



Investor presentation

Q4 2021

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 2019–2022

The Group will grow, mostly organically, with a focus on more efficient use of its existing resources.

In Estonia, we will operate, as market leader, in both the building and infrastructure construction segments.

In Sweden, we will focus on general contracting in Stockholm and the surrounding area.

In Finland, we will focus on general contracting and concrete works in Helsinki and the surrounding area.

In Ukraine, we will focus on general contracting and concrete works, primarily in Kiev and the surrounding area.

BUSINESS LINES AND MARKETS

Improving profitability through more precise planning of our design and construction operations.

Increasing our design and digitalisation capabilities.

Simplifying and automating work and decision-making processes.

Monitoring the balance between the contract portfolios of different business segments.

Valuing balanced teamwork where youthful energy and drive complement long-term experience.

Noticing and recognising each employee's individual contribution and initiative.

ACTIVITIES

Revenue will grow at least 10% per year.

The contribution of foreign markets will increase to 20% of revenue.

Real estate development revenue will grow to at least 10% of revenue earned in Estonia.

Operating margin per year will be consistently above 3%.

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

On average, at least 30% of profit for the year will be distributed as dividends.

FINANCIAL TARGETS

ESTONIAN ACADEMY OF SECURITY SCIENCES LEARNING CENTRE IN NARVA

LOCATION

Narva, Ida-Viru county

CUSTOMER

Academy of Security Sciences

ARCHITECT

3+1 architects

CONSTRUCTION PERIOD

February 2019 – August 2020

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Viljo Niit



PERIOD IN BRIEF

The group's **revenue** for 2021 was €288,534 thousand, 2.5% down from a year earlier when revenue amounted to €296,082 thousand.

Revenue decline is attributable to a decrease in foreign revenues, whereas revenue generated in Estonia grew by 13% compared with a year earlier.

In segment terms, revenue from the Buildings segment decreased by 5%, primarily due to the revenue change in the Swedish market, while revenue from the Infrastructure segment grew by 7% year on year.

The group ended 2021 with an **operating loss** of €4,336 thousand (2020: operating profit of €3,575 thousand), including recognition of credit losses of €2,144 thousand of the Swedish subsidiary.

EBITDA was negative at €797 thousand and EBITDA margin was negative at 0.3% (2020: positive at €7,003 thousand and 2.4%).

The Nordecon group ended 2021 with a **gross profit** of €4,021 thousand (2020: €10,996 thousand) and a gross margin of 1.4% (2020: 3.7%).

The gross margin of the Buildings segment was 2.0% for the year and a negative 0.7% for the fourth quarter (2020: 3.6%; Q4 2020: 0.7%). The figures of the Infrastructure segment were 1.0% for the year and a negative 1.4% for the fourth quarter (2020: 5.1%; Q4 2020: 6.1%).

The gross margin was mainly influenced by growth in input prices, supply chain disruptions and one-off losses in Swedish market.

The group's **order book** stood at €266,856 thousand at 31 December 2021, a 24% increase year on year.

In 2021, we signed new contracts of €314,758 thousand (2020: €236,577 thousand), including contracts of €37,612 thousand signed in the fourth quarter (Q4 2020: €55,511 thousand).

The group was equally successful in winning both public and private contracts.

The group's **administrative expenses** for 2021 were €6,053 thousand.

Compared with 2020, administrative expenses decreased by around 14% (2020: €7,073 thousand), mainly through a decline in personnel expenses.

The ratio of administrative expenses to revenue (12 months rolling) was 2.1% (2020: 2.4%).

Operating activities produced a **net cash inflow** of €7,365 thousand in 2021 (2020: €2,443 thousand).

Operating cash flow is strongly influenced by the fact that the contracts signed with most public and private sector customers do not require them to make advance payments while the group has to make prepayments to subcontractors and suppliers.

