

KREATE

Kreate Group Plc announces the subscription price for its planned IPO and further information on the listing of its shares on the official list of Nasdaq Helsinki Ltd

5.2.2021 12:00:00 EET | Kreate Group Oy

Kreate Group Plc

Press release

5 February 2021 at 12 p.m. EET

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Kreate Group Plc announces the subscription price for its planned IPO and further information on the listing of its shares on the official list of Nasdaq Helsinki Ltd

Kreate Group Plc ("**Kreate**") announced on 25 January 2021 that it is planning an initial public offering (the "**Offering**") and listing of its shares on the official list of Nasdaq Helsinki Ltd ("**Nasdaq Helsinki**") (the "**Listing**"). Kreate announces today the subscription price for the share issue and the share sale in connection with its contemplated Offering. The subscription period for the contemplated Offering is expected to commence on 8 February 2021 at 10:00 a.m. EET.

The Offering in brief:

- In light of the subscription undertakings received from Harjavalta Oy and Trinom Oy and other pricing considerations, Kreate and Intera Fund II Ky ("**Intera**") have set a fixed subscription price of EUR 8.20 per share (the "**Subscription Price**") for the Offering.
- Kreate aims to raise gross proceeds of EUR 12.5 million by offering up to 1,526,090 new shares in Kreate (the "**New Shares**") for subscription (the "**Share Issue**").
- The market capitalisation of Kreate would be approximately EUR 73 million assuming that a maximum number of the New Shares are offered and subscribed for in the Offering.
- In addition, Intera and certain other existing shareholders in Kreate (together with Intera, the "**Sellers**") 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 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 compliance with applicable legislation, internationally outside of the United States (the "**Institutional Offering**") as well as (iii) a personnel offering to employees of Kreate and its wholly-owned subsidiaries, as well as to members of the Board of Directors and Management Team of Kreate in Finland (the "**Personnel Offering**").
- Harjavalta Oy and Trinom Oy have each individually given subscription undertakings to subscribe for Offer Shares in the Offering, subject to certain conditions being fulfilled.
- In connection with the Offering, Kreate and Intera would commit to lock-up arrangements of 180 days, and the management and the members of the Board of Directors of Kreate, Sellers other than Intera as well as the existing shareholders in Kreate participating in the Personnel Offering, to lock-up arrangements of 360 days.
- Intera is expected to grant Danske Bank, who is acting as stabilising manager an option, exercisable within 30 days from the commencement of trading in the Shares of Kreate, 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 Offer Shares represent a maximum of approximately 46.9 per cent of all the shares in Kreate (the "**Shares**") and 47.4 of the votes conferred by the Shares after the Share Issue assuming that the Over-allotment Option will not be exercised (approximately 54.0 per cent of the Shares and 54.5 per cent of the votes conferred by the 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 Kreate will issue 1,526,090 New Shares.
- The size of the Offering is approximately EUR 39.7 million assuming that Kreate raises gross proceeds of approximately EUR 12.5 million, the Sellers sell the maximum amount of Sale Shares and that the Over-allotment Option is exercised in full.
- The subscription period for the Public Offering, Institutional Offering and the Personnel Offering will commence on 8 February 2021 at 10:00 a.m. EET.

- The Public Offering, Institutional Offering and the Personnel Offering may be ended on 15 February 2021 at 4:00 p.m. EET at the earliest.
- Trading of the Shares on the pre-list 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 with the trading code KREATE.

Timo Vikström, Kreate's CEO, comments:

"The contemplated initial public offering is intended to enhance the execution of our growth strategy and to strengthen our competitiveness due to increased awareness of Kreate. Our specialisation in the execution of projects which are technically demanding and require diverse infrastructure construction together with our highly skilled employees will support the profitable growth of the company also in the future."

Petri Rignell, Chairman of the Board of Directors of Kreate comments:

"Kreate is a Finnish infrastructure construction company that focuses on demanding infrastructure projects. The company brings together over 190 years of experience in traffic routes, structural engineering and circular economy. Increasing urbanisation drives the need for infrastructure construction and adds to its complexity. We see that this development offers several growth and expansion opportunities for Kreate. We believe that the contemplated IPO would help us in seizing these opportunities and executing our strategy."

Background and reasons for the Listing

Kreate is a Finnish infrastructure construction company that focuses on demanding infrastructure projects. According to Kreate's management, Kreate is the leading player especially in bridge construction and foundation engineering, as measured by both volume and know-how. Kreate's operations are guided by strong core 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 is divided into traffic routes and structural engineering in addition to which Kreate provides circular economy services. Traffic routes consists of railway construction as well as road and street construction. Structural engineering consists of bridge construction and repairs, foundation, concrete and ground engineering as well as rock engineering.

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 the 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.

The proceeds from the Share Issue will be used to strengthen Kreate's capital structure. A stronger capital structure will promote Kreate's ability to implement its growth strategy.

