CONSTI

CONSTI'S HALF-YEAR FINANCIAL REPORT JANUARY – JUNE 2023

21 July 2023 at 8:30 am

SOLID DEVELOPMENT CONTINUED, ORDER BACKLOG INCREASING

4–6/2023 highlights (comparison figures in parenthesis 4–6/2022):

- Net sales EUR 75.7 (73.1) million; growth 3.6 %
- EBITDA EUR 3.9 (3.7) million and EBITDA margin 5.1 % (5.1 %)
- Operating result (EBIT) EUR 3.0 (2.9) million and EBIT margin 4.0 % (4.0 %)
- Order backlog EUR 297.9 (240.8) million; growth 23.7 %
- Order intake EUR 106.5 (98.7) million; growth 7.9%
- Free cash flow EUR 4.1 (2.6) million
- Earnings per share EUR 0.29 (0.28)

1–6/2023 highlights (comparison figures in parenthesis 1–6/2022):

- Net sales EUR 144.7 (132.9) million; growth 8.8 %
- EBITDA EUR 5.3 (5.1) million and EBITDA margin 3.7 % (3.8 %)
- Operating result (EBIT) EUR 3.7 (3.3) million and EBIT margin 2.5 % (2.5 %)
- Order intake EUR 165.2 (136.3) million; growth 21.2%
- Free cash flow EUR 3.1 (1.7) million
- Earnings per share EUR 0.33 (0.29)

Guidance on the Group outlook for 2023:

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

KEY FIGURES (EUR 1,000)	4-6/ 2023	4-6/ 2022	Change %	1-6/ 2023	1-6/ 2022	Change %	1-12/ 2022
Net sales	75,747	73,118	3.6 %	144,675	132,947	8.8 %	305,217
EBITDA	3,871	3,729	3.8 %	5,344	5,086	5.1 %	14,927
EBITDA margin, %	5.1 %	5.1 %		3.7 %	3.8 %		4.9 %
Operating result (EBIT)	3,020	2,912	3.7 %	3,677	3,271	12.4 %	11,428
Operating result (EBIT) margin, %	4.0 %	4.0 %		2.5 %	2.5 %		3.7 %
Profit/loss for the period	2,204	2,154	2.3 %	2,508	2,265	10.7 %	8,491
Order backlog				297,870	240,756	23.7 %	246,650
Free cash flow	4,095	2,577	58.9 %	3,125	1,747	78.8 %	18,000
Cash conversion, %	105.8 %	69.1 %		58.5 %	34.4 %		120.6 %
Net interest-bearing debt				6,949	17,880	-61.1 %	3,871
Gearing, %				20.6 %	60.0 %		10.7 %
Return on investment, ROI %				20.9 %	15.6 %		18.3 %
Number of personnel at period end				1,052	997	5.5 %	975
Earnings per share, undiluted (EUR)	0.29	0.28	3.6 %	0.33	0.29	13.8 %	1.10

CEO's review

"Consti continued its solid development in the second quarter of the year. Our net sales in the second quarter increased by 3.6 per cent to EUR 75.7 (73.1) million. Our net sales grew in all business areas engaged in the construction business. The net sales of our Building Technology business area grew in service business but declined in contracting business. In the first half of the year, our net sales increased by 8.8% to EUR 144.7 (132.9) million.

Our operating result for April-June was EUR 3.0 (2.9) million, or 4.0 (4.0) percent of net sales. The second quarter advanced as expected and our projects progressed largely as planned. Our profitability remained stable compared to the comparison period, although cost inflation had a negative impact on our results. Our operating result for the first half of the year was EUR 3.7 (3.3) million, or 2.5 (2.5) percent of net sales.

Due to solid profitability and released working capital, our free cash flow for April-June improved year-on-year and was EUR 4.1 (2.6) million. Thanks to the positive cash flow development, our balance sheet and liquidity positions at the end of the reporting period remained at a good level.

During April-June, our order intake amounted to EUR 106.5 (98.7) million, which represents an increase of 7.9% compared to the comparison period. Our most significant orders in the second quarter were the comprehensive renovation and extension project of the Helsingin Uusi yhteiskoulu school, the large-scale renovation works of the Jumbo-Flamingo shopping centre, and the modernisation project of the GLO Hotel Kluuvi into Hobo Helsinki. The total value of the contracts is approximately 45 million euros. The remainder of our order intake for April-June consists of several smaller projects and is evenly spread across our business areas. Thanks to the strong order intake, our order backlog at the end of the reporting period increased by 23.7 per cent compared to the comparison period and amounted to EUR 297.9 (240.8) million. Our order backlog at the end of the reporting period is at a record high level.

During the reporting period, we continued to implement our strategy and take measures to ensure the performance of our business in the current operating environment. Our actions focused on developing our customers' projects, tender activities, and improving our production efficiency, as well as achieving a more consistent level of performance in our project delivery. We also continued to invest in our personnel. At the beginning of the year, we have hired more talent to support our growth and invested more in expanding the skills of our personnel.

Based on our current market outlook, we expect demand for renovation and building technology services to remain at a reasonable level in 2023. According to forecasts, the renovation market is expected to grow by around 0.8% in 2023. The forecasts reflect the needs-orientated nature of renovation. New construction, on the other hand, is estimated to decline by around 10.7% in 2023. The poor demand outlook for new construction is increasing competition for renovation projects. In addition, rising financing costs and strong inflation will postpone some construction projects in the short term. In early 2023, the willingness of housing companies and the public sector to invest in renovation has remained at a reasonable level, but private real estate investment companies have been cautious in launching new construction projects. In the longer term, the growth of renovation construction is supported by the age of Finland's building stock and global megatrends, as well as sustainable development goals such as the requirements of the EU's Energy Efficiency Directive.

Our strong order backlog, the progress of our strategic projects, and our steadily improving performance put us in a good position to continue our solid development in 2023."

