



DEN
FINLAND OY

ANNUAL REPORT
2023

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Business activities and operating environment

DEN Finland Oy is the largest builder of single-family houses in Finland. The company's brand roster includes Desigtalo, Finnlamelli, and Ainoakoti, a jointly managed brand of DEN Finland Oy and K-Rauta.

The majority of the homes we build are delivered to our customers as turnkey implementations. We also export our log houses to several different countries.

The company's manufacturing facilities are located in Nivala and Alajärvi. The building elements for Desigtalo and Ainoakoti houses are manufactured in Nivala, while the log frames for Finnlamelli and Ainoakoti projects are manufactured in Alajärvi. The company's own building services technology unit is responsible for the technical designs and installations of the company's projects.

DEN Finland Oy aims to retain its status as a pioneering actor and market leader in single-family house construction. The company's goal is to provide its customers with the best customer experience and its employees with the best employee experience.

In 2023, the housing market was significantly affected by inflation, rising interest rates, and overall uncertainty on the market. Numerous bankruptcies were seen in the construction sector, and clients were cautious in their decision-making. Despite the challenges in its operating environment, DEN Finland Oy succeeded in improving its market position and achieving a positive operating profit.

Significant events during the period

On 1 January 2023, DEN Group Oy – the parent company of DEN Finland Oy – divided DEN Finland Oy’s Homes and Premises business units into separate companies. The Homes business unit continued to operate under DEN Finland Oy, whose parent company is DEN Group Oy. The financial year from 1 January to 31 December 2023 represented the first financial period for DEN Finland Oy’s Homes business unit. Due to this partial division, the figures for 2021 and 2022 are not comparable with the figures for 2023.

The clients continued to trust DEN Finland and its brands in spite of the difficult times in the construction industry. In 2023, 715 houses were built, 493 of which were turnkey houses. New business also achieved a good result, operating conditions considered: 706 houses.

Despite the challenging market situation, the company was able to strengthen its position in the market for single-family houses. According to Rakennustutkimus RTS Oy’s single-family house construction survey 2023/24, Desigtalo was by

far the most popular house brand for turnkey detached houses, and Finnlamelli retained its leading position among turnkey log house providers.

Due to events in the construction market, DEN Finland Oy’s revenue decreased from the previous year. However, the company managed to improve its relative profitability and achieved a reported EBITDA of EUR 4.8 million, which accounted for 4.8 % of revenue (adjusted EBITDA was EUR 6.3 million, i.e. 6.2 % of the company’s revenue). In other words, the company generated a clearly positive operating result.

The company was able to execute significant adjustments in a timely manner, ensuring its profitability in a weakened market situation. The company conducted two change negotiations and adapted its operations to the market at hand. Alongside these adjustments, the company restructured its activities, resulting in a significant reduction in both personnel costs and other fixed-nature costs. At the same time, the company enhanced and developed its operating models

while also supporting the personal development of its personnel. Comparable personnel headcount decreased by 67 employees.

The company improved its partner satisfaction ratings. Partner satisfaction is measured by the Net Promoter Score (NPS) index, which rose to 71 in 2023, compared to 54 in the previous year. The company’s partners provide it with materials, work performances, or a mixture of both.

DEN Finland Oy’s housing fair projects in Loviisa amassed a record number of interested customers and a great deal of media coverage.

The company’s long-term efforts to improve its occupational safety level has paid off, as it was able to markedly decrease its accident frequency figures compared to the previous year (-66%). The company developed the comprehensiveness of its sustainability reporting to meet the requirements of anticipated future EU regulation.

Key figures

The company's figures have been prepared in accordance with FAS accounting standards. The figures for 2023 and 2022 are not comparable due to the partial division made within the company on 1 January 2023.

During the financial period, the company's revenue was EUR 101.0 million (EUR 251.2 million including the Facilities business unit, non-comparable figure). The company's revenue consisted mainly of turnkey home and holiday home projects. The company's revenue was EUR 2.9 million (EUR 0.4 million including the Facilities business unit, non-comparable figure). The balance sheet total on 31 December 2023 was EUR 41.6 million (EUR 104.7 million including the Facilities business unit, non-comparable figure).

Return on equity % was 11.7% (-5.8% including the Facilities business unit, non-comparable figure). The equity ratio was weakened by the group contribution granted to Talliosake Oy (EUR 2.4 million) and the balance sheet structure formed during the partial division. The company-level key figures in the table below are not comparable due to the partial division carried out on 1 January 2023.

DEN Finland Oy operates as part of the DEN Group. The cash flow from the Group's operations was EUR 2.0 million (-4.8), and at the end of the financial period, the DEN Group's liquid assets amounted to EUR 7.2 million. DEN Finland Oy's cash flow was EUR - 3.0 million, and at the end

of the financial period, DEN Finland Oy's liquid assets amounted to EUR 4.1 million.

The DEN Group's equity ratio was 52.7% at the end of the Group's financial period on 31 December 2023.

DEN Finland Oy	2023	2022	2021
Revenue, EUR million	101.0	251.2	212.9
Revenue, change from previous year, %	-59.8	18.0	10.1
Operating result, EUR million	2.9	0.4	1.2
Operating result, %	2.9	0.2	0.6
Equity, EUR million	3.8	36.7	44.4
Balance sheet total, EUR million	41.6	104.7	128.0
Return on equity, %	11.7	-5.8	-2.9
Equity ratio, %	10.3	39.4	42.1

Return on equity = (profit for the financial period before appropriations and taxes - taxes) / (equity + minority interests)
 The key figure divider is calculated as the average of the balance sheet for the financial period and the previous financial period.
 Equity ratio = (equity + minority interests)/(balance sheet total - advances received)
 The key figure to be divided and the divider are calculated on the basis of the values on the balance sheet date.

