

A large bridge under construction in winter. The bridge is covered in extensive scaffolding and is supported by several large, cylindrical stone piers. The ground is covered in snow, and the sky is clear blue. The bridge's structure is a mix of steel and stone, with a prominent stone tower on the right side. The overall scene is one of active construction in a cold environment.

# Interim Report January - March 2024

Kreate Group Plc

**KREATE**  
THE FUTURE IS BUILT TODAY

## KREATE'S INTERIM REPORT: EBITA INCREASED YEAR-ON-YEAR – REVENUE DECREASED AS EXPECTED

Kreate Group Plc, interim report for January - March 2024, 26 Apr 2024 at 8:30 am

### January - March in brief

- Order backlog amounted to EUR 183.6 (265.7) million, a decrease of 30.9%
- Revenue decreased compared to the reference period, amounting to EUR 54.4 (65.8) million
- The year-on-year change in revenue was -17.4% (30.5%)
- EBITDA was EUR 1.6 (1.0) million, amounting to 3.0 (1.5) per cent of revenue
- EBITA increased and was EUR 0.3 (-0.4) million, amounting to 0.5 (-0.6) per cent of revenue
- Earnings per share were EUR -0.06 (-0.08)
- Free cash flow from operating activities was EUR -3.1 (-3.3) million
- Interest-bearing net debt was EUR 20.9 (38.0) million
- Result guidance unchanged: Kreate estimates that its revenue in 2024 will decline and be in the range of EUR 270–300 million (2023: EUR 320.0 million) and EBITA will increase and be in the range of EUR 8–11 million (2023: EUR 7.8 million).

### The operating environment of infrastructure construction in brief

- Volume decreased by 5 per cent during 2023
- The volume is expected to decrease by 2% in 2024
- Cost development has calmed down, certain construction costs are even falling
- Public and private customers are now active for new projects in a market suitable for Kreate
- There is a short delay in the start-up of projects, and projects can be launched quickly if necessary
- Long-term outlook bright

### President & CEO Timo Vikström:

“The year 2024 has started in line with our expectations. In January, we provided guidance for full-year 2024 revenue decline and EBITA increase – first-quarter revenue decreased by 17% year-on-year, but despite this, we managed to turn EBITA positive and improve our profitability.

This is now the second consecutive quarter in which we have improved our profitability compared to the comparison period, both in euros and in relative terms. We believe that we have now been able to turn the profitability trend for the better.

Improving profitability with revenue lower than EUR 10 million is a great achievement, and it also reflects our very strong operational work and flexible cost structure. I would like to thank all our approximately 500 experts who have done great work with our projects.



In addition to expertise, the impact of stronger risk management and the fact that we pay attention to the right things can also be seen in profit improvement.

The market situation in infrastructure construction is very good – the slowdown in building construction is not visible in Finland. There is activity on all fronts, and there are many projects in calculations and negotiations. Due to the bright market situation, I am not worried about the lower order backlog level than in the comparison period. We are selective in our offerings, and I am confident that we will take ours in this market situation. The order backlog for rock and concrete construction in Sweden is at a high level, and business in Sweden has developed according to plan.

Our revenue and EBITA guidance remain unchanged. Revenue for the full year are estimated to be in the range of EUR 270–300 million and EBITA in the range of EUR 8–11 million. We estimate that revenue will accumulate more strongly in the second half of the year than in the first half of the year compared to the revenue distribution in 2023.

With the new legislation, responsibility work, sustainability issues and reporting will be on the agenda of many listed companies and alongside financial reporting in a completely new way. We are also preparing for the new reporting requirements and at our Annual General Meeting we selected a sustainability reporting assurer. This interim report also includes its own responsibility section for the first time, under which we present quarterly development with regard to selected sustainability targets.

We have largely achieved the objectives of our strategy period ending this year ahead of time, and during the first half of the year we have finalised our strategy update and targets for the coming years. We have today published our long-term financial targets and accordingly target an EBITA margin of over 5 percent, annual revenue growth of 5–10 percent and maintaining net debt to EBITDA below 2.5. Ten-year-old Kreate is in good operational and financial shape, and together with our committed and competent personnel, I believe that we will reach these targets.

We will present our updated strategy at the Capital Markets Day on 6 May (in Finnish only), to which we welcome everyone. In addition to our strategy and financial targets, we will open up our rail business and rock and concrete construction in the Swedish market in more detail.”

## Key figures

EUR million	1-3/2024	1-3/2023	1-12/2023
Order backlog	183.6	265.7	196.3
Revenue	54.4	65.8	320.0
Year-on-year change in revenue, %	-17.4	30.5	16.8
EBITDA	1.6	1.0	14.0
EBITDA, %	3.0	1.5	4.4
EBITA	0.3	-0.4	7.8
EBITA, %	0.5	-0.6	2.4
Operating profit	0.2	-0.4	7.6
Operating profit, %	0.4	-0.7	2.4
Result for the period	-0.6	-0.7	3.9
Capital employed	63.5	79.9	59.6
Return on capital employed, %	11.5	9.9	11.2
Return on equity, %	9.4	10.3	9.1
Net investments in operating activities	-1.0	-3.2	-5.9
Free cash flow from operating activities	-3.1	-3.3	26.1
Net working capital	-7.0	5.6	-11.3
Net debt	20.9	38.0	16.8
Net debt/EBITDA, rolling 12 months	1.4	3.0	1.2
Net debt/EBITDA, rolling 12 months pro forma*		3.1*	
Equity ratio, %	34.9	32.1	31.8
Earnings per share, diluted, €	-0.06	-0.08	0.44
Earnings per share, undiluted, €	-0.06	-0.08	0.44
Dividend per share, €			
Personnel at the end of the period	445	455	472
Personnel on average	447	453	454

\*) The pro forma includes the EBITDA of the acquisition from 1 Apr 2022 to 31 Aug 2022

## Result guidance for 2024 unchanged (published on 31 January 2024)

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

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

## Kreate Group's financial reporting

Kreate Group Plc will publish its financial reports in 2024 as follows:

- 16 July 2024 Half Year Financial Report for January–June 2024
- 25 October 2024 Interim Report for January–September 2024

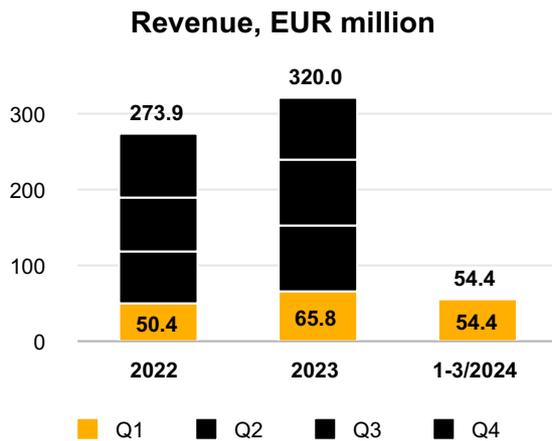
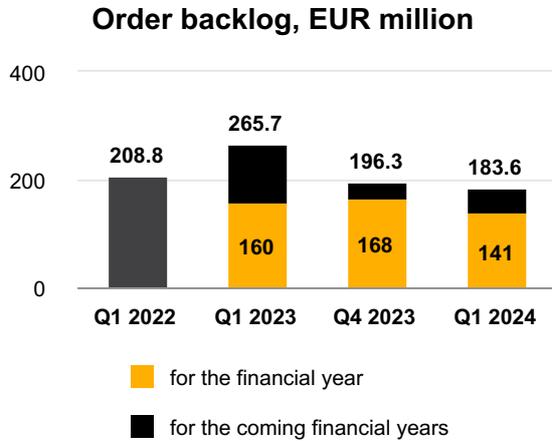
## Webcast event

A live webcast open to all will be held today, 26 April 2024, at 11:00 a.m. The event will be held in Finnish. President & CEO Timo Vikström and Chief Financial Officer Mikko Laine will be presenting at the event. The webcast can be followed live in Finnish at <https://kreate.videosync.fi/q1-2024>. A recording of the webcast will be made available later at <https://kreate.fi/sijoittajille/raportit-ja-esitykset/> and a summary in English will become available at <https://kreate.fi/en/investor/reports/>.

