

The background of the cover is a photograph of a modern multi-story building with a glass and orange facade, viewed from a low angle looking up. In the foreground, there are out-of-focus yellow flowers. The Consti logo is in the top left corner.

**CONSTI**

**CONSTI PLC ANNUAL REPORT**

**2021**

**EXPERT IN MULTIPLE TYPES OF CONSTRUCTION**





# 2021

## Contents

Consti in brief	4
CEO's review	7
Business strategy	8
Board of Directors' Report	14
Financial statements	27
Consolidated statement of comprehensive income	28
Consolidated balance sheet	29
Consolidated statement of changes in equity	30
Consolidated statement of cash flows	31
Notes to the consolidated financial statements	32
Parent company	59
Income statement of the parent company (FAS)	60
Balance sheet of the parent company (FAS)	61
Cash flow statement of the parent company (FAS)	63
Notes to the financial statements of the parent company (FAS)	64
Board of Directors' dividend proposal	72
Signatures to the Financial Statements and Board of Directors' Report	73
Auditor's report	74
Auditor's ESEF assurance report	76
Corporate governance	78
Board of Directors	83
Management Team	84
Key figures and information for shareholders	87
Key figures and calculation of key figures	88
Items affecting comparability	90
Information for investors and shareholders	92
Consti's net impact profile	94

# CONSTI IN BRIEF

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

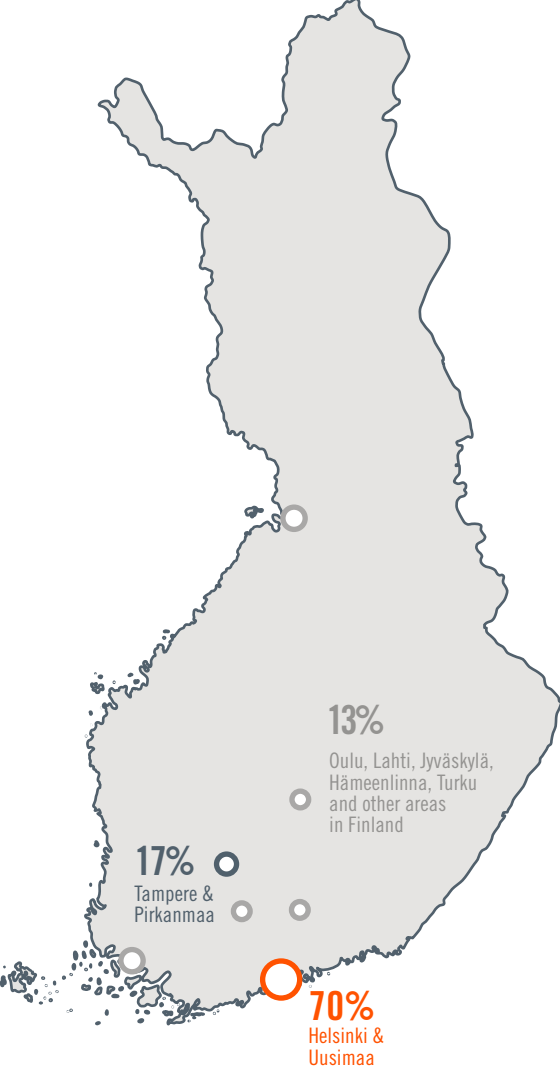
Consti offers comprehensive renovation and building technology services and selected new construction services to housing companies, corporations, investors and the public sector. Our services also include service contracts and maintenance. Our operations concentrate to Finland’s growth areas.

Consti has four business areas:

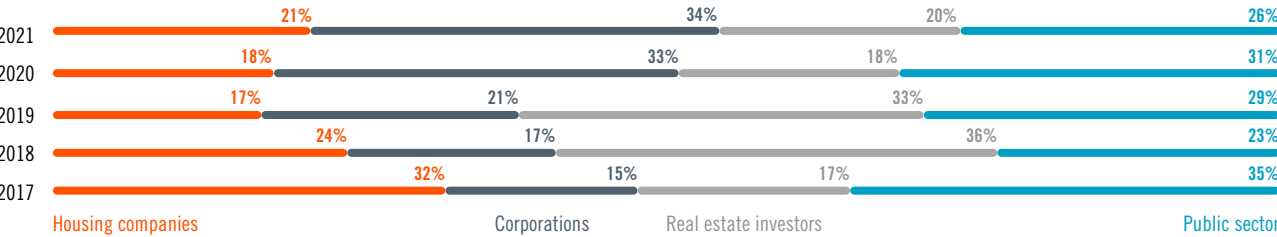
- Housing Companies
- Corporations
- Public Sector
- Building Technology

The group’s parent company is Consti Plc. At the end of 2021, the business areas operated in subsidiaries completely owned by the parent company: Consti Korjausrakentaminen Oy, Consti Talotekniikka Oy and RA-Urakointi Oy. Business areas are reported in one segment. In addition, Consti reports net sales for each business area.

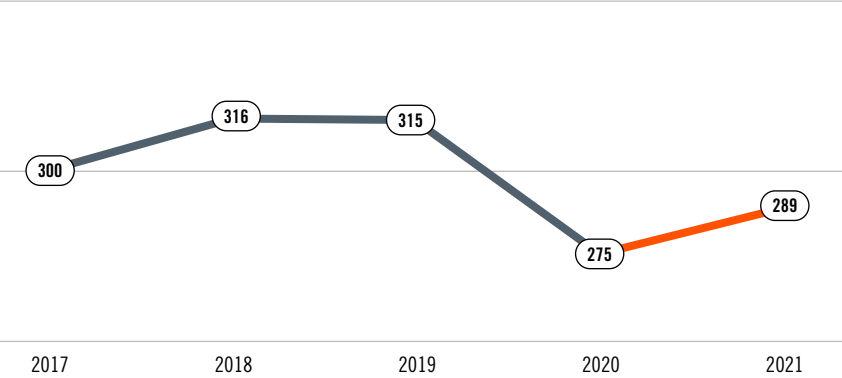
LOCATIONS AND NET SALES BY GEOGRAPHICAL AREA



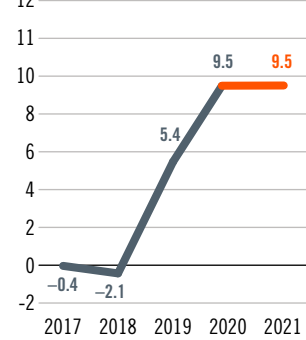
NET SALES BY CUSTOMER GROUP



NET SALES (EUR million)



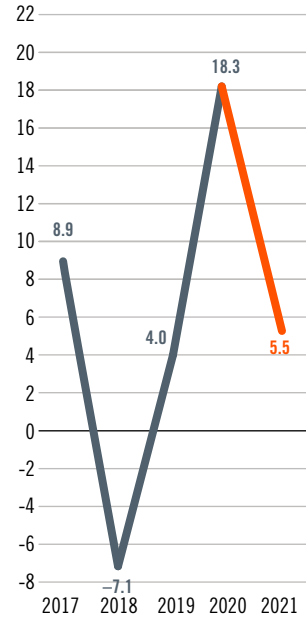
ADJUSTED OPERATING RESULT (EUR million)



KEY FIGURES (EUR million)	2017	2018	2019	2020	2021
Net sales	300.2	315.8	314.8	274.6	288.8
EBITDA	1.7	-0.5	8.1	11.4	9.2
EBITDA margin, %	0.6%	-0.1%	2.6%	4.2%	3.2%
Adjusted operating result	-0.4	-2.1	5.4	9.5	9.5
Adjusted operating result margin, %	-0.1%	-0.7%	1.7%	3.5%	3.3%
Operating result	-0.4	-2.1	4.6	8.2	5.7
Operating result margin, %	-0.1%	-0.7%	1.5%	3.0%	2.0%
Profit/loss for the year	-1.1	-2.3	2.7	5.7	3.7
Earnings per share, undiluted (EUR)	-0.14	-0.30	0.30	0.70	0.47
Dividend / share (EUR)	–	–	0.16	0.40	0.45*
Order backlog	225.7	225.1	185.8	177.9	218.6
Order intake	278.1	228.5	214.8	214.3	275.1
Free cash flow	8.9	-7.1	4.0	18.3	5.5
Cash conversion, %	521.4%	–	48.9%	160.3%	59.3%
Net interest bearing debt	12.1	19.6	18.9	4.7	14.3
Equity ratio, %	28.6%	25.4%	29.8%	32.7%	29.8%
Gearing, %	47.7%	83.6%	64.4%	14.1%	44.7%
Return on investment, ROI %	-0.7%	-4.5%	8.9%	13.6%	9.2%
Number of personnel at period end	1,079	1,046	990	927	961

\* Board of Directors proposal to the Annual General Meeting

FREE CASH FLOW (EUR million)\*



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

Net sales

288.8

€ Million

Earnings per share

0.47 €

Personnel

961





Photo: Pasi Salminen

## CEO'S REVIEW OF THE YEAR 2021

# SOLID PERFORMANCE CONTINUED

For Consti, the year 2021 was marked by our new strategy. Simultaneously, our net sales grew approximately five percent from the previous year and amounted to 289 million euro. Our operating result before items affecting comparability remained on level with the previous year.

The market environment for construction and technical building services remained adequate despite the rapid rise in material costs.

Net sales grew in our Housing Companies, Corporations, and Building Technology business areas. Our only business area with lower net sales than last year was Public Sector, which typically has extensive and long-lasting projects. The coronavirus pandemic did not have a significant impact on demand or our business.

Our strategy, announced in February 2021, focuses on utilising attractive growth opportunities in the company's existing businesses, expanding into new construction, sustainability, and expanding the value we create for customers.

During the summer we received two orders for new construction in accordance with our strategy, and we strengthened our position in the housing company market with an acquisition.

In line with our sustainability themes, we have developed services that enable us to better support our customers' environmental goals. We will also continue work to ensure that we are able to monitor the energy and water consumption of our work sites, and the recycling of waste more closely than before. We are building new partnership models and we are involved in several collaborative projects to develop services and operating methods together with other actors in the field.

Our operating result before items affecting comparability remained on level with last year and was 9.5 million euro, or 3.3 percent of net sales. The reported operating result was 5.7 million euro and 2.0 percent of net sales, while the corresponding figures for the previous year were 8.2 million euro and 3.0 percent.

Thanks to our strong order intake, our order backlog at the end of the year was about 219 million euro, which is approximately 23 percent higher than one year ago.



Photo: Pasi Salminen

I see demand for renovation and building services remaining at an adequate level also in 2022. The most significant uncertainties in our operating environment are related to increases in construction costs and the availability of materials.

Our good order intake for the financial year, our strengthened order backlog, and our increase in net sales indicate that our customers have received our strategy well. This provides a great basis for the positive development of our business in 2022 as well.

A warm thanks for the past year to our customers, our staff, and all of our partners and owners.

**Esa Korkeela**  
CEO



# AN EXPERT IN MULTIPLE TYPES OF CONSTRUCTION

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

Consti’s market position is strong especially in the Helsinki metropolitan area, Pirkanmaa, Turku and Oulu. In 2021, the Helsinki metropolitan area accounted for 70 percent of the Group’s net sales, which is five percentage points less than in the previous year. Operations were expanded during the year to Jyväskylä. An acquisition strengthened Consti’s position in the housing company market as well as in maintenance and special contracting.

Consti’s strategy for the period 2021–2023 is based on utilising the full potential of Consti’s customer-oriented organisational structure. The goal is to grow profitably. The strategy emphasises the utilisation of attractive growth opportunities in the company’s current business operations and expanding the value created for customers.

As renovations often involve new construction, expanding Consti’s offering to new construction will increase the company’s competitiveness in projects that require both renovation and new construction capacity. In building technology installations, Consti has been involved in new construction for a long time. In 2021, the first new construction projects in accordance with the current strategy were started: two new office buildings in Helsinki’s Ilmala, and a school building in Järvenpää. In addition to office space and public buildings, new construction projects can include, for example, industrial and warehouse space.

Expansion in the construction value chain also means participating in project planning at the beginning of the value chain and strengthening service and

maintenance services, especially in building technology. In 2021, Service business provided by all Business Areas accounted for 13 percent of the Group’s net sales, compared to 16 percent the previous year. Value chain thinking also includes the diversity of project forms.

Consti’s goal is to have the industry’s most efficient production and a steady level of performance in project deliveries. In 2021, among other things, procurement was developed, and an operating model was defined for the partner network, which aims to develop operating methods together. The use of takt time production was expanded, especially in apartment renovations.

Consti’s goal is to be the most desirable employer in its field. In 2021, in particular, harmonised practices were strengthened in line with the Consti Way model and cooperation between educational institutions was developed. HR operations also continued to emphasise the demands on health safety caused by the corona pandemic.

As a starting point for the next few years, Consti sees the demand for renovations continuing to grow steadily, while the importance of sustainable development is increasing.

Consti’s Corporate Social Responsibility themes are Environmental friendliness, Supply chain, Occupational safety and well-being at work, and Customer satisfaction. Corporate Social Responsibility themes are discussed in the Board of Directors’ Report on page 20.

Renovation needs are increased by:

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

## Group Strategy

	Strategic goals 2021–2023	Implementing strategy in 2021
Utilising the full potential of the customer-oriented organisational structure	<b>Growth in current businesses</b> Controlled and profitable growth in attractive renovation and building technology segments	<ul style="list-style-type: none"><li>• Expansion to Jyväskylä, growth outside the Helsinki metropolitan region</li><li>• Acquisition of RA-Urakointi, expansion into the row house market and microbial repairs, strengthened facade repairs and maintenance, and bathroom renovations of housing companies</li></ul>
	<b>New businesses</b> Comprehensive response to customer needs by growing in attractive new construction projects	<ul style="list-style-type: none"><li>• Strengthening the capabilities in new construction business</li><li>• Two new office buildings in Helsinki’s Ilmalanrinne, commissioned by KOy Ilmalanrinne 1 with Sweco as the contractee</li><li>• Järvenpää co-educational school</li></ul>
	<b>Improving relative profitability</b> Expanding the value created for customers and actively managing the business portfolio	<ul style="list-style-type: none"><li>• Strengthening project development and BIM expertise</li><li>• Strengthening the service business of building technology</li></ul>
	<b>Production efficiency</b> The most efficient production in the industry, and better profitability, as well as a steady level of performance in project deliveries	<ul style="list-style-type: none"><li>• Development of procurement</li><li>• Launch of the Subcontractor Partnership Programme</li><li>• A new digital tool for project quality management</li><li>• Lean and takt time production in widespread use</li></ul>
	<b>People and management</b> Development of management, development of staff competence, development, and well-being at work, strengthening of diversity and introduction of the Consti Way model into daily work	<ul style="list-style-type: none"><li>• New online tool e.g., for work site orientation</li><li>• Definition and support material for HR processes and standard training in the use of systems as part of Consti Way’s harmonized practices</li><li>• Detailed corona operating instructions for work sites to ensure health safety</li><li>• Diversity in new recruitments</li></ul>
	<b>Corporate social responsibility and sustainable development</b> Environmental friendliness, occupational safety and well-being at work, supply chain and customer satisfaction.	<ul style="list-style-type: none"><li>• Development of sustainability tools and indicators, e.g., site waste monitoring, carbon footprint, occupational safety, and customer satisfaction monitoring.</li><li>• Sustainability measures are described in more detail in the Board of Directors’ Report on page 20 and in a separate Sustainability Report, which will be published during the second quarter of 2022.</li></ul>

# CONSTI GROUP STRATEGY 2021–2023

## MISSION

Our mission is to improve the value of the building stock, and the value of life. The satisfaction of our customers and partners, as well as the well-being of our personnel are the prerequisites to all our operations.

## VISION

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

Utilising the full potential of Consti’s customer-oriented organisational structure

New  
businesses

Growth in  
current  
businesses

Improving  
production  
efficiency

Corporate social  
responsibility  
and sustainable  
development

CONSTI

People and  
management

Improving relative profitability

### Long-term financial goals

**Growth:** net sales growing  
faster than the market

**Profitability:** EBIT-margin exceeding **>5%**

**Cash flow:** Cash conversion  
ratio exceeding\* **>90%**

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

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



# FINANCIAL STATEMENTS

## CONTENTS

Board of Directors’ Report	14
Financial statements	27
Consolidated statement of comprehensive income	28
Consolidated balance sheet	29
Consolidated statement of changes in equity	30
Consolidated statement of cash flows	31
Notes to the consolidated financial statements	32
Parent company	59
Income statement of the parent company (FAS)	60
Balance sheet of the parent company (FAS)	61
Cash flow statement of the parent company (FAS)	63
Notes to the financial statements of the parent company (FAS)	64
Board of Directors’ dividend proposal	72
Signatures to the Financial Statements and Board of Directors’ Report	73
Auditor’s report	74
Auditor’s ESEF assurance report	76
Corporate governance	78
Board of Directors	83
Management Team	84
Key figures and information for shareholders	87
Key figures and calculation of key figures	88
Items affecting comparability	90
Information for investors and shareholders	92
Consti’s net impact profile	94

The construction of two office buildings in Helsinki’s Ilmala is Consti’s first new construction project in line with its new strategy. The project started in August 2021, and it is scheduled for completion in early 2023. The construction is carried out as a project management contract. New types of safety practices are being piloted at the site, and special attention is being paid to, for example, traffic arrangements. The project was commissioned by KOy Ilmalanrinne 1, and Sweco PM is responsible for its construction.



# BOARD OF DIRECTORS' REPORT

Consti is one of Finland's leading companies focused on renovation contracting and technical building services. Consti offers comprehensive renovation and building technology services and selected new construction services to housing companies, corporations, investors and the public sector in Finland's growth centres.

Consti has four business areas: Housing Companies, Corporations, Public Sector and Building Technology. All these also contain Servicing and maintenance services which is not reported as its own business area. Consti however reports its Service operations' sales per financial year. Consti's Service business includes service contracting as well as technical repair and maintenance services to contract customers.

Business areas are reported in one segment. In addition, Consti reports net sales for each business area.

The Group's parent company is Consti Plc. The business areas operate in subsidiaries completely owned by the parent company: Consti Korjausrakentaminen Oy (Housing Companies, Corporations and Public Sector), Consti Talotekniikka Oy (Building Technology) and RA-Urakointi Oy, acquired in August 2021.

Consti Group's 2021 net sales increased 5.1 percent and were 288.8 (274.6) million euro. Net sales grew in Housing Companies, Corporations and Building Technology but decreased in Public Sector. The coronavirus pandemic (covid-19) as a whole did not have a significant impact on Consti's business during the financial year 2021. Operating result (EBIT) was 5.7 (8.2) million euro. Operating result from net sales was 2.0 (3.0) percent. Adjusted operating result (EBIT) was 9.5 (9.5) million euro. Adjusted operating result from net sales was 3.3 (3.5) percent. Items affecting comparability in the reporting period and comparison periods relate to the arbitral tribunal's award regarding the construction project of Hotel St. George received in June 2021, and the legal costs of the procedures.

