



Investor presentation

Q2 2023

Business model

Industrial buildings

Public buildings

Residential buildings

Commercial buildings



BUILDINGS



INFRASTRUCTURE

Other infrastructure
Environmental engineering
Utility networks

Specialist engineering
Bridges, viaducts
Port construction
Rail construction

Road construction and maintenance
Road construction
Road maintenance

STRATEGIC AGENDA FOR 2023–2027

The group will grow, mostly organically, with a focus on efficient use of resources.

In Estonia, we will operate in the building and infrastructure construction as well as housing development segments.

In foreign markets (Finland, Sweden and Ukraine), we will compete as a general contractor and a provider of concrete works.

BUSINESS LINES AND MARKETS

We will provide our people with a modern and inspiring work environment and a motivation system that fosters collaboration and initiative.

We will improve our profitability by planning and managing our design and construction operations more precisely.

We will streamline our work and decision-making processes by implementing modern digital solutions.

We will maintain the order books of our different operating segments in balance.

We will set our sustainable development goals and adopt an action plan to achieve them.

ACTIVITIES

Revenue will grow by at least 5% per year.

Operating margin for the year will be consistently above 3%.

Operating profit per employee will increase to at least €10 thousand per year.

We will deliver a strong dividend yield for Nordecon's shareholders.

FINANCIAL TARGETS

AJAMAJA OFFICE BUILDING AT ROTERMANNI 6

LOCATION
Tallinn

CUSTOMER
Rotermann City OÜ

ARCHITECT
KOKO architects

CONSTRUCTION PERIOD
April 2019 – April 2021

CONTRACTOR
Nordecon AS

PROJECT MANAGER
Oleg Kaas



PERIOD IN BRIEF

The group's **revenue** for the first half of 2023 was €123,819 thousand, roughly 17% less than in the same period last year, when the figure was €149,256 thousand.

The Buildings segment generated revenue of €103,970 thousand and the Infrastructure segment revenue of €19,822 thousand; revenue declined by 19% in the Buildings segment and 4% in the Infrastructure segment.

The decrease in both segments was expected and is attributable to market contraction.

The group earned an **operating profit** of €673 thousand in the first half of 2023 (H1 2022: €1,457 thousand).

EBITDA for the period was €2,405 thousand (H1 2022: €3,158 thousand).

The operating profit and EBITDA for the comparative period were influenced by other income of €1,560 thousand, recognised after the approval of the restructuring plan of Swencn AB.

Nordecon ended the first half of 2023 with a **gross profit** of €4,731 thousand (H1 2022: €3,181 thousand).

Profitability improved year on year with the group's gross margin rising to 3.8% for the half-year (H1 2022: 2.1%) and 4.5% for the second quarter (Q2 2022: 2.5%).

Both operating segments earned a profit in both the second quarter and the first half year and improved their profitability significantly.

The group's **order book** stood at €256,328 thousand at 30 June 2023, reflecting 16% growth compared to the same period last year.

The group signed new contracts of €208,460 thousand during the half year (H1 2022: €89,661 thousand), of which contracts of €123,530 thousand were signed in the second quarter (Q2 2022: €26,494 thousand).

The group's **administrative expenses** for the period were €3,852 thousand.

Compared with a year earlier, administrative expenses grew by around 24% (H1 2022: €3,118 thousand) due to growth in staff costs.

The ratio of administrative expenses to revenue (12 months rolling) increased year on year, rising to 2.7% (H1 2022: 2.0%).

Operating activities in the first half of 2023 produced a **net cash** inflow of €4,329 thousand (H1 2022: an outflow of €1,955 thousand).

Operating cash flow is increasingly affected by the need to make prepayments to materials suppliers, as well as increased contractual retentions, which extend from 5 to 10% of the contract price.

