other things, energy class A, need-based lighting control, and energy-efficient household appliances and sanitary fixtures in apartments. For storing bicycles, there are good canopies outside with an indoor storage for sports



equipment and a bicycle workshop for servicing bicycles. In addition, special attention has been paid to waste sorting.

"Cooperation with the construction site is excellent," says Kasperi Saarinen, supervisor at TA-yhtiöt. "Unfortunately, my supervision memos are rather one-sided and boring to read, as there are no complaints at the construction site," Kasperi continues.

PERSONNEL *and competence*



Our skilled and healthy personnel are Hartela's most important asset. It is important to us that our employees are well and enjoy their work. We actively take care of the safety of our employees, offer opportunities for development at work and strive to take care of the well-being of our personnel in many ways. We are a human-scale family-owned company where everyone can feel that they are appreciated and can succeed in their work.

In addition to occupational health care, we offer our personnel comprehensive health services through a multi-disciplinary team. From the beginning of 2022, we revised our occupational health cooperation and changed our occupational health partners. With the reform, we are pursuing even better occupational health service to prevent disability challenges earlier. In addition to occupational health care, employees have access to health and leisure group accident insurance under certain conditions, which supports occupational health care as an additional service, if necessary. In addition, we invest in mental well-being by offering

low-threshold mental well-being services through our partner.

Early care is everyone's task at Hartela. We mentor supervisors in early care and make the principles of early care known to all employees. In addition, we develop work capacity issues in cooperation with pension insurance companies and cooperation partners, with the aim of promoting the well-being of the entire personnel.

We regularly measure our success through performance reviews and the PeoplePower personnel survey conducted with our partner. In 2022, Hartela received the Most Inspiring Workplaces award for the second time in a row in the personnel survey. The employee net promotion score eNPS was 47 in 2022.

In addition to the personnel survey, we involve our personnel in the development of our operations in various ways. In 2022, employees were able to participate in the preparation of Hartela's strategy and responsibility roadmap through online surveys. We also worked on Hartela's Code of Conduct in joint workshops with the entire personnel.



A PIECE OF HISTORY

In the 1950s, baby boomers were born and there was a shortage of housing. Thus, Hartela began to focus on housing construction. Around the same time, construction technology developed rapidly, and Emil Hartela sent his key people all over the world to learn about new trends. This is also the foundation of the training of the current Hartela personnel: already during the time of Emil Hartela, a wide range of courses were organised for site superintendents and other employees in Finland. — Grandfather used to say that if something is worth doing, it is worth doing properly, Maarit Hartela-Varkki says.

COMPETENCE DEVELOPMENT

Skilled and motivated people are a prerequisite for the continuity and profitability of our family-owned company. We want to offer our employees opportunities for success in interesting tasks and projects. An important part of the feeling of success is also up-to-date and correct competence.

At Hartela, we invest in high-quality leadership and supervisory work. We offer supervisors and experts tools for developing their own managerial work with the in-house HABA (Hartela Boss Academy) training programme. With HABA, we focus on the requirements of today's managerial work and create capabilities to lead our operations with modern management tools. In addition, we develop the competence of production staff through the Hartela Construction Academy (HACA) programme. Last year, a separate training

programme, TP-HACA, was launched for supervisors and production managers. A total of 53 Hartela employees participated in these training programmes last year.

At Hartela, we also offer training and development opportunities through individual mentoring. The e-learning platforms of our partners offer the opportunity to maintain and develop employees' own professional skills. Our internal training programmes also provide a good means of developing one's own competence and give the personnel a view of what different kinds of work tasks Hartela can offer them during their careers.

Last year, we revised our online induction by creating general induction paths for employees and white-collar employees in our online learning environment.

CASE: "People make this company."

Hartela invests in long-term employee training and continuous learning. Good development opportunities support the well-being of employees.

In 2022, the TP-HACA training for production management was launched as a continuation of the Hartela Construction Academy training programme (HACA), which has been organised for a long time and is aimed at white-collar site employees.

HACA training has been organised since 2015, and the management training has already been attended by approximately one hundred white-collar site employees at Hartela. The training is carried out in five two-day periods, which deal with issues such as occupational safety, cooperation, operational planning and the time management of the construction site from the management point of view.

HACA teaches the necessary basic skills about site management, but it is equally important that the employees meet each other: they get to know their colleagues from different areas, and the team welds together. The fresh views of juniors and the experience of the veterans are shared around the same table.

"We have witnessed tremendous growth stories and developments here. People have taken the leap from being a young



general foreman to a site superintendent and then project manager," recalls Marko Cavén, Procurement Manager responsible for HACA training.

Although "work teaches its doer", high-quality education plays an important role in the career path. When people can let go of the day-to-day hustle and bustle and get together with trainers and colleagues, they can achieve major steps and eureka moments in learning.

"Extremely good and dynamic training. Here, we have managed to find the problem areas and development needs that project managers in particular have," says Toni Päkkilä, a project manager working in Oulu.

"What could be more important to the company than an enthusiastic person who wants to develop our common mission? Nothing; people make this company," Marko Cavén concludes.

Responsibility



Towards a sustainable future

- RESPONSIBILITY MANAGEMENT AT HARTELA

Hartela's way of working has been based on our values for decades: proximity to customers, initiative and professional pride. As a domestic family company, we want to make sure that we operate responsibly and ethically sustainably. We want to build with respect for the well-being of people and the environment, within the limits of the planet's carrying capacity. Hartela's responsibility programme covers the strategy period 2023–2025.

The vision of Hartela's strategy is to be a family-owned company that builds a sustainable tomorrow with in-depth customer insight. Alongside the strategy work, we drew up Hartela's responsibility programme in 2022 based on five responsibility themes and ten responsibility pledges. As part of the responsibility programme, we also created the Hartela Code of Conduct in 2022, which commits all Hartela employees and partners to ethical and responsible day-to-day operations.

EVERY HARTELA EMPLOYEE PLAYS AN IMPORTANT ROLE IN THE RESPONSIBILITY WORK

Responsibility is part of our daily work. The ultimate responsibility for the practical measures of responsibility lies with the Group Executive Group. Hartela's Board of Directors is committed to our responsibility pledges, accepts the priorities of our responsibility work and monitors the progress of our work on a regular basis.

Hartela's responsibility work is coordinated by three development teams: the responsibility team, the sustainable development team KEKE and the Group's safety team. The teams include experts from Hartela's various functions and companies. The responsibility team focuses on managing responsibility as a whole, the sustainability team on developing environmental responsibility and the safety team on supporting occupational safety



work. The Group's environmental and occupational safety managers work full-time on responsibility.

It is important to us that everyone working at Hartela can recognise their own role in responsibility work. In 2023, we will engage all employees in the implementation of the responsibility pledges. Responsibility is also an integral part of remuneration. Each of the five responsibility theme indicators are monitored on a regular basis, and they are linked to the

remuneration of both permanent white-collar employees and employees working at the construction sites.

WE DEVELOP TO REALISE CARBON-NEUTRAL BUILDINGS

We have updated our climate targets as part of our responsibility programme and are currently creating a roadmap to reduce emissions. Hartela is committed to Finland's goal of becoming carbon-neutral by 2035.

The transition towards carbon-neutral construction means a concrete development path for Hartela, learning to do things more sustainably in many phases of construction. During the strategy period, the company will develop to produce energy class A buildings, utilise renewable energy more extensively and prefer low-carbon materials. The average carbon footprint of the sites we built in 2022 was 15.1 kg CO₂e/m²/a. We are on a good development path, but we still need to tighten

up to reach the carbon-neutrality target.

During the strategy period, we will take active measures to preserve biodiversity and prevent nature loss. Positive environmental impacts also include a safe urban structure and a comfortable living environment. Environmental considerations are also increasingly taken into account in land acquisition. We provide our customers with solutions that enable them to reduce their own environmental impact.

HARTELA'S RESPONSIBILITY PLEDGES 2025



LESS IS MORE

1

We do our work right the first time

2

We build material-efficiently

WE REDUCE FOOTPRINTS AND ENLARGE HANDPRINTS

3

We develop to produce carbon-neutral buildings

4

We will add positive impacts to the built environment

WE VALUE EVERYONE

5

We treat everyone equally at a safe workplace

6

For us, work is part of a good life

WE ARE ONE BIG FAMILY

7

We operate interactively, holding to the rules

8

We develop together with stakeholders, providing value for our customers

WE DO GOOD IN A CONTROLLED MANNER

9

We are solvent and responsible for the buildings we construct

10

Our reporting practices and ways of working are adequate and balanced



**It is important to us
that every Hartela
employee can
recognise their own
role in responsibility
work.**



FOCUS ON VALUE FOR THE CUSTOMER

We systematically listen to our stakeholders so that we can create homes and properties that retain their value as the world changes. Creating value for the customer in the field of responsibility is most tangible, for example, in the implementation of EU taxonomy-aligned and energy class A projects. Creating value is made possible by our own personnel and our value chain, whose well-being we want to take care of.

During spring 2022, we carried out an extensive occupational safety atmosphere survey in cooperation with the Finnish Institute of Occupational Health. Hartela's occupational safety will be based on the results of this work in 2023–2025. During the Occupational Safety Week in May, we also launched an employee safety bonus model, after which all Hartela personnel are covered by the safety bonus system.