Operating environment

Construction market 2023

Construction market research institute Euroconstruct estimated in its June 2023 report that the entire market for housebuilding will decline by 5.5% in 2023. According to Euroconstruct's forecast, the new construction market is estimated to decline by around 10.7 percent in 2023. In contrast, the renovation market is estimated to grow by 0.8 percent in 2023. Euroconstruct predicts growth for both residential and non-residential renovation. In residential renovation, professional renovation and energy efficiency renovation are expected to grow but consumer renovations (DIY) are expected to decrease.

The renovation market in general

In recent years, the Finnish house building market has been divided almost equally between new construction and renovation. Renovation has grown relatively steadily for the last 20 years. Growth is projected to remain steady for years to come, as renovation is more need-based and less sensitive to economic cycles than new construction.

Nearly two-thirds of renovation is conducted in residential buildings, and more than half of this volume is estimated to be professional renovation. Just over one third of all renovation is conducted in non-residential buildings.

In the renovation of residential buildings, the emphasis is still on building technology, which accounts for approximately 40 percent of the value of renovation. It has been estimated that building technology renovation will increase more strongly than other renovation also in the next few years. The growth of building technology renovation is maintained by the large number of residential buildings that have reached the age where they require pipeline renovation.

The higher prices of heating and the green transition will also bring growth to the building technology market. Until now, energy efficiency has been improved largely in connection with other renovation, but rapidly rising energy prices have made energy renovation profitable as independent projects as well. 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 plays a central role in reducing the carbon footprint of the built environment, as the number of new buildings is growing by only about one per cent per year.

In addition to building technology renovation, many housing companies have a growing need for facade renovation, which they have postponed due to financial reasons, to make way for pipeline renovation. Approximately one fifth of all renovation projects are maintenance and repair projects. In the building technology market, Consti also operates in all other areas of new construction apart from housing construction.

The age of Finland’s building stock is a primary driver of the need for renovation. Housing construction was at its peak in the 1970s, and the building technology and structures of that time now require thorough renovation. Along with the need for building technology renovation, expectations for living comfort have risen. In addition, the need for renovation in business premises is also driven by changes in space needs.

The rise of the price of financing and strong inflation will postpone some renovation projects in the short term. In early 2023, the willingness of housing companies and the public sector to invest in renovation has remained at a reasonable level, but private real estate investment companies have been cautious in launching new construction projects.

In addition to the age of the building stock, renovation needs are increased by many phenomena named as megatrends, such as urbanisation, the aging of the population, changes in working methods, the growth of e-commerce and climate change. Both new construction and renovation remain heavily concentrated in growth centres.

Group structure

Consti is one of Finland’s leading companies focused on renovation contracting and technical building services. Consti offers comprehensive renovation and building technology services and selected new construction services to housing companies, corporations, investors and the public sector in Finland’s growth centres.

Consti has four business areas: Housing Companies, Corporations, Public Sector and Building Technology. All these also contain Servicing and maintenance services which is not reported as its own business area. Consti however reports its Service operations’ sales per financial year. Consti’s Service business includes service contracting as well as technical repair and maintenance services to contract customers.

Business areas are reported in one segment. In addition, Consti reports net sales for each business area.

The Group’s parent company is Consti Plc. The business areas operate in subsidiaries completely owned by the parent company: Consti Korjausrakentaminen Oy (Housing Companies, Corporations and Public Sector) and Consti Talotekniikka Oy (Building Technology) and RA-Urakointi Oy.

Long term goals

Consti's mission is to improve the value of the building stock and people's quality of life. Consti's vision is to be "Our customer's number one partner and expert in multiple types of construction". To achieve its vision and goals, Consti has defined strategic focus areas, which are: growth in current businesses, new businesses, improving relative profitability, improving production efficiency, people and management and corporate social responsibility and sustainable development.

The company's long-term financial goals are to achieve:

- Growth: net sales growing faster than the market
- Profitability: EBIT margin exceeding 5 percent
- Free cash flow: Cash conversion ratio exceeding 90 percent
- Balance sheet structure: Net debt to adjusted EBITDA ratio of less than 2.5x
- The Company's aim is to distribute as dividends at least 50 percent of the Company's annual net profit

Net sales, operating result and order backlog

4–6/2023

Consti Group's April-June net sales increased 3.6 percent and were 75.7 (73.1) million euro. Housing Companies net sales were 27.3 (25.4), Corporations net sales were 25.6 (24.3), Public Sector net sales were 10.0 (9.4) and Building Technology net sales were 16.2 (17.7) million euro.

Net sales grew in Housing Companies, Corporations and Public Sector business areas but decreased in Building Technology business area. Net sales in Housing Companies and Corporations business area increased in other areas but decreased in Greater Helsinki area. The net sales of Building Technology business area increased in service business but decreased in contracting business.

Operating result (EBIT) for April-June was 3.0 (2.9) million euro. Operating result from net sales was 4.0 (4.0) percent. The second quarter 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.

The order backlog at the end of the reporting period increased 23.7 percent and was 297.9 (240.8) million euro. Order intake value during April-June increased 7.9 percent and was 106.5 (98.7) million euro.

1–6/2023

Consti Group's January-June net sales increased 8.8 percent and were 144.7 (132.9) million euro. Housing Companies net sales were 47.7 (41.0), Corporations net sales were 51.9 (44.5), Public Sector net sales were 19.8 (20.3) and Building Technology net sales were 31.0 (33.7) million euro.

Net sales grew in Housing Companies and Corporations business areas but decreased in Public Sector and Building Technology business area. Net sales in Housing Companies business area increased in other areas but decreased in Greater Helsinki area. Net sales in Corporations business area increased in Greater Helsinki area and in other areas. The net sales of Building Technology business area increased in service business but decreased in contracting business.

Operating result (EBIT) for January-June was 3.7 (3.3) million euro. Operating result from net sales was 2.5 (2.5) percent. The first half of the year 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.

The order backlog at the end of the reporting period grew 20.8 percent compared to the end of the previous financial year and was 297.9 (240.8) million euro. The order intake value during January-June increased 21.2 percent and was 165.2 (136.3) million euro.