The formation of the company in the partial division of DEN Finland Oy, and financing arrangements

On 1 January 2023, DEN Group Oy – the parent company of DEN Finland Oy – divided DEN Finland Oy’s Homes and Premises business units into separate companies. The partial division was implemented by applying the continuity of the book values in DEN Finland Oy’s balance sheet: the assets and liabilities related to or primarily serving the Facilities business unit were transferred to Talliosake Oy, while the assets and liabilities related to or primarily serving the Homes business unit were kept in DEN Finland Oy. Any items not directly related to any business areas were allocated in proportion to the assets transferred and on the basis of the distribution of personnel costs. The division took into account the different balance sheet profiles and ownership histories of the business units; the Facilities business unit is substantially working capital intensive and originally acquired from outside the company, whereas the Homes business unit’s working capital profile is negative and primarily created within the company. In other words, a significant amount of goodwill and working capital items were transferred to Talliosake Oy, consisting mainly of inventories and operational liabilities,

whereas DEN Finland Oy was left with a lighter operational balance sheet structure. From the DEN Group’s perspective, the partial division was a neutral event that clarified the management and development of two different business areas while also facilitating different strategic options for the future. Even after the partial division, the Group’s balance sheet and equity remained unchanged, retaining their good level.

On 2 January 2023, DEN Group renewed its senior financing with its financing provider. The renewed senior financing package will remain in force until 31 January 2025 and is, in terms of its volume, equal to the previous financing package, with part of it being within the scope of the amortisation programme. New amortisation programmes were agreed for different financing loans, and financing margins were increased to reflect the current market situation. The new financing included agreements on new covenants related to minimum liquidity and margin levels.

DEN Finland Oy remains primarily responsible for the Group’s external financing, but the credit facility for building plots was transferred to Talliosake Oy. At the end of the year, the company had EUR 6.0 million in cash funds available in its bank account, of which EUR 4.5 million are in the Group’s cash pool accounts. Of the EUR 10 million credit line, EUR 6.9 million was in use.

During the financial period, the Group implemented internal financing arrangements where DEN Group Oy acquired from DEN Finland Oy the financial receivables and liabilities held against the Group’s other companies.

Personnel

The average number of employees at the company was 387 (2022: 534, 2021: 491). At the end of the financial period, the number of employees was 360 (2022: 508, 2021: 511). Personnel expenses totalled EUR 19.0 million (2022: 32.8, 2021: 31.9). The personnel consists of 57 % of salaried employees and 43 % of factory and construction site employees. The figures for previous years also include figures for the Facilities business unit, which means that, due to the partial division of the company, these figures are not comparable with previous years.

The processes and practices of HR-related management and functions were developed further. Personnel satisfaction increased significantly to an eNPS rating of 33 and with 88% of respondents reporting that they were satisfied.

The company's intangible resources include the expertise of its personnel, the process-related competence of its manufacturing facilities, its sales network, and brand value – all of which have a positive impact on the company's revenue and profitability.

Sustainability

DEN Finland Oy's sustainability work focuses on the environment, safety and health, as well as good governance. In spring 2023 and 2024, the Group's sustainability reports were more comprehensive than before, and the Group has focused on developing its reporting in anticipation of future changes in EU regulation.

The Group's carbon footprint is calculated using the international Greenhouse Gas Protocol standard. It extensively includes the direct and indirect emissions of operations and, such as in DEN's case, some of the life-cycle carbon emissions of houses delivered to customers.

Based on the figures from 2022, the Group initiated long-term measures for reducing the carbon footprint of its materials and raw materials in particular, together with its suppliers.

DEN invests in the path towards carbon-neutral houses and premises. Even now, the Group has minimised the amount of waste in both its construction materials and the floor plans and designs for its buildings. Particular attention has also been paid to the energy efficiency of buildings, and the Group's production facilities have steadily decreased their carbon emissions.



Risks and uncertainties

Risks are regularly identified, assessed, managed, and monitored at the Group level. The most significant risks are classified into operational risks, financial and liquidity risks, damage risks, environmental risks, and risks related to the company's strategic and general economic environment. Operational risks are monitored especially in the company's business units.

The risks associated with strategic and general economic developments are typical for those operating in the sector, and they include the confidence of consumers in their personal finances, the confidence of businesses, market competition, the availability of mortgage loans, developments in mortgage interest rates, and general unemployment rates. A significant share of the company's customers are private individuals, but the Group has also expanded its customer base to corporations. The company aims to manage changes in market and consumer behaviour by closely monitoring trends in the market, customer satisfaction and consumer surveys, as well as by offering a comprehensive range of products and services to different customer segments. The company's business environment is also affected by rising interest rates, inflation, and the general state of the economy.



Business environment risks include municipal planning policies, the availability of plots, developments in regulations concerning the construction of single-family homes, future living costs related to single-family homes, and changes in building regulations. The company aims to anticipate and manage these risks by participating in the activities of the interest groups and associations that are involved in the sector and by collaborating with public authorities.

