GRK Infra Oyj

Report of the Board of Directors and financial statements for 2021, including consolidated IFRS financial statements for financial periods ended 31 December 2021, 31 December 2020 and 31 December 2019

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.

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Report of the Board of Directors

1 January 2021 – 31 December 2021

GRK Infra Plc

Description of the business model

GRK builds traffic routes, roads, railway tracks and bridges to make everyday life run smoothly, to have people meet each other, and to make the future more sustainable. We operate in Finland, Sweden and Estonia with approximately 900 professionals.

GRK's core competencies include the implementation of diverse infrastructure construction projects, project management of large projects, and extensive railway track construction expertise. In railway and road construction, civil engineering, environmental construction and industrial construction, GRK provides all services from design to construction and maintenance.

Our customers include the state administration, municipalities and cities, as well as the private sector. GRK works on several projects in cooperation with other companies in the infrastructure sector.

In addition to the parent company GRK Infra Oyj, the GRK Group comprises the subsidiaries GRK Road Oy and GRK Rail Oy in Finland, GRK Infra AB and GRK Rail AB in Sweden, and GRK Infra AS in Estonia.

Civil engineering and road construction

GRK builds roads, streets and community infrastructure, and improves existing transport infrastructure. We specialise in demanding bridge construction work, such as waterway and railway bridges. Our services cover area construction related to road construction, as well as concrete, steel and composite structures, foundations, industrial construction, bridge and tunnel construction and repair, as well as excavation, shoring and quarrying.

Rail construction

Our comprehensive rail construction services cover the entire life cycle of rail construction in Finland, Sweden and Estonia. GRK offers 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 designs for track electrification, safety equipment and demanding structural engineering projects, from foundations to telecommunication tower structures.

Paving

GRK's 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.

Environmental services

We offer circular economy services to various industries and waste producers. We carry out regional building projects with recycled materials and when needed we can take care of supplementary planning and permit applications. We receive and handle waste and industrial by-products at both our own and our customers' locations. We accept reusable, classified and processable industrial mineral rejects, biogas plant digestates, fly ash, bottom ash, and bottom and foundry sands.

Market situation and operating environment

GRK operates in Finland, Sweden and Estonia. In all countries, the economic recovery continues, although the strongest growth is on the decline. Although the outlook is still being overshadowed by the pandemic, the Bank of Finland expects the economy to grow by 2.6% in 2022. However, bottlenecks in supply chains and high raw material prices are weighing on the outlook for the economy and also accelerating inflation in Finland. The Bank of Finland expects growth of 1.5 per cent in 2023, and 1.3 per cent in 2024. (Source: Bank of Finland, forecast for the Finnish economy).

Economic development may be weaker than predicted if global supply disruptions are prolonged or the pandemic situation becomes even more difficult. Inflation has accelerated in 2021. The strong recovery in demand and, at the same time, bottlenecks in supply chains have led to higher prices. However, inflation will slow down in the course of 2022, as energy prices are expected to fall and supply bottlenecks to ease. (Source: Bank of Finland, forecast for the Finnish economy). The outlook for inflation remains subject to significant risks. The most recent forecast by the European Commission expects inflation to reach a new peak in 2022. The expected rate of inflation has risen from the previous forecast which was published in November. In EU countries, inflation is expected to rise by up to 3.9%. (Source: The Winter 2022 Economic Forecast by the European Commission.)

In recent years, approximately 90 per cent of GRK's invoicing has originated from public sector projects and approximately 10 per cent from private sector projects. According to the Bank of Finland's forecast, the coronavirus crisis has resulted in more indebted public finances. The economic recovery will help to reduce the deficit, but at the end of the Bank of Finland’s forecast period, the public finances will still be in deficit. In 2024, the government debt-to-GDP ratio will be clearly higher than before the coronavirus crisis.

According to the latest forecast of the Confederation of Finnish Construction Industries (CFCI), the slowed-down public construction will begin to grow and will remain at a good level for years to come.

According to the trend report by CFCI (published on 12 October 2021), the better-than-expected economic situation of large cities will keep infrastructure investments at a high level during the current year. The funds allocated in the state budget for 2022 for electrification of transport, bridge projects, and tramway planning support infrastructure construction.

The entire construction sector is expected to grow by two per cent in 2022. The growth of infrastructure construction is boosted by investments in large cities and by railway construction. The CFCI expects the construction of tracks, streets, telecommunications and wind power to grow in 2022. However, the market for infrastructure construction as a whole in Finland is shrinking in 2022. (Source: The Confederation of Finnish Construction Industries.)

According to the European Commission's economic forecast, Sweden's GDP is expected to grow by 3.5% in 2022 and by 1.7% in 2023. In Estonia, growth is estimated to reach 3.7% in 2022 and 3.5% in 2023. (Source: European Commission: Economic performance and forecasts).

According to Euroconstruct, the growth of the Swedish infrastructure market has been strong, with an average annual growth rate of around 9 per cent between 2000 and 2020, which is significantly above the country's GDP. The growth in infrastructure construction is mainly due to road construction and large-scale rail construction projects. GRK expects the growth trend to continue on the basis of Sweden's national plan for infrastructure development for 2018–2029.

According to Euroconstruct, the market for infrastructure construction in Estonia is expected to grow over the next few years, especially due to the strong investment in Rail Baltica. This is a transport project that will build a rail link through the Baltic countries to Poland.

The market for infrastructure construction in Finland, Sweden and Estonia is characterised by the fact that the market is hardly exposed to short-term cyclical fluctuations, as infrastructure construction projects are often long-lasting and their preparation takes a long time, and a significant part of the demand is generated by more cyclically stable orders placed by public operators.

Geopolitical tensions have increased following the Russian invasion. This causes insecurity that may affect the prices of the raw materials procured by GRK as well as their deliveries and demand. The geopolitical situation can also affect the customers, which in turn can affect the business of GRK.

Financial review

Seasonality

Infrastructure construction typically shows significant seasonal fluctuation. This is influenced, for example, by customers' tendering schedules, seasons and weather conditions. For example, in paving, state contracts are typically tendered early in the year, while the contracts themselves are easier to carry out in warm seasons or in snow-free times.

In addition to the paving business, in railway construction the working period also usually runs from the beginning of the spring to the end of the year. Civil and engineering and road construction projects also show a similar seasonal fluctuation. Therefore, projects accumulate the most revenue during the period from early summer to the end of the year. During the beginning of the year, the project costs and the related revenue of projects are lower than they will be towards the end of the year, whereas general costs of operations are more evenly distributed throughout the year.

GRK's business is characterised by significant seasonal fluctuations, especially between the first and second half of the year. Due to seasonal fluctuations, most of the accumulation of the Group's revenue and especially profitability is evidently generated in the second half of the year.

The seasonality of operations also has an impact on the development of the Group's working capital items, which are normally at their highest in the summer season and at their lowest at the turn of the year, when projects are completed, and the last payments are invoiced to the customers.

GRK Group’s key figures

GRK Group	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 (loss) (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 period (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 at the end of the year (EUR million)	382	405	482
Average number of personnel (pcs)	888	741	572

Revenue

The revenue of the GRK Group primarily comprises contract agreement revenue from civil engineering and road construction, rail construction and paving contract revenues and environmental services revenues.

The most significant share of the sales invoicing, or around 90 per cent, consisted of contracts with public administration customers, and around 10 per cent of the sales invoicing in 2021 consisted of projects directed for private customers.

The Group's revenue continued to grow in 2021, and during the reporting period, revenue increased by 11% to EUR 430.6 million (EUR 387.3 million).

In 2021, the Group's revenue in Finland was particularly boosted by major railway projects, Länsimetro, the construction of the northern part of Verkkosaari, the construction of Espoonväylä, and the improvement of the Laajalahti section of Ring Road I. The most significant share of revenue was generated by engineering and road construction.

Revenue from railway construction increased by 31 per cent in 2021. GRK has several railway construction projects in progress, some of which are related to the construction of new rail links and some to the maintenance of railways.

The most significant of the maintenance contracts in terms of revenue is the Kuura alliance project, in which GRK is responsible for the maintenance of the Uusimaa railway lines in 2020-2025. During the reporting period, the railway maintenance project completed its first full year of operation. The revenue from railway construction was also increased by the construction of a new tramway in Helsinki in the Pasila and Ilmala regions.

Paving projects were carried out extensively throughout Finland. 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.

During the reporting period, the most significant share of GRK's revenue was generated in Finland (76%). GRK aims for significant revenue growth, especially in Estonia and Sweden, during the next strategy period. When looking at the growth in net sales by country, the most significant change occurred in Estonia, where revenue doubled to EUR 42.5 million compared to 2020. In Estonia, the growth of revenue was particularly affected by the construction of the Võõbu–Mäo road section. GRK is also participating in the Rail Baltica project, where GRK is building a bridge in the railway area in Rapla County. In addition, GRK is currently working to upgrade the highway between Tallinn and Tartu into a two-lane motorway for a total distance of about 28 kilometres.

In Sweden, the revenue grew about 28 per cent compared to 2020. In Sweden, the most significant projects include two road construction projects. One is on the road 97 between Södra Sunderby and Sävast, where the road will be widened, and three interchanges will be built. In addition, GRK has a road construction project on the E4 road in Börjelslandet.

Operating profit

The Group's operating profit was EUR 20.7 (21.7) million and the adjusted operating profit was EUR 22.6 (22.9) million. The positive development was particularly influenced by the growth in the revenue from railway construction. The increase in operating profit was also positively influenced by Swedish road construction projects, while the profitability of Finnish infrastructure construction was reduced due to increased costs.

Relative profitability was weaker than in the reference year due to the strong increase in material costs, when measured by the EBIT margin of 4.8% (5.6%).

The exceptionally sharp increases in the cost of raw materials ate into the productivity of many of our projects. In 2021, the corona epidemic affected the cost of both raw materials and logistics.

In 2021, GRK had several fixed-price contracts in progress, which do not include indices that would eliminate the impact of cost changes. GRK has anticipated cost increases and has added the risk of cost increases to the tender prices of contracts with high steel content in particular.

Order backlog

The Group's order backlog was EUR 381.6 million (405.3). The order backlog has maintained its good level.

GRK focuses closely on the selection of tender projects and on increasing the order backlog in projects where the expertise of the whole Group can be utilised.

GRK had several significant projects in progress during the reporting period, on which the next section will provide more information.

Major ongoing projects in 2021

Ilmala tramway connection 7/2020–6/2022, Helsinki

The Ilmala tramway connection construction contract includes the construction of a tramway in Helsinki in the Pasila and Ilmala regions. The tramway to be built is a continuation of the existing tramway line 9. The ends of the tram lines will be at the new Ilmalantori, which will be built next to the Ilmala station. At the same time, the municipal technology of Pasilankatu and Radiokatu, such as water pipes, sewers and cables, will be replaced, and one-way cycle paths will be built on Radiokatu. The value of the contract is approximately EUR 19.3 million. The contract affects the order backlog and revenue of GRK Infra Oyj, GRK Rail Oy and GRK Road Oy.

Maintenance of the Uusimaa railway and safety equipment, Kuura-alliance 4/2020–3/2025, Uusimaa

The alliance formed by GRK Rail Oy, the Finnish Transport Infrastructure Agency and Finrail Oy is responsible for the maintenance of the Uusimaa railway and safety equipment at least until March 2025. The maintenance agreement covers the entire Uusimaa railway network, including, for example, 315 km of multi-track tracks, 1,100 switches, control and safety equipment systems, 440 bridges, and 23 km of tunnels with systems, as well as traffic locations and outdoor areas. The target budget for the project is approximately EUR 150 million. The contract affects the order backlog and revenue of GRK Rail Oy.

Länsimetro 5/18-, Espoo

GRK has two different contracts in Länsimetro, the total value of which is over EUR 100 million. One of the contracts includes the construction of 17.5 kilometres of tracks from Matinkylä to Kivenlahti, seven shafts and 32 connecting tunnels. In the second contract, GRK will build the underground station in Finnoo, the tunnel spaces in the service tunnel and the associated connecting tunnels, the civil defence shelter and the station entrances, among other things, as a consortium with Aki Hyrkkönen Oy. These contracts affect the order backlog and revenue of GRK Infra Oyj. In addition, GRK Rail Oy has a superstructure and conductor rail system contract in Länsimetro.

Improvement of Ring Road III, Askisto, Vantaankoski–Pakkala 3/21–11/23

In the Ring Road III improvement phase 3 contract, work will be carried out from the Espoo–Vantaa border to Vihdintie for a distance of approximately 2.5 kilometres, and on a three-kilometre road section between Vantaankoski and Pakkala.

The contract includes the construction of new interchanges, and the road structure will be thoroughly repaired, as the pile slab in the south lane has been damaged. The project also includes plenty of bridge works. The value of the contract is approximately EUR 34 million. The contract will affect the order backlog and revenue of GRK Infra Oyj.

Road 97, Södra Sunderbyn–Sävast 11/2019–9/2022, Sweden

The improvement project of GRK Infra AB promotes traffic safety and accessibility between Södra Sunderby and Sävast. The contract includes, among other things, the widening of the road, the installation of crash barriers, the construction of three new interchanges, and the construction of a parallel road network alongside the road 97. The value of the contract is approximately EUR 45 million. The contract affects the order backlog and revenue of GRK Infra AB.

Võõbu-Mao, 7/20–11/22, Estonia

In May 2020, the Estonian Road Administration and GRK Infra AS, together with GRK Infra Oyj, signed an agreement on the construction of the Võõbu–Mäo section of the Tallinn–Tarto highway. The total length of the contract section is 17 kilometres and includes the construction of a four-lane road section and six bridges. The total value of the contract is approximately EUR 44 million. The contract affects the order backlog and revenue of GRK Infra AS.

Traffic management system, 4/21–2024, Sweden

GRK Rail AB will deliver an extension to the new ERTMS traffic management system to Trafikverket in northern Sweden. The project includes railway, electric railway, safety equipment, high-current, telecommunications / telematics and remote-control equipment installation works in the areas of Kiruna and Gällivare in the Arctic Circle control area. ERMTS is the European Rail Traffic Management System, which aims to harmonise rail traffic between countries. The total value of the contract is approximately EUR 10 million. The contract affects the order backlog and revenue of GRK Rail AB.

Ume River Bridge, 3/2019–2023, Sweden

GRK will build a bridge across the Ume River in Sweden on the Umeå E10 ring road. Construction began in 2019 and the bridge is expected to be completed in summer 2023. The contract includes the construction of a 530-metre-long road bridge over the Ume River and the construction of a walking and cycling route across Baggbölevägen road. The value of the contract is approximately EUR 44 million. The project has been delayed; more information on the subject is given in the section describing risks. The contract affects the order backlog and revenue of GRK Infra AB.

Construction of south-eastern border 5/20-, Estonia

In cooperation with AS Merko Ehitus Eesti, GRK will build a 23.5-kilometre service road and border fence with water crossings in the border area of Võru County in south-eastern Estonia. An extension order was received for the contract in 2021, of which GRK's share is approximately EUR 8 million. Work on the extension contract was started in June 2021. The commissioners of the work are the Estonian police and the Border Guard. The total value of the contract is approximately EUR 15 million (the first part is approximately EUR 7.3 million, the continuation approximately EUR 7.7). The contract affects the order backlog and revenue of GRK Infra AS.

Major completed projects in 2021

Construction of the northern part of Verkkosaari 10/2019–11/2021, Helsinki

As part of the overall Kalasatama project, a residential area will be built in the northern part of Verkkosaari. GRK acted as the main contractor. The pre-construction of the northern part of Verkkosaari included large-scale excavation, blasting and backfilling works, the renovation of the Verkkosaari basin, the construction of the shore wall, and the relocation of pipelines and equipment. The renovation covered the entire area of 13 hectares. The total sum of the contract was over EUR 70 million. The construction project started in October 2019 and was completed about a year ahead of schedule. The original contract period would have been until October 2022, but the work was completed in November 2021. In addition, the project was handed over to the client with zero errors. The total value of the contract was approximately EUR 77 million.

Improvement of Ring Road I (Laajalahti section) 10/2019–9/2021, Espoo

The project, which started in 2019, improved the traffic flow and safety of Ring Road I in Laajalahti, and enabled the implementation of the Jokeri Light Rail line, which is important for cross-traffic in the Helsinki Metropolitan Area, in the immediate vicinity of Ring Road I. The contract included, for example, the modification of the terrain and the reorganisation of street connections. A new Laajalahti interchange was built in the Turvesuontie section. In addition, the Räisälänsilta bridge, which crosses Ring Road I, was built as part of the Jokeri Light Rail line. The project was completed several months ahead of schedule in 2021. According to the original schedule, the project was to be completed by the end of 2021, but the improved Ring Road I has already streamlined traffic in Espoo since June 2021. The total value of the contract was approximately EUR 32 million.

Pavement, 5/21–9/21, Uusimaa

The paving contract included paving work in the Uusimaa region, including in Mäntsälä, Kerava, Porvoo, Sipoo and Tuusula. The contract was commissioned by the ELY Centre of Southeast Finland. The total value of the contract was approximately EUR 4 million.

Strategy

The Board of GRK confirmed the company's new strategy at the end of 2021. The Group's new strategy is for the years 2022–2025. The aim of the strategy is to build a uniform and more international company with a steadily increasing revenue and the most committed personnel in the field. The new strategy also emphasises corporate responsibility: GRK is aiming to become a forerunner in sustainable infrastructure construction and to make the company’s own operations carbon-neutral by 2030.

The growth target applies to all the business operations of the GRK Group: civil engineering and road construction, railway construction, paving and environmental services in Finland, Sweden, and Estonia. The company is striving to boost its revenue by EUR 300 million through organic growth and acquisitions. Environmental services have great potential for growth, as well.

GRK is one of the leading infrastructure sector operators in Finland, and the company will increasingly invest in its operations in Sweden and Estonia during the next strategic period. Railway construction is one of the fastest growing sectors on which GRK will be focusing over the coming strategic period.

Financial targets have been updated along with the new strategy

GRK measures the success of its strategy by monitoring the Group’s financial targets, which the company aims to achieve by the end of 2025:

- Revenue: over EUR 700 million
- Operating profit: over 7%
- Share of recurring revenue: 12% of revenue
- Return on equity: over 25%

Personnel

In 2021, the GRK Group had an average of 888 (741 in 1–12/2020) employees. The accident frequency (accidents at work resulting in at least one day's absence per million hours worked) was 7,9 in the Group, which is below the industry average. The number of accidents counted in the accident frequency was 34.

GRK Group	1–12/2021	1–12/2020
GRK Infra Oyj	306	273
GRK Rail Oy	399	320
GRK Road Oy	87	73
GRK Infra AB	28	24
GRK Rail AB	7	1
GRK Infra AS	61	50
Group total*	**888**	**741**

*Average number of employees per company and per group.

Research and development

In 2021, research and development activities were directed especially at developing the environmental services business. In line with its strategy, GRK seeks strong growth in the environmental services business, so research and development projects are mainly related to the environmental services business and the reduction of the carbon footprint and handprint.

A low-carbon operating model for infrastructure construction

One of the long-term circular economy development projects is the ongoing carbon sink project in Kärkölä. In this project, GRK has planted a mixed forest in the old, decommissioned brick factory area as part of the area's landscaping.

Through the project, we are committed to improving the growth conditions in the area and to afforesting the area. The plantings were partly carried out during the summer of 2020 and continued in 2021. The project also included piloting carbon sequestration in the forest area and modelling the compensation for carbon dioxide emissions from GRK's operations. The project has been carried out in close cooperation with the Finnish Meteorological Institute. On the edge of the forest area, there is a measurement station of the Finnish Meteorological Institute, which continuously measures the forest area's ability to absorb carbon. The project is unique in the infrastructure sector and will provide GRK with accurate information on the importance of afforestation in the compensation of its emissions.

New binders for infrastructure construction, materials for civil engineering works, and fertilising products

GRK started a study with the aim of converting high-quality end products from ash, slag or similar industrial by-products and waste materials to be used as binders, in earthworks and as fertilisers. All the potential raw material flows that enable production capacity on a continuous scale are researched. The project is co-financed by Business Finland. GRK Infra Oyj is the financial partner and responsible manager of the project.

CO-Carbon

The multidisciplinary research project Co-Carbon, funded by the CLIMATE programme of the Strategic Research Council of the Academy of Finland, measures and models the carbon sequestration capacity of urban greenery. Practices and new solutions for the planning, implementation and maintenance of carbon-wise urban greenery will be developed with the help of the measurement results and the target areas of the research. GRK is involved in the project steering group.

Environment

GRK follows the procedures of the SFS-EN ISO14001:2015 environmental standard in its operations. The procedures in accordance with the environmental certification are incorporated into the company's certified operating and quality system, which is in accordance with the SFS-EN ISO9001:2015 management systems standards. The annual audit required by the standards is carried out by DNV GL Finland (formerly Det Norske Veritas).

The activities and procedures in accordance with the environmental certificate are monitored in terms of infrastructure construction activities through internal audits, as well as weekly expanded MVR measurements.

Carbon footprint

A carbon footprint is an indicator that can be used to assess the impact of various actions and consumption choices on global warming. It can be used to measure how much greenhouse gas is produced during construction, for example.

GRK's carbon footprint was calculated in 2021 for Finnish companies. The calculation takes into account scopes 1 and 2 of the scope areas specified in the GHG protocol (Greenhouse Gas Protocol). All purchased energy is considered to be non-renewable energy. The calculation has been carried out using the emission measurement tool created by GRK. In the construction sector, the size of the carbon footprint of a company’s own operations is primarily influenced by the fuel emissions of construction site equipment and vehicles. As a result, nearly a million litres of renewable fuels were used at GRK's sites to reduce emissions. GRK succeeded in significantly reducing direct emissions from its own operations during 2021. The carbon footprint of GRK's Finnish companies decreased by up to 13 per cent, to 14,812 t CO_2 equivalent (16,955 t CO2 eq.).

In Finland, GRK has started to use Neste renewable MY diesel and MY fuel oil products. Renewable fuels achieved emission reductions compared to 2020, although fuel consumption grew by 6 per cent in the same period as operations expanded in 2021.

Carbon handprint

A carbon handprint describes a situation in which a company develops products and services that enable the company or the company's customer to reduce their own carbon footprint. In 2021, GRK influenced its carbon handprint, for example, with recycled materials, the use of which grew by 22 per cent compared to 2020.

During 2021, GRK used a total of 439,000 tonnes of recycled materials in **civil engineering**. This is an increase of 23% compared to 2020. Recycled materials consist of, for example, concrete, ash, slag and mineral alites.

In **paving business**, the use of reclaimed asphalt mixture in 2021 totalled 68,261 tonnes. This is an increase of 86% compared to 2020. The material is included in the total amount of recycled materials.

In addition, GRK has used 5,068,000 kg of recycled fertilisers in the afforestation projects that are part of its resource-saving development work. A total of 3,255,000 kg of copper, aluminium and other non-magnetic metals have been separated in the treatment of waste incineration slags. These have been delivered to the metal industry for reuse. In addition, 2,235,000 kg of iron and steel have been magnetised and delivered to be used as a raw material for steel. The treatment of construction waste has generated 4,982,000 kg of energy waste, which has been delivered to be used in energy production to replace fossil fuels.

The most significant risks and uncertainties

GRK Group's comprehensive risk management develops common procedures for identifying, evaluating, managing and monitoring risks related to the achievement of objectives and business continuity. The purpose of risk management is to ensure the effective implementation of the company's strategy in both the short and long term. Risk management aims to ensure the achievement of financial objectives.

Risk management is implemented at all operational levels in the whole GRK Group as part of the operating system, in accordance with good governance. Risk prevention and the identification of opportunities are part of everyday business management. The systematic risk management process includes active, proactive and protective measures that both protect against threats and identify opportunities.

Risks are classified into five risk areas within the GRK Group. Strategic risks are often related to external events and changes, societal changes, or changes in the operating environment, legislation, and market conditions that affect long-term plans and strategic objectives. Operational risks are related to the day-to-day operations of the organisation, especially on construction sites and projects. The key starting point for project risk management in our operations is the identification of project-related risks and good management from the tender calculation of the projects to their completion. Economic risks are related to economic and financial factors. The risks of damage are caused by unexpected and sudden events and may include accidents at work, accidents, anomalies, and damage to third parties. Compliance risks are related to compliance with legislation, government regulations, GRK's values and the principles of fair operations.

The continued rapid expansion of GRK's operations poses challenges to the development of the management system. Risk is managed by developing the management system so that it is less dependent on individuals.

The coronavirus pandemic continues to cause uncertainty in the infrastructure sector, both directly through labour and indirectly, reflecting in, for example, key material prices and the availability of materials such as steel, timber, plastic products and electrical track system components. Preparations are for the continued rise in the prices of materials through procurement and contractual methods. The Group's business is not exposed to financial credit loss risks.

On 15 September 2020, GRK announced an accident that took place at GRK Infra AB's Umeå construction site after the second phase of the bridge beam installation had commenced. During the installation phase, the bridge beam slid off its base so that it was damaged. One employee suffered slight bruises in the accident, and the damage was thereby mainly property damage.

The client of the project, the Swedish Transport Administration (Trafikverket) commenced an investigation of the accident together with a third party, GRK and the insurance company. The report on the investigation assesses, among other things, the impact of the exceptionally low friction and brakes of the mounting base on the accident.

Due to the incident, GRK Infra AB has invited its subcontractor to arbitration proceedings and demanded that the arbitral tribunal order the subcontractor to compensate the damage and delay penalties it caused. Furthermore, GRK Infra AB has submitted an application for a summons to the Helsinki District Court concerning the guarantee given by the subcontractor's Finnish parent company. The claims for damages presented in the arbitration proceedings and the application for a summons are still partially unspecified and will only be specified during the arbitration proceedings and at a later stage of handling the action. The compensation amounts of the claims already specified are in total nearly EUR 13 million.

The Helsinki District Court has, upon the application of the plaintiff, decided on an injunction according to which the guarantor's property has been ordered to be seized to the value of the guarantee's amount, EUR 7,760,000. The guarantor has appealed the District Court's decision. The guarantor has set a bank guarantee of EUR 7,760,000 as security for the injunction decision. GRK has provided the execution authority with a guarantee of EUR 3,500,000 required for the procedural.

The insurance company decided on 24 March 2021 that the damage will be compensated to the extent covered by the insurance. The insurance company has fully reimbursed the costs in accordance with the insurance conditions as they have been incurred. The insurance company has reserved the right to reassess its insurance decision of 24 March 2021, including the recovery of compensation paid, if information becomes available later that deviate from what was known to the insurance company before issuing the insurance decision. A plan for completing the project has been drawn up, and the bridge beam transfer and repair work has begun. There are still scheduling, cost and technical risks associated with the project, the effects of which have been considered by the management, according to their best judgment, in the project's latest forecast.

