INFRASTRUCTURE FOR PEOPLE

FINANCIAL STATEMENTS

2022

DESTIA

A COLAS COMPANY

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2022

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REPORT OF THE BOARD OF DIRECTORS 2022

Destia is the biggest service company in the infrastructure sector in Finland and part of the global Colas Group. The company designs, builds and maintains infrastructure that is essential for the functioning of society, such as electricity networks, bridges, roads and railways. It also offers 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.

In 2022, Destia had its first full year as part of the global Colas Group. The year was characterised by a integration process that Destia and Colas implemented through 15 integration streams. With the exception of the one focused on IT, all of the working groups completed the integration phase by the end of 2022.

Destia's versatile expertise is crystallised in the company's unique sense of infrastructure. It emerges from each Destia employee's special expertise, skills, attitude and mindset. Destia employees understand, and know how to leverage, the benefits of digitalisation for the good of their customers and society as a whole. Destia uses its sense of infrastructure to create infrastructure for people.

OPERATING ENVIRONMENT

According to estimates, the Finnish economy (GDP) grew by approximately 1.9% in 2022 as the economy reopened after the pandemic. Destia's operating environment in 2022 was adversely affected by the war in Ukraine, in particular, as well as the impacts of the continued global COVID-19 pandemic. The changes that occurred in 2022 led to accelerating inflation and rising costs, which had an impact on Destia's business operations and projects. The cost increases had a significant overall impact on construction. Destia was able to compensate for part of the cost increases by increasing the efficiency of operations and agreeing with customers on the sharing of costs.

In response to the war in Ukraine, Destia increased its level of preparedness by actively assessing change scenarios concerning the operating environment and their impacts on the company's business operations. The company enhanced its management practices and took precautionary measures concerning hybrid threats against the company, such as disruptions in payment transactions, influence through information and cyber attacks.

Destia's operating environment changes and evolves constantly in line with with megatrends. The trends that have been identified as guiding the company's strategy include urbanisation, digitalisation, climate change and the depletion of natural resources.

The total market for construction in Finland grew in 2022. However, the overall infrastructure construction market continued to decline (by an estimated -3.3% in 2022) due to factors such as lower budgetary appropriations for road construction, the growth of railway construction being slower than previously anticipated, and the reduced level of activity in the construction of apartment buildings, which has led to a decrease in foundation engineering work.

The decrease in large infrastructure projects creates downward pressure on volumes in the Finnish infrastructure market, and the continuation of stronger growth would require additional funding and stimulus measures.

In Sweden and Norway, activity in the infrastructure construction market is expected to remain high, and robust growth is anticipated to continue.

ORDER BACKLOG AND THE MOST SIGNIFICANT NEW ORDERS

Destia's order backlog, which is spread over several years, amounted to EUR 663.2 million (754.7) at the end of December. Additional orders under the tramline alliance project between Kalasatama and Pasila are entered in the order backlog when the agreements are signed. A total of 19 road maintenance contracts began in Finland during the past financial period, with Destia being responsible for six of these. They were entered in the order backlog during the financial period.

The most important new contracts signed in 2022:

- Track and safety equipment maintenance, area 8 (Ylä-Savo), 2022–2027
- Infrastructure construction on the Niinimäki wind farm in Pieksämäki
- Track superstructure contract for the Kontiomäki–Pesiökylä section 2
- Road maintenance contracts for the period 2022–2027 in the following areas: Oulu, Viinijärvi, Alavus, Pielavesi, Siikalatva and Kiuruvesi
- Conversion and expansion work on a sulphuric acid production plant located in Yara Finland's production site in Siilinjärvi
- Pesiökylä roundwood terminal in Suomussalmi
- Construction of the Herttuankulma city plan area in Turku
- Alliance contract for outdoor lighting and traffic lights in the city of Vaasa

FINANCIAL PERFORMANCE

Destia's revenue increased by approximately 5% compared to 2021, amounting to EUR 603.4 million (574.8).

The Group's other operating income in the financial period amounted to EUR 3.5 million (6.2). This mainly includes profit from the 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 EUR 17.5 (21.1) million, and comparable operating profit excluding non-recurring items was EUR 20.0 million (21.5). The operating profit for the financial period includes non-recurring items affecting comparability, mainly related to the change in ownership. Profitability was improved by the favourable development of revenue, while the result for the financial period was negatively affected by significant cost inflation.

The Group's income taxes in the financial period totalled EUR 3.4 million (4.1).

FINANCIAL PERFORMANCE AND POSITION

KEY FIGURES (IFRS) EUR million	1–12/2022	1–12/2021	1–12/2020	1–12/2019	1–12/2018
Revenue	603.4	574.8	563.8	569.9	550.3
Operating profit for the period	17.5	21.1	14.7	13.5	17.1
% of revenue	2.9	3.7	2.6	2.4	3.1
Operating profit for the period, comparable	20.0	21.5	16.2	11.4	17.1
% of revenue	3.3	3.7	2.9	2.0	3.1
Result for the period	13.1	17.4	15.7	15.1	16.8
% of revenue	2.2	3.0	2.8	2.7	3.1
Return on equity, % *)	23.1	26.8	22.0	21.5	24.9
Equity ratio, %	28.1	31.8	32.3	31.7	31.1
Return on investment, % *)	25.1	26.8	15.8	16.2	21.0
Net gearing, % **)	-50.3	-30.9	-21.8	18.7	-23.7
Personnel, average	1,675	1,647	1,691	1,701	1,655
Occupational accidents resulting in absence from work ***)	6.1	6.5	13.1	5.6	5.8
Order backlog at the end of the reporting period	663.2	754.7	708.6	763.6	732.7

*) 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.
***) Occupational accidents per million working hours.

FINANCIAL POSITION AND CASH FLOW

Total assets on Destia's balance sheet were EUR 237.3 million (226.1) at the end of the financial period. Return on investment (ROI) was 25.1% (26.8%), the equity ratio was 28.1% (31.8%), and net gearing was -50.3% (-30.9%). The strong cash flow during the financial period further improved net gearing.

Cash flow for the financial period consisted of operating cash flow of EUR +38.3 million (+4.1), investment cash flow of EUR -4.8 million (+2.8) and financial cash flow of EUR -23.7 million (-15.9). Cash flow for the financial period was improved by the favourable project portfolio and increased working capital efficiency. Cash flow for the comparison period was improved by the repayment of an intra-Group loan of EUR +30.3 million. During the financial period, Destia exceptionally also paid the taxes for the comparison period due to a change in group structure, amounting to EUR 7.3 million (0.0). Cash flow during the year involved seasonal fluctuation that is normal for the business.

Cash and cash equivalents on the balance sheet were EUR 41.2 million (31.4) at the end of the financial period. The Group has access to a EUR 150 million commercial paper programme, which was not in use both on the balance sheet date and the comparison period, 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 new 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 13.7 million (13.1), consisting entirely of lease liabilities. Of the lease liabilities, 43.4% (46.7%) were short-term and 56.6% (53.3%) were long-term. The Group's interest-bearing net liabilities at the end of the reporting period were EUR -27.4 million (-18.3).

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 14.2 million (15.3), representing 2.4% (2.7%) of revenue. The investments include EUR 7.3 million (4.4) in IFRS 16 investments. Other investments were mainly fleet investments.

PERSONNEL

The Group's average number of personnel during the financial period was 1,675 (1,647). At the end of December, the number of personnel was 1,639 (1,586), of whom 1,486 (1,457) were permanent and 153 (129) were fixed-term employees. Because of the seasonality of the business, the number of personnel varies during the year and peaks in summer, when Destia employs a large number of trainees. In 2022, personnel costs were slightly higher than in the previous year, amounting to EUR 117.7 million (109.2). In relative terms, however, personnel costs were at the same level as in the comparison year at 19% (19%) of revenue.

Destia monitors employee satisfaction by means of personnel surveys, including a quarterly pulse survey and a more extensive personnel survey conducted once every two years. The key performance indicators derived from the personnel surveys include the employee Net Promoter Score (eNPS), which came to 37 in 2022 (30) and the PeoplePower rating, which remained at AA=Good in 2022 (AA). Based on this rating, Destia was recognised as one of the most inspiring workplaces in Finland for the third time.

The construction industry is characterised by labour shortages and intense competition for top professionals. With this in mind, it is important for Destia to attract top professionals, keep them satisfied and enable them to develop their expertise further. Destia's success is based on its corporate culture and people. The company's goal is to have competent and committed employees with a high level of well-being. Destia's values – fairness, togetherness, renewal and success – and leadership promise guide our actions, decision-making and supervisory work.

In 2022, Destia conducted its second OCAI survey to measure the development of its corporate culture. The trend in the overall results was in line with the company's goals compared to the previous study conducted in 2018. Satisfaction with the current state of the company culture has clearly improved, and the wishes for changes were more moderate than in the previous survey. Destia continued the development of its corporate culture by means of cooperation workshops and internal training, for example.