Operational risks include the availability and pricing of materials, supplies and components, the availability of trained labour and the success of the company's recruitment efforts, high-quality and cost-effective construction activities, the risks related to the management of the company's subcontractor and partner network, occupational safety risks, and risks related to data management. Operational risk management is realised through a defined and managed supply chain that covers the company's various business units and the associated ERP system. ICT and data security risks are managed, for example, with ICT process design, access management and multi-factor authentication. Occupational safety and quality are managed by instructions and by observing the regulations of the sector, as well as by measuring key indicators, by training, and by monitoring the quality, working environment and tools.

Operational risks also include the end-product warranties given to customers. In addition, the ten-year liability for structural designs set out in the relevant building regulations also applies to the company's operations and end-products, and the company is responsible for these to its customers. The company has prepared for warranty and repair risks by recording a provision for warranty expenses in the balance sheet based on the outturn data of previous years. The insurance is regularly analysed to ensure that the insurance cover is up-to-date.

The most significant financing risks are those related to the availability and pricing of the company's financing. The company's liquidity risk is related to the security of its short-term liquidity. The significance of financing risks has increased due to the changes in the company's economic operating environment. The company's financing agreement involves typical covenant-related terms and conditions, and reaching these in more challenging market conditions may present its own risk. Financing risks are managed by ensuring adequate equity financing and long-term debt financing for the company, as well as through account limits for fluctuations in short-term liquidity. Liquidity risk is managed through the close monitoring of working capital, cash and liquidity forecasting processes, and short-term

liquidity planning and management. Access to covenants is controlled through an adequate monitoring and forecasting process.

The company has prepared for damage-related risks by insuring its operations to a sufficient extent.

The most significant environmental risks are risks related to the production process in possible fault and damage situations – these risks have been minimised through continuous improvements to the production process. Risks are managed through regular maintenance activities, proactive safety walks, and the systematic processing of observed deviations.

Investments and business acquisitions

During the financial year, the company did not make any acquisitions and the investments were mainly normal replacement investments.

Research and development

The company has acquired design protections for its technical space floor element, combined pillar footing/base plate solution, and supply air regulation system. The self-developed scaffolding system used at the Desigtalo and Ainoakoti sites is patented.

During the year, the company implemented other types of development investments that were not part of its usual research and development activities in order to develop its business operations, processes, and offerings. In 2023, DEN's development work focused on further streamlining its implementation processes, with a particular emphasis on the logistics and operating model of its building services technology unit and the "from signing the deal to implementing it" phase. In the reform of the logistics and operating model for the building services technology unit, the company discontinued the use of centralised warehouses in favour of a per-site order model. This reform will achieve savings and improve site-specific monitoring.

The Kunto (Fitness) project, which focused on improving the quality of the construction done by the Homes business unit between 2022 and 2023, helped to significantly decrease delays and unnecessary site visits.

DEN Finland Oy's collections are constantly being renewed to meet customer needs. The beginning of 2023 saw the release of the Ainoakoti festival collection, and the year was also used to fully redesign Desigtalo's turnkey collection, which saw its debut in February 2024.

Events after the financial period

Due to continued challenges in the market, the company initiated a set of change negotiations that ended on 22 January 2024. Based on these change negotiations, the company reduced its personnel headcount by two, and lay-offs will be carried out in 2024 according to the company's business needs. In addition, operations were streamlined and cost savings were implemented by other means.

Despite the challenging situation in the construction sector, the company has invested in renewing its product selection by focusing on the needs of its customers. Desigtalo's entire range of adaptable design houses was reformed, with more than 70 new house models being introduced on 7 February 2024.



Estimate of likely future developments

The situation in the market is expected to remain challenging. The rise in interest rates and the downturn in the economy have had a clear impact on housing sales, and they have also affected the initiation of new single-family house projects. Detached house construction is expected to experience a gradual recovery as interest rates begin to decline and consumers regain their confidence. Compared to the overall market, the company's sales at the start of the year have been at a good level.

Based on the company's current order book and its outlook for the beginning of the year, the company estimates that it will post a positive result for 2024 as well. In order to ensure this positive results, the company has implemented cost-saving programmes by adapting its operations to its current volumes, improved the circulation of capital committed to its inventory, increased the productivity of its implementations through development projects, and secured its access to equity financing.



Administration

DEN Finland Oy strives for open, transparent, and responsible governance and management. We are committed to good governance by complying with currently valid legislation and our Articles of Association. The company has also published a set of ethical guidelines and other internal policies.

The members of the company's Board of Directors were

- **Jussi Niemelä** (1 January 2023 – 31 August 2023, Chair)
- **Mika Perkiö** (Member from 1 January 2023 to 31 August 2023, Chair since 1 September 2023)
- **Tomi Rantasaari** (1 January 2023 – 20 January 2023)
- **Otto Tarkiainen** (since 20 January 2023)
- **Sanna Järviaho** (since 1 September 2023)

Otto Tarkiainen was appointed as the company's CEO on 1 January 2023.

The auditor was Deloitte Oy, with APA **Jonas Vuorela** as principal auditor.

Company shares

The company's share capital was EUR 2,500 at the end of the financial period. At the end of the financial period, the company held 4.272.278 shares and did not hold any own shares. The company had one share class and all shares had the same right to dividends and the company's assets.



Board of Directors' proposal for the distribution of profit

The company's distributable assets totalled EUR 3,835,828, of which the profit for the financial period is EUR 27,943. The Board of Directors proposes to the General Meeting that no dividend be distributed and that the profit for the financial year be transferred to retained earnings on the balance sheet.

There have been no significant changes in the company's financial position since the end of the financial year. The company's liquidity is reasonable, and the Board of Directors does not propose any distribution of funds for the financial period.

