SENSE OF INFRASTRUCTURE

FINANCIAL STATEMENTS 2021

DESTIA

A COLAS COMPANY

BOARD OF DIRECTORS' REPORT AND FINANCIAL STATEMENTS 2021

CONTENTS

REPORT OF THE BOARD OF DIRECTORS 2021

Destia is the biggest service company in the infrastructure sector in Finland and part of the global Colas Group. We design, build and maintain infrastructure that is essential for the functioning of society, such as electricity networks, bridges, roads and railways. We also offer solutions to the needs of electric and smart transport, such as electric charging services and telematics solutions. Destia's customers include government organisations, municipalities, cities and industrial companies.

Our versatile expertise gives us a unique sense of infrastructure. It emerges from each Destia employee's special expertise, skills, attitude and mindset. We understand, and know how to leverage, the benefits of digitalisation for the good of our customers and society as a whole.

OPERATING ENVIRONMENT

In 2021, our operating environment was affected by the continued global COVID-19 pandemic, with its direct effects on Destia's business and projects nevertheless being relatively moderate. Indirectly, however, the pandemic has caused a significant increase in the prices of construction materials.

Our operating environment changes and evolves constantly in accordance with megatrends. The trends guiding our strategy include urbanisation, digitalisation, climate change, the ageing of the population and the depletion of natural resources.

The overall infrastructure construction market in Finland continued to grow in 2021. This was due to factors such as government investments in fundamental road maintenance and investments in large cities and housing construction, which continued at a relatively active level in spite of the pandemic.

The decrease in large infrastructure projects creates downward pressure on volumes in the infrastructure market, and the continuation of good growth development would require additional economic stimulus, for example, through additional recovery funds from the EU.

The strong growth in the Swedish and Norwegian infrastructure construction markets is expected to continue.

ORDER BACKLOG AND THE MOST SIGNIFICANT NEW ORDERS

Destia's order backlog, which is spread over several years, amounted to EUR 754.7 million (708.6) at the end of December. The alliance project for above-ground infrastructure for the Laakso Joint Hospital, which will be carried out for SRV in 2022–2025, has not been entered in the order backlog yet. Additional orders under the tramline alliance project between Kalasatama and Pasila will be entered in the order backlog when the agreements are signed. A total of 15 road maintenance contracts began in Finland during the past financial period, with Destia being responsible for seven of these. They were entered in the order backlog during the financial period.

The most important new contracts signed in 2021:

- Track and safety equipment maintenance, area 7, 2021–2026
- Track and safety equipment maintenance, area 5, 2022–2027
- Kaisantunneli, Helsinki
- Road maintenance contracts for the period 2021–2026 in the following areas: Nummi, Pietarsaari, Kangasala, Ranua, Kuopio, Ii and Harjavalta. A contract for Imatra for the period 2021–2027.
- National road 8, Eurajoki bypass road
- Sinimäki substation, Espoo
- National road 9, Säyrylä multi-level interchange, Jämsä
- Pakurla bridge, Paimio
- Oritkari wye, Oulu
- Power line to Nuolivaara wind farm, Kemijärvi/Salla
- National road 4, Jeesiöjoki bridge, Sodankylä
- National road 13, Myttiönmäki section, Savitaipale
- Caisson pier renovation for Yara Finland, Uusikaupunki

FINANCIAL PERFORMANCE

Destia's revenue increased slightly compared to the previous year, amounting to EUR 574.8 million (563.8).

The Group's other operating income in the financial period amounted to EUR 6.2 million (6.2). This mainly includes profit from sale of fixed assets and real estate, insurance compensation and compensation for damages received by the Group, and property rental income.

The Group's operating profit for the financial period was the highest in the company's history at EUR 21.1 million (14.7). The Group's result for the financial year was EUR 17.4 million (15.7). The improved profitability was attributable to favourable revenue development as well as improved project management, especially in the Road Services division, and successful projects in the Maintenance Services division. The operating profit for the financial period includes non-recurring items affecting comparability, mainly related to acquisitions and divestments, with a net effect of EUR 0.4 million.

The Group's income taxes in the financial period totalled EUR 4.1 million (-0.1). The change in taxes is attributable to a change in group structure.

FINANCIAL PERFORMANCE AND POSITION

KEY FIGURES (IFRS) EUR million	1-12/2021	1-12/2020	1-12/2019	1-12/2018	1-12/2017
Revenue	574.8	563.8	569.9	550.3	478.7
Operating profit for the period	21.1	14.7	13.5	17.1	15.4
% of revenue	3.7	2.6	2.4	3.1	3.2
Operating profit for the period, comparable	21.5	16.2	11.4	17.1	17.5
% of revenue	3.7	2.9	2.0	3.1	3.6
Result for the period	17.4	15.7	15.1	16.8	16.2
% of revenue	3.0	2.8	2.7	3.1	3.4
Return on equity, % **)	26.8	22.0	21.5	24.9	27.1
Equity ratio, %	31.8	32.3	31.7	31.1	32.6
Return on investment, % **)	26.8	15.8	16.2	21.0	20.4
Net gearing, % ***)	-30.9	-21.8	18.7	-23.7	5.2
Personnel, average	1,647	1,691	1,701	1,655	1,569
Occupational accidents resulting in absence from work *)	6.5	13.1	5.6	5.8	10.5
Order backlog at the end of the reporting period	754.7	708.6	763.6	732.7	696.2

*) Occupational accidents per million working hours. The figure includes Destia Engineering Oy starting from 2017 and Oulun Energia Urakointi Oy starting from 2021 (March).
**) The opening equity for 2018 has been adjusted, but the closing balance for 2017 was used in the calculation of key figures for 2018 instead of the adjusted opening balance for 2018.
***) Since the beginning of 2019, Destia Group has applied IFRS 16 to lease agreements. The adoption of the standard increased the Group's assets and liabilities on the balance sheet by EUR 14.1 million, which is why net gearing increased significantly compared with the reference year.

FINANCIAL POSITION AND CASH FLOW

Total assets on Destia's balance sheet were EUR 226.1 million (261.4) at the end of the financial period. Return on investment (ROI) was 26.8% (15.8%), the equity ratio was 31.8% (32.3%), and net gearing was -30.9% (-21.8%). The repayment of an intra-Group loan from the previous parent company in relation to the acquisition of Destia by the Colas Group led to a significant decrease in net gearing.

Cash flow for the financial period consisted of operating cash flow of EUR +4.1 million (+53.4), investment cash flow of EUR +2.8 million (-18.6) and financial cash flow of EUR -15.9 million (-18.8). Cash flow for the financial period was improved by the repayment of an intra-Group loan, with the effect being EUR +30.3 million. Operating cash flow in the comparison period was exceptionally strong due to successful project invoicing in December and the favourable development of working capital. Cash flow during the year involved seasonal fluctuation that is normal for the business.

Cash and cash equivalents on the balance sheet were EUR 31.4 million (40.3) at the end of the financial period. The Group has access to a EUR 150 million commercial paper programme, which was not at use on balance sheet date, but on comparison period, EUR 9.0 million was at use, and a short-term bank credit facility of EUR 10 million, which was not used at all. To secure its liquidity, the company also signed a revolving credit facility of EUR 30 million in connection with rearranging its financing in November 2019. The credit facility was completely undrawn at the balance sheet date. At the end of the reporting period, interest-bearing liabilities totalled EUR 13.1 million (24.9), consisting entirely of IFRS 16 liabilities. IFRS 16 liabilities for the comparison period amounted to EUR 15.4 million.

Of all loans, 46.7% (61.6%) were short-term and 53.3% (38.4%) were long-term. The Group's interest-bearing net liabilities at the end of the reporting period were EUR -18.3 million (-15.4).

SHARES, SHARE CAPITAL AND EQUITY

The registered share capital of Destia Oy is EUR 17.0 million and the total number of shares is 680,000. The company is 100% owned by Colas SA, which is part of the Colas Group, effective from 1 December 2021.

INVESTMENTS

The Group's gross investments in the financial period totalled EUR 15.3 million (13.9), representing 2.7% (2.5%) of revenue. The investments include EUR 4.4 million (6.1) in IFRS 16 investments. Other investments were mainly fleet investments.

PERSONNEL

The Group's average number of personnel during the financial period was 1,647 (1,691). At the end of December, the number of personnel was 1,586 (1,624), of whom 1,457 (1,491) were permanent and 129 (133) were fixed-term employees. In March 2021, we strengthened our team by bringing in approximately 70 new energy infrastructure professionals through our acquisition of Oulun Energia Urakointi Oy. Because of the seasonality of the business, the number of personnel varies during the year and peaks in summer. In 2021, personnel costs were slightly higher than in the previous year, amounting to EUR 109.2 million (105.6) or 19% (19%) of revenue.

We monitor employee satisfaction by means of personnel surveys, including a quarterly pulse survey. The key performance indicators derived from the pulse survey include the employee Net Promoter Score (eNPS), which came to 30 in 2021 (2020: 27) and the PeoplePower rating, which was AA=Good in 2021 (2020: AA). Based on this rating, Destia was again recognised as one of the most inspiring workplaces in Finland.

The construction industry is characterised by labour shortages and intense competition for top professionals. With this in mind, it is essential for us to find and develop professionals and to ensure their job satisfaction. Our success is based on our corporate culture and people. Our goal is to have competent and committed employees with a high level of well-being.

Our values – fairness, togetherness, renewal, success – and leadership promise guide our actions, decision-making and supervisory work in our day-to-day operations.

We build our success on our corporate culture and people. We developed our company culture through discussions in cooperation workshops, internal training and by the management setting a good example. Our goal is to establish our values as guiding principles in our day-to-day operations.

In accordance with our value of "renewing", we want to encourage our employees to maintain and develop their competence and professional skills. In particular, we invest in the development of leadership and project management through high-quality training programmes.

The accident frequency was 6.5, which is lower than in the previous year (13.1) but still above the target level. All accidents have been investigated and we have developed safer working methods based on the observations. The work of our safety managers has mainly taken place in the field, with a comprehensive approach applied to the safety challenges at sites. The management of safety was also strongly affected by the continued COVID-19 pandemic, which resulted in that changes had to be made to the practices at sites and in offices, with some of the changes being major.

At Destia, many employees start their career paths as trainees, and we engage in active cooperation with various educational institutions. During the financial period, Destia employed 266 (255) trainees and summer workers. Many of them continued to work at Destia as hourly employees after their trainee periods. We launched the first Destia Studies pilot in collaboration with Metropolia University of Applied Sciences in 2021. The programme involves Destia's specialists giving lectures on the life cycle of infrastructure projects and related land survey and soil survey activities. The students were also invited to visit a construction site to learn about drilling, for example.

Our objective is to be a sought-after employer among students and professionals in the field of infrastructure. We recruited a total of 134 new permanent professionals in 2021. We participated in Oikotie's Responsible Employer survey for the first time in 2021. The survey assessed the extent to which the principles of responsible employment – such as non-discrimination and focusing on supervisory work – are realised at Destia from the perspective of employees. We placed fourth in the entire survey in the category of large organisations (over 1,000 employees).

ORGANISATIONAL STRUCTURE AND MANAGEMENT

Destia's organisation consists of six divisions and their support functions. The divisions are Road Services, Energy Services (the Construction Technology Services was renamed as Energy Services on 1 January 2022), Earth and Rock Services, Maintenance Services, Railway Services, and Urban Development and Consulting Services. Destia's business operations are supported by the following support functions: Finance, Human Resources, and Business Support and Development.

Road Services includes road and street construction as well as water supply construction, bridges and traffic control services. Energy Services offers electricity grid and wind power construction as well as concrete and house construction services. Earth and Rock Services focuses on urban construction, foundation engineering, rock and mine engineering, the aggregates business and the circular economy. Maintenance Services focuses on the road maintenance. Railway Services includes railway construction and maintenance. Urban Development and Design Services includes infrastructure, urban and traffic design, infrastructure asset management, telematics, project development, electric charging and new services.

In 2021, Destia's Management Team consisted of:

- President and CEO Tero Kiviniemi, Chair
- Miska Eriksson
- Annu Karttunen as of 1 May 2021, as acting EVP, HR and Safety 1 January 2021 - 30 April 2021
- Sanna Karvonen
- Mikko Mäkelä
- Mikko Möttönen
- Pasi Nurminen as of 1 April 2021
- Pekka Ruuti
- Timo Räikkönen
- Seppo Ylitapio

- Minna Heinonen until 30 April 2021
- Taru Salo until 28 February 2021

DECISIONS OF GENERAL MEETINGS

The Annual General Meeting of Destia Oy, held on 12 February 2021, confirmed the company's financial statements for 2020 and discharged the President and CEO and members of the Board from liability for the financial year 1 January–31 December 2020. The Annual General Meeting decided, in accordance with the proposal by the Board of Directors, that neither dividend nor capital repayment be distributed for the financial period ending 31 December 2020.

The Annual General Meeting decided that the number of board members is three and re-elected Tero Kiviniemi as the Chair of the Board. Minna Heinonen and Sanna Karvonen were re-elected as members of the Board of Directors. The Annual General Meeting decided that no remuneration will be paid to the members of the Board of Directors. All of the members of the Board of Directors are not independent of the company.

The Annual General Meeting elected KPMG Oy Ab as Destia Oy's auditor for the 2021 financial period. Kim Järvi, APA (Authorised Public Accountant), serves as the auditor with principal responsibility.

Destia Oy held an Extraordinary General Meeting on 23 March 2021. The Extraordinary General Meeting elected Miska Eriksson as a new member of the Board of Directors, replacing Minna Heinonen.

Another Extraordinary General Meeting was held on 25 August 2021 to prepare administrative decisions concerning the integration with Colas.

In addition, on 22 November 2021, Destia's Extraordinary General Meeting decided, as proposed by the Board of Directors, that the company's invested non-restricted equity fund of EUR 14,381,951.64 be returned in its entirety to the sole shareholder Destia Group Oyj and that a dividend of EUR 12,618,048.36 be distributed for the financial period 1 January–31 December 2020.

LITIGATION AND DISPUTES

The most significant legal cases related to the normal business operations of Destia's group companies were resolved in 2021. One dispute concerning a contract related to the group companies' normal business operations remains pending.

Group companies are parties to a small number of individual disputes concerning employment relationships. In addition, misconduct is suspected in Destia Oy's individual construction project in Eastern Finland. Destia has filed requests for investigation with the police during the period 2019–2021 regarding this issue. The persons suspected of misconduct are no longer employed by the company and, in Destia's view, there were no significant changes in the situation during the past year.

In 2021, the District Court of Oulu ordered Destia Oy to pay a corporate fine of EUR 7,500 for an occupational safety offence. In its decision, the District Court characterised the offence as fairly minor. Destia has appealed the decision to the Court of Appeal and the decision of the District Court is therefore not legally valid.

The management does not expect the outcomes of the aforementioned cases to have a material effect on the Group's financial position. Ongoing and potential legal proceedings have been provided for in terms of cost reserve to the extent that the Group deems the disputes substantial.

SHORT-TERM RISKS AND UNCERTAINTIES

We classify risks as market and operating environment risks, operational risks, personnel risks, financial risks and damage risks.

Of the market and operating environment risks, fluctuation in the economy, uncertainty related to the market situation and the rising prices and availability issues related to materials pose a significant risk for Destia's business. The Finnish infrastructure market is expected to turn to a slight decline of -1.0% in 2022. Civil engineering and road investments will decrease and the financial situation of municipalities is weakening. At the same time, however, growth is expected in railway, tramline, street, telecommunications and wind power construction. The economy and construction will grow after the pandemic, but the drivers of change related to economics and politics create uncertainty. The competitive situation in Destia's core business areas is expected to continue to be fierce. The importance of success in regional road maintenance contracts and large projects is increasing.

In the management of risks caused by our operating environment, it is essential to focus on the selected business areas and ensure a high standard of customer work, operational cost-efficiency and readiness to respond to changing situations. Our success is based on a strong, consistent corporate culture and people. Regarding personnel risks, it is essential to ensure that our employees' competence, motivation and number match the strategic goals.

