



THE RECOVERED MARKET STRENGTHENED THE ORDER BACKLOG HIGHER THAN THE REFERENCE PERIOD

TIMO VIKSTRÖM, PRESIDENT & CEO
ANTTI HEINOLA, CFO

28 JULY 2021

KREATE GROUP PLC / HALF-YEAR REPORT 1-6/2021

KREATE
THE FUTURE IS BUILT TODAY

H1 IN BRIEF

1.

Order backlog amounted to EUR
157.5 (144.4) million

3.

EBITDA was EUR **5.1** (6.0)
million, amounting to **5.5%**
(5.6%) of revenue

5.

Free cash flow from operating
activities was EUR **-3.6** (+0.3)
million

2.

Revenue was EUR
91.2 (108.0) million

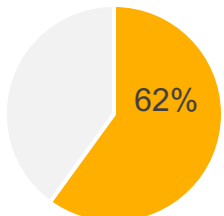
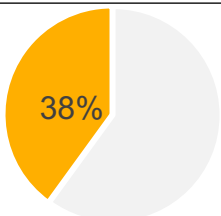
4.

EBITA was EUR **3.4**
(4.3) million, amounting to
3.7% (3.9%) of revenue

6.

Kreate has won several significant
projects that will be recorded in the
order backlog during H2. The total
value of these projects is some
EUR 110 million.

KREATE'S MARKETS DEVELOPED FAVOURABLY DURING THE EARLY PART OF THE YEAR

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q2/2021 *	SHARE OF KREATE'S BUSINESS*	KREATE'S POSITION AND MEASURES
STRUCTURAL ENGINEERING			
Bridge construction and repair	↑		<p>Revenue decreased in Structural engineering construction due to the record-strong reference period. The increase in tendering resumed in Bridge construction, and even in Foundation and Rock Engineering, increase in tendering could be seen and it also had a positive impact on Kreate's order backlog.</p>
Foundation and rock engineering	→		
Special foundation construction	↑		
Circular economy	↑		
TRANSPORT INFRASTRUCTURE CONSTRUCTION			
Railway construction	↑		<p>Revenue increased in Transport infrastructure construction and tendering picked up in smaller railway projects. Large railway investments did not progress during H1, however.</p>
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: Kreate Group management estimate

INVESTMENTS ON GROWING INFRASTRUCTURE SEGMENTS

- During the review period, we strengthened our organisation further by recruiting competence in the execution of technically demanding projects. Systematic recruiting will reinforce our competitiveness and market leadership.
- Investments in railway project competence and railway equipment continue, as Kreate aims to be heavily involved in the growing construction of railways and light rail.
- The increase in railway construction can also be seen in the growth of projects requiring special competences, such as building railway bridges with the skidding method. Kreate's high degree of professionalism in railway bridge skidding will, for its part, reinforce our market leadership within this narrow area of expertise.
- As the locations to be constructed become more and more versatile and demanding, especially in city centres, the need for Kreate's firm expertise in foundation and rock engineering as well as circular economy will increase.



HIGHLIGHTS FOR APRIL–JUNE 2021

The demanding “Veturitie ja Ratapihakorttelit” project started with the development stage.



4

Strengthening Kreate’s railway business continued: new resources and investments into equipment.



Summer interns started learning at our versatile infrastructure worksites. Our online campaign was an excellent success; we received a massive number of good applications and dozens of summer interns for our projects.

5

The Crown Bridges project is the largest in Kreate’s history – entered into order backlog during the latter half of the year



Renovation of Sotunki landfill: appropriate closure minimises detrimental environmental effects



6

Results from the personnel survey: response activity at a nearly equal level, results were, on average, at a higher level than in the reference companies. The recommendation index for products and services increased again.

AN AGILE SPECIALIST IS A DESIRED PARTNER IN A CHANGING OPERATING ENVIRONMENT

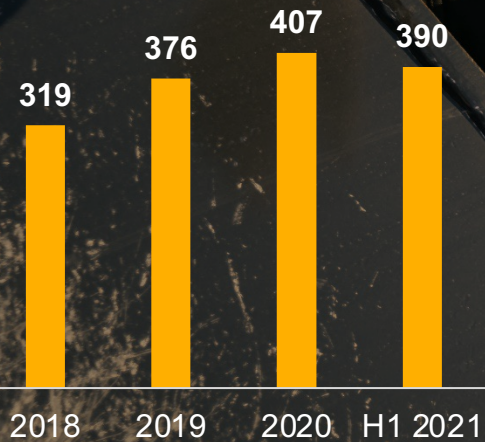
- Kreate has been heavily involved in the growth of railway construction during H1. We have improved our market position in railway bridge construction by winning six bridge skidding projects.
- Our professional personnel and successful tender calculation as well as good advance planning and in-house equipment will continue to support our market leadership going forward.
- Complex projects requiring special expertise will increase, which will require new forms of partnership and collaboration with other experts in the field.
- Projects executed as joint ventures, such as the Crown Bridges, Sulkavuori treatment plant and National Road 19 between Seinäjoki and Lapua are good examples of successful tender cooperation and the appreciation of Kreate's expertise.