To create our responsibility programme based on our responsibility pledges, we have utilised a materiality analysis to bring together the expectations and wishes of our stakeholders. The responsibility views of customers and investors were surveyed through theme interviews. Employees' views and responsibil-

ity expectations were reviewed in connection with the personnel survey. Based on the stakeholder consultation, we identified five key responsibility themes, which are:

- Less is more
- We reduce footprints and enlarge handprints
- Everyone is valuable to us
- We are one big family
- We do a good job in a controlled manner

ADDRESSING GRIEVANCES

It is important to us that our employees and stakeholders understand their own role in instilling responsibility in the day-to-day work and raise any concerns about non-compliance with the Code of Conduct in our value chain with a low threshold. Our employees and stakeholders can anonymously highlight any grievances through a third-party Whistleblowing tool.



LESS *is more*

PLEDGE 1

WE DO OUR WORK RIGHT THE FIRST TIME

At Hartela, we run our business using an integrated management system that defines our joint way of working. We are committed to the continuous development and improvement of our operations, and we regularly monitor

this development. Our goal is to continuously improve the overall understanding of our products and operations, enhance cooperation and transparency of information internally and with our partners, and improve everyone's understanding of the impact of their own operations. During the strategy period, we will take into account and incorporate aspects related to responsibility more broadly in the integrated management system.

In 2022, we switched to project auditing practice. When we carry out audits throughout the project, we are able to monitor our operations in a more up-to-date manner than before. In accordance with the principles of a learning organisation, we identify good practices and deviations and use the conclusions drawn from these observations between projects.

In 2022, an occupational safety audit was carried out at every Hartela construction site, and from the beginning of 2023, the audits will

expand to responsibility audits. In addition to safety, we also discussed and assessed issues and practices related to environmental and social responsibility at the sites in the audits.

The doing things right the first time principle focuses on the personnel's ability and willingness to learn and adopt new ways of working. This is a significant resource for Hartela, creating an excellent basis for the continuous development of operations.

CASE: Demolition materials instead of virgin materials

Hartela is involved in the Helsinki circular economy cluster, where 16 office properties in poor condition are being demolished in the Vattuniemi pilot project in the Lauttasaari district. The aim is to make as much use of the materials from the demolished properties as possible in the construction of the area after the demolition phase. In demolition projects, it is important to find such reuse and

recycling for the demolished materials to reduce the use of virgin raw materials and minimise environmental impacts. A key challenge in demolition projects is to find out how to demonstrate the suitability of reused construction products in a new construction site. The Vattuniemi project is intended to create an operating model that can also be applied at other demolition sites.



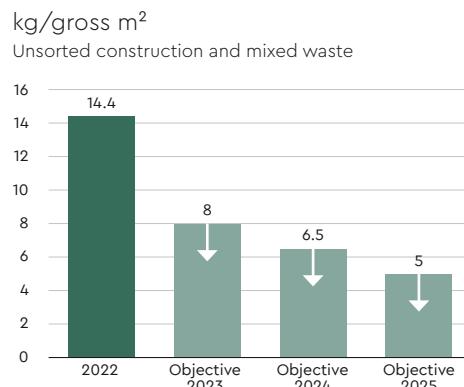
PLEDGE 2

WE BUILD MATERIAL-EFFICIENTLY

Material efficiency in construction refers to the prevention of material wastage, the reduction of waste and the recycling of materials. Material-efficient construction saves natural resources and costs, and our responsibility promise is to build material-efficiently. We aim to achieve this by uniform production control, by taking material efficiency into account in planning and procurement, and by recycling surplus material.

High-quality site schedule management includes good advance planning of work

CONSTRUCTION WASTE AMOUNT



phases, which also includes the management of the materials used in the projects. Materials are ordered to our sites in a timely manner and with specified delivery quantities. We have made use of prefabrication to manage material efficiency, for example, by using bathroom elements in our projects. In addition, we have aimed to optimise the use of precast concrete elements in our projects. In 2022, we have intensified the recycling of surplus materials, for example, by launching cooperation with educational institutions in Western Finland to provide educational institutions with surplus materials.

Hartela's goal is to reduce the total amount of waste on construction sites, while enhancing sorting and recycling. In 2022, the sorting rate of our waste returned through our waste partner Lassila & Tikanoja was 68% and the recycling rate 39%, including, for example, waste from renovation sites. The sorting rate describes how much of the waste is sorted, and the recycling rate how much of the waste ends up as material for recovery. We work closely with our waste partner to develop our operations towards more waste-free construction sites.



**High-quality
construction site
schedule management
includes good advance
planning of the work
phases.**

WE REDUCE FOOTPRINTS

and enlarge handprints

PLEDGE 3

WE DEVELOP TO PRODUCE CARBON-NEUTRAL BUILDINGS

In our responsibility work, the lifecycle climate impacts and energy consumption of construction and buildings have become the most important themes from the environmental point of view. Because the built environment accounts for almost 35% of Finland's carbon dioxide emissions, buildings are the key to solving climate change. We want to contribute to combatting climate change and to be involved in building a sustainable society.

Our pledge is that we will develop to produce carbon-neutral buildings. We have calculated the carbon footprint of all RS sites starting from 2020, and in 2023 the calculation will expand to all developer-driven sites. We are prepared for legislative changes and possible carbon footprint limits, and we will take them into account when setting our own targets for the carbon footprint of the projects being built. Through the analysis of carbon

footprint data and low-carbon pilot projects, we have identified ways to cost-efficiently optimise the carbon footprint. Significant impacts can be achieved through structural solutions for the frame, low-carbon material choices and improved energy efficiency in buildings. An increasing number of the projects we are building are in energy class A, and by 2025, all new developer-driven apartment building projects will be implemented in energy class A. Reducing the carbon footprint is our first priority. In the future, we will also focus on ways to increase the carbon handprint of buildings, for example, by increasing the building's own permanent carbon sinks or by producing surplus renewable energy.

PLEDGE 4

WE WILL ADD POSITIVE IMPACTS TO THE BUILT ENVIRONMENT

Besides forestry and agriculture, climate change and pollution, construction causes significant pressures on Finland's nature. There are also untapped opportunities between the built environment and nature, which on the one hand are related to reducing negative

impacts on nature and on the other hand to increasing positive impacts on nature through various construction solutions.

Our responsibility pledge is to add positive impacts to the built environment. This means trying to minimise negative impacts and increase the positive ones, so that construction as a whole would be at least as good a solution for the environment and people as not building. In order to reduce the negative impacts caused by construction, we will investigate the possibilities of adding nature-based solutions to our sites. These may include solutions related to storm water treatment, taking into account the natural shapes of the terrain, green factors in construction, or green roofs. Measures supporting biodiversity include the preservation of old green areas, preventing the spread of invasive species, or green corridors that prevent the fragmentation of nature.

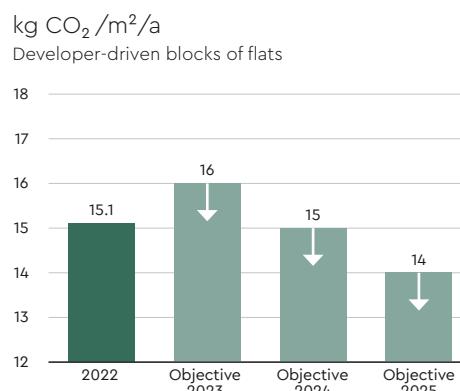


More and more of the projects we construct are of energy class A.

The positive impacts of the built environment also cover the fact that we take into account a safe urban structure, a comfortable living environment and the possibility for residents to connect with nature.

In 2021, as part of our plot strategy, we created sustainable development criteria for our developer-driven apartment and terraced house production, and from the beginning of 2022, the scoring has been applied in the acquisition of plots. The assessment criteria include transport connections and services, land use, environmental impacts, possible energy solutions and the impact of the project on diversity in the area, among other things. During 2023, we will also update the plot criteria with biodiversity-related aspects arising from the EU taxonomy.

CARBON FOOTPRINT



CASE: Verkkosaari green block raises sustainable construction to a new level



The Verkkosaari green block is a vigorous complex built in Helsinki's Verkkosaari district, which won the City of Helsinki's quality competition for a low-carbon green block. The Verkkosaari green block has taken low-carbon construction to a whole new level. Its calculated carbon footprint is only 8.48 CO₂ e/m²/a.

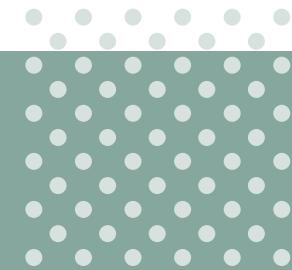
In the green block, the carbon load has been reduced by simply reducing material use. The Verkkosaari buildings will have a "slab-column" frame, which is lighter than

the more common frame solutions. In the slab-column frame, concrete is only used for load-bearing structures, while other structures, such as the walls between the apartments, are made as light structures.

A lion's share of the carbon footprint of construction comes from materials. The Verkkosaari green block is built of concrete that is as green as possible, with cement replaced with alternative materials, such as slag or fly ash from industrial side streams.

The Verkkosaari green block has been made very energy-efficient, as the site produces a significant amount of heat and electricity itself. The main heat source is geothermal wells, and heat is recovered from wastewater, and about 40–45 per cent of the site's own energy use is covered by solar panels. The energy efficiency comparison figure (E figure) of the Grün in der Mitte is 31, which is less than half of the E-figure limit of energy efficiency class A, 75.

The green factor of the block is 2.05, which is more than double the green efficiency required for the yard area. One of the best ideas of the Verkkosaari green block is the use of robotic parking, which frees up a huge amount of space for green areas from parking. A forest garden will be placed in the middle of the block, where large trees will eventually grow. The vegetation on the roof terraces lives according to the seasonal cycle. According to the plan, the water circulation in the block will be semi-closed, as the water raining on the roofs will stay on the green roofs and excess water will be directed to the underground courtyard.



