



# Interim Report January - September 2023

Kreate Group Plc

**KREATE**  
THE FUTURE IS BUILT TODAY



## KREATE'S INTERIM REPORT: IN JULY-SEPTEMBER, REVENUE INCREASED BY 20 % AND CASH FLOW WAS STRONG

Kreate Group Plc, interim report for January - September 2023, 25 Oct 2023 at 8:30 am

### July - September in brief

- Order backlog amounted to EUR 221.8 (284.2) million, a decrease of 22.0%
- Revenue grew compared to the reference period, amounting to EUR 88.3 (73.3) million
- The year-on-year change in revenue was 20.4% (3.9%)
- EBITDA was EUR 4.0 (4.2) million, amounting to 4.6% (5.7%) per cent of revenue
- EBITA was EUR 2.9 (3.0) million, amounting to 3.3 (4.1) per cent of revenue
- Earnings per share were EUR 0.16 (0.23)
- Free cash flow from operating activities was EUR 8.0 (-10.1) million
- Interest-bearing net debt was EUR 32.9 (46.8) million
- Guidance unchanged: Kreate estimates that its revenue (2022: EUR 273.9 million) will be EUR 300–325 million. EBITA (2022: EUR 8.8 million) is estimated to be at the level of EUR 7.0–8.5 million.

### January - September in brief

- Revenue grew compared to the reference period, amounting to EUR 239.8 (190.8) million
- The year-on-year change in revenue was 25.7% (17.9%)
- EBITDA was EUR 9.1 (9.8) million, amounting to 3.8 (5.2) per cent of revenue
- EBITA was EUR 5.1 (6.5) million, amounting to 2.1 (3.4) per cent of revenue
- Earnings per share were EUR 0.26 (0.49)
- Free cash flow from operating activities was EUR 6.4 (-11.7) million

### Development of the operating environment

The construction market in Finland has weakened significantly during 2023, and the decline has been particularly steep in the summer and autumn. The Confederation of Finnish Construction Industries believes that the reason for this is the high cost level and the fast rise in interest rates, as a result of which the financing for consumers and companies has been severely tightened and confidence is weak. The Confederation estimated at the end of September that the volume of construction in Finland will decrease by 10 per cent this year.

However, there is variation within the construction market. The volume of housing construction, which is a strongly cyclical segment, is estimated to fall by 38 per cent in the current year, while the decline is estimated at 2 per cent in other building construction and 4 per cent in repair construction. Kreate operates in the infrastructure construction market which is more stable than building construction market. The volume of infrastructure construction market is estimated to decrease by 5 per cent this year and a annual change for next year is estimated to be around zero. In addition, the delay in the start-up of infrastructure construction projects is significantly shorter than in building construction, which means that projects can be launched quickly if necessary.

The total construction market in Finland amounted to approximately EUR 42 billion in 2022, of which the share of infrastructure is more than EUR 9 billion when interpreted broadly. In addition to civil engineering, the broad interpretation includes, for example, outdoor area maintenance and

foundation work in building construction. Kreate estimates that the market which suits it in Finland amounts to approximately EUR 5 billion.

Housing construction is cyclical and its short-term outlook is weak. The Confederation of Finnish Construction Industries estimates that there will be a total of 16,000 new housing projects started in 2023, which is around a third of the peak in 2021, when 47,200 new housing projects were started. New housing construction is estimated to also remain at a low level in 2024. The decline in housing construction has brought operators and competition to infrastructure construction, however, to the less demanding basic infrastructure construction.

Kreate specialises in demanding infrastructure construction, which continues to offer a stable and safe business environment despite the turbulence of the construction market. Kreate's dependence on cyclical housing construction is low. Kreate's revenue linked to building construction consists mainly of other building construction, such as foundation work for public construction, trade, logistics or industrial buildings. Counter to the cycle, these projects are being executed as normal in the construction industry at the moment – the more demanding the infrastructure construction project is, the less sensitive the investment decision is to the transient level of inflation and interest rates.

The bleak development of the operating environment has led to several bankruptcies of operators in the construction industry this year. Kreate estimates that the bankruptcies do not pose a significant financial risk to the company. More than half of the company's revenue comes from projects commissioned by the state and municipalities, and private sector customers are very solvent, large companies operating in sectors such as trade, logistics and industry. In terms of bankruptcies within the subcontracting chain, Kreate's financial risks are quite limited, and preparations have also been made for risks when drafting contract terms.

Despite the downcast state of the construction market, the long-term outlook for infrastructure construction is bright and large-scale projects can be expected, for example, with regard to the government's transport investment programme and the green transition. Finland's NATO membership and the prevailing geopolitical situation also increase the need for and importance of railway, road and port infrastructure towards the north and the western border as well as airport infrastructure, for example, from the point of view of Finland's security of supply and accessibility. Finland is able to make use of the CEF project funding for military mobility in its projects. Although the long-term outlook is strongly positive, it is difficult to estimate the size and timing of the projects.

With regard to Kreate's Swedish business, the development of the operating environment has been favourable. Although construction is experiencing a strong downward trend in Sweden, the market for rock engineering and concrete construction, which is essential for Kreate, is also expected to develop strongly in the Greater Stockholm area in the coming years.

## Key figures

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Order backlog			221.8	284.2	306.9
Revenue	88.3	73.3	239.8	190.8	273.9
Year-on-year change in revenue, %	20.4	3.9	25.7	17.9	15.3
EBITDA	4.0	4.2	9.1	9.8	13.6
EBITDA, %	4.6	5.7	3.8	5.2	5.0
EBITA	2.9	3.0	5.1	6.5	8.8
EBITA, %	3.3	4.1	2.1	3.4	3.2
Operating profit	2.8	2.9	4.9	6.3	8.6
Operating profit, %	3.2	4.0	2.1	3.3	3.2
Result for the period	1.4	2.1	2.3	4.4	5.6
Capital employed			76.3	88.0	75.9
Return on capital employed, %			8.8	12.1	12.5
Return on equity, %			8.4	17.0	13.8
Net investments in operating activities	-0.9	-0.8	-5.2	-3.7	-4.2
Free cash flow from operating activities	8.0	-10.1	6.4	-11.7	3.5
Net working capital			2.8	17.0	4.7
Net debt			32.9	46.8	33.4
Net debt/EBITDA, rolling 12 months			2.6	3.4	2.5
Net debt/EBITDA, rolling 12 months pro forma*				3,1*	2,4**
Equity ratio, %			30.0	29.7	31.6
Earnings per share, diluted, €	0.16	0.23	0.26	0.49	0.63
Earnings per share, undiluted, €	0.16	0.23	0.26	0.49	0.64
Personnel at the end of the period			494	450	447
Personnel on average	499	428	449	403	416

\*) The pro forma for the reporting period includes the EBITDA of the acquisition from 1 October 2021 to 31 August 2022

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

## President & CEO Timo Vikström:

“We have performed well in what has been a generally difficult market situation in the construction industry. Although the infrastructure market has declined in 2023, we managed to make EUR 88.3 million in revenue in the third quarter, which is 20% more than in the reference period. This success has been supported by well-run large projects that have progressed with planned pace.

