

KREATE

2024

ANNUAL REVIEW





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Kreate in brief

Kreate is a Finnish infrastructure construction company that particularly focuses on executing projects that are technically challenging or that require special expertise. We provide versatile solutions for bridges, roads and railways, environmental and foundation construction, the circular economy and geotechnical needs.

In 2024, our consolidated revenue was EUR 275 million and we employed over 500 people. Kreate Group is listed on Nasdaq Helsinki.



over 100
projects annually

over 500
professionals

EBITA

3.2 %

Revenue

275 M€

Order backlog

177 M€

Employee satisfaction

49 eNPS

Highlights of the year

The year 2024 was a significant tram year for Kreate. We won the construction of the eastern section of the Vantaa tramway together with GRK and started the implementation phase as a partner in Kreate's first-ever tramway project at the Koskela tram depot in Helsinki. We worked on over 100 projects across Finland and Sweden. Several major projects were completed – many ahead of schedule with excellent feedback.

VICTORIES!

Tampere Passenger Rail Yard: In June, we won the tender for the Tampere Passenger Rail Yard project, and the development phase began immediately. The project aims to improve the functionality of the passenger rail yard in the center of Tampere for both passengers and rail traffic. The project, implemented as an alliance, has an estimated total cost of over 200 million euros. Construction is expected to begin in spring 2025.

Eastern Section of the Vantaa Tramway: The consortium formed by Kreate and GRK Suomi won the construction of the eastern section of the Vantaa tramway. Construction is expected to begin in 2025 after the development phase. Kreate's share of the construction phase exceeds 100 million euros.

Helsinki–Riihimäki Project: We won a railway contract worth over 34 million euros between Kytömaa and Järvenpää as part of the extensive Helsinki–Riihimäki project. The railway environment work includes four kilometers of new track, five bridges, and six new switches.

ONGOING!

Implementation: In December, Kreate's first tramway project in history, the Koskela depot, moved into the implementation phase. Kreate is responsible for the track and electrical work, switch control system, and circular economy solutions as a partner to the main contractor, Skanska. The contract is worth nearly 60 million euros. The implementation phase will continue until spring 2028.

At Heights: Work on Finland's longest bridge, the Kruunuvuori Bridge, progressed according to plan in 2024. By the end of the year, the pylon was almost at its final height, and the highest cable housing was installed at 124 meters. Kreate is building the Kruunuvuori Bridge in a joint venture with YIT.

Exceptional: The Hessundinsalmi Bridge, which rests on rare concrete joints in Finland, was opened to traffic in October 2024. The alliance-built project also includes the massive Kirjalansalmi cable-stayed bridge, whose construction will continue until 2026.

COMPLETED!

Record-breaking Concrete Pour: The foundation and concrete work for Kesko's logistics center in Hyvinkää were completed up to the slab foundation and handed over to the main contractor at the end of October 2024. The earthworks and foundation contract, which started in 2022, is unparalleled in Kreate's and Finland's history. The exceptionally large concrete pour lasted 10 months, with a total of 50,000 cubic meters of concrete poured. At peak pouring times, the weekly volume averaged 1,640 cubic meters, equating to over 40 concrete loads per workday for six months.

Ahead of Schedule: The Poikkimaantie improvement project, enhancing the safety and traffic flow of Oulu Port's busy main route, was completed almost a year ahead of schedule. This 30-million-euro project extensively utilized Kreate's expertise in road, bridge, and rail construction.

Careful Planning: In the Nihdi project, located at the tip of Sompasaari in Helsinki, Kreate carried out the pre-construction of the former port facility area into the new Nihdi residential area. The site was handed over to the client, the City of Helsinki, seven months ahead of schedule. Key to the success was meticulous planning and efficient phased implementation of the work.

Client
satisfaction

82 NPS

In the driver's seat

The year 2024 was quite a good year for Kreate – exceptionally good when compared to the still weak market conditions in the construction sector. We focused on our core competencies, were selective, and executed projects carefully according to plan. Even though our revenue declined by 14 percent from the previous year, our relative profitability increased by nearly one percentage point, and our absolute profitability grew by almost 14 percent. We have also developed our operations and laid the groundwork for future growth.

Of course, 2024 was not an easy year – just like the previous years weren't either. Since 2020, the industry, Finland, and the world have been challenged by the COVID-19 pandemic, Russia's war of aggression, cost inflation, interest rate levels, and economic recession. The total construction volume in 2024 was clearly negative, with a particularly sharp decline in residential construction. While residential construction has a minor direct impact on Kreate, it has intensified competition, especially in smaller, less complex infrastructure projects. The infrastructure construction market also shrank in 2024.


We knew at the beginning of 2024 that it would be a challenging year. The general downturn in construction, relatively high interest rates compared to previous years, and delays in the financing and execution schedules of public projects indicated that 2024 would see lower volumes than the previous year. We decided not to compete on volume at any cost but rather to focus on improving profitability. More important than revenue is what remains at the bottom line.

Between 2017 and 2023, Kreate has grown at an average annual rate of 12 percent, while infrastructure investments have increased at just over one percent per year. Growth remains our goal for the coming years as well, though at a more moderate pace of around 5–10 percent annually. After the intense growth years, 2024 also provided an opportunity to review our operations, improve them, and create the conditions for future growth.

Growth from Sweden and the railway sector

In May 2024, we published an updated strategy highlighting Sweden and the railway sector as key focus areas for the coming years. Both of these are areas where seeds were planted a few years ago and have since been systematically developed.

The railway business at Kreate originated from a small acquisition in 2017, and since then, it has been expanded through expertise in electrified railways and safety systems, as well as investments in machinery.



“We decided not to compete on volume at any cost but rather to focus on improving profitability. More important than revenue is what remains at the bottom line.”

“A CEO rarely receives calls with good news. However, I am glad that my phone rings and that people reach out for help and consultation when needed.”

The year 2024 was a significant tramway year for us: we won the contract to build the eastern section of the Vantaa tramway in collaboration with GRK and began the implementation phase as a partner in Kreate's first-ever tramway project at the Koskela tram depot in Helsinki. Additionally, we secured a highly significant contract for the Tampere passenger railway yard, along with new contracts from the Helsinki-Riihimäki project. All of these are large, multi-year projects providing visibility and work for years to come. These projects include not only railway and tramway construction but also foundation construction, bridges, roads, and station infrastructure. Railway expertise is a significant area for Kreate, as it opens doors to large rail-related projects that integrate multiple construction disciplines. Without railway expertise, participation in these projects would not be possible.

Our Swedish business, on the other hand, started in 2022 through an acquisition, and since then, we have more than tripled its revenue. We have provided greater financial backing, resources, and references, expanding operations from underground rock and concrete construction to above-ground work. In 2024, we acquired full ownership of our former associate company, Karell Shackt AB, which laid the foundation for our earthworks business in Sweden. At the end of the year, we initiated foundation construction by investing in equipment and recruiting an experienced team in Gothenburg. With growth, we have also strengthened our Swedish operations and administration. After the review period, in February 2025, Kenneth Wahlqvist started as the Head of Swedish Operations and CEO of Kreate Sverige AB. The previous CEO, Veli Taatila, who originally founded the acquired Swedish company, will continue in key roles within the Swedish company.

Everyday successes

In addition to Sweden and railway projects, there have been significant achievements in other businesses in 2024. The foundation construction and concrete work for Kesko's logistics center were completed up to the pile slab, and in October, the main contractor was handed over the entirety of the project, which included, among other things, massive concrete castings totaling 50,000 cubic meters and 150 kilometers of steel-reinforced concrete piling. Not all successes come from large and impressive projects; often, they result from strong everyday expertise and persistent execution, even in challenging situations.

Foundation construction has been the unit most affected by the downturn in residential construction. Despite this, we have excelled in project selection, understanding project scope deeply, contract management, and, most importantly, execution. Even in a difficult market, we have not given up but instead have become even more selective and precise in our approach.

The same determined attitude and "Kreate spirit" have been evident in road construction as well as bridge building and repairs. On the bridge construction side, it is worth highlighting our major projects, such as the Kruunusillat bridge project in Helsinki, built as part of a joint venture, as well as the technically demanding Kirjalansalmi and Hessundinsalmi bridges in Pargas. Work on these exceptional and large projects has progressed as planned, incorporating unique engineering solutions that further strengthen Kreate's position and reputation as a leader in demanding bridge construction. At the same time, it is important to recognize the numerous other bridges we have built, renovated, and repaired across Finland throughout the year. This has been top-notch work from the entire team.

In road construction, we have also been involved in major projects. At the end of the year, we completed the Poikkimaantie project in Oulu, which improved connections to the Oritkari port. In Nihdi, Helsinki, we built roads, waterfront structures, and municipal infrastructure, transforming a former port facility into a new residential area. Both the Oulu and Nihdi projects were delivered ahead of schedule, made possible by efficient planning and the effective handling and reuse of soil materials in line with circular economy principles.

Resource efficiency, expertise, and socially sustainable projects form the foundation of Kreate's business, strongly shaping our approach to sustainability. This annual report includes our first-ever sustainability report, detailing how Kreate's business and strategy relate to the company's sustainability impacts, risks, and opportunities. As our previous examples demonstrate, sustainability themes are a natural part of our business.

The best place for the best infrastructure experts

Sustainability is also closely linked to the operational goals set out in our strategy. We aim to be the best workplace for top infrastructure experts, a sought-after partner, one of the leading players in the industry, and an agile organization. Over the past year, we have continued our systematic efforts to ensure that our employees thrive and develop with us and that we remain the company that clients, builders, and other infrastructure partners want to work with.

Being a leader is a conscious choice for us – we are specialists, not generalists. We always strive to be among the best in the construction fields we operate in. In 2024, we strengthened both risk management and overall processes. It is crucial that we

remain agile and open – we do not have unnecessary layers of hierarchy.

"A CEO rarely receives calls with good news. However, I am glad that my phone rings and that people reach out for help and consultation when needed. We have a straightforward and open way of working, and it is extremely important that successes and challenges are communicated while there is still time to address them. I believe that Kreate's way of handling matters transparently, efficiently, and humanely is one of the key reasons why people enjoy working here. Our employee eNPS (Employee Net Promoter Score), which measures willingness to recommend Kreate as an employer, is 49 – a truly excellent, if not exceptional, result. Also exceptional is our employees' commitment level: many of our professionals are also shareholders in the company. That speaks volumes about their confidence in Kreate. For many of us, Kreate is more than just a workplace."

I also witnessed great team spirit and joyful camaraderie in November 2024, when we celebrated Kreate's 10th anniversary with our entire staff, including KFS employees. While Kreate as a company is ten years old, the experience behind it is vast – the companies that merged into Kreate in 2024 have a combined history of 271 years.

Growth drivers

Long experience, strong expertise, and a committed workforce are invaluable assets for the company—both now and in the future. There will soon be a shortage of skilled professionals in the industry. Although the infrastructure market declined in 2024 and 2025 is also expected to be moderate, the long-term outlook remains strongly positive. In the coming years, Finland's infrastructure sector will be driven by the government's €4 billion investment package, investments required due to geopolitical circumstances, and green transition projects. Growth is also being pursued in Sweden, where the infrastructure market is twice the size of Finland's and has strong growth potential. Our goal is to expand into new construction segments and establish Sweden as Kreate's second geographic stronghold.

We have weathered storms over the years and steered our company with determination and teamwork. As the market picks up, we will be in an excellent position to continue growing.

A heartfelt thank you to every member of our staff, esteemed colleagues, and fellow builders of our shared legacy. Once again, we can take pride in our work. A big thank you also to our partners: clients, contractors, subcontractors, shareholders, financiers, and other collaborators. Our shared journey continues.

Timo Vikström
President and CEO
Kreate Group Plc

>> Read more about growth drivers in the Board of Directors' report, section: [Operating Environment](#)

In honor of the anniversary year 2024, Kreate presents: Our common legacy

Our work as infrastructure builders is visible – and built to last. It respects history while also promising a sustainable future. Discover what it feels like to create something lasting, a common legacy for all of us.

>> [Our common legacy](#)



Strategy guided our operations in 2024

WE MUST BE:

1 THE BEST PLACE FOR TOP INFRASTRUCTURE EXPERTS



The number of employees grew to over 500 experts – we have successfully carried out key recruitments and continue to develop talent through training programs. Employee satisfaction (eNPS) 49.

2 THE MOST SOUGHT-AFTER INFRASTRUCTURE PARTNER



Winning the eastern section of the Vantaa tramway together with GRK once again demonstrates our capability to secure major projects and our position as a preferred partner in the industry. Customer satisfaction (NPS) 82.

3 AMONG THE LEADING PLAYERS IN ALL OUR BUSINESSES



Expanded operations in Sweden through earthworks and foundation construction, nearly doubling revenue in the country. Secured significant projects to be done in rail environment. Our first tramway project entered the implementation phase.

4 KEEPING OUR PROCESSES AGILE



We are selective and conduct tender calculations carefully. Strengthened our organization to support the execution of large strategic projects. Enhanced governance in Sweden to support growth.

SUSTAINABLE PROFITABILITY

Targets:

EBITA margin > 5%

Annual revenue growth of 5–10% from 2024 onwards

Net debt/EBITDA < 2.5

Our business

Kreate’s core competence is challenging infrastructure projects that combine high technical complexity with several types of construction, good contract expertise and listening to the customer.

In 2024, 67% of Kreate’s revenue came from Structural engineering, which consists of bridge construction and repair, foundation and engineering construction, and the Swedish business. The share of Transport infrastructure construction was 33%, and it includes the construction of roads, streets, railways and tramways.

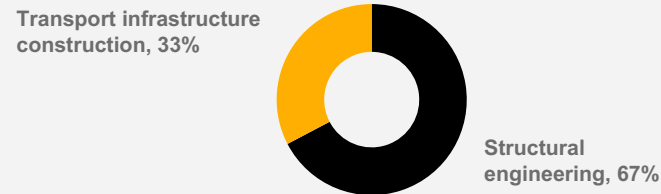
Kreate has one reporting segment that includes all types of Kreate construction. Different units – types of construction – work closely together across unit boundaries: in 2024 one in six of Kreate’s projects in Finland involves us in at least two different types of construction. The types of construction are presented in more detail on the following pages.

A large part of Kreate’s business is countercyclical, which ensures a stable operating environment over economic cycles. More than half of the company’s revenue comes from projects commissioned by the state and municipalities. Private sector customers are typically financially sound large companies for which projects such as trade, logistics or industrial buildings are carried out.

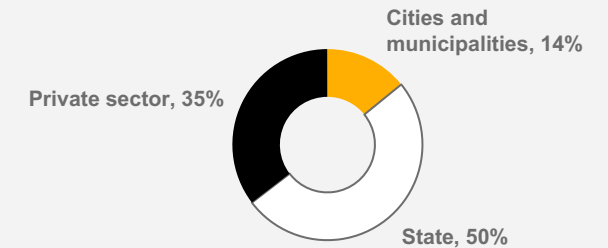
88% of revenue comes from Finland, while 12% comes from Sweden. Kreate expanded into Sweden through an acquisition in 2022, and since then, its Swedish operations have been systematically developed. The goal is to expand into new construction segments in Sweden and establish the country as the second geographical stronghold for the Group.

Kreate’s reported revenue do not include its half-owned joint venture, KFS Finland Oy, but it is an important part of the company’s technical expertise. KFS is involved in every fifth of Kreate’s projects in Finland.

Revenue by business function



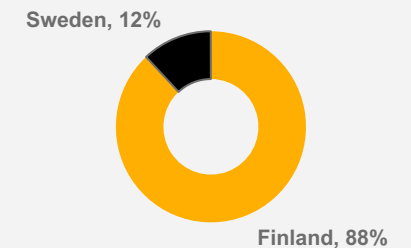
Revenue by customer group



Revenue by number of construction types



Revenue by country



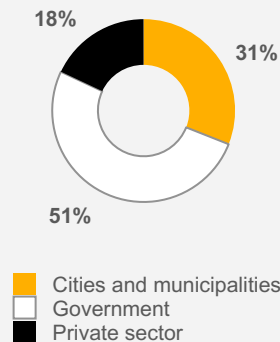
IN ROAD AND STREET CONSTRUCTION, we focus especially on implementing demanding and extensive projects involving challenging technical dimensions, such as geotechnical structures, several exit ramps and intersections. We often carry out projects in demanding environments, such as street repairs in urban areas. We also carry out demanding water utility construction in Eastern Finland and, depending on demand, industrial infrastructure contracting.

Projects completed in 2024 include the Poikkimaantie improvement in Oulu, the pre-construction of the Sompasaari area for the new Nihti residential district in Helsinki, and the construction of the Ylämylly water intake facility in Liperi.

Our clients are primarily the state, cities, and municipalities. Private sector clients are typically involved in infrastructure construction for industrial projects.

Urbanisation, the geopolitical situation and the Government's transport investment plans support the stable growth prospects for road and street construction.

Revenue by customer group



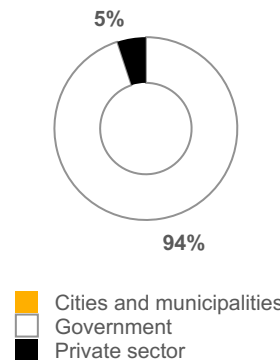
OUR RAILWAY CONSTRUCTION activities include construction work related to railways, railway yards, tramways and metros. The projects range from more extensive railway yard renovations to smaller bridge and mass replacement works. Railway construction also covers the electric railway and signalling equipment business.

Projects completed in 2024 include the eastern section of the Kytömaa–Ainola segment of the Helsinki–Riihimäki railway project, the Tornio rail yard construction, the Poikkimaantie improvement in Oulu, the renovation of the Mustionjoki railway bridge, and the switch replacement project between Helsinki Central Railway Station and Pasila Station.

At the moment, the customer base consists almost entirely of the state, where the Finnish Transport Infrastructure Agency acts as the client for VR's tracks. In the future, cities and municipalities will be an even larger customer group in the market, as several cities have significant railway projects underway or about to start, especially with regard to tramways. Kreate is involved in the implementation phase of the Koskelan depot alliance project as well as the development phase of the Tampere passenger rail yard and the eastern section of the Vantaa tramway.

Urbanisation and the growth of rail-based public transport, the Government's transport investment programme and Finland's geopolitical position support long-term growth prospects.

Revenue by customer group



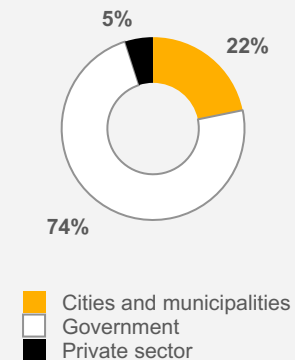
BRIDGE CONSTRUCTION AND REPAIR covers both the construction of new bridges and the repair of existing sites. Our strong experience is reflected in the versatility and complexity of the projects we carry out. We apply our decades of experience in bridge construction in all demanding skill and concrete structures.

Projects completed in 2024 include the Kuusistonsalmi bridge, the renovations of Crusellinsilta and Lapinlahdenkatu bridges in Helsinki, the Poikkimaantie bridge works in Oulu, and the replacement of the Kirkkonummentie overpass. Additionally, Kreate was involved in the Kruunusillat project in Helsinki as part of a joint venture, as well as the replacement of the Kirjalansalmi and Hessundinsalmi bridges in Pargas.

Customers are mainly the state, cities and municipalities, whose mutual share varies from year to year.

Urbanisation, the bridge repair backlog and the Government's transport investment programme support the growth potential of bridge construction and repair.

Revenue by customer group



FOUNDATION AND ENGINEERING CONSTRUCTION

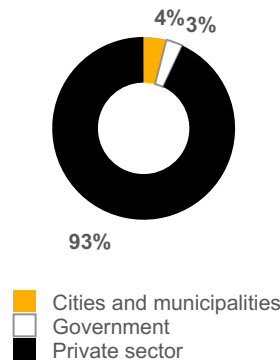
designs and implements foundations, pilings, piling piles, pile slabs and demanding concrete construction related to the construction of demanding urban environments. In addition to high-quality construction, we utilise strong BIM and formwork expertise in comprehensive foundation and engineering solutions that are challenging at a technical level or environmentally.

Projects completed in 2024 include the earthworks and foundation contract for Kesko's logistics center in Hyvinkää, the foundation and concrete work for Helen's underground Eiranranta heat pump facility in Helsinki, and the roofing of the Hyvinkää baseball stadium.

The customers of foundation and engineering construction are mainly from the private sector. Dependence on cyclical housing construction is low. Turnover related to building construction consists of, for example, groundwork for trade, logistics or industrial buildings.

Increasingly dense urban construction and the growing challenge of construction support the long-term growth prospects of the sector.

Revenue by customer group



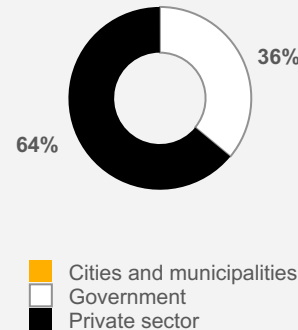
ROCK AND CONCRETE CONSTRUCTION implements demanding underground solutions in Sweden.

In 2024, a major renovation project for the Bohusbanan tunnels was completed. The renovated section stretched from Stenungsund to Uddevalla, focusing particularly on the 10 rock tunnels and their open cuts along the route. Additionally, several concrete, wall, and anchoring projects related to the Stockholm bypass were also completed in 2024.

In the Swedish market, our clients are primarily private sector companies, but the end customers of the projects are often public entities, making the nature of our operations stable and highly predictable. In 2024, we signed an agreement with Sweden's Transport Administration, Trafikverket, to carry out additional repairs revealed during the Bohusbanan tunnel renovation. This development also elevated the Swedish government as a significant direct client for Kreate.

Increasingly dense urban construction and the growing challenge of construction support the long-term growth prospects of the sector. In addition, the Swedish infrastructure market is twice the size of the Finnish infrastructure market, offering a lot of growth opportunities.

Revenue by customer group



OUR SPECIAL FOUNDATION CONSTRUCTION expertise

is focused on our half-owned joint venture, KFS Finland Oy, which is not included in Kreate's net sales, but is reflected in Kreate Group's result as a share of the associated company's result. However, KFS is an important part of our technical expertise, as KFS often carries out special foundation construction work at sites where Kreate also acts as a contractor. KFS is the market leader in special foundation construction work in Finland. Its functions include a wide range of foundation reinforcement methods from retaining walls, anchoring and foundation reinforcements to bore and driving piles, and from jet injections to stabilization.

The most significant project completed in 2024 in collaboration between Kreate and KFS Finland was the eastern section of the Kytömaa–Ainola segment of the Helsinki–Riihimäki railway project, where KFS carried out stabilization, piling, and various reinforcement works. In Espoo, the Kokinniitty parking facility was completed. Due to challenging ground conditions, approximately 600 reinforced concrete piles were driven into the area.

IN THE CIRCULAR ECONOMY, we offer solutions for the efficient

utilization, use and recycling of materials as well as for environmental and landfill construction. We use recycled materials as much as possible, such as side streams from energy production plants, to replace virgin soil, and we actively seek solutions that support the circular economy, utilising them both in our own projects and offering them to our partners. Kreate has its own recycling areas, where we accept soil materials and other waste, such as concrete, and process them into recycled materials for use on construction sites.

In 2024, the Koskela tram depot project moved into the implementation phase. According to the contract, Kreate is responsible for the railway and electrified railway works, the switch control system, and circular economy solutions. The project has ambitious environmental targets, and Kreate's circular economy efforts also include the demolition of the old Koskela tram depot. The goal is to maximize the reuse of demolition materials within the project. For example, concrete is crushed on-site and used in structural layers, while steel is sent for recycling.

An aerial photograph of a large bridge under construction over a wide river. The bridge features several tall, cylindrical concrete piers and suspension towers. Two large cranes are positioned on the bridge deck, and various construction materials and equipment are visible. The surrounding landscape is a dense forest with trees in shades of orange and yellow, suggesting an autumn setting. The sky is filled with soft, colorful clouds, and the overall scene is illuminated by the warm light of a sunset or sunrise. The text "KREATE AS AN INVESTMENT" is overlaid in the center of the image.

KREATE AS AN INVESTMENT

Three reasons to invest in Kreate

Kreate operates in an infrastructure market that is stable by nature and offers historically safe growth. Kreate's operations emphasise superior technical expertise combined with financially sustainable operations. A strong cash position and balance sheet enable us to reward our shareholders with an increasing dividend.

Growth in a stable and countercyclical market

We specialise in demanding infrastructure construction, which is stable and countercyclical in nature. The more demanding the infrastructure construction project is, the less sensitive the investment decision is to the momentary level of inflation and interest rates. More than half of our revenue come from the public sector, which effectively evens out fluctuations in demand due to economic cycles. Our expansion into the Swedish market diversifies our offering from the perspective of construction types and geographically, which reduces our dependence solely on the Finnish market and reduces risks. Our goal is to continue strong growth in the Swedish market and establish it as the group's second geographical stronghold.

Strong technical expertise with great prospects

We carry out even the most challenging infrastructure projects with great professionalism and listening to the customer. We aim for above-average profitability in the industry with the help of skilled and motivated personnel, significant references and satisfied customers. We also pay special attention to risk management and financially sustainable operations. Instead of growth, we are primarily looking for better profitability. We look to the future and think carefully about what projects we offer and on what terms. Urbanization, the green transition, and infrastructure investments driven by geopolitical circumstances will support our growth in the future.

Good dividend yield

We want to be a stable and reliable dividend payer over economic cycles. Our strong cash flow and good balance sheet position enable both growth and dividends. Our target is to distribute at least half of our annual net profit as dividends, taking into account our financial position, cash flows and growth opportunities. For 2024, the Board of Directors proposes another increasing dividend, for the fourth year in a row. The proposed dividend of EUR 0.50 per share corresponds to a dividend yield of 7% per share.

Information for investors

Release of financial reports in 2025

Kreate publishes its financial information in Finnish and English on its website at: kreate.fi/en/investor.

- The interim report for 1–3/2025 will be published on 24 April.
- The half-year report for 1–6/2025 will be published on 15 July.
- The interim report for 1–9/2025 will be published on 22 October.

Quiet period

Kreate observes a 30-day quiet period before the publication of interim reports, half-year reports and financial statement bulletins. During the quiet period, the company's representatives do not comment on the company's financial standing or any questions related to the overall outlook or meet with investors and analysts.

General Meeting of shareholders

Kreate Group Plc's Annual General Meeting will be held on Friday, March 28, 2025 at 10 a.m. The notice of the General Meeting and other documents and instructions concerning the General Meeting can be found at kreate.fi/agm.

Analysts following Kreate

- Mika Karppinen, Danske Bank
- Olli Koponen, Inderes

Notifications of major shareholdings

According to the Securities Markets Act, a notification of major shareholding must be made without undue delay when ownership reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50, 66.7 (2/3) or 90 per cent of the voting rights or shares in the company. Notifications of major shareholding are submitted to Kreate by email to: flaggings@kreate.fi.

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An aerial photograph of a multi-lane highway interchange in a forested, hilly region during sunset. The sky is a mix of orange, yellow, and grey. The road is dark asphalt with white lane markings. A few cars are visible on the road. The surrounding landscape is rocky with patches of green and brown vegetation. The text 'CORPORATE GOVERNANCE' is overlaid in the center of the image in a bold, white, sans-serif font.

CORPORATE GOVERNANCE

Kreate Group Plc Corporate Governance Statement 2024

1. Introduction

Kreate Group Plc ("Kreate") is a public limited company established in Finland, the shares of which were admitted to trading on the official list of Nasdaq Helsinki Ltd in February 2021.

In 2024, Kreate's corporate governance system was based on Kreate's Articles of Association, the Finnish Limited Liability Companies Act (624/2006, as amended) and other legislation applicable to the company. Furthermore, Kreate complies with the Finnish Corporate Governance Code 2025 ("Corporate Governance Code") published by the Securities Market Association, which entered into force on 1 January 2025, and Nasdaq Helsinki Ltd's Rulebook for Issuers of Shares (the "Rules of the Exchange"). The Corporate Governance Code is available on the website of the Securities Market Association at: www.cgfinland.fi.

2. Governance

2.1. General Meeting of shareholders

Kreate's ultimate decision-making body is the General Meeting of shareholders. At the General Meeting, shareholders participate in the administration and supervision of the company by exercising their right to speak and vote.

Kreate's General Meeting decides on matters determined by the Limited Liability Companies Act and Kreate's Articles of Association. Key matters resolved by the General Meeting are adoption of the financial statements, discharging the members of the Board of Directors and the President & CEO from liability, deciding on the distribution of profit, electing the members of the Board of Directors, the auditor and the sustainability reporting assurer, as well as decisions on their respective remuneration. Furthermore, according to the Limited Liability Companies Act, shareholders have the right to submit matters falling within the

competence of the General Meeting to be decided by the General Meeting.

Kreate's Annual General Meeting is held annually no later than six months after the end of Kreate's financial year. The notice of the Annual General Meeting must be sent to the shareholders by a notice published on the company's website no earlier than three months and no later than three weeks prior to the Annual General Meeting, but no later than nine days before the record date of the Annual General Meeting.

Kreate Group Plc's Annual General Meeting for 2024 will be held on 28.3.2025.

2.2. Board of Directors

The Board of Directors sees to Kreate's administration and the appropriate organisation of its operations in accordance with the Limited Liability Companies Act. According to Kreate's Articles of Association, Kreate's Annual General Meeting elects a minimum of three and a maximum of ten Board members, and the Board of Directors elects a chairman from among its members. In 2024, the proposals for the composition of the Board of Directors were made to the General Meeting by the Board of Directors.

2.2.1. Duties and operation of the Board of Directors

In accordance with the Corporate Governance Code, Kreate's Board of Directors has prepared a written charter for its operations, which sets out the Board's key duties and operating principles. Furthermore, the Board of Directors annually draws up an action plan for the period between the Annual General Meetings. The Board of Directors evaluates its operations on the basis of the implementation of the action plan. At the same time, the Board of Directors assesses the expectations of Kreate's stakeholders regarding the Board of Directors' operations and considers the extent to which the Board has been able to meet them. The Board of Directors also reviews the timeliness of the Board's charter of operations.

In addition to the duties set forth in the Limited Liability Companies Act, Kreate's Articles of Association, the Corporate Governance Code and the Rules of the Exchange, Kreate's Board of Directors:

- directs and oversees Kreate's management and operations;
- annually confirms the charters of the committees of the Board of Directors;
- decides on significant matters concerning Kreate's operations;
- reviews and approves Kreate's interim reports, annual reports (including sustainability report) and financial statements;
- approves the strategic objectives and risk management principles of Kreate and its business as well as certain Kreate's guidelines and policies and monitors their implementation;
- decides on the remuneration of the President & CEO and the Management Team and on Kreate's incentive schemes in accordance with Kreate's remuneration policy;
- decides on significant acquisitions, investments and divestments;
- defines Kreate's dividend policy; and
- is responsible for Kreate's corporate responsibility

Kreate's Board of Directors convenes in accordance with a pre-agreed schedule and as required. In its meetings, the Board of Directors receives current information on Kreate's operations, finances and risks. Minutes are kept of all Board meetings. Kreate's President & CEO and CFO attend meetings of the Board of Directors, unless they are the subject of discussion. However, the Board of Directors convenes at least once a year without the presence of the operational management.

The remuneration of the Board of Directors is decided by the Annual General Meeting, and the remuneration must be based on the remuneration policy presented to the Annual General Meeting. Kreate may temporarily deviate from the remuneration policy presented to the Annual General Meeting if the deviation is necessary to ensure the long-term interests of the company. Deviations are only possible if the remuneration policy specifies which parts of it can be deviated from and which procedures are to be followed in the event of a deviation.

During 2024, the Board convened a total of 12 times. Information on the Board members' attendance in the meetings is presented in section 2.2.2. below.

2.2.2. Composition of the Board of Directors

The members of the Board of Directors must have sufficient qualifications and skills as well as the opportunity to spend a sufficient amount of time working on the Board. Experience and competence that complement each other is sought for the Board, and Kreate's objective is to ensure that the age and gender distribution and educational background of Board members are taken into account when preparing the composition of the Board of Directors, in addition to experience, competence and industry knowledge. Kreate believes that the composition of its Board of Directors is appropriately diverse.

Board composition and diversity	2024
Total number of members, including the chairperson (pcs)	6
Members involved in executive management (pcs)	0
Representation of employees and other staff	0
Gender distribution in the board, women (%)	33%
Independent members (%)	100%
Members independent of the company's significant shareholders (%)	67%

The General Meeting on 25.3.2024 elected 6 members to Kreate's Board of Directors. Petri Rignell (Chair), Jussi Aine, Timo Kohtamäki, Timo Pekkarinen, Elina Rahkonen and Petra Thorén were elected to the Board.

The following table presents information about Kreate's Board members as at 31.12.2024:

2.3. Board committees

The Board of Directors may establish standing committees to assist the Board of Directors in the preparation and performance of its duties and responsibilities, and the Board may also decide on their size, composition and duties. The Board of Directors is responsible for the duties assigned to the committees. The committees do not have independent decision-making power; the Board of Directors makes decisions under its decision-making power at the meetings of the Board of Directors. The committees regularly report on their work to the Board of Directors.

Kreate's Board of Directors has an Audit Committee and a Remuneration and Nomination Committee.

Name	Personal information	Total number of shares as at 31.12.2024	Attendance in Board meetings in 2024
Petri Rignell	Chair of the Board of Directors Serving on the Board since 2015 Born: 1962 Gender: male Education: MSc Technology Main occupation: CEO of PriRock Oy Independent of the company and its major shareholders	71,940 ⁽¹⁾	12/12
Jussi Aine	Member of the Board Serving on the Board since 2021 Born: 1954 Gender: male Education: MSc Engineering, MSc Economics Main occupation: CEO of Harjavalta Oy since 2014 and CEO of Puustelli Group Oy since 1999 Independent of the company but not independent of one major shareholder	1,783,689 ⁽²⁾	12/12
Timo Kohtamäki	Member of the Board Serving on the Board since 2015 Born: 1963 Gender: male Education: LicSc Technology Main occupation: Board professional Independent of the company and its major shareholders	16,952	12/12
Timo Pekkarinen	Member of the Board Serving on the Board since 2021 Born: 1973 Gender: male Education: Construction Engineer Main occupation: Board memberships and investing in the construction industry Independent of the company but not independent of its major shareholders	1,000,000 ⁽³⁾	12/12
Elina Rahkonen	Member of the Board Serving on the Board since 2020 Born: 1979 Gender: female Education: MSc Economics Main occupation: CEO of Wulff Group Plc Independent of the company and its major shareholders	2,000	12/12
Petra Thorén	Member of the Board Serving on the Board since 2022 Born: 1969 Gender: female Education: MSc Economics Main occupation: Director, Head of Mergers & Acquisitions, Strategy and Business Development, Elcoline Group Independent of the company and its major shareholders	3,330	12/12

(1) Including indirect holding through Prirock Oy (69,908 shares) and direct holding (2,032 shares).

(2) Indirect holding through Harjavalta Oy

(3) Indirect holding through Tirinom Oy

3. President & CEO and management team

3.1. President & CEO

The President & CEO is responsible for managing, supervising and controlling the business operations of Kreate. Furthermore, the President & CEO is responsible for the day-to-day executive management of Kreate in accordance with the instructions and orders given by the Board of Directors. In addition, the President & CEO ensures that the accounting practices of Kreate comply with the applicable legislation and that its financial affairs have been arranged in a reliable manner. The duties of the President & CEO are governed primarily by the Limited Liability Companies Act. The President & CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The Board of Directors appoints and dismisses the President & CEO. The Board of Directors decides on the terms and conditions of the President & CEO's employment, which are specified in the written service agreement.

The remuneration of the President & CEO must be based on the remuneration policy presented to the Annual General Meeting. Kreate may temporarily deviate from the remuneration policy presented to the Annual General Meeting if the deviation is necessary to ensure the long-term interests of the company. Deviations are only possible if the remuneration policy specifies which parts of it can be deviated from and which procedures are to be followed in the event of a deviation.

3.2. Management Team

Kreate's Management Team is tasked with supporting the President & CEO of Kreate in the planning of activities and operational leadership. Furthermore, the Management Team prepares potential investments, acquisitions and development projects. Kreate's Management Team convenes regularly, and it comprises the Vice Presidents of key business functions and service units. The Board of Directors decides on the remuneration of the members of the Management Team.

The following table presents information about Kreate's Management Team members as at 31.12.2024:

Name	Personal information	Total number of shares as at 31.12.2024
Timo Vikström	President & CEO Born: 1968 Gender: male Education: Engineer, eMBA	41,108
Tommi Hakanen	EVP, Special Foundation Construction Born: 1978 Gender: male Education: MSc Technology	16,264
Jaakko Kivi	EVP, Technical Office Born: 1971 Gender: male Education: MSc Technology	32,757
Antti Kokkonen	EVP, Bridge Construction and Repair Born: 1985 Gender: male Education: Bachelor of Engineering	1,309
Sami Laakso	Chief Operating Officer Born: 1975 Gender: male Education: Bachelor of Engineering	500
Mikko Laine	Chief Financial Officer Born: 1975 Gender: male Education: MSc Social Sciences	1,900
Timo Leppänen	EVP, Railway Construction Born: 1973 Gender: male Education: Bachelor of Civil Engineering	0
Katja Pussinen	EVP, HR Born: 1975 Gender: female Education: MSc Economics	20,463
Juha Schönberg	EVP, Transport Infrastructure Construction Born: 1981 Gender: male Education: MSc Technology	2,088

During 2024, Antti Kakko also served as the EVP, Bridge Construction and Repair in Kreate's executive management team.

4. Risk management, Internal control and Audit

4.1. Risk management

Kreate's risk management is based on a risk management policy approved by the Board of Directors, which aims at comprehensive and proactive management of risks. The Board of Directors of Kreate approves the risk management policy and its targets, and directs and oversees the planning and implementation of the risk management. The risk management policy aims at the continuous and systematic identification of the most significant risk factors and their optimal management such that the company's strategic and financial targets are reached. The policy is based on managing the group's overall risk exposure and not just the management of individual risk factors.

Risks are defined as external or internal uncertainties that, if realised, would have a positive or negative effect on Kreate's abilities to reach its strategic and financial targets in a sustainable and ethical way.

Risk management is integrated into the Group's management, monitoring and reporting systems. Risk management covers the identification and assessment of risks as well as contingency plans for all the main risk categories. Kreate classifies risk factors into strategic, operational, accident risks and financial risks.

The risk management measures target the most significant risks through cost-effective and appropriate policy options, including the following:

- reducing, sharing or transferring a risk, for example through changes in operations, improved controls, insurance policies or by contractual means;
- eliminating a risk, for example by giving up activities that involve an excessive risk, or preparing for the materialisation of a risk, for example with recovery plans; and
- accepting a risk without specific risk management measures.

Responsible persons are appointed for risk management measures and tasked with the responsibility for the planning, implementation and

monitoring of measures. The specified measures are linked to action plans and monitoring.

The President & CEO has the overall responsibility for risk management. The President & CEO is responsible for organising and the planning, development, coordination and monitoring of the risk management strategy as well as for its implementation and communication throughout the organisation. The President & CEO reports to the Board of Directors. The Group's Management Team is responsible for the implementation of risk management, i.e. the identification, monitoring and assessment of risks and risk-related measures. The Group's Chief Financial Officer is responsible for identifying and assessing financial risks, and reports to the Group's President & CEO.

4.2. Internal control and audit

The Group's outsourced internal audit organisation supports Kreate's management in organising and developing risk management and internal control. Internal audit reports to the Audit Committee of the Board of Directors and, administratively, to the CFO. An annual internal audit plan is drawn up annually and approved by the Audit Committee. The priorities of the annual plan is reviewed during the year.

5. Other information

5.1. Insider management

Kreate has an insider policy with the purpose of establishing clear operating guidelines for, among other things, the management of insider information, maintenance of insider lists and disclosure of transactions by persons subject to the notification obligation.

The insider policy complements the provisions of Market Abuse Regulation (596/2014/EU) and related regulations, Finnish regulations, especially Chapter 51 of the Criminal Code (39/1889, as amended) and the Securities Markets Act (746/2012, as amended), the Rules of the Exchange, the Guidelines for Insiders of Nasdaq Helsinki Ltd and the valid guidelines concerning insider matters by the Finnish Financial Supervisory Authority.

The person in charge of insider matters at Kreate is Kreate's CFO, and Kreate's Financial Controller acts as the CFO's deputy. The person in charge of insider matters performs duties relating to Kreate's insider

management, monitors compliance with the obligations under Kreate's insider policy, is in charge of the insider list and the list of persons discharging managerial responsibilities and persons closely associated with them, and carries out the duties related to trading restrictions and notifications of transactions.

Kreate has in place a whistle-blowing procedure that provides Kreate's personnel a way of making a report in case there is reason to suspect that someone employed by Kreate has violated the laws and regulations concerning the securities market.

5.2. Obligation to notify transactions

Persons discharging managerial responsibilities at Kreate and persons closely associated with them have an obligation to promptly notify Kreate and the Finnish Financial Supervisory Authority of their transactions in the financial instruments of Kreate and no later than three business days after the date of the transaction. Kreate discloses the notifications of transactions by means of a stock exchange release within two working days of receiving a notification by a person discharging managerial responsibilities.

The Chair and deputy Chair of the Board of Directors, members and any deputy members of the Board of Directors, the President & CEO and their deputies, if any, as well as the Management Team members are deemed to be persons discharging managerial responsibilities at Kreate.

Kreate maintains a list of persons discharging managerial responsibilities and persons closely associated with them. The list is not public.

5.3. Insider lists and trading restrictions

Kreate maintains a project-specific insider list of all persons who have de facto access to insider information and who work for Kreate under an employment contract or otherwise perform tasks through which they have de facto access to insider information.

The persons included on a project-specific insider list and other persons who are in possession of insider information regarding Kreate are prohibited from trading in Kreate's financial instruments, cancelling or amending an issued trade order, recommending another person to trade in such financial instruments or inducing another person to trade in such financial instruments after receiving information concerning the project.

Persons discharging managerial responsibilities are prohibited from conducting transactions in Kreate's financial instruments on their own account or for the account of a third party before the publication of Kreate's interim report, half-year report or the financial statement bulletin from 30 days before the publication of the interim report, half-year report or financial statement bulletin until the end of the day of publication (closed window). In case the financial statements include material information that has not been previously disclosed in the financial statement bulletin, such as the future prospects, the closed window also applies to the financial statements.

Furthermore, Kreate has decided to also apply the closed window to persons participating in the preparation and drawing up of the interim reports, half-year reports and financial statement bulletins of Kreate (company's trading restriction).

Prior to conducting transactions in Kreate's financial instruments, persons discharging managerial responsibilities with an obligation to notify of transactions and persons subject to the company's trading restriction must always confirm with the person in charge of insider matters that there are no impediments to the transactions. A transaction in Kreate's financial instrument must not be conducted before the person in charge of insider matters has approved the transaction, and the transaction must be conducted within two weeks from the approval.

5.4. Principles for related party transactions

Kreate complies with the regulations in force and follows the recommendations of the Corporate Governance Code on the monitoring and assessment of related party transactions. Kreate assesses and monitors transactions with its related parties and maintains a list of its related parties. As a rule, Kreate or other companies within the Group and related parties do not enter into transactions that differ from customary business and are material to the company or that have been made on unconventional commercial terms. Kreate's Board of Directors decides on significant related party transactions.

The related parties of Kreate Group Plc, the parent company of the Group, include its subsidiaries, the structured entity EAI Kreate Holding Oyj, and the joint venture KFS Finland Oyj. Related parties also include Kreate's key management personnel as well as their close family members and the entities controlled by them. Key management personnel include the members of Kreate's Board of Directors, President & CEO and the members of Kreate Group's Management Team.

Kreate reports the related party transactions annually in its consolidated financial statements and, if necessary, discloses the related party transactions in accordance with the Market Abuse Regulation, the Securities Markets Act and the Rules of the Exchange.

6. Audit

Pursuant to the Articles of Association, Kreate has one auditor that must be an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins from the General Meeting that elects the auditor and then ends at the close of the Annual General Meeting following the election.

Kreate's Annual General Meeting held on 25.3.2024 elected the audit firm KPMG Oy Ab as Kreate's auditor, with Authorised Public Accountant KHT Turo Koila as its principal auditor for the financial year 2024. KPMG Oy Ab has acted as Kreate's auditing firm continuously since the Annual General Meeting held on 2.5.2019.

In 2024, the fees paid to the auditor amounted to EUR 168 thousand for the audit and EUR 88 thousand for other non-audit services.

Kreate Group Plc – Remuneration report of the governing bodies

1. Introduction and remuneration principles

This remuneration report presents information on the remuneration of the Board of Directors and the President & CEO of Kreate Group Plc (“Kreate” or “Company”) between 1.1.–31.12.2024. Kreate’s corporate governance system complies with the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2025 (“Corporate Governance Code”) published by the Securities Market Association.

The remuneration of the governing bodies at Kreate is based on the remuneration policy approved with an advisory decision by the Annual General Meeting on 5 May 2021. The remuneration policy will be applied until the Annual General Meeting of 2025, unless the Board of Directors decides to present it to the Annual General Meeting earlier.

The objective of the remuneration policy is to promote the Company’s long-term financial performance and assist in implementing Kreate’s strategy, in which the Company pursues a position as one of Finland’s leading companies delivering demanding infrastructure construction projects. The primary objective of the remuneration policy is to ensure that Kreate applies performance-based remuneration, which rewards the implementation of Kreate’s strategy in a transparent and understandable way.