In accordance with the core value of "renewal", Destia wants to encourage employees to maintain and develop their competence and professional skills. Destia focuses particularly on high-quality supervisory work, a coaching approach to management, and the development of project management. The company also enables the professional development of personnel through various training activities aimed at degree qualifications. As part of the international Colas Group, Destia provides employees with language training and opportunities to participate in Colas' international training programmes.

The accident frequency was 6.1, which is slightly lower than in the previous year (6.5) but still above the target level. There was also one fatal accident during the year. Destia has investigated every accident and developed safer working practices based on the observations. The work of Destia's safety managers mainly took place in the field, and the company has sought to develop solutions to on-site safety challenges. Destia's safety guidelines have been complemented by the Colas Group's common safety rules. Destia was awarded ISO 45001 certification (occupational health and safety management system) that covers all of the company's operations.

As the largest operator in the infrastructure sector, Destia wants to provide trainees with opportunities to apply the skills they have learned and develop into future professionals. The annual target for the recruitment of trainees is 15% of the total number of personnel. During the financial period, Destia employed 293 (266) trainees and summer employees. Many of them continued to work at Destia as hourly employees after their trainee periods.

In 2022, Destia reactivated its trainee cooperation with educational institutions after a couple of quieter years due to the COVID-19 pandemic. This included guest lectures, site excursions and participating in several recruitment fairs.
Destia's objective is to be the most sought-after employer among students and professionals in the field of infrastructure. In line with the company's growth targets, Destia recruited a total of 161 new permanent professionals in 2022 and offered permanent contracts to 45 temporary employees, of whom 39 had joined the company through the trainee path.

Destia was one of the main partners of Oikotie's Responsible Employer and Responsible Summer Job campaigns in 2022, and participated in Oikotie's Responsible Employer survey for the second time. 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. Destia took first place in the category of organisations with over a thousand employees.

As part of being a responsible employer, Destia encouraged employees to make more eco-friendly mobility decisions by introducing a company bicycle benefit.

ORGANISATIONAL STRUCTURE AND MANAGEMENT

Destia's organisation consists of five divisions and their support functions. The divisions are Road Services, Maintenance Services, Rail and Urban Services, Energy Services, and Urban Development and Design Services. In 2022, the Railway Services division and the Earth and Rock Services division were combined to create the Rail and Urban Services business division. This ensures leveraging the growth potential of railway and urban construction and the alliance model in business.

Destia's business operations are supported by the following support functions: Finance, IT and Legal, HR; and Business Support and Development.

Road Services includes road and street construction, bridges, water supply construction and traffic control services.

Energy Services provides renewable energy solutions in areas such as wind power construction, electricity grid and substation construction, distribution and industrial networks and their maintenance, and construction services.

The services of the Rail and Urban Services division include railway construction and maintenance, urban construction, rock engineering, foundation engineering, the aggregates business and the circular economy.

Maintenance Services offers a wide range of services for around-the-year maintenance of traffic routes, gravel roads, bridges and the traffic environment in general. Winter maintenance is an area of special expertise for Destia, as the operations are supported by the Winter Maintenance Management Centre run jointly by Destia and the Finnish Meteorological Institute.

Urban Development and Design Services includes infrastructure, urban and traffic design, infrastructure asset management, telematics, project development, electric charging and new services.

In 2022, Destia's Management Team consisted of:

- President and CEO Tero Kiviniemi, Chair
- Kari Alavillamo as of 1 July 2022
- Annu Karttunen
- Sanna Karvonen
- Mikko Möttönen
- Pasi Nurminen
- Timo Räikkönen
- Tapio Salo as of 7 November 2022
- Seppo Ylitapio

- Mikko Mäkelä, member of the Management Team until 1 July 2022, member of the Extended Management Team as of 1 July 2022
- Pekka Ruuti, member of the Management Team until 1 July 2022, member of the Extended Management Team as of 1 July 2022
- Seppo Kopsa, member of the Extended Management Team as of 15 September 2022

- Miska Eriksson, member of the Management Team until 31 August 2022

DECISIONS OF GENERAL MEETINGS

The Annual General Meeting of Destia Oy, held on 25 February 2022, confirmed the company's financial statements for 2021 and discharged the President and CEO and members of the Board from liability for the financial year 1 January–31 December 2021. The Annual General Meeting resolved, in accordance with the proposal by the Board of Directors, to distribute a dividend of EUR 25 per share, corresponding to a total of EUR 17,000,000, for the financial period that ended on 31 December 2021.

The Annual General Meeting resolved that the number of board members is four and elected Tero Kiviniemi as the Chair of the Board. Sanna Karvonen was re-elected as a member of the Board of Directors. Timo Räikkönen and Seppo Ylitapio were elected as new members of the Board. 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 Authorised Public Accountants PricewaterhouseCoopers Oy as Destia Oy's auditor for the 2022 financial period. Markku Katajisto, Authorised Public Accountant (KHT), serves as the auditor with principal responsibility.

The Annual General Meeting also resolved to establish a Supervisory Board for the company and updated the company's Articles of Association accordingly. Hans Oluf Krog was elected as the Chair of the Supervisory Board, and Renaud Roussel and Aurélien Courson were elected as members.

By a decision of the sole shareholder, Francis Grass was elected as the Chair of the Supervisory Board, replacing Hans Oluf Krog, on 13 April 2022.

By a decision of the sole shareholder, Aurélien Delavenne was elected as a member of the Supervisory Board, replacing Renaud Roussel, on 17 October 2022.

LITIGATION AND DISPUTES

There is one pending case of litigation concerning a contractual dispute, which is related to the company's normal business operations. Destia is also involved in one dispute concerning an employment relationship. In 2022, a Destia employee was found guilty of negligent endangerment in relation to a forest fire in Kalajoki. The decision is not legally valid as an appeal has been filed with the Court of Appeal.

With regard to litigation concerning occupational safety offences, the Court of Appeal overturned a corporate fine imposed on Destia by a District Court in 2021 in a case concerning an occupational safety offence.

The decision of the Court of Appeal is not yet legally valid. The District Court of Central Finland had previously imposed a corporate fine of EUR 12,000 on Destia for an occupational safety offence.

The management does not expect the outcomes of the aforementioned cases to have a material effect on the Group's financial position. Destia has prepared for costs arising from litigation and disputes potentially leading to legal proceedings by means of a cost provision to the extent that the costs can be reliably estimated and the Group considers them to be substantial.

SHORT-TERM RISKS AND UNCERTAINTIES

Destia classifies 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 and uncertainty related to the market situation as the war in Ukraine continues are a significant risk for Destia's business. Construction costs are projected to continue to rise, leading to losses in income for the entire construction industry. As the war is prolonged, there is continued uncertainty associated with the availability of materials. The prolonged war is starting to have an impact on the European labour market. 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 in our growth areas of urban, energy and railway construction will increase in the near future.

In the management of risks caused by Destia's 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. A consistent corporate culture and cohesion between people are part of risk management. Regarding personnel risks, it is essential to ensure that employee competence and motivation and the number of personnel match the strategic goals.

The most significant operational risks concern project management and profitability. In risk management, the key factor is to ensure that employees have strong project management skills. This includes an efficient process from tender calculation to implementation, cost monitoring, ensuring adequate resources and developing expertise. Good leadership is a central aspect of project management.

Destia has invested in reliable financial reporting conveying the essential information, which is a requirement for the identification and assessment of financial risks. Destia ensures the reliability of financial reports through monitoring and by developing control methods. In autumn 2022, the Group carried out an extensive project concerning internal controls with the aim of integrating Destia's processes and controls with Colas' operating practices.

Destia manages 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

R&D costs totalled EUR 1.1 million (1.2). In addition, IT development costs amounted to EUR 1.1 million (1.2). Destia invests in its operations to ensure that the company uses state-of-the-art technology and contributes to the renewal of the methods used in the infrastructure industry in cooperation with its customers and other industry players. Destia continuously develops 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. Destia carries out development activities with a practical approach in conjunction with service delivery, but they are structured as projects with centralised management. All of the business 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, Destia plays a significant role in ensuring the functionality and safety of traffic and industrial environments as well as creating complete living environments. Destia's operations have a significant impact on society, the environment and the company's stakeholders.

The built environment and its maintenance have a significant carbon footprint. In 2021, Destia announced its commitment to achieving carbon neutrality in terms of the company's own emissions by 2030 and being climate positive by 2035. Destia's reduction in emissions in 2022, compared to 2020, was 28% for the company's own direct emissions. The annual emissions reduction target of 12.5% was exceeded by a large margin. During the year under review, Destia made a number of successful changes to achieve its sustainability objectives. From the beginning of 2022, all of Destia's purchased electricity has been produced by wind power. The company has also increased its use of renewable fuels. To support environmental responsibility, Destia developed emission calculation and monitoring methods and prepared a fleet strategy in 2022.

Destia's 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 the company's sustainability efforts, Destia is committed to the UN's Sustainable Development Goals. Through its operations, Destia is 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 Destia's operations: the company's values, objectives, strategies, leadership and day-to-day work on individual projects.