WE VALUE

everyone

PLEDGE 5

WE TREAT EVERYONE EQUALLY AT A SAFE WORKPLACE

The prerequisite for Hartela's success is a healthy work community, where everyone feels that they are a meaningful part of the community. Everyone is valuable to us as they are, and we are committed to creating a safe working environment for everyone. At Hartela, everyone has the right to equal treatment, and we do not tolerate any kind of harassment or discrimination. We do not discriminate against anyone based on appearance, ethnicity, descent, religion or belief, gender, sexual orientation, age, disability, marital status or family background. We are also developing the consideration of diversity in recruitment.

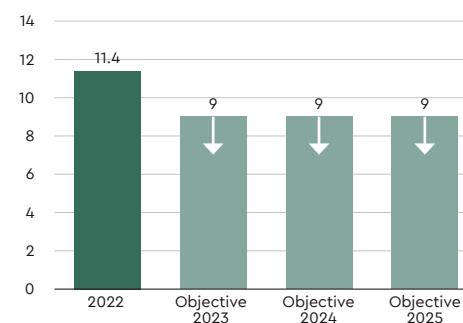
We have a zero-tolerance policy towards all forms of discrimination and inappropriate treatment. This means treating each other, our subcontractors, our stakeholders and our other partners with respect. We respect the physical and mental integrity of others. Intervention in inappropriate behaviour and bullying is the responsibility of the entire working community.

AIMING FOR AN ACCIDENT-FREE CONSTRUCTION SITE

All Hartela employees and everyone working at our sites and offices has the right to go home healthy after a day at work. We follow the occupational safety instructions given and always use the necessary protective equipment. We are careful and anticipate safety risks. We ensure that our employees have

ACCIDENT FREQUENCY

Subcontractors and in-house personnel



CASE: Occupational safety atmosphere survey

In early 2022, we carried out an extensive occupational safety atmosphere survey in cooperation with the Finnish Institute of Occupational Health. In January, the research team reviewed our key safety documentation, and in February, we conducted an electronic atmosphere survey for all employees. In the spring, we continued the survey with thematic interviews on the objective and importance of occupational safety, the presence of occupational safety, occupational safety practices and the development of occupational safety. The thematic interviews

were conducted as group interviews with a total of 85 people from different personnel groups. In June, management, the occupational safety and health organisation and employee representatives participated in a workshop on the results.

Based on the survey, Hartela's occupational safety strengths were identified as follows.

- Safety has developed and we have developed it over the past few years with determination.
 - We have launched a wide range of safety practices.
 - We want to be a forerunner in safety matters and also to take the entire industry forward.
 - We are well aware of our safety objectives.
 - We value internal safety experts and consider them easy to approach.
 - We understand the importance of intervening in unsafe activities, and we dare to point them out across the board.
 - Our current safety practices support the dissemination of good practices
- The results of the survey and proposals on development targets will be used in our security work during the strategy period 2023–2025.



Our safety level increased significantly in 2022, and in as many as three subsidiaries, Hartela employees worked all year without lost-time accidents.

access to the appropriate tools, the necessary training and sufficient occupational safety information. We address any shortcomings and take corrective action if we discover any safety hazards. At Hartela, taking care of occupational safety and well-being is everyone's responsibility, and everyone also has a duty to participate in improving it.

We monitor the development of security on a regular basis. Our key figures include, for example, the number and severity of safety observations, near misses, accidents and accidents resulting in absences. We monitor the key figures at the group and unit levels in accordance with a uniform practice.

Occupational safety awareness is maintained through safety communication and regular training. In 2022, we opened our own checkpoint at the Rudus safety park in Espoo. The aim of the checkpoint is to make the

participants understand the importance of occupational safety management in day-to-day construction site life. Hartela's checkpoint will be used, for example, for safety training, such as occupational safety card training.

Our safety level increased significantly during 2022, and in as many as three subsidiaries, Hartela employees worked all year without any lost-time accidents. We will develop our safety culture further on the basis of the observations made in the occupational safety atmosphere survey conducted in 2022. We will further strengthen active interaction, cooperation and encounters between employees and line management. We will develop qualitative indicators and increase our understanding of the factors behind human activity. We are also tuning our safety communications in a more solution-oriented direction.

PLEDGE 6

FOR US, WORK IS PART OF A GOOD LIFE

Committed and competent employees are the foundation for our success. Hartela invests in good leadership and managerial work in the long term. Our employees are enjoying themselves and this is also reflected in the results of the personnel survey. Everyone is valuable to us at Hartela. Every person working at construction sites and offices is entitled to meaningful and goal-oriented work, high-quality management and good induction.

Through our operations, we strengthen cooperation and seek joint solutions. When we make decisions, we try to listen to those who

are affected by them. We do not tolerate unfair or unequal treatment.

Competence development is our strategic focus area for the strategy period 2023–2025. We develop our competence in day-to-day work tasks and various training courses in order to be able to provide our customers with value in a constantly changing operating environment.

We pay comprehensive attention to health and well-being. We offer flexibility for work-life balance. As a family-owned business, we invest in high-quality personnel benefits.



WE ARE ONE

PLEDGE 7

WE OPERATE INTERACTIVELY HOLDING TO THE RULES

A good team spirit and adherence to common rules have helped us to manage the exceptional situations caused by the COVID-19 pandemic and the war in Ukraine, which are still continuing. In line with the nature of a family-owned company, we support each other and achieve goals together. Success also requires adherence to common rules and objectives. It is important to us that everyone can recognise their own role in the big picture and carry out meaningful and successful work.

We want to create an encouraging and inspiring work atmosphere. Our work to build a sense of community has also paid off: in 2022, we earned the Most Inspiring Workplaces in Finland recognition based on the People Power survey. According to the spring 2022 personnel survey, working at Hartela was considered meaningful, and the employee net promoter score eNPS was excellent at 47.

During 2022, we drafted a Code of Conduct, which serves as our guideline for responsible, ethical and legal operations. The Code of Conduct will be adopted during 2023.

big family

Every Hartela employee had the opportunity to participate in the drafting of the Code of Conduct, and we will require all personnel and our partners to commit to operating in accordance with the Code of Conduct.

Open interaction and access to up-to-date information is a prerequisite for our success. We appreciate face-to-face meetings where people openly listen to different perspectives and seek common solutions. We also use the electronic communications environment to target messages. Our goal is to ensure that information relevant to work is conveyed smoothly to everyone throughout the organisation.

During the strategy period 2023–2025, we want to develop our cooperation with our stakeholders so that we can make better use of the expertise of the various parties and improve our commitment to jointly agreed operating methods. In 2022, we developed cooperation with our construction equipment rental partner, and in a short time, we were able to create operating models that supported the smooth running of day-to-day operations at construction sites.



RESPONSIBILITY THROUGHOUT THE VALUE CHAIN

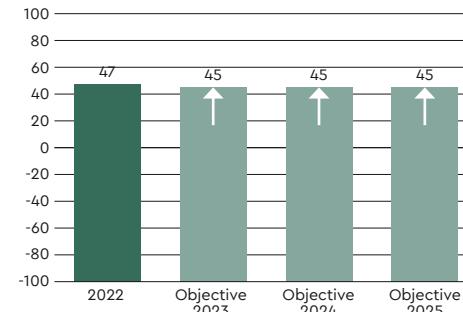
Our responsible way of working extends to the entire value chain. It is important for us to know our partners and to ensure that our partners also act responsibly. We expect our partners to follow the same safe operating methods that we follow at Hartela. In 2023, we will expand Hartela's general occupational safety conditions into a responsibility appendix for subcontracts, in which we will also take into account aspects related to environmental and social responsibility.

We comply with the Act on the Contractor's Obligations and Liability when Work is Contracted Out, which aims to combat the



eNPS

Employee Net Promoter Score



black economy and promote compliance with collective agreements. We require our subcontractors and material suppliers to belong to the Reliable Partner service maintained by Vastuu Group.

CASE: Our Code of Conduct is our guideline for responsible operations

For 80 years, Hartela's way of working has been based on our values: proximity to customers, initiative and professional pride. As a domestic family company, we want to make sure that we operate ethically sustainably and we build a common future with respect for people and the environment.

Hartela wants to foster a culture based on the common values of our community. Everyone can be themselves and achieve their best in an encouraging atmosphere. These values have remained, even though

PLEDGE 8

WE DEVELOP TOGETHER WITH STAKEHOLDERS, CREATING VALUE FOR OUR CUSTOMERS

The core of our strategy is to create value for our customers, and to enable this, we systematically develop our customer insight both in our own operations and by using our stakeholders. We take the initiative in finding and developing new ways to identify and anticipate changing customer needs.

We want to actively interact with our

customers in order to ensure that we can offer products and services that comply with changing legislation and the expectations and requirements of other customers regarding responsibility. In our development work, we also harness the expertise of our extensive stakeholder network. We implement sites according to different environmental classifications and taxonomy. We actively monitor the market and customer expectations in order to identify the criteria that are essential in terms of responsibility.

Hartela's responsibility work is coordinated by responsibility development teams, but the aim is to integrate responsibility aspects as closely as possible into our business operations and projects. The goal is that every Hartela employee will develop the essential and effective responsibility competence related to their own job description, so that they can produce value to the extent necessary and also communicate responsibility issues with their customers.

During the strategy period 2023–2025, we will compile responsibility projects and measures into a responsibility roadmap, which we will revise annually. We divide the measures into those that apply to our entire business and those that we develop through piloting.

we have grown from a Turku-based family-owned business into one of the most significant construction companies in Finland.

