

# GRK Infra Oy

## Financial statements and Annual Report 1 January–31 December 2019

<b>Contents</b>	<b>page</b>
Report of the board of directors	1
Consolidated income statement	4
Consolidated balance sheet assets	5
Consolidated balance sheet shareholders' equity and liabilities	6
Consolidated cash flow statement	7
Parent company income statement	8
Parent company balance sheet	9
Parent company cash flow statement	10
Notes to the consolidated financial statements	11
Signatures to the financial statements	19
Auditor's note	19

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 2019

#### General

The company's operating concept is to provide our customers with technically and economically competitive infrastructure construction solutions throughout Finland with the help of professional and committed personnel, while also contributing to the development of infrastructure construction operations in Finland. The company was founded in 1983.

The company's business was nationwide. The contracting included engineering construction contracts with a diverse work content to be carried out in urban areas. The contracts were characterised by many boundary conditions and the diversity of technical content due to the urban environment.

The company and its subsidiaries' business areas included civil engineering, circular economy and environmental business, rail business, road construction and paving.

#### Significant events during the financial year

GRK Road Oy, a subsidiary of GRK Infra Oy, acquired the businesses of SL Asfaltti Oy and Rakennusasfaltti P&V Oy.

The parent company's revenue increased by 9% and operating profit by 22% compared to 2018. The result is good. In 2019, the company had an average of 248 employees in total.

GRK Infra AS, 100% owned by GRK Infra Oy, continued its growth, achieving its revenue target but clearly falling short of its operating result target. Tarvi Kliimask served as the company's CEO.

The operations of GRK Infra Ab, 100% owned by GRK Infra Oy, were not as planned in 2019. Risto Takkinen served as the company's CEO in 2019. The new contracts won during the financial year, with a total value of more than EUR 80 million, will enable profitable business for 2020.

GRK Rail Oy, 86.52% owned by GRK Infra Oy, performed reasonably during the financial year. Timo Virmala served as the company's CEO.

The operations of GRK Road Oy, owned by GRK Infra Oy at 90.12%, were slightly weaker than expected in 2019. Teemu Lantto served as the company's CEO in 2019.

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

During the financial year, GRK Road Oy carried out directed share issues to employees, as a result of which GRK Infra Oy's holding in the company decreased from 100% to 90.12%.

During the financial year, GRK Rail Oy carried out share issues to its personnel, resulting in a decrease in GRK Infra Oy's holding in the company from 87.09% to 86.52%.

#### Future

Infrastructure construction is expected to grow slightly in 2020 compared to the previous year. In particular, railway construction projects are expected to grow in importance as projects funded by the Finnish government's supplementary budgets get underway. The significance of growth centres in the infrastructure market is growing even further, and the road network repair debt increases our customers' need to use our services. GRK Group's revenue and result are expected to remain at the level of 2019.

#### Research and development

Research and development activities were focused in particular on the development of circular economy operations, financial management and production control systems. In addition to these, the development of a Group-wide Intranet was started.

#### Environmental matters

The company complies with procedures in accordance with the SFS-EN 15014001:2015 environmental standard in its operations. The procedures in accordance with the environmental certificate are included as

part of the company's certified operating and quality system in accordance with the management system standard SFS-EN 1509001:2015. 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 rapid expansion of the company's activities poses challenges in 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.

Failure in individual projects is a significant risk. The aim has been to influence this risk by increasing project management competence and by more detailed monitoring and reporting. At the same time, the focus has also been on cash-based monitoring by project, which makes it easier to access information about the financial situation of projects.

Lack of qualified staff can be a risk, especially in specialised areas.

The spread of the COVID-19 pandemic 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. Projects important for Finland's security of supply or public interest are prioritised and contingency plans are in place to ensure the availability of manpower. 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**

	<b>Group</b>			<b>Parent company</b>		
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue (EUR million)	299.2	251.0	173.0	212.4	194.9	160.0
Operating profit (EUR million)	15.8	15.5	13.5	17.3	14.3	15.6
Operating profit, %	5.3	6.2	7.8	8.2	7.3	9.8
Return on equity %	26.1	36.6	73.7	26.6	32.3	67.1
Equity ratio, %	44.9	41.3	45.6	62.0	57.5	53.2
Wages and salaries (EUR million)	33.3	24.5	13.5	16.2	14.4	12.2
Average number of personnel	572	447	227	248	237	197

### **Management and auditors**

The Board of Directors consists of Keijo Haavikko, Kimmo Vuori, Jukka Nikkanen, Tarja Pääkkönen and Tuomo Rönkkö. Keijo Haavikko served as the Chairman of the Board and Johanna Korhonen as the Secretary. Teemu Lantto served as the CEO.

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

### **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 7,744,330 shares. There are 7,744,130 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 an annual general meeting. 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.

**Share issues carried out during the financial year**

The Annual General Meeting of 29 April 2019 decided on directed share issues to new individual shareholders. A total of 68,450 new class A shares were issued, and EUR 889,850 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**

The company has not acquired its own shares during the financial year.

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

The company's distributable funds are EUR 54,381,484.17 of which the profit for the financial period is EUR 13,629,780.97. The distributable funds according to the consolidated balance sheet amount to EUR 46,909,019.

