CONSTI PLC ANNUAL REPORT

2022

A HIGHER GRADE OF DURABILITY

CONSTI

2022

Cover photo: Pasi Salminen

Contents

Photo: Pasi Salminen

CONSTI PLC CONSTI IN BRIEF

CONSTI IN BRIEF

Consti is one of Finland's leading companies focused on renovation contracting and technical building services.

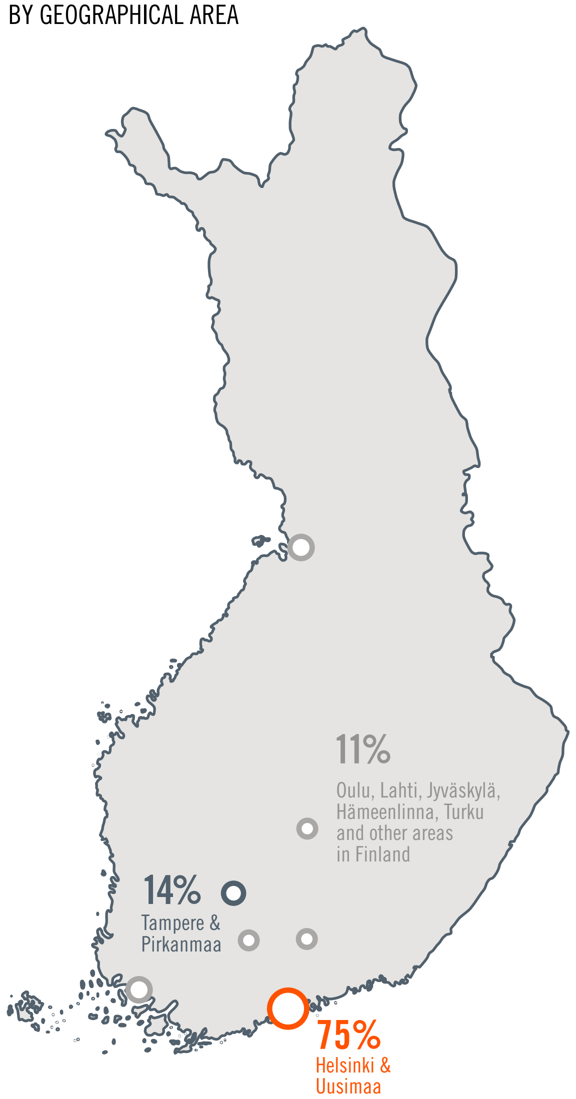
Consti offers comprehensive renovation and building technology services and selected new construction services to housing companies, corporations, investors and the public sector. Our services also include service contracts and maintenance. Our operations concentrate to Finland's growth areas.

Consti has four business areas:

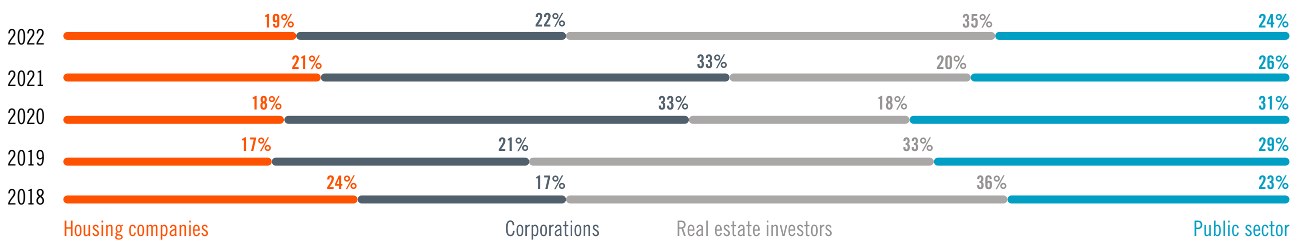
- Housing Companies
- Corporations
- Public Sector
- Building Technology

The group's parent company is Consti Plc. At the end of 2022, the business areas operated in subsidiaries completely owned by the parent company: Consti Korjausrakentaminen Oy, Consti Talotekniikka Oy and RA-Urakointi Oy. Business areas are reported in one segment. In addition, Consti reports net sales for each business area.

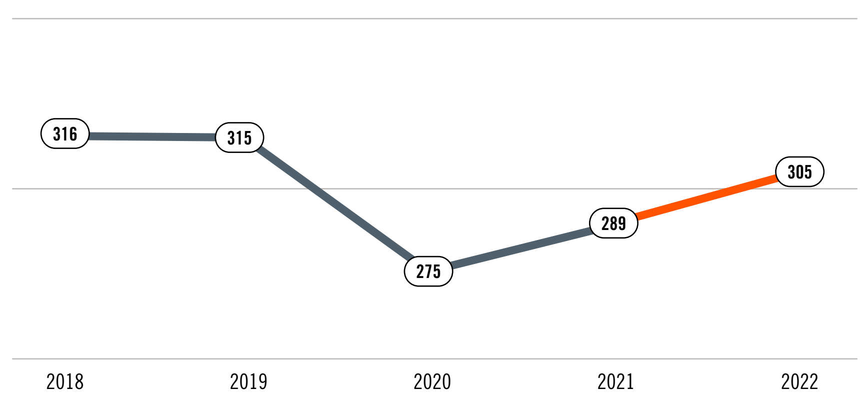
LOCATIONS AND NET SALES BY GEOGRAPHICAL AREA



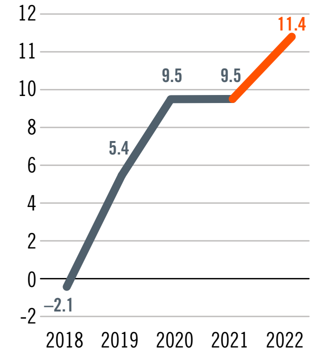
NET SALES BY CUSTOMER GROUP



Net sales
(EUR million)



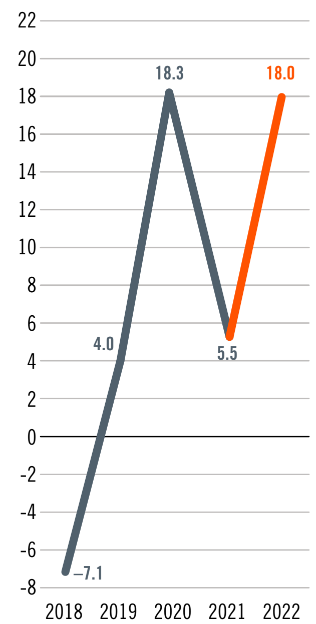
Adjusted operating result
(EUR million)



Key figures (EUR million)	2018	2019	2020	2021	2022
Net sales	315.8	314.8	274.6	288.8	305.2
EBITDA	-0.5	8.1	11.4	9.2	14.9
EBITDA margin, %	-0.1	2.6	4.2	3.2	4.9
Adjusted operating result	-2.1	5.4	9.5	9.5	11.4
Adjusted operating result margin, %	-0.7	1.7	3.5	3.3	3.7
Operating result	-2.1	4.6	8.2	5.7	11.4
Operating result margin, %	-0.7	1.5	3.0	2.0	3.7
Profit/loss for the year	-2.3	2.7	5.7	3.7	8.5
Earnings per share, undiluted (EUR)	-0.30	0.30	0.70	0.47	1.10
Dividend / share (EUR)	-	0.16	0.40	0.45	0.60*
Order backlog	225.1	185.8	177.9	218.6	246.7
Order intake	228.5	214.8	214.3	275.1	283.7
Free cash flow	-7.1	4.0	18.3	5.5	18.0
Cash conversion, %	-	48.9	160.3	59.3	120.6
Net interest bearing debt	19.6	18.9	4.7	14.3	3.9
Equity ratio, %	25.4	29.8	32.7	29.8	32.9
Gearing, %	83.6	64.4	14.1	44.7	10.7
Return on investment, ROI %	-4.5	8.9	13.6	9.2	18.3
Number of personnel at period end	1,046	990	927	961	975

* Board of Directors proposal to the Annual General Meeting

Free cash flow (EUR million)*



* Net cash flow from operating activities before financial and tax items less investments in intangible and tangible assets

Net sales
305.2
€ Million

Earnings per share
1.10 €

Personnel
975

Photo: Pasi Salminen

CEO'S REVIEW

SOLID DEVELOPMENT CONTINUED

Photo: Pasi Salminen

Consti's solid development continued in 2022. Our net sales grew 5.7 percent and amounted to approximately 305 million euro. At the same time, renovation volumes grew about one percent in Finland.

Renovation volumes have grown steadily in Finland for a long time, and it is predicted that the steady growth will continue in the future as well. Buildings are repaired when there is need for renovation.

Our net sales grew in the past year in our business areas engaged in the construction business. Growth was particularly strong in our Housing Companies business area in the Helsinki metropolitan area. As a whole, three quarters of our net sales came from the Helsinki metropolitan area.

In housing company renovation, the emphasis remains on pipeline renovations. We have also seen a positive development in the way that more and more housing companies have started to take care of their buildings in the long term. This is especially apparent in facade renovation and roof maintenance repairs. Consequently, the development of facade renovation related work was also strong at Consti. In addition to housing company renovation, we have, for example, renovated apartments for special groups, improved the energy efficiency of the lighting of a church hall, and worked on new construction sites also outside of the Helsinki metropolitan area. In many projects new construction and renovation successfully complement each other.

In our Building Technology business area, we succeeded in growing our service business according to plans. Consti Building Technology has also participated in several demanding alliance projects, and there is demand for our expertise in this line of work in particular in large hospital projects in the Helsinki metropolitan area.

The rise in heating prices and the green transition are also contributing to the growth of the building technology market. As a part of solutions offered to our customers, we developed the Consti Optimi multi-energy system during the past year. With it, it is possible to even halve the energy consumption of properties. This new service also helps us reach our responsibility goal of offering our customers environmentally friendly services that help them achieve their own climate goals.

Our projects predominantly progressed as planned during the year and our profitability improved due to our long-term work. Despite the increase in costs, our operating result doubled to 11.4 million euro and our operating profit grew, amounting to 3.7 percent of our net sales.

Our order intake grew about three percent to the previous year. A significant portion of this growth was achieved during the last quarter of the year, when we made contracts for the renovation of Taivallahti elementary school, the renovation and new construction project of Oulunkylä elementary school and kindergarten, and the HVAC and sprinkler work for the implementation phase of the new ward building at Jorvi Hospital, which is being carried out as an alliance project. Thanks to the strong order intake, our order backlog grew by 12.8 percent and was approximately 247 million euro at the end of the year.

According to forecasts, renovation will be the only area of construction that will grow in 2023. Growth is expected from both residential renovation and other renovation. Renovation is considerably less sensitive to economic cycles than new construction. However, strong inflation and the rapid rise of both energy costs and the price of financing may postpone some renovation projects as well.

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

Warm thanks for the past year to our customers, our personnel, all of our partners and our owners.

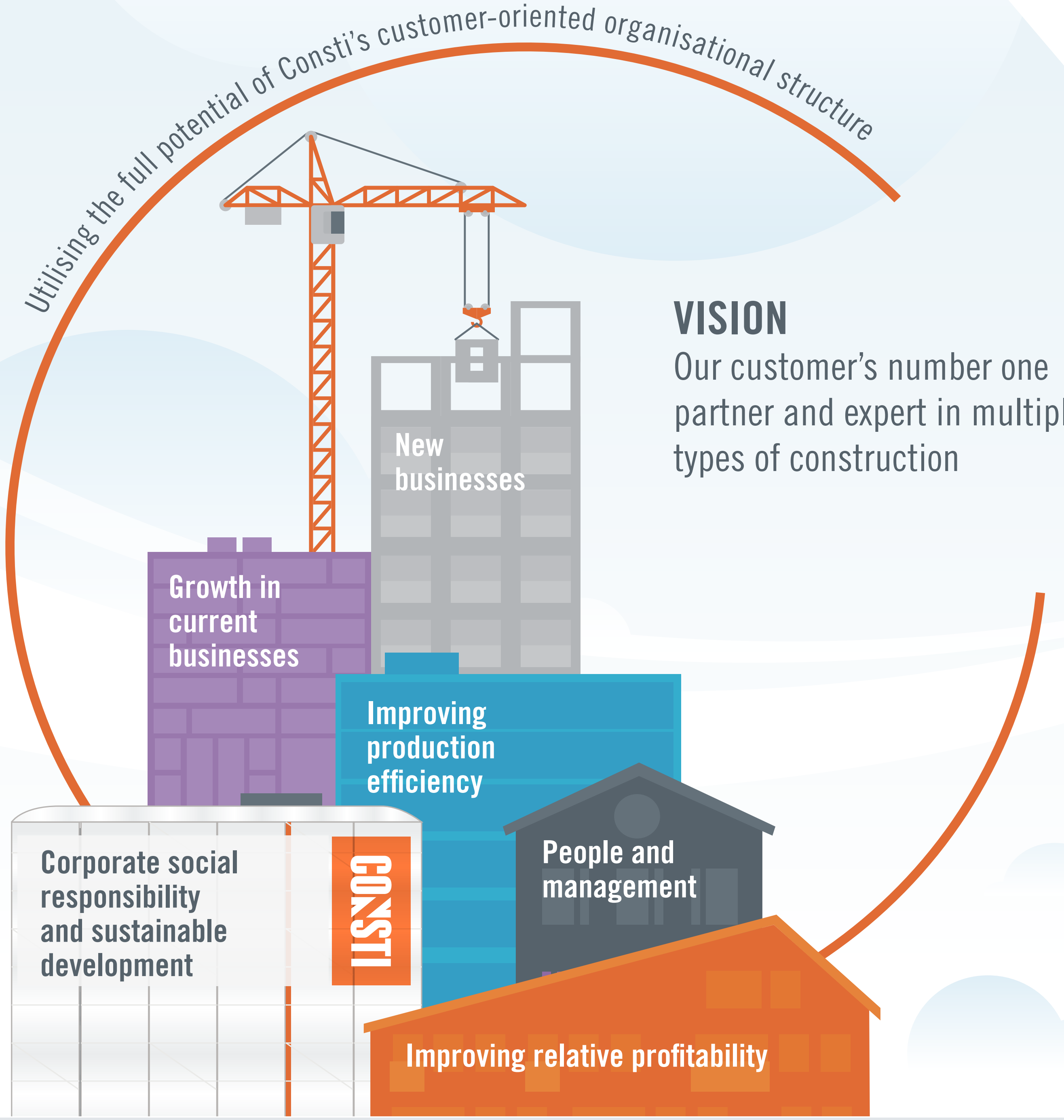
Esa Korkeela
CEO

CONSTI PLC BUSINESS STRATEGY

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.



VISION

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

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
Results for 2022	**Growth:**	5.7%	**Cash flow:** Cash conversion ratio exceeding*	120.6%
	Profitability: EBIT-margin exceeding	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, less capital used for purchase of intangible assets and property, plant and equipment.

AN EXPERT IN MULTIPLE TYPES OF CONSTRUCTION

Consti offers comprehensive renovation and building technology services, as well as selected new construction services to housing companies, corporations, investors, and the public sector in Finland's growth centres. Consti's vision is to be "Our customer's number one partner and expert in multiple types of construction".

Consti's strategy for 2021–2023 is based on utilising the full potential of Consti's customer-oriented organisational structure. In particular, this means expanding the value created for customers, utilising attractive growth opportunities in the company's current business operations and expanding into selected areas of new construction. The goal is to achieve profitable growth.

The central way to increase value creation is expansion in the construction value chain. In 2022, Consti was involved in the project planning of, for example, the Mother and Child Home being built for Hoivatilat Oy in Helsinki's Vallila, which includes both renovation and new construction. As part of expanding the value chain, Consti's goal is to strengthen its service and maintenance services, especially in building technology. In 2022, Service business provided by all of Consti's business areas grew from 13 to 14 percent of the net sales.

Value chain thinking also includes versatility in project types and contract models. In the past year, alliance projects included the renovation of the old terminal of Terminal 2 of Helsinki-Vantaa Airport. The extensive pipeline renovation of As Oy Puotilantie 8 in Helsinki – which won the Pipeline Renovation of the Year competition – was also carried out using a collaborative project delivery model. During the year, the building technology alliance projects for both the development phase of the new joint hospital in Laakso and the development phase of the new ward building in Jorvi hospital were launched. At the end of the year, an alliance agreement was signed for the implementation phase of the building technology work at Jorvi's new ward building.

During the strategy period, the expansion of operations to new construction projects began in 2021 with Järvenpää Co-educational School and an office building for Koy Ilmalanrinne 1 in Ilmala, Helsinki. Both projects are scheduled to be completed in early 2023. In addition to office premises and buildings for the public sector, new construction projects may include, for example, industrial and warehouse premises. In building technology, Consti has been involved in new construction in commercial, office space and public construction for a long time.

To ensure profitable growth, Consti's goal is to achieve the industry's most efficient production and a steady level of project performance. Identifying suitable projects for Consti and developing the bidding and negotiation phases have been key to improving profitability. Profitability differences between projects have also been successfully lessened with systematic monitoring using performance metrics. To improve production efficiency, Consti has also continued using tact time production and clarified the organisational structure of its building technology services.

Consti's goal is to be the most desirable employer in its field. In 2022, development actions focused especially on improving new employee onboarding, supporting safety management on worksites, and expanding training options offered to Consti personnel.

Consti's market position is strong especially in the Helsinki metropolitan area, Pirkanmaa, Turku and Oulu. In 2022, the Helsinki metropolitan area accounted for 75 percent of the Group's net sales, which is five percentage points more than in the previous year.

Consti sees the demand for renovation continuing to grow steadily, as the importance of sustainable development is increasing.

Renovation needs are increased by:

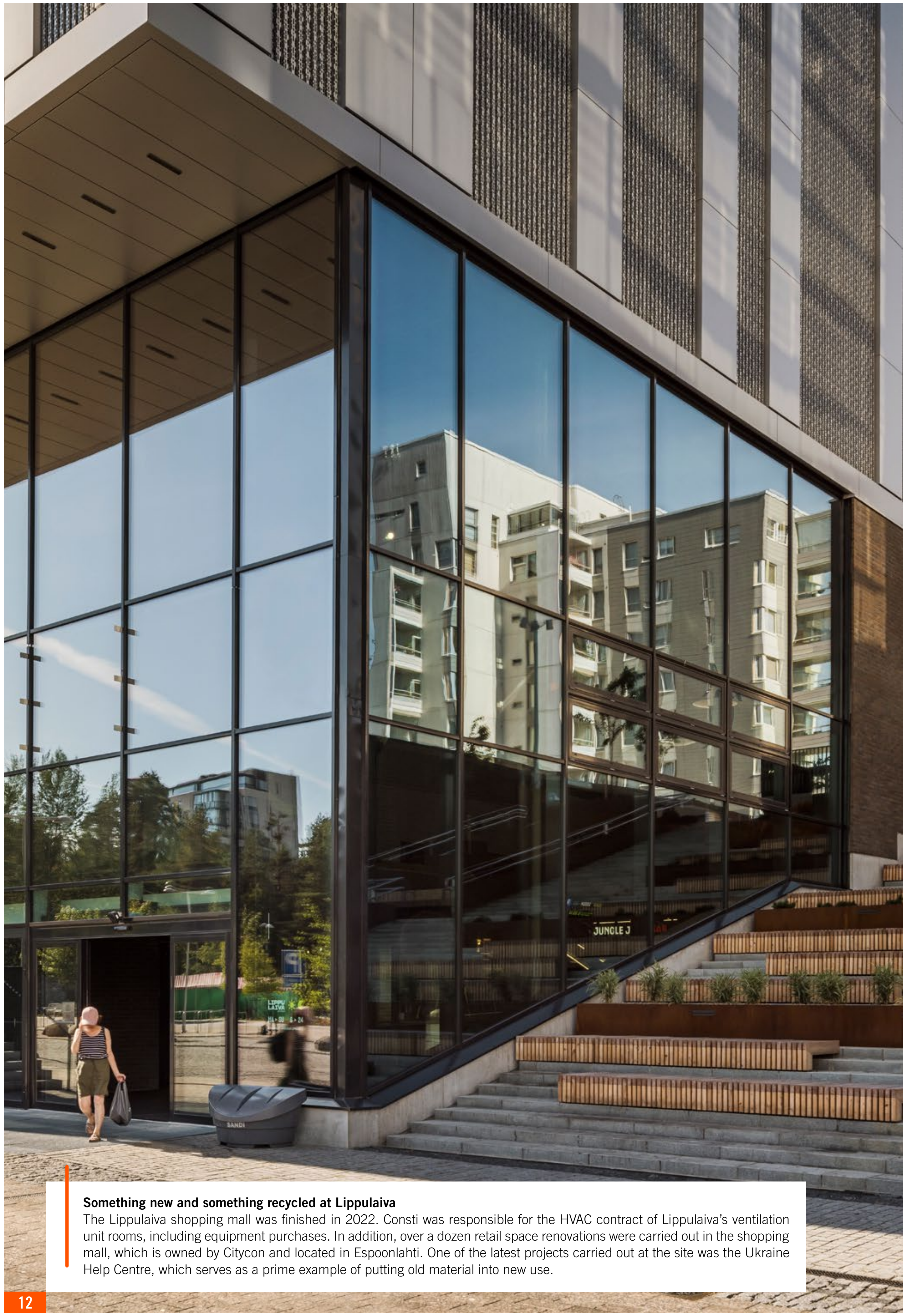
- Urbanisation
- Population ageing
- Ageing building stock
- Growing need for flexible and versatile space solutions
- Energy efficiency and sustainability requirements
- Digital solutions and technologies bring opportunities and also set new requirements to construction.

Consti's Corporate Social Responsibility themes are Environmental friendliness, Supply chain, Occupational safety and well-being at work, and Customer satisfaction. As part of environmentally friendly services, Consti developed for example the building technology system Consti Optimi, which utilises the building's waste heat, and helps to significantly reduce energy consumption and emissions from heating and cooling. Responsibility themes are discussed in the Board of Directors' Report on page 20 and in a separate Corporate Social Responsibility Report, which will be published during the second quarter of 2023.

Group Strategy

	Strategic goals 2021–2023	Implementation of the strategy in 2022
Utilising the full potential of the customer-oriented organisational structure	**Growth in current businesses** Controlled and profitable growth in attractive renovation and building technology segments	• Growth especially in the Housing Companies business area • Strengthened the market position in row house renovations • Demanding building technology contracts in hospital environments
	New businesses Comprehensive response to customer needs by growing in attractive new construction projects	• The new construction and renovation project of the Mother and Child Home for Hoivatilat Oy • The new construction and renovation project of Oulunkylä elementary school and kindergarten • Selected small new construction projects in regional units
	Improving relative profitability Expanding the value created for customers and actively managing the business portfolio	• The share of fixed-price contracts decreased, while the share of target price contracts and cost + fee contracts grew • The organisation of Building Technology business area was clarified • Service business was strengthened in Building Technology business area • Work continued to strengthen project development and BIM expertise
	Production efficiency The most efficient production in the industry, better profitability, and a steady level of performance in project deliveries	• Differences in performance between projects has been reduced • The utilisation of takt time production was expanded • The development of project quality management continued • The development of procurement continued
	People and management Developing management, developing the personnel's competence, professional development, and well-being at work, strengthening diversity and introducing the Consti Way model into daily work	• Recruitment support, new employee onboarding and development discussions were clarified and harmonised • Educational paths were defined in more detail and the range of training opportunities was expanded • Support for worksite safety management
	Corporate social responsibility and sustainable development Environmental friendliness, occupational safety and well-being at work, supply chain and customer satisfaction.	• New solutions were developed to improve the energy efficiency of buildings • The recycling rate of worksite waste was improved • Systematic monitoring of energy consumption at worksites commenced • Preparations were started for RALA's environmental certification

Photo: Kuvatoimisto Kuvio



Something new and something recycled at Lippulaiva
The Lippulaiva shopping mall was finished in 2022. Consti was responsible for the HVAC contract of Lippulaiva's ventilation unit rooms, including equipment purchases. In addition, over a dozen retail space renovations were carried out in the shopping mall, which is owned by Citycon and located in Espoonlahti. One of the latest projects carried out at the site was the Ukraine Help Centre, which serves as a prime example of putting old material into new use.

FINANCIAL STATEMENTS

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BOARD OF DIRECTORS' REPORT

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), Consti Talotekniikka Oy (Building Technology) and RA-Urakointi Oy.

Consti Group's 2022 net sales increased 5.7 percent and were 305.2 (288.8) million euro. Net sales grew in Housing Companies, Corporations and Public Sector but decreased in Building Technology. Operating result (EBIT) was 11.4 (5.7) million euro. Operating result from net sales was 3.7 (2.0) percent. Adjusted operating result (EBIT) was 11.4 (9.5) million euro. Adjusted operating result from net sales was 3.7 (3.3) percent.

Operating environment

In recent years, the Finnish house building market has been divided almost equally between new construction and renovation.

In 2022, new construction grew more than renovation. New construction growth was driven by residential construction. Estimates of the growth of residential new construction vary from the Confederation of Finnish Construction Industries RT's seven percent to Euroconstruct's around ten percent. RT estimates that non-residential new construction increased by 2.5 percent, while Euroconstruct estimates that it increased 3.5 percent.

Renovation grew an estimated 0.8–1.5 percent in 2022 and were worth approximately 14 billion euro.

In 2023, both residential construction and non-residential construction are predicted to decrease clearly. Renovation, on the other hand, will continue to grow steadily according to estimations.

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 2022, renovation of non-residential buildings grew more than renovation of 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.

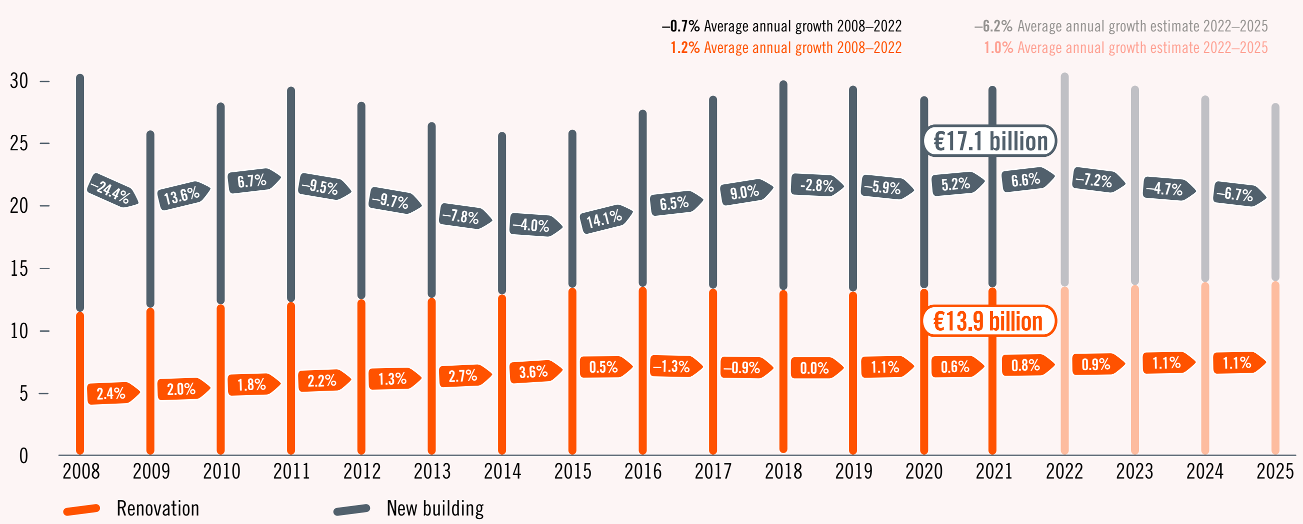
The higher prices of heating and the green transition will also bring growth to the building technology market. Until now, energy efficiency has been improved largely in connection with other renovation, but rapidly rising energy prices have made energy renovation profitable as independent projects as 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 the short term, however, building technology companies' expectations for the future have darkened. Future prospects are overshadowed by uncertainty regarding the prices and availability of supplies and equipment, and the price of energy, caused by the war in Ukraine. According to a survey conducted by Statistics Finland, renovation prices had risen by more than ten percent in the fall of 2022 from the previous year. The prices for pipeline and roof renovation had risen the most.

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.

