

2024

ANNUAL REPORT

HARTELA



Table of contents



YEAR 2024

Hartela in brief	3
Review by the CEO	4
Key figures	6

STRATEGY AND OPERATIONS

Hartela's strategy – aims, actions and value refinement	8
Hartela's operations	9
Projects in 2024.....	10

RESPONSIBILITY

Sustainability management.....	17
Environmental responsibility.....	18
E1 Climate change	20
E4 Biodiversity and ecosystems.....	23
E5 Resource use and circular economy	24
Social responsibility	25
S1 Own workforce.....	28
S2 Workers in the value chain.....	30
Corporate governance	32
G1 Business conduct.....	33

FINANCIAL STATEMENTS

Report of the Board of Directors for the financial year	35
Financial statements	
Consolidated income statement	38
Consolidated balance sheet	39
Consolidated cash flow statement	40
Notes to the financial statements	41
Notes to the income statement	42
Notes to the balance sheet	44
Contingent liabilities.....	48
Related party liabilities	48
The Board of Directors' proposal for the distribution of profit.....	48
Auditor's report	49

NOTES

Board of Directors	51
Group Executive Board	52

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 2024, Hartela had approximately 440 employees. 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. Nevertheless, our guiding principle has always remained the same: our operations are based on long-term planning, and we do not compromise on the quality of construction.



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.



Karin kampus

Managing Director's review

2024 was the fifth consecutive exceptional year in the economy. The construction industry eventually survived the coronavirus years with little damage, if we do not take into account the cost inflation and rising interest rates caused by the strong economic stimulus measures. On the other hand, Russia's war of aggression against Ukraine has radically weakened the operating environment in the industry, and the economic turnaround has been postponed year by year.

Despite the changing circumstances, Hartela's year 2024 was a successful one. Project margins developed mainly positively, which was due to the good management of the construction sites and the moderation of costs in the declining economic cycle. The year also saw several particularly successful projects in the Helsinki Metropolitan Area and the Turku economic area. Hartela reacted to the changing economic cycle in good time by quickly reducing market-financed housing production and increasing Ara production, for which long-term cooperation with non-profit developers offered a good opportunity. In addition, investments in cooperative contracting produced results, of which several public projects in the Turku and Satakunta regions in particular are a good

example. We even managed to increase our turnover slightly, even though no new RS projects were launched.

Housing construction did not see any significant improvement in 2024. As interest rates decreased, the demand for used owner-occupied apartments began to recover, but the demand for new RS construction has not yet picked up. The cost gap between used apartments and new construction was still too large, and the uncertainty in the global situation did not encourage investment in an apartment that will only be available in a year and a half. As the equation for market-financed rental apartment production did not work, the increase in Ara production by the state was the right solution from an economic policy point of view.



Non-profit developers benefited from the availability of resources and more moderate costs. 75% of Hartela's new housing projects were Ara projects. In cooperative contracting, public operators in particular took advantage of the economic situation, and the construction of schools, daycare centres, hospitals and facilities for Senate Properties continued at a high pace. The volume of our cooperative contracts increased by 105%. In the business premises business, tenant demand began to recover, but investors' interest in properties remained weak. In the business premises business, Ilmalan Aura was completed, the construction of Karjasillan Verstas continued and, as a new project, we launched Terveystalo's hospital property, which will be owned by KEVA.

Hartela has consistently worked to improve productivity. Key elements in this work have included the continuation of the company's own internal training programme, the extensive deployment of Hartela's takt time production, and the further development of the housing construction concept. The goal of the housing construction concept is a highly valued, cost-effective, flexible and easily replicable apartment building.

Sustainable business operations are an integral part of Hartela's objectives and remuneration systems. We will develop sustainability during the strategy period

2025–2028 to better meet the expectations of our stakeholders.

From the perspective of our sustainability metrics, our operations developed mainly positively. We succeeded in reducing the carbon footprint of our developer-driven



apartment buildings and reached our goal. With regard to occupational safety, the year was two-fold: the accident frequency rate was relatively low, but there was no progress. Employee satisfaction improved, and we achieved an excellent eNPS level. Our customer satisfaction remained at an excellent level in both developer-driven production and contracting. We were able to improve the efficiency of waste sorting on construction sites, and the amount of mixed waste decreased significantly during the year.

Hartela has a strong balance sheet and a high equity ratio. In addition to improving profitability, our goal has been to actively

manage the balance sheet and thus ensure good liquidity. Hartela's balance sheet position provides opportunities for new plot investments and the long-term development of the company, even though we are still experiencing a recession.

We started 2025 with a good order book, a significant part of which will extend into 2026. The order book consists of a wide range of apartments sold to investors and non-profit organisations, business premises construction, cooperative contracts and other competitive tender contracting. Exceptionally, there were no RS projects in the order book, so the order book for other production even strengthened from the previous year.

We do not believe in a rapid positive turnaround in the industry. Ara construction will decline, and market-financed RS production will slowly begin to increase as the prices of used apartments rise. In addition to

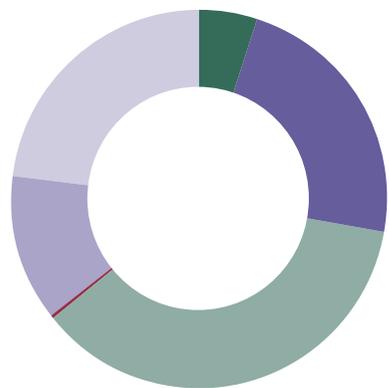
decreasing interest rates, the more extensive start-up of market-financed rental apartment production requires an improvement in the current oversupply situation and a healthy increase in rents. However, public construction continues to be busy, which offers opportunities for cooperative and other competitive tender contracting. The improved tenant demand in the business premises business is not yet sufficient; it will require investors to return to the market.

I would like to warmly thank all of our customers for their trust, and the people of Hartela and our partners for their long-term work towards our common goals in 2024.

Juha Korkiamäki
CEO

Key figures

TURNOVER, Business area EUR million

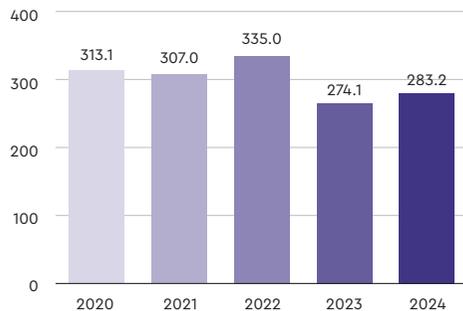


Business area	2024	2023
Dwellings for consumers	14.3	(20.9)
Dwellings for investors	65.0	(117.1)
Cooperative contracts	102.8	(50.2)
Rent and other	0.7	(1.5)
Business premises	35.8	(47.3)
Contract work	64.6	(37.1)

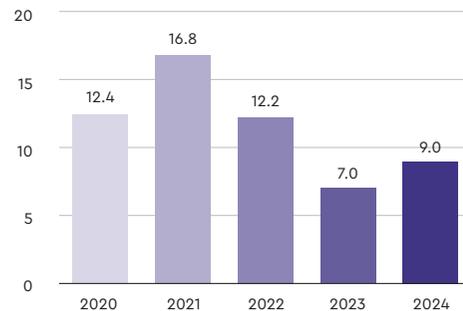
Net turnover
EUR million
283.2

Operating profit
EUR million
9.0

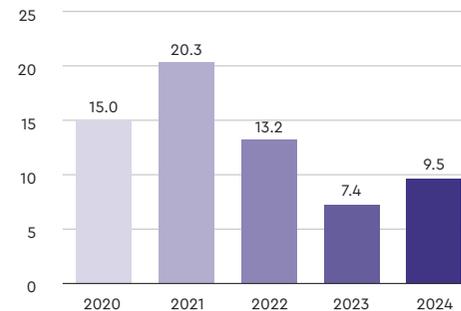
TURNOVER EUR million



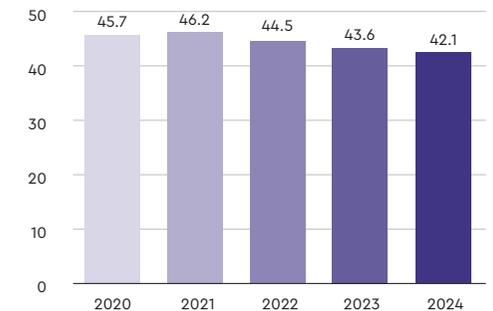
OPERATING RESULT EUR million



RETURN ON CAPITAL EMPLOYED %



EQUITY RATIO %





Strategy and business



Hartela's strategy – aims, actions and value refinement

Hartela's strategic focus for 2025–2028 is to diversify its business portfolio to strengthen the company's ability to succeed regardless of cyclical fluctuations in construction. The key objective is to expand business premises construction and cooperative contracts to cover the company's entire operating area. In the housing business, the emphasis remains on B2B business, which is expected to continue to constitute a larger part of the portfolio than consumer business (B2C). This strategic policy is also reflected in the company's plot investments and other long-term decisions.

The aim of the strategy period 2025–2028 is growth that enables investments

in the company's long-term development, particularly in the areas of customer understanding, productivity and sustainability.

Sustainable business operations are an integral part of Hartela's objectives and remuneration systems. We will develop sustainability during the strategy period to better meet the expectations of our stakeholders.

In 2025, Hartela will transition to business-oriented management, which will support the achievement of the strategic goals. This aims to deepen customer understanding and resource efficiency at the entire Group level, and to strengthen the ability to change.



Hartela's business

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. By the end of 2025, Hartela's corporate structure will change to include a service-providing parent company and a subsidiary responsible for project development and construction.

Cooperative contract

In a cooperative contract, Hartela implements a wide range of projects using alliance and turnkey models. Significant cooperative contract projects under construction in 2024 include the Pori courthouse, Turku Music Hall Fuuga, the ASTRA campus for Åbo Akademi, TOAS Hippos and the Salo Hospital.

