

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 concrete 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

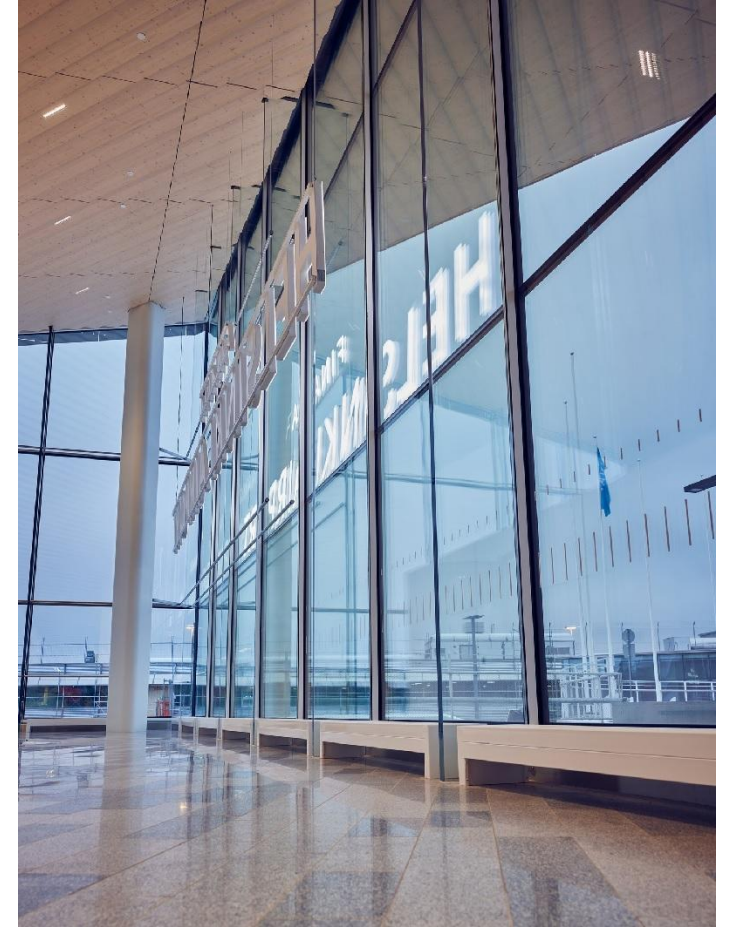
1 JANUARY –
30 SEPTEMBER 2024

CEO Esa Korkeela
CFO Anders Löfman

CONSTI

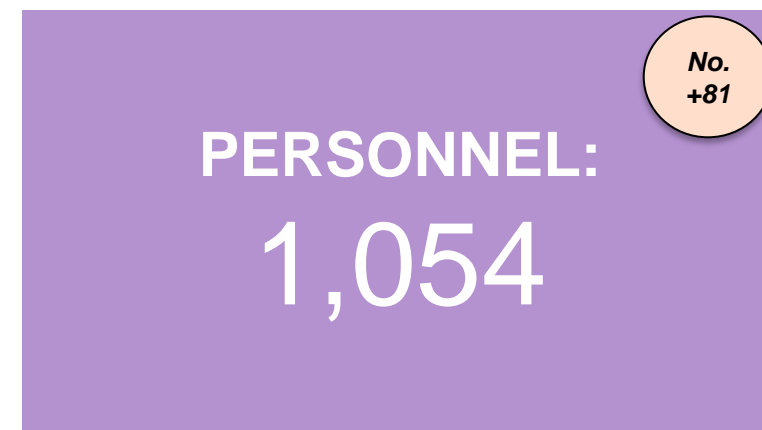
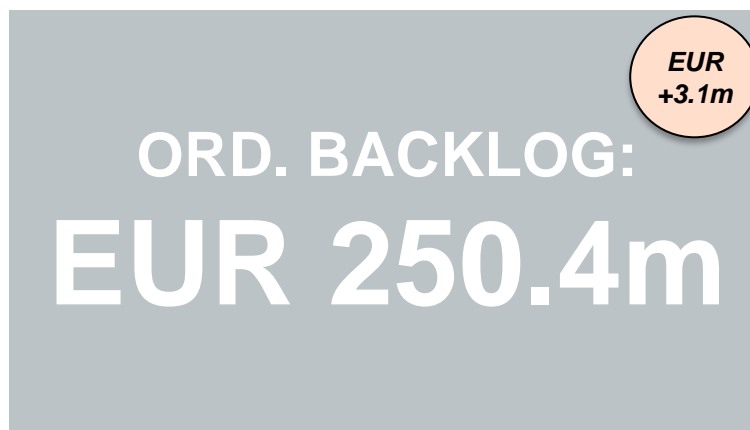
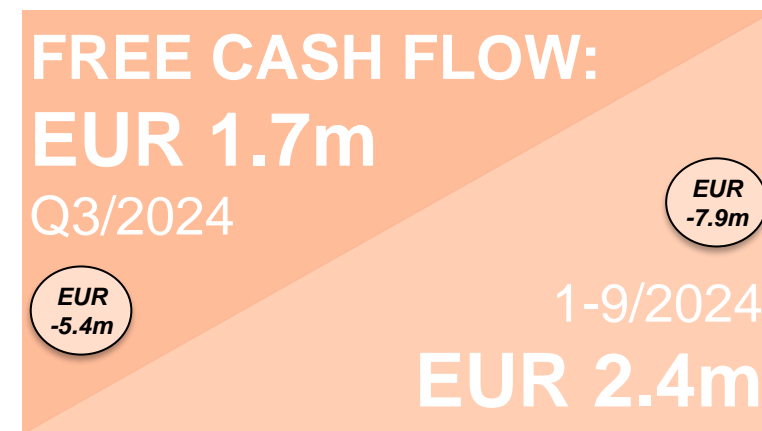
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Highlights of Q3/2024 and 1-9/2024

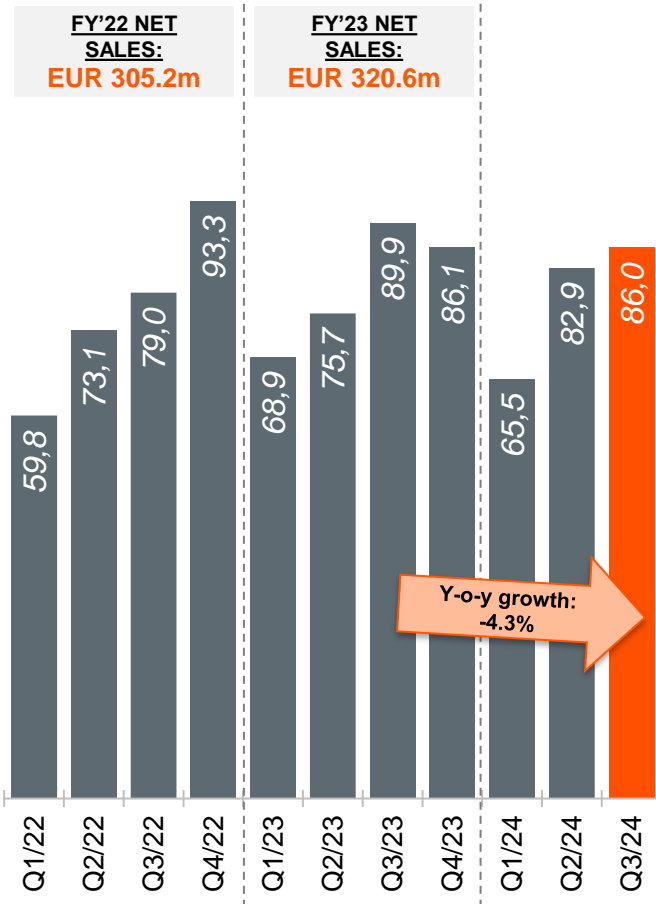
Solid performance continued, order backlog at a good level



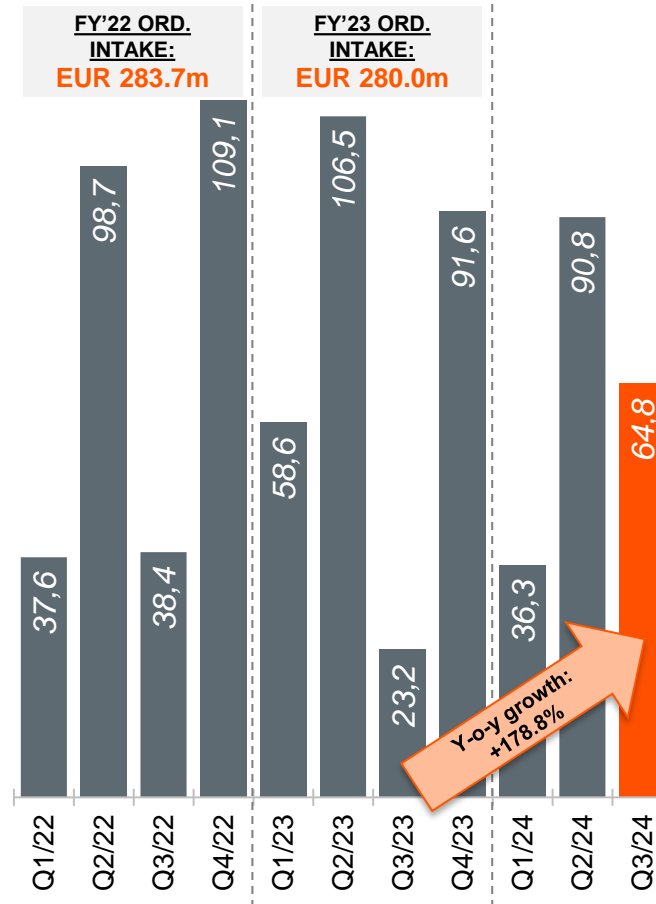
Quarterly performance overview

Order intake and order backlog grew year-on-year, Q3 net sales decreased 4.3% year-on-year

