

KREATE

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Kreate Group Plc

Listing on the Official List of Nasdaq Helsinki Ltd
Share Issue of approximately EUR 12.5 million
Share Sale of a maximum of 2,690,160 Sale Shares
Subscription Price of EUR 8.20 per Offer Share

This offering circular (the "**Offering Circular**") has been prepared in connection with the initial public offering of Kreate Group Plc, a public limited liability company incorporated in Finland ("**Kreate**"). Kreate aims to raise gross proceeds of approximately EUR 12.5 million by offering a maximum of 1,526,090 new shares in Kreate (the "**New Shares**") for subscription (the "**Share Issue**"). In addition, the largest shareholder of Kreate, Intera Fund II Ky ("**Intera**") and other shareholders in Kreate listed in Annex A to this Offering Circular (together with Intera, the "**Selling Shareholders**") are offering for purchase a maximum of 2,690,160 existing shares in Kreate (the "**Sale Shares**" and together with the New Shares, the "**Offer Shares**") (the "**Share Sale**" and together with the Share Issue, the "**Offering**"). The subscription price per Offer Share in the Offering is EUR 8.20 (the "**Subscription Price**"). The New Shares offered in the Personnel Offering are offered in a lowered subscription price of EUR 7.38 per New Share.

The Offer Shares are offered for subscription (i) to private individuals and entities in Finland (the "**Public Offering**"), (ii) to institutional investors in Finland and, in compliance with applicable legislation, internationally outside the United States (the "**Institutional Offering**") and (iii) to employees of Kreate and its wholly-owned subsidiaries, as well as to members of the management team and the Board of Directors of Kreate in Finland (the "**Personnel Offering**").

Harjavalta Oy and Tirinom Oy (the "**Cornerstone Investors**") have each individually given subscription undertakings in relation to the Offering, under which they have committed to subscribe for Offer Shares the amounts of which would correspond to the following proportions of all of Kreate's outstanding Shares after the Offering: Harjavalta Oy 15.5 per cent and Tirinom Oy 10.5 per cent. The Cornerstone Investors' subscription undertakings are subject to certain conditions being fulfilled, including a condition that the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking, as is further explained in "*Terms and conditions of the Offering – Special Terms and Conditions Concerning the Institutional Offering – Subscription Undertakings*".

Danske Bank A/S, Finland branch ("**Danske Bank**") is acting as sole global coordinator (the "**Sole Global Coordinator**") in the Offering. OP Corporate Bank plc is acting as joint bookrunner (the "**Joint Bookrunner**" and together with the Sole Global Coordinator, the "**Managers**") in the Offering. Intera is expected to grant Danske Bank, who is acting as stabilizing manager (the "**Stabilizing Manager**") an option, exercisable within 30 days from commencement of trading in the Shares on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**"), to purchase a maximum of 632,437 additional Shares (the "**Additional Shares**") at the Subscription Price solely to cover over-allotments in connection with the Offering (the "**Over-allotment Option**").

The subscription period for the Public Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 16 February 2021 at 4:00 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 18 February 2021 at 12:00 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 16 February 2021 at 4:00 p.m. (Finnish time). Instructions for submitting the subscriptions as well as detailed terms and conditions of the Offering are described in section "*Terms and conditions of the Offering*" of this Offering Circular.

Prior to the Offering, the Shares have not been subject to trading on a regulated market. Kreate intends to submit a listing application to Nasdaq Helsinki to list the Shares on the official list of Nasdaq Helsinki under the share trading code KREATE (the "**Listing**"). Trading in the Shares is expected to commence on the pre-list of Nasdaq Helsinki on or about 19 February 2021 and on the official list of Nasdaq Helsinki on or about 23 February 2021, provided that Nasdaq Helsinki accepts Kreate's listing application. Trading in the New Shares allocated and paid for in the Personnel Offering is expected to commence on the official list of Nasdaq Helsinki on or about 24 February 2021.

In certain countries, such as the United States, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa and Singapore statutory limitations may apply to the distribution of this Offering Circular. This Offering Circular or any other materials relating to the Offering shall not be distributed or disseminated in any country without complying with the laws and regulations of such country. This Offering Circular does not constitute an offer to issue or sell Shares to anyone in any such country, where it would be prohibited by local laws or other regulations to offer the Shares to such person. The Shares have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), or under the securities laws of any state of the United States and, accordingly, may not be offered or sold, directly or indirectly, in or into the United States subject to certain exceptions. The Shares are being offered and sold outside the United States in compliance with Regulation S under the U.S. Securities Act. See "*Important information*".

An investment in the Shares involves risks. Prospective investors should read this entire Offering Circular and, in particular, "Risk factors," when considering an investment in the Shares.

Sole Global Coordinator

Joint Bookrunner



IMPORTANT INFORMATION

Kreate has prepared and published a Finnish-language prospectus (the "**Finnish Prospectus**") in order to offer its Shares to the public and to list the Shares on the official list of Nasdaq Helsinki. Kreate has prepared the Finnish Prospectus in accordance with the Finnish Securities Markets Act (746/2012, as amended, the "**Finnish Securities Markets Act**"), Regulation (EU) 2017/1129 of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC (the "**Prospectus Regulation**"), Commission Delegated Regulation (EU) 2019/980 (Annexes 1 and 11) supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council as regards the format, content, scrutiny and approval of the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Commission Regulation (EC) No 809/2004, Commission Delegated Regulation (EU) 2019/979 supplementing Regulation (EU) 2017/1129 of the European Parliament and of the Council with regard to regulatory technical standards on key financial information in the summary on a prospectus, the publication and classification of prospectuses, advertisements for securities, supplements to prospectus and notification portal, and repealing Commission Delegated Regulation (EU) No 382/2014 and Commission Delegated Regulation (EU) 2016/301, as well as the regulations and guidelines issued by the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). The Finnish Prospectus also contains a summary in the format required by Article 7 of the Prospectus Regulation. The FIN-FSA has approved the Finnish Prospectus as competent authority under the Prospectus Regulation; however, it is not responsible for the accuracy of the information presented therein or herein. The register number of the FIN-FSA's approval decision is 1/02.05.04/2021. The Finnish Prospectus has been prepared in Finnish and this Offering Circular is an unofficial translation of the Finnish Prospectus. The FIN-FSA has not approved this English translation. In the event of any discrepancies between the language versions, the Finnish Prospectus shall prevail. The restrictions concerning the distribution of the Finnish Prospectus and this Offering Circular may differ from each other.

This Offering Circular is valid until the Offer Shares have been admitted to trading on the pre-list of Nasdaq Helsinki. The obligation to supplement the Finnish Prospectus or this Offering Circular due to significant new factors or material mistakes or material inaccuracies in the Finnish Prospectus of this Offering Circular shall end when this Offering Circular expires.

In this Offering Circular "**Kreate**" refers to Kreate Group Plc, its subsidiaries and Kreate's jointly owned joint venture KFS Finland Oy ("**KFS Finland**"), on a combined basis, unless the context clearly requires that the expression refers to Kreate Group Plc alone, a certain subsidiary or business area or KFS Finland or some of these on a combined basis. The expression "**subsidiaries**" refers Kreate's subsidiaries together, unless the context requires that the expression refers only to a certain subsidiary or business unit or some of these on a combined basis. However, reference to the Shares, share capital or Kreate's management are reference to Kreate Group Plc's issued shares, share capital and management. Kreate Group Plc is a public limited company incorporated under the laws of Finland and to which the Finnish Companies Act (624/2006, as amended, the "**Finnish Companies Act**") is applicable.

No person is or has been authorised to give any information or to make any representation regarding the Offering other than those contained in this Offering Circular and, if given or made, such information or representation must not be considered as having been so authorised by the Company or the Managers. Nothing contained in this Offering Circular is, or shall be relied upon as, a promise or representation by the Managers in this respect, whether as to the past or the future. The Managers assume no responsibility for the accuracy, comprehensiveness or verification of the information and disclaim to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise, which they might otherwise be found to have in respect of this Offering Circular or any such statement.

Shareholders and prospective investors should rely solely on the information contained in this Offering Circular as well as in the stock exchange releases published by Kreate. Delivery of the Offering Circular shall not, under any circumstances, indicate that the information presented in the Offering Circular is correct on any day other than on the date of the Offering Circular, or that there would not have been any adverse changes or events after the date of the Offering Circular, which could have an adverse effect on Kreate's business, financial position or results of operations. Information given in the Offering Circular is not a guarantee or grant for future events by Kreate and shall not be considered as such. Unless otherwise stated, any estimates with respect to market developments relating to Kreate or its industry are based upon reasonable estimates of the management of the respective company that such information concerns. However, if a significant new factor, material mistake or material inaccuracy relating to the Finnish Prospectus or this Offering Circular is discovered after the FIN-FSA has approved the Finnish Prospectus, but before the Shares being admitted to trading on the pre-list of Nasdaq Helsinki, and such significant new factor, material mistake or material inaccuracy may affect the assessment of the Shares, the Offering Circular shall be supplemented in accordance with the Prospectus Regulation. This Offering Circular is valid until the Offer Shares have been admitted to trading on the pre-list of Nasdaq Helsinki. The obligation to supplement the Offering Circular under the Prospectus Regulation shall end when the Offering Circular expires. Where this Offering Circular is supplemented pursuant to the Prospectus Regulation, investors who have subscribed for Offer Shares before the supplement is published shall have the right to withdraw their subscriptions during a withdrawal period. Such withdrawal period shall last for at least two working days from the publication of the supplement. The withdrawal right is further conditional on that the grounds for supplementing this Offering Circular were noted prior to the end of the Subscription Period or the delivery of the Offer Shares on the book-entry account of the subscriber (whichever occurs earlier).

In making an investment decision, each investor must rely on their own examination, analysis and enquiry of Kreate and the terms of the Offering, including the merits and risks involved. Neither Kreate nor the Managers, nor any of their respective affiliates or representatives, is making any representation to any offeree or subscriber of the Offer Shares regarding the legality of an investment in the Offer Shares by such offeree, subscriber or purchaser under the laws applicable to such offeree, subscriber or purchaser. The investors should, based on their own assessment, consult their own advisers before subscribing for the Offer Shares. Investors need to make their independent assessment of the legal, tax, business, financial and other consequences of subscription for the Offer Shares. The investors also need to make their independent assessment of the risks involved in the subscription of the Offer Shares. Any tax consequences arising from

an investor's participation in the Offering will be solely on account of such investor. The Managers are acting exclusively for Kreate and no one else in connection with the Offering. They will not regard any other person (whether or not a recipient of this Offering Circular) as its respective client in relation to the Offering. The Managers will not be responsible to anyone other than Kreate for providing the protections afforded to its respective clients nor for giving advice in relation to the Offering or any transaction or arrangement referred to herein.

In a number of countries, in particular in the United States, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa and Singapore the distribution of this Offering Circular and the offer of the Offer Shares, is subject to restrictions imposed by law (such as registration, admission, qualification and other regulations). This Offering Circular does not constitute an offer to subscribe for the Offer Shares in a jurisdiction to an individual in respect of which an offer would be unlawful. No action has been or will be taken by Kreate or the Managers to permit a public offering or the possession or distribution of this Offering Circular (or any other offering or publicity materials or application forms relating to the Offering) in any jurisdiction where such possession or distribution may otherwise lead to a breach of any law or regulatory requirement. Kreate and the Managers recommend persons into whose possession this Offering Circular comes to inform themselves of and to observe all such restrictions. Kreate and the Managers do not assume any responsibility to present the appropriate information regarding such restrictions nor that such restrictions are obeyed. Neither Kreate nor the Managers accept any legal responsibility for persons who have obtained this Offering Circular in violation of these restrictions, irrespective of whether these persons are prospective subscribers of the Offer Shares. This Offering Circular does not constitute an offer to sell the Offer Shares to any person in any jurisdiction in which it is unlawful to make such offer to such person, or a solicitation of an offer to subscribe or buy the Offer Shares made to a person in a jurisdiction in which it is unlawful to make such solicitation.

No action has been or will be taken by the Company or the Managers to permit any public offering of the Offer Shares outside Finland. Nevertheless, the Offer Shares may be offered to qualified investors in member states of the European Economic Area (the "EEA") or in the United Kingdom, if any of the exceptions in the Prospectus Regulation is applicable.

The Offer Shares have not been, and will not be, registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States. The Offer Shares may not, with certain exceptions, be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into the United States. In addition to the United States, the legislation of certain other countries may restrict the distribution of this Offering Circular. This Offering Circular must not be considered an offer of securities in such country, where offering of Offer Shares would be forbidden. The Offer Shares may not be offered, sold, exercised, pledged, transferred or delivered, directly or indirectly, in or into such country.

As a condition to subscribing for the Offer Shares, each subscriber will be deemed to have made, or in some cases, be required to make, certain representations and warranties regarding their domicile that will be relied upon by Kreate and the Managers. Kreate reserves the right, in its sole and absolute discretion, to reject any subscription for Offer Shares that the Company or its representatives believe may give rise to a breach or violation of any law, rule or regulation.

Matters related to the Offering are governed by the laws of Finland. All disputes arising in connection with the Offering are settled exclusively by a court of competent jurisdiction in Finland.

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SUMMARY

INTRODUCTION

*This summary contains all the elements required to be included in a summary for this type of securities and issuer. This summary should be considered as an introduction to this Offering Circular (the "**Offering Circular**"). Any decision to invest in the securities presented in this Offering Circular (the "**Shares**"), should be based on consideration of the Offering Circular as a whole by the investor. An investor investing in the Shares could lose all or part of the invested capital. Where a claim relating to the information contained in this Offering Circular is brought before a court, the plaintiff investor might, under applicable law, have to bear the costs of translating the Offering Circular before legal proceedings are initiated. Kreate Group Plc ("**Kreate**") assumes civil liability in respect of this summary only if it is misleading, inaccurate or inconsistent when read together with the other parts of the Offering Circular, or if it does not provide, when read together with the other parts of the Offering Circular, key information to said investors when considering whether or not to invest in the securities issued by Kreate.*

Name of the issuer	Kreate Group Plc
Registered address	Haarakaari 42, FI-04360 Tuusula, Finland
Business identity code	2601364-3
Legal entity identifier (LEI)	743700POUUQ3CS3Q7S40
ISIN code of the Shares	FI4000476866
Trading code	KREATE

The shares in Kreate are issued in the book-entry system maintained by Euroclear Finland Oy ("**Euroclear Finland**"). This Offering Circular is an unofficial English language translation of the original Finnish language Prospectus (the "**Finnish Prospectus**"). The Finnish Prospectus has been approved by the Finnish Financial Supervisory Authority (the "**FIN-FSA**") as the competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") on 5 February 2021. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus. The register number of the approval of the Finnish Prospectus is 1/02.05.04/2021.

The identity and contact details of the competent authority, the FIN-FSA, approving the Finnish Prospectus are as follows:

Financial Supervisory Authority
P.O. Box 103, FI-00101 Helsinki, Finland
Tel.: +358 9 183 51
E-mail: registry@fiva.fi

KEY INFORMATION ON THE ISSUER

Who is the issuer of the securities?

Kreate Group Plc is a public limited company incorporated under the laws of Finland. Kreate is domiciled in Helsinki, Finland. Kreate is registered in the Finnish Trade Register (the "**Trade Register**") under business identity code 2601364-3 and legal entity identifier (LEI) 743700POUUQ3CS3Q7S40.

General

Kreate is a Finnish infrastructure construction company that focuses on demanding infrastructure projects. According to the management, Kreate is the leading player especially in bridge construction and foundation engineering, as measured by both revenue and know-how. Kreate's operations are guided by strong values: integrity, entrepreneurship, humanity and straightforwardness, through which it offers solution-driven services to its clientele made up of both private and public customers. Kreate's offering consists of transport infrastructure construction, including railway, road and street construction, as well as engineered structures, including bridge construction and repair, foundation and concrete engineering, ground engineering and rock engineering. In addition, Kreate provides services related to the circular economy. Kreate aims to be one of leading implementers of demanding infrastructure construction projects in Finland offering well-functioning comprehensive solutions for demanding infrastructure construction projects based on its broad know-how and service offering.

Kreate has operations mainly in Finland. Kreate's head office is located in Tuusula, Finland, and it has offices in Tampere, Hämeenlinna, Lappeenranta, Joensuu, Seinäjoki, Kouvola, Oulu and Vantaa.

Major shareholders

Shareholders owning 5 per cent or more the 5 per cent of the Shares in Kreate have, following the Listing, an obligation to notify pursuant to the Finnish Securities Markets Act (746/2012, as amended) (the "**Finnish Securities Markets Act**"). The following table sets forth the shareholders owning individually or through a sphere of control at least 5 per cent of the Shares in Kreate and voting rights attached to the Shares, pursuant to information available to Kreate on the date of this Offering Circular:

Shareholder	Shares, total	Shares, %	Votes, %(1)
Intera Fund II Ky.....	3,733,234	50.1	50.7
Seppo Valtonen	588,701	7.9	8.0
Sami Rantala	470,130 ⁽²⁾	6.3	6.4
Other major shareholders, total.....	4,792,065	64.2	65.1
Other shareholders	2,572,830	34.5	34.9
Kreate	90,000	1.2	–
Total	7,454,895	100	100

(1) The Shares held by Kreate do not carry voting rights at Kreate's general meeting.

(2) Including indirect ownership through Beachfish Invest Oy (79,596 shares) and direct ownership (390,534 shares).

As at the date of this Offering Circular, Intera Fund II Ky ("**Intera**") holds 50.1 per cent of the Shares in Kreate and 50.7 per cent of the voting rights attached to the Shares. Kreate is therefore controlled by Intera, as control is defined in the Finnish Securities Markets Act. Current shareholders of Kreate have entered into a shareholders' agreement relating to Kreate, which will terminate after the completion of the Listing. Kreate is not aware of any arrangements or agreements concluded between its shareholders, which could affect the ownership or use of voting rights in the general meetings of Kreate after the Listing. Other than the Offering, Kreate is not aware of any arrangements the operation of which may result in a change of control in Kreate.

Key management and auditor of Kreate

The Board of Directors of Kreate comprises the following persons:

Name	Year born	Position	First elected to the Board of Directors
Petri Rignell.....	1962	Chairman	2015
Timo Kohtamäki	1963	Member	2015
Ronnie Neva-aho	1967	Member	2014
Janne Näränen.....	1975	Member	2014
Elina Pienimäki.....	1979	Member	2020
Markus Väyrynen	1972	Member	2019

The Management Team of Kreate comprises following persons:

Name	Year born	Position	In the Management Team since
Timo Vikström	1968	President and CEO	2017
Tommi Hakanen.....	1978	Director, Technical office	2020
Antti Heinola.....	1973	Chief Financial Officer	2017
Jaakko Kivi.....	1971	Senior Vice President, Traffic routes	2018
Tommi Lehtola	1980	Head of Business Area, Foundation and concrete construction	2016
Ville Niutanen.....	1972	Managing Director, KFS Finland Oy	2018
Katja Pussinen	1975	Head of HR	2017
Sami Rantala.....	1970	Head of Business Area, Bridge construction and repair	2014
Juha Salminen	1966	Managing Director, Kreate Rata Oy	2017
Petri Uitus.....	1967	Technical Director	2015

The auditor of Kreate is Authorised Public Accountants KPMG Oy Ab. KPMG Oy Ab has appointed Authorised Public Accountant Turo Koila as the responsible auditor. Turo Koila is registered in the auditor register in accordance with Chapter 6, Section 9 of the Finnish Auditing Act (1141/2015, as amended).

What is the key financial information regarding the issuer?

Historical financial information

The financial information presented below has been derived from Kreate's unaudited consolidated interim report as at and for the nine months ended 30 September 2020, prepared in accordance with "*IAS 34 – Interim Financial Reporting*" and on which a review of historical financial information has been performed including the unaudited comparative consolidated

financial information as at and for the nine months ended 30 September 2019 and Kreate's audited consolidated financial statements as at and for the years ended 31 December 2019 and 31 December 2018 including comparative consolidated financial information as at and for the year ended on 31 December 2017, prepared in accordance with the International Financial Reporting Standards ("IFRS").

Information from the consolidated income statement, balance sheet and cash flow statement	As at and for the nine months ended 30 September		As at and for the year ended 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited, unless otherwise indicated)		(unaudited)
Information from the consolidated income statement					
Revenue.....	173.3	149.0	221.1	192.4	143.9
Change in revenue, %.....	16.3	8.5	14.9 ⁽¹⁾	33.7 ⁽¹⁾	-
Operating profit	8.1	6.9	11.5	7.7	4.5
Operating profit, %	4.7	4.7	5.2 ⁽¹⁾	4.0 ⁽¹⁾	3.2
Profit for the period.....	5.9	4.9	8.7	3.8	1.0
Earnings per share, €.....	0.81	0.67	1.00 ⁽¹⁾	0.53 ⁽¹⁾	0.18
Information from the consolidated balance sheet					
Total assets.....	109.4	104.5	105.5	96.0	82.9
Total equity	42.3	35.1	36.4	30.0	8.1
Net debt	16.5	25.7	17.3 ⁽¹⁾	27.5 ⁽¹⁾	40.9
Information from the consolidated cash flow statement					
Cash flow from operating activities.....	4.3	5.0	18.3	6.2 ⁽²⁾	18.5
Cash flow from investing activities	-2.9	-2.5	-3.7	-4.6	-15.4
Cash flow from financing activities	-1.2	-2.6	-8.1	-1.7 ⁽²⁾	0.8

(1) Unaudited.

(2) Adjusted, unaudited. Adjusted in the financial statements for 2019 for the financial year 2018. Adjustments are due to changes in the treatment of lease liabilities under IFRS 16.

What are the key risks that are specific to the issuer?

- Kreate may fail in executing its strategy or in adapting it to changes operating environment, or the strategy itself may be unsuccessful.
- Global epidemics and pandemics may have a material adverse effect on Kreate's business.
- Unfavourable economic development and economic conditions in Finland or across the world could have a material adverse effect on Kreate's business through e.g. weaker demand.
- Political uncertainty and changes in public finances or political decision making concerning the use of public funds could impact Kreate's customers and, consequently, Kreate's business.
- Failure to attract qualified personnel and loss of key employees as well as implementation partners' or subcontractors' problems with resources may have an adverse effect on Kreate's operability.
- Failures in project management could have a material adverse effect on Kreate's business.
- Kreate is dependent on its ability to obtain guarantees required for projects.
- Failures in projects could have an impact, for example, on the future availability of projects and thus have a material adverse effect on Kreate's business.
- Kreate's individual construction projects can be very extensive and individual projects could have a significant effect on the profitability of Kreate's business.
- Kreate may be held liable for errors committed in the operations of consortiums or for the omissions of the parties to the consortium.
- Kreate may not necessarily receive financing on competitive terms or at all.

KEY INFORMATION ON THE SECURITIES

What are the main features of the securities?

The ISIN code of the Shares is FI4000476866. Kreate has one share class with equal voting rights and all Shares provide equal rights to dividend. Kreate's current shareholders have entered into a shareholders' agreement relating to Kreate, which will terminate after the completion of the Listing. The Shares do not have a nominal value. The Shares have been issued in accordance with Finnish laws and all Shares have been paid in full. As at the date of this Offering Circular, Kreate's Articles of Association contain a redemption clause and a consent clause. Kreate's shareholders have unanimously resolved on 25 January 2021 to remove the redemption clause and the consent clause from the Articles of Association. The removal of the redemption clause and the consent clause will be notified for registration in the Trade Register only at the same time as the New Shares to be issued in the Offering are notified for registration or immediately in before. Following the removal of the redemption clause and the consent clause, the Shares will be freely transferable within the limits of the transfer described below.

The Shares are issued in the book-entry system maintained by Euroclear Finland Oy.

Kreate's target is to distribute at least half of Kreate's annual net result as dividends, taking into account Kreate's financial position, cash flows and growth opportunities.

Where will the securities be traded?

Kreate intends to submit a listing application to Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") to list the Shares on the official list of Nasdaq Helsinki (the "**Listing**"). Trading is expected to commence on the pre-list of Nasdaq Helsinki on or about 19 February 2021 and on the official list of Nasdaq Helsinki on or about 23 February 2021 under the share trading code KREATE. Trading of the New Shares allocated and paid for in the Personnel Offering is expected to commence on the official list of Nasdaq Helsinki on or about 24 February 2021.

What are the key risks that are specific to the securities?

- The Offering may not be fully subscribed or completed as planned or at all.
- The Listing may be delayed or cancelled.
- The market price or the liquidity of the Shares may fluctuate significantly, and an orderly and liquid trading market may not develop for the Shares.
- The amount of dividends distributed or capital repayments made in any financial year is uncertain, and Kreate may not necessarily distribute any dividends or make capital repayments at all.

KEY INFORMATION ON THE OFFERING OF THE SECURITIES AND ADMISSION TO TRADING ON A REGULATED MARKET

Under which conditions and timetable can I invest in this security?

General terms and conditions of the Offering

Kreate (or the "**Company**"), aims to raise gross proceeds of approximately EUR 12.5 million by offering a maximum of 1,526,090 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In the Personnel Offering, the Company offers preliminary a maximum of 17,000 New Shares, and in the event of an oversubscription in the Personnel Offering, a maximum of 43,975 additional New Shares. In addition, Intera Fund II Ky ("**Intera**") and other shareholders selling Shares in the Offering (together with Intera, the "**Sellers**") will offer for purchase a maximum of 2,690,160 existing shares in the Company (the "**Sale Shares**") (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). Unless the context indicates otherwise, the New Shares and the Sale Shares are together referred to herein as the "**Offer Shares**". The subscription price for the Offer Shares in the Public Offering and Institutional Offering (as defined below) is EUR 8.20 per Offer Share (the "**Subscription Price**").

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"), and (iii) a personnel offering to the Company's Personnel (as defined below) (the "**Personnel Offering**"). The Offer Shares represent a maximum of approximately 46.9 percent of all the Shares in the Company and approximately of the 47.4 votes vested by the Shares after the Share Issue assuming that the Over-allotment Option (as defined below) will not be exercised (approximately 54.0 and 54.5 percent assuming that the Over-allotment Option will be exercised in full), and assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares.

Harjavalta Oy and Tirinom Oy (the "**Cornerstone Investors**") have given subscription undertakings in relation to the Offering, under which they have committed to subscribe for Offer Shares the amounts of which would correspond to the

following proportions of all of Kreate's outstanding Shares after the Offering: Harjavalta Oy 15.5 per cent and Tirinom Oy 10.5 per cent. The Cornerstone Investors' subscription undertakings are subject to certain conditions being fulfilled, including a condition that the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking.

Danske Bank A/S, Finland branch ("**Danske Bank**") is acting as sole global coordinator (the "**Sole Global Coordinator**") in the Offering. OP Corporate Bank plc is acting as joint bookrunner (the "**Joint Bookrunner**") and together with the Sole Global Coordinator, the "**Managers**") in the Offering. In addition, the Company has appointed Nordnet Bank AB ("**Nordnet**") as the subscription place of the Public Offering.

Intera is expected to grant Danske Bank, who is acting as stabilizing manager an option, exercisable within 30 days from commencement of trading in the Shares on the official list of Nasdaq Helsinki, to purchase a maximum of 632,437 additional Shares (the "**Additional Shares**") solely to cover over-allotments in connection with the Offering (the "**Over-allotment Option**").

Subscription Price and Offer Period

The Subscription Price for the Offer Shares in the Public Offering and Institutional Offering is EUR 8.20 per Offer Share.

The Subscription Price in the Personnel Offering is 10 per cent lower than the Subscription Price in the Public Offering, *i.e.* EUR 7.38 per New Share. When submitting a subscription commitment, the subscription price payable for the New Shares offered in the Personnel Offering is 10 per cent lower than the Subscription Price in the Public Offering multiplied by the number of Shares covered by the Commitment.

The subscription period for the Public Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 16 February 2021 at 4:00 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 18 February 2021 at 12:00 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 16 February 2021 at 4:00 p.m. (Finnish time).

The Company's Board of Directors and Intera have, in the event of an oversubscription, the right to end the Institutional Offering and the Public Offering by joint decision at the earliest on 15 February 2021 at 4:00 p.m. (Finnish time). In addition, the Company's Board of Directors may end the Personnel Offering at its sole discretion no earlier than 15 February 2021 at 4:00 p.m. (Finnish time). The Institutional Offering, the Public Offering and the Personnel Offering can be discontinued independently of each other. A stock exchange release will be published without delay in the event of a discontinuation.

The Company's Board of Directors and Intera are entitled to extend the subscription periods of the Institutional Offering and the Public Offering. A possible extension of the subscription period will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription period for the Institutional Offering, the Public Offering and the Personnel Offering will end in any case at the latest on 4 March 2021 at 4:00 p.m. (Finnish time). The subscription periods of the Institutional Offering, the Public Offering and the Personnel Offering can be extended independently of each other. A stock exchange release concerning the extension of a subscription period must be published no later than on the estimated end dates of the subscription periods for the Institutional Offering, the Public Offering and the Personnel Offering stated above.

Cancellation right under the Prospectus Regulation

A commitment to subscribe for or purchase Offer Shares in the Public Offering or in the Personnel Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Prospectus Regulation.

If the Finnish Prospectus is supplemented in accordance with the Prospectus Regulation due to a material error or omission or due to material new information that has become known after the Finnish Financial Supervisory Authority has approved the Finnish Prospectus, but before trading in the Offer Shares begins on the prelist of Nasdaq Helsinki, investors who have given their Commitments before the supplement or correction of the Finnish Prospectus have, in accordance with the Prospectus Regulation, the right to cancel their Commitments within two banking days after the supplement of the Finnish Prospectus has been published. The use of the cancellation right requires that the error, omission or material new information that led to the supplement or correction has become known prior to the delivery of the Offer Shares to the investors. Possible cancellation of a Commitment must concern the total number of shares covered by the Commitment given by an individual investor. If the Finnish Prospectus is supplemented, the supplement will be published through a stock exchange release. The stock exchange release will also include information on the right of the investors to cancel their Commitment in accordance with the Prospectus Regulation.

Trading in the Shares

Before the Offering, the Shares of the Company have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the official list of Nasdaq Helsinki. Trading of the Shares on the prelist of Nasdaq Helsinki is expected to commence on or about 19 February 2021 and on the official list of Nasdaq Helsinki on or about 23 February 2021. Trading of the New Shares allocated and paid for in the Personnel Offering is expected to commence on the official list of Nasdaq Helsinki on or about 24 February 2021. The trading code of the Shares is KREATE and the ISIN code is FI4000476866.

When the trading on the prelist commences on or about 19 February 2021, not all of the Offer Shares may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Shares subscribed for by it in the Offering on the prelist, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

Fees and expenses

Kreate and the Sellers will pay the Managers a sales fee which is determined on Kreate's part on the basis of the gross proceeds from the New Shares and on the Sellers' part from the Sale Shares (including any sales of Additional Shares based on the Over-allotment Option). In addition, the Company and the Sellers may, at Kreate's and Intera's sole discretion, pay the Managers a performance fee based on the gross proceeds from the Offering, including the proceeds from any sales of Additional Shares based on the Over-allotment Option. In addition, Kreate and Intera undertake to reimburse the Managers for certain expenses.

In connection with the Offering, Kreate expects to pay approximately EUR 2.2 million in fees and expenses (including the discretionary fees), and the Sellers expect to pay approximately EUR 1.1 million in fees and expenses (including the discretionary fees) for the Sale Shares.

Dilution

Due to the New Shares issued in the Offering, the number of Shares in Kreate may increase to 8,980,985 Shares assuming that the maximum number of New Shares are offered and subscribed for in the Offering. If the existing shareholders of Kreate would not subscribe for the Offer Shares in the Share Issue, the total ownership of the existing shareholders would therefore dilute with approximately 17.0 per cent (ownership) and approximately 17.2 per cent (voting rights).

Lock-up

The Company and the Sellers are expected to commit not to, subject to certain exceptions, during the period that will end with respect to the Company and Intera 180 days from the Listing (i.e. on or about 18 August 2021) and with respect to the other Sellers 360 days from the Listing (i.e. on or about 14 February 2022), without the prior written consent of the Managers, (i) issue, offer, pledge, hypothecate, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to the Company's shareholders a proposal to effect any of the foregoing to the extent any of the foregoing is proposed to take place during the lock-up period. The lock-up does not apply, among others, to the measures related to the execution of the Offering or to the Company's current incentive schemes or incentive schemes based on current authorisation granted by the general meeting of shareholders.

The members of the Board of Directors of the Company and the management team of Kreate shall enter into a lock-up agreement with similar terms to that of the Company and the Sellers that will end 360 days from the Listing (i.e. on or about 14 February 2022).

As a precondition for participating in the Personnel Offering, the persons participating in the Personnel Offering must agree to comply with the lock-up with similar terms to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing (i.e. on or about 14 February 2022).

In aggregate, the terms of lock-up agreements apply to approximately 31.7 per cent of the Shares after the Offering without the Over-Allotment Option, New Shares subscribed for in the Personnel Offering and the Shares possibly subscribed for by the members of the Board of Directors and the management team in the Public Offering (approximately 24.7 per cent with the Over-Allotment Option) assuming that the Sellers will sell the maximum amount of Sale Shares, and that that the Company will issue 1,526,090 New Shares.

Why is this Offering Circular being produced?

Kreate has prepared and published this Offering Circular in order to offer its Shares to the public and to list the Shares on the official list of Nasdaq Helsinki.

Reasons for the Offering

The objective of the Listing is to promote Kreate's ability to implement its growth strategy and to bring financial flexibility to the development of operations. The Listing is also expected to increase awareness and brand recognition of Kreate among customers, potential new employees and investors, which would strengthen the competitiveness of Kreate. In addition, the Listing would enable Kreate to access the capital markets and widen its ownership base thus providing liquidity for its Share. Due to the improved liquidity of the Share, Kreate would also be able to use the Share more efficiently in employee incentive schemes and as consideration in potential acquisitions.

Use and amount of proceeds

The Sellers would receive gross proceeds of approximately EUR 22.1 million from the Share Sale (assuming that the Sellers will sell the maximum amount of Sale Shares and that the Over-allotment Option will not be exercised). The Sellers expect to pay approximately EUR 1.1 million in fees in connection with the Offering (calculated with the same assumptions as in the previous sentence).

Kreate aims to raise gross proceeds of approximately EUR 12.5 million by offering a maximum of 1,526,090 New Shares in Kreate for subscription at a Subscription Price of EUR 8.20 per New Share. Kreate estimates the charges, fees and expenses to be paid by Kreate in connection with the Offering to amount to approximately EUR 2.2 million (assuming that Kreate raises gross proceeds of EUR 12.5 million), as a result of which Kreate estimates to receive net proceeds of approximately EUR 10.3 million from the Offering. Kreate receives no proceeds from the Sale Shares sold by the Sellers in the Offering, or from potential sale of the Additional Shares. Kreate and the Sellers will pay to the Managers the aggregate sales and arrangement fees.

The proceeds from the Offering will be used to strengthen Kreate's capital structure by, inter alia, repaying Kreate's existing bank loans by EUR 10.0 million. A stronger capital structure will promote Kreate's ability to implement its growth strategy.

Interests of the Managers

The fees and commissions to be paid to the Managers are, in part, linked to the proceeds from the Offering.

The Managers and/or their affiliates have provided, and may provide in the future, advisory, consulting and/or banking services to Kreate in the ordinary course of business. In connection with the Offering, the Managers and/or investors within its affiliates may acquire Offer Shares on their own account, hold, purchase and sell the Offer Shares for their own account, and offer or sell such securities otherwise than in connection with the Offering subject to the legislation and regulations applicable. The Managers do not intend to disclose the scope of such services, investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Applicable law and dispute resolution

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

RISK FACTORS

Investing in the Shares involves certain risks, some of which may be significant. Investors considering investing in the Shares should carefully review the information contained in this Offering Circular, and in particular, the risk factors described below. The following description of the risk factors is based on information known and assessed on the date of this Offering Circular and, therefore, it is not necessarily exhaustive. Furthermore, Kreate's business may involve risks that are not known or considered material at the date of this Offering Circular but that could have an adverse effect on Kreate's business, financial position, results of operations or future prospects as well as on the value of the Shares. Should one or more of the risk factors materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects as well as on the value of the Shares. Should one or more of the risks materialise or the likelihood of their materialisation increase, the investors in the Shares could lose their investment partially or in full.

The risks presented herein are divided into five categories depending on their nature. Although the order in which the categories are presented does not indicate their materiality, the risks presented first in each category are those which Kreate assesses to be the most material, taking into consideration their potential negative impact on Kreate and the probability of their occurrence. The categories are:

- 1. Risks relating to Kreate's operating environment*
- 2. Risks related to Kreate's business operations*
- 3. Risks related to the project-based nature of the business*
- 4. Risks related to Kreate's financing*
- 5. Risks relating to the Shares, the Offering and the Listing*

Risks relating to Kreate's operating environment

Global epidemics and pandemics may have a material adverse effect on Kreate's business

Global epidemics and pandemics, such as the current pandemic caused by the coronavirus disease (COVID-19), may have a significant effect on the global economy and the financial markets. The coronavirus pandemic has already caused significant uncertainty in the global economy and financial markets and it is estimated that it could lead to a downturn in the global economy. Economic uncertainty has weakened consumers' and businesses' economic activity and confidence in the economy, which has also impacted Kreate's private sector customers. In the public sector, the effects of the coronavirus disease on public finances could also be reflected in a reduction or postponement of planned investments. Several central banks and governments have announced relief packages and programmes targeted at businesses and consumers with the aim of stimulating the economy. However, it is not certain whether the aforementioned stimulus measures will suffice to prevent a downturn in the economy. Such a global or local economic downturn could have a material adverse effect on demand in the infrastructure construction market, on the availability of financing and on the future prospects of, in particular, private sector customers among Kreate's clientele, as well as on the decision making of both private and public customers in the infrastructure market. For more information on Kreate's market, see "*Market and industry review – Size, growth and market drivers of the segments in the infrastructure construction market*".

A global epidemic or pandemic, such as the coronavirus pandemic, could have a direct or indirect effect on Kreate's business, due to, among other things, restrictions and other measures taken to contain the epidemic or pandemic and prevent its spread. These restrictions caused by an epidemic or pandemic and the general uncertainty in the global economy and financial markets affect not only Kreate, but its subcontractors as well. Restrictions and measures could, for example, increase the costs of materials used by Kreate or its subsidiaries at Kreate's construction sites, in addition to which an epidemic or pandemic could lead to large-scale absences due to sickness or other reasons by Kreate's employees, subcontractors and materials suppliers.

Restrictions on movement could limit or even halt deliveries of materials as a result of disruptions and problems in the global transport traffic. The effect of the aforementioned rise in the cost of materials, sickness absences, disruptions and other problems related to the logistics of material deliveries, combined with the restrictions on the mobility of Kreate's personnel, could lead to delays or interruptions at work sites. Delays or interruptions at work sites could, in turn, have a negative effect on project margins and, thus, on the profitability of Kreate's operations.

An epidemic or pandemic could have a significant effect on the financial position and financing of Kreate and its customers, which could result in a rescheduling of projects, temporary stoppages at work sites, cancellations of agreed projects or postponement of the start of such projects. A weakening of customers' financial position could also lead to an increase in Kreate's credit losses as the value of its sales receivables decreases.

In many countries, governments have been forced to restrict the movement of people by sealing off areas and cities and placing people in quarantine to prevent the spread of the coronavirus. In the countries in which Kreate operates, the coronavirus has led to such measures especially in Finland, in addition to which authorities in Sweden have issued recommendations aiming at preventing the spread of the COVID-19. Such restrictions could have an effect on, for example, the availability or deployability of the labour required to implement Kreate's projects. If, due to restrictions, Kreate is unable to use its necessary personnel for the execution of a project as planned, it may be forced to procure external labour for carrying out such projects, which in turn could lead to an increase in the projects' costs.

The final impacts of the COVID-19 pandemic that is ongoing at the date of this Offering Circular (including the timing, duration and extent of the impacts) on the global economy, the economies of the countries in which Kreate operates, Kreate's business and Kreate's subcontractors and customers is difficult to assess, particularly because the pandemic situation and the consequent measures of the public authorities change rapidly. According to Kreate's assessment, however, the situation could, at least in the short term, have an impact on Kreate's business through rescheduling of projects, slowdowns or temporary stoppages at its work sites and tighter general economic conditions. If any of the risks described above should materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Unfavourable economic development and economic conditions in Finland or across the world could have a material adverse effect on Kreate's business through e.g. weaker demand

Kreate's private sector customers, in particular, are susceptible to general economic development, and fluctuations in economic cycles as well as slow or negative economic growth could impact demand for Kreate's services unfavourably. About two-thirds of Kreate's revenue is generated from public sector projects and about one-third from private sector projects (for more information on the customers, see "*Business overview – Sales and customers*"). Demand from the public sector is less sensitive to economic cycles, but economic uncertainty could impact public sector demand due to, among other things, customers postponing new infrastructure construction projects or decision making concerning them. As a result of the coronavirus pandemic, several states, including Finland and Sweden, as well as Finnish municipalities have increased their borrowing considerably, and the increased indebtedness of states and municipalities could have a negative impact on demand for infrastructure construction from public sector customers due to, for example, potential cost-cutting measures by the public sector. In addition, projects already agreed on may be cancelled or postponed. Changes in customer behaviour and fluctuations in demand could occur over short periods of time, and the number of new infrastructure projects could decrease rapidly as general economic conditions deteriorate. Fluctuations in customer demand related to the economic situation weaken the predictability of the business, especially if economic conditions are uncertain. Reduced demand, in turn, could impact Kreate's negotiating position and the pricing of its services, which could have a material adverse effect on Kreate's business, financial position and results of operations.

Additionally, an unfavourable trend in the global economy and the resulting uncertainty in the financial markets could have an adverse effect on Kreate's financing costs and the general availability of financing. On the other hand, weaker availability of financing or a higher cost of financing could also have an impact on demand for Kreate's services. For instance, a general rise in interest rates could impact the opportunities of potential customers to finance their investments and thus reduce demand in the infrastructure construction sector.

Unfavourable economic development in Finland could impact Kreate's business in many ways, including Kreate's income, assets, solvency, business and/or financial position as well as those of its customers and subcontractors. Moreover, Kreate may not necessarily be able to take advantage of the business opportunities arising from fluctuations in the economy nor be able to adapt its operations to a long-term economic downturn or stagnation. Changes in macroeconomic factors and the unfavourable development of the Finnish or global economy could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Political uncertainty and changes in public finances or political decision making concerning the use of public funds could impact Kreate's customers and, consequently, Kreate's business

Kreate's business performance is partly dependent on the general development of the public finances and the political decision steering them, as a majority of Kreate's revenue derives from public sector customers. The weak situation in the public sector, both at the municipal and the central government level, could lead to public sector customers lacking the necessary financial resources to carry out new infrastructure projects, which will lead to a reduction in the number of projects commissioned by such customers, especially in circumstances where the weak situation of the municipalities or state persists for a long period of time (for more information on the market, see "*Market and industry review – Growth in the Infrastructure Construction Market and growth drivers*").

Should the general political atmosphere change in such a way that infrastructure projects are no longer carried out on the same scale as before, it could have a material adverse effect on Kreate's business, as demand in the infrastructure sector

is partly based on political decision making. Kreate executes, for example, road and railway construction projects, demand for which is largely dependent on transport policy plans and political decisions. Should the political atmosphere or political decision making experience changes that lead to a weakening of the operating conditions of the infrastructure construction sector or lower demand for infrastructure construction services, this could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate operates in a competitive sector, and more intense competition in the infrastructure construction market could have an adverse effect on Kreate's business

There are several players in the infrastructure construction market in Finland and Sweden. Furthermore, the growing infrastructure construction market could attract new operators from abroad, for example, or domestic operators could strive to increase their infrastructure construction services, which could lead to more intense competition. Tougher competition due to the entry of new players or an increase in the supply of infrastructure construction services could, in the view of Kreate's management, lead to intensifying price competition as well as competition over available labour. For more detailed information on market developments, see "*Market and industry review – Growth in the Infrastructure Construction Market and growth drivers*". Should Kreate fail to offer suitable services or competitive prices or recruit and retain competent personnel, this could have a material adverse effect on Kreate's ability to manage ongoing projects, win new projects or customer relationships and maintain its competitiveness towards employees and customers alike. If any of these risks should materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Infrastructure construction is a regulated industry, and changes in regulations or case law governing the sector or Kreate could be unfavourable for Kreate

Infrastructure construction is a regulated industry, and the predictability of the legal environment is essential for Kreate's business. First of all, the launch and execution of certain projects requires that the necessary official permits be obtained. There is no certainty that Kreate will be granted the necessary permits for executing projects or that permit decisions are not rescinded or amended due to appeals, for example. Kreate is also dependent on its customers receiving the necessary building permits for projects the execution of which requires a valid building permit. The availability of building permits requires that the general plan for an area enables the granting of building permits. Thus, any delays in processes related to permits and general plans due to, for example, appeal proceedings could have adverse effects on the execution or timetable of projects.

The majority of Kreate's revenue is generated from public sector customers, which are subject to legislation governing public procurements. Appeal proceedings related to public procurements could have adverse effects on the execution or timetable of projects. For more information on public procurements and tendering processes, see "*Business overview – Sales and customers*".

In addition, the construction work itself requires cooperation with various authorities as well as inspections by the authorities at different stages of the projects that require a building permit. Therefore it is important for Kreate to cooperate successfully with the authorities whose jurisdiction includes tasks related to Kreate's business.

Unfavourable regulatory changes, administrative decisions or decisions on the application of the law as well as prolonged administrative procedures could hamper the execution of construction projects, delay their timetables or even prevent them from being executed. If changes in the regulatory framework or case law require Kreate to adjust its business operations, or if Kreate's reputation with the authorities is weakened, or if projects are delayed due to permit and appeal procedures, this could have an adverse effect on Kreate's business, financial position, results of operations and future prospects.

Risks related to Kreate's business operations

Kreate may fail in executing its strategy or in adapting it to changes operating environment, or the strategy itself may be unsuccessful

The successful execution of Kreate's strategy is dependent on many factors, many of which are at least partially outside of Kreate's control. Kreate may not necessarily be able to execute its strategy successfully and achieve its financial targets due to, for example, market conditions, regulatory changes, operational challenges or a failure in the management of Kreate. Kreate may also decide in the future to adjust its business strategy and/or adopt supplementary strategies to respond to changes in its operating environment. Kreate may not necessarily be able to define, execute or, if necessary, adjust its business strategy successfully. For more information on Kreate's strategy, see "*Business overview – Kreate's strategy*".

Should Kreate fail to execute or adjust its business strategy successfully or should it execute a defective strategy, this could have a material adverse effect on Kreate's business, financial condition, results of operations and future prospects, as a result of which Kreate may not be able to achieve its financial targets.

Failure to attract qualified personnel and loss of key employees as well as implementation partners' or subcontractors' problems with resources may have an adverse effect on Kreate's operability

Kreate's most significant risks in its own organisation relate to retaining its current professionally skilled personnel and recruiting new competent personnel (see also "*Business overview – Kreate's strengths – Professional employees and risk management combined with integrated and efficient business platform*"). Kreate's reputation is an important factor when competing for professionally skilled labour. Kreate's reputation and brand may suffer from negative publicity concerning Kreate's operations, the entire construction sector, infrastructure construction or Kreate's competitors. Negative publicity relating to, for example, Kreate's financial position, quality of construction, occupational safety, compliance with laws and regulations or fulfilment of other obligations may materially damage Kreate's reputation among its present and potential future employees as well as its present and potential future partners.

The construction sector in Finland is, from time to time, inflicted by a lack of competent workforce due to, for example, general economic cycles. Competition for skilled employees for project management and planning positions is especially tough. At the same time, Kreate's contractual parties may set requirements for the skills and general competence of employees that may have to be proven with references or certificates of competence, due to which the lack of workforce cannot always be compensated with, for example, foreign subcontractors.

Other important resources necessary for Kreate's business operations include special experts, designers, subcontractors and material suppliers in the co-operation network that is needed in project implementation. For instance, there may be problems in the availability of subcontractors, as certain services needed by Kreate are only offered by a limited number of subcontractors. Additionally, there are risks related to maintaining coherent procedures and quality in project implementation.

Failure by Kreate to recruit competent personnel or retain its existing competent personnel, or occurrence of problems with availability of resources or proficiency of subcontractors may lead to, for example, Kreate having to recruit new personnel with higher labour costs or not being able to participate in tenders for new projects. The aforementioned factors may have an adverse effect on Kreate's business, financial condition, results of operations and future prospects.

Kreate is exposed to risks related to mergers and acquisitions

Although Kreate's primary objective is to grow its existing business organically in line with its strategy, it is possible that Kreate will aim to develop and grow its business also through business acquisitions, divestments of businesses and other corporate transactions. Kreate may also use business acquisitions to acquire special expertise in a certain field to be included in Kreate's service offering. During its operating history, Kreate has previously carried out various corporate transactions (for more information, see "*Business overview – History – Acquisitions*").

Business acquisitions involve obligations and risks related to their nature or value. For example, there are risks related to the integration of an acquired company that may prevent effective and well-functioning integration of the acquired business into Kreate. Kreate's operations are strongly based on a common operating culture and methods, and it is possible that the operating cultures and methods of acquired companies diverge materially from these. There have also been challenges in the integration of different operating cultures and methods in the early years of Kreate's operations, and there are no guarantees that such problems would not emerge also in the future. Problems in integrating acquired businesses could lead to, among other things, the synergies pursued through these acquisitions do not realise as expected or at all (see also "*Operating and financial review – Key factors affecting the results of operations – Internal factors – Mergers and acquisitions*").

There may also be challenges involved in finding suitable businesses to acquire, for example in situations where Kreate aims to expand into a new geographical area, such as to expand its operations in Sweden, or to expand its offering through strategic business acquisitions. There can be no certainty that Kreate will find suitable business acquisition targets or be able to execute its planned business acquisitions. On the other hand, in situations where Kreate aims to divest a part or parts of its business, there is a risk that Kreate does not find a suitable buyer for the business operations. It is also possible that the needed authority approvals for business acquisitions or divestments are not obtained or that such transactions could have unexpected negative effects on Kreate's other operations.

Additionally, there are no guarantees that Kreate will be able to complete any business acquisition in the planned timetable, at the planned price and on favourable commercial terms or at all, or that the counterparty to a business acquisition will fulfil its obligations under the transaction to Kreate, or that the M&A transactions do not cause material adverse consequences for breaching the warranties and representations given by or given to Kreate. Expansion into new

geographical areas through business acquisitions may also involve, for example, administrative, political, cultural and legal risks.

If business acquisitions are not realised as planned or within the intended timetable or at all, or if any of the risks concerning business acquisitions presented above should materialise, this could weaken or delay the benefits expected from the business acquisitions or prevent them from being realised. This could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate's business involves health and safety risks

Accidents and occupational accidents are more frequent on construction sites than in many other industrial sectors. Construction sites are inherently dangerous work environments where serious or even fatal accidents may occur. In 2019, the accident frequency rate relative to the number of Kreate's personnel was 9.1. On-site construction is prone to accidents, and complex infrastructure projects in particular as well as other demanding construction work or conditions can cause serious accidents at work sites or in their vicinity. Construction sites may also contain hazardous or irritating substances (i.e. dust or evaporating chemicals) as well as tremors and noise that could cause health risks. See also "*Business overview – Sustainability – Wellbeing at the workplace*".

As a main contractor or project manager, Kreate may be liable for accidents that occur in its projects. All potential accidents could have an adverse effect on Kreate's business and the well-being of its personnel. In addition, any accident investigations conducted in co-operation with the authorities into, for example, damage caused by detonation work or into fatal accidents could result in costs and delay construction work. Kreate's insurance premiums will rise if its accident frequency increases. Moreover, Kreate and its management and other employees could, as a result of accidents, face civil or criminal liability in accordance with applicable legislation. Safety risks and accidents could also lead to additional costs and/or damage Kreate's reputation even if Kreate had not caused the circumstances that led to an accident.

If any health and safety risk materialises, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate may be held liable for the errors or misconducts committed by its own employees or the employees of the subcontractors it uses, and Kreate is responsible for its subcontractors' work performance

Kreate uses both its own employees and subcontractors in the execution of projects (for more information, see "*Business overview – Procurement organisation and subcontractors*"). The errors committed by Kreate's own employees or its subcontractors' could cause unexpected and unforeseen personal injuries or material damages to third parties due to, for example, fires or depression of the ground and the damage this may cause to buildings. Such errors can incur unexpected and unforeseen additional expenses for Kreate, the amount of which could be very significant. The risk of damage due to human error is particularly pronounced when demanding construction work is performed in densely built areas, such as city centres.