Investments and business combinations

Investments into intangible and tangible goods in April-June were 0.7 (0.3) million euro, which is 0.9 (0.4) percent of the company's net sales. Investments into tangible and intangible assets in January-June were

1.2 (0.6) million euro, which is 0.8 (0.4) percent of net sales. The largest investments were made into property, plant and equipment which primarily include machinery and equipment purchases. Investments into right-of-use assets (IFRS 16) during January-June were EUR 0.7 (0.5) million. The majority of investments into right-of-use assets during the reporting period were related to renewed leasing contracts of vans used in project and service business.

Cash flow and financial position

The operating cash flow in April-June before financing items and taxes was 4.8 (2.9) million euro. Free cash flow was 4.1 (2.6) million euro. The cash conversion ratio in April-June was 105.8 (69.1) percent. In addition to the solid profitability, the cash flow in April-June was supported by released working capital during the reporting period.

The January-June operating cash flow before financing items and taxes was 4.3 (2.3) million euro. Free cash flow was 3.1 (1.7) million euro. The cash conversion ratio in January-June was 58.5 (34.4) percent. The cash flow in January-June was supported by the lower amount of tied up working capital compared to comparison period and the improvement of operating result.

Consti Group's cash and cash equivalents on 30 June 2023 were 12.9 (12.9) million euro. In addition, the company has undrawn revolving credit facilities and unused credit limits amounting to 8.0 million euro in total. The Group's interest-bearing debts were 19.8 (30.7) million euro. External loans are subject to two financial covenants based on the ratio of the Group's net debt to adjusted EBITDA and gearing. On the balance sheet date, the interest-bearing net debt was 6.9 (17.9) million euro and the gearing ratio 20.6 (60.0) percent. At the balance sheet date 30 June 2023, the Group's interest-bearing net debt to adjusted EBITDA ratio was under the covenant's maximum level according to the confirmed calculation principles.

The balance sheet total on 30 June 2023 was 114.8 (114.0) million euro. At the end of the reporting period tangible assets in the balance sheet were 7.7 (7.9) million euro. Equity ratio was 34.6 (29.1) percent.

Within the framework of the EUR 50 million domestic commercial paper program initiated in October 2019, Consti may issue commercial papers with maturity of under one year. During January-June 2023, Consti issued new commercial papers with maturity of under one year amounting to EUR 2.0 million. During the same period, matured total of EUR 6.0 million earlier issued commercial papers. At the end of the reporting period, there were no issued commercial papers.

The long-term loan refinanced by the company in June 2021 includes an extension option that allows to extend the maturity of the loan in two phases by a maximum of two years. The Company exercised the first extension option in May 2022 and the second extension option in April 2023. With the use of the second extension option, the last maturity date of the loan was moved to June 2026.

MATURITY DISTRIBUTION OF INTEREST-BEARING DEBT (EUR 1,000)*	2023	2024	2025	2026	2027	2028-	Total
Bank loans	1,288	2,514	2,431	9,185	0	0	**15,417**
Commercial papers	0	0	0	0	0	0	**0**
Lease liabilities	1,151	1,331	1,167	472	31	7	4,159
Other interest-bearing liabilities	380	664	503	281	42	0	1,871
Total	**2,818**	**4,509**	**4,101**	**9,939**	**73**	**7**	**21,447**

**Including deferred interest expense*

Personnel

Consti Group's personnel count was 1,052 (997) at the end of the reporting period. The average personnel count during the reporting period January-June was 1,023 (955).

At the end of the reporting period 380 (381) employees worked in Housing Companies, 229 (211) in Corporations, 62 (40) in Public Sector and 366 (350) in the Building Technology business area. The parent company employed 15 (15) people.

PERSONNEL AT PERIOD END	30 Jun 2023	30 Jun 2022	Change %	31 Dec 2022
Housing Companies	380	381	-0.3 %	362
Corporations	229	211	8.5 %	209
Public Sector	62	40	55.0 %	46
Building Technology	366	350	4.6 %	345
Parent company	15	15	0.0 %	13
Group	**1,052**	**997**	**5.5 %**	**975**

Management Team

Consti Plc's Management Team at the end of the reporting period consisted of CEO Esa Korkeela and the following persons: Joni Sorsanen, CFO; Risto Kivi, Business Area Director Housing Companies; Jukka Mäkinen, Business Area Director Corporations; Jukka Kylliö, Business Area Director Public Sector; Jaakko Taivalkoski, Business Area Director Building Technology; Pirkka Lähteinen, Regional Director Corporations; Heikki Untamala, Chief Legal Officer and Turo Turja, HR Director.

Important events during the reporting period

Consti Plc ("Consti") received an announcement from Elementa Management AB ("Elementa") on 20 April 2023, in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the number of Consti shares and votes owned by Elementa decreased below ten (10) per cent of the share capital of Consti on 19 April 2023.

The Annual General Meeting 2023 and Board authorisations

The Annual General Meeting of Shareholders of Consti Plc held on 4 April 2023 adopted the Financial Statements and discharged the Members of the Board of Directors and the CEO from liability for the financial year 1 January - 31 December 2022. The Annual General Meeting resolved that a dividend of 0.60 euro per share for the financial year 2022 is paid. The record date for dividend payment is 6 April 2023 and the dividend is paid on 17 April 2023.

The Annual General Meeting resolved that the Board of Directors consists of six members. The current members of the Board of Directors, Erkki Norvio, Petri Rignell, Pekka Salokangas, Anne Westersund, Johan Westermarck and Juhani Pitkäkoski were re-elected to the Board of Directors for the following term of office.

Authorised Public Accounting firm Ernst & Young Ltd was elected as the Auditor of the Company and Toni Halonen, Authorised Public Accountant, will act as the Responsible Auditor.

It was resolved that the annual remuneration of the members of the Board of Directors is paid as follows: The Chairman of the Board of Directors is paid EUR 48,000 and members of the Board of Directors are each paid EUR 36,000. It was also resolved that a EUR 500 fee per member per meeting is paid for Board meetings. It was resolved that the remuneration for the Auditor shall be paid according to the Auditor's reasonable invoice.

