



EBITA INCREASED YEAR-ON-YEAR – REVENUE DECREASED AS EXPECTED

MIKKO LAINE, CFO

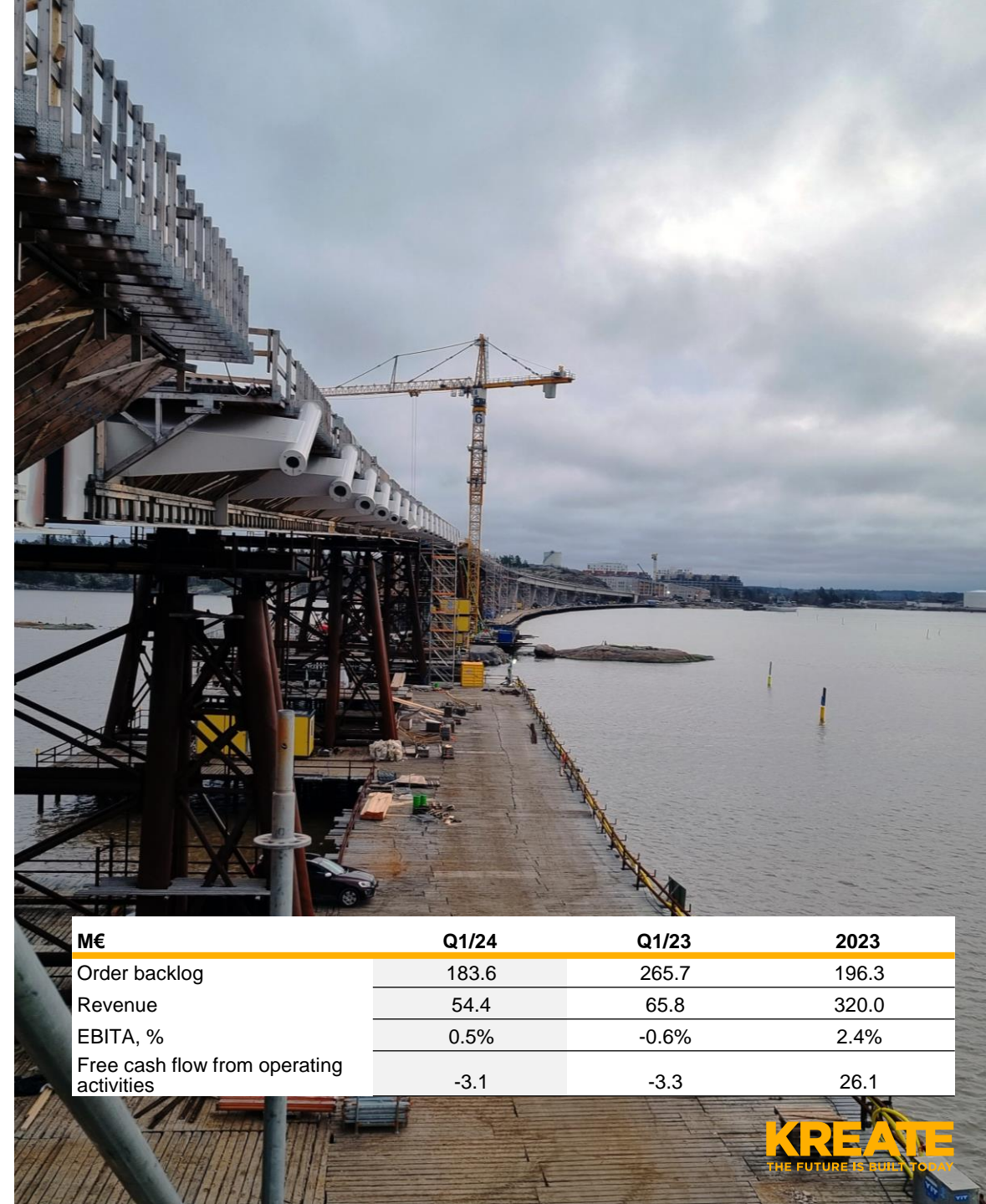
26 APRIL 2024

KREATE GROUP OYJ / INTERIM REVIEW JANUARY-MARCH 2024

KREATE
THE FUTURE IS BUILT TODAY

PROFITABILITY TREND IN THE RIGHT DIRECTION

- EBITA increased in relative terms and in euros year-on-year
 - Strong operational performance
 - Flexible cost structure
 - Second consecutive quarter of EBITA growth
- Revenue decreased by 17% year-on-year
 - The decrease in the volume of large projects is the most significant item affecting revenue
- Order backlog of 186.6 MEUR, of which 141 MEUR for this year
 - Market very active and a lot of projects in and coming to tender phase
- Result guidance unchanged: Revenue in 2024 estimated to decline and be in the range of 270–300 MEUR (2023: 320.0 MEUR) and EBITA to increase and be in the range of 8–11 MEUR (2023: 7.8 MEUR).
 - Revenue and EBITA are expected to weight more on H2 compared to the previous year's distribution



