



CONSTI PLC

HALF-YEAR FINANCIAL REPORT

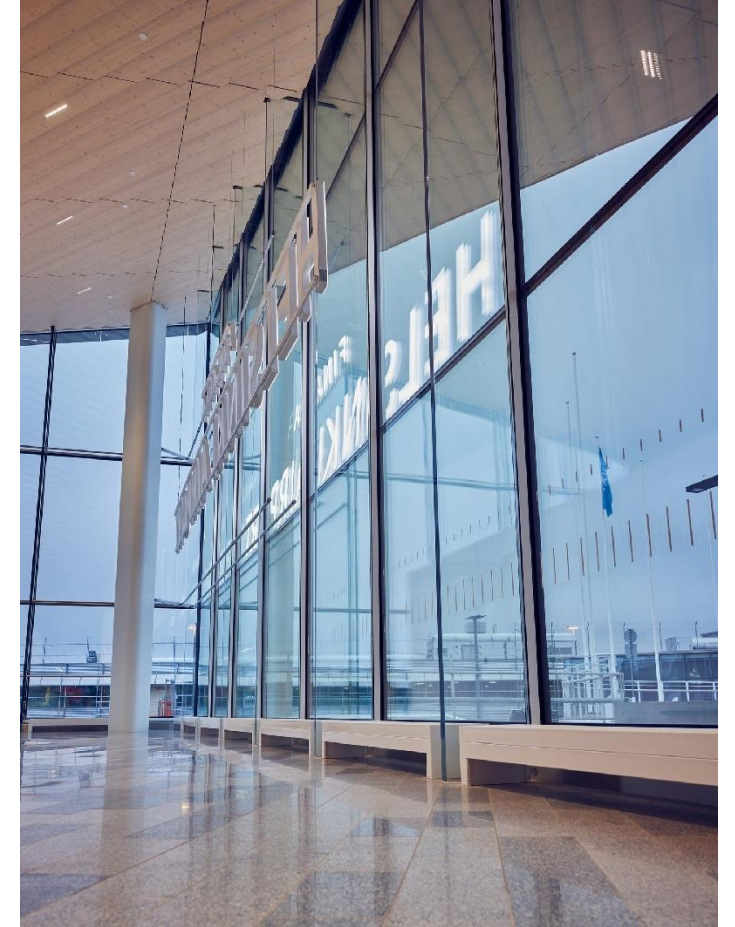
1 JANUARY –
30 JUNE 2023

CEO Esa Korkeela
CFO Joni Sorsanen

CONSTI

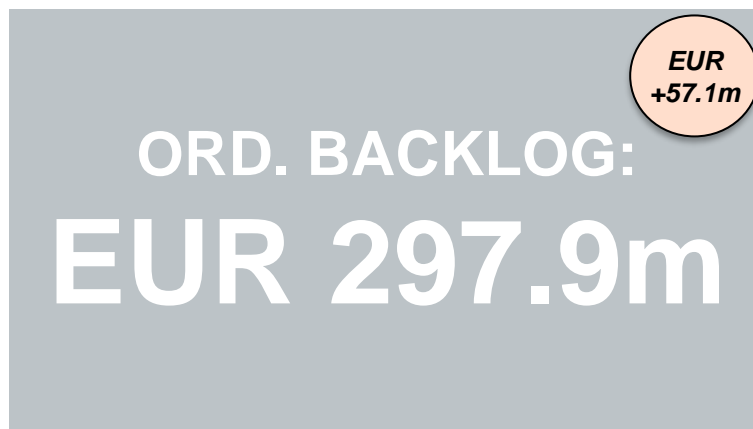
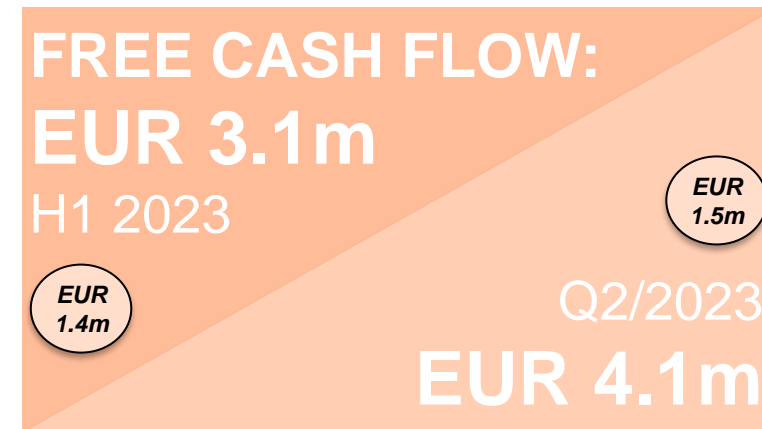
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Highlights of the H1/2023 and Q2/2023

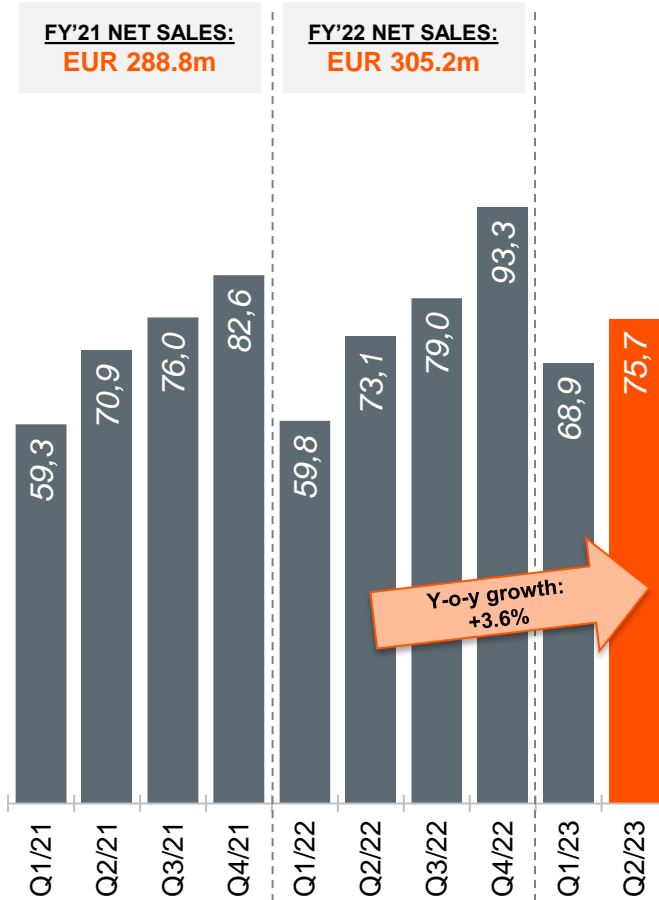
Solid development continued, order backlog increasing



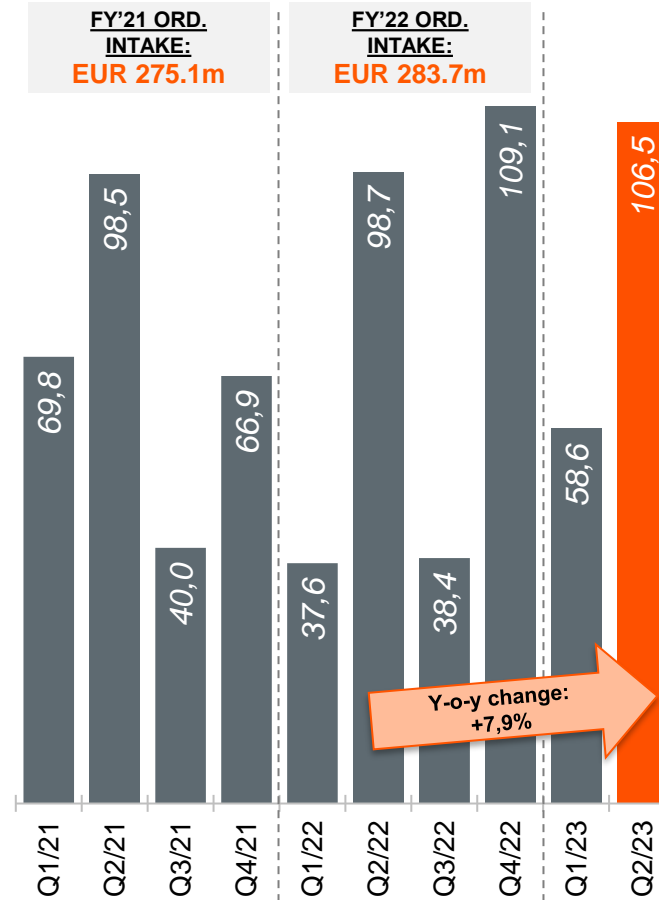
Quarterly performance overview

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

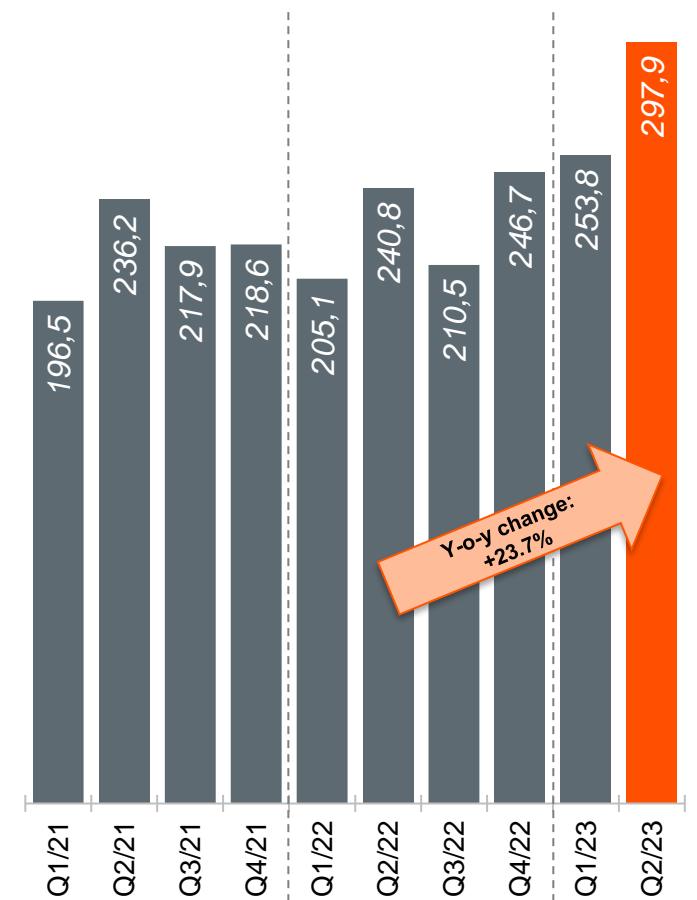
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



