



HIGH ORDER BACKLOG – WITH STRONG REVENUE AND OPERATING PROFIT

TIMO VIKSTRÖM, PRESIDENT & CEO
MIKKO LAINE, CFO

26 JAN 2022

KREATE GROUP PLC/FINANCIAL STATEMENTS FOR 2021

KREATE
THE FUTURE IS BUILT TODAY

2021 IN BRIEF

1.

Order backlog amounted to EUR **202.8** (134.9) million

3.

EBITDA was EUR **14.2** (14.0) million, amounting to **6.0%** (6.0%) of revenue

5.

Free cash flow from operating activities was EUR **4.0** (+9.7) million

2.

Revenue was EUR **237.6** (235.3) million

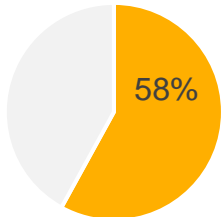
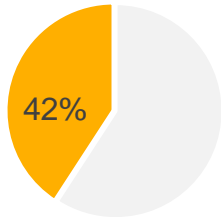
4.

EBITA was EUR **10.5** (10.5) million, amounting to **4.4%** (4.5%) of revenue

6.

Due to the project contracts acquired in Q4, the order backlog is still at a high level, which provides a good outset for 2022. Due to the strong H2, revenue grew slightly year-on-year.

KREATE'S MARKETS CONTINUED TO DEVELOP FAVOURABLY

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q4/2021 AND 12-MO OUTLOOK*	SHARE OF KREATE'S REVENUE*	KREATE'S POSITION AND MEASURES
STRUCTURAL ENGINEERING	<div> <div>↗</div> <div>↗</div> <div>→</div> <div>↗</div> </div>		<p>In Structural engineering, revenue decreased due to the record-strong reference period. In Q4, tendering continued on a good level in the bridge construction and foundation and concrete construction segments. Significant projects have started and are just about to start in structural engineering. These will support strategic growth in 2022.</p> <p>The good level of housing construction, construction of business premises, repair projects and industrial investments was positively reflected in Kreate's position as a company delivering demanding projects.</p>
TRANSPORT INFRASTRUCTURE CONSTRUCTION	<div> <div>→</div> <div>↗</div> <div>→</div> </div>		<p>In Transport infrastructure construction, revenue grew as industrial investments accelerated growth. Tendering remained on a good level in smaller railway projects.</p>
OVERVIEW	<div> <div>↗</div> </div>		

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

FURTHER STRENGTHENING THE COMPANY'S POSITION IN DEMANDING PROJECTS

- 2021 was a successful year: we acquired the strategically important projects that we estimated would strengthen our competitiveness either due to their technical demands or purchasing model.
- Significant megaprojects provide continuity across operating periods and offer interesting development opportunities for our professionals.
- Numerous structural engineering and transport infrastructure construction projects requiring special expertise as well as focusing the rock functions on technically demanding construction further strengthened our strong position in delivering demanding infrastructure projects.
- We strengthened our position as one of the most sustainable companies in the infrastructure industry by opening new circular economy areas and integrating the circular economy more clearly as part of the daily operations.
- Demanding infrastructure projects require a strategic focus, which is supported by the high professional skill of our personnel, visibility of the upcoming projects and clear goals.



HIGHLIGHTS OF OCTOBER–DECEMBER 2021



We started the foundation and concrete construction work of the Laituri building in Katajanokka, Helsinki that will house the head office of Stora Enso.

10

In October, we opened the section on National Road 5 between Nuutilanmäki and



In the Kulttuurikasarmi project, we are responsible for the foundation and concrete structures of the underground floor.

11

We increased our revenue guidance and issued an EBITA guidance for 2021.



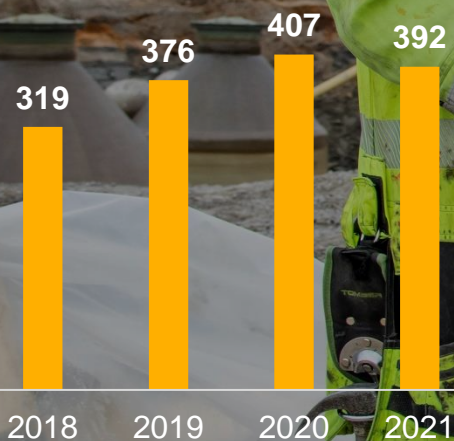
The Hanko overpass was finished and opened for traffic four months ahead of schedule and under the original cost estimate.