INJURY FREQUENCY 1-6/2021

11.9 (3 accidents)

PERSONNEL ON AVERAGE



PERSONNEL SURVEY 2021

Spontaneous employer image:

- Trustworthy
- Fair
- Good
- Competent
- Flexible
- Efficient

eNPS

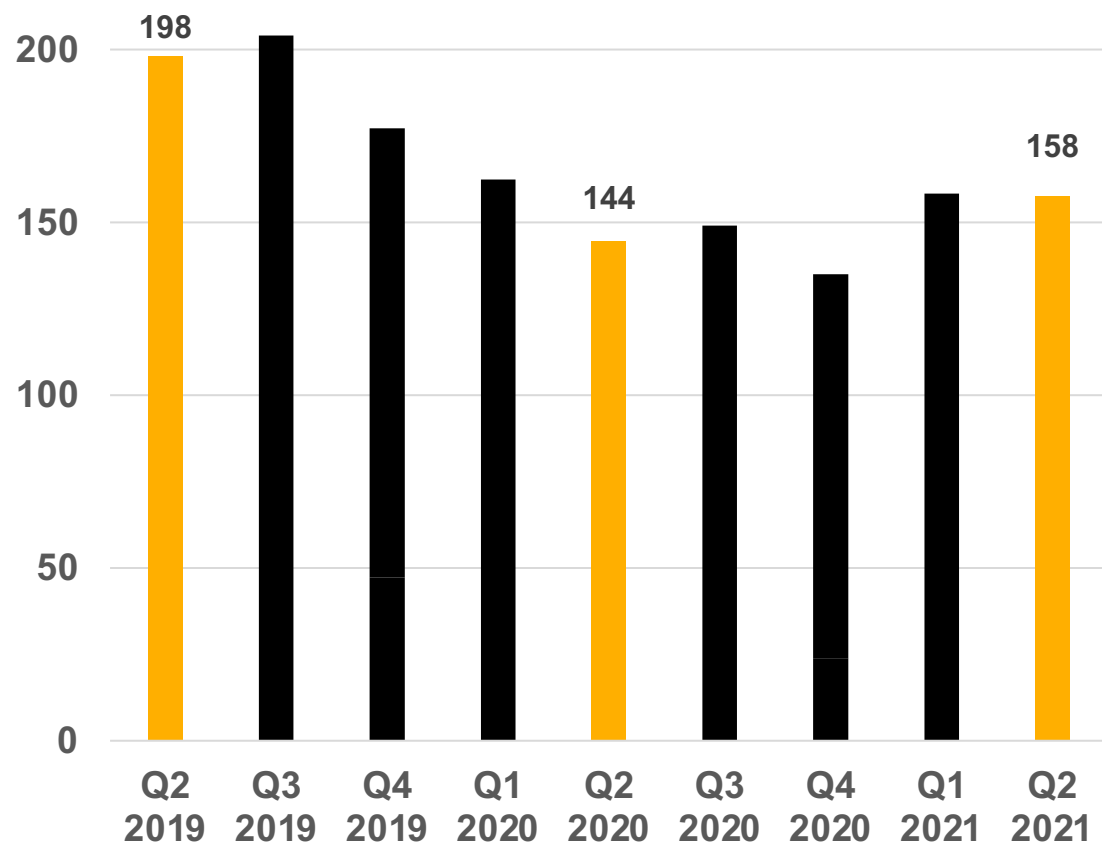
68 (+4)

COMMENTS BY PERSONNEL:

"We have a good team at the worksite, everyone's opinion is heard and taken into account. It's nice to go to work with a team like this. People like it when they are allowed to take responsibility and participate in the decision-making."

