

Interim Report January— March 2023

Kreate Group Plc

KREATE
THE FUTURE IS BUILT TODAY

KREATE'S INTERIM REPORT: REVENUE GREW 30% – INVESTMENTS IN GROWTH WEAKENED PROFITABILITY

Kreate Group Plc, interim report for January–March 2023, 28 April 2023 at 8:30 a.m.

January–March in brief

- Order backlog amounted to EUR 265.7 (208.8) million
- Revenue grew compared to the reference period, amounting to EUR 65.8 (50.4) million
- The year-on-year change in revenue was 30.5% (31.6%)
- EBITDA was EUR 1.0 (2.1) million, amounting to 1.5 (4.2) per cent of revenue
- EBITA was EUR -0.4 (1.1) million, amounting to -0.6 (2.2) per cent of revenue
- Earnings per share were EUR -0.08 (0.07)
- Free cash flow from operating activities was EUR -3.3 (-1.2) million
- Interest-bearing net debt was EUR 38.0 (23.1) million
- Guidance unchanged: Kreate estimates that its revenue will remain at the 2022 level (2022: EUR 273.9 million) and EBITA (2022: EUR 8.8 million) will increase compared to 2022.

Development of the operating environment

The estimates of both the Confederation of Finnish Construction Industries and the Ministry of Finance's RAKSU construction trends group for 2023 are gloomy. Both estimate a decline of around 3–4 per cent for the construction industry as a whole. In its economic assessment issued at the end of March, the Confederation of Finnish Construction Industries estimated that housing construction will decrease by up to 20 per cent in 2023, while the decline in infrastructure construction will be 2 per cent. The overall situation is boosted by growth expectations of 1.5 per cent in repair projects and nearly 1 per cent in business premises and industrial construction. The economic assessment forecasts that the economic cycle in construction is now close to the bottom and will slowly turn towards growth, while production will continue to decline for a while longer.

Housing construction is weighed down by a sharp contraction in housing projects started, which is due to higher-than-expected interest rates and an increase in supply. In the infrastructure construction segment, transport infrastructure construction is estimated to slow down; on the other hand, however, the stabilisation of cost development is expected to support projects from a financial perspective. The Confederation of Finnish Construction Industries estimates that the time of stable growth is now over and that the operating environment will be affected by a scarcity of projects going forward and disruptions in tendering. However, a record amount of construction has been done in Finland in recent years and it has been relatively cheap, as costs and interest rates have been low. Despite the drop being forecast now, construction is overall at a good level in Finland.

Due to the changes in the operating environment that can even occur rapidly, it is challenging to make long-term forecasts concerning infrastructure construction, and the developments may vary from negative to positive between the different infrastructure segments. The decline in housing construction according to the forecasts will be particularly reflected in the foundation construction market. On the other hand, growth is expected in the repair construction sector, which is presumed to balance out the foundation and special foundation construction market. Although the threat of a recession, rapidly progressing inflation and rising interest rates affect the profitability of the construction industry, many industrial investments are also planned, the possible start of which in the current year would balance out the infrastructure construction market, where a slight decline is expected. According to the investment survey conducted by the Confederation of Finnish Industries in January 2023, industrial investments are expected to grow by 7 per cent this year, amounting to EUR 9.6 billion. The forest industry, energy industry, mining industry and various

projects related to the green transition may, if started, keep the infrastructure construction volume high and bring continuity to the market.

Despite the decline in infrastructure construction forecast for 2023, the long-term outlook of infrastructure construction in Finland is stable. In Sweden, too, the house construction segment and house sales have been on the decline as the house prices have fallen more than in Finland. In spite of the reductions in total volume, favourable developments continue in the Swedish infrastructure market; in particular, the rock engineering and concrete construction market, which demands special expertise and suits Kreate, will continue to be very strong in the next few years.

The economic downturn does not support the rapid increase of construction needs or the reduction of the maintenance backlog. The construction industry remains ready to drive economic growth, but the demand for construction is also largely affected by the stakeholders' ability to renew their operations and the tolerance of the government's economy. Any possible stimulus activities from the public sector and the transition away from fossil fuels towards renewable energy alternatives will also create markets and opportunities for infrastructure actors. Some infrastructure projects may be postponed due to fiscal austerity measures, while the maintenance backlog of infrastructure keeps growing. Finland's NATO membership may also result in increased infrastructure construction needs nationwide. Urbanisation, the infrastructure maintenance backlog and public sector projects are expected to continue to drive growth in the future.

In its strategy, Kreate has chosen its business functions according to areas of structural engineering and transport infrastructure construction that will grow in the long term in line with the megatrends. Specialisation in demanding and versatile infrastructure is significantly more sustainable across business cycles and downturns than focusing on basic infrastructure construction. Furthermore, Kreate's expansion into Sweden, which has an infrastructure market twice the size of Finland's, offers opportunities for growth in the technically demanding infrastructure construction projects in the Greater Stockholm area, for example. Overall, Kreate believes that the structural engineering and transport infrastructure construction markets that are relevant for demanding infrastructure construction will decline in 2023 compared to the level in 2022. However, Kreate's situation is made better by the company's strategic specialisation in demanding infrastructure projects and good order backlog, some of which extends into the coming years.

Key figures

EUR million	1–3/2023	1–3/2022	1–12/2022
Order backlog	265.7	208.8	306.9
Revenue	65.8	50.4	273.9
Year-on-year change in revenue, %	30.5	31.6	15.3
EBITDA	1.0	2.1	13.6
EBITDA, %	1.5	4.2	5.0
EBITA	-0.4	1.1	8.8
EBITA, %	-0.6	2.2	3.2
Operating profit	-0.4	1.0	8.6
Operating profit, %	-0.7	2.1	3.2
Result for the period	-0.7	0.6	5.6
Capital employed	79.9	64.9	75.9
Return on capital employed, %	9.9	17.4	12.5
Return on equity, %	10.3	19.9	13.8
Net investments in operating activities	-3.2	-1.8	-4.2
Free cash flow from operating activities	-3.3	-1.2	3.5
Net working capital	5.6	0.5	4.7
Net debt	38.0	23.1	33.4
Net debt/EBITDA, rolling 12 months	3.0	1.6	2.5
Net debt/EBITDA, rolling 12 months pro forma*	3.1		2.4
Equity ratio, %	32.1	38.2	31.6
Earnings per share, diluted, €	-0.08	0.07	0.63
<i>Earnings per share, undiluted, €</i>	-0.08	0.07	0.64
Personnel at the end of the period	455	379	447
Personnel on average	453	378	416

