



Half-year Report January - June 2024

Kreate Group Plc

KREATE
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KREATE'S HALF-YEAR REPORT: POSITIVE PROFITABILITY DEVELOPMENT – REVENUE DECREASED AS EXPECTED

Kreate Group Plc, half-year report for January - June 2024, 16 Jul 2024 at 8:30 am

April - June in brief

- Order backlog amounted to EUR 200.1 (264.9) million, a decrease of 24.5%
- Revenue decreased compared to the reference period, amounting to EUR 68.0 (85.7) million
- The year-on-year change in revenue was -20.7% (28.0%)
- EBITDA was EUR 4.0 (4.0) million, amounting to 5.9 (4.7) per cent of revenue
- EBITA increased and was EUR 2.6 (2.6) million, amounting to 3.8 (3.0) per cent of revenue
- Earnings per share were EUR 0.16 (0.17)
- Free cash flow from operating activities was EUR -6.5 (1.7) million
- Interest-bearing net debt was EUR 31.7 (39.1) million
- Result guidance unchanged: 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).

January - June in brief

- Revenue decreased compared to the reference period, amounting to EUR 122.4 (151.6) million
- The year-on-year change in revenue was (19.3)% (29.1%)
- EBITDA was EUR 5.7 (5.0) million, amounting to 4.6 (3.3) per cent of revenue
- EBITA was EUR 2.9 (2.2) million, amounting to 2.4 (1.4) per cent of revenue
- Earnings per share were EUR 0.09 (0.10)
- Free cash flow from operating activities was EUR -9.6 (-1.6) million

The operating environment of infrastructure construction in brief

- Finnish infrastructure market EUR 9.5 billion, of which market suitable for Kreate EUR 5 billion
- The Swedish infrastructure construction market EUR 20 billion, of which Kreate's market suitable for its current business operations in Sweden is EUR 1.5 billion
- Market outlook strong in Finland and Sweden in markets suitable for Kreate
- Normal competitive situation in demanding infrastructure
- There is activity for both private and public sector customers
- There is a lot to offer and Kreate is increasingly selective in what it offers
- Cost development has calmed down, certain construction costs are even falling
- There is a short delay in the start-up of projects, and projects can be launched quickly if necessary
- Long-term outlook bright in both Finland and Sweden

President & CEO Timo Vikström:

"The second quarter of 2024 was in line with our expectations and, above all, with our updated strategy: We won significant projects in the railway environment in Finland and took concrete steps to strengthen our business in Sweden. In terms of revenue, we were EUR 18 million lower compared to the corresponding period last year, but relative profitability continued to grow for the third consecutive quarter. This is well in line with our guidance that full-year revenue will decrease and EBITA will increase compared to last year.



The highlights of the quarter are related to the determined implementation of the company's strategy. In May, we published an updated strategy and accordingly we will focus on improving profitability in 2024–2027 and aim to grow especially in the rail and light rail business and in Sweden. Concrete steps were taken immediately: Kreate Sweden acquired the remaining share capital of the associated company Karell Schakt AB and won annual contracts from Trafikverket for EUR 5 million for further repairs to the Bohuslän tunnels. All in all, Sweden has had great successes and has a good momentum. We have gained the first project as the main contractor, and the acquisition also provides us with the tools to start earthworks above ground.

In Finland, we won the significant Tampere passenger rail yard project, which immediately began with the development phase. This project, worth nearly EUR 200 million, will be entered in the order backlog during the first half of 2025 if the project proceeds to implementation. The passenger rail yard in Tampere and the EUR 34 million contract won in June for the Helsinki-Riihimäki railway project are demanding infrastructure projects that look just like Kreate and combine several construction disciplines. These are the projects where our expertise is best shown, and I am very happy that we were also able to show that we have the ability to win tenders of this size.

The market suitable for Kreate in both Finland and Sweden looks very good. There are significant projects in the offer calculation, and the future outlook continues to be good. All in all, we see that the size of contracts in Finland is increasing, which also increases the number of various co-operation projects. This also requires new kinds of expertise and leadership in companies, but above all, the ability to cooperate with the customer's problem solutions. Expertise has been increased through recruitment, and leadership has been strengthened by appointing Sami Laakso, the company's experienced VP of Transport Infrastructure Construction, as COO who focuses on supporting, developing and managing large strategic projects at the management team level.

Despite large projects and good tender calculation situation, 2024 will be lower in terms of volume than 2023. As previously estimated, the volumes of 2024, and thus also revenue and profit, will be weighted more strongly in the second half of the year than in the previous year. We have clearly made the right choice in deciding to focus on large and demanding projects, of which there are now several on the market. We have proven our competitiveness by winning the largest railway project in Kreate's history and several other demanding projects in Finland and Sweden. Success in competitions is no coincidence. We have done our homework well and prepared for projects for a long time. We do not compete primarily on price, but on quality and insightful solution proposals.

Thank you to our entire personnel for a great quarter. With solid expertise, we have done good work on all fronts – in tender calculations, administration and on construction sites. I'm proud of our whole team. Thank you for the first half of the year and let's make the second half even better."

Key figures

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Order backlog			200.1	264.9	196.3
Revenue	68.0	85.7	122.4	151.6	320.0
Year-on-year change in revenue, %	-20.7	28.0	-19.3	29.1	16.8
EBITDA	4.0	4.0	5.7	5.0	14.0
EBITDA, %	5.9	4.7	4.6	3.3	4.4
EBITA	2.6	2.6	2.9	2.2	7.8
EBITA, %	3.8	3.0	2.4	1.4	2.4
Operating profit	2.6	2.5	2.8	2.1	7.6
Operating profit, %	3.8	2.9	2.3	1.4	2.4
Result for the period	1.6	1.5	1.1	0.8	3.9
Capital employed			73.4	80.8	59.6
Return on capital employed, %			10.8	9.8	11.2
Return on equity, %			9.8	10.4	9.1
Net investments in operating activities	-1.7	-1.1	-2.7	-4.3	-5.9
Free cash flow from operating activities	-6.5	1.7	-9.6	-1.6	26.1
Net working capital			1.0	6.9	-11.3
Net debt			31.7	39.1	16.8
Net debt/EBITDA, rolling 12 months			2.2	3.0	1.2
Net debt/EBITDA, rolling 12 months pro forma				3.0*	
Equity ratio, %			31.9	28.2	31.8
Earnings per share, diluted, €	0.16	0.17	0.09	0.10	0.44
Earnings per share, undiluted, €	0.16	0.17	0.09	0.10	0.44
Personnel at the end of the period			512	504	472
Personnel on average	496	460	501	424	454

*) Includes the EBITDA of the acquisition from 1 Jul 2022 to 31 Aug 2022

Result guidance for 2024 unchanged (published on 31 January 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 Kreate's characteristic demanding infrastructure construction continuing as stable due to the countercyclical nature of the business. The company offers projects more selectively, which is expected to decrease revenue and improve profitability.

Strategy 2024–2027: Sustainable profitability

During the review period, the company published new financial targets and presented an updated strategy at the Capital Markets Day organised by the company. During the strategy period lasting until 2027, Kreate Group will focus especially on improving profitability. In addition, the company intends to continue growing while keeping gearing under control. In terms of growth, the focus is on growing the rail and tramway business as well as the Swedish business. The company has set a target to increase the revenue of its Swedish business to SEK 650 million by the end of 2027 and to build it into a second geographical pillar for the Group.