Management and auditors

Keijo Haavikko served as interim CEO of GRK Infra Oyj until March 1, 2021, after which M.Sc. (Tech), MBA **Juha Toimela** began working as CEO.

During the reporting period, **Johanna Metsä-Tokila**, Chief Legal Officer, and **Matti Heikkinen**, Marketing and Communications Director, started working for GRK and as members of the management team on 1 August and 1 September 2021, respectively.

On 31 December 2021, the members of the management team of GRK Infra Oyj were **Juha Toimela**, **Keijo Haavikko**, **Mikko Sillman**, **Johanna Korhonen**, **Timo Pinomäki**, **Riina Rantsi**, **Sami Immonen**, **Mika Mäenpää**, **Tarvi Kliimask**, **Mika Häkli**, **Mikko Nyhä**, **Matti Heikkinen** and **Johanna Metsä-Tokila**.

Board

Johanna Korhonen was elected as a new member of the Board of GRK Infra Oyj in the general meeting held on 30 April 2021. **Kimmo Vuori** was a member of the Board until that time. Previous board members **Jukka Nikkanen** (chair), **Tarja Pääkkönen**, **Esa Lager** and **Keijo Haavikko** continued in their positions.

Kari Kauniskangas was elected as a new member of the Board at an extraordinary general meeting held on 31 January 2022.

Auditor

PricewaterhouseCoopers Oy has acted as the company's main auditor, and Markku Launis, Authorised Public Accountant, as the principal auditor.

Decisions Made by the General Meeting of Shareholders

Annual General Meeting

The annual general meeting of GRK Infra Oy was held on 30 April 2021 in Vantaa.

In accordance with the Board's proposition, the Annual General Meeting decided to distribute dividends amounting to ca. 5.2 million euros based on the result of 2020.

In the meeting, **Keijo Haavikko**, **Jukka Nikkanen**, **Johanna Korhonen**, **Tarja Pääkkönen** and **Esa Lager** were elected as members of the Board.

The General Meeting adopted the annual accounts for the financial year 2020 and discharged the members of the Board and the CEO from liability.

The General Meeting decided on the fees for the Board.

The company chose the audit firm PricewaterhouseCoopers Oy (PwC) as its auditor. **Markku Launis**, Authorised Public Accountant, is the principal auditor.

The meeting decided on a directed share issue to the key persons of the company and authorised the Board to decide on directed repurchases of own shares.

Extraordinary General Meeting

GRK Infra Oy held an Extraordinary General Meeting on 4 November 2021 in Vantaa. The meeting authorised the Board to more thoroughly evaluate the possibility of listing the company’s shares on the stock exchange.

Shares

Share issues during the period

On 30 April 2021, the Annual General Meeting has decided on directed share issues to new private shareholders. A total of 117,611 new class A shares were issued, and a total of EUR 2,093,475.80 was paid. The amount paid for the shares has been recorded in full in the reserve for invested unrestricted equity.

Repurchase of own shares

The company has redeemed all its class B shares (200 shares) from its owners in early 2021. Class B shares did not confer voting rights or the right to attend a general meeting. Class B shares conferred the right to dividends based on shareholder’s work effort. All redeemed class B shares have been annulled during the financial period of 2021.

During the financial period, the company acquired a total of 16,000 class A shares from a private shareholder. On 31 December 2021, the company held a total of 162,000 class A shares, and their combined share of of the class A shares and votes is 2.0%.

After the end of the financial period, the company abandoned different share classes through an amendment of the Articles of Association which was entered in the Trade Register on 4 February 2021. After the amendment, all the company’s shares are of the same class, i.e. the company only has one class of shares. After this, the company has repurchased a total of 60,000 own shares from an individual shareholder.

Company's shares

At the end of the financial period, the company's share capital was EUR 34,646.70. The company has 7,957,541 class A shares. All of the company’s class A shares confer equal rights to dividends, the company’s assets, and voting at general meetings. The shares of the company are subject to redemption and consent clauses in accordance with the Articles of Association.

Related party loans

Loans have been granted to some of the Group's key management employees and officers to finance a part of their subscription price for the company's shares. The terms and conditions of the loans are market-based, and the shares subscribed by these persons in conjunction with the collective investment scheme act as collateral. Related party loan receivables amounted to EUR 764 thousand at the end of the reporting period (2020: EUR 400 thousand).

Operating environment in 2022

Demand for infrastructure construction is growing or will remain at a good level in Sweden and Estonia, as well as demand for railway construction in all GRK's operating countries. In the temporarily shrinking market for Finnish civil engineering and road construction, competition will continue to be intense — the market is expected to return to growth path during GRK's strategic period. Further increases in material and energy prices, as well as in inflation in general, can be seen until 2022, a risk which could be further exacerbated by rising interest rates and geopolitical conditions.

Result guidance

GRK estimates that its revenue in 2022 will remain at the same level or increase slightly compared to 2021 (EUR 430,586 thousand in 2021). In addition, GRK estimates that its adjusted operating profit in 2022 will decrease slightly from 2021 (EUR 22,630 thousand in 2021) due to uncertainties in the operating environment.

Board of Directors' proposal for the distribution of profits

The company's distributable funds are EUR 67,661,885.96, of which the profit for the financial period is EUR 10,255,286.29.

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

- Dividend of EUR 0.145 will be paid for each share outstanding at the time of dividend payout totalling 38,677,705 shares, resulting in a total dividend of EUR 5,608,267.23.
- The remaining distributable funds of EUR 62,053,618.73 will be retained in equity.

The company's liquidity is good, and the proposed distribution of profit does not compromise the company's liquidity.

Events after the reporting period

Projects

- On 18 January 2022, GRK Rail Oy entered into an agreement with the Finnish Transport Infrastructure Agency on a sub-project for the renewal of the Northern Finland's railway remote control system (POKA project). The value of the sub-project planned and implemented by GRK, including options, is EUR 5.8 million.
- GRK announced on 20 January 2022 that GRK Infra AB has been selected to implement two projects in northern Sweden with a total value of approximately EUR 15.9 million (approximately SEK 163.3 million).

- GRK announced on 17 February 2022 that it has been selected to carry out a project involving the construction of roads and railways in Sundsvall, Sweden. The value of the contract exceeds EUR 28.6 million (ca. SEK 327 million).

Administration

- At the Extraordinary General Meeting held on 31 January 2022, the company's legal form was changed from a private limited company to a public limited company. The company name is GRK Infra Oyj, in Swedish GRK Infra Abp, and in English GRK Infra Plc. The change is related to the evaluation of the possibility of listing the company's shares on the stock exchange, as announced in the release of the new strategy. The Annual General Meeting also decided on:
    - Amending the Articles of Association (incl. abandonment of the company's separate share classes)
    - Joining the book-entry securities system
    - Raising the share capital to EUR 80,000 by means of increase from reserves

- The Extraordinary General Meeting of 14 February 2022 decided:
    - On splitting the share through an unpaid share issue to the company's current shareholders.
    - On authorising the Board of Directors to decide on a directed share issue to acquire all of the shares in the company's subsidiaries GRK Road Oy and GRK Rail Oy (exchange of shares) and approval of the exchange of shares.
    - On authorising the Board of Directors to apply for the listing of the company's shares on the Nasdaq Helsinki Oy stock exchange.
    - On authorising the Board of Directors to decide on a share issue (initial public offering).
    - On authorising the Board of Directors to decide on a share issue and issuance of special rights entitling to shares.
    - On authorising the Board of Directors to decide on the repurchase and acceptance as pledge of the company's own shares.

- **Kari Kauniskangas** was elected as a new member of the Board of Directors of GRK Infra Oyj during an extraordinary general meeting on 31 January 2022.

- **Laura Järvinen**, M.Sc., Electrical Engineering, Railway Industry, joined GRK Rail Oy as Executive Vice President on 7 February 2022.

- The CEO of the GRK's subsidiary in Estonia will change. **Tarvi Kliimask**, CEO of GRK Infra AS, resigned on 10 February 2022. The recruitment process for a new CEO has already begun.

Key figures and calculation formulas

Key figures

EUR thousand	31 December 2021	31 December 2020	31 December 2019
Revenue	430,586	387,259	298,596
Revenue change, %	11.19%	29.69%	-
EBITDA	32,599	31,169	19,298
EBITDA margin, %	7.57%	8.05%	6.46%
Adjusted EBITDA	33,961	32,402	19,510
Adjusted EBITDA margin, %	7.89%	8.37%	6.53%
Operating profit before amortisation of intangible assets (EBITA)	20,904	21,705	12,468
Operating profit before amortisation of intangible assets (EBITA), %	4.85%	5.60%	4.18%
Adjusted operating profit before amortisation of intangible assets (adjusted EBITA)	22,811	22,938	12,681
Adjusted operating profit before amortisation of intangible assets (adjusted EBITA) margin, %	5.30%	5.92%	4.25%
Operating profit	20,724	21,654	12,434
Operating profit margin, %	4.81%	5.59%	4.16%
Adjusted operating profit	22,630	22,887	12,647
Adjusted operating profit margin, %	5.26%	5.91%	4.24%
Profit (loss) for the period	15,698	18,576	8,890
Profit (loss) for the period, % of revenue	3.65%	4.80%	2.98%
Basic earnings per share, (EUR)[1]	0.49	0.59	0.29
Diluted earnings per share, (EUR)[1]	0.49	0.59	0.29
Net debt	-16,739	-25,385	-3,252
Net debt / EBITDA	-0.5	-0.8	-0.2
Net debt / adjusted EBITDA	-0.5	-0.8	-0.2
Net working capital	-4,066	-16,648	2,051
Equity ratio	43.6%	43.4%	41.4%
Return on capital employed, % (ROCE %)	20.0%	25.6%	17.3%
Return on equity, % (ROE %)	21.9%	32.1%	18.6%
Net investments	21,689	20,035	22,330
Operating free cash flow	-5,206	29,787	-2,274
Order backlog at the end of the period	381,559	405,336	481,566
Accident frequency	7.9	10.7	15.7
Sickness absence %	1.6%	1.41%	1.59%
Average number of personnel during the year	888	741	572

1) Earnings per share, basic and diluted, during the financial periods ending on 31 December 2021, 31 December 2020 and 31 December 2019 have been adjusted for the effect of the share issue without consideration (split) decided on by the Company's Extraordinary General Meeting on 14 February 2022.

Calculation formulas for key figures

Key figure		Calculation formula
Revenue change, %	=	(Revenue – revenue for the comparison period) / (Revenue for the comparison period) x 100
Items affecting comparability	=	Material items outside the ordinary course of business relating to i) transaction costs related to company acquisitions or business purchases (whether implemented or not) ii) gains and losses or impairments generated by the sale of tangible and intangible assets and subsidiaries and affiliates iii) restructuring costs, including termination benefits, as well as strategic restructuring and examination-related costs v) costs related to preparations for and the implementation of the Company's listing on the stock exchange and v) unusual legal and arbitration costs.
EBITDA	=	Operating profit (loss) + depreciation, amortisation and impairment
EBITDA margin	=	EBITDA / Revenue x 100
Adjusted EBITDA	=	Operating profit (loss) + depreciation, amortisation and impairment + items affecting comparability
Adjusted EBITDA margin	=	Adjusted EBITDA / Revenue x 100
Operating profit before amortisation of intangible assets (EBITA)	=	Operating profit (loss) + amortisation and impairment of intangible assets
Operating profit before amortisation of intangible assets (EBITA) margin	=	Operating profit (loss) before amortisation of intangible assets (EBITA) / Revenue x 100
Adjusted operating profit before amortisation of intangible assets (adjusted EBITA)	=	Operating profit (loss) + amortisation and impairment of intangible assets + items affecting comparability
Adjusted operating profit before amortisation of intangible assets (adjusted EBITA) margin	=	Adjusted operating profit before amortisation of intangible assets (adjusted EBITA) / Revenue x 100
Operating profit (loss) (EBIT)	=	Revenue + other operating income – materials and services – employee benefit expenses – other operating expenses – depreciation, amortisation and impairment
Operating profit (EBIT) margin	=	Operating profit (loss) (EBIT) / Revenue x 100

Adjusted operating profit (adjusted EBIT)	=	Operating profit (loss) + items affecting comparability	
Adjusted operating profit (adjusted EBIT) margin, %	=	Adjusted operating profit (adjusted EBIT) / Revenue	x 100
Profit (loss) for the period, % of revenue	=	Profit (loss) for the period / Revenue	x 100
Equity ratio, %	=	Total equity (including non-controlling interests) / Balance sheet total - contract liabilities (advances received)	x 100
Net debt[1]	=	Borrowings + lease contract liabilities - loan receivables - cash and cash equivalents	
Net debt / EBITDA	=	Borrowings + lease liabilities - loan receivables - cash and cash equivalents / Operating profit (loss) + depreciation, amortisation and impairment	
Net debt / adjusted EBITDA		Borrowings + lease liabilities - loan receivables – cash and cash equivalents / Operating profit (loss) + depreciation, amortisation and impairment + items affecting comparability	
Net working capital[2]	=	Non-current receivables less non-current loan receivables + inventories + trade receivables and other receivables less current loan receivables - non-current other liabilities less other financial liabilities - contract liabilities (advances received) - trade payables and other current liabilities - provisions	
Return on capital employed, % (ROCE -%)	=	Operating profit (loss) / Equity + interest-bearing liabilities (loans + lease liabilities) on average for the period	x 100
Return on equity, % (ROE -%)	=	Profit (loss) for the period / Total equity on average for the period	x 100
Net investments	=	Increase in intangible assets and property, plant and equipment and right-of-use assets - disposals of intangible assets and property, plant and equipment + cumulative depreciation and amortisation associated with disposals + reclassifications	
Operating free cash flow	=	Net cash flow from operating activities on the cash flow statement – Acquisition of property, plant and equipment and intangible assets on the cash flow statement - Proceeds from sale of property, plant and equipment on the cash flow statement - repayments of lease liabilities on the cash flow statement	
Order backlog at the end of the period	=	Transaction price allocated to partially fulfilled or completely unfulfilled performance obligations and estimated transaction price of new projects	
Accident frequency (without subcontractors)	=	Number of accidents / Hours worked x Million (h)	
Sickness absence %	=	Disability days x 0.8 / (Number of employees x length of period selected x 0.7) x 100	

Basic earnings per share	=	$\dfrac{\text{Profit (loss) for the period}}{\text{Average number of shares adjusted for share issues, excluding own shares}}$
Diluted earnings per share	=	$\dfrac{\text{Profit (loss) for the period}}{\text{Diluted average number of shares adjusted for share issues, excluding own shares}}$

1) The other financial liability included in other non-current liabilities has not been taken into account as part of net debt due to the nature of the item. This item is an additional equity investment made by a subsidiary's former shareholder (Aktieägartillskott), which must be returned to the original investor in the event that the subsidiary in question accumulates a corresponding amount of distributable funds.

2) The Company's management has classified the business acquisition purchase price debt included in other non-current liabilities as an item of net working capital, because it is a longer interest-free payment period obtained for part of the purchase price. The other financial liability included in other non-current liabilities has not been taken into account as part of net working capital due to the nature of the item. This item is an additional equity investment made by a subsidiary's former shareholder (Aktieägartillskott) which must be returned to the original investor in the event that the subsidiary in question accumulates a corresponding amount of distributable funds.

Consolidated statement of comprehensive income

Consolidated statement of comprehensive income

EUR thousand	Note	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Revenue	1	**430,586**	**387,259**	**298,596**
Other operating income	3	14,669	966	1,004
Materials and services	4	-314,457	-277,645	-219,770
Employee benefit expenses	5	-75,222	-59,076	-44,608
Depreciation, amortisation and impairment	6	-11,875	-9,514	-6,864
Other operating expenses	7	-22,978	-20,335	-15,924
Operating profit (loss)		**20,724**	**21,654**	**12,434**
Finance income		61	45	69
Finance expenses		-1,029	-788	-812
Finance income and expenses	8	-968	-743	-743
Profit (loss) before income tax		**19,755**	**20,911**	**11,691**
Income taxes	9	-4,057	-2,336	-2,801
Profit (loss) for the period		**15,698**	**18,576**	**8,890**
Other comprehensive income				
Items that may be reclassified to profit or loss				
Translation differences		-70	-14	12
Other comprehensive income for the period, net of tax		**-70**	**-14**	**12**
Total comprehensive income for the period		**15,628**	**18,562**	**8,902**
Profit (loss) for the period attributable to:				
Owners of the parent company		15,154	18,066	8,930
Non-controlling interests	5, 18	544	509	-40
Profit (loss) for the period		**15,698**	**18,576**	**8,890**
Total comprehensive income for the period attributable to:				
Owners of the parent company		15,084	18,054	8,943
Non-controlling interests	5, 18	544	508	-40
Total comprehensive income for the period		**15,628**	**18,562**	**8,902**
Earnings per share for profit attributable to owners of the parent company:				
Basic earnings per share, EUR	18	0.49	0.59	0.29
Diluted earnings per share, EUR	18	0.49	0.59	0.29

Notes are an integral part of these financial statements.

Consolidated balance sheet

EUR thousand	Note	31 December 2021	31 December 2020	31 December 2019	1 January 2019
ASSETS					
Non-current assets					
Property, plant and equipment	10	54,144	44,935	37,823	24,331
Right-of-use assets	11	11,677	11,038	7,722	6,248
Intangible assets	12	1,713	1,772	1,635	1,071
Investments accounted for using the equity method	14	-	3	25	-
Receivables	16, 22	5,303	1,174	1,788	1,227
Deferred tax assets	9	1,026	1,706	236	517
Total non-current assets		**73,862**	**60,628**	**49,229**	**33,395**
Current assets					
Inventories	15	5,756	2,800	2,763	1,134
Trade receivables and other receivables	1, 16, 22	77,832	58,084	57,784	56,403
Cash and cash equivalents	17	48,456	52,919	26,734	33,736
Total current assets		**132,044**	**113,803**	**87,280**	**91,273**
TOTAL ASSETS		**205,906**	**174,431**	**136,509**	**124,668**
EQUITY AND LIABILITIES					
Equity					
Share capital		35	35	35	35
Reserve for invested unrestricted equity		26,863	24,769	23,247	22,357
Translation differences		-71	-1	12	0
Retained earnings		33,921	20,746	17,497	10,230
Profit (loss) for the period		15,154	18,066	8,930	11,697
Total equity attributable to owners of the parent company	**18**	**75,901**	**63,615**	**49,721**	**44,319**
Non-controlling interests	5, 18	2,280	1,441	912	717
Total equity	**18**	**78,181**	**65,056**	**50,632**	**45,035**
Liabilities					
Non-current liabilities					
Borrowings	19, 22	18,791	14,977	14,084	14,105
Lease liabilities	11, 22	8,202	7,810	5,202	4,561
Other liabilities	21	1,805	3,009	5,107	6,504
Deferred tax liabilities	9	1,513	1,689	708	632
Provisions	20	1,560	404	468	399
Total non-current liabilities		**31,872**	**27,889**	**25,569**	**26,200**
Current liabilities					
Borrowings	19, 22	4,179	3,351	2,558	3,412
Lease liabilities	11, 22	3,504	3,208	2,424	1,518
Contract liabilities	1	26,600	24,684	14,118	8,648
Trade payables and other payables	21	59,248	50,033	41,104	38,206
Provisions	20	2,322	210	104	1,649
Total current liabilities		**95,853**	**81,486**	**60,308**	**53,433**
Total liabilities		**127,725**	**109,375**	**85,877**	**79,633**
TOTAL EQUITY AND LIABILITIES		**205,906**	**174,431**	**136,509**	**124,668**

Notes are an integral part of these financial statements.

Consolidated statement of changes in equity

EUR thousand	Note	Share capital	Reserve for invested unrestricted equity	Translation differences	Retained earnings	Total equity attributable to owners of the parent company	Non-controlling interests	Total equity
		Equity attributable to owners of the parent company						
Equity at 1 January 2019 (FAS)		35	22,357	194	21,943	**44,529**	730	**45,259**
Impact of adoption of IFRS	26	-	-	-194	-16	**-210**	-14	**-224**
Equity at 1 January 2019 (IFRS)	**18**	**35**	**22,357**	**-**	**21,927**	**44,318**	**717**	**45,035**
Profit (loss) for the period		-	-	-	8,930	**8,930**	-40	**8,890**
Translation differences		-	-	12		**12**	-	**12**
Total comprehensive income				12	8,930	**8,943**	-40	**8,902**
Transactions with owners:								
Share issue	18	-	890	-	-	**890**	-	**890**
Dividends paid	18, 25	-	-	-	-4,221	**-4,221**	-	**-4,221**
Changes in non-controlling interest that did not result in loss of control	5, 18			-	-	**0**	235	**235**
Redemption of own shares	5, 18			-	-209	**-209**		**-209**
Total transactions with owners			**890**	**-**	**-4,430**	**-3,540**	**235**	**-3,305**
Equity at 31 December 2019		**35**	**23,247**	**12**	**26,427**	**49,721**	**912**	**50,632**
Profit (loss) for the period					18,066	**18,066**	509	**18,576**
Translation differences				-13		**-13**	-1	**-14**
Total comprehensive income				-13	18,066	**18,054**	**508**	**18,562**
Transactions with owners:								
Share issue	18, 25	-	1,522	-	-	**1,522**	-	**1,522**
Dividends paid	18, 25	-	-	-	-4,627	**-4,627**	-	**-4,627**
Changes in non-controlling interest that did not result in loss of control	5, 18	-	-	-	-	**-**	21	**21**
Redemption of own shares	5, 18	-	-	-	-1,054	**-1,054**		**-1,054**
Total transactions with owners		**-**	**1,522**	**-**	**-5,682**	**-4,159**	**21**	**-4,138**
Equity at 31 December 2020		**35**	**24,769**	**-1**	**38,812**	**63,615**	**1,441**	**65,056**

Profit (loss) for the period		-	-	-	15,154	**15,154**	544	**15,698**
Translation differences		-	-	-70		**-70**	0	**-70**
Total comprehensive income		-	-	-70	15,154	**15,084**	**544**	**15,628**
Transactions with owners:								
Share issue	18, 25	-	2,093	-	-	**2,093**	-	**2,093**
Dividends paid	18, 25			-	-5,144	**-5,144**	-109	**-5,254**
Changes in non-controlling interest that did not result in loss of control	5, 18			-	253	**253**	404	**657**
Total transactions with owners		**-**	**2,093**	**-**	**-4,891**	**-2,798**	**295**	**-2,503**
Equity at 31 December 2021		**35**	**26,863**	**-71**	**49,075**	**75,901**	**2,280**	**78,181**

Notes are an integral part of these financial statements.

Consolidated statement of cash flows

EUR thousand	Note	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Cash flows from operating activities				
Proceeds from customers	1	413,958	399,245	303,688
Payments to suppliers and employees	4, 5	-405,792	-349,113	-281,863
Other income	3	12,961	697	805
Interest received	8	-18	31	37
Paid interest and payments for other financial expenses	8	-827	-650	-706
Income taxes paid	9	-3,009	-2,234	-2,276
Net cash flow from operating activities		**17,272**	**47,976**	**19,685**
Cash flows from investing activities				
Payments for property, plant and equipment and intangible assets	10, 12	-17,959	-12,423	-12,411
Acquisition of business	13	-1,500	-2,584	-7,933
Acquisition/disposal of associated companies	14	3	0	-30
Proceeds from sale of property, plant and equipment	10	485	107	380
Loans granted to shareholders/employees	16, 25	-1,479	-1,159	-761
Repayments of granted loans	16, 25	332	134	0
Interest received from loans	16, 25	18	9	2
Net cash flow from investing activities		**-20,101**	**-15,917**	**-20,753**
Cash flows from financing activities				
Proceeds from issues of shares	18	2,093	1,522	890
Equity investment from non-controlling shareholders	5, 24	657	11	260
Transaction costs from share issuance	16	-150	-	-
Repurchase of own shares	5, 18, 25	-105	-1,159	0
Proceeds from borrowings	19, 22	8,285	4,461	3,229
Repayment of borrowings	19, 22	-3,630	-2,774	-4,104
Repayments of lease liabilities	11	-3,505	-3,287	-1,995
Dividends paid	18	-5,254	-4,646	-4,215
Net cash flow from financing activities		**-1,607**	**-5,873**	**-5,935**
Net increase/decrease (-) in cash and cash equivalents		-4,436	26,185	-7,002
Cash and cash equivalents at the beginning of the financial year	17	**52,919**	**26,734**	**33,736**
Effects of exchange rate changes on cash and cash equivalents		-28	0	0
Cash and cash equivalents at end of year	17	48,456	52,919	26,734

Notes are an integral part of these financial statements.

Notes to the consolidated financial statements

Accounting principles

Basic information about the Group

GRK Infra Oyj (0533768-1) (hereinafter referred to as “the Parent Company” or “the Company”) is a Finnish public limited liability company domiciled in Vantaa. Its registered address is Jaakonkatu 2, FI-01620 Vantaa, Finland. GRK Infra Oyj and its subsidiaries comprise the GRK Group (hereinafter referred to as “GRK” or “the GRK Group”).

GRK is a Finnish construction group operating in Finland, Sweden and Estonia. The customers of GRK Group consist of both public and private sector entities. The GRK Group's core competencies include the implementation of demanding infrastructure construction projects, project management of large projects and extensive rail construction expertise. In road and railway construction, civil engineering, environmental services and industrial construction, GRK provides all the necessary services from design to construction and maintenance.

These consolidated financial statements include the consolidated statement of comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019 and the consolidated balance sheet at 31 December 2021, 31 December 2020, 31 December 2019 and 1 January 2019 (“consolidated financial statements”). The Board of Directors of GRK Infra Oyj approved the publication of these consolidated financial statements at its meeting on 28 February 2022. In accordance with the Finnish Limited Liability Companies Act, shareholders can adopt or reject the financial statements in a general meeting held after their publication. The general meeting can also amend the financial statements. A copy of the financial statements is available on the www.grk.fi website / from GRK Infra Oyj, Jaakonkatu 2, FI-01620 Vantaa, Finland.

Accounting principles

The consolidated financial statements of the GRK Group have been prepared in accordance with the International Financial Reporting Standards approved for use in the EU. The IAS and IFRS standards and SIC and IFRIC interpretation in force on 31 December 2021 were followed in preparing them. The notes to the financial statements also meet the requirements of the Finnish legislation on accounting and companies supplementing the IFRS standards.