M€	Q1/24	Q1/23	2023
Order backlog	183.6	265.7	196.3
Revenue	54.4	65.8	320.0
EBITA, %	0.5%	-0.6%	2.4%
Free cash flow from operating activities	-3.1	-3.3	26.1

FINANCIAL TARGETS FOR 2024–2027 STRATEGY PERIOD

1. PROFITABILITY

EBITA margin

> 5 %

2. GROWTH

Annual revenue growth
from 2024 onwards

5–10 %

3. INDEBTEDNESS

Net debt/EBITDA

< 2,5

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

SYSTEMATIC PROJECT IMPLEMENTATION IN FINLAND AND SWEDEN



The Kuusistonsalmi bridge construction progressed, for example, by drilling bored piles into pile slabs.



Kreate Sverige AB signed a letter of intent to install drainage mats with West Link Contractors.



The Kruunuvuori Bridge proceeded to one of the most challenging binder castings in the project.

1

2

3

TENDER ACTIVITY IS VERY ACTIVE



INFLATION AND INTEREST RATES

Cost inflation has levelled off and the markets have started to get used to interest rates. Expectations of interest rate cuts starting in the summer have strengthened.



INDUSTRIAL INVESTMENTS

Industrial companies are willing to invest, and the level of activity has clearly increased in recent months.



TRANSPORT INVESTMENTS

The Government has about 3 BEUR transport investment programme and several cities are also planning tramway projects.

12-MONTH MARKET OUTLOOK IS EXCEPTIONALLY STRONG

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q-ON-Q					12-MONTH OUTLOOK*	SHARE OF KREATE'S REVENUE
	Q1/23	Q2/23	Q3/23	Q4/23	Q1/24		
STRUCTURAL ENGINEERING							
Bridge construction	Unchanged	Unchanged	Improved	Improved	Unchanged	→	<p>75%</p>
Foundation and engineering construction	Weaker	Unchanged	Unchanged	Improved	Improved	→	
Special foundation construction	Unchanged	Unchanged	Unchanged	Improved	Unchanged	→	
Circular economy	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	→	
Special infrastructure construction in Sweden	Unchanged	Unchanged	Unchanged	Unchanged	Improved	↗	
TRANSPORT INFRASTRUCTURE CONSTRUCTION							
Railway construction	Improved	Weaker	Improved	Unchanged	Unchanged	↗	<p>25%</p>
Road and street construction	Unchanged	Unchanged	Unchanged	Unchanged	Unchanged	→	
OVERVIEW				Improved	Unchanged	↗	

Market development



Outlook

- ↗ 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

... AND THE LONG-TERM OUTLOOK IS POSITIVE TOO



MILITARY MOBILITY

The need for and importance of rail, road, port and airport infrastructure to the northern and western borders is increasing.



URBANIZATION

Urbanisation means denser and more challenging construction and more rail traffic.