## Invitation to the Capital Markets Day (in Finnish only)

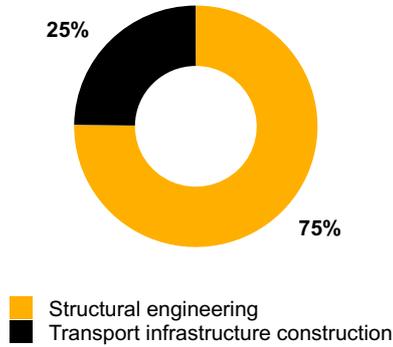
We invite investors, capital market representatives, analysts and media representatives to the Capital Markets Day on Monday 6 May 2024 at 9–11 a.m. EEST. At the event, we will present our updated strategy and financial targets, as well as delve deeper into the railway business and the Swedish infrastructure market. All presentations will be held in Finnish. The event can be followed as a live webcast at <https://kreate.videosync.fi/cmd-2024>. More information and registration instructions can be found on page (in Finnish only) <https://kreate.fi/sijoittajille/paaomamarkkinapaiva-2024/>.

## Key figures



- **At the end of March 2024**, the order backlog decreased by 30.9 % from March 2023, amounting to EUR 183.6 (265.7) million. The order backlog decreased by 6.4% from the end of the previous quarter
- It is estimated that EUR 141 (160) million of the order backlog will be realised during the financial year 2024
- In the first quarter of 2024, EUR 39.5 million of projects were entered in the order backlog, including several medium-sized and small projects in Finland and Sweden.
- **In January - March 2024**, revenue decreased by 17.4% year-on-year, amounting to 54.4 (65.8) million, of which Kreate's Swedish business was EUR 6.5 (3.6) million
- Compared to the comparison period, the decrease in the volume of large projects is the most significant item affecting revenue, with a normal number of ongoing projects in January–March 2024
- The full-year revenue and result are expected to weight more on the second half of the year compared to the previous year

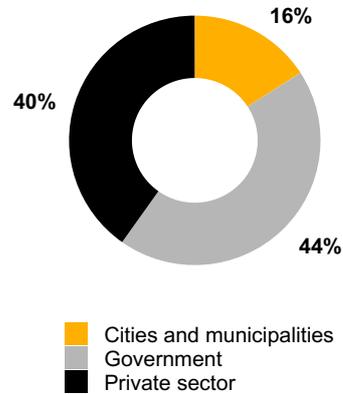
## Revenue by business function 1-3/2024



1-3/2023: Structural engineering 84%,  
Transport infrastructure construction 16%

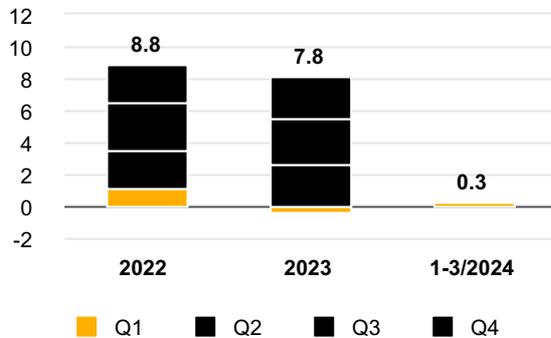
Transport infrastructure construction comprises Railway construction and Road and street construction. Structural engineering comprises of Bridge construction and and repair as well as Foundation and engineering construction.

## Revenue by customer group 1-3/2024



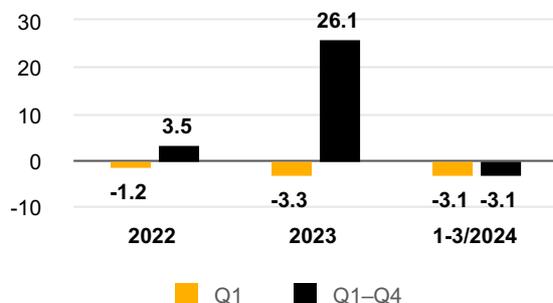
1-3/2023: Cities and municipalities 26%, Government 28%, Private sector 46%

## EBITA, EUR million



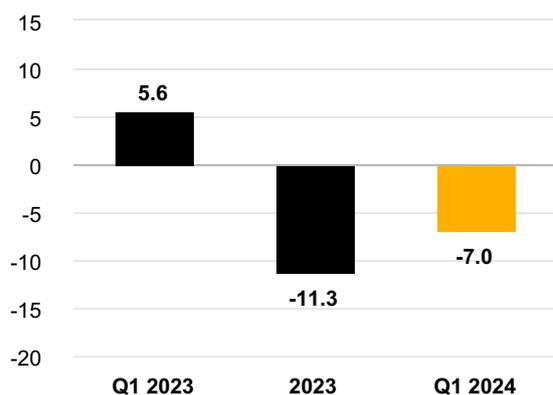
- **In January - March 2024**, EBITA grew year-on-year, amounting to EUR 0.3 (-0.4) million
- Kreate's flexible cost structure supported profitability despite declining revenue
- Profitability was improved by operations going as planned.
- The first quarter of the year is typically the weakest in terms of profitability
- Last year, there were still non-index-hedged projects carried out, which weakened the profitability of the comparison period

### Free cash flow from operating activities, EUR million



- **In January - March 2024**, free cash flow from operating activities was EUR -3.1 (-3.3) million, of which net investments amounted to EUR 1.0 (3.2) million
- Investment levels returned to a basic level from the high level of the comparison period

### Net working capital, EUR million



- **At the end of March 2024**, the company's net working capital was EUR -7.0 (5.6) million, which is a very good level historically
- The company's continuous and systematic work in project liquidity and risk management has supported the continued good level of net working capital

## Kreate's interim report for January - March

### Operating environment in January - March 2024

In 2022, the total construction market in Finland was approximately EUR 42 billion, of which, according to a broad interpretation, infrastructure accounted for more than EUR 9 billion. The value of civil engineering was EUR 7.4 billion, including EUR 5.4 billion in infrastructure investments and EUR 2.0 billion in infrastructure maintenance. The broad interpretation also includes, for example, the maintenance and groundwork of the outdoor areas of building construction. Kreate estimates that the suitable market for this entity is approximately EUR 5 billion in Finland.

In Finland, the construction market weakened considerably during 2023 due to high cost and interest rates, weak confidence and the economic downturn, especially in building construction. According to the Business Cycle Review published by the Confederation of Finnish Construction Industries in March 2024, the total volume of construction decreased by a total of 11 per cent in 2023 and a decline of 5 per cent was forecast for 2024. In infrastructure construction, volume decreased by 5 per cent in 2023 and by 2 per cent in 2024.