Our most significant operational risks concern project management and profitability. In risk management, a key factor is to ensure that our personnel have strong project management skills. This includes an efficient process from tender calculation to implementation, cost monitoring, ensuring adequate resources and developing expertise.

We have invested in reliable financial reporting conveying the essential information, which is a requirement for the identification and assessment of financial risks. We ensure the reliability of financial reports through monitoring and by developing control methods.

We manage financial risks related to the Group's financing in accordance with the treasury policy. The objective of financial risk management is to ensure the Group's liquidity and refinancing and to minimise the adverse effects of changes in the financial markets on the Group's financial result, cash flow and balance sheet.

In Destia's damage risk management, the key factors are proactive project management procedures and investments in quality, occupational safety and environmental considerations and ensuring adequate insurance cover.

RESEARCH AND DEVELOPMENT

Our R&D costs totalled EUR 1.2 million (1.3). In addition, IT development costs amounted to EUR 1.2 million (0.9). We invest in our operations to ensure that we use state-of-the-art technology and contribute to the renewal of the methods used in the infrastructure industry in cooperation with our customers and other industry players. We continuously develop work methods and ways of working to ensure that they meet the challenges of a rapidly changing world, particularly through using the means of digitalisation. Development activities are carried out with a practical approach in conjunction with service delivery, but they are structured as projects with centralised management. All of our divisions have dedicated development managers and service development teams.

Destia has received external funding for R&D projects from Business Finland, Finnish Transport Infrastructure Agency and Centres for Economic Development, Transport and the Environment. In addition to a number of theses, Destia's R&D activities sponsor the chair on digitalisation of infrastructure construction in the University of Tampere as well as the activities of the buildingSMART Finland collaboration forum on information modelling.

SUSTAINABILITY

As the largest infrastructure company in Finland, we play a significant role in ensuring the functionality and safety of traffic and industrial environments as well as creating complete living environments. Our operations have a significant impact on society, the environment and our stakeholders.

The built environment and its maintenance have a significant carbon footprint. As a sustainable company, we set the most ambitious climate targets in the infrastructure sector in Finland in 2021 to combat climate change.

Our aim is to be a sustainable leader that creates sustainably profitable business, is a safe, inspiring and successful workplace, and is a sustainable construction industry operator and a developer of corporate responsibility.

As part of our sustainability efforts, we are committed to the UN's Sustainable Development Goals. Through our operations, we are also committed to promoting fundamental principles concerning human rights, labour, the environment and anti-corruption.

Sustainability and quality are integral aspects at all levels of our operations: our values, objectives, strategies, leadership and day-to-day work on individual projects.

STRATEGY

Our objective is "Connecting northern life" and our strategy for the coming years is to ensure the competitiveness of the core business, to grow in new services and urban development in cooperation with partners and to grow internationally in our selected strategic areas.

In 2021, Ahlström Capital sold Destia's entire share capital to the global Colas Group. As a world leader in the infrastructure sector, Colas brings added strength and expertise to the development and implementation of Destia's customer solutions. The starting point is that we will continue to execute our previously defined strategy under Colas Group's ownership.

Our objective is to ensure the competitiveness of our core business and improve the added value for our customers in our home markets in Finland in design, construction and maintenance projects requiring special competence. In our core business, we see particular growth markets and opportunities in railway construction, urban construction and energy services.

Our strategic objective is to continue to grow as an increasingly strong urban developer together with our partners and networks. We are aiming for a broader role in the sector's value chain by providing our customers with services of higher added value, such as in urban and project development and in diverse solutions for construction and maintenance.

We are also investigating business opportunities in Sweden and Norway, particularly in the northern regions, although the progress of new international strategic initiatives has been moderate due to factors such as hindrances related to the pandemic.

EVENTS FOLLOWING THE FINANCIAL PERIOD

There have been no significant events in the company after the end of the financial year.

OUTLOOK FOR 2022

Our operating environment continues to develop, driven by factors such as urbanisation, digitalisation, climate change, the ageing of the population and the depletion of natural resources. The COVID-19 pandemic and geopolitical tensions may also cause changes in our operating environment.

According to the current outlook, the overall market for infrastructure construction in Finland is expected to decline slightly in 2022. However, growth is expected in certain areas, including railway construction, energy construction and, through a number of projects, urban development and related infrastructure construction. In addition, the government's 12-year traffic system plan improves long-term visibility regarding investments in important traffic routes in Finland.

In Sweden and Norway, the the infrastructure construction markets are expected to continue to grow in 2022.

Destia's measures related to the improvement of project management, the growth strategy in selected service areas and Destia's customer work provide the company with a good foundation for further profitability improvement in 2022.

PROPOSAL BY THE BOARD ON THE USE OF DISTRIBUTABLE ASSETS

Destia Oy's profit for the financial period in accordance with Finnish accounting legislation was EUR 16,287,941.76, which is proposed to be entered in the retained earnings account. Destia Oy's distributable assets total EUR 21,154,251.64.

Destia Oy's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 17,000,000.00 be paid for the financial year that ended on 31 December 2021.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
REVENUE	2	**574,814**	**563,817**
Other operating income	4	6,159	6,161
Materials and services	3	398,311	398,803
Employee related expenses	7	109,169	105,630
Depreciation and impairment		15,511	16,028
Other operating expenses	4	36,896	34,792
OPERATING PROFIT		**21,085**	**14,724**
Financial income	9	1,382	1,509
Financial expenses	9	973	683
PROFIT BEFORE TAXES		**21,495**	**15,550**
Income taxes	10	4,058	-135
RESULT FOR THE PERIOD		**17,437**	**15,686**
Other comprehensive income including tax effects			
Items that will not be reclassified to profit or loss			
Items resulting from remeasurement of the defined benefits-based net liability (or asset item)	20,28	-2,025	854
		-2,025	**854**
Items that may be subsequently reclassified to profit or loss			
Translation differences from foreign subsidiaries		0	-3
Equity investments		-4	3
		-4	0
Other comprehensive income net of tax		-2,029	854
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**15,408**	**16,539**

Result for the period and comprehensive income for the period belongs to the parent company shareholders.

CONSOLIDATED BALANCE SHEET, IFRS

EUR 1,000	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Property, plant and equipment and right-of-use assets	11	62,518	66,879
Goodwill	13	19,596	17,799
Other intangible assets	15	2,061	1,390
Other investments	16	2,042	2,013
Deferred tax assets	20	2,356	2,224
Non-current assets, total		88,573	90,305
Current assets			
Inventory	17	12,213	12,604
Accounts and other receivables	18	93,889	118,200
Cash and cash equivalents	19	31,393	40,303
Current assets, total		**137,495**	**171,107**
ASSETS, TOTAL		**226,068**	**261,412**

EUR 1,000	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	21		
Share capital		17,000	17,000
Invested non-restricted equity fund			14,382
Other items		-7	-3
Retained earnings		42,228	39,435
Equity, total		**59,221**	**70,814**
Non-current liabilities			
Deferred tax liabilities	20	1,569	1,803
Pension liabilities	28	6,233	3,167
Provisions	29	10,657	12,463
Financial liabilities	22	6,970	9,541
Other liabilities	25,27	2,597	2,392
Non-current liabilities, total		**28,026**	**29,366**
Current liabilities			
Accounts and other payables	26	92,696	100,234
Provisions	29	2,691	4,487
Financial liabilities	22	6,096	15,336
Contract liabilities	2	37,338	41,176
Current liabilities, total		**138,821**	**161,232**
EQUITY AND LIABILITIES, TOTAL		**226,068**	**261,412**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	549,053	589,163
Expenses paid to suppliers and personnel	-543,965	-536,758
Interest paid	-442	-325
Dividends received	1	5
Interest received	49	85
Other financial items	-542	-353
Tax paid	-22	1,607
Net operating cash flow	**4,131**	**53,425**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in intangible and tangible assets	-7,989	-8,206
Sale of intangible and tangible assets	1,917	4,309
Acquisition of subsidiaries less cash at the time of acquisition	-1,767	
Other investments	-3	
Proceeds from the sale of other investments	9	11
Intra-Group loans granted	-19,673	-14,710
Repayments of intra-Group loan receivables	30,327	
Net investment cash flow	**2,820**	**-18,596**

EUR 1,000	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term financing (+)	72,958	58,326
Decrease in short-term financing (-)	-81,948	-69,334
Dividends paid		-169
Transactions with minority shareholders	-525	-1,575
Payments of lease liabilities (-)	-6,348	-6,066
Net financial cash flow	**-15,862**	**-18,818**
Change in cash and cash equivalents	-8,911	16,012
Cash and cash equivalents at the beginning of the financial year	40,303	24,289
Effect of exchange rate changes	1	2
Cash and cash equivalents at the end of the financial year	**31,393**	**40,303**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
EUR 1,000	Share capital	Invested non-restricted equity fund	Fair value fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2021	17,000	14,382	4	-7	39,435	70,814
Other comprehensive income						
Result for the period					17,437	17,437
Other comprehensive income:						
Translation differences				0		0
Other investments			-4			-4
Items resulting from redefinition of the benefits-based net liability (or asset item)					-2,025	-2,025
Comprehensive income for the financial year, total			-4	0	15,412	15,408
Transactions with group companies						
Capital return, Destia Group Oyj		-14,382				-14,382
Dividend distribution, Destia Group Oyj					-12,618	-12,618
Equity, total 31 Dec 2021	**17,000**			**-7**	**42,228**	**59,221**

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY					
EUR 1,000	Share capital	Invested non-restricted equity fund	Fair value fund	Translation differences	Retained earnings	Total
Equity 1 Jan 2020	17,000	14,382	1	-4	40,200	71,579
Other comprehensive income						
Result for the period					15,686	15,686
Other comprehensive income:						
Translation differences				-3		-3
Other investments			3			3
Items resulting from redefinition of the benefits-based net liability (or asset item)					854	854
Comprehensive income for the financial year, total			3	-3	16,539	16,539
Other changes					-169	-169
Transactions with group companies						
Group contribution, Destia Group Oyj					-17,135	-17,135
Equity, total 31 Dec 2020	**17,000**	**14,382**	**4**	**-7**	**39,435**	**70,814**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information about Destia Group

Destia is a Finnish infrastructure and construction service company that plans, builds and maintains traffic routes and industrial and traffic environments as well as complete living environments. Our services cover the whole spectrum, from overground operations to subterranean construction. The Group mainly operates in Finland.

The Group's parent company is Destia Oy. The parent company's domicile is in Vantaa, c/o Destia Oy, P.O. Box 206, 01301 Vantaa. As a result of the acquisition on 1 December 2021, Destia Oy is 100% owned by Colas SA, which is part of the BOUYGUES GROUP. From the start of the financial year until 1 December, the company was part of Destia Group, and its parent company was Destia Group Oyj (business ID 2617172-1). Destia Group Oyj is 100% owned by AC Infra Oy, which is part of the Ahlström Capital Group.

A copy of the Consolidated Financial Statements is available at www.destia.fi or from Destia Oy's head office at Neilikkatie 17, 01300 Vantaa.

On 16 February 2022, Destia Oy's Board of Directors authorised these financial statements for issue in their entirety. Under the Finnish Limited Liability Companies Act, shareholders may approve or reject the financial statements at the General Meeting held following their publication. The General Meeting may also take the decision to amend the financial statements.

1. ACCOUNTING PRINCIPLES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Basis of accounting

These are the first IFRS consolidated financial statements of Destia Oy. During the comparison period, the assets and liabilities of companies covered by the consolidated financial statements are measured at the carrying amounts included in the earlier consolidated financial statements of the parent company Destia Group Oyj, where applicable. The internal items have been eliminated and the balance sheet and income statement items adjusted to make them presentable according to the IFRS standards. Because Destia Oy owned all other shares in the subsidiaries that previously belonged to Destia Group Oyj, Destia used the calculations of purchase costs prepared for Destia Group Oyj in preparing the consolidated financial statements. Destia Group Oyj did not have actual business operations. The goodwill of Destia Group was allocated to cash-generating units and tested for impairment.

Because Destia Oy has not prepared consolidated financial statements according to the FAS accounting policies before, it is not possible to present a reconciliation of FAS and IFRS balance sheets.

Destia Group's Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS), and the preparation abided by the International Accounting Standard (IAS) and IFRS as well as the interpretations by the Standing Interpretations Committee (SIC) and International Financial Reporting Interpretations Committee (IFRIC) in force as at 31 December 2021. IFRS refers to the standards approved in the Finnish Accounting Act and provisions issued by virtue of it, to be adopted in the EU in accordance with the procedure regulated by the EU regulation (EC) no 1606/2002 and the subsequent interpretations. The notes to the Consolidated Financial Statements are also in line with the requirements of the Finnish accounting and Community legislation supplementing the IFRS.

The Consolidated Financial Statements were prepared under the historical cost convention, with the exception of financial assets and liabilities recognised at fair value through profit or loss and fair value hedges, which are measured at fair value. The Consolidated Financial Statements are presented in thousands of euros.

Preparing the Consolidated Financial Statements in accordance with IFRS requires the Group's management to make certain estimates and have information relating to the decisions the management has taken. Information relating to these decisions, which are used in the application of the Group's accounting policies and which significantly affect the amounts recognised in the financial statements, is given in the section entitled 'Accounting policies requiring management judgement and the main factors of uncertainty connected with the estimates made'. In its financial statements, the company has presented the matters that have had a fundamental impact on the company's financial position and financial performance.

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Intra-Group shareholdings are eliminated using the acquisition method. The consideration transferred, the acquired company's identifiable assets and liabilities are measured at fair value at the acquisition date. Expenses relating to the acquisition are recognised as costs. The consideration transferred does not include potential transactions treated separately from the acquisition. Their effect is accounted for through profit or loss at the time of the acquisition. Any contingent consideration is measured at its fair value at the acquisition date, and is classed either as a liability or equity. Contingent consideration classed as a liability is measured at fair value at each reporting date, and the resulting profit or loss is recognised through profit and loss. Acquired subsidiaries are consolidated from the date the Group has acquired control, and transferred subsidiaries until that control ceases. All of the Group's internal commercial transactions, receivables, liabilities, unrealised gains and internal profit distribution are eliminated on consolidation. Unrealised losses are not eliminated if the loss is due to impairment. Changes to the parent company's share of ownership in the subsidiaries that do not lead to a loss of control are treated as equity accounted transactions.

Joint arrangements

Joint arrangements are arrangements in which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Joint arrangements are either a joint operation or a joint venture.

A joint venture is an arrangement in which the Group has rights to the net assets of the arrangement, whereas in a joint function, the Group has rights concerning the assets and obligations concerning the liabilities related to the arrangement. Destia Group's consortia are joint operations from which the Group has consolidated its own assets, liabilities, earnings, and costs, as well as its own share of joint assets, liabilities, earnings, and costs.

Changes to items denominated in foreign exchange

The results and financial position of the units in the Group are denominated in the currency of the unit's main operating environment ('functional currency'). The numbers in the Consolidated Financial Statements are presented in euros, which is both the functional and presentation currency of the Group's parent company.

Commercial transactions denominated in foreign exchange

Commercial transactions denominated in a foreign currency are converted to the functional currency at the rate on the date of the transaction. For practical reasons, a rate that approximates the actual rate at the date of the transaction is often used. Monetary items denominated in a foreign currency are converted to the functional currency using the exchange rate at the balance sheet date. Non-monetary items denominated in a foreign currency, and which are measured at fair value, are converted to the functional currency using the exchange rates at the date on which fair value is measured. Otherwise, non-monetary items are measured at the exchange rate on the date of the transaction.

Gains and losses from commercial transactions denominated in a foreign currency and changes to monetary items are recorded through profit or loss. Exchange rate gains and losses from the business operations are included in equivalent items above operating profit.