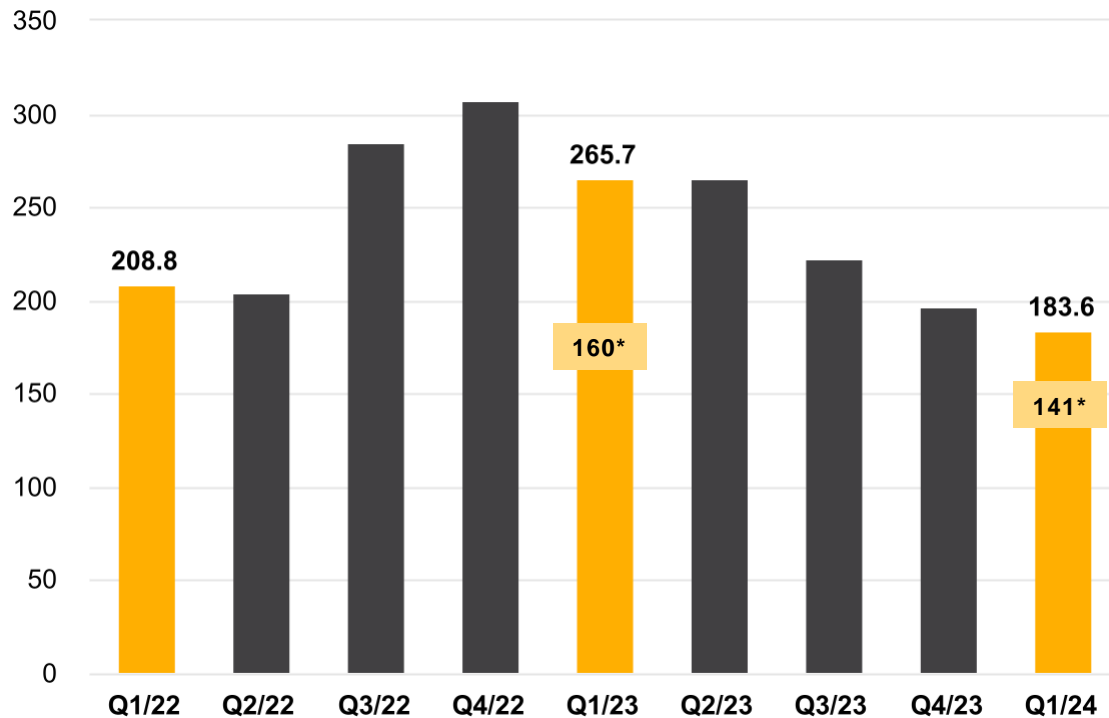


GREEN TRANSITION

Investment plans amounting to ~ 260 BEUR in the portal of the Confederation of Finnish Industries

THE ORDER BACKLOG DECREASED – MANY PROJECTS IN TENDER CALCULATION

Order backlog Q1/22 – Q1/24, MEUR



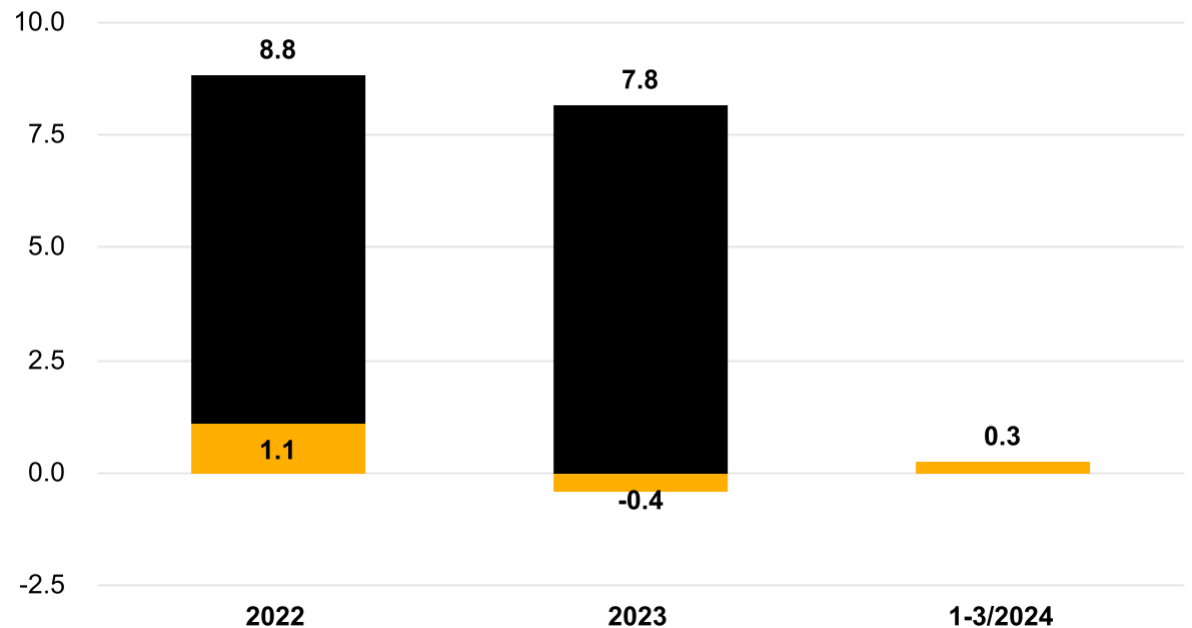
*Expedited to be realised during the financial year

- The order backlog at the end of March 2024 was 183.6 MEUR
 - Change from the end of the previous quarter -6.4%
 - Change year-on-year -30.9%
- Of the order backlog 141 (160) MEUR is estimated to be realized in 2024
- During Q1 2024, 39.5 MEUR of projects were booked in the order backlog, including several medium-sized and small projects in Finland and Sweden
- Very promising prospects for future projects in all customer groups

