



A STRONG PERFORMANCE IN A CHALLENGING OPERATING ENVIRONMENT

TIMO VIKSTRÖM, PRESIDENT & CEO
MIKKO LAINE, CFO

31.1.2023

KREATE GROUP PLC/FINANCIAL STATEMENT BULLETIN FOR 2022

KREATE
THE FUTURE IS BUILT TODAY

2022 IN BRIEF

1.

Order backlog amounted to EUR **306.9** (202.8) million

3.

EBITDA was EUR **13.6** (14.2) million, amounting to **5.0%** (6.0%) of revenue

5.

Free cash flow from operating activities was EUR **3.5** (4.0) million

2.

Revenue was EUR **273.9** (237.6) million

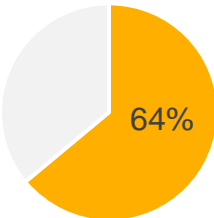
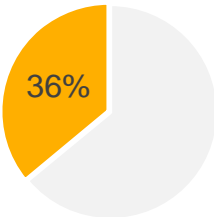
4.

EBITA was EUR **8.8** (10.5) million, amounting to **3.2%** (4.4%) of revenue

6.

Revenue grew higher than the reference period while operating profit decreased as expected. Order backlog is high. The board proposes a dividend of 0.46 eur/share, which would be paid in two installments

INDUSTRIAL INVESTMENTS BOOSTING THE INFRASTRUCTURE MARKET

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q4/2022 AND 12-MONTH OUTLOOK*	SHARE OF KREATE'S REVENUE	KREATE'S POSITION AND MEASURES
STRUCTURAL ENGINEERING	→		In the Structural engineering business function, 2022 was a very strong year, with revenue growing year-on-year. Revenue grew particularly due to large bridge projects as well as complex foundation construction projects.
Bridge construction	→		
Foundation and engineering construction	↘		The slowing down in the housing market will have the highest impact on the foundation construction market in 2023. Kreate's specialisation in demanding infrastructure construction boosted the revenue in foundation and engineering construction in 2022.
Special foundation construction	↗		
Circular economy	→		In Sweden, particularly the rock engineering and concrete construction market, which demands special expertise and suits Kreate, will continue to be very strong in the next few years.
Special infrastructure construction in Sweden	↗		
TRANSPORT INFRASTRUCTURE CONSTRUCTION	→		In transport infrastructure construction, the share of total revenue decreased slightly from the previous year but remained at the normal level. During the year, the performance was accelerated by industrial investments as well as the stability of the railway construction market. Industrial investments in Finland grew by 20% in 2022, and a 7% growth is forecast for 2023.
Railway construction	→		
Road and street construction	→		
OVERVIEW	→		Projects related to the green transition and industrial investments will keep the infrastructure construction volume at a good level and provide continuity.

	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
↗	Strengthening market in the following 12 months
→	Stable market in the following 12 months
↘	Weakening market in the following 12 months
↓	Very weak market in the following 12 months

* Source: Kreate Group management estimate

HIGHLIGHTS OF OCTOBER–DECEMBER 2022



The unique Lillholmen lifting bridge was completed on schedule and delivered in October.



Kreate's Swedish subsidiary won an important tunnel contract that strengthened the strategic growth plan.



Kreate delivered the E18 Turku Ring Road, Kausela–Pukkila project six months ahead of schedule.

