



REVENUE AND RESULT GREW IN THE FIRST HALF – ORDER BACKLOG REMAINS ON HIGH LEVEL

TIMO VIKSTRÖM, PRESIDENT & CEO
MIKKO LAINE, CFO

27 JULY 2022

KREATE GROUP PLC/HALF-YEAR REPORT 1-6/2022

KREATE
THE FUTURE IS BUILT TODAY

H1 IN BRIEF

1.

Order backlog amounted to EUR

204.4 (157.5) million

3.

EBITDA was EUR **5.6** (5.1) million, amounting to **4.8%** (5.5%) of revenue

5.

Free cash flow from operating activities was EUR **-1.6** (-3.6) million

2.

Revenue was EUR

117.4 (91.2) million

4.

EBITA was EUR **3.5** (3.4) million, amounting to **3.0%** (3.7%) of revenue

6.

Revenue and operating profit rose above the reference period, as was to be expected. The order backlog remained at a high level. Cash flow became stronger, but its development was still affected by the strategic preparation for ensuring the progress of projects and minimising the risks related to profitability.

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

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

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

Customer relationships and labour

- Kreate's operations have continued as before. The company has no projects, investments or customers in Russia. The personnel and subcontractors are mainly Finnish.

● 2023/H2 →

- Kreate's specialisation in demanding and versatile infrastructure is significantly more sustainable across business cycles and in challenging market conditions than focusing on basic infrastructure construction.

● 2023/H1

Availability of materials and price level

- At the end of H1, there were signs of the price level stabilising. Other countries' increased production of construction materials that have previously come from Russia and the development of their distribution networks have particularly affected the market situation. With some products, such as steel, there was even a slight decrease in prices.

In new projects, the increase in cost level can be addressed even better than before as the development of prices has evened out.

DRIVING FORCES IN THE CONSTRUCTION INDUSTRY'S OPERATING ENVIRONMENT AND KREATE'S STRONGER ABILITY TO OPERATE IN A CHANGING ENVIRONMENT



SOCIETY

- Labour shortage
- Population structure
- Urbanisation
- Strengthening role of regions

LEGISLATION

- Zoning and construction legislation
- Financial regulation
- Societal role of infrastructure projects
- Environmental legislation

POLITICS

- Public sector's capability for investment
- Political pressure to increase regulation
- Increased international tensions

ECONOMY

- Growing government debt
- Financial growth
- Rising interest rates and inflation
- Growing costs in the construction industry

THE ENVIRONMENT

- Life-cycle thinking and low-carbon approach
- Circular economy
- Climate change
- Green transition






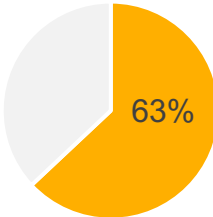



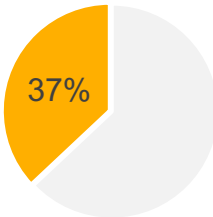

TECHNOLOGY

- Production methods
- Data management and leading by data
- Leadership of people






SUSTAINABILITY

The driving forces still have a significant impact on the entire construction industry, and they guide Kreate's operations as well as the industry overall. Kreate intends to capitalise on the changing market conditions with a clear strategy, competent and strengthening organisation, sustainable operations as well as specialisation in technically challenging projects and demanding conditions.

SPECIALISATION STRENGTHENS COMPETITIVENESS

BUSINESS FUNCTIONS	MARKET DEVELOPMENT Q2/2022 AND 12-MONTH OUTLOOK*	SHARE OF KREATE'S REVENUE*	KREATE'S POSITION AND MEASURES
STRUCTURAL ENGINEERING Bridge construction and repair Foundation and rock engineering Special foundation construction Circular economy	    		<p>The Structural engineering revenue was grown particularly by large projects progressing according to plan. In the bridge and foundation construction segments, tendering continued at a good level, which had a positive impact on Kreate's order backlog.</p> <p>Kreate operates in the demanding infrastructure construction sector, and despite the general economic developments and the weakening of the construction market, the demand for specialised construction is quite high.</p>
TRANSPORT INFRASTRUCTURE CONSTRUCTION Railway construction Road and street construction	  		<p>In the railway construction market, tendering remained at a good level, which could be seen as a positive impact in the number of Kreate's railway projects. Furthermore, the advancing of industrial investments reflected positively on the number of requests for quotation.</p>
OVERVIEW			

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

-  Very strong market in the following 12 months
-  Strong market in the following 12 months
-  Stable market in the following 12 months
-  Weak market in the following 12 months
-  Very weak market in the following 12 months

* Source: Kreate Group management estimate

HIGHLIGHTS FOR APRIL–JUNE 2022



Kreate Rata won two contracts valued at EUR 5 million each: one for the new traffic sites between Oulu and Kontionmäki and another for the Juurikorpi passing place along the Kouvola–Kotka–Hamina railway project

4

Kreate established the subsidiary Kreate Infra Sverige Ab in Sweden, which will support seeking growth in line with the strategy. Sweden will become a new cornerstone for Kreate's operations that will complement the current offering.



Kreate won a transport infrastructure and bridge contract worth EUR 7.5 million in Hervanta, Tampere.

5

In May, it was the construction industry's joint safety week, which was also seen at Kreate's worksites and in the communication channels.