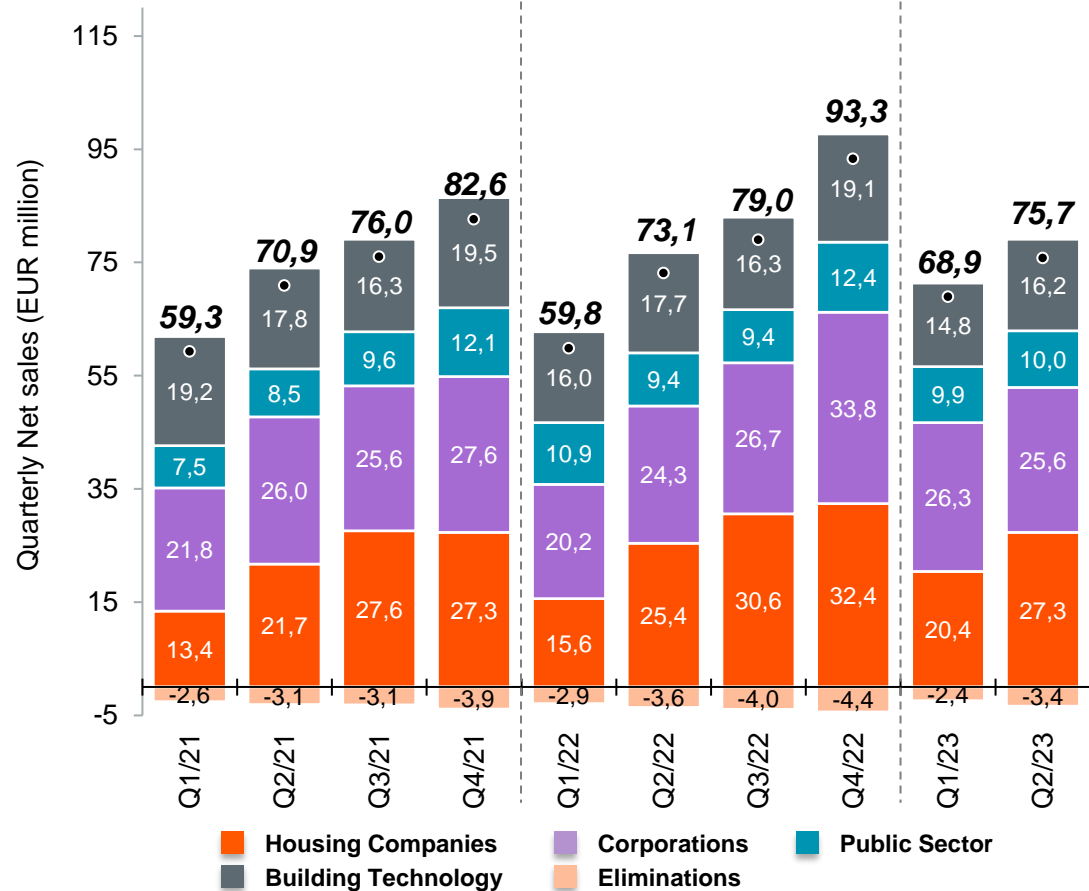
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q2 net sales amounted to EUR 75.7m, growing 3.6% year-on-year

Quarterly net sales development Q1/2021 – Q2/2023 (EUR m)



Comments

- Q2/2023 net sales EUR 75.7m (73.1m)
 - Year-on-year growth 3.6%
 - Net sales grew in Housing Companies, Corporations and Public Sector but decreased in Building Technology
 - Housing Companies net sales EUR 27.3m (25.4m) → net sales increased in other areas but decreased in Greater Helsinki area
 - Corporations net sales EUR 25.6m (24.3m) → net sales increased in other areas but decreased in Greater Helsinki area
 - Public Sector net sales EUR 10.0m (9.4m)
 - Building Technology net sales EUR 16.2m (17.7m) → net sales increased in service business but decreased in contracting
- H1/2023 net sales EUR 144.7m (132.9m), growth of 8.8% year-on-year

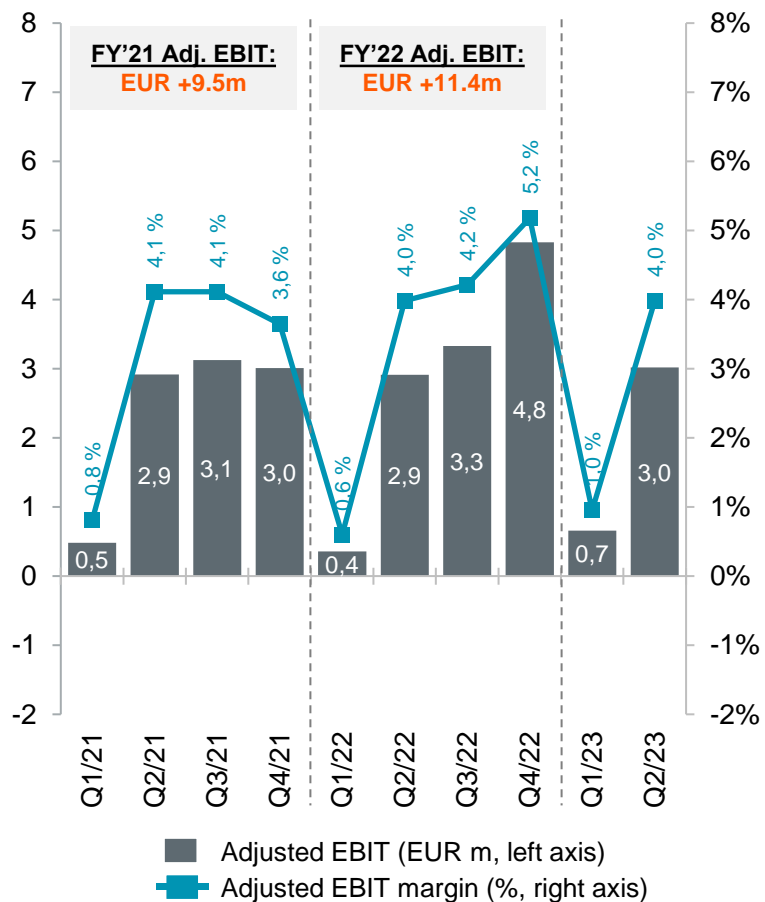
Quarterly Adjusted EBIT and EBIT development

Q2 profitability in line with expectations

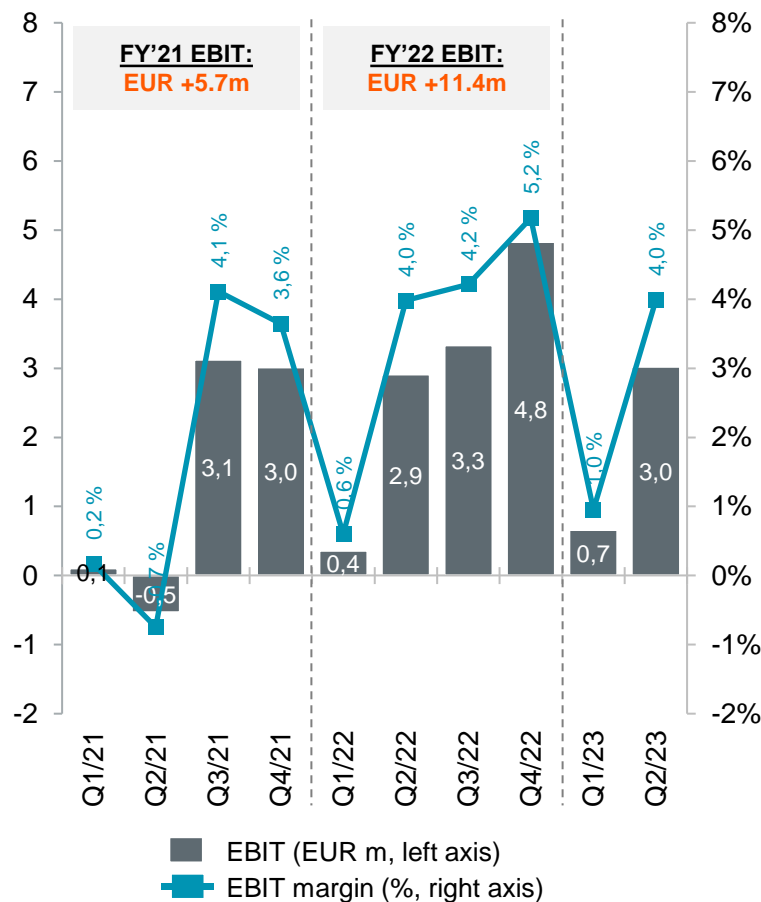
*Adjusted EBIT = EBIT before items affecting comparability (IAC)

