



**REVENUE INCREASED BY 20%
– STRONG CASH FLOW**

MIKKO LAINE, CFO

25 OCTOBER 2023

KREATE GROUP PLC/INTERIM REPORT 1-9/2023

KREATE
THE FUTURE IS BUILT TODAY

A STRONG PERFORMANCE IN A CHALLENGING MARKET

- The strategy proceeds ahead of time
- Revenue record high
 - Q3: **+20%**, EUR 88.3 (73.3) million
 - Q1-Q3: **+26%**, EUR 239.8 (190.8) million
- EBITA impacted by inflation and ongoing non-index-hedged projects:
 - Q3: EUR **2.9** (3.0) million or **3.3%** (4.1%) of revenue
 - Q1-Q3: EUR **5.1** (6.5) million or **2.1%** (3.4%) of revenue
- Order backlog still at a high level: EUR **221.8** (284.2) million
- Q3 free cash flow from operating activities strong, EUR **8.0** (-10.1) million
- Stable finance position
- Result guidance for 2023, published in July, unchanged



MAJOR PROJECTS HAVE PROGRESSED WITH PLANNED PACE



The massive steel girders of the cable-stayed section of the Kruunuvuori bridge were lifted into place by a marine crane at the end of July.



In Hyvinkää, the casting of pile slabs for the logistics centre reached the halfway mark in August.



At the Kirjalansalmi bridge, the work in progress in September included the formwork and reinforcement of the abutment walls as well as the pre-assembly of the formwork for the lower part of the tower, for example.

7

8

9

Crown Bridges joint project venture

- Joint project venture with YIT
- The project is valued at approx. EUR 126 million, of which Kreate's share is approx. EUR 63 million

Kesko logistics centre project

- Earthmoving and foundation construction contract for a logistics centre that will serve Onninen and K-Auto, started in 11/2022
- Size appr. 85,000 square metres
- Kreate will execute the project's foundation construction and concrete construction until the pile slab

Kirjalansalmi and Hessundinsalmi bridges


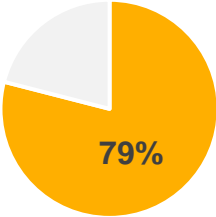


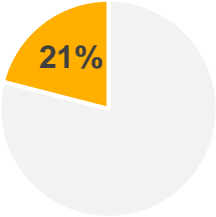

- Implementation stage alliance agreement with the Finnish Transport Infrastructure Agency
- Construction planning in 2021, construction of the bridges in 2022–2025, dismantling of the old bridges in 2026
- Cost target ~EUR 120 million

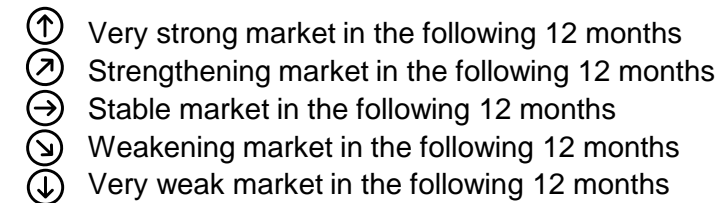
SUCCESSSES IN A CHALLENGING MARKET

- New orders of ~EUR 28 million were added to the order backlog in July-September
- Includes orders of nearly EUR 18 million:
 - Nihti: Preparation of the area of the old port facility for residential use
 - Kaarina: new bridge to replace the old Kuusistonsalmi bridge
- Excavation, piling and earthworks related to the construction of the extension to the National Museum of Finland



SPECIALISATION HELPS IN TOUGHER COMPETITION

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q3/2023 vs Q2/2023	12-MONTH OUTLOOK*	SHARE OF KREATE'S REVENUE
STRUCTURAL ENGINEERING			
Bridge construction		→	 <p>79%</p>
Foundation and engineering construction		↘	
Special foundation construction		→	
Circular economy		→	
Special infrastructure construction in Sweden		→	
TRANSPORT INFRASTRUCTURE CONSTRUCTION			
Railway construction		↗	 <p>21%</p>
Road and street construction		→	
OVERVIEW			



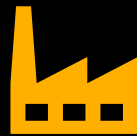
* Source: Kreate Group management estimate

INTEREST RATES POSTPONE 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.