*) The pro forma for the reporting period includes the EBITDA of the acquisition from April 1 to August 31, 2022

President & CEO Timo Vikström:

“It is characteristic of the Finnish and Swedish infrastructure market that the most productive activities are concentrated in the period from late spring to late autumn. In addition to the seasonal variation typical of infrastructure construction, Kreate’s result in the first quarter reflects the investments made to grow our railway business and Swedish operations. We are investing in areas which have the most stable market growth among Kreate’s operating areas. Kreate’s first quarter revenue rose to a higher level than in the reference period, amounting to EUR 65.8 (50.4) million. As expected, EBITA was weaker than in the reference period, with the strengthening of the railway construction and Swedish operations increasing fixed costs compared to the reference period. A significant portion of the company’s profitability for the review period consists of large projects in relatively early stages that include normal risk reserves. If these risks are not realized, they will be recognized as revenue in later stages of the projects. This reduced relative profitability in the reporting period.

The slowdown in construction, and especially in house construction, resulted in more intense competition and an increase in the number of providers in infrastructure construction in the first quarter. Tougher competition may be reflected in the relative profitability of companies in the construction industry in 2023. At Kreate, however, we proceeded in line with our strategy and adhered to the prerequisites for profitable construction in our tendering. We acted in the same way as in the crises that have affected the construction industry in recent years, avoiding unnecessary or uncontrollable risks when acquiring projects. Our choice is sustainable, even though it may affect the accumulation of the order backlog during the year.

Despite the increased competition, we won smaller transport infrastructure and foundation construction projects and a few private sector projects during the reporting period as well as started the construction of an embankment to increase environmental safety at Neste’s Kilpilahti port. In this large-scale project, we will use three different technologies to build a 520-metre embankment, a bentonite mat structure, general lighting as well as other infrastructure in the area. The project is a good demonstration of our strong technical competence, which is put into practice in projects like this requiring special construction where the contractor’s commitment and participation in the planning stage streamlines the construction schedule and ensures sensible construction solutions. Our specialisation in demanding infrastructure construction provides background support for the profitability of our operations even in more challenging situations.

As a counterweight to the challenging operating environment, I am going to highlight some positive things we accomplished in the first quarter. We met with our investors face-to-face at the Annual General Meeting and published a more extensive report on our sustainability efforts than before as part of the annual review. During this year, we will continue to develop the sustainability goals and metrics as part of the process of updating our strategy, which is starting. We also intend to deepen our personnel’s competence on sustainability, which will provide excellent support not only for the development of our business, but also for our opportunities to be actively involved in the green transition. According to some estimates, a total of around EUR 100 billion will be invested in the green transition by 2050. In the long run, this volume of investments in Finnish industry which is needed to implement the climate goals will have a positive effect on the infrastructure construction market as well.

Our significant, large projects continued as planned and we continue to build in 2023 with confidence, even though the construction volumes are on the decline and public sector infrastructure projects face uncertainty due to the pressure to put austerity measures in place.. The uncertainty of the public sector is balanced out by the opportunities offered by the green transition and the progress of the industrial projects that are starting. With our professional staff, we will continue to pursue a profitable growth track in line with our strategy. Our order backlog, which is at a good level, and the stabilisation of cost development support the realisation of our goal.”

Result guidance for 2023 (published on 31 January 2023)

Kreate estimates that its revenue will remain at the 2022 level (2022: EUR 273.9 million) and EBITA (2022: EUR 8.8 million) will increase compared to 2022.

Justifications: Kreate's high order backlog at the beginning of 2023 supports the positive development of revenue, but the general economic situation may affect the accumulation of the new order backlog during the year. In addition to the order backlog, Kreate's specialisation in demanding construction as well as the stable infrastructure construction market support EBITA growth in 2023.

Kreate Group's financial reporting

Kreate Group Plc will publish the financial reports for 2023 as follows:

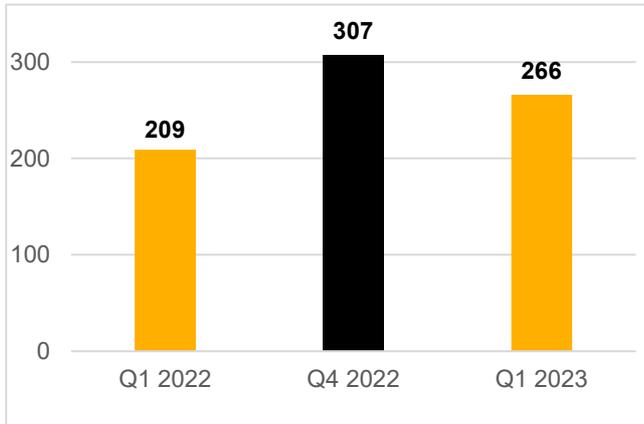
- Half-year report for January–June 2023: 19 July 2023
- Interim report for January–September 2023: 25 October 2023

Webcast event for analysts and media

A live webcast for analysts and media will be held today, 28 April 2023, 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/2023-q1-tulosjulkistus/>. 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/>.