12

The contract for the Sulkavuori central wastewater treatment plant entered the execution stage.



PERSONNEL ON AVERAGE



INJURY FREQUENCY RATE 2021

8.9
(6 accidents)

COMMENTS BY PERSONNEL:

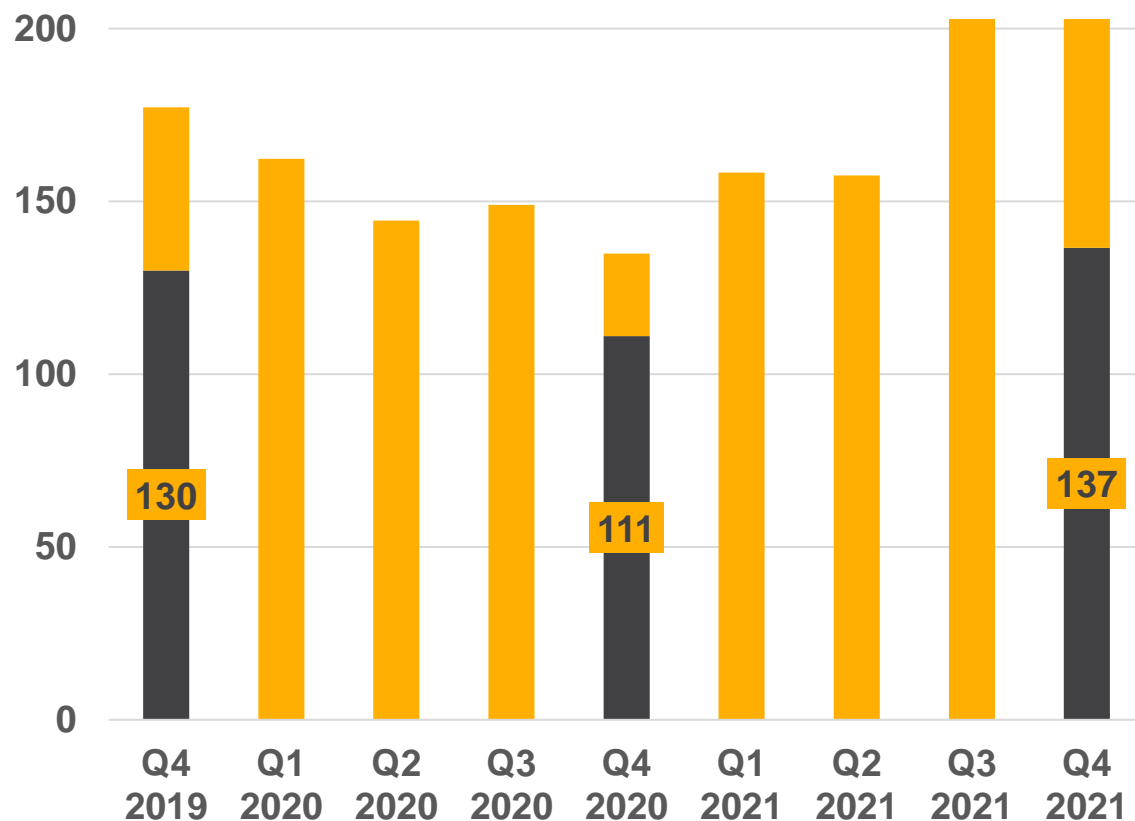
"Interesting and demanding projects feel motivating."

"Kreate has a good reputation as a company and employer. I want to be part of contributing to and improving this reputation."

"I feel like part of the team, like a family member."