	TARGETS 2024–2027	PREVIOUS TARGETS 2020–2024
PROFITABILITY		
EBITA margin	>5 %	>5 % in medium term
GROWTH		
Revenue	5–10% annual growth (2025 onwards)	over EUR 300 million
INDEBTEDNESS		
Net debt/EBITDA	< 2.5	< 2.0
DIVIDEND POLICY		
	The aim is to distribute at least half of Kreate's annual net profit as dividends, taking into account Kreate's financial position, cash flows and growth potential	

Financial targets: read the [stock exchange release](#) published on 26 April 2024

Capital Markets Day: [presentation material](#) and [recording of the event](#) are available in Finnish only
We will attend several investor events (presentations held in Finnish) during 2024: please find our [event calendar](#)

Kreate Group's financial reporting

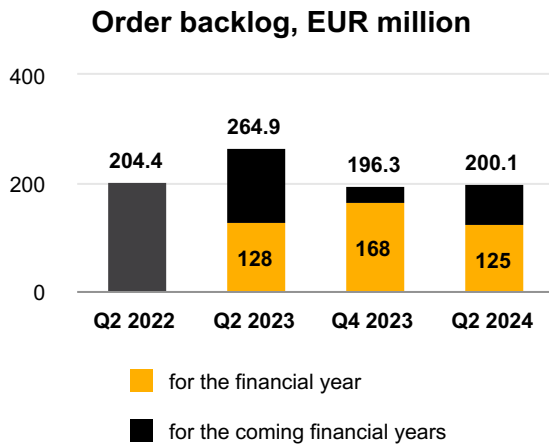
Kreate Group Plc will publish its financial reports in 2024 as follows:

- 25 October 2024 Interim Report for January–September 2024

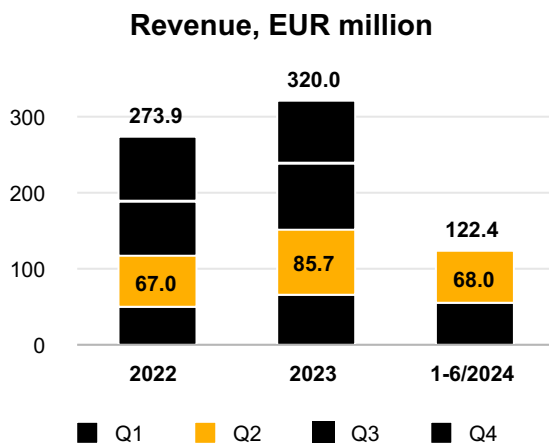
Webcast event

A live webcast open to all will be held today, 16 Jul 2024, at 11:00 a.m. The event will be held in Finnish. President & CEO Timo Vikström and Chief Financial Officer Mikko Laine will be presenting at the event. The webcast can be followed live in Finnish at <https://kreate.videosync.fi/q2-2024>. A recording of the webcast will be made available later at <https://kreate.fi/sijoittajille/raportit-ja-esitykset/> and a summary in English will become available at <https://kreate.fi/en/investor/reports/>.

Key figures

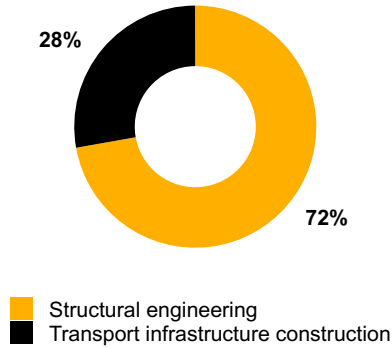


- At the end of June 2024, the order backlog decreased by 24.5 % from June 2023, amounting to EUR 200.1 (264.9) million. The order backlog increased by 9.0% from the end of the previous quarter
- It is estimated that EUR 125 (128) million of the order backlog will be realised during the financial year
- In the second quarter of 2024, EUR 79 million of projects were entered in the order backlog, of which the largest was the latest EUR 34 million project in the Helsinki–Riihimäki project. In Sweden, the largest increase were the annual contracts of over EUR 5 million related to Bohusbana.
- In addition, we won the competitive bidding for the Tampere passenger rail yard project, and if realised, the project will be added to the order backlog after the end of the development phase during H1/2025.



- In April - June 2024, revenue decreased by 20.7% year-on-year, amounting to EUR 68.0 (85.7) million. Share of Kreate's Swedish business was EUR 6.4 (5.7) million with 12,3% growth
- In January - June 2024, revenue decreased by 19,3% year-on-year, amounting to EUR 122.4 (151.6) million. Share of Kreate's Swedish business was EUR 12.9 (9.2) million with 40,2% growth
- Compared to the comparison period, the decrease in the volume of large projects is the most significant item affecting revenue, with a normal number of ongoing projects in January–June 2024
- The full-year revenue and result are expected to be more weighted on the second half of the year compared to the previous year

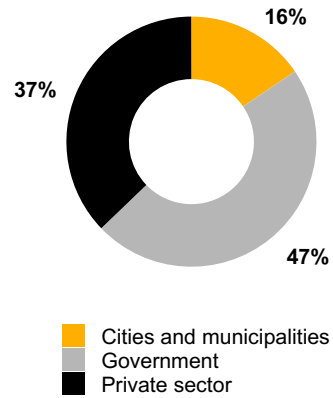
Revenue by business function 1-6/2024



1-6/2023: Structural engineering 81%,
 Transport infrastructure construction 19%

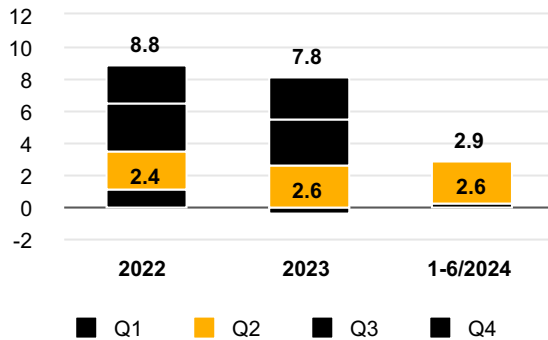
Transport infrastructure construction comprises Railway construction and Road and street construction. Structural engineering comprises of Bridge construction and and repair as well as Foundation and engineering construction.