SAUE MUNICIPAL OFFICE BUILDING

LOCATION

Saue, Harju county

CUSTOMER

Saue Municipal Government

ARCHITECT

molumba

CONSTRUCTION PERIOD

June 2019 – June 2020

CONTRACTOR

Embach Ehitus OÜ

PROJECT MANAGER

Lauri Tomp

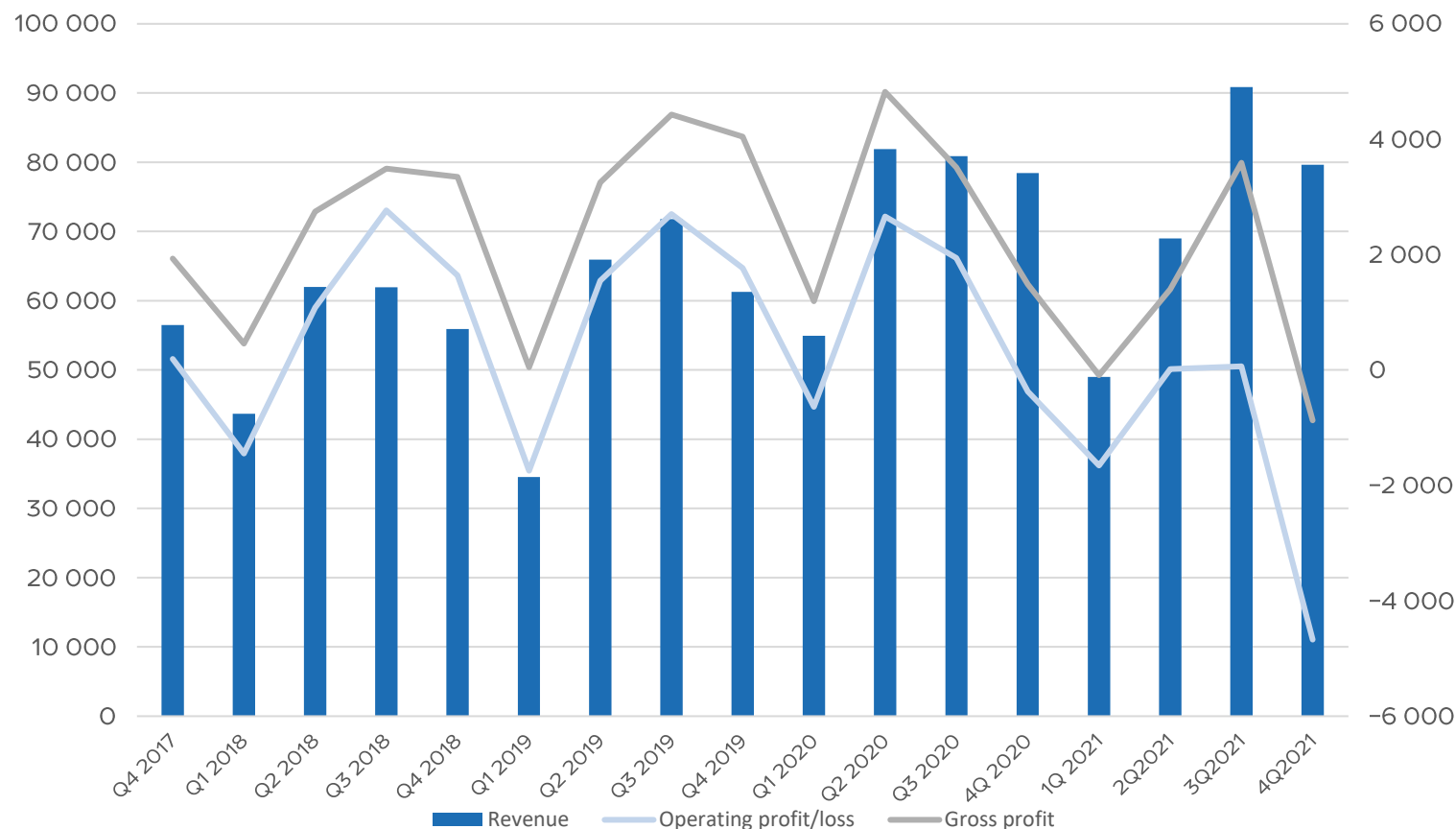


REVENUE AND OPERATING PROFIT

The gross margin of the Buildings segment was 2.0% for the year and a negative 0.7% for the fourth quarter (2020: 3.6%; Q4 2020: 0.7%).

The figures of the Infrastructure segment were 1.0% for the year and a negative 1.4% for the fourth quarter (2020: 5.1%; Q4 2020: 6.1%).

