



REVENUE INCREASED AND ORDER BACKLOG AT A HIGH LEVEL

TIMO VIKSTRÖM, PRESIDENT & CEO
MIKKO LAINE, CFO

27 APR 2022

KREATE GROUP PLC/INTERIM REPORT 1-3/2022

KREATE
THE FUTURE IS BUILT TODAY

JANUARY–MARCH 2022 IN BRIEF

1.

Order backlog amounted to EUR **208.8** (158.3) million

3.

EBITDA was EUR **2.1** (1.7) million, amounting to **4.2%** (4.4%) of revenue

5.

Free cash flow from operating activities was EUR **-1.2** (+0.1) million

2.

Revenue was EUR **50.4** (38.3) million

4.

EBITA was EUR **1.1** (0.9) million, amounting to **2.2%** (2.3%) of revenue

6.

Revenue and operating profit rose above the reference period, as was to be expected. The projects won brought the order backlog to the highest level in our history. Purchases have been made up front in order to ensure availability of materials and progress of the projects.

FORCES OF CHANGE IN KREATE'S OPERATING 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



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 – KREATE'S STRENGTHENING ABILITY TO OPERATE IN A CHANGING ENVIRONMENT

POSSIBLE IMPACTS OF RUSSIA'S WAR IN UKRAINE ON KREATE'S OPERATIONS

● If the situation drags on, financial growth may be weaker. Any possible stimulus activities from the public sector and the transition away from Russian energy and raw materials will create markets and opportunities for infrastructure companies.

● Decision-making for private investments may be delayed or projects are not started

● **Availability of materials**
The price and availability of certain materials will cause cost pressure: steel, sawn timber, energy and oil products

Protective measures in purchases, tenders and contracts

● 2023 →

● 2022/H2

Customer relationships

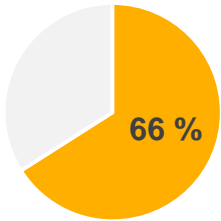
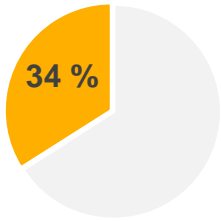
● Kreate has no projects or investments in Russia. We have not identified our clients on the sanctions lists.

Availability of labour

● Kreate's personnel and subcontractors are mainly from Finland, hardly any labour from Eastern Europe or Russia.

● 2022/Q1

KREATE'S MARKETS CONTINUED TO DEVELOP FAVOURABLY

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q1/2022 AND 12-MO OUTLOOK*	SHARE OF KREATE'S REVENUE	KREATE'S POSITION AND MEASURES
STRUCTURAL ENGINEERING		 66 %	<p>In January–February, revenue growth in Structural engineering was driven by an uptick in housing and repair construction that started in the latter half of 2021 and could be seen, in particular, in the foundation and special foundation construction segments. However, project launches in foundation construction showed signs of slowing down after Russia invaded Ukraine in late February and the war dragged on.</p> <p>Tendering continued on a good level in the bridge construction segment, which had a positive impact on Kreate's order backlog.</p>
Bridge construction and repair	↗		
Foundation and rock engineering	↘		
Special foundation construction	↗		
Circular economy	↗		
TRANSPORT INFRASTRUCTURE CONSTRUCTION		 34 %	<p>Revenue for transport infrastructure construction was down from the reference period. In road and street construction, tendering reduced and competition became tighter compared to the similar period of the previous year. Tendering remained on a good level in railway projects.</p>
Railway construction	↑		
Road and street 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

HIGHLIGHTS FOR JANUARY–MARCH 2022



Joint project venture Seila completed the development stage and started construction of main road 19 Seinäjoki–Lapua.

1

We decided to launch a sustainability development programme that aims at reinforcing Kreate's strategic sustainability role and further expanding reporting.



Kreate won the Early Contractor Involvement contract for the Kirkkonummi bridge, worth more than EUR 10 million, which started with a development stage.

2

Driven by innovative solutions, the connecting corridor project between T1 and T2 at Helsinki Airport was completed ahead of time.

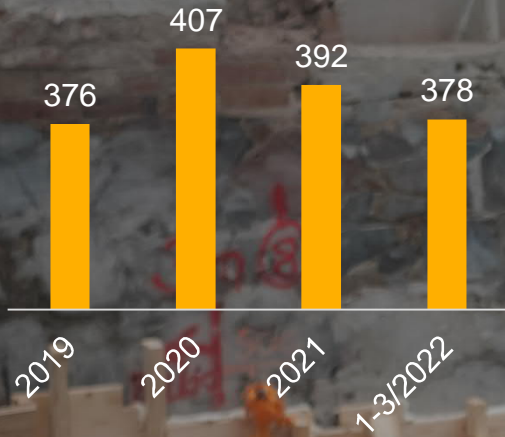


Massive Kupittaa–Turku track project started: Kreate Rata won the first railway contract in the project, worth more than EUR 5 million.

