

# GRK Infra Oy

## Financial statements and Report of the board of directors 1 January –31 December 2020

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The report of the Board of Directors and the financial statements have been prepared in two languages, of which the Finnish version is official, and the English translation is non-official.

## **GRK Infra Oy**

### **Report of the board of directors 1 January–31 December 2020**

#### **General**

The company and its subsidiaries' business areas included civil engineering, circular economy and environmental business, rail business, road construction and paving. The market areas are Finland, northern and central Sweden as well as Estonia.

#### **Significant events during the financial year**

The parent company's revenue increased by 13.4% compared to 2019, amounting to EUR 240.8 million. The result was good. In 2020, the company had an average of 273 employees. Teemu Lantto served as CEO until May 2020, after which Keijo Haavikko took over as CEO. After the end of the financial year, Juha Toimela served as the company's CEO from 1 March 2021.

Despite a serious accident in the Umeå bridge project, GRK Infra Ab continued its growth, reaching EUR 42.7 million in revenue and a reasonable profit. Without the accident, the result would have been excellent. Risto Takkinen served as the company's CEO until March 2020, after which Mika Mäenpää took over as the CEO. The company has achieved its position as a desirable employer and partner.

GRK Infra As's operations in 2020 were as planned and revenue amounted to EUR 20.8 million. The financial year was also good in terms of profitability. Tarvi Kliimask served as the company's CEO. The new contracts won during the financial year, with a total value of more than EUR 50 million, will also enable profitable business in 2021.

GRK Rail Oy's result was excellent and the company's revenue increased by 83.4% to EUR 78.0 million. The average number of employees increased by 112 to 320. Particularly pleasing was the high share of maintenance contracts (approximately 40%) of revenue. Timo Virmala served as the company's CEO until 1 February 2021, after which Mikko Nyhä took over as the CEO. GRK Rail AB, owned by GRK Rail Oy, also started operations in 2020 and has made a rapid start. The company has won its first contract worth approximately EUR 13 million from Trafikverket. The contract will start in 2021.

GRK Road Oy's operations in 2020 also achieved their goals. Revenue was EUR 27.6 million and the result was positive as expected. Since 1 February 2020, Mika Häkli has been the company's CEO, before which Teemu Lantto was the CEO.

#### **Changes in Group structure during the financial year**

GRK Rail AB was founded as a subsidiary of GRK Rail Oy in Sweden. GRK Rail Oy owns 100% of the company. Anneliina Kupiainen has served as CEO.

During the financial year, GRK Road Oy carried out a share issue to existing shareholders and a directed share issue to new key personnel. Due to the share issues, GRK Infra Oy's holding in the company increased from 90.12% to 91.3%.

#### **Future**

In 2021, a national transport system plan for the next 12 years will finally be completed for the actions of the State of Finland. The plan is similar to that in Sweden. The plan enables long-term strategic planning for the industry. As part of this, the Finnish Transport Infrastructure Agency prepares a planning programme and an investment programme for the next 6–8 years. The economic situation of cities and municipalities and the demand for services is somewhat unclear, as the coronavirus and, in particular, the possible social welfare and health care reform reduce the investment capacity of cities and municipalities.

In particular, tramway and railway construction projects are expected to increase in significance in the coming years. Major future investments in the environment are also a great opportunity.

In the financial year 2021, GRK Group's revenue is expected to be at the level of the previous financial year or to increase slightly. Profitability is expected to be at the level of the previous financial year or to decline somewhat.

## Research and development

Research and development activities were focused especially on the development of the circular economy business.

The projects under way were:

- A low-carbon operating model for infrastructure construction
- New binders, earthworks materials and fertiliser products in infrastructure construction.

Both development projects were funded by the innovation centre Business Finland.

## Environmental matters

The company complies with procedures under the SFS-EN ISO14001:2015 environmental standard in its operations. The procedures under the environmental certificate are integrated into the company's certified operating and quality system that complies with the SFS-EN ISO9001:2015 management system standard. The annual audit required by the standards is performed by DNV GL Finland (formerly Det Norske Veritas).

The actions and procedures in accordance with the environmental certificate are monitored with regard to infrastructure construction operations through internal audits and weekly extended MVR measurements.

## The most significant risks and uncertainties of operations

The key starting point for project risk management in our operations is the identification of project-related risks and good management from the tender calculation of the projects to their completion.

Raw material prices for components used in electrically powered machinery and vehicles in particular are experiencing strong growth. The developers' index-linked contracts in use only partially eliminate the resulting pressure to increase costs.

The continuing rapid expansion of the company's activities poses challenges for the development of the management system. The aim is to manage risk by developing a management system that is less dependent on individuals than before. At the same time, the effectiveness of internal communications has also been observed as a factor that must be recognised.

A shortage of skilled personnel can become a risk, especially during the COVID-19 pandemic, causing delays of varying lengths and preventing the free movement of workers. All companies have a shortage of good personnel, and eliminating this problem requires training and HR policies. Corrective measures have already been initiated.

The COVID-19 pandemic did not cause any significant harm to operations in 2020. However, the spread of the pandemic still causes uncertainty about the future of our operations. Despite the difficulty in predicting the availability of critical resources, such as labour and materials, we strive to continue our operations as normally as possible while minimising the risks to our personnel. Due to the company's good financial standing and long-term order book, the company and the Group are well prepared to cope with difficult times.

## Key figures

	Group			Parent company		
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue (EUR million)	387.3	299.2	251.0	240.8	212.4	194.9
Operating profit (EUR million)	22.3	15.8	15.5	15.5	17.3	14.3
Operating profit, %	5.8	5.3	6.2	6.4	8.2	7.3
Return on equity %	34.2	26.0 *)	37.7 *)	22.1	26.6	32.3
Equity ratio, %	46.5	44.9	41.3	57.5	62.0	57.5
Wages and salaries (EUR million)	47.7	33.3	24.5	19.1	16.2	14.4
Average number of personnel	741	572	447	273	248	237

\*) key figures have been adjusted to correspond to the 2020 presentation

## Management and auditors

The Board of Directors consisted of Keijo Haavikko, Kimmo Vuori, Jukka Nikkanen and Tarja Pääkkönen. In addition, Tuomo Rönkkö served as a member of the Board of Directors until October 2020 and Esa Lager thereafter. Keijo Haavikko served as Chairman of the Board of Directors until May 2020 and Jukka Nikkanen after that. Johanna Korhonen served as the secretary of the Board of Directors. Teemu Lantto served as CEO until May 2020, after which Keijo Haavikko took over as CEO. After the end of the financial year, Juha Toimela served as the company's CEO from 1 March 2021.