END OF JUNE ORDER BACKLOG ON A GOOD LEVEL

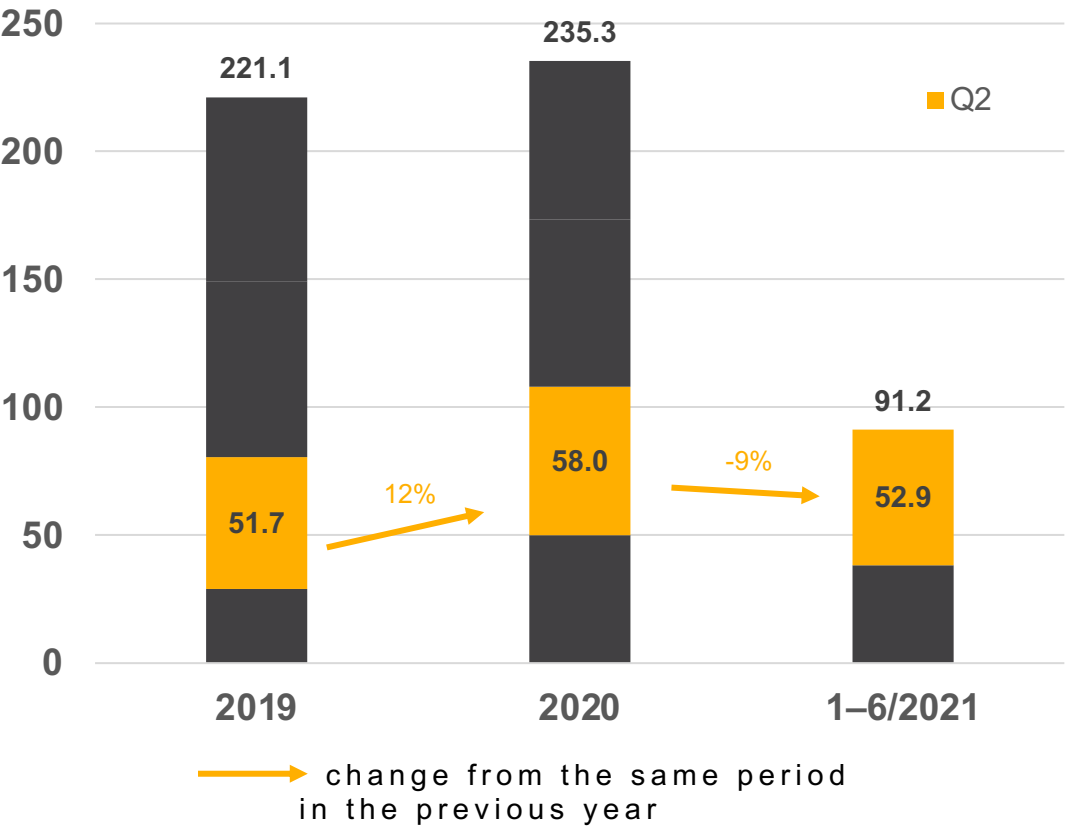
ORDER BACKLOG FROM Q2 2019 TO Q2 2021,
EUR MILLION



- At the end of June 2021, the order backlog amounted to EUR 157.5 (144.4) million
- The expected order backlog profitability remained at a normal level
- Projects carried out as joint ventures – the Crown Bridges, the Sulkavuori treatment plant and National Road 19 between Seinäjoki and Lapua – are not recorded in the order backlog for Q2. These projects, with a total value of some EUR 110 million, will be recorded in the order backlog during H2.

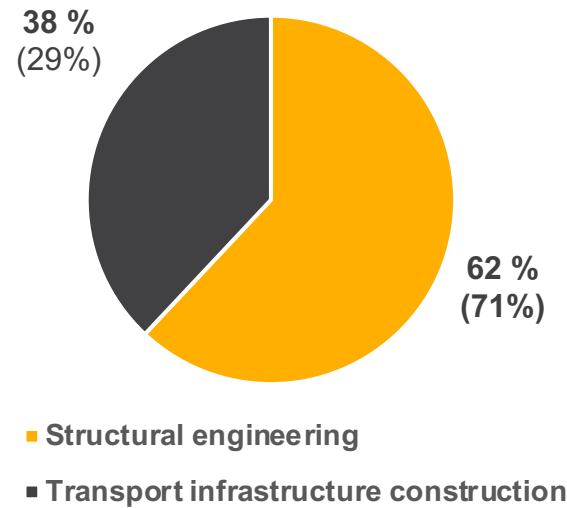
REVENUE WAS EUR 91.2 MILLION IN JANUARY–JUNE 2021

REVENUE, EUR MILLION

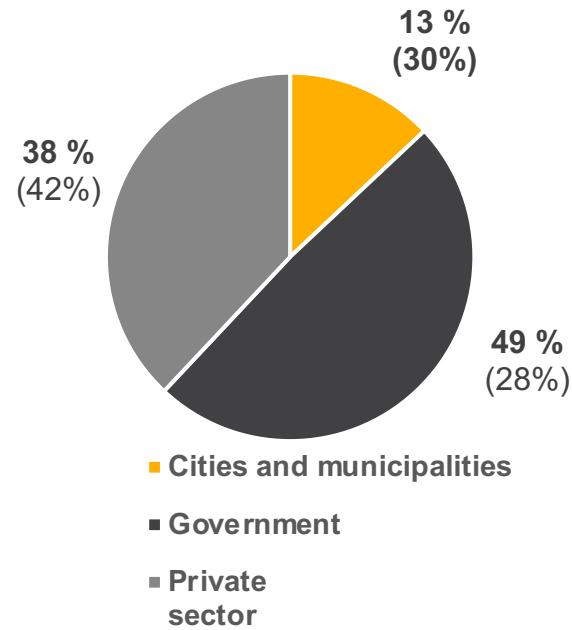


REVENUE DISTRIBUTION 1-6/2021 (1-6/2020)