GRK is publishing its first consolidated financial statements prepared in accordance with the IFRS for the financial periods ended 31 December 2021, 31 December 2020 and 31 December 2019. In these consolidated financial statements, GRK has applied IFRS 1 *First-time Adoption of International Financial Reporting Standards*, and the transition date is 1 January 2019. Previously, GRK applied the Finnish Accounting Standards (FAS) in its consolidated financial statements.

The adoption of IFRS is described in Note 26 First-time Adoption of International Financial Reporting Standards.

The consolidated financial statements are based on the use of historical cost, unless otherwise mentioned in the relevant accounting principles.

The consolidated financial statements are reported in the euro, which is the operating and reporting currency of the Group’s parent company. The financial statements are presented in thousands of euros, unless otherwise mentioned. All of the reported figures are rounded, and therefore the combined total of individual figures can differ from the reported total.

Translation of items denominated in foreign currencies

Transactions denominated in foreign currencies are translated into the operating currency at the exchange rate on the day of the transaction. Exchange rate gains and losses arising from transaction-related payments and the translation of monetary assets and liabilities denominated in foreign currencies at the exchange rate of the closing date are recognised through profit or loss.

Exchange rate gains and losses associated with borrowings are reported in finance income and expenses in the income statement. All other exchange rate gains and losses are reported at net amounts in other operating income and expenses on the income statement.

The income statements of group companies using an operating currency other than the reporting currency are translated into euros at the average rate for the period and balance sheets at the rate of the closing date. All translation-related exchange rate gains and losses are recognised in other comprehensive income.

Exchange rate differences arising from net investments in foreign units are recognised in other comprehensive income in the consolidated financial statements. When a foreign function is divested in full or part, the associated exchange rate gains and losses are recognised through profit or loss as part of the gain or loss on disposal. The goodwill arising from the acquisition of a foreign unit and adjustments made to achieve fair values are treated as assets and liabilities of the foreign unit and translated at the exchange rate of the closing date.

Key management judgement and estimates

Preparing the consolidated financial statements requires the management to make accounting estimates and assumptions that, as a rule, only rarely fully correspond with the actual results and have impacts on the amounts of assets, liabilities, income and expenses in the financial statements. In addition, the management must exercise judgement in applying the accounting principles.

Information about areas involving major judgement or complexity and items most likely to be adjusted materially if the estimates and assumptions prove wrong is provided in the associated note.

The following notes present the key management judgement and estimates of the management:

Note	Subject
1. Revenue	Amount of performance obligations
1. Revenue	Transaction price
1. Revenue	Satisfaction of performance obligation
5. Employee benefit expenses	Share-based payments
5. Employee benefit expenses	Incentive schemes
9. Income taxes	Deferred tax assets from tax losses incurred during previous financial periods
11. Leases	Determining the lease term
11. Leases	Determining the incremental borrowing rate
11. Leases	Estimating the amount of landscaping provisions
12. Intangible assets	Impairment testing of goodwill
13. Business combinations	Measurement of acquired assets
20. Provisions	Onerous contracts
20. Provisions	Landscaping provision
23. Contingent liabilities and commitments	Prerequisites for recognising a contingent liability
23. Contingent liabilities and commitments	Accident at the Umeå bridge site

1. Revenue

Disaggregation of revenue by company

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
GRK Infra Oyj	233,254	240,681	211,832
GRK Rail Oy	98,122	77,973	42,502
GRK Road Oy	31,799	27,599	16,397
GRK Infra AB	50,291	42,744	16,769
GRK Rail AB	4,274	5	-
GRK Infra AS	42,072	20,797	22,806
Eliminations	-29,225	-22,541	-11,709
Total	**430,586**	**387,259**	**298,596**

Disaggregation of revenue by time of recognition as revenue

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Recognised at a point in time	4,029	1,942	367
Recognised over time	426,557	385,317	298,228
Total	**430,586**	**387,259**	**298,596**

Disaggregation of revenue by geographical area

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Finland	330,819	322,668	258,922
Sweden	54,832	42,714	16,740
Estonia	42,523	20,370	22,662
Other	2,411	1,507	272
Total	**430,586**	**387,259**	**298,596**

Contract assets and liabilities

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Contract assets	22,457	16,199	18,428	15,979
Contract liabilities (advances received)	26,600	24,684	14,118	8,648

Contract assets are included in the balance sheet item Trade receivables and other receivables (Note 16 Trade receivables and other receivables). EUR 19,675 thousand of contract liabilities (advances received) was recognised as revenue during the reporting period (2020: EUR 11,255 thousand; 2019: EUR 10,097 thousand).

Transaction price allocated to remaining performance obligations in the contract portfolio

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Unrecognised transaction price	**381,559**	**405,336**	**481,566***	**241,913***
To be recognised within 12 months	243,549	244,798	-	-
To be recognised later	138,011	160,538	-	-

The transaction price allocated to remaining performance obligations in the contract portfolio is referred to as order backlog in the report of the Board of Directors.

* The transaction price allocated to remaining performance obligations on 31 December 2019 totalled EUR 481,566 thousand, concerning the following 12 months and subsequent years. The transaction price

allocated to remaining performance obligations on 1 January 2019 totalled EUR 241,913 thousand, concerning the following 12 months and subsequent years.

Accounting policy

IFRS 15 includes a five-step model for the recognition of sales revenue. The steps are 1) identification of a contract, 2) identification of performance obligations, 3) determining the transaction price, 4) allocation of the transaction price to performance obligations and 5) recognition of revenue. The primary objective of the standard is to provide users of financial statements with information about the nature, timing and uncertainty associated with contract sales revenue and cash flows. Revenue from contracts with customers is recognised as (or when) the performance obligation is fulfilled by transferring the promised goods or services to a customer. The goods or services are transferred to a customer when the customer obtains control of the goods and services. Revenue is recognised at the amount to which the company is expected to be entitled in exchange for those goods and services.

Most significant revenue streams and performance obligations

GRK Group's revenue comprises primarily income from railway and road construction, civil engineering and paving (more than 90% during all reported financial periods) and from environmental services and other services. The most common contract types used in the GRK Group are turnkey contract, DB contract (design and build), DBd contract (design and build contract involving a development phase) and project management contract. In addition, in environmental services, the GRK Group receives industrial by-products and other waste fractions suitable for use from various parties.

Railway and road construction and civil engineering contracts include typically a delivery of a single integrated project to the customer which is accounted for as a single performance obligation. Any additional and alteration work is an amendment to the performance obligation and is treated for as part of the existing contract. The contracts can include a separate development phase that is treated as a separate performance obligation.

Railway and road construction and civil engineering contracts can also be executed utilizing a consortium or an alliance model. In consortiums, the GRK Group and its partner(s) form a consortium that jointly has a contract with the customer. In consortiums, the GRK Group recognises the share of income and expenses specified in the consortium agreement in its consolidated financial statements. In alliance projects, the projects are executed with joint responsibility between the alliance partners. For alliance projects, the GRK Group's share based on the alliance agreement, is recognised as revenue. Revenue from consortium and alliance contracts is recognised according to the recognition principles for contract revenue described below.

In paving contracts, the agreement typically comprises several sites and each site is a separate distinct performance obligation. Any alteration or additional work is treated either as part of the existing performance obligations or, in the case of a completely new site, as new performance obligations.

In environmental services, the GRK Group sells waste processing services and recycled raw materials to customers. Waste processing services include services for the treatment, utilisation and final disposal of waste. In selling recycled materials, each weight unit of sold recycled raw material makes up a separate performance obligation. Waste processing services are a series of separable services.

In addition, the GRK Group provides maintenance, engineering and consulting services that are a series of distinct services.

Satisfaction of the performance obligation

The satisfaction of the performance obligation is based on the transfer of control over the goods or services to the customer. The performance obligations in railway, road construction and civil engineering and paving are primarily satisfied over time, as the customer is considered to have control over the asset to which the service is provided for. The asset arising from the customer contract is also not considered to have an alternative use to the Group, and the Group has an enforceable right to payment for the performance completed to date, including a reasonable profit margin.

In the waste processing services of environmental services, performance obligations are satisfied over time, as the customer receives and consumes the service simultaneously as the GRK Group is performing it. In the sales of recycled raw materials, the performance obligation is satisfied when the raw material has been handed over to the customer and the customer obtains control of it.

In maintenance, design and consulting services, the customer receives and consumes the service simultaneously as the GRK Group is performing it, and the performance obligations are satisfied over time.

Determination of the transaction price

In order to determine the amount of revenue to be recognised, the management estimates the transaction price expected to be received from the customer, including variable components, such as penalties and additional bonuses based on work outputs. Additional and alteration work is included in the revenue once its implementation has been approved by both parties. Variable consideration is included in the transaction price when it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associates with the variable consideration is subsequently resolved. If a contract includes more than one performance obligation, the transaction price is allocated to the performance obligations on the basis of stand-alone selling prices.

Timing of revenue and payments

Most of the GRK Group's business is of a project nature, and projects can be distributed across several years. The GRK Group's projects last from a few months to a few years. In the infrastructure sector, operations are typically seasonal, and therefore projects accumulate the most revenue during the period between early summer and the end of the year. Generally, there is no significant difference between the timing of the customer's payment and the GRK Group performing the service. In long-term projects, the payments made by the customer are based on contractually agreed instalment schedules or the completion of a specific work phase. The GRK Group's project contracts do not include significant financing components, and the payment terms are primarily from two weeks to a maximum of two months.

Recognition of revenue from project contracts, waste processing, maintenance, design and consulting services

The GRK Group uses an input-based method for measuring the progress towards complete satisfaction of project contracts when recognising revenue over time. The progress towards completion based on the management's judgement is determined based on the realised costs, i.e. costs of raw materials, labour hours and other costs , relative to the total expected costs. Correspondingly, unrealised costs indicate the amount of performance not satisfied.

If the amount invoiced for a customer contract is less than the revenue recognised based on the progress towards complete satisfaction or the performance obligation at the time of reporting, the difference is presented as a contract asset in Trade receivables and other receivables on the balance sheet. If the amount invoiced for a customer contract is more than the revenue recognised based on the progress towards satisfaction of the performance obligation at the time of reporting, the difference is presented as a contract liability in the Advances received item under current liabilities on the balance sheet. If the outcome of a long-term project could not be reliably estimated, revenue is recognised only to the extent equalling the amount of the realised costs. If it is probable that the total cost of completing the customer contract will exceed the total revenue to be recognised, the expected loss is immediately recognised as an expense.

For recognising revenues from the environmental services waste processing services and maintenance, design and consulting services, the GRK Group uses the IFRS 15 practical expedient according to which an entity may recognise revenue in the amount to which the entity has a right to invoice, if the entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date.

Recognising other revenue

The GRK Group recognises revenue from the environmental services sale of recycled materials and other minor sales of material at a point in time. Revenue is recognised when the material has been handed over to the customer and the control transfers to the customer.

Warranty and other obligations

The GRK Group does not have any warranty terms and conditions exceeding ordinary warranties. The warranty periods are usually from two to five years. The management's estimate of the warranty provision is based on historical data about the level of provision required for managing future and current reclamation costs. Additional information about the landscaping provisions associated with environmental services is provided in Note 20 Provisions.

Key management judgement and estimates

The decisions based on significant management judgement in measuring and recognising revenue concern the amount of performance obligations, value of the transaction price and definition and timing of the progress towards complete satisfaction of performance obligation.

Amount of performance obligations

In identifying performance obligations, the management of the GRK Group estimates, among other things, the connection between different tasks and services and whether the customer can benefit from them separately. In identifying performance obligations, management judgement is associated with the treatment of options, for example. Options to additional goods and services are treated on a case-by-case basis as either separate or as part of the combined output to the customer. The management reassesses the transaction price once the exercise of the option has been confirmed if the option is considered to be part of the combined output of the original contract. The timing and amount of recognition as revenue can vary depending on whether the option is treated as a distinct performance obligation or as part of the combined output.

Transaction price

In order to determine revenue, the management of the GRK Group estimates the transaction price expected to be received from the customer, which may also include variable consideration in contracts, such as penalties and additional bonuses based on work outputs. The GRK Group takes any variable consideration into account in sales revenue when it is highly probable a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associates with the variable consideration is subsequently resolved. The original transaction price is assessed separately for each contract and variable consideration is reassessed at each reporting date.

Measuring progress towards complete satisfaction of performance obligations

Management judgement is required when measuring progress using input methods in order to make a reliable estimate of the development of the total costs required for completing the contract. In assessing their impact on the cost forecast, the management of the GRK Group assesses their situation based on the best knowledge at the time, but the actual outcome can differ from the estimate despite the careful assessment of the management. Estimates relating to the revenue recognition of contracts and monitoring of previous estimates are made regularly and reliably based on the management's empirical knowledge.

2. Operating segments and market areas

Operating segments

The parent company's CEO is the chief operational decision-maker of the GRK Group. The chief operational decision-maker is responsible for the allocation of resources to the operating segments and assessing their performance. The Group management team assists the CEO in planning and managing operational activity. The CEO regularly reviews the Group's business functions both at the Group level and at the level of the six standalone entities listed in Note 1 Revenue. The management of the GRK Group has defined these six standalone entities as the operating segments of GRK before the aggregation of the segments.

The management of the GRK Group has decided to aggregate the six operating segments into a single larger operating segment. In practice, this operating segment includes the whole business of the Group.

This single large operating segment corresponds to the GRK Group's only reportable segment, and therefore segment information is not reported except for information concerning the entity as a whole.

The GRK Group has one reportable segment: Construction services. This is based on the fact that the Group's business is comprised of construction services projects and other business activities that support construction services, such as maintenance, paving and environmental and rail business, which are not monitored separately from construction services. The aggregated operating segments have similar product and customer profiles. The EBITDA and operating profit levels of the different standalone entities are similar. In addition, the aggregated operating segments are similar with regard to medium- and long-term economic trends and characteristics.

Of the invoicing of the GRK Group, approximately 90% (over 90% in 2020 and 2019) concerned customers in the public sector and approximately 10% (less than 10% in 2020 and 2019) private customers. Major public customers include the traffic agencies, cities, municipalities or joint municipalities and entities controlled by them in the operating countries of the GRK Group.

The figures of the GRK Group's one reportable segment are not fully equal to the IFRS figures for the GRK Group. The basis of decision-making in assessing performance and allocating resources is the operating profit according to FAS of the standalone entities. A reconciliation of the reportable segment's operating profit with IFRS profit before tax and a reconciliation of long-term assets is presented below.

Reconciliation

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Reportable segment's operating profit (FAS)	**20,949**	**22,308**	**15,761**
Group eliminations	235	-11	19
Finance income and costs, net	-968	-743	-743
GAAP differences	-460	-643	-3,346
Profit before tax (IFRS)	**19,755**	**20,911**	**11,691**

The GAAP difference in the reportable segment's operating profit is comprised of the difference in the timing of recognition of revenue and reversal of amortisation of goodwill and capitalised transaction costs. For the 2021 financial period, there was also a difference in the accounting for change in non-controlling interests (Note 24 Subsidiaries) and accounting for the transaction costs of new issued shares (Note 15 Trade receivables and other receivables). In the 2020 and 2019 financial periods, the GAAP difference also included a difference in the treatment of dividends based on work, which are described in Notes 5 Employee benefit expenses and 26 First-time Adoption of International Financial Reporting Standards.

Non-current assets of the reportable segment by country

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Finland	79,426	67,334	59,494	40,332
Sweden	841	676	741	63
Estonia	3,477	2,043	3,129	1,351
Total non-current assets	**83,743**	**70,053**	**63,364**	**41,746**

Reconciliation

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Non-current assets of the reportable segment (FAS)	**83,743**	**70,053**	**63,364**	**41,746**
Group eliminations	-23,162	-22,499	-22,369	-15,091
GAAP difference	13,280	13,074	8,233	6,739
Total non-current assets	**73,862**	**60,628**	**49,229**	**33,395**

The GAAP difference in the reportable segment's non-current assets is primarily comprised of the different treatment of leases (Note 11 Leases), capitalisation of development expenses (Note 12 Intangible assets) and classification of deferred tax assets in non-current assets in IFRS reporting.

3. Other operating income

EUR thousand	**1 January–31 December 2021**	**1 January–31 December 2020**	**1 January–31 December 2019**
Insurance indemnities received	13,194	112	140
Fuel tax refunds	824	620	372
Proceeds from sale of property, plant and equipment	325	48	261
Grants received	218	106	103
Rental income	30	-	-
Other	77	79	129
Total	**14,669**	**966**	**1,004**

Other operating income includes income other than revenue from the actual construction service business, such as proceeds from sale of property, plant and equipment, insurance indemnities, rental revenue and government grants. Government grants received as compensation for costs incurred are recognised as other income in the same period as the costs are recognised as expenses. Government grants connected to property, plant and equipment are recognised as a reduction of the acquisition cost of the property, plant and equipment, and they are described in Note 10 Property, plant and equipment.

The most significant items included in other operating income in the 2021 financial period were comprised of insurance indemnities received in connection with the bridge accident in Umeå (see Note 23 Contingent liabilities and commitments). In the financial period ended and in the comparison periods other significant items included in other operating income were comprised of fuel tax refunds connected to the paving business, proceeds from sales of property, plant and equipment and grants received.

4. Materials and services

EUR thousand	**1 January–31 December 2021**	**1 January–31 December 2020**	**1 January–31 December 2019**
Purchases of materials and supplies	-86,539	-85,230	-60,591
Change in material and supply inventory	2,313	547	21
Change in work in progress	237	-674	947
Production for own use	235	255	12
External services	-230,702	-192,544	-160,157
Total	**-314,457**	**-277,645**	**-219,770**

Materials and services were comprised of purchases, change in inventories and external services during the financial period. The material and supply costs and external service costs comprised of costs directly connected to the Group's actual construction service business.

5. Employee benefit expenses

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Wages and salaries	-61,074	-48,905	-36,832
Cash-settled share-based payments	-31	-98	-
Pension costs - defined contribution plans	-9,664	-7,560	-5,953
Other employee benefit expenses	-4,453	-2,513	-1,823
Total	**-75,222**	**-59,076**	**-44,608**

	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Average number of employees during the period			
White-collar	421	368	305
Blue-collar	467	373	267
Total	**888**	**741**	**572**

Accounting policy

Short-term employee benefits

Short-term employee benefits, such as wages, bonuses, fringe benefits and annual holiday are recognised as expenses on accrual basis for the financial period during which they are incurred. Performance bonuses are recognised as expenses when the GRK Group becomes liable to pay them and their amount can be reliably estimated. The right of partner employees who hold non-voting class B shares to subsequently receive funds from the company at an amount corresponding to the work performance during the period as dividend is treated as an employee benefit expense in the consolidated financial statements. The dividend based on work is recognised in personnel expenses on accrual basis according to the work input of the partner and a corresponding liability is included *in other current liabilities on the balance sheet.*

Pension obligations

The GRK Group has defined contribution pension plans. In defined contribution pension plans, contributions are paid to the insurance company, after which the GRK Group has no other payment obligations. The contributions to defined contribution plans are recognised as an expense on the income statement for the financial period concerned by the charge.

Share-based payments

The GRK Group's synthetic options are cash-settled share-based incentive schemes. The synthetic options are put into effect at fair value pursuant to valuation calculations on the grant date, and therefore no expense or liability was recognised for them at the grant date. The scheme is remeasured at fair value at the end of each reporting period and the change in the fair value of the liability is recognised on the income statement. A corresponding adjustment is made to the liabilities on the balance sheet. The impact of the synthetic options on profit is presented in employee benefit expenses on the income statement.

The GRK Group considers shares subject to a redemption obligation as a cash-settled share-based scheme. The shares subject to a redemption obligation are recognised on the balance sheet as a liability in accordance with the contractual obligation. If dividend is paid to shares subject to a redemption obligation before their redemption, an obligation for a cash payment is incurred by the GRK Group, which is recognised as financial expenses on the income statement and liability on the balance sheet.

Key management judgement and estimates

Share-based payments

The GRK Group uses judgement on whether an arrangement or transaction includes a share-based payment. According to the management's view, shares subject to a redemption obligation for which the GRK Group has a contractual obligation to redeem the shares are treated as cash-settled share-based arrangements. The contractual obligation to redeem the shares expires in connection with the admission to listing or sale of the company. Executed share redemptions do not form an established practice in which shares would be redeemed from private shareholders, excluding persons retiring in accordance with the shareholder agreement.

Determining the fair value of the arrangement requires the management to exercise judgement. In collective investment schemes in which employees have had an opportunity to subscribe for shares in the company, the employee is not considered to have received a benefit because the subscription price is considered to equal the fair value. The value of the liability of the cash-settled synthetic options at the grant date is considered to be zero. Therefore, no expense pursuant to IFRS 2 relating to the share-based payment was recognised at the grant date. The GRK Group has prepared a corresponding analysis for the subsequent measurement of the synthetic options for the balance sheet dates of 2019, 2020 and 2021, and the difference between the values on the grant date and said balance sheet date is recognised on accrual basis as an expense on the income statement and liability on the balance sheet.

Incentive schemes

Dividends based on shareholder's work effort

GRK Infra Oyj, the parent company of the GRK Group, has two classes of shares: Class A shares, which are ordinary shares, and class B shares, which have no voting rights but entitle their holder to dividend based on work effort. All class B shares were redeemed in early 2021 and annulled during the financial period. No dividend was paid on the class B shares during 2021.

Employees have been granted an opportunity to subscribe for class B shares in the parent company. Dividend based on work has been paid on the class B shares. Class B shares have not had a subscription price, meaning that the subscription price has been zero. In accordance with the Articles of Association, the class B shares can be redeemed by the company, and the Board of Directors decides on their redemption. The redemption price is the original subscription price of the class B share, i.e. zero in practice, according to the Articles of Association. The class B shares can be redeemed by the company at any time, and therefore they are not equity instruments. Payments made to class B shares are not considered to be share-based payments; instead, they are treated as employee benefits in accordance with IAS 19.

Synthetic options

The personnel of the GRK Group has been granted synthetic options as part of the parent company GRK Infra Oyj's share-based incentive schemes. The GRK Group has organised one synthetic option plan that covered a limited number of the company's employees in 2019. All subscribed options, totalling 84,436 options, were granted at the same time in 2019. The synthetic option plan has a fixed term expiring in 2024, and it grants the participants an opportunity to a cash-settled reward. The plan includes a market condition, and additionally a service condition. No reward is paid and no expense is recognised if the conditions are not estimated to be met. The options do not entitle their holder to subscribe for shares. The number of outstanding synthetic options was 55,267 at the end of the 2021 financial period (70,619 in 2020; 73,690 in 2019). The liability for the options granted to the personnel in the GRK Group's financial statements for 2021 (IFRS) is EUR 129 thousand (EUR 98 thousand in 2020).

Collective investment schemes

The GRK Group has implemented several collective investment schemes targeted at certain members of the Group's management and other key employees or future key employees and external investors. Collective investment schemes have been carried out with the company's employees and recruited key employees in 2010–2021. The collective investment scheme of 2018 also involved external investors.

The GRK Group has had consistent measurement principles as of 2010. This measurement principle was updated in 2018 when external investors joined. This updated measurement principle has thereafter been used in all collective investment schemes. All subscriptions for class A shares have therefore been carried out mainly under the same measurement principle and terms and conditions. Therefore, no group has received additional benefits for subscribing for class A shares in relation to others in the directed share issues. The collective investment schemes include a share-based payment, but because the subscriber pays the fair value on the grant date for the share, the investments do not involve an additional benefit and therefore no expense pursuant to IFRS 2 is recognised.

A loan has been granted to very few of the company's employees and officers in conjunction with collective investment schemes to finance their subscription price for the company's shares in part. GRK treats these granted loans as loan receivables based on the terms and conditions of the loan being market-based and the employee or officer borrower having an unconditional obligation to repay the loan to GRK Infra Oyj.

In the collective investment schemes, *good* or *bad leaver* conditions have also been agreed upon with the key employees or officers, and they will expire in connection with the company's admission to listing or sale of the company. Regarding contractual redemption due to retirement, a deadline has been set for the redemption of shares, within which redemptions are made annually in equal batches until admission to listing or disposal. The shares to be redeemed are treated as cash-settled share-based arrangement to the extent that the GRK Group has a contractual obligation to redeem the shares. Share redemption liability of EUR 210 thousand has been recognised in the GRK Group's financial statements for 2019 and EUR 105 thousand in the financial statements for 2020. In 2020, the parent company redeemed shares at an amount of EUR 1,159 thousand, including the shares redeemed from a person who terminated his employment with the GRK Group. At the end of 2021, the GRK Group did not have unredeemed shares subject to a contractual redemption obligation that it would be obligated to redeem before the expiry of the contractual obligation.

Also, in part of the GRK Group's subsidiaries, key employees have been granted an opportunity to subscribe for shares in the company in which they are employed. These subscriptions were also realised with the same measurement principle and mainly under the same terms and conditions as the subscriptions in the parent company's collective investment scheme. With regard to the shares held by the key employees of the subsidiaries, the scheme is share-settled according to the management's view. In share subscriptions by the subsidiaries' key employees, the employee pays the fair value on the grant date, so no benefit that should be recognised as an expense under IFRS 2 emerges in the scheme.

6. Depreciation, amortisation and impairment

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Depreciation and amortisation according to plan			
Intangible assets	-180	-51	-34
Property, plant and equipment	-7,579	-6,166	-4,540
Right-of-use assets	-3,572	-3,298	-2,153
Total	**-11,331**	**-9,514**	**-6,727**
Impairment losses			
Property, plant and equipment	-544	-	-68
Total	**-544**	**-**	**-68**
Total depreciation, amortisation and impairment losses	**-11,875**	**-9,514**	**-6,864**

The impairment of machinery and equipment recognised in the 2021 financial period, EUR 544 thousand, was mainly due to the scrapping of old decommissioned train wagons.

7. Other operating expenses

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Vehicle expenses	-5,029	-2,584	-2,174
Travel expenses	-6,142	-5,224	-4,287
IT software and equipment expenses	-2,564	-2,456	-1,349
Consulting, advisory and administrative services	-1,793	-922	-914
Premises expenses	-1,312	-70	-687
Other expenses	-6,137	-9,078	-6,514
Total	**-22,977**	**-20,335**	**-15,924**

The nature of other operating expenses is costs related or linked to the operations of the Group companies overall rather than the construction services sold by the Group companies and their volumes. The most significant individual items in other operating expenses during the financial period under review and comparison periods were vehicle expenses and travel expenses.

