



PROFITABILITY AS EXPECTED – GOOD ORDER BACKLOG

TIMO VIKSTRÖM, PRESIDENT & CEO
ANTTI HEINOLA, CFO

28 APRIL 2021

KREATE GROUP PLC/INTERIM REPORT 1-3/2021

KREATE
THE FUTURE IS BUILT TODAY

Q1 IN BRIEF

1.

Order backlog amounted to EUR **158.3** (162.3) million

3.

EBITDA was EUR **1.7** (2.2) million, amounting to **4.4%** (4.3%) of revenue

5.

Free cash flow from operating activities was EUR **0.1** (–2.2) million

2.

Revenue was EUR **38.3** (50.0) million

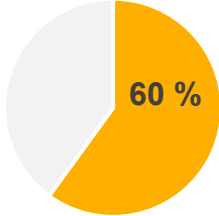
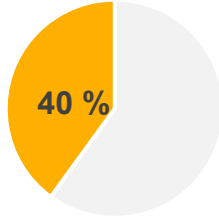
4.

EBITA was EUR **0.9** (1.3) million, amounting to **2.3%** (2.6%) of revenue

6.

Business developed in line with the forecasts and plans: revenue decreased compared to the record-strong reference period, but the order backlog nearly reached the previous year's level.

KREATE'S MARKETS DEVELOPED FAVOURABLY EARLY IN THE YEAR

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q1/2021	SHARE OF KREATE'S BUSINESS*	KREATE'S POSITION AND MEASURES
STRUCTURAL ENGINEERING	→	 <p>60 %</p>	<p>In Structural engineering, revenue decreased year-on-year but tendering activity recovered to the normal level in the bridge construction sector.</p>
Bridge construction and repair	↗		
Foundation and rock engineering	→		
Special foundation construction	↗		
Circular economy	→		
TRANSPORT INFRASTRUCTURE CONSTRUCTION	→	 <p>40 %</p>	<p>In Transport infrastructure construction, revenue grew but large railway investments did not progress during Q1.</p>
Railway construction	↗		
Transport infrastructure construction	→		
OVERVIEW	→		

- Weaker prospects compared to previous quarter
- Unchanged prospects compared to previous quarter
- Improved prospects compared to previous quarter

- Very strong market in the following 12 months
- Strong market in the following 12 months
- Stable market in the following 12 months
- Weak market in the following 12 months
- Very weak market in the following 12 months

* Source: Estimate of the Kreate Group's management

HIGHLIGHTS OF JANUARY–MARCH 2021

Driven by the COVID-19 pandemic, we launched a highly-visible, extensive online and social media campaign that provided students in the field information about the infrastructure industry and offered an opportunity to gain valuable work experience in the business.

We got the rare opportunity to build a lifting bridge in Parainen and started the work.



We made investments in improving the well-being and competence of our personnel by starting long-term language and supervisor trainings and launching personal well-being coaching and a physical exercise campaign.



1

The Kipparlahti metro rail bridge project started: renovating the first metro rail bridge in Helsinki is demanding technically and in terms of the site.

2

Successful IPO on the stock exchange list of Nasdaq Helsinki.



3

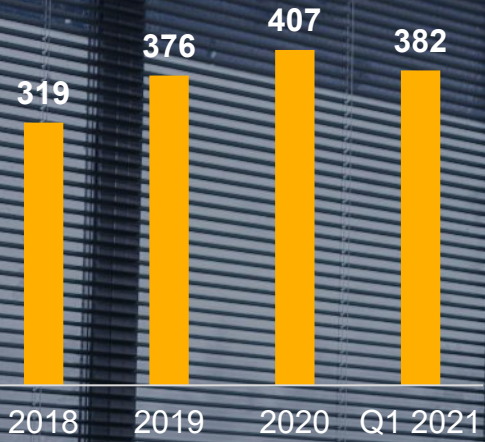
The organisational change completed at the end of March aims at improving Kreate Group's competitiveness and market leadership.

THE COMPANY'S POSITION IN A CHANGING ENVIRONMENT IS BUILT TODAY AND SEEN TOMORROW

- Megatrends, including dense urban centres, continue to accelerate the current development.
- Polarisation in the infrastructure business will continue – the sector is already seeing a divide between winners and losers. The strong will grow stronger and the weak will get weaker. Mediocrity, size or a rich history does not justify a company's existence.
- Agile, flat-organisation players that can collaborate and adapt to changes are on the rise.
- The clients' needs for service providers' competence are growing wider and deeper.
- The operating environment in the infrastructure sector is becoming increasingly more technically demanding and versatile.