When executing blasting works, in particular, Kreate is exposed to a significant risk of damage caused to third parties by its employees. In blasting work, the obligation to compensate for damages is based on strict liability, which means that the performer of the blasting work is liable for any damages caused by the activity regardless of its negligence. In addition, blasting work may only be performed by persons with a permit, and damage caused in the detonation works can lead to the loss of blasting work permit. The loss of such permits could have a material adverse effect on Kreate's business, as finding replacement employees or training existing employees to perform blasting works may be challenging and time-consuming.

The employees of Kreate or its subcontractors may also act against applicable legislation, Kreate's guidelines or policies, misuse confidential information or trade secrets that are material to Kreate's operations, or expose such information to third parties. Kreate's internal guidelines or policies and their supervision may prove insufficient for preventing or detecting misconduct on the part of employees or subcontractors. Although Kreate has aimed to ensure that it has adequate internal procedures for detecting such misconduct, there are no guarantees that these procedures are sufficient for preventing misconduct and criminal activity.

Kreate is also responsible for the performance of its subcontractors in the execution of projects. Therefore, Kreate is also exposed to the risk of sanctions due to negligence or misconduct committed by the subcontractors it uses, relating to, for example, compliance with the obligations set for the subcontractors, the quality of the subcontractors' work and compliance with timetables. Kreate may be held liable for any faults caused or negligence committed by its subcontractors even if Kreate had fulfilled all its obligations concerning the supervision of work performed by subcontractors or their personnel. Furthermore, it is possible that a subcontractor is unable to compensate for its errors, for example due to insolvency, in which case Kreate may be unable to receive compensation from the subcontractor even if the division and conditions of liability for damages had been comprehensively agreed between Kreate and the subcontractor. In such a situation, Kreate

may have to bear the liability for the subcontractor's error. Any errors or omissions of Kreate's employees or the employees of the subcontractors Kreate uses, as well as non-compliance by subcontractors with their obligations could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate may be held liable for errors committed in the operations of consortiums or for the omissions of the parties to the consortium

Some infrastructure projects are executed through consortiums, in which the parties to the consortium are jointly and severally liable for their obligations. Kreate has been, and will be in the future, a party to such consortiums, especially in larger projects. A consortium is always established for the execution of a certain project and it is dissolved once the project is completed. A consortium is an entity made up of its parties, where every party to the consortium conducts its own business as part of the consortium. A consortium is established by executing a collective agreement concerning the consortium between the companies that are party to it. The consortium, in turn, concludes a contract with the client on the execution of the project and is responsible for the execution of the project in accordance with the contract (for more information on project types, see "*Business overview – Services and projects – Project types*").

Each party to a consortium is jointly and severally liable for the obligations of the consortium towards the client, due to which Kreate, as a party to a consortium, could be forced to provide compensation to the client or to a third party for any damage caused by contractual violations or negligence committed by the other parties to the consortium. If Kreate is, or will in the future become, a party to a consortium the other parties to which fail to fulfil their performance obligations, this may have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Issues with the quality or availability of raw-materials and significant fluctuations in the prices of raw-materials could have a material adverse effect on Kreate

Negative changes in the availability and market prices of raw-materials used by Kreate in its business operations may have a material adverse effect on the profitability of Kreate's business. In its operations, Kreate is dependent particularly on steel, fuels, bitumen, concrete and timber, and fluctuations in the prices of these raw-materials have a significant effect on Kreate's business (for more information, see "*Operating and financial review – Key factors affecting the results of operations – Internal factors – Cost structure and management of costs*"). The prices of raw-materials may increase significantly due to, for example, natural disasters, issues in Kreate's supply contracts or disruptions in delivery chains caused by the coronavirus pandemic. As at the date of this Offering Circular, Kreate does not hedge against the risk of fluctuations in the prices of raw-materials using, for example, derivative contracts or other arrangements. Instead, Kreate mostly procures raw-materials as each project progresses and negotiates the prices of raw-materials in connection with their procurement. Therefore, there is a risk that Kreate fails in the negotiations concerning the prices of raw-materials, as a result of which Kreate's raw-material costs will become higher than Kreate had estimated when pricing a project at the tendering stage.

Kreate is also exposed particularly to risks relating to the quality of ready-mixed concrete. Although regulation concerning ready-mixed concrete is very extensive in Finland and Kreate has internal processes for ensuring the quality of ready-mixed concrete, there are no guarantees that the concrete used by Kreate is always of high quality. If Kreate fails to detect issues in the quality of the concrete it uses in time, this may lead to delays in the execution of a project. If, for instance, the concrete has already been cast, the entire concrete structure may have to be dismantled, which could result in significant additional costs in the execution of the project or delays in the project timetable.

Should any of the aforementioned risks relating to the fluctuation or supply of raw-materials or the quality of the raw-materials materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate conducts some of its business through a joint venture in which it has limited control

Kreate's ground engineering business is centralised in KFS Finland, a joint venture in which it owns 50% (for more information, see "*Business overview – Services and projects – Structural engineering – Ground engineering*"). Kreate may also participate in other joint ventures for conducting its business in the future. Kreate cannot fully control the business or property of the joint ventures, and it cannot unilaterally make decisions concerning them. Kreate's limited control in joint ventures could hamper Kreate's ability to force the joint ventures to act in Kreate's interests and to refrain from acting against Kreate's interests. In addition, Kreate's ability to divest itself of a joint venture's operations on favourable terms may be limited, or the other party to the joint venture could attempt to exit from the joint venture.

Since Kreate's ground engineering business is centralised in KFS Finland, Kreate is dependent on KFS Finland and the competence centralised into it when Kreate executes projects requiring expertise in ground engineering, unless similar expertise can be procured from external subcontractors. If Kreate divests itself of KFS Finland or otherwise loses its

ownership in KFS Finland for reasons dependent on or independent of Kreate, Kreate will be forced to acquire similar in-house expertise or use subcontractors to a larger extent than before in projects requiring expertise in ground engineering. There can be no guarantee that, if necessary, Kreate will be able to acquire similar in-house expertise or replace the services provided by KFS Finland by using subcontractors, which could have an adverse effect on Kreate's ability to execute projects requiring expertise in ground engineering. Kreate is furthermore dependent on the jet grouting expertise provided by its counterpart in the joint venture, Keller Grundläggning Ab, a subsidiary of Keller Group Plc ("**Keller**"), to KFS Finland. If Keller exits from KFS Finland and Kreate is unable to acquire the expertise it desires in ground engineering to a sufficient extent, either in-house or through subcontractors, to make up for the services provided by KFS Finland, this could have a material adverse effect on the ability of KFS Finland to operate and, thus, also on Kreate.

The aforementioned risks could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate is exposed to legal risks in its operations

In the course of its normal business, Kreate may become a party to legal or administrative proceedings (relating to, for example, public procurements, contractual obligations, subcontractors or subcontractor agreements, its obligations as an employer, the interpretation of employment or management contracts, accidents at construction sites, fraud, competition matters, tax interpretations, bribery and crime), and it may become subject to tax audits and administrative audits (see also "*Business overview – Legal and arbitration proceedings*"). Legal proceedings may result in, for instance, Kreate being held liable to compensate for damage either solely or collectively with e.g. a party to a consortium, fines being imposed or a prohibition on certain business activities of Kreate. Legal proceedings may also have a negative effect on Kreate's reputation among its present or potential customers, employees and other stakeholders. It is also possible that corporate fines or other sanction-like consequences imposed on Kreate or its management could lead to Kreate being excluded from some public procurements. If sanctions are imposed on Kreate or Kreate's reputation suffers as a result of legal proceedings, this could have an adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate is exposed to environmental risks in its operations

Environmental aspects and the promotion of environmental issues are at the core of Kreate's corporate responsibility (see also "*Business overview – Sustainability*"). Kreate and its subcontractors must comply with laws, regulations, permit conditions and official guidelines concerning, inter alia, construction, use, recycling and disposal of certain construction materials as well as other environmental issues. Kreate and many of its subcontractors handle some harmful substances on their construction sites, such as concrete and various coatings, the handling of which involves a risk of contamination of the environment and environmental damage as well as health risks. The most significant environmental risks are related to noise nuisance, dust nuisance and potential release of environmentally harmful substances, especially fuels from machinery, in Kreate's and its subcontractors' activities, for example as a result of faulty or negligent handling or disposal of such substances. The Act on Compensation for Environmental Damage (737/1994, as amended) contains more detailed provisions on the obligation to compensate for environmental damage, such as contamination of the soil, which according to the Act falls on the party whose activities resulted in the environmental damage as well as on the party to which the activities that caused the environmental damage are surrendered. Gross negligence or a flagrant violation can also be deemed an environmental crime in accordance with the Criminal Code (39/1889, as amended) that can lead to, for example, a corporate fine.

Should Kreate fail to prevent, detect or clean up environmental damage, such as contamination of the soil, at its construction sites, liability to compensate for environmental damage caused by Kreate itself cannot be ruled out, or the costs it incurs may become higher than expected. If any risk related to compensation claims or sanctions over environmental damage should materialise, it could have a material adverse effect on Kreate's business, financial position and results of operations.

Kreate also engages in disposal activities, whereby Kreate disposes, for example, excess materials and soil that are harmful to the environment on land areas it owns (for more information, see "*Business overview – Services and projects – Circular economy*"). The disposal of waste and soil requires an environmental permit that defines the limit values for the content of substances that are harmful to the environment as well as the activities allowed by the permit. If Kreate does not continuously comply with permit regulations, there is a risk of Kreate losing the environmental permits that are a precondition for its disposal operations. The environmental permits granted to Kreate are temporary and they are generally valid for ten years. Should Kreate fail to renew its environmental permits once they expire, Kreate cannot continue the activities under these permits. Should any risk related to the final disposal operations or environmental permits materialise, it could have a material adverse effect on Kreate's business, financial position and results of operations.

Obtaining adequate insurance coverage may be challenging or expensive, and the materialisation of risks not covered by Kreate's insurances or the lack of insurance necessary in Kreate's operations could have a material adverse effect on Kreate's business

In its business operations, Kreate is exposed to accident risks that include, but are not limited to, property damage risks, occupational health and safety risks, labour protection risks, environmental risks, construction and excavation risks, risks of fires and risks relating to natural disasters or phenomena. Additionally, sudden and unexpected damage may occur in Kreate's operations due to human error or misconduct by Kreate's employees or subcontractors. Kreate has prepared for accident risks with occupational health and safety regulations and guidelines, rescue plans and continuous monitoring and risk assessments, as well as supervision at different levels of the operations. However, there are no guarantees that the aforementioned preparation measures are sufficient.

Kreate also strives to protect itself from accident risks with insurance policies (for more information, see "*Business overview – Insurance*"). Kreate's insurance agreements include limited indemnification liability for the insurance companies in terms of the indemnified amounts and events. Kreate has not taken out insurance policies for certain types of losses that cannot be insured or for which insurance is not available at commercially reasonable terms. In its operations, Kreate also needs separate project-specific insurance policies. Should Kreate fail to acquire the insurance cover required for executing projects, Kreate will be unable to participate in tenders for such projects.

If any of the risks not covered by Kreate's insurance policies should materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Problems in the operation of the information systems used by Kreate could have a material adverse effect on Kreate's business

Kreate's business is dependent on the proper functioning of the information systems and technologies it uses. Kreate's key information systems are related to tender calculation, project monitoring, data modelling, measurements, payroll calculation and the management of monetary transactions (for more information, see "*Business overview – IT*"). There can be no certainty that the information systems used by Kreate will not require repair measures or will not experience technical or other faults due to, for example, viruses, hacking, human error, power outages and other operating disturbances.

Kreate is also exposed to a counterparty risk in relation to the suppliers of information systems. As a result of the possible insolvency of the suppliers of information systems or software or, for example, due to the development or support of an information system used by Kreate being discontinued, Kreate may no longer be able to use the applications of such suppliers, and it will be forced to replace its software with other software. Such replacement of software could result in, for example, additional costs, downtime or disturbances in the operation of the information systems.

Significant disturbances in Kreate's information systems could lead to the loss of information that is vital for Kreate or, for example, to delays in financial reporting or cash transfers. Problems in the operation of information systems could therefore have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Risks related to the project-based nature of the business

Failures in project management could have a material adverse effect on Kreate's business

Successful project management affects significantly the profitability of Kreate's business, as Kreate is responsible for a considerable number of demanding infrastructure construction projects in Finland and Sweden simultaneously (see "*Business overview – Services and projects*"). Projects involve technical and financial risks relating to both their planning and execution, and effective and appropriate project management requires, inter alia, active management of operations and equipment as well as monitoring of timetables and costs. Cost-effective management of several simultaneous projects requires Kreate to employ effective project management methods in order to execute several technically demanding and extensive projects at the same time in an optimal and cost-effective manner.

Failure in project management could have a material adverse effect on the cost-effectiveness of projects through, inter alia, the allocation of personnel and equipment and adherence to target timetables. Failures in complying with the target timetables may lead to, for example, contractual penalties or damages. Failures in project management could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate is dependent on its ability to obtain guarantees required for projects

Kreate's customers typically require, for example, work and delivery guarantees as well as warranty period guarantees. Granting such guarantees to Kreate's customer is often a prerequisite for Kreate to be able to submit offers for new projects. As at the date of this Offering Circular, Kreate has three uncommitted guarantee facilities for such guarantees under which Kreate may be granted the project-specific guarantees it needs. However, the guarantee facilities do not oblige the issuer

of the facility to provide a guarantee, but instead each guarantee requires specific approval by the issuer, and for example any previous negligence and failures by Kreate or, in particular, a deterioration of Kreate's solvency or financial position could lead to Kreate not being granted the guarantees it needs for executing new projects, which in turn could prevent Kreate from participating in new projects. Failure in obtaining guarantees required for projects could thus have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Failures in projects could have an impact, for example, on the future availability of projects and thus have a material adverse effect on Kreate's business

Kreate's business is highly project-based, as Kreate's revenue consists almost entirely of individual projects and Kreate does not have operations generating significant recurring revenue (for more information, see "*Operating and financial review – Key factors affecting the results of operations*"). Therefore, project acquisition, success in projects and their cost-effective execution is important for Kreate.

Successful technical execution of the projects is of the utmost importance for Kreate. If Kreate fails in the technical execution of a project, the project cannot be handed over to the customer. In such a case, before final hand-over of the project, Kreate must implement the necessary modifications, repairs and other measures to bring the project up to the agreed specifications. Such additional measures could incur substantial additional costs for Kreate, in addition to which they could lead to a delays in project deliveries, which could, in turn, result in a contractual obligation for Kreate to pay compensation to the customer. Failures in individual projects could, therefore, have a significant financial impact on Kreate.

Failure in project execution could also lead to Kreate losing certificates that are a prerequisite for its operations. Such certificates as well as sufficiently recent references from previous projects are usually a condition for obtaining new projects. If Kreate loses such certificates or fails to obtain new references as a result of failure in projects, it could be prevented from participating in tenders for new projects.

If any of the aforementioned risks relating to failures in projects should materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate's individual construction projects can be very extensive and individual projects could have a significant effect on the profitability of Kreate's business

Kreate is regularly responsible for the execution of extensive and demanding infrastructure projects (for more information on Kreate's projects, see "*Business overview – Services and projects*"). Extensive projects generally involve the same risks as smaller projects, but the risks are remarkably extensive and might concentrate, as the scale of the risks grows along with the size of the project. Larger projects also involve a more significant financial risk if the project delays or otherwise fails, either for reasons due to Kreate or independent of it. In addition, the settlement of potential liabilities could prove more challenging or more expensive than expected in extensive projects. Major and technically demanding projects may also involve risks that are exclusive to such projects due to, for example, the complexity of design and construction, the use of several different subcontractors, the availability of key resources and financing, and safety and environmental aspects.

The profitability of individual major projects may have a significant impact on Kreate's profitability, and a breach of the obligations in such projects could result in substantial costs or contractual liabilities. Issues in extensive projects due to, for example, a failure in project management or their delay or cancellation could have a material adverse effect on Kreate's business, financial position, results of operations or future prospects.

Failures in the acquisition of new projects could have a material adverse effect on Kreate's business

Kreate acquires a significant proportion of its new projects through public procurement tenders, and therefore success in such tenders is of material importance for Kreate (for more information on public procurements, see "*Business overview – Sales and customers*"). Companies participating in competitive tenders must comply with the detailed rules of each tender as well as fulfil the criteria set by the organiser of the tender. If Kreate does not comply with the rules of competitive tenders or Kreate does not meet the criteria set as a prerequisite for participating in such competitive tenders, there is a material risk that the number of Kreate's public sector customers and projects will decrease in the future. Additionally, from among the tenderers that meet the criteria in public sector competitive tenders, the one offering the lowest price is typically selected, and price competition in Kreate's sector is generally fierce. Kreate must therefore constantly maintain its cost competitiveness in order to succeed in public procurements.

At the same time, Kreate must also be able to ensure the availability of new private sector projects in the future. Whereas in public procurements the implementer of the project is selected from amongst tenderers that meet the general criteria of the competitive tender usually using price as the decisive criterion, private sector customers emphasise qualitative factors, such as the quality of services and reputation, in addition to price, in their selections. If Kreate's price competitiveness or

reputation among private sector customers deteriorates due to, for example, quality or timetable issues, there is a material risk that the number of projects of Kreate's private sector customers will decrease. In addition, Kreate mainly executes larger and more complex projects than normal for its private customers, and therefore the management estimates that these projects more profitable than projects where design or project management, for example, are of less importance. Therefore, there is a risk that private sector projects where Kreate considers that its expertise brings it a competitive advantage, will be available in only limited numbers or not available at all.

Should any of the aforementioned risks relating to project acquisition materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Failures in the preparation of project contracts or in project pricing may have a material adverse effect on the profitability of Kreate's projects

Kreate's project contracts are usually determined based on the project type selected by the customer (for more information on project types, see "*Business overview – Services and projects*"). Kreate uses several different pricing models in the pricing of its projects, but the majority of Kreate's project contracts are prepared based on fixed prices. In project contracts with fixed pricing, Kreate estimates the time and resources, including the costs of raw materials and subcontractors, necessary for completing a project before submitting an offer, and prepares the project cost estimate and timetable based on this information. If Kreate fails in the preparation of the project timetable or the actual costs of the project are higher than Kreate had estimated in the project contract, this could have a considerable impact on the profitability of projects with fixed pricing, and thus on the results of Kreate's operations. Failures in project pricing could also lead to executed projects becoming unprofitable for Kreate.

In general, the client in an infrastructure construction project determines the pricing model used in the project. Therefore Kreate is exposed to the risk of customers demanding new pricing principles that are unfavourable for Kreate. In such situation, Kreate may not be able to respond to the altered market trend quickly enough, or at all, which could lead to over- or under-pricing of Kreate's projects. It is also possible that Kreate incorrectly estimates the prices of necessary raw materials when submitting an offer. If the prices of raw materials change unfavourably for Kreate after it has priced an offer, Kreate has to bear the additional costs resulting from the change. Additionally, in certain projects the pricing may be based on a cost index, the decrease of which may lead to lower project income than expected. In addition, it is possible that, in the future, customers will demand that other terms that are unfavourable for Kreate be included in project contracts. If, for example, the practice concerning compensation for indirect damages changes significantly at the customers' insistence, it is possible that Kreate will be forced to commit to contractual terms that are unfavourable to it more often than before.

Failures in the preparation of project contracts or in the pricing of projects could have a material adverse effect on the profitability of Kreate's projects and, consequently, on its business, financial position, results of operations and future prospects.

Failures in the scheduling of projects or in adhering to schedules could have a material adverse effect on the profitability of projects

Failures especially in the project scheduling or in adhering to schedules could lead to project cost estimates being exceeded and to contractual breaches. If Kreate estimates the time needed for executing a project incorrectly, this could lead to Kreate being unable to execute the project within the agreed schedule, which could lead to Kreate having to pay compensation for the delays to the customer. If a project is delayed, Kreate may have to invest more resources than normal into the project to keep the delay as short as possible. Such over-resourcing of a project or increase in construction costs due to a delay could result in significant additional costs for Kreate. The risk may be emphasised when Kreate is executing several projects simultaneously (for more information, see "*Business overview – Services and projects*").

Failure in adhering to schedules could lead to damages or contractual penalties to be compensated to the customer of the project. In some project contracts, only a very short period of time is reserved for the work executed by Kreate, and even a short delay in such projects usually leads to the obligation to pay contractual penalties. In particular, when Kreate is a party to contracts concerning rail construction projects and possible contracts concerning industrial maintenance work, the amount of time reserved for Kreate to complete the agreed tasks can be, for example, only a few hours and exceeding this time typically leads to an obligation to pay contractual penalties. Failures in adhering to schedules in such projects could lead to significant financial damages, especially if the delay is lengthy.

Failures in the scheduling of projects could have a material adverse effect on the profitability of Kreate's projects and, consequently, on Kreate's business, financial position, results of operations and future prospects.

Severe or exceptional weather conditions and seasonal variations in weather conditions could have an impact on the progress of Kreate's projects

Weather conditions have a significant effect on infrastructure construction in Finland and Sweden. Depending on the stage of a construction project, severe weather conditions can interrupt or materially delay Kreate's projects and increase their costs, for example, through the time and costs needed to clear snow and build weather shelters at the construction site. For example, cold and particularly snowy winters and exceptionally heavy rainfall and winds can cause problems, especially for outdoor construction.

Due to weather conditions, construction work in projects usually takes place from late spring to late autumn, as construction work is performed the most cost-effectively in this period. When planning and scheduling projects, Kreate must take seasonal variations in weather conditions into consideration, and therefore Kreate aims to time construction work in projects to the period when the risk posed by weather conditions is as small as possible. As a result of the seasonality of Kreate's business due to different seasons, Kreate's need for labour is highest from late spring to late autumn. Since the infrastructure construction industry, similarly to the construction industry, is generally seasonal, the peak demand for labour in the entire sector occurs mostly in the same period. Due to the seasonal nature of the industry, there is a risk that Kreate fails to recruit, or obtain through subcontractors, the necessary personnel to perform construction work, which could delay projects or prevent them from being executed. For more information, see "*Operating and financial review – Key factors affecting the results of operations – External factors – Seasonal nature of the business*".

Severe weather conditions and the seasonal nature of the industry could have a material adverse effect on the profitability of Kreate's projects and, consequently, on Kreate's business, financial position, results of operations and future prospects.

Success in competitive tenders related to public procurements plays a significant role in Kreate's business and exclusion from competitive tenders could have an adverse effect on Kreate's business

When participating in competitive tenders related to public procurements arranged by public entities', such as the state's or municipalities', contracting authorities, Kreate must comply with the legislation governing such tendering procedures as well as other requirements (for more information, see "*Business overview – Sales and customers*"). If the legislation applicable to competitive tenders or the criteria used in competitive tenders change significantly in the future, it is possible that Kreate will not be able to respond quickly enough, or at all, to the requirements set by amended legislation or new requirements used in competitive tenders. Such changes in legislation governing public procurements could have material adverse effects on Kreate.

Compliance with the rules and procedures set out in regulations governing competitive tenders and requirements concerning individual competitive tenders is a precondition for participating in competitive tenders. Failure to comply with the legislation governing competitive tenders may lead to Kreate's tenders being disqualified from competitive tenders. Large-scale problems in compliance with regulations governing competitive tenders could therefore lead to the number or value of project contracts received through competitive tenders declining significantly. Furthermore, it cannot be ruled out that violations of the law, contractual breaches or engaging in other procedures deemed professional malpractice could, in the future, lead to Kreate being excluded from some public procurements.

Should any of the abovementioned risks materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate is dependent on the availability of needed equipment

In its business, Kreate uses extensively special equipment designed for demanding construction. Kreate invests in machinery and equipment continuously, and the key machinery and equipment used in its business include excavators, piling rigs, quarrying equipment and transport vehicles (for more information, see "*Business overview – Machinery and equipment*").

The special equipment used by Kreate is mainly its own equipment. However, the necessary special equipment may be expensive and the delivery times of the equipment may be long. Therefore, there can be no certainty that Kreate will be able to acquire the equipment it needs quickly enough, or at all, which could lead to Kreate being unable to execute projects according to their schedule, or at all.

Kreate also partly uses leased equipment and its subcontractors' equipment in the execution projects. Leased equipment is used in performing ordinary work phases as well as special work phases for which Kreate does not own any equipment or owns an insufficient number of equipment. At the same time, leased equipment may also be used in situations where Kreate's own equipment is unavailable due to, for example, breakage or being tied up in other projects. Although the availability of leased equipment in Kreate's industry is generally good, the need for leased equipment may arise quickly,

and there are no guarantees that Kreate will be able to procure the leased equipment it needs quickly enough and on commercially favourable terms, or at all.

Should any of the aforementioned risks relating to the availability of equipment materialise, it could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Risks related to Kreate's financing

Kreate may not necessarily receive financing on competitive terms or at all

Uncertainty in the financial market may mean that the price of the financing needed to carry out Kreate's business will increase or that the financing will be less readily available. Kreate aims to reduce the risk relating to the availability of financing by maintaining liquidity by means of efficient management of cash flows and solutions linked to it, such as committed credit lines. Kreate aims to mitigate the maturity risk related to debt financing through time diversification of the repayment dates of its debt financing and anticipatory refinancing of maturing debt (for more information, see "*Operating and financial review – Financial risk management*").

Kreate's ability to finance its operations is dependent on many factors, such as operating cash flow and the availability of new debt financing and equity financing, and there can be no certainty that financing will be available on commercially reasonable terms, or at all. Possible fluctuations and uncertainty as well as other potential disturbances or unfavourable developments in the financial markets could limit Kreate's opportunities to raise financing, leading to, for example, weaker liquidity, which in turn could make it more difficult to obtain financing at low costs. Kreate may not necessarily be able to obtain financing on favourable terms, at favourable costs or at all.

It is possible that Kreate could, at any time, face difficulties in obtaining financing, as a result of which its liquidity could become insufficient, which in turn could have an adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate may face difficulties in complying with the financial covenants included in its financing arrangements

Some of Kreate's debt financing agreements contain standard covenants that relate, among other things, to certain key financial indicators. More information on the covenants is presented in section "*Operating and financial review – Liquidity and capital resources – Restrictions on the use of capital sources*" of this Offering Circular.

These covenants can affect the future funding of Kreate. The covenants may require renegotiations with lenders if a covenant breach were to take place. Kreate's ability to meet these financial covenants can be affected also by events beyond its control such as changes in the infrastructure construction, equity and debt finance markets and cyclical fluctuations in the general economy and currency exchange rates.

There can be no assurance that Kreate will be able to meet its financial covenants. The level of Kreate's leverage may affect its ability to refinance its existing indebtedness. There can be no assurance that the current terms of financing, including financial covenants, are acceptable for financial institutions in the future or that Kreate succeeds in negotiations with lenders, if a covenant breach were to take place. New terms of financing requested or demanded by financial institutions might be more stringent and include stricter financing covenants and additional commitments or guarantees may be demanded, which in turn might affect Kreate's ability to access financing and impose limitations on its business operations. A breach of the covenants could also lead to an acceleration of existing financing. The financing available to Kreate may not be adequate to repay accelerated debt.

If Kreate fails to comply with the terms and conditions of its financing, including covenants, or is required to commit to more stringent terms in order to receive financing in the future, this may have an adverse effect on Kreate's business, financial condition, results of operations and future prospects.

Fluctuation in interest rate may have an adverse effect on Kreate's financial position or results of operations

Interest rates are currently at historically low levels, but there can be no assurance that interest rate levels will remain on the current levels for a longer period of time. Changes in interest rate levels have direct impact on both Kreate's own financing costs and Kreate's customers' investment decisions and, therefore, also to Kreate's operational cash flow. Higher interest rates would lead to increased cost of financing for Kreate and Kreate's customers. Therefore, increase of interest rates would probably lower demand for infrastructure projects.

The cash flows and fair values of Kreate's debts and receivables subject to interest are impacted by the changes in interest rates. Interest rate risk comprises primarily of the long-term, variable rate loans. Majority of Kreate's interest-bearing debt is servicing long-term general financing needs. As at the date of this Offering Circular, Kreate does not hedge against interest rate risks by means of, for example, interest rate swaps or other interest rate derivatives (for more information, see

"*Operating and financial review – Financial risk management*"). Based on a sensitivity analysis of the interest rate risk, a one-per cent increase in interest rates would have increased Kreate's annual net financing expenses by EUR 0.3 million before taxes as at 30 September 2020. For the reasons presented above, a rise in market interest rates could have a material adverse effect on Kreate's business, financial position, results of operations and future prospects.

Kreate is exposed to credit risk and counterparty risk through Kreate's accounts receivables and receivables associated with financial intermediaries

Kreate is exposed to the credit risk relating to, for example, receivables from ongoing projects and customers as well as deposits. Possible weakening of the economy may weaken the liquidity of Kreate's customers, which may negatively impact Kreate's ability to collect its receivables fully or in a timely manner.

In case a financial counterparty of Kreate would encounter financial difficulties in the future, that could restrict or remove the capability of the counterparty to honour its agreed-upon lending arrangements or to permit withdrawal of deposits. In order to minimise the counterparty risk in financing operations, Kreate enters into agreements only with such banks and other financial institutions that it believes to be credit-worthy. (for more information, see "*Operating and financial review – Financial risk management*"). In the case of default by a counterparty, Kreate could lose all or part of its deposits or may lose the benefit from hedging agreements agreed with such counterparties. Furthermore, if a counterparty to a hedge defaults or is otherwise unable to comply with its obligations towards Kreate, Kreate may lose the protection provided by the hedge and the possible positive market value, which may lead to a financial loss and increased costs for Kreate and may then result in an increase in interest rate or currency exposure.

Materialisation of a credit or a counterparty risk may have an adverse effect on Kreate's business, financial condition, results of operations and future prospects.

Possible impairments of Kreate's property plant and equipment as well as intangible assets could have an adverse effect on Kreate's financial condition and results of operations

As at 30 September 2020, Kreate's non-current assets included EUR 14.6 million of property, plant and equipment, EUR 1.4 million of right to use assets, EUR 1.0 million of intangible assets and a goodwill item of EUR 35.6 million (for more information, see "*Operating and financial review – Financial position – Assets – Non-current assets*"). Kreate estimates the need for asset impairments for intangible assets and property plant and equipment annually at every balance sheet date and whenever events or changes in circumstances indicate that the carrying value of an asset exceeds its recoverable amount. If the carrying amount of an asset item exceeds its estimated recoverable amount, the carrying amount is lowered to correspond the recoverable amount. The goodwill recognised on the balance sheet is also tested annually for impairment. If goodwill is written down as a result of the impairment test, this will lead to a decrease in Kreate's equity and thus impact Kreate's results of operations and ability to pay dividends.

If the value of Kreate's assets is impaired, it could have an adverse effect on Kreate's business, financial condition, results of operations and future prospects.

If Kreate is be unable to utilise its deferred tax assets, this could have a material adverse effect on Kreate's results of operations and financial condition

As at 30 September 2020, the amount of recognised as deferred tax assets in Kreate balance sheet were EUR 0.2 million. (for more information, see "*Operating and financial review – Financial position – Assets – Non-current assets*"). Kreate's ability to generate taxable income will depend on general economic, financial, competitive, legislative, regulatory and other factors beyond its control. Deferred tax assets from the confirmed losses of the previous financial periods or unrecognised interest liabilities of associated companies are recognised only if Kreate's management estimates that an adequate amount of taxable income can be generated in the future to utilise the unused losses and undeducted interest liabilities of associated companies for taxation purposes. The recognition of deferred tax assets is subject to significant discretion and estimates of the management. These estimates and assumptions involve risks and uncertainties that may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of deferred tax assets not yet recognised from the tax losses.

If the taxable income of Kreate would be lower than expected and not all deferred tax assets could be utilised the value of the deferred tax assets in Kreate's balance sheet would be reduced, which could have a material adverse effect on Kreate's results of operations and financial condition.

Risks relating to the Shares, the Offering and the Listing

The Offering may not be fully subscribed or completed as planned or at all

It is possible that all of the New Shares are not subscribed for in the Offering or that the Offering is not carried out due to reasons relating to the execution of the Offering, or due to requirements set by Nasdaq Helsinki, or other reasons. If an amount of subscriptions satisfactory to Kreate and Intera of Offer Shares is not received in the Offering and the gross proceeds from the Share Issue fall below EUR 12.5 million at minimum, the Offering will not be completed. Furthermore, if the Listing does not occur, the Offering will also be withdrawn. For more information on the conditions of the Offering, see "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Conditionality, Execution and Publishing of the Offering*". Delay or failure of the Listing or the Offering may have a material adverse effect on Kreate's business, financial position, results of operations and future prospects as well as on the value of the Shares.

If the Offering is not completed, the investor cannot use the paid subscription price for any other investment until the paid subscription price has been refunded to the investor. Further information on refunding the paid subscription price is presented in section "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Right to Cancel the Offering*".

The Listing may be delayed or cancelled

According to the management, Kreate fulfils the criteria set for a listed company for Listing as at the date of this Offering Circular, but there can be no certainty that the Listing will be completed as Kreate has planned or at all. The Listing may fail due to, among others, issues relating to the execution of the Listing, decisions made by authorities, requirements set by Nasdaq Helsinki or other factors, some of which are beyond Kreate's control. It is also possible that Nasdaq Helsinki does not accept Kreate's listing application, which may lead to a delay in the Listing or its cancellation, as well as cause significant additional expenses and administrative burden.

If the Offering is not completed, the investor cannot use the paid subscription price for any other investment until the paid subscription price has been refunded to the investor. Further information on refunding the paid subscription price is presented in section "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Right to Cancel the Offering*".

The market price or the liquidity of the Shares may fluctuate significantly, and an orderly and liquid trading market may not develop for the Shares

Kreate's Shares have not previously been subject to public trading on any regulated market or other marketplace. Kreate intends to submit a listing application to Nasdaq Helsinki for listing the Shares on the official list of Nasdaq Helsinki, but there can be no certainty that, after the Offering, the Shares will be actively traded or that active trading can be maintained and thus, the liquidity of the Shares is uncertain.

The Subscription Price of the Offer Shares does not necessarily indicate the prices of the Shares that will prevail in the public market after the Listing. The market price of the Shares may fluctuate significantly due to a number of factors, such as realised or anticipated changes in Kreate's results of operations, Kreate's ability to reach its business objectives, general development of the infrastructure construction market, changes in the regulatory environment and general market conditions. In addition, international financial markets have occasionally experienced significant fluctuations in share prices and trading volumes regardless of the business development or future outlook of individual companies. These factors are mainly beyond Kreate's control.

Furthermore, Kreate, the Sellers and the members of Kreate's Board of Directors and Management Team have committed during the period that will end with respect to the Company and Intera 180 days from the Listing, with respect to the other Sellers 360 days from the Listing and with respect to other personnel participating in the Personnel Offering 360 days from the Listing not to dispose their Shares, which may decrease the liquidity of the Shares. For more information on the lock-up, see "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*". It is possible that due to the lock-up, an active market and reliable pricing may not develop for the shares immediately after the Listing or at all. Furthermore, there can be no certainty that the termination of the lock-up will increase activity on the market or reliability of the pricing.

Further, the prices of shares traded publicly on a regulated market for the first time have been subject to considerable price fluctuations for periods of time, which may not have corresponded to the business or financial success of the particular company issuing such shares. Due to this, the market price of the Shares may fluctuate significantly, and the market price of the Shares may fall below the Subscription Price.

The amount of dividends distributed or capital repayments made in any financial year is uncertain, and Kreate may not necessarily distribute any dividends or make capital repayments at all

Kreate has not distributed any dividends since its incorporation, and there can be no certainty that Kreate will distribute dividends or make capital repayments in the future. The payment of dividends or capital repayments and their amounts are at the discretion of Kreate's Board of Directors and, ultimately, depend on a resolution of the general meeting of shareholders of Kreate, as well as on cash and cash equivalents, profit for previous financial periods, estimated financing needs, Kreate's financial condition, the results of operations, terms and conditions of loan agreements binding Kreate, provisions of the Finnish Companies Act and other similar factors. See also "Operating and financial review – Dividends and dividend policy".

A major shareholder may sell a significant part of the Shares held by it, which may have an adverse impact on the market price of Kreate's Shares and lead to other negative effects for Kreate or its shareholders

Prior to the Offering, the largest shareholder of Kreate is Intera, and Intera will likely remain as Kreate's largest shareholder after the Offering. Intera is a growth-oriented private equity firm aiming to increase the value of its portfolio companies by developing their growth and profitability. The investment strategy of private equity firms usually includes an exit from their portfolio companies after the time period predetermined by the private equity firm. However, there can be no certainty that Intera or any other significant shareholder of Kreate would not intend to dispose of some or all its Shares in Kreate immediately after the lock-up period expires or later.

The decision of Intera or any other significant shareholder of Kreate to sell a significant number of their Shares in Kreate, or perception that such sales may be carried out, may have an adverse impact on the market value of the Shares. Large disposals of shares carried out by the major shareholders may also have other adverse impacts on Kreate, such as triggering change of control clauses in the financing or other agreements of Kreate, which may require renegotiation of such agreements.

Disposal of large shareholdings may also lead to the obligation of the buyer to make a public tender offer to acquire all shares of Kreate. Pursuant to the Finnish Securities Market Act, a shareholder whose proportion of voting rights together with the proportion of voting rights of persons acting in concert with the shareholder increases to over 30 or 50 per cent of votes attached to the Shares of Kreate after the Listing, shall make a mandatory public tender offer for all other Shares and for securities entitling to the Shares issued by Kreate.

The Listing involves additional costs and new obligations, the fulfilment of which leads to new expenses; Kreate may also fail to ensure compliance with the new obligations

Kreate has submitted a listing application to Nasdaq Helsinki to list the Shares on the official list of Nasdaq Helsinki. In addition to non-recurring costs, the Listing will generate additional administrative costs for Kreate. As a consequence of the Listing, Kreate will be required to meet regulatory requirements pertaining to entities with shares admitted to trading on Nasdaq Helsinki, in particular with respect to the management, planning, disclosure and control systems and financial reporting, and Kreate must allocate staff and resources to such purposes. It should also be noted regarding compliance with such obligations, that Kreate's Board of Directors and senior management also include members who have no prior experience of managing a listed company. Although, according to the management, Kreate fulfils the requirements set for a listed company, there can be no certainty that Kreate will be able to fulfil all of its new obligations. Increased costs resulting from the Listing or issues related to compliance with the requirements set for listed companies could have a material adverse effect on the Kreate's business, financial position, results of operations and future prospects as well as on the value of Kreate's Shares.

Future issues, sales or other assignments of Shares may have an effect on the value of the Offer Shares or dilute the shareholders' relative holding and voting rights

Any issues or sales of Kreate's Shares or the perception that such issues or sales may occur in the future, may have an adverse impact on the market value of the Offer Shares and on Kreate's ability to obtain equity financing in the future. Furthermore, should Kreate require, in addition to debt financing, further equity financing through new share issues or other means of equity financing, Kreate may arrange new share issues with pre-emptive subscription rights for the shareholders or directed share issues deviating from the shareholders' pre-emptive subscription rights, if the General Meeting provides Kreate's Board of Directors an authorisation for arranging such share issues. Directed share issues may also be arranged in connection with Kreate's incentive schemes, for the purpose of carrying out business acquisitions or for other reasons, provided that Kreate has a justified financial reason for the directed share issue pursuant to the Finnish Companies Act. Directed share issues and share issues with pre-emptive subscription rights in which the shareholder does not participate at all or participates only partially, will dilute the shareholder's relative holding in Kreate.

Subscriptions cannot be cancelled or amended

The subscriptions made in the Public Offering and in the Personnel Offering are binding and cannot be cancelled or amended after the subscription has been made, except as discussed under "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Cancellation of Subscription Commitments*". In the Public Offering and the Personnel Offering, the Offer Shares are paid in connection with the subscription, unless otherwise provided in the terms and conditions of the Offering. Therefore, investors shall make their investment decisions prior to having knowledge of the final result of the Offering.

Major shareholders of Kreate may have significant influence on the management of Kreate, and the interests of major shareholders may differ from those of minority shareholders

As at the date of this Offering Circular, Intera holds 50.1 per cent of Shares in Kreate and 50.7 per cent of votes in Kreate. Intera will hold approximately 19.5 per cent of all Shares and approximately 19.7 per cent of the votes in Kreate immediately following the Offering assuming that the Over-allotment Option (as defined in the terms of the Offering) is not exercised (approximately 12.5 and 12.6 per cent assuming that the Over-allotment Option is exercised) and assuming that the Sellers will sell the maximum amount of Sale Shares (as defined in the terms of the Offering) and that Kreate issues 1,526,090 New Shares.

The interests of Intera or Kreate's other major shareholders may sometimes differ from the interests of other shareholders. Significant decisions to be made at Kreate's General Meetings include, among others, adopting the financial statements, discharging the management of Kreate from liability, deciding on the distribution of distributable assets and dividend payment, and election of the members of the Board of Directors and the auditor. After the Listing, Intera may have, de facto, control over the decisions referred above, among others, when acting in concert with other major shareholders. This may have a material adverse effect on the position of other shareholders of Kreate.

Further, concentration of ownership may also delay or prevent change of control in Kreate, hinder Kreate's shareholders' opportunity to receive a premium for their Shares in connection with a sale of Kreate and have an adverse effect on the market price and liquidity of the Shares.

Certain foreign shareholders may not necessarily be able to exercise their subscription rights or other shareholders' rights

Under the Finnish Companies Act, shareholders have pre-emptive rights in proportion to their holdings when Kreate issues new Shares or securities entitling to subscription for new Shares unless the resolution to issue new shares provides otherwise. Certain shareholders of Kreate who reside in, or whose registered address is located in, certain countries other than Finland, including shareholders in the United States, may not necessarily be able to exercise their subscription rights in possible future share issues, unless the Shares have been registered according to the securities legislation of the relevant jurisdiction or in an otherwise similar manner, or unless a derogation from the registration or other equivalent regulations provided in the applicable legislation is available. No assurances can be given that local requirements will be met so as to enable the exercise of such shareholders' pre-emptive rights or participation in any rights offer. This may lead to the dilution of such shareholders' ownership in Kreate or to potential tender offers not being made to shareholders in certain countries. A foreign shareholder's right to have access to information concerning share issues may also be restricted due to the legislation of the relevant jurisdiction.

Furthermore, shareholders who are not Finnish natural or legal persons and manage their Shares through a nominee register may not necessarily be able to exercise their shareholder rights through the management chain. Owners of nominee registered Shares cannot use their voting rights directly in a General Meeting, unless the owner of the nominee registered Shares is temporarily registered in Kreate's shareholder register at the latest on the date specified in the notice of the General Meeting. As such temporary registration requires actions by the asset manager and the account operator used by the asset manager in addition to the shareholder, the registration may not succeed in the applicable time frame.

Investors with a home currency other than the euro will become subject to certain foreign exchange risks when investing in the Offer Shares

The Offer Shares will be priced and traded in euros on Nasdaq Helsinki and any future payments of dividends on the Offer Shares will be denominated in euros. Exchange rate movements of the euro will therefore affect the value of any dividends paid and other distributions of unrestricted equity for investors whose principal or home currency is not the euro. Further, the market price of the Offer Shares as expressed in foreign currencies will fluctuate in part as a result of foreign exchange fluctuations. This could affect the value of the Offer Shares and of any dividends paid on the Offer Shares for an investor whose principal or home currency is not the euro.

PERSONS RESPONSIBLE FOR THE INFORMATION CONTAINED IN THE OFFERING CIRCULAR

Kreate

Kreate Group Plc
Business identity code: 2601364-3
Domicile: Helsinki, Finland
Registered address: Haarakaaari 42, FI-04360 Tuusula, Finland

Sellers

See Annex A to this Offering Circular.

RESPONSIBILITY STATEMENT

This Offering Circular has been prepared by Kreate Group Plc and Kreate Group Plc accepts responsibility regarding the information contained in this Offering Circular. To the best of Kreate Group Plc's knowledge, the information contained in this Offering Circular is in accordance with the facts and makes no omission likely to affect its import.

The Sellers accept responsibility regarding the information contained in this Offering Circular concerning the Sellers and the Sellers' shareholdings. The Sellers confirm that, to the best knowledge of the Sellers, the information contained in this Offering Circular concerning the Sellers is in accordance with the facts and makes no omission likely to affect its import.

CERTAIN ADDITIONAL INFORMATION

Information about Kreate

The business name of Kreate is Kreate Group Plc (until 31 May 2019 KE Holding Oy and until 3 February 2021 Kreate Group Ltd). Kreate is a public limited company incorporated in Finland, and it is organised under the laws of Finland. Kreate is registered in the Trade Register upheld by the Finnish Patent and Registration Office (the "**Trade Register**") under the business identity code 2601364-3. Kreate was registered in the Trade Register on 30 January 2014. Kreate's legal entity identifier code (LEI) is 743700POUUQ3CS3Q7S40. Kreate is domiciled in Helsinki, Finland. The registered address of Kreate is Haarakaaari 42, FI-04360 Tuusula, Finland, and its telephone number is +358 207 851 480.

According to Section 2 of Kreate's Articles of Association Kreate's line of business comprises ground, water, bridge, industrial and house construction works as well as municipal engineering works and supervisory, consultation and planning works relating to the aforementioned areas. The company's line of business also comprises administrative and financing services of the group, personnel leasing and consulting. The company can own and control shares and other securities and properties, engage in leasing activities, trade with securities and properties as well as other investment activities.

Third-party information

This Offering Circular contains statistics, data and other information relating to the markets, market size, market shares, market positions and other information relating to Kreate's business, markets, industry and economy. The information is derived from several sources, including a market study by PricewaterhouseCoopers Oy ("**Third-party Market Study**") conducted in November 2020, and commissioned by Kreate and Intera Partners Oy. Where certain information, such as market information and market outlook, contained in this Offering Circular has been derived from third-party sources, such sources have been identified therein and Kreate deems them to be reliable.

Kreate confirms that any third-party information, including the Third-party Market Study, has been accurately reproduced and that, as far as Kreate is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, as Kreate does not have access to the underlying information, assumptions or presumptions of the market studies, including the Third Party Market Study, or to the statistical data or economic indicators followed by the third-party studies, Kreate cannot give any assurances as to the appropriateness of such information. Furthermore, third-party market studies are frequently based on information and assumptions that may not be exact or appropriate, and their methodology is by nature forward looking and speculative. Therefore, changes in the postulates and their premises on which third-party market studies are based, could have a significant influence on the analyses and conclusions made.

Should this Offering Circular contain market data or market estimates in connection with which no source has been presented, such market data or market estimate is based on the estimates of Kreate's management. Where information on Kreate's markets or Kreate's competitive position therein is provided expressly according to Kreate's management in

this Offering Circular, such assessments have been made by Kreate's management on the basis of information available to Kreate's management. However, Kreate cannot guarantee that any of the statements given by Kreate's management or statements included in the reports it has commissioned give an accurate description of the market size or growth, market segments or Kreate's market position.

Competent authority approval

This Offering Circular is an unofficial English-language translation of the Finnish Prospectus. The Finnish Prospectus has been approved by the FIN-FSA as the competent authority under the Prospectus Regulation on 5 February 2021. The FIN-FSA has only approved the Finnish Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Approval by the FIN-FSA on the Finnish Prospectus shall not be considered as an endorsement of the issuer that is the subject of the Finnish Prospectus and investors shall make their own assessment as to the suitability of investing in the securities. The register number of the approval of the Finnish Prospectus is 1/02.05.04/2021.

No incorporation of website information

The contents of the Company's website (at www.kreate.fi) or any other website, excluding this Offering Circular, documents incorporated in this Offering Circular by reference and possible supplements to the Offering Circular, do not form a part of this Offering Circular. The information on such websites has not been scrutinised or approved by the FIN-FSA. Prospective investors should not rely on such information in making their decision to invest in the Shares.

Information available in the future

Kreate shall publish its annual reports in Finnish and in English, including the report of its Board of Directors and its audited consolidated financial statements, half-yearly reports, interim reports and other information as well as stock exchange releases as required by the regulation of the European Parliament and of the Council on market abuse ((EU) No 596/2014, as amended, "**MAR**"), the Securities Market Act and the rules of Nasdaq Helsinki. None of these documents are a part of this Offering Circular, excluding the documents incorporated in this Offering Circular by reference.

Auditors

Under Kreate's Articles of Association, the Annual General Meeting elects Kreate's auditor. Further, the auditor of Kreate shall be an audit firm authorised by the Finnish Patent and Registration Office with an Authorised Public Accountant as the responsible auditor. The term of office of the auditor shall end at the end of the first Annual General Meeting following the election. The Annual General Meeting decides on the remuneration of the auditor.

Kreate's consolidated financial statements as at and for the year ended on 31 December 2019 have been audited by Authorised Public Accountants KPMG Oy Ab, Authorised Public Accountant Turo Koila as the responsible auditor. Kreate's Annual General Meeting held on 2 May 2019 elected Authorised Public Accountants KPMG Oy Ab as the auditor of Kreate. KPMG Oy Ab acted as Kreate's auditor also for the year ended 31 December 2020. KPMG Oy Ab has appointed Turo Koila, Authorised Public Accountant, as the responsible auditor. Turo Koila is registered in the auditor register in accordance with Chapter 6, Section 9 of the Finnish Auditing Act (1141/2015, as amended).

Kreate's consolidated financial statements as at and for the year ended on 31 December 2018 have been audited by Authorised Public Accountants Ernst & Young Oy, Authorised Public Accountant Mikko Ryttilähti as the responsible auditor. Kreate's consolidated financial statements as at and for the year ended on 31 December 2017 have been audited by Authorised Public Accountants Ernst & Young Oy, Authorised Public Accountant Mikko Ryttilähti as the responsible auditor. Mikko Ryttilähti is registered in the auditor register in accordance with Chapter 6, Section 9 of the Finnish Auditing Act (1141/2015, as amended).

Forward-looking statements

This Offering Circular includes forward-looking statements which are not historical facts but statements regarding future expectations instead. These forward-looking statements include without limitation, those regarding Kreate's future financial position and results of operations, Kreate's strategy, objectives, future developments in the markets in which Kreate participates or is seeking to participate or anticipated regulatory changes in the markets in which Kreate operates or intends to operate. In some cases, forward-looking statements can be identified by terminology such as "aim," "anticipate," "believe," "continue," "could," "estimate," "expect," "forecast," "guidance," "intend," "may," "plan," "potential," "predict," "projected," "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements

are not guarantees of future performance and are based on numerous assumptions. Kreate's actual results of operations, including Kreate's financial condition and liquidity and the development of the industries in which Kreate operates, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this Offering Circular. In addition, even if Kreate's historical results of operations, including Kreate's financial condition and liquidity and the development of the industry in which Kreate operates, are consistent with the forward-looking statements contained in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods.

Forward-looking statements are set forth in a number of places in this Offering Circular, including in the sections "*Business overview*", "*Market and industry review*", "*Operating and financial review*", and wherever this Offering Circular includes information on the future results, plans and expectations with regard to Kreate, the future growth and profitability of Kreate and the future general economic conditions to which Kreate is exposed.

Availability of the Finnish Prospectus and the Offering Circular

The Finnish Prospectus will be available no later than on 8 February 2021 from the following websites:

- Kreate's website at www.kreate.fi/listautuminen;
- Danske Bank's website at www.danskebank.fi/kreate;
- OP's website at www.op.fi/merkinta; and
- Nordnet's website at www.nordnet.fi/fi/kreate.

In addition the Finnish Prospectus will be available in print no later than on 8 February 2021 from the following address:

- Kreate's registered office at Haarakaari 43, FI-04360 Tuusula, Finland.

This Offering Circular will be available no later than on 8 February 2021 from the following websites:

- Kreate's website at www.kreate.fi/en/ipo; and
- Danske Bank's website at www.danskebank.fi/kreate-en.

Presentation of financial and certain other information

Historical financial information

Kreate has prepared its first consolidated financial statements in accordance with the International Financial Reporting Standards adopted by the European Union (the "**IFRS**") for the financial year ended 31 December 2018. The consolidated financial statements for the financial year ended 31 December 2018 contains the unaudited comparative financial information for the financial year ended 31 December 2017. Before the financial year ended 31 December 2018, Kreate has followed the Finnish Accounting Standards ("**FAS**").

The selected financial information below has been derived from Kreate's unaudited consolidated interim report as at and for the nine months ended 30 September 2020, prepared in accordance with "*IAS 34 – Interim Financial Reporting*" and on which a review of historical financial information has been performed including the unaudited comparative consolidated financial information as at and for the nine months ended 30 September 2019 and Kreate's audited consolidated financial statements as at and for the years ended 31 December 2019 and 31 December 2018 including unaudited comparative consolidated financial information as at and for the year ended on 31 December 2017, prepared in accordance with the IFRS.