The company's auditor was PricewaterhouseCoopers Oy, with Markku Launis, Authorised Public Accountant, as its principal auditor.

## Share issues carried out during the financial year

On 11 December 2020, the Annual General Meeting decided on directed share issues to new individual shareholders. A total of 95,800 new class A shares were issued and a total of EUR 1,522,262.00 was paid for them. The amount paid for the shares is recorded in full in the reserve for invested non-restricted equity.

## Acquisitions of own shares during the financial year

During the financial period, the company acquired a total of 146,000 of its own class A shares from individual shareholders. The amount paid for the shares was EUR 1,159,100. The acquired shares are held by the company, and their total share of all class A shares and voting rights on 31 December 2020 is 1.9%.

## Company shares

At the end of the financial period, the company's share capital is EUR 34,646.70. The company has a total of 7,840,130 shares. There are 7,839,930 class A shares and 200 class B shares. All class A shares in the company confer equal rights to dividend, the company's assets and voting at general meetings. Class B shares do not confer voting rights or the right to attend general meetings. Class B shares entitle the holder to a performance share dividend. The company's shares are subject to the redemption and consent clauses according to the Articles of Association.

All class B shares were redeemed from their owners after the end of the financial year in early 2021. After the redemption, all class B shares (200 shares) are in the possession of the company.

## Board of Directors' proposal for the distribution of profits

The company's distributable funds are EUR 60,572, 856.97 of which the profit for the financial period is EUR 12,863,973.18.

The distributable funds according to the consolidated balance sheet amount to EUR 56,476,791.

The Board proposes to the Annual General Meeting that the distributable funds be used as follows:

- A dividend of EUR 0.67 per share, i.e. a total of EUR 5,154,933.10, will be distributed to class A shares.
- An amount of EUR 55,417,923.87 will be retained in equity.

The company's liquidity is good and the proposed profit distribution does not jeopardise the company's solvency or the growth targets approved in the business plan.

**CONSOLIDATED INCOME STATEMENT**

	Note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
<b>REVENUE</b>	3.1	<b>387,341,504</b>	<b>299,160,228</b>
Increase (+)/ decrease (-) in work in progress	3.2	-673,944	946,656
Production for own use( +)		255,458	11,686
Other operating income	3.3	965,950	1,035,931
<b>Materials and services</b>			
Materials, supplies and goods			
Purchases during the financial year	3.4	85,243,273	60,777,387
Increase (-)/decrease (+) in inventories	3.4	-546,765	-20,819
External services	3.4	192,543,539	160,157,359
Materials and services		277,240,047	220,913,927
<b>Personnel expenses</b>			
Wages and salaries	3.5	47,720,053	33,309,430
Personnel expenses			
Pension expenses	3.5	7,559,852	5,953,109
Other social security expenses	3.5	2,529,230	1,813,793
Total social security expenses		10,089,082	7,766,902
Personnel expenses		57,809,135	41,076,332
<b>Depreciation, amortisation and impairment</b>			
Depreciation and amortisation according to plan	3.6, 4.1.1	6,400,972	4,775,165
Impairment losses on non-current assets		0	68,500
Depreciation, amortisation and impairment		6,400,972	4,843,664
Other operating expenses	3.7	24,141,298	18,540,628
Share of profit/loss of associated companies		742	-4,993
<b>OPERATING PROFIT (LOSS)</b>		<b>22,298,257</b>	<b>15,774,956</b>
<b>Finance income and expenses</b>			
Other interest and finance income	3.9	44,966	38,974
Impairment losses on non-current assets	3.9	22,749	0
Interest expenses and other finance expenses	3.9	458,993	566,209
Finance income and expenses		-436,775	-527,235
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>21,861,482</b>	<b>15,247,721</b>
<b>Income taxes</b>			
Taxes for the financial year and previous financial years	3.11	-2,834,242	-2,443,260
Change in deferred tax liabilities	3.11	892,719	-214,242
Minority interests		-505,658	48,205
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>		<b>19,414,301</b>	<b>12,638,424</b>

**CONSOLIDATED BALANCE SHEET**

	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible rights	4.1.1	132,892	130,662
Goodwill	4.1.1	837,395	949,331
Other capitalised long-term expenditure	4.1.1	1,351,327	726,418
Intangible assets		2,321,615	1,806,411
<b>Property, plant and equipment</b>			
Land and water areas	4.1.1	609,932	530,885
Buildings and structures	4.1.1	1,346,555	1,429,424
Machinery and equipment	4.1.1	39,901,352	32,294,326
Advance payments and construction in progress	4.1.1	1,981,233	2,906,378
Property, plant and equipment		43,839,072	37,161,013
<b>Investments</b>			
Holdings in group undertakings	4.1.2	1,250	1,250
Investments in associates	4.1.2	3,000	25,007
Other shares and interests	4.1.2	197,785	197,785
Investments		202,035	224,042
<b>TOTAL NON-CURRENT ASSETS</b>		<b>46,362,722</b>	<b>39,191,466</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Materials and supplies	4.2.1	2,144,697	1,433,550
Work in progress	4.2.1	655,446	1,329,390
Inventories		2,800,143	2,762,941
<b>Receivables</b>			
Non-current			
Loan receivables	4.2.2	366,968	32,112
Other receivables	4.2.2	824,227	1,771,796
Deferred tax assets	4.2.2	1,686,201	0
Non-current receivables		2,877,395	1,803,908
Current			
Trade receivables	4.2.2	37,749,074	36,759,056
Loan receivables	4.2.2	1,443,773	753,486
Other receivables	4.2.2	1,740,645	1,257,238
Prepaid expenses and accrued income	4.2.2	17,163,253	19,023,237
Current receivables		58,096,746	57,793,017
Cash and cash equivalents		52,918,924	26,733,583
<b>TOTAL CURRENT ASSETS</b>		<b>116,693,207</b>	<b>89,093,448</b>
<b>TOTAL ASSETS</b>		<b>163,055,929</b>	<b>128,284,914</b>

