



GRK

ANNUAL AND SUSTAINABILITY REVIEW

2021

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A responsible forerunner in efficient infrastructure construction

GRK is a Finnish construction group that operates in Finland, Sweden and Estonia. We employ almost 900 professionals and our revenue in 2021 was almost EUR 431 million.

The customers of GRK Group consist of both public and private sector entities. We find the most innovative and functional infrastructure solutions and make projects such that our customers do not have to worry about anything. The more versatile the project, the better it suits us.

WE AREN'T AFRAID. WE DON'T WASTE TIME. WE DON'T JUST GO TO WORK.

Our services

GRK's core competencies include the implementation of versatile infrastructure construction projects, project management of large projects and extensive railway track construction expertise. In traffic route construction, special construction, environmental construction and industrial construction, GRK provides all the necessary services from design to construction and maintenance.



CIVIL ENGINEERING



RAIL CONSTRUCTION



PAVING



ENVIRONMENTAL SERVICES

Strong year

GRK's strong development continued throughout 2021. Projects progressed as planned, many projects were completed and team spirit grew. GRK's revenue increased by more than 11 per cent to a historic record of EUR 430.6 million. The growth continued profitably. Adjusted operating profit and adjusted operating profit margin remained at a good level. All in all, the economic development showed our strong performance. The greatest challenges in the operating environment were posed by strong cost increases and continuation of COVID-19.

KEY FIGURES

GRK Group (IFRS)	1-12/2021	1-12/2020	1-12/2019
Revenue (EUR million)	430.6	387.3	298.6
EBITDA (EUR million)	32.6	31.2	19.3
EBITDA -%	7.6	8.0	6.5
Adjusted EBITDA (EUR million)	34.0	32.4	19.5
Adjusted EBITDA -%	7.9	8.4	6.5
Operating profit (EUR million)	20.7	21.7	12.4
Operating profit margin -%	4.8	5.6	4.2
Adjusted operating profit (EUR million)	22.6	22.9	12.6
Adjusted operating profit margin -%	5.3	5.9	4.2
Profit for the financial year (EUR million)	15.7	18.6	8.9
Equity (EUR million)	78.2	65.1	50.6
Return on equity -%	21.9	32.1	18.6
Equity ratio -%	43.6	43.4	41.4
Order backlog (EUR million)	382	405	482
Average number of employees (pers.)	888	741	572

Highlights of the year 2021

Committed personnel

GRK personnel's satisfaction and commitment remained at an excellent level: our NPS score is 39.



Aiming high

GRK's objective is to achieve a revenue of more than EUR 700 million and be the most profitable company in its industry by the end of 2025.



Carbon neutral by 2030

As a forerunner in sustainable infrastructure construction, GRK aims to be carbon neutral by 2030.

One million litres of renewable fuel

GRK started to use low-emission fuels in its fleet by acquiring almost one million litres of Neste MY renewable fuel oil and Neste MY renewable diesel to reduce CO₂ emissions.



Excellent customer satisfaction

GRK's customer promise of constructing infrastructure to the highest quality and right first time was implemented successfully; the customer satisfaction was 4.3/5.



CEO'S REVIEW

An exciting year behind us – interesting prospects ahead

The infrastructure sector may be seen as stable and steady, but after a year at the helm of GRK, I can tell you it is anything but. For us, the past year was fast-paced, eventful and successful – a great year overall.

The markets saw developments in different directions. The buoyant demand in the early part of the year slowed down slightly towards the end of the year. In the spring, the raw material costs started to increase at a record pace, and growth was slowed down by labour shortages. The COVID-19 pandemic also required various precautions. We responded well to market challenges and made rapid progress in both our customer projects and our internal development projects. We streamlined our operations, strengthened our governance and invested in sustainability. At the end of the year, we also took time to look to the future and defined new objectives and strategy for GRK.

A new record

Financially, our year was successful in many ways. The company's growth story continued and we broke the previous year's record as our revenue increased to EUR 431 million (2020: 387 million). Our operating profit remained at the previous year's level and amounted to EUR 20.7 million (2020: 21.7 million). Maintaining profitability took effort, as exceptionally sharp increases in the cost of raw materials ate into the productivity of our projects. The cost of timber, oil and steel, as well as related transport costs, rose sharply and, together with problems in availability, this put additional pressure on project schedules.

We also achieved many of our other objectives. In Finland, we completed major projects, several of them ahead of schedule. Operations in Sweden developed very positively, with improved profitability. The strong demand for rail services also brought us profitable growth, and in Estonia we managed to increase our order backlog. Success in so many areas showed that we have been able to improve our competitiveness and increase our internal co-operation. In fact, many of our winning bids are based on combining competence and expertise from different services.

Building with respect for the environment

During the year, we also focused on future growth and the sustainability of our operations and offerings. Sustainable infrastructure construction can make a significant contribution to addressing the global climate challenge and biodiversity loss. The lifespan of roads, railways and other transport routes can be dozens or hundreds of years, and their performance can make a significant difference to transport emissions and environmental impacts. We have developed our own services to be more environmentally friendly. We are also actively involved in projects to develop new or recycled materials as raw materials for our industry.

Our customers climate objectives are already reflected in many of the tenders we have received. One such example is our winning bid for the Swedish Transport Agency's E4 road project between Persön and S. Råneå. The aim of the pilot project is to reduce carbon dioxide emissions. It is clear that in the future, more and more tenders will have criteria for construction-time and final product emissions. As a forerunner in the infrastructure sector, we are creating a universal emission calculation method for the industry.

Modestly the best

At the beginning of 2022, we announced our goal to achieve revenue in excess of EUR 700 million and to be the most profitable company in our industry by the end of 2025. At the same

**WE HAVE BEEN ABLE TO
IMPROVE OUR COMPETITIVENESS
AND INCREASE OUR INTERNAL
CO-OPERATION.**

time, as we want to be a frontrunner in sustainable infrastructure construction, we also set a goal for carbon neutrality in our own operations by 2030.

Our markets offer good opportunities for growth. In Finland, we expect the focus of infrastructure projects to shift from roads to railways and from construction to maintenance. On the other hand, the development of growth centres and the infrastructure maintenance backlog sustain demand. We also see clear growth potential in our environmental services and renewable energy projects.

Our position in Finland is already strong, so we are looking for growth mainly in Sweden and Estonia. In Sweden, public investment in infrastructure is significant, and GRK's strengthened market position gives us excellent chances of winning new tenders. The Estonian market also offers good growth opportunities, and we expect success, especially as rail investments continue. Rail construction is in fact a clear priority for us. We are mainly looking for organic growth, but we are also ready to make acquisitions.