In 2022, we compiled our common operating methods into binding guidelines and principles, drafting the Code of Conduct. These guidelines and principles are binding on all Hartela employees and partners in a contractual relationship with Hartela and their employees when working with Hartela.

The Code of Conduct is available at www.hartela.fi/toimintaperiaatteet

WE DO A GOOD JOB IN A *controlled manner*

PLEDGE 9

WE ARE SOLVENT AND RESPONSIBLE FOR THE BUILDINGS WE CONSTRUCT

Our 80-year history obliges us to act in a long-term and financially responsible manner. In business, only profitability enables business continuity and development, which is why we always take into account the cyclical situation with its risks and opportunities in our strategy and operational activities. Thanks to our profitable business and solvency, we are also able to create good things for Finland: jobs for the people of Hartela and our partners, profitable projects and a sustainably implemented built environment.

We recognise that Hartela's solvency is also of value to our customers in that they can

trust that we will meet the commitments we have made. We carefully select our projects to ensure that our expertise and experience can create value for our customers.

In customer and cooperation relationships, we cherish long and tried and tested partnerships, but we make our decisions on the basis of needs, in accordance with good practice and transparently. We choose our subcontractors, partners and other stakeholders carefully, valuing previous good experiences. In order to be worthy of our customers' trust, we are also looking for partners who are reliable and have the same ethical values as we do.



PLEDGE 10

OUR REPORTING PRACTICES AND WAY OF WORKING ARE ADEQUATE AND BALANCED

We communicate on our responsibility appropriately and respond to the expectations of our stakeholders. Our reporting practices are compliant with regulations, and we transparently report on responsibility. We prepare for changing legislation on disclosures. In the future, we will report in accordance with the obligations of the EU Corporate Sustainability Reporting Directive (CSRD).

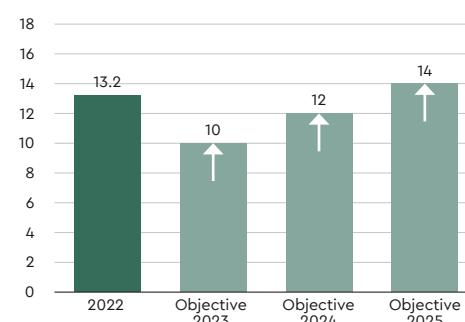
We systematically monitor the achievement of our responsibility goals. At Hartela, responsibility is measured using five main indicators. Each of the indicators has set objectives that are monitored; joint successes will also be rewarded based on these during the strategy period 2023–2025. In addition, we monitor other indicators of environmental, social and economic responsibility that are key to our operations. For example, with regard to material efficiency, we primarily monitor the accumulation of construction waste from projects to ensure that the amount of unsorted waste is minimised. In addition, we monitor the recycling and sorting rates of projects.

All of our personnel groups were included in the safety bonus system in 2022, and from

2023 onwards, the remuneration principles will be expanded and harmonised for all personnel groups.

We aim to ensure our financial responsibility through our management practices, one part of which is systematic risk management. In our risk management procedures, we make extensive use of the expertise and experience of Hartela and our stakeholders. With the help of these, we support the decision-making of responsible parties in various projects and operations.

ROCE %
Return on capital employed



CASE: Hygge aligned with EU taxonomy under construction in Pukkila, Turku



Asunto Oy Turun Hygge, a project comprising two apartment buildings, was launched in the Pukkila area near the centre of Turku for the CapMan Nordic Real Estate III fund in September 2022. When completed, the property will offer its residents sustainable rental housing. The property features many details that promote living comfort, such as good transport connections to the centre of Turku, nearby recreation areas and a shared-use car for the residents. Residents can

easily use an app to monitor their water consumption and thus directly influence their water bill.

For both Hartela and CapMan, Hygge is the first residential project aligned with the EU taxonomy. The site is implemented in energy class A, and the energy sources are geothermal heat and roof-mounted solar panels. In addition, the apartments have energy-efficient ventilation units and water-supply fittings. This means that the environmental impacts of the housing are minimised, no energy is wasted on heating unnecessarily, and the carbon footprint of the housing is small throughout its life cycle. The heating of the apartments and the property electricity of the buildings are to be produced entirely using fossil-free energy.

Hygge is also implemented at the LEED Gold level. During construction, particular attention will be paid to material efficiency and recycling rate.



Financial statements



REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 1 JANUARY–31 DECEMBER 2022

1. OPERATIONS DURING THE FINANCIAL YEAR

The past financial year was the 80th year of operations for the Hartela Group. The areas of activity of the Group's parent company, Hartela-yhtiöt Oy, include Group management, development, customer experience development, Group purchasing, information management, legal, financial and financing services, and human resource management.

Construction business operations took place within four subsidiaries, with Hartela Etelä-Suomi Oy operating in the Helsinki metropolitan area and Lahti region, Hartela Länsi-Suomi Oy in Southwest Finland, Hartela Pirkanmaa Oy in the Tampere region, and Hartela Pohjois-Suomi Oy in the Oulu region.

2. TURNOVER, PROFIT AND FINANCIAL POSITION

The Group's turnover totalled EUR 335.0 million (previous financial year: EUR 307.0 million). The Group's operating profit amounted to EUR 12.2 million (16.8), and profit before appropriations and taxes was EUR 8.0 million (12.6). The war in Ukraine, cost inflation and the slowdown in housing sales in the autumn of 2022 burdened the result for the financial year.

The Group's liabilities are focused on short-term project financing. The amount of long-term loans increased to EUR 13.0 million (4.4) at the end of the year. The Group's liquidity situation has been very good throughout the year, and cash and cash equivalents amounted to EUR 26.8 million (11.5) at the end of the year.

Key figures for the Group's financial position and result:

	2022	2021	2020
Operating profit, % of turnover	3.6	5.5	4.0
Return on equity, %	8.5	15.1	9.1
Return on investment, %	13.2	20.3	15.0
Equity ratio, %	44.5	46.2	45.7
Gearing, %	3.8	14.0	21.0

The turnover of the Hartela Group's most significant subsidiaries was as follows: Hartela Etelä-Suomi Oy: EUR 160.7 million (previous year: 142.8), Hartela Länsi-Suomi Oy: EUR 104.0 million (121.9), Hartela Pirkanmaa: EUR 20.2 million (0.0) and Hartela Pohjois-Suomi Oy: EUR 50.1 million (42.0).

3. PRODUCTION AND ORDER BOOKS

A total of 1,393 (936) apartments were completed in the Group, of which 472 (439) were in developer contracting projects and 594 (389) were in negotiation-based contracting sites. In the financial year, 221 apartments (36) were completed in competitive tender contracting and 106 apartments (0) in partnership projects. The number of apartments sold was 160 (316) on RS sites, and 863 (560) for projects sold to investors as entire properties. At the end of the financial year, the Group had 75 (3) completed apartments for sale.

At the turn of the year, the size of the order books for which revenue had not yet been recognised stood at EUR 303.2 million (315.2). Of the order book for which revenue had not yet

been recognised, 17% were developer contracting projects, 39% negotiation-based contracting projects, 20% partnership projects, 5% competitive tender contracting projects and 19% office contracting for business premises.

4. SIGNIFICANT CHANGES IN BUSINESS OPERATIONS

Hartela decided to reform its organisational structure so that Hartela Pirkanmaa Oy was separated from Hartela Länsi-Suomi Oy on 1 January 2022 through a partial demerger. This new subsidiary, directly owned by the parent company, will focus on project development and construction in the Tampere economic area. Hartela Länsi-Suomi Oy operates in Southwest Finland, Satakunta and Western Uusimaa as of 1 January 2022.

5. SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The Group's business operations have continued as before after the end of the financial year.

6. OUTLOOK FOR THE CURRENT FINANCIAL YEAR AND UNCERTAINTIES, RISKS AND RISK MANAGEMENT RELATED TO BUSINESS OPERATIONS.

Due to the uncertainty in the operating environment, turnover is expected to remain unchanged or decrease slightly in the financial year 2023. Due to the structure of the order book and the increase in construction costs, the operating result for the financial year 2023 is estimated to weaken from the strong

comparison period of 2022 but to be positive.

Russia's war of aggression in Ukraine has also had a wide-ranging impact on the operating environment of construction. Inflation has been exceptionally high and reflected in strongly increased construction costs. The rise in energy costs has been a particular underlying cause. Inflation has led to a rapid rise in interest rates, which, together with the rise in construction costs, has weakened the conditions for the realisation of investments. As a result of the general uncertainty and the fall in the level of real earnings, consumers' confidence in the future has fallen to a historically low level. According to a forecast by the Confederation of Finnish Construction Industries RT, construction volume is expected to decline but remain at a moderate level in new housing construction, as well as in other construction of buildings. Although the rise in construction costs is already levelling off, there is an exceptional degree of uncertainty in both the operating environment and the direction of economic development.

As part of its operating policy, the Group keeps project risks at an acceptable level relative to the Group's solvency. This involves a carefully considered land acquisition policy and regional market analyses, as well as careful determination of the levels of advance booking required for developer contracting projects. Risk assessment is an essential part of project selection. Monitoring the financial profitability of projects, from planning to implementation, is under continuous development. Monitoring will enable us to effectively steer project implementation, to manage project-related risks, and to ensure the profitability of projects.

7. BUSINESS DEVELOPMENT AND CORPORATE RESPONSIBILITY

During the financial year, we continued to align operations with our processes and to develop reporting. The Group launched a new leadership programme, the TP-HACA. The focus areas of the strategy were specified, and the vision and brand promise were revised in connection with the strategy work.