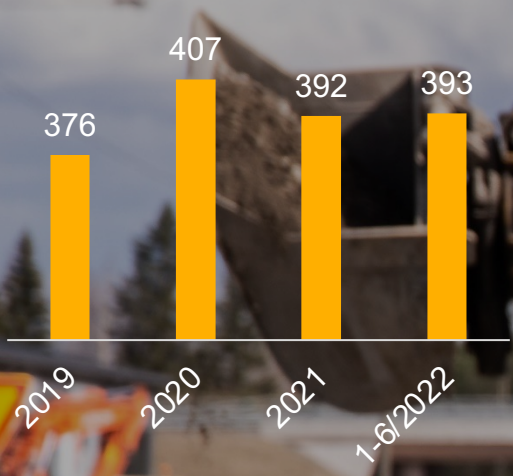


The large foundation and concrete construction contract for the railway station tunnel in Pieksämäki was started. The unit's new projects have a total value of approximately EUR 15 million.

6

In April–June, strategically important recruitments were continued. Experts in railway, bridge and special foundation construction, in particular, were hired to strengthen the organisation, which will improve Kreate's competitiveness and support the execution of track and railway projects as well as technically challenging projects, whose number will grow in the future.

PERSONNEL ON AVERAGE



INJURY FREQUENCY RATE 12 MO ROLLING

8.8

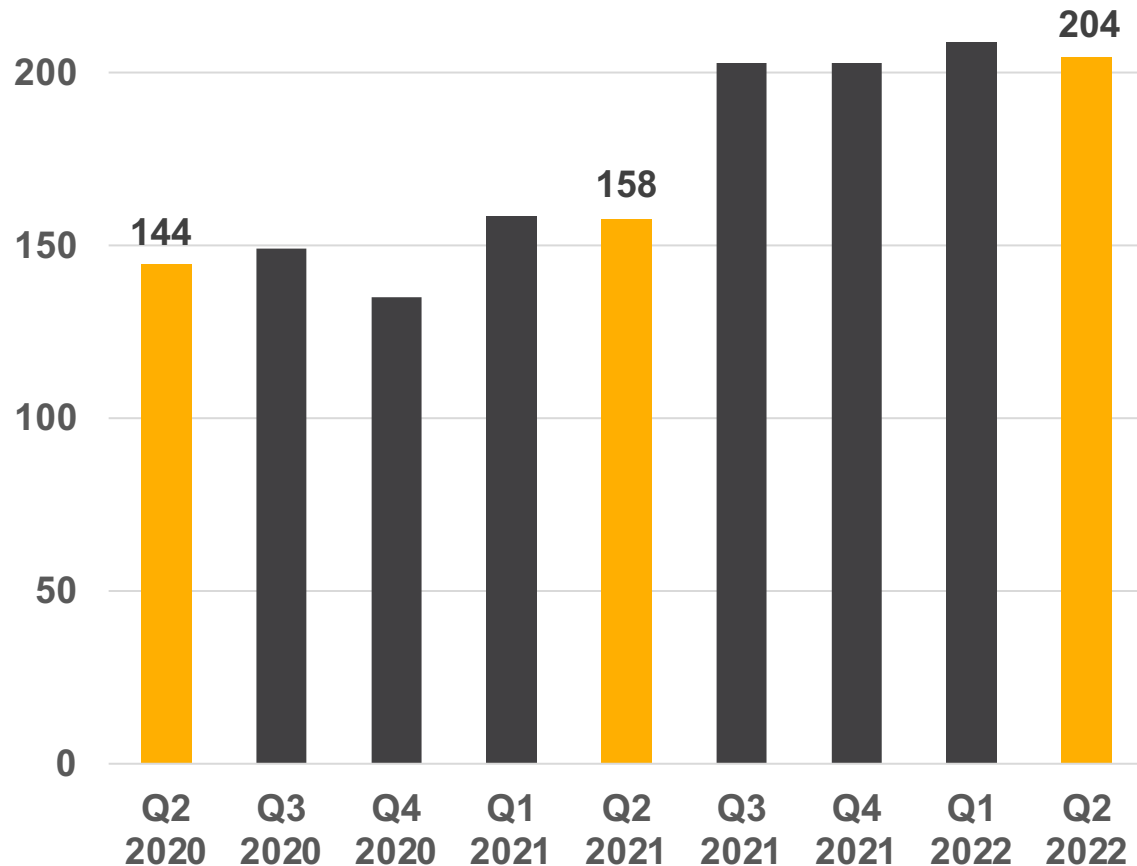
(4 accidents 4-6/2022)

COMMENTS BY PERSONNEL:

"Kreate offers enjoyable work that matches my competence. The proportion of challenging tasks is just right."

