

A construction worker wearing a bright orange safety suit with reflective stripes, a red helmet with safety glasses, and black gloves is working on a scaffolding. The worker is using a long-handled brush to clean a light-colored wall. The scaffolding is made of metal poles and cross-braces. The background shows a blurred view of a building under construction.

CONSTI PLC

INTERIM REPORT

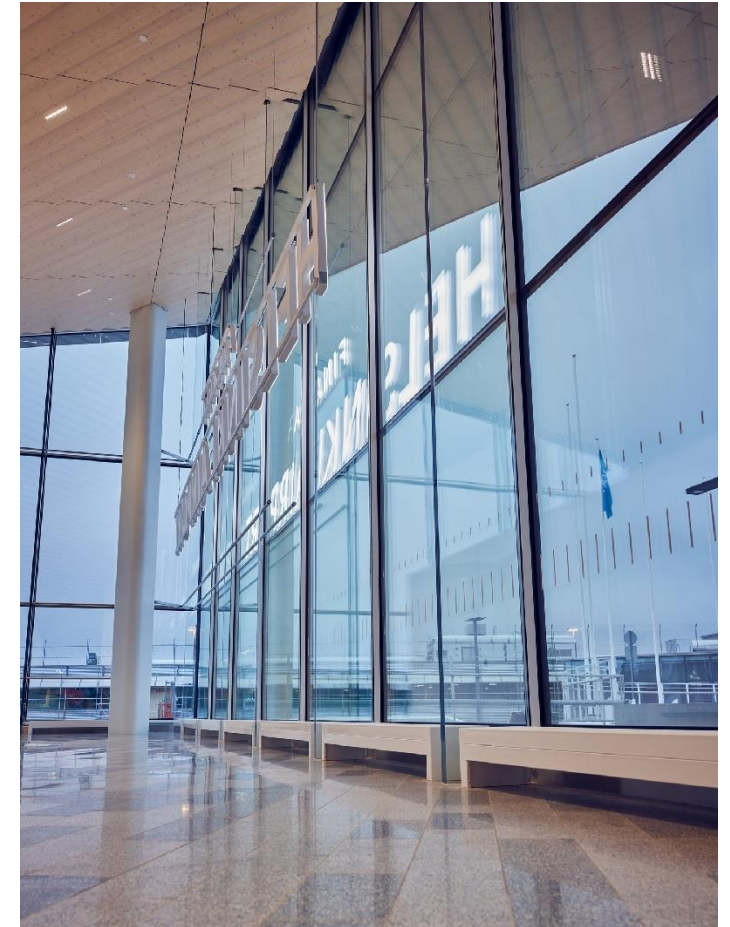
1 JANUARY –
30 SEPTEMBER 2023

CEO Esa Korkeela
CFO Joni Sorsanen

CONSTI

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- 1. Highlights and Group performance**
2. Cash flow and financial position
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Highlights of 1-9/2023 and Q3/2023

Net sales grew and profitability improved

NET SALES:

EUR 234.5m

1-9/2023

EUR
+22.6m

Q3/2023

EUR 89.9m

EUR
+10.9m

EBIT:

EUR 8.4m

1-9/2023

EUR
+1.8m

Q3/2023

EUR 4.8m

EUR
+1.4m

FREE CASH FLOW:

EUR 10.3m

1-9/2023

EUR
2.7m

Q3/2023

EUR 7.1m

EUR
1.3m

NET DEBT:

EUR -2.7m

EUR
-15.5m

ORD. BACKLOG:

EUR 247.3m

EUR
+36.8m

PERSONNEL:

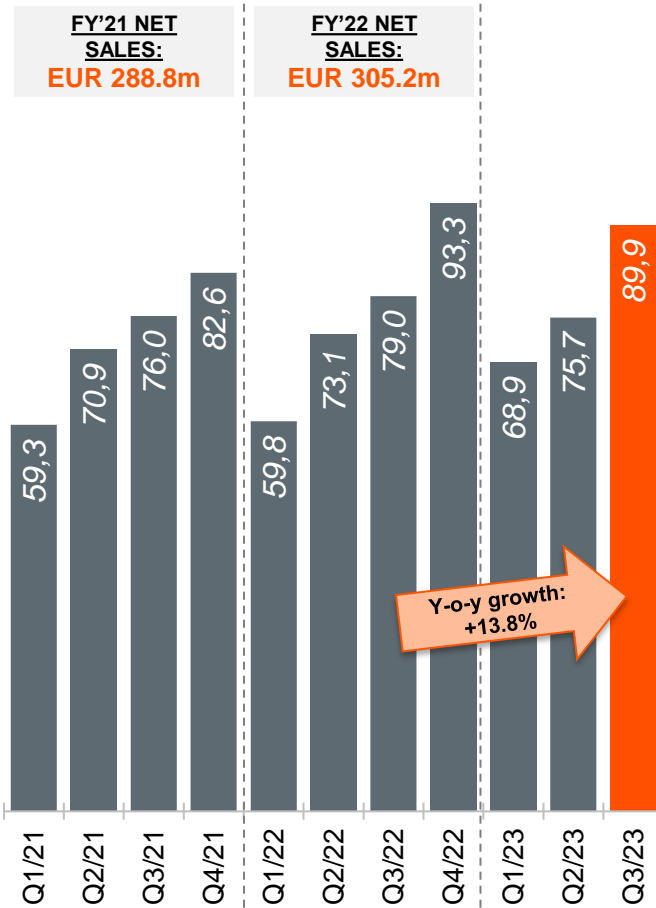
973

No.
-15

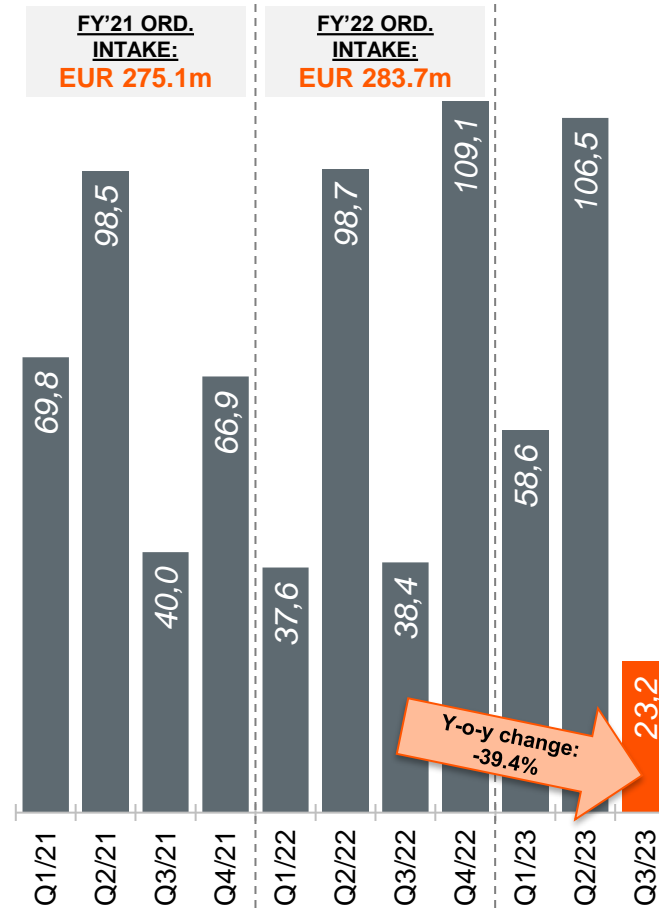
Quarterly performance overview

Net sales and order backlog continued to grow year-on-year, Q3 order intake decreased

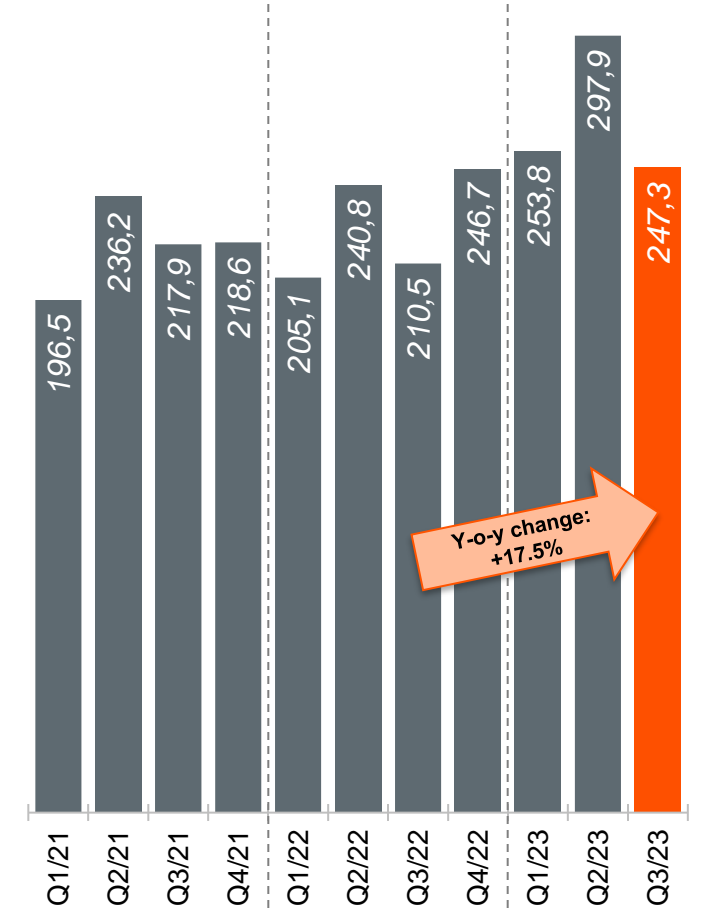
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



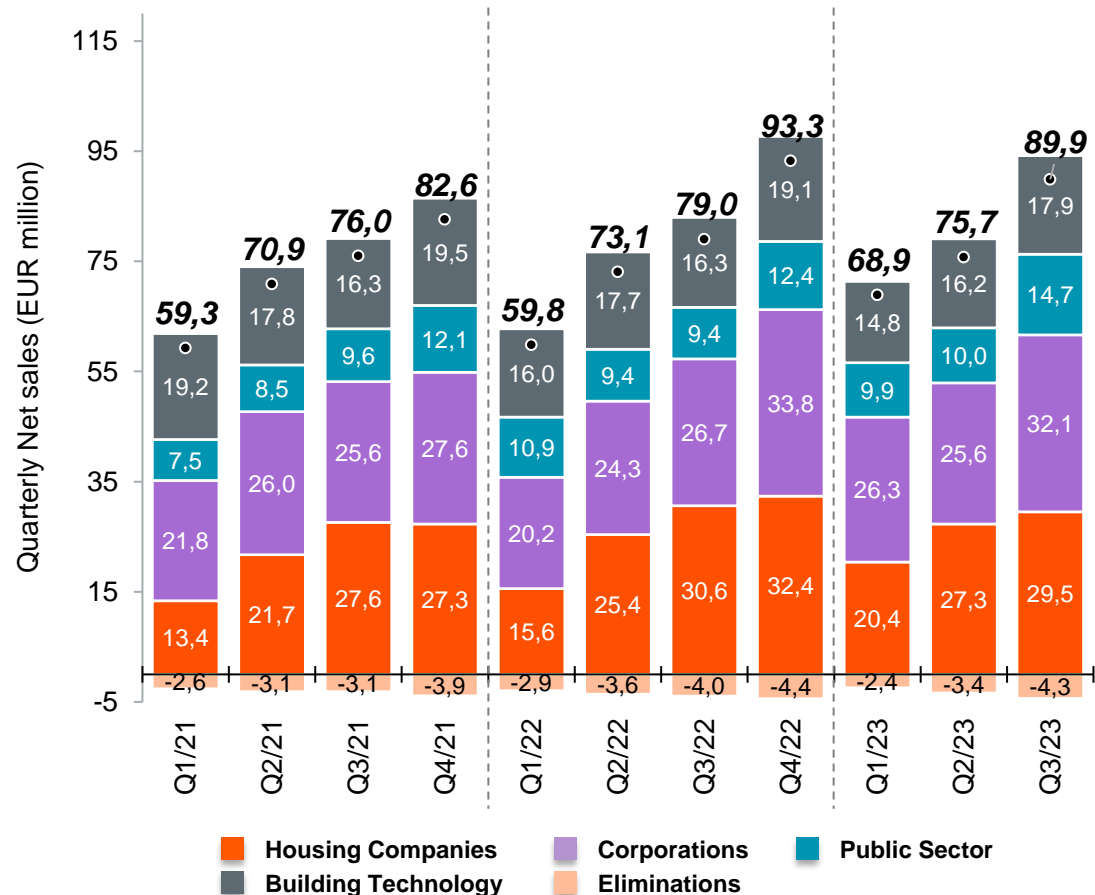
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q3 net sales amounted to EUR 89.9m, growing 13.8% year-on-year

