

KREATE

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INDERES CORPORATE CUSTOMER

EXTENSIVE REPORT



A year of growth ahead

Kreate's growth will accelerate significantly this year as the company grows organically in both Finland and Sweden, supported by a strengthening order backlog. In addition, growth is boosted by the completed SRV Infra acquisition. We expect that through growth, the company's profitability will return relatively closer to the level seen in previous years. Due to the recent positive order flow, we have also raised our growth estimates from 2026 onwards. However, the earnings-based valuation multiples for 2026-2027 have risen to a neutral level relative to our accepted valuation level. Thus, the risk/reward ratio is not attractive at this stage, considering the uncertainties related to earnings growth. Due to changes in our estimates, we raise our target price to EUR 12.5 (was EUR 11.0) but reiterate our Reduce recommendation.

A Finnish constructor specializing in demanding infrastructure

Kreate is a company specializing in demanding infrastructure construction, operating in Finland and Sweden. Kreate's businesses are divided into Transport infrastructure construction and Structural engineering. Transport infrastructure construction includes the construction of railways, roads and streets. Structural engineering includes the company's bridge construction and repair, foundation and civil engineering, special foundation construction (KFS Finland), and the Swedish operations. Following the acquisition of SRV Infra Oy, the company also has an underground rock construction business in Finland. Kreate has grown strongly in the recent past relative to the infrastructure construction market (2017-2024 CAGR ~10%), while profitability has been at a good level compared to the industry average (on average EBITA-% 3.9%). With a business model that ties up limited capital, returns on capital have also been strong.

Components for profitable growth in place for coming years

In its current strategy, Kreate aims for more moderate growth than before to support profitability development. Regarding growth, the company's focus remains on the railway business and the

Swedish business. In our view, in addition to focusing on profitability, the company is still well-positioned for strong growth, especially in the coming years. In addition to the acquisition, growth is supported by significant projects in the development phase, which we expect to move into the execution phase and thus be recorded in the company's order book in the first half of 2026. In addition, we expect Kreate's Swedish business to continue its profitable growth as the company expands into new types of construction and into the role of main contractor in the market. Kreate is targeting 5-10% growth during its current strategy period of 2024-2027. We expect the company to grow faster than its target, at an average annual rate of some 12%. Our profitability forecast remains below the company's target level (target: EBITA-% >5%, 2027 forecast 4.2%). In our view, achieving the target level is possible in a single year, but the company's efficiency would need to improve significantly to reach the target sustainably.

Valuation neutral compared to our updated forecasts

In our view, Kreate's investment story in the coming years will primarily revolve around earnings improvement. In 2025, the company's front-loaded personnel investments will continue to depress profitability. Due to the completed acquisition, it is justified to primarily examine the 2026 multiples, which fully account for the acquisition's impact. Based on our estimates, Kreate's share is valued at 11x EV/EBIT and 13x P/E multiples for 2026. Relative to our acceptable valuation (EV/EBIT 10-12x & P/E 10-13x), the pricing appears neutral. In addition, the valuation is broadly in line with peer companies (peer group median 2026e EV/EBIT 11x, P/E 14x). Looking to 2027, the multiples fall to a more attractive level (EV/EBIT 9x, P/E 10x). However, there is uncertainty regarding the realization of earnings growth due to factors such as the completed acquisition and the expansion of operations in Sweden. The DCF model value is roughly in line with our target price, supporting the recommendation.

Recommendation

Reduce

(was Reduce)

Target price:

12.50 EUR

(was EUR 11.00)

Share price:

13.30 EUR

Business risk



Valuation risk



	2024	2025e	2026e	2027e
Revenue	275.5	309.7	391.6	431.9
growth-%	-14%	12%	26%	10%
EBITA	8.8	10.1	15.1	17.9
EBITA-%	3.2 %	3.3 %	3.9 %	4.2 %
Net Income	4.4	6.5	9.1	11.4
EPS (adj.)	0.49	0.73	1.02	1.28
P/E (adj.)	14.6	18.1	13.0	10.4
P/B	1.5	2.6	2.4	2.1
Dividend yield-%	7.0 %	3.8 %	3.9 %	4.8 %
EV/EBIT (adj.)	10.8	17.2	11.3	9.2
EV/EBITDA	6.1	9.8	7.8	6.4
EV/S	0.3	0.6	0.4	0.4

Source: Inderes

Guidance

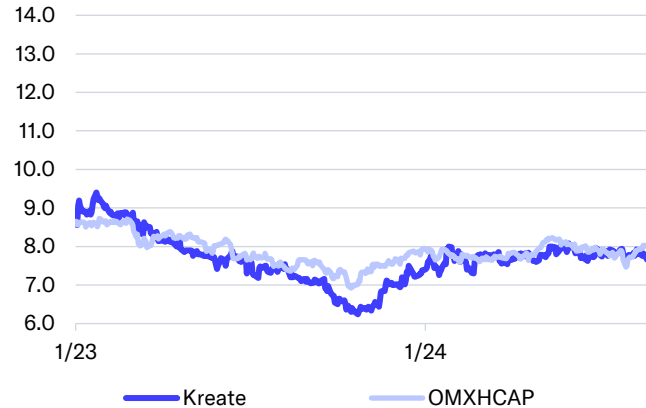
(Unchanged)

Kreate estimates that its revenue in 2025 will increase and be in the range of 290-310 MEUR (2024: 275.5 MEUR) and EBITA will increase and be in the range of 9-11 MEUR (2024: 8.8 MEUR).

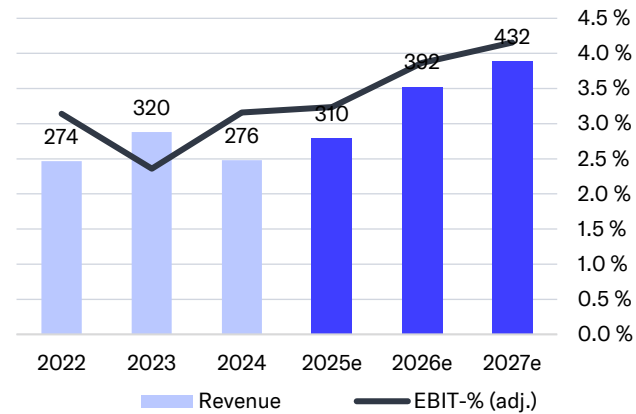
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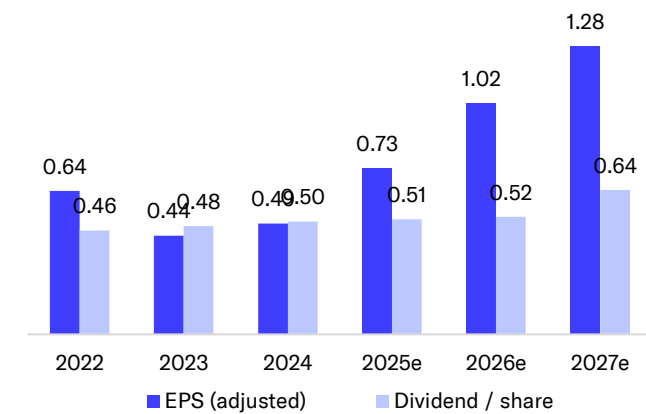
Share price



Revenue and EBIT-% (adj.)



EPS and dividend



Value drivers

- Stronger growth than the market in the medium term
- Clear room for improvement in profitability
- Strong return on capital potential
- Competitive advantage through specialized expertise in demanding projects
- Growth potential of the Swedish business

Risk factors

- The industry is partly dependent on economic cycles, especially in the private sector
- Drying up of public investments
- Managing growth, especially in Sweden
- Successful acquisitions

Valuation	2025e	2026e	2027e
Share price	13.3	13.3	13.3
Market cap	118	118	118
EV	172	171	165
P/E (adj.)	18.1	13.0	10.4
P/B	2.6	2.4	2.1
EV/Sales	0.6	0.4	0.4
EV/EBITDA	9.8	7.8	6.4
EV/EBIT (adj.)	17.2	11.3	9.2
Payout ratio (%)	69.4 %	50.7 %	50.1 %
Dividend yield-%	3.8 %	3.9 %	4.8 %

Source: Inderes

Kreate in brief

Kreate is a Finnish infrastructure builder. Kreate specializes in demanding infrastructure, including solutions relating to bridges, roads, railway and tramway construction, and foundation construction. In addition to Finland, the company operates in Sweden.

275 MEUR

Revenue in 2024

8.8 MEUR

EBITA 2024

9.7%

Revenue growth (CAGR) 2017-2024

3.9%

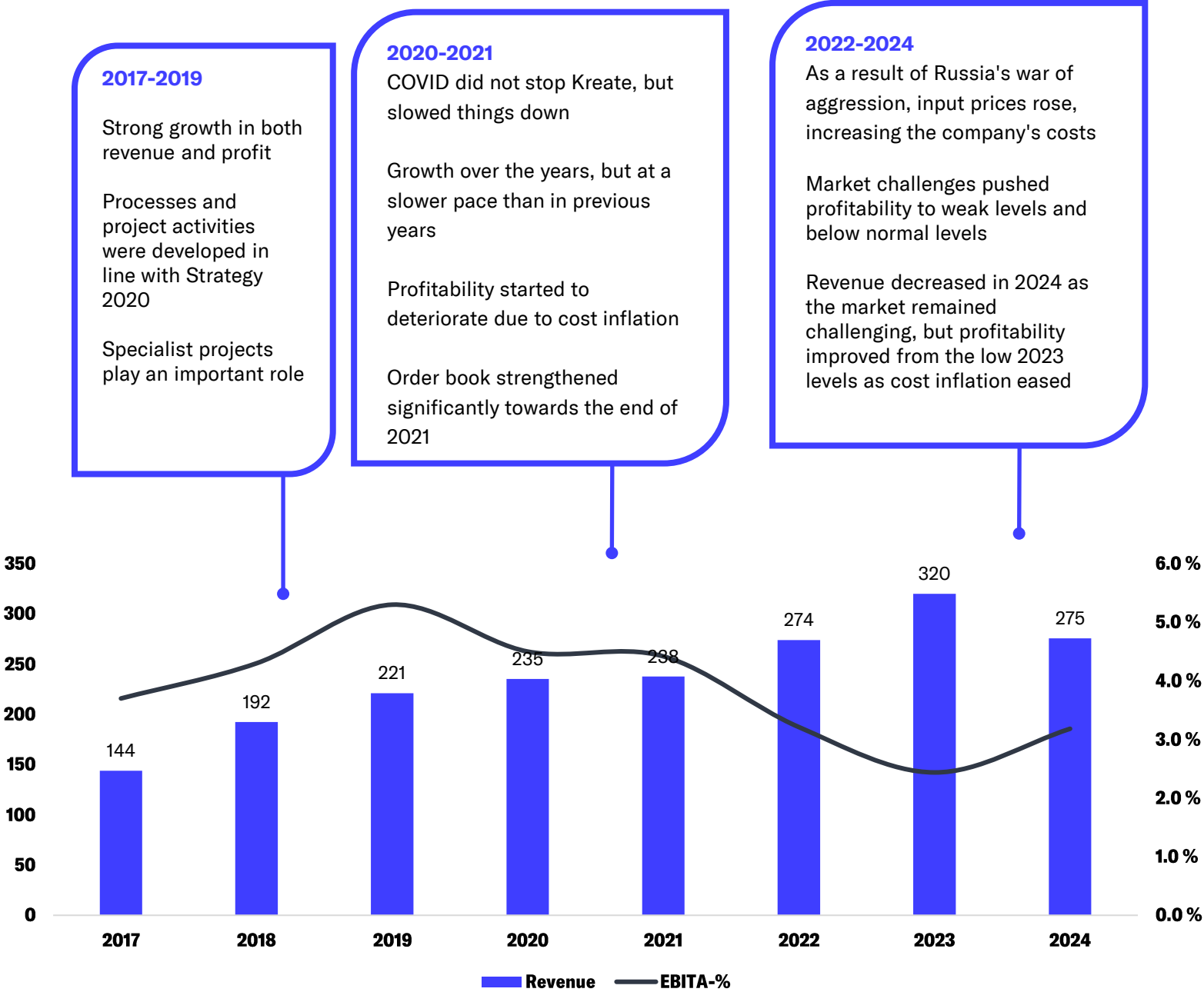
EBITA-% 2017-2024

511

Headcount at the end of 2024

17.5%

Return on equity, average 2019-2024



Company description and business model 1/8

Builder of demanding infrastructure

Kreate is a Finnish company specializing in demanding infrastructure construction. The company's business activities in Finland include railway construction, road and street construction, bridge construction, foundation and engineering construction, and rock and concrete construction in Sweden. Following the acquisition of SRV Infra Oy, the company also has an underground rock construction business in Finland. In addition, Kreate has a joint venture, KFS Finland, which operates in the special foundation construction market in Finland.

Kreate is one of Finland's leading providers of demanding and specialized infrastructure projects, which we believe gives it a good market position in the infrastructure construction market. Urbanization, dense construction and renovation debt increase the need for more advanced infrastructure, but they also make projects more challenging. Kreate's track record of successful implementation of demanding projects gives it a small competitive edge here.

Kreate's revenue has grown strongly over the last five years, reaching around 275 MEUR in 2024. Annual growth has averaged ~10% (CAGR) over 2017-2024, which is a very strong performance for the sector. Most of the growth has been organic, but the company has also made acquisitions during the period, for example, in Sweden. Profitability has also been at a good level for the industry, averaging slightly below 4% (EBITA) during the review period. During 2022-2023, however, profitability deteriorated below average, mainly burdened by cost inflation.

Sweden's role has become more prominent in recent years

Kreate's business has historically focused on Finland. In

2024, around 88% of revenue came from Finland and the remaining 12% from Sweden. The company expanded to Sweden in September 2022, after which Sweden's share of revenue has grown rapidly. Currently, Sweden already accounts for about 14% of the company's revenue (Q3'25 LTM). During the current strategy period, Sweden plays an important strategic role as one of Kreate's growth areas in addition to its railway and tramway business.

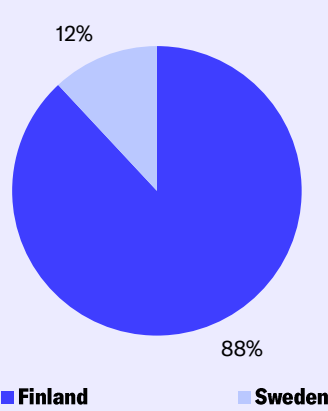
The main customer is the public sector

By customer group, the public sector accounts for the largest share of revenue, which creates stability in the company's business. In general, however, public projects are highly competitive and these types of projects can reduce the profit potential on the flip side of stability. Government projects accounted for about 50% of the company's revenue in 2024 and municipalities and cities for about 14%. The rest (35%) of the revenue in 2024 came from the private sector, which may include construction companies, industrial investment commissioners/developers, and other large companies. In general, private sector projects have a better return potential, but they also often carry higher risks.

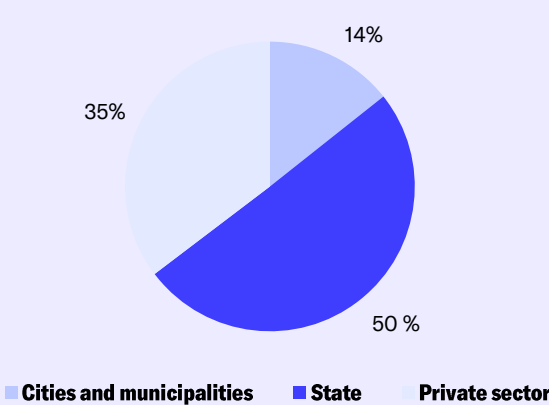
Aiming for sustainable profitability

After a period of strong growth for Kreate, the company's strategy for 2024-2027 emphasizes sustainable profitability. In addition to 5-10% annual revenue growth, the goal is to gradually increase profitability towards the targeted level of over 5% (EBITA-%) through better cost management and selective bidding. The targets, especially in terms of profitability, are still a long way off, but we believe they are operationally achievable on the back of improved performance and a reviving market.

Revenue by country (2024)



Revenue by customer group (2024)



Source: Inderes, Kreate

Company description and business model 2/8

Business in several infrastructure construction segments

Kreate has one reportable segment, but two business areas, for which it discloses revenue separately. Kreate's businesses are divided into Transport infrastructure construction and Structural engineering. Transport infrastructure construction includes the construction of railways, roads and streets. Structural engineering includes the company's bridge construction and repair, foundation and civil engineering, special foundation construction (through the KFS Finland joint venture), and the Swedish operations. In addition, Kreate's acquisition of SRV Infra will be included in the Finnish Structural engineering business after its completion. Kreate has several different units (divided by construction type), although the units work closely together across unit boundaries. As can be seen from the projects listed on the right, extensive projects, in particular, often involve Kreate's personnel from several different types of construction.

Structural engineering

In 2024, Structural engineering accounted for roughly two-thirds of the company's revenue. Kreate operates in Structural engineering in both Finland and Sweden.

Bridge construction and repair covers the construction of new bridges and the repair of existing ones. We believe the company has a leading position in the segment in Finland, and its references in the field are strong. In bridge construction, the complexity is increased by factors such as water crossings, congested urban environments, and the technical requirements of bridges, such as length, height, and load-bearing capacity. In addition, bridge construction projects often have tight schedules related to minimizing traffic disruptions. Technically demanding bridges include, for example, water bridges, railway bridges and other transport infrastructure bridges, such as those at interchanges.

Foundation and civil engineering performs construction-related foundation work and groundworks, but with a focus on demanding urban environments and industry. Examples include the Terminal 2 project at Helsinki-Vantaa airport, Kesko's Onnela logistics center and numerous challenging groundworks in central Helsinki, for example. In recent years, Kreate has won several projects in foundation and civil engineering for data center construction. The unit implements critical underground systems and structures for data center projects.

Rock and concrete construction (Sweden) refers to demanding underground and above-ground construction engineering work, including, for example, rock excavation and reinforcement. In Sweden, Kreate specializes in demanding underground projects as a subcontractor. The intention is to expand above ground with growth and strong references towards a main contractor role. The company also operates to a small extent in the earth and foundation construction market in Sweden.

Transport infrastructure construction

In 2024, Transport infrastructure construction accounted for roughly one-third of the company's revenue. Kreate's transport infrastructure construction is divided into road and street construction and railway construction.

In road and street construction, the company focuses particularly on large infrastructure projects in demanding environments, such as urban areas. Kreate's customer base in road and street construction is concentrated on public operators, although the private sector is also important, accounting for around one-fifth of the unit's revenue. Private projects are typically related to industrial projects.

