INFRASTRUCTURE FOR PEOPLE

FINANCIAL STATEMENTS 2023

DESTIA

A COLAS COMPANY

REPORT OF THE BOARD OF DIRECTORS AND FINANCIAL STATEMENTS 2023

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REPORT OF THE BOARD OF DIRECTORS 2023

Destia is the biggest service company in the infrastructure sector in Finland and part of the international Colas Group, owned by the diversified services group Bouygues. Destia designs, builds and maintains essential transport and energy infrastructure, such as electricity networks, bridges, roads and railways. It is therefore an important operator from the point of view of security of supply. In addition, our extensive service range covers telematics and lighting solutions, comprehensive services for electric and smart traffic and infrastructure management, as well as solutions to the developing needs of cities.

Destia's customers include government organisations, municipalities, cities and industrial companies.

For Destia, 2023 was already the second year as part of the Colas Group and operations also stabilised in terms of IT, as the integration for IT was completed in 2023 as the last of the fifteen integration streams. Other integration streams were completed already in 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

The year 2023 was marked by geopolitical tensions. Russia continued its war of aggression in Ukraine and the war in Gaza began after the Palestinian organisation Hamas conducted a terrorist attack in Israel. Acts of terror disrupted cargo traffic in the Suez Canal. Finland, too, was targeted with hybrid influence. Destia actively assesses change scenarios in the operating environment and their impact on business operations. Moreover, 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.

According to the Bank of Finland's estimate, the Finnish economy contracted by 0.5% in 2023. Even though the inflation rate eased, increased costs affected Destia's business, which was shadowed by increasing threats of bankruptcy of clients and suppliers. At the end of the year, the change in the civil engineering cost index was +3.1% and the machine cost index +10.5%.

In Finland, the infrastructure construction market as a whole was on a decline in 2023, similarly to the previous year, with the total volume decreasing by an estimated 5%. A key reason for the decline was decreasing road and railway construction activity. Street construction declined slightly. Railway construction decreased in the capital region in particular as major projects ended. With the decrease in residential construction, foundation work of house-building construction decreased significantly.

The decisions made in the autumn 2023 budget session were encouraging from the point of view of infrastructure construction. The Finnish Government intends to accelerate the launch of its traffic investment programme amounting to almost three billion euros and double the transport network funding from the EU Military Mobility fund. Destia sees special business opportunities in, for example, urban and railway construction as well as energy and industrial services. The development of maintenance services is perceived as stable.

Destia researches the mega trends to see farther into the future, adapt and prepare for changes and exploit new opportunities. The particular trends that guide our strategy include urbanisation, digitalisation, climate change and the depletion of natural resources. Extreme weather phenomena will become more common and nature's carrying capacity is eroding. The population is ageing, becoming more diverse and focusing on growth centres. Geopolitical power struggle is challenging the rule-based world order and globalisation. Technology and data are increasingly embedded in people's day-to-day lives and data is increasingly collected and used.

ORDER BACKLOG AND THE MOST SIGNIFICANT NEW ORDERS

Destia's order backlog, which is spread over several years, amounted to EUR 634.7 million (663.2) at the end of December. In alliance projects, additional orders are recorded in the order backlog upon the signing of separate agreements. A total of 15 road maintenance contracts began in Finland during the past financial period, with Destia being responsible for seven of these. Destia's market share of the Finnish Transport Infrastructure Agency maintenance contracts is approximately 44%.

The most important new contracts signed in 2023:

- Track and safety equipment maintenance, area 6 (Savo), 2023–2028
- Jylkkä synchronous condenser project in Northern Ostrobothnia
- Järvilinja 400 kV+110 kV power line project part 3 in Northern Savo
- Road maintenance contracts for 2023–2028 in Kittilä, Hämeenlinna, Vaasa, Jämsä, Pihtipudas, Suonenjoki, Huittinen
- Espoonlahti-Finnoo regional maintenance contract 2023–2028
- National road 4 Kevätlahti–Petomäki project
- National road 6 at Koria project
- Aurora Line 400 kV power line, part C, Vuennonkoski-Viitajärvi
- Renovation of the 110 kV switchgear in Salo
- Kupittaa–Turku double track project

FINANCIAL PERFORMANCE

Destia's revenue increased by more than 6% compared to 2022, amounting to EUR 640.6 million (603.4).

The Group's other operating income in the financial period amounted to EUR 2.7 million (3.5). 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 20.3 million (17.5), and comparable operating profit was EUR 23.6 million (20.0). The operating profit for the financial period includes items affecting comparability related to the change in ownership. Profitability was improved by the favourable development of revenue and successful projects.

The Group's income taxes in the financial period totalled EUR 4.0 million (3.4).

FINANCIAL PERFORMANCE AND POSITION

KEY FIGURES (IFRS) EUR million	**2023**	**2022**	**2021**	**2020**	**2019**
Revenue	640.6	603.4	574.8	563.8	569.9
Operating profit for the period	20.3	17.5	21.1	14.7	13.5
% of revenue	3.2	2.9	3.7	2.6	2.4
Operating profit for the period, comparable	23.6	20.0	21.5	16.2	11.4
% of revenue	3.7	3.3	3.7	2.9	2.0
Result for the period	16.2	13.1	17.4	15.7	15.1
% of revenue	2.5	2.2	3.0	2.8	2.7
Return on equity, %	27.3	23.1	26.8	22.0	21.5
Equity ratio, % *)	30.0	28.4	32.1	32.5	31.9
Return on investment, %	28.5	25.1	26.8	15.8	16.2
Net gearing (Gearing), %	-89.7	-50.3	-30.9	-21.8	18.7
Personnel, average	1,744	1,675	1,647	1,691	1,701
Occupational accidents resulting in absence from work **)	6.3	6.1	6.5	13.1	5.6
Order backlog at the end of the reporting period	634.7	663.2	754.7	708.6	763.6

*) Deferred tax assets and deferred tax liabilities were offset for the first time in the financial statements for 2023. The key figures for 2022–2019 have been adjusted for comparability. These adjustments had an impact on the equity ratio, which improved 0.3% (2022 and 2021) and 0.2% (2020 and 2019).
**) Occupational accidents per million working hours.

FINANCIAL POSITION AND CASH FLOW

Total assets on Destia's balance sheet were EUR 253.7 million (235.6) at the end of the financial period. Return on investment (ROI) was 28.5% (25.1%), the equity ratio was 30.0% (28.4%), and net gearing was -89.7% (-50.3%). The strong cash flow for the financial period further improved the net gearing and the financial assets on the balance sheet increased to a record-high level, amounting to EUR 75.7 million (41.2) at the end of the financial period.

Cash flow for the financial period consisted of operating cash flow of EUR +50.5 million (+38.3), investment cash flow of EUR -2.4 million (-4.8) and financial cash flow of EUR -13.5 million (-23.7). Cash flow for the financial period was improved by the favourable project portfolio and improved working capital. Cash flow during the year involved seasonal fluctuation that is normal for the business.

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 has also signed a revolving credit facility of EUR 30 million that will mature in November 2024, and a long-term revolving credit facility of EUR 15 million. The credit facilities were completely undrawn at the balance sheet date. At the end of the reporting period, interest-bearing liabilities totalled EUR 18.5 million (13.7), consisting entirely of lease liabilities. Of the lease liabilities, 37.6% (43.4%) were short-term and 62.4% (56.6%) were long-term. The Group's interest-bearing net liabilities at the end of the reporting period were EUR -57.2 million (-27.4).

SHARES, SHARE CAPITAL AND EQUITY

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

INVESTMENTS

The Group's gross investments in the financial period totalled EUR 14.6 million (14.2), representing 2.3% (2.4%) of revenue. The investments include EUR 11.4 million (7.3) in IFRS 16 investments. Almost one-half of the IFRS 16 investments are related to real estate leases and the rest are mainly related to fleet investments. Of the other investments, IT investments account for approximately EUR 1 million and the rest are mainly fleet investments.

PERSONNEL

The Group's average number of personnel during the financial period was 1,744 (1,675). At the end of December, the number of personnel was 1,700 (1,639), of whom 1,551 (1,486) were permanent and 149 (153) 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 2023, personnel costs were approximately EUR 10 million higher than in the previous year, amounting to EUR 127.4 million (117.7). In relative terms, however, personnel costs were only one percentage point higher than in the comparison year at 20% (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 a year. The key performance indicators derived from the personnel surveys include the employee Net Promoter Score (eNPS), which came to 44 in 2023 (37) and the PeoplePower rating, which remained at AA=Good in 2023 (AA). Based on this rating, Destia was recognised as one of the most inspiring workplaces in Finland for the fourth time.