At Hartela, responsibility has always been at the heart of everything we do, and it has made it possible for a family business to be passed down from one generation to the next. In 2022, responsibility, including occupational safety and sustainable development, was combined into a single whole. Responsibility focus areas were compiled into responsibility themes and pledges, as well as sustainability KPIs, based on which Hartela will integrate responsibility aspects more closely into its business operations during the strategy period 2023–2025. In 2022, Hartela's Code of Conduct was also drafted, and it will be adopted during 2023.

8. INFORMATION CONCERNING EMPLOYEES

During the financial year, the Group employed an average of 534 (554) people, of whom 205 were blue-collar workers and 329 were white-collar workers.

9. ADMINISTRATIVE BODIES

The Chair of the company's Board of Directors was Kari Heinistö, and the ordinary members of the Board were Heikki Hartela, Maarit Hartela-Varkki, Hanna Hartela, Petri Olkinuora and Antti Peltoniemi. The company's CEO was Juha Korkiamäki. The company's auditors were KPMG Oy Ab, with Mikko Haavisto, APA, as the responsible auditor.

As of 1 January 2023, Timo Vikström and Sanna Karvonen were appointed as new members of the Board of Directors.

10. THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The Group's distributable equity on 31 December 2022 amounted to EUR 68,243,415.83. The parent company's distributable equity at 31 December 2022 amounted to EUR 68,046,930.77. The Board of Directors proposes that a dividend of EUR 2,700,000.00 be distributed from the profit for the financial year of EUR 5,711,613.53 and the remainder be transferred to the account for retained earnings.



CONSOLIDATED INCOME STATEMENT

	Note	1 January–31 December 2022	1 January–31
EUR 1,000			
December 2021			
NET TURNOVER	1.1	334,970	307,003
Change in work in progress		-12,675	10,871
Other operating income	1.2	5	77
Materials and services	1.3	-210,126	-197,957
Personnel expenses	1.4	-39,546	-42,247
Depreciation and write-downs	1.5	-1,212	-1,365
Other operating expenses	1.6	-59,219	-59,615
OPERATING PROFIT		12,197	16,766
Financial income and expenses	1.7	-4,184	-4,170
Profit before appropriations and taxes		8,013	12,596
Direct taxes	1.9	-2,302	-3,268
PROFIT FOR THE FINANCIAL PERIOD		5,712	9,329

CONSOLIDATED BALANCE SHEET

EUR 1,000	Note	31 December 2022	31 December 2021
ASSETS			
Non-current assets	2.1		
Intangible assets		2,164	2,807
Tangible assets		288	293
Other investments		637	637
Non-current assets, total		3,089	3,737
Current assets			
Inventories	2.2	80,451	79,978
Long-term receivables	2.3	7,367	9,818
Short-term receivables	2.4	45,672	58,216
Cash and bank equivalents		26,763	11,451
Current assets, total		160,253	150,462
ASSETS, TOTAL		163,342	154,200

EUR 1,000	Note	31 December 2022	31 December 2021
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2.5		
Share capital			101
Jaakko Hartela scholarship fund			14
Invested unrestricted equity fund			52,202
Retained earnings			10,372
Profit for the financial period			5,712
Shareholders' equity, total		68,401	65,689
Mandatory provisions			
Mandatory provisions	2.6	14,027	12,744
Liabilities			
Long-term liabilities		2.7	
Pension loans			7,750
Deferred tax liability			14
Other long-term liabilities			5,256
Long-term liabilities, total		13,020	4,418
Short-term liabilities	2.8	67,895	71,348
Liabilities, total		80,915	75,766
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		163,342	154,200

CONSOLIDATED CASH FLOW STATEMENT

EUR 1,000
December 2021

OPERATING ACTIVITIES

	1 January–31 December 2022	1 January–31
Operating profit	12,197	16,766
Share of profit of associated company	0	0
Depreciation	1,212	1,365
Financial income and expenses	-4,184	-4,170
Taxes	147	-327
Total	9,372	13,635

CHANGE IN NET WORKING CAPITAL

Inventories, increase (-) / decrease (+)	-9,474	-215
Short-term receivables, increase (-) / decrease (+)	15,544	-10,538
Short-term interest-free liabilities, increase (+) / decrease (-)	-5,152	4,718
Total	918	-6,035

NET CASH FLOW FROM OPERATING ACTIVITIES **10,290** **7,600**

INVESTING ACTIVITIES

Increase in fixed assets	-1,049	-2,491
Sales of fixed assets	486	1,141
Total cash flow from investing activities	-563	-1,350

CASH FLOW BEFORE FINANCING ACTIVITIES **9,726** **6,250**

EUR 1,000
December 2021

FINANCING ACTIVITIES

Long-term loans, increase (+) / decrease (-)	8,604	-1,992
Short-term loans, increase (+) / decrease (-)	-18	1,660
Dividends paid	-3,000	-1,200
Total cash flow from financing activities	5,586	-1,532

	15,312	4,718
Liquid assets 1 January	11,451	6,733
Increase/decrease	15,312	4,718
LIQUID ASSETS 31 December	26,763	11,451

NOTES TO THE FINANCIAL STATEMENTS OF 31 DECEMBER 2022

ACCOUNTING PRINCIPLES

These financial statements have been drawn up in accordance with the principles and methods concerning assumptions stipulated by Section 2(2a) of the Accounting Decree.

CONSOLIDATED FINANCIAL STATEMENTS

Hartela Group's parent company is Hartela-yhtiöt Oy, which has its domicile in Helsinki. Copies of the consolidated financial statements are available from the company headquarters at Ilmalantori 1, FI-00240 Helsinki, Finland.

The consolidated financial statements include the parent company and the subsidiaries included in fixed assets.

Cross-ownership of shares between Group companies has been eliminated by applying the acquisition method, whereby the cost of acquiring shares in a subsidiary has been eliminated against the shareholders' equity of the subsidiary at the time of acquisition.

The depreciation difference entered on the balance sheets of individual Group companies has been divided into shareholders' equity and deferred tax liability.

All margins and transactions, profit distributions, and receivables and liabilities within the Group have been eliminated.

RECOGNITION OF REVENUE FROM CONSTRUCTION PROJECTS

The financial statements have been drawn up in accordance with the percentage-of-completion method, whereby revenue from construction projects is recognised according to their degree of completion. With the exception of developer contracting projects, the degree of completion has been calculated as a ratio between the actual costs incurred and the estimated total costs of the project. The percentage-of-completion method is used for projects that extend over two or more financial periods.

In the Group, the general guidelines issued by the Accounting Board on 17 January 2006 concerning residential development projects are applied. Under revenue from construction work, consolidated turnover refers to the sale of shares at debt-free prices (including the proportion of the company loan). In the percentage-of-completion method, the degree of completion has been calculated by multiplying the degree of completion for construction by the degree of sale for shares. The acquisition costs of the building site and the construction costs have been divided into two: the percentage corresponding to the degree of completion has been entered under expenses in the income statement, while the rest is presented under work in progress in inventories. With regard to company loans taken for developer contracting sites, the proportion that pertains to unsold shares is presented under loans from credit institutions in short-term liabilities.

VALUATION PRINCIPLES

Non-current assets and depreciation

Tangible and intangible assets have been capitalised at their acquisition cost. Planned depreciation has been calculated according to the straight-line method on the basis of the original acquisition cost and the economic life of the assets in question. Whenever necessary in the Group's property companies, depreciation according to the reducing balance method has been carried out without an advance depreciation plan. The following depreciation periods are applied in the Group:

Intangible assets

Other long-term expenditure	3–10 years
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Tangible assets

- constructions	5–10 years
- heavy machinery and equipment	12–15 years
- other machinery and fixtures	5–8 years

Shorter depreciation periods have been applied to fixed assets purchased second-hand.

CURRENT ASSETS

The Group's deferred taxes take into account the tax receivables and liabilities arising from the timing differences between the accounting and taxation of developer contracting.

Deferred tax receivables have also been recognised on ten-year liabilities and rental liabilities, as well as confirmed tax losses. Deferred tax receivables have been recognised according to the effective corporate tax rate.

MANDATORY PROVISIONS

Mandatory provisions include the warranty provision, 10-year liability provision and rental liability provision.

LEASING

Leasing payments are recognised as annual expenses. Outstanding rental commitments pertaining to leasing contracts are presented under contingent liabilities in the notes to the financial statements.

LEASE LIABILITIES

Lease liabilities include payment obligations for the remaining lease periods under the lease of premises at the balance sheet date. In addition, in accordance with the new practice, the obligations to pay rent for the plots reserved for future construction production have been included in the liabilities until the estimated implementation dates of the sites. In accordance with this practice, the corresponding liability has also been added to the column for the comparison period.