Kreate's unaudited consolidated interim report as at and for the nine months ended 30 September 2020 including the unaudited comparative consolidated financial information as at and for the nine months ended 30 September 2019 and Kreate's audited consolidated financial statements as at and for the years ended 31 December 2019 and 31 December 2018 including unaudited comparative consolidated financial information as at and for the year ended on 31 December 2017 have been incorporated in this Offering Circular by reference. Kreate's consolidated financial statements for the financial year ended 31 December 2017, prepared in accordance with FAS, have been incorporated in this Offering Circular by reference.

Save for Kreate's audited consolidated financial statements for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 incorporated in this Offering Circular by reference, no part of this Offering Circular has been audited. A review of historical financial information has been performed on the Kreate's unaudited consolidated interim report as at and for the nine months ended 30 September 2020.

Alternative performance measures

This Offering Circular includes certain performance measures of Kreate's historical financial performance, financial position and cash flows, which, in accordance with the "Alternative Performance Measures" guidelines issued by the European Securities and Markets Authority ("**ESMA**") are not accounting measures defined or specified in IFRS and are therefore considered alternative performance measures. Kreate believes that alternative performance measures provide meaningful supplemental information to the financial measures presented in the consolidated financial statements prepared in accordance with IFRS and increase the understanding of the profitability of Kreate's operations. Alternative performance measures are not accounting measures defined or specified in IFRS and, therefore, they are considered non-IFRS measures, which should not be viewed in isolation or as a substitute to the IFRS financial measures.

Kreate discloses the following alternative performance measures:

- EBITDA
- EBITA
- Operating profit
- Order backlog
- Capital employed
- Return on capital employed
- Return on equity
- Net investments in operating activities
- Free cash flow from operating activities
- Net working capital
- Net debt
- Net debt/EBITDA
- Equity ratio

The definitions and detailed calculation formulas of these alternative performance measures have been presented in sections "*Selected financial information – Definitions and calculation of key figures*" and "*Selected financial information – Purpose of use of key figures*".

Rounded figures

The figures presented in this Offering Circular, including the financial information, have been rounded. Accordingly, in certain instances, the sum of the numbers in a column or row may not conform exactly to the total amount given for that column or row.

IMPORTANT DATES

Event	Date
The subscription periods for the Public Offering, Institutional Offering and the Personnel Offering commence.....	8 February 2021 at 10:00 am
The Public Offering, Institutional Offering and the Personnel Offering may be ended at the earliest.....	15 February 2021 at 4:00 p.m.
The subscription periods for the Public Offering and the Personnel Offering end.....	16 February 2021 at 4:00 p.m.
The subscription period for the Institutional Offering ends	18 February 2021 at 12:00 p.m.
The results of the Offering will be announced	On or about 18 February 2021
The Shares subscribed for in the Public Offering will be recorded in the book-entry accounts of investors	On or about 19 February 2021
Trading in the Shares on the pre-list of Nasdaq Helsinki is expected to commence	On or about 19 February 2021
The Shares subscribed for in the Institutional Offering will be ready to be delivered against payment through Euroclear Finland.....	On or about 23 February 2021
Trading in the Shares on the official list of Nasdaq Helsinki is expected to commence ..	On or about 23 February 2021
The Shares subscribed for in the Personnel Offering will be recorded in the book-entry accounts of investors	On or about 24 February 2021
Trading in the New Shares allocated and paid for in the Personnel Offering is expected to commence on the official list of Nasdaq Helsinki	On or about 24 February 2021

ESSENTIAL INFORMATION ON THE OFFERING

Reasons for the Offering

The objective of the Listing is to promote Kreate's ability to implement its growth strategy and to bring financial flexibility to the development of operations. The Listing is also expected to increase awareness and brand recognition of Kreate among customers, potential new employees and investors, which would strengthen the competitiveness of Kreate. In addition, the Listing would enable Kreate to access the capital markets and widen its ownership base thus providing liquidity for its Share. Due to the improved liquidity of the Share, Kreate would also be able to use the Share more efficiently in employee incentive schemes and as consideration in potential acquisitions.

Use of proceeds

The Sellers would receive gross proceeds of approximately EUR 22.1 million from the Share Sale (assuming that the Sellers will sell the maximum amount of Sale Shares and that the Over-allotment Option will not be exercised). The Sellers expect to pay approximately EUR 1.1 in fees in connection with the Offering (calculated with the same assumptions as in the previous sentence).

Kreate aims to raise gross proceeds of approximately EUR 12.5 million by offering a maximum of 1,526,090 New Shares in Kreate for subscription at a Subscription Price of EUR 8.20 per New Share. Kreate estimates the charges, fees and expenses to be paid by Kreate in connection with the Offering to amount to approximately EUR 2.2 million (assuming that Kreate raises gross proceeds of EUR 12.5 million), as a result of which Kreate estimates to receive net proceeds of approximately EUR 10.3 million from the Offering. Kreate receives no proceeds from the Sale Shares sold by the Sellers in the Offering, or from potential sale of the Additional Shares. Kreate and the Sellers will pay to the Managers the aggregate sales and arrangement fees.

The proceeds from the Offering will be used to strengthen Kreate's capital structure by, inter alia, repaying Kreate's existing bank loans by EUR 10.0 million. A stronger capital structure will promote Kreate's ability to implement its growth strategy.

Working capital statement

According to the estimate of Kreate's management, the working capital available to Kreate suffices for at least 12 months as at the date of this Offering Circular.

CAPITALISATION AND INDEBTEDNESS

The following table sets forth (i) Kreate's capitalisation and indebtedness as at 31 December 2020 on an actual basis based on Kreate's unaudited financial information prepared in accordance with the IFRS and (ii) capitalisation and indebtedness as at 31 December 2020 adjusted with the estimated net proceeds of EUR 10.3 million from the Offering and the share capital increase relating to the change of company form to public limited company. The adjusted figures in the table shall be read with notice of the fact that there is uncertainty as to the materialisation of the Offering.

The following table shall be read in conjunction with sections "*Risk factors*" and "*Selected financial information*", as well as the audited consolidated financial statements and the unaudited interim report incorporated in this Offering Circular by reference.

(EUR million)	<u>As at 31 December 2020</u>	<u>As at 31 December 2020 adjusted</u>
	(unaudited)	
Capitalisation		
Current financial liabilities		
Guaranteed / Secured.....	5.0	5.0
Unguaranteed / Unsecured.....	0.6	0.6
Total current liabilities.....	5.6	5.6
Non-current financial liabilities		
Guaranteed / Secured.....	29.5	29.5
Unguaranteed / Unsecured.....	0.9	0.9
Non-current financial liabilities.....	30.4	30.4
Total financial liabilities.....	36.0	36.0
Equity attributable to the owners of the parent		
Share capital.....	0.0	0.1
Reserve for invested unrestricted equity.....	8.3	18.5
Capital loan.....	0	0
Retained earnings.....	18.3	18.3
Total equity.....	26.6	36.9
Total equity and liabilities.....	62.6	72.9
Net indebtedness		
Cash and cash equivalents.....	8.1	18.5
Liquidity (A).....	8.1	18.5
Current financial liabilities		
Interest-bearing debt.....	5.0	5.0
Lease liabilities.....	0.6	0.6
Total current financial liabilities (B).....	5.6	5.6
Net current financial indebtedness (C = B - A).....	-2.5	-12.8
Non-current financial liabilities		
Interest-bearing debt.....	29.5	29.5
Lease liabilities.....	0.9	0.9
Total non-current financial liabilities (D).....	30.4	30.4
Net indebtedness (C + D).....	27.9	17.6

According to the terms and conditions of the Facility Agreement, Kreate will make a repayment of EUR 10.0 million on its bank loan after the Listing, and after that EUR 1.0 million in 2021 and EUR 1.0 million in 2022. The completion of the Listing is subject to certain terms and conditions, see "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Conditionality, Execution and Publishing of the Offering*". The bank loans and other potential financing drawn under the Facility Agreement matures in 2023. For further information on Kreate's financing, see "*Operating and financial review – Liquidity and capital resources – Liquidity*".

TERMS AND CONDITIONS OF THE OFFERING

The term "subscription" refers in the following to the investor's offer or commitment to subscribe for or purchase Offer Shares (as defined below) in the Offering (as defined below), and an investor may be allocated either New Shares (as defined below) or Sale Shares (as defined below). Correspondingly, "subscriber," "subscription period," "subscription place," "subscription price," "subscription offer" and "commitment" (and other corresponding terms) refer to both Share Issue (as defined below) and Share Sale (as defined below).

General Terms and Conditions of the Offering

Offering

Kreate Group Plc, a public limited liability company incorporated in Finland (the "**Company**"), aims to raise gross proceeds of approximately EUR 12.5 million by offering a maximum of 1,526,090 new shares in the Company (the "**New Shares**") for subscription (the "**Share Issue**"). In the Personnel Offering, the Company offers preliminary a maximum of 17,000 New Shares, and in the event of an oversubscription in the Personnel Offering, a maximum of 43,975 additional New Shares. In addition, Intera Fund II Ky ("**Intera**") and other shareholders defined in Appendix A of this Offering Circular (together with Intera, the "**Sellers**") will offer for purchase a maximum of 2,690,160 existing shares in the Company (the "**Sale Shares**") (the "**Share Sale**", and together with the Share Issue, the "**Offering**"). Unless the context indicates otherwise, the New Shares and the Sale Shares are together referred to herein as the "**Offer Shares**". The subscription price for the Offer Shares in the Public Offering and Institutional Offering is EUR 8.20 per Offer Share (the "**Subscription Price**").

The Offering consists of (i) a public offering to private individuals and entities in Finland (the "**Public Offering**"), (ii) an institutional offering to institutional investors in Finland and, in accordance with applicable laws, internationally outside the United States (the "**Institutional Offering**"), and (iii) a personnel offering to the Company's Personnel (as defined below) (the "**Personnel Offering**"). The Offer Shares represent a maximum of approximately 46.9 per cent of all the shares in the Company (the "**Shares**") and approximately 47.7 per cent of the votes vested by the Shares after the Share Issue assuming that the Over-allotment Option (as defined below) will not be exercised (approximately 54.0 and 54.5 per cent assuming that the Over-allotment Option will be exercised in full), and assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares.

Offer Shares will be offered in the Institutional Offering to institutional investors outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act of 1933 (the "**U.S. Securities Act**") and also otherwise in compliance with the said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States (as defined in Regulation S of the U.S. Securities Act).

The terms and conditions of the Offering are comprised of the general terms and conditions of the Offering as well as the special terms and conditions of the Public Offering, Institutional Offering and Personnel Offering.

Share Issue

The shareholders of the Company unanimously resolved on 25 January 2021 to authorise the Company's Board of Directors to decide on an issue of a maximum of 2,500,000 New Shares. Based on this authorisation, the Company's Board of Directors resolved on 5 February 2021 offer New Shares for subscription in the Share Issue. With the Share Issue, the Company aims to raise gross proceeds of approximately EUR 12.5 million by offering New Shares for subscription at the Subscription Price.

Following the Share Issue, the number of the Shares may increase to a maximum of 8,980,985 Shares. The number of New Shares to be issued in the Share Issue represent approximately a maximum of 17.0 per cent of the Shares and approximately a maximum of 17.2 per cent of the votes vested by the Shares after the Share Issue assuming that all of the New Shares preliminarily offered in the Offering are subscribed for in full. The maximum number of the New Shares represents approximately 20.5 per cent of the Shares prior to the Share Issue.

The New Shares are being offered in deviation from the shareholders' pre-emptive subscription right in order to enable the listing of the Shares on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") (the "**Listing**") and the Board of Directors therefore assesses that there is a weighty financial reason for deviating from the shareholders' pre-emptive subscription right. The payment made to the Company for the approved New Share subscriptions will be booked in its entirety in the invested unrestricted equity fund. Therefore, the Company's share capital will not increase in connection with the Share Issue.

Share Sale

The Sellers will offer for purchase preliminary a maximum of 2,690,160 Sale Shares in the Share Sale at the Subscription Price. The Sale Shares represent approximately 30.0 per cent of the Shares after the Share Issue assuming that the Over-allotment Option (as defined below) will not be exercised (approximately 37.0 per cent assuming that the Over-allotment Option will be exercised in full), and assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares.

Procedure in Undersubscription Situations

If the Offering is not subscribed for in full and the Offering is nevertheless completed, the subscriptions would be allocated firstly to New Shares, and, thereafter, to Sale Shares. In such case, the number of Sale Shares sold by each Seller would be reduced on a *pro rata* basis according to the number of Sale Shares initially offered for purchase by such Seller.

Global Coordinator, Bookrunner and Subscription Place

Danske Bank A/S, Finland Branch ("**Danske Bank**") acts as sole global coordinator and joint bookrunner for the Offering (the "**Global Coordinator**"). OP Corporate Bank plc acts as joint bookrunner for the Offering (together with the Global Coordinator, the "**Managers**"). In addition, the Company has appointed Nordnet Bank AB ("**Nordnet**") as the subscription place of the Public Offering.

Over-allotment Option

Intera is expected to grant to Danske Bank as stabilizing manager (the "**Stabilizing Manager**") an over-allotment option to purchase a maximum of 632,437 additional Shares (the "**Additional Shares**") at the Subscription Price or to procure subscribers to them (assuming that the Company issues 1,526,090 New Shares) solely to cover over-allotments in connection with the Offering (the "**Over-allotment Option**"). The Over-allotment Option is exercisable within 30 days from the commencement of trading in the Shares on Nasdaq Helsinki (on or about the period between 19 February 2021 and 20 March 2021) (the "**Stabilisation Period**"). The Additional Shares represent approximately 8.5 per cent of the Shares and approximately 8.6 per cent votes vested by the Shares prior to the Offering and approximately 7.0 and 7.1 per cent after the Offering assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares. However, the number of Additional Shares will not in any case represent more than 15 per cent of the aggregate number of Offer Shares.

Stabilisation

The Stabilizing Manager, may, but is not obligated to, engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of Shares than the total number of Offer Shares, which will create a short position. The short position is covered if it does not exceed the number of Additional Shares. The Stabilizing Manager is entitled to close the covered short position using the Over-allotment Option and/or by buying Shares on the market. In determining the acquisition method of the Shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilizing Manager may also bid for and purchase Shares in the market to stabilise the market price of the Shares. These measures aim at supporting the market price of the Shares and these measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilisation measures cannot be carried out at a higher price than the Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager or the Company on behalf of the Stabilizing Manager will publish information regarding the stabilisation required by legislation or other applicable regulations at the end of the Stabilisation Period. Stabilisation measures can be carried out on Nasdaq Helsinki during the Stabilisation Period.

Any stabilisation measures will be conducted in accordance with Regulation (EU) No 596/2014 of the European Parliament and of the Council on market abuse and repealing Directive 2003/6/EC of the European Parliament and of the Council and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC (the "**MAR**") and the Commission Delegated Regulation (EU) 2016/1052 supplementing the MAR with regard to regulatory technical standards for the conditions applicable to buy-back programs and stabilisation measures.

The Stabilizing Manager and Intera are expected to enter into a stock lending agreement related to the stabilisation and the Over-allotment Option in connection with the Offering. According to the stock lending agreement, the Stabilizing Manager may borrow a number of Shares equal to the maximum number of Additional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilizing Manager borrows Shares pursuant to the stock lending agreement, it must return an equal number of Shares to Intera. See "*Plan of Distribution*."

Placing Agreement

The Company, Intera and the Managers are expected to enter on or about 18 February 2021 into a placing agreement (the "**Placing Agreement**"). Other Sellers than Intera are not parties of the Placing Agreement but they have each given the Global Coordinator the sales undertaking with respect to the Offering. For further information, see "*Plan of Distribution*."

Subscription Period

The subscription period for the Public Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 16 February 2021 at 4:00 p.m. (Finnish time). The subscription period for the Institutional Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 18 February 2021 at 12:00 p.m. (Finnish time). The subscription period for the Personnel Offering will commence on 8 February 2021 at 10:00 a.m. (Finnish time) and end on or about 16 February 2021 at 4:00 p.m. (Finnish time).

The Company's Board of Directors and Intera have, in the event of an oversubscription, the right to end the Public Offering and the Institutional Offering by joint decision at the earliest on 15 February 2021 at 4:00 p.m. (Finnish time). In addition, the Company's Board of Directors may end the Personnel Offering at its sole discretion no earlier than 15 February 2021 at 4:00 p.m. (Finnish time). The Public Offering, the Institutional Offering and the Personnel Offering can be discontinued independently of each other. A stock exchange release will be published without delay in the event of a discontinuation.

The Company's Board of Directors and Intera are entitled to extend the subscription periods of the Public Offering and the Institutional Offering. A possible extension of the subscription period will be communicated through a stock exchange release, which will indicate the new end date of the subscription period. The subscription period for the Institutional Offering, the Public Offering and the Personnel Offering will end in any case at the latest on 4 March 2021 at 4:00 p.m. (Finnish time). The subscription periods of the Public Offering, the Institutional Offering and the Personnel Offering can be extended independently of each other. A stock exchange release concerning the extension of a subscription period must be published no later than on the estimated end dates of the subscription periods for the Public Offering, the Institutional Offering and the Personnel Offering stated above.

Subscription Price

The Subscription Price for the Offer Shares in the Public Offering and Institutional Offering is EUR 8.20 per Offer Share.

The price per share in the Personnel Offering is 10 per cent lower than the Subscription Price in the Public Offering, *i.e.* the Subscription Price in the Personnel Offering is EUR 7.38 per Offer Share.

Conditionality, Execution and Publishing of the Offering

The Company's Board of Directors will decide on the execution of the Share Issue and Intera will decide on the execution of the Share Sale, and the Company's Board of Directors and Intera will jointly decide on the final number of Offer Shares and the allocation of Offer Shares (the "**Completion Decision**") on or about 18 February 2021. The above information will be published through a stock exchange release immediately after the Completion Decision and will be available on the Company's website at www.create.fi/en/ipo and in the subscription places of the Public Offering and the Personnel Offering no later than the business day following the Completion Decision on or about 19 February 2021. The execution of the Offering is conditional upon receiving, in the view of the Company and Intera, a sufficient number of subscriptions for the Offer Shares and the Company receiving gross proceeds of at least EUR 12.5 million in the Share Issue. The execution of the Offering is also conditional upon the signing of the Placing Agreement.

Cancellation of Subscription Commitments

A commitment to subscribe for or purchase Offer Shares in the Public Offering or in the Personnel Offering (a "**Commitment**") cannot be amended. A Commitment may only be cancelled in the situations provided for in the Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (the "**Prospectus Regulation**").

If the Finnish language prospectus published by the Company in connection with the Offering (the "**Finnish Prospectus**") is supplemented in accordance with the Prospectus Regulation due to a material error or omission or due to material new information that has become known after the Finnish Financial Supervisory Authority has approved the Finnish Prospectus, but before trading in the Offer Shares begins on the prelist of Nasdaq Helsinki, investors who have given their Commitments before the supplement or correction of the Finnish Prospectus have, in accordance with the Prospectus Regulation, the right to cancel their Commitments within two banking days after the supplement has been published. The use of the cancellation right requires that the error, omission or material new information that led to the supplement or correction has become known prior to the delivery of the Offer Shares to the investors. Any cancellation of a Commitment must concern the total number of shares covered by the Commitment given by an individual investor. If the Finnish Prospectus is

supplemented, the supplement will be published through a stock exchange release. The stock exchange release will also include information on the right of the investors to cancel their Commitment in accordance with the Prospectus Regulation.

Procedure to Cancel a Commitment

The cancellation of a Commitment must be notified in writing to the subscription place where the initial Commitment was made and within the time limit set for such cancellation with the following exemptions:

- The cancellation of the Commitment made online via the Danske Bank eBanking service, corporate eBanking services or Web subscription can be made by visiting a Danske Bank office (excluding corporate offices) in person or through an authorised representative or by calling Danske Bank Investment Advisory Center using Danske Bank's bank identifiers.
- A Commitment made by telephone to the Danske Bank Investment Advisory Center may be cancelled by telephone using Danske Bank's bank identifiers.
- The personal Commitments made in any of OP's subscription channels may be cancelled in the OP telephone service using bank identifiers.
- The cancellation of the Commitment made online via the OP online service for private customers or corporate customers or by e-subscription can be made by visiting a branch office of OP Financial Group's cooperative banks in person or through an authorised representative.
- Investors who have submitted their subscriptions via Nordnet must send a written cancellation request within the set time limit by email to operations.fi@nordnet.fi or deliver the cancellation to the Nordnet's office with the following exceptions: The Commitment submitted by Nordnet's own customers via Nordnet's online service can be cancelled through an authorised representative or via Nordnet's online service by accepting a separate cancellation of Commitment by using the Nordnet's bank identifier.

A cancellation of a Commitment applies to the entire Commitment. After the time limit set for cancellation has expired, the cancellation right is no longer valid. If the Commitment is cancelled, the subscription place refunds the sum paid for the Offer Shares to the bank account specified in the Commitment. To the customers who gave their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to Nordnet cash accounts. The payment is refunded as soon as possible after the cancellation, approximately within five banking days of serving the subscription place with the cancellation notice. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to the investor's Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount.

Entry of Offer Shares into Book-entry Accounts

Investors who have submitted a Commitment must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and investors must specify the details of their book-entry account in their Commitments. Subscriptions to equity savings accounts can be made through Danske Bank only to an equity savings account provided by Danske Bank and through Nordnet only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering and Personnel Offering are recorded in the book-entry accounts of investors who have made an approved Commitment on or about the first banking day after the Completion Decision, on or about 19 February 2021. In the Institutional Offering, investors should contact the Managers of the Offering with respect to the book-entry accounts. In the Institutional Offering, the allocated Offer Shares will be ready to be delivered against payment on or about 23 February 2021 through Euroclear Finland Oy ("**Euroclear Finland**"). New Shares allocated and paid for in the Personnel Offering will be entered into the investors' book-entry accounts on or about 24 February 2021.

Title and Shareholder Rights

The title to the Offer Shares will be transferred when the Offer Shares are paid for, the New Shares are registered in the Trade Register maintained by the Finnish Patent and Registration Office (the "**Trade Register**") and the Offer Shares are recorded in the investor's book-entry account. Offer Shares will entitle their holders to dividends and other distributions of funds as well as other rights related to the Shares when the title has been transferred.

Transfer Tax and Other Expenses

Transfer tax will not be levied in connection with the issuance or subscription of the New Shares in Finland. Account operators charge fees in accordance with their price lists for the maintenance of the book-entry account and for safekeeping of shares. The Sale Shares are being sold in connection with commencement of trading in the Shares on the Prelist of Nasdaq Helsinki, and no transfer tax is expected to be payable for these transfers in Finland. Should transfer tax be levied, the Sellers will pay the transfer tax levied on the sale of their Sale Shares.

Trading in the Shares

Before the Offering, the Shares have not been subject to trading on a regulated market or multilateral trading facility. The Company will submit a listing application to Nasdaq Helsinki for the Shares to be listed on the official list of Nasdaq Helsinki. Trading of the Shares on the prelist of Nasdaq Helsinki is expected to commence on or about 19 February 2021 and on the official list of Nasdaq Helsinki on or about 23 February 2021. Trading of the New Shares allocated and paid for in the Personnel Offering is expected to commence on the official list of Nasdaq Helsinki on or about 24 February 2021. The trading code of the Shares is KREATE and the ISIN code is FI4000476866.

When the trading on the prelist commences on or about 19 February 2021, not all of the Shares may necessarily have been fully transferred to the investors' book-entry accounts. If an investor wishes to sell Shares purchased or subscribed for by it in the Offering on the prelist, the investor should ensure that the number of Shares registered to its book-entry account covers the transaction in question at the time of clearing.

Right to Cancel the Offering

Intera has the right to cancel the Share Sale and the Company's Board of Directors has the right to cancel the Share Issue at any time before the decision to execute those is made on the grounds of, for example, the market conditions, the Company's financial position or a material change in the Company's business. If Intera decides to cancel the Share Sale and/or the Company's Board of Directors decides to cancel the Share Issue, the subscription price paid by the investors will be refunded in approximately five banking days from the cancellation decision. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a Finnish bank account in accordance with the payment schedule of the financial institutions, approximately no later than two banking days thereafter. To Nordnet's own customers who gave their Commitments via Nordnet's subscription place, the refunded amount will be paid to Nordnet cash account. No interest will be paid on the refunded amount.

Lock-up

The Company and the Sellers are expected to commit not to, subject to certain exceptions, during the period that will end with respect to the Company and Intera 180 days from the Listing (i.e. on or about 18 August 2021) and with respect to the other Sellers 360 days from the Listing (i.e. on or about 14 February 2022), without the prior written consent of the Managers, (i) issue, offer, pledge, hypothecate, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause the Company to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to the Company's shareholders a proposal to effect any of the foregoing to the extent any of the foregoing is proposed to take place during the lock-up period. The lock-up does not apply, among others, to the measures related to the execution of the Offering or to the Company's current incentive schemes or incentive schemes based on current authorisation granted by the general meeting of shareholders.

The members of the Board of Directors of the Company and the management team of Kreate shall enter into a lock-up agreement with similar terms to that of the Company and the Sellers that will end 360 days from the Listing (i.e. on or about 14 February 2022).

As a precondition for participating in the Personnel Offering, the persons participating in the Personnel Offering must agree to comply with the lock-up with similar terms to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing (i.e. on or about 14 February 2022).

In aggregate, the terms of lock-up agreements apply to approximately 31.7 per cent of the Shares after the Offering without the Over-Allotment Option, New Shares subscribed for in the Personnel Offering and the Shares possibly subscribed for by the members of the Board of Directors and the management team in the Public Offering (approximately 24.7 per cent with the Over-Allotment Option) assuming that the Sellers will sell the maximum amount of Sale Shares, and that that the Company will issue 1,526,090 New Shares.

Other Matters

Other issues and practical matters relating to the Share Issue will be resolved by the Board of Directors of the Company. Other issues and practical matters relating to the Share Sale will be resolved by the Company and Intera, together with the Managers.

Documents on Display

The Company's latest financial statements, annual report and the auditor's report as well as the other documents pursuant to Chapter 5, section 21 of the Finnish Companies Act (624/2006, as amended), are available during the subscription period at the Company's offices at Haarakaari 42, FI-04360 Tuusula, Finland.

Applicable Law

The Offering shall be governed by the laws of Finland. Any disputes arising in connection with the Offering shall be settled by a court of competent jurisdiction in Finland.

Special Terms and Conditions Concerning the Public Offering

Overview

Preliminarily a maximum of 400,000 Offer Shares are offered in the Public Offering to private individuals and entities in Finland. Depending on the demand, the Company and Intera may reallocate Offer Shares between the Public Offering, the Institutional Offering and the Personnel Offering in deviation from the preliminary number of shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering is 400,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments.

The place of subscription has the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and the Minimum and Maximum Amounts for Commitments

In the Public Offering, the Offer Shares will be offered to investors whose permanent residence or domicile is in Finland and who submit their Commitments in Finland. Entities submitting a Commitment must have a valid LEI code. In the Public Offering, the Commitment must concern a minimum of 100 Offer Shares and a maximum of 20,000 Offer Shares. Each investor may only provide one Commitment in the Public Offering. If an investor submits Commitments in the Public Offering in more than one subscription place, only the first Commitment will be considered when allocating Offer Shares.

Places of Subscription and Submission of Commitments

A Commitment is considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or when the investor has confirmed the Commitment with bank identifiers in accordance with the instructions of the place of subscription and paid for the subscription concerned by the Commitment. A Commitment submitted as a web subscription is deemed to have been made when the investor has made the Commitment in accordance with the terms and conditions of the web subscription. Any more detailed instructions issued by the place of subscription must be taken into consideration when submitting a Commitment.

Commitments may only be cancelled in the manner and situations referred to under "*General Terms and Conditions of the Offering – Cancellation of Subscription Commitments*" and "*General Terms and Conditions of the Offering – Procedure to Cancel a Commitment*".

The places of subscription in the Public Offering for Danske Bank book-entry account customers are:

- Danske Bank's eBanking service with bank identifiers for private customers at www.danskebank.fi;
- Danske Bank's corporate eBanking services in the Markets Online module for District customers;
- Danske Bank's Investment Advisory Center with Danske Bank's bank identifiers by phone 9:00 a.m. to 6:00 p.m. (Finnish time) Monday to Friday, tel. +358 200 20109 (local network charge / mobile charge). Calls to the Danske Bank Investment Advisory Center are recorded;
- Danske Bank offices in Finland during normal business hours; and
- Danske Bank's Private Banking offices in Finland (for Danske Bank's Private Banking customers only).

Making a Commitment by phone using Danske Bank's Investment Advisory Center or Danske Bank's eBanking service requires a valid eBanking agreement with Danske Bank.

Subscriptions to equity savings accounts can be made through Danske Bank only to an equity savings account provided by Danske Bank.

The places of subscription in the Public Offering for OP book-entry account customers are:

- OP Financial Group online service for private customers at the address www.op.fi/merkinta. OP Financial Group's customers submitting a Commitment by e-subscription are required to have OP Financial Group's bank identifiers;
- OP 0100 0500 telephone service (in Finnish, local network charge / mobile charge). The Commitment may be submitted via telephone if the customer has personal internet banking agreement with OP Financial Group and bank identifiers, which are required in connection with the identification to the telephone service; and
- Branch offices of OP Financial Group's cooperative banks during their normal business hours.

The place of subscription in the Public Offering for Nordnet book-entry account customers is:

- Nordnet's online service at www.nordnet.fi/fi/kreate.
- Submitting a Commitment via Nordnet's online service requires personal bank identifiers. The Commitment can also be made on behalf of corporation through Nordnet's online service.

The place of subscription in the Public Offering for investors that are not Danske Bank or OP book-entry account customers are:

- Online subscription at www.danskebank.fi for private customers. An internet subscription requires bank identifiers of Aktia, Danske Bank, Handelsbanken, Nordea, OP, POP Bank, S-Bank, Savings Bank or Ålandsbanken.
- Danske Bank's offices (excluding corporate offices) in Finland during normal business hours. Information on the offices offering subscription services is available by phone using Danske Bank's Investment Advisory, 9:00 a.m. to 6:00 p.m. Monday to Friday (Finnish time), tel. +358 200 20109 (local network charge/mobile charge) or online at www.danskebank.fi. Calls to Danske Bank are recorded.
- OP Financial Group online service for private customers at the address www.op.fi/merkinta. An internet subscription requires bank identifiers of Aktia, Danske Bank, Handelsbanken, Nordea, POP Bank, S-Bank, Savings Bank or Ålandsbanken; and
- Branch offices of OP Financial Group's cooperative banks during their normal business hours provided that the person submitting a Commitment has a bank account at OP Financial Group.

Individual investors can submit a Commitment of up to EUR 100,000 in the Public Offering through Danske Bank's online subscription. If a Commitment exceeds EUR 100,000 the Subscription Commitment can be given at Danske Bank branches.

The Offer Shares covered by a Commitment must be paid using an account in the name of the investor making the Commitment. Legal entities cannot submit Commitments as Danske Bank online subscriptions or OP Financial Group online service.

Subscription Commitments by or on behalf of persons under the age of 18 or under guardianship must be submitted by their legal guardians and may require the consent of the local register office in Finland. A guardian may not subscribe for the Offer Shares without a permission of the local register office in Finland, as the Offer Shares are not yet subject to trading on a regulated market when submitting a Commitment.

Payment of Offer Shares

When submitting a Commitment, the price to be paid for the Offer Shares is the Subscription Price (*i.e.* EUR 8.20 per Offer Share) multiplied by the number of Offer Shares covered by the Commitment.

The payment of a Subscription Commitment submitted in Danske Bank office, Danske Bank Private Banking office or via Danske Bank's Investment Advisory Center will be debited directly from the investor's bank account in Danske Bank, or it may be paid by bank transfer. The payment corresponding to a Commitment that has been submitted through Danske Bank eBanking service of Danske Bank corporate eBanking services will be charged from the investor's bank account when the investor confirms the Commitment with his or her bank identifiers. The payment of a Commitment submitted through Danske Bank's online subscription must be made in accordance with the terms and conditions and instructions of the online subscription immediately after the Commitment has been submitted.

A payment corresponding to a Commitment submitted in the OP Financial Group's internet banking service will be debited directly from the investor's bank account, when the investor confirms the payment of the Commitment with his or her bank identifiers. The payment of a Commitment submitted through the internet service must be made in accordance with the terms and conditions of the internet service immediately after the Commitment has been submitted. The payment must be made from a bank account that is solely in the investor's name. The payment corresponding to a Commitment that has been submitted through OP 0100 0500 telephone service will be charged from the investor's bank account in OP Financial Group.

The book-entry account customers of OP Financial Group may submit and pay Commitments in the branch offices of cooperative banks belonging to OP Financial Group. Other customers than book-entry account customers of OP Financial

Group may submit and pay their Commitments in the branch offices of cooperative banks belonging to OP Financial Group provided that the person submitting a Commitment has a bank account at OP Financial Group.

If an investor has submitted a Commitment in a branch office of a cooperative bank belonging to OP Financial Group, the customer's bank account in OP Financial Group is debited directly. When carrying out banking operations in the branch offices of cooperative banks belonging to OP Financial Group, the investor must schedule an appointment. The payment corresponding to a Commitment that has been submitted through OP Financial Group will be charged from the investor's bank account at OP Financial Group when the investor confirms the Commitment.

The payment of a Commitment submitted via Nordnet's online service will be charged from the investor's cash account in Nordnet when the investor confirms the Commitment with his or her bank identifiers.

Approval of Commitments and Allocation

The Company and Intera will decide on the allocation of Offer Shares in the Public Offering to investors after the Completion Decision. Commitments may be approved or rejected in full or in part. In the event of an oversubscription, the Company and Intera aim to approve subscribers' Commitments in full for up to 100 Offer Shares and, for Commitments exceeding this amount, to allocate Offer Shares in proportion to the amount of Commitments unmet. Confirmations regarding the approval of the Commitments and the allocation of Offer Shares will be sent to the investors who have submitted their Commitments in the Public Offering as soon as possible and at the latest on or about 4 March 2021. Investors who have made their Commitments via Nordnet will see their Commitments as well as allocation of Offer Shares on the transaction page of Nordnet's online service.

Refunding of Paid Amounts

If the Commitment is rejected or only partially approved, the excess amount paid will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth banking day after the Completion Decision, *i.e.* on or about 25 February 2021. To investors who gave their Commitments via Nordnet's subscription place, the amount to be refunded will be paid to Nordnet cash accounts. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to a bank account in accordance with the payment schedule of the financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount. See also "*General Terms and Conditions of the Offering – Cancellation of Subscription Commitments – Procedure to Cancel a Commitment*" above.

Entry of Offer Shares into Book-entry Accounts

Parties submitting Commitments in the Public Offering must have a book-entry account with a Finnish account operator or an account operator operating in Finland, and the party must specify the details of its book-entry account in its Commitment. Subscriptions to equity savings accounts can be made through Danske Bank only to an equity savings account provided by Danske Bank and through Nordnet only to an equity savings account provided by Nordnet. The Offer Shares allocated in the Public Offering will be recorded in the book-entry accounts of investors who have made an approved Commitment, on or about the first banking day after the Completion Decision, *i.e.* on or about 19 February 2021.

Special Terms and Conditions Concerning the Institutional Offering

Overview

Preliminarily a maximum of 3,799,250 Offer Shares are being offered in the Institutional Offering to institutional investors through private placements in Finland and, in accordance with the applicable laws, internationally outside the United States on the terms and conditions set forth herein. Depending on the demand, the Company and Intera may reallocate Offer Shares between the Public Offering, the Institutional Offering and the Personnel Offering in deviation from the preliminary number of shares without limitation. However, the minimum number of Offer Shares to be offered in the Public Offering will be 400,000 Offer Shares or, if the aggregate number of Offer Shares covered by the Commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the Commitments. However, the minimum number of New Shares to be offered in the Personnel Offering will be 17,000 New Shares or, if the aggregate number of New Shares covered by the Commitments submitted in the Personnel Offering is smaller than this, such aggregate number of New Shares as covered by the Commitments.

Offer Shares will be offered in the Institutional Offering outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act and otherwise in compliance with said regulation. The Shares (including the Offer Shares) have not been, and will not be, registered under the U.S. Securities Act or under the securities laws of any state of the United States and, accordingly, will not be offered or sold, directly or indirectly, in or into the United States

(as defined in Regulation S of the U.S. Securities Act). For more information on restrictions concerning the offering of the Offer Shares, see "*Important Information*".

The Managers have the right to reject a Purchase Offer, either partially or wholly, if it does not comply with the terms and conditions herein or if it is otherwise incomplete.

Right to Participate and Place of Subscription

An investor, whose Purchase Offer is at least 20,001 Offer Shares, may participate in the Institutional Offering. Entities submitting a Purchase Offer must have a valid LEI code.

The Purchase Offers of institutional investors will be received by the Managers of the Offering.

Approval of Purchase Offers and Allocation

The Company and Intera will decide on the acceptance of Purchase Offers submitted in the Institutional Offering after the Completion Decision. The Company and Intera will decide on the procedure to be followed in any over-demand situations. The Cornerstone Investors (as defined below) have allocation priority in the Offering. Purchase Offers may be approved or rejected in whole or in part. A confirmation of the approved Purchase Offers in the Institutional Offering will be provided as soon as practicable after the allocation.

Payment of Offer Shares

In the Institutional Offering, the investors must pay for the Offer Shares corresponding to their accepted Purchase Offers in accordance with the instructions issued by the Managers on or about 23 February 2021. If necessary in connection with a Purchase Offer being made or before the approval of a Purchase Offer, the Managers have the right, provided by the duty of care set for securities intermediaries, to require that the investor provide information concerning its ability to pay for the Offer Shares corresponding to its Purchase Offer or require that the payment for the Offer Shares concerned by the Purchase Offer be made in advance. The amount to be paid in this connection is Subscription Price, *i.e.* EUR 8.20 per Offer Share, multiplied by the number of Offer Shares covered by the Purchase Offer. Possible refunds will be made on or about on the fifth banking day following the Completion Decision, *i.e.* on or about 25 February 2021. No interest will be paid on the refunded amount.

Subscription Undertakings

A Finnish family-owned company Harjavalta Oy and Tirinom Oy (a company controlled by Timo Pekkarinen) (the "**Cornerstone Investors**") have each individually in January 2021 given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, including a condition that the maximum valuation of all of the Company's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares), based on the Subscription Price, does not exceed EUR 73 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking. The Cornerstone Investors will not be compensated for their subscription undertakings.

The Cornerstone Investors have given subscription undertakings to subscribe for the Offer Shares the amounts which would correspond to:

- Harjavalta Oy 15.5 per cent of the outstanding Shares of the Company following the Offering; and
- Tirinom Oy 10.5 per cent of the outstanding Shares of the Company following the Offering.

The subscription undertakings of the Cornerstone Investors represent a maximum of approximately 54.8 per cent of the Offer Shares assuming that the Over-allotment Option will not be exercised (approximately 47.7 per cent assuming that the Over-allotment Option will be exercised in full), and assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares.

Special Terms and Conditions Concerning the Personnel Offering

Overview

Preliminarily a maximum of 17,000 New Shares and, in the event of an oversubscription, a maximum of 43,975 additional New Shares are being offered for subscription in the Personnel Offering to all employees of the Company or its wholly owned subsidiaries in Finland, as well as to the members of the Board of Directors and the CEO of the Company.

Depending on the demand, the Company may reallocate Offer Shares between the Public Offering, the Institutional Offering and the Personnel Offering in deviation from the preliminary number of shares without limitation. However, the

minimum number of New Shares to be offered in the Personnel Offering is 17,000 New Shares or, if the aggregate number of New Shares covered by the Commitments submitted in the Personnel Offering is smaller than this, such aggregate number of New Shares as covered by the Commitments.

Right to Participate in the Personnel Offering

All employees of the Company or its wholly owned subsidiaries in Finland with a contract of employment to the Company or its wholly owned subsidiary until the end of the subscription period and the members of the management team or the Board of Directors of the Company or its wholly owned subsidiaries in Finland (the "**Personnel**") may participate in the Personnel Offering. However, the Sellers have waived their right to participate in the Personnel Offering, even if they would be eligible to subscribe for the New Shares in the Personnel Offering.

The right to participate in the Personnel Offering is personal and non-transferrable. Personnel entitled to participate may, however, make a subscription through an authorised representative. Personnel participating in the Personnel Offering may also participate in the Public Offering subject to its terms if they wish.

A Commitment provided in the Personnel Offering must concern a minimum of 100 New Shares.

Personnel must agree to comply with the lock-up to participate in the Personnel Offering. In accordance with the lock-up, Personnel participating in the Personnel Offering commit, without the prior written consent of the Managers (which consent may not be unreasonably withheld), during a period that will end on the date that falls 360 days from the Listing (i.e. on or about 14 February 2022), not to issue, offer, pledge, sell, contract to sell, sell any option rights or contract to purchase, purchase any option or contract to sell, grant any option right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares or any securities they hold entitling to Shares or exchangeable for or convertible into or exercisable for Shares, or enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such transactions are to be settled by delivery of the Shares or other securities, in cash or otherwise. When making subscriptions, persons participating in the Personnel Offering accept that they will be bound without separate measures by the aforementioned lock-up period.

Subscription Price in the Personnel Offering and the Allocation of Personnel Shares

The Subscription Price in the Personnel Offering is 10 per cent lower than the Subscription Price in the Public Offering, i.e. EUR 7.38 per New Share. When submitting a Commitment, the subscription price payable for the New Shares offered in the Personnel Offering is 10 per cent lower than the Subscription Price in the Public Offering multiplied by the number of Shares covered by the Commitment.

The Board of Directors will decide on the allocation in the Personnel Offering after the Completion Decision. The Board of Directors will decide on the procedure to be followed in the event of an oversubscription and will, if necessary, use its authorisation to issue a maximum of 43,975 additional New Shares in the Personnel Offering. Commitments may be approved or rejected in whole or in part. The Board of Directors aims to approve Commitments in full for up to 100 New Shares and, for Commitments exceeding this amount, allocate New Shares in the Personnel Offering in proportion to the amount of Commitments unmet.

Place of Subscription and Submission of Commitment

A Commitment will be considered to have been made when the investor has submitted a signed commitment form to the place of subscription in accordance with instructions of the place of subscription or has confirmed the Commitment with bank identifiers and paid the subscription payment of the shares in accordance with said Commitment and undertaken to comply with the lock-up period provided for in these terms and conditions. Possible further instructions given by the subscription place must be observed when submitting the Commitment. Commitments given in the Personnel Offering are binding and cannot be altered and can only be cancelled in the manner and situations referred to in "*General Terms and Conditions of the Offering – Cancellation of Subscription Commitments*" above.

The Company or the Managers have the right to reject a Commitment, either partially or wholly, if the Commitment does not comply with the terms and conditions herein or if it is otherwise incomplete.

Refunding of Paid Amounts

If a Commitment is rejected or only partially approved, the amount paid or part thereof will be refunded to the party that made the Commitment to the Finnish bank account identified in the Commitment on or about the fifth banking day after the Completion Decision, on or about 25 February 2021. If an investor's bank account is in a different bank than the place of subscription, the refund will be paid to the investor's bank account in accordance with the payment schedule of the financial institutions, approximately no later than two banking days thereafter. No interest will be paid on the refunded amount. See

also "*General terms and conditions of the Offering – Cancellation of Subscription Commitments – Procedure to cancel a Commitment.*"

Registration and Entry of New Shares Subscribed for in the Personnel Offering into Book-entry Accounts

New Shares allocated and paid for in the Personnel Offering will be registered with the Trade Register on or about 24 February 2021.

The parties submitting Commitments in the Personnel Offering must have a book-entry account with a Finnish account operator or with an account operator operating in Finland, and the party must specify the details of its book-entry account in its Commitment. Subscriptions to equity savings accounts can be made through Danske Bank only to an equity savings account provided by Danske Bank. New Shares allocated and paid for in the Personnel Offering will be entered into the investors' book-entry accounts on or about 24 February 2021.

PLAN OF DISTRIBUTION

Placing Agreement

Kreate, Intera and the Managers are expected to enter on or about 18 February 2021 into the Placing Agreement. Under the terms and conditions of the Placing Agreement, Kreate undertakes to issue and Intera undertakes to sell the Offer Shares to investors procured by the Managers, and each of the Managers undertakes, subject to certain conditions, to procure subscribers for the Offer Shares without joint and several liability.

The Placing Agreement includes customary conditions that entitle the Managers to terminate the Placing Agreement in certain situations and with certain preconditions. Such situations include certain significant negative changes in Kreate's general operations, business, financial or other position, results of operations or Kreate's prospects, as well as certain changes in, among others, national or international political or economic conditions.

Furthermore, Kreate has given customary representations and warranties to the Managers related to, among others, Kreate's business and compliance with the law, Kreate's Shares and the content of this Offering Circular. According to the Placing Agreement, Kreate is committed to, among others, release the Managers of certain obligations and reimburse them certain costs incurred in connection with the Offering.

Other Sellers than Intera are not parties of the Placing Agreement but they have each given the Global Coordinator the Sales Undertaking with respect to the Offering.

The Offering consists of (i) a Public Offering, (ii) a Personnel Offering, and (iii) an Institutional Offering in Finland and internationally. Offer Shares will be offered in the Institutional Offering to institutional investors outside the United States in offshore transactions in compliance with Regulation S under the U.S. Securities Act. The Offer Shares have not been, and will not be, registered under the U.S. Securities Act.

Over-allotment Option

Intera is expected to grant to Danske Bank as stabilizing manager an over-allotment option to purchase a maximum of 632,437 Additional Shares at the Subscription Price or to procure subscribers to them (assuming that Kreate issues 1,526,090 New Shares) solely to cover over-allotments in connection with the Offering. The Over-allotment Option is exercisable within 30 days from the commencement of trading in the Shares on Nasdaq Helsinki (on or about the period between 19 February 2021 and 20 March 2021). The Additional Shares represent approximately 8.5 per cent of the Shares and approximately 8.6 per cent of the votes vested by the Shares prior to the Offering and approximately 7.0 and 7.1 per cent after the Offering assuming that the Sellers will sell the maximum amount of Sale Shares and that Kreate will issue 1,526,090 New Shares. However, the number of Additional Shares will not in any case represent more than 15 per cent of the aggregate number of Offer Shares.

Stabilisation

The Stabilizing Manager, may, but is not obligated to, engage in measures during the Stabilisation Period that stabilise, maintain or otherwise affect the price of the Shares. The Stabilizing Manager may allocate a larger number of Shares than the total number of Offer Shares, which will create a short position. The short position is covered if it does not exceed the number of Additional Shares. The Stabilizing Manager is entitled to close the covered short position using the Over-allotment Option and/or by buying Shares on the market. In determining the acquisition method of the Shares to cover the short position, the Stabilizing Manager may consider, among other things, the market price of the Shares in relation to the Subscription Price. In connection with the Offering, the Stabilizing Manager may also bid for and purchase Shares in the market to stabilise the market price of the Shares. These measures aim at supporting the market price of the Shares and these measures may raise or maintain the market price of the Shares in comparison with the price levels determined independently on the market or may prevent or delay any decrease in the market price of the Shares. However, stabilisation measures cannot be carried out at a higher price than the Subscription Price. The Stabilizing Manager has no obligation to carry out these measures, and it may stop any of these measures at any time. The Stabilizing Manager or Kreate on behalf of the Stabilizing Manager will publish information regarding the stabilisation required by legislation or other applicable regulations at the end of the Stabilisation Period. Stabilisation measures can be carried out on Nasdaq Helsinki during the Stabilisation Period.

Any stabilisation measures will be conducted in accordance with MAR and the Commission Delegated Regulation (EU) 2016/1052 supplementing the MAR with regard to regulatory technical standards for the conditions applicable to buy back programs and stabilisation measures.

The Stabilizing Manager and Intera are expected to enter into a stock lending agreement related to the stabilisation and the Over-allotment Option in connection with the Offering. According to the stock lending agreement, the Stabilizing

Manager may borrow a number of Shares equal to the maximum number of Additional Shares to cover any possible over-allotments in connection with the Offering. To the extent that the Stabilizing Manager borrows Shares pursuant to the stock lending agreement, it must return an equal number of Shares to Intera.

Lock-up

Kreate and the Sellers are expected to commit, subject to certain exceptions, during the period that will end with respect to Kreate and Intera 180 days from the Listing (*i.e.* on or about 18 August 2021) and with respect to the other Sellers 360 days from the Listing (*i.e.* on or about 14 February 2022), without the prior written consent of the Managers, (i) issue, offer, pledge, hypothecate, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, cause Kreate to issue, or otherwise transfer or dispose of (or publicly announce such action), directly or indirectly, any Shares or any securities convertible into or exercisable or exchangeable for Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of Shares or such other securities, in cash or otherwise; or (iii) submit to Kreate's shareholders a proposal to effect any of the foregoing to the extent any of the foregoing is proposed to take place during the lock-up period. The lock-up does not apply, among others, to the measures related to the execution of the Offering or to Kreate's current incentive schemes or incentive schemes based on current authorisation granted by the general meeting of shareholders.

The members of the Board of Directors of the Company and the management team of Kreate shall enter into a lock-up agreement with similar terms to that of the Company and the Sellers that will end 360 days from the Listing (*i.e.* on or about 14 February 2022).

As a precondition for participating in the Personnel Offering, the persons participating in the Personnel Offering must agree to comply with the lock-up with similar terms to that of the Company and the Sellers that will end on the date that falls 360 days from the Listing (*i.e.* on or about 14 February 2022).

In aggregate, the terms of lock-up agreements apply to approximately 31.7 per cent of the Shares after the Offering without the Over-Allotment Option, New Shares subscribed for in the Personnel Offering and the Shares possibly subscribed for by the members of the Board of Directors and the management team in the Public Offering (approximately 24.7 per cent with the Over-Allotment Option) assuming that the Sellers will sell the maximum amount of Sale Shares, and that that the Company will issue 1,526,090 New Shares.

Fees and Expenses

Kreate and the Sellers will pay the Managers a sales fee which is determined on Kreate's part on the basis of the gross proceeds from the New Shares and on the Sellers' part from the Sale Shares (including any sales of additional Shares based on the Over-allotment Option). In addition, the Company and the Sellers may, at Kreate's and Intera's sole discretion, pay the Managers a performance fee based on the gross proceeds from the Offering, including the proceeds from any sales of Additional Shares based on the Over-allotment Option. In addition, Kreate and Intera undertake to reimburse the Managers for certain expenses.

In connection with the Offering, Kreate expects to pay approximately EUR 2.2 million in fees and expenses (including the discretionary fees), and the Sellers expect to pay approximately EUR 1.1 million in fees and expenses (including the discretionary fees) for the Sale Shares.

Interests Related to the Offering

The fees and commissions to be paid to the Managers are, in part, linked to the proceeds from the Offering.

The Managers and/or their affiliates have provided, and may provide in the future, advisory, consulting and/or banking services to Kreate in the ordinary course of business. In connection with the Offering, the Managers and/or investors within its affiliates may acquire Offer Shares on their own account, hold, purchase and sell the Offer Shares for their own account, and offer or sell such securities otherwise than in connection with the Offering subject to the legislation and regulations applicable. The Managers do not intend to disclose the scope of such investments or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Dilution

Due to the New Shares issued in the Offering, the number of Shares in Kreate may increase to 8,980,985 Shares assuming that the maximum number of New Shares are offered and subscribed for in the Offering. If the existing shareholders of Kreate would not subscribe for the Offer Shares in the Share Issue, the total ownership of the existing shareholders would therefore dilute with approximately 17.0 per cent (ownership) and approximately 17.2 per cent (voting rights).

Kreate's equity per Share as at 30 September 2020 was EUR 5.74. The Subscription Price for the Offer Shares is EUR 8.20 per Offer Share.

Subscription Undertakings

A Finnish family-owned company Harjavalta Oy and Tirinom Oy (a company controlled by Timo Pekkarinen) have each individually in January 2021 given subscription undertakings in relation to the Offering, under which the Cornerstone Investors have, each individually, committed to subscribe for Offer Shares at the Subscription Price, subject to certain conditions being fulfilled, including a condition that the maximum valuation of all of Kreate's outstanding Shares (after any proceeds from the Share Issue and excluding treasury shares), based on the Subscription Price, does not exceed EUR 73 million. According to the terms and conditions of the subscription undertakings, the Cornerstone Investors will be guaranteed the number of Offer Shares covered in the subscription undertaking. The Cornerstone Investors will not be compensated for their subscription undertakings.