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 2023, the company surveyed the willingness of the personnel to international mobility within the Colas Group. The company also surveyed the coping at work and pension plans of those aged 58 and over and their willingness to act as mentors at the final stages of their careers.

In 2023, Destia continued its leadership training programmes, organised training in sales and customer work, continued targeted language training in English, planned a new mentoring programme, and 11 Destia employees took part in Colas' international training programmes. In addition, Destia organised a large number of webinars for supervisors and the entire personnel and updated its online training environment.

From the beginning of 2023, Destia's employees have been able to deposit their performance and production bonuses in Destia's Bonus Fund, established by decision of the personnel on 20 December 2022. The bonus fund is a method of paying performance bonuses to the personnel facilitated and regulated by the Act on Personnel Funds 5.11.2010/934. Bonus funds are part of responsible HR policy, and they provide the personnel with a way of saving their bonuses and preparing for future needs.

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. In addition, the company wants to introduce young people to the infrastructure industry while they are still in school. The company's annual target for the recruitment of trainees is 15% of the total number of personnel. This target was achieved during the year under review, with a total of 295 trainees working at Destia. Destia also provides dozens of thesis writing opportunities to trainees each year.

Destia has an extensive cooperation network with educational institutions and partnership agreements with several institutions. In 2023, the company expanded the group of partner institutions with three new educational institutions.

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 140 new permanent professionals in 2023 and offered permanent contracts to 53 temporary employees, of whom the majority were trainees. A total of 47 trainees were hired by Destia either for permanent or fixed-term employment.

Destia was again a main partner of Oikotie's Responsible Employer campaign in 2023. As part of the cooperation, the company participated in the Responsible Employer survey for the third 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 for the second consecutive year in the sustainability survey. The sustainability index score was 4.03 (scale: 1–5).

The accident frequency was 6.3, which is slightly higher than in the previous year (6.1) and above the target level. In 2023, Destia updated the observation application to support the day-to-day safety management routines of the Colas Group. All operational supervisors were trained in conducting safety discussions and safety briefings. Objectives were set for the above-mentioned routines, which will be monitored going forward in all operational units.

ORGANISATIONAL STRUCTURE AND MANAGEMENT

Destia's organisation consists of four divisions and their support functions. The divisions are Road and Consulting Services, Maintenance Services, Rail and Urban Services and Energy and Industrial Services. In 2023, the operations of the Urban Development and Design Services division were divided into the other divisions. The Design Services unit was merged with the Road Services division into the Road and Consulting Services division. The Energy Services division was strengthened and renamed Energy and Industrial Services division to better describe Destia's strategic priorities.

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

Road and Consulting Services includes road and street construction, bridges, infrastructure, urban and traffic planning and infrastructure asset management.

Energy and Industrial Services provides renewable energy solutions in areas such as solar and 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 and alliance construction, foundation and rock engineering, as well as aggregates and 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.

In 2023, Destia's Management Team consisted of:

- President and CEO Tero Kiviniemi, Chair
- Kari Alavillamo
- Annu Karttunen
- Sanna Karvonen
- Mikko Möttönen
- Juhani Nummi as of 1 November 2023
- Pasi Nurminen until 1 November 2023
- Timo Räikkönen until 10 November 2023
- Tapio Salo
- Seppo Ylitapio

In addition, the Extended Management Team included:

- Jere Keskinen as of 6 February 2023
- Seppo Kopsa
- Mikko Mäkelä
- Pasi Nurminen as of 1 November 2023

DECISIONS OF GENERAL MEETINGS

The Annual General Meeting of Destia Oy, held on 28 February 2023, confirmed the company's financial statements for 2022 and discharged the President and CEO and members of the Board from liability for the financial year 1 January–31 December 2022. The Annual General Meeting resolved, in accordance with the proposal by the Board of Directors, to distribute a dividend of EUR 10.29 per share, corresponding to a total of EUR 6,997,200.00, for the financial period that ended on 31 December 2022.

The Annual General Meeting re-elected Francis Grass as the Chair of the Supervisory Board, and Aurélien Courson and Aurélien Delavenne were re-elected as members.

The Supervisory Board meeting of 28 February 2023 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. Kari Alavillamo and Tapio Salo were elected as members of the Board. According to the articles of association no remuneration is paid to the members of the Board of Directors.

The Annual General Meeting re-elected Authorised Public Accountants PricewaterhouseCoopers Oy as the auditor of Destia Oy for the 2023 financial period. Markku Katajisto, Authorised Public Accountant (KHT), will continue as the auditor with principal responsibility.

LITIGATION AND DISPUTES

There are two pending cases of litigation concerning substantial contractual disputes, which are related to the company's normal business operations. In addition in 2023, the Rovaniemi Court of Appeal dismissed the charges against Destia's employee concerning a forest fire in Kalajoki. The decision is legally valid.

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.

The geopolitical crisis causes uncertainty and a number of significant risks. There are significant cyclical fluctuations in the market. Investors are cautious, while the interest rates remain high and uncertainty prevails. The geopolitical situation poses a risk to the availability of materials and supply chains, and if the situation continues, the negative effects are likely to reach Destia's order backlog both in the core business and in growth areas.

Due to the decline in the construction market, subcontractors will go bankrupt. The increase in construction costs almost stopped in the summer of 2023, volatile market prices open up opportunities.

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. Destia manages personnel risks through active personnel planning, by creating career paths in Finland and internationally, and by developing personnel skills to meet future needs in growth areas.

The most significant operational risks concern project management and profitability. In the management of operational risks, the key is to ensure the personnel's project management expertise, take advantage of procurement opportunities and the international network, and ensure capabilities in growth areas of urban, energy and railway construction. By developing productivity in both core businesses and growth areas, Destia ensures the continuity of its operations.

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 2023, Destia continued the extensive project concerning internal controls launched the previous year with the aim of integrating Destia's processes and controls with the operating practices of Colas.

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 1.0 million (1.1). In addition, IT development costs amounted to EUR 1.4 million (1.1). 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 and solutions 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 professorship 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

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. As the largest infrastructure company in Finland, Destia plays a significant role in creating functional and sustainable operating environments and complete living environments. Destia's operations have a significant impact on society, the environment and the company's stakeholders. Destia's aim is to be a sustainable leader that creates sustainably profitable business, is an ecological, safe, inspiring and successful workplace, and is a sustainable construction industry operator and a developer of corporate responsibility.

Destia implements sustainability as part of Colas Group's ACT sustainability programme. The ACT programme consists of eight commitments, with which Destia comprehensively implements sustainability efforts through the actions described above. The commitments cover different areas of sustainability, and each of them includes several sub-projects. In 2023, Destia made excellent progress on all commitments.

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. In addition, Destia takes part in the unique Ahlström Collective Impact (ACI) reponsibility initiative, which aims to focus strategic investments on selected UN Sustainable Development Goals through UNICEF Finland.

Destia has applied for Science Based Targets approval for its sustainability targets.

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. The year 2023 was successful in many ways with regard to sustainability; the reduction in emissions compared to 2020 was 32% for Destia's own direct emissions. It exceeded the 25% emissions reduction target by a large margin. During the year under review, Destia made a number of successful changes to achieve its sustainability objectives. 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 indirct emissions accounting and monitoring methods and updated its fleet strategy in 2023.

We also bear our responsibility for the development and maintenance of the Finnish society's security of supply. We are actively involved in the operations of the Construction Pool under the National Emergency Supply Agency, and we engage in close cooperation with the defence sector in, for example, preparedness construction arrangements.

STRATEGY

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

Destia is part of the international Colas Group, which brings added strength and expertise to Destia's customer solutions and the development and implementation of 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. Colas and Destia have aligned strategic objectives, and Destia implements its strategy described above.

Destia's objective is to ensure the competitiveness of its business and improve the added value for customers in design, construction and maintenance projects requiring special competence in its home markets in Finland. Destia sees particular growth markets and opportunities in railway construction, urban construction and energy and industrial 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.

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.

The company is also surveying business opportunities in Scandinavia.

The company's versatile expertise, strong values and harmonised, ethically sustainable and responsible way of doing business provide a firm foundation for the implementation of the strategy.

Customer orientation, sense of infrastructure, smart production and inspiring leadership are the factors that create Destia's competitive advantages. In 2023, the company continued to develop its corporate culture and value-based leadership. The strategic development is structured into three development programmes: Forerunner in productivity, Sustainable leader and Growth builder.