The remuneration policy is based on the following key principles:

- providing a competitive earning opportunity for overall remuneration;
- emphasising performance-based remuneration by establishing the overall remuneration of the President & CEO such that part of the earning opportunity is based on performance-based incentives; and
- emphasising a strong connection to the interests of our shareholders such that part of the earning opportunity for the President & CEO’s annual variable remuneration may be based on long-term share based incentive plans.

The remuneration policy has been prepared to follow the remuneration practices applicable to all of Kreate’s personnel. This is reflected, for example, in the variable remuneration earning criteria, which are derived from the company’s strategy with the aim of supporting the Company’s profitable growth and which are partly shared by the President & CEO as well as all the other personnel.

2. Development in the revenue and result as well as the remuneration of the members of the Board of Directors, President & CEO and personnel 2020-2024

The tables shown below present the development of Kreate’s revenue and result for the period 2020–2024 as well as the development of the remuneration of the members of the Board of Directors, President & CEO and personnel for the period 2020–2024.

(EUR million)	2024	2023	2022	2021	2020
Revenue	275.5	320.0	273.9	237.6	235.3
Change (%)	-13.9%	16.8%	15.3%	1.0%	6.4%
Result for the period	4.6	3.9	5.6	6.9	7.8
Change (%)	19%	-31%	-18%	-11%	-11%

(EUR thousand)	2024	2023	2022	2021	2020
Remuneration paid to the Chair of the Board(1)	69.0	63.0	58.5	60.0	54.0
Change (%)	9.5%	7.7%	-2.5%	11.1%	0.0%
Remuneration paid to ordinary members of the Board	36.0	30.0	25.5	25.5	9.0
Change (%)	20.0%	17.6%	0.0%	183.3%	9.8%
Remuneration paid to the President & CEO	520.6	460.5	518.0	427.0	323.0
Change (%)	13.1%	-16.4%	21.3%	32.2%	3.9%
Remuneration paid to Kreate’s employees, on average	69.2	75.6	64.0	66.0	64.0
Change (%)	-8.5%	18.1%	-3.0%	3.1%	6.7%

1) Other remuneration and benefits paid to the Chair of the Board include the remuneration paid to PriRock Oy, a company controlled by Petri Rignell, in accordance with the consulting agreement between Kreate and PriRock Oy. The consulting agreement between PriRock Oy and Kreate ended in December 2020.

3. Remuneration of the Board of Directors in 2024

The Annual General Meeting of Kreate decided on 25.3.2024 that the following fees are to be paid to the members of the Board of Directors: The Chair of the Board is to be paid a monthly fee of EUR 5,750 and the other Members of the Board are to be paid a monthly fee of EUR 3,000. In addition, the Annual General Meeting decided that an additional yearly fee of EUR 1,500 is paid to each member of the Board of Directors elected as the Chair or Member of the Audit Committee or Remuneration and Nomination Committee and that reasonable travel expenses are reimbursed according to invoices.

The following table presents the remuneration paid to the Members of the Board 1.1.–31.12.2024.

2024	Position in Board	Yearly fee (EUR)
Petri Rignell	Chair of the Board, Chair of the Remuneration and Nomination Committee	69,000
Jussi Aine	Member of the Board, Member of the Audit Committee	36,000
Timo Kohtamäki	Member of the Board, Member of the Remuneration and Nomination Committee	36,000
Timo Pekkarinen	Member of the Board, Member of the Remuneration and Nomination Committee	36,000
Elina Rahkonen	Member of the Board and Chair of the Audit Committee	36,000
Petra Thorén	Member of the Board and Member of the Audit Committee	36,000

4. Remuneration of the President & CEO in 2024

The remuneration of the President & CEO comprised a fixed base salary including taxable fringe benefits, short-term performance bonus, long-term incentive plan (LTI) and pension benefit.

In 2024, the President & CEO's fixed base salary including the fringe benefits grew year-on-year and was EUR 401,470.86. At the beginning of 2023, the Board of Directors set the short-term performance bonus criteria for the President & CEO, on the basis of which a performance bonus of EUR 119,174.34 was paid to the President & CEO in 2024.

Kreate's maximum short-term performance bonus for the President & CEO remained unchanged in 2024 at 71.5 per cent of the fixed base salary including the fringe benefits. In the performance bonus plan, the criteria set by the Board of Directors for 2024 were the Company's indicators for profitability (90% weight), indicators for working capital management (5%) and indicators for occupational safety (5%). The performance bonus will be paid according to the actual figures in the financial year 2025.

In 2021, the Board of Directors of Kreate Group Plc decided to launch two new long-term share-based incentive plans for the key persons of the Group and the Group's joint venture.

The Performance Share Plan 2021–2024 consists of 2 two-year performance periods, the calendar years 2021–2022 and 2023–2024. Each performance period is followed by a two-year restriction period. The company's Board of Directors decides on the plan's performance criteria and the targets set for each criterion at the beginning of each performance period. For the 2021–2022 performance period as well as 2023–2024 performance period, the bonus is based on the Group's cumulative operating before amortisation and impairment of intangible assets (EBITA), Kreate's total shareholder return (TSR) and the completion of the company's strategic goals.

The share bonus plan offers the key persons in the target group an opportunity to earn shares in the company by converting into shares a portion, decided by the Board of Directors, of the performance bonus earned for 2024 within the performance bonus plan. A performance bonus converted into shares is multiplied by a bonus multiplier decided by the Board of Directors before the payment of the bonus; for 2024, the multiplier was 1.5. A possible bonus within the share bonus plan is paid after a two-year commitment period in 2027 partly in shares in the Company and partly in cash. The purpose of the cash portion is to cover the taxes and tax-like charges incurred due to the bonus by the key person. In connection with the payment, the key person is credited for the dividends paid and other possible funds distributed during the commitment period.

Furthermore, the President & CEO is entitled to a supplementary pension paid by the Company. The date of withdrawal is at the discretion of the President & CEO, but the supplementary pension can be withdrawn at the earliest from the age of 58. The supplementary pension is based on a money purchase scheme. The President & CEO is also covered by the Finnish statutory pension system.

The following table presents a summary of the remuneration paid to the President & CEO during 1.1.–31.12.2024.

	EUR thousand
Fixed base salary including fringe benefits	401
Performance bonus	119
Supplementary pension	57
Total	578

Board of Directors

31 December 2024



Petri Rignell
Master of Science (Technology)
Board member since 2015,
Chair of the Board



Jussi Aine
Master of Science in Engineering,
Master of Economic Sciences
Board member since 2021



Timo Kohtamäki
Licentiate of Science (Technology)
Board member since 2015



Timo Pekkarinen
Construction Engineer
Board member since 2021



Elina Rahkonen
Master of Science (Economics)
Board member since 2020



Petra Thorén
Master of Economic Sciences
Board member since 2022

Management Team

31 December 2024



Timo Vikström

President & CEO
Master of Engineering – Meng,
Construction, eMBA
Management team member since 2017



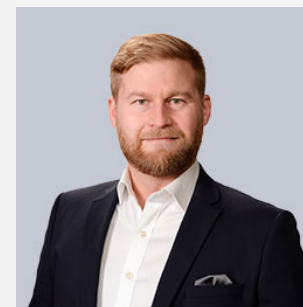
Tommi Hakanen

EVP, Special Foundation Construction
Master of Science (Technology)
Management team member since 2020



Jaakko Kivi

EVP, Technical Office
Master of Science (Technology)
Management team member since 2018



Antti Kokkonen

Vice President, Bridge Construction and
Repair
Bachelor of Engineering
Management team member since 2024



Sami Laakso

EVP, Chief Operating Officer
Bachelor of Engineering
Management team member since 2021



Mikko Laine

CFO
Master of Political Sciences
Management team member since 2022



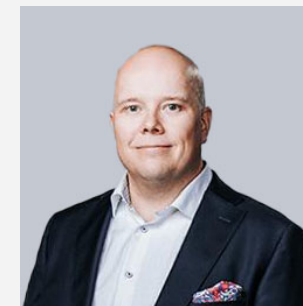
Timo Leppänen

EVP, Railway Construction
Bachelor of Civil Engineering
Management team member since 2021



Katja Pussinen

EVP, HR
Master of Science (Economics)
Management team member since 2017



Juha Schönberg

Vice President, Transport Infrastructure
Construction
Master of Science (Technology)
Management team member since 2024



FINANCIAL REPORT

Key figures

M€	2024	2023	2022
Order backlog	176.6	196.3	306.9
Revenue	275.5	320.0	273.9
Change in revenue from the previous financial year, %	-13.9%	16.8%	15.3%
EBITDA	15.3	14.0	13.6
EBITDA, %	5.5%	4.4%	5.0%
EBITA	8.8	7.8	8.8
EBITA, %	3.2%	2.4%	3.2%
Operating profit	8.7	7.6	8.6
Operating profit, %	3.2%	2.4%	3.2%
Result for the period	4.6	3.9	5.6
Earnings per share, diluted €	0.49	0.44	0.63
Earnings per share, undiluted €	0.50	0.44	0.64
Dividend per share, €	0,50*	0.48	0.46
Dividend/result, %	100	109	72
Capital employed	73.4	59.6	75.9
Return on capital employed, %	13.1%	11.2%	12.5%
Return on equity, %	10.7%	9.1%	13.5%
Net investments in operating activities	-1.5	-5.9	-4.2
Free cash flow from operating activities	0.3	26.1	3.5
Net working capital	2.7	-11.3	4.7
Net debt	29.9	16.8	33.4
Net debt/EBITDA	2.0	1.2	2.5
Net debt/EBITDA pro forma**			2,4**
Equity ratio, %	33.2%	31.8%	31.6%
Personnel at the end of the period	511	472	447
Personnel on average	507	454	416

* Board of Directors' proposal to the Annual General Meeting

**The pro forma of the reference period includes the EBITDA of the acquisition from 1 January to 31 August 2022

Calculation formulas

Kreate publishes alternative performance measures to describe the profitability of its business and the financial standing of the Group. The alternative performance measures are not defined or specified in IFRS and they should not be viewed in isolation or as a substitute to the IFRS-compliant key figures. The calculation formulas for the alternative performance measures are presented below.

Performance measure		Calculation formula	Reason for use
IFRS KEY FIGURES			
Earnings per share	=	$\frac{\text{Result for the period attributable to the owners of the parent}}{\text{Weighted average number of outstanding shares during the period}}$	A measure of Kreate's profitability.
ALTERNATIVE KEY FIGURES			
EBITDA	=	Operating profit + depreciation, amortisation and impairment	A measure of Kreate's profitability.
EBITA	=	Operating profit + amortisation of intangible assets + impairments	A measure of Kreate's profitability.
Order backlog	=	Amount of unrecognised revenue from customer contracts at the end of period	Indicates the volume that will be realised in the future.
Capital employed	=	Equity + net debt	Indicates the volume that will be realised in the future.
Return on capital employed, %	=	$\frac{\text{Operating profit, rolling 12 months}}{\text{Average capital employed}} \times 100$	Indicates the amount of return Kreate can generate with its capital employed.
Return on equity, %	=	$\frac{\text{Result for the period, rolling 12 months}}{\text{Average equity}} \times 100$	Indicates the amount of return Kreate can generate with its equity.
Net investments in operating activities	=	Investments in tangible and intangible assets – disposals of tangible and intangible assets	A measure of the amount of investments made in the business.
Free cash flow operating activities	=	Cash flow from operations before financial items and taxes + net investments in operating activities	A measure of the amount of cash flow generated by the business.
Net working capital	=	Inventories + (current trade and other receivables – loan receivables – interest receivables) – (current trade and other payables – interest liabilities)	Indicates the amount of cash and cash equivalents available in the equity shown in the balance sheet.
Net debt	=	Interest-bearing debt – cash and cash equivalents	Indicates the total amount of Kreate's external debt financing.
Net debt/EBITDA	=	$\frac{\text{Net debt}}{\text{EBITDA, rolling 12 months}}$	Reflects Kreate's gearing.
Equity ratio, %	=	$\frac{\text{Equity}}{\text{(Balance sheet total – prepayments received)}} \times 100$	Indicates the proportion of equity used to finance Kreate's assets.
PER SHARE PERFORMANCE MEASURES			
Dividend/share, €	=	$\frac{\text{Dividend paid for the period}}{\text{Number of outstanding shares at profit distribution proposal date}}$	
Dividend/result, %	=	$\frac{\text{Dividend paid for the period/share}}{\text{Earnings per share}} \times 100$	Reflects the proportion of the profit for the period distributed to the shareholders.

Report of the Board of Directors

Kreate is a Finnish group focusing on demanding infrastructure construction. Kreate's service offering is divided into Transport infrastructure construction and Structural engineering. Transport infrastructure construction includes railway construction as well as the construction of roads and streets. Structural engineering includes bridge construction and repair, foundation and engineering construction, special foundation construction and the Swedish business, which consists of demanding rock and concrete construction. In addition, Kreate offers circular economy services in Finland. Kreate's goal is to be one of Finland's leading implementers of demanding infrastructure construction, offering comprehensive solutions for demanding infrastructure construction projects with the help of a wide range of expertise and a range of services. The aim is also to strengthen its foothold in the Swedish infrastructure market, especially in technically demanding infrastructure construction projects in the greater Stockholm area, and to grow the Swedish operations into a second pillar of business in addition to Finland. In 2024, almost 90 per cent of the Group's revenue came from Finland.

Kreate is an industry-leading company in Finland particularly in bridge and foundation construction both in terms of volume and expertise. The Group's operations are guided by strong basic values through which it offers solution-driven services, high quality and cost-efficiency to its broad range of clients. The customer base includes both public and private operators.

Kreate Group consists of the Group's parent company Kreate Group Oyj together with its 100% owned subsidiary Kreate Oy and its 75% owned Kreate Sverige Holding AB, whose subsidiary is Kreate Sverige AB. In addition, the Group has a Finnish joint venture KFS Finland Oy, in which the Group owns 50 per cent. During the financial year, Kreate Sverige AB acquired the remaining share capital of the associated company Karell Schakt AB, in which the company previously owned 34 per cent. Karell Shakt has merged with Kreate Sverige AB on 17 September 2024.

STRATEGY AND FINANCIAL TARGETS

During the 2024–2027 strategy period, we are placing a strong emphasis on improving profitability, with a target of achieving an EBITA margin of over 5%. Sustainable profitability will be pursued through even more selective bidding, maintaining a light balance sheet, and ensuring excellent management of net working capital and cash flow. These financial goals are supported by our operational objectives.

We must be:

1. the best place for top infrastructure experts

We focus on responsibly delivering key projects and ensuring the development of both current and future builders through challenging assignments in a structured manner. We also continuously improve occupational safety across our value chain. >> In 2024, our employee count grew to over 500 experts. We successfully carried out key recruitments and continue to develop talent through internship programs. Our employee satisfaction (eNPS) in 2024 was 49.

2. the most sought-after infrastructure partner

We understand our customers' needs and expectations and emphasize mutual quality and reliability in all partnerships. >> In 2024, we won the eastern section of the Vantaa tramway together with GRK, demonstrating our ability to secure major projects and our position as a preferred industry partner. Our customer satisfaction (NPS) in 2024 was 82.

3. among the leading players in all our businesses

We are strengthening our existing businesses, deepening our specialist expertise, and making additional investments in railway and tramway operations while expanding in Sweden within selected businesses. >> In 2024, we expanded operations in Sweden, particularly in earthworks and foundation construction, leading to a nearly 50 percent increase in Swedish revenue. In Finland, we secured several major railway-related projects throughout the year. Kreate's first-ever tramway project entered the implementation phase at the end of 2024.

4. keeping our processes agile

We prioritize risk management, remain highly selective, and ensure meticulous bidding calculations. We also continuously develop our site processes. >> In 2024, we became even more selective and strengthened our organization to support the execution of large strategic projects. We also reinforced governance in Sweden to support further growth.



SUSTAINABLE PROFITABILITY

Financial targets 2024–2027

PROFITABILITY

EBITA margin > 5%

GROWTH

Annual revenue growth of 5–10 percent starting from 2024

INDEBTEDNESS

Net debt/EBITDA < 2.5

DIVIDEND POLICY

We aim to distribute at least half of the annual net profit as dividends, taking into account our financial position, cash flow and growth opportunities.

OPERATING ENVIRONMENT IN 2024

The total construction market in Finland was approximately EUR 38 billion according to the latest available data for 2023. Of this, infrastructure construction accounted for around EUR 9 billion under a broad interpretation. The value of civil engineering was EUR 7.1 billion, including EUR 5.1 billion in infrastructure investments and EUR 2.0 billion in infrastructure maintenance. The broad interpretation also includes, among other things, the maintenance of outdoor areas related to building construction and foundation work. Kreate estimates that its addressable market within this total in Finland is approximately EUR 5 billion.

In Sweden, the infrastructure construction market is estimated to be around EUR 20 billion. Kreate currently assesses its addressable market within this total to be approximately EUR 1.5 billion. The company's goal for the 2024–2027 strategy period is to expand into new construction segments in Sweden. Roads and railways, bridge construction, and concrete construction in rock construction interfaces would offer a market ten times larger than traditional rock construction.

The construction market in Finland and Sweden remained weak throughout 2024. The largest decline was in residential construction, but infrastructure construction volumes also decreased. The sharp drop in residential construction volumes in 2024 brought new players and competition into infrastructure construction, although to a lesser extent in complex infrastructure projects.

Russia's war of aggression in 2022 triggered a rapid increase in costs, which continued until early summer 2023. After this, cost developments stabilized, but input prices remained at a high level. In 2024, civil engineering costs continued a slight increase compared to the reference period until the rise halted in July. From August to November, civil engineering costs slightly declined compared to the reference period.

In June 2024, Europe saw the first European Central Bank (ECB) policy rate cut, followed by three more by the end of the year. At the end of the year, the policy rate was 3.15 percent, and the 12-month Euribor rate was around 2.5 percent, indicating that markets expect further rate cuts in 2025. In the longer term, the declining policy rate is expected to support demand in the construction sector, for example, by stimulating housing sales and increasing investment willingness in industrial projects.

According to a market review published by the Confederation of Finnish Construction Industries (RT) in September 2024, 2025 is expected to

remain a challenging year for the construction sector overall, but the lowest point for the infrastructure sector is believed to be behind. A volume increase of 2 percent is projected for infrastructure construction in 2025, supported by investment needs driven by geopolitical factors and the energy transition. In infrastructure projects, the lead time to start is typically very short, and projects can be launched quickly when necessary.

Green transition

EK's data portal has listed green transition projects worth EUR 280 billion. The potential of the green – or clean – transition is vast, even if only a small portion of these investments materialize. Before the era of the green transition, such investments were considered part of traditional construction investments, which have typically ranged from EUR 1–8 billion per year.

Between 2021 and 2024, nearly EUR 8 billion was invested in the green transition, and for 2025, a record-high level of EUR 7 billion is forecasted. Of these total green transition investments, approximately 15–40 percent are directed toward construction. This would mean green transition construction investments of approximately EUR 1–3 billion in 2025 in addition to other construction investments. This would raise investments to the level of a strong construction year for multiple years.

The green transition includes investments related to energy production, industrial production facilities, and data centers. Such projects typically involve the construction of large land areas and specialized foundation construction. Due to the complex and large-scale nature of earthworks and foundation construction, the share of infrastructure construction costs in such projects can exceed 20 percent of total construction costs.

Market outlook

Kreate estimates that the market outlook in its addressable infrastructure market is neutral, strengthening towards the second half of the year in Finland and strong in Sweden.

In Finland, infrastructure growth in the coming years will be driven by three key factors: the government's EUR 4 billion investment package, investments required by geopolitical factors, and green transition projects.

The most predictable of these is the government's EUR 3 billion investment program allocated to transport projects, which was supplemented by an additional EUR 1 billion in November 2024. State projects include railway and road projects across Finland, from the

southern regions to Meri-Lappi. The project list is extensive, with the tendering phase starting in the second half of 2025 and larger-scale implementation beginning in 2026.

The geopolitical situation, NATO membership, and Finland's security of supply requirements positively impact infrastructure demand, whether related to airport or port infrastructure, railway or road connections, or other preparedness measures. Kreate is one of the companies in Finland capable of executing such projects.

The green transition is expected to drive increasing investments in energy production, industrial production facilities, and data centers in the coming years, raising construction investments to a relatively high level for years. In green transition projects, the share of infrastructure construction costs is typically higher than in construction investments on average.

In Sweden, the outlook is strong in Kreate's key market of rock and concrete construction. Several metro lines, bypass roads with tunnels, and other infrastructure projects are planned in Stockholm and its surrounding areas, as well as in Gothenburg, involving demanding underground construction. In Sweden, Kreate still primarily operates as a subcontractor, meaning that Kreate's direct clients are private companies, while the end clients are usually public sector entities.

FINANCIAL PERFORMANCE

Order backlog

The order backlog decreased compared to the reference year and amounted to EUR 176.6 (196.3) million at the end of 2024. The estimated profitability of the order backlog was at a normal level compared to before. It is estimated that EUR 118.9 (168.4) million of the order backlog will be realised during the financial year 2025.

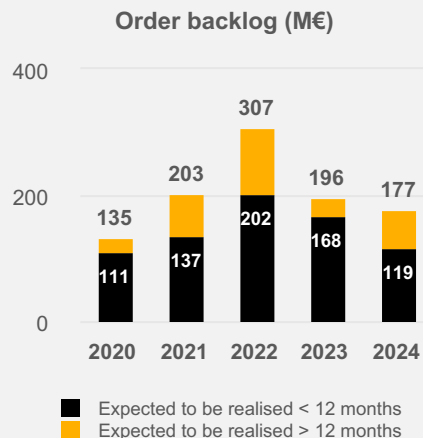
During the first half of 2024, projects worth approximately EUR 120 million were entered in the order backlog. The largest increase was EUR 34 million subproject in the Helsinki-Riihimäki project. In Sweden, the largest increase were the annual contracts of over EUR 5 million related to Bohuslän. In the second half of the year, new projects worth approximately EUR 100 million were entered in the order backlog, including the nearly EUR 58 million Koskela tram depot project, which was moved from the development phase to implementation at the end of the year, and bridge projects worth approximately EUR 12 million. In Sweden, we received about EUR 4 million contract related to the interior work of metro tunnels.

In addition, during the year, we won the tender for the eastern section of the Vantaa tramway together with GRK, as well as the Tampere passenger rail yard project. The implementation phases of these projects will likely be recorded in the order backlog starting from spring 2025, as they transition from the development phase to execution.

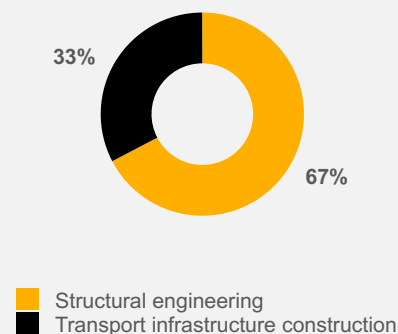
Many significant projects were completed during the financial year, such as Kesko's logistics centre in Hyvinkää, where Kreate carried out the foundation construction and concrete work up to the pile slab. At the end of the year, Kreate completed construction projects significantly ahead of schedule. In Oulu, the project of the Poikkimaantie were handed over to the client almost a year ahead of schedule, and in Helsinki, the civil engineering construction of Nihti was handed over seven months ahead of schedule. In addition, projects for the Tornio railway bridge and railway yard were completed during the year, as well as bridge projects in Kirkkonummi, Kuusistonsalmi and Toranki.

Revenue and result

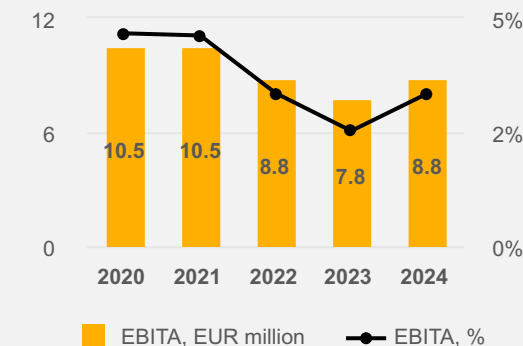
In the financial year 2024, the Group's revenue decreased (13.9)% compared to the reference year due to the strong end of the year, amounting to EUR 275.5 (320.0) million. Year-on-year, revenue decreased



Revenue by business function

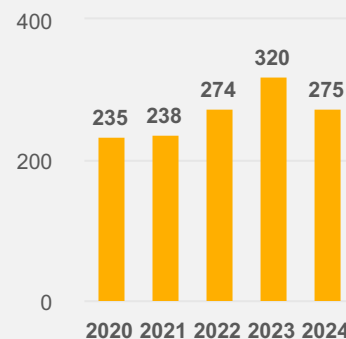


EBITA

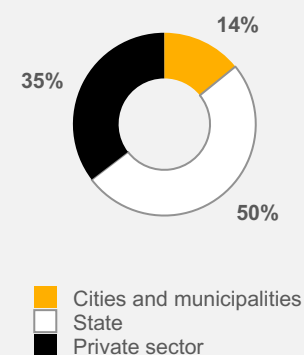


Structural engineering comprises Bridge construction and repair as well as Foundation and engineering construction. Transport infrastructure construction comprises Railway construction and Road and street construction.

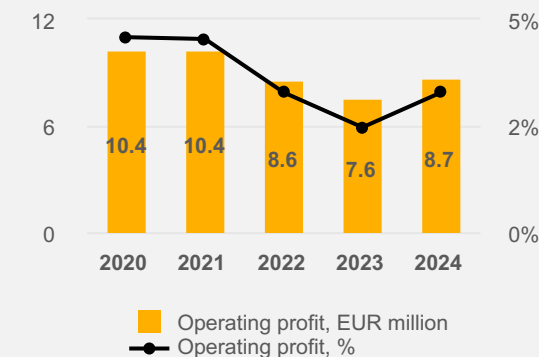
Revenue (M€)

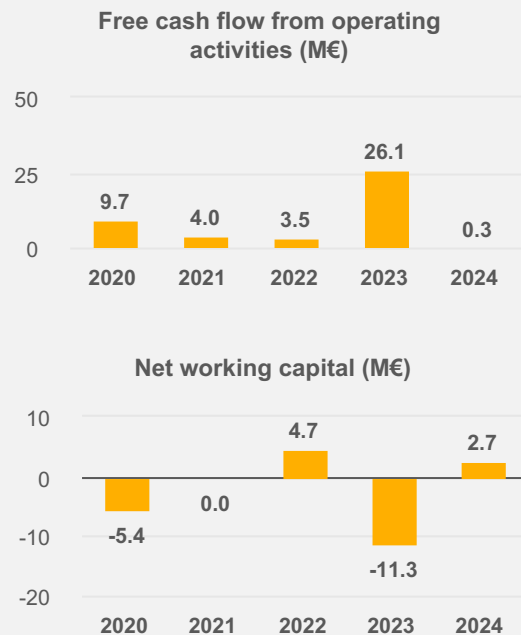


Revenue by customer group



Operating profit





in Structural engineering to EUR 183.0 (249.7) million but grew in Transport infrastructure construction to EUR 88.8 (71.2) million.

In transport infrastructure construction, the growth has been driven in particular by work related to railway construction. In structural engineering, the decrease was particularly apparent in foundation and engineering construction, where the clients are to a significant extent private parties. The revenue from Sweden is included in the Structural engineering business function, and it was EUR 32.9 (22.5) million in 2024.

The share of Structural engineering of the revenue for 2024 was 67 (77) per cent and the share of Transport infrastructure construction was 33 (23) per cent.

Of the Group's total revenue, 14 (18) per cent came from cities and municipalities, 50 (40) per cent from the government and 35 (42) per cent from the private sector.

During the financial year, the Group's EBITDA grew compared to the reference period to EUR 15.3 (14.0) million, amounting to 5.5 (4.4) per cent of revenue. EBITA was EUR 8.8 (7.8) million, amounting to 3.2 (2.4) per cent of revenue. Kreate's flexible cost structure, selectivity of tendering operations and operations going as planned supported improved profitability despite lower revenue. The Group's operating profit was EUR 8.7 (7.6) million, amounting to 3.2 (2.4) per cent of revenue.

The Group's result before tax was EUR 5.9 (4.6) million. Tax for the reporting period amounted to EUR 1.3 (0.7) million with the effective tax rate being 21.9 (16.1) per cent. Result for the reporting period was EUR 4.6 (3.9) million. Diluted earnings per share were EUR 0.49 (0.44).

Cash flow and financial position

In the 2024 free cash flow from operating activities was EUR 0.3 (26.1) million. At the end of the financial year, net working capital was EUR 2.7 (-11.3) million. The Group's net working capital is slightly above the company's long-term target of zero. The Group has continued its systematic work in project liquidity and risk management.

Interest-bearing debt at the end of the financial year 2024 amounted to EUR 40.7 (40.3) million, of which EUR 5.3 (3.0) million constituted lease liabilities under IFRS 16. The company's cash and cash equivalents amounted to EUR 10.8 (23.6) million. In addition, the company had committed revolving overdraft and credit limits of EUR 20.0 (20.0) million, which were not in use at the end of the financial period. Interest-bearing net debt at the end of 2024 was EUR 29.9 (16.8) million.

Kreate has in place a domestic commercial papers programme worth EUR 50 million. Within the framework of this programme, the company may issue commercial papers with a maturity of less than one year. On 31 December 2024, the company had issued commercial papers to the value of EUR 6.0 (7.0) million.

The average interest of interest-bearing debt, excluding the lease liabilities recognised on the balance sheet, was 6.1 (5.7) per cent.

At the end of the reporting period, the consolidated balance sheet total was EUR 131.4 (134.6) million and equity was EUR 43.6 (42.8) million. At

the end of the reporting period, the equity ratio was 33.2 (31.8) per cent and the company's return on capital employed was 13.1 (11.2) per cent.

Capital expenditures

Net investment cash flow was EUR 1.5 (5.9) million in January–December. During the financial period, Kreate sold its properties in Tuusula and continued as a tenant in them, which reduced net investments by EUR 3.5 million.

Kreate's gross investments in tangible and intangible assets amounted to EUR 5.9 (6.9) million in 2024. The most significant part of investments consisted of tangible assets, which are mainly machinery and equipment.

Research and development

The purpose of Kreate's research and development is to create practical tools and procedures for infrastructure construction projects. The focus areas of research and development include tender calculation, project implementation and fleet operations, all of which are rapidly being transformed by digitalization into traditional operating models. Operating models are also being changed by customers' willingness to use cooperative contract forms in almost all of the largest and most demanding infrastructure contracts.

In 2024, the focus of development activities has been on training Kreate's project organisations in digital tools and tendering and implementation processes for cooperative contracts. Training in the bidding and implementation processes of collaborative contracts has created the readiness to participate in the tendering for large alliance projects, where digital construction and situational awareness are also strongly emphasized in the selection of service providers. Digital construction tools and situational awareness can better share information and improve decision-making, especially in projects with many parties or that are technically particularly demanding.

As in previous years, the use of information models in Kreate's projects has continued to increase, even in projects implemented with traditional contract models. This has been supported by training personnel and hiring new measurement managers and information model coordinators for the company. The use of drones as an aid in project monitoring has also been developed, and training has been provided to personnel on drone operation.

During 2024, Kreate's first BREEAM infrastructure assessment has continued. This assessment covers over 200 topics related to the ecological and social sustainability of the construction contract.

Research and development expenses accounted for approximately 0.1 (0.1) per cent of the Group's revenue in 2024.

Intangible resources

The Group's key intangible resources include our skilled and competent employees, the references accumulated by the company over the years, the company's brand, and its good reputation among employees, clients, subcontractors, other construction partners, and key suppliers. These resources enable us to maintain our competitive advantage and are a crucial part of our long-term growth strategy. Information about intangible assets can be found on Note 5.3 in the Group financial statements.

PERSONNEL

At the end of December, Kreate Group employed 511 (472) people. The average number of personnel in January–December was 507 (454).

The Group's workforce has been systematically expanded, particularly focusing on the expertise required in railway environments. Kreate has successfully recruited experienced professionals and nurtured future specialists through internship programs. Employee willingness to recommend Kreate as a workplace, measured by the eNPS score, was 49 in 2024, which is an excellent result and a testament to employee satisfaction. In the final quarter of the year, we celebrated Kreate's 10-year journey together with our employees. The two-day company-wide celebration further strengthened team spirit and commitment to the company.

Strong and diverse expertise, along with professional development, are key themes for Kreate. At the beginning of each year, development discussions are held, and development plans are prepared for employees, followed by progress reviews in the second half of the year. In 2024, development discussions were conducted with 58% of employees.

Training opportunities remained at a high level, with the goal of ensuring employee development and certifications, implementing corporate practices and objectives, and supporting strong work performance. By the end of 2024, 72% of employees had completed the "How to Act Ethically" online course, which was launched the previous year.

Occupational safety

In 2024, a total of 22 lost-time accidents occurred at Group's construction sites, affecting the accident frequency rate. Of these, 21 incidents involved Kreate's subcontractors. The 12-month rolling combined accident frequency rate, calculated per million working hours, was 11.3. Following the financial year, a workplace accident occurred at a Kreate construction site, resulting in the death of a subcontractor's employee.

In 2024, a total of 2,329 safety observations were recorded in Kreate's systems, with an average of 4.6 observations per person. Safety observations were reported in approximately 15% of projects, whereas the Group's target is 100%.

More details on personnel, safety, and other sustainability aspects are provided in the Sustainability Report section.

MANAGEMENT TEAM

During the year 2024, the following changes took place in the composition of the Management Team. Sami Laakso moved from the role of Director of Transport Infrastructure Construction to Chief Operating Officer on 1 August 2024, continuing as a member of Kreate Group's Management Team. Juha Schönberg, who had previously served as Kreate's Construction Manager, started as the new Director of the Transport Infrastructure Construction unit and a member of Kreate Group's Management Team on 1 August 2024. Antti Kakko, Director of Bridge Construction and Repair, left his position in the company and Kreate Group's Management Team on 26 August 2024. Antti Kokkonen, the new Director of the Bridge Construction and Repair Unit and a member of Kreate Group's Management Team, started on 27 August 2024 as Kreate's Accounting Manager.

As of 31 December 2024, Kreate's Management Team included the following people: Timo Vikström, President & CEO; Tommi Hakanen, Vice President, Special Foundation Construction; Jaakko Kivi, Vice President, Technical Office; Antti Kokkonen, Vice President, Bridge Construction and Repair; Sami Laakso, Chief Operating Officer; Mikko Laine, Chief Financial Officer; Timo Leppänen, Vice President, Railway Construction; Katja Pussinen, Vice President, HR and Juha Schönberg, Vice President, Transport Infrastructure Construction.

RESOLUTIONS OF THE ANNUAL GENERAL MEETING

Kreate Group Plc's Annual General Meeting was held on 25 March 2024. The Annual General Meeting adopted the financial statements for the financial year 2023 and granted the members of the Board of Directors and the President & CEO release from liability for the financial year 2023.

The Annual General Meeting decided that, based on the balance sheet verified for the financial year ending on 31 December 2023 a dividend of EUR 0.48 is issued per share for shares held outside the company. The dividend is paid in two instalments. The first instalment of the dividend, EUR 0.30 per share, was paid to shareholders that were recorded in the company's list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment which was 27 March 2024. It was decided that dividends for this instalment would be paid on 9 April 2024. The second instalment of the dividend, EUR 0.18 per share, was paid in October 2024 to shareholders that were recorded in the company's list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment. At its meeting on 24 September 2024, the Board decided that 26 September 2024 be the record date for the payment for the second instalment of the dividend and that 3 October 2024 be the dividend payment date.

The Board of Directors was authorised to, if necessary, decide on a new date of record and date of payment for the second instalment of the dividend, should the regulations or rules of the Finnish book-entry securities system change or otherwise require it.

The Annual General Meeting approved the remuneration report of the governing bodies. The decision is advisory.

The Annual General Meeting decided that the following fees are to be paid to the members of the Board of Directors: The Chair of the Board is to be paid a monthly fee of EUR 5,750 and the other members of the Board are to be paid a monthly fee of EUR 3,000. In addition, the Annual General Meeting decided that an additional yearly fee of EUR 1,500 is paid to each member of the Board of Directors elected as the Chair or Member of the Audit Committee or Remuneration and Nomination Committee and that reasonable travel expenses are reimbursed according to invoices.

The Annual General Meeting re-elected authorised public accountants KPMG Oy Ab as the Auditor of the company, with Authorised Public Accountant Turo Koila as the responsible auditor. The Auditor shall be

paid a reasonable fee in accordance with an invoice approved by the company.

The Annual General Meeting elected authorised sustainability audit firm KPMG Oy Ab as the sustainability reporting assurer of the company. The sustainability reporting assurer shall be paid a reasonable fee in accordance with an invoice approved by the company.

The Annual General Meeting authorised the Board of Directors to decide on a share issue as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. Under the authorisation, a maximum of 898,000 shares can be issued, which corresponds to approximately 10 per cent of Kreate's total shares at the time of the decision. The shares or special rights entitling to shares can be issued in one or more tranches, either against or without payment. The shares issued under the authorisation can be new shares or shares held by Kreate. This authorisation is valid until the end of Kreate's next Annual General Meeting but no later than 30 June 2025. The authorisation revokes any previous unused share issue authorisations.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase and acceptance as pledge of Kreate's own shares. The total maximum number of own shares to be repurchased or accepted as a pledge is 898,000 shares. Kreate, together with its subsidiaries, may not own and/or hold as pledge more than 10 per cent of Kreate's all shares at any given moment. Pursuant to the authorisation, the company's own shares can only be repurchased with Kreate's unrestricted equity. This authorisation is valid until the end of Kreate's next Annual General Meeting but no later than 30 June 2025. The authorisation revokes any previous unused authorisations for the repurchase and acceptance as a pledge of the company's own shares.

Organisation of the Board of Directors

The Annual General Meeting on 25 March 2024 confirmed that the Board of Directors shall have six (6) members. Petri Rignell, Timo Kohtamäki, Elina Rahkonen, Timo Pekkarinen, Jussi Aine and Petra Thorén were re-elected as members of the Board. The term of office of all members of the Board shall end at the end of the 2025 Annual General Meeting.

In its constituent meeting held after the Annual General Meeting, the Board of Directors elected Petri Rignell as the Chair from the members of the Board. Furthermore, the Board of Directors elected the following members of the Audit Committee from the members of the Board: Elina

Rahkonen (Chair), Jussi Aine and Petra Thorén. The following members of the Remuneration and Nomination Committee were elected: Petri Rignell (Chair), Timo Pekkarinen and Timo Kohtamäki.

SHARES AND TRADING

Treasury shares

Kreate did not purchase any treasury shares in the reporting period. On 31 December 2024, Kreate Group Plc held 90,000 shares as treasury shares.

The company has signed a contract with an external service provider on the management of the performance share plan and share bonus plan aimed at key persons. On 31 December 2024, the number of these shares reported on the consolidated balance sheet as treasury shares was 203,506 pieces, of which 75,000 were purchased during the reporting period. This number of shares represented 2.3 per cent of all the shares and voting rights in the company. These shares are the property of EAI Kreate Holding Oy until the shares are transferred to the participants according to the incentive plans. EAI Kreate Holding Oy is legally owned by an external service provided but, based on a contract, Kreate exercises actual control in the arrangement and, therefore, the holding company is consolidated into the IFRS consolidated financial statement as a structured entity, in which case a total of 293,506 treasury shares are reported in the IFRS consolidated financial statements..

Trading in the company's shares

Kreate Group Plc's share capital at the end of December was EUR 80,000. The total number of outstanding shares in the company on 31 December 2024 was 8,984,772 shares. 770,276 of Kreate's shares were traded on the Helsinki Stock Exchange in January–December. The highest trading price was EUR 8.70 and the lowest price was EUR 7.02. The volume weighted average price of Kreate's shares during the reporting period was EUR 7.84. The share's closing price on the last trading day of the reporting period, 31 December 2024, was EUR 7.14. Based on the closing price of the reporting period, the market value of the company's shares, excluding the treasury shares (293,506) held by the company and EAI Kreate Holding Oy which is consolidated into the Group as a structured company, was EUR 62.1 million.

Largest shareholders

31.12.2024		Shares	%
1	Harjavalta Oy	1,783,689	19.85 %
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	Säästöpankki Small Cap Mutual Fund	350,000	3.90 %
7	Rantala Sami Kalle Antero	273,534	3.04 %
8	Inkala Tero Antero	208,396	2.32 %
9	Eai Kreate Holding Oy	203,506	2.27 %
10	Elo Mutual Pension Insurance Company	180,000	2.00 %

Management shareholding

On the date of the financial statements, the Board of Directors, President & CEO and the members of the Management Team held a total of 2,994,300 shares either personally or through companies under their influence. This represented 33.3 per cent of all the shares and voting rights in the company.

SHORT-TERM RISKS AND UNCERTAINTIES

Kreate Group's risk management aims at the continuous and systematic identification of the most significant risk factors and their optimal management such that the company's strategic and financial targets are reached. Kreate employs a risk management policy approved by the company's board of directors that guides the management of the overall risk exposure. Risk management is integrated into the Group's management, monitoring and reporting systems. Risk management covers the identification and assessment of risks as well as contingency plans for all the main risk categories.

The company classifies risks into strategic, operational, accident risks and financial risks.

Strategic risks

Epidemics and pandemics as well as conflicts between states may have a material adverse effect on Kreate's business, the global economy and financial markets. The impacts of pandemics and conflicts on the economy may also be reflected in the reduction or postponement of planned investments and decrease the demand for Kreate's services.

Unfavourable economic development in Finland could impact Kreate's business in many ways, including the income, assets, liquidity, business operations and/or financial standing of Kreate as well as its customers and subcontractors. Moreover, Kreate may not necessarily be able to take advantage of the business opportunities arising from economic fluctuations or adapt its operations to a long-term economic downturn or stagnation.

Kreate's business performance is partly dependent on the overall development of the public economy and the political decision-making that guides it, as the majority of Kreate's revenue comes from public sector customers. Among others, Kreate executes road and railway construction projects, whose demand is largely dependent on transport policy planning and decision-making as well as the public economy's capabilities for investment.

Kreate operates in a competitive industry, and increased competition in the infrastructure construction market could have an adverse effect on Kreate's business. Kreate finds that increased competition could lead to tougher price competition as well as competition for available skilled employees.

Kreate's limited control in the KFS Finland joint venture could hamper Kreate's ability to get the joint venture to act in favour of Kreate and to refrain from acting against Kreate's interests.

Operational and accident risks

Kreate may fail in executing its strategy or adapting it to changes in the operating environment, or the strategy itself may be unsuccessful. The successful execution of Kreate's strategy is also dependent on other factors, many of which are at least partially outside of Kreate's influence. Therefore, Kreate may not necessarily be able to define, execute or adjust its business strategy successfully, as needed.

Failure to hire qualified personnel or losing key persons, or the company's execution partners or subcontractors experiencing problems with resources, may have an adverse effect on Kreate's ability to conduct business.

Business acquisitions and internationalisation may involve situations and changes to plans that impact Kreate's performance and whose handling may require resources. The unsuccessful integration of ways of working or adoption of operations in connection with business acquisitions may impact Kreate's business.

Kreate's business is highly project-based. Successful project management has a considerable impact on the profitability of Kreate's business. Failures in projects, project management and the implementation of development projects may, for instance, impact future project availability and, thereby, have a material adverse effect on Kreate's business. Kreate's project management also takes into account the potential counterparty and liquidity risks of clients and other partners.

Kreate's key information systems are related to tender calculation, project monitoring, data modelling, measurements, payroll calculation and the management of monetary transactions. Problems in the operation of the information systems that Kreate uses could have a material adverse effect on Kreate's business.

Accidents and occupational injuries are more frequent on construction sites than in many other industrial sectors. Any health and safety risk that materialises could have a material adverse effect on Kreate's business, financial standing, business result, reputation and future prospects.

Kreate uses both its own employees and subcontractors in the execution of projects. Mistakes by Kreate's own employees or subcontractors could

cause unexpected and unforeseen personal injuries or material damage to third parties, for example due to fires or soil compaction and the possible resulting damage to buildings. Such mistakes can result in unexpected, unforeseen and very significant additional expenses for Kreate.

Kreate is exposed to environmental risks in its operations. The most significant environmental risks are related to noise and dust nuisance and the potential release of environmentally harmful substances, especially fuels from machinery. Any risk of compensation claims or sanctions related to environmental damage that materialises could have a material adverse effect on Kreate's business, financial standing, business result and reputation.

Economic and financing risks

In its business operations, Kreate is exposed to interest rate, credit, financing, counterparty and liquidity risks that may have an adverse effect on Kreate's business and financial standing. The company strives to protect itself against liquidity and financing risks through various contractual arrangements. In addition, the company has various levels of internal controls and regular reporting in place with the aim of preventing and detecting risks related to liquidity, in particular.

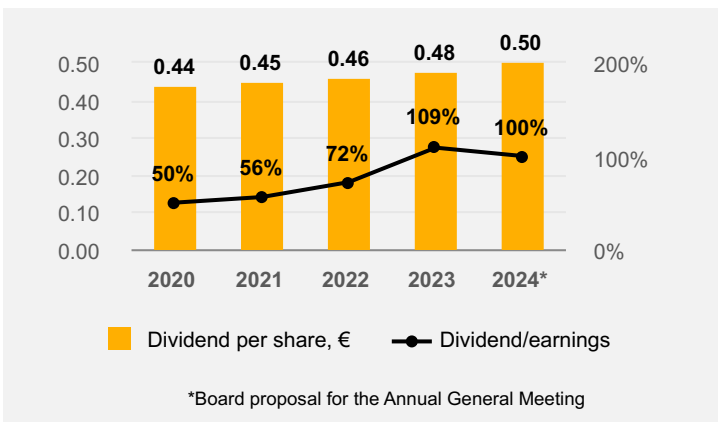
On each closing date, the Group considers whether there is evidence of impairment of financial assets or financial asset groups. The need for asset impairment is assessed both individually and at the asset group level.