New horizons

While our new strategy will change some things, the foundation of our success remains the best talent and most committed personnel in the market. Based on these premises, we will be aiming for profitable growth in the coming year, in line with our

strategy. In addition to the many opportunities our operating environment offers, there are also challenges, but we believe we can overcome them through hard work.

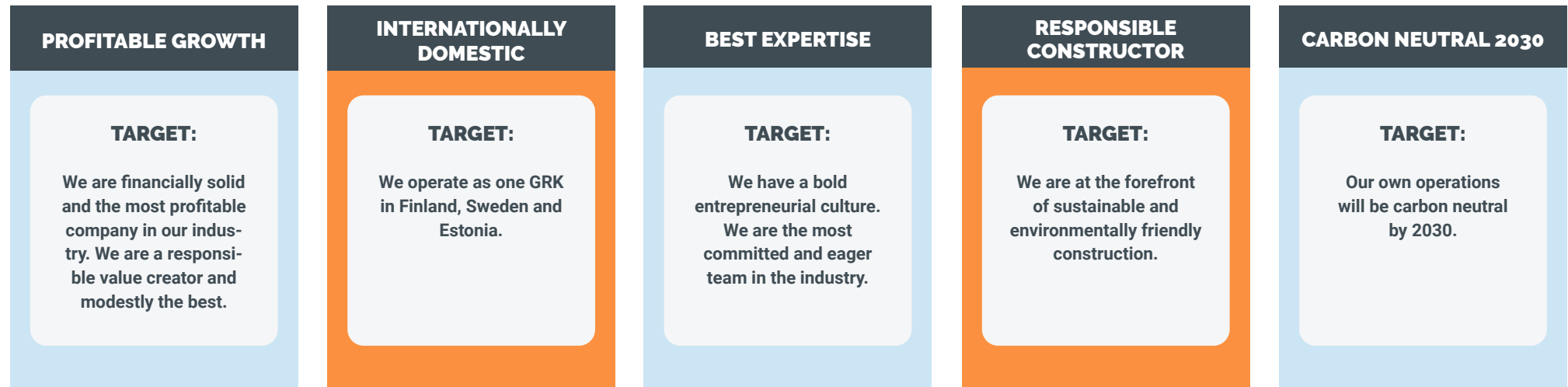
I humbly thank the entire GRK personnel for 2021. You have done a great job in challenging circumstances. I know I can count on your support in the future as well. I also thank our customers for the trust they have placed in us and all our partners for the smooth co-operation. I would also like to thank our shareholders.

Juha Toimela
CEO

STRATEGY

One GRK – we will continue our profitable growth together

GRK measures the success of its strategy by monitoring the following targets, which the company aims to achieve by the end of 2025:



Our values

WE AREN'T AFRAID.

We do not shy away from work, challenges, or decision-making. Instead, we go headfirst towards the unknown because we know we are excellent at what we do. The more challenging our customer's site, the better it suits us.

WE DON'T WASTE TIME.

The secret to our success is straightforwardness – both in words and actions. We are a large group, but we operate as agilely and productively as when we were still a small player. For our customer, this is reflected in a quick response and smooth progress.

WE DON'T JUST GO TO WORK.

Work is more than work for us. Entrepreneurship lives strong in us: we give our employees freedom and responsibilities as much as they can carry. Also the newcomers. We are proud of our work, and we are constantly improving our operations. For our customers, this attitude is reflected in more carefree contracts, and for our employees as a strong team spirit.

STRATEGY

Our vision for 2025

Our goal is to grow significantly by 2025. We will strengthen our international presence and invest in our environmental services. We are a forerunner in infrastructure construction. We have the most committed personnel in the industry. We will have achieved carbon neutrality in our own operations by 2030.

PROFITABLE GROWTH

We are a financially solid and the most profitable company in our industry. We are a responsible value creator and modestly the best. We grow in all our service sectors and across our market area. The target is for an increase share of continuing operations in revenue of EUR 200 million to be generated organically through the growth of existing business, and EUR 100 million through acquisitions. One important objective is to grow our environmental services business.

INTERNATIONALLY DOMESTIC

We operate as one GRK. We are already one of the leading players in the infrastructure sector in Finland. The Swedish and Estonian operations will grow in significance during the strategy period. We will reinforce the Group's unified operating culture. Every customer must see an identical GRK.

BEST EXPERTISE

We have a bold entrepreneurial culture. We are the most committed and eager team in the industry. We focus on increasing our

existing talent and we recruit new talented people. We expand our team of committed and professional people. At GRK, people can have an international career with a wide range of projects.

RESPONSIBLE CONSTRUCTOR

We are at the forefront of sustainable and environmentally friendly construction. We strive to reduce carbon emissions from built infrastructure in co-operation with various stakeholders.

CARBON NEUTRAL BY 2030

To help mitigate climate change, we have set ourselves the goal of reducing our emissions and making our operations carbon neutral by 2030.



Financial targets for 2025

Revenue > **EUR 700 million**

Share of continuing operations in revenue **12%**

Operating profit % > **7%**

Return on equity > **25%**

SERVICES | CIVIL ENGINEERING

No project too complex

We build roads, streets and community infrastructure, and we improve existing infrastructure. We specialise in demanding bridge construction work, including river and railway bridges. Our services cover all aspects of civil engineering, including concrete, steel and composite structures, foundations, industrial construction, bridge and tunnel construction and repair, as well as excavation, shoring and quarrying.

How we operate

Depending on the customer's needs, we adapt our approach to the best interests of the project. We carry out all types of projects, from all-in contracts to those involving design. We also participate in lifecycle projects, alliances and other collaborative contracts. We are at our best in large and complex projects.

We work in difficult locations in heavily trafficked environments and geotechnically challenging conditions. We take into account the existing transport network and ensure safe and smooth traffic flow also during construction work. The phasing of work and efficient implementation solutions minimises harm to the environment and inconvenience to road users.

Markets

We carry out projects in Finland, Sweden and Estonia. In Finland, investment in road and bridge construction and the construction of utility infrastructure were at a good level in 2021. In all countries, investment in bridges, civil engineering and community infrastructure remained at a high level. In Sweden and Estonia, we focused on motorway, road and bridge projects.