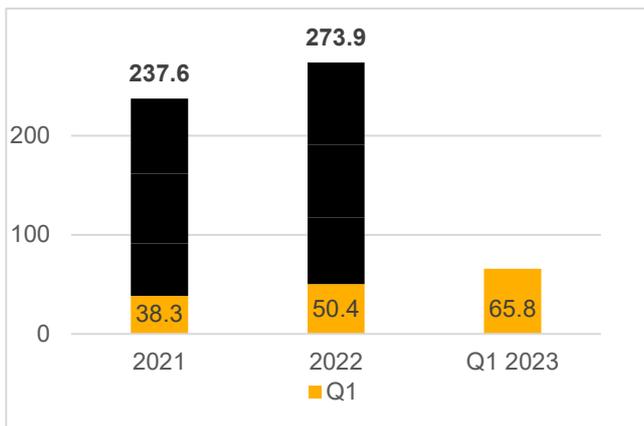
Key figures

Order backlog, EUR million



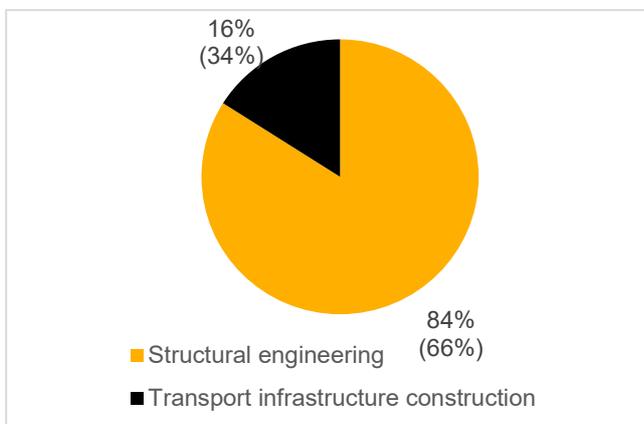
- **At the end of March 2023**, the order backlog clearly grew compared to the reference period, amounting to EUR 265.7 (208.8) million.
- Order backlog grew 27% from the previous year
- Kreate continued to exercise its own prudent line in the tougher Finnish market
- The most significant addition to the order backlog during the reporting period was the construction of an embankment at Neste’s Kilpilahti port

Revenue, EUR million

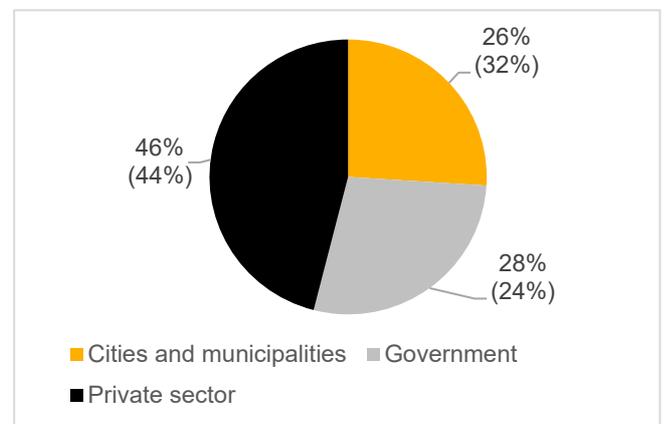


- **In January–March 2023**, revenue grew compared to the reference period, amounting to EUR 65.8 (50.4) million
- Revenue growth 30% from the comparison period
- Revenue grew more than expected thanks to the good order backlog and large projects progressing according to plan in the early year
- The share of Kreate’s revenue from its Swedish business was EUR 3.7 million

Revenue by business function 2023 (2022)

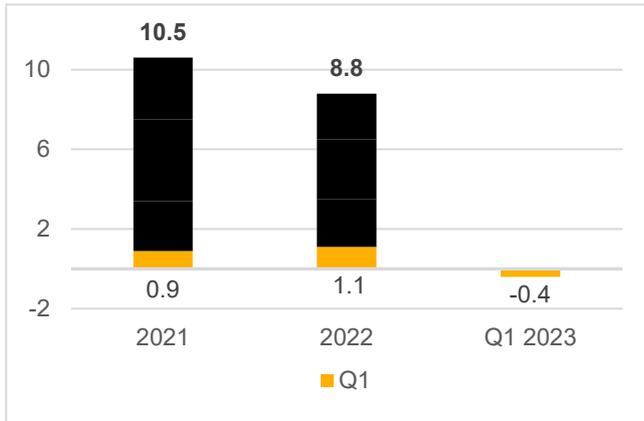


Revenue by customer group 2023 (2022)



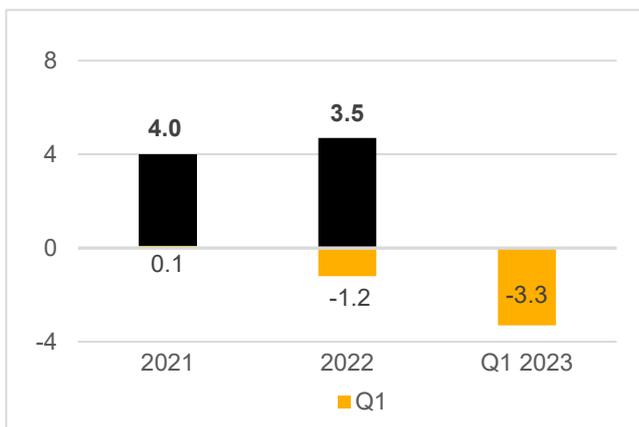
Transport infrastructure construction comprises Railway construction and Road and street construction. Structural engineering comprises Bridge construction and repair as well as Foundation and engineering construction.

EBITA, EUR million



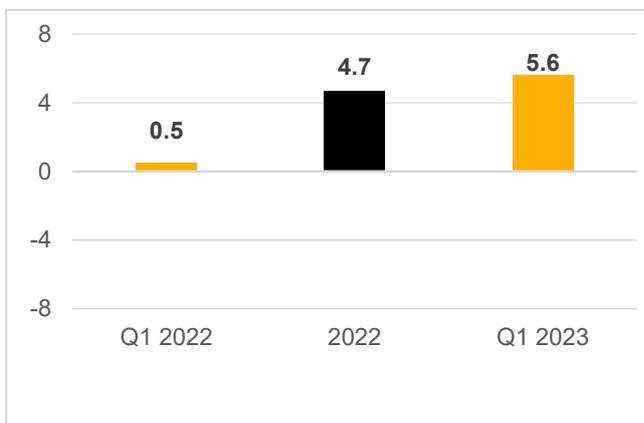
- **In January–March 2023**, EBITA decreased compared to the reference period, amounting to EUR -0.4 (1.1) million
- The revenue recognition of large early-stage projects include risk provisions, which weakened relative profitability compared to the reference period
- In addition, investments in growth in the railway business and in Sweden, in particular, affected profitability during the reporting period

Free cash flow from operating activities, EUR million



- **In January–March 2023**, free cash flow from operating activities was EUR -3.3 (-1.2) million, of which net investments amounted to EUR 3.2 (1.8) million
- Investments have been larger than usual in the early year, relating to large projects that started and the equipment needed for the execution

Net working capital, EUR million



- **At the end of March 2023**, the company's net working capital was EUR 5.6 (0.5) million
- There was no significant change in the development of net working capital during the reporting period compared to the year-end status

Kreate's interim report for January–March

Operating environment in January–March 2023

There were still positive signals in construction at the end of 2022, based on which the construction industry was estimated to get started on a good note in 2023. However, the continued rise in inflation and interest rates as well as the threat of a recession have contributed to reduced visibility and the positive signals fading away. The number of building permits, quotation requests and orders has declined in the first quarter of 2023.