BY BUSINESS FUNCTION



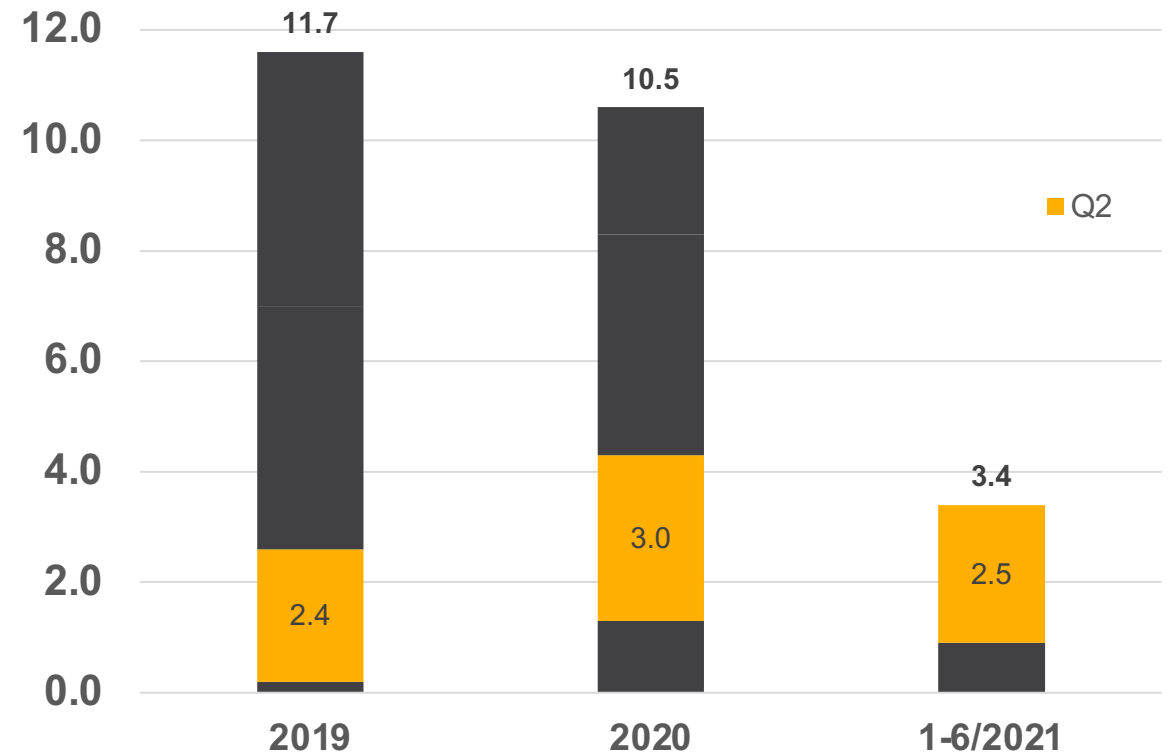
BY CLIENT GROUP



PROJECT PROFITABILITY REMAINED AT THE NORMAL LEVEL

- EBITA was EUR 3.4 (4.3) million in January–June 2021
- The flexible cost structure kept relative profitability nearly at the level of the reference periods.

EBITA (EUR MILLION)