Possible impairments of Kreate's property, plant and equipment as well as intangible assets could have an adverse effect on Kreate's financial standing and business result.

More information on the company's financing risks is also available in Note 3.4 to the company's financial statements.

DIVIDENDS, DIVIDEND DISTRIBUTION POLICY AND PROPOSAL FOR PROFIT DISTRIBUTION BY THE BOARD OF DIRECTORS

Kreate aims at distributing at least half of Kreate’s annual net profit as dividends, considering Kreate’s financial standing, cash flows and growth opportunities.



As at 31 December 2024, the distributable funds of the parent company Kreate Group Plc are:

Retained earnings	€	2,628,537.77
Profit (loss) for the period	€	4,197,208.29
Reserve for invested unrestricted equity	€	20,702,152.88
Distributable equity	€	27,527,898.94

As of 31 December 2024, the distributable funds of the parent company Kreate Group Plc amounted to EUR 27,527,898.94. The Board of Directors proposes to the General Meeting on 28 March 2025 that, based on the balance sheet verified for 2024, a dividend of EUR 0.50 be issued per share for shares held outside the company at the time of dividend distribution. The dividend is paid in two equal instalments.

The first instalment of the dividend, EUR 0.25 per share, is paid to shareholders who are recorded on the company’s list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment which is Tuesday 1 April 2025. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on Tuesday 8 April 2025.

The second instalment of the dividend, EUR 0.25 per share, is paid in October 2025. The second instalment is paid to shareholders who are recorded on the company’s list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment. The Board of Directors will decide on the date of record and payment date for the second instalment of the dividend on its meeting in September.

On the day of making the proposal for profit distribution, 4 February 2025, 8,777,569 shares were held outside the company corresponding to a total dividend amount of EUR 4,388,784.50.

RESULT GUIDANCE FOR 2025

Kreate estimates that its revenue in 2025 will grow and be in the range of EUR 290–310 million (2024: EUR 275.5 million) and EBITA will increase and be in the range of EUR 9–11 million (2024: EUR 8.8 million).

Justifications:

The company’s guidance is based on the order backlog expected to be realised in 2025 at the turn of the year and the company’s estimate of the likely transfer of projects under development to the order backlog starting from spring 2025. The company will continue to offer projects selectively and grow in the Swedish market, which is expected to improve profitability.

EVENTS AFTER THE REPORTING PERIOD

No relevant have occurred after the financial year.

SUSTAINABILITY REPORT

General information

Principles for preparing the sustainability report

Basic information

Kreate Group Plc and its subsidiaries form the Kreate Group ("Kreate" or "the Group"). Kreate's business consists of infrastructure construction in Finland and Sweden. The reporting covers the entire Group and all companies in which the Group directly or indirectly owns more than 50 percent of the voting rights, unless otherwise stated in the reported information. Kreate owns 50 percent of the joint venture KFS Finland Oy ("KFS"), and financial reporting includes the ownership share of KFS's result and balance sheet, consolidated using the equity method. The principles for consolidation are detailed in section 7 of the consolidated financial statements, Group structure. In sustainability reporting, Kreate's ownership share of KFS's sustainability data is not included in Kreate's own sustainability data; instead, KFS is considered as part of the value chain. For example, KFS's Scope 1 and Scope 2 emissions are included in Kreate's value chain emissions (Scope 3).

The sustainability report is published annually as part of the Board of Directors' report. The reporting period is the same as for financial reporting, i.e., the financial year 1 January 2024–31 December 2024. The reporting principles for different subject areas are presented at the end of each section.

Basis of preparation

The sustainability report has been prepared in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD), and its content complies with the European Sustainability Reporting Standards (ESRS).

The reported sustainability topics and key sustainability indicators are based on a double materiality assessment, conducted around the turn of the year 2023–2024 using workshops, stakeholder feedback, and management judgment. As part of the materiality assessment process, the company established its own sustainability targets for the Group, which were approved at the beginning of 2024. The company reports on these targets and their progress for the 2023 financial year and has begun

reporting selected targets quarterly as part of the company's external financial reporting. Further details on the double materiality assessment and its results can be found starting from page 43.

Certain sustainability data and related claims have been assured (limited assurance) by an independent third party, KPMG Oy Ab. The assurance was conducted in accordance with the international assurance standards ISAE 3000 (Revised) and ISAE 3410.

Sustainability governance

The sustainability report provides information on sustainability governance. Additional details regarding the general responsibilities, composition, diversity, and competencies of governance and supervisory bodies, as well as the processes of internal control, internal audit, and risk management, can be found in the Corporate Governance Statement.

Sustainability governance at Kreate

Kreate was established in 2014 through the merger of three infrastructure construction companies: Fin-Seula Oy, Kesälähdén Maansiirto Oy, and Insinööri Seppo Rantala Oy. Later, through corporate and business acquisitions, the Group has further expanded with the integration of Railtek companies, the rock excavation business of Varkauden louhinta, and the Swedish company Bror Bergentreprenad AB. The parent company, Kreate Group Plc, was listed on the Helsinki Stock Exchange in February 2021. Following the listing, the company's governance has become more professionalized compared to previous years. This development is reflected in the formalization of previously applied practices and principles into official policies and guidelines, as well as their systematic implementation and reporting. Despite advancements in governance professionalism, Kreate does not yet have systematic due diligence processes in place for identifying, assessing, prioritizing, and monitoring potential and actual impacts on people and the environment.

Responsible and ethical operations, as well as compliance with laws, are the foundation of business at Kreate Group. Responsibility for sustainability matters lies with the Board of Directors, the CEO, and the management team. Kreate's operating principles are based on compliance with legislation, company policies, and corporate guidelines. The company's corporate culture reflects fair business practices aligned with its values, and Group-wide ethical guidelines are in place.

Sustainability matters are actively managed in multiple ways at different levels of the company, considering the nature of the sustainability issue. Positive sustainability impacts are supported and developed, while negative impacts are mitigated and minimized through defined processes and operating principles. Sustainability risks are managed as part of the company's risk management processes, and opportunities arising from sustainability are addressed by developing the company's business and regularly reviewing the selected strategy in response to changes in the operating environment.

Sustainability is also managed through goal setting, which has been communicated in the form of sustainability objectives. These objectives are aligned with Kreate's business operations, strategy, and materiality assessment of sustainability matters. Sustainability considerations encompass impacts, risks, and opportunities. The sustainability objectives are categorized into the company's own operations, reducing footprint, and increasing handprint (more information on sustainability objectives on page 48).

The impacts, risks, and opportunities related to sustainability, as well as the methods for managing them, are discussed in detail in the sections on environment, social responsibility, and governance in the Sustainability Report, as well as in the Short-term risks and uncertainties section of the Board of Directors' report.

Corporate governance system

Kreate's governance complies with Finnish laws, particularly the Companies Act, the company's Articles of Association, and related regulations and decrees, as well as the rules and recommendations of Nasdaq Helsinki, where applicable to listed companies. As a Finnish listed company, Kreate Group Plc complies with the Finnish Corporate Governance Code, issued by the Securities Market Association, which came into force on 1 January 2025. The code provides recommendations for good governance in listed companies. The company's Corporate Governance Statement is presented as part of the Annual Report, and the code is available online at www.cgfinland.fi. Kreate currently does not deviate from any provisions of the code.

The governance of Kreate Group is the responsibility of the Board of Directors and the CEO. Good governance is ensured through effective management, which includes clearly defined responsibilities, standardized worksite processes, systematic and comprehensive reporting, a quality management system, and defined operating procedures. Operations are

monitored, directed, and controlled through internal controls and internal audits. The company’s external auditor is responsible for external audits, while an external assurance provider is responsible for the sustainability reporting assurance.

Board of Directors

The Board of Directors is the highest governing body responsible for sustainability at Kreate, overseeing impacts, risks, and opportunities. The Board approves the company’s ethical guidelines, key policies and plans, such as the disclosure and risk management policies, and sets approval limits and authorizations related to procurement. The Board is also responsible for approving the sustainability objectives as part of the company’s strategy and monitoring their progress. If necessary, the Board updates principles and objectives in response to changes in the operating environment, and key policies are reviewed annually.

Sustainability is integrated into the Board-approved corporate strategy, business development, risk assessments, and annual operating plans. The Board annually approves the Sustainability Report, reviews progress on sustainability objectives quarterly as part of external financial reporting, and monitors key sustainability metrics, such as occupational safety indicators, on a monthly basis. The Board also discusses other sustainability-related topics and, when necessary, consults internal and external sustainability experts.

During the 2024 financial year, the Board met 12 times (2023: 14 meetings) and addressed the following sustainability topics:

- Strategy updates, annual planning, and scenario analysis for the strategy period, considering sustainability aspects and their development (presented by the CEO)
- Sustainability reporting (presented by the Investor Relations and Sustainability Manager)
 - Progress of the double materiality assessment
 - Approval of materiality thresholds and conclusions of the double materiality assessment, including adoption of material sustainability standards
- Sustainability objectives (presented by the Investor Relations and Sustainability Manager)
 - Confirmation of sustainability objectives related to the UN Sustainable Development Goals
 - Approval of corporate responsibility targets
 - Approval of climate targets

- Operational reporting (presented by the CEO)
 - Approval of the 2023 sustainability section as part of the Board of Directors' report and financial statements
 - Quarterly sustainability reviews, aligned with the company's external reporting schedule
 - Occupational safety report as part of the Board’s monthly materials
- Policies (presented by the CFO)
 - Approval of updates to various company policies and guidelines
 - Adoption of a new human rights policy
- Other sustainability-related topics discussed by the Board included:
 - Human resources and competence development reviews and succession planning (presented by the HR Director)
 - Carbon accounting (presented by the Environmental Manager)
 - Information security, data protection, and cybersecurity (presented by the IT Manager)

Additionally, the Board reviews sustainability-related matters in every meeting, particularly topics concerning personnel, competence development, and the company’s order and sales pipeline, which may be considered sustainability-related.

The members of the Board during the entire 2024 financial year were Petri Rignell (Chairman), Jussi Aine, Timo Kohtamäki, Timo Pekkarinen, Elina Rahkonen, and Petra Thorén.

Board composition and diversity	2024
Number of members, including the chairman	6
Number of members participating in executive management	0
Representation of employees and other workers	0
Gender distribution of the Board, women (%)	33%
Members independent of the company (%)	100%
Members independent of the company’s significant shareholders (%)	67%

Board committees

To ensure the effective performance of its duties, the Board of Directors has appointed an Audit Committee and a Remuneration and Nomination Committee from among its members. These committees prepare decisions to be made by the Board and support the Board in its supervisory role. The Board approves the committees’ written rules of procedure annually.

The tasks of the Audit Committee are determined in accordance with the Companies Act and its rules of procedure. The Audit Committee prepares matters related to financial reporting and sustainability reporting, risk management, monitoring and assessment of related-party transactions, auditors and sustainability assurance providers, internal audit, and compliance with laws and regulations.

The tasks of the Remuneration and Nomination Committee are defined in its written rules of procedure. The committee prepares matters related to the remuneration and nomination of Kreate’s Board members, CEO, and other members of the management team, as well as the remuneration principles followed by Kreate. The committee assists the Board in evaluating and determining the remuneration of the CEO and management team members who report directly to the CEO, identifies qualified candidates for the position of CEO, and provides recommendations to the Board regarding the selection of the CEO. The Remuneration and Nomination Committee also prepares the remuneration policy and remuneration report to be presented to Kreate’s General Meeting, as well as the proposal regarding the remuneration of Board members.

The Audit Committee met four times during the 2024 financial year (2023: four times) and addressed the following sustainability topics:

- Organization of internal audit
- Internal audit action plan and reports
- Double materiality assessment and methodology
- Risk management, financial reporting, and reporting principles

CEO and management team

Kreate's CEO is responsible for risk management and sustainability leadership across the Group in all business operations and support functions, in accordance with the guidelines set by the Board of Directors. The CEO ensures that operations are managed in line with the corporate strategy, integrating sustainability considerations. In addition to the CEO, other members of the management team are responsible for implementing sustainability measures within their respective business units or support functions. Business units and support functions collaborate closely to achieve sustainability objectives.

Kreate's CFO is responsible for sustainability reporting and the monitoring of sustainability targets. The CFO reports to the management team on material sustainability impacts, risks, and opportunities, as well as progress on sustainability objectives, four times a year. The management team reviews and approves sustainability matters before the CFO and the Investor Relations and Sustainability Manager, who works under the CFO, present them to the Board of Directors.

The CFO presents a quarterly sustainability review to the Board, either independently or together with the Investor Relations and Sustainability Manager. The CFO also reports to the Board immediately on any significant sustainability-related risks affecting the company.

At the management team level, responsibility for sustainability reporting lies with the CFO. The CFO's organization includes the Investor Relations and Sustainability Manager, who is responsible for monitoring sustainability requirements, collecting sustainability data within the organization, and compiling the sustainability report. Experts from HR and the technical office also participate in reporting, including the HR Manager, Occupational Safety Manager, and Environmental Manager.

The CFO and the Investor Relations and Sustainability Manager lead Kreate's Sustainability Working Group, which includes experts in human resources, environment, circular economy, quality, and finance. This group collaborates closely on current sustainability themes. In 2024, the group's focus has been on collecting sustainability data and preparing sustainability reporting in compliance with CSRD for the first time.

The management team members and their teams work closely across organizational boundaries. Examples of these cross-functional activities include: The HR Director, in cooperation with business directors, ensures that employee competencies meet business needs. The Technical Office Director and business directors ensure that subcontractors and other

partners comply with responsible business practices and are committed to Kreate's ethical principles.

Sustainability expertise of the Board of Directors

The sustainability expertise of Kreate's Board members is ensured through regular sustainability, environmental, and compliance reviews, scheduled in the annual governance calendar. These reviews provide Board members with insights into the most material sustainability impacts, risks, and opportunities, as well as updates on the progress of the company's sustainability objectives.

These reviews are presented by Kreate's internal experts from various fields. Additionally, the Board and its committees may seek external expertise on sustainability matters when needed. Many Board members have years of experience in operational or fiduciary roles within the company's industry, providing them with a deep understanding of sustainability-related impacts, risks, and opportunities. The relevant work experience and fiduciary roles of the Board members are detailed on the company's website.

Furthermore, Kreate's auditor provides the Board with at least two annual updates on the company's situation and regulatory environment, including sustainability perspectives.

Incorporation of sustainability performance into incentive systems

The Annual General Meeting decides annually on the remuneration of Board members based on a proposal by the Board of Directors. The remuneration of the Board is not linked to the company's performance but consists of a fixed monthly fee.

The Board of Directors approves the salaries and compensation of the CEO and management team members, as well as the general principles applied to management remuneration. Additionally, the Board approves the structure, target group, principles, and applicable performance indicators of the company's incentive systems, as well as the specific target values for these indicators. The Remuneration and Nomination Committee assists the Board in evaluating and determining the remuneration of the CEO and management team members who report directly to the CEO.

In 2024, climate-related considerations were not incorporated into the compensation of members of the company's governing, management, and supervisory bodies. Under the short-term incentive plan for the CEO in 2024, the maximum performance bonus was 71.5% of the fixed base salary, including benefits. The criteria set by the Board for the 2024 performance bonus system were: company profitability metrics (90% weight), working capital management metrics (5% weight) and occupational safety metrics (5% weight).

Other management team members were entitled to a performance bonus for 2024, with a maximum amount equivalent to seven months' salary. The bonus system is based on Kreate's financial performance, working capital management, and occupational safety metrics. The payment of performance bonuses is conditional on the achievement of the company's key financial targets. The performance bonus system is valid for one year at a time, and the Board decides annually on its continuation. Further details on remuneration can be found in the company's remuneration report and on the company's website.

Risk management and internal control in sustainability reporting

Kreate's sustainability reporting follows the company's general principles and processes for statutory reporting, risk management, and internal control. These processes are not comprehensively documented.

The CFO and their organization are responsible for the implementation of sustainability reporting. A broad range of experts from HR and the technical office participate in data collection and reporting.

The company has defined responsibilities for sustainability reporting at both segment and individual levels. Kreate has incorporated the required capabilities for producing reportable data into the job descriptions of key personnel involved in sustainability reporting, as well as into critical data collection processes. The company continuously develops its processes in line with the evolution of sustainability reporting and the stabilization of reporting requirements.

Members of Kreate's management team are responsible for business operations and critical support functions, such as HR and the technical office. Management team members ensure that the process environment can generate the necessary reportable data transparently. The responsibility for the accuracy of the reported content, as well as for

compliance with reporting schedules and data submission, lies with the defined roles involved in sustainability reporting.

The internal control of sustainability reporting is based on the identification, analysis, and targeted monitoring of risks. Risks have been identified by assessing the volume, scope, and quality of required narrative and quantitative data points in sustainability reporting, as well as the challenges related to data collection in relation to available resources and timelines.

The key risks identified in sustainability reporting include timeliness, accuracy, and the comprehensiveness and quality of reported data. In the first year of reporting, these risks were prioritized based on the minimum disclosure requirements. Additionally, the company decided to prioritize compliance with employee-related reporting requirements rather than fully utilizing the transition provisions available for this area.

Kreate aims to mitigate risks related to data completeness and quality by directing data collection from the subcontracting chain and internal operations through contractual terms and active communication. Internal controls are applied to ensure the timeliness and accuracy of reported content, which in the first reporting year included manual reconciliations for data points where reconciliation was feasible. For completeness and quality, the control process consists of expert assessments and verification inquiries.

Despite these measures, not all reported data is as comprehensive and high-quality as the company would prefer. The use of estimates, when primary data is unavailable, is one factor affecting data quality. Limitations and uncertainties related to metrics are described in the calculation principles section at the end of each reporting standard.

Kreate does not have an internal control unit; instead, the company outsources its internal audit function. Internal audit activities have been targeted at the company's core processes, such as tendering, procurement, and financial reporting. The results of internal audit reviews are monitored annually by the management team and the Board of Directors, and oversight is directed by the Board and the Audit Committee.

In 2024, internal control focused on the financial performance and monitoring processes of projects. Internal control was not applied to the oversight of sustainability reporting controls and practices for the 2024 report.

Business model, value chain and strategy

Business model

Kreate is a Finnish Group specializing in demanding infrastructure construction. Kreate's service offering is divided into transport infrastructure construction and structural engineering. Transport infrastructure construction includes railway construction as well as road and street construction. Structural engineering includes bridge construction and repair, foundation and civil engineering, specialized foundation construction, and Swedish operations, which consist of demanding rock and concrete construction. Additionally, Kreate provides circular economy services in Finland.

Project management tasks are emphasized in Kreate's business operations. The core functions of Kreate include cost estimation, design, and project management. Approximately half of the Group's personnel are salaried employees, while the other half are workers. Kreate makes extensive use of subcontractors in project execution. In some projects, Kreate may also act as a subcontractor itself. The biggest risks and opportunities in Kreate's business are related to the success of cost estimation and project execution. Therefore, the expertise of personnel and subcontractors is one of the key themes of the company's sustainability report.

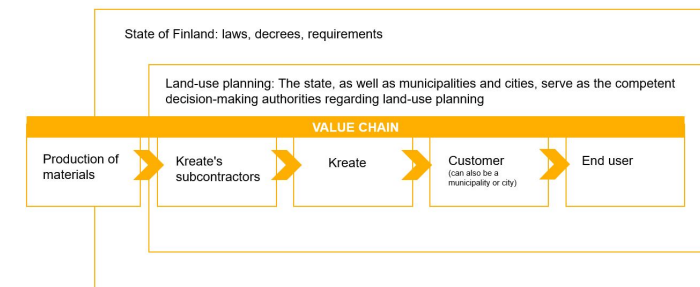
In 2024, 88% of the Group's revenue came from Finland. Kreate is a leading player in the industry in Finland, particularly in bridge and foundation construction, both in terms of volume and expertise.

The Kreate Group consists of the parent company Kreate Group Oyj, along with its wholly owned subsidiary Kreate Oy and its 75%-owned subsidiary Kreate Sverige Holding AB, whose subsidiary is Kreate Sverige AB. Additionally, the Group has a Finnish joint venture, KFS Finland Oy, in which it holds a 50% ownership stake.

Operating environment and value chain

Kreate's headquarters are in Finland, and the company is listed on the Helsinki Stock Exchange. Kreate interprets its basic operating framework as being formed by the legislation, regulations, and requirements of its headquarters country. As a rule, Kreate does not report negative or positive impacts solely based on compliance with legislation. However,

impacts are reported when the company has actions and effects that exceed the minimum level required by law.



The company also considers zoning-related matters as part of its operating environment. If Kreate engaged in significant project development of its own, the entities responsible for zoning could be considered part of the company's value chain.

Kreate's value chain includes entities involved in material production and processing, Kreate's subcontractors, clients, and end users. Kreate's clients consist of both public and private entities. The revenue distribution by customer group in 2024 was: state 50%, municipalities and cities 14%, and the private sector 35%.

Strategy

Kreate's mission is to build sustainable infrastructure and make this country better every day. The company's strategy is to selectively focus on demanding infrastructure construction in Finland and Sweden while maintaining a light balance sheet and excellent cash flow management. During the financial year, Kreate published its updated strategy, according to which the company will particularly focus on improving profitability during the 2024–2027 strategic period.

The company's operational goals are to be:

- the best place for the top infrastructure experts
- the most sought-after infrastructure partner
- among the leading players in all its businesses, with growth particularly sought in railway and tramway business as well as in Sweden
- agile in its processes

The operational goals are well aligned with the results of the sustainability report's double materiality assessment. These topics are particularly relevant in areas such as personnel and expertise, employee and client satisfaction, and business opportunities in mitigating climate change. Additionally, the significance of processes and risk management is considerable, especially in mitigating actual and potential negative impacts, whether financial or related to environmental and societal aspects.

Relationship of sustainability topics to the company's strategy and resilience of the business model

The core expertise of the company's business lies in the project management and execution of demanding infrastructure projects, as well as in certain specialized construction types. Approximately half of Kreate's personnel are salaried employees and half are workers. In typical projects, Kreate manages the project execution and the most demanding construction tasks while subcontracting basic contracting work. Depending on the project, an estimated half of the workforce on-site consists of Kreate's own employees and the other half of subcontractors.

Kreate's most important production inputs are its personnel and their expertise, as well as the company's references and reputation. Production inputs also include construction materials, equipment, and office staff's computers with software. The most essential construction materials for the company are concrete, steel products, and aggregates. Kreate operates with a principle of maximum resource efficiency, and its circular economy unit supports this objective.

The company's most significant positive impacts are directed toward its own workforce and the end users of the built infrastructure. The largest negative impacts and risks are concentrated at the upstream end of the value chain, particularly in the production and processing of raw materials used in construction. The biggest opportunities lie in enhancing the expertise of personnel and the company, as well as in the green transition's industrial investments required to mitigate climate change, which will necessitate substantial infrastructure investments.

Kreate's business model is highly flexible. The use of both its own workforce and subcontractors enables efficient resource allocation. When business activity levels are lower than usual, the company reduces its use of subcontracting, shifting more work to its own workforce. Similarly,

business volumes can be scaled up by increasing subcontracting. If construction volumes are particularly low, the company can efficiently adjust its cost levels by temporarily laying off employees. Layoffs are relatively common in certain roles influenced by the seasonal nature of construction.

The business model allows for project-specific decisions and actions, such as determining responsibility for material procurement. From Kreate's perspective, material purchases increase the company's revenue but provide only a small absolute margin. In fixed-price projects, material purchases always involve a financial risk or opportunity. In large projects, it is typical to agree on a cost index or other price protection for materials, or the client may choose to assume the price risk and procure the materials directly. From Kreate's standpoint, risks related to material prices and availability are limited in the overall business context. While they may have significant short-term impacts, in the long term, material costs are ultimately borne by the client in some form.

The company can also execute projects using various contract models. In recent years, different collaborative models such as alliances—where the client, designer, and contractor work closely together in planning and cost estimation while sharing risks and benefits—have become more common in Finland and Sweden. Large projects also offer the possibility of forming partnerships with industry peers and carrying out work as a joint venture.

The business model also provides flexibility in terms of equipment. Currently, Kreate owns most of its machinery, which primarily operates on diesel fuel. The equipment is also compatible with biofuels, making it adaptable to changes in fuel demand. In the long term, the company can further enhance the flexibility of its cost structure by increasing the use of leasing agreements and subcontracting (see E1 section Transition Plan).

The megatrend of the green transition, which influences Kreate's business environment, strongly supports the implementation of the company's strategy. The green transition entails an increase in railway transport, denser urban construction, and industrial investments—all areas where Kreate is already actively engaged. The green transition is expected to drive significant innovations in energy production and storage as well as in materials. Kreate views this future development as presenting substantial opportunities for the company.

Stakeholder interests and perspectives

Kreate's key stakeholders include employees, students in the field, subcontractors, clients, affected parties, end users, equity and debt investors, and society. With the exception of end users, we actively engage with our key stakeholders and understand the themes that are important to them. In terms of sustainability matters, we also utilized a survey to gather stakeholder perspectives, asking them to assess the preliminary conclusions of our double materiality analysis. These insights were used to evaluate the materiality of sustainability topics, as detailed on page 43 in the Stakeholder Engagement section.

Stakeholder interests and perspectives are closely linked to Kreate's business and strategy. The strategic theme for the period, Sustainable Profitability, aligns with the interests and perspectives of shareholders. Additionally, Kreate has set four operational goals for the 2024–2027 strategic period, which are in line with stakeholder interests and perspectives. The first operational goal is to be the best place for top infrastructure experts (employees). The second is to be the most sought-after infrastructure partner (clients, subcontractors, designers, and construction partners). The third goal is to be among the leading players in all our types of businesses, and the fourth is to maintain agile processes. These goals also align with stakeholder interests—for example, agility is linked to the flat organizational structure valued by employees as well as the financial interests of shareholders. Leadership in the industry and deepening specialized expertise, in turn, support employees' aspirations to work on challenging projects and strengthen the company's position in the eyes of infrastructure partners.

The interests of key stakeholders are also reflected in the company's sustainability objectives (see page 48), such as employee satisfaction and client satisfaction.

The following table provides a summary of Kreate Group's key stakeholders and how their important themes are integrated into the company's strategy and business model. It is important to note that there is overlap between stakeholder groups. For example, a significant portion of employees are also shareholders. In some projects, the client may also be an affected party and/or an end user, or the client may be a distinct stakeholder, while the affected party and end user are the same entity.

Table: Summary of stakeholder benefits and perspectives

Stakeholder	Interaction and data collection methods / engagement	Key themes / benefits and perspectives for stakeholders	Impact on operations, business model, and strategy
Employees	<ul style="list-style-type: none"> Daily two-way interaction Employee survey Workplace survey Collaboration with employee representatives Occupational safety observations and protection Double materiality survey 	<ul style="list-style-type: none"> Good and fair leadership Meaningful tasks and career development Health and safety Working conditions, especially work-life balance (worksite location) Incentive-based remuneration 	<ul style="list-style-type: none"> Flat organization, shared power and responsibility Focus on challenging projects that provide good references Continuous development of occupational safety culture Consideration of employee mobility, availability, and long-term satisfaction in project bidding Incentive-based salary Retaining skilled employees as they are key to strategy implementation Operational goal of the strategy period: to be the best place for top infrastructure talent
Students in the field	<ul style="list-style-type: none"> Collaboration with educational institutions Internships / summer jobs Interaction during internships Orientation Written feedback collected from interns 	<ul style="list-style-type: none"> Obtaining an internship in the field Demonstrating skills/potential Good and fair leadership, positive work atmosphere Employment after graduation 	<ul style="list-style-type: none"> Accepting dozens of interns annually Introducing students to the field and Kreate's work environment Recruiting interns into permanent positions, as access to a skilled workforce is critical to strategy implementation
Subcontractors	<ul style="list-style-type: none"> Contract negotiations Interaction on worksites Mandatory reporting NPS survey Double materiality survey 	<ul style="list-style-type: none"> Integrity, including fair payment practices Smooth collaboration Fair work atmosphere, clear guidelines, and good orientation Health and safety 	<ul style="list-style-type: none"> Acting in line with company values Fair payment practices Emphasizing leadership and orientation Supporting a good work atmosphere and clearly communicating rules, including ethical guidelines for subcontractors Operational goal of the strategy period: to be the most desirable infrastructure partner
Designers and construction partners (joint ventures or Kreate as a subcontractor)	<ul style="list-style-type: none"> Contract negotiations Interaction during projects Project completion evaluations 	<ul style="list-style-type: none"> A good and fair partner Competence Smooth collaboration Health and safety 	<ul style="list-style-type: none"> Strategic and organizational readiness for large projects Executive-level responsibility Occupational safety culture Operational goal of the strategy period: to be the most desirable infrastructure partner
Clients	<ul style="list-style-type: none"> Contract negotiations Reporting and interaction during projects Project completion evaluations NPS survey Double materiality survey 	<ul style="list-style-type: none"> Cost Trust, smooth collaboration Timely project completion Health and safety Sustainable solutions and circular economy 	<ul style="list-style-type: none"> Careful cost estimation in bidding Offering circular economy solutions and resource efficiency Acting in line with company values Occupational safety culture Operational goal of the strategy period: to be the most desirable infrastructure partner

Stakeholder	Interaction and data collection methods / engagement	Key themes / benefits and perspectives for stakeholders	Impact on operations, business model, and strategy
Affected parties	<ul style="list-style-type: none"> Interaction before the project (planning and communication) Interaction during the project Double materiality survey 	<ul style="list-style-type: none"> Mitigating worksite-related disturbances Information flow and interaction Adherence to schedules, fast completion 	<ul style="list-style-type: none"> Listening to the client and being flexible (note: affected parties are often clients or entities linked to them) Acting in line with company values Consistent worksite processes, supervision, and efficient resource allocation
End users	<ul style="list-style-type: none"> Rare direct interaction (unless the end user is the client or an affected party) In certain projects, direct experience as an end user 	<ul style="list-style-type: none"> A functional solution that improves the previous situation Health and safety Aesthetic appeal 	<ul style="list-style-type: none"> Our mission: "We make this country better every day" We work professionally and carefully to ensure sustainable solutions that often enhance end-user safety, e.g., grade-separated intersections Our technical expertise enables us to implement even the most challenging architectural projects with high aesthetic value
Owners, investors, and financiers	<ul style="list-style-type: none"> Board meetings (significant ownership) General meeting Interaction in capital market / investor events Interaction in financial arrangements Double materiality survey 	<ul style="list-style-type: none"> Financial performance Return on equity/invested capital Long-term sustainability Risk management Reporting and information availability 	<ul style="list-style-type: none"> Sustainable profitability as the core theme of the strategy period Expanding business in the rail environment Increasing resource efficiency and circular economy solutions Expanding business in Sweden (geographical risk diversification) Other risk management, including careful cost estimation Initiating and integrating legally mandated sustainability reporting into company strategy
Society	<ul style="list-style-type: none"> Communication with authorities Misconduct reporting channel Engagement through industry organizations 	<ul style="list-style-type: none"> Compliance with laws and regulations Ethical tax payments and employment impact Retaining critical infrastructure expertise in Finland (security of supply and safety) 	<ul style="list-style-type: none"> Clear operational guidelines and training Acting in line with company values Employing industry professionals and enhancing employee expertise

Material sustainability impacts, risks, and opportunities

Identification and assessment of material impacts, risks, and opportunities

The material sustainability impacts, risks, and opportunities related to the Kreate Group have been identified through a double materiality analysis. This analysis was conducted utilizing the insights of the company's own experts and management, as well as representatives of key stakeholders. The objective was to identify and assess the risks and opportunities that may be relevant to the company's business and strategy, as well as to identify and evaluate the company's impacts on society and the environment.

In Kreate's double materiality analysis, impacts, risks, and opportunities were identified through workshops involving the company's own experts and management, as well as through stakeholder consultations. The starting point for identifying, assessing, and prioritizing impacts, risks, and opportunities was the list of topics provided in Annex A of the Sustainability Reporting Standards, which served as a framework for identification, assessment, and prioritization. A more detailed description of this process phase is available in the section Workshops. The double materiality process was iterative and aimed to comply with regulatory guidelines. This approach meant that the double materiality process has not yet been fully integrated into the company's existing risk management processes. The company aims to integrate sustainability aspects more closely into its overall risk management in the future. The company's risk management is described in its Corporate Governance Statement.

The identification and assessment of impacts, risks, and opportunities cover not only the company's own operations but also the upstream and downstream parts of the value chain (see Value Chain) as well as business relationships. The operating environment is not, by definition, part of the value chain, meaning that environmental and societal impacts related to it are not included in the analysis. Consequently, the company does not record positive or negative impacts based on compliance with legislation or zoning regulations. The company only assesses impacts that exceed or fall short of the requirements of the operating environment. Similarly, risks and opportunities related to the operating environment have been analyzed only to the extent that they are expected to have an actual or potential financial impact on Kreate, either directly or through the value chain.

The company assesses the materiality of environmental and social impacts based on their severity and likelihood. Severity is evaluated in terms of scale, scope, and remediability. For risks and opportunities, materiality is determined by the magnitude of the financial impact and its probability. When assessing probability, the company also considers the time horizon and its effect on the likelihood of occurrence. The double materiality analysis considers impacts, risks, and opportunities over the short term (1 year), medium term (2–5 years), and long term (over 5 years). If an impact, risk, or opportunity applies similarly to multiple timeframes, the company applies the shortest possible time horizon in its analysis. Impacts can be actual or potential, whereas risks and opportunities are always potential. Descriptions of actual impacts are written in the present tense, whereas potential impacts are expressed in the conditional tense or using the verb "may." The descriptions of impacts, risks, and opportunities are presented in the sections specific to each standard.

Workshops

Kreate conducted its first materiality assessment at the turn of 2022–2023, which was published in the 2022 annual report. In 2023, the company began preparing for new sustainability reporting requirements and initiated a double materiality analysis in accordance with CSRD. In November 2023, Kreate held workshops with broad participation from company experts.

Small group workshops initially focused on identifying impacts, risks, and opportunities at the sub-topic and sub-sub-topic levels as defined in Annex A of the Sustainability Reporting Standards. After identification, the materiality of these sub-topics and sub-sub-topics was assessed based on the severity and probability of the impacts, as well as the financial significance and probability of the risks and opportunities. In the assessment of financial risks and opportunities, the company also considered Kreate's dependencies on sustainability factors and the risks associated with these dependencies.

In the next phase, different small groups reviewed and challenged each other's results, and in the final phase, the key results of all groups were consolidated into a four-quadrant matrix, continuing the prioritization and evaluating the impact over different time horizons.

The company used various background materials in the workshops, including its ongoing strategy update process, risk management

descriptions, and employee survey results from 2023. The workshops resulted in an initial assessment of which standards are material. However, the identification, assessment, and prioritization of impacts, risks, and opportunities continued in subsequent phases as the company gathered stakeholder feedback and set threshold values.

The determination of double materiality was an iterative process. Kreate does not yet have dedicated due diligence processes for identifying, assessing, prioritizing, and monitoring potential and actual impacts on people and the environment. The company conducted the assessment process by interpreting the guidelines of the Sustainability Reporting Standards.

Stakeholder consultation

In early 2024, Kreate gathered stakeholder feedback by requesting selected stakeholder representatives to review the preliminary conclusions of the company's double materiality analysis. The representatives invited to participate were selected to ensure that all materially relevant stakeholder groups were comprehensively represented. Respondents included representatives from employees, subcontractors, clients, owners, financiers, and affected parties.

Stakeholder consultation was conducted through an online survey. Respondents were asked, for each standard, whether they agreed or disagreed with the company's materiality assessment and its justifications, and were encouraged to provide feedback, particularly if they disagreed. The feedback from stakeholders reinforced the company's view that the assessments largely align with stakeholder perspectives.

Following the stakeholder consultation, the company continued refining the double materiality analysis and incorporated the feedback into its review of scoring and justifications.

Defining threshold values

After stakeholder consultations, the double materiality assessment continued with a more detailed qualitative description of sustainability impacts, risks, and opportunities, as well as a numerical evaluation of their severity, magnitude, and probability. In the workshops, the materiality of impacts, risks, and opportunities had been assessed using a four-quadrant axis model without numerical scoring. The verbalization and scoring process involved the HR Director, CFO, and Investor Relations and Sustainability Manager. The rationale for the scoring and Kreate's key considerations are presented on page 45.

Following the scoring process, threshold values were set, taking into account the conclusions from the workshops, stakeholder feedback, and insights gained during the process, which led to the inclusion of end users among the material themes. The progress of the materiality analysis was also presented to the executive management team and the Board of Directors. In August 2024, the Board of Directors of Kreate Group Oyj approved the double materiality analysis for sustainability reporting, including its key themes and threshold values. Later in 2024, refinements were made to the scoring, which were approved by the Board in December 2024.

Most material sustainability subtopics

Based on the results of the double materiality analysis, Kreate's key sustainability themes include subtopics related to climate change, resource use and circular economy, occupational safety and expertise of its own workforce and subcontractors, end-user safety and social inclusion through infrastructure solutions, as well as corporate culture, supplier relationships, and the prevention of corruption and bribery in business operations. Additionally, the company has assessed information related to soil and water contamination [prevention] and the protection of whistleblowers as material for the information needs of the report's readers.

The materiality of the subtopics has been determined based on the significance and probability of the impact, risk, or opportunity. Significance and probability have been assessed on a scale of 1–5, and the materiality value is the product of these, with a maximum score of 25. The evaluation scale, scoring criteria, and related considerations are presented on page 45. Subtopics are defined as material if their value is at least 12 for impacts and at least 6 for risks and opportunities.


Subtopics exceeding the threshold values, as well as other subtopics deemed material for the readers of the sustainability report, are presented in the table below. For subtopics exceeding the threshold values, the assigned values are indicated in the table. Subtopics that do not exceed the threshold values for impacts or financial materiality but have been assessed as material for the information needs of the sustainability report's readers are marked with the symbol § instead of a numerical value. The table does not include subtopics whose materiality value falls below the established threshold values or those that have not been specifically assessed as material for the reader.


Material topics of sustainability

Topic	Subtopic	Materiality of nature and social impact (min. 12)		Economic materiality (min. 6)	
		Positive impact	Negative impact	Risk	Opportunity
E1 Climate change	Adaptation to climate change				12
	Mitigation of climate change		18	6	16
	Energy		15	6	
E2 Pollution	Soil contamination		§		
	Water contamination		§		
E5 Resource use and circular economy	Resource inflows, including resource use	18		8	15
	Resource outflows related to products and services	13			20
	Waste		13		12
S1 Own workforce	Working conditions	23	20	8	
	Equal treatment and equal opportunities for all	20			20
S2 Workers in the value chain	Working conditions	§	20		
	Equal treatment and equal opportunities for all			12	
S4 Consumers and end-users	Personal safety of consumers and/or end-users	20			16
	Social inclusion of consumers and/or end-users	15			
G1 Business conduct	Corporate culture	15			20
	Protection of whistleblowers	§			
	Relationships with goods and service suppliers, including payment practices	18			16
	Corruption and bribery	13		9	
Community-specific additional information	Client satisfaction	13			12

Assessment scale for impacts, risks, and opportunities

Probability	Actual or highly probable	5	5	10	15	20	25
	Quite likely	4	4	8	12	16	20
	Possible	3	3	6	9	12	15
	Unlikely	2	2	4	6	8	10
	Very unlikely	1	1	2	3	4	5
			1	2	3	4	5
			Very minor	Minor	Moderate	Significant	Very significant
Economic impact / Impact on the well-being of society, nature and other stakeholders							

 Exceeds the threshold for natural and social impacts

 Exceeds the threshold of financial opportunity and risk

Scoring criteria

The materiality of an impact is calculated as impact severity × probability.
 The severity of an impact is determined as the average of (scale + extent + irreversibility for negative impacts).
 The materiality of a risk/opportunity is calculated as the magnitude of the financial impact × probability.
 The scoring descriptions for these concepts are presented below.

Positive impact

Negative impact

Scale	Extent	Irreversibility
5	The severity or benefit of the positive or negative impact on people or the environment is extremely high	Environmental impacts spread widely/uncontrollably beyond national borders / There is a very high amount of impact-causing activity (e.g., the revenue generated by the impact-causing activity is a significant share of the company's total revenue, or the proportion of purchases to total purchases is large) / Affects a large number of people (more than 90% of own/subcontractor workforce)
4	The severity or benefit of the positive or negative impact on people or the environment is high	Environmental impacts are limited to a relatively large area, such as multiple municipalities / There is a high amount of impact-causing activity (e.g., the revenue generated by the impact-causing activity is a relatively significant share of the company's total revenue, or the proportion of purchases to total purchases is relatively large) / Affects a large number of people (or 75% of own/subcontractor workforce)
3	The severity or benefit of the positive or negative impact on people or the environment is moderate	Environmental impacts are limited to a moderately sized area / There is a moderate amount of impact-causing activity (e.g., the revenue generated by the impact-causing activity is a moderate share of the company's total revenue, or the proportion of purchases to total purchases is moderate) / Affects a moderate number of people (or half of own/subcontractor workforce)
2	The severity or benefit of the positive or negative impact on people or the environment is low	Environmental impacts are limited to a small area / There is relatively little impact-causing activity (e.g., the revenue generated by the impact-causing activity is a small share of the company's total revenue, or the proportion of purchases to total purchases is small) / Impact is limited to a few people (or a small portion of own/subcontractor workforce)
1	The severity or benefit of the positive or negative impact on people or the environment is minimal	Environmental impacts are limited to a very small area / There is little impact-causing activity (e.g., the revenue generated by the impact-causing activity is a very small share of the company's total revenue, or the proportion of purchases to total purchases is very small) / Impact is limited to an individual
0	No impact on the target (nature/people/community)	No environmental impact / No impact on people

Kreate assesses impacts from the perspective of the country where its headquarters is located. It does not consider compliance with Finnish legislation as generating positive impacts but reports potential negative impacts in the upstream value chain, even if operators comply with the legislation of their respective country and adhere to common regional practices. Additionally, impacts are evaluated in relation to Finnish legislation.

The magnitude of a risk or opportunity is assessed at the Group level. The significant financial impact of an individual subarea may be relatively reduced when viewed in the context of the Group as a whole.

The term likely refers to an estimated probability of approximately 70–99%. The term possible refers to an estimated probability of approximately 40–69%. The term unlikely refers to an estimated probability of approximately 20–39%. The term highly unlikely refers to an estimated probability of approximately 1–19%.

Risk / Opportunity	
Magnitude of financial impact	
5	Extremely significant
4	Significant
3	Moderate
2	Minor
1	Very minor
0	No impact

Probability		
5	Actual or highly likely	Actual or likely during the financial year
4	Fairly likely	Likely in the medium term (2–5 years), possible during the financial year
3	Possible	Likely in the long term (5–10 years), possible in the medium term, unlikely during the financial year
2	Unlikely	Likely in the very long term (10–20 years), possible in the long term (5–10 years), unlikely in the medium term (2–5 years), and highly unlikely during the financial year
1	Highly unlikely	Possible in the very long term (10–20 years), unlikely in the long term (5–10 years), highly unlikely in the medium term (2–5 years)
0	Not possible / Theoretical	

Impacts, risks, and opportunities by standard

Below is a brief summary of impacts, risks, and opportunities by standard. More detailed descriptions of impacts, risks, and opportunities, as well as their relationship to strategy, are provided later in the report in the sections specific to each standard. For standards assessed as non-material, more detailed descriptions are included in the subsection Standards assessed as non-material within this section. If no time frame is mentioned in the description, it primarily refers to the short term. If a risk, impact, or opportunity applies to multiple time frames, the assessment is based on the shortest applicable time frame.

E1 Climate change: Kreate and its value chain actors generate carbon dioxide emissions. Climate change increases the need for infrastructure repairs in the long term.

E2 Pollution: Kreate and its subcontractors operate near water bodies, groundwater areas, and land where oil spills or other contamination may occur due to refueling, maintenance, malfunctions, or vandalism.

E3 Water resources and marine resources: Our operations use very little water, and we do not utilize marine resources.

E4 Biodiversity and ecosystems: Decisions regarding biodiversity and ecosystems, as well as the related value-based choices and impact decisions, are typically made at the zoning stage, which is not part of Kreate’s value chain.

E5 Resource use and circular economy: We use resources efficiently and actively promote circular economy solutions.

S1 Own workforce: Construction involves accident risks. The company’s business relies on the expertise of its personnel.

S2 Value chain workers: Construction involves accident risks.

S3 Affected communities: Construction sites do not cause permanent adverse effects on local communities, and overall impacts are generally minimal.

S4 Consumers and end-users: The infrastructure solutions we build impact end-user safety, equality, and opportunities for social inclusion.

G1 Business conduct: A strong corporate culture and good relationships with suppliers are differentiating factors for Kreate, contributing to the availability of skilled professionals and the company’s financial success.

Summary of standard-specific materiality:

Standard / Topic	Materiality
E1 Climate change	Material
E2 Pollution	Material for the reader
E3 Water resources and marine resources	Non-material
E4 Biodiversity and ecosystems	Non-material
E5 Resource use and circular economy	Material
S1 Own workforce	Material
S2 Value chain workers	Material
S3 Affected communities	Non-material
S4 Consumers and end-users	Material
G1 Business conduct	Material

The company’s assessment of the materiality of the disclosure requirements included in the standards and their reporting in this sustainability report is presented at the end of the General Information section under ESRS disclosure requirements considered in the sustainability report.

