

CONSTI PLC

FINANCIAL STATEMENTS

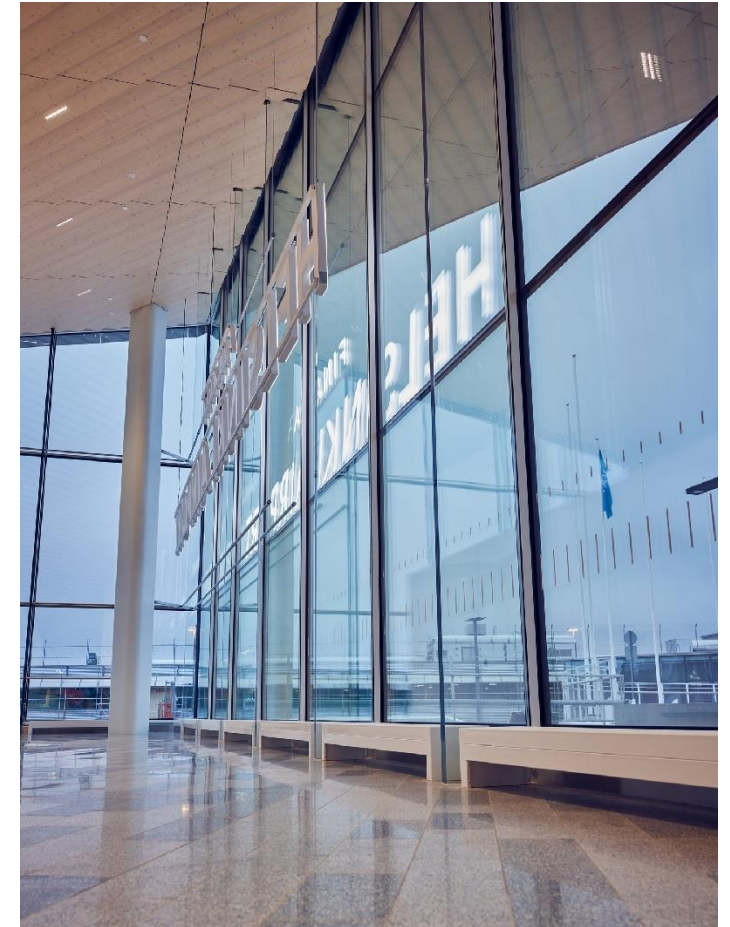
1 JANUARY –
31 DECEMBER 2022

CEO Esa Korkeela
CFO Joni Sorsanen

CONSTI

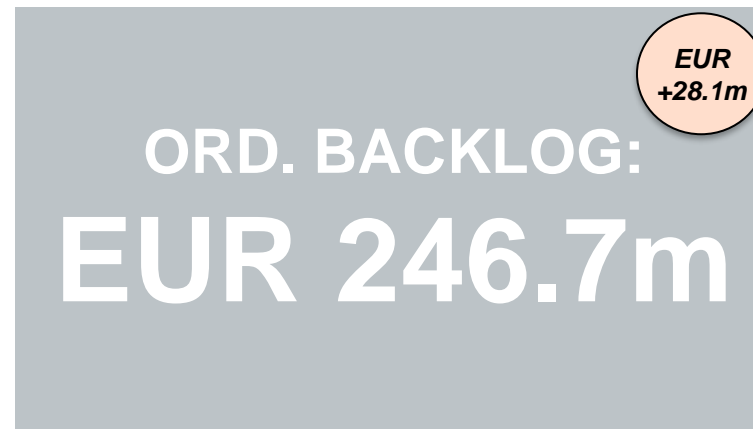
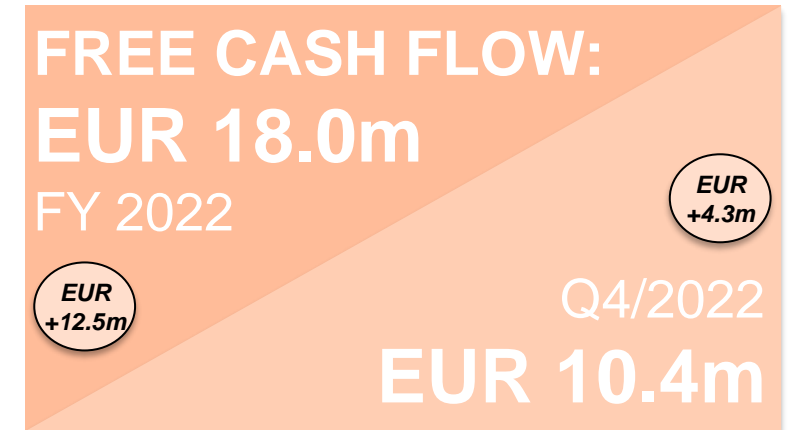
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Highlights of FY 2022 and Q4/2022

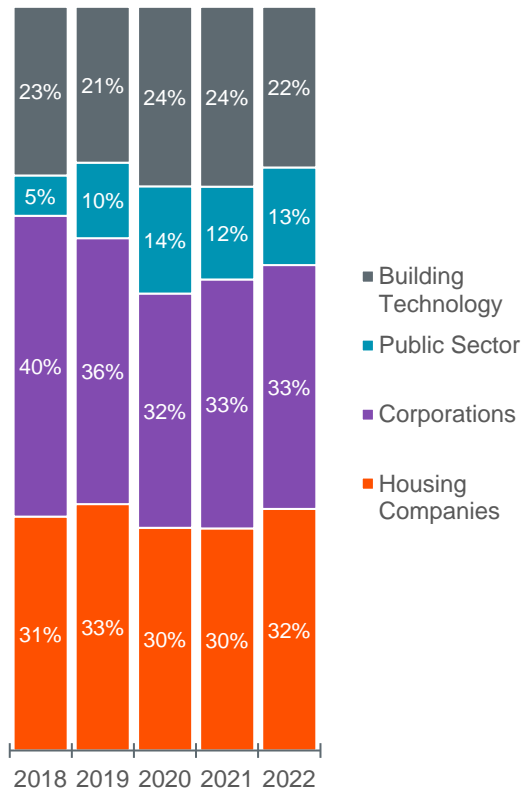
Net sales grew and profitability improved



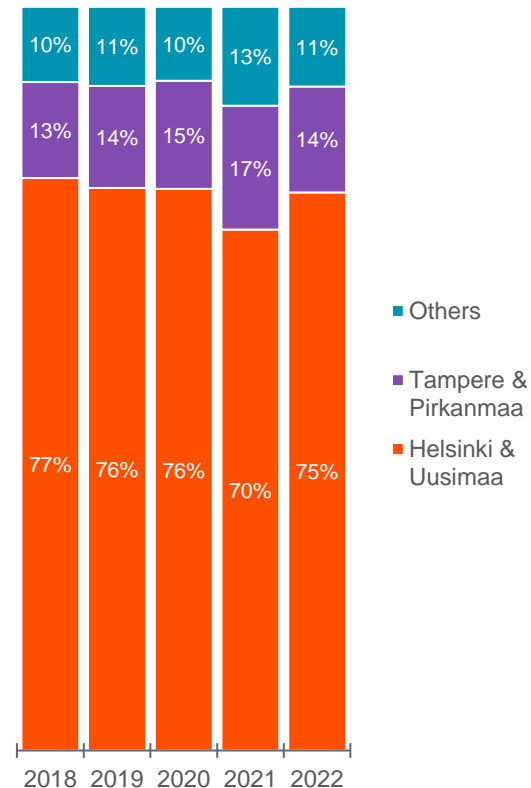
Consti Group's net sales overview 2018-22

Strongest growth in Housing Companies business area, capital region outgrew other geographical areas in 2022. Service business grew by 10.4% year-on-year