According to statistics from Asiakastieto, in the first quarter of 2023, more than 150 building firms were declared bankrupt in the construction industry, a third of which operated in the house construction segment. The fact that there are several long-standing companies with revenues amounting to tens of millions of euros among the bankruptcies is an indication of the change in the construction industry's operating environment and especially of challenges in the house construction segment. The impact resulting from the drop in the housing construction segment is being kept in check by repair projects and the construction of business premises, which remained at a good level in the first quarter. Repair and business premises construction was maintained at a good level by public projects that are ongoing or about to start, such as projects related to schools and hospitals. The situation in housing construction was particularly reflected in the foundation construction market and the tightening of the general competitive landscape.

The declining construction volume has increased competition. Sluggishness was apparent in the launching of both private and public sector projects. More intense competition was also visible in bridge, railway and special foundation construction in the first quarter. However, Kreate's strategic specialisation in executing demanding infrastructure projects supported the company's competitiveness in technically challenging projects that require special expertise. In addition, Kreate's good order backlog enabled the careful selection of projects put forward in a challenging operating environment.

Order backlog

The order backlog grew compared to the reference year and amounted to EUR 265.7 (208.8) million at the end of March 2023. The expected order backlog profitability was at a normal level compared to before. In the first quarter, the most significant additions to the order backlog were the improvement works at Neste's Kilpilahti port and a few other private sector investments that started in March. In addition, the order backlog was increased by smaller transport infrastructure and foundation construction projects.

Revenue

The Group's revenue by business function

EUR million	1–3/2023	1–3/2022	1–12/2022
Structural engineering ¹⁾	54.8	32.4	176.6
Transport infrastructure construction ²⁾	10.7	17.1	95.3
Other ³⁾	0.3	0.9	2.0
Total	65.8	50.4	273.9

¹⁾ Includes, among others, foundation and engineering construction

²⁾ Includes, among others, railway, road and street construction

³⁾ Includes eliminations of internal items between Group companies

January–March 2023

In January–March, the Group's revenue grew compared to the reference period, amounting to EUR 65.8 (50.4) million. Year-on-year, revenue grew in Structural engineering to EUR 54.8 (32.4) million but decreased in Transport infrastructure construction to EUR 10.7 (17.1) million. The revenue from Sweden is included in the Structural engineering business area, and it was EUR 3.7 million.

In January–March, 26 (32) per cent of the Group's total revenue came from cities and municipalities, 28 (24) per cent from the government and 46 (44) per cent from the private sector.

Profitability

EUR million	1–3/2023	1–3/2022	1–12/2022
EBITDA	1.0	2.1	13.6
EBITDA, %	1.5	4.2	5.0
EBITA	-0.4	1.1	8.8
EBITA, %	-0.6	2.2	3.2
Operating profit	-0.4	1.0	8.6
Operating profit, %	-0.7	2.1	3.2
Result for the period	-0.7	0.6	5.6
Earnings per share, €	-0.08	0.07	0.64

January–March 2023

In January–March, the Group's EBITDA was EUR 1.0 (2.1) million, amounting to 1.5 (4.2) per cent of revenue. EBITA was EUR -0.4 (1.1) million, amounting to -0.6 (2.2) per cent of revenue. The Group's operating profit was EUR -0.4 (1.0) million, amounting to -0.7 (2.1) per cent of revenue.

The Group's result before tax was EUR -0.9 (0.7) million. Tax for the reporting period amounted to EUR -0.2 (0.1) million with the effective tax rate being 22.9 (11.4) per cent. Result for the reporting period was EUR -0.7 (0.6) million, of which the share attributable to the owners of the parent amounts to EUR -0.7 (0.6) million. Earnings per share were EUR -0.08 (0.07).

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

EUR million	1–3/2023	1–3/2022	1–12/2022
Free cash flow from operating activities	-3.3	-1.2	3.5
Net working capital	5.6	0.5	4.7

In January–March, free cash flow from operating activities was EUR -3.3 (-1.2) million. During the reporting period, net working capital increased to EUR 5.6 million from EUR 4.7 million at the end of the 2022 financial year.

EUR million	3/2023	3/2022	12/2022
Interest-bearing debt	41.6	34.0	42.8
Cash and cash equivalents	3.6	10.9	9.4
Net debt	38.0	23.1	33.4
Equity	41.9	41.8	42.5
Equity ratio, %	32.1	38.2	31.6
Return on capital employed, %	9.9	17.4	12.5

At the end of March, interest-bearing debt amounted to EUR 41.6 (31 Dec 2022: 42.8) million, of which EUR 2.9 (31 Dec 2022: 2.9) million constituted lease liabilities under IFRS 16. The company's cash and cash equivalents amounted to EUR 3.6 (31 Dec 2022: 9.4) million. In addition, the company had committed revolving overdraft and credit facilities of EUR 20.0 (31 Dec 2022: 20.0) million, of which EUR 2.0 (31 Dec 2022: 0.0) million were drawn. At the end of March, interest-bearing net debt was EUR 38.0 (31 Dec 2022: 33.4) 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 March 2023, the company had issued commercial papers at the value of EUR 5.0 million.

The average interest of interest-bearing debt, excluding lease liabilities recognised on the balance sheet, was 3.2 (2.4) per cent in the reporting period of January–March.

