CONSTI

CONSTI PLC
ANNUAL REPORT

2023

Photo: Vesa Voitto Sakari (Vesa Mäkinen)

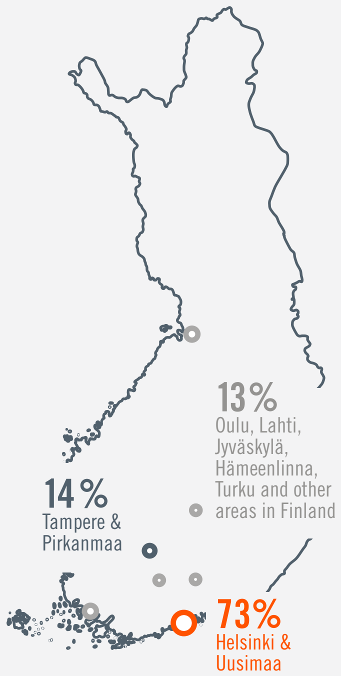
2023

Contents

Cover photo: Kuvatoimisto Kuvio Oy

Photo: Pasi Salminen

LOCATIONS AND NET SALES BY GEOGRAPHICAL AREA



CONSTI IN BRIEF

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

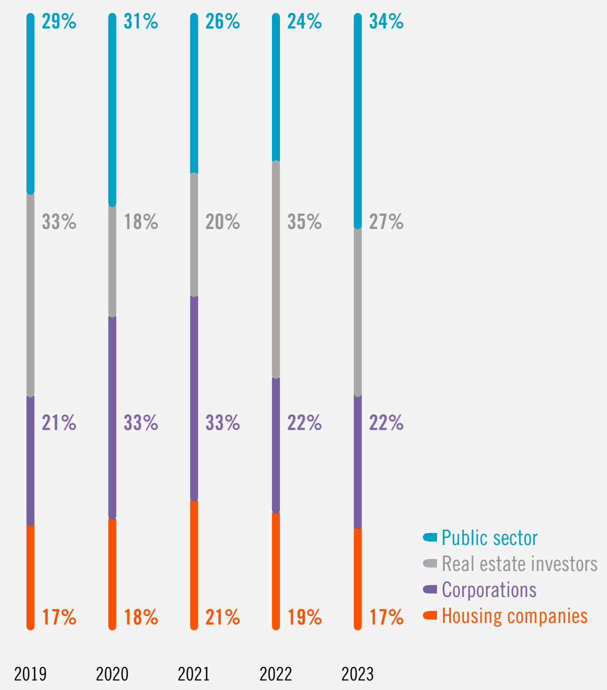
Consti offers comprehensive renovation and building technology services and selected new construction services to housing companies, corporations, investors and the public sector. Our services also include service contracts and maintenance. Our operations concentrate to Finland's growth areas.

Consti has four business areas:

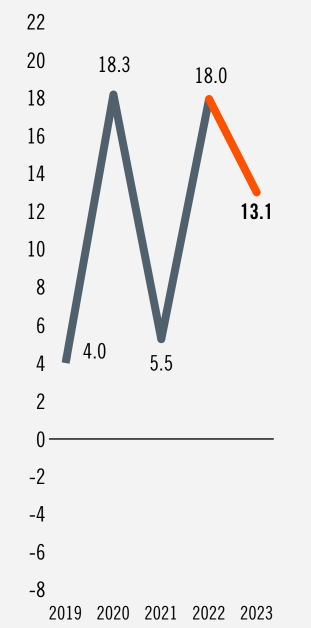
- Housing Companies
- Corporations
- Public Sector
- Building Technology

The group's parent company is Consti Plc. At the end of 2023, the business areas operated in subsidiaries completely owned by the parent company: Consti Korjausrakentaminen Oy, Consti Talotekniikka Oy, RA-Urakointi Oy and Sähkö-Huhta Oy. Business areas are reported in one segment. In addition, Consti reports net sales for each business area.

NET SALES BY CUSTOMER GROUP

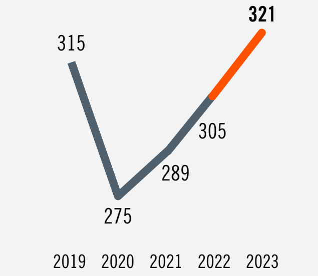


Free cash flow (EUR million)*

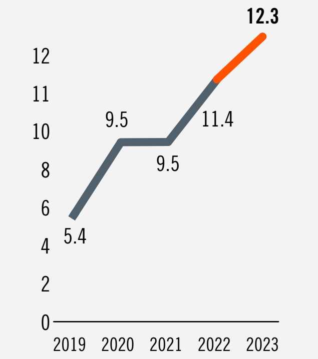


* Net cash flow from operating activities before financial and tax items less investments in intangible and tangible assets

Net sales (EUR million)



Adjusted operating result (EUR million)



KEY FIGURES (EUR 1,000)	2019	2020	2021	2022	2023
Net sales	314.8	274.6	288.8	305.2	320.6
EBITDA	8.1	11.4	9.2	14.9	15.9
EBITDA margin (%)	2.6	4.2	3.2	4.9	5.0
Adjusted operating result	5.4	9.5	9.5	11.4	12.3
Adjusted operating result margin (%)	1.7	3.5	3.3	3.7	3.9
Operating result	4.6	8.2	5.7	11.4	12.3
Operating result margin (%)	1.5	3.0	2.0	3.7	3.9
Profit/loss for the year	2.7	5.7	3.7	8.5	9.0
Earnings per share, undiluted (EUR)	0.30	0.70	0.47	1.10	1.17
Dividend/share (EUR)	0.16	0.40	0.45	0.60	0.70*
Order backlog	185.8	177.9	218.6	246.7	270.0
Order intake	214.8	214.3	275.1	283.7	280.0
Free cash flow	4.0	18.3	5.5	18.0	13.1
Cash conversion, (%)	48.9	160.3	59.3	120.6	82.2
Net interest bearing debt	18.9	4.7	14.3	3.9	-0.9
Equity ratio, (%)	29.8	32.7	29.8	32.9	38.6
Gearing, (%)	64.4	14.1	44.7	10.7	-2.3
Return on investment, ROI (%)	8.9	13.6	9.2	18.3	20.8
Number of persionnel at period end	990	927	961	975	1 008

* Board of Directors proposal to the Annual General Meeting

Net sales
320.6
€ Million

Earnings per share
1.17 €

Personnel
1,008

CONSTI PLC CEO'S REVIEW

Photo: Pasi Salminen

CEO's review

A GOOD FINANCIAL YEAR IN A CHALLENGING MARKET

2023 was another year of solid growth for Consti. We succeeded in growing both our net sales and profit. Our net sales grew 5.0 percent and amounted to approximately EUR 321 million. Our operating result grew to EUR 12.3 million, which is 3.9 percent of our net sales. Measured in euros, our operating profit was the highest in our history.

The year 2023 was the last year of our three-year strategic period. In the prevailing challenging operating environment, reaching the growth goal that we set for this period and improving profitability is an achievement that we are proud of at Consti. We successfully lessened the differences between the performance levels of projects and the performance levels of our geographical areas and expanded into new construction in accordance with the strategy. However, we did not reach the profitability goal set for the period. The goals set for cash flow and balance sheet structure were achieved.

The total market for housebuilding is estimated to have shrunk in the past year by approximately 11 percent from the previous year. Although renovation is considerably less sensitive to economic fluctuations than new construction, the growth of renovation also halted. Tightened competition and weakened demand, especially in the market of private real estate companies, was reflected in the order intake at the end of the year. Inflation and increased financing costs have also caused some housing companies to postpone their renovation projects. Despite this, our order intake during the year amounted to EUR 280 million, which is almost at last year's level.

As a whole, our order backlog grew by 9.5 percent during the financial year, reaching EUR 270 million by the year-end. This marks Consti's largest year-end order backlog to date. The caution seen in the private sector has been offset by ongoing and upcoming extensive school and hospital projects, which commenced both in the past year and are scheduled to begin in 2024. In school projects, we are able to leverage our expertise in both renovation and new construction. In hospital projects, we participate as a building technology partner. In terms of total net sales for 2023, the public sector emerged as the largest customer group when looking at all of our business areas together. In the private sector, shopping centre projects were particularly emphasised in the past year.

We also made progress towards our sustainability targets. As a result of our long-term efforts, the indicators for occupational safety and staff turnover improved significantly. To support our customers' environmental goals, we developed our energy efficiency solutions in particular and reduced the carbon footprint of our own operations.

At the beginning of 2024, in line with our updated strategy, we aim for growth in construction and building technology, meeting the demand created by aging building stock, urbanisation, and climate change. Our goal is to have four equally strong business areas by the end of the strategy period, with a combined turnover of approximately EUR 400 million. In our sustainability efforts, we focus on promoting occupational safety, employee well-being, and mitigating climate change.

Climate change mitigation is at the core of our operations in many ways. For example, improving energy efficiency and building resilience to climate change can be achieved through both construction techniques and building technology. Repairing an existing healthy building is always more environmentally friendly than building a new one of similar size.

According to forecasts, the market for renovation is expected to remain at the same level as in 2023 in the current year. Demand for residential renovation is anticipated to shift towards modest growth. The construction of new residential buildings continues to decrease, but other types of new construction are expected to increase. In addition to the aging building stock, urbanisation, and climate change, the need for renovation is increased by changing space needs, especially in workplaces and the retail sector.

Despite the general economic uncertainty, I see that Consti is well-positioned to continue solid growth and profitable operations in 2024, thanks to our strong order backlog and expertise that meets market needs.

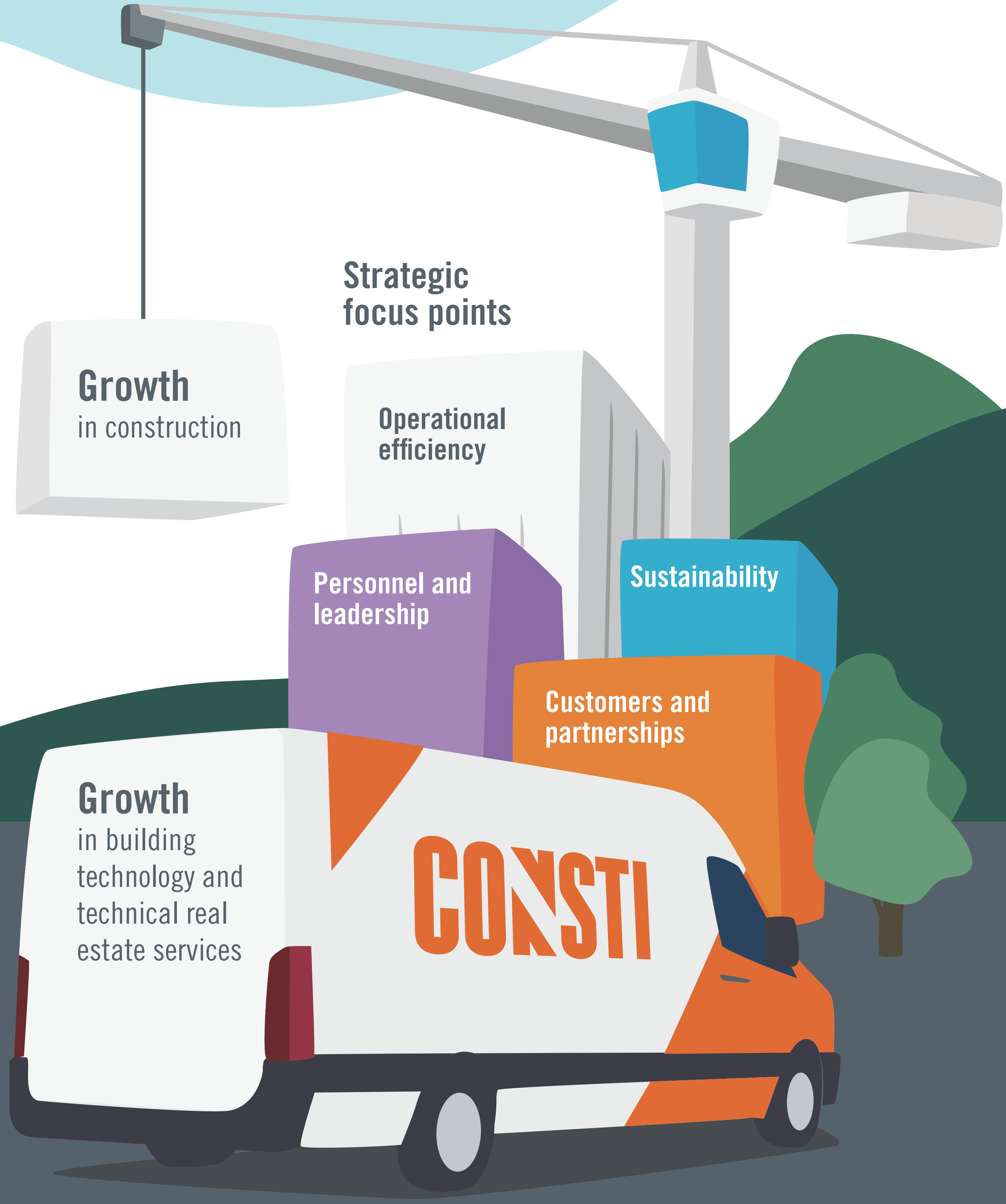
I warmly thank all our customers, partners, and shareholders for their excellent collaboration and all Consti employees for their outstanding work and commitment to achieving our common goals.

Esa Korkeela
CEO

CONSTI PLC BUSINESS STRATEGY

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

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



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

Results for 2023

Growth: 5.0%

Profitability: EBIT-margin 3.9%

Cash flow: Cash conversion ratio* 82.2%

Capital structure: Net debt to adjusted EBITDA ratio -0.43x

Long-term financial goals

Growth: net sales growingfaster than the market

Profitability: EBIT-margin exceeding > 5%

Cash flow: Cash conversion ratio exceeding* > 90%

Capital structure: Net debt to adjusted EBITDA ratio < 2,5x

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

AN EXPERT IN MULTIPLE TYPES OF CONSTRUCTION AND BUILDING TECHNOLOGY

Consti's mission is to improve the value of Finnish buildings and promote climate change mitigation with outstanding expertise in construction and building technology.

Consti has updated its strategy and growth targets for the years 2024–2027. Consti's goal is to grow in construction and building technology by responding to the demand created by the ageing building stock, urbanisation, and climate change. The need for renovation is also increased by changes in spatial needs, such as those in the workplace and retail sector.

Consti seeks faster growth than the market, especially in the public sector and building technology markets. The aim is to have four equally strong business areas by the end of the strategy period, with combined net sales amounting to approximately EUR 400 million. The profitability target remains unchanged, meaning over 5 percent operating profit margin based on the current market outlook.

Both in construction and building technology, growth is based on developing the current business. Consti aims to strengthen and expand its expertise, particularly in facade renovations and processes related to earthworks. Growth opportunities are also identified among industrial clients. In building technology, the goal is to increase contracting, provide continuous technical real estate services, and offer comprehensive energy solutions. Building technology was strengthened at the end of 2023 with the acquisition of Sähkö-Huhta Oy, which operates in the Greater Helsinki area, and correspondingly by divesting the property-related relining business.

The goal remains to leverage Consti's expertise more extensively across the entire construction value chain, from project development to maintenance. Changes in construction legislation and tightening energy efficiency requirements increase the responsibilities of those undertaking construction projects, which is expected to emphasise the role of the main contractor, particularly in project development and design. Consti aims to strengthen its expertise in the design phase of building technology projects as well.

In sustainability development, Consti focuses on enhancing occupational safety, employee well-being, and mitigating climate change. Mitigating climate change is increasingly becoming a starting point for renovation, either through improving energy efficiency or as an alternative to demolishing buildings. Studies show that renovating and improving a building produces a smaller carbon footprint in the long run than replacing an existing building with a new building of similar size.

Alongside energy renovations, Consti is developing its services to even better accommodate requirements brought forth by climate change, for example requirements regarding maintenance and the outer envelope of buildings. Consti's goal is to be a forerunner in sustainability.

Positive developments in 2023

During the strategy period ending in 2023, Consti successfully increased its net sales and profitability. Differences in performance between projects and geographical areas decreased, and all business areas delivered profitable results in 2023.

In accordance with the strategy, expertise in new construction was utilised, for example, in the renovation and new construction project of the Oulunkylä primary school and day-care centre in Helsinki. Significant improvements in energy efficiency were made, notably in the Turku Student Village, and the same objective is being pursued in the ongoing renovation of rental apartment buildings owned by Helsinki City Housing Company in Myllypuro, which commenced in 2023. Another objective of the strategy period was to expand maintenance services, and this goal remains unchanged in the new strategy.

In the development of sustainability, indicators for occupational safety and employee well-being show clear progress: the accident frequency rate improved from 16 to 10, and staff turnover dropped from 16 percent to approximately 11 percent. Monitoring of own energy consumption and recycling of construction site waste were intensified, but the recycling target of 70 percent was not yet reached at all construction sites.

During 2023, Consti prepared for the new EU sustainability reporting requirements by analysing and identifying the essential sustainability impacts of its operations, along with the associated key risks and opportunities. Consti identified Climate change and Resource use and circular economy as essential sustainability factors within environmental aspects. Concerning social sustainability, Own workforce and Workers in the value chain were identified as essential components.

Consti's key sustainability targets for the strategy period 2024–2027 include climate change mitigation, enhancing occupational safety and well-being at work, and developing responsible practices within the industry.

Consti wants to continue to be the customer's reliable number one partner and expert in multiple types of construction and building technology. The basis for this is customer-oriented, efficient, competent, and responsible implementation.

We are growing in both construction and building technology, dedicated to customer-oriented, efficient, skilled, and responsible execution

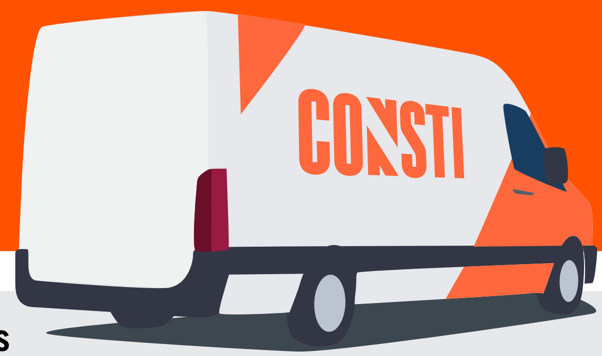
We aim for growth fuelled by the demand created by market trends...