The Cornerstone Investors have given subscription undertakings to subscribe for the Offer Shares the amounts which would correspond to:

- Harjavalta Oy 15.5 per cent of the outstanding Shares of Kreate following the Offering; and
- Tirinom Oy 10.5 per cent of the outstanding Shares of Kreate following the Offering.

The subscription undertakings of the Cornerstone Investors represent a maximum of approximately 54.8 per cent of the Offer Shares assuming that the Over-allotment Option will not be exercised (approximately 47.7 per cent assuming that the Over-allotment Option will be exercised in full), and assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that they each are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II ("**the Target Market Assessment**"); and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Appropriate Channels for Distribution**"). Distributors should note that: the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Offering.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

BUSINESS OVERVIEW

General

Kreate is a Finnish infrastructure construction company that focuses on demanding infrastructure projects. According to the management, Kreate is the leading player especially in bridge construction and foundation engineering, measured based on both revenue and know-how. Kreate's operations are guided by strong values: integrity, entrepreneurship, humanity and straightforwardness, through which it offers solution-driven services to its clientele made up of both private and public customers. Kreate has operations mainly in Finland.

Kreate's service offering is divided into traffic routes, which includes railway construction and road construction, and structural engineering, which includes bridge construction and repair, foundation, concrete and ground engineering and rock engineering. In addition, Kreate provides services related to the circular economy. Kreate's head office is located in Tuusula, Finland, and it has offices in Tampere, Hämeenlinna, Lappeenranta, Joensuu, Seinäjoki, Kouvola, Oulu and Vantaa. In the financial year of 2019, Kreate employed on average 376 persons (319 persons in the financial year of 2018)¹.

Kreate's customer base is diverse and it consists of mainly public sector customers. During the period between 1 January 2019 and 30 September 2020, 31 per cent of sales originated from state-owned parties which consist of public authorities responsible for the development and maintenance of infrastructure. During the same period, 30 per cent of sales originated from municipal customers that include municipalities, cities and various types of other municipal entities such as transport agencies, harbours and energy facilities. The remaining 39 per cent of sales originated from private customers from various sectors, such as construction companies, industrial customers, real estate companies and retail and wholesale companies.² Kreate focuses on small, medium-sized and large infrastructure projects, which, according to the management, adds flexibility and diversity to Kreate's business. For the nine months ended 30 September 2020, Kreate's revenue was EUR 173.3 million (EUR 149.0 million for the nine months ended 30 September 2019), and operating profit amounted to EUR 8.1 million (EUR 6.9 million for the nine months ended 30 September 2019). For the financial year 2019, Kreate's revenue amounted to EUR 221.1 million (EUR 192.4 million for the financial year 2018 and EUR 143.9 million for the financial year 2017), and operating profit amounted to EUR 11.5 million (EUR 7.7 million for the financial year 2018 and EUR 4.5 million for the financial year 2017). The majority of Kreate's revenue is generated in Finland, in addition to which a part of Kreate's revenue originates from its projects in Sweden. For the nine months ended 30 September 2020, 98.1 per cent of the revenue was generated in Finland and 1.9 per cent in Sweden.³

History

Kreate was formed on 1 April 2015, when three experts in infrastructure construction, Fin-Seula Oy, Insinööritoimisto Seppo Rantala Oy and Kesälahden Maansiirto Oy merged, bringing together over 190 years of operating history and expertise in infrastructure construction. Insinööritoimisto Seppo Rantala Oy was one of the leading players in demanding bridge construction projects in Finland, with operations across Finland. Kesälahden Maansiirto Oy focused on demanding excavation projects, as well as water construction and site development across Finland. Fin-Seula Oy operated mainly in the Helsinki metropolitan area in comprehensive infrastructure projects, and its areas of expertise included, in particular, foundation and concrete engineering, as well as road and street construction. The name Kreate was adopted for the first time in April 2015, and the name of the group's parent company was changed to Kreate Group Oy on 31 May 2019.

Acquisitions

While Kreate mainly pursues organic growth in line with its strategy, it has historically carried out selected acquisitions to expand its competencies in certain areas of expertise. However, Kreate's strategy does not include acquisition of companies with weak historical performance. When executing acquisitions, Kreate focuses on integrating the acquired company or business into Kreate and on the competence pool of the target's personnel. According to the management, the integration of common operating methods, tools and management culture are key factors in executing acquisitions.

¹ The number of employees does not include the personnel of Kreate's joint venture KFS Finland. For more information, see "*Personnel*".

² The distribution of sales is based on invoicing from the customers. The figures have not been prepared according to the IFRS, and they contain certain assumptions made by the management. Due to this, this information is only considered to approximate Kreate's customer segments, and it may not be directly comparable with Kreate's information reported according to the IFRS.

³ During the nine months ended 30 September 2019 and during financial years 2019, 2018 and 2017 all of Kreate's revenue was generated in Finland.

Railtek Oy Insa and Railtek Oy Rata

On 6 October 2017, Kreate acquired the share capital of both Railtek Oy Insa and Railtek Oy Rata, companies with expertise in railway construction. In the transaction, approximately 20 employees were transferred to Kreate. The purpose of the acquisition was to acquire competent resources and company- and employee-specific references, as well as to strengthen the business portfolio in line with Kreate's strategy and especially Kreate's railway construction business area. Railtek Oy Insa and Railtek Oy Rata merged in 2018 to form Kreate Rata Oy.

Sotkamon Porapaalu Oy

On 9 June 2017, Kreate's and Keller's joint venture KFS Finland acquired all the shares of Sotkamon Porapaalu Oy from Sotkamon Porakaivo Oy. As a result of the transaction, approximately 10 employees were transferred to KFS Finland's drill piling business. Sotkamon Porapaalu Oy was merged into KFS Finland on 31 October 2018.

Business of Varkauden Louhintä Oy

Through a transaction completed on 3 April 2018, Kreate acquired the business of Varkauden Louhintä Oy, which specialised in rock engineering. As a result of the transaction, 15 experts in rock engineering were transferred to Kreate. In connection with the transaction, Kreate also acquired special machinery used in rock excavation. The purpose of the acquisition was to develop the business portfolio in line with Kreate's strategy and, in particular, to strengthen the rock engineering business.

Kreate's strengths

Kreate's management believes that the following factors are Kreate's key strengths:

Large and resilient market with stable growth prospects

Kreate conducts its business in the stable infrastructure construction market in Finland. The size of the Infrastructure Construction Market in Finland was EUR 6.6 billion in 2019, and it grew approximately 3.5 per cent per year during 2000–2019. The development of the market is expected to remain stable and the market is expected to grow 0.8 per cent per year on average in 2019–2023 and to reach EUR 6.8 billion in 2023.⁴ In the coming years, the demand in the market will mainly be driven by urbanisation, the large renovation backlog and the public sector stimulus plan. Furthermore, the growth in the coming years is expected to be driven by the land use, housing and transport agreements as well as the Finnish 12-year national transport system plan (from 2022 onwards). The demand for large infrastructure projects is also expected to remain stable. However, the weakened municipal economy and the development of the housing construction market are expected to slow down the growth rate in the coming years.⁵

The complexity of infrastructure construction projects is increasing as a result of urbanisation. Urbanisation drives new building construction, which also increases the demand for infrastructure projects in urban areas. Construction in already built and crowded urban environments makes the work more demanding, as existing buildings, infrastructure, people and traffic limit the space available. In addition, construction in urban areas usually takes place in areas with demanding soil and surroundings, for example on contaminated soil or soft ground. In addition, construction in already built areas often takes place underground, high above the ground in case of high-rise construction or in other challenging locations, increasing the difficulty of infrastructure projects even more. The contracts also often place more responsibility on the contractor. Furthermore, the schedules have become more demanding in order to minimise disruptions to the surrounding buildings and traffic.⁶

Kreate is well positioned for urbanisation, and it has a good position on its Core Market⁷ of approximately EUR 2.8 billion, which is supported by megatrends. The Core Market consists of foundation, concrete and ground engineering, bridge construction and repair, rock engineering, road and street construction as well as railway construction markets. In the area of its core competencies, Kreate is the leading player in bridges and foundation, concrete and ground engineering, the

⁴ Source: Third-party Market Study. Calculated using compound annual growth rate (CAGR).

⁵ Source: Third-party Market Study.

⁶ Source: Third-party Market Study.

⁷ See also section "Market and industry review".

2nd–3rd leading player in rock engineering⁸ and road and street construction⁹ and the 3rd–5th leading player in railway construction, as measured by revenue ^{10,11}

According to the management, Kreate is well positioned in the subsegments of its Core Market which benefit from the increasing complexity of infrastructure construction and which are growing faster than the total growth rate of its Core Market. Kreate aims to leverage its market position in its core markets and to grow in the subsegments of the Core Market that benefit from the increasing complexity of infrastructure construction such as projects executed in dense urban areas or demanding soil conditions. Outside its Core Market, Kreate also sees significant possibilities to expand its expertise in the Potential Market, which had an estimated volume of approximately EUR 1.0 billion in 2019, consisting, for example, of the subsegments of municipal engineering, tunnel engineering, mining operations, harbours, wind power plants and water power.¹²

Broad and differentiated offering positioned for megatrends and demanding projects

Due to its broad and differentiated offering, Kreate has been able to grow strongly in recent years both organically and through acquisitions which have expanded its competencies. Kreate's offering comprises traffic routes, which includes railway construction and road and street construction, as well as structural engineering, which includes bridge construction and repair, foundation, concrete and ground engineering and rock engineering. In addition, Kreate also provides services related to the circular economy. The management believes that Kreate's broad and differentiated offering gives it a competitive advantage in projects requiring versatile special competencies both in infrastructure construction and in the implementation of complex projects.

As a result of urbanisation, the infrastructure construction market is concentrating in the largest cities, where projects typically require competence in several different business areas. Projects executed in cities usually aim to increase or release plots of land, thus requiring versatile competencies in foundation, concrete and ground engineering. Furthermore, projects relating to the improvement of connections between different areas of cities require competencies in, for example, road and street construction, railway construction and bridge construction, in which Kreate has good capabilities¹³. According to the management, the customers benefit from Kreate's broad offering, as they can concentrate the execution of their projects with one contractor. In addition, Kreate is capable to provide comprehensive solutions from design to project management and execution. Where Kreate is involved in the project planning phase, it can utilise its expertise to influence the method of execution of the project, adherence to the overall project schedule and the costs of the project.

Kreate is also well positioned to meet increased demand for sustainability. High-quality management of human resources, occupational safety, utilisation of the circular economy in infrastructure construction and promotion of environmental issues are central to Kreate's business. Kreate's management believes that sustainable business will be an increasingly important factor in providing a competitive edge also in the future.

According to the management, the significance of digitalisation will increase in infrastructure construction. Kreate seeks to benefit from digitalisation by improving the efficiency of construction processes from design to sourcing with intelligent information processing. The significance of digital tools is emphasised in large and demanding projects. Design management based on data modelling has provided Kreate with an opportunity to offer more efficient or higher quality solutions for the execution of projects. According to the management, Kreate is a forerunner in model-based bridge construction as well as foundation and concrete construction, and it has large number of employees who can utilise building information modelling in design management in its worksites. Kreate's management believes that utilisation of digitalisation in the business operations will be an increasingly important factor in providing a competitive edge in the future.

First-class references and strong track record in demanding infrastructure projects

Kreate has first-class references from demanding infrastructure projects that require the competencies of several different business areas. The management estimates that the demand for such projects will increase as a result of the growth supported by megatrends. Kreate has expertise and experience in highly demanding projects that, according to the management, only few of its competitors have. Kreate's management believes that previous successful references will

⁸ 3rd in the total market, 2nd–3rd in demanding excavation work and rock engineering in urban environments.

⁹ 3rd in the total market, 2nd–3rd in projects executed in previously constructed urban environments.

¹⁰ 5th position in the total market. 3rd–4th position in substructures and superstructures, switches and rail yards.

¹¹ Source: Third-party Market Study.

¹² Source: Third-party Market Study.

¹³ Source: Third-party Market Study.

provide Kreate with a competitive edge also in the future, as references are highly significant in the industry for winning new projects. For examples of Kreate's projects, see "*Services and projects – Examples of Kreate's projects*".

Satisfied customer base of mostly public sector customers

Kreate's customer base is diverse and consists mainly of stable public sector customers. During 1 January 2019–30 September 2020, 31 per cent of sales originated from state-owned parties which consist of public authorities responsible for the development and maintenance of infrastructure. During the same period, 30 per cent of sales originated from municipal customers that include municipalities, cities and various types of other municipal entities such as transport agencies, harbours and energy facilities. The remaining 39 per cent of sales originated from private customers from various sectors, such as construction companies, industrial customers, real estate companies and retail and wholesale companies.¹⁴

Kreate's customers are satisfied with the services Kreate provides. This is demonstrated by Kreate's very high NPS index of 71 points. This score is significantly higher than the score of Kreate's competitors, whose NPS index is 15 points on average.¹⁵ Kreate's customers value Kreate's wide expertise and knowledge in various types of infrastructure projects. Kreate is able to deliver also the demanding projects requiring expertise of several different business areas, which gives it a competitive advantage especially in large projects. Kreate is particularly well-known for its expertise in bridge construction as well as foundation and concrete engineering. Kreate stands out as a reliable partner that delivers on its promises to the customers and responds to challenges proactively and cooperatively. Kreate is also seen as an innovative and agile player that is willing to develop new solutions and models with the customer. Due to its high degree of expertise, Kreate can also present suggestions for improving project plans.

Due to the execution of successful projects, a significant number of Kreate's customers are recurring customers. Kreate has continuously managed to win tenders of public sector customers and execute them successfully. High-quality project execution drives high customer satisfaction, which, in turn, supports the management of customer relationships, trustworthiness and recurring business from private sector customers valuing references from previous projects. As measured by the number of projects executed, Kreate has executed almost 130 projects since 2017 for its ten largest customers, which include both public and private sector customers. Of these, 50 projects were executed for the largest customer, 20 for the second largest customer, 13 for the third largest customer, nine for the fourth largest customer and eight for the fifth largest customer. Of these, the four largest customers have been public sector customers.

Kreate is an attractive employer for the best employees in the industry

Kreate's management sees Kreate as an attractive employer for the best employees in the industry, and believes that this to bring a competitive edge, as competent personnel play a key role in Kreate's business and in achieving profitable growth. Kreate values employee satisfaction, and it has succeeded in achieving a good and steadily rising eNPS index¹⁶ among its employees. The eNPS index has risen from 24 points to 64 points during 2017–2019, and at the same time, the number of employees has increased from 276 to 376¹⁷. The high level of employee satisfaction is one of the drivers of the low departure turnover of Kreate's employees. The departure turnover of Kreate's white-collar employees was 16.0 per cent in 2017, 5.5 per cent in 2018, 8.1 per cent in 2019 and 5.1 per cent in the 12 months ended 30 September 2020.

Kreate's management has identified five central factors that, in the management's view, help Kreate attract and retain top experts in the industry. First, Kreate's corporate culture is based on an entrepreneurial spirit. Despite its strong growth, Kreate has succeeded in maintaining agility and an entrepreneurial spirit in the activities of its organisation. Second, the projects are often professionally challenging, which makes the work assignments developing and interesting. Third, Kreate's service offering comprises several business areas, making it possible to execute large-scale projects and increasing the versatility of the work assignments. Fourth, Kreate offers its personnel clear career paths for professional development. Fifth, Kreate has implemented an attractive incentive model that motivates competent employees and

¹⁴ The distribution of sales is based customer invoicing. Such information has not been prepared in accordance with IFRS and includes certain assumptions made by the management. Therefore, this information shall only be considered to be indicative of Kreate's customer segments, and it may not be directly comparable with Kreate's information reported according to the IFRS.

¹⁵ Source: Third-party Market Study. Net promoter score. Score range -100–100. The index measures the willingness of the customers to recommend the company to their friends or colleagues. For Kreate, N=31. The median of the competitors comprises four competitors, N=64 (on average, N=16)

¹⁶ eNPS, Employee Net Promoter Score. Score range -100–100. The score is based on the employee satisfaction survey conducted by Kreate. The employees of Kreate's joint venture KFS Finland have participated in the survey.

¹⁷ The number of employees does not include the personnel of Kreate's joint venture KFS Finland (for more information, see "*Personnel*").

increases their commitment to the organisation. Kreate's management believes that these factors also make Kreate an attractive alternative to the owners of potential acquisition targets.

Professional employees and risk management combined with integrated and efficient business platform

Experienced and educated personnel

At the core of Kreate's business is its competent personnel that has experience in hundreds of diverse and demanding infrastructure projects across Finland. During the six-month period ended 30 June 2020, 50 per cent of Kreate's white-collar employees were engineers, 24 per cent were master builders, 12 per cent had other Master's degrees, 5 per cent had other Bachelor's degrees, and the remaining 9 per cent had other education. During the nine-month period ended 30 September 2020, 55 per cent of the personnel were white-collar employees, and the remaining 45 per cent were blue-collar employees. Kreate invests in the training and development of its personnel, as according to the management, the expertise and experience of the employees enable successful and profitable implementation of even the most demanding infrastructure projects. Kreate focuses on recruiting talent to improve its capabilities and possibilities to implement new types of projects. Kreate also maintains good relationships with education institutions to attract the best new talents in the industry.

Kreate's skilled own employees usually carry out the most challenging tasks in the projects, while subcontractors are used mainly in repetitive tasks. Based on the number of own and subcontracted workers at Kreate's construction sites between 1 January 2020 and 31 October 2020, Kreate's own employees carried out approximately 57 per cent of all tasks, and the remaining 43 per cent of the tasks were carried out by subcontractors.¹⁸ According to the management, customers in infrastructure construction often bear the possible cost risk arising from possible changes in the project scope or unexpected events. The projects that Kreate has won have a good risk-reward profile due to the high level of tendering capabilities, involving tendering processes and due to the accountability of project level management from the calculation stage to the completion of the project.

Capability to win tenders

Kreate's tendering capabilities are on a high level, which helps Kreate to win tenders while maintaining good level of profitability in the projects. During the nine-month period ended 30 September 2020 Kreate won approximately 25 per cent of tenders that it participated in¹⁹. In the management's view, Kreate is selective when deciding on which tenders to participate in, and it participates in projects where it is highly competitive. According to the management, "basic" infrastructure construction projects with low level of complexity are not attractive to Kreate. Kreate participates in a tender only if the management considers that the expected profitability and price competition are attractive. Due to its selective approach, Kreate has opted not to participate in a large number of tenders in order to focus on interesting projects and careful preparation of bids for them.

Kreate has a large and skilful calculation team with standard operating methods. In larger projects, Kreate prepares a comprehensive risk analysis with assigned euro price for each risk. Typically, the risk analysis is prepared by a team including experts from several business areas. The intended project manager of the targeted project is closely involved in the calculation and is jointly accountable for the risk assessment and pricing. When participating in tenders, Kreate evaluates if the contract model defined in the tender is suitable for the project in question as regards to the allocation of risks between the customer and Kreate. According to the management, customers often bear the possible cost risk in infrastructure construction arising from possible changes in the project scope or unexpected events. Due to the high level of tendering capabilities and participatory tendering processes, the projects that Kreate has won have a good risk-reward profile, and the project level management is accountable for their success from the calculation stage to the completion of the project.

Early accountability and encouraging incentive plan

Kreate offers project personnel an attractive incentive plan that is linked to project profitability. Project level reporting is prepared in the same format as tender calculations which simplifies the monitoring of project execution. In addition, there are only few mid-layers between the project site and the top management, which increases transparency of the operations. Kreate's management also sees the high proportion of own employees as a competitive advantage which increases control over projects and aligns the interests of all parties. The persons responsible for the projects are involved already in the tendering phase, and therefore their responsibility covers the whole life-cycle of the project. According to the management,

¹⁸ The figure also includes the projects of KFS Finland.

¹⁹ As measured by the value of the projects in euros.

early accountability and the incentive plan which is strongly linked with the profitability of the project are key factors for good profitability at the project level.

Wide co-operation between business areas

Wide co-operation between business areas enables efficient implementation of projects. Approximately 45–50 per cent of the projects executed during the nine-month period ended 30 September 2020 included tasks carried out by more than one business area.²⁰ The strong internal co-operation makes it possible to better utilise the whole group's know-how and resources. The co-operation is supported by shared tools and operating models.

Efficient processes

Kreate has efficient processes which make it possible to execute projects profitably according to plan. Since 2017, approximately 95 per cent of Kreate's projects, as measured by their value in euros, have been profitable²¹. Kreate's professional project management, work planning and scheduling enable efficient utilisation of the workforce and fleet. Special expertise and specialised fleet also travel to different projects across Finland when necessary. Further, Kreate's management also believes that consistent operating methods in the organisation enable it to execute projects efficiently.

Strong financial profile including strong growth, profitability and cash flow

Kreate has enjoyed strong revenue growth and maintained its profitability and return on capital on a good level. This is demonstrated by the annual increase in Kreate's revenue of 24.0 per cent on average in 2017–2019. The growth was mainly organic, amounting to approximately 19 per cent per year. During the same period, Kreate's EBITA margin and EBITDA margin have remained on a good level. EBITA margin has been on average 4.4 per cent during 2017–2019 and over the same period EBITDA margin has been on average 4.1 per cent. Kreate's profitability and growth rate have exceeded the average of its competitors. The competitors' median EBITA was 2.1 per cent in 2019, and the annual revenue growth was approximately 9 per cent in 2017–2019.²² Kreate's return on capital employed has been strong at 17.6 per cent on average in 2018–2019.

Kreate's cash flow has been strong, as its profitability has been at a good level and its business model does not tie up a large amount of capital. Between 1 January 2018 and 30 September 2020, approximately 34 per cent of the cumulative cash flow from operating activities (before financing, taxes and change in net working capital) was used for organic investments.²³ Net working capital typically has a neutral impact on the cash flow. Cash flow after the organic investments and the change in net working capital can be used for the payment of dividends or possible acquisitions.

Financial targets

Kreate's Board of Directors has set the following financial targets in connection with the Listing. The financial targets are forward-looking statements and are not guarantees of Kreate's financial performance in the future. Kreate's actual future results may differ materially from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under "Certain additional information – Forward-looking statements", "Risk factors" and "Operating and financial review – Key factors affecting results of operations". All financial targets presented in this Offering Circular are solely targets and they do not constitute, and should not be treated as, forecasts or estimates of Kreate's financial performance in the future.

Kreate's Board of Directors has set the following financial targets:

- Net sales of EUR 300 million in 2024 through a balanced combination of organic growth and selective bolt-on acquisitions;
- EBITA margin of above 5 per cent in the medium term; and
- Net debt to EBITDA below 2.0x.

²⁰ Calculated based on information on project tenders.

²¹ Excluding projects started before 1 January 2017, projects which are not completed, environmental construction projects (discontinued service, small works, crushing works and internal projects (N=338) projects.

²² Source: Materials of the companies. The median of the competitors includes the following companies: Destia Group Plc, GRK Infra Oy, YIT's infrastructure project segment, NCC Industry Oy, Skanska Infra Oy, Terrawise Group Oy, E. Hartikainen Oy's civil engineering business, SRV Infra Oy and NRC Group Finland Oy. The growth in YIT's infrastructure project segment and Terrawise Group is based on the growth in 2018–2019. E. Hartikainen Oy's civil engineering business is not included in the median EBITA, as the profitability of the business is not available.

²³ Excluding one-off land area acquisition (EUR 0.5 million) in 2019.

From financial year 2017 to financial year 2019, Kreate's revenue has grown on average 24 per cent annually, amounting to EUR 221.1 million in the financial year 2019. With respect to profitability, Kreate has achieved the targeted EBITA margin of 5 per cent in the financial year 2019 when EBITA margin was 5.3 (4.3 in 2018 and 3.7 in 2017). In the financial years 2019, 2018 and 2017, Kreate's net debt to EBITDA was 1.2, 2.6 and 5.5, respectively. For more information, see "*Selected financial information*".

Kreate's strategy

Kreate aims to be one of the leading implementers of demanding infrastructure construction projects in Finland. Kreate intends to continue offering well-functioning comprehensive solutions for demanding infrastructure construction projects based on its broad know-how and service offering. As Kreate's management believes that competent personnel is at the core of the implementation of its strategy, Kreate strives to be the most attractive workplace in the industry and maintain an entrepreneurial spirit in its activities. Kreate has demonstrated its ability to grow profitably and it has successfully expanded into new business areas of infrastructure construction. Kreate seeks profitable growth also in the future, and according to the management, it has clear growth avenues and means to improve the efficiency and profitability of its projects.

Kreate's strategic cornerstones are the following.

Positioning in growing market segments

The infrastructure construction market is expected to stay stable also in the future.²⁴ Kreate aims to leverage its good market position and to grow in the segments that especially benefit from the increase in complexity of infrastructure construction. Kreate's management believes that Kreate's broad and specialised offering, as well as first-class references from demanding infrastructure construction projects, help it to maintain and improve its market position in the segments of Kreate's Core Market, as well as expand into Kreate's Potential Market²⁵. Kreate aims to continue to focus on the execution of demanding infrastructure construction projects in the future.

Strengthening and expanding the customer base and the service offering

Kreate's strategy is to expand and strengthen its customer base and service offering. In Kreate's Potential Market of approximately EUR 1.0 billion (2019), where it does not yet carry out any significant business, Kreate sees growth opportunities in municipal technology, in particular in water and sewage systems, large commercial ports and waterways, construction and renovation of hydroelectric power plants, structural engineering (in the intersections of building construction and infra construction) and coastal construction. In the railway construction market of approximately EUR 0.4 billion (2019), Kreate sees opportunities for future growth in technical works of railways particularly in electrification and safety devices, in light rail solutions (in metro and tram traffic) and through strengthening customer relationships in the industrial sector. In the road and street construction market of approximately EUR 0.8 billion (2019), Kreate's management sees opportunities for expansion among mining customers, in construction and maintenance of streets in demanding urban areas and in wind power park projects.²⁶

In the rock engineering market of approximately EUR 0.2 billion (2019), Kreate's management sees opportunities for expansion among mining customers, in industrial mass excavation as well as in demanding urban excavation and rock engineering in urban environments. In the bridge construction market of approximately EUR 0.5 billion (2019), Kreate aims to strengthen its position as the market leader by leveraging bridge skidding solutions, especially in rail bridge projects. In the foundation, concrete and ground engineering market of approximately EUR 1.0 billion (2019), Kreate sees opportunities for growth in wind park projects, large piling works, geotechnical works, new methods in, for example, jet grouting, projects relating to changes in intended use of buildings and reinforcements of building foundations. The aim is also to increase the capacity of foundation engineering with fleet investments.²⁷

Supporting the strategy with selected acquisitions

Kreate has successfully executed acquisitions that have complemented its expertise. The acquisition of Railtek Oy Insa and Railtek Oy Rata in 2017 brought competent personnel and company- and employee-specific references to Kreate and strengthened Kreate's know-how in the railway construction business area. In 2017, Kreate strengthened its drill piling

²⁴ Source: Third-party Market Study.

²⁵ See also, "*Market and industry review*".

²⁶ Source: Third-party Market Study (Market size and position).

²⁷ Source: Third-party Market Study (Market size and position)

business when its joint venture KFS Finland acquired Sotkamon Porapaalu Oy, and with the acquisition of the business of Varkauden Louhinta Oy completed in 2018, Kreate strengthened its rock engineering business area.

To support organic growth, Kreate's management assesses opportunities to carry out acquisitions that support Kreate's growth strategy. Acquisitions are primarily seen as means of expanding and supplementing Kreate's current capabilities. Kreate's strategy does include acquiring companies with a poor historical performance, but instead Kreate focuses on profitable and financially healthy companies whose culture, strategy and values are compatible with Kreate. Further, Kreate does not aim to acquire only volume, whereas it aims to complement its offering with new expertise through acquisitions. The commitment of the management and key personnel of the acquired company to Kreate is also important. In acquisitions, it is also important that the acquired company operates in an attractive segment that supports Kreate's growth opportunities. Kreate has identified, among others, two potential acquisition targets in the railway construction business, three potential acquisition targets in the ground engineering business, one potential acquisition target in the rock engineering business and two potential acquisition targets in the waterworks and water construction business.

Supporting profitability by improving the operational efficiency

Kreate has managed to maintain its profitability on a good level despite the strong revenue growth. This has been enabled by Kreate's competent personnel, capability to win tenders, wide co-operation between the business areas and efficient processes. Kreate aims to continuously improve its operations and efficiency. Kreate prepares annually an operational action plan in which it identifies the main areas for developing the efficiency of operations during the following year.

The operational action plan for 2020 included initiatives related to tender calculation, fleet management and employee development. In one of the initiatives for tender calculation, Kreate aimed to further develop the tender selection process. The initiative concerning tender calculation also included further development of the calculation process by harmonising the calculation processes across business areas and projects and improving the co-operation and communication between business areas. The initiative related to equipment management for the year 2020 included identifying and acquiring special equipment that further strengthened Kreate's competitive position. Regarding equipment, the initiative also included process optimisation through which the equipment could be used more efficiently by minimising maintenance related idle time. The initiative relating to employee development in the 2020 action plan included continuous development of technical competences especially in ground engineering and bridge construction as well as in the areas of digital tools and data modelling.

Services and projects

Kreate focuses on projects requiring special expertise in demanding infrastructure construction, offering a wide range of services as a one-stop shop. Kreate aims to offer high-quality solutions for bridges, roads, railways, ground engineering, the circular economy and environmental construction. In its services, Kreate focuses on comprehensive quality, cost-efficiency and flexibility, while respecting its customer's wishes. In the financial year 2019, Kreate had a total of approximately 160 ongoing infrastructure construction projects²⁸. Kreate's service offering is divided into traffic routes and structural engineering, in addition to which Kreate offers circular economy services. Traffic routes and structural engineering consist of the following areas:

Traffic routes

- Road and street construction
- Railway construction

Structural engineering

- Bridge construction and repair
- Foundation and concrete engineering
- Ground engineering
- Rock engineering

Of Kreate's revenue for the nine months ended 30 September 2020, approximately 26 per cent came from foundation and concrete engineering projects²⁹, approximately 34 per cent from bridge construction and repair projects, approximately 7 per cent from rock engineering projects, approximately 27 per cent from road and street construction projects, approximately 6 per cent from railway construction projects and approximately 1 per cent from projects relating to circular economy. The sizes of the projects executed by Kreate vary from large projects of over EUR 15 million (approximately 20 per cent of projects), to medium-sized projects of EUR 5–15 million (approximately 27 per cent of projects) and EUR 2.5–5.0 million (approximately 15 per cent of projects) and smaller projects of less than EUR 2.5 million (approximately 29 per

²⁸ The number of projects of Kreate Rata Oy and Kreate Oy generating revenue in 2019.

²⁹ Excluding the revenue of KFS Finland that is not consolidated in Kreate's revenue.

cent of projects)³⁰. Between 1 January 2017 and 30 September 2020, the 20 largest projects generated about half of Kreate's cumulative revenue. In larger projects, revenue is recognised over several financial periods. The profitability of Kreate's projects in euros is distributed relatively evenly across projects of different sizes.

Especially in larger projects Kreate utilises the expertise of several business areas, aiming to guarantee the best outcome for its customers. During the nine-month period ended 30 September 2020, the expertise of more than one business area was utilised in approximately 45–50 per cent of Kreate's projects³¹. Additionally, Kreate's different business areas share best practices and know-how, which enables continuous development of the operations. According to the management, collaboration between the business areas and the support functions enables that Kreate is able to provide a comprehensive service package to its customers and is able to utilise the synergies arising from the complementary know-how and offering of its business areas. According to the management, Kreate's broad business area selection also enables it to react to changes in demand easier than its competitors.

Project types

The majority of the projects executed by Kreate are executed as comprehensive contracts, where the client implements ready-made designs and the pricing is generally tied to a fixed total price. Design and build contracts are the second most common project type executed by Kreate. In addition, Kreate also participates in project management contracts and alliance projects. In design and build contracts, project management contracts and alliance projects, the extent, planning and execution of the project can often be arranged more freely and they require high technical expertise.

The main features of different contract models are described below. In addition to the contract models presented below, Kreate may implement selected projects in the form of project consortiums, where Kreate is responsible for the implementation of the project with the other parties of the project consortium.

Comprehensive contracts

In comprehensive contracts, Kreate acts as the main contractor with responsibility of the management of its subcontractors and of the work performed by its subcontractors. In comprehensive contracts, the client usually provides ready-made designs and the pricing is generally tied to a fixed total price. In comprehensive contracts, any additional costs arising from changes to the designs are generally borne by the client. According to the management, the main selection criterion in comprehensive contracts is usually price, but references and quality are also important in tenders, especially among private customers.

Design and build contracts

In design and build contracts, Kreate is responsible for the execution of the entire construction project, from design to construction. Design and build contracts differ from comprehensive contracts in that, in the former, Kreate is also the project designer, whereas in the latter the project client provides the project designs. Similarly to comprehensive contracts, design and build contracts usually have a fixed price, but the project contractor has an opportunity to influence the development of the cost structure through optimised design. In the view of Kreate's management, the key selection criteria in design and build contracts are the design provided by the contractor and the price.

Project management contracts

In project management contracts, a separate project management team replaces the traditional main contractor, and the project designs are provided by either the client or the contractor. The project management organisation normally includes persons from both the client's and the project management contractor's organisation, which promotes efficient design and execution of the project during the construction period. In project management contracts, Kreate usually takes care of the constructor and work site tasks as well as the main contractor's tasks. Project management contracts are typically invoiced for actual work and costs, and, according to the management, they can potentially offer additional earnings to Kreate. The main criteria for selecting the project management contractor are quality, the target price and the contractor's project management fee.

³⁰ Projects executed between 1 January 2017 and 30 September 2020, excluding projects started before 1 January 2017, environmental construction projects (discontinued business), smaller works, crushing works and internal projects. The figures are based on distribution of revenue based customer invoicing. Such information has not been prepared in accordance with IFRS and includes certain assumptions made by the management. Therefore, this information shall only be considered to be indicative of the distribution of Kreate's projects, and it may not be directly comparable with Kreate's information reported according to the IFRS.

³¹ Calculated on the basis of the information based on project offers.

Alliance projects

In projects executed under the alliance model, Kreate operates as part of a larger alliance comprising several parties, such as the client, the designer and the contractor. In alliance projects, the risks and benefits are distributed more flexibly among the parties. Furthermore, the parties to an alliance project have the potential for an additional bonus in addition to the basic margin if the targets set by the client relating to, e.g. quality, environmental factors, safety, schedule and budget are reached. In projects executed under the alliance model, the selection criteria for the contractors are usually quality, ability to cooperate, experience and management fee of the contractor. In alliance models, the costs to be reimbursed to the contractor and a possible bonus are added to the fee. As in project management contracts, alliance projects can potentially offer additional earnings to Kreate.

Traffic routes

Road and street construction

The road and street construction business area comprises the construction of roads and streets, area construction and various industrial projects. Under this business area, Kreate executes road and street construction and renovation projects, but Kreate does not execute normal road and street maintenance works. Kreate focuses particularly on demanding and sizable projects that typically include greater challenges in project execution and management. Usually the road and street construction business area executes projects that involve demanding technical aspects, such as geotechnical structures, several exit ramps, bridges and crossroads. Additionally, projects are often executed in demanding surroundings, such as street repairs in urban areas.

According to the management, the availability of high-quality subcontractors is generally good in road and street construction. Hence, Kreate uses subcontractors widely in repetitive tasks within this business area. In addition, Kreate's road and street construction business area often co-operates closely with the bridge construction and railway construction business area, especially in more extensive projects.

Railway construction

The railway construction business area includes construction works relating to railways, rail yards, tramways and subways. The projects vary from more extensive railyard modernisations to smaller bridge and mass replacement works. Kreate does not generally conduct traditional railway maintenance, except for industrial railway maintenance. According to the management, Kreate has strong references in demanding railway construction projects. Railway construction projects are usually demanding due to regulatory requirements, challenging technical aspects and tight schedules of the projects. Kreate further strengthened its expertise in railway construction with the acquisitions of Railtek Oy Insa and Railtek Oy Rata in 2017 (more information in the section: "*– History – Acquisitions – Railtek Oy Insa and Railtek Oy Rata*"). Kreate's railway construction business area often works in co-operation with the bridge construction and repair business area and, occasionally, with the road and street construction business area.

Structural engineering

Bridge construction and repair

Kreate's bridge construction and repair business area carries out the construction of new bridges from start to finish as well as the planning and implementation of repairs on existing bridges. Kreate's bridge construction and repair business executes bridges across waterways, railway bridges, light traffic bridges and heritage bridges, regardless of the materials used. Kreate also utilises its bridge building expertise at sites that require construction of demanding concrete structures. Projects are demanding due to, for example, the environment they are executed in (across waterways and urban environments), their technical demands (length, height, capacity and type) and tight timetables. In projects requiring bridge and concrete structures, Kreate continuously utilises its data modelling expertise. Projects in which Kreate was the contractor have won the Finnish Association of Civil Engineers' Bridge of the Year Award in 2011, 2014, 2015, 2017 and 2018. Kreate's bridge construction and repair business area often works in co-operation with the road and street construction business area, the railway construction business area, the foundation and concrete engineering business area and the ground engineering business area.

Foundation and concrete engineering

Kreate's foundation and concrete engineering business area designs and executes foundations, pilings and sheet pilings, as well as pile slabs mainly relating to the construction of demanding urban areas. The complexity of the projects is emphasised by, for example, densely built environment, the proximity of water, challenging buildings (such as industrial buildings or high-rise residential buildings) and demanding contract types, such as design and build contracts and alliance

contracts, which require extensive expertise in the planning of a project. Kreate offers foundation and concrete engineering services for residential buildings, commercial premises, public sector clients and industrial needs. The foundation and concrete engineering business area's service offering also includes area and landscaping works. According to the management, Kreate's special expertise from design to execution at foundation and concrete engineering sites is emphasised in comprehensive foundation and concrete engineering solutions, in which data modelling expertise and special equipment are used alongside construction.

Ground engineering

Kreate's ground engineering expertise is centralised in KFS Finland, a joint venture of which Kreate owns 50%. KFS Finland specialises in ground engineering, and is a market leader in ground engineering in its own sector.³² The ground engineering business area covers, inter alia, jet grouting, stabilisations, drill piling, construction of retaining walls and anchoring. The ground engineering expertise covers project planning and execution from start to finish. According to the management, KFS Finland's ability to offer innovative ground engineering solutions differentiates it from its competitors, who do not possess the expertise and equipment required for demanding projects. KFS Finland broadened its expertise in ground engineering through an acquisition completed in 2018, in which it acquired the shares of Sotkamon Porapaalu Oy from Sotkamon Porakaivo Oy (for more information, see "*History – Acquisitions – Sotkamon Porapaalu Oy*"). KFS Finland has historically executed projects also in Norway.

Rock engineering

Kreate's rock engineering business area carries out residential area excavations, quarrying and mass excavations as well as rock engineering projects in various environments, such as city centres, industrial environments and in connection with traffic infrastructure construction. According to the management, Kreate's core competence in rock engineering is the safe and professional execution of demanding projects, which is emphasised by operations in densely built environments and high safety standards. Safety in rock engineering is enhanced through careful planning, advance imaging and video recording of the explosion works. Kreate's rock engineering experts work in close co-operation with, among others, the foundation and concrete engineering business area and the road and street construction business area. Kreate reinforced its rock engineering expertise through the acquisition of Varkauden Louhinta Oy's business executed in 2018, whereby 15 rock engineering professionals were transferred to Kreate (more information in the section: "*History – Business acquisitions – Business of Varkauden Louhinta Oy*").

Circular economy

Kreate's circular economy business area offers solutions for environmental and landfill construction and supports the efficient utilisation, use and recycling of materials and, if necessary, the disposal of excess building materials and industrial side flows under an environmental permit. Kreate uses, for example, the side flows of energy production plants to replace virgin soil and actively looks for solutions which support the circular economy, utilising them in its own projects as well as offering them to its partners. Kreate has a disposal site for excess materials at Hirvivaara, where Kreate primarily disposes excess material generated in its own projects. However, this disposal site also accepts excess materials generated in the operations of customers, such as construction, waste management and industrial companies. Kreate aims to expand its disposal activities in order to improve its ability to dispose the material side flows generated in its operations efficiently by, among other things, applying for environmental permits for new excess material disposal sites.

Examples of Kreate's projects

Finnish national road 5, Mikkeli–Juva

Business areas utilised in the project:

- Ground engineering
- Road and street construction
- Rock engineering
- Bridge construction and repair

In September 2019, Kreate and the Finnish Transport Infrastructure Agency agreed on the construction of the Nuutilanmäki–Juva section of the Finnish national road 5 Mikkeli–Juva project. In this extensive project, Kreate is building five new interchanges, approximately 15 kilometres of new four-lane highway, a bypass and 12 new bridges. The project is executed as a comprehensive contract and it is intended to be fully completed in July 2022.

³² Source: Third-party Market Study (Market size and position).

Infrastructure construction at Helsinki-Vantaa Airport terminal T2

Business areas utilised in the project:

- Foundation and concrete engineering
- Road and street construction
- Rock engineering
- Bridge construction and repair

The T2 Infra project executed by Kreate at Helsinki-Vantaa Airport includes a wide range of demanding infrastructure construction, and Kreate is utilising broadly the expertise of several of its business areas in the project. In addition to foundation engineering in the area, the project includes foundation and bridge structures for related buildings, excavations for the Ring Rail Line connection and a light traffic bridge, street structure modifications and the construction of a parking and drop-off traffic deck in front of the new terminal. The estimated date of completion of Kreate's part of the project is in autumn 2021. The project is executed under the alliance model and Kreate's customer in the project is SRV Rakennus Oy.

The complexity of the project is mainly due to demanding individual work stages, the management of significant material flows and the large scale of the project where multiple stages are executed simultaneously in the same area by various parties. The number of people at Helsinki-Vantaa Airport area adds to the complexity of the project, as approximately 15 million passengers travel past and through the construction site per year. Ensuring smooth traffic and the satisfaction of people is essential in the project.

In addition diverse foundation and concrete engineering tasks, the T2 Infra project includes, inter alia, excavations above the current Ring Rail Line. Through the excavation, a new connection from the Ring Rail Line to the terminal is created. The excavation requires precision and skill, as the contract includes a connection with an existing Ring Rail Line station located right below a car park which is under construction. The excavation is performed by Kreate's rock engineering business area. Additionally, the project includes the construction of five bridges, including ramp bridges and a light traffic bridge across the rail line.

Transfer of the old freight station in Tampere

Business areas utilised in the project:

- Bridge construction and repair

In November 2019, the City of Tampere and Kreate concluded a contract for the transfer of the old freight station in Tampere built in 1907. According to the view of Kreate's management, due to the technical demands of the work, Kreate was the only operator that submitted a tender in the contract competition. According to the management, the project required a multidisciplinary approach in planning and execution of the project as well as an innovative approach in the assessment of various alternative solutions. Ensuring the stability of the old building to be transferred at different stages required special expertise, as the condition and durability of the old structures were not accurately known.

In the project executed by Kreate, the freight station was moved approximately 28 metres to the east, 9 metres to the south and 1.4 metres higher. The transfer of the freight station was executed as a design and build contract, as a result of which the responsibility for design and execution fell on Kreate as the main contractor. Before moving the building, Kreate carried out preparatory measures for transferring the station for approximately six months, such as the removal of asbestos and other harmful materials as well as preparatory demolition works. The actual transfer of the freight station took place in July 2020, and after being moved, the station was successfully lowered onto new foundations. The careful planning and structural design of the work were crucial for successfully completing the lifting, moving and lowering stages according to plan. The transfer was executed as subcontracting by Mammoet, a Dutch company specialising in large-scale transfer operations. After the transfer, Kreate also executed landfill and cleaning measures in the area. The project was completed in August 2020.

Tampere Deck and the "Sorin parkki" parking facility

Business areas utilised in the project:

- Ground engineering
- Bridge construction and repair
- Road and street construction

The main contractor in the Tampere Deck project, SRV Group Plc ("**SRV**"), ordered the execution of the southern deck from Kreate as a project management contract. In the project, a deck with an area of about two hectares was built above a railway, and, for example, high-rise residential buildings as well as a multi-purpose arena will be built on the deck.

The Tampere Deck and Arena project is developed by SRV, and SRV acts as the main contractor in the project, and will construct the structures on top of the deck. The project executed by Kreate included site preparation, foundation and construction of the Tampere Deck as well as the construction the related street infrastructure and municipal engineering and the construction of bridges. Kreate participated in the planning of the project in cooperation with SRV for several years before the actual construction work at the site was started. The project was completed in June 2020.

The extensive project involved, for example, the construction of the Kansleri overpass, bracing of the civil defence shelter excavations, excavations and foundation work as well as a separate contract for building the "Sorin parkki" parking facility. Kreate also delivered the substructures for the related high-rise residential buildings up to the top level of the deck, the foundations for the stairwells and a water reservoir for the sprinkler system.

The project was made more challenging by the location of the construction site at Tampere city centre at a traffic node. The busiest railway line in Finland had to be kept operational throughout the project, and therefore, the work was carefully scheduled and carried out in three shifts. Safety and open routes also had to be guaranteed for the other users of the station and passers-through throughout the duration of the project.

Kimola Canal

Business areas utilised in the project:

- Foundation and concrete engineering
- Rock engineering

In the Kimola Canal lock and waterway contract ordered by the Finnish Transport Infrastructure Agency, the Kimola Canal, which is located between Vuolenkoski and Jaala, was converted from a log-driving canal into a canal suitable for water traffic. The project included a variety of technically challenging tasks, such as the excavation and reinforcement of a rock tunnel as well as massive concrete structures and their fitting with the large lock gates. The project was executed as a comprehensive contract.

In the lock contract, the old steel and concrete crane structures were dismantled and a new ship lock was built using reinforced concrete and gate structures. In addition, the rock tunnel below the ship lock was expanded, and waiting docks were constructed on the upper and lower sides the ship lock. The waterway was renovated over a distance of five kilometres by dredging and protecting from erosion. In addition to underwater digging, the waterway contract included measures for strengthening the bottom, such as unloading cuts, soil replacement, loading berms and filling of eroded sections. The canal was opened for boat traffic in August 2020.

Jännevirta Bridge

Business areas utilised in the project:

- Bridge construction and repair
- Road and street construction

The Jännevirta Bridge is located on the Finnish national road 9 at the border of the municipalities of Kuopio and Siilinjärvi, crossing the deep waterway of Lake Saimaa near the village of Jännevirta. The bridge is 577 metres long, with a clearance height of about 24 metres. In the project ordered by the Finnish Transport Infrastructure Agency, Kreate constructed a new fixed bridge across the straits southside of the old Jännevirta Bridge. In addition to constructing the bridge, Kreate improved the horizontal alignment and levelling on both sides of the bridge, connections to private roads and light traffic arrangements, and installed new road and street lighting. The project was executed as a comprehensive contract and it was completed in November 2018.

Foundation engineering at the Amos Rex art museum

Business areas utilised in the project:

- Foundation and concrete engineering
- Ground engineering

Kreate executed excavations in the challenging historical environment of the Lasipalatsi building in Helsinki, also indoors under the Lasipalatsi building and under its chimney. In the project, Kreate also supported the building and its chimney with jet grouting and drill piling. The customer in the project was Fastighets Ab Glaspalatset, and the project was completed in October 2016. The project site was located directly above a metro tunnel, which added to the challenge of executing the project.

Grandfather's Bridge

Business areas utilised in the project:

- Bridge construction and repair

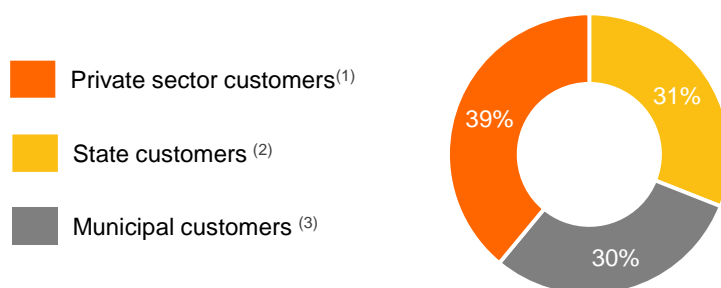
The Grandfather's Bridge is a light traffic bridge with a length of about 170 metres, located between Kalasatama and Mustikkamaa in Helsinki. At the Kalasatama end, the bridge's foundations rest on a reinforced concrete ground support built on top of drilled piles, whereas at the Mustikkamaa end, the bridge was built directly on rock, where it is anchored with prestressing steel.

Kreate was responsible for constructing the bridge and the related municipal engineering works, as well as the construction of the Mustikkamaanraitti light traffic route leading to Korkeasaari Zoo. The project was the first fully data model based bridge project in Finland, and the data model was the official main design material used in the project. The project was completed in August 2016 and it won the Finnish Association of Civil Engineers' Bridge of the Year Award in 2017.

Sales and customers

Kreate provides its services to both public and private sector entities, while the customer base is concentrated on public sector entities, such as municipalities, authorities and other public institutions. The following graph presents the distribution of Kreate's customer base by revenue during the period between 1 January 2019 and 30 September 2020.

Distribution of the customer base by revenue, 1 Jan 2019–30 Sep 2020



- (1) The distribution of customers in the private sector based on invoicing: (i) construction sector 81%; (ii) real estate companies 4%; (iii) logistics 4%; (iv) energy industry 3%; (v) retail and wholesale 3%; and (vi) other 5%.
- (2) The distribution of state customers based on invoicing: (i) Finnish Transport Infrastructure Agency 86%; (ii) Centres for Economic Development, Transport and the Environment 13%; and (iii) other 1%.
- (3) The distribution of municipal customers based on invoicing: (i) city or municipal government 51%; (ii) construction and maintenance bodies of municipalities and cities 37%; (iii) ports 3%; (iv) energy production 3%; and (v) other 6%.

As the majority of Kreate's customers are public sector entities, public procurements are a material part of Kreate's customer acquisition, as the majority of all projects of public sector customers are awarded through public procurement procedures. Public procurement are statutory procedures where the procurement unit must select, in each case, the best offer according to the applicable criteria. The applicable legislation sets out limits according to which the public sector entities can define the implementation of public procurement procedures. The organisers of a public tender define the criteria and the weighting of each criterion, according to which the service provider is selected. According to the management, Kreate has demonstrated its capability to win tenders from the public sector as a result of its high quality. Should several participants satisfy all other criteria, usually the price is the decisive factor in public procurement.

When preparing tenders for various procurement procedures, Kreate utilises the personnel and competence of several business areas to ensure as accurate and competitive offer as possible for each project. Further, in more extensive projects Kreate reviews risks and opportunities related to the project already at the offer stage and takes them into account in the offer calculation. According to the management, Kreate's competitive edges also include understanding the customer's needs, as well as its competencies in the execution of even the most demanding projects. According to the management, this is based particularly on Kreate's strong planning capabilities, which allow Kreate to provide its customers added value in the form of cost and time savings already in the planning stage of the project by offering alternative solutions for the execution of the project.

Kreate's private sector customers are mainly large companies and construction industry players whose projects require special knowledge in infrastructure construction. According to the management, Kreate focuses especially on more demanding projects which require high degree of technical expertise, and in which well-functioning comprehensive

solutions are sought together with the customer. According to the management, the expected profits are also higher in the more demanding projects. When Kreate operates as a subcontractor in larger private sector projects, it usually takes responsibility over a specific larger section of the project. Unlike in public procurement, projects in the private sector do not have any specific minimum criteria, but customers value comprehensive competencies and successful references. A significant number of the private sector customers are recurring customers. According to the management, high quality, reliability, capability to provide solutions in technically challenging projects, management of customer relations and successful references have a significant role for the private sector customers. Some projects executed for private sector customers are based on public funding. Such projects are attractive to Kreate, as their demand is driven by the stable funding from the public sector, while competence, customer relationship, planning capabilities and references are emphasised more in the selection of the infrastructure contractor.

Procurement organisation and subcontractors

Kreate has organised its procurement into two phases: planning of the procurement and pre-bids take place in connection with the tender calculation, and the actual procurement is done in the project execution phase. Kreate's procurement is managed by two members of the Management Team, but the practical implementation of procurement mainly takes place in the project organisations and the required materials are procured in connection with the execution of the projects. Centralised procurement includes, for example, fuels, spare parts and other smaller supplies that are used widely in all business areas.