EVENTS FOLLOWING THE FINANCIAL PERIOD

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

OUTLOOK FOR 2024

Finland's GDP is expected to grow moderately in 2024. The operating environment will still be driven by urbanisation as the consequence of digitalisation, climate change and the depletion of natural resources. Geopolitical tensions will continue in 2024 and the company must prepare for different scenarios. The exceptionally low predictability of the operating environment creates uncertainty with regard to the business outlook.

According to the January 2024 outlook, the total construction market in Finland will decline by an estimated 2.0 per cent in 2024. Correspondingly, the infrastructure construction market is expected to continue to decline in 2024 (estimate of The Confederation of Finnish Construction Industries RT: -1.5%). Stopping the increase in costs will not result in production growth. However, the investment outlook is improving in energy and industrial construction. Many cities are also carrying on with their urban development projects, rail transport development investments and the construction of related infrastructure. The tender volume for major projects will be at a record-high level of over EUR 2 billion in 2024 (EUR 1.3 billion in 2023).

In Sweden and Norway, the infrastructure construction markets are expected to remain at a high level in 2024.

Destia's measures related to the improvement of project management, the growth strategy in selected service areas, customer work and systematic preparation for various disruption provide the company with a good foundation for the continuous improvement of profitability in 2024.

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 18,436,113.15, which is proposed to be entered in the retained earnings account. Destia Oy's distributable assets total EUR 24,914,521.53.

Destia Oy's Board of Directors proposes to the Annual General Meeting that a dividend of EUR 12,500,000.00 be paid for the financial year that ended on 31 December 2023.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, IFRS

EUR,1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
REVENUE	2	**640,636**	**603,433**
Other operating income	4	2,655	3,515
Materials and services	3	-438,410	-418,322
Employee related expenses	7	-127,386	-117,660
Depreciation and impairment		-14,468	-15,417
Other operating expenses	4	-42,719	-38,037
OPERATING PROFIT		**20,308**	**17,511**
Financial income	9	1,132	124
Financial expenses	9	-1,273	-1,137
PROFIT BEFORE TAXES		**20,167**	**16,498**
Income taxes	10	-4,006	-3,357
RESULT FOR THE PERIOD		**16,160**	**13,141**
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)	19,26	90	-781
		90	**-781**
Items that may be subsequently reclassified to profit or loss			
Translation differences from foreign subsidiaries		-1	-3
Equity investments			
		-1	-3
Other comprehensive income net of tax		90	-784
COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**16,250**	**12,357**

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

CONSOLIDATED BALANCE SHEET, IFRS

EUR 1,000	Note	31.12.2023	31.12.2022
ASSETS			
Non-current assets			
Property, plant and equipment and right-of-use assets	11	58,349	58,866
Goodwill	12	19,596	19,596
Other intangible assets	14	2,129	1,996
Other investments	15	2,042	2,042
Deferred tax assets	19	1,094	1,148
Non-current assets, total		**83,210**	**83,649**
Current assets			
Inventory	16	22,388	16,152
Accounts and other receivables	17	72,330	94,676
Cash and cash equivalents	18	75,724	41,160
Current assets, total		**170,442**	**151,988**
ASSETS, TOTAL		**253,652**	**235,637**

EUR 1,000	Note	31.12.2023	31.12.2022
Equity attributable to equity holders of the parent company	20		
Share capital		17,000	17,000
Translation differences		-11	-10
Retained earnings		46,842	37,589
Equity attributable to equity holders of the parent company, total		**63,831**	**54,578**
Non-current liabilities			
Pension liabilities	26	6,037	7,194
Provisions	27	6,892	7,095
Lease liabilities	21	11,545	7,774
Other liabilities		3,482	3,132
Non-current liabilities, total		**27,957**	**25,195**
Current liabilities			
Accounts payable and other non-interest-bearing liabilities	24	148,714	144,731
Provisions	27	6,197	5,179
Lease liabilities	21	6,954	5,954
Current liabilities, total		**161,864**	**155,863**
EQUITY AND LIABILITIES, TOTAL		**253,652**	**235,637**

Deferred tax assets and liabilities, inventory and accounts and other receivables have been adjusted for the comparison year. Deferred tax assets and liabilities have been netted and advance payments related to inventory have been moved from other receivables to inventory.

CONSOLIDATED CASH FLOW STATEMENT, IFRS

EUR 1,000	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	663,125	607,704
Expenses paid to suppliers and personnel	-608,564	-561,369
Interest paid	-651	-270
Dividends received	1	1
Interest received	1,131	123
Other financial items	-697	-591
Tax paid	-3,810	-7,312
Net operating cash flow	**50,536**	**38,287**
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments in intangible and tangible assets	-3,402	-6,909
Sale of intangible and tangible assets	965	2,082
Net investment cash flow	**-2,438**	**-4,827**

EUR 1,000	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	-6,997	-17,000
Payments of lease liabilities (-)	-6,538	-6,690
Net financial cash flow	**-13,535**	**-23,690**
Change in cash and cash equivalents	34,563	9,770
Cash and cash equivalents at the beginning of the financial year	41,160	31,393
Effect of exchange rate changes	0	-3
Cash and cash equivalents at the end of the financial year	**75,724**	**41,160**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY, IFRS

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
EUR 1,000	Share capital	Translation differences	Retained earnings	Total
Equity 1 Jan 2023	17,000	-10	37,589	54,578
Comprehensive income				
Result for the period			16,160	16,160
Other comprehensive income:				
Translation differences		-1		-1
Items resulting from redefinition of the benefits-based net liability (or asset item)			90	90
Comprehensive income for the financial year, total		-1	16,251	16,250
Transactions with group companies				
Dividend distribution, Colas SA			-6,997	-6,997
Equity, total 31 Dec 2023	**17,000**	**-11**	**46,842**	**63,831**

	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT COMPANY			
EUR 1,000	Share capital	Translation differences	Retained earnings	Total
Equity 1 Jan 2022	17,000	-7	42,228	59,221
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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Basic information about Destia Group

Destia is a Finnish infrastructure and construction service company that designs, builds and maintains essential transport and energy infrastructure, such as electricity networks, bridges, roads and railways. It is therefore an important operator from the point of view of security of supply. In addition, our extensive service range covers telematics and lighting solutions, comprehensive services for electric and smart traffic and infrastructure management, as well as solutions to the developing needs of cities. The Group mainly operates in Finland.

The Group's parent company is Destia Oy. The parent company's domicile is in Helsinki, and its registered address is Firdonkatu 2 T 151, 00520 Helsinki. Destia Oy is 100% owned by Colas SA, which is part of the Bouygues Group.

A copy of the Consolidated Financial Statements is available at www.destia.fi or from Destia Oy's head office at Firdonkatu 2 T 151, 00520 Helsinki.

On 14 February 2024, 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

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 2023. IFRS refers to the accounting 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. The Consolidated Financial Statements are presented in thousands of euros.

Preparing the Consolidated Financial Statements in accordance with IFRS accounting standards 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 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 are deducted from the present value of the pension obligation to be recognized in the balance sheet.

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 assets and deferred tax liabilities are netted, when the Group has the legal right to net the income tax receivables and income tax liabilities and when the deferred tax receivables and deferred tax liabilities are related to income taxes collected by the same tax collector.

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, defined benefit pension plans, provisions and the measurement of derivative contracts at fair value.

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.

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 material and services. In the balance sheet, these commodity risk derivatives are presented based on their maturity in current receivables or liabilities as current hedging instruments are short-term. The fair values for hedging instruments and changes in them are presented in note 28. 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, as well as 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 working consortiums. 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 accounting standards applied in the past financial period

In its Financial Statements, Destia Group has applied standards effective on 31 December 2023.

The consolidated financial statements have been prepared following the same principles as in 2022, except for the following new standards, interpretations, and amendments to existing standards, which the Group has applied starting 1 January 2023. The new and amended standards presented below did not have material impact on Destia Group's Consolidated Financial Statements.

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.

New and amended accounting 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 1 Classification of liabilities as current or non-current:

According to IAS 1, to classify a liability as non-current, an entity must have the right to defer settlement of the liability for at least twelve months after the reporting period. The amendments introduce additional disclosure requirements on loans which contain covenants. The amendments shall be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Effective date 1 January 2024.