1. NOTES TO THE INCOME STATEMENT

EUR 1,000	2022	2021
1.1 Distribution of net turnover		
By business sector		
Income from construction work	310,682	290,869
Rental income	1,862	1,981
Sale of shares	20,024	12,452
Other sales revenue	2,403	1,700
Total	334,970	307,003
By market area		
Domestic	334,970	307,003
Turnover recorded as income according to the degree of completion, out of total turnover for the year	310,682	290,869
Construction projects in progress recognised as revenue according to the degree of completion; amount recognised as revenue during the year and previous years	244,244	249,066
Construction projects in progress, not recorded as income	281,220	315,209
1.2 Other operating income		
Gains on sale of fixed assets	0	15
Other	5	62

EUR 1,000	5	77
	2022	2021
1.3 Materials and services		
Materials and supplies		
Purchases during the year	50,532	48,701
Land areas and building sites	12,334	12,075
Shares	16,360	-2,118
Change in inventories	-22,279	8,893
Total	56,947	67,552
External services	153,179	130,406
Total	210,126	197,957
1.4 Personnel expenses and personnel		
Wages, salaries and remunerations	31,564	33,804
Pension expenses	5,411	5,336
Other personnel-related expenses	2,572	3,107
Total	39,546	42,247
Management salaries and remunerations	1,838	1,422
Average number of personnel		
White-collar employees	329	336
Employees	205	218
Total	534	554

EUR 1,000	2022	2021
1.5 Depreciation according to plan		
Other long-term expenditure	1,144	1,280
Machinery and equipment	69	86
Total	1,212	1,365
1.6 Auditor's remunerations		
Audit fee	99	93
Tax advice	21	7
Other services	253	184
Total	373	284
1.7 Financial income and expenses		
Dividend income		
From Group companies	0	0
From others	1	1
Total	1	1
Other financial and interest income		
From Group companies	0	0
From others	35	44
Total	35	44
Interest expenses and other financial expenses		
To Group companies	0	0
To others	-4,219	-4,215
Total	-4,219	-4,215
Financial income and expenses total	-4,184	-4,170

EUR 1,000	2022	2021
1.8 Appropriations		
Difference between depreciation in taxation and planned depreciation increase (+) / decrease (-)	0	0
1.9 Income taxes		
Income taxes accrued during previous years	147	-327
Change in deferred tax liability	-2,449	-2,941
Direct taxes, total	-2,302	-3,268

2. NOTES TO THE BALANCE SHEET

EUR 1,000	INTANGIBLE ASSETS
	Other long-term expenditure

2.1 Non-current assets

Fixed assets	
Acquisition cost 1 January 2022	4,910
Increase	910
Decrease	0
Acquisition cost 31 December 2022	5,820
Accumulated depreciation 1 January 2022	2,516
Decrease in accumulated depreciation	0
Depreciation for the financial period	1,144
Accumulated depreciation 31 December 2022	3,659
Book value 31 December 2022	2,160

EUR 1,000	Advance payments	Machinery and equipment	TANGIBLE ASSETS
			Other tangible assets
Fixed assets			
Acquisition cost 1 January 2022	412	1,413	50
Increase	77	63	0
Decrease	-486	0	0
Acquisition cost 31 December 2022	4	1,476	50
Accumulated depreciation 1 January 2022	0	1,169	0
Accumulated depreciation on decreases	0	0	0
Depreciation for the financial period	0	69	0
Accumulated depreciation 31 December 2022	0	1,238	0
Book value 31 December 2022	4	238	50

EUR 1,000	Shares in Group companies	Shares in associated companies	Other shares
Investments			
Acquisition cost 1 January 2022	0	0	637
Increase	0	0	0
Decrease	0	0	0
Acquisition cost 31 December 2022	0	0	637
Parent company			
Acquisition cost 1 January 2022	72,734	0	
Increase	0	0	
Decrease	0	0	
Acquisition cost 31 December 2022	72,734	0	
Shares and holdings			
Group companies			
Shares under fixed assets:	Group holding %	Parent company holding %	
Hartela Etelä-Suomi Oy	100.00	100.00	
Hartela Länsi-Suomi Oy	100.00	100.00	
Hartela Pirkanmaa Oy	100.00	100.00	
Hartela Pohjois-Suomi Oy	100.00	100.00	
Etnin Oy	100.00	100.00	
Other shares and holdings			
Golfsarvik Oy			0.4
Asunto Oy Klasimberä			5.6

Information on the company's shares

The company's share capital consists of 23,223,600 shares, with each share conferring one vote at the General Meeting of Shareholders. All shares carry an equal right to dividends and company assets.

EUR 1,000 2022 2021

2.2 Inventories

Construction work in progress	25,269	38,767
Land areas and building sites	3,511	7,329
Shares	51,672	24,882
Total	80,451	70,978

2.3 Long-term receivables

Deferred tax receivables from accrual differences and confirmed tax losses	7,367	9,818
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2.4 Itemisation of short-term receivables

Accounts receivable	13,943	23,075
Other receivables	2,289	5,116
Receivables carried forward	29,440	30,026
Total	45,672	58,216

The most significant items included in prepaid expenses and accrued income consist of accrued income for construction projects in progress that are recognised as revenue according to the degree of completion.

EUR 1,000 2022 2021

2.5 Shareholders' equity

Share capital 1 January	101	101
Share capital 31 December	101	101
Jaakko Hartela scholarship fund 1 January	14	14
Jaakko Hartela scholarship fund 31 December	14	14
Invested unrestricted equity fund 1 January	52,202	52,202
Invested unrestricted equity fund 31 December	52,202	52,202
Retained earnings 1 January	13,372	5,244
Dividend	-3,000	-1,200
Retained earnings 31 December	10,372	4,044
Profit for the financial period	5,712	9,329
Shareholders' equity, total	68,401	65,689

Statement of distributable assets 31 December

Jaakko Hartela scholarship fund	14	14
Invested unrestricted equity fund	52,202	52,202
Retained earnings	10,372	4,044
Profit for the financial period	5,712	9,329

Portion of accumulated depreciation difference and voluntary

provisions entered under shareholders' equity	-56	-65
Distributable assets	68,243	65,523

EUR 1,000	2022	2021
2.6 Compulsory provisions		
Warranty provisions	2,595	2,194
Ten-year liabilities	11,285	9,829
Rental liability provisions	148	721
Total	14,027	12,744
2.7 Long-term liabilities		
Pension loans	7,750	1,000
Other loans		
From shareholders	0	0
Other interest-bearing liabilities	5,256	3,402
Total	13,006	4,402
Deferred tax liability		
On depreciation difference	14	16

EUR 1,000	2022	2021
2.8 Short-term liabilities		
Company loans – residential development	12,851	9,543
Pension loans	2,250	1,000
Advances received	9,509	11,900
Accounts payable	5,778	8,195
Liabilities to Group companies		
Other liabilities	9,582	14,170
Accrued liabilities	27,925	26,540
Total	67,895	71,348

The most significant item included in the Group's other liabilities consists of value added tax liabilities.

The most significant items included in accrued liabilities consist of the accrual of annual holiday pay and construction costs.

3. CONTINGENT LIABILITIES

EUR 1,000	2022	2021
Loans		
Loans from credit institutions	5,256	0
Pension loans	10,000	2,000
Other liabilities	1,255	9,233
Total	16,510	11,233
Guarantees for the company's own commitments		
Mortgages	10,000	10,000
Pledged shares	5,256	0
Pledged receivables	20	5
Total	15,276	10,005
Lease liabilities		
Payable next year	3,109	3,304
Payable later	17,217	19,113
Total	20,326	22,417
Leasing commitments		
Payable next year	845	804
Payable later	825	916
Total	1,670	1,720

4. RELATED PARTY LIABILITIES

The transactions carried out with related parties have not been significant or exceptional, and they have been carried out under ordinary business terms.

5. THE BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFIT

The Group's distributable equity on 31 December 2022 amounted to EUR 68,243,415.83. The parent company's distributable equity on 31 December 2022 amounted to EUR 68,046,930.77. The Board of Directors proposes that a dividend of EUR 2,700,000.00 be distributed from the profit for the financial year of EUR 5,711,613.53 and the remainder be transferred to the account for retained earnings.

AUDITOR'S REPORT

OPINION

We have audited the financial statements of Hartela-yhtiöt Oy (Business ID 2346079-8) for the financial period 1 January–31 December 2022. The financial statements comprise the consolidated balance sheet, income statement and cash flow statement, and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement, and notes to the financial statements.

In our opinion, the financial statements give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the regulations governing the preparation of financial statements in Finland and meet the statutory requirements.

BASIS FOR OPINION

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities in accordance with good auditing practice are described in more detail under Auditor's responsibility in auditing the financial statements. We are independent of the parent company and the group companies in accordance with the ethical requirements observed in Finland for our audit, and we have fulfilled our other ethical responsibilities pursuant to said requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE CHIEF EXECUTIVE OFFICER CONCERNING THE FINANCIAL STATEMENTS

The Board of Directors and the Chief Executive Officer are responsible for preparing the financial statements in such a

To the Annual General Meeting of Hartela-yhtiöt Oy
Audit of the financial statements

way that they give a true and fair view in accordance with the regulations governing the preparation of financial statements in Finland and meet the statutory requirements. The Board of Directors and the Chief Executive Officer are also responsible for the internal control they consider necessary to be able to prepare financial statements without material misstatement due to misdemeanours or errors.

In preparing the financial statements, the Board of Directors and the Chief Executive Officer are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR AUDITING THE FINANCIAL STATEMENTS

Our responsibility is to obtain reasonable certainty as to whether the financial statements as a whole contain any material misstatement due to misdemeanours or errors, and to issue an auditor's report with our opinion. Reasonable certainty is a high level of certainty, but it does not guarantee that material misstatement would always be observed in an audit performed in accordance with good auditing practice. Misstatements can be caused by misdemeanours or errors, and they are considered to be material if they alone or together could reasonably be expected to influence the financial decisions made by users based on the financial statements.

An audit pursuant to good auditing practice involves us using professional discretion and retaining professional scepticism throughout the audit. Moreover:

- We identify and assess the risks of material misstatements due to misdemeanours or errors in the financial statements, plan and perform audit measures addressing these risks, and obtain a sufficient amount of appropriate audit evidence as the basis for our opinion. The risk of a material misstatement caused by misdemeanours remaining unidentified is higher than the risk of a material misstatement caused by an error remaining unidentified, as misdemeanours can involve co-operation, forgery, intentional non-disclosure of information, presentation of incorrect information or bypassing internal control.
- We consider internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of the information reported on them.
- We draw a conclusion as to whether it has been appropriate for the Board of Directors and the Chief Executive Officer to prepare the financial statements based on the assumption of the continuity of operations, and based on the audit evidence we have obtained, we conclude whether there is material uncertainty relating to events or circumstances that could give reasonable doubt to be suspicious of the ability of the parent company or the group to continue its operations.