At the end of the reporting period, the consolidated balance sheet total was EUR 130.3 (31 Dec 2022: 134.5) million and equity was EUR 41.9 (31 Dec 2022: 42.5) million. At the end of the reporting period, equity ratio was 32.1 (31 Dec 2022: 31.6) per cent and the company's return on capital employed was 9.9 (31 Dec 2022: 12.5) per cent.

Investments

During 2023, the company continued investing in equipment and the further improvement of equipment management.

Net investment cash flow was EUR 3.2 (1.8) million in January–March. A considerable number of investments relating to the implementation of significant projects started in late 2022 took place during the reporting period, making the net investment amount exceptionally high.

Kreate's gross investments in tangible and intangible assets amounted to EUR 3.6 (2.0) million in the reporting period.

Personnel

At the end of March, Kreate Group employed 455 (379) persons. The average number of personnel in January–March was 453 (378).

In the first quarter of 2023, progress was made as planned in the area of both personnel development and the well-being at work programme. The goal is to facilitate discussions about issues relating to competence and working ability at all levels of leadership as well as strengthen the self-leadership skills of our personnel. Kreate wants to enable a better work-life balance for its personnel, increasing prioritisation and autonomy at work.

The training offering was maintained at a high level and the personnel actively took advantage of the in-person, remote and online training opportunities available via KreateAkademia. In addition to supervisor coaching, the focus of personnel development was on improving the personnel's financial and project skills. The versatile well-being programme, in turn, supported the personnel's stress management, while taking the physical and psychological factors into account. Effort was also put into the personnel meeting each other face-to-face through various events and communal functions during the reporting period. The events and sports activities organised by the KreAktiivinen personnel club were an important addition to doing things together after the years of the COVID-19 pandemic.

In the first quarter, recruitment focused especially on Kreate's summer trainee application programme, with a record number of applications received for both 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.

Systematic work towards better occupational safety by encouraging the continuous improvement of safety among the personnel was continued during the reporting period. The basic idea behind Kreate's safety management is that all accidents are preventable. When all the personnel commit to efforts for everyone's safety, achieving zero accidents is not an impossible goal.

In January–March 2023, Kreate Group had no accidents that affected the lost-time injury frequency and led to an absence. The cumulative lost-time injury frequency proportional to the number of personnel was 7.0 in the reporting period. Kreate's lost-time injury frequency remains better than the construction industry average.

The ongoing safety observation campaign and on-site safety rounds at worksites continued systematically in the first quarter. Communicating openly on safety observations and near misses supports the development of even safer work and working methods.

In February, the company's Board of Directors decided on a new performance period for the performance share plan for 2021–2024 and a new share bonus plan 2023–2025 which is a continuation of the company's earlier share bonus plan for 2022–2024. The aim of the plans is to align the goals of the company, shareholders and key persons in order to grow the company value in the long term, commit the key persons to the company and offer them competitive incentive plans that are based on earning and accumulating shares in the company and on share value growth. For the 2023–2024 performance period, the bonus is based on the Group's cumulative operating profit (EBITA), Kreate's total shareholder return (TSR) and the meeting of the company's strategic goals.

Company management

As of 31 March 2023, Kreate's Management Team included 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; Timo Leppänen, Vice President, Railway Construction; Katja Pussinen, Vice President, HR and Antti Kakko, 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

Epidemics and pandemics as well as conflicts between states may have a material adverse effect on Kreate's business, the global economy and financial markets. The impacts of pandemics and conflicts on the economy may also be reflected in the reduction or postponement of planned investments and decrease the demand for Kreate's services.

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 impact of rising costs.

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. Among others, Kreate executes road and railway construction projects, whose demand is largely dependent on transport policy planning and decision-making as well as the public economy's capabilities for investment.

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 skilled employees.

Kreate's limited control in joint ventures and associated companies 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 its strategy or adapting it to changes in the operating environment, or the strategy itself may be unsuccessful. The successful execution of Kreate's strategy is also dependent on other factors, many of which are at least partially outside of Kreate's influence. Therefore, Kreate may not necessarily be able to define, execute or adjust its business strategy successfully, as needed.

Failure to hire qualified personnel or 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.

Business acquisitions and internationalisation may involve situations and changes to plans that impact Kreate's performance and whose handling may require additional resources. The unsuccessful integration of ways of working or adoption of operations in connection with business acquisitions may impact Kreate's business and profitability.

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.

Kreate uses both its own employees and subcontractors in the execution of projects. 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, currency, 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 the company's financing risks is also available in note 3.4 to the Financial statements for 2022.

Resolutions of the Annual General Meeting

Kreate Group Plc's Annual General Meeting was held on 29 March 2023. The Annual General Meeting adopted the financial statements for the financial year 2022 and granted the members of the Board of Directors and the President & CEO release from liability for the financial year 2022.

The Annual General Meeting decided that, based on the balance sheet verified for the financial year ending on 31 Dec 2022, a dividend of EUR 0.46 is issued per share for shares held outside the company. The first instalment of the dividend, EUR 0.23 per share, 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 2023. This dividend was paid on 12 April 2023. The second instalment of the dividend, EUR 0.23 per share, is paid in October 2023.

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 5,250 and other members of the Board are to be paid a monthly fee of EUR 2,500. 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 the audit firm KPMG Oy Ab as the Auditor of the company, with Authorised Public Accountant Turo Koila as the principal auditor. The Auditor shall be paid a reasonable fee in accordance with an invoice approved by the Board of Directors.

The Annual General Meeting decided that the Articles of Association will be amended such that it allows holding a General Meeting outside the company's registered office (in Espoo, Vantaa or Tuusula, in addition to Helsinki) and holding a General Meeting without a specific location, as a remote meeting, should the Board of Directors so decide.

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 2024. 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 2024. The authorisation revokes any previous unused authorisations for the repurchase and acceptance as a pledge of the company's own shares.

On 29 March 2023, 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/tiedotteet/kreate-group-oyjn-varsinaisen-yhtiokokouksen-ja-hallituksen-paatokset-3/>.

Organisation of the Board of Directors

The Annual General Meeting on 29 March 2023 confirmed that the Board of Directors shall have six (6) members. Petri Rignell, Timo Kohtamäki, Elina Pienimäki, 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 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

Treasury shares

Kreate did not purchase any treasury shares in the reporting period. On 31 March 2023, Kreate Group Plc held 90,000 shares as treasury shares.

