



# Interim report January– March 2022

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Kreate Group Plc

**KREATE**  
THE FUTURE IS BUILT TODAY

## KREATE'S INTERIM REPORT: REVENUE INCREASED AND ORDER BACKLOG AT A HIGH LEVEL

Kreate Group Plc, interim report for January–March 2022, 27 April 2022 at 8:30 a.m.

### January–March in brief

- Order backlog amounted to EUR 208.8 (158.3) million
- Revenue grew compared to the reference period, amounting to EUR 50.4 (38.3) million
- EBITDA was EUR 2.1 (1.7) million, amounting to 4.2 (4.4) per cent of revenue
- EBITA was EUR 1.1 (0.9) million, amounting to 2.2 (2.3) per cent of revenue
- Earnings per share were EUR 0.07 (-0.04)
- Free cash flow from operating activities was EUR -1.2 (0.1) million
- Interest-bearing net debt was EUR 23.1 (18.8) million
- Outlook unchanged: net sales and EBITA will increase compared to 2021

### Operating environment in 2022

The war, which was started by Russia in Ukraine in February, also affected the operating environment of the construction industry. At the end of 2021, the Confederation of Finnish Construction Industries estimated that the construction industry would grow by a total of 2.5% in 2022. However, the war has made it more difficult to predict the economic fluctuations in the operating environment as well as within construction, and some estimates indicate that the growth of construction could even dwindle to near-zero figures.

According to the confidence indicator for March published by the Confederation of Finnish Industries, confidence is down in all main fields of business, including among construction companies. For the past seven years, the general sentiment in the construction industry has been mostly positive, but the sanctions on Russia mean that the industry will be impacted by the availability of materials and cost increases within energy, fuel and raw materials, among others.

Several construction projects were started in late 2021, which has resulted in a good order backlog for 2022 for companies within the industry. The existing order backlog will keep the construction industry at a good level for the first part of the year, but the Confederation of Finnish Construction Industries estimates that cumulative cost development may slow down the starting of new projects. In particular, the uncertainty will reflect on industrial investments in the private sector and investments in housing construction. As the situation drags on, it can be expected that investments will be postponed in a similar manner to the start of the COVID-19 pandemic in 2020.

In late 2021, the Confederation of Finnish Construction Industries estimated that infrastructure construction will decrease in 2022 by one per cent due to municipalities' weaker investment capacity and the concurrent completion of large projects. The effects of the sanctions on Russia and the war dragging on will also affect the infrastructure construction market. In April, RPT Byggfakta estimated that 17% fewer construction projects will be started during the second quarter of 2022 compared to the corresponding period of the previous year. It estimated that the value of repair construction will fall by 28% and the value of new construction by 13% compared to the corresponding time of the previous year.

During the early part of the year, the government and largest cities have launched projects as in previous years, but the cuts made in the Ministry of Transport and Communications' budget in April are estimated to affect investments in major transport projects already during the current year. Furthermore, the tendering and starting schedules for projects will face challenges due to the

resource shortages seen on the design side; this will limit the operation of public clients and be visible to contractors in concrete terms as tighter schedules.

However, the National Transport System Plan is still expected to bring long-term developments exceeding individual governments' terms in office to the development of the transport network. The Plan involves a 12-year action programme, which includes actions by the government and municipalities and a government funding programme for the transport system. However, the municipalities' growing share of construction costs remains problematic; this may mean, at worst, that projects are not executed and the condition of the road and street network and railways will continue to deteriorate. Furthermore, the planned budget cuts affecting the development of the transport system and basic transport infrastructure maintenance planned by the government would reduce the funding for 2023 and 2024 as well. Based on current information, a turn towards growth would be seen in 2025.

Any possible stimulus activities from the public sector and the transition away from Russian energy and raw materials will also create markets and opportunities for infrastructure actors. The infrastructure projects subjected to cuts in the near future are likely to start in the longer term, as the maintenance backlog keeps growing. Urbanisation, the infrastructure maintenance backlog and public sector projects are expected to continue to drive growth. Despite the reduced visibility, Kreate estimates that the overall market for suitable structural construction and transport infrastructure construction in 2022 will remain around the level of the previous year.

## Key figures

EUR million	1–3/2022	1–3/2021	1–12/2021
Order backlog	208.8	158.3	202.8
Revenue	50.4	38.3	237.6
Year-on-year change in revenue, %	31.6	-23.3	1.0
EBITDA	2.1	1.7	14.2
EBITDA, %	4.2	4.4	6.0
EBITA	1.1	0.9	10.5
EBITA, %	2.2	2.3	4.4
Operating profit	1.0	0.8	10.4
Operating profit, %	2.1	2.2	4.4
Result for the period	0.6	-0.3	6.9
Capital employed	64.9	56.3	62.0
Return on capital employed, %	17.4	17.4	17.8
Return on equity, %	19.9	17.6	20.4
Net investments in operating activities	-1.8	-0.8	-4.9
Free cash flow from operating activities	-1.2	0.1	4.0
Net working capital	0.5	-4.6	-0.0
Net debt	23.1	18.8	20.9
Net debt/EBITDA, rolling 12 months	1.6	1.4	1.5
Equity ratio, %	38.2	38.2	38.6
Earnings per share, €	0.07	-0.04	0.80
Personnel at the end of the period	379	385	385
Personnel on average	378	382	392

## President & CEO Timo Vikström:

“The strong order backlog brought Kreate’s revenue and operating profit above the reference period, as was to be expected. Revenue for the first quarter of 2022 was EUR 50.4 (38.3) million and operating profit was EUR 1.0 (0.8) million. Strengthened by projects that we were able to win during the early part of the year, our order backlog reached its highest level to date at EUR 208.8 (158.3) million. Purchases made in order to ensure the availability of construction materials and the progress of projects had a front-end-weighted impact, negatively affecting cash flow for the early part of the year.

During the reporting period, we were able to win contracts and start several projects in structural construction and transport infrastructure construction. Main road 19 between Seinäjoki and Lapua, executed as a joint project venture, moved to the execution stage in mid-February, and the development stage for the Kirkkonummi overpass contract, worth in excess of EUR 10 million, started in March. There are also three railway bridges during 2022 that will be executed with the skidding method. The massive Kupittaa–Turku rail project, of which our railway construction unit won the first contract worth more than five million euros, started in late March. At the end of March, we also completed the connecting tunnel between terminals T1 and T2 at Helsinki Airport, which was executed in a very challenging environment; by leveraging innovative solutions in construction, we were able to catch up in terms of both schedule and budget.