Growth in building technology and technical real estate services

- Profitable development of current business
- Strengthening broad offering of installation and technical real estate services
- Offering comprehensive technical energy efficiency solutions for buildings

Growth in construction

- Profitable development of current business
- Expansion in the construction value chain
- Capitalising on attractive opportunities in new construction
- Strengthening special expertise



Customers and partnerships

- Comprehensive customer understanding
- Subcontractor partnerships
- Consti brand

Operational efficiency

- Procurement development
- Utilisation of digitalisation
- Performance management

Personnel and leadership

- Consti Way
- Development of expertise and leadership
- Group-wide collaboration

...while simultaneously developing our customer focused and sustainable approach, and enhancing construction with an increasingly skilled workforce.

Sustainability

- Climate change mitigation
- Enhancing occupational safety and well-being at work
- Developing responsible practices of the industry

Photo: Consti, Elina Saajanne

CASE

As Oy Eura
Two projects completed by Consti were awarded in the 2023 Facade Renovation Awards. The top spot went to the restoration of the traditional facade of Asunto Oy Eura, built in 1928 in Vallila, Helsinki. Projects completed by Consti have now won the Facade Renovation Award three times in a row, with the competition held every two years.

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), RA-Urakointi Oy and Sähkö-Huhta Oy.

Consti Group's 2023 net sales increased 5.0 percent and were 320.6 (305.2) million euro. Net sales grew in Public Sector and Corporations and but decreased in Housing Companies and in Building Technology. Operating result (EBIT) was 12.3 (11.4) million euro. Operating result from net sales was 3.9 (3.7) percent.

Operating environment

Renovation growth halted

In 2023, the total market for housebuilding is estimated to have contracted by approximately 11 percent compared to the previous year. Although renovation is considerably less sensitive to economic fluctuations than new construction, renovation growth has also halted.

The demand for renovation has been steady in Finland for a long time, and the market value of renovation is almost the same as that of new construction. In 2023, the value of residential building renovation remained on level with the previous year, i.e. around EUR 9 billion. The value of other renovation was still around EUR 6 billion.

Nearly two-thirds of renovation involve residential properties, with over half of them being professional renovation. In residential renovation, there is a notable emphasis on building technology, constituting around 40 percent of the total value of renovation.

The renovation market encompasses not only technical repairs related to building age but also significant building purpose modifications, for example, converting old, underutilised office properties into hotels or apartments, or improving usability by renewing layouts.

Residential building plunged, renovation fell slightly

Housebuilding experienced a significant contraction in 2023. In its December economic outlook, Euroconstruct revised its earlier estimates from summer 2023 significantly downward, stating that new residential construction decreased by 37 percent instead of the initially projected 25 percent. Euroconstruct also adjusted renovation growth estimates, now projecting a decrease of 0.8 percent, compared to the 0.8 percent growth estimated in June.

In its September reporting of market conditions, the Confederation of Finnish Construction Industries RT estimated the market development for renovation to be -4 per cent and that of new housing construction -38 percent in 2023.

The sharp decline in housebuilding is primarily a consequence of the slowdown in residential construction following an exceptionally intense period of housing production. The rise in interest rates has particularly dampened demand for completed homes.

Non-residential new construction decreased by only 2.6 percent according to Euroconstruct. Commercial space construction declined significantly, but construction of, for example, industrial and warehouse spaces, as well as green investments, increased. The demand for warehouse and logistics facilities is driven by e-commerce. Office construction continued to grow strongly in the Helsinki metropolitan area, despite relatively low office occupancy rates. In public construction, school construction has continued to grow steadily, and several new hospital projects are underway. The most significant hospital project nationally was the start of Laakso Joint Hospital.

According to Euroconstruct's estimate, renovation of residential buildings contracted by around 1.3 percent. This decline is attributed to the sharp increase in living expenses, such as property maintenance costs and rising interest rates, which began affecting the demand for residential renovations already in 2022. It has been estimated that in 2023, renovation of non-residential buildings remained almost on level with the previous year. However, renovation decreased in absolute numbers, because according to Statistics Finland, renovation prices rose by 12 per cent in spring 2023.

Approximately one-fifth of all renovation is maintenance and upkeep, with a higher-than-average share in non-residential properties.

Renovation Market Expected to Remain Stable in 2024

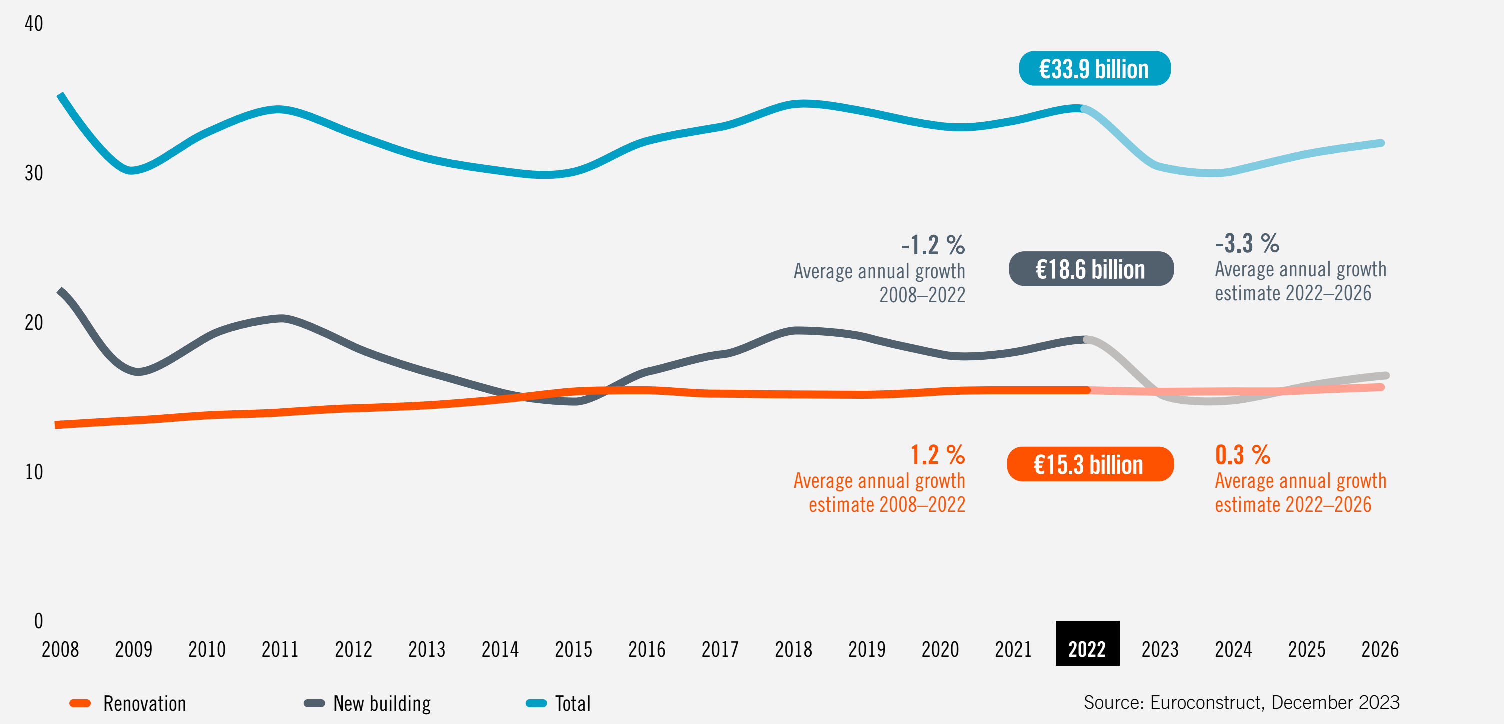
According to Euroconstruct's forecast, the renovation market is expected to remain at the 2023 level in 2024. RT predicts a decline of about one percent in renovation. Euroconstruct anticipates a slight increase in the value of residential renovation, accompanied by a slight decrease in the value of other renovation.

The construction of new residential buildings is expected to decrease by 9–15 per cent in 2024. Non-residential construction is forecasted to grow by 3–7 percent. Residential construction is expected to return to normal levels in 2025–2026.

Both new construction and renovation prospects are hindered by the rise in construction costs and interest rates, with additional cost increases in renovation due to higher property maintenance expenses. Both housing companies and institutional landlords have postponed significant renovations in the past couple of years.

In needs-based renovation, facade repairs and pipeline renovation are the largest projects for residential buildings. The number and value of pipeline renovation have been growing faster than other renovation for a long time, and this growth is expected to continue for a few more years. The growth is sustained by the large number of residential buildings that have reached the age when pipeline renovation are required. For a long time, apartment buildings built in the 1960s had the most building technology renovation. Now, properties built in the 1970s, which have the largest number of dwellings in terms of floor area, and partly properties from the 1980s, which are the most numerous due to e.g., the large number of terraced house construction, have reached renovation age. In addition to addressing technical repair needs, building technology enhancements improve living comfort.

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



Together with pipeline renovation, the increase in heating costs and the green transition contribute to growth in the building technology market. While energy efficiency has so far been primarily addressed alongside other renovation, the rising cost of energy and carbon neutrality goals have increased interest in separate energy renovation.

Besides building technology renovation, many housing companies have a growing need for facade renovation, which have often been neglected due to financial reasons in favour of pipeline renovation. Climate change significantly increases the demand for facade renovation and related maintenance services. The importance of roofs, eaves, cladding, and intact facades grows as winters become wetter, slanting rainfall increases and extreme weather phenomena intensify. The need for facade renovation is also heightened by the large number of residential buildings from the 1970s and 1980s reaching the renovation age.

In addition to renovation related to building technology and environmental goals, the need for renovation in commercial and office premises is increased by changes in space needs.

The need for renovation is sustained by both the aging building stock and global megatrends such as urbanisation, an aging population, changes in working habits and retail, and sustainability goals. Renovation play a crucial role in reducing the carbon footprint of the built environment, as the number of new buildings increases by only about one percent annually.

In Finland, both new construction and renovation are still strongly concentrated in growth centres.

Strategy 2024–2027

Consti's strategy update for the period 2024–2027 was launched in the fourth quarter of 2023. The Group strategy was formed by first drawing up strategies for Consti's four business areas, in which the broad participation of the business areas was central. Finally, the Group strategy was compiled on the basis of finalised business area strategies.

Consti's vision remains to be "Our customer's number one partner and expert in multiple types of construction". Consti's mission is to improve the value of Finnish buildings and promote climate change mitigation with outstanding expertise in construction and building technology. The updated strategy for 2024–2027 is based on achieving growth in construction and building technology by responding to the demand created by the ageing building stock, urbanisation, and climate change.

Consti seeks faster growth than the market in both the construction and building technology markets. By the end of the strategy period, the aim is to have four equally strong business areas with total net sales amounting to approximately EUR 400 million. The profitability target remains unchanged, which means an operating profit margin of five percent based on the current market outlook.

In both construction and building technology, growth is based on the development of current business operations. In the construction business areas, Consti aims to strengthen and expand its special expertise in, for example, groundworks and facade repairs. Growth opportunities are also seen among industrial customers. In building technology, the aim is to increase building technology contracting as well as comprehensive energy solutions. Building technology was strengthened already at the end of 2023 with the acquisition of Sähkö-Huhta Oy, which operates in the Helsinki metropolitan area, and correspondingly by divesting the property-related relining business.

CONSTI PLC BOARD OF DIRECTORS' REPORT

The company's long-term financial goals remain unchanged:

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

The goal is to further utilise Consti's expertise more extensively throughout the construction value chain, from project development to maintenance. Changes in construction legislation and tightening energy efficiency requirements increase the developer's responsibilities, and this is expected to emphasise the role of the main contractor, especially in project development and planning. Consti aims to strengthen its position also in the planning phase of building technology projects.

In developing sustainability, Consti focuses on promoting occupational safety and well-being at work and mitigating climate change. Climate change mitigation is increasingly becoming the starting point for renovation, either through improving energy efficiency or as an alternative to demolition. According to studies, repairing and improving a building produces a smaller carbon footprint in the long term than replacing an existing building with a new building of similar size.

Alongside energy renovations, Consti is developing its services to even better accommodate requirements brought forth by climate change, for example requirements regarding maintenance and the outer envelope of buildings. Consti's goal is to be a forerunner in sustainability.

Consti has defined the focus areas of its strategy, which are:

- Growth in construction
- Growth in building technology and technical real estate services
- Customers and partnerships
- Operational efficiency
- Personnel and leadership
- Sustainability

The company's long-term financial goals remain unchanged:

- 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 2023 net sales were 320.6 (305.2) million euro. Net sales increased 5.0 percent. Housing Companies net sales were 102.4 (104.0), Corporations net sales were 112.2 (104.9), Public Sector net sales were 54.3 (42.1) and Building Technology net sales were 65.7 (69.1) million euro. These figures include Service Business's net sales amounting to 39.4 (41.8) million euro.

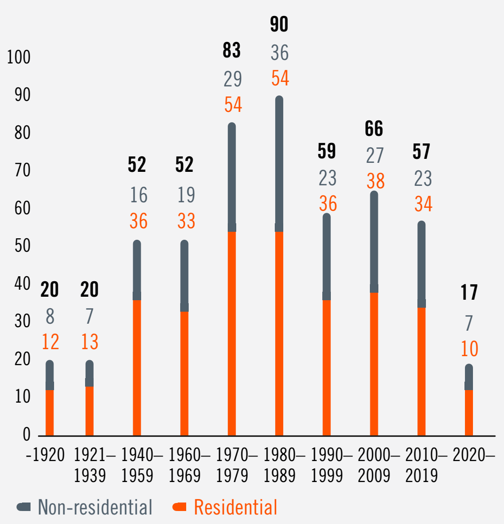
Net sales grew in Public Sector and Corporations business areas but decreased in Housing Companies and Building Technology business area. In Public Sector business area, the net sales were increased by the ongoing school projects. Net sales growth in Corporations business area was supported by the shopping centre projects. Net sales in Housing Companies business area increased in other areas but decreased in Greater Helsinki area. The net sales of Building Technology business area increased in service business but decreased in contracting business.

Consti Group's 2023 operating result (EBIT) was 12.3 (11.4) million euro. Operating result from net sales was 3.9 (3.7) percent. Earnings per share (undiluted) was EUR 1.17 (1.10). Operationally year 2023 advanced as expected and projects largely progressed as planned. A gain recognised on the sale of Consti's property-related relining business in the third quarter amounting approximately EUR 1 million supported the profitability in FY 2023.

During 2023, Consti had approximately 700 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, about one fifth from the Building Technology business area, and about 16 percent from the Public Sector business area.

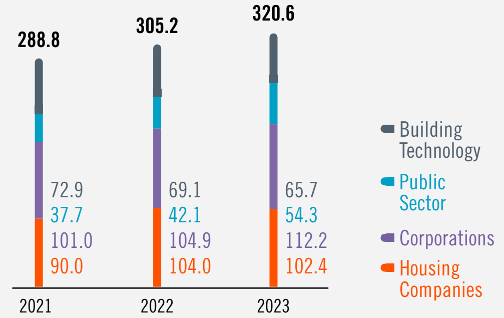
Some of the most significant projects completed in 2023 for corporations and real estate investors included works at Myyrmanni shopping centre for Citycon, with major renovations undertaken for Prisma and Lidl stores, as well as the conversion of offices into apartments at Eerikinkatu 7, completed in the summer for Kojamo. The updating of the public spaces of the Jumbo shopping centre in Vantaa began in summer 2023 and will be completed in autumn 2024. The renovation and modification of Hotel Hobo Helsinki in the centre of Helsinki, to be implemented for Ilmarinen Insurance Company in cooperation with Consti's Building Technology business area, began in spring 2023 and will be completed by summer 2024. The renovation of the Naantali passenger terminal, which started in February 2023, will be completed in January 2024, and the renovation of the Riihimäki swimming hall, which is carried out by the Lahti unit, started in early summer 2023 and is expected to be finished by the end of 2024.

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

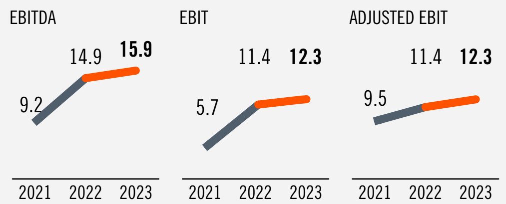


Source: Statistics Finland, May 2023

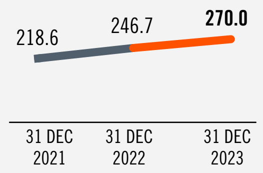
NET SALES (EUR million)



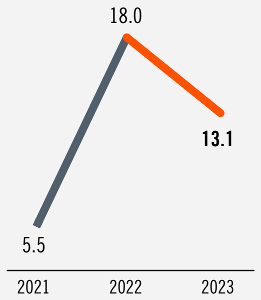
EBITDA, EBIT and adjusted EBIT (EUR million)



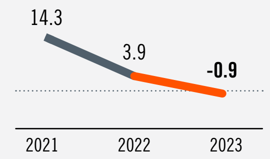
Order backlog (EUR million)



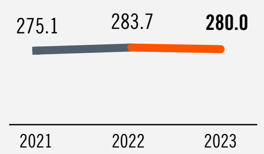
Free cash flow (EUR million)



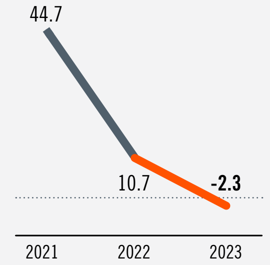
Net interest-bearing debt (EUR million)



Order intake (EUR million)



Gearing (%)



In 2023, significant renovation projects for housing companies included extensive repairs at As Oy Puutarhurintupa in Espoo, facade and microbial repairs at As Oy Esikoisentie 8 in Helsinki, and pipeline renovations at As Oy Itäkumpu in Espoo. Other notable projects included pipeline renovations at As Oy Opettajanraitti in Tampere, window and facade joint replacements at Koy Salomonkatu 7–9 in Helsinki, bathroom renovations at As Oy Vehkalinna in Jyväskylä, and the renovation of the Puolivälikangas water tower in Oulu.