10-11

12

12

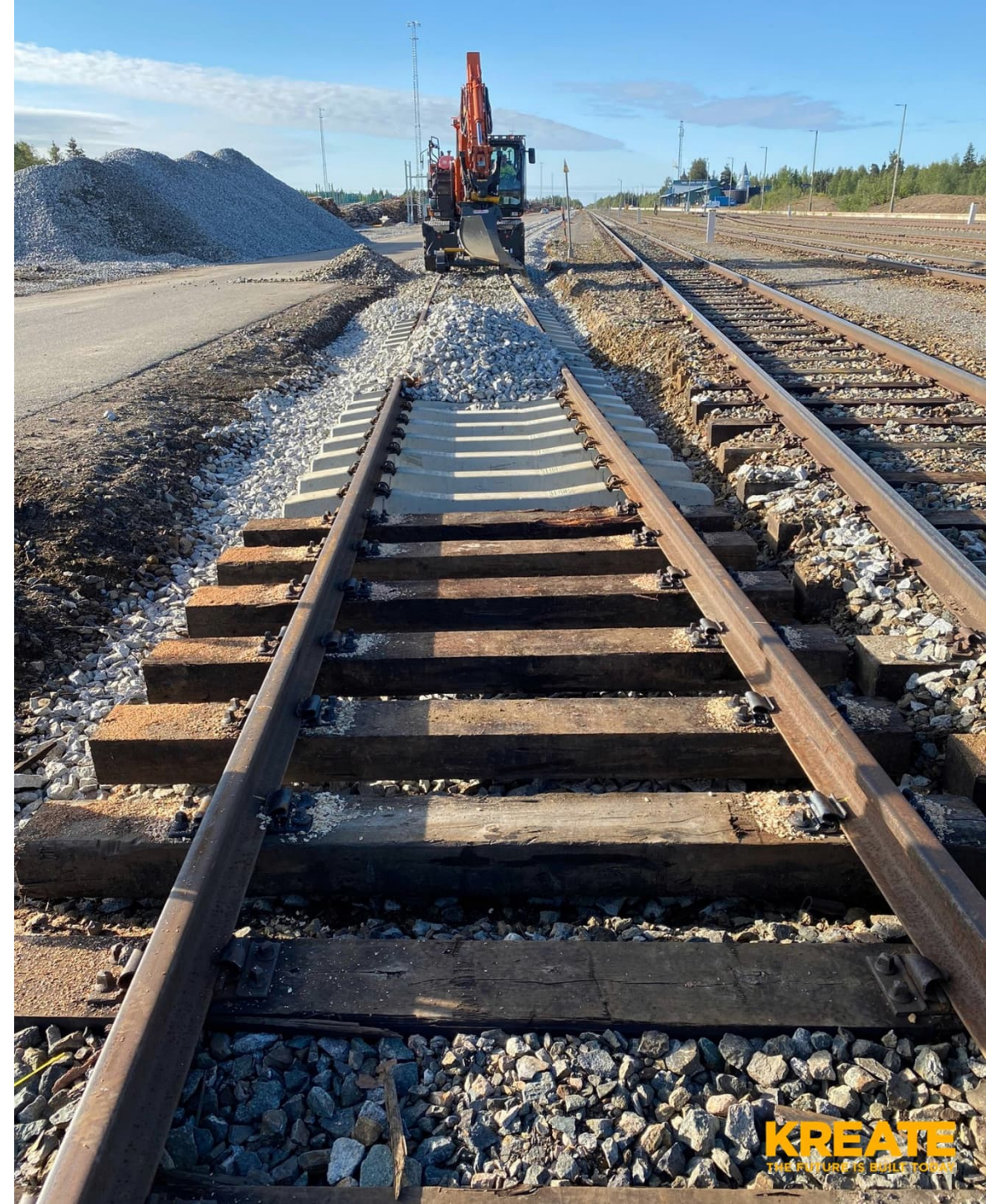
Kreate signed a contract with Kesko concerning the earthmoving and foundation construction work for a logistics centre that will serve Onninen and K-Auto. Located in Hyvinkää, the logistics centre will cover an area of 80,000 m² and Kreate will execute the project's foundation construction and concrete construction until the pile slab.

Kreate Group's President & CEO Timo Vikström was appointed chair of the Board of Directors of the Confederation of Finnish Construction Industries RT for a two-year term of office as of 1 January 2023.

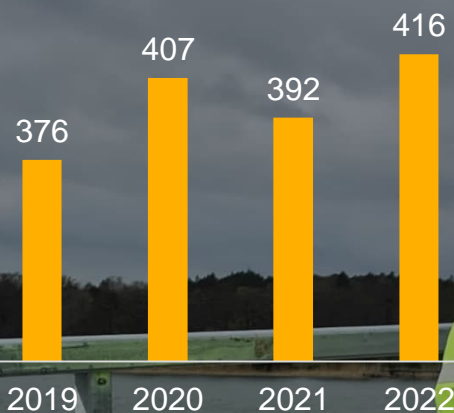
Kreate signed a contract valued at approximately EUR 10 million with the Finnish Transport Infrastructure Agency concerning the construction of the Syrjäsalmi railway bridge which is part of the Karelian track. The bridge project combines Kreate's strategically important competence: market leadership in bridge construction and special foundation construction as well as diverse railway project competence.

STRONG PERFORMANCE ACCORDING TO THE STRATEGY – GLOBAL SITUATION IMPACTING THE GROWTH PROSPECTS

- **Supporting the strategy with selected acquisitions and expansion into Sweden:** In the spring, Kreate established a subsidiary in Sweden, Kreate Holding Sverige AB. In September, the subsidiary acquired BBEAB, a company specialising in demanding underground infrastructure construction, →strengthening Kreate Group, complementing our services in the Nordics and enabling profitable business.
 - **Strengthening and expanding the customer base and service offering** The railway construction business was expanded into the electric railway and safety device business, which will support future projects shaped by the green transition, digitalisation and public transport focusing on railways.
 - **Positioning in growing market segments:** Over the course of the year, Kreate has anchored its market position more strongly to areas that benefit from expertise in demanding infrastructure construction. The company's top projects include the Kruunuvuorensilta bridge, Kirjalansalmi and Hessundinsalmi bridges, technical construction for the Sulkavuori central wastewater treatment plant and various industrial projects.
- The strategic supporting of growth will strengthen Kreate in the future and also stabilise the operations during the more unstable period of slow growth.



