

A photograph of a modern office interior. The space is bright and airy, featuring large windows on the left side that let in natural light. The ceiling is white with exposed ductwork and modern lighting fixtures. The floor is a dark, polished material. A glass-walled office or meeting room is visible in the foreground, with a glass door leading into it. The overall aesthetic is clean and professional.

CONSTI PLC

INTERIM REPORT

1 JANUARY –
30 SEPTEMBER 2021

CEO Esa Korkeela
CFO Joni Sorsanen

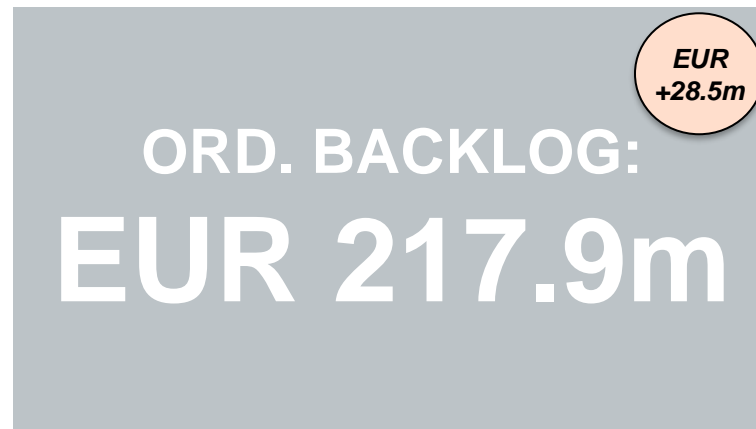
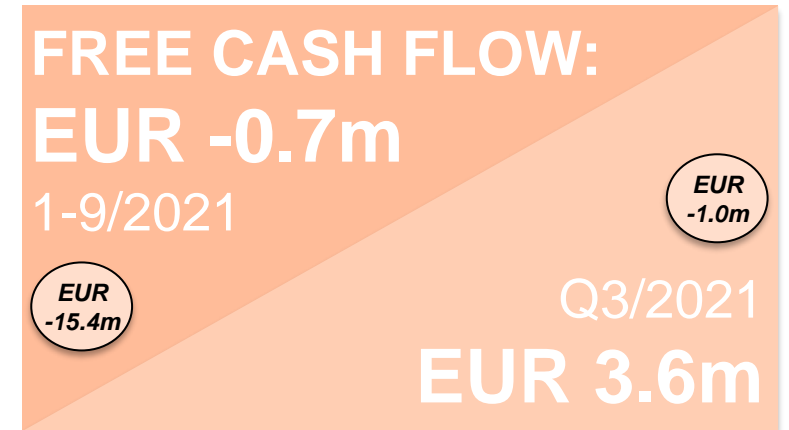
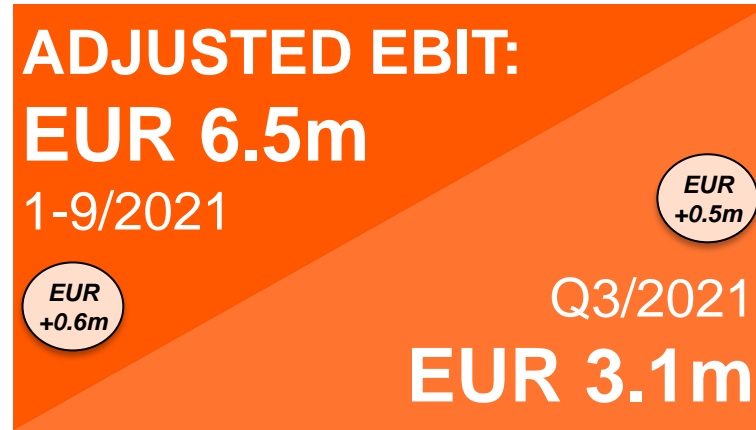
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Highlights of 1-9/2021 and Q3/2021

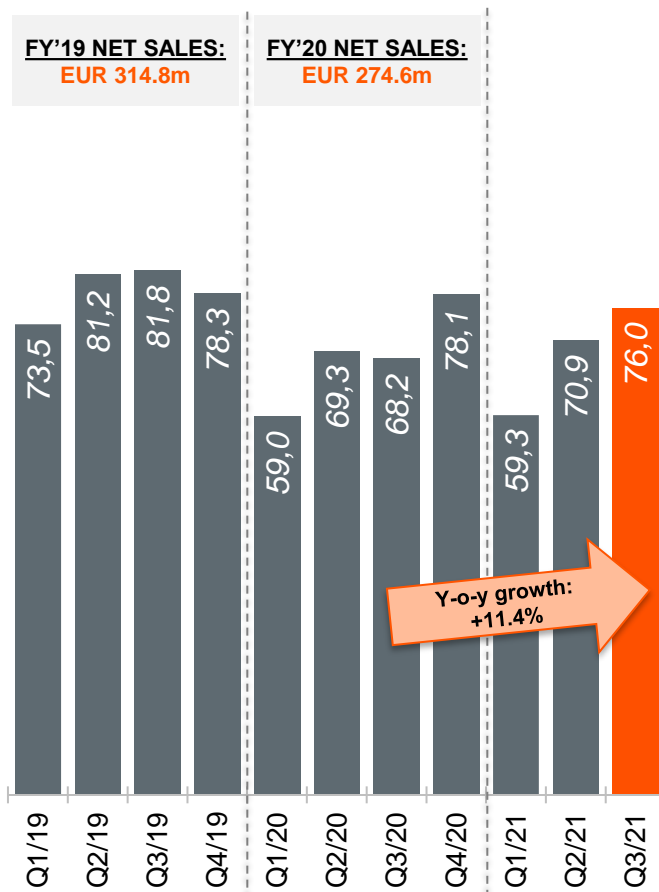
Net sales grew, profitability improved



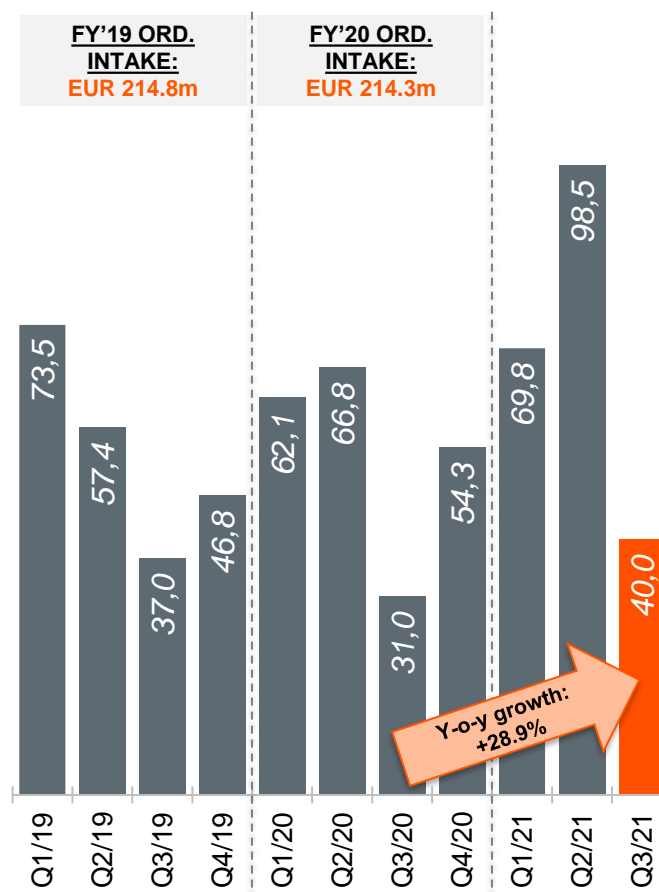
Quarterly performance overview

Net sales, order intake and order backlog grew y-o-y

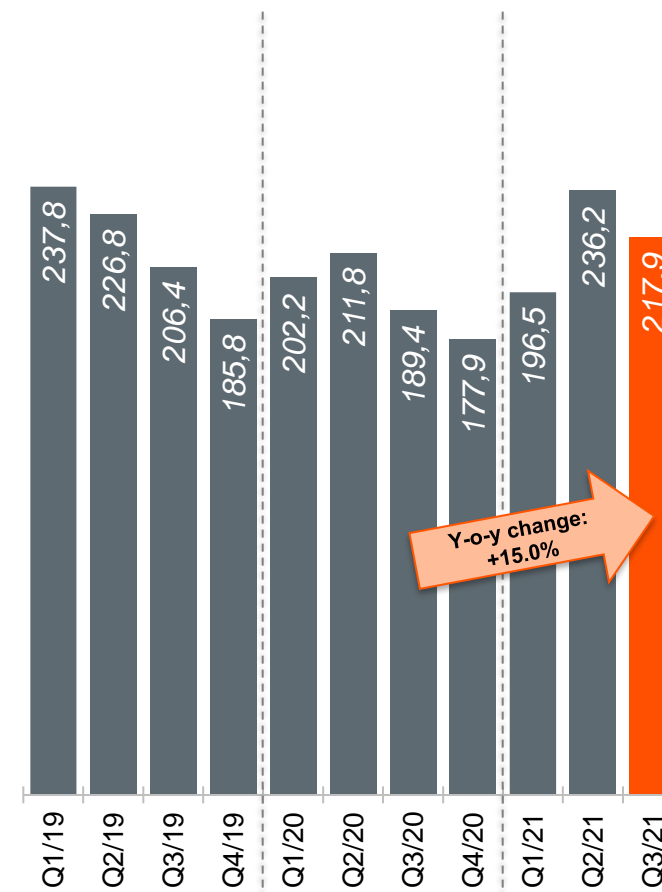
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