FINANCIAL REPORT

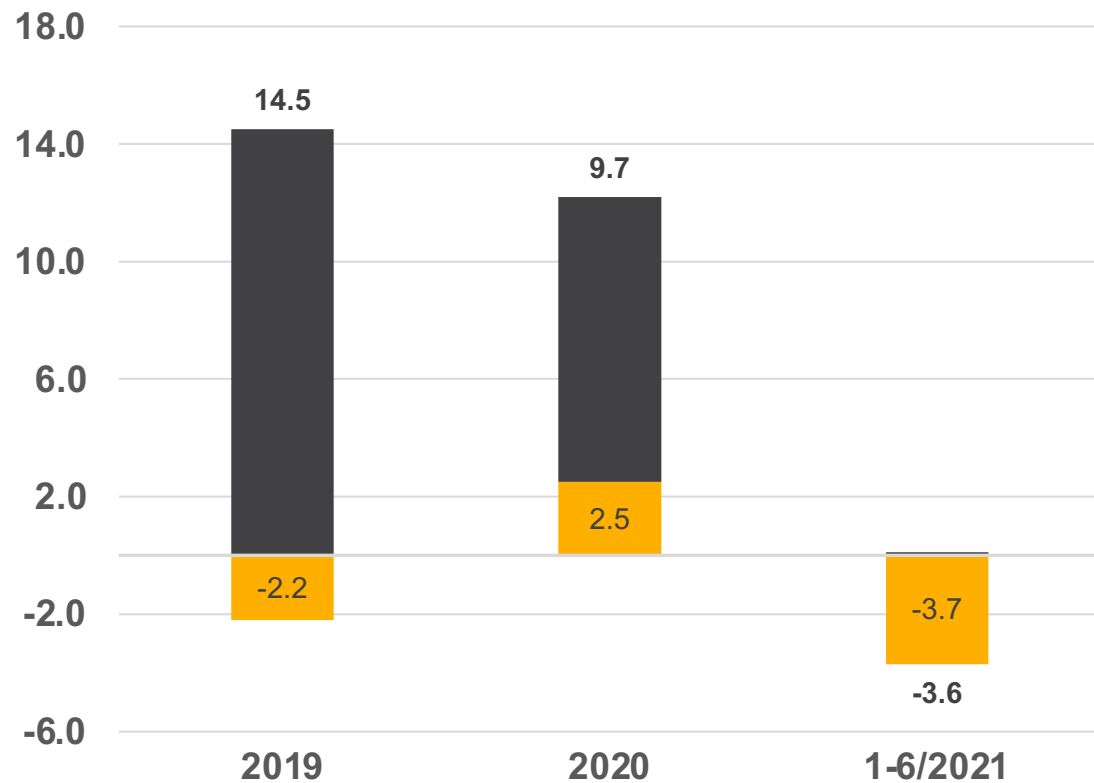
ANTTI HEINOLA, CFO

KEY FIGURES: JANUARY–JUNE 2021

EUR million	4–6/2021	4–6/2020	1–6/2021	1–6/2020	1–12/2020
Order backlog	157.5	144.4	157.5	144.4	134.9
Revenue	52.9	58.0	91.2	108.0	235.3
EBITDA	3.4	3.9	5.1	6.0	14.0
EBITDA, %	6.3	6.7	5.5	5.6	6.0
EBITA	2.5	3.0	3.4	4.3	10.5
EBITA, %	4.7	5.1	3.7	3.9	4.5
Operating profit	2.4	2.9	3.3	4.2	10.4
Operating profit, %	4.6	5.0	3.6	3.9	4.4
Result for the period	1.8	2.1	1.4	2.9	7.8
Return on capital employed, %			15.7	21.6	19.2
Free cash flow from operating activities	-3.7	2.5	-3.6	0.3	9.7
Net working capital			-0.3	-1.0	-5.4
Net debt			27.4	18.4	27.9
Net debt/EBITDA			2.1	1.1	2.0
Equity ratio, %			33.4	35.8	26.3
Earnings per share, €	0.20	0.28	0.17	0.40	0.88
Earnings per share adjusted with IPO expenses, €			0.28		
Personnel at the end of the period			412	441	383