Housing business

Dwellings for consumers include all developer-driven RS housing production for consumers on plots controlled by Hartela (for example, owned or leased). 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. In these projects, the entire stock of the development is sold to individual investors. In the housing business, Hartela's three largest customers were TA-yhtiöt, TVT Asunnot and Asuntosäätiö. In housing contracting, our largest customers were HOAS and TOAS.

Business premises business

In the business premises business, Hartela implements user- and location-based business premises projects. Examples of Hartela's business premises projects include Karjasillan Versta, a hospital and medical centre to be built for Terveystalo in the Kupittaa district of Turku, and Ilmalan Aura, which was completed in 2024 and sold to German Union Investment.

CASE

Hartela's takt time production extends from project development to handover

Takt time production is a comprehensive construction project management method that extends from project development to handover. In 2024, Hartela created a takt production model, "Hartela takt", which was first introduced in the internal building works of housing construction, from fixture installations to post-construction cleaning. In 2025, takt time production will expand from internal building work to plastering and painting work, as well as from housing construction to the construction of business premises and cooperative contracts.

Hartela's takt time production aims to radically improve the pace and flow of the production system through precise production planning (takt planning), paced production control (takt control) and continuous improvement across projects.

Hartela uses takt time production to improve the efficiency of processes and improve productivity. The method has been found to significantly improve project management and shorten production lead times. For example, the model has been successfully used in the HOAS Huippu and Espoon Säterinkallio projects.

In the future, Hartela aims to implement all of its projects according to the takt production model. This comprehensive approach ensures that the benefits of takt production extend throughout the construction process, from project development to handover, enhancing operational efficiency and improving the quality of the output.



Fuuga

The Turku Music Hall Fuuga will provide world-class acoustic conditions for performing orchestral music and organising events. The music hall is located on the bank of the river Aurajoki, on Independence Square between the City Theatre and the Wäinö Aaltonen Museum of Art.

There will be two halls in Fuuga: a 1,300-seat main hall and a 300-seat multi-purpose hall. In addition to orchestral music, the main hall will also be suitable for other uses, such as performing electronically amplified music and holding meetings and conferences, as well as small-scale performances. The building will also feature a restaurant open outside the events, and a roof terrace with a restaurant and a garden.

The music hall is being implemented using a cooperative alliance model. The alliance group, which is the City of Turku's partner, includes Hartela Oy, PES-Arkkitehdit Oy and WSP Finland Oy, as well as Laidun-design Oy as a subcontractor.

Hartela began the construction work on Fuuga in October 2023, and the music hall is scheduled to be ready for tests, staff induction and furnishing in spring 2026.

Client: **City of Turku**
Project type: **Alliance**
Gross floor area (m²): **15,265 m²**
Certification goal: **Three-star YL rating (formerly RTS certificate)**



Karin Kampus

Karin Kampus, built on Aittakarinkatu in Rauma, is the city's largest and most significant public construction project. Karin Kampus is Rauma's new multi-purpose centre, which brings together diverse services, such as a swimming hall, the Hj. Nortamo primary school, music institute, sports hall, youth facilities and adult education centre with its visual arts and theatre schools.

Construction began in autumn 2020 with earth construction, and the campus was completed in stages by the end of 2023. The operations were launched gradually in August 2024.

Approximately 230 employees worked on the construction site during the construction

project. The gross area of the campus is 31,400 m², of which the sports hall covers 4,600 m² and the swimming hall 7,000 m². The indoor swimming hall has eight different pools with a total area of 1,020 m² and a total water volume of approximately two million litres. The hall is equipped with modern auxiliary facilities, such as changing rooms, saunas, steam saunas, and facilities designed for people with reduced mobility.

Client: **City of Rauma**

Project type: **Shared contract**

Gross floor area (m²): **30,400 m²**

Hoas Huippu

A modern housing block is being built in the Central Pasila district of Helsinki, offering students high-quality and communal housing. The construction project, which began in September 2023, is the largest in Hoas' history and, once completed, nearly 400 students will move into the block. Three 14-to-17-storey high-rises and three seven-storey lamellar houses will rise in the project. The majority of the apartments in Hoas Huippu are studios. The first residents are scheduled to move into their new homes in 2026.

The design of the block focuses on a sense of community and the diverse needs of students. As a counterbalance to living alone and studying remotely, there are various shared facilities, such as a reading room,

lounges, saunas, multi-purpose facilities, a gym and rooftop yards. In addition to bicycle parking, some of the premises are also open to other Hoas residents.

The block will also house Hoas' new head office, parking, a restaurant, and a business facility for rent. The construction project is carried out in accordance with the principles of sustainable construction, and its aim is to create a comfortable and functional living environment for students in the developing heart of Helsinki.

Client: **Hoas**
Project type: **All-in contract**
Gross floor area (m²): **23,005 m²**



Astra campus

The new Astra campus building offers modern and versatile facilities for encounters between students and staff. The 10,200-square-metre building will be part of the Tähtikortteli block, and it will be located in the area between Tuomiokirkonkatu and Henrikinkatatu, close to the Kirjatorni library and the School of Economics. Among other things, Astra will feature support and library services, a restaurant, a cafeteria, and facilities for teaching, group work and independent study.

The building will also be used by the Faculty of Social Sciences of Åbo Akademi. In addition, an auditorium will be built in Astra, offering an excellent setting for conferences, for example, as well as group rooms that can also be rented out to external

users. The building is expected to serve as a living room for the old town of Turku.

The project will be implemented as a project management contract, with Hartela as the main contractor. Construction work began in autumn 2023, and the building is scheduled to be completed in autumn 2025. The Astra construction project aims to achieve a four-star YL classification (formerly RTS certificate).

Client: **Åbo Academy Foundation**
Project type: **Project management contract**
Gross floor area (m²): **13,382 m²**
Certification goal: **Four-star YL rating (formerly RTS certificate)**

Terveystalo's medical clinic and hospital

Terveystalo's new flagship unit is under construction in Kupittaa, Turku, and it is the largest business premises project in the company's history, which will bring even more diverse health services and smooth access to care to the area. Most of Terveystalo's current operations in Turku, including the Humalistonkatu Pulssi clinic and hospital, will move to the new ten-storey commercial premises. The building is located at Kalevantie 5, next to good transport connections.

The construction project began in January 2025 with earth construction, and the premises are scheduled to be completed in summer 2027. Terveystalo will move into its new premises immediately after completion.

The project will be implemented as a turnkey contract, and it is Hartela's fourth significant hospital project in the 2020s. The total gross area of the project is approximately 14,800 m².

The new Terveystalo combines a modern hospital environment with customer-oriented spatial design. The building has been designed in close cooperation with healthcare professionals to best meet the needs of patients, doctors and other staff.

The site will be built in accordance with the EU taxonomy, and the aim is to achieve LEED Gold environmental certification. The property will be designed for energy class A, and it will use a solar panel system and energy-efficient heat pumps for energy production. In addition, waste energy from

the property is recovered and used for heating. The heating and cooling of the building is produced with 100% renewable energy.

"We will implement modern facilities for Terveystalo that support patient work in the best possible way. The planning and implementation of hospital projects is based on patient and customer orientation. During the sustainable development phase of the year, we will look for the best possible implementation solutions together with the end users," says Lari Mallius, Chief Executive Officer of Hartela Länsi-Suomi.

For Hartela, Terveystalo's medical clinic and hospital will be the fourth major hospital project in the 2020s.

Client: **Terveystalo**
Project type: **Turnkey contract**
Gross floor area (m²): **14,800 m²**
Certification goal: **LEED Gold environmental certification**



TOAS HIPPOS

Image: Arkkitehtitoimisto Helamaa & Heiskanen Oy

We are building an urban student block in Kaleva, Tampere, which will offer students a wide range of housing options, services, and a sense of community. The buildings, made of CLT wood panels, are in energy class A. The project will be completed in 2025.

Client: Toas

Gross floor area (m2): 25,429 m2



SALO HOSPITAL

We are building functional hospital facilities that support modern medical processes in Salo. In addition to the new building, the project includes the renovation of old premises and the demolition of old building stock. Construction work started in 2023, and the project will be completed in stages between 2025 and 2027.

Client: The wellbeing services county of Southwest Finland

Gross floor area (m2): 15,042 m2



ILMALAN AURA

Ilmalan Aura was completed in 2024. Aura is a five-storey office building in Ilmala, Helsinki. Its flexible and diverse services are designed to meet the needs of future working life. The project aims for LEED Gold certification.

Client: Union Investment

Gross floor area (m2): 17,384 m2

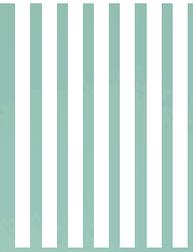


KARJASILLAN VERSTAS

Karjasillan Verstas is a modern local service centre to be built in Höyhtyä, Oulu. Verstas will be built on the site of the former Karjasilta school and offers approximately 970 m² of flexible office, service and retail space in a central location. The project will be completed in summer 2025, and Verstas is prepared to apply for the LEED environmental certification.

Gross area: 970 m2





Responsibility



Sustainability management

Our sustainability work is guided by our strategy, values and Code of Conduct.

Hartela's Executive Group is responsible for sustainability work under the leadership of the CEO, and on an operational level, the work is led by the company's Director of Sustainability, who is also a member of the Executive Group.

Sustainability work is coordinated by various expert teams, tasked with developing these areas, strengthening our ability to meet stakeholder expectations, taking into account changes in legislation, and ensuring that our personnel have up-to-date information on the various aspects of sustainability.

Materiality analysis

We have identified sustainability-related topics that are material to Hartela, in accordance with the principles of double materiality. This means impacts our operations have on

the world around us and financial risks and opportunities associated with sustainability.

We closely monitor EU legislation related to sustainability. Starting from the financial year 2025, we are preparing to report on sustainability in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy Regulation.