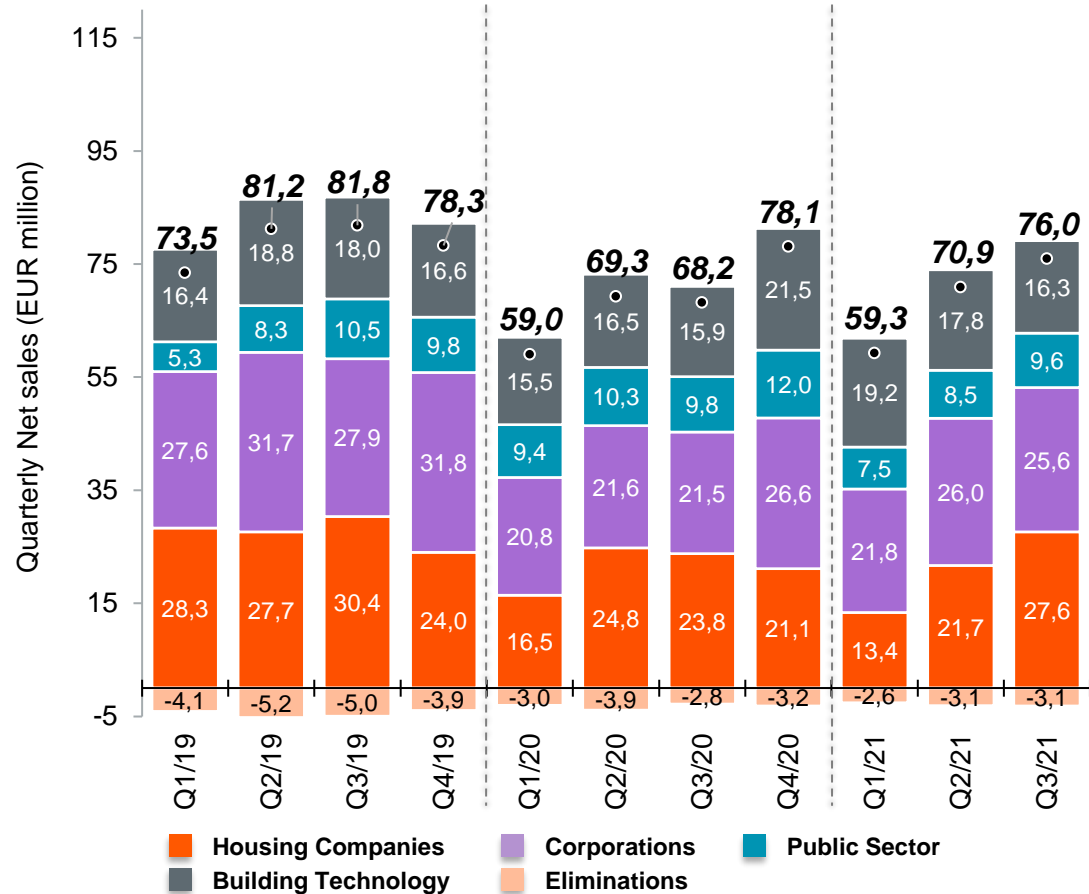
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q3/2021 net sales amounted to EUR 76.0m, growing 11.4% year-on-year

Quarterly net sales development Q1/2019 – Q3/2021 (EUR m)



Comments

- Q3/2021 net sales EUR 76.0m (68.2m)
 - Year-on-year growth 11.4%
 - Housing Companies net sales EUR 27.6m (23.8m) → Net sales grew in all geographical areas
 - Corporations net sales EUR 25.6m (21.5m) → Net sales grew in all geographical areas
 - Public Sector net sales EUR 9.6m (9.8m)
 - Building Technology net sales EUR 16.3m (15.9m) → Net sales increased in building technology installations business but decreased in service business
- 1-9/2021 net sales EUR 206.2m (196.5m), growth of 4.9% year-on-year

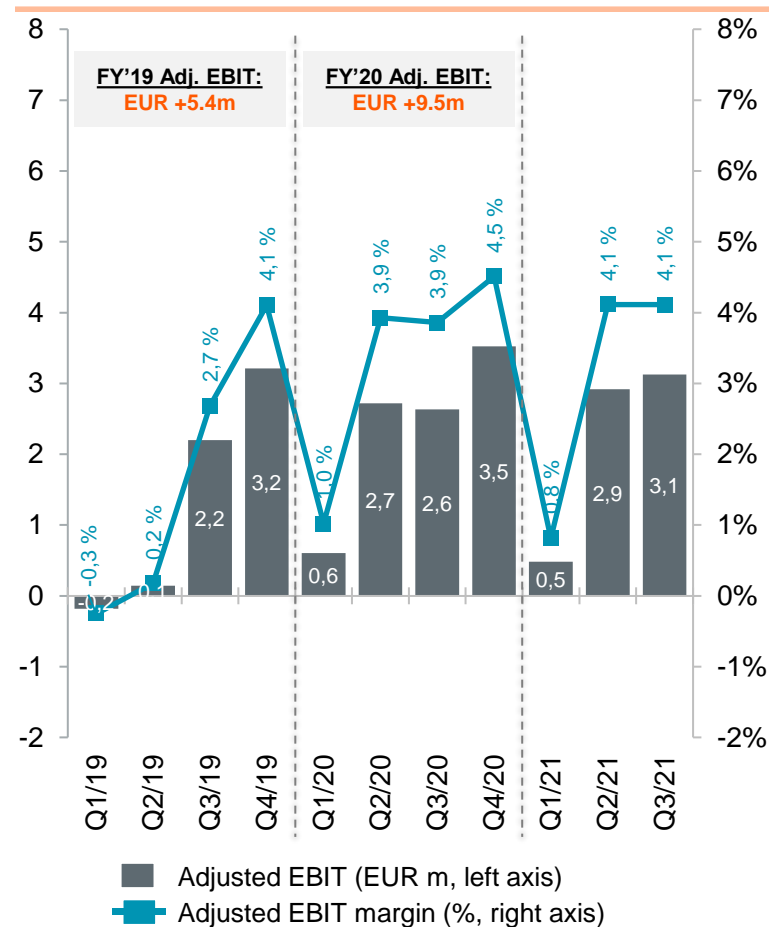
Quarterly Adjusted EBIT and EBIT development

Profitability continued to improve in the third quarter

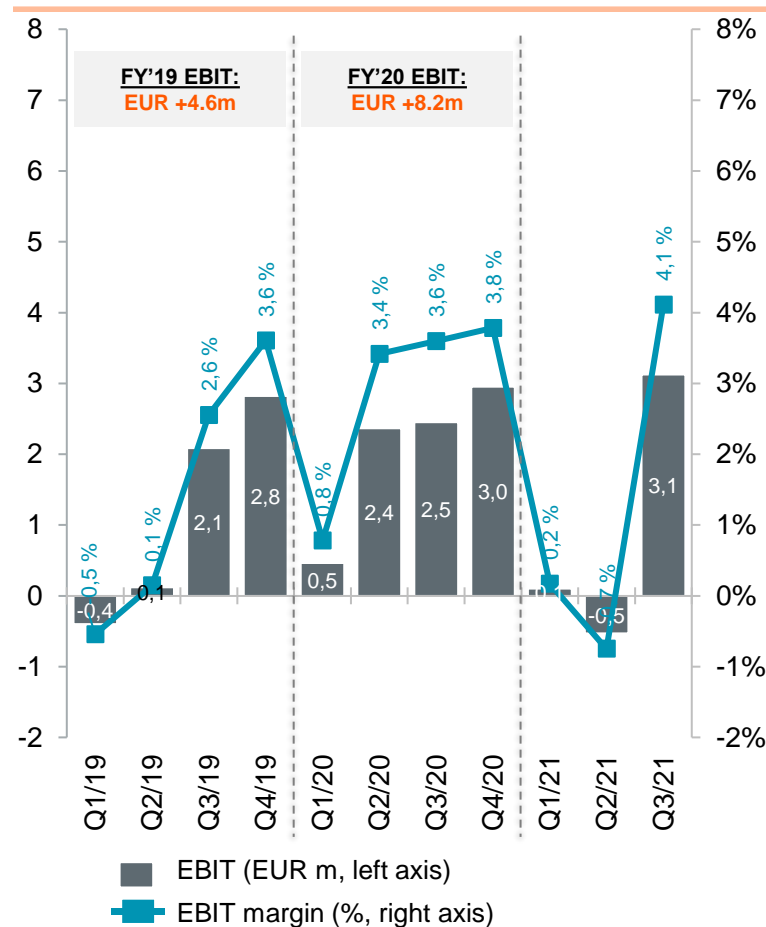
*Adjusted EBIT = EBIT before items affecting comparability (IAC)