Auditors' fees

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
PricewaterhouseCoopers			
Statutory audit	-123	-100	-73
Tax advisory services	-19	-	-1
Other services	-204	-76	-18
Grant Thornton			
Statutory audit	-	-	-19
Total	**-345**	**-176**	**-111**

Auditors' fees include the fees for statutory audit and fees for other services paid to the audit firm of each Group company.

8. Finance income and expenses

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Finance income			
Interest income from loan receivables	18	14	2
Other finance income and exchange rate gains from financial liabilities	43	31	67
Total	**61**	**45**	**69**
Finance expenses			
Interest expenses from borrowings	-582	-512	-359
Interest expenses from lease liabilities	-192	-178	-114
Commission expenses	-21	-19	-27
Other finance expenses and exchange rate losses from financial liabilities	-234	-79	-312
Total	**-1,029**	**-788**	**-812**
Finance income and expenses total	**-968**	**-743**	**-743**

9. Income taxes

Income taxes are comprised of current income tax expense and change in deferred taxes.

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Current tax on profit for the period	-3,561	-2,811	-2,411
Adjustments for current tax of prior periods	-12	-23	-3
Total current income tax expense	**-3,573**	**-2,834**	**-2,443**
Change in deferred tax assets	-322	1,337	-80
Change in deferred tax liabilities	-162	-838	-278
Deferred tax expense/benefit	**-484**	**499**	**-358**
Income tax expense	**-4,057**	**-2,336**	**-2,801**

The reconciliation between the tax expense recognised on the consolidated income statement and taxes calculated using the Finnish tax rate (20% for all financial periods) is as follows:

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Profit before tax	19,755	20,911	11,691
Tax calculated at Finnish tax rate 20%	-3,951	-4,182	-2,338
Effect of other tax rates for foreign subsidiaries	159	192	-153
Change in deferred taxes - change in tax rate	-56	-	-
Effect of non-deductible expenses	-101	-20	-36
Effect of non-taxable income	0	29	0
Effect of reassessment of previously unrecognised deferred tax assets from tax losses	-29	1,604	-
Effect of previously unrecognised tax losses	37	-	-
Effect of unrecognised deferred tax assets from tax losses	-	-	-293
Adjustments for current tax of prior periods	-12	-23	-3
Other items	-103	64	22
Income tax expense	**-4,057**	**-2,336**	**-2,801**

Deferred tax assets and liabilities

EUR thousand	At 1 Jan	Recognised to profit or loss	Exchange rate differences	At 31 Dec
2021				
Deferred tax assets				
Provisions	95	421	-	516
Confirmed losses	1,686	-776	-21	890
Trade payables and other payables	20	-20	-	0
Other items	134	53	-	187
Total	**1,935**	**-322**	**-21**	**1,592**
Off-setting	-228	-		-566
Total	**1,707**	**-322**	**-21**	**1,026**
Deferred tax liabilities				
Accumulated depreciation differences	1,706	106	-	1,812
Financial liabilities	56	32	-	88
Other items	155	24	-	179
Total	**1,917**	**162**	**-**	**2,079**
Off-setting	-228	-	-	-566
Total	**1,689**	**162**	**-**	**1,513**

EUR thousand	At 1 Jan	Recognised to profit or loss	Exchange rate differences	At 31 Dec
2020				
Deferred tax assets				
Provisions	95	-	-	95
Confirmed losses	82	1,604	-	1,686
Trade payables and other payables	244	-224	-	20
Other items	176	-42	-	134
Total	**597**	**1,337**	**-**	**1,935**
Off-setting	-361		-	-228
Total	**236**			**1,707**
Deferred tax liabilities				
Accumulated depreciation differences	855	851	9	1,715
Financial liabilities	105	-48	-	56
Other items	110	36	-	146
Total	**1,070**	**838**	**9**	**1,917**
Off-setting	-361	-	-	-228
Total	**708**	**838**	**-**	**1,688**

EUR thousand	At 1 Jan	Recognised to profit or loss	Exchange rate differences	At 31 Dec
2019				
Deferred tax assets				
Provisions	390	-295	-	95
Confirmed losses	-	82	-	82
Trade payables and other payables	174	71	-	244
Other items	114	63	-	176
Total	**677**	**-80**	**-**	**597**
Off-setting	-160	-	-	-361
Total	**517**	**80**	-	**236**
Deferred tax liabilities				
Accumulated depreciation differences	665	190	-	855
Financial liabilities	89	16	-	105
Other items	38	72	-	110
Total	**792**	**278**	**-**	**1,070**
Off-setting	-160	-	-	-361
Total	**632**	**278**	**-**	**708**

On 31 December 2021, the Group recognised deferred tax assets totalling EUR 890 thousand relating to confirmed tax losses incurred in the most recent and previous financial periods. On 31 December 2020, the Group recognised deferred tax assets of EUR 1,686 thousand relating to confirmed tax losses incurred in previous financial periods. The recognition of the deferred tax asset is based on the Group's estimate that the companies have convincing evidence on profitable performance, based on which it is probable that there will be taxable profit against which the losses can be utilised. On the closing dates on both 31 December 2021 and 31 December 2020, the Group did not have confirmed tax losses for which deferred tax assets had not been recognised.

On 31 December 2019, the Group recognised deferred tax assets of EUR 82 thousand relating to losses for the financial period. On 31 December 2019, the GRK Group had a total of EUR 1,744 thousand of confirmed tax losses for which no deferred tax assets had been recognised (1 January 2019: EUR 1,391 thousand) because the management estimated that the conditions for recognising them under IAS 12 had not been met on the balance sheet date. Of these, EUR 180 thousand will expire in 2029 (1 January 2019: EUR 0 thousand) and the rest later or never.

Accounting policy

Income tax

The tax paid based on each country's income tax rate on the taxable profit for the period adjusted for changes in deferred tax assets and liabilities resulting from temporary differences and unused losses in taxation are reported as the current tax expense or income.

Taxes based on the taxable profit for the period and deferred taxes are recognised through profit or loss, except when they are connected to items of other comprehensive income or items recognised directly in equity. In this case, the tax is correspondingly recognised in other comprehensive income or directly in equity.

Deferred taxes

Deferred taxes are recognised for temporary differences between the values in taxation and carrying amounts of assets and liabilities. The enacted or substantively enacted tax rates as of each reporting date that are expected to apply in the period when the asset is realised or the liability is settled are used in the measurement of deferred taxes.

Deferred tax assets are only recognised when it is probable that taxable income against which the temporary difference and losses can be utilised will be available.

Deferred taxes are not recognised for the initial recognition of goodwill or when it is due to the initial recognition of an asset or liability in a transaction which is not a business combination, and the transaction will not have an impact on the accounting profit or taxable income upon its realisation.

Key management judgement and estimates

The management of the GRK Group uses judgement and estimates in deciding on whether deferred tax assets will be recognised for unused tax losses. The estimates are affected by expectations of the profit and taxable profit from the Group companies' operations in future years and the options of utilising the tax losses. Deferred tax assets are recognised to the extent that it is probable that there will be future taxable profit against which the unused tax losses and unused tax rebates can be used.

10. Property, plant and equipment

EUR thousand	Land areas and connection fees	Buildings	Machinery and equipment	Advance payments and construction in progress	Total
2021					
Acquisition cost at 1 January	610	2,968	51,899	1,981	57,458
Additions	84	1,357	6,620	9,737	17,798
Disposals	-	-	-1,234	-	-1,234
Reclassifications	-	-	3,741	-3,691	49
Translation differences	-	-	-7	-10	-18
Acquisition cost at 31 December	**694**	**4,325**	**61,018**	**8,017**	**74,054**
Accumulated depreciation and impairment at 1 January	-	-596	-11,928	-	-12,523
Depreciation	-	-241	-7,338	-	-7,579
Disposals	-	-	783	-	783
Impairment	-	-	-544	-	-544
Reclassifications	-	-	-51	-	-51
Translation differences	-	-	4	-	4

Accumulated depreciation and impairment at 31 December	**-**	**-836**	**-19,074**	**-**	**-19,910**
Net book value at 1 January	**610**	**2,373**	**39,971**	**1,981**	**44,935**
Net book value at 31 December	**694**	**3,489**	**41,944**	**8,017**	**54,144**

EUR thousand	**Land areas and connection fees**	**Buildings**	**Machinery and equipment**	**Advance payments and construction in progress**	**Total**
2020					
Acquisition cost at 1 January	531	2,441	38,974	2,906	44,853
Business combinations	-	-	945	-	945
Additions	79	527	5,434	6,028	12,068
Disposals	-	-	-833	-	-833
Reclassifications	-	-	7,365	-6,971	394
Translation differences	-	-	13	18	31
Acquisition cost at 31 December	**610**	**2,968**	**51,899**	**1,981**	**57,458**
Accumulated depreciation and impairment at 1 January	-	-349	-6,680	-	-7,029
Depreciation	-	-246	-5,920	-	-6,166
Disposals	-	-	802	-	802
Reclassifications	-	-	-123	-	-123
Translation differences	-	-	-8	-	-8
Accumulated depreciation and impairment at 31 December	**-**	**-596**	**-11,928**	**-**	**-12,523**
Net book value at 1 January	**531**	**2,092**	**32,294**	**2,906**	**37,823**
Net book value at 31 December	**610**	**2,373**	**39,971**	**1,981**	**44,935**

EUR thousand	**Land areas and connection fees**	**Buildings**	**Machinery and equipment**	**Advance payments and construction in progress**	**Total**
2019					
Acquisition cost at 1 January	444	2,102	25,549	-	28,095
Business combinations	-	-	6,103	-	6,103
Additions	87	339	8,919	2,906	12,251
Disposals			-1,594		-1,594
Translation differences	-	-	-3	-	-3
Acquisition cost at 31 December	**531**	**2,441**	**38,974**	**2,906**	**44,853**
Accumulated depreciation and impairment at 1 January	-	-148	-3,615	-	-3,763
Depreciation	-	-201	-4,340	-	-4,540
Disposals	-	-	1,340	-	1,340
Impairment	-	-	-68	-	-68
Translation differences	-	-	2	-	2
Accumulated depreciation and impairment at 31 December	**-**	**-349**	**-6,680**	**-**	**-7,029**
Net book value at 1 January	**444**	**1,954**	**21,935**	**-**	**24,331**
Net book value at 31 December	**531**	**2,092**	**32,294**	**2,906**	**37,823**

Accounting policy

Land areas and connection fees are measured at cost. Other property, plant and equipment is measured at cost less accumulated depreciation and any impairment. Cost includes the purchase price and all costs directly arising from bringing the asset to the location and condition in which it can operate as intended by the management.

Property, plant and equipment is depreciated using the straight-line method over the estimated economic useful life. The estimated economic useful lives are as follows:

Estimated economic useful life	
Buildings	5–25 years
Machinery and equipment	
Tools and measuring equipment	3–5 years
Passenger cars	4–5 years
Lorries and vans	3–7 years
Office machines and equipment	5 years
Asphalt stations and heavy asphalt equipment	10–20 years
Rail work machines and equipment	10–20 years
Other production machinery and equipment	5–12 years

The residual values and economic useful lives of assets are reviewed at the end of each reporting period and adjusted if necessary. If the carrying amount of an asset exceeds its estimated recoverable amount, the carrying amount is written down to the recoverable amount.

Government grants relating to property, plant and equipment are recognised as reductions of the carrying amounts of property, plant and equipment. The grants reduce the amount recognised as an expense over the useful life of the asset in the form of lower depreciation. Other government grants are described in Note 3 Other operating income. The acquisition of property, plant and equipment does not involve material borrowing costs that should be capitalised in the cost. Expenses arising from significant improvements are capitalised and depreciated as expenses over the economic useful life of the related asset. Ordinary repair and maintenance costs are recognised as expenses when they are incurred.

Gains and losses on the disposal of property, plant and equipment are determined by comparing the proceeds with the carrying amount, and they are recognised in other operating income or other operating expenses.

11. Leases

IFRS 16 Leases requires lessees to recognise all leases on the balance sheet as a main principle. At the commencement of the lease, a right-of-use asset and a lease liability are recognised on the balance sheet, and their value is determined based on the present value of future lease payments. Instead of lease expenses, depreciation of right-of-use assets and interest expenses on the lease liability are recognised over the lease term.

The GRK Group leases land, business premises, apartments, production machinery and equipment, passenger cars, vans and lorries and tools and other construction site movables. The leases on business premises and land areas can be either fixed-term or valid until further notice. Leases on apartments are typically valid until further notice. Leases on production machinery and equipment, cars and other vehicles are fixed-term. Leases on construction site movables are typically based on annual agreements specifying the price list and primary terms and conditions. The leases can include extension and termination options. Some of the leases include index adjustment clauses, which are typically tied to the cost-of-living index. They are not taken into consideration in the lease liability until they are realised. Production machinery, equipment and vehicle leases can include redemption options. The leases of the GRK Group do not include material variable lease payments or residual value guarantees. The GRK Group does not have significant activities as a lessor.

EUR thousand	Buildings	Machinery and equipment	Vehicles	Land	Total
2021					
Acquisition cost at 1 January	**9,192**	**564**	**5,868**	**753**	16,377
Translation differences	-9	-	-9	-	-18
Additions	870	46	1,537	-	2,453
Increase/decrease due to remeasurement	1,728	-	11	64	1,803
Disposals	-280	-	-594	-	-874
Reclassifications	-	-	-49	-	-49
Acquisition cost at 31 December	**11,500**	**610**	**6,763**	**817**	**19,690**
Accumulated depreciation and impairment at 1 January	**-2,691**	**-176**	**-2,083**	**-389**	-5,339
Translation differences	3	-	4	-	7
Accumulated depreciation of disposals	270	-	569	-	839
Accumulated depreciation of reclassifications	0	-	51	-	51
Depreciation	-1,832	-125	-1,445	-170	-3,572
Accumulated depreciation and impairment at 31 December	**-4,250**	**-301**	**-2,904**	**-559**	**-8,014**
Net book value at 1 January	**6,501**	**388**	**3,785**	**363**	**11,038**
Net book value at 31 December	**7,251**	**309**	**3,859**	**258**	**11,677**

EUR thousand	Buildings	Machinery and equipment	Vehicles	Land	Total
2020					
Acquisition cost at 1 January	**5,952**	**926**	**2,686**	**312**	**9,876**
Translation differences	16	-	14	0	30
Business combinations	8	-	-	-	8
Additions	3,200	32	3,168	440	6,841
Increase/decrease due to remeasurement	16	-	-	0	16
Disposals	-	0	-	-	0
Reclassifications	-	-394	-	-	-394
Acquisition cost at 31 December	**9,192**	**564**	**5,868**	**753**	**16,377**
Accumulated depreciation and impairment at 1 January	**-1,034**	**-114**	**-801**	**-204**	**-2,154**
Translation differences	-4	-	-6	-0	-10
Accumulated depreciation of reclassifications	-	123	-	-	123
Depreciation	-1,652	-185	-1,276	-185	-3,298
Accumulated depreciation and impairment at 31 December	**-2,691**	**-176**	**-2,083**	**-389**	**-5,339**
Net book value at 1 January	**4,918**	**812**	**1,884**	**108**	**7,722**
Net book value at 31 December	**6,501**	**388**	**3,785**	**363**	**11,038**

EUR thousand	Buildings	Machinery and equipment	Vehicles	Land	Total
2019					
Acquisition cost at 1 January	**4,288**	**443**	**1,327**	**190**	**6,248**
Translation differences	-3	-	-1	-0	-4
Business combinations	717	-	-	-	717
Additions	918	483	1,356	54	2,812
Increase/decrease due to remeasurement	32	-	4	68	104
Acquisition cost at 31 December	**5,952**	**926**	**2,686**	**312**	**9,876**
Accumulated depreciation and impairment at 1 January	-	-	-	-	-
Translation differences	-0	-	-1	-0	-1
Depreciation	-1,034	-114	-801	-204	-2,153

Accumulated depreciation and impairment at 31 December	**-1,034**	**-114**	**-801**	**-204**	**-2,154**
Net book value at 1 January	**4,288**	**443**	**1,327**	**190**	**6,248**
Net book value at 31 December	**4,918**	**812**	**1,884**	**108**	**7,722**

EUR thousand	**31 December 2021**	**31 December 2020**	**31 December 2019**	**1 January 2019**
Lease liabilities				
Current	3,504	3,208	2,424	1,518
Non-current	8,202	7,810	5,202	4,561
Total	**11,706**	**11,018**	**7,626**	**6,079**

The maturities of the lease liabilities are presented in Note 22 Financial risk management and financial assets and liabilities.

The income statement includes the following amounts associated with leases:

EUR thousand	**1 January–31 December 2021**	**1 January–31 December 2020**	**1 January–31 December 2019**
Depreciation charge of right-of-use assets [1]			
Buildings	-1,832	-1,652	-1,034
Machinery and equipment	-125	-185	-114
Vehicles	-1,445	-1,276	-801
Land areas	-170	-185	-204
Total depreciation charge of right-of-use assets	**-3,572**	**-3,298**	**-2,153**
Interest expenses [2]	-192	-178	-114
Expenses relating to short-term leases and leases of low value assets[3]	-6,752	-6,245	-6,382
Amounts relating to leases included in the income statement total	**-10,516**	**-9,721**	**-8,649**

[1]Included in Depreciation, amortisation and impairment on the statement of comprehensive income.

[1]Included in Finance expenses on the statement of comprehensive income.

[3]Included in Other operating expenses on the statement of comprehensive income.

The short-term leases and leases of low value assets include mainly construction site movables.

Accounting policy

The GRK Group assesses at contract inception whether the contract is or contains a lease. A contract is or contains a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. The GRK Group recognises a right-of-use asset and a corresponding lease liability at contract commencement for leases in which it is a lessee. The contract commencement date is the date on which the asset is available for use by the lessee.

The lease liability is measured at the present value of the expected future lease payments at the contract commencement. The payments included in the measurement of the lease liability include fixed payments, payments based on an index or a rate and the price of a purchase option if GRK Group is reasonably certain to exercise the option. Penalties for terminating the lease are included in the measurement of the lease liability only if the lease term reflects that the GRK Group exercising that option.

In accordance with IFRS 16, lease payments are discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the lessee’s incremental borrowing rate is used, meaning the rate that the GRK Group would have to pay to borrow the funds required for acquiring an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

After the commencement of the lease, the lease liability is measured at amortised cost reduced by the lease payments made using the effective interest method. The lease liability is remeasured when the lease payments change due to, for example, index change, exercising of option included in the lease are reassessed or to reflect other lease modifications.

Right-of-use assets are measured at cost including the initial amount of the lease liability, any lease payments made before the commencement of the lease, initial direct costs and restoration costs. Right-of-use assets are usually depreciated using the straight-line method over the shorter of the asset's economic useful life and lease term. If the GRK Group is reasonably certain of exercising the purchase option and the amount of exercising the purchase option has been reflected in the lease liability measurement, the depreciation period of the right-of-use asset is its economic useful life.

The GRK Group applies the IFRS 16 exemptions not to recognise the short-term leases and leases of low value assets on the balance sheet. A short-term lease is a lease with a lease term of 12 months or less. Short-term leases and leases of low value assets are among other things IT hardware and construction site movables. Payments for these leases are recognised as expenses on a straight-line basis.

Key management judgement and estimates

Key estimates in determining the lease term

The determination of the lease term has a significant impact on the measurement of lease liabilities and right-of-use assets. The lease term is the non-cancellable period of the lease, including any periods covered by the extension or termination option if the GRK Group is reasonably certain of exercising the extension option or not exercising the termination option. The GRK Group takes into consideration all facts and circumstances that result in a financial incentive to exercise the extension option or not to exercise the termination option. The management reassesses the lease term when a significant event or change in circumstances occurs.

The GRK Group has leases valid until further notice and leases with an extension option, especially in relation to business premises and land areas. In determining the lease term the GRK Group considers major leasehold improvements made, costs relating to the termination of the lease and signing a new lease and the importance of the underlying asset to the operations of the GRK Group, considering the special nature of the asset, its location and the availability of suitable alternatives. The GRK Group treats project-specific right-of-use assets primarily as short-term leases. An exception to this are leases that substantially involve a fixed-term contract of over 12 months or if the estimated duration of the project is several years and the management considers the right-of-use asset in question to be important for the project.

Determining the incremental borrowing rate

In the GRK Group's leases, the interest rate implicit in the lease cannot be readily determined, and the GRK Group uses the incremental borrowing rate to discount the lease payments. The incremental borrowing rate has an impact on the measurement of lease liabilities, but the impact is very moderate in the current situation of low interest rates. The GRK Group defines the incremental borrowing rate by considering the nature of the leased asset, the Group's risk factors and geographical operating environment of the leased asset, currency and contract term.

Estimating the landscaping provision

The GRK Group has estimated the amount of landscaping costs for leases that include a clause on landscaping. Landscaping costs are associated with obligations relating to the termination of environmental services agreements, such as closing down, covering, subsequently monitoring and maintaining the final disposal area or extraction area. Landscaping costs included in the value of the right-of-use assets are based on estimates, which cannot be known accurately in advance, and the amount is estimated based on the management's empirical knowledge of the costs of landscaping. The landscaping provision is included in the cost of the right-of-use asset and according to IAS 37 in provisions, which are described in Note 20 Provisions.

12. Intangible assets

EUR thousand	Goodwill	Intangible rights	Capitalised development costs	Other intangible assets	Prepayments and assets under development	Total
2021						
Acquisition cost at 1 January	1,048	221	-	177	449	1,894
Additions	-	13	48	-	60	121
Reclassifications	-	0	449	-	-449	0
Translation differences	-	2	0	1	0	3
Acquisition cost at 31 December	**1,048**	**235**	**497**	**178**	**60**	**2,018**
Accumulated amortisation and impairment at 1 January	-	-88	-	-35	-	-123
Amortisation	-	-43	-110	-28	-	-181
Translation differences	-	-2	-	1	-	-1
Accumulated amortisation and impairment at 31 December	**-**	**-133**	**-110**	**-62**	**-**	**-305**
Net book value at 1 January	**1,048**	**133**	**0**	**142**	**449**	**1,772**
Net book value at 31 December	**1,048**	**103**	**387**	**115**	**60**	**1,713**

EUR thousand	Goodwill	Intangible rights	Capitalised development costs	Other intangible assets	Prepayments and assets under development	Total
2020						
Acquisition cost at 1 January	1,048	182	-	112	366	1,708
Additions	-	39	-	104	83	225
Disposals	-	-	-	-39	-	-39
Acquisition cost at 31 December	**1,048**	**221**	**-**	**177**	**449**	**1,894**
Accumulated amortisation and impairment at 1 January	-	-51	-	-22	-	-73
Amortisation	-	-36	-	-15	-	-51
Disposals	-	-	-	2	-	1
Accumulated amortisation and impairment at 31 December	**-**	**-88**	**-**	**-35**	**-**	**-123**
Net book value at 1 January	**1,048**	**131**	**-**	**91**	**366**	**1,635**
Net book value at 31 December	**1,048**	**133**	**-**	**142**	**449**	**1,772**

EUR thousand	Goodwill	Intangible rights	Capitalised development costs	Other intangible assets	Prepayments and assets under development	Total
2019						
Acquisition cost at 1 January	741	96	-	112	162	1,111
Acquisition of business	307	-	-	-	-	307
Additions	-	86	-	-0	204	290

Acquisition cost at 31 December	**1,048**	**182**	**-**	**112**	**366**	**1,708**
Accumulated amortisation and impairment at 1 January	-	-30	-	-9	-	-39
Amortisation	-	-21	-	-13	-	-34
Accumulated amortisation and impairment at 31 December	**-**	**-51**	**-**	**-22**	**-**	**-73**
Net book value at 1 January	**741**	**66**	**-**	**103**	**162**	**1,071**
Net book value at 31 December	**1,048**	**131**	**-**	**91**	**366**	**1,635**

Other intangible assets of the GRK Group consists of IT systems. In the 2019 and 2020 financial periods, development expenses are reported as assets under development within intangible assets. The IT development projects completed during the 2021 financial period were reclassified from prepayments and assets under development to capitalised development costs.

Accounting policy

Goodwill

The goodwill arising from the acquisition of business is included in intangible assets. The goodwill arising from business combinations is recognised at the amount by which the consideration transferred exceeds the fair value of the net assets acquired. Goodwill is not amortised, but it is tested for impairment annually or more frequently if events or changes in circumstances indicate any impairment. Any impairment loss on goodwill is immediately recognised through profit or loss. Previously recognised impairment losses on goodwill are not subsequently reversed.

Other intangible assets

GRK recognises intangible assets with finite economic useful lives on the balance sheet at acquisition cost less accumulated amortisation and any impairment. The economic useful life and amortisation method are regularly reviewed and at the latest at the end of each financial period or more frequently if events or changes in circumstances indicate any impairment of the intangible assets.

Research and development expenses that do not meet the criteria for capitalisation on the balance sheet are expensed as they are incurred. GRK Group capitalizes those development expenses, such as development-related external services, direct employee expenses and other material expenses that can be allocated, that GRK Group consider meeting the criteria for capitalisation. Capitalised development expenses are recognised in intangible assets and their amortisation commences when the development work has been completed and it begins to produce economic benefits.

Straight-line amortisation according to plan is calculated based on the probable estimated economic useful life. Estimated economic useful lives for the following intangible asset items:

Estimated economic useful life	
Intangible rights	5–10 years
Capitalised development costs	5 years
Other intangible assets	5–10 years

Intangible assets with finite economic useful lives are tested for impairment if there are indications of impairment.

Goodwill

The table below presents the allocation of goodwill to the cash-generating units of the GRK Group:

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
GRK Road Oy	307	307	307	n/a
GRK Rail Oy	741	741	741	741
Total	**1,048**	**1,048**	**1,048**	**741**

Goodwill is allocated to cash-generating units for impairment testing. It is allocated to those cash-generating units that are expected to benefit from the business combination that resulted in goodwill. The units or groups of units are defined at the lowest levels at which goodwill is monitored for management purposes, which corresponds with the company structure of the GRK Group. The goodwill of GRK Road Oy also provides comprehensive strategic benefit to infrastructure construction, but these benefits have not been considered when determining the cash flows used in impairment testing.

Testing for impairment

The recoverable amount of a cash-generating unit's business is based on calculations of value in use. The discount rate used in the calculations is defined using the weighted average cost of capital (WACC), which describes the overall cost of equity and debt, considering the time value of money and the specific risks associated with the business of the GRK Group. The discount rate is pre-tax. The forecast period is five years. Cash flows that extend beyond the forecast period have been calculated using the terminal value method.