THE ORDER BACKLOG REMAINS NEAR RECORD-LEVELS

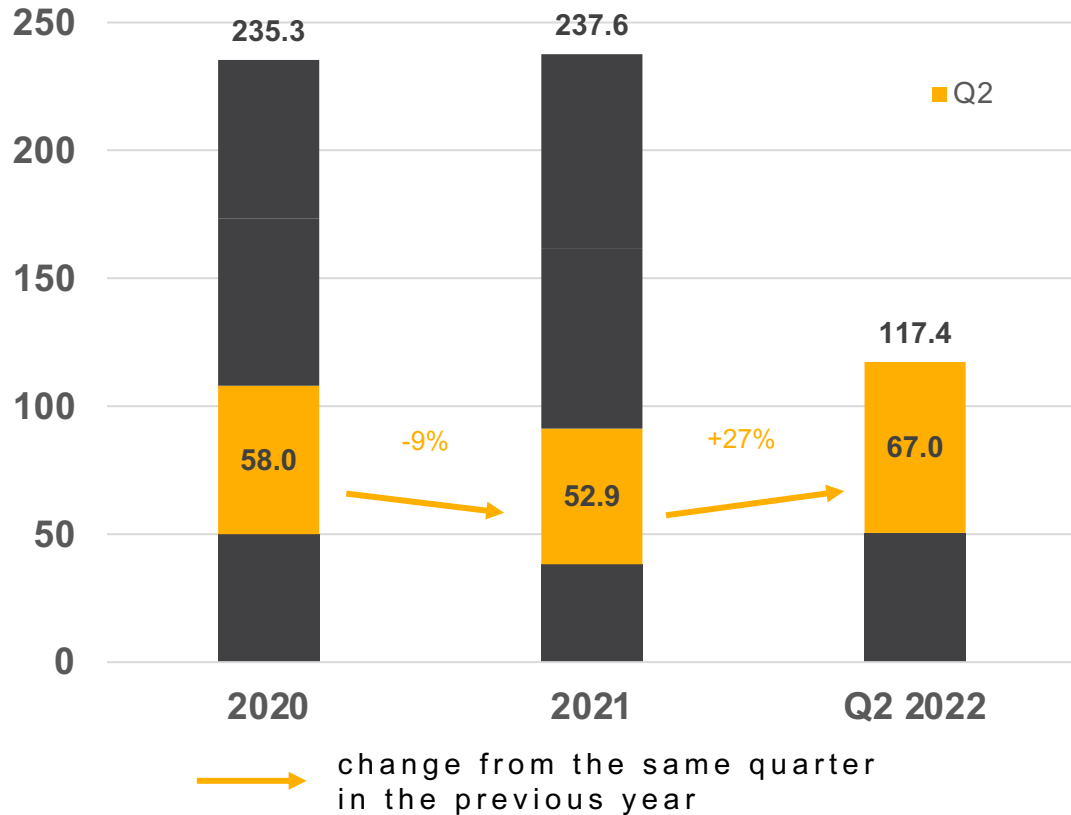
ORDER BACKLOG Q2/2020–Q2/2022, EUR MILLION



- At the end of June 2022, the order backlog amounted to EUR 204.4 (157.5) million and its expected profitability was at a normal level
- Largest additions during the reporting period: Infrastructure and bridge contract in Hervanta, Tampere: €7.5 million, Pieksämäki railway station tunnel contract: €6 million, and two key railway contracts with a total value of over €10 million.
- The contract for renovating the Kirjalansalmi and Hessundinsalmi bridges along Highway 180, with a value of more than EUR 100 million, is expected to move into the execution stage and enter the order backlog during H2/2022.

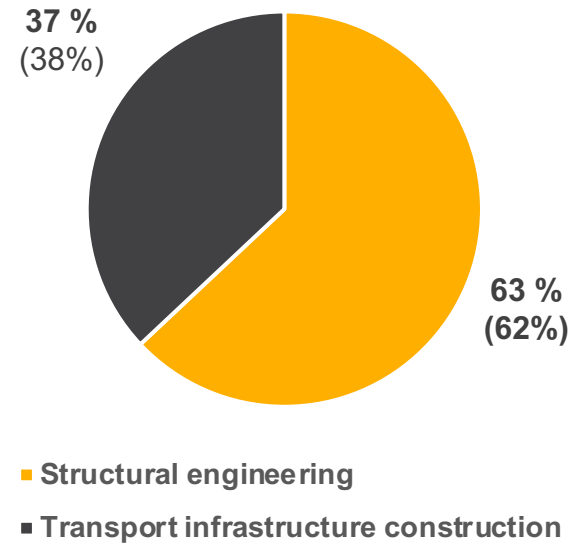
REVENUE GREW IN JANUARY–JUNE 2022

REVENUE, EUR MILLION

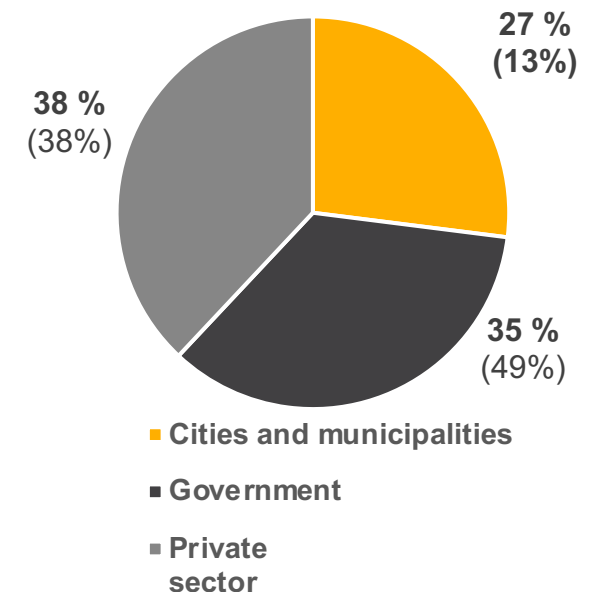


REVENUE DISTRIBUTION 1-6/2022 (1-6/2021)