Revenue by customer group 1-6/2024



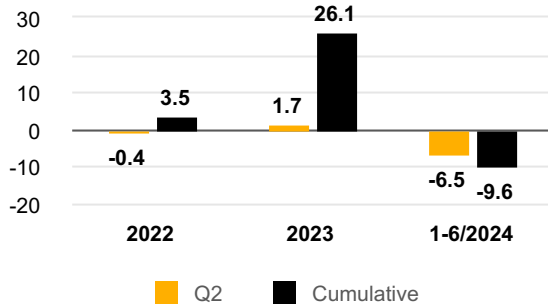
1-6/2023: Cities and municipalities 23%, Government 29%, Private sector 48%

EBITA, EUR million



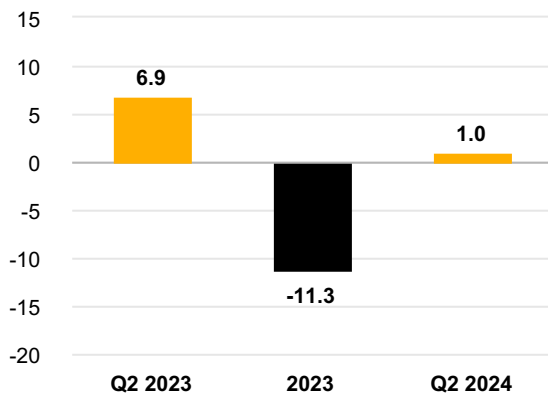
- **In April - June 2024**, EBITA grew slightly year-on-year, amounting to EUR 2.6 (2.6) million
- **In January - June 2024**, EBITA grew to EUR 2.9 (2.2) million
- Kreate's flexible cost structure and operations going as planned supported improved profitability despite lower revenue

Free cash flow from operating activities, EUR million



- **In April - June 2024**, free cash flow from operating activities was EUR -6.5 (1.7) million, of which net investments amounted to EUR 1.7 (1.1) million
- Free cash flow from operating activities was weakened by the return of net working capital to a normal level from a very good situation at the end of March
- **In January - June 2024**, free cash flow from operating activities was EUR -9.6 (-1.6) million, of which net investments amounted to EUR 2.7 (4.3) million
- Investment has returned to a basic level from the high level of the comparison period

Net working capital, EUR million



- **At the end of June 2024**, the company's net working capital was EUR 1.0 (6.9) million, which is in line with the company's long-term target to keep net working capital at approximately 0 level
- The company's good level of net working capital is supported by continuous and systematic work in project liquidity and risk management

Kreate's half-year report for January - June

Operating environment in January - June 2024

In 2022, the total construction market in Finland was approximately EUR 42 billion, of which, according to a broad interpretation, infrastructure accounted for more than EUR 9 billion. The value of civil engineering was EUR 7.4 billion, including EUR 5.4 billion in infrastructure investments and EUR 2.0 billion in infrastructure maintenance. The broad interpretation also includes, for example, the maintenance and groundwork of the outdoor areas of building construction. Kreate estimates that the suitable market for this entity is approximately EUR 5 billion in Finland.

In Sweden, the infrastructure construction market – i.e. the infrastructure market excluding infrastructure maintenance – is estimated to be approximately EUR 20 billion. Kreate estimates that the market suitable for it from this entity is approximately EUR 1.5 billion (SEK 15 billion) with current operations. During the strategy period 2024–2027, the company aims to expand into new types of construction in Sweden, which would significantly expand the suitable market.

In Finland and Sweden, the construction market weakened considerably during 2023 due to, among other things, high cost and interest rates. The market weakened clearly the most in residential construction, but the infrastructure market also declined. According to the Business Cycle Review published by the Confederation of Finnish Construction Industries in March 2024, the volume of infrastructure construction in Finland decreased by 5 per cent in 2023 and a decline of 2 per cent was forecast for 2024. According to a business cycle survey conducted by Confederation of Finnish Construction Industries in May, the entire construction market has seen a convergence of grounding and, in many indicators, a clear levelling off of the decline. Infrastructure construction saw a clear trend reversal in April, with volume growing by 7% compared to the previous year.

The slowdown in residential construction has been reflected in intensified competition in less demanding infrastructure projects, where competition is expected to remain intense until residential construction and the construction of related infrastructure begin to grow. No new operators have entered demanding infrastructure projects, and competition is normal there. When winning infrastructure projects, the delay to start-up is typically very short, and projects can be launched quickly if necessary.

Development in January-June

Russia's war of aggression triggered a rapid rise in costs in 2022, after which input prices have remained at a fairly high level. In 2023, construction costs increased by 3.8% year-on-year, and this year costs have continued to rise slightly. In early 2024, construction costs have risen every month by 1–1.5% year-on-year. The latest statistics are from May, when construction costs rose by 1.3% year-on-year. The year-on-year change in bridge construction subindex S was -3.1%. Examined by cost factors, the biggest increase was seen in the costs of own equipment and the biggest decrease in plastic products and metal products.

In June, Europe saw its first policy rate cut, but interest rates are still at a high level compared to previous years, and the key interest rate is not expected to be cut very many times during the rest of the year. However, the policy rate is heading downwards, which is expected to support demand in the construction sector in the longer term, for example through increased housing sales and increased willingness to invest in industrial projects. The investment survey published by the Confederation of Finnish Industries EK in January 2024 predicts that industrial investment will

decrease by 2 per cent in 2024 compared to the previous year. During January to May, new orders in manufacturing decreased by 8.9% year-on-year.

At the end of the review period, the trend was reversed. Confidence in the Finnish economy started to recover in June, which is believed to be a sign that the bottom of the construction cycle is left behind.

Market outlook

Kreate estimates that the market outlook in the infrastructure market suitable for the company is strong in both Finland and Sweden. Both public and private customers are active. The market has a lot to offer and due to the high volume, Kreate is even more selective in its offering.

In the public sector of infrastructure construction, transport and rail investments are particularly emphasised. In the coming years, public demand in Finland will be supported by, among other things, the state's EUR 3 billion transport investment programme and infrastructure investments required by NATO and the geopolitical situation. In addition, Vantaa, Helsinki and Tampere, among others, have their own rail investment plans, of which the winners of the Vantaa Tram alliance agreement will be decided first in August.

Private demand, in turn, is supported by data centres and other green transition projects. The portal of the Confederation of Finnish Industries contains various investment plans of companies worth almost EUR 270 billion. It should be noted that many green transition projects are multidimensional in nature and require operators in a wide chain of production phases around them in order for the project to be worthwhile. As a result, there is a lot of uncertainty surrounding the throughput and timing of many green transition projects.

In Sweden, Kreate mainly operates as a subcontractor, in which case Kreate Sweden's direct customers are private, but the end customers are usually public customers. In Sweden, the outlook is good for Kreate's essential rock and concrete construction market. Several metro lines, bypass roads with tunnels and other infrastructure involving demanding underground construction are planned for Stockholm and its surrounding areas.

Order backlog

The order backlog decreased by 24.5 % year-on-year, amounting to EUR 200.1 (264.9) million at the end of June 2024. From the end of previous quarter, the order backlog increased by 9.0%. The order backlog is in line with the company's guidance and the expected profitability of the order backlog was at a normal level compared to before. In the second quarter of 2024, EUR 79 million of projects were entered in the order backlog, of which the largest was the latest EUR 34 million project in the Helsinki–Riihimäki project. In Sweden, the largest increase were the annual contracts of over EUR 5 million related to Bohuslän. In addition, we won the competitive bidding for the Tampere passenger rail yard project, and if realised, the project will be added to the order backlog after the end of the development phase during H1/2025.