KOHTLA-JÄRVE SPORTS AND HEALTH CENTRE

LOCATION

Kohtla-Järve, Ida-Viru County

CUSTOMER

Kohtla-Järve City Government

ARCHITECT

OÜ Zoroaster

CONSTRUCTION PERIOD

April 2019 – March 2021

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Oleg Kaas

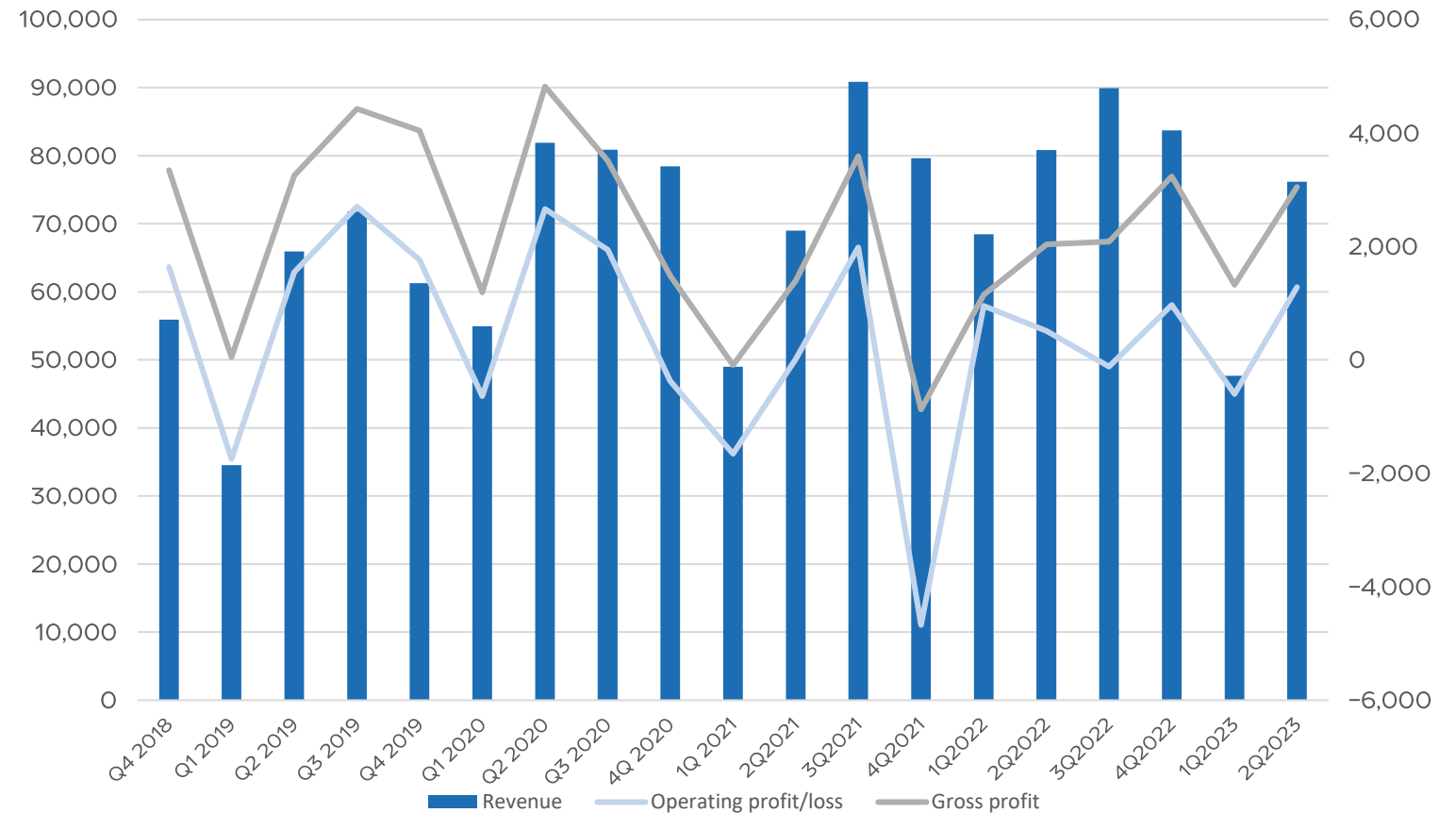


REVENUE AND OPERATING PROFIT

The gross margin of the **Buildings segment** was 5.0% for the half-year and 4.9% for the second quarter (H1 2022: 3.8% and Q2 2022: 3.4%).

The gross margins of the **Infrastructure segment** were lower: 0.1% for the half-year and 4.5% for the second quarter (H1 2022: (6.4)% and Q2 2022: (0.3)%).