However, the year that got off to an excellent start took an unfortunate turn in late February as Russia invaded Ukraine. This resulted in financial sanctions that very soon could be felt in the construction industry as well, in terms of cost increases and challenges related to the availability of materials. At the end of the first quarter, the war started to become visible in the private side investments, as the confidence and cost situation resulted in increased uncertainty in starting projects. In terms of private investments, the situation seems to have returned to a similar state as in the early days of the COVID-19 pandemic, when investments were not started as expected. Indecisiveness and the possible continued postponement of projects will have impacts on the foundation construction market in particular.

The construction industry cost increases that started in 2021 were further reinforced in February of this year. Since the start of the war in Ukraine, the increase in cost levels has been unprecedented and our visibility into its development has been very poor. At the same time, we have started to see problems with the availability of certain key raw materials, in particular. Kreate has continued its tendering and the execution of projects, taking the impacts of these into account in its pricing to the best of its ability. Kreate’s order backlog is at a high level and it has a flexible cost structure. This is why no unnecessary or uncontrollable risks will be taken when acquiring projects, and the cost level increases will be transferred to the costs of execution whenever possible. This may affect order backlog accumulation later in 2022, if Russia’s war in Ukraine and the uncertainties concerning cost level development and material availability continue.

In terms of the fluency of operations, however, Kreate is in a good position because its personnel and subcontractors are mainly Finnish and we have very few employees from Eastern Europe or Russia. Furthermore, Kreate has no projects or investments in Russia, and we have not identified any of our clients on the lists of sanctioned parties. Furthermore, we have protections within our processes which we have implemented even before the war started. Various types of index conditions, advance purchases and price negotiations with customers and subcontractors are the means that we are employing in order to find sustainable solutions in this difficult situation.

Every coin has its flipside, and the transition to alternative energy sources and reducing the dependence on Russian energy and raw materials, for example, will create markets and opportunities in the field of infrastructure construction. Developing the public transport infrastructure is especially visible on the rail construction side, where the market is growing with large-scale rail projects both within urban centres and between key provincial cities. Furthermore,

the government's willingness to discontinue the use of fossil fuels and to generate an emissions-free constructed environment will increase sustainability within the construction industry and offer opportunities for growth. Kreate already has several worksites aiming at low emissions, where the use of electric machinery and the consideration of the circular economy are already everyday features. In the field of infrastructure construction, we will certainly be seeing new developments in sustainability already in the near future.

Despite the unstable situation in the world and our degraded short-term outlook, our goal is to remain on the profitable growth track pursuant to our strategy in 2022 as well. Our order backlog, which is at a good level, gives us a good opportunity to achieve this.”

## Outlook for 2022 (published on 26 January 2022)

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

Guidance rationale:

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

## Kreate Group's financial reporting

Kreate Group Oyj will publish the financial reports for 2022 as follows:

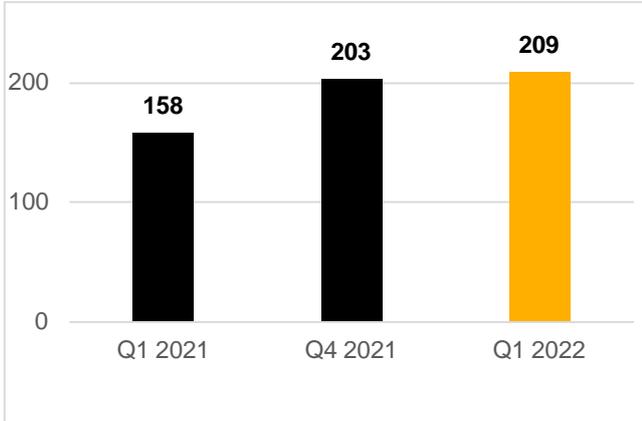
- Half-year report for January–June 2022: 27 July 2022
- Interim report for January–September 2022: 26 October 2022

## Webcast event for analysts and media

A live webcast for analysts and media will be held today, 27 April 2022, at 11:00 a.m. The event will be 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/2022-q1>. A recording of the webcast will be made available later at <https://kreate.fi/sijoittajille/tiedotteet-ja-raportit/raportit-ja-esitykset/> and a summary in English will become available at <https://kreate.fi/en/investor/releases-and-reports/reports/>.

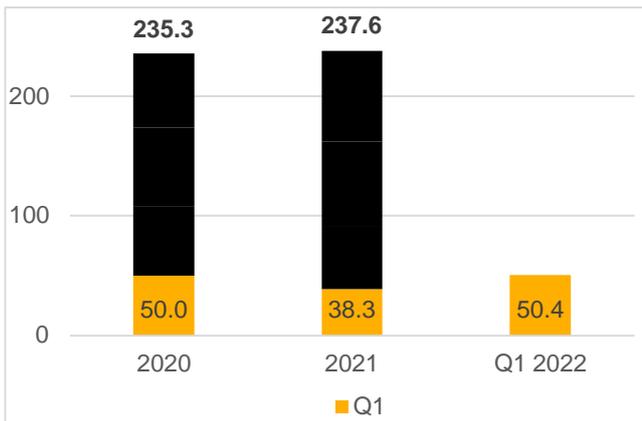
Key figures

Order backlog, EUR million



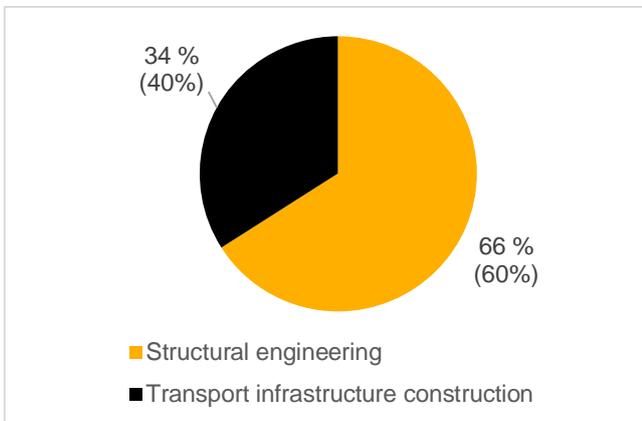
- **At the end of March 2022**, the order backlog clearly grew compared to the reference period, amounting to EUR 208.8 (158.3) million
- The most significant additions to the order backlog during the reporting period were main road 19 between Seinäjoki and Lapua, executed as a joint project venture, and the Kirkkonummi overpass contract worth in excess of EUR 10 million
- Unnecessary and uncontrollable risks in project acquisition will be avoided in the present market situation. This may affect order backlog accumulation later in 2022