Conversion of the financial statements of foreign companies in the Group

Items in the statement of comprehensive income including the income statements of foreign Group companies are converted to euros at the average rate for the period, while the numbers in the balance sheets are converted using the exchange rates at the balance sheet date. The translation of the result for the financial year and other comprehensive income at different rates in the income statement and balance sheet causes the translation difference to be recognised in equity in the balance sheet, the change in which is recognised in other comprehensive income. Translation differences arising from the elimination of the acquisition cost of foreign subsidiaries and the conversion of equity items accumulating after an acquisition are recognised in other comprehensive income. When a subsidiary is sold in whole or in part, the accumulated translation differences related to the subsidiary are recognised in the income statement at the time of sale as part of the profit or loss from sales.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

A cost comprises the expenditure incurred directly from acquiring an item of property, plant and equipment, including the costs of dismantling or moving the asset based on the initial estimate, and of restoring the location to its original state, if the organisation has such an obligation. The costs of an asset that has been produced by the company itself include the cost of materials, direct costs relating to employee benefits and other direct costs of preparing the asset for its intended use. When the preparation of an asset for its intended purpose or sale requires considerable time, the direct borrowing costs of its acquisition, construction or production are capitalised as part of its acquisition costs.

If an asset consists of more than one part, and the lifespan of these parts vary in length, each part is accounted for as a separate commodity. In such cases, expenditure for the replacement of the part is capitalised and any book value remaining when that replacement takes place is derecognised. Expenditure incurred at a later date is included in the book value of a property, plant and equipment item only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and the acquisition cost of the commodity can be reliably determined. Other repair and maintenance costs are recognised in the income statement as incurred.

Assets are depreciated during their estimated useful life on a straight-line basis. The exception to this is areas of soil, depreciation of which is calculated according to expected use. No depreciation is calculated for land because land is considered to have an indefinite useful life.

Estimated useful lives are as follows:

- Buildings: 10–40 years
- Machinery and equipment: 3–20 years
- Other items of property, plant and equipment: according to use

An asset's estimated residual value and its estimated useful life are reviewed at the end of each financial year, at the very least, and, where necessary, are adjusted to reflect the changes that have taken place with regard to the expectations of its future economic benefit. When property, land or equipment is classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the asset is no longer subject to depreciation. The gains and losses from the sale of decommissioned property, plant and equipment or their disposal are recognised in the income statement, in other operating income and selling losses in other operating expenses.

Government grants

Government/public subsidies are recorded through profit and loss when there is a reasonable assurance that they will be received. Subsidies that have been received as payments against already realised costs are recognised through profit or loss in the period in which the subsidy is received. Subsidies are presented in other operating income.

Lease agreements

Group as lessee

Destia Group has applied the IFRS 16 Leases standard from its effective date, 1 January 2019.

The Group acts as a lessee and has leased mainly office and warehouse space, machinery and equipment as well as cars. Destia Group recognises right-of-use assets and lease liabilities related to lease agreements on the balance sheet at the start of the lease period. Leases with a short term of lease or concerning an asset with a low value are an exception to this. The accounting of these is described below. When an agreement is created, the Group evaluates whether it is a lease agreement or includes a lease agreement. An agreement is a lease agreement, or it includes a lease agreement, if it transfers the right to control the use of a certain asset during a specified period of time in exchange for a consideration.

The term of lease covers the non-cancellable lease term as well as any periods covered by an option to extend the lease if it is considered reasonably certain that such an option will be exercised. The discount rate applied to the calculation of lease liability is specified using the interest rate on additional credit at lease commencement. Interest rate on additional credit is defined as the interest rate that the lessee would have to pay when borrowing for a similar period of time with similar securities an amount required to acquire an asset with the same acquisition cost as the right-of-use asset in a similar financial environment. The same discount rate is applied to lease agreements with similar characteristics.

Lease liabilities are measured at the present value of the expected lease payments. Lease payments include fixed lease payments and the possible value of a purchase option if the decision to exercise the purchase option is reasonably certain. Later, the lease liability is measured at amortised cost using the effective interest rate method. A lease liability is remeasured when there is a change in future lease payments arising from a change in an index or price level, if the Group estimates that the amount expected to be payable under a residual value guarantee has changed, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or the adjustment is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. In some of Destia Group's lease agreements, the payment of lease is tied to an index, and some involve extension and termination options.

A right-of-use asset is initially measured at cost, comprising the amount of the initial measurement of the lease liability and any initial direct costs and restoration costs as well as any lease payments made at or before the commencement date less any lease incentives received (such as expenses the lessor will cover or take responsibility for).

After commencement of the lease agreement, right-of-use assets are measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are depreciated within their useful life or within the lease term, whichever is shorter.

Useful lives are defined similarly as those of the corresponding property, land and equipment. Right-of-use assets related to land areas are depreciated over the lease term. If the lease agreement transfers the ownership of the asset to the Group by the end of the lease term or if it includes a purchase option which will be exercised at the end of the lease term with reasonable certainty, the use-of-right asset will be depreciated over the useful life. A right-of-use asset is tested for impairment if there are indications of impairment, and any impairment loss is recognised through profit or loss.

The Group applies the practical expedient and does not recognise on the balance sheet right-of-use assets or lease liabilities for lease agreements with a short term or of a low value. Lease payments related to these agreements are recognised as expenses in the income statement over the term of lease. Short-term lease agreements are leases with a term of 12 months or less. Lease agreements of a low value involve an underlying asset with a low value or are insignificant from the business perspective.

The Group as a lessor

The Group's lease agreements are treated as operational lease agreements in accordance with IFRS 16. Assets let by the Group are included as property, plant, and equipment on the balance sheet. They are depreciated during their useful life in the same way as equivalent items of property, plant and equipment which are used by the Group. Revenue from lease agreements is recognised in the income statement on a straight-line basis over the period of the lease. The Group's activity as a lessor is low.

Intangible assets

Goodwill

Goodwill is recognised at the amount by which the consideration transferred exceeds the Group's share of identifiable fair value net assets for an acquired company on the date it is acquired. No deprecation is recognised on goodwill (or any other intangible assets with indefinite useful lives); it is tested annually for potential impairment. For this purpose, goodwill is allocated to the relevant group of cash-generating units. Goodwill is measured at cost less accumulated impairment losses.

Research and development expenditure

Research expenditures are recognised through profit or loss in the financial year in which they are incurred. Development expenditures incurred from the planning of new or more advanced procedures and concepts is capitalised as intangible assets in the balance sheet from the time when they are technically feasible, can be commercially exploited and can be expected to generate probable future economic benefits. Capitalised development costs include the material, labour and testing costs which are directly incurred when preparing the commodity for its intended purpose. Previously expensed development costs are no longer recognised at a later date. Amortisation begins when the asset is available for use. Assets under development are tested annually for impairment. After initial recognition, capitalised development costs are measured at the cost less accumulated amortisation and impairment. The Group has no capitalised development costs on the balance sheet on the balance sheet date.

Other intangible assets

An intangible asset is entered on the balance sheet at its original acquisition cost, when the cost can be reliably determined and when it is likely that future significant benefit from the asset will flow to the Group.

Intangible assets with finite useful lives are amortised on a straight-line basis through profit or loss over their known or estimated useful life.

The estimated useful lives for other intangible assets are:

- Computer software: 5 years
- Other intangible rights: 5 years

Inventory

Inventory is measured at the lower of acquisition cost or net realisable value. The acquisition cost is determined using the weighted average cost formula. The acquisition cost of finished goods and work in progress inventories consists of the raw materials, expenses incurred from direct work, other direct expenses, an appropriate share of the variable general costs of manufacture and fixed general costs at a normal level of activity. The net realisable value is the estimated selling price in the ordinary course of business less the costs necessary for completing the inventory and the estimated costs necessary for realising the revenue.

Impairment of tangible and intangible assets

At the end of each reporting period, the Group assesses whether there are indications that an asset is impaired. If there is evidence of impairment, an estimate is made of the asset's recoverable amount. In addition, the impairment of the following is estimated each year: goodwill, intangible assets with an indefinite useful life and intangible assets in progress. Evidence of impairment is examined for each cash-generating unit, i.e. at the lowest unit level, which is mainly independent of the other units and whose cash flows can be distinguished from the cash flows of equivalent units. The recoverable amount is the greater of the fair value of the asset less costs of sale or its value in use. The value in use is the present value of future net cash flows expected to be derived from an asset or cash-generating unit.

An impairment loss is recognised when the carrying amount of an asset is greater than its recoverable amount. An impairment loss is recognised directly through profit or loss. If the impairment loss is allocated to a group of cash-generating units, it is first applied to reduce the goodwill of the group of the cash-generating units. When an impairment loss is being recorded, the useful life of the asset being depreciated is re-assessed. An impairment loss for an asset, other than goodwill, is reversed if there has been a change in the values used to determine the recoverable amount on the asset. Impairment losses, however, cannot be reversed to the extent that the asset's carrying amount would be greater than if no impairment loss had been recognised. Under no circumstances can impairment losses recognised for goodwill be reversed.

Employee benefits

Pension obligations

Pension schemes are classified as defined benefit plans or defined contribution plans. Under the defined contribution plan, the Group pays fixed contributions to a separate organisation. The Group has no legal or constructive obligation to increase contributions if the organisation in receipt of the contributions is unable to pay the relevant pension benefits. All schemes that do not fulfil these conditions are defined as benefit plans. Contributions made into defined contribution plans are recognised through profit or loss in the financial year in which the obligation arises.

The Group's obligations regarding defined benefit plans are calculated separately for each plan by using the projected unit credit method.

Pension expenses are recognised as costs on the basis of authorised actuarial calculations for the length of service of personnel. When the present value of a pension obligation is being calculated, the discount rate used is the return on high-quality bonds issued by companies, and if that is not available, the interest on state debentures. The maturity of bonds and debentures corresponds to the maturity of the pension obligation being calculated. The assets included in the pension plan measured at fair value at the end of reporting period and the non-vested past service costs are subtracted from the present value of a pension obligation on the balance sheet.

Past service costs are recognised on the straight-line basis through profit or loss for the period in which they are vested. If the benefits are vested directly, they are recognised as direct costs.

Provisions and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are stated at the present value of the liability. Provisions are determined by discounting the expected future cash flows that reflect the current market assessment of the time value of the money and risks specific to the liability. If the Group expects a provision to be reimbursed by a third party, the reimbursement is recognised as a separate asset if it is virtually certain that the reimbursement will be received.

A warranty provision is recognised when a project covered under a guarantee clause is delivered. The amount of the warranty provision is based on an experience-based estimate of the guarantee costs likely to be incurred.

The Group recognises a provision for onerous contracts when the expected benefits to be derived from a contract are less than the direct costs of meeting the obligations under it.

A reorganisation provision is recognised when the Group has drawn up a detailed reorganisation plan and started to implement the plan or reported on the matter.

A provision associated with environmental obligations is recognised when the Group has an obligation based either on environmental legislation or the Group's principles of environmental responsibility and which relates to the decommissioning of a production plant, landscaping responsibilities, repairing environmental damage or moving equipment from one location to another. Any changes to estimates and assumptions applied are taken into account in the amount of provision in the period during which the estimates or assumptions are reassessed and in all the subsequent periods. Changes to obligations arising from changes in the estimated realisation and amount of costs, as well as changes arising from changes in the discount rate, are taken into account in the amount of the obligation. The Group measures an asset associated with an environmental obligation in accordance with the cost model. A corresponding adjustment is made to the carrying amount of fixed assets, or the adjustment is recorded in profit or loss, if the carrying amount of the fixed asset has been reduced to zero.

A contingent liability is a possible obligation arising as a result of past events and whose existence will be confirmed only when an uncertain event takes place not wholly within the control of the entity. Present obligations that are unlikely to require the fulfilment of a payment obligation, or the amount of which cannot be reliably estimated are also regarded as contingent liabilities. A contingent liability is presented in the Notes to the Financial Statements.

Income tax for the current period and deferred taxes

Tax expenses comprise tax based on taxable income for the period and deferred tax. Income tax is recognised through profit or loss, except for taxes related to items recognised directly in equity or the comprehensive income, in which case tax is recognised in the relevant items. Tax for the current period is calculated using the income tax rate effective in each country. Deferred taxes are calculated on all temporary differences between the carrying amount and tax base.

However, no deferred tax liability is recognised if it arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit.

Deferred tax liability is recognised for investments in subsidiaries, except to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is not probable that the temporary difference will resolve in the foreseeable future.

The most significant temporary differences arise from the depreciation of property, plant and equipment, the measurement of derivative contracts at fair value, defined benefit pension plans and provisions.

Deferred taxes are calculated using the statutory tax rates or the tax rates which have been approved in practice by the end of reporting period. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the temporary difference can be utilised.

Revenue recognition

Destia Group's revenue is derived from construction and maintenance projects, infrastructure design services, consulting projects and the sale of materials. Destia Group presents income from contracts with customers less indirect taxes in its revenue.

In accordance with IFRS 15 Revenue from Contracts with Customers, the Group recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. In recognising revenue, the Group applies a five-stage model to determine when, and at what amount, revenue is recognised. The model involves identifying the customer contract and its performance obligations, determining transaction prices, allocating transaction prices to performance obligations and recognising revenue. Revenue is recognised when the customer is determined to obtain control of the promised goods or services, either over time or at a point in time.

Destia's different types of income

Construction contracts

Destia Group provides road construction, foundation engineering and other construction services for its customers. Each construction contract is treated as a single performance obligation because Destia Group provides all-in contracts to customers, meaning that services are combined with other services promised in the agreement to establish a construction contract that represents the combined output. Construction work is carried out on the customer's land and on the basis of the customer's plans. Revenue from construction contracts is recognised over time during construction period, as the customer is considered to obtain control of the object of construction as the Group's performance creates it. In construction contracts, the asset created by the performance is not considered to have an alternative use, and the Group is considered to have a substantive right to receive payment for the performance obligation completed to date.

Maintenance projects

Destia Group provides year-round maintenance contracts that cover the winter maintenance of traffic routes and the living environment, as well as the maintenance of gravel roads, bridges and the traffic environment in general. In regional maintenance contracts, the customer buys a customised bundle of services. The contracts are mainly treated as single performance obligations where the services provided by the Group are combined with other services promised in the contract to create a bundle of services or a series of distinct services that are substantially the same and that are transferred to the customer according to the same model. Revenue is recognised over time, as the customer is considered to obtain control of the service as the service is transferred.

Sale of aggregates

Destia Group provides its customers with aggregates for road and rail construction, building construction, road maintenance, concrete and all types of surfacing. The Group also provides its customers with special products such as asphalt aggregates and track ballast. Aggregates are priced according to their quality and weight. The Group has annual agreements (framework agreements) with customers, under which the Group supplies aggregates based on individual orders by the customer. Revenue from the sale of aggregates is recognised at a point in time when control is transferred to the customer. The transfer of control is considered to occur when the goods are delivered to the customer's site or loaded on a vehicle at the Group's quarry.

Consulting services

Destia Group provides its customers with consulting services related to infrastructure planning and other consulting projects. Consulting services are subject to hourly pricing. Revenue from consulting services is recognised over time, when the service is delivered and control is transferred to the customer. Control is transferred to the customer when the Group has the right to payment for the service.

Destia's customer contracts that consist of multiple distinct performance obligations are projects that include the provision of both construction and maintenance services. Any additional work and alterations are treated as separate performance obligations if they form a separate performance obligation and their pricing is based on their separate selling prices. If this is not the case, the effect of additional work and alterations is added to the transaction price of the existing agreement in question, and it contributes to the progress towards satisfaction of the performance obligation. The effect is also recognised as revenue adjustment at the time of amendment of the agreement, in accordance with the effect accrued from the change.

Revenue and expenses for projects recognised over time are recognised based on progress when the Group can reasonably measure progress towards complete satisfaction of the performance obligation. Progress is measured for each project as the percentage of costs incurred to date compared with the total estimated costs of the project. The objective of measuring progress is to depict how the Group satisfies the performance obligation, when it transfers control of products or services to a customer.

The sale of materials is treated as a performance obligation satisfied at a point in time, in which case the revenue is recognised in accordance with the terms of delivery at the time of delivery, when the significant risks and rewards of ownership are transferred to the buyer.

The pricing of construction contracts and maintenance projects is based on all-in contract pricing. If a contract includes a variable consideration, it is recognised as revenue to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Destia Group applies the practical expedient permitted by IFRS 15 and does not adjust the amount of consideration for the effects of a significant financing component because, in project agreements and contracts, the timing of scheduled payments is considered to correspond to the progress towards the satisfaction of the performance obligation. The Group applies the terms of payment typical of its industry and does not use extended payment periods.