Policies and Code of Conduct

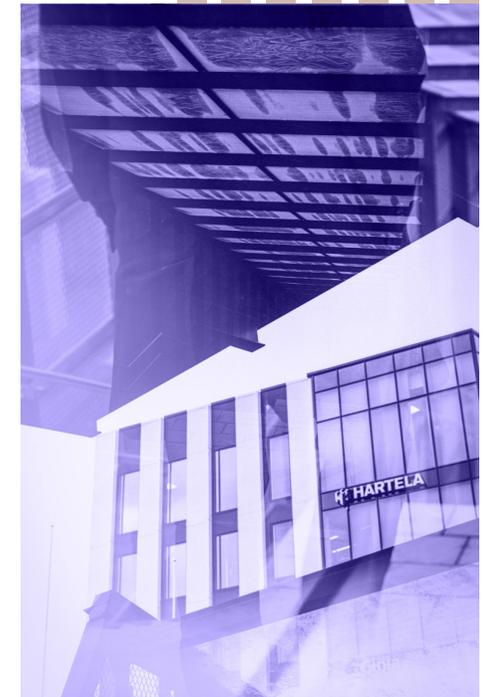
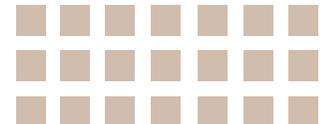
Hartela's Code of Conduct defines the policies according to which decisions are made and actions taken at Hartela in all situations. We also require third parties, such as our suppliers and other business partners, to commit to our Code of Conduct.

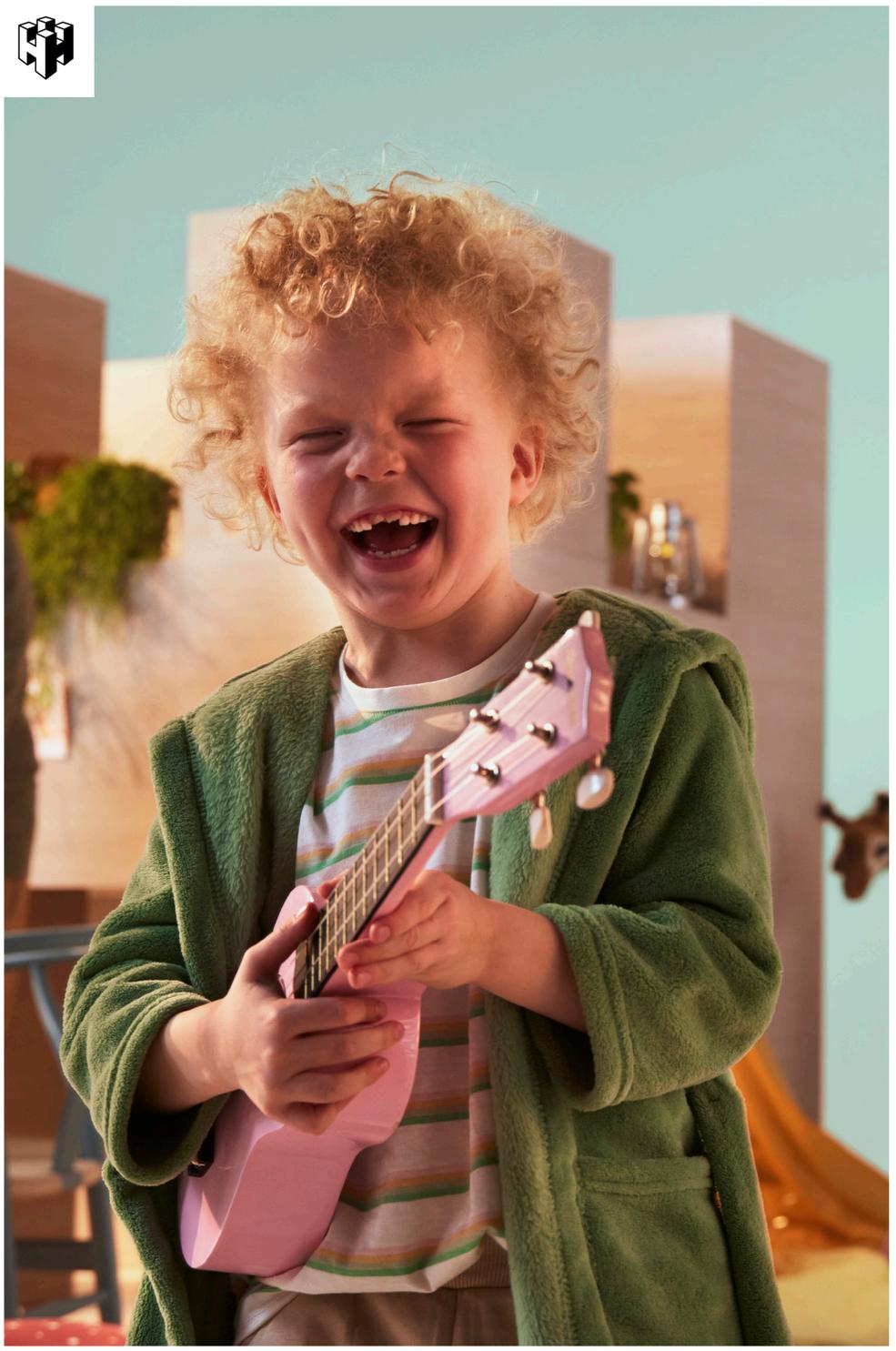
In addition to the Code of Conduct, sustainability work is governed by Hartela's strategy for land acquisition, Hartela's environmental guidelines (waste guidelines, project

development guidelines), anti-harassment and anti-discrimination guidelines, risk management policy and Hartela's sustainability policy.

Sustainability is a remuneration criterion for all employees

We systematically monitor the achievement of our sustainability targets, and sustainability is measured using various metrics. Each metric has set objectives that are monitored; joint successes will also be rewarded based on these objectives during the strategy period 2025–2028. In 2024, all of our employee groups were covered by the sustainability remuneration principles.





Environmental responsibility

Hartela's material environmental sustainability topics include climate change mitigation, climate change adaptation, biodiversity, and resource use and circular economy. We have set goals to reduce emissions at the organisational level, reduce buildings' life cycle emissions, and reduce the amount of unsorted construction waste. We continuously develop our operations and sustainability reporting.

EU Taxonomy

The EU Taxonomy is a classification system for sustainable economic activities. It aims to create clear definitions and consistent, transparent reporting practices that direct funding to sustainable assets and operations. These assets significantly contribute to at least one of the environmental objectives of the EU Taxonomy. We report the EU Taxonomy performance indicators when we are subject to the reporting obligation in question.

In 2024, two projects were completed that met the technical criteria set for the construction of new buildings under the EU Taxonomy and the "do no significant harm" criteria. The projects in question were the residential construction project Turun As Oy Hygge and the Ilmalan Aura office building in Helsinki.

In 2025, we will identify our EU Taxonomy-eligible and EU Taxonomy-aligned financial activities and calculate their performance indicators. We will also continue to work to ensure the Minimum Safeguards in line with the EU Taxonomy.

Double materiality analysis

Identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities were identified in the double materiality analysis and validated by the Executive Board. We will report on the more detailed results as part of the following reports, as we will further refine and supplement the analysis during 2025, for example, with regard to biodiversity impacts. This report presents the material topics.

For the analysis, the parts of the value chain to be examined, important stakeholders and preliminary material sustainability topics were defined for a more in-depth review.

A more detailed analysis was carried out on the preliminary material topics, identifying and evaluating the related impacts, risks and opportunities in accordance with the Corporate Sustainability Reporting Directive (CSRD) framework. The work was carried out internally in workshops and working in pairs, and the findings were supplemented on the basis of external sources and observations. Observations made through continuous

investor and customer dialogue, for example, were also taken into account in the work.

The impacts were assessed on the basis of their scale, extent, irremediability and likelihood. Risks and opportunities were assessed on the basis of likelihood and the scale of the financial impact. Thresholds were set for the materiality of impacts, risks and

opportunities based on the above-mentioned aspects of the assessment. The time horizon of each impact, risk and opportunity was also assessed.

Representatives of the Executive Board, sustainability team, environmental team, HR, occupational safety and risk management participated in the materiality analysis.

Topics material to Hartela

Topic	Material to Hartela	
E – Environment	Climate change	Yes
	Pollution	No
	Water and marine resources	No
	Biodiversity and ecosystems	Yes
	Resource use and circular economy	Yes
S – Social	Own workforce	Yes
	Workers in the value chain	Yes
	Affected communities	No
	Consumers and end users	No
G – Governance	Business conduct	Yes

E1 Climate change

Identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to climate change mitigation, climate change adaptation and energy have been identified as part of the double materiality analysis. The materiality analysis is presented on page 19.

With regard to climate change, the analysis was based on the sustainability risks identified in projects, the environmental observations of projects, publicly available stakeholder materials (e.g. sustainability-related expectations of real estate investors), research on the topic, relevant regulation, carbon footprint calculations of buildings, and the organisational level emissions calculation. In addition, internal workshops were organised to identify and assess impacts, risks and opportunities.

Climate transition plan

Hartela is preparing a climate transition plan. We have identified the most important decarbonisation levers and preliminary measures for implementing. More detailed work on the plan continues.

Our two largest sources of emissions are emissions during the use of buildings and building materials. The identified measures include, for example, the use of low-carbon concrete and supporting renewable energy solutions.

Policies

In 2025, we will draw up a sustainability policy that will also include our operating principles with regard to climate change. Currently, operations are guided by Hartela's

Code of Conduct and the current carbon roadmap.

Our operating system includes the identification and documentation of project-specific sustainability risks. In addition, there are project-specific practices related to sustainability and climate change: for example, EU Taxonomy-aligned projects review and analyse climate risks and implement measures to reduce vulnerability based on the findings.