STRATEGY

Destia's objective is "Connecting northern life" and its strategy is to ensure the competitiveness of the company's core business, to grow in new services and urban development in cooperation with partners and to grow internationally in selected strategic areas.

Destia is part of the international Colas Group which, in turn, is part of the international Bouygues Group. As a world leader in the infrastructure sector, Colas brings added strength and expertise to the development and implementation of Destia's business operations. The cornerstones of Colas' strategy include international growth in developed and low-risk countries, the development and implementation of low carbon solutions and industrial solutions, and leveraging the digital transformation to drive the development of quality, competitiveness and new services.

Destia will continue to execute its previously defined strategy under Colas Group's ownership.

Destia's objective is to ensure the competitiveness of its core business and improve the added value for the company's customers in design, construction and maintenance projects requiring special competence in its home markets in Finland. In its core business, Destia sees particular growth markets and opportunities in railway construction, urban construction and energy services. In the energy sector, there are significant opportunities in areas such as renewable energy construction and in solutions related to the transmission and storage of electricity.

The strategic objective is to continue to grow as an increasingly strong urban developer together with the company's partners and networks. Destia seeks to take on an even broader role in the sector's value chain by providing its customers with services of higher added value.

Destia is also investigating business opportunities in Sweden and Norway, 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 2023

The low predictability of the operating environment creates uncertainty with regard to the outlook for 2023. The Finnish economy is projected to enter a recession, but it is likely to be short-lived. Economic growth forecasts for the full year 2023 have ranged between zero and -0.5%. The operating environment continues to develop, driven by factors such as urbanisation, digitalisation, climate change and the depletion of natural resources. Geopolitical tensions, principally the war in Ukraine, and the COVID-19 pandemic, will continue to shape the operating environment in 2023 if they are prolonged – or evolve into potential next stages.

According to the current outlook, the overall market for construction in Finland is expected to decline (projection: -3.5%) and the infrastructure construction market is expected to continue to decline in 2023 (projection: -2.7%). However, growth is expected in certain areas of the industry, including energy construction and investments in industrial projects. Many cities are also carrying on with their urban development projects, rail transport development investments and the construction of related infrastructure. In addition, the government's 12-year traffic system plan improves long-term visibility regarding investments in important traffic routes in Finland, provided that the government will be able to implement the plan in the coming years.

In Sweden and Norway, the infrastructure construction markets are expected to remain at a high level in 2023.

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 the continuous improvement of profitability in 2023.

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 9,185,697.89, which is proposed to be entered in the retained earnings account. Destia Oy's distributable assets total EUR 13,475,608.38.

Destia Oy's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 6,997,200.00 be paid for the financial year that ended on 31 December 2022.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
REVENUE	2	**603,433**	**574,814**
Other operating income	4	3,515	6,159
Materials and services	3	-418,322	-398,311
Employee related expenses	7	-117,660	-109,169
Depreciation and impairment		-15,417	-15,511
Other operating expenses	4	-38,037	-36,896
OPERATING PROFIT		**17,511**	**21,085**
Financial income	9	124	1,382
Financial expenses	9	-1,137	-973
PROFIT BEFORE TAXES		**16,498**	**21,495**
Income taxes	10	-3,357	-4,058
RESULT FOR THE PERIOD		**13,141**	**17,437**
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)	20,27	-781	-2,025
		-781	**-2,025**
Items that may be subsequently reclassified to profit or loss			
Translation differences from foreign subsidiaries		-3	0
Equity investments			-4
		-3	-4
Other comprehensive income net of tax		-784	-2,029
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**12,357**	**15,408**

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

CONSOLIDATED BALANCE SHEET, IFRS

EUR 1,000	Note	31.12.2022	31.12.2021
ASSETS			
Non-current assets			
Property, plant and equipment and right-of-use assets	11	58,866	62,518
Goodwill	13	19,596	19,596
Other intangible assets	15	1,996	2,061
Other investments	16	2,042	2,042
Deferred tax assets	20	2,826	2,356
Non-current assets, total		**85,326**	**88,573**
Current assets			
Inventory	17	14,982	12,213
Accounts and other receivables	18	95,846	93,889
Cash and cash equivalents	19	41,160	31,393
Current assets, total		**151,988**	**137,495**
ASSETS, TOTAL		**237,315**	**226,068**

EUR 1,000	Note	31.12.2022	31.12.2021
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent company	21		
Share capital		17,000	17,000
Other items		-10	-7
Retained earnings		37,589	42,228
Equity, total		**54,578**	**59,221**
Non-current liabilities			
Deferred tax liabilities	20	1,678	1,569
Pension liabilities	27	7,194	6,233
Provisions	28	7,095	10,657
Lease liabilities	22	7,774	6,970
Other liabilities		3,132	2,597
Non-current liabilities, total		**26,873**	**28,026**
Current liabilities			
Accounts payable and other non-interest-bearing liabilities	25	144,731	130,034
Provisions	28	5,179	2,691
Lease liabilities	22	5,954	6,096
Current liabilities, total		**155,863**	**138,821**
EQUITY AND LIABILITIES, TOTAL		**237,315**	**226,068**

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	607,704	549,053
Expenses paid to suppliers and personnel	-561,369	-543,965
Interest paid	-270	-442
Dividends received	1	1
Interest received	123	49
Other financial items	-591	-542
Tax paid	-7,312	-22
Net operating cash flow	**38,287**	**4,131**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in intangible and tangible assets	-6,909	-7,989
Sale of intangible and tangible assets	2,082	1,917
Acquisition of subsidiaries less cash at the time of acquisition		-1,767
Other investments		-3
Proceeds from the sale of other investments		9
Intra-Group loans granted		-19,673
Repayments of intra-Group loan receivables		30,327
Net investment cash flow	**-4,827**	**2,820**

EUR 1,000	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term financing (+)		72,958
Decrease in short-term financing (-)		-81,948
Dividends paid	-17,000	
Transactions with non-controlling owners		-525
Payments of lease liabilities (-)	-6,690	-6,348
Net financial cash flow	**-23,690**	**-15,862**
Change in cash and cash equivalents	9,770	-8,911
Cash and cash equivalents at the beginning of the financial year	31,393	40,303
Effect of exchange rate changes	-3	1
Cash and cash equivalents at the end of the financial year	**41,160**	**31,393**

Intra-Group loans during comparative period relate to Destia Group Oyj.

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 2022	17,000			-7	42,228	59,221
Other comprehensive income						
Result for the period					13,141	13,141
Other comprehensive income:						
Translation differences				-3		-3
Items resulting from redefinition of the benefits-based net liability (or asset item)					-781	-781
Comprehensive income for the financial year, total				-3	12,360	12,357
Transactions with group companies						
Dividend distribution, Colas SA					-17,000	-17,000
Equity, total 31 Dec 2022	**17,000**			**-10**	**37,589**	**54,578**

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)t					-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**

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. Until 1 December 2021, the company was part of Destia Group, and its parent company was Destia Group Oyj (business ID 2617172-1). Destia Group Oyj was 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 new head office at Firdonkatu 2 T 151, 00520 Helsinki from 1 March 2023.

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

Financial statements of the comparison period were the first IFRS consolidated financial statements of Destia Oy. Internal items have been eliminated and the balance sheet and income statement items adjusted to make them presentable according to the IFRS standards. The goodwill of Destia Group was allocated to cash-generating units and tested for impairment.

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 on 31 December 2022. 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 roughly corresponds to 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 least at the end of each financial year and, where necessary, adjusted to reflect the changes in 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
The Group acts as a lessee and has leased mainly office and warehouse space, machinery and equipment as well as cars. According to the IFRS 16 Leases standard 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. The start of the lease period is the time when the leased asset is available to the lessee. 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. If the lease period has not been defined as a certain length, the management evaluates the factual reasons affecting the creation of the contract when assessing the time when the termination of the lease contract is reasonably certain. The Group's open-end leases typically relate to buildings and machinery and equipment. 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 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. Starting from the financial year 2022, the Group has applied interest rate table provided by Colas SA. The nature of the leased asset, geographic location, currency and duration of the agreement are considered, when determining the interest rate of the additional credit of the agreement.

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.

An expense based on previous work performance is recorded when the amendment or reduction of the arrangement is realized or when the related restructuring expenses or benefits related to the termination of the employment are recorded.

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.

Expenses not recorded for unfinished projects are recorded as unfinished in inventories. 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 receivables”.

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 definitive 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.

At the end of the financial period or comparative period the Group did not have derivative instruments, where the hedge accounting principles under IFRS 9 would have been applied.

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 is not applied to them. Such instruments include derivatives hedging a commodity risk in connection with operations. Changes to their fair values are recognised in income statement. In the balance sheet, these commodity risk derivatives are presented in current receivables or liabilities. The fair values for hedging instruments and changes in them are presented in note 29. Financial risk management.