The Board of Directors was authorised to decide on the acquisition of a maximum of 606,000 own shares in one or more tranches by using the unrestricted equity of the Company. The own shares can be acquired at a price formed in public trading on the acquisition date or at a price otherwise formed on the market. In the acquisition, derivatives, inter alia, can be used. The acquisition of own shares may be made otherwise than in proportion to the share ownership of the shareholders (directed acquisition). Own shares acquired by the Company may be held by it, cancelled or transferred. The authorisation includes the right of the Board of Directors to resolve on how the own shares are acquired as well as to decide on other matters related to the acquisition of own shares.

The authorisation revokes previous unused authorisations on the acquisition of the Company's own shares. The authorisation is valid until the following Annual General Meeting, however no longer than until 30 June 2024.

The Board of Directors was authorised to decide on the issuance of shares and on the transfer of special rights entitling to shares referred to in Chapter 10, Section 1 of the Limited Liability Companies Act, in one or several tranches, either against or without consideration. The number of shares to be issued, including shares transferred under special rights, may not exceed 780,000 shares. The Board of the Directors may decide to issue either new shares and/or transfer of own shares possibly held by the Company. The authorisation entitles the Board of Directors to resolve on all the conditions of the issuance of shares and the issuance of special rights entitling to shares, including the right to deviate from the shareholders' pre-emptive subscription right.

The authorisation revokes previous unused authorisations on the issuance of shares and the issuance of options and other special rights entitling to shares. The authorisation is valid until the end of the following Annual General Meeting, however no longer than until 30 June 2024.

Organising Meeting of the Board of Directors

The Board of Directors elected by the Annual General Meeting of Shareholders of Consti Plc on 4 April 2023 held its organising meeting and elected Petri Rignell as the Chairman of the Board. The Board of Directors appointed Petri Rignell, Erkki Norvio, Pekka Salokangas and Juhani Pitkäkoski members of the Nomination and Compensation Committee. The Board of Directors has not established other committees.

Shares and share capital

Consti Plc's share capital on 30 June 2023 was 80 000 euro and the number of shares 7 858 267. Consti Plc held 123 739 of these shares. The Company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company and to an equal dividend. The Company's shares have no par value. Consti Plc's shares are added into the Book-Entry Securities System.

Share based bonus schemes

Consti Plc's Board decided on 2 March 2023 to continue the key employee share-based incentive plan launched in 2016. The plan offers the key employees that belong to the target group of the plan an opportunity to earn the Company's shares as reward by converting half or all of their performance-based bonuses to be earned on the basis of the Company's bonus scheme in 2023 into shares. Before the reward payment, the performance-based bonuses that have been converted into shares will be multiplied by a reward multiplier determined by the Board. The potential reward from the performance period 2023 will be paid to participants partly in shares and partly in cash after a two-year vesting period in 2026. During the performance period 2023, a maximum of approximately 75 key employees will belong to the target group of the plan, including the members of the Management Team. The rewards to be paid for the performance period 2023 will amount up to a maximum total of approximately 240,000 Consti Plc shares at the prevailing share price level, including also the cash portion, providing that all of the key employees that belong to the target group of the plan decide to participate and convert their performance-based bonuses entirely into shares.

Trade at Nasdaq Helsinki

Consti Plc has been listed in the Helsinki Stock Exchange main list since 15 December 2015. The trade symbol is CONSTI. On the Nordic list Consti Plc is classified a small cap company within the Industrials sector. During 1 January – 30 June 2023 Consti Plc's lowest share price was 10.15 (8.56) euro and the highest 13.35 (12.80) euro. The share's trade volume weighted average price was 11.52 (10.98 euro). At the close of the stock day 30 June 2023 the share value was 10.90 (9.08) euro and the Company's market value was 85.7 (71.4) million euro.

Related-party transactions

There were no significant related-party transactions during the reporting period.

Outlook for 2023

In 2023, the amount of house construction in Finland is estimated to decrease by approximately 5.5 percent from the previous year. New construction is predicted to decline by approximately 10.7 percent, but it is expected that renovation will continue on a growth path of approximately 0.8 percent in 2023. The current market outlook suggests that the demand for renovation and building technology services will remain at a reasonable level in 2023. The forecasts reflect the need-oriented nature of renovation. Poor demand prospects for new construction will increase competition for renovation projects. Additionally, rising financing costs and strong inflation will postpone some construction projects in the short term. In early 2023, the willingness of housing companies and the public sector to invest in renovation has remained at a reasonable level, but private real estate investment companies have been cautious in launching new construction projects.

Consti's strong order backlog, progress in strategic projects, and its steadily improved performance provide a good foundation for the company 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.

Significant risks and risk management

Consti divides risks into strategic and operative risks, financing risks and risks of injury or damage.

Risks pertain to defining and carrying out strategy. The main goal of Consti’s strategy is to utilise the full potential of its customer focused organisation structure. Consti aspires to achieve controlled and profitable growth in attractive renovation and building technology segments. In order to answer more comprehensively to customer needs the company will also offer selected new construction services. Consti’s strategy includes both organic growth and acquisitions. Risks related to acquisitions are managed with careful deal preparation and integration monitoring. Market risks are controlled by actively following the market and adjusting operations as necessary.

Operative risks relate to clients and project operations, personnel, subcontractors, suppliers, legislation and legal claims. Consti has a wide customer base that consists of housing companies, municipalities and other public-sector operators, real estate investors as well as corporations and industrial players. Our broad customer base decreases risks related to both individual projects and the market environment. A substantial part of Consti Group’s business comes from tendered projects and services. The Company and its business areas have procedures that determine which tenders Consti participates in and what the decision making processes regarding these projects are. Consti’s jointly agreed upon procedures for internal tender calculation and authorisation for decision making are also central to tender processes.

Our success depends to a large extent on how well we are able to acquire, motivate and retain professional personnel and upkeep our employees' competence. Personnel turnover risk will be kept at minimum with for example continuous training and by supporting voluntary training. Personnel risks also include possible human errors and misconducts. These risks are managed with careful recruiting, orientation, work supervision and with ethical guidelines created for supervisors. Subcontractor and supplier risks are managed with meticulously made contracts, long term partnerships and regular assessments of the subcontractor and suppliers’ financial position. Changes in building, environmental protection, workforce and work safety legislation as well as taxation and financial re-porting all have an impact on Consti’s operating possibilities.