**CONSOLIDATED BALANCE SHEET**

<b>Shareholders' equity and liabilities</b>	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>EQUITY</b>			
Share capital	4.3.1	34,647	34,647
Reserve for invested unrestricted equity	4.3.2	24,769,063	23,246,801
Translation differences	4.3.2	157,457	236,679
Retained earnings	4.3.2	18,985,226	14,541,665
Profit for the financial period	4.3.2	19,414,301	12,638,424
<b>TOTAL EQUITY</b>		<b>63,360,693</b>	<b>50,698,215</b>
<b>MINORITY INTERESTS</b>	4.3.2	<b>1,443,838</b>	<b>918,161</b>
<b>PROVISIONS</b>	4.5	<b>613,924</b>	<b>558,906</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Subordinated loans	4.6.1	384,478	427,802
Loans from financial institutions	4.6.1	13,394,742	12,246,111
Other non-current borrowings	4.6.1	4,391,276	6,730,419
Non-current liabilities		18,170,496	19,404,332
<b>Current</b>			
Subordinated loans		65,089	64,282
Loans from financial institutions	4.6.2	2,995,766	2,206,386
Advances received	4.6.2	23,682,462	13,199,253
Trade payables	4.6.2	22,977,643	19,125,667
Other liabilities	4.6.2	9,983,549	7,901,660
Accrued expenses	4.6.2	18,089,520	13,328,583
Deferred tax liabilities	4.6.2	1,672,950	879,468
Current liabilities		79,466,978	56,705,299
<b>TOTAL LIABILITIES</b>		<b>97,637,474</b>	<b>76,109,632</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>163,055,929</b>	<b>128,284,914</b>

**CONSOLIDATED CASH FLOW STATEMENT**

	<b>1 Jan–31 Dec 2020</b>	<b>1 Jan–31 Dec 2019</b>
Cash flow from operating activities		
Proceeds from sales	399,244,672	303,687,666
Proceeds from other operating income	696,957	852,125
Payments for operating expenses	<u>-349,789,806</u>	<u>-280,775,465</u>
Net cash from operating activities before financial items and taxes	50,151,823	23,764,325
Paid interest and payments for other finance expenses	-472,018	-592,076
Interest received from operations	31,287	36,853
Direct taxes paid	<u>-2,234,184</u>	<u>-2,276,131</u>
<b>Cash flow from operating activities</b>	<b>47,476,908</b>	<b>20,932,971</b>
Cash flow from investing activities		
Investments in property plant and equipment and intangible assets	-15,396,498	-20,140,671
Other investments	0	-30,000
Proceeds from sale of non-current assets	106,716	379,965
Loans granted	-1,159,326	-760,598
Repayment of loan receivables	134,184	0
Interest received from loan receivables and other investments	9,205	2,121
<b>Cash flow from investing activities</b>	<b>-16,305,719</b>	<b>-20,549,184</b>
Cash flow from financing activities		
Share issue	1,522,262	889,850
Repurchase of own shares	-1,159,100	0
Proceeds from long-term borrowings	4,460,985	3,229,361
Repayments of long-term loans	0	-687,500
Repayments of current borrowings	-2,774,232	-3,416,873
Dividends paid and other distribution of profits	-7,035,762	-7,401,272
<b>Cash flow from financing activities</b>	<b>-4,985,848</b>	<b>-7,386,434</b>
<b>Increase (+)/decrease (-) in cash and cash equivalents</b>	<b>26,185,341</b>	<b>-7,002,647</b>
Cash and cash equivalents at the beginning of the financial year	26,733,583	33,736,229
Cash and cash equivalents at end of year	52,918,924	26,733,583



**PARENT COMPANY INCOME STATEMENT**

		<b>Note1 Jan–31 Dec 2020</b>	<b>1 Jan–31 Dec 2019</b>
<b>REVENUE</b>	3.1	<b>240,763,330.15</b>	<b>212,397,378.52</b>
Increase(+)/decrease(-) in work in progress	3.2	-380,037.40	946,655.57
Other operating income	3.3	224,793.89	561,099.90
Materials and services	3.4	190,822,625.57	166,308,269.44
Personnel expenses			
Wages and salaries		19,069,635.50	16,216,461.92
Personnel expenses			
Pension expenses		3,069,660.36	2,793,024.09
Other social security expenses		802,760.65	813,402.03
Total social security expenses		3,872,421.01	3,606,426.12
Personnel expenses	3.5	22,942,056.51	19,822,888.04
Depreciation, amortisation and impairment	3.6, 4.1.3	2,080,415.76	1,461,622.19
Other operating expenses	3.7	9,280,748.67	8,967,101.14
<b>OPERATING PROFIT</b>		<b>15,482,240.13</b>	<b>17,345,253.18</b>
<b>Finance income and expenses</b>			
Other interest and finance income	3.9	513,778.70	476,052.52
Impairment losses on non-current assets	3.9	0.00	600,000.00
Interest expenses and other finance expenses	3.9	207,864.44	405,689.84
Finance income and expenses total		305,914.26	-529,637.32
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>15,788,154.39</b>	<b>16,815,615.86</b>
Appropriations	3.10	-274,792.58	-757,210.66
Income taxes	3.11	-2,649,388.63	-2,428,624.23
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>12,863,973.18</b>	<b>13,629,780.97</b>

