

Company Nordecon AS
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Title Swencn AB (a subsidiary of Nordecon AS) applied to the Swedish court to initiate restructuring

On 22 July 2021, Swencn AB (a subsidiary of Nordecon AS) filed an application with the Nacka District Court in Stockholm, Sweden, to initiate restructuring proceedings. Through the restructuring procedure, the company wants to overcome the difficulties in paying bills, restructure creditors' claims and improve Swencn AB's liquidity. The purpose of the restructuring is to ensure equal treatment of creditors and the continuation of activities of Swencn AB.

The Nacka District Court initiated restructuring proceedings on 22 July 2021 and set a first meeting of creditors on 19 August 2021 to present the restructuring plan submitted by Swencn AB.

The described activities are related only to Swencn AB's activities in the Swedish market and do not affect the economic activities, goals or performance of other Nordecon Group companies. It is not a transaction that goes beyond the scope of day-to-day business or is of significant importance within the meaning of the section "Requirements for Issuers" of the regulations of the Nasdaq Tallinn Stock Exchange.

Swencn AB has experienced delays in paying creditors' bills in 2020-2021. The problem is caused by a combination of different circumstances. The construction market is volatile and demand in the Swedish housing market has fallen sharply in recent years and competition has therefore intensified. The emergency situation and restrictions caused by the COVID-19 pandemic have also had a significant impact.

In the spring of 2021, Swencn AB proposed to all partners to pay all principal due within 2 years in order to restore Swencn AB's necessary liquidity and business continuity without interruption. "Unfortunately, not enough creditors accepted our proposal and the payment plan was considered too slow. The purpose of the restructuring is to restore the company's financial viability, treat all creditors equally and continue to operate in the Swedish market," said Gerd Müller, Chairman of the Management Board of Nordecon.



To date, the construction of all of Swencn's contracts has been completed and the completed housing has been handed over to the customers. Swencn does not currently have any large-scale projects underway, but new opportunities are being sought to continue to operate in the Swedish market.

"Swencn will continue to operate in Sweden. We regret this situation and will do our utmost to resolve it as soon as possible. We take the time to think through the business plan and action plan there and bring it in line with market conditions. In addition to general contracting of residential projects, we are also looking at other construction market segments. The Swedish real estate market is recovering and prospects are improving," confirmed Müller.

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