PERSONNEL ON AVERAGE



COMMENTS BY THE PERSONNEL:

"My work is enjoyable and we participate in the most challenging projects in the industry"

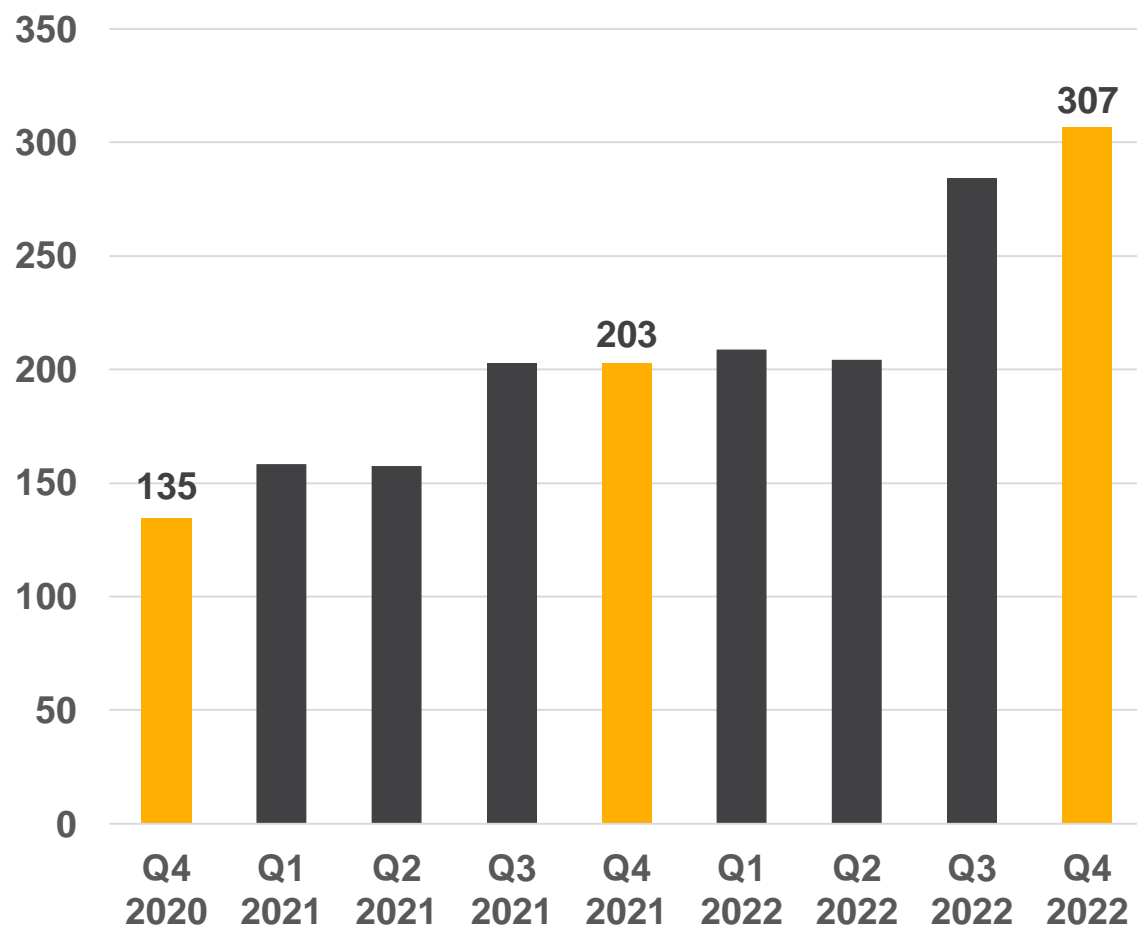
LOST-TIME INJURY
FREQUENCY 12 MO
ROLLING

7.2

(5 accidents 1-12/2022)