Risks relating to legal proceedings are managed with meticulous contract preparation and monitoring, the highest possible work quality, and liability insurance. The Group has ongoing and pending legal cases relating to normal business. It is difficult to predict the outcome of these proceedings, but provisions based on the best possible estimate have been recorded in those cases where such provisions are estimated necessary.

Risks pertaining to injuries or damage include injuries, environmental risks, and ICT risks. Consti strives to follow all applicable regulation aimed at protecting employees, and occupational safety is emphasized in all our actions. The most significant environmental risks are related to environmentally harmful substances which may be produced for example in deconstruction waste processing, or caused by neglects in end-storage. In addition, operations can cause noise, construction dust and tremor to nearby surroundings. Consti abides by legislation, regulation, permit procedures and authority regulations regarding construction, the materials used in building, storage, recycling, waste disposal and other environmental issues. ICT risk are assessed and managed in cooperation between the Group's ICT function and business areas and together with partners.

Consti Group's business has financial risks. Financial risks include interest rate, credit and liquidity risks as well as risk relating to the realisation of payments from long-term contract and service agreements.

The Group's risks related to market rate fluctuations are due largely to the Group's long-term variable interest rate loans. Consti monitors the sensitivity of its loans to changes in interest rates and the effect such changes would have on the Group's results prior to taxes. Consti's credit risk is related to customers who have unpaid invoices or with whom Consti has long-term contracts as well as counterparties to cash and cash equivalents and derivative agreements. The businesses credit risk is managed for instance with advance payments, front-loaded payment schedules for projects and by examining client backgrounds.

The Group strives to ensure the availability and flexibility of financing with sufficient credit limit reserves and sufficiently long loan periods. The Group's working capital management makes every effort to ensure that it abides to covenants included in interest bearing loans, which in turn determine the capital structure provisions. Consti. At the balance sheet date 30 June 2023, the Group's interest-bearing net debt to adjusted EBITDA ratio was under the covenant's maximum level according to the confirmed calculation principles. The financial covenant's degree is continuously monitored and assessed in relation to net debt and EBIT realisations and predictions.

There is a risk that revenue and results of operations from long-term contracts recognised using the percentage-of-completion method and presented by financial year do not necessarily correspond to an even distribution of the final overall result over the contract period. Calculating the total result of a contract involves estimates of the total cost of completing the contract and the progress of the work to be invoiced. If the estimates of the final result of the contract change, the effect of this is reported in the period when the change first became known and could be estimated.

Goodwill is based on management estimates. Goodwill recognised on Consti's balance sheet is not amortised, but it is tested for impairment annually or if necessary more often by the Group.

A detailed description of risks related to Consti and its operating environment and business, as well as the Group's risk management are presented in the Board of Directors' Report published in Consti's annual report 2022. Financial risks and their management is described in detail in note 18 to the financial statements "Financial risk management".

Dividend and dividend policy

The Annual General Meeting of Shareholders held on 4 April 2023 resolved that dividend of EUR 0.60 per share for the financial year 2022 is paid. No dividend was paid on own shares held by the Company. The record date for dividend distribution was 6 April 2023, and the dividend was paid on 17 April 2023.

According to the Company dividend policy its goal is to distribute a minimum of 50 percent of the fiscal year's profit as dividend, however taking into consideration the Company's financial position, cash flow and growth opportunities.

Events after the reporting period

No material events have been disclosed after the reporting period.

HALF-YEAR FINANCIAL REPORT 1.1. - 30.6.2023: FINANCIAL TABLES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (EUR 1,000)	4-6 / 2023	4-6 / 2022	Change %	1-6 / 2023	1-6 / 2022	Change %	1-12 / 2022
Net sales	**75,747**	**73,118**	**3.6 %**	**144,675**	**132,947**	**8.8 %**	**305,217**
Other operating income	314	168	86.6 %	603	286	110.6 %	689
Materials and services	-51,763	-50,804	-1.9 %	-101,155	-93,223	-8.5 %	-214,216
Employee benefit expenses	-16,982	-14,995	-13.3 %	-32,460	-28,760	-12.9 %	-62,721
Depreciation	-851	-817	-4.1 %	-1,667	-1,815	8.2 %	-3,499
Other operating expenses	-3,445	-3,758	8.3 %	-6,319	-6,164	-2.5 %	-14,041
Operating result (EBIT)	**3,020**	**2,912**	3.7 %	**3,677**	**3,271**	12.4 %	**11,428**
Financial income	57	1		86	2		24
Financial expenses	-322	-220	-46.4 %	-628	-441	-42.3 %	-1,014
Total financial income and expenses	-265	-218	-21.2 %	-542	-439	-23.4 %	-990
Profit/loss before taxes (EBT)	**2,755**	**2,693**	2.3 %	**3,135**	**2,832**	10.7 %	**10,438**
Total taxes	-551	-539	-2.2 %	-627	-567	-10.6 %	-1,947
Profit/loss for the period	**2,204**	**2,154**	2.3 %	**2,508**	**2,265**	10.7 %	**8,491**
Comprehensive income for the period 1)	**2,204**	**2,154**	2.3 %	**2,508**	**2,265**	10.7 %	**8,491**
Earnings per share attributable to equity holders of parent company							
Earnings per share, undiluted (EUR)	0.29	0.28	3.6 %	0.33	0.29	13.8 %	1.10
Earnings per share, diluted (EUR)	0.27	0.27	0.0 %	0.31	0.29	6.9 %	1.06

1) The group has no other comprehensive income items.