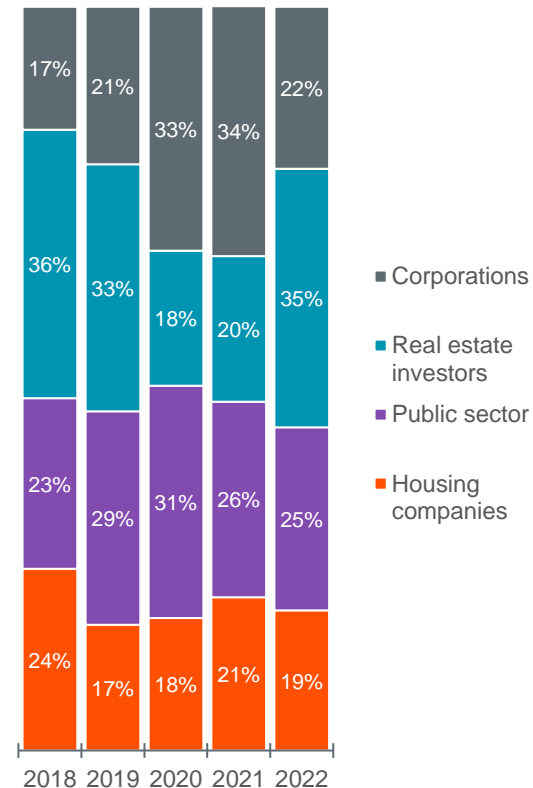
Net sales by business area



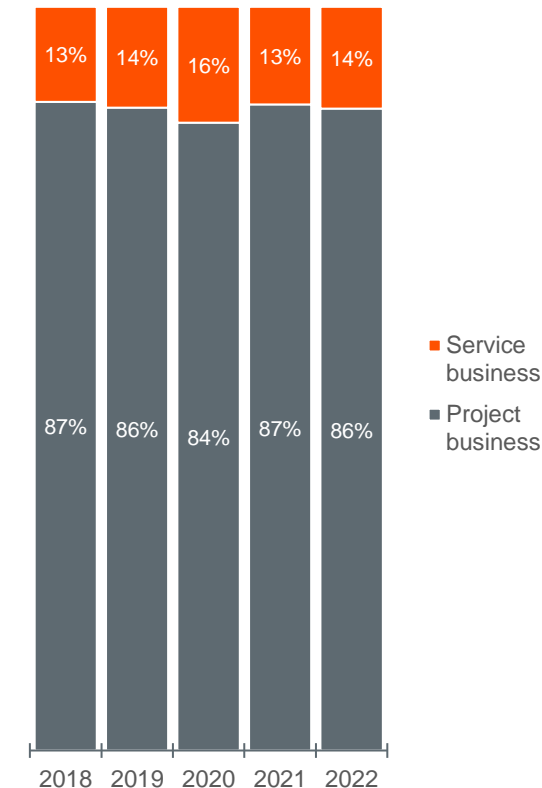
Net sales by geography



Net sales by customer group



Net sales by project / service

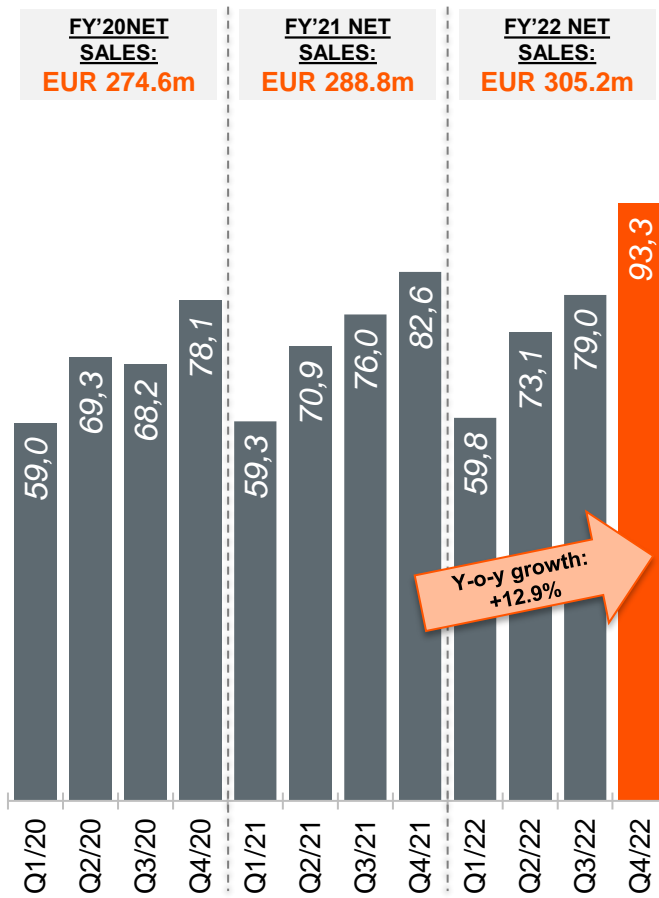


1) Business area splits excluding eliminations

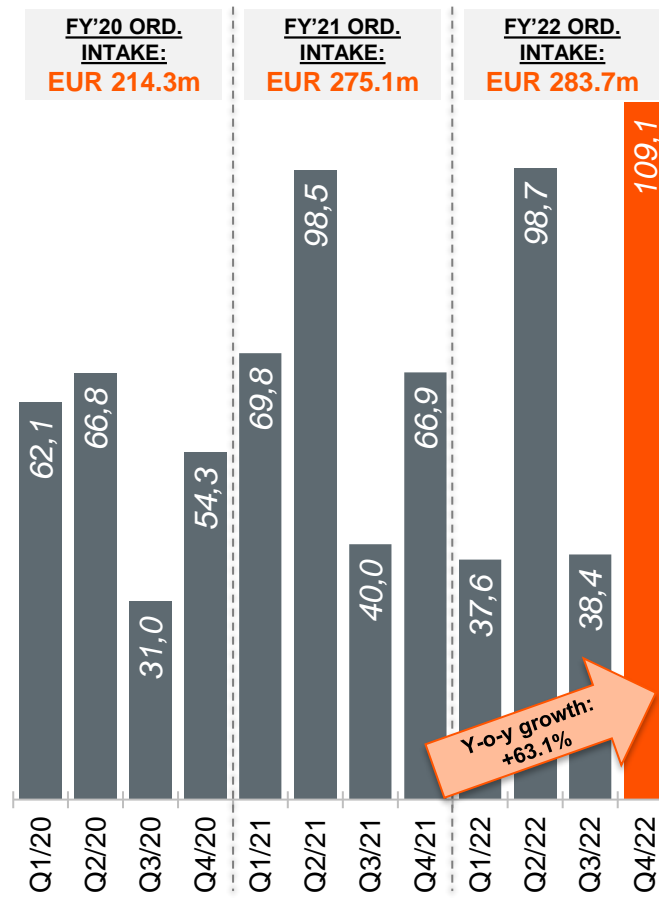
Quarterly performance overview

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

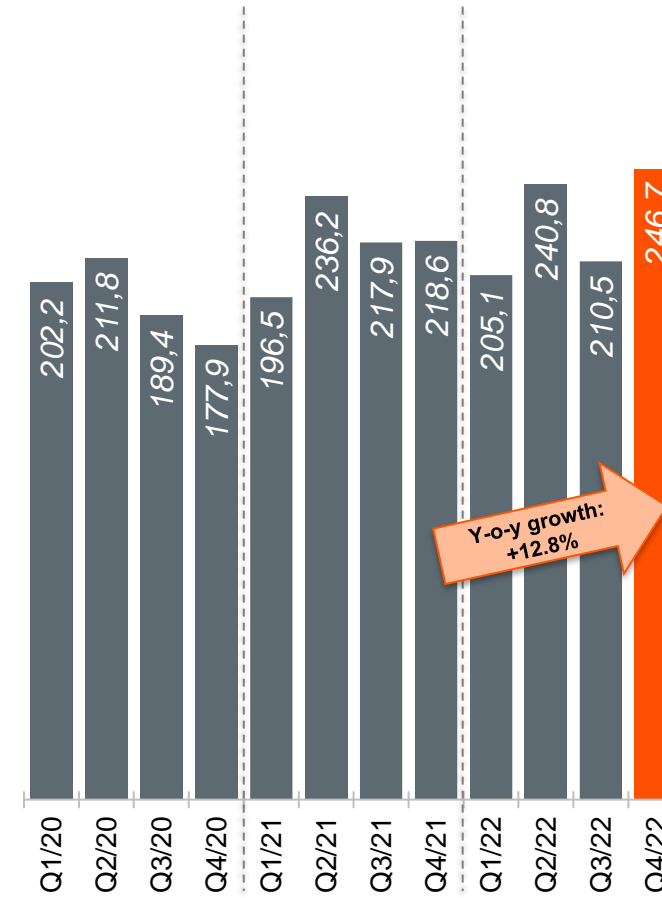
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



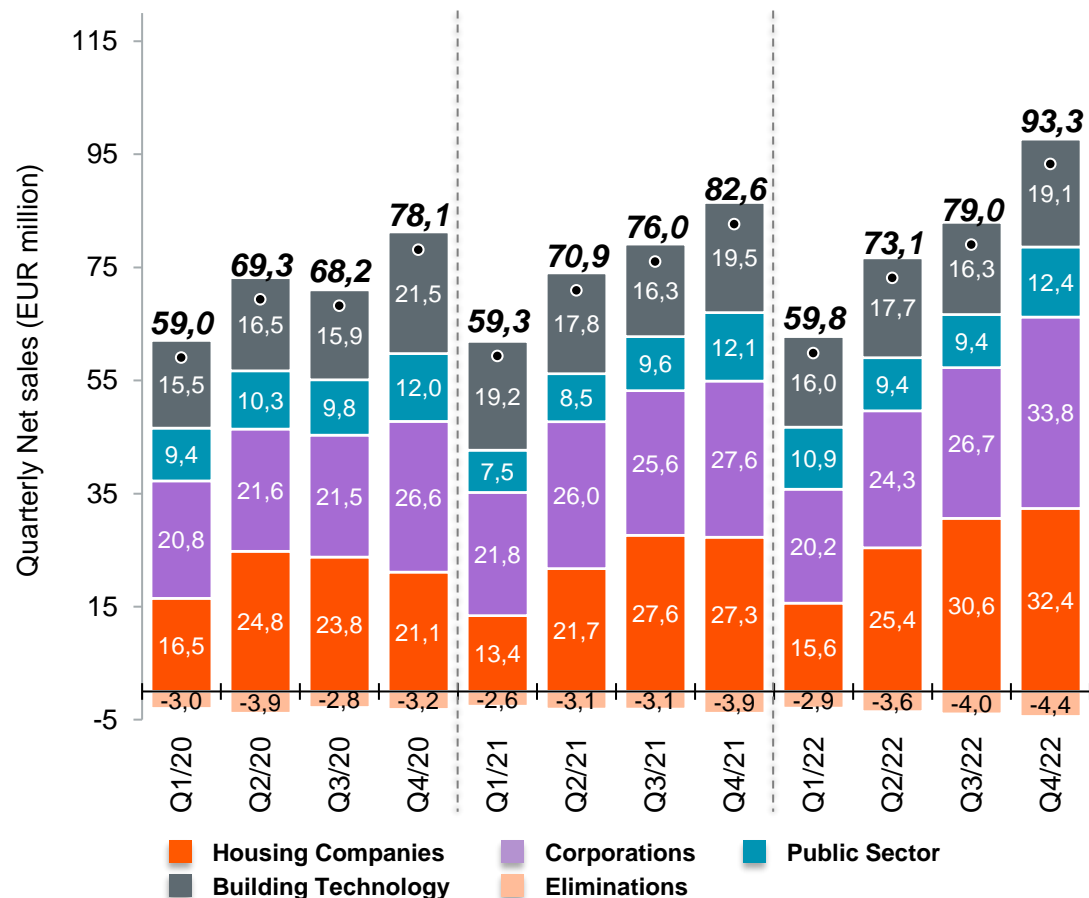
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q4/2022 net sales amounted to EUR 93.3m, growing 12.9% year-on-year

Quarterly net sales development Q1/2020 – Q4/2022 (EUR m)



Comments

- Q4/2022 net sales EUR 93.3m (82.6m)
 - Year-on-year growth 12.9%
 - Housing Companies net sales EUR 32.4m (27.3m)
 - Corporations net sales EUR 33.8m (27.6m)
 - Public Sector net sales EUR 12.4m (12.1m)
 - Building Technology net sales EUR 19.1m (19.5m)
- FY 2022 net sales EUR 305.2m (288.8m)
 - Year-on-year growth 5.7%
 - Housing Companies net sales EUR 104.0m (90.0m) → net sales grew by 15.5 percent and growth was particularly strong in the Greater Helsinki area
 - Corporations net sales EUR 104.9m (101.0m) → net sales grew in Greater Helsinki area
 - Public Sector net sales EUR 42.1m (37.7m) → growth attributable to the new building projects started in the summer of 2021
 - Building Technology net sales EUR 69.1m (72.9m) → net sales increased in service business but decreased in building technology installations

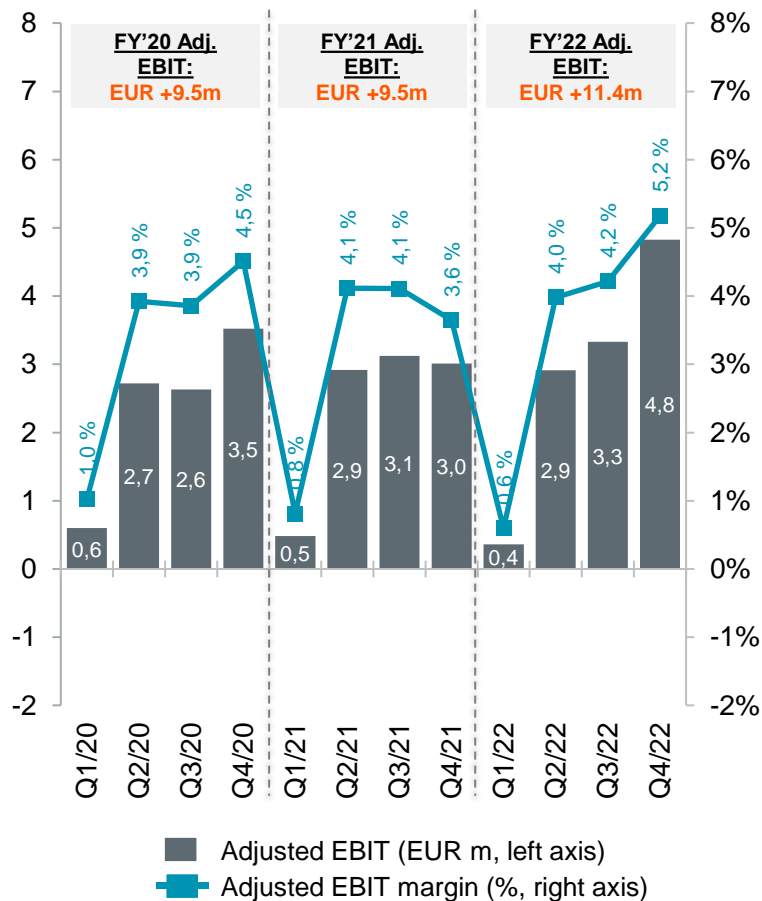
Quarterly Adjusted EBIT and EBIT development

