



KREATE

2023

ANNUAL REVIEW



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Kreate is a Finnish infrastructure construction company that particularly focuses on executing projects that are technically challenging or that require special expertise. We provide versatile solutions for bridges, roads and railways, environmental and foundation construction, the circular economy and geotechnical needs.

In 2023, our consolidated revenue was EUR 320 million and we employed over 450 people. Kreate Group is listed on Nasdaq Helsinki.

over **100**
projects annually

~450
professionals

EBITA
2,4 %

Revenue
320 M€

Order backlog
196 M€

7. consecutive
growth year
12 %

(2017-2023 CAGR)

Highlights of 2023

Kreate's professionals have worked on more than 100 projects around Finland, building sustainable infrastructure and a better tomorrow every day. Below are a few highlights of the year's successes.

In April, we won the Cross Road Improvement project in Oulu, where we will build 4.5 kilometres of fairway and 10 new bridges, repair 5 bridges and carry out diverse track work. We build on a busy road section close to industry and residential areas, making extensive use of our railway, bridge and fairway expertise. The nearly EUR 30 million contract will be completed by the end of October 2025.

In May-June, Kreate's investments in strengthening railway construction began to show in the growing size and diversity of the winning projects. We won two railway contracts between Kytömaa and Ainola as part of the extensive Helsinki-Riihimäki project, as well as an electric railway contract. The total value of the contracts is approximately EUR 18 million. Kreate Rata Oy was merged with Kreate in May.

In the summer, work was intensively carried out in Sweden on the repair of the Bohusbana tunnels. Kreate entered the Swedish market in autumn 2022 through an acquisition, and a few months later Kreate Sweden signed a major subcontracting contract to renovate 10 tunnels in Bohusbana during summer 2023. Winning the approximately eight million euro contract was a great success, and its implementation on a tight schedule is proof of strong expertise.

At the Kruunuvuori bridge of TYL Crown Bridges, the massive steel beams of the cable-stayed section were lifted into place with the help of a sea crane at the end of July. At its longest, the steel beams were 72.5 metres, i.e. the length of the tower of the Helsinki Stadium, and the maximum weight was 550 tonnes.

In October, the jacking of a rare concrete joint structure was carried out on the Hessundinsalmi bridge in Pargas, Finland. The Kirjalansalmi and Hessundinsalmi bridges renewal project is the largest in Kreate's history. The total cost of the bridge project is approximately EUR 128 million and it will be built in 2022-2026.

In Hyvinkää, the last pile slabs at Kesko's logistics centre received their concrete at the end of October. The exceptionally large casting project lasted 10 months, during which a total of 50,000 cubic metres of concrete was cast, a significant part of which is green low-carbon concrete.

The renewed Veturitie bridge and the widened Veturitie were fully opened to traffic at the beginning of November. During the demolition of the old bridge on Veturitie and the construction of a new bridge three times wider, almost 500,000 train services passed under the bridge construction site, but thanks to our professionals, traffic disruptions were almost imperceptible.

In December, Kreate was included in the development phase of the Koskela depot alliance contract, which strengthens the company strategically also in tramway construction and alliance projects. In terms of railway construction and circular economy, Kreate acts as a partner of the main contractor Skanska in the development phase. The development phase will last until autumn 2024, after which the possible implementation phase will last until spring 2028.

Focus on profitability

There is an old saying that good sailors are known in a storm. The year 2023 tested the industry, but Kreate did very well considering the circumstances. We implemented our strategy strongly and front-loaded, increased revenue by 17% while the market declined and took care of our financial position, as evidenced by our strong cash position. The year 2024 looks bright from Kreate's perspective. The goal is to be more selective and focus on challenging projects that meet our core competence. Instead of increasing revenue, the focus in 2024 will be especially on improving profitability.

Since 2020, the industry, Finland and the world have been plagued by the coronavirus pandemic, Russia's war of aggression, cost inflation and, most recently, rapidly changing interest rates and economic downturn. Construction is one of the industries that has been hit hard by these crises. Against this background, I can be very proud of Kreate's performance in 2023.

In 2023, we implemented the strategy systematically and front-loaded. Our revenue was EUR 320 million, exceeding the EUR 300 million target for the strategy period until the end of 2024. We increased our revenue by 17 per cent from the previous year, while the construction market declined by double digits and infrastructure construction by 4–10 per cent.

The acquisition completed in Sweden in 2022 has also proven successful. The integration process has progressed well and the revenue of our Swedish business has almost doubled compared to the level at the time of the acquisition. Although the short-term outlook for the construction market in Sweden is weak, the rock and concrete construction market, which is essential for Kreate, is expected to develop strongly in the Greater Stockholm and Gothenburg areas also in the coming years.

We have also paid special attention to operational efficiency and profitability in 2023. We were able to maintain good liquidity throughout the year and improve our cash flow towards the end of the year – this is clear evidence of successful working capital management throughout the organisation. We have also sharpened our risk management, and we are more precise in terms of contracts and what projects we offer in general, for example. The increased importance of risk management is well illustrated by, among other things, the fact that in the fourth quarter of 2023, after careful consideration, we did not participate in tenders for projects worth several hundred million euros, as we considered their risk-sharing mechanisms too unfavourable. Healthy business, good order backlog, strong liquidity position and bright outlook give us confidence and peace to wait and choose projects that look like Kreate. Our core competence is technically difficult infrastructure projects that combine high technical challenges with several types of construction, good contract expertise and listening to the customer.



“Expertise is appreciated. It is appreciated by our clients who are satisfied with the end result and Kreate's way of acting according to its values with integrity, ambitious, humane and straightforward manner.”

We entered 2024 with confidence. We have coped well with the market turmoil and have good visibility into projects starting and underway in 2024. Our order backlog of EUR 196 million is at a sustainable level, although it is lower than in the previous year. It is estimated that EUR 168 million of the order backlog will be recognised as income during 2024. We estimate that in 2024 our revenue will decrease to EUR 270–300 million and EBITA will increase to EUR 8–11 million. Declining revenue and increasing profitability are affected by the fact that we offer projects more selectively.

Bright market outlook

In Finland, the construction market weakened considerably during 2023, and the decline was particularly steep in the second half of the year due to high cost and interest rates, weak confidence, and the economic downturn. However, there is great dispersion within the construction market. While housing construction fell by about forty per cent, infrastructure fell by only five per cent. In addition to being relatively stable, the infrastructure sector is also countercyclical. Towards the end of 2023, our offer calculation picked up and market demand was surprisingly high. There was activity in all customer groups: state, municipalities, and private customers.

I am confident that activity will continue in 2024, driven especially by investment programmes of cities located in growth areas and by state rail investments. In the early part of the year, the public sector is expected to include the Tampere passenger rail yard and the Tampere-Pori and Helsinki-Riihimäki railway projects. There has also been commendable activity in industry, both in terms of the green transition and data center projects. Housing construction still seems very quiet, but public building construction continues to be brisk.

The long-term outlook for infrastructure construction is bright. Major projects are expected in areas such as the Government's transport investment programme and the green transition. Finland's NATO membership and the prevailing geopolitical situation will also increase the need and significance of rail, road and port infrastructure and, for example, airport infrastructure to the north and western borders from the

perspective of Finland's security of supply and accessibility. Although the long-term outlook is strongly positive, it is difficult to estimate the size and timing of projects.

Time to celebrate

In 2024, there is cause for celebration. This year marks 10 years since Kreate was founded. In 2014, infrastructure construction specialists Fin-Seula, Kesälahden Maansiirto and Insinööritoimisto S. Rantala combined their expertise to create Kreate. Kreate sounds rough, just like the industry, and also describes how we create and build something new every day. There has also been renewal. In 2017, we expanded into railway construction, in 2018 into rock engineering and in 2022 into demanding underground infrastructure construction in Sweden. At the same time, our joint venture company KFS Finland made two successful acquisitions through the acquisitions of Sotkamon Porapaalu Oy and Nordpile Oy. To date, the companies belonging to the Kreate Group and merged with it have accumulated a total of 271 years of experience.

Expertise stands out. This is reflected in clear division of responsibilities, well-functioning processes and safe operating methods. Last year, Kreate's personnel had two lost-time injuries and our accident frequency was 2.8. Even though every accident is one too many, I am immensely proud of our people and the way we operate. Safety culture and its development are important for any construction company, and this will remain one of Kreate's responsibility priorities also this year. In the future, we will report the combined accident frequency, which means that we will report not only our own accidents but also the accidents of our subcontractors working on our construction sites. I hope that this will contribute to understanding that a shared construction site is a shared workplace and that every accident can be prevented.

Our expertise is also reflected in great results. It can be seen every year around Finland and Sweden in dozens of locations and more than a hundred projects. Some of our works stand as sculptural landmarks in Pargas, Pasila and Tampere, for example. Much of our work remains completely hidden from view. Underground construction and increasingly demanding groundwork are commonplace in city centres, where work

must be carried out in confined spaces, on tight schedules and with as little disturbance as possible. The more challenging the project, the more we are in our element.

Expertise is appreciated. It is appreciated by our clients who are satisfied with the end result and Kreate's way of acting according to its values with integrity, ambitious, humane and straightforward manner. The NPS promoter rate, which describes client satisfaction in 2023, was very high 70. We are honoured with this feedback and want to continue to act in a trustworthy manner also in the future. Experience is appreciated also by our future colleagues. We employ dozens of trainees every year, many of whom return to us year after year and eventually want to be a permanent part of our team. There is power in the team, and I am proud to be the skipper of such a great team.

Thanks for our success in 2023 go to our personnel. Thank you, every member of our team, for the past year and to shareholders for their trust. We are in good position to continue our journey in 2024.

Timo Vikström

President and CEO

Kreate Group Plc

Strategy for profitable growth

WE ARE A PROFITABLE GROWTH COMPANY THAT EXECUTES THE MOST DEMANDING INFRASTRUCTURE PROJECTS. WE OFFER SKILLED PROFESSIONALS THE MOST INTERESTING WORKING COMMUNITY IN THE BUSINESS AS WELL AS OPPORTUNITIES FOR DEVELOPMENT.

WE POSITION OURSELVES IN GROWING MARKET SEGMENTS

We continue to focus on projects that require special expertise. We leverage our good market position and aim to grow in the core market segments that particularly benefit from the increased demands in infrastructure construction. These include, for instance, projects carried out in densely built urban environments and demanding soil conditions.

WE STRENGTHEN AND EXPAND OUR CUSTOMER BASE AND SERVICE OFFERING

We aim at growing and strengthening our customer base and service offering. We see growth opportunities in areas such as the Government's transport investment programme and the green transition. Finland's NATO membership and the prevailing geopolitical situation will also increase the need and significance of rail, road and port infrastructure and, for example, airport infrastructure to the north and western borders from the perspective of Finland's security of supply and accessibility.

WE SUPPORT THE STRATEGY WITH SELECTED ACQUISITIONS

In autumn 2022, we expanded to Sweden by acquiring a company with a revenue of EUR 12 million focusing on demanding underground construction. Since then, we have almost doubled our revenue in Sweden. Successful corporate transactions continue to be a way for us to expand and supplement our current capabilities. We focus on profitable companies with a good financial standing whose culture, strategy and values are compatible with those of Kreate. We also aim to complement our service offering with new capabilities.

WE CONTINUE TO IMPROVE OUR OPERATIONAL EFFICIENCY AND PROFITABILITY

We strengthen profitability by ensuring the high competence of our personnel, developing internal cooperation and processes, and through more active risk management. We are more precise about things like contract terms and what projects we offer. We improve operational operations and efficiency, for example, through an annual development programme aimed at improving operational efficiency.



Our business

Kreate’s core competence is challenging infrastructure projects that combine high technical complexity with several types of construction, good contract expertise and listening to the customer.

In 2023, 82% of Kreate's revenue came from Structural engineering, which consists of bridge construction and repair, foundation and engineering construction, and the Swedish business, all of which have included large projects during 2023. The share of Transport infrastructure construction was 22%, and it includes the construction of roads, streets, railways and light railways.

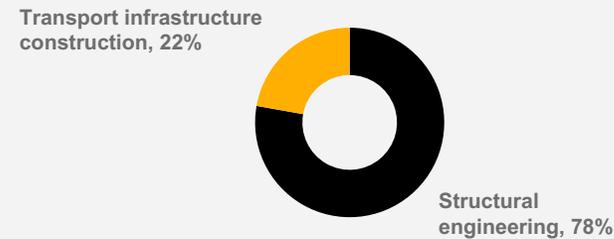
Kreate has one reporting segment that includes all types of Kreate construction. Different units – types of construction – work closely together across unit boundaries: One in four of Kreate's projects involves us in at least two different types of construction. The types of construction are presented in more detail on the following pages.

A large part of Kreate's business is countercyclical, which ensures a stable operating environment over economic cycles – more than half of the company's revenue comes from projects commissioned by the state and municipalities. Private sector customers are typically financially sound large companies for which projects such as trade, logistics or industrial buildings are carried out.

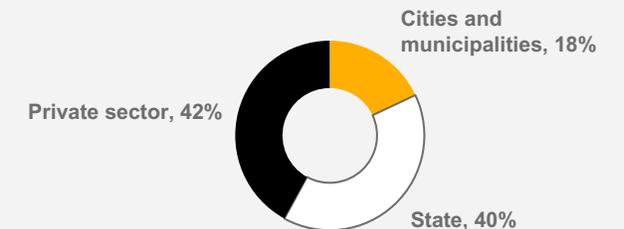
Of the revenue, 93% comes from Finland and 7% from Sweden. Kreate expanded to Sweden through an acquisition in 2022, after which the company has almost doubled its revenue in Sweden.

Kreate's reported revenue do not include its half-owned joint venture, KFS Finland Oy, but it is an important part of the company's technical expertise. KFS is involved in 16% of Kreate's projects.

Revenue by business function



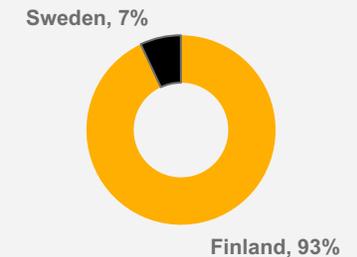
Revenue by customer group



Revenue by number of construction types



Revenue by country



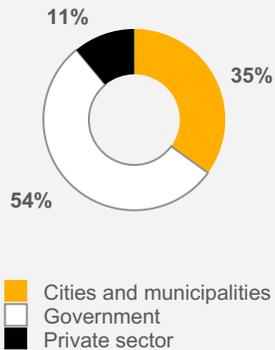
IN ROAD AND STREET CONSTRUCTION, we focus especially on implementing demanding and extensive projects involving challenging technical dimensions, such as geotechnical structures, several exit ramps and intersections. We often carry out projects in demanding environments, such as street repairs in urban areas. We also carry out demanding water utility construction in Eastern Finland and, depending on demand, industrial infrastructure contracting.

Our projects completed in 2023 include the improvement of highway 19 between Seinäjoki and Lapua, the transfer of the highway and the construction of new municipal engineering in Hervanta, Tampere, and the renovation of the Ilkontie street network and municipal engineering in Kangasala, the construction of lighting and the implementation of piping for telecommunications and electricity operators.

Customers are mainly the state, cities and municipalities. Private sector customer relationships are often related to, for example, construction required by industrial projects.

Urbanisation, the geopolitical situation and the Government's transport investment plans support the stable growth prospects for road and street construction.

Revenue by customer group



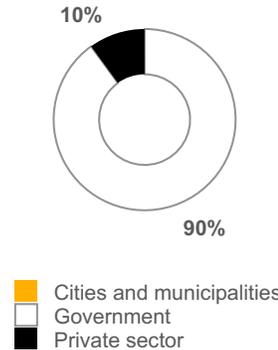
OUR RAILWAY CONSTRUCTION activities include construction work related to railways, railway yards, tramways and metros. The projects range from more extensive railway yard renovations to smaller bridge and mass replacement works. Railway construction also covers the electric railway and signalling equipment business.

Our projects completed in 2023 include the railway work on Helsinki's Veturitie, the repair of the Voisalmensaari railway tunnel in Lappeenranta, and the construction of the Juurikorpi meeting point with the extensive Kouvola-Kotka/Hamina railway project.

At the moment, the customer base consists almost entirely of the state, where the Finnish Transport Infrastructure Agency acts as the client for VR's tracks. In the future, cities and municipalities will be an even larger customer group in the market, as several cities have significant railway projects underway or about to start, especially with regard to tramways. Kreate is involved in the development phase of the Koskela depot alliance contract.

Urbanisation and the growth of rail-based public transport, the Government's transport investment programme and Finland's geopolitical position support long-term growth prospects.

Revenue by customer group



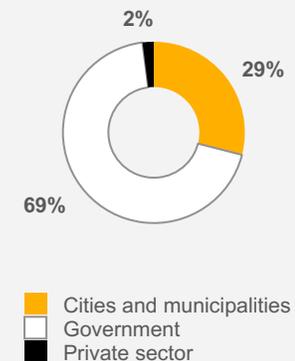
BRIDGE CONSTRUCTION AND REPAIR covers both the construction of new bridges and the repair of existing sites. Our strong experience is reflected in the versatility and complexity of the projects we carry out. We apply our decades of experience in bridge construction in all demanding skill and concrete structures.

Our projects completed in 2023 include challenging bridge work on Veturitie, pedestrian and bicycle bridges crossing Hervanta valtavyylä in Tampere, renewal of the Kiiskijärvi bridge in Virolahti, and repairs to the Köhniö overpass and crossing bridges in Jyväskylä. In addition, the company was working on the Crown Bridges project in Helsinki and the Kirjalansalmi and Hessundinsalmi bridges renewal project in Pargas.

Customers are mainly the state, cities and municipalities, whose mutual share varies from year to year.

Urbanisation, the bridge repair backlog and the Government's transport investment programme support the growth potential of bridge construction and repair.

Revenue by customer group



FOUNDATION AND ENGINEERING CONSTRUCTION

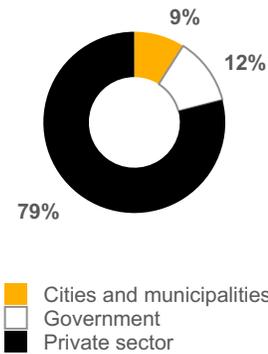
designs and implements foundations, pilings, piling piles, pile slabs and demanding concrete construction related to the construction of demanding urban environments. In addition to high-quality construction, we utilise strong BIM and formwork expertise in comprehensive foundation and engineering solutions that are challenging at a technical level or environmentally.

Our projects completed in 2023 include foundation and concrete construction work for the Katajanokan Laituri business premises and hotel project in the heart of Helsinki, the renovation, reinforcement and sealing of the underground staff facilities of Meilahti Hospital in Helsinki, and the renovation of the Pieksämäki station tunnel.

The customers of foundation and engineering construction are mainly from the private sector. Dependence on cyclical housing construction is low. Turnover related to building construction consists of, for example, groundwork for trade, logistics or industrial buildings.

Increasingly dense urban construction and the growing challenge of construction support the long-term growth prospects of the sector.

Revenue by customer group



ROCK AND CONCRETE CONSTRUCTION implements demanding underground solutions in the Swedish market.

In 2023, the largest ongoing work was a subcontracting contract for a major repair of the Bohusbana tunnels. The section to be renovated was from Stenungsind to Uddevalla, especially the 10 rock tunnels between them and their open cuts. Several concrete, wall and anchoring projects related to the Stockholm bypass were also completed in 2023.

In the Swedish market, our customers are private, but the end customers of projects are often public operators, making the nature of operations stable and highly predictable.

Increasingly dense urban construction and the growing challenge of construction support the long-term growth prospects of the sector. In addition, the Swedish infrastructure market is twice the size of the Finnish infrastructure market, offering a lot of growth opportunities.

Revenue by customer group



OUR SPECIAL FOUNDATION CONSTRUCTION expertise

is focused on our half-owned joint venture, KFS Finland Oy, which is not included in Kreate's net sales, but is reflected in Kreate Group's result as a share of the associated company's result. However, KFS is an important part of our technical expertise, as KFS often carries out special foundation construction work at sites where Kreate also acts as a contractor. KFS is the market leader in special foundation construction work in Finland. Its functions include a wide range of foundation reinforcement methods from retaining walls, anchoring and foundation reinforcements to bore and driving piles, and from jet injections to stabilization.

The projects completed in 2023 include shower pilings and the installation of steel piles related to the renovation of the Pieksämäki station tunnel, as well as steel pipe pilings for the new interlocking equipment building in Järvenpää related to the Helsinki-Riihimäki 2 project. KFS was also responsible for reinforced concrete piling at Kesko's logistics centre, where a total of more than 148 kilometres of piles were laid.

IN THE CIRCULAR ECONOMY, we offer solutions for the efficient

utilization, use and recycling of materials as well as for environmental and landfill construction. We use recycled materials as much as possible, such as side streams from energy production plants, to replace virgin soil, and we actively seek solutions that support the circular economy, utilising them both in our own projects and offering them to our partners. Kreate has its own recycling areas, where we accept soil materials and other waste, such as concrete, and process them into recycled materials for use on construction sites.

In 2023, circular economy solutions were utilised, for example, in Veturitie in Helsinki, where the demolition concrete from the old bridge was further processed into crushed stone at the construction site and used on site as a support structure and embankment fillings for Veturitie instead of virgin building materials. We also made efficient use of material flows generated in our nearby contracts, which allowed us to minimise waste and at the same time shorten and make transports shorter and more efficient.

Sustainability

Kreate's sustainability vision is that Kreate has satisfied and competent personnel who carry out even the most challenging infrastructure projects with strong professionalism and safety, building a better and more sustainable society every day.

Measures and indicators aimed at achieving the responsibility vision can be examined from the perspective of social responsibility, environmental responsibility and good governance.

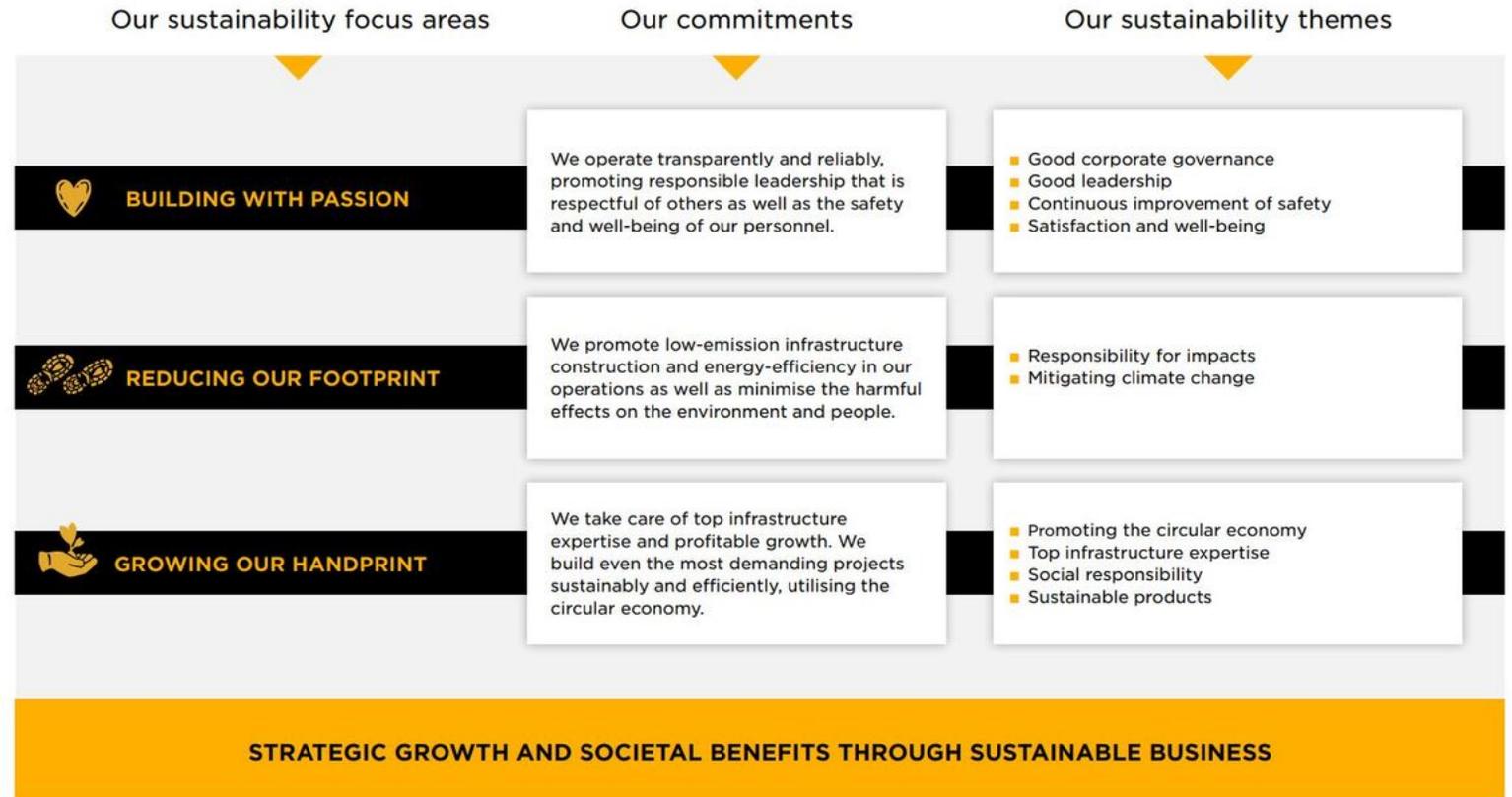
In terms of social responsibility, we actively monitor, among other things, the accident frequency and personnel satisfaction of our personnel, and strive to maintain and increase competence through training and active cooperation with educational institutions, for example.

In terms of environmental responsibility, we aim to reduce our footprint by minimizing the impacts of construction. In practice, this means, among other things, minimising site visits and promoting circular economy solutions within our sphere of influence.

When it comes to good governance, we see integrity, fairness and transparency as essential. In practice, this can be seen, for example, in the fact that we pay taxes in Finland and Sweden in accordance with the conduct of our business, comply with the requirements and recommendations of the Corporate Governance Code for listed companies, and promote ethical practices through communications, training and management, among other things.