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 2023, the number of these shares reported on the consolidated balance sheet as treasury shares was 53,506 pieces, and all of these shares were purchased during 2022. This number of shares represented 0.60 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.

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 2023 was 8,984,772 shares, of which the company held 90,000 shares as treasury shares.

310,453 of Kreate's shares were traded on the Helsinki Stock Exchange in January–March. The highest trading price was EUR 9.46 and the lowest price was EUR 8.04. The volume weighted average price of Kreate's shares during the reporting period was EUR 8.86.

The share's closing price on the last trading day of the reporting period, 31 March 2023, was EUR 8.27. 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 (143,506), was EUR 73.1 million.

Events after the reporting period

No relevant events have occurred after the reporting period.

Tuusula, 28 April 2023

Kreate Group Plc

Board of Directors

NOTES

Calculation formulas for key figures

Tables for the January–March 2023 Interim Report

Key figures by quarter

EUR million	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Order backlog	265.7	306.9	284.2	204.4	208.8	202.8	202.8	157.5	158.3
Revenue	65.8	83.1	73.3	67.0	50.4	75.8	70.6	52.9	38.3
Change in revenue, %	-20.8	13.3	9.5	32.8	-33.4	7.4	33.4	38.0	-38.1
EBITDA	1.0	3.8	4.2	3.5	2.1	4.1	5.1	3.4	1.7
EBITDA, %	1.5	4.5	5.7	5.3	4.2	5.4	7.2	6.3	4.4
EBITA	-0.4	2.3	3.0	2.4	1.1	3.1	4.1	2.5	0.9
EBITA, %	-0.6	2.8	4.1	3.6	2.2	4.1	5.8	4.7	2.3
Operating profit	-0.4	2.3	2.9	2.4	1.0	3.0	4.1	2.4	0.8
Operating profit, %	-0.7	2.8	4.0	3.5	2.1	4.0	5.8	4.6	2.2
Result for the period	-0.7	1.3	2.1	1.6	0.6	2.4	3.1	1.8	-0.3
Capital employed	79.9	75.9	88.0	68.5	64.9	62.0	66.7	63.0	56.3
Return on capital employed, %	9.9	12.5	12.1	16.0	17.4	17.8	15.3	15.7	17.4
Return on equity, %	10.3	13.8	17.0	20.9	19.9	20.4	15.6	16.6	17.6
Net investments in operating activities	-3.2	-0.5	-0.8	-1.0	-1.8	-1.5	-0.6	-2.1	-0.8
Free cash flow from operating activities	-3.3	15.2	-10.1	-0.4	-1.2	7.7	-0.2	-3.7	0.1
Net working capital	5.6	4.7	17.0	3.6	0.5	-0.0	3.8	-0.3	-4.6
Net debt	38.0	33.4	46.8	29.4	23.1	20.9	28.1	27.4	18.8
Net debt/EBITDA, rolling 12 months	3.0	2.5	3.4	2.0	1.6	1.5	2.1	2.1	1.4
Equity ratio, %	32.1	31.6	29.7	31.6	38.2	38.6	32.3	33.4	38.2
Earnings per share, €	-0.08	0.14	0.23	0.19	0.07	0.28	0.34	0.20	-0.04
Personnel at the end of the period	455	447	450	424	379	385	392	412	385
Personnel on average	453	449	428	407	378	389	398	396	382

Additional information on alternative performance measures

EUR million	1–3/2023	1–3/2022	1–12/2022
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895
Outstanding shares on average, undiluted (1,000 pcs)	8,841	8,895	8,859
Amortisations from intangible assets	-0.1	-0.0	-0.2
Depreciations	-	-	-
Prepayments received	-	-	-

EUR million	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21	Q1/21
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895	8,895	8,895	8,062	7,365	7,365	7,365
Outstanding shares on average, undiluted (1,000 pcs)	8,841	8,841	8,841	8,858	8,895	8,895	8,895	8,895	8,895
Amortisations from intangible assets	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.0	-0.1
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
IFRS-compliant key figures	
Earnings per share	$\frac{\text{Result for the period attributable to the owners of the parent – interest and expenses of the equity loan recorded on the period adjusted with a tax impact}}{\text{Weighted average number of outstanding shares during the period}}$
Alternative performance measures	
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 2023: Table section

Consolidated statement of income

EUR million	1–3/2023	1–3/2022	1–12/2022
Revenue	65.8	50.4	273.9
Other operating income	0.1	0.2	1.3
Materials and services	-53.3	-39.0	-216.6
Employee benefit expenses	-8.3	-7.0	-33.3
Other operating expenses	-3.5	-2.9	-12.3
Share of associates' and joint ventures' profit or loss	0.2	0.3	0.7
Depreciation, amortisation and impairment	-1.4	-1.1	-5.0
Operating profit	-0.4	1.0	8.6
Financial income	0.0	0.0	0.0
Financial expenses	-0.4	-0.3	-1.9
Financial income and expenses	-0.4	-0.3	-1.9
Result before taxes	-0.9	0.7	6.7
Income taxes	0.2	-0.1	-1.1
Result for the period	-0.7	0.6	5.6
Profit attributable to:			
Shareholders of parent	-0.7	0.6	5.8
Non-controlling interests	0.0		-0.1
Earnings per share calculated from the income attributable to shareholders of the parent			
Undiluted, €	-0.08	0.07	0.64
Diluted, €	-0.08	0.07	0.63
Consolidated statement of comprehensive income			
Result for the period	-0.7	0.6	5.6
Items that may be reclassified subsequently to the statement of income:			
Foreign exchange rate differences	0.0		0.0
Total comprehensive income for the period	-0.7	0.6	5.7
Comprehensive income attributable to:			
Shareholders of parent	-0.7	0.6	5.8
Non-controlling interests	0.0		-0.1