## Operating environment

Professional renovations have increased almost continuously in Finland for the past 20 years. Growth has been relatively steady, as renovations are more need-driven and less cyclical than new construction. In addition to the age of the building stock, the need for renovations is increased especially by climate change and energy efficiency requirements, as well as urbanisation and changes in working methods.

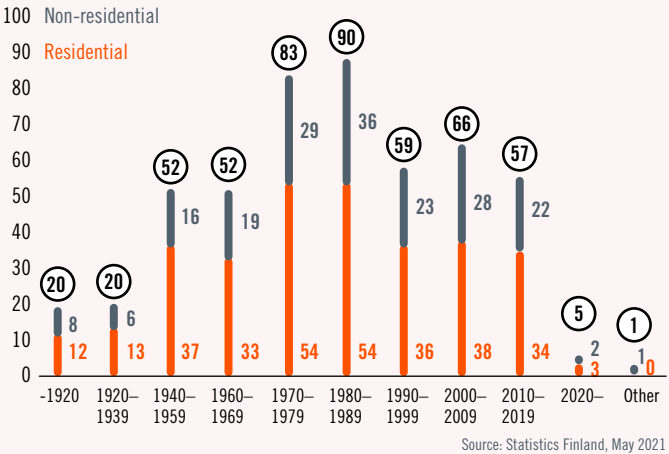
In 2021 the renovation market grew an estimated 1–1.5 percent. At the same time, it is estimated that the new construction market grew as much as 7.8 percent and that the entire building construction market grew about 4.7 percent. The corona pandemic did not have a significant impact on construction in 2021. The renovation market in Finland is very fragmented and there are numerous small companies working in the sector.

The value of professional renovations was approximately 14 billion euro in 2021, of which residential buildings accounted for about 8.1 billion euro. The majority of renovations are conducted in apartment buildings and terraced houses.

Renovations have made up approximately half of all housing construction projects in recent years. In 2021 the share was about 45 percent. Forecon's market analysis estimates that the number of renovations tripled in Finland between 1980–2020. Although the growth rate of renovations is expected to slow down somewhat, it is estimated that renovations have better growth prospects than new construction, when looking at the 2020s as a whole. New construction growth has been driven by residential building, and also numerous public service construction projects, especially schools and hospitals. Despite the growth in new school construction, public construction is expected to slow down in the next few years, and this will have a significant impact on the volume of construction.

In Finland renovations are driven primarily by the age of the building stock. Housing construction peaked in the 1970s and building technology, facades and structures from that era now require substantial renovations. Thus far, the greatest number of renovations have been conducted on housing companies built in the 1960s and renovations have focused on building technology. Building technology has been the fastest growing renovation type. Forecon estimates that building technology renovations increased about 4–5 percent annually in the 2020s, while the number of renovations as a whole has grown approximately 1–2 percent per year. Building technology has accounted for about half of all housing company renovations in recent years, and about 40 percent of all the renovations of the building stock. Exterior surfaces and structures have been the second largest renovation type, making up nearly 40 percent of all renovations. Facade renovations have had to be postponed in many housing companies for financial reasons, to make way for pipeline

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



renovations. Consequently, housing company renovations will focus more strongly on facade renovations in upcoming years. In addition, strong weather fluctuations and wind driven rain brought forth by climate change put facades under greater duress than before and add to maintenance needs. Approximately one fifth of all renovation projects are maintenance and repair projects.

The demand for renovations in Finland is also driven by the growing need for commercial and office building renovations. Commercial and office building construction was especially rapid in Finland in the 1980s and also in the early 1990s and 2000s. Buildings from this time period do not often meet current needs. For example, the increase in remote work and e-commerce have set new challenges for the efficient use of these premises.

Renovation needs are also increased by many phenomena classified as megatrends such as population aging, urbanisation, and climate change. Climate change mitigation necessitates better energy efficiency in buildings, which increases the need to renovate both residential buildings and commercial and office premises.

Renovations are expected to increase in 2022 by about 1.3–2.0 percent. The Confederation of Finnish Construction Industries RT and the construction trends group led by the Ministry of Finance estimate that the growth will be about 2.0 percent and Euroconstruct forecasts a growth of 1.3 percent. Renovations are expected to increase in both residential buildings and office premises. The growth forecasts for the entire construction industry for 2022 vary between 2.0 and 2.5 percent.

General risks to growth include increased construction costs and the availability of both personnel and materials. The shortage of skilled personnel particularly affects growth centres, where both new construction and renovations are increasingly concentrating.

## Long term goals

Consti's mission is to improve the value of the building stock and people's quality of life. Consti's vision is to be "Our customer's number one partner and expert in multiple types of construction". To achieve its vision and goals, Consti has defined strategic focus areas, which are: growth in current businesses, new businesses, improving relative profitability, improving production efficiency, people and management and corporate social responsibility and sustainable development.

The company's long-term financial goals are to achieve:

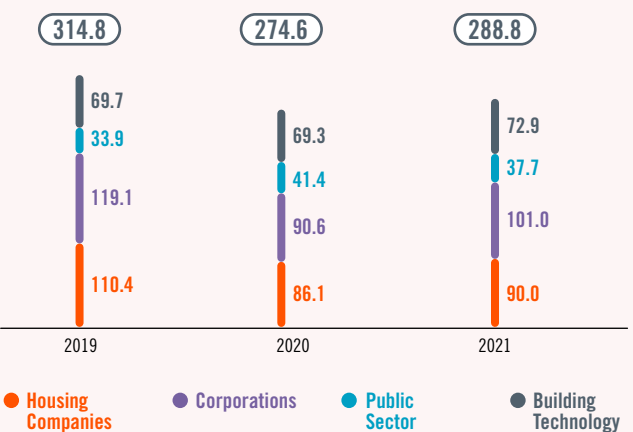
- Growth: net sales growing faster than the market
- Profitability: EBIT margin exceeding 5 percent
- Free cash flow: Cash conversion ratio exceeding 90 percent
- Balance sheet structure: Net debt to adjusted EBITDA ratio of less than 2.5x
- The Company's aim is to distribute as dividends at least 50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

## Sales, result and order backlog

Consti Group's 2021 net sales were 288.8 (274.6) million euro. Net sales increased 5.1 percent. Housing Companies net sales were 90.0 (86.1), Corporations net sales were 101.0 (90.6), Public Sector net sales were 37.7 (41.4) and Building Technology net sales were 72.9 (69.3) million euro. These figures include Service Business's net sales amounting to 37.8 (42.7) million euro.

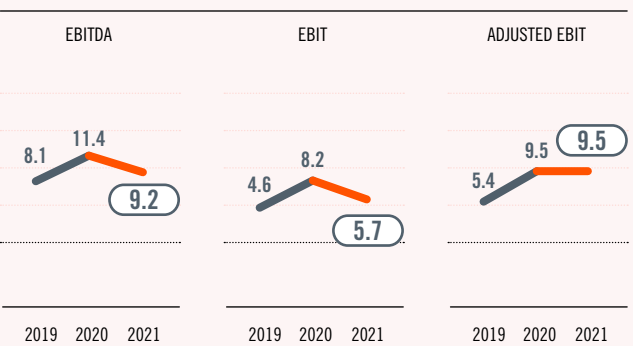
Net sales grew in Housing Companies, Corporations and Building Technology but decreased in Public Sector. Net sales in Corporations business area grew in Greater Helsinki area as well as in other areas. Net sales in Housing Companies business area increased mainly as a result of the acquisition of RA-Urakointi Oy that was completed in August 2021. The net sales of Building Technology business area increased in building technology installations business but decreased in service business.

Net sales (EUR million)

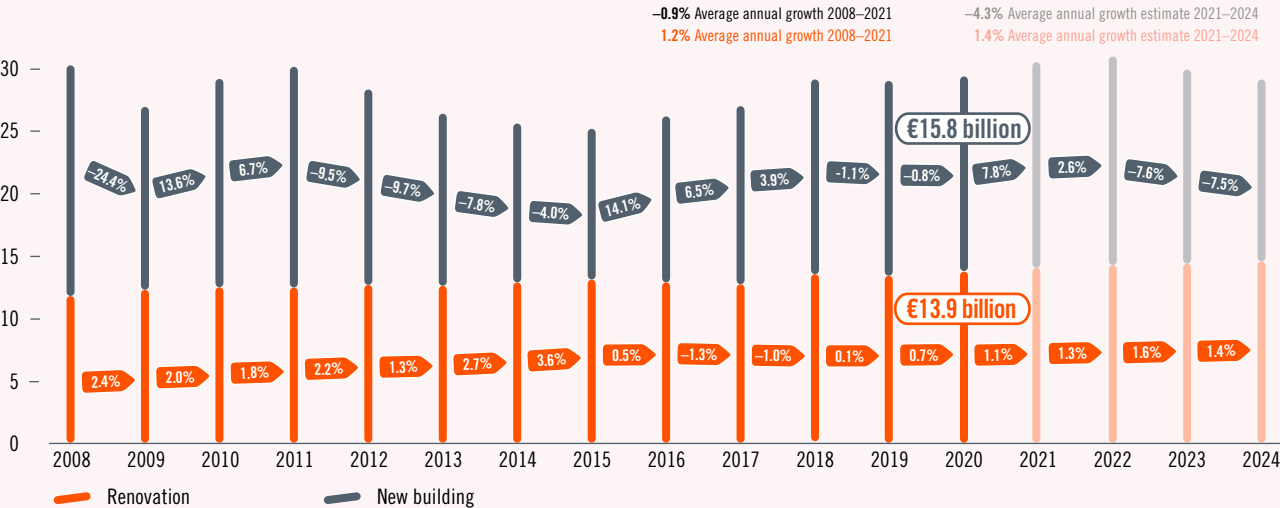


Consti Group's 2021 operating result (EBIT) was 5.7 (8.2) million euro. Operating result from net sales was 2.0 (3.0) percent. Adjusted operating result (EBIT) was 9.5 (9.5) million euro. Adjusted operating result from net sales was 3.3 (3.5) percent. Earnings per share was EUR 0.47 (0.70). Operationally year 2021 advanced as expected and projects largely progressed as planned. Items affecting comparability in the reporting period and comparison periods relate to the arbitral tribunal's award regarding the construction project of Hotel St. George received in June 2021, and the legal costs of the procedures.

EBITDA, EBIT AND ADJUSTED EBIT (EUR million)



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





During 2021, Consti had approximately 800 ongoing projects. Projects for the Corporations business area made up one third of the net sales, while approximately 30 percent came from the Housing Companies business area, one fourth from the Building Technology business area, and about 12 percent from the Public Sector business area.

Significant projects finished during the year for corporations and investors include the renovation of Real Estate Company Uudenmaankatu 16–20's office building in Helsinki, which was conducted as an alliance project and finished during the summer, as well as the renovation and extension of Solo Sokos Hotel Lahti's Seurahuone, completed in early spring 2021. ASO projects finished for housing companies in 2021 include Otavatie 3, Minkkitie 10 and Keilakuja 2, all located in Vantaa. In November the construction project of Tampere Casino was finished for Veikkaus.

The most significant housing company renovation project in 2021 was phase 2 of the renovation of Pelimannintie 15, owned by Helsinki City Housing Company. Housing company renovations during the year also included the HVAC renovation of Asunto Oy Jyväskylän Haavikatu 2-4, the pipeline renovation of Asunto Oy Kivipadontie 6 in Helsinki, which was conducted as a turnkey contract, as well as the facade and roof renovation of Asunto Oy Eura in Helsinki.

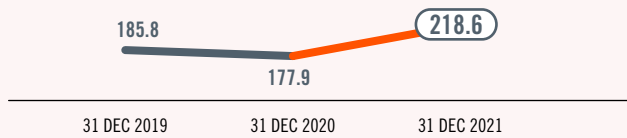
Significant public sector projects during the year included the Myllymatkantie and Susitie projects finished for the City of Helsinki. The first was a large service facility in Myllypuro and the latter the renovation of several residential buildings from the 1950s, which had building protection requirements.

The Building Technology business area's projects during the year included for instance the HVAC and sprinkler project conducted as an alliance project for the expansion of Helsinki-Vantaa Airport's Terminal 2, the building technology work for Uudenmaankatu 16-20's renovation's alliance project, and the electricity and ventilation project at Tampere Lapland Hotels Arena, which included about 200 rooms. In addition, Consti Building Technology carried out the HVAC work at Urhea Sports Hall in Helsinki, and Kangasala City's Ruutana community centre as a turnkey subcontract for Peab Oy, as well as the ventilation renovation of Åby Koroppa's storage, logistics and workshop facilities in Vantaa.

New projects that Consti started in 2021 include, for example, the renovation of the West Uusimaa main police station (Corporations and Building Technology) and the third phase of the renovation of Pelimannintie 15, owned by Helsinki City (Housing Companies). In addition, Consti's Public Sector business area started its first new construction projects during the year, in accordance with the new strategy. Two new office buildings targeting a Gold level LEED classification are being built in Helsinki Ilmalanrinne, and in Järvenpää a new school and sports facility is being built for Järvenpää City.

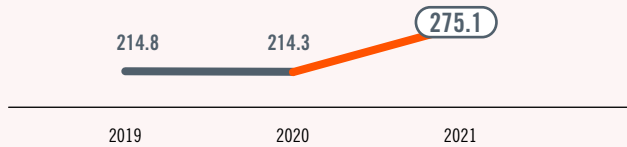
The order backlog at the end of the reporting period grew 22.9 percent compared to the end of the previous financial year and was 218.6 (177.9) million euro.

ORDER BACKLOG (EUR million)



The order intake value during 2021 grew 28.4 percent compared to the previous financial year and was 275.1 (214.3) million euro.

ORDER INTAKE (EUR million)



Investments

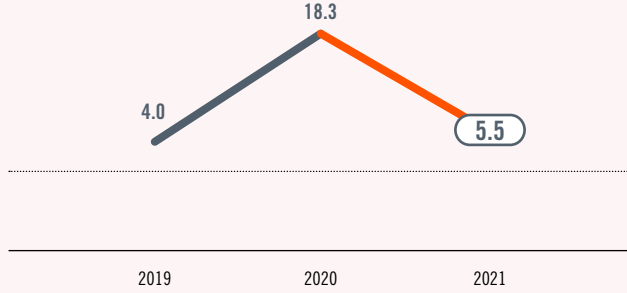
Investments into tangible and intangible assets in 2021 were 1.4 (1.2) million euro, which is 0.5 (0.4) percent of net sales. The largest investments were made into property, plant and equipment, which primarily include machinery and equipment purchases. Investments into right-of-use assets (IFRS 16) in 2021 were EUR 4.9 (0.9) million. The majority of investments into right-of-use assets during the reporting period were related to new headquarters in Helsinki.

In 2021 investments related to business combinations were 1.7 (0.0) million euro. Consti signed a deal of the purchase of the entire share base of RA-Urakointi Oy in August 2021. RA-Urakointi Oy specialises in facade renovations and interior renovations of apartment and row housing companies. RA-Urakointi Oy had a turnover of approximately EUR 8.4 million in 2020. The employees of RA-Urakointi Oy, 30 people, transferred to work for Consti. Consti's strategic goal has been to meet the increased demand in the housing company market. The acquisition will strengthen Consti's expertise, especially in special contracting and in meeting the renovation needs of row houses.

Cash flow and financial position

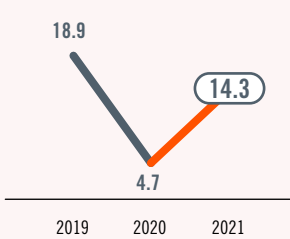
The operating cash flow before financing items and taxes in 2021 was EUR 6.9 (19.5) million. Free cash flow, was EUR 5.5 (18.3) million. The cash flow ratio was 59.3 (160.3) percent. The cash flow in 2021 was affected by tied up working capital during the reporting period. Working capital was tied up as the financial position of project portfolio changed during the reporting period as a few large comprehensive renovation projects progressed towards the final settlement phase.

FREE CASH FLOW (EUR million)

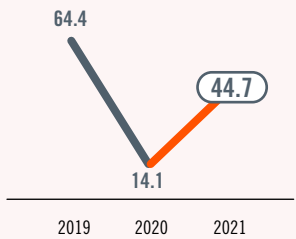


Consti Group's cash and cash equivalents on 31 December 2021 were EUR 18.1 (24.3) million. In addition, the company has undrawn revolving credit facilities and unused credit limits amounting to 8.0 (8.0) million euro in total. The Group's interest bearing debts were 32.3 (29.0) million euro. External 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 14.3 (4.7) million euro and the gearing ratio 44.7 (14.1) percent. At the balance sheet date, the Group's interest-bearing net debt to adjusted EBITDA ratio was under the covenant's maximum level according to the confirmed calculation principles.

NET INTEREST-BEARING DEBT (EUR million)



GEARING (%)



Consti Plc redeemed in March 2021 the EUR 3.2 million hybrid bond issued in March 2019 in accordance with its terms and conditions. The interest paid on the hybrid bond in March 2021, EUR 0.4 million in total, was in part paid to persons in managerial positions in the company. The interest on the hybrid bond is recognised as deduction from Group's equity.

The balance sheet total on 31 December 2021 was 119.0 (128.6) million euro. At the end of the reporting period tangible assets in the balance sheet were 8.6 (5.1) million euro. The amount of tangible assets increased as a result of the recording of the right-of-use assets (IFRS 16) related to new headquarters in Helsinki. Equity ratio was 29.8 (32.7) 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 2021, Consti issued new commercial papers with maturity of under one year amounting to EUR 18.0 million. During the same period, matured total of EUR 17.0 million earlier issued commercial papers.

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

Research and development work

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

In 2021, business development focused on measures to improve efficiency, strengthening project development expertise, and the sustainability themes which were updated at the end of 2020. During the year, processes were defined for more comprehensive monitoring of site waste, customer satisfaction monitoring was intensified, and the use of carbon footprint calculators was piloted. Environmental friendliness was also taken into account especially in the development of services provided to housing companies.

Efficiency of operations has been improved at Consti with Lean methods, for example by expanding the use of takt time production and developing procurement activities and uniform operating methods in particular. New tools were introduced for documenting the quality and safety of construction sites, orientation, and training, as well as for information modelling.