<b>PARENT COMPANY BALANCE SHEET</b>	<b>Note</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	4.1.3	598,493.56	370,185.49
Property, plant and equipment	4.1.3	8,623,245.47	8,042,992.73
Investments	4.1.4	11,991,654.91	11,390,604.29
<b>TOTAL NON-CURRENT ASSETS</b>		<b>21,213,393.94</b>	<b>19,803,782.51</b>
<b>CURRENT ASSETS</b>			
Inventories	4.2.1	1,295,415.95	1,377,453.35
<b>Receivables</b>			
Non-current receivables	4.2.2	11,037,096.83	10,526,493.33
Current receivables	4.2.2	32,146,619.06	42,059,952.63
Cash and cash equivalents		44,708,742.94	17,324,505.69
<b>TOTAL CURRENT ASSETS</b>		<b>89,187,874.78</b>	<b>71,288,405.00</b>
<b>TOTAL ASSETS</b>		<b>110,401,268.72</b>	<b>91,092,187.51</b>
<b>Shareholders' equity and liabilities</b>			
<b>EQUITY</b>			
Share capital	4.3.1	34,646.70	34,646.70
Reserve for invested unrestricted equity	4.3.2	24,769,062.81	23,246,800.81
Retained earnings	4.3.2	22,939,820.98	17,504,902.39
Profit for the financial period	4.3.2	12,863,973.18	13,629,780.97
<b>TOTAL EQUITY</b>		<b>60,607,503.67</b>	<b>54,416,130.87</b>
<b>APPROPRIATIONS</b>	4.4	<b>1,067,399.00</b>	<b>792,606.42</b>
<b>PROVISIONS</b>	4.5	<b>474,000.71</b>	<b>460,885.71</b>
<b>LIABILITIES</b>			
Non-current liabilities	4.6.1	4,249,999.98	5,464,285.70
Current liabilities	4.6.2	44,002,365.36	29,958,278.81
<b>TOTAL LIABILITIES</b>		<b>48,252,365.34</b>	<b>35,422,564.51</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>110,401,268.72</b>	<b>91,092,187.51</b>

**PARENT COMPANY CASH FLOW STATEMENT**

	<b>1 Jan–31 Dec 2020</b>	<b>1 Jan–31 Dec 2019</b>
Cash flow from operating activities		
Proceeds from sales	251,664,881.95	211,634,360.50
Proceeds from other operating income	124,469.64	377,293.86
Payments for operating expenses	<u>-224,052,241.89</u>	<u>-195,022,983.25</u>
Net cash from operating activities before financial items and taxes	27,737,109.70	16,988,671.11
Paid interest and payments for other finance expenses	-175,278.25	-415,372.13
Interest received from operations	403.94	1,841.72
Direct taxes paid	<u>-2,215,388.63</u>	<u>-2,271,624.28</u>
<b>Cash flow from operating activities</b>	<b>25,346,846.76</b>	<b>14,303,516.42</b>
Cash flow from investing activities		
Investments in property plant and equipment and intangible assets	-3,017,903.24	-5,715,494.14
Other investments	-375,000.00	-1,772,500.00
Proceeds from sale of non-current assets	56,882.79	379,964.84
Loans granted	-3,484,326.00	-9,236,135.00
Repayment of loan receivables	2,793,166.23	2,000,094.33
Interest received from loan receivables and other investments	618,778.22	544,023.35
<b>Cash flow from investing activities</b>	<b>-3,408,402.00</b>	<b>-13,800,046.62</b>
Cash flow from financing activities		
Share issue	1,522,262.00	889,850.00
Repurchase of own shares	-1,159,100.00	0.00
Repayments of long-term loans	0.00	-687,500.00
Proceeds from current borrowings	13,332,678.59	979,239.14
Repayments of current borrowings	-1,214,285.72	-2,589,285.72
Dividends paid and other distribution of profits	-7,035,762.38	-7,401,271.98
<b>Cash flow from financing activities</b>	<b>5,445,792.49</b>	<b>-8,808,968.56</b>
<b>Increase (+)/decrease (-) in cash and cash equivalents</b>	<b>27,384,237.25</b>	<b>-8,305,498.76</b>
Cash and cash equivalents at the beginning of the financial year	17,324,505.69	25,630,004.45
Cash and cash equivalents at end of year	44,708,742.94	17,324,505.69

## Notes to the consolidated financial statements 31 Dec 2020

### 1. Group accounting policies

#### 1.1 Scope of the consolidated financial statements

The consolidated financial statements include the parent company GRK Infra Oy and the following group companies:

	Ownership of the parent company		Ownership of the parent company	
	31 Dec 2020	31 Dec 2019	Group shareholding 31 Dec 2020	Group shareholding 31 Dec 2019
	GRK Infra AS, Tartu	100.00%	100.00%	100.00%
GRK Infra AB (formerly AB Infra Polar), Boden	100.00%	100.00%	100.00%	100.00%
GRK Rail Oy (formerly Winco Oy), Vantaa	86.52%	86.52%	86.52%	86.52%
GRK Road Oy (formerly Annahoj Oy), Vantaa	91.30%	90.12%	91.30%	90.12%
GRK Rail AB, Boden	0.00%	0.00%	86.52%	86.52%

The income statement of the foreign subsidiary is translated into euros at the average exchange rate for the financial year and the balance sheet at the exchange rate on the balance sheet date. Exchange differences arising from the conversion as well as translation differences arising from the conversion of the equity of a foreign subsidiary are presented under the item "Translation difference" in the consolidated balance sheet.

The consolidated financial statements do not include the following group company, as its operations have no material impact on the consolidated result and financial standing:

	Ownership of the parent company		Ownership of the parent company	
	31 Dec 2020	31 Dec 2019	Group shareholding 31 Dec 2020	Group shareholding 31 Dec 2019
	Infra Polar Oy, Kolari (the company had no activities in 2012–2020)	50.00%	50.00%	50.00%

The following associate has been consolidated using the equity method. The Group's share of the associate's result for the financial year is presented in the consolidated income statement before operating profit. The unamortised amount of Group assets arising from the acquisition of an associate in the financial year 2019 as at 31 December 2020 was EUR 0 (as at 31 December 2019: EUR 22,706.51).

Viborock Oy, Myrskylä	0.00%	0.00%	33.33%	33.33%
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#### 1.2 Internal shareholding

The consolidated financial statements have been prepared using the acquisition cost method. GRK Infra AS and GRK Infra AB have been consolidated in the consolidated financial statements since the financial year 2014, GRK Rail Oy and GRK Road Oy since the financial year 2017 and GRK Rail AB since the financial year 2020.

#### 1.3 Internal business transactions

The Group's internal business transactions and receivables and liabilities have been eliminated in consolidation.

#### 1.4 Minority interest

The minority interest has been separated from the Group's equity and profit for the financial year and presented as a separate item.

#### 1.5 Recognition of deferred taxes

The deferred tax liability is calculated on the basis of the accumulated depreciation difference and voluntary provisions and is included in full in the consolidated balance sheet. Deferred tax assets are recognised in the taxation of Group companies as the estimated probable receivable of confirmed losses.