Full-year EBIT improved and amounted to EUR 11.4m

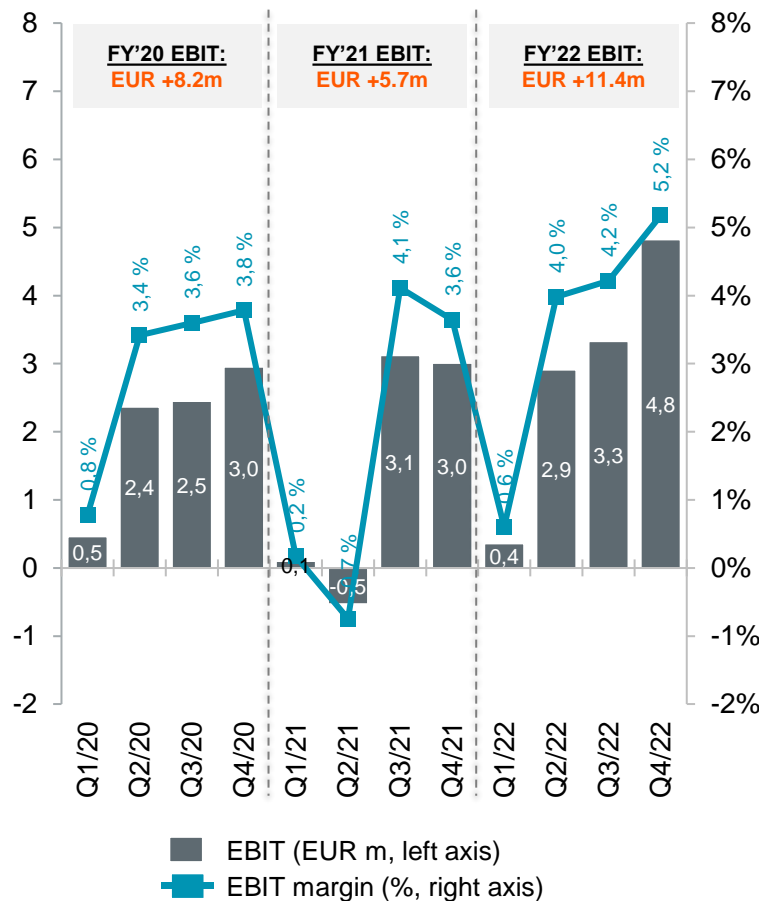
*Adjusted EBIT = EBIT before items affecting comparability (IAC)

- IAC during the comparison periods 2020 and 2021 = Financial impact of arbitral award received in June 2021 as well as legal cost related to the arbitration proceedings in 2020-21

Quarterly Adjusted EBIT* development
Q1/2020 – Q4/2022 (EUR m)



Quarterly EBIT development
Q1/2020– Q4/2022 (EUR m)



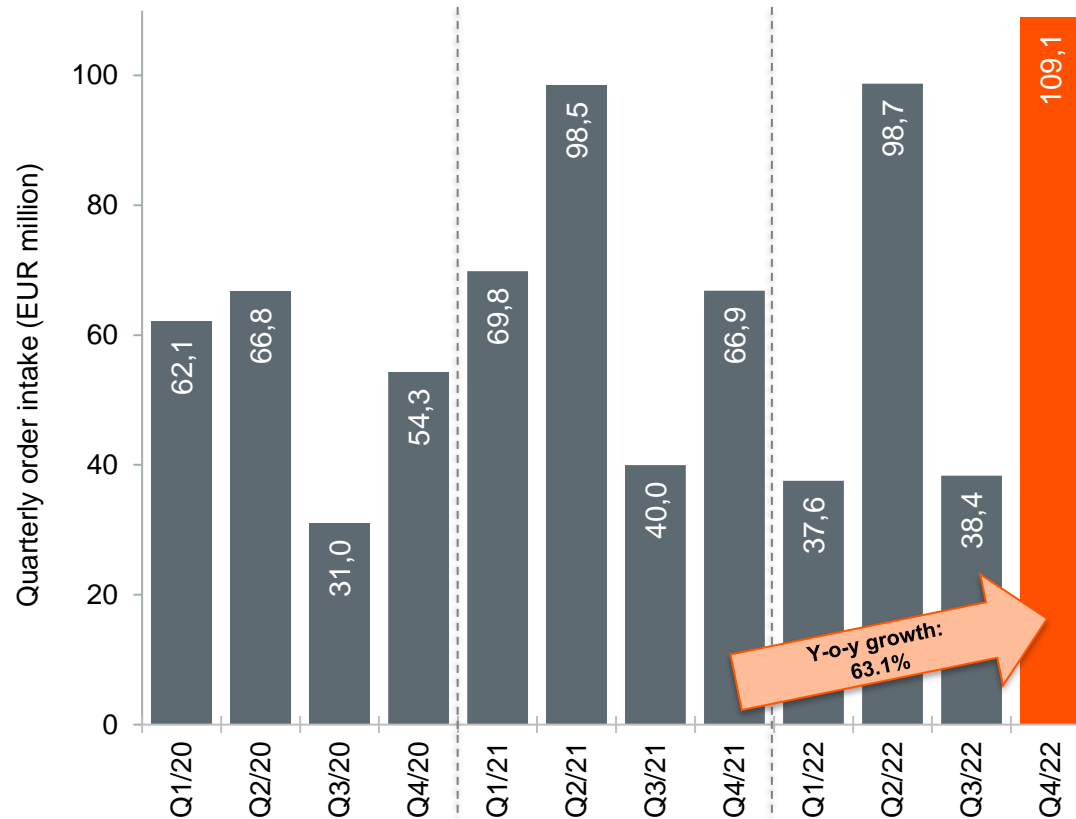
Comments

- Q4/2022 Adjusted EBIT was EUR 4.8 (3.0) million, or 5.2% (3.6%) of net sales
 - Q4 proceeded in line with expectations
 - Profitability improved, although cost inflation weakened the result through both increased construction costs and higher indirect costs
 - Q4 profitability supported by revenue growth and solid project performance
 - Comparison period affected by poor performance of two regional business units
- Q4/2022 EBIT amounted to EUR 4.8 (3.0) million, or 5.2% (3.6%) of net sales
- FY 2022 Adjusted EBIT was EUR 11.4 (9.5) million, or 3.7% (3.3%) of net sales
- FY 2022 EBIT doubled and was EUR 11.4 (5.7) million, or 3.7% (2.0%) of net sales
 - Comparison period impacted by one-off items related to St. George arbitral award and associated legal costs

Quarterly order intake development

Q4/2022 order intake EUR 109.1 million (66.9m), up by 63.1 percent y-o-y

Quarterly order intake development Q1/2020 – Q4/2022 (EUR m)



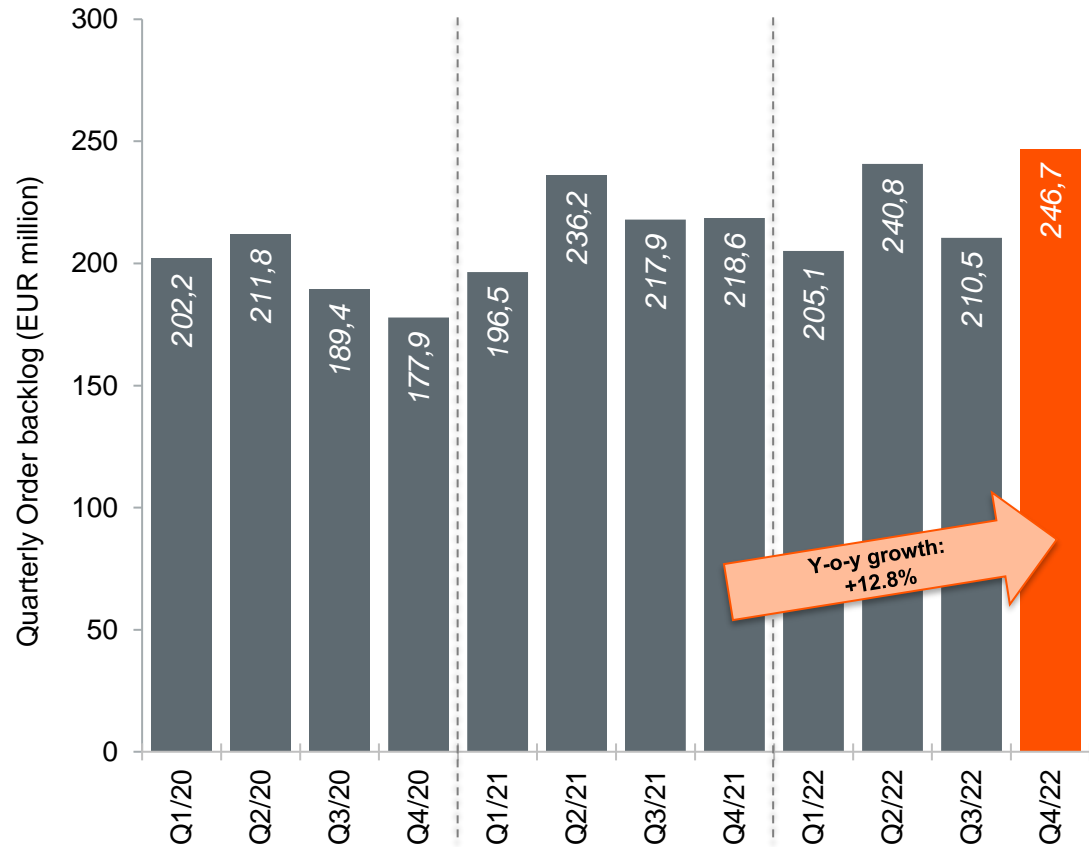
Comments

- Q4/2022 order intake EUR 109.1m (66.9m)
 - Year-on-year growth 63.1%
 - Examples of new orders received in Q4:
 - Jorvi Hospital, an alliance project for the implementation phase of the new ward building, where Consti will carry out the HVAC and sprinkler work (EUR ~30m)
 - Oulunkylä elementary school and kindergarten, a project comprising both renovation and new building (EUR ~17m)
 - Taivallahti elementary school, a comprehensive renovation of a school in Helsinki (EUR ~26m)
 - As Oy Satosammal, plumbing renovation in Espoo
 - Port of Naantali, renovation of the terminal building
- FY 2022 order intake EUR 283.7m (275.1m), up by 3.1% year-on-year

Quarterly order backlog development

Q4/2022 order backlog at EUR 246.7 million (218.6m), up by 12.8% y-o-y

Quarterly order backlog development Q1/2020 – Q4/2022 (EUR m)



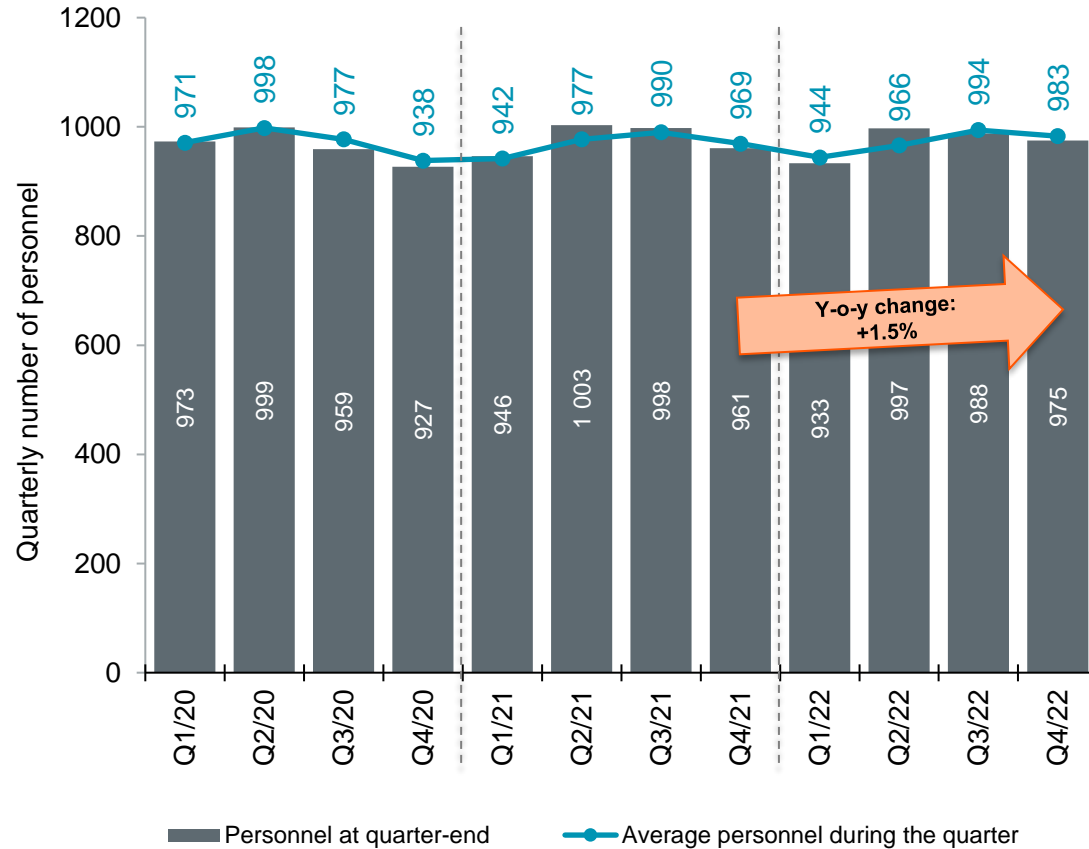
Comments

- Q4/2022 order backlog at EUR 246.7m (218.6m)
 - Order backlog at year-end 12.8% higher compared to previous year-end
 - Strong order backlog to support solid performance going forward
 - In absolute terms, a larger share of December 2022 order backlog to be recognised in revenue within the next twelve months compared to December 2021 backlog
 - However, in relative terms the year-end 2022 backlog is more evenly distributed to following years compared to Dec 2021 backlog

