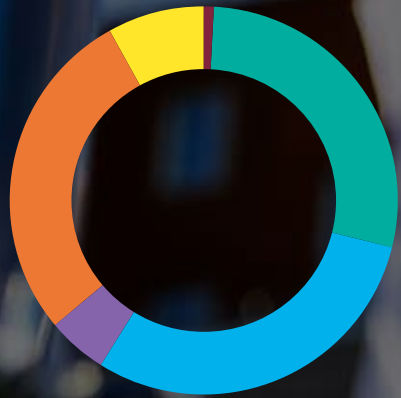


**HARTELA  
GROUP**

**Annual report**

**2021**

# Key figures



BUSINESS AREA (EUR MILLION)	TURNOVER
DWELLINGS FOR CONSUMERS	85.7
DWELLINGS FOR INVESTORS	92.6
BUSINESS PREMISES	15.9
CONTRACT WORK	87.3
PARTNERSHIP PROJECTS	23.1
RENT AND OTHER	2.0

Turnover:

**EUR 307.0**

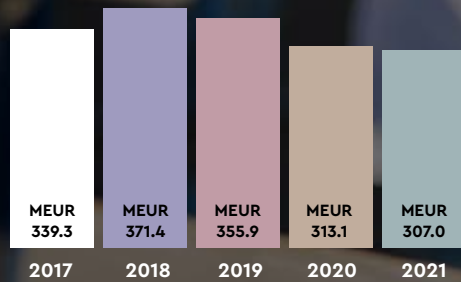
million

Operating profit:

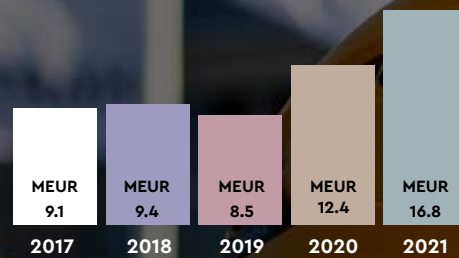
**EUR 16.8**

million  
(5.5%)

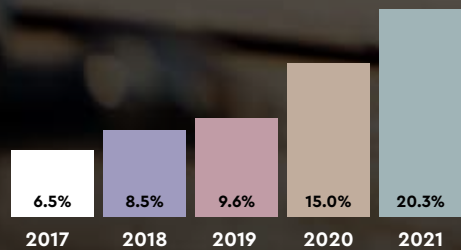
DEVELOPMENT 2017–2021



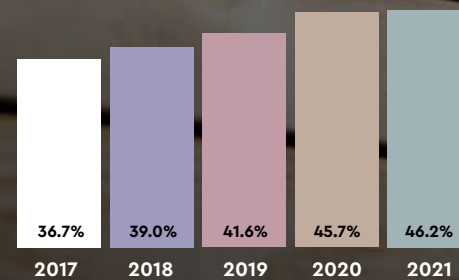
NET TURNOVER



OPERATING RESULT



RETURN ON CAPITAL EMPLOYED



EQUITY RATIO



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# "A financially strong year 2021"



"The year 2021 was a good one for Hartela, despite the difficulties caused by the corona pandemic. However, the impact of the corona on economic performance remained very moderate, as demand for apartments remained good for both consumers and investors, and the volume level of public procurement remained high. The notable increase in construction costs did not have a significant impact on the result for 2021, although it did put pressure on the profit levels and schedules of new start-up projects. The strong result was due to our skilled and motivated staff, good project management, and positive demand for apartments from both consumers and investors."

We worked the whole year under very exceptional circumstances. Construction sites and offices still had to consider the corona in many different ways when planning their daily life. Remote work continued in fixed offices, and although everyday life went well, remote work undoubtedly created quite a challenge for the strategic development of the company, as well as for other development work. At construction sites, the challenges were great when faced with supply difficulties, resource shortages, and having to plan work as corona-safely as possible. The fact that in these conditions our financial performance was good illustrates the professionalism of the entire staff, as well as the flexible working culture.

Financially, the year was a success on all fronts; all the subsidiaries achieved at least a good result and, at the same time, managed to increase the land bank for future projects. Successful project development resulted in projects being generally launched on schedule. Housing sales proceeded at the same pace as construction, which meant that there were practically no unsold completed apartments. In site operations, the good trend of the previous year continued, with more margin improvements than reductions in projects almost every month. We also managed to avoid loss-making jobs.

The Group's financial preparedness has been very good throughout the year and this, combined with the good result, supports the availability of financing, strengthening the financial position in the future as well. We did not succeed in improving safety at work as planned, even though the trend in accidents was positive towards the end of the year. However, the TR index measuring occupational safety risks was good, and the number of safety findings also increased.



Accidents are characterised by human causes, such as a lack of awareness of surroundings and, unfortunately, sometimes risk-taking. These are the topics we will be focusing on in 2022.

Hartela's customer satisfaction continued to improve. In residential development sites sold to consumers, the willingness to recommend rose to 50 in 2021, when a year earlier it was 43. Customer satisfaction is already high in the contract and negotiation targets.

At Hartela, responsibility has always been at the heart of everything we do, and it has made it possible for a family business to be passed down from one generation to the next. Responsibility is also emphasised in Hartela's strategy, and sustainable development was already at the core of the strategy in 2020. The Group's approach to responsibility is described in more detail in the Responsibility section of the Annual Report.

In line with the strategy, we focus on the project development and construction of Hartela Homes for consumers, investors and public utility developers. Our second pillar is construction partnering, where we either bring our own project development expertise to the client's project from the very beginning, or we develop and implement a user-driven office project.

In accordance with the strategy, we seek growth, especially in the Tampere region, and on 1 January 2022 we established a new subsidiary Hartela Pirkanmaa Oy, which was separated from Hartela Länsi-Suomi Oy. Hanna Marttila was appointed Managing Director of Hartela Pirkanmaa Oy. Hartela Länsi-Suomi Oy will operate in Turku region, Satakunta and Western Uusimaa.

Thank you to all the staff for their excellent work and the result it has produced. We can go to Hartela's 80th anniversary with confidence, building on the strong professionalism of our staff and the company's solid financial position.


We also thank our customers for their trust in Hartela.

**Juha Korkiamäki**

Chief Executive Officer, Hartela-yhtiöt Oy



# Responsibility



Hartela has a sustainable development team, the so-called Keke team, with top experts in areas such as energy and building services, carbon footprint, project development, legal counsel, procurement, data analytics and communications.

# Responsible Hartela lives in time

At Hartela, responsibility has always been at the heart of everything we do, and it has made it possible for a family business to be passed down from one generation to the next. In future, responsibility will gain even greater visibility in our operations as environmental, social and economic responsibility (ESG) areas are transferred under the leadership of the director responsible for responsibility from the beginning of 2022. Our responsibility package includes, for example, occupational safety and sustainable development. In 2022, we will prepare a responsibility strategy for Hartela, and take a stand on the focus of our responsibility work for the coming years.

