CONSTI PLC

INTERIM REPORT

1 JANUARY – 31 MARCH 2023

CEO Esa Korkeela
CFO Joni Sorsanen

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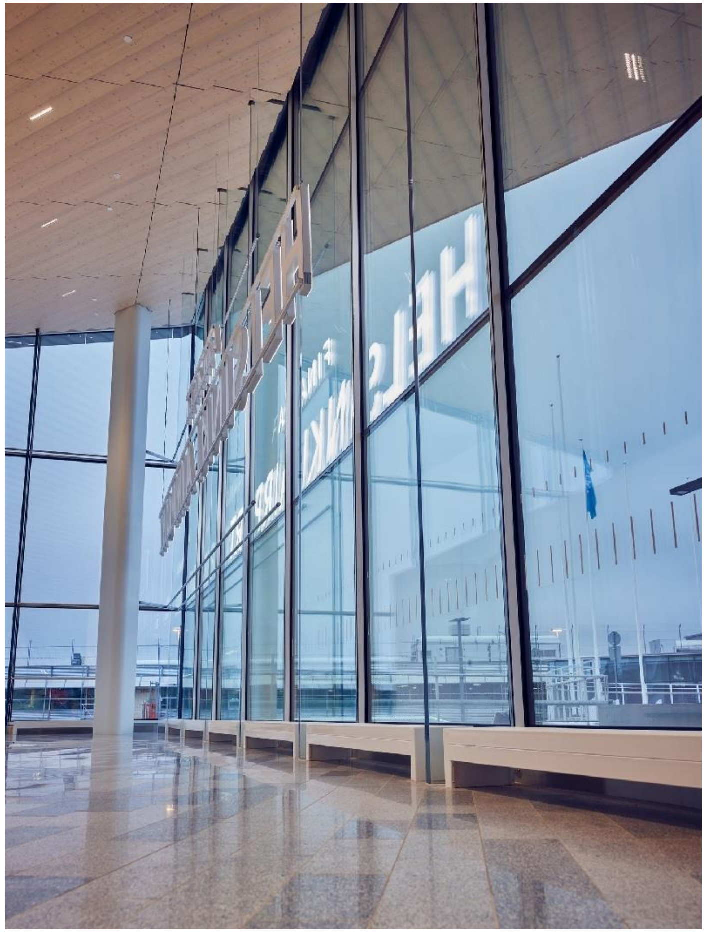


Highlights of the first quarter of 2023

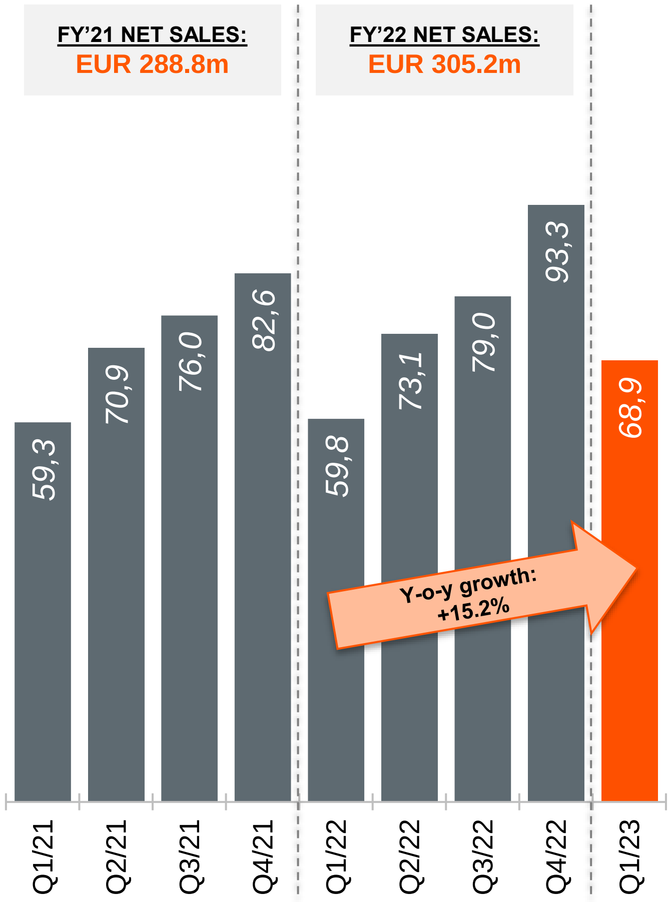
Net sales grew, order backlog growing

NET SALES: EUR 68.9m (EUR +9.1m y-o-y)	**EBIT:** EUR 0.7m (EUR +0.3m y-o-y)	**FREE CASH FLOW:** EUR -1.0m (EUR -0.1m y-o-y)
NET DEBT: EUR 5.7m (EUR -10.6m y-o-y)	**ORD. BACKLOG:** EUR 253.8m (EUR +48.7m y-o-y)	**PERSONNEL:** 1 020 (No. +87 y-o-y)

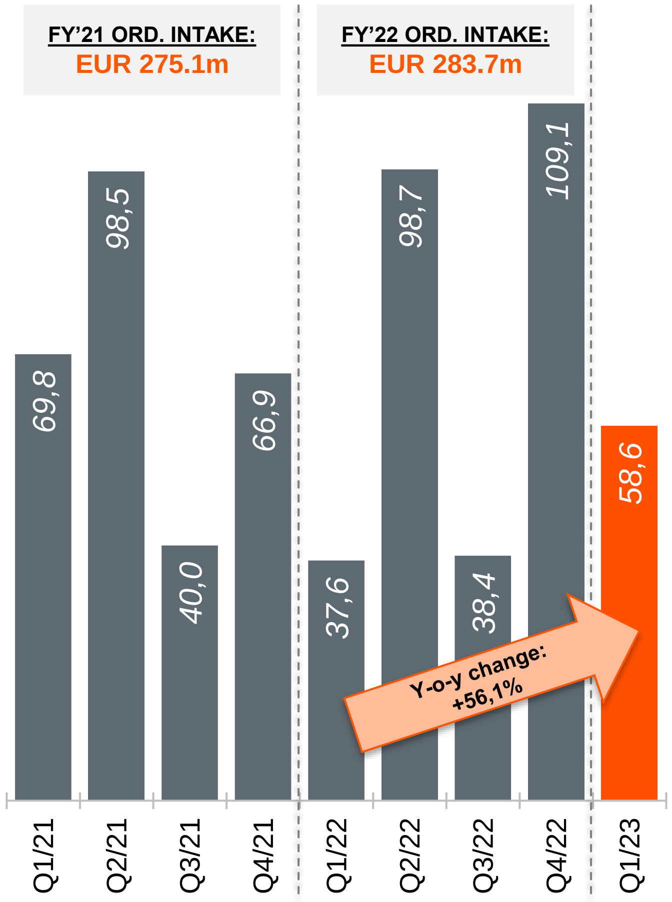
Quarterly performance overview

Net sales, order intake and order backlog continued to grow year-on-year

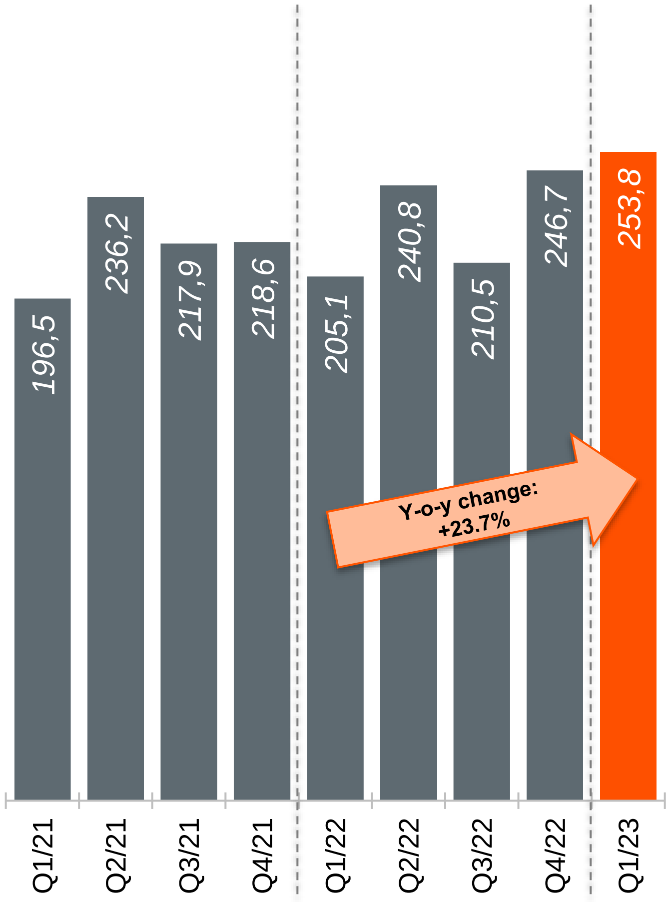
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