→ **Kreate has a leading position in the changing operating environment**

PERSONNEL ON AVERAGE



INJURY FREQUENCY RATE

6.3

COMPANY CULTURE

CLEAR CAREER PATHS
& PROFESSIONAL
DEVELOPMENT

ATTRACTIVE
COMPENSATION
SYSTEM

**KREATE'S
STRENGTHS
AS AN
EMPLOYER**

PROFESSIONALLY
CHALLENGING
PROJECTS

DIVERSE
BUSINESS
FUNCTIONS

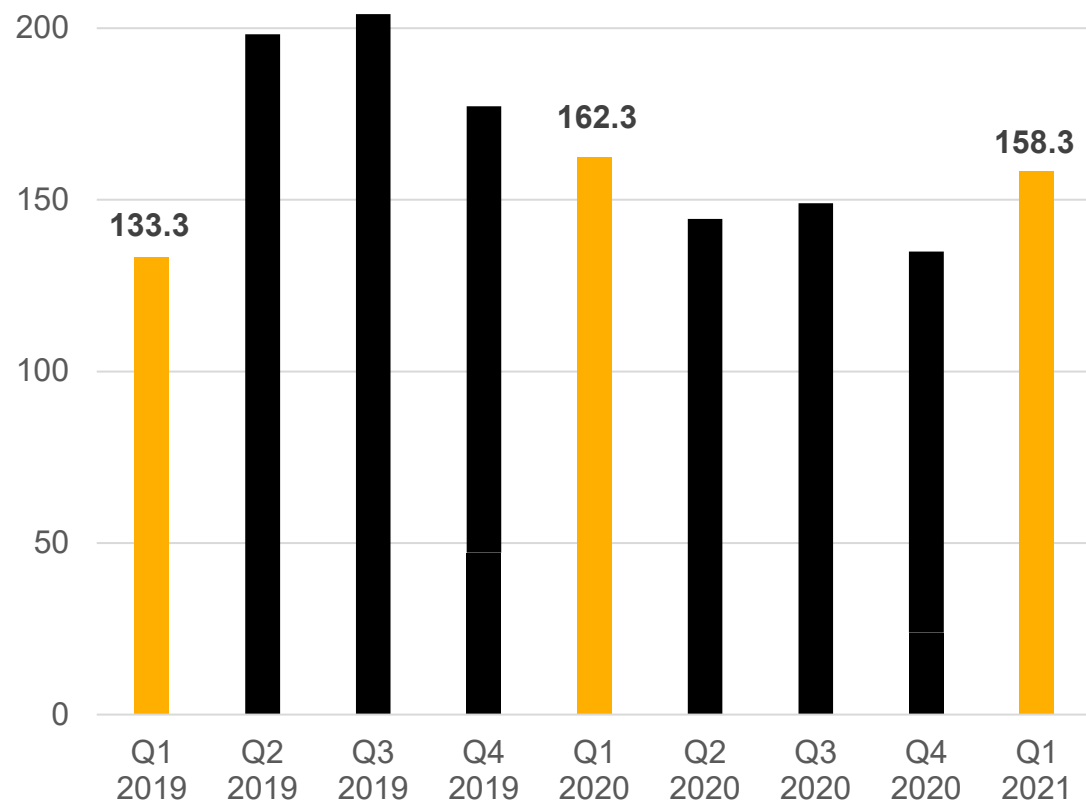