**“Responsibility has been reflected in our staff's remuneration policy for many years now.”**

In the scorecards of both permanent employees and site employees, part of the reward is tied to our occupational safety goals. Feedback from customers also influences staff remuneration.

Responsibility is also emphasised in Hartela's strategy. Sustainable development was already at the heart of our strategy in 2020, and as we approach Hartela's 80th anniversary, environmental responsibility is reflected in our operations in many ways. Investing in competence development in 2021 has meant, for example, the introduction of the digital learning platform Harkka. The platform has provided training on sustainability and orientation.

In 2021, we developed our reporting to make our operations more transparent and verifiable, both internally and towards our stakeholders.



# Sustainability and environmental responsibility are reflected in our daily operations

The built environment is responsible for a significant share of energy consumption, greenhouse gas emissions, consumption of non-renewable and renewable natural resources, and waste generation, and we therefore see sustainable development in Hartela's business as a key factor for our future success.

## Our strategic goal is to be known as a promoter of sustainable development as part of our broader accountability policy.

We take sustainable development into account in our production, develop the competence of our personnel, strive to understand and meet the requirements of our customers, and identify and understand long-term trends in sustainable development.

In 2021, as part of our plot strategy, we created sustainable development criteria for our developer-driven apartment and terraced house production. For the plots, we assess, among other things, transport connections and services, land use, environmental impacts, possible energy solutions, and the impact of the project on the diversity in the area. From the beginning of 2022, the plot criteria and scoring will be reported in connection with investment decisions.

We have calculated the carbon footprint of our developer-driven residential buildings since 2020, and in 2021 we shifted our focus even more towards emissions and energy solutions throughout the entire life cycle of the building. In 2021, the average carbon

footprint of Hartela's developer-driven residential development dwelling production was 13.7/17.1 CO<sub>2</sub>e/m<sup>2</sup>/a, of which the first figure is the average of the emission database before construction, and the second figure is the average of the targets calculated after construction (Building's low-carbon valuation method (31 August 2019)).

At our sites, we take sustainability into account, for example, by using 100% green electricity. We have developed waste reporting at our construction sites, and we provide monthly information on the figures on the information screens at our construction sites and offices. In 2021, our recycling rate was 36% and the amount of construction waste was 36%. In company cars, Hartela favours low-emission cars, and all-electric cars have higher purchase price limits than rechargeable hybrids and internal combustion engines.

Hartela has a sustainable development team, the so-called Keke team, with top experts in areas such as energy and building services, carbon footprint, project development, legal counsel, procurement, data analytics and communications. Hartela is also a member of the Green Building Council Finland.

In 2021, Hartela's "eKeke", an introduction to sustainable development, was completed. A series of four training sessions on a digital learning platform raised awareness of sustainable development among staff in a new way. The project was carried out by our environmental expert, and it received excellent feedback. By the end of 2021, 100 people had completed eKeke.



# Social responsibility creates value



As a construction company, we have a strong impact on society through a wide range of projects. In 2021, a T3 hospital project for the Southwestern Hospital District of Finland was completed. A radiotherapy unit for Oulu University Hospital, a blood service centre for the Finnish Red Cross, several school projects, and projects for the pharmaceutical and energy industries were also underway. A total of 936 dwellings were completed in 2021, of which the share of ARA production was 36%.

At the end of 2021, Hartela had 559 employees, with an average age of 43. Women accounted for 23% of our total staff and for 37% of our directors and senior staff. The average length of service is 8 years for staff members and 10 years for employees.

## We are constantly working to improve occupational safety

The starting point of our operations is that everyone who works in our offices and on our construction sites can come home healthy after the day's work. Unfortunately, this objective was not achieved, and we did not achieve a positive development in accident frequency, as in the previous year. Our own staff had 21 accidents at work during the year, while the number in the previous year was 14. The accident frequency in 2021 was 23.6. Of the accidents leading to absences, 48% were caused by slips and trips. There was one serious accident at work resulting in more than 30 days of sick leave.

We systematically investigate all workplace accidents and near misses, and try to find the root cause of incidents and take measures to prevent similar situations. In 2021, we went through and communicated extensively with our partners and the industry's communities, in particular, the near misses related to prefabricated element construction. We want to be at the forefront of openly discussing and communicating occupational safety deviations throughout the construction industry.

In 2021, 13,406 safety observations were made at our construction sites, an increase of approximately 1,200 from the previous year. During the year, we also invested in the preparing job-specific risk

assessments (TTS) and assessed their quality through internal audits. We also made our occupational safety management indicators more visual and trained supervisors in their use.

## One of our major proactive occupational safety tools is safety observations.

In 2021, we participated in the Confederation of Finnish Construction Industries RT's Impressive Construction Site Orientation (Vaikuttava työmaaperehdytys) project. We are also involved in a project that assesses exposure to quartz in construction and investigates the impact of dust control measures on exposure.

## Despite the corona, our staff are doing well

The coronavirus pandemic that started in 2020 was also present in our operations in 2021. Our employees acted in exceptional circumstances in a health-safe and responsible manner, and the operating possibilities for the business remained good throughout the year. Our construction sites have been running throughout the pandemic, and after the summer, people working in offices were also able to start face-to-face meetings and training programmes.

At Hartela, all employees have Comprehensive Health Cover, which covers leisure-time accidents and medical expenses insurance. Supporting the mental well-being of our staff is a natural part of our occupational health care. The

effects of the prolonged coronavirus pandemic on working conditions and life outside work may have affected the overall well-being of people in our society in general. This is why we have also strengthened occupational health psychotherapy services at Hartela with low-threshold mental well-being services. At the beginning of 2021, we started working with a partner who will provide our staff with quick and proactive support for possible everyday

and emergency stress situations. The service has received a lot of positive feedback from our staff. During the corona, new ways of working have become part of our everyday life. Our production requires the presence of staff on our sites, but in other respects we have the principles of multi-site work, which provide the framework for a flexible work culture.

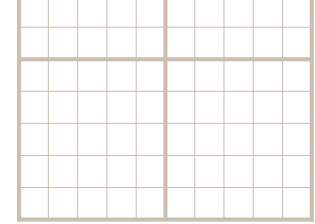
## Anonymous reporting channel for suspected abuse

The European Parliament has adopted the so-called Whistleblowing Directive, which obliges companies and organisations with more than 50 employees to provide an anonymous channel for reporting suspected wrongdoing. The aim is to support the detection of irregularities and the fight against corruption and fraud. Hartela has had a whistleblowing-compliant reporting channel since 2020. The service guarantees that any Hartela employee or third party can anonymously report any detected or suspected abuse in such a way that the process of investigating the reported finding is carried out interactively with the notifier.





# Financial responsibility brings stability



Hartela's equity, good solvency, and moderate dividend policy provided the preconditions for healthy business in 2021. Our equity ratio has traditionally been high, standing at 46.2% in 2021. As a result of our long-term operations, the company's results and return on capital employed were also at an excellent level in 2021.

In 2021, the rise in building materials and input prices was almost unprecedented. In addition to the increase in prices, the sector was hampered by the availability of components and supplies.