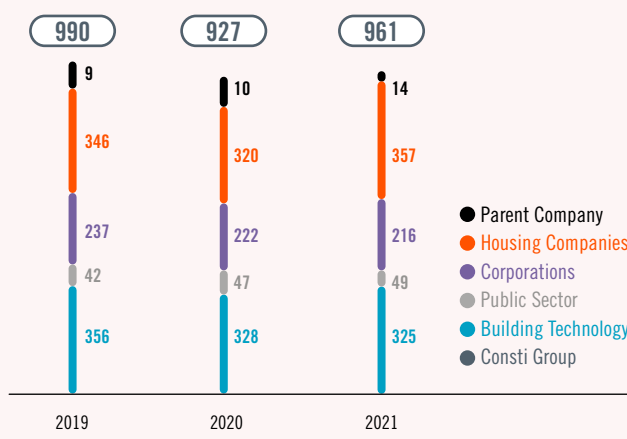
A Subcontractor Partnership Model was also defined during the year. The aim of the model is to ensure subcontractors who have proven their reliability and commitment to common goals with Consti, and with whom policies and services can be developed in a mutually beneficial manner.

Joint projects in the field highlighted collaboration models and Lean methods. Integrated project deliveries, such as alliance models and co-operation contracts, aim at improving the operating culture of construction and managing risks related to demanding renovation projects. In 2021 collaboration models were used in for example the new construction of Järvenpää School's school and sports premises and the expansion and renewal alliance project at Helsinki-Vantaa Terminal 2. Consti is also involved in the three-year RAIN2 project, which promotes cooperation in the construction sector, and in the project "Quartz exposure and its management in construction", led by the Finnish Institute of Occupational Health.

Personnel

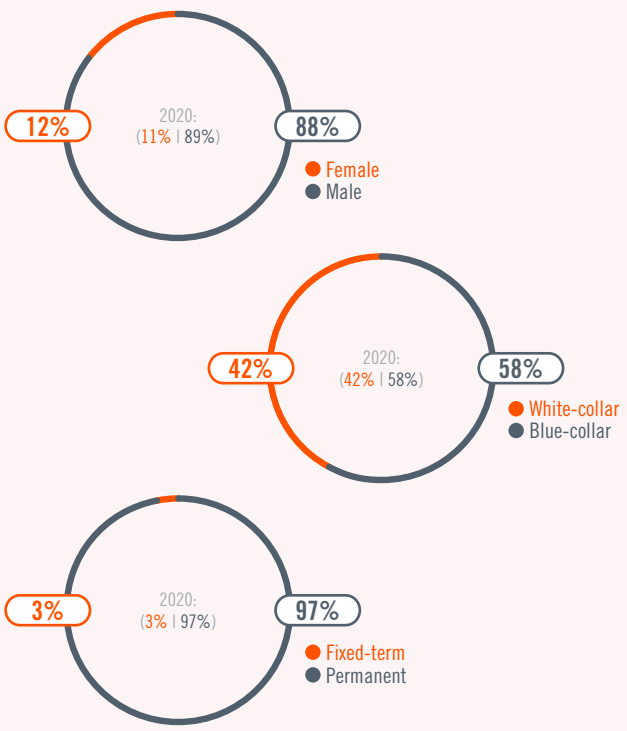
At the end of 2021 Consti employed a total of 961 (927) employees. The average employee count during 2021 was 969 (971 during 2020 and 1,037 during 2019). At the end of the reporting period 357 (320) employees worked in Housing Companies, 216 (222) in Corporations, 49 (47) in Public Sector and 325 (328) in the Building Technology business area. The parent company employed 14 (10) people. Personnel expenses for financial year 2021 amounted to EUR 59.8 (58.1) million.

NUMBER OF PERSONNEL (at period end)



Of the personnel employed at the end of the year, 3 (3) percent worked with fixed-term employment contracts. At the end of the year Consti employed 403 (392) white collar workers and 558 (535) workers.

At the end of the year 88 (89) percent of Consti employees were male. 12 (11) percent of the staff were female, which is slightly above the Finnish industry average.



As in the previous year, 2021 was marked by the coronavirus pandemic and the monitoring and sustaining of related measures to ensure the continuity of the work sites' operations. The introduction of electronic communication channels – a decision taken to implement the Consti Way – was successfully carried out despite the exceptional circumstances, and Consti was able to offer all employees access to electronic daily communication and, following the changes, the company's intranet could be opened to everyone. In order to expand common practices, almost all employees were also transferred to electronic working time recording. The year was also marked by a strong investment in safety awareness and the promotion of related operating models, despite the exceptional circumstances.



Management Team

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

The Annual General Meeting 2021 and Board authorisation

The Annual General Meeting of Shareholders of Consti Plc held on 7 April 2021 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 2020. The Annual General Meeting resolved that a dividend of 0.40 euro per share for the financial year 2020 is paid. The record date for dividend payment was 9 April 2021 and the dividend was paid on 16 April 2021.

The Annual General Meeting resolved that the Board of Directors consists of six members. The current members of the Board of Directors, Tapio Hakakari, Erkki Norvio, Petri Rignell, Pekka Salokangas, Anne Westersund and Johan Westermarck were re-elected as members to the Board of Directors for the following term of office.

Authorised Public Accounting firm Ernst & Young Ltd 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 36,000 and members of the Board of Directors are each paid EUR 24,000. 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 580,000 own shares in one or more tranches by using the unrestricted equity of the Company. The proposed number of shares corresponds to approximately seven (7) 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. The Board of Directors exercised its authorisation and decided on the transfer of 49,292 own shares (CONSTI) related to the acquisition of RA-Urakointi Oy.

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 2022.

Corporate Governance and Auditors

Consti Plc's Board of Directors on 31 December 2021 included Tapio Hakakari (Chairman), Erkki Norvio (Deputy Chairman of the Board), Petri Rignell, Pekka Salokangas, Anne Westersund and Johan Westermarck. The Board of Directors elected by the Annual General Meeting of Shareholders of Consti Plc on 7 April 2021, held its organising meeting and elected Tapio Hakakari as the Chairman of the Board and Erkki Norvio as the Deputy Chairman of the Board. The Board of Directors appointed Petri Rignell, Erkki Norvio, Tapio Hakakari and Pekka Salokangas 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 2021.

On 31 December 2021, the Board members and CEO owned personally or through a holding company a total of 668,600 Consti Plc's shares, which amounts to 8.51 percent of the Company's entire share base and votes.

Authorised Public Accounting firm Ernst & Young Ltd 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 2021 and the remuneration report from 2021 are on Consti Plc's website [www.consti.fi](http://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 2021 was 80,000 euro and the number of shares 7,858,267. Consti Plc held 123,739 of these shares. The Company has a single series of shares, and each share entitles its holder to one vote at the General Meeting of the company and to an equal dividend. Consti Plc's shares are added into the Book-Entry Securities System.

Share based bonus schemes

Consti Plc's Board decided on 2 March 2021 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 2021 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 2021 will be paid to participants partly in shares and partly in cash after a two-year vesting period in 2024. During the performance period 2021, a maximum of approximately 70 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 2021 will amount up to a maximum total of approximately 230,000 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. More detailed information on the stock option plan 2020 and on the share-based incentive plan is presented in note 28 of the consolidated financial statements.

Trade at Nasdaq Helsinki

Consti Plc has been listed in the Helsinki Stock Exchange main list since 15 December 2015. The trade symbol is CONSTI. On the Nordic list Consti Plc is classified a small cap company within the Industrials sector. During 1 January – 31 December 2021 Consti Plc's lowest share price was EUR 9.30 (6.00) and the highest EUR 14.10 (10.50). The share's trade volume weighted average price was EUR 12.23 (8.04). At the close of the stock day on the last trading day of the reporting period 30 December 2021 the share value was EUR 12.10 (10.05) and the Company's market value was EUR 95.1 (79.0) million.

Related-party transaction

In addition to the transactions mentioned earlier in Cash flow and financial position chapter, there were no significant related-party transactions during 2021.

Near-term risks and uncertainties

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

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

Strategic risks

Risks pertain to defining and carrying out strategy. The main goal of Consti's strategy is to utilise the full potential of its customer focused organisation structure. Consti aspires to achieve controlled and profitable growth in attractive renovation and building technology segments. In order to answer more comprehensively to customer needs the company will also offer selected new construction services. Consti's strategy includes both organic growth and acquisitions. Risks related to acquisitions are managed with careful preparation of deals and the monitoring of integration.

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

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

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

Operational risks

Operative risks relate to clients and project operations, personnel, subcontractors, suppliers, legislation and legal claims. In addition the coronavirus pandemic causes uncertainty to Consti's operating environment. The risks arising from coronavirus pandemic are described later in Outlook for 2022 -section.

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

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

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

The Company has a wide customer base that consists of housing companies, municipalities and other public-sector operators, real estate investors as well as corporations and industrial players. The broad customer base decreases risks related to individual projects and the market environment.

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

Changes in construction, environmental protection, workforce and work safety legislation as well as taxation and financial reporting all have an impact on Consti's operating possibilities. The Company follows and assesses changes in legislation and regulations set by authorities. Litigation risks are managed with careful contract formulation, project planning and monitoring, as well as with the highest possible work quality, and liability insurance. The Group has ongoing and pending legal cases relating to normal business. It is difficult to predict the outcome of these proceedings, but provisions based on the best possible estimate have been recorded in those cases where such provisions are estimated necessary.

Risks relating to injuries or damage

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

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

Consti abides by legislation, regulation, permit procedures and authority regulations regarding construction, the materials used in building, storage, recycling, waste disposal and other environmental issues. Waste disposal is documented by collecting all consignment notes and documents from the entire supply chain.

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

Financial risks

Consti Group's business has financial risks. Financial risks include interest rate, credit and liquidity risks as well as risk relating to the realisation of payments from long-term contract and service agreements. Risks related to market rate fluctuations are due largely to the Group's long-term variable interest rate loans. Consti monitors the sensitivity of its loans to changes in interest rates and the impact such changes would have on the Group's results.

Consti's credit risk is related to customers who have unpaid invoices or with whom Consti has long-term contracts as well as counterparties to cash and cash equivalents and derivative agreements. Risks related to deposits are governed by the Group's financial administration department.



The Group strives to ensure the availability and flexibility of financing with sufficient credit limit reserves and suitably long loan periods. The Group's working capital management makes every effort to ensure that it abides to covenants included in interest bearing loans, which in turn determine the capital structure provisions. At the balance sheet date, the Group's interest-bearing net debt to adjusted EBITDA ratio was under the covenant's maximum level according to the confirmed calculation principles. The financial covenant's degree is continuously monitored and assessed in relation to net debt and EBIT realisations and predictions.

There is a risk that revenue and results of operations from long-term contracts recognised using the percentage-of-completion method and presented by financial year do not necessarily correspond to an even distribution of the final overall result over the contract period. Calculating the total result of a contract involves estimates of the total cost of completing the contract and the progress of the work to be invoiced. If the estimates of the final result of the contract change, the effect of this is reported in the period when the change first became known and could be estimated.

Goodwill is based on management estimates. Goodwill is tested for impairment annually or if necessary more often by the Group.

Business responsibility and non-financial information

Consti's mission is to improve the value of the building stock and people's quality of life.

Buildings are repaired when structures or building technology require it. In connection with repair work, improvements are almost always also made to the building's energy efficiency, indoor air, and issues that add living comfort such as accessibility and safety. The preservation or even restoration of the original look and architecture of the building is also included in an increasing number of renovation projects. In addition to construction and building technology expertise, Consti has expertise in building purpose modifications, such as turning premises into apartments. The need for building purpose modifications is particularly increased by urbanisation, changes in working life and the ageing population.

Corporate Social Responsibility is a part of Consti's business management, which is the responsibility of Consti's Management Team. Consti's essential sustainability themes for the strategy period are decided by the Management Team and approved by the Board of Directors. The Business Area Directors are in charge of implementing the decisions. The sustainability work is coordinated by the Corporate Social responsibility Steering Group.

Based on the sustainability report conducted in 2020, the relevant sustainability themes for Consti's operations during strategy period 2021–2023 are:

- Environmental friendliness: expertise on how climate change impacts real estate, energy efficiency in Consti's own operations, waste sorting and recycling
- Occupational safety and well-being at work: continuous development 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 climate goals.

Environmental friendliness

At Consti, environmental friendliness means, above all, supporting the customers' climate objectives with, for example, versatile energy efficiency solutions, but also taking environmental issues into account carefully in Consti's own operations, for example by improving energy use and the recycling of work site waste.

The most significant environmental risks in Consti's operations are formed by possible discharges of substances that are harmful to the environment. These discharges may result from the improper treatment of demolition waste or negligence in its disposal, for example. Construction activity may also result in noise, ground vibration and dust that affect the immediate surroundings of the site. Consti adheres to all legislation, regulations, permit conditions and

other official decrees regarding the environment, construction and materials used in construction and their storage, recycling, and disposal. Minimising the harmful environmental impacts of construction sites means especially minimising the amount of noise, dust and waste resulting from construction site traffic, demolition work and the construction work itself, as well as treating hazardous substances carefully and appropriately.

Consti has guidelines in place to ensure adherence to environmental regulations in its operations and the minimisation of harmful environmental impacts. In work site specific environmental plans, Consti identifies the environmental risks of the work site, plans preventive measures, and prepares to prevent harmful impacts. Effective communication is also a way to reduce these impacts.

In 2021, the suitability and potential benefits of RALA's environmental certificate were examined both from the customers' perspective and in regard to how it could improve Consti's environmental performance.

Expertise on how climate change affects real estate

Climate change mitigation requires e.g., that the energy efficiency of buildings is in accordance with the EU's energy efficiency directive. This is promoted, for example, with building technology, building automation, facade renovations, and insulation improvements. In Finland, climate change adds rainfall and humidity, and adaptation to this necessitates particularly meticulous maintenance of building facades.

The energy efficiency of the existing building stock is crucial in curbing energy consumption, as new construction increases the Finnish building stock by only 1–2 percent a year. According to the Confederation of Finnish Construction Industries RT, most of the emission savings in the built environment come from renovations that cut the energy consumption of buildings and change heating methods (Low Carbon Construction Industry 2035, 2020).

A significant part of the environmental friendliness of Consti's operations is created in customer projects. Renovation nearly always also improves the energy efficiency of the building. The customer might also be aiming for life cycle efficiency. In addition, especially public actors have increasingly stringent requirements for waste treatment and recycling.

Alongside energy repairs, Consti is developing its maintenance services to take the demands of climate change into account even better than before.

Waste sorting and recycling

Consti's main means of improving the utilisation rate of construction site waste in 2021 was to determine the total amount of waste and the recycling rate nationwide in order to bring waste management at all work sites in line with the requirements of the new Waste Act. According to the new Waste Act, waste must be sorted at the place of origin of the waste, i.e., in Consti's case, at work sites. During 2021, Consti arranged a tender process for construction waste management companies, which resulted in Consti limiting its construction waste management partners to two companies from the beginning of 2022. This makes the monitoring of waste volumes and costs more comprehensive and accurate. The selected waste management companies will prepare site-specific reports once a month and they will also prepare the reports required by the authorities as of 1 July 2022.

In order to increase the efficiency of waste sorting, training material was commissioned to work sites, and in 2022 support for work sites in waste treatment will be continued. Consti is still investigating the recovery of demolition waste from subcontractors.

In 2021, approximately 51 (49) percent of Consti Korjausrakentaminen Oy's construction site waste generated in the Helsinki metropolitan area went to raw material recovery. The corresponding figure for Consti Talotekniikka Oy was approximately 33 (29) percent.

The energy efficiency of Consti's own operations

In Consti's own operations, the vast majority of energy consumption takes place on work sites. The main goal in 2021 was to create

methods for the systematic monitoring of energy consumption on work sites. This has been promoted, for example, by taking energy and water consumption into account when calculating tenders. It is also possible for Consti's work sites to utilise the electricity contract tendered by the Group, for example, to obtain a certificate of origin for the use of green electricity.

In 2021, carbon footprint measurement was piloted using various methods, and the amount of energy and water consumed by Consti's own premises was estimated. In addition, Consti investigated the fuel consumption of company cars and commercial vehicles, the amount of fuel oil used by work sites, and the construction waste created at construction sites. More detailed monitoring of water and energy consumption at construction sites will begin in the second half of 2022.

At the turn of 2021, Upright Oy, which measures the net impact of companies, analysed the positive and negative net impacts of Consti's operations. Consti's CO2 emissions were also assessed as part of the analysis. According to Upright's report, the impacts of Consti's operations are positive and the net positivity is well above the average for companies listed on the Helsinki Stock Exchange.

The Energy Efficiency Act obligates a large company to conduct an energy audit every four years. The latest Consti report is from 2018.

Occupational safety and well-being at work

The employer's responsibility for the safety and healthiness of the working environment is emphasised in the construction industry, where the risks of accidents and occupational diseases are high. In addition to occupational safety, the risks associated with the personnel sector in the construction industry are the use of illegal labour and grey economy.

Continuous improvement of occupational safety

In 2021, preparing for the health safety risks caused by the corona pandemic was highlighted in the construction industry. Consti has group-level guidelines for protection against the coronavirus and for preventing the spread of the virus. The corona measures complied with the regulations and recommendations of the authorities. In 2021, there were no large-scale infection chains at Consti's construction sites. However, the pandemic has increased the number of sick leaves, as employees have been urged to leave work at a low threshold, especially if they have a flu or similar symptoms. The average sickness absence rate in 2021 was 5.4 (4.9), compared to 3.3 in 2019, before the corona pandemic.

The group-level safety activities are coordinated at Consti by the Safety Team, which includes the Group's HR Director, HR Safety Manager, industry management representatives and occupational safety representatives. The working group is chaired in a rotating manner by each Business Area Director in turn.

The cleanness and safety of construction sites are monitored weekly by TR measurements.

The orientation of new employees is an integral part of both occupational safety and becoming familiar with shared operation models. Consti has orientation instructions and materials for all employee groups. In addition to personal orientation and work site specific orientation, Consti also uses the e-Introduction online orientation method that is commonly used in the industry. The goal is that all of Consti's personnel and everyone working at the construction sites have completed this orientation. In 2021, 40% of the personnel and those working on construction sites had completed the e-Introduction.

Both Consti staff and third parties are encouraged to report safety deficiencies. Anyone within the sphere of influence of the construction site is able to report safety observations at the teehavain-to.fi portal. The aim is that by the end of the strategy period, each employee will make at least one occupational safety observation per year. In 2021, the processing of observations was harmonised, and communication was increased. As a result, clearly more observations were made in the second half of the year than before.

Accident frequency, which describes the relationship between accidents and hours worked, is monitored monthly in Consti. Consti's accident frequency has been at a good level in the industry in recent years, and the goal is that the accident frequency figure should be

less than 5 by the end of the strategy period. In 2021, however, the development was not desirable.