The sustainability policy takes into account sustainability aspects related to climate change according to the results of the double materiality analysis and draws up general policies that guide each project.

Hartela's Code of Conduct guides our operations towards low-carbon and energy-efficient construction and encourages us to consider sustainability alongside other matters in decision-making. The Code also emphasises the role of materials and procurement in environmental impacts.

In Hartela's carbon roadmap, the most important themes from the climate perspective are low-carbon construction and improving material efficiency. The principles of low-carbon construction include, for example, energy class A buildings, reducing carbon footprint of materials and innovative energy solutions.

Targets

Our strategic intent is to reduce emissions, and we have set several ambitious climate targets. We have been monitoring the carbon footprint of self-developed projects for several years, and the emissions at the organisational level have only been calculated for two years.

Forecasting emissions at the organisational level is challenging, as the calculation method we apply means that emissions can vary according to volume, and different years are not necessarily comparable. Monitoring absolute emissions and intensity-based emissions (in relation to turnover or net area) all have their own challenges.

We are reviewing the potential need to update the targets annually to ensure that the targets are as indicative as possible and give a true view of our climate work. We follow industry practices and any changes in generally used carbon accounting principles.

We have set the following climate targets:

- Carbon footprint of self-developed apartment buildings more than -40%
- Scope 1 and 2 emissions -90%
- Scope 3 emissions -35%

The most descriptive way to monitor our impact on climate is the area-specific carbon footprints of buildings. We have set a long-term goal to reduce the carbon footprint of self-developed apartment buildings by

more than 40% by the end of 2035 (base year 2023). In addition, we set annual milestones that guide our operations. For 2024, the target was 14 kgCO₂e/m²/a, and we successfully achieved it. We will also set similar carbon footprint targets for other types of buildings, such as offices we develop.

We have set an ambitious absolute target to reduce Scope 1 and 2 emissions from our own operations by 90% by the end of 2030 (base year 2023).

In accordance with the emission calculation method we apply, we include the emissions of projects completed in the reporting year in their entirety in the calculation. This may result in significant changes between the reporting years, depending on the projects completed during that year. We have set a target to reduce absolute Scope 3 emissions by 35% by the end of 2035 (base year 2023). We continuously review the target as our emissions accounting develops, and we update our monitoring method as necessary.

Measures

The majority of Hartela's greenhouse gas emissions are generated by construction activities and buildings, which is why climate work has focused on reducing the carbon footprint of buildings. The largest sources of emissions are building materials and the use of energy during the use of buildings.

The carbon footprint of buildings can be reduced, for example, by comparing and

choosing lower-carbon material options, such as low-carbon concrete, and by using renewable energy sources instead of fossil fuels.

We succeeded in reducing the carbon footprint of self-developed apartment building projects and significantly increasing the share of energy class A. The carbon footprint of self-developed apartment building projects started in 2024 was 14.0 kgCO₂e/m²/a (16.8), which means that we reached our target for apartment buildings (target for 2024: 14). The carbon footprint of these apartment buildings decreased by more than 16% compared to the base year. Of the self-developed apartment building and business premises projects started, 78% (38) were energy class A.

A very small proportion of our emissions are generated by Scope 1 and Scope 2 emissions from our own operations, but we also want to reduce them. We can reduce these emissions, for example, by using renewable electricity and switching to electric vehicles. In 2024, Scope 1 and 2 emissions (market-based) decreased by more than 20% compared to the base year.

In 2024, Scope 3 emissions are significantly lower than in the comparison year, more than -26%. This is largely due to the volume of buildings completed during the year and the nature of the projects.

We continue to work to reduce emissions. As the volume built might increase, we must reduce our emissions intensity. We also continuously monitor this by building type, as the building

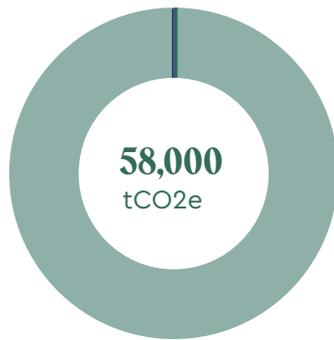
type and nature of projects vary from year to year.

In addition to EU Taxonomy-aligned properties, Hartela's properties completed in 2024 included LEED and BREEAM environmentally certified properties, as well as properties in accordance with the Rakennustieto environmental classification.

Examples of our projects:

- As Oy Turun Hygge uses geothermal and solar panel systems as energy sources. The project has been built in accordance with the technical criteria of the EU Taxonomy. Carbon footprint: approx. 13.3 kgCO₂e/m²/a [Read more here.](#)
- Geothermal heat and lower-carbon materials have been planned for the Kirkkonummi Vesitorinrinne projects. Combined with other solutions, we achieved a very good carbon footprint. Carbon footprint: 11.3 kgCO₂e/m²/a [Read more here.](#)
- Various surveys and concrete choices have been made at the TOAS Hippos site in order to achieve ambitious goals. For example, the carbon footprints of different material options were compared, and the choices were made based on this. The buildings are made of some wooden elements and low-carbon concrete. [Read more here.](#)

Metrics



Total emissions in 2024

- 0.2% Scope 1
- 0.3% Scope 2 (market-based)
- 99.5% Scope 3

ENERGY CONSUMPTION AND MIX	2024
Total fossil energy consumption, MWh	1,001
Share of fossil sources in total energy consumption, %	70
Consumption from nuclear sources, MWh	0
Share of consumption from nuclear sources in total energy consumption, %	0
Fuel consumption for renewable sources, MWh	433
Share of renewable sources in total energy consumption, %	30
Total energy consumption, MWh	1,434

Principles for preparing the metrics: Hartela follows the GHG Protocol guidelines and the operational control approach in its emissions reporting. In addition, the calculation method in accordance with the Science Based Targets initiative's Buildings guidelines published in autumn 2024 (Method 2) is applied to the calculations. This means that the calculation includes emissions from buildings completed during the year in question.

The organisation's emissions accounting includes all of Hartela's subsidiaries and business areas.

Scope 1 emissions include emissions from Hartela's own vehicles. The data has been obtained from a report provided by the leasing partner.

Both market-based and location-based figures are reported for Scope 2 emissions. Biogenic emissions are reported separately and, for the time being, we only monitor them internally. Energy consumption has been obtained from consumption data or consumption has been estimated in relation to the floor area of the premises in accordance with the prudence principle of emissions accounting.

With regard to Scope 3, activities that are material to Hartela have been surveyed and identified. Activity data is collected from suppliers and partners, for example, or evaluated on a cost-based basis, for example. Emissions from

contract work, for example, projects with several contractors or where we are not involved in the planning phase have been included in our calculations based on the justified share.

Public sources, supplier-specific factors or factors available in life-cycle calculations have been used as sources of emission factors.

The carbon footprint of the life cycle of buildings is calculated in accordance with the Ministry of the Environment's guidelines with an expected service life of 50 years. For example, data obtained from building data models is used as activity data, and the calculation uses the One Click LCA program and the emission factors it provides.

Where possible, product-specific emission factors are used. The more specific footprint calculation is carried out for all self-developed projects and, where possible, also for other projects. If a carbon footprint calculation has not been carried out, the calculation uses other justified benchmarks or cost-based calculation, for example.

The share of energy class A buildings is calculated for self-developed apartment building projects and offices. The share is calculated in relation to floor area.

The table "Energy consumption and mix" includes energy consumption according to Scope 2 and the selected emission calculation method.

GREENHOUSE GAS EMISSIONS, TCO ₂ e	2024	2023
Scope 1 GHG emissions		
Gross Scope 1 GHG emissions	92	170
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%	0%
Scope 2 GHG emissions		
Gross market-based Scope 2 GHG emissions	197	204
Gross location-based Scope 2 GHG emissions	111	120
Significant Scope 3 GHG emissions		
Total Gross indirect (Scope 3) GHG emissions	57,711	78,998
1 Purchased goods and services	1,026	1,161
2 Capital goods	34,649	39,770
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	82	102
4 Upstream transportation and distribution	2	5
5 Waste generated in operations	1	1
6 Business travel	183	178
7 Employee commuting	726	637
8 Upstream leased assets	0	0
9 Downstream transportation	0	0
10 Processing of sold products	0	0
11 Use of sold products	18,583	33,931
12 End-of-life treatment of sold products	2,447	3,204
13 Downstream leased assets	12	9
14 Franchises	0	0
15 Investments	0	0
Total GHG emissions (location-based)	57,914	79,288
Total GHG emissions (market-based)	58,000	79,372
Carbon footprint of buildings, kgCO₂eq/m²/a		
Apartment building projects (started during the year)	14.0	16.8

The results of emissions calculations for 2023 and 2024 have not been verified. From 2025, the results of emissions calculations will be verified in accordance with the Corporate Sustainability Reporting Directive.

E4 Biodiversity and ecosystems

The topic of biodiversity and ecosystems has been identified as material for Hartela. We will report on the theme in more detail later, in accordance with the Corporate Sustainability Reporting Directive.

Identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to biodiversity and ecosystems have been identified as part of the double materiality analysis. We will deepen the analysis further during 2025. The materiality analysis is presented on page 19.

The analysis has been based on public stakeholder material on sustainability and biodiversity (e.g. the sustainability expectations of real estate investors), thematic articles (e.g. on

invasive species), the EU's Biodiversity Strategy and the Biodiversity Roadmap of the construction industry. In addition, internal workshops were organised to identify and assess impacts, risks and opportunities.

Policies

We are creating biodiversity guidance for our self-developed projects, which includes potential measures to prevent biodiversity loss and promote biodiversity. We will further specify this guidance during 2025, and the aim is to pilot it in the first projects already during the year.



E5 Resource use and circular economy

Identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to resource use and the circular economy have been identified as part of the double materiality analysis. The materiality analysis is presented on page 19.