## Despite the challenges, none of Hartela's construction sites were loss-making.

Hartela's well-established and reliable operating method contributed to the willingness of the subcontracting chain to serve and supply Hartela's construction sites even during the economic boom.

We further developed our risk management procedures in 2021, and they are based primarily on systematic operating practices and interactive and participatory project preparation. In 2021, Hartela's Board of Directors also launched an internal audit model, which aims to provide independent and objective assessment, assurance, and consulting services to support and improve the company's risk management and internal audit. The Internal Audit function works in cooperation with the company's management in the implementation of the audit and reports its activities and audit results to the Board of Directors.

Our operations are also supported by our reporting system, the reform of which will enable us to assess and measure our

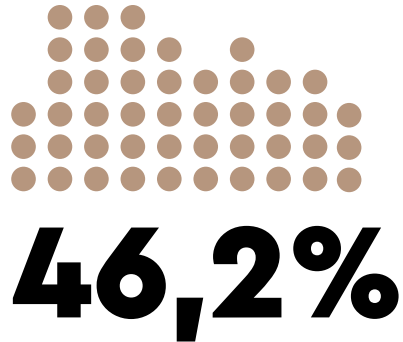
performance more consistently in the future. We reformed the integrated management system by making processes business-oriented. The first of the business processes to be completed was the developer-driven housing production process. The integrated management system is developed and its compliance monitored in internal audit sessions, which are carried out both project and business-specifically.

Hartela was ranked fifth among construction companies according to a special survey by T-Media in trust and reputation in the construction sector in 2021, in which 4,700 Finns were interviewed. Hartela was perceived as being better than other operators in the sector in terms of profitability and financial stability. According to the study, Hartela's most significant development opportunity focuses on increasing interaction with stakeholders.



# Responsible Hartela in 2021

# 100%



Our equity ratio has traditionally been high

**13.7 / 17.1**  
**CO<sub>2</sub>e/m<sup>2</sup>/a**

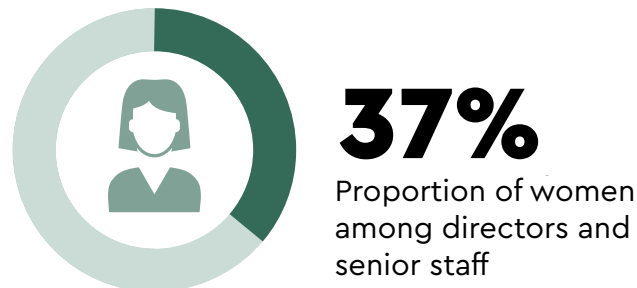
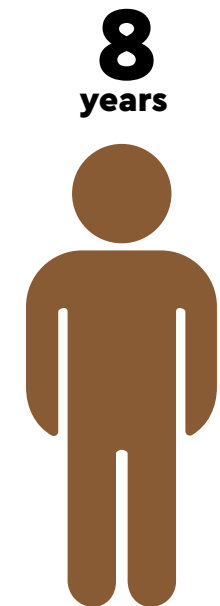
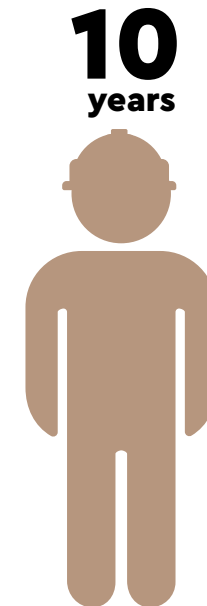
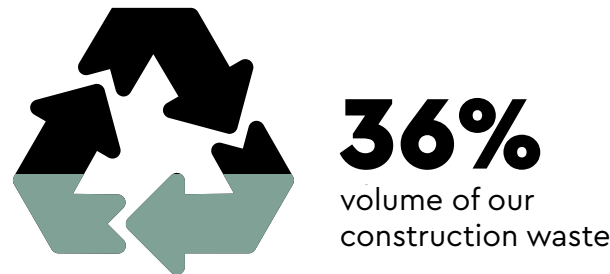
Average carbon footprint of developer-driven residential development production

The first figure is the average of the emission database before construction and the second figure is the average of the targets calculated after construction

At our sites, we take sustainability into account, for example, by using green electricity