Consti Plc's accident frequency on an annual basis:

- 2015 accident frequency: 26
- 2016 accident frequency: 22
- 2017 accident frequency: 20
- 2018 accident frequency: 19
- 2019 accident frequency: 11
- 2020 accident frequency: 13
- 2021 accident frequency: 15.

In recent years, special attention has been paid in the development of occupational safety to working at heights and using lifts, as well as to protecting oneself from exposures that are harmful to health. Efforts to improve occupational safety include, for example, accident interviews that aim to find out more about the causes of accidents in order to prevent similar incidents from occurring. During the past year, the emphasis on occupational safety was increased, for example in the training of supervisors. Everyone working at work sites is required to complete the occupational safety card as well as first aid training designed for Consti's operating environment.

In renovations, exposures that are harmful to health include dust, fibres, noise, and tremor. When dealing with harmful exposures, the model protection guidelines are followed, and health hazards are mitigated, for example, by using high-quality, appropriate, and certified tools and by taking risks into account in the work site specific safety plans. Weekly maintenance inspections or construction safety measurements are conducted to ensure adequately low dust levels. Consti is a representative of the renovation industry in the general Quartz Exposure and Management research project, as well as in a bisphenol study related to the safety of sleeving of sewer pipes.

No confirmed cases of occupational disease were reported in 2021.

At Consti, safety extends not only to employees, but also to users of facilities that are being renovated, as the facilities are often at least partially in use during renovations.

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

Supporting personnel competence and development

The core of what it means to work at Consti has been summarised as the Consti Way operating model. It's based on the company values and communicated in new employee orientation and personnel events. In 2021, according to the Consti Way, a description was made of all HR processes from recruitment and orientation to the termination of employment and the exit interview conducted by HR. Managerial training was also standardised, and documentation instructions were drawn up for the work sites. Consistent practices facilitate the work of supervisors, improve operations, and ensure conditions for a safe and equal working environment.

At the beginning of 2021, a new shared communication channel was introduced at Consti. It will improve the work site personnel's possibilities to follow Group-level communication and enable them to participate in the industry's internal communication also by personal telephone.

In order to support its personnel's competence and development, Consti has defined a qualification path to ensure the basic competence required for each task. In 2021, Consti identified critical training needs, and consequently developed safety management training and standard system operation trainings for work site supervisors. The personnel's development is also supported by development



discussions. Consti has also looked into the possibility of moving from personnel surveys conducted every two years to lighter but more frequent surveys.

Consti's principle is to make permanent employment contracts. At the end of the year, around 97 (97) percent of the personnel, excluding trainees, had permanent employment contracts. The aim is to keep the share of fixed-term contracts below 5%.

Consti always makes written employment contracts. In 2021, Consti had an average of 969 (971) employees. Around 58 percent of the personnel were blue-collar workers and around 42 percent were white-collar workers. During 2021, 158 new permanent employees were hired.

The turnover rate of permanent employees was 17.4 (12.9) percent. The very good employment situation in the industry and the intensified competition for skilled professionals increased employee turnover. The target for the current three-year strategy period is a turnover of less than 12%.

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

In order to engage the personnel and encourage them to perform excellently, Consti has a performance bonus scheme in place for management and white-collar workers. The system has been set up for three different occupational groups: permanent white-collar workers, construction site white-collar workers and project and installation managers, and other comparable managers who are accountable for business results. The bonus scheme is based on both qualitative and financial targets. The incentive plan is complemented by a long-term share-based incentive programme, which included 58 key personnel at the end of 2021, as well as a stock option programme for key personnel.

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

**Equality and respect for human rights**

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

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

Equal treatment is part of Consti's code of ethics. Consti does not tolerate discrimination or inappropriate behaviour. Consti also has statutory equality and non-discrimination plans. The Equality Plan is part of Consti's personnel strategy, and the implementation of equality is monitored, for example, through personnel surveys. Recruitment of personnel is always based on the skills required for the job. Consti's permanent staff also includes many professionals who have moved to Finland from abroad.

If problematic situations arise, employees may turn to their labour protection delegate, labour protection manager or shop steward. Inappropriate treatment is not acceptable, and Consti has instructions for both preventing it and solving observed situations. Anonymous communication is also possible through the whistleblowing channel which was introduced in 2021.

Consti's gender and diversity goal is to increase the proportion of women in its staff and ensure a balanced age structure. At the end of 2021, women accounted for 12 (11) percent of personnel. On average, the share of women in the construction industry in Finland is around nine percent. During the year, 13 percent of the personnel hired in the Group were women and the age distribution of the personnel hired varied between 18 and 60 years.

**Supply chain**

The change in the structures of the economy is a megatrend. Managing the big picture and the transparency of the supply chain are emphasised as a networked approach becomes more common.

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

**Preventing grey economy**

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

At Consti, corruption, bribery or attempts at such actions are not approved in any way, shape, or form. The prevention of bribery and corruption are included in Consti's ethical code, which is communicated to all employees for example during new employee introduction. Consti encourages its personnel and partners to take action immediately upon noticing any grievances.

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

There are no official decisions or legal acts relating to infringements of competition law, cartels, or abuses of a dominant position for 2021.

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

Access control methods and methods defined in the Act on the Contractor's Obligations and Liability help stop both grey economy and human rights violations by preventing the use of employees without work permits. In 2021, the guidelines related to contractor liability were updated and training related to the Act on the Contractor's Obligations and Liability was added. The decision was also made not to hire individuals who do not have a work permit issued in a Member State of the European Union.

In 2021, no problems were observed at Consti regarding adherence to ethical guidelines and there was no need for measures against bribery or corruption.

Consti does not aim to influence political parties and it gave no support to political parties in 2021.

Consti aims to influence the development of the entire sector by operating in the field's collaborative networks, and by actively participating in joint development projects. Information on this impact is given under the heading Research and Development.

Consti has published a separate corporate social responsibility report on its operations since 2014. Consti's separate sustainability report on its operations in 2021 will be published during the second quarter of 2022.

**Partner collaboration**

One of the goals of developing partner cooperation is ensuring that subcontractors and other partners are committed to Consti's ethical guidelines and quality objectives. The goal is for 20% of subcontractors to be committed to Consti's ethical guidelines by the end of 2021 and 100% in 2023.

In 2021, the ethical guidelines were updated, and a new Subcontractor Partnership Model was defined for cooperation with selected subcontractors. The goal of the Subcontractor Partnership Model is to provide Consti with reputable subcontractors with good track records, who act responsibly and are committed to common goals. It is also important to develop operating methods and services together in a mutually beneficial way. Commitment to the partnership programme also means commitment to ethical guidelines for partners. The same obligation has been included, for example, in Consti's General Terms and Conditions for Suppliers, which were drawn up in autumn 2021.

**Customer satisfaction**

**Customer understanding**

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

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

A more efficient use of the current customer feedback system has been identified as one of the development areas in Consti's customer satisfaction. In 2021, Consti identified projects in which a regular customer survey will be conducted, and guidelines were developed for submitting surveys and processing feedback. The number of customer surveys rose to 1,258 from 545 the previous year. The response rate rose to 30% from 25% in the previous year.

Customer opinions are also surveyed when developing services. In 2021, separate customer surveys were conducted e.g., development projects related to takt time production, car electric charging poles and bathroom renovations.

A key factor in customer satisfaction is quality, which consists of the technical quality of the work and the quality of the process. All of Consti Group's business areas have the RALA quality certificates of the Construction Quality Association (RALA) and the RALA qualification issued by RALA. In addition, certified methods and

materials are used in the sleeving of sewer pipes. Consti's procurement instructions and supplier agreements obligate the use of generally accepted, suitable, CE-marked and / or certified products. In 2021, the possible introduction of the RALA environmental certificate was also investigated.

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

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

Consti aims to improve the quality of construction and clarify responsibilities through new collaborative delivery systems, which Consti actively participates in. Collaborative delivery contracts define common objectives, responsibilities and incentives of the actors involved in the projects. Consti's goal is also to increase cooperation with customers and partners in the development of services. This work has started, for example, through the Subcontractor Partnership Programme defined in 2021.

The Subcontractor Partnership Programme also aims to better manage cost and delivery time risks, for example, and to improve the time efficiency of the project organisation.

**Supporting the customer's climate objectives**

Customers' climate goals emphasise the energy efficiency of their premises. Energy efficiency is improved, in particular, through facade renovations and building technology renewal. Energy savings of up to 20% have been achieved in apartment building automation projects (ROTI 2019).

Consti has expertise in carrying out renovations and building technology installations as well as improving the energy efficiency of buildings, for example through facade repairs.

Calculations indicate that climate change adds wind driven rain in Finland, which puts increasing pressure on, for example, the moisture resistance of facades. In addition to energy renovations, Consti is developing a new energy efficient facade system and maintenance services together with partners, to better take into account the demands set forth by climate change. For example, the regular maintenance of systems is key to reaping the benefits that building technology brings.

An example of environmental friendliness in the development of products and services is the new Eco Consti service model of the Consti Kodikas concept, which offers housing companies the opportunity to have charging poles installed for electric cars, or pre-cabling conducted for the possible future installation of charging poles, in connection with other renovations.



Information under the EU Taxonomy Regulation

The EU Taxonomy Regulation requires that in their non-financial reporting, listed companies must report information on how and to what extent their financial activities are environmentally sustainable. The objective of the Taxonomy Regulation is to establish a comprehensive uniform EU definition of environmentally sustainable economic activities.

For the financial year 2021, Consti is obligated to publish information on the share of eligible and non-eligible economic activities in Consti's total net sales, capital expenditures and operating expenses.

Share of net sales (net sales indicator)

Consti is a company focused on renovations and building technology services. Consti provides comprehensive renovation and building technology services as well as selected new construction services to housing companies, corporations, and investors, as well as the public sector.

Consti estimates that its net sales for the financial year 2021 – 288.8 million euro – consisted entirely of financial activities eligible for classification.

Net sales	Taxonomy eligible / non-eligible economic activities
Total net sales (MEUR)	288.8
Taxonomy-eligible activities (%)	100%
Taxonomy-non-eligible activities (%)	0%

Share of capital expenditure (CapEx indicator)

Consti Group's investments in intangible and tangible assets in January-December 2021 amounted to 1.4 million euro. The largest investment items were made into property, plant, and equipment, which mainly include machinery and equipment purchases. Investments in right-of-use assets (IFRS 16) in January-December 2021 amounted to 4.9 million euro and were mainly related to the new headquarters in Helsinki. In 2021, the increases in tangible and intangible assets related to acquisitions and business transactions amounted to 1.6 million euro. As a result, investments for the financial year 2021 totalled 8.0 million euro.

Consti estimates that the investments of 8.0 million euro for the financial year 2021 consisted entirely of eligible economic activities, as all investments for the financial year are related to Consti's business, which is estimated to be 100% eligible economic activities.

CapEx	Taxonomy eligible / non-eligible economic activities
Total CapEx* (MEUR)	8.0
Taxonomy-eligible activities (%)	100%
Taxonomy-non-eligible activities (%)	0%

\* EUR 4.9 million of CapEx relate to right-of use assets (IFRS 16)

Share of operating expenditure (OpEx indicator)

Consti estimates that the operating expenses defined in the Taxonomy Regulation totalled approximately 1 million euro in the financial year 2021. Therefore, operating expenses are not relevant to Consti's business model. The investment needs of Consti's business model are small, as the company's capacity is largely generated by manpower. The company's investments and product development needs account for a small share of the net sales.

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

The Annual General Meeting of Shareholders held on 7 April 2021 resolved that dividend of EUR 0.40 per share for the financial year 2020 is paid. No dividend was paid on own shares held by the Company. The record date for dividend distribution was 9 April 2021, and the dividend was paid on 16 April 2021.

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 2021 were 58,031,699.64 euro, including retained earnings of 29,449,231.13 euro. The Board proposes to the Annual General Meeting that a dividend of 0.45 euro per share be paid for the financial period 1 January – 31 December 2021. The Board of Directors plans to call the Annual General Meeting of shareholders to convene on Tuesday 5 April 2022.

Outlook for 2022

The Finnish building market is estimated to grow by around 2.0 percent in 2022 from the previous year. The renovation market is estimated to grow by approximately 1.3 percent in 2022. Renovations of both residential buildings and business premises are expected to increase.

The most significant uncertainties in the operating environment in 2022 are related to rising construction costs and the availability of materials. In addition, the coronavirus pandemic may have a negative impact on the company's ability to carry out ongoing projects due to the large number of coronavirus cases.

The Company estimates that its operating result for 2022 will be in the range of EUR 9–13 million.

Significant events after the reporting period

No material events have been disclosed after the reporting period.

In Helsinki,  
3 February 2022  
Consti Plc's Board of Directors





# FINANCIAL STATEMENTS

Lapland Hotels Arena was opened in connection with Tampere's Nokia Arena in December 2021. Consi carried out electrical and ventilation work for the hotel rooms, as well as the all-in contract for the Saivo restaurant, reception hall and Laavu Rooftop Terrace & Sauna. The suites were built with takt time production, and their electrical installations were wired in a manner that allowed the fixed furniture to be delivered with all the electrical equipment already in place. Both the rooms and the restaurant also have an advanced cloud-based lighting control system. Lapland Hotels Arena's specialities include six balcony rooms where you can watch a concert or a game without leaving your room.



## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
<b>Net sales</b>	4	<b>288,773</b>	<b>274,646</b>
Other operating income	5	430	511
Materials and services	6	-206,753	-191,711
Employee benefit expenses	7	-59,767	-58,108
Depreciation and amortisation	9	-3,497	-3,203
Other operating expenses	8	-13,482	-13,899
Total expenses		-283,498	-266,920
<b>Operating result (EBIT)</b>		<b>5,705</b>	<b>8,237</b>
Financial income	10	139	4
Financial expenses	10	-1,261	-1,006
Total financial income and expenses	10	-1,122	-1,002
<b>Profit/loss before taxes (EBT)</b>		<b>4,583</b>	<b>7,235</b>
Total taxes	11	-866	-1,560
<b>Profit/loss for the period</b>		<b>3,717</b>	<b>5,675</b>
<b>Comprehensive income for the period*</b>		<b>3,717</b>	<b>5,675</b>

\*The group has no other comprehensive income items

## CONSOLIDATED BALANCE SHEET

Assets EUR 1,000	Note	31 Dec 2021	31 Dec 2020
<b>Non-current assets</b>			
Property, plant and equipment	13	8,571	5,142
Goodwill	16	49,501	48,604
Other intangible assets	14	386	401
Shares and other non-current financial assets	17	57	17
Deferred tax assets	11	261	278
		<b>58,777</b>	<b>54,443</b>
<b>Current assets</b>			
Inventories	19	827	656
Trade and other receivables	20	41,365	49,239
Cash and cash equivalents	21	18,072	24,257
		<b>60,264</b>	<b>74,152</b>
<b>Total assets</b>		<b>119,041</b>	<b>128,595</b>
<b>Equity and liabilities EUR 1,000</b>		31 Dec 2021	31 Dec 2020
<b>Equity</b>			
Share capital	22	80	80
Reserve for invested non-restricted equity	22	28,781	28,252
Treasury shares	22	-696	-610
Retained earnings		57	-3,020
Profit/loss for the year		3,717	5,675
<b>Equity attributable to owners of the parent company</b>		<b>31,939</b>	<b>30,378</b>
Hybrid bond	22	0	3,200
<b>Total equity</b>		<b>31,939</b>	<b>33,578</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	24	18,783	17,869
		<b>18,783</b>	<b>17,869</b>
<b>Current liabilities</b>			
Trade and other payables	25	52,072	63,353
Interest bearing liabilities	24	13,551	11,126
Provisions	23	2,696	2,670
		<b>68,319</b>	<b>77,149</b>
<b>Total liabilities</b>		<b>87,102</b>	<b>95,017</b>
<b>Total equity and liabilities</b>		<b>119,041</b>	<b>128,595</b>



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000							
	Equity attributable to owners of the parent						
	Share capital	Reserve for non-restrict-ed equity	Treasury shares	Retained earnings	Total	Hybrid bond	Total equity
Equity on 1 Jan 2021	80	28,252	-610	2,656	30,378	3,200	33,578
Total comprehensive income				3,717	3,717		3,717
Hybrid bond				-71	-71	-3,200	-3,271
Transactions with shareholders							
Dividend distribution				-3,068	-3,068		-3,068
Purchase of own shares			-318		-318		-318
Conveyance of own shares		529	231		760		760
Share compensation				407	407		407
Option scheme				133	133		133
Transactions with shareholders, total		529	-86	-2,528	-2,085		-2,085
Equity on 31 Dec 2021	80	28,781	-696	3,774	31,939	0	31,939

EUR 1,000							
	Equity attributable to owners of the parent						
	Share capital	Reserve for non-restrict-ed equity	Treasury shares	Retained earnings	Total	Hybrid bond	Total equity
Equity on 1 Jan 2020	80	28,252	-395	-1,800	26,137	3,200	29,337
Total comprehensive income				5,675	5,675		5,675
Hybrid bond				-544	-544		-544
Transactions with shareholders							
Dividend distribution				-1,230	-1,230		-1,230
Purchase of own shares			-266		-266		-266
Conveyance of own shares			52		52		52
Share compensation				487	487		487
Option scheme				67	67		67
Transactions with shareholders, total			-215	-676	-891		-891
Equity on 31 Dec 2020	80	28,252	-610	2,656	30,378	3,200	33,578

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows	EUR 1,000	Note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
Cash flow from operating activities				
Operating result			5,705	8,237
Adjustments:				
Depreciation			3,497	3,203
Other adjustments			557	422
Change in working capital			-2,905	7,678
Operating cash flow before financial and tax items			6,854	19,539
Financial income			139	4
Financial expenses			-1,209	-926
Taxes paid			-1,094	-728
Net cash flow from operating activities (A)			4,691	17,890
Cash flow from investing activities				
Acquisition of subsidiaries and business operations, net of cash			-1,089	0
Investments in tangible and intangible assets			-1,396	-1,206
Proceeds from sale of property, plant and equipment			258	359
Net cash flow from investing activities (B)			-2,227	-847
Cash flow from financing activities				
Dividend distribution			-3,068	-1,230
Purchase of treasury shares			-317	-266
Hybrid bond			-3,584	-384
Payments of lease liabilities			-2,132	-2,123
Change in interest-bearing liabilities	24		453	1,185
Proceeds from long-term liabilities			18,000	0
Payments of long-term liabilities			-18,500	-1,000
Change in other interest-bearing liabilities			953	2,185
Net cash flow from financing activities (C)			-8,649	-2,818
Change in cash and cash equivalents (A+B+C)			-6,185	14,225
Cash and cash equivalents at period start			24,257	10,032
Cash and cash equivalents at period end			18,072	24,257



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Accounting principles

### GENERAL INFORMATION ABOUT THE GROUP

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

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

The coronavirus pandemic (covid-19) as a whole did not have a significant impact on Consti's business during the financial year 2021. The effects of the coronavirus pandemic on the preparation of the financial statements are described in a later part of the accounting principles in section key accounting estimates and decisions based on judgment.