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

- A dividend of EUR 0.60 per share, i.e. a total of EUR 4,646,478, will be distributed to class A shares.
- EUR 49,735,006.17 is left 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 2019	1 Jan–31 Dec 2018
<b>REVENUE</b>	3.1	<b>299,160,228</b>	<b>251,022,533</b>
Increase(+)/decrease(-) in work in progress	3.2	946,656	-34,275
Production for own use (+)		11,686	0
Other operating income	3.3	1,035,931	1,624,717
<b>Materials and services</b>			
Materials, supplies and goods			
Purchases during the financial year	3.4	60,777,387	44,843,786
Increase (-)/decrease (+) in inventories	3.4	-20,819	1,090,529
External services	3.4	160,157,359	142,851,950
Materials and services		220,913,927	188,786,265
<b>Personnel expenses</b>			
Wages and salaries	3.5	33,309,430	24,490,503
Personnel expenses			
Pension expenses	3.5	5,953,109	4,488,667
Other social security expenses	3.5	1,813,793	1,418,365
Total social security expenses		7,766,902	5,907,032
Personnel expenses		41,076,332	30,397,535
<b>Depreciation, amortisation and impairment</b>			
Depreciation and amortisation according to plan	3.6, 4.1.1	4,775,165	2,208,711
Consolidated goodwill amortisation	3.6, 4.1.1	0	1,601,362
Impairments of non-current assets		68,500	0
Depreciation, amortisation and impairment		4,843,664	3,810,073
Other operating expenses	3.7	18,540,628	14,071,645
Share of profit/loss of associated companies		-4,993	0
<b>OPERATING PROFIT (LOSS)</b>		<b>15,774,956</b>	<b>15,547,456</b>
<b>Finance income and expenses</b>			
Other interest and finance income	3.9	38,974	42
Interest expenses and other finance expenses	3.9	566,209	571,628
Finance income and expenses		-527,235	-571,586
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>15,247,721</b>	<b>14,975,870</b>
<b>Income taxes</b>			
Taxes for the financial year and previous financial years	3.11	-2,443,260	-2,270,546
Change in deferred tax liabilities	3.11	-214,242	-665,047
Minority interests		48,205	-343,569
<b>PROFIT (LOSS) FOR THE FINANCIAL YEAR</b>		<b>12,638,424</b>	<b>11,696,709</b>

**CONSOLIDATED BALANCE SHEET**

	<b>Note</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>			
<b>Intangible assets</b>			
Intangible rights	4.1.1	130,662	66,373
Goodwill	4.1.1	949,331	740,725
Other capitalised long-term expenditure	4.1.1	726,418	582,239
Intangible assets		1,806,411	1,389,338
<b>Property, plant and equipment</b>			
Land and water areas	4.1.1	530,885	443,505
Buildings and structures	4.1.1	1,429,424	1,457,749
Machinery and equipment	4.1.1	32,294,326	21,933,834
Advance payments and construction in progress	4.1.1	2,906,378	0
Property, plant and equipment		37,161,013	23,835,088
<b>Investments</b>			
Holdings in group undertakings	4.1.2	1,250	1,250
Investments in associates	4.1.2	25,007	0
Other shares and interests	4.1.2	197,785	197,785
Investments		224,042	199,035
<b>TOTAL NON-CURRENT ASSETS</b>		<b>39,191,466</b>	<b>25,423,461</b>
<b>CURRENT ASSETS</b>			
<b>Inventories</b>			
Materials and supplies	4.2.1	1,433,550	1,111,971
Work in progress	4.2.1	1,329,390	21,798
Inventories		2,762,941	1,133,769
<b>Receivables</b>			
Non-current			
Loan receivables	4.2.2	32,112	0
Other receivables	4.2.2	1,771,796	1,231,963
Non-current receivables		1,803,908	1,231,963
Current			
Trade receivables	4.2.2	36,759,056	39,193,965
Loan receivables	4.2.2	753,486	25,000
Other receivables	4.2.2	1,257,238	734,591
Prepaid expenses and accrued income	4.2.2	19,023,237	16,453,429
Current receivables		57,793,017	56,406,985
Cash and cash equivalents		26,733,583	33,736,229
<b>TOTAL CURRENT ASSETS</b>		<b>89,093,448</b>	<b>92,508,946</b>
<b>TOTAL ASSETS</b>		<b>128,284,914</b>	<b>117,932,407</b>

**CONSOLIDATED BALANCE SHEET**

	Note	31 Dec 2019	31 Dec 2018
<b>Shareholders' equity and liabilities</b>			
<b>EQUITY</b>			
Share capital	4.3.1	34,647	34,647
Reserve for invested unrestricted equity	4.3.2	23,246,801	22,356,951
Translation differences	4.3.2	236,679	194,002
Retained earnings	4.3.2	14,541,665	10,246,227
Profit for the financial period	4.3.2	12,638,424	11,696,709
<b>TOTAL EQUITY</b>		<b>50,698,215</b>	<b>44,528,536</b>
<b>MINORITY INTERESTS</b>	4.3.2	<b>918,161</b>	<b>730,344</b>
<b>PROVISIONS</b>	4.5	<b>558,906</b>	<b>1,916,690</b>
<b>LIABILITIES</b>			
<b>Non-current</b>			
Subordinated loans	4.6.1	427,802	250,096
Loans from financial institutions	4.6.1	12,246,111	12,770,761
Other non-current borrowings	4.6.1	6,730,419	7,792,619
Non-current liabilities		19,404,332	20,813,476
<b>Current</b>			
Subordinated loans		64,282	39,029
Loans from financial institutions	4.6.2	2,206,386	3,204,030
Advances received	4.6.2	13,199,253	8,293,245
Trade payables	4.6.2	19,125,667	19,569,377
Other liabilities	4.6.2	7,901,660	8,417,157
Accrued expenses	4.6.2	13,328,583	9,755,298
Deferred tax liabilities	4.6.2	879,468	665,225
Current liabilities		56,705,299	49,943,361
<b>TOTAL LIABILITIES</b>		<b>76,109,632</b>	<b>70,756,837</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>128,284,914</b>	<b>117,932,407</b>