Revenue

The Group's revenue by business function

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Structural engineering ¹⁾	47.3	66.8	87.5	121.6	249.7
Transport infrastructure construction ²⁾	20.4	17.7	33.7	28.4	71.2
Other ³⁾	0.3	1.3	1.2	1.5	-0.9
Total	68.0	85.7	122.4	151.6	320.0

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

April - June 2024

In April - June, the Group's revenue decreased compared to the reference period, amounting to EUR 68.0 (85.7) million. Year-on-year, revenue decreased in Structural engineering to EUR 47.3 (66.8) million and grew in Transport infrastructure construction to EUR 20.4 (17.7) million. The revenue from Sweden is included in the Structural engineering business area, and it was EUR 6.4 (5.7) million in April - June.

January - June 2024

In January - June, the Group's revenue decreased compared to the reference period, amounting to EUR 122.4 (151.6) million. Year-on-year, revenue decreased in Structural engineering to EUR 87.5 (121.6) million and grew in Transport infrastructure construction to EUR 33.7 (28.4) million. The revenue from Sweden is included in the Structural engineering business area, and it was EUR 12.9 (9.2) million.

In January - June, of the Group's total revenue, 16 (23) per cent came from cities and municipalities, 47 (29) per cent from the government and 37 (48) per cent from the private sector.

Profitability

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
EBITDA	4.0	4.0	5.7	5.0	14.0
EBITDA, %	5.9	4.7	4.6	3.3	4.4
EBITA	2.6	2.6	2.9	2.2	7.8
EBITA, %	3.8	3.0	2.4	1.4	2.4
Operating profit	2.6	2.5	2.8	2.1	7.6
Operating profit, %	3.8	2.9	2.3	1.4	2.4
Result for the period	1.6	1.5	1.1	0.8	3.9
Earnings per share, €	0.16	0.17	0.09	0.10	0.44

April - June 2024

In April - June, the Group's EBITDA was EUR 4.0 (4.0) million, amounting to 5.9 (4.7) per cent of revenue. EBITA was EUR 2.6 (2.6) million, amounting to 3.8 (3.0) per cent of revenue. The Group's operating profit was EUR 2.6 (2.5) million, amounting to 3.8 (2.9) per cent of revenue.

The Group's result before tax was EUR 2.1 (1.9). Tax for the reporting period amounted to EUR 0.5 (0.4) million. Result for the financial year was EUR 1.6 (1.5) million. Earnings per share were EUR 0.16 (0.17).

January - June 2024

In January - June, the Group's EBITDA was EUR 5.7 (5.0) million, amounting to 4.6 (3.3) per cent of revenue. EBITA was EUR 2.9 (2.2) million, amounting to 2.4 (1.4) per cent of revenue. The Group's operating profit was EUR 2.8 (2.1) million, amounting to 2.3 (1.4) per cent of revenue.

The Group's result before tax was EUR 1.5 (1.1). Tax for the reporting period amounted to EUR 0.4 (0.2) million, corresponding effective tax rate of 28.1% (19.8%). Result for the reporting period was EUR 1.1 (0.8) million, of which the share attributable to the owners of the parent amounts to EUR 1.1 (0.8) million. Earnings per share were EUR 0.09 (0.10).

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

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Free cash flow from operating activities	-6.5	1.7	-9.6	-1.6	26.1
Net working capital			1.0	6.9	-11.3

Free cash flow from operating activities was EUR -6.5 (1.7) million in April - June. In January - June, free cash flow from operating activities was EUR -9.6 (-1.6) million. During the reporting period, net working capital increased to EUR 1.0 million from EUR -11.3 million at the end of the 2023 financial year.

EUR million	6/2024	6/2023	12/2023
Interest-bearing debt	39.2	48.6	40.3
Cash and cash equivalents	7.5	9.5	23.6
Net debt	31.7	39.1	16.8
Equity	41.7	41.8	42.8
Equity ratio, %	31.9	28.2	31.8
Return on capital employed, %	10.8	9.8	11.2

At the end of June, interest-bearing debt amounted to EUR 39.2 (31 December 2023: 40.3) million, of which EUR 2.9 (31 December 2023: 3.0) million constituted lease liabilities under IFRS 16. The company's cash and cash equivalents amounted to EUR 7.5 (31 December 2023: 23.6) million. In addition, the company had committed revolving overdraft and credit facilities of EUR 20.0 (31 December 2023: 20.0) million, of which were not in use at the end of the reporting period (31 December 2023: 0.0). At the end of June interest-bearing net debt was EUR 31.7 (31 December 2023: 16.8) million.

In addition, Kreate has in place a domestic commercial papers programme worth EUR 50 million. Within the framework of this programme, the company may issue commercial papers with a maturity of less than one year. On 30.6.2024 the company had issued commercial papers totalling EUR 6.0 (31 December 2023: 7.0) million.

The average interest of interest-bearing debt, excluding lease liabilities recognised on the balance sheet, was 6.2 (3.2) per cent in January - June of the reporting period. The average interest rate of the company's interest-bearing debts has risen in line with market interest rates.

At the end of the reporting period, the consolidated balance sheet total was EUR 130.9 (31 December 2023: 134.6) million and equity was EUR 41.7 (31 December 2023: 42.8) million. At the end of the reporting period, equity ratio was 31.9 (31 December 2023: 31.8) per cent and the company's return on capital employed was 10.8 (31 December 2023: 11.2) per cent.

Investments

Net investment cash flow was EUR 1.7 (1.1) million in April - June and EUR 2.7 (4.3) million in January - June. The net investment amount for the comparative period was raised to an unusually high level due to the timing of significant projects initiated in late 2022, with investments being realized in the early months of 2023.

Kreate's gross investments in tangible and intangible assets amounted to EUR 3.0 (5.0) million in the reporting period.

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. Kreate's responsibility themes and goals are strongly linked to personnel, minimising the negative impacts of construction, and sustainable solutions.

Development of quarterly sustainability targets

Building with passion		Q2 / 2024 (last twelve months, average)
Occupational safety and safety culture	<ul style="list-style-type: none"> Combined accident frequency*: 10.2 (target level to be decided during 2024) Occupational safety observations made in 24% of projects (target 100%) Occupational safety observations per person: 5.3 (target minimum 6) 	
Responsible employer	<ul style="list-style-type: none"> 74 % of personnel trained in the company's Code of Conduct - target 100% 	
Reducing our footprint		Q2 / 2024
Tackling climate change	<ul style="list-style-type: none"> CO₂ emissions (FI) scope 1: 832 tn CO_{2e}, scope 2: 68 tn CO_{2e} 	
Increasing our handprint		Q2 / 2024 (last twelve months, average)
Sustainable and safe solutions	<ul style="list-style-type: none"> Customer NPS: 72 (target > 50) 	
Infrastructure projects supporting megatrends	<ul style="list-style-type: none"> Operations in the rail environment in Finland, share of revenue: 23% (target >15%) 	

*The combined accident frequency includes the lost-time accidents for both our own personnel and subcontractors at Kreate's worksites in proportion to the hours worked (million hours).

Personnel

At the end of June , Kreate Group employed 512 (504) persons. The average number of personnel in January - June was 501 (424).

The strong and diverse competence of the personnel and development at work are important themes for Kreate. The performance appraisals initiated in the first quarter and the recording of development plans continued in the second quarter. Performance appraisals play a key role in the development of our personnel. They are used to support performance management, monitor competence development and goals, which are compared to the company's strategic goals. A high-quality appraisal also strengthens good employee experience and commitment to the company.