BY BUSINESS FUNCTION



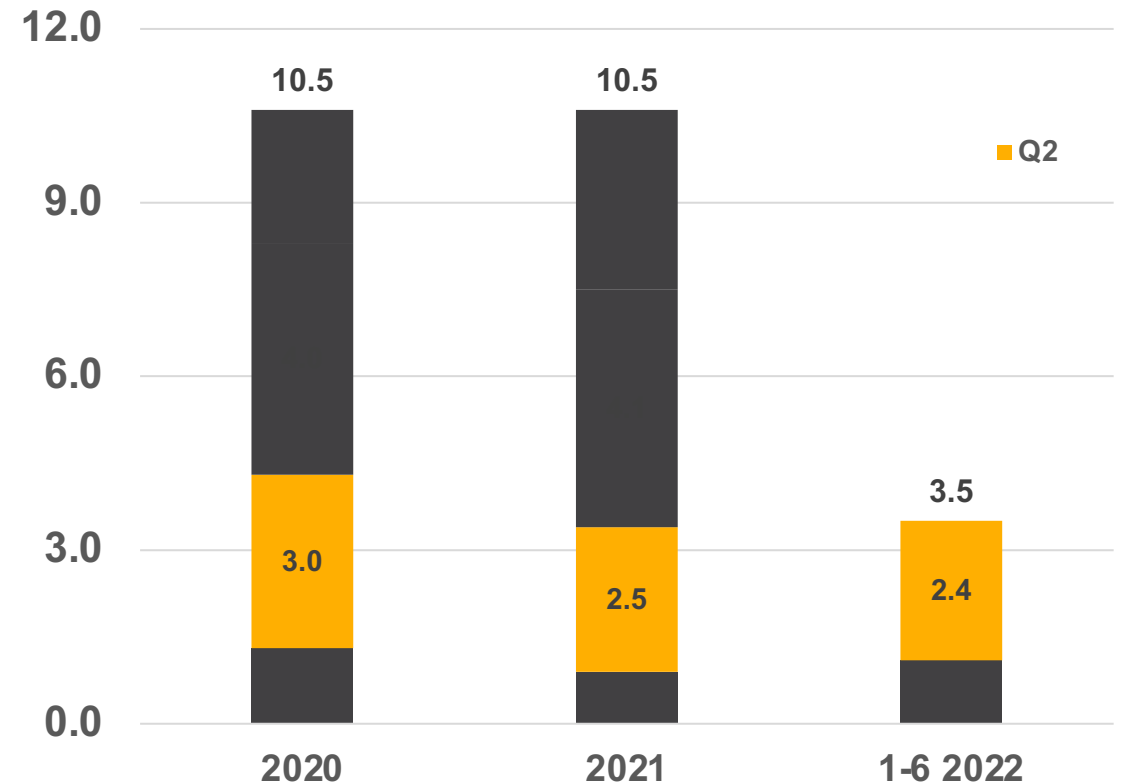
BY CLIENT GROUP



YEAR TO DATE EBITA GREW SLIGHTLY YEAR-ON-YEAR

- In January–June 2022, EBITA grew compared to the reference period, amounting to EUR 3.5 (3.4) million
- Kreate's flexible cost structure and measures for preventing impacts from increased costs supported profitability early in the year

EBITA (EUR MILLION)



