CONSTI

CONSTI PLC ANNUAL REPORT

2020

VALUE FOR CUSTOMER

CONSTI 2020

Contents

Cover photo: Pasi Salminen

Photo: Pasi Salminen

CONSTI PLC CONSTI IN BRIEF

CONSTI IN BRIEF

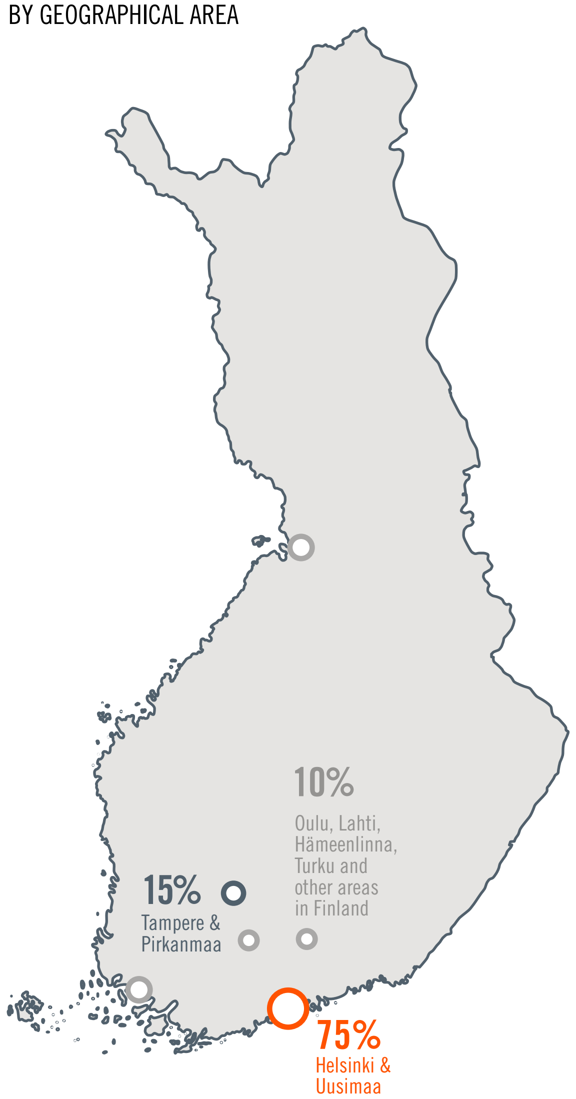
Consti is one of Finland's leading companies focused on renovation contracting and technical building services.

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

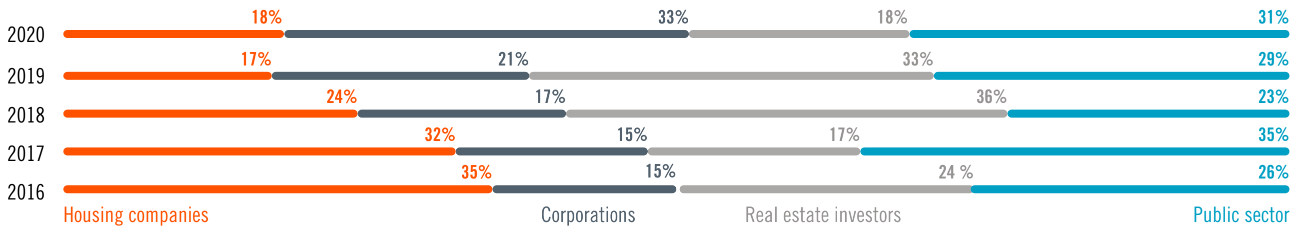
Consti has four business areas:
- Housing Companies
- Corporations
- Public Sector
- Building Technology

The Group's parent company is Consti Plc. At the end of 2020, the Group had two subsidiaries fully owned by the parent company: Consti Korjausrakentaminen Oy and Consti Talotekniikka Oy. Business areas are reported in one segment. In addition, Consti reports net sales for each business area.

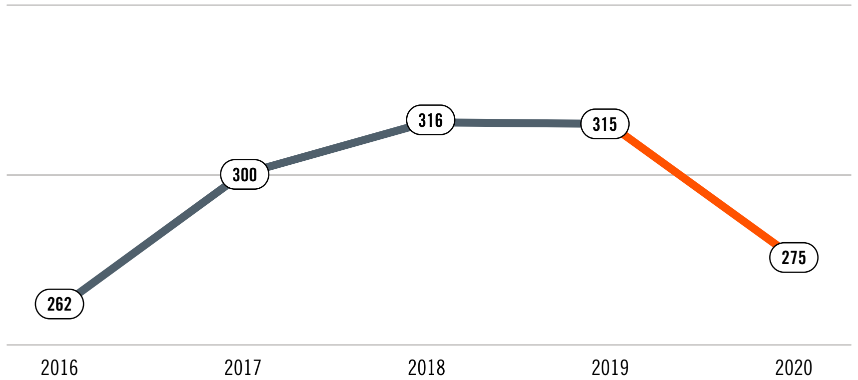
LOCATIONS AND NET SALES BY GEOGRAPHICAL AREA



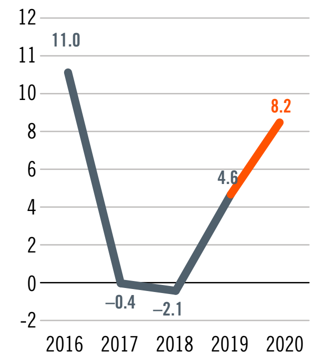
NET SALES BY CUSTOMER GROUP



NET SALES
(EUR million)



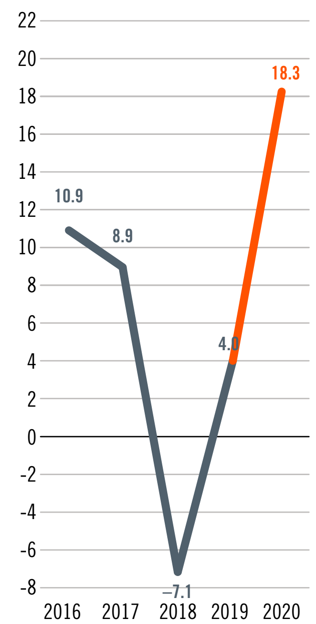
OPERATING PROFIT/LOSS (EUR million)



KEY FIGURES (EUR million)	2016	2017	2018	2019	2020
Net sales	261.6	300.2	315.8	314.8	274.6
EBITDA	13.1	1.7	-0.5	8.1	11.4
EBITDA margin, %	5.0%	0.6%	-0.1%	2.6%	4.2%
Operating profit/-loss	11.0	-0.4	-2.1	4.6	8.2
Operating profit/-loss margin, %	4.2%	-0.1%	-0.7%	1.5%	3.0%
Profit/loss for the year	8.0	-1.1	-2.3	2.7	5.7
Earnings per share, undiluted (EUR)	1.05	-0.14	-0.30	0.30	0.70
Dividend / share (EUR)	0.54	–	–	0.16	0.40*
Order backlog	190.8	225.7	225.1	185.8	177.9
Order intake	223.1	278.1	228.5	214.8	214.3
Free cash flow	10.9	8.9	-7.1	4.0	18.3
Cash conversion, %	82.8%	521.4%	–	48.9%	160.3%
Net interest bearing debt	12.1	12.1	19.6	18.9	4.7
Equity ratio, %	34.5%	28.6%	25.4%	29.8%	32.7%
Gearing, %	40.8%	47.7%	83.6%	64.4%	14.1%
Return on investment, ROI %	22.7%	-0.7%	-4.5%	8.9%	13.6%
Number of personnel at period end	935	1 079	1 046	990	927

* 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
274.6
€ Million

Earnings per share
0.70 €

Personnel
927

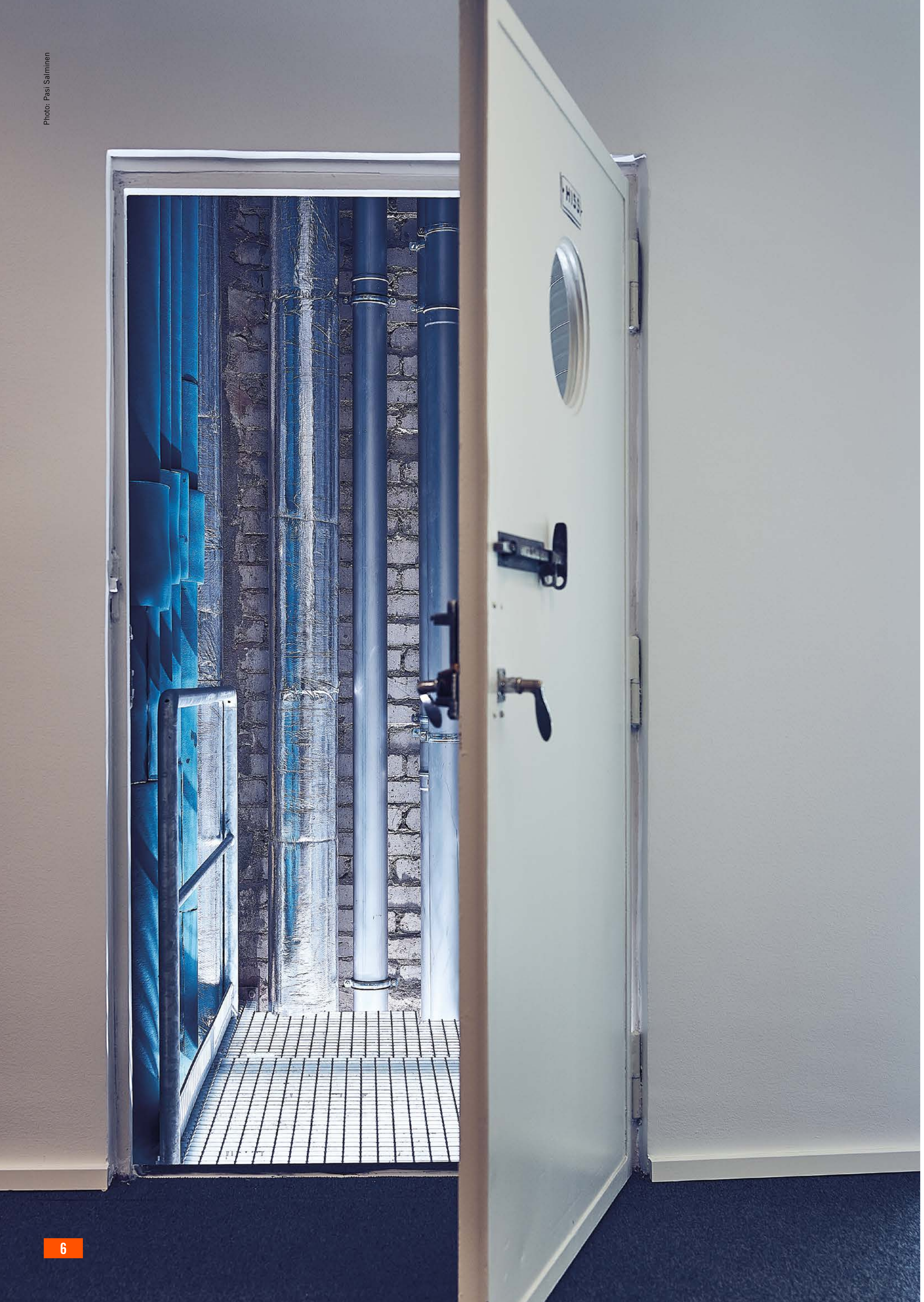


Photo: Pasi Salminen

CEO'S REVIEW

PROFITABILITY IMPROVED, GROWTH THROUGH A NEW STRATEGY

Photo: Ville Vappula

Solid development continued in the renovation market in 2020. However, the coronavirus pandemic delayed the decision making of many of our customers and set new demands to worksite safety precautions.

Despite the pandemic, we were able to ensure that work progressed without interruptions in all of our approximately 700 ongoing projects. This was a great achievement from all Consti employees and our partners, and I hope we will be able to replicate this success as emergency conditions continue.

In 2020 our net sales decreased, but our profitability improved. Our operating result increased to 8.2 million euro, which is 3.0 percent of the net sales, while the corresponding figures for previous year were 4.6 million euro and 1.5 percent. All of our business areas had profitable operating results. Our net sales decreased about 13 percent and were 275 million euro.

Our performance improvement was supported by the implementation of the new organisation structure and the change program that we carried out previous year, in which we particularly improved our organisation's customer focus, risk management and response capability.

The coronavirus pandemic has had an impact on both net sales and order intake development. In particular, some large housing companies postponed decision making regarding large renovation projects. In business premise renovations and alteration projects, demand has decreased especially in industries hit hardest by the coronavirus. Nonetheless, Consti's order intake remained at last year's level, which shows that our customer focused organisation structure works also in exceptional circumstances.

At the end of 2020, we started work to renew our strategy. Our foundation is now in great shape and our aim is to achieve profitable growth.

Our new strategy for 2021-2023 emphasises utilising the full potential of our customer focused organisation structure. Our vision is to be "Our customer's number one partner and expert in multiple types of construction".

Our strategy is drawn up according to business areas. It highlights the utilisation of attractive growth opportunities in our existing businesses and increasing the value we create for our customers. In order to answer customer needs more comprehensively, we will also offer selected new construction services.

Corporate social responsibility is a key part of our strategy. We updated our corporate social responsibility themes in the past year and mapped the most important development areas on our journey to become our industry's frontrunner in corporate social responsibility and sustainable development. Our central corporate social responsibility themes are environmentally friendly business, occupational safety and well-being at work, supply chain and customer satisfaction.

In 2021, we will focus on ensuring our performance and implementing our new strategy.

A warm thank you for the past year to our customers, personnel, all our partners and our owners.

Esa Korkeela

OUR CUSTOMERS' NUMBER ONE PARTNER, RESPONSIBLY RENEWING FINLAND'S GROWTH CENTRES

Our strategy for 2021–2023 is based on utilising the full potential of Consti's customer-oriented organisational structure.

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.

The company's market position is particularly strong in selected growth centres: The Greater Helsinki area, Pirkanmaa, Turku and Oulu. In 2020 about 75% of the Group's net sales came from the Greater Helsinki area, 15% came from Pirkanmaa and 10% came from Turku, Oulu and elsewhere in Finland.

Consti has four business areas: Housing Companies, Corporations, Public Sector, and Building Technology. All of the business areas also offer Servicing and maintenance services. In 2020 Consti's Servicing and maintenance services business grew slightly and made up 16% of the Group's net sales.

The broad customer base, versatility of services and adaptable size of projects are Consti's strengths and part of its risk management.

In 2020 profitability and competitiveness were highlighted in Consti's strategic goals. At the end of 2020 strategy work was commenced for strategy period 2021–2023. The new strategy aims at profitable growth.

The new strategy for 2021–2023 is founded on utilising the full potential of Consti's customer-oriented organisational structure. Consti's vision is to be "The customer's number one partner and expert in multiple types of construction".

As a basis for business in upcoming years, Consti expects renovation demand to continue steady growth, while the general economic situation gradually returns to the pre-COVID-19 growth curve, and the importance of sustainable development grows.

The strategy emphasises the utilisation of attractive growth opportunities in Consti's existing businesses and increasing the value Consti creates for its customers. In order to answer customer needs more comprehensively, Consti also wishes to offer selected new construction services that increase the size of markets suitable for Consti and enables utilising and developing the existing contracting competence to its full potential. As renovations often also include new construction, expanding the offering to new construction adds Consti's competitiveness in projects that require both renovation and new construction skills. Possible new construction areas in the first stage include for example industrial, storage and office premises as well as various public buildings.

Consti wants to expand its role in the construction value chain. This means for example investing in project development and design management capabilities in the beginning of the value chain and strengthening servicing and maintenance especially in building technology. The versatility of Consti's project scope is also included in the value chain approach.

Further improving production efficiency and productivity, and the best professionals in the business remain

Renovation demand and requirements are growing

- Urbanisation adds the need for new construction and renovation in growth centres
- The aging population adds the need for renovations
- Finland's aging building stock upholds the need for renovations
- The market has a growing need for flexible and multipurpose solutions for premises
- Energy efficient and sustainable construction solutions are sought-after and required
- Digital solutions and technologies bring opportunities and requirements also for construction industry.

Group strategy

Growth in current businesses
Controlled and profitable growth in attractive renovation and building technology segments

New businesses
Comprehensively answering customer needs by growing in attractive new construction projects

Improving relative profitability
Expanding value created for customers and the active management of the business portfolio

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

Improving production efficiency
The industry's most efficient production and improved profitability
A steady level of performance in project deliveries

People and management
The most attractive employer in the industry

Corporate social responsibility and sustainable development
The industry's responsible frontrunner

key parts in the strategy. The goal is to achieve the most efficient production in the industry and a steady level of performance in project deliveries. Consti aims at reaching these goals through, for example, developing its procurement and partner networks, utilising digitalisation, scheduling based on takt time in recurrent projects according to Lean principles, and performance management. Diversifying the company's role in the construction value chain is also a part of improving profitability.

Consti's goals it to be the industry's most attractive employer. In order to achieve its vision and growth targets, the company is developing management, methods of supporting personnel competence, development, and well-being at work, strengthening diversity, and implementing a model based on the company's values – the Consti Way – in everyday work.

