



STRONG GROWTH IN THE ORDER BACKLOG – Q3 REVENUE AND OPERATING PROFIT GREW HIGHER THAN THE REFERENCE PERIOD

TIMO VIKSTRÖM, PRESIDENT & CEO
ANTTI HEINOLA, CFO

27 OCTOBER 2021

KREATE GROUP PLC/INTERIM REPORT 1–9/2021

KREATE
THE FUTURE IS BUILT TODAY

JANUARY–SEPTEMBER 2021 IN BRIEF

1.

Order backlog amounted to EUR **202.8** (149.0) million

3.

EBITDA was EUR **10.1** (10.9) million, amounting to **6.3%** (6.3%) of revenue

5.

Free cash flow from operating activities was EUR **-3.8** (+2.4) million

2.

Revenue was EUR **161.8** (173.3) million

4.

EBITA was **7.5** (8.2) million, amounting to **4.6%** (4.7%) of revenue

6.

The order backlog grew high as economic growth boosted construction.

KREATE'S MARKETS CONTINUED TO DEVELOP FAVOURABLY

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q3/2021 *	SHARE OF KREATE'S BUSINESS*	KREATE'S POSITION AND MEASURES
STRUCTURAL ENGINEERING	<div>↗</div>	<div><div>59%</div></div>	Revenue decreased in Structural engineering due to the record-strong reference period. Tendering continued on a good level in the bridge construction segment. In addition to housing construction, the construction of business premises, repair projects and industrial investments showed signs of growth, which had a positive impact particularly on Kreate's foundation and concrete construction segment.
Bridge construction and repair	<div>↑</div>		
Foundation and rock engineering	<div>↗</div>		
Special foundation construction	<div>↗</div>		
Circular economy	<div>→</div>		
TRANSPORT INFRASTRUCTURE CONSTRUCTION	<div>→</div>	<div><div>41%</div></div>	Revenue increased in Transport infrastructure construction and tendering remained on a good level in smaller railway projects. Large railway investments did not progress during the reporting period.
Railway construction	<div>→</div>		
Transport infrastructure construction	<div>→</div>		
OVERVIEW	<div>↗</div>		

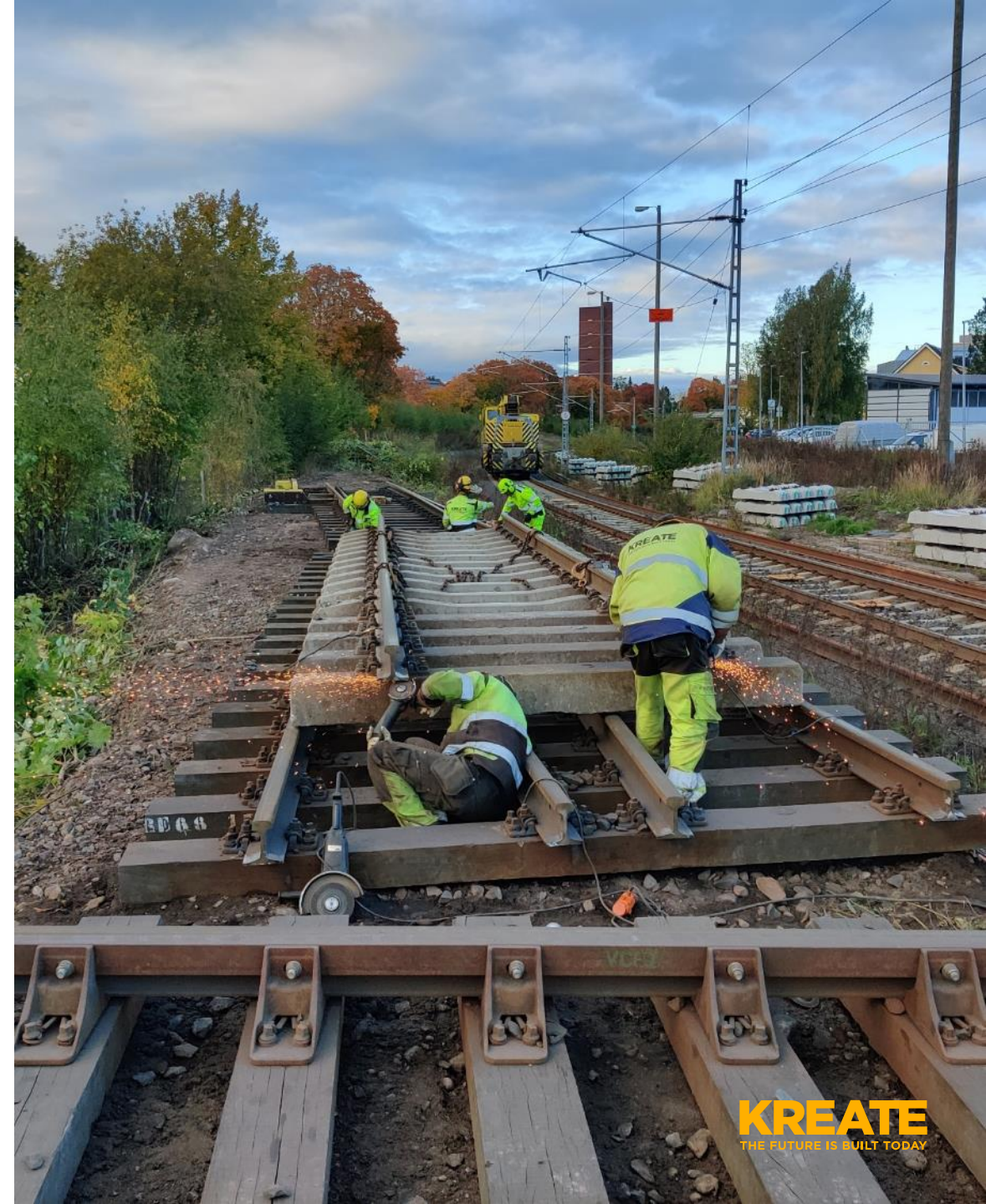
	Weaker prospects compared to previous quarter
	Unchanged prospects compared to previous quarter
	Improved prospects compared to previous quarter