Revenue, EUR million

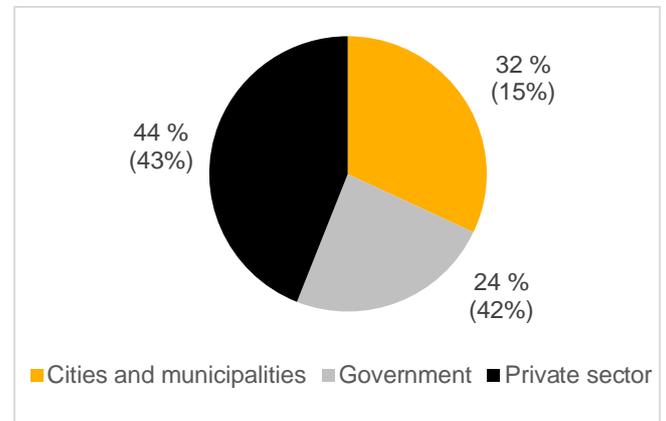


- **In January–March 2022**, revenue grew compared to the reference period, amounting to EUR 50.4 (38.3) million
- Project progress according to plan, especially in large structural engineering projects, grew the revenue
- The private sector share of revenue remained at the previous year’s level during the first quarter

Revenue by business function 2022 (2021)

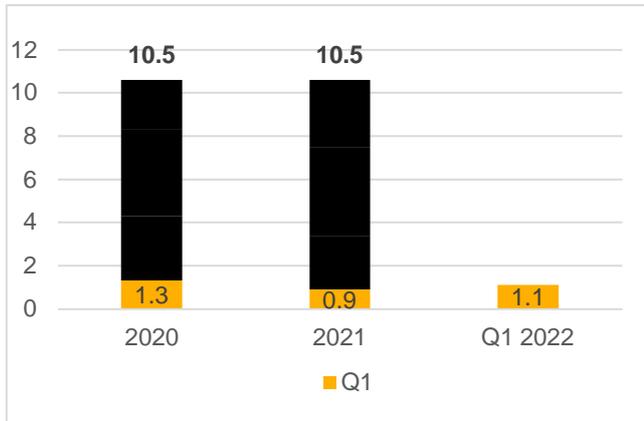


Revenue by customer group 2022 (2021)



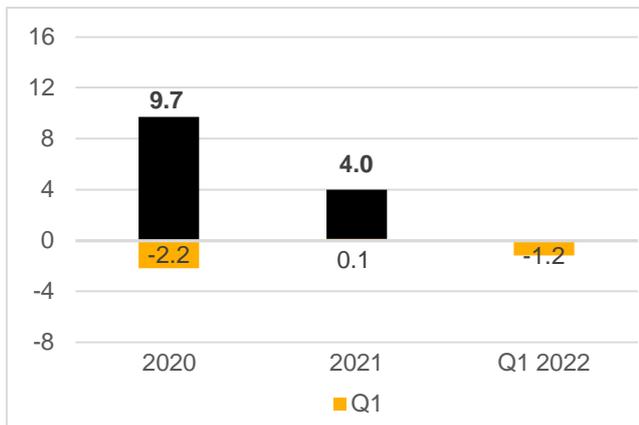
Transport infrastructure construction comprises Railway construction and Road and street construction. Structural engineering comprises Bridge construction and repair and Foundation and rock engineering.

**EBITA, EUR million**



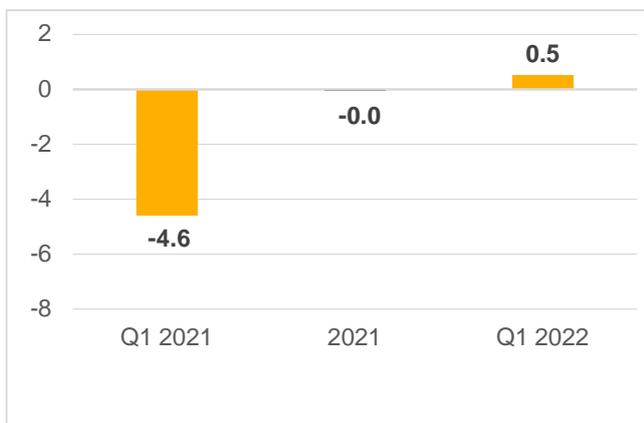
- **In January–March 2022**, EBITA grew compared to the reference period, amounting to EUR 1.1 (0.9) million
- There were no changes in project profitability compared to the earlier situation

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



- **In January–March 2022**, free cash flow from operating activities was EUR –1.2 (0.1) million, of which net investments amounted to EUR 1.8 (0.8) million
- Front-end-weighted investments negatively affected cash flow for the early part of the year

**Net working capital, EUR million**



- **At the end of March 2022**, the company's net working capital was EUR 0.5 (–4.6) million
- Factors related to material availability may affect the level of net working capital during the rest of the year

## Kreate's interim report for January–March

### Operating environment in January–March 2022

In construction, the year 2022 started on a positive note, and companies' order backlogs were at a good level following an uptick in tendering and increased demand. However, the attack launched by Russia on Ukraine in February quickly changed the operating environment, including within the field of construction.

The public sector launched projects during the first quarter, as in previous years, and the private sector also did this in January and February. In March, the impacts of the war started to become visible as indecisiveness in starting private sector investments. The further March advanced, the more we could see the consequences of the current trust and cost situation as delays in private sector construction investments. In particular, this was visible in housing and repair construction and in industrial investments, which in turn slowed down the development of the foundation construction market.

The unprecedented cost level increase, in particular, caused uncertainty in the construction market. Increases of dozens of per cent could be seen in the prices of steel and fossil fuels, in particular. The cyclical nature of prices and the short period of validity for tenders concerning construction materials caused challenges in the profitability and tender calculations for projects. Furthermore, the availability of construction materials resulting from the war and the economic sanctions has caused challenges in the field of construction. One example is the steel used in construction, the main part of which has formerly come to Finland from Russia, Belarus or Ukraine.

The tendering and starting schedules for projects also faced challenges due to the bottleneck seen on the design side; this will limit the operation of public clients and be visible to contractors in concrete terms as tighter schedules. The faster cycle for starting projects and tighter calculation schedules created pressure in contractors' tender calculation.

During the reporting period, tendering remained at a good level in both the railway construction and bridge construction market, which could be seen as a positive impact in the number of Kreate's railway and bridge projects. Preparations proceeded for large railway projects, such as Turku One Hour Train and Suomirata.

Kreate's strategic specialisation in executing demanding infrastructure projects continued to remain an important factor, as the competitive situation remained moderate in technically challenging projects that require special expertise.