**CONSOLIDATED CASH FLOW STATEMENT**

	<b>1 Jan–31 Dec 2019</b>	<b>1 Jan–31 Dec 2018</b>
Cash flow from operating activities		
Proceeds from sales	303,687,666	226,200,773
Proceeds from other operating income	852,125	275,481
Payments for operating expenses	<u>-280,775,465</u>	<u>-209,145,646</u>
Net cash from operating activities before financial items and taxes	23,764,325	17,330,608
Paid interest and payments for other finance expenses	-592,076	-473,455
Interest received from operations	38,974	42
Direct taxes paid	<u>-2,276,131</u>	<u>-4,975,781</u>
<b>Cash flow from operating activities</b>	<b>20,935,092</b>	<b>11,881,415</b>
Cash flow from investing activities		
Investments in property, plant and equipment and intangible assets	-20,140,671	-18,929,468
Other investments	-30,000	-10,000
Proceeds from sale of non-current assets	379,965	2,829,783
Loans granted	-760,598	25,000
<b>Cash flow from investing activities</b>	<b>-20,551,305</b>	<b>-16,084,684</b>
Cash flow from financing activities		
Share issue	889,850	20,999,810
Repurchase of own shares	0	-498,246
Proceeds from long-term borrowings	3,229,361	16,061,433
Repayments of long-term loans	-687,500	-1,982,143
Repayments of current borrowings	-3,416,873	-1,247,497
Dividends paid and other distribution of profits	-7,401,272	-6,276,662
<b>Cash flow from financing activities</b>	<b>-7,386,434</b>	<b>27,056,695</b>
<b>Increase (+)/decrease (-) in cash and cash equivalents</b>	<b>-7,002,647</b>	<b>22,853,425</b>
Cash and cash equivalents at the beginning of the financial year	33,736,229	10,882,804
Cash and cash equivalents at end of year	26,733,583	33,736,229



**PARENT COMPANY INCOME STATEMENT**

	Note	1 Jan–31 Dec 2019	1 Jan–31 Dec 2018
<b>REVENUE</b>	3.1	<b>212,397,378.52</b>	<b>194,931,303.31</b>
Increase(+)/decrease(-) in work in progress	3.2	946,655.57	-34,274.67
Other operating income	3.3	561,099.90	1,600,506.37
Materials and services	3.4	166,308,269.44	156,102,359.19
Personnel expenses	3.5	19,822,888.04	17,633,171.79
Depreciation, amortisation and impairment	3.6, 4.1.3	1,461,622.19	1,055,767.33
Other operating expenses	3.7	8,967,101.14	7,451,677.10
<b>OPERATING PROFIT</b>		<b>17,345,253.18</b>	<b>14,254,559.60</b>
<b>Finance income and expenses</b>			
Other interest and finance income	3.9	476,052.52	237,591.31
Impairment losses on non-current assets	3.9	600,000.00	600,000.00
Interest expenses and other finance expenses	3.9	405,689.84	418,334.21
Finance income and expenses total		-529,637.32	-780,742.90
<b>PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES</b>		<b>16,815,615.86</b>	<b>13,473,816.70</b>
Appropriations	3.10	-757,210.66	-34,502.56
Income taxes	3.11	-2,428,624.23	-2,268,780.88
<b>PROFIT FOR THE FINANCIAL PERIOD</b>		<b>13,629,780.97</b>	<b>11,170,533.26</b>

**PARENT COMPANY BALANCE SHEET**

	Note	31 Dec 2019	31 Dec 2018
<b>Assets</b>			
<b>NON-CURRENT ASSETS</b>			
Intangible assets	4.1.3	370,185.49	271,272.60
Property, plant and equipment	4.1.3	8,042,992.73	4,010,542.47
Investments	4.1.4	11,390,604.29	7,911,878.59
<b>TOTAL NON-CURRENT ASSETS</b>		<b>19,803,782.51</b>	<b>12,193,693.66</b>
<b>CURRENT ASSETS</b>			
Inventories	4.2.1	1,377,453.35	586,797.78
<b>Receivables</b>			
Non-current receivables	4.2.2	10,526,493.33	7,378,000.00
Current receivables	4.2.2	42,059,952.63	42,844,122.57
Cash and cash equivalents		17,324,505.69	25,630,004.45
<b>TOTAL CURRENT ASSETS</b>		<b>71,288,405.00</b>	<b>76,438,924.80</b>
<b>TOTAL ASSETS</b>		<b>91,092,187.51</b>	<b>88,632,618.46</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	23,246,800.81	22,356,950.81
Retained earnings	4.3.2	17,504,902.39	13,735,641.11
Profit for the financial period	4.3.2	13,629,780.97	11,170,533.26
<b>TOTAL EQUITY</b>		<b>54,416,130.87</b>	<b>47,297,771.88</b>
<b>APPROPRIATIONS</b>	4.4	<b>792,606.42</b>	<b>35,395.76</b>
<b>PROVISIONS</b>	4.5	<b>460,885.71</b>	<b>1,819,857.14</b>
<b>LIABILITIES</b>			
Non-current liabilities	4.6.1	5,464,285.70	7,366,071.42
Current liabilities	4.6.2	29,958,278.81	32,113,522.26
<b>TOTAL LIABILITIES</b>		<b>35,422,564.51</b>	<b>39,479,593.68</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>91,092,187.51</b>	<b>88,632,618.46</b>