Examples of current major projects

Project	Business area	Value	To be completed
Kruunuvuorensilta	Bridge and foundation construction	63 MEUR	2026
Kirjalansalmi and Hessundinsalmi bridges	Bridge and infrastructure construction	120 MEUR	2026
Helsinki-Riihimäki	Bridge, road, special foundation and railway construction	~100 MEUR	2027
Koskela Depot	Railway construction, circular economy	58 MEUR	2029
Sulkavuori central wastewater treatment plant	Industrial, foundation and civil engineering	36 MEUR	2025

Examples of major projects in the development phase

Tampere passenger railway yard, phase 2	Bridge, track,, transport infrastructure and foundation construction	160 MEUR	2026
Eastern section of the Vantaa light rail, phase 2	Bridge, transport infrastructure and rail construction	95 MEUR	2029
Kurkela-Kuusisto	Bridge, transport infrastructure, and special foundation construction	80 MEUR	2026
Junatie metro bridge, Helsinki	Bridge, transport infrastructure and rail construction	50-70 MEUR	2026

Company description and business model 3/8

The railway construction business includes the construction work for railways, railway yards, tramways and metro lines. According to the company, the projects range from major track renewals to smaller bridge and track ballast replacement works. Based on the investment plans of the Finnish state and municipalities, the need for railway expertise will increase in the future, making it an important part of Kreate's strategy. The company currently has several major rail projects underway.

Other operations

Circular economy plays an important role in supporting the company's various construction types. Kreate actively strives to support sustainable development and achieve cost savings in projects by improving material management. The company can also utilize material flows generated in different projects with each other, minimizing waste. The aim is to replace virgin soil in both Kreate's own projects and those of its partners. The circular economy adds value to Kreate's projects and also provides solutions externally on a small scale. In our view, the circular economy itself has a very moderate impact on the company's financials. However, for the company's competitiveness, the circular economy plays an important role as the environmental targets for projects become stricter.

In special foundation construction, the company operates through the joint venture KFS Finland. KFS Finland operates in special foundation construction and is, according to the company, the market leader in its field. The special foundation business includes jet grouting, stabilization, bored piling, retaining wall construction and anchoring. Kreate owns a 50% stake in KFS Finland. Correspondingly, Keller Holdings Limited owns a 50% stake

in the company. Kreate's reported revenue does not include KFS Finland's revenue.

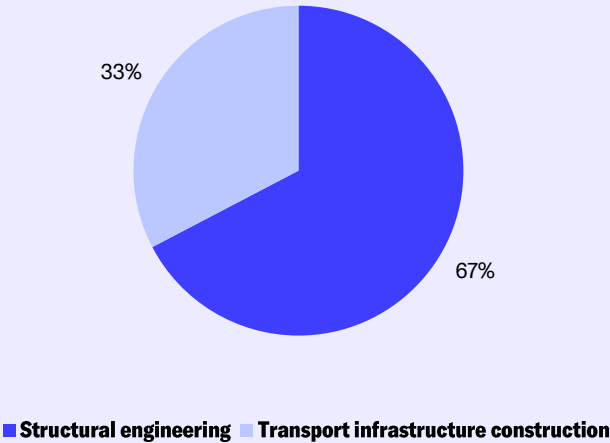
The acquisition of SRV Infra brings new expertise to the organization

On October 27, Kreate announced that it is acquiring all shares in SRV's subsidiary SRV Infra Oy. The transaction was completed at the end of 2025, in line with our expectations. SRV Infra's revenue in 2024 was 52.2 MEUR, and its EBIT was 2.6 MEUR. With the acquisition, Kreate expands its offering in Finland into a completely new business area for the company: underground rock construction. In addition, the acquisition strengthens Kreate's existing foundation and special foundation construction business, in which the company already operates through KFS Finland.

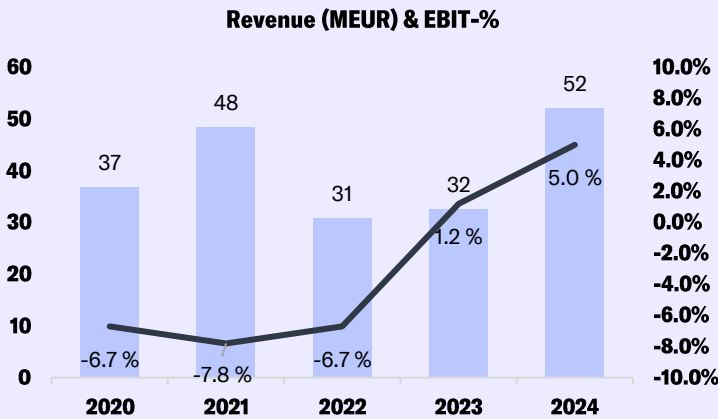
SRV Infra's EBIT margin was 5.0% in 2024. Thus, the profitability of the acquired entity is clearly higher than Kreate's current profitability level. We believe SRV Infra has good growth potential under Kreate, considering future investments in Finland, particularly in security.

On the other hand, visibility into the project portfolio and thus the sustainability of the revenue level is still limited at this stage, especially considering SRV Infra's large share of revenue from internal customers (~56% of 2024 revenue). SRV Infra's profitability has improved significantly in recent years compared to its history, and we believe its margin accumulation has further strengthened in 2025. In addition to revenue development, the long-term sustainability of SRV Infra's margin level is also a factor of uncertainty. Our understanding is that in the early 2020s, the company undertook extensive restructuring, including reorganizing operations with regard to key personnel.

Revenue by business area (2024)



SRV Infra's profitability has improved in recent years



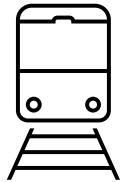
Source: Inderes, Kreate, Finder

Company description and business model 4/8



Structural engineering

(67% of revenue)

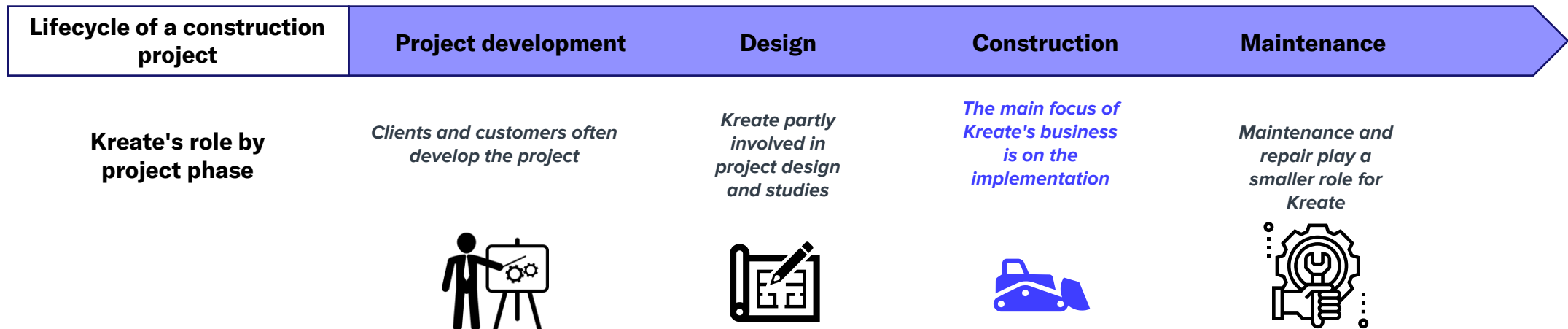


Transport infrastructure construction

(33% of revenue)



- The customer base is dispersed, with the private sector being emphasized in foundation and civil engineering and in rock and concrete construction in Sweden. SRV Infra will be included in the segment after the transaction is completed.
- Sweden's share of the segment's revenue is around 18% (2024)
- Bridge construction and repair are largely carried out for the state, cities, and municipalities
- Another important component is foundation and civil engineering construction, but especially in technically demanding urban sites and in the industrial field
- Projects include the renewal of the Kirjalansalmi and Hessundinsalmi bridges, the Crown Bridges project, the Tampere Deck, the Kesko logistics center
- Customers are mainly cities, municipalities, and the state, with private sector customers also in road and street construction
- Construction of railways, roads, and streets
- Focuses on road construction, especially on technically demanding projects (not basic road maintenance)
- Increasing share due to launch of major railway projects
- Railway expertise provides the company with access to extensive projects, which often include a significant amount of structural engineering and transport infrastructure construction
- Projects include Koskela depot, Tampere passenger railway yard and Vantaa light rail



Company description and business model 5/8

Kreate operates in project business

Kreate's revenue is generated almost entirely from infrastructure construction contracting. In practice, the company executes construction projects on its customers' accounts and balance sheets. The company's revenue and results are earned over time as projects progress, rather than on delivery, sale or completion, as in, e.g., self-financed construction.

The most common contract types for Kreate's projects are the complete project contract, the design and build contract, the project management contract and the increasingly common alliance and cooperation projects. In our understanding, the majority of revenue is generated from complete project contracts. Often, a price is agreed on the basis of which Kreate will carry out the work. If the actual cost of the contract is lower or higher than Kreate's budget, the profit or loss remains with Kreate. Contracts are nowadays often index-linked so that, for example, cost fluctuations do not have a significant impact on the final result. What's more, the industry is increasingly using cooperative agreements in which responsibilities (costs) and goals (profits) are shared between the participants (e.g. alliance models).

To the best of our knowledge, Kreate has no history of significant project problems. According to Kreate, more than 96% of its projects have been profitable in the past (source: CMD material). During its stock exchange history, the company has been able to avoid the realization of financially significant project risks. However, project problems are a definite and significant risk inherent in Kreate's business model. The company has several significant multi-year projects under construction or in the

development phase. However, in our view, this does not significantly increase the company's risk level, even though project problems in the industry typically occur in larger and more challenging projects. However, Kreate carries out particularly challenging multi-year public projects mainly using an alliance model, where risks are shared among the project parties.

About 15% of Kreate's revenue comes from small projects (0-3 MEUR) and about 50% from medium-sized projects (3-30 MEUR), which reduces the magnitude of project problems if they occur. However, even Kreate is not immune to substantial project risks due to its project scale, but these have been avoided so far.

Cyclicality

Economic cycles affect Kreate's business, even though infrastructure construction is generally steadier than, for example, new construction. The company's cyclicality is increased by the fact that it also carries out infrastructure work for private customers, such as industrial companies. This makes Kreate dependent on, for example, private industrial investments.

However, infrastructure also has counter-cyclical features. Often large infrastructure projects and investments are driven by the public sector and their demand is not very dependent on the economic situation (e.g. railway projects). When the economy weakens, recovery often kicks in for states and municipalities, and infrastructure has historically often been a productive target for stimulus money, as infrastructure construction often leads to other economic activity. Overall, public demand balances fluctuations in private demand, making infrastructure less dependent on the business cycle.

Large projects

- Size: over 30 MEUR
- Duration: several years
- Provide continuity in the company's work, joint projects involving several businesses, demanding project management
- Alliance and cooperation models

35%

Medium-sized projects

- Size: 3-30 MEUR
- Duration: 1-2 years
- Ensure resource utilization, profitable core business
- All contract types

50%

Small projects

- Size: 0-3 MEUR
- Duration: less than one year
- Generally, the most profitable and technically particularly challenging
- Mostly complete project contracts

15%

Company description and business model 6/8

There are seasonal variations in the business

The seasonal variations in Kreate's business largely follow the seasonalities of construction but differ slightly from, for example, building construction. While Q4 is generally the best quarter in the construction sector, Q2-Q3 are more important for Kreate.

Infrastructure is often a weather-sensitive business, with more work tending to be done in the warmer seasons. In line with this dynamic, Q1 is generally the weakest quarter, and by the end of Q4, the weather also starts to complicate project execution. For this reason, weather conditions can have a positive or negative impact on the Q4 result in particular. However, projects are often completed in Q4 and large installments may become payable, reducing the seasonality of the quarter. Historically, Kreate has made its best profitability in the third quarter, but the profitability of the second and fourth quarter often reaches a good level as well. As project sizes increase and collaborative project models become more common in the company's project portfolio, we expect seasonality to level off somewhat between quarters.

Resources: labor, machinery and materials

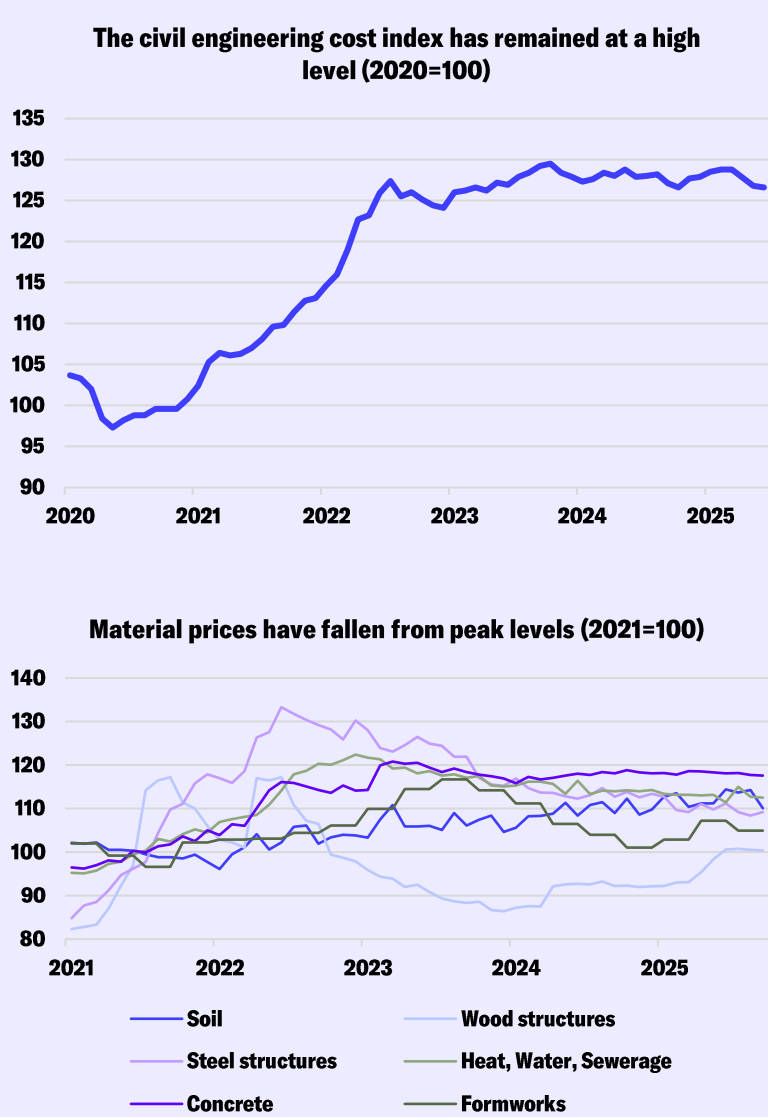
Kreate's business projects require a lot of manual labor, machinery and materials. The industry as a whole experienced a sharp increase in the price of materials between 2020 and 2022, which also affected Kreate. Kreate is particularly dependent on steel, machine fuels, bitumen, concrete, timber and other basic construction materials. Their price fluctuations can have a significant impact on the company's business.

Since 2020, civil engineering costs have been rising sharply, both in terms of labor and inputs, as shown in the

chart to the right. Profitability also took a hit from rising costs between 2022 and 2023, as older, longer-term projects could not fully accommodate the unprecedented price increases. However, the projects were completed in 2023, and a similar cost impact has not been seen in 2024 and 2025.

In industry projects, the price of some materials is generally agreed in advance, but many purchases are also made as projects progress. In this case, fixed contract prices can be challenging and can significantly reduce/improve the profitability of the project (depending on the type of contract) if prices change dramatically during the project. However, we consider it unlikely that the price increases of recent years will be repeated in the near future. On the other hand, in a scenario where the economy would recover more strongly and, for example, geopolitical tensions would ease, a clearer price increase could be seen in construction costs. We estimate that current contracts also often include an indexation for cost increases or decreases. In addition, different project models often involve the sharing of costs and benefits between different parties. Depending on the projects and pricing mechanisms, Kreate also purchases materials in advance.

Labor is another important resource. We estimate that a large part of Kreate's workforce is on the company's payroll. According to Kreate, in-house labor is used for the most demanding parts of projects and subcontractors for the more repetitive and easier parts. The use of in-house labor contributes to improving visibility and also the manageability of projects. We believe this is one of the reasons why Kreate has not historically had significant project problems.



Company description and business model 7/8

Seasonal variation in business operations is reflected in cash flow

Kreate's operational free cash flow is typically strong, especially in the second half of the year, when projects are often completed. Fluctuations in cash flow are due to the start-up of projects and the tie-up of capital as equipment and materials are purchased. However, the company has normally had negative or zero working capital on an annual basis.

We believe that in the long term, the company's sustainable net working capital level will be at zero. More significant negative working capital would be possible if a larger portion of the company's revenue came from service and maintenance contracts.

Moderate working capital commitment is positive for investors, as the business can grow without the need for additional financing. During a period of declining revenue, negative net working capital can certainly put negative pressure on cash flow, but given Kreate's operational performance and financial situation, we do not believe this should be a problem for the company to manage.

Investment needs are moderate

In line with the company's business model and the industry, the company does not spend much on investments in relation to the size of the business. However, the company must constantly renew or upgrade its equipment in order to maintain the same level of efficiency as it has had to date. This requires maintenance and new investments.

Investments may also involve larger one-off items, e.g., the purchase of specialized machinery or equipment. For instance, in recent years, Kreate has invested heavily in equipment and support for the railway construction business, among other things. An example of the

In 2024, net operating investments totaled 1.9 MEUR (2023: 5.9 MEUR). Net investments decreased from 2023, mainly due to the company's sales of properties in Tuusula. Investments in tangible assets were roughly at the 2023 level (2024: 5.9 MEUR, 2023: 6.9 MEUR). Investments in 2024 were roughly 2% of revenue. We expect the level of operating investments to be roughly at the level of depreciation going forward.

Costs are mostly variable

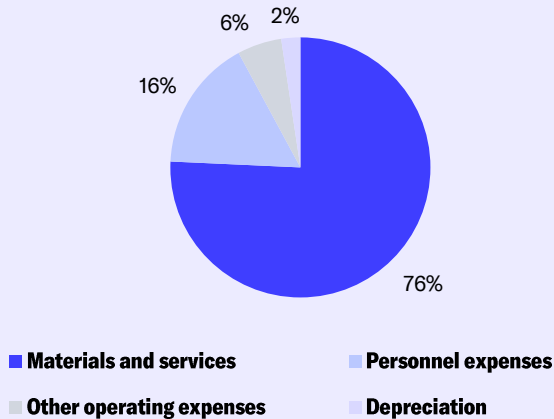
There is a reasonable degree of flexibility in Kreate's cost base. Most of the costs are variable or semi-fixed, with only group functions representing a truly fixed cost. Other costs are incurred by the projects.

Materials and services account for a large share of costs, with a ratio of around 76% of total costs in 2024. This component also moves very much with revenue, but varies from year to year through the price of resources and the success of their management. For example, in years of higher cost inflation, the share rose to nearly 80% of revenue (74% in 2024). The level of subcontracting also affects the amount of service costs relative to personnel expenses.

