

A construction worker wearing a bright orange safety suit with reflective stripes, a red helmet with safety glasses, and black gloves is using a long-handled brush to clean a white wall. The worker is standing on a metal scaffolding structure. The background shows a construction site with various pipes and structural elements.

CONSTI PLC

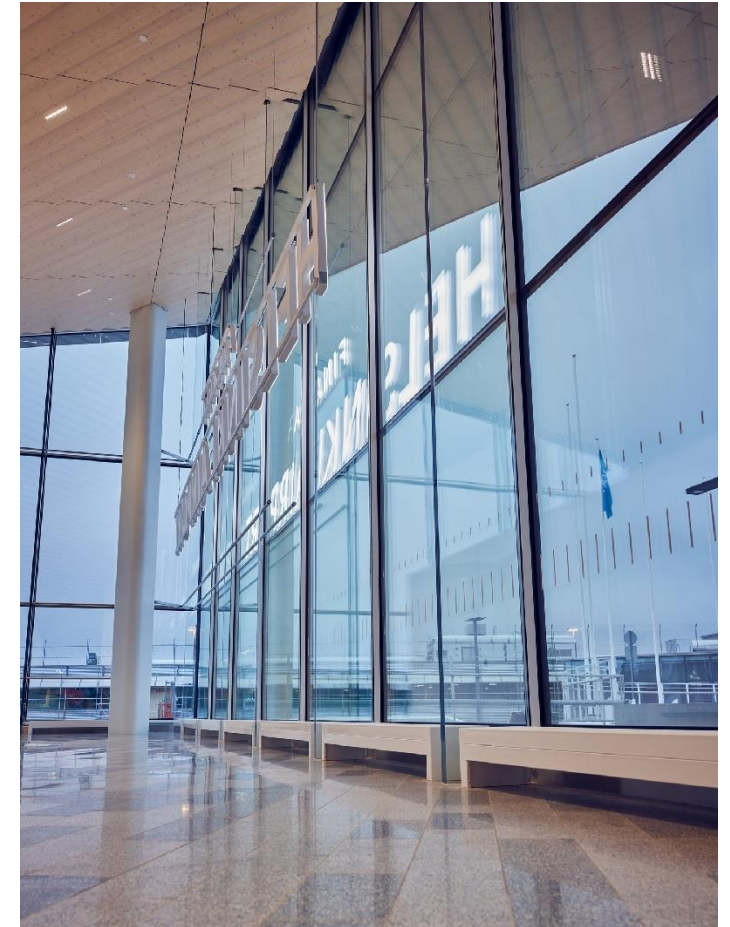
INTERIM REPORT

1 JANUARY –
31 MARCH 2024

CEO Esa Korkeela
CFO Joni Sorsanen

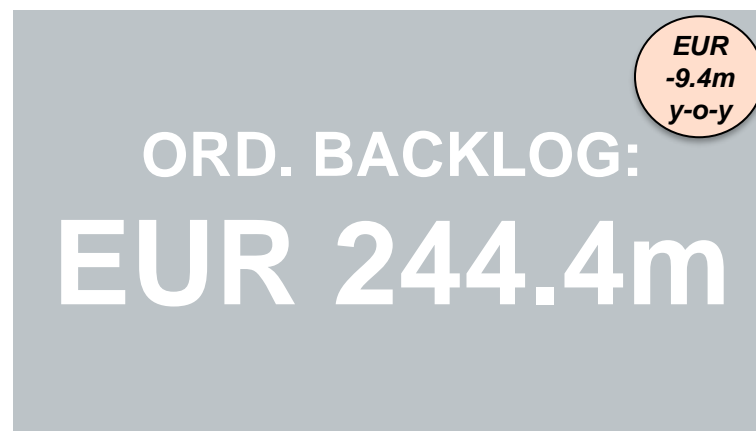
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Highlights of the first quarter of 2024

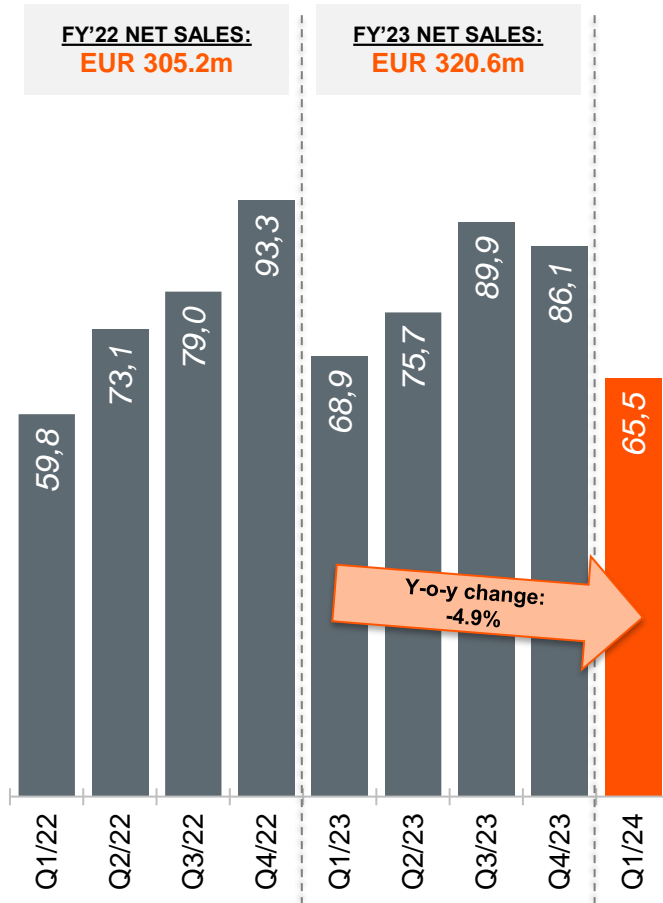
Solid performance in a challenging market



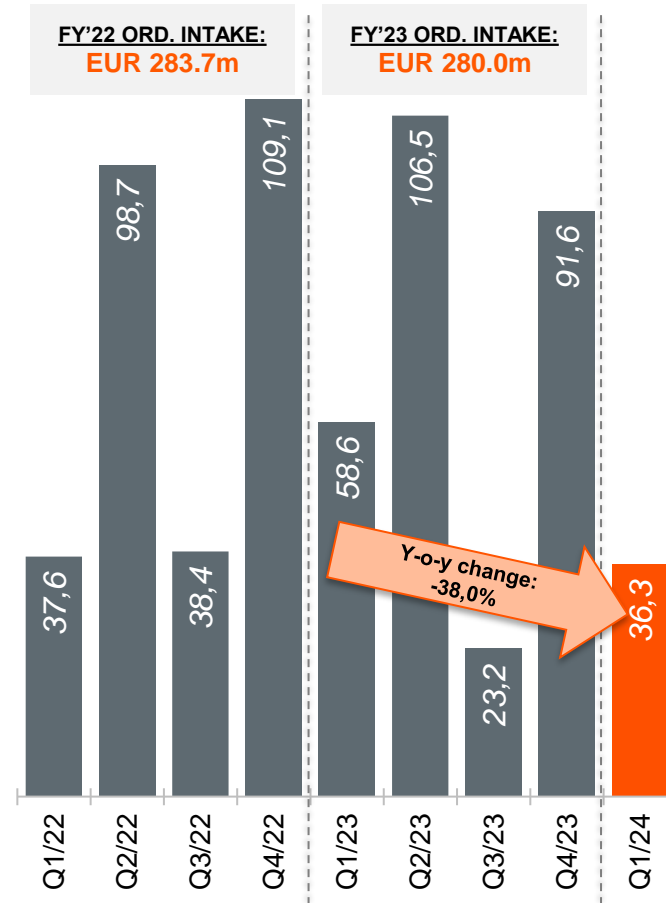
Quarterly performance overview

Net sales decreased by 4.9% y-o-y. Selective and disciplined tendering activities, together with intensified competition and weaker demand, impacted Q1 order intake and order backlog

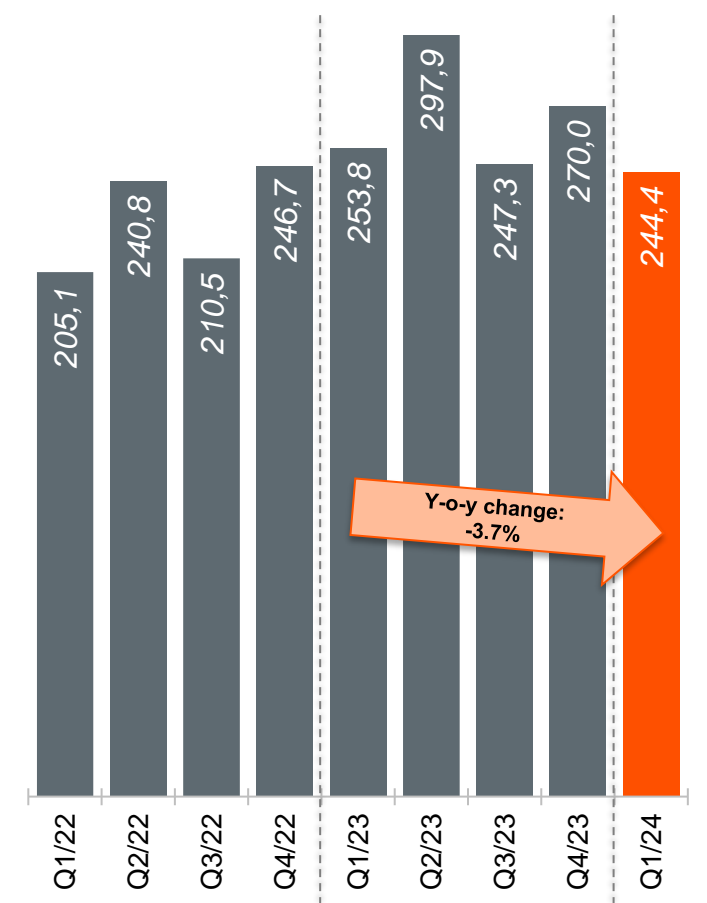
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