Figure / Ratio	12M 2019	12M 2020	12M 2021
Revenue (EUR '000)	234 071	296 082	288 534
Revenue change	4,7%	26,5%	-2,5%
Net profit/loss (EUR '000)	4 149	4 118	-5 506
Gross margin	5,0%	3,7%	1,4%
EBITDA margin	3,1%	2,4%	-0,3%
Net margin	1,8%	1,4%	-1,9%
Administrative expenses to revenue (12 month rolling)	2,9%	2,4%	2,1%



WATERFRONT PROMENADE IN SILLAMÄE

LOCATION

Sillamäe, Ida-Viru county

CUSTOMER

Sillamäe Town Government

DESIGNER

Selektor Projekt OÜ

CONSTRUCTION PERIOD

August 2019 – December 2020

CONTRACTOR

Nordecon AS

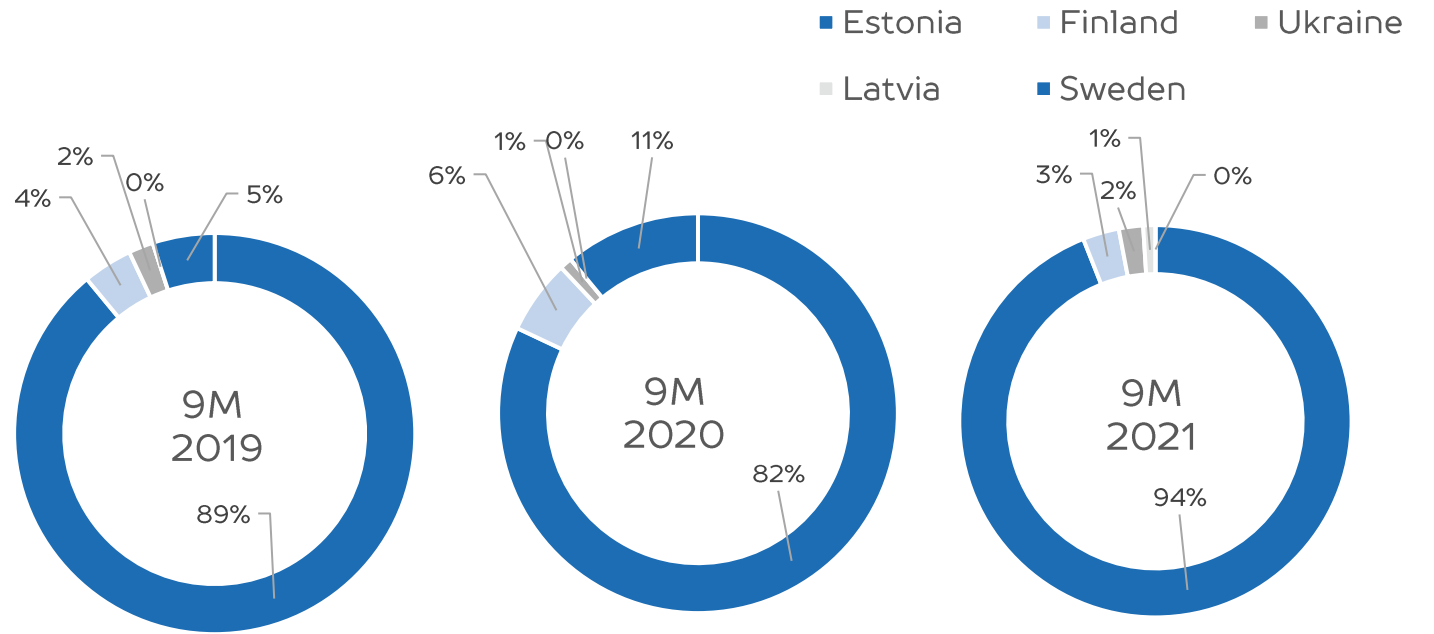
PROJECT MANAGER

Ivo Lõhmus



Revenue by Geographic Regions

	12M 2019	12M 2020	12M 2021
Estonia	89%	82%	94%
Ukraine	2%	1%	2%
Finland	4%	6%	3%
Latvia	0%	0%	1%
Sweden	5%	11%	0%



Revenue earned outside Estonia decreased substantially in 2021, accounting for 6% of the group’s total revenue.

The contribution of foreign markets declined primarily due to the impact of the **Swedish market** where sales decreased because previously started projects were being completed and no new contracts were signed.

The share of **Finnish revenues** decreased as well. Revenue earned in **Ukraine** remained stable year on year. The group also does project-based work in **Latvia** where we were building a wind farm in 2021.

Still, conditions in some of our chosen foreign markets are volatile and strongly affect our current results.