Tendering has picked up after the summer holiday season. In August, we published the contracts that we had won in Nihti, Helsinki as well as in Kaarina valued at nearly EUR 18 million. In Nihti, we are preparing the old port authority area for residential use, and in Kaarina, we are building a new Kuusistonsalmi bridge to replace the old one. The high level of costs and interest rates can be clearly seen in the tendering, however, in that there are more smaller projects which add up instead of large projects. The clients' need for large projects has not gone anywhere, but the timing of the projects may be moved. We are pleased that the first part of the Espoo City Rail Link has finally progressed to the tendering phase and that the Government Programme includes several infrastructure projects that are expected to start as soon as possible. Kreate's order backlog is still high at EUR 221.8 million, but lower than in the reference period (EUR 284.2 million).

All in all, we have succeeded in implementing the strategy quite well. Our revenue has grown at a rapid pace and last year we got a foothold in Sweden's attractive market. During the period of strong growth, we have also been able to keep our financial position stable despite the challenging market. In terms of profitability, the EBITA target has not been reached, but going forward, we will be better prepared against cost inflation.

At Kreate, we focus on taking care of our own business as well as possible and we do what we promise. On worksites, we handle things with a high level of technical skill and strong competence, and in Group, we concentrate on the efficient management of working capital and cash, for example. Our cash flow in the third quarter is very strong, which shows that our actions are working. Projects not bound to an index from previous years will come to an end during the last quarter of the year, and the predictability of construction costs is at a good level with our current practices and in the current market situation.

At the beginning of July, we revised our revenue guidance upwards and our EBITA guidance downwards for the full year. This guidance is still in force. Despite the bleak operating environment, we see light at the end of the tunnel. Several megatrends – from the green transition to urbanisation – support infrastructure construction, and we see that there is work for competent and strong operators in both the Finnish and the Swedish infrastructure markets. In the short term, visibility and the planning of operations are weakened by the fact that public clients in particular have postponed the start of large projects. However, the investment programmes of the big cities located in growth centres show no signs of slowing down, and they are for their part carrying the infrastructure sector during the general downturn in construction.

The plans of the government, municipalities and, for example, the green transition have a lot of positives for the infrastructure sector, but it remains to be seen at what point the projects will move to the tendering and construction phases. There is light at the end of the tunnel in the industry, but it is still unclear how long the tunnel will be.”

## Result guidance for 2023 unchanged (published on 6 July 2023)

Kreate estimates that its revenue (2022: EUR 273.9 million) will be EUR 300–325 million. EBITA (2022: EUR 8.8 million) is estimated to be at the level of EUR 7.0–8.5 million.

Justifications: The strong order backlog and systematic execution of projects, in some cases even faster than predicted, have increased Kreate's revenue in the first half of the year. The same trend is expected to continue in the second half of the year as well, with which revenue is estimated to grow to a higher level than previously estimated.

At the same time, the persistently high level of inflation during the first part of the year, wage development in the industry as well as changes in the total construction market have affected profitability. Moreover, in contrast to the previous estimate, projects not bound to an index from previous years resulted in negative margin effects, weakening profitability in 2023. In railway construction, the postponement of projects estimated to start early in the year has strained the market and that has had a weakening effect on the estimated volume and profitability of this business.

## Kreate Group's financial reporting

The planned publication date for Kreate Group Plc's financial statements bulletin in 2024

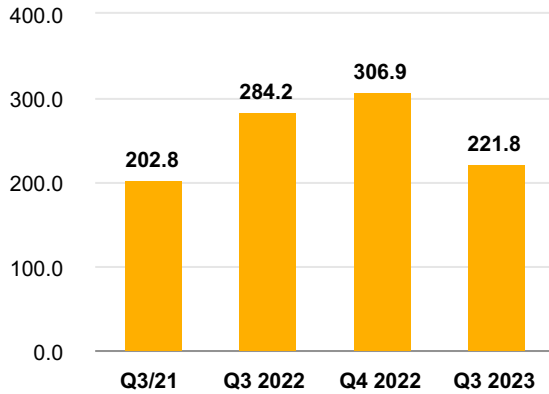
- Financial statement bulletin for 2023: 31 January 2024

## Webcast event for analysts and media

A live webcast for analysts and media will be held today, 25 October 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-q3-tulosjulkistus>. A recording of the webcast will be made available later at <https://kreate.fi/en/investor/releases-and-reports/reports/> and a summary in English will become available at <https://kreate.fi/en/investor/releases-and-reports/reports/>.

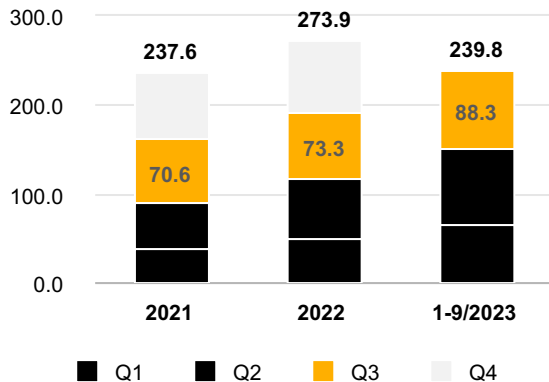
## Key figures

Order backlog, EUR million



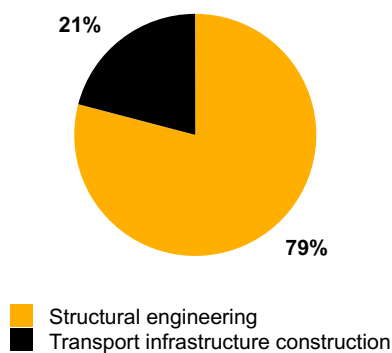
- At the end of **September 2023**, the order backlog decreased by 22.0 % from September 2022, amounting to EUR 221.8 (284.2) million. From the end of previous quarter, the order backlog decreased by 16.3%.
- The comparison period includes Kirjalansalmi and Hessundinsalmi bridges that were just added to the order backlog.
- The most significant additions to the order book were the total contract for the construction of the 3rd part of the Nihti in Helsinki and the contract for the construction of the Kuusistonsalmi bridge in Kaarina, totalling nearly 18 million euros.