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. The amendments specify that, in measuring the lease liability subsequent to the sale and leaseback, the seller-lessee determines 'lease payments' and 'revised lease payments' in a way that does not result in the seller-lessee recognizing any amount of the gain or loss that relates to the right of use that it retains. This could particularly impact sale and leaseback transactions where the lease payments include variable payments that do not depend on an index or a rate. Effective date 1 January 2024.

Amendments to IAS 7 and IFRS 7 Supplier finance arrangements:

The IASB has issued new disclosure requirements about supplier financing arrangements ('SFAs'), after feedback to an IFRS Interpretations Committee agenda decision highlighted that the information required by IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures falls short of meeting user information needs. The objective of the new disclosures is to provide information about SFAs that enable investors to assess the effects on an entity's liabilities, cash flows and the exposure to liquidity risk. Effective date 1 January 2024 (not yet endorsed in 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	2023	2022
Revenue from customer contracts		
Other revenue	47,674	56,944
Projects	592,963	546,489
Revenue, total	**640,636**	**603,433**

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	2023	2022
Timing of the revenue recognition, at point in time	18,546	20,052
Timing of the revenue recognition, over the time	622,090	583,381
Timing of the revenue recognition, total	**640,636**	**603,433**
Transaction price allocated to the remaining obligation		
Transaction price allocated to the remaining obligation, within one year	314,324	374,590
Transaction price allocated to the remaining obligation, within 2-3 years	241,935	211,219
Transaction price allocated to the remaining obligation, after three years	78,470	77,346
Transaction price allocated to the remaining obligation, total	**634,729**	**663,156**
Contract assets and liabilities		
Contract assets, accrued income	22,705	24,021
Contract liabilities, prepayments	40,085	42,658

Changes in contract assets and liabilities EUR 1,000	**2023** **Assets**	**Liabilities**
Changes through projects started during the period (ongoing at the end of the financial period)	5,973	16,958
Changes through projects ended during the period (ongoing at the start of the financial period)	-11,577	-19,285
Changes through projects ongoing at the start and at the end of the financial period	4,289	-246

Changes in contract assets and liabilities EUR 1,000	**2022** **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

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 17. Accounts and other receivables.

3. MATERIALS AND SERVICES

EUR 1,000	2023	2022
Purchases during the financial year	131,851	127,882
Change in inventory	-1,879	-2,769
External services	308,438	293,209
Materials and services, total	**438,410**	**418,322**

4. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2023	2022
Profits from the sale of tangible and intangible assets	738	1,602
Rental income	405	423
Insurance and other indemnities received	806	1,051
Other income	706	439
Other operating income, total	**2,655**	**3,515**
Voluntary personnel expenses	6,378	5,417
Travel expenses	12,882	11,608
IT-expenses	8,865	8,675
External services	6,450	3,771
Credit losses	-32	54
Expenses relating to real estate	2,222	1,886
Other fixed expenses	5,955	6,625
Other operating expenses, total	**42,719**	**38,037**
Auditor's expenses		
Audit fees	154	143
Other services	90	55
Auditor's expenses, total	**244**	**198**

5. INCOME AND EXPENSES RELATED TO LEASE AGREEMENTS

EUR 1,000	2023	2022
Other operating income		
Income from lease agreements	405	423
Depreciation		
Depreciation of right-of-use assets	6,690	6,704
Expenses on lease agreements		
Expenses on short term lease agreements	10,815	8,025
Expenses on lease agreements with an underlying asset with a low value	4,916	5,080
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 expense		
Interest expense on lease agreements	540	227

Outgoing cash flows arising from leases is provided in Note 21. Interest-bearing financial liabilities and maturity distribution for lease liabilities in Note 28. Financial risk management.

6. IMPAIRMENTS

No material impairments were recognised in 2023 and 2022. Goodwill impairment tests are covered in Note 13 Impairment tests.

7. EMPLOYEE BENEFITS

EUR 1,000	2023	2022
Wages and salaries	105,922	97,474
Pension expenses	17,596	16,721
Other personnel-related expenses	3,868	3,466
Employee related expenses, total	**127,386**	**117,660**

Information about defined benefit pension arrangements is provided in Note 26. Pension obligations. Information about employee benefits to the management is provided in Note 30. Related party transactions.

Average personnel	2023	2022
Blue-collar employees	659	628
White-collar employees	1,085	1,047
Average personnel, total	**1,744**	**1,675**
Personnel at the end of the financial year	**1,700**	**1,639**

8. RESEARCH AND DEVELOPMENT EXPENSES

The total expenses relating to the Group´s research and development activities in 2023 were EUR 1.0 million (EUR 1.1 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	2023	2022
Financial income		
Dividend income from other investments	1	1
Income from assets at amortised cost	1,131	123
Total	**1,132**	**124**
Financial expenses		
Expenses from liabilities at amortised cost	111	42
Interest expense on lease agreements	540	227
Value change on financial liabilities measured at fair value through profit or loss		277
Other financial expenses	622	591
Total	**1,273**	**1,137**
Financial income and expenses, total	**-141**	**-1,014**

Information about financing is provided in Note 28. Financial risk management. Commodity derivatives has previously been reported as part of financial items on the row Value change on financial liabilities measured at fair value through profit or loss, but moved to be included in operating income on row Purchases during the financial year in 2023. The change in fair value was EUR -277 thousand in 2022 and EUR +45 thousand in 2023.

10. INCOME TAXES

EUR 1,000	2023	2022
Tax based on taxable income for the period	3,988	3,455
Taxes from previous periods	-14	68
Deferred taxes	32	-167
Income taxes, total	**4,006**	**3,357**

Comprehensive income items include EUR 23 thousand of deferred tax income from defined benefit pension arrangements (EUR 195 thousand).

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

	2023	2022
Result before taxes	**20,167**	**16,498**
Taxes calculated using domestic tax rate	4,033	3,300
Different tax rates for foreign subsidiaries	0	-3
Tax effect of tax-free items	-16	-12
Tax effect of non-deductible items	50	32
Deductible items (not included in the accounting profit)	-47	-28
Taxes from previous periods	-14	68
Income taxes, total	**4,006**	**3,357**

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

EUR 1,000	
Tangible assets	40,128
Right-of-use assets	18,221
Carrying amount 31 Dec 2023	**58,349**

	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Advance payments and construction in progress	Total
Acquisition cost 1 Jan 2023	1,629	6,862	91,874	27,479		127,845
Additions		3	1,869	343	90	2,304
Deductions	-36	-9	-2,005	-277		-2,327
Transfers between items			90		-90	0
Acquisition cost on 31 Dec 2023	1,593	6,856	91,828	27,545		127,822
Accumulated depreciation on 1 Jan 2023		-4,956	-64,681	-12,859		-82,496
Accrued depreciation for deductions and transfers		9	1,814	0		1,823
Depreciation for the period		-196	-5,967	-858		-7,021
Accumulated depreciation on 31 Dec 2023		-5,143	-68,834	-13,717		-87,694
Carrying amount 31 Dec 2023	**1,593**	**1,713**	**22,994**	**13,828**		**40,128**

Right-of-use assets	Land and water areas	Buildings and structures	Machinery and equipment	Total
Acquisition cost 1 Jan 2023	107	5,738	7,671	13,517
Changes during the period	44	5,102	6,249	11,394
Depreciation for the period	-85	-3,098	-3,507	-6,690
Carrying amount 31 Dec 2023	**67**	**7,742**	**10,413**	**18,221**

2022

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	-5,138	-4,940		-10,377
Transfers between items	3		3,169		-3,748	-575
Acquisition cost on 31 Dec 2022	1,629	6,862	91,874	27,479		127,845
Accumulated depreciation on 1 Jan 2022		-4,899	-63,095	-14,470		-82,464
Accrued depreciation for deductions and transfers		182	5,019	2,665		7,866
Depreciation for the period		-238	-6,605	-1,054		-7,897
Accumulated depreciation on 31 Dec 2022		-4,956	-64,681	-12,859		-82,496
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
Additions	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**

12. GOODWILL

EUR 1,000	2023	2022
Acquisition cost 1 Jan	19,596	19,596
Acquisition cost 31 Dec	19,596	19,596
Carrying amount 31 Dec	**19,596**	**19,596**

No acquisitions in 2023 or 2022 so goodwill remained unchanged.

13. IMPAIRMENT TESTS

EUR million	31.12.2023	31.12.2022
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.