Responsibility management

At Kreate, the highest party responsible for sustainability is the company's Board of Directors. In addition to the Board of Directors, the Management Team also discusses responsibility issues regularly and ensures that sustainability perspectives are taken into account in strategy work. At Kreate, responsibility is organised into a financial organisation, and the CFO is responsible for leading the progress of sustainability goals. The company also has a responsibility working group, whose members are responsible for managing operational responsibility. In business units, supervisors guide responsibility work on a practical level, and every member of staff and those working at Kreate's construction site must act in accordance with the ethical guidelines.



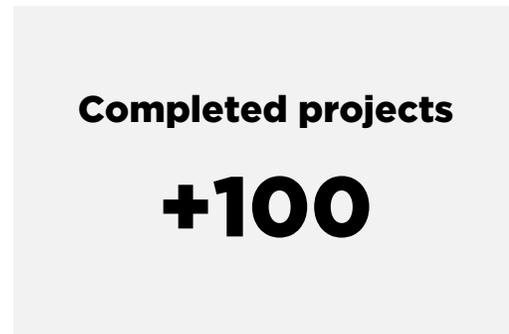
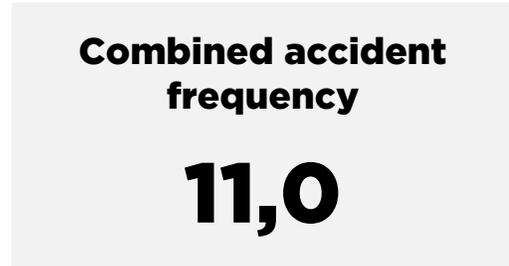
Priorities for 2023

At Kreate, sustainability work is largely integrated into the business and its daily practices. Social responsibility is implemented, for example, through occupational safety and human resource management, and environmental responsibility is implemented through work planning and implementation, for example, when construction is carried out as resource-efficiently as possible. In 2023, responsibility work was strengthened especially from the perspective of governance and reporting capabilities.

During the year, the company implemented updated ethical guidelines for the Finnish personnel of Kreate Oy and associated company KFS Finland Oy. The implementation utilised both printed materials and online training, which all employees must successfully complete. By the end of the year, approximately half of the personnel had completed online training – the promotion and training of the Code of Conduct will continue this year, and in the future, the Code of Conduct will become part of the regularly renewed training. During the year, the company also updated its contract templates and in its new contracts requires its subcontractors to commit to the Code of Conduct. In addition, the company introduced a whistleblowing channel through which suspicions of misconduct concerning the company can be reported by name or anonymously.

In 2023, the focus was also on preparing for new legislation on sustainability reporting. Preparations for sustainability reporting were reflected in the strengthening of the organisation with a new IR/ESG position, the company started conducting a double materiality analysis in accordance with the directive, and developed its ability to calculate its scope 1, 2 and 3 carbon dioxide emissions.

The following page presents Kreate Group's sustainability goals, which are linked to the UN Sustainable Development Goals. Our main focus is on Sustainable Development Goals 8, 9 and 11. Goals 10, 12 and 17 are also strongly linked to our business and its impacts.



Sustainability targets

| Building with passion | Target-related metrics and target levels | Progress in 2023 |
|--|--|---|
| Employee satisfaction  | <ul style="list-style-type: none"> Willingness of employees to recommend an employer, eNPS > 50 | <ul style="list-style-type: none"> Personnel survey in autumn 2023, where the personnel's employer's willingness to recommend was 4.23 on a scale of 1–5, the NPS measurement will begin in 2024 |
| Occupational safety and safety culture  | <ul style="list-style-type: none"> Combined accident frequency – target level to be decided during 2024 Occupational safety observations made in 100% of projects At least 6 occupational safety observations per person | <ul style="list-style-type: none"> Kreate accident frequency (own personnel) 2.8 Combined accident frequency (own personnel and contractors) 11.0 Total occupational safety observations 3348, i.e. 7.4 per employee |
| Increasing competence  | <ul style="list-style-type: none"> Provide internships at least to 50 students annually Grow trainees into future colleagues - The goal is that at least every third supervisor and project engineer recruited to a permanent employment relationship has previously worked as a trainee at Kreate Support career opportunities for personnel: Performance appraisals conducted and white-collar development plans recorded with 75% of employees | <ul style="list-style-type: none"> 51 trainees during the year 5 trainees hired for permanent employment during 2023 Performance appraisals with 43% |
| Responsible employer  | <ul style="list-style-type: none"> 100% of new employees have received orientation 100% of personnel trained in the company's Code of Conduct 0 ethical violations | <ul style="list-style-type: none"> Code of Conduct updated and online training open, approx. 50% completed 7 ethical violations detected in 2023 |
| Reducing our footprint | Target-related metrics and target levels | Progress in 2023 |
| Minimizing the impact of construction  | <ul style="list-style-type: none"> A growing trend in offering circular economy solutions Increasing the use of circular economy solutions Receiving and further processing of waste for reuse | <ul style="list-style-type: none"> We have received and/or further processed 478 398 thousand tons of construction and demolition waste and soil for reuse. |
| Tackling climate change  | <ul style="list-style-type: none"> Set climate targets for the company during 2024 | <ul style="list-style-type: none"> CO₂ reporting capabilities developed starting from Finnish business CO₂ emissions (FI) scope 1: 3,700 tn CO_{2e}, scope 2: 200 tn CO_{2e}, scope 3: 445,800 tn CO_{2e} |
| Increasing our handprint | Target-related metrics and target levels | Progress in 2023 |
| Sustainable and safe solutions  | <ul style="list-style-type: none"> Satisfied customer and end user, Customer NPS > 50 | <ul style="list-style-type: none"> Customer NPS 70 in 2023 |
| Infrastructure projects supporting megatrends  | <ul style="list-style-type: none"> Growing business operations in the rail environment, share of revenue >15% | <ul style="list-style-type: none"> Electric railway and signalling equipment business established Involved in the development phase of the tram alliance |
| Corporate responsibility  | <ul style="list-style-type: none"> We pay 100% corporate taxes to Finland and Sweden | <ul style="list-style-type: none"> We paid 100% of corporate taxes to Finland and Sweden |



KRETE AS AN INVESTMENT

3 reasons to invest in Kreate

Kreate operates in an infrastructure market that is stable by nature and offers historically safe growth. Kreate's operations emphasise superior technical expertise combined with financially sustainable operations. A strong cash position and balance sheet enable us to reward our shareholders with an increasing dividend.

Growth in a stable and countercyclical market

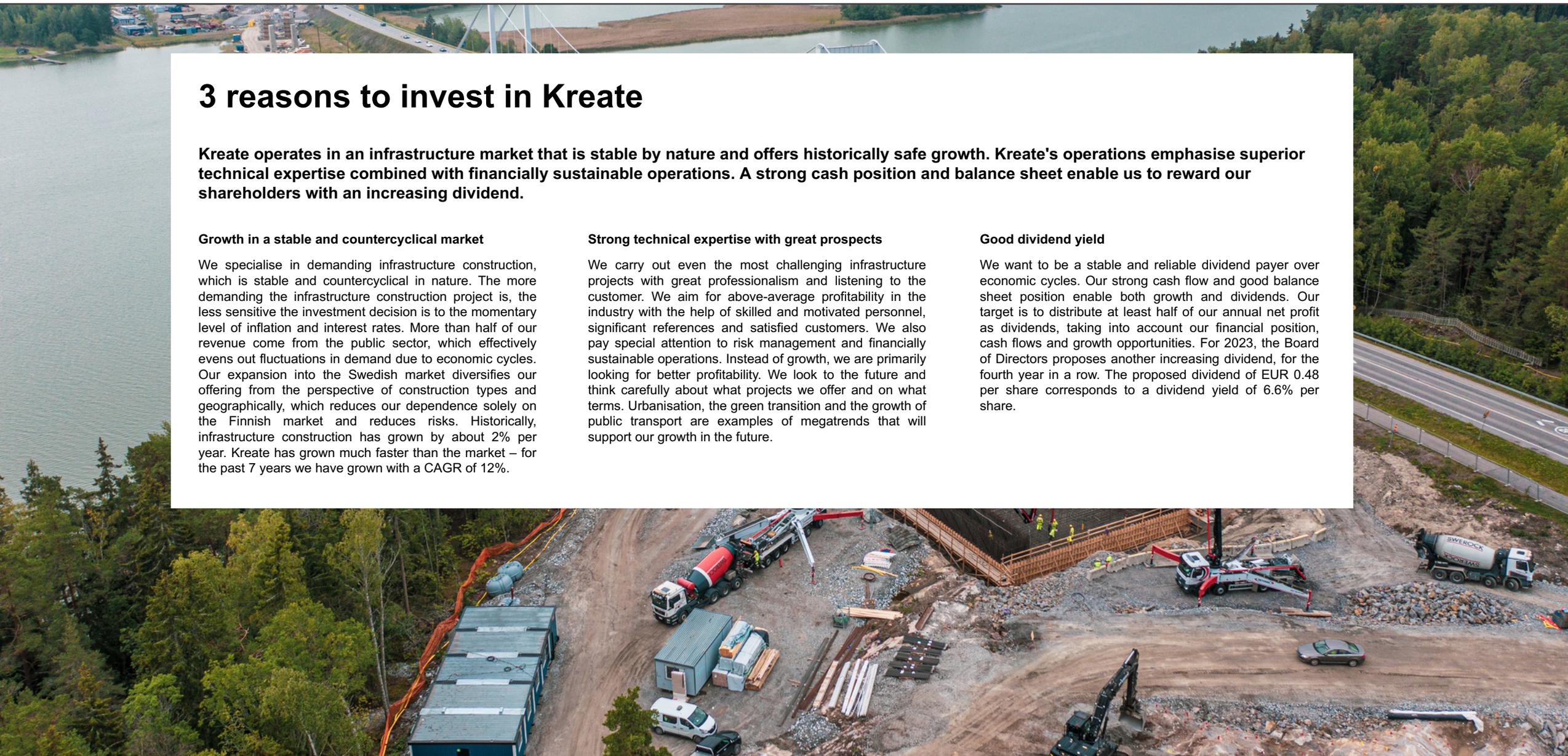
We specialise in demanding infrastructure construction, which is stable and countercyclical in nature. The more demanding the infrastructure construction project is, the less sensitive the investment decision is to the momentary level of inflation and interest rates. More than half of our revenue come from the public sector, which effectively evens out fluctuations in demand due to economic cycles. Our expansion into the Swedish market diversifies our offering from the perspective of construction types and geographically, which reduces our dependence solely on the Finnish market and reduces risks. Historically, infrastructure construction has grown by about 2% per year. Kreate has grown much faster than the market – for the past 7 years we have grown with a CAGR of 12%.

Strong technical expertise with great prospects

We carry out even the most challenging infrastructure projects with great professionalism and listening to the customer. We aim for above-average profitability in the industry with the help of skilled and motivated personnel, significant references and satisfied customers. We also pay special attention to risk management and financially sustainable operations. Instead of growth, we are primarily looking for better profitability. We look to the future and think carefully about what projects we offer and on what terms. Urbanisation, the green transition and the growth of public transport are examples of megatrends that will support our growth in the future.

Good dividend yield

We want to be a stable and reliable dividend payer over economic cycles. Our strong cash flow and good balance sheet position enable both growth and dividends. Our target is to distribute at least half of our annual net profit as dividends, taking into account our financial position, cash flows and growth opportunities. For 2023, the Board of Directors proposes another increasing dividend, for the fourth year in a row. The proposed dividend of EUR 0.48 per share corresponds to a dividend yield of 6.6% per share.



Financial targets 2021–2024

GROWTH

Our aim is to grow the revenue to EUR 300 million by 2024 through a balanced combination of organisational growth and selected acquisitions.

PROFITABILITY

We aim for an EBITA margin of more than 5 per cent in the medium term.

GEARING

We aim for a Net debt/EBITDA of below 2.0.

DIVIDEND POLICY

We aim to distribute at least half of the annual net profit as dividends, taking into account our financial position, cash flow and growth opportunities.

Kreate's Capital Markets Day in May

More information available early spring at Kreate's investor webpages:
kreate.fi/investors

Information for investors

Kreate publishes its financial information in Finnish and English on its website at: kreate.fi/en/investor.

Release of financial reports in 2024

- The interim report for 1–3/2024 will be published on 26 April.
- The half-year report for 1–6/2024 will be published on 16 July.
- The interim report for 1–9/2024 will be published on 25 October.

Quiet period

Kreate observes a 30-day quiet period before the publication of interim reports, half-year reports and financial statement bulletins. During the quiet period, the company's representatives do not comment on the company's financial standing or any questions related to the overall outlook or meet with investors and analysts.

General Meeting of shareholders

Kreate Group Plc's Annual General Meeting will be held on Monday, March 25, 2024 at 10 a.m. The notice of the General Meeting and other documents and instructions concerning the General Meeting can be found at <https://kreate.fi/en/investor/governance/general-meeting/annual-general-meeting-2024/>.

Notifications of major shareholdings

According to the Securities Markets Act, a notification of major shareholding must be made without undue delay when ownership reaches, exceeds or falls below 5, 10, 15, 20, 25, 30, 50, 66.7 (2/3) or 90 per cent of the voting rights or shares in the company. Notifications of major shareholding are submitted to Kreate by email to: flaggings@kreate.fi.

Analysts following Kreate

- Mika Karppinen, Danske Bank
- Olli Koponen, Inderes

Contact details

For meeting requests and enquiries:

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Mikko Laine, CFO, +358 50 599 9201, mikko.laine@kreate.fi

ir@kreate.fi



CORPORATE GOVERNANCE

Kreate Group Plc Corporate Governance Statement 2023

1. Introduction

Kreate Group Plc (“Kreate”) is a public limited company established in Finland, the shares of which were admitted to trading on the official list of Nasdaq Helsinki Ltd in February 2021.

In 2023, Kreate’s corporate governance system was based on Kreate’s Articles of Association, the Finnish Limited Liability Companies Act (624/2006, as amended) and other legislation applicable to the company. Furthermore, Kreate complies with the Finnish Corporate Governance Code 2020 (“Corporate Governance Code”) published by the Securities Market Association, which entered into force on 1 January 2020, and Nasdaq Helsinki Ltd’s Rulebook for Issuers of Shares (the “Rules of the Exchange”). The Corporate Governance Code is available on the website of the Securities Market Association at: www.cgfinland.fi.

2. Governance

2.1. General Meeting of shareholders

Kreate’s ultimate decision-making body is the General Meeting of shareholders. At the General Meeting, shareholders participate in the administration and supervision of the company by exercising their right to speak and vote.

Kreate’s General Meeting decides on matters determined by the Limited Liability Companies Act and Kreate’s Articles of Association. Key matters resolved by the General Meeting are adoption of the financial statements, discharging the members of the Board of Directors and the President & CEO from liability, deciding on the distribution of profit, electing the members of the Board of Directors and the auditor and deciding on their respective remuneration. Furthermore, according to the Limited Liability Companies Act, shareholders have the right to submit matters falling

within the competence of the General Meeting to be decided by the General Meeting.

Kreate’s Annual General Meeting is held annually no later than six months after the end of Kreate’s financial year. The notice of the Annual General Meeting must be sent to the shareholders by a notice published on the company’s website no earlier than three months and no later than three weeks prior to the Annual General Meeting, but no later than nine days before the record date of the Annual General Meeting.

Kreate Group Plc’s Annual General Meeting for 2023 will be held on 25.3.2024.

2.2. Board of Directors

The Board of Directors sees to Kreate’s administration and the appropriate organisation of its operations in accordance with the Limited Liability Companies Act. According to Kreate’s Articles of Association, Kreate’s Annual General Meeting elects a minimum of three and a maximum of ten Board members, and the Board of Directors elects a chairman from among its members. In 2023, the proposals for the composition of the Board of Directors were made to the General Meeting by the Board of Directors.

2.2.1. Duties and operation of the Board of Directors

In accordance with the Corporate Governance Code, Kreate’s Board of Directors has prepared a written charter for its operations, which sets out the Board’s key duties and operating principles. Furthermore, the Board of Directors annually draws up an action plan for the period between the Annual General Meetings. The Board of Directors evaluates its operations on the basis of the implementation of the action plan. At the same time, the Board of Directors assesses the expectations of Kreate’s stakeholders regarding the Board of Directors’ operations and considers the extent to which the Board has been able to meet them. The Board of Directors also reviews the timeliness of the Board’s charter of operations.

In addition to the duties set forth in the Limited Liability Companies Act, Kreate’s Articles of Association, the Corporate Governance Code and the Rules of the Exchange, Kreate’s Board of Directors:

- directs and oversees Kreate’s management and operations;

- annually confirms the charters of the committees of the Board of Directors;
- decides on significant matters concerning Kreate’s operations;
- reviews and approves Kreate’s interim reports, annual reports and financial statements;
- approves the strategic objectives and risk management principles of Kreate and its business as well as certain Kreate’s guidelines and policies and monitors their implementation;
- decides on the remuneration of the President & CEO and the Management Team and on Kreate’s incentive schemes in accordance with Kreate’s remuneration policy;
- decides on significant acquisitions, investments and divestments;
- defines Kreate’s dividend policy; and
- is responsible for Kreate’s corporate responsibility

Kreate’s Board of Directors convenes in accordance with a pre-agreed schedule and as required. In its meetings, the Board of Directors receives current information on Kreate’s operations, finances and risks. Minutes are kept of all Board meetings. Kreate’s President & CEO and CFO attend meetings of the Board of Directors, unless they are the subject of discussion. However, the Board of Directors convenes at least once a year without the presence of the operational management.

The remuneration of the Board of Directors is decided by the Annual General Meeting, and the remuneration must be based on the remuneration policy presented to the Annual General Meeting. Kreate may temporarily deviate from the remuneration policy presented to the Annual General Meeting if the deviation is necessary to ensure the long-term interests of the company. Deviations are only possible if the remuneration policy specifies which parts of it can be deviated from and which procedures are to be followed in the event of a deviation.

During 2023, the Board convened a total of 14 times. Information on the Board members’ attendance in the meetings is presented in section 2.2.2. below.

2.2.2. Composition of the Board of Directors

The members of the Board of Directors must have sufficient qualifications and skills as well as the opportunity to spend a sufficient amount of time working on the Board. Experience and competence that complement each

other is sought for the Board, and Kreate's objective is to ensure that the age and gender distribution and educational background of Board members are taken into account when preparing the composition of the Board of Directors, in addition to experience, competence and industry knowledge. Kreate believes that the composition of its Board of Directors is appropriately diverse.

The General Meeting on 29.3.2023 elected 6 members to Kreate's Board of Directors. Petri Rignell (Chair), Jussi Aine, Timo Kohtamäki, Timo Pekkarinen, Elina Rahkonen and Petra Thorén were elected to the Board.

The following table presents information about Kreate's Board members as at 31.12.2023:

| Name | Personal information | Total number of shares as at 31.12.2023 | Attendance in Board meetings in 2023 |
|-----------------|---|---|--------------------------------------|
| Petri Rignell | Chair of the Board of Directors Serving on the Board since 2015 Born: 1962 Education: MSc Technology Main occupation: CEO of PriRock Oy Independent of the company and its major shareholders | 71,940 ⁽¹⁾ | 14/14 |
| Jussi Aine | Member of the Board Serving on the Board since 2021 Born: 1954 Education: MSc Engineering, MSc Economics Main occupation: CEO of Harjavalta Oy since 2014 and CEO of Puustelli Group Oy since 1999 Independent of the company but not independent of one major shareholder | 1,783,689 ⁽²⁾ | 14/14 |
| Timo Kohtamäki | Member of the Board Serving on the Board since 2015 Born: 1963 Education: LicSc Technology Main occupation: CEO, Suomi-rata Oy Independent of the company and its major shareholders | 15,952 | 14/14 |
| Timo Pekkarinen | Member of the Board Serving on the Board since 2021 Born: 1973 Education: Construction Engineer Main occupation: Board memberships and investing in the construction industry Independent of the company but not independent of its major shareholders | 1,000,000 ⁽³⁾ | 14/14 |
| Elina Rahkonen | Member of the Board Serving on the Board since 2020 Born: 1979 Education: MSc Economics Main occupation: CEO of Wulff Group Plc Independent of the company and its major shareholders | 2,000 | 14/14 |
| Petra Thorén | Member of the Board Serving on the Board since 2022 Born: 1969 Education: MSc Economics Main occupation: Boardman Partner Independent of the company and its major shareholders | 3,330 | 14/14 |

(1) Including indirect holding through Prirock Oy (69,908 shares) and direct holding (2,032 shares).

(2) Indirect holding through Harjavalta Oy

(3) Indirect holding through Tirinom Oy

2.3. Board committees

The Board of Directors may establish standing committees to assist the Board of Directors in the preparation and performance of its duties and responsibilities, and the Board may also decide on their size, composition and duties. The Board of Directors is responsible for the duties assigned to the committees. The committees do not have independent decision-making power; the Board of Directors makes decisions under its decision-making power at the meetings of the Board of Directors. The committees regularly report on their work to the Board of Directors.

Kreate's Board of Directors has an Audit Committee and a Remuneration and Nomination Committee

3. President & CEO and management team

3.1. President & CEO

The President & CEO is responsible for managing, supervising and controlling the business operations of Kreate. Furthermore, the President & CEO is responsible for the day-to-day executive management of Kreate in accordance with the instructions and orders given by the Board of Directors. In addition, the President & CEO ensures that the accounting practices of Kreate comply with the applicable legislation and that its financial affairs have been arranged in a reliable manner. The duties of the President & CEO are governed primarily by the Limited Liability Companies Act. The President & CEO shall provide the Board of Directors and its members with the information necessary for the performance of the duties of the Board of Directors.

The Board of Directors appoints and dismisses the President & CEO. The Board of Directors decides on the terms and conditions of the President & CEO's employment, which are specified in the written service agreement.

The remuneration of the President & CEO must be based on the remuneration policy presented to the Annual General Meeting. Kreate may temporarily deviate from the remuneration policy presented to the Annual General Meeting if the deviation is necessary to ensure the long-term interests of the company. Deviations are only possible if the remuneration policy specifies which parts of it can be deviated from and which procedures are to be followed in the event of a deviation.

3.2. Management Team

Kreate's Management Team is tasked with supporting the President & CEO of Kreate in the planning of activities and operational leadership. Furthermore, the Management Team prepares potential investments, acquisitions and development projects. Kreate's Management Team convenes regularly, and it comprises the Vice Presidents of key business functions and service units. The Board of Directors decides on the remuneration of the members of the Management Team.

The following table presents information about Kreate's Management Team members as at 31.12.2023:

| Name | Personal information | Total number of shares as at 31.12.2023 |
|----------------|---|---|
| Timo Vikström | President & CEO Born: 1968 Education: Engineer, eMBA | 41,108 |
| Tommi Hakanen | Executive Vice President, Special Foundation Construction Born: 1978 Education: MSc Technology | 16,264 |
| Antti Kakko | Executive Vice President, Bridge Construction and Repair Born: 1977 Education: Bachelor of Engineering | 1,380 |
| Jaakko Kivi | Executive Vice President, Technical Office Born: 1971 Education: MSc Technology | 32,757 |
| Sami Laakso | Executive Vice President, Transport Infrastructure Construction Born: 1975 Education: Bachelor of Engineering | 500 |
| Mikko Laine | Chief Financial Officer Born: 1975 Education: Master of Social Sciences | 1,900 |
| Timo Leppänen | Executive Vice President, Railway Construction Born: 1973 Education: Bachelor of Civil Engineering | 0 |
| Katja Pussinen | Executive Vice President, HR Born: 1975 Education: MSc Economics | 27,463 |

4. Risk management, Internal control and Audit

4.1. Risk management

Kreate's risk management is based on a risk management policy approved by the Board of Directors, which aims at comprehensive and proactive management of risks. The Board of Directors of Kreate approves the risk management policy and its targets, and directs and oversees the planning and implementation of the risk management. The risk management policy aims at the 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. The policy is based on managing the group's overall risk exposure and not just the management of individual risk factors.

Risks are defined as external or internal uncertainties that, if realised, would have a positive or negative effect on Kreate's abilities to reach its strategic and financial targets in a sustainable and ethical way.

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. Kreate classifies risk factors into strategic, operational, accident risks and financial risks.

The risk management measures target the most significant risks through cost-effective and appropriate policy options, including the following:

- reducing, sharing or transferring a risk, for example through changes in operations, improved controls, insurance policies or by contractual means;
- eliminating a risk, for example by giving up activities that involve an excessive risk, or preparing for the materialisation of a risk, for example with recovery plans; and
- accepting a risk without specific risk management measures.

Responsible persons are appointed for risk management measures and tasked with the responsibility for the planning, implementation and monitoring of measures. The specified measures are linked to action plans and monitoring.

The President & CEO has the overall responsibility for risk management. The President & CEO is responsible for organising and the planning, development, coordination and monitoring of the risk management strategy as well as for its implementation and communication throughout the organisation. The President & CEO reports to the Board of Directors. The Group's Management Team is responsible for the implementation of risk management, i.e. the identification, monitoring and assessment of risks and risk-related measures. The Group's Chief Financial Officer is responsible for identifying and assessing financial risks, and reports to the Group's President & CEO.

4.2. Internal control and audit

The Group's outsourced internal audit organisation supports Kreate's management in organising and developing risk management and internal control. Internal audit reports to the Audit Committee of the Board of Directors and, administratively, to the CFO. An annual internal audit plan is drawn up annually and approved by the Audit Committee. The priorities of the annual plan is reviewed during the year.

5. Other information

5.1. Insider management

Kreate has an insider policy with the purpose of establishing clear operating guidelines for, among other things, the management of insider information, maintenance of insider lists and disclosure of transactions by persons subject to the notification obligation.

The insider policy complements the provisions of Market Abuse Regulation (596/2014/EU) and related regulations, Finnish regulations, especially Chapter 51 of the Criminal Code (39/1889, as amended) and the Securities Markets Act (746/2012, as amended), the Rules of the Exchange, the Guidelines for Insiders of Nasdaq Helsinki Ltd and the valid guidelines concerning insider matters by the Finnish Financial Supervisory Authority.