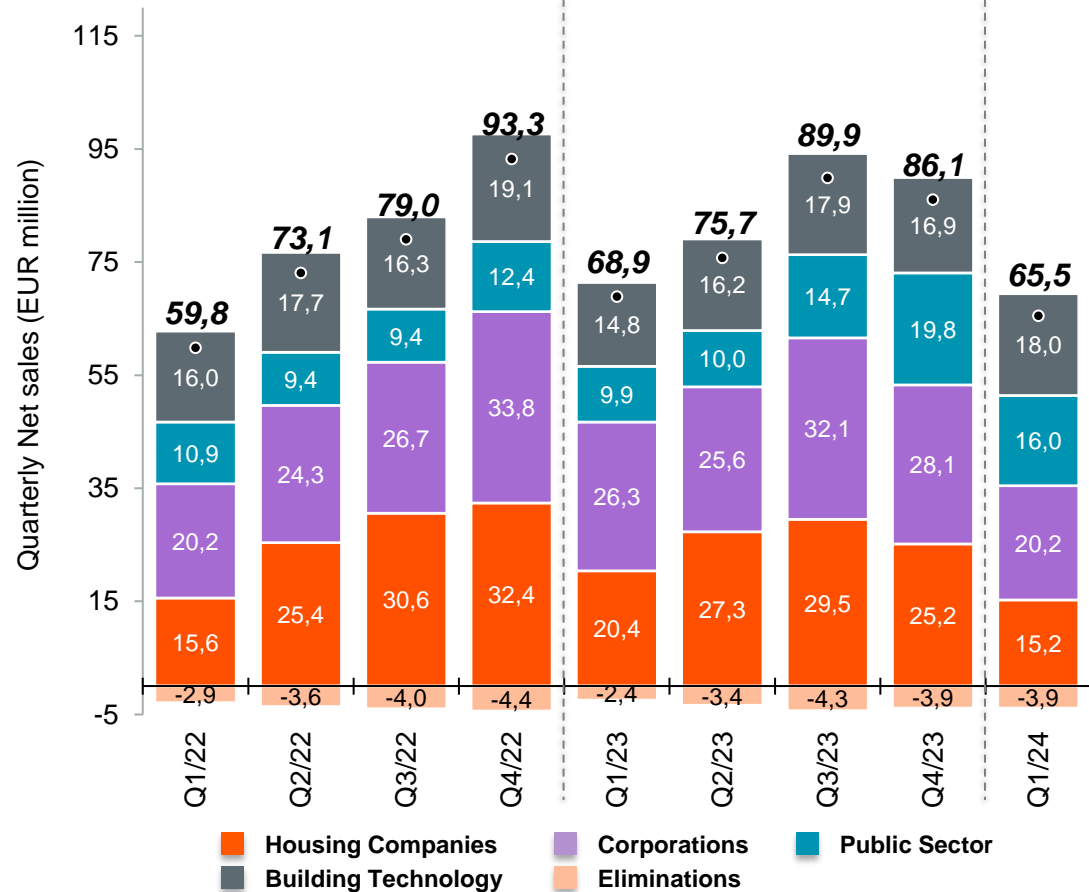
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q1 net sales amounted to EUR 65.5m (68.9m) in seasonally low first quarter

Quarterly net sales development Q1/2022 – Q1/2024 (EUR m)



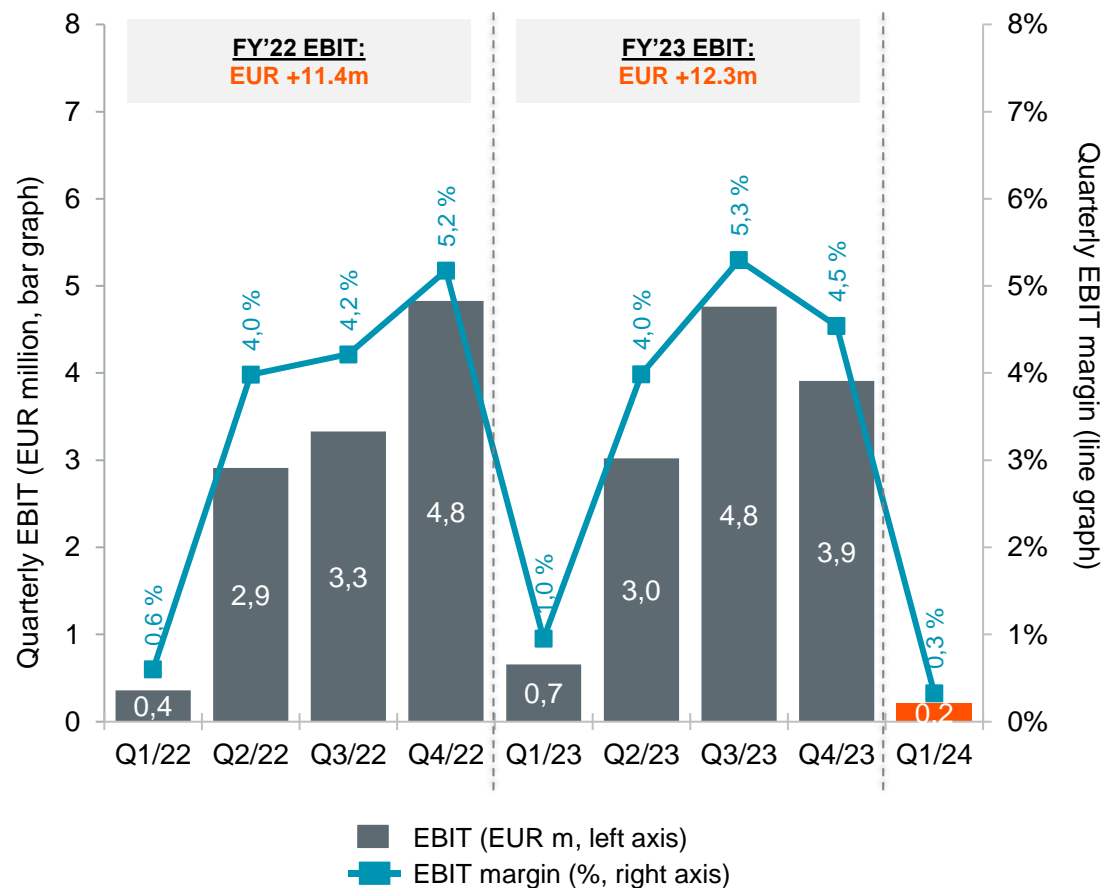
Comments

- Q1/2024 net sales EUR 65.5m (68.9m)
 - Year-on-year change -4.9%
 - Consti’s business volumes are typically lowest during the first quarter of the year
 - Net sales grew in Public Sector and in Building Technology but decreased in Housing Companies and Corporations
 - Public Sector net sales EUR 16.0m (9.9m) → net sales were increased by the ongoing school projects
 - Building Technology net sales EUR 18.0m (14.8m) → net sales grew in both building technology installations business and in service business, but the net sales growth fell short of expectations set for the first quarter
 - Housing Companies net sales EUR 15.2m (20.4m) → net sales development was particularly influenced by the volume decrease in business units outside greater Helsinki area
 - Corporations net sales EUR 20.2m (26.3m) → decrease in net sales was affected by the market situation, which had weakened already during the previous year, as well as the intensified competition, and the selective and disciplined tendering activities

Quarterly EBIT development

Q1 profitability was impacted by the lower net sales level than in the comparison period and changes in the relative net sales shares of business areas y-o-y

Quarterly EBIT development Q1/2022 – Q1/2024 (EUR m)



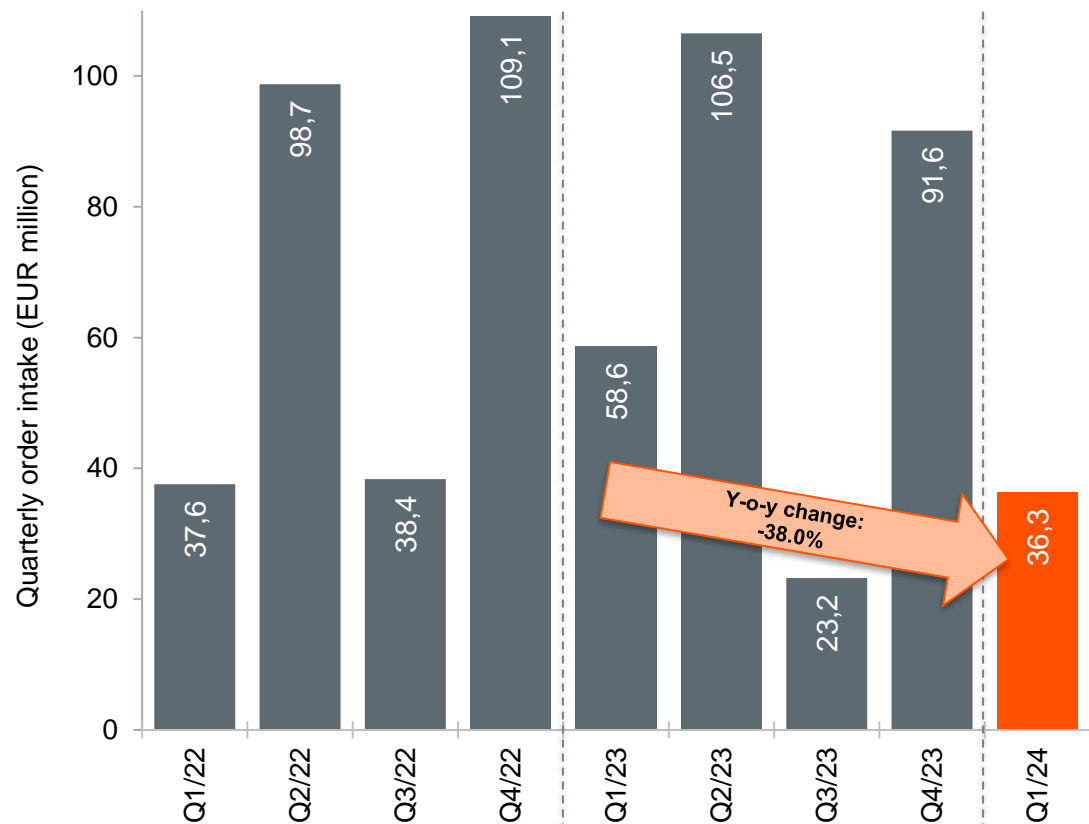
Comments

- Q1/2024 EBIT amounted to EUR 0.2 (0.7) million, or 0.3% (1.0%) of net sales
- Operationally, the first quarter of the year proceeded as expected, with projects progressing predominantly as planned
- Profitability in the first quarter was affected by the lower net sales level compared to the corresponding period and changes in the relative net sales shares of the business areas year-on-year
- Q1 operating result was also negatively impacted by PPA amortisation from previous year's acquisition and investments in the development of building technology prefabrication and technical real estate services