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

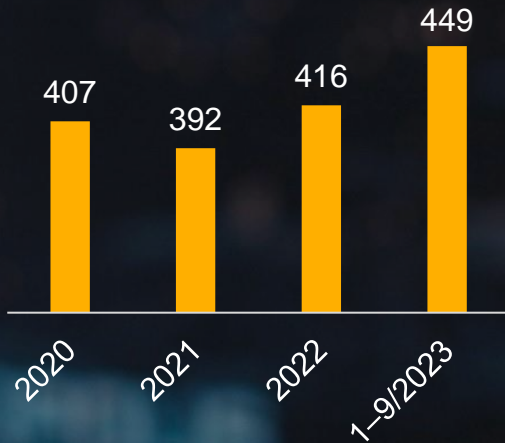
Urbanisation means even denser and more challenging construction and more rail traffic.



GREEN TRANSITION

Investment plans amounting to > EUR 150 billion in the portal of the Confederation of Finnish Industries

PERSONNEL ON AVERAGE



EMPLOYEE SATISFACTION SURVEY RESULTS

3.80–3.99

ON A SCALE OF 1–5

LOST-TIME INJURY FREQUENCY 12 MO ROLLING

3.5

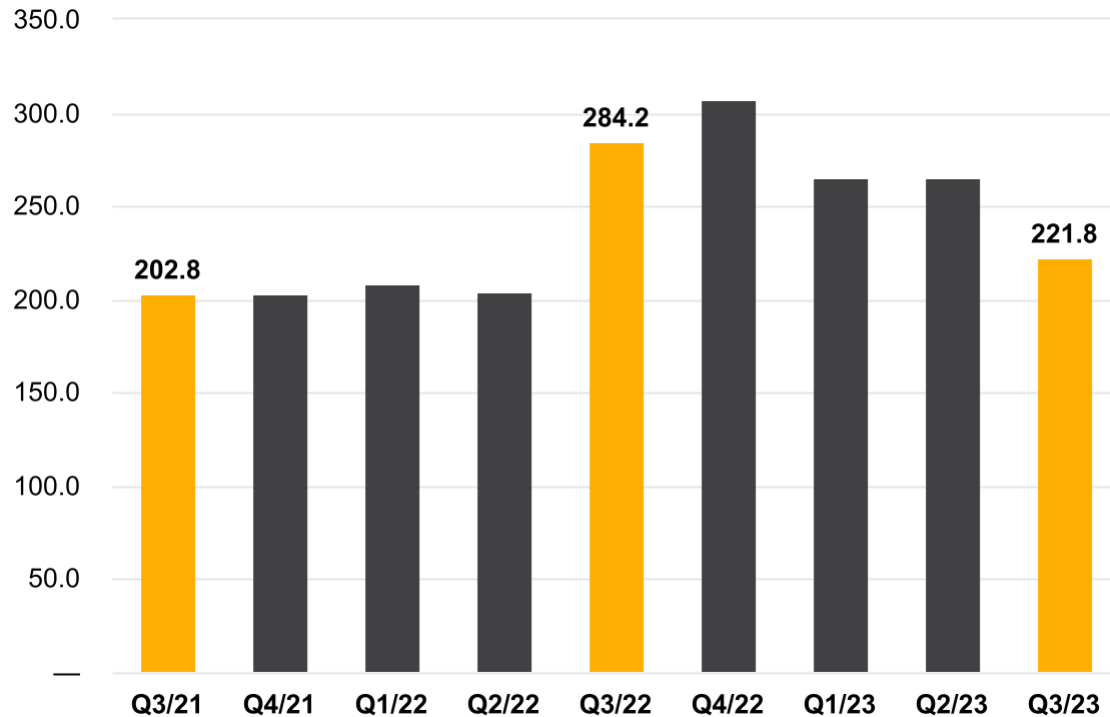
(2 accidents in 1-9/2023)

“I am pleased that we have managed to maintain employee satisfaction at a high level despite challenging times. The results show that we have been active and invested in, for example, the well-being of our personnel, cooperation and supervisor work.”