The financial statements of Consti Plc for the financial year ending 31 December 2021 were approved for publication by its Board of Directors at its meeting on 3 February 2022. 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 2021. 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 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 opera-

tions 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 no capitalised development costs at the end of the 2021 financial period.

#### 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.



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 2021, the plan included 58 key people including the Management Team.

The Group has an option scheme in place. Option rights are valued at their fair value at the time they were granted and are recognised in the income statement under

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

PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

INCOME TAXES

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

Taxes based on taxable income for the period

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

Deferred taxes

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

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

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

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

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

REVENUE RECOGNITION

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

Project deliveries

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

Identifying contracts

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

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

Contract changes

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

Identifying performance obligations

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

Determining transaction price for performance obligations

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

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

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

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

Revenue recognition

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

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

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

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

Other cost + fee projects and service contracts

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

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

Interest and dividend income

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

FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

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

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

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

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

Financial assets recognised at fair value through profit or loss include items that do not meet the criteria of other groups. With

regard to the Group, this item includes unlisted shares. This category also includes financial assets or derivatives that are not subject to hedge accounting in accordance with IFRS 9. Derivatives are initially recognised at fair value when the Group becomes party to a contract and are later measured at fair value. Interest rate swaps are used to hedge against changes in market rates of interest, and changes in the fair value of interest rate swaps are recognised in financial income or expenses during the period they occur. Derivatives are non-current receivables (“Receivables”) if their maturity is more than 12 months and current receivables (“Trade and other receivables”) if their residual maturity is under 12 months. Derivatives can also be regarded as liabilities. Their accounting principles are explained below under “Financial liabilities”.

Impairment of financial assets

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

Cash and cash equivalents

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

Financial liabilities

The Group's financial liabilities are classified into two categories: financial liabilities measured at amortized cost and financial liabilities recognised at fair value through profit or loss. Financial liabilities are recognised in the balance sheet on the settlement date and derecognised once the contractual obligations related to them expire or are transferred outside the Group. Financial liabilities measured at amortized cost are initially recognised at fair value. Any transaction costs relating to the subscription of the loans are included in the initial carrying amount. Financial liabilities may be current or non-current. Financial liabilities are

later measured at amortised cost using the effective interest method. Financial liabilities recognised at fair value through profit or loss include operating and financing interest rate swaps which do not fulfil the hedge accounting requirements under IFRS 9. Derivatives are initially recognised at fair value when the Group enters into a contract and are later measured at fair value. Interest rate swaps are used for hedging against fluctuations in market rates, and any changes in their fair value are recognised under financial income or expenses during the period they occur. Derivatives are treated as non-current liabilities (Other liabilities) when their maturity is more than 12 months and as current liabilities (Trade and other payables) when their residual maturity is less than 12 months. Derivative contracts and hedge accounting Derivative contracts are treated in accordance with IFRS 9 Financial Instruments -standard. The Group has classified all of its derivatives as held-for-trading, as it does not apply hedge accounting in accordance with the IFRS 9 standard. The derivatives held for trading are interest rate swaps that are measured at fair value. The fair value of the derivatives is recognised under other non-current or current assets and liabilities. Both unrealised and realised gains and losses resulting from changes in fair value are recognised under financial items in the income statement during the financial period in which they occur. Consti had no derivative contracts on 31 December 2021 (31 December 2020). 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 var-

ious 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 covid-19 as a factor increasing uncertainty has been taken into account in cash-flow forecasts. Recognition of revenue from contracts with customers Revenue recognition based on stage of completion requires the management to make estimates of the costs accrued by the end of the reporting period in relation to the estimated overall costs of a contract. In addition, the management must make estimates of the costs needed to complete the contract and of any change in sales prices. If estimates of a contract's revenue, costs or outcome change, the new estimates are used to determine recognised income and expenses in the period in which the changes are made and in subsequent periods. Expected losses are immediately expensed. Deferred tax assets The Group has recognised deferred tax assets on temporary differences and tax losses to the extent that it is probable that future taxable profit will be available against which the tax-deductible temporary differences and unused tax credits and tax losses can be utilised. Estimating the amount of taxable profit available in the future requires the management to exercise judgment and is based on estimates made by the management at the end of the reporting period. Lease agreements The Group has defined that the term of a lease agreement is the non-cancellable period of a lease adjusted with any option to extend or terminate the lease if the use of such option is probable. Management judgement is applied in determining the probability to use any option to extend or terminate the lease, if such an option is included in the lease agreement. In addition, management judgement is applied in defining the incremental borrowing rate used to calculate the present value of the future lease payments. The Group has some lease agreements relating to business premises and warehouses, which are valid until further notice. For

such agreements, management judgement is applied in evaluating the lease term. In evaluating the lease term, the importance of the underlying asset to Consti's operations is considered, taking into account whether the underlying asset is a specialised asset, the location of the underlying asset and the availability of suitable alternatives. The management reassesses the lease term regularly to ensure that lease term reflects the current circumstances. Trade receivables The bad debt provision for the accounts receivable is recognized on the basis of credit quality evaluation and using the expected credit loss model. At the end of each reporting period, the management estimates the amount of the credit risk and recognises a credit loss reserve for trade receivables that are unlikely to be paid in full. The estimates are based on systematic credit control, prior experience of realised credit losses and economic circumstances at the time of estimation. Based on the assessment at the end of the reporting period, the coronavirus pandemic (covid-19) had no effect on credit loss risks / provision. EVALUATION OF FUTURE EFFECTS OF NEW STANDARDS AND INTERPRETATIONS The Group estimates that the new and renewed standards and interpretations published by IASB that the group has not yet applied do not have a significant impact on the group's financial statement.



## 2. Operating segments

### Segment information

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

The highest operational decision-making body is Consti Group's Board of Directors,

for which the Chairman of the Board and the Managing Director prepare and present decision proposals.

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

In addition to their financial characteristics, the business areas are similar in the

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

EUR 1,000	2021	2020
<b>Net sales</b>		
Housing Companies	89,998	86,145
Corporations	100,956	90,589
Public Sector	37,659	41,431
Bulding Technology	72,884	69,350
Parent company and eliminations	-12,725	-12,868
<b>Total</b>	<b>288,773</b>	<b>274,646</b>

### Information on key customers

In the 1 January–31 December 2021 and 1 January–31 December 2020 financial years, the Consti Group had a large number of customers. During fiscal year 1 January–31 December 2021 there were no individual customers accounting for a significant proportion of the Consti Group's net sales. During fiscal year 1 January–31 December 2020 Consti Group's net sales from one Public Sector and Housing Companies business area's customer amounted to approximately 45,1 million euro, which was 16% of the Group's total net sales.

## 3. Business combinations

ACQUIRED BUSINESS	Country	Type	Date of acquisition	Acquired share	No. of employees	Estimated annual net sales (€m)
RA-Urakointi Oy	Finland	Share deal	31 Aug 2021	100 %	30	8,4

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

### Acquired assets and liabilities

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

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

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

A total of 49,292 own shares were transferred related to the purchase of the shares of RA-Urakointi Oy to cover part of the purchase price.

The value of the transferred shares was calculated based on the weighted average share price of the Company in accordance with the terms of the share purchase agreement. In the period of 1 Jun 2021–25 Aug 2021 it was approximately EUR 628 thousand.

The transaction costs arising from the acquisition, totalling EUR 104 thousand have been recognised as expenses and are included under administrative expenses.

### Business combinations in 2020

No acquisitions in financial year 2020.

4. Revenue from contracts with customers EUR 1,000	2021	2020
<b>Net sales classification according to IFRS 15</b>		
<b>Project deliveries</b>		
Housing Companies	87,907	83,806
Corporations	93,291	77,852
Public Sector	37,657	41,431
Bulding Technology	65,919	60,703
Parent company and eliminations	-12,725	-12,868
<b>Total project deliveries</b>	<b>272,049</b>	<b>250,923</b>
<b>Other cost + fee projects and service contracts</b>		
Housing Companies	2,092	2,339
Corporations	7,665	12,737
Public Sector	2	0
Bulding Technology	6,965	8,647
Parent company and eliminations	0	0
<b>Total other cost + fee projects and service contracts</b>	<b>16,724</b>	<b>23,723</b>
<b>Total net sales</b>	<b>288,773</b>	<b>274,646</b>

Accounts receivable and contract assets and liabilities	2021	2020
Trade receivables	28,517	39,192
Receivables from project deliveries and cost + fee accruals	10,453	7,694
Advances received from project deliveries and cost + fee accruals	11,816	25,980

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.

<b>The transaction price allocated to the remaining performance obligations as at 31 Dec:</b>	<b>2021</b>	<b>2020</b>
Within one year	188,605	172,001
More than one year	29,973	5,856
<b>Total order backlog</b>	<b>218,578</b>	<b>177,857</b>

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 es-

timates 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.

<b>5. Other operating income</b> EUR 1,000	<b>2021</b>	<b>2020</b>
Capital gains from the sale of property, plant and equipment	122	184
Insurance indemnities received	210	261
Other income items	98	66
<b>Total</b>	<b>430</b>	<b>511</b>

<b>6. Materials and services</b> EUR 1,000	<b>2021</b>	<b>2020</b>
Purchases of materials, supplies and goods	54,504	48,160
Increase (-) or decrease (+) in inventories	12	-26
External services	152,237	143,577
<b>Total</b>	<b>206,753</b>	<b>191,711</b>

<b>7. Employee benefit expenses</b> EUR 1,000	<b>2021</b>	<b>2020</b>
Salaries	48,920	47,571
Pension expenses	8,427	7,765
Share-based payments	661	572
Other social security expenses	1,759	2,200
<b>Total</b>	<b>59,767</b>	<b>58,108</b>

Average number of personnel during the financial year, by group:		
White collar	410	411
Blue collar	559	560
<b>Total</b>	<b>969</b>	<b>971</b>

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

<b>8. Other operating expenses</b> EUR 1,000	<b>2021</b>	<b>2020</b>
Capital losses on and scrapping of property, plant and equipment	4	0
Production operating and maintenance expenses	2,699	2,674
Costs of facilities	385	316
Voluntary social security expenses	1,605	1,653
Travel expenses	2,600	2,649
Vehicle costs	962	902
Other fixed expenses	5,227	5,705
<b>Total</b>	<b>13,482</b>	<b>13,899</b>

<b>Auditor's fees</b>		
Audit	208	216
Other assignments and statements of the auditor	0	7
<b>Total</b>	<b>208</b>	<b>223</b>

<b>9. Depreciation and amortisation</b> EUR 1,000	<b>2021</b>	<b>2020</b>
Depreciation by asset type		
Intangible assets		
Allocation of acquisitions	102	–
Other intangible assets	105	136
Other intangible assets, right-of-use assets	103	100
Property, plant and equipment		
Buildings and structures	65	86
Buildings and structures, right-of-use assets	1,611	1,314
Allocation of acquisitions	31	–
Machinery and equipment	901	928
Machinery and equipment, right-of-use assets	578	638
<b>Total depreciation and amortisation</b>	<b>3,497</b>	<b>3,203</b>

<b>10. Financial income and expenses</b> EUR 1,000	<b>2021</b>	<b>2020</b>
<b>Financial income</b>		
Interest income and other financial income	139	4
<b>Total financial income</b>	<b>139</b>	<b>4</b>
<b>Financial expenses</b>		
Interest expenses on loans recognised at amortised cost	762	517
Interest expenses on lease liabilities	52	80
Other financial expenses	447	408
<b>Total financial expenses</b>	<b>1,261</b>	<b>1,006</b>
<b>Net financial expenses</b>	<b>1,122</b>	<b>1,002</b>



11. Income taxes EUR 1,000	2021	2020
The key components of income taxes in the financial periods ending on 31 December 2021 and 31 December 2020 are as follows:		
Consolidated statement of comprehensive income		
Current income taxes	976	1019
Taxes for the previous financial periods	3	79
Deferred taxes		
Origination and reversal of temporary differences	-113	462
Total	866	1560
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	4,583	7,235
Taxes calculated on the basis of the Finnish tax rate of 20% (20% 2020)	917	1447
Adjustments to taxes for previous financial years	-133	0
Income not subject to tax	0	0
Non-deductible expenses	79	34
Taxes for prior financial periods	3	79
Income taxes in the income statement	866	1560

Deferred taxes

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

Reconciliation of deferred tax assets	Consolidated balance sheet		Consolidated income statement	
	2021	2020	2021	2020
Depreciation not deducted in taxation	22	120	-98	-13
Deductible goodwill depreciation	-105	-105	0	-7
Capitalisation of tangible and intangible assets	-92	6	32	5
Losses confirmed in taxation	0	0	0	-188
Provisions	71	35	36	-11
Other items <sup>1)</sup>	365	222	143	-249
Deferred tax assets (/liabilities), net	261	278		
Deferred tax expenses (/income)			113	-462

<sup>1)</sup> The other items for fiscal period 2021 mainly refer to costs related to share based payments and option scheme. As at 31 Dec 2021, the Group had deductible intra-Group interests of EUR 0 thousand (EUR 363 thousand in 2020).

Consolidated balance sheet		
	2021	2020
The balance sheet includes the following items:		
Deferred tax assets	465	386
Deferred tax liabilities	-204	-108
Deferred tax assets/(liabilities), net	261	278
Reconciliation of deferred (net) tax asset		
Deferred tax assets at the beginning of the period	278	741
Deferred tax income/(expenses) in the consolidated statement of comprehensive income	113	-462
Deferred taxes transferred in the combination of business operations	-130	0
Deferred tax assets at the end of the period	261	278

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 2021 (31 Dec 2020).

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	2021	2020
Profit for the period attributable to the shareholders of the parent (EUR 1,000)	3,717	5,675
Hybrid bond's accrued interests after tax (EUR 1,000)	-71	-312
Profit for the period attributable to the shareholders of the parent adjusted with the effect of the hybrid bond (EUR 1,000)	3,646	5,363
Weighted average number of shares during the period	7,679,882	7,668,170
Earnings per share, undiluted (€)	0.47	0.70
Earnings per share, diluted	2021	2020
Profit for the period attributable to the shareholders of the parent adjusted with the effect of the hybrid bond (EUR 1,000)	3,646	5,363
Diluted profit for the period (EUR 1,000)	3,646	5,363
Weighted average number of shares during the period	7,679,882	7,668,170
Weighted average number of diluted shares during the period	7,888,865	7,769,006
Earnings per share, diluted (€)	0.46	0.69

**13. Property, plant and equipment** EUR 1,000

	Land areas	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Total
<b>Acquisition cost 1 Jan 2021</b>	<b>565</b>	<b>5,641</b>	<b>14,497</b>	<b>4</b>	<b>20,707</b>
Additions	-	4,435	1,756	-	6,190
Business combinations	-	-	567	-	567
Disposals	-	-93	-504	-	-597
<b>Acquisition cost 31 Dec 2021</b>	<b>565</b>	<b>9,983</b>	<b>16,316</b>	<b>4</b>	<b>26,867</b>
<b>Depreciation and impairment 1 Jan 2021</b>	<b>-</b>	<b>4,184</b>	<b>11,381</b>	<b>-</b>	<b>15,565</b>
Depreciation for the period	-	1,669	1,511	-	3,179
Disposals	-	-86	-362	-	-447
<b>Depreciation and impairment 31 Dec 2021</b>	<b>-</b>	<b>5,767</b>	<b>12,530</b>	<b>-</b>	<b>18,297</b>
<b>Carrying amount 31 Dec 2021</b>	<b>565</b>	<b>4,216</b>	<b>3,786</b>	<b>4</b>	<b>8,571</b>
<b>Acquisition cost 1 Jan 2020</b>	<b>565</b>	<b>5,294</b>	<b>13,652</b>	<b>4</b>	<b>19,515</b>
Additions	-	347	1,598	-	1,946
Business combinations	-	-	-	-	-
Disposals	-	-	-754	-	-754
<b>Acquisition cost 31 Dec 2020</b>	<b>565</b>	<b>5,641</b>	<b>14,497</b>	<b>4</b>	<b>20,707</b>
<b>Depreciation and impairment 1 Jan 2020</b>	<b>-</b>	<b>2,783</b>	<b>10,393</b>	<b>-</b>	<b>13,177</b>
Depreciation for the period	-	1,400	1,566	-	2,966
Disposals	-	-	-578	-	-578
<b>Depreciation and impairment 31 Dec 2020</b>	<b>-</b>	<b>4,184</b>	<b>11,381</b>	<b>-</b>	<b>15,565</b>
<b>Carrying amount 31 Dec 2020</b>	<b>565</b>	<b>1,457</b>	<b>3,116</b>	<b>4</b>	<b>5,142</b>

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 the Group's production machinery in 2021.

**Grants**

The Group did not receive any grants for the acquisition of property, plant or equipment in 2021.

**14. Intangible assets** EUR 1,000

	Goodwill	Other intangible assets	Total
<b>Acquisition cost 1 Jan 2021</b>	<b>48,604</b>	<b>6,225</b>	<b>54,829</b>
Additions	-	117	117
Business combinations	897	178	1,075
<b>Acquisition cost 31 Dec 2021</b>	<b>49,501</b>	<b>6,520</b>	<b>56,022</b>
<b>Depreciation and impairment 1 Jan 2021</b>	<b>-</b>	<b>5,824</b>	<b>5,824</b>
Depreciation for the period	-	310	310
<b>Depreciation and impairment 31 Dec 2021</b>	<b>-</b>	<b>6,134</b>	<b>6,134</b>
<b>Carrying amount 31 Dec 2021</b>	<b>49,501</b>	<b>386</b>	<b>49,888</b>
<b>Acquisition cost 1 Jan 2020</b>	<b>48,604</b>	<b>6,025</b>	<b>54,629</b>
Additions	-	200	200
Business combinations	-	-	-
<b>Acquisition cost 31 Dec 2020</b>	<b>48,604</b>	<b>6,225</b>	<b>54,829</b>
<b>Depreciation and impairment 1 Jan 2020</b>	<b>-</b>	<b>5,587</b>	<b>5,587</b>
Depreciation for the period	-	236	236
<b>Depreciation and impairment 31 Dec 2020</b>	<b>-</b>	<b>5,824</b>	<b>5,824</b>
<b>Carrying amount 31 Dec 2020</b>	<b>48,604</b>	<b>401</b>	<b>49,005</b>

Other intangible assets include patents, licences, software, and customer agreements and related customer relationships acquired in business combinations.