- 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
Q1/2019 – Q3/2021 (EUR m)



Quarterly EBIT development
Q1/2019 – Q3/2021 (EUR m)



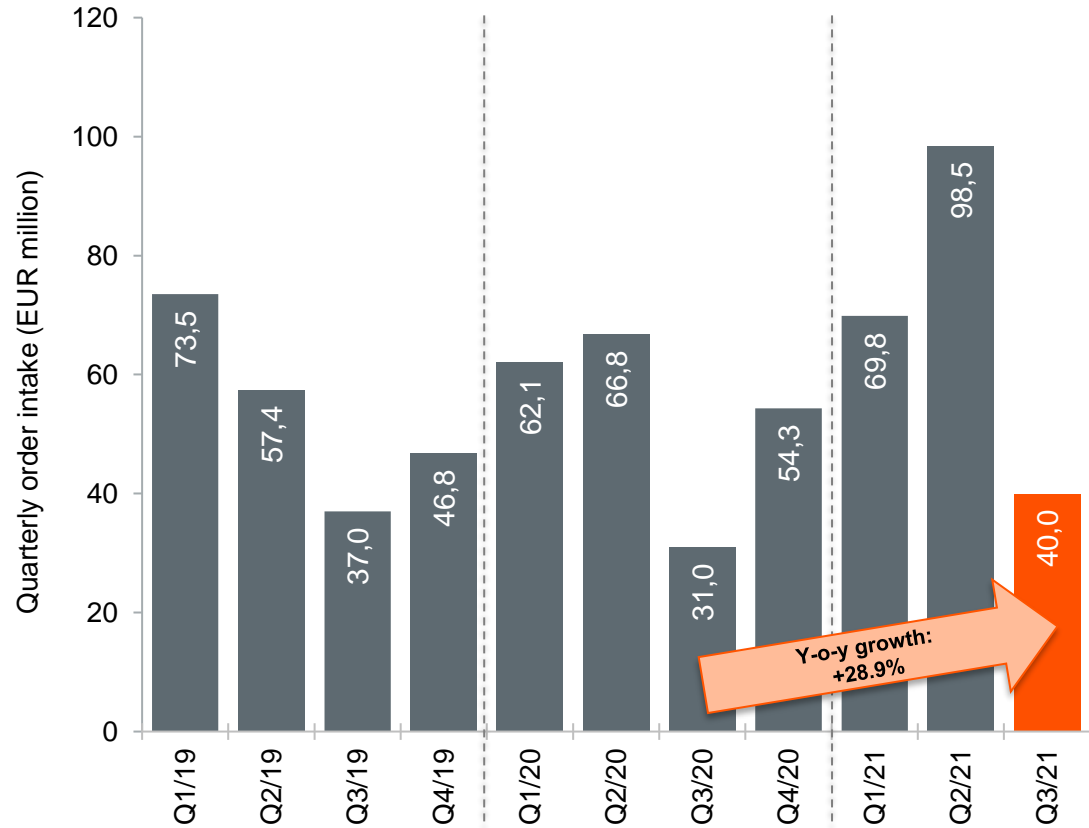
Comments

- Q3 proceeded operationally as expected and projects progressed largely as planned
- Profitability improved in all business areas in Q3 year-on-year
 - Q3/2021 Adjusted EBIT EUR 3.1 (2.6) million, or 4.1% (3.9%) of net sales
 - 1-9/2021 Adjusted EBIT EUR 6.5 (6.0) million, or 3.2% (3.0%) of net sales
- Reported EBIT 1-9/2021 impacted by a one-off write-down of EUR 3.4m related to St. George arbitral award received in June 2021
 - Q3/2021 EBIT amounted to EUR 3.1 (2.5) million, or 4.1% (3.6%) of net sales
 - 1-9/2021 EBIT amounted to EUR 2.7 (5.3) million, or 1.3% (2.7%) of net sales

Quarterly order intake development

Q3/2021 order intake amounted to EUR 40.0 million, growth of 28.9% year-on-year

Quarterly order intake development Q1/2019 – Q3/2021 (EUR m)



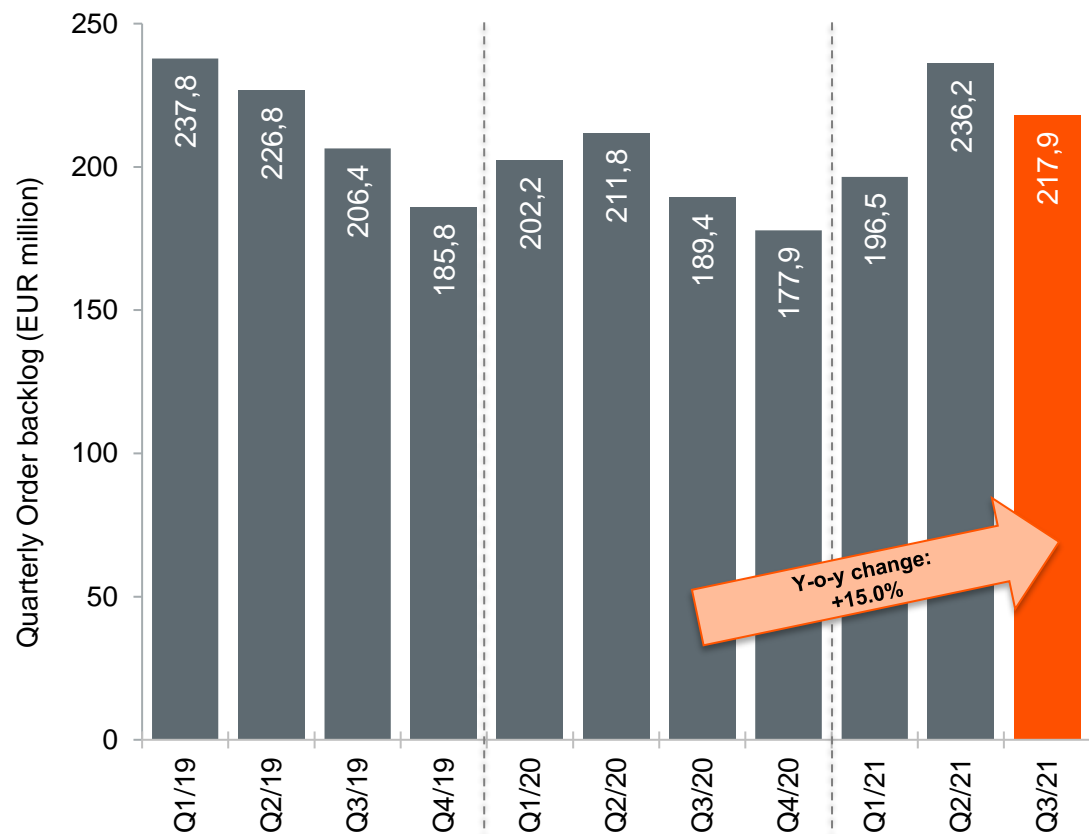
Comments

- Q3/2021 order intake EUR 40.0m (31.0m)
 - Year-on-year growth 28.9%
 - Examples of new orders received in Q3:
 - Heka Kannelmäki Pelimannintie 15, comprehensive renovation (3rd phase) of rental apartment buildings in Helsinki
 - Lumo Kodit Oy / Asunto Oy Helsingin Eerik VII, conversion of office space to rental apartments in Helsinki
 - As Oy Rautatienkatu 22, plumbing renovation in Tampere
- 1-9/2021 order intake EUR 208.3m (160.0m), growth of 30.2%

Quarterly order backlog development

Q3/2021 order backlog at EUR 217.9 million, growth of 15.0% y-o-y

Quarterly order backlog development Q1/2019 – Q3/2021 (EUR m)