Expenditure that relates to a partially incomplete project is recognised as work in progress under inventory. If the Group produces a performance by transferring goods or services to a customer before the customer pays the consideration or the payment is due, the contract is presented in the financial statements under inventory (contract asset), except for the amounts presented under “Other receivables” or “Accounts receivable”. Accounts receivable and contract assets are assessed for impairment in accordance with IFRS 9.

If a customer pays consideration or the Group has an unconditional right to an amount of consideration before Destia Group transfers a good or service to the customer, the contract is presented in the financial statements as a contract liability when the payment is made or the payment is due.

When the outcome of a contract cannot be estimated reliably, the contract costs are recognised as expenses in the period in which they are incurred, and revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable. If it is probable that the total expenditure incurred in completing the project will exceed the revenue from it, the expected loss is directly recognised as an expense.

The warranties associated with the Group’s projects are warranties that do not form a separate performance obligation. Instead, a warranty provision pursuant to IAS 37 is recognised.

Interest and dividends

Interest received is recognised using the effective interest rate method. Dividend income is recognised when the right to receive payment is established.

Financial assets and liabilities

Financial assets

Destia Group’s financial assets are classified into the following categories, in accordance with IFRS 9 Financial Instruments: financial assets measured at amortised cost and financial assets measured at fair value through profit or loss. The classification of financial assets is based on the business model applicable to the asset and the contractual cash flow characteristics of the financial asset.

Purchases and sales of financial assets are recognised on the trade date, which is the date when the Group commits itself to purchase or sell an asset. At initial recognition, the Group measures a financial asset at its fair value and, in the case of a financial asset not measured at fair value through profit or loss, plus or minus the transaction costs that are directly attributable to the asset. Financial assets measured at fair value through profit or loss are recognised on the balance sheet at fair value on initial recognition and the transaction costs are recognised through profit or loss.

Financial assets measured at amortised cost

Financial assets are measured at amortised cost when the objective is to hold the asset until maturity in order to collect contractual cash flows. The cash flows associated with such assets consist exclusively of the principal and the interest on the remaining principal. After initial measurement, these financial assets are measured at amortised cost using the effective interest method and deducting any impairment. Impairment losses are recognised in the income statement.

The Group’s financial assets measured at amortised cost consist of cash, trade receivables and other receivables that are non-derivative assets. The carrying amount of current trade receivables and other receivables is considered to correspond to their fair value. Trade receivables and other receivables are presented in the balance sheet as current assets if they are expected to be realised within 12 months of the end of the reporting period. A loss allowance for expected credit losses is recognised for trade receivables.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss include financial assets acquired to be held for trading, or financial assets that are, on initial recognition, designated as measured at fair value through profit or loss. The Group's financial assets measured at fair value through profit or loss consist of investments in shares and derivative instruments that are not subject to hedge accounting. Realised and unrealised gains and losses from changes in fair value are recognised through profit or loss.

If there are no quoted rates for the investments, the Group applies various valuation methods which include, for example, references to recent transactions between independent bodies, discounted cash flows or valuations for other similar instruments. Information obtained from the markets is generally used for valuations as opposed to using pricing factors determined by the Group itself, which are used as little as possible.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. The items classified as cash and cash equivalents have a maturity of no more than three months from the time of acquisition.

Derecognition of financial assets

Financial assets are derecognised when the Group's contractual right to cash flows has ended, been transferred to another party or when the Group has transferred the significant risks and rewards of ownership outside the Group.

Impairment of financial assets

The Group applies the simplified approach for measuring expected credit losses for trade receivables measured at amortised cost and IFRS 15 contract assets. Expected credit losses are calculated using a provision matrix and recognised at an amount corresponding to the lifetime expected credit losses. Expected credit losses for trade receivables and contract assets are assessed based on historical information on credit losses and estimated future outlook.

In addition, the Group recognises impairment on receivables if there is any objective evidence of the customer having financial difficulties or if payment is more than 90 days past due and the customer does not have an existing agreed plan in place for the payment of the receivables.

Financial liabilities

The Group's financial liabilities are classified as financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss. Financial liabilities are recognised at fair value on initial recognition. Transaction costs are included in the initial carrying amount of financial liabilities measured at amortised cost. Subsequently, financial liabilities, except for derivative financial liabilities, are measured at amortised cost using the effective interest rate method. Financial liabilities are classified in non-current and current liabilities. Financial liabilities are classified as current unless the Group has an unconditional right to defer settlement of the liability to at least 12 months of the end of the reporting period.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are measured at amortised cost using the effective interest rate method. Borrowing costs are recognised as costs in the period in which they are incurred. Commissions associated with loan commitments are recognised as transaction costs to the extent that it is probable that the entire loan commitment or part of it will be drawn. In such a case, the commission is entered in the balance sheet until the loan is drawn. The commission associated with loan commitments is recognised as part of the transaction costs. If the loan commitment is unlikely to be drawn, the commission is recognised as an advance payment for a liquidity service and is amortised over the period of the loan commitment.

The Group's financial liabilities measured at amortised cost consist of interest-bearing loans, finance lease liabilities and non-interest-bearing liabilities, such as trade payables. Trade payables are classified as current liabilities in the balance sheet if they are due within 12 months of the end of the reporting period.

Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss consist of financial liabilities held for trading and financial liabilities initially classified as measured at fair value through profit or loss. On the reporting date, the Group had no financial liabilities measured at fair value through profit or loss.

Derecognition of financial liabilities

Financial liabilities are derecognised when the Group repays the liability to the creditor or is legally released from primary responsibility for the liability either by a legal process or by the creditor.

Derivative financial instruments and hedge accounting

Derivatives are initially measured at fair value on the date when the Group signs the derivative and are subsequently measured at fair value. Gains and losses resulting from measurement at fair value are treated in the accounts in the way specified by the purpose of the derivative instrument. If the derivatives are used for hedging purposes, hedge accounting is applied and the derivatives are effective hedging instruments, the profit and loss effects of the fair value changes of the derivative instruments are presented uniformly with the hedged item. When entered into, derivative financial instruments are treated as fair value hedges of receivables, liabilities or fixed commitments, or, in the case of currency exchange risk, as cash flow hedges, cash flow hedges for an anticipated and highly likely commercial transaction. Derivative financial instruments may also be treated as instruments that do not meet the hedge accounting criteria.

When a hedging relationship is entered into, the Group documents the relationship between the item being hedged and the hedging instrument, as well as the objectives of the Group's risk management and the hedging strategy. The effectiveness is assessed prospectively as well as retrospectively, and at least every time the financial accounts are being prepared. The Group documents the effectiveness of qualifying derivatives by examining their ability to offset changes to the fair value of the hedged item or cash flows.

Cash flow hedging

The change in the fair value of the effective portion of derivative instruments qualifying for cash flow hedge is recognised in other comprehensive income and presented in the hedge fund under equity (in Other funds). The gains and losses accumulated in equity from hedging instruments are reclassified to profit or loss when the hedged item impacts the profit or loss. Gains and losses from derivatives hedging an anticipated sale in a foreign currency are recognised as sales adjustments when the sale takes place. The ineffective portion of a derivative instrument is recognised in other operating income and expenses. If a hedged, anticipated commercial transaction leads to the recognition of an asset not included in financial assets, such as a tangible fixed asset, the gains and losses accumulated in equity are reclassified as an adjustment to the acquisition cost of that asset. When a derivative financial instrument acquired for cash flow hedging matures or is sold, or when the conditions of hedge accounting are no longer met, the gain or loss from the derivative instrument remains under equity until such time as the anticipated commercial transaction takes place. However, if that is no longer expected to happen, the gain or loss under equity is directly reclassified to profit or loss.

Other hedging instruments where hedge accounting does not apply

Even if certain hedging relationships meet the requirements of effective hedging set for the Group's risk management, hedge accounting may not apply to them. Such instruments include derivatives hedging a commodity risk in connection with operations and some derivatives hedging currency risks. Changes to their fair values are recognised in other business revenue and costs in accordance with the Group's established practice. In the balance sheet, these commodity risk and foreign currency accounts receivable and accounts payable derivatives are presented in current receivables or liabilities. The fair values for hedging instruments and changes in them are presented in Notes to the Financial Statements.

Equity

Ordinary shares are presented as share capital. Expenditure relating to the issue or acquisition of own equity instruments are presented as an allowance account under equity.

Operating profit

IAS 1 Presentation of Financial Statements does not define operating profit. The Group has defined it as follows: operating profit is the net sum obtained after adding other operating income to revenues and then deducting purchasing costs adjusted by the change in stocks of finished products and work in progress, the costs incurred for own-use manufacture, costs from employee benefits, depreciation, amortisation and any impairment losses, and other operating expenses. All other income statement items are presented under operating profit. Exchange rate differences and changes in the fair value of derivatives are included in operating profit if they arise from items connected with business operations; otherwise they are entered in financing items. In its tables and texts, the Group uses both the term 'operating result' and 'operating profit'.

Key estimates and assumptions and accounting policies requiring judgement

The preparation of the Consolidated Financial Statements requires making estimates and assumptions regarding the future, and the actual outcomes may differ from the estimates.

The Group management makes decisions regarding the selection and application of accounting policies. This applies, in particular, to those cases in which the IFRS standards in effect provide the opportunity to choose between alternative accounting, valuation or presentation methods.

The estimates made in connection with preparing the financial statements reflect the best judgement of the management at the end of reporting period. These estimates are based on prior experience and assumptions regarding future developments, which are regarded as most likely at the reporting date, for example, to expected trends in the Group's economic operating environment in terms of revenue and costs. The Group regularly monitors the realisation of these estimates and assumptions and any changes to underlying factors with the business units through internal and external information sources. Any changes in estimates and assumptions are recognised in the financial statements of the period during which such adjustments are made.

The key assumptions regarding the future and the main sources of uncertainty at the end of reporting period, which pose a significant risk of resulting in a material adjustment to the carrying amounts of the Group's assets and liabilities within the next financial year, are given below. The Group management regards these particular areas of the financial statements as crucial. Application of these accounting policies requires the utilisation of significant estimates and assumptions.

Impairment testing

The Group performs annual impairment testing of goodwill, intangible assets in progress and intangible assets having an indefinite useful life. Indications of impairment are evaluated in the way described above in the accounting policies. The recoverable amounts of cash-generating units have been defined on the basis of value in use calculations. Preparation of these calculations involves the use of estimates.

Revenue from contracts with customers

Revenue recognition over time is based on estimates of the project's actual revenue and expenses as well as the reliable assessment of the project's progress towards satisfaction of the performance obligation. In order to produce reliable estimates, project costs are identified as accurately as possible. The assessment of revenue requires estimates of factors influencing the expected selling price to be received from the customer. Project revenue and expenses are recognised as revenue and expenses based on the passage of time, overall estimates related to the project and its progress towards satisfaction of the performance obligation. The recognition of revenue over time is based on estimates of expected revenue and expenses of the project and reliable measurement of project progress. If estimates change regarding the final outcome of a project for which revenue is recognised over time, the recognised revenue and profit/loss are amended in the period in which the change can be estimated for the first time. Estimates pertaining to contractual bonuses and the timing of their recognition require reliable estimates and management judgement. Any loss expected from a construction contract is directly recognised as an expense.

Employee benefits

The factors used to calculate employee benefit obligations that require the management's assessment are connected, for example, to an estimate of the expected return on plan assets in defined benefit pension plans, determining the discount rate used to calculate the pension cost and obligation for the financial year, forecasting future trends in pay, the expected rise in pension costs, expected lengths of service of personnel, and inflation trends.

Provisions

When recognising provisions, the management has to assess whether there is a legal or constructive obligation for which the payment is probable. In addition, the management has to assess the amount of the obligation and estimate the time when it is realised. The obligation is recognised as a provision in the financial statements in cases in which it can be measured reliably.

Lease agreements

The treatment of lease agreements under IFRS 16 requires using evaluations and assumptions by the management when assessing factors such as those related to the definition of the term of lease, concerning non-fixed-term lease agreements and lease agreements that involve termination and extension options. The determination of the discount rate also requires assessments by the management. These have an effect on the amounts of use-of-right assets and lease liabilities as well as the recognition of income and expenses on the income statement.

New and amended standards applied in the past financial period

In its first IFRS Financial Statements, Destia Group has applied all standards effective on 31 December 2021.

New and amended standards and interpretations to be applied in future financial periods

The Group has not yet applied the following revised standards and interpretations published by IASB. The Group will adopt them from the effective date of each amendment and interpretation or, if the effective date is not the first day of a financial period, from the start of the financial period following the effective date. The amended standard is not expected to have a material impact on Destia Group's Consolidated Financial Statements.

* = The provision in question has not been approved for application in the EU by 31 December 2021

Costs of Fulfilling a Contract – Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets (to be applied from 1 January 2022).

When an onerous contract is accounted for based on the costs of fulfilling the contract, the amendments clarify that these costs comprise both the incremental costs and an allocation of other direct costs.

Annual improvements to IFRS Standards 2018–2022 (to be applied from 1 January 2022).

The minor and less urgent changes to the standards that are part of the annual improvements procedure are grouped together and implemented once per year. The annual improvements clarify the following standards:

IFRS 16 Lease incentives – example 13: The amendment removes the payments made by the lessor in relation to renovating the rental premises, because the example does not specify clearly to what extent the payments are not an incentive.

Property, Plant and Equipment — Proceeds before Intended Use – Amendments to IAS 16 Property, Plant and Equipment (to be applied from 1 January 2022).

Under the amendments, proceeds from selling items before the related item of PPE is available for use should be recognised in profit or loss.

Classification of Liabilities as Current or Non-current - Amendments to IAS 1 Presentation of Financial Statements * (to be applied from 1 January 2023, may also be applied earlier).

The aim of the amendments is to promote consistency in application and clarify the requirements on determining if a liability is current or non-current

Disclosure of Accounting Policies – Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements * (to be applied from 1 January 2023, may also be applied earlier).

The amendments clarify the application of the materiality principle on the notes concerning the accounting policies.

Definition of Accounting Estimates – Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors* (to be applied from 1 January 2023, may also be applied earlier).

The amendments clarify how companies should make a difference between changes in accounting policies and changes in accounting estimates, with a focus on defining and clarifying the concept of accounting estimates.

Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction – Amendments to IAS 12 Income Taxes * (to be applied from 1 January 2023).

The amendments narrow down the original exception to the recognition and clarify that the exception is not applicable to individual events that create temporary differences of equal value, such as lease agreements and demolition obligations.

2. REVENUE

Destia Group applies IFRS 15 Revenue from Contracts with Customers standard, that defines revenue recognition policies. In accordance to IFRS 15, revenue is recognised when control of the product or service is transferred to the customer. Revenue recognition should reflect the consideration that the entity, based on the contract, expects to be entitled to. Revenue from Contracts with Customers is described in notes to the consolidated financial statements.

EUR 1,000	2021	2020
Revenue from customer contracts		
Materials	19,242	17,544
Services	43,966	40,277
Projects	511,606	505,996
Revenue, total	**574,814**	**563,817**

Destia Group's revenue from contracts with customers consist of infrastructure, design, construction and maintenance projects. Services consist of infrastructure planning and consultation projects. In addition to this, the Group has aggregate sales.

The largest customer groups whose income is at least 10% of the Group's total revenue are: the Centre for Economic Development, Transport and the Environment (ELY Centres) and the Finnish Transport Infrastructure Agency.