- 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 – Q2/2023 (EUR m)



Quarterly EBIT development
Q1/2021 – Q2/2023 (EUR m)



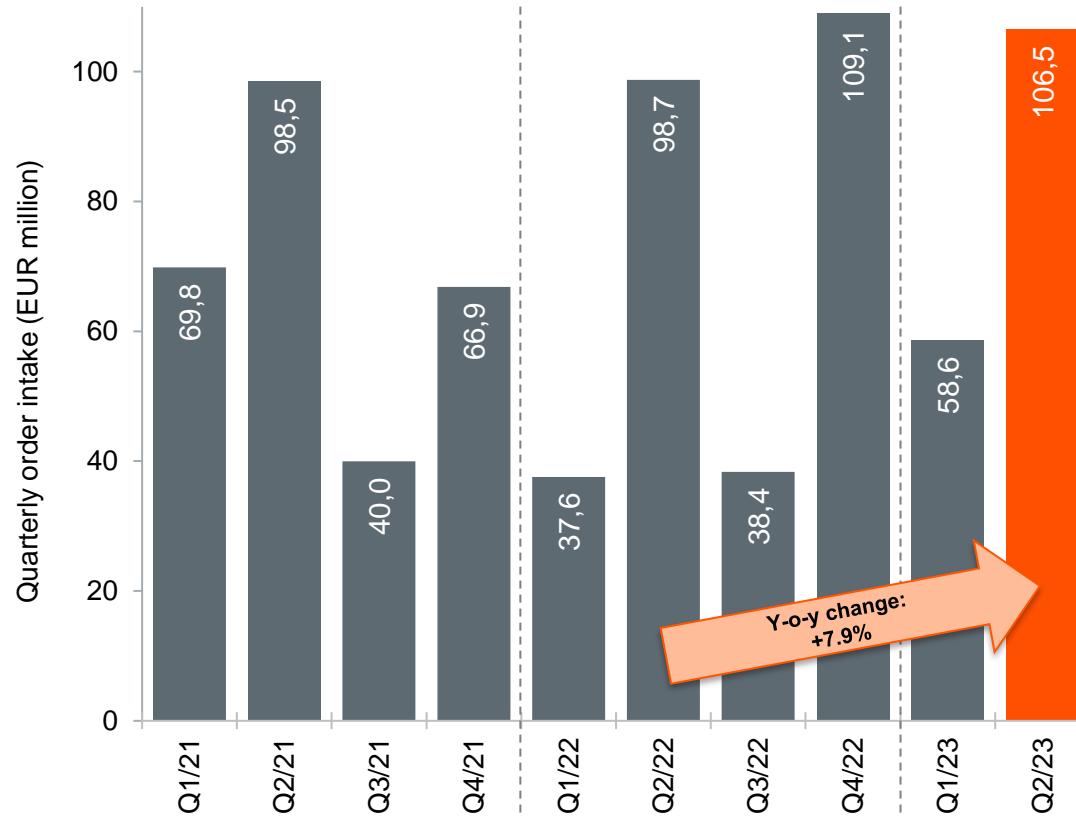
Comments

- Q2/2023 EBIT amounted to EUR 3.0 (2.9) million, or 4.0% (4.0%) of net sales
 - Q2 advanced as expected and projects largely progressed as planned
 - Profitability remained stable compared to the comparison period, although cost inflation had a negative effect on the result
- H1/2023 EBIT amounted to EUR 3.7 (3.3) million, or 2.5% (2.5%) of net sales

Quarterly order intake development

Q2/2023 order intake EUR 106.5 million (98.7m), up by 7.9 percent y-o-y

Quarterly order intake development Q1/2021 – Q2/2023 (EUR m)



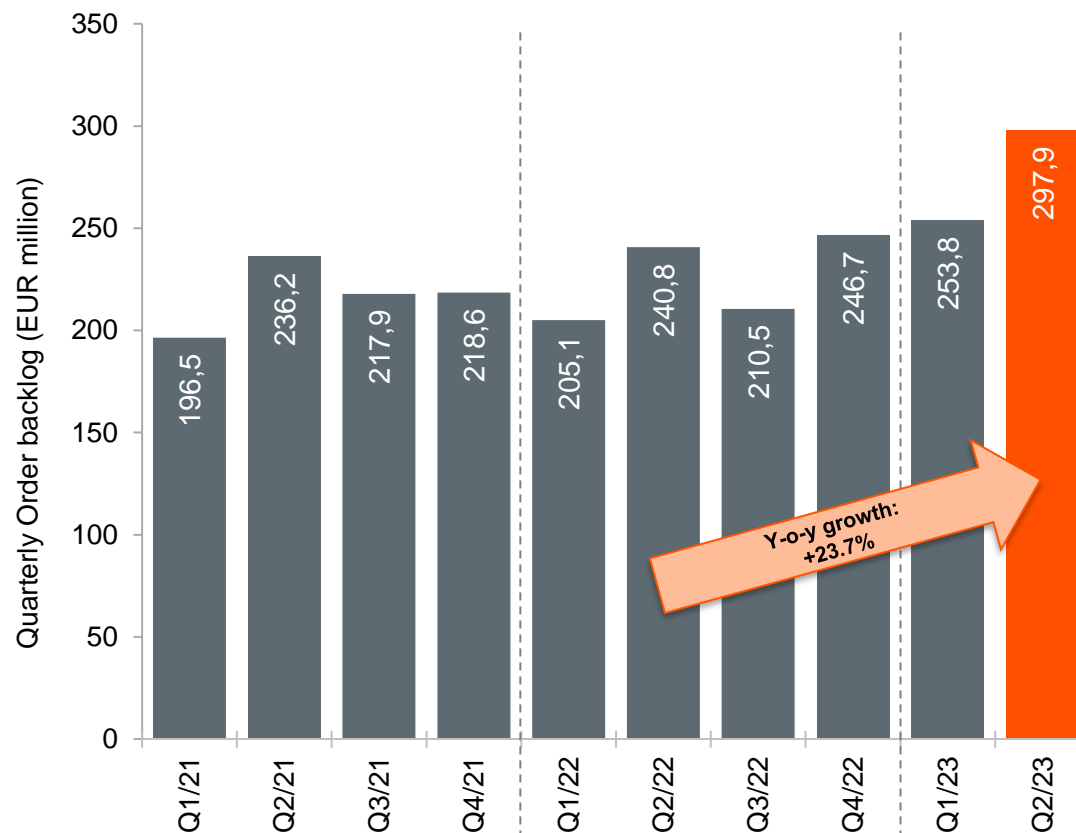
Comments

- Q2/2023 order intake EUR 106.5m (98.7m)
 - Year-on-year growth 7.9%
 - The most significant orders in Q2 were:
 - Comprehensive renovation and expansion of Helsingin Uusi Yhteiskoulu, an independent school in Helsinki
 - Large-scale renovation works of shopping centre Jumbo-Flamingo in Vantaa
 - Modernisation project of GLO Hotel Kluuvi into Hobo Helsinki
 - The value of the above-mentioned projects is approximately EUR 45 million
 - The rest of the order intake for Q2 2023 consists of several smaller projects that are evenly distributed across the four business areas
- H1/2023 order intake EUR 165.2m (136.3m), growth of 21.2% year-on-year

Quarterly order backlog development

Q2/2023 order backlog at EUR 297.9 million, up by 23.7% y-o-y

Quarterly order backlog development Q1/2021 – Q2/2023 (EUR m)



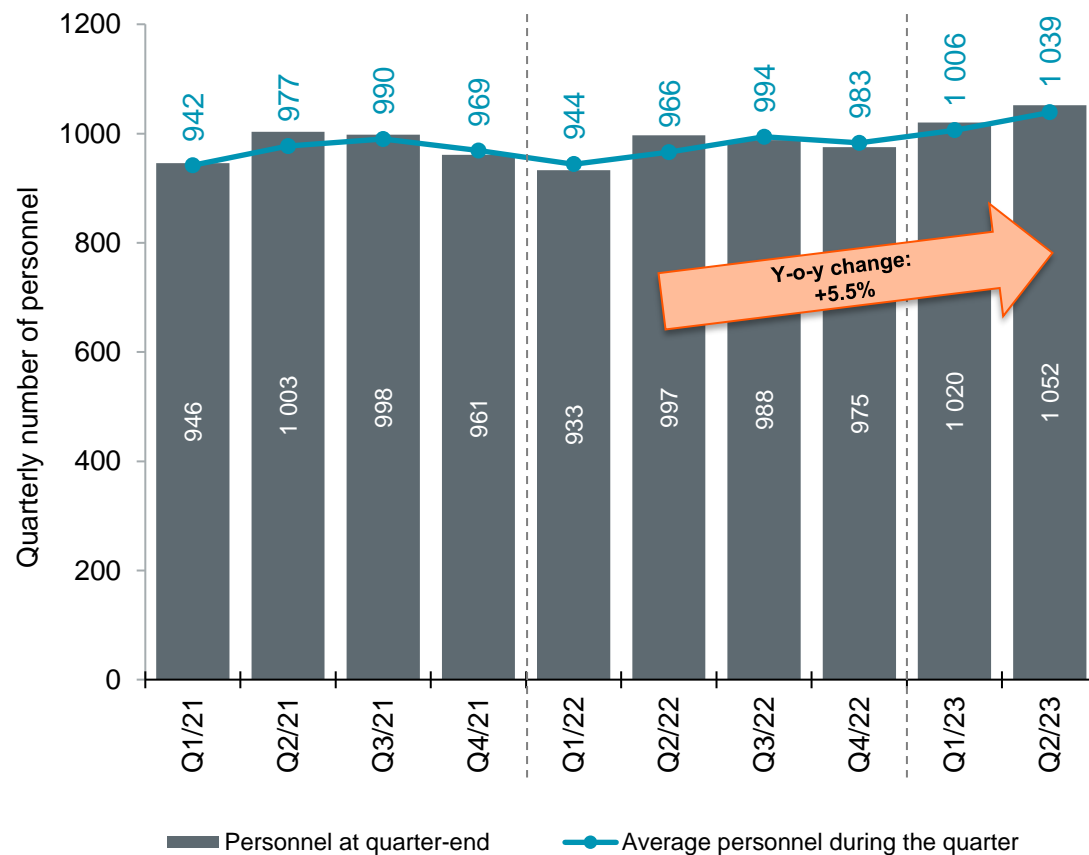
Comments

- Q2/2023 order backlog at EUR 297.9m (240.8m)
 - Year-on-year growth +23.7%
 - Order backlog at a record high level
 - In relative terms the June 2023 backlog is more evenly distributed to following years compared to June 2022 backlog
 - In absolute terms, a slightly larger share of June 2023 order backlog to be recognised in revenue within the next six months compared to June 2022 backlog
 - Strong order backlog to support solid performance going forward