Figure / Ratio	6M 2021	6M 2022	6M 2023
Revenue (EUR '000)	117 966	149 256	123 819
Revenue change	-14%	27%	-17%
Net profit/loss (EUR '000)	-2 390	26	-1 590
Gross margin	1,1%	2,1%	3,8%
EBITDA margin	0,1%	2,1%	1,9%
Net margin	-2,0%	0,0%	-1,3%
Administrative expenses to revenue (12 month rolling)	2,2%	2,0%	2,7%



RAATUSE HEALTH CENTRE

LOCATION

Tartu city

CUSTOMER

Tartu Kesklinna Perearstikeskus
OÜ

DESIGNER

U-Disain OÜ

CONSTRUCTION PERIOD

February 2020– August 2021

CONTRACTOR

Nordecon Betoon OÜ/ Embach
Ehitus OÜ

PROJECT MANAGER

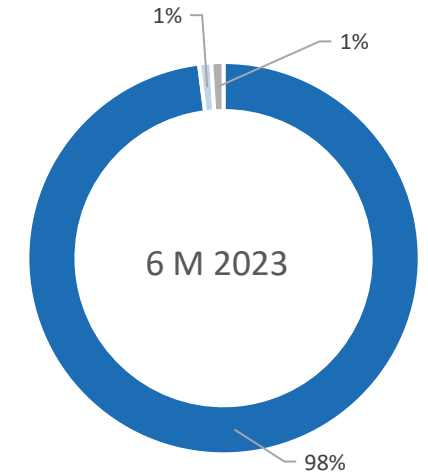
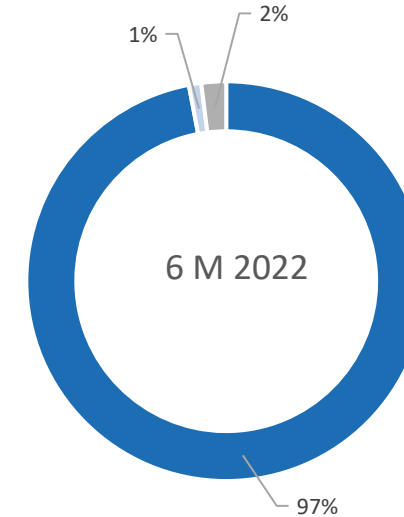
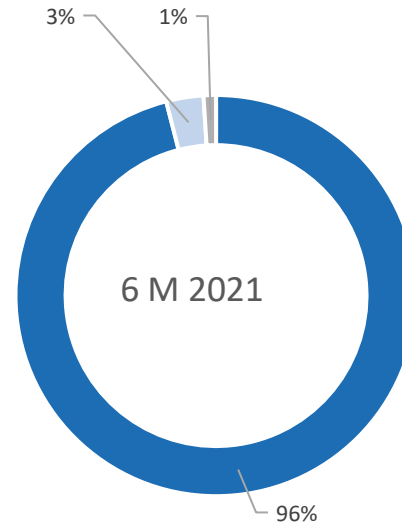
Ahti Kala



Revenue by Geographic Regions

■ Estonia ■ Finland ■ Ukraine

	6 M 2023	6 M 2022	6 M 2021
Estonia	98%	97%	96%
Finland	1%	1%	3%
Ukraine	1%	0%	1%
Latvia	0%	2%	0%
Lithuania	0%	0%	0%



In the first half of 2023, revenue earned **outside Estonia**, i.e. in Finland and Ukraine, accounted for 2% of the group’s total revenue.

Despite the war, Nordecon’s construction volumes in **Ukraine** have increased year on year, where we have secured a number of small-scale projects .

Finnish revenues, which include mainly subcontracting revenue from the provision of concrete works, have decreased.

Nordecon did not generate any revenue and had no ongoing construction contracts in the **Swedish** market. Nor did the group generate any revenue in **Latvia** and **Lithuania**, where we operate on a project basis.