If our conclusion is that there is material uncertainty, we must pay attention to the information presented in the financial statements concerning the uncertainty in our auditor's report, or, if the information concerning the uncertainty is not sufficient, adjust our opinion. Our conclusions are based on audit evidence obtained by the date of issuing the auditor's report. Subsequent events or circumstances can, however, result in the parent company or group not being able to continue its operations.

- We evaluate the general presentation method, structure and content of the financial statements, including all information disclosed in the financial statements, and whether the financial statements illustrate the underlying business transactions and events in such a way that they give a true and fair view.
- We obtain a sufficient amount of appropriate audit evidence of financial information concerning the entities or business functions included in the group in order to be able to issue a report on the consolidated financial statements. We are responsible for the control, supervision and performance of the audit. We are solely responsible for the auditor's report.

We communicate with the administrative organs on, for example, the planned scope and timing of the financial statements and significant audit observations, including any significant shortcomings in internal control that we identify during the audit.

OTHER REPORTING OBLIGATIONS

Other information

The Board of Directors and the Chief Executive Officer are responsible for other information. Other information comprises the report of the Board of Directors. Our opinion on the financial statements does not concern other information.

It is our obligation to read the other information in connection with the audit and, when doing so, to evaluate whether the other information is in material conflict with the audit or the knowledge obtained by us in performing the audit, or whether it otherwise seems to be materially incorrect. Moreover, it is our duty to evaluate whether the report of the Board of Directors has been prepared in accordance with the applicable regulations.

In our opinion, the information disclosed in the report of the Board of Directors and the financial statements is consistent, and the report of the Board of Directors has been prepared in accordance with applicable regulations.

Should we conclude based on our work that the report of the Board of Directors contains material misstatement, we must report this. We have nothing to report in this respect.

Helsinki, 25 January 2023

KPMG OY AB

Mikko Haavisto



Appendices



BOARD OF DIRECTORS



Hanna Hartela
Owner, Board member



Heikki Hartela
Owner, Board member



Maarit Hartela-Varkki
Owner, Board member



Kari Heinistö
Chair of the Board of Directors



Petri Olkinuora
Board member



Antti Peltoniemi
Board member



Timo Vikström
Board member (since 1 January 2023)



Sanna Karvonen
Board member (since 1 January 2023)

GROUP EXECUTIVE BOARD MEMBERS

31 December 2022

Juha Korkiamäki

Chief Executive Officer, Hartela-yhtiöt Oy

Matti Aho

Managing Director, Hartela Etelä-Suomi Oy

Sanna Hiukkamäki

Chief Development and Information Officer,
Hartela-yhtiöt Oy

Hanna Kolehmainen

Managing Director, Hartela Länsi-Suomi Oy

Hanna Marttila

Managing Director, Hartela Pirkanmaa Oy

Johanna Palosaari

Director of Land Acquisition and Residential
Development, Hartela-yhtiöt Oy
(since 1 January 2023)

Timo Suonsyrjä

Group CFO, Hartela-yhtiöt Oy

Markku Taskinen

Managing Director, Hartela Pohjois-Suomi Oy



RESPONSIBILITY IN FIGURES

ENVIRONMENTAL RESPONSIBILITY	unit	2020	2021	2022
Average carbon footprint of a building ¹⁾	kg CO ₂ /m ² /a	-	13.7/17.1	15.1
Sorting rate ²⁾	%	79	66	68
Recycling rate ²⁾	%	47	36	39
Average amount of construction waste from projects ³⁾ kg/gross m ²	-	-	-	14.4
Share of energy class A projects in production ⁴⁾	%	8	8	49
Number of environmental observations ⁵⁾	qty	-	-	138

- 1) Apartment building projects started up during the reporting year. Due to changes in the calculation of the carbon footprint, the figures for different years are not comparable. The year 2021 includes the projects in the "Dwellings for consumers" business area; the first figure is the average of the emission database before construction, and the second figure is the average of the targets calculated after construction. The year 2022 includes the business areas "Dwellings for consumers" and "Dwellings for investors" (excl. 3 project for which there is no carbon footprint calculation).
- 2) Includes waste recycled through L&T (in addition, concrete waste is returned through concrete suppliers, for example), including waste from offices and warehouses. Does not include contaminated soil on the plots. Not calculated on a project-by-project basis, meaning that it does not take into account the timing of the project phases (the sorting rate is significantly higher in the frame phase than in the interior construction phase -> causes variation between years). Situation as at 16 January 2023.
- 3) Projects completed during the reporting year from which construction waste has been returned in full through L&T. Situation as at 16 January 2023.
- 4) Projects in the business areas "Dwellings for consumers", "Dwellings for investors" and "Business premises" that were started up during the reporting year.
- 5) Adopted in May 2022.

Projects with environmental certificates (completed)

SPR Blood Service, LEED Silver v4 BD+C

Projects with environmental certificates (under construction)

Ilmalan Aura, LEED Gold v4 BD+C and EU taxonomy

As Oy Turun Hygge, LEED Gold v4 and EU taxonomy

Asumisoikeus Oy Rapukuja 2 Lieto, Nordic Swan Ecolabel

TOAS Hippos, RTS

Oulu courthouse, RTS

In addition, there are several projects under construction for which a Breeam in use certificate will be applied

Projects with environmental certificates (in development phase)

Turku Music Hall, RTS

Pori courthouse, RTS

SOCIAL RESPONSIBILITY

Occupational safety	unit	2020	2021	2022
Accident frequency (all)	LTI1	15.8	22.6	11.4
Accident frequency (own)	LTI1	17	23.6	4.8
Number of serious accidents (own) ⁶⁾	qty	4 (1)	6 (2)	2 (1)
Average of TR measurements	%	96.1	95.7	96.2
Number of safety observations	qty	12,169	13,406	14,625
Number of safety audits ⁷⁾	qty	36	162	218

6) Hartela defines as serious accidents all occupational accidents causing absence due to sickness for more than 9 working days; the figure in brackets indicates those that caused a loss of more than 30 working days.

7) Includes occupational safety audits and external TR measurements.

Personnel	unit	2020	2021	2022
eNPS employee Net Recommendation Score	-	-	-	47.1
Number of employees 31 December	persons	195	224	193
Number of white-collar employees 31 December	persons	322	336	309
Average age 31 December	years	43	43	43
Proportion of women in total workforce 31 December	%	22	23	25
Proportion of women among directors and senior staff	%	33	37	40
Average length of service for employees	years	10	10	10.5
Average length of service for white-collar employees	years	8	8	8
Proportion of employees with fixed-term contracts	%	6	10	4
Proportion of white-collar employees with fixed-term contracts	%	7	6	4
Proportion of women in total workforce 31	%	22	24	25
Proportion of women with fixed-term contracts	%	29	22	37
Proportion of persons with fixed-term contracts	%	2	3	2
Number of persons on parental leave during the year	persons	15	32	22
Number of persons on study leave during the year	persons	2	4	5

Customer satisfaction

	unit	2020	2021	2022
NPS – consumer sales	-	43	50	58.9
NPS – investor sales	-	-	100	100
NPS – contracting	-	-	75	92.3

ADMINISTRATIVE RESPONSIBILITY

	unit	2020	2021	2022
Number of internal audits	qty	56	70	59



PROJECTS 2022

Project	Customer	Handover date	Gross m2	Apartments (qty)
Hartela Etelä-Suomi Oy Helsinki region				
As Oy Vantaan Myyrin Terra	RS site	28 September 2022	6,270	85
As Oy Helsingin Sivellin	RS site	4 October 2022	6,123	57
As Oy Espoon Kehrä	RS site	6 October 2022	2,620	33
As Oy Espoon Puro	RS site	12 October 2022	3,089	39
As Oy Sarvikin Kaari Kirkkonummi	RS site	31 October 2022	1,346	20
As Oy Sarvikin Viheriö Kirkkonummi	RS site	18 November 2022	1,516	16
As Oy Painiitynmäki Espoo	RS site	Under construction	2,946	30
As Oy Vantaan Myyrin Tähti	RS site	Under construction	3,450	64
As Oy Espoon Niittykummuntie 12 E	Kojamo Oyj	29 June 2022	1,787	24
As Oy Tuusulan Orvokki	ICECAPITAL	30 September 2022	4,745	65
As Oy Espoon Niitty	ICECAPITAL	31 October 2022	3,089	39
As Oy Espoon Gräsäntörmä 1 A ja B	ICECAPITAL	Under construction	5,904	84
As Oy Espoon Gräsäntörmä 1 C ja D	Kojamo Oyj	Under construction	6,252	80
As Oy Espoon Gräsäntörmä 1 E ja F	ICECAPITAL	Under construction	3,440	42
As Oy Tuusulan Pelargonia	Sirius	Under construction	5,900	103
As Oy Helsingin Kivistö	Sirius	Under construction	1,950	34
As Oy Helsingin Kivipato	ICECAPITAL	Under construction	1,950	32
As Oy Espoon Niittykummuntie 12 B	Kojamo Oyj	31 March 2022	5,100	70
As Oy Espoon Kaarna	ICECAPITAL	30 April 2022	5,905	65
Koy Vantaan Härkähaantie 16 – SPR Blood Service	Fastighets AB Balder	30 June 2022	9,000	
Overhaul of the vertical part of the fresh air shaft of a bedrock shelter	Yleisradio Oy	31 December 2022		
Alteration work on Tokmanni outlet at shopping centre Ristikko	Kiinteistö Oy Ajomiehentie 1	Under construction		
Ilmalan Aura	Union Investment	Under construction	17,384	



ILMALAN AURA

The five-storey office building built by Hartela will be completed in Ilmala, Helsinki, in 2024. The property's flexibility and versatile services meet the needs of future working life. The streamlined property was named Ilmalan Aura, which reflects not only the dynamic working life, but also the energy emanating from the encounters with the property's users.