Quarterly net sales development Q1/2021 – Q3/2023 (EUR m)



Comments

- Q3/2023 net sales EUR 89.9m (79.0m)
 - Year-on-year growth 13.8%
 - Net sales grew most strongly in Corporations and Public Sector business areas
 - Corporations net sales EUR 32.1m (26.7m) → net sales growth was supported by the shopping centre projects
 - Public Sector net sales EUR 14.7m (9.4m) → net sales increased by the ongoing school projects
 - Building Technology net sales EUR 17.9m (16.3m) → net sales increased both in service business and in contracting business
 - Housing Companies net sales EUR 29.5m (30.6m) → net sales close to the level of the comparison period
- 1-9/2023 net sales EUR 234.5m (212.0m), growth of 10.7% year-on-year

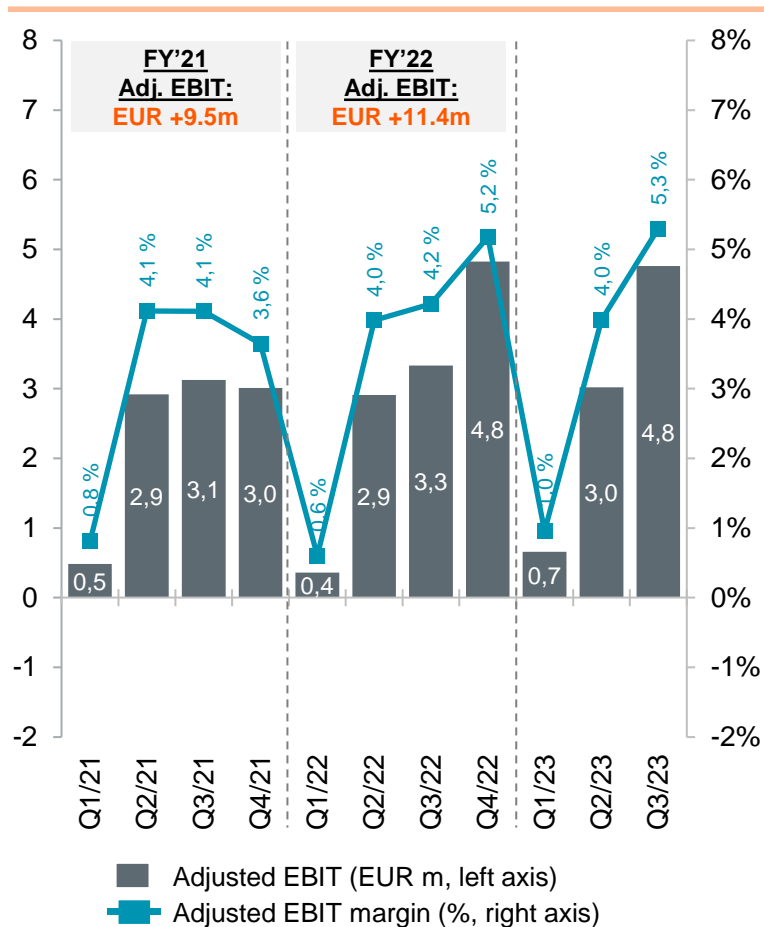
Quarterly Adjusted EBIT and EBIT development

Q3 proceeded as expected, gain from the sale of property-related relining business supported profitability

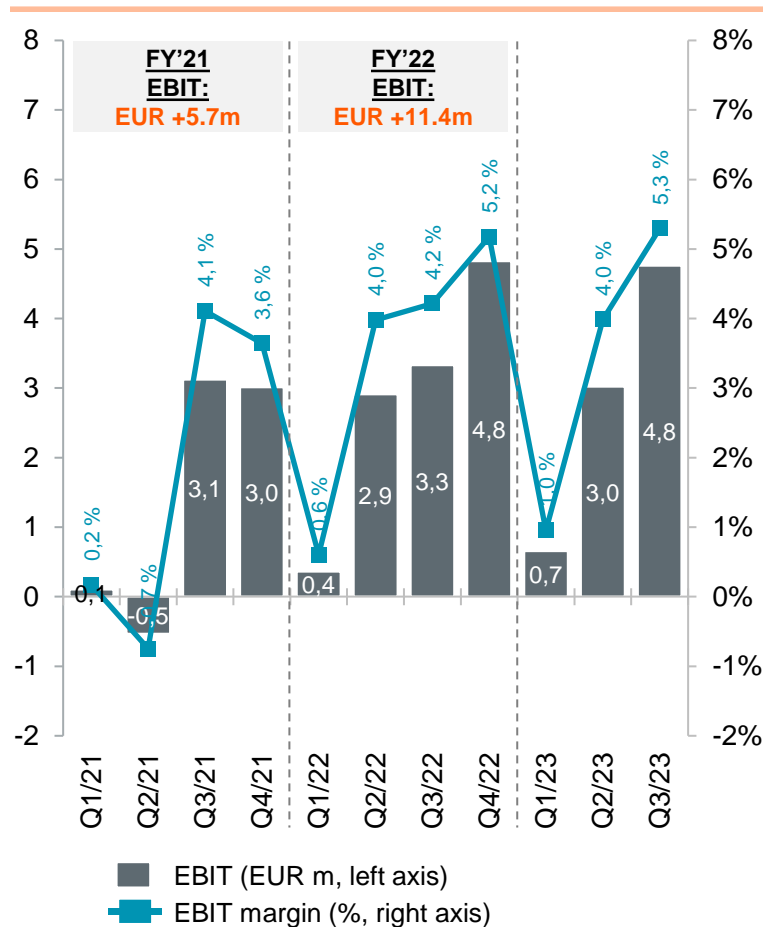
*Adjusted EBIT = EBIT before items affecting comparability (IAC)

- 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 – Q3/2023 (EUR m)



Quarterly EBIT development
Q1/2021 – Q3/2023 (EUR m)



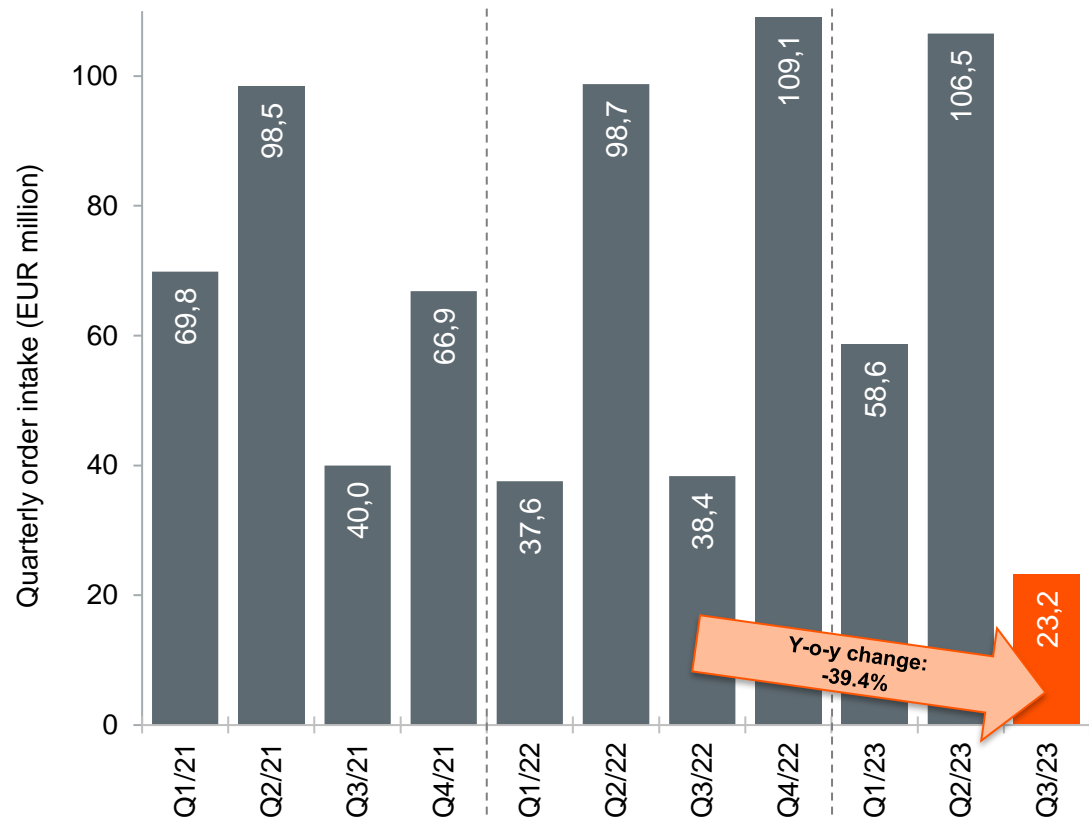
Comments

- Q3/2023 EBIT amounted to EUR 4.8 (3.3) million, or 5.3% (4.2%) of net sales
 - Q3 advanced as expected and projects largely progressed as planned
 - The gain recognised on the sale of Consti's property-related relining business at the end of the reporting period amounting to approximately EUR 1 million supported the profitability in Q3
 - Q3 relative profitability in line with previous year excluding the sale of relining business
- 1-9/2023 EBIT amounted to EUR 8.4 (6.6) million, or 3.6% (3.1%) of net sales
 - Profitability improved compared to the comparison period, although cost inflation weakened the result through both increased construction costs and higher indirect costs especially during H1

Quarterly order intake development

Q3/2023 order intake EUR 23.2 million (38.4m)

Quarterly order intake development Q1/2021 – Q3/2023 (EUR m)