- Chief Human Resources Officer Katja Pussinen -

ORDER BACKLOG STILL AT A HIGH LEVEL

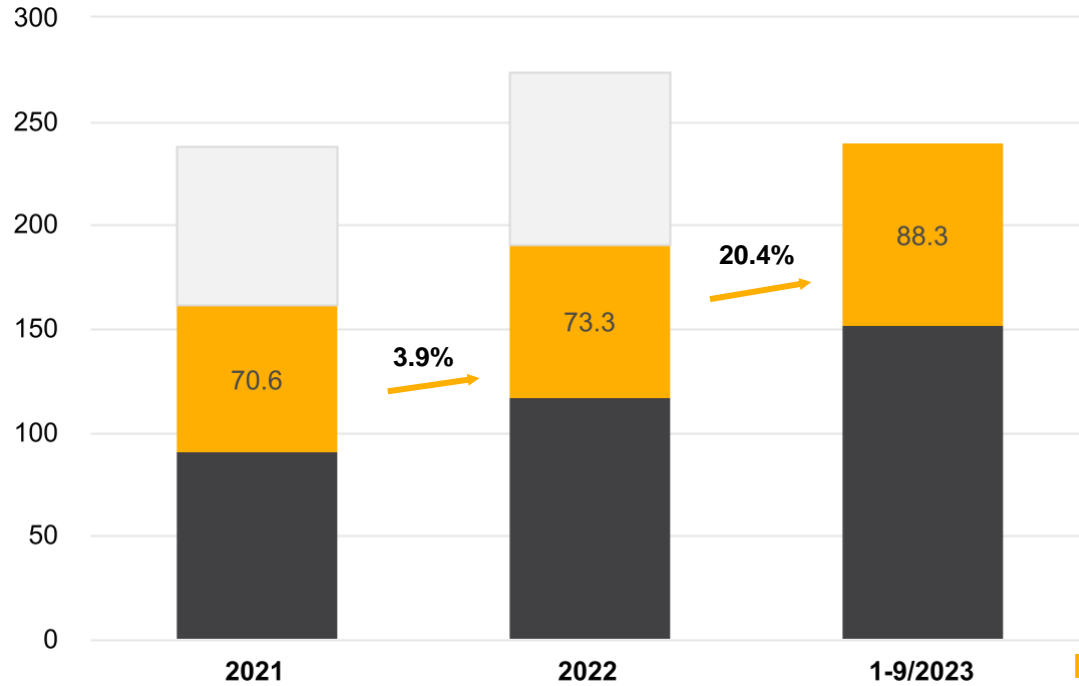
Order backlog Q3/21 – Q3/23, EUR million



- At the end of September 2023, the order backlog amounted to EUR 221.8 million
 - Change from the end of the previous quarter -16.3%
 - Change year-on-year -22.0%
- The comparison period includes Kirjalansalmi and Hessundinsalmi bridges that were just added to the order backlog
- The most significant additions to the order book are nearly EUR 18 million projects at Nihti and Kaarina
- Order backlog of the Swedish business amounted to EUR 8.6 million at the end of September 2023