The person in charge of insider matters at Kreate is Kreate's CFO, and Kreate's Financial Controller acts as the CFO's deputy. The person in charge of insider matters performs duties relating to Kreate's insider management, monitors compliance with the obligations under Kreate's insider policy, is in charge of the insider list and the list of persons discharging managerial responsibilities and persons closely associated

with them, and carries out the duties related to trading restrictions and notifications of transactions.

Kreate has in place a whistle-blowing procedure that provides Kreate's personnel a way of making a report in case there is reason to suspect that someone employed by Kreate has violated the laws and regulations concerning the securities market.

5.2. Obligation to notify transactions

Persons discharging managerial responsibilities at Kreate and persons closely associated with them have an obligation to promptly notify Kreate and the Finnish Financial Supervisory Authority of their transactions in the financial instruments of Kreate and no later than three business days after the date of the transaction. Kreate discloses the notifications of transactions by means of a stock exchange release within two working days of receiving a notification by a person discharging managerial responsibilities.

The Chair and deputy Chair of the Board of Directors, members and any deputy members of the Board of Directors, the President & CEO and their deputies, if any, as well as the Management Team members are deemed to be persons discharging managerial responsibilities at Kreate.

Kreate maintains a list of persons discharging managerial responsibilities and persons closely associated with them. The list is not public.

5.3. Insider lists and trading restrictions

Kreate maintains a project-specific insider list of all persons who have de facto access to insider information and who work for Kreate under an employment contract or otherwise perform tasks through which they have de facto access to insider information.

The persons included on a project-specific insider list and other persons who are in possession of insider information regarding Kreate are prohibited from trading in Kreate's financial instruments, cancelling or amending an issued trade order, recommending another person to trade in such financial instruments or inducing another person to trade in such financial instruments after receiving information concerning the project.

Persons discharging managerial responsibilities are prohibited from conducting transactions in Kreate's financial instruments on their own account or for the account of a third party before the publication of

Kreate's interim report, half-year report or the financial statement bulletin from 30 days before the publication of the interim report, half-year report or financial statement bulletin until the end of the day of publication (closed window). In case the financial statements include material information that has not been previously disclosed in the financial statement bulletin, such as the future prospects, the closed window also applies to the financial statements. .

Furthermore, Kreate has decided to also apply the closed window to persons participating in the preparation and drawing up of the interim reports, half-year reports and financial statement bulletins of Kreate (company's trading restriction).

Prior to conducting transactions in Kreate's financial instruments, persons discharging managerial responsibilities with an obligation to notify of transactions and persons subject to the company's trading restriction must always confirm with the person in charge of insider matters that there are no impediments to the transactions. A transaction in Kreate's financial instrument must not be conducted before the person in charge of insider matters has approved the transaction, and the transaction must be conducted within two weeks from the approval.

5.4. Principles for related party transactions

Kreate complies with the regulations in force and follows the recommendations of the Corporate Governance Code on the monitoring and assessment of related party transactions. Kreate assesses and monitors transactions with its related parties and maintains a list of its related parties. As a rule, Kreate or other companies within the Group and related parties do not enter into transactions that differ from customary business and are material to the company or that have been made on unconventional commercial terms. Kreate's Board of Directors decides on significant related party transactions.

Kreate's related parties include the Kreate group's parent company Kreate Group Plc, the subsidiaries and the joint venture KFS Finland Oy. Related parties also include Kreate's key management personnel as well as their close family members and the entities controlled by them. Key management personnel include the members of Kreate's Board of Directors, President & CEO and the members of Kreate Group's Management Team.

Kreate reports the related party transactions annually in its consolidated financial statements and, if necessary, discloses the related party

transactions in accordance with the Market Abuse Regulation, the Securities Markets Act and the Rules of the Exchange.

6. Audit

Pursuant to the Articles of Association, Kreate has one auditor that must be an audit firm approved by the Finnish Patent and Registration Office. The auditor's term of office begins from the General Meeting that elects the auditor and then ends at the close of the Annual General Meeting following the election.

Kreate's Annual General Meeting held on 29.3.2023 elected the audit firm KPMG Oy Ab as Kreate's auditor, with Authorised Public Accountant KHT Turo Koila as its principal auditor for the financial year 2023. KPMG Oy Ab has acted as Kreate's auditing firm continuously since the Annual General Meeting held on 2.5.2019.

In 2023, the fees paid to the auditor amounted to EUR 138 thousand for the audit and EUR 13 thousand for other non-audit services.

Kreate Group Plc – Remuneration report of the governing bodies

1. Introduction and remuneration principles

This remuneration report presents information on the remuneration of the Board of Directors and the President & CEO of Kreate Group Plc (“Kreate” or “Company”) between 1.1.–31.12.2023. Kreate’s corporate governance system complies with the Finnish Limited Liability Companies Act and the Finnish Corporate Governance Code 2020 (“Corporate Governance Code”) published by the Securities Market Association.

The remuneration of the governing bodies at Kreate is based on the remuneration policy approved with an advisory decision by the Annual General Meeting on 5 May 2021. The remuneration policy will be applied until the Annual General Meeting of 2025, unless the Board of Directors decides to present it to the Annual General Meeting earlier.

The objective of the remuneration policy is to promote the Company’s long-term financial performance and assist in implementing Kreate’s strategy, in which the Company pursues a position as one of Finland’s leading companies delivering demanding infrastructure construction projects. The primary objective of the remuneration policy is to ensure that Kreate applies performance-based remuneration, which rewards the implementation of Kreate’s strategy in a transparent and understandable way.

The remuneration policy is based on the following key principles:

- providing a competitive earning opportunity for overall remuneration;
- emphasising performance-based remuneration by establishing the overall remuneration of the President & CEO such that part of the earning opportunity is based on performance-based incentives; and
- emphasising a strong connection to the interests of our shareholders such that part of the earning opportunity for the President & CEO’s annual variable remuneration may be based on long-term share based incentive plans.

The remuneration policy has been prepared to follow the remuneration practices applicable to all of Kreate’s personnel. This is reflected, for example, in the variable remuneration earning criteria, which are derived from the company’s strategy with the aim of supporting the Company’s profitable growth and which are partly shared by the President & CEO as well as all the other personnel.

2. Development in the revenue and result as well as the remuneration of the members of the Board of Directors, President & CEO and personnel 2019-2023

The tables shown below present the development of Kreate’s revenue and result for the period 2019–2023 as well as the development of the remuneration of the members of the Board of Directors, President & CEO and personnel for the period 2019–2023.

| (EUR million) | 2023 | 2022 | 2021 | 2020 | 2019 |
|-----------------------|-------|-------|-------|-------|-------|
| Revenue | 320.0 | 273.9 | 237.6 | 235.3 | 221.1 |
| Change (%) | 16.8% | 15.3% | 1.0% | 6.4% | 14.9% |
| Result for the period | 3.9 | 5.6 | 6.9 | 7.8 | 8.7 |
| Change (%) | -31% | -18% | -11% | -11% | 129% |

| (EUR thousand) | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|--------|-------|--------|-------|-------|
| Remuneration paid to the Chair of the Board(1) | 63.0 | 58.5 | 60.0 | 54.0 | 54.0 |
| Change (%) | 7.7% | -2.5% | 11.1% | 0.0% | -5.3% |
| Remuneration paid to ordinary members of the Board | 30.0 | 25.5 | 25.5 | 9.0 | 8.2 |
| Change (%) | 17.6% | 0.0% | 183.3% | 9.8% | 28.1% |
| Remuneration paid to the President & CEO | 460.5 | 551.0 | 518.0 | 427.0 | 323.0 |
| Change (%) | -16.4% | 6.4% | 21.3% | 32.2% | 3.9% |
| Remuneration paid to Kreate’s employees, on average | 75.6 | 64.0 | 66.0 | 64.0 | 60.0 |
| Change (%) | 18.1% | -3.0% | 3.1% | 6.7% | 5.3% |

1) Other remuneration and benefits paid to the Chair of the Board include the remuneration paid to PriRock Oy, a company controlled by Petri Rignell, in accordance with the consulting agreement between Kreate and PriRock Oy. The consulting agreement between PriRock Oy and Kreate ended in December 2020.

3. Remuneration of the Board of Directors in 2023

The Annual General Meeting of Kreate decided on 29.3.2023 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 the 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 following table presents the remuneration paid to the Members of the Board 1.1.–31.12.2023.

| 2023 | Position in Board | Yearly fee (EUR) |
|-----------------|--|------------------|
| Petri Rignell | Chair of the Board, Chair of the Remuneration and Nomination Committee | 63,000 |
| Jussi Aine | Member of the Board, Member of the Audit Committee | 30,000 |
| Timo Kohtamäki | Member of the Board, Member of the Remuneration and Nomination Committee | 30,000 |
| Timo Pekkarinen | Member of the Board, Member of the Remuneration and Nomination Committee | 30,000 |
| Elina Rahkonen | Member of the Board and Chair of the Audit Committee | 30,000 |
| Petra Thorén | Member of the Board and Member of the Audit Committee | 30,000 |

4. Remuneration of the President & CEO in 2023

The remuneration of the President & CEO comprised a fixed base salary including taxable fringe benefits, short-term performance bonus, long-term incentive plan (LTI) and pension benefit.

In 2023, the President & CEO's fixed base salary including the fringe benefits grew year-on-year and was EUR 369,883.34.

At the beginning of 2022, the Board of Directors set the short-term performance bonus criteria for the President & CEO, on the basis of which a performance bonus of EUR 90,623.37 was paid to the President & CEO in 2023.

Kreate's maximum short-term performance bonus for the President & CEO remained unchanged in 2023 at 71.5 per cent of the fixed base salary including the fringe benefits. In the performance bonus plan, the criteria set by the Board of Directors for 2023 were the Company's indicators for profitability (90% weight), indicators for working capital management (5%) and indicators for occupational safety (5%). The

performance bonus will be paid according to the actual figures in the financial year 2024.

In 2021, the Board of Directors of Kreate Group Plc decided to launch two new long-term share-based incentive plans for the key persons of the Group and the Group's joint venture.

The Performance Share Plan 2021–2024 consists of 2 two-year performance periods, the calendar years 2021–2022 and 2023–2024. Each performance period is followed by a two-year restriction period. The company's Board of Directors decides on the plan's performance criteria and the targets set for each criterion at the beginning of each performance period. For the 2021–2022 performance period as well as 2023–2024 performance period, the bonus is based on the Group's cumulative operating profit (EBITA), Kreate's total shareholder return (TSR) and the completion of the company's strategic goals.

The share bonus plan offers the key persons in the target group an opportunity to earn shares in the company by converting into shares a portion, decided by the Board of Directors, of the performance bonus earned for 2023 within the performance bonus plan. A performance bonus converted into shares is multiplied by a bonus multiplier decided by the Board of Directors before the payment of the bonus; for 2023, the multiplier was 1.5. A possible bonus within the share bonus plan is paid after a two-year commitment period in 2026 partly in shares in the Company and partly in cash. The purpose of the cash portion is to cover the taxes and tax-like charges incurred due to the bonus by the key person. In connection with the payment, the key person is credited for the dividends paid and other possible funds distributed during the commitment period.

Furthermore, the President & CEO is entitled to a supplementary pension paid by the Company. The date of withdrawal is at the discretion of the President & CEO, but the supplementary pension can be withdrawn at the earliest from the age of 58. The supplementary pension is based on a money purchase scheme. The President & CEO is also covered by the Finnish statutory pension system.

The following table presents a summary of the remuneration paid to the President & CEO during 1.1.–31.12.2023.

| | EUR thousand |
|---|--------------|
| Fixed base salary including fringe benefits | 370 |
| Performance bonus | 91 |
| Supplementary pension | 58 |
| Total | 518 |

Board of Directors

31 December 2023



Petri Rignell
Master of Science (Technology)
Board member since 2015,
Chair of the Board



Jussi Aine
Master of Science in Engineering,
Master of Economic Sciences
Board member since 2021



Timo Kohtamäki
Licentiate of Science (Technology)
Board member since 2015



Timo Pekkarinen
Construction Engineer
Board member since 2021



Elina Rahkonen
Master of Science (Economics)
Board member since 2020



Petra Thorén
Master of Economic Sciences
Board member since 2022

Management Team

31 December 2023



Timo Vikström
President & CEO
Master of Engineering – Meng,
Construction, eMBA
Management team member since
2017

Jaakko Kivi
EVP, Technical Office
Master of Science (Technology)
Management team member since
2018

Timo Leppänen
EVP, Railway Construction
Bachelor of Civil Engineering
Management team member since
2021

Sami Laakso
EVP, Transport Infrastructure
Construction
Bachelor of Engineering
Management team member since
2021

Antti Kakko
EVP, Bridge construction
and repair
Engineer (MSc)
Management team member since
2022

Mikko Laine
CFO
Master of Political Sciences
Management team member since
2022

Katja Pussinen
EVP, HR
Master of Science (Economics)
Management team member since
2017

Tommi Hakanen
EVP, Special Foundation
Construction
Master of Science (Technology)
Management team member since
2020

In the picture from left to right: Jaakko Kivi, Mikko Laine, Timo Leppänen, Katja Pussinen, Timo Vikström, Sami Laakso, Tommi Hakanen and Antti Kakko

A wide-angle photograph of a construction site under a dramatic, cloudy sky. The foreground and middle ground are dominated by a dense grid of steel reinforcement bars (rebar) laid out on a prepared surface. Two large concrete pump arms, with black and red sections, extend from the top corners of the frame towards the center. Several construction workers in high-visibility vests and hard hats are scattered across the site, some standing near the rebar and others further back. In the background, a large crane and other construction equipment are visible against a line of trees. The overall scene conveys a sense of active construction and industrial scale.

FINANCIAL REPORT

Report of the Board of Directors

Kreate is a Finnish group focusing on demanding infrastructure construction. Kreate's service offering is divided into Transport infrastructure construction and Structural engineering. Transport infrastructure construction includes railway construction as well as the construction of roads and streets. Structural engineering includes bridge construction and repair, foundation and engineering construction, special foundation construction and the Swedish business, which consists of demanding rock and concrete construction. In addition, Kreate offers circular economy services in Finland. Kreate's goal is to be one of Finland's leading implementers of demanding infrastructure construction, offering comprehensive solutions for demanding infrastructure construction projects with the help of a wide range of expertise and a range of services. The aim is also to strengthen its foothold in the Swedish infrastructure market, especially in technically demanding infrastructure construction projects in the greater Stockholm area, and to grow the Swedish operations into a second pillar of business in addition to Finland. In 2023, more than 90 per cent of the Group's revenue came from Finland.

Kreate is an industry-leading company in Finland particularly in bridge and foundation construction both in terms of volume and expertise. The Group's operations are guided by strong basic values through which it offers solution-driven services, high quality and cost-efficiency to its broad range of clients. The customer base includes both public and private operators.

Kreate Group consists of the Group's parent company Kreate Group Oyj together with its 100% owned subsidiary Kreate Oy and its 75% owned Kreate Sverige Holding AB, whose subsidiary is Kreate Sverige AB. In addition, the Group has a Finnish joint venture KFS Finland Oy, in which the Group owns 50 per cent, and a Swedish associated company Karell Schakt AB, in which Kreate Sverige AB owns 34 per cent. In 2023, the following changes took place in the Group structure: Kreate Rata Oy was merged with Kreate Oy and EstRock AB with Kreate Sverige AB.

STRATEGY FOR 2024 AND FINANCIAL TARGETS

Kreate executes well-functioning comprehensive solutions in infrastructure construction in a solution-oriented way, particularly focusing on offering projects that are technically difficult or that require special expertise. Kreate aims at being a profitable growth company with an entrepreneurial spirit and the most attractive employer in the industry.

A clear strategy that aims at continued profitable growth

1. Positioning in growing market segments

Kreate leverages its good market position and grows in the core market segments that particularly benefit from the increased demands in infrastructure construction. These include, for instance, projects carried out in densely built urban environments and demanding soil conditions.

2. Strengthening and expanding the customer base and service offering

The company aims at strengthening its customer base and service offering. We see growth opportunities in areas such as the Government's transport investment programme and the green transition. Finland's NATO membership and the prevailing geopolitical situation will also increase the need and significance of rail, road and port infrastructure and, for example, airport infrastructure to the north and western borders from the perspective of Finland's security of supply and accessibility.

3. Supporting the strategy with selected acquisitions

Kreate has successfully carried out corporate transactions, which are a way to also expand and supplement its capabilities in the future. In corporate acquisitions, Kreate focuses on profitable companies with a good financial standing whose culture, strategy and values are compatible with those of Kreate. The company also strives to complement its service offering with new capabilities.

4. Continuous improvement of operational efficiency and profitability

We strengthen profitability by ensuring the high competence of our personnel, developing internal cooperation and processes, and through more active risk management. For example, we are more precise about contract terms and what projects we offer in the first place. In order to

improve the operations and efficiency, the company has implemented an annual development programme designed for this purpose.

Kreate is currently reviewing its strategy and financial targets, the results of which will be published by the company during spring 2024. The company will also organise an Investor Day in the spring - more information about the event will be posted on the company's investor website <https://kreate.fi/en/investor/investors/>.

Financial targets 2021–2024

GROWTH

Our aim is to grow the revenue to EUR 300 million by 2024 through a balanced combination of organisational growth and selected acquisitions.

PROFITABILITY

We aim for an EBITA margin of more than 5 per cent in the medium term.

INDEBTEDNESS

We aim for a Net debt/EBITDA of below 2.0

DIVIDEND POLICY

We aim to distribute at least half of the annual net profit as dividends, taking into account our financial position, cash flow and growth opportunities.

OPERATING ENVIRONMENT IN 2023

The construction market in Finland weakened significantly during 2023, and the decline was particularly steep in the second half of the year due to the high level of costs and interest rates, weak confidence and an economic downturn.

In February 2022, Russia's war of aggression initiated a rapid increase in costs. By summer 2023, the rise in the costs of civil engineering came nearly to a halt and the cost development calmed down. However, input prices remained at a fairly high level. During the last quarter of the year, the indices for infrastructure construction started to decline slightly.

In addition to the high cost level, 2023 was characterised by a rapid rise in interest rates. The European Central Bank raised the key interest rate gradually from 2.5 percentage points at the beginning of the year to 4.0 percentage points in June, and in September the figure was already 4.5 percentage points. The rapid rise in interest rates together with the high cost level was 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 was at a record low in 2023.

At the end of September 2023, the Confederation of Finnish Construction Industries estimated that the volume of construction in Finland would decrease by 10 per cent in 2023. However, there is dispersion within the construction market. Housing construction is strongly cyclical, and in September its volume was estimated to decline by 38 per cent during 2023, other building construction by 2 per cent and renovation by 4 per cent. The decline in housing construction brought operators and competition to infrastructure construction, but to a lesser extent demanding infrastructure construction.

Kreate operates in the infrastructure construction market, which is countercyclical and clearly more stable than building construction. However in September, the volume of the infrastructure market was also estimated to decline by 5 per cent in 2023 and to be close to zero in 2024.

Kreate specialises in demanding infrastructure construction, which continues to provide a stable and safe business environment despite 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 led to several bankruptcies of operators in the construction industry in 2023. Kreate estimates that these bankruptcies do not pose a significant financial risk to the company. More than half of the company's revenue comes from projects ordered by the state and municipalities, and the private sector customers are typically large companies with a good financial standing. As regards the bankruptcies of operators in the subcontracting chain, Kreate's financial risks are quite limited and these risks have also been prepared for in the drafting of the 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. Although the long-term outlook is strongly positive, it is difficult to estimate the size and timing of the projects.

FINANCIAL PERFORMANCE

Order backlog

The order backlog decreased compared to the reference year and amounted to EUR 196.3 (306.9) million at the end of 2023. The estimated profitability of the order backlog was at a normal level compared to before. It is estimated that EUR 168 (202) million of the order backlog will be realised during the financial year 2024.

During the year 2023, Kreate secured contracts for several significant projects. In the spring, the most substantial addition to the order backlog was the nearly 30 million euro Poikkimaantie improvement project in Oulu. Additionally, Kreate won two major railway contracts as part of the Helsinki-Riihimäki project, along with a design-phase electrical railway project, totaling approximately 18 million euros. In the fall, the order backlog increased by almost 18 million euros with projects related to the construction of the third phase of Nihti in Helsinki and the construction of Kuusistonsalmi Bridge in Kaarina. Towards the end of the year, the order backlog was further augmented by the construction of Hankasalontie in Vihti and the construction project for the Miilunlahti Bridge and embankment road in Äänekoski, with a combined addition of approximately 18 million euros.

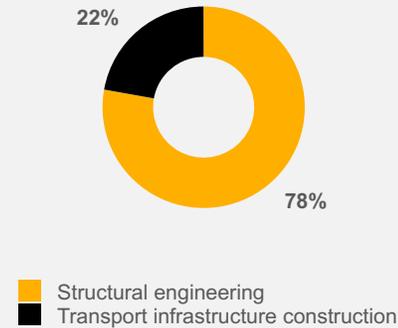
Many projects were completed during the financial year, the most significant of which included the Pasilan Veturitie in Helsinki, which included the construction of roads, railways and bridges, the Katajanokan Laituri construction project, which included the groundwork for the business premises and hotel project to be built in Katajanokka, Helsinki, and the preliminary construction of Haakoninlahti and Koirasaari in Kruunuvuorenranta, Helsinki. Outside the Helsinki metropolitan area, Kreate completed, among other things, the E18 Turku ring road project, the improvement of highway 19 between Seinäjoki and Lapua, which was carried out as a consortium, and the extensive renovation of the Pieksämäki station tunnel. Several smaller-scale bridge, fairway and railway projects were also completed in 2023.

Revenue and result

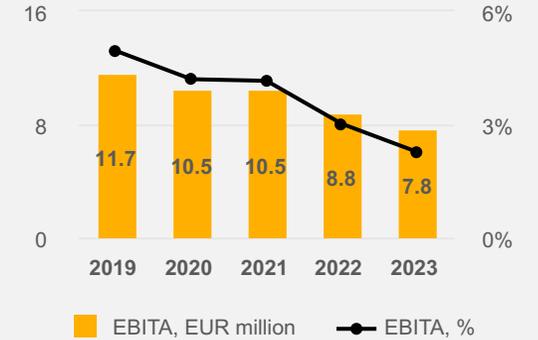
In the financial year 2023, the Group's revenue grew 16.8% compared to the reference year due to the strong end of the year, amounting to EUR 320.0 (273.9) million. Year-on-year, revenue grew in Structural engineering to EUR 249.7 (176.6) million but decreased in Transport infrastructure construction to EUR 71.2 (95.3) million.



Revenue by business function

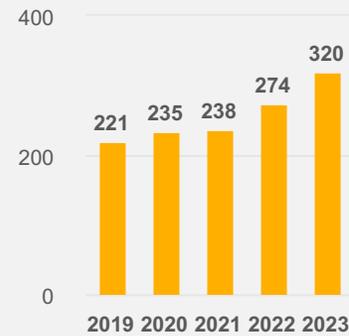


EBITA

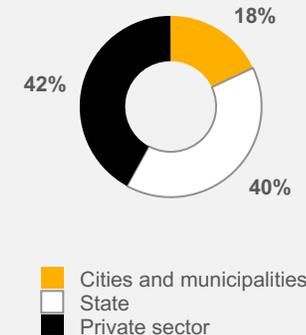


Structural engineering comprises Bridge construction and repair as well as Foundation and engineering construction. Transport infrastructure construction comprises Railway construction and Road and street construction.

Revenue (M€)



Revenue by customer group



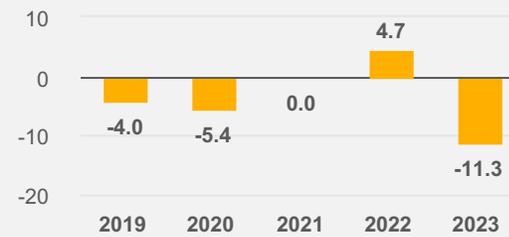
Operating profit



Free cash flow from operating activities (M€)



Net working capital (M€)



The revenue from Sweden is included in the Structural engineering business area, and it was EUR 22.5 (3.9) million for the period of September–December 2023. Revenue for Sweden 2022 include a four-month share, pro forma comparable revenue was EUR 14.4 million.

The share of Structural engineering of the revenue for 2023 was 78 (64) per cent and the share of Transport infrastructure construction was 22 (36) per cent.

Of the Group's total revenue, 18 (26) per cent came from cities and municipalities, 40 (38) per cent from the government and 42 (36) per cent from the private sector.

During the financial year, the Group's EBITDA grew compared to the reference period to EUR 14.0 (13.6) million, amounting to 4.4 (5.0) per cent of revenue. EBITA was EUR 7.8 (8.8) million, amounting to 2.4 (3.2) per cent of revenue. Profitability was impacted by long-term projects not bound to an index as well as the general cost inflation. The profitability of projects remained on a good level. The Group's operating profit was EUR 7.6 (8.6) million, amounting to 2.4 (3.2) per cent of revenue.

The Group's result before tax was EUR 4.6 (6.7) million. Tax for the reporting period amounted to EUR 0.7 (1.1) million with the effective tax rate being 16.1 (16.0) per cent. Result for the reporting period was EUR 3.9 (5.6) million. Earnings per share were EUR 0.44 (0.64).

Cash flow and financial position

In the 2023 free cash flow from operating activities was EUR 26.1 (3.5) million. At the end of the financial year, net working capital was EUR -11.3 (4.7) million. The company's net working capital developed favourably during the financial year, which is a result of the company's systematic work in project liquidity and risk management. The fourth quarter of the year was particularly favourable in terms of net working capital, driven by strong cash flow as projects were completed as expected.

Interest-bearing debt at the end of the financial year 2023 amounted to EUR 40.3 (42.8) million, of which EUR 3.0 (2.9) million constituted lease liabilities under IFRS 16. The company's cash and cash equivalents amounted to EUR 23.6 (9.4) million. In addition, the company had committed revolving overdraft and credit limits of EUR 20.0 (20.0) million, which were not in use at the end of the financial period. Interest-bearing net debt at the end of 2023 was EUR 16.8 (33.4) million.