3

The Annual General Meeting confirmed the composition of the Board of Directors: Janne Näränen and Markus Väyrynen stepped aside, while Petra Thorén, M.Sc. (econ.), a professional with extensive experience, was elected to the board as a new member; her versatile experience and skill in communications will also support Kreate's development.

PERSONNEL ON AVERAGE



INJURY
FREQUENCY RATE 12
MONTHS ROLLING

7.4

(0 accidents 1-3/2022)

COMMENTS BY PERSONNEL:

"Good team spirit and working towards a common goal bring out the best in everyone and that makes work more meaningful as well as helps quality and efficiency."

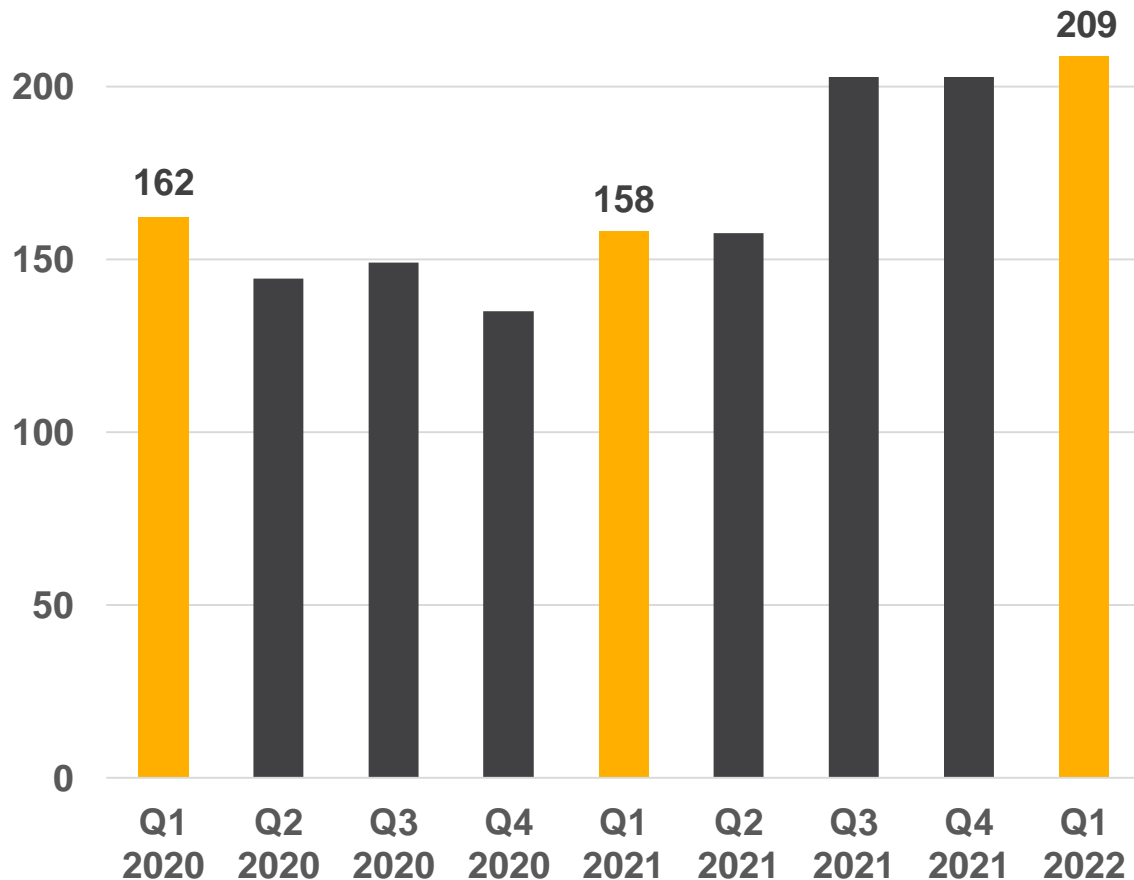
An aerial photograph of a bridge under construction. A large crane with a yellow and red striped boom is positioned on the bridge deck. Several workers in high-visibility vests are visible on the bridge. The background shows a rocky riverbed and some construction materials.