Quarterly development in number of personnel

Total number of personnel at the end of Q4/2022 increased by 14 year-on-year

Quarterly development in number of personnel Q1/2020 – Q4/2022



Comments

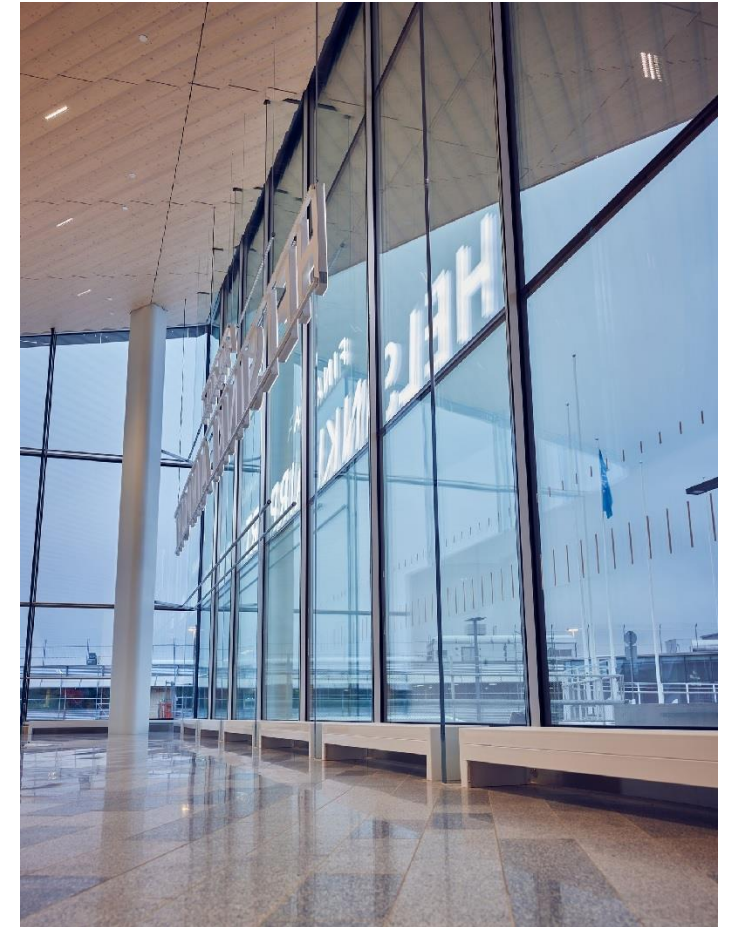
- Number of personnel at the end of Q4/2022 975 (961), increase of 14
- Average number of personnel during Q4/2022 983 (969), increase of 14
- Average number of personnel during FY 2022 971 (969), increase of 2

Implementation of Group Strategy progressed according to plan in 2022

	Focus Areas	Objectives	Achievements in FY2022	
Utilising the full potential of customer-oriented organisational structure	1	<ul style="list-style-type: none"> Growth in current business 	<ul style="list-style-type: none"> Controlled and profitable growth in attractive renovation and building technology segments 	<ul style="list-style-type: none"> Strong growth in Housing Companies business area Positioned strengthened in renovation of row houses Building technology installations in demanding hospital environments (e.g. Jorvi Hospital & Laakso Joint Hospital)
	2	<ul style="list-style-type: none"> New businesses 	<ul style="list-style-type: none"> Comprehensively answering customer needs by growing in attractive new construction projects 	<ul style="list-style-type: none"> Projects comprising both renovation and new building (E.g. Ensikoti & Oulunkylä elementary school and kindergarten) Share of net sales from new building market increased to approximately 20% (~16% in 2021 and ~10% in 2020)
	3	<ul style="list-style-type: none"> Improving relative profitability 	<ul style="list-style-type: none"> Expanding value created for customers and active management of business portfolio 	<ul style="list-style-type: none"> Strengthening of service business in Building Technology Strengthening of capabilities in project development, design management and energy efficiency Share of target price and cost + fee based contracts increased
	4	<ul style="list-style-type: none"> Improving production efficiency 	<ul style="list-style-type: none"> The industry's most efficient production Steady level of performance in project deliveries 	<ul style="list-style-type: none"> Variation in project performance narrowed Development of procurement function continued Development of quality management continued Increase in utilisation of Lean and takt time principles
	5	<ul style="list-style-type: none"> People and management 	<ul style="list-style-type: none"> Supporting profitable growth by investing in the implementation of the Consti Way, expanding competence, adding diversity, and adopting LEAN principles 	<ul style="list-style-type: none"> Harmonisation of recruitment processes, employee orientation and development discussions Expansion of training offering, more specific learning paths Increased safety management support at worksites
	6	<ul style="list-style-type: none"> Corporate social responsibility and sustainable development 	<ul style="list-style-type: none"> Concentrating on updated responsibility themes, which are environmentally friendly business, work safety and well-being at work, supply chain and customer satisfaction 	<ul style="list-style-type: none"> Development of new solutions to improve customers' energy efficiency (e.g. Consti OPTIMI & Vodavol) Recycling rate of construction waste improved Systematic reporting of energy consumption at worksites begun

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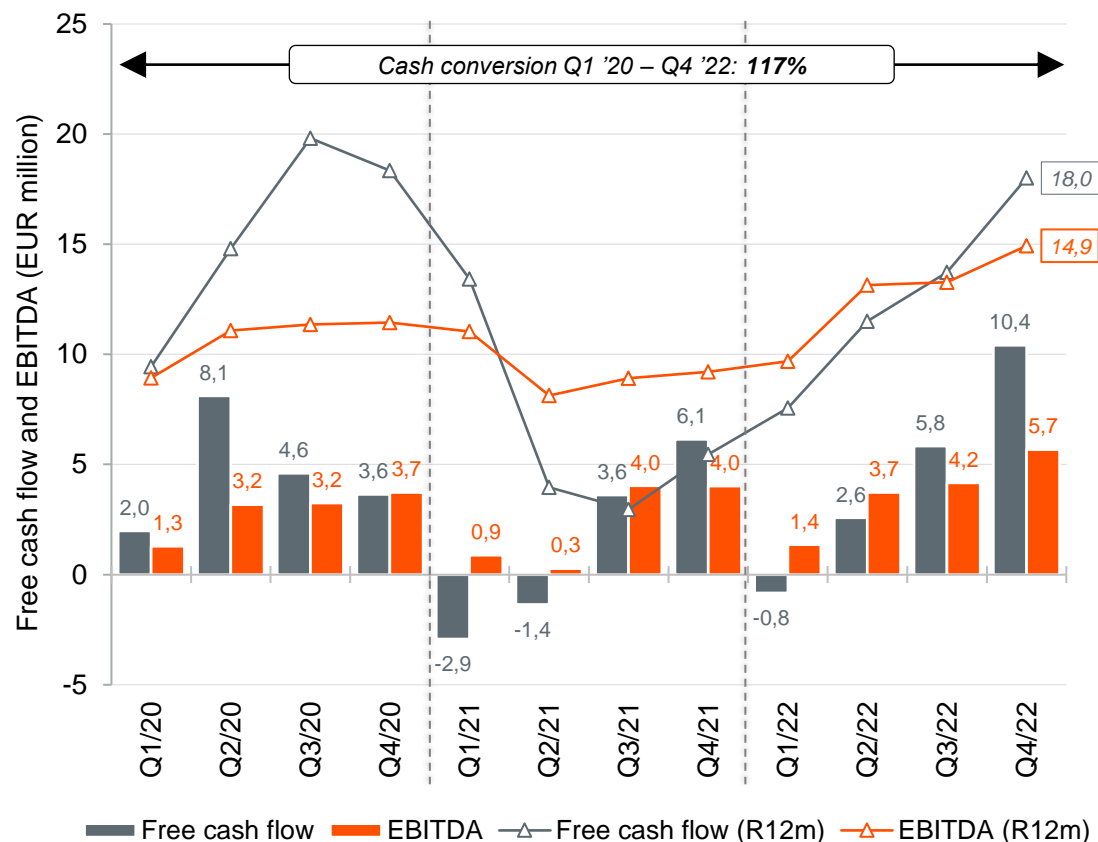
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Quarterly free cash flow development

FY 2022 free cash flow improved clearly and was EUR 18.0 million

Quarterly free cash flow¹⁾ and EBITDA Q1/2020 – Q4/2022 (EUR m)



Comments

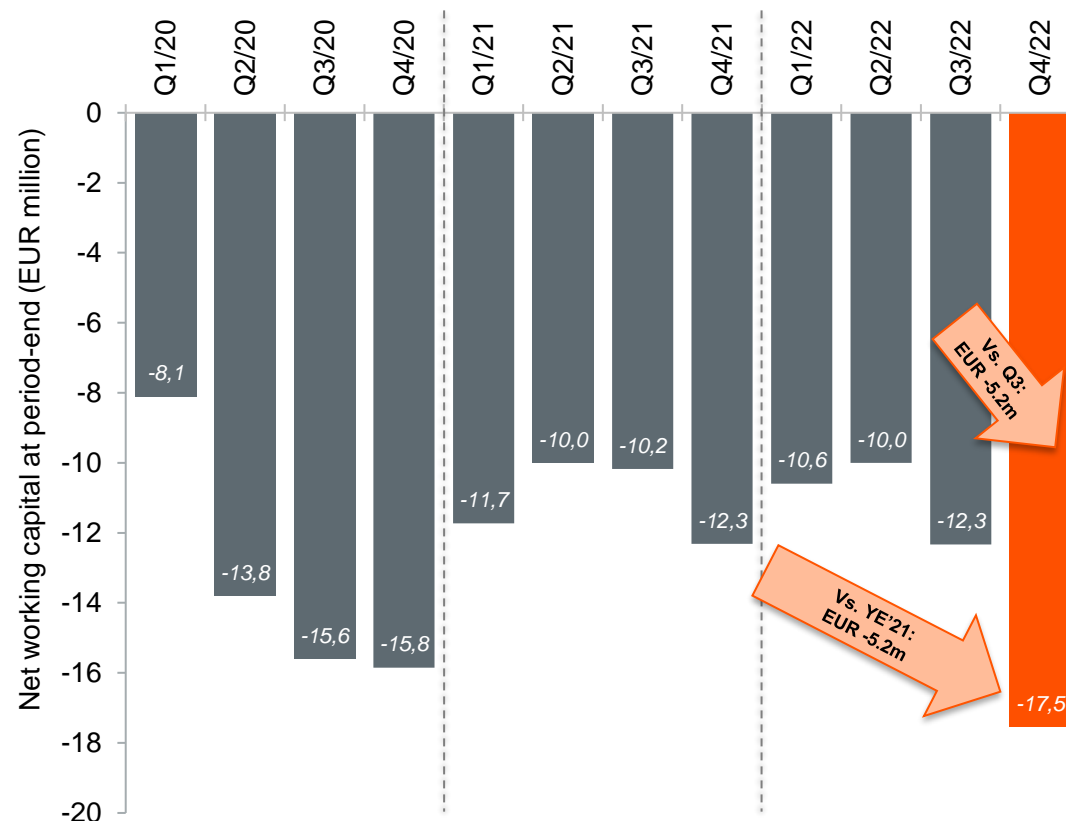
- Q4/2022 free cash flow EUR 10.4m (6.1m)
 - EBITDA amounted to EUR 5.7m (4.0m)
 - Cash flow impact from change in net working capital was EUR 4.9m (2.2m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.4m (-0.2m)
- FY 2022 free cash flow EUR 18.0m (5.5m)
 - EBITDA amounted to EUR 14.9m (9.2m)
 - Cash flow impact from change in net working capital was EUR 4.4m (-2.9m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -1.5m (-1.4m)
- Rolling 12-month cash conversion ratio was 120.6% (59.3%), meeting the long-term financial target of >90%
- In 2020-2022, Consti's cash conversion ratio was 117%, 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 -17.5 million at the end of Q4/2022