- ⬆ 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

STRONG PERFORMANCE ON THE IMPROVED MARKET

- On the railway market, the tendering for smaller projects was on a good level. Investments in railway project competence and railway equipment continued. Kreate aims to be heavily involved in the growing construction of railways and light rail lines.
- Kreate strengthened its leading position in bridge construction even further by winning contracts for several significant projects.
- Succeeding in private sector tendering for foundation and concrete construction contracts that require very strong technical expertise shows that Kreate's capabilities for collaboration and professional competence are valued.
- Following an acquisition, the joint venture KFS Finland becomes the leading provider of geotechnical solutions in Finland. The acquisition supports Kreate's strategic growth as dense urban construction increases the need for strong expertise in special foundation construction.
- Solid competence of our personnel, successful tender calculation, good references and project competence support winning and executing future contracts as well.



HIGHLIGHTS OF JULY–SEPTEMBER 2021



As part of a joint venture, we signed a development stage agreement on the technical construction for the Sulkavuori central wastewater treatment plant.

The “Veturitie ja Ratapihakorttelit” project is executed as a low-emission worksite. For example, in order to cut carbon emissions generated at the worksite, we used the new low-carbon concrete by Lujabetoni in the construction work, which significantly reduces the CO2 emissions.

Kreate Group’s joint venture KFS Finland acquired NordPile Oy in order to strengthen its position in special foundation construction.



8

9

9

National Road 19 between Seinäjoki and Lapua is Kreate’s fourth Early Contractor Involvement project that includes a development stage. The development stage agreement was signed in August. We will execute the project in a joint venture.

The Kruunusillat joint venture signed the contract: The construction of Kruunuvuorensilta, the longest bridge in Finland, will begin in October.



The Finnish Transport Infrastructure Agency chose Kreate as an alliance partner in the project for renovating the Kirjalansalmi and Hessundinsalmi bridges along highway 180.

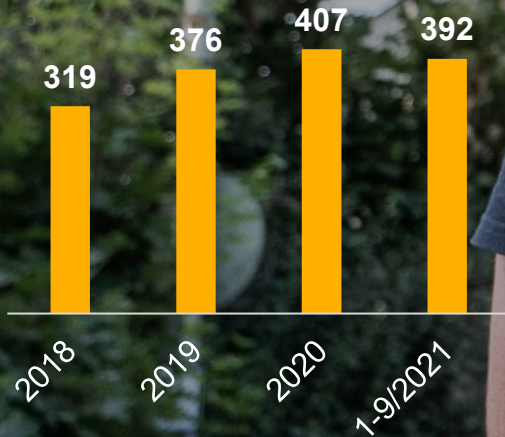


INJURY FREQUENCY RATE 1-9/2021

11.8

(6 accidents)

PERSONNEL ON AVERAGE



COMMENTS BY PERSONNEL:

"I love our team that creates a positive attitude at work. Great colleagues make work enjoyable even on tougher days."