COMMENTS BY PERSONNEL:

"I love that people recognise and are interested in us: we deliver demanding projects. It is easy to be a proud Kreate employee."



END OF MARCH ORDER BACKLOG ON A GOOD LEVEL

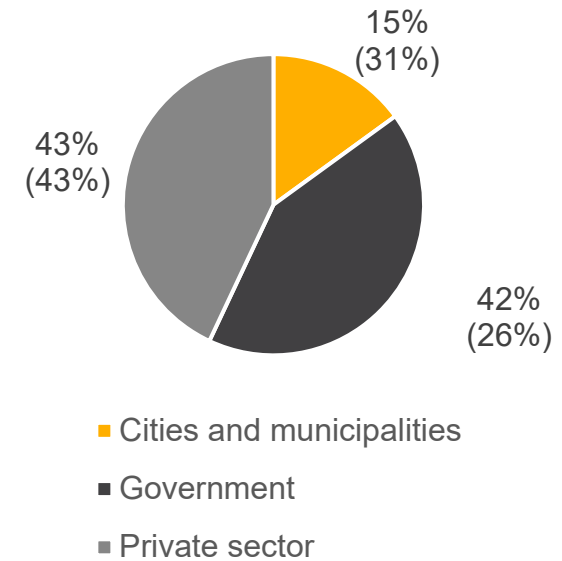
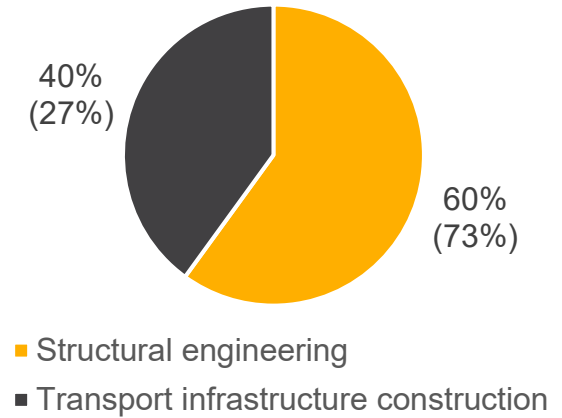
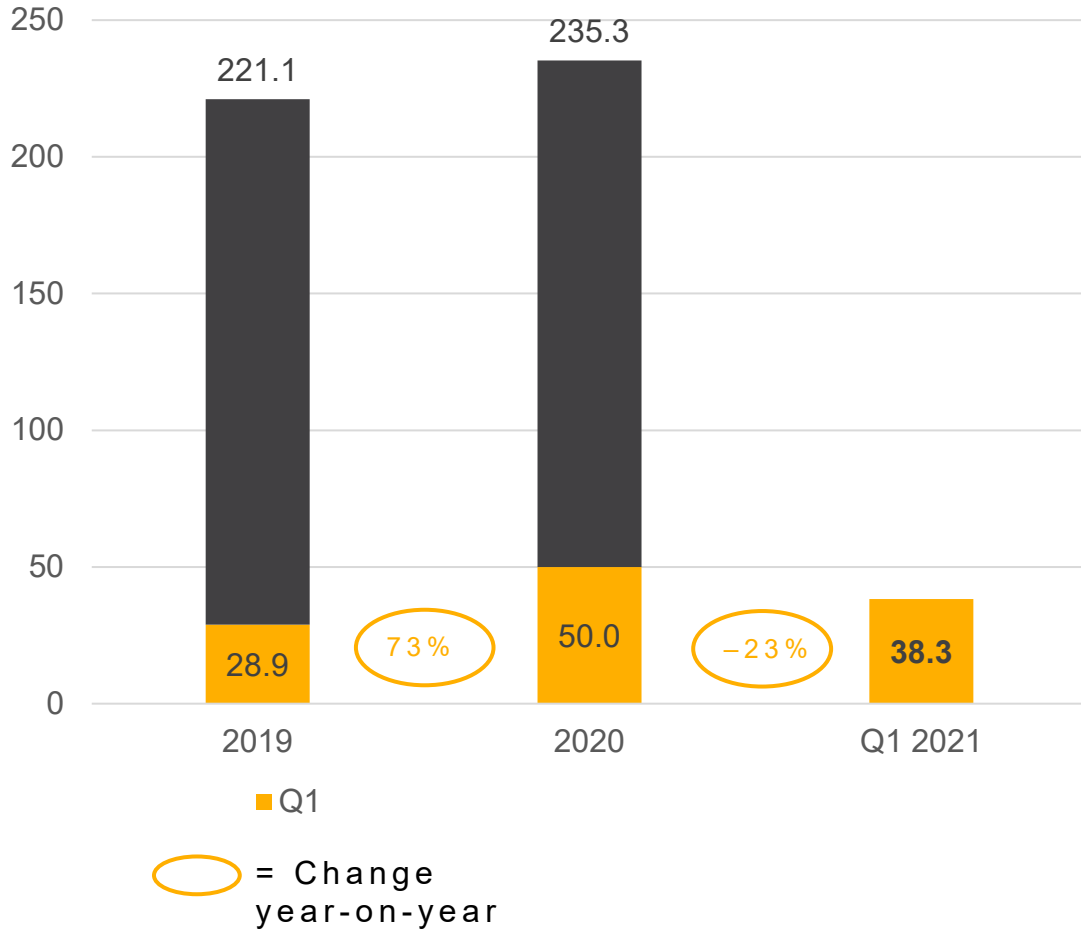
ORDER BACKLOG FROM Q1 2019 TO Q1 2021,
EUR MILLION



