



VERY STRONG CASH FLOW AND Q4 EBITA INCREASED YEAR-ON-YEAR

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31 JANUARY 2024

KREATE GROUP PLC/FINANCIAL STATEMENT BULLETIN 2023

KREATE
THE FUTURE IS BUILT TODAY

VERY STRONG CASH POSITION AND PROFITABILITY GROWING

- The strong cash flow in the fourth quarter is an indication of improved working capital management
- We grew revenue in declining markets: growth of 17% in 2023 - Q4 slightly lower year-on-year
- Full-year 2023 EBITA was 2.4% and 3.4% in the fourth quarter – heading is right and non-index-hedged projects completed
- Good visibility into 2024: Order backlog EUR 196.3 million, of which EUR 168.4 million is estimated to be realised in 2024
- Guidance: Kreate estimates that its revenue in 2024 will decline and be in the range of EUR 270–300 million (2023: EUR 320.0 million) and EBITA will increase and be in the range of EUR 8–11 million (2023: EUR 7.8 million).
- Dividend proposal to the Annual General Meeting: EUR 0.48 per share in two instalments.



M€	Q4/23	Q4/22	2023	2022
Order backlog			196.3	306.9
Revenue	80.2	83.1	320.0	273.9
EBITA, %	3.4%	2.8%	2.4%	3.2%
Free cash flow from operating activities	19.7	15.2	26.1	3.5

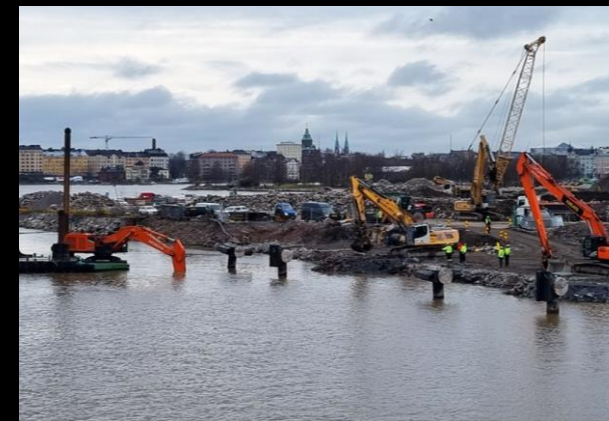
GOOD LEVEL OF ACTIVITY IN TENDERING AND CONSTRUCTION SITES



We won a nearly EUR 7 million railway yard construction contract in Tornio. The contract includes the renewal of the tracks and the construction of a new platform for passenger traffic. The project will be completed by the end of 2024.



The renovated Veturitie bridge and the widened Veturitie were fully opened to traffic. The project, which is one of the most significant bridge and fairway contracts of the City of Helsinki, began in May 2021.



In Sompasaari, Helsinki, the construction of Nihti streets, shore structures, dredging of shore areas and municipal engineering is underway, while the old harbour facility area is being prepared for residential use. Kreate's contract will be completed in May 2025.

10

11

12

RAILWAY PROJECTS VISIBLE IN TENDERING ACTIVITIES

- New projects worth EUR 37.2 million were added to the order backlog in Q4
- Includes:
 - Hankasalo street contract in Vihti ~ EUR 10 million
 - Construction contract for the Tornio railway yard ~ EUR 7 million
 - Bridge projects in Sastamala and Tampere
 - Private sector industrial projects
- Kreate joins the development phase of the Koskela tram depot alliance contract

Kreate acts as a partner of the main contractor Skanska in the development phase, doing railway construction and circular economy.

Development phase: autumn 2023–autumn 2024
Possible implementation phase: autumn 2024–spring 2028

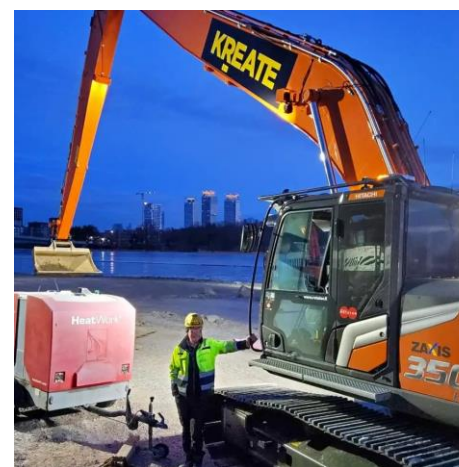
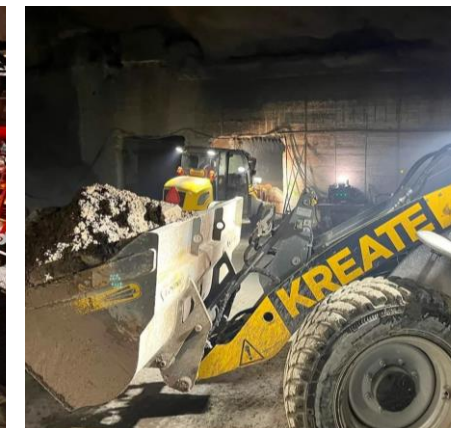


YEAR 2023 STRONGLY IN LINE WITH STRATEGY

Financial targets 2021–2024	2023	Status
GROWTH Increase revenue to EUR 300 million by 2024 through a balanced combination of organic growth and selected acquisitions	320.0 MEUR	✓
PROFITABILITY EBITA margin above 5 percent in the medium term	2.4%	✗
INDEBTEDNESS Net debt/EBITDA below 2.0	1.2	✓
DIVIDEND POLICY The objective is to distribute at least half of our annual net profit as dividends, taking into account our financial position, cash flow and growth potential.	109% (2023 proposal, to be paid in 2024)	✓

472 personnel
at year end

+ 100 projects

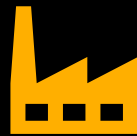


IN 2023 INTEREST RATES POSTPONED PRIVATE INVESTMENTS – PUBLIC INFRASTRUCTURE PROJECTS EXECUTED COUNTER TO THE CYCLE



INFLATION AND INTEREST RATES

Inflation and consumer uncertainty caused by rising interest rates can be seen especially in housing construction.