STRONG ORDER BACKLOG FOR 2022

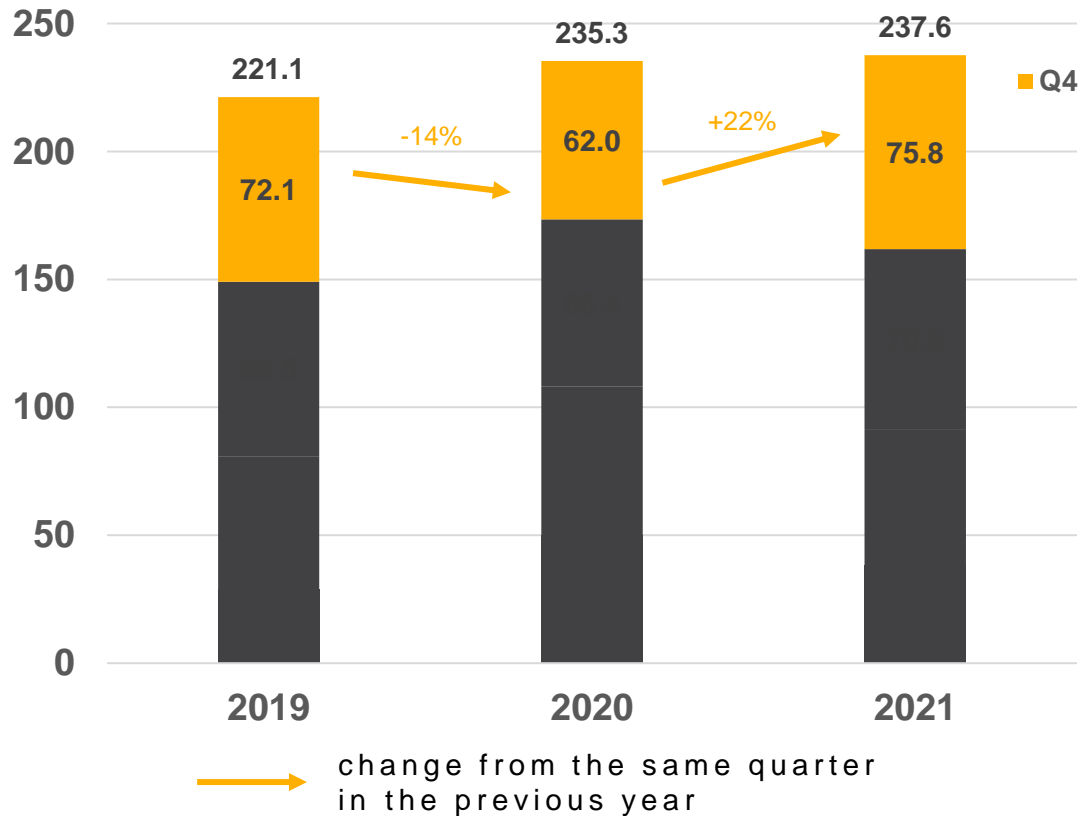
ORDER BACKLOG Q4/2019 – Q4/2021, EUR MILLION



- At the end of December 2021, the order backlog amounted to EUR 202.8 (134.9) million
- Of the order backlog at the end of 2021, approximately EUR 137 million are expected to be realised during 2022 (31 Dec 2020: EUR 111 million during 2021)
- The expected order backlog profitability was at a normal level
- The Mt180 Kirjalansalmi and Hessundinsalmi alliance project is expected to enter the execution phase in H2 2022