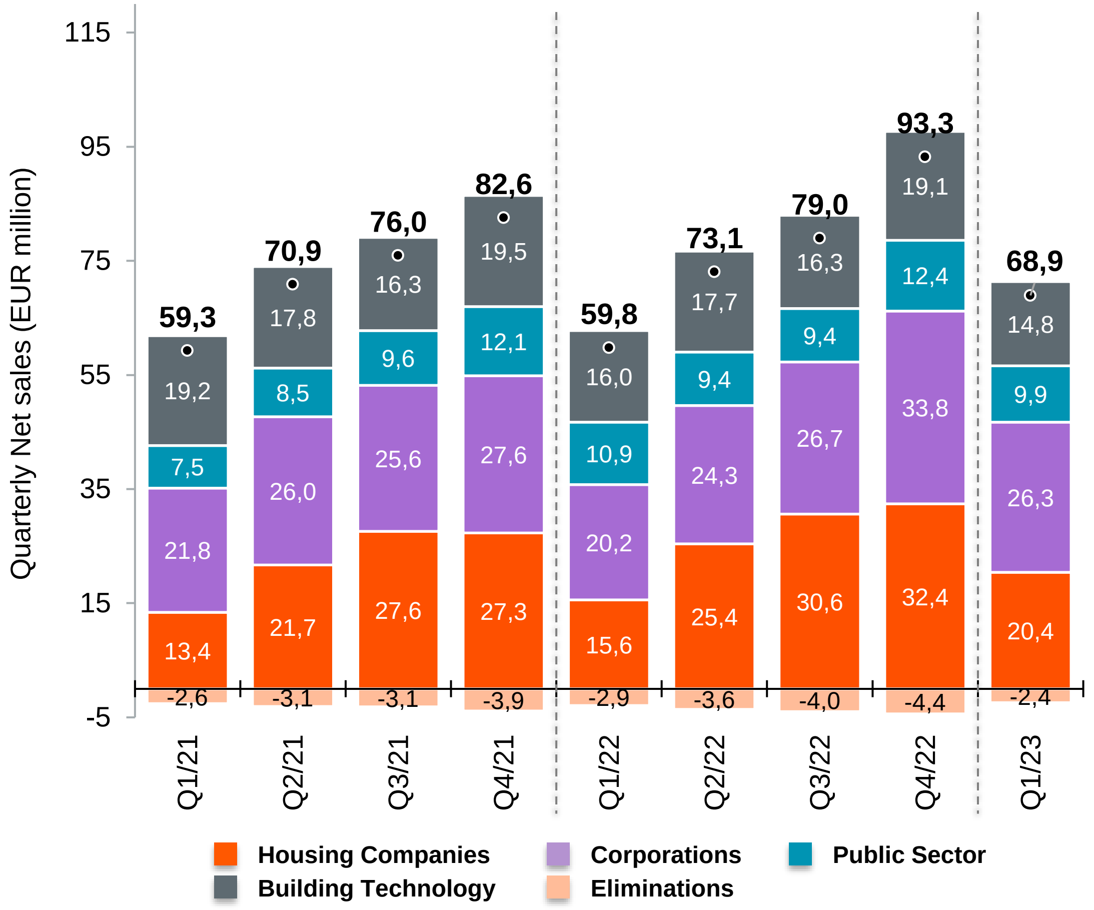
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q1 net sales amounted to EUR 68.9m, growing 15.2% year-on-year

Quarterly net sales development Q1/2021 – Q1/2023 (EUR m)



Comments

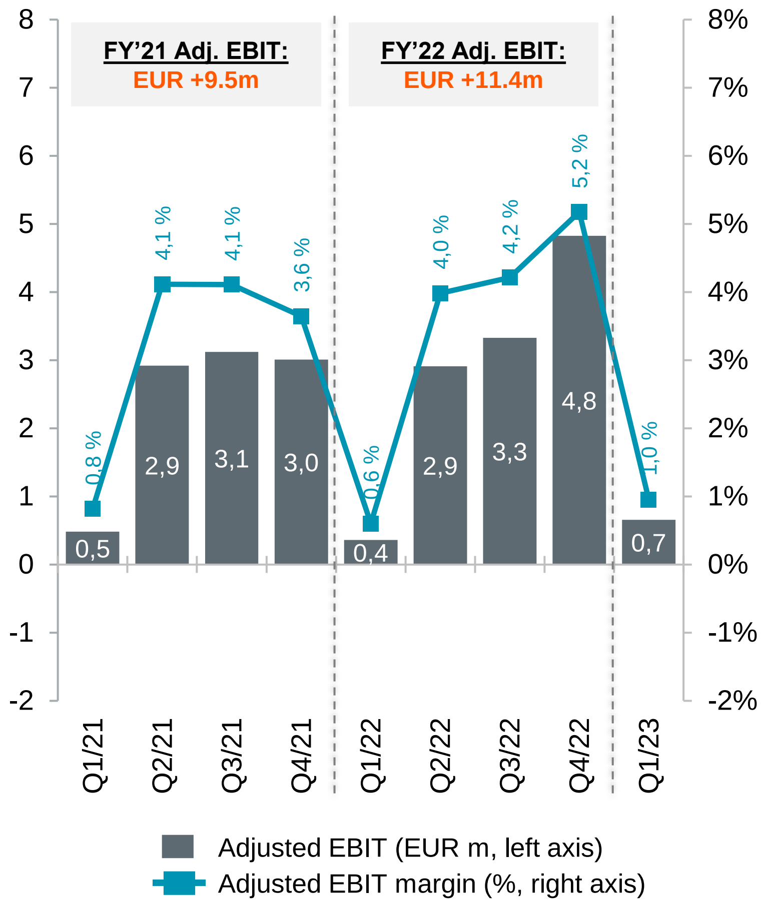
- Q1/2023 net sales EUR 68.9m (59.8m)
  - Year-on-year growth 15.2%
  - Net sales grew in all geographical areas
  - Net sales grew in Housing Companies and Corporations but decreased in Public Sector and in Building Technology
  - Housing Companies net sales EUR 20.4m (15.6m) ➔ net sales increased in Greater Helsinki area and in other areas
  - Corporations net sales EUR 26.3m (20.2m) ➔ net sales increased in Greater Helsinki area and in other areas
  - Public Sector net sales EUR 9.9m (10.9m)
  - Building Technology net sales EUR 14.8m (16.0m) ➔ net sales increased in service business but decreased in building technology installations business

Quarterly Adjusted EBIT and EBIT development

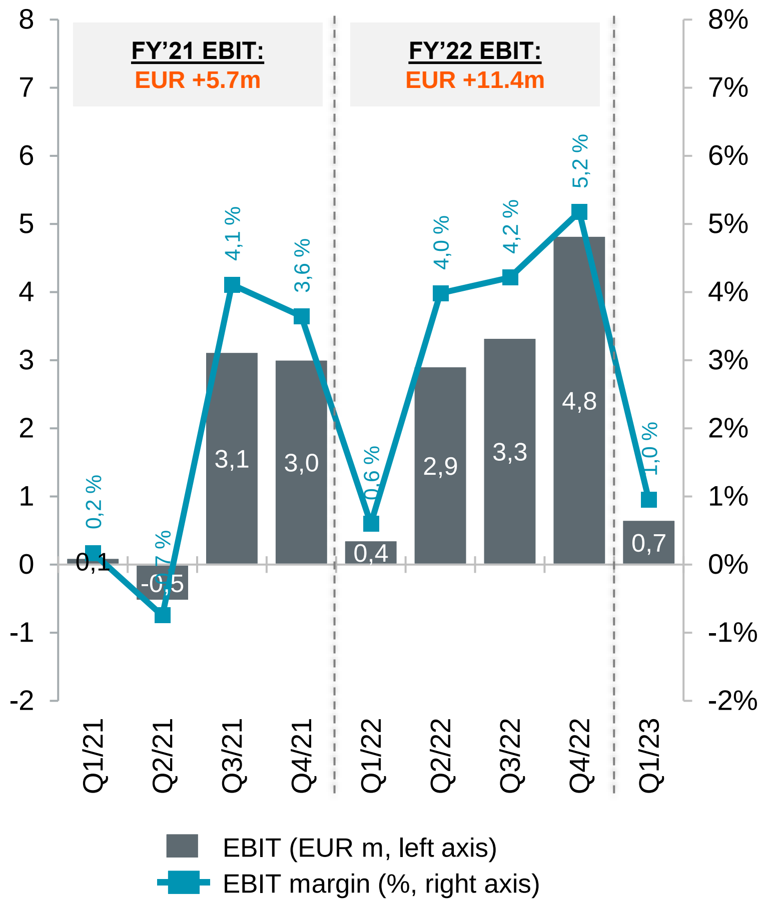
Q1 profitability improved year-on-year

***Adjusted EBIT** = EBIT before items affecting comparability (IAC)
- IAC during the reporting period and comparison periods = Financial impact of arbitral award received in June 2021 as well as legal cost related to the arbitration proceedings

Quarterly Adjusted EBIT* development Q1/2021 – Q1/2023 (EUR m)



Quarterly EBIT development Q1/2021 – Q1/2023 (EUR m)



Comments

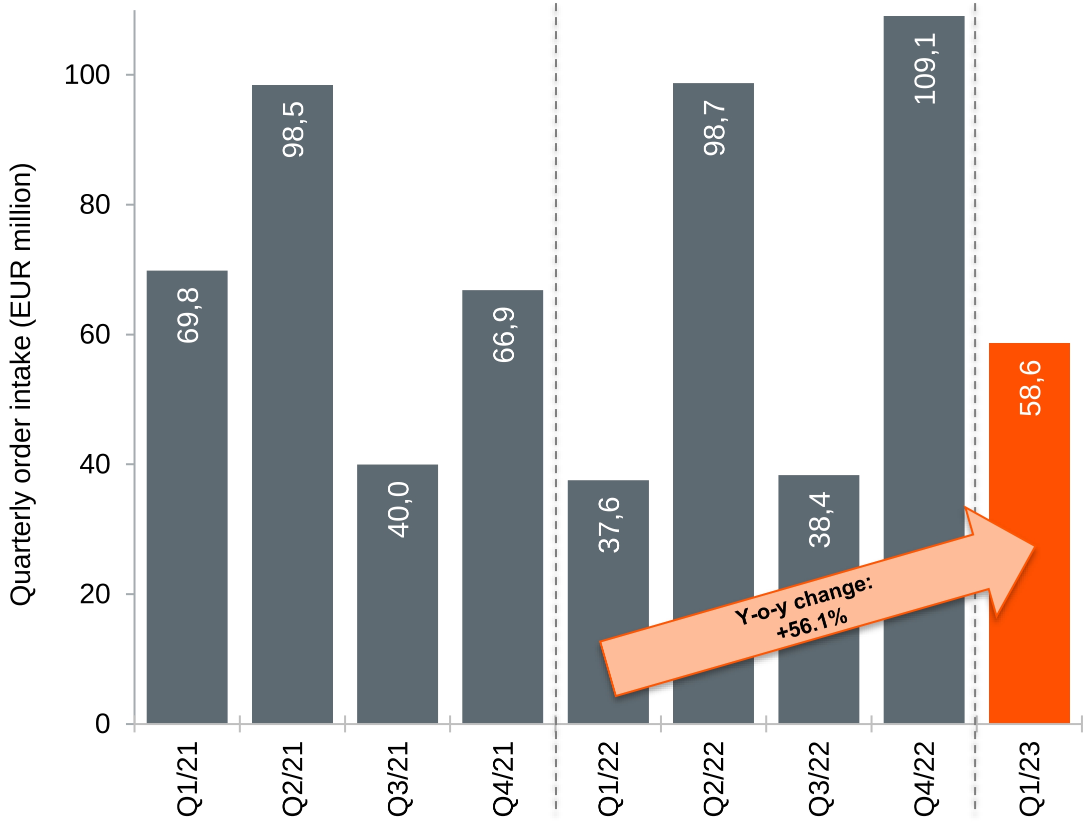
- Q1/2023 EBIT amounted to EUR 0.7 (0.4) million, or 1.0% (0.6%) of net sales
- Solid start for the year
- Profitability improved, although cost inflation had a negative impact on the result through both increased construction costs and higher indirect costs