Average length of service of staff by employees

Average length of service of staff by salaried staff

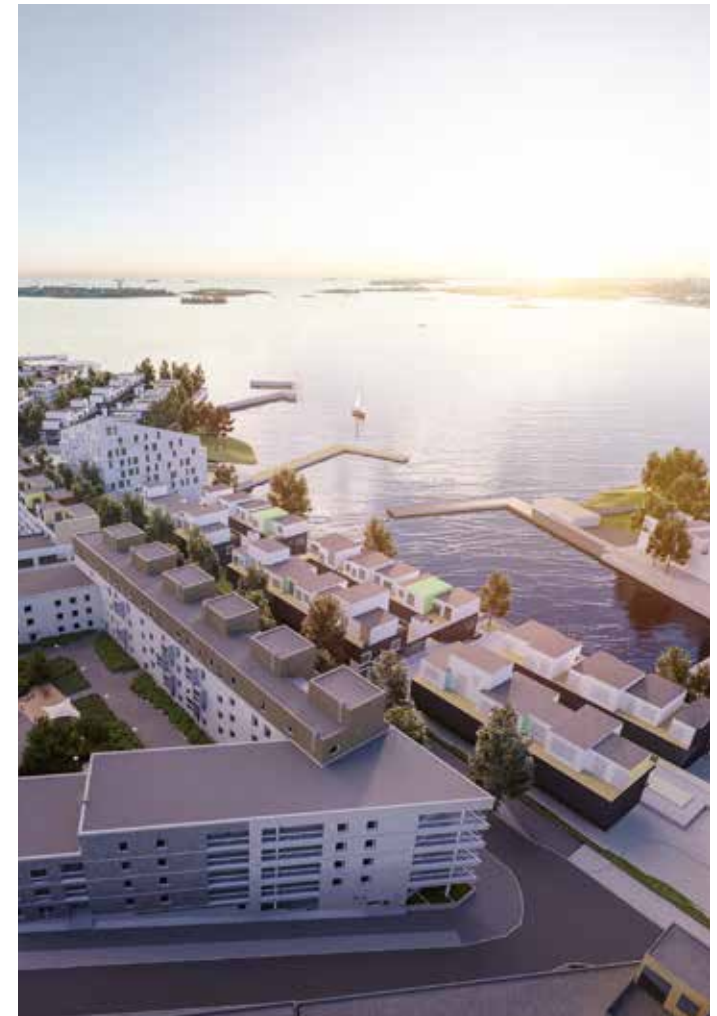




# Projects 2021



HARTELA ETELÄ-SUOMI OY Property	Handover date	Apartments (#)	Gross floor area (m <sup>2</sup> )	Client
<b>Helsinki region</b>				
As Oy Kanttiiniraitti Espoo	14 December 2021	32	3,568	RS site
As Oy Helsingin Tuulensuoja	29 January 2021	95	6,861	Fennia and Aktia
As Oy Painiitynpuisto Espoo	31 March 2021	42	3,661	Residential development site
As Oy Jätkäsaaren Potkuri Helsinki	17 June 2021	79	6,848	Residential development site
As Oy Helsingin Kruunuvuorenrannan Välke Niittykumuntie 12 A	27 August 2021 31 October 2021	66 69	5,535 5,410	Residential development site Espoon Asunnot Oy
As Oy Espoon Niittykumuntie 12 B	Under construction	70	5,100	Kojamo plc
As Oy Espoon Niittykumuntie 12 E	Under construction	24	1,787	Kojamo plc
As Oy Espoon Kaarna	Under construction	65	5,905	ICECAPITAL
Koy Vantaan Härkähaantie 16 – Finnish Red Cross Blood Service	Under construction	-	6,500	Fastighets AB Balder
As Oy Vantaan Myyrin Terra	Under construction	85	6,270	Residential development site
As Oy Espoon Kehrä	Under construction	33	2,620	Residential development site
As Oy Espoon Puro	Under construction	39	3,089	Residential development site
As Oy Sarfvikin Kaari Kirkkonummi	Under construction	20	1,200	Residential development site
As Oy Helsingin Sivellin	Under construction	57	6,123	Residential development site
As Oy Sarfvikin Viheriö Kirkkonummi	Under construction	16	1,200	Residential development site
As Oy Tuusulan Orvokki	Under construction	65	4,745	ICECAPITAL
As Oy Painiitynmäki Espoo	Under construction	30	2,946	Residential development site
As Oy Espoon Niitty	Under construction	39	3,089	ICECAPITAL
As Oy Espoon Gräsäntörmä 1 E ja F	Under construction	42	2,513	ICECAPITAL
Turumankatu 15 and Pojamankatu 12	Under construction	84	5,550	Asuntosäätiö sr
Koy Espoon Gräsäntörmä 1 C and D	Under construction	80	4,742	Kojamo plc
As Oy Espoon Gräsäntörmä 1 A and B	Under construction	84	4,595	ICECAPITAL
<b>Lahti and Järvenpää</b>				
Koy Harjulan Lähde	31 August 2021	54	3,854	Kiinteistö Oy Harjulakoti
Välskärinkatu 25	Under construction	69	5,901	Järvenpään Mestariasunnot Oy
Asunto Oy Lahden Vahva-Jussin Silmu	Under construction	29	2,469	Residential development site
Harjutie 15 c	Under construction	37	3,117	Järvenpään Mestariasunnot Oy
Koy Harjulan Mänty	Under construction	48	3,149.5	Kiinteistö Oy Harjulakoti



### Kruunuvuorenranta

A new seaside residential area, Kruunuvuorenranta, is being built on the western shore of Laajasalo in Helsinki. Hartela has been involved in the construction of a block complex in Kruunuvuorenranta. The district has taken into account the diversity of everyday life and the needs of its residents. The common areas offer additional squares outside the home, and the common yard offers light art for residents' enjoyment. In spring 2017, A-Kruunu, Asuntosäätiö, Hartela and Saraco D&M were selected as the development consortium for the city of Helsinki's land transfer competition.

HARTELA LÄNSI-SUOMI OY Property	Handover date	Apartments (#)	Gross floor area (m <sup>2</sup> )	Client
<b>Turku region</b>				
Toravuorenkatu 1	29 September 2021	17	1,650	TA-Asumisoikeus Oy
As Oy Laaksoankulma Kaarina	29 April 2021	76	5,766	TVT Asunnot Oy
Porekatu 4	29 September 2021	23	1,877	TA-Asumisoikeus Oy
As Oy Rovastinlinna Raisio	30 March 2021	37	2,554	Residential development site
Herrasniitynkatu 2	28 February 2021	30	2,554	TA-Asumisoikeus Oy
Kirkkoväärtinkuja 1b	28 January 2022	35	2,997	Varsinais-Suomen Asumisoikeus Oy
Herrasniitynkatu 6 and 8	Under construction	29	8,418	TA-Asumisoikeus Oy
Elisenvaara school and high school	Under construction	-	6,160	Municipality of Pöytyä
Skanssinverjää 4	Under construction	92	7,460	TVT Asunnot Oy
Kunnallissairaalan tie 36	Under construction	175	8,002	TVT Asunnot Oy
As Oy Eerikinhovi Kaarina	Under construction	65	4,215	TVT Asunnot Oy
Linkkitorninkatu 2	Under construction	71	5,280	TVT Asunnot Oy
<b>Western Uusimaa</b>				
Luksia Toivonkadun Kampus, canteen extension	30 August 2021	-	500	Luksia, Western Uusimaa Joint Municipal Authority for Education
Luksia Toivonkadun Kampus	30 May 2021	-	6,800	Luksia, Western Uusimaa Joint Municipal Authority for Education
Sahapiha 4	30 May 2021	36	2,930	Lohjan Vuokra-asunnot Oy Luksia, Western Uusimaa Joint Municipal Authority for Education
Renovation of the Harju school	Under construction	-	-	Lohjan Vuokra-asunnot Oy Luksia, Western Uusimaa Joint Municipal Authority for Education
As Oy Lohjan Hiidensalmen Aava	Under construction	31	2,500	Residential development site
<b>Satakunta</b>				
Reinforcement of the OL2 sea water tunnel	5 June 2021	-	-	TVO
T3 Hospital	11 October 2021	-	58,671	Hospital District of Turku region
Jämijärvi school	Under construction	-	8,900	Municipality of Jämijärvi
Karin kampus	Under construction	-	31,400	City of Rauma
Asunto Oy Rauman Pooki	Under construction	35	1,800	Residential development site
Posiva LTV Construction project	Under construction	-	-	Posiva Oy
As Oy Rauman Loisto	Under construction	59	5,033	Residential development site
Kaunisjärvi Wellness Centre	Under construction	-	8,900	City of Rauma
Pori courthouse, alliance project	Under development	-	-	Senaatti-kiinteistöt
<b>Pirkanmaa</b>				
Pappilanrinteen Kotilinna	Under construction	82	3,092	Tampereen Kotilinnasäätiö sr
Nokian Poutuntie 2 C	Under construction	39	2,350	TA-Asumisoikeus Oy
As Oy Tampereen Vuoreksen Helmi	6 August 2021	38	2,002	Residential development site
Kuntokatu 11 E	31 March 2021	25	2,060	TA-Asumisoikeus Oy
As Oy Tampereen Kaupin Kotipesä	30 April 2021	49	3,352	Residential development site
Kuntokatu 11 A	19 May 2021	72	3,475	Tampereen opiskelija-asuntosäätiö sr
TOAS Hippos, alliance project	Under development	620	-	Tampereen opiskelija-asuntosäätiö sr



### T3 Hospital

In October 2021, a new Lighthouse Hospital was completed in connection with Turku University Hospital. The construction of the T3 project began in autumn 2017, and Hartela was the project management contractor. Lighthouse Hospital provides care for paediatrics, gynaecology, obstetrics, ear, nose and throat, as well as oral and maxillofacial diseases. The design of the hospital was supported by computer modelling. In addition to the hospital building, the project included the construction of inter-hospital connecting tunnels and the lifting of the helipad.