**PARENT COMPANY CASH FLOW STATEMENT**

	<b>1 Jan–31 Dec 2019</b>	<b>1 Jan–31 Dec 2018</b>
Cash flow from operating activities		
Proceeds from sales	211,634,360.50	182,991,025.92
Proceeds from other operating income	377,293.86	151,006.69
Payments for operating expenses	<u>-195,022,983.25</u>	<u>-169,795,668.41</u>
Cash flow from operating activities before financial items and taxes	16,988,671.11	13,346,364.20
Paid interest and payments for other finance expenses	-415,372.13	-368,805.56
Interest received from operations	545,865.07	23,941.77
Direct taxes paid	<u>-2,271,624.28</u>	<u>-4,975,780.83</u>
<b>Cash flow from operating activities</b>	<b>14,847,539.77</b>	<b>8,025,719.58</b>
Cash flow from investing activities		
Investments in property plant and equipment and intangible assets	-5,715,494.14	-2,938,808.35
Other investments	-1,772,500.00	-2,601,000.00
Proceeds from sale of non-current assets	379,964.84	2,829,783.03
Loans granted	-9,236,135.00	-11,213,705.64
Repayment of loan receivables	2,000,094.33	61,000.00
<b>Cash flow from investing activities</b>	<b>-14,344,069.97</b>	<b>-13,862,730.96</b>
Cash flow from financing activities		
Share issue	889,850.00	20,999,810.00
Repurchase of own shares	0.00	-498,246.40
Proceeds from long-term borrowings	0.00	8,500,000.00
Repayments of long-term loans	-3,276,785.72	-1,982,142.86
Proceeds from current borrowings	979,239.14	0.00
Dividends paid and other distribution of profits	-7,401,271.98	-6,276,661.80
<b>Cash flow from financing activities</b>	<b>-8,808,968.56</b>	<b>20,742,758.94</b>
<b>Increase (+)/decrease (-) in cash and cash equivalents</b>	<b>-8,305,498.76</b>	<b>14,905,747.56</b>
Cash and cash equivalents at the beginning of the financial year	25,630,004.45	10,724,256.89
Cash and cash equivalents at end of year	17,324,505.69	25,630,004.45

## Notes to the consolidated financial statements 31 Dec 2019

### 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:

	Group shareholding 31 Dec 2019	Group shareholding 31 Dec 2018
GRK Infra AS, Tartu	100.00%	100.00%
GRK Infra AB (formerly AB Infra Polar), Luleå	100.00 %	100.00%
GRK Rail Oy (formerly Winco Oy), Vantaa	86.52 %	87.09%
GRK Road Oy (formerly Annahoj Oy), Vantaa	90.12 %	100.00 %

The income statement of the foreign subsidiary has been converted into euros at the average exchange rate for the financial year and the balance sheet at the exchange rate on 31 December 2019. Translation 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 differences" 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:

	Group shareholding 31 Dec 2019	Group shareholding 31 Dec 2018
Infra Polar Oy, Kolari (the company had no activities in 2012–2019)	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 amortisation period of group assets arising from the acquisition of an associate is 5 years. The outstanding amount of group assets at 31 December 2019 is EUR 22,706.51.

Viborock Oy, Myrskylä	33.33%	0.00%
-----------------------	--------	-------

#### 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 and GRK Rail Oy and GRK Road Oy since the financial year 2017.

#### 1.3 Internal business transactions

Intra-group transactions as well as receivables and liabilities have been eliminated in the 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.

### 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 have 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	5–10 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.

The consolidated goodwill arising from the acquisition of the minority interest in GRK Infra AB in 2018 has been fully recognised in the consolidated financial statements as a non-recurring expense in 2018, due to uncertainty about the company's earnings expectations.

## 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 contracts included in the order backlog have been recognised as expenses in full.

## 3 Notes to the income statement

### 3.1 Breakdown of revenue

	Parent company 1-12/2019	Parent company 1-12/2018	Group 1-12/2019	Group 1-12/2018
Disaggregation of revenue by market area				
Geographical breakdown				
Finland	212,397,378.52	194,931,303.31	260,074,831	223,987,887
Estonia	0.00	0.00	22,345,549	18,524,278
Sweden	0.00	0.00	<u>16,739,849</u>	<u>8,510,368</u>
	212,397,378.52	194,931,303.31	299,160,228	251,022,533
Revenue based on percentage of completion	206,295,951.80	191,412,741.02	272,499,277	240,257,352
Other revenue	<u>6,101,426.72</u>	<u>3,518,562.29</u>	<u>26,660,951</u>	<u>10,765,181</u>
<b>Total revenue</b>	212,397,378.52	194,931,303.31	299,160,228	251,022,533
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	189,397,209.99	120,802,829.49	265,538,082	160,416,077
Amount not recognised as revenue from long-term projects recognised based on the percentage of completion	189,182,497.22	147,347,670.51	308,882,503	186,854,221