FINANCIAL REPORT

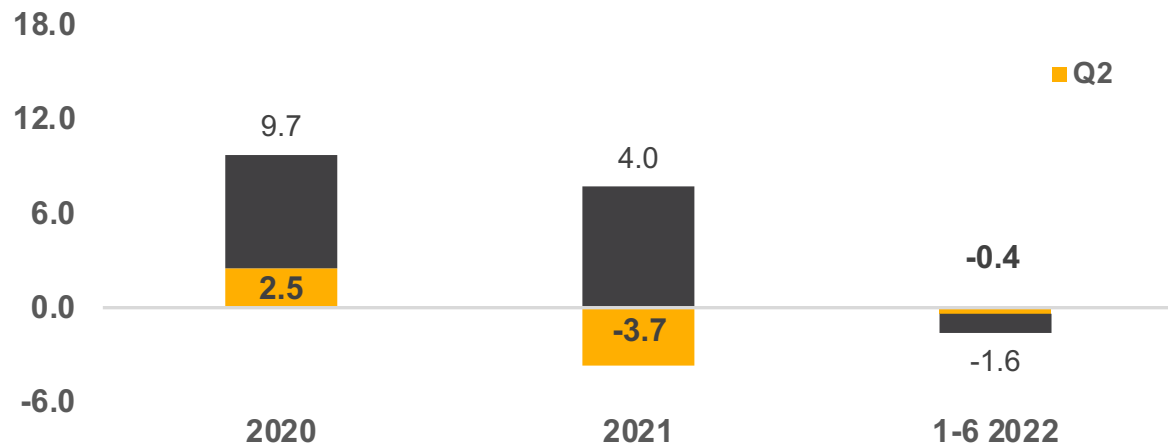
MIKKO LAINE, CFO

KEY FIGURES: JANUARY–JUNE 2022

EUR million	4–6/2022	4–6/2021	1–6/2022	1–6/2021	1–12/2021
Order backlog			204.4	157.5	202.8
Revenue	67.0	52.9	117.4	91.2	237.6
EBITDA	3.5	3.4	5.6	5.1	14.2
EBITDA, %	5.3	6.3	4.8	5.5	6.0
EBITA	2.4	2.5	3.5	3.4	10.5
EBITA, %	3.6	4.7	3.0	3.7	4.4
Operating profit	2.4	2.4	3.4	3.3	10.4
Operating profit, %	3.5	4.6	2.9	3.6	4.4
Result for the period	1.6	1.8	2.3	1.4	6.9
Return on capital employed, %			16.0	15.7	17.8
Free cash flow from operating activities	-0.4	-3.7	-1.6	-3.6	4.0
Net working capital			3.6	-0.3	-0.0
Net debt			29.4	27.4	20.9
Net debt/EBITDA			2.0	2.1	1.5
Equity ratio, %			31.6	33.4	38.6
Earnings per share, €	0.19	0.20	0.26	0.17	0.80
Personnel at the end of the period			424	412	385

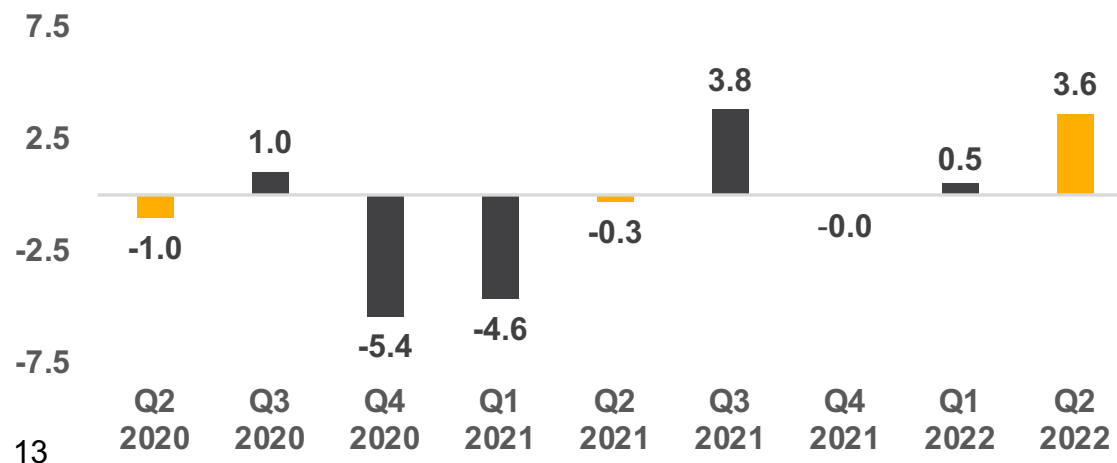
THE GROWTH OF WORKING CAPITAL IMPACTED THE CASH FLOW EARLY IN THE YEAR

FREE CASH FLOW FROM OPERATING ACTIVITIES, EUR MILLION



- Free cash flow from operating activities was EUR -1.6 (-3.6) million in January–June 2022
- The company's net investments in H1 were at the previous year's level at EUR -2.8 (-2.8) million