## 2. Measurement and accrual principles

### 2.1 Measurement of non-current assets

Depreciation and amortisation according to plan has been reduced from the acquisition cost of tangible and intangible assets recognised on the balance sheet. Acquisition cost includes the variable expenses incurred due to purchase and manufacture. Depreciation and amortisation according to plan has been calculated using the straight-line method based on the economic useful lives of the tangible and intangible assets with the exception of certain buildings, which are depreciated based on depreciation in taxation and other long-term expenditure in the circular economy business, which are amortised based on the use of areas.

The depreciation periods are as follows:

Intangible rights	5–10 years	straight-line depreciation
Goodwill	10 years	straight-line amortisation
Other capitalised long-term expenditure	4–10 years	straight-line depreciation
Other long-term expenditure (circular economy)	Amortisation of asset	based on the use of areas
Tools and measuring equipment	3–5 years	straight-line depreciation
Passenger cars	4–5 years	straight-line depreciation
Lorries and vans	3–7 years	straight-line depreciation
Office machines and equipment	5 years	straight-line depreciation
Asphalt stations and heavy asphalt equipment	10–20 years	straight-line depreciation
Rail work machines and equipment	10–20 years	straight-line depreciation

Other production machinery and equipment	5–12 years	straight-line depreciation
Buildings and structures	5–25 years/7%	straight-line depreciation/reducing balance method of depreciation

The acquisition costs of non-current assets with a probable useful life is less than three years and small acquisitions are recognised as expenses in full for the financial period of the acquisition.

## 2.2 Inventories

Inventories are measured at the lower of acquisition cost or replacement cost or probable sales price.

## 2.3 Accrual of income

Long-term projects are recognised based on the percentage of completion. The percentage of completion is determined as the ratio of actual costs incurred to the estimated total costs of the project. The projected losses from onerous projects included in the order backlog have been recognised as expenses in full.

## 3. Notes to the income statement

<b>3.1 Breakdown of revenue</b>	<b>Parent company</b>	<b>Parent company</b>	<b>Group</b>	<b>Group</b>
Disaggregation of revenue by market area	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Geographical breakdown				
Finland	240,763,330.15	212,397,378.52	324,598,667	260,074,831
Estonia	0.00	0.00	20,029,317	22,345,549
Sweden	0.00	0.00	<u>42,713,519</u>	<u>16,739,849</u>
	240,763,330.15	212,397,378.52	387,341,504	299,160,228
Revenue based on percentage of completion	233,949,146.74	206,295,951.80	333,545,337	272,499,277
Other revenue	<u>6,814,183.41</u>	<u>6,101,426.72</u>	<u>53,796,167</u>	<u>26,660,951</u>
<b>Total revenue</b>	240,763,330.15	212,397,378.52	387,341,504	299,160,228
Amount recognised as revenue from long-term projects recognised based on the percentage of completion but not handed over to the customer during the financial period and previous financial periods	246,710,170.83	189,397,209.99	357,644,716	265,538,082
Amount not recognised as revenue from long-term projects recognised based on the percentage of completion	95,574,829.17	189,182,497.22	208,145,581	308,882,503
<b>3.2 Change in work in progress</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Increase (+)/decrease (-) in work in progress	-380,037.40	946,655.57	-673,944	946,656
<b>3.3 Other operating income</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Proceeds from sale of property, plant and equipment	27,956.12	257,456.04	43,706	261,224
Grants received	106,336.13	102,861.40	106,336	102,861
Other operating income	<u>90,501.64</u>	<u>200,782.46</u>	<u>815,907</u>	<u>671,846</u>
<b>Total other operating income</b>	224,793.89	561,099.90	965,950	1,035,931
<b>3.4 Materials and services</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Materials and supplies				
Purchases during the financial year	45,115,701.62	32,030,171.78	85,243,273	60,777,387
Change in material and supply inventory	-298,000.00	156,000.00	-546,765	-20,819
External services	<u>146,004,923.95</u>	<u>134,122,097.66</u>	<u>192,543,539</u>	<u>160,157,359</u>
<b>Total materials and services</b>	190,822,625.57	166,308,269.44	277,240,047	220,913,927
<b>3.5 Personnel expenses and average number of personnel</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
During the financial period, the company's average number of personnel was				
White-collar	178	166	368	305
Blue-collar	<u>95</u>	<u>82</u>	<u>373</u>	<u>267</u>
Total	273	248	741	572
Personnel expenses				
Wages and salaries	19,069,635.50	16,216,461.92	47,720,053	33,309,430
Pension expenses	3,069,660.36	2,793,024.09	7,559,852	5,953,109
Other social security expenses	<u>802,760.65</u>	<u>813,402.03</u>	<u>2,529,230</u>	<u>1,813,793</u>
<b>Total personnel expenses</b>	22,942,056.51	19,822,888.04	57,809,135	41,076,332
Management wages and salaries				
Members of the Board of Directors and the CEO	661,850.02	755,711.71	1,602,994	1,407,089