While Kreate executes the majority of its projects with its own personnel, it also uses subcontractors especially in repetitive tasks. Kreate utilises its own personnel to the largest extent in project management, which is always under the responsibility of Kreate's own personnel, and in tasks requiring special competence. The amount of subcontractors varies significantly by business area, and subcontractors are used most widely in road and street construction, bridge construction and repair and circular economy services. The availability of quality subcontractors also affects the use of subcontracting in each project. Based on number of own and subcontracted employees at Kreate's construction sites during the 10 months ended 31 October 2020, Kreate's own employees executed approximately 57 per cent of all tasks.³³

For the nine months ended on September 2020, Kreate spent a total of EUR 31.4 million on material purchases (EUR 28.7 million for the nine months ended 30 September 2019), and EUR 101.0 million on the services of subcontractors (EUR 85.3 million for the nine months ended 30 September 2019).

Machinery and equipment

Key machinery and equipment used in Kreate's business operations include, among others, excavators, piling rigs, quarrying equipment and transportation equipment. In accordance with its strategy, Kreate has acquired in particular specialised equipment used in, for example, railway construction, rock engineering and ground engineering, while it has disposed some of the more generally used equipment which can be easily leased. In addition to specialised equipment, Kreate's own equipment includes frequently used machines, as well as equipment which is more challenging to lease. Kreate aims to acquire machinery and equipment that can be used for multiple purposes with minor modifications. In addition to its own equipment, Kreate utilises equipment owned by its subcontractors as well as leased equipment as needed. Leased equipment is utilised, in particular, during busier periods when additional equipment is needed.

Research and development

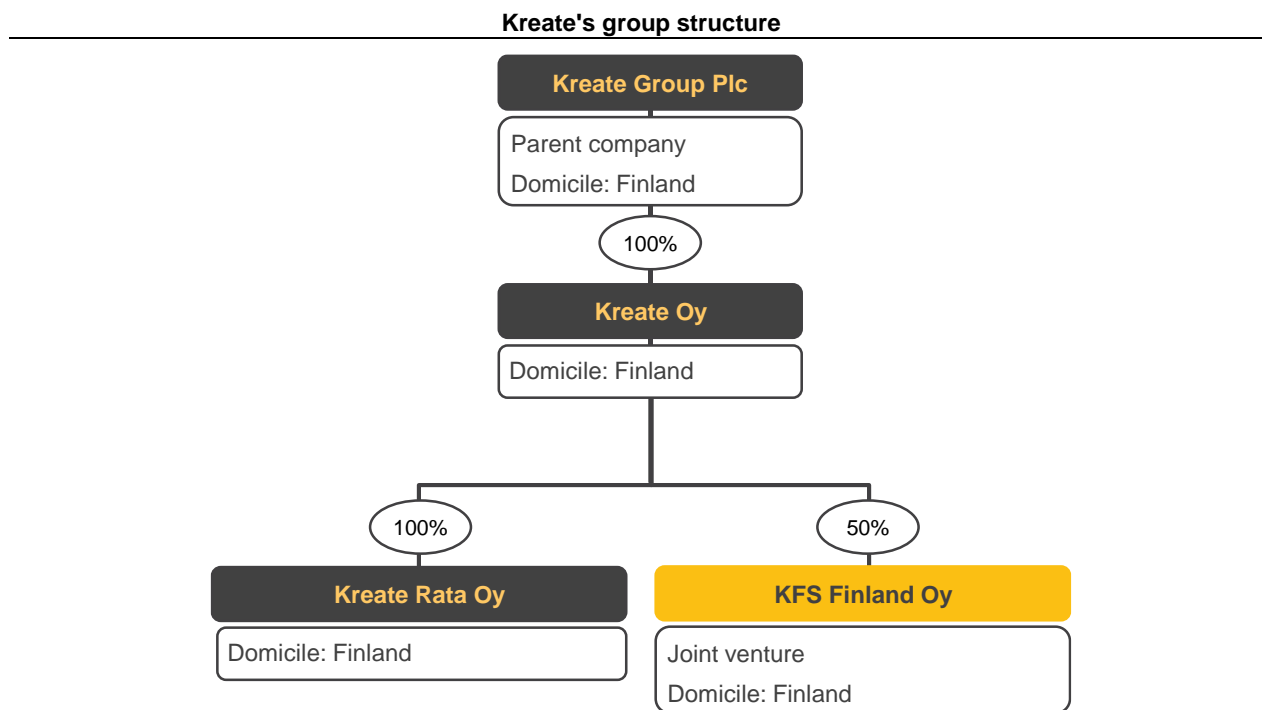
The purpose of Kreate's research and development is to support the project operations and to create new operating models. In order to develop the strategic cornerstones, i.e. efficient tender calculation and operations, one of the main priorities of Kreate's research and development is the development of the tendering function and the utilisation of digitalisation in the operations. To develop efficient tender calculation and project operations, Kreate launched a comprehensive renewal of its ERP system in 2019, starting with the harmonisation and streamlining of the tender calculation process in different business areas. Kreate has implemented the most important development areas during 2020.

Development of competencies in data modelling and information management in infra construction are among the key targets of Kreate's research and development activities. A material part of these efforts is leveraging new digital systems and technologies for the benefit of Kreate's project operations.

³³ Including KFS Finland's projects.

Group structure and significant subsidiaries

The Kreate Group is composed of the Group's parent company Kreate Group Plc together with its wholly-owned subsidiaries Kreate Oy and Kreate Rata Oy. In addition, Kreate has a 50% holding in the joint venture KFS Finland Oy, which specialises in ground engineering. Kreate owns KFS Finland together with Keller. The chart below presents Kreate's group structure.



Personnel and organisation

The table below presents the average number of personnel of Kreate and its joint venture KFS Finland for the periods indicated.

	1 January–30 September		1 January–31 December		
	2020	2019	2019	2018	2017
Kreate					
Number of personnel.....	413	371	376	319	276
KFS Finland					
Number of personnel.....	56	57	57	48	49

There has been no material change in the number of Kreate's personnel between 30 September 2020 and the date of this Offering Circular.

The Management Team chaired by the CEO is the highest level in Kreate's organisation model. Kreate's Management Team is responsible for, among others, reaching the strategic targets defined by Kreate's Board of Directors, control of the business units, management of resources and communication with key customers. The Management Team is also responsible for supervising projects with the project management. The project management organisation operating under the supervision of the Management Team is responsible for cost calculations in the projects and project management. Kreate's site managers are responsible for the daily execution and management of the projects. All tasks above are supported by Kreate's support functions, including financial administration, IT services, the engineering office, human resources, communications and occupational safety services, as well as machinery management.

Kreate's personnel are committed, for example, with an attractive incentive plan aimed to encourage and commit competent employees. Kreate's incentive plans vary according to the employee role, and they are linked to the performance of Kreate and individual business areas, as well as to the profitability of individual projects.

Sustainability

Kreate aims to develop a committed and healthy work community which would have the desire to develop Kreate's operations in all areas, from high-quality project operations to corporate responsibility and profitability. High-quality management of human resources, occupational safety, utilisation of the circular economy in infrastructure construction, promotion of environmental issues and Kreate's profitable growth are core drivers of sustainability in Kreate's business. With sustainable operations, Kreate strives to ensure continuity and wellbeing for its personnel, as well as to create a foundation for taking other interest groups into account.

Kreate's code of conduct supports activities in line with its values, aiming to promote good corporate citizenship and sustainable development in all operations of Kreate. Kreate's code of conduct includes values and standards that every employee complies with when working and representing Kreate. The code of conduct applies to the entire personnel of Kreate including its subsidiaries and temporary employees.

Wellbeing at the workplace

Competent and committed personnel are a key factor in Kreate's operations. Kreate aims to be an attractive employer that listens to its employees and continuously increases transparency in its operations and corporate culture. Kreate promotes entrepreneurial culture and sharing of best practises throughout its personnel. For Kreate, it is important to keep the organisational hierarchy as low as possible to enable fast decision-making, as well as to support the continuous development of Kreate's personnel.

Kreate seeks to act as a fair employer to the highest possible extent, treating its personnel and other interest groups equally and with respect. Kreate's operating principles include respecting the professional skills of the personnel and immediate intervention with any discrimination, harassment or bullying. Kreate carries out personal development and performance reviews with its employees at least once a year, as well as surveys the satisfaction level of its personnel annually. Kreate measures its personnel satisfaction with the eNPS index.³⁴

Kreate aims to ensure for everyone the right to a safe working environment and appropriate induction related to the company, construction site and individual tasks. Kreate's employees are obliged to comply with instructions, report abuses and errors and promote occupational safety and wellbeing in all of their activities.

Environment and promotion of the circular economy

With its operations, Kreate strives to participate strongly in the creation of circular economy. As a part of its business operations, Kreate develops operations supporting the circular economy, and it aims to comply with the environmental and waste disposal legislation while taking environmental risks into consideration. Through its activities, Kreate aims to promote reuse, recycling and utilisation of materials, and thus decrease the amount of excess materials.

Sustainability is also demonstrated in the services provided by Kreate. Kreate's operating model encompasses identifying, offering and utilising solutions supporting the circular economy. In its projects, Kreate actively seeks to identify possibilities to promote the circular economy in infrastructure construction. In the view of Kreate's management, appropriate utilisation of all materials is particularly important, and comprehensive consideration of the circular economy in all projects increases environmental friendliness and cost-effectiveness.

Transparency and integrity

In its operations, Kreate aims to achieve the best possible outcome in a sustainable way. In line with its code of conduct Kreate does not pursue success with questionable methods, but strives to operate with integrity and earn trust in every situation. Compliance with laws and regulations is of primary importance to Kreate. When participating in tendering processes, Kreate acts with transparency and integrity, as well as complies with competition law. Kreate does not accept restriction of competition, and it strives to ensure with its own actions that its personnel recognise risk factors relating to competition law. In its business decisions, Kreate always strives to consider the interests of the whole organisation. Kreate's procurement is guided by its business targets together with the strategic approaches and internal cooperation.

Kreate's employees utilise consistent calculation and reporting principles and internal guidelines defining in detail Kreate's processes for project monitoring, accounting and financial reporting. This is supported by Kreate's systems for internal control and risk management.

³⁴ eNPS, Employee Net Promoter Score.

Intellectual property rights

Kreate's intellectual property rights include business names, trademarks and domain names. Kreate's business operations do not depend on any specific intellectual property rights.

IT

The most important information technology systems utilised by Kreate relate to tender calculation, project monitoring, data modelling, various measurements, human resources management, payroll administration and management of monetary transactions. According to the management, Kreate's IT systems have been sourced from reputable service providers, and Kreate continuously invests in the development and efficient maintenance of the information systems. For more information on the development projects related to information systems, see "*– Research and development*".

Material agreements outside the ordinary course of business

During its operating history, Kreate has not entered into agreements outside the ordinary course of its business which would result in significant obligations or rights for Kreate as at the date of this Offering Circular.

Shareholders' agreement

Kreate's current shareholders have entered into a shareholders' agreement relating to Kreate, which will terminate after the completion of the Listing.

Material investments

The majority of Kreate's investments relate to investments in tangible assets, mostly machinery and equipment.

Kreate's gross capital expenditure in intangible and tangible assets amounted to EUR 3.5 million during the nine-month period ended 30 September 2020 and EUR 4.6 million during the nine months ended 30 September 2019.

For the financial years ended 31 December 2019, 2018 and 2017, Kreate's gross capital expenditure in intangible and tangible assets amounted to EUR 6.1 million, EUR 4.3 million and EUR 4.1 million, respectively.

In December 2020, Kreate executed a strategic investment, through which it acquired a track tamping machine of EUR 1.1 million for its railway construction business area.

Other than stated above, Kreate has not made any material investments or made any resolutions on material investments into tangible or intangible assets between 30 September 2020 and the date of this Offering Circular.

Insurance

Kreate's insurances include voluntary and statutory insurances which fulfil both national and contractual requirements for insurances. Kreate's insurances include project-specific insurances, as well as continuous insurances. Kreate's insurance policies cover, for example, property damage, business interruption, environmental damage, liabilities relating to Kreate's services, general liability, liability of the management and officers, as well as damage resulting from criminal offences committed by Kreate's employees or external parties.

According to Kreate, its present insurance coverage is appropriate and in line with the market practise both for the insured amounts and the coverage of the insurance policies, and the insurances cover the largest risks of Kreate's business operations, taking into account the cost of the insurances and the potential risks of the business operations.

Legal and arbitration proceedings

Kreate becomes involved from time to time in various claims and legal proceedings arising in the ordinary course of business. Examples of these include employee claims, claims presented by customers or competitors and administrative proceedings.

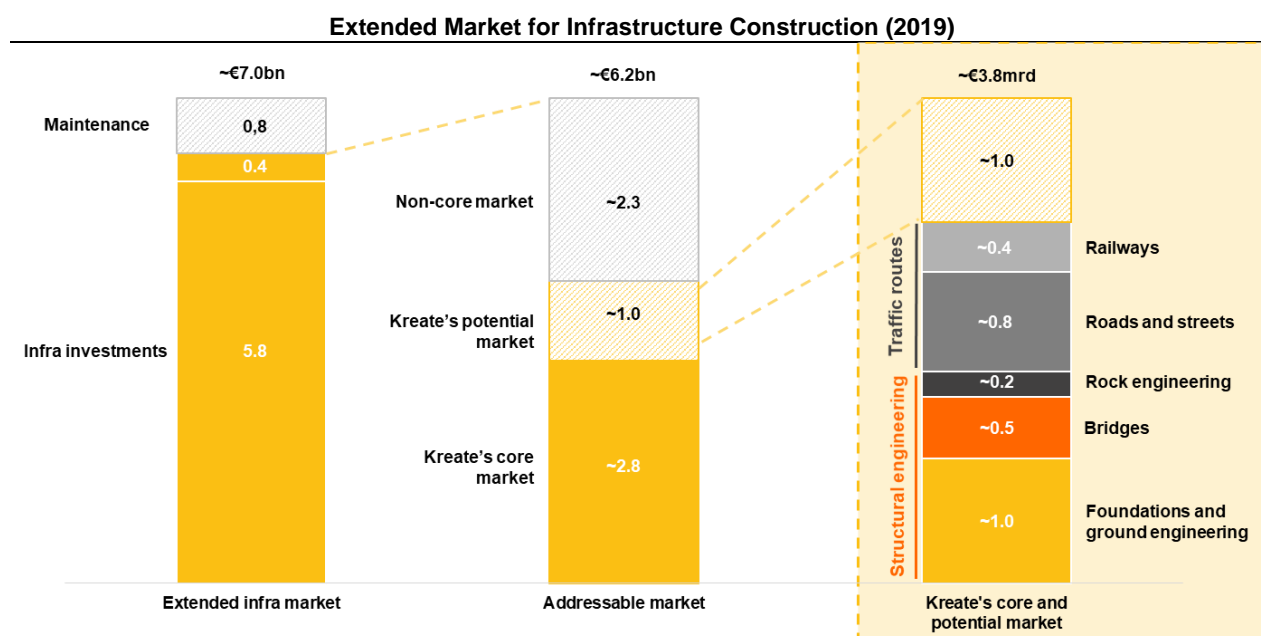
As at the date of this Offering Circular, there are no governmental, legal, arbitration or administrative proceedings against or affecting Kreate or any of its subsidiaries (and no such proceedings are pending or threatened of which Kreate is aware) during a period covering at least the previous 12 months which have or may have had in the recent past, individually or in the aggregate, significant effects on the profitability or the financial position of Kreate or of Kreate and its subsidiaries taken as a whole.

MARKET AND INDUSTRY REVIEW

Introduction

Kreate is one of Finland's leading infrastructure sector companies focusing on demanding infrastructure construction. Kreate's offering consists of traffic routes, including railway, road and street construction, as well as structural engineering, including bridge construction and repair, foundation and concrete construction, ground engineering and rock engineering. In addition, the Company provides services related to the circular economy. Kreate has operations mainly in Finland, and it aims to expand its foothold also in Sweden, mainly in bridge and ground engineering and rock engineering. Kreate's well-diversified clientele consist mainly of customers in the public sector. From the perspective of Kreate's business, Kreate's relevant markets include investments in infrastructure construction and building-related foundation engineering in the market segments where the Company operates or sees future potential.

The infrastructure construction market comprises investments in infrastructure construction and maintenance activities in the following segments in Finland: environment and other, data communications, water services, energy, railway, streets, roads and other transport (the "**Infrastructure Construction Market**"). The extended market for infrastructure construction in Finland comprises the Infrastructure Construction Market and the market for the building-related foundation engineering that includes infrastructure construction (the "**Extended Market for Infrastructure Construction**"). In 2019, the Infrastructure Construction Market amounted to approximately EUR 6.6 billion and the Extended Market for Infrastructure Construction amounted to approximately EUR 7.0 billion.³⁵



Kreate's addressable market comprises the Extended Market for Infrastructure Construction, excluding maintenance of the infrastructure ("**Kreate's Addressable Market**"). The market relevant to Kreate's present business comprises Kreate's Addressable Market's foundation and ground engineering, bridge construction and repair, road and street construction, railway construction and rock engineering markets ("**Kreate's Core Market**"). The potential infrastructure construction market relevant to Kreate's business includes the different segments of Kreate's Addressable Market where Kreate does not have significant business but where Kreate sees significant potential for growth, for example, municipal engineering, tunnel engineering, mining, harbours, wind power stations and hydroelectric power stations ("**Kreate's Potential Market**"). The remaining part of Kreate's Addressable Market includes market segments outside Kreate's core business.³⁶

In 2019, the volume of Kreate's Addressable Market was approximately EUR 6.2 billion, Kreate's Core Market was approximately EUR 2.8 billion and Kreate's Potential Market was approximately EUR 1.0 billion. Measured by revenue, Kreate is the leading player within its core competences in bridges, foundation and ground engineering, the 2nd or 3rd

³⁵ Source: Third-party Market Study.

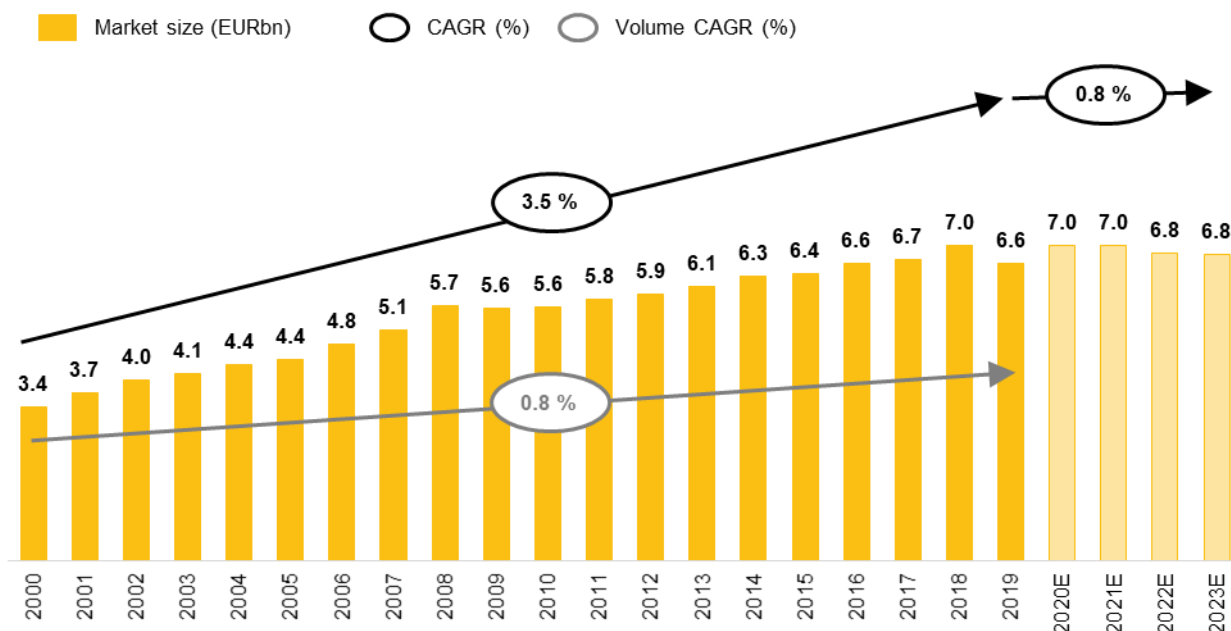
³⁶ Source: Third-party Market Study (Market size).

leading player in rock engineering³⁷ and road and street construction³⁸ and the 3rd to 5th leading player in railway construction^{39, 40}.

Growth in the Infrastructure Construction Market and growth drivers

The Infrastructure Construction Market has historically grown steadily. In 2000–2019, the Infrastructure Construction Market grew approximately 3.5 per cent annually from EUR 3.4 billion in 2000 to EUR 6.6 billion in 2019. During the same period, the volume of the Infrastructure Construction Market grew approximately 0.8 per cent annually. The growth of the market is expected to remain stable and grow 0.8 per cent annually in 2019–2023 and to reach EUR 6.8 billion in 2023. In the coming years, the demand in the market will especially be driven by urbanisation, the large renovation debt in construction and the stimulus programme in the public sector. Furthermore, in the coming years the growth is expected to be driven by the land use, housing and transport agreements (MAL-agreements), as well as the Finnish 12-year national transport system plan (from 2022 onwards). The demand for large infrastructure projects is also expected to remain stable. However, the weakened municipal economy and the development of the housing construction market are expected to slow down the growth rate in the coming years.⁴¹

Infrastructure Construction Market in Finland, EUR billion (at present prices)⁴²



Urbanisation

Urbanisation is increasing the need for infrastructure construction, and as such, infrastructure construction is concentrated in the growth centres in Finland. In 2017–2019, 35–41 per cent of the revenue of infrastructure contractors originated from Uusimaa, 13–16 per cent from Western Finland⁴³ and 8–19 per cent from the Häme region⁴⁴. The contribution of other parts of Finland has been lower. In 2017–2019, 3–7 per cent of the revenue of infrastructure contractors originated from

³⁷ 3rd position in the total market, 2nd or 3rd position in demanding excavation work and rock engineering in urban environments.

³⁸ 3rd position in the total market, 2nd or 3rd position in demanding projects implemented in pre-built urban environments.

³⁹ 5th position in the total market, 3rd or 4th position in substructures and superstructures, turnouts and railyards.

⁴⁰ Source: Third-party Market Study.

⁴¹ Source: Third-party Market Study. Calculated using compound annual growth rate (CAGR).

⁴² Source: Third-party Market Study. CAGR = Compound average growth rate (%).

⁴³ Includes the regions of Southwest Finland, Satakunta and Pirkanmaa.

⁴⁴ Includes the regions of Kanta-Häme and Päijät-Häme.

Central Finland, 2–3 per cent from Northern Karelia, approximately 6–7 per cent from Southeast Finland⁴⁵, 4–5 from North Savo, 7–8 per cent from Ostrobothnia and 4–12 per cent from Northern Finland⁴⁶. Internal migration to the cities is expected to continue in Finland, and due to this, the infrastructure construction volumes are expected to continue to concentrate in cities.⁴⁷ In 2019–2040, the population in Finland is expected to grow fastest in Helsinki (approximately 16 per cent, or approximately 105,000 new inhabitants), Espoo (approximately 20 per cent, or approximately 56,000 new inhabitants), Vantaa (approximately 20 per cent, or approximately 47,000 new inhabitants), Tampere (approximately 15 per cent, or approximately 35,000 new inhabitants), and Turku (approximately 11 per cent, or approximately 20,000 new inhabitants).⁴⁸

Urbanisation increases the need to develop urban environments, and as such, increases the demand for infrastructure construction. In urban environments, construction takes place in demanding pre-built areas, and the projects often focus on increasing the amount of or releasing plots of land, which requires a high degree of technical competencies. Urbanisation also increases the need to improve connections between different parts of cities, which increases the need to develop connections for both public and private transport, such as roads and bridges.⁴⁹

Large urban projects implemented previously include, for example the Central Pasila area, Kalasatama area, West Metro, Tampere Deck, Tampere Tramway (Phase 1) and Jätkäsaari area. Of these, Kreate participated in the projects related to Central Pasila area, the Kalasatama area, the West Metro and Tampere Deck. Large planned or ongoing urban projects include, for example, the Espoo City Railway, Jokeri Light Rail, Helsinki City Rail Loop, Tampere Tramway (Phase 2), Crown Bridges and Turku Railway.

Increased complexity of infrastructure construction due to urbanisation

Urbanisation also makes infrastructure construction more complex. Urbanisation is expected to continue, and the population of the five largest cities in Finland is expected to grow by 14 per cent in total in 2021–2040⁵⁰. Urbanisation drives new construction, increasing the demand for infrastructure projects in urban areas. Construction in dense, pre-built urban environments makes the work more demanding, as the existing buildings, infrastructure, people and traffic limit the available space. In addition, construction in urban environment usually takes place in demanding soil conditions and environments, for example on contaminated or soft ground. In addition, construction in pre-built environments often takes place underground, high above the ground in case of high-rise construction or in other demanding locations, making infrastructure projects even more challenging. Furthermore, the schedules are more demanding than previously in order to minimise adverse impacts to the surrounding buildings and traffic.⁵¹

Large renovation debt

In Finland, the renovation debt related to infrastructure, referring to the amount of investments that would have been required in order to keep the infrastructure in good condition from its users' perspective, is estimated at approximately EUR 6 billion.⁵² This large renovation debt leads to a large need to repair, for example, bridges, roads, streets, railways and sewers. The value of infrastructure construction base related to transport is estimated at approximately EUR 55 billion, consisting of main traffic ways, forest roads or private roads, municipal roads and streets, railways and tramways, harbours and waterways and airports.⁵³ The renovation debt in transport infrastructure is estimated at approximately EUR 5 billion, and approximately half of this amount is related to the infrastructure maintained by the state, and the remaining amount to the infrastructure maintained by the municipalities.⁵⁴ The largest part of the renovation debt, estimated at 75 per cent, of the state's transport infrastructure is related to traffic ways, such as roads and railways.⁵⁵ The infrastructure construction base related to the systems of public utilities is estimated to be worth approximately EUR 23 billion, including electric

⁴⁵ Includes the regions of South Savo, Kymenlaakso and South Karelia.

⁴⁶ Includes the provinces of Lapland, Kainuu and Northern Ostrobothnia.

⁴⁷ Source: Third-party Market Study.

⁴⁸ Source: The figures are based on information of the Statistics Finland: Population Forecast and Population Structure.

⁴⁹ Source: Third-party Market Study.

⁵⁰ Source: The figures are based on information of the Statistics Finland: Population Forecast and Population Structure. The figures include the population of Helsinki, Espoo, Tampere, Vantaa and Oulu.

⁵¹ Source: Third-party Market Study.

⁵² Source: Rakennusomaisuuden tila ROTI (*Condition of Building Assets*). 2017.

⁵³ Source: Rakennusomaisuuden tila ROTI (*Condition of Building Assets*). 2019.

⁵⁴ Source: Rakennusomaisuuden tila ROTI (*Condition of Building Assets*). 2017.

⁵⁵ Source: The Finnish Transport Infrastructure Agency. 2017. Repair backlog of transport infrastructure 2017.

networks, sewers, communication networks and waste management.⁵⁶ The renovation debt related to public utilities infrastructure is estimated at EUR 1 billion.⁵⁷

12-year national transport system plan in Finland

In 2019, the Finnish government made the transport system one of its priority areas of development and began preparations for a national transport system in order to create a framework for a transport network and services in Finland, including roads, railways, waterways and air transport. The purpose of the 12-year national transport system plan is to create a framework for long-term planning and to increase funding for projects. The transport system plan will be prepared for years 2021–2032, with the decision on the plan to be taken in spring 2021.⁵⁸ The plan will be prepared for 12 years at a time and it will be updated every 4 years, which enables it to be adapted to changes in circumstances while it is in effect.⁵⁹ The government's transport system plan is expected to increase investments in infrastructure and add to their predictability. The plan includes the methods with which the government can steer planning, construction, maintenance and the procurement of services related to the transport system plan and the government funding programme.⁶⁰

The budget proposal for 2020 included an increase of approximately EUR 300 million to the funding of basic transport infrastructure management. Thanks to the increase and other increases, the funding for basic transport infrastructure management rose to approximately EUR 1.4 billion for 2020.⁶¹ For the years 2021–2024, the public sector budget plan will serve as the financial framework for the national transport system plan, based on which the appropriation level for basic transport infrastructure management would amount to around EUR 1.3 billion a year for the budget planning period.⁶² According to the draft plan for the national transport system, the funding for basic transport infrastructure management would be increased to EUR 1.4 billion annually beginning from 2025. In addition, as of 2025, basic transport infrastructure management would account for the increase in costs, due to which the necessary appropriations for basic transport infrastructure management would amount to an estimated EUR 1.67 billion in 2032. According to the draft plan, the government would allocate a total of EUR 6.1 billion to the development of the transport infrastructure network in the first 12-year planning period of 2021–2032, which would mean that there would be on average approximately EUR 500 million available for development projects every year.⁶³

A similar plan was prepared in Sweden in spring 2018, when the Swedish government decided on a 12-year national transport system plan for years 2018–2029. According to this plan, approximately SEK 620 billion would be allocated to the improvement of the transport network, in addition to which additional funding would be received from fees and external funding, leading to a total of approximately SEK 700 billion that would be allocated to the transport network in the same timeframe. Growth in the Swedish infrastructure construction market has been strong in recent years, as the market has grown by about four per cent annually by volume in 2018–2020. Volume growth is expected to continue, amounting to about three per cent annually until 2022.⁶⁴

Land use, housing and transport agreements

Land use, housing and transport agreements (in Finnish *Maankäytön, asumisen ja liikenteen sopimukset* ("**MAL Agreements**")) are concluded between the state and largest municipalities, and they concern investments in infrastructure construction, among other areas. So far, such agreements have been concluded to Helsinki, Tampere, Turku and Oulu areas for 12 years, i.e. for the years 2020–2031. Similar agreements to Jyväskylä, Kuopio and Lahti areas are being considered. The objective of the MAL Agreements is to create common goals for the state and municipalities in order to improve the functionality and competitiveness of urban areas and to ensure balanced development of the municipalities. The condition for government funding is that the municipalities commit to implementing the projects agreed in the negotiations and to investing in them.⁶⁵

⁵⁶ Source: Rakennusomaisuuden tila ROTI (*Condition of Building Assets*). 2019.

⁵⁷ Source: Rakennusomaisuuden tila ROTI (*Condition of Building Assets*). 2017.

⁵⁸ Source: The Finnish Government. The Finnish national transport system plan.

⁵⁹ Source: The Finnish Government. The Finnish national transport system plan for 2021–2032 – Draft plan 13 November 2020.

⁶⁰ Source: Third-party Market Study.

⁶¹ Source: The Finnish Government. Budget proposal 2020

⁶² Source: The Finnish Government. Plan for public finances for 2021–2024.

⁶³ Source: The Finnish Government. Finnish national transport system plan for 2021–2032 – Draft plan 13 November 2020.

⁶⁴ Source: Third-party Market Study.

⁶⁵ Source: Ministry of Transport and Communications. Release on 2 June 2020.

One of the key contents of the MAL Agreements are development projects related to the transport network, particularly to sustainable public transport, railway infrastructure and sustainable land use and housing. In addition, the MAL Agreements include goals for the development of land use and housing production. The state is committed to allocating a total of EUR 936 million to the initiatives, of which approximately EUR 756 million is related to transport initiatives, the costs of which would be distributed over several years (2020–2031).⁶⁶ Together with the commitments made by the municipalities, the Agreements will launch measures related to transport worth at least EUR 1.4 billion.⁶⁷ The state will participate in the development and implementation of railway projects and high-speed rail connections and will support cost-efficient initiatives for transport infrastructure for cars, cyclists and pedestrians. Additionally, the state will support the development of public transport and digital services.⁶⁸

In Helsinki, the key goals of the MAL Agreements include, among other things, continuing the planning of the high-speed rail transport network, preparing for increasing the capacity of the metro system, developing the transport network and developing infrastructure for cyclists and pedestrians.⁶⁹ In the Tampere region, the key goals of the MAL Agreements include, among other things, the planning of the Suomi high-speed rail connection, development of the commuter train system, development of infrastructure for pedestrians and cyclists, and development and improvement of transport systems.⁷⁰ In the Turku region, the goals include, among other things, enhancing the road network, including improving Highway E18 and the Parainen Road, improving prioritised pedestrian and cycling areas and launching the development of the rail network.⁷¹ In Oulu, the key goals of the MAL Agreement include, among other things, developing a designated cycling route in every municipal centre in the Oulu region as well as developing the cycling network in Oulu, executing the transport system plan for Oulu city centre and surveying future transport needs.⁷²

Financial condition of municipalities and public stimulus packages

The financial condition of the municipalities and public stimulus efforts have an impact on the investments in infrastructure construction. The financial condition of the municipalities has weakened due to the COVID-19 pandemic, which will have a negative impact on demand for infrastructure construction, of which approximately 36 per cent is funded by municipalities. The financial condition of many smaller municipalities in particular is weak, while the financial condition of larger municipalities and growth centres is more sustainable.⁷³ According to the estimate of the Association of Finnish Municipalities, the negative impact of the COVID-19 pandemic on the financial condition of the Finnish municipalities will be approximately EUR 1.7 billion in 2021, of which approximately EUR 1.4 billion would result from tax revenue lost of the municipalities and approximately EUR 0.2 billion from the increase in costs.⁷⁴ On the other hand, subsidies from the government are expected to decrease the negative financial impacts of COVID-19. Due to COVID-19, the government's budget proposal in September 2020 included a general stimulus package for the municipalities amounting to approximately EUR 1.45 billion for 2021.⁷⁵ The largest municipalities are not expected to cut their investments in 2021.

The Finnish government and the EU are implementing public stimulus measures to improve general economic conditions. Finland has received EUR 2.3 billion for its Sustainable Growth Programme from the EU stimulus package, and these funds will be allocated for use for 2021–2026. In its negotiations concerning the 2021 budget, the Finnish government approved the allocation of EUR 200–400 million from the stimulus package directly to infrastructure construction investments aiming at strengthening sustainable infrastructure and digitalisation. EUR 900–1,200 million (including investments) will be allocated to projects, such as energy and transport projects, that support the transition to climate neutrality. A portion of this amount will be spent on infrastructure construction.⁷⁶

⁶⁶ Source: Ministry of Transport and Communications. Release on 2 June 2020.

⁶⁷ Source: Ministry of Transport and Communications, Ministry of the Environment. Release on 8 October 2020.

⁶⁸ Source: Ministry of Transport and Communications. Release on 2 June 2020.

⁶⁹ Source: Land use, housing and transport agreement between the municipalities in the Helsinki region and the Finnish state for 2020–2031.

⁷⁰ Source: Land use, housing and transport agreement between the Finnish state and Tampere region for 2020–2023.

⁷¹ Source: Land use, housing and transport agreement between the municipalities in the Turku region and the Finnish state for 2020–2031.

⁷² Source: Land use, housing and transport agreement in the Oulu region for 2020–2031.

⁷³ Source: Third-party Market Study.

⁷⁴ Source: Association of Finnish Municipalities. Release on 18 June 2020.

⁷⁵ Source: The Finnish Government. Release on 16 September 2020.

⁷⁶ Source: The Finnish Government. Budget negotiations 16 September 2020.

The budget proposal of the Finnish government prepared in October 2020 includes funding of approximately EUR 2.0 billion for the transport network.⁷⁷ The corresponding amount was EUR 2.1 billion in the budget proposal for 2020 prepared in October 2019.⁷⁸ The budget proposals may include additions to fund certain earmarked infrastructure projects and/or economic stimulus.⁷⁹ The construction of certain large-scale projects is expected to start, including the approximately EUR 1.5 billion bio product facility project of Metsä Fibre in Kemi. In addition, it is not uncommon for the government to prepare supplementary budgets to support the economy, and for example in the supplementary budgets for 2020, more funds were allocated to infrastructure construction.⁸⁰

Demand for large infrastructure construction projects

The demand for large infrastructure construction projects is expected to remain stable.⁸¹ The table below sets forth examples of planned or ongoing infrastructure construction projects.

Selected examples of planned or ongoing infrastructure construction projects⁸²

Project	Project's main type	Stage	Cost estimate (EUR million)
Espoo-Salo railway ¹⁾	Railway construction	Planned	~2,000
Helsinki City Rail Loop	Railway construction	Planned (waiting for building permit)	~1,300
Jokeri Light Rail	Railway construction	Ongoing	~500
Salo-Turku double railway ¹⁾	Railway construction	Planned	~390
Espoo cityrail	Railway construction	Planned (waiting for investment decision)	~275
Luumäki-Imatra	Railway construction	Ongoing	~189
Helsinki-Riihimäki, phase 2	Railway construction	Planned (waiting for approval)	~171
Tampere Tramway, phase 2	Railway construction	Planned	~85
Ylivieska-Iisalmi	Railway construction	Ongoing	~55
Vuokatti-Kontionmäki	Railway construction	Ongoing	~23
Crown Bridges	Bridge construction	Planned	~260
Highway 3 Tampere-Vaasa	Road and street construction	Planned	~158
Highway 9 Tampere-Orivesi	Road and street construction	Planned	~140
Highway 5 Leppävirta-Kuopio	Road and street construction	Planned	~117
Highway 5 Hietanen-Pitkämäki	Road and street construction	Planned	~100
Highway 6 Tykkimäki-Kaipainen	Road and street construction	Planned	~85
Ajos waterway in Kemi	Waterway	Planned	~27
Vuosaari waterway	Waterway	Planned	~25
Sulkavuori wastewater treatment plant ²⁾	Rock engineering	Ongoing	~60
Turku railyard ³⁾	Bridge construction, foundation engineering, road and street construction	Planned	~240

(1) Relates to the high-speed railway project between Helsinki and Turku.

⁷⁷ Source: The Finnish Government. Budget proposal 2021.

⁷⁸ Source: The Finnish Government. Budget proposal 2020.

⁷⁹ Source: Third-party Market Study.

⁸⁰ Source: The Finnish Government. The Government's proposal to the Parliament for the fourth supplementary budget for 2020.

⁸¹ Source: Third-party Market Study.

⁸² Source: Third-party Market Study and the Finnish Transport Infrastructure Agency. Project stages as well as cost estimates for the projects may change significantly and the projects may not be executed.

- (2) Share of rock engineering: approximately EUR 60 million. The cost estimate for the complete project is approximately EUR 320 million.
- (3) Includes the cost estimate for the complete project, excluding housing and including, for example, business premises.

Size, growth and market drivers of the segments in the infrastructure construction market

Kreate's offering comprises traffic route construction, including railway, road and street construction, as well as structural engineering, including bridge construction and repair, foundation, concrete and ground engineering and rock engineering. The size, growth and drivers of the selected markets included in the Extended Market for Infrastructure Construction are discussed below.

Market for foundation and concrete engineering

Foundation and concrete engineering services are offered in connection with environmental and other construction, other transport network construction⁸³ and building foundation construction. Only a part of the building foundation construction is relevant for infrastructure construction. In 2019, the size of the market associated with foundation and concrete engineering totalled approximately EUR 2.5 billion, of which the environmental and other construction market represented approximately EUR 0.8 billion, the other transport network construction market represented approximately EUR 0.3 billion, and the building foundation construction market represented the remaining EUR 1.5 billion. In 2015–2023, the market associated with foundation and concrete engineering is estimated to grow by 2.8 per cent annually, from EUR 2.1 billion in 2015 to EUR 2.3 billion in 2023. The environmental and other construction market will represent approximately EUR 0.7 billion, the other transport network construction market approximately EUR 0.2 billion and the building foundation construction market the remaining EUR 1.4 billion of the forecasted EUR 2.3 billion market associated with foundation and concrete engineering in 2023.⁸⁴ Although the market associated with foundation and concrete engineering is forecasted to decline between 2019 and 2023, according to the management, the outlook is positive for demanding foundation and ground engineering, which Kreate specialises in.

Construction on demanding soil is increasing, for example near water areas in cities and on the soil being built, which will increase the need for additional support structures, growing the demand for foundation and concrete engineering. In densely built urban environments, construction increasingly takes place underground, for example within or beneath buildings, or beside buildings, or for the purposes of storing energy, in connection with which concrete structures are needed. The need for high-rise construction is also increasing in densely built urban environments, due to which technically demanding foundation and concrete structures are increasingly needed. In addition, the demand for foundation and concrete engineering is driven by the construction of foundations for wind power plants. The Finnish government has set goals for achieving a carbon neutral society, which will drive demand for renewable energy and wind farms, the construction of which requires significant foundation engineering. Furthermore, according to Kreate's management, changes in the usage purposes of buildings in urban areas are driving demand for foundation and concrete engineering. Demand for building construction is expected to decline in the coming years, which will temporarily have a negative impact on demand for foundation and concrete engineering.⁸⁵ The market for housing construction is expected to recover over the medium term. Furthermore, according to the management, the demand for construction of sites to be built under demanding conditions relevant to Kreate's business would not decrease.

Market for bridge construction

In 2019, the market for bridge construction amounted to approximately EUR 0.5 billion. In 2015–2023, the market for bridge construction is estimated to grow annually by 1.2 per cent, from approximately EUR 0.4 billion in 2015 to EUR 0.4 billion in 2023.⁸⁶

The demand for bridge construction is driven by the tramway projects between different areas in cities. The upcoming demand for bridge construction is driven, in particular, by the Crown Bridges tramway project in Helsinki, which is expected to include the construction of three new bridges: Kruunuvuorensilta, Finkensilta and Merihaansilta.⁸⁷

The demand for bridge construction is also driven by the renovation debt related to bridges. Existing bridge structures have not been designed to carry the weight of the increasing volume of heavy transport, and the drive lanes may be too narrow for current standards. Four per cent of bridges are in poor or very poor condition, and 30 per cent are in acceptable

⁸³ The market for other transport network includes, among other things, docks, harbour areas, canals and airports.

⁸⁴ Source: Third-party Market Study.

⁸⁵ Source: Third-party Market Study.

⁸⁶ Source: Third-party Market Study.

⁸⁷ Source: Third-party Market Study.

condition but will also require repairs in the near future. This means that approximately 34 per cent of all road bridges in Finland will need to be repaired in the near future. In 2014–2018, the number of road bridges requiring repairs in the short term increased by 29 per cent, from approximately 4,320 bridges in 2014 to approximately 5,590 bridges in 2018. The situation is similar in railway bridges. Four per cent of railway bridges are in poor or very poor condition, and 29 per cent are in acceptable condition but will require repairs in the near future. In 2014–2018, the number of railway bridges requiring repairs in the short term increased by 20 per cent, from approximately 620 bridges in 2014 to approximately 740 bridges in 2018.⁸⁸

Several projects related to railways that also include bridge construction and repairs are planned in Finland. Planned or ongoing railway projects including bridge construction and repairs are, for example, the Espoo City Railway and the railway projects Luumäki–Imatra, Ylivieska–Iisalmi, Vuokatti–Kontionmäki and Pasila–Riihimäki.⁸⁹ According to the management, the bridge repair plans of the public sector do not typically extend to the last years of the forecast period.

As cities are being developed, roads and road bridges are being constructed in more and more demanding locations and connected to existing infrastructure, which is also supporting the demand for bridge construction. Furthermore, ferry transport is planned to be replaced with bridge structures. This trend has continued since 2010. On the other hand, the decrease in road construction has a negative impact on the demand for basic concrete bridges, such as motorway bridges.⁹⁰

Market for rock engineering

Rock engineering services are provided in connection with the construction of roads, streets and railways, environmental construction and construction of other transport networks⁹¹. In 2019, the markets associated with rock engineering totalled approximately EUR 3.1 billion, of which EUR 0.8 billion originated from road construction, approximately EUR 0.7 billion from street construction, approximately EUR 0.5 billion from railway construction, approximately EUR 0.8 billion from environmental and other construction, and approximately EUR 0.3 billion from the construction of other transport networks. In 2015–2023, the markets associated with rock engineering are estimated to grow annually by approximately 1.3 per cent from approximately EUR 3.0 billion in 2015 to approximately 3.2 billion in 2023. Of the forecasted markets of approximately EUR 3.2 billion in 2023 associated with rock engineering, approximately EUR 0.8 billion will originate from road construction, approximately EUR 0.7 billion from street construction, approximately EUR 0.7 billion from railway construction, approximately EUR 0.7 billion from environmental and other construction, and approximately EUR 0.2 billion from the construction of other transport networks.⁹²

Underground construction that includes rock engineering and strengthening work carried out for facilities and transport connection points is increasing in urban areas, which drives the demand for rock engineering. New projects for improving transport connections are planned in urban areas, which also increases the demand for rock engineering. Furthermore, the demand is supported by potential additional investments to be made in existing mines in the coming years. There are no known new mine openings for the forecast period.⁹³ According to the management, the demand for rock engineering is also supported by industrial investments in, for example, the Kilpilahti area and Metsä Fibre's bio product facility in Kemi.

The number of new projects to improve connections between different areas of cities is expected to decline, which will have a negative impact on the demand for tunnel work and other rock engineering services. Furthermore, new-build construction of buildings, which is slowing down, will have a negative impact on the market for rock engineering in the short term, but the demand is expected to recover over the medium term.⁹⁴

Market for road and street construction

The road and street market includes road and street construction and their maintenance. Road and street maintenance is not relevant for Kreate's business. In 2019, the market for road and street construction amounted to approximately EUR 2.3 billion, of which approximately EUR 0.8 billion related to road construction, approximately EUR 0.7 billion to street construction, approximately EUR 0.2 billion to road maintenance and approximately EUR 0.5 billion to street

⁸⁸ Source: Third-party Market Study and the Finnish Transport Infrastructure Agency.

⁸⁹ Source: The Finnish Transport Infrastructure Agency.

⁹⁰ Source: Third-party Market Study.

⁹¹ The market for other transport network includes, among other things, docks, harbour areas, canals and airports.

⁹² Source: Third-party Market Study.

⁹³ Source: Third-party Market Study.

⁹⁴ Source: Third-party Market Study.

maintenance.⁹⁵ In 2015–2023, the market for road and street construction is estimated to grow annually by approximately 1.1 per cent, from approximately EUR 2.2 billion in 2015 to approximately EUR 2.4 billion in 2023. Of the forecasted market of approximately EUR 2.4 billion in 2023, approximately EUR 0.8 billion will relate to road construction, approximately EUR 0.7 billion to street construction, approximately EUR 0.3 billion to road maintenance and the rest, approximately EUR 0.6 billion to street maintenance.⁹⁶

In the coming years, demand for road and street construction will be supported by the development projects in urban areas, such as the Crown Bridges and the Kalasatama area. The replacement of water and sewer networks in poor condition will also increase the demand for street construction. The number of repair and modernisation projects for the road and street network is expected to remain stable. This is supported by the renovation debt of approximately EUR 1.3 billion in the state's road network (2018). Demand for basic maintenance work on roads and streets is expected to remain stable. On the other hand, the decrease in the number of large road and highway projects will decrease the demand for road and street construction. Many large projects are being completed, and fewer new projects are commencing. An increase in volumes would require political decisions on new projects. Furthermore, street construction is expected to decrease in the areas outside urban centres as a result of people moving to growth centres.⁹⁷

Market for railway construction

The market for railway construction includes construction and maintenance work of railways. In 2019, the market for railway construction amounted to approximately EUR 0.7 billion, of which approximately EUR 0.5 billion related to railway construction and approximately EUR 0.2 billion to railway maintenance. In 2015–2023, the market for railway construction is estimated to grow annually by approximately 3.8 per cent, from approximately EUR 0.8 billion in 2015 to EUR 1.1 billion in 2023. Of the market of approximately EUR 1.1 billion in 2023 EUR 0.7 billion is estimated to consist of railway construction, approximately EUR 0.2 billion of railway maintenance and the rest, approximately EUR 0.2 billion of the additional potential created by the increase in investments in railways. The management estimates that the largest five players in the market for railway construction account for a total share of approximately 90 per cent of the investments for the railway construction (excluding railway maintenance).

Growth in the market for railway construction is supported by new tramway and light rail projects between different areas in cities. Several ongoing tramway and light rail projects will continue during the next two years, and at the same time, urbanisation is driving new plans for the improvement of public transport. Furthermore, the need to repair and improve railways is supporting the growth in the market for railway construction. The renovation debt related to the railway network in Finland amounts to EUR 1.1 billion (2017), creating a large need to repair the railway network. In addition, large projects to modernise rail transport are expected.⁹⁸

The need for daily railway maintenance work is expected to remain steady. New inter-city railway projects have not been implemented in recent years. However, there are some large-scale plans in their early stages, such as the Finland Railway and Helsinki–Tallinn tunnel, but these projects are not expected to commence in the near future, and the realisation of the projects is uncertain. Furthermore, the construction project of West Metro will be completed during the forecast period, and the completion of the project has a negative impact on future outlook, as new large-scale investments are not expected to be made in the metro network.⁹⁹

Competitive environment

The infrastructure construction market includes several different kinds of players. The leading players in the market are large entities with an extensive offering and scale in infrastructure construction. The market also includes medium-sized players with a specialised or narrow offering in infrastructure construction. Furthermore, the market includes a large number of small, specialised players in infrastructure construction.

Kreate has significant operations in foundation, concrete and ground engineering, bridge construction, street and road construction and railway construction, in addition to which it also operates in rock engineering. According to Kreate's management, Kreate has particularly strong competencies in bridge construction, as well as in foundation, concrete and ground engineering as compared to its competitors. In line with its strategy, Kreate has chosen not to become involved in the infrastructure maintenance business. In the areas of its core competence, Kreate is the leading player as measured by

⁹⁵ Source: Third-party Market Study.⁹⁶ Source: Third-party Market Study.

⁹⁶ Source: Third-party Market Study.

⁹⁷ Source: Third-party Market Study.

⁹⁸ Source: Third-party Market Study.

⁹⁹ Source: Third-party Market Study.

revenue in bridges, foundation, concrete and ground engineering, the 2nd to 3rd leading player in rock engineering¹⁰⁰ and road and street construction¹⁰¹, and the 3rd to 5th leading player in railway construction^{102, 103}

In the Finnish infrastructure construction market, in addition to Kreate, large players with a broad infrastructure construction offering include YIT, GRK, Destia and Skanska. YIT has significant operations particularly in foundation, concrete and ground engineering bridge construction, street construction and railway construction. Destia has significant operations in various segments of infrastructure construction. Skanska has significant operations in foundation and concrete engineering and street construction, and GRK has significant operations in foundation and concrete engineering, bridge construction, street and road construction and railway construction.¹⁰⁴

Players with an extensive offering and scale in infrastructure construction have enjoyed the fastest growth in recent years. According to Kreate's management, these players are also best positioned to respond to the increasing level of complexity of projects in urban environments, technically demanding and large projects, projects requiring the contractor to assume larger contractual responsibilities and projects requiring design and planning capabilities and competencies in several areas of construction. Kreate has demonstrated strong growth in recent years, and its annual growth was approximately 24 per cent in 2017–2019. Other large players with an extensive offering in infrastructure construction have also demonstrating strong growth. YIT¹⁰⁵ has grown annually by approximately 8 per cent (revenue for 2019 approximately EUR 807 million)¹⁰⁶, Destia annually by approximately 9 per cent (revenue for 2019 approximately EUR 570 million), GRK annually by approximately 32 per cent (revenue for 2019 approximately EUR 299 million) and Skanska¹⁰⁷ annually by approximately 18 per cent (revenue for 2019 approximately EUR 182 million). Companies with a more limited offering in infrastructure construction have shown slower growth on average during the same period. NRC¹⁰⁸ has grown annually by approximately 6 per cent (revenue for 2019 approximately EUR 268 million), E. Hartikainen¹⁰⁹ annually by approximately 1 per cent (revenue for 2019 approximately EUR 113 million), Terrawise¹¹⁰ annually by approximately 9 per cent (revenue for 2019 approximately EUR 110 million), NCC¹¹¹ annually by approximately -13 per cent (revenue for 2019 approximately EUR 108 million) and SRV¹¹² annually by approximately -24 per cent (revenue for 2019 approximately EUR 45 million).¹¹³

¹⁰⁰ 3rd position in the total market, 2nd or 3rd position in demanding excavation work and rock engineering in urban environments.

¹⁰¹ 3rd position in the total market, 2nd or 3rd position in projects implemented in pre-built urban environments.

¹⁰² 5th position in the total market, 3rd or 4th position in substructures and superstructures, turnouts and railyards.

¹⁰³ Source: Third-party Market Study.

¹⁰⁴ Source: Third-party Market Study.

¹⁰⁵ The revenue also includes revenue from other countries.

¹⁰⁶ YIT's segment of infrastructure projects. Growth in 2018–2019.

¹⁰⁷ Skanska Infra Oy.

¹⁰⁸ NRC Group Finland Oy.

¹⁰⁹ Revenue of the earthwork business of E. Hartikainen Oy.

¹¹⁰ Terrawise Group Oy's growth in 2018–2019.

¹¹¹ NCC Industry Oy.