EBITA GROWING YEAR-ON-YEAR

- In January-March 2024, EBITA increased from the comparison period to EUR 0.3 (-0.4) million
 - Strong operational performance
 - Flexible cost structure
- The first quarter of the year is typically the weakest in terms of profitability
- EBITA for the quarter was better than in the comparison period, both in relative terms and in euros
 - Profitability trend in the right direction

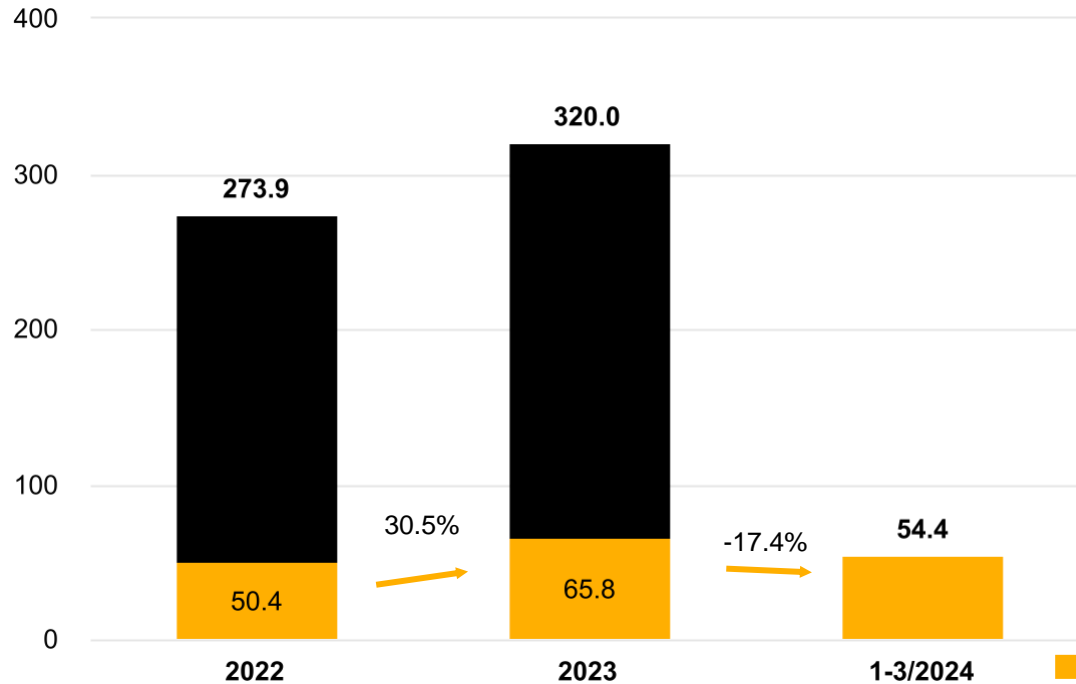
EBITA, EUR million



REVENUE DECREASED BY 17% AS EXPECTED

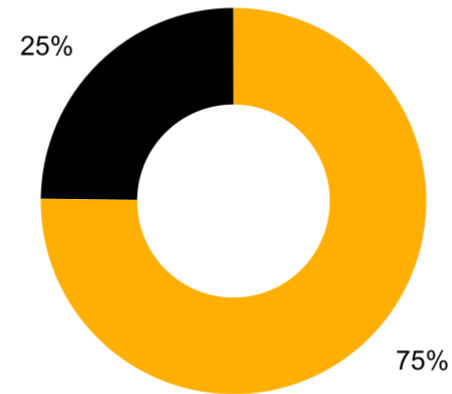
FULL-YEAR GUIDANCE UNCHANGED

Revenue, EUR million

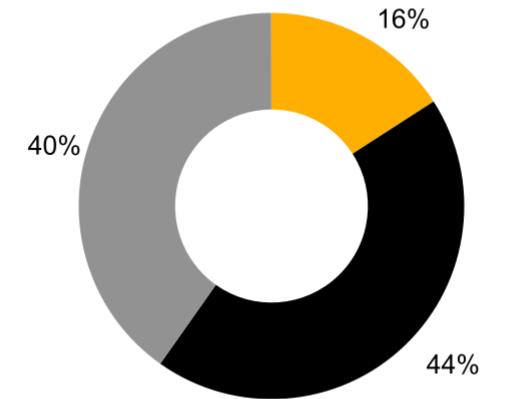


Revenue distribution Q1/2024

By business function



By customer group



■ Structural engineering ■ Transport infrastructure construction

■ Cities and municipalities ■ Government ■ Private sector

→ change from the same quarter in the previous year

WE SET CONCRETE SUSTAINABILITY TARGETS FOR 2024...