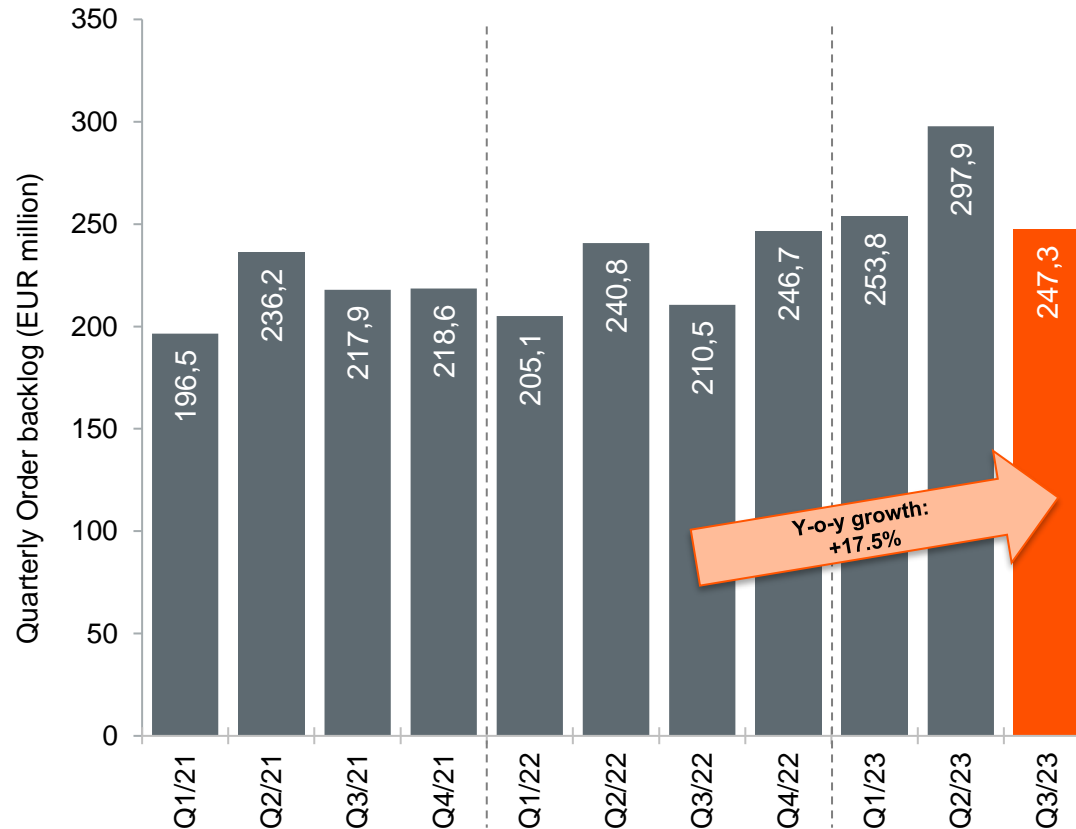
Comments

- Q3/2023 order intake EUR 23.2m (38.4m)
 - Year-on-year change -39.4%
 - The most significant order in Q3 was:
 - Building technology installation in renovation and expansion project of Tampere City Central Office Building
 - The rest of the order intake for Q3 2023 consists of several smaller projects
 - The seasonal nature of Consti's business typically results in lower order intake in the third quarter
 - In addition, Q3 order intake was affected by intensified competition, disciplined tendering, and reduced demand, particularly in the private real estate investment company market
- 1-9/2023 order intake EUR 188.4m (174.6m), growth of 7.9% year-on-year

Quarterly order backlog development

Q3/2023 order backlog at EUR 247.3 million, up by 17.5% y-o-y

Quarterly order backlog development Q1/2021 – Q3/2023 (EUR m)



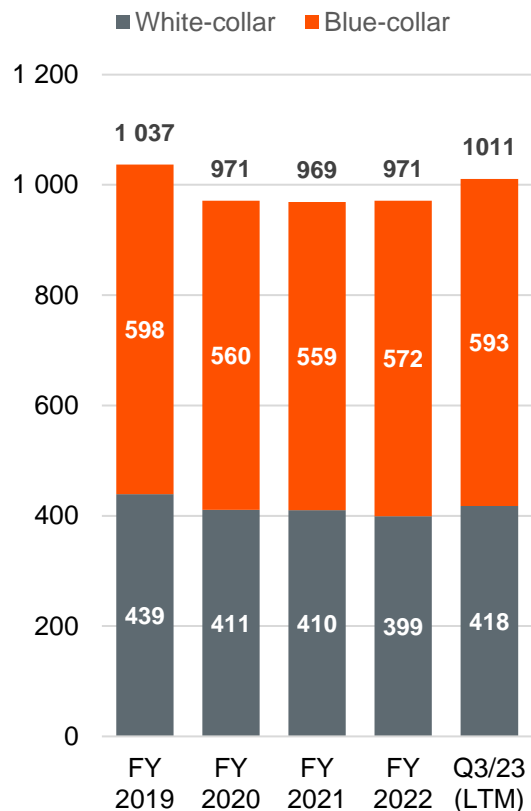
Comments

- Q3/2023 order backlog at EUR 247.3m (210.5m)
 - Year-on-year growth +17.5%
 - In relative terms the September 2023 backlog is more evenly distributed to following years compared to September 2022 backlog
 - In absolute terms, approximately equal share of September 2023 order backlog to be recognised in revenue within the next three months compared to September 2022 backlog, i.e. net sales growth expected to slow down towards the year-end
 - Strong order backlog to support solid performance going forward

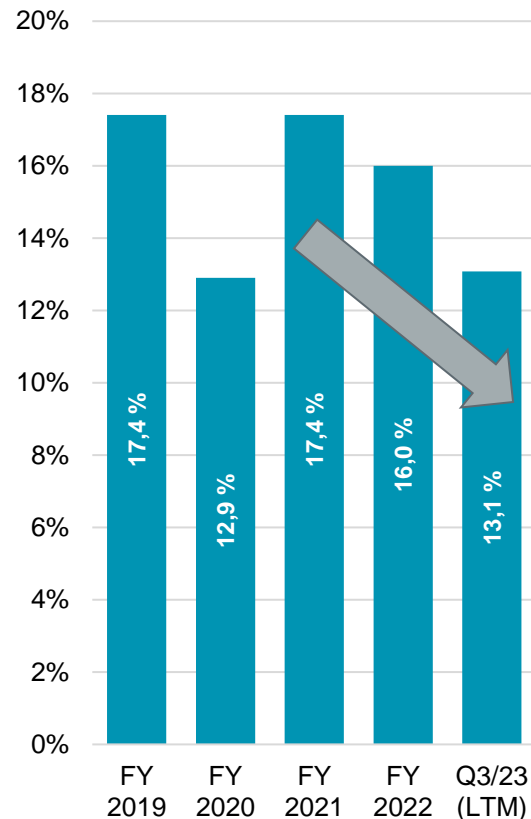
Number of personnel and other HR KPIs

Personnel increasing along with growing business volumes, positive trend in personnel turnover, absence rate as well as accident rate

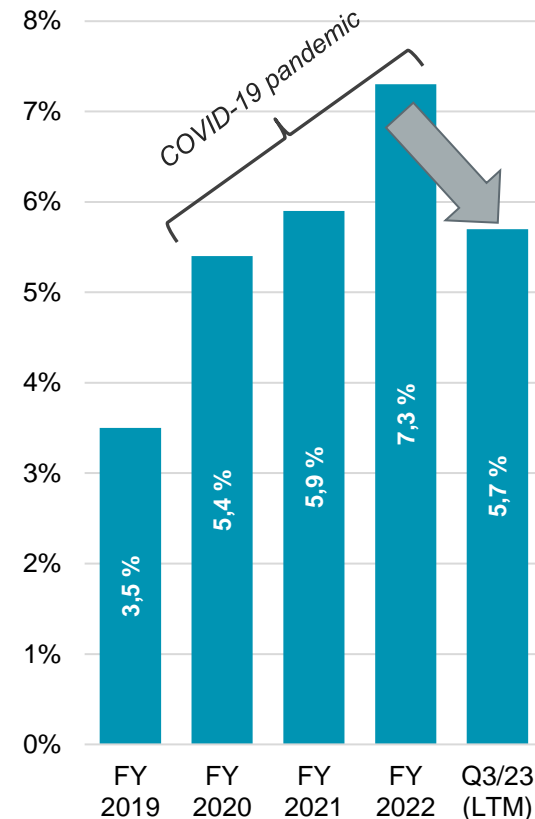
Average number of personnel
2019 – Q3/2023



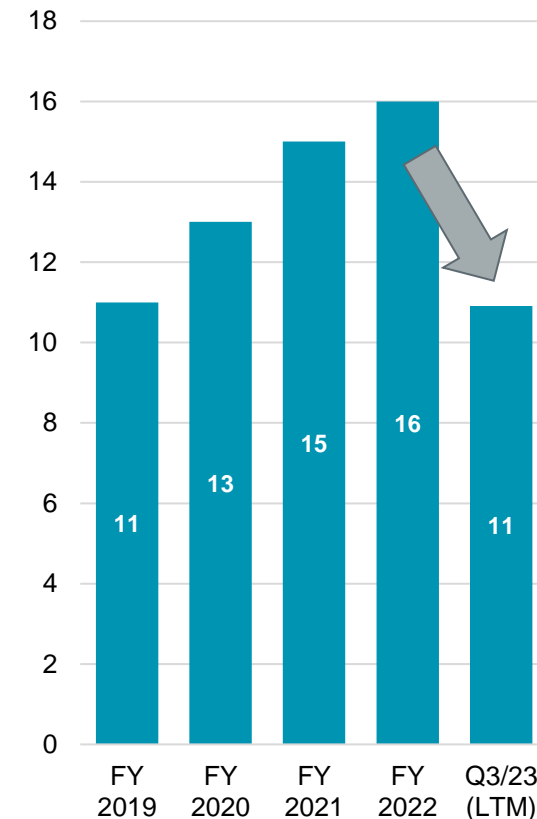
Permanent personnel turnover ratio
(% of employees leaving)



Average absence rate (%)



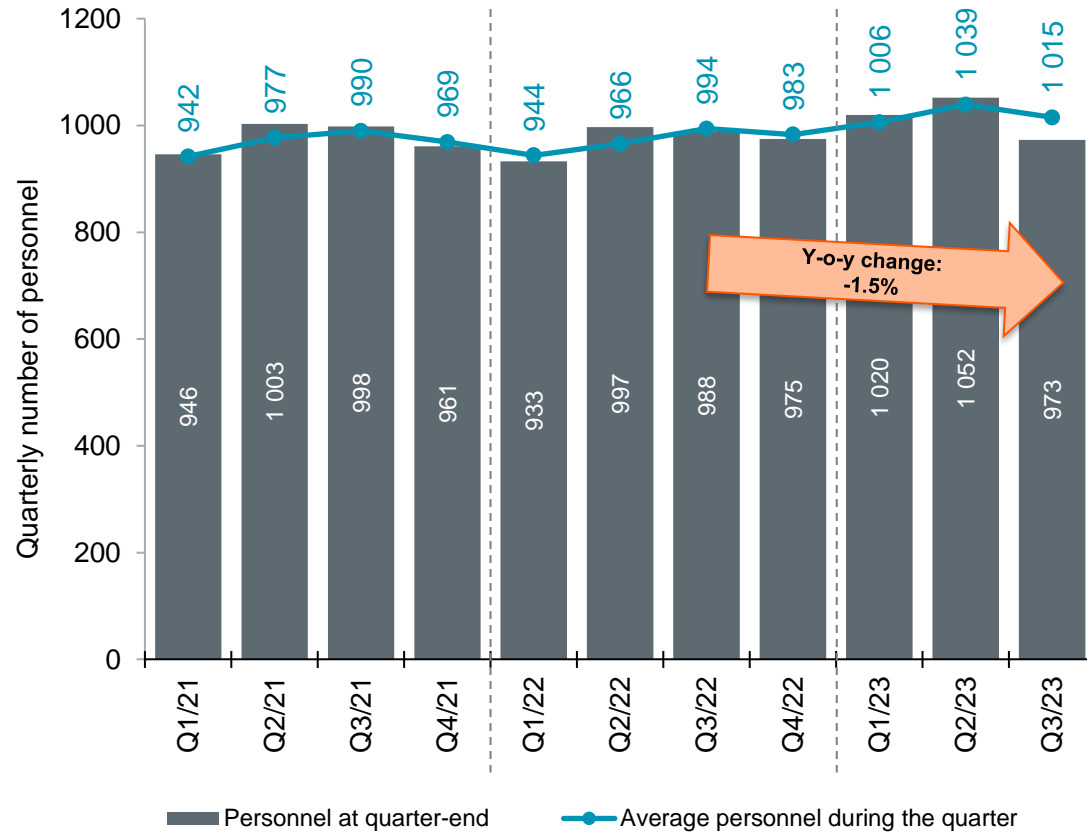
Accident rate / LTIFR
(accidents per million hours worked)