	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Discount rate				
GRK Road Oy	6.27%	6.12%	5.62%	-
GRK Rail Oy	6.38%	6.27%	5.65%	6.34%

The unit's recoverable amounts resulting from the value in use calculations are compared with the carrying amount of the goodwill and other assets allocated to the unit. An impairment loss is recognised if the carrying amount of the unit's combined assets exceeds its recoverable cash flows.

Key management judgement and estimates

Estimates and assumptions used in testing goodwill for impairment

The cash flow-based value in use is determined by calculating the discounted present value of forecasted cash flows, which is compared with the combined assets of the cash-generating unit. These calculations require using estimates and assumptions to a significant extent. The basis of the forecast cash flows are the long-term objectives for a specific period approved by the company's management and other justifiable estimates of the outlook of the industry and the cash-generating unit.

The key uncertainties in the value in use calculations are the discount rate and residual growth rate assumption. The risk-free interest rate, risk factor (beta) and equity market risk premium parameters used in determining the discount rate are based on market information. A residual growth rate of 2% has been used in calculating the terminal value of all cash-generating units (31 December 2018, 31 December 2019 and 31 December 2020: 1%), which is equal to (below) the European Central Bank's medium-term inflation rate target.

Sensitivity analyses of impairment testing

Based on the impairment testing carried out, there is no need for recognising impairment losses. The cash-generating units' recoverable amounts exceed their book values. Based on the management's estimate and sensitivity analyses prepared by the management, no reasonably possible change in the key assumptions would result in a situation in which the book value of a cash-generating unit would exceed its recoverable amount.

13. Business combinations

Acquisitions of business 2021

No acquisitions were made during the 2021 financial period.

Acquisitions of business 2020

In 2020, the Group acquired the business operations of an asphalt station. The acquisition increased the Group's property, plant and equipment including right-of-use assets by EUR 953 thousand and inventories and current and non-current liabilities to a minor extent. The acquisition had a minor impact on the Group's profit. The acquisition did not result in goodwill.

Acquisitions of business 2019

In 2019, the Group acquired the paving and stabilisation business of SL Asfaltti Oy and the business of Rakennus Asfaltti P&V Oy. Rakennus Asfaltti P&V specialised in paving patch-up work and also carried out other excavation work and maintenance and repairs of heavy machinery besides paving. The acquisitions strengthened the strategic growth of the GRK Group and facilitated increasingly versatile service for customers. The cash consideration paid for the acquisitions totalled EUR 6,433 thousand. As a result of the acquisitions, the number of the Group's employees increased by 30 employees. The fair values of the acquired assets and liabilities are presented in the table below. Information about the acquisitions is reported as combined because the acquisitions are not material when viewed individually. The goodwill from the acquisition is tax-deductible. The acquisition-related expenses of EUR 136 thousand are recognised in other operating expenses and presented in cash flows from operating activities in the cash flow statement. Due to the acquisitions, the Group's revenue increased by a total of approximately EUR 9 million during the financial period.

Amounts recognised for the acquired assets and assumed liabilities

EUR thousand	
Property, plant and equipment and intangible assets	6,073
Right-of-use assets	717
Investments in associates	30
Inventories	301
Trade payables	-278
Lease liabilities	-717
Total identifiable net assets	**6,126**
Goodwill	307
Net assets acquired	**6,433**

Deferred consideration from a business combination

The purchase price of an acquisition made by the GRK Group in a financial period preceding the periods reported herein will be paid completely by 2022. The unpaid part of the purchase price is fixed and not conditional. The deferred consideration is divided into a current and a non-current part and reported in other liabilities (see Notes 19 Borrowings and 22 Financial risk management and financial assets and liabilities). In the cash flow statement, instalments of the deferred consideration are reported in Acquisition of business.

Key management judgement and estimates

With regard to property, plant and equipment, comparisons have been made with the market prices of corresponding assets and the decrease in value due to the age of the acquired assets, wear and tear and other corresponding factors have been assessed. The acquired property, plant and equipment is comprised of production machinery and equipment and vehicles.

14. Associates

No associates were consolidated in the financial statements of the GRK Group for the 2021 financial period. Following the business combination carried out in 2019, a 33.33% holding in Viborock Oy, domicile Finland, was acquired by the Group. The financial statements for 2020 include an impairment of EUR 23 thousand on interests in associates. The holding was disposed in January 2021, and it did not have an impact on the profit of the GRK Group. The associate has had a trivial impact on the Group's profit. The Group's share of the profit for the financial period and impairment losses recognised in 2020 are reported in Finance expenses on the income statement.

Accounting policy

Associates are companies over which the GRK Group has significant influence, but no control or joint control. Associates are consolidated in the consolidated financial statements using the equity method. If the GRK Group's share of the associate's losses exceeds the book value of the investment, the losses exceeding the book value are not consolidated unless GRK has committed itself to the fulfilment of the associates' obligations. The GRK Group's share of the profit for the period of associates is calculated in accordance with the Group's ownership interest and reported in the Group's income statement in Finance income and expenses.

15. Inventories

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Materials and supplies	4,864	2,145	1,434	1,112
Work in progress	892	655	1,329	22
Total	**5,756**	**2,800**	**2,763**	**1,134**

GRK recognised EUR 2,549 thousand as an adjustment to cost of inventories for the financial period (2020: EUR -127 thousand; 2019: EUR 967 thousand). The expense includes changes in both material and supplies inventories and work in progress, and it is reported in Materials and services on the income statement.

Accounting policy

Inventories are measured at the lower of cost or net realisable value. Cost includes all costs of purchase, manufacture and other costs caused by bringing the inventories to their location and condition. Net realisable value is the estimated selling price in the course of ordinary business less the costs of completing the product and direct expenses of selling.

16. Trade receivables and other receivables

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Non-current				
Contract payments held	2,240	710	1,716	1,214
Loan receivables	2,894	367	32	-
Other non-current receivables	169	97	40	13
Total	**5,303**	**1,174**	**1,788**	**1,227**
Current				
Trade receivables	47,558	37,749	36,759	39,194
Loan receivables	65	1,445	753	25
VAT receivables	798	454	787	151
Accrued costs from share issuance	150	-	-	-
Other receivables	545	1,272	461	580
Contract assets	22,457	16,199	18,428	15,979
Fuel tax refund receivables	524	425	272	-
Current tax receivables	136	-	74	231
Other prepaid expenses and accrued income	5,598	540	250	244
Total	**77,832**	**58,084**	**57,784**	**56,403**

Ageing analysis of trade receivables

	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Share of trade receivables not due or overdue for less than 30 days of all trade receivables (%)	99.80%	99.66%	98.33%	99.20%

The management estimates that the book values of trade receivables, loan receivables and other receivables correspond to their fair value because they are short-term in nature or their interest rate essentially corresponds with the market interest rate.

The Group's customers are mainly from the public sector, such as municipalities, the state and municipality-owned entities. Therefore, the amount of credit losses has been historically very low. According to the view of the GRK Group's management and calculations supporting it, there are no material expected credit losses occurring in the business that would need to be estimated proactively in the 2021 financial statements. The credit risk of financial assets is described in Note 22 Financial risk management and financial assets and liabilities.

Loan receivables are comprised of loans to private shareholders and a loan granted to the buyer in connection with the sale of property, plant and equipment. Loans have been granted to some of the company's employees and officers in conjunction with collective investment schemes to finance a part of their subscription price for the company's shares. The terms and conditions of the loans are market-based, and the shares subscribed by these persons in the collective investment scheme are collateral. The collective investment schemes and associated loan receivables are described in more detail in Note 5 Employee benefit expenses.

Accounting policy

The Group's financial assets are comprised of cash and cash equivalents (see Note 17 Cash and cash equivalents) and trade receivables and other receivables, which are measured at amortised cost using the effective interest method. Financial assets at amortised cost are assets held to collect contract cash flows and the cash flows consist exclusively of the payment of principal and interest.

Loan receivables and other receivables are initially recognised at fair value. Trade receivables are initially recognised at the transaction price. Interest income is included in finance income.

Impairment of financial assets

Expected credit losses associated with financial assets are estimated proactively.

A simplified model is applied to measuring assets based on trade receivables and contracts with customers, according to which credit losses are recognised for the entire period of validity of the trade receivables or asset based on contracts with customers based on expected credit losses. The GRK Group has defined default percentages for trade receivables of different ages based on the age breakdown, taking into consideration the special characteristics and risks of the receivables. The amount of the expected credit loss is based on the management's best estimate of expected defaults. The credit loss model takes into account customers' previous payment behaviour and available future forecasts. According to an assessment made by the GRK Group, the expected credit losses of trade receivables and assets based on contracts with customers are insignificant.

The impairment of loan receivables is calculated based on the 12-month expected credit loss. If credit risk has increased significantly from the time of granting the loan, the credit loss is calculated based on the credit loss expected throughout the period of validity of the loan receivable. The debtor's financial difficulties, default of payments or payment being more than 30 days overdue is an indication that the credit risk of the financial asset is significantly increased. The impact of collateral is taken into consideration in the amount of the credit loss recognised as expected. The management of the GRK Group has estimated that the credit risk of loan receivables has not increased significantly and that the expected credit losses are insignificant.

Receivables are derecognised as final credit losses when no payment can be reasonably expected for them. Indications of not being able to reasonably expect payment include the debtor's inability to make an instalment schedule with the Group and the debtor's bankruptcy.

17. Cash and cash equivalents

Accounting policy

Cash and cash equivalents consist of cash and on-demand bank deposits in solvent partner banks. Bank overdrafts are included in current liabilities.

18. Notes concerning equity and shares

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Share capital	35	35	35	35
Reserve for invested unrestricted equity	26,863	24,769	23,247	22,357
Translation differences	-71	-1	12	-
Retained earnings	33,921	20,746	17,497	10,230
Profit (loss) for the period	15,154	18,066	8,930	11,697
Total equity attributable to owners of the parent company	**75,901**	**63,615**	**49,721**	**44,319**
Non-controlling interests	2,280	1,441	912	717
Total equity	**78,181**	**65,056**	**50,632**	**45,035**

Shares and share capital

EUR thousand	Number of class A shares	Share capital	Reserve for invested unrestricted equity
1 January 2019	7,675,680	35	22,357
Directed share issue	68,450	-	890
31 December 2019	7,744,130	35	23,247
Directed share issue	95,800	-	1,522
31 December 2020	7,839,930	35	24,769
Directed share issue	117,611	-	2,093
31 December 2021	7,957,541	35	26,863

GRK has had two classes of shares, A and B, in the reported financial periods. All class A shares confer one vote at a general meeting and the shares 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 a general meeting. Class B shares confer the right to dividend distributed based on the holder's work effort. The treatment of the dividend based on work effort associated with class B shares is described in Note 5 Employee benefit expenses. Class B shares do not confer other rights to dividend or the company's assets. Due to the above-mentioned reasons, class B shares are not classified as equity.

All class A shares have been fully paid. Class B shares do not have a subscription price. The shares have no nominal value. There were 200 class B shares on 31 December 2020, 31 December 2019 and 1 January 2019. All class B shares were redeemed in 2021 and they were annulled during 2021. The company holds a total of 162,000 of its own class A shares, and their combined share of all of the class A shares and votes is 2.0% as at 31 December 2021 (31 December 2020: 146,000 shares/1.9%, 31 December 2019: 0 shares). After the close of the financial period, an extraordinary general meeting of shareholders on 14 February 2022 resolved on a share split (see Note 27 Events after the closing date). In accordance with the resolution, the shareholders of the company will be issued four new shares for each existing share without consideration.

Reserve for invested unrestricted equity

The reserve for invested unrestricted equity includes other equity investments and share subscription price to the extent that it is not recognised in share capital according to a specific decision.

Translation differences

Translation differences are caused by the translation of the assets and liabilities of the GRK Group's foreign subsidiaries into the reporting currency of the consolidated financial statements. Exchange rate differences arising from net investments in foreign units are recognised in other comprehensive income in the consolidated financial statements.

Dividend

In 2021, GRK Infra Oyj distributed EUR 5,144 thousand as dividend for the 2020 financial period to class A shareholders. The Board of Directors proposes to the general meeting that dividend of EUR 5,608 thousand be distributed to the shareholders. GRK Infra Oyj's distributable assets on 31 December 2021 amount to EUR 67,662 thousand (31 December 2020: EUR 60,573 thousand, 31 December 2019: EUR 54,381 thousand, 1 January 2019: EUR 47,263 thousand).

Earnings per share

Basic earnings per share are calculated by dividing the profit for the financial period attributable to owners of the parent company by the weighted average number of shares outstanding during the financial period.

Earnings per share adjusted for dilution are calculated by dividing the profit for the financial period attributable to owners of the parent company by the weighted average number of shares outstanding during the financial period plus the number of shares that would be issued if all potential diluting shares were exchanged for shares. There were no dilutive instruments in the 2021, 2020 and 2019 financial periods.

Basic earnings per share	**1 January–31 December 2021**	**1 January–31 December 2020**	**1 January–31 December 2019**
Profit for the financial period attributable to owners of the parent company (EUR thousand)	15,154	18,066	8,930
Average weighted number of shares during the financial period (thousand) *	31,118	30,781	30,908
Basic earnings per share, EUR	**0.49**	**0.59**	**0.29**

** Average weighted number of shares excluding own shares held by GRK Infra Oyj. The calculation of the average weighted number of shares retrospectively accounts for the effect of the share split resolved by the extraordinary general meeting of shareholders after the close of the financial period on 14 February 2022 (see Note 27 Events after the closing date). In accordance with the resolution, the shareholders of the company will be issued four new shares for each existing share without consideration.*

19. Borrowings

EUR thousand	**31 December 2021**	**31 December 2020**	**31 December 2019**	**1 January 2019**
Non-current borrowings				
Bank loans	6,636	8,450	10,264	12,766
Installment debts	10,808	4,945	1,982	5
Capital loans	337	384	428	250

Other non-current borrowings	1,011	1,198	1,410	1,084
Total non-current borrowings	**18,791**	**14,977**	**14,084**	**14,105**
Current borrowings				
Bank loans	1,814	1,814	1,814	3,189
Installment debts	1,954	1,181	392	15
Capital loans	75	65	64	39
Other current borrowings	336	290	287	169
Total current borrowings	**4,179**	**3,351**	**2,558**	**3,412**
Total	**22,971**	**18,329**	**16,642**	**17,517**

The carrying amounts of borrowings are considered to be a reasonable approximation of their fair values based on the fact that they were initially recognised at fair value measured based on market interest rate. Bank loans and installment debts are classified in fair value hierarchy level 2. Other non-current borrowings consist of interest-bearing loans granted by non-controlling interests. Other loans are repaid to the creditors at equal instalments once every six months. The fair values of capital and other loans are classified in fair value hierarchy level 3.

The levels of the hierarchy are as follows:

Level 1: The fair values of financial instruments subject to trading in an active market (such as publicly listed derivatives and shares) are based on the quoted prices at the end of the reporting period, and they are classified in level 1.

Level 2: If all of the significant inputs needed for measuring the fair value of the instruments are observable but the price is not directly quoted in an active market, the instruments are classified in level 2.

Level 3: If one or more significant inputs are not based on observable market data, the instrument is classified in level 3.

Terms and conditions of capital loans

The capital loans included in the GRK Group's liabilities are capital loans referred to in chapter 12 of the Finnish Limited Liability Companies Act. The principal may be repaid only in so far as the sum total of the unrestricted equity and all of the capital loans of the company at the time of payment exceed the loss on the balance sheet to be adopted for the latest financial period or the loss on the balance sheet from more recent financial statements and so that the company's solvency is not compromised due to the return of capital. The same applies to interest paid on the loans.

The loans were withdrawn in 2018–2021. The last instalment of the capital loans withdrawn the first matures on 30 June 2025 and of those that have been withdrawn the last will mature on 31 December 2026. If the capital 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.

Accounting policy

The withdrawn loans are initially recognised at fair value less transaction costs. Subsequently, the loans are measured at amortised cost. The difference between the amount raised (less transaction costs) and repaid amount is recognised in the income statement during the loan period using the effective interest method. Commissions paid for overdraft limits are recognised as loan-related transaction costs to the extent that using the limit in part or full is probable. In this case, the commission is capitalised until the loan is withdrawn. If there is no evidence that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

The loans are derecognised when the contractual obligation has been fulfilled or revoked or it has expired. The difference between the carrying out of an amortised or transferred financial liability and consideration paid – which includes transferred non-cash assets or assumed liabilities – is recognised through profit or loss and reported in financial items.

Loans are classified as current if the Group does not have an unconditional right to defer the payment for a minimum of 12 months after the end of the reporting period.

20. Provisions

EUR thousand	Onerous contracts	Landscaping provisions	Warranty provisions	**Total**
2021				
At 1 Jan	210	374	30	614
Additions	2,795	-	591	3,387
Used during the year	-74	-	-	-74
Unused provisions reversed	-34	-	-	-34
Translation differences	-3	-	-6	-9
At 31 Dec	**2,893**	**374**	**615**	**3,883**
Current	2,310		12	2,322
Non-current	583	374	603	1,560
Total	**2,893**	**374**	**615**	**3,883**

EUR thousand	Onerous contracts	Landscaping provisions	Warranty provisions	Total
2020				
At 1 Jan	**198**	**374**	**-**	**572**
Additions	115		30	145
Used during the year	-100	-	-	-100
Unused provisions reversed	-7	-	-	-7
Translation differences	4	-	-	4
At 31 Dec	**210**	**374**	**30**	**614**
Current	210	-	-	210
Non-current	-	374	30	404
Total	**210**	**374**	**30**	**614**

EUR thousand	Onerous contracts	Landscaping provisions	Warranty provisions	Total
2019				
At 1 Jan	**1,742**	**306**	**-**	**2,048**
Additions	107	68	-	175
Used during the year	-1,649	-	-	-1,649
Translation differences	-2	-	-	-2
At 31 Dec	**198**	**374**	**-**	**572**
Current	104	-	-	104
Non-current	94	374	-	468
Total	**198**	**374**	**-**	**572**

Accounting policy

Provisions are recognised for legal claims, service-related warranties and the landscaping of sites when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle obligation and the amount of the obligation can be reliably estimated. No provisions are recognised for future operating losses.

The amount recognised as a provision is the present value of the expenses expected to be required to fulfil the obligation at the end of the reporting period according to the management's best estimate. The pre-tax interest rate reflecting the market view of the time value of money at the time of review and special risks pertaining to the obligation in question is used in calculating the present value. An increase in the provision due to the passing of time is recognised as an interest expense.

Onerous contracts

A provision is recognised for onerous contracts at full value when the estimated total expenditure required for completing the contract with customer exceed the future total income from the customer contract.

Landscaping provision

Landscaping provisions are associated with the landscaping obligations of environmental services, and they comprise future costs due to closing down, covering, subsequent monitoring and maintaining the final disposal area or extraction area. A landscaping provision is recognised pro rata to the actual use and total capacity under the environmental permit for sites with agreements involving such an obligation. Their expected useful life depends on the use of the final disposal of waste area or extraction site because landscaping is generally started after the end of its use or the expiry of the agreement.

Warranty provision

A warranty provision covers the repair expenses under a conventional warranty obligation after the completion of a contract.

Key management judgement and estimates

Management judgement is required when estimating whether a legal or constructive obligation has emerged due to which the outflow of resources to settle the obligation is probable. If a constructive obligation is considered to have emerged for the GRK Group, the management estimates its amount and timing. Regarding onerous contracts, the management applies judgement concerning the expected economic benefit from the contract and makes estimates of the amount of loss to be recognised. The estimate is made based on the best knowledge available at the time of recognition using the management's experience in comparable situations in the past, but updates to the estimate might still be necessary based on new information received at a later point. The management's estimate of landscaping costs is based on empirical data on the fulfilment of these obligations. The warranty provision is based on the management's estimate made based on the level of actual warranty expenses in previous financial periods.

21. Trade payables and other payables

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Non-current				
Deferred consideration from a business combination	-	1,452	2,899	4,328
Other financial liability	1,538	1,447	1,403	1,372
Accruals	268	98	-	-
Other liabilities	-	13	805	804
Total	**1,805**	**3,009**	**5,107**	**6,504**

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Current				
Trade payables	23,255	22,978	19,126	19,569
Deferred consideration from a business combination	1,485	1,500	1,500	1,500
VAT liability	7,723	6,319	4,381	5,841
Other liabilities	2,652	1,979	1,839	907
Current tax liability	1,237	538	12	2
Accrued interest expenses	67	56	69	95
Accrued personnel expenses	17,236	14,848	9,766	7,778
Other accruals	5,592	1,816	4,412	2,513
Total	**59,248**	**50,033**	**41,104**	**38,206**

Additional information about the deferred consideration from a business combination is provided in Note 13 Business combinations. The other financial liability comprises a contingent liability that arisen in connection with the redemption of a subsidiary's non-controlling shareholder's shares. From the point of view of the stand-alone company reporting, the liability is an equity instrument (in Swedish, *aktieägartillskott*), which according to the terms and conditions can be repaid to its original granter after the subsidiary in question has sufficient equity to repay it. The parent company has made a commitment to repay the debt to the former non-controlling shareholder when the subsidiary's equity allows it, as a result of which the item is reported as the parent company's financial liability in the consolidated financial statements.

Other non-current liabilities have initially been recognised at fair value measured based on market interest rate. The carrying amounts of current trade payables and other payables are considered to correspond with their fair value due to their short maturity.

Accounting policy

Trade payables and other financial liabilities included in the item are initially recognised at fair value, and subsequently they are measured at amortised cost using the effective interest method. Trade payables and other payables are classified as current liabilities if they mature within 12 months of the end of the reporting period.

22. Financial risk management and financial assets and liabilities

The company's financial risk is comprised of market risk (foreign currency risk and interest rate risk), credit risk and liquidity risk.

Financial risks are primarily managed by the Group's financial administration in accordance with the Board-approved treasury policy and the Group's risk management policy. The Group's financial administration identifies, assesses and hedges against financial risks in close collaboration with the Group's business units. The Board of Directors issues written guidelines on the principles of general risk management and the principles concerning certain areas, such as foreign currency risk, interest rate risk, credit risk, use of other financial instruments and investing surplus liquid assets.

Foreign currency risk

The Group is not exposed to significant foreign currency risk because transactions primarily take place in the functional currency of each standalone entity. Foreign currency risk is caused to a minor extent by the SEK-denominated other financial liability (see Note 21 Trade payables and other payables) and the Swedish subsidiaries' minor EUR-denominated intra-Group trade payables. Therefore, the Group's management does not actively manage exchange rate risk. The company's foreign exchange differences affecting profit or loss have been insignificant in the reported periods.

Interest rate risk

The Group's most significant interest rate risk is caused by floating-rate non-current loans that expose it to the cash flow interest rate risk. However, with the current interest rate and moderate amount of borrowings, the interest rate risk is not considered significant and it is not hedged.

The interest income from cash flows and interest expense paid on borrowings increases or decreases following changes in interest rates, which has an impact on profit or loss. The Group's management estimates that the impact of changes in interest rates on profit for the period is insignificant for all reported periods.

Credit risk

Credit risk is associated with cash and cash equivalents and trade receivables and other receivables, receivables from contracts with customers and loan receivables.

The Groups' customer base is mainly comprised of public-sector customers. The Group's management regularly assesses the credit risk of customers based on historical credit losses. Credit risk is considered insignificant due to the public profile and high credit ratings of the customers.

Loans have been granted to shareholders in connection with the collective investment scheme (see Notes 5 Employee benefit expenses and 16 Trade receivables and other receivables) and in connection with the sale of property, plant and equipment to the buyer of the machine. The credit rating of the machine buyer was checked before granting the loan. The loans are secured, and the repayment of the loans has taken place in accordance with the instalment schedule, and the Group estimates that their credit risk is not significant. The fair value of the securities covers the majority of the nominal value of the loan receivables.

Cash and cash equivalents are invested in solvent Nordic banks, and their credit risk is not considered to be significant.

The principles of recognising impairment on financial assets are described in Note 16 Trade receivables and other receivables.

Liquidity risk

The objective of the Group's liquidity risk management is to keep adequate cash and cash equivalents and maintain access to adequate financing to ensure that obligations can be fulfilled when they fall due and that finance costs remain low. The company's primary source of financing are the cash flows from its operating activities. Due to the seasonal nature of the Group's business operations, the finance department maintains flexibility in financing by using a group account, in addition to which the company has bank overdrafts. The management monitors rolling estimates of the Group's liquidity reserve (described below) on the basis of expected cash flows. The Group's liquidity position is good.

The GRK Group's loans from financial institutions are associated with Group company-specific financial covenants relating to net debt, EBITDA and equity ratio. The GRK Group reports the loan covenants to its lenders annually or semi-annually. The covenants have been fulfilled in the reported periods.

Financing arrangements

At the end of the reporting period, the Group had the following unused sources of financing:

Floating rate (EUR thousand)	2021	2020	2019
Cash and cash equivalents	48,456	52,919	26,734
Maximum amount of the bank overdraft granted	11,500	11,500	11,500
of which in use	-	-	-

The bank overdrafts are continuously available, and the bank can terminate them without a period of notice.

Maturities of financial liabilities

The tables below present the Group's financial liabilities broken down into groups based on the remaining contractual maturity. The figures presented in the table are contractual undiscounted cash flows, and they include interest payments.