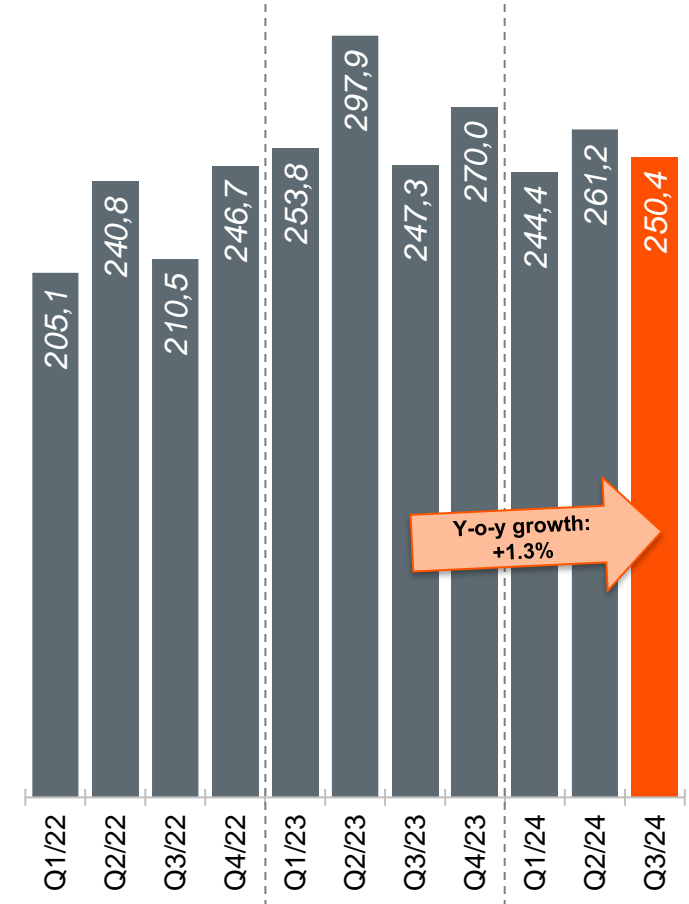
QUARTERLY NET SALES (EUR m)



QUARTERLY ORDER INTAKE (EUR m)



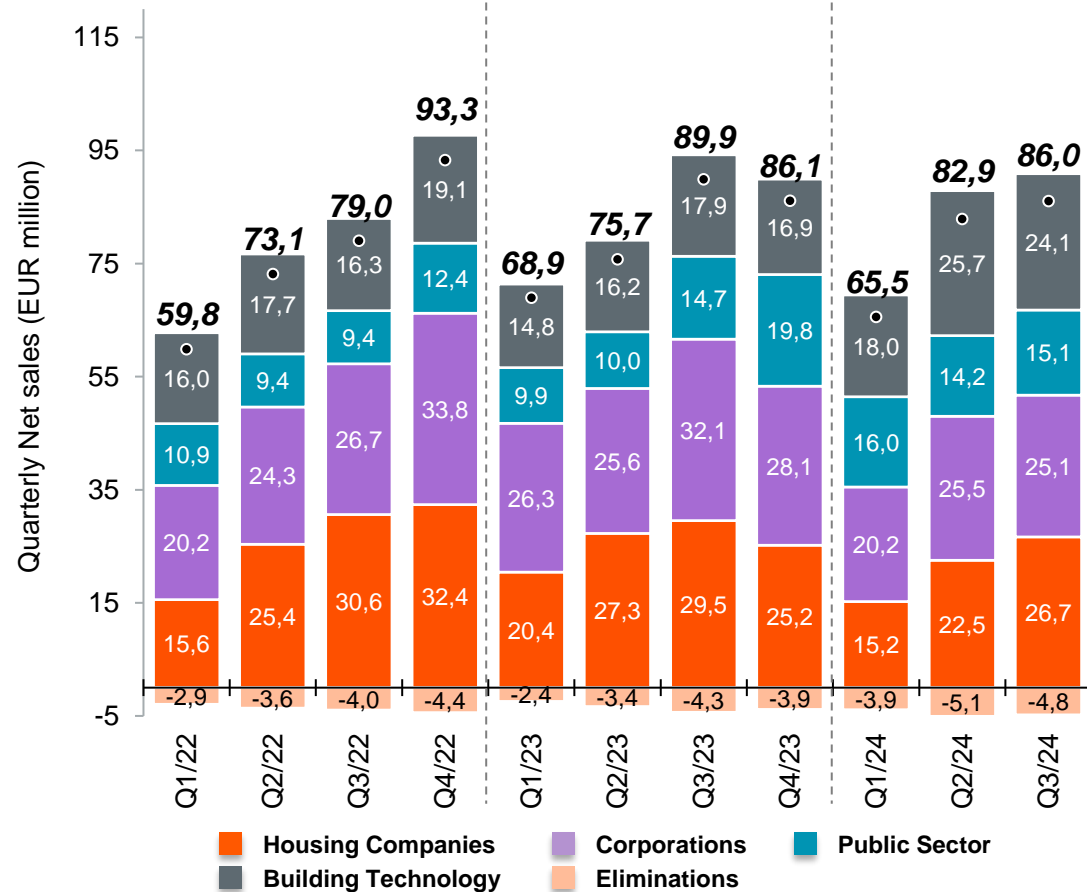
QUARTERLY ORDER BACKLOG (EUR m)



Quarterly net sales development

Q3 net sales amounted to EUR 86.0m

Quarterly net sales development Q1/2022 – Q3/2024 (EUR m)



Comments

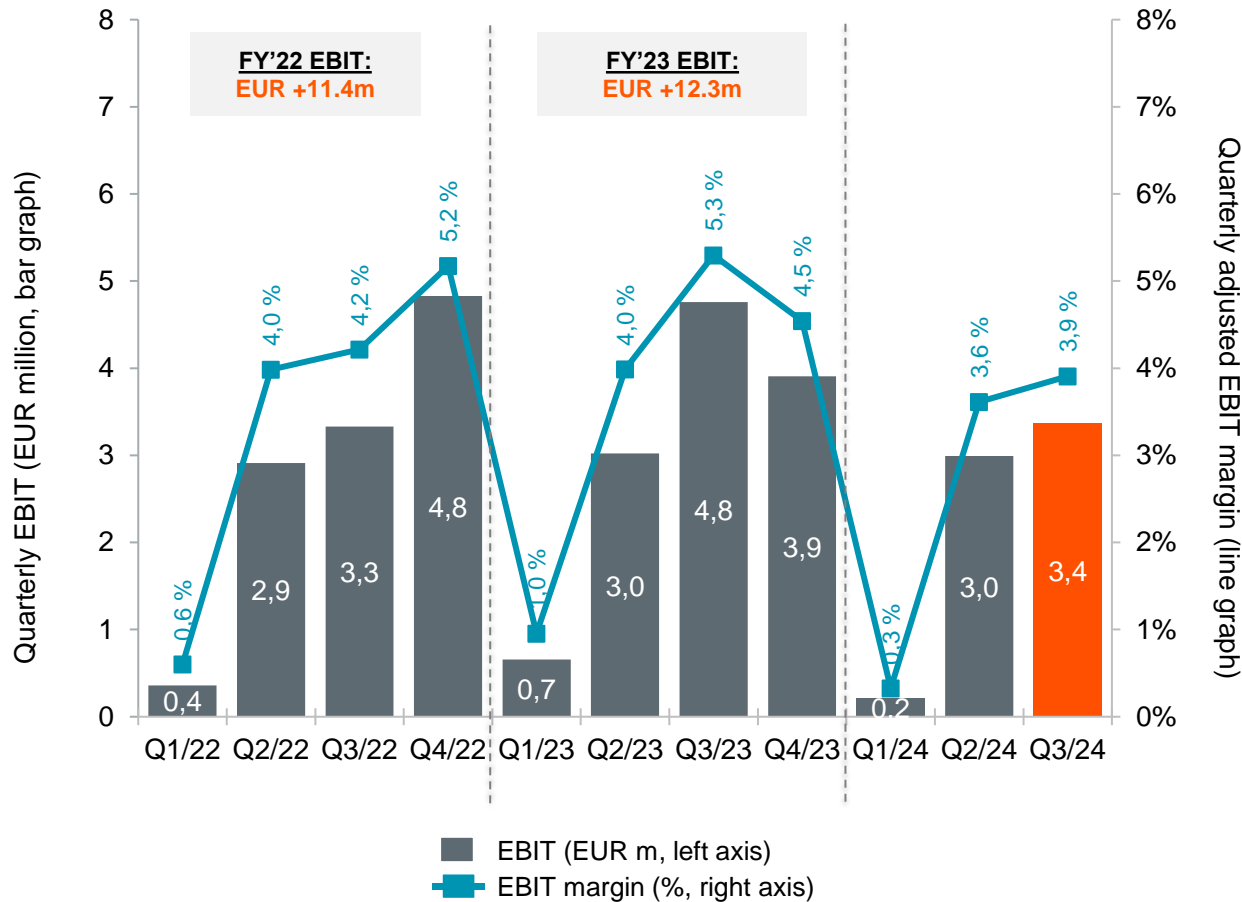
- Q3/2024 net sales EUR 86.0m (89.9m)
 - Year-on-year change -4.3%
 - Net sales grew strongly in Building Technology (34.5%) business area
 - Net sales grew 2.7% in Public Sector business area
 - Net sales decreased in Housing Companies (-9.7%) and in Corporations business areas (-21.9%)
 - Building Technology net sales EUR 24.1m (17.9m)
 - Public Sector net sales EUR 15.1m (14.7m)
 - Corporations net sales EUR 25.1m (32.1m)
 - Housing Companies net sales EUR 26.7m (29.5m)

- 1-9/2024 net sales EUR 234.4m (234.5m), change of -0.1% year-on-year
 - Building Technology net sales EUR 67.8m (48.9m)
 - Public Sector net sales EUR 45.3m (34.5m)
 - Corporations net sales EUR 70.7m (84.0m)
 - Housing Companies net sales EUR 64.5m (77.3m)

Quarterly EBIT development

Solid performance continued

Quarterly EBIT development Q1/2022 – Q3/2024 (EUR m)