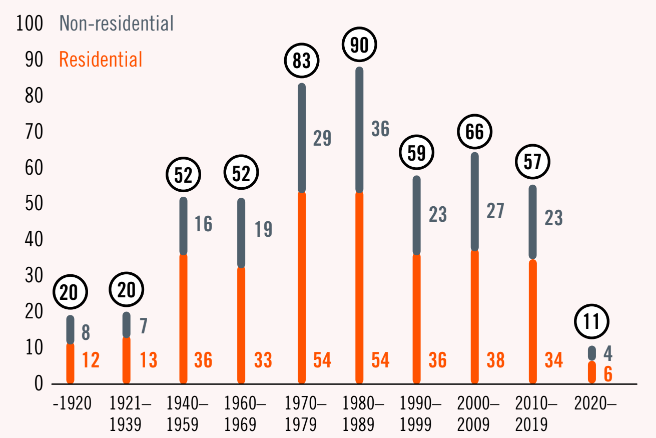
In the building technology market, Consti also operates in all other areas of new construction apart from housing construction. In new construction, the construction of business premises started to pick up after the COVID-19 pandemic at the end of 2022. The construction of hospital and teaching facilities also increased clearly.

The market growth of new construction and renovation in Finland (€ billion)



Source: Euroconstruct, November 2022

Finland's building stock according to building year (million m²)



Source: Statistics Finland, May 2022

According to forecasts, renovation will be the only area of construction that will grow in 2023. Growth is expected from both residential renovation and other renovation.

In 2023, the new construction of residential buildings is predicted to decrease by approximately 10–13 percent, and the new construction of non-residential buildings by approximately 1–2 percent. However, the ongoing hospital and school projects keep service construction at a good level. There is more uncertainty associated with the growth of commercial and office construction.

It is expected that renovation will continue on a growth path of around one per cent also in 2023. Growth is expected from the renovation of both residential and non-residential buildings.

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.

However, strong inflation and the rapid rise of both energy costs and the price of financing may postpone renovations in the short term, especially renovations commissioned by housing companies. General meetings held in housing companies during the spring will, to a large extent, determine their readiness for renovation investments. Uncertainty in the outlook for construction is also brought about by the rise in the prices and availability of building materials and products, intensified by the war in Ukraine.

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.

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:

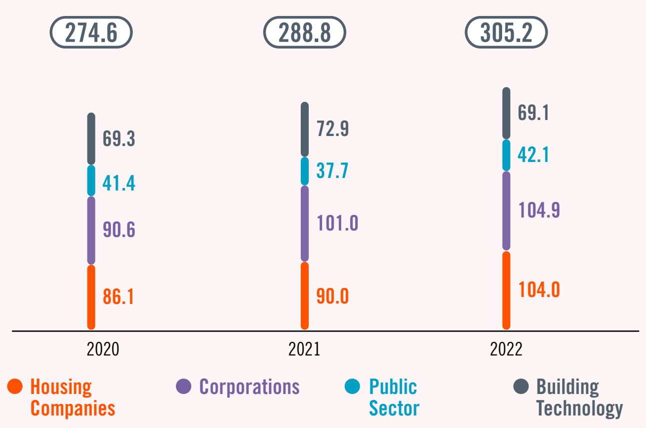
- Growth: net sales growing faster than the market
- Profitability: EBIT margin exceeding 5 percent
- Free cash flow: Cash conversion ratio exceeding 90 percent
- Balance sheet structure: Net debt to adjusted EBITDA ratio of less than 2.5x
- The Company's aim is to distribute as dividends at least 50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

Sales, result and order backlog

Consti Group's 2022 net sales were 305.2 (288.8) million euro. Net sales increased 5.7 percent. Housing Companies net sales were 104.0 (90.0), Corporations net sales were 104.9 (101.0), Public Sector net sales were 42.1 (37.7) and Building Technology net sales were 69.1 (72.9) million euro. These figures include Service Business's net sales amounting to 41.8 (37.8) million euro resulting a growth of 10.4 percent.

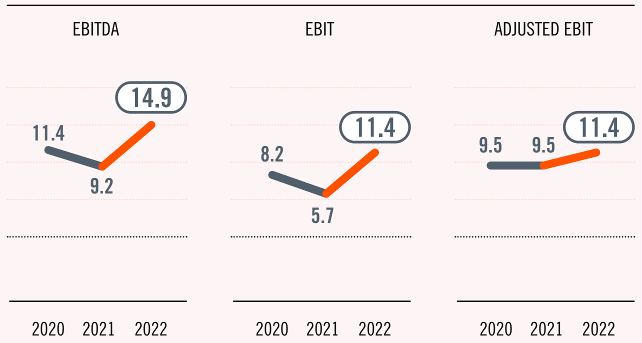
Net sales grew in Housing Companies, Corporations and Public Sector but decreased in Building Technology. Housing Companies' net sales grew by 15.5 percent and growth was particularly strong in the Greater Helsinki area. New construction projects that started in the summer of 2021 boosted net sales in the Public Sector business area. Net sales in the Corporations business area grew in Greater Helsinki area. The net sales of Building Technology business area increased in service business but decreased in building technology installations business.

Net sales (EUR million)



Consti Group's 2022 operating result (EBIT) was 11.4 (5.7) million euro. Operating result from net sales was 3.7 (2.0) percent. Adjusted operating result (EBIT) was 11.4 (9.5) million euro. Adjusted operating result from net sales was 3.7 (3.3) percent. Earnings per share (undiluted) was EUR 1.10 (0.47). Operationally year 2022 advanced as expected and projects largely progressed as planned. Profitability improved, although cost inflation weakened the result through both increased construction costs and higher indirect costs. Items affecting comparability in the comparison period relate to the arbitral tribunal's award received in June 2021, and the legal costs of the procedures.

EBITDA, EBIT and adjusted EBIT (EUR million)



During 2022, Consti had approximately 900 ongoing projects. Projects for the Corporations business area made up one third of the net sales, another third came from the Housing Companies business area, a good fifth from the Building Technology business area, and about 13 percent from the Public Sector business area.

The most significant projects completed for corporations and investors in the past year were the renovation projects of As Oy Kokkokalliontie 1 and 3 residential buildings in Pitäjänmäki, Helsinki, carried out for Elo Mutual Pension Insurance Company. The last part of the project, Konalantie 7, was completed in January 2023. The renovation of Koy Väinämöisenlinna's business premises in the centre of Helsinki carried out for Ilmarinen were completed in November 2022. In Turku, the Kesäpouta and Rauhankatu projects implemented for Varsinais-Suomen Asumisoikeus Oy were completed. The first parts of the Western Uusimaa Police Department's main police station renovation project (Corporations and Building Technology) were completed during 2022, and the project will be completed as planned in early 2023. Kone Corporation's office renovation project in Hyvinkää started in summer 2022 and will be completed in 2023.

The most significant renovation projects for Housing Companies business area in 2022 were the water, sewer, and roof renovation of the Helsinki Central Rescue Station, completed in November, and the 3rd phase of the renovation of Pelimannintie 15, owned by Helsinki City Housing Company, which will continue in 2023. Renovation projects started by the Housing Companies business area in the past year included the complete renovation of Karakalliontie 1 in Espoo, the pipeline renovation of As Oy Itäkumpu in Espoo, the pipeline renovation of As Oy Multisillankatu 3 in Tampere and the facade renovation of As Oy Kannelmäki in Helsinki.

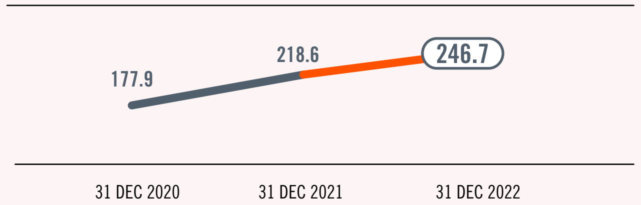
The Building Technology business area's projects in the past year included the ventilation and electrical installation contract for the central production kitchen Voimian Pata in Tampere, implemented for Pirkanmaan Voimia, the HVAC work of the WtE2 waste-to-energy plant for Vantaan Energia Oy in Vantaa, and the ventilation and sprinkler work for the Jorvi operating rooms in Espoo carried out for HUS. In addition, Consti Building Technology carried out the HVAC and sprinkler work of shopping centre Redi's S-Market in Helsinki and the ventilation renovation of Citymarket Turtola in Tampere.

The most significant public sector projects in the past year were the Lauttasaari primary school implemented for the City of Helsinki, and the two new office buildings targeting a gold level LEED classification built as new construction projects in Ilmalanrinne, Helsinki, which are in the process of being finalised, and the ongoing new school project Järvenpään Yhteiskoulu.

The Public Sector business area will continue working on school projects this year as well. The business area's new school projects include Taivallahti comprehensive school, as well as Oulunkylä primary school and day care centre in Helsinki. New projects that have been started by the Building Technology business area include the development phases of the alliances for the new ward building of Jorvi Hospital in Espoo and the Laakso Joint Hospital in Helsinki. Consti's selection for Jorvi Hospital's implementation phase alliance was confirmed in January 2023. The decision on the alliance for the implementation phase of Laakso Joint Hospital will be made later in 2023.

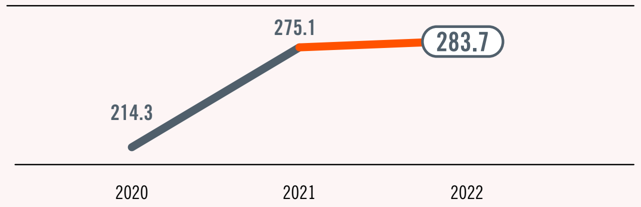
The order backlog at the end of the financial year 2022 grew 12.8 percent compared to the end of the previous financial year and was 246.7 (218.6) million euro.

Order backlog (EUR million)



The order intake value during 2022 grew 3.1 percent compared to the previous financial year and was 283.7 (275.1) million euro.

Order intake (EUR million)



Investments

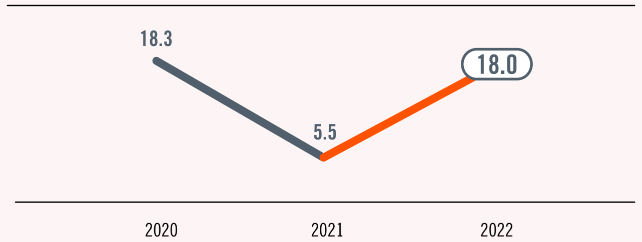
Investments into tangible and intangible assets in 2022 were 1.5 (1.4) million euro, which is 0.5 (0.5) percent of net sales. The largest investments were made into property, plant and equipment, which primarily include machinery and equipment purchases. Investments into right-of-use assets (IFRS 16) in 2022 were EUR 1.3 (4.9) 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 as well as to the accounting of business premises and warehouses lease agreements that are valid until further notice, in accordance with the IFRS 16 -standard.

In 2022 investments related to business combinations were 0.0 (1.7) million euro.

Cash flow and financial position

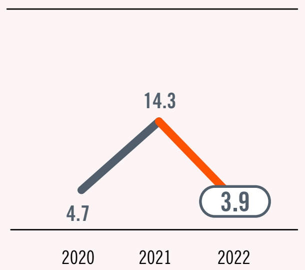
The operating cash flow before financing items and taxes in 2022 was EUR 19.5 (6.9) million. Free cash flow was EUR 18.0 (5.5) million. The cash flow ratio was 120.6 (59.3) percent. The cash flow in 2022 was positively affected by the improvement of operating result and the change in working capital. The cash flow effect of change in working capital in FY 2022 was 4.4 (-2.9) million euro.

Free cash flow (EUR million)

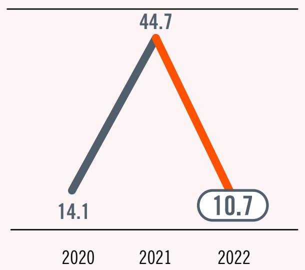


Consti Group's cash and cash equivalents on 31 December 2022 were EUR 20.9 (18.1) million. In addition, the company has undrawn revolving credit facilities and unused credit limits amounting to 8.0 (8.0) million euro in total. The Group's interest-bearing debts were 24.8 (32.3) million euro. External 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 3.9 (14.3) million euro and the gearing ratio 10.7 (44.7) percent. At the balance sheet date, the Group's interest-bearing net debt to adjusted EBITDA ratio was under the covenant's maximum level according to the confirmed calculation principles.

Net interest-bearing debt (EUR million)



Gearing (%)



The balance sheet total on 31 December 2022 was 123.3 (119.0) million euro. At the end of the reporting period tangible assets in the balance sheet were 7.7 (8.6) million euro. Equity ratio was 32.9 (29.8) 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 2022, Consti issued new commercial papers with maturity of under one year amounting to EUR 12.5 million. During the same period, matured total of EUR 17.5 million earlier 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, which extended the maturity of the loan by one year.

Research and development work

Research and development activities at Consti consist of the strategic development of new businesses, services, and methods, and the continuous improvement of existing business operations.

Business development continued to focus on efficiency improvement measures, such as defining the Consti Way operating models, strengthening project development and procurement competences, developing environmentally friendly products and services, and sustainability monitoring methods.

The environmentally friendly Consti Optimi building technology system was developed in 2022. Consti Optimi utilises waste heat, solar heat, and electricity, as well as geoenergy for heating and cooling buildings. Consti Optimi is based on simulation and with it, total energy savings of up to 50% can be achieved. Consti Optimi also significantly reduces the carbon footprint of heating, cooling, and ventilating a building. For housing companies, Consti launched two new services: The Eco Consti service, which includes the construction of electric vehicle charging points in connection with other renovations, and Consti Nerokas, a fixed-price pipeline renovation service. Consti also collaborated with other operators in the field in developing the Vodavol facade solution for the repair of concrete sandwich structures in apartment buildings.

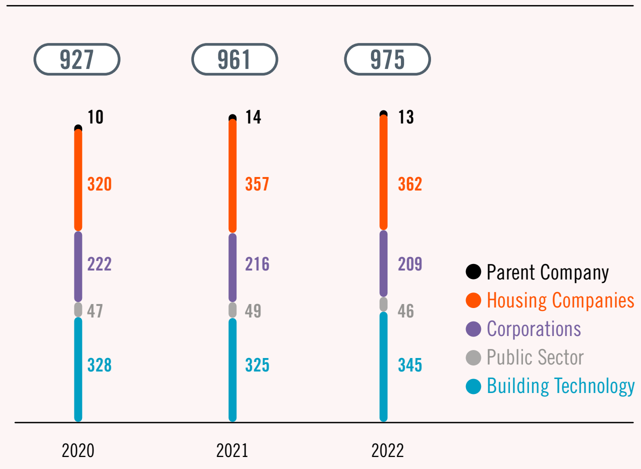
Joint projects in the field continued to emphasise collaborative project delivery models and lean methods. Alliance models and collaborative project delivery contracts aim at improving the operating culture of construction and managing risks related to demanding renovation projects. Consti participated in the three-year RAIN2 project which ended in spring 2022. RAIN2 promoted cooperation in the construction industry, and it was led by Construction Finland ry. Now Consti is part of the subsequent RAIN3 project, which aims to enhance lean principles by making the most of changes in the construction industry, such as improving productivity and the green transition. Consti also participated in the project "Quartz exposure and its management in construction", which ended at the end of 2022 and was led by the Finnish Institute of Occupational Health.

To strengthen the responsibility and sustainability of operations, Consti's environmental principles were drawn up and preparations were made for RALA's environmental certification.

Personnel

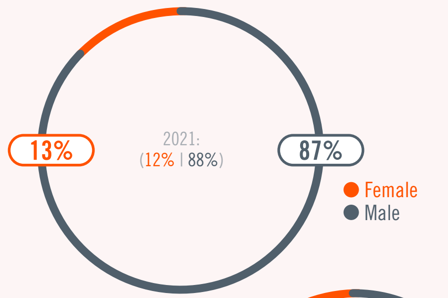
At the end of 2022 Consti employed a total of 975 (961) employees. The average employee count during 2022 was 971 (969 during 2021 and 971 during 2020). At the end of the reporting period 362 (357) employees worked in Housing Companies, 209 (216) in Corporations, 46 (49) in Public Sector and 345 (325) in the Building Technology business area. The parent company employed 13 (14) people. Personnel expenses for financial year 2022 amounted to EUR 62.7 (59.8) million.

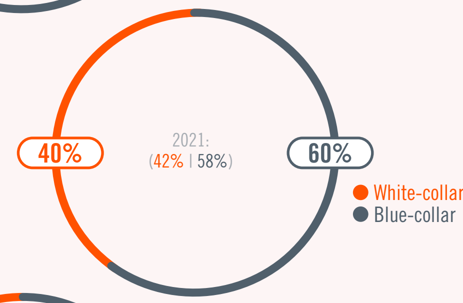
Number of personnel (at period end)

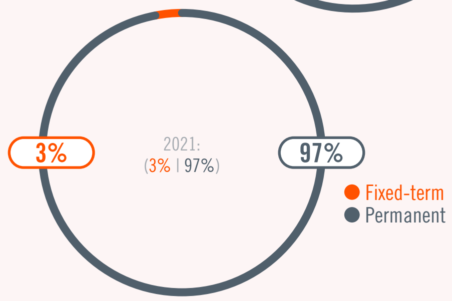


Of the personnel employed at the end of the year, 3 (3) percent worked with fixed-term employment contracts. At the end of the year Consti employed 393 (403) white-collar workers and 582 (558) blue-collar workers.

At the end of the year 87 (88) percent of Consti employees were male. 13 (12) percent of the staff were female, which is slightly above the Finnish industry average.







The themes for 2022 focused especially on issues related to personnel retention and commitment. The processes and support materials related to new employee onboarding were renewed. The goal is for every new employee to feel welcome and important, while at the same time ensuring that common operating models are rooted in the organisation. In addition to new employee orientation, Consti Academy expanded its offering, and awareness of the Academy's activities were strengthened in the organisation with strong communication. In terms of content, special attention was paid to familiarising both new and old employees with the use of information systems.

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; Heikki Pesu, Business Area Director Building Technology; Pirkka Lähteinen, Regional Director Corporations; Heikki Untamala, Chief Legal Officer and Turo Turja, HR Director.

Consti announced on 29 November 2022, that Heikki Pesu, Business Area Director of Building Technology, has resigned. Pesu has acted as a member of the Group Management Team since 2021. Pesu continued in his position until 2 February 2023.

The Annual General Meeting 2022 and Board authorisation

The Annual General Meeting of Shareholders of Consti Plc held on 5 April 2022 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 2021. The Annual General Meeting resolved that a dividend of 0.45 euro per share for the financial year 2021 is paid. The record date for dividend payment was 7 April 2022 and the dividend was paid on 14 April 2022.

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 and Johan Westermarck were re-elected and Juhani Pitkäkoski was elected as a new member to the Board of Directors for the following term of office.

Authorised Public Accounting firm Ernst & Young Oy 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 42,000 and members of the Board of Directors are each paid EUR 30,000. 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 621,000 own shares in one or more tranches by using the unrestricted equity of the Company. The proposed number of shares corresponds to approximately eight (8) per cent of the aggregate number of shares in the Company on the date of the notice to the General Meeting. 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 Board of Directors was authorised to resolve on the share issue and the issuance of special rights entitling to shares as referred to in Chapter 10 Section 1 of the Companies Act in one or several tranches, either against payment or without payment. The aggregate amount of shares to be issued, including the shares to be received based on special rights, shall not exceed 780,000 shares. The Board of the Directors may resolve to issue either new shares or to transfer treasury shares potentially held by the Company. The Board of Directors is authorised to decide on all other matters related to the issuance of shares and special rights, including on a deviation from the shareholders' pre-emptive rights. The authorisation is used, for example, to carry out the Company's share-based incentive plan or for other purposes resolved by the Board of Directors.

These authorisations replace previous authorisations of the Board of Directors, and they shall be valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2023.

Corporate Governance and Auditors

Consti Plc's Board of Directors on 31 December 2022 included Petri Rignell (Chairman), Erkki Norvio, Pekka Salokangas, Anne Westersund, Johan Westermarck and Juhani Pitkäkoski. The Board of Directors elected by the Annual General Meeting of Shareholders of Consti Plc on 5 April 2022, 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 as members of the Nomination and Compensation Committee. The Board of Directors has not established other committees.

Esa Korkeela has acted as CEO of Consti Plc during the financial year 1 January–31 December 2022.

On 31 December 2022, the Board members and CEO owned personally or through a holding company a total of 598,621 Consti Plc's shares, which amounts to 7.62 percent of the Company's entire share base and votes.

Authorised Public Accounting firm Ernst & Young Oy has acted as the Auditor of the Company with Toni Halonen, Authorised Public Accountant as the Principal Auditor.

Consti complies with regulations of The Finnish Corporate Governance Code. In insider issues Consti complies with EU Regulation on Market Abuse ((EU) 596/2014, "MAR") and 2- and 3-tier regulation supplementing it, the Finnish Securities Markets Act, the insider guidelines of Nasdaq Helsinki Ltd as well as guidance issued by authorities. Consti Plc's Board of Director's report on the Company's corporate governance from 2022 and the remuneration report from 2022 are on Consti Plc's website www.consti.fi > Investors > Corporate governance.

Information on the distribution of holdings and significant holdings, as well as the calculation formulas for the key figures, can be found in the key figures and information for shareholders section of the Annual Report.

Shares and share capital

Consti Plc's share capital on 31 December 2022 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. Consti Plc's shares are added into the Book-Entry Securities System.

Share based bonus schemes

Consti Plc's Board of Directors decided on 3 March 2022 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 2022 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 2022 will be paid to participants partly in shares and partly in cash after a two-year vesting period in 2025. During the performance period 2022, 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 2022 will amount up to a maximum total of approximately 272,257 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.

Consti Plc's Board of Directors decided on 22 June 2022 to launch a new key employee stock option plan. There is a weighty financial reason for the Company to issue stock options 2022 since the stock options are intended to form part of the key employee incentive and commitment program of Consti Plc and its subsidiaries. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key employees to the employer. The maximum total number of stock options 2022 issued is 250,000 and they entitle their owners to subscribe for a maximum total of 250,000 new shares in the Company or existing shares held by the Company. The stock options are issued gratuitously. The number of shares subscribed by exercising stock options now issued corresponds to a maximum total of 3.1 per cent of the shares and votes in the Company, if new shares are issued in the share subscription.

The share subscription price for stock options 2022 is EUR 9.65 per share, which is the trade volume weighted average quotation of the Consti Plc share on Nasdaq Helsinki Ltd during 1 May 2022–31 May 2022. The share subscription price is deducted by the amount of dividends and/or distribution of assets to be decided before share subscription. The share subscription period for stock options 2022 is 1 July 2025–30 June 2026. The Board of Directors decided on the new stock option plan by virtue of the authorisation granted by the Company's Annual General Meeting of Shareholders on 5 April 2022. Stock options 2022 are distributed to approximately 26 Management Team members and other key employees determined by the Board of Directors.

The Board of Directors of Consti Plc decided on 17 June 2020 to launch a key employee stock option plan 2020 and on 22 June 2022 to launch a key employee stock option plan 2022. More detailed information on the stock option plans 2020 and 2022, and on the share-based incentive plan is presented in note 28 of the consolidated financial statements.

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–31 December 2022 Consti Plc's lowest share price was EUR 7.80 (9.30) and the highest EUR 12.80 (14.10). The share's trade volume weighted average price was EUR 10.01 (12.23). At the close of the stock day on the last trading day of the reporting period 30 December 2022 the share value was EUR 11.15 (12.10) and the Company's market value was EUR 87.6 (95.1) million.

Related party transaction

There were no significant related-party transactions during 2022.

Near-term risks and uncertainties

Consti divides risks to the Company's business into strategic and operative risks, as well as financing risks and risks of injury or damage.

Consti's Board of Directors duty is to confirm the Company's risk management principles and evaluate the adequacy and appropriateness of risk management.

Strategic risks

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 preparation of deals and the monitoring of integration.

Renovation, which Consti is focused on is less vulnerable to economic changes than other areas of the construction industry. The aim is to control market risks by actively following the market and adjusting operations as need be.

Consti aims to ensure that its services are first rate in quality and that it fulfils all regulatory requirements set for the company and its business. Consti strives to ward off black market activity in all of its actions. Consti uses a great deal of its own employees in its operations, which makes it easier to ensure all laws and regulations are adhered to. The Act on Contractor's Obligations and Liability when Work is Contracted Out is followed to ensure the lawful actions of all subcontractors. Consti's actions to decrease environmental risks and avert black market are explained in more detail in the Company's "Corporate Social Responsibility Report".

All Consti Group's business areas have the Construction Quality Association's (Rakentamisen Laatu ry) RALA Certificate of Competence.

Operational risks

Operative risks relate to clients and project operations, personnel, subcontractors, suppliers, legislation and legal claims. In addition, Russia's military aggression causes uncertainty in Consti's operating environment, the resulting risks are described later in Outlook for 2023 -section.

Consti's success depends to a large extent on how well it is able to acquire, motivate and retain professional personnel and uphold its employees' competence. The aim is to minimise personnel turnover risk with e.g. continuous training and by supporting voluntary training. To maintain working ability Consti offers its personnel a much broader health care scheme than what is required by law. The Group has a bonus scheme that includes all permanent white-collar staff. Personnel risks also include possible human errors and misconducts. These risks are managed with careful recruiting, job initiation, work supervision and with ethical guidelines created for supervisors.

According to the Act on Contractor's Obligations and Liability, Consti ensures that subcontractors abide to their legal obligations.

Consti uses subcontractors especially for tasks requiring specific competence in demanding work stages and as project-based workers to level out seasonal demand variation. Subcontractor risks are managed with carefully crafted contracts and long-term partnerships. Supplier risks are managed with meticulously formulated contracts and regular assessments of the suppliers' financial position.

The Company 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. The broad customer base decreases risks related to individual projects and the market environment.

A substantial part of Consti's business comes from tendered projects and services. The Company and its business areas have procedures that determine which tenders the Company participates in and what the decision-making processes regarding these projects are. Consti has jointly agreed upon procedures for internal tender calculation, authorisation for decision making, and project management and monitoring.

Changes in construction, environmental protection, workforce and work safety legislation as well as taxation and financial reporting all have an impact on Consti's operating possibilities. The Company follows and assesses changes in legislation and regulations set by authorities. Litigation risks are managed with careful contract formulation, project planning and monitoring, as well as with 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 relating to injuries or damage

Work safety issues are a central part of Consti's job initiation policy. At worksites safety management starts with a site-specific risk analysis. Actions are depicted both in a separate safety plan and also as a part of the plans made for production and work phases. Separate plans are made for critical work phases as need be. A general safety overview is conducted each week at worksites in safety measurements, where any found deficiencies are immediately corrected.

The most substantial environmental risks come from the possibility of environmentally harmful substances which can be produced for example when processing deconstruction waste, or caused by neglects in end-storage, in addition to which operations can cause noise, construction dust and tremor to nearby surroundings. Consti formulates required environmental plans for worksites, which identify and attempt to control all environmental risks on-site or prepare for the prevention of harmful effects.

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. Waste disposal is documented by collecting all consignment notes and documents from the entire supply chain.

ICT risks are assessed and managed in cooperation between the Group's ICT function and business areas and together with partners. The Group has rules and procedures to decrease and manage risks related to ICT and information security.

Financial risks

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. 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 impact such changes would have on the Group's results.

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. Risks related to deposits are governed by the Group's financial administration department.

The Group strives to ensure the availability and flexibility of financing with sufficient credit limit reserves and suitably 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. At the balance sheet date, 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 is tested for impairment annually or if necessary, more often by the Group.

Business responsibility and non-financial information

Consti's mission is to improve the value of the building stock and people's quality of life. Renovations are carried out when building structures or building technology necessitate repairs. In connection with renovation, a building's energy efficiency, indoor air, and issues related to living comfort – such as accessibility and safety – are almost always improved. The preservation or even restoration of the original look and architecture of the building is also included in an increasing number of renovation projects.

In addition to construction and building technology expertise, Consti has strong competence in building purpose modifications, such as converting premises into apartments. The need for building purpose modifications is particularly increased by urbanisation, changes in work life and the ageing of the population.

Providing a safe, healthy, environmentally friendly, and energy-efficient worksite for both employees and customers is central to everyday work at Consti.

At Consti, Corporate Social Responsibility is a part of business management, which is the responsibility of the CEO with the help of the Management Team. The sustainability themes relevant to the company for the strategy period are decided by the Management Team and approved by the Board of Directors. The Management Team also defines the policies and measures related to Corporate Social Responsibility. The business area directors are responsible for implementing the decisions. Sustainability work is coordinated by the Corporate Social Responsibility Steering Group.

The responsibility themes essential to Consti's operations for the strategy period 2021–2023 are:
- Environmental friendliness: expertise on how climate change affects real estate, energy efficiency in Consti's own operations, waste sorting and recycling
- Occupational safety and well-being at work: continuous improvement of occupational safety, supporting personnel competence and development, equality, and human rights
- Supply chain: prevention of grey economy, partner collaboration
- Customer satisfaction: customer understanding, supporting customer's climate goals.