NET WORKING CAPITAL, EUR MILLION

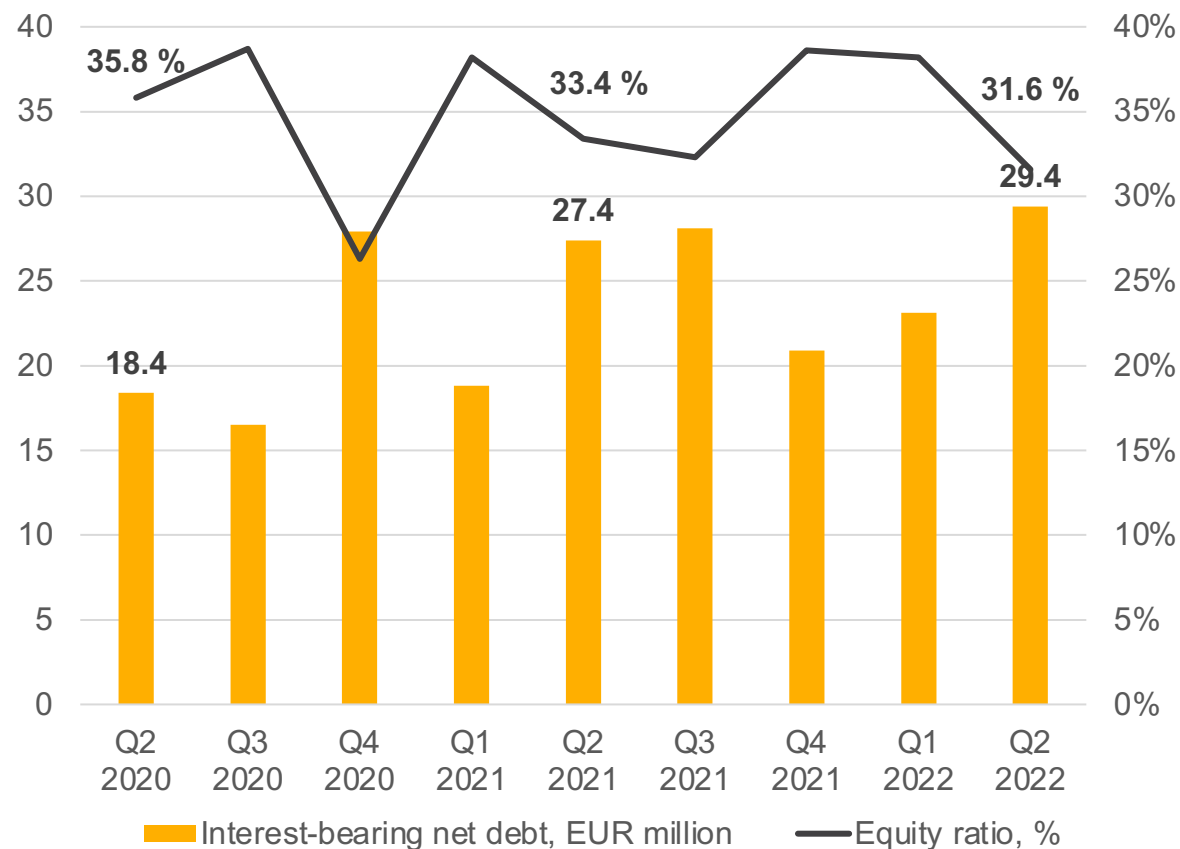


- Changes in the prices of materials as well as the measures for protecting against their impacts bound working capital in April–June
- In addition, the working capital was increased by a few key projects and the normal seasonality of the business

INTEREST-BEARING NET DEBT AND EQUITY RATIO

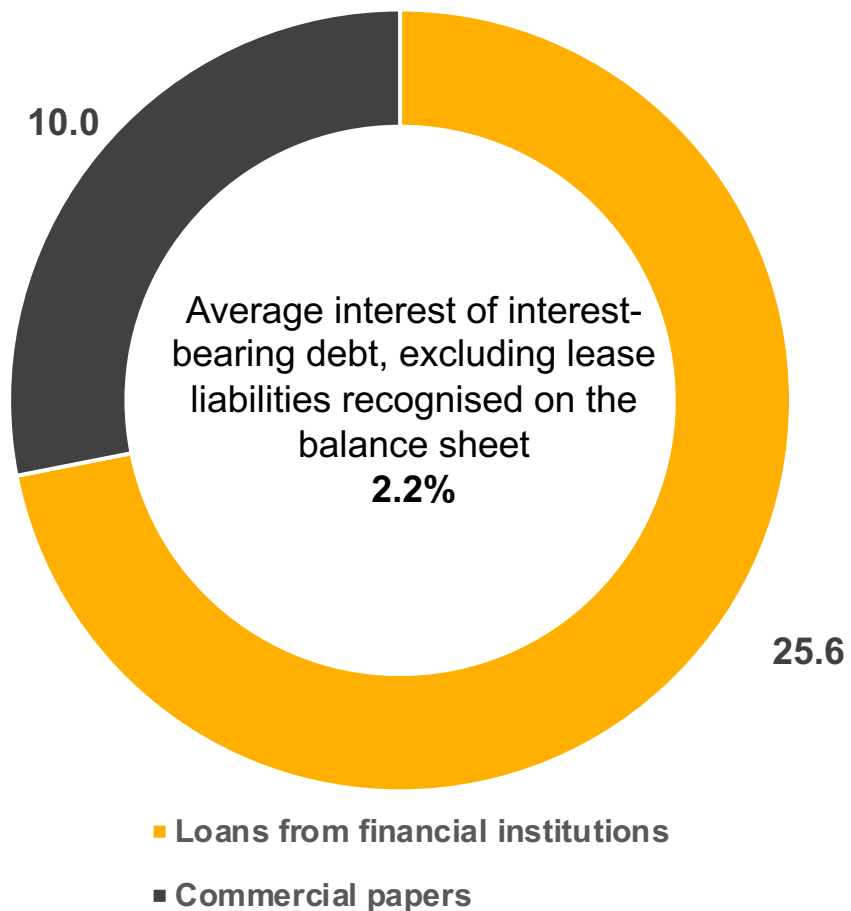
- Kreate's interest-bearing net debt on 30 June 2022 was EUR 29.4 million (30 June 2021: EUR 27.4 million)
- During the reporting period, Kreate signed an agreement for a domestic commercial paper programme worth EUR 50 million. On 30 June 2022, the company had issued commercial papers totalling EUR 10.0 million.
- After the reporting period, a new financing arrangement was signed that replaces Kreate Group's earlier credit limit and loan agreements that would have been due in 2023
- Equity ratio was 31.6% on 30 June 2022 (30 June 2021: 33.4%)