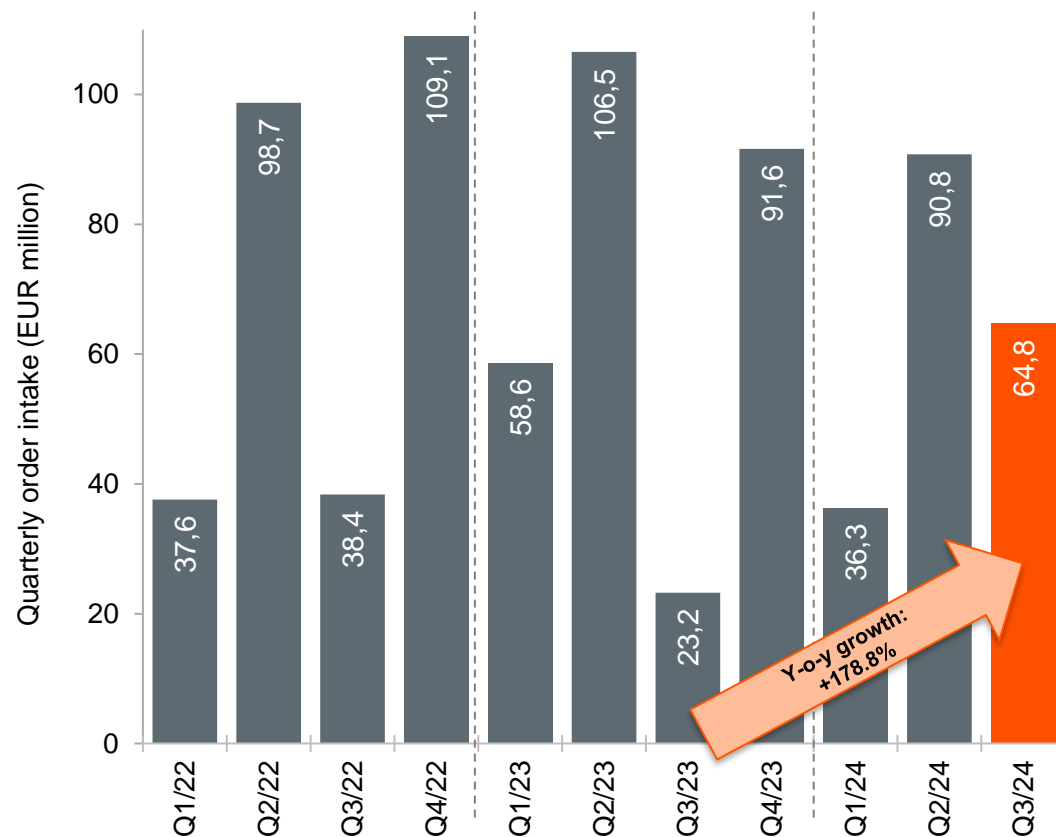
Comments

- Q3/2024 EBIT amounted to EUR 3.4 (4.8) million, or 3.9% (5.3%) of net sales
 - Q3 proceeded in line with our expectations, with projects progressing predominantly as planned
 - Q3 operating result was close to last year's level, excluding the approximately 1 million euro gain from the sale of the property-related relining business in comparison period
- 1-9/2024 EBIT amounted to EUR 6.6 (8.4) million, or 2.8% (3.6%) of net sales
 - Relative profitability was mainly affected by changes in the relative net sales shares of business areas in comparison with the reference period, and also partly by allocation of resources in tendering and negotiation activities to secure order backlog
 - The approximately 1 million euro gain from the sale of the property-related relining business supported profitability in the comparison period.

Quarterly order intake development

Q3/2024 order intake EUR 64.8 million (23.2m), growing 178.8% year-on-year

Quarterly order intake development Q1/2022 – Q3/2024 (EUR m)



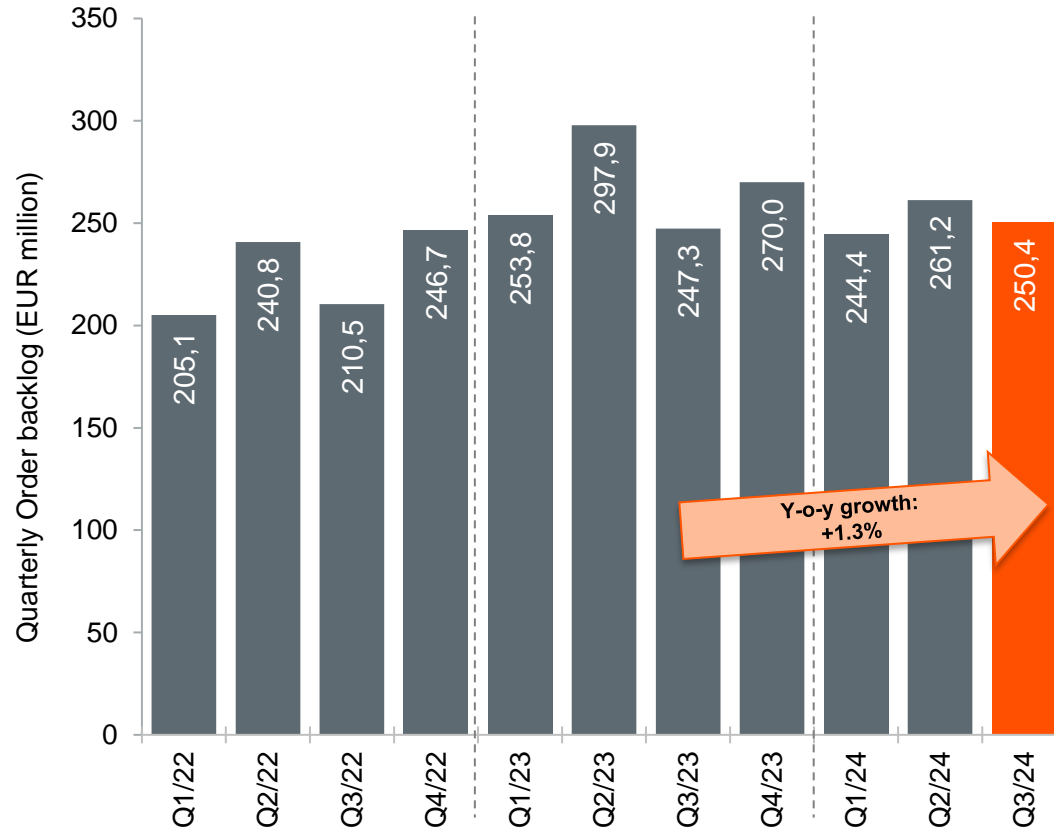
Comments

- Q3/2024 order intake EUR 64.8m (23.2m)
 - Year-on-year growth 178.8%
 - Intensified competition and weaker demand affected Q3 order intake but the total amount and quality of orders received were at good level. The distribution of order intake between business areas and units was not optimally realised during Q3, and adjustment measures have been targeted at some of our business units
 - Examples of new orders received in Q3:
 - Kontulankaari 24, comprehensive renovation of three rental apartment buildings in Helsinki, owned by Helsinki City Housing Company (Heka) (value EUR ~22m)
 - The main building (southern part) of the Laakso Joint Hospital, installation of building technology systems (value EUR ~20m)
 - Stadin AO, Helsinki Vocational College, renovation and renewal of teaching facilities (value EUR ~12m)
 - The rest of the order intake for Q3 2024 consists of several small and mid-sized projects
- 1-9/2024 order intake EUR 191.9m (188.4m), growth of 1.8% y-o-y

Quarterly order backlog development

Q3/2024 order backlog at EUR 250.4 million, up by 1.3% y-o-y

Quarterly order backlog development Q1/2022 – Q3/2024 (EUR m)



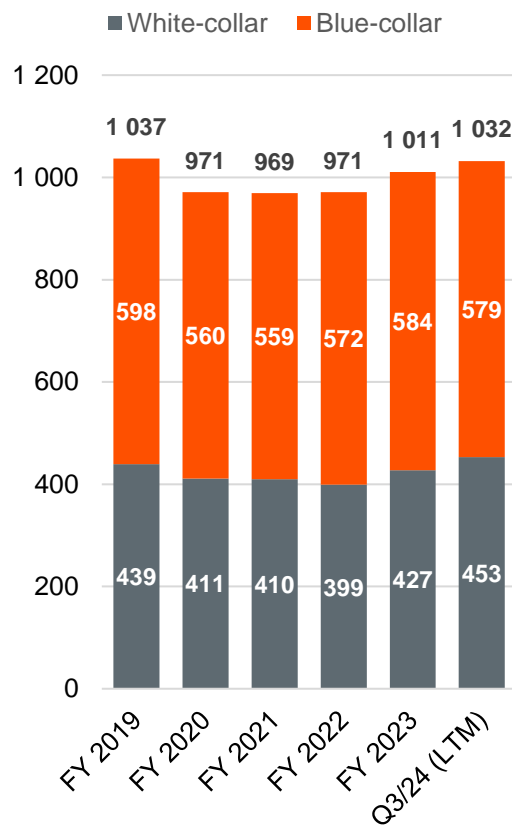
Comments

- Q3/2024 order backlog at EUR 250.4m (247.3m)
 - Year-on-year growth +1.3%
 - In absolute and relative terms, a slightly smaller share of September 2024 order backlog to be recognised in revenue within the next three months compared to September 2023 backlog

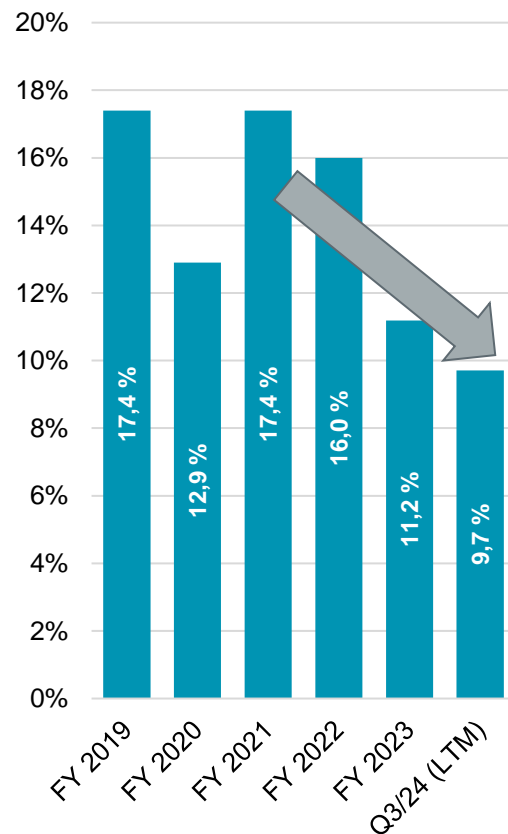
Number of personnel and other HR KPIs

Positive trend in personnel turnover, absence rate as well as in accident rate. Consti employed 1,054 (973) professionals at quarter-end, personnel grew by ~30% in Building Technology