Environmental friendliness

At Consti, being environmentally friendly means, above all, expertise in how climate change impacts buildings, and supporting Consti's customers in their climate goals. In addition, it means carefully considering environmental issues in Consti's own operations, especially by improving the efficiency of energy use and the recycling of worksite waste.

Consti complies with legislation regarding construction, the use, storage, recycling, and disposal of materials used in construction, as well as other environmental laws, regulations, permit conditions and official regulations. International agreements and the EU's targets for reducing energy consumption and greenhouse gas emissions are also taken into account in Consti's operations. Consti is committed to reducing its emissions in line with its Green Transition Roadmap.

The most significant environmental risks in Consti's operations are formed by possible discharges of substances that are harmful to the environment. These discharges may result from the improper treatment of demolition waste or, for example, negligence in its disposal. Construction may also cause noise, tremor and dust that affect the immediate surroundings of the worksite.

In addition to minimising energy consumption, minimising the harmful environmental impacts of worksites means minimising the amount of noise, dust and waste generated by site traffic, demolition work and construction, as well as the careful handling of environmentally harmful substances. Consti has guidelines aimed at ensuring the minimisation of environmental damage caused by operations and making sure that its operations comply with environmental regulations. Site-specific environmental plans are used to identify environmental risks, prevent harm, and prepare for the prevention of adverse effects. Effective communication is also used to reduce any harmful impact.

In 2022, Consti drew up Environmental Principles, which define the operating principles that Consti can utilise to influence its own operations, the built environment and climate change in an environmentally sustainable manner. The aim is to reduce the environmental impact caused by Consti's operations.

During 2022, preparations were made for RALA's environmental certificate, which Consti applied for at the end of the year. The RALA certification is a management system evaluation procedure developed on the basis of ISO standards for the Finnish construction industry, which supports the development of operations to a sustainable level. Consti's ERP system, in which environmental issues are a part, defines the resources, structures, methods and processes required for environmental management. The most significant issues for Consti at the moment are the recycling of construction waste and energy efficiency. In addition, responsibility definitions were clarified, and the personnel's environmental competence was increased through communication and training. At the end of the year, an external expert audited Consti's worksites and management system. The goal was to obtain RALA environmental certificates at the beginning of 2023 for Consti Korjausrakentaminen Oy and Consti Talotekniikka Oy.

Expertise on how climate change affects real estate

Climate change mitigation requires e.g., that the energy efficiency of buildings is in accordance with the EU's energy efficiency directive. This is promoted, for example, with building technology, building automation, facade renovations, and insulation improvements.

In Finland, climate change adds rainfall and humidity, and adaptation requires particularly meticulous facade maintenance. The energy efficiency of the existing building stock is crucial in curbing energy consumption, as new construction only increases Finland's building stock by 1–2 percent per year. According to the Confederation of Finnish Construction Industries (CFCI), most of the emission savings in the built environment come from renovations, which cut the energy consumption of buildings and upgrades heating systems (Source: Vähähiilinen rakennusteollisuus 2035, 2020).

A significant part of the environmental friendliness of Consti's operations is created via customer projects. The energy efficiency of a building is almost always improved in connection with renovation. In particular, the energy efficiency requirements of public operators and real estate investors have become stricter. Increasing attention is paid to the consumption of energy during construction and waste sorting, as well as to the energy efficiency of the building itself.

Alongside energy renovations, Consti is developing its maintenance services to take the demands of climate change into account even better than before. The most significant development project completed in 2022 is the Consti Optimi multi-energy system for urban areas, which utilises a building's waste heat, solar heat, and electricity, as well as geoenergy for heating and cooling the building. Consti Optimi achieves total energy savings of up to 50 percent and reduces the carbon footprint of heating, cooling, and ventilation of, for example, an office building by up to 70 percent. FINVAC Ry awarded Consti Optimi as the energy solution of the year.

Services have also been conceptualised for housing companies for the construction of electric vehicle charging points in connection with other repairs. Consti also collaborated with other operators in the field in developing the Vodavol facade structure for the renovation of prefabricated houses from the 1970s.

Waste sorting and recycling

According to the Waste Act, waste must be sorted at the place where the waste is generated, i.e., at worksites in Consti's case. Consti has two contract partners for waste management at worksites. They make site-specific reports and prepare the transfer documents for the transfer document register as per required by the authorities. In addition to following instructions and the development of future regulations, Consti follows the development of construction waste recovery for instance as a member of the Helsinki circular economy cluster.

In 2022, the recycling rate of worksite waste generated by Consti was 52–57 percent depending on the contract supplier (L&T and Vaihtolavacom). The target for the recycling rate of worksite waste is 70 percent.

The energy efficiency of Consti's own operations

Consti aims to be carbon neutral by 2035. The target is that 70 percent of the electricity used by Consti's offices will be renewable by 2023. Company cars will gradually be switched to electric cars, and fossil fuel will be replaced with renewable fuel. Consti's production vehicles will gradually switch to renewable fuel. In service development, Consti is placing emphasis on services that improve energy efficiency. Consti's partners must also commit to environmentally sustainable activities.

Consti's CO_2 emission reduction targets for its own operations have been defined with calculations that take into account the fuel consumption of company cars and production vehicles, as well as the estimated electricity consumption of Consti's offices. Consti's company car policy supports the acquisition of hybrid and electric vehicles.

The emission reduction targets have been calculated from CO_2 emissions in 2020 relative to net sales. The target for the strategy period is to reduce the energy consumption and emissions of Consti's own operations by 20 percent from 2020 to 2023.

In Consti's own operations, the overwhelming majority of energy consumption takes place on worksites. The main goal in 2022 was to create methods for systematically monitoring the energy consumption of worksites. More detailed monitoring of the water and energy consumption of worksites commenced as planned in the second half of the year. The aim is that data on the energy consumption of all worksites that started after 1 November 2022, as well as most of the sites that were already underway at that time, can be compiled for monitoring purposes. Guidelines have been drawn up for worksites to improve energy efficiency. Worksites can, for example, take advantage of the electricity contract put out to tender by the Group to obtain a guarantee of origin certificate for the use of green electricity.

The Energy Efficiency Act obliges a large company to carry out an energy audit every four years. Consti's latest report is on energy consumption in 2018, and the next energy audit report must be made by 26 March 2024.

Occupational safety and well-being at work

An employer's responsibility for health and safety in the workplace is emphasised in the construction sector, as the risks of accidents and occupational diseases are high. In addition to occupational safety, personnel-related risks typical in the construction industry include the use of illegal labour and grey economy.

At Consti, safety extends not only to employees, but also to the users of the premises that are being renovated, as buildings are often at least partially in use while they are renovated.

Continuous improvement of occupational safety

Group-level safety activities are coordinated at Consti by the Safety Group, which includes the Group's HR Director, HR Safety Manager, business area management representatives and labour protection delegates. The Safety Group is chaired on a rotating basis by each business area director in turn.

The onboarding of new employees is essential to Consti's common operating models and occupational safety. In 2022, Consti introduced a renewed onboarding model that has received a lot of praise from new employees. In addition to general new employee orientation and site-specific orientation, the industry's common online orientation method, ePerehdytys, is used at Consti. The aim is to have all of Consti's personnel and everyone working on Consti worksites complete it. In 2022, 54 percent (in 2021: 40%) of the personnel and those working on construction sites had completed the online orientation.

Both Consti's own personnel and outsiders are encouraged to report safety deficiencies. Anyone within the sphere of influence of a Consti worksite can make a safety observation according to the instructions of the worksite in question. The aim is that by the end of the strategy period, each personnel member will make at least one occupational safety observation per year. In 2022, a total of 994 safety observations were made, which means that, on average, each Consti employee made 1.02 observations.

Accident frequency, which describes the ratio between accidents and hours worked, is monitored on a monthly basis at Consti. Consti's accident frequency rate has been at a good level for the industry in recent years, and the aim is that the accident frequency figure would be below 5 by the end of the strategy period. In 2022, the accident frequency was 16.

Consti Plc's accident frequency on an annual basis:
- 2015 accident frequency: 26
- 2016 accident frequency: 22
- 2017 accident frequency: 20
- 2018 accident frequency: 19
- 2019 accident frequency: 11
- 2020 accident frequency: 13
- 2021 accident frequency: 15
- 2022 accident frequency: 16.

In the development of occupational safety, special attention has been paid in recent years to working at heights and using lifts, as well as to protection against exposures that are harmful to health. Occupational safety is also emphasised in supervisor training. Everyone working at Consti worksites complete the occupational safety card and first aid training designed for Consti's operating environment. Consti also utilises accident interviews that aim to find out more about the causes of accidents in order to prevent similar incidents from occurring.

During the past year, the assessment of both worksite and task specific risks was reformed and shared risk assessment tools were introduced. In addition, guidelines were drawn up for the electrical safety of the construction site and for working alone. The online training for working alone is meant for all employees working alone and their supervisors at, for example, maintenance sites.

In renovation, exposure agents that are harmful to health include, in particular, dust, fibre, noise and tremor. Protection against them is carried out in accordance with the exposure agent in question. Health hazards are also prevented, for example, by using high-quality, appropriate, and certified tools. Worksite safety is monitored by a weekly maintenance inspection or a TR measurement.

In 2022, Consti participated in the industry's general research project on quartz exposure and its management in construction as a representative of renovation experts. The research project ended at the end of 2022. Consti also participated in the safety management project Res Data, which was arranged by the Finnish Institute of Occupational Health.

No confirmed cases of occupational disease were reported in 2022.

Supporting personnel competence and development

The coronavirus continued to necessitate certain special arrangements at worksites. It was also reflected in increased absences due to illness, as staff have been advised to stay away from work with a low threshold, especially in situations such as the flu. The average sickness absence rate in 2022 was 7.1% (5.4), while before the coronavirus in 2019 it was 3.3 percent.

Occupational health services are activities in accordance with the Occupational Health Care Act, which help to maintain and promote the health of employees, the safety of the working environment and the functioning of the work community, and to prevent work-related illnesses and accidents. In Consti's occupational health care service contract, the health care services available for personnel are more comprehensive than the statutory basic level. In recent years, supervisor training has focused not only on shared operation models, but also on maintaining work capacity and early intervention in cases where it is observed that an employee's capacity to work has diminished.

The core of what it means to work at Consti has been crystallised into the Consti Way operating model, and these practices based on Consti's values are promoted in onboarding, supervisor coaching and personnel events. In 2022, in accordance with the Consti Way, onboarding, development discussions, and exit interviews were developed and harmonised. Uniform operating methods facilitate the work of supervisors, make operations more efficient, and ensure the prerequisites for a safe and equal working environment.

To support the competence and development of personnel, Consti has defined a qualification path to ensure the basic competence needed for each position. In 2022, the training offered to worksite personnel was expanded and the number of training sessions was increased. The main focus has been on safety and safety management. Cooperation with educational institutions has been intensified, and thanks to this, apprenticeship training in particular is now used more extensively in the training of both new employees and existing personnel.

According to the personnel survey conducted in autumn 2022, Consti's employees are more satisfied with the fair treatment of staff than respondents in the industry in general. Consti's employees would also recommend Consti as an employer. According to the survey, satisfaction with the employer's support in professional development has improved the most. There is potential to improve opportunities to influence the development of operations in particular.

Consti's principle is to make permanent employment contracts. At the end of the year, around 97 (97) percent of the personnel, with the exception of trainees, had permanent employment contracts. The aim is to keep the share of fixed-term employment contracts below five percent.

Consti always makes written employment contracts. In 2022, Consti employed an average of 971 (969) people. Approximately 60 (58) percent of the personnel were blue-collar workers and approximately 40 (42) percent were white-collar workers. During 2022, a total of 188 new permanent employees were hired.

The turnover rate for permanent employees was 16.0 (17.4) percent. The target for the current three-year strategy period is a turnover rate of less than 12 percent. In order to lower the turnover rate, for example exit interviews were developed in 2022.

During the year, Consti once again offered a summer job or internship to about one hundred students in the field, and efforts were made to provide permanent employment for good summer workers and interns after graduation.

In order to engage the personnel and encourage excellent work performance, Consti has a performance bonus system for management and white-collar employees. The system has been set up for three different occupational groups: permanent white-collar workers, construction site white-collar workers and project and installation supervisors, and other comparable supervisors who are accountable for business results. The incentive scheme is based on both qualitative and financial targets. The incentive plan is complemented by a long-term share-based incentive plan, which included 57 key employees at the end of 2022, and a stock option plan for key personnel.

Success is also rewarded on the worksites. The best worksites are rewarded in an annual competition between the sites using the following criteria: quality, safety, customer feedback, staying on schedule and finances. An employee may also receive a personal bonus for best customer feedback.

Equality and respect for human rights

In general, the risks associated with human rights in the construction sector include at least forced labour, the use of workers without work permits – in which case wages are paid undeclared without social security – child labour, inadequate occupational safety, as well as harassment, racism, and other inappropriate behaviour.

The human rights risks identified by Consti in its own operations are the use of unauthorised labour and inappropriate behaviour. Consti complies with Finnish labour legislation and collective agreements, and employment contracts are made in writing. Consti requires all of its subcontractors to be members of Reliable Partner service maintained by Vastuu Group. For its own foreign employees, Consti has a procedure which ensures that their residence and/or work permit matters, as well as tax-related matters are in order, and ensures that the necessary official declarations are submitted.

Equal treatment is part of Consti's Code of Conduct. Consti does not tolerate discrimination or inappropriate behaviour. Consti also has statutory equality and non-discrimination plans. The equality plan is part of Consti's personnel strategy. The recruitment of personnel is always based on the skills required for the job. Consti's permanent personnel also includes many experts in the field who have moved to Finland from abroad. According to the personnel survey conducted in autumn 2022, fair and equal treatment of personnel is one of Consti's strengths.

If problems related to equality, human rights, or inappropriate behaviour are encountered, Consti employees can seek advice from their occupational safety and health ombudsman, occupational safety manager, or shop steward. Inappropriate treatment is not acceptable, and Consti has instructions for both preventing it and solving observed situations. Reports can also be submitted anonymously through the electronic reporting channel (the so-called whistleblowing channel).

Consti's equality and diversity goal is to increase the proportion of women in the personnel and to ensure a balanced age structure. At the end of 2022, women accounted for approximately 13 (12) percent of the personnel. On average, the share of women in the construction sector in Finland is around nine percent. During the year, 15 percent of the personnel hired for the Group were women, and the age distribution of the new personnel varied between 18 and over 60 years.

Supply chain

As a networked approach to operations becomes more common, the transparency of supply chains and managing the big picture are also increasingly important.

In the construction sector, procurement focuses on preventing grey economy and complying with legislation, especially labour law. The procurement function and supply chain management must also take sustainability into account as a procurement criterion. Consti aims to favour Finnish alternatives in its material purchases.

Preventing grey economy

Bribery and dealing in receipts are typical forms of corruption in the construction industry. The uniqueness and temporary nature of building projects and the large sums of money involved may entice some to engage in financial malpractice. Simultaneously, supervision is challenging due to the large number of different work stages, agreements and subcontractors involved in the projects.

At Consti, corruption, bribery or attempts at such actions are not approved in any form. The prevention of bribery and corruption are included in Consti's Code of Conduct, which is communicated to all employees for example during new employee onboarding. Consti encourages its personnel and partners to take action immediately upon noticing any grievances. Suspicions of misconduct can also be reported anonymously through the whistleblowing channel.

Consti's policy is to have all procurements, deliveries, work, and services that are significant for its business or individual projects tendered openly and honestly, and the company has internal guidance on competition law and its application. Consti's aim is to cooperate with good partners who are committed to high-quality work on a long-term basis. Procurement contracts are always made in writing. Consti also aims at preventing grey economy through approval procedures.

There are no official decisions or legal acts relating to infringements of competition law, cartels, or abuses of a dominant position for 2022.

Consti complies with the Finnish Act on the Contractor's Obligations and Liability and is part of the Reliable Partner Programme maintained by Vastuu Group. Consti also requires that its subcontractors belong to the Reliable Partner Programme, or that they supply corresponding documents as stipulated in the Act on the Contractor's Obligations and Liability. Consti uses standard contract terms in which the subcontracting chain is required to take care of its social obligations. Consti uses the Valtti smart card for access control at worksites. The tax numbers of all employees have been submitted to the construction industry's tax number register maintained by the Finnish Tax Administration. As the main contractor and orderer, Consti submits contract information for each worksite to the Tax Administration.

Consti has published a separate Corporate Social Responsibility Report on its operations since 2014. Consti's separate Corporate Social Responsibility Report on its operations in 2022 will be published during the second quarter of 2023.

Access control methods and methods defined in the Act on the Contractor's Obligations and Liability help stop both grey economy and human rights violations by preventing the use of employees without work permits. A person who does not have a work permit issued in a Member State of the European Union is not accepted as an employee. In 2021, the guidelines related to contractor's liability were updated and training was added related to the Act on the Contractor's Obligations and Liability. This training was continued in 2022.

Until now, Consti has focused on identifying and preventing human rights-related risks mainly at its own worksites, as well as the rights and equal treatment of people working on Consti worksites. A broader assessment of human rights-related risks in the supply chain has been identified as a development target, and practices for this are being investigated.

In 2022, no problems were observed at Consti regarding adherence to the Code of Conduct, and there were no grounds for anti-bribery or anti-corruption measures.

Consti does not seek to influence the activities of political parties and did not provide financial support to political parties in 2022.

Partner collaboration

One of the goals of developing partner cooperation is ensuring that subcontractors and other partners are committed to Consti's Code of Conduct and quality objectives. The Code of Conduct is part of Consti's general terms and conditions of delivery and contract, which are signed by all suppliers and subcontractors.

In order to develop quality and cooperation, a new Subcontractor Partnership Model was defined in 2021. Its implementation began in 2022 and it is constantly being developed. The aim of the partnership model is to ensure that Consti has reputable and proven subcontractors who act responsibly and are committed to common goals. The key is to develop operating methods and services and improve quality together in a mutually beneficial way. Committing to the partnership model also means committing to the ethical guidelines drawn up for partners.

Customer satisfaction

Customer understanding

Consti has versatile competence in various areas of renovation and building technology, spanning all the way to building purpose modifications. According to customer interviews, in addition to Consti's technical skills, customers also value Consti's transparency in its reporting and communication, its personal service and contractor expertise for instance in offering and carrying out environmentally friendly solutions.

Compared to new construction, renovation requires special expertise in operating in people's homes. Offices and business premises are also often at least partially in customer use during renovation.

The more efficient use of the current customer feedback system has been identified as one of the development areas of Consti's customer satisfaction. As a result of the customer feedback system change made in 2022, fewer customer surveys were conducted in 2022 than during the previous year. In 2022, Consti made 665 customer surveys, while in 2021, Consti made 1,258 customer surveys. The response rate increased from 30% to 36%.

A key factor in customer satisfaction is quality, which consists of the technical quality of the work and the quality of the process. All of Consti Group's business areas have the RALA quality certificates of the Construction Quality Association (RALA) and the RALA qualification issued by RALA. In addition, certified methods and materials are used in the sleeving of sewer pipes. Consti's procurement instructions and supplier agreements obligate the use of generally accepted, suitable, CE-marked and / or certified products. In 2022, the preparations were done for RALA's environmental and safety certificate and the certificates were applied for at the end of the year.

Consti Talotekniikka has a national corporate security certificate that demonstrates that its operations fulfil the Finnish state administration's requirements even in projects with a security classification.

Consti's goal is to increase its understanding of the environmental certificates used by customers in addition to the certificates related to renovation.

Consti aims to improve the quality of construction and clarify responsibilities through new collaborative project delivery systems, which Consti actively participates in. Collaborative project delivery contracts define common objectives, responsibilities and incentives of the actors involved in the projects. Consti also aims to increase cooperation with customers and partners in the development of services, e.g., through the subcontractor partnership programme launched in 2022. Consti aims to influence the development of the entire industry by operating in cooperation networks in the field and by actively participating in joint development projects.

Supporting the customer's climate goals

In renovation, customers' climate goals emphasise the energy efficiency of their premises. Consti improves the energy efficiency of buildings especially through facade renovation and building technology renewal.

Calculations indicate that climate change adds wind driven rain in Finland, which puts increasing pressure on, for example, the moisture resistance of facades. In addition to energy renovation and the Consti Optimi solution, Consti has developed a new energy efficient facade system for prefabricated apartment buildings from the 1970s together with its partners. Maintenance services also take better account of the demands brought about by climate change. For example, the regular maintenance of systems is key to reaping the benefits that building technology brings.

Information under the EU Taxonomy Regulation

EU Taxonomy is the European Union's classification system for environmentally sustainable economic activities. It aims to harmonise companies' sustainability reporting and steer investments towards sustainable activities. Reporting under the EU Taxonomy Regulation currently applies to companies, including listed companies, that are obliged to report non-financial information in accordance with the Non-Financial Information (NFI) Directive. They report what proportion of the company's net sales, capital expenditure, and operating expenses are activities included in the taxonomy (taxonomy-eligible) and to what extent their economic activities are environmentally sustainable in accordance with the requirements of the taxonomy (taxonomy-aligned).

In order to comply with the taxonomy, an economic activity must meet the climate change mitigation and adaptation requirements defined in the taxonomy. The regulation currently contains detailed criteria for nine sections with subcategories that are considered to be able to both mitigate climate change and help adapt to it. Construction is one of these main categories.

Furthermore, the activity must not cause significant harm to the other environmental objectives of the classification (The DNSH principle, Do No Significant Harm). Other environmental objectives include the sustainable use and protection of water and marine resources, the transition to a circular economy, the prevention and reduction of pollution, and the protection and restoration of biodiversity and ecosystems. The European Commission has defined assessment criteria for each sector as to whether the economic activity in question causes significant harm to other environmental objectives.

In addition, the activities must comply with the ethical working and human rights principles of the UN, OECD, and ILO.

Consti's taxonomy-eligible net sales

Construction and the use of buildings have a significant impact on climate change. Consti offers renovation, building technology and selected new construction services. As a rule, a renovation always improves the energy efficiency of a building, with both building technology and in terms of structure. In its reporting for 2021, Consti estimated that its total net sales, 288.8 million euro, consisted of taxonomy-eligible economic activities. Following the reassessment carried out in 2022, the share of operations eligible for classification systems is estimated to be approximately 84.0 percent of net sales. The change from the previous year is explained by the fact that, for the financial year 2022, Consti has not included the building technology system installations and services carried out by the Building Technology business area for customers outside the Group in categories 7.1 "Construction of new buildings" and 7.2 "Renovation of existing buildings".

Consti's taxonomy-aligned net sales

During 2022, Consti has examined the classification compliance of its economic activities on the basis of the Taxonomy Regulation. Consti has taken note of the notice published by the European Commission in December 2022 on how to interpret the provision of information in the EU Taxonomy Regulation. In addition, the report "Interpretations of the DNSH 2, 4 and 6 criteria of the EU taxonomy" published by Green Building Council Finland Oy's expert group in November 2022, has been taken into account in the preparatory work for taxonomy reporting.

According to Consti's interpretation, 4.4% of its net sales is taxonomy-aligned on the basis of activities 7.3 "Installation, maintenance and repair of energy efficiency equipment" and 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings".

Class 7.3 "Installation, maintenance and repair of energy efficiency equipment" includes, for example, the addition of insulation to existing envelope components, the replacement of existing windows and doors with energy-efficient doors and windows, energy-efficient lighting, and the installation, replacement, maintenance and repair of equipment and plumbing fixtures for air conditioning and water heating systems under certain conditions. The do-no-significant-harm criteria of class 7.3 "Installation, maintenance and repair of energy efficiency equipment" are defined as climate change adaptation, in which the identification, assessment and preparedness for climate risks and the prevention and reduction of environmental pollution are central. Consti estimates that its economic activities are in line with the requirements in this respect.

CONSTI PLC BOARD OF DIRECTORS' REPORT

NET SALES FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY ELIGIBLE AND ALIGNED ECONOMIC ACTIVITIES	Codes	Absolute Net sales	Proportion of Net sales	SUBSTANTIAL CONTRIBUTION CRITERIA: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DO NO SIGNIFICANT HARM (DNSH) CRITERIA: Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned portion of Net sales, year N	Taxonomy-aligned portion of Net sales, year N-1	Category (enabling activity)	Category (transitional activity)
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Installation, maintenance and repair of energy efficiency equipment	7.3	12.0	3.9	100	0	0	0	0	0		Y	N/A	N/A	Y	N/A	Y	3.9	N/A	E	N/A
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	1.4	0.5	100	0	0	0	0	0		Y	N/A	N/A	N/A	N/A	Y	0.5	N/A	E	N/A
Net sales of environmentally sustainable activities (taxonomy-aligned) (A.1)		13.4	4.4	100	0	0	0	0	0		Y	N/A	N/A	Y	N/A	Y	4.4	N/A	E	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Construction of new buildings	7.1	36.5	11.9																	
Renovation of existing buildings	7.2	206.6	67.7																	
Net sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		243.1	79.6																	
TOTAL (A.1 + A.2)		**256.5**	**84.0**																	
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																				
Net sales of Taxonomy-non-eligible activities (B)		48.7	16.0																	
TOTAL (A+B)		**305.2**	**100.0**																	

CONSTI PLC BOARD OF DIRECTORS' REPORT

Class 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings" includes, for instance, the installation, maintenance and repair of zoned thermostats, smart thermostatic systems, and sensing equipment, as well as building automation and control systems, building energy management systems, lighting control systems and energy management systems. In category 7.5 "Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings", a do-no-significant-harm criterion has been defined as climate change adaptation, in which the identification, assessment and preparedness of climate risks is central. Consti considers that its economic activities are in line with the requirements in this respect.

When assessing taxonomy alignment, the alignment of activities included in activity categories 7.2 "Renovation of existing buildings" and 7.1 "Construction of new buildings" was also examined. A significant part of Consti's economic activities is related to these activities, but the information needed to meet the requirements of the classification system is not yet available in sufficient detail in the company. On this basis, Consti's activities in the categories "Repair of existing buildings" and "Construction of new buildings" do not comply with the classification system.

Consti has assessed its minimum social safeguards in the prevention of bribery and corruption, tax regulation, fair competition, and human rights. According to Consti's assessment, the company meets the minimum level of safeguards. The safeguards have been described earlier in the section "Business responsibility and non-financial information".

Taxonomy-eligible capital expenditure and operational expenditure

According to Consti's estimate, the operating expenses defined in the Taxonomy Decree totalled approximately one million euro in the financial year 2022. Therefore, operating expenses are not material to Consti's business model. The investment needs of Consti's business model are small, as the company's capacity is mainly generated by the labour force. The company's investments and product development needs account for a low share of net sales.

Consti Group's investments in intangible assets and property, plant and equipment in January-December 2022 amounted to 1.5 million euro. The investments mainly include the purchase of machinery and equipment. Investments in right-of-use assets (IFRS 16) in January-December 2022 amounted to 1.3 million euro and were mainly related to renewed leasing contracts of vans used in project and service business as well as to the accounting of business premises and warehouses lease agreements that are valid until further notice, in accordance with the IFRS 16 -standard. Thus, capital expenditure for the financial year totalled 2.8 million euro.

In order to improve the energy efficiency of its customers, Consti launched the Consti Optimi multi-energy system in September. Consti Optimi can even halve the energy consumption of properties. The system also significantly cuts carbon dioxide emissions. A total of 129 thousand euro of development expenses related to the system were capitalised in the financial year 2022. According to Consti's interpretation, the capitalised development costs of the Consti Optimi multi-energy system are capital expenditure according to the classification system on the basis of class 7.6 "Installation, maintenance and repair of renewable energy technologies". According to Consti's estimate, the capital expenditure for the financial year 2022 is not taxonomy-eligible in other respects.

CAPITAL EXPENDITURE FROM PRODUCTS OR SERVICES ASSOCIATED WITH TAXONOMY ELIGIBLE AND ALIGNED ECONOMIC ACTIVITIES				SUBSTANTIAL CONTRIBUTION CRITERIA						DO NO SIGNIFICANT HARM (DNSH) CRITERIA										
	Codes	Absolute CapEx	Proportion of CapEx	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safeguards	Taxonomy-aligned portion of CapEx, year N	Taxonomy-aligned portion of CapEx, year N-1	Category (enabling activity)	Category (transitional activity)
		€ million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	%	E	T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Installation, maintenance and repair of renewable energy technologies	7.6	0.1	4.6	100	0	0	0	0	0		Y	N/A	N/A	N/A	N/A	Y	4.6	N/A	E	N/A
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0.1	4.6	100	0	0	0	0	0		Y	N/A	N/A	N/A	N/A	Y	4.6	N/A	E	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		0.0	0.0																	
TOTAL (A.1 + A.2)		**0.1**	**4.6**																	
B. TAXONOMY-NON-ELIGIBLE ECONOMIC ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		2.7	95.4																	
TOTAL (A+B)		**2.8**	**100.0**																	

Dividend and dividend policy and the Board's suggestion for profit distribution

The Annual General Meeting of Shareholders held on 5 April 2022 resolved that dividend of EUR 0.45 per share for the financial year 2021 is paid. No dividend was paid on own shares held by the Company. The record date for dividend distribution was 7 April 2022, and the dividend was paid on 14 April 2022.