Finland is expected to see a steady increase in road and bridge construction. As urbanisation goes on and the maintenance backlog increases, the construction of public utilities will be concentrated in growth centres. The market outlook for Sweden and Estonia is positive. The construction of Rail Baltica in Estonia and major road investments in Norrbotten and Västerbotten in Sweden offer opportunities for growth.

Major projects

The most significant projects completed in 2021 were the Verkkosaari regional development project in Helsinki, the construction of Espoonväylä Phase I, the Saimaa Canal railway bridge in Lappeenranta, the modifications to the Laajalahti section of Ring Road I in Espoo and the Vt 4 bypass lane between Pohjois-Ii and Olhava. In Sweden, the most significant projects were Väg 97, the E4 Djägneboda-Bygdeå, and the Umeå river bridge. In Estonia, the Võõbu-Mäo motorway project continued and work started on the Tartu ring road.

**WE WORK IN DIFFICULT
LOCATIONS IN HEAVILY
TRAFFICKED ENVIRONMENTS.**



SERVICES | RAIL CONSTRUCTION

Rail construction from design to maintenance

Our comprehensive rail construction services cover the entire life cycle of rail construction in Finland, Sweden and Estonia. We offer all services from design to construction and maintenance. Our design unit specialises in the design of technical systems for railways, metro lines and tramways. We carry out engineering design for track electrification, safety equipment and complex structural engineering projects, from foundations to telecommunication tower structures. We carry out new-build and renovation projects for track electrification, safety equipment, traffic management, pavement, substructures and special structures.

How we operate

We do construction work on railways, metro lines and tramways. Our service offering also includes track maintenance. We have offices all over Finland, which enables efficient maintenance and damage repairs with a fast response time. We have a wide range of equipment at our disposal, from rail-mounted machines to work trains, with which we carry out both large and small repair jobs.

Markets

In Finland, we have been busy in the areas of construction, maintenance and design of railways. There is plenty of work in all technical areas of the railway infrastructure, superstructure, electrical systems and safety equipment. In Sweden, the government's National Transport System Plan allocates more than

a fifth of the 2018–2029 financial framework budget to railways. Sweden and Estonia are investing heavily in railways to improve safety, availability and functionality.

Major projects

In 2021, our maintenance contracts included the electric track and high-voltage systems in the Tampere operating centre area and the maintenance of track and safety equipment (by Kuura Alliance) in Maintenance Area 1 (Uusimaa). Other 2021 contracts included the Länsimetro contract of superstructure and third rail in Espoo, changes to the Ylivieska–Iisalmi line and the West Finland switch project 15 at Viinikka in Tampere.



SERVICES | PAVING

Comprehensive expertise

Our range of services includes asphalt paving of streets, roads and yards, resurfacing using various methods, asphalt paving repairs, road improvement works, pavement edge backfilling and related civil engineering works. We also do asphalt paving of yards and driveways, as well as landscaping and stone paving.

How we operate

Our product offering in paving is diverse and our area of operation is wide. With our experienced and skilled personnel, we can manage the whole project and get the job done. In addition to cities, municipalities and the state, our customers include households, commercial properties and industrial sites. From excavation to finishing, we build traffic areas and courtyards according to the customer's wishes.

Markets

Reduced funds in the state budget increased price competition while sharp increases in raw material prices, especially bitumen and energy, reduced profitability. The COVID-19 pandemic slowed down investments in the private sector. There were also changes in the competitive landscape that affected the market.

Major projects

Paving projects were carried out extensively throughout Finland. The number of road paving contracts increased especially in

Uusimaa and Central Finland, but there were also projects in the Savo-Kainuu region and the Oulu region, as well as in urban areas in Jyväskylä, Kajaani, Iisalmi, Kuhmo and Kiuruvesi.

The utilisation rate of project stations and specialised equipment fell slightly from the previous year, but remained at a satisfactory level. In particular, the number of road improvement and earthworks projects decreased. A new asphalt station at Mäntymäki in Nurmijärvi started in May. The station's output is mainly used for our own contracts, but is also sold to other contractors. We improved the energy efficiency of our other stations and increased the use of recycled asphalt as a raw material for the stations.



SERVICES | ENVIRONMENTAL SERVICES

At the forefront of circular economy development

GRK promotes circular economy and the creation of new operating models in the infrastructure sector. We aim to create an operating model which will produce economic well-being within the limits of the earth's ecological carrying capacity. Starting from the year 2023, Finland will adopt procurement criteria for infrastructure construction which will support circular economy. GRK wants to be a forerunner in the compliance with these criteria.

How we operate

GRK's environmental services business produces services in support of its own infrastructure construction as well as for the use of external operators. The environmental services cover the reception, processing and utilisation of several waste materials. GRK has 13 reception points in Finland, which are located between Helsinki and Oulu. The extensive network of facilities enables logistically efficient operations in Finland.

We receive and process construction waste, waste incineration slug, industrial ash and other side streams, soil containing waste and nutrient-rich organic materials. Processed, exploitable materials are used at GRK's own infrastructure construction sites and in environmental services' projects or delivered to other operators. The operations produce significant amounts of raw materials for steel production and metal remanufacturing in addition to materials replacing virgin rock materials. The processing also produces fractions that are used to replace fossil fuels in energy production.

In addition to receiving materials, the environmental services offer terminal areas for the storage of biofuels and comprehen-

sive services for the construction of sports facilities, for example. We are responsible for the planning, environmental permit application process, acquisition of the required recycled materials, construction and construction-time monitoring. Implementing the projects in close co-operation with the operators ensures a functional and cost-effective construction solution.

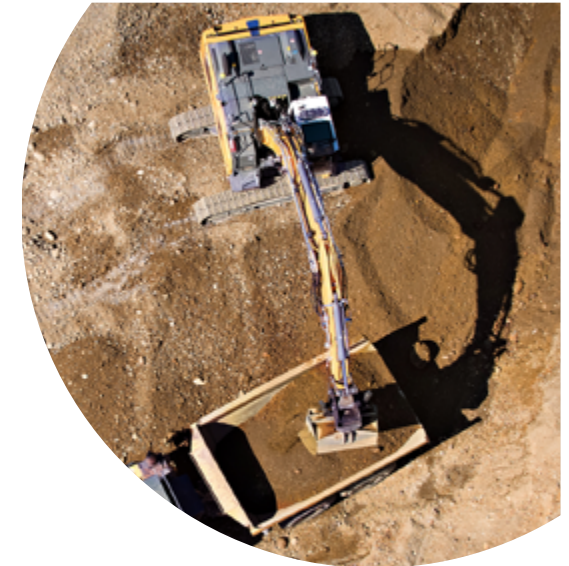
Markets

The circular economy market is growing rapidly in Finland, driven by many public development programmes, sectoral development projects and legislative changes. Year 2020 saw the completion of a multiple-sector roadmap towards low-carbon operations. The aim of circular economy measures is to reduce Finland's greenhouse gas emissions by several percent by 2030. New innovative solutions are needed and the infrastructure sector is one of the most potential sectors due to its high use of materials. Measured by international circular economy indicators, Finland is still below the EU average.