CONSOLIDATED BALANCE SHEET (EUR 1,000)	30 Jun 2023	30 Jun 2022	Change %	31 Dec 2022
ASSETS				
Non-current assets				
Property, plant and equipment	7,740	7,896	-2.0 %	7,710
Goodwill	49,501	49,501	0.0 %	49,501
Other intangible assets	373	233	60.5 %	349
Shares and other non-current financial assets	57	57	0.0 %	57
Deferred tax receivables	80	156	-48.8 %	179
Total non-current assets	**57,752**	**57,844**	**-0.2 %**	**57,797**
Current assets				
Inventories	777	843	-7.9 %	768
Trade and other receivables	43,434	42,471	2.3 %	43,847
Cash and cash equivalents	12,863	12,860	0.0 %	20,881
Total current assets	**57,074**	**56,174**	**1.6 %**	**65,497**
TOTAL ASSETS	**114,826**	**114,018**	**0.7 %**	**123,294**
EQUITY AND LIABILITIES				
Equity attributable to owners of the parent company	33,674	29,804	13.0 %	36,206
Total Equity	**33,674**	**29,804**	**13.0 %**	**36,206**
Non-current liabilities				
Interest-bearing liabilities	15,323	17,540	-12.6 %	16,314
Total non-current liabilities	**15,323**	**17,540**	**-12.6 %**	**16,314**
Current liabilities				
Trade and other payables	41,516	39,362	5.5 %	46,418
Advances received	17,596	11,675	50.7 %	13,299
Interest-bearing liabilities	4,489	13,200	-66.0 %	8,439
Provisions	2,229	2,437	-8.6 %	2,618
Total current liabilities	**65,830**	**66,674**	**-1.3 %**	**70,774**
TOTAL EQUITY AND LIABILITIES	**114,826**	**114,018**	**0.7 %**	**123,294**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (EUR 1,000)	Equity attributable to owners of the parent company				
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total equity
Equity on 1 January 2023	**80**	**28,781**	**-782**	**8,127**	**36,206**
Total comprehensive income				2,508	2,508
Dividend distribution				-4,641	-4,641
Purchase of own shares			-240		-240
Conveyance of own shares			778		778
Share-based incentive				-1,078	-1,078
Option scheme				140	140
Transactions with shareholders, total			*538*	*-5,578*	*-5,040*
Equity on 30 June 2023	**80**	**28,781**	**-244**	**5,057**	**33,674**

Equity on 1 January 2022	**80**	**28,781**	**-696**	**3,774**	**31,939**
Total comprehensive income				2,265	2,265
Dividend distribution				-3,481	-3,481
Purchase of own shares			-678		-678
Conveyance of own shares			983		983
Share-based incentive				-1,211	-1,211
Option scheme				-14	-14
Transactions with shareholders, total			*305*	*-4,705*	*-4,400*
Equity on 30 June 2022	**80**	**28,781**	**-391**	**1,334**	**29,804**

Equity on 1 January 2022	**80**	**28,781**	**-696**	**3,774**	**31,939**
Total comprehensive income				8,491	8,491
Dividend distribution				-3,481	-3,481
Purchase of own shares			-1,069		-1,069
Conveyance of own shares			983		983
Share-based incentive				-770	-770
Option scheme				112	112
Transactions with shareholders, total			*-86*	*-4,138*	*-4,224*
Equity on 31 December 2022	**80**	**28,781**	**-782**	**8,127**	**36,206**

CONSOLIDATED STATEMENT OF CASH FLOWS (EUR 1,000)	4-6/2023	4-6/2022	1-6/2023	1-6/2022	1-12/2022
Cash flows from operating activities					
Profit/loss before taxes (EBT)	2,755	2,693	3,135	2,832	10,438
Adjustments:					
Depreciation	851	817	1,667	1,815	3,499
Other adjustments	143	52	-343	-353	114
Total financial income and expenses	265	218	542	439	990
Change in working capital	747	-899	-685	-2,415	4,419
Operating cash flow before financial and tax items	**4,761**	**2,883**	**4,316**	**2,318**	**19,460**
Financial items, net	-240	-198	-492	-397	-911
Taxes paid	-217	-231	-434	-463	-1,139
Net cash flow from operating activities	**4,304**	**2,453**	**3,390**	**1,458**	**17,410**
Cash flows from investing activities					
Investments in tangible and intangible assets	-666	-305	-1,191	-571	-1,461
Proceeds from sale of property, plant and equipment	139	39	333	211	418
Net cash flow from investing activities	**-526**	**-266**	**-858**	**-359**	**-1,043**
Cash flows from financing activities					
Purchase of own shares	0	-147	-240	-678	-1,069
Dividend distribution	-4,641	-3,481	-4,641	-3,481	-3,481
Payments of long-term liabilities	-1,000	-1,000	-1,000	-1,000	-2,000
Payments of lease liabilities	-576	-542	-1,127	-1,193	-2,287
Change in other interest-bearing liabilities	-1,711	99	-3,544	41	-4,721
Net cash flow from financing activities	**-7,928**	**-5,071**	**-10,551**	**-6,311**	**-13,558**
Change in cash and cash equivalents	**-4,150**	**-2,884**	**-8,018**	**-5,212**	**2,809**
Cash and cash equivalents at period start	17,013	15,744	20,881	18,072	18,072
Cash and cash equivalents at period end	**12,863**	**12,860**	**12,863**	**12,860**	**20,881**

Accounting principles

Consti Plc's half-year financial report has been prepared for the accounting period of 1 January – 30 June 2023 according to the IAS 34 Interim Financial reporting principles. Consti has abided by the same accounting principles in its half-year financial reporting as in its IFRS financial statement 2022. The information presented in the half-year financial report are not audited. All figures in these accounts have been rounded. Consequently, the sum of individual figures can deviate from the presented sum figure. The preparation of the financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities, and the recognition of income and expenses in the statement of income. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the values given in the half-year financial report. ESMA (European Securities and Markets Authority) has published guidelines on Alternative Performance Measures (APMs). Consti presents Alternative Performance Measures (APMs) to reflect the underlying business performance and to enhance comparability between financial periods. APMs should not be considered as a substitute for measures of performance in accordance with the IFRS.