FINANCIAL REPORT

MIKKO LAINE, CFO

ORDER BACKLOG AT A RECORD LEVEL

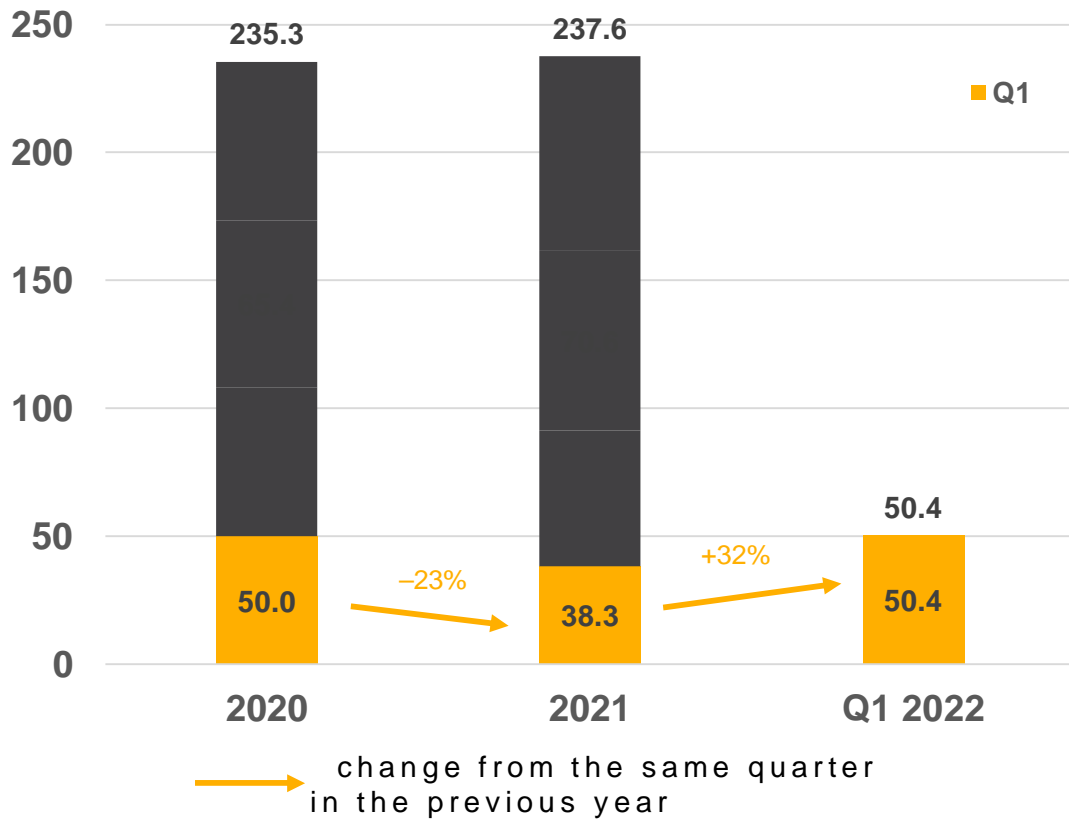
ORDER BACKLOG Q1/2020–Q1/2022, EUR
MILLION



- At the end of March 2022, the order backlog amounted to EUR 208.8 (158.3) million and its expected profitability was at a normal level
- The largest additions during the reporting period were main road 19 Seinäjoki–Lapua and the Kirkkonummi overpass; several railway projects have also been won. Development stage of the alliance project for bridges on highway 180 is proceeding as planned
- Kreate avoids unnecessary and uncontrollable risks when acquiring projects – the cost level increases will be transferred to the costs of execution whenever possible
- The market situation may affect order backlog accumulation later in 2022