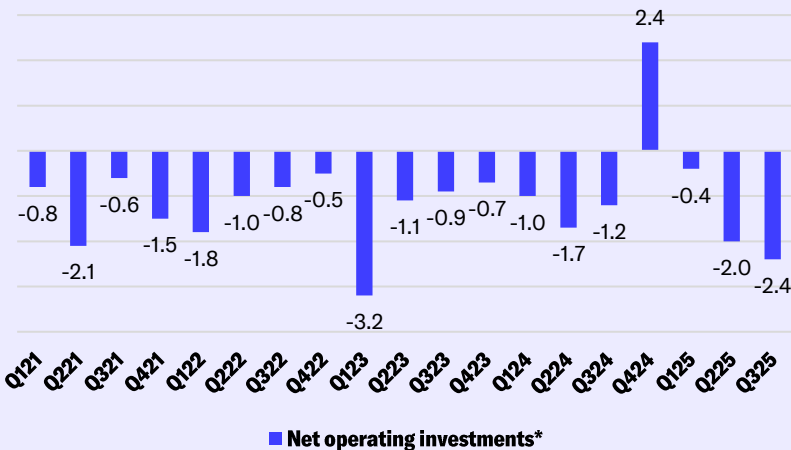
In addition to material and service costs, the company has personnel costs, which remain reasonably fixed, although there are some variable elements. We estimate that the company's own staff is mainly well utilized and that subcontractors are the part of the resources that are more flexible when needed. However, own staff can be laid off, for example, if necessary. Personnel costs accounted for around 16% of total costs in 2024, and this cost item has also seen a slight relative increase (in relation to revenue) as salary costs have risen and the company has made

Most of Kreate's costs are project-related variable costs

(% of total expenditure, 2024)



Investments moderate relative to Kreate's size (MEUR)



Source: Inderes, Kreate
*Net operating investments = Investments in tangible and intangible assets - disposals of tangible and intangible assets

Company description and business model 8/8

Other operating expenses (6% share) are mainly fixed costs, and their share of the total is very small.

We believe the business has only limited scalability, as a large portion of the company's costs are variable. However, we estimate that optimizing (employee resource) utilization rates will improve profitability up to a point.

Sustainable competitive advantage is challenging to achieve

Kreate's competitive advantages include the company's scale, specialized expertise in various types of infrastructure construction, and its personnel. In our view, achieving a significant sustainable competitive advantage in the infrastructure construction market is challenging, and there are no permanent market shares in the industry.

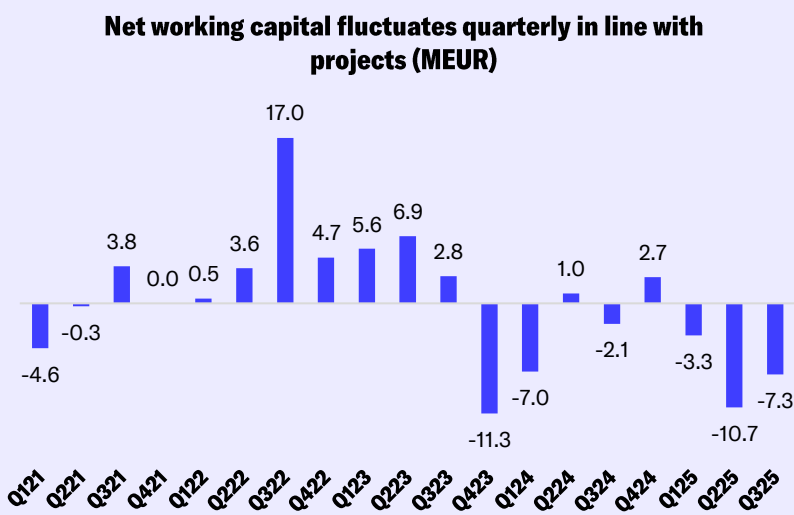
However, Kreate operates in market segments where the barrier to entry is higher. In smaller-scale, simpler infrastructure contracting, competition is tougher and the barrier to entry is significantly lower. This has also been reflected in the current weaker construction cycle as significantly intensified competition in simpler infrastructure contracting. Kreate operates in large and challenging transport infrastructure construction and structural engineering projects, which, in our view, are better protected from rapid changes in the competitive landscape, as the need for machinery, equipment, and resources is substantial in larger projects. In addition, satisfied (eNPS for the group was 67) and committed personnel will continue to support Kreate's position. Over the years, the company has also accumulated an impressive list of references, which are of great importance in winning new projects. Accumulating a similar list of references would require not

only suitable resources but also several years to materialize.

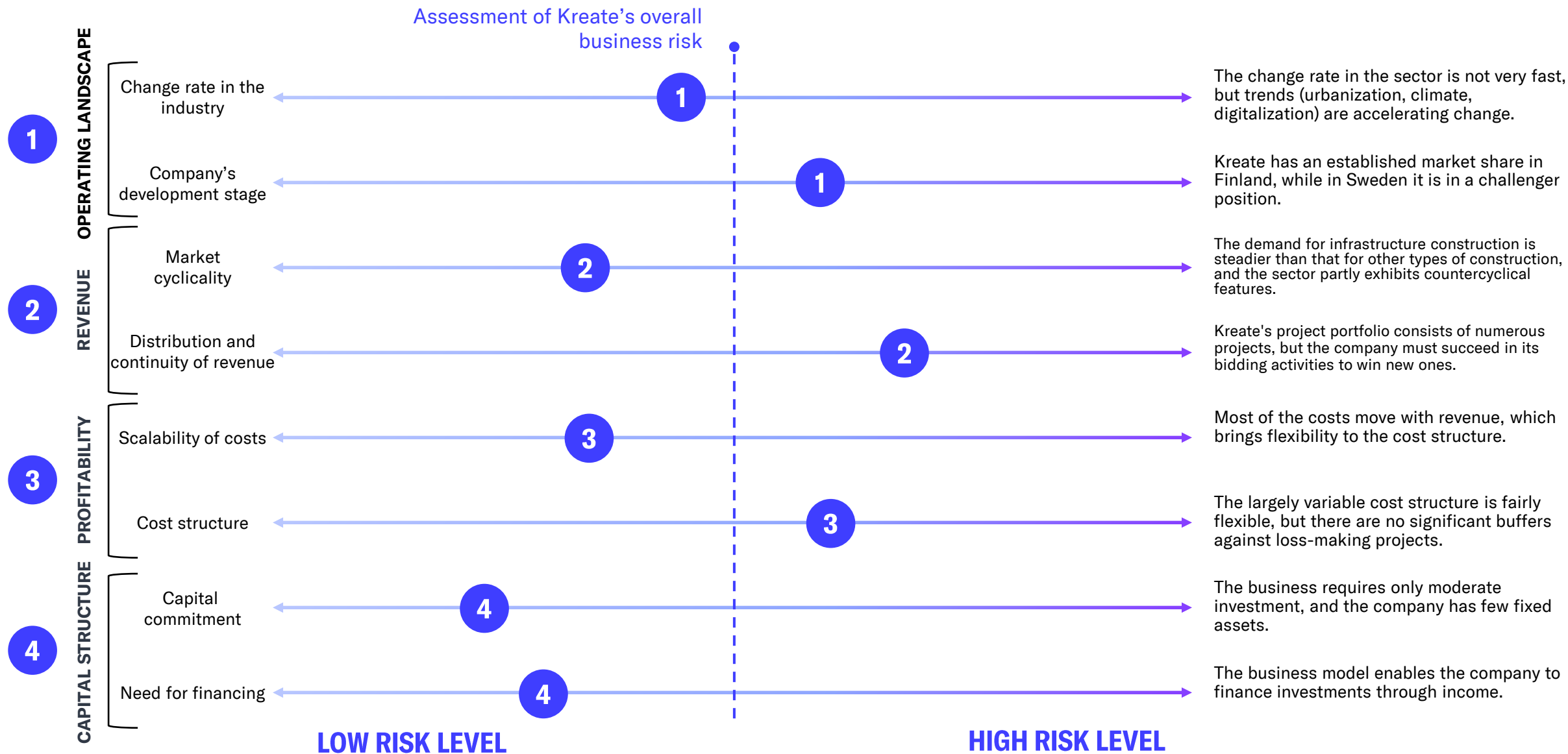
However, we do not believe that industry players have a superior production process or other way of operating that others could not copy. This is particularly evident as most of the added value is created on-site, where processes and practices are often similar.

The business model has a moderate risk profile

Kreate's business model has a lower risk profile than the general construction industry, supported by a countercyclical sector and low capital intensity. In addition, the company operates in two different countries, and its customer base largely consists of public sector entities. Kreate has over 150 active projects annually, so its project portfolio is diversified. The largest individual projects are typically collaborative alliance and project management contracts, where risks are shared among the project partners. On the other hand, the business's risk profile is elevated by project business risk factors, cost fluctuations and availability of materials and labor, and dependence on individual investments.



Risk profile of the business model



Strategy 1/4

During its stock market history, the company has positioned itself in growing market segments (rail, bridge, industrial, Sweden) and strengthened its offering to customers. However, due to global crises and cost inflation, efficiency and profitability have not fully kept pace with business development in recent years, and the current strategy focuses on improving profitability.

Improving profitability is central to the strategy

In its current strategy, the company is aiming for more moderate growth than before to support the development of profitability. Regarding growth, the company's focus remains on the railway business and the Swedish business.

The company's operational goals are to be the best workplace for the top talents in infrastructure construction and to be the most desired partner for various stakeholders (designers, construction partners, and clients). Kreate is strengthening its position in existing businesses and making additional investments in growth areas (Sweden, railway, and track). In addition, Kreate continues to invest in agility and efficiency.

Complementary areas of special expertise strengthen competitiveness

Kreate focuses on infrastructure construction projects that require specialized expertise. The company offers a wide range of services for projects under one roof. Kreate can leverage expertise from multiple business units, especially in larger projects. In 2024, nearly half of the company's projects utilized two or more of Kreate's construction types. In our view, Kreate's offering in transport infrastructure construction and structural engineering is well-suited to the current procurement model for infrastructure projects, which emphasizes comprehensive service offerings. Modern, large-scale infrastructure projects often require both transport infrastructure construction and structural engineering, such as

bridges and tunnels, as a single entity. Kreate's ability to offer both services with its own workforce enables efficient project management, better quality control, and smoother schedule management. This combination of expertise creates a competitive advantage, especially in complex projects where coordination between different construction types and technical integration are crucial for project success.

We also estimate that the profitability of more demanding and specialized projects is better than general infrastructure construction, which creates good opportunities for Kreate. With its competence and equipment, the company is able to successfully complete even the most challenging projects. At the same time, however, demanding projects are also riskier, as we believe they are more likely than repetitive projects to fail in costing or otherwise be more expensive to execute than expected, for example due to construction errors. However, contractual models (alliances, cooperation models) often protect the parties from these risks, especially in the largest projects.

Aiming to further strengthen its position

Having positioned itself in growing market segments during the previous strategy period, Kreate now aims to become a leading player in its businesses. Kreate currently holds a strong position, especially in structural engineering. The company already states itself to be the market leader in Finland in bridge construction and repair, foundation and engineering construction and special foundation construction (KFS Finland associated company). We find it difficult to fully assess the market shares of these areas, since, for example, a lot of foundation construction is done in connection with other construction. In our view, Kreate is among the leading players in railway construction, and in transport infrastructure construction, the company is among the five largest contractors in Finland.

Operational objectives of the strategy

Best place for the best infrastructure talent

- Focus on the essentials
- Continuous staff development
- Occupational safety

Be the most sought-after infrastructure partner

- Knowing the needs and wishes of customers
- The best solutions for projects
- Quality and reliability

Be among the leading players in all our businesses

- Strengthening existing expertise
- More investment in railway construction
- Growth in Sweden in selected businesses

Keep our processes agile

- Continued focus on risk management
- Selectivity and careful tender calculation
- Continuous development of site processes

Strategy 2/4

Growth in Sweden has been profitable

Kreate's market share in Sweden is significantly lower than its market share in Finland. In September 2022, the company expanded into Sweden with the acquisition of Bror Bergentreprenad AB (BBEAB), a Swedish company specializing in demanding rock and concrete construction, which gave Kreate a good start in its strategic expansion into Sweden. The acquired company had a history of strong growth but was also able to achieve an EBITDA margin of up to 10% in 2022, while Kreate, for example, had an EBITDA margin of 5% in 2022.

A growing and profitable business in a new market has provided a good starting point for expansion in Sweden. The year 2023 was also strong, with revenue of 258 MSEK, or around 23 MEUR, almost doubling the starting level from when Kreate acquired the business. The profitability of the Swedish subsidiary (Kreate Sverige AB) has also remained very good, with an EBIT margin of ~6.6% in 2023. In 2024, the company continued its acquisitions in Sweden by purchasing the entire share capital of Karell Schakt AB, which marked the beginning of its Swedish earthmoving business. Prior to the transaction, Kreate owned a 34% stake in the company. In addition to the acquisition, organic growth also remained strong in 2024, with revenue increasing by roughly 47% to 378 MSEK. In addition to strong growth, profitability also remained strong, with an EBIT margin of 6.9%. Kreate owns 75% of the subsidiary Kreate Sverige Holding AB, which in turn owns 100% of Kreate Sverige AB, and is consolidated into Kreate's financial statements.

Targeting a size of over 650 MSEK

In addition to strong realized revenue growth, Kreate also has ambitious targets for the future. By 2027, revenue is

planned to increase to more than 650 MSEK. This means that the Swedish unit is expected to at least nearly double its revenue from 2024 levels during the strategy period. This means at least ~20% annual growth compared to the 2024 revenue level. Sweden's revenue growth has shown no signs of slowing down. In the first nine months of 2025, the company's Swedish revenue grew by 38%. In addition, the company has continued to recruit key personnel, which lays the foundation for future revenue growth.

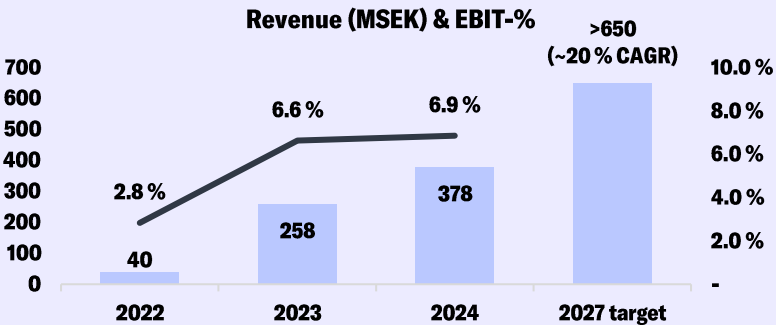
The company has been a smaller subcontractor for rock and concrete construction projects in Sweden, but now intends to expand more strongly into above-ground work and slowly move into the role of main contractor as it grows. An example of this was already seen in August, when the Swedish unit was awarded the first earthworks project for the Stockholm metro. The company certainly has room for growth, as Kreate's current market in Sweden is, according to the company, worth 15 BSEK, and expansion in some areas will increase the market size by 120-150 BSEK. We estimate that the revenue growth targets for Sweden are achievable. We consider it possible that the targets will be revised, as, according to our forecast, the lower end of the 2027 target from the 2025 revenue level would only require annual growth of approximately 12%, which seems moderate compared to historical development.

The company's strategic investment in the Swedish market is justified from the perspective of future growth. The strong position achieved in the Finnish market means that growth mainly depends on the general development of the market. However, we believe that expansion into new business areas and the role of main contractor in Sweden entails profitability risks.

Kreate's market position* by business

Bridge construction and repair	#1
Foundation and engineering construction	#1
Rock and concrete construction (Sweden)	-
Special foundation construction	#1
Road and street construction	Top 5
Railway construction	Top 3

Development of Kreate Sverige AB's revenue and EBIT 2022-2024



Source: Inderes, Kreate
*Inderes' assessment of the current situation

Strategy 3/4

The best place to work for infrastructure talent and the most sought-after partner

To achieve its strategic goals, Kreate must also succeed in the talent market. Kreate therefore strives to be the best place for infrastructure professionals. Employees have been satisfied at Kreate so far; according to the company's latest employee survey, the eNPS, i.e., employees' willingness to recommend Kreate as a workplace, was 67 at the group level and 70 for the Finnish organization. The company's own sustainability targets aim for an eNPS figure above 50. The eNPS figure is calculated by subtracting the percentage of detractors (who give a rating of 0-6) from the percentage of promoters (who give a rating of 9 or 10). The result can range from -100 (worst) to +100 (best). Kreate's eNPS is thus at a very good level and clearly above the company's own target.

However, as a growth company, growing pains can still occur, and we believe that dissatisfaction will inevitably increase slightly the bigger the company grows. On the other hand, the attractiveness as an employer increases, as there are better opportunities for advancement and more interesting projects in a large company.

However, attracting talent from the labor market or through M&A will be one of the cornerstones of the strategy's success. We believe that the company is seen as an attractive employer in the industry because of its ambition, agility, challenging and interesting projects, and fair remuneration system. Employees have the opportunity to contribute to their own earnings, which increases motivation and incentives.

In addition to attracting talent, the company must ensure

that its partners and other stakeholders are satisfied. In the construction industry, successful customer and partner relationships are very important because construction projects require many different parties to work together to achieve the goal. Often, good partnership experiences can also lead to new projects and collaborations more easily. However, disputes and negotiations on contractual issues are also part of the construction industry, and we do not believe that Kreate can completely avoid them.

Selective bidding plays a key role in risk management

Kreate has a history of good project management and efficient operations. As mentioned earlier, according to the company, over 96% of projects have historically been profitable. Kreate's profitability has historically been at a good level for the industry, and there have been no significant project problems or challenges. We have illustrated the company's selective bidding activity on the right. As a specialist in demanding infrastructure construction projects, Kreate's relevant market in both Finland and Sweden is smaller than the overall infrastructure construction market. Kreate is typically interested in about one-third of the projects in its relevant market. Of these interesting projects, Kreate bids on about half, selecting only projects where the company has strong expertise and where the risk/reward ratio is balanced. Historically, Kreate has won approximately one-fifth of the projects it has bid on.

High customer satisfaction and employee satisfaction

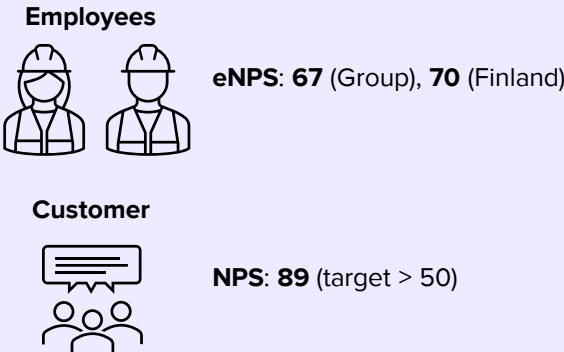
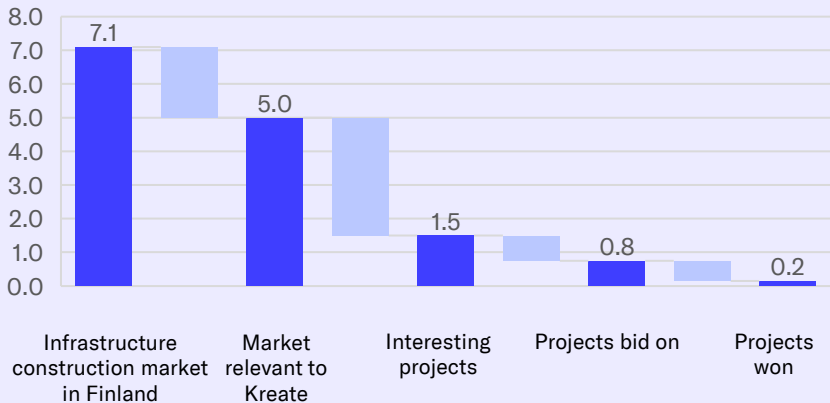


Illustration of the company's bidding activity (BEUR)



Strategy 4/4

The revenue growth target for the strategy period is moderate

Kreate has grown at a rate of around 10% between 2017 and 2024. Revenue was on a growth trajectory until 2024, when it declined due to weak market development and the company's continued selective tendering activity. Between 2017 and 2023, Kreate grew by an average of 12% per year, while infrastructure investments grew by ~1% annually. The company aims for 5-10% annual revenue growth during this strategy period. In the first nine months of 2025, revenue grew by around 10% year-on-year. The revenue growth target seems relatively moderate, considering the growth rate of the Swedish business and the acquisition of SRV Infra. On the other hand, in Finland, for example, we expect the organic growth rate to limit significantly rapid growth in the long run.