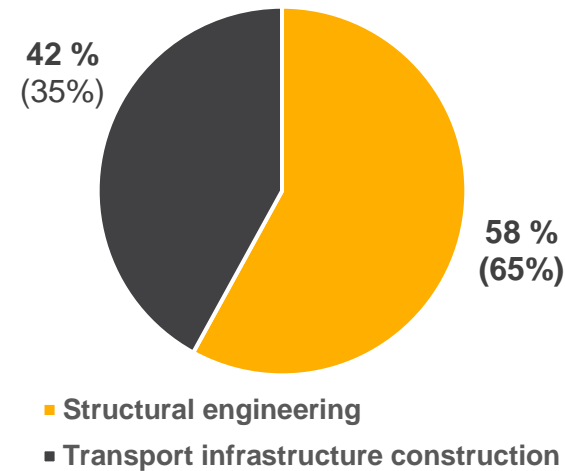
THE STRONG GROWTH OF REVENUE CONTINUED IN Q4/2021

REVENUE, EUR MILLION

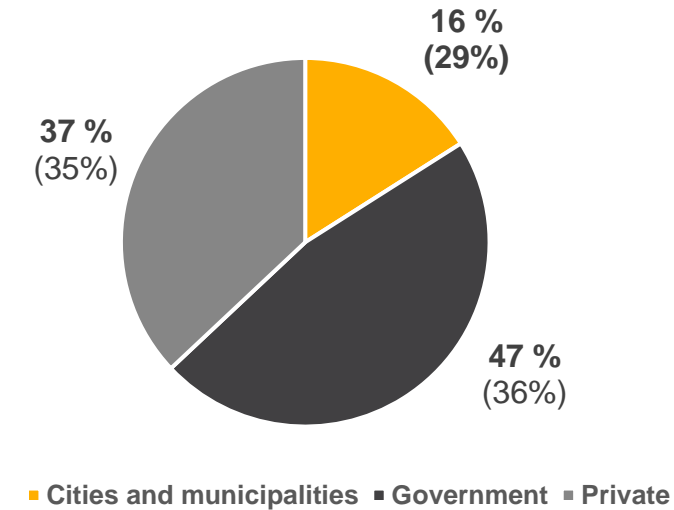


REVENUE DISTRIBUTION IN 2021 (2020)

BY BUSINESS FUNCTION



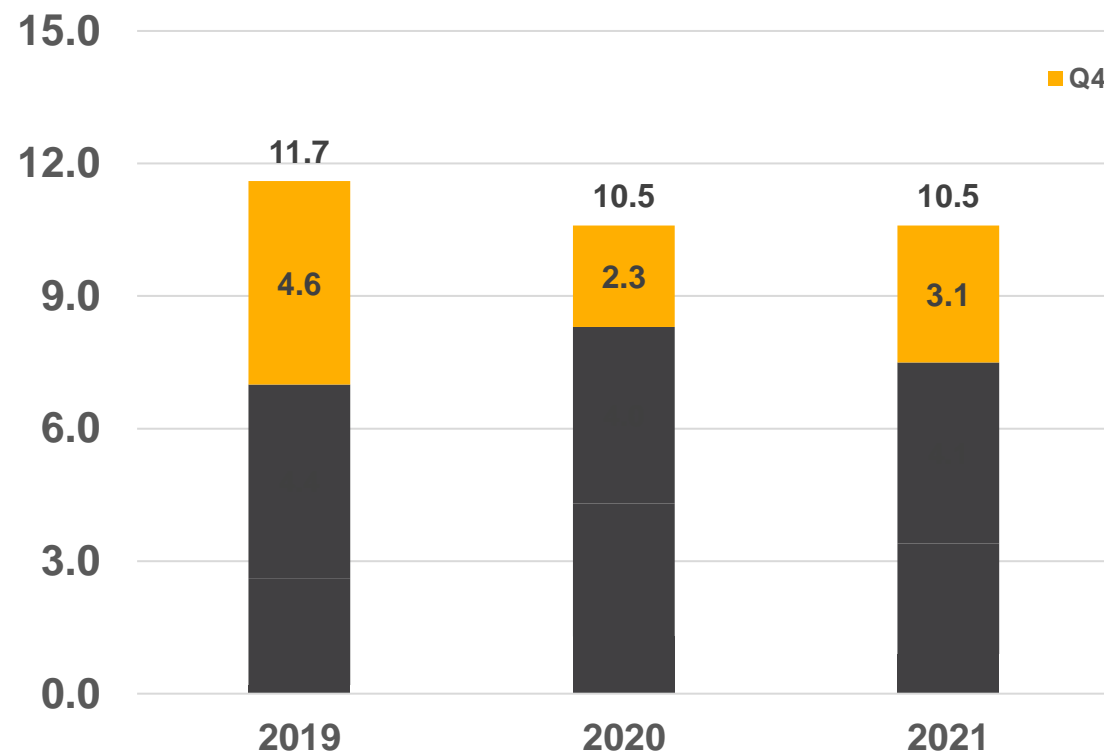
BY CLIENT GROUP



PROJECT PROFITABILITY REMAINED AT THE NORMAL LEVEL

- In October–December 2021, EBITA clearly grew compared to the reference period, amounting to EUR 3.1 (2.3) million
- EBITA for the whole year was at the previous year's level, amounting to EUR 10.5 (10.5) million
- The cost level in construction grew during the year, but this had a very limited impact on Kreate's business results in 2021

EBITA (EUR MILLION)