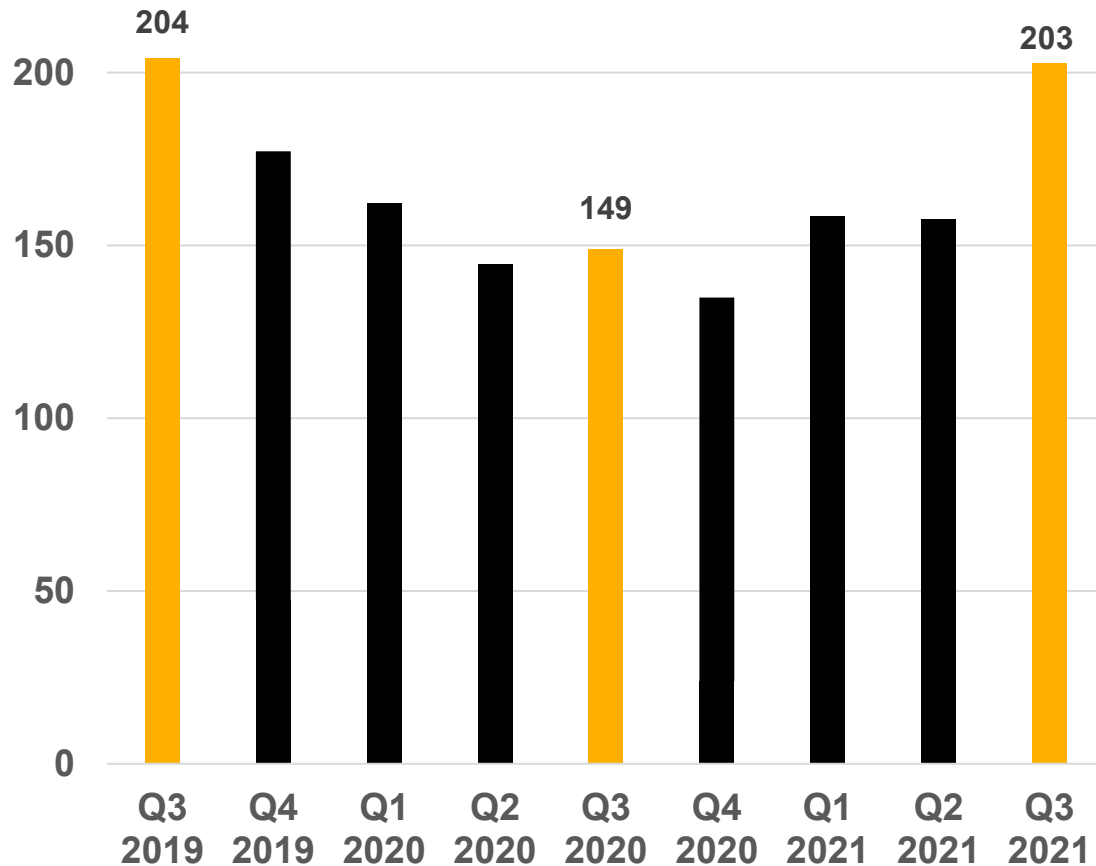
COMPANY CULTURE AND COMPETENCE DEVELOPMENT

Based on the results of the personnel survey, we are focusing our development efforts particularly on supervisor communication and supervisor work.

- We started providing dedicated training to supervisors and specialists
- We are involving the management more closely in communication and piloting new methods for reaching all personnel
- We are improving the effectiveness of our training and our meeting practices

THE ORDER BACKLOG AT THE END OF SEPTEMBER EXCEEDED EUR 200 MILLION

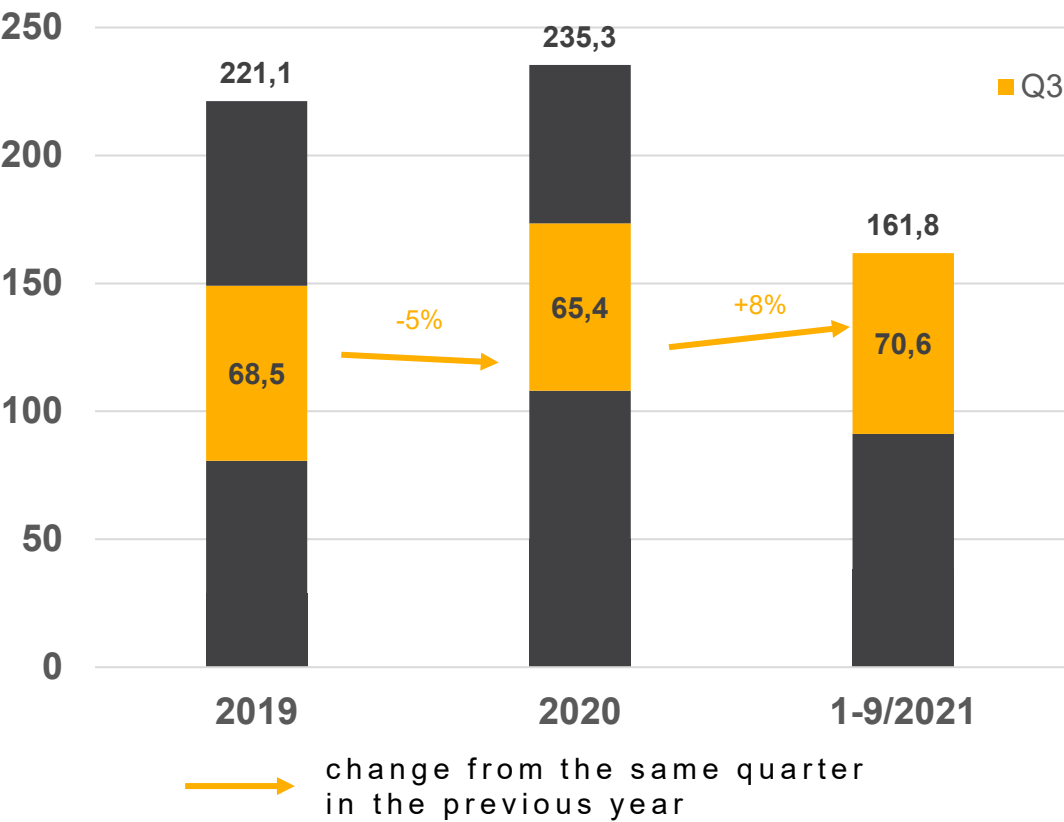
ORDER BACKLOG FROM Q3 2019 TO Q3 2021,
EUR MILLION