Timing of the revenue recognition	2021	2020
Timing of the revenue recognition, at point in time	19,242	17,544
Timing of the revenue recognition, over the time	555,572	546,273
Timing of the revenue recognition, total	**574,814**	**563,817**
Transaction price allocated to the remaining obligation		
Transaction price allocated to the remaining obligation, within one year	368,997	356,395
Transaction price allocated to the remaining obligation, within 2-3 years	296,762	260,631
Transaction price allocated to the remaining obligation, after three years	88,977	91,567
Transaction price allocated to the remaining obligation, total	**754,735**	**708,593**
Contract assets and liabilities		
Contract assets	25,280	15,420
Contract liabilities	37,338	41,176

Changes in contract assets and liabilities	2021	
EUR 1,000	Assets	Liabilities
Changes through projects started during the period (ongoing at the end of the financial period)	5,045	-9,015
Changes through projects ended during the period (ongoing at the start of the financial period)	-7,427	11,457
Changes through projects ongoing at the start and at the end of the financial period	12,241	1,396

Changes in contract assets and liabilities	2020	
EUR 1,000	Assets	Liabilities
Changes through projects started during the period (ongoing at the end of the financial period)	4,124	-12,093
Changes through projects ended during the period (ongoing at the start of the financial period)	-2,984	9,814
Changes through projects ongoing at the start and at the end of the financial period	-5,410	-4,615

Contract assets consist of percentage of completion receivables and contract liabilities consist of invoicing. Expected credit losses related to contract assets are covered in Note 18. Accounts and other receivables.

3. MATERIALS AND SERVICES

EUR 1,000	2021	2020
Purchases during the financial year	100,887	95,537
Change in inventory	446	592
External services	296,978	302,674
Materials and services, total	**398,311**	**398,803**

4. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2021	2020
Profits from the sale of tangible and intangible assets	1,606	3,677
Rental and other income	4,553	2,484
Other operating income, total	**6,159**	**6,161**

Voluntary personnel expenses	4,867	4,610
Travel expenses	10,542	10,923
IT-expenses	8,123	7,886
External services	3,345	3,031
Credit losses	-905	-47
Other operating expenses from group companies	1,680	1,252
Other fixed expenses	9,245	7,137
Other operating expenses, total	**36,896**	**34,792**
Auditor's expenses		
Audit fees	59	82
Tax counselling	86	40
Other services	120	
Auditor's expenses, total	**264**	**121**

5. INCOME AND EXPENSES RELATED TO LEASE AGREEMENTS

EUR 1,000	2021	2020
Other operating income		
Income from lease agreements	659	774
Depreciation		
Depreciation of right-of-use assets	6,367	6,121
Expenses on lease agreements		
Expenses on short term lease agreements	3,676	4,264
Expenses on lease agreements with an underlying asset with a low value	5,918	6,180
Financial income and expenses		
Interest expenses on lease agreements	195	207

Outgoing cash flows arising from leases is provided in Note 22. Financial liabilities and maturity distribution for lease liabilities in Note 30. Financial risk management.

6. IMPAIRMENTS

No material impairments were recognised in 2021 and 2020. Goodwill impairment tests are covered in Note 14 Impairment tests.

7. EMPLOYEE BENEFITS

EUR 1,000	2021	2020
Wages and salaries	91,325	89,512
Pension expenses, defined contribution arrangements	14,848	13,087
Other personnel-related expenses	2,997	3,032
Employee related expenses, total	**109,169**	**105,630**

Information about defined benefit pension arrangements is provided in Note 28. Pension obligations. Information about employee benefits to the management is provided in Note 32. Related party transactions.

Average personnel	2021	2020
Waged employees	650	680
Clerical employees	997	1,011
Average personnel, total	**1,647**	**1,691**
Personnel at the end of the financial year	**1,586**	**1,624**

8. RESEARCH AND DEVELOPMENT EXPENSES

The total expenses relating to the Group´s research and development activities in 2021 were EUR 1.2 million (EUR 1.3 million). Development expenses have not met the recognition criteria for an intangible assets and the Group has not capitalised its development costs in the balance sheet.

9. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2021	2020
Financial income		
Dividend income from other investments	1	5
Interest income from loans and other receivables	49	85
Interest income from group companies	1,297	1,398
Other financial income	35	20
Total	**1,382**	**1,509**
Financial expenses		
Interest expenses on loans from financial institutions amortised at cost	235	123
Interest expenses on lease agreements	195	207
Other financial expenses	542	353
Total	**973**	**683**
Financial income and expenses, total	**410**	**826**

Information about financing is provided in Note 30. Financial risk management.

10. INCOME TAXES

EUR 1,000	2021	2020
Tax based on taxable income for the period	3,980	17
Taxes from previous periods	12	14
Deferred taxes	67	-166
Income taxes, total	**4,058**	**-135**

Comprehensive income items include EUR 506 thousand of deferred tax income from defined benefit pension arrangements (EUR 213 thousand of deferred tax expense).

Reconciliation of the tax expense and taxes calculated using the Group`s domestic tax rate (20%)

	2021	2020
Result before taxes	**21,495**	**15,550**
Taxes calculated using domestic tax rate	4,299	3,110
Different tax rates for foreign subsidiaries	-5	13
Tax effect of tax-free items	-1	-8
Tax effect of the group contribution		-3,427
Tax effect of non-deductible items	-89	172
Deductible items (not included in the accounting profit)	-23	-10
Use of losses for which no deferred tax has been recognised	-134	
Taxes from previous periods	12	14
Income taxes, total	**4,058**	**-135**

11. PROPERTY, PLANT AND EQUIPMENT

EUR 1,000	
Tangible assets	49,643
Right-of-use assets	12,875
Carrying amount 31 Dec 2021	**62,518**

	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2021	1,716	7,173	89,146	31,994	2,857	132,887
Additions, acquisition of subsidiaries			343		25	368
Additions	6	26	4,286	826	2,604	7,748
Deductions	-38	-199	-7,193	-992		-8,422
Transfers between items	-5		1,636	37	-2,141	-474
Acquisition cost on 31 Dec 2021	1,679	7,001	88,218	31,865	3,344	132,107
Accumulated depreciation on 1 Jan 2021		-4,754	-62,799	-13,625		-81,177
Accrued depreciation for deductions and transfers		115	7,018			7,132
Depreciation for the period		-259	-7,314	-845		-8,419
Accumulated depreciation on 31 Dec 2021		-4,899	-63,095	-14,470		-82,464
Carrying amount 31 Dec 2021	**1,679**	**2,102**	**25,123**	**17,395**	**3,344**	**49,643**

Right-of-use assets	Land and water areas	Buildings and structures	Machinery and equipment	Total
Acquisition cost 1 Jan 2021	326	8,333	6,510	15,169
Additions	207	2,085	2,097	4,389
Depreciation for the period	-207	-3,545	-2,616	-6,367
Carrying amount 31 Dec 2021	**326**	**6,564**	**5,986**	**12,875**

2020

EUR 1,000	
Tangible assets	51,709
Right-of-use assets	15,169
Carrying amount 31 Dec 2020	**66,879**

	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2020	1,916	7,521	94,002	31,215	333	134,987
Additions	9	4	3,448	999	3,257	7,717
Deductions	-209	-352	-8,528	-216		-9,305
Transfers between items			225	-5	-733	-512
Acquisition cost on 31 Dec 2020	1,716	7,173	89,146	31,994	2,857	132,887
Accumulated depreciation on 1 Jan 2020		-4,753	-63,574	-12,779		-81,107
Accrued depreciation for deductions and transfers		284	8,257			8,541
Depreciation for the period		-285	-7,481	-845		-8,612
Accumulated depreciation on 31 Dec 2020		-4,754	-62,799	-13,625		-81,177
Carrying amount 31 Dec 2020	**1,716**	**2,419**	**26,348**	**18,369**	**2,857**	**51,709**

Right-of-use assets	Land and water areas	Buildings and structures	Machinery and equipment	Total
Acquisition cost 1 Jan 2020	391	8,125	6,898	15,413
Additions	153	3,908	2,067	6,128
Depreciation for the period	-110	-3,563	-2,447	-6,121
Carrying amount 31 Dec 2020	**326**	**8,333**	**6,510**	**15,169**

12. BUSINESS ACQUISITIONS

ACQUISITIONS DURING 2021

Subsidiary acquisitions
Through a corporate acquisition completed on 18 March 2021, the Group acquired the entire share capital of Oulun Energia Urakointi Oy from Oulun Energia Oy. In the acquisition, Oulun Energia Urakointi Oy's operations were transferred in their entirety to Destia Oy, including business operations, personnel, equipment and agreements and Destia gained control of the company. The company has been consolidated 100% into Destia Group since 1 March 2021. Oulun Energia Urakointi Oy's industry was maintenance and upkeep of electrical equipment, design, construction and renovation, as well as various expert and consulting services. In addition, the company rented and imported electrical equipment related to its business. The company's business is complementing Group's product range. At the time of the transaction, the company employed approximately 70 people. The company's CEO Ilkka Koskela and other executive management have continued in their positions after the acquisition. The total acquisition cost was EUR 4.6 million. Oulun Energia Oy net sales in 2021 were EUR 12.7 million and operating profit was EUR 0.2 million, of which EUR 11.6 million were consolidated with Destia Group's net sales and EUR 0.6 million with operating profit. Acquisition-related expenses recognised as expenses amounted to EUR 0.2 million. EUR 0.2 million of the purchase price has been allocated to customer agreements and recorded in intangible rights. The acquisition generated goodwill of EUR 1.8 million. Goodwill is allocated to skilled personnel and other synergies.

There were no business acquisitions in 2020.

EUR 1,000	2021
Fair values at the time of acquisition	
Assets	
Intangible assets	297
Tangible assets	364
Investments	31
Inventory	56
Accounts and other receivables	1,413
Cash and cash equivalents	2,880
Total assets	**5,040**
Liabilities	
Accounts payable and other liabilities	2,189
Total liabilities	**2,189**
Net assets	**2,850**
Goodwill on acquired business	1,797
Net assets	2,850
Total acquisition cost	**4,647**

13. GOODWILL

EUR 1,000	2021	2020
Acquisition cost 1 Jan	17,799	17,799
Additions	1,797	
Acquisition cost 31 Dec	**19,596**	**17,799**
Carrying amount 31 Dec	**19,596**	**17,799**

Increase for the financial year was in connection with the acquisition of Oulun Energia Urakointi Oy.

14. IMPAIRMENT TESTS

EUR million	31 Dec 2021	31 Dec 2020
Destia Group	19.6	17.8

Impairment tests are performed annually on goodwill, by comparing the carrying amount of goodwill with the estimated value of its group of cash-generating units. In addition, impairment testing is performed whenever there are any indications of impairment. An impairment loss is recognised if the carrying amount of the net assets allocated to a cash-generating unit is greater than the recoverable amount of the cash-generating unit. Based on the impairment testing performed at the end of the year, no impairment was recognised.

The estimated working values of the group of cash-generating units that have goodwill are based on calculations using assumptions.

The calculation of working values is based on the following key assumptions:

Factors influencing the calculation of working value include the discount rate and growth percentages used for the extrapolation of cash flows after the forecast period.

The cash flows used in the calculations are based on the annual forecast for the financial year 2021 and the strategy approved by the Board of Directors for the years 2022–2026. The cash flows for future financial years were extrapolated using a terminal growth rate of 1 %, which reflects both the expected average growth rate and the effect of inflation. In testing, the operating margin of the terminal year was normalised to correspond to the average of the above-mentioned years.

Discount rate

Cash flows were discounted using the discount rate specified after taxes. The discount rate is based on the weighted average cost of capital (WACC). The discount rate (after taxes) used in 2021: 7.4% (9.0%).

Growth rate estimates

Growth rate estimates are based on perceived long-term economic growth prospects, which are based on recorded historical average growth rates of advanced economies, generally roughly 2% per annum. The Group is expected to grow organically, mainly in tandem with the economy. Because of the slower long-term economic growth expectations, the growth rate used in calculations is 1% per annum.

Effects of changes in expectations

Sensitivity analysis on Destia Group would not have implied a need for write-down, even if the long-term growth rate used in the testing had been 0%. Lower growth rates would lead to lower values in use. Similarly, higher discount rates would yield a need for write-down only at unrealistically high levels.

15. OTHER INTANGIBLE ASSETS

EUR 1,000	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2021	11,239			11,239
Additions, acquisition of subsidiaries	293			293
Additions	629			629
Deductions	-22			-22
Transfers between items	450	19		469
Acquisition cost on 31 Dec 2021	12,588	19		12,607
Accumulated amortisation on 1 Jan 2021	-9,848			-9,848
Accrued amortisation for deductions and transfers	28			28
Amortisation for the period	-724	-1		-726
Accumulated amortisation on 31 Dec 2021	-10,544	-1		-10,546
Carrying amount 31 Dec 2021	**2,044**	**18**		**2,061**

EUR 1,000	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2020	10,742		1	10,743
Additions	60			60
Deductions	-75		-1	-76
Transfers between items	512			512
Acquisition cost on 31 Dec 2020	11,239			11,239
Accumulated amortisation on 1 Jan 2020	-8,759			-8,759
Accrued amortisation for deductions and transfers	75			75
Amortisation for the period	-1,164			-1,164
Accumulated amortisation on 31 Dec 2020	-9,848			-9,848
Carrying amount 31 Dec 2020	**1,390**			**1,390**

16. OTHER INVESTMENTS

EUR 1,000	2021 Other investments	2021 Other receivables	2020 Other investments	2020 Other receivables
Acquisition cost 1 Jan	2,013		2,021	
Additions, acquisition of subsidiaries	0	30		
Additions		3		
Deductions	-9		-8	
Transfers between items		5		
Acquisition cost 31 Dec	**2,004**	**38**	**2,013**	
Carrying amount 31 Dec	**2,004**	**38**	**2,013**	

17. INVENTORY

EUR 1,000	2021	2020
Materials and supplies	12,213	12,604
Inventory, total	**12,213**	**12,604**

18. ACCOUNTS AND OTHER RECEIVABLES

EUR 1,000	2021	2020
Accounts receivables	59,195	40,053
Loan receivables from group companies		53,492
Other receivables	1,590	1,977
Income tax receivable		6
Contract assets	25,260	15,334
Derivative receivables	57	21
Accrued income	7,787	7,316
Accounts and other receivables, total	**93,889**	**118,200**

Contract assets and liabilities are described in Note 2. Revenue.
The most significant accrued income items consist of sales allocations EUR 7,278 thousand (EUR 6,483 thousand).

Expected credit losses and age distribution of accounts receivables

EUR 1,000	2021	Impairment loss reservation	Expected credit losses, %	Net 2021	2020	Impairment loss reservation	Expected credit losses, %	Net 2020
Contract assets	25,280	-20	0.1	25,260	15,420	-86	0.6	15,334
Accounts receivables	59,242	-47		59,195	40,279	-226		40,053
Not past due	56,375			56,375	37,909			37,909
Due								
Less than 30 days	2,707	-19	0.7	2,688	1,879	-90	4.8	1,788
30-60 days	106	-14	13.3	92	275	-68	24.6	207
61-90 days	20	-9	46.2	11	46	-45	98.5	1
More than 90 days	34	-5	14.0	29	170	-23	13.2	148
Accounts receivables, total	**59,242**	**-47**		**59,195**	**40,279**	**-226**		**40,053**

At the balance sheet date, the maximum credit risk the Group is exposed to with regards to accounts receivables is equal to the balance sheet amount. No collateral is applied to the Group's accounts receivables. There are no significant credit risk concentrations within accounts receivables. The carrying amount of the accounts receivables is considered to be equal to their fair value at the balance sheet date.

The Group utilises provision matrix to determine expected credit losses on accounts receivables. The calculation of expected credit losses and other risks related to accounts receivables are described in Note 30. Financial risk management.

The Group has recorded credit losses from accounts receivables of EUR -905 thousand (EUR -47 thousand). As definitive credit losses the Group has recorded in total EUR -660 thousand and as a change of impairment loss reservation for accounts receivables and contract assets in total EUR -245 thousand (EUR -72 thousand and EUR 25 thousand).

19. CASH AND CASH EQUIVALENTS

EUR 1,000	2021	2020
Cash in hand and at banks	31,393	40,303
Cash and cash equivalents, total	**31,393**	**40,303**

Cash and cash equivalents in the cash flow statement correspond to those presented in the balance sheet. The balance sheet value of cash and cash equivalents best reflect the associated maximum exposure to credit risk.