Building with passion	Target-related metrics and target levels
Employee satisfaction 	<ul style="list-style-type: none"> Willingness of employees to recommend an employer, eNPS > 50
Occupational safety and safety culture 	<ul style="list-style-type: none"> Combined accident frequency – target level to be decided during 2024 Occupational safety observations made in 100% of projects At least 6 occupational safety observations per person
Increasing competence 	<ul style="list-style-type: none"> Provide internships at least to 50 students annually Grow trainees into future colleagues: 33% of recruited worked as a trainee Support personnel career opportunities: 75% Performance appraisals and development plans
Responsible employer 	<ul style="list-style-type: none"> 100% of new employees have received orientation 100% of personnel trained in the company's Code of Conduct 0 ethical violations
Reducing our footprint	
Minimizing the impact of construction 	<ul style="list-style-type: none"> A growing trend in offering circular economy solutions Increasing the use of circular economy solutions Receiving and further processing of waste for reuse
Tackling climate change 	<ul style="list-style-type: none"> Set climate targets for the company during 2024
Increasing our handprint	
Sustainable and safe solutions 	<ul style="list-style-type: none"> Satisfied customer and end user, Customer NPS > 50
Infrastructure projects supporting megatrends 	<ul style="list-style-type: none"> Growing business operations in the rail environment, share of revenue >15%
Corporate responsibility 	<ul style="list-style-type: none"> We pay 100% corporate taxes to Finland and Sweden

...AND WE WILL MONITOR THEIR PROGRESS IN OUR INTERIM REPORTS

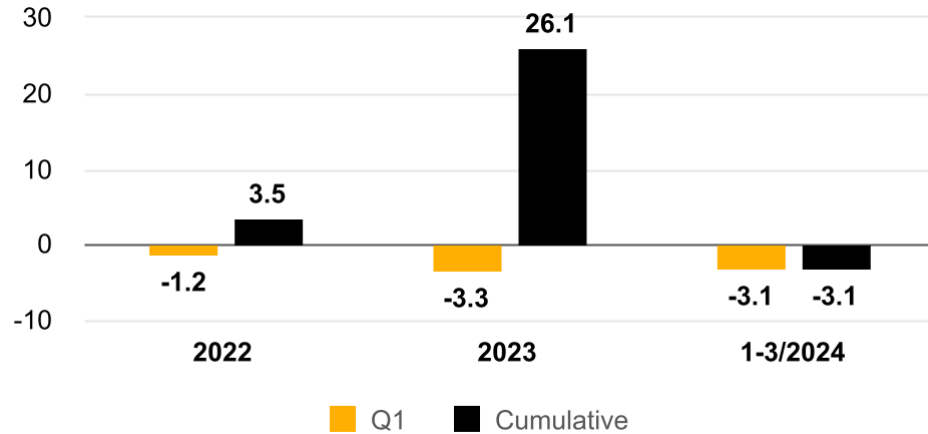
Building with passion	Metrics and target at the end of 2024	Q4 / 2023*	Q1 / 2024*	Q1/24 vs Q4/23	Q1/24 vs target
Occupational safety and safety culture	• Combined accident frequency – target level to be decided during 2024	11.0	9.6	👍	
	• Occupational safety observations from projects – target 100%	N/A	23 %		✗
	• Occupational safety observations per person – minimum target 6	7.4	3.7	👎	✗
Responsible employer	• Code of conduct trained to personnel – target 100 %	50 %	61 %	👍	✗
Reducing our footprint		Q4 / 2023	Q1 / 2024	Q1/24 vs Q4/23	Q1/24 vs target
Tackling climate change	• CO2 emissions (in Finland) – climate targets to be set during 2024	N/A	748 tn+71 tn (scope 1+2)		
Increasing our handprint		Q4 / 2023*	Q1 / 2024*	Q1/24 vs Q4/23	Q1/24 vs target
Sustainable and safe solutions	• Customer NPS – target > 50	70	72	👍	✓
Infrastructure projects supporting megatrends	• Operations on the rail environment in Finland – target > 15 % revenue	N/A	18 %		✓