Quarterly development in number of personnel

Total number of personnel at the end of Q3/2023 decreased by 15 year-on-year

Quarterly development in number of personnel Q1/2021 – Q3/2023

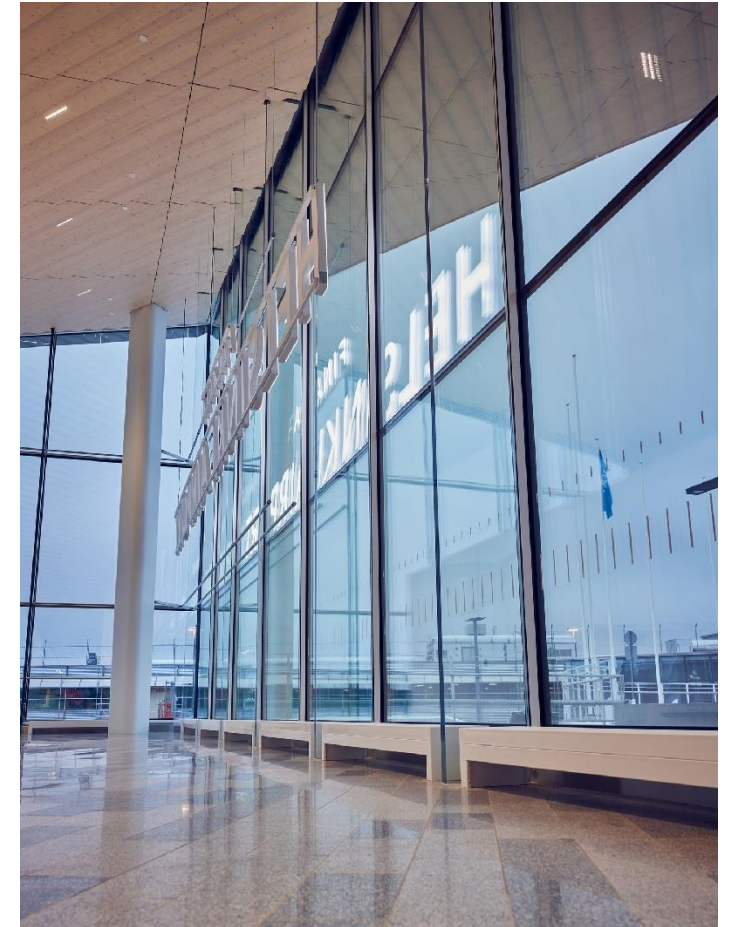


Comments

- Number of personnel at the end of Q3/2023 973 (988), decrease of 15
- Average number of personnel during Q3/2023 1,015 (994), increase of 21
- Average number of personnel during 1-9/2023 1,020 (968), increase of 52
- Number of personnel at the end of Q3/2023 decreased due to the disposal of Consti's property-related relining business in September (45 FTEs)
- Average number of personnel increasing as a result of growing business volumes

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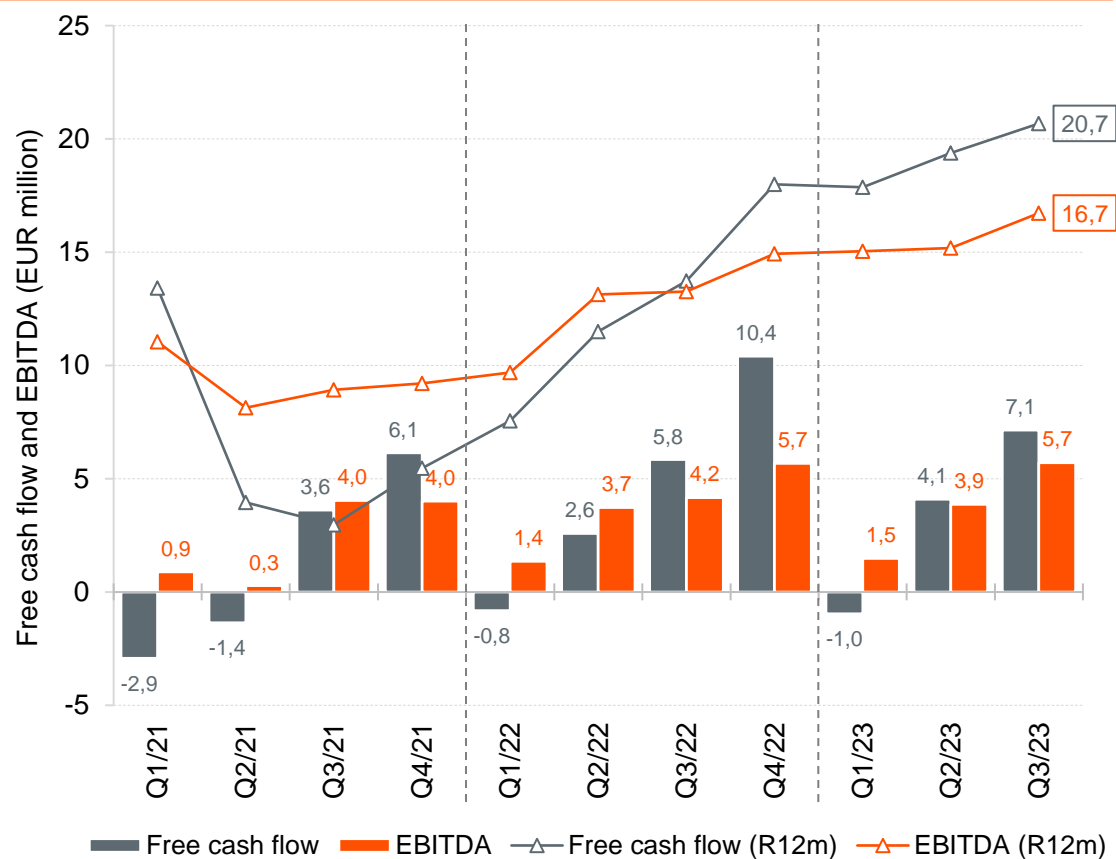
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Quarterly free cash flow development

Q3 2023 free cash flow EUR 7.1 million (5.8m), clear improvement year-on-year

Quarterly free cash flow¹⁾ and EBITDA Q1/2021 – Q3/2023 (EUR m)



Comments

- Q3/2023 free cash flow EUR 7.1m (5.8m)
 - EBITDA amounted to EUR 5.7m (4.2m)
 - Cash flow impact from change in net working capital was EUR +2.8m (+1.9m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.4m (-0.5m)

- 1-9/2023 free cash flow EUR 10.3m (7.6m)
 - EBITDA amounted to EUR 11.0m (9.3m)
 - Cash flow impact from change in NWC EUR +2.1m (-0.5m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -1.6m (-1.1m)

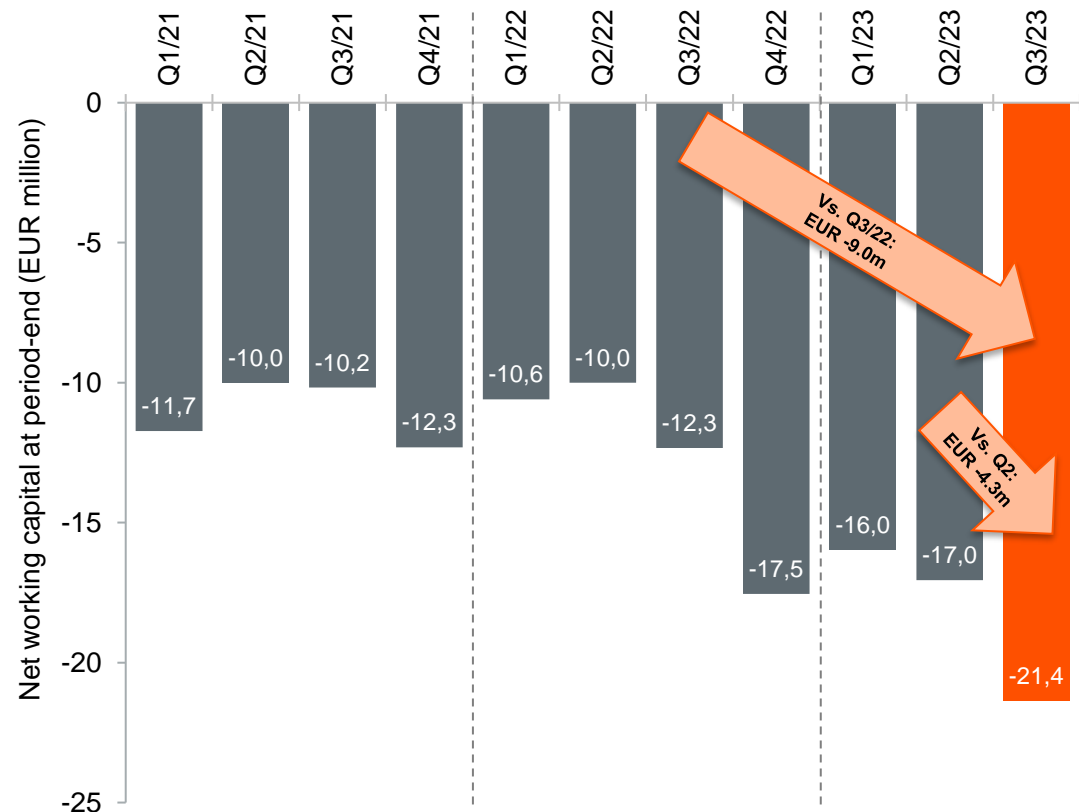
- In September 2023, rolling 12-month free cash flow EUR 20.7m and EBITDA EUR 16.7m → R12m cash conversion ratio 123.7%, meeting the long-term financial target of >90%

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 -21.4 million at the end of Q3/2023

Quarterly net working capital¹⁾ Q1/2021 – Q3/2023 (EUR m)