INDUSTRIAL INVESTMENTS

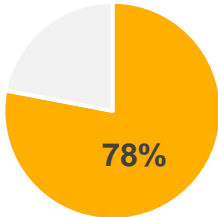
Industrial companies have a willingness to invest. Projects are expected to launch at the latest once the economic situation has improved.



TRANSPORT INVESTMENTS

The government has a transport investment programme of approx. EUR 3 billion to develop the transport and railway network as well as reduce the maintenance backlog. In addition, several cities have plans for tram line projects.

SPECIALISATION HELPS IN TOUGHER COMPETITION

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q-ON-Q				12-MONTH OUTLOOK*	SHARE OF KREATE'S REVENUE
	Q1/23	Q2/23	Q3/23	Q4/23		
STRUCTURAL ENGINEERING						
Bridge construction	[Yellow]				↗	 <p>78%</p>
Foundation and engineering construction	[Red]	[Yellow]	[Yellow]	[Green]	→	
Special foundation construction	[Yellow]	[Yellow]	[Yellow]	[Green]	↗	
Circular economy	[Yellow]	[Yellow]	[Yellow]	[Yellow]	→	
Special infrastructure construction in Sweden	[Yellow]	[Yellow]	[Yellow]	[Yellow]	→	
TRANSPORT INFRASTRUCTURE CONSTRUCTION						
Railway construction	[Green]	[Red]	[Green]	[Green]	↗	 <p>22%</p>
Road and street construction	[Yellow]	[Yellow]	[Yellow]	[Yellow]	→	
OVERVIEW				[Green]	↗	

Market development



Outlook

- ⬆ Very strong market in the following 12 months
- ↗ Strengthening market in the following 12 months
- Stable market in the following 12 months
- ↘ Weakening market in the following 12 months
- ⬇ Very weak market in the following 12 months

* Source: Kreate Group management estimate

POSITIVE LONG-TERM OUTLOOK IN INFRASTRUCTURE CONSTRUCTION



MILITARY MOBILITY

Finland is doubling the EU's CEF funding for military mobility (railway, road, port and airport infrastructure).



URBANISATION

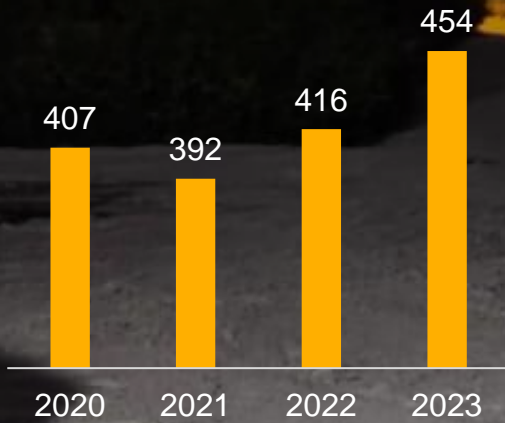
Urbanisation means even denser and more challenging construction and more rail traffic.



GREEN TRANSITION

Investment plans amounting to > EUR 225 billion in the portal of the Confederation of Finnish Industries