CASH FLOW NEGATIVE DURING THE EARLY PART OF THE YEAR

FREE CASH FLOW FROM OPERATING ACTIVITIES,
EUR MILLION

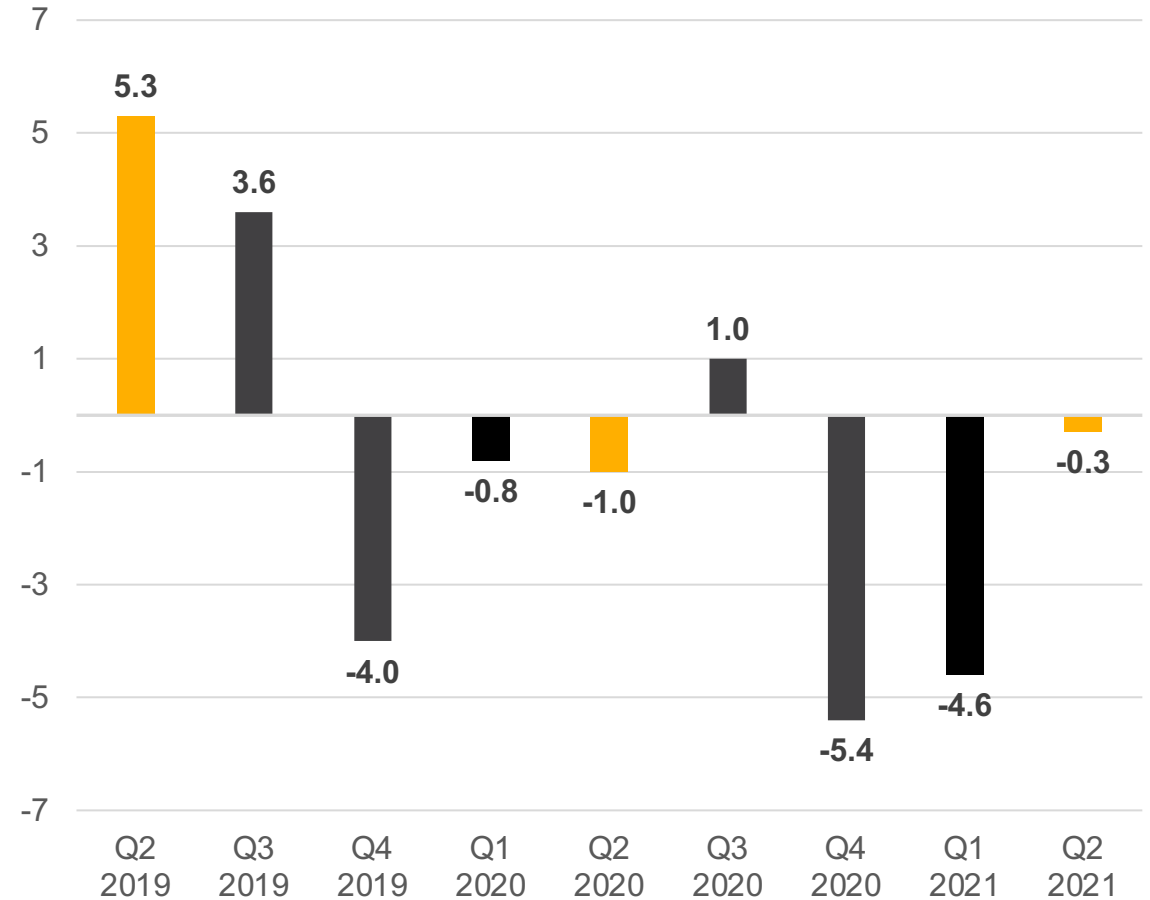


- In January–June 2021, free cash flow from operating activities was EUR –3.6 (0.3) million, of which net investments in operating activities amounted to EUR 2.8 (2.1) million
- Gross investments in tangible and intangible assets amounted to EUR 3.0 (2.3) million. In particular, investments were made towards specialised equipment

WORKING CAPITAL AT TARGET LEVEL

- At the end of June 2021, the company's working capital was EUR -0.3 (-1,0) million