DEN Finland Oy
Board of Directors

FINANCIAL STATEMENTS



EUR	31 December 2023	31 December 2022
ASSETS		
Non-current assets		
Intangible assets		
Intangible rights	0.00	37,622.74
Goodwill	598,577.65	29,390,551.90
Other long-term costs	805,217.40	1,162,033.11
Total intangible assets	1,403,795.05	30,590,207.75
Property, plant and equipment		
Machinery and equipment	1,845,713.86	2,522,812.90
Advance payments and incomplete acquisitions	0.00	78,618.00
Total tangible assets	1,845,713.86	2,601,430.90
Investments		
Shares in group companies	0.00	6,867,916.04
Total investments	0.00	6,867,916.04
TOTAL NON-CURRENT ASSETS	3,249,508.91	40,059,554.69

EUR	31 December 2023	31 December 2022
CURRENT ASSETS		
Inventories		
Raw materials and consumables used	2,955,369.16	7,002,028.83
Works in progress	1,799,464.97	11,222,246.12
Finished products	652,085.81	948,367.70
Other inventories	548,600.00	19,412,243.75
Total inventories	5,955,519.94	38,584,886.40
Receivables		
Non-current		
Receivables from group companies	23,593,759.70	0.00
Other receivables	0.00	1,650,000.00
Accrued income	225,000.00	77,605.34
Total long-term	23,818,759.70	1,727,605.34
Current		
Trade receivables	1,851,086.74	6,296,389.63
Receivables from group companies	22,390.46	3,587,054.47
Other receivables	173,948.41	7,593,205.97
Accrued income	528,280.81	2,141,029.13
Total short-term	2,575,706.42	19,617,679.20
Cash and bank receivables	6,033,544.26	4,684,545.69
TOTAL CURRENT ASSETS	38,383,530.32	64,614,716.63
TOTAL ASSETS	41,633,039.23	104,674,271.32

EUR	31 December 2023	31 December 2022
EQUITY AND LIABILITIES		
Equity		
Share capital		
Share capital	2,500.00	2,500.00
Other reserves		
Invested non-restricted equity reserve	12,000,000.00	37,860,845.58
Other reserves, total	12,000,000.00	37,860,845.58
Profit (loss) for previous financial periods	-8,192,114.33	1,151,479.65
Profit/loss for the period	27,943.17	-2,341,343.60
Total equity	3,838,328.84	36,673,481.63
Mandatory provisions		
Other mandatory provisions	2,489,067.66	4,347,066.66
Total mandatory provisions	2,489,067.66	4,347,066.66
Liabilities		
Long-term		
Loans from financial institutions	11,439,206.80	0.00
Total long-term	11,439,206.80	0.00

Short-term		
Loans from financial institutions	4,000,000.00	24,750,577.57
Advances received	4,361,189.85	11,629,253.82
Trade payables	3,650,753.32	9,517,169.52
Liabilities to Group companies	4,713,735.42	474,522.27
Other liabilities	2,896,681.70	9,288,707.63
Accrued liabilities	4,244,075.64	7,993,492.22
Total short-term	23,866,435.93	63,653,723.03
TOTAL LIABILITIES	35,305,642.73	63,653,723.03
TOTAL EQUITY AND LIABILITIES	41,633,039.23	104,674,271.32

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EUR	2023	2022
REVENUE	101,010,541.92	251,189,095.06
Completed and incomplete products stock increase (+) or decrease (-)	-1,476,138.03	-2,940,253.09
Other operating income	732,573.17	527,921.19
Materials and services		
Raw materials, supplies and goods		
Purchases during the financial period	-32,958,733.69	-114,756,321.78
Stock increase/decrease	-4,046,659.67	-2,956,072.62
External services	-27,211,157.09	-69,061,990.02
Total materials and services	-64,216,550.45	-186,774,384.42
Personnel expenses		
Salaries and remuneration	-15,677,915.28	-27,062,212.11
Indirect personnel costs		
Pension expenses	-2,730,658.21	-4,548,468.03
Other indirect personnel expenses	-598,911.79	-1,179,138.17
Total personnel costs	-19,007,485.28	-32,789,818.31
Depreciation, amortisation and impairment		
Depreciation according to plan	-1,548,894.70	-7,850,021.79
Total depreciation and amortisation	-1,548,894.70	-7,850,021.79
Other operating expenses	-12,611,256.86	-20,932,126.64

EUR	2023	2022
OPERATING PROFIT (LOSS)	2,882,789.77	430,412.00
Financial income and expenses		
Other interest income and financial income		
From group companies	1,495,280.93	95,608.13
From others	16,287.24	32,115.99
Exchange rate gains and losses (net)	26,911.59	-615,784.29
Interest expenses and other financial expenses		
To Group companies	-76,555.95	0.00
To others	-1,785,210.71	-1,682,454.19
Total financial income and expenses	-323,286.90	-2,170,514.36

EUR	2023	2022
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	2,559,502.87	-1,740,102.36
Appropriations		
Group contribution		
Granted Group contributions	-2,350,000.00	0.00
Total appropriations	-2,350,000.00	0.00
Income taxes		
Taxes for the financial period	-181,559.70	-601,241.24
Total income taxes	-181,559.70	-601,241.24
PROFIT/LOSS FOR THE PERIOD	27,943.17	-2,341,343.60