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 December 2023, the company had issued commercial papers to the value of EUR 7.0 million.

The average interest of interest-bearing debt, excluding the lease liabilities recognised on the balance sheet, was 5.7 (2.9) per cent in the January–December 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 0.4 percentage points by the impact of effective interest that was transferred to the result in connection with repayment of the loan arrangements.

At the end of the reporting period, the consolidated balance sheet total was EUR 134.6 (134.5) million and equity was EUR 42.8 (42.5) million. At the end of the reporting period, the equity ratio was 31.8 (31.6) per cent and the company's return on capital employed was 11.2 (12.5) per cent.

Capital expenditures

During 2023, the company continued to invest more selectively in equipment and equipment management.

Net investment cash flow was EUR 5.9 (4.2) million in January–December. A considerable amount of investment relating to the implementation of significant projects started in late 2022 took place in the early year, making the net investment amount exceptionally high. The most significant part of investments consisted of tangible assets, which are mainly machinery and equipment.

Kreate's gross investments in tangible and intangible assets amounted to EUR 6.9 (4.6) million in 2023.

Research and development

The purpose of Kreate's research and development is to create practical tools and procedures for infrastructure construction projects. The R&D focus areas include tender calculation, project execution and equipment functions. Digitalisation is rapidly changing the conventional models in all of these areas. In terms of digitalisation, change is driven by the more common utilisation of data models and their closer connection with daily monitoring and control at worksites. The use of drones at the different stages of the construction process has become a daily activity.

In 2023, the focus of development activities has been on producing a digital situational picture of the different phases of the construction process. In addition to Kreate's own personnel, the situational picture makes the project planners and Clients more aware of the progress of the project and improves the parties' ability to make decisions. As in previous years, the use of building information models in Kreate's projects has been further increased. This has been supported by training personnel and hiring new measurement managers and BIM coordinators. The use of drones as a tool for monitoring projects has also been further increased and training required for drone operations has been arranged for personnel.

The development of Kreate's operating system has continued also in 2023, with an emphasis on renewing the guidelines for procurement and

planning control processes. Other operating system guidelines have also been updated to develop processes related to project management. As part of the continuous development of operating methods, several different software suitable for project management and the collection, management and sharing of digital information have been tested.

Kreate's first BREEAM infrastructure assessment has continued in 2023. This assessment covers more than 200 topics related to the environmental and social sustainability of the construction contract. No contracts evaluated according to similar criteria have yet been completed in Finland, and when completed, the evaluation will provide Kreate with a wealth of new information and expertise.

Research and development expenses accounted for approximately 0.1 (0.1) per cent of the Group's revenue in 2023.

PERSONNEL

At the end of December, Kreate Group employed 472 (447) people. The average number of personnel in January–December was 454 (416).

In autumn 2023, a biennial employee survey was conducted, to which a record 76 per cent (61 per cent in 2021) of the Group's personnel responded. Based on the results, the personnel are quite satisfied: the results of the sub-entities related to work, leadership, teamwork, work culture and the employer were 3.80–3.99 on a scale of 1–5, and the employer's recommendation was very high at 4.23. The success is based on long-term work based on Kreate's well-being plan, which focuses on the reconciliation of work and free time, the high quality of supervisor work and closer cooperation.

For Kreate, it is important to enable its employees to achieve a better work-life balance and to increase work prioritisation and management. The company has a versatile well-being programme that supports the coping of personnel in their work, taking into account physical and mental factors. As part of the well-being programme, the personnel were also offered individual well-being coaching.

In 2023, we proceeded in accordance with both personnel development and well-being plans. The aim is to ensure uniform supervisor work and uniform operating methods at all levels of management. The work ability management guide published in the autumn provided supervisors with support for different areas of work ability management. In addition, training

was offered during the year, focusing on giving feedback and challenging communication situations.

Performance appraisals continued to play an important role as part of the competence and performance management process. During the year, the timeliness of job descriptions and long- and short-term development plans were also ensured. The aim is to ensure development that supports the strategy and future competitiveness.

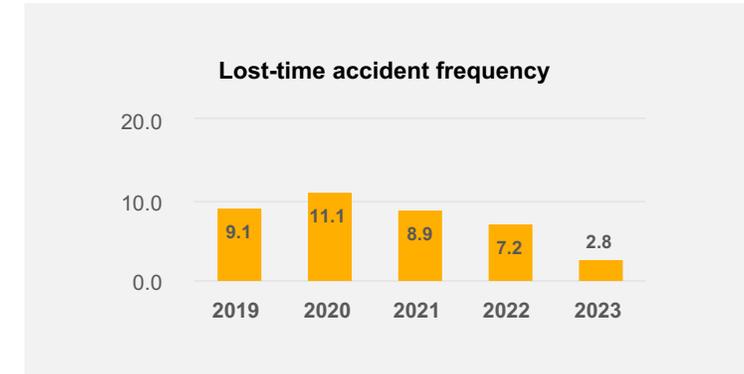
In 2023, as in previous years, Kreate had dozens of students in supervisory and overall training. Kreate actively cooperates with educational institutions and annually recruits students for internships with the aim of providing future professionals with a comprehensive picture of the opportunities offered by infrastructure construction and Kreate. During the year, a separate development path has also been developed for students under KreateAcademy. For Kreate, it is important to commit future professionals to the company and its culture at an early stage.

The training offering continued to be at a high level, and the personnel actively utilised KreateAcademy's contact, distance and online training opportunities. The purpose of the comprehensive training offering is to ensure that qualifications are up-to-date and to support diverse development opportunities for personnel. The How to act ethically correctly online course and printed guide, published in the fourth quarter, were implemented for the entire personnel. The package now published replaces the previous ethical guidelines and ensures common, ethical practices throughout the Kreate Group.

Systematic progress in the development of supervisor work, personnel competence and well-being at work can be seen, for example, in sickness absences, the trend of which has been strongly declining in 2023.

Occupational safety

In 2023, Kreate Group had a total of two accidents affecting the lost-time injury frequency and, in January–December, the cumulative lost-time injury frequency proportional to the number of personnel was 2.8. Kreate's lost-time injury frequency was better than the construction industry average also in 2023.



In 2023, determined and regular work to develop safety has continued. This was reflected in an increase in safety observations and near miss reports. During the year, in addition to the national Occupational Safety Week organised by the Confederation of Finnish Construction Industries, Kreate carried out its own campaigns, such as the traditional April of Observations and Scaffolding Thursday. Kreate's goal is to create a strong safety culture, and as part of its development, the aim is to increase the number of observations even more and make safety a daily routine for all personnel. Observations play a key role in the development of safe working methods. Making the 0-accident mindset known to everyone improves the safety culture, as do visits by management and safety experts on construction sites and the promotion of the substitute work model.

MANAGEMENT TEAM

There were no changes in the composition of the Management Team during 2023. As of 31 December 2023, Kreate's Management Team includes the following people: Timo Vikström, President & CEO; Tommi Hakanen, Vice President, Special Foundation Construction; Jaakko Kivi, Vice President, Technical Office; Sami Laakso, Vice President, Transport Infrastructure Construction; Mikko Laine, Chief Financial Officer; Timo Leppänen, Vice President, Railway Construction; Katja Pussinen, Vice President, HR and Antti Kakko, Vice President, Bridge Construction and Repair.

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 December 2022, a dividend of EUR 0.46 is issued per share for shares held outside the company. The dividend is paid in two instalments. The first instalment of the dividend, EUR 0.23 per share, was paid to shareholders that were recorded in the company's list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment which was 31 March 2023. It was decided that dividends for this instalment would be paid on 12 April 2023. The second instalment of the dividend, EUR 0.23 per share, was paid in October 2023 to shareholders that were recorded in the company's list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment. At its meeting on 25 September 2023, the Board decided that 27 September 2023 be the record date for the payment for the second instalment of the dividend and that 4 October 2023 be the dividend payment date.

The Annual General Meeting approved the 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 company.

The Annual General Meeting decided that Article 8 of the Articles of Association will be amended so that it allows for a General Meeting to be held outside of the Company's domicile (Helsinki, Espoo, Vantaa or

Tuusula) and for a General Meeting to be held without a specific location, as a remote meeting, if the Board of Directors decides to do so.

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.

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 Rahkonen, Timo Pekkarinen, Jussi Aine and Petra Thorén were re-elected as members of the Board. The term of office of all members of the Board shall end at the end of the 2024 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 Rahkonen (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 December 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 December 2023, the number of these shares reported on the consolidated balance sheet as treasury shares was 128,506 pieces, of which 75,000 were purchased during the reporting period. This number of shares represented 1.4 per cent of all the shares and voting rights in the company. These shares are the property of EAI Kreate Holding Oy until the shares are transferred to the participants according to the incentive plans. EAI Kreate Holding Oy is legally owned by an external service provider but, based on a contract, Kreate exercises actual control in the arrangement and, therefore, the holding company is consolidated into the IFRS consolidated financial statement as a structured entity, in which case a total of 218,506 treasury shares are reported in the IFRS consolidated financial statements..

Trading in the company's shares

Kreate Group Plc's share capital at the end of December was EUR 80,000. The total number of outstanding shares in the company on 31 December 2023 was 8,984,772 shares. 1,032,348 of Kreate's shares were traded on the Helsinki Stock Exchange in January–December. The highest trading price was EUR 9.46 and the lowest price was EUR 6.16. The volume weighted average price of Kreate's shares during the reporting period was EUR 7.74. The share's closing price on the last trading day of the reporting period, 31 December 2023, was EUR 7.22. Based on the closing price of the reporting period, the market value of the company's shares, excluding the treasury shares (218,506) held by the company and EAI Kreate Holding Oy which is consolidated into the Group as a structured company, was EUR 63.3 million. The share's P/E ratio at the closing rate was 16.3.

Largest shareholders

| 31.12.2023 | | Shares | % |
|------------|--|-----------|---------|
| 1 | Harjavalta Oy | 1,783,689 | 19.85 % |
| 2 | Tirinom Oy | 1,000,000 | 11.13 % |
| 3 | Ilmarinen Mutual Pension Insurance Company | 425,000 | 4.73 % |
| 4 | Valtonen Seppo Timo Johannes | 412,101 | 4.59 % |
| 5 | Varma Mutual Pension Insurance Company | 359,000 | 4.00 % |
| 6 | Säästöpankki Small Cap Mutual Fund | 350,000 | 3.90 % |
| 7 | Rantala Sami Kalle Antero | 273,534 | 3.04 % |
| 8 | Inkala Tero Antero | 208,396 | 2.32 % |
| 9 | Elo Mutual Pension Insurance Company | 180,000 | 2.00 % |
| 10 | Veritas Pension Insurance Company Ltd. | 175,000 | 1.95 % |

Management shareholding

On the date of the financial statements, the Board of Directors, President & CEO and the members of the Management Team held a total of 2,998,283 shares either personally or through companies under their influence. This represented 33.4 per cent of all the shares and voting rights in the company.

SHORT-TERM RISKS AND UNCERTAINTIES

Kreate Group’s risk management aims at the 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 approved by the company’s board of directors 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 stagnation.

Kreate’s business performance is partly dependent on the overall development of the public economy and the political decision-making that guides it, as the majority of Kreate’s revenue comes from public sector customers. 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 the KFS Finland joint venture could hamper Kreate’s ability to get the joint venture to act in favour of Kreate and to refrain from acting against Kreate’s interests.

Operational and accident risks

Kreate may fail in executing 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 resources. The unsuccessful integration of ways of working or adoption of operations in connection with business acquisitions may impact Kreate’s business.

Kreate’s business is highly project-based. Successful project management has a considerable impact on the profitability of Kreate’s business. Failures in projects, project management and the implementation of development projects may, for instance, impact future project availability and, thereby, have a material adverse effect on Kreate’s business. Kreate’s project management also takes into account the potential counterparty and liquidity risks of clients and other partners.

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, reputation 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, business result and reputation.

Economic and financing risks

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

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 company’s financial statements.

SUSTAINABILITY EFFORTS AT KREATE

At Kreate, the highest party responsible for sustainability is the company’s Board of Directors. In addition to the Board of Directors, the Management Team also discusses responsibility issues regularly and ensures that sustainability perspectives are taken into account in strategy work. At Kreate, responsibility is organised into a financial organisation, and the CFO is responsible for leading the progress of sustainability targets. The company also has a responsibility working group, whose members are responsible for managing operational responsibility. In business units, supervisors guide responsibility work on a practical level, and every member of staff and those working at Kreate’s construction site must act in accordance with the ethical guidelines.

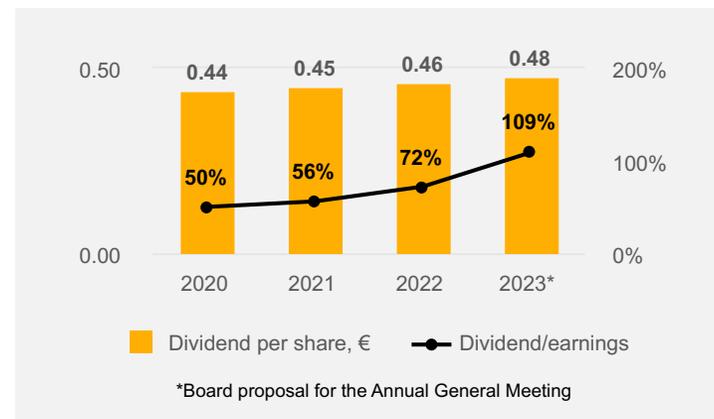
At Kreate, sustainability work is largely integrated into the business and its daily practices. Social responsibility is implemented, for example, through occupational safety and human resource management, and environmental responsibility is implemented through work planning and implementation, for example, when construction is carried out as resource-efficiently as possible. In 2023, responsibility work was strengthened especially from the perspective of governance and reporting capabilities.

During the year, the company implemented updated ethical guidelines for the Finnish personnel of Kreate Oy and associated company KFS Finland Oy. The implementation utilised both printed materials and online training, which all employees must successfully complete. By the end of the year, approximately half of the personnel had completed online training – the promotion and training of the Code of Conduct will continue this year, and in the future, the Code of Conduct will become part of the regularly renewed training. During the year, the company also updated its contract templates and in its new contracts requires its subcontractors to commit to the Code of Conduct. In addition, the company introduced a whistleblowing channel through which suspicions of misconduct concerning the company can be reported by name or anonymously.

In 2023, the focus was also on preparing for new legislation on sustainability reporting. Preparations for sustainability reporting were reflected in strengthening the organisation with a new IR/ESG position, initiating a double materiality analysis in accordance with the directive, and developing its ability to calculate its scope 1, 2 and 3 carbon dioxide emissions.

DIVIDENDS, DIVIDEND DISTRIBUTION POLICY AND PROPOSAL FOR PROFIT DISTRIBUTION BY THE BOARD OF DIRECTORS

Kreate aims at distributing at least half of Kreate’s annual net profit as dividends, considering Kreate’s financial standing, cash flows and growth opportunities.



As at 31 December 2023, the distributable funds of the parent company Kreate Group Plc are:

| | | |
|--|---|---------------|
| Retained earnings | € | 5,301,951.74 |
| Profit (loss) for the period | € | 1,534,393.71 |
| Reserve for invested unrestricted equity | € | 20,702,152.88 |
| Distributable equity | € | 27,538,498.33 |

The Board of Directors proposes to the General Meeting on 25 March 2024 that, based on the balance sheet verified for 2023, a dividend of EUR 0.48 be issued per share for shares held outside the company at the time of dividend distribution. The dividend is paid in two instalments.

The first instalment of the dividend, EUR 0.30 per share, is paid to shareholders who are recorded on the company’s list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment which is Wednesday 27 March 2024. The Board of Directors proposes to the Annual General Meeting that the dividend be paid on Tuesday 9 April 2024.

The second instalment of the dividend, EUR 0.18 per share, is paid in October 2024. The second instalment is paid to shareholders who are recorded on the company’s list of shareholders maintained by Euroclear Finland Oy on the date of record for dividend payment. The Board of Directors will decide on the date of record and payment date for the second instalment of the dividend on its meeting in September.

On the day of making the proposal for profit distribution, 30 January 2024, 8,766,266 shares were held outside the company. The proposed dividend of EUR 0.48 per share corresponds to a dividend yield of 6.6% per share (calculated at the share price of EUR 7.22 at the end of 2023) and totals EUR 4,207,807.68.

RESULT GUIDANCE FOR 2024

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

Justifications:

The company’s guidance is based on the order backlog expected to be realised in 2024 at the turn of the year. The company sees stable

continuity in Kreate's characteristic demanding infrastructure construction due to the countercyclical nature of the business, despite the prevailing level of interest rate and cost inflation and the general market outlook. The company offers projects more selectively, which is expected to decrease revenue and improve profitability.

EVENTS AFTER THE REPORTING PERIOD

No relevant have occurred after the financial year.

Helsinki, 30 January 2024

Kreate Group Plc

Board of Directors

Key figures

| M€ | 2023 | 2022 | 2021 |
|---|-------|-------|-------|
| Order backlog | 196.3 | 306.9 | 202.8 |
| Revenue | 320.0 | 273.9 | 237.6 |
| Change in revenue from the previous financial year, % | 16.8% | 15.3% | 1.0% |
| EBITDA | 14.0 | 13.6 | 14.2 |
| EBITDA, % | 4.4% | 5.0% | 6.0% |
| EBITA | 7.8 | 8.8 | 10.5 |
| EBITA, % | 2.4% | 3.2% | 4.4% |
| Operating profit | 7.6 | 8.6 | 10.4 |
| Operating profit, % | 2.4% | 3.2% | 4.4% |
| Result for the period | 3.9 | 5.6 | 6.9 |
| Earnings per share, undiluted € | 0.44 | 0.64 | 0.78 |
| Dividend per share, € | 0,48* | 0.46 | 0.45 |
| Dividend/result, % | 109 | 72 | 56 |
| Capital employed | 59.6 | 75.9 | 62.0 |
| Return on capital employed, % | 11.2% | 12.5% | 17.8% |
| Return on equity, % | 9.1% | 13.5% | 20.4% |
| Net investments in operating activities | -5.9 | -4.2 | -4.9 |
| Free cash flow from operating activities | 26.1 | 3.5 | 4.0 |
| Net working capital | -11.3 | 4.7 | -0.0 |
| Net debt | 16.8 | 33.4 | 20.9 |
| Net debt/EBITDA | 1.2 | 2.5 | 1.5 |
| Net debt/EBITDA pro forma** | | 2,4** | |
| Equity ratio, % | 31.8% | 31.6% | 38.6% |
| Personnel at the end of the period | 472 | 447 | 385 |
| Personnel on average | 454 | 416 | 392 |

* Board of Directors' proposal to the Annual General Meeting

**The pro forma of the reference period includes the EBITDA of the acquisition from 1 January to 31 August 2022

Calculation formulas

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 | Reason for use |
|---|---|---|---|
| IFRS KEY FIGURES | | | |
| Earnings per share | = | $\frac{\text{Result for the period attributable to the owners of the parent – interest and expenses of the equity loan recorded on the period adjusted with a tax impact}}{\text{Weighted average number of outstanding shares during the period}}$ | A measure of Kreate's profitability. |
| ALTERNATIVE KEY FIGURES | | | |
| EBITDA | = | Operating profit + depreciation, amortisation and impairment | A measure of Kreate's profitability. |
| EBITA | = | Operating profit + amortisation of intangible assets + impairments | A measure of Kreate's profitability. |
| Order backlog | = | Amount of unrecognised revenue from customer contracts at the end of period | Indicates the volume that will be realised in the future. |
| Capital employed | = | Equity + net debt | Indicates the volume that will be realised in the future. |
| Return on capital employed, % | = | $\frac{\text{Operating profit, rolling 12 months}}{\text{Average capital employed}} \times 100$ | Indicates the amount of return Kreate can generate with its capital employed. |
| Return on equity, % | = | $\frac{\text{Result for the period, rolling 12 months}}{\text{Average equity}} \times 100$ | Indicates the amount of return Kreate can generate with its equity. |
| Net investments in operating activities | = | Investments in tangible and intangible assets – disposals of tangible and intangible assets | A measure of the amount of investments made in the business. |
| Free cash flow operating activities | = | Cash flow from operations before financial items and taxes + net investments in operating activities | A measure of the amount of cash flow generated by the business. |
| Net working capital | = | Inventories + (current trade and other receivables – loan receivables – interest receivables) – (current trade and other payables – interest liabilities) | Indicates the amount of cash and cash equivalents available in the equity shown in the balance sheet. |
| Net debt | = | Interest-bearing debt – cash and cash equivalents | Indicates the total amount of Kreate's external debt financing. |
| Net debt/EBITDA | = | $\frac{\text{Net debt}}{\text{EBITDA, rolling 12 months}}$ | Reflects Kreate's gearing. |
| Equity ratio, % | = | $\frac{\text{Equity}}{\text{(Balance sheet total – prepayments received)}} \times 100$ | Indicates the proportion of equity used to finance Kreate's assets. |
| PER SHARE PERFORMANCE MEASURES | | | |
| Dividend/share, € | = | $\frac{\text{Dividend paid for the period}}{\text{Number of outstanding shares at the end of the period}}$ | |
| Dividend/result, % | = | $\frac{\text{Dividend paid for the period/share}}{\text{Earnings per share}} \times 100$ | Reflects the proportion of the profit for the period distributed to the shareholders. |

A wide-angle photograph of a construction site under a dramatic, cloudy sky. The foreground and middle ground are dominated by a vast, flat area covered in a dense grid of steel reinforcement bars (rebar). Two large concrete pump arms, with black and red sections, extend from the top corners of the frame towards the center. Several construction workers in high-visibility vests and hard hats are scattered across the site, some standing near the rebar grid. In the background, there are more construction materials, a yellow excavator, and a line of trees under a sky with patches of blue and large, grey clouds. The overall scene depicts a large-scale infrastructure project in progress.

IFRS FINANCIAL STATEMENTS

Consolidated statement of income

| 1000 € | Note | 2023 | 2022 |
|--|----------|----------|----------|
| Revenue | 2.1, 1.4 | 320,021 | 273,874 |
| Other operating income | 2.2 | 892 | 1,276 |
| Materials and services | 2.3 | -251,093 | -216,630 |
| Employee benefit expenses | 2.5, 8.3 | -42,679 | -33,343 |
| Other operating expenses | 2.4 | -13,672 | -12,294 |
| Share of associates' and joint ventures' profit or loss | 7.2 | 509 | 723 |
| Depreciation, amortisation and impairment | 5 | -6,408 | -4,976 |
| Operating profit | | 7,570 | 8,630 |
| Financial income | | 7 | 2 |
| Financial expenses | | -2,953 | -1,917 |
| Financial income and expenses | 3.2 | -2,947 | -1,915 |
| Result before taxes | | 4,624 | 6,715 |
| Income taxes | 6.1 | -742 | -1,077 |
| Result for the period | | 3,881 | 5,638 |
| Profit attributable to: | | | |
| Shareholders of parent | | 3,694 | 5,780 |
| Non-controlling interests | | 187 | -142 |
| Earnings per share calculated from the income attributable to shareholders of the parent | | | |
| Undiluted, € | | 0.44 | 0.64 |
| Diluted, € | | 0.44 | 0.63 |

The notes are an integral part of the financial statements

Consolidated statement of comprehensive income

| 1000 € | Note | 2023 | 2022 |
|---|------|--------------|--------------|
| Result for the period | | 3,881 | 5,638 |
| Items that may be reclassified subsequently to the statement of income: | | | |
| Foreign exchange rate differences | | 25 | 25 |
| Total comprehensive income for the period | | 3,906 | 5,663 |
| Comprehensive income attributable to: | | | |
| Shareholders of parent | | 3,712 | 5,799 |
| Non-controlling interests | | 194 | -136 |

Consolidated balance sheet

| 1000 € | Note | 2023 | 2022 |
|--|----------|----------------|----------------|
| ASSETS | | | |
| Non-current assets | | | |
| Intangible assets | 5.3 | 492 | 690 |
| Goodwill | 5.3, 5.4 | 39,999 | 39,989 |
| Tangible assets | 5.1 | 20,436 | 19,934 |
| Right-of-use assets | 5.2 | 2,941 | 2,881 |
| Investments in associated companies and joint ventures | 7.2 | 10,534 | 10,039 |
| Other receivables | 3.3 | 285 | 202 |
| Deferred tax assets | 6.2 | 1,003 | 1,184 |
| Total non-current assets | | 75,691 | 74,919 |
| Current assets | | | |
| Trade and other receivables | 3.4, 4.1 | 34,621 | 49,829 |
| Income tax receivables | 6.1 | 684 | 382 |
| Cash and cash equivalents | 3.3 | 23,565 | 9,403 |
| Total current assets | | 58,870 | 59,614 |
| Total assets | | 134,560 | 134,533 |

| 1000 € | Note | 2023 | 2022 |
|--|------------|----------------|----------------|
| EQUITY | | | |
| Equity attributable to the shareholders of the parent | | | |
| Share capital | | 80 | 80 |
| Reserve for invested unrestricted equity | | 19,681 | 19,681 |
| Treasury shares | | -1,034 | -500 |
| Foreign exchange rate differences | | 37 | 18 |
| Retained earnings | | 24,005 | 23,353 |
| Total equity attributable to the shareholders of the parent | | 42,770 | 42,632 |
| Share of non-controlling interests | | 60 | -133 |
| TOTAL EQUITY | 3.1 | 42,830 | 42,499 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Interest-bearing debt | 3.3, 3.4 | 29,360 | 32,072 |
| Deferred tax liabilities | 6.2 | 1,506 | 1,460 |
| Total non-current liabilities | | 30,866 | 33,532 |
| Current liabilities | | | |
| Interest-bearing debt | 3.3, 3.4 | 10,968 | 10,735 |
| Trade payables and other liabilities | 4.2 | 46,762 | 45,458 |
| Income tax liabilities | 6.1 | 46 | 444 |
| Provisions | 8.1 | 3,088 | 1,864 |
| Total current liabilities | | 60,864 | 58,502 |
| Total liabilities | | 91,730 | 92,034 |
| Total equity and liabilities | | 134,560 | 134,533 |