KEY FIGURES

EUR million	Q1/2024	Q1/2023	2023
Order backlog	183.6	265.7	196.3
Revenue	54.4	65.8	320.0
EBITDA	1.6	1.0	14.0
EBITDA, %	3.0 %	1.5 %	4.4 %
EBITA	0.3	-0.4	7.8
EBITA, %	0.5 %	-0.6 %	2.4 %
Operating profit	0.2	-0.4	7.6
Operating profit, %	0.4 %	-0.7 %	2.4 %
Result for the period	-0.6	-0.7	3.9
Return on capital employed, %	11.5 %	9.9 %	11.2 %
Free cash flow from operating activities	-3.1	-3.3	26.1
Net working capital	-7.0	5.6	-11.3
Net debt	20.9	38.0	16.8
Net debt/EBITDA, rolling 12 months	1.4	3.0	1.2
Net debt/EBITDA, rolling 12 months pro forma*		3,1*	
Equity ratio, %	34.9 %	32.1 %	31.8 %
Earnings per share, undiluted, €	-0.06	-0.08	0.44
Personnel at the end of the period	445	455	472

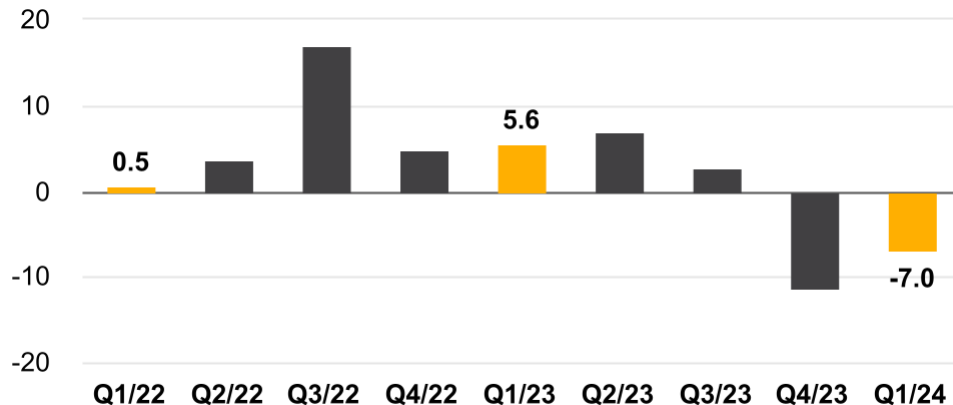
NET WORKING CAPITAL AT A VERY GOOD LEVEL

Free cash flow from operating activities, EUR million



- Operating cash flow for January-March was -3.1 MEUR and at the comparison period's level
 - Net investments amounted to 1.0 (3.2) MEUR, returning to baseline level from the high level of the comparison period
- The company's continuous and systematic work in project liquidity and risk management has supported the continued good level of net working capital