With regard to resource use and the circular economy, the analysis has been based on project waste-related data, project environmental observations, publicly available material on stakeholder views (e.g. clients' sustainability expectations) and relevant legislation, among other things. In addition, internal workshops were organised to identify and assess impacts, risks and opportunities.

Policies

In accordance with our Code of Conduct, we strive to minimise waste on construction sites. Hartela's waste guidelines guide us in

reducing material waste and sorting efficiently. We monitor the success of sorting based on the sorting rate and the amount of unsorted construction waste.

Targets

We have set a company-wide target for unsorted construction waste on construction sites. In 2024, the target was <8 kg/brm².

Measures

The waste guidelines for construction sites encourage good advance planning and efficient sorting at the construction site. Material waste can be reduced through, for example, prefabricated elements, proper storage and timely delivery of materials.

A sorting plan is drawn up at the start of construction projects. Among other things, it agrees on the types of waste to be sorted and collection methods. We monitor sorting and waste data through waste reports and Lassila & Tikanoja's Ympäristönetti service.

We succeeded in improving the sorting

rate and reducing the amount of unsorted construction waste. We succeeded in increasing our sorting rate to 87.5% (82%). The amount of unsorted construction waste decreased to 8.3 kg/gross m² (9.3), but we were still slightly below our target.

Metrics

SUMMARY DATA	2024
Total waste in tonnes	5,601.8
Total hazardous waste in tonnes	10.3
Total non-recycled waste in tonnes	1,913.6
Percentage of non-recycled waste	34.2
Sorting rate (%)	87.5
Unsorted construction waste, kg/brm ²	8.3

Principles for preparing the metrics: Hartela monitors the recycling rate, sorting rate and waste breakdown using the projects' waste reports and the Ympäristönetti service provided by Lassila & Tikanoja. Monitoring is carried out at project, subsidiary and company level.



Social responsibility

Hartela's material topics with regard to social responsibility are equal treatment and working conditions of its own workforce, and equal treatment and working conditions of workers in the value chain.

People and competence are the foundation of Hartela's success, and Hartela is committed to creating a safe and healthy workplace for everyone. Safety is an important sustainability theme for Hartela, and the company systematically invests in preventive measures to improve occupational safety. We believe that development opportunities support the well-being and motivation of employees. Therefore, continuous learning and personnel development are key to us.



Identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to the working conditions and equal treatment of the company's own workforce and value chain workers have been identified as part of the double materiality analysis carried out in 2024. The materiality analysis is presented on page 19.

The background materials for the social responsibility impact analysis include Hartela's personnel survey, sustainability risks identified in projects, public stakeholder material on responsibility (e.g. the responsibility expectations of real estate investors), research on the topic, and relevant regulations. In addition, internal workshops were organised to identify and assess impacts, risks and opportunities.

Policies

At Hartela, social responsibility means that we care about people throughout the value chain. This means that we are committed to promoting sustainability in the value chain, ensuring employee well-being and safety, providing optimum working conditions, and developing employees' competence. We treat everyone equally.



Our way of working is summarised in Hartela's Code of Conduct. The Code of Conduct is a set of binding guidelines and principles applicable to all Hartela employees and partners in contractual relationships with Hartela. We also take into account the sustainability expectations of our customers and other stakeholders.

The Code of Conduct binds employees and partners

Hartela's Code of Conduct brings together our way of working into binding guidelines and principles. 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.

In addition to our Code of Conduct, we always follow the applicable laws and regulations in all of our activities. Hartela's Code of Conduct has been translated into English and Estonian.

We pay attention to the implementation of human rights and the identification and prevention of human rights violations in our supply chains. We also want our partners to commit to respecting the same rights.

Equality in our operations

We want to make sure that our operations are ethically sustainable. We build a shared future with respect for each other. We want to foster a culture based on shared values in our community. In line with our Code of Conduct, we treat everyone equally and with respect. All of our own employees and the employees of our partners are valuable to us, and we want to promote equality consciously and actively in all areas of our operations.

We treat everyone equally and offer everyone equal employment opportunities, and we do not tolerate any kind of harassment or discrimination. We have drawn up a policy on discrimination, harassment and bullying, as well as guidelines for identifying and handling any incidents.



Cornerstones of Hartela's leadership

*Willingness to
succeed together*

*Goal-oriented
day-to-day life*



*Atmosphere
of trust*

*Bold
renewal*

PROFESSIONAL PRIDE

INITIATIVE

CUSTOMER INTIMACY

HARTELA

S1 Own workforce

Hartela's own workforce consists of the company's own workers and temporary workers. Our own workers include permanent employees, temporary employees and trainees. The workers work at Hartela locations, both offices and construction sites.

Targets and measures

People and competence are the foundation of Hartela's success, and Hartela is committed to creating a safe and healthy workplace for everyone. Committed and competent personnel lay the foundation for Hartela's success, and Hartela invests in good management and supervisory work on a long-term basis. Every person working at construction sites and offices is entitled to meaningful and goal-oriented work, high-quality management and good induction.

Occupational safety activities

Preventive actions and safety observations

Everyone working at our sites and offices has the right to go home healthy after a day at work. We see preventive action as the key to improving occupational safety. Safety

observations are important to us, as they can be used to eliminate risks before accidents happen. In addition, active observation teaches the person making the observations to act in a safety-oriented manner. A total of 11,536 preventive safety observations were made during the year. Making safety observations has become a well-established way of working for us, and an even wider group of people are involved in making observations. At the same time, the quality of the observations has also improved, and we can make the working environment even safer thanks to the observations.

Training and communications

Safety awareness is maintained through training and communication. During the year, we organised several first aid training courses for our personnel in our operating units. Monthly safety briefings covered issues such as first aid preparedness, dust control, lifting safety of balcony slabs, and lifting safety.

Occupational safety issues were reviewed at the construction site level in weekly meetings held at each construction site.

Occupational Safety Week and webinars

In spring 2024, we organised a webinar for

subcontractors, which has already become a tradition, rewarding a well-deserved partner in occupational safety. During the Occupational Safety Week, we participated in the safety day of vocational school students at the Espoo safety park by presenting our own safety checkpoint to students in the field. We also organised a safety-related programme at our construction sites and offices.

Occupational hygiene measurements and dust control

Together with the Finnish Institute of Occupational Health, we commissioned occupational hygiene measurements for quartz on our construction site. Our goal is also to achieve continuous improvement in dust control. With the help of the measurements, we have identified areas for improvement, such as the pace of work and more effective dust removal at the source. Measurements will also be carried out in 2025.

Occupational accidents

At Hartela, the rate of lost-time occupational accidents weakened slightly year-on-year to 13 (11.6). The rate includes occupational accidents that resulted in at least one day's incapacity for work for both our own personnel and partners.



Focus on psychosocial workload factors

In 2024, we conducted a survey of the employees' experiences of psychosocial workload factors. We also asked about the resource factors at work, which play a major role in reducing stress factors, and pleasingly many were found. In addition to this survey, the 2024 personnel survey provided valuable information on both workload and resource factors. The survey was carried out by personnel group.

In the first phase, we identified workload factors based on the responses. Subsequently, company and personnel group-specific working groups assessed the magnitude of the risks and the existing control measures, and made action proposals to reduce the risks. Action proposals have been discussed in occupational safety committees, and it has been the task of different companies to choose the actions to be taken. The work on the planning and implementation of measures will continue, and they will be reviewed at future occupational safety committee meetings.



At Hartela, we categorise occupational accidents that have caused incapacity for work for more than nine days as serious. There were 7 (9) serious accidents resulting in more than nine days of absence during the year, resulting in a frequency of 4 (5). At Hartela Pohjois-Suomie Oy, Hartela employees have worked for three years without any lost-time accidents.

Well-being

The annual personnel survey, which measures the well-being and commitment of employees, is a key tool in analysing the current situation and understanding the employee experience at Hartela.

Supplementary questions measuring well-being at work and responsibility were added to the 2024 personnel survey in order to ensure a sufficiently comprehensive survey. According to the results of the 2024 personnel survey, Hartela's ratings increased from the previous year. The PeoplePower rating was AA, and for four consecutive years, Hartela has received the Most Inspiring Workplaces in Finland recognition. This is a Finnish working life recognition awarded annually to the best organisations participating in the Eezy Flow PeoplePower survey.

According to the results of the personnel survey, the employee referral rate (eNPS) was 48, increasing clearly from last year (35 in 2023).

At Hartela, management and supervisors are responsible for communicating the results of the survey and preparing action

plans together with their teams. The aim is to translate the results of the survey into concrete actions that improve the working environment and promote lasting improvements. In addition, supervisors engage in regular dialogue with their team members and arrange performance and development discussions at least twice a year.

Hartela ensures the consultation and involvement of employees through regular cooperation and occupational safety activities, with participation by representatives elected by employees. Management actively participates in these meetings, and their programmes, decisions and action plans are currently managed at local level. The work ability management framework and cooperation with work ability management partners (occupational health care and personal insurance companies) were developed in 2024. Towards the end of the year, a plan was drawn up for the next year's targets, based on the results of the personnel survey and the psychosocial workload survey, as well as feedback received from partners.

Hartela invests in long-term employee training and continuous learning. We believe that development opportunities support the well-being and motivation of employees. Leadership training has a long tradition and has been organised for different groups over the years. In recent years, the focus has been on HACA management training for a specific designated group, which will continue in the coming years.

CASE

The HK-HACA mentoring programme builds the future of Hartela

In 2024, Hartela's internal HK-HACA mentoring programme brought together the company's project developers on a joint journey towards stronger leadership. HK-HACA was an extension of the TP-HACA project manager training programme organised last year.

The HK-HACA training focused on the cornerstones of Hartela's leadership: an atmosphere of trust, goal-oriented day-to-day life, willingness to succeed together and bold renewal.