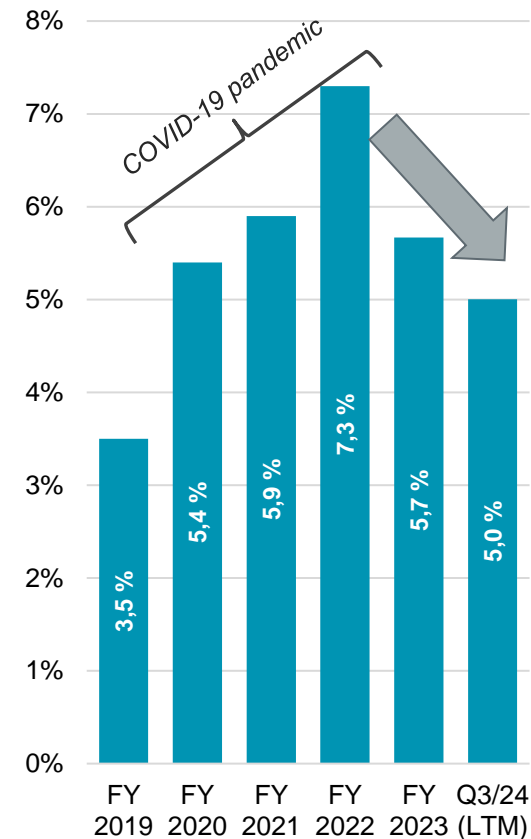
Average number of personnel
2019 – Q3/2024



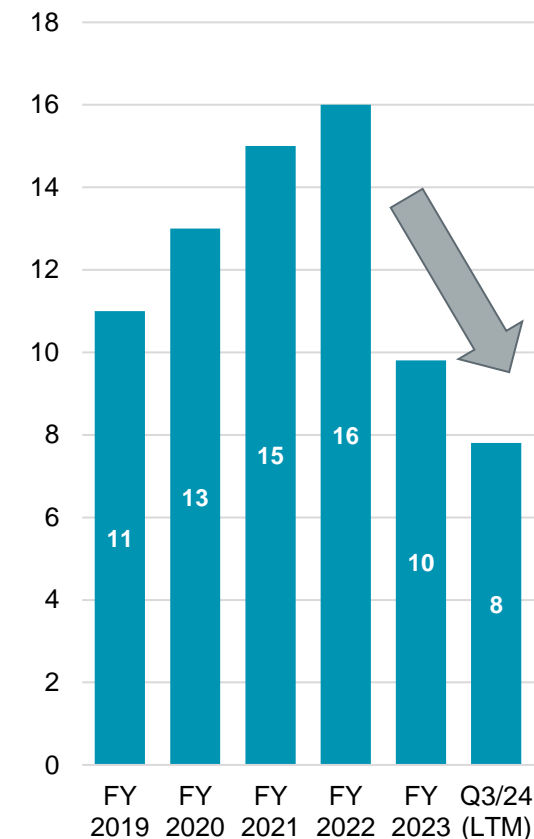
Permanent personnel turnover ratio
(% of employees leaving)



Average absence rate (%)

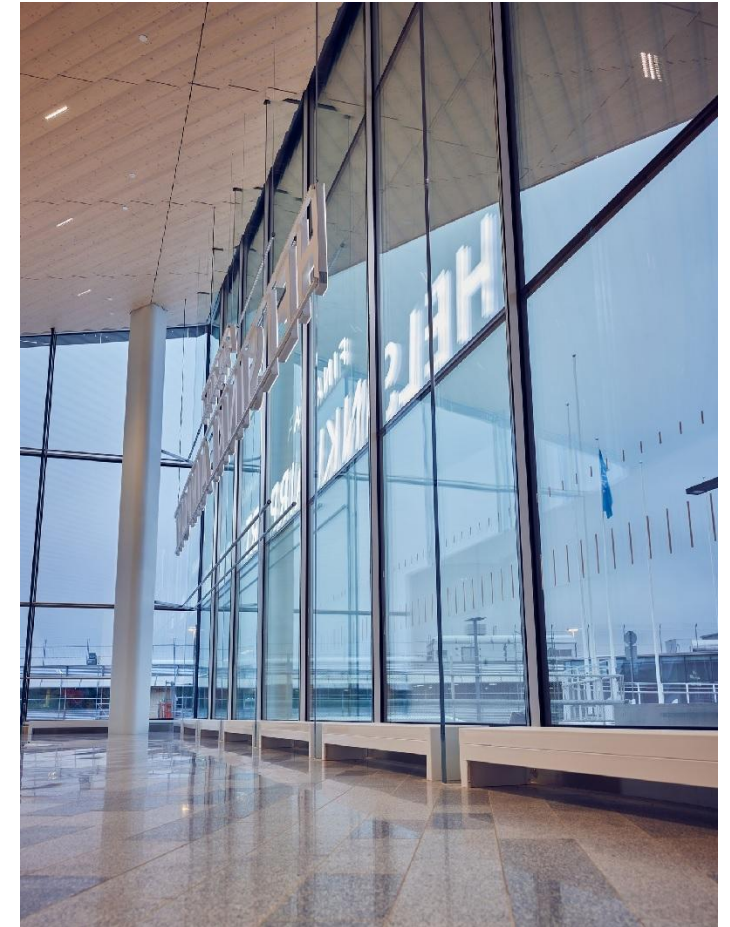


Accident rate / LTIFR
(accidents per million hours worked)



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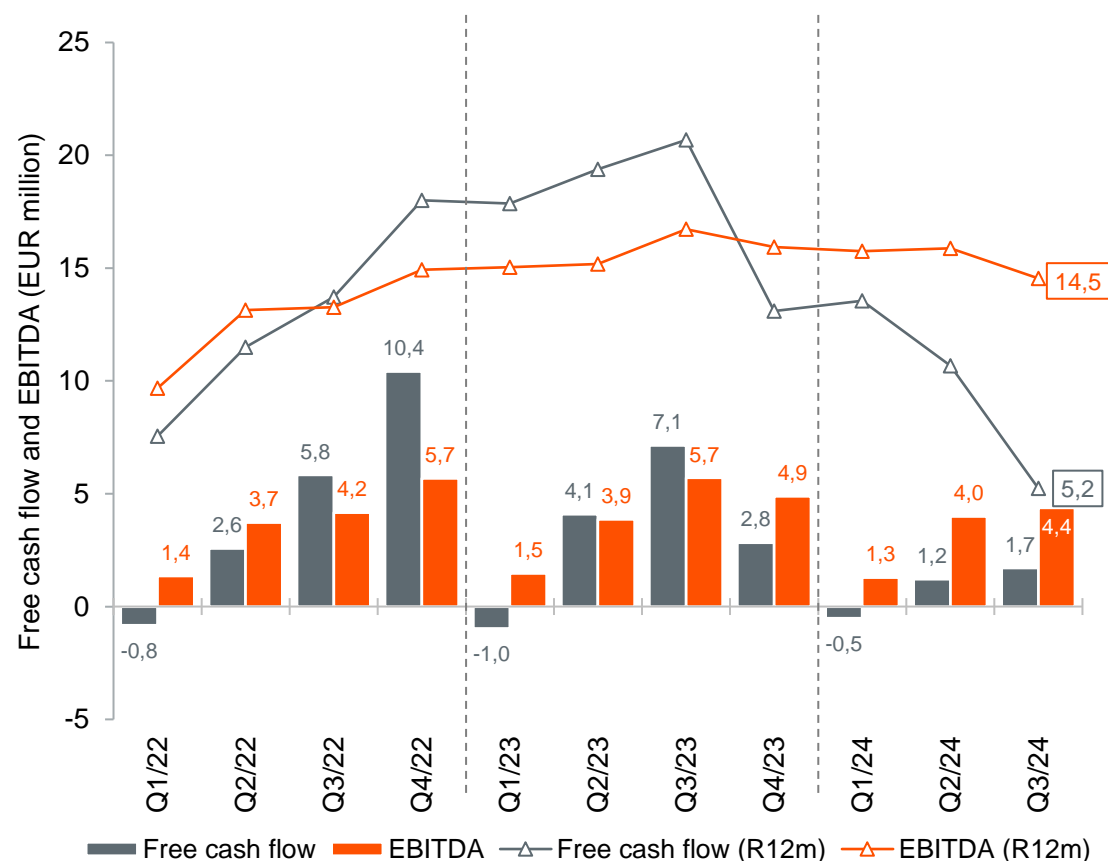
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Quarterly free cash flow development

Q3 2024 free cash flow EUR 1.7 million (7.1m)

Quarterly free cash flow¹⁾ and EBITDA Q1/2022 – Q3/2024 (EUR m)



Comments

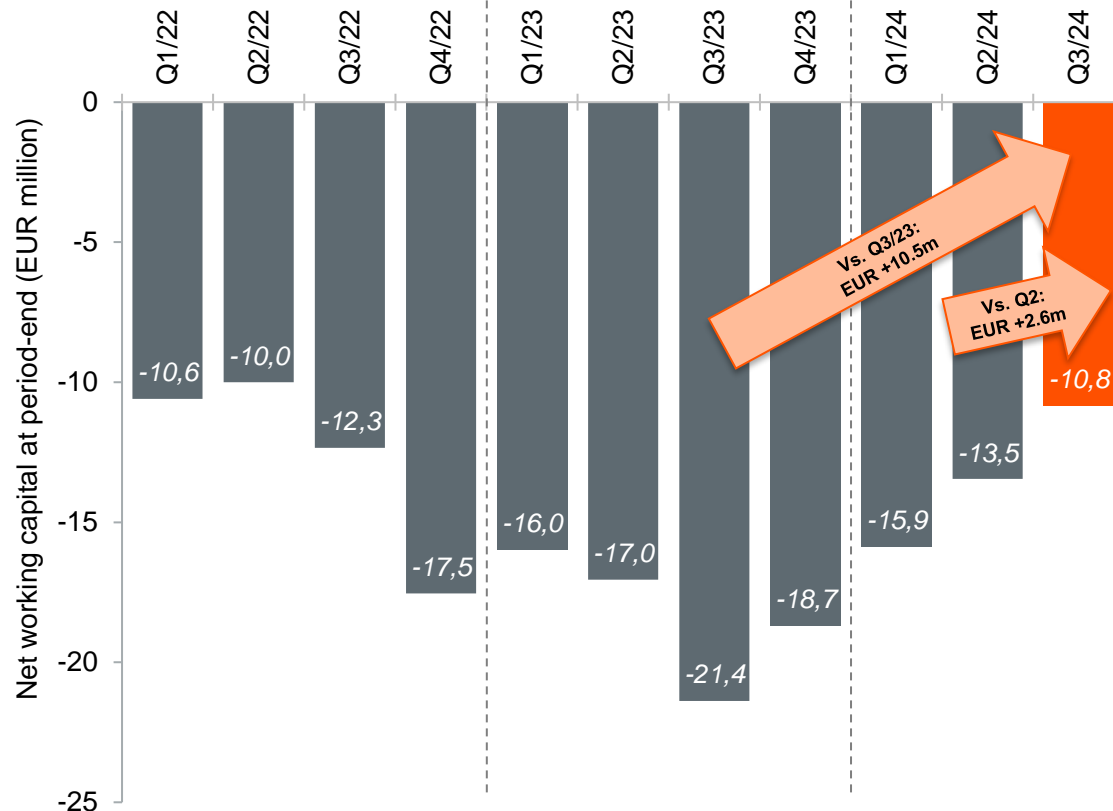
- Q3/2024 free cash flow EUR 1.7m (7.1m)
 - EBITDA amounted to EUR 4.4m (5.7m)
 - Cash flow impact from change in net working capital was EUR -2.7m (+2.8m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.2m (-0.4m)
- 1-9/2024 free cash flow EUR 2.4m (10.3m)
 - EBITDA amounted to EUR 9.7m (11.0m)
 - Cash flow impact from change in NWC EUR -6.7m (+2.1m)
 - Cash flow from investments in tangible and intangible assets amounted to EUR -0.9m (-1.6m)
- In September 2024, rolling 12-month free cash flow EUR 5.2m and EBITDA EUR 14.5m → R12m cash conversion ratio 36.0%
- In the longer term Q3/2022 – Q3/2024, Consti's cash conversion ratio at 89.6%