## Order backlog

The order backlog grew compared to the reference year and amounted to EUR 208.8 (158.3) million at the end of March 2022. The expected profitability of the order backlog remained at a normal level. The most significant additions to the order backlog during the reporting period were main road 19 between Seinäjoki and Lapua, which is executed as a joint project venture and moved to the execution stage in mid-February, and the Kirkkonummi overpass contract worth in excess of EUR 10 million. The development phase of the Kirjalansalmi and Hessundinsalmi alliance project on highway 180 is proceeding as planned, and the execution stage of the project is anticipated to move into the order backlog during the second half of the year.

## Revenue

The Group's revenue by business function

EUR million	1–3/2022	1–3/2021	1–12/2021
Structural engineering <sup>1)</sup>	32.4	22.5	137.5
Transport infrastructure construction <sup>2)</sup>	17.1	15.5	98.2
Other <sup>3)</sup>	0.9	0.4	1.9
<b>Total</b>	<b>50.4</b>	<b>38.3</b>	<b>237.6</b>

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

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

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

### January–March 2022

In January–March, the Group's revenue grew compared to the reference period, amounting to EUR 50.4 (38.3) million. Year-on-year, revenue grew in Structural engineering to EUR 32.4 (22.5) million and in Transport infrastructure construction to EUR 17.1 (15.5) million.

In January–March, 32 (15) per cent of the Group's total revenue came from cities and municipalities, 24 (42) per cent from the government and 44 (43) per cent from the private sector.

## Profitability

EUR million	1–3/2022	1–3/2021	1–12/2021
EBITDA	2.1	1.7	14.2
EBITDA, %	4.2	4.4	6.0
EBITA	1.1	0.9	10.5
EBITA, %	2.2	2.3	4.4
Operating profit	1.0	0.8	10.4
Operating profit, %	2.1	2.2	4.4
Result for the period	0.6	-0.3	6.9
Earnings per share, €	0.07	-0.04	0.80

### January–March 2022

In January–March, the Group's EBITDA was EUR 2.1 (1.7) million, amounting to 4.2 (4.4) per cent of revenue. EBITA was EUR 1.1 (0.9) million, amounting to 2.2 (2.3) per cent of revenue. The Group's operating profit was EUR 1.0 (0.8) million, amounting to 2.1 (2.2) per cent of revenue.

The Group's result before tax was EUR 0.7 (-0.4) million. The result before tax for the reference period is encumbered by EUR 0.9 million of IPO expenses that are recorded under finance costs. Tax for the reporting period amounted to EUR 0.1 (-0.1) million with the effective tax rate being 11.4 (15.8) per cent. Result for the reporting period was EUR 0.6 (-0.3) million. Earnings per share were EUR 0.07 (-0.04).

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

EUR million	1–3/2022	1–3/2021	1–12/2021
Free cash flow from operating activities	-1.2	0.1	4.0
Net working capital	0.5	-4.6	-0.0

In January–March, free cash flow from operating activities was EUR -1.2 (0.1) million. During the reporting period, net working capital increased to EUR 0.5 million from EUR -0.0 million at the end of the 2021 financial year.

EUR million	3/2022	3/2021	12/2021
Interest-bearing debt	34.0	25.7	27.2
Cash and cash equivalents	10.9	6.9	6.3
Net debt	23.1	18.8	20.9
Equity	41.8	37.5	41.1
Equity ratio, %	38.2	38.2	38.6
Return on capital employed, %	17.4	17.4	17.8

At the end of March, interest-bearing debt amounted to EUR 34.0 million (31 Dec 2021: EUR 27.2 million), of which EUR 2.0 million (31 Dec 2020: EUR 1.1 million) constituted lease liabilities under IFRS 16. The company's cash and cash equivalents amounted to EUR 10.9 million (31 Dec 2021: EUR 6.3 million). In addition, the company had revolving overdraft and credit limits of EUR 15.0 million (31 Dec 2021: EUR 15.0 million), of which EUR 3.0 million (31 Dec 2021: EUR 3.0 million) were drawn. At the end of March 2021, interest-bearing net debt was EUR 23.1 million (31 Dec 2021: EUR 20.9 million).

On 8 March 2022, Kreate signed an agreement for a domestic commercial paper 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 March 2022, the company had issued commercial papers to the value of EUR 6.0 million.

The average interest of interest-bearing debt, excluding lease liabilities recognised on the balance sheet, was 2.4 (3.7) per cent in the reporting period of January–March. The average interest for the reference period was increased by approximately 0.7 percentage points by the impact of effective interest that was transferred to the result in connection with the repayment in full of a loan.

At the end of the reporting period, the consolidated balance sheet total was EUR 109.3 million (31 Dec 2021: EUR 106.6 million) and equity was EUR 41.8 million (31 Dec 2021: EUR 41.1 million). At the end of the reporting period, equity ratio was 38.2 per cent (31 Dec 2021: 38.6%) and the company's return on capital employed was 17.4 per cent (31 Dec 2021: 17.8%).

## Investments

During 2022, the company continued investing in equipment and the further improvement of equipment management.

Net investment cash flow was EUR 1.8 (0.8) million in January–March. In order to ensure the availability of construction materials and the progress of projects, preparations have been made front-end-weighted, which raised investments to a higher level than in the comparison period. The most significant part of the investments was tangible assets, mainly machinery and equipment. Investments in special equipment related to the railway construction business also continued during the first part of the year.

Kreate's gross investments in tangible and intangible assets amounted to EUR 2.0 (0.8) million in the reporting period.

## Personnel

At the end of March, Kreate Group employed 379 (385) persons. The average number of personnel in January–March was 378 (382).

Personnel development and the well-being at work programme proceeded systematically during the reporting period. The "Kympin kuntoon 2" coaching programme, which has been very well received by the personnel, continued successfully. Based on the feedback and results, the work stamina, level of fitness and well-being of the personnel increased during the coaching. As regards personnel development, supervisor coaching was continued based on areas for improvement identified in the personnel survey.

In addition to developing supervisor work, the KreateAkademia online training platform was launched with its new training courses. KreateAkademia's comprehensive offering of contact, remote and online training serves Kreate's needs for competence development and implementing consistent practices.

During the first quarter, Kreate also concluded its summer trainee application programme that brought the company a lot of applications for work management and practical work positions. Traineeship and, thereby, making the versatile opportunities in infrastructure construction visible to students in the field of construction is important for both Kreate and the entire construction industry that suffers from a lack of skilled labour.