During the training, the participants learned about the opportunities provided by matrix management, building a functional team, effective interaction, smooth cooperation and uniform operating methods. In addition, skills in giving and receiving feedback were developed.

The HK-HACA training was a personal development journey for each project developer, giving the participants plenty of new tools and perspectives on future challenges. With these development programmes, Hartela strengthens its management culture and ensures that the company has competent and motivated people to build its future success.

"The HK-HACA training provided our project developers with the skills to better manage projects and people in a fast-changing world. The most important insights in the training included an understanding of the use of influencing skills in changing operations and the enormous importance of good interaction and effective cooperation in the success of projects. In addition, we learned that accountability and clear communication play a key role in increasing efficiency and productivity," says **Johanna Palosaari**, Director of Land Acquisition and Residential Development at Hartela.

"The training also increased the cohesion of project developers, and we will continue to bring them together through various small training courses or mentoring," Palosaari continues.

S2 Workers in the value chain

In addition to Hartela's own workforce, many other workers work in Hartela's value chain. The working conditions and equal treatment of workers in the value chain were an essential topic in the double materiality analysis for 2024. The impacts are particularly relevant to health, safety and the quality of employment relationships.

Identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to the working conditions of workers in the value chain were identified as part of the double materiality analysis. The materiality analysis is presented on page 19.

For workers in the value chain, the analysis was based on, for example, internal audits, public materials on stakeholder views, and relevant legislation. In addition, internal workshops were organised to identify and assess impacts, risks and opportunities.

The negative impacts on workers in the construction value chain are particularly

related to work-related exploitation and occupational safety risks. These challenges stem from the structural characteristics of the industry, such as the extensive use of subcontracting chains, with many construction sites depending on several subcontractors.

International workers are particularly vulnerable, with their significant share of the industry's workforce exposing them to unfavourable practices. The weaker negotiation position, language barriers and unclear legal protection compared to the Finnish workforce affect the working conditions of these workers.

Hartela's positive impacts on workers in the value chain are related to secure employment and the improvement of health and safety at work.

Currently, Hartela does not systematically collect information about the interests and views of workers in the value chain.

Hartela will carry out a human rights risk and impact assessment in spring 2025 and prepare an action plan to minimise the risks based on this.

Policies

Hartela's expectations towards its employees and business partners are described in Hartela's Code of Conduct. The safety targets binding on subcontractors are presented in Hartela's contract appendix concerning occupational safety requirements.

Since 2022, Hartela has banned light entrepreneurship on all of its construction sites. With this policy, we want to minimise the risks of labour exploitation and non-compliance with legal obligations in the subcontracting chain. The ban on light entrepreneurship applies to all Hartela subcontractors, as well as subcontractors working under them. The ban applies to individuals who work as light entrepreneurs through an invoicing service without their own business ID.



SOCIAL RESPONSIBILITY

Occupational safety	unit	2022	2023	2024
Accident frequency (all)	LTI1	11.2	11.6	13.3
Accident frequency (own)	LTI1	4.8	2.8	7.6
Number of serious accidents (own and since 2023 all) ¹⁾	qty	2 (1)	9 (4)	7 (1)
Average of TR measurements	%	96.2	96.4	96.8
Number of safety observations	qty	14,625	11,747	11,536
Number of safety audits ²⁾	qty	218	156	

Personnel	unit	2022	2023	2024
eNPS employee Net Recommendation Score	-	47.1	37	48
Number of employees 31 December	head count	193	178	157
Number of white-collar employees 31 December	head count	309	282	285
Average age 31 December	years	43	44	44
Proportion of women in total workforce 31 December	%	25	25	25
Proportion of women among directors and senior staff	%	40	37	38
Average length of service for employees	years	10.5	12	13
Average length of service for white-collar employees	years	8	9	9
Proportion of employees with fixed-term contracts	%	4	7	6
Proportion of white-collar employees with fixed-term contracts	%	4	4	6
Proportion of women in total workforce	%	25	25	24
Proportion of women with fixed-term contracts	%	37	28	37
Proportion of persons with part-time contracts	%	2	2	2
Number of persons on parental leave during the year	head count	22	23	25
Number of persons on study leave during the year	head count	5	5	6

^{1.} 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. ^{2.} Includes occupational safety audits and external TR measurements.





Corporate governance

Hartela's material topic in terms of good corporate governance is business conduct, and the material sub-topics are corporate culture, the prevention and detection of corruption and bribery, and relations with suppliers of goods and services.

All of our operations are based on our corporate culture, which is based on Hartela's values and the cornerstones of leadership. Responsible business practices and business ethics guide each of our employees. To prevent bribery and corruption, the company has clear guidelines that are defined in Hartela's Code of Conduct. To promote an open, transparent and safe operating culture, we also have a whistleblowing channel.

G1 Business conduct

Identification and assessment of material impacts, risks and opportunities

The material impacts, risks and opportunities related to business conduct were identified as part of the double materiality analysis carried out in 2024. We have identified corporate culture, the fight against corruption and bribery, and relationships with suppliers and service providers as material sub-topics. The materiality analysis is presented on page 19.

With regard to business conduct, the analysis was based on, for example, Hartela's strategy process, internal audits, public material on stakeholder views, and relevant legislation. In addition, internal workshops were organised to identify and assess impacts, risks and opportunities.

Policies

Hartela's Code of Conduct defines the policies according to which decisions are made and actions taken at Hartela in all situations. We also require third parties, such as subcontractors and other partners, to commit to our Code of Conduct or at least their own equivalent Code of Conduct. We always follow the applicable laws and regulations in all of our activities.

We comply with the Act on the Contractor's Obligations and Liability when Work is Contracted Out, which aims to combat the black economy and promote compliance with collective agreements. We also require our subcontractors and material suppliers to belong to the Reliable Partner service maintained by Vastuu Group.

We have a third-party whistleblowing channel through which anyone can confidentially and anonymously report any observed or suspected misconduct in our value chain.

Targets

It is important to us that our subcontractors and material suppliers take sustainability into account in their own operations. With regard to business conduct, our focus for the strategy period 2025–2028 is on sustainability in procurement and the supply chain.

Actions

In 2025, we will update the sustainability guidelines for our subcontractors and material suppliers. We strive to define clear sustainability requirements for subcontractors and material suppliers. In addition, we strive to ensure that

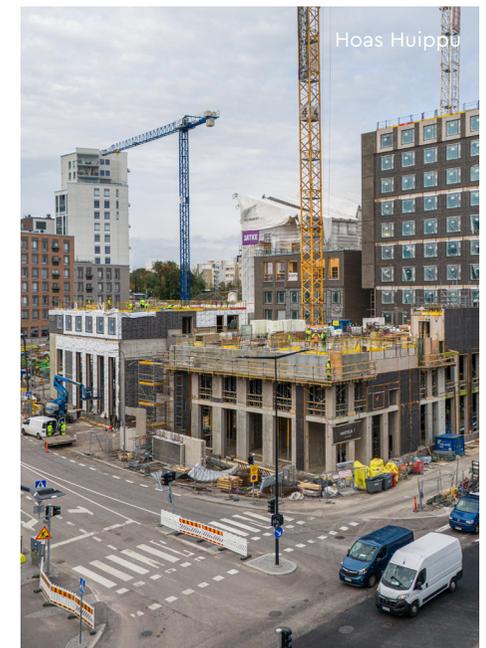
our requirements are aligned with the material identified negative impacts and risks. In this way, we promote responsible and sustainable construction throughout our operations.

Corporate culture

All of Hartela's operations are based on a corporate culture that is based on Hartela's values and cornerstones of leadership. Hartela continued to develop its culture to ensure that it supports the company's strategic goals. The cornerstones of Hartela's leadership were published in 2024: willingness to succeed together, an atmosphere of trust, bold renewal and goal-oriented day-to-day life. All four cornerstones have good self-management and the ability to lead others with respect in common. Self-management is included in Hartela's cornerstones of leadership, and it applies to every Hartela employee.

Development in accordance with the cornerstones of culture and leadership was included in the current processes and change activities, such as the results workshops of the personnel survey and the development of Hartela's takt production, thus strengthening an inclusive culture and employee commitment. In addition, as in the previous

year, Hartela's personnel survey included a corporate culture survey in 2024, collecting information on the experiences and views of employees.





Financial statements



Report of the Board of Directors for the financial year 1.1.–31.12.2024

1. OPERATIONS DURING THE FINANCIAL YEAR

The financial year ended was the 82nd year of operations of the Hartela Group, but the first financial year of the Group's parent company Hartela-yhtiöt Oy (Business ID 3371617-9). 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.

On 31 December 2023, the previous parent company Hartela-yhtiöt Oy (Business ID 2346079-8) merged into the Group's new parent company of the same name, Hartela-yhtiöt Oy (Business ID 3371617-9), and its business and all related agreements, obligations and liabilities were transferred unchanged to the current parent company, which will continue the previous business as the Group's parent company. The previous parent company, which operated until 31 December 2023, also prepared the consolidated financial statements for the 2023 financial year. On 31 December 2023, the new parent company only prepared notes to the consolidated balance sheet and the balance sheet of the parent company, which is why the comparable figures for the Group's result are presented in section 8 of the Report of the Board of Directors.

2. TURNOVER, PROFIT AND FINANCIAL POSITION

The Group's turnover totalled EUR 283.2 million (previous financial year:

EUR 274.1 million). The Group's operating profit amounted to EUR 9.0 million (7.0), and profit before appropriations and taxes was EUR 6.8 million (2.9).

Despite the prolonged challenges in the operating environment, the volume of operations increased slightly from the previous year, as did the operating result for the financial year. Profit before taxes increased significantly due to lower interest expenses and increased interest income.

The Group's liabilities are focused on short-term project financing. The amount of long-term loans decreased to EUR 13.4 million at the end of the year (EUR 16.5 million on 31 December 2023). The Group's liquidity situation has been very good throughout the year, and cash and cash equivalents amounted to EUR 33.3 million (35.6) at the end of the year.