- At the end of September 2021, the order backlog amounted to EUR 202.8 (149.0) million
- The expected order backlog profitability remained at the normal level
- Of the order backlog growth in Q3, more than EUR 60 million were related to the Crown Bridges project.
- The order backlog does not yet include the large projects we have announced. The projects will be recorded in the order backlog at the start of the execution stage. The execution of the National Road 19 between Seinäjoki and Lapua and the Sulkavuori central wastewater treatment plant is scheduled to start later this year. It is estimated that the execution of the project for renovating the Kirjalansalmi and Hessundinsalmi bridges along highway 180 will begin in the second half of 2022.

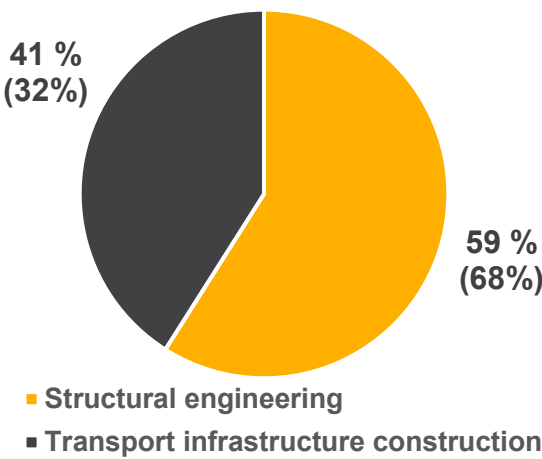
REVENUE EUR 162 MILLION IN JANUARY–SEPTEMBER 2021

REVENUE, EUR MILLION

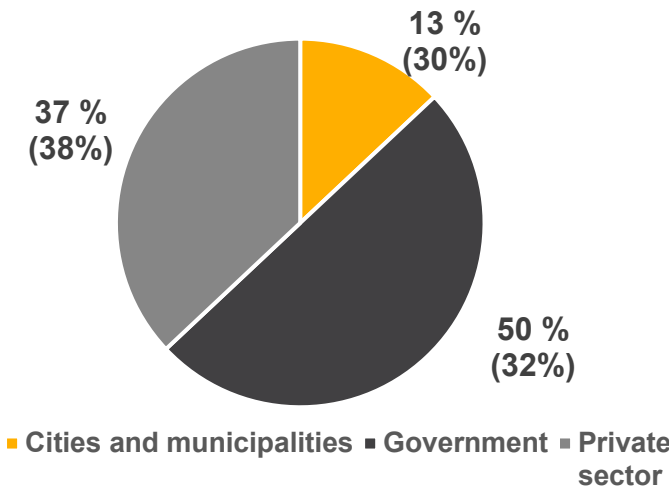


REVENUE DISTRIBUTION 1–9/2021 (1–9/2020)