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 -10.8 million at the end of Q3/2024

Quarterly net working capital¹⁾ Q1/2022 – Q3/2024 (EUR m)



Comments

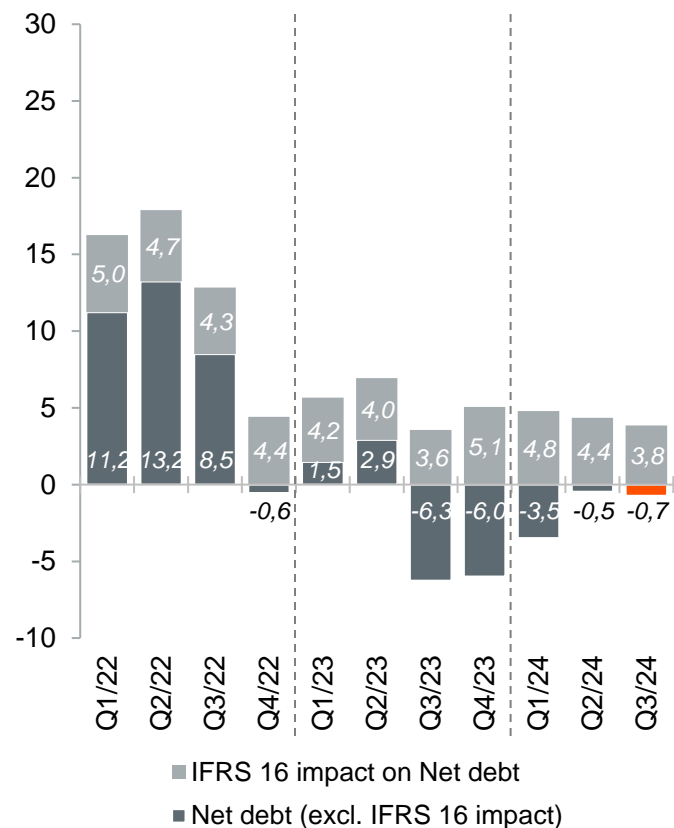
- Net working capital EUR -10.8m (-21.4m) at the end of Q3/2024
 - NWC change during the third quarter amounted to EUR +2.6m (-4.3m)
 - NWC EUR 10.5m higher compared to Q3/2023
 - NWC affected by a change in financial position of project portfolio and an increase in the amount of accounts receivable during the reporting period

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

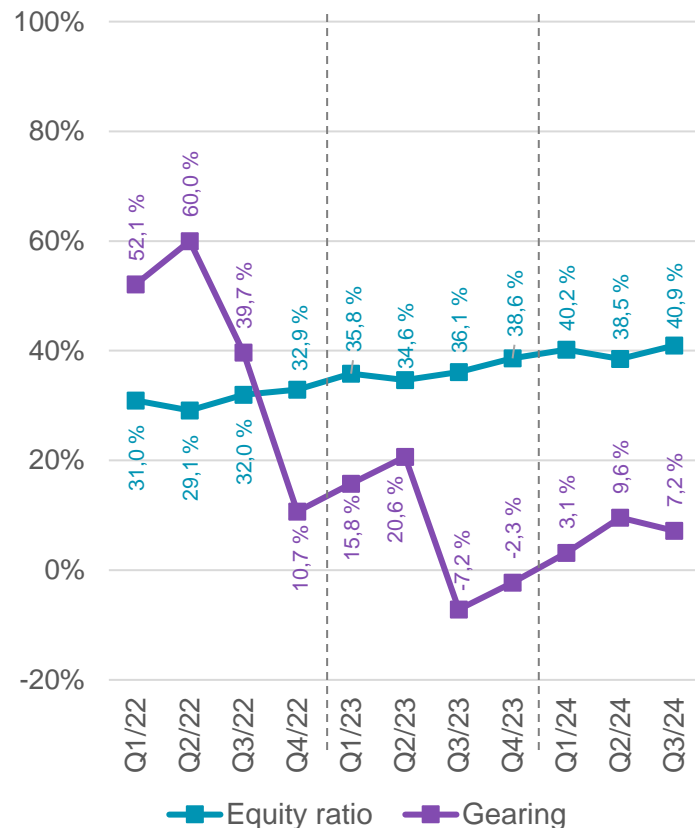
Quarterly balance sheet structure

Financial position remained at a good level at the quarter-end

Quarterly net debt development (EUR m)
Q1/2022 – Q3/2024



Quarterly equity ratio and gearing development
Q1/2022 – Q3/2024



Comments

- Q3/2024 net debt at EUR 3.1m (-2.7m), of which EUR 3.8m (3.6m) attributable to IFRS 16 related lease liabilities
 - Net debt excluding IFRS 16 at EUR -0.7m (-6.3m)
- Q3/2024 equity ratio at 40.9% (36.1%)
 - Equity ratio excluding IFRS 16 at 42.6% (37.5%)
- Q3/2024 gearing at 7.2% (-7.2%)
 - Gearing excluding IFRS 16 at -1.7% (-16.5%)

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 2024)

Gross interest-bearing debt (excl. IFRS 16) EUR 13.8m at quarter-end, decrease of EUR 2.1m y-o-y

Maturity profile of interest-bearing debt¹⁾ as per 30 September 2024 (EUR m) Comments



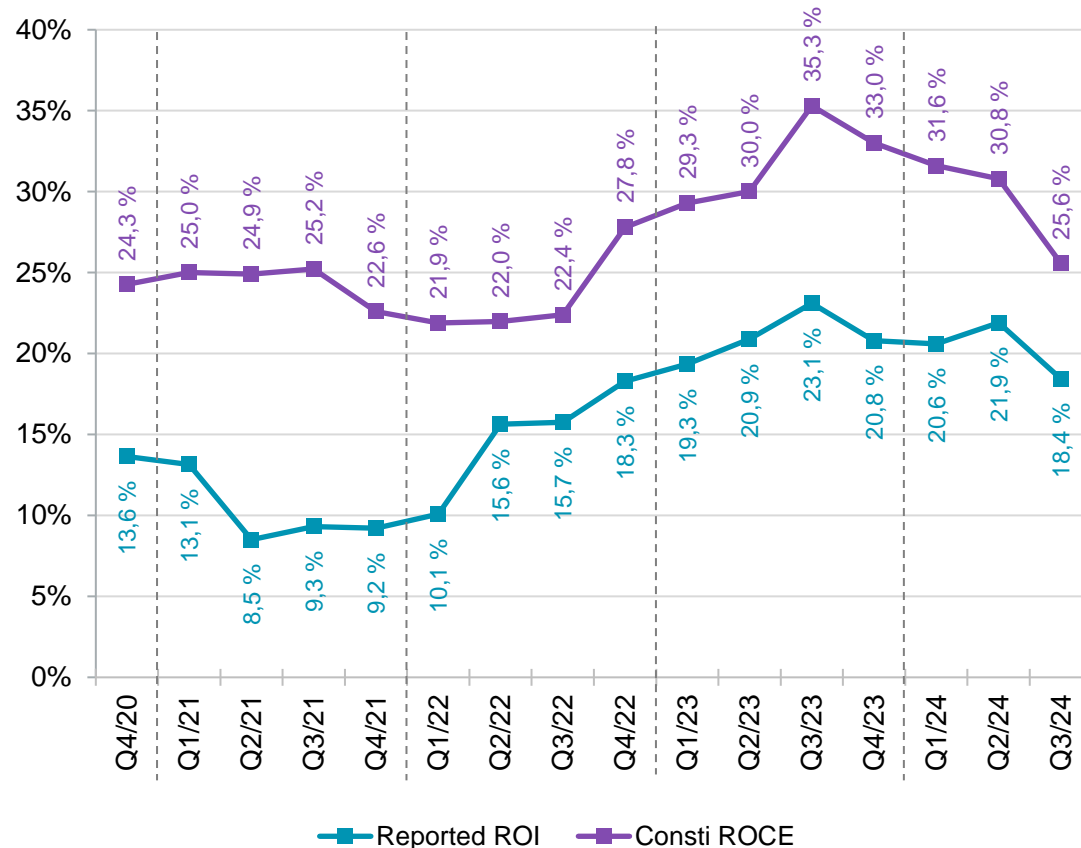
- Consti's gross interest-bearing debt at EUR 13.8 million (excluding IFRS 16) at the end of Q3/2024, reduction of EUR 2.1m year-on-year and reduction of EUR 1.3m from YE 2023
- 1-9/2024 net finance costs EUR 0.9m (0.8m), increasing slightly year-on-year. 1-9/2024 net interest costs (excl. IFRS 16) decreased by 10% year-on-year
- Cash and cash equivalents EUR 14.5m 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