PERSONNEL ON AVERAGE



EMPLOYEE NET PROMOTER
SCORE 4.23/5

HOW TO ACT ETHICALLY CORRECTLY
ONLINE COURSE IMPLEMENTED

TREND OF SICKNESS ABSENCES
STRONGLY DECLINING

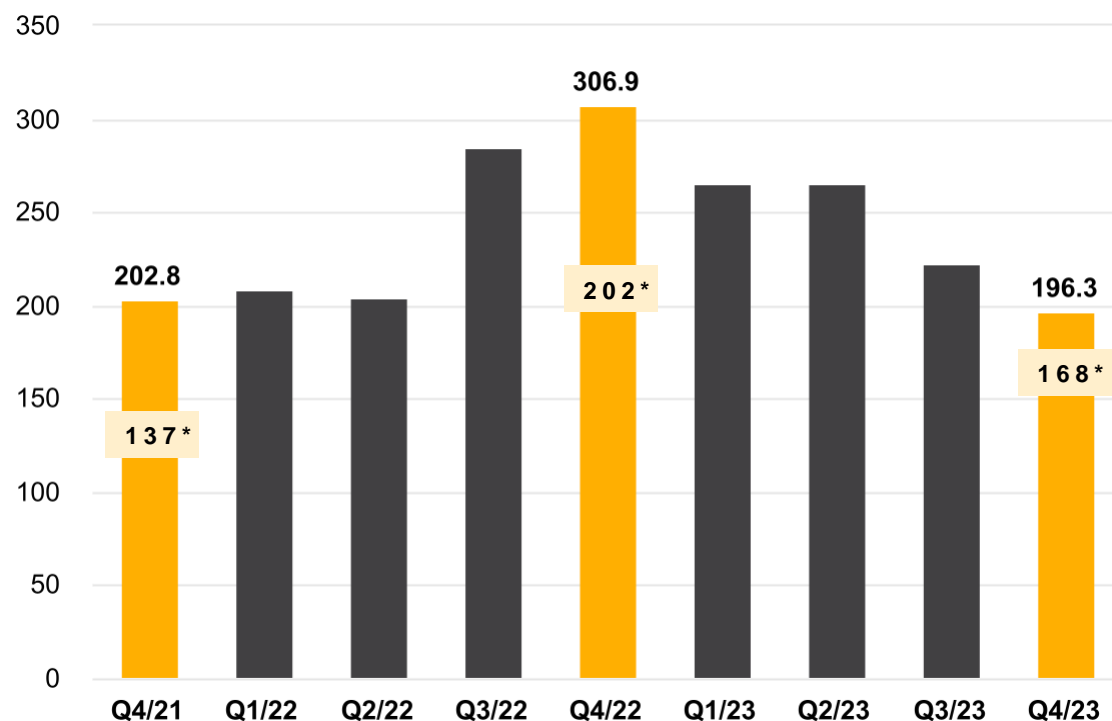
LOST-TIME INJURY
FREQUENCY 12 MO
ROLLING

2.8

(2 accidents in 2023)

ORDER BACKLOG AT A GOOD LEVEL FOR 2024 – WITH A BRIGHT OUTLOOK

Order backlog Q4/21 – Q4/23, EUR million

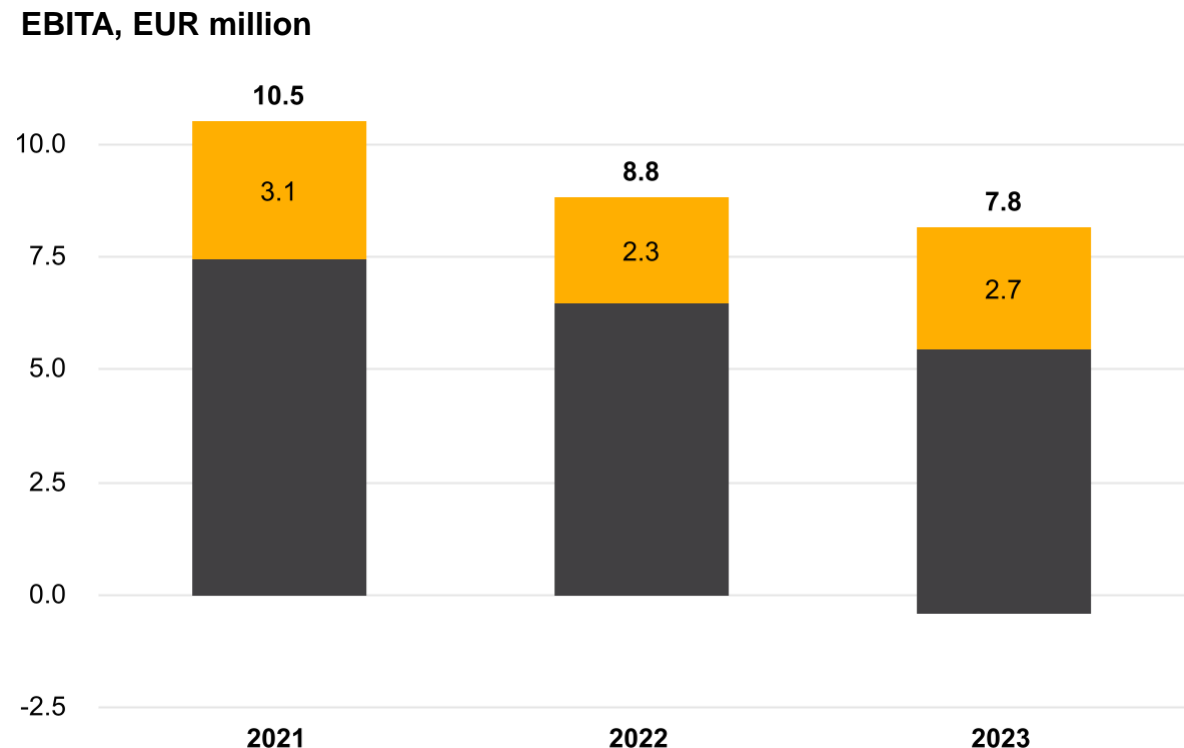


*Expected to be realised < 12 months

- At the end of December 2023, the order backlog amounted to EUR 196.3 million
 - Change quarter-on-quarter -11.5%
 - Change year-on-year -36.0%
- Order backlog is at a sustainable level - The comparison period includes exceptionally large won projects, and in the last quarter of this year, we were more selective in tendering activities than before
- Of the order backlog, EUR 168.4 million is estimated to be realised in 2024, of which Sweden will account for EUR 10.1 million
- Very strong outlook for future projects in all customer groups