FINANCIAL REPORT

MIKKO LAINE, CFO

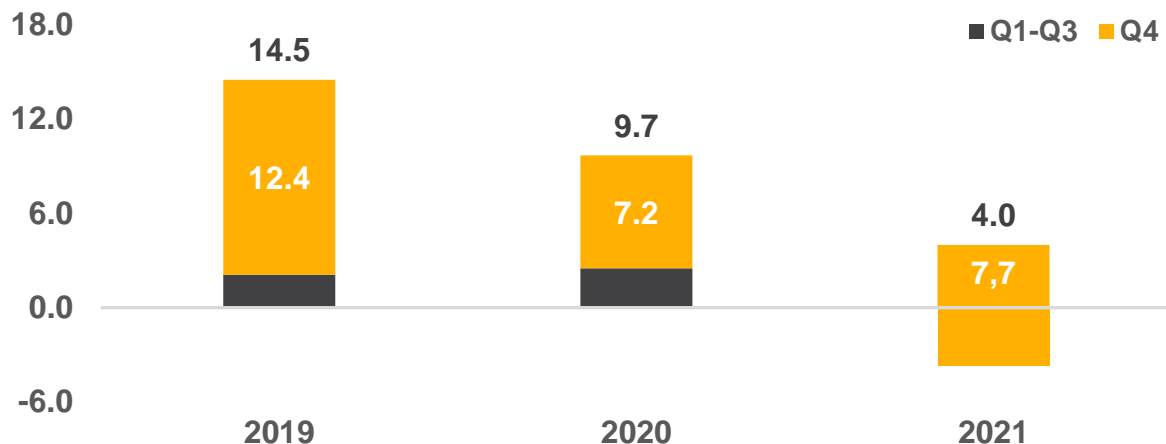
KEY FIGURES: JANUARY–DECEMBER 2021

EUR million	10–12/2021	10–12/2020	1–12/2021	1–12/2020
Order backlog			202.8	134.9
Revenue	75.8	62.0	237.6	235.3
EBITDA	4.1	3.1	14.2	14.0
EBITDA, %	5.4	5.0	6.0	6.0
EBITA	3.1	2.3	10.5	10.5
EBITA, %	4.1	3.8	4.4	4.5
Operating profit	3.0	2.3	10.4	10.4
Operating profit, %	4.0	3.7	4.4	4.4
Result for the period	2.4	1.8	6.9	7.8
Return on capital employed, %			17.8	19.2
Free cash flow from operating activities	7.7	7.2	4.0	9.7
Net working capital			-0.0	-5.4
Net debt			20.9	27.9
Net debt/EBITDA			1.5	2.0
Equity ratio, %			38.6	26.3
Earnings per share, €	0.28	0.07	0.80	0.88
Earnings per share adjusted with IPO expenses, €			0.90	
Dividend per share, €			0.45*	0.44
Personnel at the end of the period			385	383