- At the end of March 2021, the order backlog amounted to EUR 158.3 (162.3) million
- The expected order backlog profitability was at the normal level

REVENUE WAS EUR 38.3 MILLION IN JANUARY–MARCH 2021

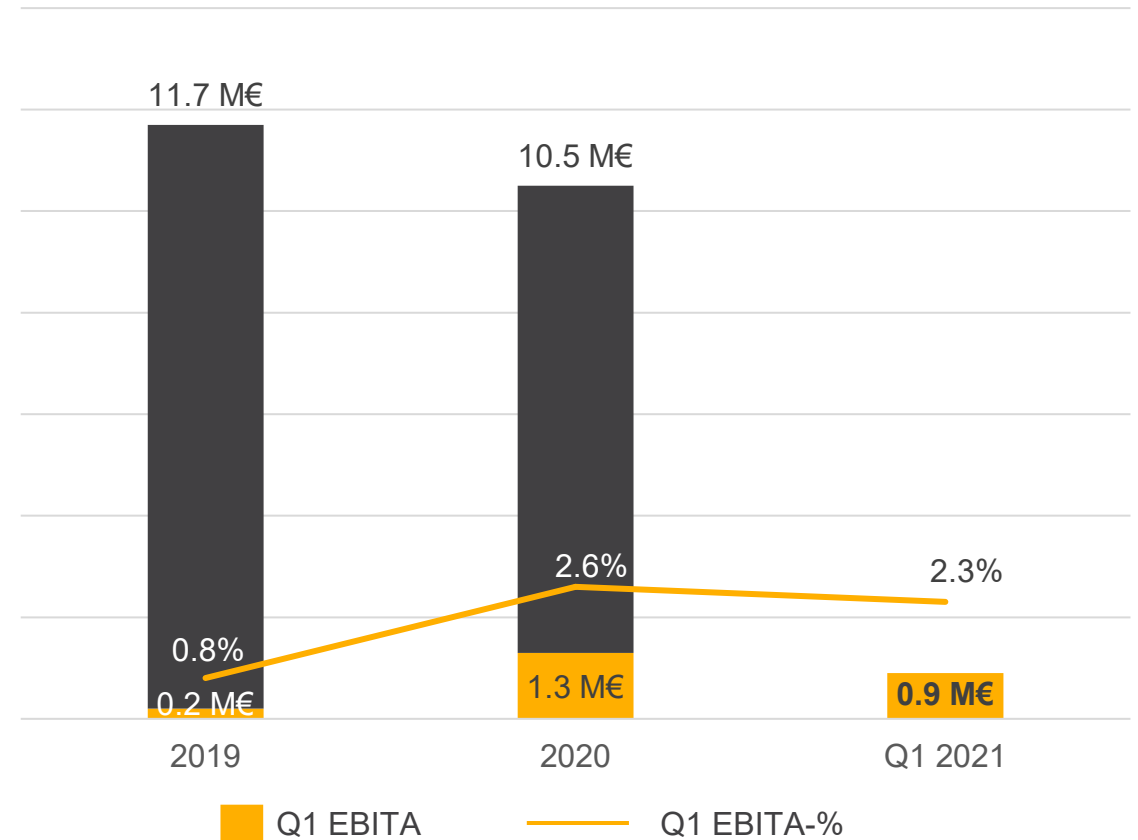
REVENUE, EUR MILLION



PROJECT PROFITABILITY REMAINED AT THE NORMAL LEVEL

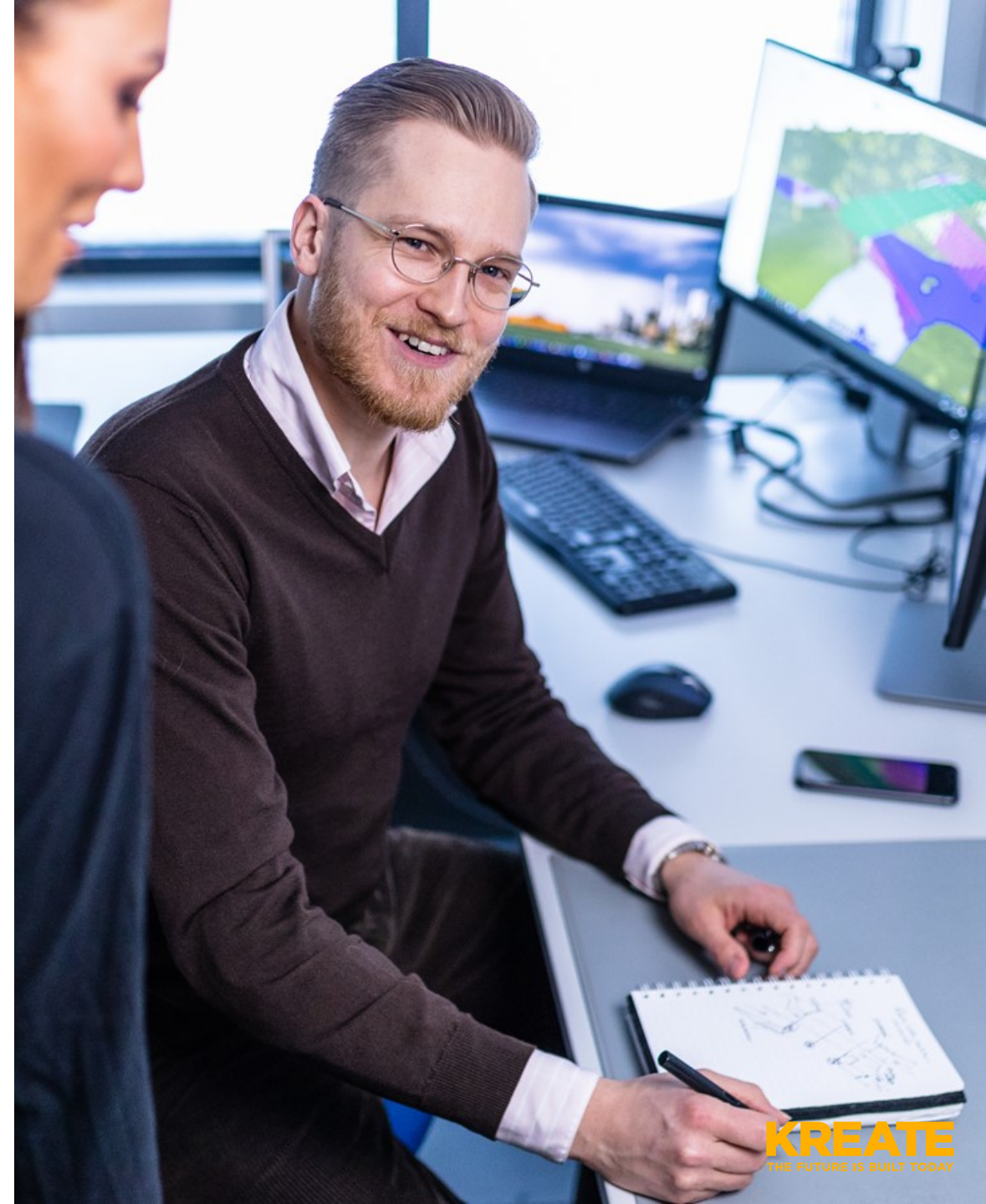
- EBITA was EUR 0.9 (1.3) million in January–March 2021
- The Group's profitability was supported by projects progressing according to plan
- The profitability of projects remained at the normal level

EBITA (EUR MILLION), EBITA-%



STRENGTHENING THE VARIOUS AREAS OF OUR OPERATIONS

- During the reporting period, we strengthened our competence further and made investments in improving the well-being and competence of our personnel. We completed organisational changes that aim at strengthening our competitiveness and market leadership.
- The investments that we have made in our railway business will benefit us in the coming years as railway construction grows and track construction will form an important part of other future projects.
- In addition to good profitability and a strong cash flow, we have solid technical competence and the ability to deliver all extensive infrastructure projects that require special expertise.
- This provides a good start for the focused implementation of our strategy as well as building a successful year in 2021.