During the review period, we recruited permanent experts and inducted summer trainees recruited in the first quarter. We invest in student orientation and internship for both working on projects and developing process skills. The aim of the internship is to provide future professionals with a comprehensive picture of the opportunities offered by infrastructure construction and Kreate.

The training offering was maintained at a high level, and the personnel actively utilised the contact, distance and online training opportunities of KreateAcademy, which was designed to develop strategic competence needs. The purpose of the comprehensive training offering is to ensure the development of personnel and their qualifications, to put the company's operating methods and goals into practice, and to ensure good performance at work. The How to act ethically correctly online course, published at the end of 2023, was completed by 74% of employees at the end of the second quarter.

Occupational safety

During the review period, our projects had a total of 4 lost-time accidents, and the 12-month rolling combined accident frequency rate relative to working hours was 10.2. The combined accident frequency includes all accidents at Kreate's construction sites. Occupational safety was also discussed at the meeting of the Advisory Board for Occupational Safety and Health and Co-operation Committees held during the review period.

At the end of June, a total of 2 559 occupational safety observations had been recorded in the company's systems during the previous 12 months. Occupational safety was emphasised during the review period with the company's own annual activation campaign called April of observations. During the past 12 months, 5.3 observations per person were recorded, which is a clear improvement from the situation at the end of March (3.7) and approaches the minimum target level of 6 observations per person set by Kreate. Occupational safety observations had been recorded in the company's systems for every fourth project, and the company's target is 100%. In some projects, we act as a subcontractor, in which case observations are recorded in the manner defined by the main contractor, while in some projects it has been customary to record the observations in the site protocol, for example. The purpose of quarterly reporting is to promote common practices and bring additional visibility to accidents, near misses and best practices at the company level. Safety observations play a key role in developing safe working methods and improving safety culture.

Development of other sustainability targets

We have started preparing for new legislation on sustainability reporting. As part of our preparations, we have developed our capacity to report our carbon dioxide emissions. During the second quarter of 2024, our scope 1 emissions in Finland were 832 tonnes CO_{2e} and scope 2 emissions 68 tonnes CO_{2e}. A lot of materials, such as iron and concrete, are used in construction, as a result of which carbon dioxide emissions consist almost exclusively of scope 3 emissions. For the time being, we report scope 3 carbon dioxide emissions annually. In 2023, scope 3 emissions accounted for 99% of total carbon dioxide emissions. We will continue to develop our emissions

calculations to include emissions from our Swedish business, among other things, and we also aim to set climate targets for the company this year.

We implement sustainable and safe solutions by listening to the customer and with an upright attitude. We monitor our customer satisfaction with the Subscriber NPS indicator, which we have set as a target level of 50. At the end of June 2024, the 12-month rolling Subscriber NPS was 72.

At the end of March, business operations in the rail environment in Finland accounted for 23% of the company's revenue from Finland during the previous 12 months.

More information on other sustainability targets reported annually can be found in our [Annual Review 2023](#).

Company management

There were no changes in the composition of the Management Team during the reporting period. As of 30 June 2024, Kreate's Management Team included the following people: Timo Vikström, President & CEO; Tommi Hakanen, Vice President, Special Foundation Construction; Antti Kakko, Vice President, Bridge Construction and Repair; Jaakko Kivi, Vice President, Technical Office; Sami Laakso, Vice President, Transport Infrastructure Construction; Mikko Laine, Chief Financial Officer; Timo Leppänen, Vice President, Railway Construction and Katja Pussinen, Vice President, HR.

During the review period, the company announced that the following changes will take place in the Management Team. Sami Laakso, Vice President, Transport Infrastructure Construction, moves to the position of Chief Operating Officer as of 1 August 2024 and continues to serve as a member of Kreate Group's Management Team. Juha Schönberg, who previously worked as Senior Construction Manager in Transport Infrastructure Construction, has been appointed as Vice President, Transport Infrastructure Construction and a member of Kreate Group's Management Team as of 1 August 2024. Juha Schönberg will gradually take on Mr Laakso's duties by 1 August 2024.

Short-term risks and risk management

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

The company classifies risks into strategic, operational, accident risks and financial risks. Detailed descriptions of risks, their impacts and risk management practices are available in Kreate Group Plc's [Annual Review 2023](#). These risks still apply.

Shares and trading

Treasury shares

Kreate did not purchase any treasury shares in the reporting period. On 30 June 2024, Kreate Group Plc held 90 000 shares as treasury shares.

In addition, the company has signed a contract with an external service provider on the management of the performance share plan and share bonus plan aimed at key persons. On 30 June 2024, the number of these shares reported on the consolidated balance sheet as treasury shares was 128,506 pieces. 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, where treasury shares are reported in the IFRS consolidated financial statements in total of 218,506 shares.

Trading in the company's shares

Kreate Group Plc's share capital at the end of June was EUR 80,000. The total number of outstanding shares in the company on 30 June 2024 was 8,984,772 shares, of which the company held 90,000 shares as treasury shares.

298,044 of Kreate's shares were traded on the Helsinki Stock Exchange in January - June. The highest trading price was EUR 8.30, and the lowest price was EUR 7.22. The volume weighted average price of Kreate's shares during the reporting period was EUR 7.72.

The share's closing price on the last trading day of the reporting period, 28 June 2024 was EUR 7.72. Based on the closing price of the reporting period, the market value of the company's shares, excluding the treasury shares reported on the consolidated balance sheet (218,506), was EUR 67.7 million.

Annual General Meeting

Kreate Group Plc's Annual General Meeting was held on 25 March 2024 at the Sanoma House in Helsinki. Decisions taken by the Annual General Meeting can be found in a separate [release](#).

Event after the reporting period

No relevant events have occurred after the reporting period.

Tuusula, 15 July 2024

Kreate Group Plc

Board of Directors

Notes

Calculation formulas for key figures

Tables for the January - June 2024 Half-year Report

Key figures by quarter

EUR million	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22
Order backlog	200.1	183.6	196.3	221.8	264.9	265.7	306.9	284.2	204.4
Revenue	68.0	54.4	80.2	88.3	85.7	65.8	83.1	73.3	67.0
Change in revenue, %	24.9	-32.2	-9.1	3.0	30.2	-20.8	13.3	9.5	32.8
EBITDA	4.0	1.6	4.9	4.0	4.0	1.0	3.8	4.2	3.5
EBITDA, %	5.9	3.0	6.1	4.6	4.7	1.5	4.5	5.7	5.3
EBITA	2.6	0.3	2.7	2.9	2.6	-0.4	2.3	3.0	2.4
EBITA, %	3.8	0.5	3.4	3.3	3.0	-0.6	2.8	4.1	3.6
Operating profit	2.6	0.2	2.6	2.8	2.5	-0.4	2.3	2.9	2.4
Operating profit, %	3.8	0.4	3.3	3.2	2.9	-0.7	2.7	4.0	3.5
Result for the period	1.6	-0.6	1.6	1.4	1.5	-0.7	1.3	2.1	1.6
Capital employed	73.4	63.5	59.6	76.3	80.8	79.9	75.9	88.0	68.5
Return on capital employed, %	10.8	11.5	11.2	8.8	9.8	9.9	12.5	12.1	16.0
Return on equity, %	9.8	9.4	9.1	8.4	10.4	10.3	13.5	17.1	20.9
Net investments in operating activities	-1.7	-1.0	-0.7	-0.9	-1.1	-3.2	-0.5	-0.8	-1.0
Free cash flow from operating activities	-6.5	-3.1	19.7	8.0	1.7	-3.3	15.2	-10.1	-0.4
Net working capital	1.0	-7.0	-11.3	2.8	6.9	5.6	4.7	17.0	3.6
Net debt	31.7	20.9	16.8	32.9	39.1	38.0	33.4	46.8	29.4
Net debt/EBITDA, rolling 12 months	2.2	1.4	1.2	2.6	3.0	3.0	2.5	3.4	2.0
Equity ratio, %	31.9	34.9	31.8	30.0	28.2	32.1	31.6	29.7	31.6
Earnings per share, €	0.16	-0.07	0.18	0.16	0.17	-0.08	0.14	0.23	0.19
Personnel at the end of the period	512	445	472	494	504	455	447	450	424
Personnel on average	496	447	475	499	460	453	449	428	424