Achieving the EBIT target seems more challenging

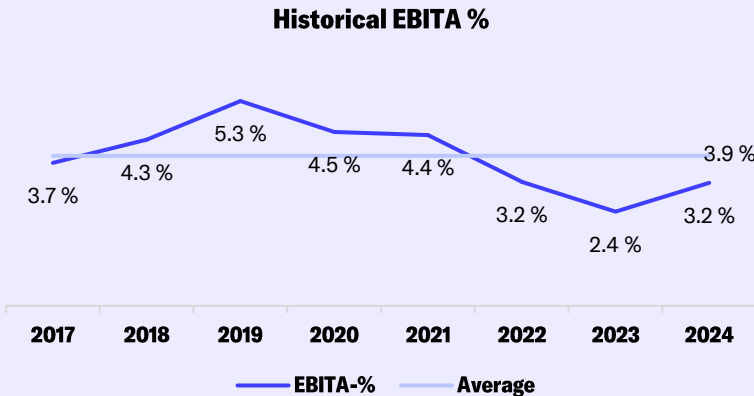
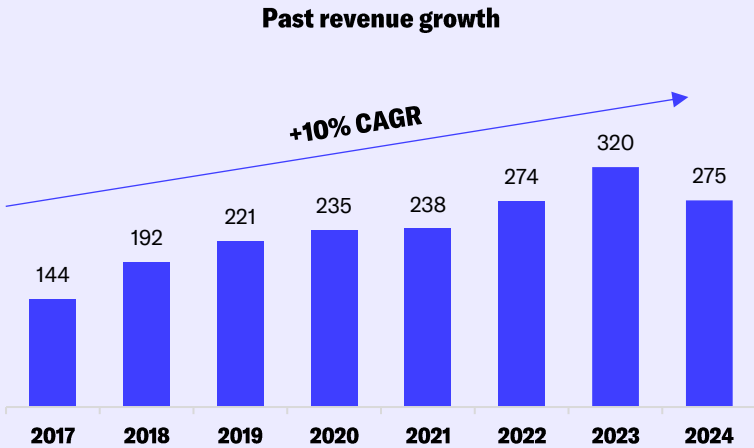
Kreate has historically been reasonably profitable despite strong revenue growth. We believe that this has been made possible by strong expertise, agile operations, selective bidding, the profitability advantage of demanding projects, lean management, efficient processes and modern systems. In 2022-2023, however, profitability declined to a very low level for the company due to cost pressures and project delays caused by market challenges.

Kreate has grown from a revenue of around 144 MEUR in 2017 to over 300 MEUR, thus doubling in size. Often in the construction industry, the profitability of the contracting business declines the bigger the player gets. At some point, an organizational structure that used to work well becomes too small to handle the increased number or size

of projects. It can be difficult to replicate efficiencies or skills that existed in the company before to new businesses, new markets or new employees. This may also be possible for Kreate, but so far the cost structure suggests that market challenges and cost inflation have been the primary reasons for the decline in profitability in recent years.

However, in this sense, the EBITA margins of over 5% achieved in 2019 seem challenging to achieve in the short term. Nevertheless, this level reflects the proven potential of Kreate, and steps are also constantly being taken to manage the new size of the company. However, in our view, getting closer to the target level requires several tailwinds, such as a decrease in cost levels, better project margin development, a change in the project mix, a better market, and increased efficiency within the organization. Listed Nordic construction contractors have typically achieved an EBIT margin of 3-5% over the business cycle. In the industry, a profitability level above 5% can be considered a very strong performance.

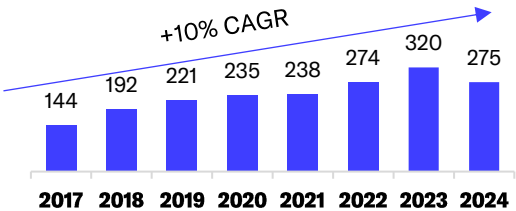
We also estimate that a generally better construction market will reduce competition for projects and offer projects other than those in the alliance/cooperation model, where profitability does not reach the same level as traditional contracting. In addition, there is an increase in private market projects with better returns. Costs have partly started to decline, or at least their increase has abated. Today, index-linked contracts and projects implemented as cooperative ventures mitigate the impact of cost changes on the company's profitability.



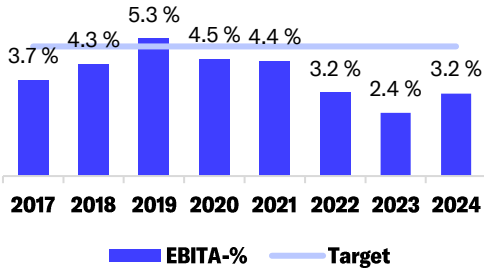
Financial objectives of the strategy

Financial targets (2024-2027)			
Growth 5-10% per year from 2024 onwards	Profitability EBITA margin above 5%	Indebtedness Net debt/adjusted EBITDA <2.5x	Dividend policy Payout ratio at least 50% of net income
<ul style="list-style-type: none">Growth will be sought organically, but possibly also through carefully selected acquisitionsRevenue growth target seems realistic and relatively moderate by historical standardsIn 2017-2024, ~10% annual growth (CAGR-%)The strong growth rate for 2026 is supported by the Swedish business and the acquisition of SRV Infra Oy	<ul style="list-style-type: none">The profitability target appears realistic when compared to historical performance, as the company already achieved this in 2019 (5.3%)Maintaining this level sustainably requires work and efficiency improvementsKreate has grown to a new size, which we believe will challenge the achieving historic profitability levelsWe do not think it likely that the company would raise or exceed the target in the short term	<ul style="list-style-type: none">Kreate's cash flow has strengthened and investment needs are moderateGearing was 2.0x at the end of 2024, which is below the targetIn our view, the debt target is at a good level and allows for reasonable debt leverageGearing will temporarily exceed targets after the SRV Infra acquisitionIn our view, the target is clearly below the covenant levels	<ul style="list-style-type: none">Dividends are distributed according to Kreate's financial position, cash flows and growth potentialThe business model's moderate capital intensity and good cash flow allow for good dividend payout capacityDividends have been generously distributed relative to the result over the last few years (2022: 72%, 2023: 110%, 2024: 102%).We expect the dividend to continue to grow moderately if earnings forecasts are met

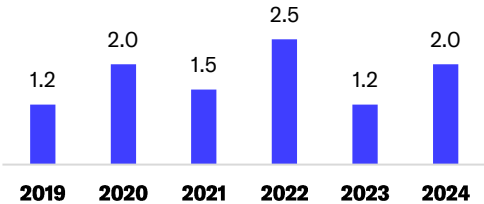
Historically, the revenue growth rate has met the target rate



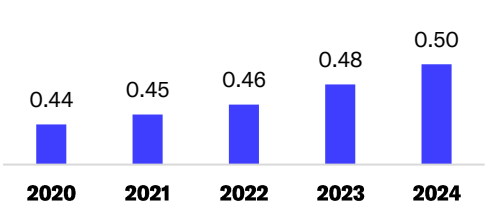
The company exceeded its profitability target in 2019



Net debt/EBITDA remained at a good level



Dividend per share has been on the rise



Source: Inderes, Kreate

Industry and market 1/4

Infrastructure construction has held its own

According to the Confederation of Finnish Construction Industries (RT), the total construction market in Finland was around 36 BEUR in 2024, a significant decrease of about 14% from the peak level of 42 BEUR in 2022. According to RT, the value of infrastructure construction declined more moderately, by ~4%, during the corresponding period. According to RT, the total value of the infrastructure sector reached ~9.5 BNEUR in 2024. The total market includes civil engineering, as well as the maintenance of outdoor areas and groundworks in building construction. Kreate has estimated the relevant infrastructure construction market for the company in Finland to be around 5 BEUR.

In Sweden, the market is considerably larger than in Finland. According to Kreate, the Swedish infrastructure market is more than twice the size of Finland's, at around 20 BEUR. Of this, around 3 BEUR is accounted for by Kreate's current business in Sweden (traditional rock engineering), but the expansion will increase the relevant market for Kreate also in Sweden to roughly 12-15 BEUR. In Sweden, Kreate is still a small player (2024 revenue: 33 MEUR), so the market's annual development does not have as clear an impact for the company's growth outlook. Therefore, in the market section, we focus specifically on the Finnish infrastructure construction market.

Several drivers for market growth

In 2025, the volume of civil engineering is expected to grow by some 4% in Finland, according to the Confederation of Finnish Construction Industries RT's forecast. Growth in 2025 is driven by railway investments and green transition projects. In the longer term, infrastructure investments in Finland are driven by urbanization, the green transition, investments in rail and public transport, and industrial investments.

The urbanization trend continues to be strong in Finland:

According to VTT's study, the population share of Finland's fourteen largest urban areas will grow from around 72% in 2025 to 76% by 2045. This means that most of the new housing needed over the next two decades would be located in major urban areas. From an infrastructure construction perspective, urbanization increases the need to develop the urban environment and, for example, public transport connections (including roads and bridges). Urbanization also increases the complexity of infrastructure construction due to factors such as limited space and demanding environments. In our view, this supports the demand for Kreate's services, as the company primarily focuses on demanding infrastructure construction projects.

Growing renovation debt also supports demand for infrastructure. In Finland, the repair debt for transport infrastructure alone, meaning state roads, railways, and waterways in need of repair, was around 4.2 BEUR at the beginning of 2025. Of the total debt, 2.6 BEUR is related to the road network and 1.6 BEUR to the rail network. The Finnish Transport Infrastructure Agency forecasts that the repair backlog will continue to grow, with an estimated increase of around 3.4% in 2025. The value of the repair backlog increased significantly due to the rise in construction costs in 2021-2022. On the other hand, the state of Finland's economy and high indebtedness are hindering, for example, repair investments.

The green transition investment pipeline includes projects worth approximately 16 BEUR that have reached the investment decision phase. Finland's climate and energy infrastructure serve as supporting elements here. The largest projects include onshore wind power, data centers, energy storage, and industrial projects. Most of the green transition investments also create demand for Kreate's services. However, Kreate does not operate in certain segments that benefit from this trend, such as wind power.

Growth drivers for the market



Green transition



Urbanization

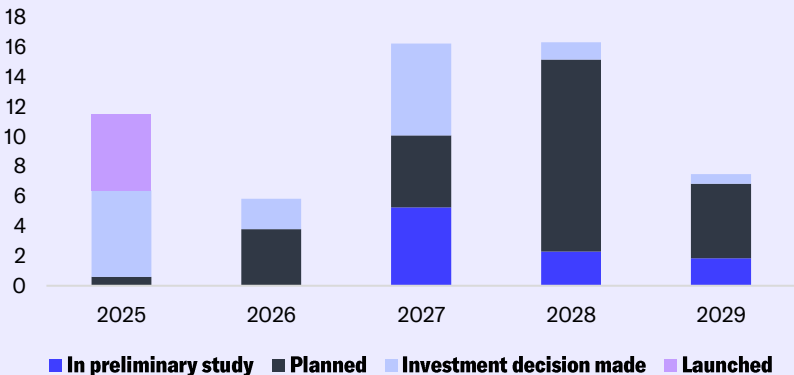


Investments in defense and critical infrastructure



Renovation debt and publicly funded investments

Green transition investments in Finland by completion year (BEUR)



Industry and market 2/4

Defense has also emerged as a growth driver in the infrastructure construction market following Russia's invasion of Ukraine in 2022. NATO countries have committed to increasing their defense spending to five percent of their gross domestic product by 2035. For decades, infrastructure construction has focused on civilian use, which is why the current security situation requires significant investments to adapt infrastructure to new requirements. This is reflected in the market, for example, by public transport infrastructure investments and an increase in the number of classified projects. Transport infrastructure investments improve security of supply and military mobility. Security-classified projects include those related to societal preparedness and overall security.

Finnish construction market is expected to grow in 2026

Based on our calculations, the infrastructure construction market in Finland has grown by around 3% on average between 2000 and 2024. After a strong growth year in 2020, the market faced downward pressure for a few years, especially concerning infrastructure for building construction.

In 2024, the volume of construction still broadly contracted across different construction types in Finland. According to the Confederation of Finnish Construction Industries (RT) forecast, construction decreased by 7% in 2024. At the company level, revenues have developed at different rates for the largest infrastructure builders, depending on their areas of focus. A weaker trend has been evident for several years in the order books of companies involved especially in basic infrastructure and foundation works for building construction.

Overall, according to current forecasts, the volume of construction in 2025 will remain roughly at the 2024 level, with residential construction still anemic and commercial and renovation construction volumes still declining slightly. RT forecasts a total volume growth of around one percent for

construction this year. For 2025, a stronger volume growth of around 3.5% is forecast.








































Demand in Kreate's focus areas continues to be strong

The decline in private construction (offices, housing) and the outlook for basic infrastructure linked to other new construction is still weaker at the moment. However, the private sector also has growth segments, such as data centers, which have strong prospects. Kreate focuses in particular on demanding infrastructure sectors and projects that have been more stable in terms of development. These (bridge, railway) projects are also often not significantly related to other new construction, and this shields them from cyclicity.

Market demand for Kreate's services is supported by the aforementioned transport infrastructure investments, investments required by the geopolitical situation, and clean transition investments. Kreate has announced significant and long-term orders from both Finland and Sweden. The company has also stated that it is involved in several data center projects. Such private sector projects are generally not public, so the company does not disclose the value of the contracts. However, the weakness in other construction areas has intensified competition for less demanding infrastructure projects, where competition is expected to remain tight until residential and related infrastructure construction starts to pick up. Based on current forecasts, significant volume growth in housing construction in Finland is not expected until at least 2027. No new players have entered the market for demanding infrastructure projects according to Kreate, and competition is largely normal.

Based on the current and future market situation for the different types of infrastructure construction in Finland and Sweden shown on the right, the outlook is mainly strengthening.

Market situation by construction type

	Situation (Q3'25)	Outlook	
		< 6 months	> 6 months
Bridge construction			
Foundation and engineering construction			
Special foundation construction			
Rail and tramway construction			
Road and street construction			
			
Rock construction			
Concrete construction			
Earthworks			
Foundation construction			
Situation*			
Very strong			Rapidly strengthening
Stronger than normal			Strengthening
Normal			Stable
Weaker than normal			Deteriorating
Very weak			Rapidly weakening

Source: Kreate

Industry and market 3/4

A fragmented market

Similar to the general construction market, the infrastructure construction markets are highly fragmented, with the largest players generally holding less than a 10% share in both Finland and Sweden. In our view, the fragmentation of the market is explained by large differences in project sizes, the local nature of demand and, in certain segments, relatively low barriers to entry (e.g. a one-person earthmoving company). On the other hand, we believe the market for large-scale structural engineering projects, which is Kreate's focus area, is significantly more concentrated. In addition, the need for specialized equipment in railway work concentrates the market among a few players.

The fifth largest infrastructure builder in Finland

In 2024, Kreate was the fifth largest infrastructure builder in Finland, with revenue of 243 MEUR. The largest player in the market is Destia, which has been Finland's largest infrastructure builder since 2020. The next largest was Peab, which acquired YIT's Nordic paving and aggregates business in 2020. GRK was the third largest player in Finland with 376 MEUR in revenue. Smaller infrastructure builders in Finland with revenues exceeding 100 MEUR included Norway's NRC Group (formerly VR Track) and E. Hartikainen and the Swedish general contractor Skanska. Given the size of the Finnish civil engineering market, even the largest players have market shares of only about 4-9%. Kreate's share of the Finnish market is around 4%, while Destia, the largest player in the market, holds about 9%. In a slightly smaller size category, the number of specialists in individual infrastructure construction segments is growing. For example, E. Hartikainen, which focuses on the mining sector, achieved revenue of 136 MEUR in 2024. Hartikainen achieved 136 MEUR in revenue in 2024. We understand that Kreate's key competitors in Finland are larger players such as YIT, GRK, Destia, and Skanska.

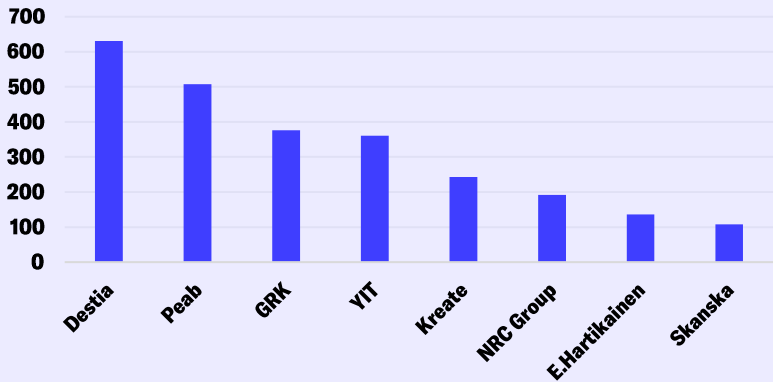
A small but significant player in its focus area within the overall Swedish market

In Sweden, Kreate is still a small player compared to the overall market size. In Sweden, the largest players in the market include Peab, NCC, Eleda, Svevia, Veidekke, and Skanska. In Sweden, the total market is slightly more concentrated than in Finland, although the share of the market remaining for other players in addition to the largest ones is still high (65%). Peab is the largest player in the market with a share of about 11%. Unlike the aforementioned companies, which operate as main contractors in projects, Kreate has so far operated mainly as a subcontractor in the Swedish market. The company's goal for this strategy period is to grow its revenue to over 650 MSEK and become a general contractor in selected projects. Although the target includes an expectation of strong growth, Kreate would still be a relatively small player in the market even at the 2027 target level.

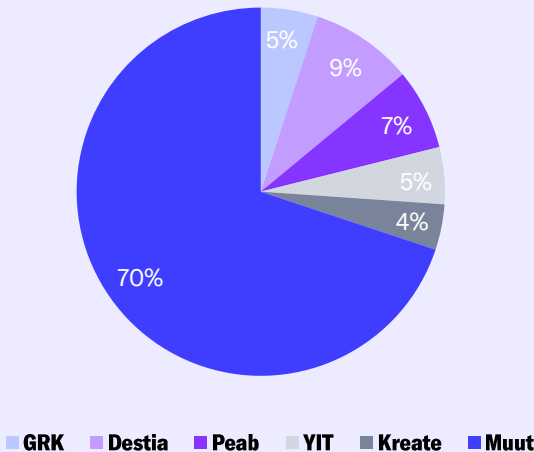
Revenue development has been subdued across the peer group

We compared Kreate's performance against its peers. Some of the companies are subsidiaries, some are groups, and some also have significant business operations abroad, which slightly reduces comparability. Kreate's Finnish revenue has grown by ~2% annually between 2019 and 2024, while at the group level, growth has accumulated to just over 4% during the review period. The weak volume development in 2024 will significantly drag down the average growth rate. During the comparison period, competitors' average growth was roughly 1%. However, it should be noted that the rate of revenue growth has varied significantly between companies. In the infrastructure construction market, GRK, Destia, Peab, and NRC have been on a growth trajectory, while YIT Infra and Skanska Infra Oy have seen their revenue decline during the review period.