Quarterly order intake development

Q1/2024 order intake EUR 36.3 million (58.6m)

Quarterly order intake development Q1/2022 – Q1/2024 (EUR m)



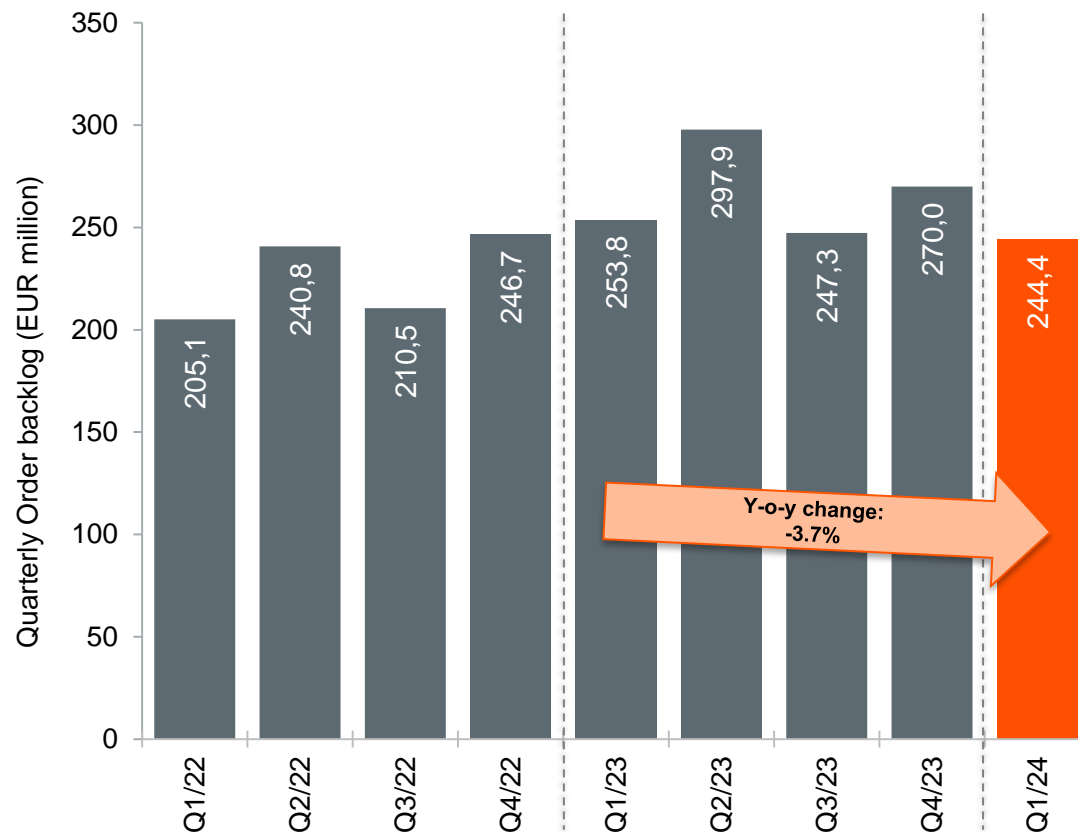
Comments

- Q1/2024 order intake EUR 36.3m (58.6m)
 - Year-on-year change -38.0%
 - Selective and disciplined tendering activities, together with intensified competition and weaker demand, impacted Q1 order intake
 - Order intake for January-March 2024 does not include individual projects of significant size but consists of several small and mid-sized projects

Quarterly order backlog development

Q1/2024 order backlog at EUR 244.4 million

Quarterly order backlog development Q1/2022 – Q1/2024 (EUR m)



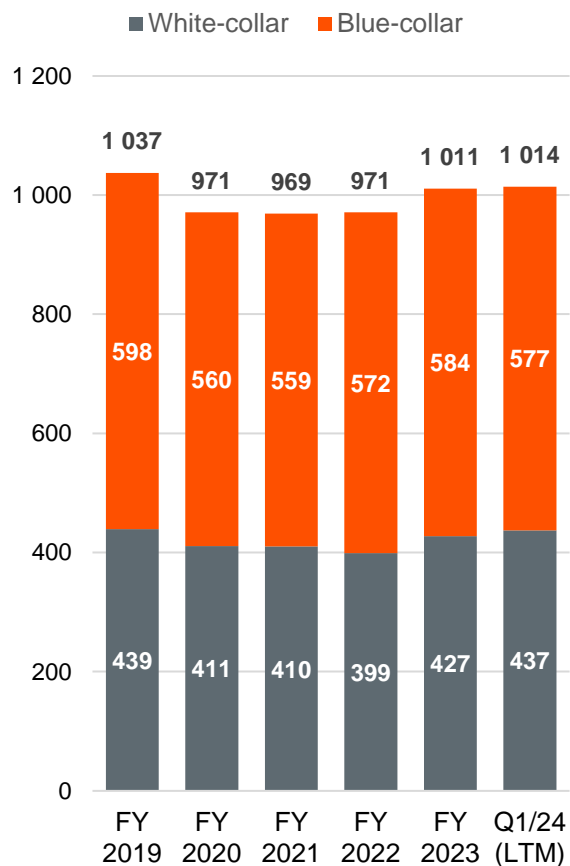
Comments

- Q1/2024 order backlog at EUR 244.4m (253.8m)
 - Year-on-year change -3.7%
 - In absolute and relative terms, a larger share of March 2024 order backlog to be recognised in revenue within the next nine months compared to March 2023 backlog

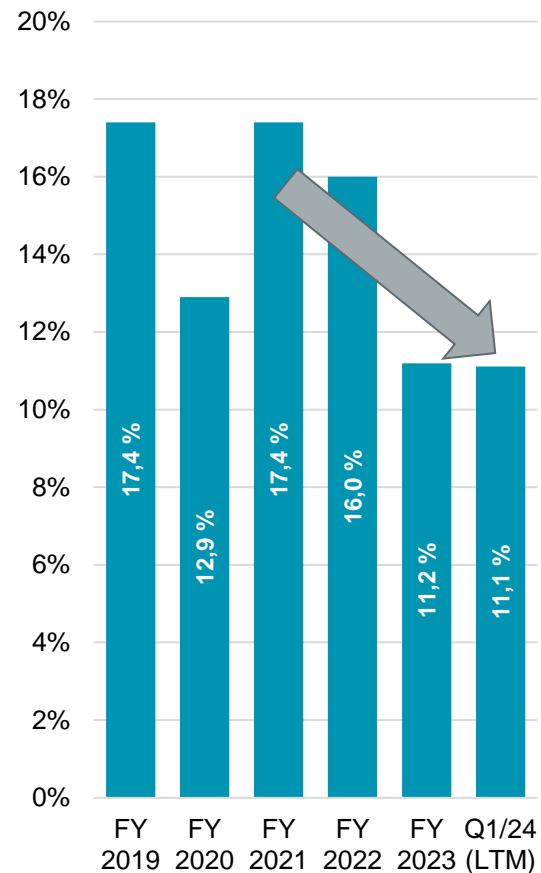
Number of personnel and other HR KPIs

Positive trend in personnel turnover, absence rate as well as in accident rate. Consti employed 1,031 (1,008) professionals at quarter-end

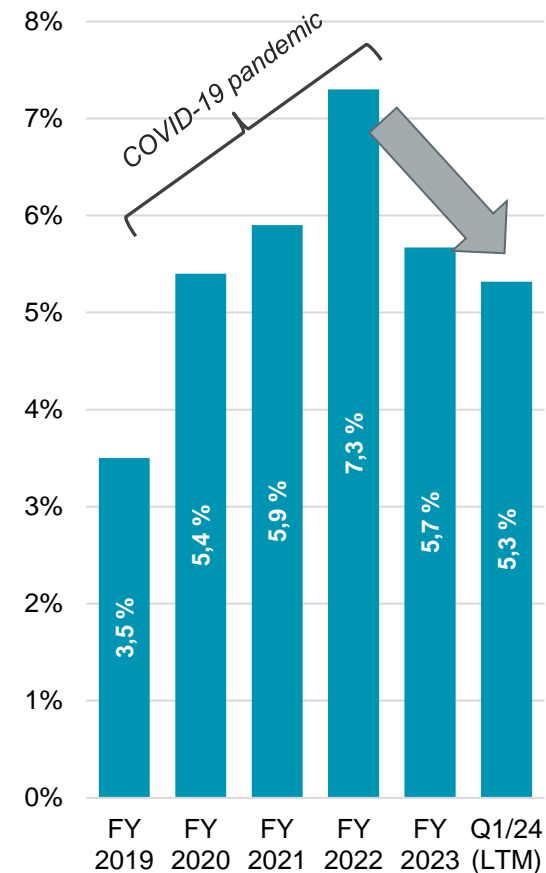
Average number of personnel
2019 – Q1/2024



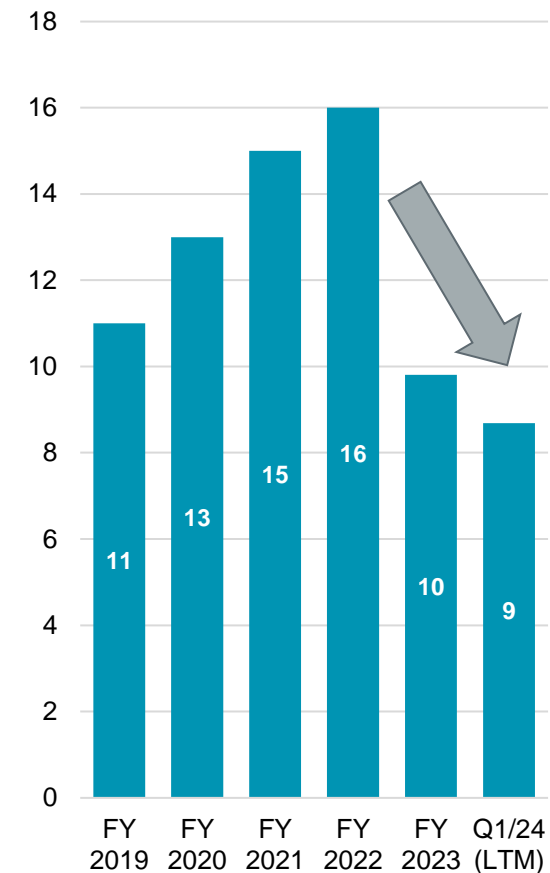
Permanent personnel turnover ratio
(% of employees leaving)