EUR thousand	2022	2023	2024	2025	2026	2027-	Contractual cash flows total	Net book value
31 December 2021								
Borrowings	4,650	4,853	4,556	5,517	1,998	2,329	23,904	22,971
Lease liabilities	3,683	3,098	2,528	1,495	716	596	12,115	11,706
Other financial liabilities	1,500	1,645	-	-	-	-	3,145	3,023
Trade payables	23,255	-	-	-	-	-	23,255	23,255
Total	**33,088**	**9,596**	**7,084**	**7,013**	**2,714**	**2,924**	**62,419**	**60,954**

EUR thousand	2021	2022	2023	2024	2025	2026-	Contractual cash flows total	Net book value
31 December 2020								
Borrowings	3,633	3,578	3,534	3,490	4,579	358	19,171	18,327
Lease liabilities	3,372	2,956	2,391	1,297	574	625	11,215	11,018
Other financial liabilities	1,500	3,181	-	-	-	-	4,681	4,398
Trade payables	22,978	-	-	-	-	-	22,978	22,978
Total	**31,483**	**9,715**	**5,925**	**4,787**	**5,153**	**983**	**58,045**	**56,722**

EUR thousand	2020	2021	2022	2023	2024	2025-	Contractual cash flows total	Net book value
31 December 2019								
Borrowings	2,828	2,792	2,755	2,719	2,682	3,816	17,592	16,641
Lease liabilities	2,410	1,839	1,473	1,046	349	676	7,792	7,626
Other financial liabilities	1,500	1,500	3,114	-	-	-	6,114	5,802
Trade payables	19,126	-	-	-	-	-	19,126	19,126
Total	**25,863**	**6,130**	**7,342**	**3,764**	**3,031**	**4,491**	**50,624**	**49,195**

EUR thousand	2019	2020	2021	2022	2023	2024-	Contractual cash flows total	Net book value
1 January 2019								
Borrowings	3,682	2,999	2,262	2,229	2,195	5,141	18,508	17,517
Lease liabilities	1,643	1,529	1,089	835	665	602	6,364	6,079
Other financial liabilities	1,500	1,500	1,500	3,144	-	-	7,644	7,200
Trade payables	19,569	-	-	-	-	-	19,569	19,569
Total	**26,395**	**6,028**	**4,851**	**6,208**	**2,860**	**5,744**	**52,085**	**50,365**

Changes in financial liabilities

EUR thousand	Borrowings	Lease liabilities	Other financial liabilities	Total
Borrowings and other financial liabilities at 1 January 2021	**18,329**	**11,018**	**4,398**	**33,744**
Acquisition	-	-	-	**0**
Other additions	-	4,261	-	**4,261**
Cash flows from financing activities	4,656	-3,505	-1,500	**-349**
Changes in exchange rates and other changes	-13	-68	125	**44**
Borrowings and other financial liabilities at 31 December 2021	**22,971**	**11,706**	**3,023**	**37,700**

EUR thousand	Borrowings	Lease liabilities	Other financial liabilities	Total
Borrowings and other financial liabilities at 1 January 2020	**16,642**	**7,626**	**5,802**	**30,069**
Acquisition	-	8	-	**8**
Other additions	-	6,857	-	**6,857**
Cash flows from financing activities	1,687	-3,287	-1,500	**-3,101**
Changes in exchange rates and other changes	-	-185	96	**-89**
Borrowings and other financial liabilities at 31 December 2020	**18,329**	**11,018**	**4,398**	**33,744**

EUR thousand	Borrowings	Lease liabilities	Other financial liabilities	Total
Borrowings and other financial liabilities at 1 January	**17,517**	**6,079**	**7,200**	**30,796**
Acquisition	-	717	-	**717**
Other additions	-	2,916	-	**2,916**
Cash flows from financing activities	-875	-1,995	-1,500	**-4,370**
Changes in exchange rates and other changes	-	-90	102	**12**
Borrowings and other financial liabilities at 31 December 2019	**16,642**	**7,626**	**5,802**	**30,069**

Capital management

The purpose of the Group's capital management is to:

- ensure the ability to continue operations as going concern in order to be able to provide income to the shareholders and benefits to other stakeholders, and
- maintain an optimum capital structure to lower the costs of capital.

In order to maintain or change the capital structure, the Group can change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell its assets to reduce its debt.

The Group manages the equity and loans as shown on the balance sheet as capital. The Group's management monitors capital based on equity ratio and net debt. The equity ratio was 44% on 31 December 2021 (43.4% on 31 December 2020, 41.4% on 31 December 2019).

23. Contingent liabilities and commitments

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Collaterals given				
Contract collaterals	86,445	76,132	76,408	47,662
Company mortgages	27,000	27,000	27,000	27,000
Real estate mortgages	150	150	150	150
Pledged assets				
For own commitments	198	198	198	198

The company mortgages and real estate mortgages serve as general collateral for the Group's loans and bank overdraft.

On the closing date 31 December 2021, the GRK Group has EUR 325 thousand of grants received for development work subject to a repayment condition.

Investment commitments

By the end of the reporting period, agreements had been made on the following significant investments. No liabilities have been recognised on the balance sheet for the agreements:

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Investment commitments	4,196	2,747	3,500	-

The Group has no other commitments.

Legal proceedings/disputes

The company and its subsidiaries have not in the reported periods been parties to an administrative procedure, court action or arbitration that could have or has had a significant impact on the financial position or profitability of the company and/or its subsidiaries, with the exception of the Umeå bridge accident described below, and the company is not aware of the threat of such proceedings pending.

Accident at the Umeå bridge site

On 15 September 2020, GRK announced an accident that took place at GRK Infra AB's Umeå construction site after the second phase of the bridge beam installation had commenced. The bridge beam slid off its base in the installation phase so that the temporary support of the bridge was ripped off and fell into the river. One employee suffered slight bruises in the accident, and the damage was thereby mainly property damage. The client of the project, the Swedish Transport Administration (Trafikverket) commenced an investigation of the accident together with a third party, the GRK Group and the insurance company. The report on the investigation assesses, among other things, the impact of the exceptionally low friction and brakes of the mounting base on the accident.

Due to the incident, GRK Infra AB has requested arbitration with its subcontractor and demanded the arbitral tribunal to order the subcontractor to compensate for the damage and delay penalties incurred. Furthermore, GRK Infra AB has submitted an application for summons to the District Court of Helsinki concerning the guarantee granted by the subcontractor's Finnish parent company. The claims presented in the arbitration proceedings and the application for summons are still partly unspecified, and they will not be specified further until during the arbitration proceedings and subsequent phase of the hearing. Quantitatively, the claims for damages already specified total close to EUR 13 million. By application of the plaintiff, the District Court of Helsinki has already issued an order of attachment seizing EUR 7,760,000 of the guarantor's assets, equal to the amount of the guarantee. The guarantor has lodged an appeal on the order of the District Court. The guarantor has placed a bank guarantee of EUR 7,760,000 as collateral for the order of attachment. GRK has provided the execution authority with a guarantee of EUR 3,500,000 required for the procedural remedy.

The financial statements of the GRK Group do not include provisions relating to the court proceedings. No contingent asset was recognised in the 2021 financial statements because the proceedings on the dispute is in progress at the time of preparing the financial statements. According to the GRK Group's view, the prerequisites for recognising a contingent liability are also not met with regard to the counterclaim as the proceedings are in progress.

On 24 March 2021, the insurance company decided that the loss will be indemnified to the extent covered by insurance. The insurance company has indemnified the costs incurred in full in accordance with the policy conditions. The insurance company has reserved the right to reassess its indemnity decision of 24 March 2021, including the recovery of the indemnities paid, should information deviating from what was known to the insurance company before making the decision subsequently emerge.

The impacts of the accident on the costs of the project have been taken into consideration according to the management's estimate in the total cost forecast and the estimated future losses incurred due to remedying the damage have been recognised in full with a negative impact on the result for the financial period on the closing date on both 31 December 2020 and 31 December 2021.

Accounting policy

A contingent liability is a probable liability arising from past events, the existence of which will only be confirmed once one or more uncertain future events not wholly within the control of the GRK Group occur. A contingent liability can also be an obligation whose existence is not probable or whose amount cannot be reliably determined. A contingent liability is not recognised as a liability on the balance sheet, but it is reported as an off-balance sheet commitment in the notes.

A contingent asset is a probable asset arising from past events, the existence of which will only be confirmed once one or more uncertain future events not wholly within the control of the GRK Group occur or do not occur. A contingent asset is not recognised on the balance sheet but reported in the notes.

Key management judgement and estimates

Whether the prerequisites for recognising a contingent liability are met is subject to management judgement. The estimate is made based on the best knowledge available at the time of recognition. If the prerequisites for recognising a contingent liability are met, the management estimates the amount of the liability.

Management judgement is involved in the estimate of the impact of the accident on the total costs of the project and assessment of the estimated future financial losses from remedying the loss.

24. Subsidiaries

Subsidiary	Country of incorporation	Group's holding at 31 December 2021 (%)	Group's holding at 31 December 2020 (%)	Group's holding at 31 December 2019 (%)	Group's holding at 1 January 2019 (%)
GRK Infra AB	Sweden	100.00	100.00	100.00	100.00
GRK Infra AS	Estonia	100.00	100.00	100.00	100.00
GRK Rail Oy	Finland	84.22	86.52	86.52	87.09
GRK Road Oy	Finland	91.30	91.30	90.12	100.00
GRK Rail AB	Sweden	84.22	86.52	-	-

GRK Rail AB was incorporated in the 2020 financial period, and it is a wholly owned subsidiary of GRK Rail Oy. Information on non-controlling interests is also reported in Note 5 Employee benefit expenses.

Accounting policy

In addition to the parent company GRK Infra Oyj, the consolidated financial statements include its subsidiaries over which the Group has control. Control emerges when the company is, through its ownership interest, exposed to variable returns or is entitled to variable returns and has the ability to affect those returns through its power over the company. Subsidiaries are consolidated in the consolidated financial statements in full as of the day on which the Group obtains control over them, and consolidation is ceased when control is lost.

All internal business transactions, receivables and payables, unrealised profits arising from internal transactions and internal distribution of profit between the Group companies are eliminated in the consolidated financial statements. Unrealised losses are eliminated unless the transaction indicates impairment of the disposed asset. Where necessary, the subsidiaries' financial statements have been adjusted to correspond to the accounting principles followed by the Group.

The share of subsidiaries' profits and equity attributable to non-controlling interests is reported as a separate item on the consolidated statement of income, statement of comprehensive income, statement of changes in equity and balance sheet.

Transactions with non-controlling interests

Transactions in 2019

GRK Rail Oy organised a directed share issue to the company's key employees to commit them to the company in September 2019. After the share issue, GRK Infra Oyj's holding in GRK Rail Oy decreased to 86.52% (previously 87.09%). GRK Road Oy organised a directed share issue for the personnel in April 2019. After the share issue, GRK Infra Oyj's holding in GRK Road Oy decreased to 92.38%. In addition, in connection with the acquisition of Rakennus Asfaltti P&V Oy, GRK Road organised a directed share issue of a total of 48,000 shares on 13 November 2019 to the key personnel transferred in the acquisition. After the share issue, GRK Infra Oyj's holding in GRK Road Oy decreased to 90.12%.

Transactions in 2020

In September 2020, GRK Road Oy organised a share issue to the company's current shareholders, wherein the parent company GRK Infra Oyj subscribed all of the offered new shares. After this, a directed share issue was carried out to the company's new key employees. As a result of the subscriptions, GRK Infra Oyj's holding in shares and votes increased from 90.12% to 91.30%.

Transactions in 2021

In June 2021, the general meeting of shareholders of GRK Rail Oy resolved on a share issue to the company's key employees to commit them to the company. The shares subscribed to in the share issue were registered in the Trade Register in October. After the share issue, GRK Infra Oyj's holding in GRK Rail Oy decreased to 84.22% (previously 86.52%).

25. Related party transactions

The GRK Group's related parties include the parent company, subsidiaries, associates, shareholders or entities with significant influence in the company and the company's key management personnel, which includes the members of the Board of Directors of the parent company and members of the Group management team. Related parties also include the close family members of the persons mentioned above and entities over which the above-mentioned persons and their close family members have control or joint control. The structure of the Group is described in Note 24 Subsidiaries.

Keijo Haavikko, Finnish Industry Investment Ltd (TESI) and Ilmarinen Mutual Pension Insurance Company exercise significant influence over the GRK Group.

The table below presents the holdings of the key management personnel and members of the Board of Directors of the company's outstanding shares at the end of each reporting period. In addition, one of the members of key management personnel has synthetic options. The synthetic options are described in Note 5 Employee benefit expenses.

Holding	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Key management personnel	23.9%	26.1%*	27.1%*	27.4%*

* *Only class A shares (Note 18 Notes concerning equity and shares).*

The table below presents the wages and salaries paid to the key management personnel, including the CEO. In accordance with the decision of the general meeting of shareholders, members of the Board of Directors employed by the GRK Group do not get separate compensation for their Board membership. In addition to the CEO, the Management Team included 11.4 persons on average during the 2021 financial period (9.5 in 2020, 7.6 in 2019).

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Members of the Board of Directors			
Wages and other short-term employee benefits**	148	184	102
Chief Executive Officer*			
Wages, salaries and other short-term employee benefits**	287	409	280
Pension costs - defined contribution plans	49	102	40
Benefits paid in connection with termination	-	334	-
Management team			
Wages, salaries and other short-term employee benefits**	2,339	2,078	1,254
Pension costs - defined contribution plans	474	389	239
Benefits paid in connection with termination	-	207	-
Total	**3,296**	**3,703**	**1,916**

**Teemu Lantto was the Chief Executive Officer until May 2020, Keijo Haavikko until March 2021 and Juha Toimela as of March 2021.*
*** Employee benefits include dividends based on work effort paid in 2019 and 2020 (Note 5 Employee benefit expenses).*

The general meeting of shareholders decides on the remuneration of the Board of Directors, whereas the Board of Directors decides on the wages and salaries and other terms of employment of the CEO and the management team. The period of notice specified in the employment contracts of the CEO and members of the management team is from one to four months. The CEO and certain individual members of the management team are, in certain situations, entitled to severance pay equal to their base salary for 3–6 months. The Chief Executive Officer and members of the management team employed by the GRK Group are included in the scope of the statutory pension system of each country, offering statutory pension cover based on the period of service and earnings.

The tables below present the related party transactions of the GRK Group and outstanding balances.

EUR thousand	1 January–31 December 2021	1 January–31 December 2020	1 January–31 December 2019
Key management personnel			
Interest income	2	0	-
Interest expenses	-5	-1	-1
Dividends paid	-921	-1,106	-1,036
Share redemptions	-	-1,054	-
New shares subscribed in rights issue	748	936	-
Entities with significant influence			
Dividends paid	-925	-829	-760
Other related party companies			
Sales of goods and services	602	-	-
Consulting fees	-240	-185	-182

EUR thousand	31 December 2021	31 December 2020	31 December 2019	1 January 2019
Key management personnel				
Loan receivables	764	400	-	-
Capital loans and other loans	-22	-47	-28	-
Trade payables and other payables	-	-	-1	-
Other related party companies				

Trade payables and other payables	-	-	-417	-240

In addition to the transactions presented in the tables above, the statutory pension insurance of the GRK Group's Finnish companies (Note 5 Employee benefit expenses) is provided by Ilmarinen Mutual Pension Insurance Company. The Board of Directors approves consulting services performed by a related party acquired from related party companies. All related party transactions have been conducted on market terms.

The loans granted to key management personnel are related to the collective investment schemes, which are reported in Note 5 Employee benefit expenses, and the terms and conditions of the loans granted are described in Note 16 Trade receivables and other receivables. Transactions with key management shareholders including dividends, loan receivables granted in connection with the collective investment scheme and subscription of new shares and share redemptions were carried out under the same terms and conditions as transactions with other shareholders. The number of shares acquired from a key management person was 130,000. The key management personnel have granted capital and other interest-bearing loans to companies belonging to the GRK Group under the same terms and conditions as other non-controlling shareholders. The terms and conditions of the capital loans and other borrowings are described in Note 19 Borrowings.

26. First-time Adoption of International Financial Reporting Standards

The tables below present the impacts of the first-time adoption of IFRS on the consolidated statement of comprehensive income for the financial periods ended 31 December 2019 and 31 December 2020 and the consolidated balance sheet of 1 January 2019, 31 December 2019 and 31 December 2020 prepared in accordance with the Finnish Accounting Standards (FAS).

Consolidated statement of comprehensive income 1 January–31 December 2019

EUR thousand	FAS	Revenue recognition	Leases	Business Combinations	Share-based payments and employee benefits	Capitalisation of development expenses	Other adjustments	Reclassifications	Impact of transition to IFRS total	IFRS
Revenue	299,160	-564	-	-	-	-	-	-	-564	298,596
Other operating income	1,048	-	-	-	-	-	-32	-	-32	1,004
Materials and services	-219,967	-	-	-	-	-	186	-	186	-219,770
Employee benefit expenses	-41,076	-	-	-	-3,532	-	-	-	-3,532	-44,608
Depreciation, amortisation and impairment	-4,844	-	-1,967	122	-	-	-175	-	-2,020	-6,864
Other operating expenses	-18,541	473	2,109	-137	-	204	-34	-	2,616	-15,924
Operating profit (loss)	**15,780**	**-91**	**142**	**-15**	**-3,532**	**204**	**-54**	**-**	**-3,346**	**12,434**
Finance income	39	-	-	-	-	-	30	-	31	69
Share of the profits of associates accounted for using the equity method	-5	-	-	-	-	-		-	-	-5
Finance expenses	-566	-	-114	-	-	-	-127	-	-241	-807
Finance income and expenses	-532	**-**	**-114**	**-**	**-**	**-**	**-96**	**-**	**-210**	**-743**
Profit (loss) before income tax	**15,248**	**-91**	**28**	**-15**	**-3,532**	**204**	**-150**	**-**	**-3,556**	**11,691**
Income tax expense	-2,658	18	-1	3	71	-41	-194	-	-144	-2,801
Profit (loss) for the period	**12,590**	**-73**	**27**	**-12**	**-3,462**	**163**	**-345**	**-**	**-3,700**	**8,890**
Profit (loss) for the period attributable to:										
Owners of the parent company	12,638	-73	34	-10	-3,462	163	-361	-	-3,708	8,931
Non-controlling interests	-48	-	-6	-2	-	-	16		8	-40
Profit (loss) for the period	**12,590**	**-73**	**27**	**-12**	**-3,462**	**163**	**-345**	**-**	**-3,700**	**8,890**
Other comprehensive income										
Items that may be reclassified to profit or loss										
Translation differences			0				-30	42	12	12
Other comprehensive income for the period, net of tax	-	-	0	-	-	-	-30	42	12	12
Total comprehensive income for the period	**12,590**	**-73**	**27**	**-12**	**-3,462**	**163**	**-375**	**43**	**-3,688**	**8,902**

Consolidated statement of comprehensive income 1 January–31 December 2020

EUR thousand	FAS	Revenue recognition	Leases	Business Combinations	Share-based payments and employee benefits	Capitalisation of development expenses	Other adjustments	Reclas sificati ons	Impact of transition to IFRS total	IFRS
Revenue	387,342	-83	-	-	-	-	-	-	-83	387,259
Other operating income	966	-	-	-	-	-	-	-	-	966
Materials and services	-277,659	-	-	-	-	-	13	-	13	-277,645
Employee benefit expenses	-57,809	-	-	-	-1,267	-	-	-	-1,267	-59,076
Depreciation, amortisation and impairment	-6,401	-	-3,285	176	-	-	-4	-	-3,113	-9,514
Other operating expenses	-24,141	124	3,465	-47	-	83	182	-	3,808	-20,335
Operating profit (loss)	**22,298**	**42**	**180**	**129**	**-1,267**	**83**	**191**	**-**	**-642**	**21,654**
Finance income	45	-	-	-	-	-	-	-	-	45
Share of the profits of associates accounted for using the equity method	1	-	-	-	-	-	-	-	-	1
Finance expenses	-482	-	-178	-	-19	-	-111	-	-308	-789
Finance income and expenses	-436	-	-178	-	-19	-	-111	-	-308	-743
Profit (loss) before income tax	**21,861**	**42**	**2**	**129**	**-1,286**	**83**	**80**	**-**	**-950**	**20,911**
Income tax expense	-1,942	-8	1	-26	-224	-17	-120	-	-394	-2,336
Profit (loss) for the period	**19,920**	**33**	**4**	**103**	**-1,511**	**66**	**-40**	**-**	**-1,344**	**18,576**
Profit (loss) for the period attributable to:										
Owners of the parent company	19,414	33	5	117	-1,511	66	-59	-	-1,348	18,066
Non-controlling interests	506	-	-2	-14	-	-	19	-	4	509
Profit (loss) for the period	**19,920**	**33**	**4**	**103**	**-1,511**	**66**	**-40**	**-**	**-1,344**	**18,576**
Other comprehensive income										
Items that may be reclassified to profit or loss										
Translation differences	-	-	0	-	-	-	66	-79	-14	-14
Other comprehensive income for the period, net of tax	-	-	0	-	-	-	66	-79	-14	-14
Total comprehensive income for the period	**19,920**	**33**	**3**	**103**	**-1,511**	**66**	**26**	**-79**	**-1,358**	**18,562**

Consolidated balance sheet 1 January 2019

EUR thousand	FAS	Revenue recognition	Leases	Business Combinations	Share-based payments and employee benefits	Capitalisation of development expenses	Other adjustments	Reclassifications	Impact of transition to IFRS total	IFRS
ASSETS										
Non-current assets										
Property, plant and equipment	23,835	-	-	-	-	-	27	469	496	24,331
Right-of-use assets	-	-	6,117	-	-	-	131	-	6,248	6,248
Intangible assets	1,389	-	-	-209	-	162	-	-271	-318	1,071
Other investments	198	-	-	-	-	-	-	-198	-198	-
Other receivables	1,233	-	-6	-	-	-	-	-	-6	1,227
Deferred tax assets	-	24	-	66	174	-	253	-	517	517
Total non-current assets	**26,655**	**24**	**6,111**	**-143**	**174**	**162**	**412**	**-**	**6,739**	**33,395**
Current assets										
Inventories	1,134	-	-	-	-	-	-	-	-	1,134
Trade receivables and other receivables	56,407	-	-4	-	-	-	-	-	-4	56,403
Cash and cash equivalents	33,736	-	-	-	-	-	-	-	-	33,736
Total current assets	**91,277**	**-**	**-4**	**-**	**-**	**-**	**-**	**-**	**-4**	**91,273**
TOTAL ASSETS	**117,932**	**24**	**6,107**	**-143**	**174**	**162**	**412**	**-**	**6,736**	**124,668**
EQUITY AND LIABILITIES										
Equity										
Share capital	35	-	-	-	-	-	-	-	-	35
Reserve for invested unrestricted equity	22,357	-	-	-	-	-	-	-	-	22,357
Translation differences	194	-	-	-	-	-	-	-194	-194	-
Retained earnings	10,246	-96	28	-265	-694	130	688	194	-16	10,230
Profit (loss) for the period	11,697	-	-	-	-	-	-	-	-	11,697
Total equity attributable to owners of the parent company	**44,529**	**-96**	**28**	**-265**	**-694**	**130**	**688**	**-**	**-210**	**44,319**
Non-controlling interests	730	-	-	-	-	-	-14	-	-14	717
Total equity	**45,259**	**-96**	**28**	**-265**	**-694**	**130**	**674**	**-**	**-224**	**45,035**
Liabilities										
Non-current liabilities										
Borrowings	13,021	-	-	-	-	-	-	1,084	1,084	14,105
Lease liabilities	-	-	4,561	-	-	-	-	-	4,561	4,561
Other liabilities	7,793	-	-	123	-	-	-328	-1,084	-1,289	6,504
Deferred tax liabilities	-	-	-	-	-	32	-66	665	632	632
Provisions	1,917	-	-	-	-	-	131	-1,649	-1,518	399
Total non-current liabilities	**22,730**	**-**	**4,561**	**123**	**-**	**32**	**-262**	**-984**	**3,470**	**26,200**

Current liabilities										
Borrowings	3,243	-	-	-	-	-	-	169	169	3,412
Lease liabilities	-	-	1,518	-	-	-	-	-	1,518	1,518
Contract liabilities	8,293	354	-	-	-	-	-	-	354	8,648
Trade payables and other payables	37,742	-234	-	-	868	-	-	-169	464	38,206
Deferred tax liabilities	665	-	-	-	-	-	-	-665	-665	-
Provisions	-	-	-	-	-	-	-	1,649	1,649	1,649
Total current liabilities	**49,943**	**120**	**1,518**	**-**	**868**	**-**	**-**	**984**	**3,490**	**53,433**
Total liabilities	**72,674**	**120**	**6,079**	**123**	**868**	**32**	**-262**	**-**	**6,959**	**79,633**
TOTAL EQUITY AND LIABILITIES	**117,932**	**24**	**6,107**	**-143**	**174**	**162**	**412**	**-**	**6,736**	**124,668**

Consolidated balance sheet 31 December 2019

EUR thousand	FAS	Revenue recognition	Leases	Business Combinations	Share-based payments and employee benefits	Capitalisation of development expenses	Other adjustments	Reclassifications	Impact of transition to IFRS total	IFRS
ASSETS										
Non-current assets										
Property, plant and equipment	37,161	-	-	-	-	-	38	624	662	37,823
Right-of-use assets	-	-	6,992	717	-	-	13	-	7,722	7,722
Intangible assets	1,806	-	-	-111	-	366	-	-426	-171	1,635
Investments accounted for using the equity method	25	-	-	-	-	-	-	-	-	25
Other investments	198	-	-	-	-	-	-	-198	-198	-
Other receivables	1,805	-	-17	-	-	-	-	-	-17	1,788
Deferred tax assets	-	42	9	89	244	-	-148	-	236	236
Total non-current assets	**40,995**	**42**	**6,983**	**694**	**244**	**366**	**-97**	**-**	**8,233**	**49,229**
Current assets										
Inventories	2,763	-	-	-	-	-	-	-	-	2,763
Trade receivables and other receivables	57,793	-	-9	-	-	-	-	-	-9	57,784
Cash and cash equivalents	26,734	-	-	-	-	-	-	-	-	26,734
Total current assets	**87,290**	**-**	**-9**	**-**	**-**	**-**	**-**	**-**	**-9**	**87,280**
TOTAL ASSETS	**128,285**	**42**	**6,974**	**694**	**244**	**366**	**-97**	**-**	**8,224**	**136,509**
EQUITY AND LIABILITIES										
Equity										
Share capital	35	-	-	-	-	-	-	-	-	35
Reserve for invested unrestricted equity	23,247	-	-	-	-	-	-	-	-	23,247
Translation differences	237	-	-	-	-	-	-30	-194	-225	12
Retained earnings	14,542	-96	28	-265	2,276	130	689	194	2,955	17,497
Profit (loss) for the period	12,638	-73	27	-12	-3,462	163	-352	-	-3,708	8,930
Total equity attributable to owners of the parent company	**50,698**	**-169**	**56**	**-277**	**-1,186**	**293**	**306**	**-**	**-978**	**49,721**
Non-controlling interests	918	-	-	-	-	-	-6	-	-6	912
Total equity	**51,616**	**-169**	**56**	**-277**	**-1,186**	**293**	**300**	**-**	**-984**	**50,632**
Liabilities										
Non-current liabilities										
Borrowings	12,674	-	-	-	-	-	-	1,410	1,410	14,084
Lease liabilities	-	-	4,652	549	-	-	-	-	5,202	5,202
Other liabilities	6,730	-	-	-	105	-	-318	-1,410	-1,623	5,107