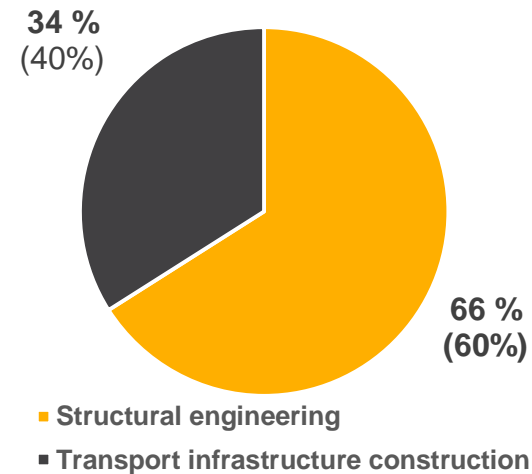
REVENUE GREW IN JANUARY–MARCH 2022

REVENUE, EUR MILLION

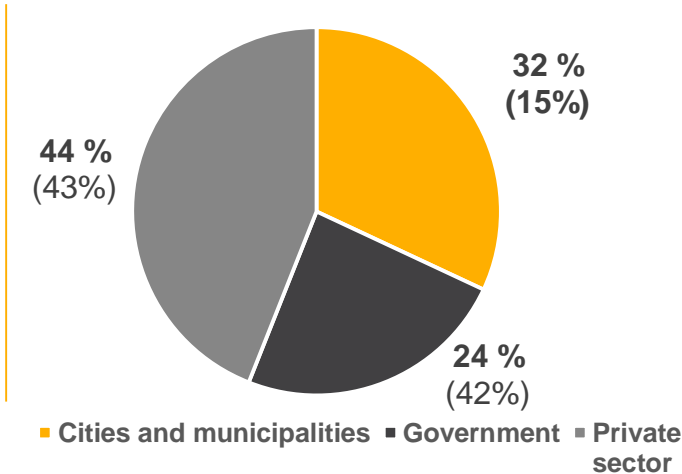


REVENUE DISTRIBUTION 1-3/2022 (1-3/2021)

BY BUSINESS FUNCTION



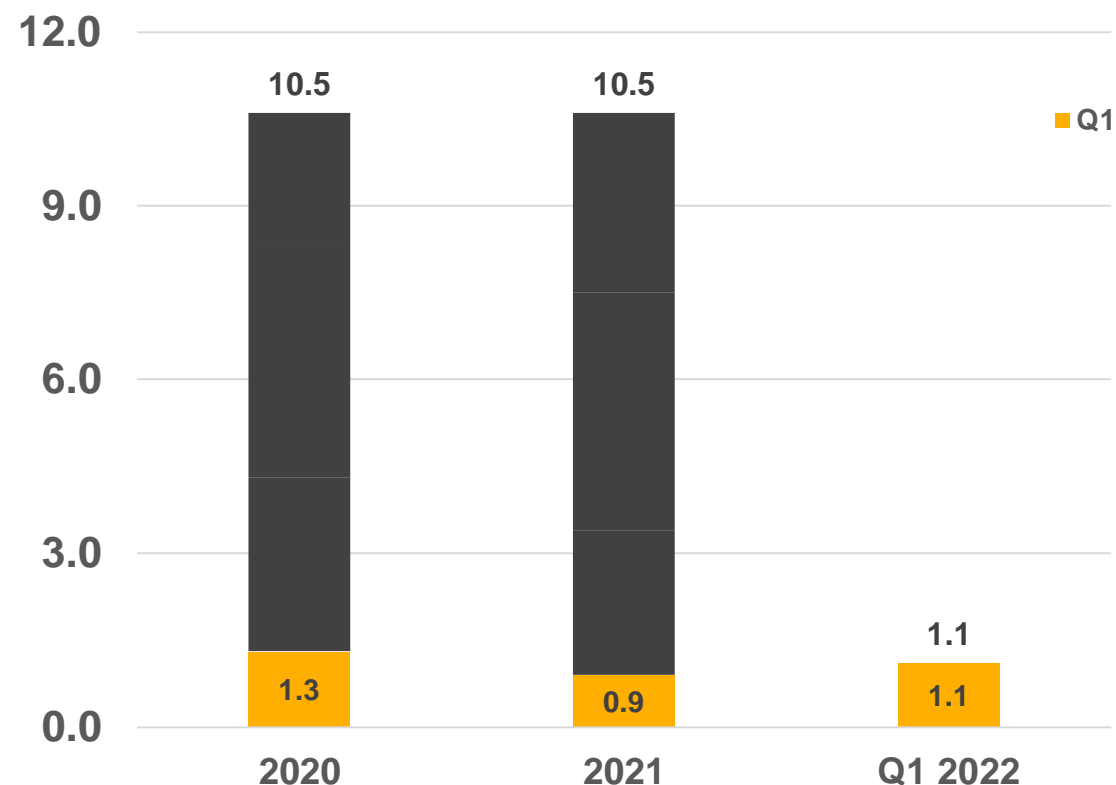
BY CLIENT GROUP



NO SIGNIFICANT CHANGES IN PROJECT PROFITABILITY LEVELS

- In January–March 2022, EBITA grew compared to the reference period, amounting to EUR 1.1 (0.9) million
- Profitability grew as expected alongside revenue growth
- The cost increases during 2021 and early 2022 had only a limited effect on the results of the first quarter