*) Board of Directors' proposal to the Annual General Meeting

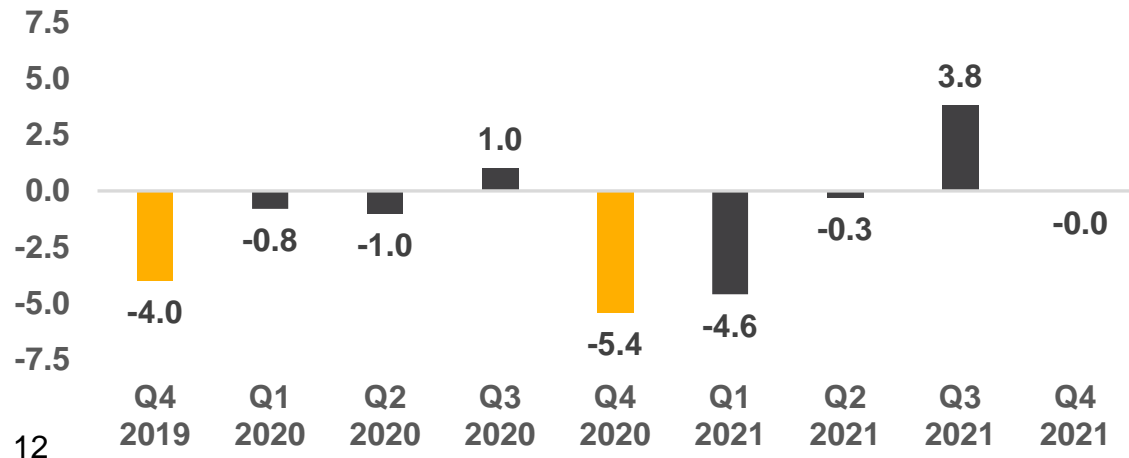
WORKING CAPITAL WAS AT THE NORMAL LEVEL AT THE END OF THE YEAR

FREE CASH FLOW FROM OPERATING ACTIVITIES, EUR MILLION



- Free cash flow from operating activities in 2021 was EUR 4.0 (9.7) million, of which net investments amounted to EUR -4.9 (-4.6) million
- Machinery and equipment purchases formed the most significant part of the investments

NET WORKING CAPITAL, EUR MILLION

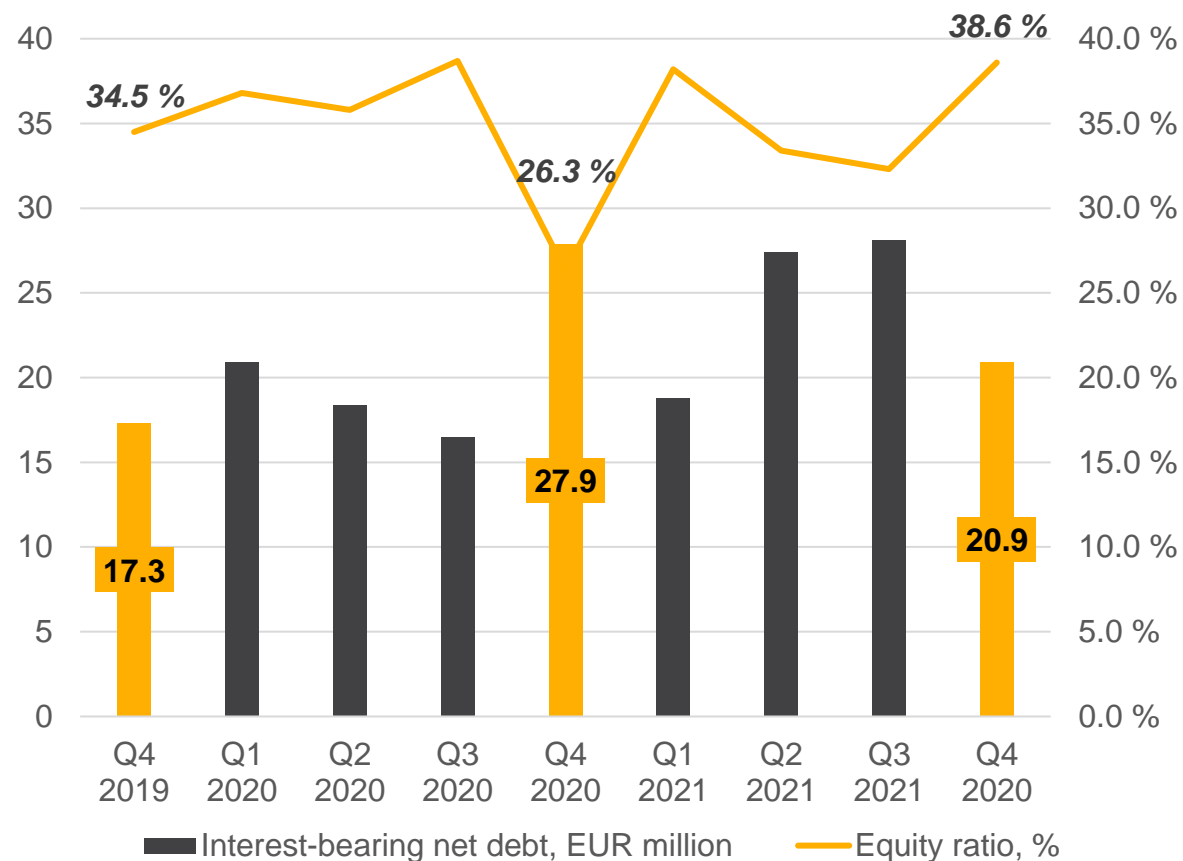


- Working capital was released in Q4. Effective measures in key projects and normal seasonal fluctuation contributed to the change in net working capital