Quarterly net working capital¹⁾ Q1/2020 – Q4/2022 (EUR m)



Comments

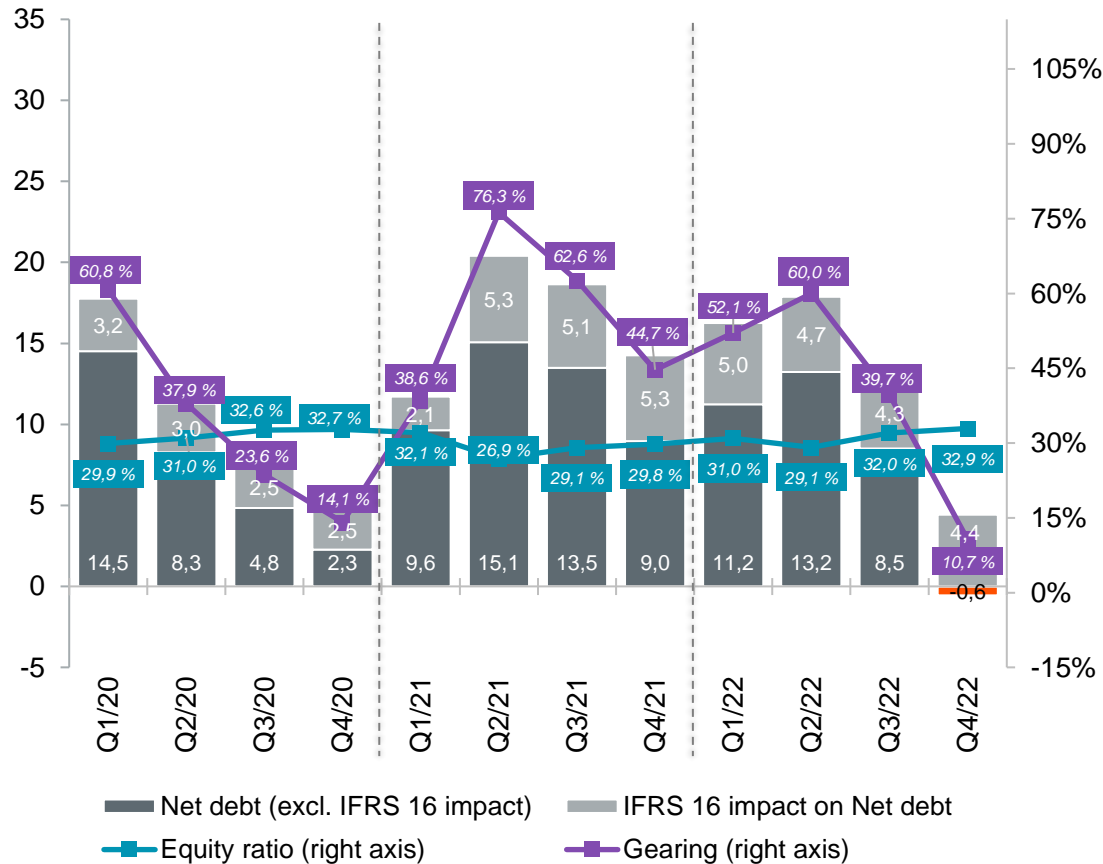
- Net working capital EUR -17.5m (-12.3m) at the end of Q4/2022
 - NWC released during Q4/2022 amounted to EUR 5.2m
 - NWC released during FY 2022 amounted to EUR 5.2m
 - Net working capital remained on a good level throughout FY 2022

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

Q4 financial position strengthened compared to previous quarter & previous year

Quarterly net debt, equity ratio and gearing Q1/2020 – Q4/2022



Comments

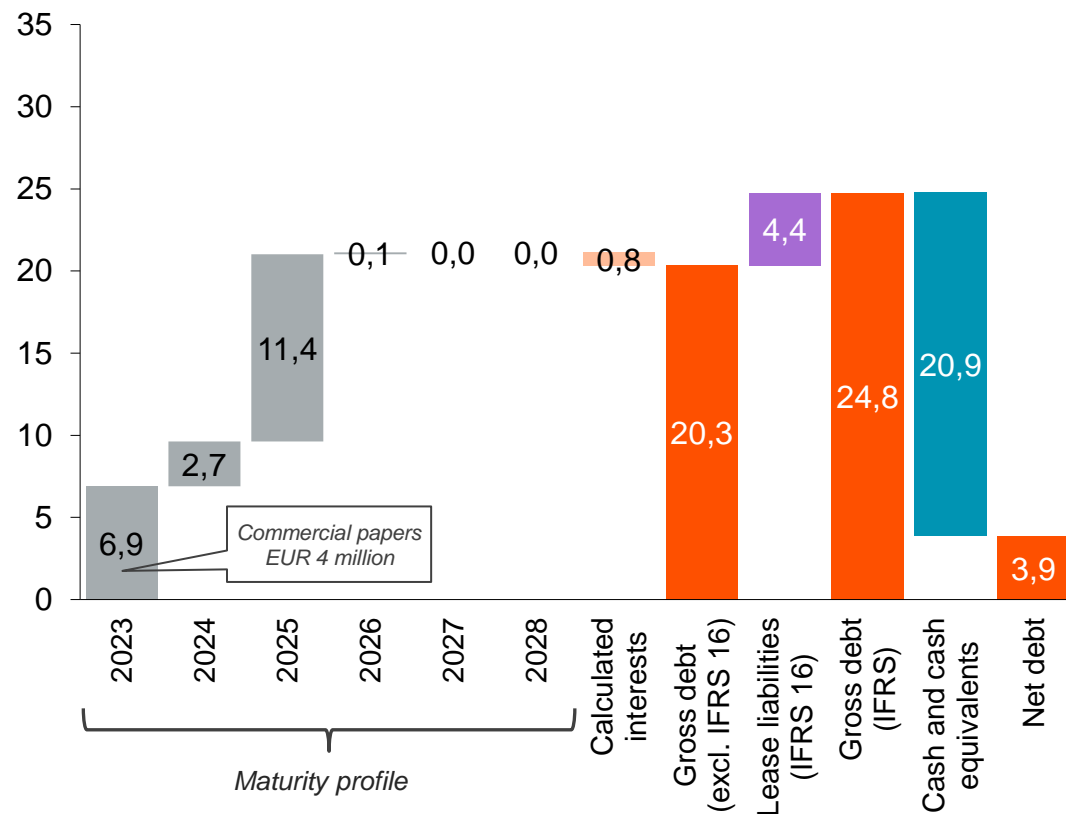
- Financial position as per 31 December 2022 strengthened compared to previous quarter & previous year
- Q4/2022 net debt at EUR 3.9m (14.3m), of which EUR 4.4 (5.3m) is attributable to IFRS 16 related lease liabilities
 - Net debt excluding IFRS 16 at EUR -0.6m (9.0m)
- Q4/2022 equity ratio at 32.9% (29.8%)
 - Equity ratio excluding IFRS 16 at 34.4% (31.5%)
- Q4/2022 gearing at 10.7% (44.7%)
 - Gearing excluding IFRS 16 at -1.5% (27.9%)

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 December 2022)

Gross interest-bearing debt (excl. IFRS 16) decreased by EUR 6.7 million in FY2022

Maturity profile of interest-bearing debt¹⁾ as per 31 Dec 2022 (EUR m)



Comments

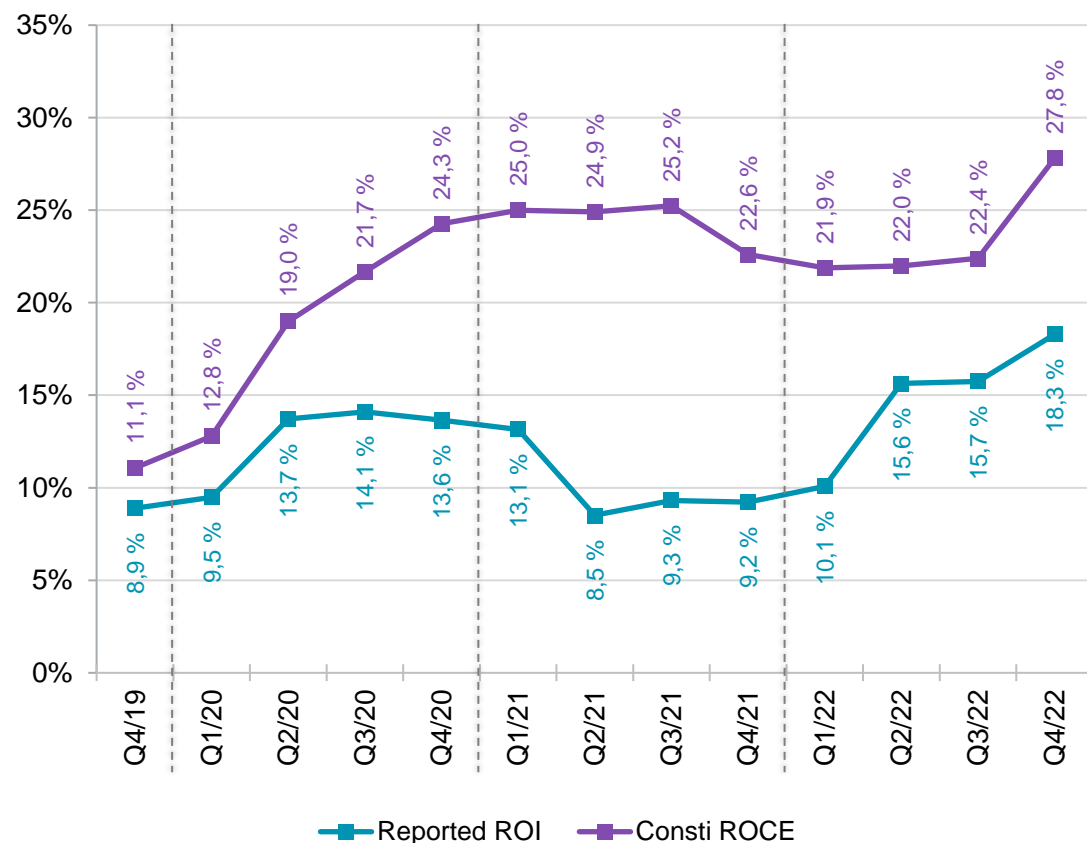
- Consti's gross interest-bearing debt at EUR 20.3 million (excluding IFRS 16) at the end of Q4/2022, reduction of EUR 6.7m year-on-year
- Cash and cash equivalents amounted to EUR 20.9m at year-end
- In addition, Consti has undrawn revolving credit facilities and unused credit limits amounting to EUR 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, which extended the maturity of the loan by one year until 2025

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

Reported ROI¹⁾ and Consti ROCE²⁾

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

Reported ROI¹⁾ and Consti ROCE²⁾ Q4/2019 – Q4/2022 (%)