Within the construction market, there are major differences between realised volume reductions, outlook and the nature and logic of the business. For example, in housing construction, the delay to start-up is considerably longer than in infrastructure construction, where projects can be launched quickly if necessary.

### Development at the beginning of the year

Russia's war of aggression in 2022 triggered a rapid cost increase that continued until summer 2023. Towards the end of the year, the cost development calmed down, but input prices remained at a higher level than in 2022. In 2023, construction costs increased by 3.8% year-on-year. This year, costs have continued to rise slightly: in January, construction costs rose by 1.0% and in February by 1.1% year-on-year. In the early part of the year, the biggest cost increases were in equipment costs and labour, with the biggest decreases in timber, plastic products and metal products.

Interest rates have remained at a high level in the early part of the year compared to previous years, and indications that the first policy rate cuts in Europe would take place in the summer have recently strengthened. The level of interest rates affects, among other things, consumers' purchasing power and the profitability calculations of industrial investments, so a fall in interest rates would support demand in the construction sector, for example, through increased housing sales and willingness to invest.

The investment survey published by the Confederation of Finnish Industries EK in January 2024 predicts that industrial investment will decrease by 2 per cent in 2024 compared to the previous year.

### Market outlook

Kreate sees activity in both public and private customers. In the public sector, transport and rail investments are particularly emphasised, and in the private sector, there is activity in green transition projects in various industrial sectors, for example. The outlook for the Swedish business is also favourable in Kreate's essential underground rock and concrete construction market.

In the coming years, public demand for infrastructure construction will be supported by, among other things, the state's EUR 3 billion transport investment programme and EU funding for military mobility, of which Finland has applied for EUR 325 million for 2024. Finland's NATO membership and the prevailing geopolitical situation increase the need and significance of rail, road and port infrastructure to the north and western borders and, for example, airport infrastructure from the perspective of Finland's security of supply and accessibility.

Private demand, in turn, is supported by green transition projects. The portal of the Confederation of Finnish Industries contains various investment plans of companies worth almost EUR 260 billion. It should be noted that many green transition projects are multidimensional in nature and require a large number of different actors around them and the launch of the entire investment chain in order for the project to be worthwhile. As a result, there is uncertainty about the throughput and timing of many green transition projects.

## Order backlog

The order backlog decreased by 30.9 % year-on-year, amounting to EUR 183.6 (265.7) million at the end of March 2024. From the end of previous quarter, the order backlog decreased by 6.4%. The order backlog is in line with the company's guidance and the expected profitability of the order backlog was at a normal level compared to before. In the first quarter of 2024, EUR 39.5 million of projects were entered in the order backlog, including several small and medium-sized projects.

## Revenue

The Group's revenue by business function

EUR million	1-3/2024	1-3/2023	1-12/2023
Structural engineering <sup>1)</sup>	40.2	54.8	249.7
Transport infrastructure construction <sup>2)</sup>	13.3	10.7	71.2
Other <sup>3)</sup>	0.9	0.3	-0.9
<b>Total</b>	<b>54.4</b>	<b>65.8</b>	<b>320.0</b>

<sup>1)</sup> Includes, among others, foundation and engineering construction

<sup>2)</sup> Includes, among others, railway, road and street construction

<sup>3)</sup> Includes eliminations of internal items between Group companies

### January - March 2024

In January - March, the Group's revenue decreased compared to the reference period, amounting to EUR 54.4 (65.8) million. Year-on-year, revenue decreased in Structural engineering to EUR 40.2 (54.8) million and grew in Transport infrastructure construction to EUR 13.3 (10.7) million. The revenue from Sweden is included in the Structural engineering business area, and it was EUR 6.5 (3.6) million in January - March.

## Profitability

EUR million	1-3/2024	1-3/2023	1-12/2023
EBITDA	1.6	1.0	14.0
EBITDA, %	3.0	1.5	4.4
EBITA	0.3	-0.4	7.8
EBITA, %	0.5	-0.6	2.4
Operating profit	0.2	-0.4	7.6
Operating profit, %	0.4	-0.7	2.4
Result for the period	-0.6	-0.7	3.9
Earnings per share, €	-0.06	-0.08	0.44

### January - March 2024

In January - March, the Group's EBITDA was EUR 1.6 (1.0) million, amounting to 3.0 (1.5) per cent of revenue. EBITA was EUR 0.3 (-0.4) million, amounting to 0.5 (-0.6) per cent of revenue. The Group's operating profit was EUR 0.2 (-0.4) million, amounting to 0.4 (-0.7) per cent of revenue.

The Group's result before tax was EUR -0.6 (-0.9). Tax for the reporting period amounted to EUR 0.1 (0.2) million. Result for the financial year was EUR -0.6 (-0.7) million. Earnings per share were EUR -0.06 (-0.08).

## The Group's cash flow, balance sheet and financial standing

EUR million	1-3/2024	1-3/2023	1-12/2023
Free cash flow from operating activities	-3.1	-3.3	26.1
Net working capital	-7.0	5.6	-11.3

Free cash flow from operating activities was EUR -3.1 (-3.3) million in January - March. In January - March, free cash flow from operating activities was EUR -3.1 (-3.3) million. During the reporting period, net working capital increased to EUR -7.0 million from EUR -11.3 million at the end of the 2023 financial year.

EUR million	3/2024	3/2023	12/2023
Interest-bearing debt	35.1	41.6	40.3
Cash and cash equivalents	14.1	3.6	23.6
Net debt	20.9	38.0	16.8
Equity	42.5	41.9	42.8
Equity ratio, %	34.9	32.1	31.8
Return on capital employed, %	11.5	9.9	11.2

At the end of March, interest-bearing debt amounted to EUR 35.1 (31 December 2023: 40.3) million, of which EUR 2.7 (31 December 2023: 3.0) million constituted lease liabilities under IFRS 16. The company's cash and cash equivalents amounted to EUR 14.1 (31 December 2023: 23.6) million. In addition, the company had committed revolving overdraft and credit facilities of EUR 20.0 (31 December 2023: 20.0) million, of which were not in use at the end of the reporting period

(31 December 2023: 0.0). At the end of March interest-bearing net debt was EUR 20.9 (31 December 2023: 16.8) million.

In addition, Kreate has in place a domestic commercial papers programme worth EUR 50 million. Within the framework of this programme, the company may issue commercial papers with a maturity of less than one year. On 31.3.2024 the company had issued commercial papers totalling EUR 3.0 (31 December 2023: 7.0) million.

The average interest of interest-bearing debt, excluding lease liabilities recognised on the balance sheet, was 6.3 (3.2) per cent in January - March of the reporting period. The average interest rate of the company's interest-bearing debts has risen in line with market interest rates.

At the end of the reporting period, the consolidated balance sheet total was EUR 122.0 (31 December 2023: 134.6) million and equity was EUR 42.5 (31 December 2023: 42.8) million. At the end of the reporting period, equity ratio was 34.9 (31 December 2023: 31.8) per cent and the company's return on capital employed was 11.5 (31 December 2023: 11.2) per cent.

## Investments

Net investment cash flow was EUR 1.0 (3.2) million in January - March. The net investment amount for the comparative period was raised to an unusually high level due to the timing of significant projects initiated in late 2022, with investments being realized in the early months of 2023.

Kreate's gross investments in tangible and intangible assets amounted to EUR 1.2 (3.6) million in the reporting period.