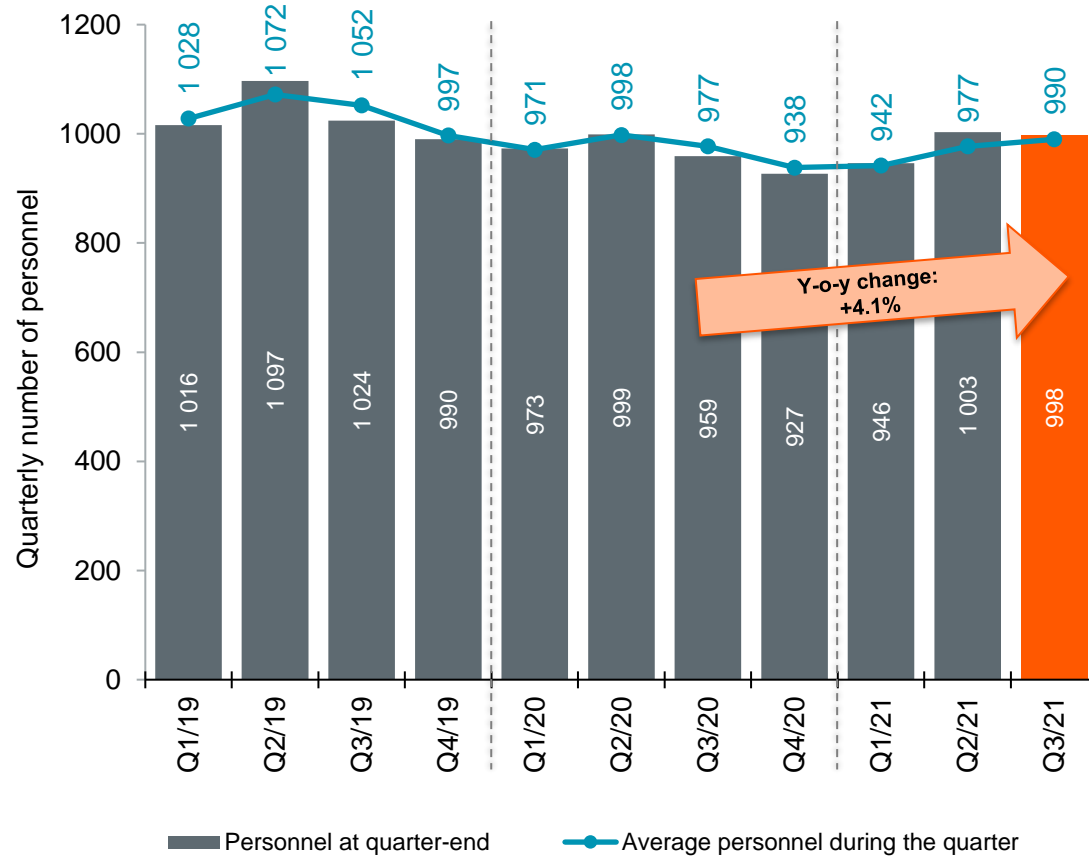
Comments

- Q3/2021 order backlog at EUR 217.9m (189.4m)
- Year-on-year growth +15.0%
- Order backlog up by 22.5% compared to the end of the previous financial year
- Strong order backlog to support solid performance development going forward

Quarterly development in number of personnel

Total number of personnel at the end of Q3/2021 increased by 39 year-on-year

Quarterly development in number of personnel Q1/2019 – Q3/2021



Comments

- Number of personnel at the end of Q3/2021: 998 (959), increase of 39
- Average number of personnel during Q3/2021: 990 (977), increase of 13
- Average number of personnel during 1-9/2021: 970 (982), decrease of 12
- At the end of August '21, Consti acquired RA-Urakointi Oy, and the employees of RA-Urakointi Oy (30 people) transferred to work for Consti

Strategy implementation progressing according to plan

Group Strategy 2021-2023



Comments

- The strategy for 2021-2023 emphasises the utilisation of attractive growth opportunities in Consti's existing businesses and increasing the value Consti creates for its customers
- In Jan-Sep 2021, strategy implementation has progressed according to plan. For instance:
 - In Q2, Consti recorded the first orders related to new construction services
 - Targeted recruitments to enable expansion in the value chain
 - In Q3, Consti completed the acquisition of RA-Urakointi Oy, which supports Consti in meeting the increased demand in the housing company market
 - In Q3, Consti appointed Heikki Pesu as Business Area Director of Building Technology to accelerate profitable growth in attractive building technology segments (especially service business)
 - Strong order intake during the ongoing year, the strengthened order backlog, and the growth in net sales are good indications of how well Consti's customers have received the new strategy

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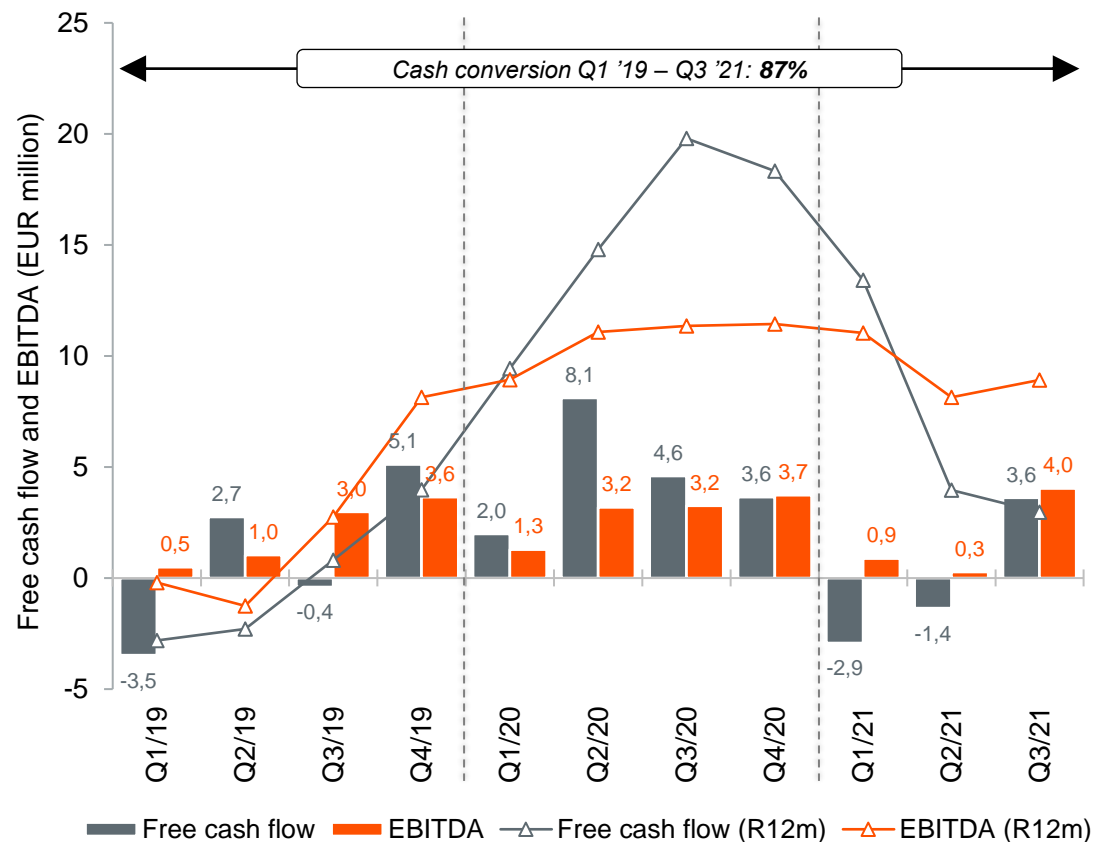
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Quarterly free cash flow development

Q3 cash flow EUR 3.6 million, in line with July-Sep EBITDA of EUR 4.0 million

Quarterly free cash flow¹⁾ and EBITDA Q1/2019 – Q3/2021 (EUR m)