	Parent		Group	
	Parent company	Parent company	Group	Group
	1-12/2020	1-12/2019	1-12/2020	1-12/2019
<b>3.6 Depreciation, amortisation and impairment</b>				
Depreciation and amortisation according to plan	2,080,415.76	1,461,622.19	6,400,972	4,775,165
Impairment losses on non-current assets	0.00	0.00	0	68,500
<b>Total depreciation, amortisation and impairment losses</b>	<b>2,080,415.76</b>	<b>1,461,622.19</b>	<b>6,400,972</b>	<b>4,843,664</b>
<b>3.7 Other operating expenses</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Office rents and maintenance charges	866,145.98	767,761.14	1,964,890	1,795,707
Vehicle expenses	1,298,308.87	1,264,959.66	4,154,547	3,174,157
IT hardware and software expenses	1,045,961.31	910,928.65	2,539,063	1,552,978
Consulting, advisory and administrative services	870,716.60	464,423.11	1,057,146	712,465
Travel expenses	1,270,687.80	1,271,187.99	5,224,389	4,287,168
Other operating expenses	<u>3,928,928.11</u>	<u>4,287,840.59</u>	<u>9,201,263</u>	<u>7,018,152</u>
<b>Total other operating expenses</b>	<b>9,280,748.67</b>	<b>8,967,101.14</b>	<b>24,141,298</b>	<b>18,540,628</b>
<b>3.8 Auditors' fees</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
<b>PricewaterhouseCoopers</b>				
Auditing	41,726.00	49,089.43	100,074	72,766
Tax advisory services	0.00	1,107.50	0	1,108
Other services	<u>74,133.00</u>	<u>18,417.51</u>	<u>76,217</u>	<u>18,418</u>
Total	115,859.00	68,614.44	176,291	92,291
<b>3.9 Finance income and expenses</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Other interest and finance income				
From Group companies	500,048.19	443,033.23	0	0
From others	<u>13,730.51</u>	<u>33,019.29</u>	<u>44,966</u>	<u>38,974</u>
Total other interest and finance income	513,778.70	476,052.52	44,966	38,974
Impairment losses on non-current assets	0.00	600,000.00	22,749	0
Interest expenses and other finance expenses				
To others	<u>207,864.44</u>	<u>405,689.84</u>	<u>458,993</u>	<u>566,209</u>
Total interest expenses and other finance expenses	207,864.44	405,689.84	458,993	566,209
<b>Finance income and expenses total</b>	<b>305,914.26</b>	<b>-529,637.32</b>	<b>-436,775</b>	<b>-527,235</b>
<b>3.10 Appropriations</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Difference between the depreciation according to plan and depreciation in taxation				
(increase -/decrease+)	-274,792.58	-757,210.66	0	0
<b>Total appropriations</b>	<b>-274,792.58</b>	<b>-757,210.66</b>	<b>0</b>	<b>0</b>
<b>3.11 Income taxes</b>	<b>1-12/2020</b>	<b>1-12/2019</b>	<b>1-12/2020</b>	<b>1-12/2019</b>
Income taxes on operations	-2,649,388.63	-2,428,624.23	-2,834,242	-2,443,260
Change in deferred tax liabilities	0.00	0.00	892,719	-214,242

## 4. Notes to the balance sheet

## 4.1 Non-current assets

## 4.1.1 Group's intangible and tangible assets

Group	Intangible assets					Property, plant and equipment				Total
	Intangible rights	Group goodwill	Goodwill	Other capitalised long-term expenditure	Land areas	Buildings	Machinery and equipment	Advance payments and construction in progress		
Acquisition cost at 1 Jan 2020	181,734	1,601,362	1,122,461	1,000,339	530,885	1,594,964	38,974,327	2,906,378	47,912,450	
Additions	38,810	0	0	848,878	79,046	21,874	13,594,115	1,981,233	16,563,956	
Disposals	0	0	0	0	0	0	-793,737	0.00	-793,737	
Reclassifications	0	0	0	0	0	0	0	-2,906,378	-2,906,378	
Acquisition cost at 31 Dec 2020	220,544	1,601,362	1,122,461	1,849,218	609,932	1,616,838	51,774,704	1,981,233	60,776,291	
Accumulated depreciation, amortisation and impairments 1 Jan 2020	-51,072	-1,601,362	-173,130	-273,921	0	-165,541	-6,680,001	0	-8,945,026	
Accumulated depreciation and amortisation of disposals	0	0	0	0	0	0	730,394	0	730,394	
Depreciation and amortisation for the period	-36,580	0	-111,935	-223,969	0	-104,742	-5,923,745	0	-6,400,972	
Accumulated depreciation and amortisation 31 Dec 2020	-87,652	-1,601,362	-285,065	-497,890	0	-270,283	-11,873,352	0	-14,615,604	
Book value 31 Dec 2020	132,892	0	837,395	1,351,327	609,932	1,346,555	39,901,352	1,981,233	46,160,687	
Book value 31 Dec 2019	130,662	0	949,331	726,418	530,885	1,429,424	32,294,326	2,906,378	38,967,424	
Balance sheet value of production machinery and equipment on 31 December 2020							39,339,623			
Balance sheet value of production machinery and equipment 31 December 2019							33,082,044			

## Shares

## Receivables

## 4.1.2 Group investments

Group	Shares			Receivables			Total
	Group companies	Associated companies	Other	Group companies	Associated companies	Other	
Acquisition cost at 1 Jan 2020	1,250	25,007	197,785	0	0	0	224,042
Additions	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Impairment	0	-22,749	0	0	0	0	-22,749
Share of the result of the associated company	0	742	0	0	0	0	742
Reclassifications	0	0	0	0	0	0	0
Acquisition cost at 31 Dec 2020	1,250	3,000	197,785	0	0	0	202,035
<b>Book value 31 Dec 2020</b>	1,250	3,000	197,785	0	0	0	202,035

#### 4.1.3 Intangible assets and property plant and equipment of the parent company

Parent company	Intangible assets			Property, plant and equipment		
	Intangible rights	Other capitalised long-term expenditure	Land areas	Buildings	Machinery and equipment	Total
Acquisition cost at 1 Jan 2020	13,398.00	583,649.93	340,522.21	1,142,790.15	9,003,554.20	11,083,914.49
Additions	16,200.00	341,550.26	0.00	21,873.89	2,538,279.09	2,917,903.24
Disposals	0.00	0.00	0.00	0.00	-759,320.28	-759,320.28
Acquisition cost at 31 Dec 2020	29,598.00	925,200.19	340,522.21	1,164,664.04	10,782,513.01	13,242,497.45
Accumulated depreciation, amortisation and impairment at 1 Jan 2020	-13,398.00	-213,464.44	0.00	-104,451.86	-2,339,421.97	-2,670,736.27
Accumulated depreciation and amortisation of disposals	0.00	0.00	0.00	0.00	730,393.61	730,393.61
Depreciation and amortisation for the period	-270.00	-129,172.19	0.00	-77,366.21	-1,873,607.36	-2,080,415.76
Impairment	0.00	0.00			0.00	0.00
Accumulated depreciation and amortisation 31 Dec 2020	-13,668.00	-342,636.63	0.00	-181,818.07	-3,482,635.72	-4,020,758.42
<b>Book value 31 Dec 2020</b>	15,930.00	582,563.56	340,522.21	982,845.97	7,299,877.29	9,221,739.03
<b>Book value 31 Dec 2019</b>	0.00	370,185.49	340,522.21	1,038,338.29	6,664,132.23	8,413,178.22
Balance sheet value of production machinery and equipment 31 Dec 2020					6,182,752.13	
Balance sheet value of production machinery and equipment 31 December 2019					6,123,963.74	