CONSTI

Quarterly order intake development

Q1/2023 order intake EUR 58.6 million (37.6m), up by 56.1 percent y-o-y

Quarterly order intake development Q1/2021 – Q1/2023 (EUR m)



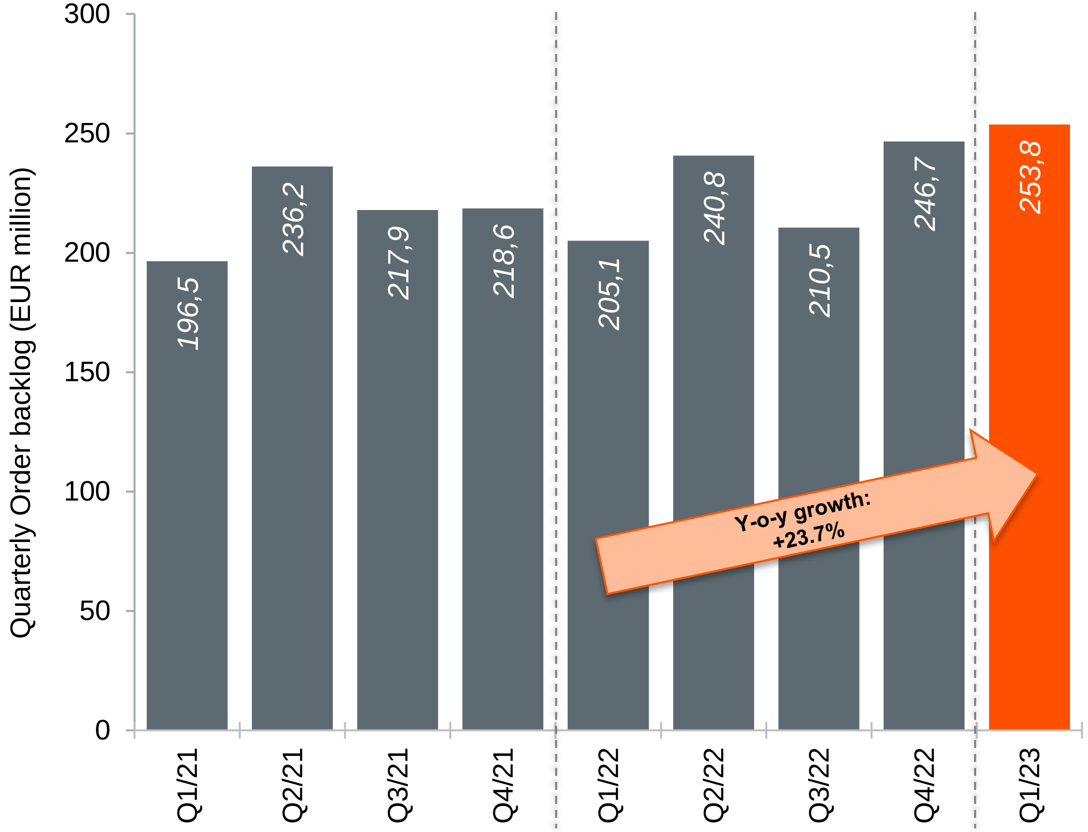
Comments

- Q1/2023 order intake EUR 58.6m (37.6m)
  - Year-on-year change 56.1%
  - The most significant order in Q1 was a comprehensive renovation of a rental apartment building in Myllypuro, Helsinki, owned by Helsinki City Housing Company (Heka)
    - The value of the project is approximately EUR 26 million
    - The project will be carried out jointly by three of Consti's business areas: Public Sector, Housing Companies and Building Technology
  - The rest of the order intake for January-March 2023 consists of several smaller projects that are evenly distributed across the four business areas

Quarterly order backlog development

Q1/2023 order backlog at EUR 253.8 million, up by 23.7% y-o-y

Quarterly order backlog development Q1/2021 – Q1/2023 (EUR m)



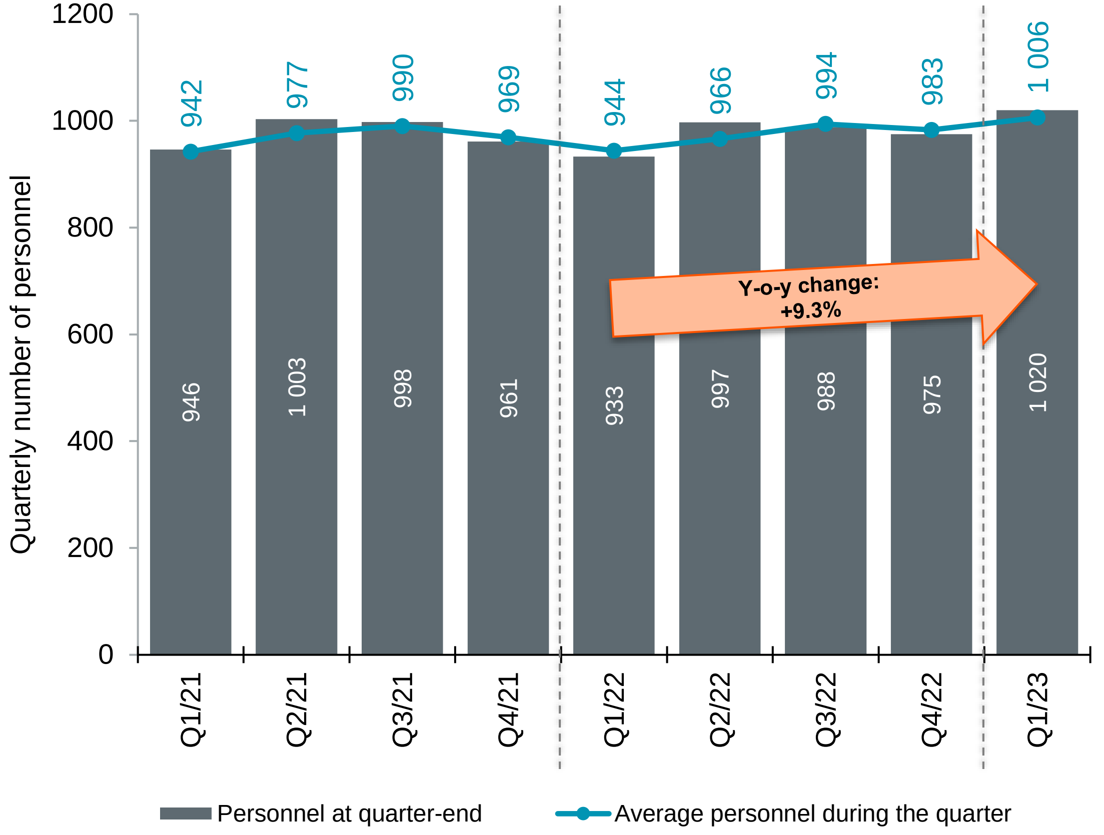
Comments

- Q1/2023 order backlog at EUR 253.8m (205.1m)
  - Year-on-year growth +23.7%
  - Strong order backlog to support solid performance going forward
  - In absolute terms, a larger share of March 2023 order backlog to be recognised in revenue within the next nine months compared to March 2022 backlog
  - However, in relative terms the March 2023 backlog is more evenly distributed to following years compared to March 2022 backlog

Quarterly development in number of personnel

Total number of personnel at the end of Q1/2023 increased by 87 year-on-year

Quarterly development in number of personnel Q1/2021 – Q1/2023



Comments

- Number of personnel at the end of Q1/2023 1020 (933), increase of 87
- Average number of personnel during Q1/2023 1006 (944), increase of 62
- Personnel increasing as a result of growing business volumes

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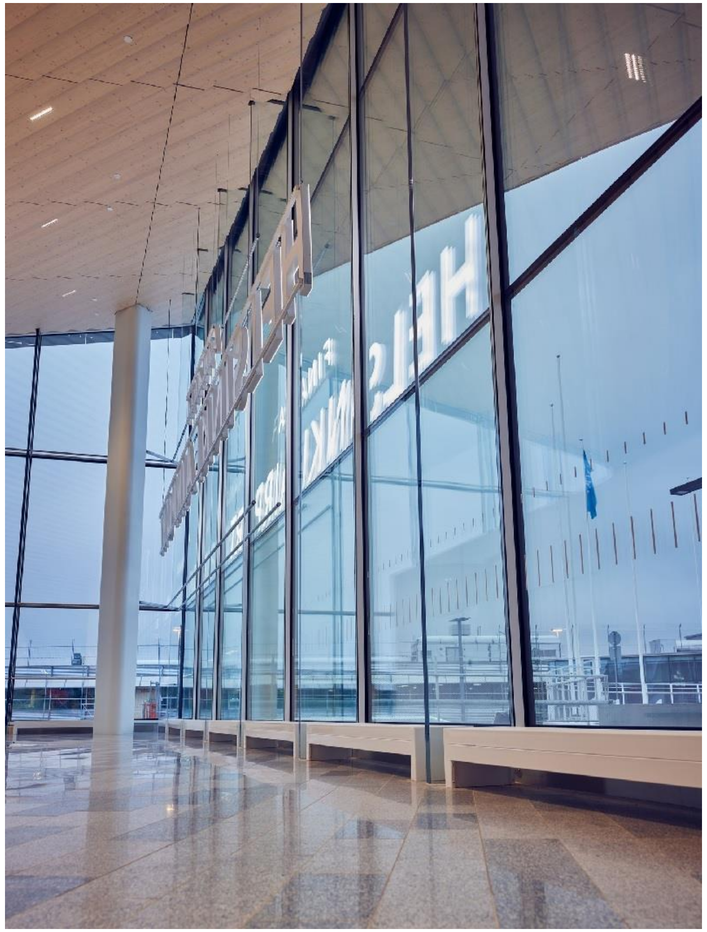
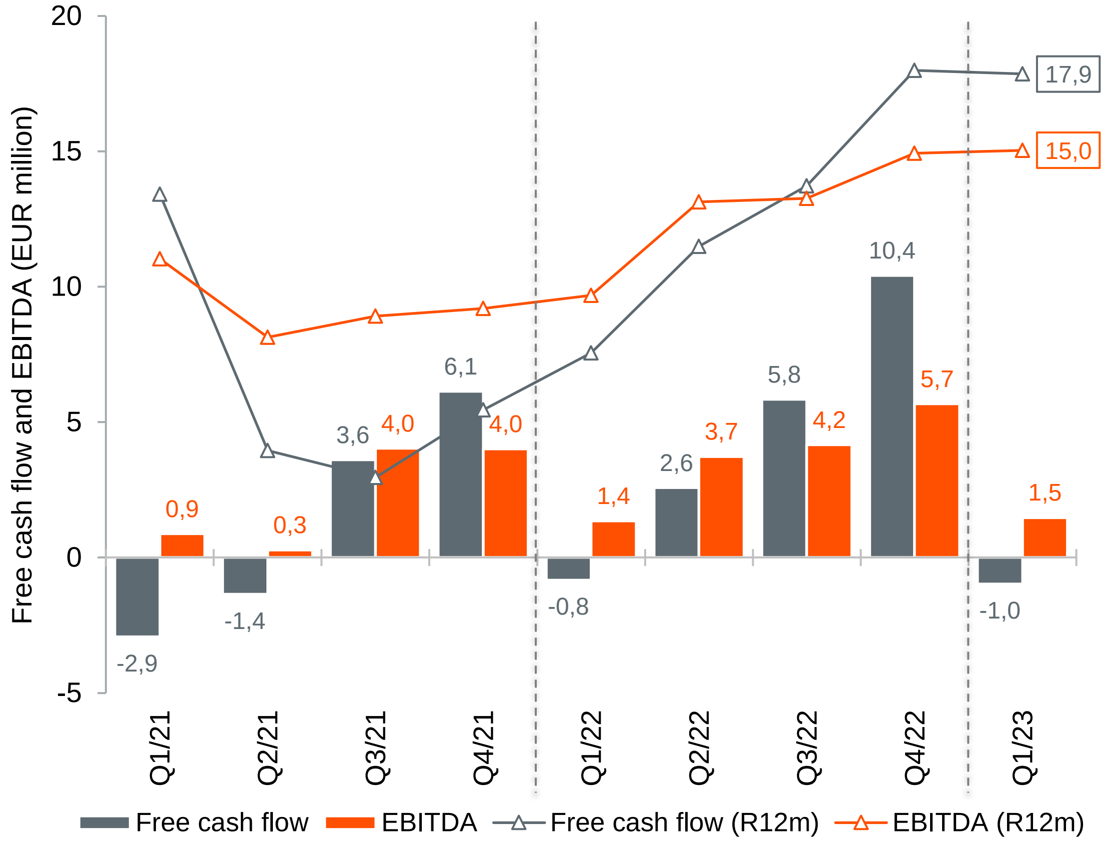