¹¹² SRV Infra Oy.

¹¹³ Source: Annual reports of the companies.

SELECTED FINANCIAL INFORMATION

Historical financial information

The selected financial information below has been derived from Kreate's unaudited consolidated interim report as at and for the nine months ended 30 September 2020, prepared in accordance with "*IAS 34 – Interim Financial Reporting*" and on which a review of historical financial information has been performed including unaudited comparative consolidated financial information as at and for the nine months ended 30 September 2019 and Kreate's audited consolidated financial statements as at and for the years ended 31 December 2019 and 31 December 2018 including the unaudited comparative consolidated financial information as at and for the year ended on 31 December 2017, prepared in accordance with the IFRS. The key figures presented below have been prepared for this Offering Circular. Kreate has prepared its first consolidated financial statements in accordance with the IFRS as at and for the year ended on 31 December 2018. The financial statements include unaudited comparative consolidated financial information as at and for the year ended on 31 December 2017.

Kreate's unaudited consolidated interim report as at and for the nine months ended 30 September 2020 including the unaudited comparative consolidated financial information as at and for the nine months ended 30 September 2019 and Kreate's audited consolidated financial statements as at and for the years ended 31 December 2019 and 31 December 2018 including unaudited comparative consolidated financial information as at and for the year ended on 31 December 2017 have been incorporated in this Offering Circular by reference. Save for Kreate's audited consolidated financial statements for the financial years ended 31 December 2019, 31 December 2018 and 31 December 2017 incorporated in this Offering Circular by reference, no part of this Offering Circular has been audited. A review of historical financial information has been performed on the Kreate's unaudited consolidated interim report as at and for the nine months ended 30 September 2020.

Consolidated statement of comprehensive income	For the nine months ended 30 September		For the year ended 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited)		(unaudited)
Revenue.....	173.3	149.0	221.1	192.4	143.9
Other operating income.....	0.1	0.1	0.2	0.5	0.1
Materials and services	-132.4	-114.0	-168.9	-151.5	-111.6
Employee benefit expenses	-24.1	-20.4	-29.0	-24.5	-18.0
Other operating expenses	-6.8	-6.3	-9.6	-7.7	-7.2
Share of joint venture's profit.....	0.8	0.9	1.0	1.5	0.3
Depreciation, amortisation and impairment.....	-2.8	-2.4	-3.4	-3.0	-3.0
Operating profit	8.1	6.9	11.5	7.7	4.5
Financial income	0.0	0.0	0.0	0.1	0.3
Financial expenses	-0.7	-0.9	-1.2	-3.1	-3.2
Financial income and expenses.....	-0.7	-0.9	-1.2	-3.0	-2.9
Profit before taxes	7.4	6.0	10.3	4.7	1.6
Income taxes.....	-1.5	-1.2	-1.6	-0.9	-0.6
Profit for the period.....	5.9	4.9	8.7	3.8	1.0
Comprehensive income for the period	5.9	4.9	8.7	3.8	1.0
Earnings per share calculated on the profit attributable to owners of the parent.....	5.9	4.9	8.7	3.8	1.0

Consolidated balance sheet	As at 30 September		As at 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited)		(unaudited)
ASSETS					
Non-current assets					
Intangible assets	1.0	1.1	0.9	1.0	1.4
Goodwill	35.6	35.6	35.6	35.6	35.6
Tangible assets	14.6	13.8	15.7	13.4	10.2
Right-of-use assets	1.4	1.3	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
Investments in joint ventures	8.0	7.5	7.6	7.9	7.4
Other receivables	0.3	0.4	0.3	0.3	0.2
Deferred tax assets	0.2	0.0	0.2	0.0	0.0
Non-current assets, total	61.0	59.7	60.4	58.2	54.9
Current assets					
Inventories	0.0	0.1	0.0	0.1	0.1
Trade and other receivables	34.6	37.9	32.1	31.6	21.8
Income tax receivables	1.0	0.7	0.3	0.0	0.0
Cash and cash equivalents	12.9	6.0	12.7	6.1	6.2
Current assets, total	48.4	44.8	45.1	37.8	28.1
Total assets	109.4	104.5	105.5	96.0	82.9
EQUITY					
Share capital	0.0	0.0	0.0	0.0	0.0
Reserve for invested unrestricted equity	8.3	8.2	8.3	8.1	7.2
Capital loan	16.2	17.5	16.2	17.4	0.0
Retained earnings	17.8	9.4	11.9	4.5	0.9
Total equity	42.3	35.1	36.4	30.0	8.1
LIABILITIES					
Non-current liabilities					
Interest-bearing debt	0.7	0.7	0.5	0.4	0.3
Deferred tax liabilities	22.2	26.6	24.5	28.7	44.1
Non-current liabilities, total	22.9	27.3	25.0	29.1	44.4
Current liabilities					
Interest-bearing debt	7.2	5.1	5.5	4.9	3.0
Trade and other payables	33.7	34.8	36.2	30.5	26.4
Income tax liabilities	1.6	1.2	1.0	0.3	0.6
Provisions	1.7	1.0	1.5	1.0	0.4
Current liabilities, total	44.2	42.1	44.1	36.8	30.5
Total liabilities	67.1	69.4	69.1	65.9	74.9
Total equity and liabilities	109.4	104.5	105.5	96.0	82.9

(1) Right-of-use assets have been included in tangible assets in the financial statements for the financial years 2019, 2018 and 2017.

Consolidated cash flow statement	For the nine months ended 30 September		For the year ended 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited, unless otherwise indicated)		(unaudited)
Profit for the period.....	5.9	4.9	8.7	3.8	1.0
Depreciation, amortisation and impairment.....	2.8	2.4	3.4	3.0	3.0
Financial income and expenses.....	0.7	0.9	1.2	3.0	2.9
Income taxes.....	1.5	1.2	1.6	0.9	0.7
Interest on lease liabilities, IFRS 16.....	-0.0	-0.0	-0.0	-0.0 ⁽¹⁾	-0.7
Other adjustments.....	-0.8	-0.9	-1.0	-1.5	-0.3
Total adjustments.....	4.2	3.5	5.1	5.4 ⁽¹⁾	5.5
Change in trade and other receivables	-2.4	-6.5	-0.6	-10.0	10.1
Change in inventories	0.0	-0.1	0.1	0.0	0.0
Change in trade and other payables	-2.6	4.1	5.8	7.5	2.3
Change in provisions.....	0.2	-0.0	0.4	0.6	-0.9
Total change in working capital	-4.8	-2.5	5.6	-1.9	11.5
Cash flow from operating activities before financial items and taxes	5.3	5.9	19.5	7.3 ⁽¹⁾	18.0
Interest paid in operating activities	-0.0	-0.0	-0.0	-0.0	-0.0
Interest received in operating activities	0.0	0.0	0.1	0.1	0.1
Other financial items	-0.1	-0.2	-0.3	-0.2	-0.1
Dividends received.....	0.5	-	-	0.0	0.3
Taxes paid	-1.4	-0.8	-1.0	-1.0	0.3
Cash flow from operating activities.....	4.3	5.0	18.3	6.2⁽¹⁾	18.5
Investments in tangible and intangible assets.....	-3.2	-4.1	-5.3	-4.2	-2.7
Disposals of tangible and intangible assets	0.3	0.3	0.3	0.5	0.7
Acquisition of shares in subsidiaries and businesses	-	-	-	-2.1	-11.1
Proceeds from the disposal of other investments ..	-	-	-	0.2	-
Granted loans	-	-	-	-	-2.3
Repayment of loan receivables.....	-	1.3	1.3	1.0	-
Cash flow from investing activities	-2.9	-2.5	-3.7	-4.6	-15.4
Equity investments	-	0.1	0.2	0.9	1.9
Acquisition of treasury shares	-	-	-	-	-0.1
Drawdown of capital loan	-	0.1	0.4	-	-
Repayment of capital loan.....	-	-0.0	-1.5	-	-
Drawdown of non-current loans	-	-	-	17.4	24.9
Repayment of non-current loans	-	-	-	-11.0	-15.4
Repayment of current loans	-0.4	-1.9	-3.8	-1.8	-9.4
Repayment of lease liabilities, IFRS 16.....	-0.5	-0.5	-0.7	-0.5 ⁽¹⁾	0.3
Interest and other loan expenses.....	-0.3	-0.4	-2.6	-6.6	-1.5
Cash flow from financing activities	-1.2	-2.6	-8.1	-1.7⁽¹⁾	0.8
Changes in cash and cash equivalents	0.2	-0.1	6.6	-0.1	3.8
Cash and cash equivalents on the opening balance sheet.....	12.7	6.1	6.1	6.2	2.4
Changes in cash and cash equivalents.....	0.2	-0.1	6.6	-0.1	3.8
Cash and cash equivalents at the end of the period	12.9	6.0	12.7	6.1	6.2

(1) Adjusted, unaudited. Adjusted in the financial statements for 2019 for the financial year 2018. Adjustments are due to changes in the treatment of lease liabilities under IFRS 16.

Key figures	As at and for the nine months ended 30 September		As at and for the year ended 31 December		
	2020	2019	2019	2018	2017
(EUR million, unless otherwise indicated)	(unaudited)		(unaudited, unless otherwise indicated)		
Revenue.....	173.3	149.0	221.1 ⁽¹⁾	192.4 ⁽¹⁾	143.9
Change in revenue, %.....	16.3	8.5	14.9	33.7	-
EBITDA.....	10.9	9.3	14.9	10.7	7.5
EBITDA, %.....	6.3	6.3	6.7	5.6	5.2
EBITA.....	8.2	7.1	11.7	8.3	5.3
EBITA, %.....	4.7	4.7	5.3	4.3	3.7
Operating profit.....	8.1	6.9	11.5 ⁽¹⁾	7.7 ⁽¹⁾	4.5
Operating profit, %.....	4.7	4.7	5.2	4.0	3.2
Profit for the period.....	5.9	4.9	8.7 ⁽¹⁾	3.8 ⁽¹⁾	1.0
Earnings per share, €.....	0.81	0.67	1.00	0.53	0.18
Order backlog.....	149.0	204.1	177.2	126.6	120.7
Capital employed.....	58.8	60.8	53.6	57.5	48.9
Return on capital employed, %.....	21.1	16.2	20.7	14.5	— ⁽²⁾
Return on equity, %.....	25.3	27.6	26.3	20.0	— ⁽²⁾
Net investments in operating activities.....	-2.9	-3.8	-5.0	-3.7	-2.0
Free cash flow from operating activities.....	2.4	2.1	14.5	3.6	16.0
Net working capital.....	1.0	3.6	-4.0	1.3	-0.9
Net debt.....	16.5	25.7	17.3	27.5	40.9
Net debt/EBITDA.....	1.0	2.0	1.2	2.6	5.5
Equity ratio, %.....	38.7	33.6	34.5	31.3	39.1
Personnel at the end of the period.....	404	391	395	342	272
Personnel on average.....	413	371	376	319	276

(1) Audited.

(2) Due to the IFRS transition in the financial year 2018, return on capital employed (%) and return on equity (%) cannot be presented as comparative IFRS figures for the financial year 2017.

Reconciliation of alternative key figures

Key figures	As at and for the nine months ended 30 September		As at and for the year ended 31 December		
	2020	2019	2019	2018	2017
(EUR million, unless otherwise indicated)		(unaudited, unless otherwise indicated)			
EBITDA					
Operating profit	8.1	6.9	11.5 ⁽¹⁾	7.7 ⁽¹⁾	4.5
Depreciation, amortisation and impairment	2.8	2.4	3.4 ⁽¹⁾	3.0 ⁽¹⁾	3.0
EBITDA	10.9	9.3	14.9	10.7	7.5
EBITA					
Operating profit	8.1	6.9	11.5 ⁽¹⁾	7.7 ⁽¹⁾	4.5
Amortisation of intangible assets and impairment	0.1	0.1	0.2	0.6	0.7
EBITA	8.2	7.1	11.7	8.3	5.3
Capital employed					
Net debt	16.5	25.7	17.3	27.5	40.9
Equity	42.3	35.1	36.4 ⁽¹⁾	30.0 ⁽¹⁾	8.1
Capital employed	58.8	60.8	53.6	57.5	48.9
Return on capital employed, %					
Operating profit, rolling 12 months	12.6	9.2	11.5	7.7	— ⁽²⁾
Capital employed on average	59.8	56.8	55.6	53.2	— ⁽²⁾
Return on capital employed, %	21.1	16.2	20.7	14.5	— ⁽²⁾
Return on equity, %					
Profit for the period, rolling 12 months	9.8	6.4	8.7	3.8	— ⁽²⁾
Equity on average	38.7	23.1	33.2	19.1	— ⁽²⁾
Return on equity, %	25.3	27.6	26.3	20.0	— ⁽²⁾
Net investments in operating activities					
Investments in tangible and intangible assets	-3.2	-4.1	-5.3 ⁽¹⁾	-4.2 ⁽¹⁾	-2.7
Disposals of tangible and intangible assets	0.3	0.3	0.3 ⁽¹⁾	0.5 ⁽¹⁾	0.7
Net investments in operating activities	-2.9	-3.8	-5.0	-3.7	-2.0
Free cash flow from operating activities					
Net investments in operating activities	-2.9	-3.8	-5.0	-3.7	-2.0
Cash flow from operations before financial items and taxes	5.3	5.9	19.5 ⁽¹⁾	7.3 ⁽³⁾	18.0
Free cash flow from operating activities	2.4	2.1	14.5	3.6	16.0
Net working capital					
Inventories	0.0	0.1	0.0 ⁽¹⁾	0.1 ⁽¹⁾	0.1
Current trade and other receivables	34.6	37.9	32.1 ⁽¹⁾	31.6 ⁽¹⁾	21.8
Loan receivables	0.0	0.0	0.0 ⁽¹⁾	0.0 ⁽¹⁾	0.0
Interest receivables	0.0	0.0	0.0 ⁽¹⁾	0.0 ⁽¹⁾	0.0
Current trade and other payables	-33.7	-34.8	-36.2 ⁽¹⁾	-30.5 ⁽¹⁾	-26.4
Working capital before deduction of interest liabilities	0.9	3.3	-4.1	1.1	-4.6
Interest liabilities included in current trade and other payables	0.2	0.4	0.0 ⁽¹⁾	0.2 ⁽¹⁾	3.6
Net working capital	1.0	3.6	-4.0	1.3	-0.9
Net debt					
Interest-bearing debt	29.4	31.7	30.0	33.6	47.1
Cash and cash equivalents	12.9	6.0	12.7 ⁽¹⁾	6.1 ⁽¹⁾	6.2
Net debt	16.5	25.7	17.3	27.5	40.9

(1) Audited.

(2) Due to the IFRS transition in the financial year 2018, return on capital employed (%) and return on equity (%) cannot be presented as comparative IFRS figures for the financial year 2017.

(3) Adjusted. Adjusted in the financial statements for 2019 for the financial year 2018. Adjustments are due to changes in the treatment of lease liabilities under IFRS 16.

Definitions and calculation of key figures

Key figure		Definition or calculation
EBITDA	=	Operating profit + depreciation, amortisation and impairment
EBITA	=	Operating profit + amortisation of intangible assets + impairments
Operating profit	=	Profit before financial items and taxes
Earnings per share	=	$\frac{\text{Profit attributable to the owners of the parent – interest and expenses of the capital loan recorded on the period adjusted with tax impact}}{\text{Weighted average number of outstanding shares during the period}}$
Order backlog	=	Amount of unrecognised revenue from customer contracts at the end of period
Capital employed	=	Equity + net debt
Return on capital employed	=	$\frac{\text{Operating profit, rolling 12 months}}{\text{Capital employed on average} \times 100}$
Return on equity	=	$\frac{\text{Profit for the period, rolling 12 months}}{\text{Equity on average} \times 100}$
Net investments in operating activities	=	Investments in tangible and intangible assets – disposals of tangible and intangible assets
Free cash flow from operating activities	=	Cash flow from operations before financial items and taxes + net investments in operating activities
Net working capital	=	Inventories + (current trade and other receivables – loan receivables – interest receivables) – (current trade and other payables – interest liabilities)
Net debt	=	Interest-bearing debt – cash and cash equivalents
Net debt/EBITDA	=	$\frac{\text{Net debt}}{\text{EBITDA; rolling 12 months}}$
Equity ratio	=	$\frac{\text{Equity}}{(\text{Balance sheet total} - \text{advance payments received}) \times 100}$

In addition to the key figures presented above, Kreate expects to report in its future financial reporting the following key figures: adjusted EBITDA, adjusted EBITA and adjusted profit for the period, which will be adjusted after the Listing for costs related to the Listing and possible other adjustments in the future. Kreate expects the costs related to the Listing to amount to approximately EUR 0.3 million for the financial year ended 31 December 2020 and EUR 1.9 million for the three month period ending 31 March 2021.

Purpose of use of key figures

Key figure	Purpose of use
EBITDA	A measure of Kreate's profitability.
EBITA	Operating profit before amortisation of intangible assets as well as impairments. A measure of Kreate's profitability.
Operating profit	A measure of Kreate's financial performance.
Earnings per share	A measure of Kreate's profitability.
Order backlog	Indicates the volume that will be realised in the future.
Capital employed	Indicates the amount of capital employed in the business.
Return on capital employed	Indicates how much return Kreate can generate with its capital employed.
Return on equity, %	Indicates how much return Kreate can generate with its equity.
Net investments in operating activities	A measure of the amount of investments made in the business.
Free cash flow from operating activities	A measure of the amount of cash flow generated by the business.
Net working capital	Indicates how much cash and cash equivalents have been invested in the capital shown in the balance sheet.
Net debt	Indicates the total amount of Kreate's external debt financing.
Net debt/EBITDA	Reflects Kreate's gearing.
Equity ratio, %	Indicates the amount of Kreate's assets that have been financed with equity.

OPERATING AND FINANCIAL REVIEW

The following discussion of Kreate's operating results and financial position should be read together with the sections "Certain additional information – Presentation of financial and certain other information" and "Selected financial information" as well as Kreate's consolidated financial statements and interim report incorporated in this Offering Circular by reference.

The information presented below is based on Kreate's audited consolidated financial statements for the years ended 31 December 2019 and 31 December 2018 prepared in accordance with the IFRS, including unaudited comparative figures for the year ended 31 December 2017, as well as Kreate's interim report for the nine months ended 30 September 2020, including comparative figures for the nine months ended 30 September 2019.

The following discussion includes forward-looking statements that involve inherent risks and uncertainties. Kreate's actual results of operations may differ materially from those contained in such forward-looking statements as a result of several factors discussed below and elsewhere in this Offering Circular, particularly in the sections "Risk factors" and "Certain additional information – Forward-looking statements".

Overview

Kreate is a Finnish company focusing on demanding infrastructure construction. According to Kreate's management, Kreate is the leading player particularly in bridge and foundation construction as measured by revenue and know-how. Kreate operates mainly in Finland. Kreate's business is organised in the following business areas: (i) structural engineering, containing bridge construction and repairs, foundation, concrete and ground engineering and rock engineering; and (ii) traffic routes containing road construction, as well as railway construction. In addition, Kreate provides circular economy services.

Kreate's customers mainly consist of customers in the public sector. In the period between 1 January 2019 and 30 September 2020, 31 per cent of the sales originated from state-owned parties that are responsible for the development and maintenance of infrastructure. During the same period, 30 per cent of sales originated from municipal customers that include municipalities, cities and various types of other municipal entities, such as transport agencies, harbours and energy facilities. The remaining 39 per cent of sales originated from private customers from various sectors, such as construction companies, industrial customers, real estate companies and retail and wholesale companies.¹¹⁴

Kreate's revenue was EUR 173.3 million for the nine months ended on 30 September 2020 (EUR 149.0 million for the nine months ended 30 September 2019), and its operating profit amounted to EUR 8.1 million (EUR 6.9 million for the nine months ended 30 September 2019). For the full year 2019, Kreate's revenue amounted to EUR 221.1 million (EUR 192.4 million for the year 2018 and EUR 143.9 million for the year 2017), and its operating profit was EUR 11.5 million (EUR 7.7 million for the year 2018 and EUR 4.5 million for the year 2017).

In 2019, the average number of Kreate's employees was 376 (2018: 319).

Key factors affecting the results of operations

Kreate's results of operations have been affected, and are expected to continue to be affected, by several factors that are by their nature either (i) external, i.e. outside of Kreate's influence, or (ii) internal, i.e. within Kreate's influence. Key factors affecting Kreate's results of operations include, but are not limited to, the factors described below.

Internal factors

- Changes in the project mix;
- Project management;
- Cost structure and management of costs;
- Mergers and acquisitions;
- Capital expenditures; and
- Efficiency of working capital.

External factors

- Demand for infrastructure constructions services;
- Competitive situation and pricing of services; and
- Seasonal nature of the business.

¹¹⁴ The distribution of sales is based on customer invoicing data. The figures have not been prepared in accordance with the IFRS, and include certain assumptions made by the management. As such, these figures should only be considered indicative of Kreate's customer segments, and they may not be directly comparable with Kreate's information prepared in accordance with the IFRS.

Internal factors

Changes in the project mix

Changes in Kreate's project mix affect its results of operations. Currently Kreate's business is organised into traffic roads, containing road constructions and repairs and railway construction, and into structural engineering, containing bridge construction and repairs, foundation, concrete and ground engineering, and rock engineering. In addition, Kreate provides circular economy services. Projects implemented by Kreate vary in their size from large projects of over EUR 15 million to medium-sized projects of EUR 5–15 million and EUR 2.5–5.0 million, and smaller projects of under EUR 2.5 million¹¹⁵. For more information on Kreate's projects, see "*Business overview – Services and projects*".

Changes in the project mix may result from, among others, expansion into new business areas or to projects of different sizes, as well as from possible changes in the focus of Kreate's current business areas as a result of, for example, fast growth in specific business area. Kreate's management sees opportunities for growth in, for example, demanding excavation works in urban environments, as well as in increasing know-how in railway and tramline construction, particularly in technical railway engineering (for more information, see "*Business overview – Kreate's strategy*"). Expansion into new business areas or growing existing business areas may incur additional costs for Kreate. Such additional costs may be reflected in investments in new specialist equipment or recruitment of competent personnel.

Changes in the types of projects executed by Kreate may also affect the margins of the projects. The margin levels of the projects are affected by, for example, the size and complexity of the projects and the contract model. For more information on Kreate's project contract models, see "*Business overview – Services and projects*". Changes in these factors may have a positive or negative impact on Kreate's results of operations.

Project management

Kreate's business is based on a large number of demanding infrastructure construction projects executed simultaneously. Kreate's projects can be divided into small, medium-sized and large projects, the focus being on medium-sized projects that generate approximately half of Kreate's revenue. In addition, the additional works relating to the projects increases Kreate's work reserve annually by approximately 10 to 15 per cent. The profitable and successful execution of the projects has a material effect on Kreate's results of operations. For more information on Kreate's projects, see "*Business overview – Services and projects*".

Simultaneous implementation of several projects requires active project management, fleet management and continuous monitoring and management of schedules and costs from Kreate. According to Kreate's management, key factors include efficient project management methods that contribute to the simultaneous implementation of several technically demanding and large-scale projects. Combining the activities of Kreate's various business areas creates a specific challenge in the project management. Particularly in more demanding projects, Kreate may utilise the know-how of four or more different business areas.

Cost structure and management of costs

The most significant costs in Kreate's business are incurred from materials and services, such as materials needed in projects, i.e. steel, concrete, fuel, machinery and equipment, timber and other supplies, as well as costs related to subcontractors. The cost of materials and services amounted to EUR 168.9 million for the year 2019. The personnel represents the second largest cost item for Kreate. Employee benefits amounted to EUR 29.0 million for the year 2019. In addition, Kreate's other operating costs amounted to EUR 9.6 million for the year 2019, including e.g. employees' travel expenses, IT costs, social security costs and leases for apartments occupied by employees. According to Kreate's management, the costs of infrastructure construction have increased steadily in recent years. For example, the costs of civil engineering increased by 2.0 per cent from December 2018 to November 2019.¹¹⁶

The cost structure and management of costs have a significant effect on Kreate's results of operations. Costs related to materials and services can be controlled by, among others, estimating the prices of materials required in a project when preparing a bid for it. The aim is to acquire the materials required in a project at fixed prices immediately when the project commences.

¹¹⁵ Projects implemented between 1 January 2017–30 September 2020, excluding projects started prior to 1 January 2017, projects in environmental construction (discontinued business), smaller assignments, crushing works and internal projects.

¹¹⁶ Source: Statistics Finland.

Mergers and acquisitions

One of Kreate's strategic cornerstones are disciplined acquisitions that support its strategy. Kreate's management continuously reviews opportunities for strategic acquisitions to complement Kreate's existing capabilities and service offering, and thus to support organic growth. Kreate only aims to acquire companies or businesses that, in the view of Kreate's management, provide Kreate with new special know-how or new talents, or complement Kreate's existing capabilities, and as such, widen Kreate's service offering and enable Kreate's profitable growth. In 2017 and 2018, Kreate successfully executed targeted bolt-on acquisitions to expand its know-how in certain areas.

When assessing acquisition targets and implementing business acquisitions, the key factors include the commitment of the target's management and key employees to Kreate, the competence base of the personnel and its compatibility with Kreate's strategy, values and culture, as well as successful integration of the target into Kreate. Kreate estimates that it will finance potential acquisitions with cash flow from operating activities or external financing or, after the Listing, potentially by utilising funds from capital markets. Failure in the identification of suitable acquisition targets, integration of acquired businesses or commitment of their personnel and shortcomings in the personnel's skills or problems in aligning the internal operating procedures of the acquired businesses with Kreate's operating model and principles may affect Kreate's revenue or profitability. As such, Kreate strives to ensure the successful integration of acquired businesses into Kreate by, for example, providing the management and personnel induction training on Kreate's corporate culture and values, as well as offering all of its employees uniform tools and consistent working methods.

For more information on mergers and acquisitions, see "*Risk factors – Risks related to Kreate's business operations – Kreate is exposed to risks related to mergers and acquisitions*", "*Business overview – History – Acquisitions*" and "*Business overview – Kreate's strategy – Supporting the strategy with selected acquisitions*".

Capital expenditures

The most significant share of Kreate's capital expenditures comprises investments in tangible assets, mainly to machinery and equipment. When executing its projects, Kreate widely utilises special equipment designed for demanding construction, and due to this, continuous investments in machinery and equipment play a significant role in Kreate's activities. The key machinery and equipment used in Kreate's business include piling machines, rock engineering equipment, small equipment and excavators.

The special equipment used by Kreate is mainly owned, and Kreate leases special equipment only to a limited extent. The acquisition of special equipment requires significant investments, as special equipment is generally expensive. The average price of a special equipment is approximately EUR 200–300 thousand, but more expensive equipment may cost up to EUR 1–2 million. Kreate has invested significant amounts in the necessary special equipment to ensure its capabilities to execute multifaceted and demanding infrastructure construction projects.

The acquisition of machinery and equipment requires long-term planning, as their delivery times can be long, in particular, due to tailoring of the machines and equipment. Owing to this, Kreate needs to prepare for the replacement and acquisition of machinery and equipment systematically in order to ensure their availability to the extent required by Kreate's business. In its investments in machinery and equipment, Kreate must also ensure the high quality of the acquired machinery and equipment, as well as their fitness for Kreate's purposes. Failure in the acquisition of needed machinery and equipment or issues in the availability of machinery and equipment may lead to, for example, delays in projects or incur additional costs.

Kreate's gross investments in intangible and tangible assets amounted the EUR 6.1 million for the year ended 31 December 2019, EUR 4.3 million for the year ended 31 December 2018 and EUR 4.1 million for the year ended 31 December 2017. The largest investments were made in tangible assets, mainly machinery and equipment. In 2019, Kreate also acquired a warehouse site in Tuusula that was previously leased. Kreate estimates that its future gross investments in intangible and tangible assets will materially remain on the level of the years 2017–2019. For more information on capital expenditures, see "*Business overview – Material investments*".

Efficiency of working capital

Efficient working capital management has a significant effect on Kreate's results of operations. As such, Kreate seeks to manage the working capital needs of its operations efficiently at all times.

Due to the changes in the need for working capital resulting from the seasonal nature of the business, Kreate must carefully plan the working capital management. As a result of the seasonal nature of the business, revenue from projects is mostly recognised in the period between late spring and late autumn, which also leads to fluctuation in the working capital needs during the financial period (for more information, see "*– External factors – Seasonal nature of the business*"). Efficient management of working capital also ensures sufficient liquidity for Kreate, and allocation of working capital is one of the methods used in Kreate's capital structure management.

Kreate's working capital comprises the difference between trade and other receivables and trade and other liabilities. Kreate does not have a significant amount of inventories. Kreate's net working capital amounted to EUR -4.0 million as at 31 December 2019, EUR 1.3 million as at 31 December 2018 and EUR -0.9 million as at 31 December 2017.

External factors

Demand for infrastructure construction services

The infrastructure construction market is considered to be stable in Finland, and it has shown steady historical growth. The growth of the market is expected to remain stable at 0.8 per cent per year on average between 2019–2023.¹¹⁷ In the coming years, the demand in the market will mainly be driven by urbanisation, the large renovation debt in construction and the stimulus programme in the public sector. Furthermore, the growth is expected to be driven in the coming years by the agreements related to land use, housing and transport (MAL), as well as the Finnish transport infrastructure plan for 12 years (from 2022 onwards). However, the weakened municipal economy and the development of the housing construction market are expected to slow down the growth rate in the coming years. The demand for large infrastructure projects is also expected to remain stable. For more information on factors supporting the growth of the market, see "*Market and industry review – Growth in the Infrastructure Construction Market and growth drivers*".

Kreate provides its services to players in both the public and private sector, and its customer base is focused on the public sector entities, such as municipalities, authorities and other public institutions. Approximately two thirds of Kreate's revenue comes from projects in the public sector and one third from projects in the private sector. For more information on the allocation of the customers on revenue basis, see "*Business overview – Sales and customers*".

In the private sector, general economic development and economic cycles have a significant impact on demand. The demand in the public sector is less sensitive to economic cycles as compared to the demand in private sector and the customers are more stable, but economic development may affect the demand in the public sector through, for example, the volume of infrastructure construction projects executed in the economic conditions prevailing from time to time. The political atmosphere influences the demand for Kreate's services through the decision-making process related to the use of public funds. For example, political planning and decision-making relating to transport have a significant impact on the demand for road and railway construction projects executed by Kreate. The availability of financing in the economic conditions prevailing from time to time may also affect the demand for Kreate's infrastructure construction services. For example, the general interest rate level may impact the customers' ability to finance their investments.

The level of demand may affect Kreate's negotiating power and the efficiency of pricing services, which may impact Kreate's results of operations. The level of demand may change over a short period of time, and the number of infrastructure construction projects may increase or decrease rapidly in line with economic development. However, Kreate's diverse customer base and know-how provide flexibility and diversification in Kreate's business. Kreate has succeeded historically in showing steady, profitable growth and potential for creating value. As a result of this growth, Kreate also has better capabilities to execute large projects requiring multifaceted special skills.

Competitive environment and pricing of services

In Finland and Sweden, the infrastructure construction market includes several large, medium-sized and small players. In addition to Kreate, large players with an extensive offering in the infrastructure construction market in Finland include YIT, GRK, Destia and Skanska. Kreate is the leading player in its core competence areas including bridges, foundation and concrete, and ground engineering, the 2nd or 3rd player in rock engineering¹¹⁸ and road and street construction¹¹⁹ and the 3rd to 5th player in railway construction^{120, 121}. Kreate's management believes that its wide and specialised portfolio provides Kreate a competitive edge in projects requiring versatile special competencies in infrastructure construction and a capability to execute demanding projects. However, the growth in the infrastructure construction market may attract new players to the market, for example, from abroad. For more information on Kreate's competitive environment, see "*Market and industry review – Competitive environment*", and for Kreate's business areas, see "*Business overview – Services and projects*".

In infrastructure construction projects, it is typical that the customer determines the pricing model to be applied in the project, and due to this, Kreate uses several different pricing models in its projects. However, the majority of Kreate's project contracts are based on fixed pricing. Before submitting its offer for fixed-price project contracts, Kreate estimates

¹¹⁷ Source: Third party market study.

¹¹⁸ 3rd position in the total market, 2nd or 3rd position in demanding excavation work and rock engineering in urban environments.

¹¹⁹ 3rd position in the total market, 2nd or 3rd position in projects implemented in previously constructed urban environments.

¹²⁰ 5th position in the total market, 3rd or 4th position in substructures and superstructures, turnouts and railyards.

¹²¹ Source: Third party market study.

the time required for implementing the project in question and the required resources, including the costs of materials and subcontractors, and prepares the cost estimate and schedule for the project on the basis of these factors. In its tender calculations, Kreate also considers the time period between the pricing of the project and the start of the project, which is usually approximately two months. Failure in the preparation of the project schedule or an increase in the actual project costs from the estimates may impact the profitability of the projects in question. The pricing basis selected by the customer may also impact the profitability of projects on a more general level in cases where, for example, the customer applies a new pricing basis. In such cases, Kreate's ability to respond to changes in the market trends impacts the project's profitability.

When Kreate participates in the planning stage of the projects, it has a good opportunity to ensure that the overall schedule is followed and to influence the costs of the project. Broad cooperation between the business areas and existing efficient processes enable efficient execution of the projects. As the majority of Kreate's customers are players in the public sector, public procurements represent a material part of Kreate's customer solicitation. According to the management, Kreate's capabilities in tendering are on a high level, which helps Kreate to win tenders while maintaining good profitability in its projects. According to the management, Kreate is selective when deciding which tenders to participate in, and it chooses projects where it is highly competitive. When preparing tenders in procurement procedures, Kreate utilises the personnel of several business areas and their skills, and, for example, worksite management participates in the tender calculations, which Kreate's management believes to provide a competitive edge. In addition, the competition is less intense in the demanding infrastructure construction projects within the scope of Kreate's core competencies due to the high technical capabilities required in them.

Seasonal nature of the business

Weather conditions have a significant effect on infrastructure construction activities in Finland and Sweden. As such, Kreate's business, like infrastructure construction in general, is seasonal by nature. The first quarter is usually the time when new projects are commenced. Due to weather conditions, construction work mainly takes place in the period from late spring to late autumn, when construction work is the most cost-efficient. The unpredictability of weather conditions and the seasonal nature of Kreate's industry may impact the profitability of Kreate's projects and, in turn, Kreate's business, financial position, results of operations and future prospects. For this reason, Kreate must consider the seasonal fluctuation of weather conditions in the planning and scheduling of projects. The second and third quarter are traditionally periods of active implementation of projects due to, among other factors, the weather conditions.

Due to the seasonal nature of Kreate's business, Kreate's need for personnel is at the highest level in the time period from late spring to late autumn, when the importance of ensuring the availability of employees with competence needed in Kreate's activities is emphasised. According to the management, Kreate's internal employer image is very positive, and its employees are highly motivated.

The seasonal nature of the business also impacts revenue recognition from projects. Kreate recognises sales revenue at the time (or over time) when the performance obligation is satisfied, i.e. when control over the goods or service underlying the performance obligation is transferred to the customer. A significant proportion of Kreate's revenue originates from infrastructure construction project contracts that are always treated as a whole, and revenue related to them is recognised over time on the basis of the degree of completion of the performance obligation. The recognition of long-term projects is based on estimates on the probable sales revenue and expenses expected from the project, as well as on reliable measurement of the degree of completion of the performance obligation in the project. The customer settles its payments to Kreate mainly according to the progress of the project.

Recent events

Kreate's revenue for the year 2020 is estimated to amount to approximately EUR 235 million (based on the revenue of EUR 173.3 million for the nine months ended 30 September 2020 and the order backlog of EUR 59 million that is expected to be realised by the end of 2020). EBITA for the year 2020 is estimated to amount to approximately EUR 10.5 million (excluding the costs related to the Listing), corresponding to an EBITA-margin of around 4.5 per cent. At the end of 2020, the order backlog is estimated to be approximately EUR 135 million, of which around EUR 111 million is expected for the year 2021 (as at 30 September 2020, the order backlog for the year 2021 amounted to EUR 73 million, and Kreate's new orders were at an ordinary level at the end of September 2020).

According to Kreate's management, other than the refinancing arrangement described in this Offering Circular, there have been no material change in Kreate's financial performance or position between 30 September 2020 and the date of this Offering Circular. For further information on the refinancing arrangement, see "*Liquidity and capital resources – Liquidity – Refinancing arrangement*".

Future outlook

The discussion below includes forward-looking statements that involve inherent risks and uncertainties. Kreate's actual results of operations and financial position could differ materially from those contained in such forward-looking statements as a result of several factors and particularly the present COVID-19 pandemic discussed below and elsewhere in this Offering Circular, particularly in sections "Risk factors" and "Certain additional information – Forward-looking statements". Undue reliance should not be placed on these forward-looking statements. The following discussion has been prepared on a basis which is (i) comparable with Kreate's historical financial information, and (ii) consistent with the accounting principles applied in Kreate's financial statements.

Outlook for the year 2021 is based on the estimates and assumptions of Kreate's management regarding the development of Kreate's revenue and operating environment. The guidance is based on Kreate's order backlog, management's estimate on the realisation of the order backlog during the year 2021 as well as assumptions on Kreate's ability to create additional revenue on top of its existing order backlog. Key factors affecting the revenue that are within Kreate's management's sphere of influence are sales and pricing, project, cost and working capital management as well as capital expenditures. Any effects arising from the COVID-19 pandemic as well as changes in the size of the infrastructure construction market as well as in demand for Kreate's services, cannot be influenced by Kreate's management.

Trends and outlook

According to Kreate's management, the small number of tenders due to the COVID-19 pandemic led to a clear tightening of competition in the operating environment during the financial year ended 31 December 2020. The increase in the number of tenderers in all business areas has lowered the price level of construction projects and created challenges for the players in the industry. The number of tenderers has remained moderate only in projects that are technically challenging and require special know-how. According to the management, Kreate's strategic focus on the execution of demanding projects has provided a competitive edge in the tightened market conditions.

Guidance

The Finnish infrastructure construction market has shown stable growth historically. In 2020, the estimated market size was approximately EUR 7 billion, and it is expected to remain stable or decline slightly in 2021. Management estimates that the COVID-19 pandemic has postponed the start of certain infrastructure projects during 2020 and resulted in overall lower backlog of projects in the market going into 2021. In the near term, demand is expected to be particularly driven by urbanisation, infrastructure renovation debt, and public sector projects.

Kreate expects that its revenue (2020: around EUR 235 million) will decline in 2021 compared to 2020.

As at 31 December 2020, Kreate's order backlog stood at around EUR 135 million (31 December 2019: EUR 177.2 million). Of this, around EUR 111 million is expected to be realised during 2021 (31 December 2019: EUR 130.3 million during 2020). During the last 3 years, Kreate has generated on average EUR 107 million of additional revenue during a financial year on top of order backlog at the beginning of the year. Management estimates that, as of 31 December 2020, the expected profitability of the order backlog has been on a normal level.

Factors affecting the comparability of Kreate's financial information

Kreate has prepared its financial statements in accordance with the IFRS for the years ended 31 December 2019 and 31 December 2018. In connection with the transition to the IFRS, Kreate applied IFRS 1 First-time Adoption of International Financial Reporting with the transition date of 1 January 2017. Kreate applied the Finnish Accounting Standards (FAS) for the year ended 31 December 2017. Unaudited comparative figures prepared in accordance with the IFRS for the year ended 31 December 2017 are included in Kreate's financial statements for the year ended 31 December 2018. Kreate applies the following new or amended IFRS standards adopted by the European Union.

IFRS 9 Financial Instruments

Kreate has applied IFRS 9 Financial Instruments since 1 January 2017. Kreate's balance sheet as at the transition date of 1 January 2017 included an interest rate derivative that was recognised in the FAS financial statements for the year ended 31 December 2017 in the fair value reserve under equity as an instrument included in hedge accounting. In the IFRS financial statements, it is deemed that the hedge accounting documentation does not satisfy all requirements of IFRS 9, and the change in its fair value is recognised through profit or loss. In addition, a deferred tax asset is recognised for the interest derivative in the IFRS balance sheet as at the transition date. The interest rate derivative matured in 2017 when the underlying loan was repaid.

IFRS 15 Revenue from Contracts with Customers

Kreate has applied IFRS 15 Revenue from Contracts with Customers since 1 January 2017. Revenue is recognised to depict the transfer of promised goods or services to customers with an amount that reflects the consideration to which Kreate 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 revenue recognised will not occur. Kreate recognises revenue when (or 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 time of recognition of revenue is determined by the transfer of control over the good or service to the customer. Kreate has revenue that is recognised over time. The determination of revenue recognised over time is based on the measure of progress of the performance obligation, which is determined in conjunction with each project based on the costs arising from the work performed at the time of review as a percentage of the estimated total project costs. The estimated project revenue and the total costs are updated at the end of each reporting period. Where the outcome of a long-term project cannot be estimated reliably, project revenue is recognised only to the extent of project costs incurred that it is probable will be recoverable. When it is probable that total costs needed for completing a project will exceed 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 revenue recognised on the basis of the stage of completion, the difference is presented as a contract asset item under the line item trade and other receivables. If the invoicing for a project is higher at the reporting date than the revenue recognised on the basis of the stage of completion, the difference is presented as a contract liability under the line item trade and other payables. There is no significant difference time-wise between payments made by customers and the hand-over of Kreate's performed work. The payments made by customers occur largely in tandem with the progress of a project. Kreate's project contracts do not involve significant financing components or payment terms that diverge from normal practice.

The calculation and planning costs related to project contracts are recognised as an expense. Kreate does not have warranty terms that exceed normal practice. Normal statutory warranties are treated as provisions. Typically, amendments to contracts consist of additional or modification work, which are treated as part of the original contract.

A significant percentage of Kreate's revenue stream arises from infrastructure construction project contracts. Each contract is treated as a separate whole, and the related revenue is recognised over time, based on the measure of progress of the performance obligation. Revenue from customer contracts is recognised over time, as the customer is considered to exercise 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 Kreate. Kreate also possesses the enforceable right to payment for performance completed by the time of review.

IFRS 16 Leases

As of 1 January 2017, Kreate has applied the new IFRS 16, application of which was mandatory as of 1 January 2019. Leases and service contracts are separated in accordance with IFRS 16 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 for 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 mostly 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 lease payments that have not yet been paid on that date. The amount of the lease liability is subsequently impacted by, among other factors, the interest accrued on the lease liability, lease payments made and lease modifications.

Kreate recognises an interest expense on lease liabilities and depreciation on right-of-use assets in profit or loss. In the cash flow statement, Kreate presents the interest paid on a lease liability under the cash flow from operating activities. The repayment of 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 a lease liability, are presented under the cash flow from operating activities.

Asset classes identified by Kreate in accordance with IFRS 16 are business premises and vehicles leased under normal terms and conditions. Kreate has not identified any service contracts under which there are identifiable assets that should be recognised in accordance with IFRS 16. Kreate treats project-specific assets for which the period of notice is less than 6 months as short-term leases. Computers, tablets, printers and similar equipment are treated as assets of low value.

Kreate uses the exemptions in IFRS 16.4 and does not apply IFRS 16 to intangible assets. The discount rate used is the cost of debt for Kreate, the components of which are the reference rate and the credit risk margin, either at the commencement date or, for leases that commenced before 1 January 2017, the transition date.

New and amended standards and interpretations

There are no IFRS standards, IFRIC interpretations or annual improvements or amendments to IFRS that are published but not in effect that would be expected to have a material impact on the Kreate's financial statements.

Results from operations

The review below describes Kreate's results of operations for the nine months ended 30 September 2020 and 30 September 2019, as well as for the years ended 31 December 2019, 31 December 2018 and 31 December 2017. The review focuses on the revenue and result for the period as shown in the income statement, as well as on EBITDA and EBITA, which are key figures monitored by Kreate's management and which, according to Kreate's management, represent the development of Kreate's business and results of operations during the periods and years indicated.

	1 January – 30 September		1 January – 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited, unless otherwise indicated)		(unaudited)
Revenue.....	173.3	149.0	221.1	192.4	143.9
EBITDA	10.9	9.3	14.9 ⁽¹⁾	10.7 ⁽¹⁾	7.5
EBITA.....	8.2	7.1	11.7 ⁽¹⁾	8.3 ⁽¹⁾	5.3
Result for the period.....	5.9	4.9	8.7	3.8	1.0

(1) Unaudited.

Revenue

Nine months ended 30 September 2020 compared to the nine months ended 30 September 2019

Kreate's revenue amounted to EUR 173.3 million for the nine months ended 30 September 2020, reflecting an increase of EUR 24.3 million compared to the revenue of EUR 149.0 million for the nine months ended 30 September 2019. According to Kreate, revenue increased both in traffic routes and structural engineering. In 2020, revenue was significantly higher than in 2019 particularly during the first quarter due to the exceptionally high growth in the work backlog and favourable weather conditions at the turn of the years 2019 and 2020. Furthermore, Kreate's significant projects proceeded faster than planned during the beginning of 2020, thus revenue from projects was also recognised faster than expected.

The year ended 31 December 2019 compared to the year ended 31 December 2018

Kreate's revenue amounted to EUR 221.1 million for the year ended 31 December 2019, reflecting an increase of EUR 28.7 million compared to the revenue of EUR 192.4 million for the year ended 31 December 2018. According to the management, the market for infrastructure construction remained stable in 2019, and Kreate's revenue was supported by all business areas and the strong order backlog. In particular, the second half of the year ended 31 December 2019 was stronger than the comparison period due to several significant projects and the rapid recognition of their revenue, favourable weather conditions and the progress of the projects ahead of schedule. The rock engineering business also grew significantly during 2019.

The year ended 31 December 2018 compared to the year ended 31 December 2017

Kreate's revenue amounted to EUR 192.4 million for the year ended 31 December 2018, reflecting an increase of EUR 48.5 million compared to the revenue of EUR 143.9 million for the year ended 31 December 2017. Kreate's management estimates that the infrastructure construction market grew by 3.5 per cent in 2018, and the growth in revenue was also accelerated by the strong order backlog in all business areas and significant growth in structural engineering due to, among other factors, the establishment of the rock engineering business. The integration of railway construction into Kreate also contributed to the growth in revenue.

EBITDA

Nine months ended 30 September 2020 compared to the nine months ended 30 September 2019

Kreate's EBITDA amounted to EUR 10.9 million for the nine months ended 30 September 2020, reflecting an increase of EUR 1.6 million compared to the EBITDA of EUR 9.3 million for the nine months ended 30 September 2019. The growth in EBITDA was supported by the increase in revenue, in addition to which Kreate's project management and accuracy of tender calculation remained on a good level.

The year ended 31 December 2019 compared to the year ended 31 December 2018

Kreate's EBITDA amounted to EUR 14.9 million for the year ended 31 December 2019, reflecting an increase of EUR 4.2 million compared to the EBITDA of EUR 10.7 million for the year ended 31 December 2018. The growth in EBITDA was supported by the increase in revenue, in addition to which Kreate's project management and accuracy of tender calculation improved in 2019 due to, in particular, the development of consistent processes. Relative profitability was increased particularly due to the increased share of more demanding projects in Kreate's total revenue in line with Kreate's strategy. EBITDA was also improved by, among others, the decrease in material costs.

The year ended 31 December 2018 compared to the year ended 31 December 2017

Kreate's EBITDA amounted to EUR 10.7 million for the year ended 31 December 2018, reflecting an increase of EUR 3.2 million compared to the EBITDA of EUR 7.5 million for the year ended 31 December 2017. The growth in EBITDA was supported by the increase in revenue, and furthermore, project management and accuracy of tender calculation improved due to, in particular, the development of consistent processes. Relative profitability was also increased due to the increased share of more demanding projects in Kreate's total revenue in line with Kreate's strategy.

EBITA

Nine months ended 30 September 2020 compared to the nine months ended 30 September 2019

Kreate's EBITA amounted to EUR 8.2 million for the nine months ended 30 September 2020, reflecting an increase of EUR 1.1 million compared to the EBITA of EUR 7.1 million for the nine months ended 30 September 2019. The increase in EBITA was supported by the increase in revenue, in addition to which Kreate's project management and accuracy of tender calculation remained on a good level. Depreciation of tangible assets amounted to EUR 2.7 million for the nine months ended 30 September 2020 and EUR 2.3 million for the nine months ended 30 September 2019.

The year ended 31 December 2019 compared to the year ended 31 December 2018

Kreate's EBITA amounted to EUR 11.7 million for the year ended 31 December 2019, reflecting an increase of EUR 3.4 million compared to the EBITA of EUR 8.3 million for the year ended 31 December 2018. The increase in EBITA was supported by the increase in revenue, in addition to which Kreate's project management and accuracy of tender calculation improved in 2019 due to, in particular, the development of consistent processes. Depreciation of tangible assets amounted to EUR 3.2 million for year ended 31 December 2019 and EUR 2.5 million for the year ended 31 December 2018.

The year ended 31 December 2018 compared to the year ended 31 December 2017

Kreate's EBITA amounted to EUR 8.3 million for the year ended 31 December 2018, reflecting an increase of EUR 3.0 million as compared to the EBITA of EUR 5.3 million for the year ended 31 December 2017. The increase in EBITA was supported by the increase in revenue, and furthermore, project management and accuracy of tender calculation improved due to, in particular, the development of consistent processes. Depreciation of tangible assets amounted to EUR 2.5 million for year ended 31 December 2018 and EUR 2.2 million for the year ended 31 December 2017.

Result for the period

The nine months ended 30 September 2020 compared to the nine months ended 30 September 2019

Kreate's result for the period amounted to EUR 5.9 million for the nine months ended 30 September 2020, reflecting an increase of EUR 1.0 million compared to the result for the period of EUR 4.9 million for the nine months ended 30 September 2019. The result for the period was improved by the factors described above, such as the increase in revenue, as well as project management and tender calculation that remained on a good level.

The year ended 31 December 2019 compared to the year ended 31 December 2018

Kreate's result for the period amounted to EUR 8.7 million for the year ended 31 December 2019, reflecting an increase of EUR 4.9 million compared to the result for the period of EUR 3.8 million for the year ended 31 December 2018. The result for the period was improved by the factors described above, such as the increase in revenue, improved project management and tender calculation and successfully implemented projects.

The year ended 31 December 2018 compared to the year ended 31 December 2017

Kreate's result for the period amounted to EUR 3.8 million for the year ended 31 December 2018, reflecting an increase of EUR 2.8 million compared to the result for the period of EUR 1.0 million for the year ended 31 December 2017. The result for the period was improved by the factors described above, such as the increase in revenue and the development of project management and tender calculation.

Financial position

Assets

Kreate's total assets amounted to EUR 109.4 million as at 30 September 2020 and 104.5 million as at 30 September 2019. Kreate's total assets amounted to EUR 105.5 million as at 31 December 2019, EUR 96.0 million as at 31 December 2018 and EUR 82.9 million as at 31 December 2017.

Non-current assets

The table below sets forth Kreate's non-current assets as at the dates indicated.

	As at 30 September		As at 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited)		(unaudited)
Non-current assets					
Intangible assets	1.0	1.1	0.9	1.0	1.4
Goodwill	35.6	35.6	35.6	35.6	35.6
Property, plant and equipment	14.6	13.8	15.7	13.4	10.2
Right-of-use assets	1.4	1.3	— ⁽¹⁾	— ⁽¹⁾	— ⁽¹⁾
Investments in joint ventures	8.0	7.5	7.6	7.9	7.4
Other receivables	0.3	0.4	0.3	0.3	0.2
Deferred tax assets	0.2	0.0	0.2	0.0	0.0
Non-current assets total	61.0	59.7	60.4	58.2	54.9

(1) In the financial statements for the years 2019, 2018 and 2017, right-of-use assets are included in property, plant and equipment.

Kreate's non-current assets amounted to EUR 61.0 million as at 30 September 2020, reflecting an increase of EUR 1.3 million compared to EUR 59.7 million as at 30 September 2019. The increase in non-current assets mainly resulted from the increase in tangible assets due to investments.

Kreate's non-current assets amounted to EUR 60.4 million as at 31 December 2019, EUR 58.2 million as at 31 December 2018 and EUR 54.9 million as at 31 December 2017.

The increase of EUR 2.2 million between 31 December 2019 and 31 December 2018 was mainly due to the increase in tangible assets. The increase in tangible assets resulted from, among others, investments in machinery and equipment in 2019, as well as the acquisition of a warehouse site that was previously leased.

The increase of EUR 3.3 million between 31 December 2018 and 31 December 2017 was mainly due to the increase in tangible assets. The increase in tangible assets resulted from, among others, investments in machinery and equipment in 2018. Furthermore, Kreate carried out an acquisition in 2018 in which it acquired the business of Varkauden Louhinta Oy, including the machinery, equipment and personnel.