Major projects

GRK has invested heavily in discovering and commercialising new low-emitting materials. This way, we are able to launch low carbon solutions for public energy and infrastructure projects among others. The market requires alternatives and solutions in order to achieve the set low carbon targets.

Construction sites of the environmental services include the construction of a shooting range in the Shooting Center Ruutikangas in Liminka and Lumijoki, Finland, and a shooting range in Yrtinkangas, Kouvola, Finland. In both of these shooting range projects, the roads, parking areas as well as the safety and protective structures required by shooting range activities were constructed using only recycled materials. The environmental services have also several ongoing afforestation projects. In these projects, recycled fertilisers are used as the source of energy for growth required by afforestation. Through these projects, GRK has acquired significant knowledge of CO₂ emission compensation opportunities provided by afforestation.



SUSTAINABILITY

Building a more sustainable society

GRK builds and maintains infrastructure vital to our society, such as road, rail and utility networks. As an industry leader, GRK actively promotes corporate responsibility by providing sustainable services and ensuring the sustainability of its own operations. Corporate responsibility is therefore an integral part of our vision, our strategy and our role as a forerunner in infrastructure construction.

Our continuous and systematic development work is based on relevant themes identified according to stakeholders' needs. On this basis, we increase the positive and reduce the negative impacts of our activities on the society around us. The positive impacts include high-quality, safe and functional road and rail networks, as well as new circular economy solutions. The negative impacts, on the other hand, include the use of raw materials, consumption of energy, greenhouse gas emissions and waste resulting from operations. Infrastructures have a lifespan of dozens or even hundreds of years, which means our services have a long-lasting impact on the surrounding society.

Systematic development

Sustainability development is a systematic effort that supports risk management and the achievement of our business objectives. It requires close co-operation between our personnel, our

customers and our partners. In our day-to-day work, we are guided by our values, our code of conduct, legislation and various guidelines. Sustainability development measures are documented in a programme, the progress of which is monitored by the responsible persons elected for each task, the Corporate Responsibility Manager, the Management Team and the Board of Directors. We have also made a number of commitments and adhere to quality and environmental certifications, which help to ensure that we operate responsibly.

Staying ahead of the curve requires decisive action and investment in developing new solutions. Customer demands for more sustainable construction methods and materials have also increased. Through active development, we seek positive environmental impacts, cost savings and new business opportunities. There is still a lot of potential for new innovations in the sector.



INFRASTRUCTURES HAVE A LIFESPAN OF DOZENS OR EVEN HUNDREDS OF YEARS.



Sustainability as part of strategy

In GRK's strategy published in 2021, sustainability was highlighted as one of the strategic cornerstones. We set a target to be carbon neutral in our own operations in 2030. At the same time, we identified environmental services as one of our strong growth areas. Indeed, our new strategy demonstrates our strong commitment to allocating investment and resources to sustainable development and a change in mindset throughout our organisation. Sustainability is now an integral part of everything we do, and it provides us with more opportunities for growth.

Steps forward

During 2021, we took several big steps towards sustainability. We developed an emissions indicator to determine our CO₂ emis-

sions. This way we are ready to report our emissions now and in the future. Emissions metering increases our preparedness for future tenders and provides a basis for monitoring the impact of our environmentally sustainable measures.

In our projects, we looked for alternative recycled materials to replace traditional raw materials and invested in the recycling of soil. Additionally, we further raised our level of occupational safety and expertise. Due to the comprehensive learning supplies, we are able to provide professional personnel for projects. Implementing the principles of fair operation ensures us a responsible partner network and reminds our employees that we do not allow any dishonest or inappropriate activity.



GRK'S MAIN STAKEHOLDERS

- Personnel and potential new employees
- Customers (cities and municipalities, the Finnish Transport Infrastructure Agency and ELY Centres in Finland, Trafikverket in Sweden and Maanteeamet in Estonia, companies, households, industry)
- Partners (contractors, alliance partners, suppliers of materials and equipment, pension insurance and other insurance companies, auditing firms and other service providers)
- Owners, potential new owners and financiers
- Banks and financial institutions
- Society, authorities, educational institutions, organisations
- Other stakeholders (infrastructure users, media)

VALUE CREATION

United as one GRK – building infrastructure

OUTPUT AND IMPACTS

HIGH-QUALITY INFRASTRUCTURE THAT IS CRUCIAL FOR SOCIETY: ROADS, BRIDGES, RAILWAY TRACKS, URBAN NETWORKS AND MAINTENANCE.

For employees

- Salaries and fees with social costs EUR 75.2 million
- Growing experience and expertise
- Thriving working environment

For partners

- Procurements EUR 183.9 million
- 13 locations receiving waste material in Finland

For society

- Taxes
- Active co-operation with the public sector in developing expertise in the field

For the environment

- Waste reduction and material development
- CO₂ emissions totalling to 14,812 CO₂ tonnes equivalent, with a decrease of 13% when compared to 2020
- Increasing the use of recycled materials by 22% when compared to 2020.
- Recycling and secondary raw materials for the metal and steel industries, fertilisers and energy production.

For owners and financiers

- Dividends
- Interest payments

SERVICES

PAVING

ENVIRONMENTAL SERVICES

CIVIL ENGINEERING

RAIL CONSTRUCTION

PLANNING
CONSTRUCTION
MAINTENANCE

GRK HAS
888
COMMITTED
EMPLOYEES
in Finland,
Sweden and
Estonia.