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.

Consti Plc's distributable funds on 31 December 2022 were 60,473,499.51 euro, including retained earnings of 31,891,031.00 euro. The Board proposes to the Annual General Meeting that a dividend of 0.60 euro per share be paid for the financial period 1 January – 31 December 2022. The Board of Directors plans to call the Annual General Meeting of shareholders to convene on Tuesday 4 April 2023.

Outlook for 2023

In 2023, Finland's house construction volume is estimated to decrease by approximately 3.7 percent from the previous year. New construction is predicted to decrease by about 7.2 percent, but it is expected that renovation will continue on a growth path of around one per cent also in 2023. Growth is expected from both residential renovation and other renovation. According to the current market outlook, the demand for renovation and building technology services will remain reasonably good in 2023. The forecasts reflect the needs-oriented nature of renovation. However, strong inflation and the rapid rise of both energy costs and the price of financing may postpone construction projects in the short term. Uncertainty in the outlook for construction is also brought about by the rise in the prices and availability of building materials and products, intensified by the war in Ukraine as well as the potential labour disputes.

Consti's strong order backlog, the progress of strategic projects, and steadily improved performance put the company in a good position to continue positive and 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 events after the reporting period

No material events have been disclosed after the reporting period.

In Helsinki, 2 February 2023

Consti Plc's Board of Directors

Fair treatment is one of Consti's strengths

The personnel survey conducted in autumn 2022 showed that Consti's employees are more satisfied with the fair treatment of staff than respondents in the industry in general. Consti's employees would also recommend Consti as an employer. According to the survey, satisfaction with the employer's support in professional development has improved the most.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Net sales	4	**305,217**	**288,773**
Other operating income	5	689	430
Materials and services	6	-214,216	-206,753
Employee benefit expenses	7	-62,721	-59,767
Depreciation and amortisation	9	-3,499	-3,497
Other operating expenses	8	-14,041	-13,482
Total expenses		-294,478	-283,498
Operating result (EBIT)		**11,428**	**5,705**
Financial income	10	24	139
Financial expenses	10	-1,014	-1,261
Total financial income and expenses	10	-990	-1,122
Profit/loss before taxes (EBT)		**10,438**	**4,583**
Total taxes	11	-1,947	-866
Profit/loss for the period		**8,491**	**3,717**
Comprehensive income for the period*		**8,491**	**3,717**

*The group has no other comprehensive income items

CONSOLIDATED BALANCE SHEET

Assets EUR 1,000	Note	31 Dec 2022	31 Dec 2021
Non-current assets			
Property, plant and equipment	13	7,710	8,571
Goodwill	16	49,501	49,501
Other intangible assets	14	349	386
Shares and other non-current financial assets	17	57	57
Deferred tax assets	11	179	261
		57,797	**58,777**
Current assets			
Inventories	19	768	827
Trade and other receivables	20	43,847	41,365
Cash and cash equivalents	21	20,881	18,072
		65,497	**60,264**
Total assets		**123,294**	**119,041**

Equity and liabilities EUR 1,000		31 Dec 2022	31 Dec 2021
Equity			
Share capital	22	80	80
Reserve for invested non-restricted equity	22	28,781	28,781
Treasury shares	22	-782	-696
Retained earnings		-365	57
Profit/loss for the year		8,491	3,717
Equity attributable to owners of the parent company		**36,206**	**31,939**
Total equity		**36,206**	**31,939**
Non-current liabilities			
Interest bearing liabilities	24	16,314	18,783
		16,314	**18,783**
Current liabilities			
Trade and other payables	25	59,717	52,072
Interest bearing liabilities	24	8,439	13,551
Provisions	23	2,618	2,696
		70,774	**68,319**
Total liabilities		**87,088**	**87,102**
Total equity and liabilities		**123,294**	**119,041**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000

	Equity attributable to owners of the parent						
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total	Hybrid bond	Total equity
Equity on 1 Jan 2022	**80**	**28,781**	**-696**	**3,774**	**31,939**		**31,939**
Total comprehensive income				8,491	8,491		8,491
Transactions with shareholders							
Dividend distribution				-3,481	-3,481		-3,481
Purchase of own shares			-1,069		-1,069		-1,069
Conveyance of own shares			983		983		983
Share compensation				-770	-770		-770
Option scheme				112	112		112
Transactions with shareholders, total			-86	-4,138	-4,224		-4,224
Equity on 31 Dec 2022	**80**	**28,781**	**-782**	**8,127**	**36,206**		**36,206**

EUR 1,000

	Equity attributable to owners of the parent						
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total	Hybrid bond	Total equity
Equity on 1 Jan 2021	**80**	**28,252**	**-610**	**2,656**	**30,378**	**3,200**	**33,578**
Total comprehensive income				3,717	3,717		3,717
Hybrid bond				-71	-71	-3,200	-3,271
Transactions with shareholders							
Dividend distribution				-3,068	-3,068		-3,068
Purchase of own shares			-318		-318		-318
Conveyance of own shares		529	231		760		760
Share compensation				407	407		407
Option scheme				133	133		133
Transactions with shareholders, total		**529**	-86	-2,528	-2,085		-2,085
Equity on 31 Dec 2021	80	**28,781**	**-696**	**3,774**	**31,939**	**0**	**31,939**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Cash flow from operating activities			
Profit/loss before taxes (EBT)		10,438	4,583
Adjustments:			
Depreciation		3,499	3,497
Total financial income and expenses		990	1,122
Other adjustments		114	557
Change in working capital		4,419	-2,905
Operating cash flow before financial and tax items		19,460	6,854
Financial income		24	139
Financial expenses		-935	-1,209
Taxes paid		-1,139	-1,094
Net cash flow from operating activities (A)		**17,410**	**4,691**
Cash flow from investing activities			
Acquisition of subsidiaries and business operations, net of cash	3	0	-1,089
Investments in tangible and intangible assets		-1,461	-1,396
Proceeds from sale of property, plant and equipment		418	258
Net cash flow from investing activities (B)		**-1,043**	**-2,227**
Cash flow from financing activities			
Dividend distribution		-3,481	-3,068
Purchase of treasury shares		-1,069	-317
Hybrid bond		0	-3,584
Payments of lease liabilities		-2,287	-2,132
Change in interest-bearing liabilities	24	-6,721	453
Proceeds from long-term liabilities		0	18,000
Payments of long-term liabilities		-2,000	-18,500
Change in other interest-bearing liabilities		-4,721	953
Net cash flow from financing activities (C)		**-13,558**	**-8,649**
Change in cash and cash equivalents (A+B+C)		**2,809**	**-6,185**
Cash and cash equivalents at period start		18,072	24,257
Cash and cash equivalents at period end		**20,881**	**18,072**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting principles

GENERAL INFORMATION ABOUT THE GROUP

The parent company of the Group, Consti Plc, is a limited liability company established under the laws of Finland. The parent company is domiciled in Helsinki, and its registered address is Valimotie 16, 00380 Helsinki. The company's shares have been listed on Nasdaq Helsinki since 11 December 2015. Consti Plc and its subsidiaries constitute Consti Group ("Consti" or "Group").

Consti is a leading Finnish renovation and maintenance company. Its broad range of services covers technical building services, renovation contracting and building facade renovation, as well as construction and design services for other building projects, for residential and non-residential properties.

The financial statements of Consti Plc for the financial year ending 31 December 2022 were approved for publication by its Board of Directors at its meeting on 2 February 2023. According to the Finnish Limited Liability Companies Act, shareholders have an opportunity to adopt or reject financial statements at an annual general meeting held after the publication of the financial statements. The annual general meeting is also entitled to decide on amendments to the financial statements. Copies of the consolidated financial statements are available from the headquarters of the company at Valimotie 16, 00380 Helsinki.

ACCOUNTING PRINCIPLES

Basis of preparation

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the applicable IAS and IFRS standards and SIC and IFRIC interpretations that were valid on 31 December 2022. The International Financial Reporting Standards refer to standards and interpretations that have been adopted by the EU under the procedure provided in Regulation (EC) No 1606/2002 and are in accordance with the Finnish Accounting Act and regulations based on the Act. The notes to the consolidated financial statements are compliant with the regulations of the Finnish Accounting Act and Limited Liability Companies Act that complement the IFRS requirements.

The consolidated financial statements are presented in thousands of euros (EUR 1,000), unless otherwise stated, and individual figures and sums of individual figures are rounded. Consequently, there can be rounding differences. Financial statements information is based on historical cost basis, with the exception of derivative contracts, which are measured at fair value. The financial statements are presented by type of expense income statement and balance sheet format.

The auditor has not certified or audited the 2022 ESEF financial statements prepared in accordance with the European Commission's technical regulatory standard to be published in accordance with Chapter 7, Section 5 of the Securities Markets Act.

The Group reported in accordance with the IFRS reporting standards first in 2014. The transition to the IFRS standards was made in accordance with IFRS 1 First-time Adoption of International Financial Reporting Standards -standards, with the date of transition being 1 January 2013.

ACCOUNTING PRINCIPLES CONCERNING CONSOLIDATED FINANCIAL STATEMENTS

Subsidiaries

The consolidated financial statements include Consti Plc, which is the parent company, and its subsidiaries. Subsidiaries are companies in which the Group holds control. Control is achieved when the Group, through its participation in the company, is exposed or entitled to variable returns from the company and has the ability to affect these returns through its control over the company.

Intra-Group shareholdings is eliminated using the acquisition method. The considerations transferred and the identifiable assets of the acquired companies, as well as the liabilities assumed, are measured at fair value at the acquisition date. The costs related to the acquisitions, excluding the costs arising from the issuance of debt or equity securities, are recognised as expenses. The considerations transferred do not include transactions that are handled separately from the acquisition. Their effect is recognised through profit or loss in conjunction with the acquisition. Any potential additional purchase price is measured at fair value at the acquisition date and classified as a liability. A potential additional purchase price that is classified as a liability is measured at fair value at the end of each reporting period, and the related gain or loss is recognised through profit or loss.

Acquired subsidiaries are consolidated from the moment the Group acquires control, and divested subsidiaries are consolidated until the Group loses the control. All intra-Group transactions, receivables, liabilities and unrealised profit, as well as internal profit distribution, are eliminated when preparing the consolidated financial statements. Unrealised losses are not eliminated if the loss is due to impairment.

Joint arrangements

A joint arrangement is an arrangement where two or more parties have joint control. Joint arrangements are classified as joint operations or joint ventures according to the investors' contractual rights and obligations. The Group's management has evaluated the nature of its joint arrangement and deemed it to be a joint operation. The Group recognises its share of the assets and liabilities of the joint operation using the proportionate consolidation method. Proportionate consolidation is a method where each joint operation party's share of each item related to the assets, liabilities, income and expenses of the joint operation is consolidated, item by item, in similar items in the party's financial statements or presented as separate items in its financial statements.

TRANSLATION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

The figures concerning the performance and financial position of the Group entities are determined in the currency of each entity's primary economic operating environment ("functional currency"). The Group's consolidated financial statements are presented in euros. The euro is the functional and presentation currency of the parent company and its operating subsidiaries.

Transactions denominated in a foreign currency

Transactions denominated in a foreign currency are recognised in the functional currency at the exchange rate on the date of the transaction. For practical reasons, the exchange rate used is often such that approximates the actual rate on the date of the transaction. The balances in monetary items denominated in a foreign currency are translated into the functional currency at the rate on the closing date of the reporting period. The balances in non-monetary items denominated in a foreign currency are translated at the rate on the date of the transaction. Foreign exchange gains and losses arising from transactions denominated in a foreign currency and from translating monetary items are recognised through profit or loss. Foreign exchange gains and losses arising from business operations, as well as foreign exchange gains and losses arising from receivables and liabilities denominated in a foreign currency, are included in financial income and expenses.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are measured at cost less accumulated depreciation and possible impairments.

The acquisition cost consists of the following expenses relating directly to the acquisition:

- purchase price, including import duties and non-refundable purchase taxes, less any trade discounts and rebates; and
- any costs directly attributable to ensuring that the asset is in such location and condition that it is capable of operating as intended by the management.

Interest expenses relating to the acquisition of property, plant and equipment are recognised through profit or loss.

If an item of property, plant or equipment consists of several components with different useful lives, each part is treated as a separate asset. In such cases, the expenses related to replacing a component are capitalised, and any residual acquisitions cost is written off from the balance sheet in conjunction with the replacement. In other cases, any expenses arising later are included in the value of an item of property, plant or equipment only if the Group is likely to profit from the future financial benefit related to the item and if the cost of the asset can be measured reliably. Other repair and maintenance expenses are recognised through profit or loss at the time they occur.

Assets are depreciated using the straight-line depreciation over their remaining useful lives. Land areas are not depreciated.

The estimated useful lives are as follows:

Buildings and constructions	20	years
Machinery and equipment	3–5	years
Vehicles	3–6	years
Other tangible assets	3–5	years

The residual value and useful life of an asset is reviewed at the end of each financial period, and if the expectations differ from previous estimates, the change is treated as a change in an accounting estimate.

The gain and loss arising from the disposal of items of property, plant or equipment is recognised through profit or loss and presented in other operating income and expenses. Proceeds from the sale are determined as the difference between the selling price and the residual acquisition cost.

GOVERNMENT GRANTS

Government grants are recognised as reductions from the carrying amount of property, plant and equipment when it is reasonably sure that the Group meets the requirements for the grant and is likely to be awarded the grant. Grants are recognised through lower depreciation during the useful life of an asset. Grants received as compensation for expenses incurred are recognised through profit or loss in the same period as the expenses are recognised as a cost and are presented in other operating income.

INTANGIBLE ASSETS

Goodwill

Goodwill arising from business combinations is recognised to the aggregate amount of the consideration transferred measured at fair value, any non-controlling interest in the object of acquisition and the amount of previous holding exceeding the fair value of the net of assets.

Goodwill is not depreciated. Instead, goodwill is tested annually for any impairment. For this reason, goodwill is allocated to cash-generating units. Goodwill is measured at original acquisition cost less impairments.

Research and development

Research and development costs are recognised as expenses at the time they occur. Development costs are capitalised on the balance sheet as intangible assets, provided that the product is technologically feasible, can be exploited commercially and is expected to bring future financial benefit. Development costs to be capitalised include the material, work and testing costs that are directly attributable to creating, producing and preparing the asset for its intended purpose. Development costs that cannot be capitalised are recognised as expenses at the time they occur. Development costs previously recognised as an expense will not be capitalised later. The company had capitalised development costs at the end of the 2022 financial period. More detailed information on the capitalised development costs are presented in note 14 of the consolidated financial statements.

Other intangible assets

An intangible asset is recognised on the balance sheet at initial acquisition cost if the acquisition cost can be measured reliably and the Group is likely to profit from the future financial benefit related to the asset.

Intangible assets with a definite useful life are recognised as an expense according to a straight-line depreciation during their known or estimated useful lives. The Group does not have intangible assets with an indefinite useful life.

The amortisation periods for intangible assets are as follows:

Order backlogs	1–2	years
Patents	3–5	years
Software	3–6	years
Certificates	3–5	years

The useful life of an asset is reviewed at the end of each financial period, and if the expectations differ from previous estimates, the change is treated as a change in an accounting estimate.

The gain and loss arising from the disposal of intangible assets is recognised through profit or loss and presented in other operating income and expenses. Proceeds from the sale are determined as the difference between the selling price and the residual acquisition cost.

IMPAIRMENT TESTING

At the end of each reporting period, the Group assesses whether there are indications of impairment of assets on the balance sheet. If there are indications of impairment or if an annual impairment test is required on an asset, the Group will estimate the recoverable amount of the asset. Regular annual impairment tests are carried out on goodwill and incomplete intangible assets. The recoverable amount is the fair value of the asset or cash-generating unit (CGU), less the cost of divestment, or its value in use, depending on which is higher. The fair value is the price received for the sale of an asset or paid for the transfer of a liability in a customary business transaction between market participants. The value in use refers to the estimated future net cash flows, discounted to their present value, expected to be derived from an asset or a cash-generating unit. The discount rate is the interest rate determined before taxes that reflects the market's estimate of the time value of money and special risks related to the asset.

When an asset is tested for impairment, its recoverable amount is compared to the carrying amount of the asset. The asset is impaired if its carrying amount exceeds its recoverable amount. Impairment losses are immediately expensed. Impairment losses are first allocated to goodwill and then the remaining loss to other assets that have been tested, in proportion to their carrying amounts.

When an impairment loss is recognised, the useful life of the asset subject to depreciation is reassessed. An impairment loss recognised in prior periods on an asset other than goodwill is reversed if a change has taken place in the estimates used to determine the recoverable amount of the asset. However, an impairment loss is not reversed beyond what the carrying amount of the asset would have been if no impairment loss had been recognised. Impairment losses recognised on goodwill are not reversed under any circumstances.

Impairment testing is described in Note 16 Impairment testing on goodwill and assets with an indefinite useful life.

INVENTORIES

The Group's inventories consist of materials and supplies. Inventories are measured at cost or net realisable value, depending on which is lower. The cost of inventories is determined using the FIFO (First-In, First-Out) method, which assumes that inventories that are purchased or manufactured first will be sold or used first. The net realisable value is the estimated amount that can be realised from the sale of the asset in the ordinary course of business, less the estimated cost of realisation of completion and the estimated direct costs necessary to make the sale.

LEASES

Group as the lessee

As a lessee, Consti recognises at the beginning of the rental period a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Right-of-use asset is recognised in the balance sheet at the commencement date of the lease, which is the date that the underlying asset is made available for Consti's use. Right-of-use asset is recognised in the balance sheet amounting to the present value of the future lease payments discounted with the incremental borrowing rate and is depreciated over the contract period or over the useful life of the asset, depending which one is the shorter. In calculating the present value of lease payments, incremental borrowing rate is used because the interest rate implicit in the lease is not readily determinable. VAT is not included in the measurement of the lease liability. Lease liabilities are included in financial liabilities.

Lease payments related to short-term leases and leases of low value items are recognised as an expense on a straight-line basis over the contract period.

Group as the lessor

The Group has no lease agreements where it is a lessor.

EMPLOYEE BENEFITS

Pension obligations

Pension obligations are classified as defined benefit and defined contribution plans. Pension schemes for the Group's employees are arranged as statutory pension insurance with an external pension insurance company. The arrangement is classified as a defined contribution plan. In a defined contribution plan, the Group makes fixed payments to a separate entity, and the payments are recognised during the financial period they are contributed. The Group has no legal or constructive obligations to pay further contributions if the payee is unable to pay the pension benefits to the employees.

Share-based payments

The group has a share-based incentive plan for its key people. The plan offers the key people included in the plan the opportunity to earn Company shares as bonuses by altering half or all of their performance based bonuses into shares. The plan's possible bonus will be paid to participants after a two-year engagement period, in part as company shares and in part as cash. As of 31 December 2022, the plan included 57 key people including the Management Team.

The group has an option scheme in place. Option rights are valued at their fair value at the time they were granted and are recognised in the income statement under employee benefits as an expense in equal portions during the vesting period. The expense defined at the time the options were granted is based on the group's estimate of the amount of options assumed to be vested at the end of the vesting period. The fair value of options has been defined based on the Black-Scholes pricing model. Assumptions concerning the final amount of options are updated on each reporting date and the changes in the estimates are recognised in profit or loss. When option rights are exercised, proceeds from share subscriptions (adjusted with potential transaction costs) are recognised under equity.

PROVISIONS AND CONTINGENT LIABILITIES

A provision is recognised on the balance sheet when the Group has a present legal or constructive obligation as a result of a previous event, when it is likely that a payment obligation must be fulfilled and when the amount of the obligation can be estimated reliably. The amount recognised as a provision corresponds to the best estimate of the expenses required to settle an existing obligation at the end of the reporting period. Changes in provisions are recognised under the same item in the income statement where the provision was initially recognised.

Provisions arise for repairing faults detected in products during their warranty periods and for onerous contracts, for example. The amount of a warranty reserve is based on proven knowledge of provision warranty expenses. Provisions are recognised for onerous contracts when the direct necessary expenses to fulfil the obligation exceed the benefits received from the contract. Provisions are not discounted, as the Group estimates that it will use them within the next two years and because discounting would not be of substantial importance.

A contingent liability is a possible obligation arising from past events, the existence of which is confirmed only by the future occurrence or non-occurence of one or more uncertain events that are not entirely within the Group's control, or from an existing payment obligation that is not likely to occur or the amount of which cannot be determined with sufficient reliability. Contingent liabilities are not recognised on the balance sheet. Instead, they are presented in the notes to the financial statements, unless the occurrence of a payment obligation is highly unlikely.

INCOME TAXES

The tax expense for the reporting period under review is the aggregate amount of the tax included in the profit or loss for the period in respect of the current tax and deferred taxes. Taxes are recognised in profit or loss for the period, with the exception of situations where they are related to items in the other comprehensive income or items directly recognised in equity, when the taxes are also recognised in the items in question.

Taxes based on taxable income for the period

The tax expense for the reporting period and deferred tax liabilities (or assets) based on prior periods' taxable income are recognised to the amount that is expected to be paid to the tax authority (or received as a refund from the tax authority), and they are determined using tax rates and tax laws that have been enacted or in practice enacted by the end of the reporting period.

Deferred taxes

Deferred taxes are calculated on the basis of temporary differences between the carrying amount and the tax based amounts. However, deferred tax liabilities or assets are not recognised if they arise from the initial booking of an asset or a liability when they are not related to a business combination or the transaction would not have an effect on the profit or on the taxable income during its realisation.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the tax losses, unused tax credits or deductible temporary differences can be utilised. Deferred tax assets are assessed for realisability at the end of each reporting period.

Deferred taxes are determined using tax rates and tax laws that have been enacted or in practice enacted by the end of the reporting period.

With regard to the Group, the most significant temporary differences arise from depreciation of property, plant and equipment, the measurement of derivative contracts at fair value and adjustments based on fair value in conjunction with business combinations.

The Group offsets deferred tax assets and deferred tax liabilities only in the event that the Group has a legally enforceable right to set off current tax liabilities against current tax assets and the deferred tax assets and liabilities are related to income tax levied by the same tax authority, either from the same taxable entity or different taxable entities that intend to set off current tax assets against liabilities or realise the assets and settle the liabilities at the same time. This concerns any future period during which a significant amount of deferred tax liabilities are expected to be settled or a significant amount of deferred tax assets are expected to be recovered.

REVENUE RECOGNITION

Income from contracts with customers, measured at fair value and adjusted for indirect taxes and rebates, is presented as revenue.

Project deliveries

Project deliveries form a significant part of Consti's net sales. Project deliveries include building technology, pipeline renovations, renovation contracting, facade renovations, and other demanding renovation contracts and service contracts, which Consti has determined as significant based on both value and duration.

Identifying contracts

IFRS 15 includes criteria for assessing both contract identification and combination. If two or more simultaneous contracts have been made with the same customer or a related party of the customer relating to the same entity, the contracts are combined and handled as if they were one contract.

Combinable contracts have been identified particularly in total building technology deliveries, such as heating, water, ventilation, electricity, and automation instalments. In such cases the contracts are combined either because they are negotiated as one entity with one commercial purpose, or because the services outlined in the contract form one performance obligation.

Contract changes

Changes made in customer contracts do not typically fulfil the IFRS 15 standard's requirements for handling the change as a separate contract. The contract changes are thus handled as part of the total work. The contract changes are combined because the services related to the contract change cannot be separated from the original performance obligation.

Identifying performance obligations

When the contract is made the promised services included in the contract are assessed and the performance obligations to the customer are identified. In Consti's project deliveries, work and material shares cannot be separated. In projects including design responsibility, the design and building phases of the project can be divided into their own performance obligations. In addition, in Consti's total deliveries, it is possible to divide work into performance obligations based on for example separate parts of construction work and building technology.

Determining transaction price for performance obligations

The transaction price is the compensation that the Group expects to be entitled to for the provided services. In customer contracts the promised compensation can include fixed or variable monetary compensation or both. The Group's project deliveries are typically priced either as fixed price contracts, target price contracts or as cost + fee contracts.

For variable consideration the Group estimates the compensation to which it is entitled to for delivering the promised services to the customer. In estimating the variable consideration, it is essential that the amount of revenue recognised is limited to an amount in which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when uncertainty associated with the variable consideration is subsequently resolved.

Transaction price is allocated to each performance obligation based on the compensation that the Group expects to be entitled to in exchange for transferring the promised services to the customer.

The amount of revenue recognised has included management estimates, and recognition has been based on the management's best estimate on the compensation the Group expects to be entitled.

Revenue recognition

The Group recognises revenue when it fulfils its performance obligation by handing over the promised service to the customer. In project deliveries Consti's business is based on work conducted on an asset owned by the customer, in which the customer gains control of the created asset as soon as Consti's performance creates the asset. Revenue recognition occurs gradually as the project advances and the customer gains control of the promised asset.

The stage of completion is determined by calculating each contract's aggregate amount of costs incurred in proportion of estimated total costs relating to contract in question. Revenue is recognised according to a corresponding amount.

When it is probable that the total costs of the contract will exceed the total revenue from the contract, the expected loss will immediately be recognised as an expense. Changes in estimates concerning the revenue from, cost of or the final result of a contract are treated as changes in accounting estimates.

If the costs arising from and profits recognised for a construction contract exceed the amount invoiced in advance, the difference will be presented in "Trade and other receivables" on the balance sheet. If the costs arising from and profits recognised for a construction contract are less than its advance invoicing, the difference is presented in "Trade and other payables".

Other cost + fee projects and service contracts

Other cost + fee projects and service contracts include small cost + fee based building technology, pipeline renovation, renovation contracting, facade renovations, and other worksite renovation contracts and service contracts. This category also includes technical repair and maintenance services for contract customers.

In other cost + fee projects and service contracts, revenue is recognised when Consti's performance creates an asset and the customer receives and consumes benefits acquired from the performance as the service is delivered.

Interest and dividend income

Interest income is recognised using the effective interest method, and dividends are recognised once the right to the dividend has occurred.

FINANCIAL ASSETS AND LIABILITIES

Financial assets

The Group's financial assets are divided into the following categories: financial assets measured at amortized cost, financial assets recognised at fair value through profit or loss and financial assets recognised at fair value through other comprehensive income.

Financial assets are classified at their initial recognition, based on the objective of the business model and the characteristics of contractual cash flows of the investment, and the Group recognises financial assets on the balance sheet when it becomes party to the terms and conditions of an instrument. The Group's management determines the classification in conjunction with the initial recognition. All purchases and sales of financial assets are recognised on the settlement date. Financial assets are derecognised from the balance sheet when the contractual right to the cash flows generated by the financial assets expires or when the Group transfers the risks and rewards related to ownership of the financial asset outside the Group.

All financial assets are measured at fair value at the initial recognition. Transaction costs directly related to the acquisition of a financial asset are included in the initial carrying amount of a financial asset if the item is not measured at fair value through profit or loss. Transaction costs related to financial assets recognised at fair value are immediately expensed.

Financial assets measured at amortized cost are financial assets with fixed or determinable payments that are not quoted in an active market or the Group does not hold those for trading or specifically classify those as financial assets recognised at fair value through profit or loss at their initial recognition. With regard to the Group, this item includes trade receivables. By their nature, they are included in current or non-current assets on the balance sheet; in non-current assets if they mature in more than 12 months.

Financial assets recognised at fair value through other comprehensive income include those financial assets that are held with the objective of both collecting contractual cash flows and eventually selling the financial asset. They are included in non-current assets, unless they are intended to be held for a period shorter than 12 months after the end of the reporting period, in which case they are included in current assets. Changes in fair value of financial assets in this category are recognised in items of other comprehensive income and presented in the fair value reserve, taking account of the tax effect. Changes in fair value are transferred from the fair value reserve to financial income and expenses when the Group sells a financial asset or when impairment must be recognised.