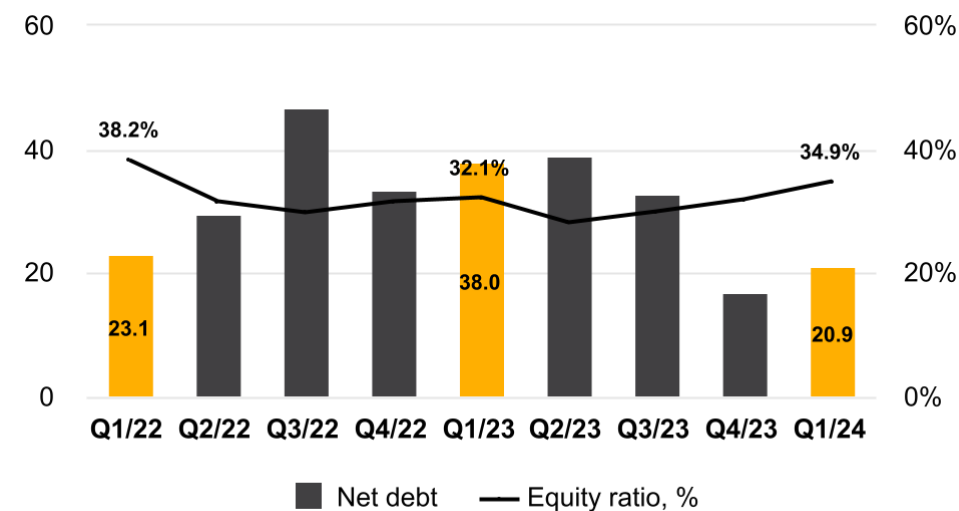
Net working capital, EUR million



INTEREST-BEARING NET DEBT AND EQUITY RATIO

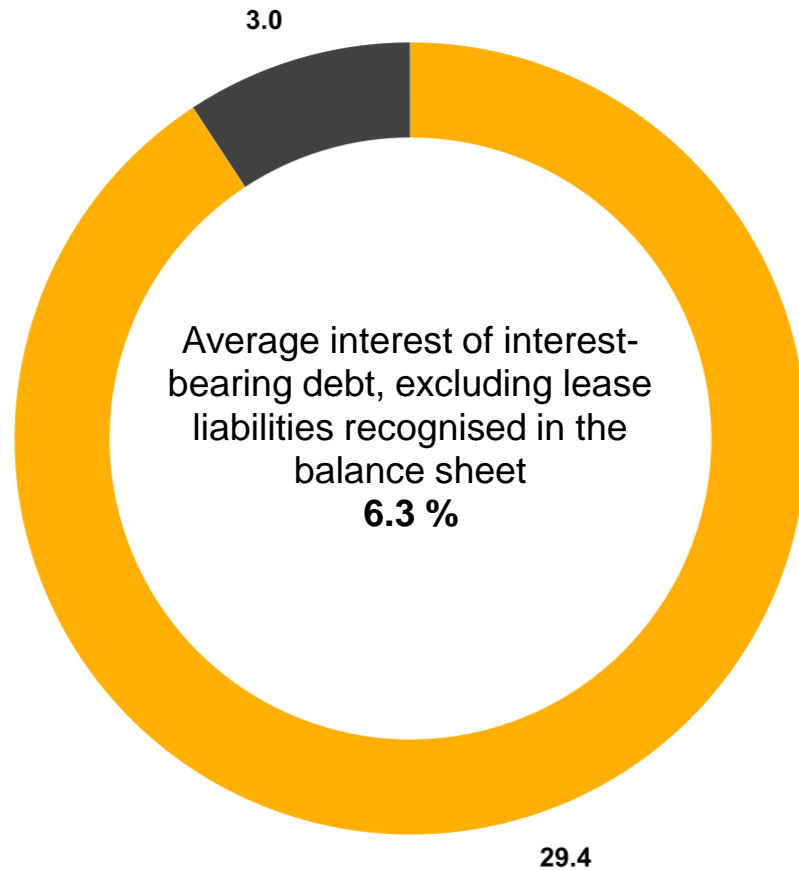
- Kreate's interest-bearing net debt on 31.3.2024 was 20.9 (31.3.2023: 38.0) MEUR
- The change in net working capital is the most significant factor in the decrease in net debt over the past year
- Net debt/EBITDA was 1.4 (3.0)
- Interest-bearing liabilities on 31.3.2024 totalled 35.1 MEUR, of which 3.0 MEUR were commercial papers issued
- The equity ratio on 31.3.2024 was 34.9% (31.3.2023: 32.1%)

Interest-bearing net debt (EUR million) and equity ratio (%)