Quarterly development in number of personnel

Total number of personnel at the end of Q2/2023 increased by 55 year-on-year

Quarterly development in number of personnel Q1/2021 – Q2/2023

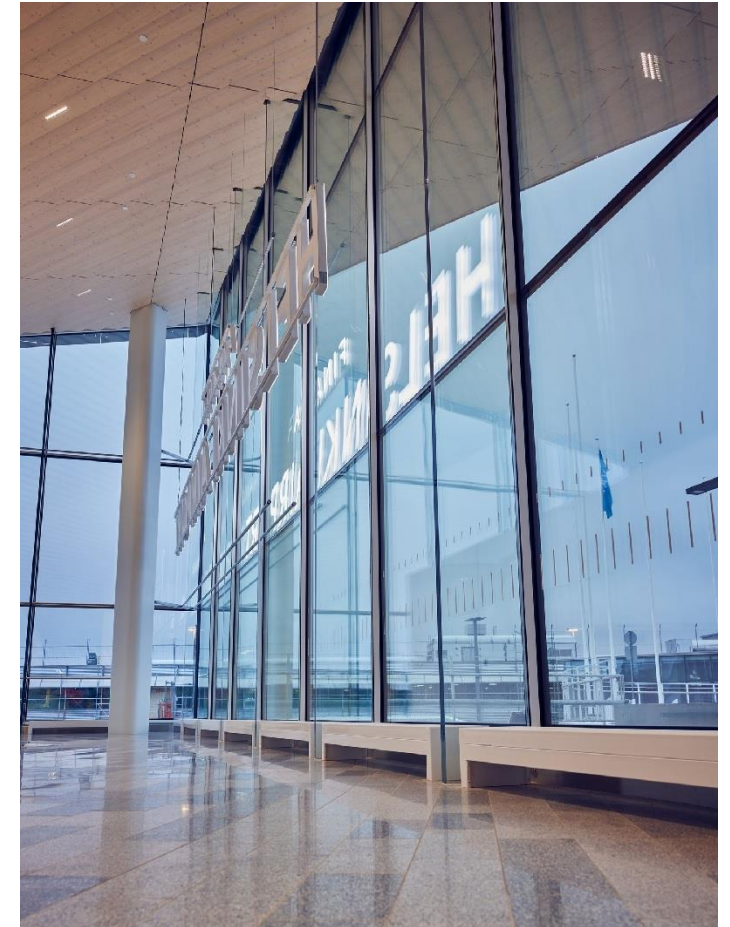


Comments

- Number of personnel at the end of Q2/2023 1,052 (997), increase of 55
- Average number of personnel during Q2/2023 1,039 (966), increase of 73
- Average number of personnel during H1/2023 1,023 (955), increase of 68
- Personnel increasing as a result of growing business volumes

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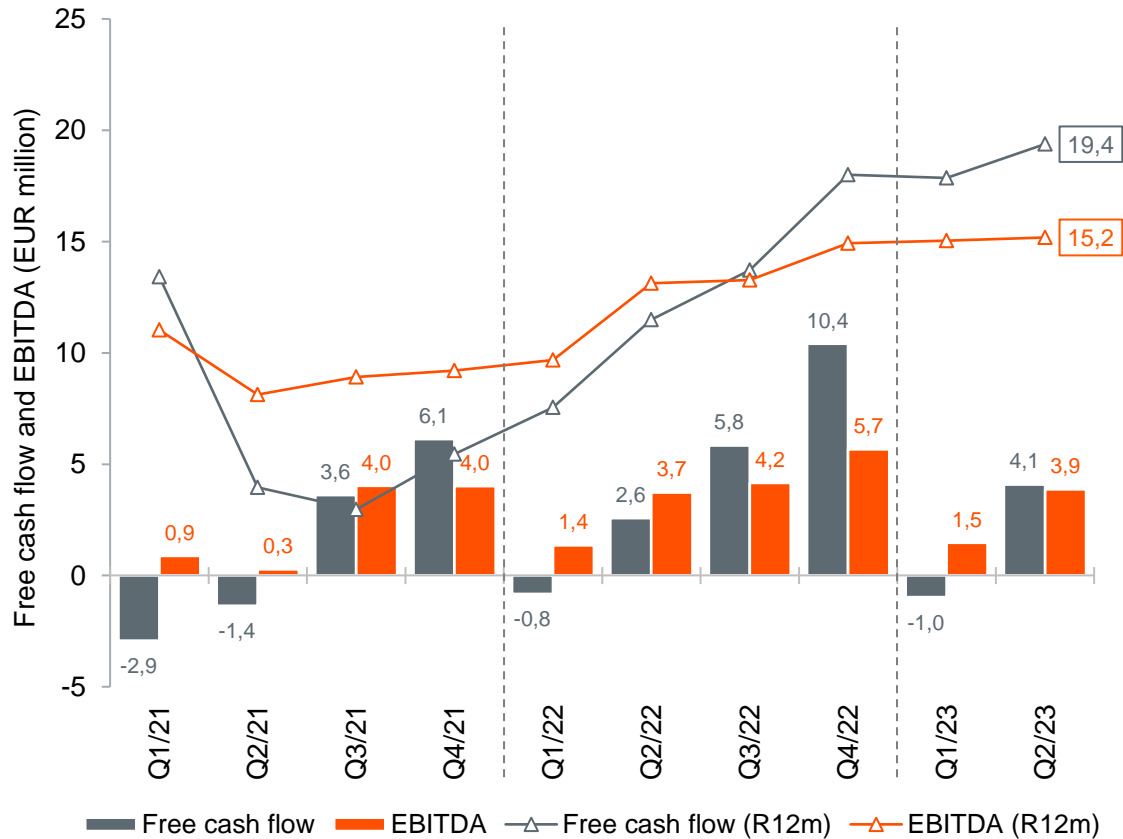
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3. Market outlook, guidance and summary
4. Appendix



Quarterly free cash flow development

Q2 2023 free cash flow EUR 4.1 million (2.6m), clear improvement year-on-year

Quarterly free cash flow¹⁾ and EBITDA Q1/2021 – Q2/2023 (EUR m)



Comments

- Q2/2023 free cash flow EUR 4.1m (2.6m)
 - EBITDA amounted to EUR 3.9m (3.7m)
 - Cash flow impact from change in net working capital was EUR +0.7m (-0.9m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.7m (-0.3m)

- H1/2023 free cash flow EUR 3.1m (1.7m)
 - EBITDA amounted to EUR 5.3m (5.1m)
 - Cash flow impact from change in NWC EUR -0.7m (-2.4m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -1.2m (-0.6m)

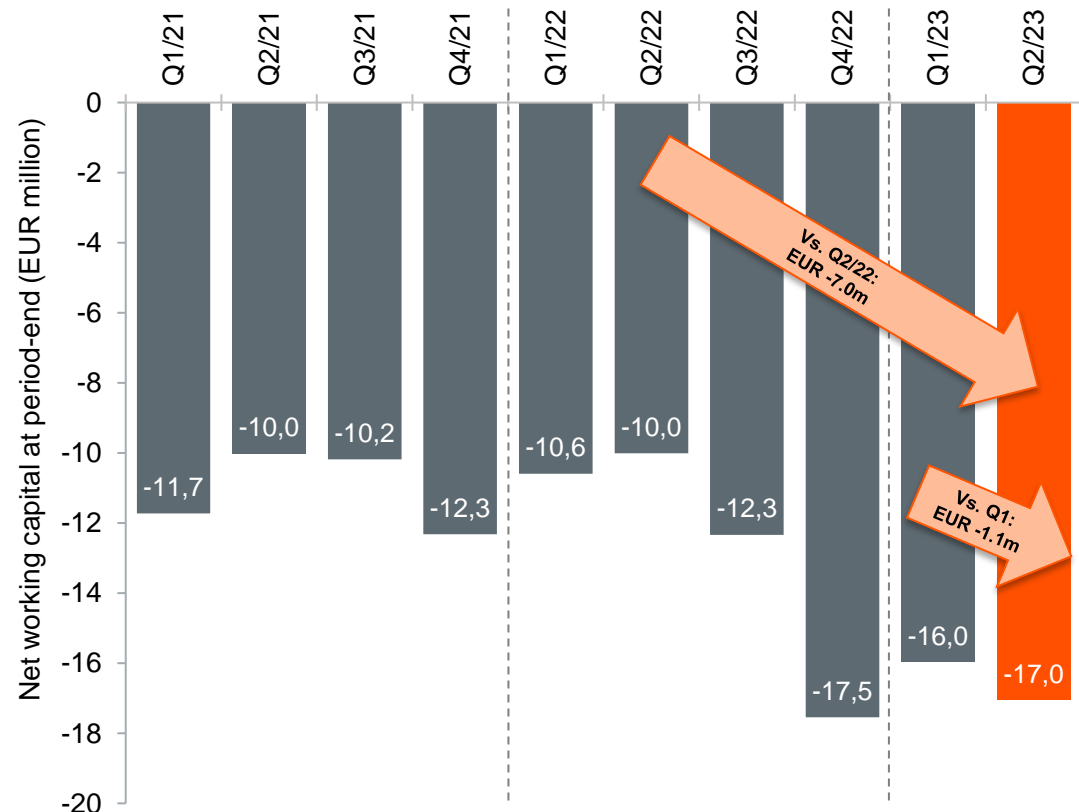
- In June 2023, rolling 12-month free cash flow EUR 19.4m and EBITDA EUR 15.2m → R12m cash conversion ratio 127.6%, meeting the long-term financial target of >90%