BY BUSINESS FUNCTION



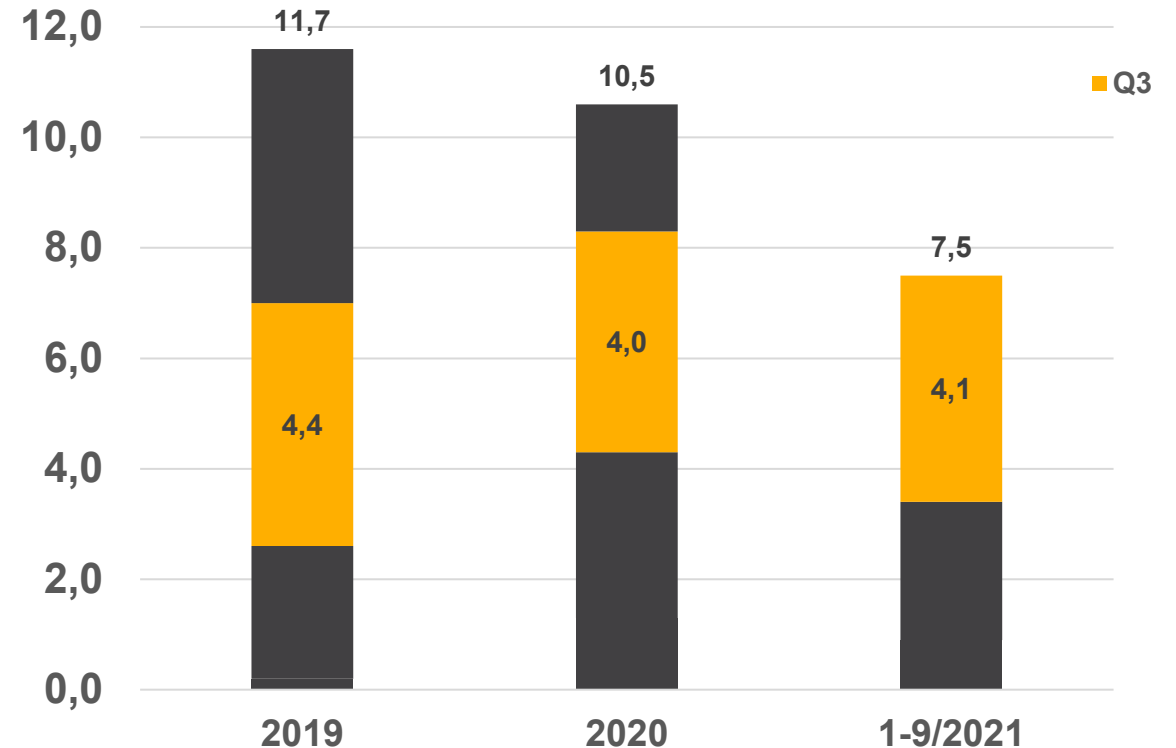
BY CLIENT GROUP



PROJECT PROFITABILITY REMAINED AT THE NORMAL LEVEL

- In July–September, EBITA was EUR 4.1 (4.0) million
- In January–September, EBITA was EUR 7.5 (8.2) million
- The Group's profitability was supported by the flexible cost structure and projects progressing according to plan
- The increase of construction costs has only had a very limited impact on Kreate's operations, made possible by some of our projects being bound to an index that evens out risks and limits the effects of cost changes as well as our own established processes for taking cost changes into consideration.

EBITA (EUR MILLION)



An aerial photograph of a coastal city, likely Helsinki, featuring a harbor with boats, a multi-lane road, a railway line, and lush greenery. The text 'FINANCIAL REPORT' is overlaid in large white letters.