Kreate is the fifth largest infrastructure builder in Finland*



Market shares in Finland*



* The figures only include the company's Finnish infrastructure construction revenue in 2024.
Source: Inderes, Finder

Industry and market 4/4

Profitability has been slightly higher than its peers

The sector is generally characterized by low profitability due to the nature of the contracting business and the level of risk (low capital commitment). In addition, there are often large year-to-year fluctuations in profitability, and few seem to be able to achieve sustained, steady profitability.

Kreate has been more profitable than the average peer company during the review period. During its short history, Kreate's profitability remained relatively stable at around 4-5% between 2018 and 2021, but has declined in recent years. The effects of cost inflation are also visible in the 2022-2023 figures for peer companies. Only a few companies, such as YIT Infra and NCC Infra, were able to improve their profitability during years of high cost inflation. Kreate's adjusted EBIT-% was approximately 3.8% during the review period (2019-2024), while the peer group's average EBIT-% was around 2.6%. Among its peers, Destia's and Peab's profitability levels have been roughly on par with Kreate's. On the other hand, the profitability levels of YIT Infra and NRC Group, for example, have been significantly lower (2019-2024 average 0.8% and 1.1%). However, YIT Infra has seen a clear turnaround in profitability during 2023-2024. Among Nordic infrastructure construction companies, GRK has been the most profitable during the review period (average adjusted EBIT-% 4.7%).

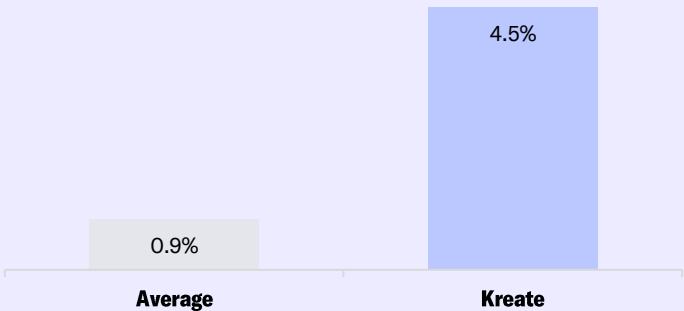
GRK has managed rising material costs better than Kreate or has otherwise achieved better profitability than Kreate. In addition, GRK has grown very strongly in Sweden, and the share of its more profitable (Northern) Sweden business, which is more profitable than the company's average, has grown significantly (~38% of 2024 revenue).

The industry can achieve high returns on capital

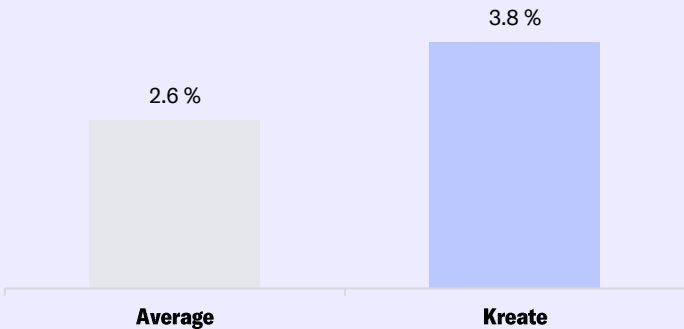
It is possible to achieve high rates of return on capital in the infrastructure sector despite low profitability. The balance sheets of the companies in the sector are mainly light (at least for infrastructure construction) and require mainly maintenance investments in machinery and equipment. Among Kreate's competitors, both GRK and Destia have generated an average return on equity of 23-24% over the past five years. Similarly, return on capital figures for the infrastructure segments of general contractors are not available. On the other hand, YIT's subsidiary YIT Infra Oyj, for example, achieved an ROE of as high as 44.5% in 2024. In addition, Skanska's subsidiary Skanska Infra Oy has, through improved profitability, raised its return on equity to a very high level of 27-30% in 2023-2024.

Kreate's return on equity has decreased along with profitability from over 20% in 2018-2021 to around 10% in 2023-2024. The company's average return on equity between 2018 and 2024 was around 18%, which can be considered a good level. On the other hand, during the higher profitability period of 2018-2021, capital returns were significantly higher, which indicates clear room for improvement in Kreate's figures, and achieving a return on equity of over 20% seems realistic. However, we believe Kreate's contracting-driven business model somewhat limits its capital return potential compared to its peers. Many of the aforementioned competitors focus more heavily on maintenance, which affects, for example, working capital commitment.

Average income growth (2019-2024 CAGR-%)

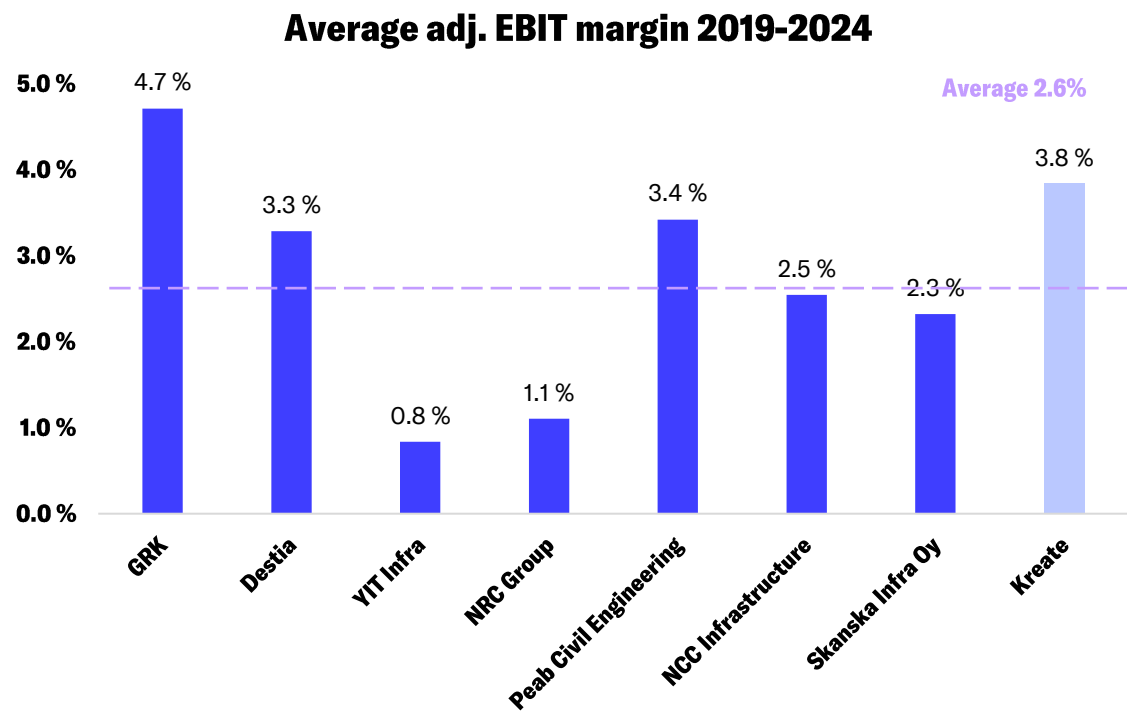
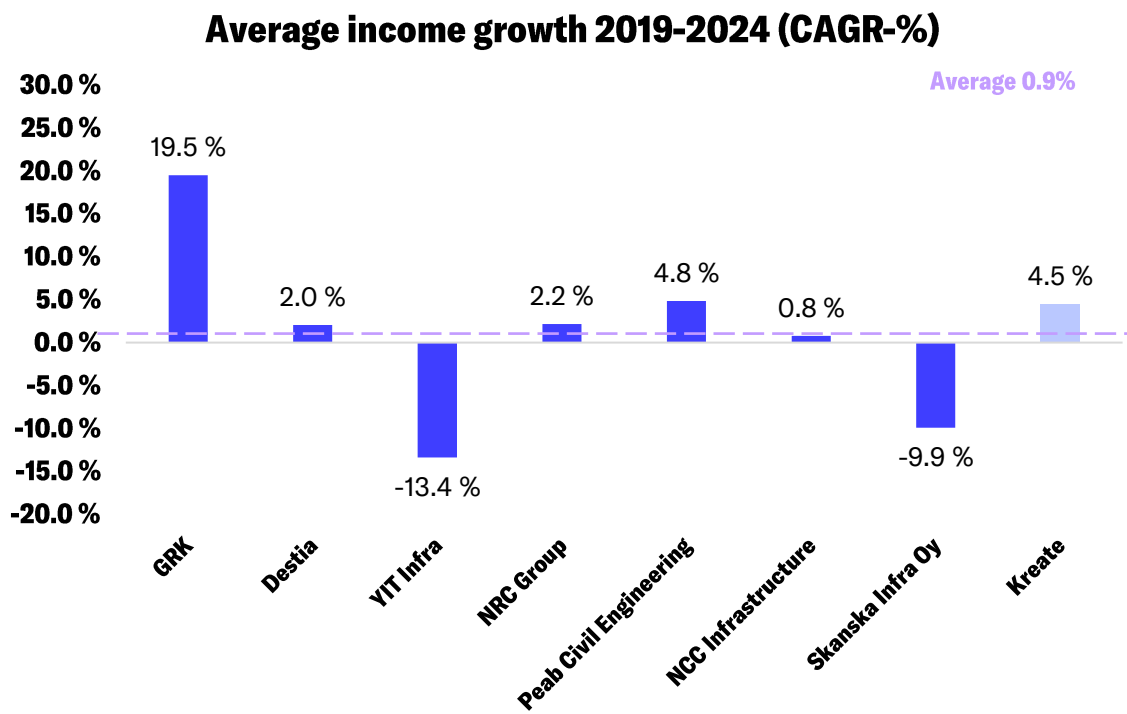


Adjusted EBIT margin 2019-2024



The figures include the following companies: GRK, Destia, YIT Infra, NRC Group, Peab Civil Engineering, NCC Infrastructure and Skanska Infra Oy
Source: Inderes, company pages, Finder

Growth and profitability compared to Nordic peers 2019-2024



Source: Finder, Bloomberg, Destia, YIT, Kreate, PEAB, GRK

Financial position 1/2

The balance sheet has remained strong

Despite challenging years, Kreate's financial situation has remained good. The company's balance sheet total at the end of Q3'25 was 152 MEUR, or slightly more than half of the LTM revenue (296 MEUR). In other words, the company's business can be operated with a relatively light balance sheet, typical for a service company. As a result, a relatively fast capital turnover enables the company to achieve a high return on capital even with reasonable profitability.

In our view, the company's balance sheet ratios have been at a reasonably good level for the business model throughout the company's history. The equity ratio has averaged slightly above 30% since 2019 and was also at around 31% at the end of Q3'25. The indebtedness indicator monitored by the company is the ratio of net debt to EBITDA. Since 2019, the ratio has averaged below 2.0x, which is below the company's target level (<2.5x). At the end of Q3, the figure was at 1.2x.

The company's business model generates good cash flow, which makes it possible to combine dividends and investments with income financing. However, cash flow shows seasonal variation. In the early quarters of the year, cash flow is typically weaker than in the latter part of the year as projects are completed and large installments become due.

Thanks to its business model, the company has relatively low maintenance investments. With low levels of maintenance investment (gross investment of ~2% of revenue), more of the cash flow from operating activities is available for growth and dividends.

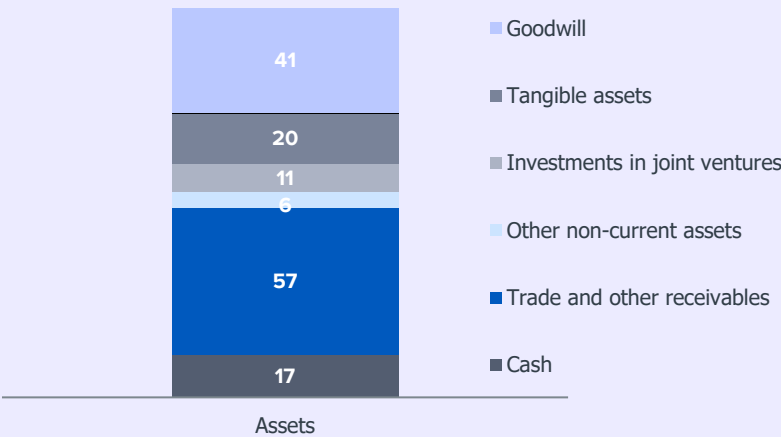
Goodwill is a significant part of the balance sheet

We look at Kreate's balance sheet at the end of the third quarter of 2025. On the asset side, a significant balance sheet item is goodwill, which was around 41 MEUR at the end of Q3. Thus, goodwill represents around 27% of the balance sheet total. Goodwill is accumulated in the balance sheet from acquisitions and is not amortized in accordance with IFRS. Other intangible assets generated by acquisitions are depreciated, so EBITA is therefore used to measure profitability in order to improve comparability. However, Kreate does not have significant intangible amortization from acquisitions at this stage, so the EBIT is close to the EBITA.

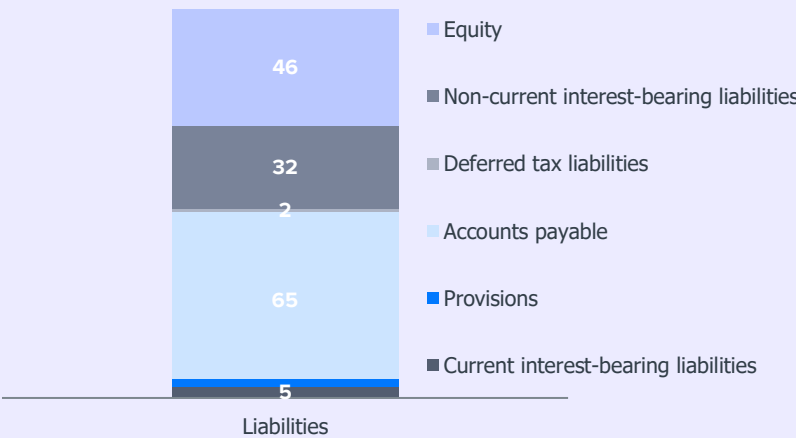
We believe that the write-down risk of goodwill is low, but larger changes in the market situation or parameters may generate write-down risks. However, we believe the parameters used by the company are currently at a sustainable level.

In addition to goodwill, trade receivables played a significant role on the assets side, amounting to some 57 MEUR. The third most significant item was tangible assets (20 MEUR), most of which consists of the equipment used by the company. IFRS 16 right-of-use assets amounted to roughly 5 MEUR in the balance sheet. In addition, investments in joint ventures (KFS Finland) amounted to about 11 MEUR. At the end of Q3, the company's cash position was ~16.5 MEUR, which is sufficient for the healthy operation of the company's business, considering the typical working capital fluctuations for its business model.

Balance sheet assets at the end of Q3'25 (MEUR)



Balance sheet liabilities at the end of Q3'25 (MEUR)



Financial position 2/2

Indebtedness was on a downward trend

On the liabilities side, equity stood at some 45 MEUR. Of non-current liabilities around 1 MEUR were non-interest-bearing and around 32 MEUR interest-bearing at the end of Q3. Most of the liabilities were business-related (e.g. MFI loans) and the amount of IFRS 16 lease liabilities was small.

The total amount of interest-bearing short-term debt on the balance sheet was around 5 MEUR, most of which was MFI loans. Total interest-bearing net debt at the end of Q3 amounted to 20.2 MEUR (Q3'24: 28.5 MEUR) and its average interest rate excluding rental liabilities was 5.1%. Short-term non-interest-bearing debt consists mainly of trade payables (42 MEUR).

The balance sheet has strengthened in terms of net debt during the year, with the net debt/EBITDA ratio decreasing from 1.9x to 1.2x. Kreate's operating cash flow during the first nine months was 15.8 MEUR, clearly stronger than the comparison period's -3.6 MEUR. The change was mainly due to fluctuations in working capital.

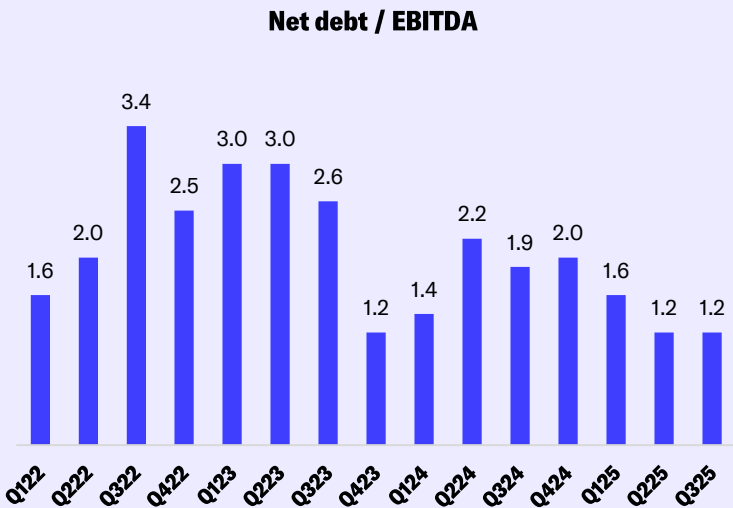
Net working capital was -7.3 MEUR at the end of the quarter, and the company's long-term goal is to keep net working capital close to zero. As is typical for construction companies, Kreate's net working capital fluctuates quite significantly between quarters. Instead of individual quarters, it is good to pay attention to the sustainable level of net working capital in the long term.

SRV Infra acquisition increases indebtedness in the short term

With the SRV Infra acquisition, Kreate's indebtedness will increase in the short term. The enterprise value of the

transaction is around 30 MEUR and will be carried out in cash. Kreate will finance the transaction with a new 15 MEUR bank loan, cash, and existing credit limits. In addition, the company has increased its working capital limits by 5 MEUR.

Upon completion of the transaction, Kreate's net debt-to-equity ratio will rise to roughly 117% according to our forecast. At the same time, the net debt to EBITDA ratio will temporarily rise above the company's target level. On the other hand, the ratio will quickly decrease as the company fully consolidates SRV Infra into its group figures starting in 2026. In our view, the financial covenants related to Kreate's loans are also tied to a significantly higher level compared to the company's own targets (ca. 3.5x vs. <2.5x target level).



Estimates 1/4

Basis for the estimates

We forecast the development of Kreate's revenue in the medium term on the basis of the order book, market development and possible acquisitions. In the longer term, we rely on the market's development expectations. In terms of profitability, we rely on forecast revenue distribution, the company's historical performance, and our assessment of the realism of the company's longer-term targets.

The predictive value of the order book is limited

Historically, the order book and revenue have had a moderate correlation with a one-quarter lag. According to our calculations, around 40% of the revenue fluctuation can be explained by order book fluctuations. In general, the length of Kreate's order book varies from short projects (3 months) to longer projects (2-6 years), making it difficult to identify a clear order book for a particular year. The company has started reporting the portion of its order book that will be recognized as revenue during the financial year. According to our calculations and Kreate's previous estimates, over the last few years, Kreate has generated an average revenue of around 60-80 MEUR per financial year on top of the order book at the beginning of the financial year (2018-2024). We believe that the increasing share of multi-year projects will reduce the revenue recognition rate in the future.