In the past year, projects for the Building Technology business area included initiatives at Tammela Stadium in Tampere, as well as several collaborative projects with other Consti business areas, such as the Hobo Helsinki hotel project for Ilmarinen in the centre of Helsinki, extensive energy efficiency renovations at the Myllypurontie 22 rental apartment building owned by Helsinki City Housing Company (HEKA), and renovation works at Myyrmanni shopping centre. In 2023, the Building Technology business area's technical real estate services expanded regionally to the Turku area, and the range of services offered to properties was broadened to include refrigeration technology maintenance services.

The most significant project completed in 2023 in the Public Sector business area was a new construction project in Helsinki's Ilmalanrinne, where two new office buildings aiming for Gold-level LEED certification were built. In 2023, the Public Sector business area initiated three school projects in Helsinki: the renovation and new construction project of the Oulunkylä primary school and day-care centre, the renovation of Taivallahti comprehensive school, and the renovation and expansion project of Helsingin Uusi yhteiskoulu in Helsinki. The school projects will be completed during 2024–2025, and their implementation will be carried out in close cooperation with Consti's Building Technology business area. The Public Sector business area is also involved with Consti's other business areas in the extensive renovation project of rental apartment buildings owned by HEKA on Myllypurontie, launched in 2023.

In 2024, the Public Sector business area continues its involvement in both ongoing and new school projects, having been entrusted with the renovation project for Pihlajisto primary school in Helsinki. In the early months of 2024, the Building Technology business area initiated the implementation phase of the alliance for the new ward building at Jorvi Hospital in Espoo, with HVAC and sprinkler works primarily scheduled for 2024–2025. Additionally, the alliance for the Building Technology sub-project of Laakso Joint Hospital in Helsinki was launched, with Consti as one of the project's building technology partners responsible for HVAC, sprinkler, automation, and electrical works for the northern part of the main building from 2024 to 2026.

The order backlog at the end of the financial year 2023 grew 9.5 percent compared to the end of the previous financial year and was 270.0 (246.7) million euro.

During 2023, the order intake value 280.0 (283.7) million euro were close to previous year's level with a change of -1.3 percent.

Investments

Investments into tangible and intangible assets in 2023 were 2.0 (1.5) million euro, which is 0.6 (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 2023 were EUR 3.0 (1.3) 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, new warehouse facilities 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.

On August 31, 2023, Consti signed a business transfer agreement, whereby Consti Korjausrakentaminen Oy acquired the building renovation and painting business of Maalausliike Peitso Oy. In the financial year 2022, the revenue of the painting business of Maalausliike Peitso Oy was approximately EUR 0.3 million, and the business had 2 employees. With the transaction, the employees of the building renovation and painting business operations were transferred to Consti. At the closing of the transaction, all assets and liabilities related to the acquired business were transferred to Consti. The purchase price was paid in cash.

On 24 September 2023, Consti signed a business transfer agreement, whereby the Group's property-related relining business was sold to Spolargruppen. The requirements of closing the sale were fulfilled and the transaction was completed on 29 September 2023. In the financial year 2022, the revenue of Consti's property-related relining business was approximately EUR 5.4 million, and the business had approximately 45 employees. With the transaction, the employees of the property-related relining business operations were transferred to Spolargruppen. At the closing of the transaction, all assets and liabilities related to the business being sold were transferred to the buyer. The purchase price was paid in cash.

Consti Plc has agreed to acquire Sähkö-Huhta Oy on 30 November 2023. Sähkö-Huhta Oy, founded in 2005, operates in the Greater Helsinki area and specializes in installation, electrical maintenance, and repair work for both new construction and renovation sector. Sähkö-Huhta Oy had net sales of approximately EUR 5.4 million in 2022. The employees of Sähkö-Huhta Oy, 40 people, transferred to work for Consti. The purchase price was paid in cash and in shares. A total of 20,439 own shares (CONSTI) were transferred related to the purchase of the shares of Sähkö-Huhta Oy to cover part of the purchase price. Consti's strategic goal is to grow in the building technology related maintenance and real estate service business. The acquisition will therefore expand and strengthen Consti's expertise, especially in the production of comprehensive building technology related real estate services.

Cash flow and financial position

The operating cash flow before financing items and taxes in 2023 was EUR 15.1 (19.5) million. Free cash flow was EUR 13.1 (18.0) million. The cash conversion (%) was 82.2 (120.6) percent. The cash flow in 2023 was affected by the improvement in the operating result and by the change in working capital. The cash flow effect of change in working capital in FY 2023 was 0.3 (4.4) million euro.

Consti Group's cash and cash equivalents on 31 December 2023 were EUR 21.0 (20.9) 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 20.1 (24.8) 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 -0.9 (3.9) million euro and the gearing ratio -2.3 (10.7) percent. At the balance sheet date, the Group's interest-bearing net debt to adjusted EBITDA ratio was -0.43x according to the confirmed calculation principles.

The balance sheet total on 31 December 2023 was 121.3 (123.3) million euro. At the end of the reporting period tangible assets in the balance sheet were 8.8 (7.7) million euro. Equity ratio was 38.6 (32.9) 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 2023, Consti issued new commercial papers with maturity of under one year amounting to EUR 2.0 million. During the same period, matured total of EUR 6.0 million earlier issued commercial papers.

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

Research and development work

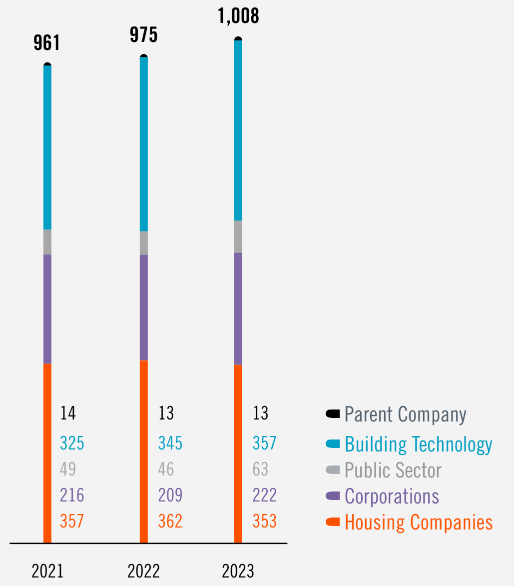
Research and development at Consti comprises the strategic development of new business areas, services, and methods, as well as the continuous improvement of existing business operations.

Efforts in business development continued to focus on enhancing efficiency, including the implementation of Consti Way operational models, strengthening expertise in project development and procurement, and the development of environmentally friendly products and services, along with the development of CSR monitoring methods.

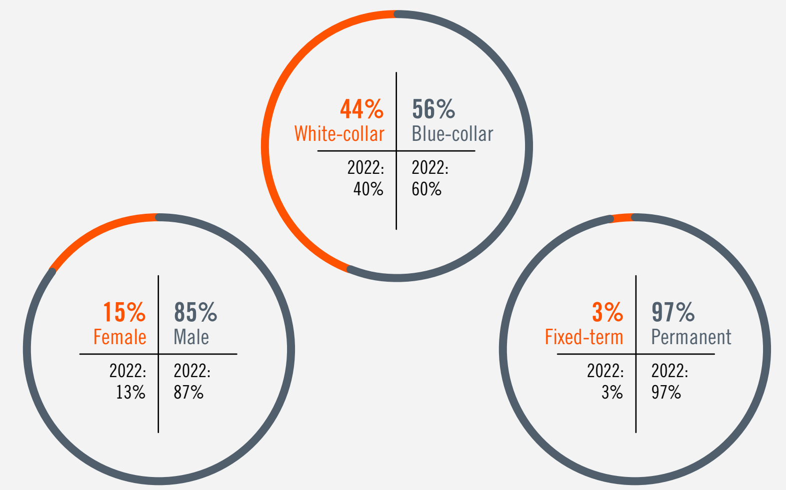
As part of environmentally friendly services, the development of the Consti Optimi building technology system continued. Utilising simulation, Consti Optimi harnesses waste heat, solar heat and power, and geothermal energy for heating and cooling buildings, aiming to achieve up to a 50 percent reduction in overall energy consumption. Additionally, significant reductions in the carbon footprint of building heating, cooling, and ventilation are achieved.

In 2023, a new service called Consti Kevytremontti was developed for housing companies, where Consti not only oversees construction but also manages the planning process. Through close collaboration between design and implementation, the aim is to minimise surprises and achieve cost savings. Additionally, property maintenance services were standardised into the Consti Toimiva building technology solution, offering comprehensive services for property upkeep, annual maintenance, and space modifications with expert support. The Consti Oikea false plinth renovation was developed to address moisture-damaged false plinth structures and resulting indoor air quality issues.

Number of personnel at period end



Personnel distribution at period end



Both Consti Korjausrakentaminen Oy and Consti Talotekniikka Oy were awarded RALA environmental and safety certificates at the beginning of 2023. Consti has previously held the Building Quality RALA quality certificate as well as RALA qualifications. RALA certification is an evaluation procedure for management systems developed for the Finnish construction industry based on ISO systems, which supports the development of operations towards sustainable development.

Consti contributes to the development of the industry through collaborative projects. In these joint initiatives, collaborative models and lean methods remained prominent. Collaborative contracts and alliance models aim to improve the operational culture in construction and manage the risks involved in demanding renovation projects. The collaborative model was utilised in 2023 in extensive hospital projects such as Jorvi and in the development phase of Laakso Joint Hospital's building technology. Consti is also involved in the RAIN3 project led by Construction Finland, which has continued to promote issues related to the green transition and flow, as well as to utilise lean principles with the aim of improving productivity in the construction industry.

Personnel

At the end of 2023 Consti employed a total of 1,008 (975) employees. The average employee count during 2023 was 1,011 (971 during 2022 and 969 during 2021). At the end of the reporting period 353 (362) employees worked in Housing Companies, 222 (209) in Corporations, 63 (46) in Public Sector and 357 (345) in the Building Technology business area. The parent company employed 13 (13) people. Personnel expenses for financial year 2023 amounted to EUR 66.5 (62.7) million.

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 440 (393) white-collar workers and 568 (582) blue-collar workers.

At the end of the year 85 (87) percent of Consti employees were male. 15 (13) percent of the staff were female, which is slightly above the Finnish industry average.

In 2023, the focus was on strengthening the safety culture. A culture of learning from accidents was built by reforming the accident investigation process. Occupational safety and health activities also implemented policies to support safe working, for example by introducing cut protection gloves at all construction sites. Safety management expertise was enhanced, and the culture of reporting safety incidents was promoted throughout the organisation. The result of this activity was visible as a clear improvement in the safety level of operations, as the accident frequency rate decreased from sixteen to ten.

As part of developing staff expertise, Consti is involved in the Jatkot project initiated in 2023. This project aims to train individuals in the workforce to attain the qualification of a certified foreman (Bachelor of Construction Management) in a completely new work-oriented manner at Häme University of Applied Sciences. Consti's involvement in this project is highlighted by the fact that 14 of the 26 students in the pilot group are Consti employees.

Management Team

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

The Annual General Meeting 2023 and Board authorisation

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

The Annual General Meeting resolved that the Board of Directors consists of six members. The current members of the Board of Directors, Erkki Norvio, Petri Rignell, Pekka Salokangas, Anne Westersund, Johan Westermarck and Juhani Pitkäkoski were re-elected 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 48,000 and members of the Board of Directors are each paid EUR 36,000. It was also resolved that a EUR 500 fee per member per meeting is paid for Board meetings. It was resolved that the remuneration for the Auditor shall be paid according to the Auditor's reasonable invoice.

The Board of Directors was authorised to decide on the acquisition of a maximum of 606,000 own shares in one or more tranches by using the unrestricted equity of the Company. The 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 authorized 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 authorization 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 authorizations replace previous authorizations 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 2024.

Corporate Governance and Auditors

Consti Plc's Board of Directors on 31 December 2023 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 4 April 2023, held its organising meeting and elected Petri Rignell as the Chairman of the Board. The Board of Directors appointed Petri Rignell, Erkki Norvio, Pekka Salokangas and Juhani Pitkäkoski 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 2023.

On 31 December 2023, the Board members and CEO owned personally or through a holding company a total of 605,494 Consti Plc's shares, which amounts to 7.67 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 2023 and the remuneration report from 2023 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 2023 was 80,000 euro and the number of shares 7,897,267. Consti Plc held 103,300 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 decided on 2 March 2023 to continue the key employee share-based incentive plan launched in 2016. The plan offers the key employees that belong to the target group of the plan an opportunity to earn the Company's shares as reward by converting half or all of their performance-based bonuses to be earned on the basis of the Company's bonus scheme in 2023 into shares. Before the reward payment, the performance-based bonuses that have been converted into shares will be multiplied by a reward multiplier determined by the Board. The potential reward from the performance period 2023 will be paid to participants partly in shares and partly in cash after a two-year vesting period in 2026. During the performance period 2023, a maximum of approximately 75 key employees will belong to the target group of the plan, including the members of the Management Team. The rewards to be paid for the performance period 2023 will amount up to a maximum total of approximately 240,000 Consti Plc shares at the prevailing share price level, including also the cash portion, providing that all of the key employees that belong to the target group of the plan decide to participate and convert their performance-based bonuses entirely into shares.

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.

Consti announced on 4 September and on 11 December, that between 1 July 2023 and 15 August 2023 and between 16 August 2023 and 20 November 2023, a total of 39,000 Consti Plc new shares has been subscribed for with the company's stock options 2020. The subscription price, a total of EUR 202,800.00, has been recognised in the invested non-restricted equity. The subscribed new shares have been registered with the Trade Register on September 4, 2023, and on December 11, 2023. After the registrations, the total number of shares in the Company is now 7,897,267 shares.

Trade at Nasdaq Helsinki

Consti Plc has been listed in the Helsinki Stock Exchange main list since 15 December 2015. The trade symbol is CONSTI. On the Nordic list Consti Plc is classified a small cap company within the Industrials sector. During 1 January–31 December 2023 Consti Plc's lowest share price was EUR 9.58 (7.80) and the highest EUR 13.35 (12.80). The share's trade volume weighted average price was EUR 10.96 (10.01). At the close of the stock day on the last trading day of the reporting period 29 December 2023 the share value was EUR 11.80 (11.15) and the Company's market value was EUR 93.2 (87.6) million.

Related party transaction

There were no significant related-party transactions during 2023. More detailed information on the related party transactions is presented in note 28 of the consolidated financial statements.

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.

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 -0.43x 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 Finnish buildings and promote climate change mitigation with outstanding expertise in construction and building technology. The goal is to grow in construction and building technology by addressing the demand created by aging building stock, urbanisation, and climate change. Buildings are renovated when their structures or building technology necessitate it. Additionally, renovation projects almost always involve improving the energy efficiency, indoor air quality, and user comfort of the building, including aspects such as accessibility and safety. Many renovation projects also include preserving or even restoring the original appearance and architecture of the building.

In addition to expertise in construction and building technology, Consti also has competence in building purpose modifications, such as converting office spaces into apartments. The need for building purpose modifications is particularly driven by urbanisation, changes in work life and retail, population aging, and sustainability goals.

In Consti's everyday operations, a key focus is on providing a safe, healthy, environmentally friendly, and energy-efficient construction site for both employees and customers alike.

Responsibility and sustainability are integral parts of Consti's business management, overseen by the CEO with the assistance of the management team. The essential sustainability themes for the strategic period are determined by the management team and approved by the board. The management team also defines the sustainability guidelines and actions. The implementation of decisions is the responsibility of the business area directors. The coordination of sustainability efforts is managed by the corporate responsibility steering group.

The essential sustainability themes for Consti's operations for the strategic period 2021–2023 were:

- 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, environmental friendliness means, above all, expertise on the impacts of climate change on properties and supporting customers in achieving their climate goals. Additionally, it means carefully considering environmental matters in our own operations, especially by enhancing energy efficiency and recycling construction site waste.

Consti's environmental programme defines the operating principles by which Consti can influence its own operations, the built environment and climate change in an environmentally sustainable manner. The aim is to reduce the environmental load caused by Consti's operations. Consti's ERP system defines the resources, structures, methods, and processes required for environmental management.

The most substantial environmental risks in Consti's operations stem from potential emissions of environmentally harmful substances, for example, due to mishandling of demolition waste or improper disposal practices. In addition, noise, tremor, and construction dust may be carried into the vicinity during operations.

Reducing harmful environmental impacts on construction sites involves minimising energy consumption and minimising the amount of noise, dust, and waste generated from site traffic, demolition, and construction activities, as well as ensuring careful handling of environmentally harmful substances. Consti has guidelines in place to ensure the minimisation of environmental harm caused by its operations and compliance with environmental regulations. Site-specific environmental plans identify environmental risks, outline plans to prevent harm, and prepare for mitigating adverse effects. Effective communication is also used to reduce adverse impacts.

Both Consti Korjausrakentaminen Oy and Consti Talotekniikka Oy were awarded RALA environmental and safety certificates at the beginning of 2023. RALA certification is an assessment procedure for management systems developed for the Finnish construction industry based on ISO standards, supporting the development of operations towards sustainable practices.

Consti adheres to all relevant laws, regulations, permit conditions, and official directives governing construction activities, including material use, storage, recycling, and disposal, as well as other environmental mandates. International agreements and the EU's energy consumption and greenhouse gas emission reduction targets are also taken into account. Consti is committed to reducing its emissions in accordance with its green transition roadmap.

Expertise on how climate change affects real estate

A significant part of the environmental friendliness of Consti's operations is created via customer projects. Energy efficiency is almost always improved during renovation projects. Public operators and real estate investors, in particular, have increasingly precise requirements for the use of energy, both during renovation and construction and during the use of buildings. The same applies to waste management and recycling.