Revenue, EUR million



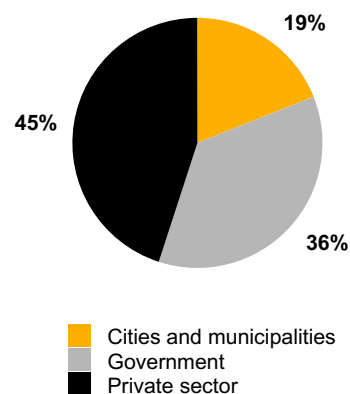
- In **July - September 2023**, revenue grew by 20.4% year-on-year, amounting to 88.3 (73.3) million, of which Kreate's Swedish business was EUR 6.5 (1.0) million.
- In **January - September 2023**, revenue was EUR 239.8 (190.8) million, of which Kreate's Swedish business was EUR 16.0 (1.0) million.
- Major ongoing projects are progressing rapidly, which increased revenue significantly compared to the comparison period.

Revenue by business function 1-9/2023



1-9/2022: Structural engineering 63%,  
Transport infrastructure construction 37%

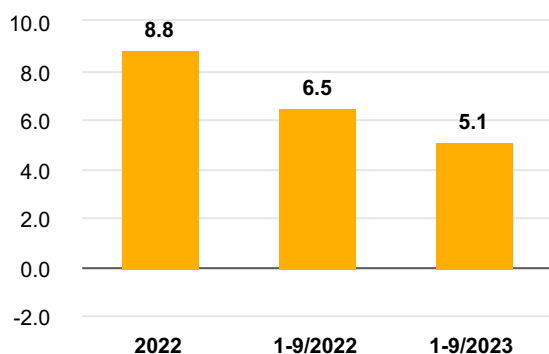
Revenue by customer group 1-9/2023



1-9/2022: Cities and municipalities 26%, Government 38%, Private sector 36%

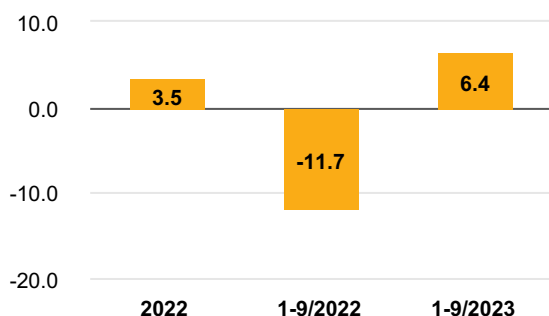
Transport infrastructure construction comprises Railway construction and Road and street construction.  
Structural engineering comprises of Bridge construction and and repair as well as Foundation and engineering construction.

## EBITA, EUR million



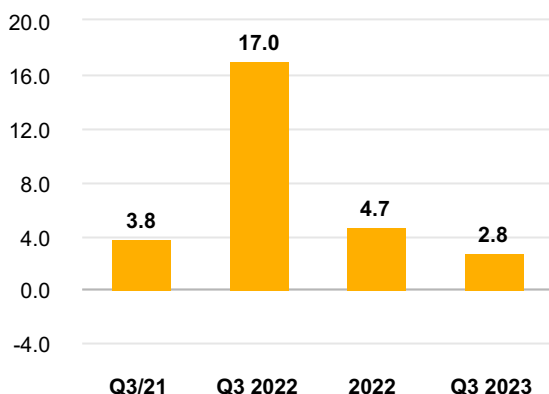
- **In July - September 2023**, EBITA decreased year-on-year, amounting to EUR 2.9 (3.0) million
- In line with guidance, profitability was impacted by cost inflation and ongoing non-index-hedged projects
- **In January - September 2023**, EBITA decreased to EUR 5.1 (6.5) million

## Free cash flow from operating activities, EUR million



- **In July - September 2023**, free cash flow from operating activities was EUR 8.0 (-10.1) million, of which net investments amounted to EUR 0.9 (0.8) million
- **In January - September 2023**, free cash flow from operating activities was EUR 6.4 (-11.7) million, of which net investments amounted to EUR 5.2 (3.7) million

## Net working capital, EUR million



- **At the end of September 2023**, the company's net working capital was EUR 2.8 (17.0) million
- The company's systematic work in project liquidity and risk management has supported good net working capital development in a challenging market environment



## Kreate's interim report for January - September

### Operating environment in January - September 2023

Civil engineering was worth a total of EUR 7.4 billion in 2022, of which infrastructure investments accounted for EUR 5.4 billion and infrastructure maintenance for EUR 2 billion. All in all, the value of the infrastructure sector was estimated at more than EUR 9 billion when the foundation work for building construction is included.

In 2022, Russia's war of aggression initiated a rapid increase in costs, which has meant that the infrastructure sector has grown in terms of euros, but not in volumes. Civil engineering volumes declined by one per cent in 2022, and in 2023, the volumes are expected to decrease by 5 per cent for the full year.

However, the rise in the costs of earthworks had almost come to a halt by summer 2023. By August, there had been an increase of slightly more than 3 per cent year-on-year, while at the same point in the previous year, the rate of increase had been more than 15 per cent. The increase in costs comes primarily from pavements, the prices of which started to rise sharply as crude oil became more expensive. The producer price index of ready-mixed concrete rose from the beginning of 2023, fell in the spring and since the summer the price has been sawing up and down. The price of steel has fallen from its peak level in 2022 and it is estimated to trend slightly downwards towards the end of 2023. In general, the normalisation of cost inflation is expected to continue in late 2023.

If 2022 was a time of rapid cost increases, 2023 has been marked by a rapid rise in interest rates. This, together with the high cost level, has been widely reflected in willingness to invest, financing costs and general confidence, among other things. The high interest rates have been poison especially for the housing market, as a result of which the number of new housing projects started is at a record low in 2023.