Deferred tax liabilities	-	-	9	20	-	73	-274	879	708	708
Provisions	559	-	-	-	-	-	13	-104	-91	468
Total non-current liabilities	**19,963**	**-**	**4,662**	**569**	**105**	**73**	**-578**	**775**	**5,606**	**25,569**
Current liabilities										
Borrowings	2,271	-	-	-	-	-	-	287	287	2,558
Lease liabilities	-	-	2,257	167	-	-	-	-	2,424	2,424
Contract liabilities	13,199	919	-	-	-	-	-	-	919	14,118
Trade payables and other payables	40,356	-708	-	235	1,325	-	182	-287	748	41,104
Deferred tax liabilities	879	-	-	-	-	-	-	-879	-879	-
Provisions	-	-	-	-	-	-	-	104	104	104
Total current liabilities	**56,705**	**211**	**2,257**	**403**	**1,325**	**-**	**182**	**-775**	**3,602**	**60,308**
Total liabilities	**76,669**	**211**	**6,918**	**972**	**1,430**	**73**	**-396**	**-**	**9,208**	**85,877**
TOTAL EQUITY AND LIABILITIES	**128,285**	**42**	**6,974**	**694**	**244**	**366**	**-97**	**-**	**8,224**	**136,509**

Consolidated balance sheet 31 December 2020

EUR thousand	FAS	Revenue recognition	Leases	Business Combinations	Share-based payments and employee benefits	Capitalisation of development expenses	Other adjustments	Reclassifications	Impact of transition to IFRS total	IFRS
ASSETS										
Non-current assets										
Property, plant and equipment	43,839	-	69	-	-	-	48	978	1,096	44,935
Right-of-use assets	-	-	11,030	8	-	-	-	-	11,038	11,038
Intangible assets	2,322	-	-	-218	-	449	-	-781	-549	1,772
Investments accounted for using the equity method	3	-	-	-	-	-	-	-	-	3
Other investments	198	-	-	-	-	-	-	-198	-198	-
Other receivables	1,192	-	-19	-	-	-	-	-	-19	1,174
Deferred tax assets	1,686	34	14	86	20	-	-133	-	20	1,706
Total non-current assets	**49,240**	**34**	**11,095**	**-124**	**20**	**449**	**-86**	**-**	**11,388**	**60,628**
Current assets										
Inventories	2,800	-	-	-	-	-	-	-	-	2,800
Trade receivables and other receivables	58,097	-	-13	-	-	-	-	-	-13	58,084
Cash and cash equivalents	52,919	-	-	-	-	-	-	-	-	52,919
Total current assets	**113,816**	**-**	**-13**	**-**	**-**	**-**	**-**	**-**	**-**	**113,803**
TOTAL ASSETS	**163,056**	**34**	**11,082**	**-124**	**20**	**449**	**-86**	**-**	**11,375**	**174,431**
EQUITY AND LIABILITIES										
Equity										
Share capital	35	-	-	-	-	-	-	-	-	35
Reserve for invested unrestricted equity	24,769	-	-	-	-	-	-	-	-	24,769
Translation differences	157	-	-	-	-	-	36	-194	-158	-1
Retained earnings	18,985	-169	55	-277	1,327	293	336	194	1,760	20,746
Profit (loss) for the period	19,414	33	4	103	-1,511	66	-44	-	-1,348	18,066
Total equity attributable to owners of the parent company	**63,361**	**-136**	**59**	**-174**	**-183**	**359**	**329**	**-**	**254**	**63,615**
Non-controlling interests	1,444	-	-	-	-	-	-3	-	-3	1,441
Total equity	**64,805**	**-136**	**59**	**-174**	**-183**	**359**	**326**	**-**	**251**	**65,056**
Liabilities										
Non-current liabilities										
Borrowings	13,779	-	-	-	-	-	-	1,198	1,198	14,977
Lease liabilities	-	-	7,810	-	-	-	-	-	7,810	7,810
Other liabilities	4,391	-	-	-	98	-	-282	-1,198	-1,382	3,009
Deferred tax liabilities	-	-	13	42	-	90	-129	1,673	1,689	1,689
Provisions	614	-	-	-	-	-	-	-210	-210	404
Total non-current liabilities	**18,784**	**-**	**7,823**	**42**	**98**	**90**	**-412**	**1,463**	**9,105**	**27,889**

Current liabilities										
Borrowings	3,061	-	-	-	-	-	-	290	290	3,351
Lease liabilities	-	-	3,200	8	-	-	-	-	3,208	3,208
Contract liabilities	23,682	1,002	-	-	-	-	-	-	1,002	24,684
Trade payables and other payables	51,051	-832	-	-	105	-	-	-290	-1,018	50,033
Deferred tax liabilities	1,673	-	-	-	-	-	-	-1,673	-1,673	-
Provisions	-	-	-	-	-	-	-	210	210	210
Total current liabilities	**79,467**	**169**	**3,200**	**8**	**105**	**-**	**-**	**-1,463**	**2,019**	**81,486**
Total liabilities	**98,251**	**169**	**11,023**	**50**	**203**	**90**	**-412**	**-**	**11,124**	**109,375**
TOTAL EQUITY AND LIABILITIES	**163,056**	**34**	**11,082**	**-124**	**20**	**449**	**-86**	**-**	**11,375**	**174,431**

Below is a summary of the impacts of the first-time adoption of IFRS on the GRK Group:

Revenue recognition

In its FAS financial statements, the GRK Group has recognised environmental services revenue from the reception of waste and industrial by-products when the customer has delivered the material to the GRK Group's facility. On the closing date, the GRK Group has estimated the costs of handling the unprocessed material and recognised a corresponding cost provision.

In its IFRS financial statements, the Group only recognises revenue to the extent that the material supplied by the customer has been handled. According to the GRK Group's view, it satisfies the performance obligations of the customer contracts concerned in accordance with IFRS 15 *Revenue from Contracts with Customers* only when the received material has been processed appropriately in accordance with regulations issued by the environmental authorities.

The GRK Group has made the following adjustments:

- On the opening balance sheet of 1 January 2019, advances received increased by EUR 354 thousand and accruals decreased by EUR 234 thousand. In addition, a deferred tax asset of EUR 24 thousand was recognised and retained earnings were decreased by EUR 96 thousand.
- The revenue for 2019 decreased by EUR 564 thousand and other operating expenses decreased by EUR 473 thousand. In addition, EUR 18 thousand of change in deferred tax assets was recognised. On the closing balance sheet of 31 December 2019, advances received increased by EUR 919 thousand and accruals decreased by EUR 708 thousand.
- The revenue for 2020 decreased by EUR 83 thousand and other operating expenses decreased by EUR 124 thousand. In addition, EUR 8 thousand of change in deferred tax assets was recognised. On the closing balance sheet of 31 December 2020, advances received increased by EUR 1,002 thousand and accruals decreased by EUR 832 thousand.

Leases

In its FAS financial statements, the GRK Group has recognised expenses due to leases as an expense in equal instalments during the lease term and reported lease liabilities as off-balance sheet liabilities.

In connection with the first-time adoption of IFRS, the GRK Group recognises a right-of-use asset and lease liability for leases in accordance with IFRS 16 *Leases*. The amortisation of right-of-use assets and interest expense on the lease liability are recognised as expenses on the income statement.

The GRK Group has applied the following transition reliefs provided by IFRS 1.D9B:

- The lease liability is recognised at the present value of remaining lease payments on the transition date using the incremental loan rate at the time of transition in connection with the initial recognition.
- The right-of-use asset is measured at an amount equal to the lease liability.
- A single discount rate has been applied to leases with similar characteristics.
- The requirements of the standard have not been applied to short-term leases.
- The requirements of the standard have not been applied to leases for which the underlying asset is of low value.
- GRK has used hindsight in determining the lease term.

The GRK Group has made the following adjustments:

- On the opening balance sheet of 1 January 2019, non-current lease liabilities increased by EUR 4,561 thousand and current lease liabilities by EUR 1,518 thousand, and EUR 6,117 thousand was recognised in right-of-use assets. In addition, pre-paid leases were adjusted by EUR 10 thousand and retained earnings by EUR 28 thousand.
- Depreciation according to plan for the 2019 financial period increased by EUR 1,967 thousand and interest and other finance costs by EUR 114 thousand, and other operating expenses decreased by EUR 2,109 thousand. On the closing balance sheet of 31 December 2019, non-current lease liabilities

increased by EUR 4,652 thousand and current lease liabilities by EUR 2,257 thousand, and EUR 6,992 thousand was recognised in right-of-use assets. In addition, pre-paid leases were adjusted by EUR 27 thousand, deferred tax assets by EUR 9 thousand and deferred tax liabilities by EUR 9 thousand.

- Depreciation according to plan for the 2020 financial period increased by EUR 3,285 thousand and interest and other finance costs by EUR 178 thousand, and other operating expenses decreased by EUR 3,465 thousand. On the closing balance sheet of 31 December 2020, non-current lease liabilities increased by EUR 7,810 thousand and current lease liabilities by EUR 3,200 thousand, and EUR 11,030 thousand was recognised in right-of-use assets. Redeemed assets of EUR 69 thousand were reclassified from right-of-use assets to machinery and equipment under property, plant and equipment. In addition, pre-paid rents were adjusted by EUR 31 thousand, deferred tax assets by EUR 14 thousand and deferred tax liabilities by EUR 13 thousand.

Acquisition of business

Reversal of goodwill amortisation

According to FAS, the balance sheet of the GRK Group included EUR 741 thousand of goodwill on the transition date 1 January 2019, EUR 949 thousand on 31 December 2019 and EUR 837 thousand on 31 December 2020. The FAS amortisation of goodwill amounted to EUR 98 thousand for the 2019 financial period and EUR 112 thousand for the 2020 financial period. In applying the IFRS, the Group has decided to use the IFRS 1 relief and has not applied IFRS 3 *Business Combinations* retrospectively to business combinations that took place prior to the transition date 1 January 2019. Therefore, the carrying amount of goodwill on the opening IFRS balance sheet of 1 January 2019 is transferred to IFRS accounting and no other adjustments are required. According to IFRS, goodwill is not amortised but tested for impairment at least annually. Therefore, the GRK Group has adjusted amortisation and the carrying amount of goodwill by EUR 98 thousand on 31 December 2019 and for the financial period ended on said date. Because this amortisation of goodwill is tax deductible, the GRK Group recognised a deferred tax liability of EUR 20 thousand for the IFRS adjustment on 31 December 2019 and a corresponding change in tax liability through profit or loss for the financial period ended on said date. The corresponding impacts on the financial period ended 31 December 2020 were an adjustment of EUR 112 thousand to amortisation on the income statement, a cumulative adjustment of EUR 210 thousand to goodwill and an adjustment of EUR 22 thousand for the change in deferred tax liabilities.

Recognising capitalised transaction costs as an expense

The GRK Group has capitalised transaction costs of business acquisitions in 2018 and 2019 in other long-term expenditure on the FAS balance sheet. These capitalised expenses do not meet the recognition criteria for an intangible asset of IAS 38 *Intangible Assets*, so the capitalisation must be reversed and the costs recognised as an expense. The capitalised amount was EUR 209 thousand on the date of transition, EUR 210 thousand on 31 December 2019 and EUR 428 thousand on 31 December 2020.

- The GRK Group adjusted other long-term expenditure and retained earnings by EUR 209 thousand on 1 January 2019. Because said transaction costs will be deducted in taxation in the form of amortisation over the coming years, the GRK Group recognised a deferred tax asset of EUR 66 thousand for the IFRS adjustment on 1 January 2019.
- In accordance with FAS, the GRK Group has recognised amortisation cost of EUR 23 thousand for capitalised transaction expenses for the 2019 financial period. The GRK Group has adjusted this amortisation in other long-term expenditure on the balance sheet, taking the deferred tax into consideration. The transaction costs for the 2019 financial period, EUR 137 thousand, have been adjusted in other operating expenses. On the balance sheet of 31 December 2019, the cumulative adjustment of other long-term expenditure is EUR 210 thousand, deferred tax asset is EUR 89 thousand and change in deferred taxes is EUR 23 thousand.
- With regard to the 2020 financial period, the corresponding entries are an adjustment of EUR 64 thousand to the amortisation on the income statement, an increase of EUR 47 thousand in other operating expenses and a change in deferred taxes due to said items. The cumulative adjustment of other long-term expenditure is EUR 428 thousand and the deferred tax asset is EUR 86 thousand.

Acquisitions of business during the 2019 financial period

During the 2019 financial period, GRK made two acquisitions of business, as a result of which goodwill of EUR 307 thousand was recognised in accordance with FAS. The acquired assets and liabilities were measured at fair values already according to FAS, and no intangible assets that should have been recognised on the balance sheet according to IFRS were acquired. The IFRS adjustments relating to the transaction costs capitalised in accordance with FAS are explained above.

In the acquisitions of business in the 2019 and 2020 financial periods, a few leases that had not been recognised on the balance sheet according to FAS were transferred to the GRK Group. The GRK Group adjusted the FAS acquisition cost calculations by recognising right-of-use assets and lease liabilities totalling EUR 716 thousand for the leases on 31 December 2019 and corresponding items of EUR 8 thousand on 31 December 2020. In accordance with IFRS 3 *Business Combinations*, GRK measured the lease liability at an amount equal to the present value of lease payments as if the acquired lease was a new lease at the time of acquisition and recognised the right-of-use asset equal to the lease liability. Therefore, the adjustments did not have an impact on the amount of goodwill.

Leases transferred to the GRK Group with acquisitions of business prior to the transition date of 1 January 2019 have been taken into consideration in the IFRS adjustments concerning leases.

Share-based payments and employee benefits

Dividends based on shareholder's work effort

In its FAS financial statements, the GRK Group has treated the dividends based on work effort paid to class B shares by recognising them debiting retained earnings. The dividends based on work effort or the related health insurance contributions incurred to the GRK Group have not been accrued for, instead they have been recognised based on actual payments. In applying IFRS, payments made to class B shares are not included in the scope of IFRS 2; instead, they are to be treated as employee benefits in accordance with IAS 19 *Employee benefits*. Because of this, the GRK Group has recognised an accrual of EUR 868 thousand on the opening balance sheet of 1 January 2019 and a deferred tax asset of EUR 174 thousand, debiting retained earnings. For the 2019 financial period, a total of EUR 3,532 thousand dividends based on work effort have been recognised in employee benefit expenses and EUR 70 thousand as change in deferred tax liabilities. EUR 1,220 thousand has been added to the accruals on the closing consolidated balance sheet, and EUR 244 thousand has been recognised in deferred tax assets. For the 2020 financial period, a total of EUR 1,168 thousand of dividends based on work effort have been recognised in employee benefit expenses and the deferred tax asset of EUR 244 thousand has been reversed.

Synthetic options

In the FAS financial statements, the expenses of synthetic options have not been accrued for, instead they have been recognised as expenses based on the timing of their fulfillment. In accordance with IFRS, share-based payments are measured at fair value in accordance with the applicable pricing model and the cost impacts have been allocated to the vesting period of that right. During the reported period, the GRK Group had only one cash-settled share-based incentive scheme. The expenses associated with this scheme have been accrued over the vesting period of the right in accordance with IFRS 2 *Share-based payments*. Therefore, the GRK Group has recognised an expense of EUR 98 thousand in employee benefits for the 2020 financial period and on the consolidated balance sheet of 31 December 2020 a corresponding accrual and deferred tax asset of EUR 20 thousand.

Redemption obligation

In connection with the first-time adoption of IFRS, the GRK Group has recognised EUR 105 thousand of other non-current liabilities on the closing balance sheet of 31 December 2019 and EUR 105 thousand of other current liabilities based on the GRK Group's obligation to redeem shares held by a retired key employee. The shares to be redeemed are treated as cash-settled share-based arrangement in accordance with IFRS 2 *Share-based payments*. In the 2020 financial period, dividends paid on the basis of unredeemed shares subject to the redemption obligation, EUR 19 thousand, were recognised in finance expenses. EUR 105 thousand of other current liabilities were recognised on the closing consolidated balance sheet of 31 December 2020 for the unredeemed shares.

Capitalisation of development costs

In its FAS financial statements, the GRK Group has recognised costs arising from the development of an ERP system as an expense on the income statement on an accrual basis. In connection with the adoption of IFRS, the GRK Group capitalised the development costs of the ERP system project in accordance with IAS 38 *Intangible assets.* The ERP system will provide the GRK Group with future economic benefit by increasing operational efficiency in project monitoring and management, for example. The ERP system was deployed in 2021, as of which the development costs have been amortised according to plan. The development expenses were presented on the opening consolidated balance sheet of the transition date 1 January 2019, consolidated balance sheet of 31 December 2019 and consolidated balance sheet of 31 December 2020 as construction in progress in intangible assets.

The GRK Group has made the following adjustments:

- On the opening balance sheet of 1 January 2019, intangible asset increased by EUR 162 thousand. In addition, deferred tax liabilities increased by EUR 32 thousand and retained earnings by EUR 130 thousand.
- On the closing balance sheet of the financial period, 31 December 2019, intangible assets increased by EUR 366 thousand. In addition, deferred tax liabilities increased by EUR 73 thousand and other operating expenses were adjusted by EUR 204 thousand.
- On the closing balance sheet of the financial period, 31 December 2020, intangible assets increased by EUR 449 thousand. In addition, deferred tax liabilities increased by EUR 90 thousand and other operating expenses were adjusted by EUR 83 thousand.

Financial liabilities

The FAS consolidated balance sheet of the GRK Group included non-interest-bearing liabilities totalling EUR 7,644 thousand on the transition date 1 January 2019, EUR 6,114 thousand on 31 December 2019 and EUR 4,681 thousand on 31 December 2020. In applying IFRS, liabilities with no contractual interest rate must be discounted using the market interest rate for a corresponding liability in accordance with IFRS 9 *Financial Instruments*. In addition, the SEK-denominated other financial liability that emerged in connection with the redemption of shares from a subsidiary's non-controlling shareholder is treated as the parent company's liability under IFRS, resulting in exchange rate differences with effects on profit. The other financial liability is translated at the exchange rate prevailing on the balance sheet date and the resulting exchange rate differences are recognised in profit or loss, within finance income or expenses.

The GRK Group has made the following adjustments:

- On the opening balance sheet of 1 January 2019, an adjustment of EUR 445 thousand in other non-current liabilities, taking into account the deferred tax liabilities of EUR 89 thousand, increasing retained earnings.
- An adjustment of EUR 96 thousand in finance income and expenses and change of EUR 26 thousand in deferred tax liabilities in the profit for the 2019 financial period. An adjustment of EUR 318 thousand in other non-current liabilities and deferred tax liability of EUR 62 thousand on the closing consolidated balance sheet of 31 December 2019.
- An adjustment of EUR 110 thousand in finance income and expenses and change of EUR 15 thousand in deferred tax liabilities in the profit for the 2020 financial period. An adjustment of EUR 282 thousand in other non-current liabilities and deferred tax liability of EUR 56 thousand on the closing consolidated balance sheet of 31 December 2020.

Deferred taxes

Temporary differences

The GRK Group has not recognised deferred taxes for temporary differences in the consolidated FAS financial statements. Under IFRS, deferred taxes are calculated as a rule for all temporary differences between the carrying amount and value in taxation.

The GRK Group has recognised provisions that are not tax-deductible at the time of recognising the provision. In addition, the Group has unused tax depreciation, i.e. depreciation that has been entered in accounting but has been deducted not in taxation. No deferred taxes have been recognised for these items in the consolidated FAS financial statements. In the IFRS financial statements, deferred tax assets of EUR 390 thousand were recognised on the opening consolidated balance sheet of the transition date 1 January 2019, EUR 95 thousand on the closing consolidated balance sheet of 31 December 2019 and EUR 95 thousand on the closing consolidated balance sheet of 31 December 2020.

Tax losses

The GRK Group has not recognised deferred tax assets for tax losses in the FAS financial statements for the financial year 2019. Under IFRS, deferred tax assets for tax losses can be recognised only to the extent that it is probable that there will be future taxable profit against which the unused tax losses can be used. In the case of a company that has been loss-making in the near past, the assessment must be based on convincing evidence. The management's estimate regarding the use of deferred tax assets is based on the order backlog and forecasts according to which GRK has recognised EUR 82 thousand of deferred tax assets on the closing consolidated balance sheet of 31 December 2019.

Other

Reducing balance method of depreciation

One building has been depreciated using the reducing balance method in the FAS financial statements. Under IFRS, taxation-based reducing balance depreciation is not allowed. Therefore, the GRK Group has adjusted the depreciation for the financial year 2019 by EUR 11 thousand and for the financial year 2020 by EUR 9 thousand, and accumulated depreciation by EUR 38 thousand for the financial year 2019 and by EUR 48 thousand for the financial year 2020.

Landscaping obligation

In its FAS financial statements, the GRK Group has recognised landscaping provisions associated with the environmental services based on the capacity used and recognised the increase in the provision as an expense in materials and services. In connection with the adoption of IFRS, the GRK Group has recognised the landscaping obligation in full as a provision and recognised a right-of-use asset in accordance with the capacity allowed by the environmental permit. Because of this, the GRK Group has recognised EUR 131 thousand as an increase in the provision on the opening consolidated balance sheet of 1 January 2019 and a corresponding amount in the right-of-use assets. For the financial year 2019, the GRK Group has adjusted materials and services by EUR 186 thousand, recognising a corresponding amount as depreciation of the right-of-use asset. On the closing consolidated balance sheet of 31 December 2019, the GRK Group has recognised EUR 13 thousand as an increase in the provision and a corresponding increase in the right-of-use asset. For the financial year 2020, the GRK Group has adjusted materials and services by EUR 13 thousand, recognising a corresponding amount as depreciation of the right-of-use asset.

Non-controlling interests

The share of the profit for the period attributable to non-controlling interests has been adjusted for the impact of said companies' IFRS adjustments on profit based on the share attributable to non-controlling interests. According to IFRS, changes in non-controlling interests not resulting in the loss of control are treated as transactions within equity. Because of this, GRK reclassified EUR 32 thousand of items recognised due to changes in ownership interests through profit or loss to retained earnings in the 2019 FAS financial statements and EUR -11 thousand in the 2020 FAS financial statements.

Reclassifications

GRK has made the following reclassifications on the opening consolidated balance sheet of 1 January 2019, consolidated balance sheet of 31 December 2019, consolidated balance sheet of 31 December 2020 and consolidated statement of comprehensive income for 2019 and 2020:

- According to FAS, all provisions are reported as non-current. Under IFRS, provisions that are expected to be realised within 12 months of the closing date must be reported as current liabilities. Therefore, GRK has reclassified EUR 1,649 thousand on 1 January 2019, EUR 104 thousand on 31 December 2019 and EUR 210 thousand on 31 December 2020 from non-current provisions to current provisions.
- Under IFRS, all deferred tax assets and liabilities are reported as non-current. Therefore, GRK has reclassified EUR 665 thousand on 1 January 2019, EUR 879 thousand on 31 December 2019 and

EUR 1,673 thousand on 31 December 2020 from current deferred tax liabilities to non-current deferred tax liabilities.

- The cumulative translation differences presented in equity on the FAS consolidated balance sheet amounted to EUR 194 thousand on the date of transition to IFRS. The management of the GRK Group has applied the IFRS 1 *First-time Adoption of International Financial Reporting Standards* relief under which all translation differences accumulated from foreign units are assumed to amount to zero on the date of transition. Therefore, GRK has reclassified EUR 194 thousand of the cumulative translation differences on 1 January 2019, 31 December 2019 and 31 December 2020 to retained earnings.
- The investments item on the FAS consolidated balance sheet includes shares in a real estate company held by the Group, the carrying amount of which is EUR 198 thousand. In the IFRS financial statements, this item is presented in buildings under property, plant and equipment.
- In its FAS financial statements, GRK recognised leasehold improvement costs of environmental services in intangible assets. Under IFRS, leasehold improvement costs associated with a right-of-use asset are presented in property, plant and equipment. Therefore, GRK has reclassified EUR 271 thousand on 1 January 2019, EUR 370 thousand on 31 December 2019 and EUR 583 thousand on 31 December 2020 from intangible assets to property, plant and equipment.
- In its FAS financial statements, GRK has recognised leasehold improvement costs of facilities in intangible assets. According to IFRS, leasehold improvement costs associated with a right-of-use asset are property, plant and equipment. Therefore, GRK has reclassified EUR 56 thousand on 31 December 2019 and EUR 198 thousand on 31 December 2020 from intangible assets to property, plant and equipment. The balance sheet of the transition date 1 January 2019 did not include reclassifications from leasehold improvement costs of facilities.
- The FAS consolidated balance sheet presents loans from financial institutions separately, and other loans are included in the item other liabilities. In the IFRS financial statements, GRK also reports capital and other loans from parties other than financial institutions in the Borrowings line item. Therefore, GRK has reclassified EUR 1,084 thousand on 1 January 2019, EUR 1,410 thousand on 31 December 2019 and EUR 1,198 thousand on 31 December 2020 from other non-current liabilities to non-current borrowings and EUR 169 thousand on 1 January 2019, EUR 287 thousand on 31 December 2019 and EUR 290 thousand on 31 December 2020 from other current liabilities to current borrowings.

Impacts on the statement of cash flows

The GRK Group has made the following adjustments to the cash flows in the IFRS financial statements:

- Relating to right-of-use assets, EUR 1,995 thousand is presented in cash flows from financing activities as repayments of lease liability for 2019 and EUR 3,287 thousand for 2020 and in cash flows from operating activities EUR 114 thousand of interest paid for 2019 and EUR 178 thousand for 2020. In cash flow from operating activities, other operating expenses have been correspondingly adjusted by EUR 2,109 thousand for 2019 and EUR 3,465 thousand for 2020.
- Paid dividends based on work effort, EUR 3,186 thousand for 2019 and EUR 2,389 thousand for 2020 have been reclassified from cash flows from financing activities to cash flows from operating activities.
- In cash flows from investing activities, acquisitions of business, EUR 7,933 thousand for 2019 and EUR 2,584 thousand for 2020, are presented in a separate row, while in the FAS consolidated financial statements, they were included in the item Investments in property, plant and equipment and intangible assets.
- The development costs capitalised in the IFRS financial statements, EUR 204 thousand for 2019 and EUR 83 thousand for 2020, have been adjusted from cash flows from operating activities to cash flows from investing activities.

27. Events after the closing date

Changes in the Management Team and Board of Directors

The Extraordinary General Meeting held on 31 January 2022 elected Kari Kauniskangas as a new member of the Board of Directors of GRK Infra Oy. Furthermore, the Estonian subsidiary GRK Infra AS' CEO Tarvi Kliimask resigned as of 10 February 2022. The recruitment process for a new CEO has begun.