FINANCIAL REPORT

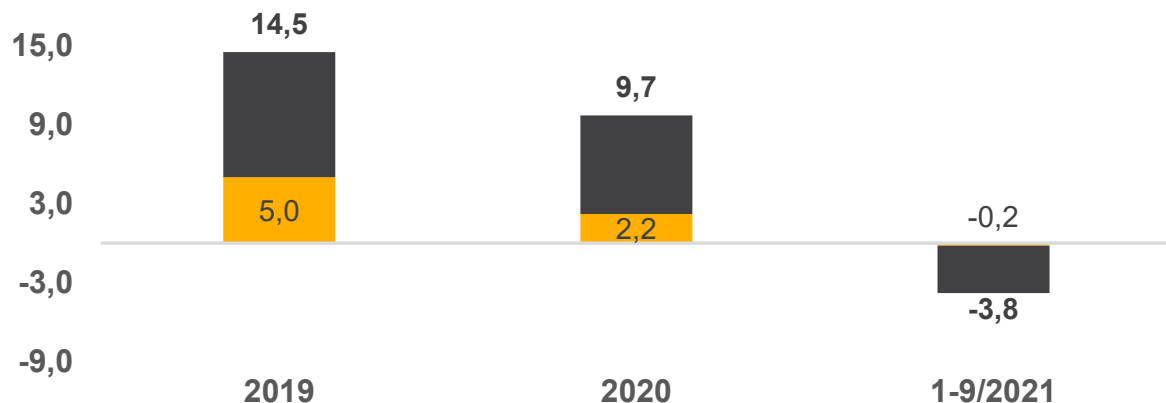
ANTTI HEINOLA, CFO

KEY FIGURES: JANUARY–SEPTEMBER 2021

EUR million	7–9/2021	7–9/2020	1–9/2021	1–9/2020	1–12/2020
Order backlog			202.8	149.0	134.9
Revenue	70.6	65.4	161.8	173.3	235.3
EBITDA	5.1	4.9	10.1	10.9	14.0
EBITDA, %	7.2	7.5	6.3	6.3	6.0
EBITA	4.1	4.0	7.5	8.2	10.5
EBITA, %	5.8	6.1	4.6	4.7	4.5
Operating profit	4.1	3.9	7.3	8.1	10.4
Operating profit, %	5.8	6.0	4.5	4.7	4.4
Result for the period	3.1	3.0	4.5	5.9	7.8
Return on capital employed, %			15.3	21.1	19.2
Free cash flow from operating activities	-0.2	2.2	-3.8	2.4	9.7
Net working capital			3.8	1.0	-5.4
Net debt			28.1	16.5	27.9
Net debt/EBITDA			2.1	1.0	2.0
Equity ratio, %			32.3	38.7	26.3
Earnings per share, €	0.34	0.41	0.52	0.81	0.88
Earnings per share adjusted with IPO expenses, €			0.63		
Personnel at the end of the period			392	404	383

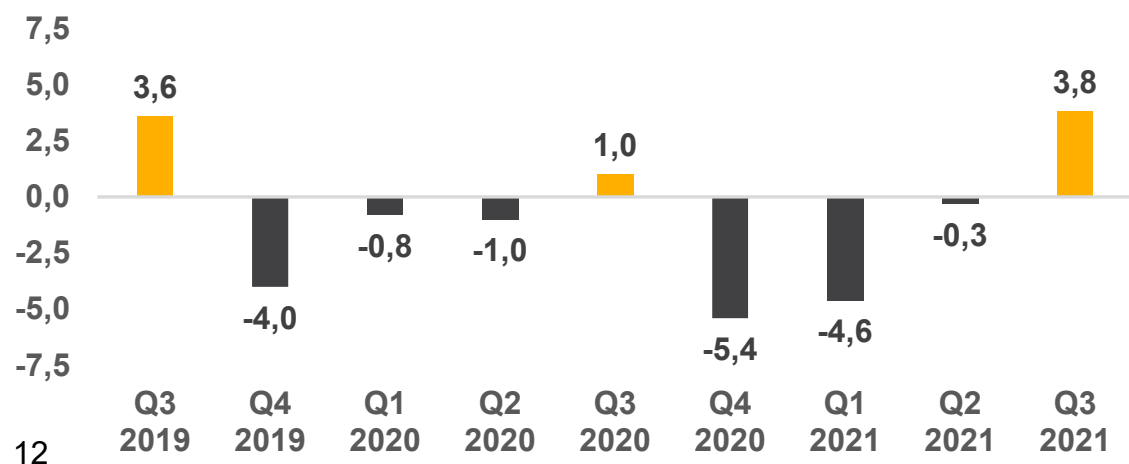
NORMAL SEASONALITY HAD AN EFFECT ON WORKING CAPITAL

FREE CASH FLOW FROM OPERATING ACTIVITIES,
EUR MILLION



- In January–September 2021, free cash flow from operating activities was EUR –3.8 (9.7) million, of which cash flow from investing activities amounted to EUR 3.5 (2.9) million
- Machinery and equipment purchases formed a significant part of the investments.