HARTELA POHJOIS-SUOMI OY  
Property

Oulu

Property	Handover date	Apartments (#)	Gross floor area (m <sup>2</sup> )	Client
As Oy Oulun Peltokerttu	30 July 2021	101	4,214	Residential development site
Radiotherapy Unit, UR1	15 January 2021	-	4,902	Northern Finland Hospital District Joint Municipal Authority
As Oy Oulun Lohitorni	Under construction	51	3,996	Residential development site
Radiotherapy Unit, UR2	Under construction	-	4,902	Northern Finland Hospital District Joint Municipal Authority
Koy Oulun Punarinta	Under construction	77	6,051	TA-Yhtymä Oy
Asunto Oy Oulun Satakieli	Under construction	53	3,641.5	Residential development site
As Oy Oulun Mäntylän Kanerva	Under construction	30	2,272	Residential development site
Oulu courthouse quarter	Under construction	-	14,490	Senaatti-kiinteistöt



**Oulu courthouse**

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

# Report of the Board of Directors for the financial year 1 January–31 December 2021

## 1. Operations during the financial year

The past financial year was the 79th year of operations for the Hartela Group. The areas of activity of the Group's parent company, Hartela-yhtiöt Oy, include Group management, development, customer experience development, Group purchasing, information management, legal, financial and financing services, and human resource management. Construction business operations took place within three subsidiaries, with Hartela Etelä-Suomi Oy operating in the Helsinki metropolitan area and Lahti region, Hartela Länsi-Suomi Oy in Southwest Finland, Satakunta and Pirkanmaa, and Hartela Pohjois-Suomi Oy in the Oulu region.

## 2. Turnover, profit and financial position

The Group's turnover totalled EUR 307.0 million (previous financial year: EUR 313.1 million). The Group's operating profit amounted to EUR 16.8 million (12.4), and profit before appropriations and taxes was EUR 12.6 million (7.3). The financial impact of the corona on performance remained very moderate, as demand for apartments remained good for both consumers and investors, and the volume level of public procurement remained high. The notable increase in construction costs did not have a significant impact on the result for 2021, although it did put pressure on the profit levels and schedules of new start-up projects.

The Group's liabilities are focused on short-term project financing, and the amount of long-term loans continued to decrease, being EUR 4.4 million at the end of the year. The Group's liquidity situation has been very good throughout the year.

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

	2021	2020	2019
Operating profit, % of turnover	5.5	4.0	2.4
Return on equity, %	15.1	9.1	0.7
Return on investment, %	20.3	15.0	9.6
Equity ratio, %	46.2	45.7	41.6
Gearing, %	14.0	21.0	30.5

The turnover of the Hartela Group's most significant subsidiaries was as follows: Hartela Etelä-Suomi Oy: EUR 142.8 million (previous year: 178.1), Hartela Länsi-Suomi Oy: EUR 121.9 million (117.9) and Hartela Pohjois-Suomi Oy: EUR 42.0 million (17.4).

## 3. Production and order books

The Group completed a total of 936 apartments (738), of which 439 (291) were in developer contracting projects and 389 (447) were in negotiation-based contracting projects. In the financial year, 36 apartments (0) were completed in competitive tender contracting and 72 apartments in partnership projects. The number of apartments sold was 316 (507) on RS sites, and 560 (400) for projects sold to investors as entire properties. At the end of the financial year, the Group had 3 (9) completed apartments for sale.

At the turn of the year, the size of the order books for which revenue had not yet been recognised stood at EUR 315.2 million (325.7). Of the order book for which revenue had not yet been recognised, 33% were developer contracting projects, 27% negotiation-based contracting projects, 20% partnership projects, 18% competitive tender contracting projects and 2% office contracting for business premises.

Due to the structure of the order book and the increase in construction costs, the relative margin level of the order book decreased compared to the comparison period.

## 4. Significant changes in business operations

There were no significant changes in the Group's business operations during the financial year under review.

## 5. Significant events after the end of the financial year

The Group's business operations have continued as before after the end of the financial year. Hartela decided to reform its organisational structure so that Hartela Pirkanmaa Oy was separated from Hartela Länsi-Suomi Oy on 1 January 2022 through a partial demerger. This new subsidiary, directly owned by the parent company, will focus on project development and construction in the Tampere economic area. In future, Hartela Länsi-Suomi Oy's operating area will be Turku region, Satakunta and Western Uusimaa.

## 6. Outlook for the current financial year and uncertainties, risks and risk management related to business operations.

The Group has a strong order book for the current year, based on which the level of turnover is expected to remain unchanged or moderately increase in the financial year 2022. Due to the structure of the order book and the increase in construction costs, the relative operating result for the financial year 2022 is estimated to weaken from the strong comparison period 2021.

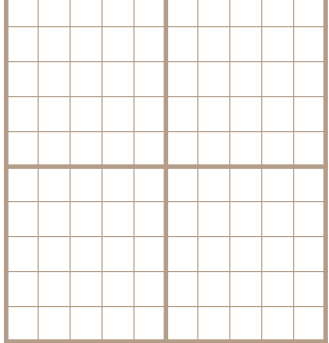
The coronavirus situation has been prolonged, and the situation has changed shape. As a result of the new variants, the risk of production disruptions has increased, and the global material and capacity shortage has led to an exceptional increase in construction costs, which is expected to stabilise in late 2022. According to a forecast by the Confederation of Finnish Construction Industries RT, the volume of construction is expected to remain high in both new housing construction and other building construction, unless capacity problems and rising construction costs become obstacles to new starts. Consumer and investor demand for housing is expected to strengthen in the Turku and Tampere economic areas, while demand in the Helsinki metropolitan area may even weaken temporarily. The aforementioned growth centres, including the Oulu region, are the geographical focus areas of the Group's business operations.

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

## 7. Business development and corporate responsibility

Process development and the harmonisation of operations continued during the financial year. As part of our integrated management system, the Harja system was renewed. The new financial systems were launched on 4 January 2021, and Hartela's new website was published on 29 November 2021.





At Hartela, responsibility has always been at the heart of everything we do, and it has made it possible for a family business to be passed down from one generation to the next. Responsibility is also emphasised in Hartela's strategy, and sustainable development was already at the core of the strategy in 2020. In 2021, we developed our reporting to make our operations more transparent and verifiable, both internally and towards our stakeholders. The consideration of responsibility in the Group's business operations is described in more detail in a separately published annual report.

## 8. Information concerning employees

During the financial year, the Group employed an average of 554 (532) people, of whom 218 were blue-collar workers and 336 were white-collar workers.