Quarterly free cash flow development

Q1 2023 free cash flow EUR -1.0 million

Quarterly free cash flow[1)] and EBITDA Q1/2021 – Q1/2023 (EUR m)



Comments

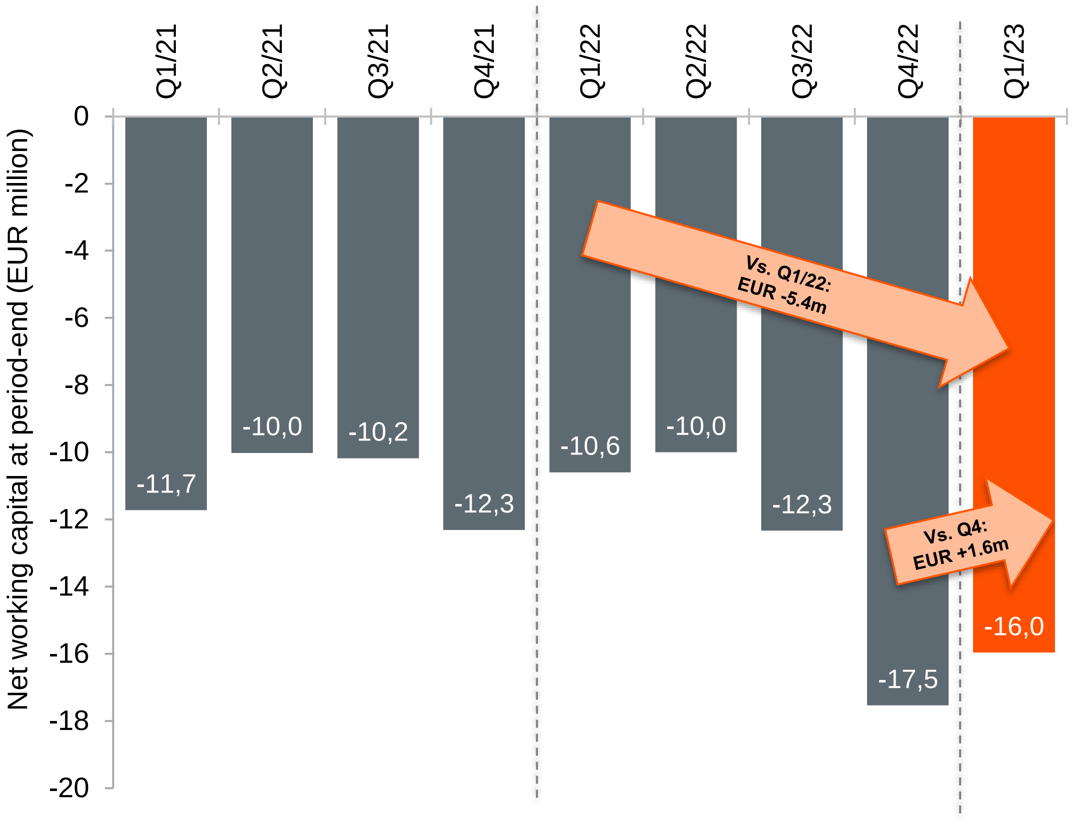
- Q1/2023 free cash flow EUR -1.0m (-0.8m)
  - EBITDA amounted to EUR 1.5m (1.4m)
  - Cash flow impact from change in net working capital was EUR -1.4m (-1.5m)
  - Cash flow from investments in tangible and intangible assets amounted to EUR -0.5m (-0.3m)
- In March 2023, rolling 12-month free cash flow EUR 17.9m and EBITDA EUR 15.0m ➔ R12m cash conversion ratio 118.7%, meeting the long-term financial target of >90%

1) Free cash flow means net cash flow from operating activities before financial items and taxes, less capital used for purchase of intangible assets and property, plant and equipment

Quarterly net working capital development

Net working capital at EUR -16.0 million at the end of Q1/2023

Quarterly net working capital[1)] Q1/2021 – Q1/2023 (EUR m)



Comments

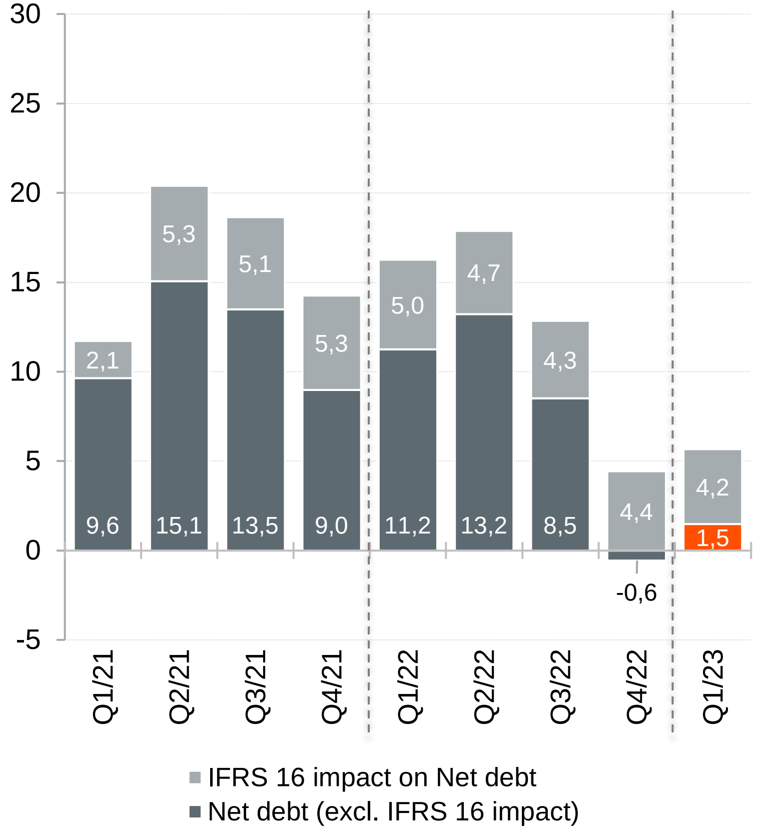
- Net working capital EUR -16.0m (-10.6m) at the end of Q1/2023
  - NWC tied up during Q1/2023 amounted to EUR 1.6m (1.7m)
  - Improvement of EUR 5.4m in NWC compared to Q1/2022

1) Net working capital calculated as follows: Inventories + Trade and other receivables + Deferred tax receivables – Trade and other payables – Advances received – Provisions

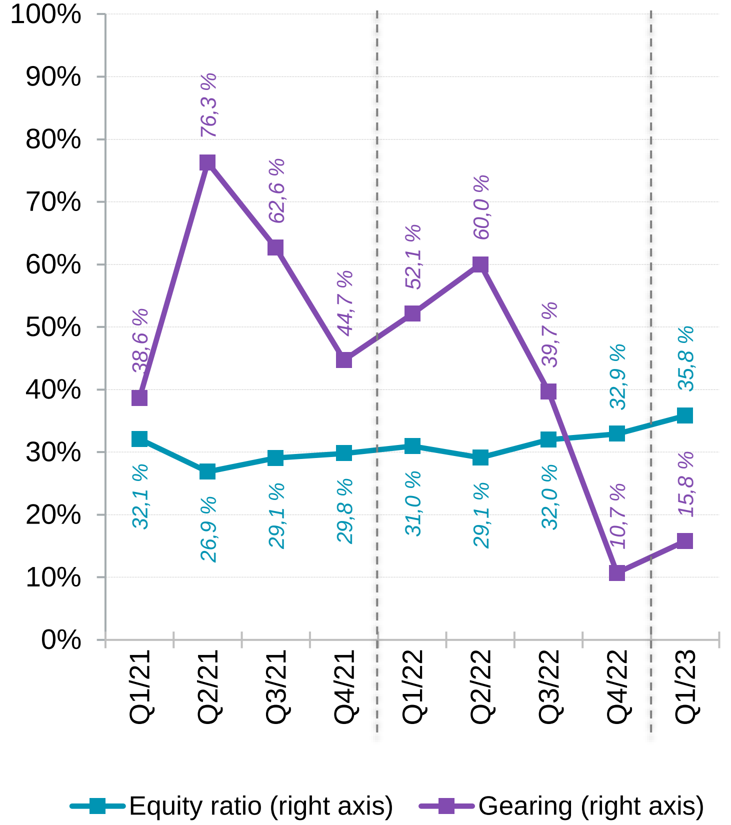
Quarterly balance sheet structure

Strong financial position at the quarter-end

Quarterly net debt development (EUR m) Q1/2021 – Q1/2023



Quarterly equity ratio and gearing development Q1/2021 – Q1/2023



Comments

- Q1/2023 net debt at EUR 5.7m (16.3m), of which EUR 4.2m (5.0m) attributable to IFRS 16 related lease liabilities
- Q1/2023 equity ratio at 35.8% (31.0%)
  - Equity ratio excluding IFRS 16 at 37.5% (32.7%)
- Q1/2023 gearing at 15.8% (52.1%)
  - Gearing excluding IFRS 16 at 4.1% (35.8%)