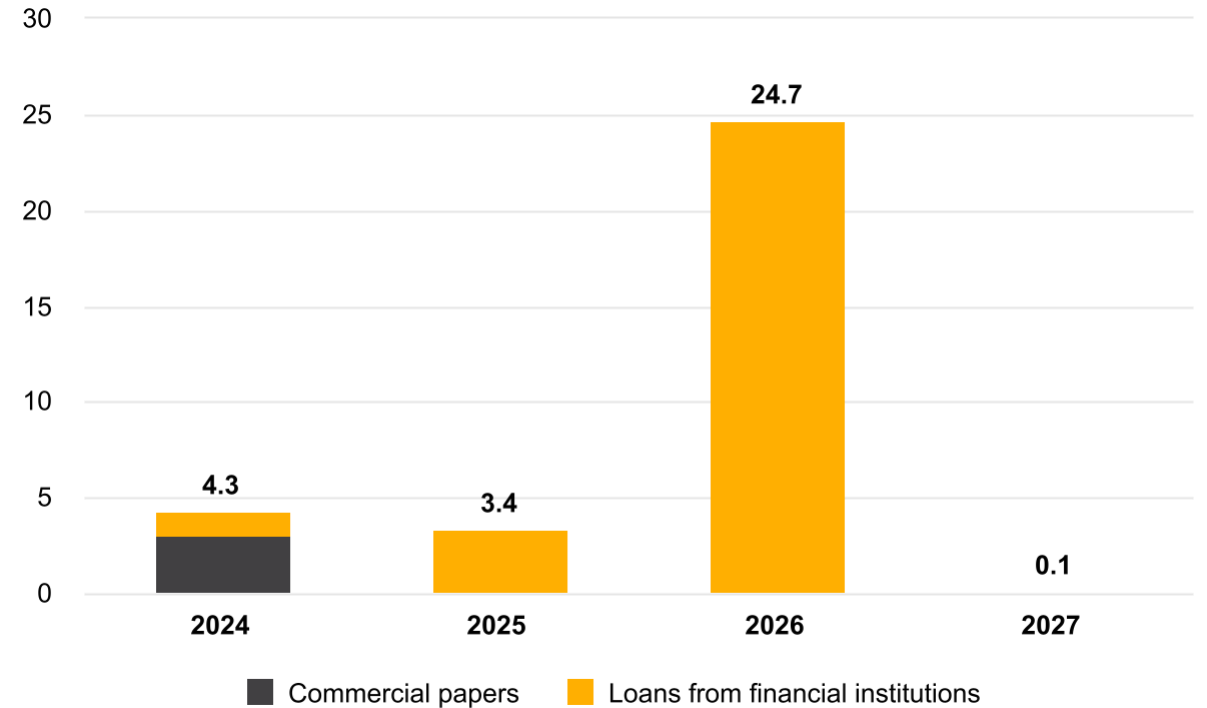


INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

Loan portfolio on 31 March 2024, EUR million



Repayment schedule for interest-bearing debt on 31 March 2024, EUR million



RESULT GUIDANCE UNCHANGED

Kreate estimates that its revenue in 2024 will decline and be in the range of EUR 270–300 million (2023: EUR 320.0 million) and EBITA will increase and be in the range of EUR 8–11 million (2023: EUR 7.8 million).

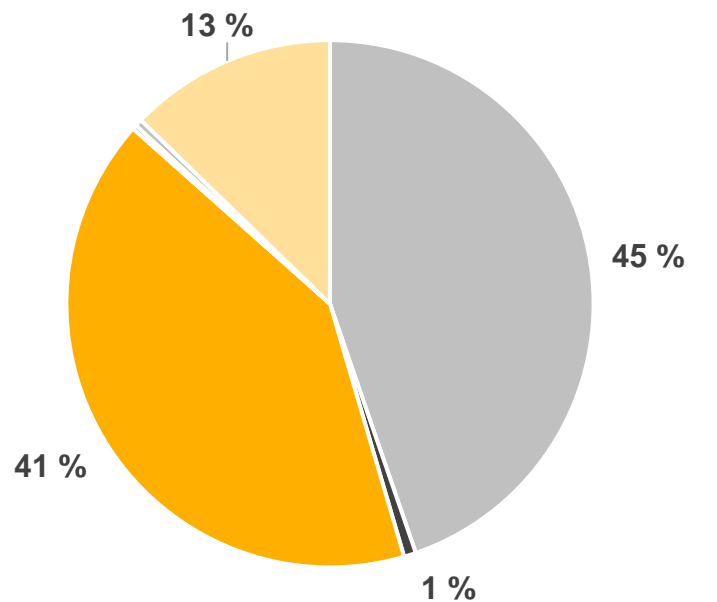
Justifications: The company's guidance is based on the order backlog expected to be realised in 2024 at the turn of the year. The company sees stable continuity in Kreate's characteristic demanding infrastructure construction due to the countercyclical nature of the business, despite the prevailing level of interest rate and cost inflation and the general market outlook. The company offers projects more selectively, which is expected to decrease revenue and improve profitability.



**THE FUTURE IS
BUILT TODAY**

KREATE'S SHAREHOLDERS ON 31 MARCH 2024

SHAREHOLDERS BY SECTOR



- Companies
- Fin. Instit. and insurance instit.
- Households
- Household services, NGOs total
- International
- Public org.

	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	Säästöpankki Small Cap Mutual Fund	350 000	3,9
7	Rantala Sami Kalle Antero	273 534	3,0
8	Inkala Tero Antero	208 396	2,3
9	Elo Mutual Pension Insurance Company	180 000	2,0
10	Veritas Pension Insurance Company Ltd.	175 000	2,0
11	Salminen Juha Petri	160 512	1,8
12	EAI Kreate Holding Oy	128 506	1,4
13	Neva-Aho Ronnie	100 519	1,1
14	Tradeka-Sijoitus Oy	90 261	1,0
15	Kreate Group Plc	90 000	1,0
16	Prirock Oy	69 908	0,8
17	Kulmala Teuvo Kalle Olavi	67 966	0,8
18	Karjalainen Jarmo Juhani	66 580	0,7
19	Hat Invest Oy	63 588	0,7
20	Beachfish Invest Oy	55 796	0,6
	TOP 20 TOTAL	6 059 416	67,44
	ALL SHARES TOTAL	8 984 772	100,0