Climate change mitigation requires, among other things, energy efficiency from buildings in accordance with the EU Energy Efficiency Directive, which can be promoted via building technology and building automation, for example, as well as structural repairs to facades and by improving insulation. Climate change is increasing rainfall and humidity in Finland, and adapting to this requires careful maintenance of facades in particular.

In curbing energy consumption, enhancing the energy efficiency of existing building stock is crucial, as new construction only increases Finland's building stock by 1–2 percent annually. According to research, renovating and improving buildings generates fewer emissions than replacing them with new constructions of equivalent size. By renovating and improving buildings, the generation of emissions can be significantly reduced in the coming decades. (Purkaa vai korjata? Hiilijalanjälkivaikutukset, elinkaarikustannukset ja ohjauskeinot. Publications of the Ministry of the Environment 2021:9)

Alongside energy renovations, Consti is developing its services to better address the demands brought about by climate change. The most significant service concept at present is Consti's simulation-based multi-energy system called Consti Optimi, which utilises waste heat, solar heat and electricity, and geothermal energy for heating and cooling buildings. In 2023, Consti Optimi was in simulation use at a large customer site: when factors affecting energy efficiency were mapped in an office space from the 1990s and the most cost- and energy-efficient renovation was sought with the help of simulation, a 50 percent energy saving was achieved compared to the current state.

During the past year, Consti introduced a new property maintenance service called Consti Toimiva, which includes technical solutions aimed at optimising the energy consumption of properties.

The energy efficiency of Consti's own operations

Consti aims to become carbon neutral by 2035. The goal for 2023 was to have 70 percent of the electricity used in its premises come from renewable sources. In 2023, approximately 30 percent of the electricity was renewable, and around 15 percent was carbon-neutral. The company is gradually transitioning its company cars to electric vehicles and replacing fossil fuels with renewables. Additionally, there's a gradual shift towards using renewable fuels in production vehicles. Services are being developed with a focus on improving energy efficiency. Consti's partners are also required to commit to environmentally sustainable practices.

Consti has set CO_2 emission reduction targets for its own operations, taking into account the fuel consumption of company cars and production vehicles, as well as the electricity consumption of its premises. If consumption data has not been available, the electricity consumption has been estimated. Consti's company car policy supports the acquisition of hybrid and electric vehicles. By the end of 2023, 21 percent of company cars were electric, and 30 percent were hybrid. Emission reduction targets are calculated based on 2020 CO_2 emissions relative to net sales. The strategic goal for the period was to reduce energy consumption and emissions from its own operations by 20 percent from 2020 to 2023. During that time, emissions decreased by approximately 29 percent.

In Consti's own operations, by far the largest part of energy consumption occurs on construction sites. The monitoring and statistical tracking of energy consumption on construction sites were improved in 2023. Guidelines for improving energy efficiency have been developed for construction sites, and they can leverage the group's competitively procured electricity contract, for example, to obtain a certificate of origin for the use of green electricity.

The Energy Efficiency Act requires large companies to conduct an energy audit every four years. Consti's latest report is based on data from 2018, and the next energy audit report must be completed by March 26, 2024.

Waste sorting and recycling

According to the Waste Act, waste must be sorted at its source, which in Consti's case means at construction sites. Consti has two waste management partners for its construction sites. They produce site-specific reports and create transfer documents for the transfer document registry. Consti complies with regulations and guidelines related to construction waste and monitors the development related to their utilisation, for example as a member of Helsinki's circular economy cluster.

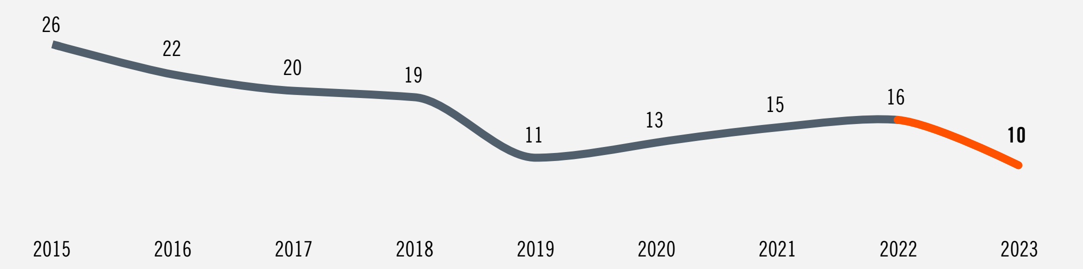
In 2023, the average recycling rate of Consti's worksite waste was 56 (52–57) percent. The statutory target for the recycling rate is 70 percent.

Occupational safety and well-being at work

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

CONSTI PLC BOARD OF DIRECTORS' REPORT

Consti Plc's accident frequency development



At Consti, safety encompasses not only employees but also the users of the facilities being renovated, as spaces are often renovated while still in use.

Continuous improvement of occupational safety

At Consti, group-level safety operations are coordinated by the Safety Group, which includes the Group's HR Director, Occupational Safety Manager, as well as representatives from the business areas' management and occupational safety delegates. The chairmanship of the working group rotates among each business area director in turn.

In recent years, Consti has sought to improve occupational safety by developing proactive safety measures, training, and safety management. The results of this long-term effort began to show in 2023 in terms of the number of accidents and accident frequency. The underlying principle is that improving occupational safety is everyone's responsibility.

As part of its onboarding process, Consti has focused on developing site-specific induction training in recent years. In addition to site-specific and general induction training, Consti also utilises industry-wide eOrientation. The goal is for all of Consti's site permit holders to complete this training. In 2023, 71 (54) percent of site permit holders had completed the eOrientation. Online training is also available for topics such as solitary work.

Safety management emphasises taking occupational safety into account in site planning, which means, for example, comprehensive identification of site-specific hazards and risk assessment. Training also ensures awareness of legislative requirements and emphasises leadership's role in promoting safe practices. As part of safety management development, Consti is involved in the ResData project by the Finnish Institute of Occupational Health, which focuses on safety-related decision-making.

Key themes in occupational safety in 2023 continued to focus on safety when working at heights and using lifting equipment, as well as protection from harmful exposures to health hazards and assessing the adequacy of protective equipment requirements. Particularly in renovation, health hazards include dust, fibres, noise, and tremor. Protection against them is carried out in accordance with the harmful substance, and additional protection from health hazards is ensured by using high-quality, appropriate, and certified tools. Site safety is monitored through weekly maintenance inspections or TR measurements. 15-minute safety briefings address current safety topics on construction sites.

Both Consti's own personnel and other individuals within the construction site's sphere of influence are encouraged to report safety deficiencies. Anyone within the sphere of influence of a Consti construction site can report a safety observation to Consti according to the specific site's guidelines. The goal was that by the end of the strategic period, in 2023, every staff member would make at least one safety observation per year. In 2023, a total of 2,657 (994) safety observations were made, with an average of 2.7 (1.0) observations per Consti employee.

The accident frequency rate, which describes the ratio of accidents to hours worked, is monitored monthly. Consti's accident frequency rate improved positively over the past year and was below the industry average. However, the target set for the strategic period of achieving a frequency rate below five proved to be too ambitious. By the end of the strategic period in 2023, the accident frequency rate was 10. Discussions on accidents will delve into the specific reasons behind accidents to prevent similar incidents from occurring.

According to the Occupational Health Care Act, occupational health services help maintain and promote employees' health, workplace safety, and the functioning of the work community, as well as prevent work-related illnesses and accidents. Consti's occupational health care service agreement defines a medical care level service for the personnel, which is more comprehensive than the statutory basic level. In 2023, it was decided to transition to assessing the need for treatment before scheduling a doctor's appointment. This ensures that individuals are directed to the right treatment path from the outset. The average sickness absence rate in 2023 was 5.2 (7.1). In 2023, no confirmed cases of occupational diseases were reported.

Supporting personnel competence and development

The essence of Consti culture is encapsulated in the Consti Way operational model, and these practices based on Consti's values are made known through orientation, coaching for supervisors, and staff events. In 2023, the alignment of practices and processes related to personnel and leadership continued in accordance with the Consti Way. Consistent practices facilitate the work of supervisors, streamline operations, and ensure conditions for a safe and equal working environment.

To support the competence and development of the personnel, Consti has defined a qualification path to ensure the necessary basic skills for each position. In 2023, efforts to expand the training offerings continued. The main focus has still been on safety and its management.

Thanks to active collaboration with educational institutions, especially apprenticeship training has been utilised more extensively over the past couple of years for both training new recruits and upskilling existing staff. Additionally, in 2023, Consti provided summer or internship positions for approximately 50 students in the field, with the aim of offering permanent employment to top-performing summer employees and interns after graduation.

The most significant new training initiative is active participation in the JATKOT project (a working life-oriented education model for continuous learning in the fields of technology), which began in January 2023. The project aims to develop a work-oriented education model for completing Bachelor of Construction Management and Master of Automation Engineering degrees at universities of applied sciences. Consti has selected 14 staff members for the training, and two mentors have been trained for them. Additionally, several experts from Consti are involved in the project to ensure that the skills and competency requirements meet the industry's needs. The main executor of the project is Häme University of Applied Sciences, and the project will last until the end of 2025.

In order to engage the personnel and encourage excellent work performance, Consti uses a performance-based bonus system for management and white-collar employees. The system has been formed for three different occupational groups: permanent salaried employees, site employees, and work and installation managers and comparable managers with responsibility for results. The incentive scheme is based on both qualitative and financial targets. The plan is complemented by a long-term share-based incentive plan covering 62 (57) key employees at the end of 2023, as well as a stock option plan for key personnel.

Successes are also rewarded on construction sites. The best sites are annually recognised in a competition between sites, with evaluation criteria including quality, safety, customer feedback, adherence to schedules, finances, and environmental considerations.

Equality and respect for human rights

In the construction industry, common human rights risks include forced labour, the use of unauthorised workers, leading to under-the-table payments without social security, child labour, inadequate workplace safety, as well as harassment, racism, and other forms of inappropriate behaviour.

Human rights risks identified by Consti in its own operations include the use of unauthorised labour and inappropriate behaviour. Consti complies with the labour legislation and collective agreements in force in Finland, and employment contracts are made in writing. Consti requires that all of its subcontractors are members of Vastuu Group's Reliable Partner service. With regard to its own foreign employees, Consti has an operating model that ensures matters related to the person's residence, work permit and taxation, and ensures that the necessary notifications are made to the authorities.

Discrimination or inappropriate behaviour is not tolerated at Consti. Equal treatment is part of Consti's ethical guidelines, and the company also has statutory equality and non-discrimination plans. The equality plan is integrated into Consti's personnel strategy. Recruitment of personnel is always based on the required skills for the job. There are also many skilled professionals from abroad who have relocated to Finland among the permanent staff at Consti.

If an employee encounters situations related to equality, human rights, or inappropriate behaviour, they can seek advice from the occupational safety representative, the occupational safety manager, or the shop steward. Inappropriate treatment is not accepted, and there are guidelines in place for both prevention and resolution of identified situations. Reports can also be made anonymously through an electronic reporting channel (known as a whistleblowing channel).

According to the latest employee survey conducted in autumn 2022, Consti employees are more satisfied than average with the fair treatment of personnel. The next employee survey will be conducted in 2024.

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 2023, women accounted for approximately 15 (13) percent of the personnel. On average, the proportion of women in the construction sector in Finland is about 11 percent. During the year, 12 (15) percent of the personnel hired by the Group were women, and the age distribution of the new employees varied between 18 and over 60 years.

Consti's principle is to establish employment contracts for an indefinite period. The aim is to keep the proportion of fixed-term employment contracts below five percent. Excluding trainees, approximately 97% (97%) of the end-of-year staff were employed under permanent contracts.

At Consti, all employment relationships are formalised with a written employment contract. In 2023, Consti employed an average of 1,011 (971) individuals. Of the staff, 56% (60%) were blue-collar workers, and 44% (40%) were white-collar workers. In 2023, 150 (188) new permanent employees were hired.

The turnover rate for permanent staff was 11.2% (16.0%). For the three-year strategic period ending in 2023, the goal was to achieve a turnover rate of less than 12%.

Supply chain

In the construction sector, the fight against the grey economy and compliance with legislation, especially labour legislation, is emphasised in the procurement process. The responsibility of material purchases must also be recognised in procurement and supply chain management. Consti strives to favour responsible suppliers when purchasing materials.

Preventing grey economy

In the construction sector, forms of corruption include receipt sales and bribery in particular. The uniqueness and time sensitivity of construction projects, along with the large sums of money involved, can make financial misconduct tempting. At the same time, the large number of project phases, contracts and subcontractors makes monitoring challenging.

At Consti, corruption, bribery, or any attempt thereof are not tolerated in any form. Anti-bribery and anti-corruption measures are included in Consti's ethical guidelines, which is reviewed for example during orientation. Additionally, all white-collar workers and management undergo training on key business principles. It includes, among other things, the basics of competition law, procurement, and contract law, and it covers the fundamental anti-corruption and anti-bribery measures adopted at Consti.

Consti has a process in place for financial misconduct and other significant violations, where suspicions of improper conduct are reported and evaluated. Staff and partners are encouraged to address any potential issues immediately. In 2023, one attempted bribery incident was uncovered and dealt with according to the established process. Suspicions of misconduct can also be reported anonymously through a whistleblowing channel.

As part of Consti's approach, all significant procurements, deliveries, work performances, and services related to business or individual projects are competitively and transparently tendered. The company has internal guidelines on competition law and its application. Written contracts are always drawn up for procurements. Collaboration with reliable partners committed to excellence and high-quality work is pursued for the long term. Risks associated with the supply chain are managed through regular monitoring meetings. Ambiguities and risks related to the supply chain are addressed through separate approval procedures.

There were no regulatory decisions or legal actions related to breaches of competition laws, cartels, or abuse of dominant position in 2023.

Consti adheres to the Act on the Contractor's Obligations and Liability when Work is Contracted Out and is part of Vastuu Group Oy's Reliable Partner programme. Consti requires that its subcontractors are also members of the Reliable Partner service or that they deliver other equivalent documents in accordance with the aforementioned Act. Consti uses standardised contractual terms which commit the operators in the subcontracting chain to ensuring that they meet their social obligations. The Valtti smart ID card is used for access control at construction sites. The tax numbers of all employees have been submitted to the Finnish Tax Administration's construction industry tax number register. As the main contractor and orderer, Consti provides contract information for each construction site to the Tax Administration.

The methods of the contractor's liability act and access control help combat both the grey economy and human rights violations by preventing the use of workers without work permits. A person who does not have a work permit issued in a member state of the European Union will not be accepted as an employee. In the procurement training held in autumn 2023, for example key obligations related to the contractor's liability act were discussed.

Up to now, Consti has primarily focused on identifying and preventing human rights-related risks within its own construction sites and ensuring the rights and equal treatment of individuals working there. An area for improvement identified is the broader assessment of human rights-related risks throughout the supply chain. To enhance practices, the mapping and description of processes related to human rights have been initiated.

Consti does not seek to influence the activities of political parties and did not provide financial support to political parties in 2023. Influence is exerted through industry interest groups.

Partner collaboration

Committing subcontractors and other partners to Consti's ethical guidelines and quality goals is one of the development areas of partner cooperation. The ethical guidelines are part of Consti's general delivery and contract terms, which are signed by all suppliers and subcontractors. Environmental requirements are included in the contract documents.

Customer satisfaction

Customer understanding

Consti has diverse expertise in different areas of renovation and building technology, including building purpose modifications. Compared to new construction, renovation also requires special expertise in operating in people's homes. Offices and business premises are often at least partly used by the customers during the renovations.

A key factor in customer satisfaction is quality, which consists of the technical quality of the work and the quality of the process. Consti Korjausrakentaminen Oy and Consti Talotekniikka Oy have quality certificates and RALA qualifications granted by the Finnish Construction Quality Association (RALA). Consti's procurement guidelines and supplier agreements oblige to use generally approved, suitable for the site, CE-marked and/or certified products. In 2023, Consti Korjausrakentaminen Oy and Consti Talotekniikka Oy were granted RALA's environmental and safety certificates. Consti Talotekniikka also has a national corporate security certificate, which proves that its operations meet the requirements of the state administration also in classified projects.

Consti has identified the more effective utilisation of the existing customer feedback system as one of the areas for improving customer satisfaction. In 2023, 411 (previously 665) customer surveys were conducted with a response rate of 25% (compared to 36% previously).

Efforts are also being made to improve the quality of construction and the clarification of responsibilities through cooperative implementation methods, in the development and utilisation of which Consti actively participates. The co-operation agreement defines the common objectives, responsibilities and incentives of the actors involved in the project.

Supporting the customer's climate goals

In renovation, the energy efficiency of the premises is emphasised in the customers' environmental goals. Consti improves the energy efficiency of buildings, especially by repairing facades and renewing building technology. In 2023, the Consti Optimi service, developed to improve energy efficiency, was piloted at the customer site, and the Consti Toimiva service model was developed for property maintenance and service.

Information under the EU Taxonomy Regulation

The EU taxonomy is the European Union's taxonomy for environmentally sustainable economic activities. Its aim is to harmonise companies' sustainability reporting and steer investments in sustainable activities. In 2023, reporting in accordance with the EU Taxonomy Regulation will apply to companies, such as listed companies, that are obliged to report non-financial information in accordance with the NFI Directive (Non-Financial Information). Enterprises are required to report the proportion of their net sales, capital expenditure and operating expenses that are included in the taxonomy (taxonomy eligibility) and the extent to which their economic activities are environmentally sustainable in accordance with the requirements of the taxonomy (taxonomy compliance).

The taxonomy includes six environmental objectives: 1) climate change mitigation, 2) climate change adaptation, 3) sustainable use and protection of water and marine resources, 4) transition to a circular economy, 5) pollution prevention and control, and 6) protection and restoration of biodiversity and ecosystems.

In 2023, reporting concerns both classification system eligibility and classification system compliance with respect to climate change, and classification system eligibility with respect to other goals.