EBITA (EUR MILLION)

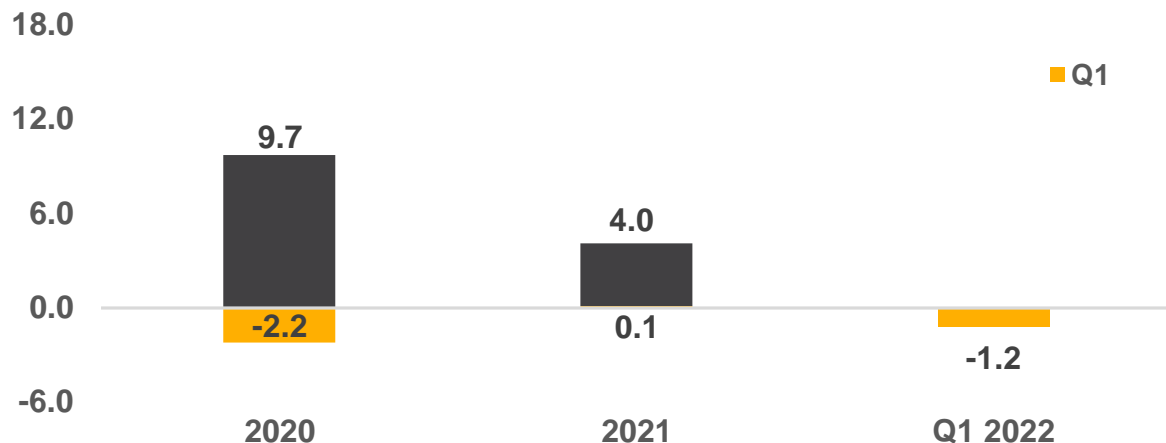


KEY FIGURES: JANUARY–MARCH 2022

EUR million	1–3/2022	1–3/2021	1–12/2021
Order backlog	208.8	158.3	202.8
Revenue	50.4	38.3	237.6
EBITDA	2.1	1.7	14.2
EBITDA, %	4.2	4.4	6.0
EBITA	1.1	0.9	10.5
EBITA, %	2.2	2.3	4.4
Operating profit	1.0	0.8	10.4
Operating profit, %	2.1	2.2	4.4
Result for the period	0.6	-0.3	6.9
Return on capital employed, %	17.4	17.4	17.8
Free cash flow from operating activities	-1.2	0.1	4.0
Net working capital	0.5	-4.6	-0.0
Net debt	23.1	18.8	20.9
Net debt/EBITDA	1.6	1.4	1.5
Equity ratio, %	38.2	38.2	38.6
Earnings per share, €	0.07	-0.04	0.80
Personnel at the end of the period	379	385	385

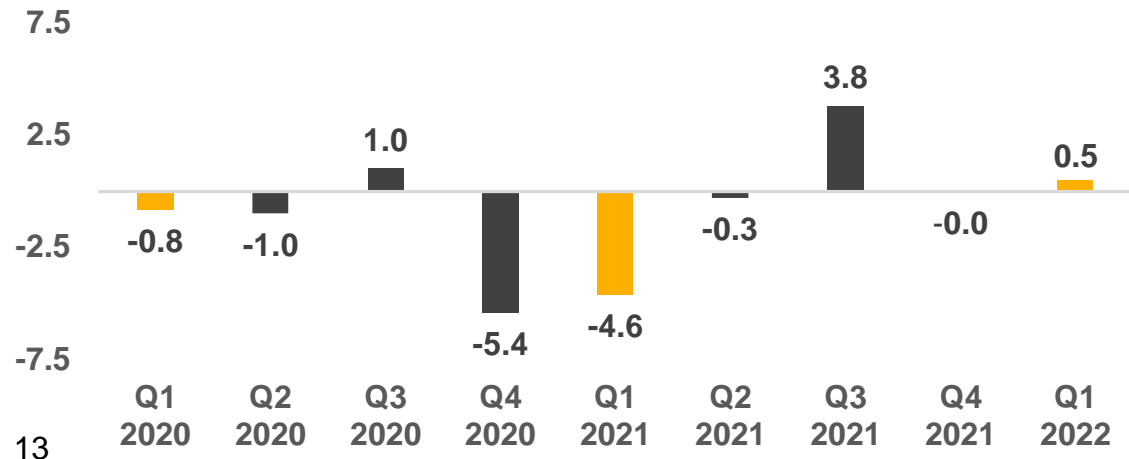
INVESTMENTS EARLY IN THE YEAR AFFECTED CASH FLOW

FREE CASH FLOW FROM OPERATING ACTIVITIES, EUR MILLION



- Free cash flow from operating activities in January–March was EUR -1.2 (0.1) million
- The company's net investments were EUR -1.8 (-0.8) million. Investments were made with more front end weight than normal early in the year, which affected cash flow