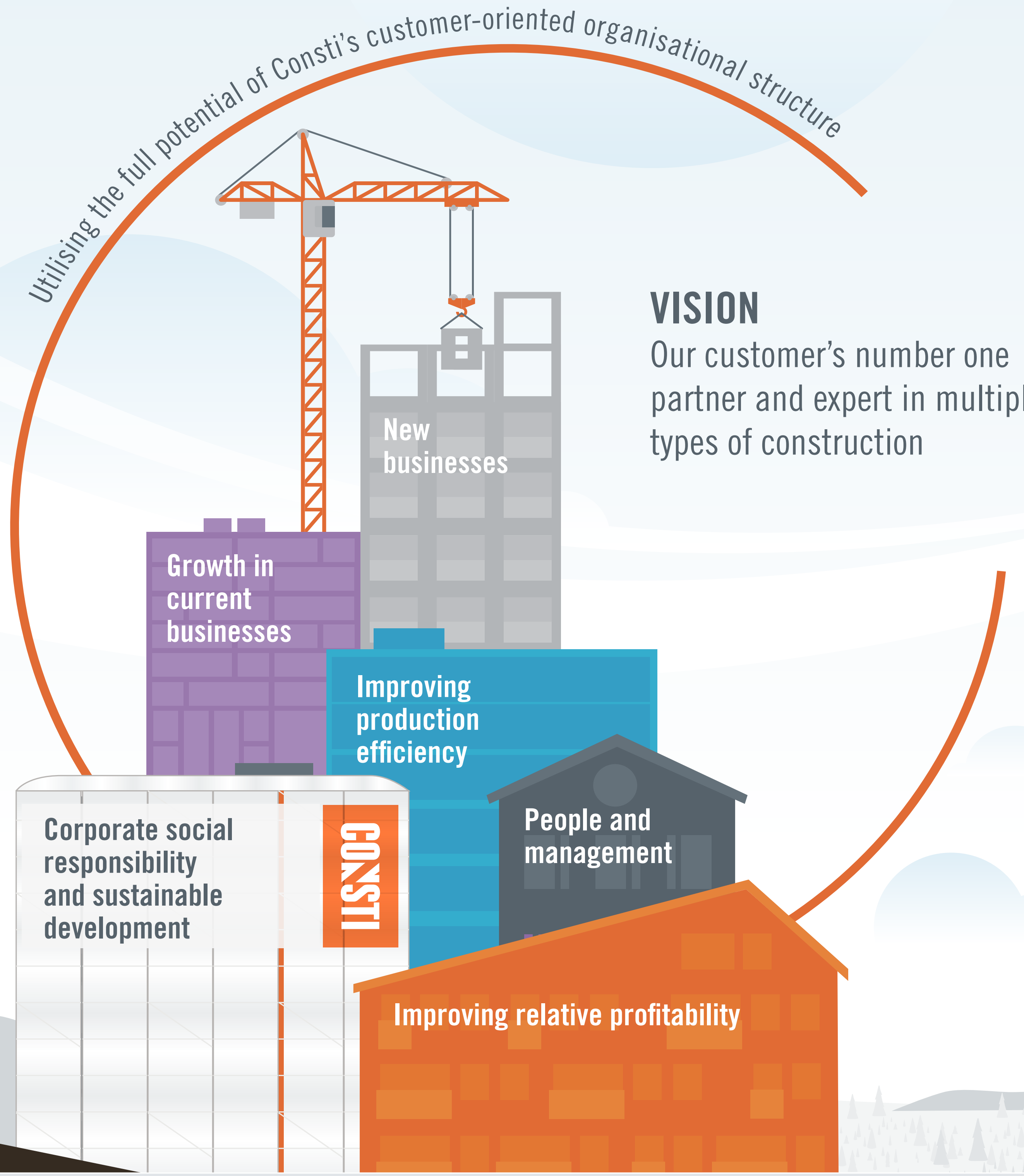
Corporate social responsibility and sustainable development are also a key part in the strategy. In 2020 the responsibility themes of Consti's operations were defined as: environmentally friendly business, occupational safety and well-being at work, supply chain and customer satisfaction. Environmentally friendly business means above all supporting the customers' climate goals for example with energy efficiency solutions, but also carefully considering environmental issues in Consti's own operations, for instance by enhancing the recycling of construction site waste. The supply chain as a part of responsibility refers to improving operational transparency and developing competence through the better utilisation of Consti's partner network and different kinds of partner models.

CONSTI PLC BUSINESS STRATEGY

CONSTI GROUP STRATEGY 2021–2023

MISSION

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



VISION

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

Long-term financial goals

Growth: net sales growing faster than the market

Cash flow: Cash conversion ratio exceeding* >90%

Profitability: EBIT-margin exceeding >5%

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

* 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.

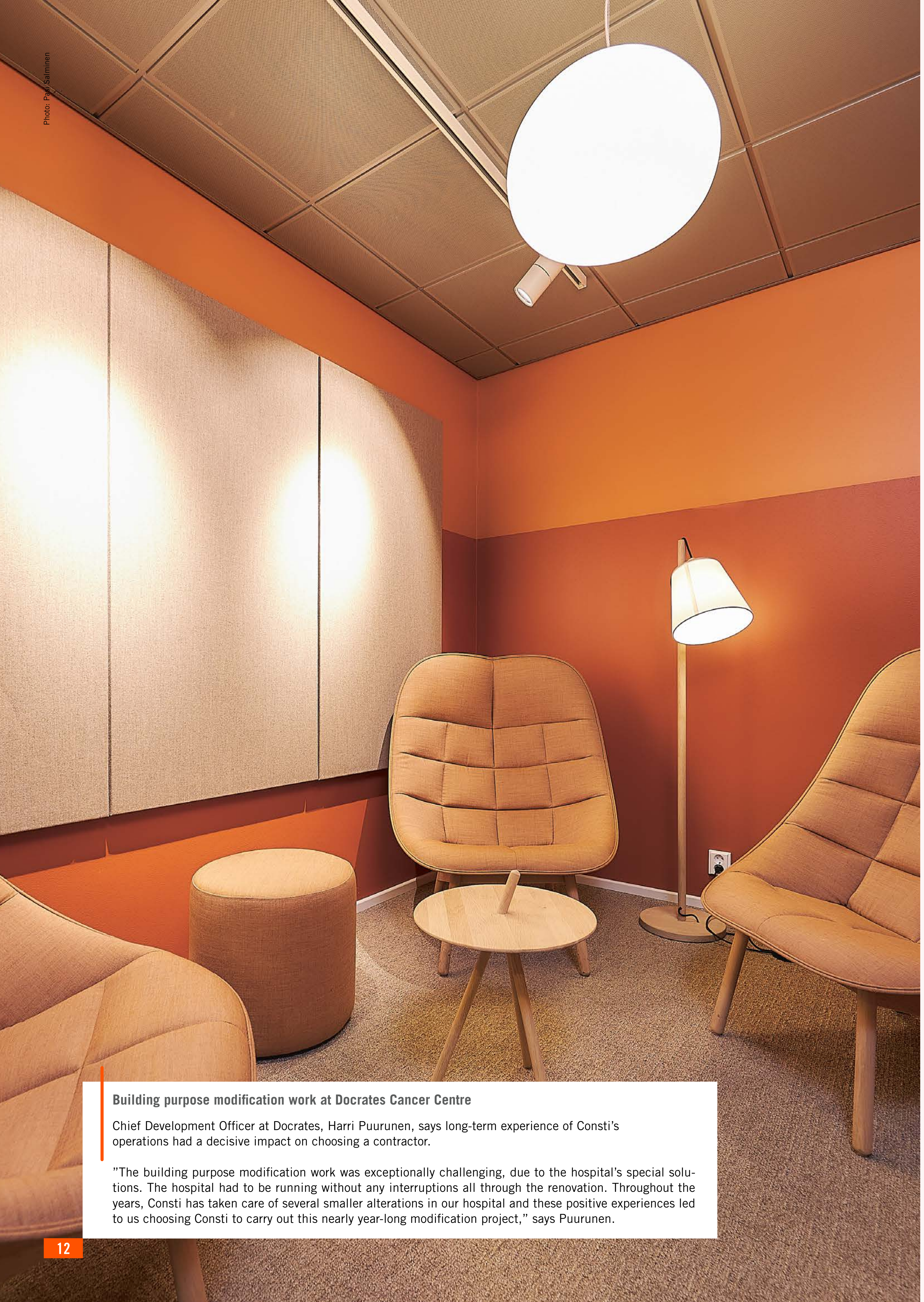


Photo: Pasi Salminen

Building purpose modification work at Docrates Cancer Centre

Chief Development Officer at Docrates, Harri Puurunen, says long-term experience of Consti's operations had a decisive impact on choosing a contractor.

"The building purpose modification work was exceptionally challenging, due to the hospital's special solutions. The hospital had to be running without any interruptions all through the renovation. Throughout the years, Consti has taken care of several smaller alterations in our hospital and these positive experiences led to us choosing Consti to carry out this nearly year-long modification project," says Puurunen.

FINANCIAL STATEMENTS

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BOARD OF DIRECTORS' REPORT

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

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

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

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

Consti Group's 2020 net sales decreased 12.8 percent and were 274.6 (314.8) million euro. Net sales grew in Public Sector but decreased in Housing Companies, Corporations and Building Technology. Rising uncertainty owing to the coronavirus pandemic (COVID-19) reflected on the development of net sales and order intake in 2020. As a result of the corona crisis some planned renovation projects were postponed. Despite risen uncertainty in the operating environment, projects predominantly advanced as planned, and the company was able to ensure that work progressed at the work sites without interruptions during 2020. Operating profit/loss (EBIT) improved from last year and was 8.2 (4.6) million euro. Operating profit/loss from net sales was 3.0 (1.5) percent.

Operating environment

Steady growth is expected to continue in renovations. Although the corona pandemic slowed down renovation growth in 2020, the growth expectations for upcoming years remain positive.

The value of professional renovations in total was nearly 14 billion euro in 2020, with residential building renovations' share amounting to 8.0 billion euro. Most renovations are conducted in apartment buildings and row houses.

Professional renovation has grown nearly continuously in Finland for the past 20 years. In 2020, the renovation market grew about 0.5 percent. It is estimated that the new construction market simultaneously decreased as much as five percent. Renovations' share of all construction was approximately 47 percent in the past year.

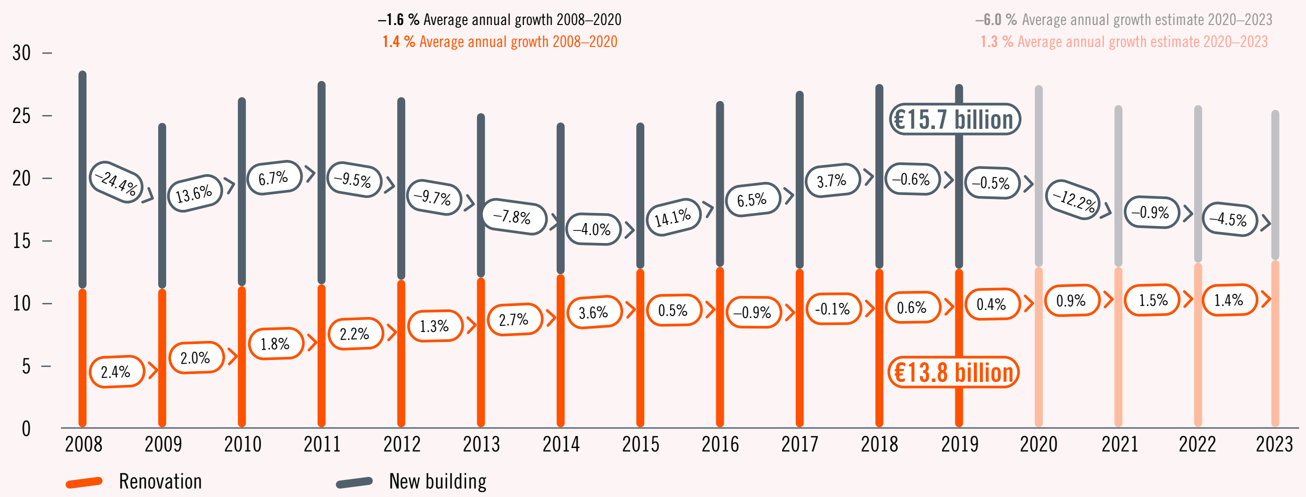
Corona postponed decision making in housing companies. The renovation market is need-driven, and the general economic situation has a smaller impact on renovations and building technology services than it has on new construction. In 2020, however, the corona pandemic had a greater impact on renovations than new construction, especially because part of the larger housing companies postponed decision making regarding renovation projects.

Estimations indicate that the demand for business premise renovations has also decreased owing to corona. The predictability of business premise renovation needs after the pandemic has also weakened, due to uncertainty regarding changes in business premise needs. In other premises, renovations are expected to start growing again already in 2021.

At worksites, pandemic restrictions have somewhat affected the mobility of foreign workforce and increased the need for actions to ensure the safety of both personnel and people using the premises. The safety of premise users is especially emphasised in renovations where the buildings are fully or partly in customer use throughout the renovation.

In new construction, the corona pandemic has mainly postponed the start of office and hotel construction projects. The Confederation of Finnish Construction Industries RT estimates that other reasons led to the new construction market decreasing about five percent, while Euroconstruct estimates that the decline was approximately half a percent. The market shift was principally due to the decrease of residential construction, but there was also a decline in the start of new public service facility construction projects, as well as commercial and office construction projects.

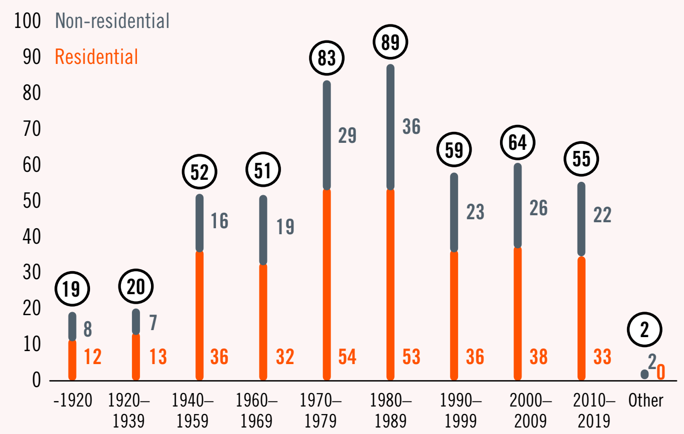
The market growth of new construction and renovation in Finland (€ billion)



Source: Euroconstruct, November 2020

CONSTI PLC BOARD OF DIRECTORS' REPORT

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



Source: Statistics Finland, May 2020

The Confederation of Finnish Construction Industries RT estimates that the entire construction market declined a total of 1.1 percent in 2020. RT's assessment of the development of construction in 2020 was divided, with the decline in new construction of residential buildings being 8.0 percent, and business premises 4.0 percent, while building renovation growth was estimated to be 0.5 percent and civil engineering works 5.0 percent from the previous year.

Public service construction, especially schools and hospitals, has grown rapidly in recent years. New construction of schools is estimated to continue active, but on the whole public construction is expected to decline in upcoming years. This will have a considerable impact on the volume development of construction.

The need for facade renovations is growing, mainly due to the age of the building stock in Finland. Residential construction was at its heights in the 1970s and the building technology, facades and structures from that time now require major renovations. However, housing companies from the 1960s have still been renovated most when looking at the value of the renovations in proportion to the net floor area. Housing companies from the 1960s are clearly the largest group especially in building technology renovations.

Building technology renovations are the fastest growing area of renovations, including for example pipeline renovations, heating, ventilation, cooling and electrical renovations. They have made up nearly half of all housing company renovations in recent years. About 70 percent of building technology renovations are pipeline renovations.

Structures and facades are the second largest group, making up nearly 40 percent of all renovations. For financial reasons, facade renovations have had to be postponed in many housing companies to make room for pipeline renovations. According to the Finnish Real Estate Federation's renovation barometer, there is currently almost the same number of facade and pipeline renovations ongoing in housing companies. The barometer estimates that in upcoming years renovation needs will focus increasingly on facades.

Approximately one fifth of renovations are repair and maintenance renovations.

The demand for renovation is maintained by the large building stock of residential buildings from the 1970s and also renovation needs in commercial and office buildings. In the 1980s commercial and office building construction was especially large-scale in Finland, and in the 1990s and early 2000s more commercial and office buildings were built than residential buildings. Premises from that era do not necessarily meet present-day needs. In addition, the growing amount of remote work and online shopping due to the corona pandemic add new challenges to the efficient use of premises.

Megatrends such as aging population, urbanisation and climate change also add to renovation needs. Like new construction, renovation is also estimated to continue concentrating to growth centres.

Climate change mitigation requires for instance improved energy efficiency in buildings, as stipulated in the EU's energy efficiency directive. This is fostered for example with building technology and facade renovations. Adaption to weather variations caused by climate change necessitates meticulous maintenance of facades in particular.

The Confederation of Finnish Construction Industries RT and Euroconstruct estimate that renovation markets will grow about one percent in 2021. Euroconstruct estimates that the annual renovation growth will stay at approximately 1.5 percent in 2022 and 2023. It estimates that the whole market for residential construction will decline -4.4 percent in 2021, and according to both the Confederation of Finnish Construction Industries RT and Euroconstruct, the decline in residential new construction will be as much as -12 percent in 2021.

Strategy 2021–2023

Consti's strategy update for 2021–2023 was commenced in the last quarter of 2020. Using scenario planning, strategies were first drawn up for Consti's four business areas. The broad-scale partaking of business areas was central to this work phase. The group-level strategy was then comprised based on these business area strategies. The new strategy for 2021–2023 is based on utilising the full potential of Consti's customer focused organisation structure. Consti's vision is to be "Our customer's number one partner and expert in multiple types of construction". To realise its vision and goals, Consti has defined strategic focus areas, which are:

- Growth in current businesses: controlled and profitable growth in attractive renovation and building technology segments
- New businesses: comprehensively answering customer needs by growing in attractive new construction projects
- Improving relative profitability by expanding value created for customers and the active management of the business portfolio
- Improving production efficiency: Consti's goal is to have the industry's most efficient production and a steady level of performance in project deliveries
- Personnel and management: supporting profitable growth by investing in the implementation of the Consti Way, expanding competence, adding diversity, and adopting LEAN principles
- Corporate social responsibility and sustainable development as key themes of the strategy: concentrating on updated responsibility themes, which are environmentally friendly business, work safety and well-being at work, supply chain and customer satisfaction

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

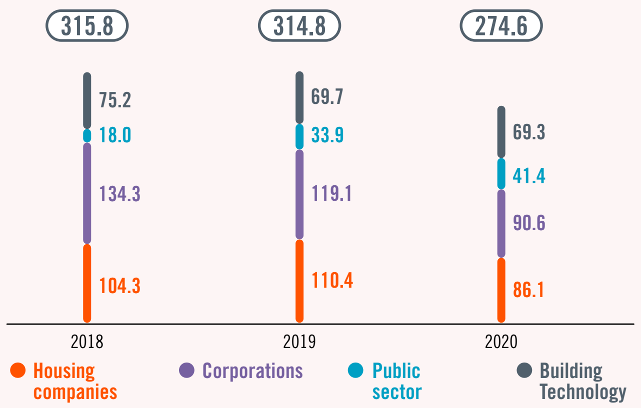
- Growth: net sales growing faster than the market
- Profitability: EBIT margin exceeding 5 percent
- Free cash flow: Cash conversion ratio exceeding 90 percent
- Balance sheet structure: Net debt to adjusted EBITDA ratio of less than 2.5x
- The Company's aim is to distribute as dividends at least 50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

Sales, result and order backlog

Consti Group's 2020 net sales were 274.6 (314.8) million euro. Net sales decreased 12.8 percent. Housing Companies net sales were 86.1 (110.4), Corporations net sales were 90.6 (119.1), Public Sector net sales were 41.4 (33.9) and Building Technology net sales were 69.3 (69.7) million euro. These figures include Service Business's net sales amounting to 42.7 (42.6) million euro.