Equity

Ordinary shares are presented as share capital.

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.

Consortiums

Destia implements projects also together with other parties through a working consortium. The management has assessed the nature of the consortium and concluded that they are joint activities to which the IFRS 11 standard applies. To define accounting treatment of these activities, Destia's management use judgement when assessing key elements of authority, like decision-making mechanisms, legal structure and financing of arrangements and their impact on consolidation.

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 Financial Statements, Destia Group has applied standards effective on 31 December 2022.

The consolidated financial statements have been prepared following the same principles as in 2021, except for the following new standards, interpretations and amendments to existing standards, which the Group has applied starting 1 January 2022. The new and amended standards presented below did not have material impact on Destia Group's Consolidated Financial Statements.

Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16

The amendment to IAS 16 Property, Plant and Equipment (PP&E) prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities. Effective date 1 January 2022.

Onerous Contracts – Cost of Fulfilling a Contract Amendments to IAS 37

The amendment to IAS 37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract. Effective date 1 January 2022.

Annual Improvements to IFRS Standards 2018–2020

The following improvements were finalised in May 2020, effective date 1 January 2022:

- IFRS 9 Financial Instruments – clarifies which fees should be included in the 10% test for derecognition of financial liabilities.
- IFRS 16 Leases – amendment of illustrative example 13 to remove the illustration of payments from the lessor relating to leasehold improvements, to remove any confusion about the treatment of lease incentives.

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 new and amended standards and interpretations presented below are not expected to have a material impact on Destia Group's Consolidated Financial Statements.

Amendments to IAS 12 Income Taxes

IAS 12 specifies how a company accounts for income tax, including deferred tax, which represents tax payable or recoverable in the future. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there had been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations—transactions for which companies recognise both an asset and a liability. The amendments clarify that the exemption does not apply and that companies are required to recognise deferred tax on such transactions. The aim of the amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations. Effective date 1 January 2023.

Amendments to IAS 1 Presentation of Financial Statements, IFRS Practice Statement 2 and IAS 8 Accounting Policies, Changes in Accounting Policies and Errors: Disclosure of Accounting policies and Definition of Accounting Estimates

The IASB amended IAS 1 to require companies to disclose their material accounting policy information rather than their significant accounting policies (definition and illustrative examples provided). Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information. • The amendment to IAS 8 clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period. Effective date 1 January 2023.

Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback

The IASB has issued narrow-scope amendments to requirements for sale and leaseback transactions in IFRS 16 explaining how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. Effective date 1 January 2024 (not yet endorsed by the EU).

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	2022	2021
Revenue from customer contracts		
Other revenue	56,944	62,071
Projects	546,489	512,744
Revenue, total	**603,433**	**574,814**

Destia Group's revenue from contracts with customers consist of infrastructure, design, construction and maintenance projects. Other revenue consist of services and material sales. 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	2022	2021
Timing of the revenue recognition, at point in time	20,052	19,242
Timing of the revenue recognition, over the time	583,381	555,572
Timing of the revenue recognition, total	**603,433**	**574,814**
Transaction price allocated to the remaining obligation		
Transaction price allocated to the remaining obligation, within one year	374,590	368,997
Transaction price allocated to the remaining obligation, within 2-3 years	211,219	296,762
Transaction price allocated to the remaining obligation, after three years	77,346	88,977
Transaction price allocated to the remaining obligation, total	**663,156**	**754,735**
Contract assets and liabilities		
Contract assets, accrued income	24,021	25,280
Contract liabilities, prepayments	42,658	37,338

Changes in contract assets and liabilities	2022	
EUR 1,000	Assets	Liabilities
Changes through projects started during the period (ongoing at the end of the financial period)	6,325	-7,685
Changes through projects ended during the period (ongoing at the start of the financial period)	-8,220	7,449
Changes through projects ongoing at the start and at the end of the financial period	637	-5,084

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

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

3. MATERIALS AND SERVICES

EUR 1,000	2022	2021
Purchases during the financial year	127,882	100,887
Change in inventory	-2,769	446
External services	293,209	296,978
Materials and services, total	**418,322**	**398,311**

4. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2022	2021
Profits from the sale of tangible and intangible assets	1,602	1,606
Rental income	423	659
Insurance and other indemnities received	1,051	2,110
Other income	439	1,784
Other operating income, total	**3,515**	**6,159**

Voluntary personnel expenses	5,417	4,867
Travel expenses	11,608	10,542
IT-expenses	8,675	8,123
External services	3,771	3,345
Credit losses	54	-905
Other operating expenses from group companies		1,680
Expenses relating to real estate	1,886	1,765
Other fixed expenses	6,625	7,480
Other operating expenses, total	**38,037**	**36,896**

Other operating expenses from group companies during comparative period relate to Destia Group Oyj.

Auditor's expenses		
Audit fees	143	59
Tax counselling		86
Other services	55	120
Auditor's expenses, total	**198**	**264**

5. INCOME AND EXPENSES RELATED TO LEASE AGREEMENTS

EUR 1,000	2022	2021
Other operating income		
Income from lease agreements	423	659
Depreciation		
Depreciation of right-of-use assets	6,704	6,367
Expenses on lease agreements		
Expenses on short term lease agreements	8,025	3,676
Expenses on lease agreements with an underlying asset with a low value	5,080	5,918
Contracts classified as low value assets can also be short term, but are presented in the item Expenses on lease agreements with an underlying asset with a low value.		
Financial income and expenses		
Interest expense on lease agreements	227	195

Outgoing cash flows arising from leases is provided in Note 22. Interest-bearing financial liabilities and maturity distribution for lease liabilities in Note 29. Financial risk management.

6. IMPAIRMENTS

No material impairments were recognised in 2022 and 2021. Goodwill impairment tests are covered in Note 14 Impairment tests.

7. EMPLOYEE BENEFITS

EUR 1,000	2022	2021
Wages and salaries	97,474	91,325
Pension expenses	16,721	14,848
Other personnel-related expenses	3,466	2,997
Employee related expenses, total	**117,660**	**109,169**

Information about defined benefit pension arrangements is provided in Note 27. Pension obligations. Information about employee benefits to the management is provided in Note 31. Related party transactions.

Average personnel	2022	2021
Blue-collar employees	628	650
White-collar employees	1,047	997
Average personnel, total	**1,675**	**1,647**
Personnel at the end of the financial year	**1,639**	**1,586**

8. RESEARCH AND DEVELOPMENT EXPENSES

The total expenses relating to the Group´s research and development activities in 2022 were EUR 1.1 million (EUR 1.2 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	2022	2021
Financial income		
Dividend income from other investments	1	1
Income from assets at amortised cost	123	49
Interest income from group companies		1,297
Value change on financial assets measured at fair value through profit or loss		35
Total	**124**	**1,382**
Financial expenses		
Expenses from liabilities at amortised cost	42	235
Interest expense on lease agreements	227	195
Value change on financial liabilities measured at fair value through profit or loss	277	
Other financial expenses	591	542
Total	**1,137**	**973**
Financial income and expenses, total	**-1,014**	**410**

Information about financing is provided in Note 29. Financial risk management. Interest income from group companies during comparative period relate to Destia Group Oyj.

10. INCOME TAXES

EUR 1,000	2022	2021
Tax based on taxable income for the period	3,455	3,980
Taxes from previous periods	68	12
Deferred taxes	-167	67
Income taxes, total	**3,357**	**4,058**

Comprehensive income items include EUR 195 thousand of deferred tax income from defined benefit pension arrangements (EUR 506 thousand).

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

Result before taxes	**16,498**	**21,495**
Taxes calculated using domestic tax rate	3,300	4,299
Different tax rates for foreign subsidiaries	-3	-5
Tax effect of tax-free items	-12	-1
Tax effect of non-deductible items	32	72
Deductible items (not included in the accounting profit)	-28	-23
Use of losses for which no deferred tax has been recognised		-134
Taxes from previous periods	68	-149
Income taxes, total	**3,357**	**4,058**

11. APROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

EUR 1,000	
Tangible assets	45,350
Right-of-use assets	13,517
Carrying amount 31 Dec 2022	**58,866**

	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2022	1,679	7,001	88,218	31,865	3,344	132,107
Additions	42	66	5,624	555	403	6,691
Deductions	-95	-205	-2,828	-3,355		-6,482
Transfers between items	3		3,169		-3,748	-575
Acquisition cost on 31 Dec 2022	1,629	6,862	94,184	29,065		131,740
Accumulated depreciation on 1 Jan 2022		-4,899	-63,095	-14,470		-82,464
Accrued depreciation for deductions and transfers		182	2,709	1,080		3,970
Depreciation for the period		-238	-6,605	-1,054		-7,897
Accumulated depreciation on 31 Dec 2022		-4,956	-66,991	-14,444		-86,391
Carrying amount 31 Dec 2022	**1,629**	**1,907**	**27,193**	**14,621**		**45,350**

Right-of-use assets	Land and water areas	Buildings and structures	Machinery and equipment	Total
Acquisition cost 1 Jan 2022	326	6,564	5,986	12,875
Changes during the period	10	2,734	4,602	7,345
Depreciation for the period	-229	-3,559	-2,916	-6,704
Carrying amount 31 Dec 2022	**107**	**5,738**	**7,671**	**13,517**

2021

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**

12. BUSINESS ACQUISITIONS

There were no business acquisitions in 2022

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, which was paid in cash. 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.