Order book and revenues

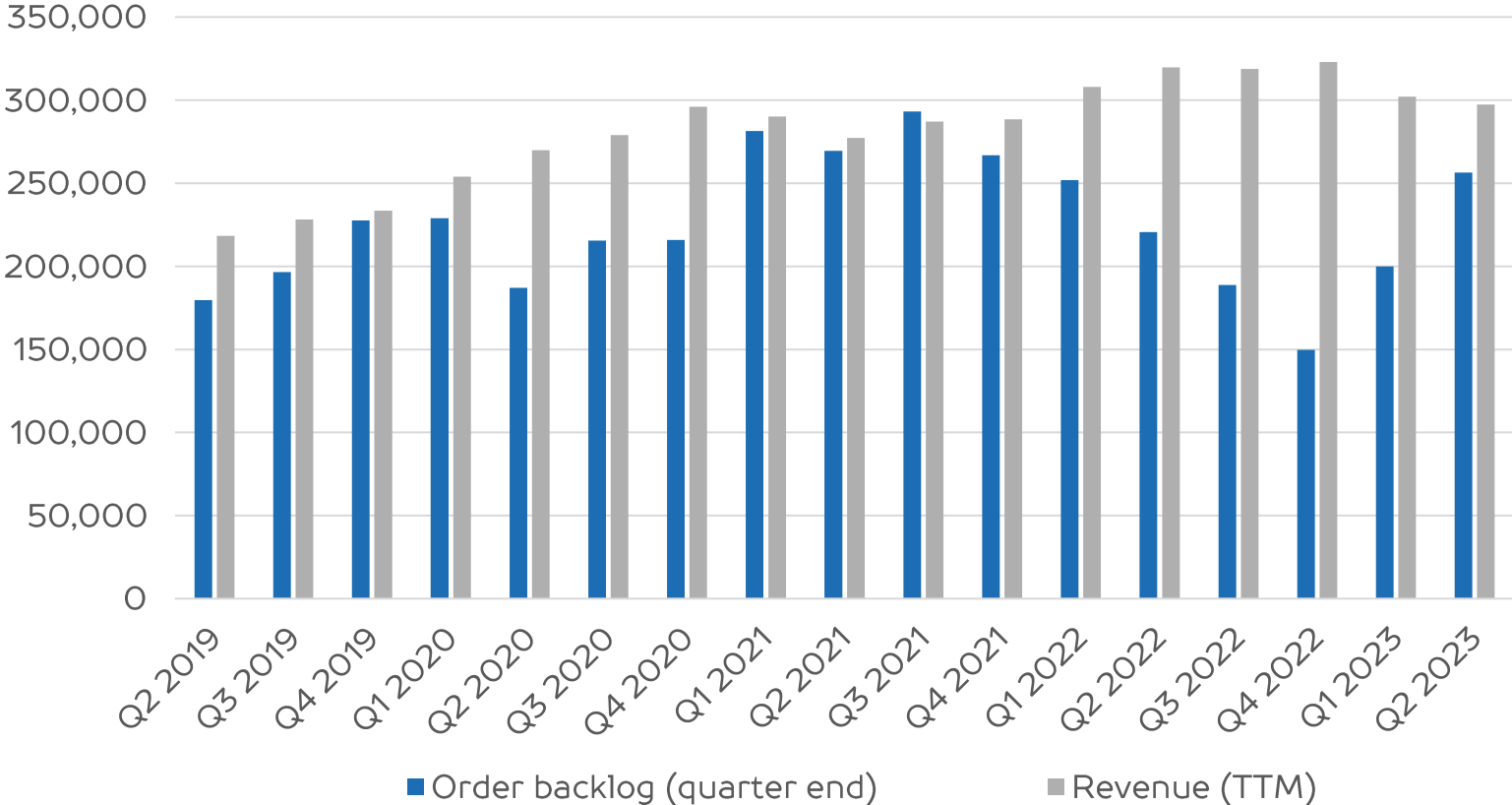
The group’s order book stood at €256,328 thousand at 30 June 2023, reflecting 16% growth compared to the same period last year.

The Buildings segment accounted for 80% and the Infrastructure segment for 20% of the total order book (30 June 2022: 85% and 15%, respectively).

The order book of the Buildings segment increased by 9% while the order book of the Infrastructure segment grew by 54% compared with 30 June 2022.

Growth in the order book of the Infrastructure segment was driven by the other engineering subsegment, which has secured mostly wind farm construction contracts.