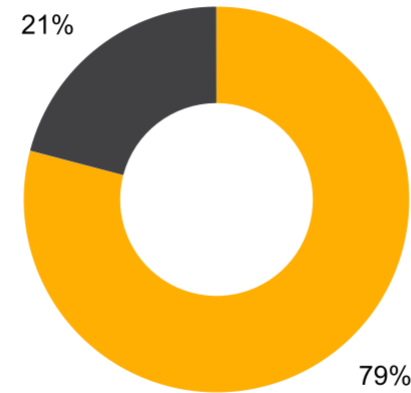
REVENUE INCREASED BY 26% IN JANUARY-SEPTEMBER

Revenue, EUR million

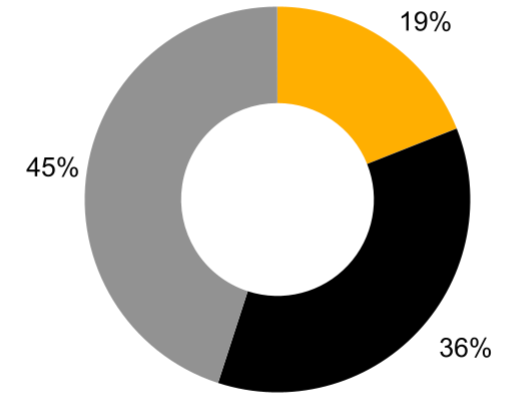


Revenue distribution 1-9/2023

By business function



By customer group

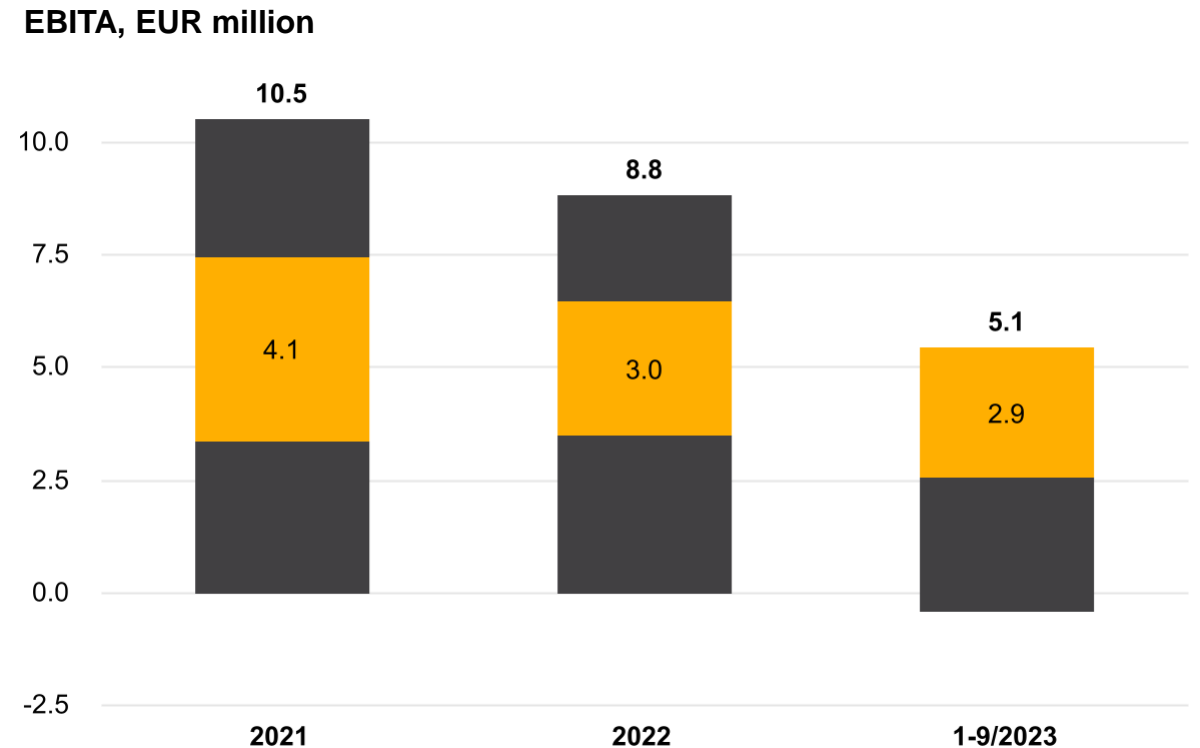


■ Structural engineering
 ■ Transport infrastructure construction
 ■ Cities and municipalities
 ■ Government
 ■ Private sector