FINANCIAL REVIEW

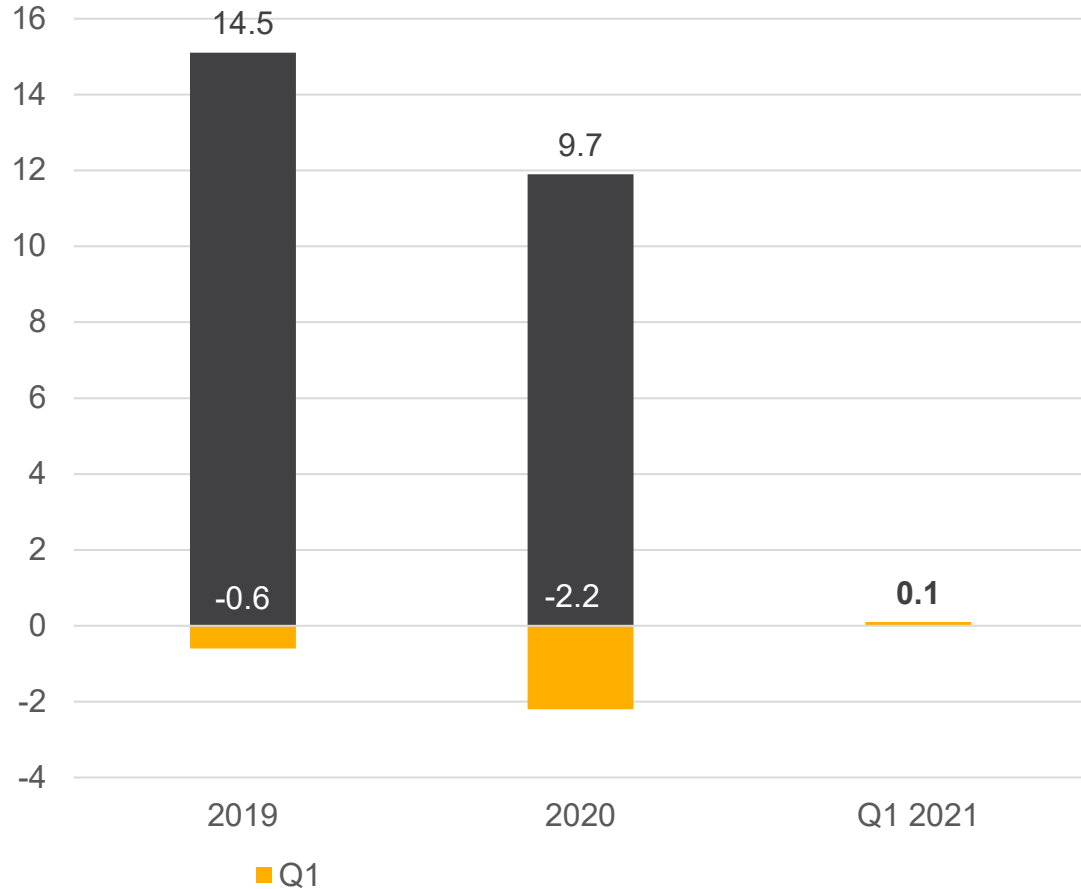
ANTTI HEINOLA, CFO

KEY FIGURES: JANUARY–MARCH 2021

EUR million	1–3/2021	1–3/2020	1–12/2020
Order backlog	158.3	162.3	134.9
Revenue	38.3	50.0	235.3
EBITDA	1.7	2.2	14.0
EBITDA, %	4.4	4.3	6.0
EBITA	0.9	1.3	10.5
EBITA, %	2.3	2.6	4.5
Operating profit	0.8	1.2	10.4
Operating profit, %	2.2	2.5	4.4
Return on capital employed, %	17.4	21.5	19.2
Free cash flow from operating activities	0.1	–2.2	9.7
Net working capital	–4.6	–0.8	–5.4
Net debt	18.8	20.9	27.9
Net debt/EBITDA	1.4	1.3	2.0
Equity ratio, %	38.2	36.8	26.3
Earnings per share, €	–0.04	0.12	0.88
Earnings per share adjusted with IPO expenses, €	0.07		
Personnel at the end of the period	385	407	383

KREATE'S CASH FLOW WAS POSITIVE IN EARLY 2021

FREE CASH FLOW FROM OPERATING ACTIVITIES,
EUR MILLION

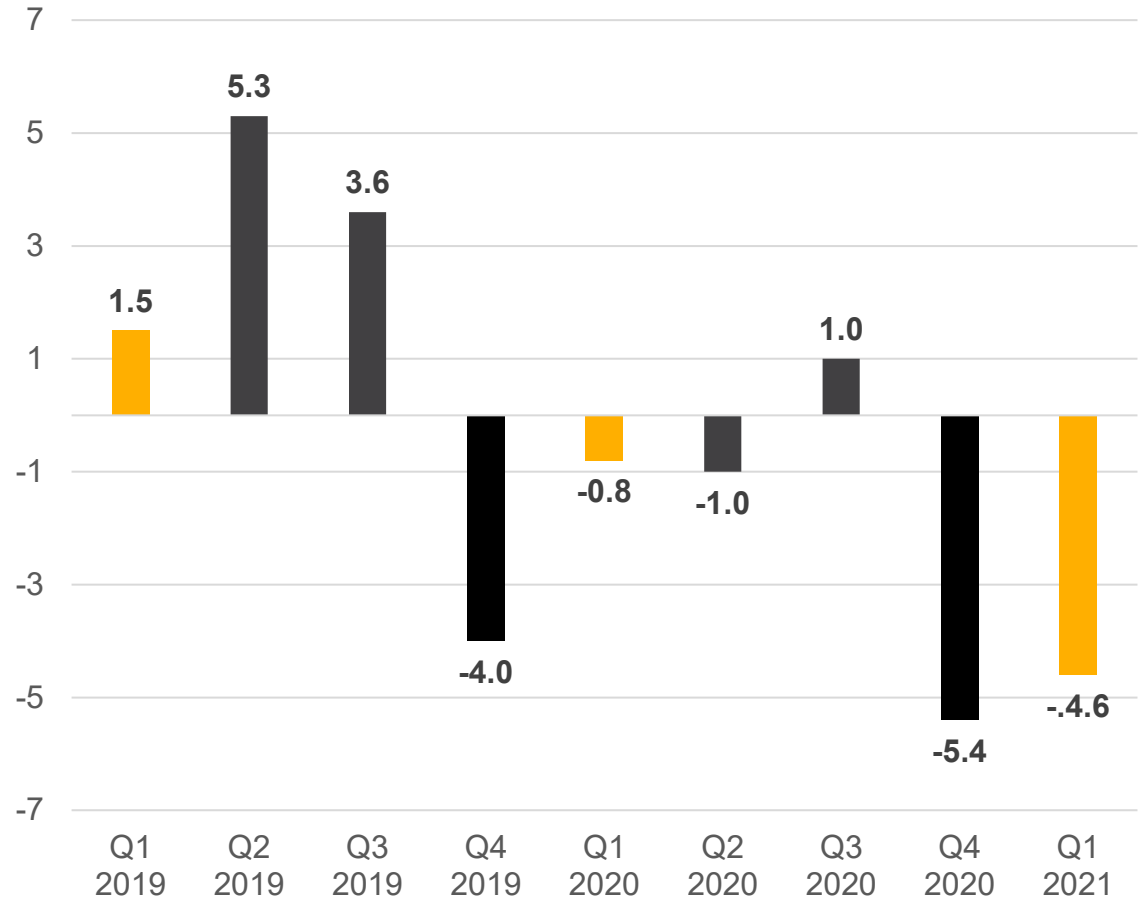


- In Q1 2021, gross investments in tangible and intangible assets amounted to EUR 0.8 (1.2) million and net investments in operating activities amounted to EUR 0.8 (1.1) million.
- Free cash flow from operating activities was EUR 0.1 (–2.2) million in January–March 2021

FOCUSING ON NET WORKING CAPITAL

- At the end of March 2021, the company's net working capital was EUR –4.6 (–0.8) million
- Net working capital remained at an excellent level with the management of project-specific working capital still being a priority in the company's operations