## Sustainability

Kreate's sustainability vision is that Kreate has satisfied and competent personnel who carry out even the most challenging infrastructure projects with strong professionalism and safety, building a better and more sustainable society every day. Kreate's responsibility themes and goals are strongly linked to personnel, minimising the negative impacts of construction, and sustainable solutions.

We have reported for the first time on our sustainability targets and development in the [Annual Review 2023](#). Starting from this interim report, we will start reporting on the development of selected sustainability targets as part of the interim reports – we will report on the development of all sustainability targets in the Financial Statements Bulletin and Annual Report in the future.

## Development of quarterly sustainability targets

Building with passion		Q1 / 2024 (last twelve months, average)
Occupational safety and safety culture	▪	Combined accident frequency*: 9.6 (target level to be decided during 2024)
	▪	Occupational safety observations made in 23% of projects ( target 100%)
	▪	Occupational safety observations per person: 3.7 ( target minimum 6)
Responsible employer	▪	61 % of personnel trained in the company's Code of Conduct - target 100%
Reducing our footprint		Q1 / 2024
Tackling climate change	▪	CO <sub>2</sub> emissions (FI) scope 1: 748 tn CO <sub>2e</sub> , scope 2: 71 tn CO <sub>2e</sub>
Increasing our handprint		Q1 / 2024 (last twelve months, average)
Sustainable and safe solutions	▪	Customer NPS: 72 (target > 50)
Infrastructure projects supporting megatrends	▪	Operations in the rail environment in Finland, share of revenue: 18% (target >15%)

\*The combined accident frequency includes the lost-time accidents for both our own personnel and subcontractors at Kreate's worksites in proportion to the hours worked (million hours).

## Personnel

At the end of March, Kreate Group employed 445 (455) persons. The average number of personnel in January - March was 447 (453).

The strong and diverse competence of the personnel and development at work are important themes for Kreate. The performance appraisals initiated in the first quarter and the recording of development plans will continue in the second quarter. Performance appraisals play a key role in the development of our personnel. They are used to support performance management, monitor competence development and goals, which are compared to the company's strategic goals. A high-quality appraisal also strengthens good employee experience and commitment to the company.

During the review period, we recruited both permanent experts and summer workers for supervisory and overall training. Kreate actively cooperates with educational institutions and annually recruits students for internships with the aim of providing future professionals with a comprehensive picture of the opportunities offered by infrastructure construction and Kreate.

The training offering was maintained at a high level, and the personnel actively utilised the contact, distance and online training opportunities of KreateAcademy, which was designed to develop strategic competence needs. The purpose of the comprehensive training offering is to ensure the development of personnel and their qualifications, to put the company's operating methods and goals into practice, and to ensure good performance at work. The How to act ethically correctly online course, published at the end of 2023, was completed by 61% of employees at the end of the first quarter. During the review period, ethical principles for subcontractors were also published.

## Occupational safety

During the review period, our projects had a total of 5 lost-time accidents, and the 12-month rolling combined accident frequency rate relative to working hours was 9.6. For the first time, Kreate reports a combined accident frequency that takes into account not only Kreate's own personnel but also subcontractors on Kreate's construction sites. The new reporting method better emphasises the importance of occupational safety in the value chain.

At the end of March, a total of 1,725 occupational safety observations had been recorded in the company's systems during the previous 12 months. A total of 3.7 observations were recorded per person – which is clearly below Kreate's target level of at least 6 observations per person. Occupational safety observations had been recorded in the company's systems for every fourth project, and the company's target is 100%. In some projects, we act as a subcontractor, in which case observations are recorded in the manner defined by the main contractor, while in some projects it has been customary to record the observations in the site protocol, for example. The purpose of quarterly reporting is to promote common practices and bring additional visibility to accidents, near misses and best practices at the company level. Safety observations play a key role in developing safe working methods and improving safety culture.

## Development of other sustainability targets

We have started preparing for new legislation on sustainability reporting. As part of our preparations, we have developed our capacity to report our carbon dioxide emissions. During the first quarter of 2024, our scope 1 emissions in Finland were 748 tonnes CO<sub>2e</sub> and scope 2 emissions 71 tonnes CO<sub>2e</sub>. A lot of materials, such as iron and concrete, are used in construction, as a result of which carbon dioxide emissions consist almost exclusively of scope 3 emissions. For the time being, we report scope 3 carbon dioxide emissions annually. In 2023, scope 3 emissions accounted for 99% of total carbon dioxide emissions. We will continue to develop our emissions calculations to include emissions from our Swedish business, among other things, and we also aim to set climate targets for the company this year.

We implement sustainable and safe solutions by listening to the customer and with an upright attitude. We monitor our customer satisfaction with the Subscriber NPS indicator, which we have set as a target level of 50. At the end of March 2024, the 12-month rolling Subscriber NPS was 72.

At the end of March, business operations in the rail environment in Finland accounted for 18% of the company's revenue from Finland during the previous 12 months.

More information on other sustainability targets reported annually can be found in our [Annual Review 2023](#).

## Company management

There were no changes in the composition of the Management Team during the reporting period. As of 31 March 2024, Kreate's Management Team included the following people: Timo Vikström, President & CEO; Tommi Hakanen, Vice President, Special Foundation Construction; Antti Kakko, Vice President, Bridge Construction and Repair; Jaakko Kivi, Vice President, Technical Office; Sami Laakso, Vice President, Transport Infrastructure Construction; Mikko Laine, Chief Financial Officer; Timo Leppänen, Vice President, Railway Construction and Katja Pussinen, Vice President, HR.

## Short-term risks and risk management

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

The company classifies risks into strategic, operational, accident risks and financial risks. Detailed descriptions of risks, their impacts and risk management practices are available in Kreate Group Plc's [Annual Review 2023](#). These risks still apply.

## Shares and trading

### Treasury shares

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

In addition, the company has signed a contract with an external service provider on the management of the performance share plan and share bonus plan aimed at key persons. On 31 March 2024, the number of these shares reported on the consolidated balance sheet as treasury shares was 128,506 pieces. This number of shares represented 1.4 per cent of all the shares and voting rights in the company. These shares are the property of EAI Kreate Holding Oy until the shares are transferred to the participants according to the incentive plans. EAI Kreate Holding Oy is legally owned by an external service provider but, based on a contract, Kreate exercises actual control in the arrangement and, therefore, the holding company is consolidated into the IFRS consolidated financial statement as a structured entity, where treasury shares are reported in the IFRS consolidated financial statements in total of 218,506 shares.

### Trading in the company's shares

Kreate Group Plc's share capital at the end of March was EUR 80,000. The total number of outstanding shares in the company on 31 March 2024 was 8,984,772 shares, of which the company held 90,000 shares as treasury shares.

186,639 of Kreate's shares were traded on the Helsinki Stock Exchange in January - March. The highest trading price was EUR 8.12, and the lowest price was EUR 7.22. The volume weighted average price of Kreate's shares during the reporting period was EUR 7.66.

The share's closing price on the last trading day of the reporting period, 29 March 2024 was EUR 7.56. Based on the closing price of the reporting period, the market value of the company's shares, excluding the treasury shares reported on the consolidated balance sheet (218,506), was EUR 66.3 million.

## Resolutions of the Annual General Meeting

Kreate Group Plc's ("Kreate") Annual General Meeting was held on 25 March 2024 at the Sanoma House in Helsinki. Shareholders who had registered for the Annual General Meeting had the opportunity to follow an online broadcast of the meeting.