ORDER BACKLOG REACHED A NEW RECORD

ORDER BACKLOG Q4/2020–Q4/2022, EUR MILLION

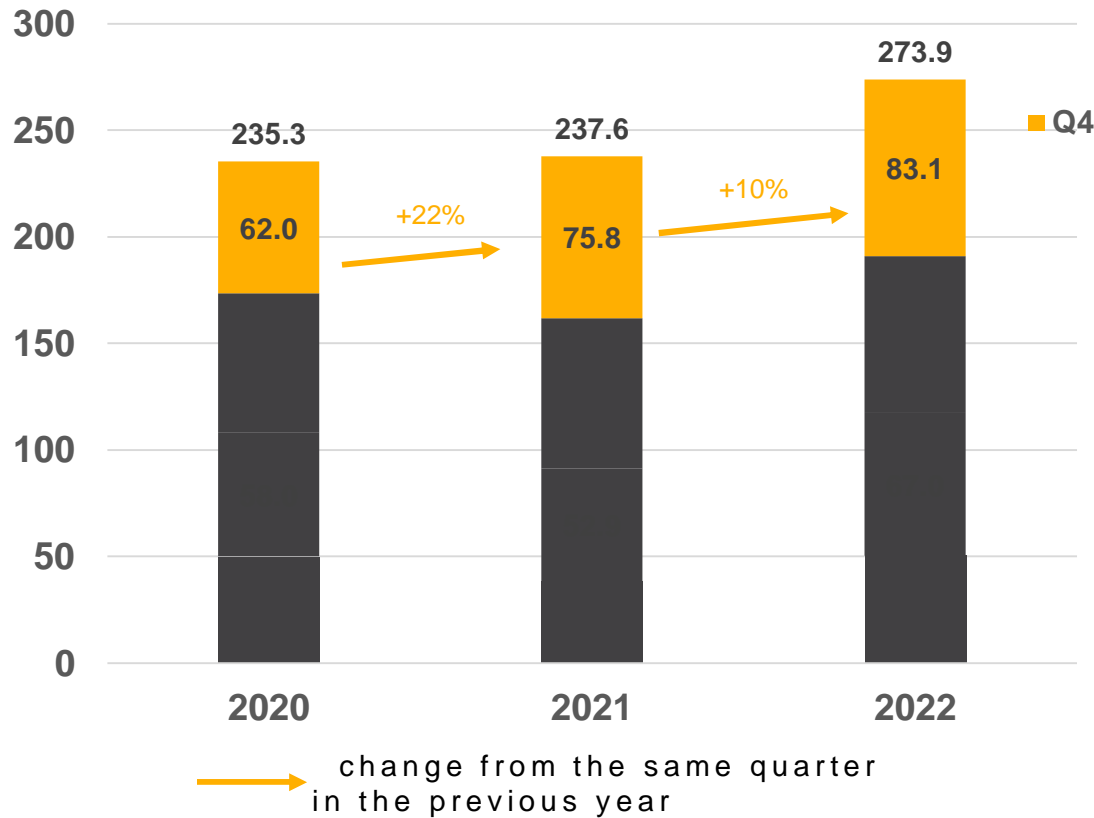


- At the end of December 2022, the order backlog amounted to EUR 306.9 (202.8) million
- Of the order backlog at the end of 2022, approximately EUR 202 million are expected to be realised during 2023 (31 Dec 2021: EUR 137 million during 2022)
- Order backlog profitability is forecast to remain at the normal level
- At the end of December 2022, the order backlog in Sweden amounted to EUR 10.5 million

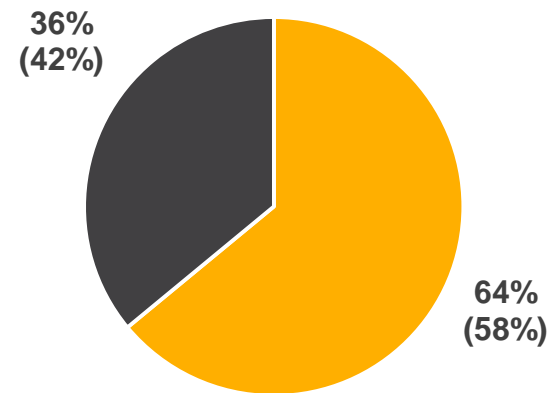
REVENUE GREW MORE THAN EXPECTED DURING THE FOURTH QUARTER

REVENUE, EUR MILLION

REVENUE DISTRIBUTION IN 2022 (2021)