Standards assessed as non-material

The standards E3 Water resources and marine resources, E4 Biodiversity and ecosystems, and S3 Affected communities did not exceed the materiality threshold in the scoring of subtopics, making these standards non-material from a reporting perspective. Below are the key findings from the double materiality analysis for these standards.

E3 Water resources and marine resources: In the upstream value chain, material production, particularly the production of steel and concrete, consumes water. However, water does not remain in the product but returns to the normal water cycle. Through material production, Kreate depends on water, which could pose a financial risk in a scenario where water scarcity or stricter legislation limits access to necessary materials or increases their cost. On construction sites, Kreate and its subcontractors use small amounts of water, and operations generate local wastewater discharges. Kreate does not identify any use of marine resources in its own operations or value chain.

Kreate has identified the above impacts, risks, and opportunities related to water resources and marine resources through its double materiality analysis process (see p. 43). The analysis considers Kreate’s own operations as well as the upstream and downstream parts of the value chain. The assumptions and scoring criteria used in the analysis are described on p. 45. The company has not conducted stakeholder consultations with communities affected by the use of water resources and marine resources.

E4 Biodiversity and ecosystems: The identification and assessment processes related to biodiversity and ecosystems, as well as the associated value-based decisions and land-use planning determinations, are primarily made during the zoning phase, which is not part of Kreate’s value chain (see Operating environment and value chain, p. 39). The value-based decisions made during zoning result in the following impacts: 1) Construction according to the zoning plan may reduce biodiversity by decreasing species’ habitats, and 2) Construction according to the zoning plan leads to land sealing as roads and buildings are included in the zoning plan.

The biodiversity-related impacts, risks, and opportunities in Kreate’s value chain include the following aspects: Kreate and its subcontractors alter and build environments by modifying land. In this context, it is possible that, particularly along roadways, invasive species may spread or that operations could cause local destruction of organisms or plants. Kreate’s projects use natural resources, but not species classified as biodiversity-sensitive. Kreate depends on the use of natural resources, which could pose a financial risk in the long term in a scenario where, for example, forest protection directives limit the availability of raw materials. The primary production of materials used in construction, such as mining, can cause significant land-use changes and habitat destruction. Mines and their waste can also pollute soil and water in surrounding areas, negatively impacting local flora and fauna.

Kreate has identified the above impacts, risks, and opportunities related to biodiversity and ecosystems through its double materiality analysis process (see p. 43). The analysis considers Kreate’s own operations as well as the upstream and downstream parts of the value chain. In its assessment, Kreate has focused on its construction sites, and has not examined biodiversity and ecosystem aspects related to the locations of its office facilities (real estate). The company has identified impacts within its value chain, which, according to Kreate’s interpretation, does not include zoning. The assumptions and scoring criteria used in the analysis are described on p. 45. The company has not assessed systemic risks.

Kreate has not consulted communities affected by raw material production, ecosystem services, or other biodiversity-related impacts. Kreate has not used scenario analyses related to biodiversity and ecosystems to support the identification of risks and opportunities. The company does not have facilities located in or near areas considered sensitive for biodiversity, nor has it been determined that biodiversity-related mitigation measures would be necessary.

S3 Affected communities: Kreate’s bridge, rail, road, foundation, rock, and concrete construction sites may cause local disturbances, such as noise, aesthetic disruption, and altered traffic arrangements. If the construction site is located in an occupied building, the disturbances may affect workers in the building throughout the workday, increasing the negative impact. The harmfulness of the impact has been assessed from the Group perspective, with emphasis on the aforementioned types of projects. Kreate does not identify direct or value chain-related impacts, risks, or opportunities associated with the rights of indigenous peoples, civil rights of communities, or political rights.

Management of sustainability risks and promotion of positive impacts and opportunities

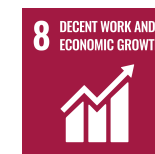
The double materiality analysis is reviewed and updated annually as needed. Particular attention is paid to potential changes in the company’s operating environment, value chain, and its own business operations and scope throughout the year, including possible mergers and acquisitions. During the review, it is ensured that material themes are adequately incorporated into the company’s overall risk management, which also includes sustainability risks.

Monitoring is conducted in accordance with Kreate’s internal control and audit model. The company’s internal control and audit methods are not documented in written form.

Efforts are made to guide positive sustainability impacts and financial opportunities through the company’s own sustainability targets. The company developed these objectives simultaneously with its double materiality analysis at the turn of 2023–2024. The purpose of the sustainability targets is to facilitate communication about key themes in a simple manner and to steer business operations in the desired direction.

The sustainability objectives were linked to the UN Sustainable Development Goals and assigned concrete indicators with target levels. The company’s Board of Directors approved the sustainability targets in early 2024, and they were published in the 2023 annual report.

Kreate’s finance organization monitors and reports sustainability targets on a quarterly basis to Kreate’s executive management team and Board of Directors in accordance with the company’s governance model and annual schedule. The company reports on selected sustainability targets quarterly as part of its interim reports.



We are a responsible employer for whom a skilled workforce is a great asset. We generate economic growth in society both directly and, to a large extent, indirectly by enabling economic growth in other industries.



We build sustainable infrastructure as resource-efficiently as possible. We deliver high-quality solutions to support the green transition of industry and society. Challenging projects provide our personnel with demanding and meaningful work opportunities.



Infrastructure construction promotes denser urban development, smooth and safe transportation, and public transit, for example, through rail and tram infrastructure.



Transport infrastructure promotes social and economic inclusion across Finland by facilitating access to services and employment. It enables industrial investments and growth beyond major urban centers. Equality and non-discrimination are also essential in our own operations.






We use resources as efficiently as possible, which also supports financial profitability. We strive to minimize construction site transportation, utilize alternative materials, and increase the use of circular economy solutions by actively offering them. We execute projects using fuels specified by the client’s requirements.



We work closely with clients (the state, municipalities, cities, and private customers) as well as other stakeholders to ensure that construction is carried out efficiently, smoothly, and with minimal negative impacts.

Sustainability targets

Building with passion	Target-related metrics and target levels	Progress in 2024
Employee satisfaction 	<ul style="list-style-type: none"> Employee willingness to recommend the employer, eNPS > 50 	<ul style="list-style-type: none"> eNPS measurement initiated – previously, satisfaction was measured using a different scale. In 2024, eNPS was 49.
Occupational safety and safety culture 	<ul style="list-style-type: none"> Combined accident frequency rate – target level below 11 in 2025 Safety observations made in 100% of projects At least 6 safety observations per person 	<ul style="list-style-type: none"> Combined accident frequency rate (own personnel and contractors) was 11.0. Safety observations made in 15.6% of projects. Safety observations: 4.6 per person.
Increasing competence 	<ul style="list-style-type: none"> Provide internships for at least 50 students annually Increase the number of interns becoming Kreate employees – the goal is that at least one in three newly hired site managers and project engineers has previously been an intern at Kreate Support career opportunities for employees: Development discussions held and development plans documented for 75% of employees 	<ul style="list-style-type: none"> 71 interns during the year. 39% of recruited employees had a background as Kreate interns. Development discussions held with 58% of employees.
Responsible employer 	<ul style="list-style-type: none"> 100% of new employees have received an orientation 100% of employees trained in the company's code of conduct 0 ethical violations 	<ul style="list-style-type: none"> 72% of employees trained in the company's code of conduct. 5 ethical violations detected in 2024.
Reducing our footprint	Target-related metrics and target levels	Progress in 2024
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 	<ul style="list-style-type: none"> We have received and/or further processed 761,555 tons of construction and demolition waste, as well as soil materials, for reuse.
Tackling climate change 	<ul style="list-style-type: none"> Scope 1 and Scope 2 emission intensity -50% by 2030 (compared to 2023) and climate neutrality by 2045. Scope 3: no numerical targets. 	<ul style="list-style-type: none"> Climate targets were set in 2024. Group emissions: Scope 1: 3,798 t CO₂e, Scope 2: 241 t CO₂e, Scope 3: 36,503 t CO₂e.
Increasing our handprint	Target-related metrics and target levels	Progress in 2024
Sustainable and safe solutions 	<ul style="list-style-type: none"> Satisfied customer and end user, Customer NPS > 50 	<ul style="list-style-type: none"> Client NPS 82
Infrastructure projects supporting megatrends 	<ul style="list-style-type: none"> 2024 Finland: Growth of business operations in the rail environment, accounting for >15% of revenue. 2025–2030 Group: Growth of business operations in the rail environment, accounting for >25% of revenue. 	<ul style="list-style-type: none"> Significant rail projects won, and the first tramway project entered the implementation phase Finland: Business operations in the rail environment accounted for 28.9% of revenue
Corporate responsibility 	<ul style="list-style-type: none"> We pay 100% corporate taxes to Finland and Sweden 	<ul style="list-style-type: none"> We paid 100% of corporate taxes to Finland and Sweden

ESRS disclosure requirements considered in the sustainability report

ESRS 2	Name of the disclosure requirement	On page
BP-1	General principles for sustainability reporting	36
BP-2	Information on specific circumstances	43
GOV-1	Role of governance, management, and supervisory bodies	36
GOV-2	Sustainability-related information provided to and reviewed by governance, management, and supervisory bodies	37
GOV-3	Incorporation of sustainability performance into incentive schemes	38
GOV-4	Description of the sustainability due diligence process	36
GOV-5	Risk management and internal control related to sustainability reporting	38
SBM-1	Strategy, business model, and value chain	39
SBM-2	Stakeholder interests and perspectives	40
SBM-3	Material impacts, risks, and opportunities and their interaction with strategy and the business model	40
IRO-1	Description of the identification and assessment processes for material impacts, risks, and opportunities	43 - 46
E3. IRO-1	Description of the identification and assessment processes for material impacts, risks, and opportunities related to water resources and marine resources	46
E4. IRO-1	Description of the identification and assessment processes for material impacts, risks, dependencies, and opportunities related to biodiversity and ecosystems	47
IRO-2	ESRS disclosure requirements considered in the company's sustainability report	49
E1		
E1-1	Transition plan for climate change mitigation	57, 58
E1. SBM-3	Disclosure requirement related to ESRS 2 SBM-3 – Material impacts, risks, and opportunities and their interaction with strategy and the business model	56
E1. IRO-1	Disclosure requirement related to ESRS 2 IRO-1 – Description of the identification and assessment processes for material impacts, risks, and opportunities	56
E1-2	Policies related to climate change mitigation and adaptation	58
E1-3	Actions and resources related to climate change policies	59
E1-4	Targets related to climate change mitigation and adaptation	59
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E3-4	Total water consumption in cubic meters per unit of operating profit from own operations: Article 29	Non-material
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ESRS 2 – IRO-1	ESRS 2 – IRO-1 – E4: Article 16, point (c)	Non-material
E4-2	Sustainable land or agricultural practices and policies: Article 24, point (b)	Non-material
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S2-1	Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines: Article 19	Non-material
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S2-4	Human rights issues and human rights violations in the upstream and downstream value chain: Article 36	Non-material
S3-1	Human rights policy commitments: Article 16	Non-material
S3-1	Non-compliance with the UN Guiding Principles on Business and Human Rights, ILO principles, or OECD Guidelines: Article 17	Non-material
S3-4	Human rights issues and human rights violations: Article 36	Non-material
S4-1	Policies related to consumers and end-users: Article 16	79, 80
S4-1	Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD Guidelines: Article 17	Non-material
S4-4	Human rights issues and human rights violations: Article 35	Non-material
G1-1	United Nations Convention against Corruption: Article 10, point (b)	Non-material
G1-1	Protection of whistleblowers: Article 10, point (d)	Non-material
G1-4	Fines imposed for violations of anti-corruption and anti-bribery laws: Article 24, point (a)	83
G1-4	Standards related to anti-corruption and anti-bribery: Article 24, point (b)	Non-material

E – Environment

EU Taxonomy

The European Union (EU) aims to achieve carbon neutrality by 2050. To support this goal, a classification system for sustainable activities, known as the EU Taxonomy, has been established. The objective of the taxonomy is to direct capital towards sustainable investments, ensuring that the EU meets its ambitious emission reduction targets.

The EU Taxonomy translates EU climate and environmental objectives into criteria for defining business sustainability. The current classification system includes sectors crucial to climate change, covering more than 80% of Europe's CO₂ emissions and holding the greatest potential to drive the EU's green transition toward carbon neutrality. In 2024, 100% of Kreate's business fell within the scope of the EU Taxonomy classification system.

Taxonomy Reporting

The taxonomy defines six key environmental objectives, against which the company's various business activities are assessed. These environmental objectives are: (a) Climate change mitigation (b) Significant contribution to climate change adaptation (c) Sustainable use and protection of water resources and marine resources (d) Transition to a circular economy (e) Pollution prevention and reduction, and (f) Protection and restoration of biodiversity and ecosystems.

The EU Taxonomy specifies industries relevant to each environmental objective. These industries are divided into subcategories, which further define the business activities. Taxonomy eligibility indicates the proportion of a company's business operations that fall into these subcategories and, consequently, the share of revenue that has the potential to contribute to the environmental objectives defined in the taxonomy.

For taxonomy-eligible business activities, compliance with the taxonomy is assessed. An activity is considered taxonomy-aligned if it significantly contributes to one of the defined environmental objectives without causing significant harm to the other objectives. Additionally, the activity must meet the taxonomy's minimum social safeguards, which cover human rights, corruption and bribery prevention, fair competition, and taxation. These safeguards are based on OECD Guidelines for Multinational Enterprises

and the UN Guiding Principles on Business and Human Rights, including human rights due diligence processes.

Reporting Principles Applied

For the 2024 financial year, Kreate reports the taxonomy-eligible share of revenue related to the objectives of climate change mitigation and the transition to a circular economy. The taxonomy-eligible revenue share is calculated based on total revenue, following the IFRS revenue definition used in the consolidated financial statements.

When assessing taxonomy eligibility, the company has focused on financially significant projects, as well as projects that are clear for analysis, regardless of size. Kreate evaluates the taxonomy eligibility of each project individually, as large-scale projects often include both taxonomy-eligible and non-eligible activities. If needed, taxonomy-eligible revenue within a project is divided into multiple categories. This often occurs when a project primarily falls under a main classification but also includes elements of light mobility infrastructure. Kreate has decided to use a standardized allocation ratio for the light mobility category (6.13). If a project includes light mobility construction, 10% of the taxonomy-eligible revenue of the project is attributed to this category. However, project-specific discretion is used when necessary.

Kreate's calculation principles ensure that the application of both main and subcategories within the same project does not result in double reporting of revenue. The project-specific analysis also ensures that revenue is counted only once, regardless of the number of business units working on the project.

Regarding taxonomy alignment, Kreate's reporting principle is that if the company reports taxonomy-aligned revenue, the substantial contribution and do-no-significant-harm (DNSH) criteria have been assessed at the project level or through other reliable methods. Minimum social safeguards are primarily reviewed at the company level.

Kreate has conducted the taxonomy eligibility and alignment assessments based on the EU Taxonomy Regulation, the Climate Delegated Act, and the best interpretation of available guidance from the European Commission at the time of assessment. Kreate has also engaged external experts to support its taxonomy reporting assessments. The assessment and its conclusions have been externally verified. The 2024 financial year marks the first time that Kreate has prepared EU Taxonomy reporting.

Taxonomy Eligibility and Alignment of Revenue

Revenue is a key performance indicator in assessing Kreate's business sustainability from the perspective of the EU Taxonomy.

In 2024, EUR 168 million of Kreate's revenue was taxonomy-eligible, representing 61% of the company's total revenue. 99% of taxonomy-eligible revenue was related to climate change mitigation. 1% of taxonomy-eligible revenue was related to the circular economy. Climate change mitigation-related taxonomy-eligible revenue primarily consisted of railway construction (code 6.14) and new building construction (code 7.1). Circular economy-related taxonomy-eligible revenue comprised Kreate's circular economy operations, including the reception, processing, and resale of soil materials for reuse (code 2.3 – collection and transportation of non-hazardous and hazardous waste).

Kreate's non-taxonomy-eligible revenue amounted to EUR 107 million, representing 39% of total revenue. Non-eligible activities include most road infrastructure construction. Under the taxonomy framework, for road infrastructure to be considered taxonomy-eligible, it must be designed exclusively for zero-carbon vehicles.

Kreate assesses that its social responsibility processes do not fully meet the human rights due diligence requirements, which are part of the taxonomy's minimum social safeguards. Consequently, the company reports its taxonomy-aligned revenue as 0%.

Capital Expenditures and Operating Expenses

Capital and operating expenditures, as defined under the taxonomy, are not financially significant for Kreate, given the nature of its business operations. Therefore, the company has decided not to analyze the eligibility and alignment of capital and operating expenditures at this stage and reports them as 0%. For non-classifiable capital expenditures, the taxonomy table includes capital expenditures reported under IFRS standards. For operating expenditures, Kreate has defined total costs (denominator) as EUR 7 million, in accordance with the taxonomy guidance. Operating expenses include short-term lease costs, equipment repair and maintenance costs, and research and development expenses. During the financial year, the company did not identify significant costs related to the maintenance and repair of buildings and facilities.

EU taxonomy reporting: Revenue

Economic activities, million euros	Codes	Absolute revenue MEUR	Share of revenue %	Substantial contribution criteria						DNSH criteria						Minimum social safeguards Y/N	Category (enabling/transition activity) E/T
				Climate change mitigation %	Climate change adaptation %	Water resources and marine resources %	Circular economy %	Pollution prevention %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water resources and marine resources Y/N	Circular economy Y/N	Pollution prevention Y/N	Biodiversity and ecosystems Y/N		
A. TAXONOMY-ELIGIBLE ACTIVITIES																	
A.1 Taxonomy-aligned activities																	
Revenue from taxonomy-aligned activities (A.1)		0	0%														N
A.2 Taxonomy-eligible activities																	
New building construction	CCM 7.1.	49	18%	EL													N
Rail transport infrastructure	CCM 6.14.	97	35%	EL													N
Infrastructure enabling low-carbon road transport and public transport	CCM 6.15.	6	2%	EL													N
Infrastructure for personal mobility, bicycle logistics	CCM 6.13.	8	3%	EL													N
Construction, expansion, and operation of wastewater collection and treatment systems	CCM 5.3.	6	2%	EL													N
Construction, expansion, and operation of water abstraction, treatment, and distribution systems	CCM 5.1.	1	0%	EL													N
Collection and transportation of non-hazardous and hazardous waste	CE 2.3.	2	1%				EL										N
Revenue from taxonomy-eligible activities (A.2)		168	61%														N
Total (A.1 + A.2)		168	61%														N
B. NON-TAXONOMY-ELIGIBLE ACTIVITIES																	
Revenue from non-taxonomy-eligible activities (B)		107	39%														
Total (A + B)		275	100%														

EL = Eligible; N/EL = Non-eligible

Activities related to fossil gas

Form 1: Activities related to nuclear power and fossil gas

Row	Activities related to nuclear energy	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
Fossil gas-related activities		
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Form 4: Taxonomy-eligible, but not taxonomy-aligned activities

Row	Economic activities	Share of revenue			
		Climate change mitigation		Circular economy	
		Amount, MEUR	%	Amount, MEUR	%
7	The amount and share in the revenue denominator of taxonomy-eligible, but not taxonomy-aligned, economic activities other than those specified in rows 1–6	166	60 %	2	1 %
8	The total amount and share in the revenue denominator of taxonomy-eligible, but not taxonomy-aligned, economic activities	166	60 %	2	1 %

E1 – Climate change

Material impacts, risks, and opportunities related to climate change adaptation, climate change mitigation, and energy, as well as their management. The symbols + and – indicate whether the impact is positive (+), negative (-), a risk (-), or an opportunity (+).

Impacts	Risks and opportunities	Management
Climate change adaptation		
	<p>+ Market opportunity: Physical climate risks and extreme weather events mean that, for example, bridges require more repairs, which increases our business opportunities.</p>	<ul style="list-style-type: none"> We actively monitor developments and assess the attractiveness of related markets.
Climate change mitigation		
<p>– Own operations: Our operations generate carbon dioxide emissions, particularly through fuel consumption.</p> <p>– Upstream value chain: Construction is material-intensive, and material production generates significant carbon dioxide emissions. Additionally, subcontractors' fuel consumption contributes to emissions.</p>	<p>+ Market opportunity: Climate change mitigation increases railway construction and dense urban development, offering business opportunities for the company.</p> <p>– Regulatory risk: We depend on the availability of materials. A potential risk is the introduction of legislation that bans the use of certain materials, restricts their availability, or increases their costs, e.g., through carbon emission allowances.</p>	<ul style="list-style-type: none"> Optimization of fuel use through efficient resource management, minimizing material transport and driving distances. Systematic renewal of machinery and equipment. Active offering of circular economy solutions reduces dependence on virgin materials. Market opportunities have been and will continue to be promoted, particularly in railway-related business operations.
Energy		
<p>– Own operations and upstream value chain: Fossil energy production for machinery fuel has a negative impact through our operations and those of our subcontractors. Large machines are used in construction, and materials are transported using primarily diesel fuel.</p>		<ul style="list-style-type: none"> We do not control the production process of diesel fuel. We aim to optimize fuel consumption and systematically renew machinery and equipment.

Material impacts, risks, and opportunities, their identification and assessment process, and interaction with strategy and the business model

Climate change adaptation: Kreate does not perceive significant physical climate risks for itself, as the company does not have capital assets that would be at risk due to extreme weather events. However, extreme weather events may create financial opportunities by increasing the need for infrastructure repairs, such as bridge maintenance.

Climate change adaptation also presents a transition risk if business-related equipment needs to be renewed faster than planned. Additionally, costs may arise from additional training for personnel if new working methods or materials are introduced. A rise in requirements could provide Kreate with an opportunity to expand its business and cash flows, especially if all current industry players are not willing or able to invest in machinery or expertise.

Climate change mitigation: Kreate acts as an enabler of climate change mitigation, but at the same time, the entire construction value chain has a large carbon footprint. Most CO₂ emissions originate in the upstream value chain, primarily from the production of construction materials such as steel and concrete. Additionally, fuel production and subcontractors' fuel consumption contribute to value chain emissions. Kreate's own operations generate CO₂ emissions mainly through fuel use.

Climate change mitigation presents both financial opportunities and risks for Kreate. It drives railway and tramway construction as well as dense urban development, creating business opportunities for the company. At the same time, Kreate is dependent on the availability of materials. The financial transition risk is associated with a scenario where legislation prohibits the use of certain materials, restricts their availability, or increases their costs, for example, through emission allowance pricing.

Energy: In terms of energy, Kreate and its subcontractors have a negative impact on climate change, as construction involves the use of large machines and material transportation, both of which primarily rely on diesel fuel. The negative impact stems from the fossil energy sources used to power this equipment. Additionally, energy-related financial risks may arise in a scenario where legislation prohibits the use of diesel fuel, restricts its availability, or increases its cost, either directly or through emission allowance pricing.

The company has not conducted a formal climate scenario resilience analysis that would document the methodology, scope, and results of such an assessment. However, as part of its impact, risk, and opportunity identification process, Kreate has evaluated certain possible developments that have been identified as posing various risks and opportunities. This identification process is part of the company's double materiality analysis, which is described starting on p. 43.

The climate-related impacts, risks, and opportunities identified through the double materiality analysis are linked to the company's resilience. Kreate has described the resilience of its strategy and business model in the General Information section on page 40. This description also covers aspects related to climate change.

Transition Plan

Kreate is committed to operating as part of a sustainable society that aims to limit global warming to 1.5°C, achieve climate neutrality by 2050, and eliminate operations related to fossil fuels.

The outcomes of Kreate’s business operations support the goals of a sustainable economy. Kreate constructs infrastructure that is essential for the green transition, including rail infrastructure, power plants, data centers, and other industrial investments linked to the green transition, as well as infrastructure solutions that support urban densification.

The core of Kreate’s business is not in conflict with the goals of a sustainable economy. However, the challenges lie in the resources required for operations, the CO₂ emissions associated with their processing and transportation, and the fuel consumption of the company’s equipment fleet.

Kreate’s transition plan focuses on areas where the company has direct influence. This does not mean that the company only focuses on direct (Scope 1) greenhouse gas emissions, as it also has the ability to influence indirect (Scope 2 and Scope 3) emissions.

It is important to note that over 95% of Kreate’s greenhouse gas emissions fall under Scope 3. Achieving significant emission reductions will require innovations across multiple industries and the large-scale commercialization of solutions. Kreate’s transition plan is based on expectations of positive industry developments, enabling the use of hydrogen-produced steel in bridges, emission-free freight logistics, and electric heavy machinery powered by sustainable battery solutions.

Kreate has assessed Scope 1 and Scope 2 greenhouse gas emissions (index year 2023 = 100) through 2050. For Scope 3, the company has projected emissions through 2035 but is unable to assess industry-wide developments beyond this time horizon. However, Kreate’s plan is based on the assumption that significant progress will occur in these industries, allowing them to achieve climate neutrality by 2050.

The foundation of the plan is that Kreate executes projects in accordance with client and regulatory requirements. The company believes that the adoption of sustainable solutions will be demand-driven. Kreate supports this by raising awareness and actively communicating, particularly with upstream value chain actors.

The following table outlines Kreate’s transition plan, which aims to achieve climate neutrality in Scope 1 and Scope 2 emissions by 2045 and eliminate operations related to fossil fuels by 2050. Kreate is also committed to advancing Scope 3 emission reductions in collaboration with clients and other stakeholders. The measures mentioned in the plan are detailed further in the Actions section.

The plan is developed at the level of total greenhouse gas emissions, covering Scopes 1–3. The company’s targets are aligned with the Paris Agreement goal of limiting global warming to 1.5°C.

Infrastructure construction materials and the company’s equipment fleet are the key areas where greenhouse gas emissions are locked in. As described earlier, Kreate’s plan relies on significant developments across multiple industries. If these industries fail to progress—particularly in materials and equipment technology—then Kreate’s

transition plan, as well as Scope 1 and Scope 2 emission reductions, could be jeopardized. The company has not set a numerical target for Scope 3 emissions.

Kreate has not been excluded from EU benchmarks aligned with the Paris Agreement.

The Kreate Board of Directors approves the transition plan and annually monitors progress. The executive management team is responsible for implementing the plan within their organizational responsibilities and collectively as senior leadership. The management team monitors progress as needed, but at least once per year. The Environmental Manager is responsible for compiling data required for transition plan reporting.

Kreate’s transition plan and strategy are based on realism and long-term outlooks. Infrastructure construction is one of the last sectors where the green transition will have widespread effects, due to its reliance on materials, heavy machinery, and operations in demanding environments.

The green transition must first be realized at a commercial scale in industries such as energy, materials, electric equipment, and battery production, before it can be fully implemented in infrastructure construction.

The transition plan has not been directly integrated into Kreate’s strategy, but the strategy includes multiple elements linked to climate change and the transition plan themes.

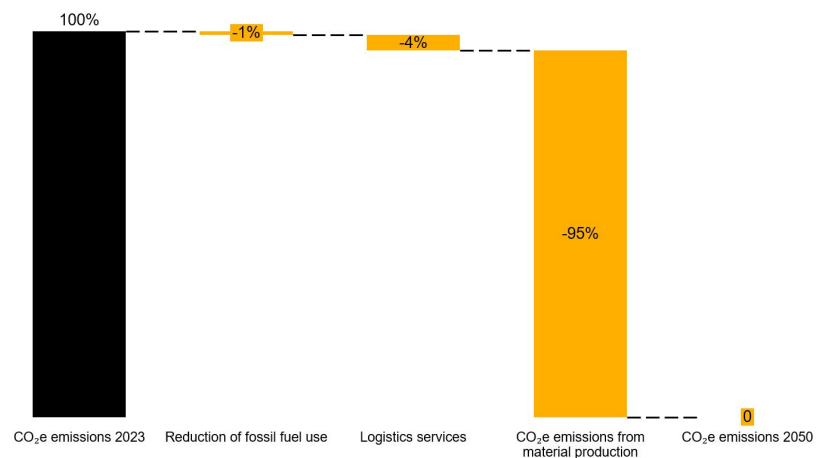
Kreate does not see a need for major changes to its strategy or business model to contribute to climate change mitigation. The company has guidelines for phasing out fossil fuels from its equipment fleet. In financial planning, fleet renewal is aligned with its total economic lifespan, and Kreate currently does not anticipate significant transition risks related to its fleet. Fleet management is further detailed in the Actions section.

Transition plan, plan for reducing emissions

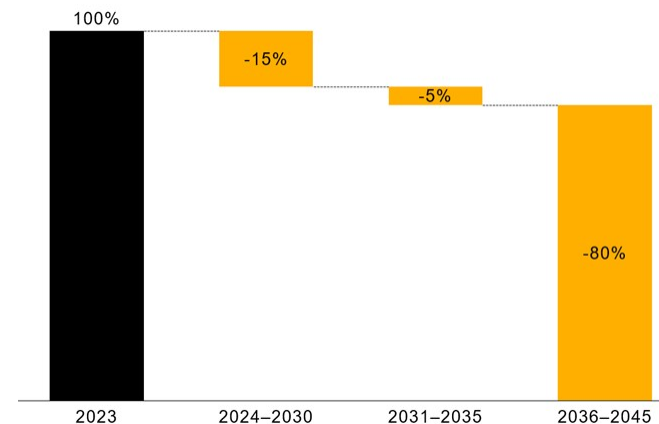
Absolute CO ₂ e emissions, 2023 = 100	2023	2025	2030	2035	2040	2045	2050
Scope 1: Use of fossil fuels							
Company cars	100	80	10	0	0	0	0
Production vehicles	100	90	40	10	0	0	0
Work machines	100	90	70	50	20	0	0
Specialized equipment	100	100	100	100	90	50*	0
Scope 2: Purchased energy production							
	100	10	0	0	0	0	0
Scope 3: Other indirect emissions							
Production of used fuel	100	98	85	80	N/A	N/A	0
Materials (steel, concrete, wood)	100	90	50	40	N/A	N/A	0
Logistics, inbound and outbound flows	100	100	90	85	N/A	N/A	0
Subcontracting	100	90	70	60	N/A	N/A	0
Waste management and other purchased services	100	90	70	50	N/A	N/A	0

*To be offset starting from 2045

Key components of the transition plan



Emission reduction implementation schedule



Policies related to climate change mitigation and adaptation

The company currently does not have specific policies related to climate change.

Kreate's approach is characterized by pragmatism and realism. The company aims to act as a responsible member of the value chain and identify realistic areas where it can have an impact.

The foundation of Kreate's operations is to execute projects according to client requirements. The company strives for cost efficiency, which also guides resource use toward efficiency and reduced environmental impact. Kreate aims to reduce greenhouse gas emissions by optimizing material use, minimizing transportation distances, and enhancing recycling opportunities. The company is also committed to promoting CO₂ emission reductions in collaboration with clients and other stakeholders. In practice, this includes actively offering biofuels and circular economy solutions. However, material and fuel choices are always made according to client specifications.

Another key principle is the long-term use and renewal of equipment in a planned manner. Kreate's approach assumes that sustainable change will happen through demand-driven market dynamics. Additionally, the company recognizes that the specialized equipment required for its operations is not yet available in electric or battery-powered versions, particularly for challenging sites where electricity transmission capacity may be insufficient.

Actions and resources related to climate change policies

Kreate focuses on areas where it has direct influence while also considering environmental, social, administrative, and financial aspects.

Kreate’s direct greenhouse gas emissions result from the use of fossil fuels in its own equipment, production vehicles, and company cars. The company’s corporate car policy promotes electric vehicle adoption, and in 2024, Kreate introduced its first electric-powered production vehicles. The goal is to update the company’s car policy annually, with the aim of transitioning to a zero-emission fleet by 2030. For production vehicles, Kreate expects electric vehicles to become significantly more common by 2030, but internal combustion vehicles will still be needed.

The company aims to renew its machinery and equipment in a planned manner, leading to lower emissions over the long term. The funding required for investments will come from business operations and various financing solutions, and the annual investment volume is not expected to increase significantly compared to the average level of previous years. For general earthmoving equipment, instead of replacement investments, the company may consider expanding the use of services, allowing machinery to be rented or procured as a contracting service rather than owned. However, for specialized equipment, large-scale leasing or service-based procurement is not a viable option in the near future, due to the small size of the market. Additionally, for some specialized equipment, viable electric alternatives are not expected to be available in the near future.

Kreate also aims to replace fossil fuels with biofuels, actively communicating alternative options to clients. In 2025, the company plans to review and potentially update its project initiation processes to better support systematic adoption of biofuels and circular economy solutions.

For indirect greenhouse gas emissions from energy production, Kreate’s action is to transition to using green electricity in all contracts by 2025.

For other indirect greenhouse gas emissions, Kreate actively collaborates with clients and stakeholders to maximize resource efficiency in construction. The company promotes circular economy solutions and, where possible, suggests replacing virgin materials with recycled alternatives. Kreate also optimizes resource efficiency, particularly in material use and transportation distances. A key focus is to create a comprehensive overview of material flows across all Kreate worksites and plan resource circulation in advance, ensuring that clean material outflows can be effectively utilized at Kreate’s sites or nearby projects. Efficient material circulation needs to be integrated at multiple levels, including tendering, site communication, and collaboration with circular economy facilities.

The majority of Kreate’s indirect greenhouse gas emissions come from material production, logistics, and subcontractor fuel use. In logistics and subcontracting, Kreate anticipates that equipment power sources will develop, leading to lower emissions. In terms of construction materials, Kreate’s transition plan is based on expected industry-wide advancements, as previously described in the Transition Plan section. The company has no specific measures to address these industry-driven indirect emissions.

For railway-related revenue, no new actions have been identified at this time. Kreate is currently involved in three major rail projects: Koskela tram depot, Tampere Passenger rail yard, and Vantaa light rail (eastern section). Executing these projects according to plan is Kreate’s main action in this area for the coming years.

Kreate’s total greenhouse gas emissions (Scope 1–3) decreased by 20,401 tCO₂e in 2024 compared to 2023, representing a 33% reduction. This reduction resulted primarily from declining revenue and changes in the project portfolio. Kreate cannot determine how much of the reduction is attributable to the company’s own actions, but estimates that its direct impact is marginal. The company expects that its own measures will have a relatively small effect on reducing emissions. According to Kreate’s transition plan, the phase-out of fossil fuels would contribute to only about 1% of the company’s total greenhouse gas reductions.

Metrics and targets

Targets	2024	2023	Change, %
Climate change mitigation – Climate targets			
Target 2030: CO ₂ e emission intensity -50% vs 2023 (Scope 1)	12.1	12.4	-2.1%
Target 2030: CO ₂ e emission intensity -50% vs 2023 (Scope 2)	0.9	0.7	28.7%
Target 2045: Climate neutrality (Scope 1+2, tCO ₂ e)	4,039	4,186	-3.5%
Target Scope 3: Commitment to promoting CO ₂ e Scope 3 emission reductions in collaboration with clients and other stakeholders			
Climate change mitigation – Infrastructure projects supporting megatrends			
Target to increase business operations in railway environments, share of total revenue in 2024 > 15%	28.9%	N/A	N/A
Target to increase business operations in railway environments, share of total revenue in 2025–2030 > 25%			

Kreate has set numerical targets for Scope 1 and Scope 2 emissions, as the company has direct influence over them. For Scope 3 emissions, the company has defined a principle-based target but has not established a numerical target level or year, and at this stage, Kreate does not consider it necessary to set one.

For Scope 1 and Scope 2 emissions, the goal is to reduce emission intensity by 50% by 2030 compared to the 2023 baseline year. Additionally, the company aims to achieve climate neutrality in Scope 1 and Scope 2 by 2045. The established targets are aligned with the goals of the Paris Climate Agreement, but they are not based on scientifically validated evidence. Stakeholders have not been involved in setting the targets. The calculation principles for Scope 1, 2, and 3 emissions are presented at the end of this section.

In 2024, Kreate Group’s total direct and indirect CO₂e emissions (Scope 1–3) amounted to 40,542 tCO₂e (60,944 tCO₂e in 2023), a decrease of 33% from the previous year. The total emission intensity relative to revenue, measured as CO₂e emissions per million euros of revenue, was 147.2 tCO₂e/meur (190.4 tCO₂e/meur in 2023). The differences in emission intensity are mainly due to variations in Kreate’s ongoing project portfolio, the phase of large projects, and procurement activities. The significance of large projects is particularly emphasized in Scope 3 emissions, where materials are the largest emission source. Greenhouse gas emissions are calculated based on procurement data for each year. In multi-year projects, large material purchases at the beginning of a project significantly increase emissions for that particular year.

In 2024, Kreate's direct (Scope 1) emissions were 3,798 tCO₂e (3,969 tCO₂e in 2023), indirect (Scope 2) emissions from energy production were 241 tCO₂e (217 tCO₂e in 2023), and other indirect (Scope 3) greenhouse gas emissions were 36,503 tCO₂e (56,757 tCO₂e in 2023). The CO₂e emission intensity relative to revenue was 13.8 tCO₂e/meur (12.4 tCO₂e/meur in 2023) for Scope 1, 0.9 tCO₂e/meur (0.7 tCO₂e/meur in 2023) for Scope 2, and 132.5 tCO₂e/meur (177.4 tCO₂e/meur in 2023) for Scope 3.

In 2024, revenue from business activities in railway environments in Finland accounted for 28.9% of Kreate's Finnish revenue. This category includes all projects conducted in railway environments, including railway work, railway bridges, and other transport connections and buildings associated with railway infrastructure. The share of revenue from railway-related activities exceeded the set 15% target. At the beginning of 2025, the company updated its goal, setting a new target to achieve more than 25% of Group-level revenue from railway-related business activities.

Below are the key indicators for the company's energy consumption and greenhouse gas emissions. Kreate is developing its reporting capabilities and aims to report N/A-marked indicators on energy consumption and energy mix from 2026 onward.

Energy consumption and energy mix	2024
1) Consumption of fuel derived from coal and coal products (MWh)	N/A
2) Consumption of fuel derived from crude oil and oil products (MWh)	N/A
3) Consumption of fuel derived from natural gas (MWh)	N/A
4) Consumption of fuel derived from other fossil sources (MWh)	N/A
5) Consumption of purchased or acquired electricity, heat, steam, or cooling from fossil sources (MWh)	N/A
6) Total consumption of fossil energy (MWh)	N/A
Share of fossil energy sources in total energy consumption (%)	N/A
7) Consumption of energy derived from nuclear sources (MWh)	N/A
Share of nuclear energy sources in total energy consumption (%)	N/A
8) Consumption of fuel derived from renewable sources, including biomass (such as industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.) (MWh)	N/A
9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	N/A
10) Consumption of self-generated renewable energy from non-fuel sources (MWh)	N/A
11) Total consumption of renewable energy (MWh)	N/A
Share of renewable energy sources in total energy consumption (%)	N/A
Total energy consumption (MWh)	2,544.58
Energy intensity (total energy consumption/revenue from climate-relevant sectors), MWh/MEUR	9.2

The company does not have biogenic carbon dioxide emissions resulting from biomass combustion or biological decomposition. The company has no information regarding potential biogenic carbon dioxide emissions occurring in the upstream or downstream parts of its value chain.

Greenhouse gas emissions	Retrospective			Interim targets and target years		
	Baseline year 2023	2024	%, 2024/2023	2025	2030	Annual % target / baseline year
Scope 1 greenhouse gas emissions						
Gross Scope 1 greenhouse gas emissions (tCO ₂ e)	3,969	3,798	96%	N/A	2,322	N/A
Percentage of Scope 1 greenhouse gas emissions covered by regulated emissions trading systems (%)	0	0	0%	0	0	0%
Scope 2 greenhouse gas emissions						
Location-based gross Scope 2 greenhouse gas emissions (tCO ₂ e)	217	241	111%	N/A	127	N/A
Market-based gross Scope 2 greenhouse gas emissions (tCO ₂ e)	N/A	N/A	N/A	N/A	N/A	N/A
Significant Scope 3 greenhouse gas emissions						
Total gross Scope 3 indirect greenhouse gas emissions (tCO ₂ e)	56,757	36,503	64%	N/A	N/A	N/A
Purchased goods and services	44,814	28,996	65%			
Fuel- and energy-related activities (not included in Scope 1 or Scope 2 emissions)	11,763	4,965	42%			
Total greenhouse gas emissions						
Total greenhouse gas emissions (location-based) (tCO ₂ e)	60,944	40,542	67%	N/A	N/A	N/A
Total greenhouse gas emissions (market-based) (tCO ₂ e)	N/A	N/A	N/A	N/A	N/A	N/A
Greenhouse gas intensity						
Total greenhouse gas emissions / revenue	190.4	147.2	77%	N/A	N/A	N/A

Principles for setting targets

Targets related to greenhouse gas emissions: The definitions of greenhouse gases are outlined in the Principles for Preparing Metrics section.

Revenue from business activities in railway environments includes the total revenue from all projects where work is conducted in railway environments. However, it does not include the portion related to the Kruunuvuori Bridge, as railway tracks will be installed on the bridge at a later stage, meaning that from Kreate's perspective, work at this site is not considered railway environment work.

Principles for preparing metrics

Total energy consumption (MWh): The Group's total energy consumption is based on the billed electricity consumption in Finland, supplemented by an estimate of Sweden's energy consumption based on revenue proportion. At this stage, Kreate does not have the capability to report total energy consumption by energy source.

Energy intensity (total energy consumption/revenue from climate-relevant sectors, MWh/MEUR): The company's entire business falls under climate-relevant sectors, with its main classification as "F". The numerator of this metric consists of the Group's total energy consumption, and the denominator consists of the Group's IFRS revenue.

Greenhouse gas emissions:

Scope 1 and Scope 2 greenhouse gas emissions include the Group's emissions. These do not include emissions from investment targets.

Scope 3 greenhouse gas emissions include the Group's indirect emissions. Kreate does not have operational control over its joint venture, KFS Finland Oy. In accordance with ESRS 1, points 62–67, Kreate has included the joint venture's data through business relationships, reporting it as part of Scope 3 emissions. Consequently, KFS Finland is treated as a subcontractor, and its emissions are reported under Scope 3 to the extent that they occur at Kreate's worksites. Fuel- and energy-related activities (not included in Scope 1 or Scope 2 emissions) cover subcontractor fuel use as well as Kreate's estimated air travel emissions.

Group CO₂e intensity = Total Group greenhouse gas emissions (Scope 1–3) / Group IFRS revenue.

Group greenhouse gas emissions = Finland's business CO₂e emissions + Sweden's business CO₂e emissions.

Finland's CO₂e emissions are based on volume data collected from purchase invoices and category-specific emission factors. Finland's business operations cover the activities of Kreate Oy. Sweden's CO₂e emissions are estimated in relation to Finland's operations, under the assumption that their CO₂e intensity is equal.

Sweden's CO₂e emissions (Scope 1/2/3) = Finland's CO₂e emissions (Scope 1/2/3) / Finland's revenue × Sweden's revenue.

Since the Group's greenhouse gas emissions calculations are derived from Finland's CO₂e emissions accounting, the following section outlines the methodology for calculating Finland's emissions:

Finland's Scope 1 CO₂e emissions = Purchased fuel volume by category (liters) × Category-specific emission factor (kg CO₂e/l)

Finland's Scope 2 CO₂e emissions = Purchased electricity (kWh) × Emission factor (kg CO₂e/kWh) + Purchased district heating (kWh) × Emission factor (kg CO₂e/kWh)

Finland's Scope 3 CO₂e emissions = Purchased materials by category + Subcontractor fuel consumption by category + Waste management. Each category is multiplied by its specific emission factor. The Scope 3 calculations do not include minor emission sources that are insignificant to the overall total, such as emissions from small tools and private vehicle commuting.

Emission factors are sourced from the Finnish Environment Institute, the Finnish Transport Infrastructure Agency's infrastructure emissions database, and OneClickLCA's published emission factors. Emission factors are reviewed at the end of the reporting period.

In energy and CO₂e reporting, an assumption is made that Sweden's operations are comparable to Finland's, introducing uncertainty in reporting.

The metrics have been externally assured as part of the sustainability report assurance scope. However, the metrics and their results have not been separately validated by any other external party.

E2 – Pollution

Material impacts related to pollution and associated management measures. The § symbol indicates that the topic has been assessed as material for the reader, even though it does not emerge as material based on Kreate's own double materiality assessment from an impact or financial perspective.

Impacts	Risks and opportunities	Management
Water and soil contamination		
<p>§ Upstream value chain and own operations: Kreate and its subcontractors operate near water bodies, in groundwater areas, and on soil where oil spills or other contamination may occur during machine refueling, maintenance, malfunctions, or vandalism.</p>	<ul style="list-style-type: none"> The company has established procedures and resources to prevent and minimize harm. 	

Identification and assessment process for material impacts, risks, and opportunities

In its double materiality analysis, Kreate identified several potential negative impacts related to pollution. However, pollution-related subtopics did not exceed the materiality threshold, as Finland's high regulatory standards ensure that the company has comprehensive risk identification and management measures, as well as the necessary resources to prevent and minimize harm.

Due to these management mechanisms, the likelihood of pollution occurring and its potential extent in the event of an incident are highly limited and often remediable. Nonetheless, Kreate provides information on pollution-related topics because they have been assessed as material for the reader's information needs.