For economic activities to align with the taxonomy, they must meet the sector-specific requirements defined within the taxonomy for each environmental objective. Additionally, the European Commission has defined sector-specific assessment criteria to determine whether the economic activity causes significant harm to other environmental objectives. To be taxonomy-aligned, activities must not cause significant harm to other environmental objectives (DNSH principle, Do No Significant Harm). Furthermore, activities must adhere to the ethical labour and human rights principles of the United Nations, OECD, and ILO.

Consti's taxonomy-eligible net sales

Construction and building use have a significant impact on climate change. Consti provides renovation, building technology, and selectively new construction services. Renovation typically improves the energy efficiency of buildings, both through building technology and structurally. Consti estimates that approximately 85.3% (previously 84.0%) of its turnover is eligible for taxonomy classification concerning climate change mitigation. According to Consti's assessment, its operations are not eligible for taxonomy classification concerning other environmental objectives.

Consti's taxonomy-aligned net sales

According to Consti's interpretation, 9.8 (4.4) per cent of its net sales are taxonomy-aligned based on the categories 7.2 Renovation of existing buildings, 7.3 Installation, maintenance, and repair of energy efficiency equipment, and 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulating, and controlling energy performance in buildings.

In projects falling under category 7.2, significant advancement in climate change mitigation requires compliance with requirements applicable to large-scale renovations or alternatively, leading the renovation to reduce primary energy demand by at least 30%. Consti assessed that during the financial year 2023, two major renovation projects met both the significant advancement criteria and the non-significant harm criteria required for category 7.2. Projects that did not meet the significant advancement criteria and the non-significant harm criteria, such as those related to construction waste recycling, were not included in the net sales classified according to the taxonomy.

Category 7.3, which involves the installation, maintenance, and repair of energy efficiency equipment, includes measures such as adding insulation to parts of existing building envelopes, replacing old windows and doors with energy-efficient ones, implementing energy-efficient lighting, and installing, replacing, maintaining, and repairing equipment for air conditioning and water heating systems and fixtures under certain conditions. Consti assessed that its economic activities also meet the non-significant harm criteria defined for category 7.3.

CONSTI PLC BOARD OF DIRECTORS' REPORT

Net sales from products or services associated with taxonomy eligible and aligned economic activities	Code	2023 Absolute Net sales € million	2023 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 Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned portion of Net sales, year N, %	Taxonomy-aligned portion of Net sales, year N-1, %	Category (enabling activity), E	Category (transitional activity), T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
Renovation of existing buildings	7.2	18.0	5.6	100	0	0	0	0	0		Y	Y	Y	Y	N/A	Y	5.6	0.0	E	N/A
Installation, maintenance and repair of energy efficiency equipment	7.3	12.5	3.9	100	0	0	0	0	0		Y	N/A	N/A	Y	N/A	Y	3.9	3.9	E	N/A
Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.8	0.2	100	0	0	0	0	0		Y	N/A	N/A	N/A	N/A	Y	0.2	0.5	E	N/A
Net sales of environmentally sustainable activities (taxonomy-aligned) (A.1)		31.3	9.8	100	0	0	0	0	0		Y	Y	Y	Y	N/A	Y	9.8	4.4	E	N/A
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Construction of new buildings	7.1	23.9	7.5	100	0	0	0	0	0								7.5	11.9		
Renovation of existing buildings	7.2	218.4	68.1	100	0	0	0	0	0								68.1	67.7		
Net sales of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		242.3	75.6	100	0	0	0	0	0								75.6	79.6		
TOTAL (A.1 + A.2)		**273.6**	**85.3**	100	0	0	0	0	0								85.3	84.0		
B. TAXONOMY-NON ELIGIBLE ECONOMIC ACTIVITIES																				
Net sales of Taxonomy-non-eligible activities (B)		**47.0**	**14.7**																	
TOTAL (A+B)		320.6	100.0																	

Category 7.5 involves the installation, maintenance, and repair of instruments and devices used for measuring, regulating, and controlling the energy efficiency of buildings. This includes the installation, maintenance, and repair of room-specific thermostats, smart thermostat systems and sensor devices, building automation and management systems, building energy management systems, lighting control systems, and energy management systems. Consti assessed that its economic activities comply with the requirements in this category and that its economic activities meet the non-significant harm criteria defined for this category.

When assessing compliance with the taxonomy, the classification of activities included in category 7.1, Construction of new buildings, was also investigated. Some of Consti's economic activities relate to the construction of new buildings, but the information required to meet the requirements of the classification system is not yet sufficiently available within the company. Therefore, Consti's activities in the category "Construction of new buildings" are not in line with the classification system.

Consti has evaluated its minimum safeguards in bribery and corruption prevention, tax regulation, fair competition, and human rights. Consti estimates that the company meets the minimum safeguards. These are described earlier in the section "Business responsibility and non-financial information".

The definition of the net sales indicator in the EU taxonomy corresponds to the items presented in the net sales of Consti's consolidated income statement. Consti's net sales mainly consist of projects recognised as income over time. The assessment of the technical criteria for projects recognised as income over time is based on the information available at the balance sheet date. If the estimate changes as the project progresses, the taxonomy status for the project will be updated. In such cases, no retrospective adjustment to previously reported data is made.

Taxonomy-eligible capital expenditure and operational expenditure

According to Consti's estimate, the operating expenses defined in its taxonomy decree totalled approximately EUR 1.1 (1.1) million in the financial year 2023. Therefore, operating expenses are not material for Consti's business model.

Consti's business model has low investment needs as the company's capacity mainly relies on personnel. The Consti Group's investments in intangible and tangible assets for the financial year 2023 amounted to EUR 2.1 million (EUR 1.5 million). These investments primarily include machinery and equipment acquisitions. Investments in right-of-use assets (IFRS 16) were EUR 3.0 million (EUR 1.3 million) and mainly related to the renewal of leasing agreements for production vehicles, new storage facilities, and the treatment of lease agreements for premises and warehouses in accordance with IFRS 16. The investments in intangible and tangible assets resulting from business combinations during the fiscal year 2023 amounted EUR 1.1 million (EUR 0.0 million). Therefore, the total capital expenditures for the financial year, according to the EU taxonomy definition, amounted to EUR 6.2 million (EUR 2.8 million).

According to Consti's assessment, its capital expenditure in 2023 was not in accordance with the EU taxonomy classification system.

Sustainability reporting at Consti

Consti has published a separate corporate social responsibility report on its operations since 2014. Consti's separate Sustainability Report on 2023 operations will be published during the second quarter of 2024.

Consti is obliged to publish a sustainability report in accordance with the Corporate Sustainability Reporting Directive (CSRD) starting from the financial year 2024. Sustainability factors must be reported according to the European Sustainability Reporting Standards (ESRS). The new sustainability reporting model includes five environmental reporting areas based on the EU's environmental taxonomy, of which the company reports the relevant aspects of its operations according to the requirements of the standards. Additionally, social sustainability and good governance reporting areas are included. The environmental reporting areas consist of Climate change, Pollution, Water and marine resources, Biodiversity and ecosystems and, Resource use and circular economy. The social sustainability reporting areas include Own workforce, Workers in the value chain, Affected communities, and Consumers and end-users.

CONSTI PLC BOARD OF DIRECTORS' REPORT

Capital expenditure from products or services associated with taxonomy eligible and aligned economic activities	Code	2023 Absolute CapEx € million	2023 Proportion of CapEx %	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 Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N	Taxonomy-aligned portion of CapEx, year N, %	Taxonomy-aligned portion of CapEx, year N-1, %	Category (enabling activity), E	Category (transitional activity), T
A. TAXONOMY-ELIGIBLE ECONOMIC ACTIVITIES																				
A.1 Environmentally sustainable activities (taxonomy-aligned)																				
-	-	0.0	0.0	0	0	0	0	0	0		Y	N/A	N/A	N/A	N/A	Y	0.0	4.6	E	N/A
CapEx of environmentally sustainable activities (taxonomy-aligned) (A.1)		0.0	0.0	0	0	0	0	0	0		Y	N/A	N/A	N/A	N/A	Y	0.0	4.6	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														0.0	0.0		
TOTAL (A.1 + A.2)		**0.0**	**0.0**														0.0	4.6		
B. TAXONOMY-NON ELIGIBLE ECONOMIC ACTIVITIES																				
CapEx of Taxonomy-non-eligible activities (B)		**6.2**	**100**																	
TOTAL (A+B)		6.2	100																	

Consti has prepared for the new sustainability reporting requirements during the year 2023 by analysing and identifying the significant sustainability impacts of its operations, as well as the key risks and opportunities associated with them. In the assessment of double materiality, both economic significance and impact significance have been examined. Based on the assessment of double materiality, Consti has identified the significant sustainability factors for its operations. From the environmental perspective, climate change and resource use and circular economy have been preliminarily identified as significant for Consti. Regarding social sustainability, own workforce and workers in the value chain have been preliminarily identified as significant. In accordance with reporting requirements, Consti also reports sustainability factors related to good governance, which includes aspects of business conduct.

Consti has defined its key sustainability goals for the strategy period of 2024–2027 as mitigating climate change, promoting occupational safety and well-being, and developing responsible practices within the industry.

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

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

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

Consti Plc's distributable funds on 31 December 2023 were 64,248,215.03 euro, including retained earnings of 35,298,661.72 euro. The Board proposes to the Annual General Meeting that a dividend of 0.70 euro per share be paid for the financial period 1 January–31 December 2023. The Board proposes that the dividend be paid in two instalments. The first instalment of EUR 0.40 per share be paid in April 2024 and the second instalment of EUR 0.30 per share be paid in October 2024. The Board of Directors plans to call the Annual General Meeting of shareholders to convene on Wednesday 3 April 2024.

Outlook for 2024

According to forecasts, the renovation market is likely to remain unchanged in 2024. Euroconstruct estimates that the renovation market will remain at the 2023 level in 2024. RT expects a decline of about one percent in renovation. Euroconstruct predicts a slight increase in the value of residential building renovation and, correspondingly that the value of other renovation will decrease slightly.

The construction of new residential buildings is estimated to decrease by 9–15 percent in 2024. Non-residential new construction is predicted to increase by 3–7 percent. Residential construction is expected to return to normal levels in 2025–2026.

Economic uncertainty continues to pose challenges to the demand outlook for construction and building technology. Visibility for the fiscal year 2024 is limited, and significant improvements are not expected in the first half of 2024.

Supported by a strong order backlog, Consti aims to maintain solid performance throughout 2024 while focusing on implementing the new strategy.

Consti estimates that its operating result for 2024 will be in the range of EUR 9-12 million.

Significant events after the reporting period

Consti announced on 8 January 2024, that Aija Harju (born 1969, M.Ed.) has been appointed as HR Director of Consti Plc and a member of the Group Management Team. Aija Harju assumed her position on 2 February 2024, and she reports to Esa Korkeela, CEO of Consti Group.

In Helsinki, 1 February 2024
Consti Plc's Board of Directors

Photo: Mika Huisman

CASE

Ensikoti
Completed in 1942, Ensikoti in Vallila, Helsinki, was Hoivatilat Oyj's first historic real estate development project. Consti was already strongly involved in the planning of the project. The old main building was renovated for the use of Helsingin Ensikoti ry. The newer part built in the 1960s was demolished and replaced by a new, four-storey building.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net sales	4	**320,607**	**305,217**
Other operating income	5	2,172	689
Change in inventories of finished goods and work in progress		11	0
Materials and services	6	-226,763	-214,216
Employee benefit expenses	7	-66,469	-62,721
Depreciation and amortisation	9	-3,595	-3,499
Other operating expenses	8	-13,617	-14,041
Total expenses		-310,434	-294,478
Operating result (EBIT)		**12,345**	**11,428**
Financial income	10	359	24
Financial expenses	10	-1,333	-1,014
Total financial income and expenses	10	-975	-990
Profit/loss before taxes (EBT)		**11,371**	**10,438**
Total taxes	11	-2,357	-1,947
Profit/loss for the period		**9,014**	**8,491**
Comprehensive income for the period*		**9,014**	**8,491**

*The group has no other comprehensive income items

CONSTI PLC FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets EUR 1,000	Note	31 Dec 2023	31 Dec 2022
Non-current assets			
Property, plant and equipment	13	8,832	7,710
Goodwill	16	49,449	49,501
Other intangible assets	14	538	349
Shares and other non-current financial assets	17	57	57
Deferred tax assets	11	65	179
		58,941	**57,797**
Current assets			
Inventories	19	719	768
Trade and other receivables	20	40,611	43,847
Cash and cash equivalents	21	21,043	20,881
		62,373	**65,497**
Total assets		**121,314**	**123,294**

Equity and liabilities EUR 1,000	Note	31 Dec 2023	31 Dec 2022
Equity			
Share capital	22	80	80
Reserve for invested non-restricted equity	22	29,148	28,781
Treasury shares	22	-204	-782
Retained earnings		3,075	-365
Profit/loss for the year		9,014	8,491
Equity attributable to owners of the parent company		**41,113**	**36,206**
Total equity		**41,113**	**36,206**
Non-current liabilities			
Interest bearing liabilities	24	14,774	16,314
		14,774	**16,314**
Current liabilities			
Trade and other payables	25	57,110	59,717
Interest bearing liabilities	24	5,335	8,439
Provisions	23	2,982	2,618
		65,427	**70,774**
Total liabilities		**80,202**	**87,088**
Total equity and liabilities		**121,314**	**123,294**

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 equity
Equity on 1 Jan 2023	**80**	**28,781**	**-782**	**8,127**	**36,206**
Total comprehensive income				9,014	9,014
Transactions with shareholders					
Dividend distribution				-4,641	-4,641
Purchase of own shares			-240		-240
Conveyance of own shares		164	818		982
Share compensation				-648	-648
Option scheme		203		237	440
Transactions with shareholders, total		367	578	-5,052	-4,107
Equity on 31 Dec 2023	**80**	**29,148**	**-204**	**12,088**	**41,113**

EUR 1,000	Equity attributable to owners of the parent				
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total equity
Equity on 1 Jan 2022	**80**	**28,781**	**-696**	**3,774**	**31,939**
Total comprehensive income				8,491	8,491
Transactions with shareholders					
Dividend distribution				-3,481	-3,481
Purchase of own shares			-1,069		-1,069
Conveyance of own shares			983		983
Share compensation				-770	-770
Option scheme				112	112
Transactions with shareholders, total			-86	-4,138	-4,224
Equity on 31 Dec 2022	**80**	**28,781**	**-782**	**8,127**	**36,206**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Cash flow from operating activities			
Profit/loss before taxes (EBT)		11,371	10,438
Adjustments:			
Depreciation		3,595	3,499
Total financial income and expenses		975	990
Other adjustments		-1,070	114
Change in working capital		252	4,419
Operating cash flow before financial and tax items		15,122	19,460
Financial income		359	24
Financial expenses		-1,198	-935
Taxes paid		-1,845	-1,139
Net cash flow from operating activities (A)		**12,438**	**17,410**
Cash flow from investing activities			
Acquisition of subsidiaries and business operations, net of cash	3	-1,179	0
Disposal of subsidiaries and business operations	3	2,782	0
Investments in tangible and intangible assets		-2,018	-1,461
Proceeds from sale of property, plant and equipment		649	418
Net cash flow from investing activities (B)		**233**	**-1,043**
Cash flow from financing activities			
Dividend distribution		-4,641	-3,481
Share subscriptions with share options		203	0
Purchase of treasury shares		-240	-1,069
Payments of lease liabilities		-2,410	-2,287
Change in interest-bearing liabilities	24	-5,422	-6,721
Payments of long-term liabilities		-2,000	-2,000
Change in other interest-bearing liabilities		-3,422	-4,721
Net cash flow from financing activities (C)		**-12,509**	**-13,558**
Change in cash and cash equivalents (A+B+C)		**162**	**2,809**
Cash and cash equivalents at period start		20,881	18,072
Cash and cash equivalents at period end		**21,043**	**20,881**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Significant 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 2023 were approved for publication by its Board of Directors at its meeting on 1 February 2024. 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 2023. 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 2023 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 2023 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 view 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.

CONSTI PLC FINANCIAL STATEMENTS

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 2023, the plan included 62 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 previous 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. Payment terms are contract-specific, contractual payments are based on installment tables and project-specific payment plans.

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 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".

CONSTI PLC FINANCIAL STATEMENTS

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 2023 (31 December 2022).

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.

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.