Consolidated balance sheet

EUR million	3/2023	12/2022	3/2022
ASSETS			
Non-current assets			
Intangible assets	0.6	0.7	0.8
Goodwill	39.9	40.0	35.6
Tangible assets	22.0	19.9	19.0
Right-of-use assets	2.9	2.9	1.9
Investments in associated companies and joint ventures	10.2	10.0	9.3
Other receivables	0.2	0.2	0.5
Deferred tax assets	1.2	1.2	0.7
Total non-current assets	77.0	74.9	67.8
Current assets			
Trade and other receivables	49.3	49.8	30.3
Income tax receivables	0.5	0.4	0.3
Cash and cash equivalents	3.6	9.4	10.9
Total current assets	53.4	59.6	41.5
Total assets	130.3	134.5	109.3
EQUITY			
Equity attributable to the shareholders of the parent			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	19.7	19.7	19.7
Treasury shares	-0.5	-0.5	
Foreign exchange rate differences	0.0	0.0	
Retained earnings	22.7	23.4	22.0
Total equity attributable to the shareholders of the parent	42.0	42.6	41.8
Share of non-controlling interests	-0.1	-0.1	
TOTAL EQUITY	41.9	42.5	41.8
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	32.2	32.1	23.3
Deferred tax liabilities	1.4	1.5	1.1
Total non-current liabilities	33.6	33.5	24.5
Current liabilities			
Interest-bearing debt	9.4	10.7	10.7
Trade payables and other liabilities	43.8	45.5	30.2
Income tax liabilities	0.0	0.4	0.0
Provisions	1.6	1.9	2.2
Total current liabilities	54.8	58.5	43.0
Total liabilities	88.4	92.0	67.5
Total equity and liabilities	130.3	134.5	109.3

Consolidated cash flow statement

EUR million	1–3/2023	1–3/2022	1–12/2022
Result for the period	-0.7	0.6	5.6
Depreciation, amortisation and impairment	1.4	1.1	5.0
Financial income and expenses	0.4	0.3	1.9
Income taxes	-0.2	0.1	1.1
Other adjustments	-0.1	-0.4	-0.8
Total adjustments	1.6	1.0	7.2
Change in trade and other receivables	0.6	3.8	-13.4
Change in trade payables and other liabilities	-1.3	-4.4	9.1
Change in provisions	-0.2	-0.5	-0.8
Total change in working capital	-1.0	-1.1	-5.1
Cash flow from operations before financial items and taxes	0.0	0.6	7.7
Interest paid in operating activities	-0.1	0.0	-0.3
Interest received in operating activities	0.0	0.0	0.0
Other financial items	-0.1	-0.1	-0.7
Taxes paid	-0.7	0.2	-0.7
CASH FLOW FROM OPERATIONS	-0.1	0.6	6.0
Investments in tangible and intangible assets	-3.6	-2.0	-4.6
Disposals of tangible and intangible assets	0.3	0.2	0.4
Acquisition of the subsidiary less cash and cash equivalents on the date of acquisition			-5.9
CASH FLOW FROM INVESTING ACTIVITIES	-3.2	-1.8	-10.1
Share issue			
Acquisition of treasury shares			-0.5
Drawdown of non-current loans	0.1		29.9
Repayment of non-current loans	0.0		-21.3
Drawdown of current loans	7.0	6.0	44.6
Repayment of current loans	-8.3		-40.1
Drawdown/repayment of credit limit	0.1		0.0
Repayment of lease liabilities	-0.3	-0.2	-0.9
Interest and other loan expenses	-0.4		-0.5
Dividends paid			-4.0
CASH FLOW FROM FINANCING ACTIVITIES	-1.9	5.8	7.3
CHANGE IN CASH AND CASH EQUIVALENTS	5.8	4.6	3.1
Cash and cash equivalents at the beginning of the period	9.4	6.3	6.3
Change in cash and cash equivalents	-5.8	4.6	3.1
Impact of the changes in foreign exchange rates	0.0		0.0
Cash and cash equivalents at the end of the period	3.6	10.9	9.4

Consolidated statement of changes in equity

M€	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 noncontrolling interests	Total equity
Equity as at 1 January 2022	0.1	19.7			21.3	41.1		41.1
Items of comprehensive income								
Result for the period					0.6	0.6		0.6
Foreign exchange rate differences								
Total comprehensive income					0.6	0.6		0.6
Transactions with the owners								
Acquisition of treasury shares								
Dividend								
Share-based awards					0.0	0.0		0.0
Total transactions with the owners					0.0	0.0		0.0
Equity as at 31 March 2022	0.1	19.7			22.0	41.8		41.8
M€	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 noncontrolling interests	Total equity
Equity as at 1 January 2022	0.1	19.7			21.3	41.1		41.1
Items of comprehensive income								
Result for the period					5.8	5.8	-0.1	5.6
Foreign exchange rate differences				0.0		0.0	0.0	0.0
Total comprehensive income				0.0	5.8	5.8	-0.1	5.7
Transactions with the owners								
Acquisition of treasury shares			-0.5			-0.5		-0.5
Dividend					-4.0	-4.0		-4.0
Share-based awards					0.2	0.2		0.2
Total transactions with the owners			-0.5		-4.0	-4.3		-4.3
Equity as at 31 December 2022	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5

M€	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 noncontrolling interests	Total equity
Equity as at 1 January 2023	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5
Items of comprehensive income								
Result for the period					-0.7	-0.7	0.0	-0.7
Foreign exchange rate differences				0.0		0.0	0.0	0.0
Total comprehensive income				0.0	-0.7	-0.7	0.0	-0.7
Transactions with the owners								
Acquisition of treasury shares								
Dividend								
Share-based awards					0.1	0.1		0.1
Total transactions with the owners	0.0	0.0	0.0	0.0	0.1	0.1	0.0	0.1
Equity as at 31 March 2023	0.1	19.7	-0.5	0.0	22.7	42.0	-0.1	41.9

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 2022.

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 2022, 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.

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 as well as 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 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	1–3/2023	1–3/2022	1–12/2022
Structural engineering ¹⁾	54.8	32.4	176.6
Transport infrastructure construction ²⁾	10.7	17.1	95.3
Other ³⁾	0.3	0.9	2.0
Total	65.8	50.4	273.9

¹⁾ Includes, among others, foundation and engineering construction

²⁾ Includes, among others, railway, road and street construction

³⁾ Includes intra-Group eliminations

The revenue from transport infrastructure construction has remained close to the level of the previous financial year. The share of structural engineering has grown in line with Kreate's strategy.