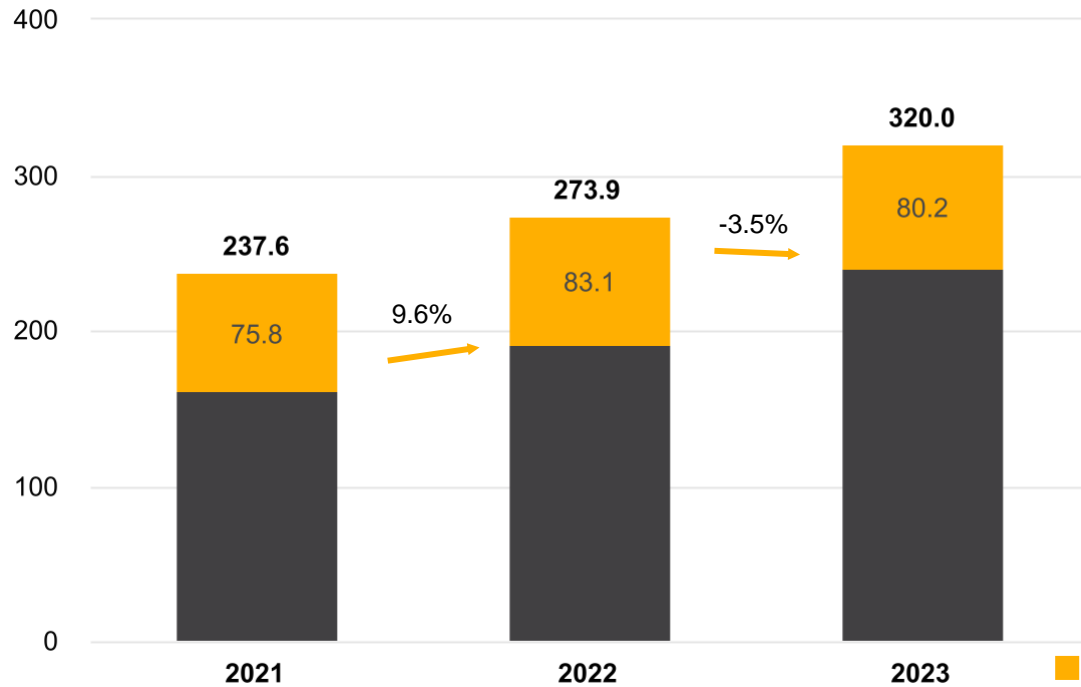
EBITA % TURNED UPWARDS YEAR-ON-YEAR

- In Q4 2023, EBITA increased year-on-year, amounting to EUR 2.7 (2.3) million or 3.4% (2.8%) of revenue
- EBITA % for the quarter was better than in the comparison period for the first time since Q4/2021
- In January - December 2023, EBITA decreased to EUR 7.8 (8.8) million
- Profitability was weakened during the financial year by inflation and ongoing non-index-hedged projects



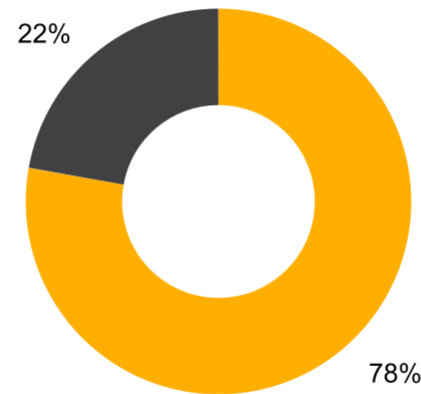
REVENUE EXCEEDED EUR 300 MILLION MILESTONE - GROWTH OF 17% IN 2023

Revenue, EUR million

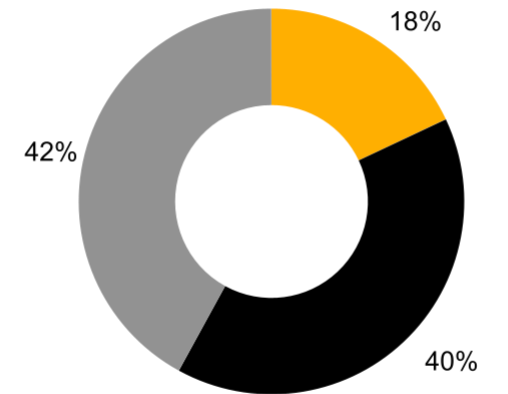


Revenue distribution 2023

By business function



By customer group



■ Structural engineering
 ■ Transport infrastructure construction
 ■ Cities and municipalities
 ■ Government
 ■ Private sector