20. DEFERRED TAX ASSETS AND LIABILITIES

Movement in deferred tax assets 2021

EUR 1,000	1 Jan 2021	In income statement	Other changes	In other comprehensive income	31 Dec 2021
Pension benefits	633	107		506	1,247
Provisions	1,500	-436			1,064
Other allocation differences	91	-60	15		46
Total	**2,224**	**-390**	**15**	**506**	**2,356**
Tax losses carried forward for which deferred tax assets have not been recorded					1,442

No deferred tax assets have been recorded for Destia Sverige AB's losses, which do not expire.

Movement in deferred tax liabilities 2021

EUR 1,000	1 Jan 2021	In income statement	Other changes	In other comprehensive income	31 Dec 2021
Depreciation differences	1,791	-276			1,515
Other allocation differences	11	-47	90		54
Total	**1,803**	**-323**	**90**		**1,569**

Movement in deferred tax assets 2020

EUR 1,000	1 Jan 2020	In income statement	Other changes	In other comprehensive income	31 Dec 2020
Pension benefits	817	30		-213	633
Provisions	1,450	50			1,500
Other allocation differences	75	16			91
Total	**2,342**	**95**		**-213**	**2,224**
Tax losses carried forward for which deferred tax assets have not been recorded					1,470

No deferred tax assets have been recorded for Destia Sverige AB's losses, which do not expire.

Movement in deferred tax liabilities 2020

EUR 1,000	1 Jan 2020	In income statement	Other changes	In other comprehensive income	31 Dec 2020
Depreciation differences	1,838	-47			1,791
Other allocation differences	36	-24			11
Total	**1,874**	**-71**			**1,803**

21. EQUITY

EUR 1,000	Number of shares	Share capital	Invested non-restricted equity fund	Other items: Translation differences	Other items: Fair value reserve
1 Jan 2021	680,000	17,000	14,382	-7	4
Translation differences				0	
Other investments					-4
Capital return			-14,382		
31 Dec 2021	**680,000**	**17,000**		**-7**	

EUR 1,000	Number of shares	Share capital	Invested non-restricted equity fund	Other items: Translation differences	Other items: Fair value reserve
1 Jan 2020	680,000	17,000	14,382	-4	1
Translation differences				-3	
Other investments					3
31 Dec 2020	**680,000**	**17,000**	**14,382**	**-7**	**4**

Information on shares and share capital

Destia Oy has one share type. The maximum number of shares is 680 thousand. The share capital of Destia Oy is EUR 17 million. The shares have no nominal value.

Invested non-restricted equity fund

The invested non-restricted equity fund includes equity-like investments and the share subscription price to the extent to which it is not recorded in the share capital by explicit decision.

Other items

Translation differences

Translation differences include differences resulting from the translation of foreign subsidiaries.

22. FINANCIAL LIABILITIES

EUR 1,000	2021	2020
Financial lease liabilities	6,970	9,541
Non-current financial liabilities, total	**6,970**	**9,541**
Loans from financial institutions		8,990
Other liabilities		525
Financial lease liabilities	6,096	5,821
Current financial liabilities, total	**6,096**	**15,336**
Total cash outflow from leases	**16,178**	**16,651**

To secure liquidity, Destia has entered into a EUR 30 million long-term committed revolving credit facility in November 2019. In accordance with the amendment agreement entered into in November 2021, the financial limit agreement expires in November 2024. This credit facility was fully undrawn at balance sheet date. The limit agreement have a covenant that is tied to the relationship between the Group's net debt and EBITDA. Destia has at its disposal a EUR 150 million commercial paper program, which was not at use at the balance sheet date (EUR 8,990 thousand).

On comparison period non-current financial liabilities included unpaid purchase price for the additional shares in Destia Engineering Oy, valued at EUR 0.5 million at the comparison period balance sheet date.

23. BREAKDOWN OF FINANCIAL LIABILITIES BY CASH FLOW AND NON-CASH FLOWS (IAS 7)

Changes in financial liabilities (IAS 7)			Non-Cash flow effect	
EUR 1,000	1 Jan 2021	Cash flows	Changes in fair values	31 Dec 2021
Current other liabilities	9,515	-9,515		
Financial lease liabilities	15,363		-2,297	13,066
Total	**24,878**	**-9,515**	**-2,297**	**13,066**

Changes in financial liabilities (IAS 7)			Non-Cash flow effect	
EUR 1,000	1 Jan 2020	Cash flows	Changes in fair values	31 Dec 2020
Current other liabilities	21,569	-12,579	525	9,515
Financial lease liabilities	15,545		-182	15,363
Total	**37,114**	**-12,579**	**343**	**24,878**

24. GROUP'S CARRYING AMOUNT OF FINANCIAL ASSETS AND LIABILITIES

EUR 1,000	2021	2020	Fair value hierarchy
Financial assets			
Financial assets measured at fair value through profit or loss			
Shares and other investments	2,004	2,013	level 3
Other derivatives, no hedge accounting	57	21	level 2
Assets at amortised cost			
Accounts receivables and other receivables	60,785	42,031	
Cash and cash equivalents	31,393	40,303	
Financial liabilities			
Liabilities at amortised cost			
Loans from financial institutions, interest-bearing		8,990	level 2
Lease liability, interest-bearing	13,066	15,363	
Other liabilities, interest-bearing		525	
Accounts payable and other liabilities	90,042	94,989	

The carrying value equals the fair value. The levels adopted in fair value accounting are:
Level 1: Exchange traded securities with quoted prices in active markets.
Level 2: Fair value determined by observable parameters.
Level 3: Fair value determined by non-observable parameters.

25. OTHER LIABILITIES

EUR 1,000	2021	2020
Non-current other liabilities	2,597	2,392

26. ACCOUNTS PAYABLE AND OTHER NON-INTEREST-BEARING LIABILITIES

EUR 1,000	2021	2020
Accounts payable	34,267	32,771
Other non-interest-bearing liabilities	22,401	38,423
Accrued expenses	36,027	29,039
Accounts payable and other non-interest-bearing liabilities, total	**92,696**	**100,234**

The most significant items in accrued expenses are personnel expenses of EUR 28,733 thousand (EUR 24,277 thousand) and accruals for accounts payables EUR 6,763 thousand (EUR 4,880 thousand).

27. LONG-TERM INCENTIVE SCHEMES

The Group has three management long-term incentive schemes, one for 2019-2021, second for 2020-2022 and the third for 2021-2023. The purpose of the schemes is to commit certain key persons to the company and offer them a competitive reward scheme. The Board of Directors decides on the long-term incentive scheme and the persons covered by it. The criteria for the long-term incentive schemes are the same for all people belonging to the scheme. These criteria apply to the whole Group and differ from the bonus scheme criteria. The earnings criterion of the programs is the company's value increase.

The scheme for 2019-2021 covers 53 persons. The earnings period is 2019–2021 and the remuneration accumulated in the earnings period will be paid in cash during 2022 at latest. The scheme for 2020-2022 covers 53 persons. The earnings period is 2020–2022 and the remuneration accumulated in the earnings period will be paid in cash during 2023 at latest. The scheme for 2021-2023 covers 56 persons. The earnings period is 2021–2023 and the remuneration accumulated in the earnings period will be paid in cash during 2024 at latest. There are no longer any other long-term incentive schemes other than those mentioned before.

28. PENSION OBLIGATIONS

In addition to the statutory pension insurance (TyEL), Destia Oy's has a defined benefit pension arrangement in place for those employees whose employment began before 1993. The additional pension is related to Destia Oy's period as a public utility. In connection with the incorporation of Destia, pension insurance was supplemented by acquiring additional pension insurance from a third party. The additional pension covers the level of pension earned before 1995 and the individual age of retirement between 60 and 65 years of age.

In the defined benefit pension plan, the amount of funds reflects the share of the obligations for which the insurance company is liable and this is calculated at the same discounted interest rate as the obligation. The assets included in the arrangement include 100% acceptable insurance policies. The company's liability is mainly the effect of the employee pension index on the obligation.

EUR 1,000	2021	2020
Expenses based on work performance during the period	0	0
Net interest	30	1
Costs in the income statement	**30**	**1**
Items resulting from redefinition	2,531	-1,067
Costs in the comprehensive income statement before taxes	**2,561**	**-1,066**
Present value of obligation	29,734	28,933
Fair value of assets included in the arrangement	-23,501	-25,767
Net liability/asset on the balance sheet (-) 31 Dec	**6,233**	**3,167**
Present value of the obligation at the beginning of the period	**28,933**	**31,072**
Expenses based on work performance during the period	0	0
Interest expenses	268	273
Actuarial profit (-)/loss (+)		
from changes in financial assumptions	2,507	-543
from changes in demographic assumptions	57	-318
from experience-based changes	-581	-91
Fulfilling an obligation		
Benefits paid	-1,451	-1,459
Company arrangements		
Present value of the obligation 31 Dec	**29,734**	**28,933**

EUR 1,000	2021	2020
Fair value of assets included in the arrangement at the beginning of the period	**25,767**	**30,958**
Interest yield	238	272
Yield of assets included in the arrangement excluding item belonging to interest expenditure/yield	-548	114
Fulfilling obligations		
Benefits paid	-1,451	-1,459
Company arrangements	-505	-4,120
Fair value of assets included in the arrangement 31 Dec	**23,501**	**25,767**
Liabilities on the balance sheet at the beginning of the period	**3,167**	**113**
Costs in the income statement	30	1
Payments made to arrangement	505	4,120
Redefinitions in items of other comprehensive income	2,531	-1,067
Liabilities on the balance sheet 31 Dec	**6,233**	**3,167**
Actuarial assumptions		
Discounting interest rate, %	1,15%	0,95%
Pay rises, %	1,30%	1,30%
Pension rises, %	2,14%	1,24%
Sensitivity analysis		
The table below shows the effects on net liability of changes in assumptions		
Discounting interest rate change +0.25%	-198	-98
Discounting interest rate change -0.25%	209	104
Pay rises +0.25%	9	11
Pay rises -0.25%	-9	-11
Change in pension rises +0.25%	979	934
Change in pension rises -0.25%	-947	-904

When calculating sensitivity, it is assumed that other assumptions remain unchanged. The duration based on the weighted average of the obligation is 13.0 years. Destia Oy's estimate of the benefits-based pension arrangements it will pay in 2022 null euros.

29. PROVISIONS

EUR 1,000	Guarantee provisions	Environmental provisions	Other provisions	Total
1 Jan 2021	2,622	11,474	2,853	16,950
Increase in provisions	919	553	1,866	3,339
Expensed provisions	-485	-1,259	-1,931	-3,675
Reversals of unused provisions	-748	-527	-1,040	-2,315
Effect of time value on provisions		-950		-950
31 Dec 2021	**2,309**	**9,292**	**1,747**	**13,348**

EUR 1,000	2021	2020
Non-current provisions	10,657	12,463
Current provisions	2,691	4,487
Provisions, total	**13,348**	**16,950**

Guarantee provisions

Guarantee provisions have been made to cover any obligations during the warranty period of contractual agreements. Provision is based on the experience of previous years.

Environmental provisions

The Group has land areas that it is obliged to restore to their original condition.

Present value of estimated landscaping cost has been capitalised as part of the cost of the land areas and presented as a provision. The discounting factor used in determining the present value is 0.15% (0.00%) and inflation factor 1,90% (1,70%).

In addition, the Group has provisions for cleaning contaminated land areas. At the balance sheet date, there is a provision for three separate land areas.

Other provisions

Other provisions include dispute and litigation provisions of EUR 1.6 million (EUR 0.9 million), provisions for onerous contracts EUR 0.1 million (EUR 0.3 million), provisions related to personnel EUR 0.1 million (EUR 1.7 million).

30. FINANCIAL RISK MANAGEMENT

In the normal course of business, the Group is exposed to a number of financial risks. The objective of the Group's financial risk management is to minimise the adverse effects of changes in the financial markets on the Group's earnings, cash flow and balance sheet. The primary types of financial risks are credit and liquidity risk, foreign exchange currency risk, interest rate risk and commodity risk. The Group's financial policy determines the guidelines and practices for the Group's financial activities. The Group's financial policy is approved by the Board of Directors and its practical implementation is the responsibility of the Group Chief Financial Officer and the centralised Finance and Treasury unit together with the divisions. The Group's Finance and Treasury unit identifies and assesses the risks and acquires the instruments required for protection against them in close co-operation with the operational units. Hedging transactions are carried out in accordance with the financing policy. The Group performs risk management through the use of forward exchange contracts, foreign currency loans, interest rate swaps and commodity derivatives. Financial risks are reported quarterly to the Audit Committee and to the Board of Directors. Internal and external audits monitor Group compliance with financial policy. Group´s financing policy guidelines have been according to Ahlström Capital's policy during the financial year and comparison period.

Credit risk

Destia Group's credit risk consists of the credit risk of accounts receivable related to the business operations and of the counterparty risk related to other financial instruments. The Group's credit risk is managed by the division controllers in accordance with instructions prepared by the Finance and Treasury unit. The management of the credit risk of accounts receivable aims to increase the amount of advances received and to assess the customer's creditworthiness in good time during the tendering process, enabling assessment of the collateral amount, the instrument and the eligibility of the collateral offered. The Group has no significant credit risk concentrations related to accounts receivable as the Group's customer base consists of a significant number of individual customers from both the private and public sectors.

The Group applies the simplified approach for measuring expected credit losses for trade receivables and contract assets. Expected credit losses are calculated using a provision matrix and recognised at an amount corresponding to the lifetime expected credit losses. When preparing the provision matrix, expected credit losses for trade receivables and contract assets are assessed based on experience and historical information on credit losses. Also, economic conditions and estimated future outlook are taken into consideration in evaluation. The Group updates its historical data evaluation and future estimates during each reporting period. The Group's Finance unit monitors the development of expected credit losses and changes in financial conditions on a regular basis as part of the Group's credit risk management.

The counterparty credit risk related to other financial instruments is generated when Destia invests assets in money market instruments offered by other companies, public organisations or financial institutions. The risk is related to the counterparty of the contract not being able to fulfil its contractual obligations. Counterparty credit risk is managed via counterparty limits. Counterparty limits are only determined for counterparties deemed to be solvent and have a good credit rating. Select counterparties are set maximum limits in euros and maximum maturity limits. The counterparty and counterparty limits are approved by the Group's Board of Directors.

The maximum amount of the Group´s credit risk corresponds to the carrying amount of financial assets at the end of the financial year.

The age distribution of accounts receivable is presented in Note 18. Accounts and other receivables.

Liquidity risk

Liquidity risk management aims at ensuring that the Group is always able to fulfil its financial obligations. Annual cash flow forecasts are prepared for the next five years during strategy planning, and monthly forecasts are made for the next year during budgeting process. In addition, weekly and daily liquidity planning is implemented. In the long term, the aim is to secure liquidity by means of persistent, proactive financing arrangements and the establishment of long-term and short-term financial reserves. According to the Group's operational instructions, cash assets must be invested in liquid money market instruments to ensure flexibility.

The following table shows the maturity distribution of the Group's financial liabilities. The amounts have not been discounted, and they include both interest payments and capital repayments.

EUR 1,000 **31 Dec 2021**	Balance sheet value	Contractual based cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Maturity distribution of financial liabilities							
Lease liabilities	13,066	-13,851	-6,235	-4,047	-2,360	-876	-334
Accounts payable and other liabilities	50,297	-50,297	-50,297				
Total	**63,363**	**-64,148**	**-56,532**	**-4,047**	**-2,360**	**-876**	**-334**
Maturity distribution of derivative liabilities							
Commodity derivatives (receivable)	-57	57	57				
Total	**-57**	**57**	**57**				

EUR 1,000 **31 Dec 2020**	Balance sheet value	Contractual based cash flows	Less than 1 year	1-2 years	2-3 years	3-4 years	More than 4 years
Maturity distribution of financial liabilities							
Loans from financial institutions	8,990	-9,000	-9,000				
Lease liabilities	15,363	-16,214	-5,946	-4,748	-3,380	-1,479	-661
Accounts payable and other liabilities	53,106	-53,106	-53,106				
Total	**77,459**	**-78,320**	**-68,052**	**-4,748**	**-3,380**	**-1,479**	**-661**
Maturity distribution of derivative liabilities							
Commodity derivatives (receivable)	-21	21	21				
Total	**-21**	**21**	**21**				

Tables do not include additional debt for acquisition of Destia Engineering Oy for which additional information is provided in Note 22. Financial liabilities.