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

Reported ROI¹⁾ and Consti ROCE²⁾

Return on capital continues to be on a good level

Reported ROI¹⁾ and Consti ROCE²⁾ Q4/2020 – Q3/2024 (%)



Comments

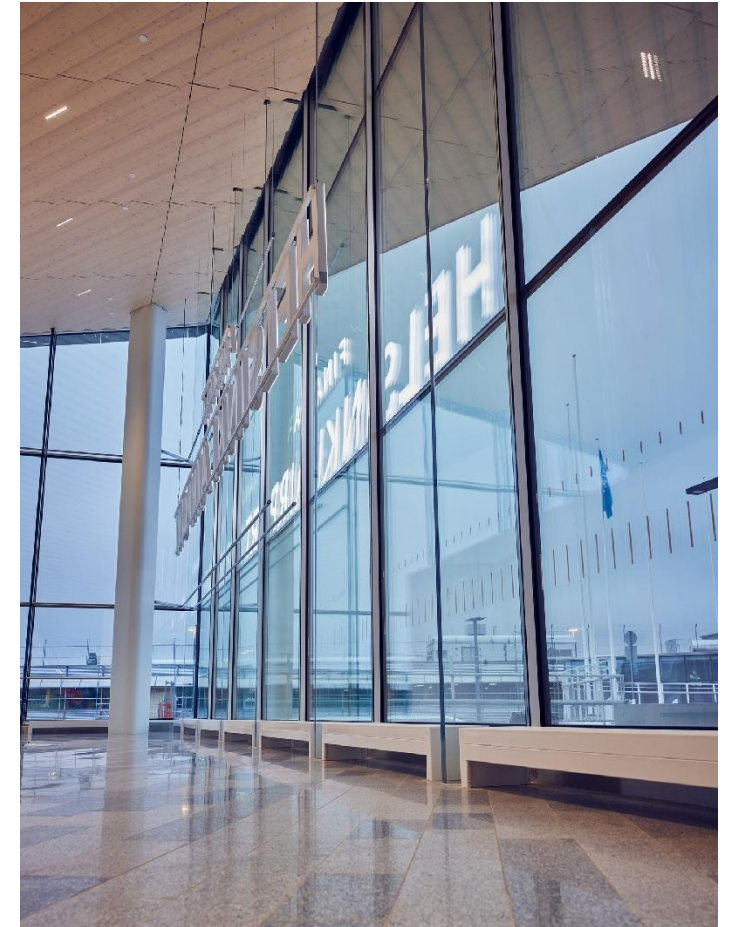
- In financial years 2020-2023, Consti's return on capital employed has exceeded 20%
- Q3 2024 Consti ROCE totaled 25.6% (35.3%)
 - Q3 2024 R12m EBIT margin 3.3% (4.0%)
- Q3 2024 Reported ROI totaled 18.4% (23.1%)

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

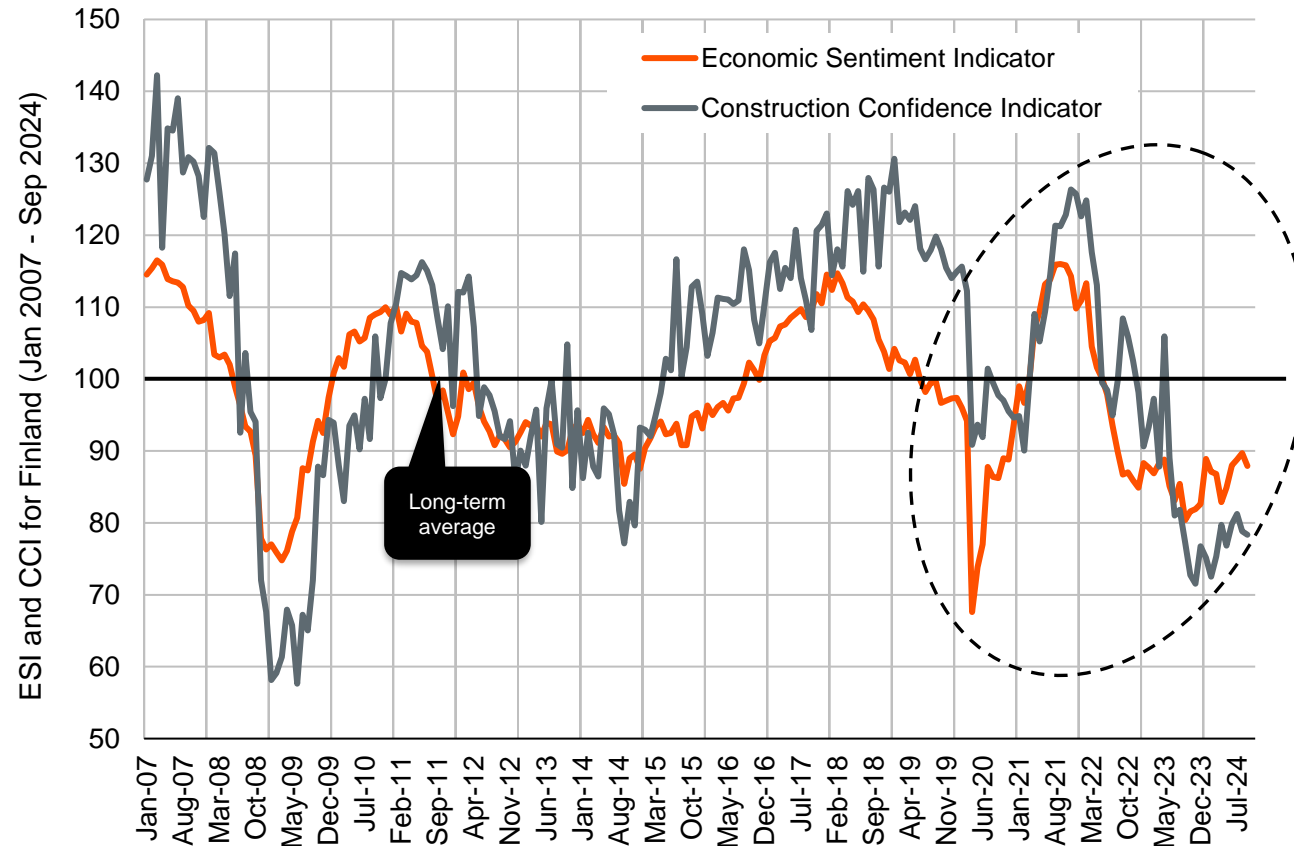
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Economic sentiment and construction confidence in Finland clearly below their long-term average levels

Economic Sentiment and Construction Confidence / Finland (2007 – 9/2024)



Note: Mean-adjusted figures

Source: European Commission, September 2023

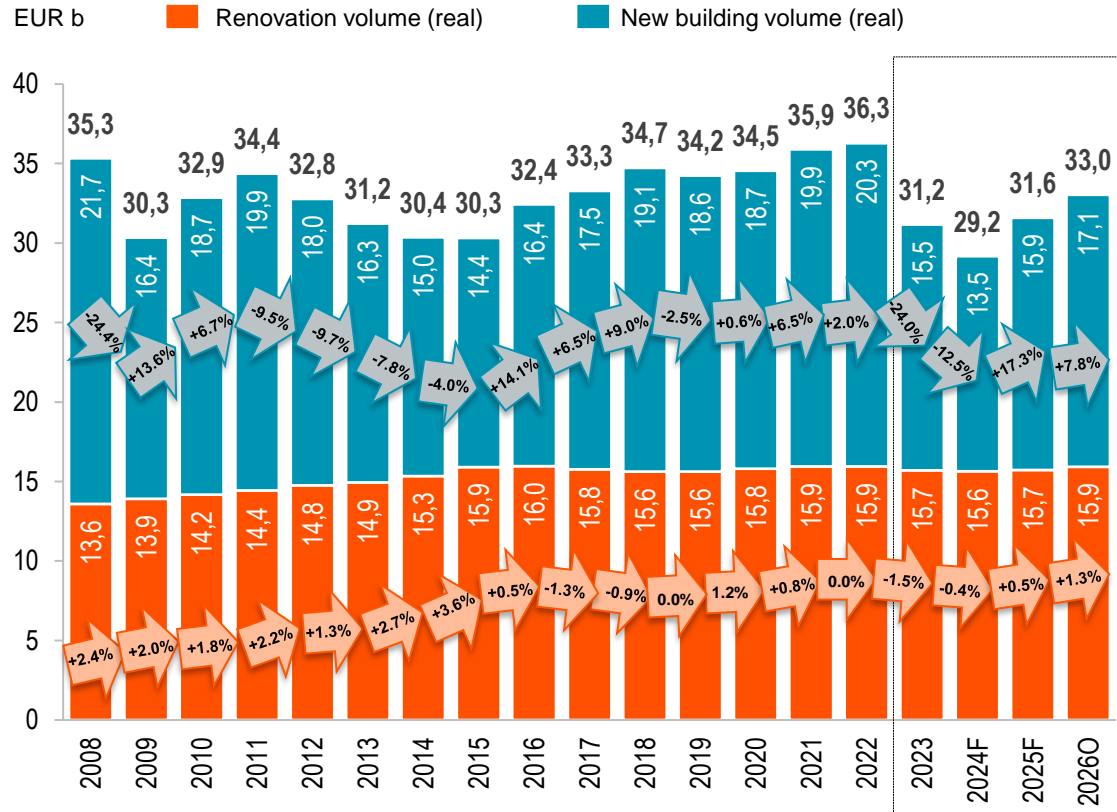
Comments

- Negative development in the Economic Sentiment Indicator (ESI) since 2022
 - 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) still at a low level at the end of Q3/2024
 - CCI clearly below its long-term average level
 - CCI at the end of Nov '23 hit the lowest level since the financial crisis
 - The construction confidence in Finland one of the lowest among the European Union countries

Renovation volume is projected to decline by 4% and new housebuilding volume by 26% in 2024. In 2025 renovation volume is projected to grow by 1% and new housebuilding volume by 15% (CFCI)

Finnish new building and renovation market development 2008–2026 (Euroconstruct)