EUR	31 December 2023	31 December 2022
Cash flow from operating activities		
Profit (loss) before appropriations and taxes	2,559,502.87	-1,740,102.36
Adjustments:		
Depreciation according to plan	1,548,894.70	7,850,021.79
Financial income and expenses	350,198.49	1,554,730.07
Other non-cash-flow items	419,778.54	686,237.34
Cash flow before change in working capital	4,878,374.60	8,350,886.84
Change in working capital:		
Inc.(+)/dec.(-) of short-term non-interest-bearing receivables	1,084,980.60	-6,481,886.48
Inventories increase(-)/decrease(+)	5,577,617.62	5,960,088.80
Increase(+)/decrease(-) of short-term non-interest-bearing liabilities	-12,283,124.95	-5,820,304.73
Total change in working capital	-5,620,526.73	-6,342,102.41
Cash flow from operating activities before financial items and taxes	-742,152.13	2,008,784.43
Interest expenses and fees paid on other financial exp.	-2,157,969.91	-1,746,024.80
Interest received from operating activities	16,287.24	32,115.99
Direct taxes paid	-90,841.18	-2,367,389.85
Cash flow from operating activities (A)	-2,974,675.98	-2,072,514.23

Cash flow from investment activities:		
Investments in intangible assets and in property, plant and equipment	-227,209.69	-1,604,096.75
Income from the disposal of tangible and intangible assets	127,370.96	59,170.95
Loans granted to Group companies	-10,500,000.00	0.00
Cash flow from investment activities (B)	-10,599,838.73	-1,544,925.80
Cash flow from financing activities:		
Investments in the invested non-restricted equity reserve	12,000,000.00	0.00
Liabilities based on the Group's account	4,457,727.76	0.00
Loans repaid	-4,000,000.00	-3,175,000.00
Loans drawn	6,939,206.80	3,342,359.00
Dividends paid and other profit distribution	0.00	-5,388,713.52
Cash flow from financing activities (C)	19,396,934.56	-5,221,354.52
Change in cash and cash equivalents (A+B+C) increase(+)/decrease(-)	5,822,419.85	-8,838,794.55
Cash and cash equivalents at the beginning of the financial period	4,684,545.69	13,707,033.29
Cash and cash equivalents transferred in the division	-4,501,924.59	0.00
Impact of exchange rate changes on cash and cash equivalents	28,503.31	-183,693.05
Cash and cash equivalents at the end of the financial period	6,033,544.26	4,684,545.69

NOTES TO THE FINANCIAL STATEMENTS

DEN Finland Oy's partial division on 1 January 2023

On 1 January 2023, DEN Group Oy – the parent company of DEN Finland Oy – divided DEN Finland Oy's Homes and Premises business units into separate companies. The Homes business unit continued to operate under DEN Finland Oy, whose parent company is DEN Group Oy. The financial year from 1 January to 31 December 2023 represented the first financial period for DEN Finland Oy's Homes business unit. Due to this partial division, the figures for 2022 are not comparable with the figures for 2023.

Valuation principles and methods

Turnkey house deliveries and collaborative construction business projects are recognised on the basis of their completion degree. In these projects, the completion degree is determined on a project-specific basis in relation to its actual expenses vs. estimated total expenses. House package deliveries are recognised on the basis of payment instalments that are essentially equivalent to the deliveries handed over to the customer. The profit for these projects is recognised according to each project-specific profit forecast. In the balance sheet, the advance payment debt related to partial recognitions is EUR 4,344,414.36. Export

projects and other sales are recognised in accordance with each transfer.

The recognition of the developer contracting works of the Facilities business unit, which was transferred to Talliosake Oy as part of the partial division on 1 January 2023, was conducted on the basis of the recognition-per-transfer principle, while the recognition of sold shares was conducted on the basis of the principle of prudence by recognising the sales prices of realised share sales (without the debt share) in the year in which the work was transferred to the real estate company and the shares to the customer.

Inventories have been valued at their variable acquisition cost in accordance with the FIFO principle as well as the lowest value principle specified in Chapter 5, section 6(1) of the Accounting Act. The acquisition cost of the shares in the target companies involved in the developer contracting works of the Facilities business unit, which was transferred to Talliosake Oy on 1 January 2023 in the partial division, has been capitalised according to the share capital specified in each applicable company's Articles of Association, as well as the total amount of the reserve for invested non-restricted equity contributions that were incurred before the end of the financial period.

The acquisition cost of the developer contracting works for the Facilities business unit, which was transferred to Talliosake Oy on 1 January 2023 in the partial division, is formed by the actual costs capitalised in the constructions works, in accordance with Chapter 4, section 5(1–3) of the Accounting Act.

Intangible and tangible fixed assets are recognised in the balance sheet by their direct acquisition costs. Each acquisition cost includes the variable costs arising from the acquisition. Planned depreciations and write-downs have been deducted from the acquisition cost of intangible and tangible assets. Any subsequent expenses are included in the book value of tangible assets only if it is likely that the corresponding economic benefits of the asset will benefit the company and the cost of the asset can be reliably determined.

The acquisition costs of non-current assets with a probable economic life of less than three years and small acquisitions (less than EUR 1,200, up to a maximum of EUR 3,600 per tax year) have been fully recognised as expenses for the relevant accounting period.

Planned depreciations have been calculated as straight-line depreciations based on the eco-

nomic life of the intangible and tangible assets. Shares in Group companies, presented in investments under non-current assets, are measured at cost.

Trade, loan and other receivables, presented in financial assets, are measured at their nominal value or a lower likely value. Financial asset securities are valued at their acquisition cost or a likely lower delivery price. Receivables and liabilities denominated in foreign currencies are indicated in euros at the exchange rate of the balance sheet date.