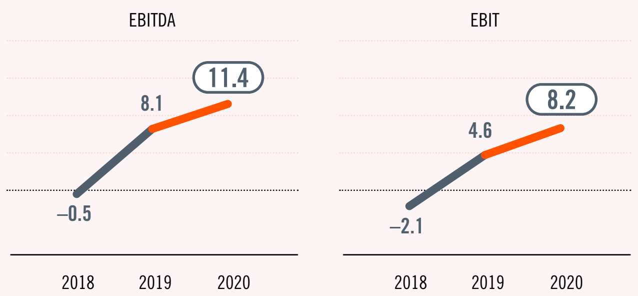
Net sales grew in Public Sector but decreased in Housing Companies, Corporations and Building Technology. Public Sector business area's net sales grew as expected thanks to strong order backlog. Net sales in Housing Companies business area were negatively affected by the postponed decision-making of housing companies due to the corona crisis. The development of net sales in Corporations business area was reflected by the fact that during the reporting period there were fewer ongoing large comprehensive renovation projects than in the comparison period as well as the decreased demand for renovation services in the non-residential sector due to the corona crisis. The net sales of Building Technology business area were close to previous year's level with a change of -0.5 percent.

Net sales (EUR million)



Consti Group's 2020 operating profit/loss (EBIT) increased from last year and was 8.2 (4.6) million euro. Operating profit/loss from net sales was 3.0 (1.5) percent. Earnings per share was EUR 0.70 (0.30). Profitability developed mainly in line with expectations during the reporting period and all business areas were profitable. Financial year 2020 performance was supported by the implementation of the new organisation structure and change program that was carried out during the previous year, and the flexibility of operating costs in relation to changes in volume. The result from January–December was weakened by costs linked to experts and arbitration proceedings relating to the construction project of Hotel St. George. These costs were larger than in the comparison period, and they amounted to 1.2 (0.7) million euro during the reporting period.

EBITDA and EBIT (EUR million)



During 2020, Consti had approximately 700 ongoing projects. Projects for the Corporations business area made up slightly less than 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 fifteen percent from the Public Sector business area.

Consti's most significant projects for companies and investors that were finished last year include the Vallila office premises in Helsinki, which was commissioned by Varma Mutual Pension Insurance Company and used by for example SOK; as well as the renovation of the Kasarmikatu 25 office premises in Helsinki, commissioned by Barings. During the summer, the complete renewal of Lohja K-Citymarket's commercial premises was finished for Kesko. The second stage of renewal work at the non-Schengen area of Helsinki-Vantaa airport's T-terminal was finished in spring 2020.

Broad-scale housing company renovations included the facade renovation of housing company As Oy Säterinportti in Helsinki, the facade renovation of Ankkuritie 6 for the City of Espoo, and the traditional pipeline renovation of a building originally constructed in 1939, housing company As Oy 3. linja 5, in Helsinki. The most significant facade renovation that was not for a housing company was the extensive renovation conducted for Helsinki Upper-Secondary School of Media Arts. The project included the renewal or renovation of for example the exterior walls of the building's old parts, the roof and windows, and ventilation was upgraded to match current day standards.

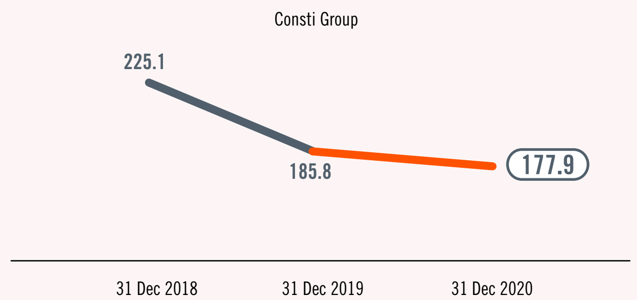
Renovations of schools and city tenant buildings were emphasised in public sector renovations. For example, the renovation of 146 apartments in a building originally built in 1976 and owned by the City of Helsinki, Liusketie 3, was finished in 2020.

During the past year, the Building Technology business area's work sites included for instance the building technology contract of the parking garage of terminal 2 at Helsinki-Vantaa airport, the extension of Sipoonlahti school and new construction at Vatiala school in Kangasala. Consti Building Technology also carried out building technology turnkey deliveries for the substitute premises of Pakila elementary school and Havukka day care centre. Joint worksites with Consti's other business areas included for example the light renovation of the Bonus Inn airport hotel, renewal work at HOAS Hima mini home apartments in Helsinki, the large-scale renovation of office premises at Kasarmikatu 25 in Helsinki, and the complete renewal of Lohja K-Citymarket's commercial premises.

New worksites included for instance the building technology contract of the Ring Road connection from Helsinki-Vantaa airport's terminal 2, and the terminal building's extension, the renovation and extension projects of Leppäkorpi school in Vantaa, the large-scale renovation of Helsinki's Central Rescue Station located on Agricolankatu, and the renovations of the Rehtorintie school building and sports hall in Espoonlahti.

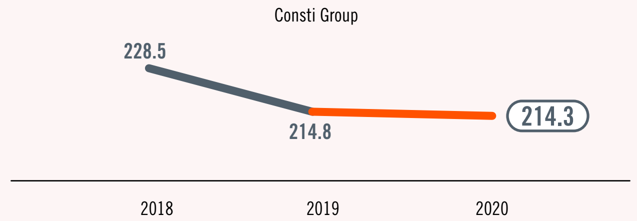
The order backlog at the end of the reporting period decreased 4.3 percent compared to the end of the previous financial year and was 177.9 (185.8) million euro.

Order backlog (EUR million)



The order intake value during January-December 214.3 (214.8) million euro were close to previous year's level with a change of -0.2 percent.

Order intake (EUR million)



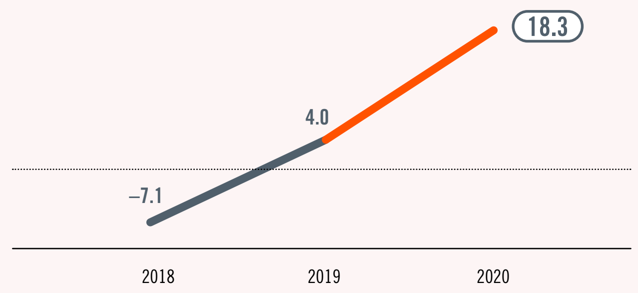
Investments

Investments into tangible and intangible assets in 2020 were 1.2 (0.9) million euro, which is 0.4 (0.3) 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 2020 were EUR 0.9 (1.6) million. The majority of investments into right-of-use assets during the reporting period were related to renewed leasing contracts of vans used in project and service business as well as to the accounting of business premises and warehouses lease agreements that are valid until further notice, in accordance with the IFRS 16 -standard.

Cash flow and financial position

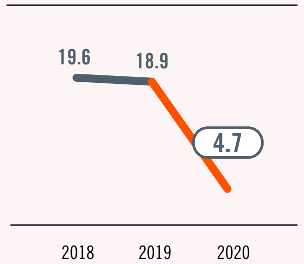
The operating cash flow before financing items and taxes in 2020 was EUR 19.5 (4.9) million. Free cash flow, was EUR 18.3 (4.0) million. The cash flow ratio was 160.3 (48.9) percent. The cash flow in 2020 was affected by the improvement of operating result and released working capital during the reporting period. Working capital was released as the financial position of project portfolio improved in relation to comparison period.

Free cash flow (EUR million)

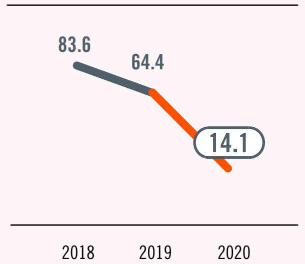


Consti Group's cash and cash equivalents on 31 December 2020 were EUR 24.3 (10.0) million. In addition, the company has undrawn revolving credit facilities and unused credit limits amounting to 8.0 (8.0) million euro in total. The Group's interest bearing debts were 29.0 (28.9) million euro. External 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 4.7 (18.9) million euro and the gearing ratio 14.1 (64.4) 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 Group's equity includes a hybrid bond of EUR 3.2 million issued in March 2019. The hybrid bond does not have a specified maturity date but the company is entitled to redeem the hybrid bond on the second (2) anniversary of the issue date. The interest paid on the hybrid bond in March 2020 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 accrued non-paid interest on the bond was EUR 0.3 million at 31 December 2020.

The balance sheet total on 31 December 2020 was 128.6 (116.6) million euro. At the end of the reporting period tangible assets in the balance sheet were 5.1 (6.3) million euro. Equity ratio was 32.7 (29.8) percent.

Within the framework of the EUR 50 million domestic commercial paper program initiated in October 2019, Consti may issue commercial papers with maturity of under one year. During 2020, Consti issued new commercial papers with maturity of under one year amounting to EUR 20.0 million. During the same period, matured total of EUR 18.0 million earlier issued commercial papers.

Research and development work

Research and development work at Consti is divided into developing strategic new businesses as well as services and methods, supporting the present business, and continuous improvement.

During the end of 2020 Consti concentrated on creating a strategy update for 2021–2023. Using scenario planning, strategies were first drawn up for Consti's four business areas. The broad-scale partaking of business areas was central to this work phase. The group-level strategy was then comprised based on these business area strategies. In 2020 Consti's corporate social responsibility themes were also updated.

In business development, emphasis was put on customer work and proceeding in procedure unification according to the organisational change program carried out last year. In joint industry projects, developing collaboration models and Lean methods were emphasised.

As part of developing customer work, Consti took into use a new CRM system in 2020. Clarifying the roles of account managers and training relating especially to customer work were strongly linked to switching CRM system. Sales function was also developed by productising Consti Balcony and Consti Windows services that are aimed at housing companies.

To strengthen competitiveness and profitability, Consti continued work on developing BI reporting and analytics that aim to digitalise project information.

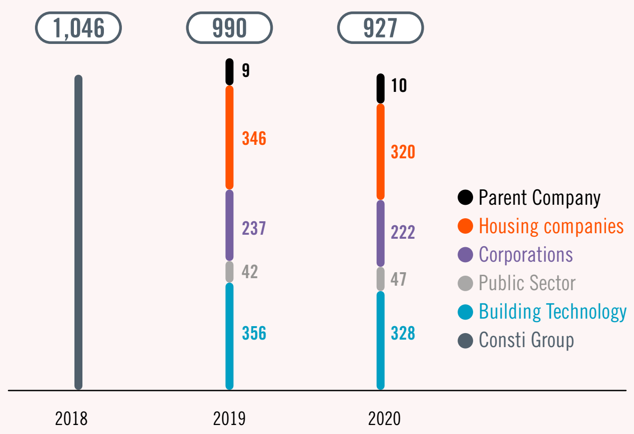
The three-year RAIN2 project (Integration capability in construction) led by Lean Construction Finland has integration, Lean leadership and using the flow-based production model in construction as its central themes. Consti has participated in RAIN projects for a long time and utilises takt time based production flow according to Lean principles especially in hotel and apartment building renovations. In 2020 takt time based production was successfully utilised in for example the interior renewal of the Skyline hotel (previously Bonus Inn) near Helsinki-Vantaa airport, in Hoas student apartment amenity renovations, and in a building purpose modification project for Hoas, in which an office building was modified into student apartments.

Integrated project deliveries such as the alliance model and joint projects are utilised to improve the operational culture in construction, and to manage risks relating to demanding renovation projects. In 2020 Consti took part in developing new operational procedures in for instance the alliance project at Ko Oy Uudenmaankatu 16–20, the extension and alteration alliance of Helsinki-Vantaa airport's Terminal 2, and in the renewal of the Bonus Inn hotel near Helsinki-Vantaa airport.

Personnel

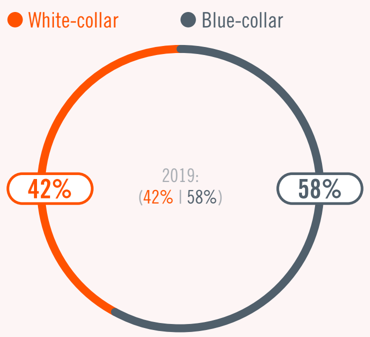
At the end of 2020 Consti employed a total of 927 (990) employees. The average employee count during January–December was 971 (1,037). At the end of the reporting period 320 (346) employees worked in Housing Companies, 222 (237) in Corporations, 47 (42) in Public Sector and 328 (356) in the Building Technology business area. The parent company employed 10 (9) people. Personnel expenses for financial year 2020 amounted to EUR 58.1 (61.7) million.

Number of personnel (at period end)

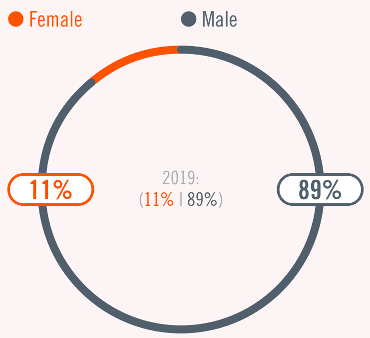


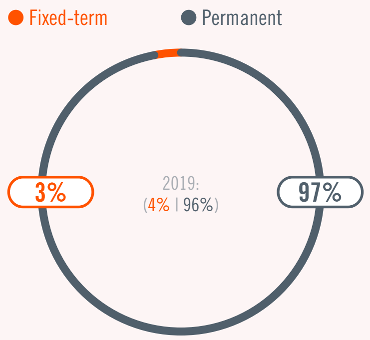
Of the personnel employed at the end of the year, 3 (4) percent worked with fixed-term employment contracts. At the end of the year Consti employed 392 (419) white collar workers and 535 (571) workers.

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



The year 2020 was marked by the coronavirus pandemic and related actions. During the year, the main focus was ensuring the safety and health of the personnel in emergency conditions and thus safeguarding the continuation of the company's operations. Work continued to align operational policies and procedures according to the Consti Way. To implement the Consti Way, decisions were made to take into use an electric information channel that also brings real-time communication to employees. The system was implemented in January 2021.





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 and Public Sector; Jukka Mäkinen, Business Area Director Corporations; Pekka Pöykkö, Business Area Director Building Technology, Markku Kalevo, Bid and Sales Director Housing Companies; Pirkka Lähteinen, Regional Director Corporations, Heikki Untamala, Chief Legal Officer and Turo Turja, HR Director.

The Annual General Meeting 2020 and Board authorisation

The Annual General Meeting of Shareholders of Consti Plc held on 6 April 2020 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 2019. The Annual General Meeting resolved that a dividend of 0.16 euro per share for the financial year 2019 is paid. The record date for dividend payment was 8 April 2020 and the dividend was paid on 17 April 2020.

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 and Anne Westersund were re-elected and Johan Westermarck was elected as a new member 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 Annual General Meeting resolved to amend 1§ of the Articles of Association as proposed by the Board of Directors to read as follows: 1§ The Company's business name is Consti Oyj and in English Consti Plc. The Company is domiciled in Helsinki.

The Board of Directors was authorised to resolve on the repurchase of a maximum of 580,000 shares in the Company in one or several tranches by using funds in the unrestricted shareholders' equity. The shares may be repurchased for the price formed at the moment of purchase on public trading or for the price otherwise formed on the markets. The own shares may be purchased by deviating from the shareholders' pre-emptive rights (directed repurchase). The shares may be repurchased in order to, for example, carry out the Company's share-based incentive plan. The Board of Directors is authorized to decide on how repurchase is carried out and on all other matters related to the repurchase of 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 a deviation from the shareholders' pre-emptive rights. The authorization is used, for example, to carry out the Company's share-based incentive plan or for other purposes resolved by the Board of Directors.

These authorizations replace previous authorizations of the Board of Directors and they shall be valid until the closing of the next Annual General Meeting, however, no longer than until 30 June 2021.

Corporate Governance and Auditors

Consti Plc's Board of Directors on 31 December 2020 included Tapio Hakakari (Chairman), Erkki Norvio, 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 6 April 2020, held its organising meeting and elected Tapio Hakakari as the 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 2020.

On 31 December 2020, the Board members and CEO owned personally or through a holding company a total of 675,096 Consti Plc's shares, which amounts to 8.59 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 2020 and the remuneration report from 2020 are on Consti Plc's website www.consti.fi > Investors > Corporate governance.

Shares and share capital

Consti Plc's share capital on 31 December 2020 was 80,000 euro and the number of shares 7,858,267. Consti Plc held 173,031 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 28 February 2020 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 2020 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 2020 will be paid to participants partly in shares and partly in cash after a two-year vesting period in 2023. During the performance period 2020, 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 2020 will amount up to a maximum total of approximately 305,000 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 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.

CONSTI PLC BOARD OF DIRECTORS' REPORT

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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 2020 Consti Plc's lowest share price was EUR 6.00 (4.76) and the highest EUR 10.50 (6.60). The share's trade volume weighted average price was EUR 8.04 (5.41). At the close of the stock day on the last trading day of the reporting period 31 December 2020 the share value was EUR 10.05 (6.40) and the Company's market value was EUR 79.0 (50.3) 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 the reporting period.

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 2021 -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.