Order book and revenues

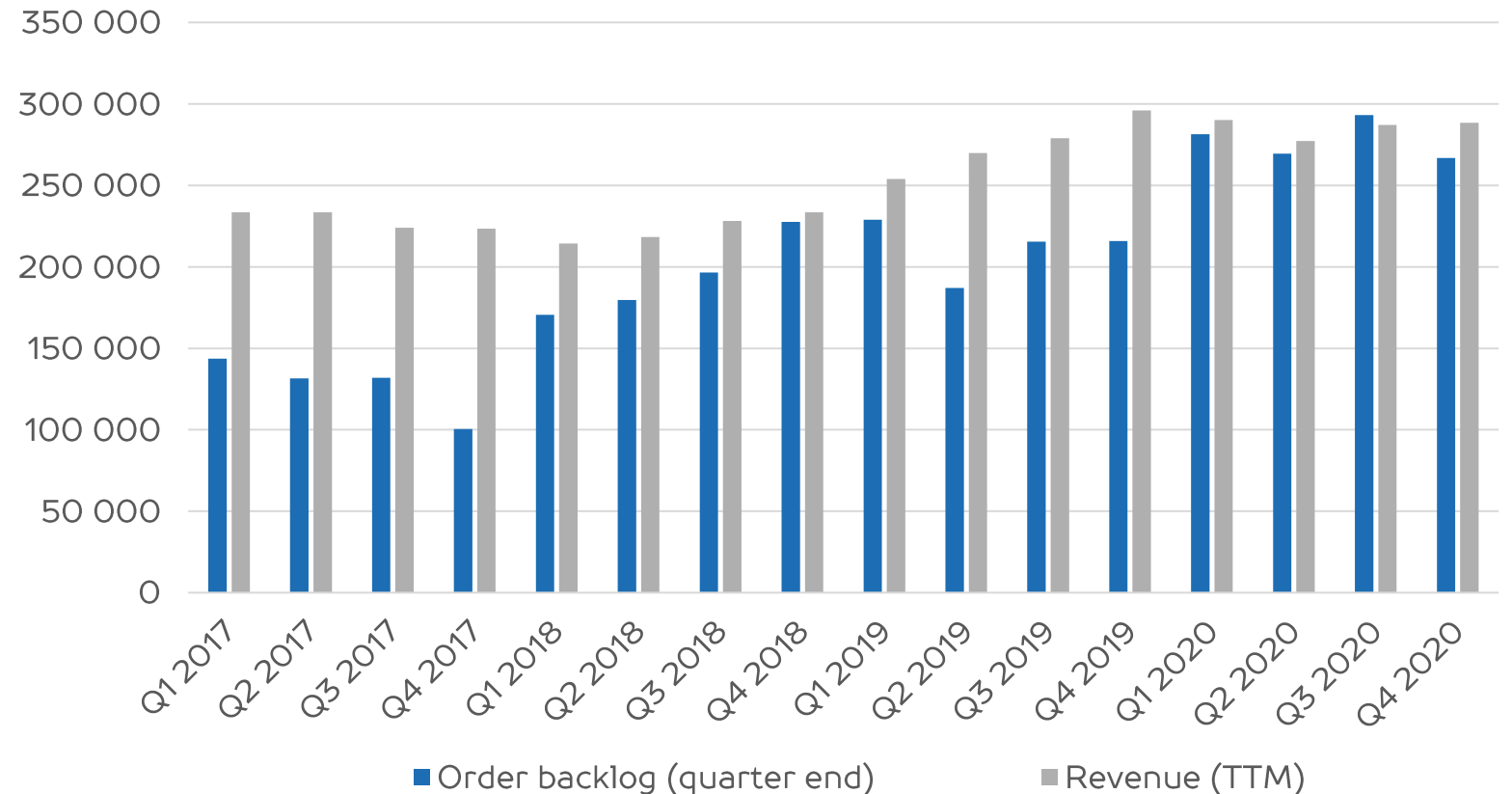
The group's order book stood at €266,856 thousand at 31 December 2021, a 24% increase year on year.

The Buildings segment continues to dominate with 87% while the share of the Infrastructure segment is 13% (31 December 2020: 81% and 19%, respectively).

Compared with 31 December 2020, the order book of the Buildings segment has grown by 37% and the order book of the Infrastructure segment had decreased by 34%.

The decline in the Infrastructure order book is attributable to a lack of large-scale contracts with the Transport Administration.