Grounds for planned depreciations and changes thereto

Commodity group	Depreciation time	Depreciation method
Goodwill	10 y	straight-line depreciation
Intangible assets	3–10 y	straight-line depreciation
Machinery and equipment	3–10 y	straight-line depreciation
Other tangible assets	3–10 y	straight-line depreciation

Notes to the income statement

Revenue itemisation, €	31 December 2023	31 December 2022
Business unit distribution		
Facilities	0.00	70,523,124.20
Homes	99,759,782.63	178,846,785.64
Services	1,250,759.29	1,819,185.22
Total revenue	101,010,541.92	251,189,095.06

Geographical distribution		
Finland	93,505,930.07	236,416,643.93
Rest of Europe	4,949,197.11	9,536,805.93
Other countries	2,555,414.74	5,235,645.20
Total revenue	101,010,541.92	251,189,095.06

EUR	31 December 2023	31 December 2022
Revenue by degree of completion	91,410,816.77	163,606,955.31
Amount recognised as revenue in the financial period and previous financial periods for projects that were incomplete at the date of the financial statements, based on their completion degree	26,012,380.43	54,775,430.14
Amount not yet recognised as revenue for long-term projects		
Projects recognised by their degree of completion	100,596,147.00	107,756,297.00

Other operating income, EUR	2023	2022
Capital gains from the sale of fixed assets	126,403.22	36,171.61
Compensations received	6,790.00	437,214.73
Administrative service charges from Group companies	575,195.35	0.00
Other operating income	24,184.60	54,534.85
Other operating income, total	732,573.17	527,921.19

Notes on personnel	2023	2022
Average number of employees during the financial period by group		
Average number of salaried employees	223	323
Average number of employees	164	211
Total number of personnel	387	534

Personnel costs, EUR	2023	2022
Salaries and fees for the financial year	15,677,915.28	27,062,212.11
Pension expenses	2,730,658.21	4,548,468.03
Indirect personnel costs	598,911.79	1,179,138.17
Total personnel costs	19,007,485.28	32,789,818.31

Depreciation and write-downs, EUR	2023	2022
Depreciation according to plan		
Depreciation of intellectual property rights	36,666.68	41,043.00
Depreciation of goodwill	184,177.74	6,661,414.70
Depreciation of other long-term expenses	448,600.71	322,367.54
Depreciation of machinery and equipment	879,449.57	825,196.55
Total	1,548,894.70	7,850,021.79

Other operating expenses, EUR	2023	2022
Premises expenses	2,819,239.55	2,819,239.55
Travel expenses	1,375,464.80	1,375,464.80
Advertising and marketing costs	1,245,417.89	1,245,417.89
Administrative expenses	2,766,257.96	2,766,257.96
Machinery and equipment expenses	2,373,950.80	2,373,950.80
Other operating expenses	2,030,925.86	2,030,925.86
Total	12,611,256.86	12,611,256.86

Auditor's fees, EUR	2023	2022
Audit fees	80,868.98	111,950.00
Tax consultancy services	13,928.25	12,245.25
Assignments referred to in chapter 1, section 1, subsection 1, paragraph 2 of the Auditing Act.	18,500.00	0.00
Total	113,297.23	124,195.25

Financial income and expenses, EUR	2023	2022
Interest income from Group companies	1,495,280.93	95,608.13
Interest income from others	16,287.24	32,115.99
Exchange rate gains and losses (net)	26,911.59	-615,784.29
Interest expenses to Group companies	-76,555.95	0.00
Interest expenses to others	-1,785,210.71	-1,682,454.19
Total	-323,286.90	-2,170,514.36
Appropriations	31 December 2023	31 December 2022
Granted Group contributions	-2,350,000.00	0.00
Total	-2,350,000.00	0.00

NOTES TO THE BALANCE SHEET, ASSETS

Non-current assets

Intangible and tangible assets

Intangible assets, EUR	2023	2022
Trademark rights		
Acquisition cost at the start of the FP	205,215.00	205,215.00
Partial division on 1 January 2023	-5,215.00	0.00
Increases during the FP	0.00	0.00
reductions during the FP	0.00	0.00
Acquisition cost at the end of the FP	200,000.00	205,215.00
Accum. planned depr. at start of FP	167,592.26	126,549.26
Partial division on 1 January 2023	-4,258.94	0.00
Accumulated depreciations of deductions	0.00	0.00
Planned depreciations for the financial period	36,666.68	41,043.00
Accum. planned depr. at end of FP	200,000.00	167,592.26
Acquisition cost at the end of the FP	200,000.00	205,215.00
accum. plan. depr. at end of RD	200,000.00	167,592.26
Plann. depr. of net exp. aft. end	0.00	37,622.74
Net.exp.total.depr.aft.end.	0.00	37,622.74

Goodwill, EUR	2023	2022
Acquisition cost at the start of the FP *	66,614,129.20	66,614,129.20
Partial division on 1 January 2023	-64,772,369.15	0.00
Increases during the FP	0.00	0.00
reductions during the FP	0.00	0.00
Acquisition cost at the end of the FP	1,841,760.05	66,614,129.20
Accum. planned depr. at start of FP *	37,223,577.33	30,562,162.63
Partial division on 1 January 2023	-36,164,572.67	0.00
Accumulated depreciations of deductions	0.00	0.00
Planned depreciations for the financial period	184,177.74	6,661,414.70
Accum. planned depr. at end of FP	1,243,182.40	37,223,577.33
Acquisition cost at the end of the FP	1,841,760.05	66,614,129.20
accum. plan. depr. at end of RD	1,243,182.40	37,223,577.33
Plann. depr. of net exp. aft. end	598,577.65	29,390,551.90
Net.exp.total.depr.aft.end.	598,577.65	29,390,551.90