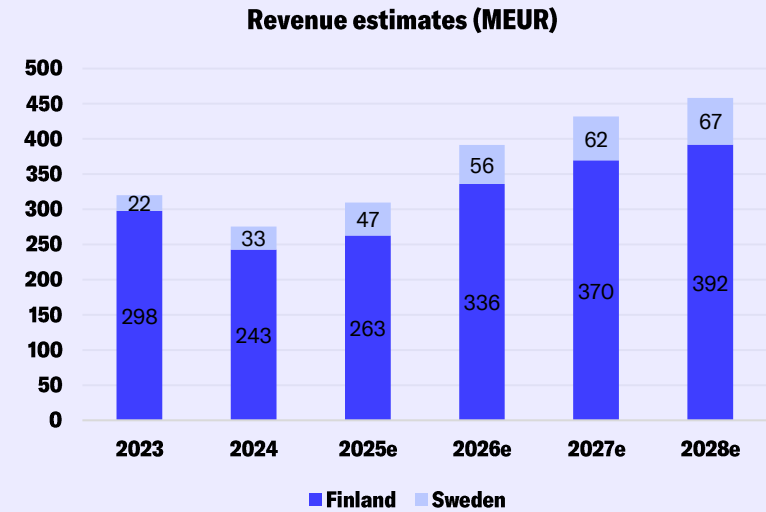
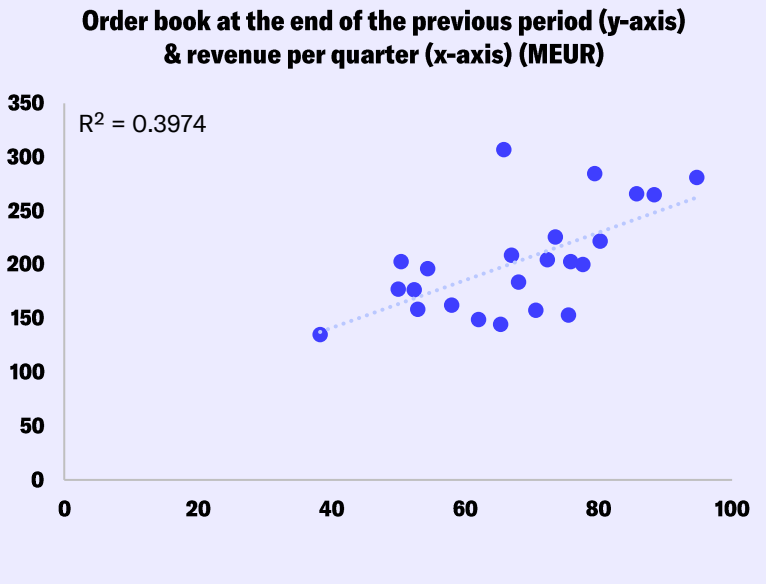
Kreate's order book stood at 242 MEUR at the end of Q3. The order book decreased from 281 MEUR at the end of Q2, and order intake was lower than revenue. Compared to the prior-year period, however, the order book is at a very strong level, with growth of as much as 58%. In addition to the current strong order book, Kreate has won projects or projects tied to development agreements that are not yet recorded in the order book, which will support growth in the

coming years. These include, among others, the Tampere passenger railway yard project and the eastern section of the Vantaa tramway. It should be noted, however, that in the current market, Kreate's focus area emphasizes long-term multi-year projects.

2025 has progressed largely as expected

Revenue grew by approximately 10% during the first nine months, while profitability remained slightly below the comparison period at 2.8% (EBITA-%, 1-9/24 3.0%). Kreate reiterated its guidance in connection with its Q2 report, in which it estimates revenue to be 290-310 MEUR for 2025 (2024: 275.5 MEUR) and EBITA at 9-11 MEUR (2024: 8.8 MEUR). Kreate estimates that 87 MEUR of the order book at the end of Q3 will be recognized during the 2025 financial year. Thus, with only the project portfolio recognized from the order book, the company would end up near the upper end of the revenue guidance range. Relative profitability has suffered compared to 2024 due to the company's front-loaded personnel investments. Personnel expenses increased by 22% year-on-year in the first nine months, with headcount at the end of September being 602 (520 in the comparison period).

In our estimates, revenue will increase by 12% in 2025 (2025e: 310 MEUR), aligning with the upper end of the guidance range. An estimated 87 MEUR (Q3'24: 61 MEUR) of the order backlog is expected to be realized during the 2025 financial year, of which Sweden's share is 14 MEUR. The revenue guidance is subject to upward pressure if the company's new projects won during the fourth quarter generate revenue more rapidly than anticipated. On the other hand, the company currently has larger multi-year projects in the pipeline, where revenue accumulates more slowly despite the absolute larger size of the contracts.



Estimates 2/4

For EBITA, we forecast the company to reach 10 MEUR in 2025, which is in line with the midpoint of the company's guidance range. Profitability, in turn, is supported by growing revenue volumes and an increase in the relative share of the more profitable Swedish operations.

On the bottom line, financing costs will decrease from 2024 onwards, with net debt being at a lower level for most of 2025 than in the previous year. In our forecasts, adjusted EPS will rise to EUR 0.73 (2024: EUR 0.49). We anticipate the dividend to increase to EUR 0.51 per share (2024: EUR 0.50). We expect the company to maintain its growing dividend despite the acquisition.

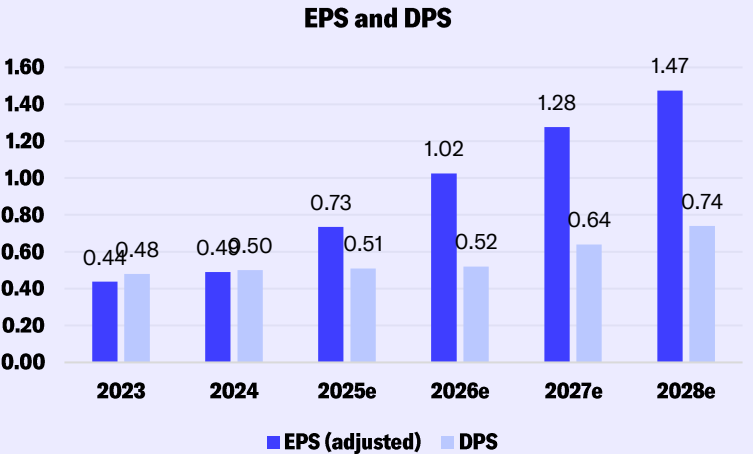
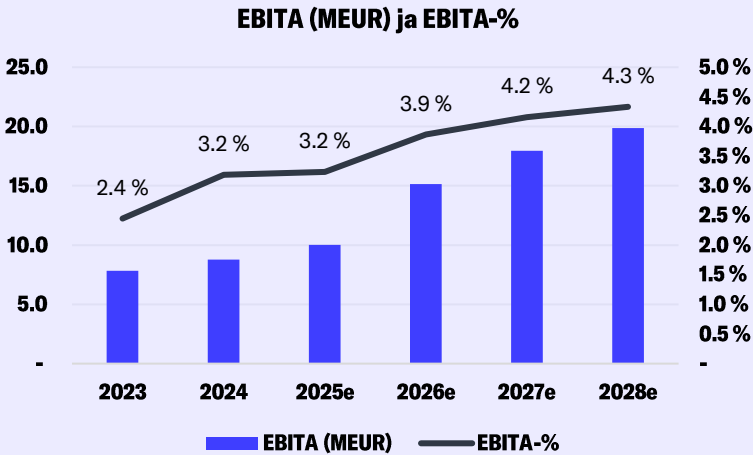
2026 is shaping up to be a year of clear growth

We forecast Kreate's revenue to grow by around 26% to 392 MEUR in 2026. Kreate announced on October 27, 2025, that it would acquire the entire share capital of SRV Infra Oy, a subsidiary of SRV, and the transaction was completed at the end of 2025. SRV Infra's business will be reported as part of Kreate Group's Finnish structural engineering business as of January 1, 2026. SRV Infra's revenue for the 2024 financial year was 52 MEUR, representing roughly 19% of Kreate's 2024 revenue. SRV Infra's EBIT was 2.6 MEUR and the margin was 5.0%. In our view, SRV Infra has good growth potential under Kreate, considering future investments in areas such as safety. On the other hand, visibility into the project pipeline and thus the sustainability of the revenue level is still limited at this stage, particularly considering SRV Infra's large share of revenue from internal customers. Reflecting the uncertainty, we keep our growth estimates for the acquired business at a moderate level for the coming years.

In addition to inorganic growth, we forecast the company's organic growth to continue in 2026 in both Finland and

Sweden. The revenue forecast is supported by a strengthened order book and a continuously strong market in both countries. In addition to Kreate's current order backlog of 242 MEUR, the company has projects in the development phase that have not yet been recorded in the order book, totaling some 385-405 MEUR. We believe the majority of the currently unbooked projects will be added to the order book in the coming quarters as they move into the implementation phases. Of the projects not yet recorded in the order book, the second phase of the Tampere passenger railway yard is the most significant. The project's development phase is expected to be completed in late 2025, and Phase 2 is estimated to reach the implementation phase in 2026.

The second largest project in the development phase is the eastern section of the Vantaa light rail, implemented by the consortium formed by Kreate and GRK Finland. At the end of November 2025, the company signed an agreement with the City of Vantaa for the first implementation phase of the project. The total estimated construction cost for the eastern alliance is 280 MEUR, which will be divided equally between the parties of the consortium. The total cost estimate for the Vantaa light rail project plan was previously revised to around 750 MEUR, whereas in the project plan approved in 2023, it was around 650 MEUR. Previously, the estimated cost for the eastern section built by GRK and Kreate was also 217 MEUR. The main reason for the change in the total price is, in our understanding, the cost inflation in infrastructure construction in recent years. Construction will begin in December 2025 and the project is scheduled for completion by the end of 2029. We estimate that the Vantaa light rail project will account for approximately 8% of the company's revenue between 2026 and 2029.



Estimates 3/4

In addition to these two projects exceeding 100 MEUR, the company has the Kurkela-Kuusisto project in Kaarina (~80 MEUR) and the railway metro bridge in Helsinki (~50-70 MEUR) in the development phase. We believe that both projects will be added to the order book in the first half of 2026.

We forecast growth to be profitable

For profitability, we forecast the company's EBITA to grow to 15.1 MEUR in 2026, with an EBITA margin of 3.9%. As mentioned, Kreate has made front-loaded personnel investments during 2025. In January-September, revenue grew by around 10%, while personnel costs increased by 22% year-on-year. These investments were made to meet future needs as the previously mentioned significant multi-year projects move into the implementation phase in the coming quarters and years. Reflecting this dynamic, we expect profitability to improve as revenue grows, as we do not anticipate similar personnel investments in 2026.

Profitability is also supported by the acquisition of SRV Infra and the continuation of organic growth in Sweden. Kreate's Swedish subsidiary has achieved an EBIT margin of almost 7% in recent years, while SRV Infra reached an EBIT margin of ~5% last year. Both Kreate Sweden and SRV Infra have shown strong profitability development in 2025, and we estimate that this strong development will continue this year.

Debt increases temporarily with the acquisition

Kreate's indebtedness will temporarily increase due to the SRV Infra acquisition. Kreate's interest-bearing net debt was 20.2 MEUR at the end of Q3'25. Kreate will finance the

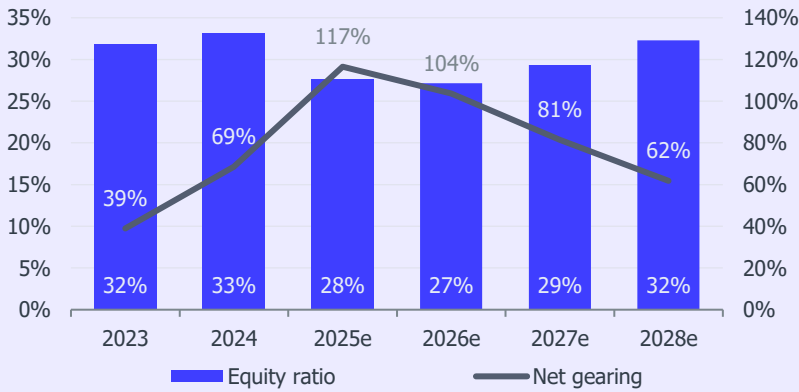
transaction with a new 15 MEUR bank loan, cash, and existing credit limits. In addition, the company has increased its working capital limits by 5 MEUR. We forecast net debt to rise to slightly over 50 MEUR if the transaction is completed. Based on our forecasts, the company's net gearing will rise to roughly 117% (2024: 69%) at the end of the 2025 financial year. The company's strategy targets a net debt/EBITDA ratio of less than 2.5x. Based on our current estimates, this level will be met in 2026.

Foundation for profitable growth has been built

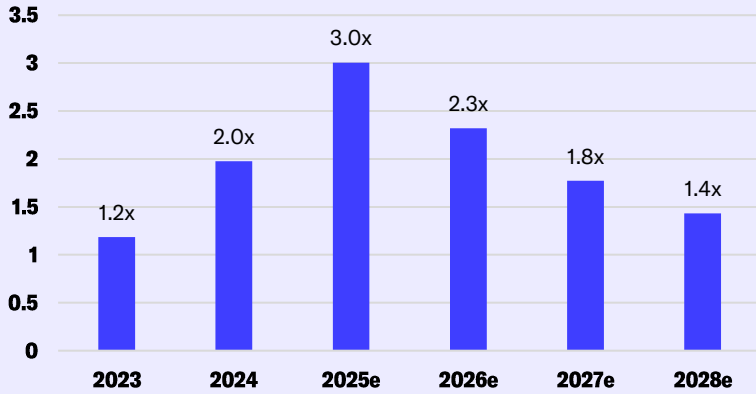
We forecast Kreate's Swedish revenue to exceed the company's target of 650 MSEK (~59 MEUR) in 2027, with our forecast at 62 MEUR. For the entire group, we expect the revenue growth rate to moderate after the 2026 growth surge, but to remain at a strong 6-10% for the company due to the positive order book development we forecast. The company aims for an annual revenue growth rate of 5-10%, which we believe is a strong pace to maintain in the infrastructure construction market. We expect the company to focus more and more on profitability after the acquisition, which will lower the growth rate. However, we think that the market situation creates the conditions to maintain good growth despite the selective approach.

We expect profitability to improve further at the group level between 2027 and 2028. The moderation of the competitive landscape, selective bidding, and strong growth in the more profitable Swedish business support profitability. We estimate SRV Infra's profitability to remain roughly at its current level during our forecast period, although it will normalize slightly closer to 4.0%.

Balance sheet ratios



Net debt/EBITDA



Estimates 4/4

Long-term estimates

In the longer term, we see the company's growth slowing gradually. Based on our estimates, the company's organic growth rate moves to around 2-3% during 2029-2031 and will slow down to about 1.5% in the long term. In our longer-term forecasts, we assume market share will remain stable. We see the infrastructure market growing at a good level also in the long term with favorable megatrends.

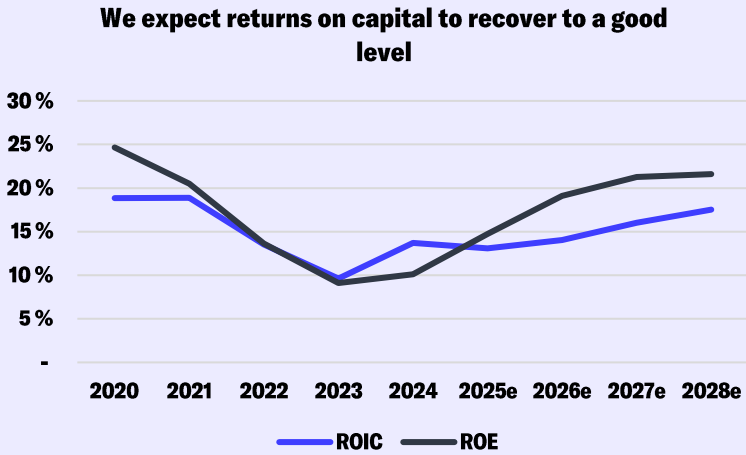
In the long term, we expect Kreate's profitability to improve from its baseline levels. We have raised our long-term forecast for Kreate's EBIT margin back to just under 4%, which better reflects the company's longer historical average (2017-2024: 3.9%). We believe the company has the potential to improve further, but our expectations are still modest given the weakening profitability in recent years.

So far, our assessment is that market challenges have been the cause of poor profitability rather than the company itself having operational challenges with project execution. In this sense, we think it is likely that Kreate will get back closer to its peak profitability in the medium term. In addition, the changes in the company's business operations highlighted on previous pages support improving profitability in the longer term as well.

Profitable, capital-light growth is also reflected in returns

As we illustrated earlier, thanks to the light balance sheet, the company's potential for return on capital is also high. Our returns on capital forecasts (ROE and ROIC) are expected to improve from our 2025 estimates of 13-15% to approximately 15-20% in the medium term. We see the

primary risk to a lower return on capital than our forecasts as SRV Infra's acquisition performing weaker than expected in the future. The acquisition ties up the company's capital, and if the profitability of the acquired entity returns to historically weak levels, it will lower the return on capital at the group level. In our forecasts, due to the leverage created by the higher indebtedness resulting from the acquisition, the company's return on equity will exceed the return on invested capital during the forecast period.



Valuation 1/3

The investment story centers on profitability recovery

We reiterate our Reduce recommendation for Kreate, raising our target price to EUR 12.50 (was EUR 11.00). We revised our target price upwards due to changes in our estimates and because our target price fully reflects the 2026 earnings in our forecasts.

In our view, Kreate's investment story in the coming years will primarily revolve around earnings improvement. In recent years, performance has clearly fallen short of previous levels (2019-2024 average EBITA-% 3.9%), partly due to reasons beyond the company's control. We believe the company has good potential for profitability improvement. We expect front-loaded personnel investments to bear fruit as early as the 2026 financial year, when several of the company's major projects move into implementation and begin to generate revenue. The Group's profitability is also strengthened by the strong and profitable growth of the Swedish business, which further increases its share of revenue. In addition, the acquisition of SRV Infra by the company is likely to support profitability, as the profitability of the acquired entity has historically been higher than Kreate's.

However, there are essential uncertainties related to the components of profitable growth. Expansion into new geographical areas in Sweden and the shift from subcontracting to increasingly main contracting add to operational complexity. Thus far, the company has mainly operated as a subcontractor in a narrow specialized field in Sweden. In addition, the acquisition of SRV Infra, typical of acquisitions, involves risks. Visibility into the acquired company's project pipeline and, consequently, the

sustainability of its revenue level and profitability, is still limited at this stage.

Valuation methods

We primarily examine Kreate's valuation through earnings-based valuation multiples, which we can also compare to the company's broad Nordic peer group. In addition, we use a discounted cash flow (DCF) model for the valuation.