EUR million	31.12.2023	31.12.2022
Allocation of Goodwill to cash-generating units:		
Road and Consulting Services	3.2	3.2
Maintenance Services	3.1	3.1
Rail and Urban Services	10.2	10.2
Energy and Industrial Services	3.1	3.1
Total	**19.6**	**19.6**

In 2023, the operations of the Urban Development and Design Services division were divided into the other divisions and the goodwill previously allocated to Urban Development and Design Services was reallocated also for the comparison period.

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 2023 and the strategy approved by the Board of Directors for the years 2024–2026. The cash flows for future financial years were extrapolated using a terminal growth rate of 1%, which reflects both the expected average growth rate and the effect of inflation (2%). 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 2023: 10.1% (9.6%).

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.

14. OTHER INTANGIBLE ASSETS

EUR 1,000	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2023	978	7,942	232	9,152
Additions		79	810	890
Deductions		-147		-147
Transfers between items		969	-969	
Acquisition cost on 31 Dec 2023	978	8,843	74	9,895
Accumulated amortisation on 1 Jan 2023	-894	-6,262		-7,156
Accrued amortisation for deductions		147		147
Transfers between items				
Amortisation for the period	-77	-680		-757
Accumulated amortisation on 31 Dec 2023	-971	-6,795		-7,766
Carrying amount 31 Dec 2023	**7**	**2,048**	**74**	**2,129**

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**

* IT systems transferred between intangible rights and other long-term expenses

15. OTHER INVESTMENTS

EUR 1,000	2023 Other investments	2023 Other receivables	2022 Other investments	2022 Other receivables
Acquisition cost 1 Jan	2,004	38	2,004	38
Acquisition cost 31 Dec	2,004	38	2,004	38
Carrying amount 31 Dec	**2,004**	**38**	**2,004**	**38**

16. INVENTORY

EUR 1,000	2023	2022
Materials and supplies	16,861	14,982
Advance payments	5,527	1,170
Inventory, total	**22,388**	**16,152**

Advance payments related to inventory have been moved from other receivables and comparison year adjusted accordingly.

17. ACCOUNTS AND OTHER RECEIVABLES

EUR 1,000	2023	2022
Accounts receivables	40,449	63,755
Other receivables	2,066	1,475
Derivative receivables		3
Contract assets, accrued income	22,704	23,999
Other accrued income	7,112	5,443
Accounts and other receivables, total	**72,330**	**94,676**

Contract assets and liabilities are described in Note 2. Revenue. The most significant other accrued income items consist of sales allocations EUR 6,427 thousand (EUR 5,018 thousand). Advance payments related to inventory have been moved from other receivables and comparison year adjusted accordingly.

Expected credit losses and age distribution of accounts receivables

EUR 1,000	2023	Impairment loss reservation	Expected credit losses, %	Net 2023	2022	Impairment loss reservation	Expected credit losses, %	Net 2022
Contract assets	22,705	-2	0,01	22,704	24,021	-21	0,1	23,999
Accounts receivables	40,454	-5		40,449	63,812	-57		63,755
Not past due	37,540	-3	0,01	37,538	57,807			57,807
Due								
Less than 30 days	2,853	-1	0,04	2,852	5,622	-23	0,4	5,599
30-60 days	34	0	1,00	33	108	-17	15,9	91
61-90 days	18	-1	4,20	17	20	-11	56,3	9
More than 90 days	9	-1	6,76	9	255	-6	2,2	249
Accounts receivables, total	**40,454**	**-5**		**40,449**	**63,812**	**-57**		**63,755**
Impairment loss reservation, total		**-7**				**-78**		

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 28. Financial risk management.

The Group has recorded credit losses from accounts receivables of EUR -32 thousand (EUR 54 thousand). As definitive credit losses the Group has recorded in total EUR 40 thousand and as a change of impairment loss reservation for accounts receivables and contract assets in total EUR -71 thousand (EUR 43 thousand and EUR 11 thousand).

EUR 1,000	2023	2022
Impairment loss reservation 1.1.	78	67
Increase in provisions		78
Expensed provisions	-40	-43
Reversals of unused provisions	-32	-24
Impairment loss reservation 31.12.	**7**	**78**

18. CASH AND CASH EQUIVALENTS

EUR 1,000	2023	2022
Cash in hand and at banks	75,724	41,160
Cash and cash equivalents, total	**75,724**	**41,160**

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.

19. DEFERRED TAX ASSETS AND LIABILITIES

Movement in deferred tax assets 2023

EUR 1,000	1 Jan 2023	In income statement	In other comprehensive income	31 Dec 2023
Pension benefits	1,439	-209	-23	1,207
Provisions	1,292	37		1,329
Other allocation differences	95	-12		83
Netting of deferred tax	-1,678	152		-1,525
Total	**1,148**	**-32**	**-23**	**1,094**
Tax losses carried forward for which deferred tax assets have not been recorded				1,307

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

Movement in deferred tax liabilities 2023

EUR 1,000	1 Jan 2023	In income statement	In other comprehensive income	31 Dec 2023
Depreciation differences	1,665	-150		1,515
Other allocation differences	13	-2		10
Netting of deferred tax	-1,678	152		-1,525
Total	**0**	**0**		**0**

Movement in deferred tax assets 2022

EUR 1,000	1 Jan 2022	In income statement	In other comprehensive income	31 Dec 2022
Pension benefits	1,247	-3	195	1,439
Provisions	1,064	229		1,292
Other allocation differences	46	49		95
Netting of deferred tax	-1,569	-108		-1,678
Total	**787**	**167**	**195**	**1,148**
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	In other comprehensive income	31 Dec 2022
Depreciation differences	1,515	149		1,665
Other allocation differences	54	-41		13
Netting of deferred tax	-1,569	-108		-1,678
Total	**0**	**0**		**0**

20. EQUITY

EUR 1,000	Number of shares	Share capital	Translation differences
1 Jan 2023	680,000	17,000	-10
Translation differences			-1
31 Dec 2023	**680,000**	**17,000**	**-11**

EUR 1,000	Number of shares	Share capital	Translation differences
1 Jan 2022	680,000	17,000	-7
Translation differences			-3
31 Dec 2022	**680,000**	**17,000**	**-10**

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

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

21. INTEREST-BEARING FINANCIAL LIABILITIES

EUR 1,000	2023	2022
Lease liabilities	11,545	7,774
Non-current interest-bearing financial liabilities, total	**11,545**	**7,774**
Lease liabilities	6,954	5,954
Current interest-bearing financial liabilities, total	**6,954**	**5,954**
Total cash outflow from leases	**22,481**	**19,094**

To secure liquidity, Destia has entered into long-term committed revolving credit facility arrangements of EUR 45 million in total with banks. In accordance with the amendment agreement entered into in November 2021, the financial limit agreement of EUR 30 million expires in November 2024 and the new agreement of EUR 15 million signed in December 2023 expires in December 2026. 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.

22. 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 2023	Cash flows	Non-Cash flow effect	31 Dec 2023
Lease liabilities	13,728	-6,538	11,309	18,499
Total	**13,728**	**-6,538**	**11,309**	**18,499**

Changes in interest-bearing financial liabilities (IAS 7) EUR 1,000	1 Jan 2022	Cash flows	Non-Cash flow effect	31.12.2022
Lease liabilities	13,066	-6,690	7,351	13,728
Total	**13,066**	**-6,690**	**7,351**	**13,728**

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

EUR 1,000	2023	2022	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			level 2
Assets at amortised cost			
Accounts receivables and other receivables	42,515	66,404	
Cash and cash equivalents	75,724	41,160	
Financial liabilities			
Financial liabilities measured at fair value through profit or loss			
Other derivatives, no hedge accounting	101	223	level 2
Liabilities at amortised cost			
Lease liabilities, interest-bearing	18,499	13,728	
Accounts payable, prepayments and other liabilities	42,379	46,480	

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.

At level two, the determination of fair values is based on quoted market rates and prices, as well as discounted cash flows. Prices can also be based on secondary market prices of similar instruments.

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

EUR 1,000	2023	2022
Accounts payable	42,379	46,480
Contract liabilities, prepayments	40,085	42,658
Other prepayments	460	539
Other liabilities	18,576	14,826
Tax liabilities based on the taxable income of the financial year	353	183
Derivative liabilities	101	223
Accrued liabilities	46,759	39,822
Accounts payable and other non-interest-bearing liabilities, total	**148,714**	**144,731**

The most significant items in accrued expenses are personnel expenses of EUR 30,482 thousand (EUR 30,433 thousand) and accruals for project completion expenses EUR 8,603 thousand (EUR 2,442 thousand).

