



Annual report 2024

HOIVARAKENTAJAT

www.hoivarakentajat.fi

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Hoivarakentajat in brief

Hoivarakentajat is Finland's largest public log house builder and a pioneer in sustainable construction. We build desirable and long-lasting service buildings made of clean, domestic logs for leading operators in the social welfare, health and early childhood education sectors.

We have a lot of experience in daily care work. We build nurseries and assisted living buildings where all solutions – accessibility, functionality and adaptability – are implemented and serve the daily lives of residents, other users and employees. People are doing well in sensory-friendly and climate-friendly Tunnehirsi log buildings.

Hoivarakentajat Oy was established in 2011. In 2024, we had a turnover of EUR 32.9 million and an average of 19 employees.



Hoivarakentajat in 2024

The good performance in 2024 shows that preparing for strategic risks and preparing for growth paid off. We succeeded in the investment market, growing new clients and developing our operations, ensuring growth for 2025.

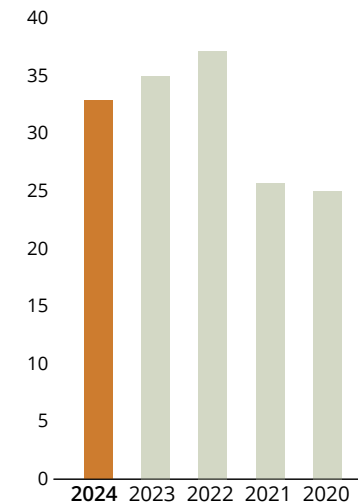
As in previous years, our operating environment was challenging. The crisis in the construction sector deepened, and the turmoil in the financial markets continued. It was difficult to predict how the market situation in the building construction sector would develop. There is a need for new care buildings, but the unclear future direction of the wellbeing services counties

made it difficult to decide whether to launch building projects, both in the wellbeing services counties themselves and the private sector.

Investment decisions by private real estate investors were cautious or not yet taken. Nevertheless, we made two transactions with Lumme Palvelukiinteistöt Oy. These transactions were significant in the overall investment market. The combined value of the real estate transactions was almost EUR 35 million.

In a challenging market environment, our operations remained profitable despite a slight decline in turnover. In addition to our long-term clients, we also gained new

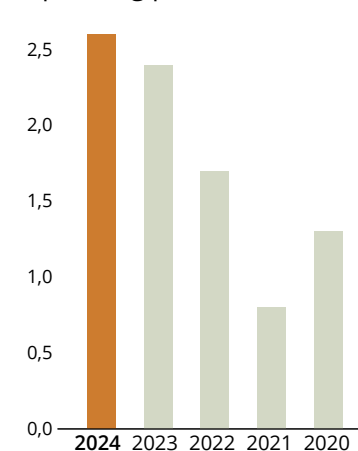
Turnover (Meur)

**32,9**

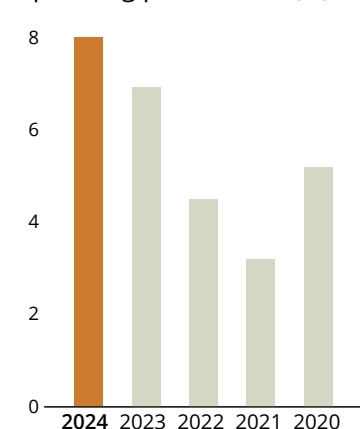
Turnover (Meur)

2,6Operating profit
(Meur)**36,7**Return on equity
(%)

Operating profit (Meur)



Operating profit share (%)



clients, for whom we already have several projects under construction.

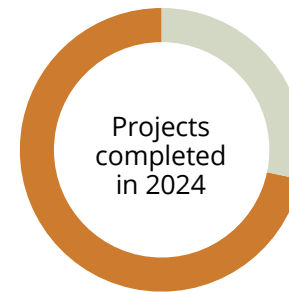
We deepened our understanding of the care construction market and its needs through our comprehensive market analyses for 2023–2024. The analyses will support our discussions with well-being services counties and social care companies.

The results of our customer satisfaction survey in autumn 2024 confirm that the path we have chosen – working closely together to deliver high-quality and sustainable service housing – is the right one.

We also gained valuable insights to improve our operations.

We also launched development work on the selection of sustainability hotspots. The sustainability program for Hoivarakentajat will be completed in the spring of 2025.

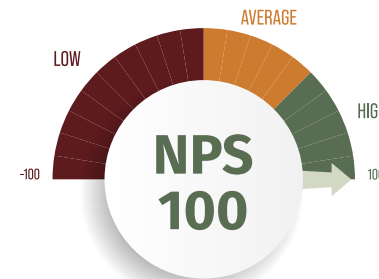
At the end of the year, we recruited a new Finance Director and started recruiting 3 new employees. In addition to development discussions, we conducted a work community survey and a personal well-being survey at the beginning of the year.