1) Net working capital calculated as follows: Inventories + Trade and other receivables + Deferred tax receivables – Trade and other payables – Advances received – Provisions

Maturity distribution of interest-bearing debt (31 March 2023)

Gross interest-bearing debt (excl. IFRS 16) decreased by EUR 1.8 million in Q1 2023. In April 2023, maturity of the loan was extended into June 2026

Maturity profile of interest-bearing debt[1)] as per 31 Mar 2023 (EUR m)

1) Both calculated interest payments and repayments of the principal included in maturity profile values

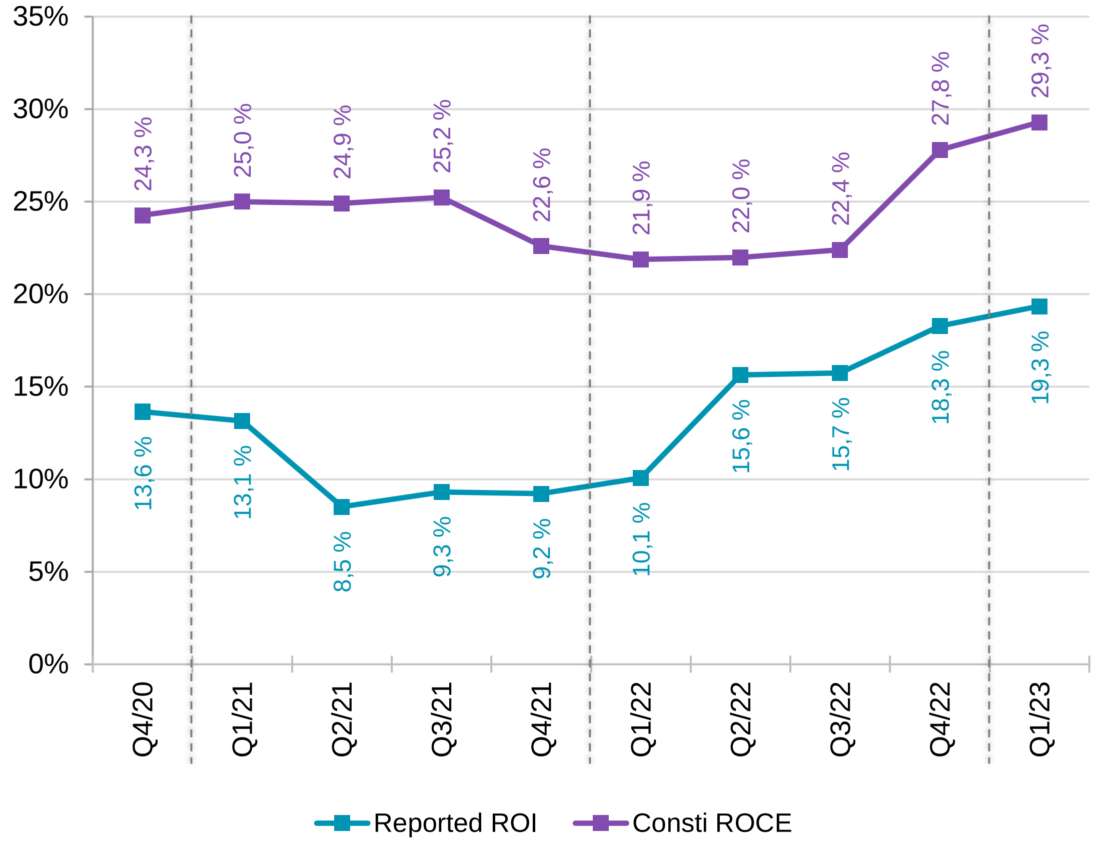
Comments

- Consti's gross interest-bearing debt at EUR 18.5 million (excluding IFRS 16) at the end of Q1/2023, reduction of EUR 8.5m year-on-year and reduction of EUR 1.8m during Q1 2023
- Cash and cash equivalents amounted to EUR 17.0m at year-end
- In addition, Consti has undrawn revolving credit facilities and unused credit limits amounting to EUR 8.0m in total
- Majority of Consti's bank loans have maturity in 2025 (with extension option in 2026), i.e. no significant bank loan redemptions in the coming years
  - Loan agreement includes an extension option that allows to extend the maturity of the loan in two phases by a maximum of two years until 2026
  - Consti exercised the first extension option in May 2022, and the second extension option in April 2023 (not yet visible in the maturity profile as per 31 March 2023)
  - By exercising the second extension option, the maturity of the loan was extended into June 2026

Reported ROI1) and Consti ROCE2)

Return on capital improved as a result of improved profitability and capital efficiency

Reported ROI1) and Consti ROCE2) Q4/2020 – Q1/2023 (%)



Comments

- In financial years 2020-2022, Consti's return on capital employed has exceeded 20%
- Q1 2023 Consti ROCE totaled 29.3%
  - Q1 2023 R12m EBIT margin 3.7%
  - Q1 2023 R12m average capital efficiency 7.9x (excluding IFRS 16 related assets)
- Q1 2023 Reported ROI totaled 19.3%
- In Q4/20 – Q1/22, reported ROI impacted by items affecting comparability, i.e. the arbitral award and legal costs related to Hotel St. George project

1) Return on investment, ROI (%) = Profit/loss before taxes + interest and other financial expenses (R12m) / Total equity + interest-bearing liabilities (average)
2) Consti ROCE = Adjusted EBIT (R12m) / Capital employed (R12m average), where Capital employed = Tangible and intangible assets (excl. IFRS 16) + Net working capital

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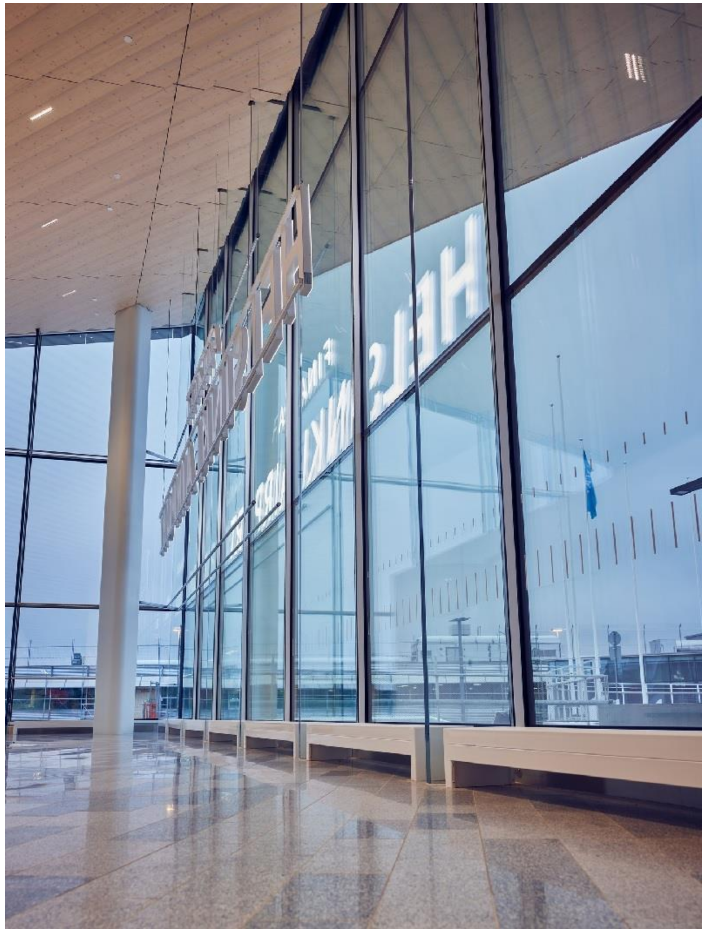
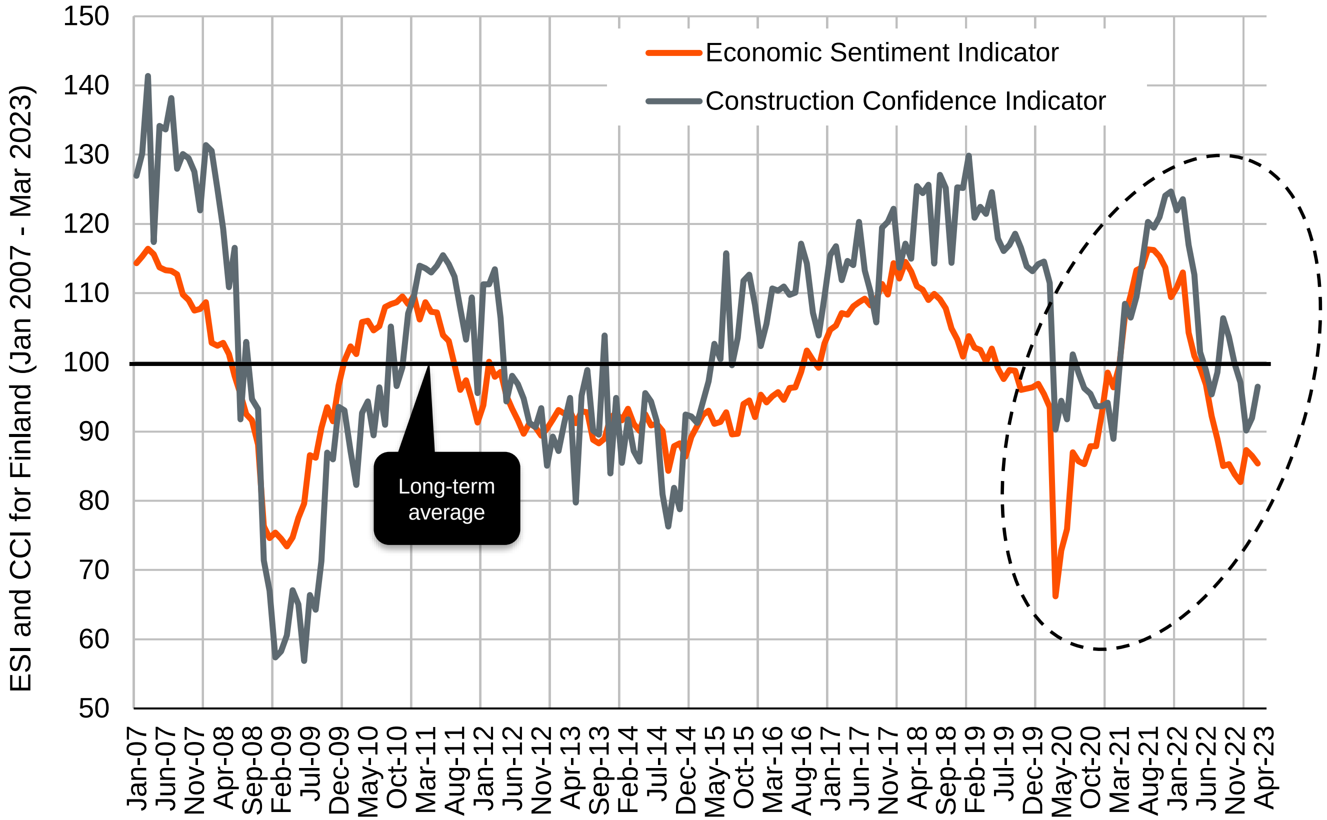