Material impacts, risks, and opportunities and their interaction with strategy and the business model

Soil and water contamination: Kreate's business activities do not inherently cause soil or water contamination, but there is a potential risk of negative impacts. The likelihood and severity of such impacts are significantly reduced due to the company's comprehensive guidelines and operational procedures.

Potential negative impacts: Kreate and its subcontractors operate near water bodies, in groundwater areas, and on land where fuel leaks or other contamination could occur during refueling, maintenance, malfunctions, or acts of vandalism. However, any potential contamination would be minor and localized, and the company has procedures and resources in place to minimize harm.

Pollution-related policies

Kreate does not have a separate environmental policy but has comprehensive guidelines to actively manage actual and potential negative environmental impacts. The primary document guiding environmental impact management is Kreate's Environmental Handbook, which consolidates the company's key environmental guidelines, including environmental risk management, deviations and observations, site waste management, waste transfer documents, utilization and recycling of clean surplus soil materials, and procedures for handling contaminated soil.

Regarding pollution, the guidelines focus on preventing soil and water contamination as well as reducing and mitigating negative impacts in the event of pollution. These guidelines apply to both Kreate's own operations and subcontractors working on Kreate's sites. However, they do not cover pollution related to material production and, therefore, do not include measures for managing environmental impacts at the raw material production stage.

The Environmental Handbook recommends that all worksites prepare an environmental plan, either as a standalone document or as part of the site quality plan. The environmental plan includes details on baseline environmental conditions, environmental considerations, environmental monitoring and reporting, and emergency response procedures.

In line with the environmental plan, Kreate's operating principle is to anticipate and plan work to eliminate or minimize environmental impacts. At Kreate's worksites, all personnel are responsible for complying with environmental guidelines and reporting any observed deficiencies.

The environmental plan is prepared at the start of each project, outlining baseline environmental data, required permits and notifications, expected key environmental risks, and mitigation measures. It also includes reporting instructions, training requirements for site personnel, and procedures for handling environmental disturbances or accidents.

Kreate monitors environmental incidents, including both actual and near-miss cases. All environmental deviations and near-miss incidents are reported using the company's operational system deviation report. The most common environmental deviations include oil and fuel spills, noise pollution, and dust emissions from construction sites.

Pollution-related actions and resources

Kreate's actions focus on preventing environmental harm, limiting damage, and minimizing impacts. The key measures at construction sites include training, preparing environmental plans, and conducting risk assessments.

During the reporting period, Kreate has prepared dozens of environmental plans, trained site personnel on environmental issues, applied for various project permits, and reported compliance to authorities and clients as required by regulations.

In 2025, the company will continue efforts to prevent environmental harm and mitigate negative impacts through training, planning, and risk assessments. In the medium term, Kreate aims to develop new working methods, for example, by exploring the use of electric equipment to implement environmentally superior solutions. The company also seeks to enhance awareness of environmental impacts across the full life cycle of projects.

These actions are an integral part of the company's operating practices and daily business and do not require a separate implementation plan. The funding required for pollution prevention measures comes from business operations, and the annual budget for these activities is not expected to increase significantly compared to previous years.

Pollution-related targets

Kreate's operational target and principle is to ensure that careful planning enables worksites to eliminate or minimize environmental impacts. The company currently does not have externally reported numerical targets related to pollution.

In 2025, Kreate will assess and prioritize areas for improvement and report in its 2025 sustainability report whether it has set or plans to set specific targets and the timeline for their implementation.

Pollution-related metrics

The pollution-related indicators presented by the company are not quantitative metrics required by the Corporate Sustainability Reporting Directive (CSRD). Kreate does not report emissions of pollutants into air, water, or soil as required by disclosure requirement E2-4, as its business activities do not inherently cause pollution at levels exceeding the materiality threshold. Kreate's greenhouse gas emissions are reported under section E1 Climate Change. Below is a company-specific indicator related to environmental incidents and near-miss situations.

Indicator	2024
Company-specific indicator: Environmental incidents	1
Company-specific indicator: Near-miss environmental situations	16

In an environmental incident, sandblasting waste spread into a water body and subsequently reached nearby shorelines. The damage was remediated by restoring the affected shoreline areas under the supervision of environmental authorities. Near-miss situations involved minor fuel spills, which were immediately addressed and remediated on-site.

Principles for preparing metrics

Environmental incident: An incident that causes harm requiring more than minor remediation and/or results in permanent environmental damage. The metric is reported across all Kreate Group worksites, including environmental incidents caused by subcontractors at Kreate's worksites.

Near-miss situation: As defined in the company's deviation reporting, near-miss environmental situations refer to cases reported to the Occupational Safety Manager and/or Environmental Manager. This includes environmental impacts that were mitigated through standard corrective actions, such as remediation of small oil spills using absorbents and removal of contaminated soil. The metric is reported across all Kreate Group worksites, including near-miss situations caused by subcontractors at Kreate's worksites.

The reliability of the near-miss metric is limited as the data relies on self-reporting by site personnel. Some near-miss incidents may go unreported and thus remain unknown to the company.

The indicators have been externally assured as part of the sustainability report assurance scope. However, they have not been separately validated by any other external party.

E5 – Resource use and circular economy

Material impacts, risks, and opportunities related to resource inflows, resource outflows related to products and services, and waste, as well as their management. The symbols indicate whether the impact is positive (+), negative (-), a risk (-), or an opportunity (+).

Impacts	Risks and opportunities	Management
Resource inflows, including resource use		
<p>+ Own operations: Whenever permitted by the client, we use recycled materials, which has a positive impact on the preservation of natural resources.</p>	<p>+ Financial savings: Efficient resource use, considering material costs, quantities, and transport distances, generates financial savings.</p> <p>— Risk: We are dependent on material availability and logistics chains. Disruptions in these or changes in legislation may increase material costs and/or reduce availability.</p>	<ul style="list-style-type: none"> Active offering of circular economy solutions (included in the company's sustainability targets). Avoidance of virgin material use whenever possible. Material price risks are mainly managed contractually.
Resource outflows related to products and services		
<p>+ Own operations: We provide circular economy solutions for efficient material utilization. Our circular economy operations also accept soil, wood, wood waste, and other mixed demolition waste from external operators, processing them into reusable recycled materials. These actions support the preservation of natural resources.</p>	<p>+ Financial savings: We achieve cost savings by utilizing material outflows from construction sites. Sites generate soil, wood, wood waste, other mixed demolition waste, and recyclable materials (e.g., steel). We strive to use clean outflows on other nearby sites whenever possible.</p>	<ul style="list-style-type: none"> Open communication and coordination between projects and the circular economy unit.
Waste		
<p>— Own operations and upstream value chain: Waste is generated at construction sites through both our operations and those of our subcontractors.</p>	<p>+ Business opportunity: At our circular economy sites, we receive soil and waste and process them back into usable recycled materials. The trend towards resource efficiency and urban densification increases business opportunities for our circular economy operations.</p>	<ul style="list-style-type: none"> We strive to prevent waste generation, recycle materials, and ensure that waste is directed to appropriate final disposal sites or circular economy facilities where it is cleaned and processed. We actively develop various circular economy products. We manage our circular economy site portfolio and permitted reception volumes to optimally support logistics related to soil and waste, primarily for our own operations and secondarily for other operators.

Identification and assessment process for material impacts, risks, and opportunities

Kreate has identified material impacts, risks, and opportunities through its double materiality analysis, as described on p. 43. The assumptions and scoring criteria of the analysis are detailed on p. 45. The company has aimed to identify the actual and potential impacts, risks, and opportunities related to resource inflows and outflows as well as waste at a high level across the entire value chain, while the main focus of the assessment has been on Kreate's own operations. Within the company's own operations, the most critical areas identified were Kreate's construction sites and circular economy facilities. The company has not conducted consultations with communities that may be affected by resource use and circular economy activities.

Material impacts, risks, and opportunities and their interaction with strategy and the business model

Resource inflows: Construction is resource-intensive and requires large quantities of materials such as concrete, steel, and aggregates. The dependency on these resources exposes Kreate to risks related to material prices, availability, and logistics chain efficiency. The company utilizes recycled materials and reclaimed soil whenever possible, provided that the client allows their use. The use of recycled materials and efficient resource utilization has a positive impact on the company's financial performance.

Resource outflows: Construction sites generate outflows of excavated soil, wood, wood waste, miscellaneous demolition waste, and recyclable materials such as steel. Kreate seeks to utilize clean outflows whenever possible at other nearby worksites, allowing one site's outflows to serve as another site's inflows. This reduces costs for both outflows and, more significantly, inflows. Additionally, Kreate has business operations related to managing and processing resource outflows through its circular economy sites.

Waste: Waste is generated at construction sites through both Kreate's own activities and those of subcontractors. Waste management is properly organized with the help of various partners. At some sites, the client is responsible for waste management, in which case Kreate follows client-specific instructions. Some excavated soil and waste are processed at Kreate's circular economy facilities, where they are recycled into reusable materials. The circular economy facilities also receive material outflows from external companies, charging fees for receiving waste and selling recycled materials.

Policies related to resource use and circular economy

In accordance with the company's Code of Conduct, Kreate integrates environmental considerations into its operations. The company identifies and assesses potential environmental risks and proactively prevents them by adhering to the precautionary principle while reducing environmental impact. Kreate complies with all applicable environmental and waste laws and ensures that environmental permits and notifications are handled properly. The Code of Conduct also emphasizes the importance of effective solutions and high-quality outcomes that minimize environmental impact throughout the entire lifecycle of the service.

A key component of this approach is the Kreate Group Environmental Handbook, which compiles all company guidelines and forms related to environmental matters. The handbook provides comprehensive information on responsible supply chains, environmental deviations, waste management at construction sites, utilization and recycling of clean surplus soil materials, handling of contaminated soil, and procedures for accidents and

emergency situations. It serves as a guide for preparing site-specific environmental plans and is an integral part of the company's operational and quality management system.

Kreate promotes the reuse, recycling, and recovery of materials and operates circular economy business activities through its dedicated units. The company monitors waste volumes, strives to reduce waste generation, and ensures proper sorting and disposal. Additionally, it evaluates the feasibility of using recycled materials and industrial by-products on a project-by-project basis to replace virgin natural materials. Kreate requires its subcontractors and partners to adhere to the same principles and guidelines and does not tolerate any violations of laws or regulations under any circumstances.

Policies related to resource inflows and outflows

Kreate aims to optimize material flows in both inflows and outflows, ensuring that materials are used as efficiently as possible at construction sites. This includes minimizing material quantities, reducing transportation distances, and maximizing recycling and circular economy opportunities, aligning with the financial performance goals of construction projects.

Concrete, steel products, and aggregates constitute the company's largest material inflows. Kreate strives for high resource efficiency by reducing the use of virgin materials through substituting recycled materials and proposing modifications to original plans. Such resource efficiency measures may require client approval.

Final products—such as bridges, building foundations, and various transport infrastructure solutions—represent the company's primary outflows. These are constructed according to client requirements, including circular economy principles where applicable. Client requirements may specify the use of recycled materials or biofuels or relate to the expected lifespan, durability, and repairability of the final product.

Other outflows include excavated soil and waste materials (see Waste Management section). Kreate seeks to minimize the volume of materials sent to landfills or disposal sites.

Kreate's own recycling facilities accept excavated soil and other waste materials. The company participates in research projects and pilot initiatives related to new circular economy materials. Kreate also remediates contaminated soil and constructs covering, embankment, and protective structures using circular economy materials.

Policies related to waste and waste management

Waste management policies are documented in Kreate's Environmental Handbook and Environmental Plan, supplemented by the Waste Management Plan, Waste Transfer Documentation, and Guidelines for the Remediation of Contaminated Soil. The key principles from these documents are summarized below.

Kreate seeks to minimize waste generation across all operations. The company's waste primarily consists of concrete, wood, steel, and other construction and demolition debris. Kreate ensures proper waste sorting and disposal at designated collection points.

A waste transfer document is prepared for all construction and demolition waste generated on-site, in compliance with waste legislation, and is archived for at least three years.

Waste handling follows maximum recycling principles, specifying proper management of different waste fractions, including wood, concrete, steel, pressure-treated wood, and reclaimed asphalt. Hazardous waste is not stored at construction sites but is collected and delivered to appropriate waste treatment facilities. If temporary storage is necessary, a designated container is used.

Actions and resources related to resource use and circular economy

Kreate executes projects in accordance with client requirements. The company assesses that it can best promote efficient resource use and the increased adoption of circular economy products by optimizing resource flows, complying with regulations, and enhancing awareness and understanding of circular economy products and their applications among value chain actors.

In 2025, Kreate plans to update its processes to better support the offering of circular economy solutions and other environmentally friendly alternatives. The information gathered through these updated processes will also serve as a source for reporting and target-setting. Kreate will disclose in its 2025 sustainability report the set metrics or the timeline for defining them.

Regarding circular economy sites, the company's focus is on continuing to support construction sites in managing material flows and strengthening its role as a specialist in circular economy solutions. Kreate's circular economy sites accept excavated soil and other waste materials such as concrete. Additionally, the sites process and utilize various soil waste materials and refine waste into recycled materials.

In 2024, Kreate operated five circular economy sites in Finland (Marjala, Hirvihaara, Sarfvik, Hirsala, and Tikkurilantie), all located in the Helsinki metropolitan area, along with two landfill sites. In 2025, the focus will be on enhancing communication between construction sites and circular economy sites to ensure that changing site needs are communicated in advance. This will allow operations to be planned based on available intake capacity. Additionally, the circular economy sites will continue marketing and selling their recycled products, including EEJ-certified (no longer waste) KreMu concrete crushed aggregate, which can be used like any other crushed material without requiring a separate permit notification.

In 2025, Kreate plans to implement a waste reporting tool in its Finnish operations and train dozens of employees in its use. The tool is expected to improve the quality of waste reporting and enable group-level waste reporting. After the initial rollout, the company will evaluate the feasibility and timeline for implementing a similar tool in its Swedish operations.

The funding required for resource use and circular economy measures comes from business operations, and the financial requirements are not expected to increase significantly compared to previous years' average levels. The implementation of these measures does not require a separate action plan.

Targets related to resource use and circular economy

Kreate aims to reduce its environmental footprint by minimizing the impacts of construction. Key aspects of this objective include reducing the use of primary raw materials and increasing the use of recycled materials.

Kreate has set a target to both increase the offering of circular economy solutions and enhance their use in projects. However, no numerical target levels have been established yet, and there is no systematic monitoring in place. The company has outlined process development related to offering circular economy solutions in the Actions section. Kreate will report on defined targets and metrics or the timeline for setting them in its 2025 sustainability report.

For circular economy sites, Kreate’s goal is to accept and further process waste for reuse. In 2024, the company received and/or processed 761,555 tons of construction and demolition waste and excavated soil for reuse. No target level has been set for this metric, as the intake volumes depend on the permit limits of the circular economy sites.

Kreate ensures proper waste management, aims for high recycling rates, and processes waste into new materials at its circular economy sites. At this stage, Kreate has not made a decision on setting a numerical target related to waste or determining a timeline for its implementation.

Metrics related to resource use and circular economy

Resource inflows	2024
Total weight of used products and biological materials:	
Aggregates, thousand kg	1,324,811
Ready-mixed concrete, thousand kg	120,789
Steel products (sheet piles, beams, etc.), thousand kg	1,554,449
Reinforcement steel, thousand kg	746,865
Absolute weight of reused or recycled components, intermediate products, and secondary raw materials used in the production of the company’s products and services (including packaging).	N/A
Percentage of reused or recycled components, intermediate products, and secondary raw materials used in the production of the company’s products and services (including packaging).	N/A
Resource outflows	2024
Total amount of generated waste	25,873
Non-recycled waste	N/A
Percentage of non-recycled waste	N/A
Total amount of hazardous waste	N/A
Total amount of radioactive waste	0

Waste diverted from final disposal	2024
Breakdown of hazardous and non-hazardous waste by treatment type, measured by mass	N/A

Company-specific metric	2024
Reception and processing of waste and excavated soil for reuse, thousand kg	761,555

Principles for preparing metrics

Resource inflows: The metric includes the company’s largest resource inflows by volume (measured by weight). The reported inflows are calculated based on line-item data from purchase invoices for Kreate’s Finnish operations, which indicate the material types and quantities. Resource inflows for Swedish operations are estimated proportionally based on revenue, assuming that inflows do not significantly differ from those in Finland.

Absolute weight and percentage of reused or recycled components, intermediate products, and secondary raw materials used in the production of the company’s products and services (including packaging): At present, the company cannot report this data with sufficient reliability. Kreate aims to develop its reporting processes so that this information can be included in the 2026 sustainability report, to be published in 2027.

Resource outflows: The total amount of generated waste includes waste removed from construction sites, aggregated from electronic reporting tools used by Kreate’s waste management partners. The waste volumes for Swedish operations are estimated proportionally based on revenue. The total volumes of hazardous and radioactive waste are calculated using the same methodology.

Circular economy sites are not included in the resource inflow and outflow metrics, as their operational logic differs from other resource flows. Including them could distort the reader’s overall understanding of the scale of Kreate’s resource inflows and outflows. Instead, circular economy inflows and outflows are presented in the company-specific metric.

Reception and processing of waste and excavated soil for reuse (company-specific metric): This metric includes excavated soil and construction and demolition waste received at Kreate’s own circular economy sites, as well as products processed and sold for reuse from these sites. It reflects the total volume of Kreate’s Finnish circular economy units, excluding internal transfers between circular economy sites. The metric does not include landfill volumes, as landfills do not focus on reuse. Kreate does not currently operate circular economy sites in Sweden.

The metrics have been externally assured within the scope of the sustainability report assurance. However, the metrics and their results have not been separately validated by any third party.

S – Social responsibility

S1 – Own workforce

Material impacts, risks, and opportunities related to working conditions, equal treatment, and equal opportunities for all, as well as their management. The symbols + and – indicate whether the impact is positive (+), negative (-), a risk (-), or an opportunity (+).

Impacts	Risks and opportunities	Management
Working conditions		
<p>+ Employment security: The majority of employment contracts are full-time and permanent.</p> <p>+ Working hours: We offer full-time work to most employees, and our personnel are generally satisfied with our working time arrangements. We also provide flexible working hours, especially to accommodate students' needs.</p> <p>+ Sufficient salary: We pay fair wages. Our salary levels exceed the minimum set in collective agreements, which has a positive impact on employees, contributes to society through taxes, and helps ensure adequate and appropriate staffing.</p> <p>– Work-life balance: The seasonal nature of construction, frequent worksite changes, and distant work locations may make it difficult to balance work and private life.</p> <p>– Health and safety: Construction involves an increased risk of accidents, which, if realized, can have negative effects on the individual worker and potentially others.</p>	<p>– Financial risk: Accidents pose financial risks, such as increased pension contributions, fines, legal expenses, reputational damage, and lost revenue if work progress is delayed due to employee absences.</p>	<ul style="list-style-type: none"> • We offer various working time arrangements that enable, for example, students to complete internships. • The company's workforce development plan defines recruitment principles and guidelines for roles being filled. • We continuously develop our safety culture through safety observations and active monitoring, including near-miss analyses, corrective actions, and recommendations.
Equal treatment and equal opportunities for all		
<p>+ Training and skills development: We provide regular training to maintain and enhance the skills and knowledge of our employees. This benefits both the individual and society.</p> <p>+ Measures to prevent workplace violence and harassment: As a company, we take actions to prevent workplace violence and harassment, which is expected to have a positive impact by reducing the number of incidents.</p>	<p>+ Skilled workforce / training and skills development: As a company, enhancing our workforce's expertise allows us to participate in increasingly complex projects that require strong references from previous projects.</p>	<ul style="list-style-type: none"> • We ensure that employees have the necessary skills and up-to-date qualifications through regular training and hands-on learning in challenging projects. Training and development activities are monitored in our system. • We take measures to prevent workplace violence and harassment. As a company, we actively promote equal treatment and have processes and procedures in place to prevent harassment.

Material impacts, risks, and opportunities and their interaction with strategy and the business model

Kreate's own workforce includes only the company's employees under an employment contract, referred to in this report as personnel. In Kreate's strategy, skilled personnel are defined as a key asset. Employees are the company's most significant resource and a source of competitive advantage. Kreate seeks to develop its expertise and grow its talent pool through various means, including offering internships for students in the field, providing employees with opportunities to enhance their skills and advance in their careers, and recruiting new professionals.

The company provides regular training and gives employees access to challenging projects, which help develop their expertise and professional references. The development of expertise has a positive impact on society, the individuals themselves, and Kreate, which, in turn, gains access to increasingly complex projects that require strong references.

Since employees play a crucial role in the company's success, Kreate strives to ensure employee well-being. The company primarily offers full-time, permanent employment while also providing flexible working arrangements, particularly for students. Kreate ensures that it offers competitive wages, creates opportunities for professional development, and fosters a positive work environment (see section G1 corporate culture). As an employer, Kreate is committed to promoting equal treatment across genders. However, it remains possible that individuals may act inappropriately or against the company's principles. Kreate takes a proactive approach to addressing misconduct and harassment and implements measures to prevent inappropriate behavior.

Despite the positive aspects, work-related risks also exist. Construction work involves an elevated risk of accidents, which, if realized, can have severe consequences for the affected worker or others. At worst, this can lead to fatalities. From Kreate's perspective, workplace injuries pose financial risks, as workplace accidents can lead to increased pension costs, fines, reputational damage, or revenue loss if project progress is hindered.

In addition to accident risks, employees may face challenges in balancing work and personal life due to seasonal fluctuations in construction activity, the location of worksites far from home, or frequent site changes. Construction workers may also be exposed to difficult weather conditions year-round, dust from construction materials, or substances of concern, which may pose health risks. Proper work methods, protective equipment, and processes are used to mitigate these risks.

Kreate evaluates impacts, risks, and opportunities relative to the minimum requirements of Finnish legislation. The company does not identify any significant risks or opportunities related to freedom of association, labor negotiations, employment of disabled persons, diversity, child labor, or forced labor, as it complies with Finnish law, respects human rights, and upholds children's rights. Competence and qualifications guide recruitment decisions, and the company does not collect or inquire about information on disabilities or favor candidates for the sole purpose of promoting diversity.

The relationship between Kreate's own workforce and its strategy and business model is detailed in ESRS 2 on page [40](#) (resilience analysis).

Policies related to own workforce

The purpose of these policies is to manage negative impacts and risks while promoting positive impacts and opportunities. The most significant negative impacts are related to occupational accidents, and the company has reinforced its workplace safety policies, which are outlined in the Occupational safety section of this report. The most significant positive impacts relate to education and professional development, and these policies are described in the Training section. The company's human rights-related policies are covered in the Human rights section. Kreate's key operational principles are summarized in the Kreate Group Code of Conduct, which explicitly prohibits forced labor and child labor. The Code of Conduct does not specifically mention human trafficking.

Kreate's minimum standard for policies is based on legislation. In many areas, the company's policies exceed the legal minimum requirements, reflecting its values, strategy, and operational needs. The following outlines the key policies related to job security, working hours, compensation, turnover management, and equality.

Kreate's workforce management is guided by the personnel development plan, which outlines staffing levels, workforce structure, and anticipated future personnel needs. The plan also aims to identify actions to maintain and enhance professional expertise and to define training objectives. Additionally, the plan includes measures to support employee well-being and work-life balance.

The personnel development plan also includes principles for different employment contract types and the possibility of temporary layoffs when needed due to seasonal variations. These strategies help manage financial risks associated with fluctuations in operational volume. At the same time, Kreate recognizes the importance of specialized expertise for its success, which is why it applies temporary layoffs cautiously.

Compensation is a key tool for motivating employees and enhancing commitment to the company. Kreate's compensation policy and reward structures are designed to provide competitive earning opportunities within a comprehensive total compensation framework.

To manage turnover, Kreate creates an environment where responsibility, decision-making authority, and incentives are linked to project success and individual performance. The company also actively invests in employee well-being, workplace culture, and team cohesion (see also G1 corporate culture).

Kreate has an equality and non-discrimination plan in place. The company promotes equality and fairness in the workplace and does not tolerate discrimination, harassment, or bullying. Any issues are addressed promptly. The company respects employees' rights to professional organization and collective bargaining and complies with collective labor agreements. Employees' representatives are given the opportunity to fulfill their duties. Kreate values freedom of expression, including political opinions, but does not allow political activities at its worksites or offices.

Occupational safety

Kreate complies with all laws and regulatory requirements, as well as client instructions and internal company guidelines. The company's occupational safety policy and principles are based on six core pillars:

- Zero-accident mindset: Every workplace accident is unnecessary, and all accidents are preventable.
- Continuous training: Ensuring that employees receive adequate occupational safety training, onboarding, and personal protective equipment to work safely.
- Shared learning: Every accident and near-miss is investigated, and the findings are shared.
- Safety applies to everyone: Responsibility for safe work practices is recognized, and shortcomings are addressed immediately.
- Observation: Continuous safety monitoring and improvements based on observations.
- Continuous improvement: Developing and enhancing occupational safety in collaboration with employees at all organizational levels.

Every individual working at a Kreate construction site has the right to a psychologically and physically safe work environment. As the main contractor, Kreate assumes responsibility for occupational safety and well-being and is committed to ongoing improvements to enhance workplace safety. Occupational safety is a broad concept, encompassing protective equipment, work methods, psychological workload, and recovery.

The principles related to occupational safety and employee representation are outlined in the Engagement with employees and their representatives on impacts section.

Training

Kreate's approach is to enhance both company-wide and employee-specific expertise through active and complementary methods. The company offers internships to students in the field, aiming to recruit and develop young professionals. For existing employees, skills are maintained and expanded through comprehensive training programs and on-the-job learning. Training programs ensure that employees meet qualification requirements, while work experience strengthens both individual and company credentials.

Annual development discussions are conducted with all employees, and additional follow-up discussions are held with salaried personnel. For salaried employees, development plans are created during these discussions to support performance management, track skill development, and align personal goals with the company's strategic objectives.

Kreate also acquires expertise through targeted recruitment. Overall, the company aims to be a workplace where professionals can take on demanding infrastructure projects and develop their skills. This objective is reflected in the company's training principles and actions.

Human rights

Kreate Group is committed to respecting and promoting human rights in all its operations. The company upholds the Universal Declaration of Human Rights by the United Nations (UN), the fundamental principles and rights at

work outlined by the International Labour Organization (ILO), and the principles of the UN Global Compact initiative and OECD Guidelines for Multinational Enterprises.

Kreate does not claim compliance with the UN Guiding Principles on Business and Human Rights, as these principles also include corporate due diligence obligations, which Kreate has not systematically implemented. The corporate due diligence obligation aims to promote sustainable and responsible business practices in global value chains and to embed human rights and environmental protection into corporate operations and governance. Under due diligence requirements, companies are expected to identify, prevent, mitigate, and cease business activities that cause negative human rights and environmental impacts, extending responsibility across corporate operations, supply chains, and subsidiaries.

Kreate is not subject to the corporate due diligence obligation due to its size. The obligation will be phased in from 2027, first applying to the largest companies, and from 2029, it will apply to companies with over 1,000 employees and revenue exceeding EUR 450 million. In 2024, Kreate had a revenue of EUR 275.5 million and an average of 507 employees.

Kreate's value chain is primarily local, with global supply chains mainly limited to specific material procurement, which is conducted through recognized and reputable importers, wholesalers, and partners. The company has not made a decision on the voluntary implementation of corporate due diligence requirements or a timeline for such an initiative.

In 2024, no human rights violations were reported to the company.

Processes for engaging with employees and their representatives on impacts

Kreate actively engages in dialogue with its employees at both the individual and workplace community levels, as well as through employee representatives.

Annual development discussions are conducted with employees, and development plans are created for salaried personnel. Each salaried employee has the opportunity to influence the content of their development plan, which is directly linked to their career advancement opportunities. Additionally, follow-up discussions are held annually to review progress on development plans. These discussions play a key role in employee development, supporting performance management and tracking skill development and objectives, which are aligned with the company's strategic goals.

Kreate conducts a biennial employee satisfaction survey, the results of which are used to develop company-wide, unit-level, and team-level improvement plans, which are then regularly implemented. Every other year, Kreate also collaborates with its pension insurance provider to conduct a workplace well-being survey, from which company- and unit-level development actions are derived.

In addition to direct employee engagement, Kreate interacts with personnel through employee representatives in the co-operation and occupational safety committees (hereafter referred to as the co-operation and occupational safety committee). This collaboration is based on Finnish labor law, which promotes interactive co-operation processes between companies and employees. The committee convenes four times a year and includes

representatives from both the employer and employees. Occupational safety representatives and employee representatives are elected every two years in elections held in November and December.

Regarding occupational safety, the committee addresses issues related to employee safety, health, and well-being. If workplace conditions require improvement or changes, corrective actions are planned in collaboration with the entire workforce. The key tasks of the occupational safety function include proposing workplace safety and health improvements to management, monitoring the implementation of the occupational safety program and occupational healthcare services, and making recommendations for further development. The occupational safety program serves as the guiding document for occupational safety activities and is updated as needed, but at least every two years.

Kreate's internal occupational safety and well-being metrics include workplace safety indicators (accident frequency, TR, RRK, and MVR measurements), internal well-being surveys, and sick leave rates. The Kreate Group management team sets annual targets for occupational safety and health.

Occupational safety is considered from the planning phase onward, following the company's operational system guidelines, templates, and checklists. Company leadership ensures that sufficient resources and funding are allocated for occupational safety. The HR department supports the safety manager in organizing the necessary safety training programs.

Processes for addressing negative impacts and channels for raising concerns

Kreate has established confidential reporting channels for suspected misconduct in both Finland and Sweden. These channels allow anyone to report suspected violations without fear of retaliation. The FirstWhistle reporting system is hosted on an external service provider's servers, with access links available on Kreate's website and internal intranet. All reports submitted through these channels are thoroughly investigated, and appropriate corrective actions are taken if violations are confirmed. The company actively communicates about the reporting channel to employees as part of onboarding and ethical conduct training. Additionally, subcontractors are informed about the channel as part of the subcontractor code of conduct. In 2024, no reports were submitted through the company's whistleblowing channels.

Implementation of actions related to impacts, risks, and opportunities and their effectiveness

Occupational safety (mitigation of negative impacts)

Kreate continues to strengthen its occupational safety culture, with a particular focus on increasing the number of safety observations and preventing accidents. The following key procedures are in place to manage significant negative impacts.

Every worker on-site undergoes job and site-specific orientation and must have completed occupational safety card training. For Kreate employees, this training is primarily provided in-house to ensure that the content aligns with the company's specific needs and addresses the challenges experienced at Kreate's sites.

Before beginning work, each individual's work authorization and required qualifications are verified. Those without proper authorization are removed from the site. Work is only permitted for individuals who meet the necessary

qualifications for the specific task. New workers are given site orientation and task-specific training before starting their work.

All employees and contractors are required to use the mandated protective equipment, follow safety guidelines, and report any deficiencies. The minimum required safety gear on all worksites includes Class II high-visibility protective clothing, a chin-strapped safety helmet, eye protection, and ankle-high safety footwear. Cut-resistant gloves are recommended unless specialized gloves are required for a particular task. When specific protective equipment is needed for a job, it must be worn without separate instructions. Kreate provides protective clothing for its employees.

Employees and subcontractors are expected to commit to set occupational safety targets. Every worker on-site must immediately report any accidents, near-miss situations, or hazards. This reporting obligation also applies to subcontractors and client-specific procurement projects. Kreate also actively encourages the recording and documentation of safety observations. The company monitors the rolling 12-month combined accident frequency rate on a monthly basis.

Workplace accidents and hazardous situations are discussed in weekly site meetings and monthly Kreate Group management meetings. Monthly safety reports are distributed via email to employees and printed in break areas. All accidents and near-miss incidents are reported to clients and reviewed in site meetings. Serious workplace accidents are reported to authorities as required, and internal reporting follows Kreate's crisis communication protocol, notifying the CEO, unit director, HR director, safety manager, communications manager, and the client as soon as possible.

Each construction site has a safety plan, which includes general site information, the safety organization, risk assessments, and instructions for first aid, fire safety, safety planning and monitoring, employee orientation, reporting, and emergency response procedures. The safety plan is based on Finnish laws and regulations, Kreate's internal guidelines, and the client's Safety Document. Railway work requires a separate safety plan, incorporating railway-specific safety requirements. Task- and quality-specific plans include safety measures for each phase of work, and separate task-specific safety plans are created for hazardous work phases.

Training (promotion of positive impacts, economic opportunities, and risk mitigation)

Kreate continues to actively develop employee training and professional development programs. Strengthening skills and expertise not only creates positive impacts and opportunities but also mitigates risks that may arise due to insufficient competencies. The company provides regular training through KreateAcademy and offers employees opportunities to work on challenging projects, helping them build expertise and gain professional references.

Kreate also provides regular training on its Code of Conduct, covering topics such as identifying and preventing corruption, human rights, and equal treatment. The Code of Conduct is included in new employee onboarding, and all employees must review the guidelines and complete an online course every two years.

Targets related to the management of impacts, risks, and opportunities

Targets for 2025	2024
Employee satisfaction	
Employee willingness to recommend Kreate as an employer, eNPS > 50	49
Occupational safety and safety culture	
Combined accident frequency rate < 11	11.3
Safety observations conducted in 100% of projects	16%
At least 6 safety observations per employee	4.6
Competence development	
Offer internships to at least 50 students annually	71
Increase the number of interns transitioning into permanent roles – at least one in three newly hired site managers and project engineers should have previously interned at Kreate	39%
Support employee career development – development discussions conducted and development plans documented for 75% of salaried employees	58%
Responsible employer	
100% of new employees have received onboarding training	N/A
100% of employees trained on the company's Code of Conduct	72%
0 ethical violations reported	5

Metrics

Own workforce: Kreate's own workforce includes only employees under an employment contract, referred to in this report as personnel. The majority of employees are men. Kreate primarily offers full-time, permanent employment, while also providing flexible working arrangements, particularly to accommodate students' needs. The characteristics of Kreate's employees under an employment contract are detailed in the accompanying table.

Gender is reported based on registered gender. Kreate operates in Finland and Sweden, where legislation does not allow official registration as gender-neutral. Consequently, Kreate does not apply the "Other" category in gender reporting.

Characteristics of employees under an employment contract

2024

	Number of employees under an employment contract (headcount)
Gender	
Men	451
Women	60
Not disclosed	0
Total employees under an employment contract	511
Number and average	
Total employees	511
Average number of employees	507
Country	
Finland	426
Sweden	85

Presentation of employee data by contract type and gender

2024

WOMEN	MEN	NOT DISCLOSED	TOTAL
Number of employees under an employment contract (headcount)			
60	451	0	511
Number of permanent employees (headcount)			
58	432	0	490
Number of fixed-term employees (headcount)			
2	19	0	21
Number of employees with variable working hours (headcount)			
2	12	0	14

Työsuhteisia työntekijöitä koskevien tietojen esittäminen sopimustyypeittäin eriteltynä alueittain (henkilömääränä) 2024

FINLAND	SWEDEN	TOTAL
Number of employees under an employment contract (headcount)		
426	85	511
Number of permanent employees (headcount)		
405	85	490
Number of fixed-term employees (headcount)		
21	0	21
Number of employees with variable working hours (headcount)		
14	0	14

Turnover	2024
Total number of employees who left the company during the reporting period	107
Employee turnover rate during the reporting period	21

Diversity metrics	2024
Number of employees by age group	
Under 30 years	84
30-50 years	311
Over 50 years	116
Percentage of employees by age group	
Under 30 years	16%
30-50 years	61%
Over 50 years	23%
Number of executives by gender	
Women	1
Men	8
Percentage of executives by gender	
Women	11%
Men	89%

Living wage: Kreate pays all employees a living wage. Kreate understands a living wage as a salary that covers basic living needs in the Nordic countries. In practice, a living wage is ensured by paying employees a salary that exceeds the minimum level set by the collective agreement.

Metrics on training and skills development	2024
Average number of training hours per employee	14
Women	10
Men	14
Percentage of employees who participated in regular performance and career development evaluations	58%
Percentage of women who participated	77%
Percentage of men who participated	55%
Percentage of employees who participated in regular performance and career development discussions by employee category:	
White-collar employees	76%
Blue-collar employees	32%

Health and safety / employees	2024
Percentage of employees covered by a statutory* occupational health and safety management system	100%
Number of fatalities due to work-related injuries and work-related health issues (own employees)	0
Number of fatalities due to work-related injuries and work-related health issues (value chain workers working on Kreate's sites)	0
Number of recorded occupational accidents among employees	32
Percentage of recorded occupational accidents among employees	6%
Number of recorded work-related health issue cases subject to legal restrictions on data collection	3
Number of lost days due to work-related injuries, fatalities from occupational accidents, work-related health issues, and fatalities from work-related health issues	95

*covered by an occupational health and safety management system based on legal requirements and/or recognized standards or guidelines

Metrics on work-life balance	2024
Employees entitled to parental leave (%)	100%
Number of employees who took parental leave	20
Women	2
Men	18
Percentage of employees who took parental leave	
Women	3.3%
Men	4.0%
Metrics on earnings	2024
Gender pay gap (%)	N/A
Annual total earnings (%)	N/A
Cases, complaints, and serious human rights impacts	2024
A) Reported cases of discrimination (including harassment), number of cases	0
B) Other reported complaints and cases related to unethical conduct, submitted through employee reporting channels	0
Total amount of fines, penalties, and compensation paid based on reported cases (A and B), EUR	0

Principles for setting targets

All targets apply to the Kreate Group, unless otherwise specified.

Employee willingness to recommend the employer (eNPS): eNPS = percentage of promoters (%) – percentage of detractors (%), where promoters are individuals who rated the employer 9–10 in the survey and detractors are those who rated 0–6.

Combined accident frequency rate: (Number of workplace accidents within Kreate Group and its subcontractors) / million hours worked. Data from KFS Finland Oy is included only for accidents and working hours related to Kreate's sites. In alliances and joint ventures, all project accidents and working hours are fully included if Kreate is responsible for occupational safety. If Kreate is not responsible for occupational safety, only its own accidents and working hours are considered. Scope: Kreate Group and its subcontractors.

Safety observations per employee: (Number of safety observations reported in Kreate's reporting system by employees and subcontractors) / average number of Kreate Group's employees under an employment contract during the reporting period. Observations do not include those recorded in site meeting minutes or informal reporting channels.

Safety observations per project: (Number of safety observations in the past 12 months) / (Number of active projects in the past 12 months).

Internships: Interns in Kreate Group include summer workers and students completing mandatory internship periods as part of their studies.

Percentage of employees who had a development discussion: (Number of completed development discussions) / (Number of employees under an employment contract at the end of the reporting period).

Percentage of employees trained on the Code of Conduct: (Number of employees who have completed the "Act Ethically" training course within the past 24 months) / (Number of employees under an employment contract at the end of the reporting period). Training completions are counted only for employees employed at the end of the reporting period.

Ethical violations: Includes cases reported through the FirstWhistle channels as well as other ethical violations identified by the company. Also includes substance use on-site as reported by the company's occupational safety manager. Covers both Kreate employees and subcontractors working on Kreate sites. The company does not have a systematic process for reporting minor misconduct, which may affect the reliability of this metric. Additionally, the number of alcohol tests conducted by the safety manager varies annually, potentially influencing the metric's reliability.

Principles for preparing metrics

Gender is reported based on registered gender. Kreate operates in Finland and Sweden, where legal gender registration does not include a neutral option. Therefore, Kreate does not apply the "Other" category in gender reporting. The gender breakdown of senior management includes members of Kreate Group's management team.

The number of employees under an employment contract corresponds to the total number of personnel at the end of the reporting period, as reported in Kreate Group's IFRS financial reporting. The average number of employees for the year is calculated as the average of the employee count at the end of each month. The employee count is reported as headcount. The country-specific employee figures include employees of Kreate Oy and Kreate Group Oy in Finland and Kreate Sverige AB and Kreate Sverige Holding AB in Sweden. Employees under an employment contract are categorized as permanent or fixed-term. Employees with variable working hours are included in the counts for both permanent and fixed-term employees.

The total number of employees under an employment contract who left the company during the reporting period includes all employees who resigned, were dismissed, had their fixed-term contracts expire, or retired during the reporting period. The employee turnover rate is calculated by dividing the number of employees who left by the average number of employees during the year and multiplying by 100.

The age distribution of employees is based on the number of employees at the end of the reporting period, categorized into under 30 years old, 30–50 years old, and over 50 years old.

The average number of training hours per employee under an employment contract is determined by dividing the total number of training hours recorded in the HR system by the total number of employees under an employment contract at the end of the reporting period.

Kreate aims to report compensation-related metrics from 2026 onward.

- Total annual earnings of the highest-paid individual / Median total annual earnings of employees (excluding the highest-paid individual).
- The gender pay gap (%) = (Average salary of men – Average salary of women) / Average salary of men × 100.

Reports of unethical conduct, including discrimination, harassment, and other ethics-related complaints, include cases reported via Kreate's FirstWhistle channel as well as other known incidents, including substance use on-site as reported by the company's occupational safety manager. The metric covers both Kreate employees and subcontractors working on Kreate sites. Kreate does not have a systematic process for reporting minor misconduct, which may affect the reliability of this metric. Additionally, the number of alcohol tests conducted by the safety manager varies annually, which may also influence the metric's reliability.

The metrics have been externally assured within the scope of the sustainability report assurance, but have not been separately validated by any third party.

S2 – Workers in the value chain

Material impacts, risks, and opportunities related to working conditions, equal treatment, and equal opportunities for all, as well as their management, along with other themes assessed as material from the perspective of the sustainability report reader. The symbols + and – indicate whether the impact is positive (+), negative (-), a risk (-), or an opportunity (+). The symbol § denotes an aspect assessed as material for the reader, even if it does not emerge as material through the company's own double materiality assessment from an impact or financial perspective.

Impacts	Risks and opportunities	Management
Working conditions		
<p>§ Employment security and sufficient salary: We comply with legislation and, in some cases, exceed its requirements. For example, we do not allow light entrepreneurship or subcontracting chains, nor do we select subcontractors suspected of paying insufficient wages.</p> <p>— Work-life balance: The seasonal nature of construction and the fact that worksites may be located far from home can make it difficult to balance work and private life.</p> <p>— Health and safety: Construction involves an increased risk of accidents, which, if realized, can negatively affect the worker involved or potentially others.</p>	<ul style="list-style-type: none"> We ensure that subcontractors comply with the essential working conditions required by law, including adequate wages. Raw materials, such as steel, are sourced from countries where there is no apparent risk of insufficient wages. Light entrepreneurship and subcontracting chains are prohibited on our worksites. 	
Equal treatment and equal opportunities for all		
	<p>— Skilled subcontractors / training and skills development: A lack of competence among subcontractors poses a financial risk to the company, including an increased risk of workplace accidents (insurance premiums, penalties), reputational risks, and the costs of correcting improperly performed work.</p>	<ul style="list-style-type: none"> We require and monitor that workers have the necessary qualifications for their tasks and ensure that all individuals working on-site, whether our employees or subcontractors, undergo appropriate orientation. We require subcontractors to commit to Kreate's Code of Conduct for subcontractors.

Material impacts, risks, and opportunities and their interaction with strategy and the business model

Among the employees in the value chain, subcontractors are clearly the most significant stakeholder group for Kreate. A subcontractor is classified as any supplier to Kreate, ranging from material suppliers to construction contractors. Subcontractors are entities with whom Kreate has a direct contractual relationship, where Kreate acts as the client. As the client, Kreate often has the ability to influence contract terms and operational practices between companies.

Within subcontractors, the most significant stakeholder group consists of subcontractor contractors who physically work on Kreate's construction sites. These subcontractor contractors include both large and small operators. Additionally, employees of Kreate's jointly owned company, KFS Finland, are considered Kreate's subcontractors when they work on Kreate's construction sites. Subcontractor contractors are the most relevant group in terms of sustainability for Kreate, as Kreate has a legal responsibility for the safety of all individuals working on its sites. Furthermore, subcontractor contractors represent a significant labor resource for the company, on which it is also dependent.

In Section S2, Value chain employees, the focus is particularly on the impacts, risks, and opportunities associated with subcontractor contracting and their management through the company's principles and actions. We also report, to a lesser extent, on the principles and measures related to other subcontractors, such as material suppliers. The company does not report on employees at the beginning and end of the value chain, as the impacts, risks, and opportunities associated with them fell below the threshold in the double materiality analysis.

Subcontractors are subject to the same potential and actual impacts related to the industry as Kreate's own workforce: Construction involves an elevated risk of accidents, which, if realized, can lead to negative consequences for the affected worker or potentially other individuals. A subcontractor's accident may result in fines for Kreate if the company has neglected its safety obligations on-site or may increase insurance premiums. In addition to accident risk, the nature of the work can create challenges for subcontractors in balancing work and private life, as construction intensity is seasonal, and sites may be located far from home.

Subcontractors may have to work year-round in challenging and varying weather conditions. Additionally, individuals may need to work in environments with stone or construction dust or come into contact with concerning substances, potentially posing health risks. Appropriate work methods, the use of protective equipment, and established processes mitigate the realization of these negative impacts.

A lack of expertise among subcontractors poses a financial risk to Kreate due to increased accident risk, reputational damage, and the cost of correcting improperly executed work. Unlike with its own workforce, the expertise of subcontractors does not contribute to Kreate's knowledge base or reference portfolio.

Kreate does not have direct control or visibility into the working conditions of subcontractors, including employment security, working hours, and adequate wages. Kreate's subcontractor contractors operate in Finland and Sweden, where wages are generally adequate, and employer obligations and employment security considerations are well understood and observed. We use subcontractors on a project basis at construction sites, and it is possible that subcontractor employees may have zero-hour contracts or part-time contracts against their will. This could be influenced by the seasonal nature of construction. Additionally, our material purchases are sourced as locally as possible; for instance, most of the steel is produced in the Nordic countries, and no significant positive or negative

impacts, risks, or opportunities related to the subcontracting chain are identified in this context. The benchmark for materiality is the minimum standard set by Finnish legislation.