Foreign exchange rate risk

Foreign exchange rate risk refers to the uncertainty that profit and loss, balance sheet and cash flows are exposed to by the changes in foreign exchange rates. The international operations of Destia Group are minor, so the amounts affected by foreign exchange rate risk, or foreign exchange positions, are small and the foreign exchange rate risk is low.

According to the Group´s financial policy, the foreign exchange risk must be covered to at least 50 and at most 100 per cent, using forward exchange and option contracts or foreign currency loans as hedging instruments. Hedging operations are directed at cash flows and balance sheet items separately. Currency derivatives may only be used for hedging purposes. The Group does not apply IFRS 9 hedge accounting to currency hedging.

The Group does not have any significant outstanding foreign exchange positions at the end of the financial year.

Interest rate risk
Interest rate risk is the risk of market interest rates affecting the Group's interest expenses and profits. The Group's interest rate risk primarily consists of the interest rate risk of the external loan portfolio. The interest rate risk is managed on one hand by spreading the Group's loans and investments across various maturities and variable and fixed-rate instruments on the other. The risk of the loan and investment portfolio is determined by interest position calculations. Interest rate risk is managed by using short- or long-term forward rate or future contracts, interest rate option contracts or interest rate swaps. Interest rate derivatives may only be used for hedging purposes. The Group's interest rate risk was coordinated with Ahlström Capital during the financial period and managed in a centralised manner by the Finance and Treasury unit.

At balance sheet date the Group does not have open interest rate swaps.

The Group has no fixed-rate financial assets or liabilities.

Effect of interest rate changes on the Group's result and equity
The table below shows how the Group's equity is affected if the interest rates increase or decrease and the other factors remain unchanged. The sensitivity analysis is based on the interest rate position during the reporting period, which includes commercial papers issued.

EUR 1,000	2021	2020
Change	+/-0,5%	+/-0,5%
Effect on profit after taxes and effect on equity	-	-14 / 0

Commodity risk
In its operations, Destia Group is exposed to commodity risk related to commodity price fluctuations. Destia's significant commodity risks are determined in connection with tendering and procurement. The necessary hedging procedures are planned on a project-specific basis through co-operation between the divisions and Finance and Treasury unit. The Group does not apply the cash flow hedging accounting principles under IFRS 9 to these commodity swaps.

Monthly rolling hedging of diesel is done for a period of 12 months. At the end of the financial period the hedging rate for diesel was 28% from average yearly purchases. At balance sheet date the nominal value of hedging was EUR 595.0 thousand (EUR 444.2 thousand) and the fair value EUR 56.7 thousand (EUR 21.4 thousand).

Management of capital
The Group's equity consists of share capital, invested non-restricted equity fund and retained earnings. The aim is to keep the ratio of equity and debt capital at a healthy level and it has been managed together with Ahlström Capital and going forward together with Colas.

The purpose of enhancing Destia's use of capital is to speed up the incoming cash flow and slow down the outgoing cash flow. The efficient use of capital is ensured by efficient, safe and profitable investments or use of existing assets. Efficiency is also safeguarded by improving the terms of payment in contractual negotiations, by efficiently managing payment transactions with the help of cash flow forecasts, and by utilising an efficient bank account network and program as well as up-to-date accounts payable and receivable activities. All means of working capital management are used to reduce the capital tied to business.

EUR 1,000	2021	2020
Equity	59,221	70,814
Balance sheet total	226,068	261,412
Advances received	39,743	41,883
Equity ratio	31,8%	32,3%

31. CONTINGENT LIABILITIES AND ASSETS

EUR 1,000	2021	2020
Guarantees and contingent liabilities		
Counter Obligations of bank guarantees related to contractual agreements	99,455	98,558

The Group is committed to a lease contracts relating to machinery and equipment and buildings and structures. Contracts will start during 2022 and the duration of the contracts is from one to five years and the resulting liability is EUR 1,402 thousand.

Disputes and litigation

The Group has on-going disputes related to projects, which have been provided for to the extent that the Group deems the disputes substantial and the claims justified.

32. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries. Until the business acquisition that took place on 1 December 2021, the Group's related parties included Destia Group Oyj, Ahlström Capital Oy and its subsidiaries, joint ventures and associated companies. From 1 December 2021 the Group's related parties include Colas SA and its subsidiaries, joint ventures and associated companies.

In addition, the related parties include the members of the Board and of the Management Team, including the President & CEO and their family members.

In 2021, companies belonging to the Ahlström Capital Group had EUR 1,900 of billing (EUR 1,900). There were no purchases from companies belonging to the Ahlström Capital Group during the financial period.

During financial period 2021 capital repayment of EUR 15.0 million was made to AC Infra Oy from invested non-restricted equity fund. During comparison period capital repayment of EUR 10.8 million was made to AC Infra Oy from invested non-restricted equity fund and payment of EUR 0.6 million for the Group Contribution granted in 2019.

Destia Group Oyj invoiced Destia Oy during 2021 EUR 1.7 million (EUR 1.3 million). Destia Oy charged interest on intra-Group loan from Destia Group Oyj EUR 1.3 million (EUR 1.4 million).

During financial period 2021 capital repayment of EUR 14.4 million was made to Destia Group Oyj from invested non-restricted equity fund and payment of dividend of EUR 12.6 million. Destia Group Oyj has made a repayment of EUR 30.3 million for the Group's internal loan to Destia Oy. In addition, during the comparison period, Destia Oy paid group contribution of EUR 17.1 million to Destia Group Oyj.

The President and CEO and members of the Management Team belong to the management long-term incentive scheme, described in Note 27. Long-term incentive schemes.

The Group´s parent company and subsidiary relations in the year 2021 were as follows:

Company	City	Country	Group´s share of ownership and votes %	Parent company´s share of ownership and votes %
31 Dec 2021				
Destia Oy, parent company	Vantaa	Finland	100	100
Destia Oy, subsidiaries				
Destia Eesti OÜ		Estonia	100	100
Destia AS		Norway	100	100
Destia Rail Oy	Kouvola	Finland	100	100
Destia Sverige AB		Sweden	100	100
Destia International Oy	Vantaa	Finland	100	100
Finnroad Oy	Vantaa	Finland	100	100

During the financial year, Destia Oy acquired the entire share capital of Oulun Energia Urakointi Oy. At 31 December 2021 Oulun Energia Urakointi Oy merged with Destia Oy.

In addition, consortia have been established for large and long-term projects, involving third parties. The parties have committed to joint and several liability for the obligations and liabilities of the consortia. The most significant ongoing consortia is Pulteri II.

Management´s employee benefits:

EUR 1,000	2021	2020
Salaries and other short-term employee benefits	1,485	2,037
Other long-term employee benefits	1,881	
Salaries and remuneration:		
President & CEO	456	434
Members of the Board of Directors	128	140

It has been agreed that the retirement age of the CEO is 62.

33. EVENTS AFTER THE END OF THE REPORTING PERIOD

Nothing to report.

GROUP'S KEY FIGURES, IFRS

EUR million	2021	2020	2019	2018	2017
Revenue	574.8	563.8	569.9	550.3	478.7
Change from previous year, %	2.0	-1.1	3.6	15.0	-3.0
Operating profit for the period ****)	21.1	14.7	13.5	17.1	15.4
% of revenue	3.7	2.6	2.4	3.1	3.2
Operating profit for the period, comparable ****)	21.5	16.2	11.4	17.1	17.5
% of revenue	3.7	2.9	2.0	3.1	3.6
Result for the period	17.4	15.7	15.1	16.8	16.2
% of revenue	3.0	2.8	2.7	3.1	3.4
EBITDA 1)	37.0	32.3	26.6	27.5	27.8
% of revenue	6.4	5.7	4.7	5.0	5.8
Gross investments **)	15.3	13.9	15.3	7.5	8.8
% of revenue	2.7	2.5	2.7	1.4	1.8
Balance sheet total	226.1	261.4	260.8	259.6	228.0
Equity	59.2	70.8	71.6	69.1	65.5
Equity ratio, % 2)	31.8	32.3	31.7	31.1	32.6
Net gearing (Gearing)% 3)	-30.9	-21.8	18.7	-23.7	5.2
Interest-bearing liabilities	13.1	24.9	37.7	24.0	24.2
Return on equity, % 4) ***)	26.8	22.0	21.5	24.9	27.1
Return on investment % 5) ***)	26.8	15.8	16.2	21.0	20.4
Equity per share, EUR	87.09	104.14	105.26	101.63	96.39
Personnel, average	1 647	1 691	1 701	1 655	1 569
Occupational accidents resulting in absence from work *)	6.5	13.1	5.6	5.8	10.5
Order backlog at the end of the reporting period	754.7	708.6	763.6	732.7	696.2
Research and development expenses	1.2	1.3	1.3	1.0	0.9
% of other operating expenses	3.1	3.7	3.2	2.5	2.3

Formulas:

1) Operating profit + depreciation, amortisation and impairment losses. Not IFRS key figure. EBITDA adjusted by comparable items.
2) (Equity/(balance sheet total - advances received)*100
3) (Interest-bearing liabilities - cash and cash equivalents and held-to-maturity investments) / (equity)*100
4) (Result for the period/average equity)*100 (opening and closing balance)
5) (Result before taxes + interest costs and other financial expenses/ (invested capital average)*100 (balance sheet total - non-interest-bearing liabilities - provisions, opening and closing balance)

*) Occupational accidents per one million working hours. Since the beginning of the year 2017 the number also covers Destia Engineering.

**) Since 2019 gross investments include IFRS16 lease agreements, which was EUR 7.1 million in 2019, EUR 6.1 million in 2020 and EUR 4.4 million in 2021.

***) Opening balance for 2018 equity has been adjusted, but the 2018 key figures are calculated using the end of 2017 balance instead of the adjusted opening balance for 2018.

****) ESMA's alternative key figure, not a key figure defined in accordance with IFRS. According to the company's management, the alternative key figures provide relevant and useful additional information to the users of the financial statements about the result of the Group's operations.

INCOME STATEMENT, DESTIA OY, FAS

EUR 1,000	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
REVENUE	**498,822**	**483,424**
Other operating income	8,989	7,526
MATERIALS AND SERVICES		
Purchases during the financial year	-90,017	-82,864
Change in inventory	-446	-546
External services	-274,241	-277,602
MATERIALS AND SERVICES, TOTAL	**-364,704**	**-361,011**
EMPLOYEE RELATED EXPENSES		
Wages and salaries	-66,731	-63,530
personnel expenses		
Pension expenses	-10,209	-9,135
Other personnel-related expenses	-2,122	-2,208
Employee related expenses, total	**-79,062**	**-74,873**
DEPRECIATION AND IMPAIRMENT		
Depreciation according to plan	-8,719	-8,250
Impairments		-132
Depreciation and impairment, total	**-8,719**	**-8,382**
Other operating expenses	**-38,764**	**-35,016**
OPERATING PROFIT (-LOSS)	**16,561**	**11,668**

EUR 1,000	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Financial income and expenses		
Dividends from group companies		175
Income from investments in non-current assets	1	8
Other interest from group companies	1,301	1,517
Other interest and finance income	33	53
Impairment losses on investments in non-current assets	-1	
Interest and other finance expenses to group companies	-208	-198
Interest and other finance expenses to others	-742	-452
Financial income and expenses, total	**385**	**1,103**
PROFIT BEFORE APPROPRIATIONS AND TAXES	16,946	12,771
APPROPRIATIONS		
Change in depreciation difference	1,379	-284
Group contributions received	2,422	3,646
Group contributions granted	-114	-17,138
Total appropriations	**3,687**	**-13,776**
Income taxes	**-4,345**	**94**
PROFIT (LOSS) FOR THE PERIOD	**16,288**	**-911**

BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets		
Intangible rights	1,915	1,390
Other intangible assets	18	
Intangible assets, total	**1,933**	**1,390**
Tangible assets		
Land and water areas	1,679	1,716
Buildings and structures	2,102	2,419
Machinery and equipment	25,123	26,312
Other tangible assets	11,673	11,541
Advance payments and construction in progress	3,344	2,857
Tangible assets, total	**43,921**	**44,846**
Other investments		
Investments in group companies	8,055	7,956
Receivables from group companies	100	100
Other investments	2,003	2,011
Other receivables	38	
Other investments, total	**10,196**	**10,067**
Non-current assets	**56,050**	**56,304**

EUR 1,000	31 Dec 2021	31 Dec 2020
Current assets		
Inventory		
Materials and supplies	12,213	12,604
Inventory, total	**12,213**	**12,604**
Receivables		
Accounts receivables	50,086	31,651
Receivables from group companies	5,442	65,138
Deferred tax assets	919	1,274
Other receivables	1,415	1,828
Accrued income	30,199	18,338
Receivables, total	**88,060**	**118,228**
Cash and cash equivalents	28,459	31,731
Current assets	**128,732**	**162,563**
ASSETS	**184,782**	**218,867**

BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES		
Equity		
Share capital	17,000	17,000
Other funds		
Invested non-restricted equity fund		14,382
Retained earnings	4,866	18,396
Profit/loss for the period	16,288	-911
Equity, total	**38,154**	**48,866**
Appropriations		
Depreciation difference	7,705	8,957
Mandatory provisions	6,855	8,886
Liabilities		
Long term liabilities		
Accrued liabilities	2,597	2,392
Long term liabilities, total	**2,597**	**2,392**
Short term liabilities		
Loans from financial institutions		8,990
Prepayments received	39,516	38,815
Trade payables	32,179	29,132
Liabilities to group companies	12,172	32,699
Other liabilities	12,351	17,496
Accrued expenses	33,253	22,635
Short term liabilities, total	**129,471**	**149,766**
Liabilities	**132,068**	**152,158**
EQUITY AND LIABILITIES TOTAL	**184,782**	**218,867**

CASH FLOW STATEMENT, DESTIA OY, FAS

EUR 1,000	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	484,729	496,547
Cash paid to suppliers of goods/services and to personnel	-483,915	-460,296
Net cash flow before financial items and taxes	**814**	**36,251**
Interest paid on operating activities	-293	-166
Dividends received on operating activities	0	180
Interest received on operating activities	38	54
Other financial items from operating activities	-516	-337
Tax paid on operating activities	-9	1,779
Net cash flows from operating activities	**33**	**37,761**
CASH FLOWS FROM INVESTMENTS		
Investments in intangible and tangible assets	-7,934	-5,801
Sale of intangible and tangible assets	1,879	4,139
Acquisition of shares in subsidiaries	-4,863	-1,575
Other investments	-3	
Proceeds from the sale of other investments	8	11
Intra-Group loans granted	-19,673	-16,362
Repayments of intra-Group loan receivables	30,444	207
Net cash flows from investments	**-141**	**-19,380**
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term financing	83,458	72,830
Decrease in short-term financing	-86,098	-73,834
Transactions with minority shareholders	-525	
Net cash flows from financing activities	**-3,165**	**-1,004**

EUR 1,000	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Change in cash and cash equivalents	**-3,272**	**17,376**
Cash and cash equivalents at the end of the financial period	28,459	31,731
Cash and cash equivalents 1.1.	31,731	14,355
	-3,272	**17,376**

DESTIA OY – NOTES TO THE FINANCIAL STATEMENTS

Accounting principles (FAS)

Group information
As a result of the acquisition on 1 December 2021, Destia Oy is 100% owned by Colas SA, which is part of the BOUYGUES GROUP. From the start of the financial year until 1 December, the company was part of Destia Group, and its parent company was Destia Group Oyj (business ID 2617172-1). Destia Group Oyj is 100% owned by AC Infra Oy, which is part of the Ahlström Capital Group.

Destia Oy is parent company of Destia Group.

Destia Oy's Financial Statements for financial period 1st January to 31st December 2021 and comparison period 1st January to 31st December 2020 were prepared in accordance with the Finnish accounting legislation.

Destia Group's first Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards (IFRS) for financial period 1st January to 31st December 2021.