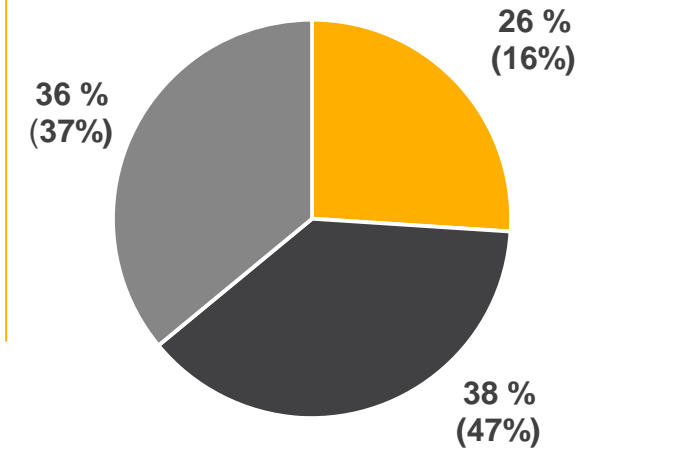


BY BUSINESS FUNCTION



- Structural engineering
- Transport infrastructure construction

BY CLIENT GROUP

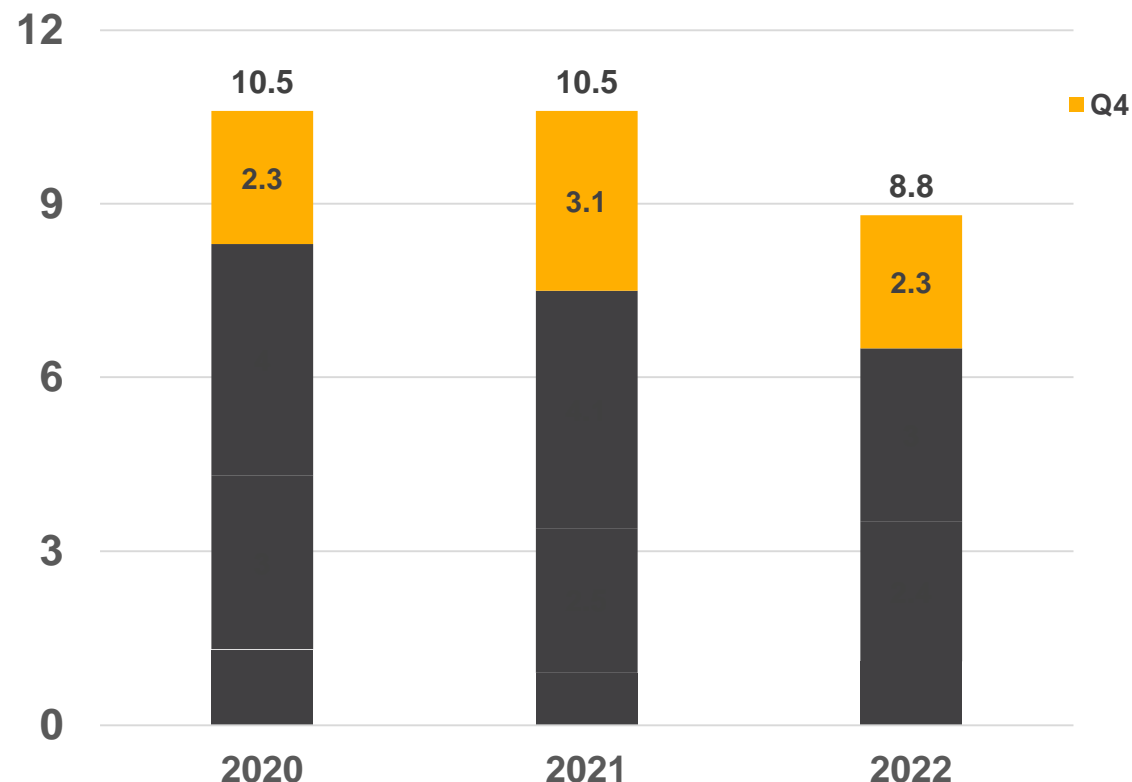


- Cities and municipalities
- Government
- Private sector

COST INFLATION REDUCED PROFITABILITY AS EXPECTED

- In October–December 2022, EBITA decreased compared to the reference period as was expected, amounting to EUR 2.3 (3.1) million
- EBITA for the full year was EUR 8.8 (10.5) million
- The increase in cost level had a negative impact especially on long projects that are in their final stages
- Kreate's flexible cost structure helped maintain profitability in the challenging operating environment

EBITA (EUR MILLION)



An aerial photograph of a winter landscape. A long bridge spans a body of water, surrounded by dense evergreen forests covered in snow. The scene is captured from a high angle, showing the bridge's structure and the surrounding terrain.

FINANCIAL REPORT

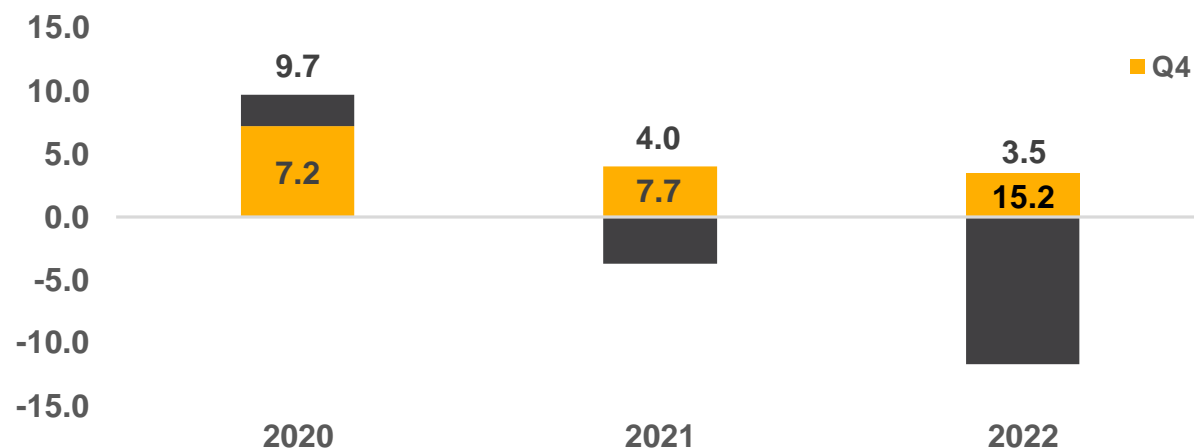
MIKKO LAINE, CFO

KEY FIGURES: JANUARY–DECEMBER 2022

EUR million	10-12/2022	10-12/2021	1–12/2022	1–12/2021
Order backlog			306.9	202.8
Revenue	83.1	75.8	273.9	237.6
EBITDA	3.8	4.1	13.6	14.2
EBITDA, %	4.5	5.4	5.0	6.0
EBITA	2.3	3.1	8.8	10.5
EBITA, %	2.8	4.1	3.2	4.4
Operating profit	2.3	3.0	8.6	10.4
Operating profit, %	2.8	4.0	3.2	4.4
Result for the period	1.3	2.4	5.6	6.9
Return on capital employed, %			12.5	17.8
Free cash flow from operating activities	15.2	7.7	3.5	4.0
Net working capital			4.7	-0.0
Net debt			33.4	20.9
Net debt/EBITDA			2.5	1.5
Net debt/EBITDA pro forma			2.4	
Equity ratio, %			31.6	38.6
Earnings per share, €	0.14	0.28	0.64	0.80
Personnel at the end of the period			447	385