Comments

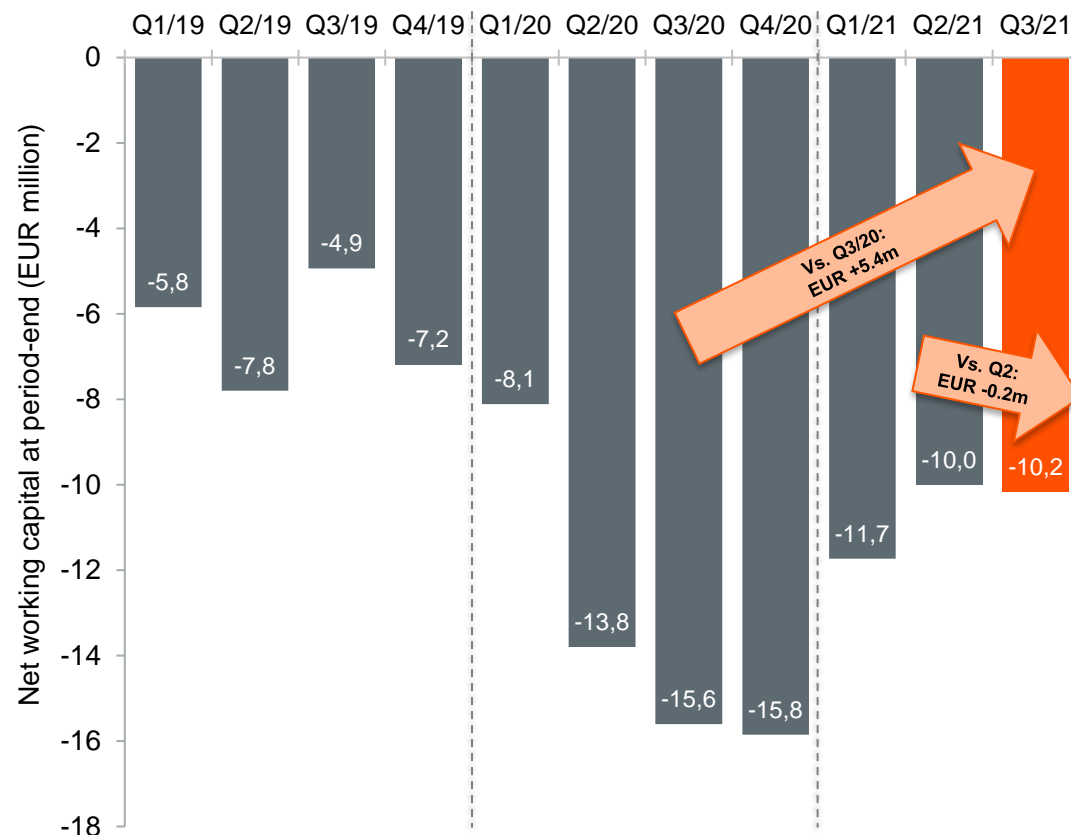
- Q3/2021 free cash flow EUR 3.6m (4.6m)
 - EBITDA amounted to EUR 4.0m (3.2m)
 - Cash flow impact from change in net working capital was EUR -0.1m (+1.4m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.4m (-0.2m)
- 1-9/2021 free cash flow EUR -0.7m (14.7m)
 - EBITDA amounted to EUR 5.2m (7.7m)
 - Cash flow impact from change in net working capital was EUR -5.1m (7.7m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -1.2m (-0.9m)
- Rolling 12-month cash conversion ratio 33.2%

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 -10.2 million at the end of Q3/2021

Quarterly net working capital¹⁾ Q1/2019 – Q3/2021 (EUR m)



Comments

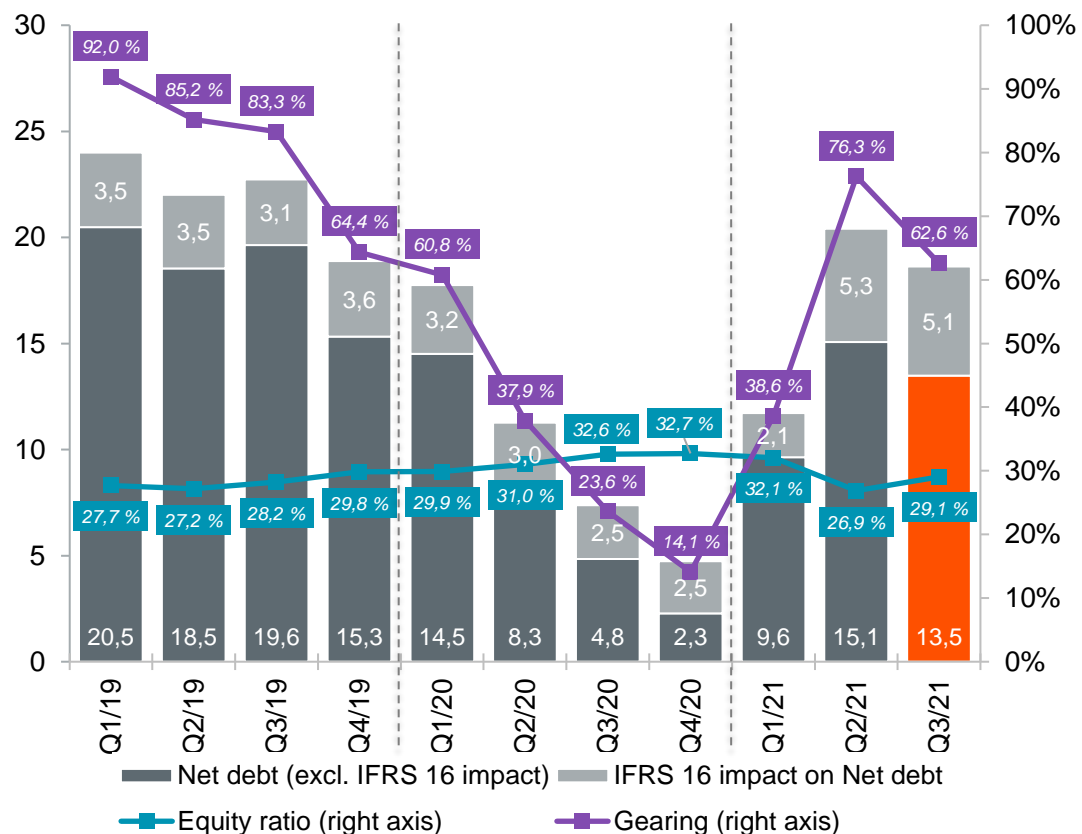
- Net working capital EUR -10.2m (-15.6m) at the end of Q3/2021
 - NWC released during Q3/2021 amounted to EUR 0.2m
 - NWC EUR 5.4m higher compared to Q3/2020
 - In 1-9/2021, NWC affected by a change in financial position of project portfolio
 - Majority of the change is due to a few large renovation projects advancing towards the final settlement phase during the period

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

Q3 financial position strengthened compared to previous quarter

Quarterly net debt, equity ratio and gearing Q1/2019 – Q3/2021



Comments

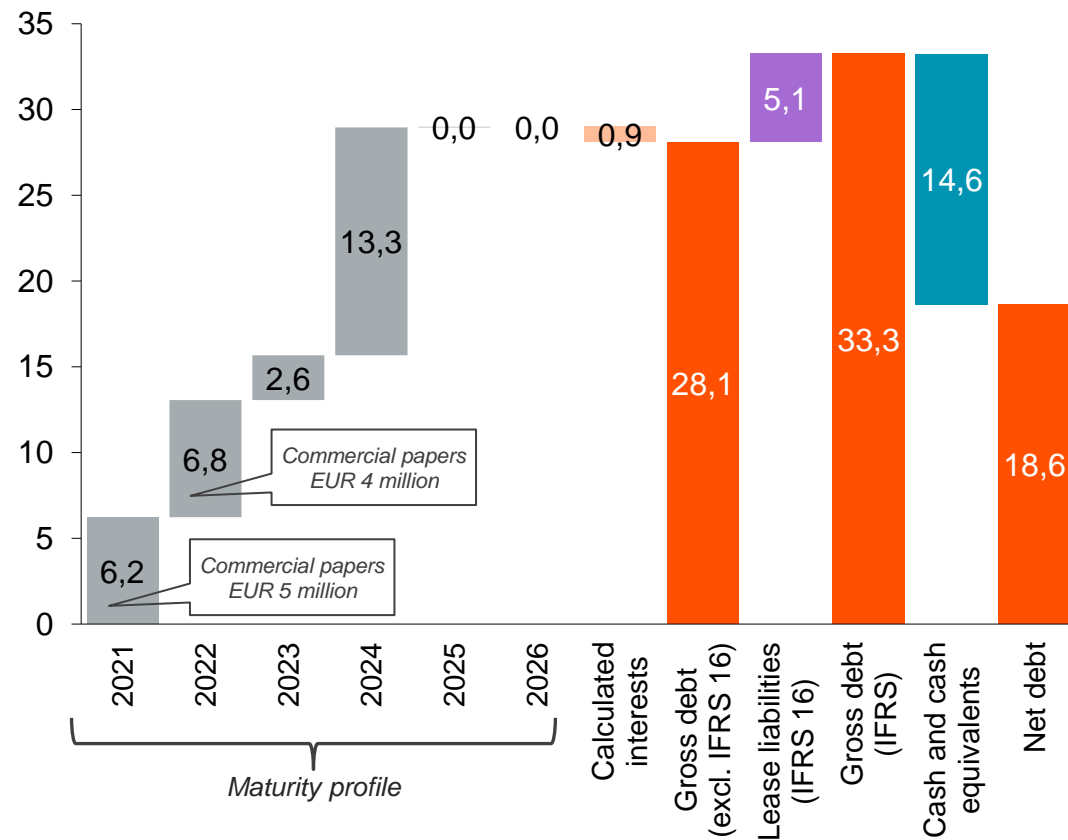
- Financial position as per 30 September 2021 strengthened during the third quarter
- Q3/2021 net debt at EUR 18.6m (7.4m), of which EUR 5.1m (2.5m) attributable to IFRS 16 related lease liabilities
 - Net debt excluding IFRS 16 at EUR 13.5m (4.8m)
- Q3/2021 equity ratio at 29.1% (32.6%)
 - Equity ratio excluding IFRS 16 at 30.8% (33.5%)
- Q3/2021 gearing at 62.6% (23.6%)
 - Gearing excluding IFRS 16 at 44.9% (15.5%)