→ change from the same quarter in the previous year

EBITA CLOSE TO COMPARISON PERIOD'S LEVEL

- In July - September 2023, EBITA decreased slightly year-on-year, amounting to EUR 2.9 (3.0) million
- In line with guidance, profitability was impacted by inflation and ongoing non-index-hedged projects
- In January - September 2023, EBITA decreased to EUR 5.1 (6.5) million



KEY FIGURES

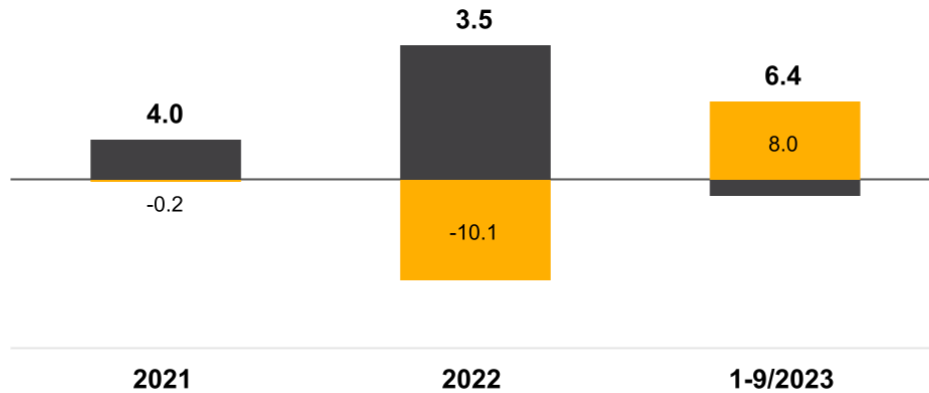
EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Order backlog			221.8	284.2	306.9
Revenue	88.3	73.3	239.8	190.8	273.9
EBITDA	4.0	4.2	9.1	9.8	13.6
EBITDA, %	4.6 %	5.7 %	3.8 %	5.2 %	5.0 %
EBITA	2.9	3.0	5.1	6.5	8.8
EBITA, %	3.3 %	4.1 %	2.1 %	3.4 %	3.2 %
Operating profit	2.8	2.9	4.9	6.3	8.6
Operating profit, %	3.2 %	4.0 %	2.1 %	3.3 %	3.2 %
Result for the period	1.4	2.1	2.3	4.4	5.6
Return on capital employed, %			8.8 %	12.1 %	12.5 %
Free cash flow from operating activities	8.0	-10.1	6.4	-11.7	3.5
Net working capital			2.8	17.0	4.7
Net debt			32.9	46.8	33.4
Net debt/EBITDA, rolling 12 months			2.6	3.4	2.5
Net debt/EBITDA, rolling 12 months pro forma*				3,1*	2,4**
Equity ratio, %			30.0 %	29.7 %	31.6 %
Earnings per share, undiluted, €	0.16	0.23	0.26	0.49	0.64
Personnel at the end of the period			494	450	447

*) The pro forma for the reporting period includes the EBITDA of the acquisition from 1 October 2021 to 31 August 2022