Financial assets recognised at fair value through profit or loss include items that do not meet the criteria of other groups. With regard to the Group, this item includes unlisted shares. This category also includes financial assets or derivatives that are not subject to hedge accounting in accordance with IFRS 9. Derivatives are initially recognised at fair value when the Group becomes party to a contract and are later measured at fair value. Interest rate swaps are used to hedge

CONSTI PLC FINANCIAL STATEMENTS

against changes in market rates of interest, and changes in the fair value of interest rate swaps are recognised in financial income or expenses during the period they occur. Derivatives are non-current receivables ("Receivables") if their maturity is more than 12 months and current receivables ("Trade and other receivables") if their residual maturity is under 12 months. Derivatives can also be regarded as liabilities. Their accounting principles are explained below under "Financial liabilities".

Impairment of financial assets

At the end of each reporting period, the Group assesses whether there is objective evidence that the value of an item included in financial assets is impaired. The value of a financial asset is deemed to be impaired if its carrying amount exceeds its recoverable amount. If there is objective evidence that an item included in financial assets that is recognised at amortised cost may be impaired, the impairment loss is expensed. If the amount of the impairment loss decreases in a future financial period and the decrease can be considered to arise from an event that occurred after the impairment loss was recognised, the impairment recognised on the financial asset item is derecognised.

Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, demand deposits and other liquid money market investments with an initial maturity of 3 months or less. They are presented on the balance sheet at cost and their revenue is presented under financial income. The account limits available for the Group are included on the balance sheet under current liabilities as a net amount, as the Group has a contractual right to settle the net amount.

Financial liabilities

The Group's financial liabilities are classified into two categories: financial liabilities measured at amortized cost and financial liabilities recognised at fair value through profit or loss.

Financial liabilities are recognised in the balance sheet on the settlement date and derecognised once the contractual obligations related to them expire or are transferred outside the Group.

Financial liabilities measured at amortized cost are initially recognised at fair value. Any transaction costs relating to the subscription of the loans are included in the initial carrying amount. Financial liabilities may be current or non-current. Financial liabilities are later measured at amortised cost using the effective interest method.

Financial liabilities recognised at fair value through profit or loss include operating and financing interest rate swaps which do not fulfil the hedge accounting requirements under IFRS 9. Derivatives are initially recognised at fair value when the Group enters into a contract and are later measured at fair value. Interest rate swaps are used for hedging against fluctuations in market rates, and any changes in their fair value are recognised under financial income or expenses during the period they occur. Derivatives are treated as non-current liabilities (Other liabilities) when their maturity is more than 12 months and as current liabilities (Trade and other payables) when their residual maturity is less than 12 months.

Derivative contracts and hedge accounting

Derivative contracts are treated in accordance with IFRS 9 Financial Instruments -standard. The Group has classified all of its derivatives as held-for-trading, as it does not apply hedge accounting in accordance with the IFRS 9 standard. The derivatives held for trading are interest rate swaps that are measured at fair value. The fair value of the derivatives is recognised under other non-current or current assets and liabilities. Both unrealised and realised gains and losses resulting from changes in fair value are recognised under financial items in the income statement during the financial period in which they occur. Consti had no derivative contracts on 31 December 2022 (31 December 2021).

EQUITY

Share capital is presented as the nominal value of the ordinary shares. Costs relating to the issue or purchase of own equity instruments are deducted from equity.

The distribution of dividends proposed by the Board of Directors to the Annual General Meeting is recognised as a liability and deducted from the equity in the consolidated balance sheet for the period in which the Annual General Meeting approves the dividend.

KEY ACCOUNTING ESTIMATES AND DECISIONS BASED ON JUDGEMENT

In the course of preparing the financial statements, the Company's management makes estimates and assumptions about the future which involve an amount of uncertainty. Such estimates and assumptions may later prove inaccurate compared with actual outcomes. The estimates are based on the management's prior experience, the best information available at the end of each reporting period and reasonable assumptions. Additionally, it is necessary to exercise judgment in the application of the accounting principles, especially in cases where IFRS standards provide alternative ways of treating various items. The sections below present the key accounting estimates and assumptions included in the financial statements.

Impairment of goodwill

Goodwill is tested for impairment annually, or more frequently if necessary, in accordance with the principles presented in note 16. The impairment testing of goodwill requires determining amounts recoverable by the cash-generating units. The determining of amounts recoverable requires the management to make estimates and judgments on future cash flows and the rates used for discounting these cash flows. The management bases its estimates on the best information available on the future outlook at the end of the reporting period and on the current market conditions at the time. The effect of strong inflation and the rapid rise of both energy costs and the price of financing as a factor increasing uncertainty has been taken into account in cash-flow forecasts.

Recognition of revenue from contracts with customers

Revenue recognition based on stage of completion requires the management to make estimates of the costs accrued by the end of the reporting period in relation to the estimated overall costs of a contract. In addition, the management must make estimates of the costs needed to complete the contract and of any change in sales prices. If estimates of a contract's revenue, costs or outcome change, the new estimates are used to determine recognised income and expenses in the period in which the changes are made and in subsequent periods. Expected losses are immediately expensed.

Deferred tax assets

The Group has recognised deferred tax assets on temporary differences and tax losses to the extent that it is probable that future taxable profit will be available against which the tax-deductible temporary differences and unused tax credits and tax losses can be utilised. Estimating the amount of taxable profit available in the future requires the management to exercise judgment and is based on estimates made by the management at the end of the reporting period.

Lease agreements

The Group has defined that the term of a lease agreement is the non-cancellable period of a lease adjusted with any option to extend or terminate the lease if the use of such option is probable. Management judgement is applied in determining the probability to use any option to extend or terminate the lease, if such an option is included in the lease agreement. In addition, management judgement is applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments.

The Group has some lease agreements relating to business premises and warehouses, which are valid until further notice. For such agreements, management judgement is applied in evaluating the lease term. In evaluating the lease term, the importance of the underlying asset to Consti's operations is considered, taking into account whether the underlying asset is a specialised asset, the location of the underlying asset and the availability of suitable alternatives. The management reassesses the lease term regularly to ensure that lease term reflects the current circumstances.

Trade receivables

The bad debt provision for the accounts receivable is recognized on the basis of credit quality evaluation and using the expected credit loss model. At the end of each reporting period, the management estimates the amount of the credit risk and recognises a credit loss reserve for trade receivables that are unlikely to be paid in full. The estimates are based on systematic credit control, prior experience of realised credit losses and economic circumstances at the time of estimation. Based on the assessment at the end of the reporting period, the coronavirus pandemic (COVID-19) had no effect on credit loss risks / provision.

EVALUATION OF FUTURE EFFECTS OF NEW STANDARDS AND INTERPRETATIONS

The Group estimates that the new and renewed standards and interpretations published by IASB that the group has not yet applied do not have a significant impact on the group's financial statement.

2. Operating segments

Segment information

The Consti Group's parent company is Consti Plc. Consti Group consists of four complementary operating segments based in Finland: Housing Companies, Corporations, Public Sector and Building Technology. Due to the Consti Group's management structure, the nature of its operations and the similarity of the operating segments, the operating segments are combined into a single reporting segment that also includes group services and other items, for the purpose of segment reporting in accordance with IFRS 8.

The highest operational decision-making body is Consti Group's Board of Directors, for which the Chairman of the Board and the Managing Director prepare and present decision proposals.

The Board of Directors assesses the Group's financial position as a whole, rather than examining it on the basis of the operating segments' results. Reporting on separate operating segments is deemed to be of limited value to the users of the financial statements because the segments' financial characteristics and long-term financial profitability are similar.

In addition to their financial characteristics, the business areas are similar in the following respects: The Group offers renovation services in all of its business areas. The Group's production process consists of repairs, modification work or servicing and maintenance tasks performed in the customers' premises. All the business areas do business with all customer groups with some exceptions. Services are often cross-sold to the same customers by combining different business areas services in a single package. Moreover, the methods used in providing services are divided according to the nature of each service process.

EUR 1,000	2022	2021
Net sales		
Housing Companies	103,987	89,998
Corporations	104,945	100,956
Public Sector	42,104	37,659
Building Technology	69,086	72,884
Parent company and eliminations	-14,905	-12,725
Total	**305,217**	**288,773**

Information on key customers

In the 1 January–31 December 2022 and 1 January–31 December 2021 financial years, the Consti Group had a large number of customers. During fiscal year 1 January–31 December 2022 and 1 January–31 December 2021 there were no individual customers accounting for a significant proportion of the Consti Group's net sales.

3. Business combinations

Business combinations in 2022

No acquisitions in financial year 2022

Business combinations in 2021

ACQUIRED BUSINESS	Country	Type	Date of acquisition	Acquired share	No. of employees	Estimated annual net sales (€m)
RA-Urakointi Oy	Finland	Share deal	31 Aug 2021	100%	30	8.4

The acquisitions complement the Company's service offering. The goodwill recognised on the acquisition is attributable to the special expertise transferred with the company.

Acquired assets and liabilities

Fair values of the identified assets and liabilities of the businesses acquired in 2021, after their combination:

EUR 1,000	Fair value
Assets	
Property, plant and equipment	567
Intangible assets	178
Cash and cash equivalents	1,732
Inventories	183
Trade and other receivables	1,105
Shares and other non-current financial assets	40
Total assets	**3,806**

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EUR 1,000	Fair value
Liabilities	
Trade and other payables	1,070
Interest-bearing liabilities	54
Deferred tax liabilities	130
Total liabilities	**1,254**
Fair value of identified net assets, total	**2,552**
Goodwill arising from acquisitions	897
Amount of consideration transferred	**3,449**

A total of 49,292 own shares were transferred related to the purchase of the shares of RA-Urakointi Oy to cover part of the purchase price. The value of the transferred shares was calculated based on the weighted average share price of the Company in accordance with the terms of the share purchase agreement. In the period of 1 Jun 2021–25 Aug 2021 it was approximately EUR 628 thousand.
The transaction costs arising from the acquisition, totalling EUR 104 thousand have been recognised as expenses and are included under administrative expenses.

4. Revenue from contracts with customers EUR 1,000

	2022	2021
Net sales classification according to IFRS 15		
Project deliveries		
Housing Companies	101,211	87,907
Corporations	96,194	93,291
Public Sector	42,098	37,657
Building Technology	59,897	65,919
Parent company and eliminations	-14,905	-12,725
Total project deliveries	**284,495**	**272,049**
Other cost + fee projects and service contracts		
Housing Companies	2,776	2,092
Corporations	8,751	7,665
Public Sector	7	2
Building Technology	9,188	6,965
Parent company and eliminations	0	0
Total other cost + fee projects and service contracts	**20,722**	**16,724**
Total net sales	**305,217**	**288,773**

Accounts receivable and contract assets and liabilities	**2022**	**2021**
Trade receivables	31,391	28,517
Receivables from project deliveries and cost + fee accruals	9,901	10,453
Advances received from project deliveries and cost + fee accruals	13,299	11,816

Receivables from project deliveries and cost + fee accruals relate to conditional right to consideration for performance obligations satisfied over time in Consti's project delivery contracts and cost + fee contracts. It is recognised when the recognised revenue exceeds the amounts billed to the customer and is contingent due to factors other than the passage of time. Receivables from project deliveries and cost + fee accruals are stated at the net realisable value, classified as contract assets, and reported as a part of the separate balance sheet line item Trade and other receivables. An impairment loss for contract assets, if needed, is estimated based on expected credit loss model and individual analysis.

Advances received from project deliveries and cost + fee accruals relate to payments received from project delivery contracts and cost + fee contracts prior to fulfilling performance obligations, or when the customer invoicing exceeds the recognized amount of sales. Advances received from project deliveries and cost + fee accruals are recognized as revenue when Consti has fulfilled its performance obligations and are classified as contract liabilities and reported as a part of the separate balance sheet line item Trade and other payables.

The transaction price allocated to the remaining performance obligations as at 31 Dec:	2022	2021
Within one year	195,001	188,605
More than one year	51,650	29,973
Total order backlog	**246,650**	**218,578**

Changes in receivables from project deliveries and cost + fee accruals and advances received from project deliveries and cost + fee accruals are following the development of business. No material amounts of revenue were recognized during the reporting period due to changes in transaction prices or estimates for performance obligations partially or fully satisfied in previous years. There were no significant impairment charges recognized during the reporting period from the contract assets.

5. Other operating income EUR 1,000

	2022	2021
Capital gains from the sale of property, plant and equipment	213	122
Insurance indemnities received	279	210
Other income items	197	98
Total	**689**	**430**

6. Materials and services EUR 1,000

	2022	2021
Purchases of materials, supplies and goods	56,815	54,504
Increase (-) or decrease (+) in inventories	59	12
External services	157,343	152,237
Total	**214,216**	**206,753**

7. Employee benefit expenses EUR 1,000

	2022	2021
Salaries	51,208	48,920
Pension expenses	8,943	8,427
Share-based payments	695	661
Other social security expenses	1,876	1,759
Total	**62,721**	**59,767**
Average number of personnel during the financial year, by group:		
White-collar	399	410
Blue-collar	572	559
Total	**971**	**969**

Information on the management's employee benefits and loans is presented in note 27. Related party transactions.

8. Other operating expenses EUR 1,000

	2022	2021
Capital losses on and scrapping of property, plant and equipment	1	4
Production operating and maintenance expenses	2,908	2,699
Costs of facilities	395	385
Voluntary social security expenses	1,899	1,605
Travel expenses	2,656	2,600
Vehicle costs	1,398	962
Other fixed expenses	4,784	5,227
Total	**14,041**	**13,482**
Auditor's fees		
Audit	205	208
Other assignments and statements of the auditor	8	0
Total	**213**	**208**

9. Depreciation and amortisation EUR 1,000

	2022	2021
Depreciation by asset type		
Intangible assets		
Allocation of acquisitions	76	102
Other intangible assets	112	105
Other intangible assets, right-of-use assets	106	103
Property, plant and equipment		
Buildings and structures	50	65
Buildings and structures, right-of-use assets	1,508	1,611
Allocation of acquisitions	93	31
Machinery and equipment	1,002	901
Machinery and equipment, right-of-use assets	550	578
Total depreciation and amortisation	**3,499**	**3,497**

10. Financial income and expenses EUR 1,000

	2022	2021
Financial income		
Interest income and other financial income	24	139
Total financial income	**24**	**139**
Financial expenses		
Interest expenses on loans recognised at amortised cost	614	762
Interest expenses on lease liabilities	80	52
Other financial expenses	321	447
Total financial expenses	**1,014**	**1,261**
Net financial expenses	**990**	**1,122**

11. Income taxes EUR 1,000

	2022	2021
The key components of income taxes in the financial periods ending on 31 December 2022 and 31 December 2021 are as follows:		
Consolidated statement of comprehensive income		
Current income taxes	1,855	976
Taxes for the previous financial periods	10	3
Deferred taxes		
Origination and reversal of temporary differences	82	-113
Total	**1,947**	**866**
Taxes recognised directly under equity	–	–
Reconciliation of tax expenses and taxes calculated on the basis of the Finnish tax rate of 20%:		
Earnings before taxes	**10,438**	**4,583**
Taxes calculated on the basis of the Finnish tax rate of 20% (20% 2021)	2,088	917
Adjustments to taxes for previous financial years	0	-133
Permanent differences	-151	79
Taxes for prior financial periods	10	3
Income taxes in the income statement	**1,947**	**866**

Deferred taxes

Deferred taxes in the financial period consisted of the following components:

Reconciliation of deferred tax assets	Consolidated balance sheet		Consolidated income statement	
	2022	**2021**	**2022**	**2021**
Depreciation not deducted in taxation	-75	22	-97	-98
Deductible goodwill depreciation	-105	-105	0	0
Capitalisation of tangible and intangible assets	-53	-92	39	32
Losses confirmed in taxation	0	0	0	0
Provisions	13	71	-58	36
Other items [1)]	399	365	34	143
Deferred tax assets (/-liabilities), net	**179**	**261**		
Deferred tax expenses (/income)			**-82**	**113**

[1)] The other items for fiscal period 2022 mainly refer to costs related to share based payments and option scheme.

	Consolidated balance sheet	
	2022	**2021**
The balance sheet includes the following items:		
Deferred tax assets	417	465
Deferred tax liabilities	-238	-204
Deferred tax assets(/liabilities), net	**179**	**261**
Reconciliation of deferred (net) tax asset		
Deferred tax assets at the beginning of the period	**261**	**278**
Deferred tax income(/expenses) in the consolidated statement of comprehensive income	-82	113
Deferred taxes transferred in the combination of business operations	0	-130
Deferred tax assets at the end of the period	**179**	**261**

The net of deferred tax assets and liabilities is presented only if they can be offset under a legally enforceable right and concern income taxes collected by the same tax recipient.

Group had no unused tax losses as at 31 Dec 2022 (31 Dec 2021).

12. Earnings per share

The undiluted earnings per share are calculated by dividing the profit for the period attributable to the shareholders of the parent by the weighted average share-issue-adjusted number of shares outstanding during the period.

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all dilutive potential shares. Additionally, the profit for the period attributable to the shareholders of the parent is adjusted with interest recognised in the period related to dilutive potential ordinary shares, taking into account any tax effects.

Earnings per share	**2022**	**2021**
Profit for the period attributable to the shareholders of the parent (EUR 1,000)	8,491	3,717
Hybrid bond's accrued interests after tax (EUR 1,000)	0	-71
Profit for the period attributable to the shareholders of the parent adjusted with the effect of the hybrid bond (EUR 1,000)	8,491	3,646
Weighted average number of shares during the period	7,704,804	7,679,882
Earnings per share, undiluted (€)	**1.10**	**0.47**

Earnings per share, diluted	**2022**	**2021**
Profit for the period attributable to the shareholders of the parent adjusted with the effect of the hybrid bond (EUR 1,000)	8,491	3,646
Diluted profit for the period (EUR 1,000)	8,491	3,646
Weighted average number of shares during the period	7,704,804	7,679,882
Weighted average number of diluted shares during the period	8,015,674	7,888,865
Earnings per share, diluted (€)	**1.06**	**0.46**

13. Property, plant and equipment EUR 1,000

	Land areas	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Total
Acquisition cost 1 Jan 2022	**565**	**9,983**	**16,316**	**4**	**26,867**
Additions	-	801	1,747	-	2,549
Disposals	-	-	-654	-	-654
Acquisition cost 31 Dec 2022	**565**	**10,784**	**17,409**	**4**	**28,762**
Depreciation and impairment 1 Jan 2022	**-**	**5,767**	**12,530**	**-**	**18,297**
Depreciation for the period	-	1,558	1,621	-	3,179
Impairment	24	-	-	-	24
Disposals	-	-	-448	-	-448
Depreciation and impairment 31 Dec 2022	**24**	**7,325**	**13,703**	**-**	**21,052**
Carrying amount 31 Dec 2022	**540**	**3,459**	**3,706**	**4**	**7,710**
Acquisition cost 1 Jan 2021	**565**	**5,641**	**14,497**	**4**	**20,707**
Additions	-	4,435	1,756	-	6,190
Business combinations	-	-	567	-	567
Disposals	-	-93	-504	-	-597
Acquisition cost 31 Dec 2021	**565**	**9,983**	**16,316**	**4**	**26,867**
Depreciation and impairment 1 Jan 2021	**-**	**4,184**	**11,381**	**-**	**15,565**
Depreciation for the period	-	1,669	1,511	-	3,179
Disposals	-	-86	-362	-	-447
Depreciation and impairment 31 Dec 2021	**-**	**5,767**	**12,530**	**-**	**18,297**
Carrying amount 31 Dec 2021	**565**	**4,216**	**3,786**	**4**	**8,571**

The amount of right-of-use assets included in buildings and structures and in machinery and equipment and the changes in the amounts during the financial year are presented in Note 15.

Impairment
In 2022, impairment losses of EUR 24 thousand were recognised on the Group's land areas.

Grants
The Group did not receive any grants for the acquisition of property, plant or equipment in 2022.

14. Intangible assets EUR 1,000

	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2022	**49,501**	**6,520**	**56,022**
Additions	-	259	259
Acquisition cost 31 Dec 2022	**49,501**	**6,779**	**56,281**
Depreciation and impairment 1 Jan 2022	**-**	**6,134**	**6,134**
Depreciation for the period	-	296	296
Depreciation and impairment 31 Dec 2022	**-**	**6,430**	**6,430**
Carrying amount 31 Dec 2022	**49,501**	**349**	**49,851**
Acquisition cost 1 Jan 2021	**48,604**	**6,225**	**54,829**
Additions	-	117	117
Business combinations	897	178	1,075
Acquisition cost 31 Dec 2021	**49,501**	**6,520**	**56,022**
Depreciation and impairment 1 Jan 2021	**-**	**5,824**	**5,824**
Depreciation for the period	-	310	310
Depreciation and impairment 31 Dec 2021	**-**	**6,134**	**6,134**
Carrying amount 31 Dec 2021	**49,501**	**386**	**49,888**

Other intangible assets include patents, licences, software, and customer agreements and related customer relationships acquired in business combinations. In addition, other intangible assets include capitalised unamortised development costs of EUR 122 thousand at the end of the 2022 financial period. The capitalised development costs are related to Consti Optimi multi-energy system.

The amount of right-of-use assets included in other intangible assets and the changes in the amounts during the financial year are presented in Note 15.

15. Lease agreements EUR 1,000

The impact of the leases recognised in balance sheet on profit or loss and balance sheet is presented in tables below:

	Buildings and structures	Machinery and equipment	Other intangible assets	Total	Lease liabilities
1 Jan 2022	**3,938**	**973**	**115**	**5,026**	**5,287**
Additions	793	455	99	1,347	1,347
Depreciations	-1,508	-550	-106	-2,165	-
Interest expense	-	-	-	-	80
Payments	-	-	-	-	-2,287
31 Dec 2022	**3,223**	**877**	**108**	**4,208**	**4,426**

The Group has leased most of the business premises it uses. Main part of the Group's right-of-use assets consists of business premises and vans used in project and service business. The premises' lease agreements have a maximum term of 5 years. In most cases the agreements include the option to extend the lease after the original expiry date. The business premise agreements have varying index, renovation and other terms.

The Group recognises lease payments related to short-term leases and leases of low value items as an expense on a straight-line basis over the contract period. The income statement 2022 includes EUR 233 thousand (EUR 225 thousand in 2021) of lease payments related to short-term leases and EUR 34 thousand (EUR 6 thousand in 2021) of lease payments related to leases of low value items.

The maturity profile of lease liabilities is presented in Note 18 and the division into non-current and current liabilities is presented in Note 24.

The majority of investments into right-of-use assets in 2022 were related to renewed leasing contracts of vans used in project and service business as well as to the accounting of business premises and warehouses lease agreements that are valid until further notice, in accordance with the IFRS 16 -standard.

16. Impairment testing on goodwill EUR 1,000

Carrying amount of goodwill allocated to cash-generating units

	2022	2021
Housing companies	18,682	18,682
Corporations	16,687	16,687
Public Sector	4,677	4,677
Building Technology	9,455	9,455
Total	**49,501**	**49,501**

Consti Group operations are divided into four business areas: Housing Companies, Corporations, Public Sector and Building Technology. Business areas represent the Group's cash-generating units. Consti Group's goodwill on 31 December 2022 (31 December 2021) has been allocated to the business areas based on values-in-use (VIU).

The Group tests goodwill for impairment annually or more frequently if circumstances indicate that impairment may have occurred. In such an event, the carrying amount of the cash-generating unit is compared with the recoverable amount, which is determined on the basis of value-in-use calculations. When calculating cash flows for value-in-use calculations, the forecast is based on the budget confirmed for the following year and the management's best estimate of the development of the Group's business over the two years beyond that. The effect of strong inflation and the rapid rise of both energy costs and the price of financing as a factor increasing uncertainty has been taken into account in cash-flow forecasts. Cash flows after the forecast period approved by management have been extrapolated using a steady 1% growth factor.

The outcome of goodwill testing is estimated by comparing the recoverable amount (EV) with the carrying amount of the cash-generating unit (CA).

	Ratio			Estimate
EV		<	CA	Write-down
EV	0–20%	>	CA	Exceeds slightly
EV	20–50%	>	CA	Exceeds clearly
EV	50%–	>	CA	Exceeds significantly

The Group conducted a goodwill impairment test on 31 December 2022, the result of which was that the recoverable amount significantly exceeds the carrying amount for all cash-generating units. The range of variation of the discount rate used in the forecast calculation for the various cash-generating units has been between 13.81% and 14.16% (12.81% and 13.04% in 2021) before taxes. Terminal growth rate used in value-in-use calculations has been 1% (1% in 2021). In the management's best estimate, no possible change in any key variable used in the calculation would lead to the need to recognise impairment.

Key variables in the value-in-use calculations
The following key variables were used to determine value in use:
- EBITDA margin
- discount rate
- net sales growth in line with the strategy
- terminal growth rate

EBITDA margin
The EBITDA margin is based on the latest statistical information and estimates of market trends, material costs, direct and indirect employment costs and the estimated trend in general costs.

Discount rate
The discount rate reflects the current market evaluation of the risks of cash-generating units, taking into consideration the time value of money and the specified risks associated with assets that are not included in cash-flow forecasts. The discount rate calculation is based on the circumstances of the Group and its operating units and it is determined on the basis of the weighted average cost of capital (WACC) for the Group. WACC takes into consideration both debt and equity. The capital structure used in the WACC calculation is based on the median capital structure of selected listed Nordic companies that are comparable. The cost of equity derives from the expected return to Group investors, which takes into consideration the risk-free market rate and the share risk on the Finnish share market and the risk premium associated with size of the company. The sector-specific risk is based on the median beta of selected listed Nordic companies that are comparable. The cost of debt is based on the costs of interest-bearing debt which the Group is liable to pay. The discount rate is determined before taxes.

Growth rate
Growth rate in the forecast period corresponds to the net sales growth in line with the current strategy.

Terminal growth rate
The terminal growth rate is used to extrapolate cash flows beyond the forecast period. Assumed growth does not exceed the average long-term growth of the sector. 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. Renovation and building technology plays a central role in reducing the carbon footprint of the built environment.

Impairment testing sensitivity analysis
The sensitivity analysis is based on an assumption of weakening growth in cash flow during the forecast period and beyond. The rise of interest rates in general and the decline in profitability have also been taken into account. Even a significant change in these factors would not lead to recognition of an impairment for any of the cash-generating units.

17. Financial assets and liabilities EUR 1,000

Financial assets	2022 Carrying amount and fair value	2021 Carrying amount and fair value	Fair value hierarchy	Note
Financial assets recognised at fair value through profit or loss				
Non-current financial assets				
Shares and other non-current financial assets	57	57		
Total financial assets recognised at fair value through profit or loss	**57**	**57**		
Financial assets measured at amortised cost				
Current financial assets				
Trade receivables	31,391	28,517		20
Total financial assets measured at amortised cost	**31,391**	**28,517**		
Cash and cash equivalents	20,881	18,072		21
Total current financial assets	**52,273**	**46,589**		
Total financial assets	**52,330**	**46,647**		

Financial liabilities	2022 Carrying amount and fair value	2021 Carrying amount and fair value	Fair value hierarchy	Note
Financial liabilities measured at amortised cost				
Non-current financial liabilities				
Loans from financial institutions	12,969	14,960		24
Non-current hire purchase debt	827	589		24
Lease liabilities	2,518	3,234		24
Current financial liabilities				
Loans from financial institutions	2,000	2,000		24
Commercial papers	4,000	9,000		24
Current hire purchase debt	530	498		24
Lease liabilities	1,908	2,053		24
Trade payables	23,665	20,975		25
Total financial liabilities measured at amortised cost	**48,417**	**53,309**		
Total non-current financial liabilities	**16,314**	**18,783**		
Total current financial liabilities	**32,103**	**34,526**		
Total financial liabilities	**48,417**	**53,309**		

Notes on measuring at fair value

Shares and other non-current financial assets are unlisted share investments. They have been measured at cost since there are no active markets available to them and their fair value cannot be reliably determined.

In the view of the management, the carrying amount of accounts receivable, accounts payable, short-term credit and other short-term debt is reasonably close to their fair value due to the short maturity of these items.

The fair values of loans from financial institutions are based on discounted cash flows. There is no material difference between fair values and carrying amount as the loans are variable rate loans and there has been no material change in the Group risk premium.

The fair values of lease liabilities are based on discounted cash flows. There is no material difference between fair values and carrying amount since the company would not be able to make new lease agreements with a materially different interest rate.

Derivative contracts (interest rate swap) are measured at fair value and recognised through profit and loss. The basis of the fair value of derivative contracts is the price quoted by the counterparty on the balance sheet date. The fair values of derivative contracts have been classified at the fair value hierarchy level 2.