Average absence rate (%)

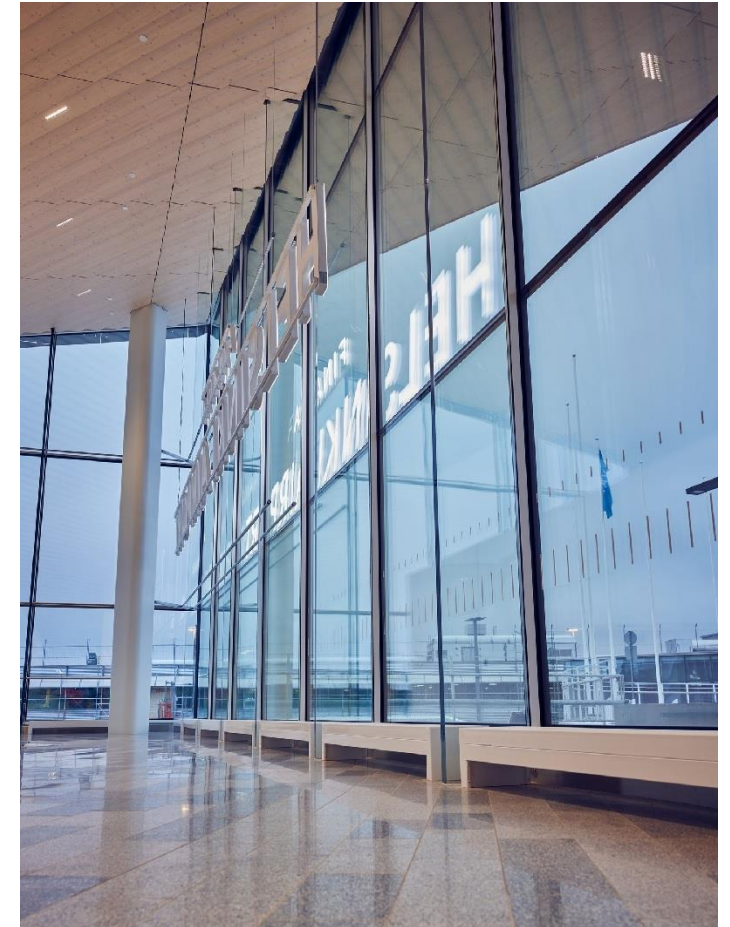


Accident rate / LTIFR
(accidents per million hours worked)



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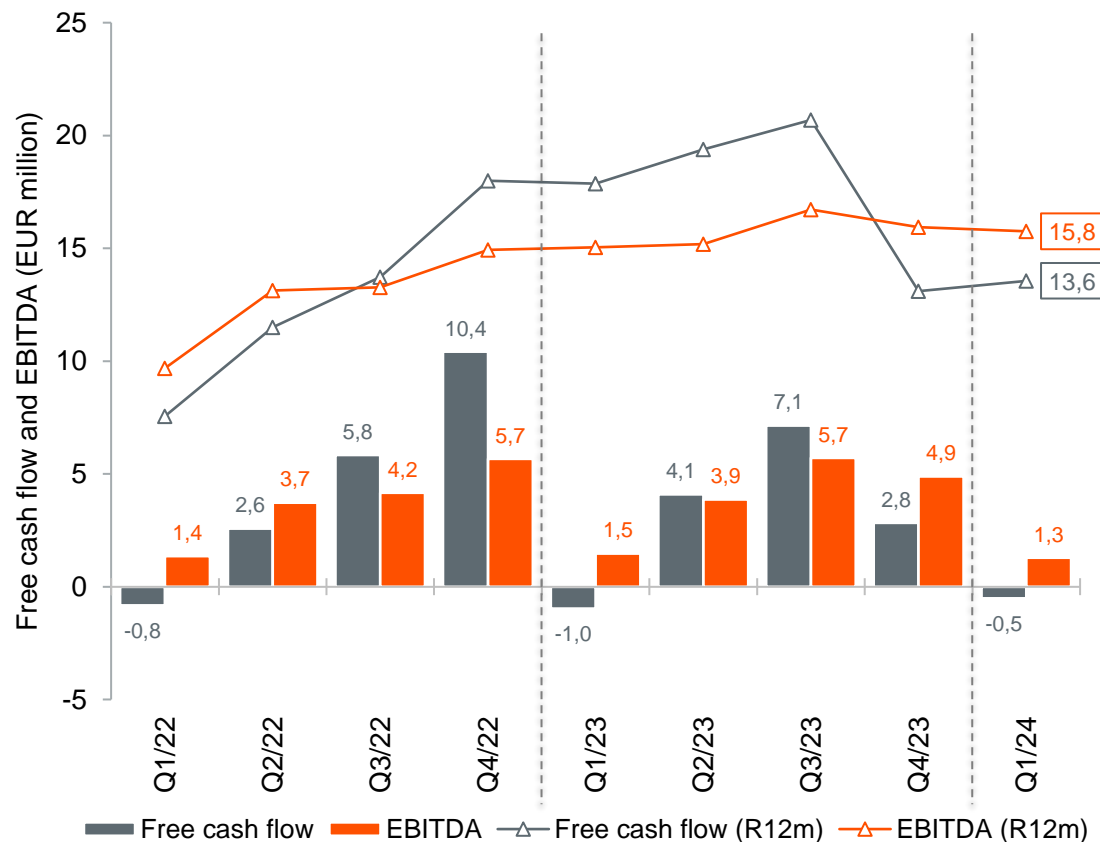
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Quarterly free cash flow development

Q1 2024 free cash flow EUR -0.5 million, improvement of EUR 0.5m year-on-year

Quarterly free cash flow¹⁾ and EBITDA Q1/2022 – Q1/2024 (EUR m)



Comments

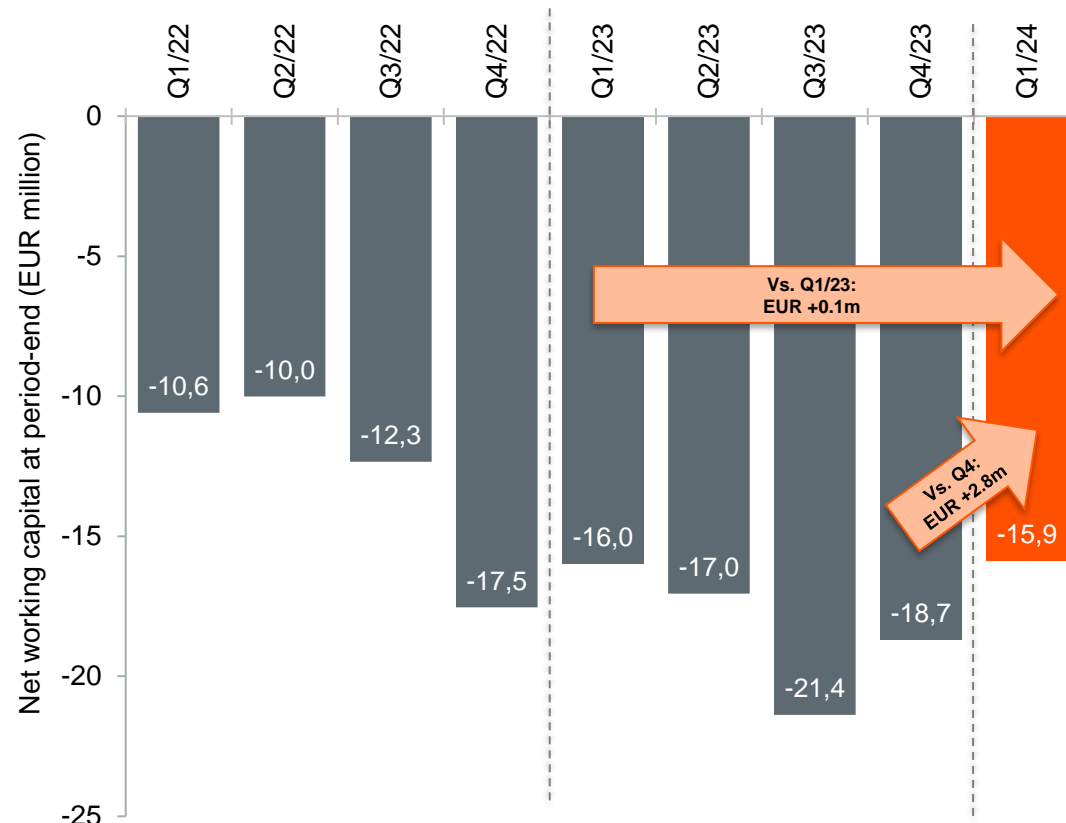
- Q1/2024 free cash flow EUR -0.5m (-1.0m)
 - EBITDA amounted to EUR 1.3m (1.5m)
 - Cash flow impact from change in net working capital was EUR -1.4m (-1.4m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.5m (-0.5m)
- In March 2024, rolling 12-month free cash flow EUR 13.6m and EBITDA EUR 15.8m → R12m cash conversion ratio 86.1%
- In the longer term Q1/2022 - Q1/2024, Consti's cash conversion ratio at 95.1%, 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 -15.9 million at the end of Q1/2024

Quarterly net working capital¹⁾ Q1/2022 – Q1/2024 (EUR m)



Comments

- Net working capital EUR -15.9m (-16.0m) at the end of Q1/2024
 - NWC tied up during Q1/2024 amounted to EUR 2.8m (1.6m), of which EUR 1.1m relate to additional tax prepayment for financial year 2023
 - Q1/2024 NWC virtually at the same level compared to Q1/2023