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	2022	2021
Acquisition cost 1 Jan	19,596	17,799
Additions		1,797
Acquisition cost 31 Dec	19,596	19,596
Carrying amount 31 Dec	**19,596**	**19,596**

Increase in the comparative financial year was in connection to acquisition of Oulun Energia Urakointi Oy.

14. IMPAIRMENT TESTS

EUR million	31.12.2022	31.12.2021
Destia Group	19.6	19.6

Impairment tests are performed annually on goodwill, by comparing the carrying amount of goodwill with the estimated value of its 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.

Allocation of Goodwill to cash-generating units:

EUR million	31.12.2022	31.12.2021
Road Services	2.7	2.7
Maintenance Services	2.9	2.9
Rail and Urban Services	10.1	10.1
Energy Services	3.1	3.1
Urban Development and Design Services	0.8	0.8
Total	**19.6**	**19.6**

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 2022 and the strategy approved by the Board of Directors for the years 2023–2025. 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

Discount rate used to discount cash flows is based on the weighted average cost of capital (WACC). The discount rate (before taxes) used in 2022: 9.6% (7.5%).

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. Also, a significant change in the operating profit of the forecast periods would not have caused the need for a write-down.

15. OTHER INTANGIBLE ASSETS

EUR 1,000	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2022	12,588	19		12,607
Additions	8	132	36	176
Deductions	-4,079	-127		-4,205
Transfers between items	-7,539	7,918	196	575
Acquisition cost on 31 Dec 2022	978	7,942	232	9,152
Accumulated amortisation on 1 Jan 2022	-10,544	-1		-10,546
Accrued amortisation for deductions	4,079	127		4,205
Transfers between items	5,887	-5,887		
Amortisation for the period	-316	-500		-816
Accumulated amortisation on 31 Dec 2022	-894	-6,262		-7,156
Carrying amount 31 Dec 2022	**83**	**1,681**	**232**	**1,996**

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	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**

16. OTHER INVESTMENTS

EUR 1,000	2022 Other investments	2022 Other receivables	2021 Other investments	2021 Other receivables
Acquisition cost 1 Jan	2,004	38	2,013	
Additions, acquisition of subsidiaries			0	30
Additions				3
Deductions			-9	
Transfers between items				5
Acquisition cost 31 Dec	**2,004**	**38**	**2,004**	**38**
Carrying amount 31 Dec	**2,004**	**38**	**2,004**	**38**

17. INVENTORY

EUR 1,000	2022	2021
Materials and supplies	14,982	12,213
Inventory, total	**14,982**	**12,213**

18. ACCOUNTS AND OTHER RECEIVABLES

EUR 1,000	2022	2021
Accounts receivables	63,755	59,195
Other receivables	2,645	1,590
Derivative receivables	3	57
Contract assets, accrued income	23,999	25,260
Other accrued income	5,443	7,787
Accounts and other receivables, total	**95,846**	**93,889**

Contract assets and liabilities are described in Note 2. Revenue.
The most significant accrued income items consist of sales allocations EUR 5,018 thousand (EUR 7,278 thousand).

Expected credit losses and age distribution of accounts receivables

EUR 1,000	2022	Impairment loss reservation	Expected credit losses, %	Net 2022	2021	Impairment loss reservation	Expected credit losses, %	Net 2021
Contract assets	24,021	-21	0,1	23,999	25,280	-20	0,1	25,260
Accounts receivables	63,812	-57		63,755	59,242	-47		59,195
Not past due	57,807			57,807	56,375			56,375
Due								
Less than 30 days	5,622	-23	0,4	5,599	2,707	-19	0,7	2,688
30-60 days	108	-17	15,9	91	106	-14	13,3	92
61-90 days	20	-11	56,3	9	20	-9	46,2	11
More than 90 days	255	-6	2,2	249	34	-5	14,0	29
Accounts receivables, total	**63,812**	**-57**		**63,755**	**59,242**	**-47**		**59,195**
Impairment loss reservation, total		**-78**				**-67**		

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 29. Financial risk management.

The Group has recorded credit losses from accounts receivables of EUR 54 thousand (EUR -905 thousand). As definitive credit losses the Group has recorded in total EUR 43 thousand and as a change of impairment loss reservation for accounts receivables and contract assets in total EUR 11 thousand (EUR -660 thousand and EUR -245 thousand).

EUR 1,000	2022	2021
Impairment loss reservation 1.1.	67	312
Increase in provisions	78	67
Expensed provisions	-43	
Reversals of unused provisions	-24	-312
Impairment loss reservation 31.12.	**78**	**67**

19. CASH AND CASH EQUIVALENTS

EUR 1,000	2022	2021
Cash in hand and at banks	41,160	31,393
Cash and cash equivalents, total	**41,160**	**31,393**

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 2022

EUR 1,000	1 Jan 2022	In income statement	Other changes	In other comprehensive income	31 Dec 2022
Pension benefits	1,247	-3		195	1,439
Provisions	1,064	231			1,294
Other allocation differences	46	47			93
Total	**2,356**	**275**		**195**	**2,826**
Tax losses carried forward for which deferred tax assets have not been recorded					1,320

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

Movement in deferred tax liabilities 2022

EUR 1,000	1 Jan 2022	In income statement	Other changes	In other comprehensive income	31 Dec 2022
Depreciation differences	1,515	149			1,665
Other allocation differences	54	-41			13
Total	**1,569**	**108**			**1,678**

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**

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 2022	680,000	17,000		-7	
Translation differences				-3	
31 Dec 2022	**680,000**	**17,000**		**-10**	

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**	

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. INTEREST-BEARING FINANCIAL LIABILITIES

EUR 1,000	2022	2021
Lease liabilities	7,774	6,970
Non-current interest-bearing financial liabilities, total	**7,774**	**6,970**
Lease liabilities	5,954	6,096
Current interest-bearing financial liabilities, total	**5,954**	**6,096**
Total cash outflow from leases	**19,094**	**16,178**

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. Destia has access to a EUR 150 million commercial paper programme and has a short-term bank credit facility of EUR 10 million. Neither was in use both on the balance sheet date and the comparison period.

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

Changes in interest-bearing financial liabilities (IAS 7) EUR 1,000	1 Jan 2022	Cash flows	Non-Cash flow effect	31 Dec 2022
Lease liabilities	13,066	-6,690	7,351	13,728
Total	**13,066**	**-6,690**	**7,351**	**13,728**

Changes in interest-bearing financial liabilities (IAS 7) EUR 1,000	1 Jan 2021	Cash flows	Non-Cash flow effect	31 Dec 2021
Current other liabilities	9,515	-9,515		
Lease liabilities	15,363	-6,348	4,051	13,066
Total	**24,878**	**-15,862**	**4,051**	**13,066**

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

EUR 1,000	2022	2021	Fair value hierarchy
Financial assets			
Financial assets measured at fair value through profit or loss			
Shares and other investments	2,004	2,004	level 3
Other derivatives, no hedge accounting		57	level 2
Assets at amortised cost			
Accounts receivables and other receivables	66,404	60,785	
Cash and cash equivalents	41,160	31,393	
Financial liabilities			
Financial liabilities measured at fair value through profit or loss			
Other derivatives, no hedge accounting	223		level 2
Liabilities at amortised cost			
Lease liabilities, interest-bearing	13,728	13,066	
Accounts payable, prepayments and other liabilities	104,502	90,042	

Financial assets do not contain accrued income and financial liabilities do not contain accrued liabilities.
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. ACCOUNTS PAYABLE AND OTHER NON-INTEREST-BEARING LIABILITIES

EUR 1,000	2022	2021
Accounts payable	46,480	34,267
Contract liabilities, prepayments	42,658	37,338
Other prepayments	539	2,405
Other liabilities	14,826	16,031
Tax liabilities based on the taxable income of the financial year	183	3,965
Derivative liabilities	223	
Accrued liabilities	39,822	36,027
Accounts payable and other non-interest-bearing liabilities, total	**144,731**	**130,034**

The most significant items in accrued expenses are personnel expenses of EUR 30,433 thousand (EUR 28,733 thousand) and accruals for material and service purchases EUR 6,451 thousand (EUR 3,499 thousand).

26. LONG-TERM INCENTIVE SCHEMES

The Group has three management long-term incentive schemes, for years 2020-2022, 2021-2023 and for years 2022-2024. 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 2020-2022 covers 46 persons, the scheme for 2021-2023 covers 52 persons and the scheme for 2022-2024 covers 58 persons. The potential remuneration accumulated in the earnings period will be paid in cash during the year following the end of the scheme.