The Annual General Meeting adopted the financial statements for the financial year 2023 and granted the members of the Board of Directors and the President & CEO release from liability for the financial year 2023.

The Annual General Meeting decided that, based on the balance sheet verified for 2023, a dividend of EUR 0.48 be issued per share for shares held outside the company at the time of dividend distribution. The dividend is paid in two instalments as follows:

1. The first instalment of the dividend, EUR 0.30 per share, is paid to shareholders who are recorded on the company's list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment which is 27 March 2024. This dividend is paid on 9 April 2024.
2. The second instalment of the dividend, EUR 0.18 per share, is paid in October 2024. The second instalment is paid to shareholders who are recorded on the company's list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment. On its meeting scheduled for 24 September 2024, the Board of Directors will decide on the date of record and payment date for the second instalment of the dividend. The preliminary date of record for the second instalment would be 26 September 2024 and the preliminary date of payment would be 3 October 2024.

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

The Annual General Meeting approved the Remuneration Report of the Governing Bodies. The decision was advisory.

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

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

The Annual General Meeting re-elected authorised public accountants KPMG Oy Ab as the Auditor of the company, with Authorised Public Accountant Turo Koila as the responsible auditor. The Auditor shall be paid a reasonable fee in accordance with an invoice approved by the company.

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

The Annual General Meeting authorised the Board of Directors to decide on a share issue as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10, Section 1 of the Finnish Limited Liability Companies Act as follows: Under the authorisation, a maximum of 898,000 shares can be issued, which corresponds to approximately 10 per cent of Kreate's total shares at the time of the decision. The shares or special rights entitling to shares can be issued in one or more tranches, either against or without payment. The shares issued under the authorisation can be new shares or shares held by Kreate. The authorisation may be used for financing or executing acquisitions or other arrangements, the strengthening of the Company's balance sheet and financial standing, the implementation of the Company's share-based incentive systems or for other purposes decided by the Board of Directors. Under the authorisation, the Board of Directors may decide to grant new shares to Kreate itself without payment, while ensuring that, at any given moment, Kreate and its subsidiaries own no more than 10 per cent of the total number of its shares. Kreate's Board of Directors is authorised to decide on all conditions related to

share issues and the granting of special rights entitling to Kreate's shares. Kreate's Board of Directors is authorised to decide on a private share issue and the private granting of special rights entitling to shares, i.e. to deviate from shareholder privilege, provided that a weighty financial reason exists. This authorisation is valid until the end of Kreate's next Annual General Meeting but no later than 30 June 2025. The authorisation revokes any previous unused share issue authorisations.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase and acceptance as a pledge of Kreate's own shares as follows: The total maximum number of own shares to be repurchased or accepted as a pledge is 898,000 shares. Kreate, together with its subsidiaries, may not own and/or hold as pledge more than 10 per cent of Kreate's all shares at any given moment. Pursuant to the authorisation, the company's own shares can only be repurchased with Kreate's unrestricted equity. The company's own shares may be purchased in one or more tranches on a regulated market where Kreate's shares are being traded at a price determined on the date of purchase or otherwise at market price. Kreate's Board of Directors will decide on the repurchase and acceptance as a pledge of own shares. Derivatives, among other things, may be used in the purchase of own shares. Own shares may be purchased in proportions that differ from the ownership proportions of the shareholders (directed purchase). Own shares may be repurchased and accepted as a pledge, among other things, in order to limit the dilution effect of share issues implemented during business acquisitions, for the purpose of developing Kreate's capital structure, for handing over in connection with possible acquisitions, for use in incentive systems or for the purpose of annulment, provided that the purchase is in line with the interests of Kreate and its shareholders. This authorisation is valid until the end of Kreate's next Annual General Meeting but no later than 30 June 2025. The authorisation revokes any previous unused authorisations for the repurchase and acceptance as a pledge of the company's own shares.

On 25 March 2024, Kreate Group issued a stock exchange release with the decisions taken by the Annual General Meeting and Board of Directors, which is available at: <https://kreate.fi/en/stockrelease/decisions-taken-by-kreate-group-plcs-annual-general-meeting-and-board-of-directors-4/>

## Organisation of the Board of Directors

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

Audit Committee: Elina Rahkonen (Chair), Jussi Aine, Petra Thorén

Remuneration and Nomination Committee: Petri Rignell (Chair), Timo Kohtamäki, Timo Pekkarinen

## Event after the reporting period

The company announced in a stock exchange release published on April 10, 2024, about the upcoming changes in the management team. Sami Laakso, Vice President, Transport Infrastructure Construction, moves to the position of Chief Operating Officer as of 1 August 2024 and continues to serve as a member of Kreate Group's Management Team. Juha Schönberg, who previously worked as Senior Construction Manager in Transport Infrastructure Construction, has been appointed as Vice President, Transport Infrastructure Construction and a member of Kreate Group's Management Team as of 1 August 2024. Juha Schönberg will gradually take on Mr Laakso's duties by 1 August 2024.

On 26 April 2024, the company published the financial targets approved by the Board of Directors for the strategy period lasting until 2027. During the strategy period, the focus will be particularly on improving profitability and more moderate growth than before. In line with the targets, the company targets an EBITA margin of over 5 percent, annual revenue growth of 5–10 percent, and keeping the net debt/EBITDA ratio below 2.5.

Tuusula, 26 April 2024

Kreate Group Plc

Board of Directors

Notes

Calculation formulas for key figures

Tables for the January - March 2024 Interim Report

## Key figures by quarter

EUR million	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Order backlog	183.6	196.3	221.8	264.9	265.7	306.9	284.2	204.4	208.8
Revenue	54.4	80.2	88.3	85.7	65.8	83.1	73.3	67.0	50.4
Change in revenue, %	-32.2	-9.1	3.0	30.2	-20.8	13.3	9.5	32.8	-33.4
EBITDA	1.6	4.9	4.0	4.0	1.0	3.8	4.2	3.5	2.1
EBITDA, %	3.0	6.1	4.6	4.7	1.5	4.5	5.7	5.3	4.2
EBITA	0.3	2.7	2.9	2.6	-0.4	2.3	3.0	2.4	1.1
EBITA, %	0.5	3.4	3.3	3.0	-0.6	2.8	4.1	3.6	2.2
Operating profit	0.2	2.6	2.8	2.5	-0.4	2.3	2.9	2.4	1.0
Operating profit, %	0.4	3.3	3.2	2.9	-0.7	2.7	4.0	3.5	2.1
Result for the period	-0.6	1.6	1.4	1.5	-0.7	1.3	2.1	1.6	0.6
Capital employed	63.5	59.6	76.3	80.8	79.9	75.9	88.0	68.5	64.9
Return on capital employed, %	11.5	11.2	8.8	9.8	9.9	12.5	12.1	16.0	17.4
Return on equity, %	9.4	9.1	8.4	10.4	10.3	13.5	17.1	20.9	19.9
Net investments in operating activities	-1.0	-0.7	-0.9	-1.1	-3.2	-0.5	-0.8	-1.0	-1.8
Free cash flow from operating activities	-3.1	19.7	8.0	1.7	-3.3	15.2	-10.1	-0.4	-1.2
Net working capital	-7.0	-11.3	2.8	6.9	5.6	4.7	17.0	3.6	0.5
Net debt	20.9	16.8	32.9	39.1	38.0	33.4	46.8	29.4	23.1
Net debt/EBITDA, rolling 12 months	1.4	1.2	2.6	3.0	3.0	2.5	3.4	2.0	1.6
Equity ratio, %	34.9	31.8	30.0	28.2	32.1	31.6	29.7	31.6	38.2
Earnings per share, €	-0.06	0.18	0.16	0.17	-0.08	0.14	0.23	0.19	0.07
Personnel at the end of the	445	472	494	504	455	447	450	424	379
Personnel on average	447	475	499	460	453	449	428	424	378