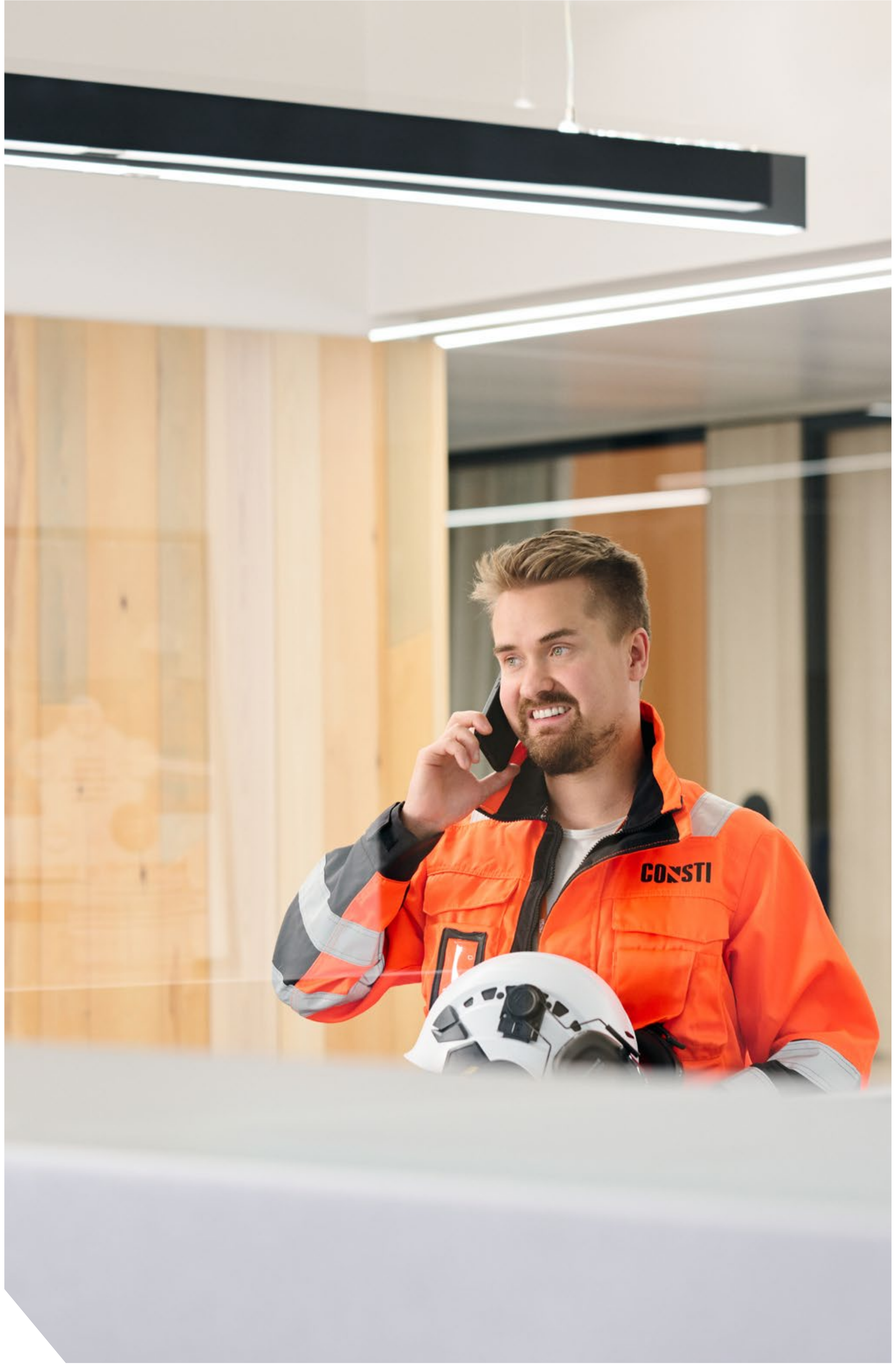


Photo: Ville Vappula

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	2023	2022
Net sales		
Housing Companies	102,425	103,987
Corporations	112,169	104,945
Public Sector	54,269	42,104
Building Technology	65,746	69,086
Parent company and eliminations	14,001	-14,905
Total	**320,607**	**305,217**

Information on key customers
In the 1 January–31 December 2023 and 1 January–31 December 2022 financial years, the Consti Group had a large number of customers. During fiscal year 1 January–31 December 2023 and 1 January–31 December 2022 there were no individual customers accounting for a significant proportion of the Consti Group's net sales.

3. Business combinations

Business acquisitions in 2023

ACQUIRED BUSINESS	Country	Type	Date of acquisition	Acquired share	No. of employees	Estimated annual net sales (€m)
Painting business, Jyväskylä	Finland	Asset deal	September	100%	2	0.3
Electrical installation and maintenance services, Greater Helsinki area	Finland	Share Deal	November	100%	40	5.4

The acquisitions complement the Company's service offering. The goodwill recognised on the acquisitions 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 2023, after their combination:

EUR 1,000	Fair value
Assets	
Property, plant and equipment	222
Intangible assets	177
Cash and cash equivalents	898
Inventories	436
Trade and other receivables	738
Shares and other non-current financial assets	0
Total assets	**2,471**

EUR 1,000	Fair value
Liabilities	
Trade and other payables	724
Interest-bearing liabilities	149
Deferred tax liabilities	35
Total liabilities	**908**
Fair value of identified net assets, total	**1,563**
Goodwill arising from acquisitions	748
Amount of consideration transferred	**2,311**

The transaction costs arising from the acquisitions, totalling EUR 157 thousand have been recognised as expenses and are included under administrative expenses.

Acquisition of Sähkö-Huhta Oy
Consti Plc has agreed to acquire Sähkö-Huhta Oy on 30 November 2023.

Sähkö-Huhta Oy had net sales of approximately EUR 5.4 million in 2022. The employees of Sähkö-Huhta Oy, 40 people, transferred to work for Consti. The purchase price was paid in cash and in shares. A total of 20,439 own shares (CONSTI) were transferred related to the purchase of the shares of Sähkö-Huhta 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 24 Aug 2023–24 Nov 2023 it was approximately EUR 204 thousand.

Acquisition of building renovation and painting business
On August 31, 2023, Consti signed a business transfer agreement, whereby Consti Korjausrakentaminen Oy acquired the building renovation and painting business of Maalausliike Peitso Oy.

In the financial year 2022, the revenue of the transferring business was approximately EUR 0.3 million, and the business had 2 employees. With the transaction, the employees of the building renovation and painting business operations were transferred to Consti. At the closing of the transaction, all assets and liabilities related to the acquired business were transferred to Consti. The purchase price was not disclosed. The purchase price was paid in cash.

Business disposals in 2023

DISPOSED BUSINESS	Country	Type	Date of disposal	Disposed share	No. of employees	Estimated annual net sales (€m)
Property-related relining business	Finland	Asset deal	September	100%	45	5.4

Net assets of the disposed businesses
Fair values of the net assets a of the businesses sold in 2023:

EUR 1,000	Fair value
Net assets	1,672
Cash consideration received	2,782
Gain on sales	**1,110**

The expenses related to the business transaction were approximately EUR 77 thousand and are included under administrative expenses.

Sales of property-related relining business
On 24 September 2023, Consti signed a business transfer agreement, whereby the Group's property-related relining business was sold to Spolargruppen.

In the financial year 2022, the revenue of the transferring business was approximately EUR 5.4 million, and the business had approximately 45 employees. With the transaction, the employees of the property-related relining business operations were transferred to Spolargruppen. At the closing of the transaction, all assets and liabilities related to the business being sold were transferred to the buyer. The purchase price was paid in cash.

Business combinations in 2022
No acquisitions or disposals in financial year 2022

4. Revenue from contracts with customers EUR 1,000

	2023	2022
Net sales classification according to IFRS 15		
Project deliveries		
Housing Companies	100,211	101,211
Corporations	107,825	96,194
Public Sector	54,243	42,098
Building Technology	55,626	59,897
Parent company and eliminations	-14,001	-14,905
Total project deliveries	**303,902**	**284,495**
Other cost + fee projects and service contracts		
Housing Companies	2,215	2,776
Corporations	4,344	8,751
Public Sector	26	7
Building Technology	10,120	9,188
Parent company and eliminations	0	0
Total other cost + fee projects and service contracts	**16,705**	**20,722**
Total net sales	**320,607**	**305,217**

Accounts receivable and contract assets and liabilities	2023	2022
Trade receivables	26,313	31,391
Receivables from project deliveries and cost + fee accruals	11,907	9,901
Advances received from project deliveries and cost + fee accruals	14,834	13,299

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 advances received will be largely recognised as revenue during the next fiscal year.

The transaction price allocated to the remaining performance obligations as at 31 Dec:	2023	2022
Within one year	207,639	195,001
More than one year	62,381	51,650
Total order backlog	**270,021**	**246,650**

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. Commitments arising from project contracts are presented as a warranty provision after the completion of the projects.

5. Other operating income EUR 1,000

	2023	2022
Capital gains from the sale of property, plant and equipment	344	213
Insurance indemnities received	580	279
Other income items	1,247	197
Total	**2,172**	**689**

6. Materials and services EUR 1,000

	2023	2022
Purchases of materials, supplies and goods	51,631	56,815
Increase (-) or decrease (+) in inventories	114	59
External services	175,018	157,343
Total	**226,763**	**214,216**

7. Employee benefit expenses EUR 1,000

	2023	2022
Salaries	53,839	51,208
Pension expenses	9,677	8,943
Share-based payments	765	695
Other social security expenses	2,188	1,876
Total	**66,469**	**62,721**
Average number of personnel during the financial year, by group:		
White-collar	427	399
Blue-collar	584	572
Total	**1,011**	**971**

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

8. Other operating expenses EUR 1,000

	2023	2022
Capital losses on and scrapping of property, plant and equipment	17	1
Production operating and maintenance expenses	2,190	2,908
Costs of facilities	210	395
Voluntary social security expenses	2,117	1,899
Travel expenses	2,677	2,656
Vehicle costs	1,383	1,398
Other fixed expenses	5,024	4,784
Total	**13,617**	**14,041**
Auditor's fees		
Audit	227	205
Other assignments and statements of the auditor	10	8
Total	**238**	**213**

9. Depreciation and amortisation EUR 1,000

	2023	2022
Depreciation by asset type		
Intangible assets		
Allocation of acquisitions	49	76
Other intangible assets	82	112
Other intangible assets, right-of-use assets	175	106
Property, plant and equipment		
Buildings and structures	52	50
Buildings and structures, right-of-use assets	1,484	1,508
Allocation of acquisitions	93	93
Machinery and equipment	1,053	1,002
Machinery and equipment, right-of-use assets	607	550
Total depreciation and amortisation	**3,595**	**3,499**

10. Financial income and expenses EUR 1,000

	2023	2022
Financial income		
Interest income and other financial income	359	24
Total financial income	**359**	**24**
Financial expenses		
Interest expenses on loans recognised at amortised cost	830	614
Interest expenses on lease liabilities	136	80
Other financial expenses	367	321
Total financial expenses	**1,333**	**1,014**
Net financial expenses	**975**	**990**

11. Income taxes EUR 1,000

	2023	2022
The key components of income taxes in the financial periods ending on 31 December 2023 and 31 December 2022 are as follows:		
Consolidated statement of comprehensive income		
Current income taxes	2,293	1,855
Taxes for the previous financial periods	-15	10
Deferred taxes		
Origination and reversal of temporary differences	79	82
Total	**2,357**	**1,947**
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	**11,371**	**10,438**
Taxes calculated on the basis of the Finnish tax rate of 20% (20% 2022)	2,274	2,088
Permanent differences	98	-151
Taxes for prior financial periods	-15	10
Income taxes in the income statement	**2,357**	**1,947**

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

	Consolidated balance sheet		Consolidated income statement	
Reconciliation of deferred tax assets	**2023**	**2022**	**2023**	**2022**
Depreciation not deducted in taxation	-190	-75	-115	-97
Deductible goodwill depreciation	-105	-105	0	0
Capitalisation of tangible and intangible assets	-54	-53	34	39
Losses confirmed in taxation	0	0	0	0
Provisions	17	13	5	-58
Other items[1]	396	399	-3	34
Deferred tax assets (/-liabilities), net	**65**	**179**		
Deferred tax expenses (/income)			**-79**	**-82**

[1] The other items for fiscal period 2023 mainly refer to costs related to share based payments and option scheme.

	Consolidated balance sheet	
The balance sheet includes the following items:	**2023**	**2022**
Deferred tax assets	417	417
Deferred tax liabilities	-352	-238
Deferred tax assets(/liabilities), net	**65**	**179**
Reconciliation of deferred (net) tax asset		
Deferred tax assets at the beginning of the period	**179**	**261**
Deferred tax income(/expenses) in the consolidated statement of comprehensive income	-79	-82
Deferred taxes transferred in the combination of business operations	-35	0
Deferred tax assets at the end of the period	**65**	**179**

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 2023 (31 Dec 2022).

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	**2023**	**2022**
Profit for the period attributable to the shareholders of the parent (EUR 1,000)	9,014	8,491
Weighted average number of shares during the period	7,736,926	7,704,804
Earnings per share, undiluted (€)	**1.17**	**1.10**

Earnings per share, diluted	**2023**	**2022**
Diluted profit for the period (EUR 1,000)	9,014	8,491
Weighted average number of shares during the period	7,736,926	7,704,804
Weighted average number of diluted shares during the period	8,110,319	8,015,674
Earnings per share, diluted (€)	**1.11**	**1.06**

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 2023	**565**	**10,784**	**17,409**	**4**	**28,762**
Additions	-	1,656	3,064	-	4,719
Business combinations	-	-2	15	-	13
Disposals	-	-	-1,281	-	-1,281
Acquisition cost 31 Dec 2023	**565**	**12,438**	**19,206**	**4**	**32,213**
Depreciation and impairment 1 Jan 2023	**24**	**7,325**	**13,703**	**-**	**21,052**
Depreciation for the period	-	1,536	1,753	-	3,289
Disposals	-	-	-959	-	-959
Depreciation and impairment 31 Dec 2023	**24**	**8,861**	**14,496**	**-**	**23,382**
Carrying amount 31 Dec 2023	**540**	**3,577**	**4,710**	**4**	**8,832**
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**

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
No impairment losses were recognised on property, plant and equipment in 2023. 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 2023.

14. Intangible assets EUR 1,000

	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2023	**49,501**	**6,779**	**56,281**
Additions	-	318	318
Business combinations	-52	177	125
Acquisition cost 31 Dec 2023	**49,449**	**7,275**	**56,724**
Depreciation and impairment 1 Jan 2023	**-**	**6,430**	**6,430**
Depreciation for the period	-	306	306
Depreciation and impairment 31 Dec 2023	**-**	**6,736**	**6,736**
Carrying amount 31 Dec 2023	**49,449**	**538**	**49,988**
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**

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 96 thousand at the end of the 2023 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 2023	**3,223**	**877**	**108**	**4,208**	**4,426**
Additions	1,560	1,171	288	3,019	3,019
Disposals	-2	-112	-	-114	-115
Depreciations	-1,484	-607	-175	-2,266	-
Interest expense	-	-	-	-	136
Payments	-	-	-	-	-2,410
31 Dec 2023	**3,296**	**1,329**	**221**	**4,847**	**5,057**

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 warehouses 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 2023 includes EUR 203 thousand (EUR 233 thousand in 2022) of lease payments related to short-term leases and EUR 88 thousand (EUR 34 thousand in 2022) 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 2023 were related to renewed leasing contracts of vans used in project and service business, new warehouse facilities 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

	2023	2022
Housing companies	18,682	18,682
Corporations	16,687	16,687
Public Sector	4,677	4,677
Building Technology	9,403	9,455
Total	**49,449**	**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 2023 (31 December 2022) has been allocated to the business areas based on values-in-use (VIU). The changes in the amount of goodwill in 2023 are related to the sale of property-related relining business and the acquisition of Sähkö-Huhta Oy. More information about these are presented in Note 3.

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 1.0–1.5% 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 2023, 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 13.87% and 14.24% (13.81% and 14.16% in 2022) before taxes. Terminal growth rate used in value-in-use calculations has been 1.5% for Building Technology and 1% for other cash-generating units (1% in 2022 for all cash-generating units). 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
- net sales growth in line with the strategy
- discount rate
- 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. Consti has updated its strategy and growth targets for the years 2024–2027. Consti's goal is to grow in construction and building technology by responding to the demand created by the ageing building stock, urbanisation, and climate change. The need for renovation is also increased by changes in spatial needs, such as those in the workplace and retail sector.

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	2023 Carrying amount and fair value	2022 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	26,313	31,391		20
Total financial assets measured at amortised cost	**26,313**	**31,391**		
Cash and cash equivalents	21,043	20,881		21
Total current financial assets	**47,356**	**52,273**		
Total financial assets	**47,413**	**52,330**		

Financial liabilities	2023 Carrying amount and fair value	2022 Carrying amount and fair value	Fair value hierarchy	Note
Financial liabilities measured at amortised cost				
Non-current financial liabilities				
Loans from financial institutions	10,978	12,969		24
Non-current hire purchase debt	1,247	827		24
Lease liabilities	2,549	2,518		24
Current financial liabilities				
Loans from financial institutions	2,000	2,000		24
Commercial papers	0	4,000		24
Current hire purchase debt	828	530		24
Lease liabilities	2,508	1,908		24
Trade payables	20,962	23,665		25
Total financial liabilities measured at amortised cost	**41,071**	**48,417**		
Total non-current financial liabilities	**14,774**	**16,314**		
Total current financial liabilities	**26,297**	**32,103**		
Total financial liabilities	**41,071**	**48,417**		

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 151 thousand (EUR 237 thousand in 2022) in the result before taxes.

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. During the financial year, the amount of impairment losses recognised through profit and loss were EUR 24 thousand (EUR 271 thousand in 2022).
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 2023, 27% of the Group's interest bearing debts are due within the following year (31 December 2022 34%), based on the book value presented in the financial statements.

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

EUR 1,000	31 Dec 2023	31 Dec 2022
Undrawn loans	5,000	5,000
Cash and cash equivalents	21,043	20,881
Total	**26,043**	**25,881**

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 -0.43x 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 2023 (31 December 2022).

EUR 1,000							
31 Dec 2023	2024	2025	2026	2027	2028	2029-	Total
Bank loans [1]	2,644	2,541	9,232	0	0	0	14,418
Commercial papers	0	0	0	0	0	0	0
Lease liabilities	2,685	1,520	737	289	138	0	5,368
Other interest bearing liabilities	845	699	481	150	0	0	2,175
Trade payables	20,962	0	0	0	0	0	20,962
	27,137	**4,760**	**10,449**	**439**	**138**	**0**	**42,923**
31 Dec 2022	2023	2024	2025	2026	2027	2028-	Total
Bank loans [2]	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**

1) Consti exercised the second extension option included in it's long-term loan in April 2023, which extended the maturity of the loan by one year. With the use of the second extension option, the last maturity date of the loan was moved to June 2026.
2) 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.

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	2023	2022
Materials and supplies (measured at acquisition cost)	719	768
Total	**719**	**768**

No write-downs of inventories were made in the financial year 2023 (EUR 183 thousand write-downs of inventories in 2022).

20. Trade and other receivables EUR 1,000

	2023	2022
Trade receivables	26,313	31,391
Receivables from project deliveries and cost + fee accruals	11,907	9,901
Accrued income	2,302	2,268
Other receivables	89	288
Total	**40,611**	**43,847**

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 24 thousand (EUR 271 thousand in 2022) 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:

	2023	2022
Undue	22,287	28,821
Fallen due		
< 30 days	1,940	1,797
30–60 days	848	15
61–90 days	214	35
> 90 days	1,023	723
Total	**26,313**	**31,391**

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

	2023	2022
Cash in hand and at banks	21,043	20,881
Total	**21,043**	**20,881**

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 2023 were EUR 5,000 thousand (EUR 5,000 thousand in 2022).