Other long-term expenses, EUR	2023	2022
Acquisition cost at the start of the FP *	3,331,294.78	2,392,556.04
Partial division on 1 January 2023	0.00	0.00
Increases during the FP	91,785.00	938,738.74
reductions during the FP	0.00	0.00
Acquisition cost at the end of the FP	3,423,079.78	3,331,294.78
Accum. planned depr. at start of FP *	2,169,261.67	1,846,894.13
Partial division on 1 January 2023	0.00	0.00
Accumulated depreciations of deductions	0.00	0.00
Planned depreciations for the financial period	448,600.71	322,367.54
Accum. planned depr. at end of FP	2,617,862.38	2,169,261.67
Acquisition cost at the end of the FP	3,423,079.78	3,331,294.78
accum. plan. depr. at end of RD	2,617,862.38	2,169,261.67
Plann. depr. of net exp. aft. end	805,217.40	1,162,033.11
Net.exp.total.depr.aft.end.	805,217.40	1,162,033.11

Machinery and equipment, EUR	2023	2022
Acquisition cost at the start of the FP *	11,203,946.18	10,178,540.81
Partial division on 1 January 2023	-6,151.13	0.00
Increases during the FP	205,084.37	1,052,394.55
reductions during the FP	-207,071.63	-26,989.18
Acquisition cost at the end of the FP	11,195,807.79	11,203,946.18
Accum. planned depr. at start of FP *	8,681,133.28	7,861,184.63
Partial division on 1 January 2023	-3,417.29	0.00
Accumulated depreciations of deductions	-201,974.88	-5,247.90
Planned depreciations for the financial period	874,352.82	825,196.55
Accum. planned depr. at end of FP	9,350,093.93	8,681,133.28
Acquisition cost at the end of the FP	11,195,807.79	11,203,946.18
accum. plan. depr. at end of RD	9,350,093.93	8,681,133.28
Plann. depr. of net exp. aft. end	1,845,713.86	2,522,812.90
Net.exp.total.depr.aft.end.	1,845,713.86	2,522,812.90

* The breakdown of goodwill, other long-term expenses, acquisition costs of machinery and equipment, and accumulated depreciations has been adjusted to the figures for the reference year without any changes to their net values.

Holdings in other companies

Group companies

In reference year 2022, Talliosake Sweden AB
100% Domicile: Stockholm, Sweden.

Valuation of investment asset-related shares and equities

Book value, EUR	2023	2022
Talliosake Sweden AB	0.00	6,867,916.04
Total investment shares	0.00	6,867,916.04

Talliosake Sweden AB's shares were transferred to Talliosake Oy in the partial division on 1 January 2023.

Receivables from Group companies and associated companies

Long-term receivables from Group companies, EUR	2023	2022
Group loan receivables	23,593,759.70	0.00
Total long-term receivables	23,593,759.70	0.00

Short-term receivables from Group companies, EUR	2023	2022
Group sales receivables	22,390.46	51,306.44
Group loan receivables	0.00	3,535,748.03
Total short-term receivables	22,390.46	3,587,054.47

Essential items included in short-term accruals, EUR	2023	2022
Income taxes	222,837.56	391,945.10
Revenues by completion deg.	35,350.00	191,000.00
Annual discount receivables	132,937.00	1,306,051.00
Other accruals	137,156.25	252,033.03
Total	528,280.81	2,141,029.13

NOTES TO THE BALANCE SHEET, EQUITY AND LIABILITIES

Equity, EUR	2023	2022
Share capital at the beginning of the financial period	2,500.00	2,500.00
Share capital at the end of the financial period	2,500.00	2,500.00
Total restricted equity at the end of the financial period	2,500.00	2,500.00
Invested non-restricted equity reserve at the start of the FP	37,860,845.58	37,860,845.58
Partial division on 1 January 2023	-37,860,845.58	0.00
Increase during the financial period	12,000,000.00	0.00
Decrease during the financial period	0.00	0.00
Inv. non-restricted equity reserve at the end of the FP	12,000,000.00	37,860,845.58
Profit/loss for previous financial periods	-1,189,863.95	6,540,193.17
Dividend distribution	0.00	-5,388,713.52
Partial division on 1 January 2023	-7,002,250.38	0.00
Profit/loss at the end of previous FPs	-8,192,114.33	1,151,479.65
Profit/loss for the period	27,943.17	-2,341,343.60
Total non-restricted equity at the end of the financial period	3,835,828.84	36,670,981.63
Total equity	3,838,328.84	36,673,481.63

Calculation of dist. equity assets, EUR	2023	2022
Profit for previous financial periods	-8,192,114.33	1,151,479.65
Result for the financial period (profit+/loss-)	27,943.17	-2,341,343.60
Invested non-restricted equity reserve	12,000,000.00	37,860,845.58
Total distributable assets	3,835,828.84	36,670,981.63

Mandatory provisions, EUR	2023	2022
Warranty provision	1,776,066.66	2,773,066.66
Tax provision	200,000.00	0.00
Other mand. prov. / modification costs	461,001.00	1,574,000.00
Other mandatory provisions / other items	52,000.00	0.00
Total	2,489,067.66	4,347,066.66

The company's warranty provisions are based on the estimated warranty labour costs of completed works. The amount of a warranty provision is estimated on the basis of experience of the materialisation of such warranty costs. The decrease in warranty provisions for 2023 in relation to 2022 is explained especially by the warranty provisions and other mandatory provisions transferred to Talliosake Oy in connection with the corporate division. Provisions are recognised as an expense under the item on which they are expected to be realised.