NET WORKING CAPITAL, EUR MILLION

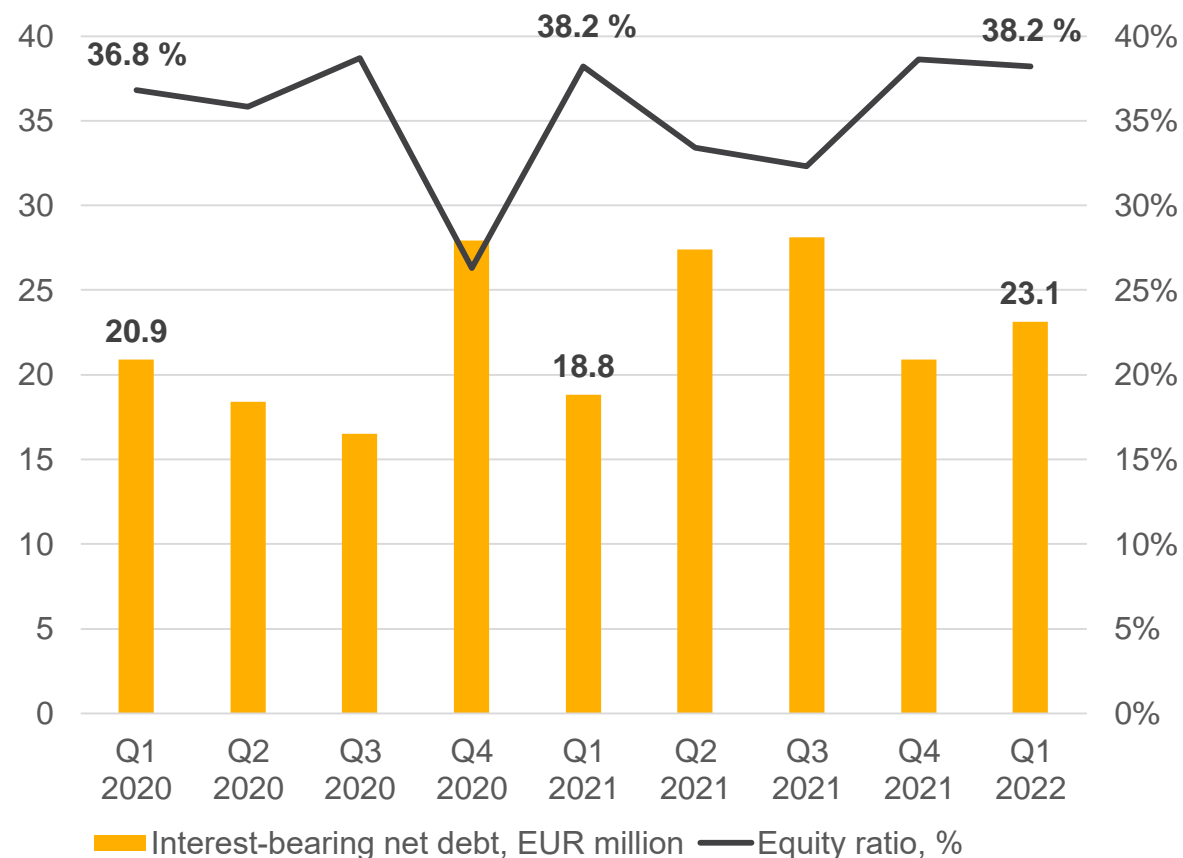


- Working capital remained at a normal level, near zero
- Factors related to material availability may affect the level of net working capital during the rest of the year