Consolidated cash flow statement

| 1000 € | Note | 2023 | 2022 |
|--|----------------------|--------|---------|
| Result for the period | | 3,881 | 5,638 |
| Depreciation, amortisation and impairment | | 6,408 | 4,976 |
| Financial income and expenses | | 2,947 | 1,915 |
| Income taxes | | 742 | 1,077 |
| Other adjustments | 2.5.2, 5.1, 5.2, 7.2 | 872 | -761 |
| Total adjustments | | 10,969 | 7,207 |
| Change in trade and other receivables | | 15,218 | -13,444 |
| Change in trade payables and other liabilities | | 656 | 9,088 |
| Change in provisions | | 1,224 | -782 |
| Total change in working capital | | 17,097 | -5,138 |
| Cash flow from operations before financial items and taxes | | 31,947 | 7,706 |
| Interest paid in operating activities | | -829 | -285 |
| Interest received in operating activities | | 6 | 1 |
| Other financial items | | -398 | -709 |
| Received dividends from operating activities | | 15 | 0 |
| Taxes paid | | -1,147 | -749 |
| CASH FLOW FROM OPERATIONS | | 29,594 | 5,965 |
| Investments in tangible and intangible assets | 5.1, 5.3 | -6,893 | -4,608 |
| Disposals of tangible and intangible assets | 5.1, 5.3 | 1,030 | 411 |
| Acquisition of the subsidiary less cash and cash equivalents on the date | 7.1 | 0 | -5,934 |
| CASH FLOW FROM INVESTING ACTIVITIES | | -5,862 | -10,132 |

The notes are an integral part of the financial statements

| 1000 € | Note | 2023 | 2022 |
|--|----------|---------|---------|
| Acquisition of treasury shares | 3.1 | -534 | -500 |
| Drawdown of non-current loans | | 343 | 29,900 |
| Repayment of non-current loans | 3.6 | 0 | -21,250 |
| Drawdown of current loans | 3.6 | 42,000 | 44,600 |
| Repayment of current loans | 3.6 | -44,969 | -40,062 |
| Repayment of lease liabilities | | -1,179 | -905 |
| Interest and other loan expenses | 3.6 | -1,150 | -521 |
| Dividends paid | 3.1, 3.2 | -4,067 | -3,993 |
| CASH FLOW FROM FINANCING ACTIVITIES | 3.1 | -9,556 | 7,269 |
| CHANGE IN CASH AND CASH EQUIVALENTS | | 14,176 | 3,102 |
| Cash and cash equivalents at the beginning of the period | | 9,403 | 6,328 |
| Change in cash and cash equivalents | | 14,163 | 3,075 |
| Impact of the changes in foreign exchange rates | | -13 | -27 |
| Cash and cash equivalents at the end of the period | | 23,565 | 9,403 |

Consolidated statement of changes in equity

| 1000 € | 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 |
|------------------------------------|---------------|--|-----------------|-----------------------------------|-------------------|---|------------------------------------|--------------|
| Equity as at 1 January 2022 | 80 | 19,681 | - | - | 21,347 | 41,108 | - | 41,108 |
| Items of comprehensive income | | | | | | | | |
| Result for the period | - | - | - | - | 5,780 | 5,780 | -142 | 5,638 |
| Foreign exchange rate differences | - | - | - | 18 | - | 18 | 6 | 25 |
| Total comprehensive income | - | - | - | 18 | 5,780 | 5,799 | -136 | 5,663 |
| Transactions with the owners | | | | | | | | |
| Acquisition of treasury shares | - | - | -500 | - | - | -500 | - | -500 |
| Dividend | - | - | - | - | -3,993 | -3,993 | - | -3,993 |
| Share-based awards | - | - | - | - | 219 | 219 | - | 219 |
| Other change | - | - | - | - | 0 | 0 | 2 | 2 |
| Total transactions with the owners | - | - | -500 | - | -3,774 | -4,274 | 2 | -4,272 |
| Equity as at 31 December 2022 | 80 | 19,681 | -500 | 18 | 23,353 | 42,632 | -133 | 42,499 |
| Equity as at 1 January 2023 | 80 | 19,681 | -500 | 18 | 23,353 | 42,632 | -133 | 42,499 |
| Items of comprehensive income | | | | | | | | |
| Result for the period | - | - | - | - | 3,694 | 3,694 | 187 | 3,881 |
| Foreign exchange rate differences | - | - | - | 18 | - | 18 | 6 | 25 |
| Total comprehensive income | - | - | - | 18 | 3,694 | 3,712 | 194 | 3,906 |
| Transactions with the owners | | | | | | | | |
| Acquisition of treasury shares | - | - | -534 | - | 0 | -534 | - | -534 |
| Dividend | 0 | 0 | 0 | 0 | -4,067 | -4,067 | - | -4,067 |
| Share-based awards | - | - | - | - | 1,026 | 1,026 | - | 1,026 |
| Total transactions with the owners | - | - | -534 | - | -3,041 | -3,575 | - | -3,575 |
| Equity as at 31 December 2023 | 80 | 19,681 | -1,034 | 37 | 24,005 | 42,770 | 60 | 42,830 |

The notes are an integral part of the financial statements

Notes to the consolidated financial statements

Group information

Kreate Group Plc, including its subsidiaries is a Finnish infrastructure sector group that constructs demanding infrastructure. The Group's services comprise bridge, transport infrastructure, foundation, concrete and rail construction, rock engineering and the circular economy and environmental business. The Group is an industry-leading operator particularly in bridge and foundation construction both in terms of volume and expertise. Our operations are guided by strong basic values through which we offer solution-driven services to our broad range of clients, including both private and public customers. The Group has had operations mainly in Finland. In 2022, Kreate expanded to Sweden through a business acquisition.

The Group's parent company Kreate Group Plc, established under the laws of Finland and registered on 31 January 2014, is a public limited company, with a registered office in Helsinki, Finland. Kreate Group Plc is a publicly traded company whose shares are listed on Nasdaq Helsinki under the trading code KREATE. The company's business ID is 2601364-3, and its registered address is Haarakaari 42, 04360 Tuusula, Finland. Kreate Group Plc (hereinafter referred to as the "Company"), together with the subsidiaries presented in Note 7.1, forms the Kreate Group Plc group (hereinafter referred to as the "Group").

The company's Board of Directors has approved these consolidated financial statements at its meeting held on 30 January 2024. Under the Finnish Limited Liability Companies Act, shareholders have the opportunity to adopt or reject the financial statements at the General Meeting held after they are published. The General Meeting also has the right to resolve to revise the financial statements.

1. General accounting policies used in the preparation of the financial statements

1.1. Accounting principles

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union and in compliance with the IAS and IFRS standards and SIC and IFRIC interpretations valid as at 31 December 2023. The new or revised standards that have become effective during the 2022 period have not had a material impact on the consolidated financial statements. The notes to the consolidated financial statements are also compliant with the Finnish legislation governing accounting and companies that supplements the IFRS regulations.

This section 1.1 describes the general accounting policies used in the preparation of these consolidated financial statements. The accounting policies applied to individual financial statement items are presented in connection with the note on each item.

The consolidated financial statements are prepared based on the original acquisition costs. In business combinations, fair value measurement occurs on a one-time basis when preparing the business combination acquisition cost calculation. Share-based payments related to stock option plans are valued at fair value at the time of grant.

Kreate Group has extensively assessed the risks associated with the company when preparing the consolidated financial statements, including climate change. Kreate Group does not consider climate change to have a specific impact on the information presented in the financial statements. Kreate Group does not own properties or land that would be deemed at risk of impairment due to climate change-related reasons. Kreate Group systematically updates its equipment, ensuring that the machinery used in its operations remains technologically current and thus low-carbon.

The consolidated financial statements have been prepared in euros and presented in thousands of euros, unless stated otherwise. The figures have been rounded to the nearest one thousand euros and, therefore, the sums of individual figures may differ from the presented total amounts.

Kreate Group Plc's subsidiary operates in Sweden. The balance sheets of subsidiaries denominated in foreign currencies have been converted into euros using the exchange rates reported by the European Central Bank on the closing date of the financial year, while the income statements and cash flows have been converted using the average rates for the reporting period. The translation differences arising from the conversion of subsidiary income statements and balance sheets are recorded in equity as translation reserves, with the change in translation reserves recognized in other comprehensive income. The non-controlling interests are presented separately in the

income statement and comprehensive income statement as a share of the period's profit and comprehensive income, and in the balance sheet as a share of equity.

The foreign exchange rate differences resulting from the elimination of foreign companies' acquisition cost and the conversion of profit and loss following the acquisition are presented under the foreign exchange rate differences in equity. If a foreign subsidiary or a part thereof is sold or otherwise relinquished, the relating accumulated foreign exchange rate differences are recognised from equity in the income statement as part of sales profit or loss. The goodwill arising in connection with the acquisition of foreign units and the fair value adjustments made to the carrying amounts of the assets and liabilities of those foreign units in connection with the acquisition are treated as assets and liabilities of those foreign units. They are converted to euros by using the exchange rates on the ending date of the reporting period.

1.2. The most significant decisions based on management discretion and key uncertainties

Preparing IFRS financial statements requires the Group's management to make certain accounting estimates and discretionary decisions. Discretion applies to the selection and application of the accounting policies, the amounts of assets, liabilities, income and expenses as well as the information presented in the notes.

In its discretion, the management uses estimates and assumptions based on prior experience and the view held by the management at the balance sheet date. The estimates and decisions are reviewed regularly. However, the actual results and timing may differ from these estimates and assumptions. In the Group, the management's discretion is particularly related to the recognition of income over time, impairment testing and the recognition of provisions and deferred taxes.

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 (Note 2.1): 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 (Note 8.1): 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. A provision is recognised on onerous (loss-making) contracts once the direct expenses necessary for fulfilling the obligations exceed the benefits received from the contract.
- Testing of goodwill for impairment (Note 5.4): The Group has one cash-generating unit, Kreate Group, and it is the lowest level where goodwill is monitored. The Group tests the impairment of goodwill

annually or whenever the management discerns indications that the recoverable amount may be less than the carrying amount.

- Lease agreements (Note 5.2): The management assesses the use of extension, termination or purchase options related to leases and the lease term of leases valid until further notice.
- Recognition of deferred tax assets (Note 6): 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 (Note 2.5.2): 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.

1.3. Operating 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-maker, i.e. the Board of Directors, monitors the entire Group and verifies that the figures for the segment match the Group's figures.

1.4. Information about geographical areas

The company operates in Finland and Sweden. The revenue and long-term assets are presented in the table below based on the origin of revenue and the location of assets. The revenue from Sweden is included in the structural engineering business function.

Revenue

| 1000 € | 2023 | 2022 |
|--------------|---------|---------|
| Home country | | |
| Finland | 297,516 | 269,964 |
| Sweden | 22,504 | 3,910 |
| Total | 320,021 | 273,874 |

Long-term assets

| 1000 € | 2023 | 2022 |
|--------------|--------|--------|
| Home country | | |
| Finland | 69,365 | 68,568 |
| Sweden | 6,325 | 6,351 |
| Total | 75,691 | 74,919 |

*The comparative period information covers the period of consolidation from September 2, 2022, to December 31, 2022

1.5. New and changed standards to be applied in future financial periods

The Group has not yet applied the revised standards and interpretations already published by IASB whose effective date has not been before 31 December 2023. The Group will adopt them as of the effective date of each standard and interpretation or, if the effective date is other than the first day of the financial period, from the beginning of the financial period following the effective date. According to the current estimate of the Group, these will have no material impacts on future consolidated financial statements.

2. Result from business operations

2.1. Revenue and long-term projects

Accounting policy applied in the financial statements – Revenue recognition

Sales revenue is recognised to depict the transfer of promised goods or services to customers with a monetary value to which the company expects to be entitled in exchange for those goods or services. Revenues obtained from the sale of products and provision of services are presented at fair value under revenue less indirect taxes and discounts only to the extent that it is probable that a significant reversal in the amount of sales revenue recognised will not occur. The company recognises sales revenue when (and as) a performance obligation is fulfilled, i.e. when control of the good or service underlying the performance obligation is transferred to the customer.

The time of recognition of sales revenue is determined by the transfer of control over the good or service to the customer. The Group's revenue is sales revenue recognised over time. The Group may have small amounts of sales revenue recognised at a point in time, but their amount is not material.

Recognition of sales revenue over time

The Group's income flow comes almost entirely from infrastructure construction project contracts. The Group's most common contract types are a fixed-price project contract, design and build contract, design and build contract including a development phase as well as a project management contract. Each contract is treated as a separate entity, and the income derived from it is recognised as revenue over time based on the degree of completion of the project's performance obligation. In some contracts, separate development and execution phases can be identified, in which case the customer expressly approves the shift to the execution phase. Kreate processes the development and project stages as separate units if they have a material significance. In smaller contracts, the development and execution phases can be processed as a whole, but such that the execution phase is included in the project contract only after the customer has committed to the execution phase. This leads to substantially the same outcome as recognising the phases as income separately. Revenue from contracts with customers is recognised over time, as the customer is considered to have control over the asset where the service is performed. The asset item arising from a customer contract is not deemed to have an alternative use for the Group. The Group also possesses the effective right to receive payment for work performed by the time of review.

The determination of sales revenue recognised over time is based on the degree of completion of the performance obligation. The degree of completion of the performance obligation is determined in conjunction with each project based on the costs arising from the work performed at the time of review as a percentage of the estimated total project costs. The sales revenue from a project may be impacted by potential additional work and modifications, the pricing principles for which are determined on a contractual basis. The Group's contracts may also include variable payments such as bonuses or sanctions. The estimated project revenue and the costs are updated at the end of each reporting period. Where the outcome of a long-term project cannot be estimated reliably, project revenue is recognised only to the extent of the project costs incurred that it is probable they will be recoverable. When it is probable that the total costs needed for completing a project will exceed the total project revenue, the expected loss is recognised as an expense immediately.

If the invoicing for a project is lower at the reporting date than the sales revenue recognised on the basis of the degree of completion, the difference is presented as a contractual asset item under the item "Trade and other receivables". If the invoicing for a project is higher at the reporting date than the sales revenue recognised on the basis of the degree of completion, the difference is presented as a contractual liability item under the item "Trade and other payables". There is no significant difference time-wise between the payments made by customers and the handover of the company's performed work. The payments made by customers occur largely in tandem with the progress of a project and based on the instalment tables included in the contract. The company's project contracts do not include significant financing components, and the payment terms are mainly from two weeks to a maximum of two months.

The calculation and planning costs related to project contracts are recognised as an expense. The company does not have warranty terms that exceed normal practice. The duration of the warranties is generally from two to five years. Normal statutory warranties are treated as provisions, which are described in more detail in Note 8.1. Typically, amendments to contracts consist of additional or modification work, which are treated as part of the original contract.

Contractual liabilities that are related to construction contracts and that are not recognised on the balance sheet are presented in Note 8.2.

Management discretion – Revenue recognition

Where revenue is recognised over time, the outcome of a contract is estimated regularly. The recognition of long-term revenue is based on estimates of the expected probable sales revenues and expenses of a project as well as on the reliable measurement of the degree of completion of the performance obligation of the project. Should estimates on a project's outcome change, the revenue recognition is adjusted in the reporting period when the change first became known. The Group includes a variable consideration in the transaction price only to the extent that it is highly probable that no significant reversal needs to be made to the amount of accrued recognised sales revenues when the uncertainty related to the variable consideration is later resolved. The expected loss from a project is recognised as an expense immediately.

The Group's revenue consists of sales revenues recognised over time that, in all material respects, are revenue from infrastructure construction contracts. The Group's projects last from a few months to a few years, with most projects spanning less than 12 months. In infrastructure construction, operations are typically seasonal in nature and projects yield the most revenue between early spring and late autumn. More than 90% of the Group's revenue during the financial year was generated in Finland. During the financial year, the revenue of the Swedish subsidiaries was EUR 22.5 million. The assets and liabilities based on contracts with customers are itemised in working capital Notes 4.1 and 4.2.

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

| 1000 € | 2023 | 2022 |
|---|----------------|----------------|
| Structural engineering ¹⁾ | 249,700 | 176,611 |
| Transport infrastructure construction ²⁾ | 71,227 | 95,267 |
| Other ³⁾ | -906 | 1,997 |
| Total | 320,021 | 273,874 |

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

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:

| | 2023 | 2022 |
|---------------------------|------|------|
| Cities and municipalities | 18% | 26% |
| Government | 40% | 38% |
| Private sector | 42% | 36% |

The private sector share of Kreate Group's revenue has remained constant between the financial periods. The share of cities, municipalities and the government varies according to the ongoing projects.

Order backlog

| 1000 € | 2023 | 2022 |
|---|----------------|----------------|
| Amount unrecognised as revenue | | |
| Recognised over the year | 168,435 | 202,017 |
| Recognised at a later date | 27,839 | 104,880 |
| Total amount unrecognised as revenue | 196,274 | 306,897 |

At the beginning of the financial year, Kreate's total order backlog was exceptionally high due to the addition of unusually large multi-year projects to the backlog at the end of the comparative period. Kreate has focused its strategy on building demanding infrastructure, which has helped accumulate the order backlog during the financial year.

2.2. Other operating income

Other operating income amounted to EUR 0.9 (1.3) million during the financial period and mainly consisted of the sale of scrap metal and tangible and intangible assets as well as insurance compensation.

2.3. Materials and services

| 1000 € | 2023 | 2022 |
|--|----------------|----------------|
| Materials and supplies | | |
| Procurements during the financial year | 63,313 | 65,635 |
| External services | 187,780 | 150,993 |
| Materials and services in total | 251,093 | 216,630 |

2.4. Other operating expenses

| 1000 € | 2023 | 2022 |
|---|---------------|---------------|
| Lease expenses from short-term leases | 1,504 | 1,300 |
| Lease expenses from leases with low value | 265 | 187 |
| Voluntary personnel related expenses | 1,482 | 1,146 |
| Travel expenses | 3,918 | 3,712 |
| IT expenses | 1,598 | 1,441 |
| Other operating expenses | 4,905 | 4,509 |
| Other operating expenses in total | 13,672 | 12,294 |

2.4.1. Auditors' fees

| 1000 € | 2023 | 2022 |
|--------------------------------|------------|------------|
| KPMG Oy AB | | |
| Audit | 138 | 138 |
| Other services | 13 | 32 |
| Auditor's fees in total | 151 | 170 |

2.5. Personnel

2.5.1. Employee benefits

Accounting policy applied in the financial statements – Employee benefits

Short-term employee benefits, such as salaries, remuneration and fringe benefits, annual holidays and bonuses are recorded for the period during which the work in question was performed.

Pension plans are classified as defined benefit or defined contribution schemes. In defined contribution schemes, the Group makes mandatory, contractual or voluntary contributions towards publicly or privately managed pension insurance policies. The Group has no other payment obligations beside these contributions. All schemes that do not fulfil these criteria are considered defined benefit pension schemes.

The payments made are recognised as personnel expenses once they fall due for payment. Advance payments are recognised as assets on the balance sheet insofar as they are recoverable in the form of refunds or deductions from future payments.

The Group's pension schemes are classified as defined contribution schemes, and pension coverage is provided through pension insurance companies. In addition to statutory pension insurance, the Group provides group pension insurance for a limited group of people as well as individual voluntary supplementary pension plans. In the group pension and voluntary supplementary pension plans, the Group's liability is limited to the amount of premium paid.

Personnel expenses

| 1000 € | 2023 | 2022 |
|------------------------------------|--------|--------|
| Salaries and remuneration | 34,306 | 26,568 |
| Share-based payments | 1,026 | 219 |
| Pension expenses | 4,876 | 4,893 |
| Other personnel benefits | 2,472 | 1,664 |
| Salaries and remuneration in total | 42,679 | 33,343 |

The salaries and remuneration of the Management are itemised in Note 8.3 concerning the related parties.

2.5.2. Share based payments

Accounting policy applied in the financial statements – Share based payments

Share-based incentive plans are measured at fair value at the time of their issue and recognised as expenses in equal tranches for the vesting period. An equivalent adjustment is made in equity, or in liabilities in case of a benefit to be paid in cash. The expense determined at the time of issue is based on the Group 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 inspects the assumption concerning the final number on each date of the financial statements, and the possible impact of adjustments made in the original estimates is recognised on the income statement and an equivalent

adjustment is made in equity or liabilities. If an instalment paid in shares involves a portion paid in cash for taxes, it is processed as part of the transaction paid in shares. The company has no share-based benefits that are paid in cash and recorded under liabilities.

The company has long-term equity-based incentive schemes for key personnel of the group and the group's joint ventures. The objective of these schemes is to align the company's, shareholders', and key personnel's objectives in increasing the company's value over the long term, to engage key personnel with the company, and to provide them with competitive incentive and accumulation schemes based on the earning and appreciation of the company's shares. Equity-based incentive schemes are considered to fall within the scope of IFRS 2 Share-based Payment standard.

Performance share plan for 2021–2024, earning periods 2021-2022 and 2023-2024

In the stock incentive schemes, there is a two-year earning period followed by a two-year vesting period. The company's board decides on the earning criteria of the scheme and the targets set for each criterion at the beginning of the earning period. The potential reward of the scheme is paid out partially in company shares and partially in cash after the end of the vesting period. The cash portion aims to cover taxes and tax-like charges incurred by the participant from the reward. Generally, if the participant's employment or service relationship ends before the payout, the reward is not typically paid. The reward is based on the group's cumulative earnings before interest, taxes, and amortization (EBITA), Kreate's total shareholder return (TSR), and the achievement of the company's strategic objectives.

The target group of the stock incentive scheme consists of members of the executive management team. Additionally, a member of the company's executive management team must own at least 50 percent of the net shares paid to him based on the stock incentive and stock bonus schemes until the member's total share ownership in the company equals his gross annual salary. This number of shares must be owned as long as the membership in the executive management team continues.

Share bonus plan for 2022–2024 and 2023-2025

The stock bonus schemes are tied to performance targets, based on which the stock bonus is paid to participants after a two-year vesting period. The acquisition and management of the shares are handled by an external service provider, and for this purpose, a holding company, EAI Kreate Holding Oy, has been separately established. The handling of the acquisition of shares for the purpose of compensation within the group has been addressed in Note 3.1 Equity in the consolidated financial statements.

The stock bonus scheme offers key personnel in the target group the opportunity to earn company shares as a reward by converting a portion of the performance bonus determined by the board into shares. The performance bonus converted into shares is multiplied by a bonus factor determined by the board before the payment of the bonus.

The potential bonus of the stock bonus scheme is paid partially in company shares and partially in cash after a two-year vesting period. The cash portion aims to cover taxes and tax-like charges incurred by the key personnel from the bonus. Upon payment, the key personnel are credited with the dividends and any distributions made during the vesting period.

In spring 2023, the board decided on the stock bonus scheme for 2023-2025 and the individuals included in its target group. The target group of the stock bonus scheme consists of 34 different key personnel, including members of the company's executive management team. Participants in the stock bonus scheme can convert a total of approximately €1.6 million of earned performance bonuses into shares. Additional shares are paid to participants with a bonus factor of 0.5, equivalent to approximately 111,000 shares at the closing price on December 31, 2023. The final number of shares to be paid out from the scheme depends on the number of participants, the performance outcome, and the share price at the conversion time.

Management Discretion - Equity-Based Payments

The expense recorded for the equity-based compensation scheme determined at the grant date is based on the management's estimate of the number of shares for which it is assumed the right will be vested at the end of the vesting period. The estimated number of earned shares is updated until the end of the vesting period based on the fulfillment of the earning criteria and the amount of earned performance bonuses.

Share-based incentives 1 January 2022–31 December 2022

| Plan | SHARE BONUS PLAN FOR 2022–2024 | PERFORMANCE SHARE PLAN FOR 2021–2022 |
|---|---------------------------------------|---|
| Type | SHARE | SHARE |
| Instrument | Ansaintajakso 2022 | PSP 2021–2022 |
| Initial amount, pcs | 142,723 | 160,000 |
| Initial allocation date | 22/6/2021 | 5/11/2021 |
| Vesting date | 31/1/2025 | 31/1/2025 |
| Maximum contractual life, years | 4 | 3 |
| Remaining contractual life, years | 1 | 1 |
| Number of persons at the end of the | 31 | 7 |
| Payment method | | |
| Transactions during the financial year | PSP 2021–2022 | Total Total |
| Outstanding at the start of the period | — | 102,107 102,107 |
| Changes during the financial year | | |
| Granted during the period | 142,723 | 0 280,597 |
| Forfeited during the period | 0 | 99,677 99,677 |
| Exercised during the period | 0 | 0 |
| Expired during the period | 0 | 0 |
| Outstanding at the end of the period | 142,723 | 2,430 283,027 |

Fair value determination

For share-based incentive plans, a fair value has been determined at the time of granting, which is recorded as an expense for the incentive restriction period.

Valuation parameters for instruments granted during period *

| | |
|---|---|
| Share price at the time of granting, € | 8.68 |
| Share price at the end of the period, € | 7.22 |
| Expected volatility | 24.6 % |
| Maturity in years | 2.83 |
| Risk-free rate | 2.7 % |
| Expected dividends, € | 0.93 |
| Valuation model | Monte Carlo Simulation with Geometric Brownian Motion |
| Total fair value, € | 1,533,631 |

*Applicable only to the PSP 2023–2024 plan

Effect of Share-based Incentives on the result and financial position during period, €

| | |
|---|-----------|
| Expenses for the financial year, share-based payments, equity-settled | 1,025,512 |
| Future cash payment to be paid to the tax authorities from share-based payments, estimate made at the end of the financial year | 1,645,916 |

2.5.3. Number of personnel

| | 2023 | 2022 |
|--|------|------|
| Average number of office employees | 241 | 245 |
| Average number of other employees | 213 | 171 |
| Average number of personnel | 454 | 416 |
| Number of personnel at the end of the period | 472 | 447 |

In 2023, the joint venture KFS Finland Oy employed 86 people on average (2022: 88). In 2023, the associated company Karell Schakt AB employed 19 people on average (2022: 6). For Karell Schakt AB, the figure for the comparative period of 2022 has been calculated from the post-acquisition period within the group since September 2, 2022.