Economic sentiment and construction confidence in Finland below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 3/2023)



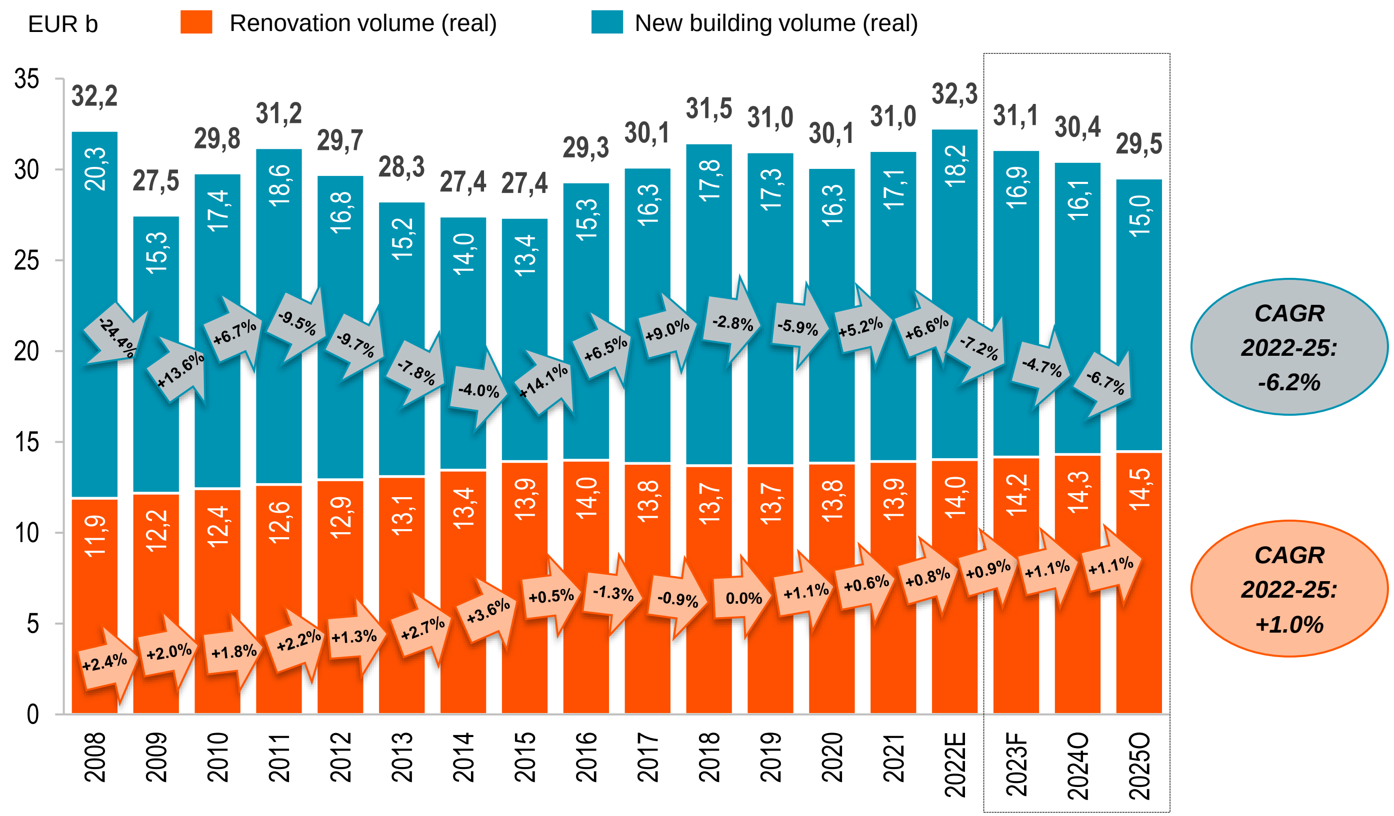
Note: Mean-adjusted figures
Source: European Commission, March 2023

Comments

- Relatively stable development in the Economic Sentiment Indicator (ESI) during Q1 2023
  - However, ESI clearly below its long-term average level
  - The decrease in ESI since February 2022 has been driven by a deterioration in confidence in nearly all surveyed business sectors (industry, services, consumer and construction)
- Construction confidence somewhat improving in early 2023 but remains slightly below its long-term average level in March 2023
  - The construction confidence in Finland one of the lowest among the European Union countries

Renovation growth expected to continue going forward, and renovation to clearly outgrow new building in 2023-25

Finnish new building and renovation market development 2008 – 2025



Source: Euroconstruct, November 2022
Confederation of Finnish Construction Industries RT (CFCI), March 2023

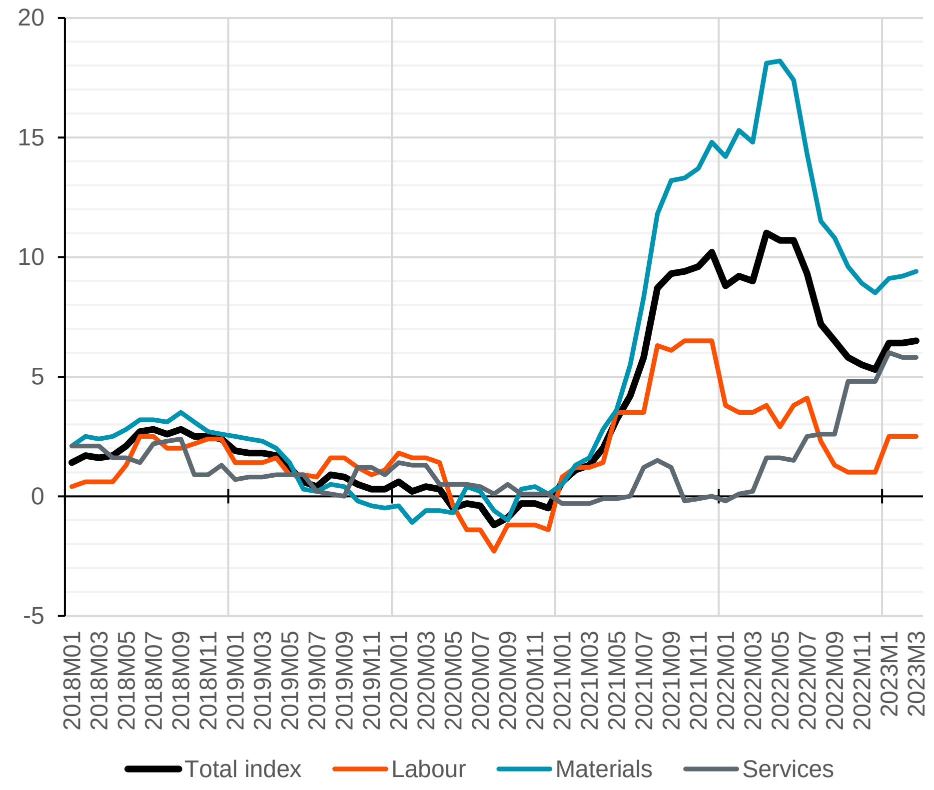
Comments

- The Confederation of Finnish Construction Industries RT (CFCI) estimates in its March 2023 report that the entire construction market is expected to decline by about 3.5 % in 2023
- CFCI estimates that renovation will grow by approximately 1.5 % in 2023 while new residential construction is expected to decrease by as much as 20 %
- CFCI notes that a slowdown in cost increases and the estimated decrease in new construction will accelerate renovation especially in 2024. CFCI estimates that the renovation market will grow about 2 % in 2024
- CFCI states that considering the aging of the building stock and the goals of the green transition, the growth of renovation is still too slow

Consti has fared relatively well in the current inflationary market environment

Building cost index rose by 6.5% y-o-y and 0.3% m-o-m in March 2023

Annual change of the Building Cost Index 1/2018 – 3/2023 (%) (2000 = 100)