Comments



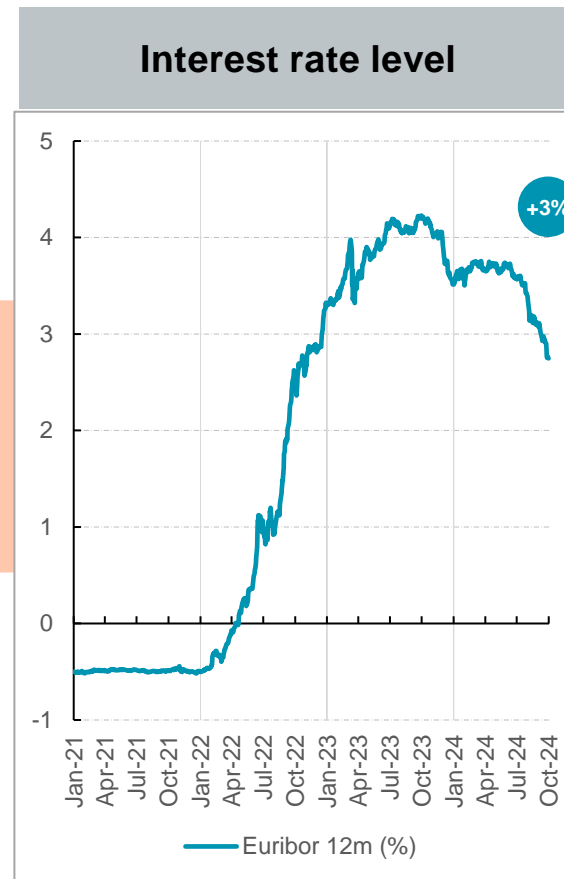
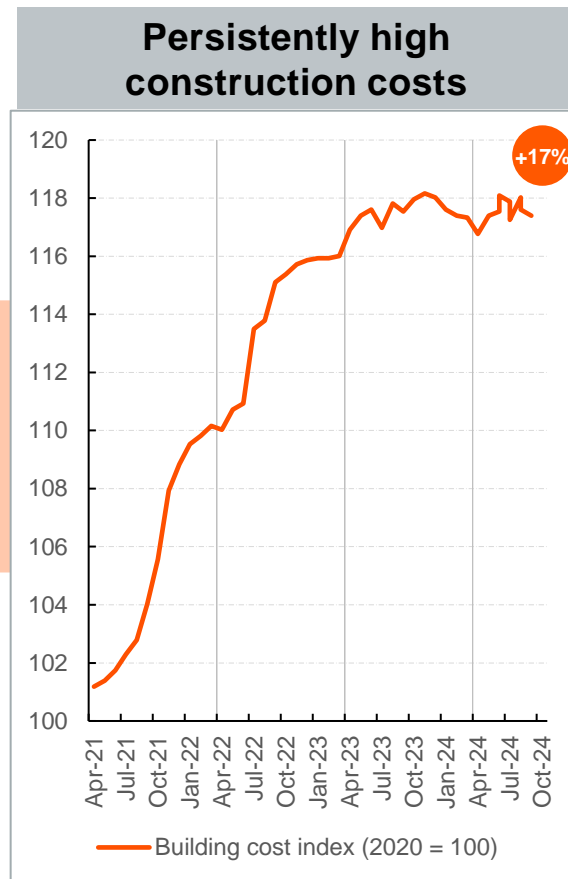
CAGR 2022-26: -4.2%

CAGR 2022-26: 0.0%

Source: Euroconstruct, June 2024
Confederation of Finnish Construction Industries RT (CFCI), September 2024

- The Confederation of Finnish Construction Industries RT (CFCI) estimates in its September 2024 report that the volume of construction will decline by 7 percent in 2024
 - Renovation volume is expected to decline by 4 percent in 2024 while the residential new building volume is expected to decline by 26 percent in 2024
- Mirroring the trends in new construction, renovation has been weakened by rapidly rising construction costs and interest rates as well as the tighter availability of financing especially outside the growth centres
- For 2025, CFCI predicts that the construction volume is expected to grow by 4%, renovation volume by 1% and the residential new building volume by 15%
- CFCI estimates that the decline in renovation will continue during H2/2024, but predicts that the decrease in costs and interest rates will improve the conditions for renovation already at the end of the year

The demand outlook for construction weakened by persistently high construction costs and interest rates as well as tighter availability of financing



Substantial tightening of banks' credit standards for loans or credit lines to enterprises since 2022

Regulatory changes
additional tightening factor

↓

Tighter financing conditions

Weak demand outlook for construction

Source: Statistics Finland, Bank of Finland, Confederation of Finnish Construction Industries RT (CFCI)

Outlook and guidance for 2024

- In 2024, the Finnish house construction volume is estimated to decrease by approximately 8 percent from the previous year. New construction is predicted to decline by approximately 12 percent and renovation by 4 percent in 2024.
- Consti anticipates a decline in demand for renovation and building technology services in 2024
 - The significant weakening in demand for new construction has notably intensified competition for renovation projects and building technology contracts
 - In 1-9/2024, the readiness of housing companies and the public sector for renovation investments has remained at a reasonable level in Consti's operating areas, but private real estate investment companies have remained cautious about launching new construction projects
- The demand outlook for construction is weakened by persistently high construction costs and interest rates as well as tighter availability of financing, and Consti does not anticipate significant improvement during the last quarter of the year
- Despite the market conditions, Consti aims to continue its solid performance supported by a healthy order backlog in 2024



■ **”Consti estimates that its operating result for 2024 will be in the range of EUR 9–12 million.”**

Summary

1. Solid performance continued, order backlog at a good level

2. Operationally, Q3 proceeded as expected, with projects progressing predominantly as planned. Profitability remained stable excl. the gain from the sale of property-related relining business in the comparison period.

3. Total amount and quality of Q3 order intake at a good level. Q3 order backlog at EUR 250.4 million.

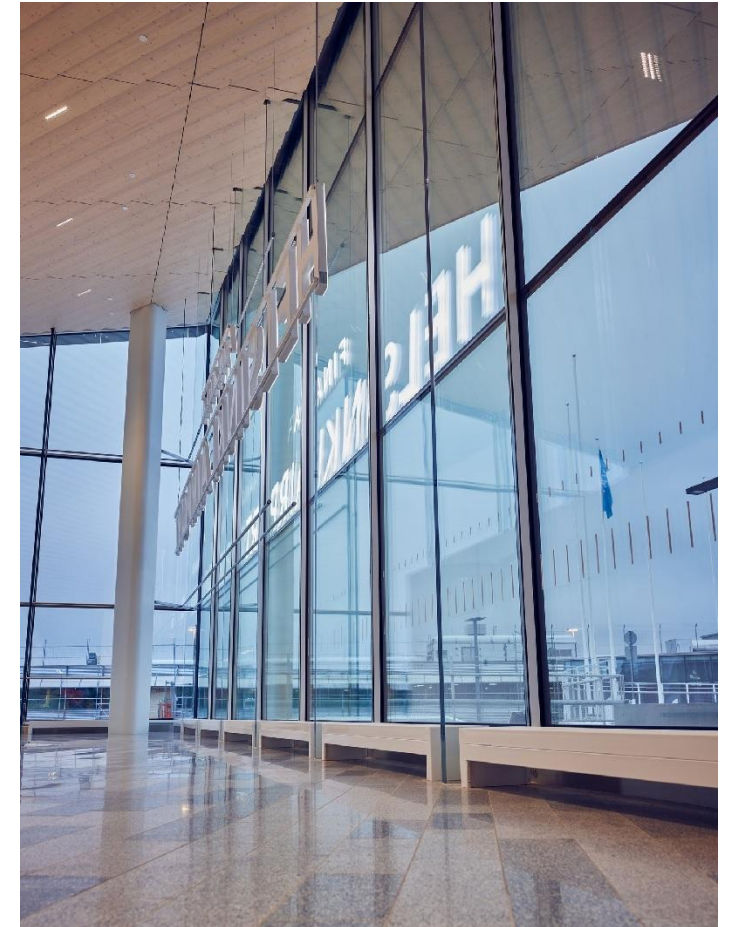
4. Financial and liquidity positions remained at a good level

5. The significant weakening in demand for new construction has notably intensified competition for renovation projects and building technology contracts

6. Despite the market conditions, Consti aims to continue its solid performance supported by a healthy order backlog during the rest of the year 2024.

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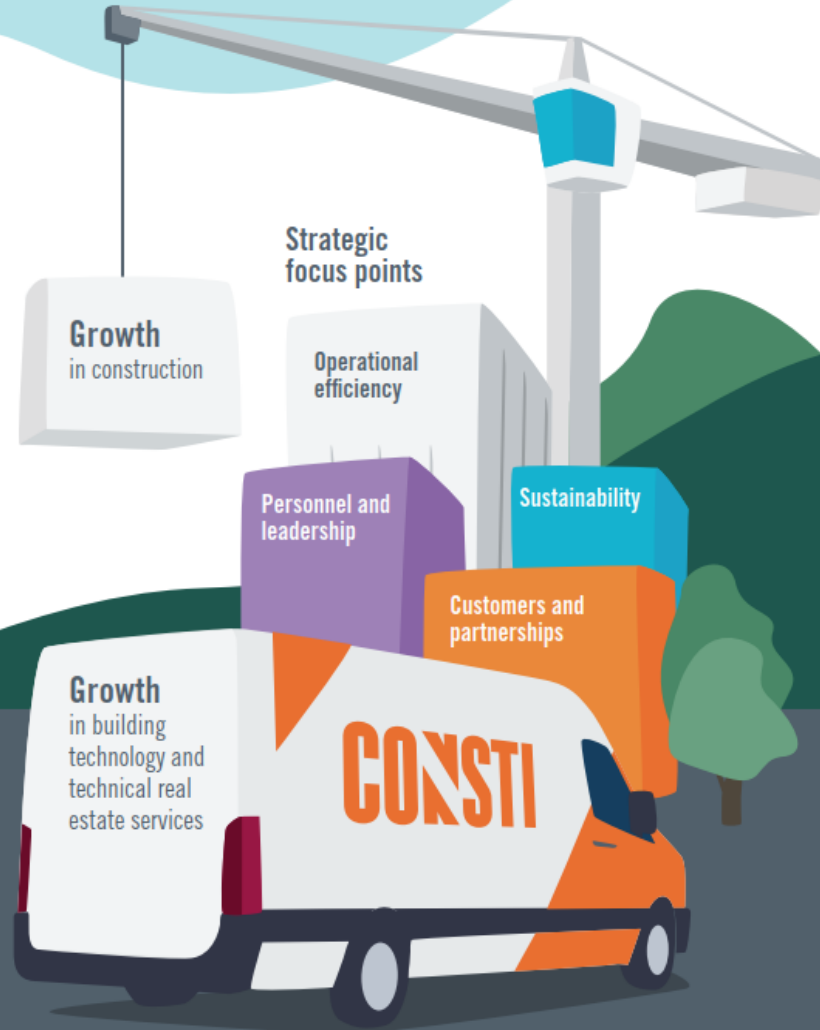
We are growing in construction and building technology by responding to the demand created by aging building stock, urbanisation, and climate change.