Fair value hierarchy for financial assets and liabilities repeatedly measured at fair value

All assets and liabilities that are measured at fair value or the fair value of which is presented in the notes to the financial statements are classified as described below at fair value hierarchy levels based on the lowest level input that is significant to the item measured at fair value:

Level 1	Fair values are based on the listed (unadjusted) prices of identical assets or liabilities on active markets.
Level 2	Fair values are based to a material degree on inputs other than listed prices included in level 1 but nevertheless on information that is directly or indirectly observable for the asset or liability in question.
Level 3	Fair values are based on inputs concerning assets or liabilities that are not based on observable market information but to a material degree on management estimates and their application in commonly accepted measurement models.

18. Financial risk management

The aims of financial risk management

The aim of the Group's risk management is to minimise the adverse effects of financial market fluctuations on the Group's result. In its business operations, the Group is exposed to interest rate, credit and liquidity risks. The general principles of the Group's risk management are approved by the Board of Directors, and their practical implementation is the responsibility of the financial department of the Group's parent company together with the business areas. In the business areas, financial matters are the responsibility of financial administration staff and the operational management. The business areas are responsible for delivering accurate and up-to-date information on their financial position and cash flow to the Group's financial administration department so as to ensure efficient management of cash reserves, financing, liquidity and risks.

The Group's financial administration department identifies and assesses risks and acquires the necessary instruments for liquidity, credit and interest rate risks. In addition, it defines the main principles for financial risk management, cash management and special areas related to financing, such as commercial guarantees, relations with finance providers and customer financing.

The Group utilises derivative contracts in its risk management. The Group's risk management principles preclude speculative trading in derivatives.

Consti's cash balance / cash funds include interest-bearing receivables, but apart from these its earnings and operating cash flows are mostly independent of changes in market interest rates. The Group's main financial liabilities, excluding derivative instruments, consist of interest bearing loans and borrowings and trade and other payables. The main purpose of financial liabilities is to finance and support the Group's operating activities.

The Group does not apply hedge accounting.

Interest rate risk

The interest rate risk describes the risk of fluctuations in the fair value of future cash flows as a result of fluctuations in market interest rates. The Group's exposure to fluctuations in market interest rates largely stems from its long-term variable-rate loan liabilities.

The Group manages the interest rate risk by having a suitable allocation of fixed-rate and variable-rate loans in its loan portfolio. The Group manages this allocation through interest rate swaps, with which it agrees the difference between a fixed rate and a variable rate on an agreed nominal principal amount over a certain period of time.

At the end of the reporting period, the Group had no valid interest rate swaps.

Consti monitors the sensitivity of its interest bearing loans and borrowings to changes in interest rates and the effect of such changes on the Group's result before taxes. As other variables are kept stable, the effect of increase in one percent unit in interest rate would have been EUR 237 thousand (EUR 263 thousand in 2021) in the result before taxes.

The availability of the short-term financing has been presented below:

EUR 1,000	31 Dec 2022	31 Dec 2021
Undrawn loans	5 000	5 000
Cash and cash equivalents	20 881	18 072
Total	**25 881**	**23 072**

Credit risk

The credit risk describes the risk of a counterparty failing to fulfil its obligations based on a financial instrument or customer contract, leading to a credit loss. Consti's credit risk is related to customers with whom there are outstanding receivables or with whom construction contracts have been made, as well as to counterparties of financial assets and derivative contracts. The Group's financial administration department is responsible for managing the counterparty risk related to cash assets and derivative contracts. The credit risk relating to operating items, such as trade receivables, is the responsibility of the business areas.

The credit risk related to cash deposits made with banks and other financial institutions is managed by the Group's financial administration department in accordance with the Group's risk management principles, and the selection of financial instrument counterparties is based on the management's assessment of their creditworthiness. The Company's Board of Directors has approved the main bank used by the Company and the counterparty and the limits of the derivative instruments. The Company's management does not expect any credit losses to arise from the counterparties to the financial assets and derivatives presented on the balance sheet.

The tools used for managing operational credit risks include accepting advance payments, front-loading payment schedules for contracts and performing background checks on customers. The majority of the Company's business operations are based on reliable and established customer relationships and on contract terms and conditions generally accepted in the sector. The Company does not have significant credit risk concentrations in its receivables because it has a highly diversified clientele. On the reporting date, the maximum exposure to credit risks was the carrying amount of each financial asset class. The Group does not have in its possession any security for its receivables.

Outstanding trade receivables are tested for impairment on each reporting date. The estimates are based on systematic credit control, prior experience of realised credit losses and economic circumstances at the time of estimation. Based on the assessment at the end of the reporting period, the coronavirus pandemic (COVID-19) had no effect on credit loss risks / provision. During the financial year, the amount of impairment losses recognised through profit and loss were EUR 271 thousand (EUR 4 thousand in 2021).

The age breakdown of the trade receivables has been presented in note 20. Trade and other receivables.

Liquidity risk

The Group assesses and monitors the adequacy of its liquidity. The Group strives to ensure the availability and flexibility of financing with sufficient credit limit reserves and suitably long loan periods. The assessment of financing needs is based on a budget prepared annually, a financing forecast updated on a monthly basis and up-to-date short-term cash planning. The Group's financial administration department is responsible for ensuring adequate financing.

At the date of the financial statements on 31 December 2022, 34% of the Group's interest bearing debts are due within the following year (31 December 2021 42%), based on the book value presented in the financial statements.

The key loan covenants are reported to lenders at three-month intervals. If the Group breaches any of the loan covenants, lenders may demand accelerated loan repayments. The financial covenants included in the loans are based on the Group's gearing and the ratio of net debt to adjusted EBITDA. At the balance sheet date, 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 Group's management has not identified any significant liquidity concentrations in its financial assets or financing sources.

The table below presents the maturity profile for financing liabilities of the group based on contractual non-discounted cash flows including both interest payments and repayments of the principal. The forthcoming interest flows of variable rate loans are based on rate which was valid on 31 December 2022 (31 December 2021).

EUR 1,000

31 Dec 2022	2023	2024	2025	2026	2027	2028–	Total
Bank loans [1]	2,336	2,290	11,127	0	0	0	15,753
Commercial papers	4,000	0	0	0	0	0	4,000
Lease liabilities	1,971	1,151	1,004	405	5	5	4,541
Other interest bearing liabilities	560	426	281	105	0	0	1,372
Trade payables	23,665	0	0	0	0	0	23,665
	32,532	**3,867**	**12,412**	**510**	**5**	**5**	**49,331**

31 Dec 2021	2022	2023	2024	2025	2026	2027–	Total
Bank loans [2]	2,264	2,232	13,104	0	0	0	17,600
Commercial papers	9,000	0	0	0	0	0	9,000
Lease liabilities	2,116	1,178	925	857	341	0	5,418
Other interest bearing liabilities	521	344	191	70	0	0	1,127
Trade payables	20,975	0	0	0	0	0	20,975
	34,876	**3,755**	**14,220**	**927**	**341**	**0**	**54,120**

1) Consti exercised the first extension option included in it's long-term loan in May 2022, which extended the maturity of the loan by one year.

2) Consti refinanced its long-term loan in June 2021. The old loans, amounting to 17.5 million euro in total, were paid in full and new loans were taken amounting to 18.0 million euro. Refinancing the loans extended the maturity by at least three years. In addition, the new loan agreement includes an extension option to extend the maturity of the loan by a maximum of two years. As in the previous loan agreement, the new loan agreement also includes a limit of 5 million euro for short-term financing needs.

Capital risk management

The aim of the group's capital risk management is to ascertain the normal operating requirements for the business operations, to ascertain optimal capital structure and minimize the cost of capital. The capital is managed mainly by controlling investments and the amount of working capital committed to the business.

In order to reach the goals, that the capital risk management of the group aims, the group ascertains, that it meets the covenants related to the interest bearing debts that define requirements for the equity structure. The most significant ratios concerning the capital risk management are interest bearing net debt / EBITDA and gearing, which are also loan covenants.

19. Inventories EUR 1,000

	2022	2021
Materials and supplies (measured at acquisition cost)	768	827
Total	**768**	**827**

In the financial year the Group recognised EUR 183 thousand (EUR 35 thousand in 2021) in write-downs of inventories.

20. Trade and other receivables EUR 1,000

	2022	2021
Trade receivables	31,391	28,517
Receivables from project deliveries and cost + fee accruals	9,901	10,453
Accrued income	2,268	1,971
Other receivables	288	423
Total	**43,847**	**41,365**

Trade receivables are non-interest bearing and their term of payment is in most cases 14 to 31 days.
In the financial year the Group recognised EUR 271 thousand (EUR 4 thousand in 2021) in impairment losses on accounts receivable. Acquiring guarantees on accounts receivable and other receivables is not a Group policy.

The age structure of trade receivables is as follows:

Undue	28,821	23,229
Fallen due		
< 30 days	1,797	4,515
30-60 days	15	154
61-90 days	35	9
> 90 days	723	610
Total	**31,391**	**28,517**

Note 18. Financial risk management includes a description of how the Group manages and assesses the quality of credit with regard to accounts receivable that have not yet fallen due and the value of which is not impaired.

21. Cash and cash equivalents EUR 1,000

	2022	2021
Cash in hand and at banks	20,881	18,072
Total	**20,881**	**18,072**

Banks pay a variable interest on cash in deposit accounts according to daily deposit interest rates. The Group's unused account limits on 31 December 2022 were EUR 5,000 thousand (EUR 5,000 thousand in 2021).

Cash and cash equivalents according to the cash flow statement are formed as follows:

Cash in hand and at banks	20,881	18,072
Cash and cash equivalents	**20,881**	**18,072**

22. Equity EUR 1,000

Share distribution and share capital	Number of outstanding shares	Share capital	No. of treasury shares	No. of total shares
1 Jan 2021	7,652,123	80	206,144	7,858,267
Conveyance of treasury shares	67,283		-67,283	
Purchase of treasury shares	-25,000		25,000	
31 Dec 2021	**7,694,406**	**80**	**163,861**	**7,858,267**
1 Jan 2022	7,694,406	80	163,861	7,858,267
Conveyance of treasury shares	83,328		-83,328	
Purchase of treasury shares	-98,206		98,206	
31 Dec 2022	**7,679,528**	**80**	**178,739**	**7,858,267**

The number of Consti Plc shares is 7,858,267 in total and the share capital is EUR 80,000. The company has one series of shares. The share has no nominal value. All issued shares have been paid for in full.

Changes in the number of shares and corresponding changes to equity

	Number of outstanding shares	Share capital	Reserve for invested non-restricted equity	Treasury shares	Total
1 Jan 2021	7,652,123	80	28,252	-610	27,722
Conveyance of treasury shares	67,283		529	231	760
Purchase of treasury shares	-25,000			-318	-318
31 Dec 2021	**7,694,406**	**80**	**28,781**	**-696**	**28,165**
1 Jan 2022	7,694,406	80	28,781	-696	28,165
Conveyance of treasury shares	83,328			983	983
Purchase of treasury shares	-98,206			-1,069	-1,069
31 Dec 2022	**7,679,528**	**80**	**28,781**	**-782**	**28,079**

Share capital
The share subscription price received from share issues is recognised under share capital to the extent that a decision has not been made in the share issue resolution to recognise the subscription price under the reserve for invested non-restricted equity.

Dividend
After the balance sheet date, the Board of Directors has proposed a dividend of EUR 0.60 per share.

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23. Provisions EUR 1,000

	Warranty provisions	Onerous contracts	Litigation provisions	Total
1 Jan 2022	2,315	255	126	2,696
Arising during the year	964	62	30	1,056
Utilised provision	-764	-255	-116	-1,135
Unused amounts reversed	-	-	-	-
31 Dec 2022	**2,516**	**63**	**40**	**2,618**
Current provisions	2,516	63	40	2,618
Total	**2,516**	**63**	**40**	**2,618**
1 Jan 2021	2,465	173	32	2,670
Arising during the year	998	516	106	1,621
Utilised provision	-1,148	-434	-12	-1,594
Unused amounts reversed	-	-	-	-
31 Dec 2021	**2,315**	**255**	**126**	**2,696**
Current provisions	2,315	255	126	2,696
Total	**2,315**	**255**	**126**	**2,696**

Warranty provisions
Warranty provisions for contracts are determined with information based on experience of the materialisation of liability. At the end of 2022 warranty provision amounted to EUR 2,516 thousand (EUR 2,315 thousand in 2021). Most of the warranty provisions are expected to be used during the following two years.

Onerous contracts
The expected loss in excess of sales gains from onerous construction contracts has been recognised in full.

24. Financial liabilities EUR 1,000

	2022	2021
Non-current financial liabilities		
Loans from financial institutions	12,969	14,960
Non-current hire purchase debt	827	589
Lease liabilities	2,518	3,234
Total non-current financial liabilities	**16,314**	**18,783**
Current financial liabilities		
Loans from financial institutions	2,000	2,000
Commercial papers	4,000	9,000
Hire purchase debts	530	498
Lease liabilities	1,908	2,053
Total current financial liabilities	**8,439**	**13,551**

Of the net change in long-term and short-term financial liabilities, EUR 860 thousand relates to the change in lease liabilities. For the rest, the net changes to non-current and current financial liabilities, EUR 6,721 thousand, are cash flow based.
The table includes all except trade and other payables according to note 25.

25. Trade and other payables EUR 1,000

	2022	2021
Trade payable	23,665	20,975
Advances received from project deliveries and cost + fee accruals	13,299	11,816
Other payables	10,485	9,013
Accrued expenses	12,269	10,267
Total	**59,717**	**52,072**

Trade payables are non-interest bearing and mostly paid within 14 to 31 days.
Their carrying amount corresponds to their fair value because discounting has no material effect taking the maturity of the liabilities into consideration.
The Group's credit risk management process has been described in note 18. Financial risk management.

26. Commitments and contingent liabilities EUR 1,000

Other lease agreements – Group as lessee

Minimum lease payment under non-cancellable other leases:

	2022	2021
Within 1 year	78	57
In 1 to 5 years	107	17
In more than 5 years	-	-
Total	**185**	**74**

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

Information on lease costs included in the income statement is presented in note 15.

Litigations and legal proceedings
Group Companies have pending court cases that are associated with normal business operations. The outcome of these court cases is difficult to forecast but where deemed necessary, a provision has been recognised on the best available assessment of the outcome. In the opinion of management, the court cases are not expected to have material influence on the financial position of the Group.

Guarantees
In the course of its business operations, the Group has provided bank guarantees, guarantee insurance commitments and rental deposits for the duration of work and warranty periods.

Guarantees	2022	2021
Bank guarantees and guarantee insurance commitments for the duration of work and warranty periods and rental deposits	46,520	46,257
Total	**46,520**	**46,257**

27. Related party transactions

Information about subsidiaries

The following subsidiaries have been consolidated into the consolidated financial statements:

			Omistusosuus %	
Company name	Primary business	Country	**2022**	**2021**
Consti Talotekniikka Oy	Technical building services	Finland	100%	100%
Consti Korjausrakentaminen Oy	Construction	Finland	100%	100%
RA-Urakointi Oy	Construction	Finland	100%	100%
EAM Consti Holding Oy		Finland	0%	0%

The Board of Directors decided in their meeting on 4 April, 2017 to implement a share acquisition and administration arrangement of Consti Plc (Consti) shares with Evli Awards Management Oy (EAM) according to the stipulations of the Companies Act for financing the purchase of own shares (the Finnish Companies Act, Chapter 13, Section 10, Subsection 2) relating to incentive plans. As a part of this arrangement EAM founded EAM CONSTI Holding Oy (Holding company) which acquires the shares with Consti's funding and according to the agreement. These shares will be delivered to the employees according to the Consti's share plan terms and conditions. The Holding company is owned by EAM in legal terms, but according to the agreement Consti has control over the company and acts as the principal, whereas EAM is an agent through the Holding company. This control arising from contractual terms means that the Holding company is consolidated in to the group's IFRS financial statements as a structured entity.

Entities holding significant control in the Group
On 31 December 2022 and 31 December 2021, there were no entities holding significant control in the Group.

Related party transactions
The Group's related parties also include the key management personnel and their close family members, as well as non-Group companies in whose operations persons belonging to Consti Group's management can be assumed to exert an influence. Key management personnel include members of the Board of Directors and of the Management Team. Business transactions concluded with related parties are presented in the table below.

EUR 1,000		Sales	Purchases	Receivables	Payables
Members of Group management	**2022**	155	0	8	0
	2021	3	0	0	0

Sales to related parties in 2022 include EUR 48 thousand of services purchased from Group companies by CEO, and EUR 21 thousand of services purchased from Group companies by other members of group management, and EUR 86 thousand of tangible fixed assets purchased from Group companies by other members of group management. Sales to related parties in 2021 include EUR 3 thousand of services purchased from Group companies by other members of group management.

Terms associated with related party transactions
No guarantees or commitments have been provided on behalf of related parties.

Loans to related parties
There are no loans to related parties.

EUR 1,000	2022	2021
Employee benefits of management members		
Salaries and other short-term employee benefits	2,172	2,087
Share based payments	343	283
Termination compensation	-	45
Total	**2,515**	**2,415**

The events related to employment-benefits of management members presented in the table have been recognised as costs during the financial year.

Salaries and remunerations paid to the members of the Board and the CEO	2022	2021
Esa Korkeela, CEO	455	341
Board members and deputy members		
Petri Rignell, chairman since 5 April 2022	43	30
Erkki Norvio	34	30
Pekka Salokangas	34	30
Anne Westersund	34	30
Johan Westermarck	34	30
Juhani Pitkäkoski, member since 5 April 2022	26	-
Tapio Hakakari, member and chairman until 5 April 2022	10	42
Total	**215**	**192**

Pension and retirement age

The CEO is entitled to statutory pension and his retirement age is determined in accordance with the statutory employment pension system. The statutory cost of the CEO's pension was EUR 61 thousand in 2022 (EUR 55 thousand in 2021).
No pension insurance under the Employees' Pensions Act (TyEL) has been taken out for members of the Board on their attendance fees.

28. Share-based payments

Share-based incentive plan

Consti Plc's Board decided on 10 November 2016 to establish a new, share-based incentive plan for the Group's key people. The aim of the new plan is to merge the objectives of the shareholders and key people in order to increase the value of the Company in the long-term, to engage key people to the Company, and to offer them a competitive reward plan based on earning of the Company's shares. The share-based incentive plan is considered to be classified under IFRS 2 Share-based payments standard's scope.
The plan offers the key people included in the plan the opportunity to earn Company shares as bonuses by altering half or all of their performance based bonuses for 2016 and 2017 into shares. The performance based bonuses altered into shares will be multiplied with a bonus factor determined by the Board before the bonuses are paid. The plan's possible bonus will be paid to participants after a two-year engagement period during years 2019 and 2020, in part as company shares and in part as cash. The plan will include a maximum of approximately 70 key people including the Management Team. For the earning periods 2016 and 2017, the bonuses paid will amount to a maximum of approximately 289,200 Consti Plc shares at the share price level of the plan's decision time, including also the cash payment, providing that all of the key people included in the plan decide to participate in it and alter their performance based bonuses entirely into shares.
Consti Plc's Board of Directors has annually decided to continue the share-based incentive plan for the Group's key people launched in 2016 to cover the earning periods 2018–2022. More detailed information on earning periods can be found in the table below.

Share-based incentive plan	Earning period 2022	Earning period 2021	Earning period 2020	Earning period 2019	Earning period 2018
Decision on the plan	3 Mar 2022	2 Mar 2021	28 Feb 2020	1Mar 2019	15 Feb 2018
Maximum number of awards granted, pcs	272,257	230,000	305,000	450,000	250,000
Maximum number of participants	75	70	70	70	70
Release of shares	2025	2024	2023	2022	2021
Distributed number of shares, pcs				83,328	17,991

Payment for the earnings period 2019 was EUR 1250 thousand in total, of which EUR 482 thousand was paid in cash. In accordance with the decision of the Board of Directors, Consti transferred during spring 2022 to the 43 key people covered by the 2019 share-based incentive plan 83,328 shares in total, of which 7,421 shares were trasferred to the CEO and 9,800 shares were transferred to the management team members.

Payment for the earnings period 2018 was EUR 355 thousand in total, of which EUR 121 thousand was paid in cash. In accordance with the decision of the Board of Directors, Consti transferred during spring 2021 to the 17 key people covered by the 2018 share-based incentive plan 17,991 shares in total, of which 504 shares were trasferred to the CEO and 1,627 shares were transferred to the management team members.

The consolidated financial statements in 2022 included cost from the share-based incentive plan amounting to EUR 695 thousand (EUR 661 thousand in 2021).

Option schemes

The Board of Directors of Consti Plc decided on 17 June 2020 to launch a new key employee stock option plan. There is a weighty financial reason for the Company to issue stock options 2020 since the stock options are intended to form part of the key employee incentive and commitment program of Consti Plc and its subsidiaries. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key employees to the employer. The maximum total number of stock options 2020 issued is 245,000 and they entitle their owners to subscribe for a maximum total of 245,000 new shares in the Company or existing shares held by the Company. The stock options are issued gratuitously. The number of shares subscribed by exercising stock options now issued corresponds to a maximum total of 3 per cent of the shares and votes in the Company, if new shares are issued in the share subscription. The share subscription price for stock options 2020 is 6.65 euros per share, which is the trade volume weighted average quotation of the Consti Plc share on Nasdaq Helsinki Ltd during 1 May–31 May 2020. The share subscription price is deducted by the amount of dividends and/or distribution of assets to be decided before share subscription. The share subscription period for stock options 2020 is 1 July 2023–30 June 2024. The Board of Directors decided on the new stock option plan by virtue of the authorisation given by the Company's Annual General Meeting of Shareholders on 6 April 2020. Stock options 2020 are distributed to approximately 20 Management Team members and other key employees determined by the Board of Directors.

The Board of Directors of Consti Plc decided on 22 June 2022 to launch a new key employee stock option plan. There is a weighty financial reason for the Company to issue stock options 2022 since the stock options are intended to form part of the key employee incentive and commitment program of Consti Plc and its subsidiaries. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key employees to the employer. The maximum total number of stock options 2022 issued is 250,000 and they entitle their owners to subscribe for a maximum total of 250,000 new shares in the Company or existing shares held by the Company. The stock options are issued gratuitously. The number of shares subscribed by exercising stock options now issued corresponds to a maximum total of 3,1 per cent of the shares and votes in the Company, if new shares are issued in the share subscription. The share subscription price for stock options 2022 is 9.65 euros per share, which is the trade volume weighted average quotation of the Consti Plc share on Nasdaq Helsinki Ltd during 1 May–31 May 2022. The share subscription price is deducted by the amount of dividends and/or distribution of assets to be decided before share subscription. The share subscription period for stock options 2022 is 1 July 2025–30 June 2026. The Board of Directors decided on the new stock option plan by virtue of the authorisation given by the Company's Annual General Meeting of Shareholders on 5 April 2022. Stock options 2022 are distributed to approximately 26 Management Team members and other key employees determined by the Board of Directors.

In 2022, the expense recognition of the option schemes was EUR 112 thousand (EUR 133 thousand in 2021).

Option arrangement	2022	2020
Grant date	22 Jun 2022	17 Jun 2020
Amount of granted instruments, pcs	207,700	158,300
Subscription price, EUR	9.65	6.65
Fair value, EUR	2.33	1.63
Share price at time of granting, EUR	9.16	6.72
Term of validity, years	4	4
Subscription period	1 Jul 2025–30 Jun 2026	1 Jul 2023–30 Jun 2024
Excercised options, pcs	-	-
Returned options to company, pcs	-	-
Number of options outstanding, 31 Dec	207,700	158,300
Reserve of options, 31 Dec	42,300	-

29. Events after the reporting period

No material events have been disclosed after the reporting period.

Photo: Ville Vappula

Demanding installations at Siltasairaala
Siltasairaala Hospital in Meilahti, Helsinki, is HUS's largest construction project and, like hospitals in general, a demanding work site. Consti carried out the heating and cooling contract for the hospital's trauma centre. The work included steam and condensate piping, as well as piping the ventilation unit rooms and the heat distribution room. Building information modelling was utilised during the project to determine for example installation heights. Work in the inpatient ward was carried out in takt time schedule.

PARENT COMPANY

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Net sales	1	**2,627**	**2,036**
Other operating income	2	906	542
Employee benefit expenses	3	-3,085	-1,959
Depreciation and amortisation	5	-172	-148
Other operating expenses	4	-1,737	-1,523
Total expenses		-4,994	-3,630
Operating result		**-1,461**	**-1,052**
Financial income and expenses	6	-552	210
Profit (loss) before appropriations and taxes		**-2,013**	**-842**
Appropriations	7	9,421	6,745
Profit (loss) before taxes		**7,408**	**5,903**
Total taxes	8	-1,486	-858
Profit (loss) for the period		**5,922**	**5,045**

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BALANCE SHEET OF THE PARENT COMPANY (FAS)

Assets EUR 1,000	Note	31 Dec 2022	31 Dec 2021
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		2	6
Other long-term expenditure		110	167
Total non-current assets		**112**	**172**
Tangible assets	9		
Buildings and structures		0	0
Machinery and equipment		276	176
Total tangible assets		**276**	**176**
Investments	10		
Shares in Group companies		97,691	97,691
Other shares		254	254
Total Investments		**97,945**	**97,945**
Total Non-current assets		**98,334**	**98,293**
CURRENT ASSETS			
Short-term receivables	11		
Trade receivables		0	0
Intra-group receivables		11,532	8,486
Prepaid expenses and accrued income		66	94
Total short-term receivables		**11,598**	**8,580**
Cash and cash equivalents		20,538	16,619
Total current assets		**32,136**	**25,199**
ASSETS		**130,470**	**123,492**

Equity and liabilities EUR 1,000	Note	31 Dec 2022	31 Dec 2021
EQUITY	12		
Share capital		80	80
Reserve for invested non-restricted equity		28,582	28,582
Treasury shares		-244	-244
Retained earnings		26,213	24,648
Profit (loss) for the period		5,922	5,045
Total equity		**60,553**	**58,112**
APPROPRIATIONS			
Cumulative accelerated depreciation		133	55
Total appropriations		**133**	**55**
LIABILITIES			
Non-current liabilities	13		
Loans from financial institutions		13,000	15,000
Non-current hire purchase debts		59	2
Total non-current liabilities		**13,059**	**15,002**
Current liabilities	13		
Loans from financial institutions		2,000	2,000
Commercial papers		4,000	9,000
Current hire purchase debts		39	19
Trade payables		330	171
Intra-group liabilities		49,260	38,506
Other current liabilities		193	217
Accrued expenses		901	412
Total current liabilities		**56,724**	**50,325**
Total liabilities		**69,783**	**65,326**
EQUITY AND LIABILITIES		**130,470**	**123,492**

CONSTI PLC FINANCIAL STATEMENTS

CASH FLOW STATEMENT OF THE PARENT COMPANY (FAS)

Cash flow statement of the parent company EUR 1,000	1 Jan–31 Dec 2022	1 Jan–31 Dec 2021
Cash flow from operating activities		
Profit (loss) before taxes	7,408	5,903
Adjustments:		
Depreciation	172	148
Financial income and expenses	552	-210
Appropriations	-9,421	-6,745
Other adjustments	-43	0
Change in working capital	285	-414
Operating cash flow before financial and tax items	**-1,046**	**-1,318**
Financial income and expenses (+/-)	-552	-902
Taxes paid	-1,069	-1,054
Net cash flow from operating activities (A)	**-2,668**	**-3,273**
Cash flow from investing activities		
Investments in other shares	0	-2,925
Investments in tangible and intangible assets	-213	-208
Proceeds from sale of property, plant and equipment	43	0
Net cash flow from investing activities (B)	**-170**	**-3,133**
Cash flow from financing activities		
Hybrid bond	0	-3,584
Dividend distribution	-3,481	-3,068
Group contribution received	5,240	1,200
Proceeds from long-term liabilities	0	18,000
Payments of long-term liabilities	-2,000	-18,500
Dividends received from Group companies	1,200	0
Change in other interest-bearing liabilities	5,797	4,817
Net cash flow from financing activities (C)	**6,757**	**-1,135**
Change in cash and cash equivalents (A+B+C)	**3,919**	**-7,541**
Cash and cash equivalents at period start	16,619	24,161
Cash and cash equivalents at period end	**20,538**	**16,619**

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY (FAS)

Accounting principles

The financial statements of Consti Plc have been prepared in accordance with the Finnish Accounting Standards (FAS). The financial statements have been prepared for 12 months from 1 January–31 December 2022.

Translation of items denominated in a foreign currency
Transactions denominated in a foreign currency are recognised in the functional currency at the exchange rate on the date of the transaction. The balances in monetary items denominated in a foreign currency are translated into the functional currency at the rate on the closing date of the reporting period.

Revenue recognition
Revenue of parent company consist of services provided to subsidiaries. Revenue is recognised once the services have been rendered.