### 3.2 Change in work in progress

	1-12/2019	1-12/2018	1-12/2019	1-12/2018
Increase(+)/decrease(-) in work in progress	946,655.57	-34,274.67	946,656	-34,275

### 3.3 Other operating income

	1-12/2019	1-12/2018	1-12/2019	1-12/2018
Proceeds from sale of property, plant and equipment	257,456.04	1,375,849.68	261,224	1,283,995
Grants received	102,861.40	146,882.98	102,861	146,883
Rental income	11,807.36	12,672.80	11,807	12,673
Other operating income	<u>188,975.10</u>	<u>65,100.91</u>	<u>660,038</u>	<u>181,166</u>
<b>Total other operating income</b>	561,099.90	1,600,506.37	1,035,931	1,624,717

### 3.4 Materials and services

	1-12/2019	1-12/2018	1-12/2019	1-12/2018
Materials and supplies				
Purchases during the financial year	32,030,171.78	37,574,575.06	60,777,387	44,843,786
Change in material and supply inventory	156,000.00	1,055,674.00	-20,819	1,090,529
External services	<u>134,122,097.66</u>	<u>117,472,110.13</u>	<u>160,157,359</u>	<u>142,851,950</u>
<b>Total materials and services</b>	166,308,269.44	156,102,359.19	220,913,927	188,786,265

### 3.5 Personnel expenses and average number of personnel

	1-12/2019	1-12/2018	1-12/2019	1-12/2018
During the financial period, the company's average number of personnel was				
White-collar	166	147	305	237
Blue-collar	<u>82</u>	<u>90</u>	<u>267</u>	<u>211</u>
Total	248	237	572	447
Personnel expenses				
Wages and salaries	16,216,461.92	14,383,851.04	33,309,430	24,490,503
Pension expenses	2,793,024.09	2,465,578.54	5,953,109	4,488,667

Other social security expenses	<u>813,402.03</u>	<u>783,742.21</u>	<u>1,813,793</u>	<u>1,418,362</u>
<b>Total personnel expenses</b>	19,822,888.04	17,633,171.79	41,076,332	30,397,535
Management wages and salaries Members of the Board of Directors and the CEO	755,711.71	679,461.79	1,407,089	1,279,092
	<b>Parent company</b>	<b>Parent company</b>	<b>Group</b>	<b>Group</b>
<b>3.6 Depreciation, amortisation and impairment</b>	<b>1-12/2019</b>	<b>1-12/2011</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
Depreciation and amortisation according to plan	1,461,622.19	1,055,767.33	4,775,165	2,208,711
Consolidated goodwill depreciation	0.00	0.00	0	1,601,362
Impairment losses on non-current assets	0.00	0.00	68,500	0
<b>Total depreciation, amortisation and impairment losses</b>	1,461,622.19	1,055,767.33	4,843,664	3,810,073
<b>3.7 Other operating expenses</b>	<b>1-12/2019</b>	<b>1-12/2018</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
Office rents and maintenance charges	767,761.14	765,937.22	1,795,707	809,528
Vehicle expenses	1,264,959.66	1,315,939.96	3,174,157	1,453,013
IT hardware and software expenses	910,928.65	789,204.36	1,552,978	789,204
Consulting, advisory and administrative services	464,423.11	156,455.09	712,465	156,455
Travel expenses	1,271,187.99	1,370,835.34	4,287,168	1,370,835
Other operating expenses	<u>4,287,840.59</u>	<u>3,053,305.13</u>	<u>7,018,152</u>	<u>9,492,610</u>
<b>Total other operating expenses</b>	8,967,101.14	7,451,677.10	18,540,628	14,071,645
<b>3.8 Auditors' fees</b>	<b>1-12/2019</b>	<b>1-12/2018</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
<b>PricewaterhouseCoopers</b>				
Auditing	49,089.43	48,321.00	72,766	56,861
Tax advisory services	1,107.50	18,446.86	1108	18,447
Other services	<u>18,417.51</u>	<u>21,200.00</u>	<u>18,418</u>	<u>21,200.</u>
Total	68,614.44	87,967.86	92,291	96,508
<b>Audit firm Grant Thornton Sweden Ab</b>				
Auditing			18,801	14,265
Other services			<u>0</u>	<u>4,582</u>
Total			18,801	18,846
<b>3.9 Finance income and expenses</b>	<b>1-12/2019</b>	<b>1-12/2018</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
Other interest and finance income				
From Group companies	443,033.23	237,591.31	0	0
From others	<u>33,019.29</u>	<u>0.00</u>	<u>38,974</u>	<u>42</u>
Total other interest and finance income	476,052.52	237,591.31	38,974	42
Impairment losses on non-current assets	600,000.00	600,000.00	0	0
Interest expenses and other finance expenses				
To others	<u>405,689.84</u>	<u>418,334.21</u>	<u>566,209</u>	<u>571,628</u>
Total interest expenses and other finance expenses	405,689.84	418,334.21	566,209	571,628
<b>Finance income and expenses total</b>	-529,637.32	-780,742.90	-527,235	-571,586
<b>3.10 Appropriations</b>	<b>1-12/2019</b>	<b>1-12/2018</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
Difference (increase -/decrease +) in the difference between depreciation according to plan and depreciation in taxation	-757,210.66	-34,502.56	0	0
<b>Total appropriations</b>	-757,210.66	-34,502.56	0	0
<b>3.11 Income taxes</b>	<b>1-12/2019</b>	<b>1-12/2018</b>	<b>1-12/2019</b>	<b>1-12/2018</b>
Income taxes on operations	-2,428,624.23	-2,268,780.88	-2,443,260	-2,270,546
Change in deferred tax liabilities	0.00	0.00	-214,242	-665,047