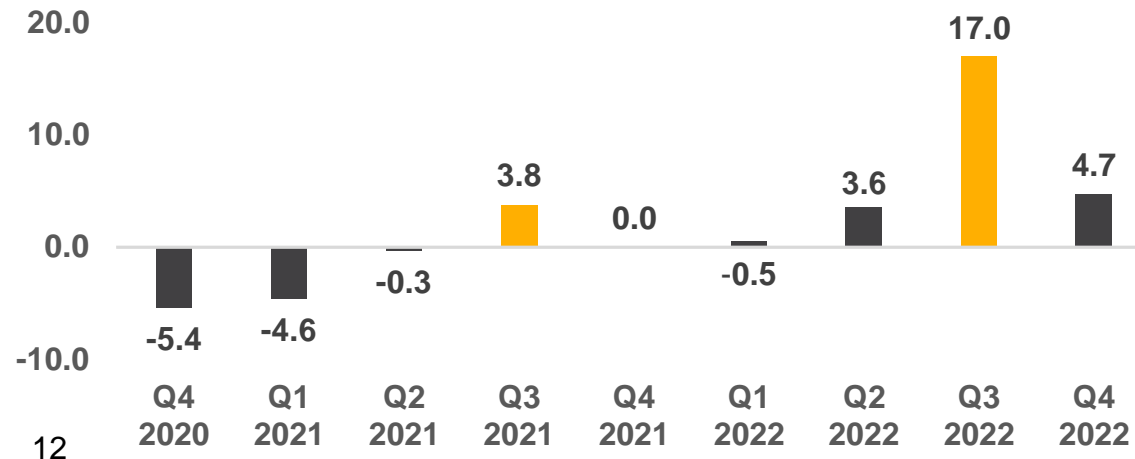
NET WORKING CAPITAL DECREASED AS EXPECTED

FREE CASH FLOW FROM OPERATING ACTIVITIES, EUR MILLION



- Free cash flow from operating activities was EUR 3.5 (4.0) million in January–December 2022 and the cash flow was once again strong in Q4
- The company's net investments for the full year amounted to EUR -4.2 (-4.9) million, mainly comprising machinery and equipment for business purposes.

NET WORKING CAPITAL, EUR MILLION

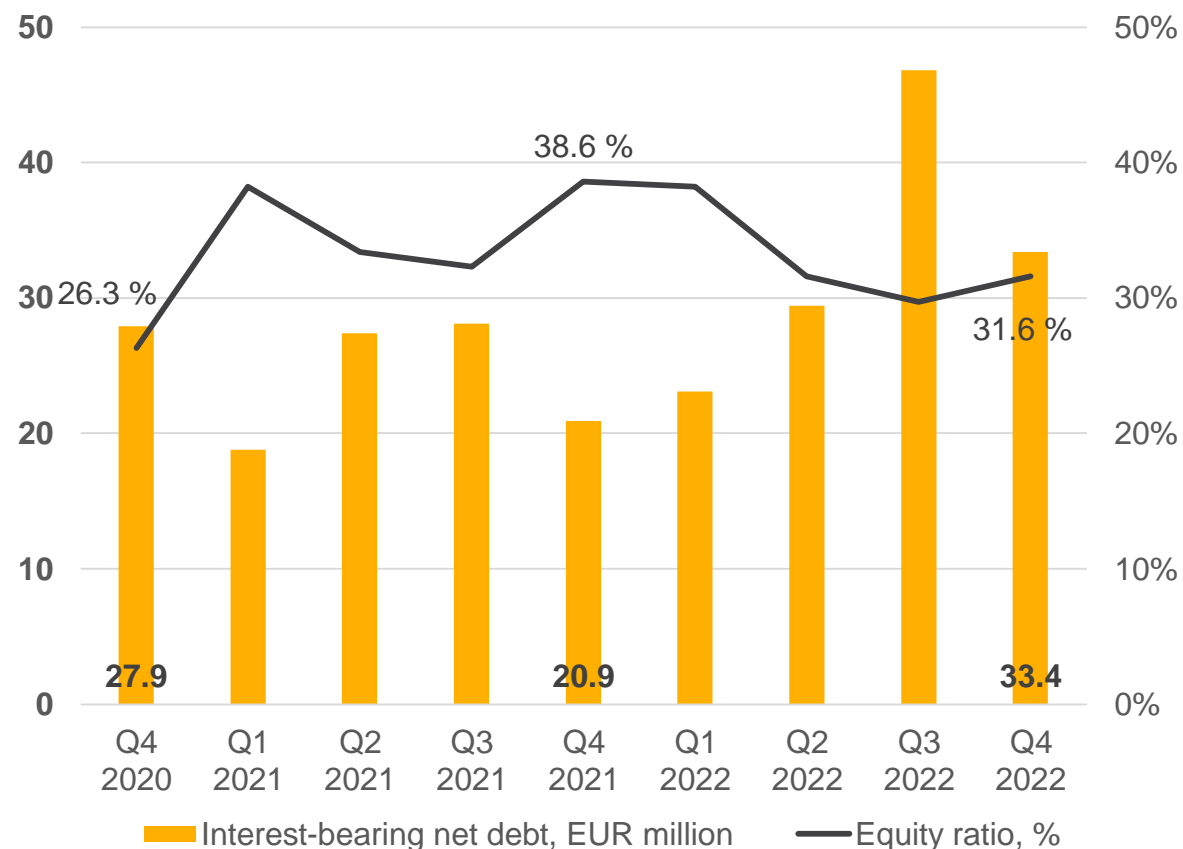


- In Q4, the company was able to deliver significant projects and, together with normal seasonal variation, the net working capital decreased by EUR 12.3 million near the normal level in recent years.