Additional information on alternative performance measures

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895	8,895	8,895
Outstanding shares on average, undiluted (1,000 pcs)	8,766	8,841	8,766	8,841	8,838
Amortisations from intangible assets	-0.0	-0.0	-0.1	-0.1	-0.2

EUR million	Q2/24	Q1/24	Q4/23	Q3/23	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22
Outstanding shares on average, diluted (1,000 pcs)	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895	8,895
Outstanding shares on average, undiluted (1,000 pcs)	8,766	8,766	8,827	8,841	8,841	8,841	8,841	8,841	8,858
Amortisations from intangible assets	-0.0	-0.1	-0.0	-0.0	-0.0	-0.1	-0.0	-0.1	-0.0

Calculation formulas for key figures

Kreate publishes alternative performance measures to describe the profitability of its business and the financial standing of the Group. The alternative performance measures are not defined or specified in IFRS and they should not be viewed in isolation or as a substitute to the IFRS-compliant key figures. The calculation formulas for the alternative performance measures are presented below.

PERFORMANCE MEASURE	CALCULATION FORMULA
IFRS-compliant key figures	
Earnings per share	$\frac{\text{Result for the period attributable to the owners of the parent – interest and expenses of the equity loan recorded on the period adjusted with a tax impact}}{\text{Weighted average number of outstanding shares during the period}}$
Alternative performance measures	
EBITDA	Operating profit + depreciation, amortisation and impairment
EBITA	Operating profit + amortisation of intangible assets + impairments
Order backlog	Amount of unrecognised revenue from customer contracts at the end of period
Capital employed	Equity + net debt
Return on capital employed, %	$\frac{\text{Operating profit, rolling 12 months}}{\text{Average capital employed}} \times 100$
Return on equity, %	$\frac{\text{Result for the period, rolling 12 months}}{\text{Average equity}} \times 100$
Net investments in operating activities	Investments in tangible and intangible assets – disposals of tangible and intangible assets
Free cash flow operating activities	Cash flow from operations before financial items and taxes + net investments in operating activities
Net working capital	Inventories + (current trade and other receivables – loan receivables – interest receivables) – (current trade and other payables – interest liabilities)
Net debt	Interest-bearing debt – cash and cash equivalents
Net debt/EBITDA	$\frac{\text{Net debt}}{\text{EBITDA, rolling 12 months}}$
Equity ratio, %	$\frac{\text{Equity}}{\text{(Balance sheet total – prepayments received)}} \times 100$

Half-year Report for January - June 2024: Table section

Consolidated statement of income

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Revenue	68.0	85.7	122.4	151.6	320.0
Other operating income	0.2	0.3	0.5	0.4	0.9
Materials and services	-49.7	-68.4	-88.5	-121.7	-251.1
Employee benefit expenses	-10.7	-9.8	-21.1	-18.1	-42.7
Other operating expenses	-3.6	-3.8	-7.1	-7.3	-13.7
Share of associates' and joint ventures' profit or loss	-0.2	0.0	-0.6	0.2	0.5
Depreciation, amortisation and impairment	-1.4	-1.5	-2.9	-3.0	-6.4
Operating profit	2.6	2.5	2.8	2.1	7.6
Financial income	0.0	0.0	0.1	0.0	0.0
Financial expenses	-0.5	-0.6	-1.5	-1.0	-3.0
Financial income and expenses	-0.5	-0.6	-1.3	-1.0	-2.9
Result before taxes	2.1	1.9	1.5	1.1	4.6
Income taxes	-0.5	-0.4	-0.4	-0.2	-0.7
Result for the period	1.6	1.5	1.1	0.8	3.9
Profit attributable to:					
Shareholders of parent	1.4	1.5	0.8	0.8	3.7
Non-controlling interests	0.2	0.0	0.3	0.0	0.2
Earnings per share calculated from the income					
Undiluted, €	0.16	0.17	0.09	0.10	0.44
Diluted, €	0.16	0.17	0.09	0.10	0.44
Consolidated statement of comprehensive					
Result for the period	1.6	1.5	1.1	0.8	3.9
Items that may be reclassified subsequently to the statement of income:					
Foreign exchange rate differences	0.0	0.0	0.0	0.0	0.0
Total comprehensive income for the period	1.6	1.5	1.0	0.9	3.9
Comprehensive income attributable to:					
Shareholders of parent	1.4	1.5	0.8	0.8	3.7
Non-controlling interests	0.2	0.0	0.2	0.0	0.2

Consolidated balance sheet

EUR million	6/2024	12/2023	6/2023
ASSETS			
Non-current assets			
Intangible assets	0.4	0.5	0.6
Goodwill	40.4	40.0	39.7
Tangible assets	21.3	20.4	21.5
Right-of-use assets	2.9	2.9	2.8
Investments in associated companies and joint ventures	9.6	10.5	10.2
Other receivables	0.4	0.3	0.2
Deferred tax assets	0.9	1.0	1.6
Total non-current assets	75.9	75.7	76.7
Current assets			
Inventory	-	-	0.0
Trade and other receivables	47.0	34.6	61.7
Income tax receivables	0.4	0.7	0.5
Cash and cash equivalents	7.5	23.6	9.5
Total current assets	55.0	58.9	71.7
Total assets	130.9	134.6	148.4
EQUITY			
Equity attributable to the shareholders of the parent			
Share capital	0.1	0.1	0.1
Reserve for invested unrestricted equity	19.7	19.7	19.7
Treasury shares	-1.0	-1.0	-0.5
Foreign exchange rate differences	0.0	0.0	0.0
Retained earnings	22.7	24.0	22.6
Total equity attributable to the shareholders of the parent	41.4	42.8	41.9
Share of non-controlling interests	0.3	0.1	-0.1
TOTAL EQUITY	41.7	42.8	41.8
LIABILITIES			
Non-current liabilities			
Interest-bearing debt	29.4	29.4	30.9
Deferred tax liabilities	1.4	1.5	1.4
Total non-current liabilities	30.9	30.9	32.3
Current liabilities			
Interest-bearing debt	9.8	11.0	17.6
Trade payables and other liabilities	46.8	46.8	55.2
Income tax liabilities	0.1	0.0	0.0
Provisions	1.7	3.1	1.4
Total current liabilities	58.3	60.9	74.3
Total liabilities	89.2	91.7	106.6
Total equity and liabilities	130.9	134.6	148.4