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

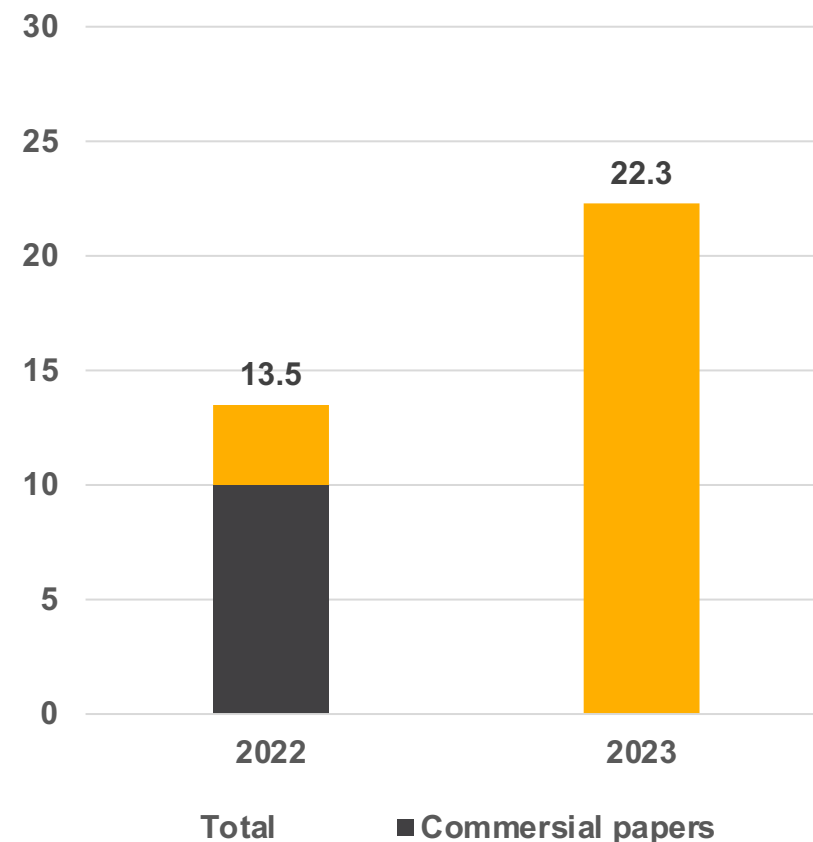


INTEREST-BEARING DEBT – MATURITY AND AVERAGE INTEREST

LOAN PORTFOLIO ON 30 JUNE 2022, EUR MILLION



REPAYMENT SCHEDULE FOR INTEREST-BEARING DEBT ON 30 JUNE 2022, EUR MILLION

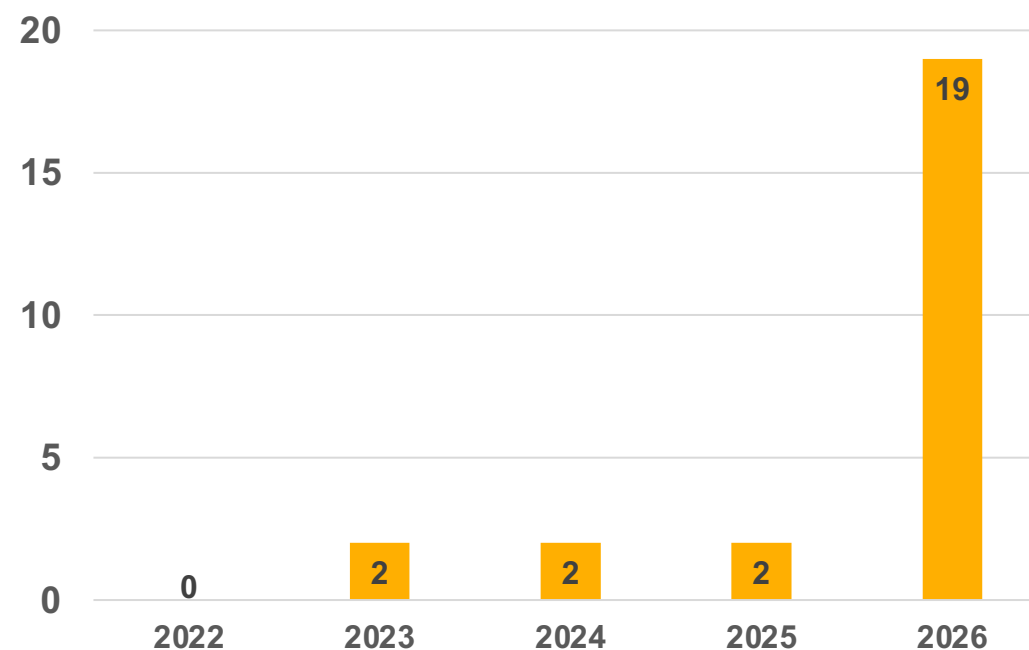


*) Of the 2022 repayments of loans from financial institutions, EUR 3 million comprise the repayments of committed revolving overdraft and credit limits

NEW FINANCING AGREEMENT SIGNED ON JULY 6 2022

- The company has signed a new financing arrangement after reporting period
- Total value EUR 52.5 million
- The new agreement includes EUR 15 million committed revolving overdraft and credit limits
- Existing commercial paper program remains unchanged

DEBT REPAYMENT SCHEDULE FOR THE NEW FINANCING AGREEMENT AT THE TIME OF WITHDRAWAL, EUR MILLION



OUTLOOK FOR 2022 (PUBLISHED ON 26 JANUARY 2022)

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

Justifications:

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



**THE FUTURE IS
BUILT TODAY**

A CLEAR STRATEGY WITH A VIEW TO CONTINUED PROFITABLE GROWTH

A PROFITABLE GROWTH COMPANY WITH AN ENTREPRENEURIAL MINDSET EXECUTES THE MOST DEMANDING INFRASTRUCTURE PROJECTS AND OFFERS THE MOST INTERESTING WORKING COMMUNITY IN THE BUSINESS AS WELL AS OPPORTUNITIES FOR DEVELOPMENT.