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 -17.0 million at the end of Q2/2023

Quarterly net working capital¹⁾ Q1/2021 – Q2/2023 (EUR m)



Comments

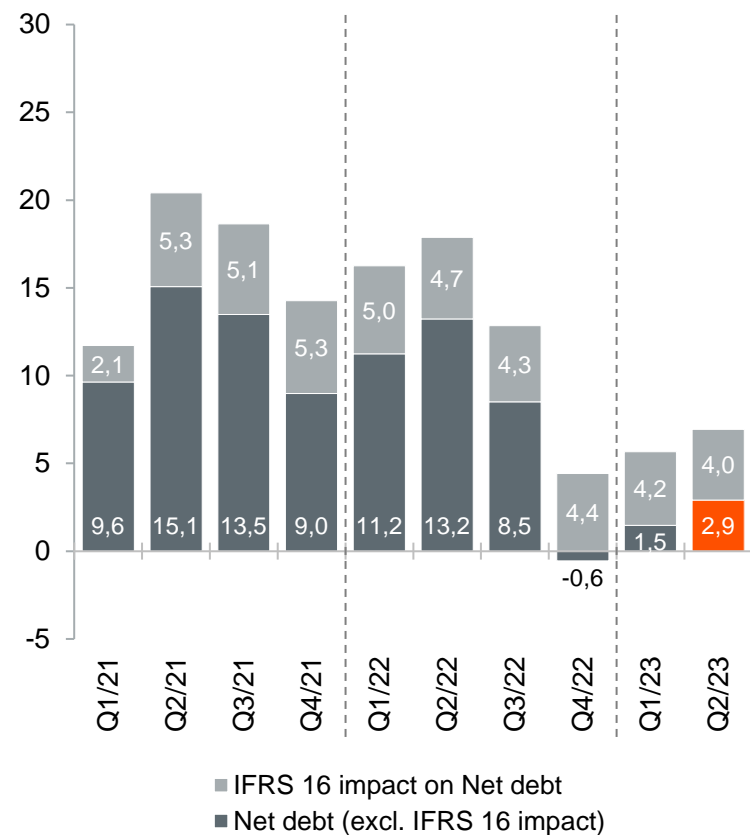
- Net working capital EUR -17.0m (-10.0m) at the end of Q2/2023
 - NWC change during the second quarter amounted to EUR -1.1m (+0.6m)
 - Improvement of EUR 7.0m in NWC compared to Q2/2022

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

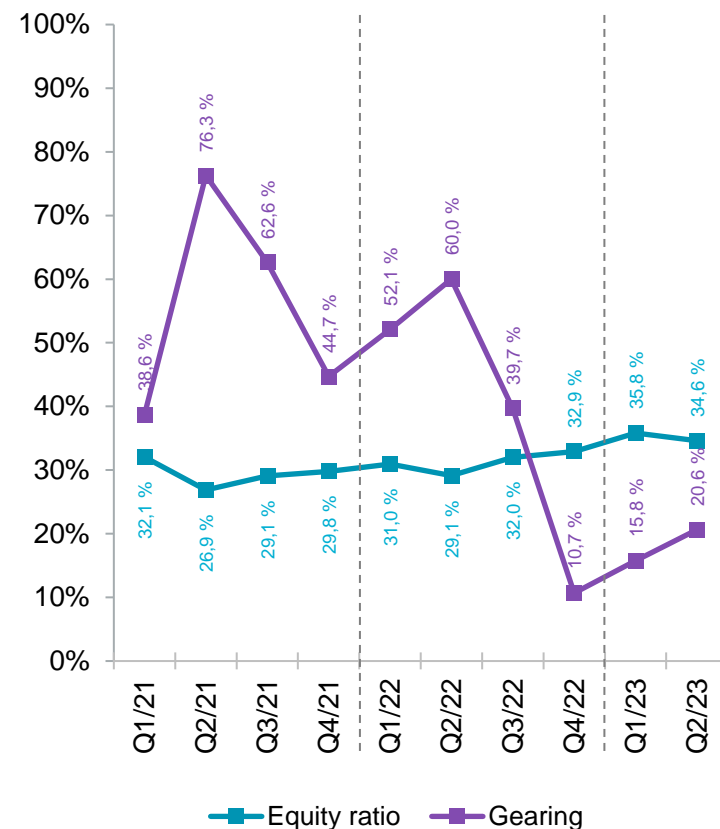
Quarterly balance sheet structure

Strong financial position at the quarter-end

Quarterly net debt development (EUR m)
Q1/2021 – Q2/2023



Quarterly equity ratio and gearing development
Q1/2021 – Q2/2023



Comments

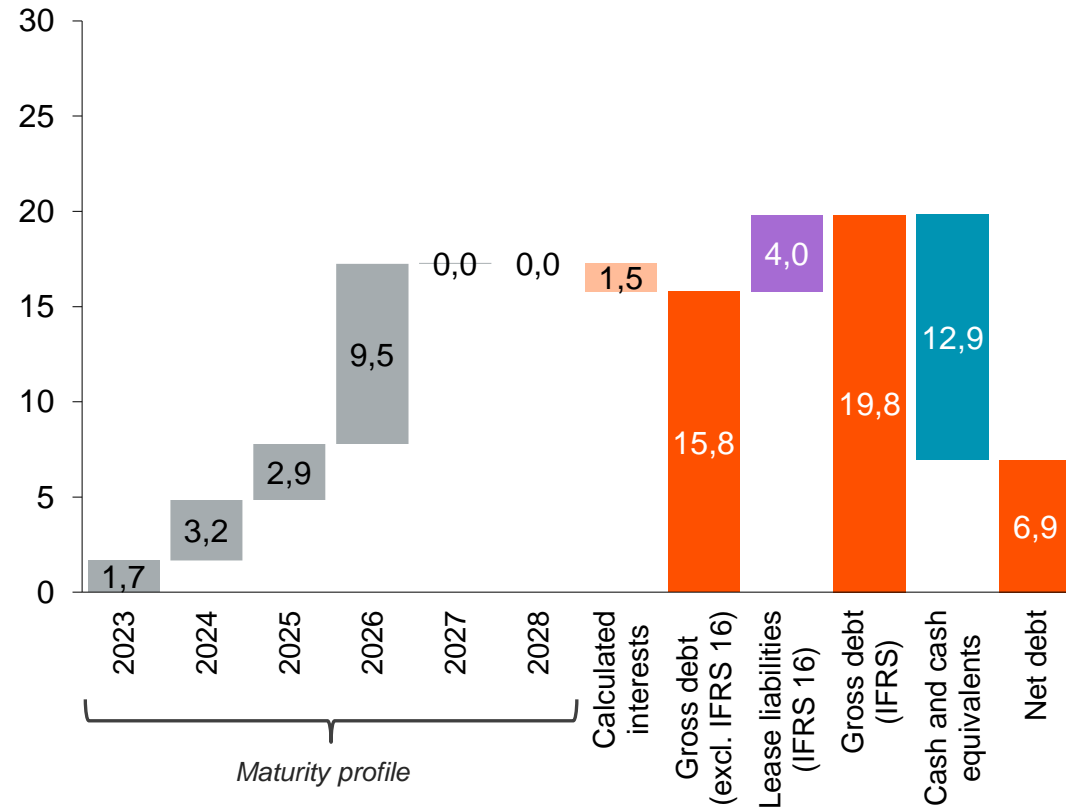
- Q2/2023 financial position strengthened year-on-year
 - Improvement in profitability and cash flow in H2 2022 and H1 2023
 - Dividend distribution of 0.60€ per share in April 2023
- Q2/2023 net debt at EUR 6.9m (17.9m), of which EUR 4.0m (4.7m) attributable to IFRS 16 related lease liabilities
 - Net debt excluding IFRS 16 at EUR 2.9m (13.2m)
- Q2/2023 equity ratio at 34.6% (29.1%)
 - Equity ratio excluding IFRS 16 at 36.3% (30.7%)
- Q2/2023 gearing at 20.6% (60.0%)
 - Gearing excluding IFRS 16 at 8.6% (44.1%)

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 (30 June 2023)

Gross interest-bearing debt (excl. IFRS 16) decreased by EUR 4.5 million in H1 2023. In April 2023, maturity of the loan was extended into June 2026

Maturity profile of interest-bearing debt¹⁾ as per 30 June 2023 (EUR m)