NOTES TO THE PRESENTATION OF THE FINANCIAL STATEMENTS

Comparability to previous financial period
Operating profit for the period was EUR 16.6 million (11.7), which is 3,3 (2,4) percentage of revenue. Operating profit for the financial year includes EUR 9.0 million (7.5) other operating income, which mainly consists of income from other Group companies, insurance and other indemnities received and income from the sale of fixed assets. During the financial year, credit losses of EUR 0.7 million (0.1) were recorded.

Items denominated in a foreign currency
Commercial transactions denominated in a foreign currency are converted to the functional currency at the rate on the date of the transaction. Receivables and liabilities denominated in a foreign currency are converted to the functional currency using the exchange rate at the balance sheet date. Exchange rate differences arising from the valuation of receivables and liabilities are recognised in the income statement in income or expenses corresponding to the balance sheet item.

Valuation of non-current assets
Non-current assets are measured at cost. Acquisition cost includes variable costs on acquisition and manufacturing. Depreciation according to plan, calculated on the basis of the economic life of the asset, has been deducted from the acquisition cost. Depreciation on aggregates, recorded in other tangible assets, has been calculated as depreciation according to use.

Valuation of current assets
Inventory is measured at the lower of acquisition cost or net realisable or repurchase value. Acquisition cost includes variable costs incurred in purchasing and manufacturing.

Financial assets
Financial assets are valued at the lower of acquisition cost and probable transfer price.

DESTIA OY – NOTES TO INCOME STATEMENT

Derivatives
The fair value of derivative contracts hedging receivables and liabilities in the balance sheet are recognised in balance sheet and changes in fair value in income statement. The fair value of derivative contracts which have been entered into to hedge cash flows arising in future financial years have been treated as an off-balance sheet asset or liablility.

Provisions
During the financial year, mandatory provisions have been released to the extent that expenses have been incurred to meet the obligations or when there has been change in the estimation in the provision. Guarantee provisions have been made for work that has been completed during the financial year and the amount of the landscaping provision for land areas has been revised to meet future obligations.

Revenue recognition
Revenue from long-term projects is recognised as revenue based on the stage of completion. Projects that last more than 3 months and have a value of more than EUR 100 thousand are considered to be long-term projects. The completion rate of long-term projects is defined as the ratio of the actual variable costs of the project to the estimated total variable costs of the project. The risks associated with long-term projects have been taken into account by applying the precautionary principle in revenue recognition. Expected losses have been recognised as expense in their entirety.

Leasing
In the financial statements, lease payments have been recognised as an annual expense in accordance with Finnish accounting legislation.

Pensions
Pension for the personnel is arranged by insurance in an external pension insurance company. Pension costs have been recognised as an expense in the year of accumulation.

Research and development
Expenditure on research and development is recognised as an expense in the year in which it is incurred.

Basis for depreciation according to plan:

	Holding period	Rate of depreciation	Method of depreciation
NON-CURRENT ASSETS			
Intangible assets			
Intangible rights	5 years	20%	Straight-line
Goodwill	5-10 years	10-20%	Straight-line
Other intangible assets	5 years	10%	Straight-line
Tangible assets			
Buildings and structures	10-40 years	2,5-10%	Straight-line
Machinery and equipment	3-20 years	5-33,3%	Straight-line, reducing balance method
Other tangible assets	Based on use or financial holding period, ten year in maximum		Straight-line, according to use

NOTES TO INCOME STATEMENT, DESTIA OY, FAS

EUR 1,000	2021	2020
Breakdown of revenue		
Revenue by stage of completion	438,206	429,397
Other revenue	60,616	54,028
Revenue, total	**498,822**	**483,425**
Amount recognised as revenue in the current and previous financial years by the stage of completion for long-term projects, but not handed over to customers	783,629	761,783
Amount not recorded as income from long-term projects	612,611	622,447
Change in mandatory provisions for long-term projects	509	331
Other operating income		
Profit from the sale of tangible and intangible assets	1,606	3,654
Income from group companies	3,154	1,382
Insurance and damage indemnities	2,087	715
Rental and other income	2,142	1,775
Other operating income, total	**8,989**	**7,526**
Average personnel	1,241	1,244

EUR 1,000	2021	2020
Other operating expenses, total		
Rental expenses	5,362	5,260
Voluntary personnel expenses	4,323	4,061
Travel expenses	7,675	7,254
IT-expenses	9,098	9,059
Other expenses	12,306	9,383
Other operating expenses, total	**38,764**	**35,016**
Auditor's expenses		
Audit fees	59	82
Tax counselling	86	40
Other services	120	
Auditor's expenses, total	**264**	**121**
Income taxes		
Tax based on taxable income for the period	3,990	15
Change in deferred taxes	355	-109
Income taxes, total	**4,345**	**-94**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

Non-current assets

Intangible assets

EUR 1,000	Intangible rights	Other intangible assets	Goodwill	Advance payments	Total
Acquisition cost 1 Jan 2021	10,535		13,748		24,283
Additions	629				629
Additions, acquisition of subsidiaries	92				92
Transfers between items	446	19			465
Acquisition cost on 31 Dec 2021	11,702	19	13,748		25,469
Accumulated amortisation on 1 Jan 2021	-9,144		-13,748		-22,892
Accrued amortisation for deductions and transfers					
Amortisation for the period	-642	-1			-644
Accumulated amortisation on 31 Dec 2021	-9,787	-1	-13,748		-23,536
Carrying amount 31 Dec 2021	**1,915**	**18**			**1,933**

EUR 1,000	Intangible rights	Other intangible assets	Goodwill	Advance payments	Total
Acquisition cost 1 Jan 2020	10,038		13,748	1	23,787
Additions	60				60
Deductions	-75			-1	-76
Transfers between items	512				512
Acquisition cost on 31 Dec 2020	10,535		13,748		24,283
Accumulated amortisation on 1 Jan 2020	-8,055		-13,748		-21,804
Accrued amortisation for deductions and transfers	75				75
Amortisation for the period	-1,164				-1,164
Accumulated amortisation on 31 Dec 2020	-9,144		-13,748		-22,893
Carrying amount 31 Dec 2020	**1,390**				**1,390**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

Pysyvät vastaavat
Aineelliset hyödykkeet

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2021	1,716	7,122	86,412	21,516	2,857	119,623
Additions	6	26	4,286	826	2,548	7,692
Additions, intra group		4	224			228
Deductions	-38	-203	-6,997	-105		-7,344
Transfers between items	-5		1,559	37	-2,061	-470
Acquisition cost on 31 Dec 2021	1,679	6,950	85,484	22,273	3,344	119,730
Accumulated depreciation on 1 Jan 2021		-4,704	-60,099	-9,974		-74,777
Accrued depreciation for deductions and transfers		115	6,930			7,044
Depreciation for the period		-259	-7,191	-625		-8,075
Accumulated depreciation on 31 Dec 2021		-4,848	-60,360	-10,600		-75,808
Carrying amount 31 Dec 2021	**1,679**	**2,102**	**25,123**	**11,673**	**3,344**	**43,921**

Carrying amount for production machinery and equipment 31 Dec	**24,688**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2020	1,887	7,204	87,458	20,731	333	117,613
Additions	9	4	2,727	999	1,774	5,514
Additions, intra group	30	266	4,297		1,483	6,075
Deductions	-209	-352	-8,290	-215		-9,066
Transfers between items			220		-733	-512
Acquisition cost on 31 Dec 2020	1,716	7,122	86,412	21,516	2,857	119,623
Accumulated depreciation on 1 Jan 2020		-4,727	-62,104	-9,311		-76,141
Accrued depreciation for deductions and transfers		284	8,166			8,450
Depreciation for the period		-261	-6,162	-664		-7,086
Accumulated depreciation on 31 Dec 2020		-4,704	-60,099	-9,974		-74,777
Carrying amount 31 Dec 2020	**1,716**	**2,419**	**26,312**	**11,541**	**2,857**	**44,846**

Carrying amount for production machinery and equipment 31 Dec	**26,079**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

Investments

EUR 1,000	Investments in group companies	Other receivables
Acquisition cost 1 Jan 2021	7,956	
Additions	4,962	3
Additions, intra group		30
Deductions	-4,863	
Transfers between items		5
Acquisition cost 31 Dec 2021	8,055	38
Accumulated impairment losses 1 Jan 2021		
Accumulated impairment losses 31 Dec 2021		
Carrying amount 31 Dec 2021	**8,055**	**38**

EUR 1,000	Investments in group companies	Other receivables
Acquisition cost 1 Jan 2020	9,713	
Deductions	-1,757	
Acquisition cost 31 Dec 2020	7,956	
Accumulated impairment losses 1 Jan 2020		
Accumulated impairment losses 31 Dec 2020		
Carrying amount 31 Dec 2020	**7,956**	

NOTES TO BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	2021	2020
Holdings in group companies		
Destia Rail Oy (1508718-8)	100%	100%
Finnroad Oy (0977208-2)	100%	100%
Destia International Oy (2199544-9)	100%	100%
Destia Sverige AB, Sweden (556750-1308)	100%	100%
Destia Eesti OÜ, Estonia (14416402)	100%	100%
Destia As, Norway (914782783)	100%	100%
Oulun Energia Urakointi Oy merged with Destia Oy on 31 December 2021.		
Destia Engineering Oy merged with Destia Oy on 30 November 2020.		
Long term receivables from group companies		
Acquisition cost 1 Jan	100	100
Long term receivables from group companies carrying amount 31 Dec	**100**	**100**
Other investments		
Acquisition cost 1 Jan	2,011	1,999
Additions, intra group		20
Deductions	-9	-8
Other investments carrying amount 31 Dec	**2,003**	**2,011**
Receivables and advances received from percentage-of-completion projects		
Receivables (recognised more revenue than invoiced)	23,088	13,327
Advances received (invoiced more than revenue recognised)	37,111	38,108

EUR 1,000	2021	2020
Short term receivables from group companies		
Trade receivables	622	7,663
Loan receivables	37	53,713
Group contribution receivables	2,422	3,646
Other accrued income	2,361	115
Short term receivables from group companies, total	**5,442**	**65,138**
Material items related to accrued income		
Receivables from percentage-of-completion projects	23,088	13,327
Sales accruals	6,709	4,281
Other items	402	730
Material items related to accrued income, total	**30,199**	**18,338**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	2021	2020
Additions and deductions on equity		
Restricted equity		
Share capital 1 Jan	17,000	17,000
Share capital 31 Dec	17,000	17,000
Restricted equity, total	**17,000**	**17,000**
Unrestricted equity		
Other funds		
Invested non-restricted equity fund 1 Jan	14,382	14,382
Invested non-restricted equity fund 31 Dec		14,382
Retained earnings 1 Jan	17,484	18,396
Dividend distribution	-12,618	
Retained earnings 31 Dec	4,866	18,396
Profit/loss for the period	16,288	-911
Unrestricted equity, total	21,154	31,866
Equity, total	**38,154**	**48,866**
Calculation of distributable unrestricted equity		
Retained earnings	4,866	18,396
Profit/loss for the period	16,288	-911
Invested non-restricted equity fund		14,382
Total	**21,154**	**31,866**

Shares and shareholdings

Shareholder	pcs	%	Voting rights	Share capital
Colas SA	680 000	100	1 vote/share	17 000 000

EUR 1,000	2021	2020
Breakdown of mandatory provisions		
Other mandatory provisions		
Guarantee provisions	2,261	2,518
Environmental provisions	2,445	2,515
Provisions for cleaning contaminated land areas	401	1,000
Other provisions	1,747	2,853
Mandatory provisions, total	**6,855**	**8,886**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	2021	2020
Breakdown of deferred taxes		
Deferred tax assets		
Periodic differences and temporary differences	919	1,274
Long term liabilities		
Long term accrued liabilities	2,597	2,392
Short term liabilities		
Liabilities to group companies		
Accounts payable	139	6,571
Short term loans	11,853	8,961
Group contribution liabilities	114	17,138
Accrued liabilities	66	20
Liabilities to group companies, total	**12,172**	**32,689**
Material items related to accrued liabilities		
Related to personnel	22,937	18,318
Other items	10,316	4,317
Material items related to accrued liabilities, total	**33,253**	**22,635**

GUARANTEES, CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

EUR 1,000	2021	2020
Guarantees on contracts	93,785	90,871
Consortiums		
The company participates in a consortium whose responsibilities the parties have undertaken to be jointly and severally liable for.		
Lease liabilities		
Payable in the next financial year	2,723	2,625
Payable in later financial years	3,079	4,093
Lease liabilities, total	**5,802**	**6,718**
Liabilities on long term rental contracts		
Payable in the next financial year	2,019	2,096
Payable in later financial years	1,530	3,042
Liabilities on long term rental contracts, total	**3,549**	**5,138**

NOTES TO FINANCIAL STATEMENTS, DESTIA OY, FAS

Related parties
Group's related parties include subsidiaries of Destia Group as well as Colas SA and its subsidiaries, joint ventures, and associated companies.

In addition, the related parties include the members of the Board and of the Management Team, including the President & CEO and their family members.

During the financial year, the following significant transactions took place with related parties:

EUR million	Destia Group Oyj	Destia Rail Oy	Finnroad Oy	Destia Eesti OÜ	Destia Sverige AB	Oulun Energia Urakointi Oy
Sales		14.0				0.1
Purchases	1.7	8.2				
Repayments of intra group loans received		7.8				
Interest on intra group loans received		0.2				
Intra group loans received		10.6				
Repayments of intra group loans granted	30.3		0.1		0.1	
Intra group loans granted	19.7					
Interest on intra group loans granted	1.3					
Dividends	12.6					
Capital return from invested non-restricted equity fund	14.4					

During financial period 2020 Destia Group Oyj was granted EUR 17.135 million of group contribution. EUR 3.61 million of group contribution was received from Destia Rail Oy.

Destia Oy's management fee charge to Destia Rail Oy in 2021 was EUR 2.3 million. In 2020 Destia Group Oyj charged Destia Oy EUR 1.2 million of management fee and Destia Oy charged Destia Rail Oy EUR 0.4 million of management fee. In 2021 profit from management fee was presented in other operating income, and in 2020 in revenue.

NOTES TO FINANCIAL STATEMENTS, DESTIA OY, FAS

Derivatives

EUR 1,000	2021	2020
Commodity derivatives		
Nominal value	595	444
Fair value	57	21

Nominal values and fair values are presented net. The fair value indicates an estimate of the realisable result of derivatives in case the contracts would have been closed at the balance sheet date.

In its operations, the company is exposed to commodity risk related to commodity price fluctuations. The company has hedged Diesel purchases on a rolling basis for a period of 12 months forward. The hedge is recognised in profit or loss at its fair value. Diesel's hedging ratio has been 28% of average annual purchases.

DESTIA OY

Proposal by the Board on the use of distributable assets

Destia Oy's FAS- compliant profit for the financial year was EUR 16,287,941.76, which is proposed to be recorded on the retained earnings account. Destia Oy's total distributable unrestricted equity is EUR 21,154,251.64.

Destia Oy's Board of Directors proposes to the Annual General Meeting, that EUR 17,000,000.00 dividend will be paid for the financial period that ended on 31 December 2021.

Signatures to the financial statements

Vantaa, 16 February 2022

Tero Kiviniemi
Chair of the Board,
President and CEO

Mishka Eriksson
Member of the Board of Directors

Sanna Karvonen
Member of the Board of Directors

Auditor's Note

An auditor's report based on the audit performed has been issued today.

Helsinki, 16 February 2022

KPMG Oy Ab
Auditing firm

Kim Järvi
Authorised Public Accountant, KHT

AUDITOR'S REPORT

To the Annual General Meeting of Destia Ltd

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Destia Ltd (business identity code 2163026-3) for the year ended December 31, 2021. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as 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 cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and 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 laws and regulations.

If, based on the work we have performed, we conclude that there is a material misstatement of the report of the Board of Directors, we are required to report that fact. We have nothing to report in this regard.

Helsinki, February 18, 2022 2
KPMG OY AB

Kim Järvi, Authorised Public Accountant, KHT

DESTIA

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