Comments

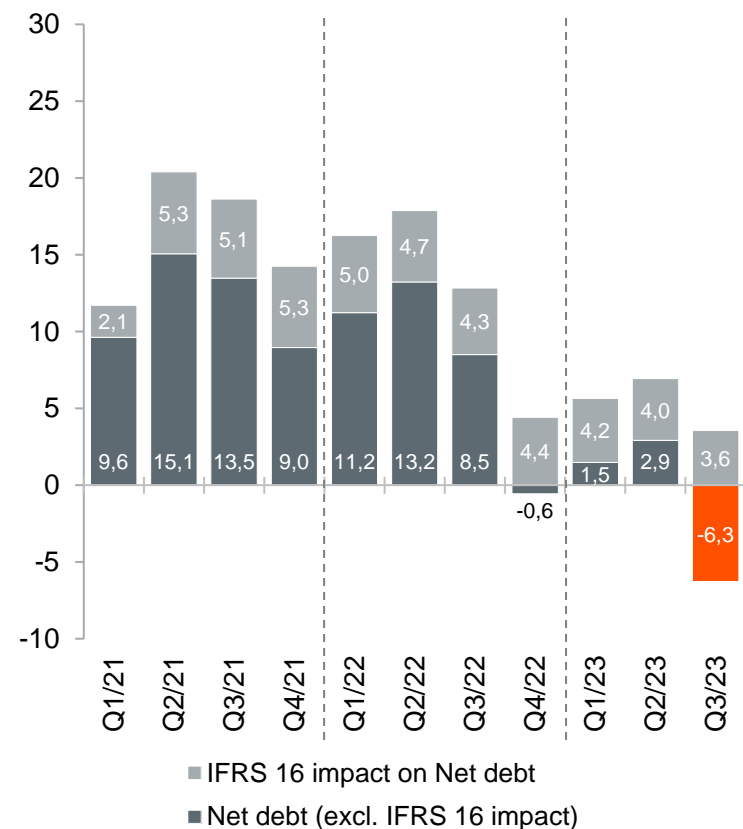
- Net working capital EUR -21.4m (-12.3m) at the end of Q3/2023
 - NWC released during the third quarter amounted to EUR -4.3m (-2.3m)
 - Improvement of EUR 9.0m in NWC compared to Q3/2022
 - NWC at a record-low level, thanks to disciplined steering throughout the Group

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

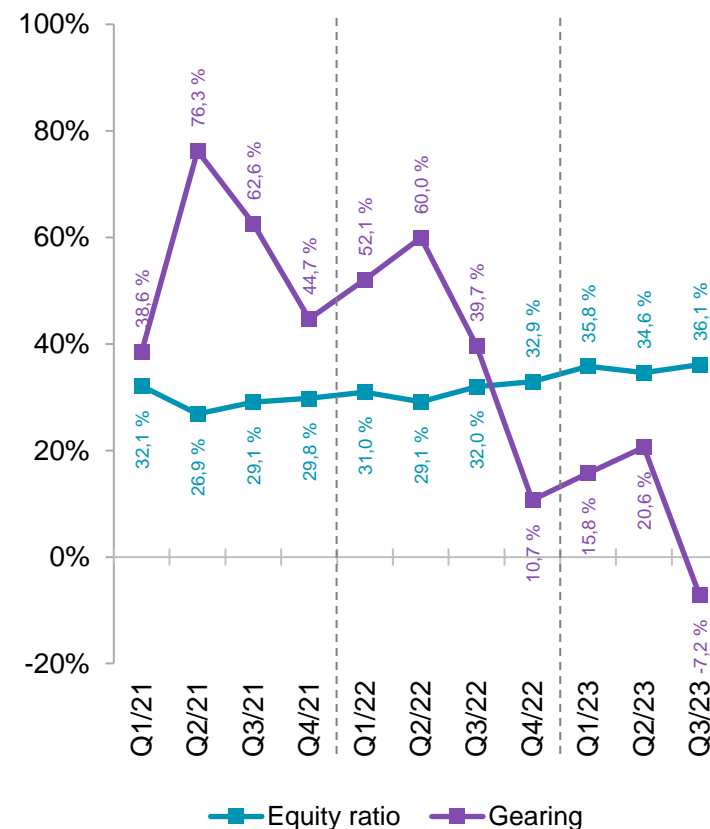
Quarterly balance sheet structure

Q3 financial position strengthened year-on-year, balance sheet net debt-free at quarter-end

Quarterly net debt development (EUR m)
Q1/2021 – Q3/2023



Quarterly equity ratio and gearing development
Q1/2021 – Q3/2023



Comments

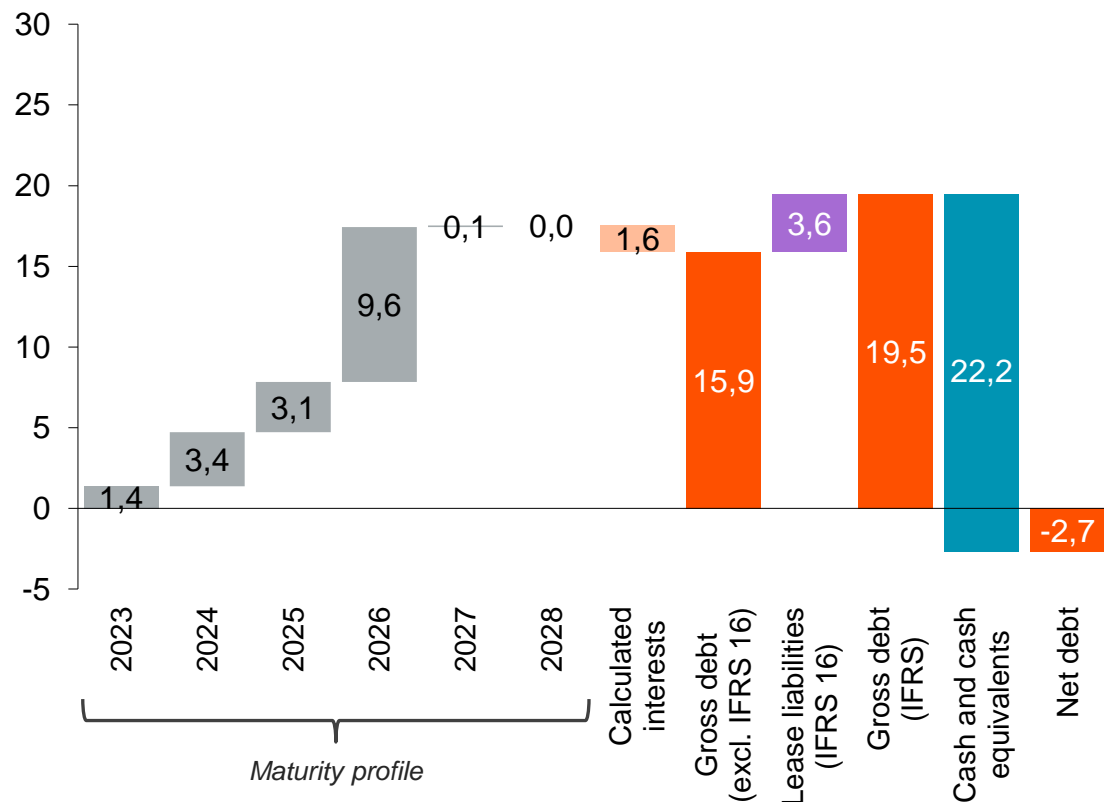
- Q3/2023 financial position strengthened during the third quarter
 - Improvement in profitability and cash flow
 - Balance sheet net debt-free at the end of the quarter
- Q3/2023 net debt at EUR -2.7m (12.8m), of which EUR 3.6m (4.3m) attributable to IFRS 16 related lease liabilities
 - Net debt excluding IFRS 16 at EUR -6.3m (8.5m)
- Q3/2023 equity ratio at 36.1% (32.0%)
 - Equity ratio excluding IFRS 16 at 37.5% (33.6%)
- Q3/2023 gearing at -7.2% (39.7%)
 - Gearing excluding IFRS 16 at -16.5% (26.2%)

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 2023)

Net interest-bearing debt negative EUR -2.7 million at Q3 2023. In April 2023, maturity of the loan was extended into June 2026

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



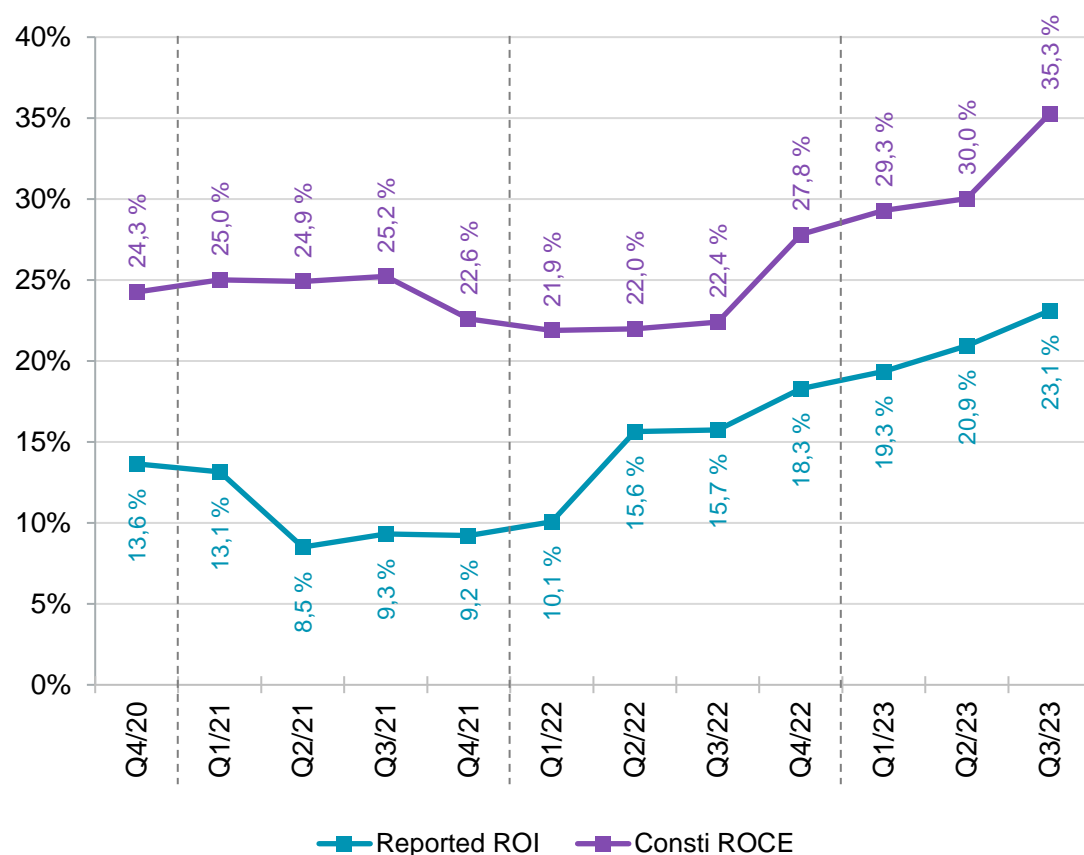
- Consti’s gross interest-bearing debt at EUR 15.9 million (excluding IFRS 16) at the end of Q3/2023, reduction of EUR 6.8m year-on-year and reduction of EUR 4.4m from YE 2022
- 1-9/2023 net finance costs EUR 0.8m (0.7m), increasing slightly year-on-year. However, no y-o-y increase in Jul-Sep ‘23
- Cash and cash equivalents EUR 22.2m 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 Q3

Reported ROI¹⁾ and Consti ROCE²⁾ Q4/2020 – Q3/2023 (%)