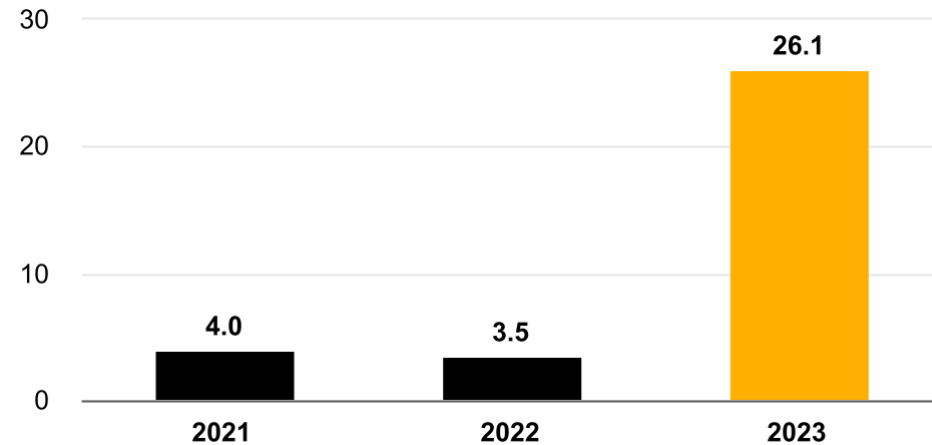
→ Q4 change year-on-year

KEY FIGURES

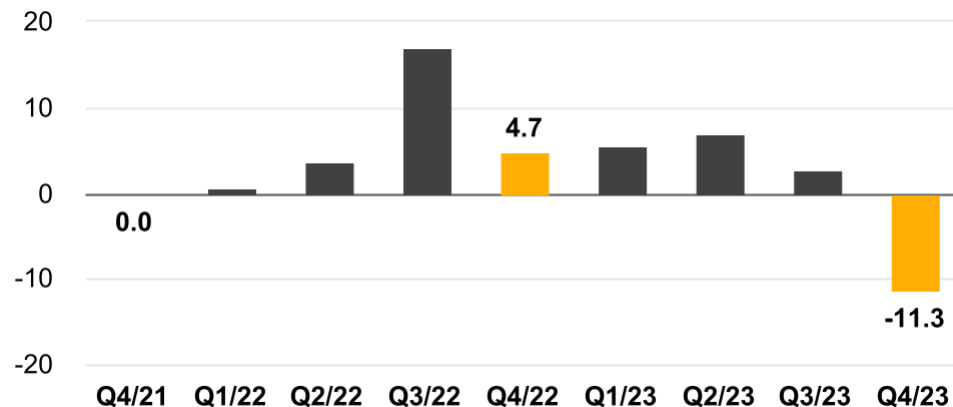
EUR million	Q4/2023	Q4/2022	2023	2022
Order backlog			196.3	306.9
Revenue	80.2	83.1	320.0	273.9
EBITDA	4.9	3.8	14.0	13.6
EBITDA, %	6.1 %	4.5 %	4.4 %	5.0 %
EBITA	2.7	2.3	7.8	8.8
EBITA, %	3.4 %	2.8 %	2.4 %	3.2 %
Operating profit	2.6	2.3	7.6	8.6
Operating profit, %	3.3 %	2.8 %	2.4 %	3.2 %
Result for the period	1.6	1.3	3.9	5.6
Return on capital employed, %			11.2 %	12.5 %
Free cash flow from operating activities	19.7	15.2	26.1	3.5
Net working capital			-11.3	4.7
Net debt			16.8	33.4
Net debt/EBITDA, rolling 12 months			1.2	2.5
Net debt/EBITDA, rolling 12 months pro forma*				2,4*
Equity ratio, %			31.8 %	31.6 %
Earnings per share, undiluted, €	0.18	0.14	0.44	0.64
Dividend per share, €			0,48**	0.46
Personnel at the end of the period			472	447

VERY STRONG CASH FLOW IN THE FOURTH QUARTER

Free cash flow from operating activities, EUR million



Net working capital, EUR million

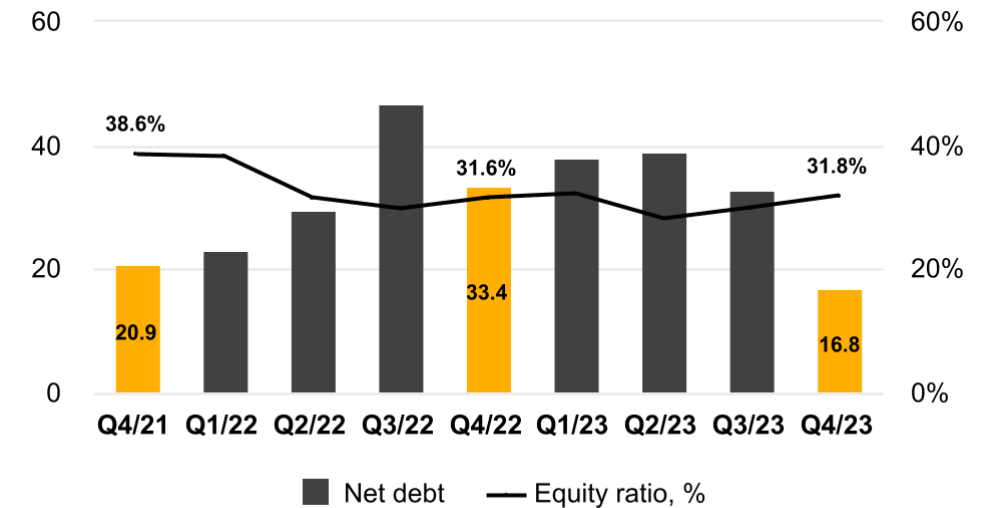


- Improved working capital management and moderate investments are reflected in the strong cash flow
 - Q4: EUR 19.7 (15.2) million
 - 2023: EUR 26.1 (3.5) million
- Net investments amounted to EUR 0.7 (0.5) million in Q4 and EUR 5.9 (4.2) million in 2023
- At the beginning of the year, there were exceptionally large investments related to the implementation of major projects
- The company's systematic work in project liquidity and risk management has supported good net working capital development in a challenging market environment
- The company aims to keep net working capital at around zero in the longer term