The national restrictions put in place for the COVID-19 pandemic were eased in February and March, which also allowed Kreate to normalise its activities. Despite the easing of visit restrictions and an increase in local work, working conditions remained safe at Kreate. The easing of restrictions had no impact on the progress of Kreate's projects, but it could be seen as an increase in short-term sick leaves during the reporting period.

In January–March 2022, Kreate Group had a total of 0 accidents affecting the injury frequency rate and the 12-month average injury frequency rate proportional to the number of personnel was 7.4 during the reporting period. Kreate's injury frequency rate remains better than the construction industry average.

At the end of March, activation work was started in order to motivate the personnel to record high-quality, versatile safety observations. The longer-term goal of the campaign is to make recording safety observations an even stronger everyday routine for the personnel, and to make visible even those observations that seem minor. Increasing the number of high-quality safety observations supports reaching the goal of zero accidents.

Kreate is doing systematic work towards better occupational safety by encouraging the continuous improvement of safety among supervisors and employees. More on-site safety rounds and meetings at worksites were held in connection with the activation work for safety observations and

the easing of the COVID-19 restrictions. Communicating openly on safety observations and near misses supports the development of even safer work and working methods.

The share bonus plan for 2022–2024 decided on by the company's board of directors in June 2021 was also launched in March 2022; it is tied to the performance bonus goals for 2022 and the share bonus will be paid to the participants following a two-year commitment period in 2025. The shares are purchased and managed by an external service provider, and the holding company EAI Kreate Holding Oy has been established for this purpose.

## Company management

As of 31 March 2022, Kreate's Management Team includes the following people: Timo Vikström, President & CEO; Tommi Hakanen, Vice President, Special Foundation Construction; Jaakko Kivi, Vice President, Technical Office; Sami Laakso, Vice President, Transport Infrastructure Construction; Mikko Laine, Chief Financial Officer; Tommi Lehtola, Vice President, Foundation and Rock Engineering, and Circular Economy; Timo Leppänen, Vice President, Railway Construction; Katja Pussinen, Vice President, HR, and Sami Rantala, Vice President, Bridge Construction and Repair.

## 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.

### Strategic risks

Global epidemics, pandemics and conflicts may have a material adverse effect on Kreate's business, the global economy and financial markets. Economic uncertainty will also affect Kreate's private sector customers. The impacts of pandemics, including COVID-19, on the public economy may also be reflected in the reduction or postponement of planned investments.

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

Kreate's business performance is partly dependent on the overall development of the public economy and the political decision-making that guides it, as the majority of Kreate's revenue comes from public sector customers.

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

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

### **Operational and accident risks**

Kreate may fail in executing on its strategy or adapting it to changes in the operating environment, or the strategy itself may be unsuccessful. Kreate may not necessarily be able to define, execute or, if necessary, adjust its business strategy successfully.

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

Kreate's business is highly project-based. Successful project management has a considerable impact on the profitability of Kreate's business. Unsuccessful projects and project management may, for instance, impact future project availability and, thereby, have a material adverse effect on Kreate's business.

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

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

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

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

### **Economic and financing risks**

In its business operations, Kreate is exposed to interest rate, credit, financing, counterparty and liquidity risks that may have an adverse effect on Kreate's business and financial standing. The company strives to protect itself against liquidity and financing risks through various contractual arrangements.

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

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

More information on Kreate's risks is available in the company's offering circular published in February 2021, which is available at: <https://kreate.fi/en/ipo/>. More information on the company's financing risks is also available in note 3.4 to the company's Financial statements for 2021.

## Resolutions of the Annual General Meeting

Kreate Group Plc's Annual General Meeting was held on 29 March 2022. The Annual General Meeting adopted the financial statements for the financial year 2021 and granted the members of the Board of Directors and the President & CEO release from liability for the financial year 2021.

The Annual General Meeting decided that, based on the balance sheet verified for the financial year ending on 31 Dec 2021, a dividend of EUR 0.45 is issued per share for shares held outside the company. The dividend was paid to shareholders who were recorded on the company's list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment which was 31 March 2022. The dividends were paid on 11 April 2022.

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

The Annual General Meeting decided that the following fees are to be paid to the members of the Board of Directors: the Chair of the Board is to be paid a monthly fee of EUR 4,750 and other members of the Board are to be paid a monthly fee of EUR 2,000. In addition, the Annual General Meeting decided that an additional yearly fee of EUR 1,500 is paid to each member of the Board of Directors elected as the Chair or Member of the Audit Committee or Remuneration and Nomination Committee and that reasonable travel expenses are reimbursed according to invoices.

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

The Annual General Meeting authorised the Board of Directors to decide on a share issue as well as the issuance of option rights and other special rights entitling to shares pursuant to Chapter 10 of the Finnish Limited Liability Companies Act. Under the authorisation, a maximum of 898,000 shares can be issued, which corresponds to approximately 10 per cent of Kreate's total shares at the time of the decision. The shares or special rights entitling to shares can be issued in one or more tranches, either against or without payment. The shares issued under the authorisation can be new shares or shares held by Kreate. This authorisation is valid until the end of Kreate's next Annual General Meeting, but no later than 30 June 2023. The authorisation revokes any previous unused share issue authorisations.

The Annual General Meeting authorised the Board of Directors to decide on the repurchase and acceptance as pledge of Kreate's own shares. The total maximum number of own shares to be repurchased or accepted as a pledge is 898,000 shares. Kreate, together with its subsidiaries, may not own and/or hold as pledge more than 10 per cent of Kreate's all shares at any given moment. Pursuant to the authorisation, the company's own shares can only be repurchased with Kreate's unrestricted equity. This authorisation is valid until the end of Kreate's next Annual General Meeting, but no later than 30 June 2023. The authorisation revokes any previous unused authorisations for the repurchase and acceptance as a pledge of the company's own shares.

On 29 March 2022, 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-2/>.

## Organisation of the Board of Directors

The Annual General Meeting on 29 March 2022 confirmed that the Board of Directors shall have six (6) members. Petri Rignell, Timo Kohtamäki, Elina Pienimäki, Timo Pekkarinen and Jussi Aine

were re-elected as members of the Board. Petra Thorén was elected as a new member of the board. The term of office of all members of the Board shall end at the end of the 2023 Annual General Meeting.

In its constituent meeting held after the Annual General Meeting, the Board of Directors elected Petri Rignell as the Chair from the Members of the Board. Furthermore, the Board of Directors elected the following members of the Audit Committee from the members of the Board: Elina Pienimäki (Chair), Jussi Aine and Petra Thorén. The following Members of the Remuneration and Nomination Committee were elected: Petri Rignell (Chair), Timo Pekkarinen and Timo Kohtamäki.