## Additional information on alternative performance measures

EUR million	1-3/2024	1-3/2023	1-12/2023
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895
Outstanding shares on average, undiluted (1,000 pcs)	8,766	8,841	8,838
Amortisations from intangible assets	-0.1	-0.1	-0.2

EUR million	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895
Outstanding shares on average, undiluted (1,000 pcs)	8,766	8,827	8,841	8,841	8,841	8,841	8,841	8,858	8,895
Amortisations from intangible assets	-0.1	-0.0	-0.0	-0.0	-0.1	-0.0	-0.1	-0.0	-0.0

## Calculation formulas for key figures

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

PERFORMANCE MEASURE	CALCULATION FORMULA
<b>IFRS-compliant key figures</b>	
Earnings per share	$\frac{\text{Result for the period attributable to the owners of the parent – interest and expenses of the equity loan recorded on the period adjusted with a tax impact}}{\text{Weighted average number of outstanding shares during the period}}$
<b>Alternative performance measures</b>	
EBITDA	Operating profit + depreciation, amortisation and impairment
EBITA	Operating profit + amortisation of intangible assets + impairments
Order backlog	Amount of unrecognised revenue from customer contracts at the end of period
Capital employed	Equity + net debt
Return on capital employed, %	$\frac{\text{Operating profit, rolling 12 months}}{\text{Average capital employed}} \times 100$
Return on equity, %	$\frac{\text{Result for the period, rolling 12 months}}{\text{Average equity}} \times 100$
Net investments in operating activities	Investments in tangible and intangible assets – disposals of tangible and intangible assets
Free cash flow 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, %	$\frac{\text{Equity}}{\text{(Balance sheet total – prepayments received)}} \times 100$

## Interim Report for January - March 2024: Table section

### Consolidated statement of income

EUR million	1-3/2024	1-3/2023	1-12/2023
Revenue	54.4	65.8	320.0
Other operating income	0.2	0.1	0.9
Materials and services	-38.8	-53.3	-251.1
Employee benefit expenses	-10.4	-8.3	-42.7
Other operating expenses	-3.4	-3.5	-13.7
Share of associates' and joint ventures' profit or loss	-0.4	0.2	0.5
Depreciation, amortisation and impairment	-1.4	-1.4	-6.4
Operating profit	0.2	-0.4	7.6
Financial income	0.1	0.0	0.0
Financial expenses	-0.9	-0.4	-3.0
Financial income and expenses	-0.8	-0.4	-2.9
Result before taxes	-0.6	-0.9	4.6
Income taxes	0.1	0.2	-0.7
<b>Result for the period</b>	<b>-0.6</b>	<b>-0.7</b>	<b>3.9</b>
Profit attributable to:			
Shareholders of parent	-0.6	-0.7	3.7
Non-controlling interests	0.0	0.0	0.2
Earnings per share calculated from the income			
Undiluted, €	-0.06	-0.08	0.44
Diluted, €	-0.06	-0.08	0.44
<b>Consolidated statement of comprehensive</b>			
Result for the period	-0.6	-0.7	3.9
Items that may be reclassified subsequently to the Foreign exchange rate differences	0.0	0.0	0.0
<b>Total comprehensive income for the period</b>	<b>-0.6</b>	<b>-0.7</b>	<b>3.9</b>
Comprehensive income attributable to:			
Shareholders of parent	-0.6	-0.7	3.7
Non-controlling interests	0.0	0.0	0.2

## Consolidated balance sheet

EUR million	3/2024	12/2023	3/2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	0.4	0.5	0.6
Goodwill	39.8	40.0	39.9
Tangible assets	20.3	20.4	22.0
Right-of-use assets	2.7	2.9	2.9
Investments in associated companies and joint	10.1	10.5	10.2
Other receivables	0.3	0.3	0.2
Deferred tax assets	1.0	1.0	1.2
<b>Total non-current assets</b>	<b>74.6</b>	<b>75.7</b>	<b>77.0</b>
<b>Current assets</b>			
Inventory	-	-	0.0
Trade and other receivables	32.9	34.6	49.3
Income tax receivables	0.4	0.7	0.5
Cash and cash equivalents	14.1	23.6	3.6
<b>Total current assets</b>	<b>47.4</b>	<b>58.9</b>	<b>53.4</b>
<b>Total assets</b>	<b>122.0</b>	<b>134.6</b>	<b>130.3</b>
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the parent</b>			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	19.7	19.7	19.7
Treasury shares	-1.0	-1.0	-0.5
Foreign exchange rate differences	0.0	0.0	0.0
Retained earnings	23.7	24.0	22.7
<b>Total equity attributable to the shareholders of the parent</b>	<b>42.5</b>	<b>42.8</b>	<b>42.0</b>
Share of non-controlling interests	0.1	0.1	-0.1
<b>TOTAL EQUITY</b>	<b>42.5</b>	<b>42.8</b>	<b>41.9</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing debt	28.3	29.4	32.2
Deferred tax liabilities	1.5	1.5	1.4
<b>Total non-current liabilities</b>	<b>29.8</b>	<b>30.9</b>	<b>33.6</b>
<b>Current liabilities</b>			
Interest-bearing debt	6.7	11.0	9.4
Trade payables and other liabilities	40.2	46.8	43.8
Income tax liabilities	0.0	0.0	0.0
Provisions	2.8	3.1	1.6
<b>Total current liabilities</b>	<b>49.7</b>	<b>60.9</b>	<b>54.8</b>
<b>Total liabilities</b>	<b>79.5</b>	<b>91.7</b>	<b>88.4</b>
<b>Total equity and liabilities</b>	<b>122.0</b>	<b>134.6</b>	<b>130.3</b>

## Consolidated cash flow statement

EUR million	1-3/2024	1-3/2023	1-12/2023
Result for the period	-0.6	-0.7	3.9
Depreciation, amortisation and impairment	1.4	1.4	6.4
Financial income and expenses	0.8	0.4	2.9
Income taxes	-0.1	-0.2	0.7
Other adjustments	0.7	-0.1	0.9
Total adjustments	2.9	1.6	11.0
Change in trade and other receivables	1.8	0.6	15.2
Change in trade payables and other liabilities	-5.9	-1.3	0.7
Change in provisions	-0.3	-0.2	1.2
Total change in working capital	-4.4	-1.0	17.1
Cash flow from operations before financial items and taxes	-2.0	0.0	31.9
Interest paid in operating activities	-0.1	-0.1	-0.8
Interest received in operating activities	0.1	0.0	0.0
Other financial items	-0.4	-0.1	-0.4
Taxes paid	0.3	-0.5	-1.1
<b>CASH FLOW FROM OPERATIONS</b>	<b>-2.1</b>	<b>-0.7</b>	<b>29.6</b>
Investments in tangible and intangible assets	-1.2	-3.6	-6.9
Disposals of tangible and intangible assets	0.2	0.3	1.0
Acquisition of the subsidiary less cash and cash equivalents on the date of acquisition			0.0
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-1.0</b>	<b>-3.2</b>	<b>-5.9</b>
Acquisition of treasury shares	-	0.0	-0.5
Drawdown of non-current loans	0.3	0.1	0.3
Repayment of non-current loans	-0.1	-	0.0
Drawdown of current loans	3.0	7.0	42.0
Repayment of current loans	-8.3	-8.3	-45.0
Drawdown/repayment of the credit limit	-	0.1	-
Repayment of lease liabilities	-0.3	-0.3	-1.2
Interest and other loan expenses	-1.0	-0.4	-1.2
Dividends paid	0.0	0.0	-4.1
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-6.3</b>	<b>-1.9</b>	<b>-9.6</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>-9.4</b>	<b>-5.8</b>	<b>14.2</b>
Cash and cash equivalents at the beginning of the period	23.6	9.4	9.4
Change in cash and cash equivalents	-9.4	-5.8	14.2
Impact of the changes in foreign exchange rates	0.0	0.0	0.0
Cash and cash equivalents at the end of the period	14.1	3.6	23.6

## Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
<i>Equity as at 1 January 2023</i>	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	-0.7	-0.7	0.0	-0.7
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	-0.7	-0.7	0.0	-0.7
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-	-	-	-	-	-
<i>Dividend</i>	-	-	-	-	-	-	-	-
<i>Share-based awards</i>	-	-	-	-	0.1	0.1	-	0.1
<i>Other change</i>	-	-	-	-	-	-	-	-
<i>Total transactions with the owners</i>	-	-	-	-	0.1	0.1	-	0.1
<i>Equity as at 31 March 2023</i>	0.1	19.7	-0.5	0.0	22.7	42.0	-0.1	41.9
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	-0.6	-0.6	0.0	-0.6
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	-0.6	-0.6	0.0	-0.6
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-	-	-	-	-	-
<i>Dividend</i>	-	-	-	-	-	-	-	-
<i>Share-based awards</i>	-	-	-	-	0.3	0.3	-	0.3
<i>Total transactions with the owners</i>	-	-	-	-	0.3	0.3	-	0.3
<i>Equity as at 31 March 2024</i>	0.1	19.7	-1.0	0.0	23.7	42.5	0.1	42.5

EUR million	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
<i>Equity as at 1 January 2023</i>	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	3.7	3.7	0.2	3.9
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	3.7	3.7	0.2	3.9
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-0.5	-	-	-0.5	-	-0.5
<i>Dividend</i>	-	-	-	-	-4.1	-4.1	-	-4.1
<i>Share-based awards</i>	-	-	-	-	1.0	1.0	-	1.0
<i>Other change</i>	-	-	-	-	-	-	-	0.0
<i>Total transactions with the owners</i>	-	-	-0.5	-	-3.0	-3.6	-	-3.6
<i>Equity as at 31 December 2023</i>	0.1	19.7	-1.0	0.0	24.0	42.8	0.1	42.8

## Notes

### Key accounting principles and basis for preparation

The Group's Interim Report has been prepared in accordance with the IAS 34 Interim Report standard. The Interim Report should be read together with Kreate Group's consolidated financial statements for the financial year 2023.

The information presented in the Interim Report has not been audited.

The Interim Report has been prepared in euros and presented in millions of euros unless stated otherwise. The figures have been rounded to the nearest million with one decimal place and, therefore, the sums of individual figures may differ from the presented total amounts.

The Interim Report has been prepared in accordance with the key accounting principles presented in Kreate Group's consolidated financial statements for the financial year 2023, except for the revised IFRS standards that came into effect on 1 January 2024. The revised standards did not have an impact on the consolidated financial statements.

The preparation of an interim report according to the IFRS requires the management's discretion as well as using estimates and assumptions that affect the amount of assets and liabilities and the amount of income and expenses reported for the reporting period. Such estimates and assumptions by the management are based on previous experience and other justified factors.

Kreate Group has applied estimates and discretion in factors that create a significant risk of changes in the carrying amounts of assets and liabilities:

- Recognition of income from projects: The Group recognises sales income from project contracts over time. Recognition of sales income is based on the management's estimates on the sales income and expenses of projects as well as a comprehensive estimate of the progress and degree of completion of projects. The management estimates the probability of the income when determining the sales proceeds. Should estimates on a project's outcome change, the revenue recognition is adjusted in the reporting period when the change first became known.
- Recognition of provisions: At the end of the reporting period, the Group estimates if it has a probable payment obligation, whether legal or constructive, in the future. The Group recognises a provision for warranty upon the delivery of projects including a warranty obligation. The amount of the provision for a warranty is based on the Group management's historical information on the number of realised warranty provisions and their timing.
- Testing of goodwill for impairment: The Group has one cash-generating unit, Kreate Group, and it is the lowest level where goodwill is monitored. The Group carries out an impairment test annually, or if signs of impairment are detected. The Group has not detected signs of impairment in the reporting period.
- Leases: The management assesses the use of extension, termination or purchase options related to leases and the lease term of leases valid until further notice. In addition, the management estimates the amount of the discount rate for each right-of-use asset.
- Recognition of deferred tax assets: Deferred tax assets from the confirmed losses of the previous financial periods or undeducted interest liabilities of associated companies are recognised only if the management estimates that a sufficient amount of taxable income can be generated in the future against which the unused taxation losses and undeducted interest liabilities of associated companies can be utilised.
- Share awards: Share awards are measured at fair value at the time of their issue and recognised on the income statement as expenses in equal tranches for the vesting period.

The expense determined at the time of issue is based on the management's estimate of the number of shares, and the related vesting is assumed to occur at the end of the vesting period. The Group shall update the assumption on the final amount on each balance sheet date.

## Segments

The company has one operating segment: Infrastructure Construction. The segment's business operations mainly consist of infrastructure construction projects. The Group's highest decision-makers, i.e. the Board of Directors and the President & CEO, monitor the entire Group together and verify that the figures for the segment match the Group's figures.

## Revenue from customer contracts

Infrastructure construction projects in Finland and Sweden make up a significant part of Kreate Group's revenue from contracts with customers. More than 90% of the Group's revenue is generated in Finland.

### The Group's revenue is allocated between business functions as follows:

EUR million	1-3/2024	1-3/2023	1-12/2023
Structural engineering <sup>1)</sup>	40.2	54.8	249.7
Transport infrastructure construction <sup>2)</sup>	13.3	10.7	71.2
Other <sup>3)</sup>	0.9	0.3	(0.9)
Total	54.4	65.8	320.0

<sup>1)</sup> Includes, among others, foundation and engineering construction

<sup>2)</sup> Includes, among others, railway, road and street construction

<sup>3)</sup> Includes intra-Group eliminations

The revenue from transport infrastructure construction has grown compared to the reference period. The share of structural engineering has fallen. Kreate's Swedish business is presented within Structural engineering. Structural engineering also includes currently ongoing major strategic projects.

### The Group's revenue is allocated between customer groups as follows:

	1-3/2024	1-3/2023	1-12/2023
Cities and municipalities	16%	26%	18%
Government	44%	28%	40%
Private sector	40%	46%	42%

The seasonality of the infrastructure projects delivered by the company has an impact on the timing of the company's result and cash flows. The private sector share of the revenue has remained constant between the financial periods. The share of cities, municipalities and the government varies according to the ongoing projects.