INTEREST-BEARING NET DEBT AT A LOWER THAN NORMAL LEVEL

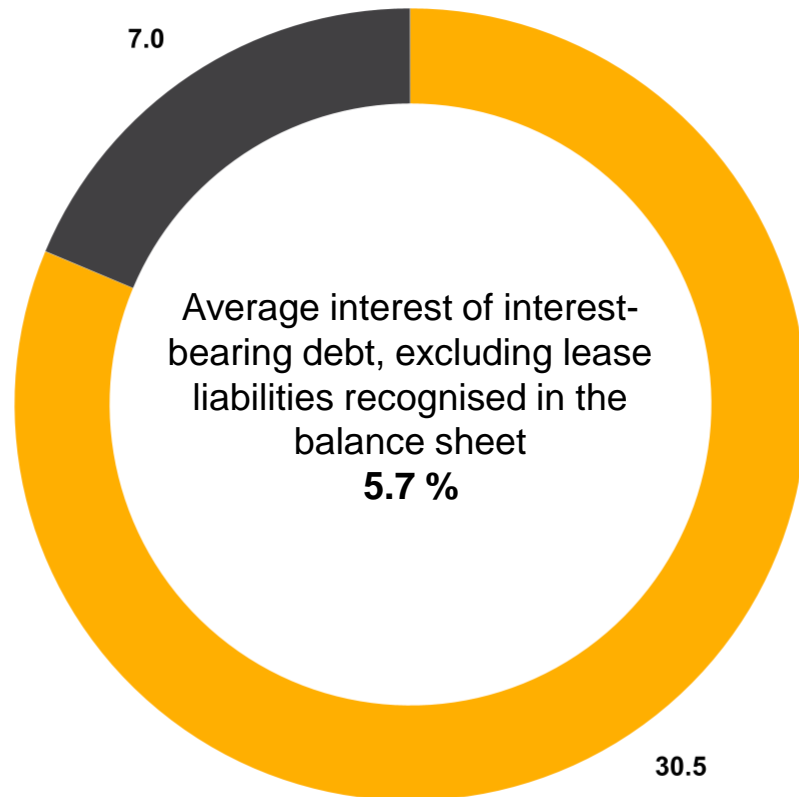
- Kreate's interest-bearing net debt on 31 December 2023 was EUR 16.8 (31 December 2022: 33.4) million
- The change in working capital is the most significant factor in the decrease in net debt
- Net debt/EBITDA was 1.2 (2.5)
- Interest-bearing debt amounted to EUR 40.3 million on 31 December 2023, of which EUR 7.0 million constituted issued commercial papers
- Equity ratio was 31.8% on 31 December 2023 (31 December 2022: 31.6%)

Interest-bearing net debt (EUR million) and equity ratio (%)