Lease agreements

The impact of the leases on Consti's 1 Jan - 30 June 2023 profit or loss and balance sheet is presented in table below:

CLASSIFICATION OF AMOUNTS RECOGNISED IN BALANCE SHEET AND PROFIT OR LOSS ACCORDING TO IFRS 16 (EUR 1,000)	Right-of-use assets				
	Buildings and structures	Machinery and equipment	Other intangible assets	Total	Lease liabilities
1 Jan 2023	**3,223**	**877**	**108**	**4,208**	**4,426**
Additions	130	444	107	681	681
Depreciations	-715	-278	-70	-1,063	-
Interest expense	-	-	-	-	50
Payments	-	-	-	-	-1,128
30 June 2023	**2,638**	**1,043**	**145**	**3,827**	**4,030**

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Business areas

NET SALES BY BUSINESS AREA (EUR 1,000)	4-6 / 2023	4-6 / 2022	Change %	1-6 / 2023	1-6 / 2022	Change %	1-12 / 2022
Housing Companies	27,306	25,384	7.6 %	47,726	40,977	16.5 %	103,987
Corporations	25,635	24,255	5.7 %	51,947	44,452	16.9 %	104,945
Public Sector	9,977	9,393	6.2 %	19,828	20,321	-2.4 %	42,104
Building Technology	16,184	17,676	-8.4 %	30,969	33,721	-8.2 %	69,086
Parent company and eliminations	-3,354	-3,591	6.6 %	-5,795	-6,524	11.2 %	-14,905
Total net sales	**75,747**	**73,118**	**3.6 %**	**144,675**	**132,947**	**8.8 %**	**305,217**

NET SALES CLASSIFICATION ACCORDING TO IFRS 15 (EUR 1,000)	4-6 / 2023	4-6 / 2022	Change %	1-6 / 2023	1-6 / 2022	Change %	1-12 / 2022
Project deliveries							
Housing Companies	26,786	24,714	8.4 %	47,066	40,043	17.5 %	101,211
Corporations	24,655	21,194	16.3 %	49,871	40,045	24.5 %	96,194
Public Sector	9,968	9,391	6.1 %	19,816	20,318	-2.5 %	42,098
Building Technology	13,800	15,707	-12.1 %	26,581	29,947	-11.2 %	59,897
Parent company and eliminations	-3,354	-3,591	6.6 %	-5,795	-6,524	11.2 %	-14,905
Total project deliveries	**71,855**	**67,415**	**6.6 %**	**137,538**	**123,828**	**11.1 %**	**284,495**
Other cost + fee projects and service contracts							
Housing Companies	520	670	-22.4 %	660	934	-29.3 %	2,776
Corporations	979	3,061	-68.0 %	2,077	4,407	-52.9 %	8,751
Public Sector	9	2	366.8 %	12	3	302.5 %	7
Building Technology	2,384	1,969	21.0 %	4,388	3,774	16.3 %	9,188
Parent company and eliminations	0	0		0	0		0
Total other cost + fee projects and service contracts	**3,892**	**5,702**	**-31.7 %**	**7,137**	**9,119**	**-21.7 %**	**20,722**
Total net sales	**75,747**	**73,118**	**3.6 %**	**144,675**	**132,947**	**8.8 %**	**305,217**

ACCOUNTS RECEIVABLE AND CONTRACT ASSETS AND LIABILITIES (EUR 1,000)	30 Jun 2023	30 Jun 2022	Change %	31 Dec 2022
Trade receivables	28,286	28,359	-0.3 %	31,391
Receivables from project deliveries and cost + fee accruals	13,026	11,569	12.6 %	9,901
Advances received from project deliveries and cost + fee accruals	17,596	11,675	50.7 %	13,299

In the view of the management, the carrying amount of accounts receivable is reasonably close to fair value due to the short maturity of these items.

Group liabilities

GROUP LIABILITIES (EUR 1,000)	30 Jun 2023	30 Jun 2022	31 Dec 2022
Other liabilities			
Leasing and rental liabilities	283	152	185

The off-balance sheet leasing and rental liabilities include lease liabilities from short-term leases and lease liabilities from low value items.

Key figures

KEY FIGURES	1-6 / 2023	1-6 / 2022	1-12 / 2022
INCOME STATEMENT (EUR 1,000)			
Net sales	144,675	132,947	305,217
EBITDA	5,344	5,086	14,927
EBITDA margin, %	3.7 %	3.8 %	4.9 %
Operating result (EBIT)	3,677	3,271	11,428
Operating result margin, %	2.5 %	2.5 %	3.7 %
Profit/loss before taxes (EBT)	3,135	2,832	10,438
as % of sales	2.2 %	2.1 %	3.4 %
Profit/loss for the period	2,508	2,265	8,491
as % of sales	1.7 %	1.7 %	2.8 %
OTHER KEY FIGURES (EUR 1,000)			
Balance sheet total	114,826	114,018	123,294
Net interest-bearing debt	6,949	17,880	3,871
Equity ratio, %	34.6 %	29.1 %	32.9 %
Gearing, %	20.6 %	60.0 %	10.7 %
Return on investment, ROI %	20.9 %	15.6 %	18.3 %
Free cash flow	3,125	1,747	18,000
Cash conversion, %	58.5 %	34.4 %	120.6 %
Order backlog	297,870	240,756	246,650
Order intake	165,172	136,284	283,696
Average number of personnel	1,023	955	971
Number of personnel at period end	1,052	997	975
SHARE RELATED KEY FIGURES			
Earnings per share, undiluted (EUR)	0.33	0.29	1.10
Earnings per share, diluted (EUR)	0.31	0.29	1.06
Shareholders' equity per share (EUR)	4.35	3.86	4.71
Number of shares, end of period	7,858,267	7,858,267	7,858,267
Number of outstanding shares, end of period	7,734,528	7,719,528	7,679,528
Average number of outstanding shares	7,711,524	7,711,571	7,704,804