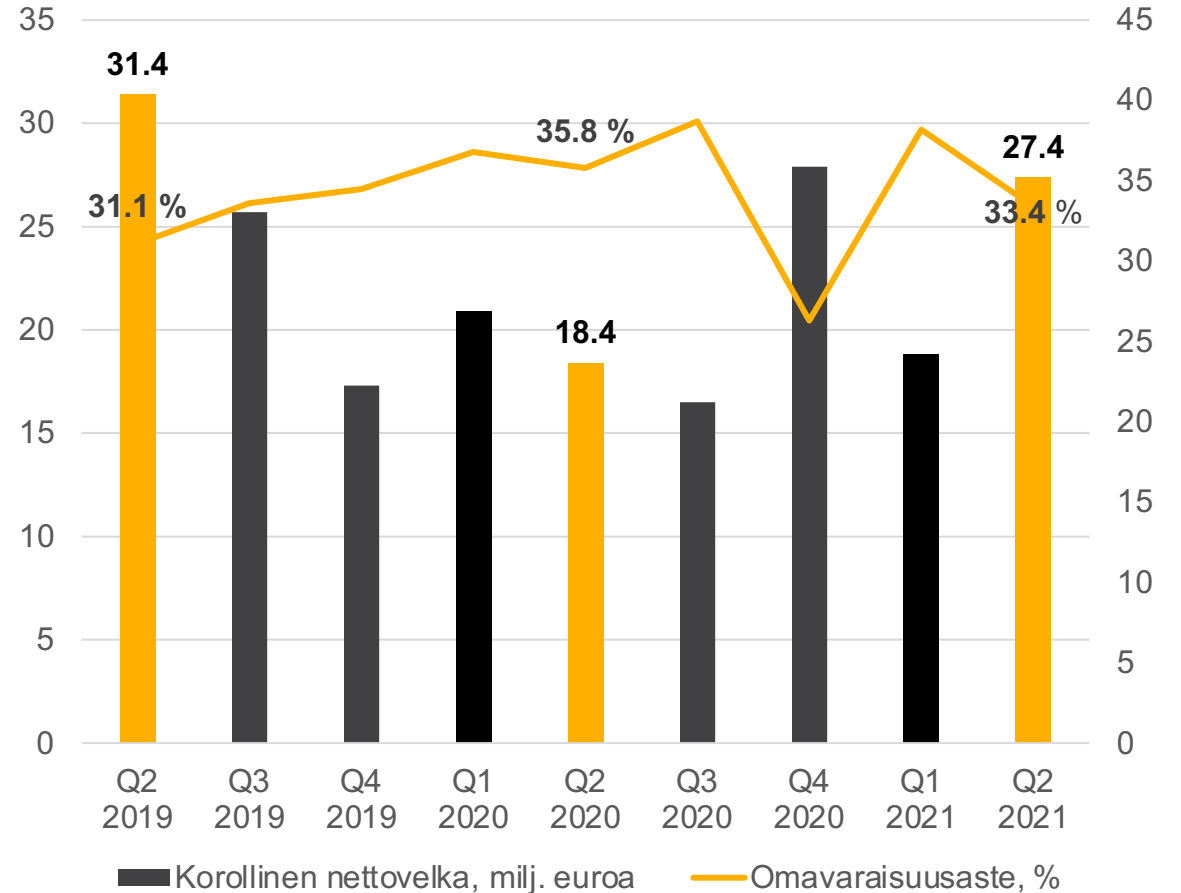
WORKING CAPITAL, EUR MILLION



INTEREST-BEARING NET DEBT AND EQUITY RATIO

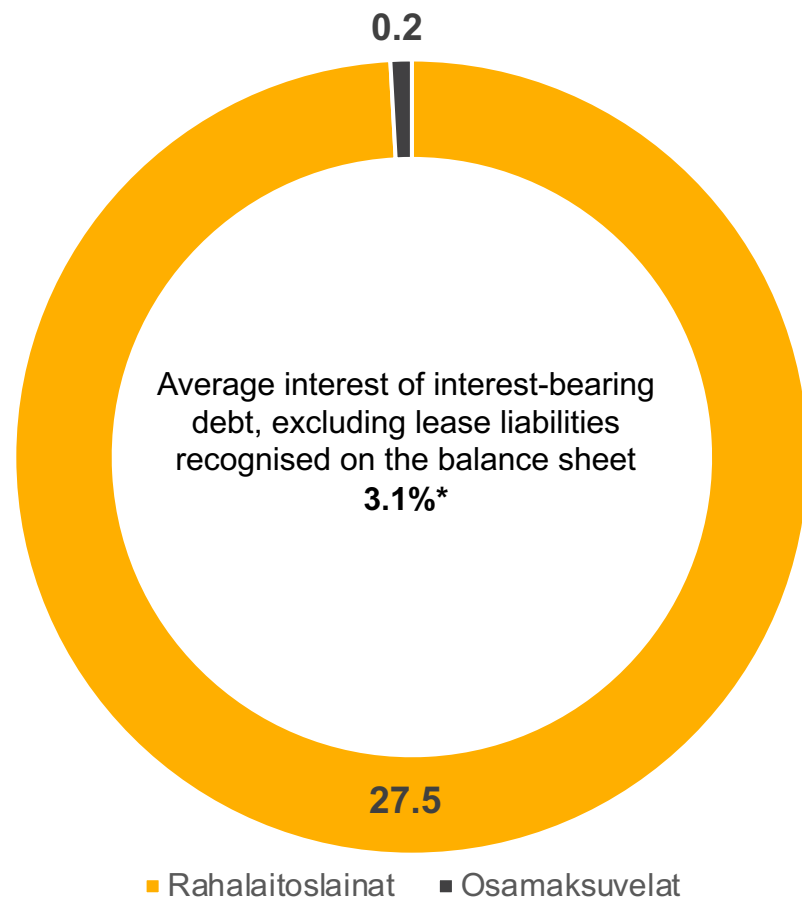
- Kreate's interest-bearing net debt on 30 June 2021 was EUR 27.4 (18.4 on 30 June 2020) million
- The net debt was materially affected by the loan repayment of EUR 10 million (Q1) made using funds received from the initial public offering and the dividend of EUR 3.9 million paid to shareholders (Q2).
- Equity ratio at the end of Q2 was 33.4% (30 June 2020; 35.8%)