## 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			
	Intangible rights	Group goodwill	Goodwill	Other long-term expenditure	Land areas	Buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition cost at 1 Jan 2019	96,150	1,601,362	815,477	699,343	443,505	1,533,455	25,545,950	0	30,735,241
Additions	85,584	0	306,983	300,997	87,380	61,510	15,021,901	2,906,378	18,770,732
Disposals	0	0	0	0	0	0	-1,593,524	0	-1,593,524
Acquisition cost at 31 Dec 2019	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
Accumulated depreciation, amortisation and impairments 1 Jan 2019	-29,776	-1,601,362	-74,752	-117,104	0	-75,705	-3,612,116	0	-5,510,815
Accumulated depreciation and amortisation of disposals	0	0	0	0	0	0	1,340,954	0	1,340,954
Depreciation and amortisation for the period	-21,295	0	-98,378	-156,818	0	-89,835	-4,408,839	0	-4,775,165
Impairment	0	0	0	0	0	0	0	0	0
Accumulated depreciation 31 Dec 2019	-51,072	-1,601,362	-173,130	-273,921	0	-165,541	-6,680,001	0	-8,945,026
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
Book value 31 Dec 2018	66,373	0	740,725	582,239	443,505	1,457,749	21,933,834	0	25,224,426
Balance sheet value of production machinery and equipment 31 December 2019							33,082,044		
Balance sheet value of production machinery and equipment 31 Dec 2018							21,190,550		

## 4.1.2 The Group's investments

Group	Shares			Receivables			
	Group companies	Associated companies	Other	Group companies	Associated companies	Other	Total
Acquisition cost at 1 Jan 2019	1,250	0	197,785	0	0	0	199,035
Additions	0	30,000	0	0	0	0	30,000
Disposals	0	0	0	0	0	0	0
Impairment	0	0	0	0	0	0	0
Share of the result of the associated company	0	-4,993	0	0	0	0	-4,993
Reclassifications	0	0	0	0	0	0	0
Acquisition cost at 31 Dec 2019	1,250	25,007	197,785	0	0	0	224,042
<b>Book value 31 Dec 2019</b>	<b>1,250</b>	<b>25,007</b>	<b>197,785</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>224,042</b>

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

	Intangible assets			Property, plant and equipment		
	Intangible rights	Other capitalised long-term expenditure	Land areas	Buildings	Machinery and equipment	Total
<b>Parent company</b>						
Acquisition cost at 1 Jan 2019	13,398.00	371,127.26	327,002.21	1,081,280.59	5,019,868.56	6,812,676.62
Additions	0.00	212,522.67	13,520.00	61,509.56	5,427,941.91	5,715,494.14
Disposals	0.00	0.00	0.00	0.00	-1,444,256.27	-1,444,256.27
Acquisition cost at 31 Dec 2019	13,398.00	583,649.93	340,522.21	1,142,790.15	9,003,554.20	11,083,914.49
Accumulated depreciation, amortisation and impairment at 1 Jan 2022	-13,398.00	-99,854.66	0.00	-44,053.25	-2,373,555.64	-2,530,861.55
Accumulated depreciation and amortisation of disposals	0.00	0.00	0.00	0.00	1,321,747.47	1,321,747.47
Depreciation and amortisation for the period	0.00	-113,609.78	0.00	-60,398.61	-1,287,613.80	-1,461,622.19
Accumulated depreciation 31 Dec 2019	-13,398.00	-213,464.44	0.00	-104,451.86	-2,339,421.97	-2,670,736.27
<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
<b>Book value 31 Dec 2018</b>	0.00	271,272.60	327,002.21	1,037,227.34	2,646,312.92	4,281,815.07
Balance sheet value of production machinery and equipment 31 December 2019					6,123,963.74	
Balance sheet value of production machinery and equipment 31 Dec 2018					2,269,967.52	

#### 4.1.4 Investments of the parent company

	Shares			Receivables			
	Group companies	Associated companies	Other	Group companies	Associated companies	Other	Total
<b>Parent company</b>							
Acquisition cost at 1 Jan 2019	6,011,478.13	0.00	197,785.08	1,702,615.38	0.00	0.00	7,911,878.59
Additions	2,740,322.02	0.00	0.00	1,775,000.00	0.00	0.00	4,515,322.02
Disposals	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Impairment	-600,000.00	0.00	0.00	0.00	0.00	0.00	-600,000.00
Reclassifications	0.00	0.00	0.00	-436,596.32	0.00	0.00	-436,596.32
Acquisition cost at 31 Dec 2019	8,151,800.15	0.00	197,785.08	3,041,019.06	0.00	0.00	11,390,604.29
<b>Book value 31 Dec 2019</b>	8,151,800.15	0.00	197,785.08	3,041,019.06	0.00	0.00	11,390,604.29