Current assets

The table below sets forth Kreate's current assets as at the dates indicated.

	As at 30 September		As at 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited)		(unaudited)
Current assets					
Inventory	0.0	0.0	0.0	0.1	0.1
Trade and other receivables	34.6	32.1	32.1	31.6	21.8
Income tax receivables	1.0	0.3	0.3	0.0	0.0
Cash and cash equivalents	12.9	12.7	12.7	6.1	6.2
Current assets total	48.4	45.1	45.1	37.8	28.1

Kreate's current assets amounted to EUR 48.4 million as at 30 September 2020, reflecting an increase of EUR 3.3 million compared to EUR 45.1 million as at 30 September 2019. The increase in current assets was mainly due to the increase in trade and other receivables, which in turn resulted from the increase in the volume of the business.

Kreate's current assets amounted to EUR 45.1 million as at 31 December 2019, EUR 37.8 million as at 31 December 2018 and EUR 28.1 million as at 31 December 2017.

The increase of EUR 7.3 million between 31 December 2019 and 31 December 2018 was mainly due to the increase in cash and cash equivalents, as well as in trade and other receivables, which in turn resulted from the increase in the volume of the business.

The increase of EUR 9.7 million between 31 December 2018 and 31 December 2017 was mainly due to the increase in trade and other receivables, which in turn resulted from the increase in the volume of the business.

Equity and liabilities

The table below sets forth Kreate's equity and liabilities as at the dates indicated.

	30 September		31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited)		(unaudited)
Total equity	42.3	35.1	36.4	30.0	8.1
Non-current liabilities total	22.9	27.3	25.0	29.1	44.4
Current liabilities total	44.2	42.1	44.1	36.8	30.5
Total liabilities	67.1	69.4	69.1	65.9	74.9
Equity and liabilities total	109.4	104.5	105.5	96.0	82.9

Equity

Kreate's equity amounted to EUR 42.3 million as at 30 September 2020, reflecting an increase of EUR 7.2 million compared to EUR 35.1 million as at 30 September 2019. The increase in equity was mainly due to the retained earnings, which increased by EUR 8.4 million.

Kreate's equity amounted to EUR 36.4 million as at 31 December 2019, EUR 30.0 million as at 31 December 2018 and EUR 8.1 million as at 31 December 2017.

The increase of EUR 6.4 million in equity between 31 December 2019 and 31 December 2018 was mainly due to the retained earnings, which increased by EUR 7.3 million. New equity investments in Kreate amounted to EUR 0.2 million for the year ended 31 December 2019 (2018: EUR 0.9 million).

The increase of EUR 21.9 million in equity between 31 December 2018 and 31 December 2017 was mainly due to the capital loans amounting to EUR 17.4 million as at 31 December 2018. In addition, retained earnings increased by EUR 3.6 million. New equity investments in Kreate amounted to EUR 0.9 million for the year ended 31 December 2018 (2017: EUR 1.9 million).

Non-current liabilities

Kreate's non-current liabilities amounted to EUR 22.9 million as at 30 September 2020, reflecting a decrease of EUR 4.4 million compared to EUR 27.3 million as at 30 September 2019. The decrease in the non-current liabilities was mainly due to the decrease in non-current interest-bearing liabilities (bank loans).

Kreate's non-current liabilities amounted to EUR 25.0 million as at 31 December 2019, EUR 29.1 million as at 31 December 2018 and EUR 44.4 million as at 31 December 2017.

The decrease of EUR 4.1 million in the non-current liabilities between 31 December 2019 and 31 December 2018 was mainly due to the decrease in non-current interest-bearing liabilities (bank loans).

The decrease of EUR 15.3 million in the non-current liabilities between 31 December 2018 and 31 December 2017 was mainly due to the decrease in the interest-bearing liabilities, which in turn resulted from a change in the way capital loans were treated. During the year ended 31 December 2018, the capital loans were converted into loans that were included in equity.

Current liabilities

Kreate's current liabilities amounted to EUR 44.2 million as at 30 September 2020, reflecting an increase of EUR 2.1 million as compared to EUR 42.1 million as at 30 September 2019. Current liabilities remained at their previous level.

Kreate's current liabilities amounted to EUR 44.1 million as at 31 December 2019, EUR 36.8 million as at 31 December 2018 and EUR 30.5 million as at 31 December 2017.

The increase of EUR 7.3 million in the current liabilities between 31 December 2019 and 31 December 2018 was mainly due to the increase in current interest-bearing liabilities, as well as in trade payables and other liabilities. In particular, trade payables and liabilities based on customer contracts increased in 2019.

The increase of EUR 6.3 million in the current liabilities between 31 December 2018 and 31 December 2017 was mainly due to the increase in current interest-bearing liabilities, as well as in trade payables and other liabilities. In particular, trade payables and liabilities based on customer contracts increased in 2018 as a result of increased volume.

Liquidity and capital resources

Cash flows

The table below sets forth Kreate's cash flows and their change for the periods indicated.

	1 January – 30 September		1 January – 31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited, unless otherwise indicated)		(unaudited)
Cash flow from operating activities.....	4.3	5.0	18.3	6.2 ⁽¹⁾	18.5
Cash flow from investing activities	-2.9	-2.5	-3.7	-4.6	-15.4
Cash flow from financing activities	-1.2	-2.6	-8.1	-1.7 ⁽¹⁾	0.8
Change in cash and cash equivalents	0.2	-0.1	6.6	-0.1	3.8

(1) Adjusted, unaudited. The figures for 2018 are adjusted in the financial statement for the year 2019. The adjustment results from the change in accounting for lease liabilities under IFRS 16.

In addition to the refinancing arrangement, there have been no material changes in Kreate's cash and cash equivalents between 30 September 2020 and the date of this Offering Circular. For more information on the refinancing arrangement, see "*Liquidity – Refinancing arrangement*".

Cash flow from operating activities

Kreate's cash flow from operating activities amounted to EUR 4.3 million for the nine months ended 30 September 2020, and the cash flow decreased by EUR 0.7 million compared to EUR 5.0 million for the nine months ended 30 September 2019. The cash flow from operating activities did not change significantly between the review periods.

Cash flow from operating activities amounted to EUR 18.3 million for the year ended 31 December 2019, and it increased by EUR 12.1 million as compared to EUR 6.2 million for the year ended 31 December 2018. The most significant factors

contributing to the positive development of cash flow from operating activities were the improvement of the financial performance and the release of working capital.

Cash flow from operating activities amounted to EUR 6.2 million for the year ended 31 December 2018, and it decreased by EUR 12.3 million as compared to EUR 18.5 million for the year ended 31 December 2017. In 2017, Kreate released additional working capital from the balance sheet, which provided additional cash flow. In 2018, the working capital remained at a normal level.

Cash flow from investment activities

Kreate's cash flow from investment activities amounted to EUR -2.9 million for the nine months ended 30 September 2020, reflecting a change of EUR 0.4 million compared to EUR -2.5 million for the nine months ended 30 September 2019. Investments in intangible assets decreased during the nine months ended 30 September 2020. For the nine months ended 30 September 2019, repayments of loan receivables included a loan repayment of EUR 1.3 million by the joint venture.

Cash flow from investing activities amounted to EUR -3.7 million for the year ended 31 December 2019, reflecting a change of EUR 0.9 million compared to EUR -4.6 million for the year ended 31 December 2018. The change was affected by the acquisition carried out during the year ended 31 December 2018, where Kreate acquired the business of Varkauden Louhinta Oy, including its machinery, equipment and personnel.

Cash flow from investing activities amounted to EUR -4.6 million for the year ended 31 December 2018, reflecting a change of EUR 10.8 million compared to EUR -15.4 million for the year ended 31 December 2017. During the year ended 31 December 2017, Kreate acquired the entire share capital of Railtek Oy Insa and Railtek Oy Rata, which had a significant impact on the cash flow from investment activities for the year ended 31 December 2017.

Cash flow from financing activities

Kreate's cash flow from financing activities amounted to EUR -1.2 million for the nine months ended 30 September 2020, reflecting a change of EUR 1.4 million compared to EUR -2.6 million for the nine months ended 30 September 2019. The change was mainly due to the decrease in the repayment of short-term loans.

Cash flow from financing activities amounted to EUR -8.1 million for the year ended 31 December 2019, reflecting a change of EUR 6.4 million compared to EUR -1.7 million for the year ended 31 December 2018. The change was mainly due to the repayment of capital loans during the year ended 31 December 2019. In addition, Kreate signed a new financing agreement with its partner bank in November 2018, and drew down long-term loans in connection with the arrangement.

Cash flow from financing activities amounted to EUR -1.7 million for the year ended 31 December 2018, reflecting a change of EUR 2.5 million as compared to EUR 0.8 million for the year ended 31 December 2017. The change in the cash flow from financing activities was mainly due to the increase in the interest paid on loans.

Liquidity

Sources of liquidity

Kreate's sources of liquidity comprise cash flow from operating activities and external financing. Kreate's cash and cash equivalents as at 30 September 2020 amounted to EUR 12.9 million (EUR 6.0 million as at 30 September 2019), in addition to which Kreate's committed unused credit limits as at 30 September 2020 amounted to EUR 10.0 million. Kreate's cash and cash equivalents consist of bank deposits that can be withdrawn on demand and other short-term liquid investments that can be easily converted into a previously known amount of cash and that involve a small risk of change in value.

Kreate's interest-bearing liabilities mainly comprise loans from financial institutions, hire purchase debts and lease liabilities under IFRS 16. As at 30 September 2020, Kreate's interest bearing liabilities amounted to EUR 29.4 million, and its net debt totalled EUR 16.5 million.

Refinancing arrangement

On 15 December 2020, Kreate agreed with its partner bank on the rearrangement of Kreate's existing credit facility. In connection with the rearrangement, Kreate's existing facility agreement of no more than EUR 61.0 million was modified with regard to, i.a., its maturity, margins and covenants. After the rearrangement, the credit facility agreement of no more than EUR 62.25 million between Kreate and the partner bank (the "**Facility Agreement**") includes bank loans totalling EUR 34.25 million, a revolving credit facility of EUR 10.0 million, an uncommitted bank guarantee limit of EUR 10.0 million and uncommitted financing limit of EUR 5.0 million for hire purchase debt and leases. In addition, Kreate may request an increase of no more than EUR 3.0 million in the revolving credit facility on the basis of the Facility Agreement. The increase requires a separate financing decision from the partner bank. In connection with the rearrangement, Kreate withdraw a

total of EUR 34.25 million from the Facility Agreement on 30 December 2020, refinanced its liabilities under its existing credit facility and repaid the capital loans granted to it as well as interest accrued on them, totalling EUR 17.8 million.

After the Listing, the interest rate on the bank loans and revolving credit facility shall be determined based on the applicable Euribor interest rate with an added annual margin, that may be between 1.75 and 2.35 per cent for EUR 20.25 million of the bank loans, and otherwise between 1.40 and 2.00 per cent for the bank loans and for the revolving credit facility depending on Kreate's net debt to EBITDA ratio. According to the terms and conditions of the Facility Agreement, Kreate will make a repayment of EUR 10.0 million on its bank loan after the Listing, and after that EUR 1.0 million in 2021 and EUR 1.0 million in 2022. The completion of the Listing is subject to certain terms and conditions, see "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Conditionality, Execution and Publishing of the Offering*". The bank loans and other potential financing drawn under the Facility Agreement matures in 2023. For further information on Kreate's capitalisation and indebtedness, see "*Capitalisation and indebtedness*".

Restrictions on the use of capital sources

Kreate's financing agreements contain ordinary covenants relating to, for example, certain financial key figures, collateral granted by Kreate and indebtedness.

After the Listing, the financial covenant of Kreate's Facility Agreement is based on the ratio of Kreate's net debt to EBITDA. Compliance with the covenant is reviewed quarterly. In addition, the Facility Agreement contains other ordinary terms and conditions, such as a clause relating to change of control.

Net debt

The table below sets forth Kreate's net debt as at the dates indicated:

	30 September		31 December		
	2020	2019	2019	2018	2017
(EUR million)	(unaudited)		(audited, unless otherwise indicated)		(unaudited)
Interest-bearing debt.....	29.4	31.7	30.0	33.6	47.1
Cash and cash equivalents.....	12.9	6.0	12.7	6.1	6.2
Net debt.....	16.5	25.7	17.3⁽¹⁾	27.5⁽¹⁾	40.9

(1) Unaudited.

Kreate's cash and cash equivalents amounted to EUR 12.9 million as at 30 September 2020 (EUR 6.0 million as at 30 September 2019), in addition to which Kreate's committed unused credit limit agreements as at 30 September 2020 amounted to EUR 10.0 million. Kreate's cash and cash equivalents consist of bank deposits that can be withdrawn on demand and other short-term liquid investments that can be easily converted into a previously known amount of cash and that involve a small risk of change in value.

Kreate's interest-bearing liabilities mainly comprise loans from financial institutions, hire purchase debts and lease liabilities under IFRS 16. As at 30 September 2020, Kreate's interest bearing liabilities amounted to EUR 29.4 million, and its net debt totalled EUR 16.5 million.

On 15 December 2020, Kreate agreed with its partner bank on a refinancing arrangement, and withdrew a total of EUR 34.25 million from the Facility Agreement on 30 December 2020, refinanced its liabilities under its existing credit facility and repaid the capital loans granted to it as well as interest accrued on them, totalling EUR 17.8 million. According to the terms and conditions of the Facility Agreement, Kreate will make a repayment of EUR 10.0 million on its bank loan after the Listing, and after that EUR 1.0 million in 2021 and EUR 1.0 million in 2022. The bank loans and other potential financing drawn under the Facility Agreement matures in 2023. (for further information, see "*Liquidity – Refinancing arrangement*").

Financing required for investments

In December 2020, Kreate carried out an investment where it acquired a track tamping machine worth EUR 1.1 million for its railway business. The investment was financed with Kreate's existing cash and cash equivalents.

Except for the investment described above, Kreate has not carried out any significant investments or made any significant investment decisions between 30 September 2020 and the date of this Offering Circular.

Kreate expects to finance its operations mainly with cash flow from operating activities, its existing cash and cash equivalents and bank loans.

Financial risk management

The aim of Kreate's financial risk management is to minimise the adverse effects of changes in the financial markets on Kreate's result, balance sheet and cash flows. In its business operations, Kreate is exposed to interest rate, credit, counterparty and liquidity risks. The financial administration personnel and the operational management are responsible for handling financial matters.

Kreate has interest-bearing receivables and liabilities related to its cash reserves, but otherwise its revenue and operating cash flow are mostly not affected by changes in market interest rates. Kreate's main financial liabilities consist of interest-bearing liabilities and trade and other payables. Kreate does not apply hedge accounting.

The summary below describes Kreate's financial risks, as well as the targets and measures for their management.

Interest rate risk

The aim of Kreate's interest rate risk management is to minimise the adverse effects of interest rate fluctuations on Kreate's result and cash flows. Kreate's interest rate risk arises from long-term, variable rate liability contracts and interest-bearing financial assets. Changes in interest rates have an impact on profit or loss and balance sheet items as well as on cash flow. Kreate may take long-term debts under a variable or fixed rate. The ratio of variable rate debt to fixed rate debt can be altered using interest rate derivatives, if necessary. Kreate may use interest rate swaps to manage its interest rate risk. At the date of this Offering Circular, Kreate did not have any valid interest rate swaps. As at the date of this Offering Circular, Kreate does not have any interest rate swap contracts in effect. Based on a sensitivity analysis of the interest rate risk, a one-per cent increase in interest rates would have increased Kreate's net pre-tax financial expenses by EUR 0.3 million during the nine-month period ended 30 September 2020. A one-per cent change would not have had a significant impact on the consolidated balance sheet.

Credit and counterparty risk

Credit risk is the risk of financial loss arising in cases where a customer is unable to perform its contractual obligations. Kreate's credit risk is related to counterparties from which it has outstanding receivables or with which it has entered into long-term contracts. Kreate is exposed to the credit risk mainly through its trade receivables and contract assets. The maximum amount of credit risk is the combined carrying amount of the aforementioned items. Credit risk may also incur from Kreate's finance, guarantee or insurance counterparties.

Kreate's tools for managing the credit risk include receiving advance payments, using front-loaded payment schedules in projects and conducting thorough checks of customer's backgrounds. The credit risk involved in receivables from units supervised by the state and municipalities is estimated to be significantly lower.

Kreate estimates on each balance sheet date whether there is evidence of impairment on a financial asset or a group of financial assets. The need for impairment on assets is estimated both individually and collectively. Evidence of impairment on 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 recognised on the balance sheet and credit losses are presented under other operating expenses.

Liquidity risk

Kreate aims to secure the availability of financing and optimise the use of liquid assets in financing its business operations. The parent company is responsible for managing Kreate's overall liquidity and ensuring that there are sufficient credit limits and an adequate number of different sources of financing available. Kreate's liquidity must correspond to its overall liquidity needs at all times. Due to the seasonality of the business and changes in the need for working capital, seasonal financing is very important. Assessments of the need for financing are based on cash flow estimates. Kreate's liquidity consists of accounts with credit facilities and liquid assets. Kreate ensures adequate liquidity through effective working capital management and revolving credit limits.

Dividends and dividend policy

Kreate's target is to distribute at least half of Kreate's annual net result as dividends, taking into account Kreate's financial position, cash flows and growth opportunities.

While Kreate does not envisage any changes in its dividend policy, there can be no assurance that any dividends will be distributed or other capital returns will be paid in the future, and furthermore, there can also be no assurance on the amount of dividends distributed or capital return paid for any financial year.

Kreate did not distribute dividends for the years ended 31 December 2019, 31 December 2018 and 31 December 2017. During the year ended 31 December 2017, Kreate carried out two repurchases of its own Shares: in the first repurchase,

Kreate acquired 30,000 shares at a price of EUR 1.00 per Share, and in the second repurchase, 60,000 shares at a price of approximately EUR 1.16 per Share. The repurchases of own Shares relate to purchases from exiting employees.

BOARD OF DIRECTORS AND MANAGEMENT TEAM

General

Pursuant to the provisions of the Finnish Companies Act, the control and management of Kreate are divided between the General Meeting and the Board of Directors. The ultimate decision-making authority lies with the shareholders at the Annual General Meeting, which appoints the members of the Board of Directors and Kreate's auditor. The Board of Directors is responsible for the administration and the proper organisation of the operations of Kreate. The duties and accountability of the Board of Directors are determined primarily under the Articles of Association and the Finnish Companies Act. The procedure and duties of the meetings of the Board of Directors are described in the charter adopted by the Board of Directors. The President and Chief Executive Officer (the "**CEO**") and a deputy CEO of Kreate are appointed by Kreate's Board of Directors. In addition, the Management Team assists the CEO in the operations of Kreate.

Corporate governance

In addition to the applicable legislation governing the operations of public limited companies, Kreate complies with the Finnish Corporate Governance Code of the Finnish Securities Market Association and does not intend to deviate from any of its recommendations. The Finnish Corporate Governance Code is issued and maintained by the Finnish Securities Market Association, and it is publicly available on the website of the Finnish Securities Market Association at www.cgfinland.fi.

In addition, Kreate complies with its own Code of Conduct as well as its other policies. From the Listing Kreate will be subject to Nasdaq Helsinki's rules and regulations specific to issuers of shares.

Board of Directors

Pursuant to Kreate's Articles of Association, the Kreate's annual general meeting elects a minimum of three and a maximum of ten members to the Board of Directors. The term of office of the Board members expires at the end of the next Annual General Meeting following their election. The Board constitutes a quorum when more than half of the members are present. When this proportion is calculated, disqualified members are excluded.

In addition to the duties set out in laws and regulations, Kreate's Articles of Association, the Finnish Corporate Governance Code and Nasdaq Helsinki's rules and regulations, Kreate's Board of Directors will:

- direct and oversee Kreate's management and operations;
- confirm the charters of the committees of the Board of Directors;
- decide on significant matters concerning Kreate's operations;
- process and approve interim financial statements, annual reports and financial statements;
- approve strategic objectives and risk management principles of Kreate and its business as well as Kreate's certain guidelines and policies and monitor their realisation;
- decide on the remuneration of the CEO and the Management Team and Kreate's incentive schemes in accordance with Kreate's remuneration policy;
- decide on significant investments, acquisitions and divestments; and
- define Kreate's dividend policy.

Kreate's Board of Directors convenes in accordance with a schedule agreed in advance and as required. The Board of Directors receives current information on Kreate's operations, finances and risks in its meetings. Minutes are kept of all meetings. Meetings of the Board of Directors are attended by the CEO and the Chief Financial Officer, 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 Members of the Board of Directors as at the date of this Offering Circular are presented in the following table:

The following table presents the members of the Board of Directors of Kreate at the date of this Offering Circular:

Name	Position	First elected to the Board of Directors
Petri Rignell.....	Chair	2015
Timo Kohtamäki	Member	2015
Ronnie Neva-aho	Member	2014
Janne Näränen.....	Member	2014
Elina Pienimäki.....	Member	2020
Markus Väyrynen	Member	2019

Petri Rignell (born 1962) has served as the Chair of the Board of Directors since 2017 and has previously served as a member of the Board of Directors and as the CEO of Kreate. He also serves as a member of the Board of Directors and as the Chief Executive Officer of Prirock Oy, as a member of the Board of Directors of Consti Plc, Sitowise Oy, Sitowise Holding I Oy and Sitowise Holding II Oy, Setera Communications Oy, KFS Finland Oy, CTS Engtec Oy, Smaragdus Oy and JPRock Oy and as the Chairman of the Board of Directors of CTV Properties AB. In addition, during the previous five years he has served as a member of the Board of Directors of Finno Exergy Oy, Sito Rakennuttajat Oy and Tilakarhut Oy and as the Chairman of the Board of Directors of Normek Oy. Mr. Rignell holds a Master of Science degree in Technology from the Helsinki University of Technology. He is a Finnish citizen.

Timo Kohtamäki (born 1963) has served as a member of the Board of Directors of Kreate since 2015. He also serves as the Chief Executive Officer and as the Chairman of the Board of Directors of Timo Kohtamäki Consulting Oy, as the Chairman of the Board of Directors of Lujatalo Oy and Are Oy, and as a member of the Board of Directors of Conficap Oy, Honkarakenne Oy, Normiopaste Oy, Protect Pipe Oy, Rantasarfvi Oy and Fluent Progress RT Oy. In addition, during the previous five years he has served as a member of the Board of Directors of Lujatalo Oy, Are Oy, Aurajoki Oy, A-Insinöörit Oy and Vallila Interior Oy and as the Chairman of the Board of Directors and the Chief Executive Officer of Foudia Housing Oy. Mr. Kohtamäki holds a Licentiate degree in Technology from Tampere University of Technology. He is a Finnish citizen.

Ronnie Neva-aho (born 1967) has served as a member of the Board of Directors of Kreate since 2014. He also serves as a member of the Board of Directors and as the Chief Executive Officer of Maxirate Oy and Rimole Oy, as the Chairman of the Board of Directors of Betonivuori Oy, AccessPoint Oy and New Life Holding Oy, and as a member of the Board of Directors of RNAH Invest Oy, Kiinteistö Oy Yhdyskunnantie 22, Delete Group Oyj, Delete Oy, Ax DEL2 Oy, Digidoit Oy, RGE Holding Oy, Kiinteistö Oy Hyvinkään Teollisuustarvike and Agile Capital Oy. In addition, during the previous five years he has served as a member of the Board of Directors Kahdeksas päivä Oy. Mr. Neva-aho holds a high school diploma from Apollo Upper Secondary School. He is a Finnish citizen.

Janne Näränen (born 1975) has served as a member of the Board of Directors of Kreate since 2014. He is a partner at Intera Partners Oy and serves as a member of the Board of Directors in several companies belonging to the group of companies of Intera Partners Oy. He also serves as a member of the Board of Directors of PHM Group Oy, Renta Group Oy and Sitowise Holding I Oy. In addition, during the previous five years he has served as the Chairman of the Board of Directors of PHM Group Oy and Renta Group Oy, and as a member of the Board of Directors of Consti Group Oy and Trafotek Oy. Mr. Näränen holds a Master of Science degree in Technology from the Helsinki University of Technology and a Master of Science Degree in Economics from the Helsinki School of Economics.

Elina Pienimäki (born 1979) has served as a member of the Board of Directors of Kreate since 2020. She also serves as the Chief Executive Officer of Wulff Group Plc. In addition, during the previous five years she has served as the Chief Executive Officer of Aallon Group Oyj and as the Chief Financial Officer of Ahlsell Oy and Wulff-Yhtiöt Oyj. Pienimäki holds a Master of Science Degree in Economics from the University of Tampere. She is a Finnish citizen.

Markus Väyrynen (born 1972) has served as a member of the Board of Directors of Kreate since 2019. He also serves as the Chairman of the Board of Directors of Insplan Oy. In addition, he has previously served as the commercial director of Sito Oy and Sitowise Oy and as the Chief Executive Officer of Sitowise Oy. Mr. Väyrynen holds a Master of Science degree in Technology from the University of Oulu. He is a Finnish citizen.

Committees of the Board of Directors

The Board of Directors may establish permanent committees to assist the Board of Directors in the preparation and performance of its duties and responsibilities and determine their sizes, compositions and tasks. As at the date of this Offering Circular, Kreate has the following committees: an audit committee and a remuneration and nomination committee.

The committees of the Board of Directors do not have independent decision-making authority in matters within the competence of the Board of Directors, but they assist the Board of Directors by preparing such matters. The committees of the Board of Directors shall regularly report on their work to the Board of Directors.

Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors by preparing matters falling within the competence of the Board of Directors. The Audit Committee prepares matters relating to, for example, financial reporting, risk management, monitoring and evaluation of related party transactions, auditors, internal audit as well as the compliance with laws and regulations. The Board of Directors has determined the main duties and operating principles of the Audit Committee in a written charter.

Kreate's Board of Directors appoints the chairman and the members of the audit committee. The Audit Committee consists of three members of the Board of Directors whose term is one year and the term ends at the close of the Annual General Meeting following the election. A majority of the members of the Audit Committee must be independent of Kreate and at least one member of the Audit Committee must be independent of Kreate's significant shareholders. A person who participates in the day-to-day management (for example, as the CEO) of Kreate or another company in the same group of companies, cannot be appointed to the Audit Committee at all.

The members of the Audit Committee must have sufficient expertise and experience with respect to the Committee's area of responsibility and the mandatory tasks relating to auditing. At least one Audit Committee member must have expertise in accounting or auditing.

In its meeting on 25 January 2021, Kreate's Board of Directors appointed Elina Pienimäki as the chair of the Audit Committee and Petri Rignell and Ronnie Neva-aho as members of the Audit Committee.

Remuneration and Nomination Committee

The Remuneration and Nomination Committee prepares matters pertaining to remuneration and appointment of members of Kreate's Board of Directors, Kreate's CEO and rest of the Management Team as well as remuneration principles of Kreate. The Committee assists the Board of Directors on the performance evaluation and compensation of the CEO and Management Team members reporting directly to the CEO, identifies individuals qualified to serve as the CEO of Kreate and makes recommendations to the Board of Directors for approval of the appointment of the CEO. The Remuneration and Nomination Committee prepares the remuneration policy and report for Kreate's General Meeting and the proposal concerning the election of members of the Board of Directors. The Board of Directors has determined the main duties and operating principles of the Remuneration and Nomination Committee in its written charter.

The Chairman and the members of the Remuneration and Nomination Committee are appointed by Kreate's Board of Directors. The Remuneration and Nomination Committee consists of three members of the Board of Directors whose term of office is one year and expires at the end of the next Annual General Meeting following their election. A majority of the members of the Committee must be independent of Kreate and the CEO or other persons in the Management Team of Kreate shall not be appointed to the Committee.

In its meeting on 25 January 2021, Kreate's Board of Directors appointed Petri Rignell as the Chairman of the Remuneration and Nomination Committee and Timo Kohtamäki and Janne Näränen as members.

The President and CEO and the Management Team

The President and CEO is responsible for managing, supervising and controlling the business operations of Kreate. Further, the President and 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 and CEO ensures that the accounting practices of Kreate comply with the relevant laws and that its financials have been organised in a reliable manner. The duties of the President and CEO are governed primarily by the Finnish Companies Act. The President and CEO must provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

Kreate's Board of Directors appoints and dismisses the President and CEO. The Board of Directors also decides on the terms and conditions of the President and CEO's employment, specified in a written service contract. In addition, the Board of Directors decides on the remuneration of the members of the Management Team.

The Management Team of Kreate assists the President and CEO in planning of the operations and operational management. In addition, the Management Team prepares potential investments, acquisitions and development projects. The Management Team convenes on a regular basis, and it comprises of the directors of key business areas and service units.

The table below presents the members of the Group Management Team as at the date of this Offering Circular.

Name	Position	In the Group Management Team since
Timo Vikström	President and CEO	2017
Tommi Hakanen.....	Director, Technical office	2020
Antti Heinola.....	Chief Financial Officer	2017
Jaakko Kivi.....	Senior Vice President, Traffic routes	2018
Tommi Lehtola	Head of Business Area, Foundation and concrete construction	2016
Ville Niutanen	Managing Director, KFS Finland Oy	2018
Katja Pussinen	Head of HR	2017
Sami Rantala.....	Head of Business Area, Bridge construction and repair	2014
Juha Salminen	Managing Director, Kreate Rata Oy	2017
Petri Uitus.....	Technical Director	2015

Timo Vikström (born 1968) has served as the President and CEO of Kreate since 2017. He also serves as the Chairman of the Board of Directors of KFS Finland and as a member of the Board of Directors of Rakennusteollisuus RT ry. During the previous five years he has served as Executive Vice President, Corporate Planning and as a member of the executive team of Destia Group Oyj. Mr. Vikström holds a Bachelor of Engineering degree from Turku University of Applied Sciences and an eMBA degree from the Helsinki University of Technology. He is a Finnish citizen.

Tommi Hakanen (born 1978) has served as the Director of Technical Office since 2020. Mr. Hakanen holds a Bachelor of Engineering degree from Tampere University of Applied Sciences and a Master of Science degree in Technology from Tampere University of Technology. He is a Finnish citizen.

Antti Heinola (born 1973) has served as the Chief Financial Officer of Kreate since 2017. During the previous five years he has served as a member of the Supervisory Board of the Ilmarinen Mutual Pension Insurance Company and as a member of the Management Board of Caverion Oyj. Mr. Heinola holds a Master of Science degree in Economics from the Helsinki School of Economics. He is a Finnish citizen.

Jaakko Kivi (born 1971) has served as the Senior Vice President of Kreate and as Head of Business Area, Traffic routes since 2018. During the previous five years he has served as Senior Vice President, Business Development and Support and as Director of Technical Office of Lemminkäinen Infra Oy. Mr. Kivi holds a Master of Science degree in Technology from the Helsinki University of Technology. He is a Finnish citizen.

Tommi Lehtola (born 1980) has served as the Head of Business Area, Foundation and concrete construction since 2016. Previously, he has served as a project manager at Fin-Seula Oy and Kreate. Mr. Lehtola holds a Bachelor of Engineering degree in Construction Engineering from Helsinki University of Applied Sciences. He is a Finnish citizen.

Ville Niutanen (born 1972) has served as the Managing Director of KFS Finland Oy and as a member of Management Team of Kreate since 2018. Previously, he served as the deputy CEO of KFS Finland Oy between 2017 and 2018. Mr. Niutanen holds a Doctor of Philosophy degree from the University of Joensuu and Bachelor of Engineering degree from Häme University of Applied Sciences. He is a Finnish citizen.

Katja Pussinen (born 1975) has served as the Head of HR of Kreate since 2019 and as member of the Management Team of Kreate since 2017. Previously, she served as the HR Director of Kreate between 2017 and 2019. Ms. Pussinen holds a Master of Science degree in Economics from the University of Vaasa and a Bachelor's degree from Tampere University of Applied Sciences. She is a Finnish citizen.

Sami Rantala (born 1970) has served as the Head of Business Area, Bridge construction and repair of Kreate since 2014. He also serves as the Chairman of the Board of Directors of Beachfish Invest Oy. Mr. Rantala holds a Master of Science degree in Technology from the Tampere University of Technology. He is a Finnish citizen.

Juha Salminen (born 1966) has served as the Managing Director of Kreate Rata Oy since 2014 and as a member of the Board of Directors of Kreate since 2017. He also serves as a member of the Board of Directors of Veturi Oy Insa, Lynx Rave Invest Oy and Vanajalinna Oy. Mr. Salminen holds a Bachelor of Engineering degree from Hämeenlinna University of Applied Sciences and civil and construction engineering technician degrees from Hämeenlinna technical school. He is a Finnish citizen.

Petri Uitus (born 1967) has served as the Technical Director of Kreate since 2018. Previously, he served as Head of Business Area, Traffic Routes. He also serves as the Chairman of the Board of Directors and Chief Executive Officer of Invilla Yhtiöt Oy, Kangasalan Koivukuja Oy and Kolarinässä Kiinteistö Oy and as the Chairman of the Board of Directors of Ylöjärven Kiviset Oy, Pirkkalan Muurantie 3 Kiinteistö Oy and Elovainionkulma Kiinteistö Oy and as a member of the Board of Directors of Elovainion Suora Kiinteistö Oy and as member of the Board of Directors and Chief Executive Officer

of Tilaset Oy and as deputy member of the Board of Directors of Ympäristösuunnittelu Oy Pirkanmaa. Mr. Uitus holds a degree in civil engineering from Tampere Technical School. He is a Finnish citizen.

Business Address

The business address of the Board of Directors, the President and CEO and the members of the Management Team is Kreate Group Plc, Haarakaari 42, 04360 Tuusula.

Statement on Kreate's Board of Directors and the management

Janne Näränen has acted as a member of the Board of Directors of HopLop Oy and HopLop Holding Oy which have been placed in corporate debt restructuring in 2020.

Other than stated above, as at the date of this Offering Circular, none of the members of the Board of Directors, Management Team or the President and CEO, have during the five previous years:

- been convicted in relation to fraudulent offences;
- held an executive function, been included in the executive management, or been a member of the administrative management or supervisory bodies of any company, or acted as a general partner with individual liability in a limited partnership at the time of or preceding any bankruptcy, receivership, administration of an estate or liquidation; or
- been subject to any official public incrimination and/or sanctions by any statutory or regulatory authorities (including any designated professional bodies) or been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of a company or from acting in the management or conduct of the affairs of any company.

There are no family relationships between the members of the Board of Directors, President and CEO and the members of the Management Team.

Conflicts of interest

Provisions regarding the conflicts of interest of the management of a Finnish company are set forth in the Finnish Companies Act. Pursuant to Chapter 6, Section 4 of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself and the company. Further, pursuant to Chapter 6, Section 4 a of the Finnish Companies Act, a member of the Board of Directors may not participate in the handling of a contract between himself or herself or an entity that is related to himself or herself as defined in the IAS 24 standard, and the company or its subsidiary, unless the agreement is part of the company's ordinary course of business or is conducted on normal market terms. This provision also applies to any other legal act, legal proceeding or other similar matter. Further, this provision also applies to the President and CEO.

To the knowledge of Kreate, notwithstanding any Shares they hold directly or indirectly, the members of the Board of Directors, the President and CEO or the members of the Management Team do not have any conflicts of interests between their duties relating to Kreate and their private interests and/or their other duties.

Based on an evaluation of independence, the members of the Board of Directors are considered to be independent of Kreate, excluding Petri Rignell who is not independent of Kreate. The members of the Board of Directors are independent of Kreate's major shareholders, excluding Janne Näränen who is not independent of Intera, which is a major shareholder of Kreate.

Holdings of Shares by members of the Board of Directors and the Management Team

As at the date of this Offering Circular, the members of Kreate's Board of Directors, the President and CEO and the members of the Management Team held a total of 1,393,986 Shares in Kreate, which represents approximately 18.7 per cent of the Shares and approximately 18.9 per cent of the votes in Kreate.

The following table presents the number of shares owned by the members of Kreate's Board of Directors and the Management Team as at the date of this Offering Circular:

Name	Position	Shares, total	Shares, %
Board of Directors			
Petri Rignell.....	Chair of the Board of Directors	69,908 ⁽¹⁾	0.94
Timo Kohtamäki.....	Member of the Board of Directors	25,952	0.35
Ronnie Neva-aho.....	Member of the Board of Directors	143,599	1.93
Janne Näränen.....	Member of the Board of Directors	0	0
Elina Pienimäki.....	Member of the Board of Directors	0	0
Markus Väyrynen.....	Member of the Board of Directors	15,075	0.20
President & CEO and the Management Team			
Timo Vikström.....	President and CEO	83,075	1.11
Tommi Hakanen.....	Director, Technical Office	14,764	0.20
Antti Heinola.....	Chief Financial Officer	77,008	1.03
Jaakko Kivi.....	Senior Vice President, Traffic routes	40,816	0.55
Tommi Lehtola.....	Head of Business Area, Foundation and concrete engineering	52,900	0.71
Ville Niutanen.....	Managing Director, KFS Finland Oy	23,633	0.32
Katja Pussinen.....	Head of HR	33,963	0.46
Sami Rantala.....	Head of Business Area, Bridge construction and repair	470,130 ⁽²⁾	6.31
Juha Salminen.....	Managing Director, Kreate Rata Oy	297,709 ⁽³⁾	3.99
Petri Uitus.....	Technical Director	45,454	0.61

(1) Indirect ownership through PriRock Oy.

(2) Including indirect ownership through Beachfish Invest Oy (79,596 shares) and direct ownership (390,534 shares).

(3) Including indirect ownership through Lynx Rave Invest Oy (68,449 shares) and direct ownership (229,260 shares).

Management remuneration

Remuneration of the Board of Directors

In accordance with the Finnish Companies Act, the General Meeting determines the remuneration payable to the members of the Board of Directors and its principles in accordance with the remuneration policy of Kreate as in force from time to time. Kreate's Annual General Meeting held on 12 May 2020, resolved that for 2020 the members of the Board of Directors shall be paid the following remuneration: EUR 13,500 to the Chairman of the Board of Directors and EUR 9,000 to the members of the Board of Directors. However, of the members of the Board of Directors, no remuneration shall be paid to Janne Näränen for his work on the Board. On 16 December 2020 the shareholders of Kreate resolved through an unanimous resolution to amend the remuneration of the Chairman of the Board of Directors so that the Chairman of the Board of Directors is paid a monthly fee of EUR 4,725 from 1 December 2020. Further, on 16 December 2020 through an unanimous resolution, the shareholders of Kreate resolved that Elina Pienmäki is paid as remuneration EUR 750 for December 2020. In addition, on 25 January 2021 through an unanimous resolution, the shareholders of Kreate resolved that the members of the Board of Directors shall be paid the following remuneration: the Chairman of the Board of Directors is paid EUR 4,750 per month and the members of the Board of Directors are paid EUR 2,000 per month in 2021. In addition, it was resolved that an additional annual remuneration of EUR 1,500 is paid to each member of the Board of Directors elected as the chair or member of the Audit Committee and as chair or member of the Remuneration and Nomination Committee.

The table below presents the remuneration paid to the members of the Board of Directors during the periods indicated.

Board of Directors	1 January to 31 December 2020	1 January to 31 December 2019	1 January to 31 December 2018	1 January to 31 December 2017
(EUR thousand)				
Fees of the Board of Directors	39	41	32	29

Other than the above mentioned unanimous resolution by Kreate's shareholders on 25 January 2021, there have not been any significant changes between 31 December 2020 and the date of this Offering Circular to the remuneration of the Board of Directors.

Remuneration of the Management Team and the President and CEO

The Board of Directors decides on the remuneration, and its principles, of the President and CEO and the Management Team in accordance with the recommendation of the Remuneration and Nomination Committee and the remuneration policy of Kreate, as in force from time to time. In addition to the statutory pension insurance, the President and CEO and the Management Team are insured under a supplementary pension insurance plan. The pension expenses of the supplementary pension plan amounted to EUR 33.6 thousand, with respect to the CEO, and EUR 63.3 thousand, with respect to members of the Management Team during the financial year ended 31 December 2019.

The term of notice of the Management Team members' employment contracts is three to six months. Of the members of the Management Team, Timo Vikström, Antti Heinola, Sami Rantala, Jaakko Kivi, Tommi Lehtola, Ville Niutanen and Juha Salminen are, 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 in the event that their employment contracts are terminated by Kreate.

The table below presents the salaries and fees paid to the President and CEO and the members of the Management Team during the periods indicated.

	<u>1 January to 31 December 2020</u>	<u>1 January to 31 December 2019</u>	<u>1 January to 31 December 2018</u>	<u>1 January to 31 December 2017</u>
(EUR thousand)				
President and CEO				
Salary and fees of the President and CEO	392	288	281	281
Management Team				
Salary and fees of the Management Team.....	1,656	1,251	1,058	810

Kreate's CEO has been paid a fee of EUR 200,000 in January 2021, consisting mainly of a performance bonus for the financial year of 2020. Other than the abovementioned, there have not been any significant changes between 31 December 2020 and the date of this Offering Circular to the remuneration of Kreate's President and CEO and the Management Team.

Incentive schemes and restrictions on disposal of Shares

Kreate's Board of Directors resolves on the incentive schemes of the President and CEO and the Management Team, such as a performance based bonus schemes and pension plans in accordance with the remuneration policy of Kreate, as in force from time to time. Kreate's President and CEO and members of the Management Team are entitled to a yearly performance bonus of up to seven months' salary. The performance based bonus scheme is based on the financial result and performance of Kreate and the payment of the performance based bonus is conditional upon the achievement of the key performance targets set for Kreate. The performance based bonus scheme is in place and the Board of Directors decides on the continuation of the bonus scheme separately each year.

Kreate's Board of Directors is investigating the establishment of a share based incentive scheme for Kreate's key personnel with the goals of committing the participants to Kreate and the long-term continuation of their shareholdings in Kreate. The incentive scheme would be a share savings plan, where key personnel would be given the option of receiving their personal performance bonuses as shares instead of cash. For the key personnel participating in the incentive scheme, the performance bonus would be paid in shares after a waiting period and partly in cash to cover taxes. In connection with the payment of the performance bonus shares, participants in the incentive scheme would be entitled to receive additional shares from Kreate, the amount of which would be based on the amount of performance bonus paid in shares. The establishment of a possible incentive scheme and its terms and content will be decided after the Listing.

Information related to the restrictions on disposal of Shares is presented under "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*".

Directorships and partnerships

The members of the Board of Directors, the Management Team and the President and CEO of Kreate, as at the date of this Offering Circular or five years prior to the date of this Offering Circular, hold or have held the following directorships and/or have been a partner in the following partnerships:

Name	Present directorships/partnerships	Previous directorships/ partnerships
Board of Directors		
Petri Rignell.....	Prirock Oy Consti Plc Sitowise Oy Sitowise Holding I Oy Sitowise Holding II Oy CTV Properties AB Setera Communications Oy KFS Finland Oy CTS Engtec Oy Smaragdus Oy JPRock Oy	Sitorakennuttajat Oy Normek Oy Finno Exergy Oy Tilakarhut Oy
Timo Kohtamäki	Timo Kohtamäki Consulting Oy Lujatalo Oy Are Oy Aurajoki Oy Conficap Oy Honkarakenne Oyj Lujabetoni Oy Protect Pipe Oy Normiopaste Oy Fluent Progress RT Oy Rantasarfvik Oy	Foudia Housing Oy Vallila Interior Oy A-Insinöörit Oy A-Insinöörit Civil Oy A-Insinöörit Rakennuttaminen Oy A-Insinöörit Suunnittelu Oy
Ronnie Neva-aho	Maxirate Oy RNAH Invest Oy Betonivuori Oy AccessPoint Oy Rimole Oy Kiinteistö Oy Yhdyskunnantie 22 Delete Group Oyj Delete Oy Ax DEL2 Oy Digidoit Oy RGE Holding Oy Kiinteistö Oy Hyvinkään Teollisuustarvike New Life Holding Oy Agile Capital Oy	Kahdeksas Päivä Oy
Janne Näränen.....	PHM Group Oy PHM Holding Oy Sitowise Holding I Oy Sitowise Holding II Oy Renta Group Oy Intera Partners Oy Intera Equity Partners Oy Intera Equity Partners II Oy Intera Equity Partners III Oy Saaga Invest Oy Kotikatu Group Oy Kotikatu Holding Oy Ulla Real Estate Services TopCo Oy Ulla Real Estate Services MidCo Oy Ulla Real Estate Services BidCo Oy	Consti Plc Trafotek Oy HopLop Oy HopLop Holding Oy Wise Group Finland Oy AQ Trafotek Oy LTI Holding Oy Renta Yhtiöt Oy Hupipuisto Oy Renta Telineet Oy Kalustokymppi Oy
Elina Pienimäki.....	Wulff Group Plc Greater Full Oy Naxor Finland Oy Naxor Holding Oy Tilijytky Oy Wulff Entre Oy Wulff Leasing Oy Wulff Liikelaskenta Oy Wulff Oy Ab	Aallon Group Oyj Ahlseil Oy
Markus Väyrynen	Insplan Oy	Sitowise Oy Sitowise Holding I Oy Sitowise Holding II Oy

Name	Present directorships/partnerships	Previous directorships/ partnerships
		Sito Oy Sito Rakennuttajat Oy Sito Tampere Oy Sito Norge As
CEO and the Management Team		
Timo Vikström	Rakennusteollisuus RT ry KFS Finland Oy	Destia Group Oyj
Tommi Hakanen	-	-
Antti Heinola	-	Keskinäinen Eläkevakuutusyhtiö Ilmarinen Caverion Oyj Lemminkäinen Infra Oy
Jaakko Kivi	-	-
Tommi Lehtola	-	-
Ville Niutanen	KFS Finland Oy	-
Katja Pussinen	-	-
Sami Rantala	Beachfish Invest Oy	-
Juha Salminen	Veturi Oy Insa Lynx Rave Invest Oy Vanajalinna Oy	-
Petri Uitus	Invilla Yhtiöt Oy Ylöjärven Kiviset Oy Ympäristösuunnittelu Oy Pirkkalan Muuraintie 3 Kiinteistö Oy KOY Elovainion Suora Oy Kangasalan Koivukuja Oy Kolarinässä Kiinteistö Oy Elovainionkulma Kiinteistö Oy Elovainion Suora Kiinteistö Oy Tilaset Oy	-

OWNERSHIP STRUCTURE

Majority shareholders

Shareholders owning 5 per cent or more of the Shares in Kreate are required to report significant holdings and voting rights pursuant to the Finnish Securities Markets Act as of the Listing. The following table sets forth the shareholders owning individually or through a sphere of control 5 per cent or more of the Shares or votes in Kreate, pursuant to information available to Kreate at the date of this Offering Circular.

Shareholder	Shares, total	Shares, %	Votes, % ⁽¹⁾
Intera Fund II Ky.....	3,733,234	50.1	50.7
Seppo Valtonen	588,701	7.9	8.0
Sami Rantala	470,130 ⁽²⁾	6.3	6.4
Other major shareholders, total.....	4,792,065	64.2	65.1
Other shareholders	2,572,830	34.5	34.9
Kreate	90,000	1.2	—
Total	7,454,895	100	100

(1) The Shares held by Kreate do not carry voting rights at Kreate's general meeting.

(2) Including indirect ownership through Beachfish Invest Oy (79,596 shares) and direct ownership (390,534 shares).

Controlling shareholder

As at the date of this Offering Circular, Intera holds 50.1 per cent of the Shares and 50.7 per cent of the votes attached to the Shares in Kreate. Accordingly, Intera exercises control in Kreate under the provisions of the Finnish Securities Markets Act as at the date of this Offering Circular.

It is not excluded that after the lock-ups expire, Intera may over time seek to sell its holding in Kreate in accordance with its investment strategy. See more information regarding the lock-ups in section "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*".

Other than the Offering, Kreate is not aware of any arrangements the operation of which could result in a change of control in Kreate. The completion of the Offering is conditional on certain factors, please see "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Conditionality, Execution and Publishing of the Offering*".

No arrangements concerning voting rights

Kreate has one class of Shares. In accordance with the Finnish Companies Act, one Share in Kreate entitles to one vote in the General Meeting. Kreate's current shareholders have entered into a shareholder agreement concerning Kreate, which will terminate upon the completion of the Listing. Kreate is not aware on any arrangements or agreements concluded between its shareholders, which could, after the Listing, affect the ownership or use of voting rights in the general meetings of Kreate.

RELATED PARTY TRANSACTIONS

As at the date of this Offering Circular, Intera holds 50.1 per cent of the Shares in Kreate. Kreate's related parties include the group's parent company Kreate Group Plc, subsidiaries, joint venture KFS Finland and the companies belonging to the group of companies of the controlling shareholder Intera. Related parties also include Kreate's key management personnel and their close family members and entities controlled by them. The key management personnel includes the members of the Board of Directors, the CEO and the deputy CEO of Kreate and the members of the Kreate group's Management Team.

The table below presents Kreate's related-party transactions on the periods indicated.

(EUR thousand)	<u>Income</u>	<u>Expenses⁽³⁾</u>	<u>Receivables</u>	<u>Liabilities⁽³⁾</u>
	(unaudited)			
1 January to 30 September 2020				
Intera Fund II Ky.....	-	-	-	6,785
Joint venture ⁽¹⁾	15,793	-2,191	916	42
Other related parties ⁽²⁾	56	-321	-	3,445
1 January to 30 September 2019				
Intera Fund II Ky.....	-	-	-	7,538
Joint venture ⁽¹⁾	9,994	-4,329	2,777	828
Other related parties ⁽²⁾	-	-228	-	3,722
	(audited)			
1 January to 31 December 2019				
Intera Fund II Ky.....	-	-754	-	6,785
Joint venture ⁽¹⁾	16,168	-6,475	3,907	166
Other related parties ⁽²⁾	-	-582	-	3,464
1 January to 31 December 2018				
Intera Fund II Ky.....	-	-1,121	-	7,611
Joint venture ⁽¹⁾	3,630	-15,278	1,517	658
Other related parties ⁽²⁾	-	-1,823	15	3,696
	(unaudited)			
1 January to 31 December 2017				
Intera Fund II Ky.....	-	-1,030	-	13,652
Joint venture ⁽¹⁾	4,447	-5,805	3,037	1,496
Other related parties ⁽²⁾	-	-1,643	46	6,236

(1) Joint venture includes KFS Finland and, in 2018 and 2017, Sotkamoon Porapalu Oy.

(2) Other related parties include transactions carried out with Kreate by the members of the Board of Directors and other key management personnel and their close family members or entities controlled by them.

(3) Expenses and liabilities to Intera Fund II Ky and other related parties include the capital loan converted to equity and the related interest expenses.

Kreate's expenses and liabilities to Intera are related to the capital loans granted by Intera to Kreate. Transactions with other related parties include capital loans granted by key management personnel to Kreate and its interest and expenses, receivables and liabilities related to other transactions. Remuneration paid to the members of the Board of Directors and the Management Team have been presented in the section "*Board of Directors and Management Team – Management remuneration*".

The terms and conditions of the capital loans granted by Intera and key management personnel were amended in the financial year ended on 31 December 2018 in such a way that Kreate no longer had an obligation to repay the principal or pay interest on the loans, and therefore they are presented as part of equity. The interest rate on the loan remained unchanged.

KFS Finland has joint business transactions with Kreate, in addition to which income and expenses have included a capital loan granted by Kreate to KFS Finland and the interest income on the loan, which KFS Finland repaid in full to Kreate in July 2019.

Other than described below, there have been no significant changes in Kreate's related party transactions between 30 September 2020 and the date of this Offering Circular.

On 30 December 2020, Kreate repaid the capital loans granted to it and the interest accrued on the capital loans, totalling EUR 17.8 million, of which Kreate's related parties accounted for EUR 11.24 million.

SHARES AND SHARE CAPITAL

General

As at the date of this Offering Circular, Kreate's share capital amounts to EUR 80,000 and the total number of Shares issued is 7,454,895. As at the date of this Offering Circular, Kreate holds 90,000 of its own Shares.

Kreate has one share class with equal voting rights and all Shares provide equal rights to dividend. There are no voting restrictions related to the Shares. The Shares do not have a nominal value. The Shares have been issued in accordance with Finnish laws and all Shares have been paid in full. The ISIN code of the Shares is FI4000476866. The shares are freely transferable, within the limits of the transfer restrictions described in the section "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*".

The Shares are entered in the book-entry securities system maintained by Euroclear Finland. The address of Euroclear Finland is Urho Kekkosen katu 5 C, FI-00100 Helsinki, Finland.