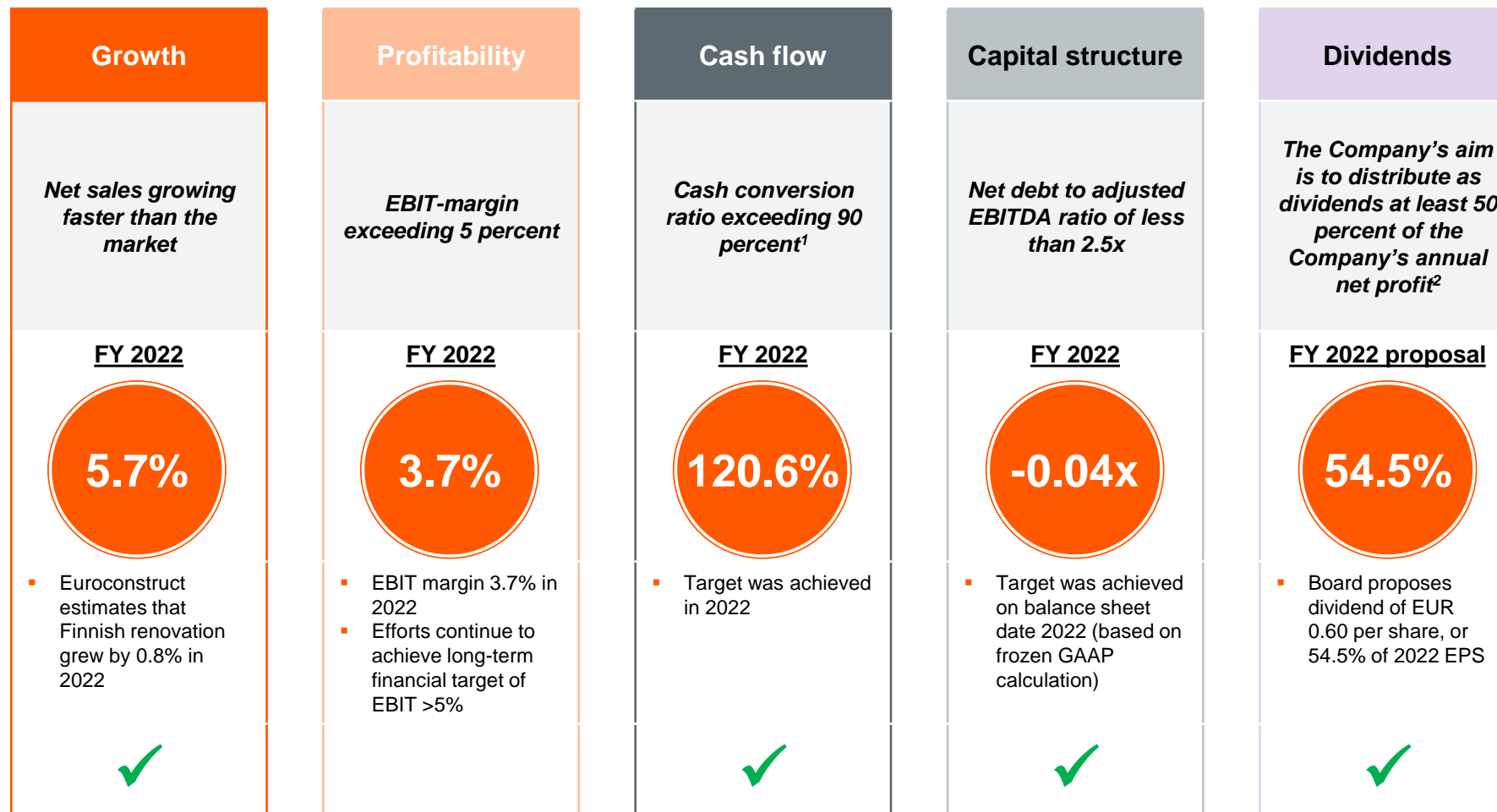
Comments

- In financial years 2020-2022, Consti's return on capital employed has exceeded 20%
- Q4 2022 Consti ROCE totaled 27.8%
 - Q4 2022 R12m EBIT margin 3.7%
 - Q4 2022 R12m average capital efficiency 7.5x (excluding IFRS 16 related assets)
- Q4 2022 Reported ROI totaled 18.3%
- In Q4/19 – 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

Realisation of Consti's long-term financial targets in 2022

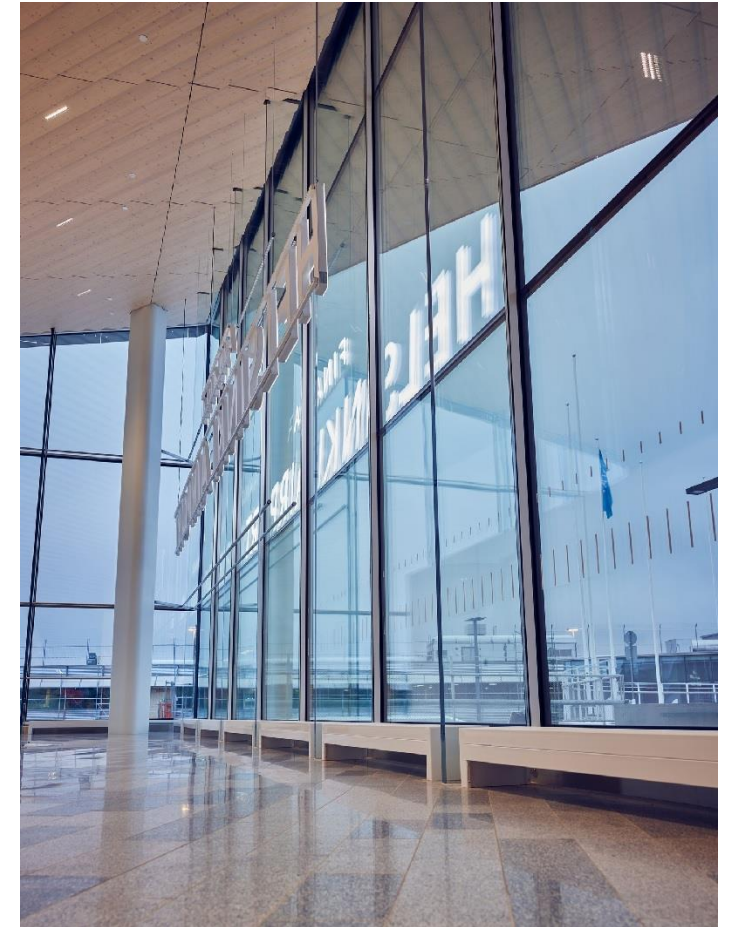


1) Cash conversion defined as free cash flow divided by EBITDA. Free cash flow equals operating cash flow before net financial items and taxes less investments in tangible and intangible assets

2) While taking other factors such as financial position, cash flow and growth opportunities into consideration.

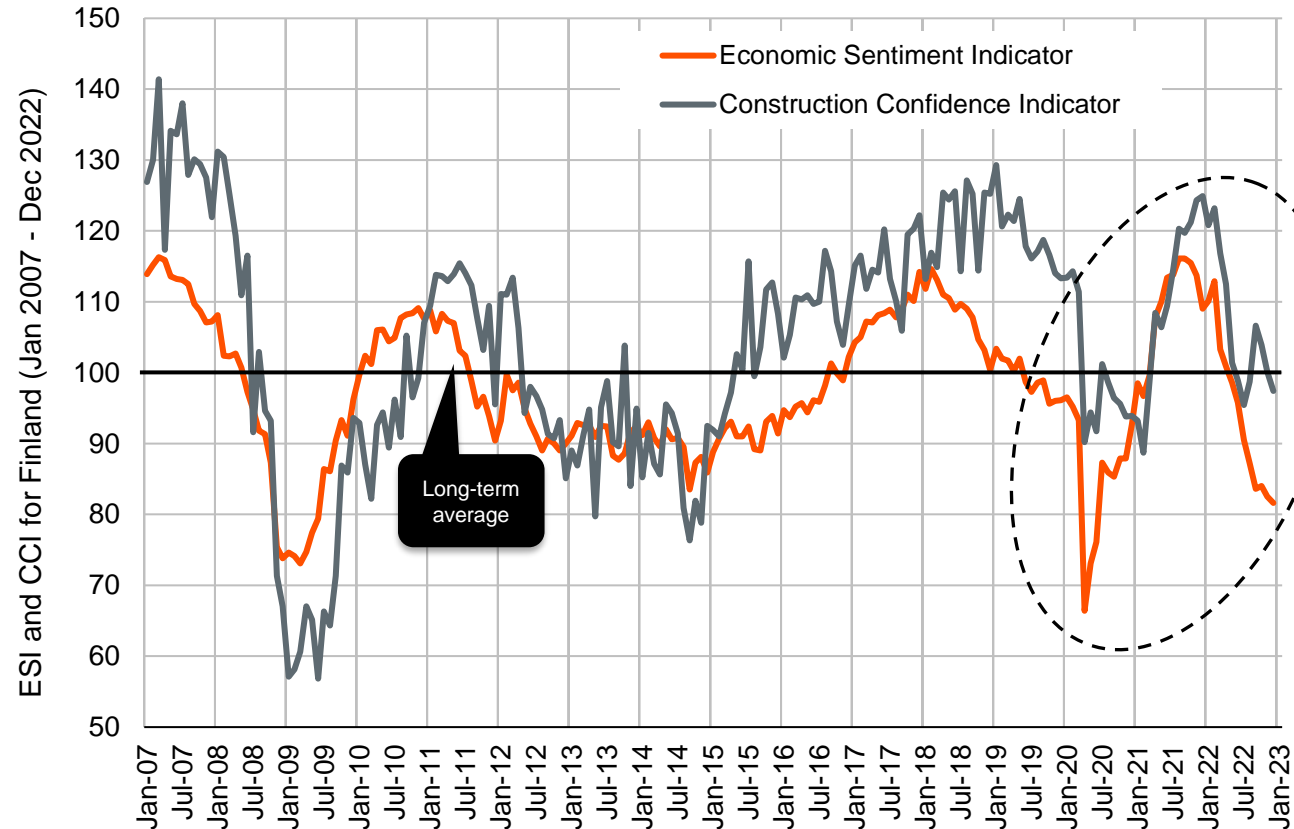
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Economic sentiment and construction confidence in Finland below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 12/2022)



Note: Mean-adjusted figures

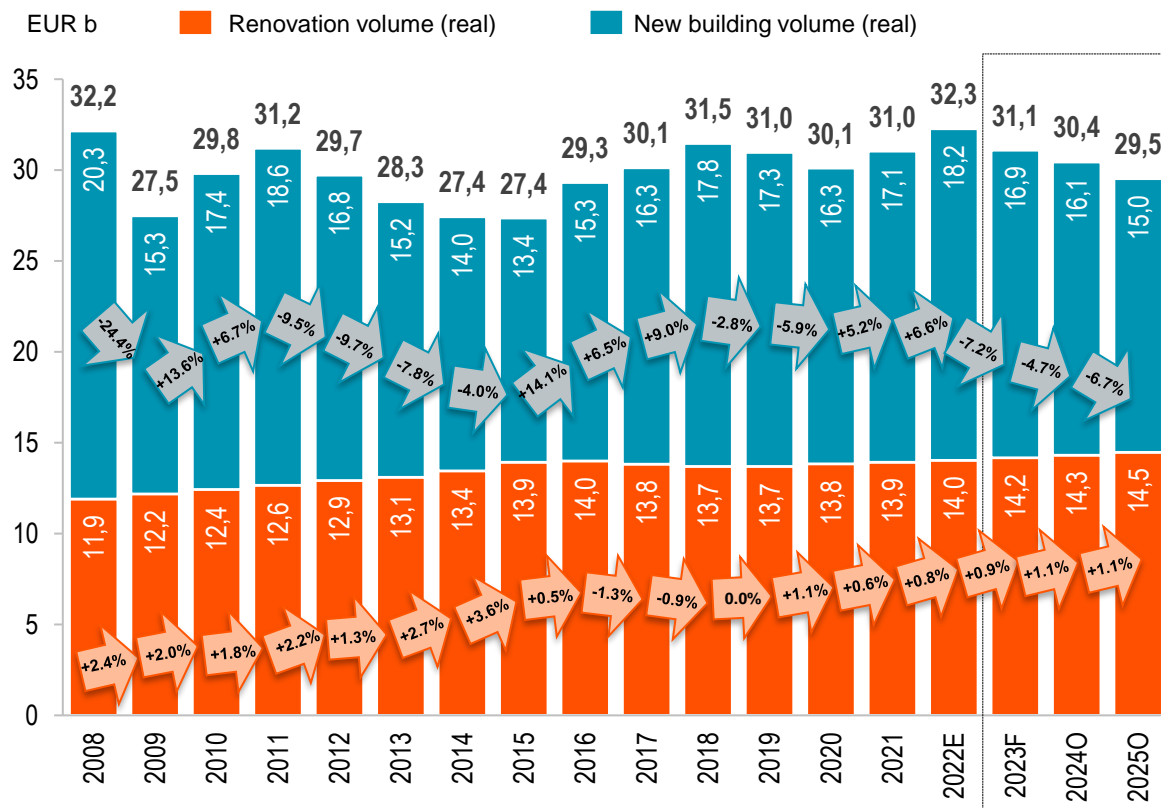
Source: European Commission, January 2023