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

	2023	2022
Cash in hand and at banks	21,043	20,881
Cash and cash equivalents	**21,043**	**20,881**

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 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**
1 Jan 2023	7,679,528	80	178,739	7,858,267
Use of stock options	39,000		0	39,000
Conveyance of treasury shares	94,815		-94,815	
Purchase of treasury shares	-19,376		19,376	
31 Dec 2023	**7,793,967**	**80**	**103,300**	**7,897,267**

The number of Consti Plc shares is 7,897,267 in total and the share capital is EUR 80,000. 39,000 new shares of the company were subscribed for in the fiscal year with the 2020 stock options. 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 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**
1 Jan 2023	7,679,528	80	28,781	-782	28,079
Use of stock options	39,000		203		203
Conveyance of treasury shares	94,815		164	818	982
Purchase of treasury shares	-19,376			-240	-240
31 Dec 2023	**7,793,967**	**80**	**29,148**	**-204**	**29,024**

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 0.70 per share. The Board has proposed that the dividend be paid in two instalments. The first instalment of EUR 0.40 per share be paid in April 2024 and the second instalment of EUR 0.30 per share be paid in October 2024.

23. Provisions EUR 1,000

	Warranty provisions	Onerous contracts	Litigation provisions	Total
1 Jan 2023	2,516	63	40	2,618
Arising during the year	1,989	84	78	2,151
Utilised provision	-1,678	-95	-15	-1,788
31 Dec 2023	**2,827**	**52**	**103**	**2,982**
Current provisions	2,827	52	103	2,982
Total	**2,827**	**52**	**103**	**2,982**
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
31 Dec 2022	**2,516**	**63**	**40**	**2,618**
Current provisions	2,516	63	40	2,618
Total	**2,516**	**63**	**40**	**2,618**

Warranty provisions
Warranty provisions for contracts are determined with information based on experience of the materialisation of liability. At the end of 2023 warranty provision amounted to EUR 2,827 thousand (EUR 2,516 thousand in 2022). 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

	2023	2022
Non-current financial liabilities		
Loans from financial institutions	10,978	12,969
Non-current hire purchase debt	1,247	827
Lease liabilities	2,549	2,518
Total non-current financial liabilities	**14,774**	**16,314**
Current financial liabilities		
Loans from financial institutions	2,000	2,000
Commercial papers	0	4,000
Hire purchase debts	828	530
Lease liabilities	2,508	1,908
Total current financial liabilities	**5,335**	**8,439**

Of the net change in long-term and short-term financial liabilities, EUR +630 thousand relates to the change in lease liabilities and EUR +149 thousand relates to the hire purchase debts transferred to Consti in connection of the business acquisition. For the rest, the net changes to non-current and current financial liabilities, EUR -5,422 thousand, are cash flow based.

The table includes all except trade and other payables according to note 25.

25. Trade and other payablesEUR 1,000

	2023	2022
Trade payable	20,962	23,665
Advances received from project deliveries and cost + fee accruals	14,834	13,299
Other payables	8,680	10,485
Accrued expenses	12,634	12,269
Total	**57,110**	**59,717**

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:

	2023	2022
Within 1 year	153	78
In 1 to 5 years	148	107
In more than 5 years	-	-
Total	**302**	**185**

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	2023	2022
Bank guarantees and guarantee insurance commitments for the duration of work and warranty periods and rental deposits	44,475	46,520
Total	**44,475**	**46,520**

27. Related party transactions

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

Company name	Primary business	Country	Omistusosuus % 2023	2022
Consti Talotekniikka Oy	Technical building services	Finland	100%	100%
Consti Korjausrakentaminen Oy	Construction	Finland	100%	100%
RA-Urakointi Oy	Construction	Finland	100%	100%
Sähkö-Huhta Oy [1]	Technical building services	Finland	100%	-
EAM Consti Holding Oy		Finland	0%	0%

[1] Sähkö-Huhta Oy was acquired through a share deal on 30 November 2023. The financial year of Sähkö-Huhta Oy ended on 30 November 2023 and deviates from Consti's financial year. The financial year of Sähkö-Huhta Oy is to be unified in 2024 to match Consti's financial year.

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 2023 and 31 December 2022, 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	2023	98	0	0	0
	2022	155	0	8	0

Sales to related parties in 2023 include EUR 72 thousand of services purchased from Group companies by CEO, and EUR 26 thousand of services purchased from Group companies by other members of group management. 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.

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	2023	2022
Employee benefits of management members		
Salaries and other short-term employee benefits	2,112	2,172
Share based payments	398	343
Total	**2,510**	**2,515**

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	2023	2022
Esa Korkeela, CEO	647	455
Board members and deputy members		
Petri Rignell, chairman since 5 April 2022	52	43
Erkki Norvio	40	34
Pekka Salokangas	40	34
Anne Westersund	40	34
Johan Westermarck	40	34
Juhani Pitkäkoski, member since 5 April 2022	40	26
Tapio Hakakari, member and chairman until 5 April 2022	-	10
Total	**252**	**215**

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 65 thousand in 2023 (EUR 61 thousand in 2022).

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 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, in part as company shares and in part as cash.

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 2018-2023. More detailed information on earning periods can be found in the table below.

Share-based incentive plan	Earning period 2023	Earning period 2022	Earning period 2021	Earning period 2020	Earning period 2019
Decision on the plan	2 Mar 2023	3 Mar 2022	2 Mar 2021	28 Feb 2020	1 Mar 2019
Maximum number of awards granted, pcs	240,000	272,257	230,000	305,000	450,000
Maximum number of participants	75	75	70	70	70
Release of shares	2026	2025	2024	2023	2022
Distributed number of shares, pcs				74,376	83,328

Payment for the earnings period 2020 was EUR 1,539 thousand in total, of which EUR 635 thousand was paid in cash. In accordance with the decision of the Board of Directors, Consti transferred during spring 2023 to the 38 key people covered by the 2020 share-based incentive plan 74,376 shares in total, of which 12,873 shares were trasferred to the CEO and 19,919 shares were trasferred to the management team members.

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 trasferred to the management team members.

The consolidated financial statements in 2023 included cost from the share-based incentive plan amounting to EUR 765 thousand (EUR 695 thousand in 2022).

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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 authorization 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 authorization 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 2023, the expense recognition of the option schemes was EUR 237 thousand (EUR 112 thousand in 2022).

Option arrangement	2022	2020
Grant date	22 Jun 2022	17 Jun 2020
Amount of granted instruments, pcs	250 000	245 000
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	-	39 000
Returned options to company, pcs	-	86 700
Number of options outstanding, 31 Dec	213 200	119 300
Reserve of options, 31 Dec	36 800	-

29. Events after the reporting period

Consti announced on 8 January 2024, that Aija Harju (born 1969, M.Ed.) has been appointed as HR Director of Consti Plc and a member of the Group Management Team. Aija Harju assumed her position on 2 February 2024, and she reports to Esa Korkeela, CEO of Consti Group.

Photo: Consti, Elina Saajanne

CASE

Mevet
A space formerly used as an office in Pitäjänmäki, Helsinki, has transformed to meet the needs of one of Finland's top-tier veterinary hospitals. Mevet's new facilities were constructed with a focus on quality, without compromising on requirements. The project, undertaken with target and ceiling price, remained below the target price, and the facility was handed over to the client slightly ahead of schedule, with zero-defect delivery.

CONSTI PLC FINANCIAL STATEMENTS

PARENT COMPANY

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2023	1 Jan–31 Dec 2022
Net sales	1	**2,604**	**2,627**
Other operating income	2	980	906
Employee benefit expenses	3	-3,061	-3,085
Depreciation and amortisation	5	-155	-172
Other operating expenses	4	-1,869	-1,737
Total expenses		-5,085	-4,994
Operating result		**-1,501**	**-1,461**
Financial income and expenses	6	-480	-552
Profit (loss) before appropriations and taxes		**-1,981**	**-2,013**
Appropriations	7	11,968	9,421
Profit (loss) before taxes		**9,986**	**7,408**
Total taxes	8	-1,978	-1,486
Profit (loss) for the period		**8,008**	**5,922**

BALANCE SHEET OF THE PARENT COMPANY (FAS)

Assets EUR 1,000	Note	31 Dec 2023	31 Dec 2022
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		0	2
Other long-term expenditure		87	110
Total non-current assets		**87**	**112**
Tangible assets	9		
Machinery and equipment		312	276
Total tangible assets		**312**	**276**
Investments	10		
Shares in Group companies		100,048	97,691
Other shares		254	254
Total Investments		**100,302**	**97,945**
Total Non-current assets		**100,700**	**98,334**
CURRENT ASSETS			
Short-term receivables	11		
Intra-group receivables		13,464	11,532
Prepaid expenses and accrued income		138	66
Total short-term receivables		**13,602**	**11,598**
Cash and cash equivalents		19,031	20,538
Total current assets		**32,633**	**32,136**
ASSETS		**133,333**	**130,470**

Equity and liabilities EUR 1,000	Note	31 Dec 2023	31 Dec 2022
EQUITY	12		
Share capital		80	80
Reserve for invested non-restricted equity		28,950	28,582
Treasury shares		-204	-244
Retained earnings		27,494	26,213
Profit (loss) for the period		8,008	5,922
Total equity		**64,328**	**60,553**
APPROPRIATIONS			
Cumulative accelerated depreciation		166	133
Total appropriations		**166**	**133**
LIABILITIES			
Non-current liabilities	13		
Loans from financial institutions		11,000	13,000
Non-current hire purchase debts		86	59
Total non-current liabilities		**11,086**	**13,059**
Current liabilities	13		
Loans from financial institutions		2,000	2,000
Commercial papers		0	4,000
Current hire purchase debts		39	39
Trade payables		286	330
Intra-group liabilities		53,541	49,260
Other current liabilities		190	193
Accrued expenses		1,697	901
Total current liabilities		**57,754**	**56,724**
Total liabilities		**68,839**	**69,783**
EQUITY AND LIABILITIES		**133,333**	**130,470**

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 2023	1 Jan–31 Dec 2022
Cash flow from operating activities		
Profit (loss) before taxes	9,986	7,408
Adjustments:		
Depreciation	155	172
Financial income and expenses	480	552
Appropriations	-11,968	-9,421
Other adjustments	-23	-43
Change in working capital	724	285
Operating cash flow before financial and tax items	**-645**	**-1,046**
Financial income and expenses (+/-)	-480	-552
Taxes paid	-1,430	-1,069
Net cash flow from operating activities (A)	**-2,556**	**-2,668**
Cash flow from investing activities		
Investments in other shares	-2,153	0
Investments in tangible and intangible assets	-235	-213
Proceeds from sale of property, plant and equipment	93	43
Net cash flow from investing activities (B)	**-2,295**	**-170**
Cash flow from financing activities		
Dividend distribution	-4,641	-3,481
Share subscriptions with share options	203	0
Group contribution received	9,500	5,240
Payments of long-term liabilities	-2,000	-2,000
Dividends received from Group companies	0	1,200
Change in other interest-bearing liabilities	281	5,797
Net cash flow from financing activities (C)	**3,343**	**6,757**
Change in cash and cash equivalents (A+B+C)	**-1,508**	**3,919**
Cash and cash equivalents at period start	20,538	16,619
Cash and cash equivalents at period end	**19,031**	**20,538**

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 2023.

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 constributions 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	2023	2022
Income from services	2,604	2,627
Total	**2,604**	**2,627**

2. Other operating income EUR 1,000	2023	2022
Gain on sale of tangible and intangible assets	31	43
Other income	948	863
Total	**980**	**906**

3. Information on personnel and members of Plc organs EUR 1,000	2023	2022
Salaries	2,666	2,735
Pension expenses	353	298
Other social security expenses	42	52
Total	**3,061**	**3,085**
Average number of employees during the financial year:	14	14
Management remuneration		
CEO	647	455
Members of Board of Directors	252	215
Total	**899**	**670**

4. Other operating expenses EUR 1,000	2023	2022
Auditor fees		
Ernst & Young Oy		
Audit fees	121	115
Other services	10	8
Total	**131**	**123**

5. Depreciation, amortisation and impairment EUR 1,000	2023	2022
Depreciation and amortisation by asset type		
Intangible rights	2	3
Other long-term expenditure	51	89
Machinery and equipment	102	80
Total	**155**	**172**

6. Financial income and expenses EUR 1,000	2023	2022
Dividends		
From group companies	0	0
Other interest and financial income		
From group companies	0	31
From others	355	6
Total	**355**	**37**
Interest and other financial expenses		
Interest expenses to group companies	91	78
Interest expenses to others	731	510
Other financial expenses	13	10
Total	**835**	**589**
Total financial income and expenses	**-480**	**-552**

7. Appropriations EUR 1,000	2023	2022
Group contributions received	12,000	9,500
Cumulative accelerated depreciation charge, addition (-) or decrease (+)	-32	-79
Total	**11,968**	**9,421**

8. Taxes EUR 1,000	2023	2022
Taxes from ordinary business	1,978	1,486

9. Changes in non-current assets EUR 1,000	2023	2022
Tangible and intangible assets		
Intangible rights		
Carrying amount at period start	2	6
Additions	0	0
Amortisation	2	3
Carrying amount at period end	0	2
Other long-term expenditure		
Carrying amount at period start	110	167
Additions	28	33
Amortisation	51	89
Carrying amount at period end	87	110
Machinery and equipment		
Carrying amount at period start	276	176
Additions	208	180
Disposals	71	0
Depreciation	102	80
Carrying amount at period end	**312**	**276**

10. Investments EUR 1,000	2023	2022
Shares in Group companies		
Acquisition cost 1 Jan	97,691	97,691
Additions	2,357	0
Acquisition cost 31 Dec	100,048	97,691
Other shares		
Acquisition cost 1 Jan	254	254
Acquisition cost 31 Dec	254	254
Total investments	**100,302**	**97,945**

11. Receivables EUR 1,000

	2023	2022
Current receivables		
Intra-group receivables		
Trade receivables	1,464	1,469
Other receivables	0	562
Group contribution receivables	12,000	9,500
Total	**13,464**	**11,532**
Material external items in accrued income and prepaid expenses		
Expenses paid in advance	9	29
Other items	129	37
Total	**138**	**66**

12. Equity EUR 1,000

	2023	2022
Share capital 1 Jan	80	80
Share capital 31 Dec	**80**	**80**
Reserve for invested non-restricted equity 1 Jan	28,582	28,582
Additions	367	-
Reserve for invested non-restricted equity 31 Dec	**28,950**	**28,582**
Retained earnings 1 Jan	31,891	29,449
Purchase/conveyance of treasury shares	40	-
Dividend distribution	-4,641	-3,481
Retained earnings 31 Dec	**27,290**	**25,969**
Profit/loss for the period	**8,008**	**5,922**
Total	**35,299**	**31,891**
Equity	**64,328**	**60,553**
Distributable funds 31 Dec		
Reserve for invested non-restricted equity	28,950	28,582
Retained earnings	27,290	25,969
Profit for the period	8,008	5,922
Total distributable funds	**64,248**	**60,473**

Consti Plc's treasury shares

The parent company owns treasury shares as follows:

Number of shares	Share of share capital	Share of voting rights
103,300	1.3%	1.3%

13. Non-current and current liabilities EUR 1,000

	2023	2022
Non-current liabilities		
Liabilities to others		
Loans from financial institutions	11,000	13,000
Non-current hire purchase debt	86	59
Total non-current liabilities	**11,086**	**13,059**
Current liabilities		
Intra-group liabilities		
Trade payables	64	13
Other liabilities	53,477	49,248
Liabilities to others		
Trade payables	286	330
Hire purchase debt	39	39
Loans from financial institutions	2,000	2,000
Commercial papers	0	4,000
Accrued expenses	1,697	901
Other liabilities	190	193
Total current liabilities	**57,754**	**56,724**

Other liabilities to intra-group companies consists mainly of group bank account liabilities to subsidiaries.

	2023	2022
Material items included in accrued expenses		
External		
Accruals related to employee benefit expenses	304	281
Accruals related to interest expenses	7	14
Tax accruals	1,111	553
Other accruals	274	54
	1,697	**901**

14. Commitments EUR 1,000

	2023	2022
Rental liabilities		
To be paid during the on-going financial year	931	875
To be paid in later years	1,297	2,080
Total	**2,228**	**2,955**
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	44,150	46,195

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 2018–2023 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 4 April 2023 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 48,000 and members of the Board of Directors are each paid EUR 36,000. It was also resolved that a EUR 500 fee per member per meeting is paid for Board meetings. It was resolved that the 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 2024
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 2025 is paid as follows:

Chairman of the Board	EUR 4,500/month (EUR 54,000/year)
Member of the Board	EUR 3,500/month (EUR 42,000/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 2023

EUR	Compensation 2023	Compensation 2022
Petri Rignell *	52,000	43,000
Erkki Norvio *	40,000	34,000
Pekka Salokangas *	40,000	34,000
Anne Westersund	40,000	34,000
Johan Westermarck	40,000	34,000
Juhani Pitkäkoski * 1)	40,000	26,000
Tapio Hakakari * 2)	0	10,000

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 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, in part as company shares and in part as cash.

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 2018–2023. 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 authorization 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. In 2023, a total of 39,000 Consti Plc new shares has been subscribed for with the company's stock options 2020.

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 authorization 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 2023 CEO Esa Korkeela was paid a salary of EUR 647 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 ongoing 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 2023 are (EUR):	
Retained earnings	27,290,419.40
Profit/loss for the period	8,008,242.32
Total retained earnings	35,298,661.72
Reserve for invested non-restricted equity	28,949,553.31
Total distributable funds	64,248,215.03

The Board of Directors proposes to the Annual General Meeting that the distributable funds shall be used as follows:	
EUR 0.70 per share shall be paid as dividend to the shareholders of the company using retained earnings, i.e.*	5,455,776.90
To be left in distributable funds	58,792,438.13

The proposed dividend represents 61% of the Group's profit of the year. The Board proposes that the dividend be paid in two instalments. The first instalment of EUR 0.40 per share be paid in April 2024 and the second instalment of EUR 0.30 per share be paid in October 2024.