INTEREST-BEARING NET DEBT AND EQUITY RATIO

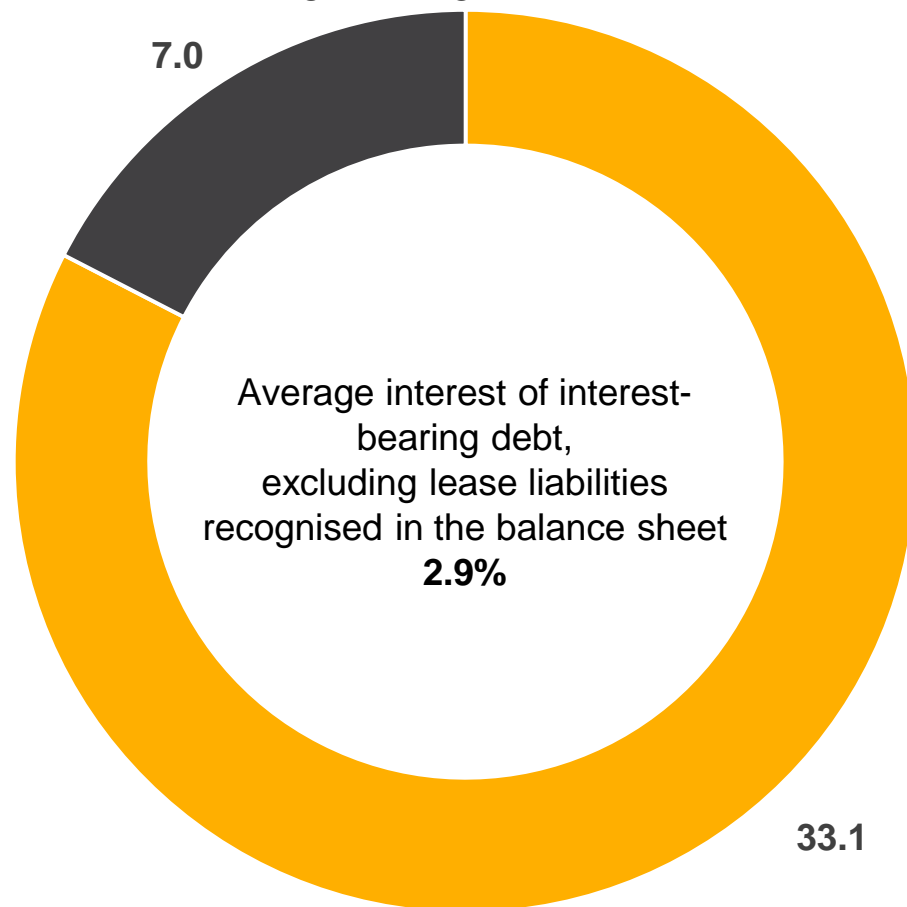
- Kreate's interest-bearing net debt on 31 December 2022 was EUR 33.4 million (2021: 20.9)
- A new financing arrangement was signed in July which replaced the earlier credit limit and loan agreements that would have been due in 2023
- The new financing arrangement supports the management of the company's working capital changes, allowed for the strategic expansion into Sweden with a business acquisition and extended the maturity of the loans
- The commercial paper programme, which started at the beginning of the year, continues unchanged On 31 December 2022, the company had issued commercial papers totalling EUR 7.0 million
- Equity ratio was 31.6% on 31 December 2022 (2021: 38.6%)

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



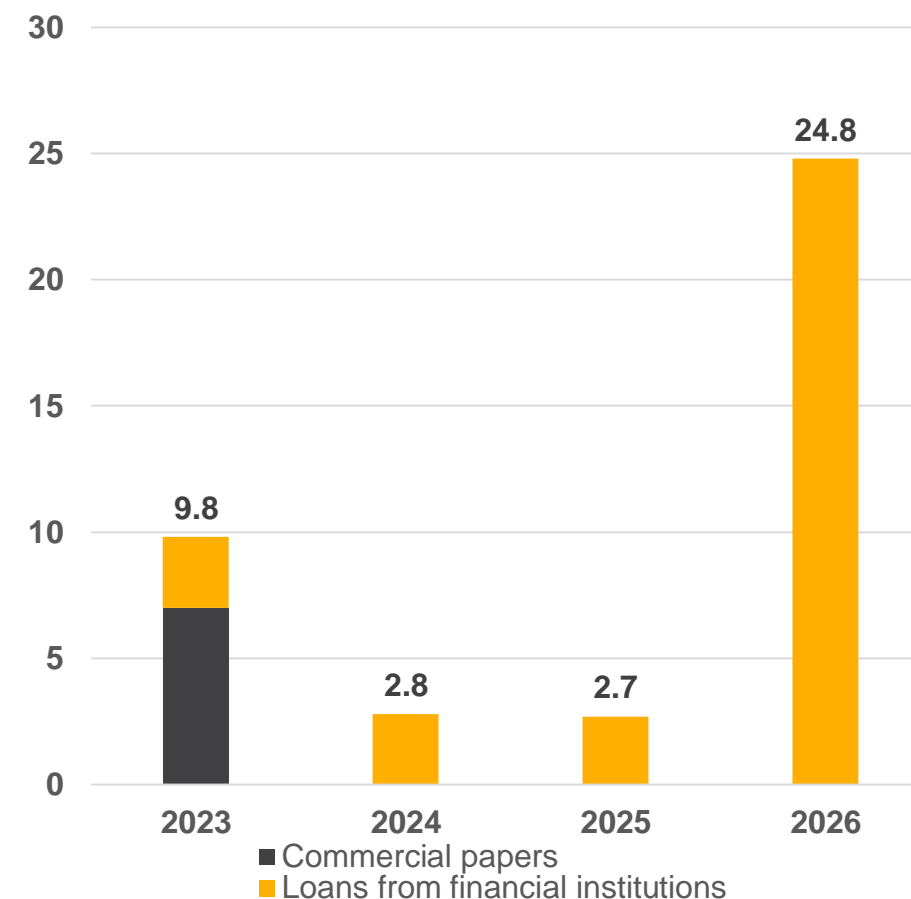
INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