RESOURCES

Best expertise

- Strong professional pride and excellent project competence
- Comprehensive offering and co-operation between different service areas
- Active service development and innovative solutions
- Significant investments in the environmental services business

Responsibility-oriented company culture

- Entrepreneurial approach based on the principles of fair operations
- Quality and resource efficiency development
- Thorough project-specific monitoring

Thriving personnel

- Employee satisfaction eNPS 39
- Motivating pay

Good networks

- Functional customer relationships
- Extensive partner network

Stable financial position

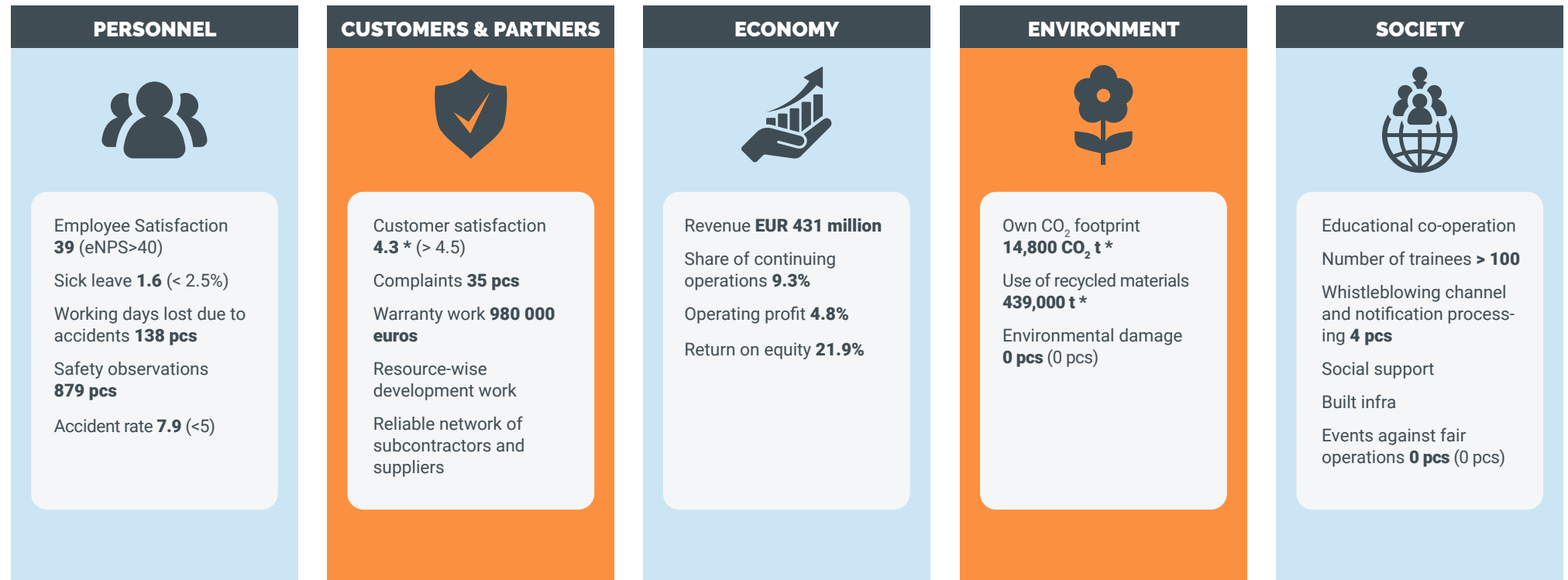
- Equity ratio 43.6%
- Net investments EUR 21.7 million

Being known as a trustworthy operator

- Well-known and reliable brand
- Desired partner for customers and subcontractors
- A forerunner in sustainable infrastructure construction

SUSTAINABILITY

Sustainability targets and results 2021



Priorities for 2022

- Responsibility as part of competitiveness
- New business opportunities from sustainability
- Strengthening the use of renewable energy
- Monitoring of waste volumes and development of operations based on results
- Validation of digital applications
- Calculation of the carbon handprint based on monitoring

* In GRK's Finnish companies

SUSTAINABILITY | FINANCIAL RESPONSIBILITY

Quality through diligence

Our profitable operations and solvency enable us to be a reliable employer, supplier, partner and a good corporate citizen. Profitable growth enables the creation of new business opportunities and jobs.

Our main customer segment is the public sector, but we also carry out projects for companies. In some large infrastructure projects, we work in alliance with other companies in the sector. Our projects vary in size, and no single project or account can jeopardise the continuity of our operations.

Solid project expertise

Ensuring the quality of our operations is an essential part of maintaining profitability. We build infrastructure to the highest quality, right first time, and monitor the progress of projects to ensure cost-effectiveness and profitability. Solid project expertise is one of the cornerstones of our competitiveness. During 2021, customer satisfaction remained at a very high level in our Finnish companies while the amount of warranty work and the number of complaints remained low. GRK's customer satisfaction rate was 4.3.

All GRK companies comply with operating systems in accordance with the ISO 9001, ISO 14001 and ISO 45001 standards. All of the above standards have also been certified in the Finnish and Estonian operations, and the ISO 9001 and ISO 14001 standards have been certified in Sweden.

Principles of fair operations

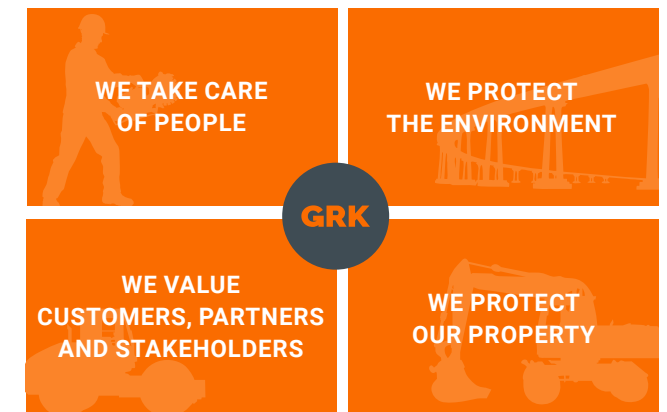
In spring 2021, we introduced our principles of fair operations and a whistleblowing channel for reporting any misconduct or unethical conduct in the company. During the year, we rolled out these principles to our network of partners and set up procedures to monitor compliance across the network. Our standards of responsibility are based on the principle that no dishonesty or inappropriate behaviour of any kind will be tolerated. We are a trustworthy partner and we only choose trustworthy operators as our partners. We also aim for long-term co-operation agreements.

OUR MAIN THEMES OF FINANCIAL RESPONSIBILITY ARE:

- Supporting growth
- Ensuring continuity
- Being a trustworthy partner



Principles of fair operations



Our role in society

We build and maintain infrastructure that is vital to our society and the foundation of its well-being. Accordingly, the most significant value we generate for society comes from the road, rail and utility networks we build. In addition, we bring prosperity to society through taxes, jobs and increased know-how. We are involved in trade association activities and foster good co-operation with the communities living near our construction sites. We work with and sponsor various educational institutions at both local and national level.