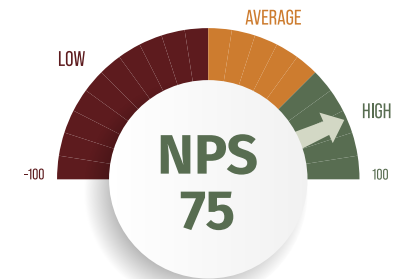
- Day nurseries
- Service homes

19

Staff
(average)



Construction of
day-care centres



Construction of
nursing homes

Highlights of 2024

Construction of log day-care centres for the City of Vantaa

The Ruusupuun day-care centre in Vantaa's Kivistö district started its operations at the beginning of the year. The energy-efficient 1,925 m² day-care centre is the second log day-care centre built by Hoivarakentajat for the City of Vantaa as a turnkey contract.

– Thanks to the massive wood walls, the interior of the log nursery is acoustically gentle and vis-

ually beautiful. It is a nice place for both children and adults to come to, says architect SAFA Sakari Miettunen of Arkkitehtuuri Oy Lehtinen Miettunen.

We have also agreed to build two new log day-care centres for the City of Vantaa between 2025 and 2026. They will be built in the Matari and Leppäkorpi districts.



We met customers and partners at Heureka Day, among other events

One of the highlights of the many stakeholder meetings was right at the beginning of the year. We invited a large group of our customers and partners and their families to a traditional stakeholder day, this time at the Science Centre Heureka in Tikkurila, Vantaa.

During the day, we explored the Heureka exhibitions at our own pace. The programme also included a family quiz, lunch and a snack.

We succeed together is one of the values of Hoivarakentajat. Knowing our customers and partners and appreciating everyone's contribution to the common good leads to successful cooperation.



The architecturally stunning Villa Särkiniemi for the Autism Foundation Finland was completed



In February 2024, the largest care building project ever completed by Hoivarakentajat, with a floor area of 1,806 m², was completed. Villa Särkiniemi in Kuopio is the second complex built for the Autism Foundation Finland, providing both 24-hour and supported living services for adults with autism spectrum disorder.

– Long-term cooperation with Hoivarakentajat produces ideas, and together we select the best ones to be implemented. This

way, we continuously develop our housing concept to be better and more distinctive, says Mervi Savonsalmi, Customer Relations Director of Autism Foundation Finland.

Villa Särkiniemi is an energy-efficient, architecturally unique and BIU Excellent certified property. The third service home built by Hoivarakentajat for Autism Foundation Finland has already been completed in Hämeenlinna, and a fourth is under construction in Kirkkonummi.

Lumme Palvelukiinteistöt acquired several service properties

In autumn 2024, we agreed on two transactions with Lumme Palvelukiinteistöt Oy, whereby several energy-efficient service homes for special groups changed hands for a total purchase price of almost EUR 35 million.

The state-of-the-art, environmentally certified log service homes are designed for residential services for child protection, mentally disabled persons and adults with autism spectrum disorder. The units are located in various cities and are operated by several social and health service companies.

– Although the construction market has stagnated, the demand for energy-efficient special needs service homes that meet strict sustainability criteria is strong in the real estate investment market. The current transaction shows that energy-efficient, low-carbon and adaptable log buildings built by Hoivarakentajat are also particularly desirable as investment opportunities. Finland will get more log service homes, which are popular with both residents and employees, said Niilo Rantala, CFO of Hoivarakentajat.



Aspa Services' energy class A service home was taken into use

Aspa Services' first log-built Aspa home for residents with developmental disabilities was completed in Vallinoja, Vantaa, in the summer of 2024. The A-energy class service home has a floor area of 1,125 m². In addition to the four-winged residential building, the plot includes a courtyard sauna and a nature trail.

– The new facilities will allow for versatile, sensory-friendly and client-oriented activities in a stunning setting. Every visitor has been impressed by the possibilities offered by the house. Our team is also delighted to work in such an inspiring environment,

says Johanna Rinkinen, Director of Aspa Home Vallinoja.

A building for round-the-clock living that meets energy class A requirements saves both running costs and the environment throughout its life cycle. The Aspa Home Vallinoja is also LEED Gold certified.

Aspa Services' next complex of two service homes is under construction in Seinäjoki.



First log day nursery completed in Norlandia



At the beginning of August 2024, a new sports and nature-oriented Norlandia Into day-care centre opened in Joensuu. It is the first joint project between Norlandia and Hoivarakentajat, where high-quality and versatile early childhood education is provided in a modern A-energy class log building.

– We have a healthy, sustainable and inspiring learning environment where 87 children from Joensuu can learn about themselves and their environment through play, says Pekka Syrjälä, Norlandia's property manager.