27. 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	2022	2021
Expenses based on work performance during the period	0	0
Net interest	72	30
Costs in the income statement	**72**	**30**
Items resulting from redefinition	976	2,531
Costs in the comprehensive income statement before taxes	**1,048**	**2,561**
Present value of obligation	24,905	29,734
Fair value of assets included in the arrangement	-17,712	-23,501
Net liability/asset on the balance sheet (-) 31 Dec	**7,194**	**6,233**
Present value of the obligation at the beginning of the period	**29,734**	**28,933**
Expenses based on work performance during the period	0	0
Interest expense	333	268
Actuarial profit (-)/loss (+)		
from changes in financial assumptions	-5,043	2,507
from changes in demographic assumptions	-82	57
from experience-based changes	1,374	-581
Fulfilling an obligation		
Benefits paid	-1,411	-1,451
Company arrangements		
Present value of the obligation 31 Dec	**24,905**	**29,734**

EUR 1,000	2022	2021
Fair value of assets included in the arrangement at the beginning of the period	**23,501**	**25,767**
Interest yield	262	238
Yield of assets included in the arrangement excluding item belonging to interest expenditure/yield	-4,726	-548
Fulfilling obligations		
Benefits paid	-1,411	-1,451
Company arrangements	86	-505
Fair value of assets included in the arrangement 31 Dec	**17,712**	**23,501**
Liabilities on the balance sheet at the beginning of the period	**6,233**	**3,167**
Costs in the income statement	72	30
Payments made to arrangement	-86	505
Redefinitions in items of other comprehensive income	976	2,531
Liabilities on the balance sheet 31 Dec	**7,194**	**6,233**
Actuarial assumptions		
Discounting interest rate, %	3.40 %	1.15 %
Pay rises, %	2.00 %	1.30 %
Pension rises, %	2.84 %	2.14 %
Sensitivity analysis		
The table below shows the effects on net liability of changes in assumptions		
Discounting interest rate change +0.25%	-197	-198
Discounting interest rate change -0.25%	206	209
Change in pension rises +0.25%	713	979
Change in pension rises -0.25%	-693	-947

When calculating sensitivity, it is assumed that other assumptions remain unchanged. The duration based on the weighted average of the obligation is 11.0 years. Destia Oy estimates that it will pay EUR 1.2 million to the benefits-based pension arrangement in 2023.

The defined benefit pension plan exposes the group to risks, the most significant of which is inflation risk. The plan's benefits are tied to the occupational pension index. Inflation and the general earnings index affect the occupational pension index. If the benefits increased by the index exceed the return on the plan's assets, the amount of the pension liability and the employer's insurance premiums to the insurance company will also increase.

28. PROVISIONS

EUR 1,000	Guarantee provisions	Environmental provisions	Other provisions	Total
1 Jan 2022	2,309	9,292	1,747	13,348
Increase in provisions	568	206	2,966	3,741
Expensed provisions	-448	-295	-1,273	-2,016
Reversals of unused provisions	-224	-518	-91	-832
Effect of time value on provisions		-1,966		-1,966
31 Dec 2022	**2,205**	**6,719**	**3,350**	**12,274**

EUR 1,000	2022	2021
Non-current provisions	7,095	10,657
Current provisions	5,179	2,691
Provisions, total	**12,274**	**13,348**

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 2.76% (0.15%) and inflation factor 2.20% (1.90%).

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

Other provisions

Other provisions include dispute and litigation provisions of EUR 2.4 million (EUR 1.6 million), provisions for onerous contracts EUR 0.9 million (EUR 0.1 million), provisions related to personnel EUR 0.1 million (EUR 0.1 million).

29. 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.

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 three 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. Additional information on Group's financing arrangements on note 22. Interest-bearing financial liabilities.

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 2022**	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	13,728	-14,961	-6,219	-4,008	-2,683	-1,238	-814
Accounts payable and other liabilities	104,502	-104,502	-104,502				
Total	**118,230**	**-119,463**	**-110,721**	**-4,008**	**-2,683**	**-1,238**	**-814**
Maturity distribution of derivative liabilities							
Derivative liabilities	223	-223	-223				
Total	**223**	**-223**	**-223**				

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	90,042	-90,042	-90,042				
Total	**103,108**	**-103,893**	**-96,277**	**-4,047**	**-2,360**	**-876**	**-334**

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.

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

The company has no significant financial assets or liabilities exposed to changes in interest rates, and therefore the Group is not exposed to significant interest rate risks.

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 hedge 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 35% from average yearly purchases. At balance sheet date the nominal value of hedging was EUR 1,209 thousand (EUR 595 thousand) and the fair value EUR -146 thousand (EUR 57 thousand).

The impact of diesel price changes on the Group's profit after taxes and equity is estimated to be approximately +-266 thousand euros based on the prices at the financial year closing date, if the price changes by +-10%.

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. It has been managed together with the owner.

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	2022	2021
Equity	54,578	59,221
Balance sheet total	237,315	226,068
Advances received	43,197	39,743
Equity ratio	28.1%	31.8%

30. CONTINGENT LIABILITIES AND ASSETS

EUR 1,000	2022	2021
Guarantees and contingent liabilities		
Counter Obligations of bank guarantees related to contractual agreements	94,973	99,455

The Group is committed to a lease contracts relating to machinery and equipment and buildings and structures. Contracts will start during 2023 and the duration of the contracts is from three to five years and the resulting liability is EUR 2,740 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.

31. 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 members of the Board, members of the Supervisory Board and of the Management Team, including the President & CEO and their family members.

During the financial period there were following purchases from Colas Group companies: Colas SA EUR 0.1 million, Colas Digital solutions EUR 1.4 million and Colas Danmark AS EUR 0.8 million. Destia Oy paid Colas SA in dividends EUR 17.0 million. In addition, at balance sheet date, there were EUR 23.0 million short-term deposits given to Colas SA.

During comparative period 2021 capital repayment of EUR 15.0 million was made to AC Infra Oy from invested non-restricted equity fund. There were no significant sale or purchase trasactions with Ahlström Captial Group companies.

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

During comparative 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 made a repayment of EUR 30.3 million for the Group's internal loan to Destia Oy.

The President and CEO and members of the extended Management Team belong to the management long-term incentive scheme, described in Note 26. Long-term incentive schemes.

The Group´s parent company and subsidiary relations in the year 2022 were as follows:

Company	City	Country	Group´s share of ownership and votes %	Parent company´s share of ownership and votes %
31 Dec 2022				
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
Destia International Oy, subsidiaries				
Destia Nesta Oy	Vantaa	Finland	100	100
Zetasora Oy	Vantaa	Finland	100	100
Finnroad Oy	Vantaa	Finland	100	100

During the financial year 2021, 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. At balance sheet date the ongoing consortia is Pulteri II.

Management´s employee benefits:

EUR 1,000	2022	2021
Salaries and other short-term employee benefits	3,277	2,092
Other long-term employee benefits	1,006	656
On financial period 2022 amounts include extended management group, which has been put into service during the period.		
Salaries and remuneration:		
President & CEO	1,321	699
Remuneration:		
Members of the Board of Directors		128

No remuneration has been paid to members of the Board or Supervisory Board during financial period 2022.

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

32. EVENTS AFTER THE END OF THE REPORTING PERIOD

Nothing to report.

GROUP’S KEY FIGURES, IFRS

EUR million	2022	2021	2020	2019	2018
Revenue	603.4	574.8	563.8	569.9	550.3
Change from previous year, %	5.0	2.0	-1.1	3.6	15.0
Operating profit for the period ***)	17.5	21.1	14.7	13.5	17.1
% of revenue	2.9	3.7	2.6	2.4	3.1
Operating profit for the period, comparable ***)	20.0	21.5	16.2	11.4	17.1
% of revenue	3.3	3.7	2.9	2.0	3.1
Result for the period	13.1	17.4	15.7	15.1	16.8
% of revenue	2.2	3.0	2.8	2.7	3.1
EBITDA 1)	35.4	37.0	32.3	26.6	27.5
% of revenue	5.9	6.4	5.7	4.7	5.0
Gross investments *)	14.2	15.3	13.9	15.3	7.5
% of revenue	2.4	2.7	2.5	2.7	1.4
Balance sheet total	237.3	226.1	261.4	260.8	259.6
Equity	54.6	59.2	70.8	71.6	69.1
Equity ratio, % 2)	28.1	31.8	32.3	31.7	31.1
Net gearing (Gearing)% 3)	-50.3	-30.9	-21.8	18.7	-23.7
Interest-bearing liabilities	13.7	13.1	24.9	37.7	24.0
Return on equity, % 4) **)	23.1	26.8	22.0	21.5	24.9
Return on investment % 5) **)	25.1	26.8	15.8	16.2	21.0
Equity per share, EUR	80.26	87.09	104.14	105.26	101.63
Personnel, average	1,675	1,647	1,691	1,701	1,655
Occupational accidents resulting in absence from work	6.1	6.5	13.1	5.6	5.8
Order backlog at the end of the reporting period	663.2	754.7	708.6	763.6	732.7
Research and development expenses	1.1	1.2	1.3	1.3	1.0
% of other operating expenses	3.0	3.1	3.7	3.2	2.5

*) Since 2019 gross investments include IFRS16 lease agreements, which was EUR 7.1 million in 2019, EUR 6.1 million in 2020, EUR 4.4 million in 2021 and EUR 7.3 million in 2022.