Hotel St. George construction project

Consti Plc's subsidiary Consti Korjausrakentaminen Oy (former Consti Korjausurakointi Oy) has initiated on 17 August 2018 arbitration proceedings in accordance with the Arbitration Rules of the Finland Chamber of Commerce against Kiinteistö Oy Yrjönkatu 13, which relates to the construction project for Hotel St. George. This disagreement has arisen between Consti Korjausrakentaminen Oy and Kiinteistö Oy Yrjönkatu 13 relating to the project management agreement signed on 21 December 2015, which concerns the construction project for Hotel St. George. In addition, the disagreement relates to a so-called rush contract signed on 1 December 2017. The construction project for Hotel St. George has been completed and handed over to the client.

Consti Korjausrakentaminen Oy demands payments from Kiinteistö Oy Yrjönkatu 13 based on the above-mentioned contracts. During the arbitration court process, the amount of capital of Consti's settlement requirement has been specified as approximately 12.7 million euro. Kiinteistö Oy Yrjönkatu 13's counterclaims have been specified as approximately 10.3 million euro during the arbitration court process. The amounts do not include VAT. In addition, the parties claim interest payments and compensation for legal expenses from each other. Consti Korjausrakentaminen Oy considers the claims of Kiinteistö Oy Yrjönkatu 13 to be unfounded.

On 9 April 2020, the Arbitration Institute decided to extend the time limit given for the delivery of final arbitral award until 11 June 2021. To the best of its ability, Consti has taken the disagreement into consideration in its financial reporting. In the future, Consti will disclose information on this matter, on the final claims presented and on the relevance of this matter to the company's financial position as necessary in connection with interim reports and by separate releases, as necessary.

Consti's corporate social responsibility principles and non-financial information

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

Buildings are renovated when the building's structure or building technology necessitate it. Alongside renovation, the buildings' energy efficiency and indoor air quality are nearly always improved, as are issues that add living comfort such as accessibility and safety. Maintaining or even restoring the building's original appearance or architecture is also a part of an increasing number of renovations. In addition to renovation and building technology expertise, Consti has competence in building purpose modifications such as renovating office spaces into apartments. The need for building purpose modifications is heightened especially by urbanisation, changes in how people work, and the aging population.

Corporate Social Responsibility is a part of Consti's business management, which is the responsibility of Consti's Management Team.

Consti has published Corporate Social Responsibility (CSR) reports about its activities since 2014. The first report was created following work relating to the ISO 26000 standard. Based on this work, the most important CRSR themes for Consti's operations were identified as health and safety, labour practises, the environment, values and ethics.

In 2020, Consti's key CSR themes were updated, plans were made to develop CSR in Consti's operations, and corporate social responsibility indicators were mapped.

CSR themes and development needs were identified in internal workshops and stakeholder interviews and surveys. Societal megatrends (climate change, urbanisation, aging population, changes in the economic systems and digitalisation) and how they impact Consti's operations were also considered in this work.

Based on this work, CSR themes central to Consti were identified, i.e., aspects of responsible business that have societal importance, are important to Consti and its stakeholders – and which Consti can impact with its actions.

The CSR themes for strategy period 2021–2023 were defined as:

Customer satisfaction
- Customer insight
- Supporting customer climate goals

Supply chain
- Preventing grey economy
- Partner collaboration

Occupational safety and wellbeing at work
- Continuous improvement of occupational safety
- Supporting personnel competence and development
- Equality and human rights

Environmentally friendly business
- Expertise in how climate change impacts real-estate
- Energy efficient operations
- Waste sorting and recycling.

Personnel and social responsibility

Consti complies with applicable Finnish labour legislation and collective agreements, and employment contracts are made in writing.

The best professionals are pivotal to achieving Consti's growth targets. In addition to training and experience, Consti also values good collaboration skills, punctuality and initiative. Consti employees do what they promise.

The core of what it means to work at Consti has been summarised as the Consti Way. It's based on the company values and communicated in introductions to new employees and personnel events. Introductions to new employees also include communicating Consti's ethical guidelines.

Consti conducts a personnel survey every two years. It shows that Consti employees are more satisfied with their wage levels, workload and the fair and equal treatment of employees than employees in the industry are on average. There is room for development especially in collaboration between units, in developing operations and in the employees' opportunities to impact this development. Based on previous personnel surveys, communication and joint ways of working have been developed in particular.

The development of personnel is supported through, for example, performance review, which supervisors have been instructed to organise at least once a year. A shortened version of the performance review has been created for workers on construction sites.

In 2020 Consti Academy created a qualification path to support personnel competence and development. The qualification path ensures the basic skills needed to successfully carry out each task.

The unification of HR functions was also continued in 2020, for instance by expanding the use of electronic working hours records to the entire group.

CONSTI PLC BOARD OF DIRECTORS' REPORT

Consti's principle is to make permanent employment contracts. In 2020 Consti employed on average 971 people (1 037 in 2019). At the end of the year about 97 (96) percent of the personnel had permanent employment contracts. During the year Consti again offered summer jobs or internship positions for approximately one hundred students in the field and aimed at offering good summer employees and interns permanent employment after they graduated. Consti's personnel was 89 (89) percent male and 11 (11) percent female.

Permanent personnel turnover (percentage of employees leaving) developed positively and was 12.9 (17.4) percent.

In the construction industry, risks related to personnel are the use of illegal workforce, grey economy, and occupational safety risks. In 2020 preparation for health safety risks caused by the corona pandemic was highlighted.

In its corona-related precautions Consti has abided by recommendation from officials and the Confederation of Finnish Construction Industries RT. The overview of the situation – and consequently, the quarantine guidelines regarding travel between Finland and Estonia – changed several times during the year, which has posed particular challenges. There have been very few corona cases at Consti, and the employees have had responsible attitudes. The corona pandemic did, however, show as increased sick leaves because personnel was instructed to have a very low threshold for staying at home, especially if they had flu symptoms. The average sick leave percentage in 2020 was 4.9 (3.3).

On a group level, safety work is coordinated by Consti Safety Group, which includes the Group's HR Director and Personnel Safety Manager, and the business areas' management representatives and occupational safety representatives. Occupational safety issues are dealt with monthly in Management Team meetings.

Monitoring worksite safety is one of the key daily tasks of site supervisors at Consti. Worksite safety management is based on site-specific risk analysis, and site-specific safety plans are drawn up for the worksites. If necessary, separate safety plans are drawn up for critical work phases.

In renovations, exposures that are harmful to health include dust, fibres, noise and vibration. Quartz dust is a carcinogenic agent and special attention is paid to prevent exposure to it. Dust control plans are abided by to prevent exposure to dust. The epoxy used in pipeline renovations requires careful protection and protection guidelines must be complied with when handling epoxy. The aim is to protect against health hazards by using high-quality and appropriate tools, and by taking risks into account in the worksite specific safety plans. Weekly TR measurements are conducted to ensure worksites are sufficiently dust-free.

No confirmed cases of occupational disease were reported in 2020.

Both Consti's own personnel and outsiders are encouraged to report safety deficiencies. Anybody within a worksite's sphere of influence can make a safety deficiency report on the portal: teehavainto.fi. Based on the internal CSR survey conducted in 2020, safety observations were selected as one of the occupational safety development areas.

New employee introduction practises are essential to ensuring occupational safety. In addition to individual introductions to each new employee, Consti also utilises the industry's shared introduction method, ePerehdytys.

Accident frequency describes the relationship between accidents and hours worked. It is monitored on a monthly basis at Consti. The ratio is calculated per million hours worked. In accordance with construction industry policies, accidents that have resulted in at least one sick leave day in addition to the day of the accident are counted as accidents. In 2020, Consti's accident frequency was at a good level for the construction industry.

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.

Occupational safety expertise was strengthened by establishing a new position of Personnel Safety Manager at the beginning of 2020. In occupational safety development, special attention was paid to working at heights and using lifting equipment.

At Consti, safety extends not only to employees, but also to the users of facilities which are being renovated, because premises are often renovated so that they are at least partially in use. This also increased the need for carefully protecting against the coronavirus.

Respecting 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 requires all of its subcontractors to be registered in the contractor liability register. Through it, Consti automatically receives a report if the subcontractor has tax or other ambiguities that may be related to the use of unauthorised employees.

For its own foreign employees, Consti has a procedure that ensures 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. The tax numbers of all employees have been submitted to the construction industry's tax number register maintained by the Finnish Tax Administration, and Consti uses the Valtti smart card for access control at worksites. The Valtti card's barcode and RFID code contain the cardholder's information and a Valtti card is mandatory for both Consti's own and its subcontractor's personnel.

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.

In case of inappropriate treatment, there are instructions for both the prevention and resolution of observed situations.

Preventing corruption and bribery

Bribery and dealing in receipts are forms of corruption that often take place 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. 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.

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 contracting partners and subcontractors to comply with the Act on the Contractor's Obligations and Liability.

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 Contractor Act help stop both grey economy and human rights violations by preventing the use of employees without work permits.

In 2020, no problems were observed at Consti regarding adherence to ethical guidelines and there was no need for measures against bribery or corruption.

Environment

In Consti's operations, the most significant environmental risks come from possible discharges of substances that are harmful to the environment. These discharges may result from improper treatment of demolition waste or negligence in its disposal, for example. Renovation activities may also result in noise, ground vibration and dust that affect the immediate surroundings of the worksite.

Consti adheres to 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 worksites means especially minimising the amount of noise, dust and waste resulting from construction site traffic, demolition work and construction work itself, as well as treating hazardous substances carefully and appropriately.

Consti has guidelines to ensure that the environmental damage caused by its operations is minimised and that its operations adhere to environmental regulations. In site-specific environmental planning environmental risks are identified and plans are drawn up to prevent harm and prepare for the prevention of adverse effects. Effective communication is also used to reduce adverse effects.

In 2020 approximately 49% of construction waste generated by Consti Korjausrakentaminen Oy in the Greater Helsinki area was used as raw material and Consti Talotekniikka Oy's corresponding figure was approximately 29%. Consti's goal is to introduce a uniform monitoring and reporting method for construction waste in 2021 at all its worksites and to increase the utilisation rate of construction waste.

The shorter the completion time of a project is, the lesser the environmental impacts usually are. Success in material planning is also usually linked to completion time. Cutting project completion time is crucial to developing Consti's competitiveness and efficiency. Material efficiency guidelines are included in production planning processes and procedures.

As a result of Consti's operations, the harmful environmental impacts of the constructed environment are in principle reduced as the energy consumption of the renovated buildings decrease. In Consti's own operations, the majority of energy consumption occurs at worksites. The aim is to start systematic monitoring of the energy consumption of worksites to define reduction targets in 2021.

Consti aspires to influence the entire industry's development through work in the industry's collaboration networks and by actively participating in joint development projects. Consti's influence on the industry is described in more detail in this report under the title Research and Development.

Consti will publish a separate CSR report regarding its operations in 2020 during the second quarter of 2021.

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

The Annual General Meeting of Shareholders held on 6 April 2020 resolved that dividend of EUR 0.16 per share for the financial year 2019 is paid. No dividend was paid on own shares held by the Company. The record date for dividend distribution was 8 April 2020, and the dividend was paid on 17 April 2020.

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 2020 were 55,426,383.56 euro, including retained earnings of 27,373,311.13 euro. The Board proposes to the Annual General Meeting that a dividend of 0.40 euro per share be paid for the financial period 1 January – 31 December 2020. The Board of Directors plans to call the Annual General Meeting of shareholders to convene on Wednesday 7 April 2021.

Outlook for 2021

The coronavirus pandemic continues to cause uncertainty to Consti's operating environment. Although market research institutes expect the renovation market to grow in 2021, new waves of the pandemic and lockdowns remain possible. The most significant short-term impacts of the corona crisis have to do with both the company's ability to carry out existing projects and also short-term demand outlook. Uncertainty pertaining to handling existing projects relate to workforce availability, possible illnesses, material availability and official regulations. The short-term demand outlook is still uncertain due to some projects currently in the negotiation stage that may possibly be postponed, as well as delayed decision making. In 2021 Consti will concentrate on ensuring the performance of its business and implementing its new strategy. The company estimates that it has good opportunities for continuing solid performance in 2021 as well.

The Company estimates that its operating result for 2021 will be in the range of EUR 7–11 million. The range for 2021 profit guidance is wide due to the uncertainties related to the COVID-19 pandemic.

Significant events after the reporting period

Consti Plc ("Consti") received an announcement from Wipunen varainhallinta Oy on 19 January 2021, in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the number of Consti shares and votes owned by Wipunen varainhallinta Oy exceeded five (5) per cent of the share capital of Consti on 18 January 2021.

Consti Plc ("Consti") received an announcement from Heikintorppa Oy on 19 January 2021, in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the number of Consti shares and votes owned by Heikintorppa Oy exceeded five (5) per cent of the share capital of Consti on 18 January 2021.

Consti announced on 28 January 2021, that Jukka Kylliö (born.1967, B.Eng., CPM®) has been appointed as Business Area Director Public Sector and Consti Plc's Management Team member. Jukka Kylliö assumed his position as member of Consti Plc's Management Team on 4 February 2021 and reports to Esa Korkeela, CEO of Consti Plc.

As a result of the changes, Consti Plc's Management Team consists 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; Pekka Pöykkö, Business Area Director Building Technology, Markku Kalevo, Bid and Sales Director Housing Companies; Pirkka Lähteinen, Regional Director Corporations, Heikki Untamala, Chief Legal Officer and Turo Turja, HR Director.

In Helsinki, 4 February 2021

Consti Plc's Board of Directors

Photo: Pasi Salminen

Ässäkeskus

SOK headquarters – Ässäkeskus – was originally built in 1992. A renovation was carried out in the block's oldest buildings, and alongside, renovation and modification work was also conducted in the entrance hall, conference centre, and the sauna facilities on the top floor. Approximately 1,000 SOK employees utilised the premises all through the renovation. This required good planning and continuous communication with all the parties involved.

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR 1,000	Note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Net sales	4	**274,646**	**314,801**
Other operating income	5	511	921
Materials and services	6	-191,711	-229,884
Employee benefit expenses	7	-58,108	-61,736
Depreciation and amortisation	9	-3,203	-3,505
Other operating expenses	8	-13,899	-15,965
Total expenses		-266,920	-311,090
Operating profit/loss (EBIT)		**8,237**	**4,632**
Financial income	10	4	18
Financial expenses	10	-1,006	-1,236
Total financial income and expenses	10	-1,002	-1,218
Profit/loss before taxes (EBT)		**7,235**	**3,414**
Total taxes	11	-1,560	-738
Profit/loss for the period		**5,675**	**2,676**
Comprehensive income for the period*		**5,675**	**2,676**

*The group has no other comprehensive income items

CONSTI PLC FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

Assets EUR 1,000	Note	31 Dec 2020	31 Dec 2019
Non-current assets			
Property, plant and equipment	13	5,142	6,338
Goodwill	16	48,604	48,604
Other intangible assets	14	401	437
Shares and other non-current financial assets	17	17	17
Deferred tax assets	11	278	741
		54,443	**56,137**
Current assets			
Inventories	19	656	630
Trade and other receivables	20	49,239	49,786
Cash and cash equivalents	21	24,257	10,032
		74,152	**60,448**
Total assets		**128,595**	**116,585**

Equity and liabilities EUR 1,000		31.12.2020	31.12.2019
Equity			
Share capital	22	80	80
Reserve for invested non-restricted equity	22	28,252	28,252
Treasury shares	22	-610	-395
Retained earnings		-3,020	-4,477
Profit/loss for the year		5,675	2,676
Equity attributable to owners of the parent company		**30,378**	**26,137**
Hybrid bond	22	3,200	3,200
Total equity		**33,578**	**29,337**
Non-current liabilities			
Interest bearing liabilities	24	17,869	19,675
		17,869	**19,675**
Current liabilities			
Trade and other payables	25	63,353	55,879
Interest bearing liabilities	24	11,126	9,238
Provisions	23	2,670	2,457
		77,149	**67,574**
Total liabilities		**95,017**	**87,249**
Total equity and liabilities		**128,595**	**116,585**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR 1,000

	Equity attributable to owners of the parent						
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total	Hybrid bond	Total equity
Equity on 1 Jan 2020	**80**	**28,252**	**-395**	**-1,800**	**26,057**	**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**	**30,298**	**3,200**	**33,578**

EUR 1,000

	Equity attributable to owners of the parent						
	Share capital	Reserve for invested non-restricted equity	Treasury shares	Retained earnings	Total	Hybrid bond	Total equity
Equity on 1 Jan 2019	**80**	**28,252**	**-601**	**-4,313**	**23,338**	**0**	**23,418**
Total comprehensive income				2,676	2,676		2,676
Hybrid bond				-105	-105	3,200	3,096
Transactions with shareholders							
Purchase of own shares			-69		-69		-69
Conveyance of own shares			274		274		274
Share compensation				-59	-59		-59
Transactions with shareholders, total			205	-59	147		147
Equity on 31 Dec 2019	**80**	**28,252**	**-395**	**-1,800**	**26,057**	**3,200**	**29,337**

CONSOLIDATED STATEMENT OF CASH FLOWS

Consolidated statement of cash flows EUR 1,000	Note	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Cash flow from operating activities			
Operating profit/loss		8,237	4,632
Adjustments:			
Depreciation		3,203	3,505
Other adjustments		422	104
Change in working capital		7,678	-3,341
Operating cash flow before financial and tax items		19,539	4,900
Financial income		4	18
Financial expenses		-1,006	-1,236
Taxes paid		-728	0
Net cash flow from operating activities (A)		**17,810**	**3,682**
Cash flow from investing activities			
Investments in tangible and intangible assets		-1,206	-923
Investments in right-of-use assets (IFRS 16)		-940	-1,611
Proceeds from sale of property, plant and equipment		359	369
Net cash flow from investing activities (B)		**-1,787**	**-2,165**
Cash flow from financing activities			
Dividend distribution		-1,230	0
Purchase of treasury shares		-266	-69
Hybrid bond		-384	3,096
Change in interest-bearing liabilities:	24	82	2,285
Payments of long-term liabilities		-1,000	-1,000
Change in lease liabilities		-1,103	-455
Change in other interest-bearing liabilities		2,185	3,740
Net cash flow from financing activities (C)		**-1,798**	**5,312**
Change in cash and cash equivalents (A+B+C)		**14,225**	**6,829**
Cash and cash equivalents at period start		10,032	3,203
Cash and cash equivalents at period end		**24,257**	**10,032**

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 Hopeatie 2, 00440 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.