NIITTYKUMMUNTIE 12 F

Project	Customer	Handover date	Gross m2	Apartments (qty)
HARTELA ETELÄ-SUOMI OY				
Helsinki region				
Koy Ruukkupolun Parkki phase 1	Koy Ruukkupolun Parkki	30 September 2022	1,159	
Koy Myyrin Parkki phase 2	Koy Ruukkupolun Parkki	Under construction	2,271	
Turumankatu 15 and Pojamankatu 12, Helsinki	Asuntosäätiö Asumisoikeus Oy	Under construction	7,880	84
Kruunuvuorenranta common yard plots 4 and 12	Kruunuvuorenrannan Palvelu Oy	Under construction		
HARTELA ETELÄ-SUOMI OY				
Lahti and Järvenpää				
As Oy Lahden Vahva-Jussi Silmu	RS site	30 April 2022	2,472	29
Koy Harjulan Mänty	Kiinteistö Oy Harjulakoti	30 September 2022	3,180	48
As Oy Lahden Vahva-Jussi Verso	Asuntoneuvoja Uudistuotanto Oy	Under construction	3,392	57
Asumisoikeus Oy Lahden Vahva-Jussi Lenkki 11	TA-Asumisoikeus Oy	Under construction	3,032	37
As Oy Lahden Vahva-Jussi Lenkki 13	Sirius	Under construction	2,377	31
As Oy Mäntsälän Meirami	Sirius	Under construction	1,270	17
As Oy Järvenpää Viulukonsertto	Sirius	Under construction	3,000	58
Välskäinkatu 25, Järvenpää	Järvenpää Mestariasunnot Oy	31 March 2022	5,901	69
Harjutie 15 c	Järvenpää Mestariasunnot Oy	29 April 2022	3,117	37
Teräsmuorin raitti 1, Lahti	A-Kruunu Oy	Under construction	2,960	37



NEW PREMISES FOR THE BLOOD SERVICE

Hartela built flexible facilities meeting today's needs for the Finnish Red Cross Blood Service in Vehkala, Vantaa. The project, implemented using Hartela's partnership model, was completed on schedule and handed over to the Blood Service for commissioning in July 2022.



ASUNTO OY LAHDEN VAHVA-JUSSIN SILMU



ASUNTO OY RAUMAN LOISTO

Project	Customer	Handover date	Gross Apartments	
			m2	(qty)
HARTELA LÄNSI-SUOMI OY				
Turku				
As Oy Lohjan Hiidensalmen Aava	RS site	Under construction	2,728	31
Asumisoikeus Oy Herrasniitynkatu 6 and 8 Kaarina	TA-Asumisoikeus Oy	31 May 2022	2,910	29
As Oy Skanssin Seiska Turku	TVT Asunnot Oy	30 November 2022	7,460	92
As Oy Turun Hygge	CapMan Real Estate	Under construction	7,359	127
Asumisoikeus Oy Airikintie 2 and 4 Lieto	TA-Asumisoikeus Oy	Under construction	2,290	27
As Oy Eerikinhovi Kaarina	TVT Asunnot Oy	Under construction	4,832	65
Asumisoikeus Oy Rapukuja 2 Lieto	TA-Asumisoikeus Oy	Under construction	2,833	37
As Oy Ruustinnanmäki Raisio	Varsinais-Suomen Asumisoikeus Oy	31 January 2022	2,997	35
Renovation of the Harju school	Luksia, Western Uusimaa Municipal Training and Education Consortium	31 March 2022	6,431	
Elisenvaara school and high school, Pöytyä	Municipality of Pöytyä	31 October 2022	6,160	
Kunnallissairaalantie 36 A-C, Turku	TVT Asunnot Oy	30 November 2022	9,070	139
Kunnallissairaalantie 36 D, Turku	TVT Asunnot Oy	Under construction	2,761	38
Linkkitorninkatu 2, Turku	TVT Asunnot Oy	Under construction	5,430	74
Konradinkuja 1, Turku	TVT Asunnot Oy	Under construction	6,426	84
HARTELA LÄNSI-SUOMI OY				
Rauma				
As Oy Rauman Loisto	RS site	31 March 2022	5,033	59
As Oy Rauman Pooki	RS site	Under construction	2,831	35
Kari Campus	City of Rauma	Under construction	30,400	
Turku Music Hall Fuuga	City of Turku	Implementation planning phase		
Repair of the OL1 sea water tunnel	TVO	31 May 2022		
Kaunisjärvi Wellness Centre	City of Rauma	16 June 2022	8,885	
Jämijärvi school	Municipality of Jämijärvi	31 October 2022	4,092	
Posiva LTV Construction project	Posiva Oy	Under construction	32,000	



TURKU MUSIC HALL FUUGA

Hartela is building the Turku Music Hall Fuuga using the alliance model. The music hall will be located on the Itsenäisydenaukio square on the east bank of the Aura River, and it will become an open and active place for all city residents and an interesting destination for visitors to Turku. The building's top architecture and acoustics will increasingly attract international performers and visitors to Turku. The alliance group comprises the City of Turku, Hartela Länsi-Suomi Oy, PES-Arkitehdit Oy and WSP Finland Oy, as well as Laidun-design Oy as a subcontractor. At the time of publication of the annual report, the Music Hall project was in the implementation planning phase.



ELISENVAARA SCHOOL AND HIGH SCHOOL IN PÖYTYÄ

Hartela implemented the new building and renovation part of the Elisenvaara school and high school in Pöytyä. The school building, which was implemented as a Hartela "Healthy building" project, was completed and handed over to the municipality of Pöytyä in October. The implementation of the project was a shared contract in which Hartela acted as the construction contractor and the main contractor of the project.

Project	Customer	Handover date	Gross m2	Apartments (qty)
HARTELA PIRKANMAA OY				
Tampere				
Asumisoikeus Oy Nokian Poutuntie 2 C	TA-Asumisoikeus Oy	31 August 2022	2,786	39
As Oy Nokian Tähti	Evli	Under construction	2,350	58
As Oy Nokian Annilankatu 1	Asuntosäätiön Asumisoikeus Oy	Under construction	3,125	38
Poutuntien Pysäköinti	Poutuntien Pysäköinti	Under construction		
Asumisoikeus Oy Kangasalan Rissonkatu 90	TA-Asumisoikeus Oy	Under construction	3,739	38
As Oy Tampereen Hervannan Lyriikka	eQ	Under construction	2,002	28
TOAS Hippos 1A, 1B, 1C, 1D, 3E and 3F entrances	Tampere Student Housing Foundation	Under construction	23,218	376
Pappilanrinteen Kotilinna	Tampereen Kotilinnasäätiö sr	31 March 2022	4,801	82
HARTELA POHJOIS-SUOMI OY				
Oulu				
As Oy Oulun Lohitorni	RS site	24 March 2022	3,996	51
As Oy Oulun Satakeli	RS site	31 July 2022	3,641	53
As Oy Oulun Mäntylän Kanerva	RS site	30 September 2022	2,272	30
As Oy Oulun Punarinta	TA-Yhtymä Oy	22 June 2022	6,056	77
As Oy Oulun Kiuru	Joo Group Oy	Under construction	3,600	70
As Oy Oulun Tervapääsky	Joo Group Oy	Under construction	3,600	71
Oulun courthouse block	Senaatti-kiinteistöt	Under construction	14,490	
Radiotherapy Unit, UR2	Northern Finland Hospital District Joint Municipal Authority	31 July 2022	4,944	



TOAS HIPPOS

The TOAS Hippos alliance started the construction of the Hippos project in Kaleva, Tampere, in June. The aim is for the student block to welcome its first residents in a couple of years. TOAS Hippos is implemented using an alliance model involving TOAS, Arkkitehtitoimisto Helamaa & Heiskanen Oy, A-Insinöörit Suunnittelu Oy, Granlund Tampere Oy, A-Insinöörit Rakennuttaminen Oy and Hartela Pirkanmaa Oy.

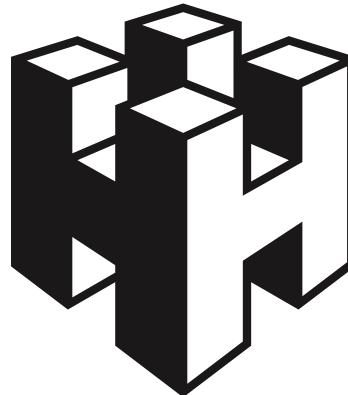


ASUNTO OY OULUN SATAKELI



OULU COURTHOUSE

Hartela is currently building a courthouse block in the centre of Oulu, to which the Oulu District Court, the Administrative Court of PohjoisSuomi, the Oulu Region Enforcement Office, and the Oulu office of the Prosecutor's Office will move in spring 2023. The courthouse block will have premises for approximately 400 staff members, as well as customer service rooms and courtrooms. The construction also takes into account the RTS environmental classification, which aims for four stars.



HARTEL

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