LOAN PORTFOLIO ON 31 DECEMBER 2022,
EUR MILLION



■ Loans from financial institutions
■ Commercial papers

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



■ Commercial papers
■ Loans from financial institutions

OUTLOOK FOR 2023

- Kreate estimates that its revenue is at the level of 2022 (2022: EUR 273.9 million) and EBITA (2022: EUR 8.8 million) will grow compared to the year 2022.
- Justifications: Kreate's high order backlog at the beginning of 2023 supports the positive development of turnover, but the general economic situation may affect the accumulation of new order backlog during the year. In addition to the order backlog, Kreate's specialisation in demanding construction and the stable infrastructure construction market will support EBITA growth in 2023.



PROPOSAL FOR PROFIT DISTRIBUTION

The parent company Kreate Group Plc's distributable funds amounted to EUR 30,071,086.98 on 31 December 2022.

The Board of Directors proposes to the general meeting on 29 March 2022 that, based on the balance sheet verified for 2022, a dividend of EUR 0.46 be issued per share for shares held outside the company at the time of dividend distribution. The dividend will be paid in two installments of EUR 0.23, the first in April 2023 and the second in October 2023. The remaining funds distributable as profits are left in unrestricted equity.

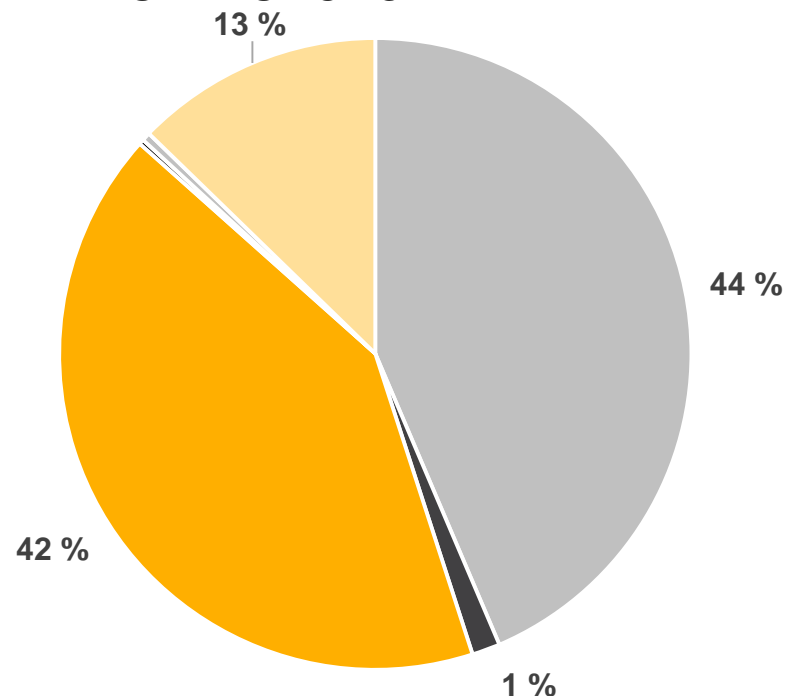
On the day of making the proposal for profit distribution, 30 January 2023, 8,841,266 shares were held outside the company, which is equivalent to total dividends of EUR 4,066,982.36.



**THE FUTURE IS
BUILT TODAY**

KREATE'S SHAREHOLDERS ON 31 DECEMBER 2022

SHAREHOLDERS BY SECTOR



- Companies
- Financial institutions and insurance institutions
- Households
- Household services, NGOs total
- International
- Public organisations

	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	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.	Inkala Tero Antero	208 396	2.3
9.	Elo Mutual Pension Insurance Company	180 000	2.0
10.	Pensionsförsäkringsaktiebolaget Veritas	175 000	1.9
11.	Salminen Juha Petri	160 512	1.8
12.	Neva-Aho Ronnie Juhani	100 519	1.1
14.	Tradeka-Sijoitus Oy	94 750	1.1
13.	Kreate Group Plc	90 000	1.0
15.	Petri Rignell	2 032	0.0
	via Prirock Oy	69 908	0.8
16.	Hat Invest Oy	71 193	0.8
17.	Kulmala Teuvo Kalle Olavi	67 966	0.8
18.	Karjalainen Jarmo Juhani	65 580	0.7
19.	* Skandinaviska Enskilda Banken Ab	55 260	0.6
20.	Säästöpankki Kotimaa -Mutual fund	54 924	0.6
TOP 20 TOTAL		6 055 160	67.4
ALL SHARES TOTAL		8 984 772	

* Nominee registered