Comments

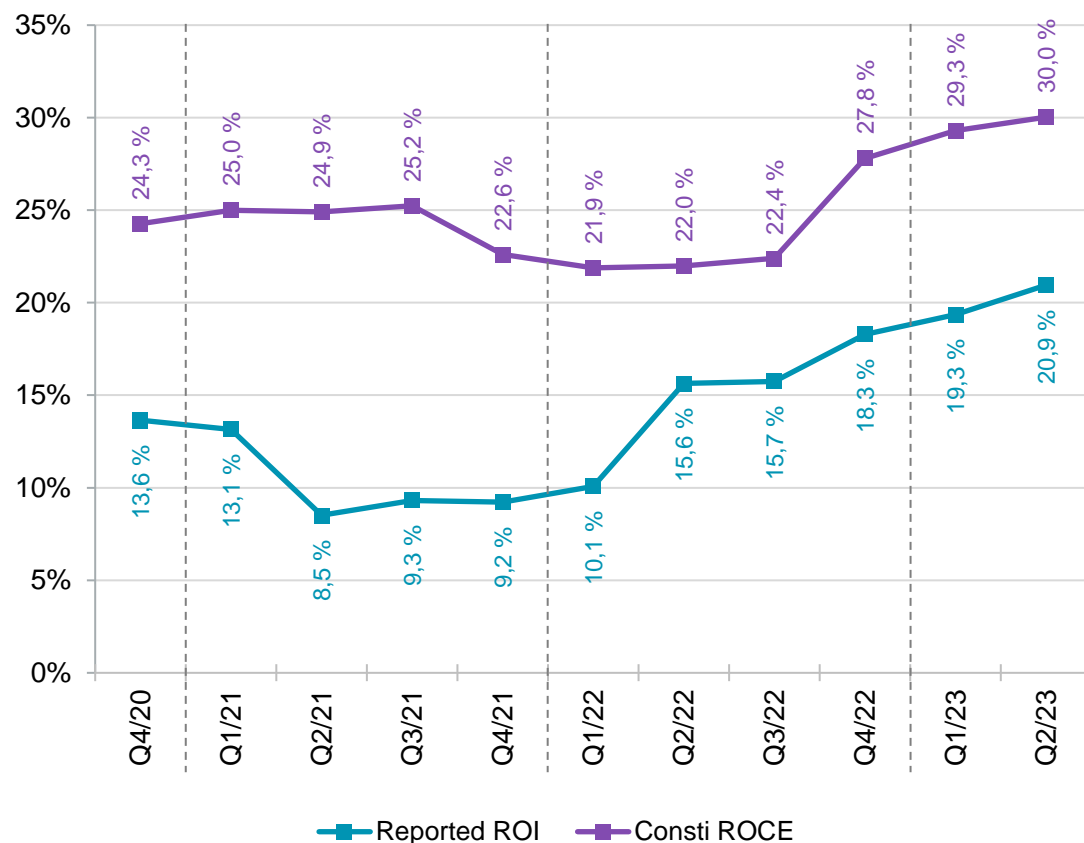
- Consti's gross interest-bearing debt at EUR 15.8 million (excluding IFRS 16) at the end of Q2/2023, reduction of EUR 10.3m year-on-year and reduction of EUR 4.5m during H1 2023
- H1/2023 net finance costs EUR 0.5m (0.4m), increasing slightly year-on-year
- Cash and cash equivalents EUR 12.9m at quarter-end
- 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 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

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

Reported ROI¹⁾ and Consti ROCE²⁾

Return on capital continued to improve in Q2

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



Comments

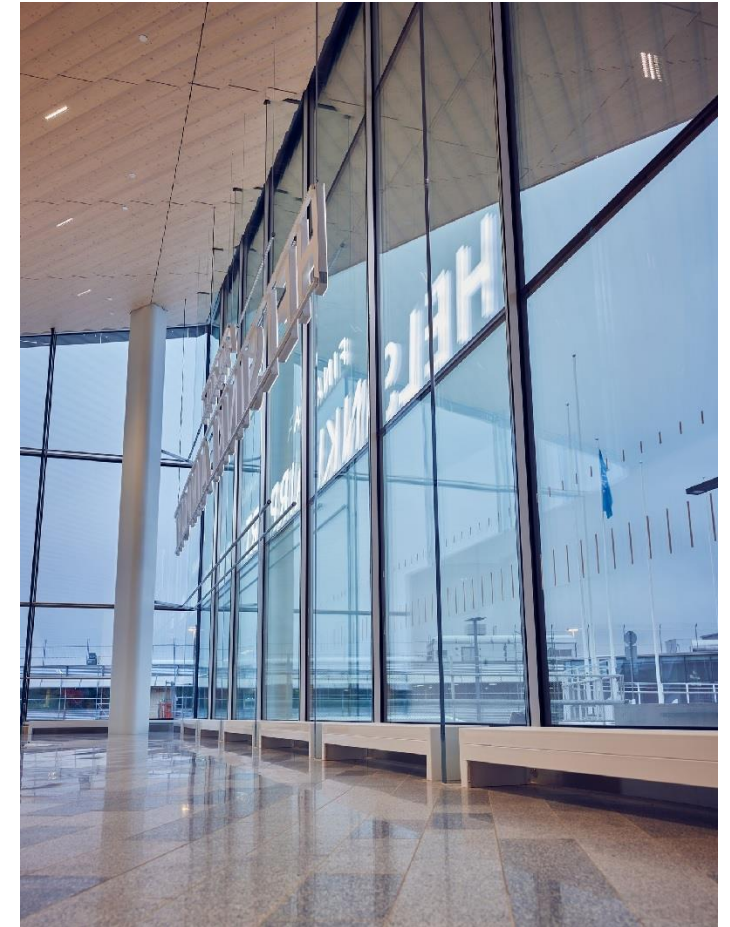
- In financial years 2020-2023, Consti's return on capital employed has exceeded 20%
- Q2 2023 Consti ROCE totaled 30.0%
 - Q2 2023 R12m EBIT margin 3.7%
 - Q2 2023 R12m average capital efficiency 8.1x (excluding IFRS 16 related assets)
- Q2 2023 Reported ROI totaled 20.9%
- In Q4/20 – Q1/22, reported 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

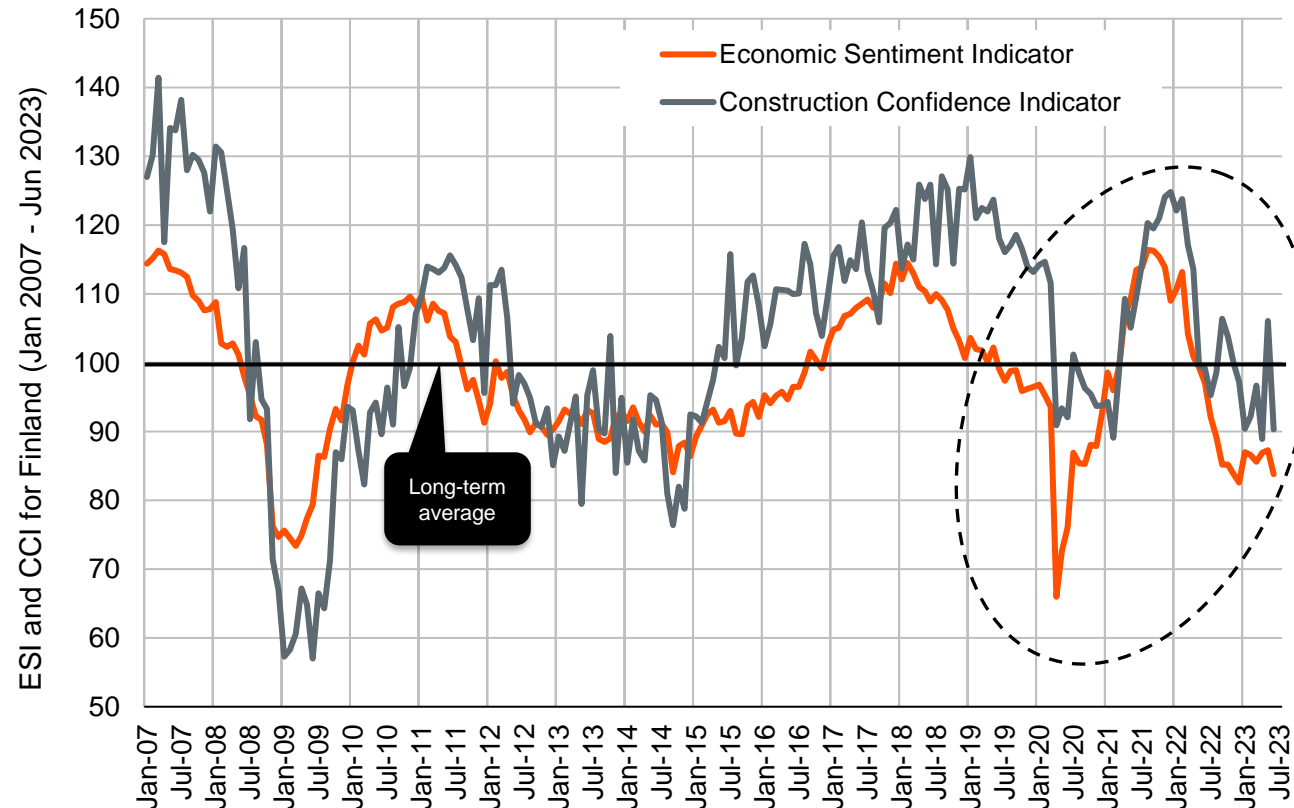
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Economic sentiment and construction confidence in Finland below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 6/2023)