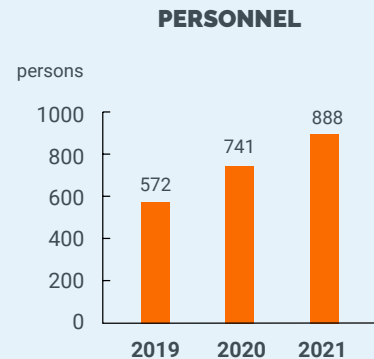
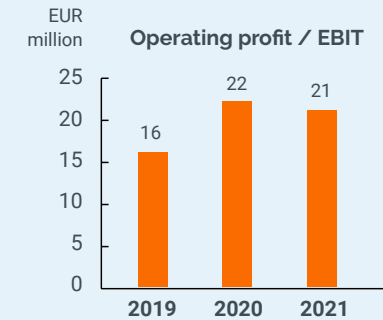
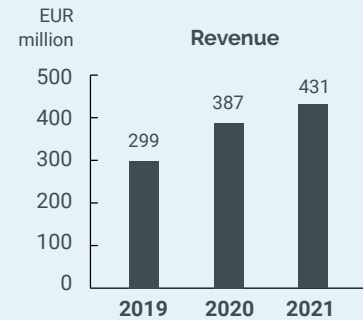
Case

BREAKING NEW GROUND THROUGH RECRUITMENT TRAINING

In early 2021, GRK launched a recruitment training course in co-operation with TTS in Finland, which gave participants the opportunity to become infrastructure construction professionals. The training course was a success by every measure and all those who completed the training were employed.

The training was carried out as labour market training, funded by the ELY Centre and GRK Infra Oy. The applicants were either unemployed or facing unemployment. Fifteen people were selected for the training, 10 of whom completed it. The training lasted a total of 90 days, during which the trainees completed the necessary qualification examinations, studied measurement and interpretation of drawings, learned about soils and aggregates, civil engineering, safe use of machinery and working as a digger operator's helper. Those who completed the training are employed in a variety of civil engineering jobs at GRK's infrastructure construction sites around Finland.

PROFITABLE AND RESPONSIBLE GROWTH



GRK Group, IFRS	2021	2020
Revenue (EUR million)	430.6	387.3
Change in revenue -%	11.2	29.7
EBITDA (EUR million)	32.6	31.2
EBITDA -%	7.6	8.0
Operating profit / EBIT (EUR million)	20.7	21.7
Operating profit margin -%	4.8	5.6
Adjusted operating profit / EBIT	22.6	22.9
Profit for the financial year (EUR million)	15.7	18.6
Basic earnings per share (EUR)	0.5	0.6
Net debt (EUR million)	-16.7	-25.4
Equity ratio -%	43.6	43.4
ROCE -%	21.9	32.1
ROE -%	20.0	25.6
Net investments (EUR million)	21.7	20.0
Order backlog (EUR million)	382	405

SUSTAINABILITY | ENVIRONMENTAL RESPONSIBILITY

Building with respect for the environment

The construction and transport sectors have a major role to play in the battle against climate change and biodiversity loss. GRK builds infrastructure that meets customers' requirements and users' needs, while reducing its life-cycle environmental impact.

Our activities have a long-lasting impact on the surrounding society, as the lifespan of infrastructure can be dozens or even hundreds of years. We are actively developing more resource-efficient solutions and low-carbon materials. We also invest on rail construction and our environmental services, providing circular economy services to our broad customer base. Every day, we take concrete and clear actions to promote sustainable development.

CO₂ emissions from infrastructure are mainly due to the materials and fuels used in construction, as well as energy consumption during the lifespan of the product. Emissions can be reduced by using recycled materials, renewable fuels and ensuring appropriate recycling of soil, aggregates and waste. In addition, emission reductions will be achieved by optimising the logistics of soil and aggregate transport and by reducing material wastage.

Toward carbon neutrality

GRK has created an emissions calculation tool to determine its own emissions. We have already put in place measures to re-

duce our own Scope 1 and 2 carbon dioxide emissions. At the beginning of 2021, we were the first infrastructure company to introduce Neste renewable MY diesel and MY fuel oil products. This helped us achieve a 13% reduction in CO₂ emissions compared to 2020, despite a 6% increase in fuel consumption as our operations expanded. We aim to achieve carbon neutrality in our own operations in 2030.

Resource efficiency and waste recycling reduce the environmental impact of construction while achieving significant cost savings. In 2021, we implemented digital monitoring and reporting tools that enable verified transparency. We developed monitoring methods to track the efficiency of soil and aggregates reuse and waste sorting on construction sites. The GRK App mobile application has already been launched and it also enables the monitoring of energy and fuel consumption. From the beginning of 2022, the app is also used for monitoring the recycling and volume of waste on construction sites. As the savings in resources are reflected in the profitability of the sites, interest in introducing new functionalities is high.



Case

CARBON-NEGATIVE CRUSHED CONCRETE PRODUCT, BETOROC, REDUCES EMISSIONS AND COSTS.

GRK Infra contracted the first phase of the new Espoonväylä road for the City of Espoo, using a significant amount of carbon-negative Betoroc made from recycled crushed concrete. Betoroc was used as a substitute for the materials of the dividing layer and also as embankment fill in areas allowed by the permit.

Betoroc was an excellent choice for the site, as there were no suitable aggregates in the area. In addition, Betoroc can achieve a much better load-bearing capacity than when building with comparable crushed stone. It is also cheaper than natural stone. Betoroc is an excellent example of innovative recycled materials that can replace virgin materials, reduce emissions and cut costs.



Use of recycled materials

GRK has further increased the use of recycled materials in construction. In 2021, we used a total of around 439,000 tonnes of recycled materials in our Finnish companies.

In addition to recycling, GRK is involved in the development of new low-emission materials. We also seek the lowest carbon footprint alternatives for materials in procurement and maintain an active dialogue with material suppliers and customers to promote development.

Acting responsibly for the environment

Our environmental responsibility is guided by our action plans, our quality, environment and safety policy and our risk management policy. We have an environmental management system according to ISO 14001:2015, which ensures the protection of soil, air and water in all our operations. We take care of noise and vibration management and optimise transport distances, protecting the work environment and residents as well as infrastructure users and the climate.