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
<b>1 Jan 2021</b>	<b>1,197</b>	<b>1,068</b>	<b>140</b>	<b>2,406</b>	<b>2,454</b>
Additions	4,351	482	78	4,912	4,910
Depreciations	-1,611	-578	-103	-2,292	-
Interest expense	-	-	-	-	52
Payments	-	-	-	-	-2,130
<b>31 Dec 2021</b>	<b>3,938</b>	<b>973</b>	<b>115</b>	<b>5,026</b>	<b>5,287</b>

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

The Group recognises lease payments related to short-term leases and leases of low value items as an expense on a straight-line basis over the contract period. The income statement 2021 includes EUR 225 thousand (EUR 220 thousand in 2020) of lease payments

related to short-term leases and EUR 6 thousand (EUR 5 thousand in 2020) 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 2021 were related to new headquarters in Helsinki and to renewed leasing contracts of vans used in project and service business as well as to the accounting of business premises and warehouses lease agreements that are valid until further notice, in accordance with the IFRS 16-standard.



16. Impairment testing on goodwill EUR 1,000

Carrying amount of goodwill allocated to cash-generating units

	2021		2020
Housing companies	18,682	Housing companies	17,785
Corporations	16,687	Corporations	16,687
Public Sector	4,677	Public Sector	4,677
Building Technology	9,455	Building Technology	9,455
Total	49,501	Total	48,604

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 2021 (31 December 2020) has been allocated to the business areas based on values-in-use (VIU). The Group tests goodwill for impairment annually or more frequently if circumstances indicate that impairment may have occurred. In such an event, the carrying amount of the cash-generating unit is compared with the recoverable amount, which is determined on the

basis of value-in-use calculations. When calculating cash flows for value-in-use calculations, the forecast is based on the budget confirmed for the following year and the management's best estimate of the development of the Group's business over the two years beyond that. The effect of covid-19 as a factor increasing uncertainty has been taken into account in cash-flow forecasts. Cash flows after the forecast period approved by management have been extrapolated using a steady 1% growth factor.

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

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

The Group conducted a goodwill impairment test on 31 December 2021, 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 12.81% and 13.04% (12.50% and 13.73% in 2020) before taxes. Terminal growth rate used in value-in-use calculations has been 1% (1% in 2020). In the management's best estimate, no possible change in any key variable used in the calculation would lead to the need to recognise impairment.

Key variables in the value-in-use calculations

The following key variables were used to determine value in use:

- EBITDA margin
- discount rate
- net sales growth in line with the strategy
- terminal growth rate

EBITDA margin

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

Discount rate

The discount rate reflects the current market evaluation of the risks of cash-generating units, taking into consideration the time value of money and the specified risks associated with assets that are not included in cash-flow forecasts. The discount rate calculation is based on the circumstances of the Group and its operating units and it is de-

termined 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 materialised average long-term growth of the 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.

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

	2021	2020		
	Carrying amount and fair value	Carrying amount and fair value	Fair value hierarchy	Note
Financial assets				
Financial assets recognised at fair value through profit or loss				
Non-current financial assets				
Shares and other non-current financial assets	57	17		
Total financial assets recognised at fair value through profit or loss	57	17		
Financial assets measured at amortised cost				
Current financial assets				
Trade receivables	28,517	39,192		20
Total financial assets measured at amortised cost	28,517	39,192		
Cash and cash equivalents	18,072	24,257		21
Total current financial assets	46,589	63,449		
Total financial assets	46,647	63,466		

	2021	2020		
	Carrying amount and fair value	Carrying amount and fair value	Fair value hierarchy	Note
Financial liabilities				
Financial liabilities measured at amortised cost				
Non-current financial liabilities				
Loans from financial institutions	14,960	16,485		24
Non-current hire purchase debt	589	595		24
Lease liabilities	3,234	788		24
Current financial liabilities				
Loans from financial institutions	2,000	1,000		24
Commercial papers	9,000	8,000		24
Current hire purchase debt	498	460		24
Lease liabilities	2,053	1,666		24
Trade payables	20,975	19,346		25
Total financial liabilities measured at amortised cost	53,309	48,340		
Total non-current financial liabilities	18,783	17,869		
Total current financial liabilities	34,526	30,471		
Total financial liabilities	53,309	48,340		

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 263 thousand (EUR 262 thousand in 2020) in the result before taxes.

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

EUR 1,000	31 Dec 2021	31 Dec 2020
Undrawn loans	5,000	5,000
Cash and cash equivalents	18,072	24,257
Total	23,072	29,257

The key loan covenants are reported to lenders at three-month intervals. If the Group breaches any of the loan covenants, lenders may demand accelerated loan repayments. The financial covenants included in the loans are based on the Group's gearing and the ratio of net debt to adjusted EBITDA. At the balance sheet date, the Group's interest-bearing net debt to adjusted EBITDA ratio was under the covenant's maximum level according to the confirmed calculation principles.

The Group's management has not identified any significant liquidity concentrations in its financial assets or financing sources.

Credit risk

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

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

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

Outstanding trade receivables are tested for impairment on each reporting date. The estimates are based on systematic credit control, prior experience of realised credit losses and economic circumstances at the time of estimation. Based on the assessment at the end of the reporting period, the coronavirus pandemic (covid-19) had no effect on credit loss risks / provision. During the financial year, the amount of impairment losses recognised through profit and loss were EUR 4 thousand (EUR 8 thousand in 2020).

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. A hybrid bond of EUR 3.2 million issued in March 2019 that was earlier included in Consti Group's equity, was redeemed in accordance with its terms and conditions in March 2021. The Group's financial administration department is responsible for ensuring adequate financing.

At the date of the financial statements on 31 December 2021, 42 % of the Group's interest bearing debts are due within the following year (31 December 2020 38 %), based on the book value presented in the financial statements.



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 2021 (31 December 2020).

EUR 1,000							
31 Dec 2021	2022	2023	2024	2025	2026	2027–	Total
Bank loans <sup>*)</sup>	2,264	2,232	13,104	0	0	0	17,600
Commercial papers	9,000	0	0	0	0	0	9,000
Lease liabilities	2,116	1,178	925	857	341	0	5,418
Other interest bearing liabilities	521	344	191	70	0	0	1,127
Trade payables	20,975	0	0	0	0	0	20,975
	34,876	3,755	14,220	927	341	0	54,120
31 Dec 2020	2021	2022	2023	2024	2025	2026–	Total
Bank loans	1,216	16,609	0	0	0	0	17,825
Commercial papers	8,000	0	0	0	0	0	8,000
Lease liabilities	1,708	573	182	44	4	0	2,512
Other interest bearing liabilities	510	370	196	45	0	0	1,121
Trade payables	19,346	0	0	0	0	0	19,346
	30,780	17,552	378	89	4	0	48,803

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

Capital risk management

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

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

19. Inventories	EUR 1,000	2021	2020
Materials and supplies (measured at acquisition cost)		827	656
Total		827	656

In the financial year the Group recognised EUR 35 thousand (EUR 0 thousand in 2020) in write-downs of inventories.

20. Trade and other receivables	EUR 1,000	2021	2020
Trade receivables		28,517	39,192
Receivables from project deliveries and cost + fee accruals		10,453	7,694
Accrued income		1,971	1,838
Other receivables		423	515
Total		41,365	49,239

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 4 thousand (EUR 8 thousand in 2020) in impairment losses on accounts receivable. Acquiring guarantees on accounts receivable and other receivables is not a Group policy.

The age structure of trade receivables is as follows:

Undue	23,229	22,089
Fallen due		
< 30 days	4,515	2,919
30–60 days	154	337
61–90 days	9	102
> 90 days	610	13,745
Total	28,517	39,192

In 2020, the majority of trade receivables that expired over 90 days ago related to the Hotel St. George construction project, from which Consti Plc's subsidiary Consti Korjausrakentaminen Oy (former Consti Korjausurakointi Oy) received an arbitral award in June 2021. Further details on the arbitral award are provided in Note 26.

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	2021	2020
Cash in hand and at banks		18,072	24,257
Total		18,072	24,257

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 2021 were EUR 5,000 thousand (EUR 5,000 thousand in 2020).

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

Cash in hand and at banks	18,072	24,257
Cash and cash equivalents	18,072	24,257

**22. Equity** EUR 1,000

Share distribution and share capital	Number of outstanding shares	Share capital	No. of treasury shares	No. of total shares
<b>1 Jan 2020</b>	7,676,942	80	181,325	7,858,267
Conveyance of treasury shares	8,181		-8,181	
Purchase of treasury shares	-33,000		33,000	
<b>31 Dec 2020</b>	<b>7,652,123</b>	<b>80</b>	<b>206,144</b>	<b>7,858,267</b>
<b>1 Jan 2021</b>	7,652,123	80	206,144	7,858,267
Conveyance of treasury shares	67,283		-67,283	
Purchase of treasury shares	-25,000		25,000	
<b>31 Dec 2021</b>	<b>7,694,406</b>	<b>80</b>	<b>163,861</b>	<b>7,858,267</b>

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

**Changes in the number of shares and corresponding changes to equity**

	Number of outstanding shares	Share capital	Reserve for invested non-restricted equity	Treasury shares	Total
<b>1 Jan 2020</b>	7,676,942	80	28,252	-395	27,937
Conveyance of treasury shares	8,181			52	52
Purchase of treasury shares	-33,000			-266	-266
<b>31 Dec 2020</b>	<b>7,652,123</b>	<b>80</b>	<b>28,252</b>	<b>-610</b>	<b>27,722</b>
<b>1 Jan 2021</b>	7,652,123	80	28,252	-610	27,722
Conveyance of treasury shares	67,283		529	231	760
Purchase of treasury shares	-25,000			-318	-318
<b>31 Dec 2021</b>	<b>7,694,406</b>	<b>80</b>	<b>28,781</b>	<b>-696</b>	<b>28,165</b>

**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.

**Hybrid bond**

Consti Plc redeemed in March 2021 the EUR 3.2 million hybrid bond issued in March 2019 in accordance with its terms and conditions. The interest paid on the hybrid bond in March 2021, EUR 0.4 million in total, was in part paid to persons in managerial positions in the company. The interest on the hybrid bond is recognised as deduction from Group's equity.

**Dividend**

After the balance sheet date, the Board of Directors has proposed a dividend of EUR 0.45 per share.

**23. Provisions** EUR 1,000

	Warranty provisions	Onerous contracts	Litigation provisions	Total
<b>1 Jan 2021</b>	2,465	173	32	2,670
Arising during the year	998	516	106	1,621
Utilised provision	-1,148	-434	-12	-1,594
Unused amounts reversed	-	-	-	-
<b>31 Dec 2021</b>	<b>2,315</b>	<b>255</b>	<b>126</b>	<b>2,696</b>
Current provisions	2,315	255	126	2,696
<b>Total</b>	<b>2,315</b>	<b>255</b>	<b>126</b>	<b>2,696</b>

<b>1 Jan 2020</b>	2,183	274	0	2,457
Arising during the year	1,264	30	32	1,325
Utilised provision	-885	-131	-	-1,017
Unused amounts reversed	-96	-	-	-96
<b>31 Dec 2020</b>	<b>2,465</b>	<b>173</b>	<b>32</b>	<b>2,670</b>
Current provisions	2,465	173	32	2,670
<b>Total</b>	<b>2,465</b>	<b>173</b>	<b>32</b>	<b>2,670</b>

**Warranty provisions**

Warranty provisions for contracts are determined with information based on experience of the materialisation of liability. At the end of 2021 warranty provision amounted to EUR 2,315 thousand (EUR 2,465 thousand in 2020). 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

	2021	2020
<b>Non-current financial liabilities</b>		
Loans from financial institutions	14,960	16,485
Non-current hire purchase debt	589	595
Lease liabilities	3,234	788
<b>Total non-current financial liabilities</b>	<b>18,783</b>	<b>17,869</b>
<b>Current financial liabilities</b>		
Loans from financial institutions	2,000	1,000
Commercial papers	9,000	8,000
Hire purchase debts	498	460
Lease liabilities	2,053	1,666
<b>Total current financial liabilities</b>	<b>13,551</b>	<b>11,126</b>

Of the net change in long-term and short-term financial liabilities, EUR 2,832 thousand relates to the change in lease liabilities. For the rest, the net changes to non-current and current financial liabilities, EUR 453 thousand, are cash flow based.

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



25. Trade and other payables EUR 1,000	2021	2020
Trade payable	20,975	19,346
Advances received from project deliveries and cost + fee accruals	11,816	25,980
Other payables	9,013	7,109
Accrued expenses	10,267	10,917
<b>Total</b>	<b>52,072</b>	<b>63,353</b>

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:

	2021	2020
Within 1 year	57	226
In 1 to 5 years	17	3,105
In more than 5 years	-	332
<b>Total</b>	<b>74</b>	<b>3,663</b>

Off-balance sheet leasing and rental liabilities include lease liabilities from short-term leases and lease liabilities from low value items. Lease liabilities in the comparison period also include lease agreement of new headquarters in Helsinki described in note 15.

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.

Hotel St. George construction project

Consti announced on 11 June 2021 that its subsidiary Consti Korjausrakentaminen Oy has received an arbitral award from the arbitral tribunal in the dispute between Consti Korjausrakentaminen Oy and Kiinteistö Oy Yrjönkatu 13 which relates to the construction project for Hotel St. George carried out by

Consti Korjausrakentaminen Oy between years 2015–2018. The arbitral tribunal ordered Kiinteistö Oy Yrjönkatu 13 to compensate Consti Korjausrakentaminen Oy approximately EUR 0.7 million added with penalty interest for the project work and Consti Korjausrakentaminen Oy to compensate Kiinteistö Oy Yrjönkatu 13 EUR 0.9 million added with penalty interest for delay and other compensations. Furthermore, the arbitral tribunal ordered both parties to bear their own legal costs relating to proceedings. The net receivable related to the project in Consti's balance sheet was approximately EUR 3 million at the end of the first quarter of 2021. Consti recorded the impacts related to the arbitral award (operating result EUR -3.4 million) in its result of the second quarter of 2021. The positive cash flow impact of the arbitral award for Consti is approximately EUR 2 million (VAT on credit notes). Consti has issued related stock exchange releases on 17 August 2018, 19 September 2018 and 16 August 2019.

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	2021	2020
Bank guarantees and guarantee insurance commitments for the duration of work and warranty periods and rental deposits	46,257	42,603
<b>Total</b>	<b>46,257</b>	<b>42,603</b>

27. Related party transactions

Information about subsidiaries

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

Company name	Primary business	Country	Ownership %	
			2021	2020
Consti Talotekniikka Oy	Technical building services	Finland	100%	100%
Consti Korjausrakentaminen Oy	Construction	Finland	100%	100%
RA-Urakointi Oy <sup>1)</sup>	Construction	Finland	100%	-
EAM Consti Holding Oy		Finland	0%	0%

<sup>1)</sup> RA-Urakointi Oy was acquired through a share deal on 31 August 2021.

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 2021 and 31 December 2020, 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	Hybrid bond
Members of Group management	<b>2021</b>	3	0	0	0	-
	<b>2020</b>	323	0	0	0	1,500

Sales to related parties in 2021 include EUR 3 thousand of services purchased from Group companies by other members of group management. Sales to related parties in 2020 include EUR 319 thousand of services purchased from Group companies by CEO and EUR 4 thousand of services purchased from Group companies by other members of group management.

Terms associated with related party transactions

No guarantees or commitments have been provided on behalf of related parties.

Loans to related parties

There are no loans to related parties.

EUR 1,000	2021	2020
Employee benefits of management members		
Salaries and other short-term employee benefits	2,087	1,807
Share based payments	283	197
Termination compensation	45	-
Total	2,415	2,004

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	2021	2020
Esa Korkeela, CEO	341	323
Board members and deputy members		
Tapio Hakakari, Chairman	42	41
Erkki Norvio	30	29
Petri Rignell	30	29
Pekka Salokangas	30	29
Anne Westersund	30	29
Antti Korkeela, member until 6 April 2020	-	6
Johan Westermarck, member since 6 April 2020	30	23
Total	192	183

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 55 thousand in 2021 (EUR 51 thousand in 2020).

No pension insurance under the Employees’ Pensions Act (TyEL) has been taken out for members of the Board on their attendance fees.

28. Share-based payments

Share-based incentive plan

Consti Plc’s Board decided on 10 November 2016 to establish a new, share-based incentive plan for the Group’s key people. The aim of the new plan is to merge the objectives of the shareholders and key people in order to increase the value of the Company in the long-term, to engage key people to the Company, and to offer them a competitive reward plan based on earning of the Company’s shares. The share-based incentive plan is considered to be classified under IFRS 2 Share-based payments standard’s scope.

The plan offers the key people included in the plan the opportunity to earn Company shares as bonuses by altering half or all of their performance based bonuses for 2016 and 2017 into shares. The performance based bonuses altered into shares will be multiplied with a bonus factor determined by the Board before the bonuses are paid. The plan’s possible bonus will be paid to participants

after a two-year engagement period during years 2019 and 2020, in part as company shares and in part as cash. The plan will include a maximum of approximately 70 key people including the Management Team. For the earning periods 2016 and 2017, the bonuses paid will amount to a maximum of approximately 289,200 Consti Plc shares at the share price level of the plan’s decision time, including also the cash payment, providing that all of the key people included in the plan decide to participate in it and alter their performance based bonuses entirely into shares.

Consti Plc’s Board of Directors has annually decided to continue the share-based incentive plan for the Group’s key people launched in 2016 to cover the earning periods 2018–2021. More detailed information on earning periods can be found in the table below.

	Earning period 2021	Earning period 2020	Earning period 2019	Earning period 2018	Earning periods 2016–2017
Share-based incentive plan					
Decision on the plan	2 Mar 2021	28 Feb 2020	1 Mar 2019	15 Feb 2018	10 Nov 2016
Maximum number of awards granted, pcs	230,000	305,000	450,000	250,000	289,200
Maximum number of participants	70	70	70	70	70
Release of shares	2024	2023	2022	2021	2019–2020
Distributed number of shares, pcs				17,991	34,171

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

Payment for the earnings period 2017 was EUR 99 thousand in total, of which EUR 33 thousand was paid in cash. In accordance with the decision of the Board of Directors, Consti transferred during spring 2020 to the 12 key people covered by the 2017 share-based incentive plan 8,181 shares in total, of which 2,257 shares were transferred to the management team members.