Information on the Offering and publication of the Finnish Prospectus

Preliminarily a maximum of 400,000 Offer Shares are offered in the Public Offering to private individuals and entities in Finland. 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. 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 Kreate and its wholly owned subsidiaries in Finland, as well as to the members of the Board of Directors and the Management Team of Kreate. Depending on the demand, Kreate 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 subscription commitments submitted in the Public Offering is smaller than this, such aggregate number of Offer Shares as covered by the subscription commitments.

In the Share Issue, Kreate aims to raise gross proceeds of approximately EUR 12.5 million by offering a maximum of 1,526,090 New Shares for subscription.

The Sellers will offer for purchase a maximum of 2,690,160 Sale Shares in the Share Sale. The Sale Shares represent approximately 30.0 per cent of the Shares after the Share Issue assuming that the Over-allotment Option 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 Kreate will issue 1,526,090 New Shares.

A Finnish family-owned company Harjavalta Oy and Tirinom Oy (holding company of Timo and Ritva Pekkarinen) (the "**Cornerstone Investors**") have each individually 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 have given subscription undertakings to subscribe for the Offer Shares the amounts which would correspond to the following proportions of Kreate's outstanding shares following the Offering: Harjavalta Oy 15.5 per cent and Tirinom Oy 10.5 per cent.

Intera is expected to grant Danske Bank, who is acting as stabilising manager an option, exercisable within 30 days from the commencement of trading in the Shares of Kreate, to purchase a maximum of 632,437 Additional Shares solely to cover over-allotments in connection with the Offering.

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 17.2 per cent.

Prior to the Offering, Kreate's 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. 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.

Kreate has submitted a Finnish language prospectus prepared in connection with the Offering (the "**Finnish Prospectus**") for approval by the Finnish Financial Supervisory Authority (the "**FIN-FSA**"). The FIN-FSA is expected to approve the Finnish Prospectus on or about 5 February 2021. The Finnish Prospectus will be available no later than on 8 February 2021 before the commencement of the subscription period on Kreate's website at www.kreate.fi/listautuminen, on Danske Bank's website at www.danskebank.fi/kreate, on OP's website at www.op.fi/merkinta and on Nordnet Bank AB's website at www.nordnet.fi/kreate. The English language translation of the Finnish Prospectus will be available no later than on 8 February 2021 on the following websites: www.kreate.fi/IPO and www.danskebank.fi/kreate-en. In addition, a print version of the Finnish Prospectus will be available no later than on 8 February 2021 at the registered office of Kreate at Haarakaari 42, FI-04369 Tuusula, Finland.

Danske Bank A/S, Finland branch is acting as the sole global coordinator (the "**Sole Global Coordinator**") in connection with the contemplated Offering and OP Corporate Bank plc is acting as joint bookrunner ("**Joint Bookrunner**") and together with Sole Global Coordinator, the "**Managers**") in connection with the contemplated Offering. In addition, Kreate has appointed Nordnet Bank AB ("**Nordnet**") as the subscription place of the Public Offering. Krogerus Attorneys Ltd is acting as legal adviser to Kreate. Roschier, Attorneys Ltd. is acting as legal adviser to the Managers. Hill+Knowlton Strategies is acting as communications adviser to Kreate.

Important dates

No later than 8 February 2021	The Finnish Prospectus and the English language translation are published
8 February 2021 at 10:00 a.m. EET	The subscription periods for the Public Offering, Institutional Offering and the Personnel Offering commence
15 February 2021 at 4:00 p.m. EET	The Public Offering, Institutional Offering and the Personnel Offering may be ended at the earliest
16 February 2021 at 4:00 p.m. EET	The subscription periods for the Public Offering and the Personnel Offering end
18 February 2021 at 12:00 p.m. EET	The subscription period for the Institutional Offering ends
18 February 2021 (on or about)	The results of the Offering will be announced
19 February 2021 (on or about)	The Offer Shares subscribed for in the Public Offering will be recorded in the book-entry accounts of investors
19 February 2021 (on or about)	Trading in the Shares on the pre-list of Nasdaq Helsinki is expected to commence

23 February 2021 (on or about)	The Offer Shares subscribed for in the Institutional Offering will be ready to be delivered against payment through Euroclear Finland Oy
23 February 2021 (on or about)	Trading in the Shares on the official list of Nasdaq Helsinki is expected to commence
24 February 2021 (on or about)	The New Shares subscribed for in the Personnel Offering will be recorded in the book-entry accounts of investors
24 February 2021 (on or about)	Trading in the New Shares subscribed for in the Personnel Offering is expected to commence on the official list of Nasdaq Helsinki

Further enquiries

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Information about the Cornerstone Investors

Harjavalta Oy

Harjavalta Oy, founded in 1920, is a Finnish family-owned company that today is a leading construction group and employer in Finland. The Harjavalta group comprises Puustelli Group Ltd (a manufacturer of kitchen furniture), Kastelli Group Oy (a house manufacturer) as well as Lapti Group Oy (a builder of apartment buildings and care properties). The group's revenue for the year 2019 was EUR 491 million, and it employed 1,100 employees. In its investments, Harjavalta Oy strives for long-term growth as an active owner and supporter.