Rising uncertainty owing to the coronavirus pandemic (COVID-19) reflected on the development of net sales and order intake in 2020. As a result of the corona crisis some planned renovation projects were postponed. Despite risen uncertainty in the operating environment, projects predominantly advanced as planned, and the company was able to ensure that work progressed at our work sites without interruptions during 2020. 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 2020 were approved for publication by its Board of Directors at its meeting on 4 February 2021. 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 Hopeatie 2, 00440 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 2020. 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 operations or joint ventures according to the investors' contractual rights and obligations. The Group's management has evaluated the nature of its joint arrangement and deemed it to be a joint operation. The Group recognises its share of the assets and liabilities of the joint operation using the proportionate consolidation method. Proportionate consolidation is a method where each joint operation party's share of each item related to the assets, liabilities, income and expenses of the joint operation is consolidated, item by item, in similar items in the party's financial statements or presented as separate items in its financial statements.

TRANSLATION OF ITEMS DENOMINATED IN A FOREIGN CURRENCY

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

Transactions denominated in a foreign currency

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

The estimated useful lives are as follows:

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

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

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

GOVERNMENT GRANTS

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

INTANGIBLE ASSETS

Goodwill

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

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

Research and development

Research and development costs are recognised as expenses at the time they occur. Development costs are capitalised on the balance sheet as intangible assets, provided that the product is technologically feasible, can be exploited commercially and is expected to bring future financial benefit. Development costs to be capitalised include the material, work and testing costs that are directly attributable to creating, producing and preparing the asset for its intended purpose. Development costs that cannot be capitalised are recognised as expenses at the time they occur. Development costs previously recognised as an expense will not be capitalised later. The company had no capitalised development costs at the end of the 2020 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

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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 for 2017, 2018, 2019 and 2020 into shares. The plan's possible bonus will be paid to participants after a two-year engagement period during years 2020, 2021, 2022 and 2023, in part as company shares and in part as cash. As of 31 December 2020, the plan included 56 key people including the Management Team.

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

PROVISIONS AND CONTINGENT LIABILITIES

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

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

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

INCOME TAXES

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

Taxes based on taxable income for the period

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

Deferred taxes

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

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

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

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

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

REVENUE RECOGNITION

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

Project deliveries

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

Identifying contracts

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

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

Contract changes

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

Identifying performance obligations

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

Determining transaction price for performance obligations

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

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

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

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

Revenue recognition

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

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

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

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

Other cost + fee projects and service contracts

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

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

Interest and dividend income

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

FINANCIAL ASSETS AND LIABILITIES

Financial assets

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

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

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

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

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

Financial assets recognised at fair value through profit or loss include items that do not meet the criteria of other groups. With regard to the Group, this item includes unlisted shares. This category also includes financial assets or derivatives that are not subject to hedge accounting in accordance with IFRS 9. Derivatives are initially recognised at fair value when the Group becomes party to a contract and are later measured at fair value. Interest rate swaps are used to hedge 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 2020 (31 December 2019).

EQUITY

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

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

KEY ACCOUNTING ESTIMATES AND DECISIONS BASED ON JUDGEMENT

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

Impairment of goodwill

Goodwill is tested for impairment annually, or more frequently if necessary, in accordance with the principles presented in note 16. The impairment testing of goodwill requires determining amounts recoverable by the cash-generating units. The determining of amounts recoverable requires the management to make estimates and judgments on future cash flows and the rates used for discounting these cash flows. The management bases its estimates on the best information available on the future outlook at the end of the reporting period and on the current market conditions at the time. The effect of 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	2020	2019
Net sales		
Housing Companies	86,145	110,371
Corporations	90,589	119,059
Public Sector	41,431	33,876
Bulding Technology	69,350	69,730
Parent company and eliminations	–12,868	-18,234
Total	**274,646**	**314,801**

Information on key customers

In the 1 January – 31 December 2020 and 1 January – 31 December 2019 financial years, the Consti Group had a large number of customers. 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. During fiscal year 1 January – 31 December 2019 Consti Group's net sales from two customers exceeded 10% of the Group's net sales. Net sales from one Corporations and Housing Companies business area's customer amounted to approximately 35 million euro, which was 11% of the Group's total net sales. Net sales from one Public Sector and Housing Companies business area's customer amounted to approximately 33 million euro, which was 10% of the Group's total net sales.

3. Business combinations

Business combinations in 2020

No acquisitions in financial year 2020.

Business combinations in 2019

No acquisitions in financial year 2019.

4. Revenue from contracts with customers EUR 1,000

	2020	2019
Net sales classification according to IFRS 15		
Project deliveries		
Housing Companies	83,806	107,874
Corporations	77,852	106,354
Public Sector	41,431	33,807
Building Technology	60,703	58,649
Parent company and eliminations	-12,868	-18,234
Total project deliveries	**250,923**	**288,450**
Other cost + fee projects and service contracts		
Housing Companies	2,339	2,497
Corporations	12,737	12,705
Public Sector	0	69
Building Technology	8,647	11,080
Parent company and eliminations	0	0
Total other cost + fee projects and service contracts	**23,723**	**26,351**
Total net sales	**274,646**	**314,801**

Accounts receivable and contract assets and liabilities	**2020**	**2019**
Trade receivables	39,192	37,742
Receivables from project deliveries and cost + fee accruals	7,694	10,290
Advances received from project deliveries and cost + fee accruals	25,980	18,274

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

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

The transaction price allocated to the remaining performance obligations as at 31 Dec:	**2020**	**2019**
Within one year	172,001	151,864
More than one year	5,856	33,956
Total order backlog	**177,857**	**185,820**

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. Trade receivables and receivables from project deliveries are in part increased by the Hotel St. George renovation project. Consti Plc's subsidiary Consti Korjausrakentaminen Oy has an arbitration process pending against Kiinteistö Oy Yrjönkatu 13, to resolve the dispute according to rules set by the Arbitration Institute of the Finland Chamber of Commerce. No material amounts of revenue were recognized during the reporting period due to changes in transaction prices or estimates for performance obligations partially or fully satisfied in previous years. There were no significant impairment charges recognized during the reporting period from the contract assets.

5. Other operating income EUR 1,000	2020	2019
Capital gains from the sale of property, plant and equipment	184	121
Insurance indemnities received	261	736
Other income items	66	64
Total	**511**	**921**

6. Materials and services EUR 1,000	2020	2019
Purchases of materials, supplies and goods	48,160	53,579
Increase (-) or decrease (+) in inventories	-26	18
External services	143,577	176,288
Total	**191,711**	**229,884**

7. Employee benefit expenses EUR 1,000	2020	2019
Salaries	47,571	51,060
Pension expenses	7,765	8,698
Share-based payments	572	312
Other social security expenses	2,200	1,666
Total	**58,108**	**61,736**
Average number of personnel during the financial year, by group:		
White collar	411	439
Blue collar	560	598
Total	**971**	**1,037**

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

8. Other operating expenses EUR 1,000	2020	2019
Capital losses on and scrapping of property, plant and equipment	0	7
Production operating and maintenance expenses	2,674	4,984
Costs of facilities	316	327
Voluntary social security expenses	1,653	1,625
Travel expenses	2,649	3,014
Vehicle costs	902	807
Other fixed expenses	5,705	5,201
Total	**13,899**	**15,965**
Auditor's fees		
Audit	216	226
Other assignments and statements of the auditor	7	18
Total	**223**	**243**

9. Depreciation and amortisation EUR 1,000	2020	2019
Depreciation by asset type		
Intangible assets		
Allocation of acquisitions	–	–
Other intangible assets	136	133
Other intangible assets, right-of-use assets	100	65
Property, plant and equipment		
Buildings and structures	86	134
Buildings and structures, right-of-use assets	1,314	1,360
Machinery and equipment	928	1,133
Machinery and equipment, right-of-use assets	638	679
Total depreciation and amortisation	**3,203**	**3,505**

10. Financial income and expenses EUR 1,000	2020	2019
Financial income		
Interest income and other financial income	4	18
Total financial income	**4**	**18**
Financial expenses		
Interest expenses on loans recognised at amortised cost	517	696
Interest expenses on lease liabilities	80	105
Other financial expenses	408	435
Total financial expenses	**1,006**	**1,236**
Net financial expenses	**1,002**	**1,218**

11. Income taxes EUR 1,000

	2020	2019
The key components of income taxes in the financial periods ending on 31 December 2020 and 31 December 2019 are as follows:		
Consolidated statement of comprehensive income		
Current income taxes	1,019	122
Taxes for the previous financial periods	79	0
Deferred taxes:		
Origination and reversal of temporary differences	462	615
Total	**1,560**	**738**
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	**7,235**	**3,414**
Taxes calculated on the basis of the Finnish tax rate of 20% (20% 2019)	1,447	683
Income not subject to tax	0	0
Non-deductible expenses	34	55
Taxes for prior financial periods	79	0
Income taxes in the income statement	**1,560**	**738**

Deferred taxes

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

Reconciliation of deferred tax assets	Consolidated balance sheet		Consolidated income statement	
	2020	**2019**	**2020**	**2019**
Depreciation not deducted in taxation	120	133	-13	13
Deductible goodwill depreciation	-105	-98	-7	-6
Capitalisation of tangible and intangible assets	6	1	5	5
Losses confirmed in taxation	0	188	-188	-306
Provisions	35	46	-11	-276
Other items [1]	222	471	-249	-45
Deferred tax assets (/-liabilities), net	**278**	**741**		
Deferred tax expenses (/income)			**-462**	**-615**

[1] The other items for fiscal period 2020 mainly refer to costs related to share based payments and option scheme. As at 31 Dec 2020, the Group had deductible intra-Group interests of EUR 363 thousand (EUR 399 thousand in 2019).

	Consolidated balance sheet	
The balance sheet includes the following items:	**2020**	**2019**
Deferred tax assets	386	844
Deferred tax liabilities	-108	-103
Deferred tax assets(/liabilities), net	**278**	**741**
Reconciliation of deferred (net) tax asset		
Deferred tax assets at the beginning of the period	**741**	**1 356**
Deferred tax income(/expenses) in the consolidated statement of comprehensive income	-462	-615
Deferred taxes transferred in the combination of business operations	0	0
Deferred tax assets at the end of the period	**278**	**741**

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.

As at 31 Dec 2020, the Group had no unused tax losses (942 thousand euro on 31.12.2019).

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	**2020**	**2019**
Profit for the period attributable to the shareholders of the parent (EUR 1,000)	5,675	2,676
Hybrid bond's transaction costs (EUR 1,000)	-	-105
Hybrid bond's accrued interests after tax (EUR 1,000)	-312	-237
Profit for the period attributable to the shareholders of the parent adjusted with the effect of the hybrid bond (EUR 1,000)	5,363	2,335
Weighted average number of shares during the period	7,668,170	7,679,525
Earnings per share, undiluted (€)	**0.70**	**0.30**

Earnings per share, diluted	**2020**	**2019**
Profit for the period attributable to the shareholders of the parent adjusted with the effect of the hybrid bond (EUR 1,000)	5,363	2,335
Diluted profit for the period (EUR 1,000)	5,363	2,335
Weighted average number of shares during the period	7,668,170	7,679,525
Weighted average number of diluted shares during the period	7,769,006	7,685,236
Earnings per share, diluted (€)	**0.69**	**0.30**

13. Property, plant and equipment EUR 1,000

	Land areas	Buildings and structures	Machinery and equipment	Other property, plant and equipment	Total
Acquisition cost 1 Jan 2020	**565**	**5,294**	**13,652**	**4**	**19,515**
Additions	-	347	1,598		1,946
Business combinations	-	-	-		-
Disposals	-	-	-754		-754
Acquisition cost 31 Dec 2020	**565**	**5,641**	**14,497**	**4**	**20,707**
Depreciation and impairment 1 Jan 2020	**-**	**2,783**	**10,393**	**-**	**13,177**
Depreciation for the period	-	1,400	1,566		2,966
Disposals	-	-	-578		-578
Depreciation and impairment 31 Dec 2020	**-**	**4,184**	**11,381**	**-**	**15,565**
Carrying amount 31 Dec 2020	**565**	**1,457**	**3,116**	**4**	**5,142**
Acquisition cost 31 Dec 2018	**565**	**1,764**	**11,935**	**4**	**14,268**
The effect of IFRS 16 adoption	-	2,610	1,120	-	3,730
Acquisition cost 1 Jan 2019	**565**	**4,374**	**13,055**	**4**	**17,998**
Additions	-	920	1,351		2,270
Business combinations	-	-	-		-
Disposals	-	-	-754		-754
Acquisition cost 31 Dec 2019	**565**	**5,294**	**13,652**	**4**	**19,515**
Depreciation and impairment 1 Jan 2019	**-**	**1,289**	**9,070**	**-**	**10,359**
Depreciation for the period	-	1,494	1,812		3,307
Disposals	-	-	-489		-489
Depreciation and impairment 31 Dec 2019	**-**	**2,783**	**10,393**	**-**	**13,177**
Carrying amount 31 Dec 2019	**565**	**2,510**	**3,259**	**4**	**6,338**

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 2020.

Grants
The Group did not receive any grants for the acquisition of property, plant or equipment in 2020.

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14. Intangible assets EUR 1,000

	Goodwill	Other intangible assets	Total
Acquisition cost 1 Jan 2020	**48,604**	**6,025**	**54,629**
Additions	-	200	200
Business combinations	-	-	-
Acquisition cost 31 Dec 2020	**48,604**	**6,225**	**54,829**
Depreciation and impairment 1 Jan 2020	**-**	**5,587**	**5,587**
Depreciation for the period	-	236	236
Depreciation and impairment 31 Dec 2020	**-**	**5,824**	**5,824**
Carrying amount 31 Dec 2020	**48,604**	**401**	**49,005**
Acquisition cost 31 Dec 2018	**48,604**	**5,643**	**54,247**
The effect of IFRS 16 adoption	-	112	112
Acquisition cost 1 Jan 2019	**48,604**	**5,754**	**54,359**
Additions	-	270	270
Business combinations	-	-	-
Acquisition cost 31 Dec 2019	**48,604**	**6,025**	**54,629**
Depreciation and impairment 1 Jan 2019	**-**	**5,389**	**5,389**
Depreciation for the period	-	198	198
Depreciation and impairment 31 Dec 2019	**-**	**5,587**	**5,587**
Carrying amount 31 Dec 2019	**48,604**	**437**	**49,042**

Other intangible assets include patents, licences and software.
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, balance sheet and cash flow is presented in tables below:

	Buildings and structures	Machinery and equipment	Other intangible assets	Total	Lease liabilities
1 Jan 2020	**2,165**	**1,201**	**153**	**3,519**	**3,557**
Additions	347	505	88	940	940
Depreciations	-1,314	-638	-100	-2,053	-
Interest expense	-	-	-	-	80
Payments	-	-	-	-	-2,123
31 Dec 2020	**1,197**	**1,068**	**140**	**2,406**	**2,454**

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 2020 includes EUR 220 thousand (EUR 238 thousand in 2019) of lease payments related to short-term leases and EUR 5 thousand (EUR 10 thousand in 2019) 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.

Consti has signed a rental contract for its headquarters in Helsinki on 9 December 2019. It is a fixed term contract for five years, after which it will continue as an agreement that is valid until further notice and has a six-month termination notice from either side. According to the IFRS 16 standard, right-of-use assets and lease liabilities are recognised on the date that the lessor makes the underlying asset available for use for the lessee. The rental agreement has not been taken into account in determining lease liabilities on 31 December 2020, as the contract stipulates that Consti will gain the right to use the property during 2021.

16. Impairment testing on goodwill EUR 1,000

Carrying amount of goodwill allocated to cash-generating units

	2020		2019
Housing companies	17,785	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	**48,604**	**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 2020 (31 December 2019) 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 2020, 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 12.50% and 13.73% (12.46% and 13.18% in 2019) before taxes. Terminal growth rate used in value-in-use calculations has been 1% (1% in 2019). In the management's best estimate, no possible change in any key variable used in the calculation would lead to the need to recognise impairment.

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

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

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

Growth rate
Growth rate in the forecast period corresponds to the 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.

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17. Financial assets and liabilities EUR 1,000

Financial assets	2020 Carrying amount and fair value	2019 Carrying amount and fair value	Fair value hierarchy	Note
Financial assets recognised at fair value through profit or loss				
Non-current financial assets				
Shares and other non-current financial assets	17	17		
Total financial assets recognised at fair value through profit or loss	**17**	**17**		
Financial assets measured at amortised cost				
Current financial assets				
Trade receivables	39,192	37,742		20
Total financial assets measured at amortised cost	**39,192**	**37,742**		
Cash and cash equivalents	24,257	10,032		21
Total current financial assets	**63,466**	**47,791**		
Total financial assets	**63,466**	**47,791**		

Financial liabilities	2020 Carrying amount and fair value	2019 Carrying amount and fair value	Fair value hierarchy	Note
Financial liabilities measured at amortised cost				
Non-current financial liabilities				
Loans from financial institutions	16,485	17,475		24
Non-current hire purchase debt	595	514		24
Lease liabilities	788	1,685		24
Current financial liabilities				
Loans from financial institutions	1,000	1,000		24
Commercial papers	8,000	6,000		24
Current hire purchase debt	460	366		24
Lease liabilities	1,666	1,872		24
Trade payables	19,346	18,207		25
Total financial liabilities measured at amortised cost	**48,340**	**47,119**		
Financial liabilities recognised at fair value through profit or loss				
Current financial liabilities				
Derivatives (not under hedge accounting)	0	0	2	
Total financial liabilities recognised at fair value through profit or loss	**0**	**0**		
Total non-current financial liabilities	**17,869**	**19,675**		
Total current financial liabilities	**30,471**	**27,445**		
Total financial liabilities	**48,340**	**47,119**		

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.

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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 262 thousand (EUR 235 thousand in 2019) in the result before taxes.

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

EUR 1,000	31 Dec 2020	31 Dec 2019
Undrawn loans	5,000	5,000
Cash and cash equivalents	24,257	10,032
Total	**29,257**	**15,032**

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 8 thousand (EUR 20 thousand in 2019).