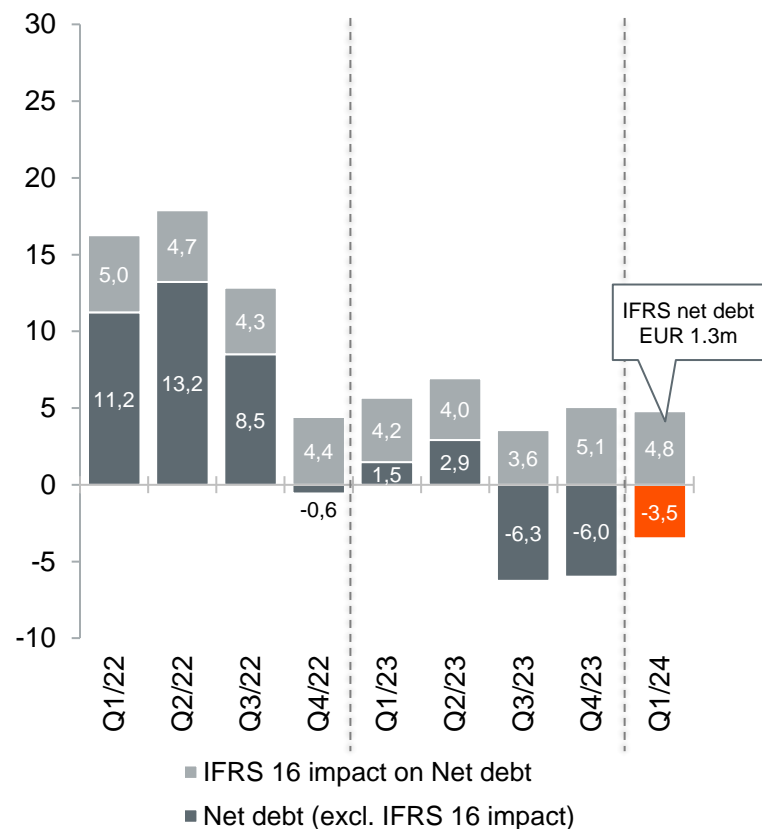
¹⁾ Net working capital calculated as follows: Inventories + Trade and other receivables + Deferred tax receivables – Trade and other payables – Advances received – Provisions

Quarterly balance sheet structure

Strong financial position at the quarter-end

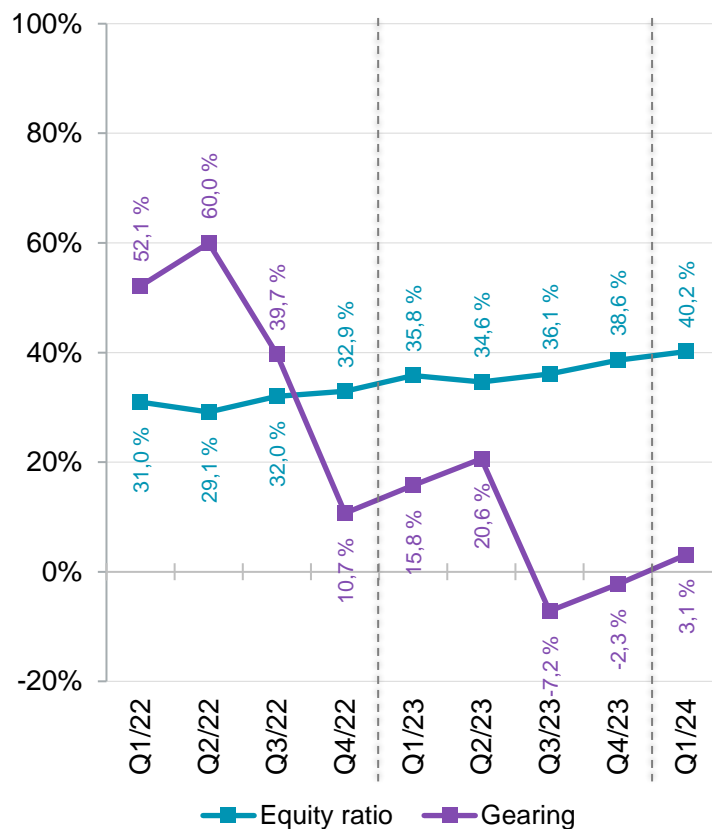
Quarterly net debt development (EUR m)

Q1/2022 – Q1/2024



Quarterly equity ratio and gearing development

Q1/2022 – Q1/2024



Comments

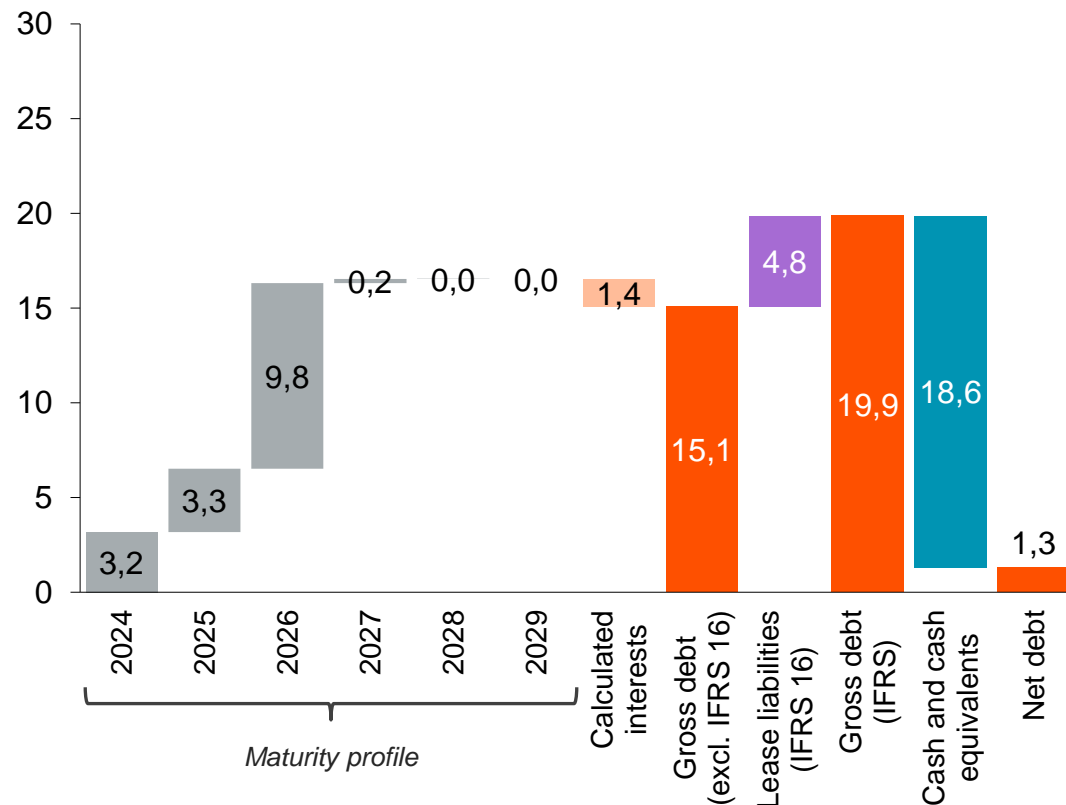
- Q1/2024 net debt at EUR 1.3m (5.7m), of which EUR 4.8m (4.2m) attributable to IFRS 16 related lease liabilities
- Balance sheet net debt-free at quarter-end on a frozen GAAP basis, i.e. excluding IFRS 16 liabilities
- Q1/2024 equity ratio at 40.2% (35.8%)
 - Equity ratio excluding IFRS 16 at 42.2% (37.5%)
- Q1/2024 gearing at 3.1% (15.8%)
 - Gearing excluding IFRS 16 at -8.4% (4.1%)

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 2024)

Gross interest-bearing debt (excl. IFRS 16) EUR 15.1m at quarter-end, decrease of EUR 3.4m y-o-y

Maturity profile of interest-bearing debt¹⁾ as per 31 Mar 2024 (EUR m)



Comments

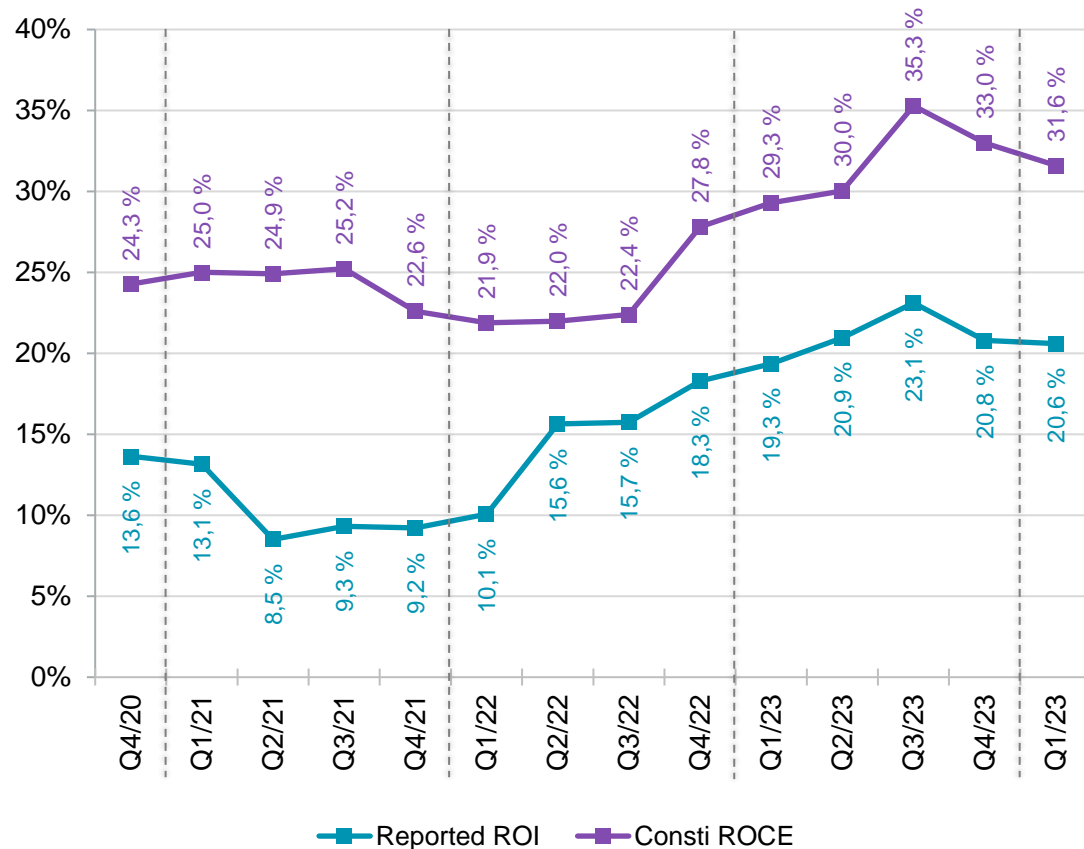
- Consti's gross interest-bearing debt at EUR 15.1 million (excluding IFRS 16) at the end of Q1/2024, reduction of EUR 3.4m year-on-year
- 1-3/2024 net finance costs EUR 0.26m (0.28m), decreasing slightly year-on-year. However, Q1 net interest costs (excl. IFRS 16) decreased by 27% year-on-year
- Cash and cash equivalents amounted to EUR 18.6m at the end of the first quarter
- 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 2026, i.e. no significant bank loan redemptions in the coming years