ORDER BOOK



KINDLUSE SCHOOL

LOCATION

Rae, Harju County

CUSTOMER

Rae Rural Municipality
Government

DESIGNER

Sweco Projekt AS

CONSTRUCTION PERIOD

November 2019 – May 2021

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Silver Sein

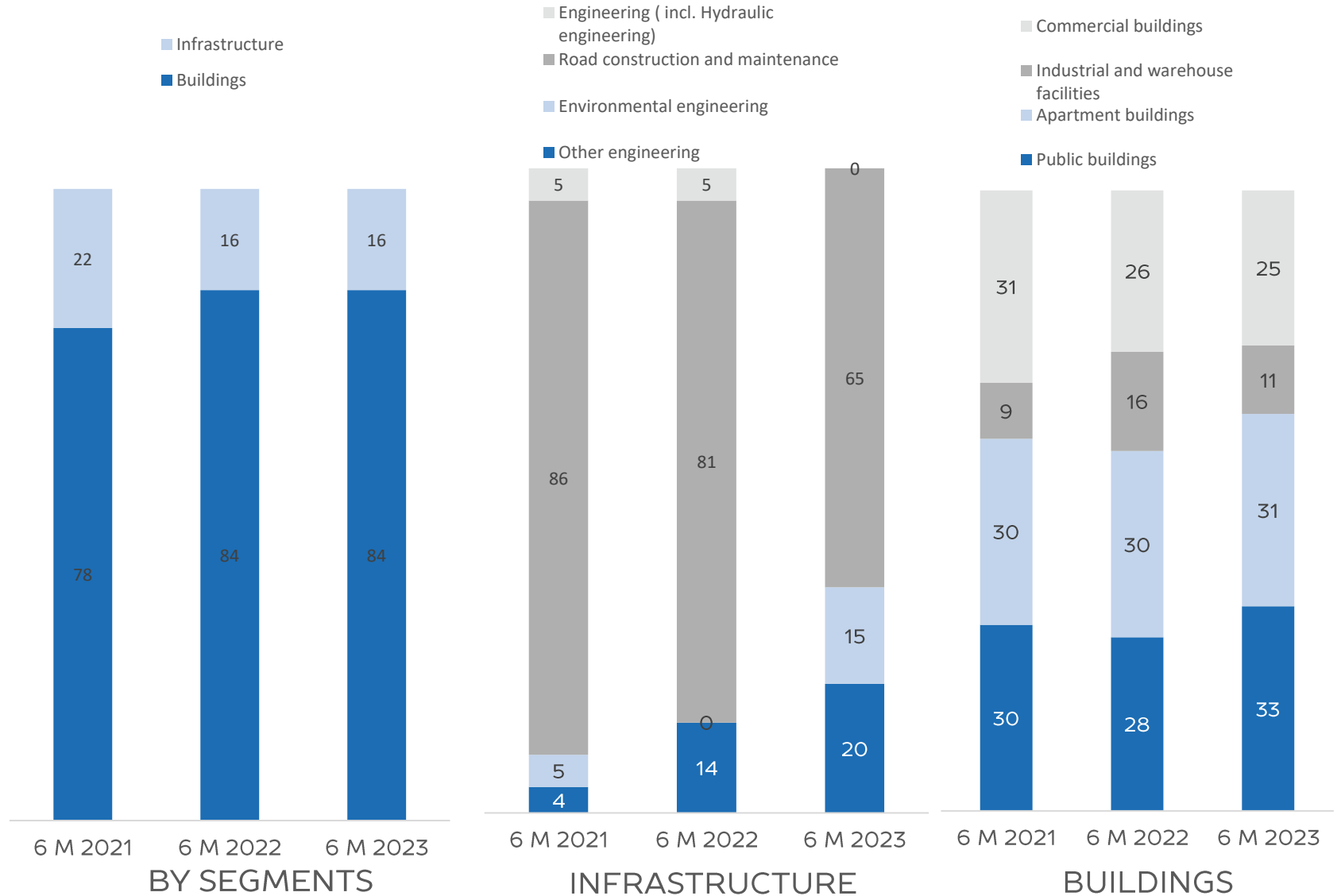


Revenue distribution

The Buildings segment generated revenue of €103,970 thousand and the Infrastructure segment revenue of €19,822 thousand. The corresponding figures for the same period in 2022 were €128,430 thousand and €20,703 thousand.

In the Buildings segment, the half-year revenues of all subsegments decreased compared with the same period in 2022. The largest revenue contributors are still the public buildings and the apartment buildings subsegments.

In the Infrastructure segment, the largest revenue contributor is still road construction and maintenance although its revenue has decreased year on year by roughly 25%.