25. LONG-TERM INCENTIVE SCHEMES

The Group has three management long-term incentive schemes, for years 2021-2023, 2022-2024 and for years 2023-2025. 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 2021-2023 covers 51 persons, the scheme for 2022-2024 covers 57 persons and the scheme for 2023-2025 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.

26. 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	2023	2022
Expenses based on work performance during the period	0	0
Net interest	225	72
Costs in the income statement	**225**	**72**
Items resulting from redefinition	-113	976
Costs in the comprehensive income statement before taxes	**112**	**1,048**
Present value of obligation	22,932	24,905
Fair value of assets included in the arrangement	-16,895	-17,712
Net liability/asset on the balance sheet (-) 31 Dec	**6,037**	**7,194**
Present value of the obligation at the beginning of the period	**24,905**	**29,734**
Expenses based on work performance during the period	0	0
Interest expense	821	333
Actuarial profit (-)/loss (+)		
from changes in financial assumptions	-2,436	-5,043
from changes in demographic assumptions	76	-82
from experience-based changes	1,024	1,374
Fulfilling an obligation		
Benefits paid	-1,458	-1,411
Company arrangements		
Present value of the obligation 31 Dec	**22,932**	**24,905**

EUR 1,000	2023	2022
Fair value of assets included in the arrangement at the beginning of the period	**17,712**	**23,501**
Interest yield	597	262
Yield of assets included in the arrangement excluding item belonging to interest expenditure/yield	-1,224	-4,726
Fulfilling obligations		
Benefits paid	-1,458	-1,411
Company arrangements	1,269	86
Fair value of assets included in the arrangement 31 Dec	**16,895**	**17,712**
Liabilities on the balance sheet at the beginning of the period	**7,194**	**6,233**
Costs in the income statement	225	72
Payments made to arrangement	-1,269	-86
Redefinitions in items of other comprehensive income	-113	976
Liabilities on the balance sheet 31 Dec	**6,037**	**7,194**
Actuarial assumptions		
Discounting interest rate, %	3,94%	3,40%
Pay rises, %	2,00%	2,00%
Pension rises, %	2,65%	2,84%
Sensitivity analysis		
The table below shows the effects on net liability of changes in assumptions		
Discounting interest rate change +0.50%	-300	-384
Discounting interest rate change -0.50%	328	421
Change in pension rises +0.50%	1,251	1,455
Change in pension rises -0.50%	-1,186	-1,375

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 2024.

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.

27. PROVISIONS

EUR 1,000	Guarantee provisions	Environ-mental provisions	Other provisions	Total
1 Jan 2023	2,205	6,719	3,350	12,274
Increase in provisions	1,790	17	2,481	4,288
Expensed provisions	-369	-130	-1,315	-1,814
Reversals of unused provisions	-328	-163	-975	-1,467
Effect of time value on provisions		-193		-193
31 Dec 2023	**3,298**	**6,249**	**3,542**	**13,089**

EUR 1,000	2023	2022
Non-current provisions	6,892	7,095
Current provisions	6,197	5,179
Provisions, total	**13,089**	**12,274**

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 3.39% (2.76%) and inflation factor 2.10% (2.20%).

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

Other provisions

Other provisions include dispute and litigation provisions of EUR 2.9 million (EUR 2.4 million), provisions for onerous contracts EUR 0.3 million (EUR 0.9 million) and provision related to damage in salt inventory of EUR 0.2 million.

28. 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 17. 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 21. 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 2023**	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	18,499	-20,680	-7,235	-5,348	-3,893	-2,337	-1,867
Accounts payable and other liabilities	42,379	-42,379	-42,379				
Total	**60,878**	**-63,059**	**-49,615**	**-5,348**	**-3,893**	**-2,337**	**-1,867**
Maturity distribution of derivative liabilities							
Commodity derivatives	101	-101	-101				
Total	**101**	**-101**	**-101**				

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	46,480	-46,480	-46,480				
Total	**60,208**	**-61,441**	**-52,698**	**-4,008**	**-2,683**	**-1,238**	**-814**
Maturity distribution of derivative liabilities							
Commodity derivatives	**223**	**-223**	**-223**				
Total	**223**	**-223**	**-223**				

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 as commodity swaps. At the end of the financial period the hedging rate for diesel was 33% from average yearly purchases. At balance sheet date the nominal value of hedging was EUR 980 thousand (EUR 1,209 thousand) and the fair value EUR -101 thousand (EUR -146 thousand).

The impact of diesel price changes on the Group's profit after taxes is estimated to be approximately +-221 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 and 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	2023	2022
Equity	63,831	54,578
Balance sheet total	253,652	237,315
Advances received	40,545	43,197
Equity ratio	30,0,%	28,1,%

29. CONTINGENT LIABILITIES AND ASSETS

EUR 1,000	2023	2022
Guarantees and contingent liabilities		
Counter Obligations of bank guarantees related to contractual agreements	122,961	94,973

The Group is committed to a lease contracts relating to machinery and equipment and buildings and structures. Contracts will start during 2024 and the duration of the contracts is from three to five years and the resulting liability is EUR 2,035 thousand. In addition the Group has purchase commitments related to machinery and equipment of EUR 4,000 thousands in total.

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.

30. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiaries and 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 3.1 million, Colas Digital solutions EUR 1.1 million, Elektoline EUR 0.8 million and Colas Danmark AS EUR 0.1 million. Sales to related parties during the financial period were EUR 0.1 million to Technologies nouvelles. Destia Oy paid Colas SA dividends of EUR 7.0 million. In addition, at balance sheet date, there were EUR 55.9 million short-term deposits given to Colas SA.

The President and CEO and members of the extended Management Team belong to the management long-term incentive scheme, described in Note 25. Long-term incentive schemes.

The Group´s parent company and subsidiary relations in the year 2023 were as follows:

Company	City	Country	Group´s share of ownership and votes %	Parent company´s share of ownership and votes %
31 Dec 2023				
Destia Oy, parent company	Helsinki	Finland	100	100
Destia Oy, subsidiaries				
Destia Eesti OÜ		Estonia	100	100
Destia AS		Norway	100	100
Destia Rail Oy	Helsinki	Finland	100	100
Destia Sverige AB		Sweden	100	100
Destia International Oy	Helsinki	Finland	100	100
Destia International Oy, subsidiaries				
Destia Nesta Oy	Helsinki	Finland	100	100
Zetasora Oy	Helsinki	Finland	100	100
Finnroad Oy	Helsinki	Finland	100	100

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.
The subsidiaries Destia Nesta Oy and Zetasora Oy will be merged into Destia International Oy and Finnroad merged into Destia Oy in 2024.

Management´s employee benefits:

EUR 1,000	2023	2022
Salaries and other short-term employee benefits	2,836	3,277
Other long-term employee benefits	1,090	1,006
The amounts include extended management group, which has been put into service during 2022.		
Salaries and remuneration:		
President & CEO	914	1,321
Remuneration:		
Members of the Board of Directors		

No remuneration has been paid to members of the Board or Supervisory Board during financial period 2023.

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

31. EVENTS AFTER THE END OF THE REPORTING PERIOD

Nothing to report.

GROUP’S KEY FIGURES 2019-2023, IFRS

EUR million	2023	2022	2021	2020	2019
Revenue	640.6	603.4	574.8	563.8	569.9
Change from previous year, %	6.2	5.0	2.0	-1.1	3.6
Operating profit for the period	20.3	17.5	21.1	14.7	13.5
% of revenue	3.2	2.9	3.7	2.6	2.4
Operating profit for the period, comparable **)	23.6	20.0	21.5	16.2	11.4
% of revenue	3.7	3.3	3.7	2.9	2.0
Result for the period	16.2	13.1	17.4	15.7	15.1
% of revenue	2.5	2.2	3.0	2.8	2.7
EBITDA 1)	38.1	35.4	37.0	32.3	26.6
% of revenue	5.9	5.9	6.4	5.7	4.7
Gross investments	14.6	14.2	15.3	13.9	15.3
% of revenue	2.3	2.4	2.7	2.5	2.7
Balance sheet total	253.7	235.6	224.5	259.6	258.9
Equity	63.8	54.6	59.2	70.8	71.6
Equity ratio, % 2)*	30.0	28.4	32.1	32.5	31.9
Net gearing (Gearing), % 3)	-89.7	-50.3	-30.9	-21.8	18.7
Interest-bearing liabilities	18.5	13.7	13.1	24.9	37.7
Return on equity, % 4)	27.3	23.1	26.8	22.0	21.5
Return on investment, % 5)	28.5	25.1	26.8	15.8	16.2
Equity per share, EUR	93.82	80.26	87.09	104.14	105.26
Personnel, average	1,744	1,675	1,647	1,691	1,701
Occupational accidents resulting in absence from work	6.3	6.1	6.5	13.1	5.6
Order backlog at the end of the reporting period	634.7	663.2	754.7	708.6	763.6
Research and development expenses	1.0	1.1	1.2	1.3	1.3
% of other operating expenses	2.4	3.0	3.1	3.7	3.2