OUR KEY THEMES IN ENVIRONMENTAL RESPONSIBILITY ARE:

- Climate and environmental protection
- Resource wisdom
- New innovations or innovation development

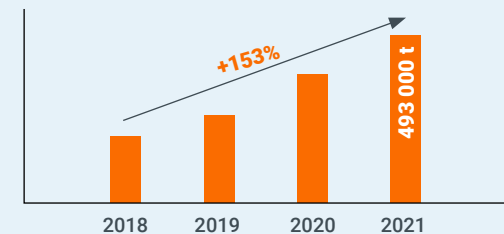
Case

E4 PERSÖN-S. RÅNEÅ PILOT PROJECT IN SWEDEN

GRK won a sustainability pilot project for Trafikverket in Sweden. The aim of the year-long project is to improve road safety on the E4. The project's CO₂ emissions are monitored in real time and the emissions are treated as money in the project. A bonus is paid for success in reducing emissions.

In fleet monitoring, data is collected remotely from the machines in relation to fuel consumption, machine location and movements, overall eco-friendliness and efficiency of use, etc. This data is used to guide drivers to use machines more economically and to refine machine-related processes to make them more efficient. The materials used and their emissions are also monitored. The machines run on renewable Neste diesel. In terms of materials, asphalt and concrete are produced using renewable fuels. Real-time monitoring allows the customer, engineer and contractor to change their plans if necessary. Through innovative solutions, GRK is aiming for financial rewards while gaining more knowledge about the impact of different solutions on emissions and learning to take key issues into account.

USE OF RECYCLED MATERIALS



SUSTAINABILITY | SOCIAL RESPONSIBILITY

Fair employer

GRK is a forerunner in its field, with a bold entrepreneurial culture. We are the most committed and eager team in the industry. We are doing meaningful work to build the infrastructure of the future in a sustainable way. GRK is a fair and trustworthy employer that offers all its employees equal opportunities, a chance to grow and develop, and a collaborative working community.

Excellent team spirit

For GRK, 2021 was a busy and at the same time stressful year. The ongoing pandemic and the spread of an even more infectious Omicron variant towards the end of the year posed challenges to GRK's daily operations, but these were reasonably well managed through proactive measures. Business continued uninterrupted and the pandemic did not delay the progress of projects. Good team spirit has helped teams and units to cope with the situation, which is still ongoing.

GRK's way of working can be described as ambitious and persistent. We are a group of skilled professionals eager to develop and improve. We are passionate about our work. This enthusiasm is also reflected in the responses to the December 2021 personnel survey. At Group level, our eNPS result was +39. We almost reached our target of +40, with some units even exceeding +50.

We want to further improve our well-being, and we will plan and implement measures based on the information provided by the survey. We already have a wide range of practices and tools to promote well-being at work. This year, we will be launching de-

velopment programmes to tackle issues that undermine well-being at work, such as feeling rushed and finding it difficult to take a break from work.

Safety first

Our employees work in a wide range of jobs, so the occupational health and safety risks vary. Safety is our number one priority, and we will not compromise on it under any circumstances. We aim to operate accident-free, and we systematically improve our safety performance. Proper instructions, compliance with them, safe equipment and the use of protective equipment contribute to accident-free working. We monitor compliance with safety requirements on our sites, and the requirements that apply to our own employees also apply to our partners. Our accident rate has developed positively and was 7.9 for GRK's own employees and 9.2 in total (partners included).

In 2021, we organised the first Group-wide safety day to share current information and emphasise the importance of safety at



Case

KNOW-HOW THROUGH MENTORING

Excellence and continuous improvement is GRK's main competitive advantage. GRK has a wide range of know-how, which it aims to share effectively and systematically. Company personnel includes dozens of experts in the field, and it is important to share their experience with young people. On the other hand, newcomers often are in possession of up-to-date information and know cutting-edge methods that GRK wants to take advantage of. At GRK, mentoring is often used as induction training for a new job or role, but it also supports the acquisition of references and the setting up of an alternate system.

In customer projects, the customer's approval is always required for any project- or task-specific mentoring plans. The plan is recorded on an electronic form, which is also used to monitor the progress of the mentoring and will serve as a final report and evaluation document for the person mentored. During 2021, a total of eight customer-approved mentoring processes were launched throughout the Group.

SAFETY IS OUR NUMBER ONE PRIORITY.

work. We also extended the use of safety observations to all our sites. In total, more than 800 safety observations were made.

Our employees have access to a comprehensive range of occupational health care services, as well as health insurance. We take active steps to maintain the working capacity of our personnel. The main risks to working capacity tend to come from physically demanding jobs, but mental health challenges are also increasingly proving to be a cause of sick leave. We encourage employees to report their situation as early as possible so that we can provide expert help. In 2021, the sickness absence rate was 1.6%.

Success is based on skills and know-how

GRK's success is based on the diverse skills of its personnel and their continuous development. Complex infrastructure projects require managing their entire lifecycle, from tender calculation to resourcing and scheduling, management and implementation in a cost-effective way that meets customer requirements. The development of the sector also requires the introduction of new ways of working and, in particular, more effective use of new technologies and digitalisation.

We keep our personnel's skills up to date and design training courses to meet the needs of the company as a whole and the individual needs of each employee. An example of this was the project management training we launched in 2021. Sectoral legislation requires that those who execute projects have certain

qualifications, for example in the field of occupational safety. We ensure the qualifications of our employees by using external trainers, for example for training in occupational and railway safety.

A desired workplace

Labour shortages plague infrastructure companies in Finland, Sweden and Estonia and, in particular, there is a shortage of production workers. Thanks in part to its reputation of being a good employer, GRK has been reasonably successful in retaining its personnel and recruiting skilled employees. The company is a

Case

HIGH VOLUMES OF TRAFFIC PASSES BY THE SITES – HOW IS THE SAFETY OF PASSERS-BY ENSURED?

Site safety does not only concern those working on the site, but also those living close to the site, other road users and passers-by, for example.

GRK has participated in implementing several highway improvement projects. Traffic safety and its improvement has always been at the core of all the projects.

In extensive highway improvement projects, traffic safety during construction requires special attention. High volumes of traffic pass by the sites every day. Work must be completed as quickly as possible, so that the interruption would be short, while taking no risks.

At road constructions sites, it is typically necessary to slow down, stop the traffic and even construct detours or re-route traffic. All this is done on terms of traffic safety, while also taking into account occupational and environmental safety aspects.

desirable and sought-after place to work, offering a competitive and motivating salary. However, succeeding in the competition for talent requires continuous development.