Short-term liabilities

Short-term liabilities to Group companies, EUR	2023	2022
Trade payables to Group companies	66,451.71	474,522.27
Other liabilities to Group companies	4,534,283.71	0.00
Accrued liabilities to Group companies	113,000.00	0.00
Total	4,713,735.42	474,522.27

Material items included in accrued liabilities, EUR	2023	2022
Salary costs	98,507.86	342,491.26
Holiday pay costs	2,869,754.49	4,098,257.95
Pension insurance periodisation	528,749.86	1,084,632.49
Employer's compulsory insurance contributions	100,992.19	254,850.09
Remaining liabilities	396,000.00	2,091,000.00
Other accrued liabilities	250,071.24	122,260.43
Total	4,244,075.64	7,993,492.22

Group data

Notes to the Group's accounting obligation

The company belongs to the DEN Group, whose parent company is DEN Group Oy, domiciled in Helsinki, Finland.

During the reference year, DEN Finland Oy (domiciled in Helsinki, Finland) served as a parent company in a Group that, in addition to the parent company, included the subsidiary Talliosake Sweden AB, which is 100% owned by the Group and is domiciled in Stockholm, Sweden.

During the reference year, the DEN Finland Group's sub-consolidated financial statements were not prepared pursuant to Chapter 6, section 1(4) of the Accounting Act.

The financial statements of the companies belonging to the DEN Finland Group have been consolidated into the DEN Group's financial statements, copies of which are available at the DEN Group's headquarters in Pakkalankuja 7, 01510 Vantaa, Finland.

GUARANTEES AND CONTINGENT LIABILITIES

Granted guarantees

Guarantees and liabilities by balance sheet item and insurance type

Amount of secured loans, EUR	2023	2022
Loans from financial institutions	15,439,206.80	24,750,577.57
Total	15,439,206.80	24,750,577.57

Guarantees granted on the Group's own behalf, EUR	2023	2022
Rental guarantees	30,588.42	0.00

Guarantees on behalf of companies belonging to the same Group, EUR	2023	2022
Granted enterprise mortgages	100,100,093.95	200,800,093.95
Granted property mortgages	0.00	8,427,000.00

Book value of pledged shares

All shares in the Group's companies (100%) have been pledged as collateral for MFI loans.

Granted other guarantees

All intra-Group loan receivables have been pledged as collateral for loans.

All Group companies have provided absolute guarantees to meet the obligations of the financing agreement.

Pledged deposits, EUR	2023	2022
Bank deposits	500.00	8,291.85

Covenants

Secured loans include covenant terms. The terms and conditions in force at the time of the financial statements apply to various factors, such as the EBITDA of the Homes business unit and the minimum liquidity level of the cash pool. Breaching these covenants may increase the costs of the financing, lead to additional capital requirements from the owners, or even result in the termination of the loans.

During the financial periods under review, the covenants were not breached, excluding the review period of Q2/2023 during the financial period, when a waiver was received from the financing bank and a new funding amendment agreement was concluded, which remained in force at the balance sheet's date in 2023.

Guarantees based on the Group's account

All current and future receivables and liabilities within the Group have been pledged as collateral in the Group account. In addition, a general absolute guarantee has been issued to meet the obligations related to the Group Account Agreement. Throughout the financial period, DEN Finland Oy has retained ownership of the Group account.

Guarantees given on behalf of others companies

The company has previously provided absolute guarantees on behalf of related real estate companies in connection with the financing of loans related to the financing of ongoing or completed construction projects.

EUR	2023	2022
Amount of guarantees provided	1,441,487.03	3,617,782.22

OTHER LIABILITIES

Leasing liabilities not included in the balance sheet (amounts do not include VAT)

EUR	2023	2022
Payables in the following financial period	217,966.02	312,430.28
Later payables	135,652.49	209,571.04
Total	353,618.51	522,001.32

Other commitments

Construction activities involve construction and warranty period liabilities that are typical of the sector. MFIs have provided guarantees totalling:

2023	2022
271,067.00	675,564.85

Lease liabilities not included in the balance sheet

The company has both fixed-term and indefinitely valid leases that apply to its premises.

EUR	2023	2022
Payables in the following financial period	960,997.62	1,258,557.52
Later payables	1,926,054.63	711,607.00
Total	2,887,052.25	1,970,164.52

Notes to related party transactions

During the financial period, the company's related party transactions consisted of sold goods and purchased services.

During the financial period of 2022, the company sold and transferred plots and construction contracts to related real estate companies. These related party transactions were executed on typical commercial terms.

EUR	2023	2022
Sales of plots and constr. works to real est. comp.	0.00	54,089,600.54
Sales of goods to related parties	153,754.84	0.00
Service purchases from related parties	-17,500.00	0.00

Signatories of the annual report and financial statements

Helsinki, 29 April 2024

Otto Tarkiainen

CEO, Member of the Board

Mika Perkiö

Chair of the Board

Sanna Järviaho

Member of the Board

Auditor's note

A report on the audit performed has been issued today.

Helsinki, 29 April 2024

Deloitte Oy

Audit firm

Jonas Vuorela

APA

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