Payment for the earnings period 2016 was EUR 246 thousand in total, of which EUR 96 thousand was paid in cash. In accordance with the decision of the Board of Directors, Consti transferred during spring 2019 to the 36 key people covered by the 2016 share-based incentive plan 25,990 shares in total, of which 2,533 shares were transferred to the CEO and 8,745 shares were transferred to the other management team members.

The consolidated financial statements in 2021 included cost from the share-based incentive plan amounting to EUR 661 thousand (EUR 572 thousand in 2020).

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.

In 2021, the expense recognition of the option scheme was EUR 133 thousand (EUR 67 thousand in 2020).

Option arrangement	2020
Grant date	17 Jun 2020
Amount of granted instruments, pcs	189,700
Subscription price, EUR	6.65
Fair value, EUR	1.63
Share price at time of granting, EUR	6.72
Term of validity, years	4
Subscription period	1 Jul 2023–30 Jun 2024
Exercised options, pcs	-
Returned options to company, pcs	-
Number of options outstanding, 31 Dec	189,700
Reserve of options, 31 Dec	55,300

29. Events after the reporting period

No material events have been disclosed after the reporting period.





# PARENT COMPANY

KOy Helsingin Uudenmaankatu 16–20 underwent a comprehensive renovation of construction and building technology. Key focus areas of the project were creating a user-driven building with a long service life utilising modern technology. In addition to technology and user-friendliness, the accessibility and fire safety of the premises were improved. The building, built by Sanoma Oy in 1968, houses several companies. The alliance contract, which began in autumn 2019, was completed in the fall of 2021.

# INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan–31 Dec 2021	1 Jan–31 Dec 2020
<b>Net sales</b>	1	<b>2,036</b>	<b>1,716</b>
Other operating income	2	542	414
Employee benefit expenses	3	-1,959	-1,597
Depreciation and amortisation	5	-148	-161
Other operating expenses	4	-1,523	-1,779
Total expenses		-3,630	-3,536
<b>Operating result</b>		<b>-1,052</b>	<b>-1,406</b>
Financial income and expenses	6	210	-1,584
<b>Profit (loss) before appropriations and taxes</b>		<b>-842</b>	<b>-2,990</b>
Appropriations	7	6,745	7,600
<b>Profit (loss) before taxes</b>		<b>5,903</b>	<b>4,610</b>
Total taxes	8	-858	-932
<b>Profit (loss) for the period</b>		<b>5,045</b>	<b>3,677</b>

# BALANCE SHEET OF THE PARENT COMPANY (FAS)

Assets EUR 1,000	Note	31 Dec 2021	31 Dec 2020
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9		
Intangible rights		6	11
Other long-term expenditure		167	216
<b>Total non-current assets</b>		<b>172</b>	<b>227</b>
Tangible assets	9		
Buildings and structures		0	0
Machinery and equipment		176	62
<b>Total tangible assets</b>		<b>176</b>	<b>62</b>
Investments	10		
Shares in Group companies		97,691	94,138
Other shares		254	254
<b>Total Investments</b>		<b>97,945</b>	<b>94,392</b>
<b>Total Non-current assets</b>		<b>98,293</b>	<b>94,680</b>
<b>CURRENT ASSETS</b>			
Short-term receivables	11		
Trade receivables		0	0
Intra-group receivables		8,486	2,785
Prepaid expenses and accrued income		94	71
<b>Total short-term receivables</b>		<b>8,580</b>	<b>2,856</b>
Cash and cash equivalents		16,619	24,161
<b>Total current assets</b>		<b>25,199</b>	<b>27,017</b>
<b>ASSETS</b>		<b>123,492</b>	<b>121,697</b>



Equity and liabilities EUR 1,000	Note	31 Dec 2021	31 Dec 2020
<b>EQUITY</b>	12		
Share capital		80	80
Reserve for invested non-restricted equity		28,582	28,053
Treasury shares		-244	-343
Retained earnings		24,648	24,039
Profit (loss) for the period		5,045	3,677
<b>Total equity</b>		<b>58,112</b>	<b>55,506</b>
<b>APPROPRIATIONS</b>			
Cumulative accelerated depreciation		55	0
<b>Total appropriations</b>		<b>55</b>	<b>0</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>	13		
Loans from financial institutions		15,000	16,500
Hybrid bond		0	3,200
Non-current hire purchase debts		2	21
<b>Total non-current liabilities</b>		<b>15,002</b>	<b>19,721</b>
<b>Current liabilities</b>	13		
Loans from financial institutions		2,000	1,000
Commercial papers		9,000	8,000
Current hire purchase debts		19	19
Trade payables		171	185
Intra-group liabilities		38,506	36,237
Other current liabilities		217	173
Accrued expenses		412	856
<b>Total current liabilities</b>		<b>50,325</b>	<b>46,470</b>
<b>Total liabilities</b>		<b>65,326</b>	<b>66,191</b>
<b>EQUITY AND LIABILITIES</b>		<b>123,492</b>	<b>121,697</b>

CASH FLOW STATEMENT OF THE PARENT COMPANY (FAS)

Cash flow statement of the parent company EUR 1,000	1 Jan – 31 Dec 2021	1 Jan – 31 Dec 2020
<b>Cash flow from operating activities</b>		
Operating result	-1,052	-1,406
Adjustments:		
Depreciation	148	161
Change in working capital	-414	-614
<b>Operating cash flow before financial and tax items</b>	<b>-1,318</b>	<b>-1,860</b>
Financial income and expenses (+/-)	-902	-905
Taxes paid	-1,054	-727
<b>Net cash flow from operating activities (A)</b>	<b>-3,273</b>	<b>-3,492</b>
<b>Cash flow from investing activities</b>		
Investments in other shares	-2,925	0
Investments in tangible and intangible assets	-208	-107
<b>Net cash flow from investing activities (B)</b>	<b>-3,133</b>	<b>-107</b>
<b>Cash flow from financing activities</b>		
Hybrid bond	-3,584	-384
Dividend distribution	-3,068	-1,230
Group contribution received	1,200	1,910
Proceeds from long-term liabilities	18,000	0
Payments of long-term liabilities	-18,500	-1,000
Change in other interest-bearing liabilities	4,817	18,528
<b>Net cash flow from financing activities (C)</b>	<b>-1,135</b>	<b>17,825</b>
<b>Change in cash and cash equivalents (A+B+C)</b>	<b>-7,541</b>	<b>14,226</b>
Cash and cash equivalents at period start	24,161	9,935
<b>Cash and cash equivalents at period end</b>	<b>16,619</b>	<b>24,161</b>

# 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 2021.

### Translation of items denominated in a foreign currency

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

### Revenue recognition

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

### Measurement of non-current assets

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

The depreciation periods for the assets groups are as follows:

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

### Pension insurance

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

### Research and development expenses

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

### Measurement of receivables and liabilities

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

### Appropriations

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

### Taxes

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

1. Net sales EUR 1,000	2021	2020
Income from services	2,036	1,716
Total	2,036	1,716

2. Other operating income EUR 1,000		
Other income	542	414
Total	542	414

3. Information on personnel and members of Plc organs EUR 1,000		
Salaries	1,662	1,391
Pension expenses	267	180
Other social security expenses	30	26
Total	1,959	1,597

Average number of employees during the financial year:	12	10
--	----	----

Management remuneration		
CEO	341	323
Members of Board of Directors	192	183
Total	533	506

4. Other operating expenses EUR 1,000		
Auditor fees		
Ernst & Young Ltd		
Audit fees	121	112
Total	121	112



5. Depreciation, amortisation and impairment EUR 1,000	2021	2020
Depreciation and amortisation by asset type		
Intangible rights	5	6
Other long-term expenditure	99	99
Buildings and structures	0	8
Machinery and equipment	44	47
Total	148	161
6. Financial income and expenses EUR 1,000		
Dividends		
From Group companies	1,200	0
Other interest and financial income		
From Group companies	92	91
From others	0	0
Total	93	91
Interest and other financial expenses		
To Group companies	473	779
To others	610	896
Total	1,083	1,675
Total financial income and expenses	210	-1,584
7. Appropriations EUR 1,000		
Group contributions received	6,800	7,600
Cumulative accelerated depreciation charge, addition (-) or decrease (+)	-55	-
Total	6,745	7,600
8. Taxes EUR 1,000		
Taxes from ordinary business	858	932

9. Changes in non-current assets EUR 1,000	2021	2020
TANGIBLE AND INTANGIBLE ASSETS		
Intangible rights		
Carrying amount at period start	11	17
Additions	0	0
Amortisation	5	6
Carrying amount at period end	6	11
Other long-term expenditure		
Carrying amount at period start	216	211
Additions	50	104
Amortisation	99	99
Carrying amount at period end	167	216
Buildings and structures		
Carrying amount at period start	0	8
Additions	0	0
Depreciation	0	8
Carrying amount at period end	0	0
Machinery and equipment		
Carrying amount at period start	62	105
Additions	158	3
Disposals	0	0
Depreciation	44	47
Carrying amount at period end	176	62
10. Investments EUR 1,000	2021	2020
Shares in Group companies		
Acquisition cost 1 Jan	94,138	94,138
Additions	3,553	0
Acquisition cost 31 Dec	97,691	94,138
Other shares		
Acquisition cost 1 Jan	254	254
Acquisition cost 31 Dec	254	254
Total investments	97,945	94,392

11. Receivables EUR 1,000	2021	2020
Current receivables		
Intra-group receivables		
Trade receivables	1,593	1,317
Other receivables	1,654	268
Group contribution receivables	5,240	1,200
Total	8,486	2,785
Material external items in accrued income and prepaid expenses		
Expenses paid in advance	55	27
Other items	39	44
Total	94	71
12. Equity EUR 1,000	2021	2020
Share capital 1 Jan	80	80
Share capital 31 Dec	80	80
Reserve for invested non-restricted equity 1 Jan	28,053	28,053
Additions	529	-
Reserve for invested non-restricted equity 31 Dec	28,582	28,053
Retained earnings 1 Jan	27,373	24,925
Purchase/conveyance of treasury shares	99	-
Dividend distribution	-3,068	-1,230
Retained earnings 31 Dec	24,404	23,696
Profit/loss for the period	5,045	3,677
Total	29,449	27,373
Equity	58,112	55,506
Distributable funds 31 Dec		
Reserve for invested non-restricted equity	28,582	28,053
Retained earnings	24,404	23,696
Profit for the period	5,045	3,677
Total distributable funds	58,032	55,426

Consti Plc's treasury shares

The parent company owns treasury shares as follows:

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

13. Non-current and current liabilities EUR 1,000	2021	2020
Non-current liabilities		
Liabilities to others		
Loans from financial institutions	15,000	16,500
Hybrid bond	0	3,200
Non-current hire purchase debt	2	21
Total non-current liabilities	15,002	19,721
Current liabilities		
Intra-group liabilities		
Trade payables	2	10
Other liabilities	38,503	36,227
Liabilities to others		
Trade payables	171	185
Hire purchase debt	19	19
Loans from financial institutions	2,000	1,000
Commercial papers	9,000	8,000
Accrued expenses	412	856
Other liabilities	217	173
Total current liabilities	50,325	46,470
Material items included in accrued expenses		
External		
Accruals related to employee benefit expenses	260	185
Accruals related to interest expenses	6	297
Tax accruals	131	327
Other accruals	15	47
	412	856



14. Commitments EUR 1,000	2021	2020
Rental liabilities		
To be paid during the on-going financial year	815	309
To be paid in later years	2,736	3,441
Total	3,551	3,750
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	60
On behalf of intra-group companies	45,932	42,543

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 2018–2021 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 7 April 2021 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 36,000 and members of the Board of Directors are each paid EUR 24,000. 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.

Board of Directors remuneration in 2021

EUR	Compensation 2021	Compensation 2020
Tapio Hakakari*	42,000	40,500
Erkki Norvio*	30,000	28,500
Petri Rignell*	30,000	28,500
Pekka Salokangas*	30,000	28,500
Anne Westersund	30,000	28,500
Antti Korkeela <sup>1)</sup>	-	6,000
Johan Westermarck <sup>2)</sup>	30,000	22,500

1) Antti Korkeela has been a member of the Board of Directors until 6 April 2020  
2) Johan Westermarck has been a member of the Board of Directors since 6 April 2020  
\* Member of the Nomination and Compensation Committee, according to the decision made by the AGM, committee work is not separately compensated.

Remuneration proposal for 2022

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 2023 is paid as follows:

Chairman of the Board EUR 3,500/month (EUR 42,000/year)  
Member of the Board EUR 2,500/month (EUR 30,000/year)

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

Short-term rewards - bonus scheme

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

Long-term rewards

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

Consti Plc’s Board of Directors has annually decided to continue the share-based incentive plan for the Group’s key people launched in 2016 to cover the earning periods 2018–2021. 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.

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 2021 CEO Esa Korkeela was paid a salary of EUR 341 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 2021 are (EUR):

Retained earnings	24,403,849.53
Profit/loss for the period	5,045,381.60
Total retained earnings	29,449,231.13
Reserve for invested non-restricted equity	28,582,468.51
Total distributable funds	58,031,699.64

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

EUR 0.45 per share shall be paid as dividend to the shareholders of the company using retained earnings, i.e. \*

To be left in distributable funds

The proposed dividend represents 95% of the Group’s profit of the year (adjusted with the effect of the hybrid bond).

\* Total distributable dividend has been calculated based on 31 December 2021 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, 3 February 2022

Hakakari Tapio Chairman of the Board of Directors	Norio Erkki Deputy Chairman of the Board of Directors
Rignell Petri 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, 3 February 2022

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 2021. The financial statements comprise the consolidated balance sheet, statement of comprehensive income, statement of changes in equity, statement of cash flows and notes, including a summary of significant accounting policies, as well as the parent company's balance sheet, income statement, statement of cash flows and notes.

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

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

### Basis for Opinion

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

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

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

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

### Key Audit Matters

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

We have fulfilled the responsibilities described in the Auditor's responsibilities 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.

### Valuation of goodwill

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

Valuation of goodwill was determined to be a key audit matter because the assessment process is complex and judgmental, it is based on assumptions relating to market or economic conditions, and because of the significance of the goodwill to the financial statements. As of balance sheet date 31 December, 2021, the value of goodwill amounted to 50 million euro representing 42 % of the total assets and 155 % 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.

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.

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 3 February 2022

Ernst & Young Oy  
Authorized Public Accountant Firm

Toni Halonen  
Authorized Public Accountant

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

The Board of Directors and the Managing Director are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and of financial statements that give a true and fair view in accordance with the laws and regulations governing the preparation of financial statements in Finland and comply with statutory requirements.

The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors and the Managing Director are responsible for assessing the parent company's and the group's ability to continue as going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting. The financial statements are

prepared using the going concern basis of accounting unless there is an intention to liquidate the parent company or the group or cease operations, or there is no realistic alternative but to do so.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance on whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable

# INDEPENDENT AUDITOR’S REPORT ON CONSTI OYJ’S ESEF CONSOLIDATED FINANCIAL STATEMENTS

(TRANSLATION OF THE FINNISH ORIGINAL)

## TO THE BOARD OF DIRECTORS OF CONSTI OYJ

We have performed a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 743700JMXCC11CRJCS71-2021-12-31-fi.zip of Consti Oyj for the financial year 1 January–31 December 2021 to ensure that the financial statements are tagged with iXBRL mark ups in accordance with the requirements of Article 4 of EU Commission Delegated Regulation (EU) 2018/815 (ESEF RTS).

### Responsibilities of the Board of Directors and Managing Director

The Board of Directors and Managing Director are responsible for the preparation of the Report of Board of Directors and financial statements (ESEF financial statements) that comply with the ESEF RTS.

This responsibility includes:

- preparation of ESEF financial statements in accordance with Article 3 of ESEF RTS
- Tagging the consolidated financial statements included within the ESEF financial statements by using the iXBRL mark ups in accordance with Article 4 of ESEF RTS
- Ensuring consistency between ESEF financial statements and audited financial statements

The Board of Directors and Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of ESEF financial statements in accordance the requirements of ESEF RTS.

### Auditor's Independence and Quality Control

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

The auditor applies International Standard on Quality Control (ISQC) 1 and therefore maintains a comprehensive quality control system including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### Auditor's Responsibilities

In accordance with the Engagement Letter we will express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the Article 4 of ESEF RTS. We have conducted a reasonable assurance engagement in accordance with International Standard on Assurance Engagements ISAE 3000.

The engagement includes procedures to obtain evidence on:

- whether the tagging of the primary financial statements in the consolidated financial statements complies in all material respects with Article 4 of the ESEF RTS
- whether the ESEF financial statements are consistent with the audited financial statements

The nature, timing and extent of the procedures selected depend on the auditor's judgement including the assessment of risk of material departures from requirements sets out in the ESEF RTS, whether due to fraud or error.

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

### Opinion

In our opinion the tagging of the consolidated financial statement included in the ESEF financial statements of Consti Oyj for the year ended 31 December 2021 complies in all material respects with the requirements of ESEF RTS.

Our audit opinion on the consolidated financial statements of Consti Oyj for the year ended 31 December 2021 is included in our Independent Auditor's Report dated 3 February 2022. In this report, we do not express an audit opinion or any other assurance on the consolidated financial statements.

Helsinki 14 March 2022

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](http://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](http://www.consti.fi) > Investors > Corporate Governance.

Consti Plc's Board has assessed the review in its meeting 3 February 2022, and the company's auditor has confirmed that the reviews general description on internal control and risk management is in line with the financial statement.

## 1 BOARD OF DIRECTORS

### The Board's responsibilities

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

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

### The Board of Directors

- defines the Company's dividend policy
- decides on donations within the framework of the Finnish Companies Act

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

### Composition of the Board

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

Requirements set by operations as well as the company's development stage are

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

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

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

### Board Members 31 December 2021

Consti Plc's Board of Directors on 31 December 2021 comprised of Tapio Hakakari (Chairman), Erkki Norvio (Deputy Chairman), Petri Rignell, Pekka Salokangas, Anne Westersund and Johan Westermarck. All Board members were elected in the Annual General Meeting on 7 April 2021.

The Board of Directors held 12 meetings during 2021, the attending rate of Board Members was 98.6%. The attendance rate per Member was: Tapio Hakakari 91.7%, Erkki Norvio 100%, Petri Rignell 100%, Pekka Salokangas 100%, Anne Westersund 100% and Johan Westermarck 100%.

### Board of Director's Committees

The Board has a Nomination and Compensation Committee. The Board annually nominates at least three Committee Members and appoints one of them as Chairman of the Committee, and confirms the Committee's written

charters. The Committee meets when necessary, however at a minimum three times a year.