Comments

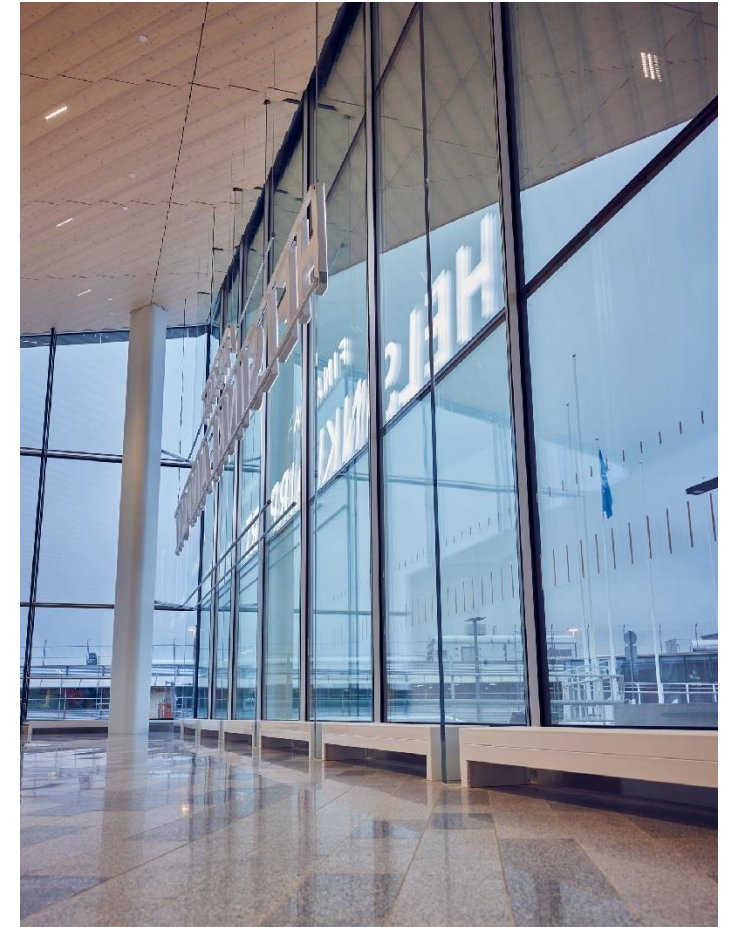
- In financial years 2020-2023, Consti's return on capital employed has exceeded 20%
- Q3 2023 Consti ROCE totaled 35.3%
 - Q3 2023 R12m EBIT margin 4.0%
 - Q3 2023 R12m average capital efficiency 8.8x (excluding IFRS 16 related assets)
- Q3 2023 Reported ROI totaled 23.1%, steadily increasing

1) Return on investment, ROI (%) = Profit/loss before taxes + interest and other financial expenses (R12m) / Total equity + interest-bearing liabilities (average)

2) Consti ROCE = Adjusted EBIT (R12m) / Capital employed (R12m average), where Capital employed = Tangible and intangible assets (excl. IFRS 16) + Net working capital

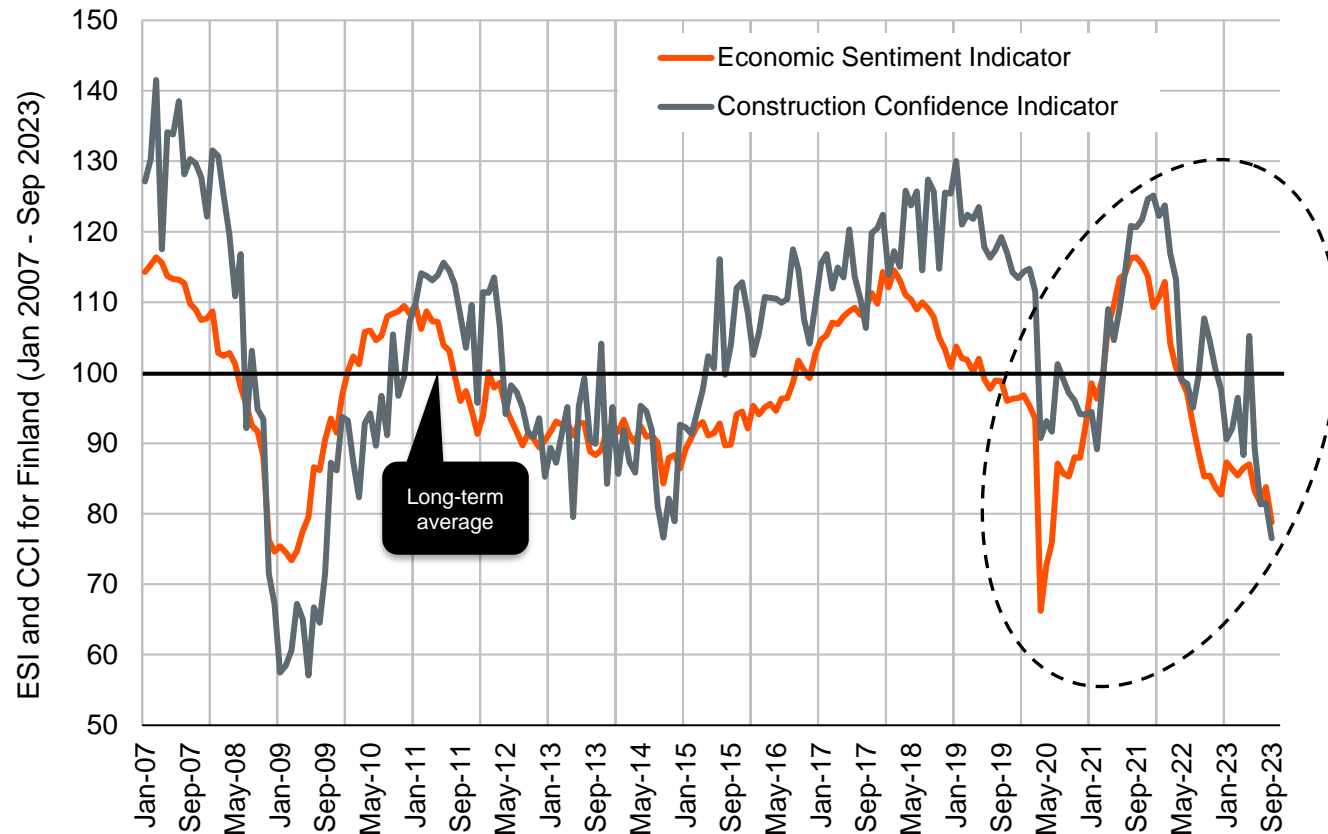
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Economic sentiment and construction confidence in Finland clearly below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 9/2023)



Note: Mean-adjusted figures

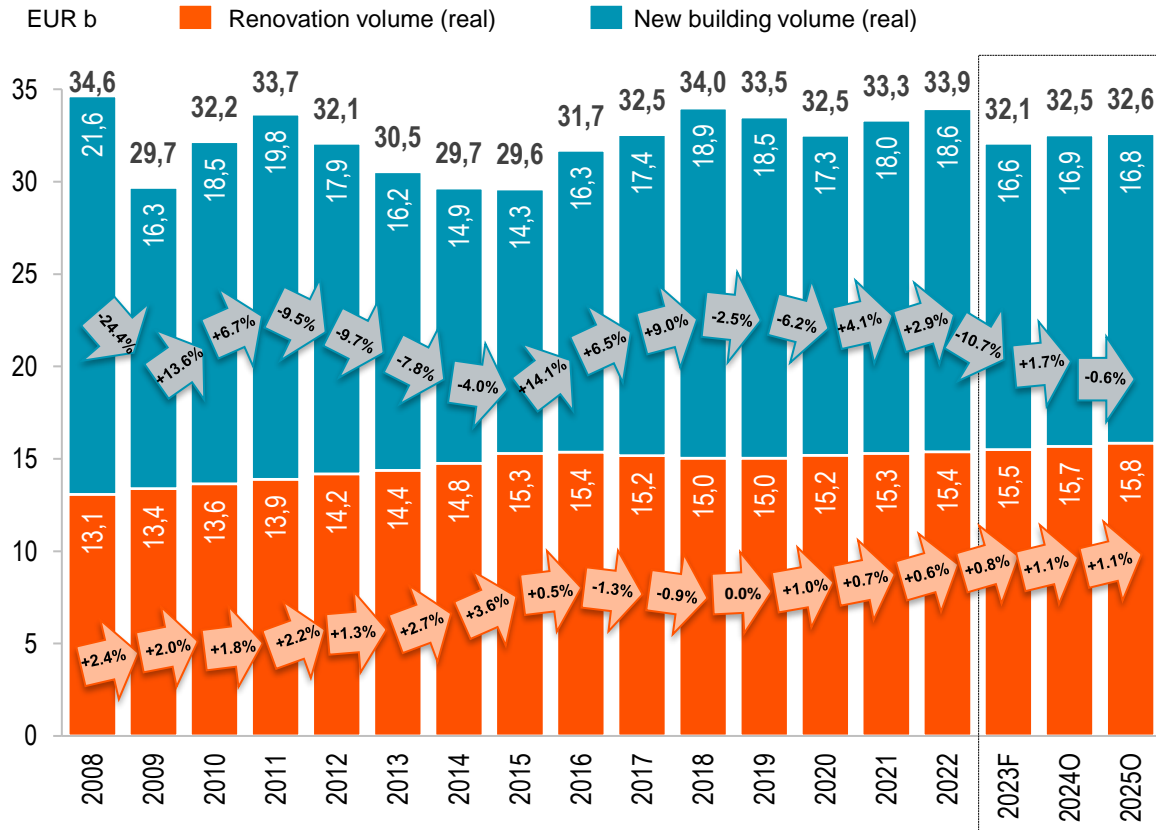
Source: European Commission, September 2023

Comments

- Negative development in the Economic Sentiment Indicator (ESI) during Q3 2023
 - ESI clearly below its long-term average level
 - The decrease in ESI since February 2022 has been driven by a deterioration in confidence in all surveyed business sectors (industry, services, consumer, retail trade and construction)
- Construction confidence indicator (CCI) declined clearly during Q3 2023
 - CCI clearly below its long-term average level
 - CCI at the end of Sep '23 hit the lowest level since the financial crisis
 - The construction confidence in Finland one of the lowest among the European Union countries

The outlook for construction output for 2023 and 2024 has weakened compared to the previous forecast

Finnish new building and renovation market development 2008 – 2025 (Euroconstruct)



Source: Confederation of Finnish Construction Industries RT (CFCI), September 2023
Euroconstruct, June 2023