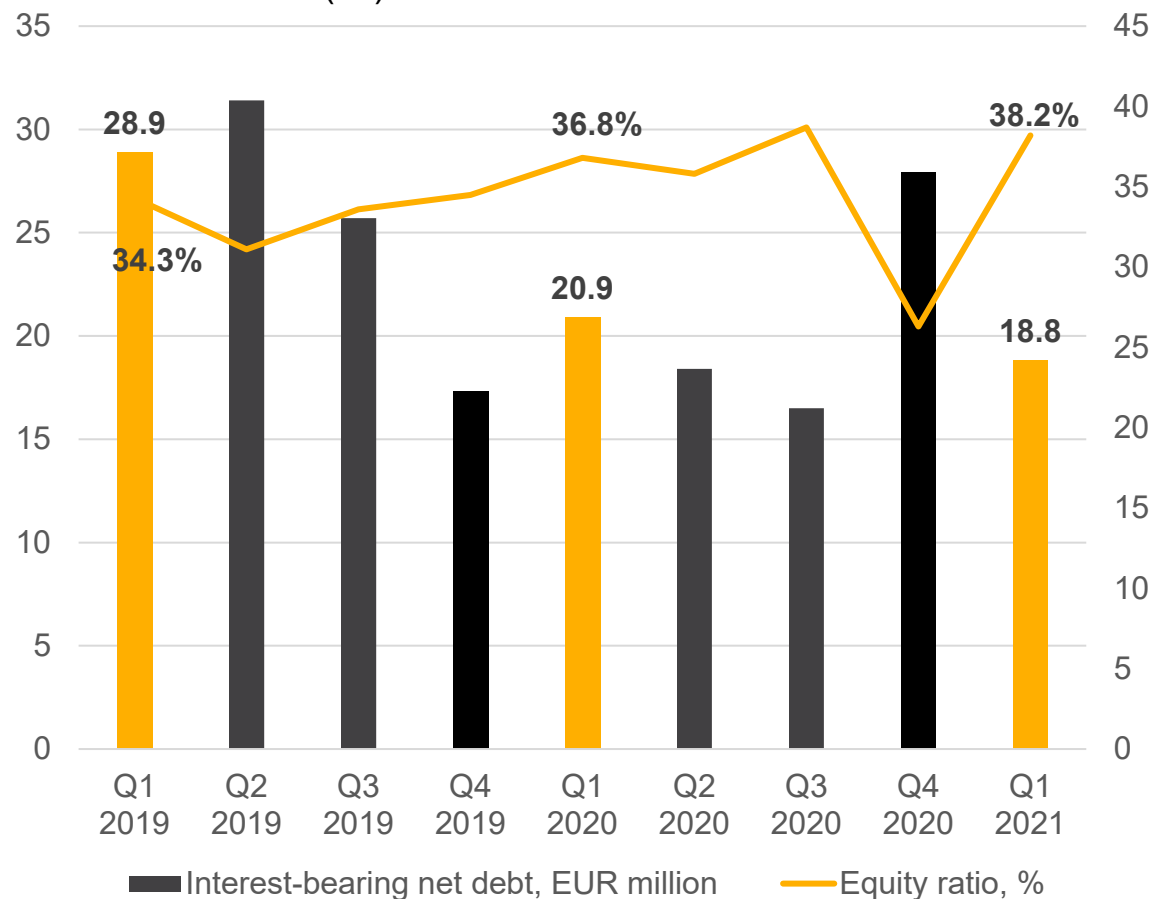
NET WORKING CAPITAL, EUR MILLION



INTEREST-BEARING NET DEBT AND EQUITY RATIO

- Kreate's interest-bearing net debt was EUR 18.8 (27.9 on 31 Dec 2020) million on 31 March 2021
- Interest-bearing net debt was particularly decreased by the proceeds from the company's IPO and their use for an extra loan repayment of EUR 10 million
- Equity ratio at the end of Q1 was 38.2% (26.3% on 31 Dec 2020)
- The equity ratio was particularly increased by the IPO that provided the company with gross proceeds of more than EUR 12.5 million

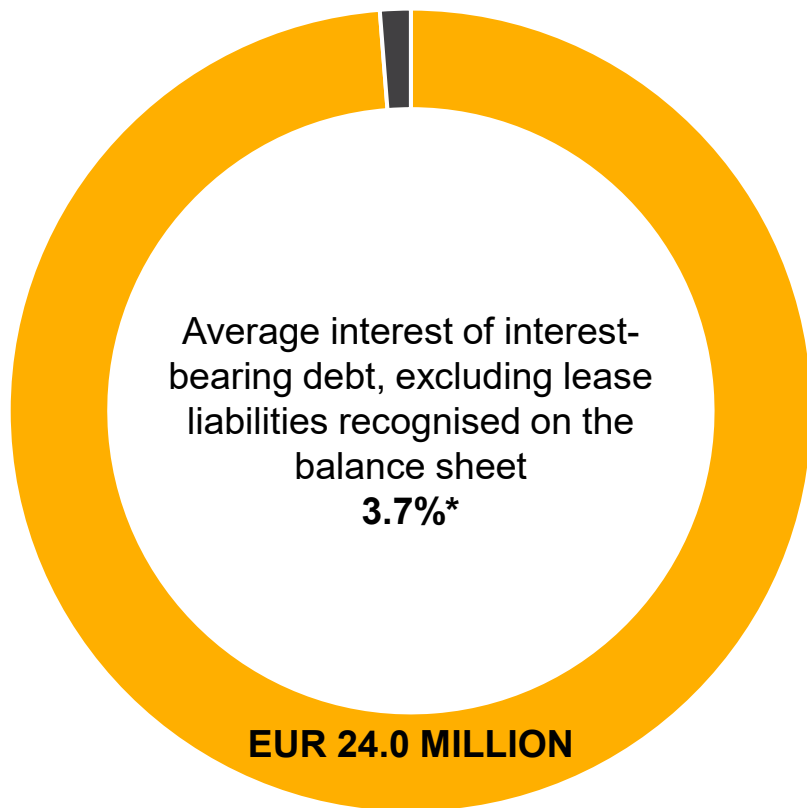
INTEREST-BEARING NET DEBT (EUR MILLION) AND EQUITY RATIO (%)



INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

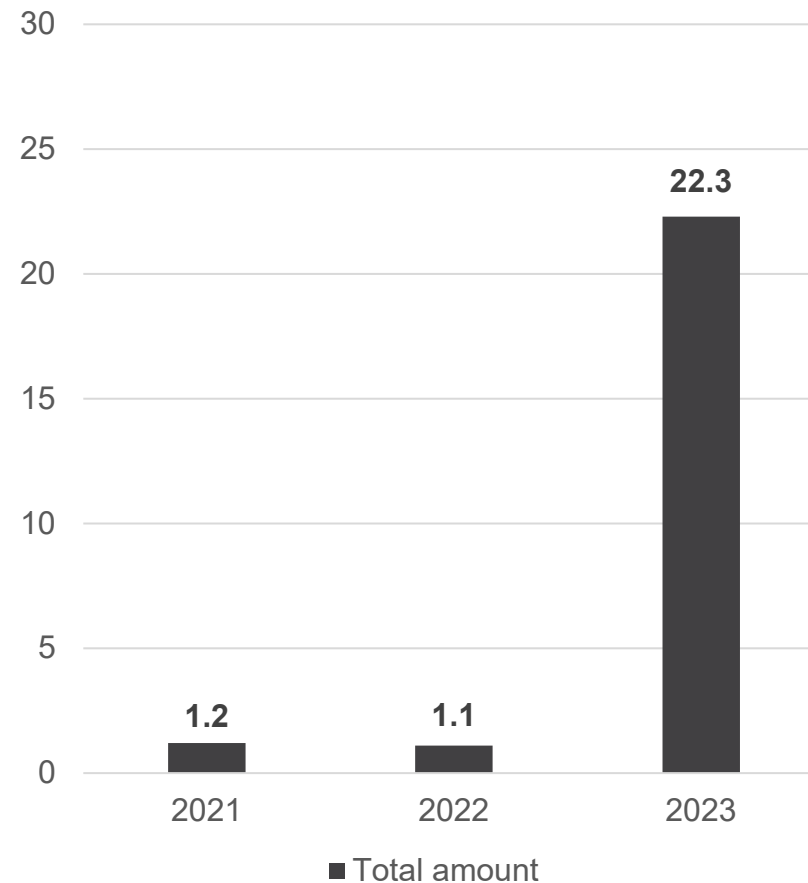
LOAN PORTFOLIO ON 31 MARCH 2021

EUR 0.3 MILLION



■ Loans from financial institutions ■ Hire purchase liabilities

REPAYMENT SCHEDULE FOR INTEREST-BEARING DEBT ON 31 MARCH 2021, EUR MILLION

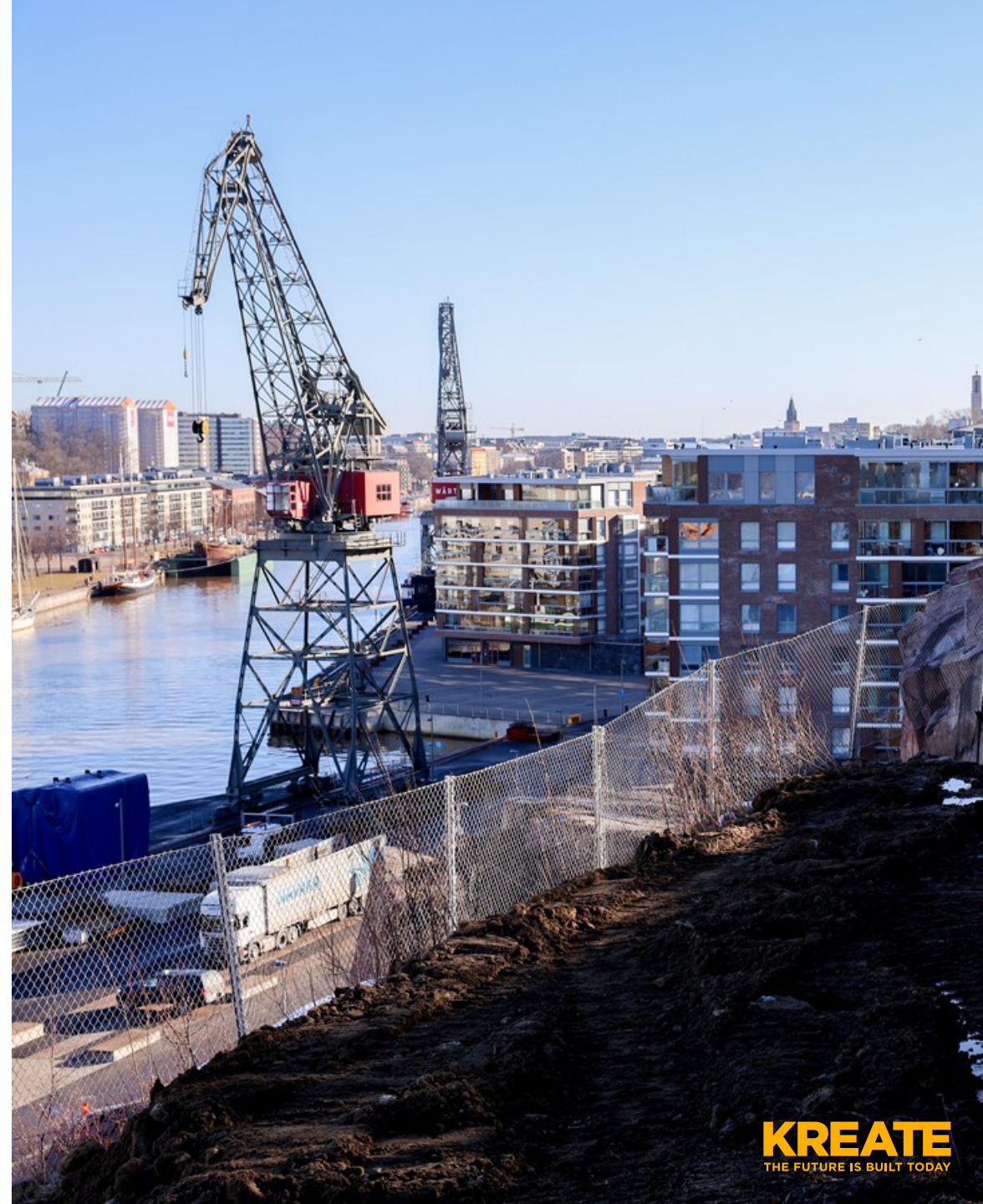


*) The average interest was increased by approximately 0.7 percentage points by the impact of effective interest that was transferred to the result in connection with the repayment of a loan.

GUIDANCE FOR 2021 (UNCHANGED)

Kreate expects that its revenue (2020: EUR 235.3 million) will decline in 2021 compared to 2020

As at 31 December 2020, Kreate's order backlog stood at EUR 134.9 million (31 December 2019: EUR 177.2 million). Of this, around EUR 111 million is expected to be realised during 2021 (31 December 2019: EUR 130.3 million during 2020). During the last 3 years, Kreate has generated on average EUR 107 million of additional revenue during a financial year on top of order backlog at the beginning of the year. Management estimates that, as of 31 December 2020, the expected profitability of the order backlog has been on a normal level.



**THE FUTURE IS
BUILT TODAY**

CLEAR STRATEGY AIMING AT CONTINUOUS PROFITABLE GROWTH

PROFITABLE AND ENTREPRENEURIAL GROWTH COMPANY THAT IMPLEMENTS THE MOST DEMANDING INFRASTRUCTURE CONSTRUCTION PROJECTS AND IS THE MOST ATTRACTIVE WORKPLACE IN THE INDUSTRY WITH DEVELOPMENT OPPORTUNITIES.

1

POSITIONING IN
GROWING MARKET
SEGMENTS

2

STRENGTHENING AND
EXPANDING THE
CUSTOMER BASE AND
SERVICE OFFERING

3

SUPPORTING THE
STRATEGY WITH
SELECTED
ACQUISITIONS

4

CONTINUOUS IMPROVEMENT OF OPERATIONAL EFFICIENCY AND PROFITABILITY

KREATE'S LONG TERM TARGETS

GROWTH

Revenue growth