Comments

- During Q4/2022, the decline in Economic Sentiment Indicator (ESI) continued but at a lower pace
 - ESI in Finland has consecutively declined since February 2022 (except for the slight recovery in October)
 - The decrease in the ESI since February has been driven by a deterioration in confidence in all surveyed business sectors (industry, services, consumer, retail trade and construction)
- Construction confidence plummeted sharply in March-July 2022, recovered in August-September while declined again during the last quarter of 2022.
- Construction confidence is slightly below its long-term average in December 2022

Renovation to outgrow new building in 2023-25, both residential and non-residential renovation projected to grow going forward

Finnish new building and renovation market development 2008 – 2025



Source: Euroconstruct, November 2022
 Confederation of Finnish Construction Industries RT (CFCI), October 2022
 Construction 2022–2023 report published by the construction trends group (RAKSU) led by the Ministry of Finance, August 2022

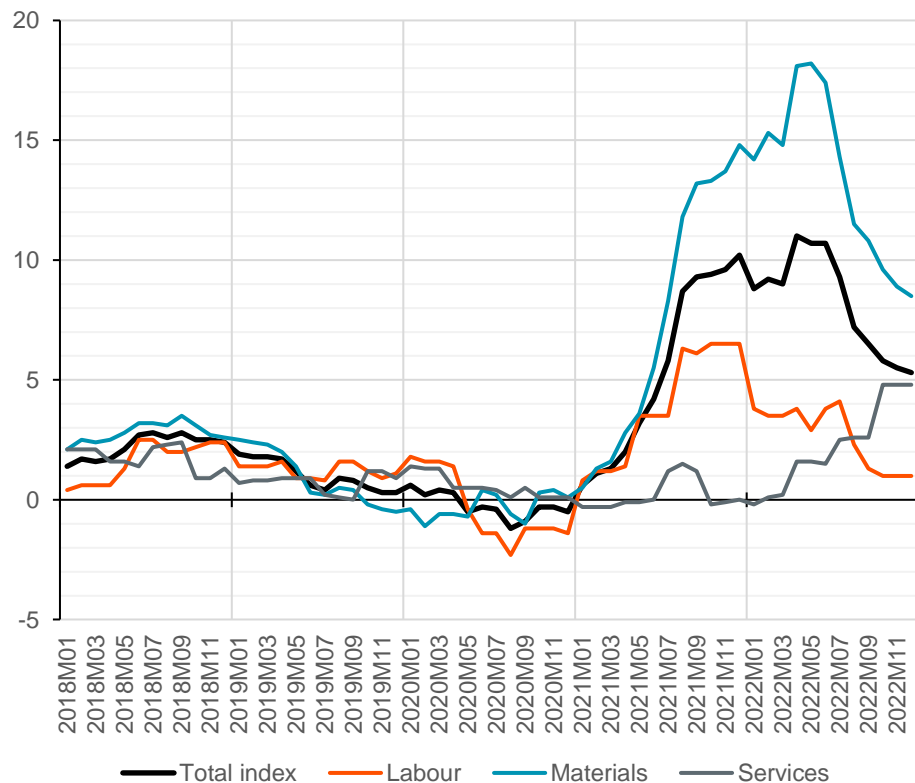
Comments

- According to Euroconstruct, the value of building renovation amounted to approximately EUR 14.0 billion in 2022, representing approximately 43% of total building volume
- Euroconstruct estimates that renovation grew by approximately 0.8 percent in 2022 and the Confederation of Finnish Construction Industries RT (CFCI) estimates growth of approximately 1 percent
- According to the Euroconstruct's November 2022 report, new building is estimated to grow by 6.6% in 2022
- Euroconstruct estimates that building renovation will grow by 0.9 percent in 2023 and by 1.1 percent in 2024
- As for new building, Euroconstruct estimates a decrease of 7.2 percent in 2023 and a decrease of 4.7 percent in 2024
- Renovation is supported by unwinding demand, energy renovations accelerated by higher energy prices and energy shortages, and the green transition
- On the other hand, the outlook for renovation is weakened by rapidly rising construction costs and interest rates

Consti has fared relatively well in the current inflationary market environment

Building cost index rose by 5.3% y-o-y and 0.1% m-o-m in December 2022. The growth rate of costs of materials has leveled off during H2/2022

Annual change of the Building Cost Index 1/2018 – 12/2022 (%)
(2000 = 100)



Source: Statistics Finland

Building cost index by input heading December 2022 (2021=100)	Index figure	Annual change (%)
0 TOTAL INDEX	109,1	5,3
01 LABOUR	103,2	1,0
02 MATERIALS	114,2	8,6
02.1 AREA	104,6	5,8
02.1.1 Soil	103,8	6,2
02.1.2 Construction site surface structures	105,4	4,7
02.1.3 House equipment	110,3	5,7
02.2 HOUSE	114,6	6,9
02.2.1 Concrete, bricks and blocks	114,1	8,7
02.2.2 Precast concrete units	116,6	8,9
02.2.3 Timber structures	97,9	-7,6
02.2.4 Steel structures	130,2	10,4
02.2.5 Roofing materials	117,5	6,6
02.2.6 Heat insulation	125,9	17,9
02.2.7 Windows and doors	116,3	9,1
02.3 FACILITIES	115,1	11,3
02.3.1 Frame structures	118,9	12,5
02.3.2 Surface materials	116,2	12,9
02.3.3 Fixtures, taps and household appliances	111,4	9,2
02.4 TECHNICAL SYSTEMS	116,7	10,9
02.4.1 Heat, water and sewer	122,4	17,1
02.4.2 Ventilation	113,9	6,2
02.4.3 Electricity, control, lighting and lift	115,8	10,8
03 SERVICES	104,6	4,8
03.1 SITE AND FIXTURE SERVICES	105,1	5,4
03.1.1 Transport	117,3	15,0
03.1.2 Mechanical work and hoisters	99,9	-0,1
03.1.3 Site facilities, scaffolding and weather protection	97,1	0,4
03.1.4 Moulding equipment and supporting	106,1	3,8
03.1.5 Waste charges	102,6	2,6
03.1.6 Site energy	92,4	-5,9
03.2 OTHER SERVICES	101,8	1,2
03.2.1 Insurance	104,4	3,2
03.2.2 Connection charges	100,4	0,2

The costs of materials rose by 8.6% y-o-y and 0.2% m-o-m in December 2022. Within materials all other product groups except timber structures have risen over the year

CONSTI comments:

- Building cost inflation partly visible in Consti's project performance in 1-12/2022
- 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

Outlook and guidance for 2023

- In 2023, Finland's house construction volume is estimated to decrease by approximately 3.7 percent from the previous year. New construction is predicted to decrease by about 7.2 percent.
 - However, it is expected that renovation will continue on a growth path of around one per cent also in 2023. Growth is expected from both residential renovation and other renovation.
 - 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
 - However, strong inflation and the rapid rise of both energy costs and the cost of financing may postpone construction projects in the short term
 - Uncertainty in the outlook for construction is also brought about by the rise in the prices and availability of building materials and products, intensified by the war in Ukraine as well as the potential labour disputes
 - The company's strong order backlog, the progress of strategic projects, and steadily improved performance put Consti in a good position to continue positive and 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.

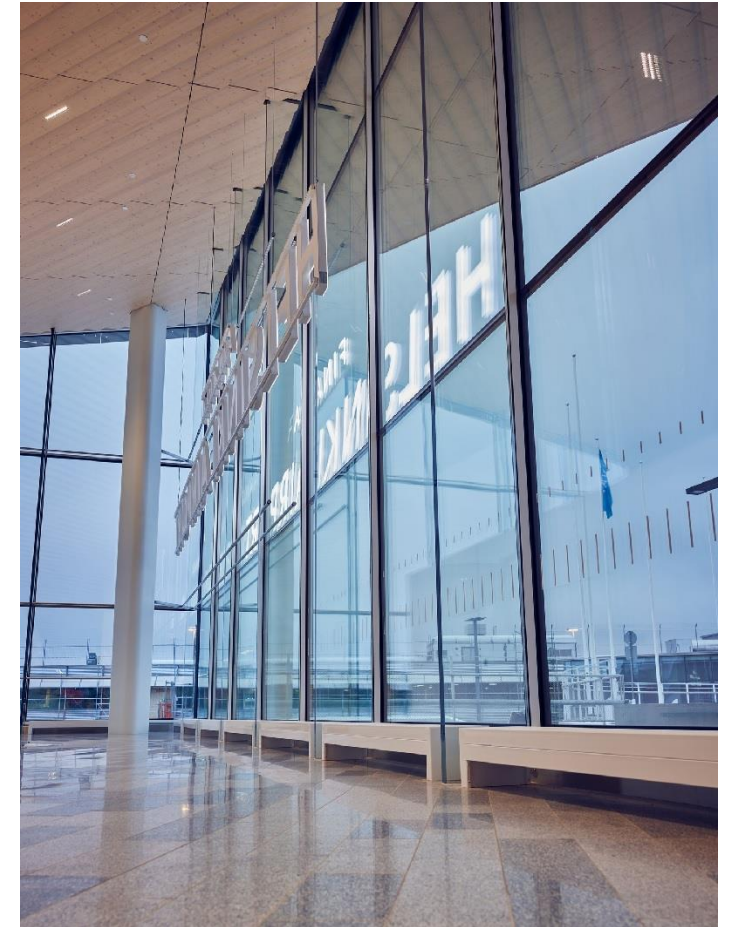


Summary

1. Profitability improved in Q4 as well in FY 2022. Long-term work to improve profitability continued
2. Net sales, order intake and order backlog grew in FY 2022
3. The Board of Directors proposes a dividend of EUR 0.60 per share, growing 33.3% year-on-year
4. Implementation of strategy progressing according to plan and to support performance going forward
5. Renovation expected to grow in 2023, needs-based nature of renovation to support demand going forward. However, there are uncertainties related to the rapid rise of construction costs, energy costs and interest rates
6. Consti well positioned to continue positive and solid operational development also in 2023

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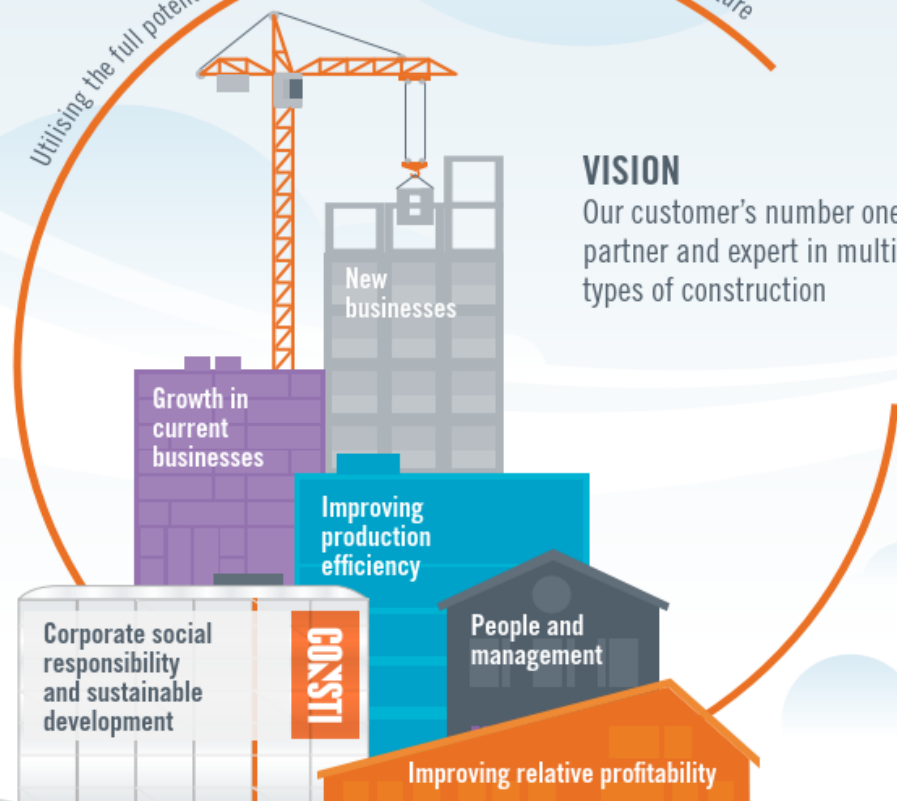
CONSTI GROUP STRATEGY 2021–2023

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.