## 9. Administrative bodies

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

## 10. The Board of Directors' proposal for the distribution of profit

The Group's distributable equity on 31 December 2021 amounted to EUR 65,522,789,36. The parent company's distributable equity on 31 December 2021 amounted to EUR 69,358,117.74. The Board of Directors proposes that a dividend of EUR 3,000,000.00 be distributed from the profit for the financial year of EUR 9,328,682.33 and the remainder be transferred to the account for retained earnings.





# Consolidated income statement (EUR 1,000)

	Appendix	1 January–31 December 2021	1 January–31 December 2020
<b>NET TURNOVER</b>	1.1	<b>307,003</b>	<b>313,113</b>
Change in work in progress		10,871	-1,762
Other operating income	1.2	77	694
Materials and services	1.3	-197,957	-201,205
Personnel expenses	1.4	-42,247	-37,092
Depreciation and write-downs	1.5	-1,365	-690
Other operating expenses	1.6	-59,615	-60,645
<b>OPERATING PROFIT</b>		<b>16,766</b>	<b>12,412</b>
Financial income and expenses	1.7	-4,170	-5,147
<b>PROFIT BEFORE APPROPRIATIONS AND TAXES</b>		<b>12,596</b>	<b>7,265</b>
Direct taxes	1.9	-3,268	-2,047
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>9,329</b>	<b>5,218</b>

# Consolidated balance sheet (EUR 1,000)

	Appendix	31 December 2021	31 December 2020		Appendix	31 December 2021	31 December 2020
<b>ASSETS</b>				<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>			
<b>NON-CURRENT ASSETS</b>	2.1			<b>SHAREHOLDERS' EQUITY</b>	2.5		
Intangible assets		2,807	2,714	Share capital		101	101
Tangible assets		293	378	Jaakko Hartela scholarship fund		14	14
Other investments		<u>637</u>	<u>660</u>	Invested unrestricted equity fund		52,202	52,202
<b>Non-current assets, total</b>		<b>3,737</b>	<b>3,753</b>	Retained earnings		4,044	26
				Profit for the financial period		<u>9,329</u>	<u>5,218</u>
<b>CURRENT ASSETS</b>				<b>Shareholders' equity, total</b>		<b>65,689</b>	<b>57,560</b>
Inventories	2.2	70,978	70,763	<b>MANDATORY PROVISIONS</b>	2.6		
Long-term receivables	2.3	9,818	12,761	Mandatory provisions		<b>12,744</b>	<b>11,291</b>
Short-term receivables	2.4	58,216	46,478	<b>LIABILITIES</b>			
Cash and cash equivalents		<u>11,451</u>	<u>6,733</u>	Long-term liabilities	2.7		
<b>Current assets, total</b>		<b>150,462</b>	<b>136,734</b>	Pension loans		1,000	2,000
				Deferred tax liability		16	19
<b>Assets, total</b>		<b>154,200</b>	<b>140,487</b>	Other long-term liabilities		<u>3,402</u>	<u>4,394</u>
				<b>Long-term liabilities, total</b>		<b>4,418</b>	<b>6,412</b>
				<b>Short-term liabilities</b>	2.8	<b>71,348</b>	<b>65,223</b>
				<b>Liabilities, total</b>		<b>75,766</b>	<b>71,635</b>
				<b>Shareholders' equity and liabilities, total</b>		<b>154,200</b>	<b>140,487</b>



# Consolidated financial statement (EUR 1,000)

	1 January– 31 December 2021	1 January– 31 December 2020		1 January– 31 December 2021	1 January– 31 December 2020
<b>OPERATING ACTIVITIES</b>			<b>FINANCING ACTIVITIES</b>		
Operating profit	16,766	12,412	Long-term loans, increase (+) / decrease (-)	-1,992	1,185
Share of profit of associated company	0	0	Short-term loans, increase (+) / decrease (-)	1,660	-9,021
Depreciation	1,365	689	Other long-term loans, increase (+) / decrease (-)	0	0
Financial income and expenses	-4,169	-5,147	Dividends paid	<u>-1,200</u>	<u>0</u>
Taxes	<u>-327</u>	<u>5</u>	<b>Total cash flow from financing activities</b>	<b>-1,532</b>	<b>-7,836</b>
<b>Total</b>	<b>13,635</b>	<b>7,959</b>			
<b>CHANGE IN NET WORKING CAPITAL</b>			<b>INCREASE (+) / DECREASE (-) IN LIQUID ASSETS</b>	<b>4,718</b>	<b>-4,485</b>
Inventories, increase (-) / decrease (+)	-215	7,766	Liquid assets 1 January	6,733	11,218
Short-term receivables, increase (-) / decrease (+)	-10,538	-2,389	Increase/decrease	<u>4,718</u>	<u>-4,485</u>
Short-term interest-free liabilities, increase (+) / decrease (-)	<u>4,718</u>	<u>-8,417</u>	<b>LIQUID ASSETS 31 December</b>	<b>11,451</b>	<b>6,733</b>
<b>Total</b>	<b>-6,035</b>	<b>-3,040</b>			
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>7,600</b>	<b>4,919</b>			
<b>INVESTING ACTIVITIES</b>					
Increase in fixed assets	-2,491	-2,874			
Sales of fixed assets	<u>1,141</u>	<u>1,306</u>			
<b>Total cash flow from investing activities</b>	<b>-1,350</b>	<b>-1,568</b>			
<b>CASH FLOW BEFORE FINANCING ACTIVITIES</b>	<b>6,250</b>	<b>3,351</b>			



# Notes to the financial statements of 31 December 2021

## ACCOUNTING PRINCIPLES

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

### Consolidated financial statements

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

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

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

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

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

### Recognition of revenue from construction projects

The financial statements have been drawn up in accordance with the percentage-of-completion principle, whereby revenue from construction projects is recognised according to the 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 projects, 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

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

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

### Current assets

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

# 1. Notes to the Income Statement (EUR 1,000)

	Group			Group	
	2021	2020		2021	2020
<b>1.1 Distribution of net turnover</b>			<b>1.3 Materials and services</b>		
By business sector					
Income from construction work	290,869	307,696	Purchases during the year	48,701	44,182
Rental income	1,981	1,818	Land areas and building sites	12,075	4,281
Sale of shares	12,452	2,055	Shares	-2,118	58
Other sales revenue	1,700	1,543	Change in inventories	8,893	9,454
<b>Total</b>	<b>307,003</b>	<b>313,113</b>	External services	130,406	143,230
			<b>Total</b>	<b>197,957</b>	<b>201,205</b>
By market area			<b>1.4 Personnel expenses and personnel</b>		
Domestic	307,003	313,113	Wages, salaries and remunerations	33,804	30,346
Turnover recorded as income according to the degree of completion, out of total turnover for the year	290,869	307,696	Pension expenses	5,336	4,352
			Other personnel-related expenses	3,107	2,394
			<b>Total</b>	<b>42,247</b>	<b>37,092</b>
Construction projects in progress recognised as revenue according to the degree of completion; amount recognised as revenue during the financial year and previous financial years	249,067	234,228	Management salaries and remunerations	1,422	1,254
Construction projects in progress, not recorded as income	315,209	293,710	<b>Average number of personnel</b>		
			Salaried staff	336	323
<b>1.2 Other operating income</b>			Employees	218	209
Gains on sale of fixed assets	15	16	<b>Total</b>	<b>554</b>	<b>532</b>
Other	62	678			
<b>Total</b>	<b>77</b>	<b>694</b>			