Comments

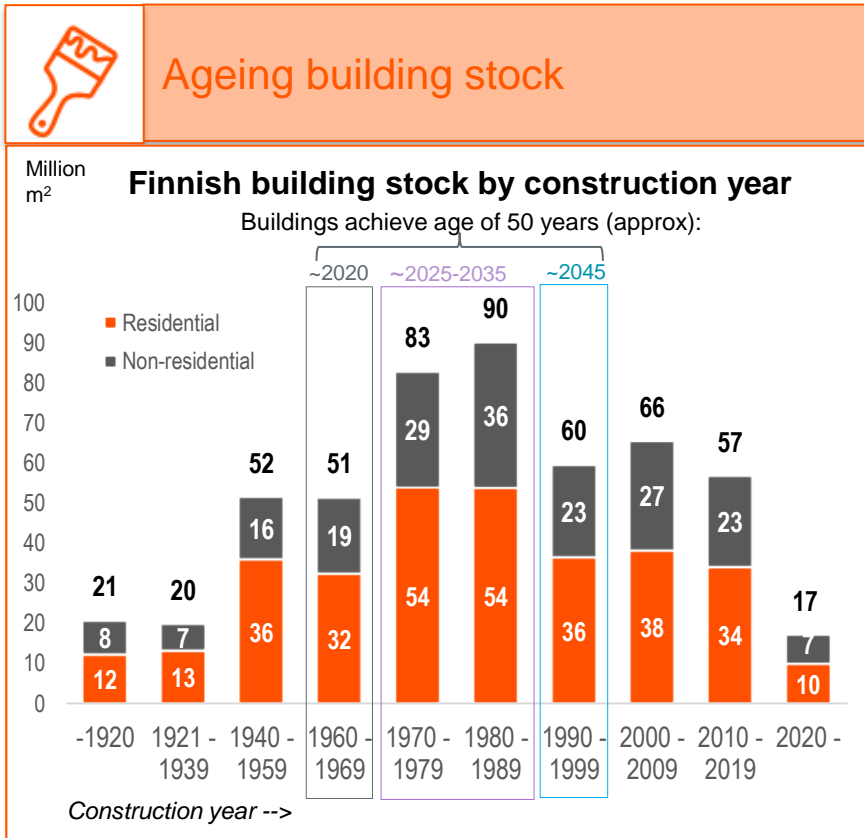
- According to Euroconstruct, the value of building renovation amounted to approximately EUR 15.4 billion in 2022, representing approximately 45% of total building volume
- The outlook for construction output (incl. renovation) for 2023 and 2024 has weakened compared to the previous forecast
- The Confederation of Finnish Construction Industries RT (CFCI) estimates in its September 2023 report that the volume of construction is estimated to decrease in 2023 by 10% from the previous year and predicts that renovation will decrease by 4% while the residential new building market is expected to decline by 38%
- For 2024, CFCI predicts that the construction market is expected to decline 2% and expects that building renovation will decrease by 1% while the residential new building market is expected to decline by 9%
- The outlook for renovation is weakened by rapidly rising construction costs and interest rates, mirroring the trends in new construction
- However, renovation is more needs-oriented and less sensitive to economic cycles than new construction

CAGR 2022-25: -3.4%

CAGR 2022-25: +1.0%


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

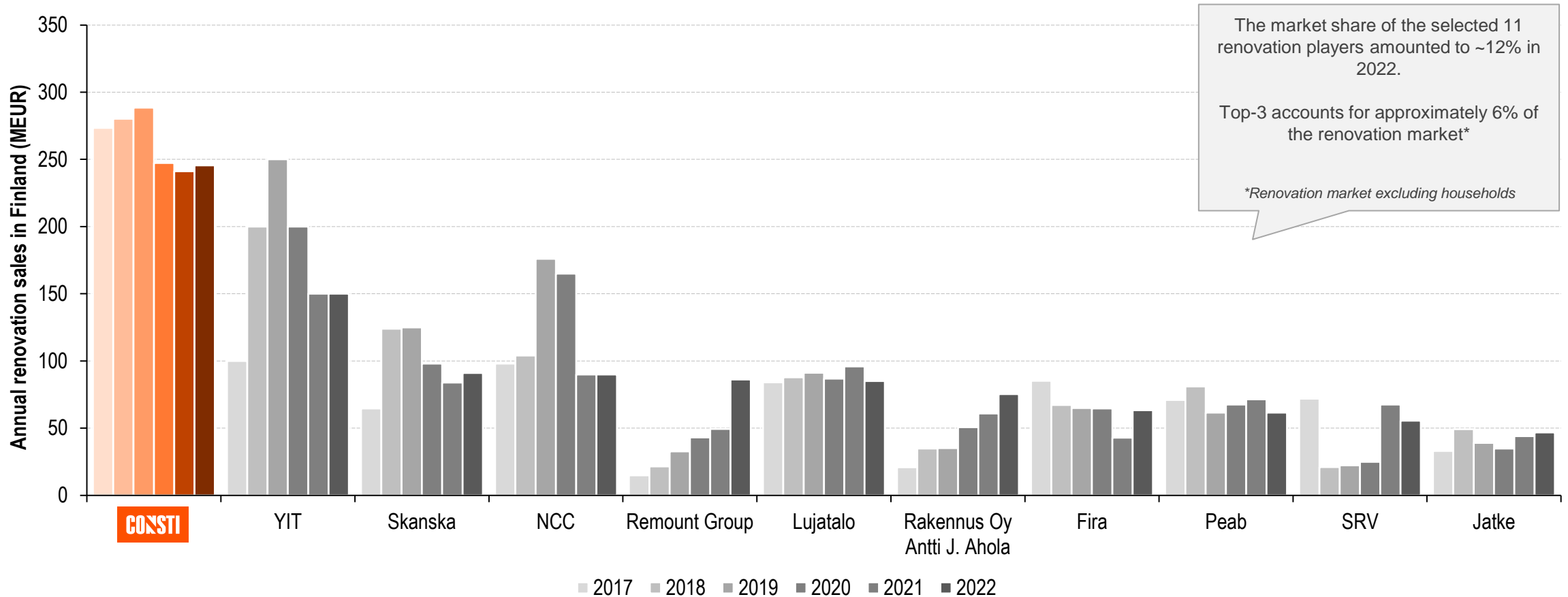
- The age of Finland's building stock is a primary driver of the need for renovation
- Building technology represents as much as 40% of the total building renovation
 - Building technology renovation has historically outgrown total building renovation and the same trend is expected to continue
 - The 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

Net sales development of the Finnish largest renovation players 2017-2022

Consti continues to be the largest renovation player in Finland. The combined net sales of the selected renovation companies grew by 5.1% in 2022

Net sales development of the Finnish largest renovation players 2017-2022 (MEUR)

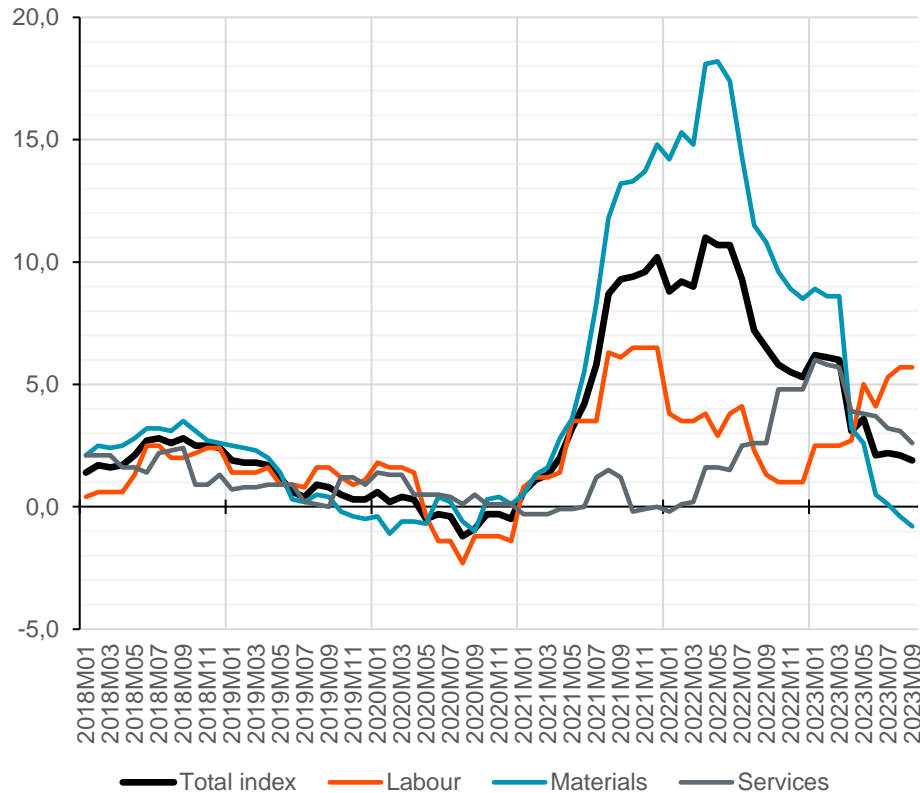


Source: Rakennuslehti

Building cost growth has leveled off during 2023 after two years of increase

Building cost index rose by 1.9% y-o-y but declined by 0.1% m-o-m in September 2023. Labour costs rising the most in January-September 2023

Annual change of the Building Cost Index 1/2018 – 9/2023 (%)
(2000 = 100)



Source: Statistics Finland

Building cost index by input heading September 2023 (2021=100)	Index figure	Annual change (%)
0 TOTAL INDEX	111,0	1,9
01 LABOUR	108,5	5,7
02 MATERIALS	113,7	-0,8
02.1 AREA	108,7	5,2
02.1.1 Soil	106,1	4,1
02.1.2 Construction site surface structures	112,8	7,7
02.1.3 House equipment	118,2	4,5
02.2 HOUSE	112,4	-3,8
02.2.1 Concrete, bricks and blocks	118,4	3,6
02.2.2 Precast concrete units	106,8	-10,3
02.2.3 Timber structures	88,3	-17,1
02.2.4 Steel structures	121,9	-5,7
02.2.5 Roofing materials	118,0	-4,1
02.2.6 Heat insulation	136,0	9,0
02.2.7 Windows and doors	117,9	1,3
02.3 FACILITIES	115,6	1,9
02.3.1 Frame structures	116,4	-3,2
02.3.2 Surface materials	119,5	6,9
02.3.3 Fixtures, taps and household appliances	111,6	1,5
02.4 TECHNICAL SYSTEMS	117,1	1,3
02.4.1 Heat, water and sewer	117,1	-2,6
02.4.2 Ventilation	114,4	0,7
02.4.3 Electricity, control, lighting and lift	118,3	3,1
03 SERVICES	106,0	2,6
03.1 SITE AND FIXTURE SERVICES	106,6	3,0
03.1.1 Transport	118,4	3,5
03.1.2 Mechanical work and hoisters	98,8	3,2
03.1.3 Site facilities, scaffolding and weather protection	98,6	2,2
03.1.4 Moulding equipment and supporting	116,7	11,8
03.1.5 Waste charges	105,7	3,1
03.1.6 Site energy	94,7	0,5
03.2 OTHER SERVICES	102,3	0,6
03.2.1 Insurance	107,4	3,0
03.2.2 Connection charges	99,8	-0,6

The costs of materials declining y-o-y in Aug-Sep 2023

Outlook and guidance for 2023

- In 2023, the Finnish house construction volume is estimated to decrease by approximately 12 percent from the previous year. Renovation is predicted to decrease by about 4 percent, and new construction by about 19 percent
 - According to the current market outlook, the demand for renovation and building technology services is expected to remain at a reasonable level in Consti's relevant market areas in 2023
 - In January – September 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 launching new construction projects
 - The outlook for renovation is weakened by rapidly rising construction costs and interest rates, mirroring the trends in new construction
 - The weakened prospects for new construction will intensify competition for renovation projects
 - However, renovation is needs-oriented and less cyclical than new construction
 - 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."