3. Capitalisation

3.1. Equity

Accounting policy applied in the financial statements – Equity

An equity instrument consists of any contract that evidences a residual interest in the assets of Kreate after deducting all of its liabilities.

The company has one series of shares, and all shares have an equal right to dividends. The shares do not have a nominal value.

Expenses associated with the issuance or purchase of equity instruments are presented as an equity reduction item.

Reserve for invested unrestricted equity

In the reserve for invested unrestricted equity, the company books the amount from the subscription prices obtained in share issues that is not recognised under equity. The acquisition cost of own shares has been booked as a reduction in the reserve for invested unrestricted equity.

The foreign exchange rate differences resulting from the elimination of foreign companies' acquisition cost and the conversion of profit and loss following the acquisition are presented under foreign exchange rate differences in equity. If a foreign subsidiary or a part thereof is sold or otherwise relinquished, the relating accumulated foreign exchange rate differences are recognised from equity in the income statement as part of sales profit or loss.

The Group's accounting policies relating to share-based payments are presented in Note 2.5.2.

Shares

| | Outstanding shares | Treasury shares | Shares in total |
|------------------------------------|--------------------|-----------------|-----------------|
| Number of shares as at 31 Dec 2021 | 8,894,772 | 90,000 | 8,984,772 |
| Changes in 2022 | -53,506 | 53,506 | 0 |
| Number of shares as at 31 Dec 2022 | 8,841,266 | 143,506 | 8,984,772 |
| Changes in 2023 | -75,000 | 75,000 | 0 |
| Number of shares as at 31 Dec 2023 | 8,766,266 | 218,506 | 8,984,772 |

Treasury shares

As at 31 December 2023, the number of Kreate Group Plc's shares was 8,984,772 and the company's share capital amounted to EUR 80,000. The company holds 90,000 own shares (treasury shares), whose acquisition cost is EUR 99,300, which has been deducted from the reserve for invested unrestricted equity.

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 December 2023, the number of these shares reported on the consolidated balance sheet as treasury shares was 128,506 pieces, of which 75,000 were purchased during the financial period. This number of shares represented 1.43 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 provided 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, whereby a total of 218,506 shares are reported as treasury shares in the consolidated financial statements.

Reserve for invested unrestricted equity

There have been no events affecting the reserve for invested unrestricted equity during the reporting period.

Dividend Distribution and Board Authorizations

Kreate distributed a dividend of EUR 0.46 per share to its shareholders based on the financial year that ended on 31 December 2022. The dividend was paid in two installments. The first installment of the dividend, €0.23 per share, was paid on April 12, 2023, to those shareholders who were registered in the company's shareholder register maintained by Euroclear Finland Oy on the record date of March 31, 2023. The second installment of the dividend, €0.23 per share, was paid on October 4, 2023.

The Board is authorized to decide on the acquisition and pledge of Kreate's own shares. The total number of own shares to be acquired or pledged is up to 898,000 shares. Together with its subsidiaries, Kreate cannot own and/or pledge at any time more than 10 percent of all Kreate's shares. Own shares may only be acquired under the authorization using Kreate's unrestricted equity. No authorizations were utilized during the financial year.

The Board proposes to the Annual General Meeting to be held on March 25, 2024, that based on the balance sheet to be approved for the year 2023, a dividend of EUR 0.48 per share be paid to shares held by external shareholders at the time of dividend distribution. The dividend will be paid in two installments, with the first installment in April 2024 and the second in October 2024.

As of the proposal date on January 30, 2024, there were 8,766,266 shares held by external shareholders, corresponding to a total dividend amount of EUR 4,207,807.68.

3.2. Financial income and expenses

| 1000 € | 2023 | 2022 |
|---|--------|--------|
| Dividend income | 0 | 0 |
| Interest income | 7 | 2 |
| Other financial income | 0 | 0 |
| Total financial income | 7 | 2 |
| Interest expenses from financial liabilities measured at amortised cost | -2,149 | -970 |
| Interest expenses from lease liabilities | -78 | -44 |
| Interest expenses from commercial papers | -253 | -59 |
| Other interest expenses | -75 | -14 |
| Other financial expenses | -399 | -829 |
| Total financial expenses | -2,953 | -1,917 |
| Total financial income and expenses | -2,947 | -1,915 |

3.3. Financial assets and liabilities

Accounting policy applied in the financial statements – Financial assets and liabilities

Financial assets

The Group classifies its financial assets as follows: financial assets measured at amortised cost and financial assets measured at fair value through profit or loss. The classification of financial assets is based on the business model determined by the Group and the contractual cash flows arising from the financial assets.

Financial assets are measured at amortised cost when the business model is to hold them until maturity and their contractual cash flows consist solely of capital and interest payments. Other financial assets are measured at fair value through profit or loss.

Financial assets are recognised on and derecognised from the balance sheet on the settlement date. Derecognition of financial assets occurs when the Group's contractual right to cash flows ceases to be valid or is lost, or when their risks and income have, in all material respects, been transferred outside the Group. When a financial asset item is derecognised from the balance sheet, the arising profit or loss is recognised directly under financial income or expenses on the income statement (or, in the case of trade receivables, under other operating income or expenses) together with foreign exchange gains or losses, if any.

Cash and cash equivalents

Cash and cash equivalents consist of bank deposits that can be drawn on demand.

Financial assets measured at amortised cost

Financial assets measured at amortised cost include fixed-term bank deposits as well as trade receivables and the "Other receivables" item included in other receivables. The interest income obtained from financial assets measured at amortised cost are recognised under financial income using the effective interest method.

The Group uses forward-looking estimates of the expected credit losses on financial assets measured at amortised cost. The method used for estimating impairment is based on whether the credit loss risk on a financial asset has increased significantly.

When recognising impairment on trade receivables, the Group applies a simplified method, according to which an expected credit loss is recognised for the entire validity period unless an impairment loss has already been recognised on the receivable. The need for impairment on asset items is estimated regularly both for individual items and groups of items. Evidence of impairment may include signs of a debtor's significant financial difficulties, bankruptcy or non-performance of contractual payments. The Group evaluates the expected credit loss on trade receivables based on, among other things, the amount of credit losses in previous financial periods, the maturity of trade receivables and the overall economic situation. Changes to expected credit losses and realised credit losses are presented under other operating expenses.

The assets and liabilities based on contracts with customers are itemised in working capital Notes 4.1 and 4.2.

Financial assets measured at fair value through profit or loss

The Group had no financial assets measured at fair value through profit or loss in the financial periods 2023 and 2022.

Financial liabilities

The Group classifies its financial liabilities as follows: financial liabilities measured at amortised cost and financial liabilities measured at fair value through profit or loss.

Financial liabilities measured at amortised cost

Non-derivative financial liabilities are classified as financial liabilities measured at amortised cost. They are initially recognised at fair value based on the consideration received. The transaction costs are included in the initial carrying amount of financial liabilities. Later, financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities measured at fair value through profit or loss

The Group had no financial liabilities measured at fair value through profit or loss in the financial periods 2023 and 2022.

Fair value measurement

All assets and liabilities that are measured at fair value, or whose fair value is presented in the financial statements, are categorised using the fair value hierarchy as follows:

Level 1: Fair values are based on quoted prices in active markets for identical assets or liabilities.

Level 2: Fair values are essentially based on data other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. When determining the fair value of these instruments, the Group uses generally accepted valuation models whose data is based essentially on observable market data.

Level 3: Fair values are based on unobservable market data for the asset or liability. The Group assesses at the end of each reporting period whether assets and liabilities presented recurrently in the financial statements have moved from one hierarchy level to another. A reassessment of the categorisation is based on significant lowest hierarchy level inputs used to measure fair value.

The carrying amount of short-term trade receivables and other receivables as well as trade and other liabilities is assumed to be the same as their fair value due to their nature.

Financial assets and liabilities measured at amortised cost

31 December 2023

| 1000 € | Carrying Amount | Fair value |
|--|------------------------|-------------------|
| Financial assets | | |
| Receivables | 285 | 285 |
| Non-current financial assets | 285 | 285 |
| Trade and other receivables | 19,389 | 19,389 |
| Current financial assets | 19,389 | 19,389 |
| Cash and cash equivalents | 23,565 | 23,565 |
| Total financial assets | 43,239 | 43,239 |
| Financial liabilities | | |
| Loans from financial institutions | 27,172 | 27,300 |
| Hire purchase liabilities | 339 | 339 |
| Lease liabilities | 1,848 | 0 |
| Non-current interest-bearing liabilities | 29,360 | 0 |
| Loans from financial institutions | 2,600 | 2,600 |
| Commercial papers | 7,000 | 7,000 |
| Hire purchase liabilities | 233 | 233 |
| Lease liabilities | 1,134 | 0 |
| Current interest-bearing liabilities | 10,968 | 0 |
| Trade payables and other liabilities | 20,835 | 20,835 |
| Other current financial liabilities | 20,835 | 20,835 |
| Total financial liabilities | 61,163 | 0 |

31 December 2022

| 1000 € | Carrying Amount | Fair value |
|--|-----------------|------------|
| Financial assets | | |
| Receivables | 202 | 202 |
| Non-current financial assets | 202 | 202 |
| Trade and other receivables | 21,254 | 21,254 |
| Current financial assets | 21,254 | 21,254 |
| Cash and cash equivalents | 9,403 | 9,403 |
| Total financial assets | 30,859 | 30,859 |
| Financial liabilities | | |
| Loans from financial institutions | 29,714 | 29,900 |
| Hire purchase liabilities | 418 | 418 |
| Lease liabilities | 1,939 | |
| Non-current interest-bearing liabilities | 32,072 | |
| Loans from financial institutions | 2,600 | 2,600 |
| Hire purchase liabilities | 179 | 179 |
| Lease liabilities | 956 | |
| Current interest-bearing liabilities | 10,735 | |
| Trade payables and other liabilities | 21,034 | 21,034 |
| Other current financial liabilities | 21,034 | 21,034 |
| Total financial liabilities | 63,841 | |

Loans from financial institutions are classified to hierarchy level 2 of the fair value classification.

3.4. Financial risk management

The aim of the Group's risk management is to minimise the adverse effects of changes in the financial markets on the Group's result, balance sheet and cash flows. In its business operations, the Group is exposed to interest rate, credit, counterparty and liquidity risks. The financial administration personnel and the operational management are responsible for handling financial matters.

The Group has interest-bearing receivables and liabilities related to its cash reserves but, otherwise, its revenue and operating cash flows are mostly not affected by changes in market interest rates. The Group's main financial liabilities consist of interest-bearing debt and trade payables and other liabilities. The group does not apply hedge accounting.

Interest rate risk

The aim of the Group's interest rate risk management is to minimise the impact of interest rate fluctuations on the Group's result and cash flows. The Group's interest rate risk arises from long-term, variable rate debt contracts and

interest-bearing financial assets. Changes in interest rates have an impact on income statement and balance sheet items as well as on cash flow. The Group may take out long-term debt with a variable or fixed interest rate. The ratio of variable rate debt to fixed-rate debt can be altered using interest rate derivatives, if necessary. At the date of these financial statements, the Group did not have any valid interest rate swaps. Based on a sensitivity analysis of the interest rate risk, a one percentage point increase in interest rates would have increased the Group's net financial expenses by EUR 0.4 (0.4) million before taxes. A one percentage point change would not have had a significant impact on the consolidated balance sheet. Even though the interest rates have risen rapidly during the reporting period, it has not had an abnormal effect on the Group's core business.

At the date of these financial statements, the Group had interest-bearing loans from financial institutions amounting to EUR 37.3 (2022: 39.9) million.

The average interest of interest-bearing debt, excluding the lease liabilities recognised on the balance sheet, was 5.7 (2.9) per cent in the January–December reporting period. The average interest rate on the company's interest-bearing debts has increased in line with market interest rates. The average rate for the comparative period was raised by 0.4 percentage points due to the amount not yet recognized as expenses related to old loans calculated using the effective interest rate method for the allocation of management fees associated with the old loans in connection with loan arrangements.

Credit risk

The credit risk is the risk of financial loss arising in cases where a customer is unable to perform its contractual obligations. The Group's credit risk is related to counterparties from which it has outstanding receivables or with which it has entered into long-term contracts. The Group is exposed to the credit risk mainly through its trade receivables and assets based on contracts with customers. The maximum amount of credit risk is the combined carrying amount of the aforementioned items. The credit risk may also result from the Group's finance, guarantee or insurance counterparties.

The Group's tools for managing the credit risk include receiving advance payments, using front-loaded payment schedules in projects and conducting thorough checks of customer's backgrounds. The credit risk of receivables from the public administration or entities owned by it is assessed to be significantly lower.

On each balance sheet date, the Group considers whether there is evidence of impairment of financial assets or financial asset groups. The need for impairment on asset items is estimated both for individual items and groups of items. Evidence of impairment of an individual item may include signs of a debtor's significant financial difficulties, bankruptcy or non-performance of contractual payments. Changes to an impairment loss entry and credit losses on receivables are presented under other operating expenses.

The Group evaluates expected credit losses on trade receivables based on, among other things, the amount of credit losses in previous financial periods, the maturity of trade receivables and the overall situation. During the five-year period preceding the financial year, the Group has not recorded material credit losses.

The amount of impairment and credit losses during the financial year was EUR 38 (2022: 48) thousand. Kreate's customers are mainly financially stable large corporations or public sector entities. Despite an unusually high

number of bankruptcies among construction sector companies in 2023, Kreate has not incurred significant credit losses during the financial year due to systematic risk management.

No impairment losses are recognised on assets based on contracts with customers. If a credit risk were detected in relation to asset items based on customer contracts, it would be included in the projects' revenue projections and recognised as reduced revenue and a lower margin estimate..

Maturity of trade receivables

| 1000 € | Unmatured | 0-30 days | 30-90 days | More than 90 days | Total | Expected credit loss | Carrying amount |
|------------------|-----------|-----------|------------|-------------------|--------|----------------------|-----------------|
| 31 December 2023 | 18,866 | 407 | 13 | -13 | 19,274 | -38 | 19,236 |
| 31 December 2022 | 19,254 | 1,141 | 221 | 22 | 20,638 | -39 | 20,600 |

Liquidity risk

The Group aims to secure the availability of financing and optimise the use of liquid assets in the financing of its business operations. The parent company is responsible for managing the Group's overall liquidity and ensuring that there are sufficient credit limits and an adequate number of different sources of financing available. The Group's liquidity must correspond to its overall liquidity needs at all time. Due to the seasonality of the business and changes in the need for working capital, seasonal financing is highly important. Assessments of the need for financing are based on cash flow estimates. The Group's liquidity comprises revolving overdraft and credit facilities, a commercial paper programme as well as liquid assets consisting of bank deposits. The Group ensures adequate solvency through effective working capital management and revolving credit limits.

The Group's cash and cash equivalents as at the end of the 2023 financial year amounted to EUR 23.6 (2022: 9.4) million. In addition, the Group had committed revolving overdraft and credit facilities of EUR 20.0 (2022: 20.0) million, which were not in use at the end of the financial period (2022: 0.0). The Group reports its loan covenants to its lenders every three months. The financial covenants applied to the loans concern the ratio of net debt to EBITDA at the end of the 2023 financial year. The covenants had not been breached in the financial years 2023 or 2022.

Kreate has an agreement for a domestic commercial paper programme worth EUR 50 million at its disposal. Within the framework of this programme, the company may issue commercial papers with a maturity of less than one year. On 31 December 2023, the company had issued commercial papers to the value of EUR 7.0 (7.0) million.

Contractual cash flows of financial liabilities, including interest

The following table describes the contractual undiscounted maturity distribution of the remaining financial liabilities on the balance sheet date.

2023

| 1000 € | 2024 | 2025 | 2026-2027 | 2028 → | Yhteensä |
|-----------------------------------|--------|-------|-----------|--------|----------|
| Loans from financial institutions | 4,358 | 4,196 | 24,700 | | 33,253 |
| Hire purchase liabilities | 277 | 218 | 197 | 9 | 700 |
| Commercial papers | 7,000 | | | | 7,000 |
| Lease liabilities | 1,203 | 1,019 | 624 | 268 | 3,115 |
| Trade payables and other | 20,835 | | | | 20,835 |

2022

| 1000 € | 2023 | 2024 | 2025-2026 | 2027 → | Yhteensä |
|-----------------------------------|--------|-------|-----------|--------|----------|
| Loans from financial institutions | 3,431 | 6,668 | 25,048 | | 35,147 |
| Hire purchase liabilities | 249 | 354 | 89 | | 692 |
| Commercial papers | 7,000 | | | | 7,000 |
| Lease liabilities | 1,005 | 1,572 | 416 | | 2,993 |
| Trade payables and other | 21,034 | | | | 21,034 |

3.5. Management of the capital structure

Equity at the time of the financial statements consists of the share capital, the reserve for invested unrestricted equity and retained earnings. The aim of the Group's capital management is to ensure the normal preconditions for business operations.

The capital structure is primarily influenced by steering investments and the amount of working capital employed in operations. Through capital management, the Group aims to ensure, among other things, that it remains compliant with the covenants related to its interest-bearing debt in order to achieve its targets. The most important key figure concerning the management of capital is the ratio of net interest-bearing debt to EBITDA, which was 1.2 (2.5) at the end of the financial year.

During the financial year, the company's net working capital developed favorably, which is a result of the company's systematic efforts in liquidity and risk management of projects. This was reflected in the company's cash reserves at the end of the financial year, while loans from financial institutions decreased in accordance with the financing agreement. Kreate's target level is to maintain a net debt to EBITDA ratio below 2.0.

Net debt

| 1000 € | 31.12.2023 | 31.12.2022 |
|---------------------------|------------|------------|
| Interest-bearing debt | 40,328 | 42,807 |
| Cash and cash equivalents | 23,565 | 9,403 |
| Net debt | 16,762 | 33,404 |

EBITDA

| 1000 € | 31.12.2023 | 31.12.2022 |
|---|------------|------------|
| Operating profit | 7,570 | 8,630 |
| Depreciation, amortisation and impairment | 6,408 | 4,976 |
| EBITDA | 13,978 | 13,606 |

3.6. Changes in debt due to financing
Debts from financing activities

| 2023 1000 € | Opening balance | Cash flows (drawdown/ repayment) | Transfers between non-current and current balance sheet items | Company acquisitions | Other changes with no cash flow effect | Closing balance |
|--|--------------------|--|---|-------------------------|---|--------------------|
| Loans from financial institutions | 29,714 | 0 | -2,600 | 0 | 58 | 27,172 |
| Hire purchase liabilities | 418 | 343 | -424 | 0 | 1 | 339 |
| Lease liabilities | 1,939 | 0 | -1,203 | 0 | 1,112 | 1,848 |
| Non-current interest-bearing liabilities | 32,072 | 343 | -4,227 | 0 | 1,172 | 29,360 |
| Loans from financial institutions | 2,600 | -2,600 | 2,600 | 0 | 0 | 2,600 |
| Commercial papers | 7,000 | 0 | 0 | 0 | 0 | 7,000 |
| Hire purchase liabilities | 179 | -369 | 424 | 0 | 0 | 233 |
| Lease liabilities | 956 | -1,179 | 1,203 | 0 | 154 | 1,134 |
| Current interest-bearing liabilities | 10,735 | -4,149 | 4,227 | 0 | 154 | 10,968 |
| Total debt from financing activities | 42,807 | -3,805 | 0 | 0 | 1,326 | 40,328 |

| 2022 1000 € | Opening balance | Cash flows (drawdown/ repayment) | Transfers between non-current and current balance sheet items | Company acquisitions | Other changes with no cash flow effect | Closing balance |
|--|--------------------|--|---|-------------------------|---|--------------------|
| Loans from financial institutions | 22,055 | 8,650 | -1,000 | 0 | 9 | 29,714 |
| Hire purchase liabilities | 0 | 0 | -241 | 687 | -28 | 418 |
| Lease liabilities | 590 | 0 | -1,005 | 182 | 2,172 | 1,939 |
| Non-current interest-bearing liabilities | 22,645 | 8,650 | -2,246 | 869 | 2,153 | 32,072 |
| Loans from financial institutions | 4,000 | -2,400 | 1,000 | 0 | 0 | 2,600 |
| Commercial papers | 0 | 7,000 | 0 | 0 | 0 | 7,000 |
| Hire purchase liabilities | 0 | -62 | 241 | 0 | 0 | 179 |
| Lease liabilities | 558 | -905 | 1,005 | 0 | 298 | 956 |
| Current interest-bearing liabilities | 4,558 | 3,633 | 2,246 | 0 | 298 | 10,735 |
| Total debt from financing activities | 27,203 | 12,283 | 0 | 869 | 2,451 | 42,807 |

4. Working capital

4.1. Trade and other receivables

| 1000 € | 31.12.2023 | 31.12.2022 |
|--|------------|------------|
| Trade receivables | 19,236 | 20,600 |
| Assets based on contracts with customers | 14,804 | 27,522 |
| Other receivables | 153 | 654 |
| Accrued income | 427 | 1,053 |
| Total trade and other receivables | 34,621 | 49,829 |
| Accrued income | | |
| Interest receivables | 32 | 24 |
| Accrued personnel costs | 83 | 1 |
| Other accrued income | 312 | 1,028 |
| Total accrued income | 427 | 1,053 |

Information on receivable-related risks and impairment accounting policies is provided in the notes 3.3 and 3.4.

4.2. Trade payables and other liabilities

| 1000 € | 31.12.2023 | 31.12.2022 |
|---|------------|------------|
| Advances received | 40 | 0 |
| Trade payables | 14,037 | 16,241 |
| Liabilities based on contracts with customers | 12,329 | 14,321 |
| Other liabilities | 6,758 | 4,792 |
| Accrued liabilities | 13,598 | 10,104 |
| Total trade payables and other liabilities | 46,762 | 45,458 |
| Accrued liabilities | | |
| Interest liabilities | 881 | 356 |
| Accrued personnel costs | 11,472 | 8,759 |
| Other accrued liabilities | 1,245 | 990 |
| Total accrued liabilities | 13,598 | 10,104 |

The customer contract-based debts do not include items over 12 months old.

5. Tangible and intangible assets

5.1. Property, plant and equipment

Accounting policy applied in the financial statements – Tangible assets

Tangible assets are carried at acquisition cost less depreciation and impairment. Acquisition cost includes all expenses arising directly from the acquisition of an asset, including reliably verifiable installation and transportation costs. Acquisition cost does not include any interest expenses arising from hire purchase financing.

Capital gains and losses arising from the disposal of tangible assets are included in other operating income or other operating expenses.

Depreciation is calculated by amortising the acquisition cost less residual value over the estimated useful life of the assets as follows:

Straight-line depreciation

- Buildings 30–50 years
- Structures 20 years
- Technical equipment in buildings 20 years
- Machinery and equipment 5 years
- Heavy machinery 5 / 10 years
- Sheet piling and metal 4 years
- Trucks and vans 5 years
- Equipment and other movable assets 5 years
- Other tangible assets 4–10 years

The Group has tools that are recognised as annual expenses due to their nature. The servicing and maintenance costs relating to fixed assets are recognised as expenses for the period. Significant upgrades and additional investments are recorded as an asset's acquisition cost and depreciated over the remaining useful life of the main asset.

When recognising straight-line depreciation, a temporary difference arises between the carrying amount and depreciation in taxation; a deferred tax item is presented for this in Note 6.2.

Changes in tangible assets

| 2023 1000 € | Land and water | Buildings and structures | Machinery and equipment | Other tangible assets | Prepayments and acquisitions in progress | Total tangible assets |
|--|-------------------|-----------------------------|----------------------------|--------------------------|---|--------------------------|
| Acquisition cost as at 1 January | 1,372 | 4,496 | 26,215 | 1,787 | 288 | 34,158 |
| Exchange rate differences | 0 | 0 | 14 | 0 | 0 | 15 |
| Business acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Decreases | 0 | -1 | -4,152 | 0 | 0 | -4,153 |
| Transfers between items | 0 | 0 | 45 | 0 | -45 | 0 |
| Acquisition cost at the end of the period | 1,372 | 4,495 | 27,507 | 1,787 | 1,751 | 36,912 |
| Accrued depreciation, amortisation and impairment as at 1 January | -38 | -1,808 | -10,891 | -1,487 | 0 | -14,225 |
| Exchange rate differences | 0 | 0 | -15 | 0 | 0 | -15 |
| Accrued amortisation on the decreases | 0 | 0 | 2,767 | 0 | 0 | 2,767 |
| Business acquisitions | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation for the period | 0 | -152 | -4,723 | -129 | 0 | -5,004 |
| Accrued depreciation, amortisation and impairment at the end of the period | -38 | -1,960 | -12,862 | -1,616 | 0 | -16,476 |
| Carrying amount at the end of the period | 1,334 | 2,535 | 14,645 | 170 | 1,751 | 20,436 |

| 2022 1000 € | Land and water | Buildings and structures | Machinery and equipment | Other tangible assets | Prepayments and acquisitions in progress | Total tangible assets |
|--|-------------------|-----------------------------|----------------------------|--------------------------|---|--------------------------|
| Acquisition cost as at 1 January | 1,372 | 4,272 | 20,480 | 1,616 | 353 | 28,094 |
| Exchange rate differences | 0 | -2 | -100 | 0 | 0 | -103 |
| Increases | 0 | 0 | 3,808 | 0 | 789 | 4,597 |
| Business acquisitions | 0 | 47 | 2,263 | 10 | 0 | 2,320 |
| Decreases | 0 | 0 | -750 | 0 | 0 | -750 |
| Transfers between items | 0 | 179 | 514 | 161 | -853 | 0 |
| Acquisition cost at the end of the period | 1,372 | 4,496 | 26,215 | 1,787 | 288 | 34,158 |
| Accrued depreciation, amortisation and impairment as at 1 January | -38 | -1,650 | -7,175 | -1,351 | 0 | -10,215 |
| Exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued amortisation on the decreases | 0 | 0 | 596 | 0 | 0 | 596 |
| Business acquisitions | 0 | -9 | -738 | -6 | 0 | -753 |
| Amortisation for the period | 0 | -149 | -3,613 | -130 | 0 | -3,893 |
| Accrued depreciation, amortisation and impairment at the end of the period | -38 | -1,808 | -10,891 | -1,487 | 0 | -14,225 |
| Carrying amount at the end of the period | 1,334 | 2,688 | 15,323 | 300 | 288 | 19,934 |

5.2. Leases
Accounting policy applied in the financial statements – Leases, the Group as lessee

Leases and service contracts are separated on the basis of whether a contract includes a specified asset controlled by the customer. A lessee recognises a right-of-use asset and a lease liability on all leases (i.e. all leases have an impact on the balance sheet), except short-term leases and leases where the underlying asset has a low value.