	Ownership of the parent company	Ownership of the parent company		
	31 Dec 2019	31 Dec 2018		
<b>Group companies</b>				
GRK Infra AS, Tartu	100.00%	100.00%		
GRK Infra AB (formerly AB Infra Polar), Luleå	100.00%	100.00%		
GRK Rail Oy (formerly Winco Oy), Vantaa	86.52%	87.09%		
GRK Road Oy (formerly Annahoj Oy), Vantaa	90.12%	100.00%		
Infra Polar Oy, Kolari (no activity in 2012–2019)	50.00%	50.00%		
<b>4.2 Current assets</b>	<b>Parent company</b>	<b>Parent company</b>	<b>Group</b>	<b>Group</b>
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
<b>4.2.1 Inventories</b>				
Materials and supplies	409,000.00	565,000.00	1,433,550	1,111,971
Work in progress	<u>968,453.35</u>	<u>21,797.78</u>	<u>1,329,390</u>	<u>21,798</u>
<b>Total inventories</b>	1,377,453.35	586,797.78	2,762,941	1,133,769
<b>4.2.2 Receivables</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
<b>Non-current receivables</b>				
Loan receivables from Group companies	10,526,493.33	7,378,000.00		
Loan receivables from others	0.00	0.00	32,112	0
Other non-current receivables	0.00	0.00	1,771,796	1,231,963
<b>Total non-current receivables</b>	10,526,493.33	7,378,000.00	1,803,908	1,231,963
<b>Current receivables</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Prepaid expenses and accrued income from Group companies	143,836.99	213,649.54		
Loan receivables from Group companies	3,724,042.06	1,703,384.62		
Trade receivables from Group companies	932,962.50	1,018,784.87		
Total current receivables from Group companies	4,800,841.55	2,935,819.03		
Receivables from others				
Trade receivables	23,882,560.23	26,810,189.81	36,759,056	39,193,965
Loan receivables	753,486.22	25,000.00	753,486	25,000
Other receivables	169,501.45	343,632.47	1,257,238	734,591
Prepaid expenses and accrued income	12,453,563.18	12,729,481.26	19,023,237	16,453,429
Total receivables from others	37,259,111.08	39,908,303.54	57,793,017	56,406,986
<b>Total current receivables</b>	42,059,952.63	42,844,122.57	57,793,017	56,406,986
Breakdown of prepaid expenses and accrued income:				
Accrued compulsory insurance premiums	0.00	26,200.00	0	121407
Prepaid expenses and accrued income corresponding to income based on percentage of completion	12,379,563.18	12,398,631.31	18,427,712	15,978,710
Income taxes	74,000.00	230,999.95	74,000	231,000
Other prepaid expenses and accrued income	<u>0.00</u>	<u>73,650.00</u>	<u>521,526</u>	<u>122,312</u>
<b>Total prepaid expenses and accrued income</b>	12,453,563.18	12,729,481.26	19,023,237	16,453,429
<b>4.3 Equity</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</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	34647	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 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Reserve for invested unrestricted equity 1 Jan	22,356,950.81	1,357,140.81	22,356,951	1,357,141
Increase during the financial period from share issues	889,850.00	20,999,810.00	889,850	20,999,810
<b>Reserve for invested unrestricted equity 31 Dec</b>	23,246,800.81	22,356,950.81	23,246,801	22,356,951
Retained earnings 1 Jan	24,906,174.37	20,510,549.31	21,942,937	17021136
Dividend distribution	-7,401,271.98	-6,276,661.80	-7,401,272	-6,276,662
Redemption of own shares	0.00	-498,246.40	0	-498,246
<b>Retained earnings 31 Dec</b>	17,504,902.39	13,735,641.11	14,541,665	10,246,227
<b>Translation differences</b>			236,679	194,002

<b>Profit for the financial period</b>	13,629,780.97	11,170,533.26	12,638,424	1,1696,709
<b>Total unrestricted equity</b>	54,381,484.17	47,263,125.18	50,663,568	44,493,889
<b>Total equity</b>	54,416,130.87	47,297,771.88	50,698,215	44,528,536
<b>Minority interests</b>			918,161	730,344

	<b>Parent company</b>	<b>Parent company</b>	<b>Group</b>	<b>Group</b>
	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
<b>4.3.3 Distributable unrestricted equity</b>				
Retained earnings	17,504,902.39	13,735,641.11	14,541,665	10,246,227
Profit for the financial period	13,629,780.97	11,170,533.26	12,638,424	11,696,709
Portion of accumulated depreciation difference recognised in shareholders' equity			-3,517,871	-2,660,901
Reserve for invested unrestricted equity	23,246,800.81	22,356,950.81	23,246,801	22,356,951
<b>Total distributable unrestricted equity</b>	<b>54,381,484.17</b>	<b>47,263,125.18</b>	<b>46,909,019</b>	<b>41,638,986</b>

<b>4.4 Accumulated appropriations</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Depreciation difference	792,606.42	35,395.76	0	0

<b>4.5 Provisions</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Other provisions	460,885.71	1,819,857.14	558,906	1,916,690

**4.6 Liabilities**

<b>4.6.1 Non-current liabilities</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Subordinated loans	0.00	0.00	427,802	250,096
Loans from financial institutions	5,464,285.70	7,366,071.42	12,246,111	12,770,761
Other non-current borrowings	0.00	0.00	6,730,419	7,792,619
<b>Total non-current liabilities</b>	<b>5,464,285.70</b>	<b>7,366,071.42</b>	<b>19,404,332</b>	<b>20,813,476</b>