The entire construction industry declined by almost 7 per cent during the early part of the year and the sector's outlook for the autumn is exceptionally weak. At the end of September, the Confederation of Finnish Construction Industries estimated that the volume of construction will decrease by a total of 10 per cent this year, and a decline of a couple of per cent was estimated for next year as well.

The decisions made in the government's budget session brought light to the darkness of autumn. Among other things, the government intends to speed up the initiation of its transport investment programme worth nearly EUR 3 billion and to double the EU's CEF funding for military mobility. In addition to the Government Programme, potential related to the green transition is on the horizon in the long term. The portal of the Confederation of Finnish Industries has various investment plans of companies amounting to more than EUR 150 billion. Although the list includes competing projects and projects for which Finland is competing with other countries, it shows that there is great potential in the green transition for infrastructure construction.

## Order backlog

The order backlog decreased by 22.0 % year-on-year, amounting to EUR 221.8 (284.2) million at the end of September 2023. The comparison period includes Kirjalansalmi and Hessundinsalmi bridges that were just added to the order backlog. From the end of previous quarter, the order backlog decreased by 16.3%. Order backlog is still at a high level and the expected order backlog profitability was at a normal level compared to before. In the third quarter, the most significant additions to the order book were the total contract for the construction of the 3rd part of the Nihti in Helsinki and the contract for the construction of the Kuusistonsalmi bridge in Kaarina, totalling nearly 18 million euros.

## Revenue

The Group's revenue by business function

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Structural engineering <sup>1)</sup>	68.3	47.7	189.9	120.8	176.6
Transport infrastructure construction <sup>2)</sup>	21.9	25.3	50.3	67.8	95.3
Other <sup>3)</sup>	-1.9	0.4	-0.4	2.3	2.0
<b>Total</b>	<b>88.3</b>	<b>73.3</b>	<b>239.8</b>	<b>190.8</b>	<b>273.9</b>

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

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

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

### July - September 2023

In April - June, the Group's revenue grew compared to the reference period, amounting to EUR 88.3 (73.3) million. Year-on-year, revenue grew in Structural engineering to EUR 68.3 (47.7) million and decreased in Transport infrastructure construction to EUR 21.9 (25.3) million. The revenue from Sweden is included in the Structural engineering business area, and it was EUR 6.5 (1.0) million in July - September. Sweden's 2022 revenue includes one month's share, the pro forma comparable revenue was 2.9 million euros.

### January - September 2023

In January - September, the Group's revenue grew compared to the reference period, amounting to EUR 239.8 (190.8) million. Year-on-year, revenue grew in Structural engineering to EUR 189.9 (120.8) million and decreased in Transport infrastructure construction to EUR 50.3 (67.8) million. The revenue from Sweden is included in the Structural engineering business area, and it was EUR 16.0 (1.0) million. Sweden's 2022 revenue includes one month's share, the pro forma comparable revenue was 10.2 million euros.

In January - September, of the Group's total revenue, 19 (26) per cent came from cities and municipalities, 36 (38) per cent from the government and 45 (36) per cent from the private sector.

## Profitability

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
EBITDA	4.0	4.2	9.1	9.8	13.6
EBITDA, %	4.6	5.7	3.8	5.2	5.0
EBITA	2.9	3.0	5.1	6.5	8.8
EBITA, %	3.3	4.1	2.1	3.4	3.2
Operating profit	2.8	2.9	4.9	6.3	8.6
Operating profit, %	3.2	4.0	2.1	3.3	3.2
Result for the period	1.4	2.1	2.3	4.4	5.6
Earnings per share, €	0.16	0.23	0.26	0.49	0.64

### July - September 2023

In July - September, the Group's EBITDA was EUR 4.0 (4.2) million, amounting to 4.6 (5.7) per cent of revenue. EBITA was EUR 2.9 (3.0) million, amounting to 3.3 (4.1) per cent of revenue. The Group's operating profit was EUR 2.8 (2.9) million, amounting to 3.2 (4.0) per cent of revenue. EBITA shows positive revenue growth and negatively non-index-hedged projects and cost inflation.

The Group's result before tax was EUR 1.7 (2.5). Tax for the reporting period amounted to EUR 0.3 (0.4) million. Result for the reporting period was EUR 1.4 (2.1) million. Earnings per share were EUR 0.16 (0.23).

### January - September 2023

In January - September, the Group's EBITDA was EUR 9.1 (9.8) million, amounting to 3.8 (5.2) per cent of revenue. EBITA was EUR 5.1 (6.5) million, amounting to 2.1 (3.4) per cent of revenue. The Group's operating profit was EUR 4.9 (6.3) million, amounting to 2.1 (3.3) per cent of revenue.

The Group's result before tax was EUR 2.8 (5.3). Tax for the reporting period amounted to EUR 0.5 (0.9) million, corresponding effective tax rate of 17.3% (17.4%). Result for the reporting period was EUR 2.3 (4.4) million, of which the share attributable to the owners of the parent amounts to EUR 2.3 (4.4) million. Earnings per share were EUR 0.26 (0.49).

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

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Free cash flow from operating activities	8.0	-10.1	6.4	-11.7	3.5
Net working capital			2.8	17.0	4.7

Free cash flow from operating activities was EUR 8.0 (-10.1) million in July - September. In January - September, free cash flow from operating activities was EUR 6.4 (-11.7) million. During the reporting period, net working capital decreased to EUR 2.8 million from EUR 4.7 million at the end of the 2022 financial year.



EUR million	9/2023	9/2022	12/2022
Interest-bearing debt	43.2	50.6	42.8
Cash and cash equivalents	10.4	3.8	9.4
Net debt	32.9	46.8	33.4
Equity	43.5	41.2	42.5
Equity ratio, %	30.0	29.7	31.6
Return on capital employed, %	8.8	12.1	12.5

At the end of September, interest-bearing debt amounted to EUR 43.2 (31 December 2022: 42.8) million, of which EUR 2.9 (31 December 2022: 2.9) million constituted lease liabilities under IFRS 16. The company's cash and cash equivalents amounted to EUR 10.4 (31 December 2022: 9.4) million. In addition, the company had committed revolving overdraft and credit facilities of EUR 20.0 (31 December 2022: 20.0) million, of which EUR 2.0 (31 December 2022: 0.0) million were drawn. At the end of September interest-bearing net debt was EUR 32.9 (31 December 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 30.9.2023 the company had issued commercial papers totalling EUR 8.0 (31 December 2022: 7.0) million.