**) 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.

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)

INCOME STATEMENT, DESTIA OY, FAS

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
REVENUE	2	**519,533**	**498,822**
Other operating income	3	7,646	8,989
MATERIALS AND SERVICES			
Purchases during the financial year		-114,614	-90,017
Change in inventory		2,769	-446
External services		-262,356	-274,241
Materials and services, total		**-374,201**	**-364,704**
EMPLOYEE RELATED EXPENSES			
Wages and salaries		-75,147	-66,731
Personnel costs			
Pension expenses		-12,802	-10,209
Other personnel-related expenses		-2,677	-2,122
Employee related expenses, total		**-90,626**	**-79,062**
DEPRECIATION AND IMPAIRMENT			
Depreciation according to plan impairments		-8,501	-8,719
Depreciation and impairment, total		**-8,501**	**-8,719**
Other operating expenses	3	**-40,074**	**-38,764**
OPERATING PROFIT (-LOSS)		**13,776**	**16,561**

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
FINANCIAL INCOME AND EXPENSES			
Income from investments in non-current assets		0	1
Other interest and finance income from group companies		1	1,301
Other interest and finance income		105	33
Impairment losses on investments in non-current assets		-584	-1
Interest and other finance expenses to group companies		-243	-208
Interest and other finance expenses to others		-611	-742
Financial income and expenses, total		**-1,332**	**385**
PROFIT BEFORE APPROPRIATIONS AND TAXES		12,444	16,946
APPROPRIATIONS			
Change in depreciation difference		-754	1,379
Group contributions received		15	2,422
Group contributions granted			-114
Total appropriations		**-739**	**3,687**
Income taxes	4	**-2,519**	**-4,345**
PROFIT (LOSS) FOR THE PERIOD		**9,186**	**16,288**

BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	Note	31 Dec 2022	31 Dec 2021
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	5		
Intangible rights		19	1,915
Other intangible assets		1,681	18
Advance payments and construction in progress		232	
Intangible assets, total		**1,932**	**1,933**
TANGIBLE ASSETS	6		
Land and water areas		1,629	1,679
Buildings and structures		1,907	2,102
Machinery and equipment		27,193	25,123
Other tangible assets		11,013	11,673
Advance payments and construction in progress			3,344
Tangible assets, total		**41,742**	**43,921**
OTHER INVESTMENTS	7		
Investments in group companies		7,471	8,055
Receivables from group companies		100	100
Other shares and investments		2,003	2,003
Other receivables		38	38
Other investments, total		**9,612**	**10,196**
NON-CURRENT ASSETS		**53,286**	**56,050**

EUR 1,000	Note	31 Dec 2022	31 Dec 2021
CURRENT ASSETS			
INVENTORY			
Materials and supplies		14,982	12,213
Inventory, total		**14,982**	**12,213**
RECEIVABLES			
Accounts receivables		55,208	50,086
Receivables from group companies	8	457	5,442
Deferred tax assets	11	1,192	919
Other receivables		2,514	1,415
Accrued income	8	24,567	30,199
Receivables, total		**83,938**	**88,060**
Cash and cash equivalents		35,502	28,459
CURRENT ASSETS		**134,422**	**128,732**
ASSETS		**187,708**	**184,782**

BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
EQUITY	9		
Share capital		17,000	17,000
Retained earnings		4,290	5,002
Profit/loss for the period		9,186	16,288
Equity, total		**30,476**	**38,290**
APPROPRIATIONS			
Depreciation difference		8,323	7,569
MANDATORY PROVISIONS	10	8,057	6,855
LIABILITIES			
LONG TERM LIABILITIES			
Accrued liabilities		2,832	2,597
Long term liabilities, total		**2,832**	**2,597**
SHORT TERM LIABILITIES			
Prepayments received		43,197	39,516
Trade payables		42,265	32,179
Liabilities to group companies	12	7,299	12,172
Other liabilities		12,383	12,351
Accrued expenses	12	32,875	33,253
Short term liabilities, total		**138,019**	**129,471**
LIABILITIES		**140,852**	**132,068**
EQUITY AND LIABILITIES TOTAL		**187,708**	**184,782**

CASH FLOW STATEMENT, DESTIA OY, FAS

EUR 1,000	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	525,669	484,729
Cash paid to suppliers of goods/services and to personnel	-493,442	-483,915
Net cash flow before financial items and taxes	**32,227**	**814**
Interest paid on operating activities	-55	-293
Dividends received on operating activities	0	0
Interest received on operating activities	105	38
Other financial items from operating activities	-571	-516
Tax paid on operating activities	-6,721	-9
Net cash flows from operating activities	**24,985**	**33**
CASH FLOWS FROM INVESTMENTS		
Investments in intangible and tangible assets	-6,909	-7,934
Sale of intangible and tangible assets	2,082	1,879
Acquisition of shares in subsidiaries		-4,863
Other investments		-3
Proceeds from the sale of other investments		8
Intra-Group loans granted		-19,673
Repayments of intra-Group loan receivables		30,444
Net cash flows from investments	**-4,827**	**-141**

EUR 1,000	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term financing		72,958
Decrease in short-term financing		-81,948
Increase in short-term intra-Group financing	5,000	10,500
Decrease in short-term intra-Group financing	-1,000	-4,150
Dividends paid	-17,000	
Transactions with non-controlling owners		-525
Group contribution paid and received	-114	
Net cash flows from financing activities	**-13,114**	**-3,165**
Change in cash and cash equivalents	**7,043**	**-3,272**
Cash and cash equivalents at the end of the financial period	35,502	28,459
Cash and cash equivalents 1.1.	28,459	31,731
	7,043	**-3,272**

DESTIA OY – NOTES TO THE FINANCIAL STATEMENTS

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. Until 1 December 2021, the company was part of Destia Group, and its parent company was Destia Group Oyj (business ID 2617172-1). Destia Group Plc was 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 2022 and comparison period 1st January to 31st December 2021 have been 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.

1. NOTES TO THE PRESENTATION OF THE FINANCIAL STATEMENTS

Comparability to previous financial period
Operating profit for the period was EUR 13.8 million (16.6), which is 2.7 (3.3) percentage of revenue. Operating profit for the financial year includes EUR 7.6 million (9.0) 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 50 thousand (666) 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. The company uses the exchange rate provided by Colas SA on 31 December 2022.

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 liability.

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 rights			
Intangible rights	5 years	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	5-3.3 %	Straight-line, reducing balance method
Other tangible	Based on use or financial holding period, ten year in maximum		Straight-line, according to use

NOTES TO INCOME STATEMENT, DESTIA OY, FAS

2. REVENUE

EUR 1,000	2022	2021
BREAKDOWN OF REVENUE		
Revenue by stage of completion	459,266	443,737
Other revenue	60,267	55,086
Revenue, total	**519,533**	**498,822**
Breakdown of revenue for comparative period have been amended		
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.	**960,569**	**783,629**
Amount not recorded as income from long-term projects	**540,326**	**612,611**
Change in mandatory provisions for long-term projects	**588**	**509**

EUR 1,000	2022	2021
OTHER OPERATING EXPENSES, TOTAL		
Rental expenses	5,210	5,362
Voluntary personnel expenses	5,158	4,323
Travel expenses	8,621	7,675
Telecommunications and IT-expenses	9,700	9,098
Other expenses	11,384	12,306
Other operating expenses, total	**40,074**	**38,764**
Auditor's expenses		
Audit fees	106	59
Tax counselling	0	86
Other services	55	120
Auditor's expenses, total	**161**	**264**

3. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2022	2021
OTHER OPERATING INCOME		
Profit from the sale of tangible and intangible assets	1,602	1,606
Income from group companies	4,193	3,307
Insurance indemnities and damages received	996	2,087
Rental and other income	855	1,989
Other operating income, total	**7,646**	**8,989**
Average personnel	**1,259**	**1,241**

4. INCOME TAXES

EUR 1,000	2022	2021
INCOME TAXES		
Tax based on taxable income for the period	2,793	3,990
Change in deferred taxes	-274	355
Income taxes, total	**2,519**	**4,345**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

5. INTANGIBLE ASSETS

Non-current assets
Intangible assets

EUR 1,000	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2022	11,702	19		11,721
Additions	8	132	36	176
Disposals	-4,079	-127		-4,205
Transfers between items	-7,539	7,918	196	575
Acquisition cost on 31 Dec 2022	92	7,942	232	8,266
Accumulated amortisation on 1 Jan 2022	-9,787	-1		-9,788
Accrued amortisation for deductions and transfers	4,079	127		4,205
Amortisation for the period	-252	-500		-752
Transfers between items *	5,887	-5,887		
Accumulated amortisation on 31 Dec 2022	-73	-6,262		-6,334
Carrying amount 31 Dec 2022	**19**	**1,681**	**232**	**1,932**