In the valuation, we particularly favor the EV/EBIT ratio, which takes into account the balance sheet structure, and the net income-based P/E ratio. The use of the EV/EBIT multiple is slightly weakened by the company's minority interest in earnings. However, the share is moderate and thus has a small impact. P/B valuation is not very relevant in our view due to the light balance sheet structure, but for earnings neutral multiples, sales-based (EV/S) valuation can serve as a good valuation support multiple in our view. Due to the SRV Infra acquisition, it is justified to primarily examine the 2026 multiples in the valuation, as these fully account for the acquisition's impact.

Thanks to the relatively stable market development in infrastructure construction, we can also utilize a DCF model based on long-term forecasts in our valuation. However, due to increasing forecast risks in the longer term, we primarily use the DCF model to support other valuation methods.

Valuation	2025e	2026e	2027e
Share price	13.3	13.3	13.3
Market cap	118	118	118
EV	172	171	165
P/E (adj.)	18.1	13.0	10.4
P/B	2.6	2.4	2.1
EV/Sales	0.6	0.4	0.4
EV/EBITDA	9.8	7.8	6.4
EV/EBIT (adj.)	17.2	11.3	9.2
Payout ratio (%)	69.4 %	50.7 %	50.1 %
Dividend yield-%	3.8 %	3.9 %	4.8 %

Source: Inderes

Valuation 2/3

Acceptable valuation

In our view, the historical valuation of companies in the Nordic construction sector provides a good framework for Kreate's acceptable valuation. We have examined the sector's historical earnings-based valuation multiples for 2010-2025. Historically, the sector's forward EV/EBIT and P/E ratios have been roughly at 10-12x and 10-13x, respectively (lower and upper quartile). Low interest rates and a lack of investment alternatives have contributed to the increase in multiples in the 2010s, which is why, in our view, the upper end of the valuation range is high in a normal market situation. Kreate typically has a light balance sheet structure and a reasonably low capital-intensive business that generates good cash flow. In line with trends, the infrastructure construction sector has good growth prospects in the medium term, and Kreate's profitability is at a good level within the industry.

For these reasons, we believe that Kreate can be assigned valuation multiples on par with its peer group, i.e., P/E 10-13x and EV/EBIT 10-12x, despite its small size and young age.

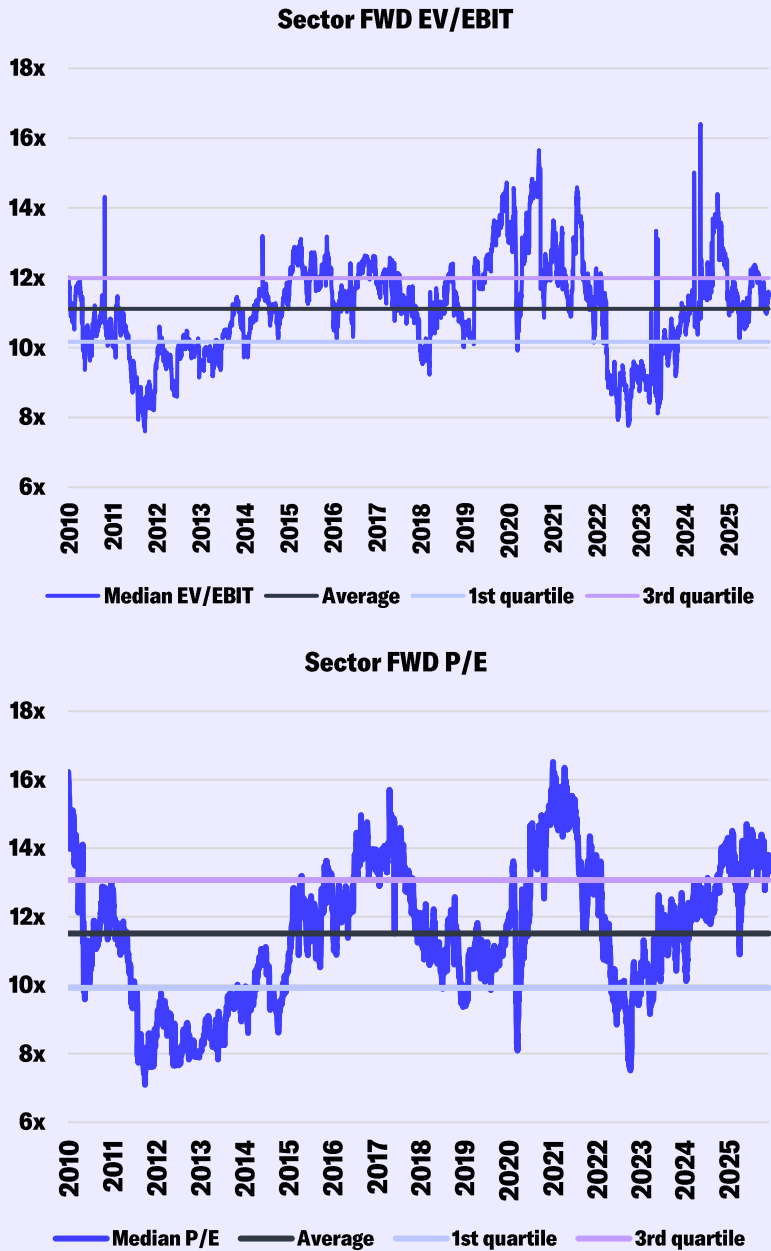
There may be upside to an acceptable valuation if the company can prove a sustainable return to the profitability levels seen historically. In our view, key factors here are the continued profitable growth of the company's Swedish business, the success of the SRV Infra acquisition, and the preservation of the acquired entity's current, relatively high profitability level in the market.

Valued neutrally compared to peers

In our view, the most suitable peers for Kreate are companies whose business is primarily derived from construction contracting. These include NRC Group, Veidekke, GRK Infra, and Consti in our peer group. However, the peer group also includes larger Nordic players such as Skanska, NCC and PEAB, which operate more broadly across different construction segments. In addition, the peer group includes domestic general contractors YIT and SRV.

The quality of the peer group is weakened by the fact that for some companies, a significant portion of their business consists of real estate development, which ties up capital on the balance sheet. In addition, a significant portion of several peers' revenue comes from residential construction, which is currently suffering from a historically weak cycle, especially in Finland. For example, YIT's and SRV's earnings-based multiples are at a high level, as earnings remain weak in 2025, especially due to the state of the Finnish housing construction market. Due to this dynamic, the peer group's earnings-based multiples are also elevated based on 2025 forecasts (2025e median EV/EBIT: 14x, P/E: 18x).

For 2026, the valuation for the entire group decreases to a more moderate level (2026e median EV/EBIT: 11x, P/E: 14x), better reflecting the sector's long-term acceptable valuation level. Compared to its peers, Kreate is valued relatively neutrally based on our 2026 estimates.



Valuation 3/3

Valuation at a neutral level, also in absolute terms

The SRV Infra acquisition raises earnings-based multiples for 2025. In our valuation of Kreate, we emphasize the 2026 earnings level, as the impact of the acquisition will be reflected in the company's financial figures by then. In our forecasts, the company's profitability will clearly increase next year, both in absolute and relative terms. The sharp earnings growth is based on the aforementioned components of profitable growth. The projected earnings growth lowers the valuation for this year to a neutral level (26e: EV/EBIT: 11x, P/E: 13x) relative to our accepted valuation range (EV/EBIT: 10-12x, P/E: 10-13x). Looking to 2027, the multiples fall to a more attractive level (EV/EBIT 9x, P/E 10x). Overall, the average earnings-based multiples for 2026-2027 remain within our accepted valuation range (EV/EBIT 10x, P/E 12x).

The volume-based EV/sales multiple is relatively low, although it is difficult to justify a very high valuation on this basis. However, the company's Finnish peers have been valued at around 0.5x since 2010, which we believe is a reasonably good support level for Kreate as well. The valuation, currently at 0.4x, would have upside potential on this basis. However, we mainly use the EV/Sales multiple to support other valuation methods, reflecting any glaring over- or undervaluations.

The 4% dividend yield, enabled by the business model's normally strong cash flow and low investment needs, also supports the stock's expected return in the coming years. Kreate has expressed its intention to pay an increasing dividend, and we believe the company has the potential to do so, even if the dividend/earnings-% rises above 50% in our forecasts in the near future.

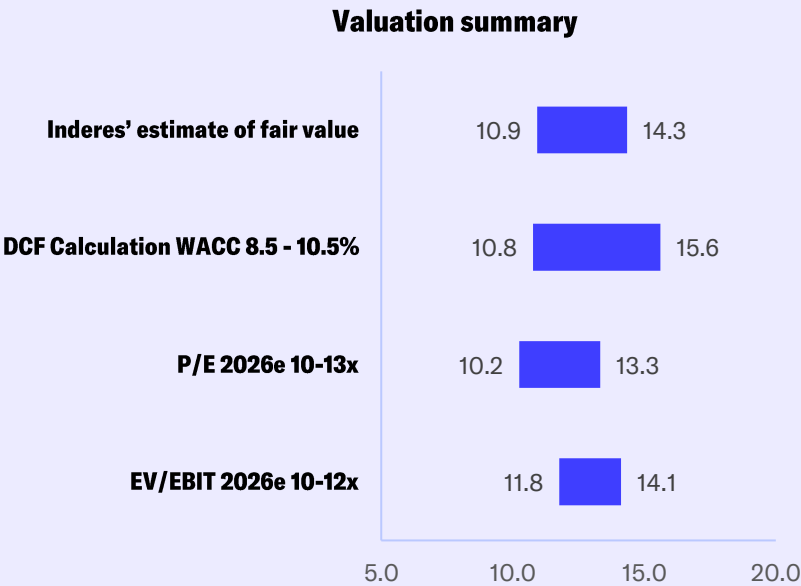
DCF model

Kreate's cash flow profile is fairly stable in the long run, although working capital fluctuations related to large projects affect cash flow between years. We also use DCF in the valuation. However, the DCF model is sensitive to variables such as the terminal period, which investors should take into account. The weighted average cost of capital (WACC) used is 9.5% and the cost of equity is 11.0%. The cost of capital is slightly below that of more cyclical builders, but in line with builders in the contracting business. We see a gradual downside in the required return as our forecasted earnings turnaround strengthens and uncertainties are removed. Our cash flow model is based on the forecasts discussed in the Estimates section. The terminal growth in our model is 1.5% and the EBIT margin forecast is 3.8%.

Our DCF model indicates a fair value of approximately EUR 13 per share. The weight of the terminal period in our DCF model's value is 56%. The value is roughly in line with the current share price and thus supports our view of the share's neutral valuation.

Valuation summary

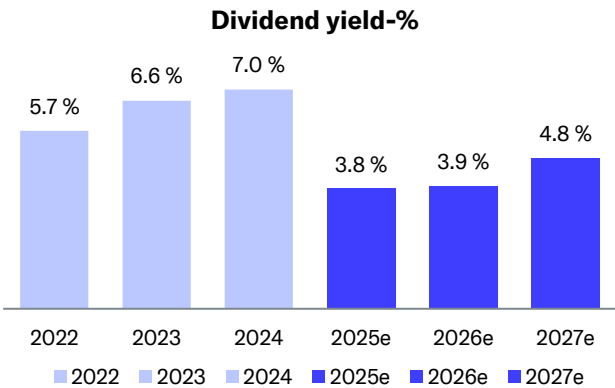
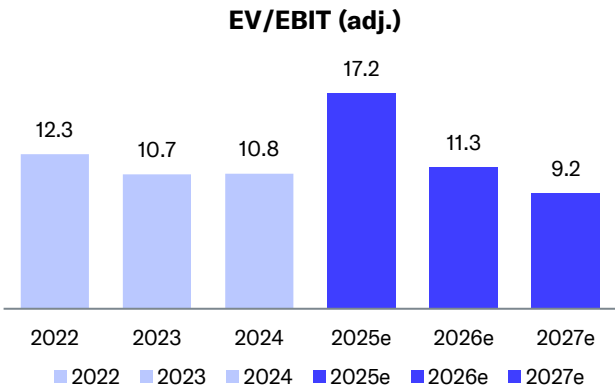
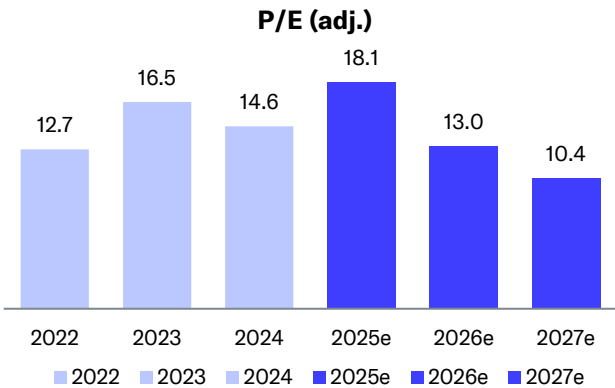
Based on the valuation methods we use, the fair value of Kreate's share is in the range of EUR 10.9-14.3. This also roughly corresponds to applying our estimated acceptable multiple range to our 2026 EBIT and earnings forecasts. We set the target price at EUR 12.5, the midpoint of the fair value range. Based on our target price, the EV/EBIT and P/E ratios are 11x and 12x, respectively, based on our 2026 forecasts.



Valuation table

Valuation	2020	2021	2022	2023	2024	2025e	2026e	2027e	2028e
Share price		11.4	8.09	7.22	7.14	13.3	13.3	13.3	13.3
Market cap		99	73	64	64	118	118	118	118
EV	28	120	106	81	94	172	171	165	160
P/E (adj.)	0.0	12.6	12.7	16.5	14.6	18.1	13.0	10.4	9.0
P/B	0.0	2.4	1.7	1.5	1.5	2.6	2.4	2.1	1.8
EV/Sales	0.1	0.5	0.4	0.3	0.3	0.6	0.4	0.4	0.3
EV/EBITDA	2.0	8.4	7.8	5.8	6.1	9.8	7.8	6.4	5.6
EV/EBIT (adj.)	2.7	11.6	12.3	10.7	10.8	17.2	11.3	9.2	8.0
Payout ratio (%)	50.4 %	56.4 %	72.4 %	109.7 %	102.0 %	69.4 %	50.7 %	50.1 %	50.2 %
Dividend yield-%		4.0 %	5.7 %	6.6 %	7.0 %	3.8 %	3.9 %	4.8 %	5.6 %

Source: Inderes



Peer group valuation

Peer group valuation Company	Market cap MEUR	EV MEUR	EV/EBIT		EV/EBITDA		EV/Liikevaihto		P/E		Dividend yield-%		P/B 2025e
			2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	2025e	2026e	
YIT Oyj	766	1666	32.4	19.4	23.7	15.3	1.0	0.9		41.3		0.4	1.0
NRC Group ASA	131	211	18.0	11.2	7.2	5.9	0.4	0.3	39.6	13.2			0.9
Veidekke ASA	2078	1871	12.4	11.3	7.6	7.0	0.5	0.5	17.8	16.4	5.3	5.8	5.8
Sdiptech AB (publ)	697	697	12.1	7.9	6.1	5.7	1.4	1.4	21.5	14.2			1.8
Ncc AB	2153	2461	14.5	12.9	8.7	8.2	0.5	0.4	16.4	13.7	3.9	4.3	2.6
Peab AB	2465	3471	14.4	12.8	9.0	8.2	0.6	0.6	19.7	11.7	3.8	4.2	1.5
Skanska AB	10534	9679	14.3	11.4	10.7	9.1	0.6	0.5	17.7	14.5	3.3	3.8	1.8
SRV Yhtiot Oyj	75	201	50.2	19.1	20.1	13.9	0.3	0.3		7.6			0.6
GRK Infra	623	428	7.3	8.2	5.8	6.3	0.5	0.5	12.5	15.2	3.7	3.9	3.3
Consti Oyj	87	88	9.8	8.0	6.8	6.3	0.3	0.3	12.8	10.6	6.6	6.8	1.9
Kreate (Inderes)	118	172	17.2	11.3	9.8	7.8	0.6	0.4	18.1	13.0	3.8	3.9	2.6
Average			19.5	11.7	9.8	8.0	0.6	0.6	18.4	15.8	3.8	3.6	2.4
Median			13.7	11.3	7.4	6.7	0.5	0.5	17.7	14.2	3.7	3.9	1.9
Diff-% to median			26%	0%	32%	17%	10%	-19%	3%	-8%	4%	1%	37%

Income statement

Income statement	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue	273.9	320.0	54.4	68.0	77.6	75.5	275.5	52.4	73.5	94.7	89.1	309.7	391.6	431.9	458.4
Finland	0.0	298	47.9	61.6	67.5	65.6	242.6	44.9	64.5	79.1	74.1	262.6	336.1	369.7	391.9
Sweden	0.0	22.5	6.5	6.4	10.1	9.9	32.9	7.5	9.0	15.6	15.0	47.1	55.5	62.2	66.5
EBITDA	13.6	14.0	1.6	4.1	4.7	4.9	15.3	1.7	4.0	6.0	5.9	17.6	21.9	25.7	28.4
Depreciation	-5.0	-6.4	-1.4	-1.5	-1.6	-2.1	-6.6	-1.7	-1.8	-2.0	-2.1	-7.6	-6.8	-7.8	-8.5
EBITA	8.8	7.8	0.3	2.6	3.1	2.8	8.8	0.1	2.2	4.0	3.8	10.1	15.1	17.9	19.9
EBIT (excl. NRI)	8.6	7.6	0.2	2.6	3.1	2.8	8.7	0.0	2.2	4.0	3.8	10.0	15.1	17.9	19.9
EBIT	8.6	7.6	0.2	2.6	3.1	2.8	8.7	0.0	2.2	4.0	3.8	10.0	15.1	17.9	19.9
Net financial items	-1.9	-2.9	-0.8	-0.5	-0.7	-0.8	-2.8	0.0	-0.8	-0.4	-0.6	-1.8	-3.7	-3.6	-3.4
PTP	6.7	4.7	-0.6	2.1	2.4	2.0	5.9	0.0	1.4	3.5	3.2	8.2	11.5	14.3	16.5
Taxes	-1.1	-0.7	0.1	-0.5	-0.6	-0.4	-1.3	0.2	-0.4	-0.6	-0.7	-1.5	-2.1	-2.6	-3.0
Minority interest	0.2	-0.2	-0.1	-0.2	-0.1	0.1	-0.2	-0.1	0.2	-0.2	-0.1	-0.2	-0.3	-0.4	-0.4
Net earnings	5.8	3.7	-0.6	1.4	1.8	1.8	4.4	0.1	1.2	2.7	2.5	6.5	9.1	11.4	13.1
EPS (adj.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	0.01	0.14	0.30	0.28	0.73	1.02	1.28	1.47
EPS (rep.)	0.64	0.44	-0.07	0.16	0.20	0.20	0.49	0.01	0.14	0.30	0.28	0.73	1.02	1.28	1.47