The average interest of interest-bearing debt, excluding lease liabilities recognised on the balance sheet, was 5.3 (2.8) per cent in January - September of the reporting period. The average interest rate of the company's interest-bearing debts has risen in line with market interest rates. The average interest for the reference period was increased by approximately 0.6 percentage points by the impact of the repayment of the loan arrangements.

At the end of the reporting period, the consolidated balance sheet total was EUR 145.2 (31 December 2022: 134.5) million and equity was EUR 43.5 (31 December 2022: 42.5) million. At the end of the reporting period, equity ratio was 30.0 (31 December 2022: 31.6) per cent and the company's return on capital employed was 8.8 (31 December 2022: 12.5) per cent.

## Investments

Since the beginning of 2023, the company has continued to invest more selectively in equipment and equipment management.

Net investment cash flow was EUR 0.9 (0.8) million in July - September and EUR 5.2 (3.7) million in January - September. A considerable number of investments relating to the implementation of significant projects started in late 2022 took place in the early year, making the net investment amount exceptionally high.

Kreate's gross investments in tangible and intangible assets amounted to EUR 6.1 (4.0) million in the reporting period.

## Personnel

At the end of September, Kreate Group employed 494 (450) persons. The average number of personnel in January - September was 449 (403).

In January - September 2023, Kreate Group's personnel had two accidents that affected the lost-time injury frequency and led to an absence. The 12-month rolling lost-time injury frequency proportional to the number of personnel was 3.5. Kreate's lost-time injury frequency remains better than the construction industry average.

An employee satisfaction survey was conducted during the reporting period and it was responded to by record-high 76 per cent of the Group's employees. The response rate rose by as much as 15 percentage points from the previous personnel survey conducted two years ago. Based on the survey, the personnel are quite satisfied: The components related to work, management, teamwork, work culture and the employer received scores of 3.80–3.99 on a scale of 1–5, and the Employee Net Promoter Score (eNPS) was very high at 4.23. The results show that Kreate has succeeded in maintaining a good level of employee satisfaction during a challenging period characterised by, for example, the coronavirus, Russia's war of aggression and cost inflation. The success is based on Kreate's active actions and investments in various areas, such as employee well-being, cooperation and supervisor work. Employee satisfaction is important to Kreate because competent and satisfied employees committed to the company are essential for the company's success. The employee satisfaction survey is used as part of the development of operations at the team and Group level.

During the reporting period, Kreate had a group of students in summer trainees positions doing work management and practical works. Kreate actively cooperates with educational institutions and recruits a number of students every year for summer trainee positions, with the aim of giving future professionals a good and comprehensive picture of Kreate and the many possibilities in infrastructure construction. Based on the feedback collected from the summer employees, the summer jobs have largely met their expectations and the respondents also rated Kreate as an attractive employer after graduation.

## Company management

There were no changes in the composition of the Management Team during the reporting period. As of 30 September 2023, Kreate's Management Team included the following people: Timo Vikström, President & CEO; Tommi Hakanen, Vice President, Special Foundation Construction; Antti Kakko, Vice President, Bridge Construction and Repair; Jaakko Kivi, Vice President, Technical Office; Sami Laakso, Vice President, Transport Infrastructure Construction; Mikko Laine, Chief Financial Officer; Timo Leppänen, Vice President, Railway Construction and Katja Pussinen, Vice President, HR.

## Short-term risks and risk management

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

The company classifies risks into strategic, operational, accident risks and financial risks. Detailed descriptions of risks, their impacts and risk management practices are available in Kreate Group Plc's Annual Review 2022. These risks still apply.

This year, the company has intensified its risk management, especially with regard to financial and financing risks. Kreate has intensified its project management, paying more attention to the potential counterparty and liquidity risks of clients and other partners. The company strives to

protect itself against liquidity and financing risks through various contractual arrangements. In addition, the company has various levels of internal controls and regular reporting in place with the aim of preventing and detecting risks related to liquidity, in particular.

## Shares and trading

### Treasury shares

Kreate did not purchase any treasury shares in the reporting period. On 30 September 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 30 September 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 September was EUR 80,000. The total number of outstanding shares in the company on 30 September 2023 was 8,984,772 shares, of which the company held 90,000 shares as treasury shares.

726,647 of Kreate's shares were traded on the Helsinki Stock Exchange in January - September. The highest trading price was EUR 9.46, and the lowest price was EUR 6.78. The volume weighted average price of Kreate's shares during the reporting period was EUR 8.12.

The share's closing price on the last trading day of the reporting period, 29 September 2023 was EUR 6.98. 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 62.1 million.

## Annual General Meeting

Kreate Group Plc's Annual General Meeting was held on 29 March 2023 at the Sanoma House in Helsinki. Decisions taken by the Annual General Meeting can be found in a separate [release](#).

## Dividend

On 25 September 2023, Kreate Group Plc's Board of Directors resolved in accordance with the resolution of the Annual General Meeting the dividend record date and payment date for the second dividend instalment of EUR 0.23 per share. The dividend record date was 27 September 2023 and payment date was 4 October 2023. Kreate Group Plc paid a dividend of EUR 0.46 per share in two instalments for the financial year 2022.

## Event after the reporting period

No relevant events have occurred after the reporting period.