Measurement of non-current assets
Non-current assets are measured in the balance sheet at cost less accumulated depreciation. Tangible and intangible assets are measured at cost less accumulated depreciation. Investments have been measured at cost.

The depreciation periods for the assets groups are as follows:

Buildings and structures	20	years
Machinery and equipment	3–5	years
Vehicles	3–5	years
Other tangible assets	3–5	years
Intangible rights	3–5	years
Other long-term expenditure	5	years

Pension insurance
Pension schemes for the personnel are arranged as statutory pension insurance with an external pension insurance company. Pension expenses have been recognised in the income statement.

Research and development expenses
Research and development expenses have been booked in the income statement during the period in which they occur.

Measurement of receivables and liabilities
Trade, loan and other receivables presented in receivables have been measured at lower of nominal value and probable value. Liabilities have been measured at higher of nominal value and comparison-based value.

Appropriations
Appropriations encompass received and paid group contributions as well as the cumulative accelerated depreciation charge.

Taxes
Taxes from earlier financial periods are included in the taxes presented in the income statement for the financial period. No deferred taxes have been recognised.

1. Net sales EUR 1,000	2022	2021
Income from services	2,627	2,036
Total	**2,627**	**2,036**

2. Other operating income EUR 1,000		
Gain on sale of tangible and intangible assets	43	0
Other income	863	542
Total	**906**	**542**

3. Information on personnel and members of Plc organs EUR 1,000		
Salaries	2,735	1,662
Pension expenses	298	267
Other social security expenses	52	30
Total	**3,085**	**1,959**
Average number of employees during the financial year:	14	12
Management remuneration		
CEO	455	341
Members of Board of Directors	215	192
Total	**670**	**533**

4. Other operating expenses EUR 1,000		
Auditor fees		
Ernst & Young Oy		
Audit fees	115	121
Other services	8	0
Total	**123**	**121**

5. Depreciation, amortisation and impairment EUR 1,000

	2022	2021
Depreciation and amortisation by asset type		
Intangible rights	3	5
Other long-term expenditure	89	99
Buildings and structures	0	0
Machinery and equipment	80	44
Total	**172**	**148**

6. Financial income and expenses EUR 1,000

	2022	2021
Dividends		
From group companies	0	1,200
Other interest and financial income		
From group companies	31	92
From others	6	0
Total	**37**	**93**
Interest and other financial expenses		
To group companies	78	473
To others	511	610
Total	**589**	**1,083**
Total financial income and expenses	**-552**	**210**

7. Appropriations EUR 1,000

	2022	2021
Group contributions received	9,500	6,800
Cumulative accelerated depreciation charge, addition (-) or decrease (+)	-79	-55
Total	**9,421**	**6,745**

8. Taxes EUR 1,000

	2022	2021
Taxes from ordinary business	1,486	858

9. Changes in non-current assets EUR 1,000

	2022	2021
TANGIBLE AND INTANGIBLE ASSETS		
Intangible rights		
Carrying amount at period start	6	11
Additions	0	0
Amortisation	3	5
Carrying amount at period end	2	6
Other long-term expenditure		
Carrying amount at period start	167	216
Additions	33	50
Amortisation	89	99
Carrying amount at period end	110	167
Machinery and equipment		
Carrying amount at period start	176	62
Additions	180	158
Disposals	0	0
Depreciation	80	44
Carrying amount at period end	**276**	**176**

10. Investments EUR 1,000

	2022	2021
Shares in Group companies		
Acquisition cost 1 Jan	97,691	94,138
Additions	0	3,553
Acquisition cost 31 Dec	97,691	97,691
Other shares		
Acquisition cost 1 Jan	254	254
Acquisition cost 31 Dec	254	254
Total investments	**97,945**	**97,945**

11. Receivables EUR 1,000	2022	2021
Current receivables		
Intra-group receivables		
Trade receivables	1,469	1,593
Other receivables	562	1,654
Group contribution receivables	9,500	5,240
Total	**11,532**	**8,486**
Material external items in accrued income and prepaid expenses		
Expenses paid in advance	29	55
Other items	37	39
Total	**66**	**94**

12. Equity EUR 1,000	2022	2021
Share capital 1 Jan	80	80
Share capital 31 Dec	**80**	**80**
Reserve for invested non-restricted equity 1 Jan	28,582	28,053
Additions	-	529
Reserve for invested non-restricted equity 31 Dec	**28,582**	**28,582**
Retained earnings 1 Jan	29,449	27,373
Purchase/conveyance of treasury shares	-	99
Dividend distribution	-3,481	-3,068
Retained earnings 31 Dec	**25,969**	**24,404**
Profit/loss for the period	**5,922**	**5,045**
Total	**31,891**	**29,449**
Equity	**60,553**	**58,112**
Distributable funds 31 Dec		
Reserve for invested non-restricted equity	28,582	28,582
Retained earnings	25,969	24,404
Profit for the period	5,922	5,045
Total distributable funds	**60,473**	**58,032**

Consti Plc's treasury shares

The parent company owns treasury shares as follows:

Number of shares	Share of share capital	Share of voting rights
123,739	1.6%	1.6%

CONSTI PLC FINANCIAL STATEMENTS

13. Non-current and current liabilities EUR 1,000	2022	2021
Non-current liabilities		
Liabilities to others		
Loans from financial institutions	13,000	15,000
Non-current hire purchase debt	59	2
Total non-current liabilities	**13,059**	**15,002**
Current liabilities		
Intra-group liabilities		
Trade payables	13	2
Other liabilities	49,248	38,503
Liabilities to others		
Trade payables	330	171
Hire purchase debt	39	19
Loans from financial institutions	2,000	2,000
Commercial papers	4,000	9,000
Accrued expenses	901	412
Other liabilities	193	217
Total current liabilities	**56,724**	**50,325**
Material items included in accrued expenses		
External		
Accruals related to employee benefit expenses	281	260
Accruals related to interest expenses	14	6
Tax accruals	553	131
Other accruals	54	15
	901	**412**

CONSTI PLC FINANCIAL STATEMENTS

14. Commitments EUR 1,000

	2022	2021
Rental liabilities		
To be paid during the on-going financial year	875	815
To be paid in later years	2 080	2 736
Total	**2 955**	**3 551**
Other liabilities		
Account limit, amount in use	0	0
Account limit, unused amount	5 000	5 000
Total	**5 000**	**5 000**
Guarantees		
Rental deposits	325	325
On behalf of intra-group companies	46 195	45 932

15. Remuneration of the management

Remuneration principles

Consti's compensation principles aim at rewarding good performance, increasing personnel motivation and committing management and staff to the company's goals. The CEO and other managers are compensated with a fixed monthly salary, in addition to which they belong to a performance based incentive plan together with other permanently employed white-collar workers. Consti Plc's Board decided during the financial year 2016 on establishing a new, share-based incentive plan for the Group's key people covering the earning periods 2016 and 2017. Decisions to continue the share-based incentive plan to cover earnings periods 2018–2022 have been made thereafter annually. The aim of the plan is to merge the objectives of the shareholders and key people in order to increase the value of the Company in the long-term, to engage key people to the Company, and to offer them a competitive reward plan based on earning of the Company's shares.

The Board of Directors

Consti Plc's Annual General Meeting (AGM) decides the Board's rewards and expense compensations annually. The Nomination and Compensation Committee prepares a suggestion to the AGM of the Board's composition and compensations. The Committee prepares the Group's remuneration principles and short and long-term incentive programmes and monitors their execution and efficiency.

On 5 April 2022 the AGM decided 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 42,000 and members of the Board of Directors are each paid EUR 30,000. It was also resolved that a EUR 500 fee per member per meeting is paid for Board meetings. It was resolved that the travel expenses of the members of the Board of Directors arising from participation in the Board meetings are compensated according to invoice. Committee work is not separately compensated.

Remuneration proposal for 2023

The Board of Directors proposes, upon the proposal by the Nomination Committee, that the annual remuneration of the Board Members elected for the term of office lasting until the Annual General Meeting of 2024 is paid as follows:

Chairman of the Board EUR 4,000/month (EUR 48,000/year)
Member of the Board EUR 3,000/month (EUR 36,000/year)

In addition, the Nomination Committee proposes that a EUR 500 fee per member per meeting is paid for Board meetings.

Board of Directors remuneration in 2022

EUR	Compensation 2022	Compensation 2021
Petri Rignell *	43,000	30,000
Erkki Norvio *	34,000	30,000
Pekka Salokangas *	34,000	30,000
Anne Westersund	34,000	30,000
Johan Westermarck	34,000	30,000
Juhani Pitkäkoski *1)	26,000	-
Tapio Hakakari *2)	10,000	42,000

1) Juhani Pitkäkoski has been a member of the Board of Directors since 5 April 2022
2) Tapio Hakakari has been a member and chairman of the Board of Directors until 5 April 2022
* Member of the Nomination and Compensation Committee, according to the decision made by the AGM, committee work is not separately compensated. Tapio Hakakari has been a member of the Nomination and Compensation Committee until 5 April 2022. Juhani Pitkäkoski has been a member of the Nomination and Compensation Committee since 5 April 2022.

Short-term rewards - bonus scheme

The basis of compensation in Consti Plc is a fixed monthly salary, in addition to which Group management belongs to a performance based incentive plan together with majority of other permanently employed white-collar workers.The Group has a bonus scheme defined by the Board of Directors which aims at supporting the company's strategy and reward for its realisation and simultaneously provides the personnel with a competitive remuneration system. The bonus scheme's principles, terms, earning criteria, upper and lower limits of the result targets, as well as individuals belonging to the bonus scheme are determined annually by the Board of Directors.

Long-term rewards

Consti Plc's Board decided on 10 November 2016 to establish a new, share-based incentive plan for the Group's key people. The aim of the new plan is to merge the objectives of the shareholders and key people in order to increase the value of the Company in the long-term, to engage key people to the Company, and to offer them a competitive reward plan based on earning of the Company's shares.

The plan offers the key people included in the plan the opportunity to earn Company shares as bonuses by altering half or all of their performance based bonuses for 2016 and 2017 into shares. The performance based bonuses altered into shares will be multiplied with a bonus factor determined by the Board before the bonuses are paid. The plan's possible bonus will be paid to participants after a two-year engagement period during years 2019 and 2020, in part as company shares and in part as cash. The plan will include a maximum of approximately 70 key people including the Management Team. For the earning periods 2016 and 2017, the bonuses paid will amount to a maximum of approximately 289,200 Consti Plc shares at the share price level of the plan's decision time, including also the cash payment, providing that all of the key people included in the plan decide to participate in it and alter their performance based bonuses entirely into shares.

Consti Plc's Board of Directors has annually decided to continue the share-based incentive plan for the Group's key people launched in 2016 to cover the earning periods 2018–2022. More detailed information on earning periods are presented in note 28 of the consolidated financial statements.

The Board of Directors of Consti Plc decided on 17 June 2020 to launch a new key employee stock option plan. There is a weighty financial reason for the Company to issue stock options 2020 since the stock options are intended to form part of the key employee incentive and commitment program of Consti Plc and its subsidiaries. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key employees to the employer. The maximum total number of stock options 2020 issued is 245,000 and they entitle their owners to subscribe for a maximum total of 245,000 new shares in the Company or existing shares held by the Company. The stock options are issued gratuitously. The number of shares subscribed by exercising stock options now issued corresponds to a maximum total of 3 per cent of the shares and votes in the Company, if new shares are issued in the share subscription. The share subscription price for stock options 2020 is 6.65 euros per share, which is the trade volume weighted average quotation of the Consti Plc share on Nasdaq Helsinki Ltd during 1 May–31 May 2020. The share subscription price is deducted by the amount of dividends and/or distribution of assets to be decided before share subscription. The share subscription period for stock options 2020 is 1 July 2023–30 June 2024. The Board of Directors decided on the new stock option plan by virtue of the authorisation given by the Company's Annual General Meeting of Shareholders on 6 April 2020. Stock options 2020 are distributed to approximately 20 Management Team members and other key employees determined by the Board of Directors.

The Board of Directors of Consti Plc decided on 22 June 2022 to launch a new key employee stock option plan. There is a weighty financial reason for the Company to issue stock options 2022 since the stock options are intended to form part of the key employee incentive and commitment program of Consti Plc and its subsidiaries. The purpose of the stock options is to encourage the key employees to work on a long-term basis to increase shareholder value. The purpose of the stock options is also to commit the key employees to the employer. The maximum total number of stock options 2022 issued is 250,000 and they entitle their owners to subscribe for a maximum total of 250,000 new shares in the Company or existing shares held by the Company. The stock options are issued gratuitously. The number of shares subscribed by exercising stock options now issued corresponds to a maximum total of 3,1 per cent of the shares and votes in the Company, if new shares are issued in the share subscription. The share subscription price for stock options 2022 is 9.65 euros per share, which is the trade volume weighted average quotation of the Consti Plc share on Nasdaq Helsinki Ltd during 1 May–31 May 2022. The share subscription price is deducted by the amount of dividends and/or distribution of assets to be decided before share subscription. The share subscription period for stock options 2022 is 1 July 2025–30 June 2026. The Board of Directors decided on the new stock option plan by virtue of the authorisation given by the Company's Annual General Meeting of Shareholders on 5 April 2022. Stock options 2022 are distributed to approximately 26 Management Team members and other key employees determined by the Board of Directors.

CEO remuneration

The company's Board of Directors annually decide the CEO's rewards and compensations. The Nomination and Compensation Committee prepares a suggestion to the Board regarding the CEO and the terms of his/her employment.

The CEO receives a fixed monthly salary and an annual bonus that is tied to the result and the CEO's personal performance according to the scorecard defined by the company. The annual bonus can be no more than 60 percent of the CEO's annual fixed salary income. The CEO's remuneration can be reassessed annually. In 2022 CEO Esa Korkeela was paid a salary of EUR 455 thousand. In addition, the CEO is entitled to a supplementary pension insurance paid by the company.

The CEO's notice period is six months. The severance pay is fixed to equal six month's gross wages prior to the termination of the employment. Additionally, when the company or the CEO terminates the employment, the CEO is entitled to compensation for the time period during which a non-compete obligation is ongoing. This compensation amounts to a maximum of six months' gross wages, with altering salary, provisions and bonuses not considered as part of the wages. Should the CEO's employment end with a termination of the CEO's contract due to a material breach of contract on the company's part, the CEO is entitled to the result-based-bonus of the on-going fiscal year adjusted to the time period that the CEO was employed by the company that fiscal year.

Supplementary pension scheme for the CEO and Management Team

The CEO and part of the Management Team belong to the supplementary pension scheme for senior management. The supplementary pension is contribution-based, so the company is not liable for additional payments after the paid pension fee. Should the employment of an individual in the supplementary pension scheme end before the contractual retirement age; the individual is entitled to security that amounts to the pension savings accumulated thus far.

Management team

The Board of Directors decide on the compensation of the Management Team. The Management Team Members receive a monthly fixed salary and a variable annual result-based-bonus according to the corporate incentive scheme and each member's personal scorecard. The terms of remuneration of the Management Team can be adjusted annually. When necessary, the Committee shall prepare proposals regarding the appointment and compensation of other executives prior to Board meetings.

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

Distributable funds of the parent company Consti Plc on 31 December 2022 are (EUR):

Retained earnings	25,968,693.53
Profit/loss for the period	5,922,337.47
Total retained earnings	31,891,031.00
Reserve for invested non-restricted equity	28,582,468.51
Total distributable funds	60,473,499.51

The Board of Directors proposes to the Annual General Meeting that the distributable funds shall be used as follows:

EUR 0.60 per share shall be paid as dividend to the shareholders of the company using retained earnings. i.e.*	4,607,716.80
To be left in distributable funds	55,865,782.71

The proposed dividend represents 54% of the Group's profit of the year.

* Total distributable dividend has been calculated based on 31 December 2022 status, the amount of own shares has been described in Note 22. Equity

After the balance sheet date there have not been any material changes in the financial position of the company. Company's liquidity is on good level and according to the Board of Directors the proposed dividend payment does not jeopardise the liquidity of the company.

SIGNATURES TO THE FINANCIAL STATEMENTS AND BOARD OF DIRECTORS' REPORT

Helsinki, 2 February 2023

Rignell Petri
Chairman of the Board of Directors

Norvio Erkki
Member of the Board of Directors

Juhani Pitkäkoski
Member of the Board of Directors

Salokangas Pekka
Member of the Board of Directors

Westermarck Johan
Member of the Board of Directors

Westersund Anne
Member of the Board of Directors

Korkeela Esa
CEO

Auditor's note

An auditor's report has been issued today.

Helsinki, 2 February 2023

Ernst & Young Oy
Authorised Public Accountants

Halonen Toni
APA

AUDITOR'S REPORT (TRANSLATION OF THE FINNISH ORIGINAL)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Consti Plc (business identity code 2203605-5) for the year ended 31 December 2022. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

In our opinion

- the consolidated financial statements give a true and fair view of the group's financial position as well as its financial performance and its cash flows in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.
- the financial statements give a true and fair view of the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

Our opinion is consistent with the additional report submitted to the Board of Directors.

Basis for Opinion

We conducted our audit in accordance with good auditing practice in Finland. Our responsibilities under good auditing practice are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the parent company and of the group companies in accordance with the ethical requirements that are applicable in Finland and are relevant to our audit, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In our best knowledge and understanding, the non-audit services that we have provided to the parent company and group companies are in compliance with laws and regulations applicable in Finland regarding these services, and we have not provided any prohibited non-audit services referred to in Article 5(1) of regulation (EU) 537/2014. Non-audit services to the parent company or the subsidiaries are disclosed in the note 8 of the consolidated financial statements and note 4 of the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

We have also addressed the risk of management override of internal controls. This includes consideration of whether there was evidence of management bias that represented a risk of material misstatement due to fraud.

Key Audit Matter

Revenue recognition of project deliveries.
Refer to Note 1. Accounting principles and the note 4. Revenue from contracts with customers

The Group delivers renovation and construction projects ("projects") to its customers. Such contracts are recognised as revenue according to their stage of completion as described in the financial statements accounting principles.

The recognition of revenue and of project deliveries require management's judgment regarding estimates of the costs accrued by the end of the reporting period in relation to the estimated overall costs of a contract. In addition, the management must make estimates of the costs needed to complete the contract and related contract changes. In year 2022, approximately 93 % of the net sales of 305 million euro were recognized under the stage of completion method. We identified revenue recognition of project deliveries as a significant risk as revenue recognition contains significant management judgment.

This matter was determined to be a key audit matter and a significant risk of material misstatement referred to in EU Regulation No 537/2014, point (c) of Article 10(2).

How our audit addressed the Key Audit Matter

Our audit procedures to address the significant risk of material misstatement associated with the project deliveries included:

- Assessing of the Group's accounting policies over revenue recognition of project deliveries.
- Examination of the project documentation such as contracts, legal opinions and other written communication.
- Quarterly analytical procedures throughout the accounting period.
- Review of performance, development and current status of projects through
  - comparing the contract to our prior experience with similar projects,
  - reviews of changes in estimated revenues, costs and reserves, and
  - discussions with the different levels of organisation including project responsible, business unit and business management as well as group management.
- Evaluating key elements in management's estimates such as estimates of revenue based on the future costs to complete as well as time required to complete the project.
- In the note 1. Accounting principles the most important assumptions related to revenue recognition have been disclosed. We evaluated the adequacy of these disclosures.

Responsibilities of the Board of Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with good auditing practice

Valuation of goodwill
Refer to Note 1. Accounting principles and Note 16. Goodwill impairment testing

Valuation of goodwill was determined to be a key audit matter because the assessment process is complex and judgmental, it is based on assumptions relating to market or economic conditions, and because of the significance of the goodwill to the financial statements. As of balance sheet date 31 December, 2022, the value of goodwill amounted to 50 million euro representing 40 % of the total assets and 137 % of the total equity. The recoverable amount of a cash generating unit is based on value-in-use calculations. There are a number of assumptions used to determine the value in use, including the revenue growth, the operating margin and the discount rate applied. The outcome of value-in-use calculations if different assumptions were applied and changes in the above-mentioned assumptions may result in an impairment of goodwill.

Our audit procedures included involving our valuation specialists to assist us in evaluating the assumptions and methodologies by comparing the management's assumptions to externally derived data and to our independently calculated industry averages. In particular those relating to

- the forecasted revenue growth,
- the operating margin and
- the weighted average cost of capital used to discount the cash-flows.

We tested the impairment calculations prepared by the management and compared the sum of discounted cash flows to Consti's market capitalization.

In the note 16. goodwill impairment testing the most important assumptions related to testing have been disclosed. We evaluated the adequacy of these accounting principles.

will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with good auditing practice, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the parent company's or the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the parent company's or the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the parent company or the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events so that the financial statements give a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Reporting Requirements

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 18 June, 2008, and our appointment represents a total period of uninterrupted engagement of 15 years. Consti Plc became a Public Interest Entity on 11 December, 2015.

OTHER INFORMATION

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the report of the Board of Directors and the information included in the Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained the report of the Board of Directors prior to the date of this auditor's report, and the Annual Report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. With respect to report of the Board of Directors, our responsibility also includes considering whether the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

In our opinion, the information in the report of the Board of Directors is consistent with the information in the financial statements and the report of the Board of Directors has been prepared in accordance with the applicable laws and regulations.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Helsinki 2 February 2023

Ernst & Young Oy
Authorized Public Accountant Firm

Toni Halonen
Authorized Public Accountant

CORPORATE GOVERNANCE

Consti Plc (Consti) is registered in Finland and it is a publically listed company at Nasdaq Helsinki Ltd Stock Exchange. Consti's governance and management are based on the Finnish Limited Liability Companies Act and Securities Markets Act, the company's Articles of Association and the rules and guidelines of Nasdaq Helsinki Oy. Consti complies with the Finnish Corporate Governance Code (www.cgfinland.fi).

This Corporate Governance review has been given as a separate entity alongside of the Financial Statements, Report of the Board of Directors and Remuneration Report. The review is available online on the Group's website www.consti.fi > Investors > Corporate Governance.

Consti Plc's Board has assessed the review in its meeting 2 February 2023, and the company's auditor has confirmed that the reviews general description on internal control and risk management is in line with the financial statement.

1 BOARD OF DIRECTORS

The Board's responsibilities

The Board of Directors confirms Consti's strategy and monitors its implementation. In accordance with the Companies Act and Consti's Articles of Association the Board of Directors attends to Consti's administration and organisation of its operations and represents the company. Consti's Board of Directors has established written Rules of Procedure, in which its central responsibilities and principles of operation are defined.

Consti's Board of Directors has three to nine members. The Board elects a Chairman and a Deputy Chairman from among its members. The Board assesses the independence of its members. The Nomination and Compensation Committee, annually set by the Board of Directors, makes a proposal of the composition of the Board of Directors to the GM.

The Board of Directors

- defines the Company's dividend policy
- decides on donations within the framework of the Finnish Companies Act
- defines the operating principles for the risk management system and internal control
- considers and approves interim reports, the report of the Board of Directors and the annual financial statements
- confirms its own Rules of Procedure
- confirms the Company's operating principles and monitors how they are carried out
- approves the Company's strategy and monitors how it is carried out
- approves annually a business plan and budget based on the strategy and monitors how they are carried out
- sets personal goals for the CEO annually and assesses how they are achieved as well as approves the targets for the members of the Management Team and assesses how those are achieved
- confirms the Group's organisational structure
- appoints and discharges from their duties the CEO and the members of the Management Team and decides on their terms of employment and incentive schemes
- prepares draft resolutions as necessary for the General Meeting of Shareholders concerning remuneration schemes for management and personnel
- monitors succession issues of the management
- considers other matters that the Chairman of the Board or CEO has submitted on the agenda. Members of the Board are also entitled to bring matters before the Board by informing the Chairman of this.

Composition of the Board

Consti Plc's Board of Directors is chosen by the Annual General Meeting (AGM) for a set time period lasting until the next AGM. The Nomination and Compensation Committee makes a proposal of the composition of the Board of Directors to the GM. The Nomination and Compensation committee also deals with the company's diversity principles.

Requirements set by operations as well as the company's development stage are taken into consideration when electing the Board of Directors. As stated in the Corporate Governance Code, Board members must have required competence for the position and sufficient time to take care of Board responsibilities. The number of Board Members and the Board's composition must enable efficiently taking care of the Board's responsibilities. As stated in the Code, the Board must have both genders represented.

The diversity of the Board is based on Consti's business strategy and future needs. Diversity criteria include the Members' experience in the company's strategic business areas, the cultures that the company operates in, as well as education, age and gender.

In addition to the corporate governance code, the Nomination and Compensation Committee must take into consideration the company's diversity criteria when identifying and suggesting new members to the Board. The diversity criteria are set to ensure that the Board's competence, background and personal abilities in general meet the company's current and future operational needs.

Board Members 31 December 2022

Consti Plc's Board of Directors on 31 December 2022 comprised of Petri Rignell (Chairman), Erkki Norvio, Pekka Salokangas, Anne Westersund, Johan Westermarck and Juhani Pitkäkoski. All Board members were elected in the Annual General Meeting on 5 April 2022.

The Board of Directors held 11 meetings during 2022, the attending rate of Board Members was 98.5%. The attendance rate per Member was: Petri Rignell 100%, Erkki Norvio 100%, Pekka Salokangas 100%, Anne Westersund 100%, Johan Westermarck 100%, Juhani Pitkäkoski 88.9% and Tapio Hakakari 100%.

CONSTI PLC CORPORATE GOVERNANCE

Board of Director's Committees

The Board has a Nomination and Compensation Committee. The Board annually nominates at least three Committee Members and appoints one of them as Chairman of the Committee, and confirms the Committee's written charters. The Committee meets when necessary, however at a minimum three times a year.

The Committee has no independent decision-making power; it prepares matters to be presented to and decided by the Board. The Committee directly presents the proposal for composition and compensation for the Board of Directors to the Annual General Meeting; prepares a proposal for the CEO and the terms of his/her employment and when necessary also prepares proposals on the appointment and remuneration of other executives prior to the Board of Directors' meeting. The Committee prepares the Group's remuneration principles, short and long-term compensation schemes and monitors their efficiency and realisation. The Committee also prepares the company's diversity policy.

In 2022, the Committee consisted of Erkki Norvio (Chairman), Petri Rignell, Pekka Salokangas and Juhani Pitkäkoski and it had four meetings. All Members attended the meetings.

The Board has stipulated that the Group's scope of operations does not necessitate the creation of a separate Audit Committee, and the Board will take care of its responsibilities. In this capacity, the Board meets the external auditor at least once a year without the members of the management employed by the Company. In the capacity of the Audit Committee, the Board's responsibilities include reviewing the Company's financial statements, half-year financial report and interim reports, monitoring the internal control system, and seeing to internal and external audits.

2 CEO

The Board appoints Consti's CEO and determines the related terms of employment. The employment terms of the CEO are defined in a written employment contract. The CEO is responsible for ensuring that the targets, plans, guidelines and goals set by the Board are carried out within the Company. According to the Finnish Companies Act, the CEO ensures that the accounting practices of the company comply with the law and that financial matters are handled in a reliable manner. The Board assesses the CEO's work and monitors the CEO's development in achieving set targets.

In 2022, Consti's CEO was Esa Korkeela. Esa Korkeela was born in 1972 and has a Master of Science (Econ.) and MBA degrees. He has worked for the company since 2009 as the Group's CFO and as interim CEO during 9–12/2017. At the end of the fiscal period, according to the register maintained by Euroclear Oy, the CEO owned 450,058 Consti Plc shares, which amounts to 5.73 percent of the company's shares and votes.

3 MANAGEMENT TEAM

Supporting the CEO in his/her duties, the Management Team is responsible for business development and the Company's operational activities in accordance with targets set by the Board of Directors and the CEO. The Management Team also defines operative principles and procedures in accordance with guidelines set by the Board. The Management Team convenes every month and whenever necessary and concentrates on the strategic issues of the Group and the business areas. On the agenda there are regular reports and questions concerning the development of the financials, governance, corporate responsibility and development projects. The CEO acts as Chairman of the Management Team.

4 EXTERNAL AUDIT

The statutory external audit for the financial period includes auditing of accounting records, financial statements and administration. The Annual General Meeting on 5 April 2022 chose Ernst & Young as auditor with APA Toni Halonen as principal auditor. In 2022, audit costs amounted to EUR 205 thousand. In addition, the auditor received compensation for other services amounting to EUR 8 thousand.

Ernst & Young Oy has acted as Consti's auditor since 2008. APA Toni Halonen has acted as principal auditor since 2020.