INTEREST-BEARING NET DEBT AND EQUITY RATIO

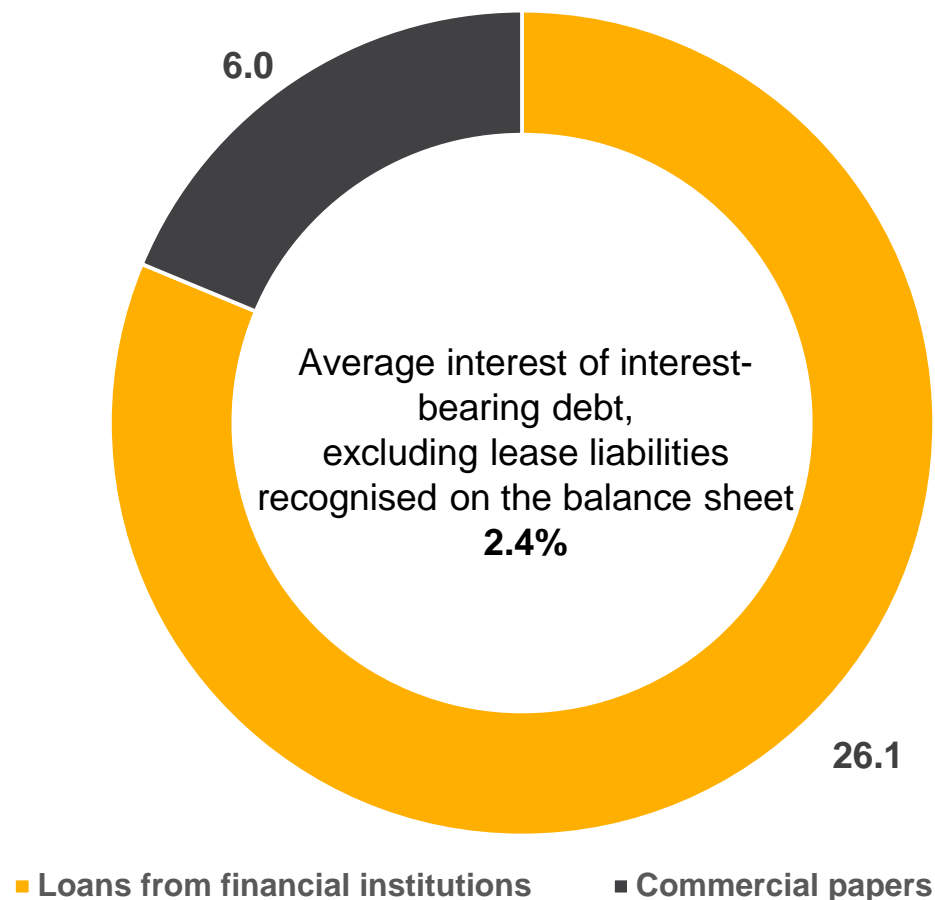
- Kreate's interest-bearing net debt on 31 March 2022 was EUR 23.1 million (31 March 2021: EUR 18.8 million)
- During the reporting period, Kreate signed an agreement for a domestic commercial paper programme worth EUR 50 million. On 31 March 2022, the company had issued commercial papers to the value of EUR 6.0 million.
- Net debt to EBITDA ratio remained clearly below the target level, being 1.6x at the end of the reporting period
- Equity ratio was 38.2% on 31 March 2022, the same level as one year earlier