Note: Mean-adjusted figures

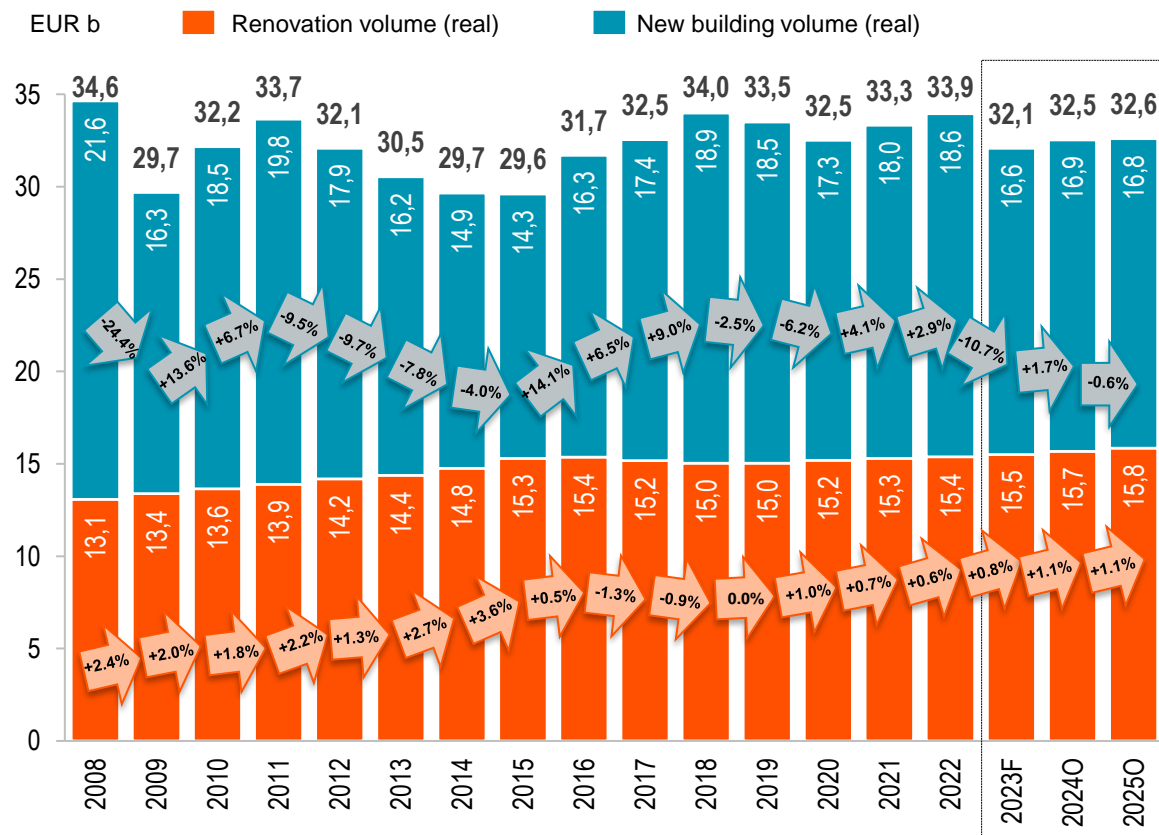
Source: European Commission, June 2023

Comments

- Relatively stable development in the Economic Sentiment Indicator (ESI) during H1 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 recovered in May 2023 but fell again below its long-term average level in June 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 2023-2025

Finnish new building and renovation market development 2008 – 2025



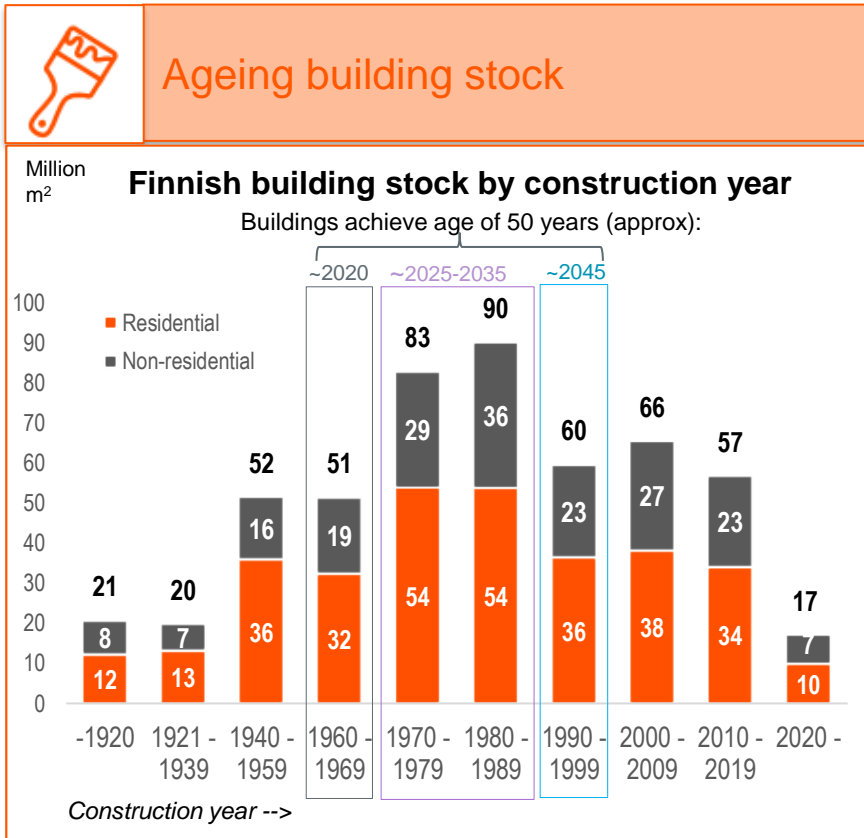
Source: Euroconstruct, June 2023

Comments

- Euroconstruct estimates in its June 2023 report that the Finnish house building market will decline by 5.5 percent in 2023
- The new building market is expected to decline by 10.7 percent in 2023 driven by a clear decline of 24.7 percent in new residential construction
- Renovation market is expected to grow by 0.8 percent in 2023
 - The growth is expected from both residential and non-residential renovation
 - In housing renovation, professional renovation is projected to increase while consumer renovation (DIY) will continue to decrease in 2023
- As for 2024, the outlook for construction output has somewhat improved compared to the previous forecast. New building is expected to grow by 1.7 percent and renovation is expected to grow by 1.1 percent in 2024
- Overall, the reduction in construction is projected to be more strongly focused on 2023 than previously anticipated

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



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 2023 & Forecon

Outlook and guidance for 2023

- In 2023, the Finnish house building volume is estimated to decrease by approximately 5.5 percent from the previous year. New construction is predicted to decrease by about 10.7 percent.
 - However, it is expected that renovation will continue on a growth path of 0.8 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 will increase competition for renovation projects
 - Additionally, rising financing costs and strong inflation will postpone construction projects in the short term
 - At the beginning of 2023, the readiness of housing companies and the public sector for repair investments has remained at a reasonable level but private real estate investment companies have been cautious about starting new construction projects
 - 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."

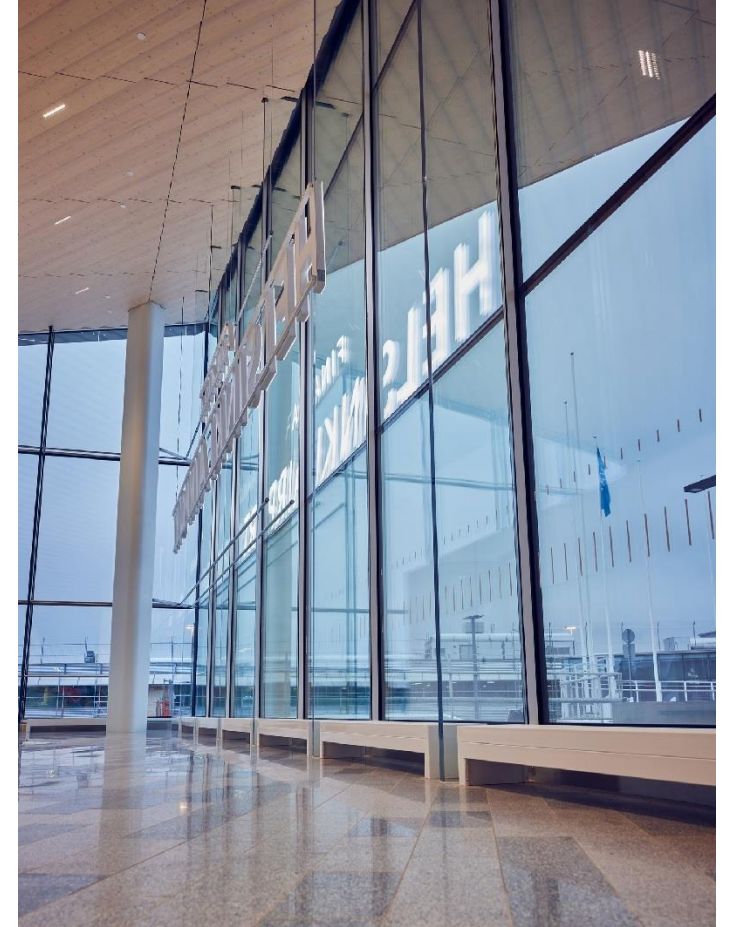


Summary

1. Solid performance continued in Q2 despite inflationary market environment
2. Net sales, order intake and order backlog continued to grow in Q2 2023
3. Thanks to solid operational performance and improved cash flow, 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 will increase competition for renovation projects, and the rising financing costs as well as strong inflation will 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