COOP/KONSUM SUPERMARKET

LOCATION

Käina, Hiiu County

CUSTOMER

Hiiumaa Consumers Cooperative
Association

ARCHITECT

DAGOpen Arhitektuuribüroo

CONSTRUCTION PERIOD

December 2020– June 2021

CONTRACTOR

Nordecon Betoon OÜ

PROJECT MANAGER

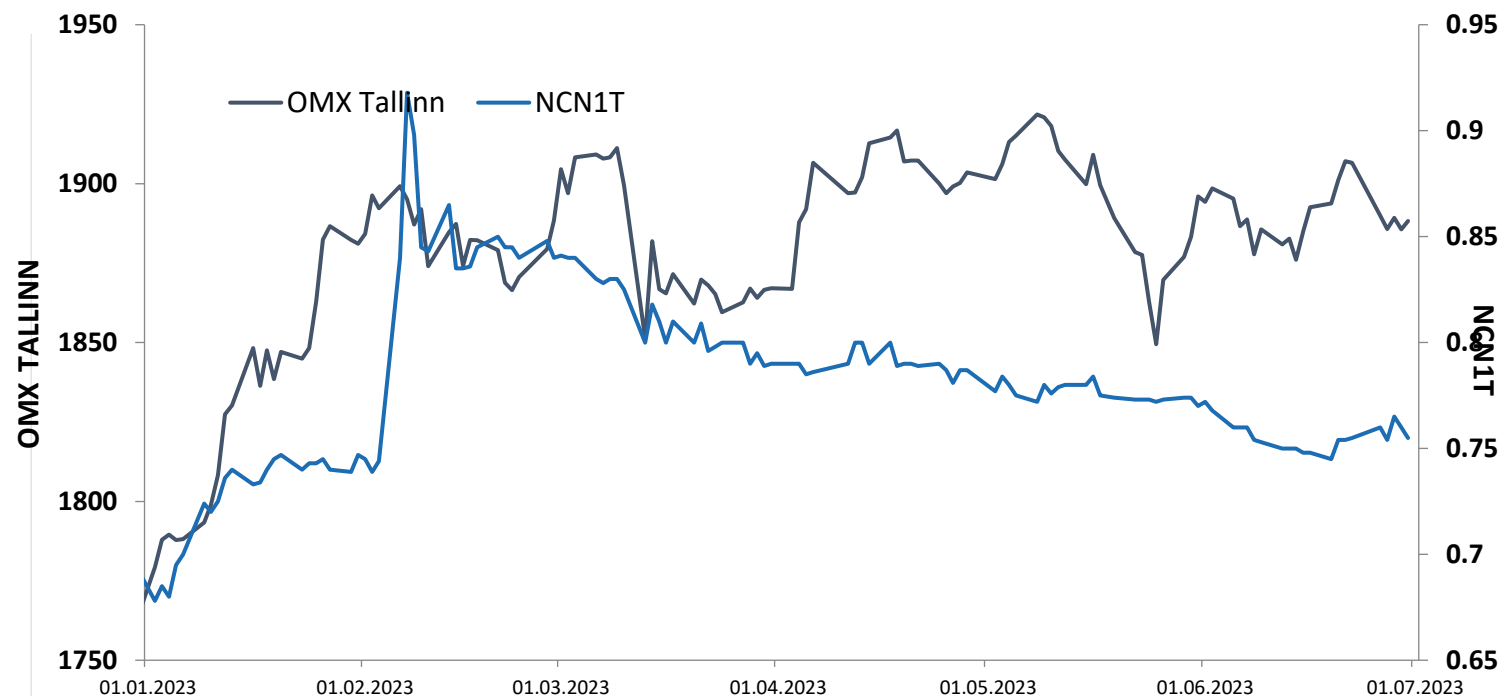
Reino Mälk



Share and shareholders

Largest shareholders in Nordecon AS at 30 June 2023

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16 563 145	51.16
Luksusjaht AS	4 322 342	13.35
Toomas Luman	707 000	2.18
Olegs Radcenko	574 200	1.77
Lembit Talpsepp	376 239	1.16
Nõmme Erahariduse SA	370 370	1.14
SEB Pank AS clients	300 000	0.93
SEB Life and Pension Baltic SE Estonian branch	255 000	0.79
Genadi Bulatov	250 600	0.77
Endel Palla	200 000	0.62



Index/equity	1 January 2023*	30 June 2023	+/-
OMX Tallinn	1,766.73	1,888.25	6.88%
NCN1T	€0.69	€0.76	9.42%

* Closing price on the Nasdaq Tallinn Stock Exchange at 31 December 2022

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