Tuusula, 25 October 2023

Kreate Group Plc

Board of Directors

Notes

Calculation formulas for key figures

Tables for the January - September 2023 Interim Report

Key figures by quarter

EUR million	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Order backlog	221.8	264.9	265.7	306.9	284.2	204.4	208.8	202.8	202.8
Revenue	88.3	85.7	65.8	83.1	73.3	67.0	50.4	75.8	70.6
Change in revenue, %	3.0	30.2	-20.8	13.3	9.5	32.8	-33.4	7.4	33.4
EBITDA	4.0	4.0	1.0	3.8	4.2	3.5	2.1	4.1	5.1
EBITDA, %	4.6	4.7	1.5	4.5	5.7	5.3	4.2	5.4	7.2
EBITA	2.9	2.6	-0.4	2.3	3.0	2.4	1.1	3.1	4.1
EBITA, %	3.3	3.0	-0.6	2.8	4.1	3.6	2.2	4.1	5.8
Operating profit	2.8	2.5	-0.4	2.3	2.9	2.4	1.0	3.0	4.1
Operating profit, %	3.2	2.9	-0.7	2.7	4.0	3.5	2.1	4.0	5.8
Result for the period	1.4	1.5	-0.7	1.3	2.1	1.6	0.6	2.4	3.1
Capital employed	76.3	80.8	79.9	75.9	88.0	68.5	64.9	62.0	66.7
Return on capital employed, %	8.8	9.8	9.9	12.5	12.1	16.0	17.4	17.8	15.3
Return on equity, %	8.4	10.4	10.3	13.5	17.1	20.9	19.9	20.4	15.6
Net investments in operating activities	-0.9	-1.1	-3.2	-0.5	-0.8	-1.0	-1.8	-1.5	-0.6
Free cash flow from operating activities	8.0	1.7	-3.3	15.2	-10.1	-0.4	-1.2	7.7	-0.2
Net working capital	2.8	6.9	5.6	4.7	17.0	3.6	0.5	-0.0	3.8
Net debt	32.9	39.1	38.0	33.4	46.8	29.4	23.1	20.9	28.1
Net debt/EBITDA, rolling 12 months	2.6	3.0	3.0	2.5	3.4	2.0	1.6	1.5	2.1
Equity ratio, %	30.0	28.2	32.1	31.6	29.7	31.6	38.2	38.6	32.3
Earnings per share, €	0.16	0.17	-0.08	0.14	0.23	0.19	0.07	0.28	0.34
Personnel at the end of the	494	504	455	447	450	424	379	385	392
Personnel on average	499	460	453	449	428	424	378	389	398

## Additional information on alternative performance measures

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895	8,895	8,895
Outstanding shares on average, undiluted (1,000 pcs)	8,841	8,841	8,841	8,865	8,859
Amortisations from intangible assets	-0.0	-0.1	-0.1	-0.1	-0.2
Depreciations	-	-	-	-	-
Prepayments received	-	-	-	-	-

EUR million	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895
Outstanding shares on average, undiluted (1,000 pcs)	8,841	8,841	8,841	8,841	8,841	17,753	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	-0.0
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 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 - September 2023: Table section

### Consolidated statement of income

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Revenue	88.3	73.3	239.8	190.8	273.9
Other operating income	0.2	0.3	0.6	0.9	1.3
Materials and services	-69.6	-59.5	-191.3	-150.2	-216.6
Employee benefit expenses	-11.5	-7.7	-29.7	-24.2	-33.3
Other operating expenses	-3.4	-2.8	-10.7	-8.3	-12.3
Share of associates' and joint ventures' profit or loss	0.2	0.5	0.4	0.9	0.7
Depreciation, amortisation and impairment	-1.2	-1.3	-4.2	-3.5	-5.0
Operating profit	2.8	2.9	4.9	6.3	8.6
Financial income	0.0	0.0	0.0	0.0	0.0
Financial expenses	-1.1	-0.5	-2.2	-1.1	-1.9
Financial income and expenses	-1.1	-0.5	-2.2	-1.1	-1.9
Result before taxes	1.7	2.5	2.8	5.3	6.7
Income taxes	-0.3	-0.4	-0.5	-0.9	-1.1
<b>Result for the period</b>	<b>1.4</b>	<b>2.1</b>	<b>2.3</b>	<b>4.4</b>	<b>5.6</b>
Profit attributable to:					
Shareholders of parent	1.3	2.1	2.1	4.4	5.8
Non-controlling interests	0.1	0.0	0.1	0.0	-0.1
Earnings per share calculated from the income					
Undiluted, €	0.16	0.23	0.26	0.49	0.64
Diluted, €	0.16	0.23	0.26	0.49	0.63
<b>Consolidated statement of comprehensive</b>					
Result for the period	1.4	2.1	2.3	4.4	5.6
Items that may be reclassified subsequently to the Foreign exchange rate differences	0.0	0.0	0.0	0.0	0.0
<b>Total comprehensive income for the period</b>	<b>1.4</b>	<b>2.1</b>	<b>2.3</b>	<b>4.4</b>	<b>5.7</b>
Comprehensive income attributable to:					
Shareholders of parent	1.3	2.1	2.2	4.4	5.8
Non-controlling interests	0.1	0.0	0.2	0.0	-0.1

## Consolidated balance sheet

EUR million	9/2023	12/2022	9/2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	0.5	0.7	0.7
Goodwill	39.8	40.0	39.7
Tangible assets	21.3	19.9	20.4
Right-of-use assets	2.8	2.9	2.2
Investments in associated companies and joint	10.4	10.0	10.2
Other receivables	0.2	0.2	0.3
Deferred tax assets	1.6	1.2	0.6
<b>Total non-current assets</b>	<b>76.7</b>	<b>74.9</b>	<b>74.3</b>
<b>Current assets</b>			
Inventory	-	-	0.3
Trade and other receivables	57.9	49.8	60.1
Income tax receivables	0.2	0.4	0.3
Cash and cash equivalents	10.4	9.4	3.8
<b>Total current assets</b>	<b>68.5</b>	<b>59.6</b>	<b>64.5</b>
<b>Total assets</b>	<b>145.2</b>	<b>134.5</b>	<b>138.7</b>
<b>EQUITY</b>			
<b>Equity attributable to the shareholders of the parent</b>			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	19.7	19.7	19.7
Treasury shares	-0.5	-0.5	-0.5
Foreign exchange rate differences	0.0	0.0	0.0
Retained earnings	24.2	23.4	21.9
<b>Total equity attributable to the shareholders of the parent</b>	<b>43.5</b>	<b>42.6</b>	<b>41.2</b>
Share of non-controlling interests	0.0	-0.1	0.0
<b>TOTAL EQUITY</b>	<b>43.5</b>	<b>42.5</b>	<b>41.2</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Interest-bearing debt	30.9	32.1	31.8
Deferred tax liabilities	1.4	1.5	1.3
<b>Total non-current liabilities</b>	<b>32.3</b>	<b>33.5</b>	<b>33.2</b>
<b>Current liabilities</b>			
Interest-bearing debt	12.3	10.7	18.8
Trade payables and other liabilities	55.4	45.5	43.4
Income tax liabilities	0.2	0.4	0.1
Provisions	1.5	1.9	2.1
<b>Total current liabilities</b>	<b>69.4</b>	<b>58.5</b>	<b>64.4</b>
<b>Total liabilities</b>	<b>101.7</b>	<b>92.0</b>	<b>97.5</b>
<b>Total equity and liabilities</b>	<b>145.2</b>	<b>134.5</b>	<b>138.7</b>