INTEREST-BEARING NET DEBT AND EQUITY RATIO

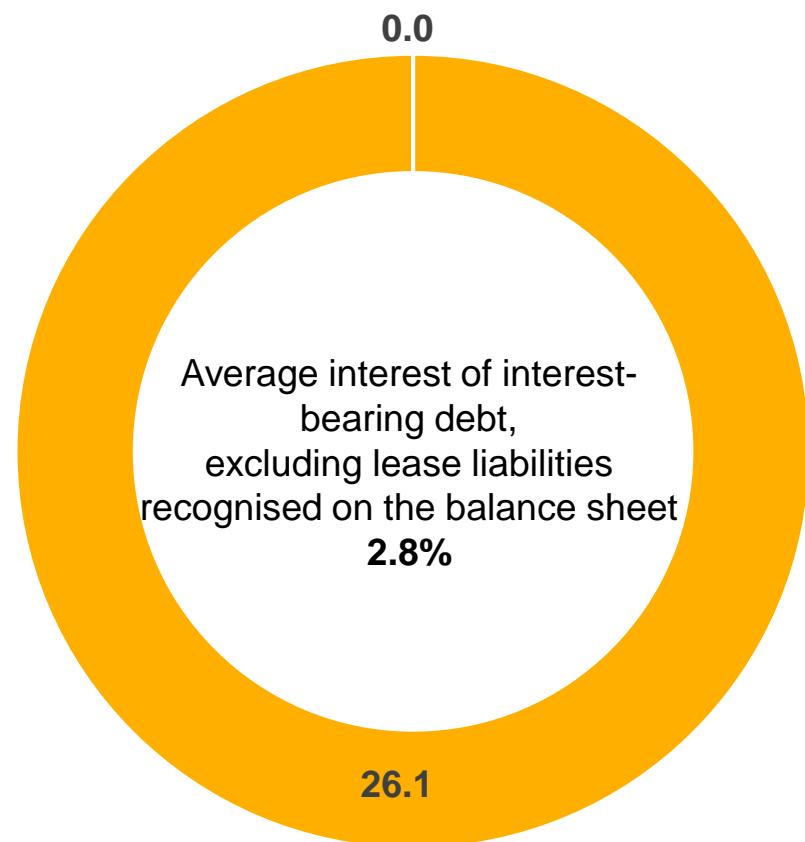
- Kreate's interest-bearing net debt on 31 December 2021 was EUR 20.9 (27.9 on 31 December 2020) million
- The net debt to EBITDA ratio fell below the 1.5 level at the end of the year
- Equity ratio at the end of 2021 was 38.6% (26.3% on 31 December 2021)

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



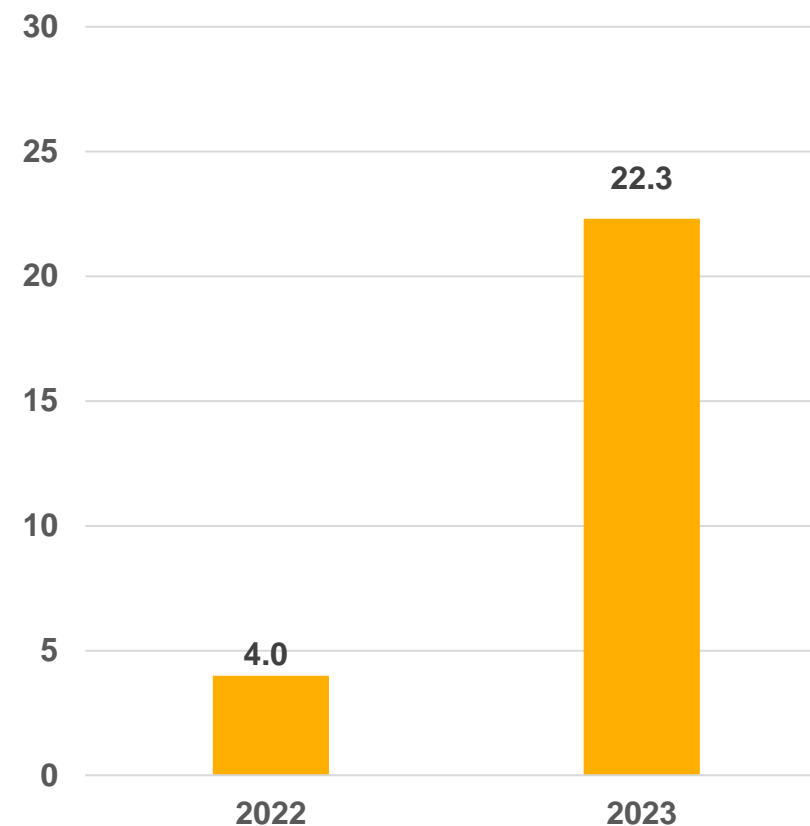
INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