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

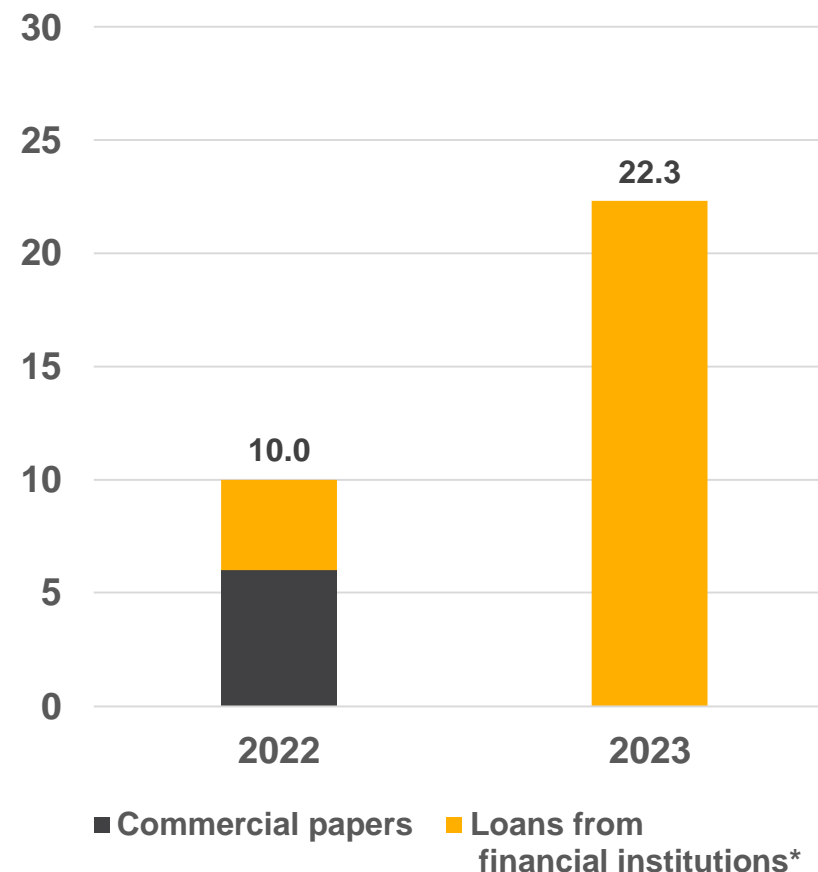


INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

LOAN PORTFOLIO ON 31 MARCH 2022,
EUR MILLION



REPAYMENT SCHEDULE FOR INTEREST-BEARING
DEBT ON 31 MARCH 2022, EUR MILLION



*) Of the 2022 repayments of loans from financial institutions, EUR 3 million comprise the repayments of committed revolving overdraft and credit limits

OUTLOOK FOR 2022

Kreate estimates that its 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.



**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

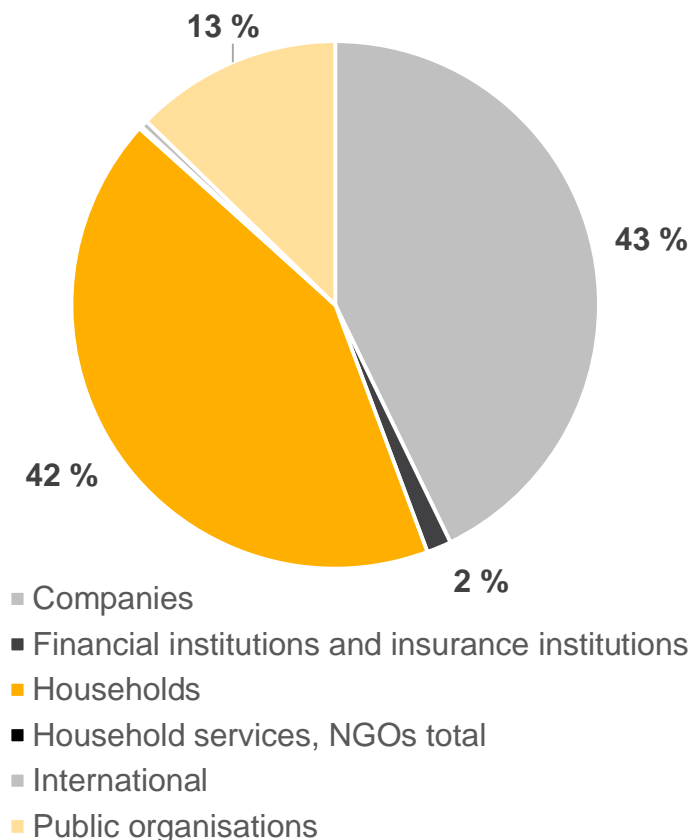
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KREATE'S DIVIDEND POLICY

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 MARCH 2022

SHAREHOLDERS BY SECTOR



Personnel as shareholders:

On 31 March 2022, the ownership share of Kreate's personnel was 20%.

	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 Company	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
	via Beachfish Invest Oy	55,796	0.6
8.	Salminen Juha Petri	160,512	1.8
	via Lynx Rave Invest Oy	47,919	0.5
9.	Inkala Tero Antero	208,396	2.3
10.	Elo Mutual Pension Insurance Company	180,000	2.0
11.	Pensionsförsäkringsaktiebolaget Veritas	175,000	2.0
12.	Neva-Aho Ronnie Juhani	100,519	1.1
13.	Kreate Group Plc	90,000	1.0
14.	Tradeka-Sijoitus Oy	89,000	1.0
15.	Hat Invest Oy	76,193	0.9
16.	Petri Rignell	2,032	0.0
	via Prirock Oy	69,908	0.8
17.	Kulmala Teuvo Kalle Olavi	67,966	0.8
18.	Karjalainen Jarmo Juhani	65,580	0.7
19.	* Skandinaviska Enskilda Banken Ab (publ) Helsingin Sivukonttori	62,809	0.7
20.	Säästöpankki Kotimaa -Mutual Fund	54,924	0.6
	TOP 20 TOTAL	6,109,878	68.0
	All SHARES TOTAL	8,984,772	

* Nominee registered