NET WORKING CAPITAL, EUR MILLION

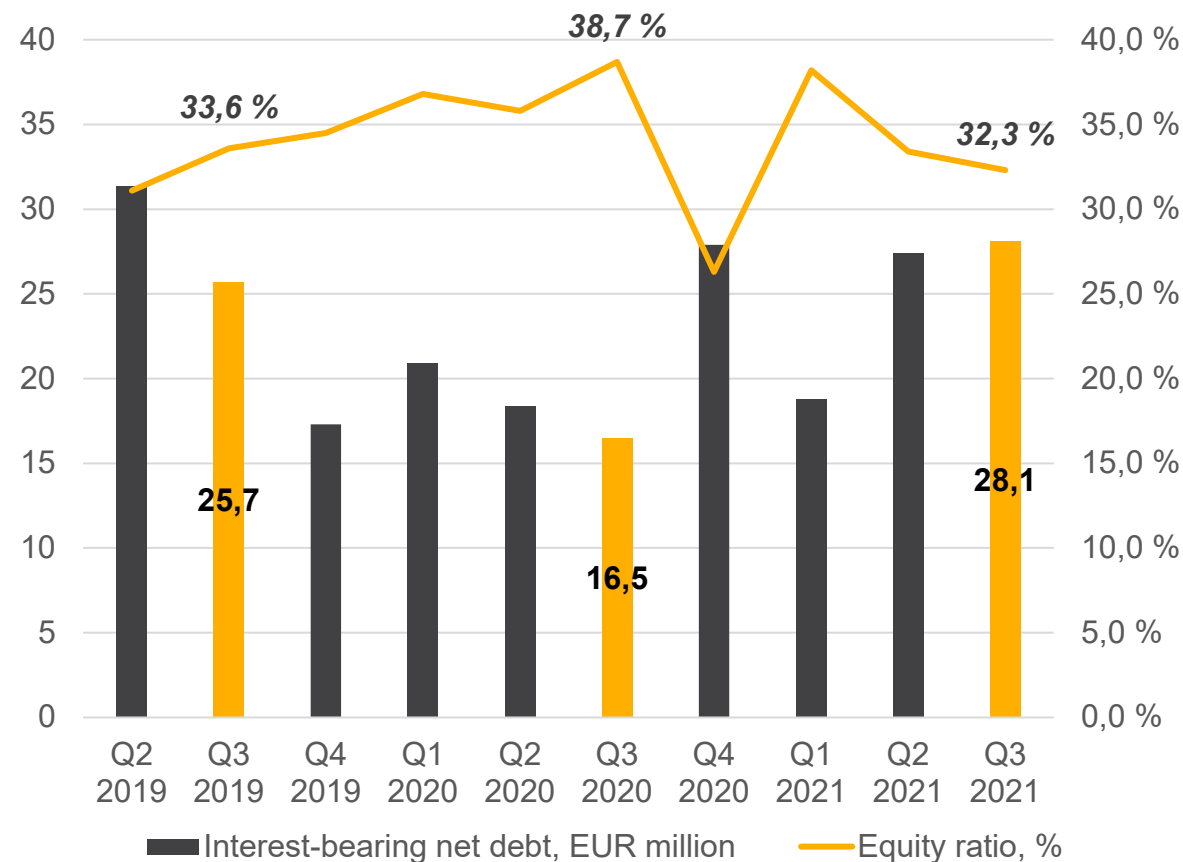


- The cash flow was impacted particularly by the working capital being bound to a few key projects and the normal seasonality of the working capital bound to the business

INTEREST-BEARING NET DEBT AND EQUITY RATIO

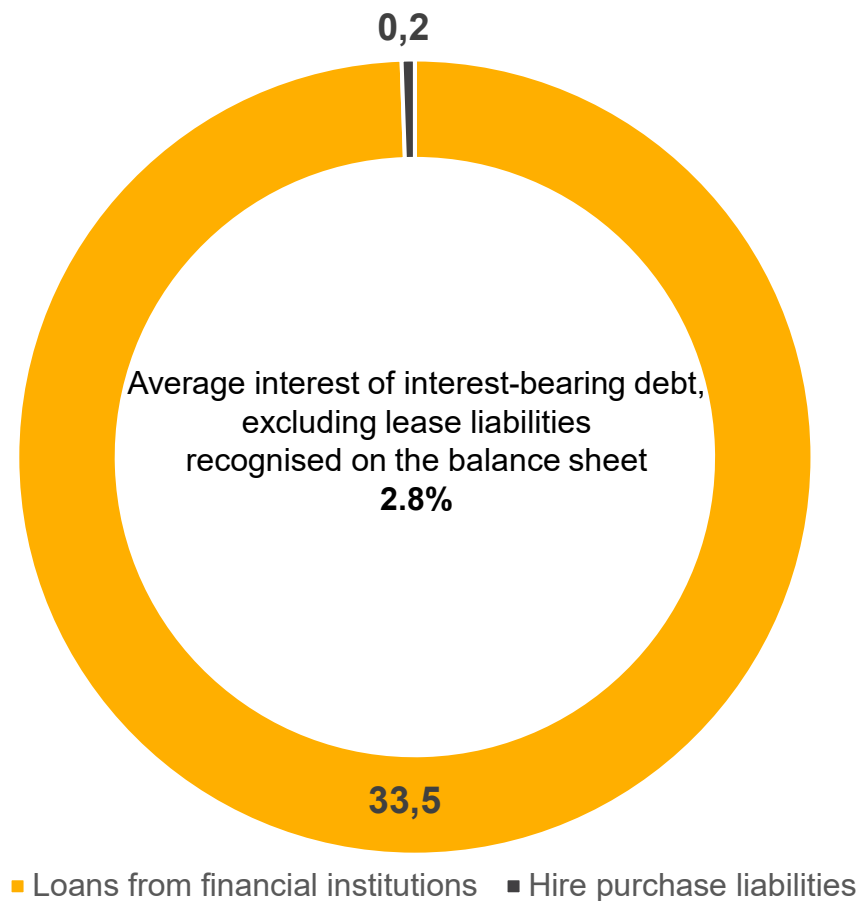
- Kreate's interest-bearing net debt on 30 September 2021 was EUR 28.1 (16.5 on 30 September 2020) million
- Equity ratio at the end of Q3 was 32.3% (38.7% on 30 September 2020)