## Working capital

EUR million	3/2024	12/2023	3/2023
Trade receivables	14.4	19.2	21.5
Assets based on contracts with customers	16.5	14.8	26.4
Other receivables	0.1	0.1	0.6
Accrued income	1.9	0.4	0.8
<b>Total trade and other receivables</b>	<b>32.9</b>	<b>34.6</b>	<b>49.3</b>
Accrued personnel costs	0.0	0.1	0.0
Other accrued income	1.9	0.3	0.8
Total accrued income	1.9	0.4	0.8
Trade payables	12.5	14.0	16.6
Liabilities based on contracts with customers	10.5	12.3	13.7
Other liabilities	3.0	6.8	2.8
Accrued liabilities	14.3	13.6	10.7
<b>Total trade payables and other liabilities</b>	<b>40.2</b>	<b>46.8</b>	<b>43.8</b>
Interest liabilities	0.4	0.9	0.2
Accrued personnel costs	12.2	11.5	9.0
Other accrued liabilities	1.7	1.2	1.5
Total accrued liabilities	14.3	13.6	10.7

## Financial assets and liabilities

EUR million	31 March 2024	Carrying amount	Fair value
Financial assets measured at amortised cost			
	Non-current receivables	0.3	0.3
	Non-current financial assets	0.3	0.3
	Trade and other receivables	14.5	14.5
	Current financial assets	14.5	14.5
	Cash and cash equivalents	14.1	14.1
	<b>Total financial assets</b>	<b>28.9</b>	<b>28.9</b>
Financial liabilities measured at amortised cost			
	Loans from financial institutions	25.9	26.0
	Hire purchase liabilities	0.8	0.8
	Lease liabilities	1.6	
	Non-current interest-bearing liabilities	28.3	
	Loans from financial institutions	2.6	2.6
	Commercial papers	3.0	3.0
	Hire purchase liabilities	-	-
	Lease liabilities	1.1	
	Current interest-bearing liabilities	6.7	
	Trade payables and other liabilities	15.4	15.4
	Other current financial liabilities	15.4	15.4
	<b>Total financial liabilities</b>	<b>50.5</b>	

EUR million	31 December 2023	Carrying amount	Fair value
Financial assets measured at amortised cost			
	Non-current receivables	0.3	0.3
	Non-current financial assets	0.3	0.3
	Trade and other receivables	19.4	19.4
	Current financial assets	19.4	19.4
	Cash and cash equivalents	23.6	23.6
	<b>Total financial assets</b>	<b>43.2</b>	<b>43.2</b>
Financial liabilities measured at amortised cost			
	Loans from financial institutions	27.2	27.3
	Hire purchase liabilities	0.3	0.3
	Lease liabilities	1.8	
	Non-current interest-bearing liabilities	29.4	
	Loans from financial institutions	2.6	2.6
	Commercial papers	7.0	7.0
	Hire purchase liabilities	0.2	0.2
	Lease liabilities	1.1	
	Current interest-bearing liabilities	11.0	
	Trade payables and other liabilities	20.8	20.8
	Other current financial liabilities	20.8	20.8
	<b>Total financial liabilities</b>	<b>61.2</b>	

Loans from financial institutions are classified to hierarchy level 2 of the fair value classification. The carrying amount of short-term trade receivables and liabilities is assumed to be the same as their fair value due to their nature.

The Group has only had financial assets and liabilities measured at amortised cost for the financial years 2024 and 2023.

## Changes in tangible assets

EUR million	3/2024	12/2023	3/2023
Acquisition cost as at 1 January	36.7	34.2	34.2
Exchange rate differences	-0.1	0.0	-
Increases	1.2	6.9	3.6
Decreases	-0.7	-4.2	-0.7
Acquisition cost at the end of the period	37.1	36.9	37.0
Accrued depreciation, amortisation and impairment as at 1	-16.3	-14.2	-14.2
Exchange rate differences	0.0	0.0	0.0
Accrued amortisation on the decreases	0.5	2.8	0.3
Amortisation for the period	-1.1	-5.0	-1.1
Accrued depreciation, amortisation and impairment at the end of	-16.8	-16.5	-15.0
Carrying amount at the end of the period	20.3	20.4	22.0

## Changes in right-of-use assets

EUR million	3/2024	12/2023	3/2023
Acquisition cost as at 1 January	5.9	5.0	5.0
Exchange rate differences	0.0	0.0	0.0
Increases	0.1	1.4	0.3
Decreases	0.0	-0.5	-0.2
Acquisition cost at the end of the period	5.9	5.9	5.2
Accrued depreciation, amortisation and impairment as at 1	-2.9	-2.2	-2.2
Exchange rate differences	0.0	0.0	0.0
Accrued amortisation on the decreases	0.0	0.4	0.1
Amortisation for the period	-0.3	-1.2	-0.3
Accrued depreciation, amortisation and impairment at the end of	-3.2	-2.9	-2.3
Carrying amount at the end of the period	2.7	2.9	2.9

## Changes in intangible assets

EUR million	3/2024	12/2023	3/2023
Acquisition cost as at 1 January	5.2	5.2	5.2
Decreases	-	0.0	-
Acquisition cost at the end of the period	5.2	5.2	5.2
Accrued depreciation, amortisation and impairment as at 1	-4.7	-4.5	-4.5
Accrued amortisation on the decreases	-	0.0	-
Amortisation for the period	-0.1	-0.2	-0.1
Accrued depreciation, amortisation and impairment at the end of	-4.8	-4.7	-4.6
Carrying amount at the end of the period	0.4	0.5	0.6

## Collateral and contingent liabilities

EUR million	3/2024	12/2023
Collateral given on behalf of joint project ventures	10.6	10.6
Guarantee liabilities from project contracts	41.6	46.2
Lease liabilities from short-term assets with a low value	0.9	1.2
VAT liability	0.2	0.2

## Related-party transactions

The Group's related parties include the parent company, subsidiaries, the joint venture KFS Finland Oy and the associated company Karell Schakt AB. Related parties also include key management personnel, their close family members and communities where these persons exercise direct or indirect control. Key management personnel include the members of the Board of Directors, President & CEO, Senior Vice President and the members of the Group's Management Team. The question of whether communities where shareholders or key management personnel exercise control are considered to be related parties is examined case-specifically taking into account the factual conditions.

EUR million	1-3/2024 income	Expenses	3/2024 Receivables	Liabilities
Associate and joint venture	0.4	-1.6	0.0	0.5

EUR million	1-12/2023 Income	Expenses	12/2023 Receivables	Liabilities
Associate and joint venture	2.7	-16.5	0.3	0.7

EUR million	1-3/2023 Income	Expenses	3/2023 Receivables	Liabilities
Associate and joint venture	0.5	-3.6	0.0	1.3

## Events after the reporting period

The company announced in a stock exchange release published on April 10, 2024, about the upcoming changes in the management team. Sami Laakso, Vice President, Transport Infrastructure Construction, moves to the position of Chief Operating Officer as of 1 August 2024 and continues to serve as a member of Kreate Group's Management Team. Juha Schönberg, who previously worked as Senior Construction Manager in Transport Infrastructure Construction, has been appointed as Vice President, Transport Infrastructure Construction and a member of Kreate Group's Management Team as of 1 August 2024. Juha Schönberg will gradually take on Mr Laakso's duties by 1 August 2024.

On 26 April 2024, the company published the financial targets approved by the Board of Directors for the strategy period lasting until 2027. During the strategy period, the focus will be particularly on improving profitability and more moderate growth than before. In line with the targets, the company targets an EBITA margin of over 5 percent, annual revenue growth of 5–10 percent, and keeping the net debt/EBITDA ratio below 2.5.