The right-of-use asset is measured at the commencement of the lease at cost, which consists of an amount corresponding to the initially measured lease liability, and subsequently at cost less accrued depreciation and impairment losses, adjusted for the effects of any remeasurement of the lease liability. The lease liability is measured at lease commencement at the present value of lease payments that have not yet been paid on that date. In measuring the lease liability, future fixed lease increases are taken into account; increases bound to variable indexes are only taken into account as they materialise. The amount of the lease liability is subsequently impacted by, among other factors, the interest accrued on the lease liability, lease payments made and revisions to the lease.

The Group recognises an interest expense on lease liabilities and depreciation on right-of-use assets on the income statement. In the cash flow statement, the Group presents the interest paid on a lease liability under cash flow from operating activities. The principal portion of a lease liability is presented under the cash flow from financing activities. Payments related to short-term or low-value leases, as well as variable lease payments that are not accounted for when measuring the lease liability, are presented under the cash flows for operating activities.

Asset groups in the Group include business premises and vehicles leased under the normal terms and conditions. The lease agreements for the Group's business premises are mainly valid until further notice and their estimated durations vary between two and four years. The Group has not identified any service contracts under which there are identifiable assets that should be recognised separately. The Group treats all project-specific assets as short-term leases. Computers, tablets, printers and similar equipment are treated as assets of low value. The Group does not apply IFRS 16 to intangible assets.

When the internal interest of leases is difficult to determine, the Group uses as a discount rate for the lease liability the incremental borrowing rate estimated on the basis of the cost of debt for the company, the components of which are the reference rate and the credit risk margin. The rate is determined either on the date of entering into a lease or, for leases that began before 1 January 2017, on the transition date.

Management discretion – Leases

The management uses significant estimates and discretion when measuring the value of leases on the balance sheet. The management regularly assesses the use of extension, termination or purchase options related to leases and the lease term of leases valid until further notice based on the strategic need for premises, among other factors. In addition, the management estimates the amount of discount rate for each right-of-use asset.

Changes in right-of-use assets

| 2023 1000 € | Buildings and structures | Machinery and equipment | Total right-of-use assets |
|---|-----------------------------|-------------------------------|---------------------------------|
| Acquisition cost as at 1 January | 2,681 | 2,357 | 5,037 |
| Exchange rate differences | 4 | 2 | 6 |
| Increases | 136 | 1,221 | 1,357 |
| Decreases | -89 | -441 | -530 |
| Acquisition cost at the end of the period | 2,732 | 3,139 | 5,871 |
| Accrued depreciation, amortisation and impairment as at 1 January | -1,080 | -1,076 | -2,156 |
| Exchange rate differences | -1 | -2 | -3 |
| Accrued amortisation on the decreases | 0 | 373 | 373 |
| Accrued amortisation on the transfers | 0 | 0 | 0 |
| Amortisation for the period | -468 | -738 | -1,206 |
| Accrued depreciation, amortisation and impairment at the end of the period | -1,487 | -1,443 | -2,930 |
| Carrying amount at the end of the period | 1,245 | 1,696 | 2,941 |

| 2022 1000 € | Buildings and structures | Machinery and equipment | Total right-of-use assets |
|---|-----------------------------|-------------------------------|---------------------------------|
| Acquisition cost as at 1 January | 1,231 | 1,636 | 2,867 |
| Exchange rate differences | -1 | -7 | -8 |
| Increases | 1,511 | 1,005 | 2,516 |
| Business acquisitions | 27 | 155 | 182 |
| Decreases | -87 | -432 | -519 |
| Acquisition cost at the end of the period | 2,681 | 2,357 | 5,037 |
| Accrued depreciation, amortisation and impairment as at 1 January | -798 | -942 | -1,740 |
| Exchange rate differences | 0 | 1 | 1 |
| Accrued amortisation on the decreases | 0 | 392 | 392 |
| Accrued amortisation on the transfers | 0 | 0 | 87 |
| Amortisation for the period | -370 | -528 | -898 |
| Accrued depreciation, amortisation and impairment at the end of the period | -1,080 | -1,076 | -2,156 |
| Carrying amount at the end of the period | 1,600 | 1,281 | 2,881 |

Notes concerning leases

| 1000 € | 2023 | 2022 |
|---|-------|-------|
| Lease liability | | |
| Current | 1,134 | 956 |
| Non-current | 1,848 | 1,939 |
| Total outgoing cash flow due to leases* | 3,027 | 2,435 |
| Leases the Group is committed to that will commence at a later date, undiscounted lease liability | 0 | 0 |

*) Also includes lease payments on short-term leases and leases where the underlying administrative asset has a low value

The interest expenses of leases are presented in Note 3.2 and the maturity distribution of lease payments is presented in Note 3.4. The expenses from short-term leases and leases where the underlying asset has a low value are presented in Note 2.3.

5.3. Intangible assets and goodwill

Accounting policy applied in the financial statements – Intangible assets and goodwill

Intangible assets are initially recognised on the balance sheet at acquisition cost in cases where the item meets the definition of an intangible asset, the acquisition cost can be determined reliably and it is probable that the expected financial benefit of the asset will accrue to the Group.

Intangible assets acquired in connection with business acquisitions are recognised on the balance sheet separately from goodwill if they fulfil the criteria for intangible assets, i.e. they are identifiable, contractual or based on legal rights. Intangible assets recognised in connection with business acquisitions consists of, among other things, the value of customer relationships and the order backlog. They have a limited useful life, ranging from two to ten years.

The goodwill arising in business combinations is recognised to the extent that the total of the consideration given, non-controlling interests in the acquired business and the previously held share exceeds the fair value of the acquired net assets. Goodwill is not amortised but instead is tested annually for impairment.

The Group's intangible assets consist of IT system licences, the deployment costs of software and systems, gravel quarrying rights, landfilling permits and customer relationships. Intangible assets with a limited useful life are amortised through profit or loss over their estimated useful life.

- Intangible assets, excluding those stated below 4 years
- Gravel quarrying rights According to use
- Customer relationships and order backlog 2–10 years

The group does not have any development costs that need to be recognised.

Changes in intangible assets and goodwill

| 2023 1000 € | Intangible rights | Order backlog | Customer relationships | other intangible assets | Prepayments and acquisitions in progress | Intangible assets | Goodwill | Intangible assets and goodwill in total |
|--|-------------------|---------------|------------------------|-------------------------|--|-------------------|----------|---|
| Acquisition cost as at 1 January | 189 | 3,456 | 941 | 636 | 0 | 5,223 | 39,989 | 45,211 |
| Exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 | 10 | 10 |
| Decreases | -2 | 0 | 0 | 0 | 0 | -2 | 0 | -2 |
| Acquisition cost at the end of the period | 187 | 3,456 | 941 | 636 | 0 | 5,220 | 39,999 | 45,219 |
| Accrued depreciation, amortisation and impairment as at 1 January | -169 | -3,456 | -486 | -422 | 0 | -4,532 | 0 | -4,532 |
| Exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Accrued amortisation on the decreases | 2 | 0 | 0 | 0 | 0 | 2 | 0 | 2 |
| Amortisation for the period | -18 | 0 | -94 | -86 | 0 | -198 | 0 | -198 |
| Accrued depreciation, amortisation and impairment at the end of the period | -184 | -3,456 | -580 | -507 | 0 | -4,728 | 0 | -4,728 |
| Carrying amount at the end of the period | 3 | 0 | 361 | 129 | 0 | 492 | 39,999 | 40,492 |
| 2022 1000 € | Intangible rights | Order backlog | Customer relationships | other intangible assets | Prepayments and acquisitions in progress | Intangible assets | Goodwill | Intangible assets and goodwill in total |
| Acquisition cost as at 1 January | 189 | 3,456 | 941 | 415 | 209 | 5,211 | 35,594 | 40,805 |
| Exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 | -204 | -204 |
| Increases | 0 | 0 | 0 | 0 | 12 | 12 | 0 | 12 |
| Business acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 4,599 | 4,599 |
| Transfers between items | 0 | 0 | 0 | 221 | -221 | 0 | 0 | 0 |
| Acquisition cost at the end of the period | 189 | 3,456 | 941 | 636 | 0 | 5,223 | 39,989 | 45,211 |
| Accrued depreciation, amortisation and impairment as at 1 January | -140 | -3,456 | -392 | -352 | 0 | -4,340 | 0 | -4,340 |
| Exchange rate differences | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Business acquisitions | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Amortisation for the period | -29 | 0 | -94 | -70 | 0 | -193 | 0 | -193 |
| Accrued depreciation, amortisation and impairment at the end of the period | -169 | -3,456 | -486 | -422 | 0 | -4,532 | 0 | -4,532 |
| Carrying amount at the end of the period | 21 | 0 | 455 | 215 | 0 | 690 | 39,989 | 40,679 |

5.4. Impairment testing

Accounting policy applied in the financial statements – Impairment

Goodwill and intangible assets with an indefinite useful life are not amortised but instead are tested for impairment annually or more frequently if events or changes in circumstances indicate signs of impairment. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may exceed its recoverable amount.

The amount by which the carrying amount exceeds the recoverable amount is recognised as an impairment loss. The recoverable amount of an asset is the higher of its fair value less cost of disposal or its value in use. For the purpose of impairment testing, assets are grouped at the lowest level where identifiable cash flows arise largely independently (cash-generating units) of the cash flows of other assets or asset groups.

Tangible and intangible assets as well as right-of-use assets – excluding goodwill – for which an impairment loss is recognised are tested at the end of each reporting period to determine whether the impairment should be reversed. However, impairment losses are only reversed up to the carrying amount of the asset before any impairment losses were recognised.

Management discretion – Impairment

The management uses significant estimates and discretion when determining the level at which goodwill is tested and whether there are signs of its impairment.

When using cash flow estimates in the calculation and selecting calculation parameters, the management uses discretion based on the Group's history, the prevailing market conditions and predictive assessments made at the end of each reporting period. When testing for impairment, the management uses discretion regarding, for example, changes in the operating environment due to cost inflation, rising interest rates and economic cycles.

The Group's goodwill amounted to EUR 40.0 million in 2022 (2021: EUR 40.0 million). The Group has one cash-generating unit, Kreate Group, which is the lowest level where goodwill is monitored.

The Group tests the impairment of goodwill annually or whenever there are indications that the recoverable amount may be less than the carrying amount. Consolidated goodwill was tested on 30 November 2023.

The recoverable amount of the unit in impairment testing has been determined based on the value in use. Cash flow forecasts are based on the approved annual plan for 2024 and annual forecasts for the years 2025-2027. Key assumptions for the forecast period include the company's estimates of infrastructure market development, project profitability, and working capital requirements. Cash flows extending beyond the four-year forecast period have been calculated using the terminal value method. The determination of terminal value growth has employed management's conservative estimate of long-term cash flow growth, with a terminal value growth rate of 0.2% (2022: 0.2%) per annum. The outlook for future development is based on the company's previous experience in infrastructure market development, and various public research institutions' forecasts regarding market development have been utilized in the estimation process.

The discount rate for cash flows has been determined using the weighted average cost of capital (WACC). The key factors of WACC include risk-free rate, market risk premium, industry-specific beta coefficient, cost of debt, and the ratio of equity to debt. The determination of the beta coefficient has utilized the median of a peer group of Nordic listed companies, and the beta coefficient has been calculated from weekly observations over a 2-year history. The discount rate has been determined pre-tax and post-tax. The group has used a pre-tax WACC of 9.6% (2022: 8.5%) in its calculations. The increase in WACC from the comparison year is primarily explained by the higher interest rate environment and the higher risk premium demanded by investors towards equity markets.

The group assesses impairment of goodwill annually or more frequently if circumstances indicate impairment. Based on the impairment testing, no impairment losses were recognized in the income statement. The recoverable amount of the cash-generating unit significantly exceeded its carrying amount, and the company has assessed that no reasonably possible change in key assumptions would result in a situation where the carrying amount of the cash-generating unit would exceed its recoverable amount.

6. Income taxes

Accounting policy applied in the financial statements – Income taxes

The tax paid on taxable income for the financial period using the income tax rate in each country, adjusted for changes in deferred tax assets and liabilities resulting from temporary differences and unused tax losses, is presented as a tax expense or tax income for the period.

Deferred taxes are recognised in full on all the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements using the liability method. However, the deferred tax liability arising from the initial recognition of goodwill is not recognised. Furthermore, deferred tax liabilities are not recognised if they are caused by the initial recognition of an asset or liability and the item is not related to a business combination and the transaction will not affect the accounting totals or the taxable revenue during its implementation. Deferred taxes are determined on the basis of the tax rates (and tax laws) enacted or substantively enacted by the end of the reporting period and that are expected to be applied when the deferred tax asset is realised or the deferred tax liability is performed.

Deferred tax assets are only recognised when it is probable that an adequate amount of taxable income is available in the future against which the confirmed losses of previous financial periods or other temporary differences can be utilised. Deferred tax liabilities are recognised in full.

Taxes and deferred taxes based on the taxable income for the period are recognised on the income statement unless they are related to items of other comprehensive income or items recognised directly in equity. In such cases, the taxes are recognised under other comprehensive income or directly in equity, respectively.

Management discretion – Taxes

When recording taxes, the most significant management estimate concerns the basis for the 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.

The management assesses the rates reported on tax returns in situations where tax legislation leaves room for interpretation. In such situations, the tax liabilities recognised are based on the management's estimates. Estimating the total income taxes at the Group level may require discretion, which is why there may be uncertainty related to the final amount of tax.

6.1. Income taxes on the income statement

| 1000 € | 2023 | 2022 |
|--|------|-------|
| Tax based on taxable income for the period | 534 | 1,289 |
| Taxes for previous years | 20 | 0 |
| Change in deferred taxes | 228 | -212 |
| Total income taxes | 742 | 1,077 |

Reconciliation of taxes calculated on the basis of the tax expenses on the income statement and the parent company's tax rate (20%)

| 1000 € | 2023 | 2022 |
|---|-------|-------|
| Profit/loss before taxes | 4,624 | 6,715 |
| Taxes calculated based on the Finnish tax rate (20%) | 925 | 1,343 |
| Taxes allocated to previous years | 20 | 0 |
| Utilization of losses from previous tax years | 75 | 0 |
| Utilisation of undeducted interest liabilities of associated companies from | 0 | -120 |
| Non-deductible expenses | -44 | 6 |
| Previously unrecognised deferred tax assets | 223 | -200 |
| Share of the joint venture's profit | 102 | 108 |
| Losses for which deferred tax has not been recognised | 0 | -102 |
| Difference between the tax rates of different countries | -3 | 2 |
| Other items | -190 | -56 |
| Tax expense on the income statement | 742 | 1,077 |
| Effective tax rate | 16 | 16 |

6.2. Deferred taxes on the balance sheet

Deferred tax assets and liabilities on the balance sheet

| 1000 € | 1 January 2023 | Recorded in the income statements the income | Recorded in equity | Acquisitions | 31 December 2023 |
|---|-------------------|---|-----------------------|--------------|------------------------|
| Deferred tax assets | | | | | |
| Deferred tax asset from the loss for the period | 304 | -304 | | | 0 |
| Provisions | 67 | -21 | | | 46 |
| Undeducted interest liabilities of associated companies | 562 | 362 | | | 924 |
| Other items | 251 | -219 | 0 | | 32 |
| Total deferred tax assets | 1,184 | -182 | 0 | | 1,002 |
| Deferred tax liabilities | | | | | |
| Difference between book and tax depreciation | 1,420 | 58 | 0 | | 1,478 |
| Financial items | 37 | -12 | | | 26 |
| Other items | 2 | 0 | | | 2 |
| Total deferred tax liabilities | 1,460 | 46 | 0 | | 1,506 |

| 1000 € | 1 January 2022 | Recorded in the income statements the income | Recorded in equity | Acquisitions | 31 December 2022 |
|---|-------------------|---|-----------------------|--------------|------------------------|
| Deferred tax assets | | | | | |
| Deferred tax asset from the loss for the period | | 304 | | | 304 |
| Provisions | | 67 | | | 67 |
| Undeducted interest liabilities of associated companies | 501 | 61 | | | 562 |
| Other items | 197 | 54 | | | 251 |
| Total deferred tax assets | 698 | 486 | | | 1,184 |
| Deferred tax liabilities | | | | | |
| Difference between book and tax depreciation | 1,090 | 274 | | 56 | 1,420 |
| Financial items | 39 | -2 | | | 37 |
| Other items | 1 | 2 | | | 3 |
| Total deferred tax liabilities | 1,130 | 274 | | 56 | 1,460 |

Kreate Group Oyj previously had shareholder loans, which generated deductible related-party interest expenses for tax purposes. The company did not utilize in its tax return for the financial year 2023 the related-party interest expenses that remained unutilized from previous years. Additionally, the company recorded a tax receivable for previously accrued and unutilized related-party interest expenses totaling 0.2 (2022: 0.3) million euros. After the entry, the company has no unrecognized deferred tax asset for tax-deductible related-party interest expenses. The company has 1.8 million euros (2022: 1.8 million euros) of unutilized related-party interest expense deductions for tax purposes. According to current legislation, there is no time limit for utilizing the deduction in the taxation of subsequent years.

7. Group structure

The Group executes projects through its subsidiaries or together with other parties either as joint ventures or joint functions. In order to determine the method of processing in accounting (e.g. subsidiary, joint venture, joint function or associated company), the Group considers, among other things, the company's decision-making mechanisms, legal structure and financing of the arrangements and their impact on the consolidation.

7.1. Subsidiaries

Accounting policy applied in the financial statements – Subsidiaries

Subsidiaries are all companies in which the Group exercises control. The Group exercises control in a company if, by participating, the Group is exposed or entitled to the company's variable income and is able to influence this income by exercising its power relating to the company. Subsidiaries are fully consolidated in the financial statements as of the date on which the Group obtained control in them. They are no longer consolidated once control ceases.

Business combinations are accounted for using the acquisition method. The total consideration paid for the acquisition of a subsidiary is determined as the fair value of the assets transferred, the liabilities assumed and any equity instruments issued by the Group. The expenses related to the acquisition are recognised as they arise. The individual acquired assets and assumed liabilities and conditional liabilities are measured at fair value on the date of the acquisition (fair value hierarchy level 3). The amount of the paid consideration that cannot be allocated to identifiable individual assets is recognised as goodwill.

Intra-Group transactions, receivables, liabilities and gains are eliminated in the preparation of the consolidated financial statements.

The Kreate Group Plc group comprises the parent company Kreate Group Plc and its wholly-owned Finnish subsidiaries as well as its Swedish subsidiaries in which it has a 75% holding.

The acquired individual assets and assumed liabilities of the acquisitions are recognised at fair value on the date of their acquisition, i.e. when the controlling interest is transferred to Kreate. In some situations, e.g. when an acquisition takes place close to the end of the period, its accounting treatment may not be completed by the end of the reporting period in question. In such cases, Kreate will present in its financial statements preliminary amounts for the items of the acquisition whose accounting treatment is incomplete. If necessary, the Group will later retroactively adjust the preliminary amounts recorded during the review period, which is a maximum of 12 months from the date of the acquisition. Adjustments may be due to new information obtained about the facts and circumstances prevailing on the date of the acquisition, for example.

The share of non-controlling interests is presented as a separate item in equity. This item includes the shares of non-controlling interests of the subsidiaries' net assets determined when preparing the consolidated financial statements. The item comprises both the net assets on the date of emergence of the non-controlling interests and changes in equity after that. Changes in the share of non-controlling interests resulting from changes in the subsidiary's holding are treated as transactions within equity.

Group structure

| | Registered office | Parent company | Group holding | |
|---------------------------|-------------------|---------------------------|------------------|------------------|
| | | | 31 December 2023 | 31 December 2022 |
| Parent company | | | | |
| Kreate Group Oyj | Helsinki | | | |
| Subsidiaries | | | | |
| Kreate Oy | Helsinki | Kreate Group Oyj | 100% | 100% |
| Kreate Rata Oy | Helsinki | Kreate Oy | Merged in 2023 | 100% |
| Kreate Sverige Holding AB | Stockholm | Kreate Group Oyj | 75% | 75% |
| Kreate Sverige AB | Nynäshamn | Kreate Sverige Holding AB | 75% | 75% |
| Estrock AB | Stockholm | Kreate Sverige Holding AB | Merged in 2023 | 75% |
| EAI Kreate Holding Oy* | Helsinki | Kreate Group Oyj | 0% | 0% |

* The legal ownership and voting rights of EAI Kreate Holding Oy ("EAI") are held by Evli Alexander Incentives Oy, but according to the agreement, Kreate Group effectively exercises control in the arrangement and acts as the principal, while EAI acts in the role of an agent through the holding company. Based on the control arising from the contractual features, the holding company is consolidated into the IFRS consolidated financial statements as a structured entity.

7.2. Joint ventures and associated companies

Accounting policy applied in the financial statements – Joint ventures and associated companies

Joint ventures are all companies in which the Group exercises joint control. Joint control refers to the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. Investments made in joint ventures are initially recognised at acquisition cost and subsequently accounted for using the equity method.

Associated companies are companies in which the Group exercises significant influence but not control or joint control. Significant influence is the right to participate in decision-making related to the financial and operating policies of the investee, but it is not control or joint control over those policies. Typically, a significant influence is deemed to exist when the Group holds 20% or more of the voting power on the investee but not control.

When applying the equity method, investments are initially recognised at acquisition cost and subsequently adjusted by recognising the Group's share of the associate's profits or losses arising after the acquisition date on the income statement and recognising the Group's share of changes in the associate's items of other comprehensive income in the Group's items of other comprehensive income. Dividends received or to be received from joint ventures and associated companies reduce the carrying amount of the investment.

Where necessary, the accounting policies, which are used by the associates and accounted for by using the equity method, are adjusted in line with the accounting policies followed by the Group.

KFS Finland Oy is a joint venture which specialises in foundation construction. It is mutually owned with Keller Holdings Ltd., and neither owner has control over the joint venture.

Karell Schakt AB is an associated company operating in the infrastructure construction industry, with operations in Sweden. Kreate Sverige AB has a 34% holding in the company and the company's other two owners work in the company and hold the remaining 66% of its shares.

| Joint ventures and associated companies | Registered office | Kreate Group's holding | |
|---|-------------------|------------------------|------------------|
| | | 31 December 2023 | 31 December 2022 |
| KFS Finland Oy | Tuusula | 50 % | 50 % |
| Karell Schakt AB | Ösmo | 34 % | 34 % |

Investments in joint ventures and associated companies

| | 31 December 2023 | 31 December 2022 |
|--------------------------------|------------------|------------------|
| Shares in joint ventures | 10,115 | 9,608 |
| Shares in associated companies | 419 | 431 |

Summary of financial information on joint ventures and associated companies

| 2023 1000 € | Joint ventures | Associated companies |
|--|----------------|----------------------|
| Non-current assets | 17,386 | 511 |
| Current assets | 8,085 | 427 |
| Non-current liabilities | 12,757 | 364 |
| Current liabilities | 6,966 | 132 |
| Net assets | 5,748 | 442 |
| Revenue | 43,799 | 1,423 |
| Operating profit | 1,162 | 39 |
| Result for the period | 244 | 7 |
| Dividends from joint venture during the financial period | 0 | 15 |

Summary of financial information on joint ventures and associated companies

| 2022 1000 € | Joint ventures | Associated companies |
|-------------------------|----------------|----------------------|
| Non-current assets | 18,359 | 245 |
| Current assets | 7,471 | 521 |
| Non-current liabilities | 14,324 | 99 |
| Current liabilities | 6,002 | 188 |
| Net assets | 5,504 | 479 |
| Revenue | 40,729 | 425 |
| Operating profit | 1,090 | 148 |
| Result for the period | 220 | 147 |

Reconciliation of joint venture's financial information with the carrying amount recognised by the Group and the Group's result

| 1000 € | 2023 | 2022 |
|--|--------|-------|
| Net assets of joint ventures | 5,748 | 5,504 |
| Group's share of net assets (50%) | 2,874 | 2,752 |
| Adjustments under IFRS and by the Group on net assets of joint venture | 2,860 | 2,475 |
| Fair value allocated to shares in joint ventures at acquisition | 4,381 | 4,381 |
| Shares in joint ventures in the Group | 10,115 | 9,608 |
| Receivables from joint ventures | 0 | 0 |
| Investments in joint ventures | 10,115 | 9,608 |
| Joint venture's profit | 244 | 220 |
| The Group's share of joint venture's profit (50%) | 122 | 110 |
| Adjustments under IFRS and by the Group | 385 | 563 |
| Share of joint venture's profit in the Group | 507 | 673 |

Reconciliation of the associated company's financial information with the carrying amount recognised by the Group and the Group's result

| 1000 € | 2023 | 2022 |
|---|------|------|
| Net assets of associated companies | 442 | 479 |
| Group's share of net assets (34%) | 150 | 163 |
| Adjustments under IFRS and by the Group on net assets of associated | -114 | -114 |
| Fair value allocated to shares in associated companies at acquisition | 383 | 382 |
| Shares in associated companies in the Group | 419 | 431 |
| Investments in associated companies | 419 | 431 |
| Associated company's profit | 7 | 147 |
| The Group's share of associated company's profit (34%) | 2 | 50 |
| Share of associated company's profit in the Group | 2 | 50 |

KFS Finland Oy prepares its financial statements in accordance with the Finnish Accounting Standards (FAS) and Karell Schakt AB in accordance with the Swedish Generally Accepted Accounting Principles (GAAP). The itemisations for the financial year concerning the joint venture are based on the figures in KFS Finland Oy's separate financial statements, and the figures for the reference period are based on the figures in the consolidated financial statements of KFS Finland Oy. The itemisations for the financial year concerning the associated company are based on the figures in Karell Schakt AB's separate financial statements.