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 September 2021)

Consti refinanced its long-term loan in June 2021

Maturity profile of interest-bearing debt¹⁾ as per 30 Sep 2021 (EUR m)



Comments

- Consti's gross interest-bearing debt at EUR 28.1 million (excluding IFRS 16) at the end of Q3/2021
- Cash and cash equivalents amounted to EUR 14.6m 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 2024 (with extension option in 2026), i.e. no significant bank loan redemptions in the coming years
- Refinancing of long-term loan in June 2021
 - Previous loan EUR 17.5 million in total, were paid back and EUR 18.0 million of new loan was raised in June
 - Refinancing extended the maturity for at least 3 years
 - New loan agreement includes an extension option → possibility to extend the maturity of the loan by a maximum of 2 years

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

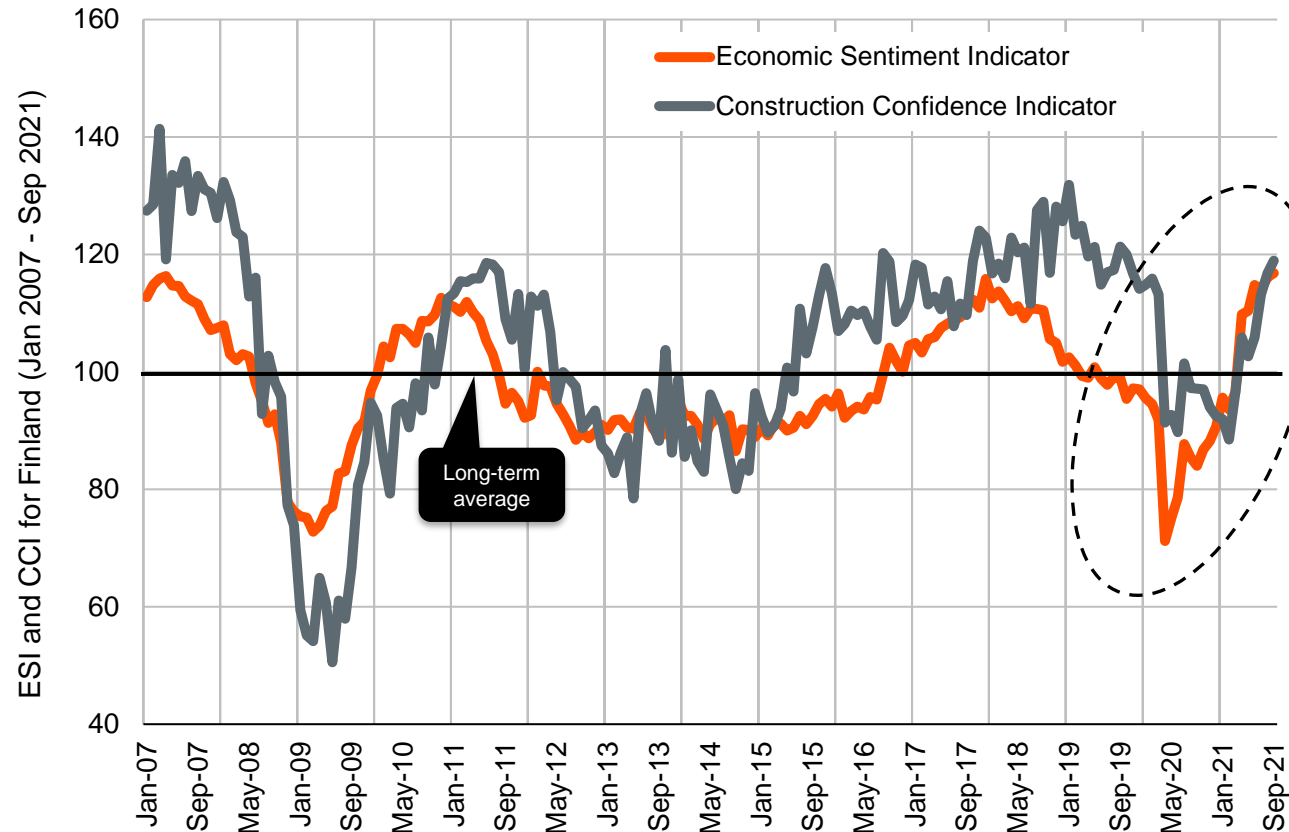
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Economic sentiment and construction confidence in Finland have surpassed their long-term average levels as well as the pre-pandemic levels

Economic Sentiment and Construction Confidence / Finland (2007 – 9/2021)



Note: Mean-adjusted figures

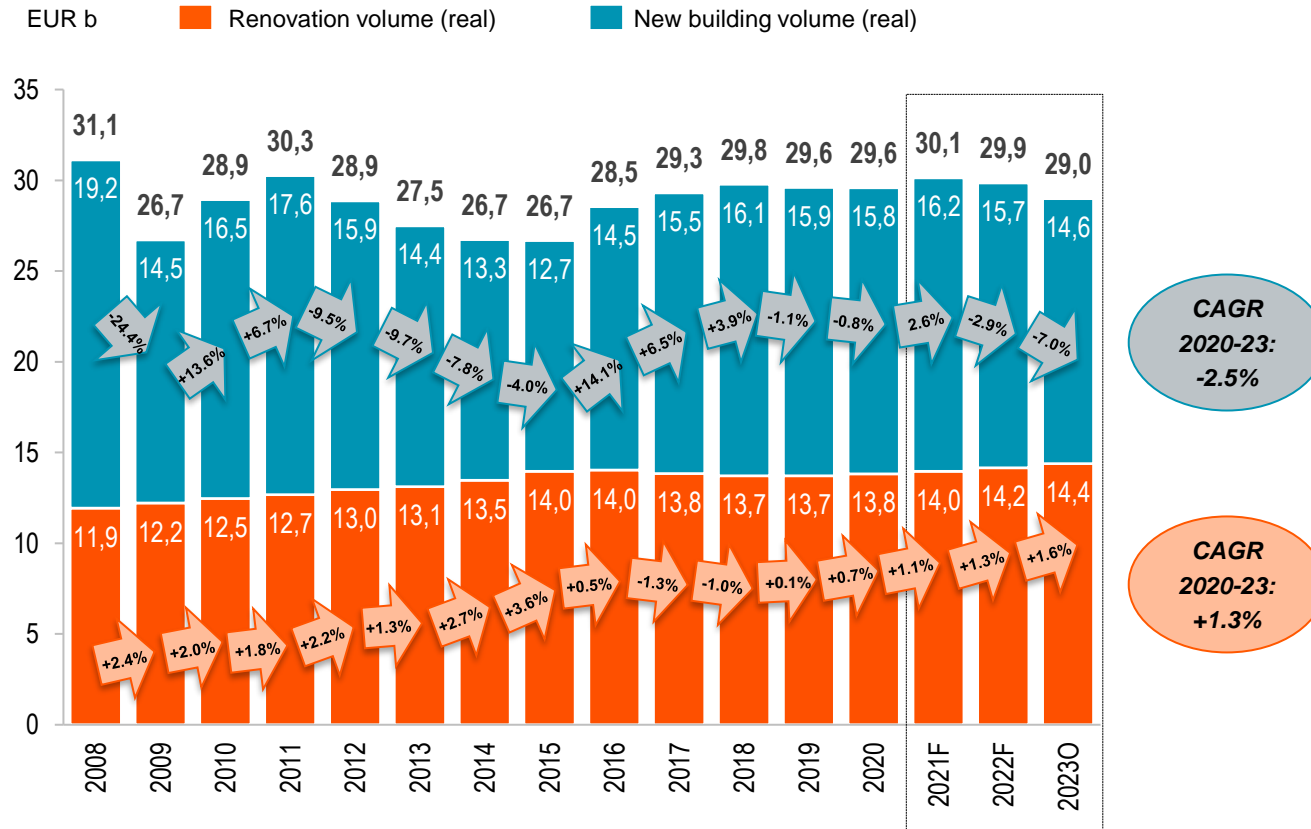
Source: European Commission, October 2021