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

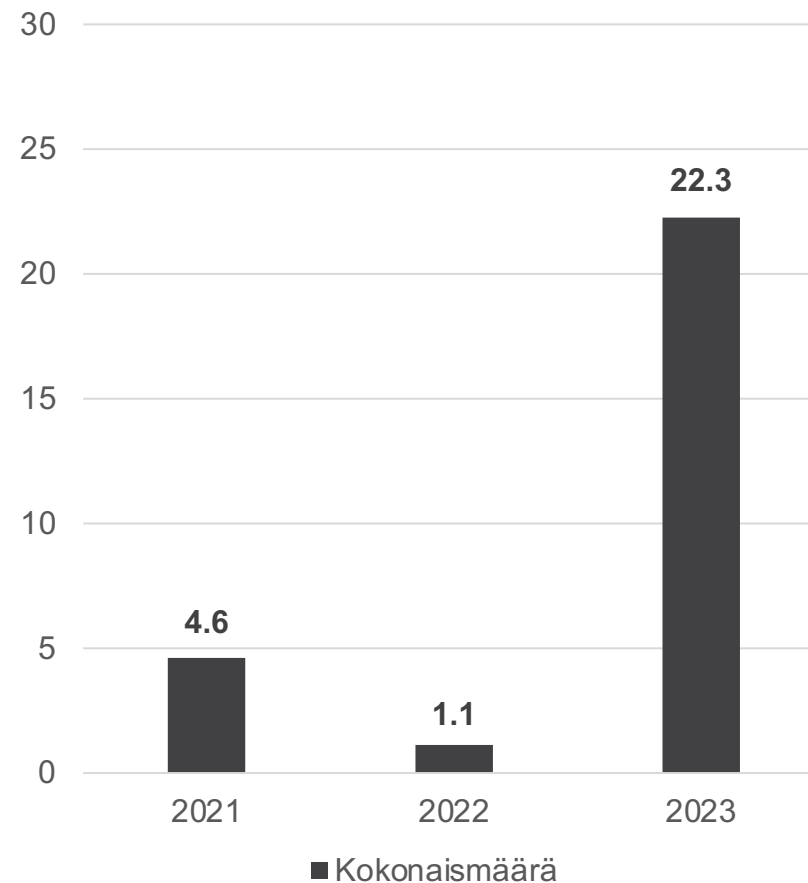


INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

LOAN PORTFOLIO ON 30 JUNE 2021



REPAYMENT SCHEDULE FOR INTEREST-BEARING DEBT ON 30 JUNE 2021, EUR MILLION



*) The average interest was increased by approximately 0.4 percentage points by the impact of effective interest that was transferred to the result in connection with the repayment of a loan.

OUTLOOK FOR 2021 (REMAINS UNCHANGED)

Kreate estimates that the company's revenue (2020: EUR 235.3 million) will decrease in 2021 compared to 2020.

On 31 Dec 2020, Kreate's order backlog amounted to EUR 134.9 million (31 Dec 2019: EUR 177.2 million). Of this sum, approximately EUR 111 million are expected to be realised during 2021 (31 Dec 2019: EUR 130.3 million during 2020). In the past three years, Kreate has generated, on average, a revenue of EUR 107 million during the financial year in addition to the order backlog at the beginning of the financial year. Kreate estimates that, on 31 Dec 2020, the expected order backlog profitability was at 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

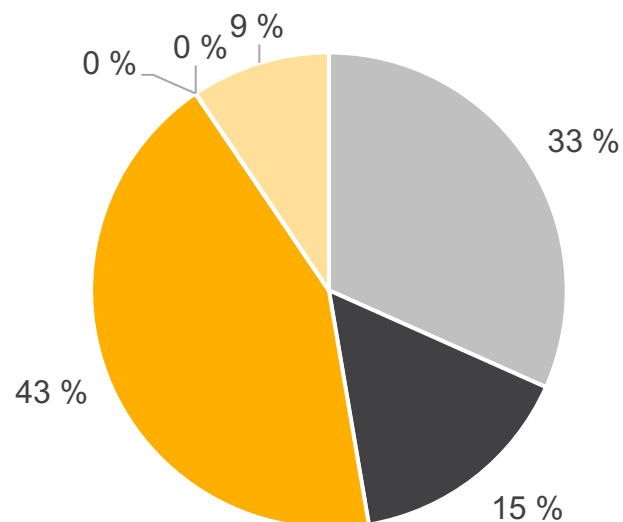
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KREATE'S DIVIDEND POLICY

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 30 JUNE 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.	Harjavalta 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.	Eläkevakuutusosakeyhtiö Veritas	135,000	1.50
11.	Keskinäinen Työeläkevakuutusyhtiö Elo	130,000	1.45
12.	Skandinaviska Enskilda Banken Ab (publ) Helsingin Sivukonttori*	103,865	1.16
13.	Neva-Aho Ronnie Juhani	100,519	1.12
14.	Kreate Group Oyj	90,000	1.00
15.	Tradeka-Sijoitus Oy	89,000	0.99
16.	Vikström Timo Olavi	85,108	0.95
17.	Heinola Antti Juhani	79,058	0.88
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		6,204,498	69.06
ALL SHARES IN TOTAL		8,984,772	