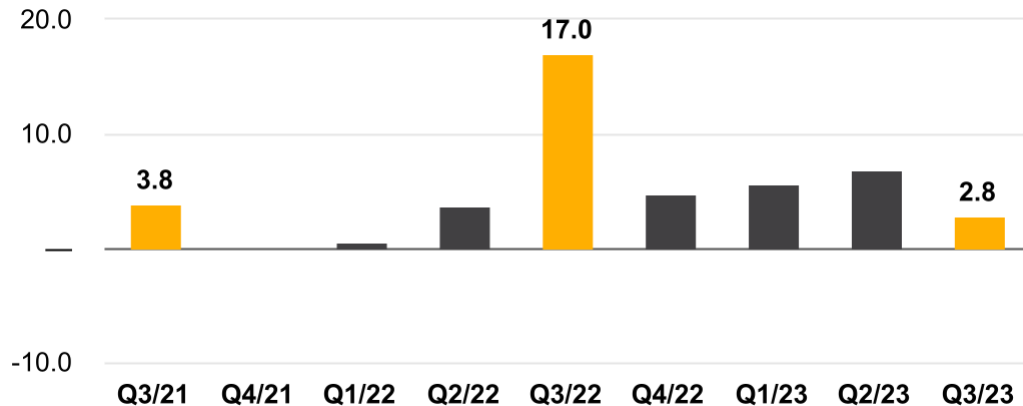
**) The pro forma for the reporting period includes the EBITDA of the acquisition from 1 January 2022 to 31 August 2022

STRONG CASH FLOW IN THE THIRD QUARTER

Free cash flow from operating activities, EUR million



Net working capital, EUR million

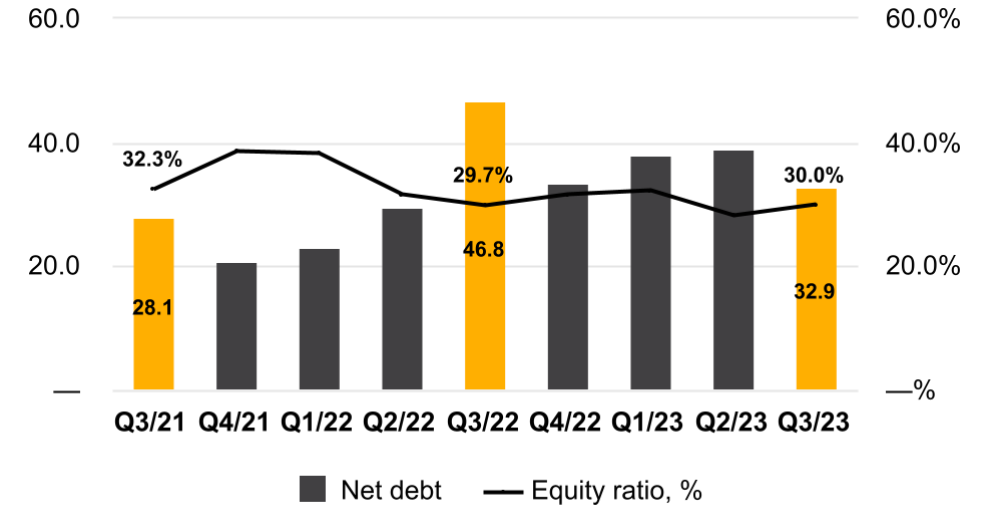


- Strong cash flow demonstrates the effectiveness of our active actions
 - July - September: EUR 8.0 (-10.1) million
 - January - September: EUR 6.4 (-11.7) million
 - Net investments have decreased from the beginning of the year, when there were exceptionally large investments related to the implementation of major projects
 - Net investments amounted to EUR 0.9 (0.8) million in July - September and EUR 5.2 (3.7) million in January - September
- The company's systematic work in project liquidity and risk management has supported good net working capital development in a challenging market environment