Comments

- The spread of coronavirus and its accompanying containment measures clearly visible in the development of confidence indicators 2020-21
- Both construction confidence and economic sentiment deteriorated sharply in April 2020, construction confidence falling clearly below the long-term average within one month
- Since April 2020, both indicators have recovered and weakened following the development of the pandemic situation
- At the end of September 2021, both indicators had already surpassed their long-term average levels as well as the pre-pandemic levels

Stable growth in renovation expected to continue going forward

Finnish new building and renovation market development 2008 – 2023



Source: Euroconstruct, June 2021

Confederation of Finnish Construction Industries RT (CFCI), October 2021

Construction 2021–2022 report published by the construction trends group (RAKSU) led by the Ministry of Finance, September 2021

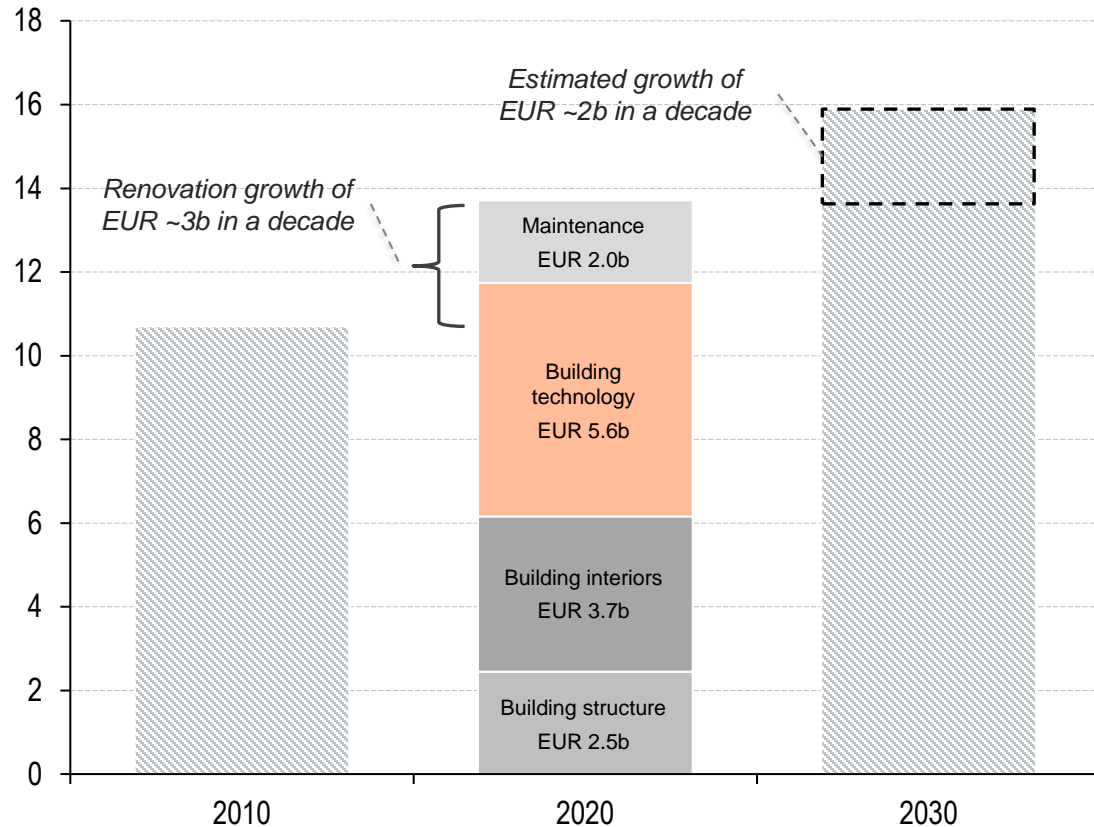
Comments

- According to Euroconstruct, the value of building renovation amounted to approximately EUR 13.8 billion in 2020, representing approximately 47% of total building volume
- The Confederation of Finnish Construction Industries RT (CFCI) estimates in its October 2021 report that the volume of construction is estimated to grow in 2021 by about 1.5 percent from the previous year and predicts that renovation will grow by about 1 percent. Euroconstruct estimates growth of 1.1 percent for renovation in 2021
- The busiest phase of construction is estimated to take place in the second half of 2021 and the first half of 2022 according to RAKSU's Construction 2021–2022 report.
- For 2022, CFCI predicts that the construction market is expected to grow approximately 2.5 percent and building renovation is expected to grow by 2 percent

Long-term growth outlook for Finnish renovation market is positive

In 2020-2030, renovation is expected to outgrow new building market

Development of building renovation market in Finland (EUR b)



Source: Forecon

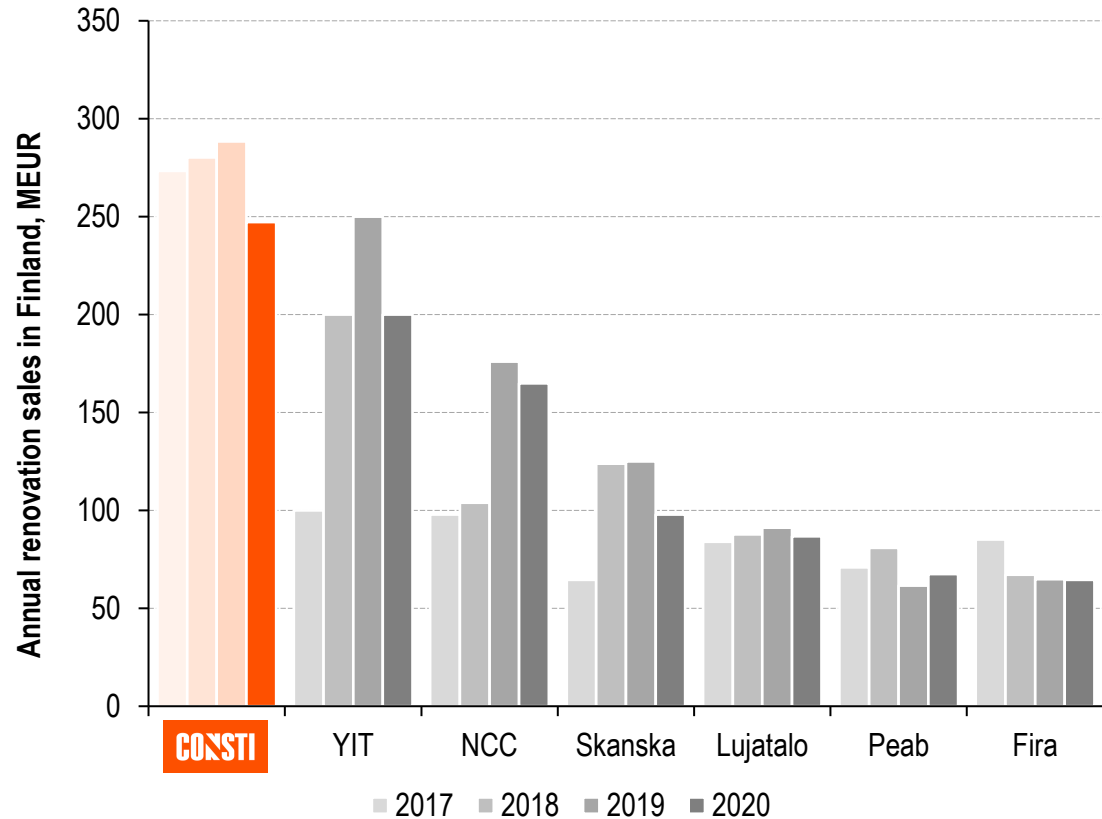
Comments

- According to Forecon, the value of Finnish building renovation market amounted to approximately EUR 13.7 billion in 2020
- Forecon estimates that building technology represents as much as 40% of the total building renovation value
 - Building technology renovation has grown by approximately 4-5% annually since 2000 while the growth in total building renovation has been on average 1-2% per annum
 - The same trend in favour of building technology is expected to continue going forward although the pace of growth estimated to slow down
- Forecon estimates that building renovation market grew by approximately EUR 3 billion during the previous decade
- In the next ten years, building renovation market is estimated to grow by EUR 2 billion in Finland → the growth outlook for renovation in 2020-2030 is better than that of the new building market
- Especially renovation activities that relate to reduction of emissions as well as improvement of energy efficiency are expected to gain ground
- For instance, the EU has published a significant Renovation Wave strategy which aims to double annual energy renovation rates in the next ten years