## Shares and trading

### 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 2022 was 8,984,772 shares, of which the company held 90,000 shares as treasury shares.

615,479 of Kreate's shares were traded on the Helsinki Stock Exchange in January–March. The highest trading price was EUR 11.95 and the lowest price was EUR 9.14. The volume weighted average price of Kreate's shares during the reporting period was EUR 10.51.

The share's closing price on the last trading day of the reporting period, 31 March 2022, was EUR 9.82. Based on the closing price of the reporting period, the market value of the company's shares, excluding the treasury shares held by the company, was EUR 87.3 million.

### Events after the reporting period

No relevant events have occurred after the reporting period.

Tuusula, 26 April 2022

Kreate Group Plc

Board of Directors

NOTES

Calculation formulas for key figures

Tables for the January–March 2022 Interim Report

## Key figures by quarter

EUR million	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
Order backlog	208.8	202.8	202.8	157.5	158.3	134.9	149.0	144.4	162.3
Revenue	50.4	75.8	70.6	52.9	38.3	62.0	65.4	58.0	50.0
Change in revenue, %	-33.4	7.4	33.4	38.0	-38.1	-5.2	12.7	16.1	-30.7
EBITDA	2.1	4.1	5.1	3.4	1.7	3.1	4.9	3.9	2.2
EBITDA, %	4.2	5.4	7.2	6.3	4.4	5.0	7.5	6.7	4.3
EBITA	1.1	3.1	4.1	2.5	0.9	2.3	4.0	3.0	1.3
EBITA, %	2.2	4.1	5.8	4.7	2.3	3.8	6.1	5.1	2.6
Operating profit	1.0	3.0	4.1	2.4	0.8	2.3	3.9	2.9	1.2
Operating profit, %	2.1	4.0	5.8	4.6	2.2	3.7	6.0	5.0	2.5
Result for the period	0.6	2.4	3.1	1.8	-0.3	1.8	3.0	2.1	0.9
Capital employed	64.9	62.0	66.7	63.0	56.3	54.5	58.8	57.7	58.1
Return on capital employed, %	17.4	17.8	15.3	15.7	17.4	19.2	21.1	21.6	21.5
Return on equity, %	19.9	20.4	15.6	16.6	17.6	24.7	25.3	29.0	29.4
Net investments in operating activities	-1.8	-1.5	-0.6	-2.1	-0.8	-1.7	-0.8	-1.0	-1.0
Free cash flow from operating activities	-1.2	7.7	-0.2	-3.7	0.1	7.2	2.2	2.5	-2.2
Net working capital	0.5	-0.0	3.8	-0.3	-4.6	-5.4	1.0	-1.0	-0.8
Net debt	23.1	20.9	28.1	27.4	18.8	27.9	16.5	18.4	20.9
Net debt/EBITDA, rolling 12 months	1.6	1.5	2.1	2.1	1.4	2.0	1.0	1.1	1.3
Equity ratio, %	38.2	38.6	32.3	33.4	38.2	26.3	38.7	35.8	36.8
Earnings per share, €	0.07	0.28	0.34	0.20	-0.04	0.07	0.41	0.28	0.12
Personnel at the end of the period	379	385	392	412	385	383	404	441	407
Personnel on average	378	389	398	396	382	390	414	427	398

## Additional information on alternative performance measures

EUR million	1–3/2022	1–3/2021	1–12/2021
Outstanding shares on average (1,000 pcs)	8,895	8,062	8,689
Amortisations from intangible assets	-0.0	-0.0	-0.2
Depreciations	-	-	-
Prepayments received	-	-	-

EUR million	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21	Q4/20	Q3/20	Q2/20	Q1/20
Outstanding shares on average (1,000 pcs)	8,895	8,895	8,895	8,895	8,062	7,365	7,365	7,365	7,365
Amortisations from intangible assets	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1	-0.0
Depreciations	-	-	-	-	-	-	-	-	-
Prepayments received	-	-	-	-	-	-	-	-	-

## 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 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, %	$\frac{\text{Equity}}{\text{(Balance sheet total – prepayments received)}} \times 100$

## Interim Report for January–March 2022: Table section

## Consolidated statement of comprehensive income

EUR million	1–3/2022	1–3/2021	1–12/2021
Revenue	50.4	38.3	237.6
Other operating income	0.2	0.0	0.5
Materials and services	-39.0	-27.4	-181.9
Employee benefit expenses	-7.0	-6.6	-32.3
Other operating expenses	-2.9	-2.6	-10.3
Share of the joint venture's profit	0.3	-0.1	0.6
Depreciation, amortisation and impairment	-1.1	-0.9	-3.9
Operating profit	1.0	0.8	10.4
Financial income	0.0	0.0	0.0
Financial expenses	-0.3	-1.2	-2.1
Financial income and expenses	-0.3	-1.2	-2.1
Result before taxes	0.7	-0.4	8.2
Income taxes	-0.1	0.1	-1.3
<b>Result for the period</b>	<b>0.6</b>	<b>-0.3</b>	<b>6.9</b>
<b>Comprehensive income for the period</b>	<b>0.6</b>	<b>-0.3</b>	<b>6.9</b>
Profit attributable to:			
Shareholders of parent	0.6	-0.3	6.9
Earnings per share calculated from the income attributable to shareholders of the parent			
Undiluted, €	0.07	-0.04	0.80
Diluted, €	0.07	-0.04	0.80

## Consolidated balance sheet

EUR million	3/2022	12/2021	3/2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	0.8	0.9	1.0
Goodwill	35.6	35.6	35.6
Property, plant and equipment	19.0	17.9	15.8
Right-of-use assets	1.9	1.1	1.4
Investments in joint ventures	9.3	8.9	8.3
Other receivables	0.5	0.4	0.3
Deferred tax assets	0.7	0.7	0.5
<b>Total non-current assets</b>	<b>67.8</b>	<b>65.5</b>	<b>62.7</b>
<b>Current assets</b>			
Trade and other receivables	30.3	34.2	27.7
Income tax receivables	0.3	0.6	0.8
Cash and cash equivalents	10.9	6.3	6.9
<b>Total current assets</b>	<b>41.5</b>	<b>41.1</b>	<b>35.3</b>
<b>Total assets</b>	<b>109.3</b>	<b>106.6</b>	<b>98.0</b>
<b>EQUITY</b>			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	19.7	19.7	19.4
Retained earnings	22.0	21.3	18.0
<b>Total equity</b>	<b>41.8</b>	<b>41.1</b>	<b>37.5</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing debt	23.3	22.6	23.8
Deferred tax liabilities	1.1	1.1	0.8
<b>Total non-current liabilities</b>	<b>24.5</b>	<b>23.8</b>	<b>24.6</b>
<b>Current liabilities</b>			
Interest-bearing debt	10.7	4.6	1.8
Trade payables and other liabilities	30.2	34.5	32.4
Income tax liabilities	0.0	0.0	0.2
Provisions	2.2	2.6	1.5
<b>Total current liabilities</b>	<b>43.0</b>	<b>41.7</b>	<b>35.9</b>
<b>Total liabilities</b>	<b>67.5</b>	<b>65.5</b>	<b>60.6</b>
<b>Total equity and liabilities</b>	<b>109.3</b>	<b>106.6</b>	<b>98.0</b>