Key figures	2022	2023	Q1'24	Q2'24	Q3'24	Q4'24	2024	Q1'25	Q2'25	Q3'25	Q4'25e	2025e	2026e	2027e	2028e
Revenue growth-%	15.3 %	16.8 %	-17.3 %	-20.7 %	-12.1 %	-5.9 %	-13.9 %	-3.7 %	8.1 %	22.0 %	18.1 %	12.4 %	26.4 %	10.3 %	6.1 %
Adjusted EBITA growth-%	-16.9 %	-10.5 %	-77.3 %	9.2 %	4.4 %	22.6 %	12.0 %	-79.0 %	-15.4 %	29.4 %	36.4 %	15.3 %	49.7 %	18.6 %	10.7 %
Adjusted EBITA-%	3.2 %	2.4 %	0.5 %	3.8 %	4.0 %	3.7 %	3.2 %	0.1 %	3.0 %	4.2 %	4.3 %	3.3 %	3.9 %	4.2 %	4.3 %
Adjusted EBIT-%	3.1 %	2.4 %	0.4 %	3.8 %	4.0 %	3.8 %	3.2 %	0.0 %	3.0 %	4.2 %	4.3 %	3.2 %	3.9 %	4.2 %	4.3 %

Balance sheet

Assets	2023	2024	2025e	2026e	2027e
Non-current assets	75.6	75.8	99.7	104	107
Goodwill	40.0	40.4	62.9	62.9	62.9
Intangible assets	0.5	0.3	0.4	0.4	0.4
Tangible assets	23.3	23.5	24.8	29.4	32.4
Associated companies	10.5	10.5	10.5	10.5	10.5
Other investments	0.0	0.0	0.0	0.0	0.0
Other non-current assets	0.3	0.2	0.2	0.2	0.2
Deferred tax assets	1.0	0.9	0.9	0.9	0.9
Current assets	59.0	55.6	65.7	81.0	87.1
Inventories	0.0	0.0	0.0	0.0	0.0
Other current assets	0.7	0.7	0.7	0.7	0.7
Receivables	34.6	44.1	52.7	64.6	69.1
Cash and equivalents	23.6	10.8	12.4	15.7	17.3
Balance sheet total	135	131	165	185	194

Source: Inderes

Liabilities & equity	2023	2024	2025e	2026e	2027e
Equity	42.9	43.6	45.7	50.3	57.0
Share capital	0.1	0.1	0.1	0.1	0.1
Retained earnings	24.0	25.2	27.3	31.9	38.6
Hybrid bonds	0.0	0.0	0.0	0.0	0.0
Revaluation reserve	0.0	0.0	0.0	0.0	0.0
Other equity	18.7	18.0	18.0	18.0	18.0
Minorities	0.1	0.3	0.3	0.3	0.3
Non-current liabilities	33.9	34.5	55.3	55.6	52.6
Deferred tax liabilities	1.5	1.4	1.0	1.0	1.0
Provisions	3.1	3.3	3.3	3.3	3.3
Interest bearing debt	29.4	29.8	51.1	51.3	48.3
Convertibles	0.0	0.0	0.0	0.0	0.0
Other long-term liabilities	0.0	0.0	0.0	0.0	0.0
Current liabilities	57.9	53.3	64.4	79.4	84.8
Interest bearing debt	11.0	10.9	14.5	16.5	15.4
Payables	46.8	42.1	49.6	62.7	69.1
Other current liabilities	0.0	0.3	0.3	0.3	0.3
Balance sheet total	135	131	165	185	194

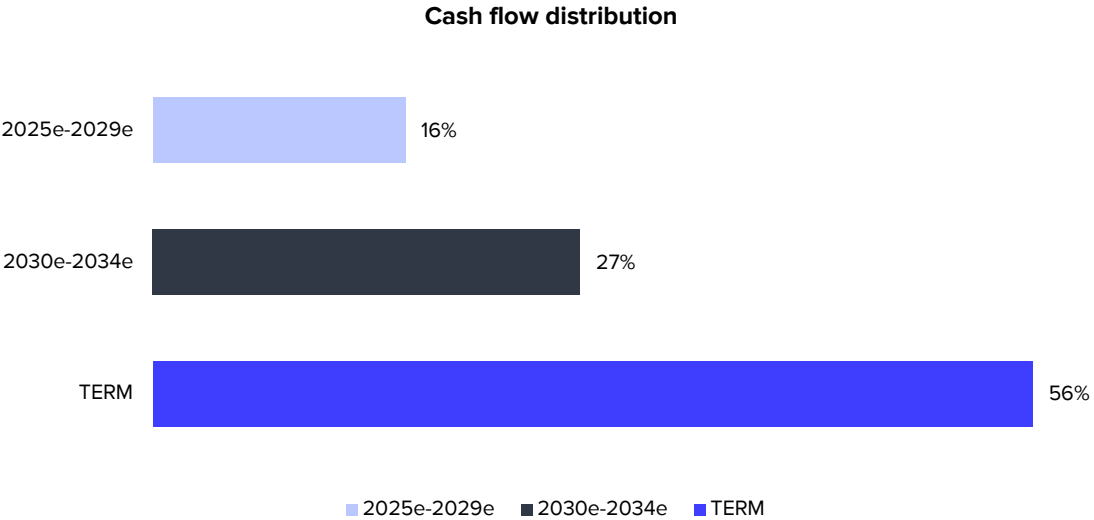
DCF calculation

DCF model	2024	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	TERM
Revenue growth-%	-13.9 %	12.4 %	26.4 %	10.3 %	6.1 %	3.0 %	2.0 %	2.0 %	2.0 %	1.5 %	1.5 %	1.5 %
EBIT-%	3.2 %	3.2 %	3.9 %	4.2 %	4.3 %	4.4 %	4.2 %	4.0 %	4.0 %	3.8 %	3.8 %	3.8 %
EBIT (operating profit)	8.7	10.0	15.1	17.9	19.9	20.8	20.2	19.7	20.0	19.3	19.6	
+ Depreciation	6.6	7.6	6.8	7.8	8.5	9.0	9.3	9.5	9.7	9.9	10.0	
- Paid taxes	-1.3	-1.9	-2.1	-2.6	-3.0	-3.2	-3.1	-3.1	-3.2	-3.1	-3.2	
- Tax, financial expenses	-0.6	-0.3	-0.7	-0.7	-0.6	-0.6	-0.5	-0.5	-0.4	-0.4	-0.3	
+ Tax, financial income	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Change in working capital	-13.9	-1.1	1.1	2.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Operating cash flow	-0.6	14.3	20.4	24.4	24.8	26.1	25.9	25.6	26.1	25.7	26.1	
+ Change in other long-term liabilities	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
- Gross CAPEX	-6.9	-31.5	-11.4	-10.8	-10.5	-10.1	-10.0	-10.2	-10.4	-10.4	-10.8	
Free operating cash flow	-7.3	-17.1	9.0	13.7	14.3	16.0	15.9	15.4	15.7	15.3	15.3	
+/- Other	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
FCFF	-7.3	-17.1	9.0	13.7	14.3	16.0	15.9	15.4	15.7	15.3	15.3	194
Discounted FCFF		-17.2	8.2	11.4	10.9	11.1	10.1	8.9	8.3	7.4	6.8	85.5
Sum of FCFF present value		151	169	160	149	138	127	117	108	99.6	92.2	85.5
Enterprise value DCF		151										
- Interest bearing debt		-40.7										
+ Cash and cash equivalents		10.8										
-Minorities		-0.8										
-Dividend/capital return		-4.4										
Equity value DCF		116										
Equity value DCF per share		13.1										

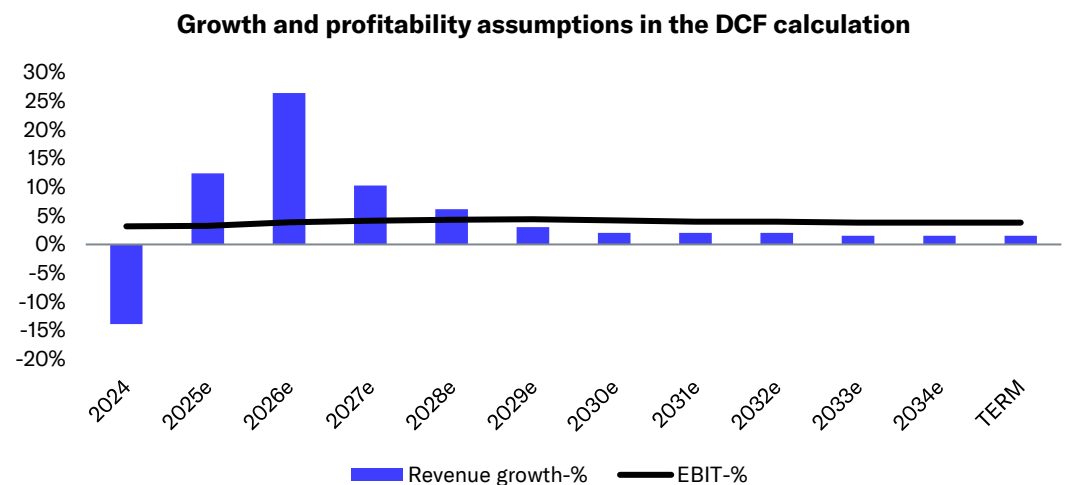
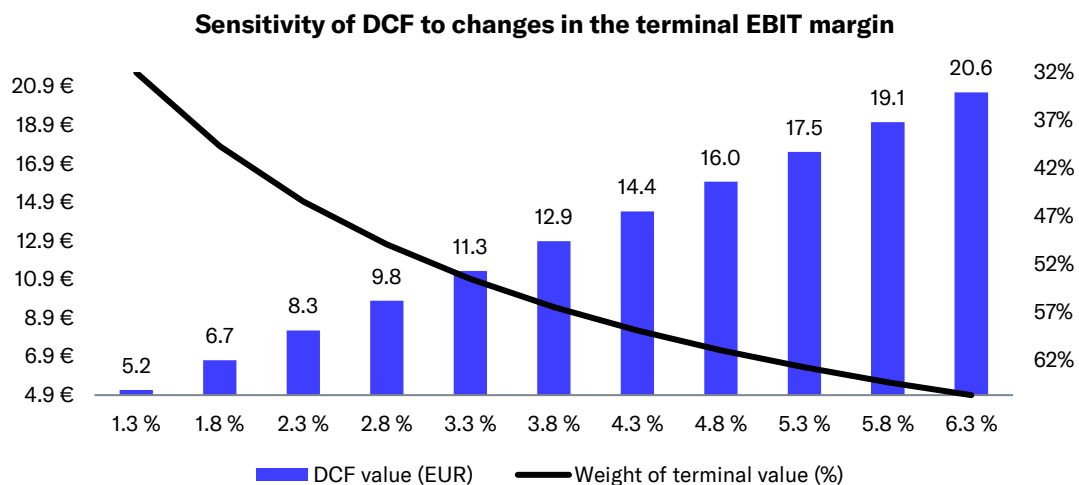
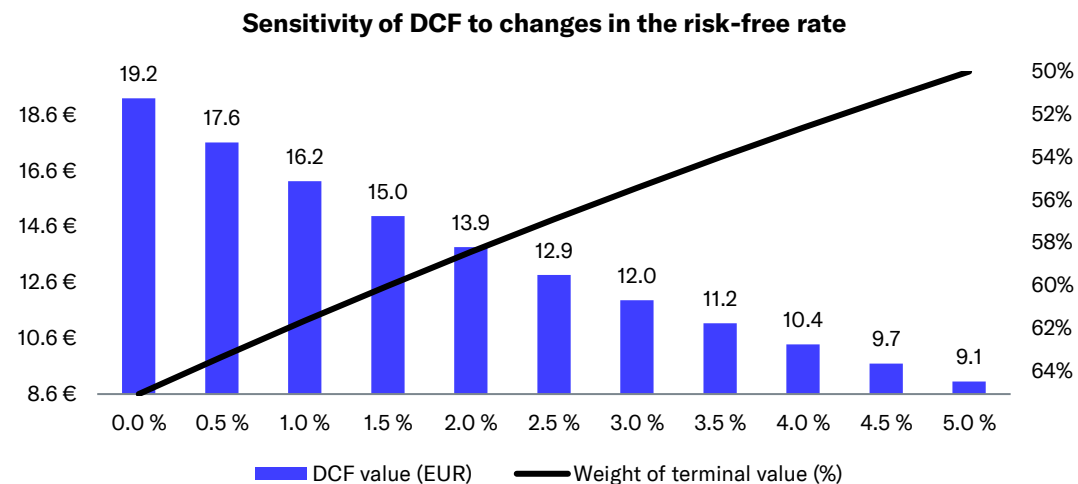
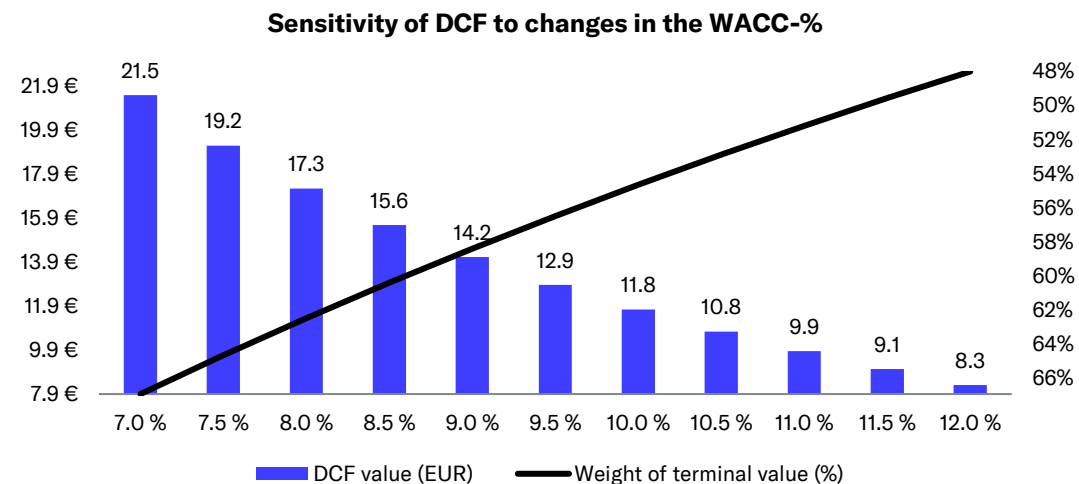
WACC

Tax-% (WACC)	20.0 %
Target debt ratio (D/(D+E))	20.0 %
Cost of debt	4.5 %
Equity Beta	1.50
Market risk premium	4.75%
Liquidity premium	1.40%
Risk free interest rate	2.5 %
Cost of equity	11.0 %
Weighted average cost of capital (WACC)	9.5 %

Source: Inderes



DCF sensitivity calculations and key assumptions in graphs



Source: Inderes. Note that the weight of the terminal value (%) is shown on an inverse scale for clarity.

Summary

Income statement	2023	2024	2025e	2026e	Per share data	2023	2024	2025e	2026e
Revenue	320.0	275.5	309.7	391.6	EPS (reported)	0.44	0.49	0.73	1.02
EBITDA	14.0	15.3	17.6	21.9	EPS (adj.)	0.44	0.49	0.73	1.02
EBIT	7.6	8.7	10.0	15.1	OCF / share	3.25	-0.07	1.61	2.29
PTP	4.7	5.9	8.2	11.5	OFCF / share	2.64	-0.82	-1.93	1.01
Net Income	3.9	4.4	6.5	9.1	Book value / share	4.81	4.87	5.10	5.62
Extraordinary items	0.0	0.0	0.0	0.0	Dividend / share	0.48	0.50	0.51	0.52
Balance sheet	2023	2024	2025e	2026e	Growth and profitability	2023	2024	2025e	2026e
Balance sheet total	134.6	131.4	165.4	185.2	Revenue growth-%	17%	-14%	12%	26%
Equity capital	42.9	43.6	45.7	50.3	EBITDA growth-%	3%	9%	15%	25%
Goodwill	40.0	40.4	62.9	62.9	EBIT (adj.) growth-%	-12%	15%	15%	51%
Net debt	16.7	29.9	53.2	52.1	EPS (adj.) growth-%	-31%	12%	50%	39%
Cash flow	2023	2024	2025e	2026e	EBITDA-%	4.4 %	5.5 %	5.7 %	5.6 %
EBITDA	14.0	15.3	17.6	21.9	EBIT (adj.)-%	2.4 %	3.2 %	3.2 %	3.9 %
Change in working capital	15.9	-13.9	-1.1	1.1	EBIT-%	2.4 %	3.2 %	3.2 %	3.9 %
Operating cash flow	28.9	-0.6	14.3	20.4	ROE-%	9.1 %	10.1 %	14.7 %	19.1 %
CAPEX	-6.8	-6.9	-31.5	-11.4	ROI-%	9.0 %	10.4 %	10.2 %	13.2 %
Free cash flow	23.4	-7.3	-17.1	9.0	Equity ratio	31.9 %	33.2 %	27.6 %	27.1 %
Valuation multiples	2023	2024	2025e	2026e	Gearing	39.0 %	68.6 %	116.5 %	103.6 %
EV/S	0.3	0.3	0.6	0.4					
EV/EBITDA	5.8	6.1	9.8	7.8					
EV/EBIT (adj.)	10.7	10.8	17.2	11.3					
P/E (adj.)	16.5	14.6	18.1	13.0					
P/B	1.5	1.5	2.6	2.4					
Dividend-%	6.6 %	7.0 %	3.8 %	3.9 %					

Source: Inderes

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Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

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Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
11/22/2021	Buy	13.00 €	10.75 €
11/24/2021	Buy	13.00 €	11.45 €
1/27/2022	Accumulate	13.00 €	11.75 €
4/27/2022	Buy	12.00 €	9.00 €
7/28/2022	Buy	12.00 €	8.80 €
10/4/2022	Buy	11.00 €	8.02 €
10/27/2022	Buy	11.00 €	8.45 €
11/21/2022	Accumulate	10.50 €	8.92 €
1/12/2023	Accumulate	10.50 €	9.05 €
2/1/2023	Accumulate	10.50 €	9.30 €
5/2/2023	Accumulate	9.00 €	7.94 €
7/12/2023	Reduce	7.90 €	7.58 €
7/20/2023	Accumulate	7.90 €	7.44 €
10/26/2023	Accumulate	7.00 €	6.32 €
11/28/2023	Accumulate	7.30 €	6.84 €
2/1/2024	Accumulate	8.50 €	7.94 €
4/29/2024	Accumulate	8.50 €	7.80 €
7/17/2024	Accumulate	8.50 €	7.82 €
10/1/2024	Accumulate	9.00 €	8.36 €
10/28/2024	Reduce	8.80 €	8.36 €
1/13/2025	Accumulate	8.00 €	7.30 €
2/6/2025	Accumulate	8.00 €	7.50 €
4/25/2025	Accumulate	8.60 €	7.92 €
7/15/2025	Accumulate	9.20 €	8.78 €
10/6/2025	Reduce	9.40 €	10.20 €
Analyst changed			
10/23/2025	Reduce	10.50 €	10.65 €
10/29/2025	Reduce	11.00 €	11.05 €
1/9/2026	Reduce	12.50 €	13.30 €



CONNECTING INVESTORS AND COMPANIES.

Inderes democratizes financial information by connecting investors and listed companies. For investors, we are an investing community and a trusted source of financial information and equity research. For listed companies, we are a partner in delivering high-quality investor relations. Over 500 listed companies in Europe use our investor relations products and equity research services to provide better investor communications to their shareholders.

Our goal is to be the most investor-minded company in finance. Inderes was founded in 2009 by investors, for investors. As a Nasdaq First North-listed company, we understand the day-to-day reality of our customers.

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