5 INTERNAL CONTROLS OF THE FINANCIAL REPORTING PROCESS

Consti compiles its financial reporting in accordance with the International Financial Reporting Standards (IFRS), the Securities Markets Act, the Finnish Accounting Act and the Finnish Accounting Board's guidelines and statements, while complying with the standards of the Financial Supervisory Authority (FIN-FSA) and the rules of Nasdaq Helsinki Ltd. The internal control and risk management principles, guidelines, practices and responsibilities pertaining to the company's financial reporting process, have been designed to ensure that the financial reports disclosed by Consti are reliable and meet the requirements of the law, regulations and company principles.

Instructions regarding the publication of financial information and external communications are included in Consti's Disclosure Policy approved by the Board of Directors. Its main principles are available on the company website at (www.consti.fi > Investors > Corporate Governance). Investor Relations together with Corporate Communications are responsible for ensuring the accuracy of and compliance with the policy.

Risk management

The central principle of Consti's risk management is continuous, systematic and pre-emptive action to identify risks, define the level of risk the company accepts, evaluate and handle risks and, in the event of risk realisation, see to their effective management and administration so that the company will meet its strategic and financial goals. Risk management is a part of the company's management, monitoring and reporting systems. Risk management includes risk identification, evaluation and risk contingency planning.

Consti's strategic and operative goals are used as a basis for identifying risks. Risk analysis and evaluations are conducted as self-assessments. The probability of a risk materialising and the impact this would have is evaluated on a scale of 1–3 as defined in the company's risk principles.

Consti's Board of Directors duty is to confirm the company's risk management principles and evaluate the adequacy and appropriateness of risk management. The CEO is responsible for the company's risk management and its organisation, allocating resources for the work and reviewing the risk management principles. The Group's Management Team is responsible for the actualisation of risk management, operative risk monitoring and risk related actions.

Financial and operational risks, as well as actions taken, are regularly reported to the Management Team. Strategic risks are handled annually together with the strategy. Risk reports are assessed by the Board, the Management Team and in the business areas' own management teams.

Central risks and risk management actions are reported yearly in the annual report and in interim reports.

Internal control

Internal control aims at protecting the company and its business areas' resources from wrongful use; it makes sure all business transactions are authorised in the necessary manner, supports IT system management and ensures the reliability of financial reporting. In Consti, internal control is foremost the responsibility of line management, which is supported by the Group's support functions. A third level of internal control is made up of internal and external audit, which confirm that the first two levels of control function efficiently.

Internal audit

Consti does not have a separate corporate audit function, as internal control responsibilities have been divided inside the corporation between different functions and areas. The Board may use external experts for assessments regarding the control environment or separate operational evaluations. Consti's external auditor's audit plan takes into consideration that the company does not have a separate corporate audit function.

The CEO creates the foundation for internal control by leading and guiding top management and ensuring that the company's bookkeeping practice follow legislation and financial administration is managed reliably.

The Management Team is responsible for making sure that the organisation's different units have detailed internal control guidelines and procedures. The financial administration staff have an especially important role, as its control actions span all of the company's operational and other units.

The Group's financial administration helps units create appropriate control procedures. It also guides the company's risk management process and reports on its execution to management and monitors the internal control procedures' efficiency and effectiveness in practise.

The business areas' management sees that all of the units and employees that are their responsibility follow the appropriate laws, regulation and internal guidelines.

Financial reporting process

Internal control efficiency regarding financial reporting is overseen by the Board of Directors, and also the CEO and Group and business area Management Teams. Internal control measures, such as reconciliations, logic analyses and comparative analyses are conducted on an organisational level. The purpose of these control measures is to detect, prevent and correct any errors and deviations in financial follow-up.

Consti's financial reporting is based on monthly performance monitoring in a centralised reporting system. Financial reports are handled first at the reporting unit level, then in the Management Teams of the business area and finally in the Group's Management Team. The Board of Directors also receives a monthly report on financial figures. Controllers report any deviations from the plans to the Management Teams, analyse the reasons for such deviations and support the management in decision-making. Monthly reviews also ensure that performance is in line with annual targets and financial forecasts are up to date. Financial administration aims to harmonise the work practises of controllers and ensure guidelines are interpreted consistently throughout the organisation, and also further improve the guidelines.

6 INSIDER MANAGEMENT

Consti complies with EU Regulation on Market Abuse ((EU) 596/2014, "MAR") and 2- and 3-tier regulation supplementing it, the Finnish Securities Markets Act, the insider guidelines of Nasdaq Helsinki Ltd as well as guidance issued by authorities. In addition, the company has internal Insider Guidelines approved by Consti's Board of Directors, which set, to some extent, stricter requirements than the above-mentioned minimum level regulation.

Consti has defined the members of the Board of Directors, the CEO and members of the Group Management Team as persons discharging managerial responsibilities ("persons discharging managerial responsibilities"). Consti publishes the transactions persons discharging managerial responsibilities and their closely associated persons have conducted relating to financial instruments of Consti in accordance with the notifications the company has received and at latest within two business days after receipt of the notification. After the publication, information will also be available on the company's website.

Consti has additionally defined e.g. management team members of Consti's subsidiaries as well as persons dealing with preparation of financial reporting as persons who act in the informative core of the company, i.e. persons who have access to such informative core of the company on the basis of the tasks they deal with ("persons who act in the informative core"). People employed by Consti and people who work for Consti under a contract, and who, due to their duties, have access to insider information associated with Consti, are entered in the company's project-specific insider register, which is established when necessary.

Persons discharging managerial responsibilities or persons who act in the informative core of the company shall not trade or conduct other transactions, on their own account or for the account of a third party, directly or indirectly, relating to Consti's financial instruments during the so-called closed window. The closed window begins 30 days prior to the publication of Consti's interim reports, half-year financial report or financial statement bulletins. The trading prohibition also applies to the day when results are published. Project-specific insiders are prohibited from trading in the company's financial instruments until the project concerned has been cancelled or disclosed.

Consti's CFO is responsible for adherence to insider regulations and for monitoring the duty to declare as well as the maintenance of insider registers.

Photo: Pasi Salminen

CONSTI PLC BOARD OF DIRECTORS

BOARD OF DIRECTORS 31 DECEMBER 2022

Petri Rignell
Chairman
Member of the Nomination
and Compensation Committee

MSc. (tech.), born 1962
Board Member since 2008
Finnish citizen
Independent of the company
and of significant shareholders

Key work experience
Kreate Oy, CEO 2016–2017
IVG Polar Oy, CEO 2010–2013
CapMan Real Estate, Industrial Advisor 2007–2010
Projektikonsultit Oy, CEO 1994–2007
Polar Yhtiöt, Foreman 1989–1994
Lemminkäinen Oy, Project Engineer 1985–1989

Key positions of trust
Nordec Oy, Chairman of the Board since 2021
Sitowise Oy, Member of the Board since 2019
Fimpec Oy, Member of the Board since 2019
Kreate Oy, Chairman of the Board since 2017
Setera Communications Oy, Member
of the Board since 2017
KFS Finland Oy, Member of the Board since 2015
PriRock Oy, Chairman of the Board since 2007

Consti Plc's shares through his holding company
25,100 (31 December 2022)

Erkki Norvio
Board Member
Chairman of the Nomination
and Compensation Committee

MSc. (tech.), M.Sc. (econ.), born 1945
Board Member since 2008 (Chairman 2008–2011)
Finnish citizen
Independent of the company
and of significant shareholders

Key work experience
Ramirent Plc, CEO 1986–2005 and Deputy CEO
1984–1985
Partek Oy, 1972–1984

Key positions of trust
CableCrew Oy, Board Member since 2022
Norvier Oy, Chairman of the Board since 2007

Consti Plc's shares through his holding company
106,463 (31 December 2022)

Pekka Salokangas
Board Member
Member of the Nomination
and Compensation Committee

M.Sc. (econ.) born 1961
Board Member since 2012
Finnish citizen
Independent of the company
and of significant shareholders

Key work experience
Mantec International,
Management Consultant since 2018
Relacom Oy, CEO 2009–2017
Wiltrain Consulting Oy and PlanStone Oy,
Management Consultant 2008–2009
ISS Palvelut Oy, Business Unit Director 1998–2008
Talotek Oy, CEO 1996–1998
Onninen Oy Wholesale International,
Marketing Director 1993–1996
Huber Oy, Development Director 1989–1993

Consti Plc's shares
15,000 (31 December 2022)

Anne Westersund
Board Member

M.A. studies, translator degree, born 1964
Board member since 2019
Finnish citizen
Independent of the company
and significant shareholders

Key work experience
Rokmind Oy, Partner since 2018
WesAnne Oy Ab, CEO since 2017
Cargotec Oyj, SVP Head of Customer Value
Programme 2015–2017, SVP Communications
and Public Affairs 2013–2015,
VP Communications and Marketing 2010–2013
Vattenfall AB, VP Communication Nordic 2005–2010
Vattenfall Oy, Customer Service Director 2002–2005
Silja Line, Marketing Manager 2000–2002

Key positions of trust
Hurrikaanit Group Oy, Board Member since 2022
Rokmind Oy, Chairman of the Board since 2019
Oy Hedengren Ab, Board Member since 2018

Consti Plc's shares through her holding company
2,000 (31 December 2022)

Johan Westermarck
Board Member

Lic.Sc. (Econ.), M.Sc (Tech.), born 1965
Board Member since 2020
Finnish citizen
Independent of the company
and of significant shareholders

Key work experience
Citec Group Oy Ab, CEO, 2017–2022
Maintpartner Group Oy, CEO, 2012–2017
Maintpartner Oy, CEO, 2010–2012
Maintpartner Ab, CEO, 2009–2010
Eltel Group Oy, VP, Business Development, 2007–2008
Eltel Networks GmbH, CEO, 2006–2007
Eltel Group Oy, VP, Business Development, 2004–2006
Elcoteq Oyj, VP, Sales and Marketing, 2001–2004
Ahlstrom Machinery Oy: Regional Director,
Service Business 1997–2001, Manager, Marketing
Development 1995–1997, Project Engineer
1992–1995

Does not own Consti Plc shares
(31 December 2022)

Juhani Pitkäkoski
Board Member
Member of the Nomination and Compensation
Committee

LL.M, born 1958
Board Member since 2022
Finnish citizen
Independent of the company
and significant shareholders

Key work experience
Caverion Corporation, CEO 2013–2014
YIT Corporation, CEO 2008–2013,
in various management positions 1994–2008
Oy Huber Ab, Director of the Factory Service Unit
1991–1994, Attorney at Law 1988–1991

Key positions of trust
Hycamite Oy, Board Member since 2020
Joint-stock property company Uusi Lastensairaala,
Chaiman of the Board since 2021

Does not own Consti Plc shares (31 December 2022)

CONSTI PLC MANAGEMENT TEAM

Photo: Pasi Salminen

MANAGEMENT TEAM 31 DECEMBER 2022

Esa Korkeela
CEO
M.Sc. (econ.), MBA, born 1972

Key work experience
Consti Plc, CEO since 2017
Consti Group Plc, Interim CEO 9–12/2017
Consti Group Plc, CFO 2009–2017
JRH Rakennushuolto Oy, CFO 1995–2009

Key positions of trust
Tiirinkallio Oy, Chairman of the Board since 2018

Consti Plc's shares 450,058 (31 December 2022)

Joni Sorsanen
CFO
M.Sc. (Econ.), born 1983

Key work experience
Consti Plc, CFO since 2018
Caverion Corporation,
Head of Group Project Control 2017–2018
Consti Group Plc, Head of Investor Relations
& Group Controller 2016–2017
Cramo Corporation, various group finance
and development tasks, including
Business Controller 2009–2016
Ernst & Young Oy, Consultant 2007–2008

Consti Plc's shares 14,887 (31 December 2022)

Risto Kivi
Business Area Director Housing Companies
Master Builder, born 1971

Key work experience
Consti, Business Area Director
Housing Companies since 2021
Consti, Business Area Director
Housing Companies and Public Sector 2019–2021
Consti Julkisivut Oy, CEO 2011–2019
Raitayhtiöt Oy, CEO 2009–2011
Raitamiespalvelu Oy, CEO 2008–2009
Raitarakennus Oy, CEO 2007–2009
Raitasaumaus Oy, CEO 1998–2007
Rkm Kivi ja Kalevo Oy, entrepreneur 1993–1998

Key positions of trust
Midpointed Oy, Member of the Board since 2012

Consti Plc's shares 380,473 (31 December 2022)

Heikki Pesu
Business Area Director Building Technology
M.Sc. (tech.), born 1967

Key work experience
Consti, Business Area Director
Building Technology since 2021
Consti Talotekniikka Oy, CEO since 2021
Are Group, CEO 2011–2021
Lemminkäinen Talotekniikka Oy,
Regional Director 2010–2011
Tekmanni Oy & Tekmanni Uusimaa Oy,
in various management positions 1996–2010

Key positions of trust
Viafin Service Oyj, Board Member since 2018
(Chaiman of the Board 2019–2022)

Does not own Consti Plc shares (31 December 2022)

Pirkka Lähteinen
Regional Director Corporations
B.Eng., born 1977

Key work experience
Consti, Regional Director
Corporations since 2019
Consti Korjausurakointi Oy,
Regional Director 2011–2019
Jollaksen Rakennushuolto Oy, CEO 2009–2011
and Project Manager 2000–2009

Key positions of trust
eGate Smart Building Innovation Oy,
Board Member since 2018
Kaskiniemen Sora Oy, Board Member since 1992

Consti Plc's shares 9,692 (31 December 2022)

Turo Turja
HR Director
M.Sc. (econ.), M.Sc. (tech.), born 1967

Key work experience
Consti Plc, HR Director since 2018
SSAB Europe Oy, HR Director 2015–2017
Rautaruukki Oyj, HR Director 2008–2015
Maan Auto Oy, HR Manager 2006–2008
Steveco Oy, HR Manager 2004–2006
Tekniikan Akateemisten Liitto TEK ry, Adviser
1998–2004

Consti Plc's shares 637 (31 December 2022)

Jukka Mäkinen
Business Area Director Corporations
M.Sc. (tech.), born 1960

Key work experience
Consti, Business Area Director
Corporations since 2019
Consti Korjausurakointi Oy, CEO 2013–2019
Devecon Projektinjohtopalvelu Oy, CEO 2013
Hartela Oy, manager 2007–2011
and production manager 2011–2013
ISS Proko Oy, Regional Manager 1999–2007
Projektikonsultit Oy, Project Manager 1997–1999
YIT-Yhtymä Oy, Chief of the Technical office
1995–1997 and worksite/project engineer 1989–1995
Helsinki University of Technology, Lecturer 1998–2014

Consti Plc's shares 10,516 (31 December 2022)

Jukka Kylliö
Business Area Director Public Sector
B.Eng., CPM®, eMBA, born 1967

Key work experience
Consti, Business Area Director
Public Sector since 2021
Skanska Talonrakennus Oy,
Regional Director 2015–2021
NCC Rakennus Oy, Regional Director 2010–2015
Lemminkäinen Plc, Construction Director 1994–2010

Key positions of trust
Rateko, Member of the Executive Board since 2016
Wirkku Palvelut Oy, Chairman of the Board since 2003

Consti Plc's shares 2 720 (31 December 2022)

Heikki Untamala
Chief Legal Officer
LL.M with court training, born 1969

Key work experience
Consti Plc, Chief Legal Officer since 2019
YIT Plc, Head of Legal, Business Premises
and Partnership Properties 2018–2019
Lemminkäinen Talo Oy, Director,
legal services 2013–2018
Lemminkäinen Plc, Corporate Counsel 2010–2013
Krogerus Attorneys, Attorney at Law 2005–2009
Heikki Untamala Attorneys, Attorney at Law,
partner 2000–2005

Consti Plc's shares 402 (31 December 2022)

Photo: Pasi Salminen

The third phase of Pelimannintie started

The third phase of a major renovation is advancing in tenant buildings owned by Helsinki City Housing Company (Heka Oy) in Helsinki's Kannelmäki. The two previous phases were carried out in 2018–2022. The final phase of the renovation project, which began in 2022, includes four apartment buildings completed in 1975. The exterior coating of the buildings' facades will be renewed, and all windows, doors and roofs replaced. New balconies will be added to the buildings, and the building technology will be updated. In addition, extensive renovation will be carried out in all the apartments.

KEY FIGURES AND INFORMATION FOR SHAREHOLDERS

KEY FIGURES

Income statement, 1 Jan to 31 Dec (EUR 1,000)	2022	2021	2020
Net sales	305,217	288,773	274,646
EBITDA	14,927	9,202	11,440
EBITDA margin, %	4.9%	3.2%	4.2%
Adjusted operating result	11,428	9,535	9,478
Adjusted operating result margin, %	3.7%	3.3%	3.5%
Operating result	11,428	5,705	8,237
Operating result margin, %	3.7%	2.0%	3.0%
Profit before taxes (EBT)	10,438	4,583	7,235
as % of net sales	3.4%	1.6%	2.6%
Profit for the year	8,491	3,717	5,675
as % of net sales	2.8%	1.3%	2.1%
Balance sheet (EUR 1,000)			
Balance sheet total	123,294	119,041	128,595
Net interest bearing debt	3,871	14,262	4,737
Equity ratio, %	32.9%	29.8%	32.7%
Gearing, %	10.7%	44.7%	14.1%
Other key figures			
Free cash flow (EUR 1,000)	18,000	5,458	18,334
Cash conversion, %	120.6%	59.3%	160.3%
Order backlog (EUR 1,000)	246,650	218,578	177,857
Order intake (EUR 1,000)	283,696	275,108	214,281
Average number of personnel	971	969	971
Number of personnel at period end	975	961	927
Earnings per share, undiluted (EUR)	1.10	0.47	0.70
Earnings per share, diluted (EUR)	1.06	0.46	0.69
Shareholders' equity per share (EUR)	4.71	4.15	3.97
Number of shares, end of period	7,858,267	7,858,267	7,858,267
Number of outstanding shares, end of period	7,679,528	7,694,406	7,652,123
Average number of outstanding shares	7,704,804	7,679,882	7,668,170

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 (%)	=	$\frac{\text{Equity}}{\text{Total assets - advances received}} \times 100$
Gearing (%)	=	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Equity}} \times 100$
Return on investment, ROI (%)	=	$\frac{\text{Profit/loss before taxes + interest and other financial expenses (rolling 12 month)}}{\text{Total equity + interest-bearing liabilities (average)}} \times 100$
Average number of personnel	=	The average number of personnel at the end of each calendar month during the period
Free cash flow	=	Net cash flow from operating activities before financial and tax items less investments in intangible and tangible assets
Cash conversion (%)	=	$\frac{\text{Free cash flow}}{\text{EBITDA}} \times 100$
Earnings per share	=	$\frac{\text{Profit/loss attributable to equity holders of the parent company - hybrid bond's transaction costs and accrued interests after tax}}{\text{Weighted average number of shares outstanding during the period}}$
Shareholders' equity per share (EUR)	=	$\frac{\text{Equity attributable to owners of the parent company}}{\text{Number of outstanding shares, end of period}}$
Adjusted operating result (EBIT)	=	Operating result (EBIT) before items affecting comparability
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 construction contracts, long-term service agreements and the part which has not been invoiced in ordered invoice based projects
Order intake	=	Orders of construction contracts, long-term service agreements and invoice based projects during the period

RECONCILIATION

between operating result (EBIT) reported in accordance to IFRS and EBIT before items affecting comparability (adjusted EBIT) commented in this financial review

Items affecting comparability (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

Adjusted EBIT before items affecting comparability has been reported in the annual report. The income statement under IFRS has been by the following items affecting comparability:

1 Jan–31 Dec 2022 (EUR 1,000)	IFRS	IAC	Income statement before IAC
Net sales	**305,217**		**305,217**
Other operating income	689		689
Materials and services	-214,216		-214,216
Employee benefit expenses	-62,721		-62,721
Other operating expenses	-14,041		-14,041
EBITDA	**14,927**		**14,927**
Depreciation	-3,499		-3,499
Operating result (EBIT)	**11,428**		**11,428**
Financial income and expenses	-990		-990
Profit/loss before taxes (EBT)	**10,438**		**10,438**
Taxes	-1,947		-1,947
Profit/loss for the period	**8,491**		**8,491**

1 Jan–31 Dec 2021 (EUR 1,000)	IFRS	IAC	Income statement before IAC
Net sales	**288,773**	**-3,077**	**291,851**
Other operating income	430		430
Materials and services	-206,753	-182	-206,571
Employee benefit expenses	-59,767		-59,767
Other operating expenses	-13,482	-570	-12,912
EBITDA	**9,202**	**-3,829**	**13,031**
Depreciation	-3,497		-3,497
Operating result (EBIT)	**5,705**	**-3,829**	**9,535**
Financial income and expenses	-1,122	-114	-1,009
Profit/loss before taxes (EBT)	**4,583**	**-3,943**	**8,526**
Taxes	-866	789	-1,654
Profit/loss for the period	**3,717**	**-3,155**	**6,871**

INFORMATION FOR INVESTORS AND SHAREHOLDERS

Share

Consti Plc's shares are listed on Nasdaq Helsinki. The shares are included in the book-entry securities system maintained by Euroclear Finland Oy. The company has a single series of shares, and each share entitles its holder to one vote at the Annual General Meeting. The company's shares have no nominal value. As at 31 December 2022, the total number of shares totalled 7,858,267 and the share capital amounted to EUR 80,000.

Share information

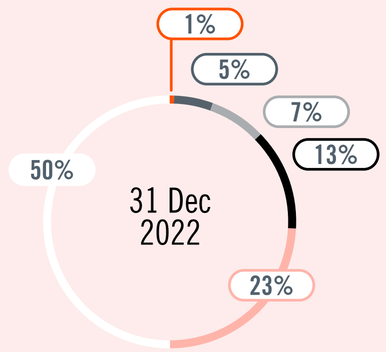
- Listed on Nasdaq OMX Helsinki Ltd
- List: Nordic Small Cap
- Trading code: CONSTI
- ISIN code: FI4000178256
- Sector: Industrials
- Industry: Industrial Goods & Services
- Number of shares 31 Dec 2022: 7,858,267
- Listing date: 11 December 2015

Shareholders

At the end of December 2022, Consti Plc had 2,998 shareholders in the share register. Distribution of shareholders is shown in the table and graphs presented below. At the end of December 2022, non-Finnish shareholders held approximately 15.0% of Consti Plc's shares. Majority of the shares held by non-Finnish shareholders were nominee-registered. Only shares registered in the shareholders' own name entitle their holders to vote at Shareholders' Meetings.

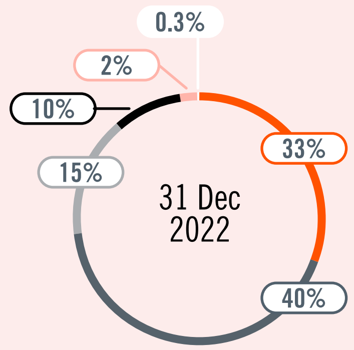
Distribution of shareholding by size range

Number of shares



- 1–100
- 101–1,000
- 1,001–10,000
- 10,001–100,000
- 100,001–500,000
- 500,001–

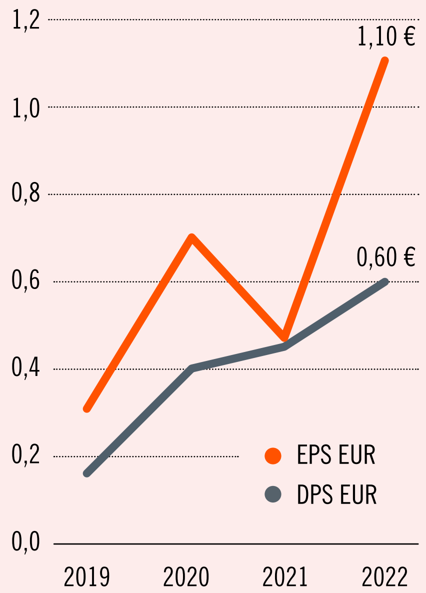
Distribution of shareholding by size range and sector



- Households
- Corporations
- Foreign shareholders
- Financial and insurance institutions
- Public sector organisations
- Non-profit institutions

Share price development and reference index 2019–2022

Earnings/Share, Dividend/Share 2019–2022

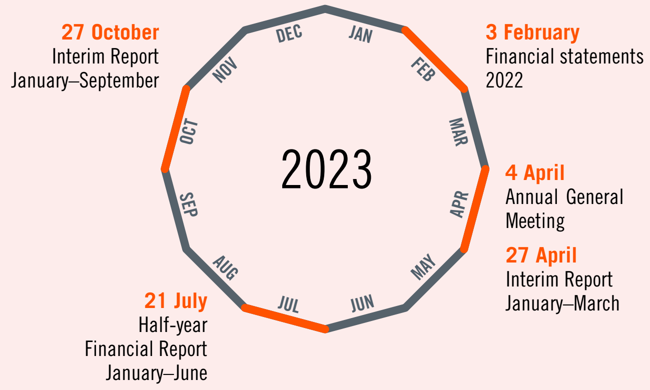


Annual General Meeting

Consti Plc's Annual General Meeting (AGM) will be held on Tuesday 4 April 2023 at 1.00 p.m. at the address: Valimo Park, Valimotie 16, FI-00380 Helsinki.

Shareholders who wish to attend the AGM must be registered on 23 March 2023 in the company's shareholders' register held by Euroclear Finland Oy. Shareholders must also give prior notice of their attendance to the company by 28 March 2023 at 4.00 pm. Such notice can be given:

a) on Consti Plc's website at https://investor.consti.fi/en;
b) by email on agm@innovatics.fi; or
c) by letter addressed to Innovatics Oy, Annual General Meeting / Consti Plc, Ratamestarinkatu 13 A, 00520 Helsinki, Finland.



Dividend payment

The Board proposed to the Annual General Meeting that a dividend of EUR 0.60 be paid for the financial year 2022, representing 55 percent of reported earnings per share.

Financial calendar in 2023

Consti shall publish three interim reports during 2023:

- Interim report 1-3/2023 will be published on 27 April 2023
- Half-year financial report 1-6/2023 will be published on 21 July 2023
- Interim report 1-9/2023 will be published on 27 October 2023

Major shareholders 31 December 2022	Number of shares	%
Lujatalo Oy	790,000	10.05
Heikintorppa Oy	750,000	9.54
Wipunen Varainhallinta Oy	750,000	9.54
Fennia Life Insurance Company	518,525	6.60
Korkeela Esa	450,058	5.73
Kivi Risto	380,473	4.84
Kalevo Markku	301,044	3.83
Varma Mutual Pension Insurance Company	172,000	2.19
Drumbo Oy	150,000	1.91
Consti Oyj	123,739	1.57
Norvier Oy	106,463	1.35
Korkeela Antti	100,515	1.28
Sto-Rahoitus Oy	100,000	1.27
Säästöpankki Pienyhtiöt Fund	78,432	1.00
Holopainen Marko	71,600	0.91
Olefin Ab	60,000	0.76
Hakakari Tapio	55,400	0.70
Eam Consti Holding Oy	55,000	0.70
Herlin Olli	55,000	0.70
Calidris Oy	50,000	0.64
20 largest owners, total	**5,118,249**	**65.13**
Nominee registered	1,178,231	14.99
Others	1,561,787	19.87
Total	**7,858,267**	**100.00**

Interim reports are published at approximately 8.30 a.m. Finnish time. A press conference for analysts, portfolio managers and media will be arranged in connection with the publication of financial reports.

Investor relations

The aim of Consti's investor relations activity is to support the appropriate valuation of the Consti share by providing capital markets with all essential up-to-date information about the company's business, strategy and financial position. In addition, Consti aims to increase interest in the company among equity investors and analysts, improve the loyalty of current shareholders and reach new investors and analysts interested in the company.

Consti observes a 30 days closed period preceding the publication of its results. During this time the company's representatives do not meet with investors or analysts, or comment on the company's financial position. At other times, we are happy to answer the enquiries of analysts and investors by phone or email, or at the investor meetings arranged.

Consti as an investment

Organic growth and strong cash flow

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

Attractive growth market underpinned by structural drivers

- 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

Consti has a clear strategy to continue profitable growth

- Utilising the full potential of customer-oriented organisational structure
- Growing in existing businesses as well as in attractive new construction projects
- Expansion in the value chain
- Improving production efficiency and maintaining steady level of performance in project deliveries
- Complementary acquisitions

Consti is one of the leading renovation and technical services provider in Finland

- 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

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Financial documents can be obtained from:
Consti Plc
Valimotie 16, 00380 Helsinki, Finland
tel: +358 10 288 6000
email: IR(at)consti.fi

Further investor information can be found at www.consti.fi > Investors

CONSTI

FINNISH SERVICE

www.consti.fi