Change in the legal form and increase of share capital

The Extraordinary General Meeting held on 31 January 2022 resolved to change the Company's company form from a private company to a public limited company. The company name change is related to the evaluation of the possibility of listing the company on the stock exchange, as announced in the release of the new strategy. Simultaneously, the Company resolved to increase the share capital by EUR 45,353.30 from the previous EUR 34,646.70 to EUR 80,000. The increase was be carried out as fund increase by transferring the necessary amount from the invested unrestricted equity fund to the share capital.

Repurchase of own shares

Under the authorisation granted by the General Meeting, the Company's Board of Directors acquired 60,000 own shares from a key person pertaining to the Company's management on 9 February 2022.

Authorisations of the Board of Directors

Share issue to the company's existing shareholders without consideration

The Extraordinary General Meeting held on 14 February 2022 resolved on a share issue without consideration to the existing shareholders of the company so that the shareholders of the company will be issued four new shares for each existing share without consideration in proportion to their holdings. New shares will be correspondingly issued based on the treasury shares held by the Company. As a result, a total of 31,830,164 new shares will be issued. Following the share issue, the aggregate number of shares in the company is 39,787,705 shares.

Authorisation of the Board of Directors to decide on a directed share issue to acquire all of the shares in the company's subsidiaries GRK Road Oy and GRK Rail Oy (exchange of shares) and approval of the exchange of shares

The Extraordinary General Meeting held on 14 February 2022 authorised the Board of Directors to decide on a paid directed share issue to the non-controlling interests of the company's subsidiaries GRK Road Oy and GRK Rail Oy in deviation from the pre-emptive rights of shareholders. The directed share issue is connected to the arrangement in which the company acquires the remaining shares in GRK Road Oy and GRK Rail Oy from their non-controlling interests. Following the arrangement, these subsidiaries will be wholly-owned by the company. The purpose of the arrangement is to simplify the company's group structure to implement the company's strategic objectives. Therefore, there is a weighty financial reason pursuant to the Limited Liability Companies Act to diverge from the pre-emptive rights of shareholders. The authorisation is valid until 30 June 2022.

A maximum of 1,575,000 new or treasury shares may be issued under the authorisation. The maximum number of shares in the authorisation takes into account the above-mentioned impact of the share issue without consideration to the company's existing shareholders on the number of shares in the Company.

The maximum number of shares covered by the authorisation corresponds to a maximum of approximately 3.96 per cent of all shares in the company based on the position at the time of the Extraordinary General Meeting (however, considering the impact of the share issue without consideration).

Furthermore, the company decided to approve the exchange of shares and authorise the Board to take the measures required to implement the exchange of shares, such as concluding the required exchange of share agreements and joining agreements to the company's shareholder agreement and other necessary measures with the non-controlling interests.

Authorisation of the Board of Directors to apply for the listing of the company's shares on the Nasdaq Helsinki Oy stock exchange

The Extraordinary General Meeting held on 14 February 2022 authorised the Board of Directors to decide to apply for the admission of the company shares to trading on the official list of Nasdaq Helsinki Ltd at a time deemed appropriate by the Board. The authorisation includes the Board's right not to apply for the admission of the shares to trading on the official list of Nasdaq Helsinki Ltd and also the right to cancel a submitted application, if deemed necessary. The authorisation is valid until 30 June 2022.

Authorisation of the Board of Directors to decide on a share issue (initial public offering)

The Extraordinary General Meeting held on 14 February authorised the Board of Directors to decide on a share issue so that a maximum of 20,000,000 new shares may be issued under the authorisation. The impact of the aforementioned share issue without consideration directed to the existing shareholders of the company on the number of the company's shares has been taken into consideration in the maximum number covered by the authorisation.

The maximum number of shares covered by the authorisation corresponds to a maximum of approximately 50.27 per cent of all shares in the company based on the position at the time of the general meeting (however, considering the impact of the share issue without consideration). Under the authorisation, the Board may also decide on a directed share issue, i.e. deviating from the pre-emptive rights of shareholders. The authorisation authorises the Board of Directors to decide on all of the terms and conditions of the share issue. The authorisation is valid until 30 June 2022.

Authorisation of the Board of Directors to decide on a share issue and issuance of special rights entitling to shares

The Extraordinary General Meeting of 14 February authorised the Board of Directors to decide on issuing option rights and other special rights entitling to shares referred to in chapter 10, section 1 of the Limited Liability Companies Act in one or several tranches, for consideration or without consideration.

The maximum number of shares to be issued or transferred under the authorisation including shares received based on special rights is 3,900,000 shares. The impact of the aforementioned share issue without consideration directed to the existing shareholders of the company on the number of the company's shares has been taken into consideration in the maximum number covered by the authorisation.

The maximum number of shares covered by the authorisation corresponds to a maximum of approximately 9.80 per cent of all shares in the company based on the position at the time of the Extraordinary General Meeting (however, considering the impact of the share issue without consideration).

The authorisation is valid until the close of the Annual General Meeting of 2023, however no longer than until 30 June 2023.

Authorisation of the Board of Directors to decide on the repurchase and acceptance as pledge of the company's own shares

The Extraordinary General Meeting held on 14 February authorised the Board of Directors to decide on redemption of or accepting as a pledge the company's own shares in one or several tranches so that a maximum of 2,600,000 shares may be repurchased or accepted as a pledge. The impact of the aforementioned share issue without consideration directed to the existing shareholders of the company on the number of the company's shares has been taken into consideration in the maximum number covered by the authorisation. The proposed number of shares (considering the impact of the share issue without consideration) is approximately 6.53 per cent of all shares in the Company. The authorisation is valid until the close of the Annual General Meeting of 2023, however no longer than until 30 June 2023.

Parent company income statement (FAS)

EUR	Note	1 January–31 December 2021	1 January–31 December 2020
REVENUE	3.1	**233,954,941.61**	**240,763,330.15**
Increase(+)/decrease(-) in work in progress	3.2	303,749.38	-380,037.40
Other operating income	3.3	478,669.02	224,793.89
Materials and services	3.4	183,861,934.10	190,822,625.57
Personnel expenses	3.5	29,100,072.26	22,942,056.51
Depreciation, amortisation and impairment	3.6, 4.1.1	2,542,737.25	2,080,415.76
Other operating expenses	3.7	9,410,477.49	9,280,748.67
OPERATING PROFIT (LOSS)		**9,822,138.91**	**15,482,240.13**
Finance income and expenses total	3.9	2,687,569.66	305,914.26
PROFIT (LOSS) BEFORE APPROPRIATIONS AND TAXES		**12,509,708.57**	**15,788,154.39**
Appropriations	3.10	65,266.01	-274,792.58
Income taxes	3.11	-2,319,688.29	-2,649,388.63
PROFIT (LOSS) FOR THE FINANCIAL PERIOD		**10,255,286.29**	**12,863,973.18**

Parent company balance sheet (FAS)

	Note	31 December 2021	31 December 2020
Assets			
NON-CURRENT ASSETS			
Intangible assets	4.1	1,755,533.14	598,493.56
Tangible assets	4.1	9,092,406.88	8,623,245.47
Investments	4.2	14,090,289.53	11,991,654.91
TOTAL NON-CURRENT ASSETS		**24,938,229.55**	**21,213,393.94**
CURRENT ASSETS			
Inventories	4.3	2,515,165.33	1,295,415.95
Receivables			
Non-current receivables	4.4	12,108,015.87	11,037,096.83
Current receivables	4.5	49,178,074.30	32,146,619.06
Cash and cash equivalents		36,401,985.88	44,708,742.94
TOTAL CURRENT ASSETS		100,203,241.38	89,187,874.78
TOTAL ASSETS		**125,141,470.93**	**110,401,268.72**

	Note	31 December 2021	31 December 2020
EQUITY			
Share capital		34,646.70	34,646.70
Reserve for invested unrestricted equity		26,862,538.61	24,769,062.81
Retained earnings		30,544,061.06	22,939,820.98
Profit for the financial period		10,255,286.29	12,863,973.18
TOTAL EQUITY	**4.6**	**67,696,532.66**	**60,607,503.67**
APPROPRIATIONS	4.7	**1,002,132.99**	**1,067,399.00**
PROVISIONS	4.8	**1,804,000.71**	**474,000.71**
LIABILITIES			
Non-current liabilities	4.9	3,035,714.26	4,249,999.98
Current liabilities	4.10	51,603,090.31	44,002,365.36
TOTAL LIABILITIES		54,638,804.57	48,252,365.34
TOTAL EQUITY AND LIABILITIES		**125,141,470.93**	**110,401,268.72**

Parent company cash flow statement (FAS)

Cash flow from operating activities	Note	1 January–31 December 2021	1 January–31 December 2020
Proceeds from sales	3.1	217,381,355.10	251,664,881.95
Proceeds from other operating income	3.3	352,388.63	124,469.64
Payments for operating expenses	3.4, 3.5, 3.7	-219,197,018.08	-224,052,241.89
Cash flow from operating activities before financial items and taxes		-1,463,274.35	27,737,109.70
Paid interest and payments for other financial expenses	3.9	-164,646.30	-175,278.25
Interest received from operations	3.9	-11,543.96	403.94
Other operating financial items	3.9	-718,670.73	0.00
Direct taxes paid	3.11	-2,815,948.52	-2,215,388.63
Cash flow from operating activities		**-5,174,083.86**	**25,346,846.76**
Cash flow from investing activities			
Investments in tangible and intangible assets	4.1	-4,208,793.49	-3,017,903.24
Other investments	4.1	0.00	-375,000.00
Proceeds from sale of non-current assets	4.1	165,943.54	56,882.79
Loans granted	4.4	-1,479,358.20	-3,484,326.00
Repayment of loan receivables	4.4	2,288,183.80	2,793,166.23
Increase/decrease in current investments	4.5	-2,169,554.11	0.00
Dividends received from investments	3.9	702,270.00	0.00
Interest received from loan receivables and other investments	3.9	483,431.55	618,778.22
Cash flow from investing activities		**-4,217,876.91**	**-3,408,402.00**
Cash flow from financing activities			
Share issue	4.6	2,093,475.80	1,522,262.00
Repurchase of own shares	4.6	-104,800.00	-1,159,100.00
Proceeds from current borrowings	4.9, 4.10	5,465,746.72	13,332,678.59
Repayments of current borrowings	4.9, 4.10	-1,214,285.72	-1,214,285.72
Dividends paid and other distribution of profits	4.6	-5,154,933.10	-7,035,762
Cash flow from financing activities		**1,085,203.70**	**5,445,792.49**
Increase(+)/decrease (-) in cash and cash equivalents		**-8,306,757.07**	**27,384,237.25**
Cash and cash equivalents at the beginning of the financial year		44,708,742.94	17,324,505.69
Cash and cash equivalents at end of year		**36,401,985.88**	**44,708,742.94**

Accounting policies and notes to the parent company financial statements

1. Parent company accounting policy

The financial statements of GRK Infra Oyj have been prepared in accordance with the principles of Finnish Accounting Standards. The financial statements were prepared for the period of 12 months from 1 January to 31 December 2021.

GRK Infra Oyj is the parent company of the Group. The consolidated financial statements of GRK Infra Oyj are available from www.grk.fi.

2. Measurement and accrual principles

2.1 Measurement of non-current assets

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

The depreciation periods are as follows:		
Intangible rights	5–10 years	straight-line amortisation
Goodwill	10 years	straight-line amortisation
Other long-term expenditure	4–10 years	straight-line amortisation
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
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

2.2 Inventories

Inventories are measured at the lower of cost or net realisable value or probable selling price.

2.3 Accrual of income

Long-term projects are recognised based on the percentage of completion method. The percentage of completion is determined as the relation 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

Geographical breakdown	1 January–31 December 2021	1 January–31 December 2020
Finland	230,026,206.81	240,763,330.15
Estonia	156,944.89	0.00
Sweden	1,360,591.43	0.00
Other countries	2,411,198.48	0.00
Total revenue	**233,954,941.61**	**240,763,330.15**

	1 January–31 December 2021	1 January–31 December 2020
Revenue based on percentage of completion method	221,591,864.50	233,949,146.74
Other revenue	12,363,077.11	6,814,183.41
Total revenue	**233,954,941.61**	**240,763,330.15**

	1 January–31 December 2021	1 January–31 December 2020
Amount recognised as revenue from long-term projects recognised based on the percentage of completion method but not handed over to the customer during the financial period and previous financial periods	312,592,905.09	246,710,170.83
Amount not yet recognised as revenue from long-term projects recognised based on the percentage of completion method	137,625,400.00	95,574,829.17
Order backlog, total	**137,625,400.00**	**95,574,829.17**

3.2 Change in work in progress

	1 January–31 December 2021	1 January–31 December 2020
Increase(+)/decrease (-) in work in progress	303,749.38	-380,037.40

3.3 Other operating income

	1 January–31 December 2021	1 January–31 December 2020
Proceeds from sale of tangible assets	126,280.39	27,956.12
Grants received	218,280.39	106,336.13
Other operating income	134,108.24	90,501.64
Total other operating income	**478,669.02**	**224,793.89**

3.4 Materials and services

	1 January–31 December 2021	1 January–31 December 2020
Materials and supplies		
Purchases during the financial year	39,331,434.32	45,115,701.62
Change in material and supply inventory	-916,000.00	-298,000.00
External services	145,446,499.78	146,004,923.95
Total materials and services	183,861,934.10	190,822,625.57

3.5 Personnel expenses and average number of personnel

	1 January–31 December 2021	1 January–31 December 2020
During the financial period, the company's average number of personnel was		
White-collar	200	178
Blue-collar	106	95
Total	**306**	**273**

	1 January–31 December 2021	1 January–31 December 2020
Wages and salaries	23,909,214.49	19,069,635.50
Pension expenses	3,787,212.47	3,069,660.36
Other social security expenses	1,403,645	802,761

Total personnel expenses	**29,100,072.26**	**22,942,056.51**

Management wages and salaries	**1 January–31 December 2021**	**1 January–31 December 2020**
Members of the Board of Directors and the CEO	900,039.25	661,850.02

3.6 Depreciation, amortisation and impairment

	1 January–31 December 2021	**1 January–31 December 2020**
Depreciation and amortisation according to plan	2,542,737	2,080,416
Total depreciation, amortisation and impairment losses	**2,542,737.25**	**2,080,415.76**

3.7 Other operating expenses

	1 January–31 December 2021	**1 January–31 December 2020**
Office rents and maintenance charges	1,007,037.67	866,145.98
Vehicle expenses	1,183,799.09	1,298,308.87
IT hardware and software expenses	1,235,681.92	1,045,961.31
Consulting, advisory and administrative services	959,162.16	870,716.60
Travel expenses	1,657,243.61	1,270,687.80
Other operating expenses	3,367,553.04	3,928,928.11
Total other operating expenses	**9,410,477.49**	**9,280,748.67**

3.8 Auditors' fees

	1 January–31 December 2021	**1 January–31 December 2020**
PricewaterhouseCoopers		
Auditing	60,975.00	41,726.00
Tax advisory services	18,500.00	0.00
Other services	202,247.25	74,133.00
Total	**281,722.25**	**115,859.00**

3.9 Finance income and expenses

	1 January–31 December 2021	**1 January–31 December 2020**
Dividend income		
From Group companies	702,270.00	-
Other interest and finance income		
From Group companies	466,176.77	500,048.19
From others	50,460.52	13,730.51
Total other interest and finance income	1,218,907.29	513,778.70
Impairment losses on non-current assets	-2,398,750.00	0.00
Interest expenses and other finance expenses		
To others	930,087.63	207,864.44
Total interest expenses and other finance expenses	930,087.63	207,864.44
Finance income and expenses total	**2,687,569.66**	**305,914.26**

3.10 Appropriations

	1 January–31 December 2021	1 January–31 December 2020
Difference (increase -/decrease +) between depreciation according to plan and depreciation in taxation	65,266.01	-274,792.58
Appropriations total	**65,266.01**	**-274,792.58**

3.11 Income tax

	1 January–31 December 2021	1 January–31 December 2020
Income taxes on operations	-2,319,688.29	-2,649,388.63

4. Notes to the balance sheet

4.1 Non-current assets

	Intangible assets		**Tangible assets**			
	Intangible rights	Other long-term expenditure	Land	Buildings	Machinery and equipment	Total
Acquisition cost at 1 January 2021	29,598.00	925,200.19	340,522.21	1,164,664.04	10,782,513.01	13,242,497.45
Additions	0.00	1,258,413.37	0.00	0.00	2,884,178.02	4,142,591.39
Disposals	0.00	0.00	0.00	0.00	-292,688.96	-292,688.96
Acquisition cost at 31 December 2021	29,598.00	2,183,613.56	340,522.21	1,164,664.04	13,374,002.07	17,092,399.88
Accumulated depreciation, amortisation and impairment at 1 January 2021	-13,668.00	-342,636.63	0.00	-181,818.07	-3,482,635.72	-4,020,758.42
Accumulated depreciation of disposals	0.00	0.00	0.00	0.00	253,025.81	253,025.81
Depreciation and amortisation for the period	-3,240.00	-98,133.79	0.00	-78,009.64	-2,363,353.82	-2,542,737.25
Impairment	0.00	0.00			0.00	0.00
Accumulated depreciation and amortisation 31 December 2021	-16,908.00	-440,770.42	0.00	-259,827.71	-5,592,963.73	-6,310,469.86
Book value 31 December 2021	12,690.00	1,742,843.14	340,522.21	904,836.33	7,781,038.34	10,781,930.02
Book value 31 December 2020	15,930.00	582,563.56	340,522.21	982,845.97	7,299,877.29	9,221,739.03

4.2 Investments

	Shares		Receivables	
	Group companies	Other	Group companies	Total
Acquisition cost at 1 January 2021	11,106,800.00	197,785.08	3,087,069.68	14,391,654.76
Additions	0.00	0.00	0.00	0.00
Disposals	0.00	0.00	0.00	0.00
Impairment	0.00	0.00	0.00	0.00
Reclassifications	0.00	0.00	-300,115.38	-300,115.38
Acquisition cost at 31 December 2021	11,106,800.00	197,785.08	2,786,954.30	14,091,539.38
Accumulated impairment at 1 January 2021	-2,400,000.00	0.00	0.00	-2,400,000.00
Reversals of impairment losses	2,400,000.00	0.00	0.00	2,400,000.00
Impairment	-1,250.00	0.00	0.00	-1,250.00
Accumulated impairment at 31 December 2021	-1,250.00	0.00	0.00	-1,250.00
Book value 31 December 2021	11,105,550.00	197,785.08	2,786,954.30	14,090,289.38

The shares in Infra Polar Oy have been written-down in full (EUR 1,250) because the company does not have and has not had any operations. The company has also been deregistered from the Trade Register.

4.3 Inventories

	31 December 2021	31 December 2020
Materials and supplies	1,623,000.00	707,000.00
Work in progress	892,165.33	588,415.95
Total inventories	2,515,165.33	1,295,415.95

4.4 Non-current receivables

	31 December 2021	31 December 2020
Non-current receivables		
Loan receivables from Group companies	9,238,524.95	10,699,816.83
Loan receivables from others	175,093.30	337,280.00
Other non-current receivables	2,694,397.62	0.00
Total non-current receivables	12,108,015.87	11,037,096.83

4.5 Current receivables

Current receivables	31 December 2021	31 December 2020
Receivables from Group companies		
Prepaid expenses and accrued income from Group companies	25,254.73	33,959.37
Loan receivables from Group companies	2,788,260.67	2,988,260.67
Trade receivables from Group companies	1,626,803.34	468,048.35
Group account receivables	2,169,554.11	-
Total current receivables from Group companies	6,609,872.85	3,490,268.39
Receivables from others		
Trade receivables	26,757,575.37	17,398,561.15
Loan receivables	65,341.09	1,443,773.26
Other receivables	311,310.39	381,882.55
Prepaid expenses and accrued income	15,433,974.60	9,432,133.71
Total receivables from others	42,568,201.45	28,656,350.67
Total current receivables	49,178,074.30	32,146,619.06

Breakdown of prepaid expenses and accrued income:		
Prepaid expenses and accrued income corresponding to income based on percentage of completion	14,257,109.14	9,351,899.48
Income taxes	136,260.23	0.00
Other prepaid expenses and accrued income	1,040,605.23	80,234.23
Total prepaid expenses and accrued income	15,433,974.60	9,432,133,71

4.6 Equity

Restricted equity	**31 December 2021**	**31 December 2020**
Share capital 1 January	34,646.70	34,646.70
Share capital 31 December	34,646.70	34,646.70
Total restricted equity	34,646.70	34,646.70

Unrestricted equity	**31 December 2021**	**31 December 2020**
Reserve for invested unrestricted equity 1 January	24,769,062.81	23,246,800.81
Increase during the financial period from share issues	2,093,475.80	1,522,262.00
Reserve for invested unrestricted equity 31 December	26,862,538.61	24,769,062.81
Retained earnings 1 January	35,803,794.16	31,134,683.36
Dividend distribution	-5,154,933.10	-7,035,762.38
Redemption of own shares	-104,800.00	-1,159,100.00
Retained earnings 31 December	30,544,061.06	22,939,820.98
Profit for the financial period	**10,255,286.29**	**12,863,973.18**
Total unrestricted equity	**67,661,885.96**	**60,572,856.97**
Total equity	67,696,532.66	60,607,503.67

Distributable unrestricted equity	**31 December 2021**	**31 December 2020**
Retained earnings	30,544,061.06	22,939,820.98
Profit for the financial period	10,255,286.29	12,863,973.18
Reserve for invested unrestricted equity	26,862,538.61	24,769,062.81
Total distributable unrestricted equity	67,661,885.96	60,572,856.97

4.7 Accumulated appropriations

	31 December 2021	**31 December 2020**
Depreciation difference	1,002,132.99	1,067,399.00

4.8 Provisions

	31 December 2021	**31 December 2020**
Other provisions	1,804,000.71	474,000.71

4.9 Liabilities

Non-current liabilities	**31 December 2021**	**31 December 2020**
Loans from financial institutions	3,035,714.26	4,249,999.98
Total non-current liabilities	3,035,714.26	4,249,999.98

Current liabilities	**31 December 2021**	**31 December 2020**
Loans from financial institutions	1,214,285.72	1,214,285.72
Advances received		
Advances received from clients of long-term projects	301,610,995.29	240,787,861.76

Advances received corresponding to income based on percentage of completion	-298,335,795.95	-237,328,201.19
Total advances received	3,275,199.34	3,459,660.57
Trade payables to others	6,974,405.33	10,148,219.18
Liabilities to Group companies		
Trade payables to Group companies	1,172,504.44	385,793.96
Other current liabilities to Group companies (Group account liabilities)	20,862,092.34	15,334,510.24
Total liabilities to Group companies	22,034,596.78	15,720,304.20
Other liabilities	4,910,867.10	4,117,462.91
Accruals and deferred income	13,193,736.04	9,342,432.78
Total current liabilities	51,603,090.31	44,002,365.36

Breakdown of accruals and deferred income:		
Accrued personnel expenses	7,379,109.68	7,147,537.88
Accrual of income taxes	0.00	360,000.00
Interest liabilities	26,916.67	35,062.50
Other accruals	5,787,709.69	1,799,832.40
Total accruals and deferred income	13,193,736.04	9,342,432.78

5. Other notes

5.1 Notes concerning guarantees and commitments

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

	31 December 2021	**31 December 2020**
Contract collaterals	51,317,466.55	51,020,868.19

Other collateral given for own commitments	**31 December 2021**	**31 December 2020**
Real estate mortgages	150,000.00	150,000.00
Company mortgages	17,000,000.00	17,000,000.00
Pledged shares, book value	197,785.08	197,785.08
Deposits (rent deposits)	39,750.00	44,065.06
Total	**17,387,535.08**	**17,391,850.14**

Collaterals for Group companies	**31 December 2021**	**31 December 2020**
Guarantees for subsidiaries' leasing and hire purchase agreements	5,463,481.62	2,840,514.25
Guarantees based on subsidiaries' contract agreements for which a countersecurity has been pledged as collateral	35,127,907.24	25,111,299.29
Total	**40,591,388.86**	**27,951,813.54**

Total amount of the bank overdraft granted	10,000,000.00	10,000,000.00
of which in use	0.00	0.00
Investment financing, repurchase obligations	0.00	0.00

Total lease liabilities	**31 December 2021**	**31 December 2020**
Payable during the next financial period	9,041.62	56,260.16
Payable later	0.00	495.53
Total	**9,041.62**	**56,755.69**

Lease liabilities for premises	31 December 2021	31 December 2020
Payable during the next financial period	727,082.69	555,439.16
Payable later	2,278,068.20	1,047,476.66
Total	**3,005,150.89**	**1,602,915.82**

Board of Directors' proposal for the distribution of profit

The company's distributable funds are EUR 67,661,885.96, of which the profit for the financial period is EUR 10,255,286.29.

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

- Dividend of EUR 0.145 will be paid for each share outstanding at the time of dividend payout totalling 38,677,705 shares, resulting in a total dividend of EUR 5,608,267.23.
- The remaining distributable funds of EUR 62,053,618.73 will be retained in equity.

The company's liquidity is good, and the proposed distribution of profits will not compromise the company's liquidity.

Signatures to the Board of Directors' report and financial statements

Signatures to the financial statements and Board of Directors' reports

Vantaa, 28 February 2022

Jukka Nikkanen
Chairman of the Board

Keijo Haavikko
member of the Board

Tarja Pääkkönen
member of the Board

Johanna Korhonen
member of the Board

Esa Lager
member of the Board

Kari Kauniskangas
member of the Board

Juha Toimela
Chief Executive Officer

The Auditor's note

Our auditor's report has been issued today.

Tampere, 28.2.2022

PricewaterhouseCoopers Oy

Authorised Public Accountants

Markku Launis
Authorised Public Accountant

Auditor’s Report (Translation of the Finnish Original)

To the Annual General Meeting of GRK Infra Oyj

Report on the Audit of the Financial Statements

Opinion

In our opinion

- the consolidated financial statements give a true and fair view of the group’s financial performance and financial position and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company’s financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with statutory requirements.

What we have audited

We have audited the financial statements of GRK Infra Oyj (business identity code 0533768-1) for the year ended 31 December, 2021. The financial statements comprise:

- the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies
- the parent company’s balance sheet, income statement, statement of cash flows and notes.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they

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determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may 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 parent company or the group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Reporting Requirements

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information 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 28 February 2022

PricewaterhouseCoopers Oy
Authorised Public Accountants

Markku Launis
Authorised Public Accountant (KHT)