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

	1–3/2023	1–3/2022	1–12/2022
Cities and municipalities	26%	32%	26%
Government	28%	24%	38%
Private sector	46%	44%	36%

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	3/2023	12/2022	3/2022
Trade receivables	21.5	20.6	11.1
Assets based on contracts with customers	26.4	27.5	17.9
Loan receivables	0.0	0.0	0.0
Other receivables	0.6	0.7	1.4
Accrued income	0.8	1.1	0.0
Total trade and other receivables	49.3	49.8	30.3
Accrued personnel costs	0.0	0.0	0.0
Other accrued income	0.8	1.1	0.0
Total accrued income	0.8	1.1	0.0
Trade payables	16.6	16.2	10.2
Liabilities based on contracts with customers	13.7	14.3	5.1
Other liabilities	2.8	4.8	3.1
Accrued liabilities	10.7	10.1	11.7
Total trade payables and other liabilities	43.8	45.5	30.2
Interest liabilities	0.2	0.4	0.4
Accrued personnel costs	9.0	8.8	10.5
Other accrued liabilities	1.5	1.0	0.9
Total accrued liabilities	10.7	10.1	11.7

Financial assets and liabilities

EUR million	31 March 2023	Carrying amount	Fair value
Financial assets measured at amortised cost			
	Non-current receivables	0.2	0.2
	Non-current financial assets	0.2	0.2
	Trade and other receivables	22.1	22.1
	Current financial assets	22.1	22.1
	Cash and cash equivalents	3.6	3.6
	Total financial assets	25.9	25.9
Financial liabilities measured at amortised cost			
	Loans from financial institutions	29.7	29.9
	Hire purchase liabilities	0.6	
	Lease liabilities	1.9	
	Non-current interest-bearing liabilities	32.2	
	Loans from financial institutions	3.4	3.4
	Commercial papers	5.0	5.0
	Hire purchase liabilities	0.0	0.0
	Lease liabilities	1.0	
	Current interest-bearing liabilities	9.4	
	Trade payables and other liabilities	19.4	19.4
	Other current financial liabilities	19.4	19.4
	Total financial liabilities	61.0	

EUR million	31 December 2022	Carrying amount	Fair value
Financial assets measured at amortised cost			
	Non-current receivables	0.2	0.2
	Non-current financial assets	0.2	0.2
	Trade and other receivables	21.3	21.3
	Current financial assets	21.3	21.3
	Cash and cash equivalents	9.4	9.4
	Total financial assets	30.9	30.9
Financial liabilities measured at amortised cost			
	Loans from financial institutions	29.7	29.9
	Hire purchase liabilities	0.4	0.4
	Lease liabilities	1.9	
	Non-current interest-bearing liabilities	32.1	
	Loans from financial institutions	2.6	2.6
	Commercial papers	7.0	7.0
	Hire purchase liabilities	0.2	0.2
	Lease liabilities	1.0	
	Current interest-bearing liabilities	10.7	
	Trade payables and other liabilities	21.0	21.0
	Other current financial liabilities	21.0	21.0
	Total financial liabilities	63.8	

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 2023 and 2022.

Changes in tangible assets

EUR million	3/2023	12/2022	3/2022
Acquisition cost as at 1 January	34.2	28.1	28.1
Exchange rate differences	0.0	-0.1	
Increases	3.6	4.6	2.0
Business acquisitions		2.3	
Decreases	-0.7	-0.7	-0.1
Acquisition cost at the end of the period	37.0	34.2	30.0
Accrued depreciation, amortisation and impairment as at 1 January	-14.2	-10.2	-10.2
Exchange rate differences	0.0	0.0	
Accrued amortisation on the decreases	0.3	0.6	0.0
Business acquisitions		-0.8	
Amortisation for the period	-1.1	-3.9	-0.8
Accrued depreciation, amortisation and impairment at the end of the period	-15.0	-14.2	-11.0
Carrying amount at the end of the period	22.0	19.9	19.0

Changes in right-of-use assets

EUR million	3/2023	12/2022	3/2022
Acquisition cost as at 1 January	5.0	2.9	2.9
Exchange rate differences	0.0	0.0	
Increases	0.3	2.5	1.0
Business acquisitions		0.2	
Decreases	-0.2	-0.5	-0.1
Acquisition cost at the end of the period	5.2	5.0	3.8
Accrued depreciation, amortisation and impairment as at 1 January	-2.2	-1.7	-1.7
Exchange rate differences			
Accrued amortisation on the decreases	0.1	0.4	0.0
Business acquisitions		0.0	
Accrued amortisation on the transfers		0.1	
Amortisation for the period	-0.3	-0.9	-0.2
Accrued depreciation, amortisation and impairment at the end of the period	-2.3	-2.2	-1.9
Carrying amount at the end of the period	2.9	2.9	1.9

Changes in intangible assets

EUR million	3/2023	12/2022	3/2022
Acquisition cost as at 1 January	5.2	5.1	5.2
Increases		0.1	
Decreases			
Acquisition cost at the end of the period	5.2	5.2	5.2
Accrued depreciation, amortisation and impairment as at 1 January	-4.5	-4.2	-4.3
Accrued amortisation on the decreases			
Amortisation for the period	-0.1	-0.2	0.0
Accrued depreciation, amortisation and impairment at the end of the period	-4.6	-4.3	-4.4
Carrying amount at the end of the period	0.6	0.9	0.8

Collateral and contingent liabilities

EUR million	3/2023	12/2022
Collateral given on behalf of joint project ventures	10.6	10.6
Guarantee liabilities from project contracts	39.0	43.5
Lease liabilities from short-term assets with a low value	0.9	0.9
VAT liability	0.3	0.3

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	1–3/2023 Income	Expenses	3/2023 Receivables	Liabilities
Joint venture	0.4	-3.6	0.0	1.3
Other related parties ¹⁾				

EUR million	1–12/2022 Income	Expenses	12/2022 Receivables	Liabilities
Joint venture	3.2	-11.1	0.4	0.4
Other related parties ¹⁾		-0.0		

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

¹⁾ 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.