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

In 2021, the Committee consisted of Petri Rignell (Chairman), Pekka Salokangas, Erkki Norvio and Tapio Hakakari 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 2021, 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 434,637 Consti Plc shares, which amounts to 5.53 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 7 April 2021 chose Ernst & Young as auditor with APA Toni Halonen as principal auditor. In 2021, audit costs amounted to EUR 208 thousand.

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

## 5 INTERNAL CONTROL 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](http://www.consti.fi) > Investors > Corporate Governance). Investor Relations together with Corporate Communications are responsible for ensuring the accuracy of and compliance with the policy.

## Risk management

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

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

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

Financial and operational risks, as well as actions taken, are regularly reported to the Management Team. Strategic risks



are handled annually together with the strategy. Risk reports are assessed by the Board, the Management Team and in the business areas' own management teams.

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

### Internal control

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

### Internal audit

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

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

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

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

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

### Financial reporting process

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

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

## 6 INSIDER MANAGEMENT

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

Consti has defined the members of the Board of Directors, the CEO and members of the Group Management Team as persons discharging managerial responsibilities

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

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

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

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







Photo: Pasi Salminen

# BOARD OF DIRECTORS

31 DECEMBER 2021

**Tapio Hakakari**

Chairman  
Member of the Nomination and Compensation Committee

Master of Laws, born 1953  
Board Member since 2015  
Finnish citizen  
Independent of the company and of significant shareholders

**Key work experience**  
Webstor Oy, CEO  
Cargotec Plc, interim President and CEO 2012–2013  
Kone Plc, Director and Secretary to the Board 1998–2006  
KCI Konecranes, 1994–1998  
Kone Plc, 1983–1994

**Key positions of trust**  
Rakennuttajatoimisto HTJ Oy,  
Chairman of the Board since 2016  
Svenska Handelsbanken AB (publ) Finland,  
Board Member since 2016 and  
Chairman of the Board since 2019  
Cargotec Plc, Board Member since 2005  
and Deputy Chairman of the Board since 2009

Consti Plc's shares partly through his holding company 85,400 (31 December 2021)

**Pekka Salokangas**

Board Member  
Member of the Nomination and Compensation Committee

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

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

Consti Plc's shares 15,000 (31 December 2021)

**Erkki Norvio**

Deputy Chairman  
Member of the Nomination and Compensation Committee

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

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

**Key positions of trust**  
Renta Group Oy, Board Member since 2015  
Norvier Oy, Chairman of the Board since 2007  
Intera Equity Partners Oy, Board Member since 2007

Consti Plc's shares through his holding company 106,463 (31 December 2021)

**Johan Westermarck**

Board Member

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

**Key work experience**  
Citec Group Oy Ab, CEO since 2017  
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 2021)

**Petri Rignell**

Board Member  
Member of the Nomination and Compensation Committee

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

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

**Key positions of trust**  
Nordec Oy, Chairman of the Board since 2021  
Sitowise Oy, Member of the Board since 2019  
Fimpec Oy, Member of the Board since 2019  
Kreate Oy, Chairman of the Board since 2017  
CTV Properties AB, Chairman of the Board since 2017  
Setera Communications Oy,  
Member of the Board since 2017  
KFS Finland Oy, Member of the Board since 2015  
JPRock Oy, Member of the Board since 2014  
PriRock Oy, Chairman of the Board since 2007

Consti Plc's shares through his holding company 25,100 (31 December 2021)

**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**  
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 2021)





Esa Korkeela

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

**Key work experience**  
Consti Plc, CEO since 2017  
Consti, Interim Business Area Director Building Technology 7–9/2021  
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 434,637 (31 December 2021)

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 12,173 (31 December 2021)

Risto Kivi

Business Area Director Housing Companies  
Master Builder, born 1971

**Key work experience**  
Consti, Business Area Director Housing Companies since 2/2021  
Consti, Business Area Director Housing Companies and Public Sector 2019–2/2021  
Consti Julkisivut Oy, CEO 2011–2019  
Raitayhtiöt Oy, CEO 2009–2011  
Raitamiespalvelu Oy, CEO 2008–2009  
Raitarakennus Oy, CEO 2007–2009  
Raitasauma Oy, CEO 1998–2007  
Rkm Kivi ja Kalevo Oy, entrepreneur 1993–1998

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

Consti Plc's shares 380,267 (31 December 2021)

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  
Projektitkonsultit 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

**Key positions of trust**  
Talonrakennusteollisuus Ry, Board Member 2015–2021  
Talonrakennusteollisuus Uudenmaan piiri Ry, Board Member 2015–2021

Consti Plc's shares 8,226 (31 December 2021)

Jukka Kylliö

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

**Key work experience**  
Consti, Business Area Director Public Sector since 2/2021  
Skanska Talonrakennus Oy, Regional Director 2015–2021  
NCC Rakennus Oy, Regional Director 2010–2015  
Lemminkäinen Plc, Construction Director 1994–2010

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

Consti Plc's shares 2 135 (31 December 2021)

Heikki Pesu

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

**Key work experience**  
Consti, Business Area Director Building Technology since 10/2021  
Consti Talotekniikka Oy, CEO since 10/2021  
Are Group, CEO 2011–2021  
Lemminkäinen Talotekniikka Oy, Regional Director 2010–2011  
Tekmanni Oy & Tekmanni Uusimaa Oy, in various management positions 1996–2010

**Key positions of trust**  
Viafin Service Oyj, Board Member since 2018 and Chaiman of the Board since 2019

Does not own Consti Plc shares (31 December 2021)

Markku Kalevo

Bid and Sales Director Housing Companies  
Construction technician, born 1971

**Key work experience**  
Consti, Bid and Sales Director Housing Companies since 2019  
Consti Julkisivut Oy,  
Bid and Sales Director 2011–2019  
Raitayhtiöt Oy, Deputy CEO 2009–2010  
Raitasaneeraus Oy, CEO 1998–2009  
Rkm Kivi ja Kalevo Oy, entrepreneur 1993–1998

Consti Plc's shares 299,128 (31 December 2021)

Pirkka Lähteinen

Regional Director Corporations  
B.Eng., born 1977

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

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

Consti Plc's shares 7,557 (31 December 2021)

Turo Turja

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

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

Does not own Consti Plc shares (31 December 2021)

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

Does not own Consti Plc shares (31 December 2021)



# KEY FIGURES AND INFORMATION FOR SHAREHOLDERS

The major extension of Helsinki-Vantaa Airport's Terminal 2 was completed in December 2021. Consti was part of the building technology alliance, carrying out all the heating, water, ventilation, and sprinkler work at the site. The project continues with the repair of the old parts of the terminal. In an alliance model, the design and construction of the project is carried out together with the customer, the designers, and the service providers, based on what is best for the project.

KEY FIGURES

Income statement, 1 Jan to 31 Dec (EUR 1,000)	2021	2020	2019
Net sales	288,773	274,646	314,801
EBITDA	9,202	11,440	8,137
EBITDA margin, %	3.2%	4.2%	2.6%
Adjusted operating result	9,535	9,478	5,367
Adjusted operating result margin, %	3.3%	3.5%	1.7%
Operating result	5,705	8,237	4,632
Operating result margin, %	2.0%	3.0%	1.5%
Profit before taxes (EBT)	4,583	7,235	3,414
as % of net sales	1.6%	2.6%	1.1%
Profit for the year	3,717	5,675	2,676
as % of net sales	1.3%	2.1%	0.9%
Balance sheet (EUR 1,000)			
Balance sheet total	119,041	128,595	116,585
Net interest bearing debt	14,262	4,737	18,880
Equity ratio, %	29.8%	32.7%	29.8%
Gearing, %	44.7%	14.1%	64.4%
Other key figures			
Free cash flow (EUR 1,000)	5,458	18,334	3,977
Cash conversion, %	59.3%	160.3%	48.9%
Order backlog (EUR 1,000)	218,578	177,857	185,820
Order intake (EUR 1,000)	275,108	214,281	214,757
Average number of personnel	969	971	1,037
Number of personnel at period end	961	927	990
Earnings per share, undiluted (EUR)	0.47	0.70	0.30
Earnings per share, diluted (EUR)	0.46	0.69	0.30
Shareholders' equity per share (EUR)	4.15	3.97	3.40
Number of shares, end of period	7,858,267	7,858,267	7,858,267
Number of outstanding shares, end of period	7,694,406	7,652,123	7,676,942
Average number of outstanding shares	7,679,882	7,668,170	7,679,525

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 (%)	=	$\frac{\text{Profit/loss before taxes} + \text{interest and otherfinancial expenses (rolling 12 month)}}{\text{Total equity + interest-bearing liabilities (average)}} \times 100$
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	=	$\frac{\text{Profit/loss attributable to equity holders of the parent company} - \text{hybrid bond's transaction costs and accrued interests after tax}}{\text{Weighted average number of shares outstanding during the period}}$
Shareholders' equity per share (EUR)	=	$\frac{\text{Equity attributable to owners of the parent company}}{\text{Number of outstanding shares, end of period}}$
Adjusted operating result (EBIT)	=	Operating result (EBIT) before items affecting comparability
Order backlog	=	At the end of the period the unrecognised amount of construction contracts recognised in accordance with the percentage of completion method, including not started ordered construction contracts, long-term service agreements and the part which has not been invoiced in ordered invoice based projects
Order intake	=	Orders of construction contracts, long-term service agreements and invoice based projects during the period



RECONCILIATION

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

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

Items affecting comparability (IAC) during the reporting period and comparison periods = Financial impact of arbitral award received in June 2021 as well as legal cost related to the arbitration proceedings.

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

1 Jan–31 Dec 2020 (EUR 1,000)	IFRS	IAC	Income statement before IAC
Net sales	274,646		274,646
Other operating income	511		511
Materials and services	-191,711		-191,711
Employee benefit expenses	-58,108		-58,108
Other operating expenses	-13,899	-1,241	-12,658
EBITDA	11,440	-1,241	12,680
Depreciation	-3,203		-3,203
Operating result (EBIT)	8,237	-1,241	9,478
Financial income and expenses	-1,002		-1,002
Profit/loss before taxes (EBT)	7,235	-1,241	8,476
Taxes	-1,560	248	-1,808
Profit/loss for the period	5,675	-992	6,668

# 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 2021, the total number of shares totalled 7,858,267 and the share capital amounted to EUR 80,000.

## Share information

- Listed on Nasdaq OMX Helsinki Ltd
- List: Nordic Small Cap
- Trading code: CONSTI
- ISIN code: FI4000178256
- Sector: Industrials
- Industry: Industrial Goods & Services
- Number of shares 31 Dec 2021: 7,858,267
- Listing date: 11 December 2015

## Shareholders

At the end of December 2021, Consti Plc had 2,744 shareholders in the share register. Distribution of shareholders is shown in the table and graphs presented below. At the end of December 2021, non-Finnish shareholders held approximately 15.8% 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 Tuesday 5 April 2022 at 1.00 p.m. through exceptional arrangements without the presence of the shareholders or their proxy representatives at the address of ValimoPark, Valimotie 16, FI-00380 Helsinki.

The shareholders and their proxy representatives can participate in the meeting and exercise their rights only by voting in advance and by presenting their counterproposals and questions in advance.

Shareholders who wish to attend the AGM must be registered on 24 March 2022 in the company's shareholders' register held by Euroclear Finland Oy. Shareholders should vote in advance according to instructions further specified in the notice to the annual general meeting by 29 March 2022 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](mailto: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 0.45 be paid for the financial year 2021, representing 95 percent of reported earnings per share.

## Financial calendar in 2022

Consti shall publish three interim reports during 2022:

- Interim report 1–3/2022 will be published on 29 April 2022
- Half-year financial report 1–6/2022 will be published on 22 July 2022
- Interim report 1–9/2022 will be published on 27 October 2022

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.

## Contact details

### Esa Korkeela

CEO  
tel: +358 40 730 8568  
email: [esa.korkeela\(at\)consti.fi](mailto:esa.korkeela(at)consti.fi)

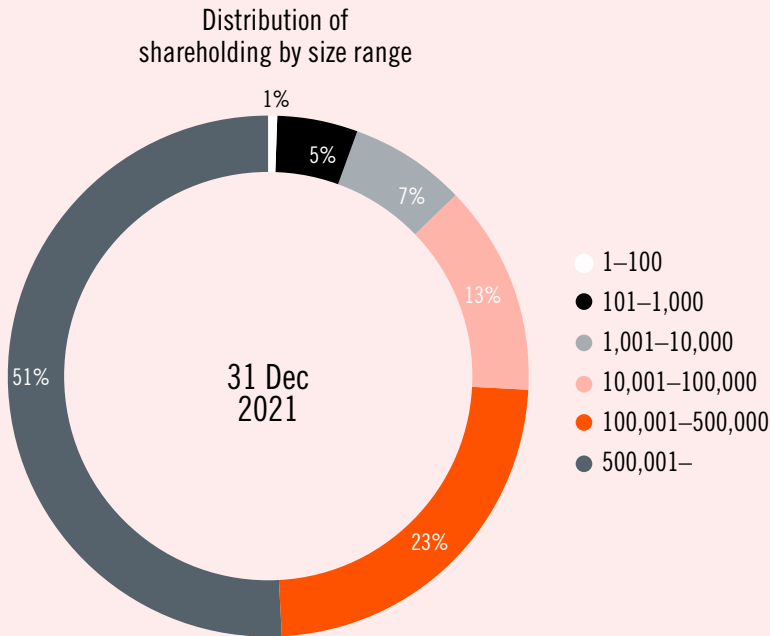
### Joni Sorsanen

CFO  
tel: +358 50 443 3045  
email: [joni.sorsanen\(at\)consti.fi](mailto:joni.sorsanen(at)consti.fi)

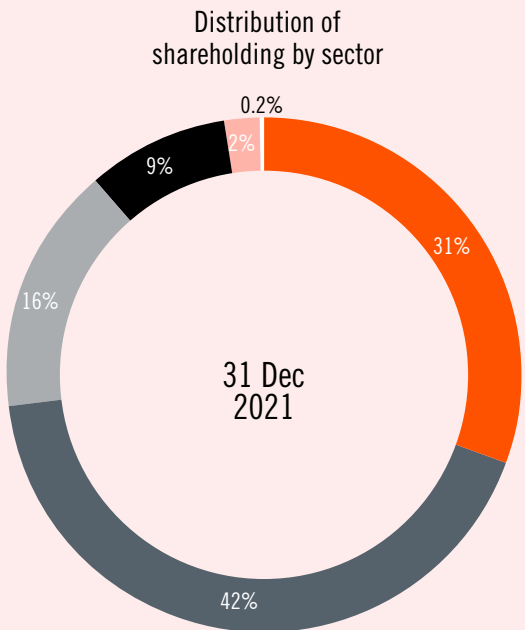
### Financial documents can be obtained from:

Consti Plc  
Valimotie 16, 00380 Helsinki, Finland  
tel: +358 10 288 6000  
email: [IR@consti.fi](mailto:IR@consti.fi)

Further investor information can be found at [www.consti.fi](http://www.consti.fi) -> Investors



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



## Major shareholders 31 December 2021

	Number of shares	%
Lujatalo Oy	790,000	10.05
Heikintorppa Oy	750,000	9.54
Wipunen Varainhallinta Oy	750,000	9.54
Fennia Life Insurance Company	520,525	6.62
Korkeela Esa	434,637	5.53
Kivi Risto	380,267	4.84
Kalevo Markku	299,128	3.81
Korkeela Antti	176,594	2.25
Varma Mutual Pension Insurance Company	172,000	2.19
Drumbo Oy	150,000	1.91
Consti Oyj	123,739	1.57
Norvier Oy	106,463	1.35
Sto-Rahoitus Oy	100,000	1.27
Säästöpankki Pienyhtiöt Fund	78,432	1.00
Holopainen Marko	71,600	0.91
Wip Nordic Equity Fund	60,000	0.76
Hakakari Tapio	55,400	0.70
Calidris Oy	50,000	0.64
Olefin Ab	50,000	0.64
EAM Consti Holding Oy	40,122	0.51
<b>20 largest owners, total</b>	<b>5,158,907</b>	<b>65.65</b>
Nominee registered	1,236,211	15.73
Others	1,463,149	18.62
<b>Total</b>	<b>7,858,267</b>	<b>100.00</b>















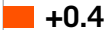












# CONSTI'S NET IMPACT PROFILE

Net impact analysis of Consti's operations was performed for October 2020 – September 2021 by Upright Oy. The analysis looked at the overall impact of the services provided by Consti on the environment, health, society, and knowledge.

According to the analysis conducted by Upright Oy, Consti's net impact ratio is +35%, which means that Consti's overall impact on its social and ecological environment is clearly positive. According to the net impact data, Consti creates a more positive effect with fewer resources compared to the weighted

average of Helsinki stock listed companies – resulting in a more positive net impact ratio.

The net impact analysis will enable Consti to develop its operations to become even more responsible. Furthermore, the analysis provides investors, customers and other relevant stakeholders with comparable and transparent data on Consti's net impact profile.

	NEGATIVE	SCORE	POSITIVE
 <b>SOCIETY</b>	<b>-0.0</b>	<b>+3.5</b>	 <b>+3.5</b>
Jobs	-0.0	+1.1	 +1.1
Taxes	-0.0	+1.4	 +1.4
Societal infrastucture	-0.0	+0.8	 +0.8
Societal stability	-0.0	+0.1	 +0.1
Equality & human rights	-0.0	+0.0	+0.0
 <b>KNOWLEDGE</b>	<b>-0.8</b>	<b>-0.6</b>	 <b>+0.2</b>
Knowledge infrastructure	-0.0	+0.0	+0.0
Creating knowledge	-0.0	+0.1	 +0.1
Distributing knowledge	-0.0	+0.1	 +0.1
Scarce human capital	-0.8 	-0.8	+0.0
 <b>HEALTH</b>	<b>-0.1</b>	<b>+0.2</b>	 <b>+0.4</b>
Physical diseases	-0.1 	-0.0	 +0.1
Mental diseases	-0.0	+0.0	+0.0
Nutrition	-0.0	+0.0	+0.0
Relationships	-0.0	+0.1	 +0.1
Meaning & joy	-0.0	+0.1	 +0.1
 <b>ENVIRONMENT</b>	<b>-2.1</b>	<b>-1.4</b>	 <b>+0.7</b>
GHG emissions	-1.3 	-0.6	 +0.7
Non-GHG emissions	-0.2 	-0.2	+0.0
Scarce natural resources	-0.1 	-0.1	+0.0
Biodiversity	-0.1 	-0.1	+0.0
Waste	-0.5 	-0.5	+0.0

**+35%** NET IMPACT RATIO