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. Consti Group's equity includes a hybrid bond of EUR 3.2 million issued in March 2019. The hybrid bond does not have a specified maturity date but the company is entitled to redeem the hybrid bond on the second (2) anniversary of the issue date. The Group's financial administration department is responsible for ensuring adequate financing.

At the date of the financial statements on 31 December 2020, 38 % of the Group's interest bearing debts are due within the following year (31 December 2019 32 %), based on the book value presented in the financial statements.

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

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

The table below presents the maturity profile for financing liabilities of the group based on contractual non-discounted cash flows including both interest payments and repayments of the principal. The forthcoming interest flows of variable rate loans are based on rate which was valid on 31 December 2020 (31 December 2019).

EUR 1,000

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**

31 Dec 2019	2020	2021	2022	2023	2024	2025-	Total
Bank loans	1,411	1,388	16,697	0	0	0	19,496
Commercial papers	6,000	0	0	0	0	0	6,000
Lease liabilities	1,950	1,253	382	90	2	0	3,677
Other interest bearing liabilities	397	315	173	40	0	0	925
Trade payables	18,207	0	0	0	0	0	18,207
	27,964	**2,956**	**17,252**	**129**	**2**	**0**	**48,304**

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

	2020	2019
Materials and supplies (measured at acquisition cost)	656	630
Total	**656**	**630**

No write-downs of inventories were made in the financial years 2020 or 2019.

20. Trade and other receivables EUR 1,000

	2020	2019
Trade receivables	39,192	37,742
Receivables from project deliveries and cost + fee accruals	7,694	10,290
Accrued income	1,838	1,540
Other receivables	515	214
Total	**49,239**	**49,786**

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 8 thousand (EUR 20 thousand in 2019) 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:

	2020	2019
Undue	22,089	20,366
Fallen due		
< 30 days	2,919	3,163
30–60 days	337	1,006
61–90 days	102	65
> 90 days	13,745	13,143
Total	**39,192**	**37,742**

The majority of trade receivables that expired over 90 days ago relate to the Hotel St. George construction project. Consti Plc's subsidiary Consti Korjausrakentaminen Oy (former Consti Korjausurakointi Oy) started an arbitration process against Kiinteistö Oy Yrjönkatu 13 on 17 August 2018, to resolute the dispute according to rules set by the Arbitration Institute of the Finland Chamber of Commerce.

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

	2020	2019
Cash in hand and at banks	24,257	10,032
Total	**24,257**	**10,032**

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 2020 were EUR 5,000 thousand (EUR 5,000 thousand in 2019).
Cash and cash equivalents according to the cash flow statement are formed as follows:

	2020	2019
Cash in hand and at banks	24,257	10,032
Cash and cash equivalents	**24,257**	**10,032**

22. Equity EUR 1,000

Share distribution and share capital	Number of outstanding shares	Share capital	No. of treasury shares	No. of total shares
1 Jan 2019	7,662,216	80	196,051	7,858,267
Conveyance of treasury shares	25,990		-25,990	
Purchase of treasury shares	-11,264		11,264	
31 Dec 2019	**7,676,942**	**80**	**181,325**	**7,858,267**
1 Jan 2020	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	
31 Dec 2020	**7,652,123**	**80**	**206,144**	**7,858,267**

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

Changes in the number of shares and corresponding changes to equity

	Number of outstanding shares	Share capital	Reserve for invested non-restricted equity	Treasury shares	Total
1 Jan 2019	7,662,216	80	28,252	-601	27,731
Conveyance of treasury shares	25,990			274	**274**
Purchase of treasury shares	-11,264			-69	**-69**
31 Dec 2019	**7,676,942**	**80**	**28,252**	**-395**	**27,937**
1 Jan 2020	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
31 Dec 2020	**7,652,123**	**80**	**28,252**	**-610**	**27,722**

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 Group issued on 29 March 2019 a EUR 3.2 million hybrid bond. A hybrid bond is an instrument that is subordinated to certain other debt obligations and is treated as equity on Consti's consolidated financial statements prepared in accordance with IFRS. The amount recognised in equity is EUR 3.1 million after issuing expenses. The bond bears interest at a fixed interest rate of 12.0 per cent until the reset date and thereafter, the interest rate will be determined on each second (2) anniversary of the issue date. The hybrid bond does not have a specified maturity date but Consti is entitled to redeem the hybrid bond for the first time on the second (2) anniversary of the issue date, and subsequently, on each annual coupon interest payment date. A hybrid bond does not confer its holder the rights of a shareholder nor does it dilute the holdings of the current shareholders. The interest paid on the hybrid bond in March 2020, 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 accrued non-paid interest on the bond was EUR 0.3 million at 31 December 2020.

Dividend

After the balance sheet date, the Board of Directors has proposed a dividend of EUR 0.40 per share.

23. Provisions EUR 1,000

	Warranty provisions	Onerous contracts	Litigation provisions	Total
1 Jan 2020	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
31 Dec 2020	**2,465**	**173**	**32**	**2,670**
Current provisions	2,465	173	32	2,670
Total	**2,465**	**173**	**32**	**2,670**
1 Jan 2019	1,443	1,723	29	3,195
Arising during the year	1,594	122	-	1,716
Utilised provision	-854	-1,571	-29	-2,454
Unused amounts reversed	-	-	-	-
31 Dec 2019	**2,183**	**274**	**0**	**2,457**
Current provisions	2,183	274	0	2,457
Total	**2,183**	**274**	**0**	**2,457**

Warranty provisions
Warranty provisions for contracts are determined with information based on experience of the materialisation of liability. At the end of 2020 warranty provision amounted to EUR 2,465 thousand (EUR 2,183 thousand in 2019). 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

	2020	2019
Non-current financial liabilities		
Loans from financial institutions	16,485	17,475
Non-current hire purchase debt	595	514
Lease liabilities	788	1,685
Total non-current financial liabilities	**17,869**	**19,675**
Current financial liabilities		
Loans from financial institutions	1,000	1,000
Commercial papers	8,000	6,000
Hire purchase debts	460	366
Lease liabilities	1,666	1,872
Total current financial liabilities	**11,126**	**9,238**

Net changes to non-current and current financial liabilities amount to EUR 82 thousand and 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

	2020	2019
Trade payable	19,346	18,207
Advances received from project deliveries and cost + fee accruals	25,980	18,274
Other payables	7,109	7,967
Accrued expenses	10,917	11,431
Total	**63,353**	**55,879**

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:

	2020	2019
Within 1 year	226	29
In 1 to 5 years	3,105	2,504
In more than 5 years	332	1,123
Total	**3,663**	**3,656**

Off-balance sheet leasing and rental liabilities include lease liabilities from short-term leases and lease liabilities from low value items. Lease liabilities 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 Plc's subsidiary Consti Korjausrakentaminen Oy (former Consti Korjausurakointi Oy) has initiated on 17 August 2018 arbitration proceedings in accordance with the Arbitration Rules of the Finland Chamber of Commerce against Kiinteistö Oy Yrjönkatu 13, which relates to the construction project for Hotel St. George. This disagreement has arisen between Consti Korjausrakentaminen Oy and Kiinteistö Oy Yrjönkatu 13 relating to the project management agreement signed on 21 December 2015, which concerns the construction project for Hotel St. George. In addition, the disagreement relates to a so-called rush contract signed on 1 December 2017. The construction project for Hotel St. George has been completed and handed over to the client.

Consti Korjausrakentaminen Oy demands payments from Kiinteistö Oy Yrjönkatu 13 based on the above-mentioned contracts. During the arbitration court process, the amount of capital of Consti's settlement requirement has been specified as approximately 12.7 million euro. Kiinteistö Oy Yrjönkatu 13's counterclaims have been specified as approximately 10.3 million euro during the arbitration court process. The amounts do not include VAT. In addition, the parties claim interest payments and compensation for legal expenses from each other. Consti Korjausrakentaminen Oy considers the claims of Kiinteistö Oy Yrjönkatu 13 to be unfounded.

On 9 April 2020, the Arbitration Institute decided to extend the time limit given for the delivery of final arbitral award until 11 June 2021. To the best of its ability, Consti has taken the disagreement into consideration in its financial reporting. In the future, Consti will disclose information on this matter, on the final claims presented and on the relevance of this matter to the company's financial position as necessary in connection with interim reports and by separate releases, as necessary.

Other liabilities	2020	2019
Carrying amount of pledged shares	0	0
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.		
Bank guarantees and guarantee insurance commitments for the duration of work and warranty periods and rental deposits	42,603	42,931
Total	**42,603**	**42,931**

27. Related party transactions

Information about subsidiaries

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

			Ownership %	
Company name	Primary business	Country	2020	2019
Consti Talotekniikka Oy	Technical building services	Finland	100%	100%
Consti Korjausrakentaminen Oy	Construction	Finland	100%	100%
EAM Consti Holding Oy		Finland	0%	0%

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

Entities holding significant control in the Group

On 31 December 2020 and 31 December 2019, 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	**2020**	323	0	0	0	1,500
	2019	17	0	0	0	1,500

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	2020	2019
Employee benefits of management members		
Salaries and other short-term employee benefits	1,807	1,652
Share based payments	197	112
Total	**2,004**	**1,764**

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	**2020**	**2019**
Esa Korkeela, CEO	323	303
Board members and deputy members		
Tapio Hakakari, Chairman	41	36
Erkki Norvio	29	24
Petri Rignell	29	24
Pekka Salokangas	29	24
Niina Rajakoski, member until 2 April 2019	-	6
Anne Westersund, member since 2 April 2019	29	18
Antti Korkeela, member until 6 April 2020	6	24
Johan Westermarck, member since 6 April 2020	23	-
Total	**183**	**156**

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 51 thousand in 2020 (EUR 50 thousand in 2019).
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 2018-2020. More detailed information on earning periods can be found in the table below.

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

CONSTI PLC FINANCIAL STATEMENTS

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 trasferred to the CEO and 8,745 shares were transferred to the other 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 trasferred to the Management Team members.

The consolidated financial statements in 2020 included cost from the share-based incentive plan amounting to EUR 572 thousand (EUR 312 thousand in 2019).

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 2020, the expense recognition of the option scheme was EUR 67 thousand.

Option arrangement	2020
Grant date	17 Jun 2020
Amount of granted instruments, pcs	163,000
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
Excercised options, pcs	-
Returned options to company, pcs	-
Number of options outstanding, 31 Dec	163,000
Reserve of options, 31 Dec	82,000

29. Events after the reporting period

Consti Plc ("Consti") received an announcement from Wipunen varainhallinta Oy on 19 January 2021, in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the number of Consti shares and votes owned by Wipunen varainhallinta Oy exceeded five (5) per cent of the share capital of Consti on 18 January 2021.

Consti Plc ("Consti") received an announcement from Heikintorppa Oy on 19 January 2021, in accordance with the Finnish Securities Market Act Chapter 9, Section 5. According to the announcement, the number of Consti shares and votes owned by Heikintorppa Oy exceeded five (5) per cent of the share capital of Consti on 18 January 2021.

Consti announced on 28 January 2021, that Jukka Kylliö (born.1967, B.Eng., CPM®) has been appointed as Business Area Director Public Sector and Consti Plc's Management Team member. Jukka Kylliö assumed his position as member of Consti Plc's Management Team on 4 February 2021 and reports to Esa Korkeela, CEO of Consti Plc.

As a result of the changes, Consti Plc's Management Team consists 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; Pekka Pöykkö, Business Area Director Building Technology, Markku Kalevo, Bid and Sales Director Housing Companies; Pirkka Lähteinen, Regional Director Corporations, Heikki Untamala, Chief Legal Officer and Turo Turja, HR Director.

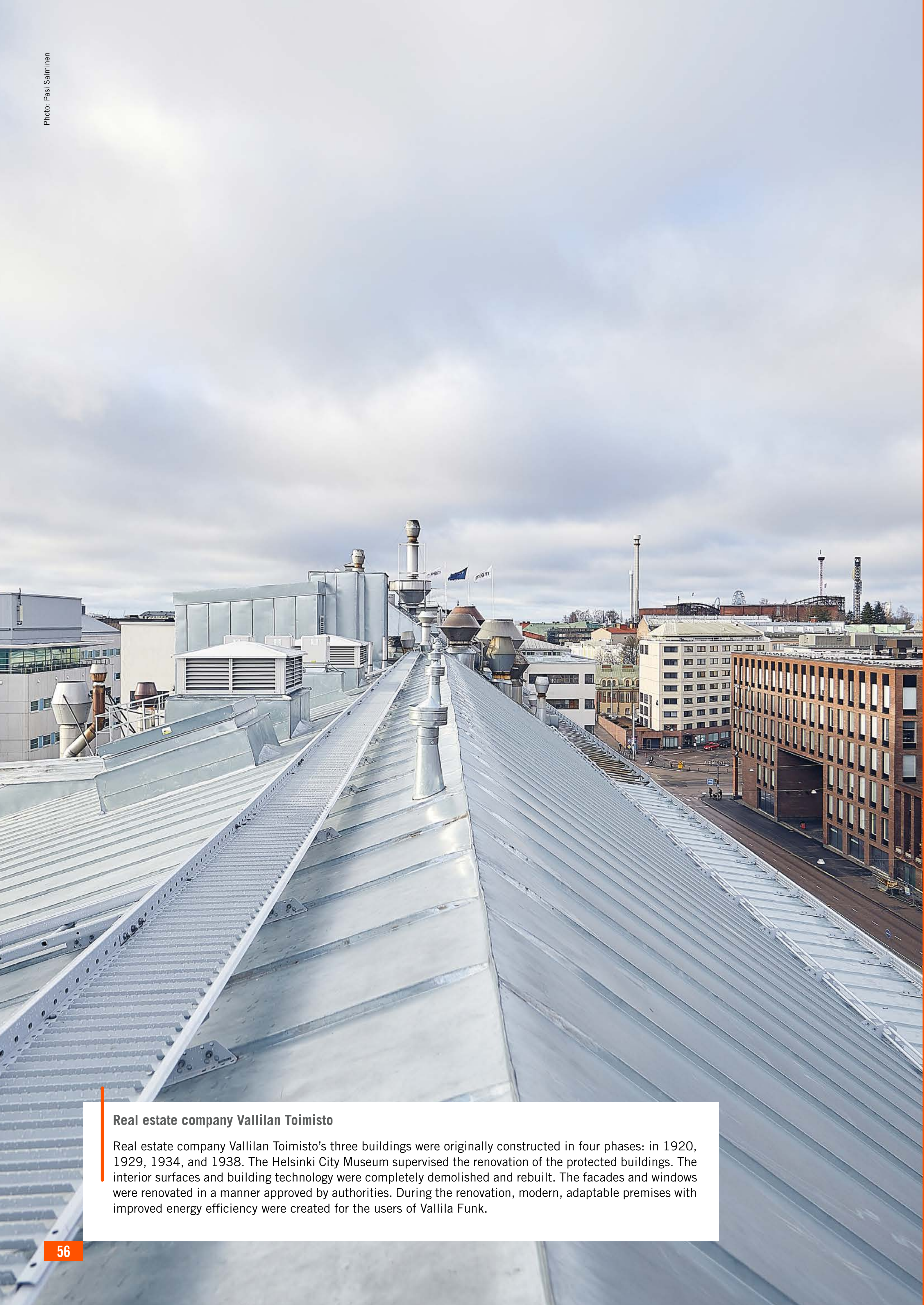


Photo: Pasi Salminen

Real estate company Vallilan Toimisto

Real estate company Vallilan Toimisto's three buildings were originally constructed in four phases: in 1920, 1929, 1934, and 1938. The Helsinki City Museum supervised the renovation of the protected buildings. The interior surfaces and building technology were completely demolished and rebuilt. The facades and windows were renovated in a manner approved by authorities. During the renovation, modern, adaptable premises with improved energy efficiency were created for the users of Vallila Funk.

PARENT COMPANY

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR 1,000	Note	1 Jan – 31 Dec 2020	1 Jan – 31 Dec 2019
Net sales	1	**1,716**	**1,744**
Other operating income	2	414	375
Employee benefit expenses	3	-1,597	-1,607
Depreciation and amortisation	5	-161	-188
Other operating expenses	4	-1,779	-1,846
Total expenses		-3,536	-3,641
Operating profit/loss		**-1,406**	**-1,522**
Financial income and expenses	6	-1,584	-1,515
Profit (loss) before appropriations and taxes		**-2,990**	**-3,037**
Appropriations	7	7,600	6,400
Profit (loss) before taxes		**4,610**	**3,363**
Total taxes	8	-932	-122
Profit (loss) for the period		**3,677**	**3,241**

BALANCE SHEET OF THE PARENT COMPANY (FAS)

Assets EUR 1,000	Note	31 Dec 2020	31 Dec 2019
NON-CURRENT ASSETS			
Intangible assets	9		
Intangible rights		11	17
Other long-term expenditure		216	211
		227	**228**
Tangible assets	9		
Buildings and structures		0	8
Machinery and equipment		62	105
		62	**114**
Investments	10		
Shares in Group companies		94,138	94,138
Other shares		254	254
		94,392	**94,392**
Total Non-current assets		**94,680**	**94,734**
CURRENT ASSETS			
Short-term receivables	11		
Trade receivables		0	12
Intra-group receivables		2,785	3,355
Prepaid expenses and accrued income		71	68
		2,856	**3,435**
Cash and cash equivalents		24,161	9,935
Total current assets		**27,017**	**13,370**
ASSETS		**121,697**	**108,104**

Equity and liabilities EUR 1,000	Note	31 Dec 2020	31 Dec 2019
EQUITY	12		
Share capital		80	80
Reserve for invested non-restricted equity		28,053	28,053
Treasury shares		-343	-343
Retained earnings		24,039	22,027
Profit (loss) for the period		3,677	3,241
Total equity		**55,506**	**53,059**
LIABILITIES			
Non-current liabilities	13		
Loans from financial institutions		16,500	17,500
Hybrid bond		3,200	3,200
Non-current hire purchase debts		21	40
		19,721	**20,740**
Current liabilities	13		
Loans from financial institutions		1,000	1,000
Commercial papers		8,000	6,000
Current hire purchase debts		19	19
Trade payables		185	134
Intra-group liabilities		36,237	26,089
Other current liabilities		173	210
Accrued expenses		856	853
		46,470	**34,305**
Total liabilities		**66,191**	**55,045**
EQUITY AND LIABILITIES		**121,697**	**108,104**

CASH FLOW STATEMENT OF THE PARENT COMPANY (FAS)

Cash flow statement of the parent company EUR 1,000	1 Jan–31 Dec 2020	1 Jan–31 Dec 2019
Cash flow from operating activities		
Operating profit/loss	-1,406	-1,522
Adjustments:		
Depreciation	161	188
Other adjustments	0	2
Change in working capital	-614	1,299
Operating cash flow before financial and tax items	**-1,860**	**-33**
Financial income and expenses (+/-)	-905	-1,219
Taxes paid	-727	0
Net cash flow from operating activities (A)	**-3,492**	**-1,252**
Cash flow from investing activities		
Investments in tangible and intangible assets	-107	-243
Proceeds from sale of property, plant and equipment	0	34
Net cash flow from investing activities (B)	**-107**	**-209**
Cash flow from financing activities		
Hybrid bond	-384	3,200
Dividend distribution	-1,230	0
Group contribution received	1,910	0
Payments of long-term liabilities	-1,000	-1,000
Change in other interest-bearing liabilities	18,528	6,085
Net cash flow from financing activities (C)	**17,825**	**8,285**
Change in cash and cash equivalents (A+B+C)	**14,226**	**6,825**
Cash and cash equivalents at period start	9,935	3,110
Cash and cash equivalents at period end	**24,161**	**9,935**

CONSTI PLC FINANCIAL STATEMENTS

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 2020.