Kreate does not identify impacts, risks, or opportunities related to value chain employees concerning, for example, freedom of association, social dialogue, collective bargaining, employment of people with disabilities, and diversity. Our subcontractor contractors operate in Finland and Sweden, where we do not see a risk that employer obligations would not be properly fulfilled or that individuals would be discriminated against based on disability. Kreate does not collect information on the gender, ethnicity, or other similar characteristics of value chain employees.

It is possible that inappropriate behavior, in the form of harassment, could occur in the operations of a subcontractor. We seek to mitigate this risk by requiring subcontractors to commit to Kreate Group's ethical guidelines for subcontractors and by addressing any inappropriate behavior, regardless of whether it involves our own employees or value chain employees.

Regarding child and forced labor, Kreate assesses that the computers, phones, and machine control devices it uses contain materials sourced from regions where there may be a risk of child and forced labor. In terms of construction materials, we mitigate this risk by using reputable and well-known Western suppliers and wholesalers.

Principles related to value chain workers

Kreate's policies and principles are based on legislation and regulatory requirements, the company's values, as well as its strategy and the needs arising from it. These policies guide the company's decision-making and operations, affecting both its personnel and value chain workers. The actual implementation often takes place through a separate set of operating guidelines. The most essential policies and principles concerning Kreate's value chain workers relate to human rights, occupational safety, and ethical conduct. These principles primarily focus on subcontractors operating at Kreate's construction sites. The management team is the highest level responsible for the implementation of these principles. The ethical principles are accessible to all stakeholders, and subcontractors working on sites are provided with an induction, including necessary safety considerations.

At the upstream end of the value chain, such as in material production, the most relevant practices relate to the company's procurement process. Kreate strives to procure materials as locally as possible and requires that origin information is available for products. Additionally, Kreate mitigates risks by purchasing products from reputable operators and wholesalers.

Human rights

As outlined in Kreate's human rights policy, the company supports the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the fundamental principles and rights at work of the International Labour Organization (ILO), as well as the principles of the UN Global Compact and the OECD Guidelines for Multinational Enterprises. We are committed to respecting human rights and working conditions in accordance with these principles through concrete actions in our daily operations and strive to promote their realization throughout our supply chain. We enter into agreements with reliable partners and expect them to also respect human rights and labor rights in accordance with internationally recognized human rights standards and applicable labor laws and regulations. In 2024, the company was not aware of any cases violating these principles and guidelines related to value chain workers.

In accordance with the Universal Declaration of Human Rights, human rights belong to everyone and cannot be taken away or surrendered, and this is also a commitment in our human rights policy. Our policy and the ethical guidelines for subcontractors prohibit all forms of coercion in our value chain, including child and forced labor, as well as other means of compelling employees to work against their will. Light entrepreneurship is also prohibited on our sites. Our ethical guidelines require subcontractors to comply with the law, which also includes compliance with Finnish legislation that criminalizes smuggling. We promote equality and non-discrimination in the workplace and do not tolerate discrimination, harassment, or bullying. Any issues are addressed proactively.

We require all our subcontractors and partners to commit to the same human rights standards and principles as our Group. The commitment to ethical conduct has been incorporated into the company's contract templates updated in 2024, which are used for new agreements. Ethical conduct may not necessarily be mentioned in contracts for older projects. We actively monitor subcontractors working on our sites to ensure that no human rights violations, such as forced labor or child labor, occur. Regarding other actors in the value chain, we conduct risk analyses as necessary and mitigate risks by working with companies that have a strong reputation. We provide information on human rights to our subcontractors through a dedicated code of conduct (see section Ethical conduct).

Kreate does not have systematic due diligence processes and mechanisms in place to monitor compliance with the UN Guiding Principles on Business and Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, or the OECD Guidelines for Multinational Enterprises. Due to its size, the company is not subject to the due diligence obligation. Kreate focuses its efforts primarily on its own construction sites (both its own personnel and subcontractors working on site) and on the selection of procurement partners. The company does not have fully proactive processes but intervenes and addresses issues if they arise, handling them on a case-by-case basis. The company maintains regular interaction, particularly with subcontractors, though this rarely concerns human rights issues.

Occupational safety

As part of the company's human rights policy and the ethical principles for subcontractors, we are committed to respecting the ILO's fundamental principles of work, according to which everyone working on a Kreate construction site has the right to a physically and mentally safe working environment. As the main contractor, Kreate is responsible for occupational safety and well-being and continuously develops its operations to improve workplace safety. Every worker on-site receives an induction on the work and the construction site. Each employee and contractor is obligated to use the necessary protective equipment, follow safety instructions, and address any potential issues.

We require both our personnel and subcontractors to commit to the established occupational safety objectives. Every individual working on-site must immediately report any accidents, near-miss incidents, or hazardous situations occurring on the site. This reporting obligation also applies to subcontractors.

Processes related to subcontractors and communication regarding impacts on value chain workers

The company has processes in place concerning subcontractors that relate to communication about the impacts on value chain workers. However, the company does not have such processes for other workers at the upstream and downstream ends of the value chain.

The first part of the process consists of contract negotiations, during which it is agreed upon, among other things, what aspects the subcontractor must report to Kreate. In the new contract program, subcontractors commit to reporting to Kreate if they observe negative impacts on human rights or activities that contradict the OECD guidelines or Kreate's ethical principles. Additionally, the contract includes written agreements regarding the subcontractor's obligation to make occupational safety observations and to report deviations, such as work-related accidents and near-miss incidents.

The possible negative impacts of working on-site and their prevention are discussed with each value chain worker before they begin work on a Kreate construction site. The subcontractor must complete a general induction in advance, either electronically or on-site. Following this, the site supervisor responsible for the work phase provides a task-specific induction. Value chain workers on-site are given instructions for making safety observations via a QR code, and as part of the induction, they receive guidance on using the FirstWhistle channel.

At the end of the project, subcontractors receive an NPS survey, the results of which can indirectly indicate whether value chain workers experience a relatively higher or lower number of positive or negative impacts compared to the subcontractor's previous experiences with construction companies operating within Finnish legislation.

Processes for addressing negative impacts and channels for value chain workers to raise concerns

The company's general approach is to intervene in and rectify negative impacts if they occur. For example, the company-wide decision to ban light entrepreneurship was made as a corrective measure after negative impacts related to light entrepreneurship were observed in the subcontracting chain at one construction site.

The company provides confidential channels for reporting suspected misconduct in both Finland and Sweden. Through these channels, anyone can report suspected wrongdoing without fear of retaliation. The FirstWhistle channels are hosted on the service provider's servers and are linked on Kreate's website. All reports are thoroughly investigated, and necessary actions are taken to address any violations. These channels are communicated to subcontractors as part of the general induction and through the ethical guidelines for subcontractors. Additionally, related materials are available in break rooms. The company estimates that the majority of subcontractors are aware of the FirstWhistle channels. In 2024, no reports were made through these channels.

Measures to address significant risks and approaches to mitigating key risks affecting value chain workers, as well as leveraging significant opportunities and evaluating the effectiveness of these measures

In 2024, Kreate continued its core efforts to mitigate key negative impacts and risks while promoting positive impacts and opportunities:

- Induction of value chain workers
- Requiring value chain workers to use necessary protective equipment and follow prescribed safe working methods
- Engaging value chain workers in developing a safety culture, including safety observations and mandatory deviation reporting

These measures are based on our core principles, which are detailed earlier in the section Principles related to value chain workers. In addition to these, in 2024, Kreate implemented the following new measures:

- Adoption of Kreate Group's human rights policy
- Publication of Kreate Group's ethical guidelines for subcontractors
- Update of the general contract program, requiring subcontractors to adhere to Kreate's ethical guidelines. The updated template is used in new projects, but ethical conduct may not necessarily be mentioned in contracts for older projects.

The Kreate Group's ethical guidelines for subcontractors summarize key areas, including compliance with laws, workplace well-being and equality, respect for human rights, safety and health, prevention of the grey economy, and guidance on using the FirstWhistle channel. The ethical guidelines for subcontractors are available on the company's website.

The general contract program is a key part of the agreement between Kreate and the subcontractor. It broadly defines the responsibilities and operational procedures of Kreate and the subcontractor concerning ethical principles, occupational safety, induction, contractor liability, and the use of foreign labor. Kreate's goal is for all new contracts to include this contract program as a written appendix.

Planned actions for 2025–2026:

- Implementation of the contract program in new agreements
- Review of policies and guidelines concerning value chain workers, identification and harmonization of potential differences between Finland and Sweden, and communication in relevant languages
- Assessment of due diligence obligations

Kreate will continue to implement the new contract program in new agreements. The effective adoption of the contract program contributes to positive developments from various perspectives, as subcontractors commit in writing to safety objectives, reporting obligations, and common rules, covering a broad range of aspects from respect for human rights to the provision of sustainability data and limitations on subcontracting chains.

Kreate will continue to review its policies and guidelines and will update and harmonize them as necessary. These policies and guidelines may also impact value chain workers.

Kreate will continue to assess the scope of its reporting and develop its operations while considering the UN Guiding Principles on Business and Human Rights, particularly the corporate due diligence obligation. Kreate will report in its 2025 sustainability report on how and on what timeline it intends to proceed with the due diligence obligation.

Targets related to managing impacts, risks, and opportunities

Targets for 2025	2024
Combined accident frequency rate < 11	11.3
0 ethical violations on Kreate construction sites (including own employees and subcontractors)	5

Metrics

Metrics related to subcontractors	2024
Number of lost-time injuries recorded for subcontractors on Kreate construction sites	21
Number of ethical violations by subcontractors on Kreate construction sites	3

Principles for setting targets

Combined accident frequency rate: (Calculated as Kreate Group's and its subcontractors' accidents) / per million hours worked. Data from KFS Finland Oy is included insofar as its accidents and working hours relate to Kreate's construction sites. In alliance and joint venture projects, all accidents and working hours of the project are fully accounted for if Kreate is responsible for the project's occupational safety. If Kreate is not responsible for occupational safety, only its own accidents and working hours are considered. Scope of the target: Kreate Group and its subcontractors.

Ethical violation: Includes ethical violations reported via the FirstWhistle channels as well as those brought to the company's attention through other means. Also includes substance use on-site as reported by the company's occupational safety manager. The target covers both Kreate's own employees and subcontractors working on Kreate's construction sites. The company does not have a systematic process for reporting minor inappropriate behavior, which may affect the reliability of this indicator. Additionally, the number of breathalyzer tests conducted by the occupational safety manager varies annually, which may also impact the reliability of the indicator.

Principles for setting metrics

Lost-time injuries recorded for subcontractors on Kreate construction sites: Includes all lost-time injuries recorded for subcontractors on construction sites.

Ethical violations by subcontractors on Kreate construction sites: Includes unethical conduct by subcontractors that has come to light through the FirstWhistle channel or by other means, including substance use on-site as reported by the occupational safety manager. The company does not have a systematic process for reporting minor inappropriate behavior, which may affect the reliability of this indicator. Additionally, the number of breathalyzer tests conducted by the occupational safety manager varies annually, which may also impact the reliability of the indicator.

The metrics have been externally verified only to the extent covered by the sustainability report verification. The indicators or their results have not been separately validated by any other external entity.

S4 – Consumers and end users

Material impacts, risks, and opportunities related to the personal safety and social inclusion of consumers and end users, as well as their management. The symbols + and – indicate whether the impact is positive (+), negative (-), a risk (-), or an opportunity (+).

Impacts	Risks and opportunities	Management
Personal safety of consumers and/or end users		
<p>+ Health and safety: The traffic solutions we construct improve traffic safety by reducing the risk of traffic accidents. Additionally, our solutions enhance overall security (e.g., border security, supply security).</p>	<p>+ Market opportunity: Decision-makers' willingness to promote security and supply resilience increases infrastructure investments, such as grade-separated intersections, border fences, railways, and airport/port infrastructure, which expands Kreate's business opportunities.</p>	
Social inclusion of consumers and/or end users		
<p>+ Non-discrimination: Many infrastructure projects promote equality among consumers and support equal mobility opportunities, such as public transportation rail investments. Additionally, infrastructure projects are often designed with accessibility considerations based on client requirements.</p>		
<p>+ Access to products and services: Many infrastructure projects enhance equality among consumers and improve equal mobility opportunities, facilitating access to services and businesses.</p>		

Material impacts, risks, and opportunities and their interaction with strategy and business model

Personal safety of consumers and/or end users: The functional traffic solutions built by Kreate improve traffic safety by reducing the risk of traffic accidents for end users. Additionally, the infrastructure solutions constructed by Kreate collectively enhance end users' overall safety, including from the perspectives of border security and national preparedness. These aspects also create business opportunities for Kreate, as policymakers' interest in promoting security and preparedness drives infrastructure investments in areas such as multi-level intersections, border fences, railways, airports, and port infrastructure.

Social inclusion of consumers and/or end users: Kreate assesses that its infrastructure solutions positively impact non-discrimination and access to services for end users. Many infrastructure projects enhance equality among

consumers, and public transportation projects, such as rail and tram networks, promote equal mobility opportunities. Accessibility considerations are often incorporated into infrastructure projects at the request of the clients. Transportation infrastructure also facilitates end users' access to essential services, particularly in archipelago regions, where bridge connections may be a prerequisite for reaching public services.

Overall, Kreate estimates that its business activities generate positive impacts for all end users of road, rail, and bridge infrastructure through its end products. End users include motorists, heavy vehicle drivers, public transport users in road and rail networks, as well as cyclists and pedestrians. The company's end users also include building occupants when Kreate has performed groundwork. End users are defined as those who utilize the completed infrastructure, while during the construction phase, affected communities are considered stakeholders.

Kreate does not identify any of its end products as having harmful impacts on end users, including in terms of health, privacy, freedom of expression, or non-discrimination. Furthermore, end users are not dependent on product or service information. Kreate's infrastructure is generally accessible to all, including individuals in socially vulnerable positions.

The positive impacts of infrastructure on end users, along with its alignment with broader megatrends such as climate change mitigation, strengthen demand across the industry, thereby increasing Kreate's business opportunities. The company has anticipated this demand-driven business opportunity and aims to expand its railway-related business segment. The strategic focus on railway environments is outlined in the company's updated strategy, published in spring 2024 and presented at the company's capital markets day.

Policies related to consumers and end users

Kreate does not have specific policies concerning consumers and end users. However, the company has policies regarding the safety, quality, and sustainability of the infrastructure it constructs.

Kreate has an externally certified management and environmental system that guides the company's processes to ensure that its objectives (including occupational safety, customer satisfaction, quality, and environmental goals) are achieved. Kreate's management system holds certifications granted by the evaluation board of Rakentamisen Laatu RALA ry for quality, environment, and occupational safety.

The management system comprises the company's organizational structure, general operating procedures, and process instructions with supporting documentation templates. Together, these components form a comprehensive framework designed to mitigate various potential negative impacts—such as those affecting employees and the environment—while promoting positive impacts, including customer satisfaction and quality. Customer satisfaction is considered to correlate positively with end-user satisfaction, as clients commission infrastructure solutions to meet end-user needs, incorporating safety considerations as described earlier.

The management system is updated whenever deficiencies are identified by company management or other stakeholders. The quality manager, in collaboration with the responsible person for the affected process, oversees updates. Additionally, the need for updates is assessed if there are significant changes in the industry, legislation, client requirements, or organizational structure. A review of update requirements is also conducted annually following the management review.

Regarding quality and sustainability, it is important to note that requirements exceeding the minimum standards, as well as project-specific designs, are typically determined by the client. Kreate implements projects based on client plans and operates in alignment with its values: integrity, ambition, straightforwardness, and humanity. The company aims to be a preferred partner in the industry, and as alliance-based construction models become more common, collaboration between clients and other alliance partners will increase.

Processes related to communication with end users and addressing concerns

The company does not have processes for communicating with consumers and end users. Kreate does not directly communicate with end users, as communication is the responsibility of the client, which represents the downstream part of the value chain.

Kreate does not have a dedicated channel for end users to raise concerns. The company operates an open FirstWhistle channel available to all stakeholders, but this channel is not actively promoted to end users. The channel is not intended for end-user concerns unless they pertain to unethical or potentially illegal activities by the company. Typical concerns from end users are expected to relate to infrastructure maintenance, which is outside Kreate’s scope of responsibility.

Measures taken to manage significant risks affecting consumers and end users and to leverage key opportunities

In 2024, Kreate continued key measures from previous years to ensure its capability to construct projects in accordance with client requirements and general quality standards, thereby delivering safe and high-quality infrastructure solutions for end users:

- Ensuring that individuals and contractors working on construction sites hold the necessary qualifications
- Updating the management system, including improvements related to bidding processes, procurement documentation, occupational safety, and environmental matters
- Conducting internal and external audits across a significant portion of ongoing projects
- Providing training for employees

The company plans to continue these measures in the coming years.

Targets related to managing impacts, risks, and opportunities

Kreate has not set direct, quantifiable numerical targets related to consumers and end users. The company recognizes that its infrastructure solutions contribute positively to end-user safety, equality, and social inclusion. However, these impacts are difficult to measure and verify objectively, and Kreate does not consider it appropriate to set targets or develop indicators for this purpose.

Nevertheless, one of Kreate’s sustainability objectives is to build durable and safe solutions that satisfy both clients and end users. The indicator for this objective is the Client NPS, with a target level of >50. The company reports on

this objective quarterly, with the aim of achieving the target every quarter and annually. The target is not benchmarked against previous levels, making it unnecessary to establish a baseline period.

Kreate has only set an indicator for Client NPS because it does not have direct interaction with end users. The company interprets that the client, as the commissioning entity, also represents end users, as they procure infrastructure solutions for their needs. In 2024, the Client NPS was 82, significantly exceeding the target level.

Metrics

Client satisfaction	2024
Client NPS	82

Principles for setting metrics

Client Net Promoter Score (Client NPS): Calculated as the percentage of promoters (%) minus the percentage of detractors (%), where promoters are individuals who gave a rating of 9–10 in the survey, and detractors are those who gave a rating of 0–6.

The results of the NPS survey are not weighted based on project size; instead, each project/client response carries equal weight in the NPS results. Client NPS is reported as a 12-month rolling average. The source data for this indicator consists of responses to the NPS survey conducted for Kreate’s Finnish business operations. No Client NPS surveys have been conducted in Sweden. The Group-level indicator result is calculated based on the assumption that the recommendation likelihood for the Swedish business is at the same level as that of the Finnish business. Consequently, there is significant uncertainty associated with this indicator.

The indicator has been externally verified only within the scope of the sustainability report verification. The indicator or its result has not been separately validated by any other external party.

G – Governance of sustainability

G1 – Business conduct

Material impacts, risks, and opportunities related to corporate culture, relationships with goods and service providers, as well as corruption and bribery, and their management. The symbols + and – indicate whether the impact is positive (+), negative (-), a risk (-), or an opportunity (+). The symbol § denotes an aspect assessed as material for the reader, even if it does not emerge as material through the company’s own double materiality assessment from an impact or financial perspective.

Impacts	Risks and opportunities	Management
Corporate culture		
<p>+ Own operations / corporate culture: Kreate has a strong corporate culture, reflected in a straightforward approach to work, good team spirit, willingness to actively participate in company events, and engagement in creating social media content for the company.</p>	<p>+ Employee commitment: A strong corporate culture helps attract and retain top talent, enabling us to expand and develop operations to become larger and more profitable.</p>	<ul style="list-style-type: none"> Corporate culture is actively promoted and maintained through good leadership, open communication, and shared events, including support for employee club activities.
Protection of whistleblowers		
<p>§ Own operations: Kreate complies with prevailing legislation, under which the company has a whistleblowing channel and related processes.</p>		
Relationships with goods and service providers, including payment practices		
<p>+ Upstream value chain: We have a positive impact on goods and service providers by granting shorter payment terms than our standard terms when necessary, particularly for smaller operators.</p>	<p>+ Good reputation: As a preferred industry partner, Kreate has the opportunity to secure critical subcontractor and skilled labor resources even in times of labor shortages, and when subcontractors have the option to choose their partners.</p>	<ul style="list-style-type: none"> Payment practices are defined in our general contract terms. The finance department monitors payment transactions, and ethical principles are considered in subcontracting.
Corruption and bribery		
<p>+ Own operations / prevention and detection of corruption and bribery, including training: We have a positive impact on preventing corruption and bribery through an ethical corporate culture (integrity) and employee training.</p>	<p>– Risk of corruption and bribery incidents: Corruption or bribery could pose a financial risk to the company through reputational damage, for example, if a client prefers another contractor or if scoring in competitive bidding is negatively affected.</p>	<ul style="list-style-type: none"> The company has ethical principles that are trained and monitored. We address misconduct promptly. Financial transactions are managed centrally within the finance department, where roles are segregated to prevent individual

Role of governance, management, and supervisory bodies

The CEO of Kreate is responsible for managing the company’s business operations across all business units and support functions in accordance with the guidelines set by the Board of Directors. The CEO ensures that business and support functions are managed in alignment with the company’s strategy, considering both business and sustainability perspectives.

Members of the executive management team are responsible for the proper execution of business operations and sustainability management within their respective areas of responsibility. The primary responsibility for sustainability management within the executive management team lies with the CFO, including compliance with the corporate governance code for listed companies, reporting, insider affairs, and internal auditing. Matters related to employees, labor law, and whistleblower protection fall under the responsibility of the HR director. Kreate does not employ an in-house legal counsel but procures legal services as needed.

Kreate’s governance, management, and supervisory bodies have extensive and long-term experience in business operations. Their expertise is particularly strong in the construction industry and closely related sectors, with experience in business management and entrepreneurship. The key professional backgrounds of the Board of Directors and the executive management team are presented on the company’s website.

Process for identifying and assessing material impacts, risks, and opportunities

Kreate has identified material impacts, risks, and opportunities through a double materiality analysis, described from page 43. The principles of analysis and scoring are outlined on page 45. The assessment considered impacts partly in relation to the counterparty’s country, its regulatory framework, and business practices, including aspects such as the prevalence of corruption.

Material impacts, risks, and opportunities

Corporate culture: Kreate’s strong corporate culture positively influences its employees, as evidenced by a high recommendation index, strong team spirit, and pride in the company. A strong corporate culture provides business opportunities for the company, as it helps attract and retain top talent, which contributes to business growth and profitability.

Kreate has a positive impact on its suppliers by adhering to ethical principles in subcontracting and systematically ensuring contractual compliance and payment terms, particularly securing payments for small suppliers in all circumstances. Good relationships with suppliers create financial opportunities for Kreate by increasing its likelihood of securing critical subcontractor or talent resources, even when industry demand exceeds supply and suppliers can choose their partners.

Corruption, bribery, and whistleblower protection: Kreate may have a positive impact on preventing corruption and bribery. Detecting and preventing corruption and bribery are integrated into the company’s ethical guidelines, which have been incorporated into employee training. Additionally, company processes, roles, and access rights have been structured to mitigate related risks, ensuring that significant misconduct would require the involvement of multiple individuals rather than being executed unilaterally.

Despite these measures, corruption or preferential treatment may still occur in the construction industry—both within Kreate’s operations and its subcontracting chain. Examples include selecting contractors without competitive bidding or accepting excessive hospitality. Furthermore, materials and fuels used in construction are produced and refined in countries where corruption may be prevalent. Any corruption or bribery incident could pose a financial risk to the company through reputational damage. Kreate has a legally compliant whistleblower protection channel, which contributes positively to the disclosure of misconduct.

Corporate culture and business conduct policies

Corporate culture is reinforced through active internal communication about competence, teamwork, integrity, and transparency, as well as by demonstrating these values in the company’s interactions with employees. Governance, management, and supervisory bodies incorporate these perspectives into discussions, planning, and decision-making, particularly regarding employee development, recruitment, workforce adjustments, compensation structures, and the financial resources allocated to these areas. In addition, leadership sets an example and encourages employees to participate in various professional and social activities.

In line with its corporate culture, Kreate organizes its business operations and sustainability management with efficiency and minimal hierarchy. The company has approximately 15 policies or comparable internal guidelines, which the executive management team reviews annually to assess their status and potential updates. The Board of Directors approves policies annually, while the executive management team approves other internal guidelines and plans.

Kreate’s risk management policy guides the identification and assessment of risks—including business risks—as well as significant negative impacts. Through policies and guidelines, the company seeks to manage these risks and mitigate actual and potential negative impacts while promoting positive effects and financial opportunities. The company does not have systematic, proactive due diligence processes related to human rights. Instead, corrective actions are taken on a case-by-case basis when issues arise.

The most significant policy document related to business operations is Kreate Group’s ethical guidelines, with a separate version available for subcontractors—Kreate Group’s ethical guidelines for subcontractors, which is publicly accessible on the company’s website. The guidelines define key principles for business conduct, covering aspects such as human rights, prevention of the grey economy, appropriate hospitality, competition law compliance, and whistleblowing. The employee version also includes guidance on reporting, communication, and insider information.

The ethical guidelines are part of Kreate’s ongoing training program and are available in print and online as an e-learning course, which includes a test section. Every new employee must complete this training as part of their induction, and all employees must retake the course every two years. One of Kreate’s sustainability objectives is to train employees on ethical principles, with compliance measured by the percentage of employees who have completed the e-learning course.

Kreate assesses that the construction industry in Finland has a relatively high susceptibility to corruption and bribery. This is partly due to industry concentration, which may lead to nepotism, such as awarding contracts without competitive bidding. Additionally, the high financial volume of material and equipment purchases increases

the risk of excessive hospitality from suppliers. These risks underscore the importance of mandatory ethical training for all employees during induction and renewal every two years.

Supplier relations

Kreate has a positive impact on its suppliers by adhering to ethical principles in subcontracting and ensuring contractual compliance, particularly safeguarding payments for small suppliers. Maintaining strong supplier relationships provides business opportunities for Kreate by increasing its ability to secure critical resources during periods of high industry demand.

According to Kreate’s management system, each construction site is responsible for its own procurement within the company’s approval limits and authorizations. However, framework agreements and other key supplier contracts are reviewed centrally. The system guides supplier selection based on technical (e.g., RALA certification) and financial criteria. The risk of procurement-related misconduct is managed through a two-tier approval process.

Kreate’s approval limits are defined by role, and the executive management team reviews them annually.

The company requires suppliers to meet the same criteria that clients impose on Kreate, which may include quality and environmental considerations, such as the ability to use electric-powered machinery. However, Kreate does not impose environmental requirements beyond legal mandates unless required by clients.

Prevention and detection of corruption and bribery

Kreate maintains zero tolerance for corruption, bribery, and grey economy activities, as stated in its ethical guidelines. The company actively trains employees to recognize and prevent corruption and bribery as part of its regular ethical training program. This training includes case-based scenarios where employees must identify the correct course of action. The training is mandatory for all members of Kreate’s governance, management, and supervisory bodies, most of whom receive similar training through other corporate engagements. The company also communicates its anti-corruption and anti-bribery principles to subcontractors through its ethical guidelines for subcontractors.

Kreate operates confidential whistleblowing channels in Finland and Sweden for reporting and investigating illegal or unethical activities. Reports can be submitted anonymously without fear of retaliation. The FirstWhistle channels are hosted on a third-party server and accessible via Kreate’s intranet and website. All reports are thoroughly investigated, and necessary actions are taken to address violations. Employees and subcontractors receive active communication about these channels, including through ethical training.

Kreate proactively addresses all identified misconduct, whether reported through the FirstWhistle channel or other means. Cases are handled by relevant management personnel, ensuring that individuals involved in the alleged misconduct are not part of the investigation. Depending on the severity of the violation, consequences may include a verbal warning, written warning, reassignment, contract termination, or police notification.

As of 2024, no reports of misconduct have been filed through the FirstWhistle channel, and no corporate fines related to business governance have been imposed on Kreate. If the company were to become aware of suspected

misconduct, it would report the findings to the governance, management, and supervisory bodies. Since no such cases have occurred, the process has yet to be tested in practice.

Actions

In 2024, Kreate implemented the following measures to mitigate significant negative impacts and risks while promoting positive impacts and opportunities:

- Continued the implementation of the updated ethical guidelines (revised in 2023) and directed employees to complete the related online training
- Published the ethical guidelines online training in Swedish
- Released a dedicated version of the ethical guidelines for subcontractors in Finnish and English
- Updated the company’s contract program template, requiring subcontractors to formally commit to ethical conduct and to report any observed unethical practices. This updated template is applied in new projects, while ethical conduct may not necessarily be mentioned in contracts for older projects.
- Organized multiple joint work and social events to support corporate culture
- Provided training for employees and actively communicated the importance of employee competence and adherence to company values

In 2025–2026, the company’s key measure will be to ensure that the contract program appendix is implemented when drafting new agreements. Additionally, the company will focus on ensuring that construction site personnel fully understand the content of the contractual terms and that active intervention takes place if subcontractors fail to comply with them.

During this period, the company will also review and, if necessary, harmonize governance processes between Finland and Sweden, ensuring that adequate resources are allocated for governance in Sweden. In terms of policies, the company will assess the required language versions and ensure effective communication of these policies to the Swedish organization. Furthermore, the internal intranet will be updated to better accommodate the needs of the Swedish business unit and to align with the company’s shared principles.

Regarding personnel and corporate culture, the company will continue to operate in accordance with its values and corporate DNA, emphasizing strong commitment to employees, their well-being, team spirit, and collaboration. Corporate culture will continue to be supported through joint work and social events, strong leadership, incentive-based compensation, and challenging tasks that provide opportunities for professional growth.

Targets	2024
Kreate commits to paying 100% of corporate income tax in Finland and Sweden	100%
100% of employees will be trained in the company’s ethical guidelines	72%
The company aims for 0 ethical violations on Kreate construction sites	5

The company has set targets for training on ethical guidelines, as these comprehensively cover various aspects of ethical conduct, including the detection and prevention of corruption and bribery. Through training, the company can effectively mitigate related negative impacts. The indicator for this objective is the percentage of employees who have completed the online training on ethical guidelines. Additionally, the company has set a zero-tolerance target for ethical violations, reinforcing its commitment to ethical business practices. These targets were not established in collaboration with stakeholders.

The company has not set a specific target for corporate culture, but it measures employees’ willingness to recommend Kreate as an employer (eNPS), which can be considered as positively correlating with corporate culture. The eNPS indicator and results are presented in section S1 Own workforce of the report.

The company has not set a target related to suppliers of goods and services. However, it monitors the satisfaction of these stakeholders through the Subcontractor NPS survey.

The company has not set a target related to whistleblower protection.

Indicators

Corruption and bribery	2024
The number of convictions for violations of anti-corruption and anti-bribery laws.	0
The total amount of fines imposed for violations of anti-corruption and anti-bribery laws (EUR).	0

Principles for setting targets

The proportion of employees who have completed the ethical guidelines online training is calculated as the number of employees who have completed the training within the past 24 months and remain employed by the Group at the end of the financial year, divided by the total number of Group employees at the end of the financial year.

An ethical violation includes reports submitted through the company's FirstWhistle channel as well as other ethical breaches that have come to the company's attention, including cases of substance use on-site as reported by the occupational safety manager. The company does not have a systematic process for reporting minor inappropriate behavior, which may affect the reliability of this indicator. Additionally, the number of breathalyzer tests conducted on-site varies annually, which may also impact the reliability of the indicator. The scope of the indicator covers all Kreate Group companies, their employees, and subcontractors working on Kreate construction sites.

Principles for setting indicators

The number of convictions for violations of anti-corruption and anti-bribery laws and the total amount of fines imposed include all operations within the Group. The amount of fines is reported in euros.

The indicators have been externally verified only within the scope of the sustainability report verification. The indicators or their results have not been separately validated by any other external party.



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Consolidated statement of income

1000 €	Note	2024	2023
Revenue	2.1, 1.5	275,474	320,021
Other operating income	2.2	1,879	892
Materials and services	2.3	-203,587	-251,093
Employee benefit expenses	2.5, 8.3	-44,057	-42,679
Other operating expenses	2.4	-14,839	-13,672
Share of associates' and joint ventures' profit or loss	7.2	391	509
Depreciation, amortisation and impairment	5	-6,575	-6,408
Operating profit		8,685	7,570
Financial income		166	7
Financial expenses		-2,954	-2,953
Financial income and expenses	3.2	-2,788	-2,947
Result before taxes		5,897	4,624
Income taxes	6.1	-1,289	-742
Result for the period		4,608	3,881
Profit attributable to:			
Shareholders of parent		4,374	3,694
Non-controlling interests		235	187
Earnings per share calculated from the income attributable to shareholders of the parent			
Undiluted, €	3.1	0.50	0.44
Diluted, €	3.1	0.49	0.44

Consolidated statement of comprehensive income

1000 €	Note	2024	2023
Result for the period		4,608	3,881
Items that may be reclassified subsequently to the statement of income:			
Foreign exchange rate differences		-10	25
Total comprehensive income for the period		4,599	3,906
Comprehensive income attributable to:			
Shareholders of parent		4,366	3,712
Non-controlling interests		232	194

The notes are an integral part of the financial statements

Consolidated balance sheet

1000 €	Note	2024	2023
ASSETS			
Non-current assets			
Intangible assets	5.3	342	492
Goodwill	5.3, 5.4	40,381	39,999
Tangible assets	5.1	18,287	20,436
Right-of-use assets	5.2	5,152	2,941
Investments in associated companies and joint ventures	7.2	10,512	10,534
Other receivables	3.3	224	285
Deferred tax assets	6.2	918	1,003
Total non-current assets		75,816	75,691
Current assets			
Contract assets	4.1	15,806	14,804
Trade and other receivables	3.4, 4.1	28,317	19,816
Income tax receivables	6.1	699	684
Cash and cash equivalents	3.3	10,811	23,565
Total current assets		55,632	58,870
Total assets		131,448	134,560

1000 €	Note	2024	2023
EQUITY			
Equity attributable to the shareholders of the parent			
Share capital		80	80
Reserve for invested unrestricted equity		19,681	19,681
Treasury shares		-1,658	-1,034
Foreign exchange rate differences		29	37
Retained earnings		25,160	24,005
Total equity attributable to the shareholders of the parent		43,292	42,770
Share of non-controlling interests		293	60
TOTAL EQUITY	3.1	43,585	42,830
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	3.3, 3.4	29,761	29,360
Deferred tax liabilities	6.2	1,449	1,506
Total non-current liabilities		31,209	30,866
Current liabilities			
Interest-bearing debt	3.3, 3.4	10,912	10,968
Contract liabilities	4.2	12,718	12,329
Trade payables and other liabilities	4.2	29,434	34,433
Income tax liabilities	6.1	271	46
Provisions	8.1	3,319	3,088
Total current liabilities		56,653	60,864
Total liabilities		87,863	91,730
Total equity and liabilities		131,448	134,560

Consolidated cash flow statement

1000 €	Note	2024	2023
Result for the period		4,608	3,881
Depreciation, amortisation and impairment		6,575	6,408
Financial income and expenses		2,788	2,947
Income taxes		1,289	742
Other adjustments	2.5.2, 5.1, 5.2, 7.2	-12	872
Total adjustments		10,640	10,969
Change in trade and other receivables		-9,154	15,218
Change in trade payables and other liabilities		-4,509	656
Change in provisions		231	1,224
Total change in working capital		-13,433	17,097
Cash flow from operations before financial items and taxes		1,816	31,947
Interest paid		-637	-829
Interest received		166	6
Other financial items		-605	-398
Received dividends		0	15
Taxes paid		-1,008	-1,147
CASH FLOW FROM OPERATIONS		-269	29,594
Investments in tangible and intangible assets	5.1, 5.3	-5,927	-6,893
Disposals of tangible and intangible assets	5.1, 5.3	4,398	1,030
Acquisition of the subsidiary less cash and cash equivalents on the date	7.1	-350	-
CASH FLOW FROM INVESTING ACTIVITIES		-1,879	-5,862

1000 €	Note	2024	2023
Acquisition of treasury shares	3.1	-625	-534
Drawdown of non-current loans	3.6	1,833	343
Repayment of non-current loans	3.6	-419	-
Drawdown of current loans	3.6	18,125	42,000
Repayment of current loans	3.6	-21,850	-44,969
Repayment of lease liabilities	3.6	-1,668	-1,179
Interest and other loan expenses	3.1, 3.2	-1,787	-1,150
Dividends paid	3.1	-4,208	-4,067
CASH FLOW FROM FINANCING ACTIVITIES		-10,599	-9,556
CHANGE IN CASH AND CASH EQUIVALENTS		-12,747	14,176
Cash and cash equivalents at the beginning of the period		23,565	9,403
Impact of the changes in foreign exchange rates		-8	-13
Cash and cash equivalents at the end of the period	3.3	10,811	23,565

The notes are an integral part of the financial statements

Consolidated statement of changes in equity

1000 €	Note	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
Equity as at 1 January 2023		80	19,681	-500	18	23,353	42,632	-133	42,499
Items of comprehensive income									
Result for the period		-	-	-	-	3,694	3,694	187	3,881
Foreign exchange rate differences		-	-	-	18	-	18	6	25
Total comprehensive income		-	-	-	18	3,694	3,712	194	3,906
Transactions with the owners									
Acquisition of treasury shares	3.1	-	-	-534	-	-	-534	-	-534
Dividend		-	-	-	-	-4,067	-4,067	-	-4,067
Share-based payments		-	-	-	-	1,026	1,026	-	1,026
Total transactions with the owners		-	-	-534	-	-3,041	-3,575	-	-3,575
Equity as at 31 December 2023		80	19,681	-1,034	37	24,005	42,770	60	42,830
Equity as at 1 January 2024		80	19,681	-1,034	37	24,005	42,770	60	42,830
Items of comprehensive income									
Result for the period		-	-	-	-	4,374	4,374	235	4,608
Foreign exchange rate differences		-	-	-	-7	-	-7	-2	-10
Total comprehensive income		-	-	-	-7	4,374	4,366	232	4,599
Transactions with the owners									
Acquisition of treasury shares	3.1	-	-	-625	-	-	-625	-	-625
Dividend		-	-	-	-	-4,208	-4,208	-	-4,208
Share-based payments		-	-	-	-	989	989	-	989
Total transactions with the owners		-	-	-625	-	-3,219	-3,843	-	-3,843
Equity as at 31 December 2024		80	19,681	-1,658	29	25,160	43,292	293	43,585

The notes are an integral part of the financial statements

Notes to the consolidated financial statements

1. General accounting policies used in the preparation of the financial statements

The notes to the consolidated financial statements have been grouped into sections based on their subject. The basis of preparation is described as part of this note, while the accounting policies directly related to a specific note are presented as part of the note in question. The notes contain the relevant financial information as well as a description of the accounting policies and key estimates and judgements applied for the topics of the individual note.

1.1. Group information

Kreate Group Plc, including its subsidiaries is a Finnish infrastructure sector group that constructs demanding infrastructure. The Group's services comprise bridge, transport infrastructure, foundation, concrete and rail construction, rock engineering and the circular economy and environmental business. The Group is an industry-leader particularly in bridge and foundation construction both in terms of volume and expertise. The Group's operations are guided by strong core values, offering solution-driven services to a wide range of clients, including both private and public customers. The Group operates in both Finland and Sweden.

The Group's parent company Kreate Group Plc, established under the laws of Finland and registered on 31 January 2014, is a public limited company, with a registered office in Helsinki, Finland. Kreate Group Plc is publicly traded, with its shares listed on Nasdaq Helsinki under the trading code KREATE. The company's business ID is 2601364-3, and its registered address is Haarakaari 42, 04360 Tuusula, Finland. Kreate Group Plc (hereinafter referred to as the "Company"), together with the subsidiaries presented in Note 7.1, forms the Kreate Group Plc group (hereinafter referred to as the "Group" or "Kreate").

The company's Board of Directors has approved these consolidated financial statements at its meeting held on 28 February 2025. Under the Finnish Limited Liability Companies Act, shareholders have the opportunity to adopt or reject the financial statements at the General Meeting held after they are published. The General Meeting also has the right to resolve to revise the financial statements.

Kreate has issued an XHTML financial review complying with the ESEF requirements on Kreate's website. The audit firm KPMG Oy Ab has provided to company an independent auditor's reasonable assurance report in accordance with ISAE 3000 (Revised) on Kreate's ESEF Financial Statements.

1.2. Accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and in compliance with the IAS and IFRS standards and SIC and IFRIC interpretations valid as of 31 December 2024. The new or revised standards that became effective during 2024 have not had a material impact on the consolidated financial statements. The notes to the consolidated financial statements are also compliant with the Finnish legislation governing accounting and companies that supplements the IFRS regulations.

The consolidated financial statements are prepared based on the original acquisition costs. In business combinations, fair value measurement occurs on a one-time basis when preparing the business combination acquisition cost calculation. Share-based payments related to stock option plans are valued at fair value at the time of grant.

Kreate has extensively assessed the risks associated with the Group when preparing the consolidated financial statements, including climate change. Kreate does not consider climate change to have a specific impact on the information presented in the financial statements. Kreate does not own properties or land that would be deemed at risk of impairment due to climate change-related reasons. Kreate systematically updates its equipment, ensuring that the machinery used in its operations remains technologically current and thus low-carbon.

The consolidated financial statements have been prepared in euros and presented in thousands of euros, unless stated otherwise. The figures have been rounded to the nearest one thousand euros and, therefore, the sums of individual figures may differ from the presented total amounts.

Kreate Group Plc's subsidiary operates in Sweden. The balance sheets of subsidiaries denominated in foreign currencies have been converted into euros using the exchange rates reported by the European Central Bank on the closing date of the financial year, while the income statements and cash flows have been converted using the average rates for the financial year. The translation differences arising from the conversion of subsidiary income statements and balance sheets are recorded in equity as foreign exchange rate differences, with the change in foreign exchange rate differences recognized in other comprehensive income. The non-controlling interests are presented separately in the income statement and comprehensive income statement as a share of the period's profit and comprehensive income, and in the balance sheet as a share of equity.

The foreign exchange rate differences resulting from the elimination of foreign companies' acquisition cost and the conversion of profit and loss following the acquisition are presented under the foreign exchange rate differences in equity. If a foreign subsidiary or a part thereof is sold or otherwise relinquished, the relating accumulated foreign exchange rate differences are recognised from equity in the income statement as part of sales profit or loss. The goodwill arising in connection with the acquisition of foreign units and the fair value adjustments made to the carrying amounts of the assets and liabilities of those foreign units in connection with the acquisition are treated as assets and liabilities of those foreign units. They are converted to euros by using the exchange rates on the ending date of the reporting period.

1.3. The most significant decisions based on management discretion and key uncertainties

Preparing IFRS financial statements requires the Group's management to make certain accounting estimates and discretionary decisions. Discretion applies to the selection and application of the accounting policies, the amounts of assets, liabilities, income and expenses as well as the information presented in the notes.

In its discretion, the management uses estimates and assumptions based on prior experience and the view held by the management at the balance sheet date. The estimates and decisions are reviewed regularly. However, the actual results and timing may differ from these estimates and assumptions.

Use of judgements

Judgement that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements, relates to the following area: Lease agreements (Note 5.2). The management assesses the use of extension, termination or purchase options related to leases and the lease term of leases valid until further notice.

Estimates and assumptions

The assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year comprise the following:

- Recognition of income from projects (Note 2.1)
- Recognition of provisions (Note 8.1)
- Testing of goodwill for impairment (Note 5.4)
- Income tax and of deferred tax assets (Note 6)
- Share based payments (Note 2.5.2).

1.4. Operating segments

The Group has one operating segment: Infrastructure Construction. The segment's business operations mainly consist of infrastructure construction projects. The Group's highest decision-maker, the Board of Directors, monitors the entire Group and ensures that the segment figures are consistent with the Group's consolidated figures.

1.5. Information about geographical areas

The Group operates in Finland and Sweden. The revenue and long-term assets are presented in the table below based on the origin of revenue and the location of assets.

Revenue

1000 €	2024	2023
Home country		
Finland	242,592	297,516
Sweden	32,882	22,504
Total	275,474	320,021

Long-term assets

1000 €	2024	2023
Home country		
Finland	66,261	68,078
Sweden	8,413	6,325
Total	74,674	74,403

The notes on revenue are disclosed in Note 2.1.

1.6. New and changed standards to be applied in future financial periods

The Group has not yet applied the revised standards and interpretations already published by IASB whose effective date is after 31 December 2024. The Group will adopt them as of the effective date of each standard and interpretation or, if the effective date is other than the first day of the financial period, from the beginning of the financial period following the effective date.

The IFRS 18 standard will replace the existing IAS 1 standard and must be applied for financial periods beginning on or after 1 January 2027. The Group is still assessing the impact of the new standard, but the change will at least affect the presentation of the income statement, where the share of the result of joint ventures will be presented below the operating result, and the presentation of the cash flow statement.

According to the Group's current estimate, other changes in standards will have no material impacts on future consolidated financial statements.

2. Result from business operations

2.1. Revenue

Accounting policy applied in the financial statements – Revenue recognition

Sales revenue is recognised to depict the transfer of promised goods or services to customers with a monetary value to which the Group expects to be entitled in exchange for those goods or services. Revenues obtained from the sale of products and provision of services are presented at fair value under revenue, less indirect taxes and discounts, only to the extent that it is probable that a significant reversal in the amount of sales revenue recognised will not occur. The Group recognises sales revenue when (and as) a performance obligation is fulfilled, i.e., when control of the good or service underlying the performance obligation is transferred to the customer.