LOAN PORTFOLIO
ON 31 DECEMBER 2021



■ Loans from financial institutions

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



* Of the 2022 repayments, EUR 3 million comprise repayments of committed revolving overdraft and credit limits

OUTLOOK FOR 2022

Kreate estimates that the company revenue (2021: EUR 237.6 million) and EBITA (2021: EUR 10.5 million) will grow compared to 2021.

Justifications:

Kreate's strong order backlog and specialisation in demanding construction as well as the stable infrastructure construction market support the company's strategic growth forecast.



PROPOSAL FOR PROFIT DISTRIBUTION

The parent company Kreate Group Plc's distributable funds amounted to EUR 30,289,500.36 on 31 December 2021.

The Board of Directors proposes to the general meeting on 29 March 2022 that, based on the balance sheet verified for 2021, a dividend of EUR 0.45 be issued per share for shares held outside the company at the time of dividend distribution. The remaining funds distributable as profits are left in unrestricted equity.

On the day of making the proposal for profit distribution, 25 January 2022, 8,894,772 shares were held outside the company, which is equivalent to total dividends of EUR 4,002,647.40.



**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

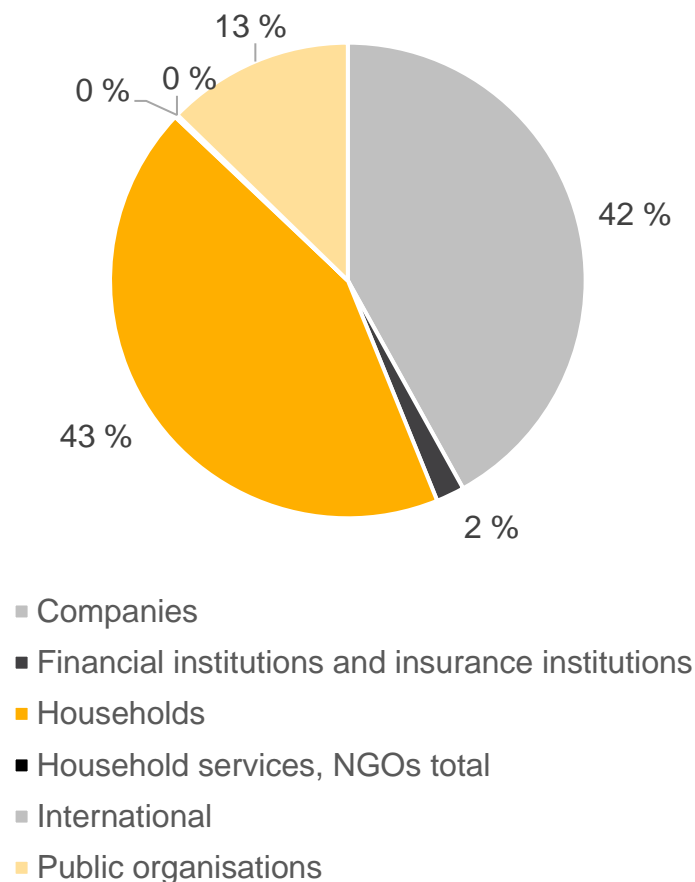
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KREATE'S DIVIDEND POLICY

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 2021

SHAREHOLDERS BY SECTOR



	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	273,534	3.04
	→ via Beachfish Invest Oy	55,796	0.62
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	160,490	1.79
	→ via Lynx Rave Invest Oy	47,919	0.53
12.	Neva-Aho Ronnie Juhani	100,519	1.12
13.	* Skandinaviska Enskilda Banken Ab (publ) Helsinki branch	90,000	1.08
14.	Kreate Group Plc	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		6,142,345	68.36
ALL SHARES IN TOTAL		8,984,772	

* Nominee registered