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)

*) Deferred tax assets and deferred tax liabilities were offset for the first time in the financial statements for 2023. The key figures for 2022–2019 have been adjusted for comparability

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

INCOME STATEMENT, DESTIA OY, FAS

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
REVENUE	2	**560,774**	**519,533**
Other operating income	3	**10,151**	**7,646**
MATERIALS AND SERVICES			
MATERIALS, SUPPLIES, GOODS			
Purchases during the financial year		-125,485	-114,614
Change in inventory		1,746	2,769
External services		-277,024	-262,356
Materials and services, total		**-400,762**	**-374,201**
Employee related expenses			
Wages and salaries		-82,977	-75,147
Personnel costs			
Pension expenses		-14,456	-12,802
Other personnel-related expenses		-3,049	-2,677
Employee related expenses, total		**-100,482**	**-90,626**
Depreciation and impairment			
Depreciation according to plan		-7,429	-8,501
Depreciation and impairment, total		**-7,429**	**-8,501**
Other operating expenses	3	**-43,425**	**-40,074**
OPERATING PROFIT (-LOSS)		**18,826**	**13,776**

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
FINANCIAL INCOME AND EXPENSES			
Financial income and expenses	4	2,725	-1,332
Financial income and expenses, total		**2,725**	**-1,332**
PROFIT BEFORE APPROPRIATIONS AND TAXES		21,551	12,444
APPROPRIATIONS			
Change in depreciation difference		749	-754
Group contributions received		4	15
Group contributions granted		-6	
Total appropriations		**746**	**-739**
Income taxes	5	**-3,861**	**-2,519**
PROFIT (LOSS) FOR THE PERIOD		**18,436**	**9,186**

BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	Note	31.12.2023	31.12.2022
ASSETS			
NON-CURRENT ASSETS			
INTANGIBLE ASSETS	6		
Intangible rights		7	19
Other intangible assets		2,048	1,681
Advance payments and construction in progress		74	232
Intangible assets, total		**2,129**	**1,932**
TANGIBLE ASSETS	7		
Land and water areas		1,593	1,629
Buildings and structures		1,713	1,907
Machinery and equipment		22,994	27,193
Other tangible assets		10,683	11,013
Tangible assets, total		**36,983**	**41,742**
OTHER INVESTMENTS	8		
Investments in group companies		7,476	7,471
Receivables from group companies		100	100
Other shares and investments		2,003	2,003
Other receivables		38	38
Other investments, total		**9,616**	**9,612**
NON-CURRENT ASSETS		**48,728**	**53,286**

EUR 1,000	Note	31.12.2023	31.12.2022
CURRENT ASSETS			
INVENTORY			
Materials and supplies		16,728	14,982
Advance payments		5,527	1,170
Inventory, total		**22,255**	**16,152**
RECEIVABLES			
Accounts receivables		33,464	55,208
Receivables from group companies	9	894	457
Deferred tax assets	12	1,233	1,192
Other receivables		1,738	1,343
Accrued income	9	25,745	24,567
Receivables, total		**63,075**	**82,767**
Cash and cash equivalents		**70,998**	**35,502**
CURRENT ASSETS		**156,328**	**134,422**
ASSETS		**205,056**	**187,708**

Inventory and accounts and other receivables have been adjusted for the comparison year. Advance payments related to inventory have been moved from other receivables to inventory.

BALANCE SHEET, DESTIA OY, FAS

EUR 1,000	Note	31.12.2023	31.12.2022
EQUITY AND LIABILITIES			
EQUITY	10		
Share capital		17,000	17,000
Retained earnings		6,478	4,290
Profit/loss for the period		18,436	9,186
Equity, total		**41,915**	**30,476**
APPROPRIATIONS			
Depreciation difference		**7,575**	**8,323**
MANDATORY PROVISIONS	11	**9,313**	**8,057**
LIABILITIES			
LONG TERM LIABILITIES			
Accrued liabilities		3,181	2,832
Long term liabilities, total		**3,181**	**2,832**
SHORT TERM LIABILITIES			
Prepayments received		40,424	43,197
Trade payables		36,832	42,265
Liabilities to group companies	13	10,836	7,299
Other liabilities		15,166	12,383
Accrued expenses	13	39,816	32,875
Short term liabilities, total		**143,073**	**138,019**
LIABILITIES		**146,254**	**140,852**
EQUITY AND LIABILITIES TOTAL		**205,056**	**187,708**

CASH FLOW STATEMENT, DESTIA OY, FAS

EUR 1,000	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
CASH FLOW FROM OPERATING ACTIVITIES		
Cash receipts from customers	587,374	525,669
Cash paid to suppliers of goods/services and to personnel	-544,673	-493,442
Net cash flow before financial items and taxes	**42,701**	**32,227**
Interest paid on operating activities	-262	-55
Dividends received on operating activities	1	0
Interest received on operating activities	1,031	105
Other financial items from operating activities	-670	-571
Tax paid on operating activities	-3,419	-6,721
Net cash flows from operating activities	**39,382**	**24,985**
CASH FLOWS FROM INVESTMENTS		
Investments in intangible and tangible assets	-3,402	-6,909
Sale of intangible and tangible assets	965	2,082
Acquisition of shares in subsidiaries	-4	0
Repayments of intra-Group loan receivables	38	0
Net cash flows from investments	**-2,404**	**-4,827**

EUR 1,000	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term intra-Group financing	9,000	5,000
Decrease in short-term intra-Group financing	-3,500	-1,000
Dividends paid	-6,997	-17,000
Group contribution paid and received	15	-114
Net cash flows from financing activities	**-1,482**	**-13,114**
Change in cash and cash equivalents	**35,496**	**7,043**
Cash and cash equivalents at the end of the financial period	70,998	35,502
Cash and cash equivalents 1.1.	35,502	28,459
	35,496	**7,043**

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. Destia Oy is parent company of Destia Group.

Destia Oy's Financial Statements for financial period 1st January to 31st December 2023 and comparison period 1st January to 31st December 2022 have been prepared in accordance with the Finnish accounting legislation.

1. NOTES TO THE PRESENTATION OF THE FINANCIAL STATEMENTS

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 2023.

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 non-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
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 and recognized in the income statement in purchases during the financial year.
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.

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	5-33.3%	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	2023	2022
BREAKDOWN OF REVENUE		
Revenue by stage of completion	512,460	459,266
Other revenue	48,314	60,267
Revenue, total	**560,774**	**519,533**
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.	**873,190**	**960,569**
Amount not recorded as income from long-term projects	**495,369**	**540,326**
Change in mandatory provisions for long-term projects	**-561**	**-588**

EUR 1,000	2023	2022
OTHER OPERATING EXPENSES, TOTAL		
Rental expenses	5,094	5,210
Voluntary personnel expenses	6,207	5,158
Travel expenses	9,623	8,621
Telecommunications and IT-expenses	9,977	9,700
Other expenses	12,525	11,384
Other operating expenses, total	**43,425**	**40,074**
Auditor's expenses		
Audit fees	123	106
Assignments referred to in § 1.1,2 of the Audit Act	15	
Other services	71	55
Auditor's expenses, total	**208**	**161**

3. OTHER OPERATING INCOME AND EXPENSES

EUR 1,000	2023	2022
OTHER OPERATING INCOME		
Profit from the sale of tangible and intangible assets	738	1,602
Income from group companies	7,656	4,193
Insurance indemnities and damages received	777	996
Rental and other income	980	855
Other operating income, total	**10,151**	**7,646**
Average personnel	**1,309**	**1,259**

NOTES TO INCOME STATEMENT, DESTIA OY, FAS

4. FINANCIAL INCOME AND EXPENSES

EUR 1,000	2023	2022
FINANCIAL INCOME AND EXPENSES		
Intra group dividend gains	2,900	
Dividend yield from others	1	0
Other interest and financial income from intra group	1	1
Other interest and financial income from others	1,031	105
Impairment of non-current assets investments		-584
Interest and other financial expenses from intra group	-432	-243
Interest and other financial expenses from others	-776	-611
Financial income and expenses, total	**2,725**	**-1,332**