## Consolidated cash flow statement

EUR million	1–3/2022	1–3/2021	1–12/2021
Result for the period	0.6	-0.3	6.9
Depreciation, amortisation and impairment	1.1	0.9	3.9
Financial income and expenses	0.3	1.2	2.1
Income taxes	0.1	-0.1	1.3
Other adjustments	-0.4	0.1	-0.8
Total adjustments	1.0	2.1	6.5
Change in trade and other receivables	3.8	2.6	-4.1
Change in trade payables and other liabilities	-4.4	-3.5	-1.5
Change in provisions	-0.5	0.0	1.2
Total change in working capital	-1.1	-0.9	-4.5
Cash flow from operations before financial items and taxes	0.6	0.9	8.9
Interest paid in operating activities	0.0	0.0	-0.1
Interest received in operating activities	0.0	0.0	0.0
Other financial items	-0.1	-1.0	-1.3
Dividends received			
Taxes paid	0.2	-1.1	-2.1
<b>CASH FLOW FROM OPERATIONS</b>	<b>0.6</b>	<b>-1.2</b>	<b>5.4</b>
Investments in tangible and intangible assets	-2.0	-0.8	-5.6
Disposals of tangible and intangible assets	0.2	0.0	0.6
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-1.8</b>	<b>-0.8</b>	<b>-4.9</b>
Share issue		11.2	11.2
Repayment of non-current loans		-6.3	-6.3
Drawdown of current loans	6.0		10.0
Repayment of current loans		-4.0	-12.3
Repayment of lease liabilities	-0.2	-0.2	-0.7
Interest and other loan expenses		-0.1	-0.3
Dividends paid			-3.9
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>5.8</b>	<b>0.7</b>	<b>-2.3</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>4.6</b>	<b>-1.3</b>	<b>-1.8</b>
Cash and cash equivalents on the opening balance sheet	6.3	8.1	8.1
Change in cash and cash equivalents	4.6	-1.3	-1.8
Cash and cash equivalents at the end of the period	10.9	6.9	6.3

## Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity as at 1 January 2021	0.0	8.3	18.3	26.6
Items of comprehensive income				
Result for the period			-0.3	-0.3
Total comprehensive income attributable to the owners of the parent			-0.3	-0.3
Transactions with the owners				
Increase in share capital	0.1	-0.1		
Share issue *		11.2		11.2
Total transactions with the owners	0.1	11.1	0.0	11.2
Equity as at 31 March 2021	0.1	19.4	18.0	37.5

<sup>1)</sup> The gross proceeds from the share issue amounted to EUR 12.5 million. EUR 1.3 million in IPO fees have been recognised in the reserve for invested unrestricted equity.

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity as at 1 January 2021	0.0	8.3	18.3	26.6
Items of comprehensive income				
Result for the period			6.9	6.9
Total comprehensive income attributable to the owners of the parent			6.9	6.9
Transactions with the owners				
Increase in share capital	0.1	-0.1		
Share issue *		11.5		11.5
Dividend			-3.9	-3.9
Share-based awards			0.0	0.0
Total transactions with the owners	0.1	11.4	-3.9	7.6
Equity as at 31 December 2021	0.1	19.7	21.3	41.1

<sup>1)</sup> The gross proceeds from the share issue amounted to EUR 12.5 million. EUR 1.3 million in IPO fees have been recognised in the reserve for invested unrestricted equity, less the tax impact.

EUR million	Share capital	Reserve for invested unrestricted equity	Retained earnings	Total equity
Equity as of 1 January 2022	0.1	19.7	21.3	41.1
Items of comprehensive income				
Result for the period			0.6	0.6
Total comprehensive income attributable to the owners of the parent			0.6	0.6
Transactions with the owners				
Increase in share capital	0.0	0.0		
Share issue *				
Dividend				
Share-based awards			0.0	0.0
Total transactions with the owners	0.0	0.0	0.0	0.0
Equity as of 31 March 2022	0.1	19.7	22.0	41.8

## Notes

### Key accounting principles and basis for preparation

The Group's Interim Report has been prepared in accordance with the IAS 34 Interim Reports standard. The Interim Report should be read together with Kreate Group's consolidated financial statements for the financial year 2021.

The information presented in the Interim Report is unaudited.

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 2021, except for the revised IFRS standards that came into effect on 1 January 2022. The revised standards did not have an impact on the consolidated financial statements.

In June 2021, the Board of Directors of Kreate Group Plc decided to launch two new long-term share-based incentive plans for the key persons of the Group and the Group's joint venture. Evli Alexander Incentives Oy ("EAI") is responsible for the procurement and management of the shares. To this end, EAI Kreate Holding Oy was established during financial period 2022; funded by Kreate, it will acquire shares pursuant to the agreement and in accordance with the provisions in the Limited Liability Companies Act concerning the funding of purchase of the company's own shares. These shares will be exclusively used as part of Kreate's share-based incentive plan in accordance with its terms. The holding company is legally owned by EAI but, based on the agreement, Kreate exercises actual controlling interest in the arrangement and acts as the principal, whereas EAI acts as an agent through the holding company. This controlling interest resulting from the characteristics of the agreement leads to the holding company being consolidated into the IFRS consolidated financial statements as a structured interest.

The preparation of a financial statement bulletin 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 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 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	1–3/2022	1–3/2021	1–12/2021
Structural engineering <sup>1)</sup>	32.4	22.5	137.5
Transport infrastructure construction <sup>2)</sup>	17.1	15.5	98.2
Other <sup>3)</sup>	0.9	0.4	1.9
<b>Total</b>	<b>50.4</b>	<b>38.3</b>	<b>237.6</b>

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

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

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

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

	1–3/2022	1–3/2021	1–12/2021
Cities and municipalities	32%	15%	16%
Government	24%	42%	47%
Private sector	44%	43%	37%

The seasonality of the infrastructure projects delivered by the company has an impact on the timing of the company's result and cash flows.