GRK is actively involved in various organisations and co-operation bodies to develop the competitiveness and attractiveness of the industry as a whole. Large investments have been launched, especially in rail construction, so the need for labour is growing. We are involved in a joint project between TTS Kehitys and the TE Centre to train new skilled workers in the sector. We also invest in co-operation with educational institutions and offer traineeships and jobs for young people. The most experienced

OUR WORK WELL-BEING TARGETS

	CURRENT	TARGET
eNPS	39	40
Sick leaves	1.6%	< 2.5%
Frequency of accidents	7.9	< 5

workers have a wealth of knowledge, and we encourage them to share it with younger workers through a mentoring programme.

Fair pay and motivating incentive systems give competitive edge to GRK. The entrepreneurial way of working is reflected in the incentives that we use to reward personnel for achieving both the company's performance target and unit- and site-specific targets.

Case

AWARDED SAFETY IN THE ASPHALT INDUSTRY

GRK won the coating site category of the safety competition organised by the Infra Contractors Association in Finland (INFRA ry) in 2021. The awarded site was located on road Mt 1471 between Mäntsälä and Oitti where the team leveled the subbase using the remix method for approximately 25 kilometres. The team consisted of 13 employees and the fleet of three asphalt heaters, a remixer, two rollers and a service vehicle. In addition, there were also four material transfer vehicles working on the site. GRK Road Oy's Technical Director Matti Honkonen stated in the award ceremony that GRK makes constant efforts to develop occupational safety and continues to invest in it in the future.

THE MAIN SOCIAL RESPONSIBILITY THEMES ARE:

- A thriving work community
- Safety and health
- Fair employer
- Respecting partners and infrastructure users



Board of directors



JUKKA NIKKANEN

Chair of the Board since 2020, Member of the Board since 2017

Education: Master of Economic Sciences

Key positions of trust: Chair of the Board: Ardor Oy, Member of the Board Epic Autokoulu Oy.

Key work experience: Entrepreneur in FlowArc Oy. Co-owner, Member of the Board or Chairman: Lähi-Rahoitus Oy. Numerous various senior management, CEO and Board positions in the companies belonging to the Salmela Group Oy and in the Jokinen Group Oy Ab.

KEIJO HAAVIKKO

Vice Chair of the Board, Member of the Board since 2014

Education: M.Sc. (Civil Engineering).

Key positions of trust: Executive Vice President: GRK Infra Oy, Chairman of the Supervisory Board: GRK Infra AS, Chairman of the Board: GRK Infra AB, GRK Rail Oy and GRK Road Oy, Member of the Board: GRK Rail AB

Key work experience: Chair of the Board: GRK Infra Oy, Asfalttikallio Oy and GRK Infra AS.

TARJA PÄÄKKÖNEN

Member of the Board since 2018

Education: Doctor of Engineering, M.Sc.

Key positions of trust: Partner: Boardman Oy. Chair of the Board: United Bankers Oyj, SATO Oyj, Panostaja Oyj and Ylva Palvelut Oy. Chair of the Advisory Board: Chairman of the Advisory Board at Andiaata Oy. Several international management level positions at Nokia Oyj and chair of the Board: Marimekko Oyj, Olvi Oyj and Qentinel Finland Oy.

ESA LAGER

Member of the Board since 2020

Education: Master of Laws, Master of Economic Sciences.

Key positions of trust: Member of the Board: Sato Oyj, Stockmann Oyj Abp, Alma Media Oyj, Ilkka-Yhtymä Oyj and Minimani Yhtiöt Oy.

Key work experience: Chair of the Board: Terrafame Oy, Olvi Plc, Fennovoima Ltd and Okmetic Oy.

JOHANNA KORHONEN

Member of the Board since 2021

Education: Master of Laws and MA in Social Studies

Key positions of trust: HR Director: GRK Infra Oyj, Member of the Board: GRK Infra AS

Key work experience: Several legal tasks.

KARI KAUNISKANGAS

Member of the Board since 2022

Education: Graduate engineer with a Bachelor's degree in economics

Key positions of trust: Member of the Board at A-Insinöörit Oy, HyperCo Oy, AINS Holding Oy and the Finnish-Russian Chamber of Commerce. Chair of the Board at Lily ai Oy.

Key work experience: CEO of YIT Oyj and YIT Rakennus Oy.

Management team



JUHA TOIMELA

*President and CEO
Employed by GRK Group since 2021*

Education: M.Sc. (Civil Engineering), MBA
Worked previously as the Executive Vice President of SRV Yhtiöt Oyj and in project management functions, for example, at Pöyry Oyj and Rautaruukki Oyj.

KEIJO HAAVIKKO

Executive Vice President and member of the Board Employed by the Company since 2010

Education: M.Sc. (Civil Engineering)
Worked previously as the Managing Director of Niska & Nyssönen Oy.

MIKKO SILLMAN

*Chief Financial Officer
Employed by the Company since 2018*

Education: Master of Economic Sciences
Worked previously in auditing positions at PricewaterhouseCoopers Oy and as a business analysis at Nokia Oyj.

JOHANNA KORHONEN

*HR Director
Employed by the Company since 2013*

Education: Master of Laws and MA in Social Studies
Worked previously as a lawyer and partner in different law firms.

TIMO PINOMÄKI

*Chief Risk Officer
Employed by the Company since 2016*

Education: Community development engineer
Worked previously as the Vice President, Risk Management at VR Track Oy.

MIKA MÄENPÄÄ

*CEO of GRK Infra AB
Employed by the Company since 2020*

Education: Industrial Management Engineer
Worked previously as the Chief Business Officer at Mäenpää Rakennus Oy, as the CEO of Sundström Ab Oy and as the Business Manager for Asia and Europe at Rolls-Royce Marine A/S.

MIKA HÄKLI

*CEO of GRK Road Oy
Employed by the Company since 2020*

Education: M.Sc. (Civil Engineering)
Worked previously in aggregate business tasks at Hämeen Kuljetus Oy and in various positions in the Lemminkäinen Oyj

MIKKO NYHÄ

*CEO of GRK Rail Oy
Employed by the Company since 2020*

Education: M.Sc. (Civil Engineering)
Worked previously, for example, at Oy VR-Rata Ab, VR Track Oy and NRC Group Finland Oy.

JOHANNA METSÄ-TOKILA

*Chief Legal Officer
Employed by the Company since 2021*

Education: Master of Laws trained on the bench
Worked previously as the Chief Legal Officer at SRV Yhtiöt Oyj and as the Senior Legal Counsel at OP Financial Group.

GRK Infra Oyj
Business ID 0533768-1

+358 10 321 4110
firstname.surname@grk.fi
www.grk.fi

GRK