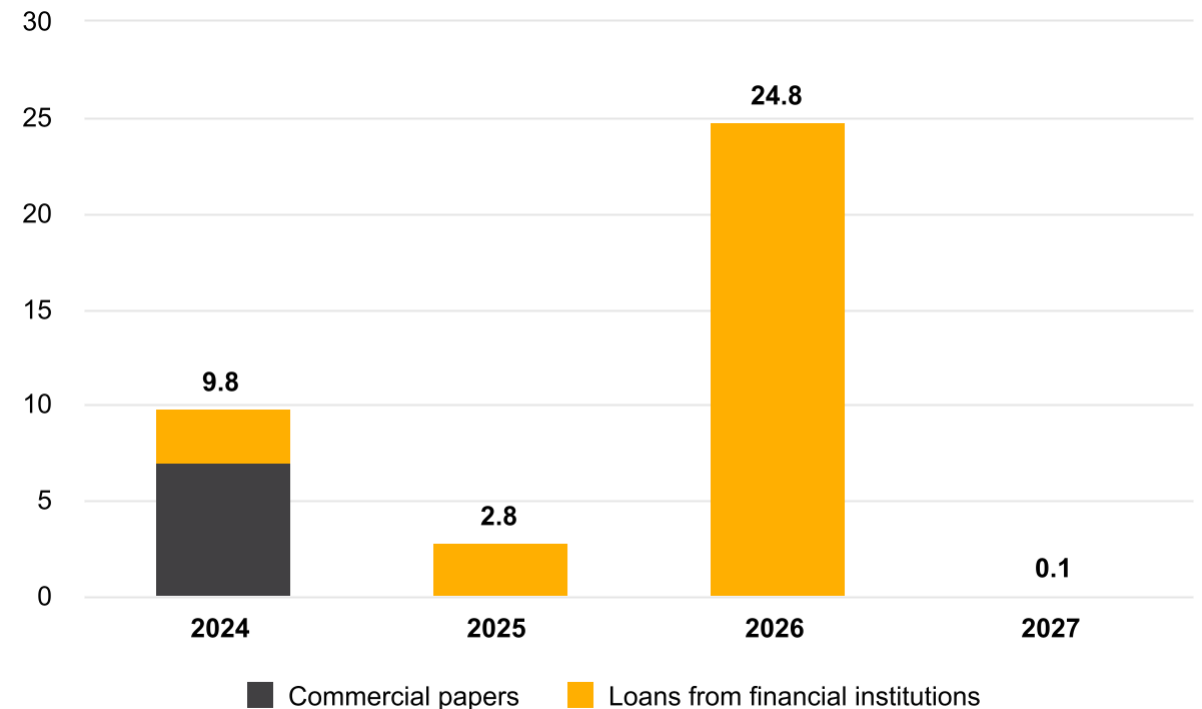


INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

Loan portfolio on 31 December 2023, EUR million



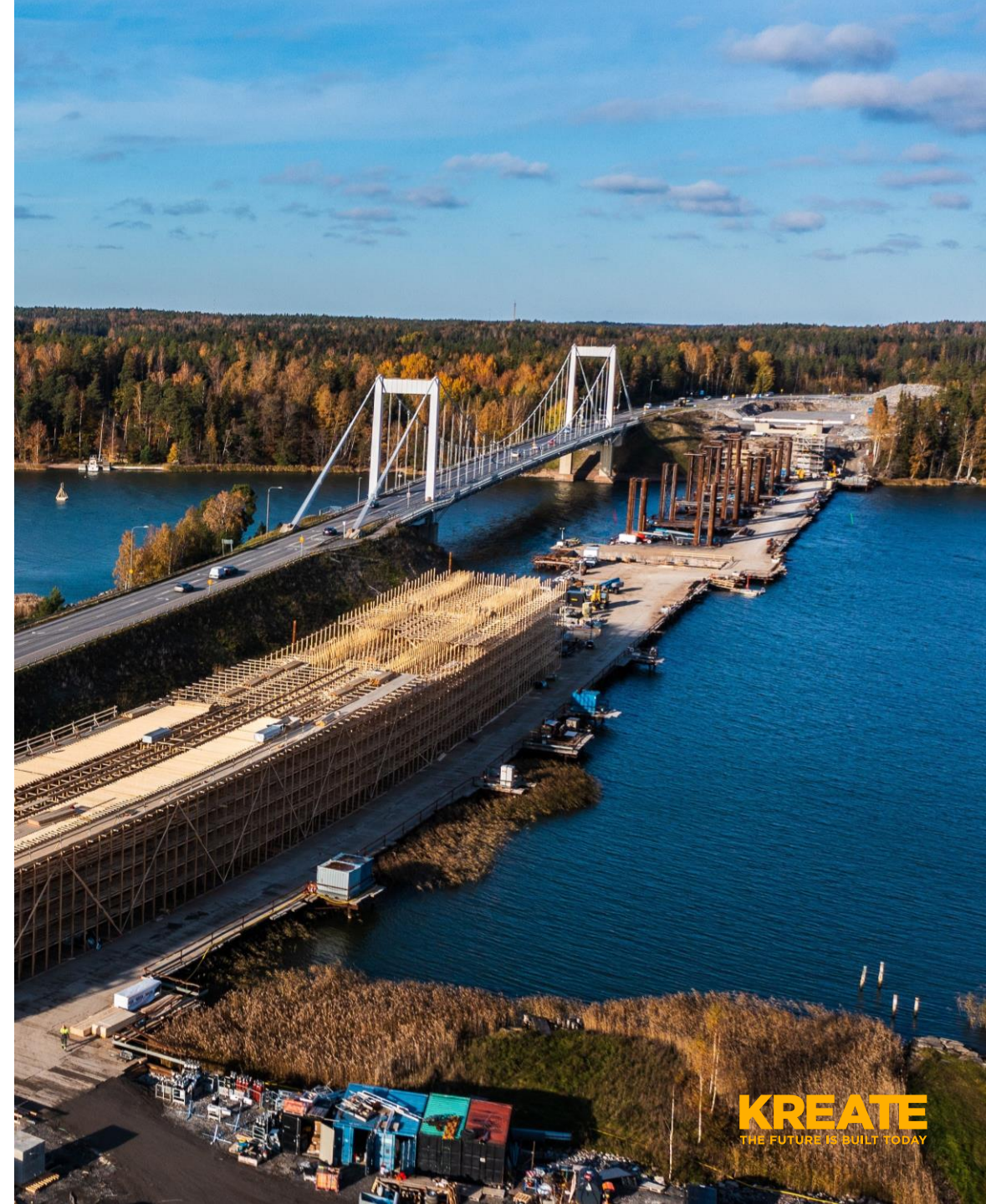
Repayment schedule for interest-bearing debt on 31 December 2023, EUR million



RESULT GUIDANCE FOR 2024

Kreate estimates that its revenue in 2024 will decline and be in the range of EUR 270–300 million (2023: EUR 320.0 million) and EBITA will increase and be in the range of EUR 8–11 million (2023: EUR 7.8 million).

Justifications: The company's guidance is based on the order backlog expected to be realised in 2024 at the turn of the year. The company sees stable continuity in Kreate's characteristic demanding infrastructure construction due to the countercyclical nature of the business, despite the prevailing level of interest rate and cost inflation and the general market outlook. The company offers projects more selectively, which is expected to decrease revenue and improve profitability.



DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting on 25 March 2024 that, based on the balance sheet verified for 2023, a dividend of EUR 0.48 be issued per share for shares held outside the company at the time of dividend distribution. The dividend will be paid in two instalments. The first instalment of EUR 0,30 per share will be paid in April 2024 and the second instalment of EUR 0.18 per share will be paid in October 2024.

6.6%
dividend yield

EUR 0.30 / share
Paid: 9 April 2024

EUR 0.18 / share
Paid: October 2024



FINANCIAL REPORTING

- 1 March 2024 / week 9: Financial Review for 2023
- 25 March 2024: Annual General Meeting (in Finnish)
- 26 April 2024: Interim Report for Q1/2024
- 16 July 2024: Half Year Financial Report for Q2/2024
- 25 October 2024 Interim Report for Q3/ 2024

COMING
CMD in spring 2024
(in Finnish only)
<https://kreate.fi/en/investor>



**THE FUTURE IS
BUILT TODAY**

A CLEAR STRATEGY WITH A VIEW TO CONTINUED PROFITABLE GROWTH

A PROFITABLE GROWTH COMPANY WITH AN ENTREPRENEURIAL MINDSET EXECUTES THE MOST DEMANDING INFRASTRUCTURE PROJECTS AND OFFERS THE MOST INTERESTING WORKING COMMUNITY IN THE BUSINESS AS WELL AS OPPORTUNITIES FOR DEVELOPMENT.