Utilising the full potential of Consti's customer-oriented organisational structure



VISION

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

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

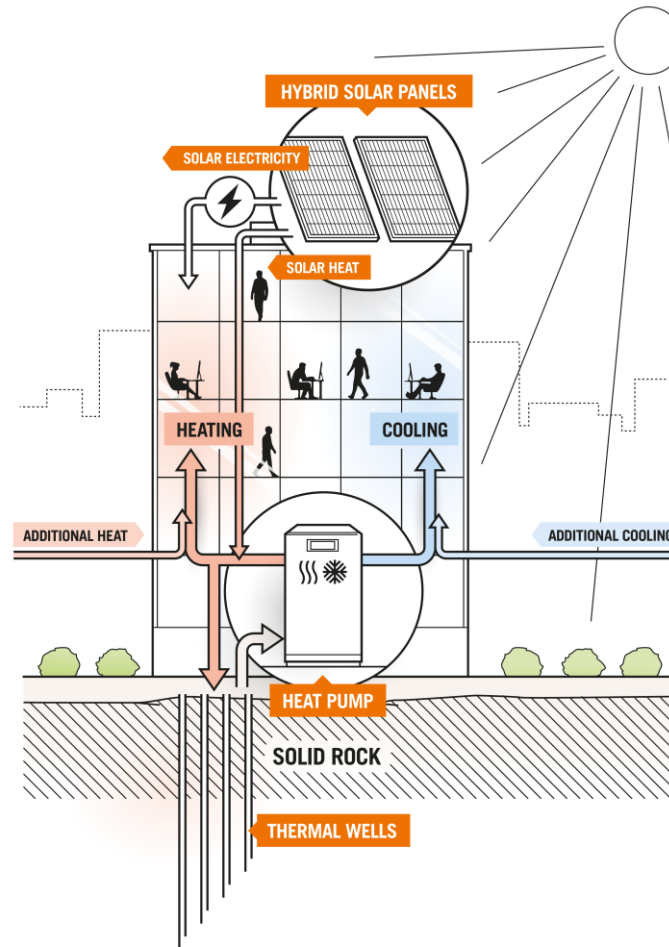
- 1 **Growth in current business**
 - ▷ controlled and profitable growth in attractive renovation and building technology segments
- 2 **New businesses**
 - ▷ comprehensively answering customer needs by growing in attractive new construction projects
- 3 **Improving relative profitability**
 - ▷ expanding 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

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

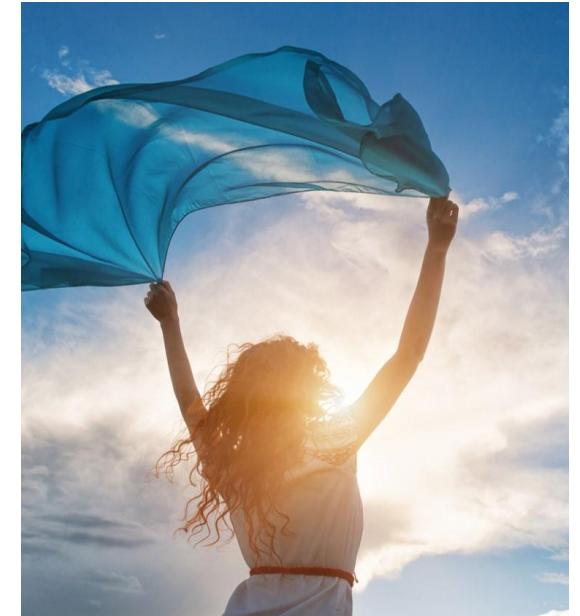
* The cash conversion is the amount of free cash flow divided by EBITDA. Free cash flow means net cash flow from operating activities before financial expenses and taxes. ** based on frozen GAAP calculation less capital used for purchase of intangible assets and property, plant and equipment.

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

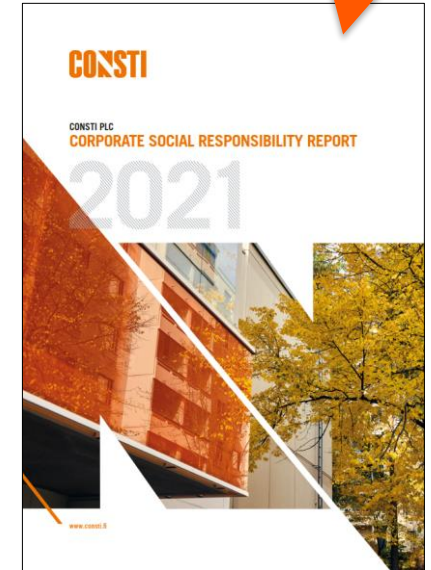
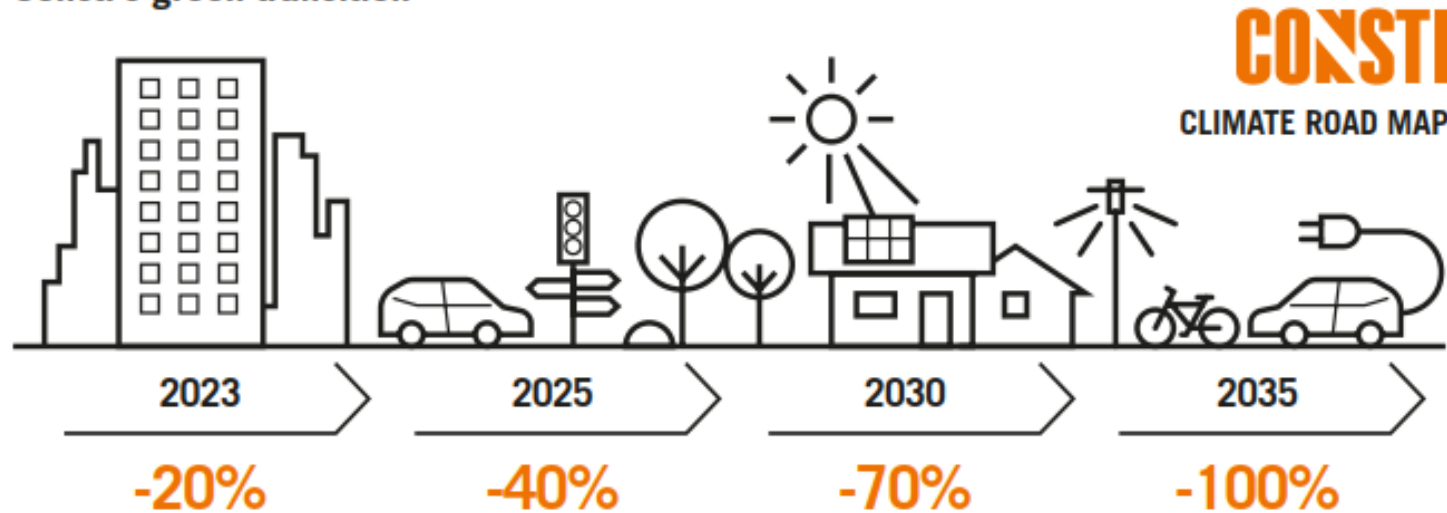


More information can be found from Consti's website www.consti.fi (in Finnish)

Consti's Green Transition

More information on the progress of Consti's sustainability work can be found in the sustainability report published in April '22

Consti's green transition

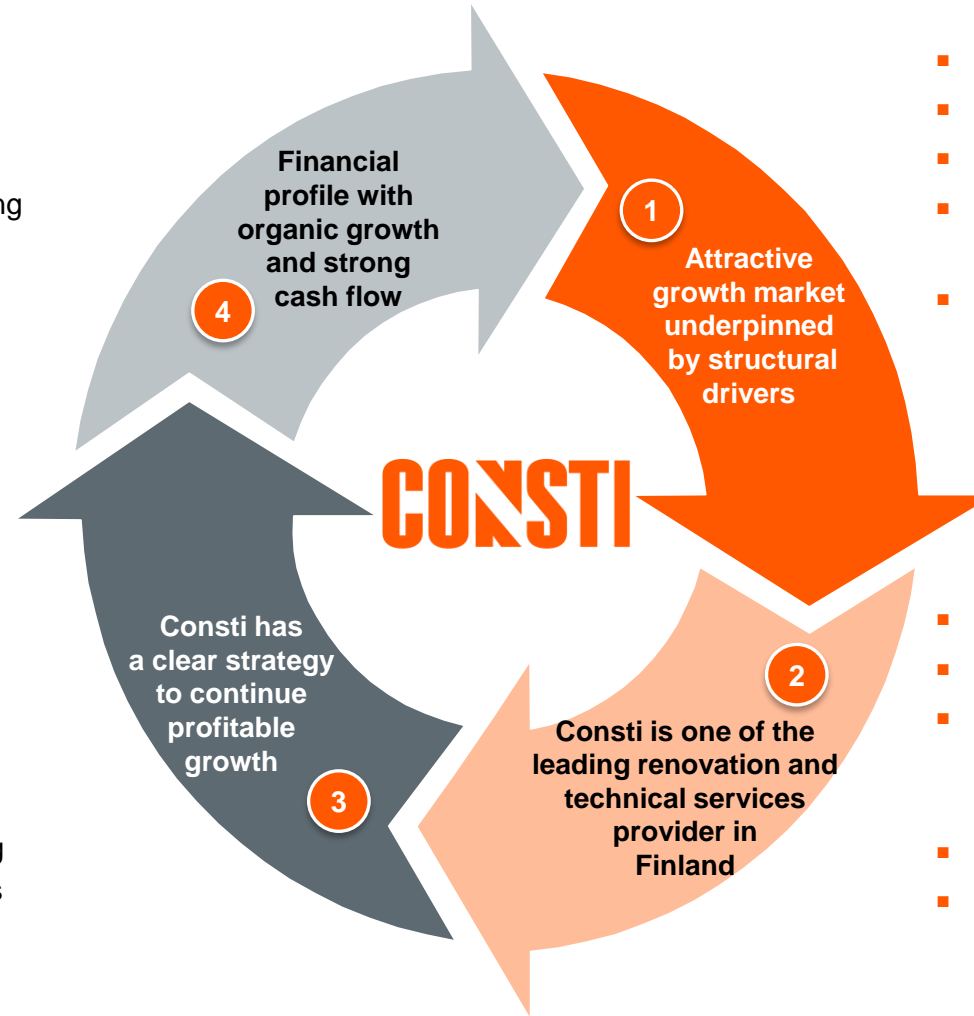


- Consti has announced CO₂ emission reduction targets for its own operations (Scope 1–2)
- Consti's target is to reduce its own CO₂ emissions by 40% by 2025, by 70% by 2030, and by 100% by 2035.
- The reductions will be realised gradually by switching to electric company cars and replacing fossil fuels with renewables. Utility vehicles will also gradually switch over to renewable fuels. Regarding the electricity use of offices, the goal is to already reach a point by 2023 where 70% of electricity comes from renewable sources
- Consti will also continue to monitor the consumption and emissions of construction sites and define emission reduction goals for site operations

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

- 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

FINANCIAL STATEMENTS

1-12/2022

CONSTI PLC

FY 2022

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