EUR 300 million

in 2024

through a balanced combination
of organic growth and
selective bolt-on acquisitions

PROFITABILITY

EBITA-margin

> 5%

in the medium term

LEVERAGE

Net debt/EBITDA

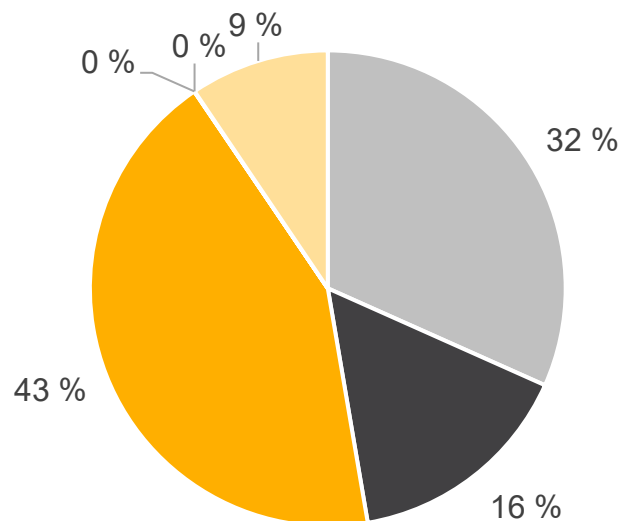
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KREATE'S DIVIDEND POLICY

Kreate's target is to distribute at least half of Kreate's annual net result as dividends, taking into account Kreate's financial position, cash flows and growth opportunities

KREATE'S SHAREHOLDERS ON 29 MARCH 2021

SHAREHOLDERS BY SECTOR



- Private companies
- Financial and insurance institutions
- Households
- Non-profit instit serving households
- Foreigners
- Public sector organisations

* *Nominee registered*

	Shareholder	Shares	% of shares
1.	Harjalvalta Oy	1,378,689	15.34
2.	Intera Fund II Ky	1,119,973	12.47
3.	Tirinom Oy	933,951	10.39
4.	Valtonen Seppo Timo Johannes	412,101	4.59
5.	Keskinäinen työeläkevakuutusyhtiö Varma	315,000	3.51
6.	Rantala Sami Kalle Antero	273,534	3.04
	→ Via Beachfish Invest Oy	55,796	0.62
7.	Keskinäinen Eläkevakuutusyhtiö Ilmarinen	270,000	3.01
8.	Inkala Tero Antero	208,396	2.32
9.	Salminen Juha Petri	160,490	1.79
	→ Via Lynx Rave Invest Oy	47,919	0.53
10.	Skandinaviska Enskilda Banken Ab (publ) Helsinki Branch*	151,130	1.68
11.	Eläkevakuutusosakeyhtiö Veritas	135,000	1.50
12.	Keskinäinen Työeläkevakuutusyhtiö Elo	130,000	1.45
13.	Neva-Aho Ronnie Juhani	100,519	1.12
14.	Kreate Group Oyj	90,000	1.00
15.	Vikström Timo Olavi	85,108	0.95
16.	Heinola Antti Juhani	79,058	0.88
17.	Nordea Bank Abp*	78,238	0.87
18.	Hat Invest Oy	76,193	0.85
19.	Petri Rignell	2,032	0.02
	→ Via Prirock Oy	69,908	0.78
20.	Kulmala Teuvo Kalle Olavi	67,966	0.76
	TOP 20 IN TOTAL	6,241,001	69.47
	ALL SHARES IN TOTAL	8,984,772	