Consolidated cash flow statement

EUR million	4-6/2024	4-6/2023	1-6/2024	1-6/2023	1-12/2023
Result for the period	1.6	1.5	1.1	0.8	3.9
Depreciation, amortisation and impairment	1.4	1.5	2.9	3.0	6.4
Financial income and expenses	0.5	0.6	1.3	1.0	2.9
Income taxes	0.5	0.4	0.4	0.2	0.7
Other adjustments	0.3	0.7	1.0	0.6	0.9
Total adjustments	2.7	3.2	5.6	4.8	11.0
Change in trade and other receivables	-14.0	-12.6	-12.2	-12.0	15.2
Change in trade payables and other liabilities	5.9	10.8	0.0	9.5	0.7
Change in provisions	-1.1	-0.2	-1.4	-0.4	1.2
Total change in working capital	-9.2	-1.9	-13.6	-2.9	17.1
Cash flow from operations before financial items and taxes	-4.8	2.8	-6.9	2.8	31.9
Interest paid in operating activities	-0.1	-0.2	-0.2	-0.3	-0.8
Interest received in operating activities	0.0	0.0	0.1	0.0	0.0
Other financial items	0.0	-0.2	-0.3	-0.3	-0.4
Taxes paid	-0.4	-0.1	-0.1	-0.6	-1.1
CASH FLOW FROM OPERATIONS	-5.3	2.3	-7.4	1.6	29.6
Investments in tangible and intangible assets	-1.8	-1.5	-3.0	-5.0	-6.9
Disposals of tangible and intangible assets	0.1	0.4	0.3	0.7	1.0
Acquisition of the subsidiary less cash and cash equivalents on the date of acquisition	-0.4		-0.4		0.0
CASH FLOW FROM INVESTING ACTIVITIES	-2.1	-1.1	-3.1	-4.3	-5.9
Acquisition of treasury shares	-	-	-	0.0	-0.5
Drawdown of non-current loans	0.8	0.2	1.1	0.2	0.3
Repayment of non-current loans	-0.2	-0.1	-0.2	-0.1	0.0
Drawdown of current loans	6.0	20.0	9.0	27.0	42.0
Repayment of current loans	-3.0	-13.0	-11.3	-21.3	-45.0
Drawdown/repayment of the credit limit	-	-0.1	-	-	-
Repayment of lease liabilities	-0.3	-0.3	-0.6	-0.5	-1.2
Interest and other loan expenses	0.0	0.0	-1.0	-0.4	-1.2
Dividends paid	-2.6	-2.0	-2.6	-2.0	-4.1
CASH FLOW FROM FINANCING ACTIVITIES	0.7	4.7	-5.6	2.8	-9.6
CHANGE IN CASH AND CASH EQUIVALENTS	-6.6	5.9	-16.0	0.1	14.2
Cash and cash equivalents at the beginning of the period	14.1	3.6	23.6	9.4	9.4
Change in cash and cash equivalents	-6.6	5.9	-16.0	0.1	14.2
Impact of the changes in foreign exchange rates	0.0	0.0	0.0	0.0	0.0
Cash and cash equivalents at the end of the period	7.5	9.5	7.5	9.5	23.6

Consolidated statement of changes in equity

EUR million	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
<i>Equity as at 1 January 2023</i>	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	0.8	0.8	0.0	0.8
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	0.8	0.8	0.0	0.9
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-	-	-	-	-	-
<i>Dividend</i>	-	-	-	-	-2.0	-2.0	-	-2.0
<i>Share-based awards</i>	-	-	-	-	0.4	0.4	-	0.4
<i>Other change</i>	-	-	-	-	-	-	-	-
<i>Total transactions with the owners</i>	-	-	-	-	-1.6	-1.6	-	-1.6
<i>Equity as at 30 June 2023</i>	0.1	19.7	-0.5	0.0	22.6	41.9	-0.1	41.8
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	0.8	0.8	0.3	1.1
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	0.8	0.8	0.2	1.0
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-	-	-	-	-	-
<i>Dividend</i>	-	-	-	-	-2.6	-2.6	-	-2.6
<i>Share-based awards</i>	-	-	-	-	0.4	0.4	-	0.4
<i>Total transactions with the owners</i>	-	-	-	-	-2.2	-2.2	-	-2.2
<i>Equity as at 30 June 2024</i>	0.1	19.7	-1.0	0.0	22.7	41.4	0.3	41.7

EUR million	Share capital	Reserve for invested unrestricted equity	Treasury shares	Foreign exchange rate differences	Retained earnings	Equity attributable to the shareholders of the parent	Share of non-controlling interests	Total equity
<i>Equity as at 1 January 2023</i>	0.1	19.7	-0.5	0.0	23.4	42.6	-0.1	42.5
<i>Items of comprehensive income</i>								
<i>Result for the period</i>	-	-	-	-	3.7	3.7	0.2	3.9
<i>Foreign exchange rate differences</i>	-	-	-	0.0	-	0.0	0.0	0.0
<i>Total comprehensive income</i>	-	-	-	0.0	3.7	3.7	0.2	3.9
<i>Transactions with the owners</i>								
<i>Acquisition of treasury shares</i>	-	-	-0.5	-	-	-0.5	-	-0.5
<i>Dividend</i>	-	-	-	-	-4.1	-4.1	-	-4.1
<i>Share-based awards</i>	-	-	-	-	1.0	1.0	-	1.0
<i>Other change</i>	-	-	-	-	-	-	-	0.0
<i>Total transactions with the owners</i>	-	-	-0.5	-	-3.0	-3.6	-	-3.6
<i>Equity as at 31 December 2023</i>	0.1	19.7	-1.0	0.0	24.0	42.8	0.1	42.8

Notes

Key accounting principles and basis for preparation

The Group's Half-year Report has been prepared in accordance with the IAS 34 Half-year Report standard. The Half-year Report should be read together with Kreate Group's consolidated financial statements for the financial year 2023.

The information presented in the Half-year Report has not been audited.

The Half-year Report has been prepared in euros and presented in millions of euros unless stated otherwise. The figures have been rounded to the nearest million with one decimal place and, therefore, the sums of individual figures may differ from the presented total amounts.

The Half-year Report has been prepared in accordance with the key accounting principles presented in Kreate Group's consolidated financial statements for the financial year 2023, except for the revised IFRS standards that came into effect on 1 January 2024. The revised standards did not have an impact on the consolidated financial statements.

Kreate Sverige AB has on 28 May 2024 acquired the remaining share capital in Karell Schakt AB, in which the company already owned a 34% stake.

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

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

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

can be generated in the future against which the unused taxation losses and undeducted interest liabilities of associated companies can be utilised.