INTEREST-BEARING NET DEBT AND EQUITY RATIO

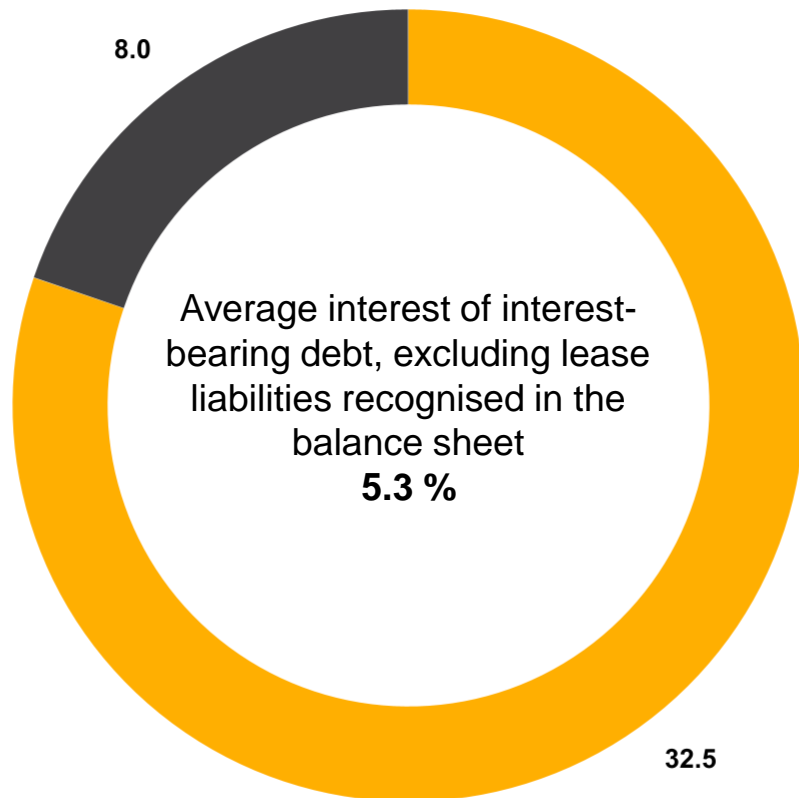
- Kreate's interest-bearing net debt on 30 September 2023 was EUR 32.9 (30 September 2022: 46.8) million
- Net debt/EBITDA was 2.6 (3.4)
- Interest-bearing debt amounted to EUR 43.2 million on 30 September 2023, of which EUR 8.0 million constituted issued commercial papers
- Equity ratio was 30.0% on 30 September 2023 (30 September 2022: 29.7%)