1

POSITIONING IN
GROWING MARKET
SEGMENTS

2

EXPANDING AND
STRENGTHENING
CUSTOMER ACCOUNTS
AND OFFERING

3

SUPPORTING THE
STRATEGY WITH
SELECTED
ACQUISITIONS

4

CONTINUOUS IMPROVEMENT OF OPERATIONAL EFFICIENCY AND PROFITABILITY

KREATE'S LONG-TERM GOALS

GROWTH

Growing the revenue

to EUR 300 million

by 2024
through a balanced
combination of organic
growth and selected
acquisitions

PROFITABILITY

EBITA margin

> 5%

in the medium term

DEBT TO EQUITY RATIO

Net debt/EBITDA

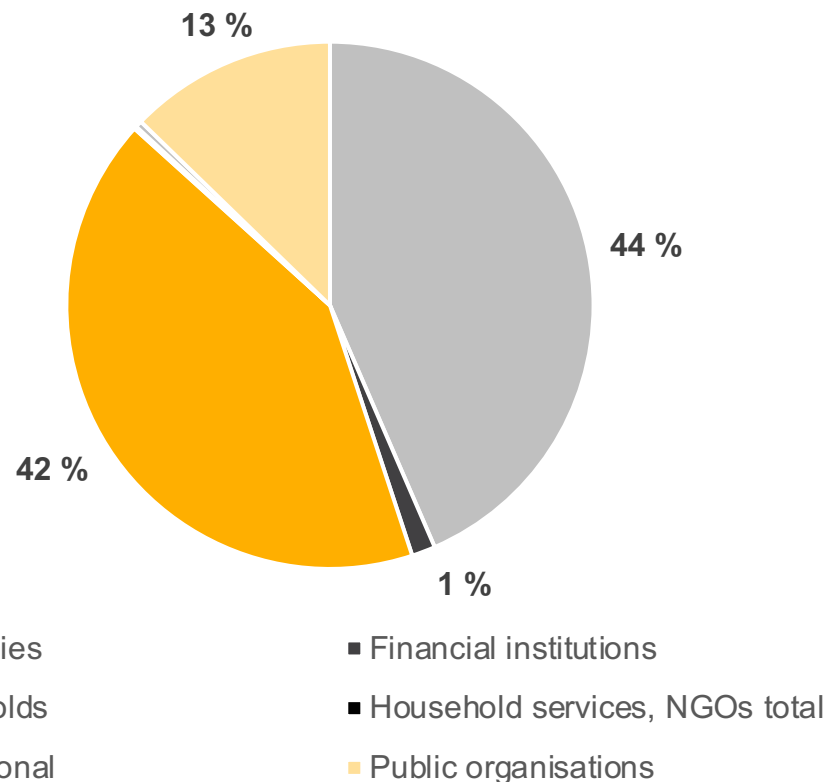
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KREATE'S DIVIDEND POLICY

The aim is to distribute at least half of Kreate's annual net profit as dividends, considering Kreate's financial standing, cash flows and growth opportunities

KREATE'S SHAREHOLDERS ON 30 JUNE 2022

SHAREHOLDERS BY SECTOR



Shareholder	Shares	% of shares
1. Harjalvalta Oy	1,783,689	19.9
2. Tirinom Oy	1,000,000	11.1
3. Ilmarinen Mutual Pension Insurance	425,000	4.7
4. Valtonen Seppo Timo Johannes	412,101	4.6
5. Varma Mutual Pension Insurance	359,000	4.0
6. Mutual Fund Säästöpankki pienyhtiöt	350,000	3.9
7. Rantala Sami Kalle Antero via Beachfish Invest Oy	273,534 55,796	3.0 0.6
8. Inkala Tero Antero	208,396	2.3
9. Elo Mutual Pension Insurance Company	180,000	2.0
10. Pensionsförsäkringsaktiebolaget Veritas	175,000	1.9
11. Salminen Juha Petri	160,512	1.8
12. Neva-Aho Ronnie Juhani	100,519	1.1
13. Kreate Group Plc	90,000	1.0
14. Tradeka-Sijoitus Oy	79,000	0.9
15. Hat Invest Oy	76,193	0.8
16. Petri Rignell via Prirock Oy	2,032 69,908	0.0 0.8
17. Kulmala Teuvo Kalle Olavi	67,966	0.8
18. Karjalainen Jarmo Juhani	65,580	0.7
19. * Skandinaviska Enskilda Banken Ab	55,870	0.6
20. Säästöpankki Kotimaa -Mutual fund	54,924	0.6
TOP 20 TOTAL	6,045,020	67.3
ALL SHARES TOTAL	8,984,772	

* *Nominee registered*