The timing of recognition of sales revenue is determined by the transfer of control over the good or service to the customer. The Group's revenue is sales revenue recognised over time. The Group may have small amounts of sales revenue recognised at a point in time, but their amount is not material.

Recognition of sales revenue over time

The Group's income flow is generated almost entirely from infrastructure construction project contracts. The Group's most common contract types are a fixed-price project contract, design and build contract, design and build contract including a development phase, alliance and project management contract. Each contract is treated as a single entity, and the income derived from it is recognised as revenue over time based on the degree of completion of the project's performance obligation. In some contracts, the development and execution phases can be identified separately, in which case the customer separately approves the transition to the execution phase. Kreate processes the development and project stages as separate units if they have a material impact. In smaller contracts, the development and execution phases can be processed as a whole, but such that the execution phase is included in the project contract only after the customer has committed to the execution phase. This leads to substantially the same outcome as recognising the phases as income separately. Revenue from contracts with customers is recognised over time, as the customer is considered to have control over the asset where the service is performed. The asset arising from a customer contract is not deemed to have an alternative use for the Group. The Group also possesses the effective right to receive payment for work performed by the time of review.

The determination of revenue recognised over time is based on the degree of completion of the performance obligation for each project. The degree of completion of the performance obligation is defined for each project as the proportion of the cost of work performed to date in relation to each project as the proportion of the estimated total project costs. Revenue from a project may be affected by potential additional work and modifications, the pricing basis of which are determined on a contractual basis. The Group's contracts may also include variable payments, such as bonuses or sanctions. The Group includes variable consideration in the transaction price only to the extent that it is highly probable that no significant reversal needs to be made to the amount of accumulated recognised sales revenues when the uncertainty related to the variable consideration is later resolved. The estimated sales revenue and the total costs are updated at the end of each reporting period. When the outcome of a long-term project cannot be estimated reliably, sales revenue is recognised only to the extent that an amount

corresponding to the costs incurred is available. When it is probable that the total costs required for completing a project will exceed the total project revenue, the expected loss is recognised as an expense immediately.

If the invoicing for a project is lower at the reporting date than the sales revenue recognised on the basis of the degree of completion, the difference is presented as a contract asset as a separate line item in the consolidated balance sheet. If the invoicing for a project is higher at the reporting date than the sales revenue recognised on the basis of the degree of completion, the difference is presented as a contract liability as a separate line item in the consolidated balance sheet. There is no significant difference in time between the payments made by customers and the transfer of the Group's services. The payments made by customers mainly follow the progress of the project, based on the instalment tables agreed in the contract. The Group's project contracts do not include significant financing components, and the payment terms are mainly from two weeks to a maximum of two months.

The calculation and design costs related to project contracts are recognised as an expense. The Group does not have warranty terms that exceed standard practice. The duration of the warranties is generally from two to five years. Standard statutory warranties are treated as provisions, which are described in more detail in Note 8.1. Typically, amendments to contracts consist of additional or modification work, which are treated as part of the original contract. Contractual liabilities that are related to construction contracts and that are not recognised on the balance sheet are presented in Note 8.2.

Management estimates and assumptions – Revenue recognition

Where revenue is recognised over time, the outcome of a project is estimated regularly. The recognition of revenue from a construction contract is based on estimates of the expected sales revenues and expenses of a project as well as on the reliable measurement of the degree of completion of the project's performance obligation. If estimates of the outcome of the project change, revenue recognition is adjusted in the reporting period when the change first became known. Revenue from a construction contract is recognised using assumptions and forecasts, which are mainly related to future material and wage costs and project-related overheads. This may result in a risk that the total cost of the project exceeds the originally estimated costs, making the project loss-making. The risk increases as the duration of delivery increases. This also increases the likelihood that the circumstances on which the forecasts were originally based would change, resulting in additional costs that can no longer be covered. Factors causing increased costs include changes in material and labour costs, project changes due to circumstances, unforeseen costs from project changes, defective deliverables from suppliers and subcontractors, and delays caused by unexpected situations and events. When changes are taken into account cumulatively in forecasts, the recognised revenues and expenses reflect the current degree of project completion. The expected loss on the contract is recognised as an expense immediately.

The Group's projects last from a few months to a few years. In infrastructure construction, operations are typically seasonal in nature and projects yield the most revenue between early spring and late autumn. Almost 90% of the Group's revenue during the financial year was generated in Finland. During the financial year, the revenue of the Swedish subsidiaries was EUR 32.9 million. The assets and liabilities based on contracts with customers are itemised in working capital Notes 4.1 and 4.2.

The Group's revenue is allocated between business functions as follows:

1000 €	2024	2023
Structural engineering ¹⁾	183,006	249,700
Transport infrastructure construction ²⁾	88,789	71,227
Other ³⁾	3,678	-906
Total	275,474	320,021

1) Includes, among others, foundation and engineering construction

2) Includes, among others, railway, road and street construction

3) Includes eliminations of internal items between Group companies

The revenue from Sweden is included in the structural engineering business function. The turnover of transport infrastructure construction has increased compared to the previous financial year. The growth has been particularly driven by work related to railway construction. Revenue of structural engineering has decreased compared to the previous year, despite the increase in turnover in Sweden. The decrease was particularly evident in foundation and engineering construction, where the clients are to a significant extent private parties. Information about geographical areas of revenue is disclosed in Note 1.5.

The Group's revenue is allocated between customer groups as follows:

	2024	2023
Cities and municipalities	14%	18%
Government	50%	40%
Private sector	35%	42%

The private sector's share of Kreate's revenue has remained stable between the financial periods. The share of cities, municipalities, and the government varies according to the ongoing projects.

Order backlog

1000 €	2024	2023
Amount unrecognised as revenue		
Recognised over the year	118,914	168,435
Recognised at a later date	57,683	27,839
Total amount unrecognised as revenue	176,596	196,274

The order backlog decreased compared to the previous year. The order backlog does not include projects currently in the development phase that are expected to enter the implementation phase during the 2025 financial year: the eastern part of the Vantaa tramway and the Tampere passenger rail yard.

2.2. Other operating income

Other operating income amounted to EUR 1.9 (0.9) million during the financial period. In 2024, a capital gain of EUR 0.5 million was recorded in other operating income from the sale of Tuusula office properties. Otherwise, other operating income mainly consisted of the sale of scrap metal, tangible and intangible assets, and insurance compensation.

2.3. Materials and services

1000 €	2024	2023
Materials and supplies		
Procurements during the financial year	58,211	63,313
Lease expenses from short-term leases and leases with low value	3,773	3,814
External services	141,604	183,965
Materials and services in total	203,587	251,093

2.4. Other operating expenses

1000 €	2024	2023
Lease expenses from short-term leases	1,584	1,504
Lease expenses from leases with low value	202	265
Voluntary personnel related expenses	1,604	1,482
Travel expenses	4,393	3,918
IT expenses	1,816	1,598
Other operating expenses	5,239	4,905
Other operating expenses in total	14,839	13,672

2.4.1. Auditors' fees

1000 €	2024	2023
KPMG Oy AB		
Audit	168	138
Other services	88	13
Auditor's fees in total	256	151

Other services consist of the assurance of the sustainability report, the assurance of the ESEF financial statements, and other possible legal and consulting fees.

2.5. Personnel

2.5.1. Employee benefits

Accounting policy applied in the financial statements – Employee benefits

Short-term employee benefits, such as salaries, remuneration, fringe benefits, annual holidays, and bonuses, are recorded for the period during which the work in question was performed.

Pension plans are classified as defined benefit or defined contribution schemes. In defined contribution schemes, the Group makes mandatory, contractual or voluntary contributions towards publicly or privately managed pension insurance policies. The Group has no other payment obligations besides these contributions. All schemes that do not fulfil these criteria are considered defined benefit pension schemes.

The payments made are recognised as personnel expenses once they fall due for payment. Advance payments are recognised as assets on the consolidated balance sheet to the extent that they are recoverable in the form of refunds or deductions from future payments.

The Group's pension schemes are classified as defined contribution schemes, and pension coverage is provided through pension insurance companies. In addition to statutory pension insurance, the Group provides group pension insurance for a limited group of people as well as individual voluntary supplementary pension plans. In the Group pension and voluntary supplementary pension plans, the Group's liability is limited to the amount of the premium paid.

Personnel expenses

1000 €	2024	2023
Salaries and remuneration	35,074	34,306
Share-based payments	989	1,026
Pension expenses	5,772	4,876
Other personnel benefits	2,222	2,472
Salaries and remuneration in total	44,057	42,679

The salaries and remuneration of the Management are itemised in Note 8.3 concerning the related parties.

2.5.2. Share based payments

Accounting policy applied in the financial statements – Share based payments

Share-based incentive plans are measured at fair value at the time of their grant and recognised as expenses in equal tranches over the vesting period. An equivalent adjustment is made in equity, or in liabilities if the benefit is to be paid in cash. The Group reviews the assumption concerning the final amount on each date of the financial statements. The possible adjustments made in the original estimates is recognised on the income statement, and an equivalent adjustment is made in equity or liabilities. If an instalment paid in shares involves a portion paid in cash for taxes, it is treated as part of the transaction paid in shares. The Group has no share-based benefits that are paid in cash and recorded under liabilities.

The Group has long-term equity-based incentive schemes for key personnel of the group and the group's joint ventures. The objective of these schemes is to align the company's, shareholders', and key personnel's objectives

in increasing the company's value over the long term, to engage key personnel with the company, and to provide them with competitive incentive and accumulation schemes based on the earning and appreciation of the company's shares. Equity-based incentive schemes are considered to fall within the scope of IFRS 2 Share-based Payment standard.

Performance share plan for 2021–2024, earning periods 2021-2022 and 2023-2024

In the stock incentive schemes, there is a two-year earning period followed by a two-year vesting period. The company's board decides on the earning criteria of the scheme and the targets set for each criterion at the beginning of the earning period. The potential reward of the scheme is paid out partially in company shares and partially in cash after the end of the vesting period. The cash portion aims to cover taxes and tax-like charges incurred by the participant from the reward. Generally, if the participant's employment or service relationship ends before the payout, the reward is not typically paid. The reward is based on the group's cumulative earnings before interest, taxes, and amortization (EBITA), Kreate's total shareholder return (TSR), and the achievement of the company's strategic objectives.

The target group of the stock incentive scheme consists of members of the executive management team. Additionally, a member of the company's executive management team must own at least 50 percent of the net shares paid to him based on the stock incentive and stock bonus schemes until the member's total share ownership in the company equals his gross annual salary. This number of shares must be owned as long as the membership in the executive management team continues.

Share bonus plan for 2022–2024, 2023-2025 and 2024-2026

The stock bonus schemes are tied to performance targets, based on which the stock bonus is paid to participants after a two-year vesting period. The acquisition and management of the shares are handled by an external service provider, and for this purpose, a holding company, EAI Kreate Holding Oy, has been separately established. The handling of the acquisition of shares for the purpose of compensation within the group has been addressed in Note 3.1 Equity in the consolidated financial statements.

The stock bonus scheme offers key personnel in the target group the opportunity to earn company shares as a reward by converting a portion of the performance bonus determined by the board into shares. The performance bonus converted into shares is multiplied by a bonus factor determined by the board before the payment of the bonus.

The potential bonus of the stock bonus scheme is paid partially in company shares and partially in cash after a two-year vesting period. The cash portion aims to cover taxes and tax-like charges incurred by the key personnel from the bonus. Upon payment, the key personnel are credited with the dividends and any distributions made during the vesting period.

In spring 2024, the board decided on the stock bonus scheme for 2024-2026 and the individuals included in its target group. The target group of the stock bonus scheme consists of 39 different key personnel, including members of the company's executive management team. Participants in the stock bonus scheme can convert a total of approximately €1.8 million of earned performance bonuses into shares. Additional shares are paid to participants with a bonus factor of 0.5, equivalent to approximately 126,000 shares at the closing price on December 31, 2024. The final number of shares to be paid out from the scheme depends on the number of participants, the performance outcome, and the share price at the conversion time.

Management estimates and assumptions - Equity-Based Payments

The expense recorded for the equity-based compensation scheme determined at the grant date is based on the management's estimate of the number of shares for which it is assumed the right will be vested at the end of the vesting period. The estimated number of earned shares is updated until the end of the vesting period based on the fulfilment of the earning criteria and the amount of earned performance bonuses.

Share-based incentives 1 January 2024–31 December 2024

Plan	SHARE BONUS PLAN FOR 2022–2024	SHARE BONUS PLAN FOR 2023–2025	PERFORMANCE SHARE PLAN FOR 2024–2026	PERFORMANCE SHARE PLAN FOR 2021–2022	PERFORMANCE SHARE PLAN FOR 2023–2024	
Type	SHARE	SHARE	SHARE	SHARE	SHARE	
Instrument	Performance period 2022	Performance period 2023	Performance period 2024	PSP 2021-2022	PSP 2023-2024	
Initial amount, pcs	145,744	148,089		160,000	140,000	
Initial allocation date	22/6/2021	8/2/2023	2/27/2024	5/11/2021	8/2/2023	
Vesting date	31/1/2025	31/1/2026	31/1/2027	31/1/2025	31/1/2026	
Maximum contractual life, years	3.6	3.0	2.9	3.2	3.0	
Remaining contractual life, years	0.1	1.1	2.1	0.1	1.1	
Number of persons at the end of the financial year	30.0	27.0	39.0	7.0	7.0	
Payment method	Shares and cash	Shares and cash	Shares and cash	Shares and cash	Shares and cash	
Transactions during the financial year	Performance period 2022	Performance period 2023	Performance period 2024	Performance period 2021-2022	Performance period 2023-2024	Total
Outstanding at the start of the period	142,723	-	-	2,430	137,874	283,027
Changes during the financial year						
Granted during the period	4,916	148,089	-	-	-	153,005
Forfeited during the period	1,895	7,072	-	-	12,000	20,967
Outstanding at the end of the period	145,744	141,017	-	2,430	125,874	415,065

Fair value determination

For share-based incentive plans, a fair value has been determined at the time of granting, which is recorded as an expense for the incentive restriction period.

Effect of Share-based Incentives on the result and financial position during period, €

Expenses for the financial year, share-based payments, equity-settled	989,270
Future cash payment to be paid to the tax authorities from share-based payments, estimate made at the end of the financial year	2,082,337

2.5.3. Number of personnel

	2024	2023
Average number of office employees	285	241
Average number of other employees	222	213
Average number of personnel	507	454
Number of personnel at the end of the period	511	472

In 2024, the joint venture KFS Finland Oy employed 89 people on average (2023: 86).

3. Capitalisation

3.1. Equity

Accounting policy applied in the financial statements – Equity

An equity instrument consists of any contract that evidences a residual interest in the assets of Kreate after deducting all of its liabilities.

The company has one series of shares, and all shares have an equal right to dividends. The shares do not have a nominal value. All shares are fully settled.

Expenses associated with the issuance or purchase of equity instruments are presented as an equity reduction item.

Reserve for invested unrestricted equity

In the reserve for invested unrestricted equity, the company books the amount from the subscription prices obtained in share issues that is not recognised under equity. The acquisition cost of own shares, other than in the shares related to the performance share plan and share bonus plan aimed at key persons, has been booked as a reduction in the reserve for invested unrestricted equity.

Translation differences

Translation differences include translation differences arising from the translation of the financial statements of foreign operations. The change in translation differences is presented in comprehensive income.

The Group's accounting policies relating to share-based payments are presented in Note 2.5.2.

Shares

	Outstanding shares	Treasury shares	Shares in total
Number of shares as at 31 Dec 2022	8,841,266	143,506	8,984,772
Changes in 2023	-75,000	75,000	-
Number of shares as at 31 Dec 2023	8,766,266	218,506	8,984,772
Changes in 2024	-75,000	75,000	-
Number of shares as at 31 Dec 2024	8,691,266	293,506	8,984,772

Treasury shares

As at 31 December 2024, the number of Kreate Group Plc's shares was 8,984,772 and the parent company's share capital amounted to EUR 80,000. The parent company holds 90,000 own shares (treasury shares), whose acquisition cost is EUR 99,300, which has been deducted from the reserve for invested unrestricted equity.

The company has signed a contract with an external service provider on the management of the performance share plan and share bonus plan aimed at key persons. On 31 December 2024, the number of these shares reported on the consolidated balance sheet as treasury shares was 203,506 pieces, of which 75,000 were purchased during the financial period. This number of shares represented 2.3% per cent of all the shares and voting rights in the company. These shares are the property of EAI Kreate Holding Oy until the shares are transferred to the participants according to the incentive plans. EAI Kreate Holding Oy is legally owned by an external service provided but, based on a contract, Kreate exercises actual control in the arrangement and, therefore, the holding company is consolidated into the IFRS consolidated financial statement as a structured entity, whereby a total of 293,506 shares are reported as treasury shares in the consolidated financial statements.

Reserve for invested unrestricted equity

There have been no events affecting the reserve for invested unrestricted equity during the reporting period.

Dividend Distribution and Board Authorizations

Kreate distributed a dividend of EUR 0.48 per share to its shareholders based on the financial year that ended on 31 December 2023. The dividend was paid in two installments. The first installment of the dividend, €0.30 per share, was paid on April 9, 2024, to those shareholders who were registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date of March 27, 2024. The second installment of the dividend, €0.18 per share, was paid on October 3, 2024.

The Board is authorized to decide on the acquisition and pledge of Kreate's own shares. The total number of own shares to be acquired or pledged is up to 898,000 shares. Together with its subsidiaries, Kreate cannot own and/or pledge at any time more than 10 percent of all Kreate's shares. Own shares may only be acquired under the authorization using Kreate's unrestricted equity. No authorizations were utilized during the financial year.

The Board proposes to the Annual General Meeting to be held on 28 March 2025, that based on the balance sheet to be approved for the year 2024, a dividend of EUR 0.50 per share be paid to shares held by external shareholders at the time of dividend distribution. The dividend will be paid in two equal installments, with the first installment in April 2025 and the second in October 2025.

As of the proposal date on 4 February 2025, there were 8,777,569 shares held by external shareholders, corresponding to a total dividend amount of EUR 4,388,784.50.

Earnings per share

Undiluted earnings per share are calculated by dividing the net profit (loss) attributable to owners of the parent company by the weighted average number of ordinary shares outstanding (during the period), excluding any treasury shares held by the company.

Diluted earnings per share are calculated by adjusting the weighted average number of all shares to assume conversion of all potentially dilutive shares. At the end of the financial year 2024, the Group had 203,506 (128,506) treasury shares reserved for the share-based incentive scheme, which will be transferred to the participants in the share-based incentive schemes when the terms and conditions of the plan are met. Further information is provided in note 2.5.2.

Undiluted earnings per share	2024	2023
Profit attributable to owners of the parent company, in thousands of euro	4,374	3,694
Weighted average number of ordinary shares outstanding during the financial year, 1000 pieces	8,751	8,766
Undiluted earnings per share (euro/share)	0.50	0.44
Diluted earnings per share	2024	2023
Profit attributable to owners of the parent company, in thousands of euro	4,374	3,694
Weighted average number of ordinary shares outstanding during the financial year, 1000 pieces	8,751	8,766
Dilution from the shares reserved for share based payments, 1000 pieces	144	129
Weighted average number of shares adjusted for the effect of dilution, 1000 pieces	8,895	8,895
Diluted earnings per share (euro/share)	0.49	0.44

3.2. Financial income and expenses

1000 €	2024	2023
Dividend income	0	0
Interest income	166	7
Other financial income	0	0
Total financial income	166	7
Financial expenses excluding right-of-use assets		
Interest expenses from financial liabilities measured at amortised cost, excl. commercial papers	-1,890	-2,149
Interest expenses from commercial papers	-231	-253
Other interest expenses	-53	-75
Other financial expenses	-605	-399
Financial expenses right-of-use assets		
Interest expenses from lease liabilities	-176	-78
Total financial expenses	-2,954	-2,953
Total financial income and expenses	-2,788	-2,947

3.3. Financial assets and liabilities

Accounting policy applied in the financial statements – Financial assets and liabilities

Financial assets

The Group classifies its financial assets into following measurement categories: financial assets at amortised cost and financial assets measured at fair value through profit or loss. The classification of financial assets is based on the business model determined by the Group and the contractual cash flows arising from the financial assets.

Financial assets are measured at amortised cost when the business model is to hold the asset until maturity and the contractual cash flows consist solely of capital and interest payments. Other financial assets are measured at fair value through profit or loss.

Financial assets are recognised on and derecognised from the balance sheet on the settlement date. Derecognition of financial assets occurs when the Group's contractual right to cash flows ceases to be valid or is lost, or when their risks and income have, in all material respects, been transferred outside the Group. When a financial asset item is derecognised from the balance sheet, the arising profit or loss is recognised directly under financial income or expenses on the income statement (or, in the case of trade receivables, under other operating income or expenses) together with foreign exchange gains or losses, if any.

Financial assets measured at amortised cost

Financial assets measured at amortised cost include fixed-term bank deposits as well as trade receivables and the other receivables excluding accrued income. The interest income obtained from financial assets measured at amortised cost are recognised under financial income using the effective interest method.

The Group uses forward-looking estimates of the expected credit losses on financial assets measured at amortised cost. The method used for estimating impairment is based on whether the credit loss risk on a financial asset has increased significantly.

When recognising impairment on trade receivables, the Group applies a simplified method, according to which an expected credit loss is recognised for the entire validity period unless an impairment loss has already been recognised on the receivable. The need for impairment on asset items is estimated regularly both for individual items and groups of items. Evidence of impairment may include signs of a debtor's significant financial difficulties, bankruptcy or non-performance of contractual payments. The Group evaluates the expected credit loss on trade receivables based on, among other things, the amount of credit losses in previous financial periods, the maturity of trade receivables and the overall economic situation. Changes to expected credit losses and realised credit losses are presented under other operating expenses.

Cash and cash equivalents consist of bank deposits that can be drawn on demand.

The assets and liabilities based on contracts with customers are itemised in working capital Notes 4.1 and 4.2.

Financial assets measured at fair value through profit or loss

The Group had no financial assets measured at fair value through profit or loss in the financial periods 2024 and 2023.

Financial liabilities

The Group classifies its financial liabilities as follows: financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

Non-derivative financial liabilities are classified as financial liabilities measured at amortised cost. They are initially recognised at fair value based on the consideration received. The transaction costs are included in the initial carrying amount of financial liabilities. Later, financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss

The Group had no financial liabilities measured at fair value through profit or loss in the financial periods 2024 and 2023.

Fair value measurement

All assets and liabilities that are measured at fair value, or whose fair value is presented in the financial statements, are categorised using the fair value hierarchy as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair values are essentially based on data other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. When determining the fair value of these instruments, the Group uses generally accepted valuation models whose data is based essentially on observable market data.

Level 3: Fair values are based on unobservable market data for the asset or liability. The Group assesses at the end of each reporting period whether assets and liabilities presented recurrently in the financial statements have moved from one hierarchy level to another. A reassessment of the categorisation is based on significant lowest hierarchy level inputs used to measure fair value.

The carrying amount of short-term trade receivables and other receivables as well as trade and other liabilities is assumed to be the same as their fair value due to their nature.

Financial assets and liabilities measured at amortised cost
31 December 2024

1000 €	Carrying Amount	Fair value
Financial assets		
Receivables	224	224
Non-current financial assets	224	224
Trade and other receivables	27,991	27,991
Cash and cash equivalents	10,811	10,811
Current financial assets	38,802	38,802
Total financial assets	39,026	39,026
Financial liabilities		
Loans from financial institutions	24,635	24,700
Hire purchase liabilities	1,919	1,919
Lease liabilities	3,207	
Non-current interest-bearing liabilities	29,761	
Loans from financial institutions	2,600	2,600
Commercial papers	6,000	6,000
Hire purchase liabilities	226	226
Lease liabilities	2,085	
Current interest-bearing liabilities	10,912	
Trade payables and other liabilities	16,053	16,053
Other current financial liabilities	16,053	16,053
Total financial liabilities	56,725	

31 December 2023

1000 €	Carrying Amount	Fair value
Financial assets		
Receivables	285	285
Non-current financial assets	285	285
Trade and other receivables	19,389	19,389
Cash and cash equivalents	23,565	23,565
Current financial assets	42,954	42,954
Total financial assets	43,239	43,239
Financial liabilities		
Loans from financial institutions	27,172	27,300
Hire purchase liabilities	339	339
Lease liabilities	1,848	
Non-current interest-bearing liabilities	29,360	
Loans from financial institutions	2,600	2,600
Commercial papers	7,000	7,000
Hire purchase liabilities	233	233
Lease liabilities	1,134	
Current interest-bearing liabilities	10,968	
Trade payables and other liabilities	20,835	20,835
Other current financial liabilities	20,835	20,835
Total financial liabilities	61,163	

Loans from financial institutions are classified to hierarchy level 2 of the fair value classification.

3.4. Financial risk management

The aim of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's consolidated statement of income, balance sheet and cash flows. In its business operations, the Group is exposed to interest rate, credit, foreign currency, counterparty and liquidity risks. The financial administration personnel and the operational management are responsible for handling financial matters.

The Group has interest-bearing receivables and liabilities related to its cash reserves but, otherwise, its revenue and operating cash flows are mostly not affected by changes in market interest rates. The Group's main financial liabilities consist of interest-bearing debt and trade payables and other liabilities. The Group does not apply hedge accounting.

Interest rate risk

The aim of the Group's interest rate risk management is to minimise the impact of interest rate fluctuations on the Group's consolidated income statement and cash flow statement. The Group's interest rate risk arises from long-term, variable rate debt contracts and interest-bearing financial assets. Changes in interest rates have an impact on the Group's financial expenses. The Group may take out long-term debt with a variable or fixed interest rate. The ratio of variable rate debt to fixed-rate debt can be altered using interest rate derivatives, if necessary. As of the reporting date, the Group did not have any valid interest rate swaps. Based on a sensitivity analysis of the interest rate risk, a one percentage point increase in interest rates would have increased the Group's net financial expenses by EUR 0.3 (0.4) million before taxes. A one percentage point change would not have had a significant impact on the consolidated balance sheet.

As of the reporting date, the Group had interest-bearing loans from financial institutions amounting to EUR 29.4 (2023: 30.3) million.

The average interest of interest-bearing debt, excluding the lease liabilities recognised on the balance sheet, was 6.1 (5.7) per cent in the January–December reporting period. The average interest rate on the Group's interest-bearing debts has increased in line with market interest rates.

Credit risk

The credit risk is the risk of financial loss arising in cases where a customer is unable to perform its contractual obligations. The Group's credit risk is related to counterparties from which it has outstanding receivables or with which it has entered into long-term contracts. The Group is exposed to the credit risk mainly through its trade receivables and assets based on contracts with customers. The maximum amount of credit risk is the combined carrying amount of the aforementioned items. The credit risk may also result from the Group's finance, guarantee or insurance counterparties.

The Group's tools for managing the credit risk include receiving advance payments, using front-loaded payment schedules in projects and conducting thorough checks of customers' backgrounds. The credit risk of receivables from the public administration or entities owned by it is assessed to be significantly lower.

On each balance sheet date, the Group considers whether there is evidence of impairment of financial assets or financial asset groups. The need for impairment on asset items is estimated both for individual items and groups of items. Evidence of impairment of an individual item may include signs of a debtor's significant financial difficulties,

bankruptcy or non-performance of contractual payments. Changes to an impairment loss entry and credit losses on receivables are presented under other operating expenses.

The Group evaluates expected credit losses on trade receivables based on, among other things, the amount of credit losses in previous financial periods, the maturity of trade receivables and the overall economic situation. During the five-year period preceding the financial year, the Group has not recorded material credit losses.

The amount of impairment and credit losses during the financial year was EUR 58 (2023: 38) thousand. Kreate's customers are mainly financially stable large corporations or public sector entities. Despite an unusually high number of bankruptcies among construction sector companies in recent years, Kreate has not incurred significant credit losses during the financial year due to systematic risk management.

No impairment losses are recognised on assets based on contracts with customers. If a credit risk were detected in relation to asset items based on customer contracts, it would be included in the projects' revenue projections and recognised as reduced revenue and a lower margin estimate. The change made to the recognition of the customer contract will therefore not be treated as a credit loss and will not affect the expected credit loss rate.

Maturity of trade receivables

1000 €	Unmatured	0-30 days	30-90 days	More than 90 days	Total	Expected credit loss	Carrying amount
31 December 2024	27,859	8	23	30	27,920	-58	27,862
31 December 2023	18,866	407	13	-13	19,274	-38	19,236

Liquidity risk

The Group aims to secure the availability of financing and optimise the use of liquid assets in the financing of its business operations. The parent company is responsible for managing the Group's overall liquidity and ensuring that there are sufficient credit limits and an adequate number of different sources of financing available. The Group's liquidity must correspond to its overall liquidity needs at all time. Due to the seasonality of the business and changes in the need for working capital, seasonal financing is highly important. Assessments of the need for financing are based on cash flow estimates. The Group's liquidity comprises revolving overdraft and credit facilities, a commercial paper programme as well as liquid assets consisting of bank deposits. The Group ensures adequate solvency through effective working capital management and revolving credit limits.

The Group's cash and cash equivalents at the end of the financial year amounted to EUR 10.8 (2023: 23.6) million. In addition, the Group had committed revolving overdraft and credit facilities of EUR 20.0 (2023: 20.0) million, which were not in use at the end of the financial period (2023: 0.0). At the end of the financial year, the Group had loans from financial institutions total of EUR 27.2 (29.8) million, subject to covenants. The Group reports its loan covenants to its lenders every three months. The financial covenants applied to the loans concern the ratio of net debt to EBITDA at the end of the 2024 financial year. The covenants had not been breached in the financial years 2024 or 2023.

Kreate has an agreement for a domestic commercial paper programme worth EUR 50 million at its disposal. Within the framework of this programme, the Group may issue commercial papers with a maturity of less than one year. As of 31 December 2024, the Group had issued commercial papers to the value of EUR 6.0 (7.0) million.

Contractual cash flows of financial liabilities, including interest

The following table describes the contractual undiscounted maturity distribution of the remaining financial liabilities on the balance sheet date.

2024					
1000 €	2025	2026	2027-2028	2029 →	Total
Loans from financial institutions	4,024	24,700	-	-	28,724
Hire purchase liabilities	684	568	715	458	2,425
Commercial papers	6,000	-	-	-	6,000
Lease liabilities	2,276	1,794	1,169	414	5,654
Trade payables and other	16,053	-	-	-	16,053
Total	29,037	27,062	1,884	871	58,855

2023					
1000 €	2024	2025	2026-2027	2028 →	Total
Loans from financial institutions	4,358	4,196	24,700	-	33,253
Hire purchase liabilities	277	218	197	9	700
Commercial papers	7,000	-	-	-	7,000
Lease liabilities	1,203	1,019	624	268	3,115
Trade payables and other	20,835	-	-	-	20,835
Total	33,673	5,433	25,520	277	64,903

A significant portion of the Group's loans from financial institution will mature in the next financial year. Management is negotiating the refinancing of these loans. The Group expects to complete the refinancing arrangements before the due date, ensuring the continuity of financing.

Foreign currency risk

In addition to Finland, Kreate operates in Sweden. When a parent company combines the financial statements of subsidiaries operating in foreign currency in the consolidated financial statements in euro, it is exposed to translation risk. Kreate does not hedge against translation risk.

3.5. Management of the capital structure

Equity at the time of the financial statements consists of the share capital, the reserve for invested unrestricted equity, translation differences, treasury shares and retained earnings. The aim of the Group's capital management is to ensure the normal preconditions for business operations.

The capital structure is primarily influenced by managing investments and the amount of working capital employed in operations. Through capital management, the Group aims to ensure, among other things, compliance with the covenants related to its interest-bearing debt to achieve its targets.

The most important key figure concerning capital management is the ratio of net interest-bearing debt to EBITDA, which was 2.0 (1.2) at the end of the financial year. Kreate operates in project-based business, where the allocation of sales invoicing between financial years varies, affecting the amount of cash at the balance sheet date.

The Group's net working capital aligns with the company's long-term goal of maintaining net working capital at approximately zero. The Group has continued systematic work on liquidity and risk management in projects. Kreate's target level is to keep the net debt/EBITDA ratio below 2.5.

Net debt

1000 €	31.12.2024	31.12.2023
Interest-bearing debt	40,672	40,328
Cash and cash equivalents	10,811	23,565
Net debt	29,862	16,762

EBITDA

1000 €	31.12.2024	31.12.2023
Operating profit	8,685	7,570
Depreciation, amortisation and impairment	6,575	6,408
EBITDA	15,261	13,978

3.6. Changes in debt due to financing

Debts from financing activities

2024 1000 €	Opening balance	Cash flows (drawdown/ repayment)	Transfers between non-current and current balance sheet items	Company acquisitions	Other changes with no cash flow effect	Closing balance
Loans from financial institutions	27,172	-	-2,600	-	62	24,635
Hire purchase liabilities	339	1,414	-117	300	-18	1,919
Lease liabilities	1,848	-	-2,276	-	3,635	3,207
Non-current interest-bearing liabilities	29,360	1,414	-4,994	300	3,680	29,761
Loans from financial institutions	2,600	-2,600	2,600	-	-	2,600
Commercial papers	7,000	-1,000	-	-	-	6,000
Hire purchase liabilities	233	-125	117	-	-	226
Lease liabilities	1,134	-1,668	2,276	-	343	2,085
Current interest-bearing liabilities	10,968	-5,393	4,994	-	343	10,912
Total debt from financing activities	40,328	-3,979	-	300	4,023	40,672

2023 1000 €	Opening balance	Cash flows (drawdown/ repayment)	Transfers between non-current and current balance sheet items	Company acquisitions	Other changes with no cash flow effect	Closing balance
Loans from financial institutions	29,714	-	-2,600	-	58	27,172
Hire purchase liabilities	418	343	-424	-	1	339
Lease liabilities	1,939	-	-1,203	-	1,112	1,848
Non-current interest-bearing liabilities	32,072	343	-4,227	-	1,172	29,360
Loans from financial institutions	2,600	-2,600	2,600	-	-	2,600
Commercial papers	7,000	-	-	-	-	7,000
Hire purchase liabilities	179	-369	424	-	-	233
Lease liabilities	956	-1,179	1,203	-	154	1,134
Current interest-bearing liabilities	10,735	-4,149	4,227	-	154	10,968
Total debt from financing activities	42,807	-3,805	-	-	1,326	40,328

4. Working capital

4.1. Trade and other receivables

1000 €	31.12.2024	31.12.2023
Trade receivables	27,862	19,236
Other receivables	129	153
Accrued income	326	427
Total trade and other receivables	28,317	19,816
Accrued income		
Interest receivables	31	32
Accrued personnel costs	28	83
Other accrued income	266	312
Total accrued income	326	427

Information on receivable-related risks and impairment accounting policies is provided in the notes 3.3 and 3.4.

4.2. Trade payables and other liabilities

1000 €	31.12.2024	31.12.2023
Advances received	141	40
Trade payables	11,716	14,037
Other liabilities	4,196	6,758
Accrued liabilities	13,381	13,598
Total trade payables and other liabilities	29,434	34,433
Accrued liabilities		
Interest liabilities	742	881
Accrued personnel costs	11,982	11,472
Other accrued liabilities	657	1,245
Total accrued liabilities	13,381	13,598

The customer contract-based debts do not include items over 12 months old.

4.3. Assets and liabilities based on contracts with clients

1000 €	31.12.2024	31.12.2023
Assets based on contracts with customers	15,806	14,804
Contract liabilities	12,718	12,329

5. Tangible and intangible assets and leases

5.1. Property, plant and equipment

Accounting policy applied in the financial statements – Tangible assets

Tangible assets are carried at acquisition cost less depreciation and impairment. Acquisition cost includes all expenses arising directly from the acquisition of an asset, including reliably verifiable installation and transportation costs. Acquisition cost does not include any interest expenses arising from hire purchase financing.

Capital gains and losses arising from the disposal of tangible assets are included in other operating income or other operating expenses.

Depreciation is calculated by amortising the acquisition cost less residual value over the estimated useful life of the assets as follows:

Straight-line depreciation

▪ Buildings	30–50 years
▪ Structures	20 years
▪ Technical equipment in buildings	20 years
▪ Machinery and equipment	5 years
▪ Heavy machinery	5 / 10 years
▪ Sheet piling and metal	4 years
▪ Trucks and vans	5 years
▪ Equipment and other movable assets	5 years
▪ Other tangible assets	4–10 years

The Group has tools that are recognised as annual expenses due to their nature. The servicing and maintenance costs relating to fixed assets are recognised as expenses for the period. Significant upgrades and additional investments are recorded as an asset's acquisition cost and depreciated over the remaining useful life of the main asset.

When recognising straight-line depreciation, a temporary difference arises between the carrying amount and depreciation in taxation; a deferred tax item is presented for this in Note 6.2.

Changes in tangible assets

2024 1000 €	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and acquisitions in progress	Total tangible assets
Acquisition cost as at 1 January	1,372	4,495	27,507	1,787	1,751	36,912
Exchange rate differences	-	-1	-84	0	-	-86
Increases	-	-	4,284	-	1,644	5,927
Business acquisitions	-	-	878	-	-	878
Decreases	-1,168	-3,239	-3,213	-549	-	-8,168
Transfers between items	-	-	1,062	-	-1,110	-48
Acquisition cost at 31 December	205	1,254	30,434	1,238	2,285	35,415
Accrued depreciation, amortisation and impairment as at 1 January	-38	-1,960	-12,862	-1,616	-	-16,476
Exchange rate differences	-	0	41	0	-	42
Accrued amortisation on the decreases	-	1,463	2,580	425	-	4,467
Business acquisitions	-	-	-421	-	-	-421
Amortisation for the period	-	-133	-4,572	-35	-	-4,740
Accrued depreciation, amortisation and impairment at 31 December	-38	-630	-15,234	-1,226	-	-17,128
Carrying amount at 31 December	167	624	15,200	12	2,285	18,287

2023 1000 €	Land and water	Buildings and structures	Machinery and equipment	Other tangible assets	Prepayments and acquisitions in progress	Total tangible assets
Acquisition cost as at 1 January	1,372	4,496	26,215	1,787	288	34,158
Exchange rate differences	-	0	14	0	-	15
Increases	-	-	5,385	-	1,508	6,893
Decreases	-	-1	-4,152	-	-	-4,153
Transfers between items	-	-	45	-	-45	-
Acquisition cost at 31 December	1,372	4,495	27,507	1,787	1,751	36,912
Accrued depreciation, amortisation and impairment as at 1 January	-38	-1,808	-10,891	-1,487	-	-14,225
Exchange rate differences	-	0	-15	0	-	-15
Accrued amortisation on the decreases	-	0	2,767	-	-	2,767
Amortisation for the period	-	-152	-4,723	-129	-	-5,004
Accrued depreciation, amortisation and impairment at 31 December	-38	-1,960	-12,862	-1,616	-	-16,476
Carrying amount at 31 December	1,334	2,535	14,645	170	1,751	20,436

In 2024, the decreases in buildings and structures as well land and water include the sale of the Tuusula properties.

5.2. Leases

Accounting policy applied in the financial statements – Leases, the Group as lessee

Leases and service contracts are separated on the basis of whether a contract includes a specified asset controlled by the customer. A lessee recognises a right-of-use asset and a lease liability on all leases (i.e. all leases have an impact on the balance sheet), except short-term leases and leases where the underlying asset has a low value.

The right-of-use asset is measured at the commencement of the lease at cost, which consists of an amount corresponding to the initially measured lease liability, and subsequently at cost less accrued depreciation and impairment losses, adjusted for the effects of any remeasurement of the lease liability. The lease liability is measured at lease commencement at the present value of the future lease payments payable during the lease term. In measuring the lease liability, future fixed lease increases are taken into account; increases bound to variable indexes are only taken into account as they materialise. The amount of the lease liability is subsequently impacted by, among other factors, the interest accrued on the lease liability, lease payments made and revisions to the lease.

Lease liability is subsequently remeasured when there is a change in lease term due to reassessment of an option to continue or terminate the lease, or when there is a change in future lease payments due to changes of an index or a rate. The amount of the remeasurement of the lease liability is recognised as an adjustment to the right-of-use asset. If the reduction in lease liability exceeds the right-of-use asset, the difference is recognised in profit or loss.

The Group recognises an interest expense on lease liabilities and depreciation on right-of-use assets on the income statement. In the cash flow statement, the Group presents the interest paid on a lease liability under cash flow from operating activities. The principal portion of a lease liability is presented under the cash flow from financing activities. Payments related to short-term or low-value leases, as well as variable lease payments that are not accounted for when measuring the lease liability, are presented under the cash flows for operating activities.

Asset groups in the Group include offices, leased premises related to projects and vehicles leased under the normal terms and conditions. The Group estimates the duration of offices based on the space needs required by the strategy, and the duration of project lease agreements varies according to the length of the projects. The Group has not identified any service contracts under which there are identifiable assets that should be recognised separately. The Group applies the exemption permitted by IFRS 16 to leases where the underlying asset is of negligible value or the lease term does not exceed 12 months. Leases of short-term leases and low-value assets are recognised as an expense in the consolidated income statement on a straight-line basis over the lease term. The Group does not apply IFRS 16 to intangible assets.

When the internal interest of leases is difficult to determine, the Group uses as a discount rate for the lease liability the incremental borrowing rate estimated on the basis of the cost of debt for the Group, the components of which are the reference rate and the credit risk margin. The rate is determined either on the date of entering into a lease or, for leases that began before 1 January 2017, on the transition date.

The Group applies IFRS 16 when dealing with sale and leaseback transactions. In sale and leaseback transactions, the parties assess whether the transfer of the asset satisfies the requirements of IFRS 15 for a sale. If the transfer is accounted for as a sale, the right-of-use asset recognised in the balance sheet will be measured by the portion of

the carrying amount of the original asset that corresponds to the value of the right to use that remains with the seller. Only the portion of the sales proceeds of the asset corresponding to the rights transferred to the buyer is presented as sales gain or loss. If the consideration for the sale of the asset or payments for the lease do not equal the fair value, the difference is recognised as an adjustment to the asset's sales proceeds. Any below-market terms are accounted for as a prepayment of lease payments, and any above-market terms are accounted for as financial liability. If the requirements for a sale are not satisfied, the Group will continue to recognise the transferred asset in its balance sheet, and will present the transfer proceeds as financial liability. The Group has sold the Tuusula properties for EUR 3.5 million and leased back the premises from the new owner during the financial year 2024. Of this, EUR 0.5 million capital gain has been recorded in other operating income.

Management discretion – Leases

The management uses significant estimates and discretion when measuring the value of leases on the balance sheet. The management regularly assesses the use of extension, termination or purchase options related to leases and the lease term of leases valid until further notice based on the strategic need for premises, among other factors. In addition, the management estimates the amount of discount rate for each right-of-use asset. The assessments may differ from the actualised future lease terms and conditions.

Changes in right-of-use assets

2024 1000 €	Buildings, structures and land	Machinery and equipment	Total right-of-use assets
Acquisition cost as at 1 January	2,732	3,139	5,871
Exchange rate differences	-5	-7	-12
Increases	2,688	1,289	3,977
Decreases	-267	-679	-946
Acquisition cost at 31 December	5,147	3,743	8,890
Accrued depreciation, amortisation and impairment as at 1 January	-1,487	-1,443	-2,930
Exchange rate differences	1	3	4
Accrued amortisation on the decreases	267	606	873
Amortisation for the period	-830	-855	-1,685
Accrued depreciation, amortisation and impairment at 31 December	-2,048	-1,690	-3,738
Carrying amount at 31 December	3,099	2,053	5,152

2023 1000 €	Buildings, structures and land	Machinery and equipment	Total right-of-use assets
Acquisition cost as at 1 January	2,681	2,357	5,037
Exchange rate differences	4	2	6
Increases	136	1,221	1,357
Decreases	-89	-441	-530
Acquisition cost at 31 December	2,732	3,139	5,871
Accrued depreciation, amortisation and impairment as at 1 January	-1,080	-1,076	-2,156
Exchange rate differences	-1	-2	-3
Accrued amortisation on the decreases	0	373	373
Amortisation for the period	-468	-738	-1,206
Accrued depreciation, amortisation and impairment at 31 December	-1,487	-1,443	-2,930
Carrying amount at 31 December	1,245	1,696	2,941

Notes concerning leases

1000 €	2024	2023
Lease liability		
Current	2,085	1,134
Non-current	3,207	1,848
Total outgoing cash flow due to leases*	7,403	6,841

*) Also includes lease payments on short-term leases and leases where the underlying administrative asset has a low value

The interest expenses of leases are presented in Note 3.2 and the maturity distribution of lease payments is presented in Note 3.4. The expenses from short-term leases and leases where the underlying asset has a low value are presented in Notes 2.3 and 2.4.

5.3. Intangible assets and goodwill

Accounting policy applied in the financial statements – Intangible assets and goodwill

Intangible assets are initially recognised on the balance sheet at acquisition cost in cases where the item meets the definition of an intangible asset, the acquisition cost can be determined reliably and it is probable that the expected financial benefit of the asset will accrue to the Group.

Intangible assets acquired in connection with business acquisitions are recognised on the balance sheet separately from goodwill if they fulfil the criteria for intangible assets, i.e. they are identifiable, contractual or based on legal rights. Intangible assets recognised in connection with business acquisitions consists of, among other things, the value of customer relationships and the order backlog. They have a limited useful life, ranging from two to ten years.