When consolidated, the result and balance sheet of these companies are adjusted to comply with IFRS accounting principles. This consists of recognising leases, adjusting the acquisition cost calculation and accounting for the depreciation difference.

For KFS Finland Oy's acquisition of NordPile in the 2021 reference period, fair value has been allocated for machines and equipment, and customer relationships as well as the order backlog have been identified as assets in earlier acquisitions. The effect of the amortisation of these items is recognised by the Group through profit or loss.

In the consolidated balance sheet, the fair value allocated to the shares of KFS Finland Oy and Karell Schakt AB at the time of acquisition is also included in shares in joint ventures and associated companies.

7.3. Joint functions

Accounting policy applied in the financial statements – Joint functions

The Group may also execute an individual, long-term project agreed in advance as a joint project venture together with another party. A joint project venture is not an independent legal unit; its parties have a contractual joint responsibility for the operations and obligations of the joint project venture. The joint project venture has a legal obligation to keep books, and the Group's share of the profit, expenses, assets and liabilities for a project executed in a joint project venture is consolidated into the reporting of the Group company participating in the joint project

venture. Projects executed in a joint project venture are recognised over time in accordance with the Group's recognition principles.

8. Other notes

8.1. Provisions

Accounting policy applied in the financial statements – Provisions

A provision is recorded when the Group has a legal or constructive obligation based on an earlier event, it is likely that a payment obligation will occur and the amount of the obligation can be estimated reliably. Provisions are recognised at the present value of the costs required to cover the obligation according to the best estimate of the management. If it is possible to obtain compensation from a third party for some part of the obligation, the compensation is recognised as a separate asset but only when it is virtually certain that the company will receive it.

A provision is recognised on onerous (loss-making) contracts once the direct expenses necessary for fulfilling the obligations exceed the benefits received from the contract. The loss provision is reduced as income is recognised from the onerous project.

A warranty provision is recognised once a project including a warranty obligation is delivered. The amount of the warranty provision is based on experience in the realisation of these liabilities. The size of the warranty provision is affected by factors such as the scope of the delivered project, the duration of the warranty period, as well as the specific features of the implemented technical solution and the surrounding conditions.

A possible restructuring provision is recognised when the amount of expenses can be estimated reliably, a binding decision on restructuring has been taken and a detailed plan has been prepared and it has been communicated to the affected parties.

Management discretion – Provisions

When recognising provisions, the management has to estimate if there is a legal or constructive obligation for which it is likely that a payment obligation will occur. In addition, the management must estimate the amount of the obligation and the time of its realisation. A provision may be recognised only if these can be estimated reliably.

Provisions

| 1000 € | Warranty provisions | Loss provisions | Total provisions |
|---------------------------------------|---------------------|-----------------|------------------|
| Provision as at 1 Jan 2023 | 1,522 | 342 | 1,864 |
| Increases in provisions | 2,155 | 229 | 2,384 |
| Provisions used during the period | -585 | -342 | -927 |
| Provisions reversed during the period | -233 | 0 | -233 |
| Provision as at 31 Dec 2023 | 2,859 | 229 | 3,088 |

| 1000 € | Warranty provisions | Loss provisions | Total provisions |
|---------------------------------------|---------------------|-----------------|------------------|
| Provision as at 1 Jan 2022 | 2,647 | 0 | 2,647 |
| Increases in provisions | 1,767 | 342 | 2,109 |
| Provisions used during the period | -1,099 | 0 | -1,099 |
| Provisions reversed during the period | -1,793 | 0 | -1,793 |
| Provision as at 31 Dec 2022 | 1,522 | 342 | 1,864 |

8.2. Collateral and contingent liabilities

| 1000 € | 2023 | 2022 |
|---|--------|--------|
| Contingent liabilities outside the balance sheet | | |
| Collateral given on behalf of joint project ventures | 10,647 | 10,647 |
| Guarantee liabilities from project contracts | 46,174 | 43,500 |
| Lease liabilities from short-term assets with a low value | 1,170 | 872 |
| VAT liability | 236 | 297 |

The warranty liabilities of construction contracts are normal liability commitments related to project operations that are given as collateral for the performance of a contract, for example.

Kreate Oy is obligated to revise the VAT deductions it has made on real estate investments in the modifications of the Tuusula office and the office yard area in the 2022 financial year, a warehouse building completed in Tuusula in 2021 and an office/maintenance building completed in Lappeenranta in June 2014 if the volume of operations subject to VAT at the properties decreases during the revision period. The last revision year for the modifications and construction work is 2031.

8.3. Related parties

The parent company of the Group, Kreate Group Oyj, includes subsidiaries, the structured entity EAI Kreate Holding Oy, as well as the joint venture KFS Finland Oy and the associate Karell Schakt AB in its close circle. The close circle also includes key personnel in management, their immediate family members, and entities over which these individuals or their close family members exercise control or joint control. Key personnel in management include members of the parent company's board of directors, CEO, and other members of the Group's executive management team. The inclusion of entities under the influence of owners and key personnel in management in the close circle is assessed on a case-by-case basis, taking into account the actual circumstances.

Related-party transactions

| 1000 € | 1-12/2023 Income | Expenses | 12/2022 Income | Liabilities |
|-----------------------------|------------------|----------|----------------|-------------|
| Associate and joint venture | 2,736 | -16,137 | 319 | 692 |

| 1000 € | 1-12/2022 Income | Expenses | 12/2022 Income | Liabilities |
|-----------------------------|------------------|----------|----------------|-------------|
| Associate and joint venture | 3,382 | -11,053 | 377 | 364 |
| Other related parties 1) | 0 | -15 | 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.

The joint ventures and associated companies have joint business transactions with the Group in relation to subcontracting and machinery. Guarantees given on behalf of the joint venture are presented in Note 8.2.

During the financial year, the Group has not had transactions with any other related parties. The salaries and fees received by related parties are presented in the table of salaries and fees for key management personnel.

The Company's transactions with related parties are carried out on market terms.

Salaries and remunerations of key management personnel

| 1000 € | 2023 | 2022 |
|--|-------|-------|
| Fees of the Board of Directors | 213 | 192 |
| Salary and fees of the President & CEO | 461 | 551 |
| Salary and fees of the Management Team | 1,399 | 1,761 |
| Total | 2,073 | 2,504 |

The Board of Directors decides on the remuneration of the President & CEO and the members of the Management Team. The members of the Management Team are insured under statutory pension insurance policies as well as voluntary supplementary pension insurance policies. In the financial year ended on 31 December 2023, the pension fees for the defined contribution scheme amounted to EUR 57.7 (2022: 44.2) thousand for the President & CEO and a total of EUR 120.1 (2022: 117.0) thousand for the members of the Management Team.

In addition, the Annual General Meeting on 29 March 2023 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, it was 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 term of notice for the Management Team members' employment contracts is three to six months. The President & CEO and six other members of the Management Team are, upon the termination of their employment contract or CEO contract and subject to certain conditions, entitled to receive a severance payment equivalent to a three to eight months' salary in addition to the salary for the notice period as compensation for the non-competition clause.

The itemisations relating to the Group's performance share plan are presented in Note 2.5.2.

8.4. Events after the reporting period

There have been no significant events after the end of the financial year.

Parent company's income statement (FAS)

| 1000 € | 2023 | 2022 |
|---|--------|--------|
| REVENUE | 731 | 757 |
| Materials and services | -52 | -10 |
| Personnel expenses | -1,469 | -1,336 |
| Depreciation, amortisation and impairment | -430 | -432 |
| Other operating expenses | -746 | -460 |
| OPERATING PROFIT/LOSS | -1,965 | -1,481 |
| Financial income and expenses | -1,892 | -927 |
| PROFIT/LOSS BEFORE APPROPRIATIONS AND TAXES | -3,857 | -2,407 |
| Appropriations | 5,750 | 7,000 |
| Income taxes | -359 | -818 |
| PROFIT/LOSS FOR THE PERIOD | 1,534 | 3,774 |

Parent company's balance sheet (FAS)

| 1000 € | 2023 | 2022 |
|----------------------------------|--------|--------|
| Assets | | |
| NON-CURRENT ASSETS | | |
| Intangible assets | 67 | 497 |
| Investments | | |
| Shares in Group companies | 52,031 | 52,031 |
| TOTAL NON-CURRENT ASSETS | 52,098 | 52,528 |
| CURRENT ASSETS | | |
| Non-current receivables | | |
| Receivables from Group companies | 8,125 | 7,007 |
| Current receivables | | |
| Receivables from Group companies | 7,153 | 7,989 |
| Cash and cash equivalents | 20,422 | 5,827 |
| TOTAL CURRENT ASSETS | 36,203 | 21,166 |
| Total assets | 88,301 | 73,694 |

| 1000 € | 2023 | 2022 |
|--|--------|--------|
| Liabilities | | |
| EQUITY | | |
| Share capital | 80 | 80 |
| Reserve for invested unrestricted equity | 20,702 | 20,702 |
| Retained earnings | 5,302 | 5,595 |
| Profit/loss for the period | 1,534 | 3,774 |
| TOTAL EQUITY | 27,618 | 30,151 |
| LIABILITIES | | |
| Non-current | | |
| Loans from financial institutions | 27,300 | 29,900 |
| Current | | |
| Loans from financial institutions | 2,600 | 2,600 |
| Commercial papers | 7,000 | 7,000 |
| Trade payables | 55 | 25 |
| Liabilities to Group companies | 22,338 | 3,279 |
| TOTAL LIABILITIES | 60,682 | 43,543 |
| Total liabilities | 88,301 | 73,694 |

Parent company's cash flow statement (FAS)

| 1000 € | 2023 | 2022 |
|--|--------|--------|
| Result for the period | 1,534 | 3,774 |
| Depreciation, amortisation and impairment | 430 | 432 |
| Financial income and expenses | 1,892 | 927 |
| Income taxes | 359 | 818 |
| Other adjustments | -5,750 | -7,000 |
| Adjustments | -3,070 | -4,823 |
| Change in trade and other receivables | -309 | -386 |
| Change in trade payables and other liabilities | 167 | -317 |
| Change in working capital | -142 | -703 |
| Interest paid in operating activities | -636 | -220 |
| Interest received in operating activities | 492 | 158 |
| Other financial items | -80 | -281 |
| Taxes paid | -516 | -562 |
| CASH FLOW FROM OPERATIONS | -2,417 | -2,657 |
| Acquisition of the subsidiary | 0 | -7 |
| Granted loans | -1,218 | -7,607 |
| CASH FLOW FROM INVESTING ACTIVITIES | -1,218 | -7,614 |

| 1000 € | 2023 | 2022 |
|--|---------|---------|
| Dividends paid | -4,067 | -3,993 |
| Drawdown of non-current loans | 0 | 29,900 |
| Repayment of non-current loans | 0 | -21,250 |
| Drawdown of current loans | 42,000 | 44,600 |
| Repayment of current loans | -44,600 | -40,000 |
| Group account system, balance change | 19,059 | -5,517 |
| Interest and other loan expenses | -1,162 | -521 |
| Group contributions | 7,000 | 8,100 |
| CASH FLOW FROM FINANCING ACTIVITIES | 18,230 | 11,319 |
| CHANGE IN CASH AND CASH EQUIVALENTS | 14,595 | 1,048 |
| Cash and cash equivalents on the opening balance sheet | 5,827 | 4,779 |
| CHANGE IN CASH AND CASH EQUIVALENTS | 14,595 | 1,048 |
| Cash and cash equivalents at the end of the period | 20,422 | 5,827 |

Accounting policies applied in the parent company's financial statements

Information about the Group

Kreate Group Plc is the parent company of the Group. The parent company Kreate Group Plc owns 100% of the Group's subsidiary Kreate Oy and 75% of the subsidiary Kreate Sverige Holding AB.

Kreate Sverige AB, owned 100% by Kreate Sverige Holding AB, has been consolidated into the consolidated financial statements of Kreate Group Oyj.

Kreate Oy's wholly-owned subsidiary, Kreate Rata Oy, has been merged into Kreate Oy during the financial year.

Estrock AB, owned 100% by Kreate Sverige AB, has been merged into Kreate Sverige AB during the financial year.

The parent company's consolidated financial statements are available at the following address: Kreate Group Plc, Haarakaari 42, FI-04360 Tuusula, Finland.

Valuation and accrual principles and methods

Measurement of non-current assets

Intangible assets are recognised on the balance sheet at acquisition cost less amortisation according to plan. The acquisition cost includes the variable expenses arising from acquisition and manufacturing. Intangible assets are amortised according to plan on a straight-line basis over their useful life.

The amortisation periods are:

Intangible assets 3 to 4 years

The acquisition cost of non-current assets with a probable useful life of less than 3 years as well as acquisitions of low value (below EUR 850) are recognised in full as an expense in the period in which they are acquired.

Financial assets and liabilities

Financial assets are measured at the lower of acquisition cost or the probable recoverable amount. The company presents subordinated loans under liabilities.

Notes to the parent company's financial statements

Notes to the income statement

Revenue

| 1000 € | 2023 | 2022 |
|---------|------|------|
| Revenue | 731 | 757 |

Notes concerning personnel

Average number of personnel during the period

| | 2023 | 2022 |
|------------------|------|------|
| Office employees | 3 | 3 |

Salaries, remunerations and pension expenses for the period

| 1000 € | 2023 | 2022 |
|-----------------------------|-------|-------|
| Salaries and remuneration | 1,138 | 980 |
| Pension expenses | 151 | 186 |
| Other personnel benefits | 179 | 170 |
| Total | 1,469 | 1,336 |
| Fringe benefits (tax value) | 39 | 35 |

Salaries and remunerations of the management

| 1000 € | 2023 | 2022 |
|----------------------|------|------|
| Members of the Board | 213 | 192 |

Depreciation, amortisation and impairment

| 1000 € | 2023 | 2022 |
|--------------------------------|------|------|
| Depreciation according to plan | 430 | 432 |

Other operating expenses
Auditors' fees

| 1000 € | 2023 | 2022 |
|----------------|------|------|
| Audit | 55 | 70 |
| Other services | 13 | 2 |
| Total | 67 | 72 |

Financial income and expenses

| 1000 € | 2023 | 2022 |
|-------------------------------------|--------|--------|
| Other interest income | | |
| From Group companies | 492 | 158 |
| From others | 0 | 0 |
| Total interest income | 492 | 158 |
| Total financial income | 492 | 158 |
| Interest expenses | | |
| To others | -2,303 | -801 |
| Total interest expenses | -2,303 | -801 |
| Other financial expenses | | |
| To others | -80 | -284 |
| Total other financial expenses | -80 | -284 |
| Total financial expenses | -2,384 | -1,084 |
| Total financial income and expenses | -1,892 | -927 |

Appropriations

| 1000 € | 2023 | 2022 |
|---------------------|-------|-------|
| Group contributions | 5,750 | 7,000 |

Income taxes

| 1000 € | 2023 | 2022 |
|------------------------------|------|------|
| Income taxes from operations | -379 | -818 |
| Taxes for previous years | 20 | 0 |
| Total income taxes | -359 | -818 |

The company has EUR 4.621 thousand (2022: EUR 4.621 thousand) in unutilized related-party interest expense deductions for tax purposes.

Notes to the balance sheet

Itemisation of non-current assets

Intangible assets

| 1000 € | Intangible rights | Other long-term expenditures | Total |
|---|-------------------|------------------------------|--------|
| Acquisition cost as at 1 January 2023 | 13 | 1,293 | 1,306 |
| Acquisition cost as at 31 December 2023 | 13 | 1,293 | 1,306 |
| Accrued depreciation, amortisation and impairment | -13 | -796 | -810 |
| Depreciations for the period | 0 | -430 | -430 |
| Accrued depreciation, amortisation and impairment | -13 | -1,226 | -1,239 |
| carrying amount as at 31 December 2023 | 0 | 67 | 67 |
| carrying amount as at 31 December 2022 | 0 | 497 | 497 |

Investments

| 1000 € | Other shares and interests | Total |
|---|----------------------------|--------|
| Acquisition cost as at 1 January 2023 | 52,031 | 52,031 |
| Acquisition cost as at 31 December 2023 | 52,031 | 52,031 |
| carrying amount as at 31 December 2023 | 52,031 | 52,031 |
| carrying amount as at 31 December 2022 | 52,031 | 52,031 |

Shares and holdings

| | Company ownership, % |
|-------------------------------------|----------------------|
| Kreate Oy, Helsinki | 100 % |
| Kreate Sverige Holding AB, Tukholma | 75 % |

Non-current receivables

| 1000 € | 2023 | 2022 |
|----------------------------------|-------|-------|
| Non-current receivables | | |
| Receivables from Group companies | | |
| Loan receivables | 8,125 | 7,007 |
| Total | 8,125 | 7,007 |
| Total non-current receivables | 8,125 | 7,007 |

Current receivables

| 1000 € | 2023 | 2022 |
|----------------------------------|-------|-------|
| Current receivables | | |
| Receivables from Group companies | | |
| Trade receivables | 249 | 0 |
| Loan receivables | 700 | 600 |
| Other receivables | 5,750 | 7,000 |
| Accrued income | 454 | 389 |
| Total | 8,125 | 7,007 |
| Receivables from others | | |
| Accrued income | 503 | 344 |
| Total | 503 | 344 |
| Total current receivables | 7,656 | 8,332 |

Equity

| 1000 € | 2023 | 2022 |
|---|---------------|---------------|
| Restricted equity | | |
| Share capital as at 1 Jan | 80 | 80 |
| Share capital as at 31 Dec | 80 | 80 |
| Total restricted equity | 80 | 80 |
| Unrestricted equity | | |
| Reserve for invested unrestricted equity as at 1 Jan | 20,702 | 20,702 |
| Reserve for invested unrestricted equity as at 31 Dec | 20,702 | 20,702 |
| Retained earnings as at 1 Jan | 9,369 | 9,587 |
| Distribution of dividends | -4,067 | -3,993 |
| Retained earnings as at 31 Dec | 5,302 | 5,595 |
| Profit (loss) for the period | 1,534 | 3,774 |
| Total unrestricted equity | 27,538 | 30,071 |
| Total equity | 27,618 | 30,151 |

Distributable unrestricted equity

| 1000 € | 2023 | 2022 |
|---|---------------|---------------|
| Calculation of distributable unrestricted equity | | |
| Retained earnings | 5,302 | 5,595 |
| Profit (loss) for the period | 1,534 | 3,774 |
| Reserve for invested unrestricted equity | 20,702 | 20,702 |
| Distributable equity | 27,538 | 30,071 |

Non-current liabilities

| 1000 € | 2023 | 2022 |
|--------------------------------------|---------------|---------------|
| Loans from financial institutions | 27,300 | 29,900 |
| Total non-current liabilities | 27,300 | 29,900 |

Current liabilities

| 1000 € | 2023 | 2022 |
|---------------------------------------|---------------|---------------|
| Liabilities to Group companies | | |
| Group account liability | 22,338 | 3,279 |
| Total | 22,338 | 3,279 |
| Liabilities to others | | |
| Loans from financial institutions | 2,600 | 2,600 |
| Commercial papers | 7,000 | 7,000 |
| Trade payables | 55 | 25 |
| Other liabilities | 98 | 46 |
| Accrued liabilities | 1,290 | 693 |
| Total | 11,044 | 10,364 |
| Total current liabilities | 33,382 | 13,643 |

Material accrued expense items

| 1000 € | 2023 | 2022 |
|--|--------------|------------|
| Salaries and remuneration, including social expenses | 421 | 337 |
| Interest | 869 | 356 |
| Total | 1,290 | 693 |

Collateral and contingent liabilities
Collateral and guarantees given on behalf of Group companies

| 1000 € | 2023 | 2022 |
|------------------|--------|--------|
| Other guarantees | 46,174 | 43,500 |

Collateral and guarantees given on behalf of joint project ventures

| 1000 € | 2023 | 2022 |
|------------------|--------|--------|
| Other guarantees | 10,647 | 10,647 |

Other contingent liabilities

| 1000 € | 2023 | 2022 |
|------------------------|------|------|
| Credit card limit used | 2 | 4 |

Pension liabilities

The company's pension liabilities are insured with external pension insurance companies. The pension liabilities are fully covered.

Board of Directors' proposal on the use of distributable funds

As at 31 December 2023, the distributable funds of the parent company Kreate Group Plc are:

| | |
|--|---------------|
| Retained earnings | 5,301,951.74 |
| Profit (loss) for the period | 1,534,393.71 |
| Reserve for invested unrestricted equity | 20,702,152.88 |
| Distributable equity | 27,538,498.33 |

The board proposes to the shareholders' meeting convening on March 25, 2024, that based on the balance sheet to be approved for the year 2023, a dividend of EUR 0.48 per share be paid at the time of dividend distribution to shares held by external shareholders. The dividend will be paid in two installments, with the first installment in April 2024 and the second in October 2024.

On the proposal date of profit distribution on January 30, 2024, there were 8,841,266 shares held by external shareholders, corresponding to a total dividend amount of EUR 4,207,807.68..

Signatures of the Report of the Board of Directors and the financial statements

Helsinki, 30 January 2024

Petri Rignell

Chair of the Board of Directors

Jussi Aine

Timo Kohtamäki

Petra Thorén

Timo Pekkarinen

Elina Rahkonen

Timo Vikström

President & CEO

Auditor's note

A report on the audit carried out has been submitted today.

Helsinki, 31 January 2024

KPMG Oy Ab

Firm of Authorised Public Accountants

Turo Koila

Authorised Public Accountant KHT

Auditor's Report

To the Annual General Meeting of Kreate Group Plc

Audit of the financial statements

Opinion

We have audited the financial statements of Kreate Group Plc (Business ID 2601364-3) for the financial year 1 Jan–31 Dec 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting principles as well as the parent company's balance sheet, income statement, cash flow statement and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position and financial performance and cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements in Finland and comply with the statutory requirements.

Our opinion is consistent with the additional report submitted to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, the non-audit services that we have provided to the parent company and to the group companies are in accordance with the applicable law and regulations in Finland, and we have not provided any prohibited non-audit services as referred to in Article 5(1) of regulation (EU) 537/2014. The non-audit services that we have provided have been disclosed in note 2.4.1 to the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

The scope of our audit was influenced by our application of materiality. We have determined materiality based on our professional judgement, and it helps us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial statements as a whole. The level of materiality is based on our estimate of the scale of such misstatements that, individually or in aggregate, might reasonably be expected to influence the financial decisions made by the users of the financial statements. We have also considered such misstatements that, due to qualitative reasons, we regard as material to the users of the financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the period being audited. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Risks of material misstatement, as referred to in Article 10(2c) of Regulation (EU) No. 537/2014, are included in the key audit matters listed below.

We have addressed in our audit the risk of management override of internal controls. This has included the consideration of whether there was evidence of a management bias that represented a risk of material misstatement due to fraud.

KEY AUDIT MATTERS

HOW THE AUDIT ADDRESSED THE MATTERS IN QUESTION

Revenue – Accounting policies for consolidated financial statements and note 2.1

The recognition of sales consists of the handover of goods and services as defined in project contracts to customers, with the total revenue standing at EUR 274 million

Revenue reporting includes the risk of a misstated recognition date and amount due to management judgements concerning recognition and the large number of invoiced amounts.

Recognition of income from projects is mainly based on the degree of completion. The degree of completion is defined as the relative share of actualised costs from the total costs estimated by the management. Potential erroneous cost estimates would lead to misstated recognition.

We have evaluated the company's sales recognition and calculation processes in relation to the principles defined in the IFRS standards.

We have tested the functionality of the key internal controls used to ensure the completeness and timing of sales reporting.

We have compared the total revenue estimates of projects recognised based on degree of completion with customer contracts. In addition, we have analysed estimated and actualised project costs and project margins. We have also examined the updating process concerning the cost estimates and degrees of completion as well as assessed its appropriateness.

Furthermore, we have carried out material auditing activities relating to the sales completeness and recognition date.

KEY AUDIT MATTERS

HOW THE AUDIT ADDRESSED THE MATTERS IN QUESTION

Valuation of goodwill – Accounting policies for consolidated financial statements and notes 5.3 and 5.4

— Goodwill EUR 40 million represents a significant 30% share of the consolidated balance sheet total.

Goodwill is tested for impairment when there are indicators of impairment or annually at a minimum. Impairment testing is carried out by comparing the recoverable amount of the cash-generating unit to its carrying amount. Management estimates the recoverable amount of the cash-generating unit by using a discounted cash flows model. The cash flow estimates used as the basis for testing are subject to a significant number of management judgements particularly concerning revenue growth, profitability and the discount rate.

Due to the significance of the carrying amount and the significant management judgement relating to the estimates, goodwill valuation is a key audit matter

We have critically evaluated the management's principles and assumptions on which the cash flow estimates for future years have been made.

We have involved KPMG's valuation experts in the audit to evaluate the reasonableness of the discount rates, the technical correctness of the calculations and the assumptions used in relation to the market and industry data.

In addition, we have assessed the appropriate presentation of notes relating to impairment testing of goodwill in the financial statements.

Responsibilities of the Board of Directors and the President and CEO for the Financial Statements

The Board of Directors and the President and CEO are responsible for the preparation of the financial statements so that the consolidated financial statements give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and so that the financial statements give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with the statutory requirements. The Board of Directors and the President and CEO are also responsible for such internal control as they deem necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the President and CEO are responsible for assessing the parent company's and the group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or to cease operations or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with good auditing practice will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks as well as obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the President and CEO's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of the highest significance in the audit of the financial statements of the period under review and are, therefore, the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

Appointment information

We have served as the auditor elected by the Annual General Meeting uninterruptedly for five years as from 26 April 2019.

Kreate Group Plc has become a significant entity from the point of view of public interest on 19 February 2021.

Other Information

The Board of Directors and the President and CEO are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but it does not include the financial statements or our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report and the Annual Report is expected to be made available to us after that date. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified hereinabove and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to the report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki, 31 January 2024

KPMG Oy Ab

Firm of Authorised Public Accountants

Turo Koila

Authorised Public Accountant KHT