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

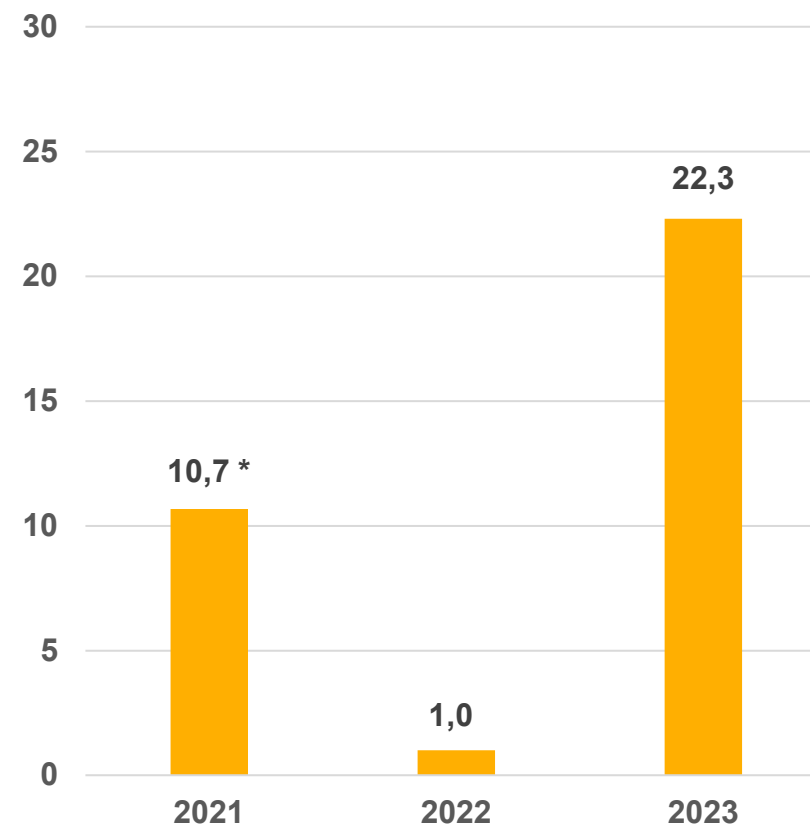


INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

LOAN PORTFOLIO ON 30 SEPTEMBER 2021



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



* 10 million euros of the total 10.7 million euros are repayments of the committed revolving credit liabilities

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**

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

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

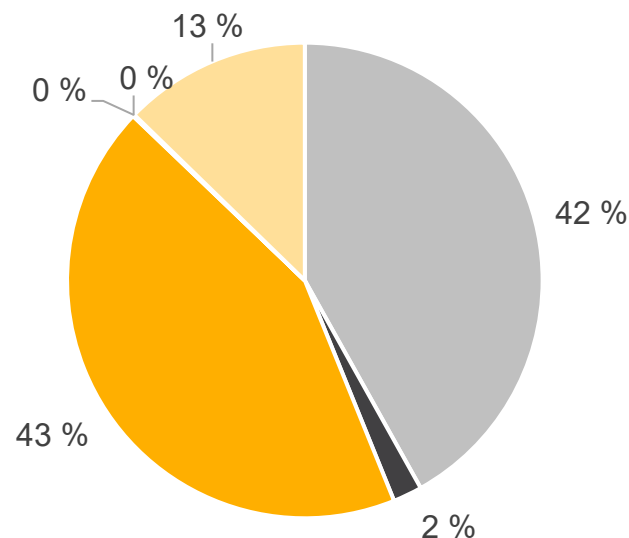
< 2.0

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 2021

SHAREHOLDERS BY SECTOR



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

* Nominee registered

	Shareholder	Shares	% of shares
1.	Harjavalta Oy	1,738,689	19.35
2.	Tirinom Oy	1,000,000	11.13
3.	Ilmarinen Mutual Pension Insurance Company	425,000	4.73
4.	Valtonen Seppo Timo Johannes	412,101	4.59
5.	Varma Mutual Pension Insurance Company	359,000	4.00
6.	Mutual fund Säästöpankki Pienyhtiöt	350,000	3.90
7.	Rantala Sami Kalle Antero → Via Beachfish Invest Oy	273,534 47,919	3.04 0.53
8.	Inkala Tero Antero	208,396	2.32
9.	Elo Mutual Pension Insurance Company	180,000	2.00
10.	Pensionsförsäkringsaktiebolaget Veritas	175,000	1.95
11.	Salminen Juha Petri → Via Lynx Rave Invest Oy	160,490 47,919	1.79 0.53
12.	Neva-Aho Ronnie Juhani	100,519	1.12
13.	Kreate Group Plc	90,000	1.00
14.	Tradeka-Sijoitus Oy	89,000	0.99
15.	Vikström Timo Olavi	85,108	0.95
16.	Nordea Bank Abp	80,350	0.89
17.	Heinola Antti Juhani	79,058	0.88
18.	Hat Invest Oy	76,193	0.85
19.	Petri Rignell → Via Prirock Oy	2,032 69,908	0.02 0.78
20.	Kulmala Teuvo Kalle Olavi	67,966	0.76
TOP 20 IN TOTAL		6,118,182	68.1
ALL SHARES IN TOTAL		8,984,772	