## Working capital

EUR million	3/2022	12/2021	3/2021
Trade receivables	11.1	17.3	15.2
Assets based on contracts with customers	17.9	15.7	12.4
Loan receivables	0.0		0.0
Other receivables	1.4	1.1	0.0
Accrued income	0.0	0.0	0.0
<b>Total trade and other receivables</b>	<b>30.3</b>	<b>34.2</b>	<b>27.7</b>
Accrued personnel costs	0.0	0.0	0.0
Other accrued income	0.0	0.0	0.0
Total accrued income	0.0	0.0	0.0
Trade payables	10.2	12.4	7.5
Liabilities based on contracts with customers	5.1	4.8	9.7
Other liabilities	3.1	5.6	2.6
Accrued liabilities	11.7	11.7	12.5
<b>Total trade payables and other liabilities</b>	<b>30.2</b>	<b>34.5</b>	<b>32.4</b>
Interest liabilities	0.4	0.3	0.1
Accrued personnel costs	10.5	10.9	10.5
Other accrued liabilities	0.9	0.5	1.9
Total accrued liabilities	11.7	11.7	12.5

**Financial assets and liabilities**

EUR million	31 March 2022	Carrying amount	Fair value
Financial assets measured at amortised cost			
Non-current receivables		0.5	0.5
Non-current financial assets		0.5	0.5
Trade and other receivables		12.5	12.5
Current financial assets		12.5	12.5
Cash and cash equivalents		10.9	10.9
<b>Total financial assets</b>		<b>23.9</b>	<b>23.9</b>
Financial liabilities measured at amortised cost			
Loans from financial institutions		22.1	22.3
Lease liabilities		1.3	
Non-current interest-bearing liabilities		23.3	
Loans from financial institutions		4.0	4.0
Commercial papers		6.0	6.0
Lease liabilities		0.7	
Current interest-bearing liabilities		10.7	
Trade payables and other liabilities		13.3	13.3
Other current financial liabilities		13.3	13.3
<b>Total financial liabilities</b>		<b>47.4</b>	

EUR million	31 December 2021	Carrying amount	Fair value
Financial assets measured at amortised cost			
Non-current receivables		0.4	0.4
Non-current financial assets		0.4	0.4
Trade and other receivables		18.4	18.4
Current financial assets		18.4	18.4
Cash and cash equivalents		6.3	6.3
<b>Total financial assets</b>		<b>25.2</b>	<b>25.2</b>
Financial liabilities measured at amortised cost			
Loans from financial institutions		22.1	22.3
Lease liabilities		0.6	
Non-current interest-bearing liabilities		22.6	
Loans from financial institutions		4.0	4.0
Commercial papers		-	
Lease liabilities		0.6	
Current interest-bearing liabilities		4.6	
Trade payables and other liabilities		18.0	18.0
Other current financial liabilities		18.0	18.0
<b>Total financial liabilities</b>		<b>45.2</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 2021 and 2020.

On 8 March 2022, Kreate signed an agreement for a domestic commercial paper 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 March 2022, the company had issued commercial papers to the value of EUR 6.0 million.

### Changes in tangible assets

EUR million	3/2022	12/2021	3/2021
Acquisition cost as of 1 January	28.1	23.2	23.2
Increases	2.0	5.5	0.7
Decreases	-0.1	-0.6	
Acquisition cost at the end of the period	30.0	28.1	23.9
Accrued depreciation, amortisation and impairment as of 1 January	-10.2	-7.5	-7.5
Accrued amortisation on the decreases	0.0	0.2	
Amortisation for the period	-0.8	-3.0	-0.6
Accrued depreciation, amortisation and impairment at the end of the period	-11.0	-10.2	-8.1
Carrying amount at the end of the period	19.0	17.9	15.8

### Changes in right-of-use assets

EUR million	3/2022	12/2021	3/2021
Acquisition cost as at 1 January	2.9	2.9	2.9
Increases	1.0	0.4	0.1
Decreases	-0.1	-0.4	0.0
Acquisition cost at the end of the period	3.8	2.9	2.9
Accrued depreciation, amortisation and impairment as at 1 January	-1.7	-1.4	-1.4
Accrued amortisation on the decreases	0.0	0.4	0.0
Amortisation for the period	-0.2	-0.7	-0.2
Accrued depreciation, amortisation and impairment at the end of the period	-1.9	-1.7	-1.5
Carrying amount at the end of the period	1.9	1.1	1.4

### Changes in intangible assets

EUR million	3/2022	12/2021	3/2021
Acquisition cost as of 1 January	5.2	5.1	5.1
Increases		0.1	0.1
Decreases			
Acquisition cost at the end of the period	5.2	5.2	5.2
Accrued depreciation, amortisation and impairment as of 1 January	-4.3	-4.2	-4.2
Accrued amortisation on the decreases			
Amortisation for the period	0.0	-0.2	0.0
Accrued depreciation, amortisation and impairment at the end of the period	-4.4	-4.3	-4.2
Carrying amount at the end of the period	0.8	0.9	1.0

## Collateral and contingent liabilities

EUR million	3/2022	12/2021
Collateral given on behalf of the joint venture	0.0	0.0
Collateral given on behalf of joint project ventures	10.6	6.3
Other collateral	0.0	0.0
Guarantee liabilities from project contracts	33.0	35.2
Lease liabilities from short-term assets with a low value	0.4	0.5
VAT liability	0.3	0.3

## Related-party transactions

The Group's related parties include the parent company, subsidiaries and the joint venture KFS Finland Oy. 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.

EUR million	1–3/2022 Income	Expenses	3/2022 Receivables	Liabilities
Joint venture	0.3	-2.6	0.0	0.4
Other related parties <sup>1)</sup>		-0.0		

EUR million	1–12/2021 Income	Expenses	12/2021 Receivables	Liabilities
Joint venture	6.7	-6.8	0.0	0.4
Other related parties <sup>1)</sup>		-0.2		

EUR million	1–3/2021 Income	Expenses	3/2021 Receivables	Liabilities
Joint venture	1.8	-0.6	0.8	0.1
Other related parties <sup>1)</sup>		-0.2		0.1

<sup>1)</sup> Other related parties include transactions carried out with the parent company or subsidiaries by the members of the Board of Directors and other key management personnel and their immediate family members or entities controlled by them.

## Events after the reporting period

No relevant events have occurred after the reporting period.