1

POSITIONING IN
GROWING MARKET
SEGMENTS

2

EXPANDING AND
STRENGTHENING
CUSTOMER ACCOUNTS
AND OFFERING

3

SUPPORTING THE
STRATEGY WITH
SELECTED
ACQUISITIONS

4

CONTINUOUS IMPROVEMENT OF OPERATIONAL EFFICIENCY AND PROFITABILITY

DRIVING FORCES IN THE CONSTRUCTION INDUSTRY'S OPERATING ENVIRONMENT AND KREATE'S STRONGER ABILITY TO OPERATE IN A CHANGING ENVIRONMENT



SOCIETY

- Labour shortage
- Population structure
- Urbanisation
- Strengthening role of regions

LEGISLATION

- Zoning and construction legislation
- Financial regulation
- Societal role of infrastructure projects
- Environmental legislation

POLITICS

- Public sector's capability for investment
- Political pressure to increase regulation
- Increased international tensions

ECONOMY

- Growing government debt
- Financial growth
- Rising interest rates and inflation
- Growing costs in the construction industry

THE ENVIRONMENT

- Life-cycle thinking and low-carbon approach
- Circular economy
- Climate change
- Green transition

TECHNOLOGY

- Production methods
- Data management and leading by data
- Leadership of people

SUSTAINABILITY

Driving forces continue to have a significant impact on the construction industry, guiding the operations of both Kreate and the industry as a whole. Kreate intends to capitalise on the changing market conditions with a clear strategy, competent and strengthening organisation, sustainable operations as well as specialisation in technically challenging projects and demanding conditions.

KREATE'S LONG-TERM GOALS

GROWTH

Growing the revenue

to EUR 300 million

by 2024
through a balanced
combination of organic
growth and selected
acquisitions

PROFITABILITY

EBITA margin

> 5%

in the medium term

DEBT TO EQUITY RATIO

Net debt/EBITDA

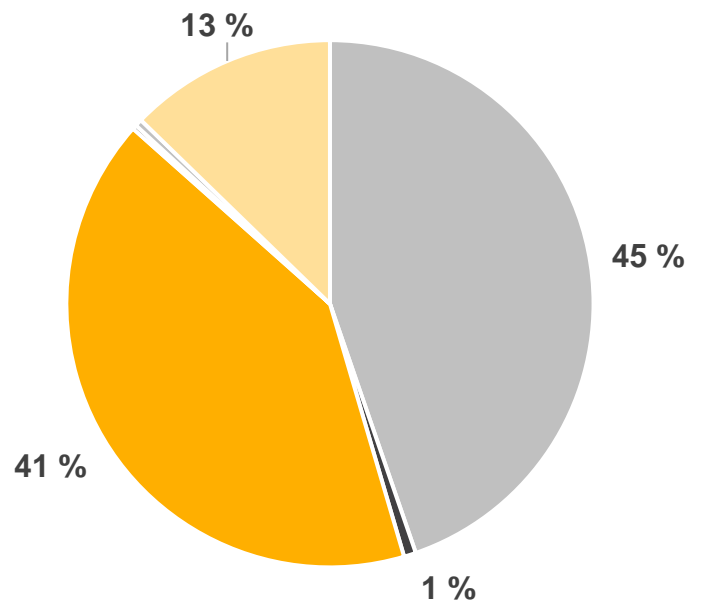
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KREATE'S DIVIDEND POLICY

The aim is to distribute at least half of Kreate's annual net profit as dividends, considering Kreate's financial standing, cash flows and growth opportunities

KREATE'S SHAREHOLDERS ON 31 DECEMBER 2023

SHAREHOLDERS BY SECTOR



- Companies
- Fin. Instit. and insurance instit.
- Households
- Household services, NGOs total
- International
- Public org.

	Shareholder	Shares	% of shares
1	Harjavalta Oy	1 783 689	19,9
2	Tirinom Oy	1 000 000	11,1
3	Ilmarinen Mutual Pension Insurance Company	425 000	4,7
4	Valtonen Seppo Timo Johannes	412 101	4,6
5	Varma Mutual Pension Insurance Company	359 000	4,0
6	Säästöpankki Small Cap Mutual Fund	350 000	3,9
7	Rantala Sami Kalle Antero	273 534	3,0
8	Inkala Tero Antero	208 396	2,3
9	Elo Mutual Pension Insurance Company	180 000	2,0
10	Veritas Pension Insurance Company Ltd.	175 000	2,0
11	Salminen Juha Petri	160 512	1,8
12	EAI Kreate Holding Oy	128 506	1,4
13	Neva-Aho Ronnie	100 519	1,1
14	Tradeka-Sijoitus Oy	90 261	1,0
15	Kreate Group Plc	90 000	1,0
16	Prirock Oy	69 908	0,8
17	Kulmala Teuvo Kalle Olavi	67 966	0,8
18	Hat Invest Oy	66 588	0,7
19	Karjalainen Jarmo Juhani	65 580	0,7
12	Beachfish Invest Oy	55 796	0,6
TOP 20 TOTAL		6 062 356	67,47
ALL SHARES TOTAL		8 984 772	100,0