Source: Statistics Finland

Building cost index by input heading March 2023 (2021=100)	Index figure	Annual change (%)
0 TOTAL INDEX	**111,1**	**6,5**
01 LABOUR	**104,4**	**2,5**
02 MATERIALS	**116,8**	**9,4**
02.1 AREA	***112,6***	***11,2***
02.1.1 Soil	112,2	11,0
02.1.2 Construction site surface structures	111,4	10,1
02.1.3 House equipment	123,0	17,8
02.2 HOUSE	***116,3***	***7,9***
02.2.1 Concrete, bricks and blocks	121,0	14,2
02.2.2 Precast concrete units	113,8	3,9
02.2.3 Timber structures	93,8	-7,1
02.2.4 Steel structures	121,5	2,4
02.2.5 Roofing materials	118,6	11,3
02.2.6 Heat insulation	140,3	30,4
02.2.7 Windows and doors	120,1	8,8
02.3 FACILITIES	***116,8***	***10,0***
02.3.1 Frame structures	119,0	8,3
02.3.2 Surface materials	120,3	14,0
02.3.3 Fixtures, taps and household appliances	112,2	7,9
02.4 TECHNICAL SYSTEMS	**119,7**	**11,2**
02.4.1 Heat, water and sewer	124,8	15,4
02.4.2 Ventilation	113,0	3,5
02.4.3 Electricity, control, lighting and lift	120,8	13,2
03 SERVICES	**106,0**	**5,8**
03.1 SITE AND FIXTURE SERVICES	***106,7***	***6,6***
03.1.1 Transport	120,0	16,5
03.1.2 Mechanical work and hoisters	103,4	5,5
03.1.3 Site facilities, scaffolding and weather protection	94,1	-2,5
03.1.4 Moulding equipment and supporting	109,9	6,8
03.1.5 Waste charges	105,7	3,0
03.1.6 Site energy	97,9	0,2
03.2 OTHER SERVICES	***102,3***	***1,1***
03.2.1 Insurance	107,1	3,8
03.2.2 Connection charges	99,8	-0,5

The costs of materials rose by 9.4% y-o-y and 0.4% m-o-m in March 2023. Within materials all other product groups except timber structures have risen y-o-y

CONSTI comments:

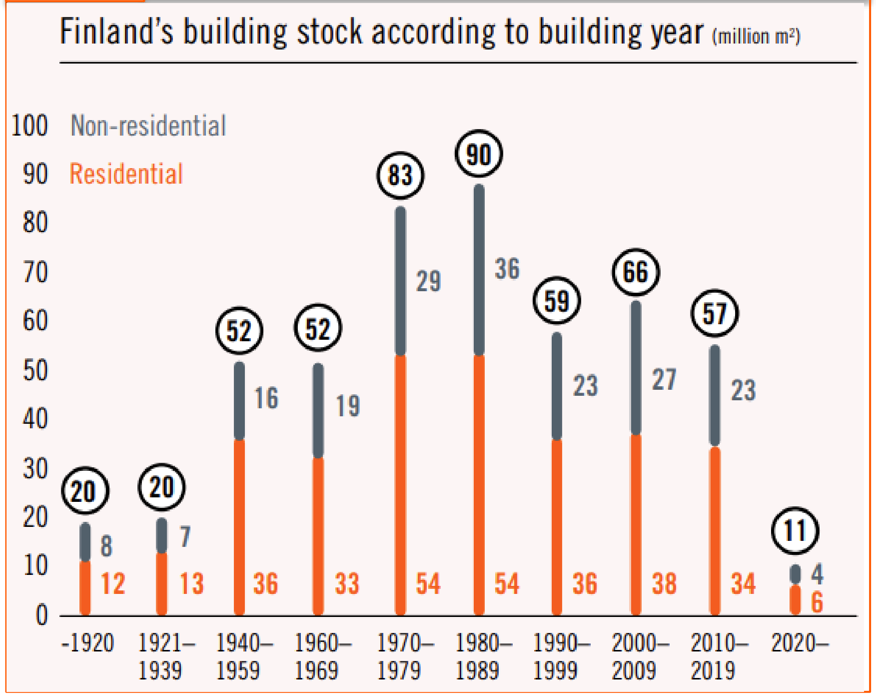
- Building cost inflation partly visible in Consti's project performance in 1-3/2023
- Building costs started to rise in spring '21 ➔ inflation at least to some extent taken into account since summer '21
- Average lead time of Consti's typical projects relatively short
- Also, renovation more labour intensive than new building

CONSTI

Renovation market supported by a number of key structural growth drivers

Ageing building stock the single most important growth driver, energy efficiency becoming more and more important

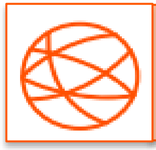
Ageing building stock



Energy efficiency

Urbanisation and concentration of renovation in growth centers

Modifications of the use of buildings



Climate change

- The age of Finland's building stock is a primary driver of the need for renovation
- Building technology represents as much as 40% of the total building renovation
  - Building technology renovation has historically outgrown total building renovation and the same trend is expected to continue
  - The higher prices of heating and the green transition will bring growth to the building technology market
  - Rapidly rising energy prices have made energy renovation profitable as independent projects
- Energy efficiency and a building's ability to withstand increasing extreme weather conditions are improved with building technology and construction solutions such as facade renovation
- Renovation needs are also increased by urbanisation, the aging of the population, changes in working methods and the growth of e-commerce

Source: Statistics Finland, May 2022 & Forecon

CONSTI

Outlook and guidance for 2023

- In 2023, Finland's house construction volume is estimated to decrease by approximately 5.9 percent from the previous year. New construction is predicted to decrease by about 9.6 percent.
- However, it is expected that renovation will continue on a growth path of 1.5 percent also in 2023.
- According to the current market outlook, the demand for renovation and building technology services will remain reasonably good in 2023
  - The forecasts reflect the needs-oriented nature of renovation
  - Poor demand outlook for new construction may increase competition for renovation projects
  - Additionally, rising financing costs and strong inflation may postpone construction projects in the short term
- The company’s strong order backlog, the progress of strategic projects, and steadily improved performance provide Consti a good foundation to continue its solid development in 2023.

- ”The Company estimates that its operating result for 2023 will be in the range of EUR 9.5–13.5 million.”

Summary

1. Q1 profitability improved year-on-year despite negative impact from cost inflation
2. Net sales, order intake and order backlog continued to grow in Q1 2023
3. Financial and liquidity positions remained at a good level
4. Renovation expected to grow in 2023, needs-based nature of renovation to support demand going forward
5. However, the weak demand outlook for new construction may increase competition for renovation projects, and the rising financing costs as well as strong inflation may postpone construction projects in the short term
6. Consti well positioned to continue solid development in 2023

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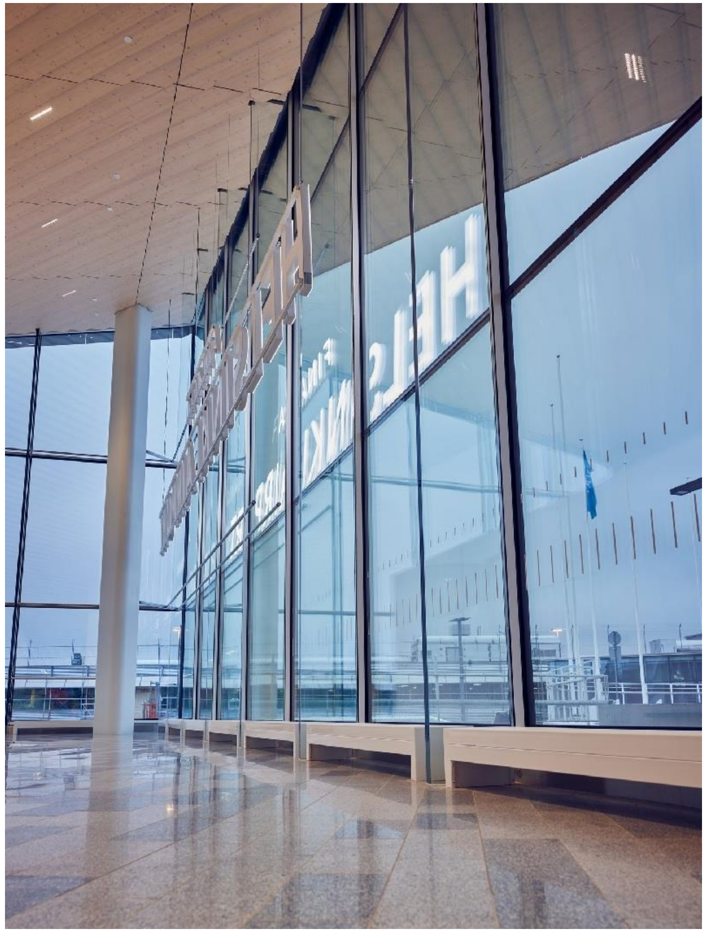
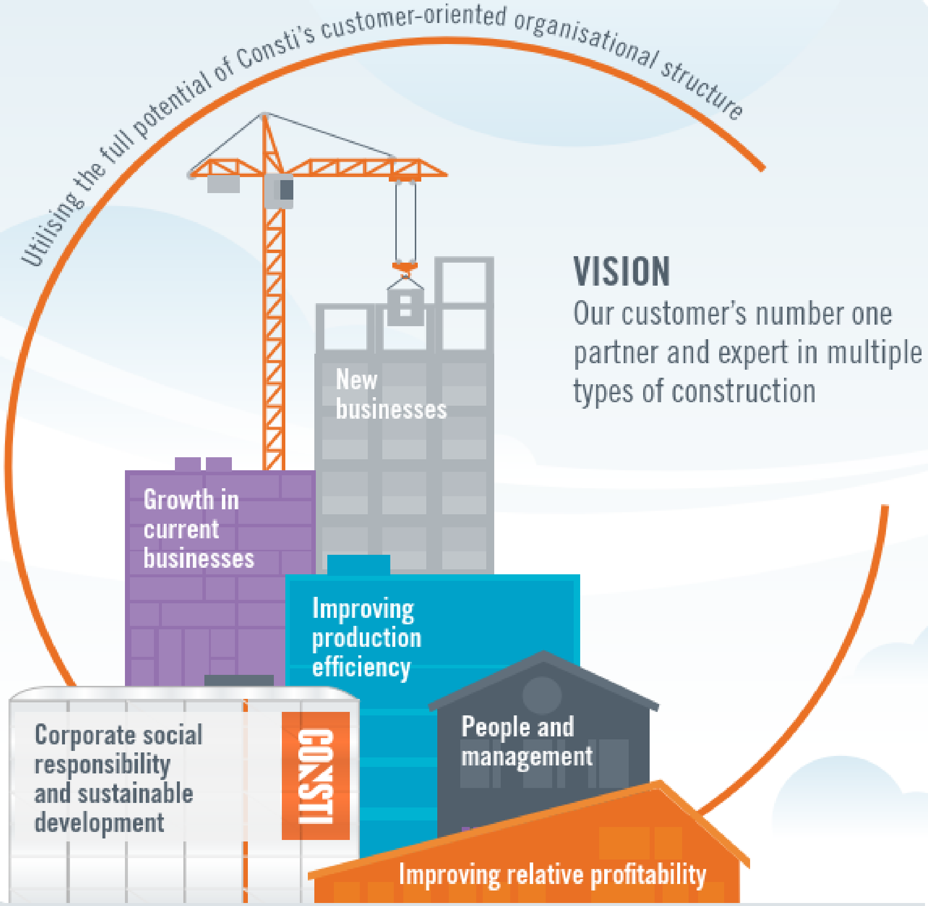


CONSTI GROUP STRATEGY 2021–2023

MISSION

Our mission is to improve the value of the building stock, and the value of life. The satisfaction of our customers and partners, as well as the well-being of our personnel are the prerequisites to all our operations.