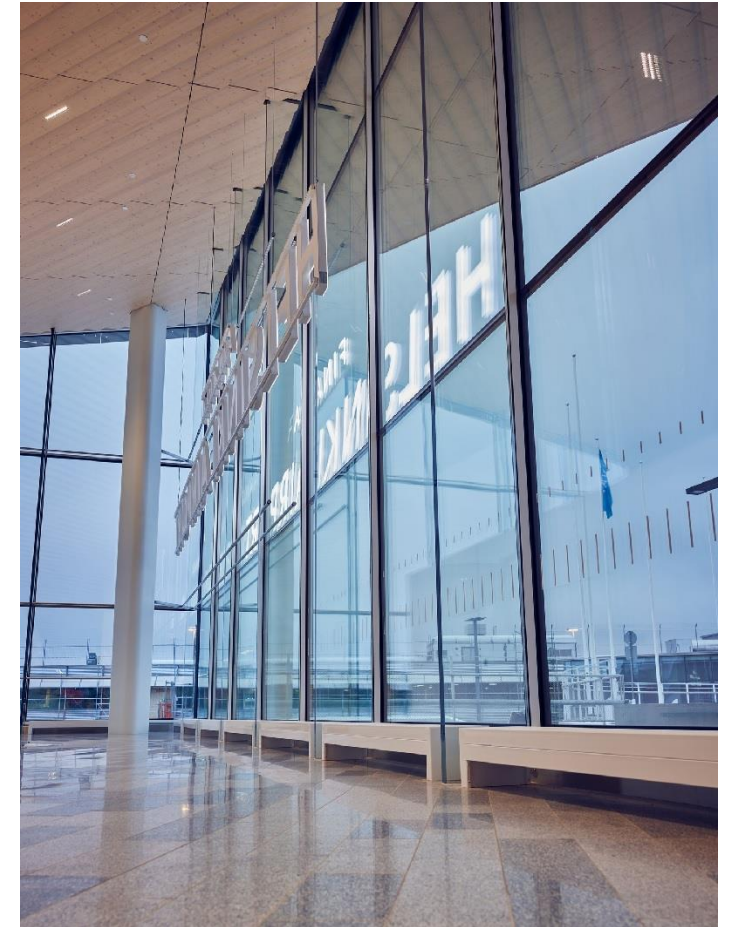


Summary

1. Solid performance continued in Q3 2023
2. Net sales and order backlog continued to grow year-on-year in Q3 2023
3. Thanks to solid operational performance and improved cash flow, financial and liquidity positions were strengthened during Q3. Balance sheet was net debt-free at the end of the quarter
4. Demand for renovation and building technology services expected to remain at a reasonable level in Consti's relevant market areas in 2023
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 going forward

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CONSTI GROUP STRATEGY 2021–2023

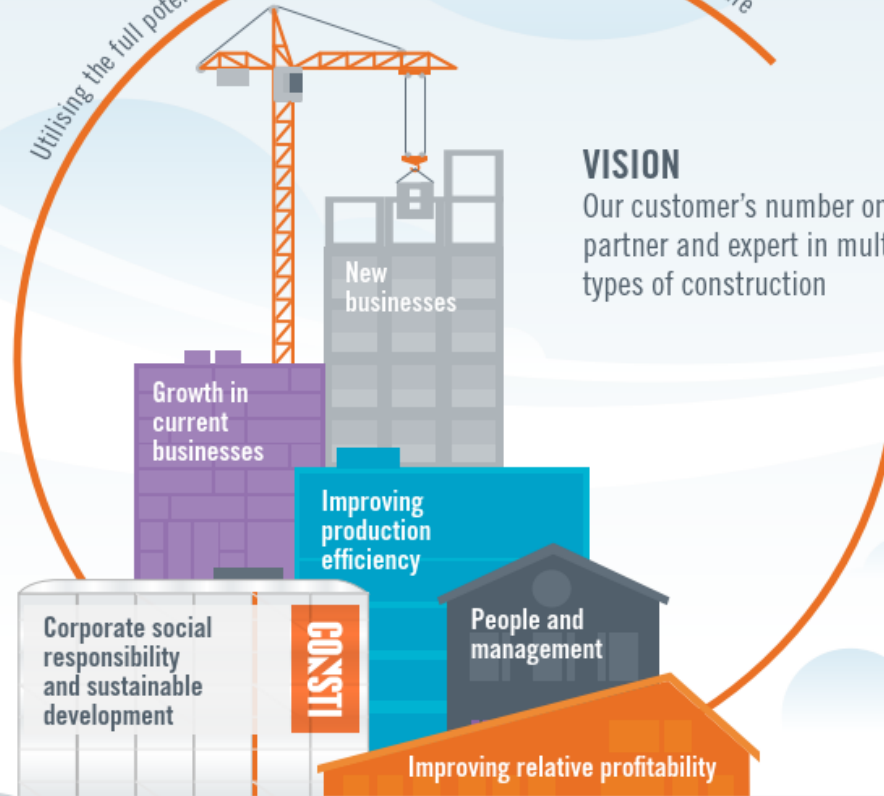
MISSION

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:

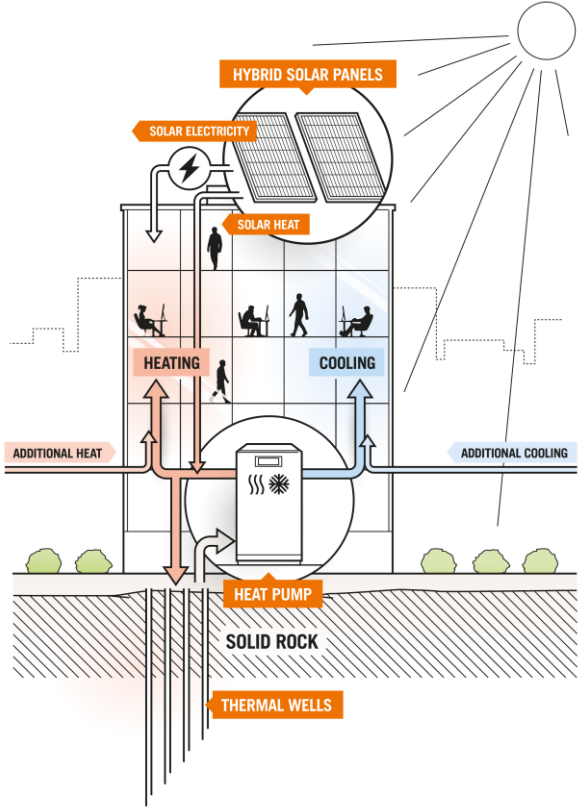
- 1 **Growth in current business**
 - ▷ controlled and profitable growth in attractive renovation and building technology segments
- 2 **New businesses**
 - ▷ comprehensively answering customer needs by growing in attractive new construction projects
- 3 **Improving relative profitability**
 - ▷ expanding 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's solutions to improve energy efficiency of buildings and to help customers to achieve their climate goals

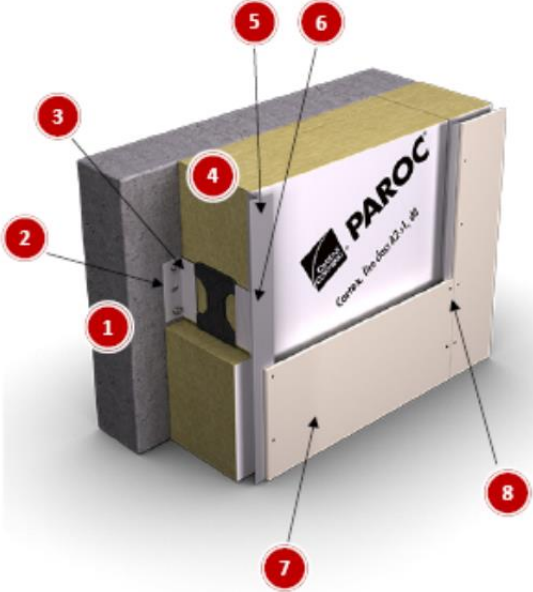
Consti OPTIMI Building technology system



ENERGY SOLUTION OF THE YEAR 2022

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

VODAVOL Facade solution



VODAVOL™
JULKISIVUJÄRJESTELMÄ

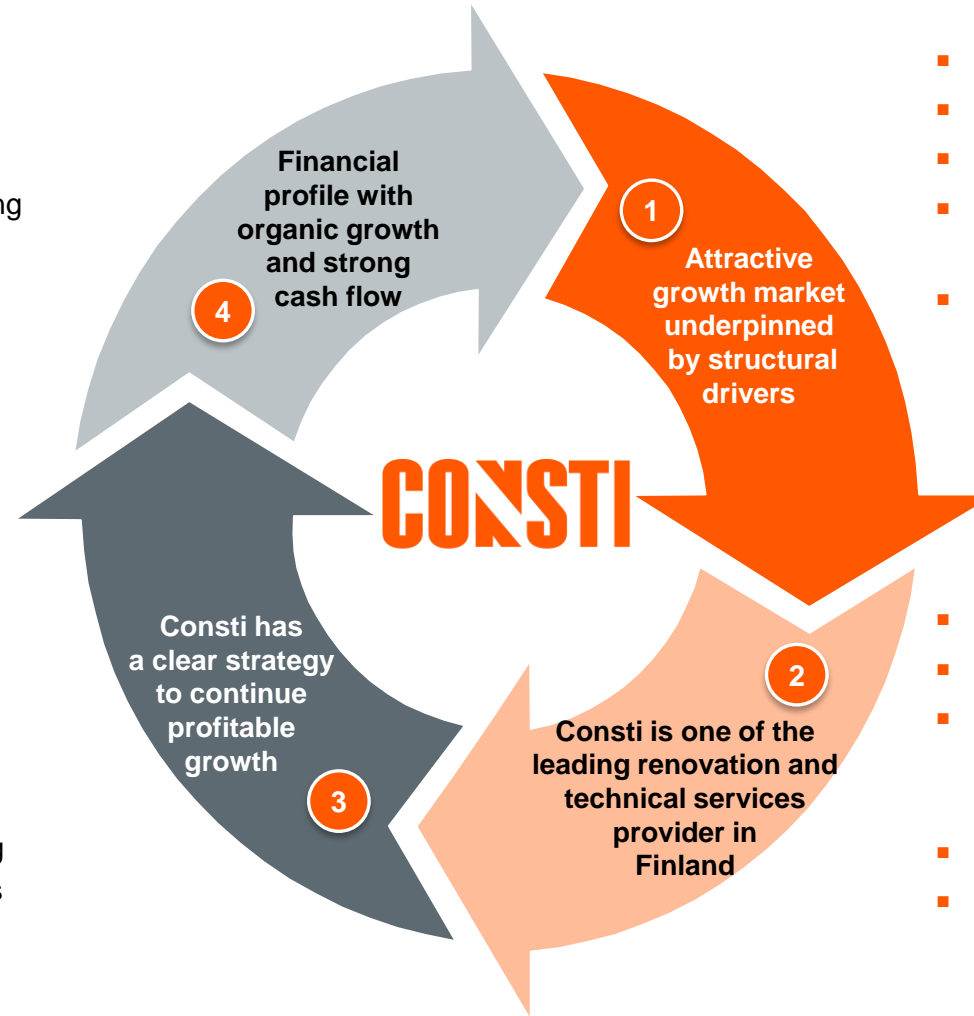
Energy solutions for housing companies



Consti as an investment - Key investment highlights

- 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

INTERIM REPORT

1-9/2023

CONSTI PLC

Q3

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