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

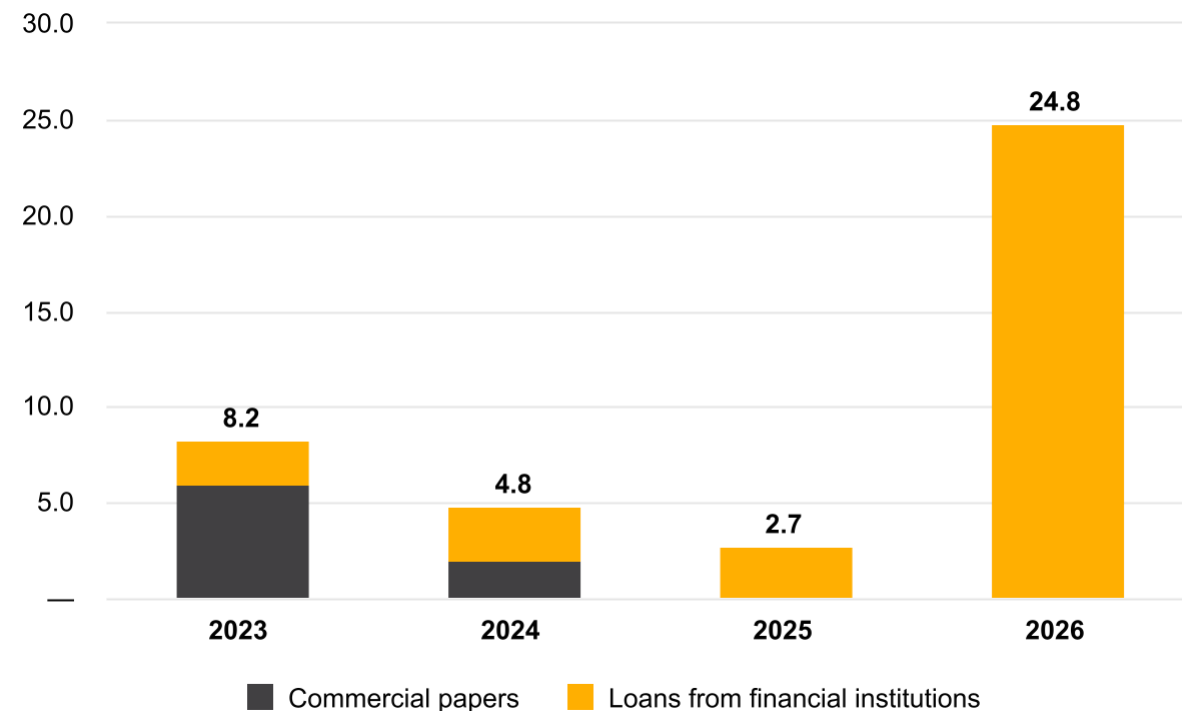


INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

Loan portfolio on 30 September 2023, EUR million



Repayment schedule for interest-bearing debt on 30 September 2023, EUR million



GUIDANCE FOR 2023 UNCHANGED

Kreate estimates that its revenue (2022: EUR 273.9 million) will be EUR 300–325 million. EBITA (2022: EUR 8.8 million) is estimated to be at the level of EUR 7.0–8.5 million.

Published on 6 July 2023



**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

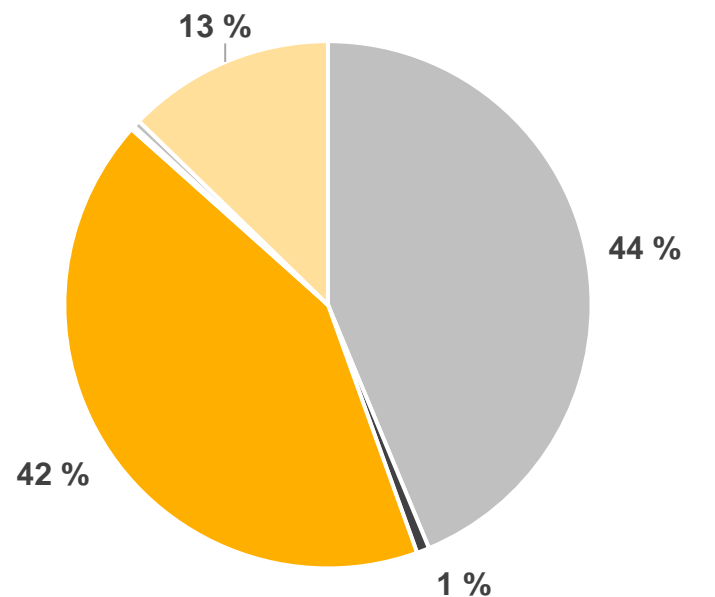
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KREATE'S DIVIDEND POLICY

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 30 SEPTEMBER 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	425 000	4,7
4.	Valtonen Seppo Timo Johannes	412 101	4,6
5.	Varma Mutual Pension Insurance Company	359 000	4,0
6.	Mutual Fund Säästöpankki pienyhtiöt	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.	Pensionsförsäkringsaktiebolaget Veritas	175 000	1,9
11.	Salminen Juha Petri	160 512	1,8
12.	Neva-Aho Ronnie Juhani	100 519	1,1
13.	Tradeka-Sijoitus Oy	90 261	1,0
14.	Kreate Group Plc	90 000	1,0
15.	Petri Rignell	2 032	0,0
	via Prirock Oy	69 908	0,8
16.	Kulmala Teuvo Kalle Olavi	67 966	0,8
17.	Hat Invest Oy	66 588	0,7
18.	Karjalainen Jarmo Juhani	65 580	0,7
19.	Beachfish Invest Oy	55 796	0,6
20.	Säästöpankki Kotimaa -Mutual fund	54 924	0,6
	TOP 20 TOTAL	5 990 806	66,7
	ALL SHARES TOTAL	8 984 772	