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

Reported ROI¹⁾ and Consti ROCE²⁾

Return on capital continues to be on a good level

Reported ROI¹⁾ and Consti ROCE²⁾ Q4/2020 – Q1/2024 (%)



Comments

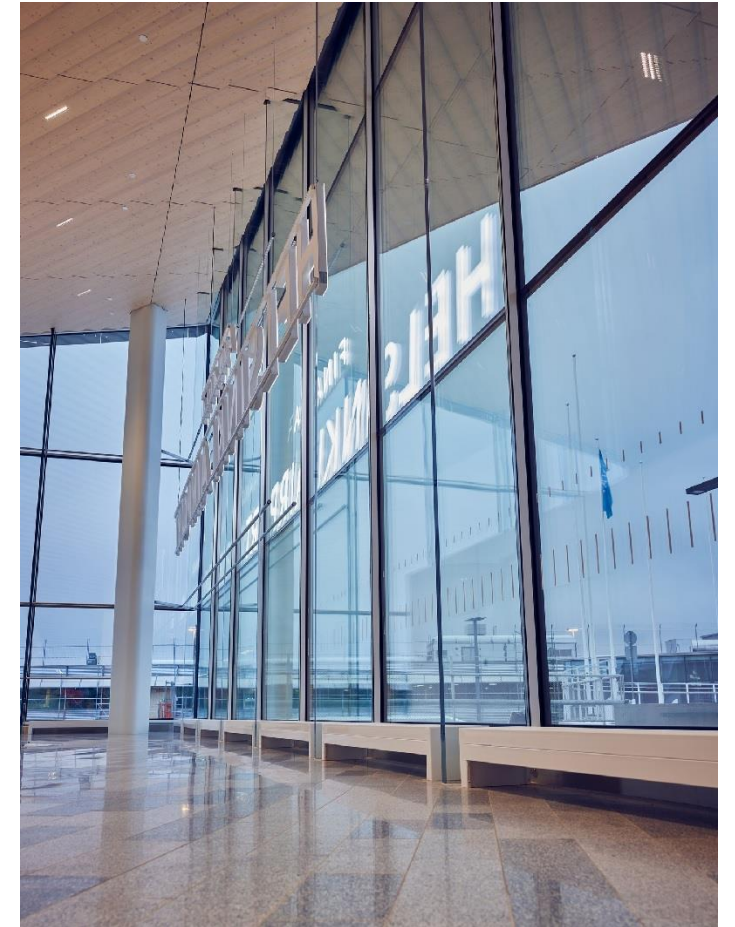
- In financial years 2020-2023, Consti's return on capital employed has exceeded 20%
- Q1 2024 Consti ROCE totalled 31.6% (29.3%)
 - Q1 2024 R12m EBIT margin 3.8% (3.7%)
 - Q1 2024 R12m average capital efficiency (excluding IFRS 16 related assets) 8.5 (7.9x)
- Q1 2024 Reported ROI totalled 20.6% (19.3%)

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

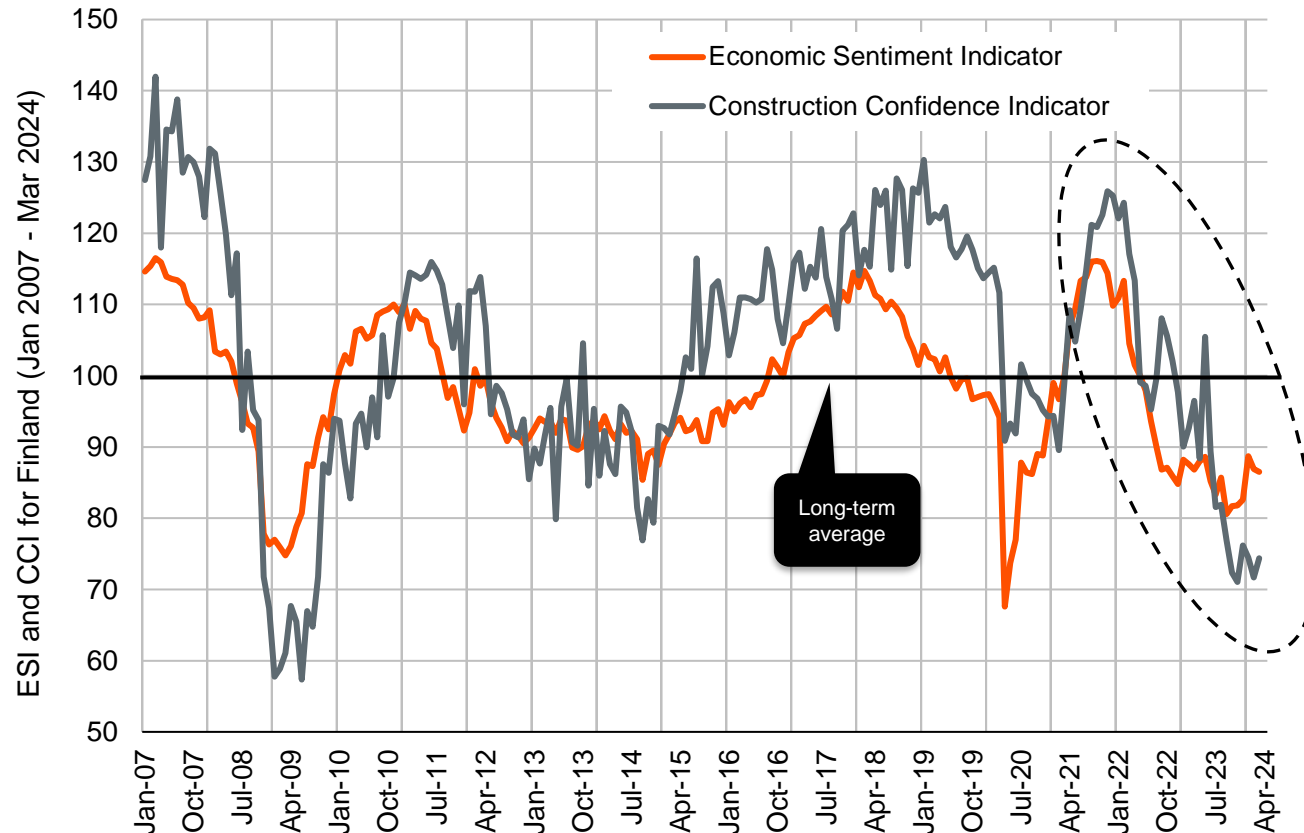
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Economic sentiment and construction confidence in Finland clearly below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 3/2024)



Note: Mean-adjusted figures

Source: European Commission, March 2024

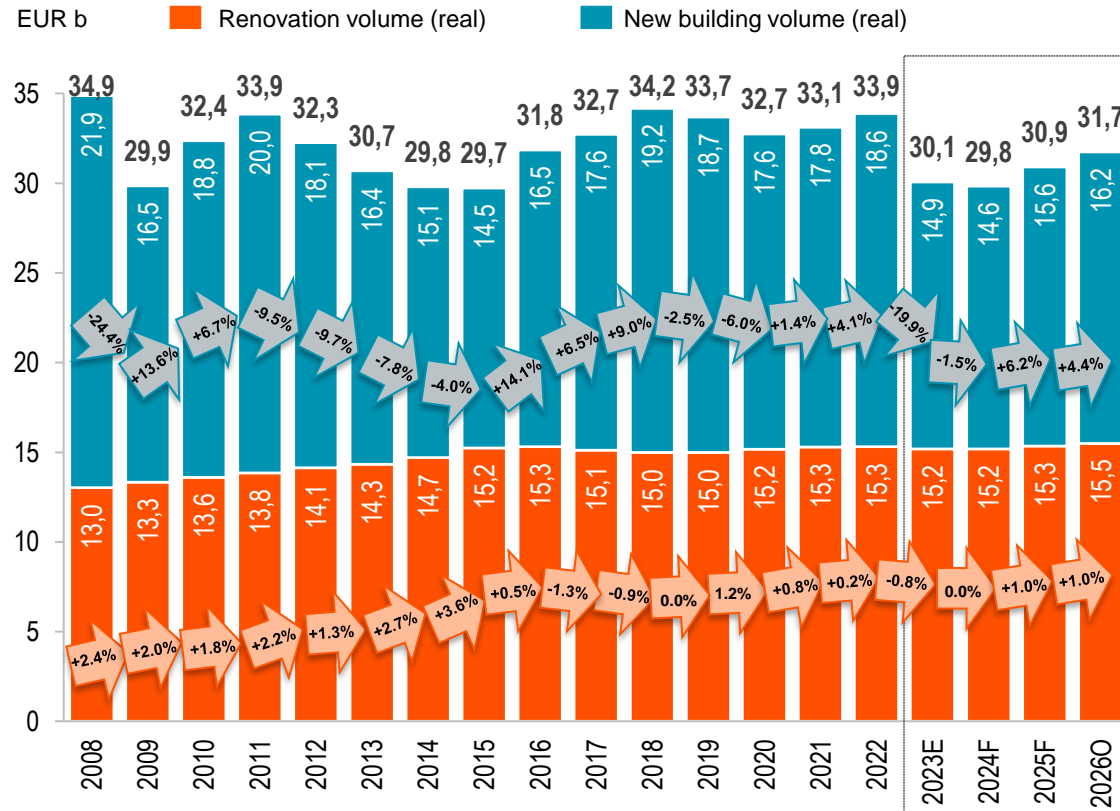
Comments

- Negative development in the Economic Sentiment Indicator (ESI) since 2022
 - ESI clearly below its long-term average level
 - The decrease in ESI since February 2022 has been driven by a deterioration in confidence in all surveyed business sectors (industry, services, consumer, retail trade and construction)
- Construction confidence indicator (CCI) still at a low level at the end of Q1/2024
 - CCI clearly below its long-term average level
 - CCI at the end of Nov '23 hit the lowest level since the financial crisis
 - The construction confidence in Finland one of the lowest among the European Union countries