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

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

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

The depreciation periods for the assets groups are as follows:

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

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

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

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

Appropriations
Appropriations encompass received and paid group constributions.

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

	2020	2019
Income from services	1,716	1,744
Total	**1,716**	**1,744**

2. Other operating income EUR 1,000

	2020	2019
Other income	414	375
Total	**414**	**375**

3. Information on personnel and members of Plc organs EUR 1,000

	2020	2019
Salaries	1,391	1,394
Pension expenses	180	193
Other social security expenses	26	20
Total	**1,597**	**1,607**
Average number of employees during the financial year	10	9
Management remuneration		
CEO	323	303
Members of Board of Directors	183	156
Total	**506**	**459**

4. Other operating expenses EUR 1,000

	2020	2019
Auditor fees		
Ernst & Young Ltd		
Audit fees	112	129
Other services	0	18
Total	**112**	**146**

5. Depreciation, amortisation and impairment EUR 1,000	2020	2019
Depreciation and amortisation by asset type		
Intangible rights	6	20
Other long-term expenditure	99	86
Buildings and structures	8	8
Machinery and equipment	47	73
Total	**161**	**188**

6. Financial income and expenses EUR 1,000		
Dividends		
From Group companies	0	0
Other interest and financial income		
From Group companies	91	63
Total	**91**	**63**
Interest and other financial expenses		
To Group companies	779	475
Interest expenses to others	896	1,104
Total	**1,675**	**1,578**
Total financial income and expenses	**–1,584**	**–1,515**

7. Appropriations EUR 1,000		
Group contributions received	7,600	6,400

8. Taxes EUR 1,000		
Taxes from ordinary business	932	122

9. Changes in non-current assets EUR 1,000	2020	2019
TANGIBLE AND INTANGIBLE ASSETS		
Intangible rights		
Carrying amount at period start	17	37
Additions	0	0
Amortisation	6	20
Carrying amount at period end	11	17
Other long-term expenditure		
Carrying amount at period start	211	135
Additions	104	162
Amortisation	99	86
Carrying amount at period end	216	211
Buildings and structures		
Carrying amount at period start	8	17
Additions	0	0
Depreciation	8	8
Carrying amount at period end	0	8
Machinery and equipment		
Carrying amount at period start	105	134
Additions	3	80
Disposals	0	36
Depreciation	47	73
Carrying amount at period end	62	105

10. Investments EUR 1,000	2020	2019
Shares in Group companies		
Acquisition cost 1 Jan	94,138	94,138
Acquisition cost 31 Dec	94,138	94,138
Other shares		
Acquisition cost 1 Jan	254	254
Acquisition cost 31 Dec	254	254
Total investments	**94,392**	**94,392**

11. Receivables EUR 1,000	2020	2019
Current receivables		
Intra-group receivables		
Trade receivables	1,317	1,393
Other receivables	268	53
Group contribution receivables	1,200	1,910
Total	**2,785**	**3,355**
Material external items in accrued income and prepaid expenses		
Expenses paid in advance	27	15
Other items	44	53
Total	**71**	**68**

12. Equity EUR 1,000	2020	2019
Share capital 1 Jan	80	80
Share capital 31 Dec	**80**	**80**
Reserve for invested non-restricted equity 1 Jan	28,053	28,053
Reserve for invested non-restricted equity 31 Dec	**28,053**	**28,053**
Retained earnings 1 Jan	24,925	21,685
Dividend distribution	-1,230	-
Retained earnings 31 Dec	**23,696**	**21,685**
Profit/loss for the period	**3,677**	**3,241**
Total	**27,373**	**24,925**
Equity	**55,506**	**53,059**
Distributable funds 31 Dec		
Reserve for invested non-restricted equity	28,053	28,053
Retained earnings	23,696	21,685
Profit for the period	3,677	3,241
Total distributable funds	**55,426**	**52,979**

Consti Plc's treasury shares

The parent company owns treasury shares as follows:

Number of shares	Share of share capital	Share of voting rights
173 031	2,2 %	2,2 %

13. Non-current and current liabilities EUR 1,000	2020	2019
Non-current liabilities		
Liabilities to others		
Loans from financial institutions	16,500	17,500
Hybrid bond	3,200	3,200
Non-current hire purchase debt	21	40
Total non-current liabilities	**19,721**	**20,740**
Current liabilities		
Intra-group liabilities		
Trade payables	10	10
Other liabilities	36,227	26,079
Liabilities to others		
Trade payables	185	134
Hire purchase debt	19	19
Loans from financial institutions	1,000	1,000
Commercial papers	8,000	6,000
Accrued expenses	856	210
Other liabilities	173	853
Total current liabilities	**46,470**	**34,305**
Material items included in accrued expenses		
External		
Accruals related to employee benefit expenses	185	180
Accruals related to interest expenses	297	302
Tax accruals	327	122
Other accruals	47	249
	856	**853**

14. Commitments EUR 1,000

	2020	2019
Carrying amount of pledged shares	0	0
Rental liabilities		
To be paid during the on-going financial year	309	235
To be paid in later years	3,441	3,726
Total	**3,750**	**3,961**
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	60	60
On behalf of intra-group companies	42,543	42,871

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, 2019 and 2020 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 6 April 2020 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.

Remuneration proposal for 2021

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 2022 is paid as follows:

Chairman of the Board EUR 3,000/month (EUR 36,000/year)
Member of the Board EUR 2,000/month (EUR 24,000/year)

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

Board of Directors remuneration in 2020

EUR	Compensation 2020	Compensation 2019
Tapio Hakakari *	40,500	36,000
Erkki Norvio *	28,500	24,000
Petri Rignell *	28,500	24,000
Pekka Salokangas *	28,500	24,000
Niina Rajakoski [1]	-	6,000
Anne Westersund [2]	28,500	18,000
Antti Korkeela [3]	6,000	24,000
Johan Westermarck [4]	22,500	-

1) Niina Rajakoski has been a member of the Board of Directors until 2 April 2019
2) Anne Westersund has been a member of the Board of Directors since 2 April 2019
3) Antti Korkeela has been a member of the Board of Directors until 6 April 2020
4) 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.

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 2018–2020. 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 2020 CEO Esa Korkeela was paid a salary of EUR 323 thousand. In addition, the CEO is entitled to a supplementary pension insurance paid by the company.

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

Supplementary pension scheme for the CEO and Management Team

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

Management team

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

CONSTI PLC FINANCIAL STATEMENTS

BOARD OF DIRECTORS' DIVIDEND PROPOSAL

Distributable funds of the parent company Consti Plc on 31 December 2020 are (EUR):	
Retained earnings	23,695,837.67
Profit/loss for the period	3,677,473.46
Total retained earnings	27,373,311.13
Reserve for invested non-restricted equity	28,053,072.43
Total distributable funds	55,426,383.56

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

EUR 0.40 per share shall be paid as dividend to the shareholders of the company using retained earnings, i.e.*	3,060,849.20
To be left in distributable funds	52,365,534.36

The proposed dividend represents 57% 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 2020 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, 4 February 2021

Hakakari Tapio
Chairman of the Board of Directors

Norvio Erkki
Member 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, 4 February 2021

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) (former Consti Yhtiöt Oyj) for the year ended 31 December 2020. 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 financial statements.

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

Key Audit Matters

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

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

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

Key Audit Matter

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

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

The recognition of revenue and the estimation of the outcome of fixed price projects require significant management's judgment regarding estimates of the costs accrued by the end of the reporting period in relation to the estimated overall costs of a contract. In addition, the management must make estimates of the costs needed to complete the contract and related contract changes. In year 2020, approximately 91 % of the net sales of 275 million euro were recognized under the stage of completion method. We identified revenue recognition of project deliveries as a significant risk as revenue recognition contains significant management judgment.

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

How our audit addressed the Key Audit Matter

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Valuation of goodwill was significant to our audit 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, 2020, the value of goodwill amounted to 49 million euro representing 38 % of the total assets and 145 % of the total equity. The recoverable amount of a cash generating unit is based on value-in-use calculations, the outcome of which could vary significantly if different assumptions were applied. 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. 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 capitalisation to assess whether the projected cash flows appear reasonable. In addition, we assessed the sufficiency of the disclosures as well as whether the disclosures about the sensitivity of the impairment assessment are appropriate.

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.

decisions of users taken on the basis of the financial statements.

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

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

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

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

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

Other Reporting Requirements

INFORMATION ON OUR AUDIT ENGAGEMENT

We were first appointed as auditors by the Annual General Meeting on 18 June, 2008, and our appointment represents a total period of uninterrupted engagement of 12 years. Consti Plc became a Public Interest Entity on 11 December, 2015.

OTHER INFORMATION

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

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

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

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

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

Helsinki 4.2.2021

Ernst & Young Oy
Authorized Public Accountant Firm

Toni Halonen
Authorized Public Accountant

CORPORATE GOVERNANCE

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

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

Consti Plc's Board has assessed the review in its meeting 4 February 2021, 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 to the Companies Act and Consti's Articles of Association the Board of Directors attends to Consti's administration and organization of its operations and represents the company. Consti's Board of Directors has established written Rules of Procedure, in which its central responsibilities and principles of operation are defined.

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

The Board of Directors

- defines the Company's dividend policy
- decides on donations within the framework of the Finnish Companies Act
- defines the operating principles for the risk management system and internal control
- considers and approves interim reports, the report of the Board of Directors and the annual financial statements
- confirms its own Rules of Procedure
- confirms the Company's operating principles and monitors how they are carried out
- approves the Company's strategy and monitors how it is carried out
- approves annually a business plan and budget based on the strategy and monitors how they are carried out
- sets personal goals for the CEO annually and assesses how they are achieved as well as approves the targets for the members of the Management Team and assesses how those are achieved
- confirms the Group's 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 31.12.2020

Consti Plc's Board of Directors on 31 December 2020 comprised of Tapio Hakakari (Chairman), Erkki Norvio, Petri Rignell, Pekka Salokangas, Anne Westersund and Johan Westermarck. All Board members were elected in the Annual General Meeting on 6 April 2020.

The Board of Directors held 14 meetings during 2020, the attending rate of Board Members was 100%. The attendance rate per Member was: Tapio Hakakari 100%, Erkki Norvio 100%, Petri Rignell 100%, Pekka Salokangas 100%, Anne Westersund 100%, Antti Korkeela 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 2020, 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 2020, 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 434,133 Consti Plc shares, which amounts to 5.52 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 6 April 2020 chose Ernst & Young as auditor with APA Toni Halonen as principal auditor. In 2020, audit costs amounted to EUR 216 thousand. In addition, the auditor received compensation for other services amounting to EUR 7 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 > 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 transaction 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.

CONSTI PLC CORPORATE GOVERNANCE

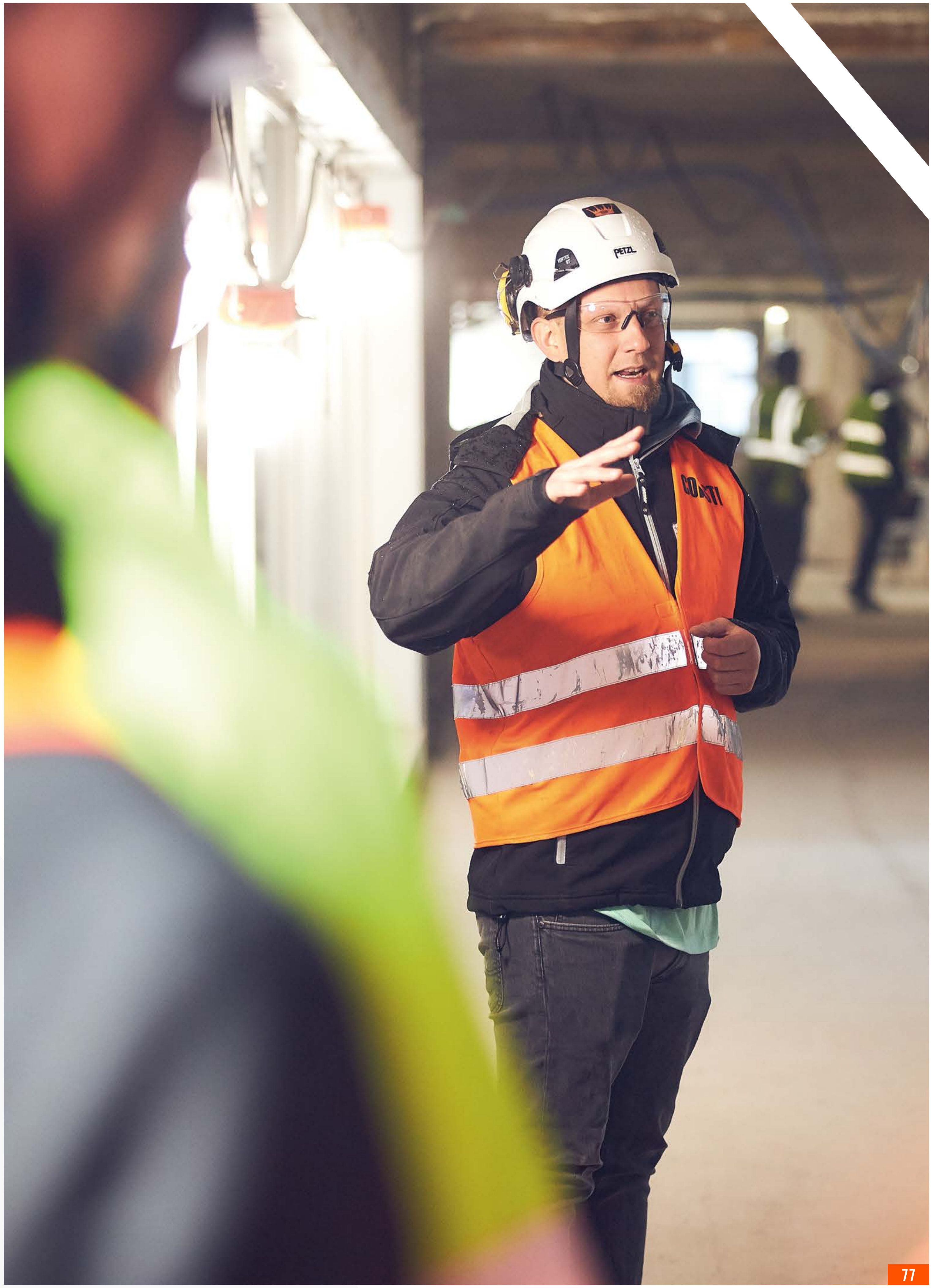


Photo: Pasi Salminen

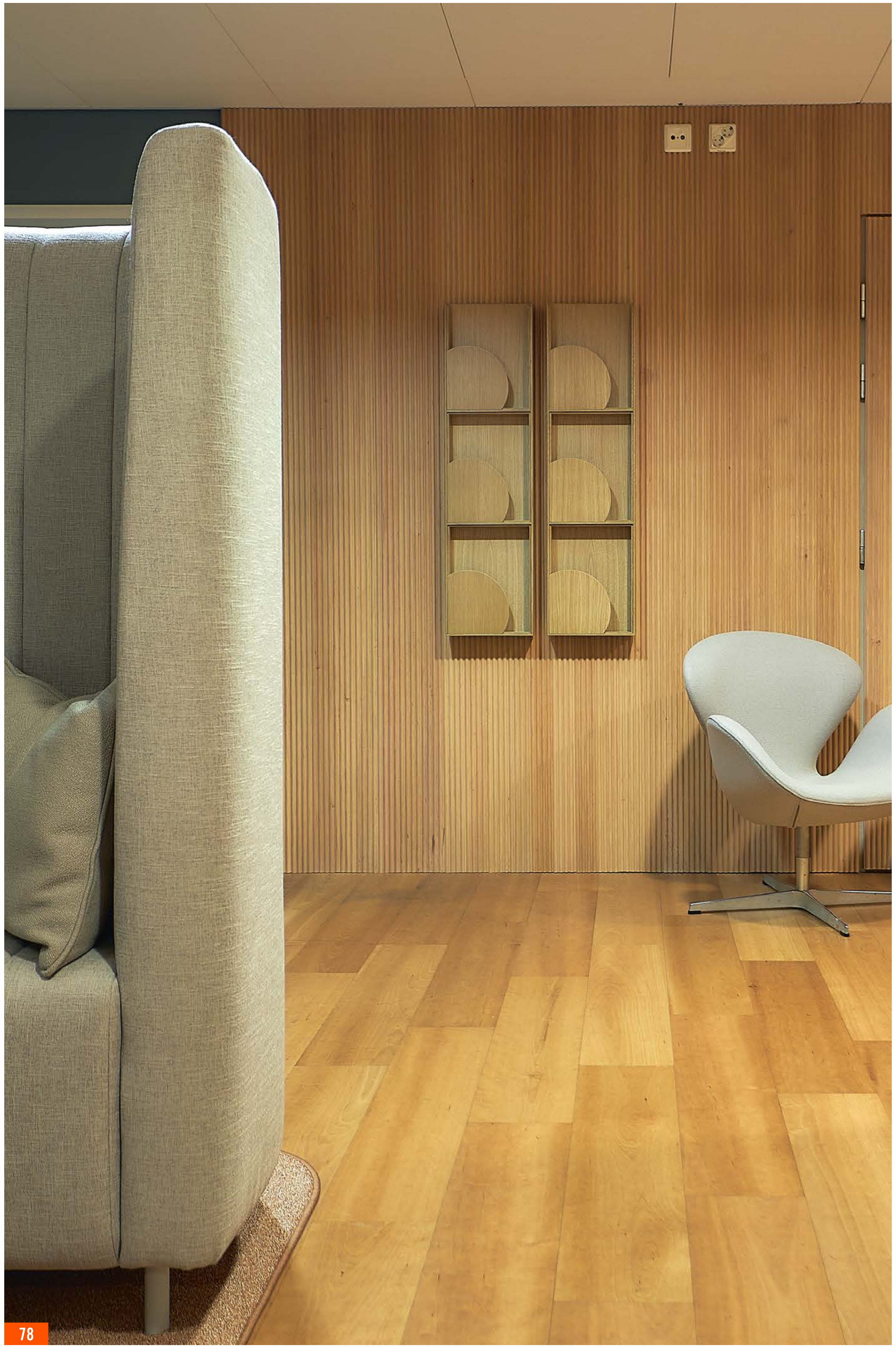


Photo: Pasi Salminen

BOARD OF DIRECTORS 31 DECEMBER 2020

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 2020)