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

	2024
Operating profit % of turnover	3.2
Return on equity %	9.8
Return on capital employed %	9.5
Equity ratio, %	42.1
Net gearing %	-0.8

The turnover of the Hartela Group's most significant subsidiaries was as follows: Hartela Etelä-Suomi Oy: EUR 111 million (previous financial year: 129), Hartela Länsi-Suomi Oy: EUR 121 million (90), Hartela Pirkanmaa EUR 40 million (32) and Hartela Pohjois-Suomi Oy EUR 16 million (23).

3. PRODUCTION AND ORDER BOOKS

The Group completed a total of 913 apartments (1,136), of which 124 (96) were in developer contracting projects and 387 (807)

were in negotiation-based contracting projects. In the financial year, 109 apartments (233) were completed in competitive tender contracting and 293 apartments (0) in partnership projects. The number of apartments sold was 51 (61) on RS sites, 460 (173) for projects sold to investors as entire properties and 293 (0) in partnership projects. At the end of the financial year, the Group had 86 (41) completed apartments for sale.

At the turn of the year, the size of the order book for which revenue had not yet been recognised stood at EUR 332.7 million (367.4). Of the order book for which revenue had not yet been recognised, 13% were developer contracting projects, 14% negotiation-based contracting projects, 41% partnership projects, 15% competitive tender contracting projects and 16% business premises construction.

4. SIGNIFICANT CHANGES IN BUSINESS OPERATIONS OR EVENTS AFTER THE END OF THE FINANCIAL YEAR

There were no significant changes in the business during the financial year, and there are no known significant events after the end of the financial year.

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

Despite the prolonged uncertainty in the operating environment, turnover is expected to increase slightly in the financial year 2025. The profit for the financial year is expected to be positive, but due to the structure of the order books, it is expected to be slightly lower than in the comparison period 2024.

The uncertain geopolitical situation continues as, in addition to Russia's war of aggression, Russia's widespread hybrid influence, crisis zones in the Middle East, government

crises in different European countries, and uncertainty about the future domestic and foreign policy of the USA have emerged as threats. The aforementioned factors have a negative impact on the confidence of both private and commercial investors in the future and on their ability to make decisions. As inflation subsides, interest rates are decreasing, improving investment conditions, but on the other hand, the threat of a trade war with import tariffs may interrupt the positive development. The prolonged exceptionally uncertain situation in the operating environment is expected to continue throughout the financial year 2025.

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. An essential part of project selection is a risk assessment, which also assesses the appropriate business allocation for each economic cycle. 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.

The company has begun an investigation to clarify the company structure and to move to a model of one building company. The one building company model being investigated is based on business needs, and its purpose is to enhance the diverse use of the Group's resources and expertise.

6. BUSINESS DEVELOPMENT AND CORPORATE RESPONSIBILITY

Due to the change in the operating environment, Hartela's strategy for 2024–2025 was clarified. As a result of the clarification work, the expansions of both cooperative contracting and the business premises business to all of Hartela's operating areas throughout Finland were added to the strategy as new priorities. In 2024, Hartela's development work focused on shortening lead times in both the project development and construction phases. The development projects started in 2023, the housing concept and Hartela Takt (revised schedule management), were deployed in the first construction projects. We also invested in the development of leadership. We continued to instil Hartela's cornerstones of leadership in all employees and implemented the HK Haca management training programme for Hartela's project developers.

In 2024, we refined Hartela's sustainability materiality analysis, identifying material sustainability-related impacts, risks and opportunities. Sustainability management was developed based on the results. We started preparing for reporting in accordance with the Corporate Sustainability Reporting Directive (CSRD) and the EU Taxonomy, and we will report on this information from the financial year 2025 onwards. We prepared a long-term climate target extending to 2035, and we began identifying emission reduction measures and creating a transition plan.

7. INFORMATION CONCERNING EMPLOYEES

During the financial year, the Group employed an average of 449 (484) people, of whom 167 were blue-collar workers and 282 were white-collar workers.



8. GROUP COMPARISON DATA

The Group's turnover was EUR 283.2 million (previous financial year: EUR 274.1 million). The Group's operating profit amounted to EUR 9.0 million (7.0), and profit before appropriations and taxes was EUR 6.8 million (2.9).

The Group's liabilities are focused on short-term project financing. The amount of long-term loans decreased to EUR 13.4 million at the end of the year (EUR 16.5 million on 31 December 2023). The Group's liquidity situation has been very good throughout the year, and cash and cash equivalents amounted to EUR 33.3 million (35.6) at the end of the year.

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, Timo Vikström and Sanna Karvonen. The company's CEO was Juha Korkiamäki. The company's auditors were KPMG Oy Ab, with Kimmo Antonen, APA, as the responsible auditor.

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

The Board of Directors proposes that the profit for the financial year be transferred to the retained earnings account and that a dividend of EUR 6,000,000 be distributed in accordance with the advance dividend decision made during the financial year 2024. After this, the Group's distributable equity on 31 December 2024 is EUR 65,415,378 in total, and the parent company's distributable equity is EUR 57,055,135.57 in total.

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

Distribution of Group turnover:

By business sector	2024	2023	2022
Income from construction work	276,658,962	257,288,953	310,681,992
Rental income	265,634	987,974	1,861,530
Sale of shares	6,242,097	15,258,944	20,023,700
Other sales revenue	0	542,393	2,403,140
Total	283,166,692	274,078,264	334,970,361

Operating result	9.0	7.0	12.2
Operating result % of turnover	3.2%	2.6%	3.6%
Return on equity, %	9.8%	2.7%	8.5%
Return on capital employed, %	9.5%	7.4%	13.2%
Equity ratio, %	42.1%	43.6%	44.5%
Net gearing %	-0.8%	-12.0%	3.8%

Consolidated income statement

EUR 1,000	Note	1 January–31 December 2024
TURNOVER	1.1	283,167
Change in work in progress		-24,569
Other operating income		
Materials and services	1.2	-175,409
Personnel expenses	1.3	-35,143
Depreciation and write-downs	1.4	-755
Other operating expenses	1.5	-38,255
OPERATING PROFIT		9,036
Financial income and expenses	1.6	-2,249
Profit before appropriations and taxes		6,786
Income taxes	1.8	-365
PROFIT FOR THE FINANCIAL YEAR		6,421

Consolidated balance sheet

EUR 1,000	Note	31 December 2024	31 December 2023
ASSETS			
Non-current assets	2.1		
Intangible assets		899	1,369
Tangible assets		200	270
Other investments		674	675
Non-current assets, total		1,773	2,314
Current assets			
Inventories	2.2	96,267	99,138
Long-term receivables	2.3	5,896	6,274
Short-term receivables	2.4	32,398	30,523
Cash and bank equivalents		33,300	35,579
Current assets, total		167,861	171,514
ASSETS, TOTAL		169,634	173,827

EUR 1,000	Note	31 December 2024	31 December 2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity	2.5		
Share capital		101	101
Jaakko Hartelan scholarship fund		110	14
Invested unrestricted equity fund		52,202	52,202
Retained earnings		12,683	12,783
Profit for the financial period		6,420	0
Dividend distribution		-6,000	0
Shareholders' equity, total		65,516	65,099
Mandatory provisions			
Mandatory provisions	2.6	15,874	14,918
Liabilities			
Non-current liabilities	2.7	13,361	16,512
Current liabilities	2.8	74,882	77,298
Liabilities, total		88,244	93,810
SHAREHOLDERS' EQUITY AND LIABILITIES, TOTAL		169,634	173,827

Consolidated cash flow statement

EUR 1,000	1 January–31 December 2024
OPERATING ACTIVITIES	
Operating profit	9,035
Depreciation	755
Financial income and expenses	-2,249
Total	7,541
CHANGE IN NET WORKING CAPITAL	
Inventories, increase (-) / decrease (+)	2,872
Short-term receivables, increase (-) / decrease (+)	-1,875
Short-term interest-free liabilities, increase (+) / decrease (-)	-19,199
Total	-18,202
NET CASH FLOW FROM OPERATING ACTIVITIES	
	-10,661
INVESTING ACTIVITIES	
Increase in fixed assets	-511
Sales of fixed assets	297
Total cash flow from investing activities	-214
CASH FLOW BEFORE FINANCING ACTIVITIES	
	-10,875

EUR 1,000	1 January–31 December 2024
FINANCING ACTIVITIES	
Long-term loans, increase (+) / decrease (-)	-3,139
Short-term loans, increase (+) / decrease (-)	8,136
Other long-term loans, increase (+) / decrease (-)	6,000
Dividends paid	-2,400
Total cash flow from financing activities	8,597
INCREASE (+) / DECREASE (-) IN LIQUID ASSETS	
	-2,278
Liquid assets 1 January	35,579
Increase/decrease	-2,278
LIQUID ASSETS 31 December	33,300

Notes to the financial statements of 31 December 2024

ACCOUNTING PRINCIPLES

For the parent company Hartela-yhtiöt Oy (Business ID 3371617-9), the financial statements dated 31 December 2024 are for the company's first financial year. On 31 December 2023, the previous parent company Hartela-yhtiöt Oy (Business ID 2346079-8) merged into the Group's new parent company of the same name, Hartela-yhtiöt Oy (Business ID 3371617-9), and its business and all related agreements, obligations and liabilities were transferred unchanged to the current parent company, which will continue the previous business as the Group's parent company in the normal manner. The previous parent company, which operated until 31 December 2023, also prepared the consolidated financial statements for the 2023 financial year. On 31 December 2023, the new parent company only prepared notes to the consolidated balance sheet and the balance sheet of the parent company, which is why the comparable figures for the Group's result are presented in section 8 of the Report of the Board of Directors.

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.

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

Tangible assets

- buildings 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 liabilities until the estimated implementation dates of the sites.