Development of share capital

The following table sets forth the historical development of Kreate's share capital and the number of Shares for the period between 1 January 2017 and the date of this Offering Circular:

<u>Date of resolution</u>	<u>Transaction</u>	<u>Subscription price per Share (EUR)</u>	<u>Number of shares</u>	<u>Number of shares after transaction</u>	<u>Share capital (EUR)</u>	<u>Registration date</u>
9 March 2017	Directed share issue	1.31	74,426	5,421,342	2,500	30 March 2017
15 May 2017	Directed share issue	1.31	59,999	5,481,341	2,500	22 June 2017
29 June 2017	Directed share issue	1.31	150,714	5,632,055	2,500	18 September 2017
3 July 2017	Directed share issue	1.31	49,618	5,681,673	2,500	18 September 2017
4 July 2017	Directed share issue	1.31	60,000	5,471,673	2,500	18 September 2017
31 October 2017	Directed share issue	1.31	55,723	5,797,396	2,500	15 November 2017
31 October 2017	Directed share issue	1.31	999,824	6,797,220	2,500	15 November 2017
3 April 2018	Directed share issue	1.47	244,895	7,042,115	2,500	11 May 2018
19 April 2018	Directed share issue	1.47	108,843	7,150,958	2,500	11 May 2018
22 June 2018	Directed share issue	1.47	5,102	7,156,060	2,500	23 July 2018
28 June 2018	Directed share issue	1.47	14,285	7,170,345	2,500	23 July 2018
29 June 2018	Directed share issue	1.47	57,091	7,227,436	2,500	23 July 2018
7 December 2018	Directed share issue	1.86	74,030	7,301,466	2,500	30 January 2019
10 December 2018	Directed share issue	1.86	11,290	7,312,756	2,500	30 January 2019
21 December 2018	Directed share issue	1.86	73,341	7,387,097	2,500	30 January 2019
19 June 2019	Directed share issue	1.99	37,686	7,424,783	2,500	24 July 2019
6 November 2019	Directed share issue	2.59	30,112	7,454,895	2,500	20 November 2019
25 January 2021	Increase of share capital	–	–	7,454,895	80,000	3 February 2021

- (1) The directed share issued carried out by Kreate have been carried out in materially the same terms and conditions, and their purpose has been to strengthen Kreate's capital structure, broaden Kreate's ownership base as well as to reward and bind Kreate's key personnel to Kreate's business. The share issues have been directed to Kreate's shareholders and key personnel. The subscription price of the new Shares has been recorded to Kreate's reserve for invested unrestricted equity.

Current authorisations

The shareholders of Kreate have on 25 January 2021 unanimously resolved to authorise the board of directors to resolve upon the following:

- Share issue in connection with the Listing of Kreate (the Offering). A maximum of 2,500,000 new Shares may be issued under the authorisation. The share issue may take place in a directed manner, deviating from the shareholders' pre-emptive subscription right, provided that there is a weighty financial reason for this. Pursuant to the authorisation, the Board of Directors may decide on all other terms and conditions of the share issue. The share issue authorisation is valid until 31 March 2021.
- The issuance of shares, as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Finnish Companies Act as follows: The shares issued pursuant to the authorisation are new shares or shares held by Kreate. A maximum of 900,000 Shares may be issued under the authorisation. Shares, option rights or other special rights entitling to shares may be granted by one or more resolutions. The issue of shares and the grant of special rights entitling to shares may take place in a directed manner, deviating from the shareholders' pre-emptive subscription right, provided that there is a weighty financial reason for Kreate to do so. Pursuant to the authorisation, the Board of Directors may resolve on all terms of the share issue and the issuance of special rights entitling to shares. In addition, the Board of Directors may, based on the authorisation, resolve to direct the new Shares to Kreate itself, provided that the number of Kreate Shares held by Kreate and its subsidiaries after the issue does not exceed 10 per cent of all Shares in Kreate. The share issue authorisation is valid until the end of the 2021 Annual General Meeting, however, no longer than until 30 June 2021.
- Repurchase of own shares as follows: the total number of own shares to be repurchased is a maximum of 900,000 Shares. However, Kreate, together with its subsidiaries, may not at any time own more than 10 per cent of all Shares in Kreate. Pursuant to the authorisation, own Shares can only be repurchased with unrestricted equity. Own Shares may be repurchased in one or more tranches on a regulated market in which the Shares are traded at the price formed on the date of repurchase or otherwise at the price formed in the market. Pursuant to the authorisation, the Board of Directors may resolve how the Shares will be acquired. Own Shares may be repurchased other than in proportion to the Shares held by the shareholders (directed repurchase) if there is a weighty financial reason for Kreate to do so. Own Shares may be acquired, among other things, to develop Kreate's capital structure, to be transferred in connection with possible acquisitions, to be used in Kreate's incentive schemes, to be cancelled or for other purposes. The authorisation is valid until the end of the 2021 Annual General Meeting, however, no longer than until 30 June 2021.

Shareholder rights

Dividends and other distribution of funds

Under the Finnish Companies Act, the shareholders' equity of a company is divided into restricted and unrestricted equity. Restricted equity consists of the share capital, the fair value reserve and the revaluation reserves according to the Finnish Accounting Act (1336/1997, as amended) as well as any possible reserve fund and share premium fund formed under the previous Finnish Companies Act (734/1978, as amended) effective prior to 1 September 2006.

In accordance with the prevailing practice in Finland, dividends on shares in a Finnish limited company, if any, are generally declared once a year. Dividends may be paid and unrestricted equity may be otherwise distributed after the General Meeting of Shareholders has adopted the company's financial statements and resolved on the amount of dividend or other distribution of unrestricted equity based on a proposal by the Board of Directors of the company. Pursuant to the Finnish Companies Act, the payment of a dividend or other distribution of unrestricted equity may also be based on financial statements other than those for the preceding financial year, provided that such financial statements have been adopted by the General Meeting of Shareholders. If the company has an obligation to elect an auditor pursuant to the law or its Articles of Association, such financial statements must be audited.

The payment of a dividend or other distribution of unrestricted equity requires the approval of the majority of the votes cast at a General Meeting of Shareholders of the company. Pursuant to the Finnish Companies Act, the General Meeting of Shareholders may also authorise the Board of Directors to resolve upon the payment of dividends and other distributions of unrestricted equity. The amount of dividend or other distribution of unrestricted equity cannot exceed the amount stipulated by the General Meeting of Shareholders.

Pursuant to the current Finnish Companies Act, a company may also distribute funds by reducing its share capital, which requires the approval of the majority of votes cast at a General Meeting of Shareholders of the company. A decision regarding the share capital reduction must be registered in the Trade Register within one month from the General Meeting of Shareholders of the company that resolved on such share capital reduction. Following the registration of the share capital reduction, a creditor hearing process may be commenced and the Trade Register will issue, upon application of the

company, a notice to the creditors of the company. The reduction of the share capital may be registered if none of the creditors of the company has opposed the reduction of the share capital or the company has received a confirmatory judgment to the effect that the opposing creditors have either received payment for their receivables or a securing collateral has been placed by the company for the payments of such receivables.

Distributable funds include the net profit for the preceding financial year, retained earnings from previous financial years and other unrestricted equity, adjusted for the loss set forth in the statement of financial position and the amounts that the Articles of Association of the company require to be left undistributed. The amount of any dividend or other distribution of unrestricted equity is limited to the amount of distributable funds of the company stated in the financial statements upon which the decision to pay dividends or otherwise distribute unrestricted equity are based, subject to any material changes in the financial condition of the company since the financial statements were prepared. Distribution of funds, whether by way of dividend or other distribution of unrestricted equity, is prohibited if it is known, or it should be known, at the time such decision is made that the company is insolvent or that such distribution would cause the company to become insolvent.

Distributable funds are, where applicable, to be further adjusted for capitalised incorporation, research and certain development costs in accordance with the provisions of the Finnish Act on the Implementation of the Finnish Companies Act (625/2006, as amended). A parent company of a consolidated group of companies may not distribute more than the amount of distributable funds shown on the parent company's latest audited and adopted financial statements.

The dividend may not exceed the amount proposed or otherwise accepted by the Board of Directors, unless so requested at the General Meeting by shareholders representing at least one-tenth of all of the issued and outstanding shares in the company, in which case, the dividend can be no more than the lesser of (i) at least one-half of the profit for the preceding financial year less the amount that the Articles of Association of the company require to be left undistributed (if any); and (ii) the amount of distributable funds as described above. However, in such case, the dividend cannot exceed 8 per cent of the total shareholders' equity of the company and the distributable amount must be adjusted for any dividends paid during the accounting period before the Annual General Meeting.

All Shares in Kreate carry equal rights to dividends and other distributions of funds (including distributions of assets in the event of the liquidation). Pursuant to the Finnish Companies Act, dividends and other distributions of funds are paid to the shareholders or their nominees entered in the shareholders' register on the relevant record date. Such register is maintained by Euroclear Finland through relevant account operators. No dividends are payable to shareholders not registered in the shareholders' register. The right to dividends expires within three years from the dividend payment date, after which the funds reserved for paying the dividends will remain with Kreate.

Voting rights and general meeting of shareholders

General

Pursuant to the Finnish Companies Act, shareholders exercise their power to resolve on matters at general meetings of the shareholders. Pursuant to the Finnish Companies Act, the Annual General Meeting of the company must be held annually no later than six months from the end of the company's financial year. At the Annual General Meeting, the financial statements, including the income statement, statement of financial position and cash flow statement with notes thereto and consolidated financial statements, are presented to the shareholders for adoption. At the Annual General Meeting, shareholders also make decisions regarding, among others, use of profits shown in the statement of financial position, the discharge from liability of the members of the Board of Directors and the chief executive officer, the number of members of the Board of Directors as well as the election of the members of the Board of Directors and the auditor, and their respective remuneration.

An Extraordinary General Meeting in respect of specific matters must be convened when deemed necessary by the Board of Directors, or when requested in writing by the auditor of the company or by shareholders representing at least one-tenth of all of the issued and outstanding Shares in the Company.

Pursuant to the Articles of Association of Kreate, a notice to the general meeting shall be published on Kreate's website no earlier than three months and no later than three weeks before the meeting. However, said notice of General Meeting must be published no less than nine days before the General Meeting record date, as defined by the Finnish Companies Act. Further, the date by which a shareholder must register with Kreate in order to attend the general meeting shall be mentioned in the notice of the General Meeting. In addition, from the Listing, pursuant to the rules of Nasdaq Helsinki, Kreate must publish the notice of the General Meeting by way of a stock exchange release.

There are no quorum requirements for General Meetings of shareholders in the Finnish Companies Act or in the Articles of Association of Kreate.

In order to have the right to attend and vote at a General Meeting of Shareholders, a shareholder must be registered at least eight Finnish business days prior to the relevant General Meeting of Shareholders in the register of shareholders maintained by Euroclear Finland in accordance with Finnish law. A beneficial owner of nominee-registered shares contemplating attending and voting at the General Meeting of Shareholders should seek a temporary registration in the register of shareholders maintained by Euroclear Finland by the date announced in the notice of the General Meeting of Shareholders, which date must be after the record date of the General Meeting of Shareholders. A notification for temporary registration of a beneficial owner into the shareholder register of the Company is considered notice of attendance at the General Meeting of Shareholders.

Voting rights

A shareholder may attend and vote at a General Meeting of Shareholders in person or through an authorised representative. However, pursuant to temporary legislation enacted due to the recent covid-19 outbreak, Finnish public limited companies whose shares are admitted to trading on a regulated market, such as Kreate after the Listing, may choose to arrange a General Meeting of Shareholders without shareholders being present. Pursuant to the temporary legislation, a General Meeting of Shareholders may be arranged such that shareholders may participate and vote in the General Meeting only through an agent. Where a company decides to arrange such a General Meeting of Shareholders, it shall make available to shareholders one or several agents, who may not be related parties of the company. Alternatively, a company may decide to arrange a General Meeting of Shareholders such that shareholders may participate and vote in the General Meeting only by mail-in voting, distance communication or other means of technical nature. The temporary legislation is in force until 30 June 2021.

Each Share entitles the holder to one vote at the General Meeting of Shareholders. At a General Meeting of Shareholders, resolutions are generally passed with the majority of the votes cast. However, certain resolutions, such as any deviations from shareholders' pre-emptive rights in respect of share offerings and repurchases of own shares, amendments to the Articles of Association and resolutions regarding mergers, demergers or liquidation of a company, require at least two-thirds of the votes cast and the shares represented at the General Meeting of Shareholders. In addition, certain resolutions, such as amendments to the Articles of Association that change the respective rights of shareholders holding the same class of shares or increase the redemption rights of a company or its shareholders require the consent of all shareholders, or where only certain shareholders are affected, require the consent of all shareholders affected by the amendment in addition to the applicable majority requirement.

Pre-emptive right

Pursuant to the Finnish Companies Act, shareholders of a Finnish company have a pre-emptive right, in proportion to their shareholdings, to subscribe for new shares in such company, unless the resolution of the General Meeting of Shareholders approving such issue, or authorising the Board of Directors to resolve on such issue, provides otherwise. Pursuant to the Finnish Companies Act, a resolution that deviates from the shareholders' pre-emptive rights must be approved by at least two-thirds of all votes cast and shares represented at a General Meeting of shareholders. In addition, pursuant to the Finnish Companies Act, such a resolution requires that the company has a weighty financial reason to deviate from the pre-emptive rights of shareholders.

Certain shareholders resident in, or with a registered address in certain jurisdictions may not be able to exercise pre-emptive rights in respect of their shareholdings unless a registration statement, or an equivalent thereof under the applicable laws of their respective jurisdictions, is effective or an exemption from any registration or similar requirements under the applicable laws of their respective jurisdictions is available.

Right to share in any surplus in the event of liquidation

Pursuant to the Finnish Companies Act, upon the voluntary liquidation of the company, liquidators are required to cause the repayment of the company's known debts. Any net assets remaining after the repayment of debts are paid to the shareholders pro rata to their holdings of Shares.

Redemption provisions (squeeze-out)

Under the Finnish Companies Act, a shareholder with shares representing more than 90 per cent of all shares and voting rights attached to all shares in a company has the right to redeem remaining shares in such company for fair value. In addition, any minority shareholder that possesses shares may, pursuant to the Finnish Companies Act, require such majority shareholder to redeem its shares.

Conversion provisions

The Finnish Companies Act and Kreate's Articles of Association do not contain conversion provisions regarding the Shares.

Amendments to be made to the Articles of Association in connection with the listing

As at the date of this Offering Circular, Kreate's Articles of Association contain a redemption clause and a consent clause. Kreate's shareholders have unanimously resolved on 25 January 2021 to remove the redemption clause and the consent clause from the Articles of Association. The removal of the redemption clause and the consent clause will be notified for registration in the Trade Register only at the same time as the New Shares to be issued in the Offering are notified for registration or immediately in before. Following the removal of the redemption clause and the consent clause, the Shares will be freely transferable within the limits of the transfer described in the section "*Terms and conditions of the Offering – General Terms and Conditions of the Offering – Lock-up*".

If the New Shares to be issued are declared for registration in more than one instalment, the removal of the redemption clause and the consent clause in the Articles of Association will be notified for registration in connection or immediately before the first notice of such registration of New Shares.

Kreate's amended Articles of Association, which will be registered when the New Shares to be issued in the Offering are announced for registration or immediately before, are attached as Appendix B to this Offering Circular.

Takeover rules

After the Listing, Kreate will be subject to statutory law and the Helsinki Takeover Code (as defined below), with regard to takeover rules. The following is a summary of the Finnish takeover rules, and should not be considered exhaustive.

Pursuant to the Finnish Securities Markets Act, a shareholder, whose holding increases to more than 30 per cent or more than 50 per cent of the voting rights attached to shares in a company after the shares or securities entitling to such shares in the company have been admitted to trading on a regulated market, is obligated to make a public offer for all remaining shares and securities entitling to such shares in the company at fair value (mandatory takeover bid). Pursuant to the Finnish Companies Act, a shareholder holding shares representing more than 90 per cent of all the shares and votes in a company has the right to redeem the remaining shares in the company at fair value (right of squeeze-out). In addition, a shareholder whose shares may be redeemed in the above mentioned manner is entitled to demand redemption from the majority shareholder entitled to exercise redemption (right of sell-out). Detailed rules apply to the calculation of the proportions of shares and votes discussed above. Kreate's Articles of Association contain no specific provisions on rights of squeeze-out or sell-out deviating from the Finnish Companies Act.

Pursuant to the Finnish Securities Markets Act, a Finnish listed company shall directly or indirectly belong to an independent body representing the economy on a wide basis and established in Finland, which has issued a recommendation to promote compliance with good securities markets practice on the actions of the management of the offeree company with regard to a takeover bid (the "**Helsinki Takeover Code**"). Pursuant to the Finnish Securities Markets Act, a listed company must provide an explanation for not committing to complying with the Helsinki Takeover Code.

Past tender offers

There have been no past tender offers for the Shares or equity securities of Kreate.

FINNISH SECURITIES MARKETS

The following summary is a general description of the Finnish securities market and it is based on the laws in force in Finland as at the date of this Offering Circular. The following summary is not exhaustive. For shareholder rights and takeover rules, see "Shares and share capital – Shareholder rights" and "Shares and share capital – Takeover rules".

Trading and settlement on Nasdaq Helsinki

The currency for trading in, and clearing of, securities on Nasdaq Helsinki is euro, with the tick size for trading quotations depending on the share price. All price information is produced and published in euro.

Nasdaq Helsinki uses the automated INET Nordic trading platform. INET Nordic is an order-based system in which orders are executed when price and volume information as well as other conditions match. Nasdaq Helsinki has three principal trading sessions: pre-open session, continuous trading and post-trading session. For shares, pre-open session begins at 9.00 a.m. and ends at 9.45 a.m. during which orders may be placed, changed or cancelled. The opening call begins at 9.45 a.m. and ends at 10.00 a.m. Continuous trading begins immediately after the opening call ends at 10.00 a.m. and trading continues at prices based on market demand until 6.25 p.m. when the closing call is initiated. Orders entered during the pre-open session and existing orders with several days' validity are automatically transferred into the opening call. Post-trading, during which contract transactions for shares can be registered as after-hours trading in confirmed prices within the price limits based on the trading day, takes place between 6.30 p.m. and 7.00 p.m.

Trades are primarily cleared by netting them in the system of a central counterparty (e.g. European Central Counterparty N.V.) and settling them in Euroclear Finland's data-processing system (Infinity system) on the second banking day after the trade date (T+2) unless otherwise agreed by the parties. Nasdaq Helsinki is a part of Nasdaq Inc. Nasdaq Inc. also owns and maintains Nasdaq Stockholm and the stock exchanges in Copenhagen, Reykjavik, Riga, Vilnius and Tallinn. Nasdaq Nordic consists of four local stock exchanges, which are located in, Helsinki, Stockholm, Copenhagen and Reykjavik. The four exchanges are separate legal entities in different jurisdictions; therefore, each exchange partly has its own rules and regulations. The companies listed on these four exchanges are presented on one common list – the Nordic List – with harmonised listing requirements. Companies are presented in segments based on market value and in sectors according to industry affiliation.

Regulation of the Finnish securities market

The securities market in Finland is supervised by the FIN-FSA. One of the principal statutes governing the Finnish securities market is the Finnish Securities Markets Act, which contains regulations with respect to company and shareholder disclosure obligations and public tender offers, among other things. The Finnish Ministry of Finance and the FIN-FSA have issued more detailed regulations pursuant to the Finnish Securities Markets Act. Furthermore, MAR, which is directly applicable within the EU, became applicable on 3 July 2016. MAR contains provisions on the disclosure obligation regarding inside information as well as prohibitions on insider dealing, unlawful disclosure of inside information and market manipulation. MAR also contains rules on, among other things, procedures relating to disclosure of inside information, maintenance of insider lists and disclosure of managers' transactions. The Prospectus Regulation contains regulations regarding prospectuses, including an obligation, subject to certain exceptions, to publish a prospectus where securities are admitted to trading on a regulated market or offered to the public. The FIN-FSA monitors compliance with these regulations.

The Finnish Securities Markets Act specifies minimum disclosure requirements for companies the securities of which are admitted to trading on a regulated market. An issuer whose securities are admitted to trading on a regulated market is responsible for periodically publishing its financial information. The MAR requires an issuer to inform the public as soon as possible, subject to certain exceptions, of inside information which directly concerns that issuer.

A shareholder is required, without undue delay, to notify a Finnish listed company and the FIN-FSA when its voting interest in or its holding of the total number of shares in such Finnish listed company reaches, exceeds or falls below five per cent, ten per cent, 15 per cent, 20 per cent, 25 per cent, 30 per cent, 50 per cent, two thirds (approximately 66.67 per cent) or 90 per cent, calculated in accordance with the Finnish Securities Markets Act, when it has on the basis of a financial instrument the right to receive an amount of shares that reaches, exceeds or falls below any such threshold, or when its aggregate holding of shares and financial instruments reaches, exceeds or falls below any such threshold. If a Finnish listed company receives information indicating that a voting interest or ownership interest has reached, exceeded or fallen below any of these thresholds, it must disclose such information without undue delay and deliver it to the main media and to the Nasdaq Helsinki. If a shareholder has violated its obligation to notify on voting interest or ownership, the FIN-FSA may, due to a weighty reason, prohibit the shareholder from using its right to vote or to be presented in the general meeting for the shares to which the violation relates.

Net short positions relating to shares tradable on Nasdaq Helsinki must be disclosed to the FIN-FSA in accordance with regulation of the European Parliament and of the Council on short selling and certain aspects of credit default swaps ((EU)

No 236/2012). The obligation to disclose net short positions applies to all investors and market participants. A net short position regarding shares admitted to trading on a regulated market must be disclosed when the position reaches, exceeds or falls below 0.1¹²² per cent of the issued share capital of the target company. A new notification must be disclosed for each 0.1 per cent exceeding the above threshold. The FIN-FSA publishes the notified net short positions on its website, if the net short position reaches, exceeds or falls below 0.5 per cent of the issued share capital of the target company.

The Finnish Penal Code (39/1889, as amended) criminalises the breach of disclosure requirements, the misuse of inside information and market manipulation. Pursuant to MAR, Finnish Securities Markets Act and the Finnish Act on the Financial Supervisory Authority (878/2008, as amended), the FIN-FSA has the right to impose administrative sanctions to the extent the offence does not fall within the scope of the Finnish Penal Code. The FIN-FSA can, for example, issue a public warning or impose administrative fines or penalty payments for the breach of the provisions relating to disclosure requirements, public tender offer, insider lists, managers' transactions or market abuse. The disciplinary board of Nasdaq Helsinki may give a warning or note or impose a disciplinary fine or order the company to be removed from the stock exchange list.

Finnish book-entry system

General

The book-entry system refers to a system in which physical share certificates have been changed to book-entries registered in book-entry accounts. The Finnish book-entry system is centralised at Euroclear Finland, which offers national clearing, settlement and registration services for securities. Euroclear Finland maintains a central book-entry register for both equity and debt securities. The business address of Euroclear Finland is Urho Kekkosen katu 5C, FI-00100 Helsinki, Finland. Being in book-entry form is mandatory for all securities subject to trading on a trading venue.

Euroclear Finland maintains a company-specific register of those shareholders who are registered in the book-entry system. The account operators, which consist of credit institutions, investment firms and other institutions licensed to act as account operators by Euroclear Finland, are entitled to make entries in the book-entry register and administer the book-entry accounts.

Registration

In order to hold entries in the book-entry system, a security holder must open a book-entry account with an account operator or agree with a custodian upon the holding of book-entries in a custodial nominee account. A foreigner, foreign entity or trust may hold book-entries. Such persons may also deposit book-entries in a custodial nominee account, where the shares are registered in the name of a custodial account holder in the company's register of shareholders. A custodial nominee account must contain information on the custodial account holder instead of the beneficial owner and indicate that the account is a custodial nominee account. Book-entry securities held on behalf of one or more beneficial owners may be registered in a custodial nominee account. In addition, the shares owned by a foreigner, foreign entity or trust may be deposited in a nominee-registered account, in which case the book-entry account is opened in the name of the account owner, but the custodian of the nominee registration is registered in the company's shareholders' register.

For shareholders who have not transferred their shares into book-entries, a joint book-entry account is opened with the issuer as registered holder. All transfers of securities entered in the book-entry system are executed as computerised book-entry transfers to the extent they are executed in the book-entry system. The account operator delivers a statement to the account holder regularly, at least four times a year, presenting entries made to the account since the last statement. The book-entry account holders also receive an annual statement of their holdings at the end of each calendar year.

Each book-entry account is required to contain specific information with respect to the account holder and other holders of rights to the book-entries entered into the account as well as information on the account operator administering the book-entry account. The required information also includes the type and number of book-entries registered as well as the rights and restrictions pertaining to the account and to the book-entries registered in the account. Euroclear Finland and the account operators are required to observe strict confidentiality. Certain information (e.g. the name and number of shares of each shareholder) contained in the register of shareholders maintained by Euroclear Finland must be made available to the public by Euroclear Finland and the relevant company, except in the case of custodial nominee registration. The FIN-FSA and the relevant company are entitled to certain information on the holdings of shares registered in a custodial nominee account upon request.

Each account operator is under strict liability with regard to errors and omissions in the book-entry registers maintained by it and for breaches of confidentiality. If an account holder has suffered a loss as a result of a faulty registration or some

¹²² The 0.1% threshold is valid until 19 March 2021, after which the 0.2% threshold will apply unless the European Securities and Markets Authority decides to extend the lower threshold.

other error or defect and if the account operator has not compensated for this loss due to insolvency that is not temporary, the account holder is entitled to receive compensation from the statutory registration fund. The capital of the registration fund must not be less than EUR 20 million. The compensation to be paid to one injured party shall be equal to the amount of loss suffered by such injured party from a single account operator, subject to a maximum amount of EUR 25,000. The liability of the registration fund to pay damages in relation each incident is limited to EUR 10 million.

Custody of the shares and nominees

A non-Finnish shareholder may appoint an account operator (or certain other Finnish or non-Finnish organisations approved by Euroclear Finland) to act on its behalf. Shares held in a custodial nominee account do not entitle the account holder to exercise other rights of the owner vis-à-vis the issuer than the right to withdraw funds, to convert or exchange the book entry and to participate in an issue of shares or other book entries. In order to attend and vote at general meetings of shareholders, a beneficial owner may seek temporary registration to the shareholders' register if the shares entitle the owner to be registered in the shareholders' register on the record date of the general meeting of shareholders. Notifications regarding temporary registration must be given no later than at the date and time specified in the notice of the General Meeting of Shareholders.

Upon request by the FIN-FSA or the relevant company, a custodial nominee account holder must disclose the name of the beneficial owner of any shares registered in such custodial nominee's name, provided the beneficial owner is known, as well as the number of shares owned by such beneficial owner. If the name of the beneficial owner is not known, the custodial nominee account holder is required to disclose corresponding information on the representative acting on behalf of the beneficial owner and to submit a written declaration of the representative to the effect that the beneficial owner of the shares is not a Finnish natural person or legal entity. In the Finnish book entry system, e.g. Euroclear Bank S.A./N.V. and Clearstream act as account operators, and non-Finnish shareholders may hold their shares through their accounts with Euroclear Bank S.A./N.V. or Clearstream. A shareholder wishing to hold his/her shares in the book-entry securities system in his/her own name but who does not maintain a book-entry account in Finland is required to open a book-entry account at an account operator and a convertible euro account at a bank.

Compensation fund for investors and deposit insurance fund

The Finnish Act on Investment Services (747/2012, as amended "**Finnish Act on Investment Services**") sets forth a compensation fund for investors. Under this act, investors are divided into professional and non-professional clients. The fund does not compensate any losses by professional clients. The definition of professional client includes certain business enterprises and public entities, which are deemed to understand the securities markets and their associated risks. An investor may also provide notice in writing that, on the basis of his/her professional skills and experience in the securities markets, he/she is a professional client; however, natural persons are presumed to be non-professional clients.

Investment firms and credit institutions offering investment services must belong to the compensation fund. The compensation fund safeguards payment of clear and indisputable claims when an investment company or a credit institution has been declared bankrupt, is undergoing a restructuring process, or is otherwise, for a reason other than temporary insolvency, not capable of paying claims within a determined period of time. For valid claims, the compensation fund will pay 90 per cent of the investor's claim against each investment company or credit institution, up to EUR 20,000. The compensation fund does not provide compensation for losses due to decreases in stock value or bad investment decisions. Accordingly, investors continue to be liable for the consequences of their own investment decisions. According to the Finnish Act on the Financial Stability Authority (1195/2014, as amended), depositary banks must belong to a deposit guarantee fund, which is intended to safeguard payments of receivables in the depositary bank's account or receivables in the forwarding of payments that have not yet been entered into an account if the depositary bank becomes insolvent and the insolvency is not temporary. The customers of a depositary bank can be compensated by the deposit guarantee fund up to EUR 100,000. An investor's funds can be safeguarded either by the deposit guarantee fund or the compensation fund; however, an investor's funds cannot be safeguarded by both funds.

TAXATION

The tax legislation of the investor's tax domicile and Finland, being Kreate's jurisdiction of incorporation, may have affect the income received from the Shares.

The following summary is a general description of the most significant Finnish tax consequences with respect to the acquisition, ownership and disposal of the Shares in Kreate. The summary is based on the tax laws of Finland, including relevant case law as well as decisions and guidance issued by the Finnish Tax Administration as in effect at the date of this Offering Circular. The summary is subject to changes in the tax laws of Finland, including changes that could have a retroactive effect. The summary is not exhaustive and does not take into account or discuss the tax laws of any other country than Finland.

The summary does not address tax consequences applicable to shareholders that may be subject to special tax rules relating to, among others, different restructurings of corporations, controlled foreign corporations, income tax-exempt entities, or general or limited partnerships. Furthermore, the summary does not address tax consequences relating to investments belonging to business activities undertaken by natural persons, nor inheritance or gift taxation.

Prospective investors are advised to consult professional tax advisors to obtain information on the tax consequences of the acquisition, ownership and disposal of the Shares taking into consideration their specific circumstances.

General

Residents and non-residents of Finland are treated differently for Finnish tax purposes. Persons resident in Finland are subject to taxation in Finland on their worldwide income. Non-residents are only taxed on income from Finnish sources and on income attributable to a possible permanent establishment in Finland. However, tax treaties may limit the applicability of Finnish tax legislation and Finland's right to tax Finnish source income received by a non-resident.

Generally, a natural person is deemed to be a resident in Finland, if the person remains in Finland for a continuous period of more than six months, or if the permanent home and abode of such person is in Finland. However, a Finnish national who has moved abroad is considered to be resident in Finland until three years have passed from the end of the year of departure, unless it is proven that no substantial ties to Finland existed during the relevant prior tax year.

Earned income, including salary, is taxed at progressive rates. Capital income of a resident natural person not exceeding EUR 30,000 per calendar year is taxed at a flat rate of 30 per cent, and to the extent the amount of capital income exceeds EUR 30,000 in a calendar year, the exceeding amount is taxed at a rate of 34 per cent.

Corporate entities established under the laws of Finland are regarded as residents in Finland. Further, as of 1 January 2021, tax residency can be based on the place of effective management. Thus, foreign corporate entities having their key decisions concerning their daily business activities made in Finland can be treated as residents for Finnish domestic tax law purposes. However, the application of the rule to UCITS funds meant in chapter 1 section 2 paragraph 17 of the Mutual Funds Act (213/2019, as amended) and AIF funds meant in chapter 2 section 1 of the Alternative Investment Fund Managers Act (162/2014, as amended) that have been established or registered under the laws of another EEA-country is deferred until the beginning of 2023. Currently, the corporate income tax rate is 20 per cent, and the same rate is applied to taxation of income attributable to a Finnish permanent establishment of a non-resident.

Personnel offering

An employer may offer shares to be subscribed by its employees at a discount not exceeding 10 per cent, without this being deemed a taxable benefit. According to section 66 of the Income Tax Act (1535/1992, as amended), the discount is calculated as the difference between the fair value and the subscription price of the shares. In this respect, it is required that the shares offered to the employees are newly issued shares and that the shares are offered to the majority of the employees. It has been deemed in the Finnish tax praxis that the tax exemption status and the conditions relating thereto can also be applied to benefits that are offered to employees of other group companies on the basis of employment.

A discount that exceeds 10 per cent of the fair value of the shares is deemed taxable earned income for the employees subject to payroll withholding similarly to salary income. The taxable benefit arises when the employee subscribes for the New Shares offered to him/her in the Personnel Offering.

Taxation of dividends and repayment of capital

General

A company listed on Nasdaq Helsinki is considered a publicly listed company ("**Listed Company**") for Finnish dividend tax purposes.

Funds distributed from the reserve for invested unrestricted equity (so-called SVOP-reserve) of a Listed Company are treated as dividend income for tax purposes.

Finnish resident natural persons

85 per cent of dividend income received from a Listed Company by a resident natural person on shares belonging to the personal income source is taxable capital income of the recipient, while 15 per cent is tax-exempt.

Distribution of dividends by a Listed Company to resident natural persons is subject to advance tax withholding. Currently, the amount of the advance tax withholding is 25.5 per cent. The advance tax withheld by the distributing company is credited against the final tax payable by the shareholder for the dividend received.

When the shares on a nominee account are held by a Finnish resident natural person, the amount of the advance tax withholding is 50 per cent, if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company or the registered authorised intermediary closest to the recipient of the dividend, or if the intermediary is not able to provide the Finnish Tax Administration with such information, as specified in further detail.

The resident natural person receiving the dividend is liable to verify the amount of dividend and the withholding on his pre-completed tax return and, if needed, to correct the amounts on the tax return.

Finnish corporations

Dividends paid by a Listed Company on the shares that are owned by another Finnish Listed Company are generally tax-exempt. However, if the shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt. Only banks, insurance companies and pension institutions may have investment assets.

Dividends received from a Finnish Listed Company by a Finnish corporation which is not a Listed Company are in general fully taxable income. However, in cases where the non-listed corporation directly owns 10 per cent or more of the share capital of the Listed Company, the dividend received on such shares is tax-exempt, provided that the shares are not included in the investment assets of the shareholder. If the shares are included in the investment assets of the shareholder, 75 per cent of the dividend is taxable income while the remaining 25 per cent is tax-exempt, irrespective of the share of ownership in the Listed Company.

When the shares on a nominee account are held by a Finnish corporation, the amount of the advance tax withholding is 50 per cent if the identification information of the recipient of the dividends is not obtained by the dividend distributing Listed Company or the registered authorised intermediary closest to the recipient of the dividend or if the intermediary is not able to provide the Finnish Tax Administration with such information, as specified in further detail.

Non-residents

Non-residents are subject to Finnish withholding tax on dividends paid by a Listed Company. The tax is withheld by the Listed Company distributing the dividend at the time of dividend payment, and no other taxes on the dividend are payable in Finland.

In general, the dividend withholding tax rate is 20 per cent for non-resident corporate entities and 30 per cent for all other non-residents as dividend recipients.

As an exception to the above, withholding tax is not applicable to dividends paid to non-resident companies meant in Article 2 of the Parent-Subsidiary Directive (2011/96/EU, as amended) (the "**Parent-Subsidiary Directive**") that are located in an EU member state, which have a direct minimum holding of 10 per cent of the capital of the dividend-distributing Finnish Listed Company, and which also fulfil the other conditions to grant the benefits of the Parent-Subsidiary Directive.

The withholding tax rate may also be reduced, or removed in full, on the basis of an applicable tax treaty. A reduced withholding rate in accordance with the applicable tax treaty can be applied, if the person beneficially entitled to the dividend has provided a valid tax at source card or other necessary clarification (name, date of birth, possible other official identification data, and the address in the country of residence) to the Listed Company prior to the payment of the dividend.

Furthermore, no withholding tax is applied if the dividend is paid to a corporation located in the EEA, provided that the recipient is regarded to be equivalent to a Finnish corporation meant in section 33d.4 of the Income Tax Act, or in section 6a of the Finnish Business Income Tax Act (360/1968, as amended), and that the dividend would be tax-exempt pursuant to the above-mentioned sections had it been received by a Finnish corporation. Additionally, it is required that the Directive on Administrative Cooperation in the Field of Taxation (2011/16/EU, as amended) or a treaty concerning administrative co-operation or exchange of information in tax matters is applicable to the home country of the dividend receiving

corporation, and that the withholding tax cannot be fully credited in the country of residence of the dividend receiving corporation based on a double tax treaty concluded with Finland.

Dividends distributed on shares belonging to investment assets of the dividend receiving corporation are subject to special rules. In many cases a withholding tax at the rate of 15 per cent applies, if the recipient resides in an EEA country, or if the recipient is comparable to a Finnish pension institution and the requirements relating to exchange of information in tax matters, as well as other more specific requirements are fulfilled. A dividend may nevertheless be exempt from withholding tax, if the requirements of the above-mentioned exemption relating to the Parent-Subsidiary Directive and the minimum holding of 10 per cent are fulfilled. The withholding tax rate may also be reduced or removed on the basis of an applicable tax treaty.

As of 1 January 2021, the tax treatment of dividends payable on shares held in custodial nominee accounts has been amended. Currently, the withholding tax rate set forth in the relevant tax treaty may be applied to dividends payable on shares held in custodial nominee accounts, provided that the dividend distributing Listed Company or a registered authorised intermediary has investigated with due care the recipient's country of residence and ascertained the applicability of the relevant tax treaty, as set out in further details in section 10 b of the Act on Taxation of Non-Residents (627/1978, as amended, "**Withholding Tax Act**"). Further, the dividend distributing Listed Company and a registered authorised intermediary are obligated to provide the Finnish Tax Administration with the required detailed identification information of the recipient of the dividends, as set out in further details in section 10 c of the Withholding Tax Act and section 15 e of the Assessment Procedure Act (1558/1995, as amended). If a tax treaty is not applicable, but the dividend distributing Listed Company or a registered authorised intermediary has obtained the required detailed identification information, the dividend is taxable in accordance with the general rules, as explained above under this section "*Non-residents*". If the required detailed identification information has not been provided, the dividends paid to shares held in a nominee account is subject to a withholding tax at the rate of 35 per cent. The recipient of the dividend may however apply for a withholding tax refund from the Finnish Tax Administration to the extent that the above conditions for the application of a reduced withholding tax rate are met.

Under certain conditions, non-resident natural persons located in a country within the EEA may request that instead of taxation in accordance with final tax at source the provisions of the Act on Tax Assessment Procedure (1558/1995, as amended) are applied in which case the dividend taxation is carried out through assessment in the same manner as set out in section "*– Finnish resident natural persons*" above.

Capital gains from sale of the shares

Finnish resident natural persons

A capital gain arising from the sale of the shares which do not belong to the business activity of a Finnish resident natural person is taxed as capital income. A capital loss arising from the sale of the shares that do not belong to the business activity of the shareholder is deductible primarily from the resident natural person's capital gains and secondarily from the person's other capital income arising in the same year and during the following five tax years. Capital losses are not taken into account when assessing the capital income deficit for the tax year. If the proceeds of all assets sold by the resident natural person during the tax year do not, in aggregate, exceed EUR 1,000 (exclusive of sale proceeds from assets that may be sold tax-exempt pursuant to Finnish tax laws), the capital gains from the disposal of the shares are nevertheless exempt from tax. A capital loss is correspondingly not deductible, if the acquisition cost of the assets sold does not, in aggregate, exceed EUR 1,000.

The capital gain or loss is calculated by deducting the original acquisition cost and expenses related to acquiring the gain/loss (e.g. the selling expenses) from the sales price. Alternatively, a natural person can elect to apply a so-called presumptive acquisition cost, which is equal to 20 per cent of the sales price, or in the case of shares which have been held for at least ten years, 40 per cent of the sales price. If the presumptive acquisition cost is used instead of the actual acquisition cost, any expenses for acquiring the income are deemed to be included therein and cannot be separately deducted from the sales price.

Finnish corporations

If the shares are included in the personal income source of a corporation, a capital gain arising from the sale of the shares is taxable income. Capital gain or loss is calculated by deducting the acquisition cost remaining for tax purposes, and the expenses related to acquiring the capital gain, from the sales price. A capital loss arising from the sale of shares belonging to the personal income source is deductible from capital gains arising in the same source of income in the same tax year and during the subsequent five tax years.

The sales price for the shares included in the business income source of a corporation is as a general rule taxable business income. Correspondingly, the remaining acquisition cost of the shares for tax purposes, as well as the deductible costs relating to the disposal, are deductible business expenses upon the disposal of the shares. Confirmed tax losses in the business income source are in general deductible from taxable business income in the same tax year and the subsequent ten tax years in accordance with general rules concerning carrying forward tax losses. However, if the shares are included in other assets category within the business income source, which includes such assets that cannot be deemed as financial assets, current assets, investment assets or fixed assets, the losses are only deductible from capital gains arising from the other assets category in the same tax year and during the subsequent five tax years.

Capital gains from disposal of the shares belonging to fixed assets in business income source can under certain strict conditions be tax-exempt, provided that the corporation disposing the shares has continuously, for at least one year, owned at least 10 per cent of the share capital in the company, and provided that also the other requirements for the exemption are met. Capital losses from disposals of the shares qualifying for tax exempt disposals are correspondingly non-deductible.

Should a deductible capital loss arise from the disposal of the shares included in fixed assets but not qualifying under the tax exemption, such capital loss may only be deducted from taxable capital gains arising from the sale of shares included in fixed assets in the same tax year and the subsequent five years.

Non-residents

Non-residents are in general not subject to Finnish tax on capital gains realised on the sale of the shares, provided that less than 50 per cent of the total assets of the company consist of real properties in Finland. Any capital gains arising from the sale of the shares belonging to a non-resident corporation's permanent establishment in Finland are taxed in the same manner as described in section "*– Finnish corporations*" above.

Finnish transfer tax

No transfer tax is payable in connection with the subscription of New Shares to be issued in the Share Issue. Further, no transfer tax is payable on transfers of shares which are subject to regular trading in a regulated marketplace which is open for the public as meant in the Act on Trading in Financial Instruments (1070/2017, as amended) such as Nasdaq Helsinki, if the transfer is made against a fixed monetary consideration and provided that the shares in question have been added to the book-entry system meant in the Act on the Book-entry System and Clearing (348/2017, as amended). The transfer tax exemption also requires that an investment firm, a foreign investment firm or other entity offering investment services, as defined in the Finnish Act on Investment Services, is a broker or a party to the transaction, or that the transferee has been approved as a trading party in the market in which the transfer is executed. Further, if the broker or the counterparty to the transaction is not a Finnish investment firm, Finnish credit institution, or a Finnish branch or office of a foreign investment firm or credit institution, the transfer tax exemption requires that the transferee submits a notification of the transfer to the Finnish Tax Administration within two months of the transfer, or that the broker submits an annual declaration regarding the transfer to the Finnish Tax Administration as set forth in the Act on Tax Assessment Procedure.

As for the Sale Shares to be transferred in connection with the Offering, the transfer tax exemption further requires that the purchase price paid for the Sale Shares is equal to the price paid for the New Shares, and that the target of the transfer is not specified until the trading has commenced.

Certain separately defined transfers, such as those relating to equity investments or distribution of funds, are not covered by the transfer tax exemption. In addition, the exemption does not apply to transfers carried out in order to fulfil the obligation to redeem minority shares under the Finnish Companies Act, or if the consideration for the shares consists wholly or partially of work performance.

If neither the purchaser nor the seller is a tax resident in Finland or a Finnish branch office of any of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of a foreign EEA alternative investment fund manager, the transfer of the shares is exempt from Finnish transfer tax.

If the acquisition or transfer of the shares does not fulfil the above criteria for a tax-exempt transfer, the applicable transfer tax is payable by the purchaser. In general, the transfer tax rate is 1.6 per cent of the sales price or value of other consideration for the transferring of the shares. However, no transfer tax is collected if the amount of the tax is less than EUR 10.

In case the purchaser is neither a tax resident in Finland nor a Finnish branch or office of a foreign credit institution, a foreign investment firm, a foreign fund management company, or of an EEA alternative investment fund manager, the seller must collect the transfer tax from the purchaser. If a Finnish investment firm, a Finnish credit institution or a Finnish

branch or office of a foreign credit institution or investment firm acts as a broker, it is liable to collect the transfer tax from the purchaser and to pay the tax to the state.

LEGAL MATTERS

Krogerus Attorneys Ltd is the legal adviser to Kreate and Intera on certain legal matters concerning the Offering. Roschier, Attorneys Ltd. is the legal adviser to the Managers on certain legal matters concerning the Offering.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents have been incorporated by reference to this Offering Circular. They have been published on Kreate's website at: www.kreate.fi/en/ipo and can be accessed by clicking the below hyperlinks. The parts of the following documents that have not been incorporated by reference to this Offering Circular are either not relevant for investors in the Offering or are covered elsewhere in this Offering Circular.

Document	Information incorporated by reference
<u>Interim report 1 January to 30 September 2020</u>	Financial information for the nine-month period ended 30 September 2020 containing the comparative financial information for the nine-month period ended 30 September 2019
<u>Auditor's review report for the period 1–9/2020</u>	Report on review of interim financial Information of Kreate Group Plc for the period 1 January 2020 to 30 September 2020
<u>Report of the Board of Directors and financial statements 2019, p. 2–39, 47</u>	Report of the Board of Directors and financial statements for the financial year ended 31 December 2019
<u>Auditor's report 2019</u>	Auditor's report for the financial year ended 31 December 2019
<u>Report of the Board of Directors and financial statements 2018, p. 2–46, 55</u>	Report of the Board of Directors and financial statements for the financial year ended 31 December 2018
<u>Auditor's report 2018</u>	Auditor's report for the financial year ended 31 December 2018
<u>Report of the Board of Directors and financial statements 2017, p. 1–19, 32</u>	Report of the Board of Directors and financial statements for the financial year ended 31 December 2017 (prepared in accordance with FAS)
<u>Auditor's report 2017</u>	Auditor's report for the financial year ended 31 December 2017

DOCUMENTS ON DISPLAY

In addition to the documents incorporated to this Offering Circular by reference, copies of the following documents are on display during the period of validity of this Offering Circular on Kreate's website at: www.kreate.fi/en/ipo.

1. the Articles of Association of Kreate, which shall enter into force after Kreate's Listing;
2. this Offering Circular; and
3. the documents incorporated by reference to this Offering Circular.

ANNEX A: SELLERS

In the Share Sale, the maximum number of Sale Shares is 2,690,160, of which Intera's portion is 1,980,824 Sale Shares (without the Over-allotment Option) and other Sellers' portion is a total of 709,336 Sale Shares.

Main Seller

Intera intends to sell Sale Shares on a number corresponding to a maximum of 22.3 per cent of the outstanding Shares after the issue of New Shares in the Offering. The following table presents the amount of the offered Sale Shares as well as Intera's holding immediately after the Offering (including the issue of New Shares) assuming, that the Over-allotment Option will be exercised in full, and assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares.

Sale Shares	Over-allotment Option	Holding immediately after the Offering (before the Over-allotment Option)			Holding after the Offering (and after the Over-allotment Option)		
		Number of Shares after the Offering	Per cent of Shares	Per cent of votes	Number of Shares after the Offering	Per cent of Shares	Per cent of votes
1,980,824	632,437	1,752,410	19.5%	19.7%	1,119,973	12.5 %	12.6 %

Other Sellers

The following table presents the names of the other Sellers as well as the number of Sale Shares offered for sale by the Sellers in the Offering, as well as the holdings of the Sellers immediately after the Offering assuming that the Sellers will sell the maximum amount of Sale Shares and that the Company will issue 1,526,090 New Shares.

Seller	Sale Shares	Holding immediately after the Offering		
		Number of Shares after the Offering	Per cent of Shares	Per cent of votes
Seppo Valtonen	176,600	412,101	4.6%	4.6%
Sami Rantala	117,000	273,534	3.0%	3.1%
Tero Inkala	89,313	208,396	2.3%	2.3%
Juha Salminen	68,770	160,490	1.8%	1.8%
Ronnie Neva-aho	43,080	100,519	1.1%	1.1%
HAT Invest Oy (ent. VL)	32,650	76,193	0.8%	0.9%
Jarmo Karjalainen	27,000	65,580	0.7%	0.7%
Beachfish Invest Oy	23,800	55,796	0.6%	0.6%
Juha Karjalainen	22,500	52,517	0.6%	0.6%
Lynx Rave Invest Oy	20,530	47,919	0.5%	0.5%
Teuvo Kulmala	18,000	67,966	0.8%	0.8%
Arto Määttä	12,638	29,489	0.3%	0.3%
Mika Seppälä	9,000	21,000	0.2%	0.2%
Timo Ylitalo	9,000	21,000	0.2%	0.2%
Tuomo Joutsenoja	7,090	16,543	0.2%	0.2%
Sami Laakso	4,800	11,329	0.1%	0.1%
Mika Haimila	4,500	10,500	0.1%	0.1%
Heikki Mustonen	4,500	10,500	0.1%	0.1%
Veli Hirvonen	4,500	10,500	0.1%	0.1%
Mikael Klasila	3,061	7,143	0.1%	0.1%
Matti Virolainen	3,000	8,450	0.1%	0.1%
Jari Viitala	2,700	6,300	0.1%	0.1%
Marja Mattinen	1,830	4,292	0.0%	0.0%
Ilkka Kaarakainen	1,737	4,054	0.0%	0.0%
Olli Sihvola	1,737	4,054	0.0%	0.0%

ANNEX B: ARTICLES OF ASSOCIATION OF KREATE

The articles of association described in this Annex shall be valid as of Kreate's Listing.

ARTICLES OF ASSOCIATION OF KREATE GROUP PLC

1 BUSINESS NAME

The business name of the company is Kreate Group Oyj. The parallel name of the company in Swedish is Kreate Group Abp and in English Kreate Group Plc.

2 DOMICILE

The domicile of the company is Helsinki.

3 LINE OF BUSINESS

Company's line of business comprises ground, water, bridge, industrial and house construction works as well as municipal engineering works and supervisory, consultation and planning works relating to the aforementioned areas. Company's line of business also comprises administrative and financing services of the group, personnel leasing and consulting. The company can own and control shares and other securities and properties, engage in leasing activities, trade with securities and properties as well as other investment activities

4 BOARD OF DIRECTORS

Three to ten regular members shall be elected to the Board of Directors.

The term of office of a member of the Board of Directors begins from the General Meeting deciding on their election and ends at the close of the next Annual General Meeting following the election. The Board of Directors shall elect a Chairman from among its members.

5 CHIEF EXECUTIVE OFFICER

The company may have a Chief Executive Officer and a Deputy Chief Executive Officer. The Board of Directors of the company shall decide on the appointment and dismissal of the Chief Executive Officer and the Deputy Chief Executive Officer.

6 REPRESENTATION OF THE COMPANY

The company is represented by two members of the Board of Directors jointly or by the Chief Executive Officer jointly with a member of the Board of Directors. The Board of Directors may grant rights of representation of the company and procures.

7 AUDITORS

The company has one auditor that shall be an auditing firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins from the General Meeting deciding on the auditor's election and ends at the close of the next Annual General Meeting following the election.

8 NOTICE OF GENERAL MEETING OF SHAREHOLDERS AND ADVANCE NOTICE OF PARTICIPATION IN THE GENERAL MEETING

The notice of General Meeting of Shareholders shall be delivered no earlier than three months and no later than three weeks before the General Meeting, and always no later than nine days before the record date. The notice shall be delivered to shareholders by an announcement published on the company's website.

In order to participate in the General Meeting of Shareholders, a shareholder must give an advance notice of participation to the company no later than the date given in the notice of the General Meeting of Shareholders, which shall not be earlier than ten days before the meeting.

9 ANNUAL GENERAL MEETING

The Annual General Meeting shall be held within six months of the end of the financial period.

At the Annual General Meeting the following shall be presented:

- the financial statements, including the consolidated financial statements;

- the annual report; and
- the auditor's report.

After which, the following shall be decided:

- the adoption of the financial statements and consolidated financial statements;
- the use of the profit shown on the balance sheet;
- the discharge from liability for the members of the Board of Directors and the Chief Executive Officer;
- the remuneration of the members of the Board of Directors and of the auditors;
- the number of members of the Board of Directors.

After which, the following shall be elected:

- the members of the Board of Directors; and
- the auditor.

After which, any other matters possibly contained in the notice of the meeting shall be handled.

10 SHARES RECORDED IN THE BOOK-ENTRY SYSTEM

The shares of the company are recorded in the book-entry system after the registration period.

The company

Kreate Group Plc
Haarakaari 42
FI-04360 Tuusula
Finland

Managers

Sole Global Coordinator

Danske Bank A/S, Finland Branch
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Finland

Joint Bookrunner

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Finland

Legal adviser to Kreate

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Finland

Legal adviser to Managers

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Finland

Auditor to Kreate

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Finland