Erkki Norvio

Board Member
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, Deputy CEO 1984–1985 and CEO 1986–2005
Partek Oy, 1972–1984

Key positions of trust
Renta Group Oy, Board Member since 2015
Norvier Oy, Chairman of the Board since 2007
RGE Holding Oy, Board Member since 2014
Intera Equity Partners Oy, Board Member since 2007

Consti Plc's shares through his holding company 106,463 (31 December 2020)

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
Sitowise Oy, Member of the Board since 2019
Kreate Oy, Chairman of the Board since 2017
PriRock Oy, Chairman of the Board since 2007

Consti Plc's shares through his holding company 25,100 (31 December 2020)

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 22,000 (31 December 2020)

Johan Westermarck

Board Member

Lic.Sc. (Econ.), M.Sc (Tech.), born 1965
Board Member since 4/2020
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 2020)

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 2020)

MANAGEMENT TEAM 31 DECEMBER 2020

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

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

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

Consti Plc's shares 434,133 (31 December 2020)

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 12,000 (31 December 2020)

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

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

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

Consti Plc's shares 379,758 (31 December 2020)

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, 2007–2013
ISS Proko Oy, Regional Manager 1999–2007
Projektikonsultit Oy, Project Manager 1997–1999
YIT-Yhtymä Oy, Chief of the Technical office
1995–1997 and worksite/project engineer 1989–1995
Helsinki University of Technology, Lecturer 1998–2014

Key positions of trust
Talonrakennusteollisuus Ry, Board Member since 2015
Talonrakennusteollisuus Uudenmaan piiri Ry, Board
Member since 2015

Consti Plc's shares 13,339 (31 December 2020)

Pekka Pöykkö
Business Area Director Building Technology
Engineer, born 1967

Key work experience
Consti, Business Area Director Building Technology
since 2019
Consti Talotekniikka Oy, CEO since 2016
Saipu Oy, CEO 2014–2015
Caverion Suomi Oy, Business Unit Director 2010–2014
YIT Kiinteistötekniikka Oy, Business Unit Director
2004–2010
YIT Rapido Kiinteistöpalvelut Oy, CEO 1999–2004
YIT Service Oy, Regional Manager 1994–1999
Norstep Oy, Development Engineer 1993–1994

Key positions of trust
Talotekniikkaliitto ry, Member of the Board since 2015
LVI-Tekniset Urakoitsijat LVI-TU ry, Board and
Management Team Member 2015-2020

Consti Plc's shares 1,056 (31 December 2020)

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 2020)

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 13,233 (31 December 2020)

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 2020)

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: Director, contracts and legal services,
Lemminkäinen Talo Ltd 2013–2018, corporate
counsel, Lemminkäinen Plc 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 2020)

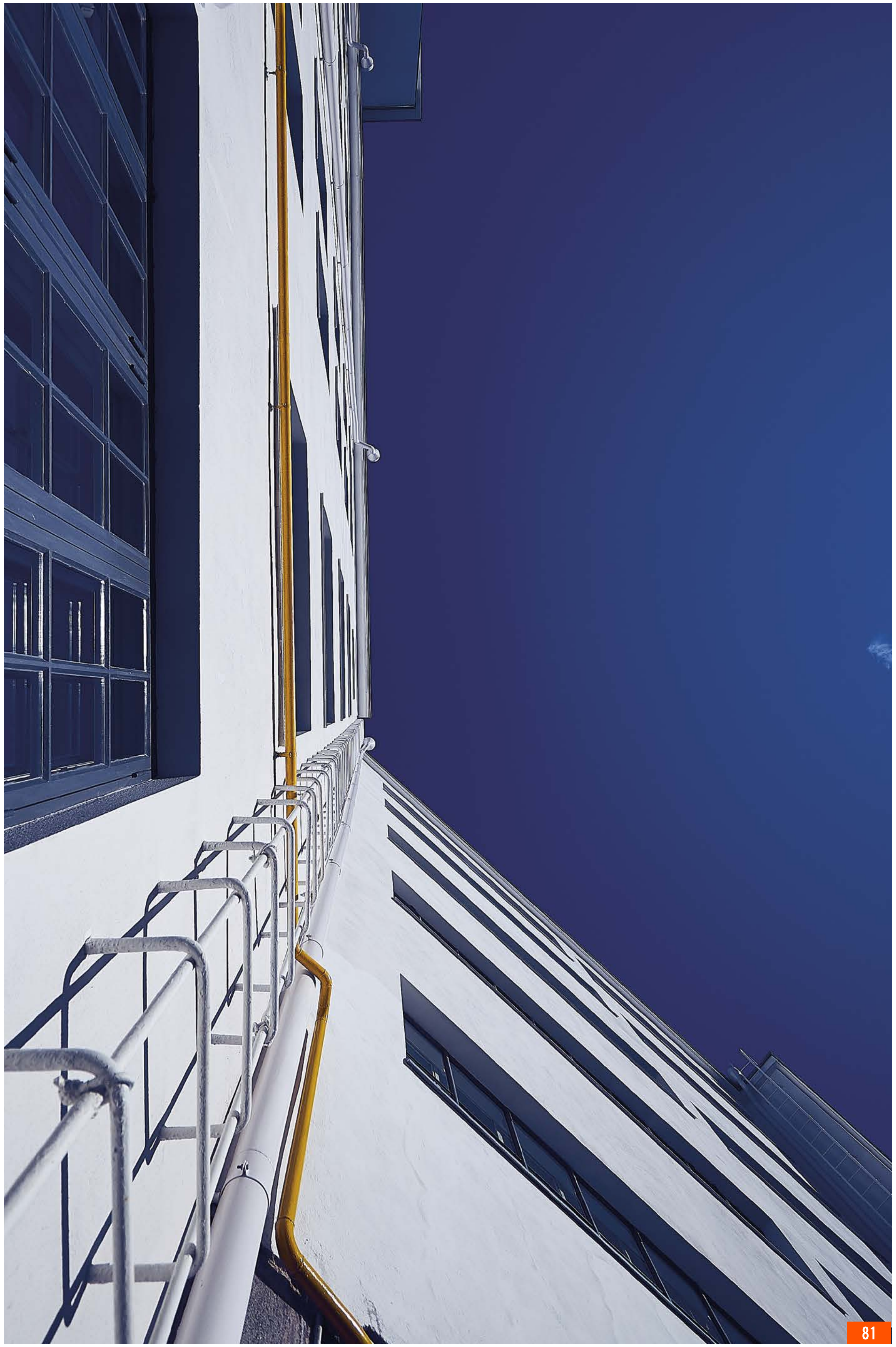


Photo: Pasi Salminen


Photo: Pasi Salminen

Housing company As Oy Moisionmetsä – an exemplary facade renovation through collaboration

Housing company As Oy Moisionmetsä's facade renovation included new facades, balconies and roofs for two apartment buildings. The goal was to enhance the buildings' appearance and add living comfort. The collaborating partners worked in close cooperation and the housing company renovation was finished nearly six months ahead of schedule.

The customer was pleased with how the project was carried out. Supervision, for example, was found exemplary. The board members, apartment owners and residents were all very committed to the project. The project's orderer, designers, supervisor, material supplier and contractors formed a chain of action in which everyone worked towards achieving a shared goal.

KEY FIGURES AND INFORMATION FOR SHAREHOLDERS

KEY FIGURES

Income statement, 1 Jan to 31 Dec (EUR 1,000)	2020	2019	2018
Net sales	274,646	314,801	315,762
EBITDA	11,440	8,137	-464
EBITDA margin, %	4.2%	2.6%	-0.1%
Operating profit/-loss	8,237	4,632	-2,126
Operating profit/-loss margin, %	3.0%	1.5%	-0.7%
Profit before taxes (EBT)	7,235	3,414	-2,837
as % of net sales	2.6%	1.1%	-0.9%
Profit for the year	5,675	2,676	-2,330
as % of net sales	2.1%	0.9%	-0.7%

Balance sheet (EUR 1,000)	2020	2019	2018
Balance sheet total	128,595	116,585	111,041
Net interest bearing debt	4,737	18,880	19,582
Equity ratio, %	32.7%	29.8%	25.4%
Gearing, %	14.1%	64.4%	83.6%

Other key figures	2020	2019	2018
Free cash flow (EUR 1,000)	18,334	3,977	-7,140
Cash conversion, %	160.3%	48.9%	n/a
Order backlog (EUR 1,000)	177,857	185,820	225,082
Order intake (EUR 1,000)	214,281	214,757	228,525
Average number of personnel	971	1,037	1,093
Number of personnel at period end	927	990	1,046
Earnings per share, undiluted (EUR)	0.70	0.30	-0.30
Earnings per share, diluted (EUR)	0.69	0.30	-0.30
Shareholders' equity per share (EUR)	3.97	3.40	3.06
Number of shares, end of period	7,858,267	7,858,267	7,858,267
Number of outstanding shares, end of period	7,652,123	7,676,942	7,662,216
Average number of outstanding shares	7,668,170	7,679,525	7,662,216

CALCULATION OF KEY FIGURES

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

INFORMATION FOR INVESTORS AND SHAREHOLDERS

Share

Consti Plc's shares are listed on Nasdaq Helsinki. The shares are included in the book-entry securities system maintained by Euroclear Finland Oy. The company has a single series of shares, and each share entitles its holder to one vote at the Annual General Meeting. The company's shares have no nominal value. As at 31 December 2020, 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 2020: 7,858,267
- Listing date: 11 December 2015

Shareholders

At the end of December 2020, Consti Plc had 2,773 shareholders in the share register. Distribution of shareholders is shown in the table and graphs presented below. At the end of December 2020, non-Finnish shareholders held approximately 16.2% of Consti Plc's shares. Majority of the shares held by non-Finnish shareholders were nominee-registered. Only shares registered in the shareholders' own name entitle their holders to vote at Shareholders' Meetings.

Annual General Meeting

Consti Plc's Annual General Meeting (AGM) will be held on Wednesday 7 April 2021 at 1.00 p.m. through exceptional arrangements without the presence of the shareholders or their proxy representatives at the address of ValimoPark, auditorium, 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 by voting in advance must be registered on 24 March 2021 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 2021 at 4.00 pm by one of the following means:

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

Dividend payment

The Board proposed to the Annual General Meeting that a dividend of EUR 0.40 be paid for the financial year 2020, representing 57.1 percent of reported earnings per share.

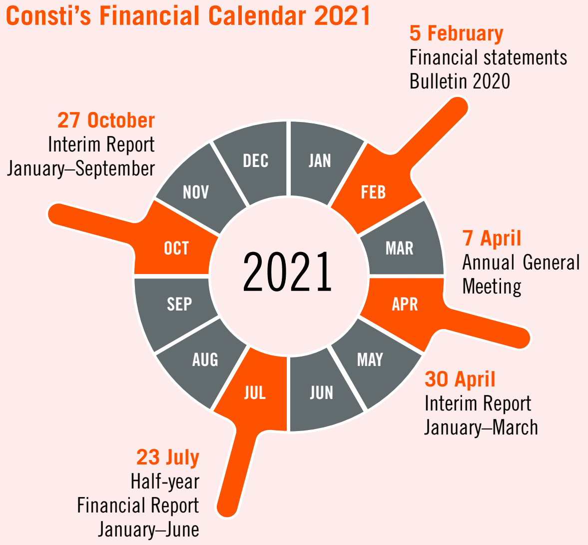
Financial calendar in 2021

Consti shall publish three interim reports during 2021:

- Interim report 1–3/2021 will be published on 30 April 2021
- Half-year financial report 1–6/2021 will be published on 23 July 2021
- Interim report 1–9/2021 will be published on 27 October 2021

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.

Consti's Financial Calendar 2021



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

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Joni Sorsanen
CFO
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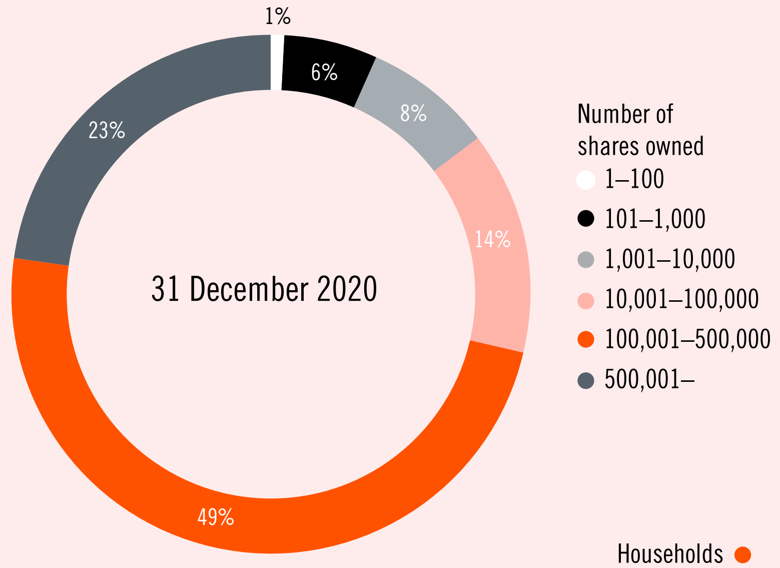
email: joni.sorsanen(at)consti.fi

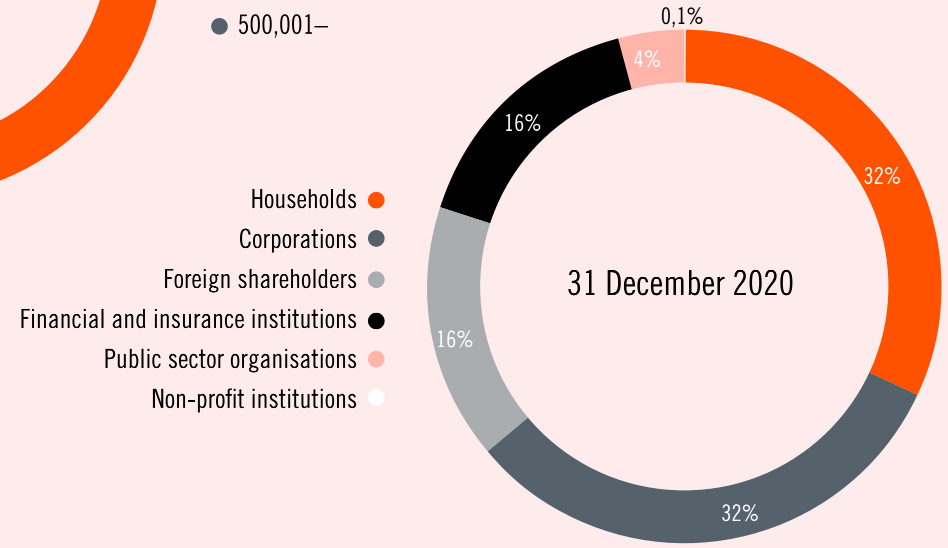
Financial documents can be obtained from:
Consti Plc
Hopeatie 2, FI-00440 Helsinki, Finland
tel: +358 10 288 6000
email: IR@consti.fi

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

Distribution of shareholding by size range



Distribution of shareholding by sector



Major shareholders 31 December 2020	Number of shares	%
Lujatalo Oy	790,000	10,05
Korkeela Esa	434,133	5,52
Evli Finnish Small Cap Fund	431,370	5,49
Heikintorppa Oy	385,000	4,90
Wipunen Varainhallinta Oy	385,000	4,90
Kivi Risto	379,758	4,83
Kalevo Markku	299,128	3,81
Danske Invest Finnish Equity Fund	240,881	3,07
Fennia Life Insurance Company	227,471	2,89
Korkeela Antti	196,894	2,51
eQ Pohjoismaat Pienyhtiö Fund	181,362	2,31
Consti Plc	173,031	2,20
Varma Mutual Pension Insurance Company	172,000	2,19
Drumbo Oy	120,000	1,53
Church Pension Fund	118,937	1,51
Norvier Oy	106,463	1,35
Sto-Rahoitus Oy	85,000	1,08
Säästöpankki Pienyhtiöt Fund	78,432	1,00
Holopainen Marko	71,600	0,91
Wip Hakkapeliitat Fund	70,000	0,89
20 largest owners, total	**4,946,460**	**62,95**
Nominee registered	1,213,959	15,45
Others	1,697,848	21,61
Total	**7,858,267**	**100,00**

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www.consti.fi