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

Segments

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

Revenue from customer contracts

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

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

EUR million	1-6/2024	1-6/2023	1-12/2023
Structural engineering ¹⁾	87.5	121.6	249.7
Transport infrastructure construction ²⁾	33.7	28.4	71.2
Other ³⁾	1.2	1.5	-0.9
Total	122.4	151.6	320.0

¹⁾ Includes, among others, foundation and engineering construction

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

³⁾ Includes intra-Group eliminations

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

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

	1-6/2024	1-6/2023	1-12/2023
Cities and municipalities	16%	23%	18%
Government	47%	29%	40%
Private sector	37%	48%	42%

The seasonality of the infrastructure projects delivered by the company has an impact on the timing of the company's result and cash flows. The private sector share of the revenue has remained constant between the financial periods. The share of cities, municipalities and the government varies according to the ongoing projects.

Working capital

EUR million	6/2024	12/2023	6/2023
Trade receivables	26.1	19.2	36.4
Assets based on contracts with customers	18.9	14.8	24.4
Other receivables	0.1	0.1	0.5
Accrued income	1.9	0.4	0.4
Total trade and other receivables	47.0	34.6	61.7
Accrued personnel costs	0.0	0.1	0.0
Other accrued income	1.8	0.3	0.4
Total accrued income	1.9	0.4	0.4
Trade payables	16.1	14.0	21.7
Liabilities based on contracts with customers	12.8	12.3	16.2
Other liabilities	4.5	6.8	6.6
Accrued liabilities	13.3	13.6	10.8
Total trade payables and other liabilities	46.8	46.8	55.2
Interest liabilities	0.8	0.9	0.4
Accrued personnel costs	11.1	11.5	8.2
Other accrued liabilities	1.5	1.2	2.2
Total accrued liabilities	13.3	13.6	10.8

Financial assets and liabilities

EUR million	30 June 2024	Carrying amount	Fair value
Financial assets measured at amortised cost			
	Non-current receivables	0.4	0.4
	Non-current financial assets	0.4	0.4
	Trade and other receivables	26.2	26.2
	Current financial assets	26.2	26.2
	Cash and cash equivalents	7.5	7.5
	Total financial assets	34.1	34.1
Financial liabilities measured at amortised cost			
	Loans from financial institutions	25.9	26.0
	Hire purchase liabilities	1.8	1.8
	Lease liabilities	1.7	
	Non-current interest-bearing liabilities	29.4	
	Loans from financial institutions	2.6	2.6
	Commercial papers	6.0	6.0
	Lease liabilities	1.2	
	Current interest-bearing liabilities	9.8	
	Trade payables and other liabilities	20.6	20.6
	Other current financial liabilities	20.6	20.6
	Total financial liabilities	59.8	

EUR million	31 December 2023	Carrying amount	Fair value
Financial assets measured at amortised cost			
	Non-current receivables	0.3	0.3
	Non-current financial assets	0.3	0.3
	Trade and other receivables	19.4	19.4
	Current financial assets	19.4	19.4
	Cash and cash equivalents	23.6	23.6
	Total financial assets	43.2	43.2
Financial liabilities measured at amortised cost			
	Loans from financial institutions	27.2	27.3
	Hire purchase liabilities	0.3	0.3
	Lease liabilities	1.8	
	Non-current interest-bearing liabilities	29.4	
	Loans from financial institutions	2.6	2.6
	Commercial papers	7.0	7.0
	Hire purchase liabilities	0.2	0.2
	Lease liabilities	1.1	
	Current interest-bearing liabilities	11.0	
	Trade payables and other liabilities	20.8	20.8
	Other current financial liabilities	20.8	20.8
	Total financial liabilities	61.2	

Loans from financial institutions are classified to hierarchy level 2 of the fair value classification. The carrying amount of short-term trade receivables and liabilities is assumed to be the same as their fair value due to their nature.

The Group has only had financial assets and liabilities measured at amortised cost for the financial years 2024 and 2023.

Changes in tangible assets

EUR million	6/2024	12/2023	6/2023
Acquisition cost as at 1 January	36.7	34.2	34.2
Exchange rate differences	-0.1	0.0	-0.1
Increases	3.0	6.9	5.0
Decreases	-1.0	-4.2	-1.9
Acquisition cost at the end of the period	39.5	36.9	37.1
Accrued depreciation, amortisation and impairment as at 1	-16.3	-14.2	-14.2
Exchange rate differences	0.0	0.0	0.1
Accrued amortisation on the decreases	0.6	2.8	0.9
Amortisation for the period	-2.2	-5.0	-2.3
Accrued depreciation, amortisation and impairment at the end of the period	-18.2	-16.5	-15.6
Carrying amount at the end of the period	21.3	20.4	21.5

Changes in right-of-use assets

EUR million	6/2024	12/2023	6/2023
Acquisition cost as at 1 January	5.9	5.0	5.0
Exchange rate differences	0.0	0.0	0.0
Increases	0.6	1.4	0.6
Decreases	-0.2	-0.5	-0.3
Acquisition cost at the end of the period	6.2	5.9	5.3
Accrued depreciation, amortisation and impairment as at 1	-2.9	-2.2	-2.2
Exchange rate differences	0.0	0.0	0.0
Accrued amortisation on the decreases	0.2	0.4	0.2
Amortisation for the period	-0.6	-1.2	-0.6
Accrued depreciation, amortisation and impairment at the end of the period	-3.3	-2.9	-2.5
Carrying amount at the end of the period	2.9	2.9	2.8

Changes in intangible assets

EUR million	6/2024	12/2023	6/2023
Acquisition cost as at 1 January	5.2	5.2	5.2
Decreases	-	0.0	-
Acquisition cost at the end of the period	5.2	5.2	5.2
Accrued depreciation, amortisation and impairment as at 1	-4.7	-4.5	-4.5
Accrued amortisation on the decreases	-	0.0	-
Amortisation for the period	-0.1	-0.2	-0.1
Accrued depreciation, amortisation and impairment at the end of the period	-4.8	-4.7	-4.6
Carrying amount at the end of the period	0.4	0.5	0.6

Collateral and contingent liabilities

EUR million	6/2024	12/2023
Collateral given on behalf of joint project ventures	10.6	10.6
Guarantee liabilities from project contracts	43.4	46.2
Lease liabilities from short-term assets with a low value	0.9	1.2
VAT liability	0.2	0.2

Related-party transactions

The Group's related parties include the parent company, subsidiaries and the joint venture KFS Finland Oy. Karell Schakt Ab has been reported as an associate venture until the acquisition 28th of May 2024 after which it has been reported as a subsidiary. Related parties also include key management personnel, their close family members and communities where these persons exercise direct or indirect control. Key management personnel include the members of the Board of Directors, President & CEO, Senior Vice President and the members of the Group's Management Team. The question of whether communities where shareholders or key management personnel exercise control are considered to be related parties is examined case-specifically taking into account the factual conditions.

EUR million	1-6/2024 income	Expenses	6/2024 Receivables	Liabilities
Associate and joint venture	6.7	-2.7	3.4	0.3

EUR million	1-12/2023 Income	Expenses	12/2023 Receivables	Liabilities
Associate and joint venture	2.7	-16.5	0.3	0.7

EUR million	1-6/2023 Income	Expenses	6/2023 Receivables	Liabilities
Associate and joint venture	1.0	-9.6	0.0	2.1

Events after the reporting period

No relevant events have occurred after the reporting period.