	Group	
	2021	2020
<b>1.5 Depreciation according to plan (EUR)</b>		
Other long-term expenditure	1,280	607
Machinery and equipment	86	82
<b>Total</b>	<b>1,365</b>	<b>690</b>
<b>1.6 Auditor's remunerations</b>		
Audit fee	93	78
Tax advice	7	40
Other services	184	200
<b>Total</b>	<b>284</b>	<b>318</b>
<b>1.7 Financial income and expenses</b>		
<b>Dividend income</b>		
From Group companies	0	0
From others	1	1
<b>Total</b>	<b>1</b>	<b>1</b>
<b>Other financial and interest income</b>		
From Group companies	0	0
From others	44	56
<b>Total</b>	<b>44</b>	<b>56</b>

	Group	
	2021	2020
<b>Impairment on investments in fixed assets</b>	0	-113
<b>Interest expenses and other financial expenses</b>		
To Group companies	0	0
To others	4,215	-5,091
<b>Total</b>	<b>4,215</b>	<b>5,091</b>
<b>Financial income and expenses total</b>	<b>-4,170</b>	<b>-5,147</b>
<b>1.8 Appropriations</b>		
Difference between planned depreciation and depreciation in taxation (increase - / decrease +)	0	0
<b>1.9 Income taxes</b>		
Income taxes accrued during previous years	-327	1
Change in deferred tax liability	-2,941	-2,048
<b>Direct taxes, total</b>	<b>-3,268</b>	<b>-2,047</b>

## 2. Notes to the balance sheet (EUR 1,000)

### 2.1 Non-current assets

Group	Intangible assets		Tangible assets	
	Other long-term expenditure	Advance payments	Land areas	Buildings and constructions
<b>Fixed assets</b>				
Acquisition cost 1 January 2021	3,374	911	0	1,265
Increase	1,871	620	0	0
Decrease	<u>-335</u>	<u>-1,118</u>	<u>0</u>	<u>0</u>
Acquisition cost 31 December 2021	4,910	412	0	1,265
Accumulated depreciation 1 January 2021	1,570	0	0	1,265
Decrease in accumulated depreciation	-335	0	0	0
Depreciation for the financial period	<u>1,280</u>	<u>0</u>	<u>0</u>	<u>0</u>
Accumulated depreciation 31 December 2021	2,516	0	0	1,265
<b>Book value 31 December 2021</b>	<b>2,395</b>	<b>412</b>	<b>0</b>	<b>0</b>

Group	Tangible assets	
	Machinery and equipment	Other tangible assets
Acquisition cost 1 January 2021	1,483	50
Increase	1	0
Decrease	<u>-70</u>	<u>0</u>
Acquisition cost 31 December 2021	1,413	50
Accumulated depreciation 1 January 2021	1,154	0
Decrease in accumulated depreciation	-70	0
depreciation	<u>86</u>	<u>0</u>
Accumulated depreciation 31 December 2021	1,169	0
<b>Book value 31 December 2021</b>	<b>243</b>	<b>50</b>

<b>Investments</b>	<b>Group Shares in Group companies</b>	<b>Shares in associated companies</b>	<b>Other shares</b>
Acquisition cost 1 January 2021	0	0	660
Increase	0	0	0
Decrease	0	0	-23
<b>Acquisition cost 31 December 2021</b>	<b>0</b>	<b>0</b>	<b>637</b>

#### **Group companies**

Shares under fixed assets:	<b>Group holding %</b>	<b>Parent company holding %</b>
Hartela Etelä-Suomi Oy	100.00	100.00
Hartela Länsi-Suomi Oy	100.00	100.00
Hartela Pohjois-Suomi Oy	100.00	100.00
Etnin Oy	100.00	100.00

#### **Other shares and holdings**

	<b>Group holding %</b>
Golfsarfvik Oy	0.4
Asunto Oy Klasimberä	5.6

#### **Information on the company's shares**

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





2.2 Inventories	Group	Group
	31 December 2021	31 December 2020
Construction work in progress	38,767	33,133
Land areas and building sites	7,329	4,356
Shares	24,882	33,274
<b>Total</b>	<b>70,978</b>	<b>70,763</b>

### 2.3 Long-term receivables

Deferred tax receivables	0	0
From accrual differences and confirmed tax losses	9,818	12,761

### 2.4 Itemisation of short-term receivables

Accounts receivable	23,075	31,779
Receivables from Group companies		
Accounts receivable	0	0
Loan receivables	0	0
Receivables carried forward	0	0
Other receivables	5,116	1,760
Receivables carried forward	<u>30,026</u>	<u>12,938</u>
	35,141	14,698
<b>Total</b>	<b>58,216</b>	<b>46,478</b>

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.

2.5 Shareholders' equity	Group	Group
	2021	2020
Share capital 1 January	101	101
<b>Share capital 31 December</b>	<b>101</b>	<b>101</b>
Jaakko Hartela scholarship fund 1 January	14	14
<b>Jaakko Hartela scholarship fund 31 December</b>	<b>14</b>	<b>14</b>
Invested unrestricted equity fund 1 January	52,202	77,899
Carried back to the earnings of previous financial years	0	<u>-25,697</u>
<b>Reserve for invested unrestricted equity 31 December</b>	<b>52,202</b>	<b>52,202</b>
Retained earnings 1 January	5,244	-20,478
Invested unrestricted equity fund	0	25,697
Adjustments to equity	<u>-1,200</u>	<u>-5,193</u>
<b>Retained earnings 31 December</b>	<b>4,044</b>	<b>26</b>
<b>Profit/loss for the financial period</b>	<b>9,329</b>	<b>5,218</b>
<b>Shareholders' equity, total</b>	<b>65,689</b>	<b>57,560</b>
<b>Statement of distributable assets 31 December</b>		
Jaakko Hartela scholarship fund	<b>14</b>	<b>14</b>
Invested unrestricted equity fund	52,202	52,202
Retained earnings	4,044	26
Profit/loss for the financial period	9,329	5,218
Portion of accumulated depreciation difference and voluntary provisions entered under shareholders' equity	<u>-65</u>	<u>-112</u>
<b>Distributable assets, total</b>	<b>65,523</b>	<b>57,348</b>



<b>2.6 Mandatory provisions</b>	<b>Group</b>	<b>Group</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
Warranty provisions	2,194	1,835
Ten-year liabilities	9,829	7,879
Rental liability provisions	721	1,577
<b>Total</b>	<b>12,744</b>	<b>11,291</b>

<b>2.7 Long-term liabilities</b>	<b>Group</b>	<b>Group</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
Pension loans	1,000	2,000
Other loans		
From shareholders	0	1,038
Other interest-bearing liabilities	3,402	3,355
<b>Total</b>	<b>4,401</b>	<b>6,394</b>
Deferred tax liability		
On depreciation difference	16	19

<b>2.8 Short-term liabilities</b>	<b>Group</b>	<b>Group</b>
	<b>31 December 2021</b>	<b>31 December 2020</b>
Loans from financial institutions	0	1,016
Company loans – residential development	9,543	3,739
Pension loans	1,000	1,000
Advances received	11,900	14,471
Accounts payable	8,195	2,021
Liabilities to Group companies		
Accounts payable	0	0
Other liabilities	0	0
	0	0
Other liabilities	14,170	21,249
Accrued liabilities	26,540	21,727
<b>Total</b>	<b>71,348</b>	<b>65,223</b>

The most significant item included in the Group's other liabilities consists of value added tax liabilities.  
The most significant items included in accrued liabilities consist of the accrual of annual holiday pay and construction costs.