VISION

Our customer's number one partner and expert in multiple types of construction

Long-term financial goals	**Growth:** net sales growing faster than the market		**Cash flow:** Cash conversion ratio exceeding*	>90%
	Profitability: EBIT-margin exceeding	>5%	**Capital structure:** Net debt to adjusted EBITDA ratio	<2,5x
2022 results	**Growth:** net sales growing faster than the market		**Cash flow:** Cash conversion ratio*	120.6%
	Profitability: EBIT-margin	3.7%	**Capital structure:** Net debt to adjusted EBITDA ratio **	-0.04x

* The cash conversion is the amount of free cash flow divided by EBITDA. Free cash flow means net cash flow from operating activities before financial expenses and taxes, less capital used for purchase of intangible assets and property, plant and equipment.

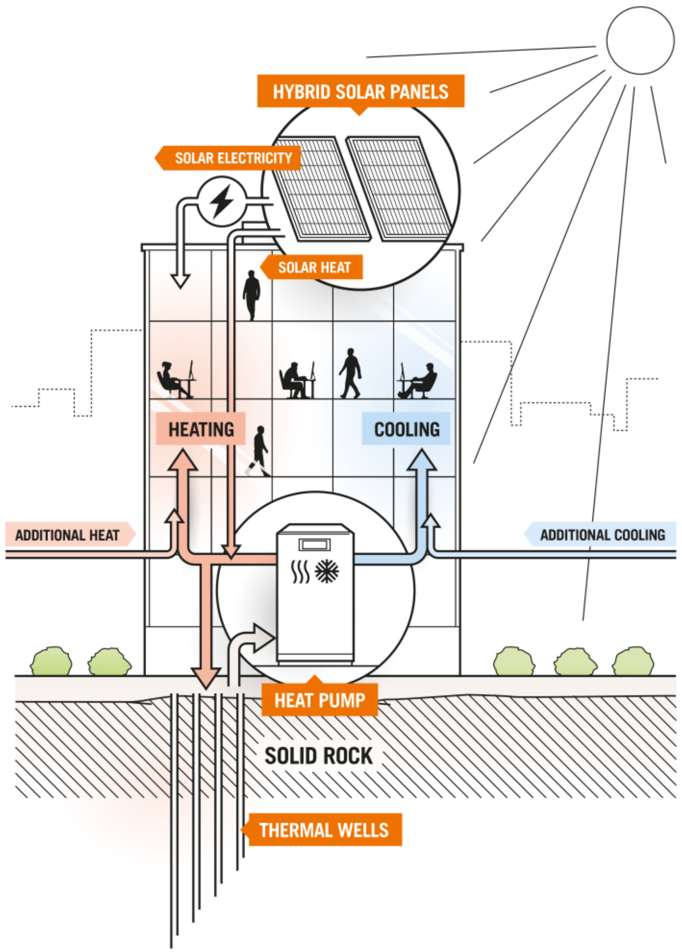
** based on frozen GAAP calculation

To realise its vision and goals, Consti has defined the following strategic focus areas:

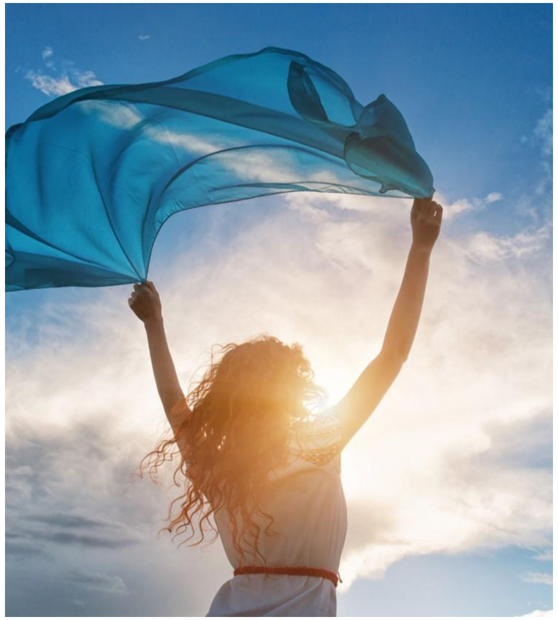
1. **Growth in current business**
   - controlled and profitable growth in attractive renovation and building technology segments
2. **New businesses**
   - comprehensively answering customer needs by growing in attractive new construction projects
3. **Improving relative profitability**
   - expanding value created for customers and active management of business portfolio
4. **Improving production efficiency**
   - Target to have the industry's most efficient production and a steady level of performance in project deliveries
5. **People and management**
   - supporting profitable growth by investing in the implementation of the Consti Way, expanding competence, adding diversity, and adopting LEAN principles
6. **Corporate social responsibility and sustainable development**
   - concentrating on updated responsibility themes, which are environmentally friendly business, work safety and well-being at work, supply chain and customer satisfaction

Consti OPTIMI™, a great example of Consti's ability to generate valuable and relevant solutions for its customers

- A multi-energy system that manages the building's energy economy
  - efficient heating and cooling with the lowest possible electricity consumption
- The system reduces total energy consumption by up to 50%
  - lower environmental load and energy costs
- Optimised design and operation
  - the building's energy savings are precisely calculated with simulations during the project planning phase
- Developed especially for urban areas, suitable for both renovation and new construction
- Competitive investment costs
  - great energy savings compared to costs
- Equalising the effects of electricity price peaks
  - reduces the electricity bill
- The benefits of the system are greatest in buildings where waste heat is generated
  - offices, hotels, educational institutions, health and medical care, multipurpose buildings, shopping centres, apartment buildings
- Consti OPTIMI is based on Consti's operating principle tailored for the system and the IDA Ice simulation software



CONSTI OPTIMI™



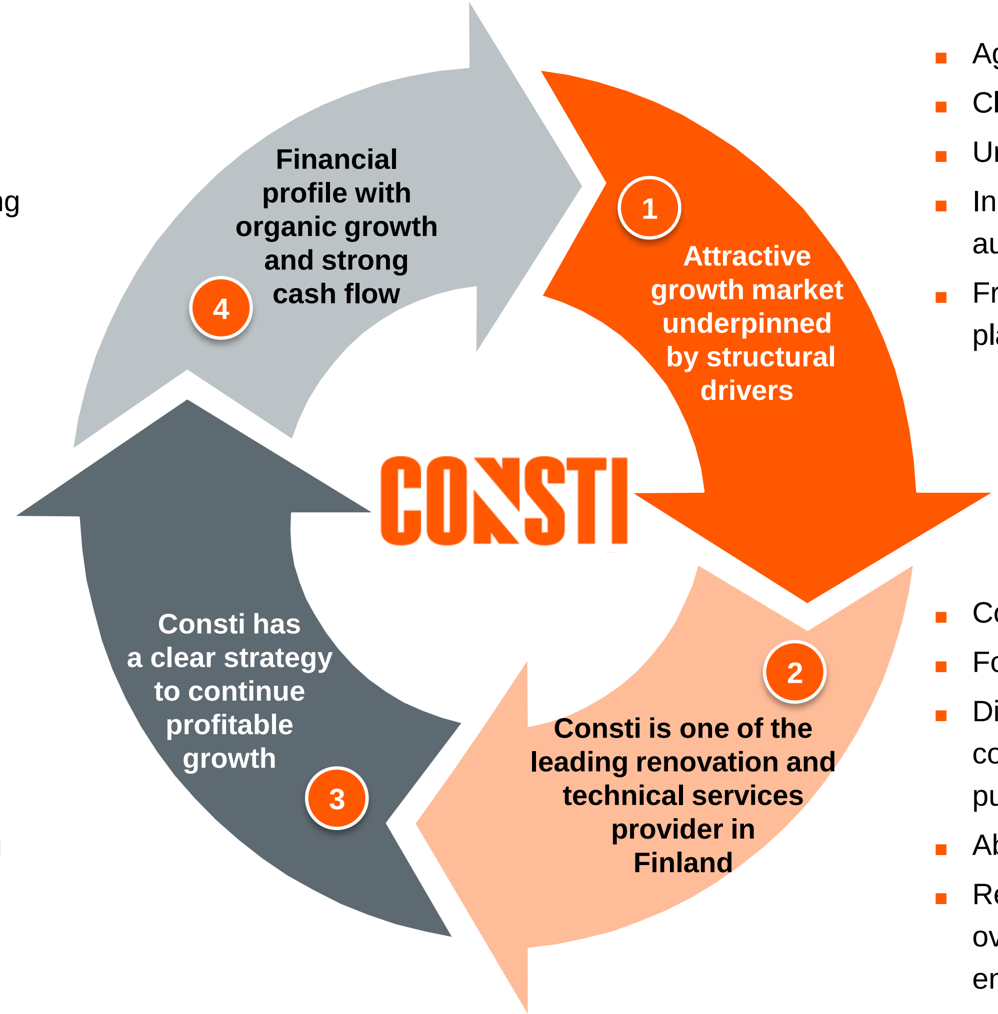
More information can be found from Consti's website www.consti.fi (in Finnish)

CONSTI

Consti as an investment - Key investment highlights

- Successful turnaround since 2019
- Steadily improving profitability
- Solid platform for future growth
- Asset-light business model with negative working capital and strong cash flow

- Aging building stock driving need-based renovation
- Climate change and energy efficiency requirements
- Urbanisation and changes in working methods
- Increased need for building technology and automation
- Fragmented market with limited renovation focused players



- Utilising the full potential of customer-oriented organisational structure
- Growing in existing businesses as well as in attractive new construction projects
- Expanding value created for customers
- Improving production efficiency and maintaining steady level of performance in project deliveries
- Complementary acquisitions

- Comprehensive service offering
- Focus on Finnish growth centres
- Diversified customer base including housing companies, corporations, real estate investors and public sector
- Ability to deliver projects of all sizes
- Responsible company creating a clearly positive overall impact on its social and ecological environment

INTERIM REPORT 1-3/2023 CONSTI PLC

Q1

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