Calculation of key figures

EBITDA =	Operating result (EBIT) + depreciation, amortisation and impairment	
Net interest-bearing debt =	Interest-bearing liabilities - cash and cash equivalents	
Equity ratio (%) =	Equity / Total assets - advances received	X 100
Gearing (%) =	Interest-bearing liabilities - cash and cash equivalents / Equity	X 100
Return on investment, ROI (%) =	Profit/loss before taxes + interest and other financial expenses (r12m) / Total equity + interest-bearing liabilities (average)	X 100
Average number of personnel =	The average number of personnel at the end of each calendar month during the period	
Number of personnel at period end =	Number of personnel at the end of period	
Free cash flow =	Net cash flow from operating activities before financial and tax items - investments in intangible and tangible assets	
Cash conversion (%) =	Free cash flow / EBITDA	X 100
Earnings per share =	Profit/loss attributable to equity holders of the parent company - hybrid bond's transaction costs and accrued interests after tax / Weighted average number of shares outstanding during the period	X 100
Shareholders' equity per share (EUR) =	Equity attributable to owners of the parent company / Number of outstanding shares, end of period	
Adjusted operating result (EBIT) =	Operating result (EBIT) before items affecting comparability (IAC)	
Order backlog =	At the end of the period the unrecognised amount of construction contracts recognised in accordance with the percentage of completion method, including not started ordered project deliveries, long-term service agreements and the part which has not been invoiced in ordered invoice based projects	
Order intake =	Orders of project deliveries, long-term service agreements and invoice based projects during the period	

Quarterly information

QUARTERLY INFORMATION (EUR 1,000)	Q2/23	Q1/23	Q4/22	Q3/22	Q2/22	Q1/22	Q4/21	Q3/21	Q2/21
Net sales	75,747	68,928	93,264	79,005	73,118	59,830	82,605	75,984	70,902
Other operating income	314	289	342	61	168	118	171	89	78
Materials and services	-51,763	-49,392	-64,760	-56,233	-50,804	-42,420	-58,050	-54,588	-51,748
Employee benefit expenses	-16,982	-15,478	-18,200	-15,762	-14,995	-13,765	-17,255	-14,402	-14,919
Other operating expenses	-3,445	-2,874	-4,972	-2,905	-3,758	-2,406	-3,457	-3,050	-4,037
EBITDA	3,871	1,473	5,674	4,167	3,729	1,357	4,014	4,033	276
EBITDA margin, %	5.1 %	2.1 %	6.1 %	5.3 %	5.1 %	2.3 %	4.9 %	5.3 %	0.4 %
Depreciation	-851	-816	-847	-836	-817	-998	-1,004	-910	-807
Adjusted operating result (EBIT)	3,020	657	4,827	3,330	2,912	359	3,011	3,124	2,918
Adjusted operating result (EBIT) margin,	4.0 %	1.0 %	5.2 %	4.2 %	4.0 %	0.6 %	3.6 %	4.1 %	4.1 %
Operating result (EBIT)	3,020	657	4,827	3,330	2,912	359	3,011	3,124	-531
Operating result margin, %	4.0 %	1.0 %	5.2 %	4.2 %	4.0 %	0.6 %	3.6 %	4.1 %	-0.7 %
Financial income	57	29	19	4	1	1	21	2	114
Financial expenses	-322	-306	-348	-226	-220	-222	-232	-335	-485
Total financial income and expenses	-265	-277	-329	-222	-218	-221	-212	-333	-371
Profit/loss before taxes (EBT)	2,755	380	4,498	3,108	2,693	138	2,799	2,791	-901
Total taxes	-551	-76	-759	-621	-539	-28	-509	-558	180
Profit/loss for the period	2,204	304	3,739	2,488	2,154	111	2,290	2,233	-721
Balance sheet total	114,826	113,001	123,294	114,104	114,018	110,776	119,041	113,512	113,693
Net interest-bearing debt	6,949	5,661	3,871	12,844	17,880	16,255	14,262	18,635	20,404
Equity ratio, %	34.6 %	35.8 %	32.9 %	32.0 %	29.1 %	31.0 %	29.8 %	29.1 %	26.9 %
Gearing, %	20.6 %	15.8 %	10.7 %	39.7 %	60.0 %	52.1 %	44.7 %	62.6 %	76.3 %
Return on investment, ROI %	20.9 %	19.3 %	18.3 %	15.7 %	15.6 %	10.1 %	9.2 %	9.3 %	8.5 %
Order backlog	297,870	253,756	246,650	210,499	240,756	205,094	218,578	217,895	236,191
Order intake	106,530	58,642	109,059	38,354	98,722	37,561	66,854	39,956	98,458
Average number of personnel	1,039	1,006	983	994	966	944	969	990	977
Number of personnel at period end	1,052	1,020	975	988	997	933	961	998	1,003
Earnings per share, undiluted (EUR)	0.29	0.04	0.49	0.32	0.28	0.01	0.30	0.29	-0.09
Number of outstanding shares, end of period	7,734,528	7,734,528	7,679,528	7,699,528	7,719,528	7,734,528	7,694,406	7,719,406	7,670,114
Average number of outstanding shares	7,734,528	7,688,265	7,686,548	7,709,745	7,730,572	7,692,360	7,706,091	7,686,187	7,670,114

Largest shareholders

10 LARGEST SHAREHOLDERS 30 June 2023		Number of shares	% of shares and voting rights
1	Lujatalo Oy	790,000	10.05 %
2	Heikintorppa Oy	750,000	9.54 %
3	Wipunen Varainhallinta Oy	750,000	9.54 %
4	Fennia Life Insurance Company	518,525	6.60 %
5	Korkeela Esa	462,931	5.89 %
6	Kivi Risto	388,913	4.95 %
7	Kalevo Markku	301,044	3.83 %
8	Varma Mutual Pension Insurance Company	172,000	2.19 %
9	Drumbo Oy	150,000	1.91 %
10	Consti Plc	123,739	1.57 %
Ten largest owners, total		**4,407,152**	**56.08 %**
Nominee registered		1,062,671	13.52 %
Others		2,388,444	30.39 %
Total		**7,858,267**	**100.00 %**

In Helsinki, 20 July 2023

Consti Plc’s Board of Directors

Press conference

Microsoft Teams meeting for analysts, portfolio managers and media representatives, will take place 21 July 2023, at 10:00 a.m. (EET). The meeting will be hosted by CEO Esa Korkeela and CFO Joni Sorsanen.

Financial communication in 2023

- Interim report 1-9/2023 will be published 27 October 2023

Further information:

Esa Korkeela, CEO, Consti Plc, Tel. +358 40 730 8568
Joni Sorsanen, CFO, Consti Plc, Tel. +358 50 443 3045

Distribution

Nasdaq Helsinki
Key media
www.consti.fi

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