* Total distributable dividend has been calculated based on 31 December 2023 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, 1 February 2024

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, 1 February 2024

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 2023. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including material accounting policy information, 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, financial performance and cash flows in accordance with IFRS Accounting standards 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.

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 IFRS Accounting standards 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.

Key Audit Matter

Revenue recognition of project deliveries

Refer to Note 1. Material 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 incurred 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 2023, approximately 95 % of the net sales of 321 million euros 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 organization 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. Material accounting principles the most important assumptions related to revenue recognition have been disclosed. We evaluated the adequacy of these disclosures.

Valuation of goodwill

Refer to Note 1. Material 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, 2023, the value of goodwill amounted to 49 million euros representing 41 % of the total assets and 120 % 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.

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 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 16 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 1 February 2024

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 1 February 2024, 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 organization 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 organizational 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 2023

Consti Plc's Board of Directors on 31 December 2023 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 4 April 2023.

The Board of Directors held 11 meetings during 2023, the attending rate of Board Members was 100.0%. The attendance rate per Member was: Petri Rignell 100%, Erkki Norvio 100%, Pekka Salokangas 100%, Anne Westersund 100%, Johan Westermarck 100% and Juhani Pitkäkoski 100.0%.

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,

Photo: Ville Vappula

Photo: Pasi Salminen

short and long-term compensation schemes and monitors their efficiency and realisation. The Committee also prepares the company's diversity policy.

In 2023, the Committee consisted of Erkki Norvio (Chairman), Petri Rignell, Pekka Salokangas and Juhani Pitkäkoski and it had three 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 2023, 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 462,931 Consti Plc shares, which amounts to 5.86 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 4 April 2023 chose Ernst & Young as auditor with APA Toni Halonen as principal auditor. In 2023, audit costs amounted to EUR 227 thousand. In addition, the auditor received compensation for other services amounting to EUR 10 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

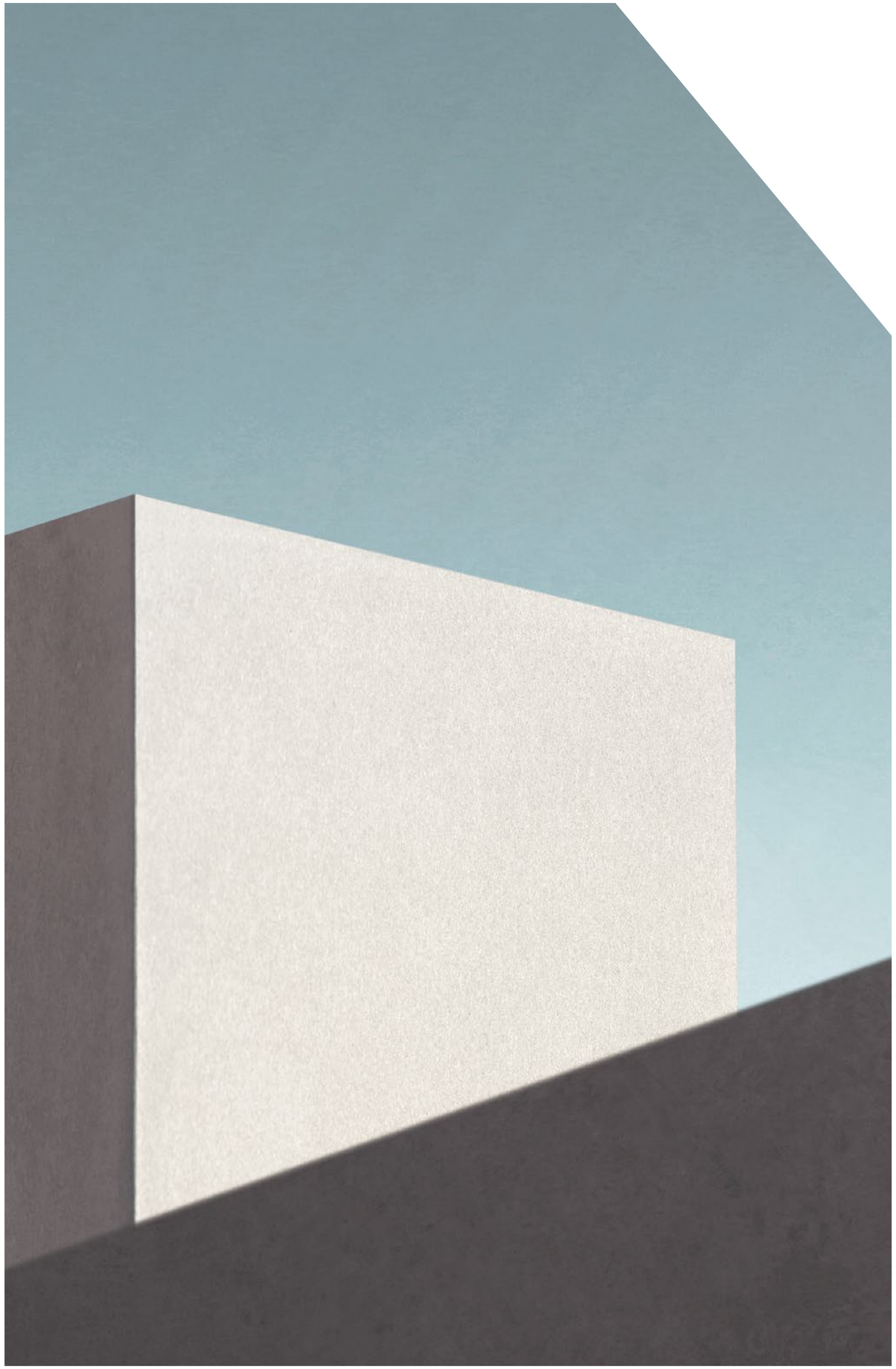
Consti complies with EU Regulation on Market Abuse ((EU) 596/2014, "MAR") and 2- and 3-tier regulation supplementing it, the Finnish Securities Markets Act, the insider guidelines of Nasdaq Helsinki Ltd as well as guidance issued by authorities. In addition, the company has internal Insider Guidelines 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.



BOARD OF DIRECTORS 31 DECEMBER 2023

Petri Rignell
Chairman
Member of the Nomination and Compensation Committee

M.Sc. (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
PriRock Oy, Chairman of the Board since 2007

Consti Plc's shares through his holding company 25,100 (31 December 2023)

Erkki Norvio
Board Member
Chairman of the Nomination and Compensation Committee

M.Sc. (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 2023)

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 9,000 (31 December 2023)

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 2023)

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
Bittium Corporation, CEO, since 2023
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 2023)

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
Saimaa Group Oy, Board Member since 2023
Joint-stock property company Uusi Lastensairaala, Chaiman of the Board since 2021

Does not own Consti Plc shares (31 December 2023)

MANAGEMENT TEAM 31 DECEMBER 2023

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
462,931 (31 December 2023)

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
20,655 (31 December 2023)

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
388,913 (31 December 2023)

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
13,549 (31 December 2023)

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
22 720 (31 December 2023)

Jaakko Taivalkoski
Business Area Director Building Technology
M.Sc. (tech.), eMBA, born 1973

Key work experience
Consti, Business Area Director Building Technology
since 3/2023
Consti Talotekniikka Oy, CEO since 3/2023
EKE Rakennus Oy, CEO 2020–2022
DEN Group, CEO 2015–2020
Rakennusosakeyhtiö Hartela, CEO 2012–2015
Lemminkäinen Talo Oy,
Director, Construction of Business Premises 2007–2012
NCC, Business Unit Director 2005–2007,
Project Manager 2001–2005,
Project-/Site Engineer 1996–2001

Does not own Consti Plc shares
(31 December 2023)

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
Kaskiniemen Sora Oy,
Board Member since 1992

Consti Plc's shares
9,692 (31 December 2023)

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
35 (31 December 2023)

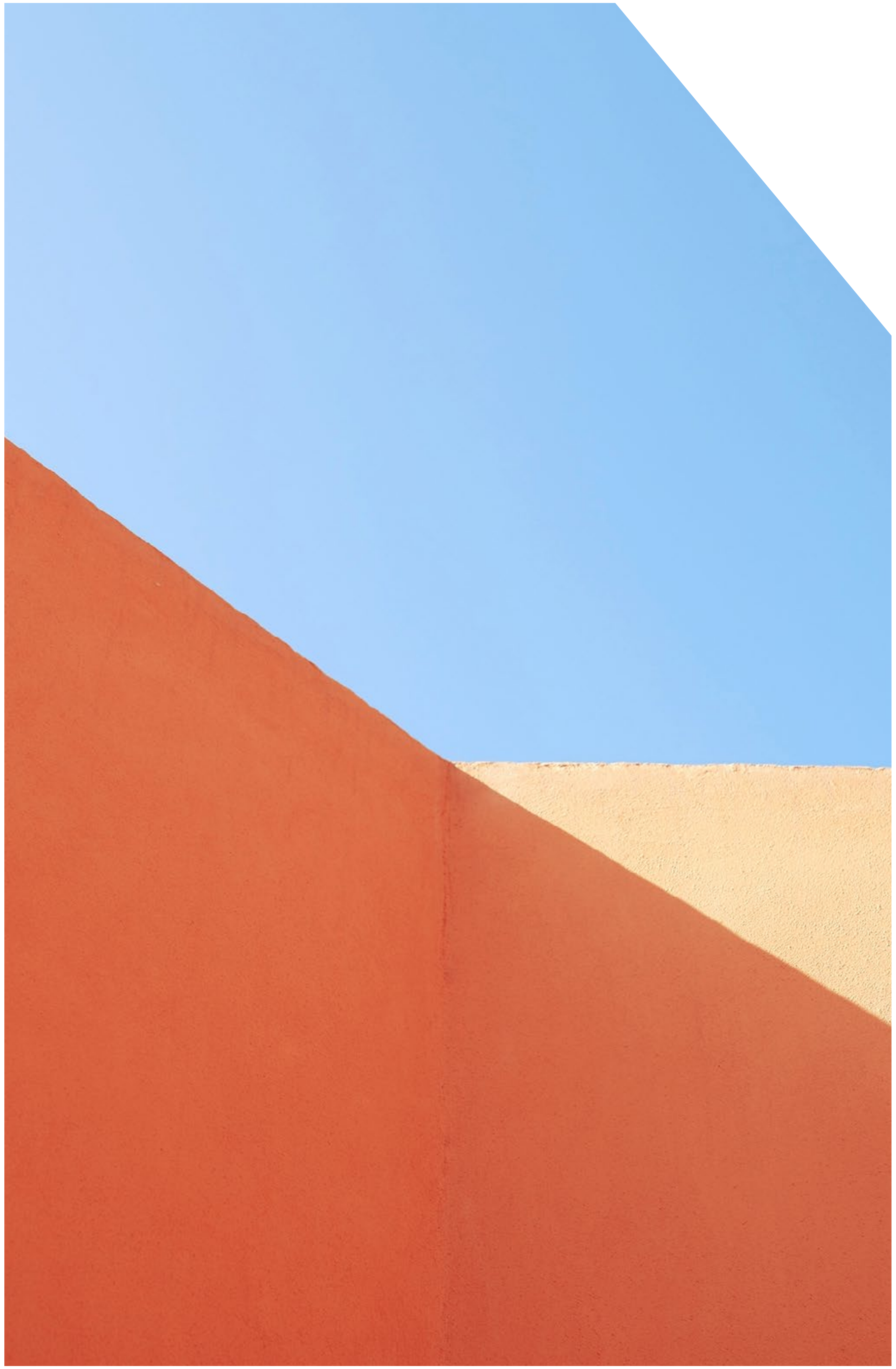


Photo: Ville Vappula

KEY FIGURES AND INFORMATION FOR SHAREHOLDERS

KEY FIGURES

Income statement, 1 Jan to 31 Dec (EUR 1,000)	2023	2022	2021
Net sales	320,607	305,217	288,773
EBITDA	15,940	14,927	9,202
EBITDA margin, %	5.0%	4.9%	3.2%
Adjusted operating result	12,345	11,428	9,535
Adjusted operating result margin, %	3.9%	3.7%	3.3%
Operating result	12,345	11,428	5,705
Operating result margin, %	3.9%	3.7%	2.0%
Profit before taxes (EBT)	11,371	10,438	4,583
as % of net sales	3.5%	3.4%	1.6%
Profit for the year	9,014	8,491	3,717
as % of net sales	2.8%	2.8%	1.3%

Balance sheet (EUR 1,000)	2023	2022	2021
Balance sheet total	121,314	123,294	119,041
Net interest bearing debt	-934	3,871	14,262
Equity ratio, %	38.6%	32.9%	29.8%
Gearing, %	-2.3%	10.7%	44.7%

Other key figures	2023	2022	2021
Free cash flow (EUR 1,000)	13,104	18,000	5,458
Cash conversion, %	82.2%	120.6%	59.3%
Order backlog (EUR 1,000)	270,021	246,650	218,578
Order intake (EUR 1,000)	280,026	283,696	275,108
Average number of personnel	1,011	971	969
Number of personnel at period end	1,008	975	961
Earnings per share, undiluted (EUR)	1.17	1.10	0.47
Earnings per share, diluted (EUR)	1.11	1.06	0.46
Shareholders' equity per share (EUR)	5.27	4.71	4.15
Number of shares, end of period	7,897,267	7,858,267	7,858,267
Number of outstanding shares, end of period	7,793,967	7,679,528	7,694,406
Average number of outstanding shares	7,736,926	7,704,804	7,679,882

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

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 2023, the total number of shares totalled 7,897,267 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 2023: 7,897,267
- Listing date: 11 December 2015

Shareholders

At the end of December 2023, Consti Plc had 3,879 shareholders in the share register. Distribution of shareholders is shown in the table and graphs presented below. At the end of December 2023, non-Finnish shareholders held approximately 11.3% 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.

Annual General Meeting

Consti Plc's Annual General Meeting (AGM) will be held on Wednesday 3 April 2024 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 20 March 2024 in the company's shareholders' register held by Euroclear Finland Oy. Shareholders must also give prior notice of their attendance to the company by 27 March 2024 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 0.70 be paid for the financial year 2023, representing 60 percent of reported earnings per share. The Board proposes that the dividend be paid in two instalments. The first instalment of EUR 0.40 per share be paid in April 2024 and the second instalment of EUR 0.30 per share be paid in October 2024.

Financial calendar in 2024

Consti shall publish three interim reports during 2024:

- Interim report 1–3/2024 will be published on 25 April 2024
- Half-year financial report 1–6/2024 will be published on 19 July 2024
- Interim report 1–9/2024 will be published on 25 October 2024

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.

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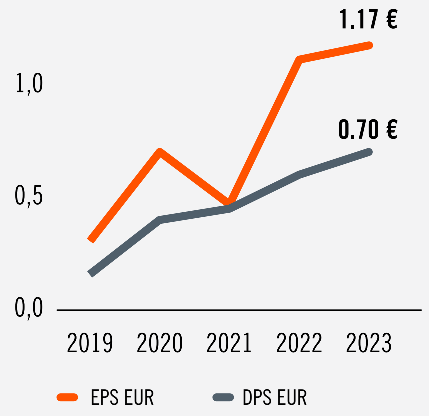
Financial documents can be obtained from:
Consti Plc
Valimotie 16, 00380 Helsinki, Finland
tel: +358 10 288 6000
email: IR(at)consti.fi

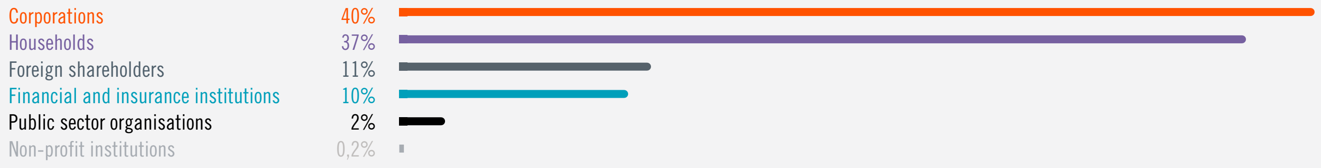
Further investor information can be found at www.consti.fi → Investors

Share price development and reference index 2019–2023

Earnings/Share, Dividend/Share 2019–2023

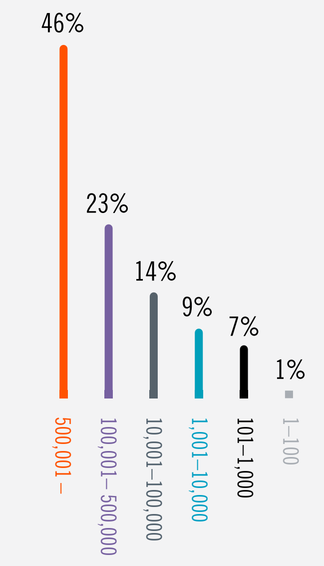


Distribution of shareholding by size range and sector



Major shareholders 31 December 2023	Number of shares	%
Lujatalo Oy	790,000	10.00
Heikintorppa Oy	750,000	9.50
Wipunen Varainhallinta Oy	750,000	9.50
Fennia Life Insurance Company	518,525	6.57
Korkeela Esa	462,931	5.86
Kivi Risto	388,913	4.92
Kalevo Markku	299,967	3.80
Varma Mutual Pension Insurance Company	172,000	2.18
Drumbo Oy	150,000	1.90
Norvier Oy	106,463	1.35
Consti Oyj	103,300	1.31
Korkeela Antti	100,515	1.27
Sto-Rahoitus Oy	100,000	1.27
Säästöpankki Pienyhtiöt Fund	78,432	0.99
Herlin Olli	76,000	0.96
Holopainen Marko	71,600	0.91
Hakakari Tapio	55,400	0.70
Calidris Oy	50,000	0.63
Olefin Ab	50,000	0.63
Owh-Yhtiöt Oy	40,000	0.51
20 largest owners, total	**5,114,046**	**64.76**
Nominee registered	883,739	11.19
Others	1,899,482	24.05
Total	**7,897,267**	**100.00**

Distribution of shareholding by size range (Number of shares)



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

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

CONSTI

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www.consti.fi