## Consolidated cash flow statement

EUR million	7-9/2023	7-9/2022	1-9/2023	1-9/2022	1-12/2022
Result for the period	1.4	2.1	2.3	4.4	5.6
Depreciation, amortisation and impairment	1.2	1.3	4.2	3.5	5.0
Financial income and expenses	1.1	0.5	2.2	1.1	1.9
Income taxes	0.3	0.4	0.5	0.9	1.1
Other adjustments	0.1	-0.5	0.7	-0.9	-0.8
Total adjustments	2.7	1.6	7.4	4.6	7.2
Change in trade and other receivables	3.9	-10.9	-8.1	-23.7	-13.4
Change in inventory	-	0.0	-	0.0	0.0
Change in trade payables and other liabilities	0.8	-2.0	10.4	7.4	9.1
Change in provisions	0.0	-0.1	-0.4	-0.6	-0.8
Total change in working capital	4.7	-13.0	1.9	-17.0	-5.1
Cash flow from operations before financial items and taxes	8.8	-9.3	11.6	-8.1	7.7
Interest paid in operating activities	-0.3	-0.1	-0.6	-0.2	-0.3
Interest received in operating activities	0.0	0.0	0.0	0.0	0.0
Other financial items	-0.1	-0.3	-0.4	-0.6	-0.7
Dividends received from business	-	-	0.0	0.0	0.0
Taxes paid	-0.6	-0.3	-1.1	-0.4	-0.7
<b>CASH FLOW FROM OPERATIONS</b>	<b>7.9</b>	<b>-10.0</b>	<b>9.5</b>	<b>-9.1</b>	<b>6.0</b>
Investments in tangible and intangible assets	-1.1	-0.9	-6.1	-4.0	-4.6
Disposals of tangible and intangible assets	0.2	0.1	1.0	0.3	0.4
Acquisition of the subsidiary less cash and cash equivalents on the date of acquisition	-	-5.7	-	-5.7	-5.9
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	<b>-0.9</b>	<b>-6.5</b>	<b>-5.2</b>	<b>-9.3</b>	<b>-10.1</b>
Acquisition of treasury shares	-	-	-	-0.5	-0.5
Drawdown of non-current loans	0.1	29.9	0.3	29.9	29.9
Repayment of non-current loans	-0.2	-21.3	-0.3	-21.3	-21.3
Drawdown of current loans	10.0	23.6	37.0	36.6	44.6
Repayment of current loans	-15.3	-22.5	-36.6	-26.0	-40.1
Drawdown/repayment of the credit limit	-	2.4	-	2.4	0.0
Repayment of lease liabilities	0.0	-0.2	-0.5	-0.6	-0.9
Interest and other loan expenses	-0.8	0.0	-1.2	-0.5	-0.5
Dividends paid	-	-	-2.0	-4.0	-4.0
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>	<b>-6.2</b>	<b>11.9</b>	<b>-3.3</b>	<b>16.0</b>	<b>7.3</b>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>0.9</b>	<b>-4.5</b>	<b>1.0</b>	<b>-2.5</b>	<b>3.1</b>
Cash and cash equivalents at the beginning of the period	9.5	8.4	9.4	6.3	6.3
Change in cash and cash equivalents	0.9	-4.5	1.0	-2.5	3.1
Impact of the changes in foreign exchange rates	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the end of the period	10.4	3.8	10.4	3.8	9.4



## Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
<i>Equity as at 1 January 2022</i>	0.1	19.7	-	-	21.3	41.1	-	41.1
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	4.4	4.4	0.0	4.4
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	4.4	4.4	0.0	4.4
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-0.5	-	-	-0.5	-	-0.5
<i>Dividend</i>	-	-	-	-	-4.0	-4.0	-	-4.0
<i>Share-based awards</i>	-	-	-	-	0.2	0.2	-	0.2
<i>Total transactions with the owners</i>	0.0	0.0	-0.5	0.0	-3.8	-4.3	0.0	-4.3
<i>Equity as at 30 September 2022</i>	0.1	19.7	-0.5	0.0	21.9	41.2	0.0	41.2

EUR million	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
<i>Equity as at 1 January 2023</i>	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	2.1	2.1	0.1	2.3
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	2.1	2.2	0.2	2.3
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-	-	-	-	-	-
<i>Dividend</i>	-	-	-	-	-2.0	-2.0	-	-2.0
<i>Share-based awards</i>	-	-	-	-	0.7	0.7	-	0.7
<i>Other change</i>	-	-	-	-	-	-	-	-
<i>Total transactions with the owners</i>	0.0	0.0	0.0	0.0	-1.3	-1.3	0.0	-1.3
<i>Equity as at 30 September 2023</i>	0.1	19.7	-0.5	0.0	24.2	43.5	0.0	43.5

EUR million	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
<i>Equity as at 1 January 2022</i>	0.1	19.7	-	-	21.3	41.1	-	41.1
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	5.8	5.8	-0.1	5.6
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	5.8	5.8	-0.1	5.7
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-0.5	-	-	-0.5	-	-0.5
<i>Dividend</i>	-	-	-	-	-4.0	-4.0	-	-4.0
<i>Share-based awards</i>	-	-	-	-	0.2	0.2	-	0.2
<i>Other change</i>	-	-	-	-	-	-	0.0	0.0
<i>Total transactions with the owners</i>	0.0	0.0	-0.5	0.0	-3.8	-4.3	-	-4.3
<i>Equity as at 31 December 2023</i>	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5

## Notes

### Key accounting principles and basis for preparation

The Group's Interim Report has been prepared in accordance with the IAS 34 Interim Report standard. The Interim Report should be read together with Kreate Group's consolidated financial statements for the financial year 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 2023. The revised standards did not have an impact on the consolidated financial statements.

Kreate Rata Oy has been merged to Kreate Oy on May 22, 2023.