Tirinom Oy

Tirinom Oy is Timo and Ritva Pekkarinen's holding company that makes long-term investments in listed and unlisted companies as well as real estate. Timo Pekkarinen is the founder and major shareholder of Lapti Group Oy and has acted as the CEO since the year 2000. Pekkarinen was one of the founders of Suomen Hoivatilat Oyj, CEO (2009-2010), and a member of its Board of Directors (2008-2019), in addition to which he was one of the major shareholders in Hoivatilat Plc until the public tender offer on November 2019.

Information about Kreate

Kreate Group is one of the leading infrastructure construction companies in Finland. The company offers solutions for bridges, roads and railways, environmental and ground engineering, circular economy and geotechnical needs. As a specialist in demanding projects, Kreate focuses on comprehensive quality and cost-effectiveness. The group's revenue was approximately EUR 220 million in 2019 and the company has over 400 employees.

IMPORTANT INFORMATION

Neither this release nor the information contained herein is for publication, distribution or release, in whole or in part, directly or indirectly, in or into the United States, Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or Singapore or any other jurisdiction in which publication or distribution would be unlawful. The information contained herein does not constitute an offer of securities for sale in the United States, nor may the securities be offered or sold in the United States. Kreate Group Oy (the "**Company**") does not intend to register any portion of the offering in the United States under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") or to offer securities to the public in the United States.

The issue, exercise and/or sale of securities are subject to specific legal or regulatory restrictions in certain jurisdictions. The Company or the Managers assume no responsibility in the event there is a violation by any person of such restrictions.

The information contained herein shall not constitute an offer to sell or a solicitation of an offer to purchase or subscribe, nor shall there be any sale of the securities referred to herein in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration, exemption from registration or qualification under the securities laws of any such jurisdiction. Investors must neither accept any offer for, nor acquire, any securities to which this document refers, unless they do so on the basis of the information contained in the applicable prospectus published or offering circular distributed by the Company

The Company has not authorised any offer to the public of securities in the United Kingdom or in any Member State of the European Economic Area other than Finland. With respect to the United Kingdom and each Member State of the European Economic Area other than Finland and which applies the Prospectus Regulation (each, a "**Relevant Member State**"), no action has been undertaken or will be undertaken to make an offer to the public of securities requiring publication of a

prospectus in any Relevant Member State. As a result, the securities may only be offered in Relevant Member States (a) to any legal entity, which fulfils the requirements of a qualified investor as defined in the Prospectus Regulation; or (b) in any other circumstances falling within Article 1(4) of the Prospectus Regulation. For the purposes of this paragraph, the expression an "offer of securities to the public" means a communication to persons in any form and by any means, presenting sufficient information on the terms of the offer and the securities to be offered, so as to enable an investor to decide to purchase or subscribe for those securities. The expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 of the European Parliament and of the Council, as amended.

This communication is directed only at (i) persons who are outside the United Kingdom or (ii) persons who have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") and (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2) of the Order (all such persons together being referred to as "**Relevant Persons**"). Any investment activity to which this communication relates will only be available to and will only be engaged with, Relevant Persons. Any person who is not a Relevant Person should not act or rely on this document or any of its contents.

Full terms, conditions and instructions for the contemplated initial public offering will be included in the prospectus that will be prepared by the Company in connection with the contemplated initial public offering. The prospectus will be published on the website of the Company at www.kreate.fi/en/IPO.

Investors are advised to read the prospectus before making an investment decision to fully understand the risks and rewards associated with the investment. The approval by the Finnish Financial Supervisory Authority of the prospectus shall not be considered as an endorsement of the securities offered.

The Managers are acting exclusively for the Company and no one else in connection with the contemplated initial public offering. The Managers will not regard any other person as their respective client in relation to the initial public offering. The Managers will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients nor for giving advice in relation to the initial public offering or any transaction or arrangement referred to herein.

FORWARD-LOOKING STATEMENTS

Certain statements in this release are "forward-looking statements." Forward-looking statements include statements concerning plans, assumptions, projections, objectives, targets, goals, strategies, future events, future revenues or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, the Company's competitive strengths and weaknesses, plans or goals relating to financial position, future operations and development, its business strategy and the anticipated trends in the industry and the political and legal environment in which it operates and other information that is not historical information. In some instances, they can be identified by the use of forward-looking terminology, including the terms "believes," "intends," "may," "will" or "should" or, in each case, their negative or variations on comparable terminology.

Forward-looking statements in this release are based on assumptions. Forward-looking statements involve inherent risks, uncertainties and assumptions, both general and specific, and the risk exists that the predictions, forecasts, projections, plans and other forward-looking statements will not be achieved. Given these risks, uncertainties and assumptions, you are cautioned not to place undue reliance on such forward-looking statements. Any forward-looking statements contained herein speak only as at the date of this release. Save as required by law, the Company does not intend to, and does not assume any obligation to, update or correct any forward-looking statement contained in this release.

Attachments

- [Download announcement as PDF.pdf](#)