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

MISSION

Our mission is to improve the value of the building stock and mitigate climate change through our excellent competence in construction and building technology



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

- 1 **Growth in construction**
 - ▷ Profitable development of current business, expansion in the construction value chain, capitalising on attractive opportunities in new construction, strengthening special expertise
- 2 **Growth in building technology and technical real estate services**
 - ▷ Profitable development of current business, strengthening broad offering of installation and technical real estate services, offering comprehensive technical energy efficiency solutions for buildings
- 3 **Customers and partnerships**
 - ▷ Comprehensive customer understanding, subcontractor partnerships, Consti brand
- 4 **Operational efficiency**
 - ▷ Procurement development, utilisation of digitalization, performance management
- 5 **Personnel and leadership**
 - ▷ Consti Way, development of expertise and leadership, group-wide collaboration
- 6 **Sustainability**
 - ▷ Climate change mitigation, enhancing occupational safety and well-being at work, developing responsible practices of the industry

Results for 2023

Growth: 5.0% | Profitability: EBIT-margin 3.9% | Cash flow: Cash conversion ratio* 82.2% | Capital structure: Net debt to adjusted EBITDA ratio -0.43x

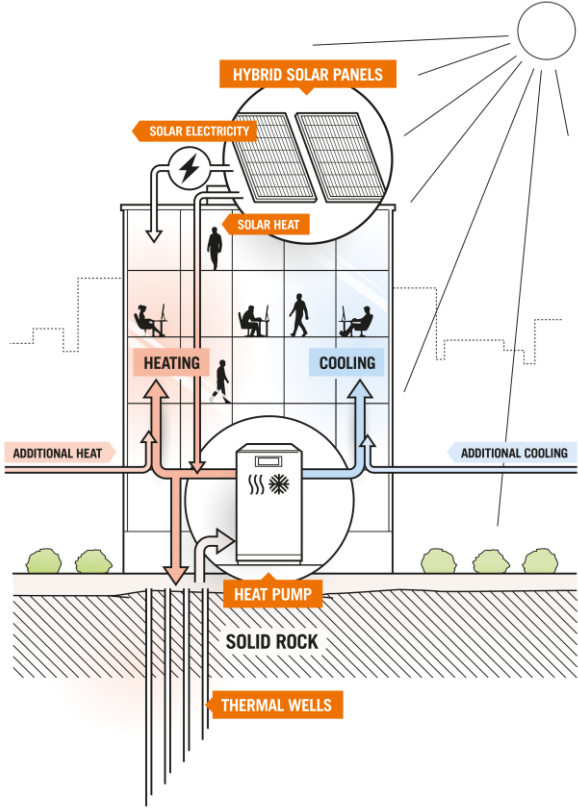
Long-term financial goals

Growth: net sales growing faster than the market | Profitability: EBIT-margin exceeding > 5% | Cash flow: Cash conversion ratio exceeding* > 90% | 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 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

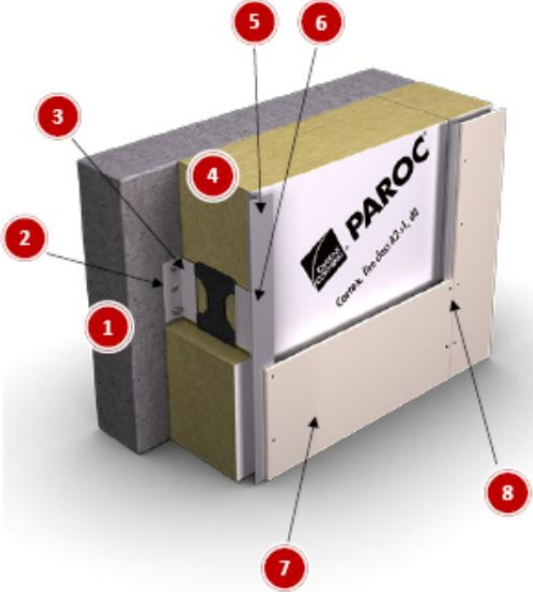
Consti OPTIMI Building technology system



ENERGY SOLUTION OF THE YEAR 2022

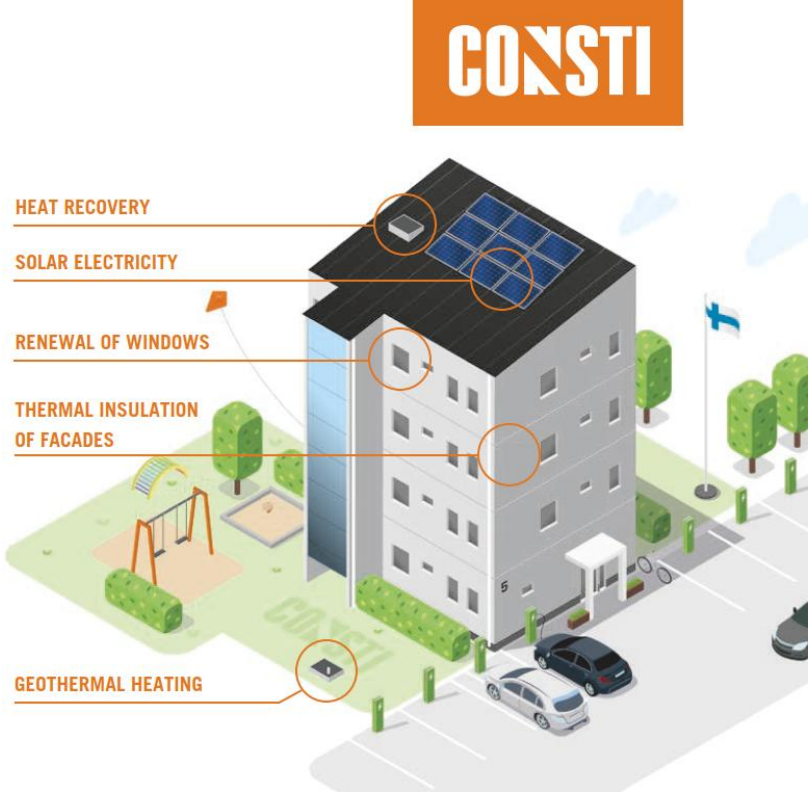
- Reduces total energy consumption by up to 50%
- Utilises multiple energy sources: geothermal energy, solar heat and electricity as well as internal waste heat of the building
- Seasonal thermal energy storage
- Developed especially for urban areas
- Suitable for both renovation and new building

VODAVOL Facade solution



VODAVOL™
JULKISIVUJÄRJESTELMÄ

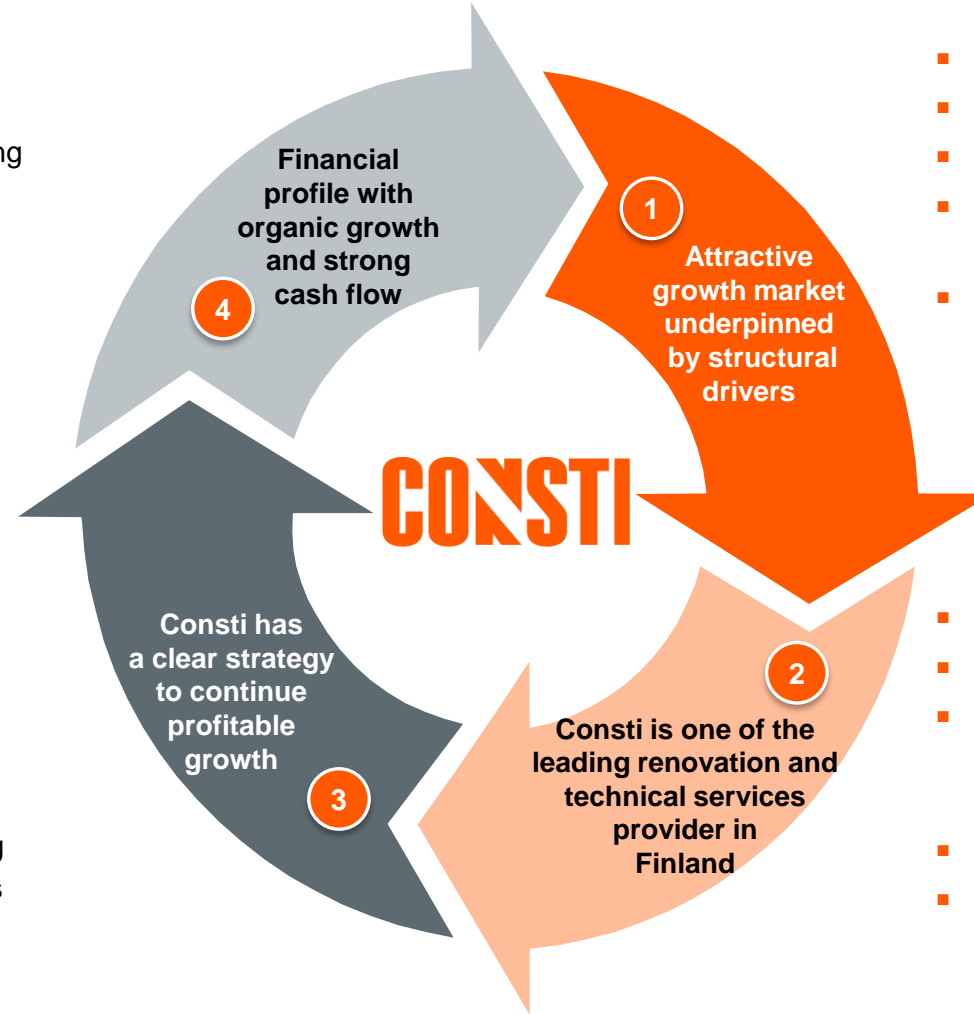
Energy solutions for housing companies



Consti as an investment - Key investment highlights

- Steadily improving profitability
- Solid platform for future growth
- Asset-light business model with negative working capital and strong cash flow
- High return on capital employed

- 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

1-9/2024

CONSTI PLC

Q3

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