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

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

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

- Share awards: Share awards are measured at fair value at the time of their issue and recognised on the income statement as expenses in equal tranches for the vesting period. The expense determined at the time of issue is based on the management's estimate of the number of shares, and the related vesting is assumed to occur at the end of the vesting period. The Group shall update the assumption on the final amount on each balance sheet date.

## Segments

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

## Revenue from customer contracts

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

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

EUR million	1-9/2023	1-9/2022	1-12/2022
Structural engineering <sup>1)</sup>	189.9	120.8	176.6
Transport infrastructure construction <sup>2)</sup>	50.3	67.8	95.3
Other <sup>3)</sup>	-0.4	2.3	2.0
Total	239.8	190.8	273.9

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

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

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

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

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

	1-9/2023	1-9/2022	1-12/2022
Cities and municipalities	19%	26%	26%
Government	36%	38%	38%
Private sector	45%	36%	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	9/2023	12/2022	9/2022
Material and supplies	-	-	0.3
<b>Inventories, total</b>	-	-	0.3
Trade receivables	33.3	20.6	30.2
Assets based on contracts with customers	22.5	27.5	28.0
Loan receivables	-	0.0	0.0
Other receivables	1.2	0.7	0.8
Accrued income	1.0	1.1	1.0
<b>Total trade and other receivables</b>	57.9	49.8	60.1
Accrued personnel costs	0.0	0.0	0.0
Other accrued income	1.0	1.1	1.0
<b>Total accrued income</b>	1.0	1.1	1.0
Trade payables	23.0	16.2	15.6
Liabilities based on contracts with customers	13.2	14.3	12.7
Other liabilities	9.6	4.8	5.1
Accrued liabilities	9.6	10.1	10.0
<b>Total trade payables and other liabilities</b>	55.4	45.5	43.4
Interest liabilities	0.4	0.4	0.1
Accrued personnel costs	7.9	8.8	8.2
Other accrued liabilities	1.3	1.0	1.7
<b>Total accrued liabilities</b>	9.6	10.1	10.0

## Financial assets and liabilities

EUR million	30 September 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	34.5	34.5
	Current financial assets	34.5	34.5
	Cash and cash equivalents	10.4	10.4
	<b>Total financial assets</b>	<b>45.0</b>	<b>45.0</b>
Financial liabilities measured at amortised cost			
	Loans from financial institutions	28.7	28.8
	Hire purchase liabilities	0.4	0.4
	Lease liabilities	1.8	-
	Non-current interest-bearing liabilities	30.9	-
	Loans from financial institutions	3.3	3.3
	Commercial papers	8.0	8.0
	Hire purchase liabilities	-	-
	Lease liabilities	1.0	-
	Current interest-bearing liabilities	12.3	-
	Trade payables and other liabilities	32.6	32.6
	Other current financial liabilities	32.6	32.6
	<b>Total financial liabilities</b>	<b>75.8</b>	<b>-</b>

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
	<b>Total financial assets</b>	<b>30.9</b>	<b>30.9</b>
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
	<b>Total financial liabilities</b>	<b>63.8</b>	<b>-</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 2023 and 2022.

## Changes in tangible assets

EUR million	9/2023	12/2022	9/2022
Acquisition cost as at 1 January	34.2	28.1	28.1
Exchange rate differences	-0.1	-0.1	-0.1
Increases	6.1	4.6	4.0
Business acquisitions	-	2.3	-
Decreases	-2.2	-0.7	-0.2
Acquisition cost at the end of the period	38.0	34.2	33.9
Accrued depreciation, amortisation and impairment as at 1	-14.2	-10.2	-10.2
Exchange rate differences	0.0	0.0	-
Accrued amortisation on the decreases	1.0	0.6	0.1
Business acquisitions	-	-0.8	-
Amortisation for the period	-3.4	-3.9	-2.7
Accrued depreciation, amortisation and impairment at the end of	-16.7	-14.2	-13.5
Carrying amount at the end of the period	21.3	19.9	20.4

## Changes in right-of-use assets

EUR million	9/2023	12/2022	9/2022
Acquisition cost as at 1 January	5.0	2.9	2.9
Exchange rate differences	0.0	0.0	-
Increases	0.6	2.5	1.8
Business acquisitions	-	0.2	-
Decreases	-0.3	-0.5	-0.4
Acquisition cost at the end of the period	5.3	5.0	4.3
Accrued depreciation, amortisation and impairment as at 1	-2.2	-1.7	-1.7
Exchange rate differences	0.0	-	-
Accrued amortisation on the decreases	0.2	0.4	0.3
Business acquisitions	-	0.0	-
Accrued amortisation on the transfers	-	0.1	-
Amortisation for the period	-0.6	-0.9	-0.6
Accrued depreciation, amortisation and impairment at the end of	-2.5	-2.2	-2.1
Carrying amount at the end of the period	2.8	2.9	2.2

## Changes in intangible assets

EUR million	9/2023	12/2022	9/2022
Acquisition cost as at 1 January	5.2	5.2	5.2
Increases	-	0.0	0.0
Decreases	0.0	-	-
Acquisition cost at the end of the period	5.2	5.2	5.2
Accrued depreciation, amortisation and impairment as at 1	-4.5	-4.3	-4.3
Accrued amortisation on the decreases	-	-	-
Amortisation for the period	-0.1	-0.2	-0.1
Accrued depreciation, amortisation and impairment at the end of	-4.7	-4.5	-4.5
Carrying amount at the end of the period	0.5	0.7	0.7

## Collateral and contingent liabilities

EUR million	9/2023	12/2022
Collateral given on behalf of joint project ventures	10.6	10.6
Guarantee liabilities from project contracts	46.9	43.5
Lease liabilities from short-term assets with a low value	0.8	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	1-9/2023 income	Expenses	9/2023 Receivables	Liabilities
Associate and joint venture	1.9	-14.1	0.0	0.9
Other related parties <sup>1)</sup>	-	-	-	-

EUR million	1-12/2022 Income	Expenses	12/2022 Receivables	Liabilities
Associate and joint venture	3.2	-11.1	0.4	0.4
Other related parties <sup>1)</sup>	-	0.0	-	-

EUR million	1-9/2022 Income	Expenses	9/2022 Receivables	Liabilities
Associate and joint venture	1.8	-7.9	0.1	1.9
Other related parties <sup>1)</sup>	-	0.0	-	-

<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.