Finnish renovation market highly fragmented

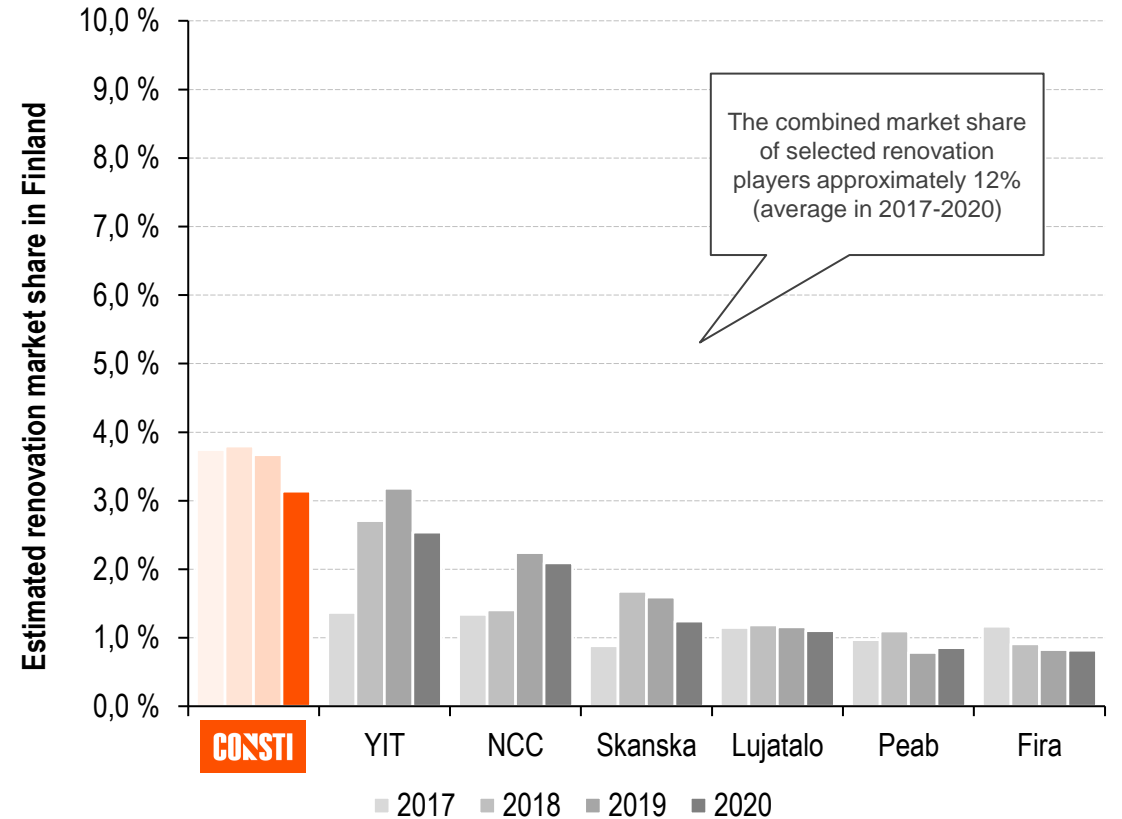
Consti continued to be the largest player in Finnish renovation in 2020

Renovation sales development of selected renovation peers in 2017-2020 (EUR m)



Fragmented Finnish renovation market*

Estimated market shares of selected peers in 2017-2020



Source: Rakennuslehti, Asiakastiето, Consti analysis

* Calculated based on renovation market excluding household sector

Outlook and guidance for 2021

- The renovation market is estimated to grow by about one percent in 2021
 - Uncertainty in Consti's operating environment towards the end of the year is intensified in particular by the rising costs of construction materials and possible availability problems
 - The increase in the price level and availability of construction materials did not have a significant impact on Consti's business in January-September
 - The impact was limited due to the labour-intensive nature of renovation, the timing of procurement in ongoing projects, and the contract models in the project portfolio
 - In Q4/2021, the impact is estimated to be somewhat larger in those ongoing projects where a rapid increase in material costs has not been sufficiently considered at the tendering phase (depending on the contract model)
 - In addition, the coronavirus pandemic continues to cause uncertainty in the operating environment
- "The Company estimates that its operating result for 2021 will be in the range of EUR 4-8 million.



Summary

1. Q3 net sales, order intake and order backlog grew year-on-year
2. Solid performance in Q3: profitability improved in all business areas year-on-year
3. Financial position strengthened from previous quarter as a result of improved profitability and cash flow
4. Acquisition of RA-Urakointi Oy completed in the third quarter
5. Limited impact from the rising costs of construction materials and availability problems in Jan-Sep, however continues to increase uncertainty in the operating environment
6. Consti well positioned to continue solid operational development in the last quarter of 2021

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CONSTI GROUP STRATEGY 2021–2023

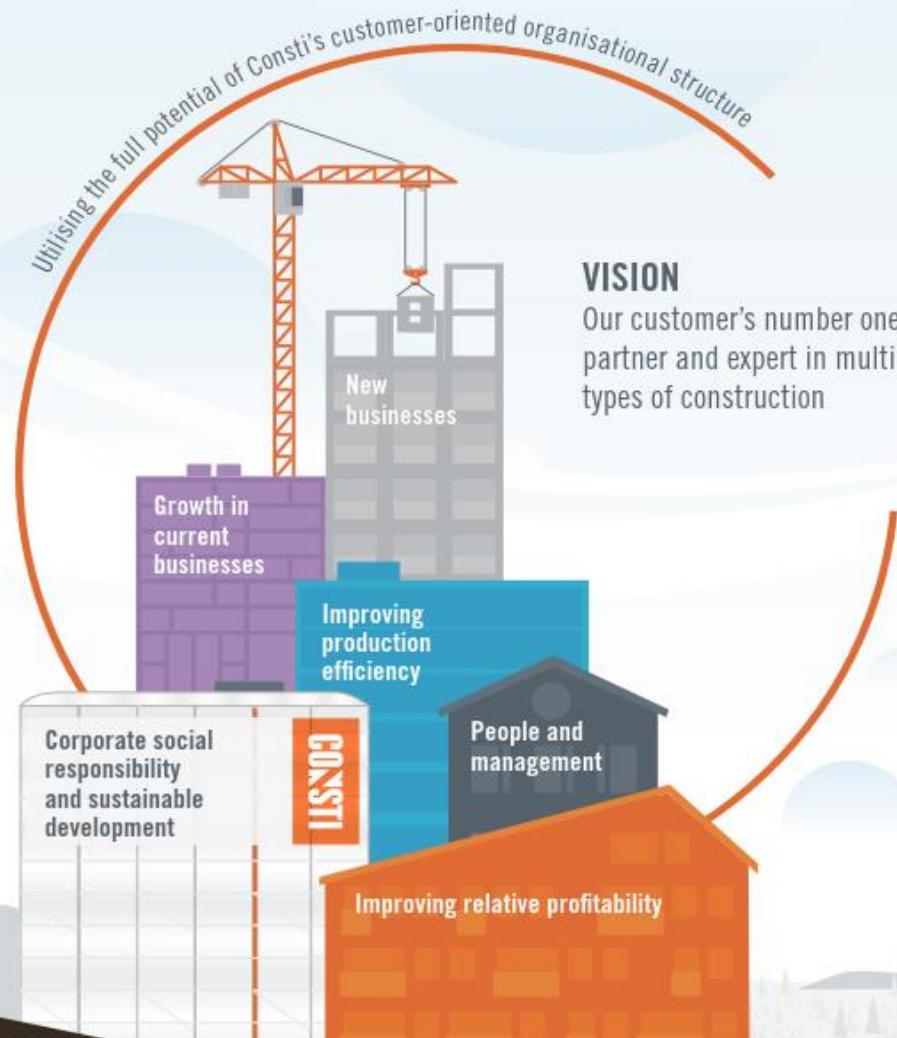
MISSION

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 achieve 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**

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



CONSTI

WAY

THE CONSTI WAY IS CONSTI PEOPLE'S WAY OF WORKING AND LEADING

CONSTI

We are all aiming at the same goal


The Consti Way is Consti people's way of working and leading.

Consti Way directs its whole personnel towards shared goals. In this, we build on the values that are important to us. The Consti Way is part of our every working day and client meeting. It lives on all our building sites and is felt in every meeting we have. The Consti Way guarantees our high quality and is the basis for our occupational welfare. It means respect and competitiveness. It means professional pride, openness and a pioneer spirit.

We are all Consti people – regardless of our field, skills or position.

We cooperate seamlessly across barriers and walls, and between building sites, in jointly agreed, functional and efficient ways.

We know how we work, we know our strengths and we always work in our clients' best interests.

A man and a woman are looking at a tablet together. The man is wearing a grey cap and a plaid shirt. The woman is wearing a white hard hat, glasses, a black scarf, and an orange safety vest with 'CONSTI' written on it. They are both smiling and looking at the tablet.

*“ We are all Consti people
– regardless of our field,
skills or position.*”

CONSTI



CONSTI

INTERIM REPORT

1-9/2021

CONSTI PLC

Q3

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