* IT-software have been transferred between Other intangible assets and Intangible right

EUR 1,000	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2021	10,535			10,535
Additions	629			629
Additions, acquisition of subsidiaries	92			92
Transfers between items	446	19		465
Acquisition cost on 31 Dec 2021	11,702	19		11,721
Accumulated amortisation on 1 Jan 2021	-9,144			-9,144
Amortisation for the period	-642	-1		-644
Accumulated amortisation on 31 Dec 2021	-9,787	-1		-9,788
Carrying amount 31 Dec 2021	**1,915**	**18**		**1,933**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

6. TANGIBLE ASSETS

Non-current assets
Tangible assets

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 2022	1,679	6,950	85,484	22,273	3,344	119,730
Additions	42	66	5,624	555	403	6,691
Deductions	-95	-205	-5,138	-1,894		-7,331
Transfers between items	3		3,169		-3,748	-575
Acquisition cost on 31 Dec 2022	1,629	6,812	89,140	20,934		118,514
Accumulated depreciation on 1 Jan 2022		-4,848	-60,360	-10,600		-75,808
Accrued depreciation for deductions		182	5,019	1,586		6,786
Depreciation for the period		-238	-6,605	-907		-7,750
Accumulated depreciation on 31 Dec 2022		-4,905	-61,946	-9,921		-76,772
Carrying amount 31 Dec 2022	**1,629**	**1,907**	**27,193**	**11,013**		**41,742**

Carrying amount for production machinery and equipment 31 Dec	**24,915**

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 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		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

7. INVESTMENTS

EUR 1,000	Investments in group companies	Other receivables
Acquisition cost 1 Jan 2022	8,055	38
Additions		
Deductions		
Transfers between items		
Acquisition cost 31 Dec 2022	**8,055**	**38**
Accumulated impairment losses 1 Jan 2022		
Impairments	584	
Accumulated impairment losses 31 Dec 2022	584	
Carrying amount 31 Dec 2022	**7,471**	**38**

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 31 Dec 2021		
Carrying amount 31 Dec 2021	**8,055**	**38**

EUR 1,000	2022	2021
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.		
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	2,003	2,011
Additions, intra group		
Deductions		-9
Other investments carrying amount 31 Dec	**2,003**	**2,003**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

8. SALES RECEIVABLES AND OTHER RECEIVABLES

EUR 1,000	2022	2021
RECEIVABLES AND ADVANCES RECEIVED FROM PERCENTAGE-OF-COMPLETION PROJECTS		
Receivables (recognised more revenue than invoiced)	19,542	23,088
Advances received (invoiced more than revenue recognised)	42,658	37,111
Short term receivables from group companies		
Sales receivables	184	622
Loan receivables	38	37
Group contribution receivables	15	2,422
Other accrued income	220	2,361
Short term receivables from group companies, total	**457**	**5,442**
Material items related to accrued income		
Receivables from percentage-of-completion projects	19,542	23,088
Sales accruals	4,700	6,709
Other items	325	402
Material items related to accrued income, total	**24,567**	**30,199**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

9. NOTES TO EQUITY

EUR 1,000	2022	2021
ADDITIONS AND DEDUCTIONS ON EQUITY		
Restricted equity		
Share capital 1.1.	17,000	17,000
Share capital 31.12.	17,000	17,000
Restricted equity, total	**17,000**	**17,000**
Unrestricted equity		
Other funds		
Invested non-restricted equity fund 1 Jan		14,382
Capital return		-14,382
Invested non-restricted equity fund 31 Dec		
Retained earnings 1 Jan	21,290	17,484
Dividend distribution	-17,000	-12,618
Correction of previous year error *		136
Retained earnings 31 Dec	4,290	5,002
Profit/loss for the period	9,186	16,288
Unrestricted equity, total	13,476	21,290
Equity, total	**30,476**	**38,290**
Calculation of distributable unrestricted equity		
Retained earnings	4,290	5,002
Profit/loss for the period	9,186	16,288
Total	**13,476**	**21,290**

* The depreciation difference related to the merger of Oulun Energia Urakointi Oy has been too small in the financial period ending on 31 December 2021. This previous year error has been adjusted to the retained earnings of the comparison period.

Shares and shareholdings

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

10. PROVISIONS

EUR 1,000	2022	2021
Other mandatory provisions		
Guarantee provisions	2,095	2,261
Environmental provisions	2,445	2,445
Provisions for cleaning contaminated land areas	173	401
Other provisions	3,344	1,747
Mandatory provisions, total	**8,057**	**6,855**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

11. DEFERRED TAX

EUR 1,000	2022	2021
DEFERRED TAX ASSETS		
Periodic differences and temporary differences	1,192	919

12. SHORT TERM LIABILITIES

EUR 1,000	2022	2021
LIABILITIES TO GROUP COMPANIES		
Accounts payable	132	139
Short term loans	6,844	11,853
Group contribution liabilities		114
Accrued liabilities	324	66
Liabilities to group companies, total	**7,299**	**12,172**
Material items related to accrued liabilities		
Related to personnel	23,849	22,937
Other items	9,026	10,316
Material items related to accrued liabilities, total	**32,875**	**33,253**

13. GUARANTEES, CONTINGENT LIABILITIES AND OFF-BALANCE SHEET ARRANGEMENTS

EUR 1,000	2022	2021
GUARANTEES ON CONTRACTS	88,940	93,785

Consortiums

The company participates in a consortium whose responsibilities the parties have undertaken to be jointly and severally liable for.

	2022	2021
Lease liabilities		
Payable in the next financial year	3,478	2,723
Payable in later financial years	4,686	3,079
Lease liabilities, total	**8,164**	**5,802**
Liabilities on long term rental contracts		
Payable in the next financial year	1,497	2,019
Payable in later financial years	1,695	1,530
Liabilities on long term rental contracts, total	**3,192**	**3,549**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

14. 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, related parties include the members of the Board, members of the Supervisory 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 Rail Oy	Colas SA	SAS Colas Digital Solutions	Colas Danmark AS
Sales	22.9			
Purchases	14.7	0.1	1.4	0.8
Repayments of intra group loans received	10.2			
Interest on intra group loans received	0.2			
Intra group loans received	5.2			
Dividends		17.0		
Short term deposits made		23.0		

In 2022 Destia Oy gave group contribution to Finnroad Oy and Destia International Oy in total EUR 15.2 thousand. In 2021 Destia Oy gave Finnroad Oy EUR 0.11 million group contribution and received EUR 2.42 million group contribution from Destia Rail Oy.

Destia Oy's management fee charge to Destia Rail Oy in 2022 was EUR 3.16 million. In 2021 Destia Group Oyj's management fee charge to Destia Oy was EUR 1.68 million and Destia Oy's management fee charge to Destia Rail Oy was EUR 2.34 million.

NOTES TO BALANCE SHEET, DESTIA OY, FAS

15. DERIVATIVES

EUR 1,000	2022	2021
COMMODITY DERIVATIVES		
Nominal value	1,209	595
Fair value	-146	57

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 35% of average annual purchases.

DESTIA OY

Proposal by the Board on the use of distributable equity

Destia Oy's FAS- compliant profit for the financial year was EUR 9,185,697.89, which is proposed to be recorded on the retained earnings account. Destia Oy's total distributable unrestricted equity is EUR 13,475,608.38.

Destia Oy's Board of Directors proposes to the Annual General Meeting, that EUR 6,997,200.00 dividend will be paid for the financial period that ended on 31 December 2022.

Signatures to the financial statements

Vantaa, 13 February 2023

Tero Kiviniemi
Chair of the Board,
President and CEO

Sanna Karvonen
Member of the Board of Directors

Timo Räikkönen
Member of the Board of Directors

Seppo Ylitapio
Member of the Board of Directors

Auditor's Note

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

Helsinki, 13 February 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Katajisto
Authorised Public Accountant (KHT)

AUDITOR'S REPORT

To the Annual General Meeting of Destia Oy

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial performance and financial position 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 the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of Destia Oy (business identity code 2163026-3) for the year ended 31 December, 2022. 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
- the parent company's balance sheet, income statement, statement of cash flows and notes.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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 Managing Director'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 Managing Director are responsible for the other information. The other information that we have obtained prior to the date of this auditor's report is 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. With respect to the report of the Board of Directors, 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 13 February 2023

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Katajisto
Authorised Public Accountant (KHT)


DESTIA
A COLAS COMPANY
Firdonkatu 2 T 151, FI-00520 Helsinki | 020 444 11 | www.destia.fi
facebook.com/DestiaOy | twitter.com/DestiaOy | linkedin.com/company/Destia | instagram.com/destia_oy