Changes in intangible assets and goodwill

2024 1000 €	Intangible rights	Order backlog	Customer relationships	Other intangible assets	Intangible assets	Goodwill	Intangible assets and goodwill in total
Acquisition cost as at 1 January	187	3,456	941	636	5,220	39,999	45,219
Exchange rate differences	-	-	-	-	-	-141	-141
Business acquisitions	-	-	-	-	-	523	523
Decreases	-8	-	-	-	-8	-	-8
Acquisition cost as at 31 December	179	3,456	941	636	5,212	40,381	45,593
Accrued depreciation, amortisation and impairment as at 1 January	-184	-3,456	-580	-507	-4,728	-	-4,728
Accrued amortisation on the decreases	8	-	-	-	8	-	8
Amortisation for the period	-3	-	-94	-53	-150	-	-150
Accrued depreciation, amortisation and impairment as at 31 December	-179	-3,456	-674	-561	-4,870	-	-4,870
Carrying amount at 31 December	-	-	267	76	342	40,381	40,723

The goodwill arising in business combinations is recognised to the extent that the total of the consideration given, non-controlling interests in the acquired business and the previously held share exceeds the fair value of the acquired net assets. Goodwill is not amortised but instead is tested annually for impairment.

The Group's intangible assets consist of IT system licences, the deployment costs of software and systems, gravel quarrying rights, landfilling permits and customer relationships. Intangible assets with a limited useful life are amortised through profit or loss over their estimated useful life.

- Intangible assets, excluding those stated below 4 years
- Gravel quarrying rights According to use
- Customer relationships and order backlog 2–10 years

The group does not have any development costs that need to be recognised.

2023 1000 €	Intangible rights	Order backlog	Customer relationships	Other intangible assets	Intangible assets	Goodwill	Intangible assets and goodwill in total
Acquisition cost as at 1 January	189	3,456	941	636	5,223	39,989	45,211
Exchange rate differences	-	-	-	-	-	10	10
Decreases	-2	-	-	-	-2	-	-2
Acquisition cost as at 31 December	187	3,456	941	636	5,220	39,999	45,219
Accrued depreciation, amortisation and impairment as at 1 January	-169	-3,456	-486	-422	-4,532	-	-4,532
Accrued amortisation on the decreases	2	-	-	-	2	-	2
Amortisation for the period	-18	-	-94	-86	-198	-	-198
Accrued depreciation, amortisation and impairment as at 31 December	-184	-3,456	-580	-507	-4,728	-	-4,728
Carrying amount at 31 December	3	-	361	129	492	39,999	40,492

5.4. Impairment testing

Accounting policy applied in the financial statements – Impairment

Goodwill and intangible assets with an indefinite useful life are not amortised but instead are tested for impairment annually or more frequently if events or changes in circumstances indicate signs of impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed its recoverable amount.

The amount by which the carrying amount exceeds the recoverable amount is recognised as an impairment loss. The recoverable amount of an asset is the higher of its fair value less cost of disposal or its value in use. For the purpose of impairment testing, assets are grouped at the lowest level where identifiable cash flows arise largely independently (cash-generating units) of the cash flows of other assets or asset groups.

Tangible and intangible assets as well as right-of-use assets – excluding goodwill – for which an impairment loss is recognised are tested at the end of each reporting period to determine whether the impairment should be reversed. However, impairment losses are only reversed up to the carrying amount of the asset before any impairment losses were recognised.

Management estimates and assumptions – Impairment

The management uses significant estimates and discretion when determining the level at which goodwill is tested and whether there are signs of its impairment.

When using cash flow estimates in the calculation and selecting calculation parameters, the management uses discretion based on the Group's history, the prevailing market conditions and predictive assessments made at the end of each reporting period. When testing for impairment, the management uses discretion regarding, for example, changes in the operating environment due to cost inflation, rising interest rates and economic cycles.

The Group's goodwill amounted to EUR 40.4 million in 2024 (2023: EUR 40.0 million). The Group has one cash-generating unit, Kreate Group, which is the lowest level where goodwill is monitored.

The Group tests the impairment of goodwill annually or whenever there are indications that the recoverable amount may be less than the carrying amount. Consolidated goodwill was tested on 30 November 2024.

The recoverable amount of the unit in impairment testing has been determined based on the value in use. Cash flow forecasts are based on the approved annual plan for 2025 and annual forecasts for the years 2026-2027. Key assumptions for the forecast period include the Group's estimates of infrastructure market development, project profitability, and working capital requirements. Cash flows extending beyond the four-year forecast period have been calculated using the terminal value method. The determination of terminal value growth has employed management's conservative estimate of long-term cash flow growth, with a terminal value growth rate of 0.2% (2023: 0.2%) per annum. The outlook for future development is based on the Group's previous experience in infrastructure market development, and various public research institutions' forecasts regarding market development have been utilized in the estimation process.

The discount rate for cash flows has been determined using the weighted average cost of capital (WACC). The key factors of WACC include risk-free rate, market risk premium, industry-specific beta coefficient, cost of debt, and the ratio of equity to debt. The determination of the beta coefficient has utilized the upper quarter of a peer group of Nordic listed companies, and the beta coefficient has been calculated from weekly observations over a 2-year history. The discount rate has been determined pre-tax and post-tax. The group has used a pre-tax WACC of 9.9% (2023: 9.6%) in its calculations. The increase in WACC from the comparison year is primarily explained by the higher interest rate environment and the higher risk premium demanded by investors towards equity markets.

The group assesses impairment of goodwill annually or more frequently if circumstances indicate impairment. Based on the impairment testing, no impairment losses were recognized in the income statement. The recoverable amount of the cash-generating unit significantly exceeded its carrying amount, and the company has assessed that no reasonably possible change in key assumptions would result in a situation where the carrying amount of the cash-generating unit would exceed its recoverable amount.

6. Income taxes

Accounting policy applied in the financial statements – Income taxes

The tax paid on taxable income for the financial period using the income tax rate in each country, adjusted for changes in deferred tax assets and liabilities resulting from temporary differences and unused tax losses, is presented as a tax expense or tax income for the period.

Deferred taxes are recognised in full on all the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements using the liability method. However, a deferred tax liability arising from the initial recognition of goodwill should not be recognised, and deferred tax should not be recognised when it arises from the initial recognition of an asset or liability, when it is not a business combination and the transaction does not affect profit or give rise to taxable and deductible temporary differences of the same amount at the date of the transaction. Deferred taxes are determined on the basis of the tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period and that are expected to be applied when the deferred tax asset is realised or the deferred tax liability is performed.

Deferred tax assets are only recognised when it is probable that an adequate amount of taxable income is available in the future against which the confirmed losses of previous financial periods or other temporary differences can be utilised. Deferred tax liabilities are recognised in full.

Taxes and deferred taxes based on the taxable income for the period are recognised on the income statement unless they are related to items of other comprehensive income or items recognised directly in equity. In such cases, the taxes are recognised under other comprehensive income or directly in equity, respectively.

Management estimates and assumptions – Taxes

When recording taxes, the most significant management estimate concerns the basis for the recognition of deferred tax assets. Deferred tax assets from the confirmed losses of the previous financial periods or undeducted interest liabilities of associated companies are recognised only if the management estimates that a sufficient amount of taxable income can be generated in the future against which the unused taxation losses and undeducted interest liabilities of associated companies can be utilised. When deciding on the recognition of deferred taxes, Kreate's management must make estimates and assumptions about the result of operations and taxable profit for the coming years, as well as the possibilities of utilising tax losses.

The management assesses the rates reported on tax returns in situations where tax legislation leaves room for interpretation. In such situations, the tax liabilities recognised are based on the management's estimates. Estimating the total income taxes at the Group level may require discretion, which is why there may be uncertainty related to the final amount of tax. In situations involving uncertain income tax treatments, the Group applies the IFRIC 23 interpretation

6.1. Income taxes on the income statement

1000 €	2024	2023
Tax based on taxable income for the period	1,300	534
Taxes for previous years	-31	-20
Change in deferred taxes	20	228
Total income taxes	1,289	742

Reconciliation of taxes calculated on the basis of the tax expenses on the income statement and the parent company's tax rate (20%)

1000 €	2024	2023
Profit/loss before taxes	5,897	4,624
Taxes calculated based on the Finnish tax rate (20%)	1,179	925
Taxes allocated to previous years	31	20
Utilization of losses from previous tax years	-	75
Non-deductible expenses	-13	-44
Previously unrecognised deferred tax assets	-	223
Share of the joint venture's profit	79	102
Difference between the tax rates of different countries	-8	-3
Other items	-183	-190
Tax expense on the income statement	1,289	742
Effective tax rate	22	16

6.2. Deferred taxes on the balance sheet

Deferred tax assets and liabilities on the balance sheet

1000 €	1 January 2024	Recorded in the statement of income	Recorded in equity	Acquisitions	31 December 2024
Deferred tax assets					
Provisions	46	-22	-	-	24
Undeducted interest liabilities of associated companies	924	-74	-	-	850
Lease contracts	11	22	0	-	32
Other items	21	-10	-	-	12
Total deferred tax assets	1,002	-85	0	-	918
Deferred tax liabilities					
Difference between book and tax depreciation	1,478	-55	-1	9	1,432
Financial items	26	-12	-	-	13
Lease contracts	2	2	-	-	4
Total deferred tax liabilities	1,506	-65	-1	9	1,449
1000 €					
Deferred tax assets					
Deferred tax asset from the loss for the period	304	-304	-	-	0
Provisions	67	-21	-	-	46
Undeducted interest liabilities of associated companies	562	362	-	-	924
Lease contracts	5	5	0	-	11
Other items	246	-224	-	-	21
Total deferred tax assets	1,184	-182	-	-	1,002
Deferred tax liabilities					
Difference between book and tax depreciation	1,420	58	-	-	1,478
Financial items	37	-12	-	-	26
Lease contacts	2	-	-	-	2
Total deferred tax liabilities	1,460	46	-	-	1,506

Kreate Group Oyj previously had shareholder loans, which generated deductible related-party interest expenses for tax purposes. At the end of the financial year, the company has 4.3 million (2023: 4.6) remaining non-deductible interest in connection with taxation, for which it has recorded a deferred tax asset. According to the current legislation, there is no time limit for utilizing the deduction in the taxation of subsequent years.

7. Group structure

The Group executes projects through its subsidiaries or together with other parties either as joint ventures or joint functions. In order to determine the method of processing in accounting (e.g. subsidiary, joint venture, joint function or associated company), the Group considers, among other things, the company's decision-making mechanisms, legal structure and financing of the arrangements and their impact on the consolidation.

7.1. Subsidiaries

Accounting policy applied in the financial statements – Subsidiaries

Subsidiaries are all companies in which the Group exercises control. The Group exercises control in a company if, by participating, the Group is exposed or entitled to the company's variable income and is able to influence this income by exercising its power relating to the company. Subsidiaries are fully consolidated in the financial statements as of the date on which the Group obtained control in them. They are no longer consolidated once control ceases.

Business combinations are accounted for using the acquisition method. The total consideration paid for the acquisition of a subsidiary is determined as the fair value of the assets transferred, the liabilities assumed and any equity instruments issued by the Group. The expenses related to the acquisition are recognised as they arise. The individual acquired assets and assumed liabilities and conditional liabilities are measured at fair value on the date of the acquisition (fair value hierarchy level 3). The amount of the paid consideration that cannot be allocated to identifiable individual assets is recognised as goodwill.

Intra-Group transactions, receivables, liabilities and gains are eliminated in the preparation of the consolidated financial statements.

The Kreate Group Plc group comprises the parent company Kreate Group Plc and its wholly-owned Finnish subsidiaries as well as its Swedish subsidiaries in which it has a 75% holding.

The acquired individual assets and assumed liabilities of the acquisitions are recognised at fair value on the date of their acquisition, i.e. when the controlling interest is transferred to Kreate. In some situations, e.g. when an acquisition takes place close to the end of the period, its accounting treatment may not be completed by the end of the reporting period in question. In such cases, Kreate will present in its financial statements preliminary amounts for the items of the acquisition whose accounting treatment is incomplete. If necessary, the Group will later retroactively adjust the preliminary amounts recorded during the review period, which is a maximum of 12 months from the date of the acquisition. Adjustments may be due to new information obtained about the facts and circumstances prevailing on the date of the acquisition, for example.

The share of non-controlling interests is presented as a separate item in equity. This item includes the shares of non-controlling interests of the subsidiaries' net assets determined when preparing the consolidated financial statements. The item comprises both the net assets on the date of emergence of the non-controlling interests and changes in equity after that. Changes in the share of non-controlling interests resulting from changes in the subsidiary's holding are treated as transactions within equity.

Group structure

	Registered office	Parent company	Group holding	
			31 December 2024	31 December 2023
Parent company				
Kreate Group Oyj	Helsinki			
Subsidiaries				
Kreate Oy	Helsinki	Kreate Group Oyj	100%	100%
Karell Schakt AB *	Ösmö	Kreate Sverige AB	Merged 2024	34%
Kreate Sverige Holding AB	Stockholm	Kreate Group Oyj	75%	75%
Kreate Sverige AB	Nynäshamn	Kreate Sverige Holding AB	75%	0%
EAI Kreate Holding Oy**	Helsinki	Kreate Group Oyj	0%	0%

* In 2023, the Group owned 34% of the shares in Karell Schakt AB and the company was accounted for as an associated company. The Group has acquired the remaining shares in Karell Schakt AB during the financial year 2024 and the company has been consolidated into the Group as a subsidiary from the date of acquisition. Karell Schakt AB has been merged in 2024.

** The legal ownership and voting rights of EAI Kreate Holding Oy ("EAI") are held by Evli Alexander Incentives Oy, but according to the agreement, Kreate Group effectively exercises control in the arrangement and acts as the principal, while EAI acts in the role of an agent through the holding company. Based on the control arising from the contractual features, the holding company is consolidated into the IFRS consolidated financial statements as a structured entity.

See note 8.3 for information on the related party and related party transactions.

Changes in the Group structure during the financial period

On 28 May 2024, Kreate Sverige AB acquired the remaining share capital of Karell Schakt AB, in which the company previously owned a 34% stake. The acquisition supports the implementation of Kreate's growth strategy in Sweden. Karell Schakt AB's turnover in the previous financial period was SEK 16 million (approximately EUR 1.4 million), and its most significant customer was Kreate Sverige AB. The transaction therefore has no material impact on the turnover or financial position of Kreate Sverige AB or Kreate Group Oyj in the current year. The net debt-free purchase price was SEK 6 million (EUR 0.5 million at the exchange rate at the time of the transaction). Karell Schakt AB has merged with its parent company Kreate Sverige AB during the financial period 2024. When the Group gains control of a company in which it previously held an equity interest, the previously held ownership interest is remeasured at fair value at the acquisition date. Any resulting gain or loss is recognized in profit or loss. The fair value of the previously held ownership, together with the consideration paid, constitutes the total consideration for the acquisition. This total consideration is allocated to the identifiable assets acquired and liabilities assumed, which are measured at fair value at the acquisition date. If the total consideration exceeds the fair value of the net assets acquired, the difference is recognized as goodwill. If the total consideration is less than the fair value of the net assets acquired, the difference is recognized as a gain in the income statement.

Assets and liabilities recorded for the purchase as well as goodwill and net assets

1000 €	Total
Purchase price	525
Value of previously owned shares	447
Fixed assets	457
Receivables	255
Cash and cash equivalents	175
Total assets	888
Non-current liabilities	-301
Current liabilities	-129
Deferred tax liabilities	-9
Total liabilities	-440
Acquired identifiable net assets	449
Goodwill	523

The figures have been converted according to the transaction month's exchange rate

The table includes the assets and liabilities for the activities acquired. The consolidation is preliminary and, therefore, the definition of the fair values of the acquired assets and liabilities may be specified further during the 12-month valuation period.

7.2. Joint ventures and associated companies

Accounting policy applied in the financial statements – Joint ventures and associated companies

Joint ventures are all companies in which the Group exercises joint control. Joint control refers to the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments made in joint ventures are initially recognised at acquisition cost and subsequently accounted for using the equity method.

Associated companies are companies in which the Group exercises significant influence but not control or joint control. Significant influence is the right to participate in decision-making related to the financial and operating policies of the investee, but it is not control or joint control over those policies. Typically, a significant influence is deemed to exist when the Group holds 20% or more of the voting power on the investee but not control.

When applying the equity method, investments are initially recognised at acquisition cost and subsequently adjusted by recognising the Group's share of the associate's profits or losses arising after the acquisition date on the income statement and recognising the Group's share of changes in the associate's items of other comprehensive income in the Group's items of other comprehensive income. Dividends received or to be received from joint ventures and associated companies reduce the carrying amount of the investment.

Where necessary, the accounting policies, which are used by the associates and accounted for by using the equity method, are adjusted in line with the accounting policies followed by the Group.

KFS Finland Oy is a joint venture specialising in foundation construction jointly owned by Keller Holdings Ltd and Kreate Oy, in which the owners have joint control. The registered office of KFS Finland Oy is Tuusula and the Group's holding of joint venture shares was 50% (50%).

In 2023, the Group owned 34% of the shares in Karell Schakt AB and the company was accounted for as an associated company. Share of associate company in the Groups balance sheet in 2023 was EUR 419 thousand. The Group has acquired the remaining shares in Karell Schakt AB during the financial year 2024 and the company has been consolidated into the Group as a subsidiary from the date of acquisition. Karell Schakt AB has been merged in 2024. The Group's share of the company's result until the additional acquisition was not material.

KFS Finland Oy prepares its financial statements in accordance with the Finnish Accounting Standards (FAS) and Karell Schakt AB in accordance with the Swedish Generally Accepted Accounting Principles (GAAP). When consolidated, the result and balance sheet of these companies are adjusted to comply with IFRS accounting principles. This consists of recognising leases, adjusting the acquisition cost calculation and accounting for the depreciation difference. In connection with KFS Finland Oy's acquisition, fair value has been allocated to machines and equipment, and customer relationships as well as the order backlog. The effect of the depreciation and amortisation of these items is recognised by the Group through profit or loss. In the consolidated balance sheet, the fair value allocated to the shares of KFS Finland Oy at the time of acquisition is also included in shares in joint ventures.

Investments in joint ventures and associated companies

1000 €	31 December 2024	31 December 2023
Shares in joint ventures	10,512	10,115

Summary of financial information on joint ventures and associated companies

1000 €	2024	2023
Non-current assets	16,975	17,386
Current assets	13,281	8,085
Non-current liabilities	13,080	12,757
Current liabilities	12,137	6,966
Net assets	5,039	5,748
Revenue	71,377	43,799
Operating profit	928	1,162
Result for the period	-709	244

Reconciliation of joint venture's financial information with the carrying amount recognised by the Group and the Group's result

1000 €	2024	2023
Net assets of joint ventures	5,039	5,748
Group's share of net assets (50%)	2,520	2,874
Adjustments under IFRS and by the Group on net assets of joint venture	3,611	2,860
Fair value allocated to shares in joint ventures at acquisition	4,381	4,381
Shares in joint ventures in the Group	10,512	10,115
Receivables from joint ventures	0	0
Investments in joint ventures	10,512	10,115
Joint venture's profit	-709	244
The Group's share of joint venture's profit (50%)	-354	122
Adjustments under IFRS and by the Group	751	385
Share of joint venture's profit in the Group	397	507

7.3. Joint operations
Accounting policy applied in the financial statements – Joint operations

The Group may also execute an individual, long-term project agreed in advance as a joint project venture together with another party. A joint project venture is not an independent legal unit; its parties have a contractual joint responsibility for the operations and obligations of the joint project venture. The joint project venture has a legal obligation to keep books, and the Group's share of the profit, expenses, assets and liabilities for a project executed in a joint project venture is consolidated into the reporting of the Group company participating in the joint project venture. Projects executed in a joint project venture are recognised over time in accordance with the Group's recognition principles. Kreate includes in its consolidated financial statements, line by line, the proportion of assets and liabilities on the balance sheet relating to joint operations corresponding to its ownership interest and its share of any common assets and liabilities. In addition, Kreate recognises its income and expenses related to joint operations, including its share of income and expenses related to joint operations. The Group applies this proportional consolidation method to all joint operations regardless of Kreate's shareholding. The most significant joint operations during the financial year were TYL Kruunusillat and TYL Sulkavuori.

8. Other notes

8.1. Provisions

Accounting policy applied in the financial statements – Provisions

A provision is recorded when the Group has a legal or constructive obligation based on an earlier event, it is likely that a payment obligation will occur and the amount of the obligation can be estimated reliably. Provisions are recognised at the present value of the costs required to cover the obligation according to the best estimate of the management. If it is possible to obtain compensation from a third party for some part of the obligation, the compensation is recognised as a separate asset but only when it is virtually certain that the company will receive it.

A provision is recognised on onerous (loss-making) sales contracts once the direct expenses necessary for fulfilling the obligations exceed the benefits received from the contract. The loss provision is reduced as income is recognised from the onerous project.

A warranty provision is recognised once a project including a warranty obligation is delivered. The amount of the warranty provision is based on experience in the realisation of these liabilities. The size of the warranty provision is affected by factors such as the scope of the delivered project, the duration of the warranty period, as well as the specific features of the implemented technical solution and the surrounding conditions.

A possible restructuring provision is recognised when the amount of expenses can be estimated reliably, a binding decision on restructuring has been taken and a detailed plan has been prepared and it has been communicated to the affected parties.

Management estimates and assumptions – Provisions

When recognising provisions, management has to estimate if there is a legal or constructive obligation for which it is likely that a payment obligation will occur. In addition, management must evaluate the amount of the obligation. The assessment of the probability and amount of the costs to be incurred is based on previous similar events and empirical knowledge. A provision can only be recorded if these can be reliably estimated.

1000 €	Warranty provisions	Onerous contracts	Total provisions
Provision as at 1 Jan 2024	2,859	229	3,088
Increases in provisions	2,568	-	2,568
Provisions used during the period	-499	-111	-610
Provisions reversed during the period	-1,727	-	-1,727
Provision as at 31 Dec 2024	3,201	118	3,319

1000 €	Warranty provisions	Onerous contracts	Total provisions
Provision as at 1 Jan 2023	1,522	342	1,864
Increases in provisions	2,155	229	2,384
Provisions used during the period	-585	-342	-927
Provisions reversed during the period	-233	-	-233
Provision as at 31 Dec 2023	2,859	229	3,088

8.2. Collateral and contingent liabilities

1000 €	2024	2023
Contingent liabilities outside the balance sheet		
Collateral given on behalf of joint project ventures	10,581	10,647
Guarantee liabilities from project contracts	41,827	46,174
Lease liabilities from short-term assets with a low value	684	1,170
VAT liability	-	236

The warranty liabilities of construction contracts are normal liability commitments related to project operations that are given as collateral for the performance of a contract, for example. These are valid for a maximum period of five years.

8.3. Related parties

The parent company of the Group, Kreate Group Oyj, includes subsidiaries, the structured entity EAI Kreate Holding Oy, as well as the joint venture KFS Finland Oy in its close circle. Karell Schakt Ab was included in close circle as an associated company until the acquisition on May 28, 2024, and then as a subsidiary until the merger in September. The close circle also includes key personnel in management, their immediate family members, and entities over which these individuals or their close family members exercise control or joint control. Key personnel in management include members of the parent company's board of directors, CEO, and other members of the Group's executive management team. The inclusion of entities under the influence of owners and key personnel in management in the close circle is assessed on a case-by-case basis, taking into account the actual circumstances.

Related-party transactions

1000 €	1-12/2024 Income	1-12/2024 Expenses	12/2024 Receivables	12/2024 Liabilities
Associate and joint venture	24,848	-6,215	1,806	22

1000 €	1-12/2023 Income	1-12/2023 Expenses	12/2023 Receivables	12/2023 Liabilities
Associate and joint venture	2,736	-16,137	319	692

The joint ventures and associated companies have joint business transactions with the Group in relation to subcontracting and machinery. Guarantees given on behalf of the joint venture are presented in Note 8.2.

During the financial year, the Group has not had transactions with any other related parties.

Salaries and other short-term employee benefits of key management personnel

1000 €		2024	2023
Timo Vikström	President and CEO	521	461
Management Team	Other parties	1,386	1,399
Petri Rignell	Chair of the Board	69	63
Jussi Aine	Board member	36	30
Timo Kohtamäki	Board member	36	30
Timo Pekkarinen	Board member	36	30
Elina Rahkonen	Board member	36	30
Petra Thorén	Board member	36	30
Total		2,156	2,073

The Board of Directors decides on the remuneration of the President & CEO and the members of the Management Team. The members of the Management Team are insured under statutory pension insurance policies as well as voluntary supplementary pension insurance policies. In the financial year ended on 31 December 2024, the pension fees for the defined contribution scheme amounted to EUR 57 (2023: 58) thousand for the President & CEO and a total of EUR 126 (2023: 120) thousand for the members of the Management Team.

In addition, the Annual General Meeting on 25 March 2024 decided that the following fees are to be paid to the members of the Board of Directors: The Chair of the Board is to be paid a monthly fee of EUR 5,750 and other members of the Board are to be paid a monthly fee of EUR 3,000. In addition, it was decided that an additional yearly fee of EUR 1,500 is paid to each member of the Board of Directors elected as the Chair or Member of the Audit Committee or Remuneration and Nomination Committee and that reasonable travel expenses are reimbursed according to invoices.

The term of notice for the Management Team members' employment contracts is three to six months. The President & CEO and six other members of the Management Team are, upon the termination of their employment contract or CEO contract and subject to certain conditions, entitled to receive a severance payment equivalent to a three to eight months' salary in addition to the salary for the notice period as compensation for the non-competition clause.

The Group's performance share plans are disclosed in Note 2.5.2 and information about Group companies is disclosed in Note 7.1.

Management shareholding

On the date of the financial statements, the Board of Directors, President and CEO and the members of the Management Team held a total of 2,994,300 shares either personally or through companies under their influence. This represented 33.3 per cent of all the shares and voting rights in the company.

8.4. Events after the reporting period

There have been no significant events after the end of the financial year.

Parent company's income statement (FAS)

1000 €	2024	2023
REVENUE	1,013	731
Materials and services	-57	-52
Personnel expenses	-1,819	-1,469
Depreciation, amortisation and impairment	-67	-430
Other operating expenses	-805	-746
OPERATING PROFIT/LOSS	-1,735	-1,965
Financial income and expenses	-1,510	-1,892
PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES	-3,246	-3,857
Appropriations	8,400	5,750
Income taxes	-957	-359
PROFIT/LOSS FOR THE PERIOD	4,197	1,534

Parent company's balance sheet (FAS)

1000 €	2024	2023
Assets		
NON-CURRENT ASSETS		
Intangible assets	-	67
Investments		
Shares in Group companies	52,031	52,031
TOTAL NON-CURRENT ASSETS	52,031	52,098
CURRENT ASSETS		
Non-current receivables		
Receivables from Group companies	8,151	8,125
Current receivables		
Receivables from Group companies	11,865	7,153
Other receivables	24	-
Accrued income	31	503
Cash and cash equivalents	5,733	20,422
TOTAL CURRENT ASSETS	25,803	36,203
Total assets	77,834	88,301

1000 €	2024	2023
Liabilities		
EQUITY		
Share capital	80	80
Reserve for invested unrestricted equity	20,702	20,702
Retained earnings	2,629	5,302
Profit/loss for the period	4,197	1,534
TOTAL EQUITY	27,608	27,618
LIABILITIES		
Non-current		
Loans from financial institutions	24,700	27,300
Current		
Loans from financial institutions	2,600	2,600
Commercial papers	6,000	7,000
Trade payables	84	55
Liabilities to Group companies	15,367	22,338
Other liabilities	58	98
Accrued liabilities	1,417	1,290
TOTAL LIABILITIES	50,226	60,682
Total liabilities	77,834	88,301

Parent company's cash flow statement (FAS)

1000 €	2024	2023
Result for the period	4,197	1,534
Depreciation, amortisation and impairment	67	430
Financial income and expenses	1,510	1,892
Income taxes	957	359
Other adjustments	-8,400	-5,750
Adjustments	-5,866	-3,070
Change in trade and other receivables	-808	-309
Change in trade payables and other liabilities	99	167
Change in working capital	-709	-142
Interest paid in operating activities	-313	-636
Interest received in operating activities	622	492
Other financial items	-170	-80
Taxes paid	-330	-516
CASH FLOW FROM OPERATIONS	-2,569	-2,417
Granted loans	-1,304	-1,218
CASH FLOW FROM INVESTING ACTIVITIES	-1,304	-1,218

1000 €	2024	2023
Dividends paid	-4,208	-4,067
Drawdown of current loans	18,000	42,000
Repayment of current loans	-21,600	-44,600
Group account system, balance change	-6,972	19,059
Interest and other loan expenses	-1,787	-1,162
Group contributions	5,750	7,000
CASH FLOW FROM FINANCING ACTIVITIES	-10,817	18,230
CHANGE IN CASH AND CASH EQUIVALENTS	-14,689	14,595
Cash and cash equivalents on the opening balance sheet	20,422	5,827
CHANGE IN CASH AND CASH EQUIVALENTS	-14,689	14,595
Cash and cash equivalents at the end of the period	5,733	20,422

Accounting policies applied in the parent company's financial statements

Information about the Group

Kreate Group Plc is the parent company of the Group. The parent company Kreate Group Plc owns 100% of the Group's subsidiary Kreate Oy and 75% of the subsidiary Kreate Sverige Holding AB.

Kreate Sverige AB, owned 100% by Kreate Sverige Holding AB, has been consolidated into the consolidated financial statements of Kreate Group Oyj. In 2023, Kreate Sverige AB owned 34% of the shares in Karell Schakt AB. Kreate Sverige AB has acquired the remaining shares in Karell Schakt AB during the financial year 2024 and Karell Schakt AB has been merged into Kreate Sverige AB during the financial year.

The parent company's consolidated financial statements are available at the following address: Kreate Group Plc, Haarakaari 42, FI-04360 Tuusula, Finland.

Valuation and accrual principles and methods

Measurement of non-current assets

Intangible assets are recognised on the balance sheet at acquisition cost less amortisation according to plan. The acquisition cost includes the variable expenses arising from acquisition and manufacturing. Intangible assets are amortised according to plan on a straight-line basis over their useful life.

The amortisation periods are:

Intangible assets 3 to 4 years

The acquisition cost of non-current assets with a probable useful life of less than 3 years as well as acquisitions of low value (below EUR 850) are recognised in full as an expense in the period in which they are acquired.

Financial assets and liabilities

Financial assets are measured at the lower of acquisition cost or the probable recoverable amount. The company presents subordinated loans under liabilities.

Notes to the parent company's financial statements

Notes to the income statement

Revenue

1000 €	2024	2023
Revenue	1,013	731

Notes concerning personnel

Average number of personnel during the period

	2024	2023
Office employees	5	3

Salaries, remunerations and pension expenses for the period

1000 €	2024	2023
Salaries and remuneration	1,424	1,138
Pension expenses	194	151
Other personnel benefits	202	179
Total	1,819	1,469
Fringe benefits (tax value)	51	39

Salaries and remunerations of the management

1000 €	2024	2023
Members of the Board	249	213

Depreciation, amortisation and impairment

1000 €	2024	2023
Depreciation according to plan	67	430

Other operating expenses
Auditors' fees

1000 €	2024	2023
Audit	69	138
Other services	70	13
Total	139	151

Financial income and expenses

1000 €	2024	2023
Other interest income		
From Group companies	500	492
From others	122	0
Total interest income	622	492
Total financial income	622	492
Interest expenses		
To others	-1,962	-2,303
Total interest expenses	-1,962	-2,303
Other financial expenses		
To others	-170	-80
Total other financial expenses	-170	-80
Total financial expenses	-2,133	-2,384
Total financial income and expenses	-1,510	-1,892

Appropriations

1000 €	2024	2023
Group contributions	8,400	5,750

Income taxes

1000 €	2024	2023
Income taxes from operations	-957	-379
Taxes for previous years	-	20
Total income taxes	-957	-359

The company has EUR 4,250 thousand (2023: EUR 4,621 thousand) in unutilized related-party interest expense deductions for tax purposes.

Notes to the balance sheet

Itemisation of non-current assets

Intangible assets

1000 €	Intangible rights	Other long-term expenditures	Total
Acquisition cost as at 1 January 2024	13	1,293	1,306
Acquisition cost as at 31 December 2024	13	1,293	1,306
Accrued depreciation, amortisation and impairment	-13	-1,226	-1,239
Depreciations for the period	-	-67	-67
Accrued depreciation, amortisation and impairment	-13	-1,293	-1,306
Carrying amount as at 31 December 2024	-	-	-
Carrying amount as at 31 December 2023	-	67	67

Investments

1000 €	Other shares and interests	Total
Acquisition cost as at 1 January 2024	52,031	52,031
Acquisition cost as at 31 December 2024	52,031	52,031
Carrying amount as at 31 December 2024	52,031	52,031
Carrying amount as at 31 December 2023	52,031	52,031

Shares and holdings

	Company ownership, %
Kreate Oy, Helsinki	100 %
Kreate Sverige Holding AB, Tukholma	75 %

Non-current receivables

1000 €	2024	2023
Non-current receivables		
Receivables from Group companies		
Loan receivables	8,151	8,125
Total	8,151	8,125
Total non-current receivables	8,151	8,125

Current receivables

1000 €	2024	2023
Current receivables		
Receivables from Group companies		
Trade receivables	-	249
Loan receivables	1,977	700
Other receivables	8,400	5,750
Accrued income	1,487	454
Total	11,865	7,153
Receivables from others		
Other receivables	24	-
Accrued income	31	503
Total	54	503
Total current receivables	11,919	7,656

Material accrued income

1000 €	2024	2023
Taxes	-	471
Other	31	32
Total	31	503

Equity

1000 €	2024	2023
Restricted equity		
Share capital as at 1 Jan	80	80
Share capital as at 31 Dec	80	80
Total restricted equity	80	80
Unrestricted equity		
Reserve for invested unrestricted equity as at 1 Jan	20,702	20,702
Reserve for invested unrestricted equity as at 31 Dec	20,702	20,702
Retained earnings as at 1 Jan	6,836	9,369
Distribution of dividends	-4,208	-4,067
Retained earnings as at 31 Dec	2,629	5,302
Profit (loss) for the period	4,197	1,534
Total unrestricted equity	27,528	27,538
Total equity	27,608	27,618

Distributable unrestricted equity

1000 €	2024	2023
Calculation of distributable unrestricted equity		
Retained earnings	2,629	5,302
Profit (loss) for the period	4,197	1,534
Reserve for invested unrestricted equity	20,702	20,702
Distributable equity	27,528	27,538

Non-current liabilities

1000 €	2024	2023
Loans from financial institutions	24,700	27,300
Total non-current liabilities	24,700	27,300

Current liabilities

1000 €	2024	2023
Liabilities to Group companies		
Group account liability	15,367	22,338
Total	15,367	22,338
Liabilities to others		
Loans from financial institutions	2,600	2,600
Commercial papers	6,000	7,000
Trade payables	84	55
Other liabilities	58	98
Accrued liabilities	1,417	1,290
Total	10,160	11,044
Total current liabilities	25,526	33,382

Material accrued expense items

1000 €	2024	2023
Salaries and remuneration, including social expenses	532	421
Interest	730	869
Taxes	155	-
Total	1,417	1,290

Collateral and contingent liabilities

Collateral and guarantees given on behalf of Group companies

1000 €	2024	2023
Other guarantees	41,827	46,174

Collateral and guarantees given on behalf of joint project ventures

1000 €	2024	2023
Other guarantees	10,581	10,647

Other contingent liabilities

1000 €	2024	2023
Credit card limit used	14	2

Pension liabilities

The company's pension liabilities are insured with external pension insurance companies. The pension liabilities are fully covered.

Board of Directors' proposal on the use of distributable funds

As at 31 December 2024, the distributable funds of the parent company Kreate Group Plc are:

Retained earnings	2,628,537.77
Profit (loss) for the period	4,197,208.29
Reserve for invested unrestricted equity	20,702,152.88
Distributable equity	27,527,898.94

The board proposes to the shareholders' meeting convening on 28 March 2025, that based on the balance sheet to be approved for the year 2024, a dividend of EUR 0.50 per share be paid at the time of dividend distribution to shares held by external shareholders. The dividend will be paid in two instalments, with the first instalment in April 2025 and the second in October 2025.

On the proposal date of profit distribution on 4 February 2025, there were 8,777,569 shares held by external shareholders, corresponding to a total dividend amount of EUR 4,388,784.50.

Confirmation of the Board of Directors and the CEO

We confirm that

- the consolidated financial statements prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and the financial statements of the parent company prepared in accordance with the laws and regulations governing the preparation of financial statements in Finland give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole;
- the management report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face and
- that the sustainability report within management report is prepared in accordance with sustainability reporting standards referred to in Chapter 7 of the Accounting Act and with the Article 8 of Taxonomy Regulation.

Signatures of the Report of the Board of Directors and the financial statements

Helsinki, 28 February 2025

Petri Rignell

Chair of the Board of Directors

Jussi Aine

Timo Kohtamäki

Petra Thorén

Timo Pekkarinen

Elina Rahkonen

Timo Vikström

President & CEO

Auditor's note

A report on the audit carried out has been submitted today.

Helsinki, 3 March 2025

KPMG Oy Ab

Turo Koila

Authorised Public Accountant KHT

Auditor's Report

To the Annual General Meeting of Kreate Group Plc

Audit of the Financial Statements

Opinion

We have audited the financial statements of Kreate Group Oyj (business identity code 2601364-3) for the year ended 31 December 2024. The financial statements comprise the consolidated balance sheet, income statement, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position, financial performance and cash flows in accordance with IFRS Accounting Standards as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. The materiality is determined based on our professional judgement and is used to determine the nature, timing and extent of our audit procedures and to evaluate the effect of identified misstatements on the financial statements as a whole. The level of materiality we set is based on our assessment of the magnitude of misstatements that, individually or in aggregate, could reasonably be expected to have influence on the economic decisions of the users of the financial statements. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for qualitative reasons for the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The significant risks of material misstatement referred to in the EU Regulation No 537/2014 point (c) of Article 10(2) are included in the description of key audit matters below.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

THE KEY AUDIT MATTER

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Revenue – Accounting policies for consolidated financial statements and note 2.1

Revenue from sales consists of handing over goods and services according to project contracts to customers, with a total turnover of 275 million euros.

Revenue reporting includes the risk of an incorrect revenue recognition time or amount due to management's estimates in revenue recognition and the large number of invoicing transactions.

Projects are recognized according to the degree of completion. The degree of completion is determined as the relative share of the actual costs to the total costs estimated by the management. Any incorrect cost forecasts would lead to an incorrect amount of revenue.

We have evaluated the company's sales revenue recognition and calculation practices in relation to the principles defined by IFRS standards.

We have tested the functionality of the internal controls that ensure the completeness and timing of key sales reporting.

The project's total revenue estimates, which are revenue generated according to the degree of completion, have been compared with customer contracts. In addition to this, we have analyzed predicted and realized project costs and project margins. We have also gone through the process of updating cost forecasts and levels of readiness and assessed its appropriateness.

In addition, we have carried out material inspection measures related to the completeness of the sale and the time of revenue recognition of the sale.

THE KEY AUDIT MATTER

HOW THE MATTER WAS ADDRESSED IN THE AUDIT

Valuation of goodwill – Accounting policies for consolidated financial statements and notes 5.3 and 5.4

Goodwill 40 million EUR constitutes a significant part, 30%, of the total of the consolidated balance sheet.

Goodwill is tested for impairment when there are indications of impairment, or at least annually. Impairment testing is done by comparing the asset's recoverable amount with its book value. Management estimates the asset's recoverable amount using the discounted cash flow model. The cash flow forecasts, which are the basis of the testing, involve a significant amount of management's estimates regarding, in particular, turnover growth, profitability and the discount rate.

Due to the significance of the balance sheet value and the significant management judgment related to the forecasts, the valuation of goodwill is a key issue from the point of view of auditing.

We have critically evaluated the management's bases and assumptions according to which the cash flow forecasts for the coming years have been drawn up.

KPMG's valuation experts have participated in the audit, who have evaluated the appropriateness of the discount rate, the technical correctness of the calculations, and the assumptions used in relation to market- and industry-specific information.

In addition, we have assessed the appropriate presentation of the notes related to goodwill testing in the financial statements.

We have not identified key audit matters relating to the parent company's financial statements.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Information on our audit engagement

We were first appointed as auditors by the Annual General Meeting on 26.4.2019, and our appointment represents a total period of uninterrupted engagement of 6 years. Kreate Group Oyj became a public interest entity on 19.2.2021.

Other Information

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in compliance with the applicable provisions, excluding the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in compliance with the applicable provisions. Our opinion does not cover the sustainability report information on which there are provisions in Chapter 7 of the Accounting Act and in the sustainability reporting standards.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 3 March 2025

KPMG Oy Ab

Turo Koila

Authorised Public Accountant, KHT

Assurance Report on the Sustainability Report

To the Annual General Meeting of Kreate Group Plc

We have performed a limited assurance engagement on the group sustainability report of Kreate Group Oyj (business identity code 2601364-3) that is referred to in Chapter 7 of the Accounting Act and that is included in the report of the Board of Directors for the financial year 1.1.–31.12.2024.

Opinion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the group sustainability report does not comply, in all material respects, with

1. the requirements laid down in Chapter 7 of the Accounting Act and the sustainability reporting standards (ESRS);
2. the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (EU Taxonomy).

Point 1 above also contains the process in which Kreate Group Oyj has identified the information for reporting in accordance with the sustainability reporting standards (double materiality assessment) and the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act.

Our opinion does not cover the tagging of the group sustainability report with digital XBRL sustainability tags in accordance with Chapter 7, Section 22, Subsection 1(2), of the Accounting Act, because sustainability reporting companies have not had the possibility to comply with that provision in the absence of the ESEF regulation or other European Union legislation.

Basis for Opinion

We performed the assurance of the group sustainability report as a limited assurance engagement in compliance with good assurance practice in Finland and with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) Assurance Engagements Other than Audits or Reviews of Historical Financial Information.

Our responsibilities under this standard are further described in the Responsibilities of the Authorized Sustainability Auditor section of our report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

We draw attention to the fact that the group sustainability report of Kreate Group Oyj that is referred to in Chapter 7 of the Accounting Act has been prepared and assurance has been provided for it for the first time for the financial year 1.1.–31.12.2024. Our opinion does not cover the comparative information that has been presented in the group sustainability report. Our opinion is not modified in respect of this matter.

Authorized group sustainability auditor's Independence and Quality Management

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our engagement, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

The authorized group sustainability auditor applies International Standard on Quality Management ISQM 1, which requires the authorized sustainability audit firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director of Kreate Group Oyj are responsible for:

- the group sustainability report and for its preparation and presentation in accordance with the provisions of Chapter 7 of the Accounting Act, including the process that has been defined in the sustainability reporting standards and in which the information for reporting in accordance with the sustainability reporting standards has been identified as well as the tagging of information as referred to in Chapter 7, Section 22 of the Accounting Act and
- the compliance of the group sustainability report with the requirements laid down in Article 8 of the Regulation (EU) 2020/852 of the European Parliament and of the Council on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088;
- such internal control as the Board of Directors and the Managing Director determine is necessary to enable the preparation of a group sustainability report that is free from material misstatement, whether due to fraud or error.

Inherent Limitations in the Preparation of a Sustainability Report

Preparation of the sustainability report requires Company to make materiality assessment to identify relevant matters to report. This includes significant management judgement and choices. It is also characteristic to the sustainability reporting that reporting of this kind of information includes estimates and assumptions as well as measurement and estimation uncertainty. Furthermore, when reporting forward looking information company has to disclose assumptions related to potential future events and describe Company's possible future actions in relation to these events. Actual outcome may differ as forecasted events do not always occur as expected.

Responsibilities of the Authorized Group Sustainability Auditor

Our responsibility is to perform an assurance engagement to obtain limited assurance about whether the group sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the group sustainability report.

Compliance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) requires that we exercise professional judgment and maintain professional skepticism throughout the engagement. We also:

- Identify and assess the risks of material misstatement of the group sustainability report, whether due to fraud or error, and obtain an understanding of internal control relevant to the engagement in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company’s or the group’s internal control.
- Design and perform assurance procedures responsive to those risks to obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Description of the Procedures That Have Been Performed

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. The nature, timing and extent of assurance procedures selected depend on professional judgment, including the assessment of risks of material misstatement, whether due to fraud or error. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our procedures included for ex. the following:

- We interviewed Company’s management and persons responsible for the preparation and gathering of the sustainability information.
- We familiarized with interviews to the key processes related to collecting and consolidating the sustainability information.
- We got acquainted with the relevant guidances and policies related to the sustainability information disclosed in the sustainability report.
- We acquainted ourselves to the background documentation and other records prepared by the Company, as appropriate and assessed how they support the information included in the sustainability report.
- We conducted site visits to the selected operational sites.

- In relation to the double materiality assessment process, we interviewed persons responsible for the process and familiarized ourselves with the process description prepared of the double materiality assessment and other documentation and background materials.
- In relation to the EU taxonomy information we interviewed the management of the company and persons with key roles in reporting taxonomy information to understand/examine how taxonomy eligible activities have been identified, we obtained evidence supporting the interviews and reconciled the reported EU taxonomy information to supporting documents and to the bookkeeping, as applicable.
- We assessed the application of the ESRS sustainability reporting standards reporting principles in the presentation of the sustainability information.

Helsinki, 3 March 2025

KPMG Oy Ab

Authorized Sustainability Audit Firm

Turo Koila

Authorized Sustainability Auditor, KRT