## 3. Contingent liabilities (EUR 1,000)

	Group 31 December 2021	Group 31 December 2020
<b>Loans</b>		
Loans from credit institutions	0	4,775
Pension loans	2,000	3,000
Other liabilities	9,233	13,353
<b>Total</b>	<b>11,233</b>	<b>21,108</b>
<b>Guarantees for the company's own commitments</b>		
Mortgages	10,000	883
Pledged shares	0	20,640
Pledged receivables	5	1,621
<b>Total</b>	<b>10,005</b>	<b>23,114</b>
<b>Financial guarantees and other contingent liabilities</b>		
On behalf of Group companies	0	0
<b>Lease liabilities</b>		
Payable next year	2,235	1,719
Payable later	12,951	13,387
<b>Total</b>	<b>15,186</b>	<b>15,106</b>
<b>Leasing commitments</b>		
Payable next year	804	770
Payable later	916	700
<b>Total</b>	<b>1,720</b>	<b>1,469</b>

## 4. Related party liabilities

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

## 5. The Board of Directors' proposal for the distribution of profit

The Group's distributable equity on 31 December 2021 amounted to EUR 65,522,789,36.  
 The parent company's distributable equity on 31 December 2021 amounted to EUR 69,358,117.74.  
 The Board of Directors proposes that a dividend of EUR 3,000,000.00 be distributed from the profit for the financial year of EUR 9,328,682.33 and the remainder be transferred to the account for retained earnings.

# 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 23346079-8) for the financial period 1 January–31 December 2021. 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 audit 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 audit 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.

## Responsibilities of the Board of Directors and the Chief Executive Officer for 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 responsibilities for the audit of the financial statements

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

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

-We identify and assess the risks of material misstatements due to misdemeanours or errors in the financial statements, plan and perform audit measures addressing these risks, and obtain a sufficient amount of appropriate audit evidence as the basis for our opinion. The risk of a material misstatement caused by misdemeanours remaining unidentified is higher than the risk of a material misstatement caused by an error remaining unidentified, as misdemeanours can involve co-operation, forgery, intentional non-disclosure of information, presentation of incorrect information, or bypassing internal control.

-We consider internal control relevant to the entity's preparation of financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as the reasonableness of the information reported on them.

-We draw a conclusion as to whether it has been appropriate for the Board of Directors and the Chief Executive Officer to prepare the financial statements using the going concern basis of accounting, and based on the audit evidence we have obtained, we conclude whether there is material uncertainty relating to events or circumstances that could give reasonable doubt to be suspicious of the ability of the parent company or the group to continue as a going concern. If our conclusion is that there is material uncertainty, we must draw attention to the information presented in the financial statements concerning the uncertainty in our auditor's report, or, if the information concerning the uncertainty is not sufficient, adjust our opinion. Our conclusions are based on audit evidence obtained by the date of issuing the auditor's report. Subsequent events or circumstances can, however, result in the parent company or group not being able to continue its operations.

-We evaluate the general presentation method, structure and content of the financial statements, including all information disclosed in the financial statements, and whether the financial statements illustrate the underlying business transactions and events in such a way that they give a true and fair view.

- We obtain a sufficient amount of appropriate audit evidence of financial information concerning the entities or business functions included in the group in order to be able to issue a report on the consolidated financial statements. We are responsible for the control, supervision and performance of the audit. We are solely responsible for the auditor's report.



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

#### OTHER REPORTING OBLIGATIONS

##### Other information

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

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

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

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

Helsinki, 26 January 2022  
KPMG OY AB

Mikko Haavisto  
AUTHORISED PUBLIC ACCOUNTANT





## Management on 31 December 2021

Top row, left to right:

**Antti Mölsä**, General Counsel, Hartela-yhtiöt Oy  
**Hanna Kolehmainen**, Managing Director, Hartela Oy  
**Juha Korkiamäki**, Chief Executive Officer, Hartela-yhtiöt Oy  
**Matti Aho**, Managing Director, Hartela Etelä-Suomi Oy  
**Hanne Miettinen**, Account Manager, Hartela-yhtiöt Oy

Bottom row, left to right:

**Markku Taskinen**, Managing Director, Hartela Pohjois-Suomi Oy  
**Samppa Mäki-Patola**, Chief HR Officer, Hartela-yhtiöt Oy  
**Timo Suonsyrjä**, Group CFO, Hartela-yhtiöt Oy  
**Sanna Hiukkamäki**, Chief Development and Information Officer,  
Hartela-yhtiöt Oy  
**Kalle Saarela**, Chief Procurement Officer, Hartela-yhtiöt Oy

# Hartela-yhtiöt Oy's Board of Directors on 31 December 2021



Hanna Hartela  
owner  
board member



Heikki Hartela  
owner  
board member



Maarit Hartela-Varkki  
owner  
board member



Petri Olkinuora  
board member



Kari Heinistö  
Chair of the Board of Directors



Antti Peltoniemi  
board member

**The story of the Hartela construction company** began in Turku in 1942, when master builders Emil Hartela and Vilho Heinonen founded a company called Urakoitsijat Oy. The first contract landed by the new company was the construction of a new brush and paint-brush factory to replace the old factory building, which had been destroyed in the Winter War bombings. Two

years later, the company's first apartment building was completed in Turku. Both buildings are still in use.

At the end of the 1950s, Urakoitsijat Oy expanded its operations to Helsinki, and Emil Hartela took over the ownership of the company. The name of the company was changed to Rakennus-osakeyhtiö Hartela.

Over the decades, Hartela has become a notable property developer in the Finnish market. In 2021, this family-owned company had over 70 properties under construction. The ownership of the family business has been passing from one generation to the next, with the ownership of Hartela now in the hands of the third generation. The main principle has remained the same throughout the years: operations are based on long-term plans and the quality of construction is never compromised.





Good day to you.  
*Good morning.*

**WE ARE HARTELA.**

A construction company that signs its work  
under its own name.

**HARTELA**

## Contact information

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