1. Notes to the income statement

EUR 1,000	2024
1.1 Distribution of net turnover	
By business sector	
Income from construction work	276,659
Rental income	266
Sale of shares	6,242
Other sales revenue	0
Total	283,167
By market area	
Domestic	283,167
Turnover recorded as income according to the degree of completion, out of total turnover for the year	276,659
Construction projects in progress recognised as revenue according to the degree of completion; amount recognised as revenue during the year and previous years	222,295
Construction projects in progress, not recorded as income	305,525

EUR 1,000	2024
1.2 Materials and services	
Materials and supplies	
Purchases during the year	50,298
Land areas and building sites	4,026
Shares	1,686
Change in inventories	-14,172
Total	41,837
External services	133,572
Total	175,409
1.3 Personnel expenses and personnel	
Wages, salaries and remunerations	28,361
Pension expenses	4,693
Other personnel-related expenses	2,089
Total	35,143
Management salaries and remunerations	1,852
Average number of personnel head count	
Salaried staff	282
Workers	167
Total	449

EUR 1,000	2024
1.4 Depreciation according to plan	
Other long-term expenditure	686
Machinery and equipment	69
Total	755
1.5 Auditor's remuneration	
Audit fee	83
Tax advice	38
Other services	167
Total	287
1.6 Financial income and expenses	
Dividend income	
From Group companies	0
From others	311
Total	311
Other financial and interest income	
From Group companies	0
From others	1,395
Total	1,395
Interest expenses and other financial expenses	
To Group companies	0
To others	-3,645
Total	-3,645
Total financial income and expenses	-2,249

EUR 1,000	2024
1.7 Appropriations	
Change in depreciation difference	0
1.8 Income taxes	
Income taxes accrued during previous years	1,146
Change in deferred tax liability	-366,473
Income taxes, total	-365,328

2. Notes to the balance sheet

EUR 1,000	INTANGIBLE ASSETS	
	Other long-term expenditure	
	2024	2023
2.1 Non-current assets		
Fixed assets		
Acquisition cost 1 January 2024	5,899	5,773
Increase	321	126
Acquisition cost 31 December 2024	6,220	5,899
Accumulated depreciation 1 January 2024	4,648	3,613
Depreciation for the financial period	686	1,035
Accumulated depreciation 31 December 2024	5,334	4,648
Book value 31 December 2024	887	1,252

EUR 1,000	INTANGIBLE ASSETS	
	Advance payments	
	2024	2023
Acquisition cost 1 January 2024	117	4
Increase	190	130
Decrease	-296	-17
Acquisition cost 31 December 2024	12	117
Book value 31 December 2024	12	117

EUR 1,000	TANGIBLE ASSETS	
	Machinery and equipment	
	2024	2023
Fixed assets		
Acquisition cost 1 January 2024	911	899
Increase	0	76
Decrease	0	-63
Acquisition cost 31 December 2024	911	911
Accumulated depreciation 1 January 2024	692	598
Depreciation for the financial period	69	93
Accumulated depreciation 31 December 2024	761	692
Book value 31 December 2024	150	220

EUR 1,000	TANGIBLE ASSETS	
	Other tangible assets	
	2024	2023
Fixed assets		
Acquisition cost 1 January 2024	50	50
Acquisition cost 31 December 2024	50	50
Book value 31 December 2024	50	50

Other shares

EUR 1,000	2024	2023
Investments		
Acquisition cost 1 January 2024	675	637
Increase	0	38
Decrease	-1	0
Acquisition cost 31 December 2024	674	675

Group companies

EUR 1,000	2024	2023
Holdings		
Shares under fixed assets:		Group holding, %
Hartela Etelä-Suomi Oy	100	100
Hartela Länsi-Suomi Oy	100	100
Hartela Pirkanmaa Oy	100	100
Hartela Pohjois-Suomi Oy	100	100
Etnin Oy	100	100

Other shares and holdings

Kiinteistö Oy Lahden Vesijärvenkatu 31, Asunto Oy Klasimberä, Partnera Oyj, Suomalaisen Pohjan tukiosakeyhtiö, Gofsarfvik Oy, Virpiniemi Golf Oy

Information on the company's shares

The company's share capital consists of 23,223,600 A 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	2024	2023
2.2 Inventories		
Construction work in progress	20,326	44,897
Land areas and building sites	18,168	14,568
Shares	57,773	39,672
Total	96,267	99,138
2.3 Long-term receivables		
Deferred tax receivables from accrual differences and confirmed tax losses	5,896	6,274
2.4 Itemisation of short-term receivables		
Trade receivables	18,362	17,217
Other receivables	1,954	569
Accrued income	12,081	12,737
Total	32,398	30,523

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	2024	2023
2.5 Shareholders' equity		
Share capital 1 January	101	101
Share capital 31 December	101	101
Jaakko Hartela scholarship fund 1 January	14	14
Increase	100	0
Decrease	-4	0
Jaakko Hartela scholarship fund 31 December	110	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	12,783	12,783
Transfer to scholarship fund	-100	0
Dividend distribution	-6,000	0
Retained earnings 31 December	6,683	12,783
Profit for the financial year	6,421	0
Shareholders' equity, total	65,516	65,099
Statement of distributable assets 31 December		
Jaakko Hartela scholarship fund	110	14
Invested unrestricted equity fund	52,202	52,202
Retained earnings	6,683	12,783
Profit for the financial year	6,421	0
Share of accumulated depreciation difference entered under shareholders' equity	0	-47
Distributable assets	65,415	64,952

EUR 1,000	2024	2023
2.6 Compulsory provisions		
Warranty provisions	3,582	3,951
Ten-year liabilities	12,293	10,959
Rental liability provisions	0	8
Total	15,874	14,918
2.7 Long-term liabilities		
Pension loans	3,250	5,500
Other loans		
Other interest-bearing liabilities	10,111	11,000
Total	13,361	16,500
Deferred tax liability		
On depreciation difference	0	12

EUR 1,000	2024	2023
2.8 Short-term liabilities		
Company loans – residential development	17,150	9,014
Pension loans	2,250	2,250
Advances received	14,093	24,663
Trade payables	1,812	8,491
Other liabilities	16,092	11,282
Accrued liabilities	23,485	21,597
Total	74,882	77,298

The most significant items included in the Group's other liabilities are the value added tax liability and the advance dividend liability of EUR 6 million decided in 2024. The most significant items included in accrued liabilities consist of personnel cost liabilities and the accrual of construction costs.

3. Contingent liabilities

EUR 1,000	2024	2023
Loans		
Loans from financial institutions	10,111	11,000
Pension loans	5,500	7,750
Other liabilities	0	0
Total	15,611	18,750
Guarantees for the company's own commitments		
Mortgages	11,109	17,410
Pledged shares	17,205	8,982
Pledged receivables	3,034	23
Total	31,348	26,415
Lease liabilities		
Payable next year	3,157	3,101
Payable later	19,972	14,213
Total	23,130	17,314
Leasing commitments		
Payable next year	703	786
Payable later	939	828
Total	1,643	1,614
Plot redemption liability	0	10,455

The Group's building companies have redemption obligations associated with ordinary business operations, where the current values of the properties are estimated to correspond to the value of potential redemptions, and the potential redemption is planned in connection with the commercial implementation of the property.

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 Board of Directors proposes that the profit for the financial year be transferred to retained earnings and that a dividend of EUR 6,000,000 be distributed in accordance with the advance dividend decision made during the financial year 2024. After this, on 31 December 2024, the Group's distributable equity totalled EUR 65,415,378.71 and the parent company's distributable equity totalled EUR 57,055,135.57.

Auditor's report

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

OPINION

We have audited the financial statements of Hartela-yhtiöt Oy (Business ID 3371617-9) for the financial period 1 January–31 December 2024. 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 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 RESPONSIBILITY IN 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 a 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 the accounting policies used and the reasonableness of the 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 as to 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 design and perform the audit of the Group in order to obtain audit evidence of the financial information of the Group entities or business units that is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements. We are responsible for directing, supervising and reviewing the Group's audit work. 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. The other information comprises the report of the Board of Directors, but it does not include the financial statements or our auditor's report on it. We have received the report of the Board of Directors before the date of this auditor's report.

Our opinion on the financial statements does not concern other information.

It is our obligation to read the other information specified above 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. With regard to the Report of the Board of Directors, our duty is also to evaluate whether the Report of the Board of Directors has been prepared in accordance with the applicable regulations.

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

If, based on the work we have performed regarding the other information we have received before the date of the auditor's report, we conclude that there is a material misstatement in this information, we are required to report that fact. We have nothing to report in this respect.

Turku, 29 January 2025
KPMG OY AB



Kimmo Antonen
AUTHORISED PUBLIC ACCOUNTANT

Board of Directors



Hanna Hartela
Board member



Heikki Hartela
Board member



Maarit Hartela-Varkki
Board member



Kari Heinistö
Chair of the Board of Directors



Petri Olkinuora
Board member (until 29 January 2025)



Timo Vikström
Board member



Sanna Karvonen
Board member

Group Executive Board members 31 December 2024

Juha Korkiamäki

Chief Executive Officer, Hartela-yhtiöt Oy

Matti Aho

Managing Director, Hartela Etelä-Suomi Oy

Sanna Hiukkamäki

Chief Strategy and Development Officer,
Hartela-yhtiöt Oy

Lari Mallius

Managing Director, Hartela Länsi-Suomi Oy

Hanna Marttila

Managing Director, Hartela Pirkanmaa Oy

Erika Lindholm

HR Director

Johanna Palosaari

Director of Land Acquisition and Residential
Development, Hartela-yhtiöt Oy

Timo Suonsyrjä

Group CFO, Hartela-yhtiöt Oy

Markku Taskinen

Managing Director, Hartela Pohjois-Suomi Oy

Elina Tompuri

Director of Communications and Sustainability





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