The next joint kindergarten project with Norlandia is planned to take place in Espoo.

The 7th child protection unit conceptualised with Humana was launched

In November 2024, the seventh log-built child protection unit in Mustasaari was completed for Humana. It was built from log-framed prefabricated elements. The building concept, created together with the customer, creates a safe and functional framework for child protection work

– Facilities have a huge impact on the way we feel. It is important how and in what kind of en-

vironment children and young people placed outside the home can live," says Kimmo Huhtimo, Director of Humana's Child Protection Services.

During 2025, Humana will build child protection units in Liperi and Ilmajoki, a service home for mentally disabled people in Seinäjoki and a service home for the developmentally disabled in Raisio.



CEO's review

Despite the difficult situation in the construction and finance sector, 2024 was, in many ways, a good and dynamic year for Hoivarakentajat.

We secured our short- and long-term viability by postponing the launch of many of our already planned care construction projects and by continuing to invest in developing a superior customer experience, partnerships and our internal processes.

Profitability improved despite the construction sector's plight

Financially, the most important achievement was that our relative profitability continued its upward trajectory. Our business was profitable, although our turnover was slightly down compared to previous years.

An important milestone was the transactions with Lumme Palvelukiinteistöt Oy in the second half of 2024, totalling almost EUR 35 million. This was a significant achievement in an otherwise stagnant real estate investment market.

We constructed great buildings – also for new customers

We also had great success with our client relationships: in addition to our long-term clients who are actively building more, we gained new growth-oriented clients. The projects we have designed together with our customers are great examples of how to use domestic massive wood for the good of people and the climate, both for service housing and early childhood education.



Special mention should go to Villa Särkiniemi in Kuopio, a service home for residents with autism spectrum disorder built for the Autism Foundation Finland, and Aspa Home Vallinoja in Vantaa, a home for residents with developmental disabilities built for Aspa Services. For both customers, new sites are also under construction in different parts of Finland.

Villa Särkiniemi is an architecturally high-quality complex and the largest log-built service home we have built so far. The ingeniously designed Aspa Home Vallinoja is the first A-energy class log service home for round-the-clock living.

There is a demand for sustainable construction

In Finland, there is a remarkable need for modern service buildings that contribute to people's well-being and climate goals. The Tunnehirsi concept buildings of Hoivarakentajat meet these needs.

Our population is ageing, and urbanisation is increasing. The market analysis we commissioned in 2024 will shed light on how these and other megatrends will affect the need for service buildings between 2025 and 2040. The information analysed will provide a good basis for discussions with the various players in the sector.

In 2024, we also prepared to verify the EU taxonomy compliance of our log buildings. The sustainability programme for Hoivarakentajat will be finalised in spring 2025 and will help us pave the way towards the best and most nature-positive care building on the market.

The outlook for the future is brightening

Although the construction and finance markets are still sticky, 2025 will be a year of significant growth for Hoivarakentajat. Our turnover forecast is around EUR 50 million – and already at this stage, it is expected to be the largest in our history.

Our thanks for the very successful construction projects and for deliv-

ering growth in a tight market go to our staff, customers, investors and other partners.

I am proud of our staff, who have shown exceptional resilience under pressure, and delighted with our customers and partners, who have understood why we delayed the start of construction projects. I would like to thank Lumme Palvelukiinteistöt for their responsible decision to work with us to build service buildings that are optimal for people and the climate.

The results we have achieved together are excellent. They have also enabled us to make successful recruitments during the rest of the year to secure our growth. It's good to grow together for the future.

Tarmo Kemppainen

CEO

Values

People are our main asset. Common, shared values create an atmosphere and enthusiasm in our organisation that positively impacts all our stakeholder relationships. Our values are reflected in our work every day.

1. People are the foundation of everything

We measured and monitored staff well-being through a staff survey and personal interviews. The customer satisfaction survey highlighted the excellent interpersonal skills of our staff.

2. We act responsibly

We continued to build a sustainable future in close cooperation with our stakeholders. Our energy-efficient, biodiversity-friendly log buildings provide dignified and safe housing for vulnerable people while promoting the well-being of the staff fworking in them.

3. We succeed together

Good and trustful cooperation with both new customers and our very long-standing customers and partner relationships carried us through the challenges of 2024. We succeeded in our projects because everyone shouldered their responsibilities.

4. We evolve for the benefit of the customer

We kept our position as a pioneer in our industry. The agile and customer-oriented design and construction of sustainable living and working environments that enhance people's well-being inspires us to improve our operations – without compromising the economy.

5. Every interaction is important

We invested in delivering a superior customer experience through a customer experience project involv-

ing all our staff. We gained new ideas and tools to differentiate ourselves in the eyes of our customers and other stakeholders.



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