Renovation growth halted in 2023, while new building declined by 20% y-o-y, renovation market projected to remain relatively stable in 2024

Finnish new building and renovation market development 2008 – 2026 (Euroconstruct)

Comments

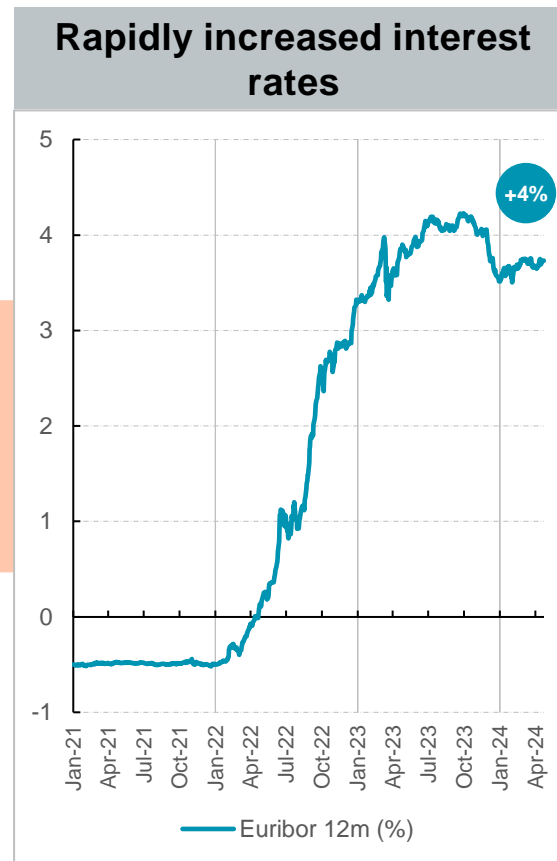
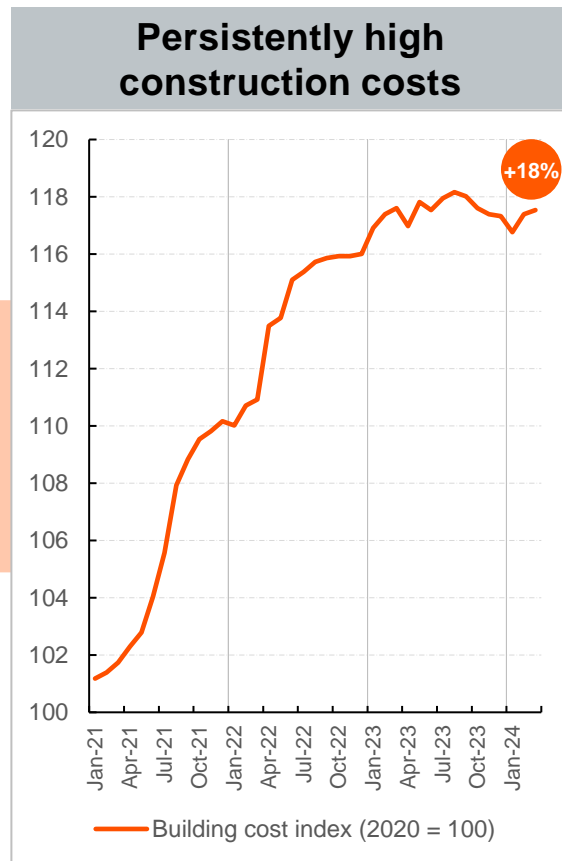


Source: Euroconstruct, December 2023

Confederation of Finnish Construction Industries RT (CFCI), March 2024

- The Confederation of Finnish Construction Industries RT (CFCI) estimates in its March 2024 report that the entire Finnish construction market is expected to decline by about 5 % in 2024
- CFCI estimates that renovation will decline by approximately 1 % in 2024 while new residential construction is expected to decrease by as much as 22 %
- CFCI notes that the weak economic situation and the cessation of energy subsidies will burden renovation in 2024
- CFCI predicts that pent-up demand will turn the renovation market towards a modest growth of around 1 percent next year

The demand outlook for construction weakened by persistently high construction costs, rapidly increased interest rates and tighter availability of financing



Weak demand outlook for construction

Source: Statistics Finland, Bank of Finland, Confederation of Finnish Construction Industries RT (CFCI)

Ageing building stock, urbanisation and the growing significance of sustainability to create demand going forward



Ageing building stock

The renovation debt of buildings has not gone away. Comprehensive renovations of buildings built in the 1970s, 1980s and 1990s likely to keep renovation professionals busy during the strategy period 2024-2027.



Urbanisation and changes in the use of buildings

Construction to focus on cities whose population growth is the strongest. Development of working culture and living drive changes in the use and need of buildings, thereby creating demand for both new construction and renovation.



Sustainability and energy efficiency

Sustainability and green transition to grow in significance through regulation and investor demands, calling for investments in energy efficient buildings. Therefore, requirements and demand for construction to grow going forward.



Growing complexity in construction and tightening legislation

Different types of project delivery methods are increasing while technical requirements are becoming more complex, calling for development of expertise. By complying with new requirements, tightening legislation may provide short-time competitive edge.



Ageing building stock, urbanisation and the growing significance of sustainability and green transition together with growing complexity in construction as well as tightening legislation **to create demand going forward, thereby offering the basis for Consti's growth in strategy period 2024-2027**

Outlook and guidance for 2024

- In 2024, Finland's construction volume is estimated to decrease by approximately 5 percent from the previous year. Renovation is predicted to decline by approximately 1 % in 2024 while new residential construction is expected to decrease by as much as 22 %
- Consti anticipates a decline in demand for renovation and building technology services in 2024
 - The significant weakening in demand for new construction has notably intensified competition for renovation projects and building technology contracts
 - In early 2024, the readiness of housing companies and the public sector for renovation investments has remained at a reasonable level in Consti's operating areas, but private real estate investment companies have been cautious about initiating new construction projects
- The demand outlook for construction is weakened by persistently high construction costs, rapidly increased interest rates and tighter availability of financing, and Consti does not anticipate significant improvement during the second quarter of the year
- Despite the market conditions, Consti aims to continue its solid performance supported by a healthy order backlog in 2024



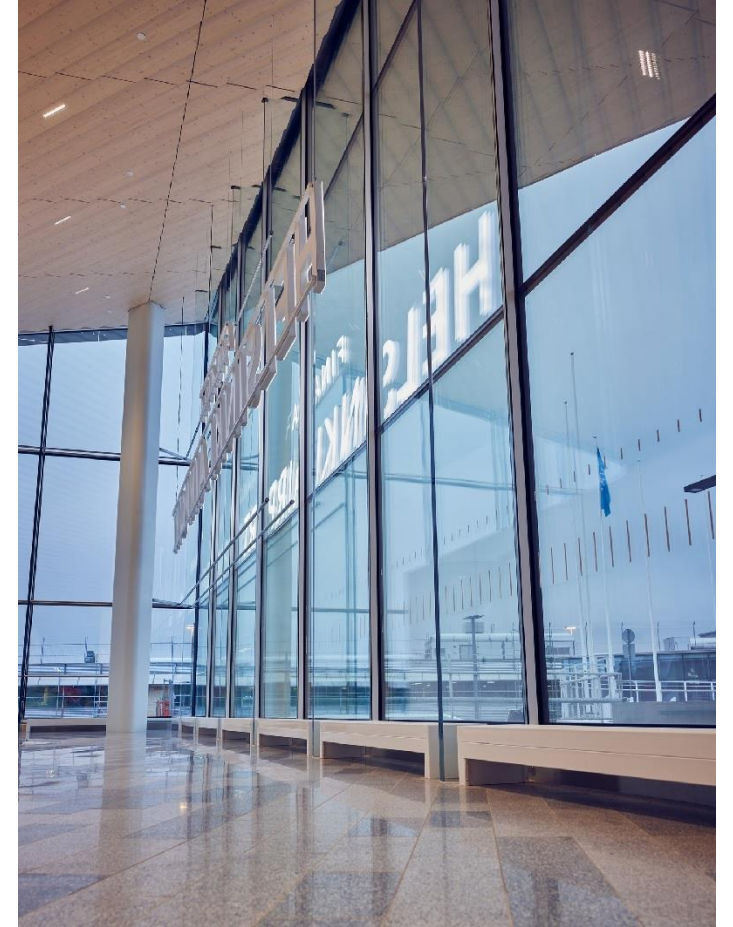
- **”Consti estimates that its operating result for 2024 will be in the range of EUR 9–12 million.”**

Summary

1. Net sales decreased in line with expectations in seasonally low first quarter
2. Operationally, the first quarter of the year proceeded as expected, with projects progressing predominantly according to plan
3. Selective and disciplined tendering activities, together with intensified competition and weaker demand, impacted Q1 order intake and order backlog
4. Financial and liquidity positions remained at a strong level
5. The significant weakening in demand for new construction has notably intensified competition for renovation projects and building technology contracts
6. Despite the market conditions, Consti aims to continue its solid performance supported by a healthy order backlog in 2024