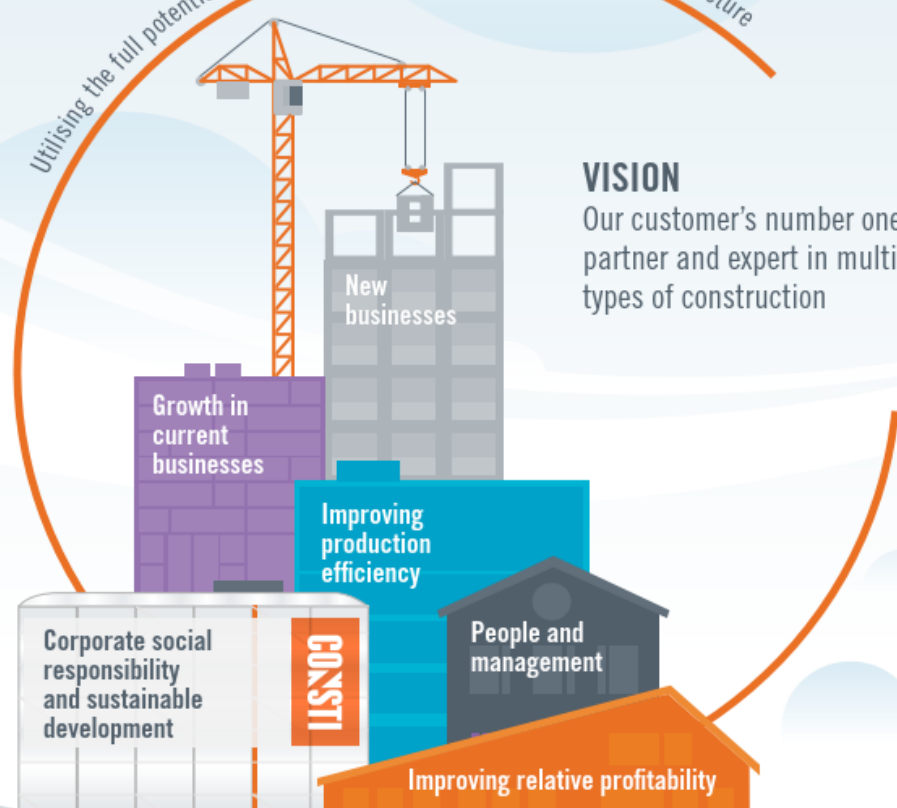
MISSION

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.

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

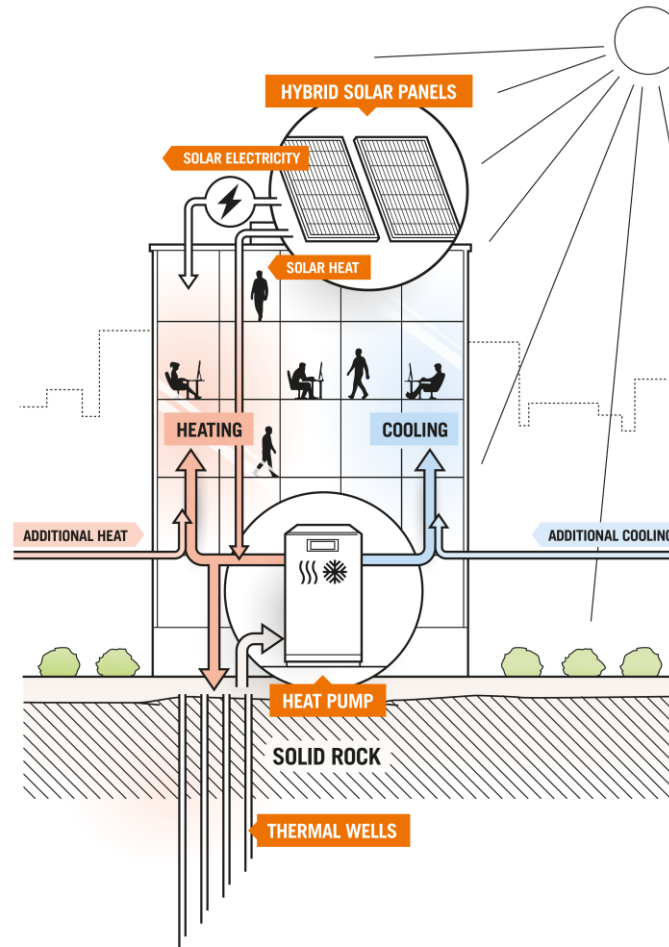


Long-term financial goals	Growth: net sales growing faster than the market	Cash flow: Cash conversion ratio exceeding* >90%
	Profitability: EBIT-margin exceeding >5%	Capital structure: Net debt to adjusted EBITDA ratio <2,5x
2022 results	Growth: net sales growing faster than the market	Cash flow: Cash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

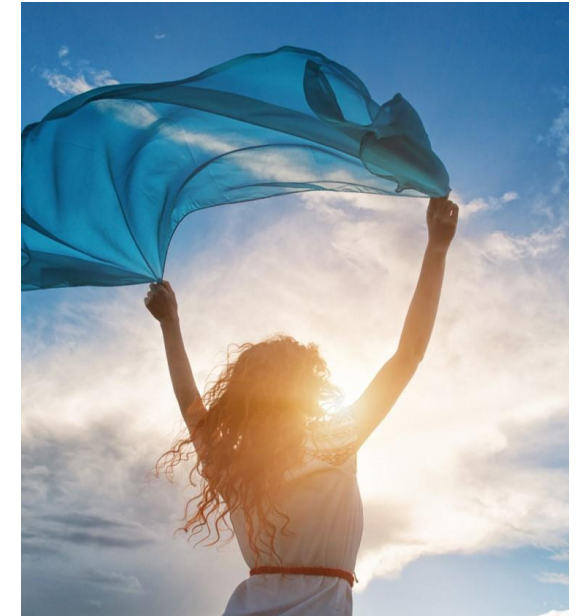
* The cash conversion is the amount of free cash flow divided by EBITDA. Free cash flow means net cash flow from operating activities before financial expenses and taxes. ** based on frozen GAAP calculation less capital used for purchase of intangible assets and property, plant and equipment.

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

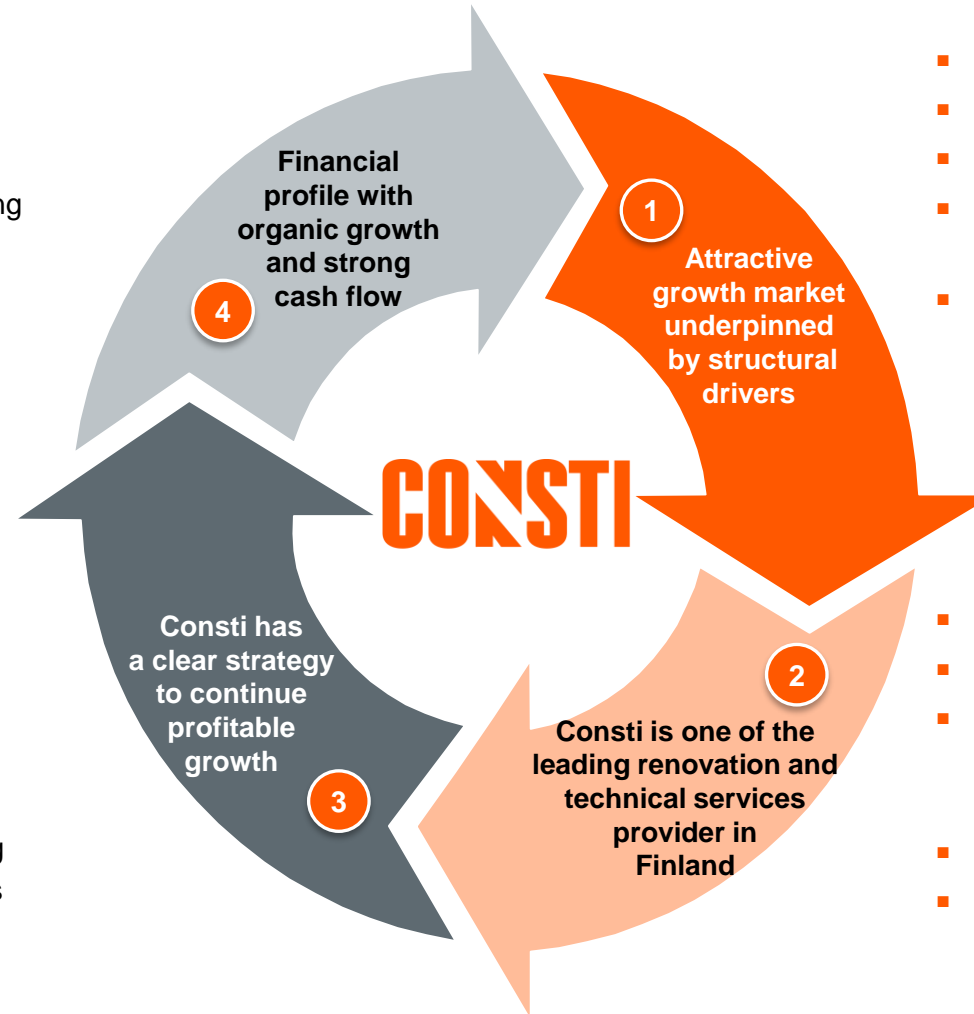


More information can be found from Consti's website www.consti.fi (in Finnish)

Consti 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

HALF-YEAR FINANCIAL REPORT

1-6/2023

CONSTI PLC

H1

CONSTI PLC
VALIMOTIE 16
FI-00380, HELSINKI
BUSINESS ID 2203605-05
WWW.CONSTI.FI