#### 4.1.4 Investments of the parent company

Parent company	Shares			Receivables			
	Group companies	Associated companies	Other	Group companies	Participating companies	Other	Total
Acquisition cost at 1 Jan 2020		0.00	197,785.08	3,041,019.06	0.00	0.00	11,390,604.29
Additions	8,151,800.15	0.00	0.00	375,000.00	0.00	0.00	930,000.00
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Reclassifications	0.00	0.00	0.00	-328,949.38	0.00	0.00	-328,949.38
Acquisition cost at 31 Dec 2020	8,706,800.15	0.00	197,785.08	3,087,069.68	0.00	0.00	11,991,654.91
<b>Book value 31 Dec 2020</b>	8,706,800.15	0.00	197,785.08	3,087,069.68	0.00	0.00	11,991,654.91



	Parent		Group	
	Parent company	Parent company	Group	Group
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
<b>4.2 Current assets</b>				
<b>4.2.1 Inventories</b>				
Materials and supplies	707,000.00	409,000.00	2,144,697	1,433,550
Work in progress	<u>588,415.95</u>	<u>968,453.35</u>	<u>655,446</u>	<u>1,329,390</u>
<b>Total inventories</b>	1,295,415.95	1,377,453.35	2,800,143	2,762,941
<b>4.2.2 Receivables</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>Non-current receivables</b>				
Loan receivables from Group companies	10,699,816.83	10,526,493.33		
Loan receivables from others	337,280.00	0.00	366,968	32,112
Other non-current receivables	0.00	0.00	824,227	1,771,796
Deferred tax assets	0.00	0.00	1,686,201	0
<b>Total non-current receivables</b>	11,037,096.83	10,526,493.33	2,877,395	1,803,908
<b>Current receivables</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Prepaid expenses and accrued income from Group companies	33,959.37	143,836.99		
Loan receivables from Group companies	2,988,260.67	3,724,042.06		
Trade receivables from Group companies	468,048.35	932,962.50		
Total current receivables from Group companies	3,490,268.39	4,800,841.55		
Receivables from others				
Trade receivables	17,398,561.15	23,882,560.23	37,749,074	36,759,056
Loan receivables	1,443,773.26	753,486.22	1,443,773	753,486
Other receivables	381,882.55	169,501.45	1,740,645	1,257,238
Prepaid expenses and accrued income	9,432,133.71	12,453,563.18	17,163,253	19,023,237
Total receivables from others	28,656,350.67	37,259,111.08	58,096,746	57,793,017
<b>Total current receivables</b>	32,146,619.06	42,059,952.63	58,096,746	57,793,017
Breakdown of prepaid expenses and accrued income;				
Prepaid expenses and accrued income corresponding to income based on percentage of completion	9,351,899.48	12,379,563.18	16,313,215	18,427,712
Income taxes	0.00	74,000.00	0	74,000
Other prepaid expenses and accrued income	<u>80,234.23</u>	<u>0.00</u>	<u>850,038</u>	<u>521,526</u>
<b>Total prepaid expenses and accrued income</b>	9,432,133.71	12,453,563.18	17,163,253	19,023,237
<b>4.3 Equity</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
<b>4.3.1 Restricted equity</b>				
Share capital 1 Jan	34,646.70	34,646.70	34,647	34,647
Increase in share capital from paid share issues	0.00	0.00	0	0
<b>Share capital 31 Dec</b>	34,646.70	34,646.70	34,647	34,647
<b>Total restricted equity</b>	34,646.70	34,646.70	34,647	34,647
<b>4.3.2 Unrestricted equity</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Reserve for invested unrestricted equity 1 Jan	23,246,800.81	22,356,950.81	23,246,801	22,356,951
Increase during the financial period from share issues	1,522,262.00	889,850.00	1,522,262	889,850
<b>Reserve for invested unrestricted equity 31 Dec</b>	24,769,062.81	23,246,800.81	24,769,063	23,246,801
Retained earnings 1 Jan	31,134,683.36	24,906,174.37	27,180,089	21,942,937
Dividend distribution	-7,035,762.38	-7,401,271.98	-7,035,762	-7,401,272
Redemption of own shares	-1,159,100.00	0.00	-1,159,100	0
<b>Retained earnings 31 Dec</b>	22,939,820.98	17,504,902.39	18,985,226	14,541,665
<b>Translation differences</b>			157,457	236,679
<b>Profit for the financial period</b>	12,863,973.18	13,629,780.97	19,414,301	12,638,424
<b>Total unrestricted equity</b>	60,572,856.97	54,381,484.17	63,326,046	50,663,568
<b>Total equity</b>	60,607,503.67	54,416,130.87	63,360,693	50,698,215
<b>Minority interests</b>			1,443,838	918,161