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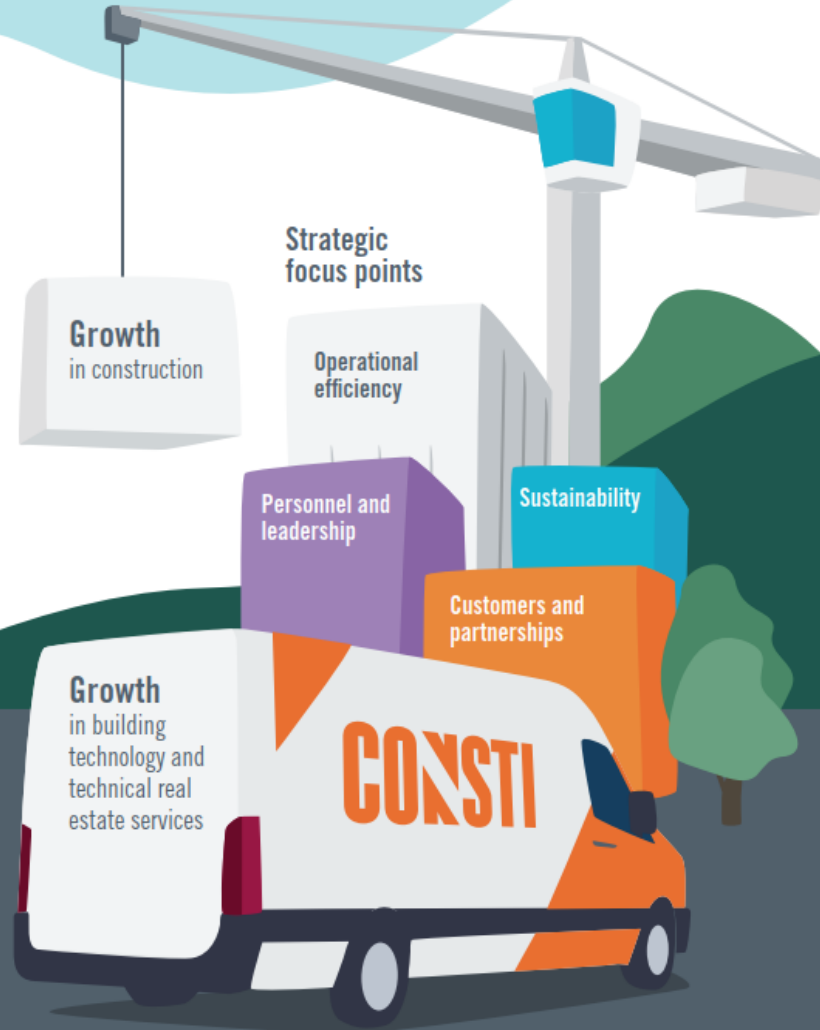
We are growing in construction and building technology by responding to the demand created by aging building stock, urbanisation, and climate change.



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

MISSION

Our mission is to improve the value of the building stock and mitigate climate change through our excellent competence in construction and building technology



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

- 1 **Growth in construction**
 - ▷ Profitable development of current business, expansion in the construction value chain, capitalising on attractive opportunities in new construction, strengthening special expertise
- 2 **Growth in building technology and technical real estate services**
 - ▷ Profitable development of current business, strengthening broad offering of installation and technical real estate services, offering comprehensive technical energy efficiency solutions for buildings
- 3 **Customers and partnerships**
 - ▷ Comprehensive customer understanding, subcontractor partnerships, Consti brand
- 4 **Operational efficiency**
 - ▷ Procurement development, utilisation of digitalization, performance management
- 5 **Personnel and leadership**
 - ▷ Consti Way, development of expertise and leadership, group-wide collaboration
- 6 **Sustainability**
 - ▷ Climate change mitigation, enhancing occupational safety and well-being at work, developing responsible practices of the industry

Results for 2023

Growth: 5.0% | Profitability: EBIT-margin 3.9% | Cash flow: Cash conversion ratio* 82.2% | Capital structure: Net debt to adjusted EBITDA ratio -0.43x

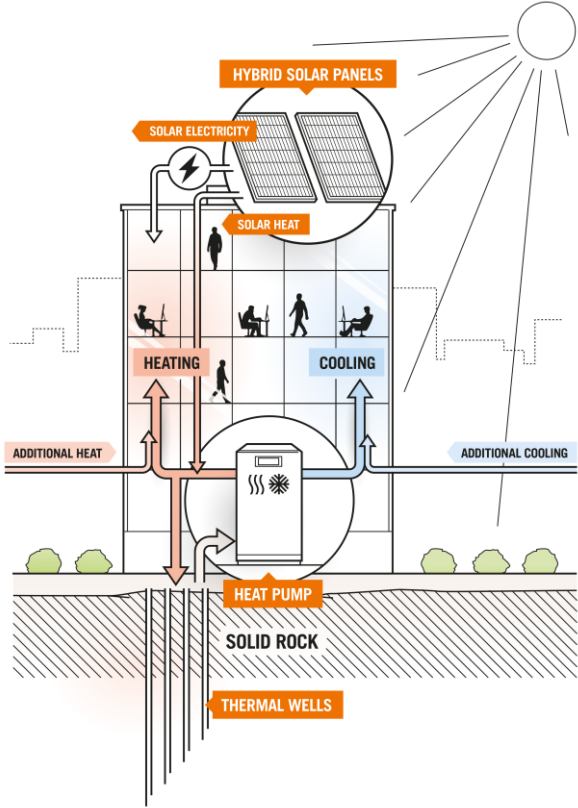
Long-term financial goals

Growth: net sales growing faster than the market | Profitability: EBIT-margin exceeding > 5% | Cash flow: Cash conversion ratio exceeding* > 90% | Capital structure: Net debt to adjusted EBITDA ratio < 2,5x

* 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.

Consti's solutions to improve energy efficiency of buildings and to help customers to achieve their climate goals

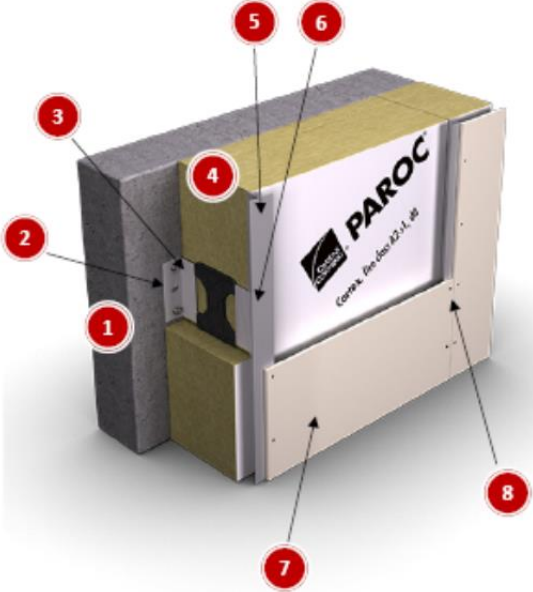
Consti OPTIMI Building technology system



ENERGY SOLUTION OF THE YEAR 2022

- Reduces total energy consumption by up to 50%
- Utilises multiple energy sources: geothermal energy, solar heat and electricity as well as internal waste heat of the building
- Seasonal thermal energy storage
- Developed especially for urban areas
- Suitable for both renovation and new building

VODAVOL Facade solution



VODAVOL™
JULKISIVUJÄRJESTELMÄ

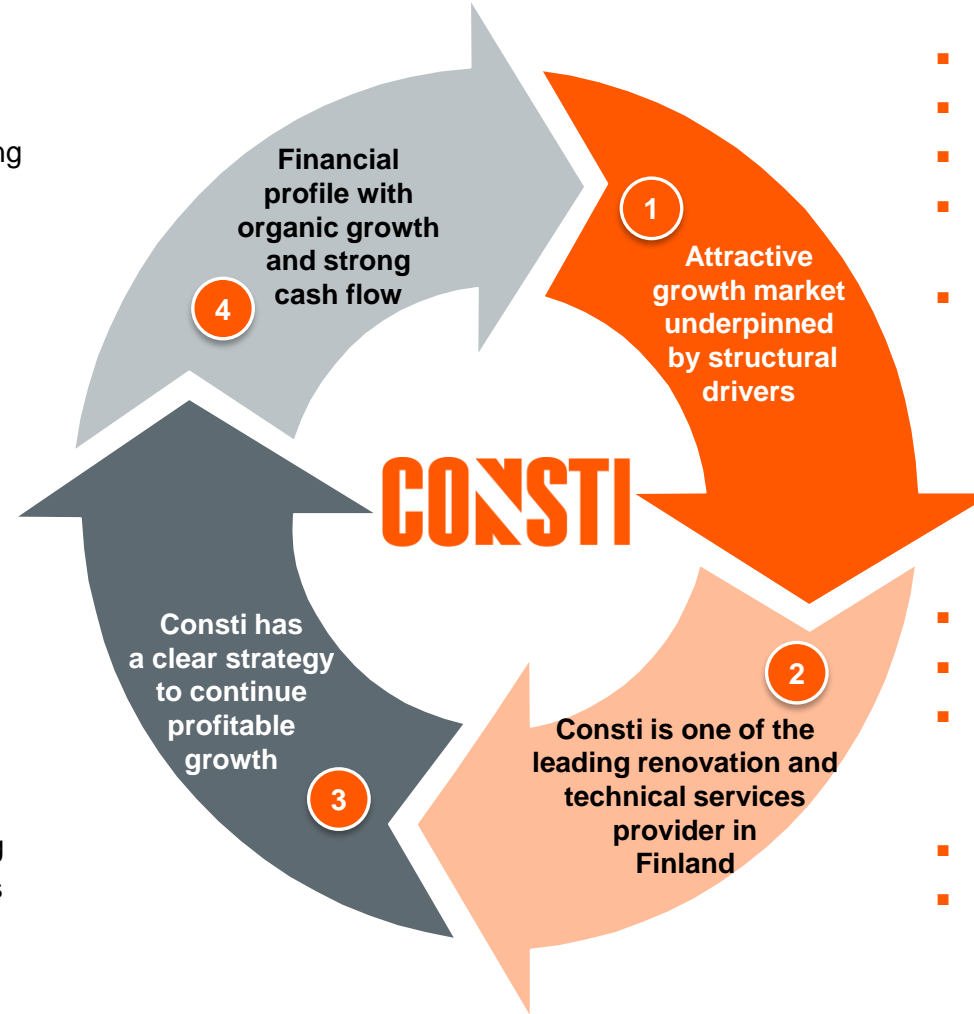
Energy solutions for housing companies



Consti as an investment - Key investment highlights

- Steadily improving profitability
- Solid platform for future growth
- Asset-light business model with negative working capital and strong cash flow
- High return on capital employed

- 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



- 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

- 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



CONSTI

INTERIM REPORT

1-3/2024

CONSTI PLC

Q1

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