5. INCOME TAXES

EUR 1,000	2023	2022
INCOME TAX		
Taxes for the period	3,915	2,725
Taxes related to previous periods	-13	68
Change in deferred taxes	-40	-274
Income taxes, total	**3,861**	**2,519**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

6. INTANGIBLE ASSETS

Non-current assets

Intangible assets

EUR 1,000	Intangible rights	Other intangible assets	Advance payments	Total
Acquisition cost 1 Jan 2023	92	7,942	232	8,266
Additions		79	810	890
Disposals		-147		-147
Transfers between items		969	-969	
Acquisition cost on 31 Dec 2023	92	8,843	74	9,009
Accumulated amortisation on 1 Jan 2023	-73	-6,262		-6,334
Accrued amortisation for deductions and transfers		147		147
Amortisation for the period	-12	-680		-692
Transfers between items				
Accumulated amortisation on 31 Dec 2023	-85	-6,795		-6,880
Carrying amount 31 Dec 2023	**7**	**2,048**	**74**	**2,129**

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 systems transferred between intangible rights and other long-term expenses

NOTES TO BALANCE SHEET, DESTIA OY, FAS

7. 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 2023	1,629	6,812	89,140	20,934		118,514
Additions		3	1,869	343	90	2,304
Deductions	-36	-9	-2,005	-99		-2,149
Transfers between items			90		-90	
Acquisition cost on 31 Dec 2023	1,593	6,805	89,094	21,177		118,669
Accumulated depreciation on 1 Jan 2023		-4,905	-61,946	-9,921		-76,772
Accrued depreciation for deductions		9	1,814			1,823
Depreciation for the period		-196	-5,967	-574		-6,737
Accumulated depreciation on 31 Dec 2023		-5,092	-66,100	-10,495		-81,686
Carrying amount 31 Dec 2023	**1,593**	**1,713**	**22,994**	**10,683**		**36,983**

Carrying amount for production machinery and equipment 31 Dec	**22,629**

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 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		**26,913**				

NOTES TO BALANCE SHEET, DESTIA OY, FAS

8. INVESTMENTS

EUR 1,000	Investments in group companies	Other receivables
Acquisition cost 1 Jan 2023	8,055	38
Additions	4	
Acquisition cost 31 Dec 2023	8,060	38
Accumulated impairment losses 1 Jan 2023	-584	
Accumulated impairment losses 31 Dec 2023	-584	
Carrying amount 31 Dec 2023	**7,476**	**38**

EUR 1,000	Investments in group companies	Other receivables
Acquisition cost 1 Jan 2022	8,055	38
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	2023	2022
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%
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	2,003
Other investments carrying amount 31 Dec	**2,003**	**2,003**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

9. SALES RECEIVABLES AND OTHER RECEIVABLES

EUR 1,000	2023	2022
RECEIVABLES AND ADVANCES RECEIVED FROM PERCENTAGE-OF-COMPLETION PROJECTS		
Receivables (recognised more revenue than invoiced)	18,773	19,542
Advances received (invoiced more than revenue recognised)	39,963	42,658
Short term receivables from group companies		
Sales receivables	839	184
Loan receivables		38
Group contribution receivables	4	15
Other accrued income	51	220
Short term receivables from group companies, total	**894**	**457**
Material items related to accrued income		
Receivables from percentage-of-completion projects	18,773	19,542
Sales accruals	6,402	4,700
Other items	570	325
Material items related to accrued income, total	**25,745**	**24,567**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

10. NOTES TO EQUITY

EUR 1,000	2023	2022
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		
Retained earnings 1 Jan	13,476	21,290
Dividend distribution	-6,997	-17,000
Retained earnings 31 Dec	6,478	4,290
Profit/loss for the period	18,436	9,186
Unrestricted equity, total	**24,915**	**13,476**
Equity, total	**41,915**	**30,476**
Calculation of distributable unrestricted equity		
Retained earnings	6,478	4,290
Profit/loss for the period	18,436	9,186
Total	**24,915**	**13,476**

Shares and shareholdings

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

11. PROVISIONS

EUR 1,000	2023	2022
Other mandatory provisions		
Guarantee provisions	3,249	2,095
Environmental provisions	2,525	2,619
Other provisions	3,538	3,344
Mandatory provisions, total	**9,313**	**8,057**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

12. DEFERRED TAX

EUR 1,000	2023	2022
BREAKDOWN OF DEFERRED TAXES		
Deferred tax assets		
Periodic differences and temporary differences	1,233	1,192

13. SHORT TERM LIABILITIES

EUR 1,000	2023	2022
Liabilities to group companies		
Accounts payable	1,111	132
Short term loans	9,719	6,844
Group contribution liabilities	6	
Accrued liabilities		324
Liabilities to group companies, total	**10,836**	**7,299**
Material items related to accrued liabilities		
Related to personnel	27,267	23,849
Other items	12,549	9,026
Material items related to accrued liabilities, total	**39,816**	**32,875**

The most significant items in accrued liabilities are related to personnel EUR 27,267 thousand (EUR 23,849 thousand) and accruals for project completion expenses EUR 8,603 thousand (EUR 2,363 thousand).

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

EUR 1,000	2023	2022
GUARANTEES ON CONTRACTS	116,865	88,940

Consortiums

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

Lease liabilities		
Payable in the next financial year	4,267	3,478
Payable in later financial years	6,903	4,686
Lease liabilities, total	**11,169**	**8,164**
Liabilities on long term rental contracts		
Payable in the next financial year	1,295	1,497
Payable in later financial years	3,065	1,695
Liabilities on long term rental contracts, total	**4,360**	**3,192**

NOTES TO BALANCE SHEET, DESTIA OY, FAS

15. 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	Elektroline A.S.	Technologies nouvelles	Colas Danmark AS
Sales	18.2				0.1	
Purchases	14.0	3.1	1.1	0.8		0.1
Loan repayments paid	6.4					
Interest income						
Interest expenses	0.4	0.8				
Loans received	9.0					
Dividends received	2.9					
Dividends paid		7.0				
Short term deposits made		55.9				

In 2023 Destia Oy received EUR 3.5 thousand in group contribution from Finnroad Oy and gave EUR 6.2 thousand in group contribution to Destia International Oy. In 2022 Destia Oy gave group contributions of EUR 15.2 thousand in total to Finnroad Oy and Destia International Oy.

Destia Oy's management fee charge to Destia Rail Oy in 2023 was EUR 2.7 million. In 2022 Destia Oy's management fee charge to Destia Rail Oy was EUR 3.2 million

NOTES TO BALANCE SHEET, DESTIA OY, FAS

16. DERIVATIVES

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 with commodity swaps. The hedge is recognised in profit or loss at its fair value. Diesel's hedging ratio has been 33% of average annual purchases.

EUR 1,000	2023	2022
COMMODITY DERIVATIVES		
Nominal value	980	1,209
Fair value	-101	-146

In addition the company has, at the end of the comparison period, had currency derivatives, which fair value amounted to EUR -78 thousands.

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.

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.
Level 2 is used when determining fair value for commodity hedges.

At level two, the determination of fair values is based on quoted market rates and prices, as well as discounted cash flows. Prices can also be based on secondary market prices of similar instruments.

DESTIA OY

Proposal by the Board on the use of distributable equity

Destia Oy's FAS- compliant profit for the financial year was EUR 18,436,113.15, which is proposed to be recorded on the retained earnings account. Destia Oy's total distributable unrestricted equity is EUR 24,914,521.53.

Destia Oy's Board of Directors proposes to the Annual General Meeting, that EUR 12,500,000.00 dividend will be paid for the financial period that ended on 31 December 2023.

Signatures to the financial statements

Helsinki, 14 February 2024

Tero Kiviniemi
Chair of the Board,
President and CEO

Sanna Karvonen
Member of the Board of Directors

Kari Alavillamo
Member of the Board of Directors

Tapio Salo
Member of the Board of Directors

Auditor's Note

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

Helsinki, 14 February 2024

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, 2023. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, which include material accounting policy information and other explanatory information
- the parent company's balance sheet, income statement, cash flow statement 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 IFRS Accounting Standards 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 east 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 14 February 2024
PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Katajisto,
Authorised Public Accountant (KHT)


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