	Parent company 31 Dec 2020	Parent company 31 Dec 2019	Group 31 Dec 2020	Group 31 Dec 2019
<b>4.3.3 Distributable unrestricted equity</b>				
Retained earnings	22,939,820.98	17,504,902.39	18,985,226	14,541,665
Profit for the financial period	12,863,973.18	13,629,780.97	19,414,301	12,638,424
Portion of accumulated depreciation difference recognised in shareholders' equity			-6,691,799	-3,517,871
Reserve for invested unrestricted equity	24,769,062.81	23,246,800.81	24,769,063	23,246,801
<b>Total distributable unrestricted equity</b>	<b>60,572,856.97</b>	<b>54,381,484.17</b>	<b>56,476,791</b>	<b>46,909,019</b>
<b>4.4 Accumulated appropriations</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Depreciation difference	1,067,399.00	792,606.42	0	0
<b>4.5 Provisions</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Other provisions	474,000.71	460,885.71	613,924	558,906
<b>4.6 Liabilities</b>				
<b>4.6.1 Non-current liabilities</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Subordinated loans	0.00	0.00	384,478	427,802
Loans from financial institutions	4,249,999.98	5,464,285.70	13,394,742	12,246,111
Other non-current borrowings	0.00	0.00	4,391,276	6,730,419
<b>Total non-current liabilities</b>	<b>4,249,999.98</b>	<b>5,464,285.70</b>	<b>18,170,496</b>	<b>19,404,332</b>
<b>4.6.2 Current liabilities</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Subordinated loans	0.00	0.00	65,089	64,282
Loans from financial institutions	1,214,285.72	1,214,285.72	2,995,766	2,206,386
Advances received from clients of long-term projects	240,787,861.76	179,138,472.46	321,833,020	237,797,730
Advances received corresponding to income based on percentage of completion	-237,328,201.19	-176,901,086.42	-302,028,607	-224,685,861
Advances received from projects not recognised in part	<u>0.00</u>	<u>72,641,62</u>	<u>3,878,049</u>	<u>87,384</u>
Total advances received	3,459,660.57	2,310,027.66	23,682,462	13,199,253
Trade payables to others	10,148,219.18	11,620,531.74	22,977,643	19,125,667
Trade payables to Group companies	385,793.96	135,564.09		
Other current liabilities to Group companies (Group account liabilities)	<u>15,334,510.24</u>	<u>1,961,453.79</u>		
Total liabilities to Group companies	15,720,304.20	2,097,017.88		
Other liabilities	4,117,462.91	4,223,403.21	9,983,549	7,901,660
Accrued expenses	9,342,432.78	8,493,012.60	18,089,520	13,328,583
Deferred tax liabilities	0.00	0.00	1,672,950	879,468
<b>Total current liabilities</b>	<b>44,002,365.36</b>	<b>29,958,278.81</b>	<b>79,466,978</b>	<b>56,705,299</b>
Breakdown of accruals:				
Accrued personnel expenses	7,147,537.88	5,288,650.78	15,300,690	9,765,744
Accrual of income taxes	360,000.00	0.00	537,951	0
Interest liabilities	35,062.50	42,854.17	56,273	69,298
Other accruals	1,799,832.40	3,161,507.65	2,194,606	3,493,541
<b>Total accruals</b>	<b>9,342,432.78</b>	<b>8,493,012.60</b>	<b>18,089,520</b>	<b>13,328,583</b>
<b>Information on the Group's subordinated loans</b>				
Subordinated loans included in the Group's liabilities	0.00	0.00	449,567	492,084
Main terms and conditions of subordinated loans (chapter 12 of the Finnish Limited Liability Companies Act)				

- The loans are subordinated loans within the meaning of chapter 12 of the Finnish Limited Liability Companies Act, the capital of which may be repaid pursuant to chapter 12, section 1 of the Finnish Limited Liability Companies Act only to the extent that the amount of the company's free equity capital and all subordinated loans at the time of payment exceeds the amount of the company's loss as shown in the balance sheet for the last financial year or more recently closed financial statements and in such a way that the company's solvency is not jeopardised by the repayment of the capital. The same applies to interest paid on the loans.
- Loans were withdrawn in financial years 2018, 2019 and 2020. The loans are repaid to the creditors at equal instalments once every six months. The last instalment of the subordinated loans first withdrawn will mature on 30 June 2025 and of those last withdrawn will mature on 31 December 2027. If the subordinated loans cannot be repaid at the end of the loan term due to the restriction clauses, the loan term will extend until the loans have been repaid in full. The loans are repaid to the creditors at equal instalments once every six months. After the adoption of the financial statements, interest is paid on the loans annually at the rate of 4% p.a., always on 30 June.

## 5. Other notes

## 5.1. Notes concerning guarantees and commitments

## 5.1.1 Guarantees based on contract agreements issued by financial institutions and insurance companies for which a countersecurity has been pledged as collateral

	Parent company	Parent company	Group	Group
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Contract collaterals	51,020,868.19	55,822,340.74	76,132,167	76,407,913
<b>5.1.2 Other collateral given for own commitments</b>				
Real estate mortgages	150,000.00	150,000.00	150,000	150,000
Company mortgages	17,000,000.00	17,000,000.00	27,000,000	27,000,000
Pledged shares, book value	197,785.08	197,785.08	197,785	197,785
Deposits (rent deposits)	44,065.06	53,362.00	52,905	62,202
<b>Total</b>	17,391,850.14	17,401,147.08	27,400,690	27,409,987
<b>5.1.3 Collaterals for Group companies</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Guarantees for subsidiaries' leasing and instalment debt agreements	2,840,514.25	1,945,018.25		
Guarantees based on subsidiaries' contract agreements for which a countersecurity has been pledged as collateral	25,111,299.29	20,585,572.45		
<b>Total</b>	27,951,813.54	22,530,590.70		
Total amount of the bank overdraft granted	10,000,000.00	11,500,000.00	11,500,000.00	11,500,000.00
of which in use	0.00	0.00	0.00	0.00
<b>5.1.4 Total lease liabilities</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Payable during the next financial period	56,260.16	262,339.38	1,598,598	1,109,512
Payable later	<u>495.53</u>	<u>64,657.31</u>	3,136,430	<u>1,341,377</u>
<b>Total</b>	56,755.69	326,996.69	4,735,028	2,450,889
<b>5.1.5 Lease liabilities for premises</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>	<b>31 Dec 2020</b>	<b>31 Dec 2019</b>
Payable during the next financial period	555,439.16	767,666.65	1,241,381	1,226,395
Payable later	1,047,476.66	1,225,357.00	2,706,214	1,904,414
<b>Total</b>	1,602,915.82	1,993,023.65	3,947,595.67	3,130,808.54

**Signatures to the Financial Statements and Annual Report**

Vantaa, 15 April 2021

GRK Infra Oy

*signature*

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Jukka Nikkanen  
Chair of the Board*signature*

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Keijo Haavikko  
member of the Board*signature*

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Esa Lager  
member of the Board*signature*

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Tarja Pääkkönen  
member of the Board*signature*

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Kimmo Vuori  
member of the Board*signature*

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Juha Toimela  
Chief Executive Officer**Auditor's note**

A report on the audit performed has been issued today

Tampere, 20 April 2021

**PricewaterhouseCoopers Oy**

Firm of auditors

Markku Launis

Authorised Public Accountant



## Auditor's Report (Translation of the Finnish Original)

To the Annual General Meeting of GRK Infra Oy

### Report on the Audit of the Financial Statements

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#### Opinion

In our opinion, the financial statements give a true and fair view of the groups and the company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

#### What we have audited

We have audited the financial statements of GRK Infra Oy (business identity code 0533768-1) for the fiscal year ended 31 December 2020. The financial statements comprise the balance sheet, income statement, cash flow statements and notes for the group as well as for the parent company.

#### 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 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 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 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 the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company 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

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### Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors.

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



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

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

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

Tampere 20 April 2021

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Markku Launis  
Authorised Public Accountant (KHT)