<b>4.6.2 Current liabilities</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>	<b>31 Dec 2019</b>	<b>31 Dec 2018</b>
Subordinated loans	0.00	0.00	64,282	39029
Loans from financial institutions	1,214,285.72	2,589,285.72	2,206,386	3,204,030
Advances received from clients of long-term projects	179,138,472.46	116,055,973.71	237,797,730	145,074,274
Advances received corresponding to income based on percentage of completion	-176,901,086.42	-109,980,653.59	-224,685,861	-136,982,227
Advances received from clients for other construction in progress	<u>72,641.62</u>	<u>190,600.00</u>	<u>87,384</u>	<u>201,199</u>
Total advances received	2,310,027.66	6,265,920.12	13,199,253	8,293,245
Liabilities to associated companies	0.00	0.00	0	0
Trade payables to others	11,620,531.74	11,878,038.08	19,125,667	19,569,377
Trade payables to Group companies	135,564.09	222,163.56		
Other current liabilities to Group companies	1,961,453.79	1,204,800.00		
Trade payables to Group companies	<u>0.00</u>	<u>78,301.00</u>		
Total liabilities to Group companies	2,097,017.88	1,505,264.56		
Other liabilities	4,223,403.21	4,721,247.29	7,901,660	8,417,157
Accrued expenses	8,493,012.60	5,153,766.49	13,328,583	9,755,298
Deferred tax liabilities	0.00	0.00	879,468	665,225
<b>Total current liabilities</b>	<b>29,958,278.81</b>	<b>32,113,522.26</b>	<b>56,705,299</b>	<b>49,943,361</b>
Breakdown of accruals:				
Accrued personnel expenses	5,288,650.78	3,738,200.00	9,765,744	7,778,450
Accrual of income taxes	0.00	0.00	0	1,765
Interest liabilities	42,854.17	52,536.46	69,298	95,165
Other accruals	3,161,507.65	1,363,030.03	3,493,541	1,879,917
<b>Total accruals</b>	<b>8,493,012.60</b>	<b>5,153,766.49</b>	<b>13,328,583</b>	<b>9,755,298</b>

**Information on the Group's subordinated loans**

Subordinated loans included in the Group's liabilities	0.00	0.00	492,084	289,125
--	------	------	---------	---------

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.
- The loans were withdrawn in 2018 and 2019. The loans will be repaid to the creditors in equal instalments every six months. The last instalment of the subordinated loans drawn down first will mature on 30 June 2025 and the last on 31 December 2026. If the subordinated loans cannot be repaid at the end of the loan term due to the restriction clauses, the loan term will be extended 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 31 Dec 2019	Parent company 31 Dec 2018	Group 31 Dec 2019	31 Dec 2018
Contract collaterals	55,822,340.74	38,512,818.54	76,407,913	47,661,680

#### 5.1.2 Other collateral given for own commitments

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 (as security for electricity supplies)	0.00	1,840.00	0	1,840
Deposits (rent deposits)	53,362.00	64,877.72	62,202	92,898
<b>Total</b>	17,401,147.08	17,414,502.80	27,409,987	27,442,523

#### 5.1.3 Collaterals for Group companies

	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Counter-guarantee for the subsidiary's cheque account limit (SEK 9. million)	0.00	947,184.35	0	947,184
Guarantees for subsidiaries' leasing and deferred payment agreements	1,945,018.25	0.00		
Guarantees based on subsidiaries' contract agreements for which a countersecurity has been pledged as collateral	20,585,572.45	9,148,861.39		
<b>Total</b>	22,530,590.70	10,096,045.74		

Total amount of the bank overdraft granted of which in use	11,500,000.00	5,000,000.00	11,500,000.00	5,000,000.00
	0.00	0.00	0.00	0.00

#### 5.1.4 Total lease liabilities

	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Payable during the next financial period	262,339.38	406,236.60	1,109,512	875,492
Payable later	<u>64,657.31</u>	<u>304,075.49</u>	<u>1,341,377</u>	<u>733,359</u>
<b>Total</b>	326,996.69	710,312.09	2,450,889	1,608,851

#### 5.1.5 Lease liabilities for premises

	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Payable during the next financial period	221,160.00	219,720.00	598,367	448,693
Payable later	442,320.00	659,160.00	929,877	1,004,827
<b>Total</b>	663,480.00	878,880.00	1,528,244	1,453,520

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

Vantaa, 9 April 2020

GRK Infra Oy

*signature*

---

Keijo Haavikko  
Chair of the Board of Directors*signature*

---

Jukka Nikkanen  
Member of the Board*signature*

---

Tarja Pääkkönen  
Member of the Board of  
Directors*signature*

---

Tuomo Rönkkö  
member of the Board*signature*

---

Kimmo Vuori  
member of the Board*signature*

---

Teemu Lantto  
Chief Executive Officer**Auditor's note**

A report on the audit performed has been issued today

Tampere, 22 April 2020

**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*

---

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the group's 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 year ended 31 December 2019. The financial statements comprise the balance sheets, the income statements, 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 parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

---

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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*

---

### *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 22 April 2020

**PricewaterhouseCoopers Oy**  
Authorised Public Accountants

Markku Launis  
Authorised Public Accountant (KHT)