ORDER BOOK



TERMINAL D IN OLD CITY HARBOUR

LOCATION
Tallinn

CUSTOMER
AS Tallinna Sadam

DESIGNER
R-Konsult OÜ

CONSTRUCTION PERIOD
June 2018 – July 2020

CONTRACTOR
Nordecon AS

PROJECT MANAGER
Marek Sööt

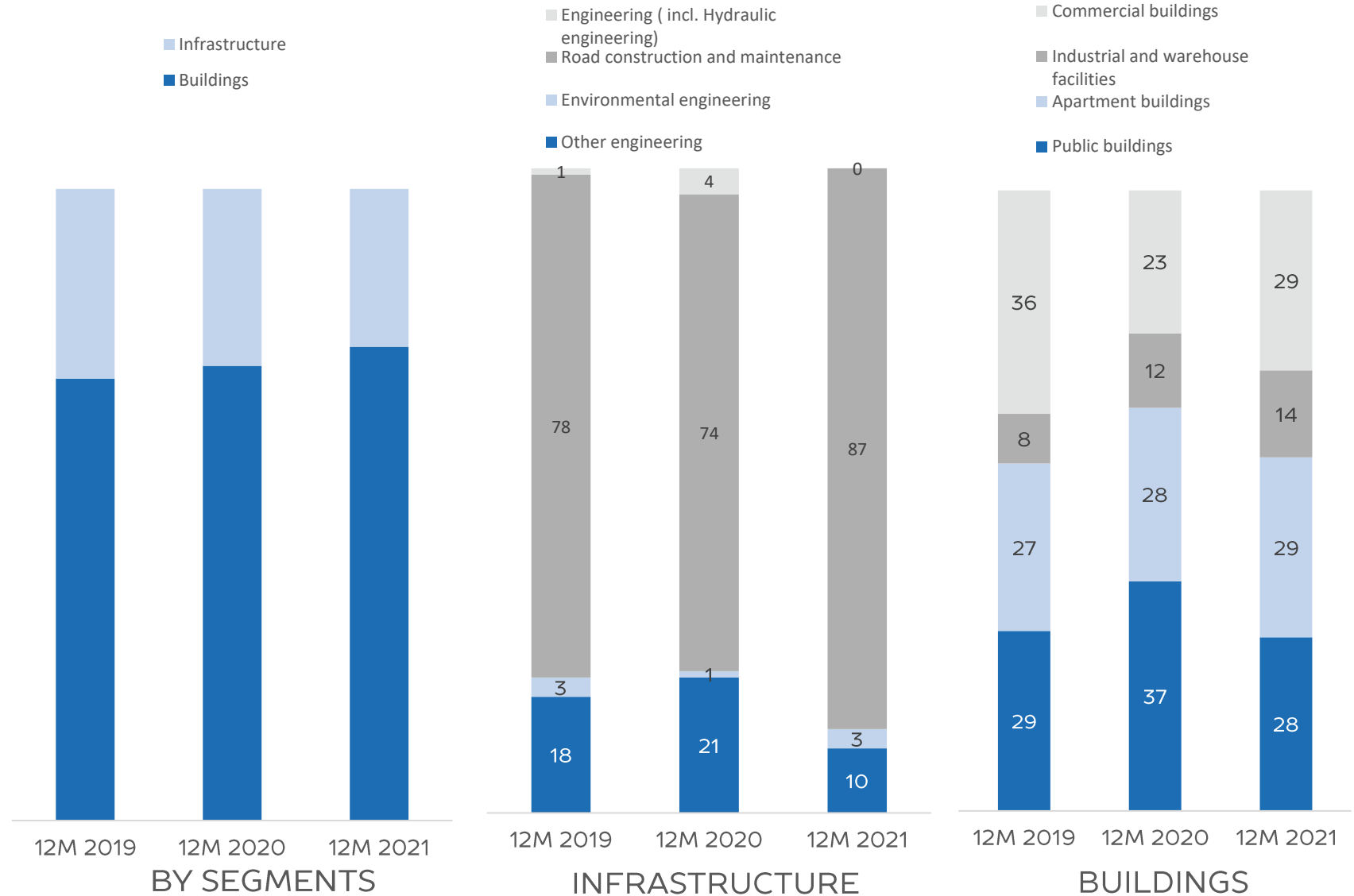


Revenue distribution

In 2021, the Buildings and the Infrastructure segment generated revenue of €216,070 thousand and €72,115 thousand, respectively. The corresponding figures for 2020 were €228,515 thousand and €67,142 thousand.

In Buildings segment, revenue from the commercial and the industrial and warehouse facilities subsegments grew by 21% and 13% year-on-year, respectively. Revenue from the apartment buildings subsegment remained stable and revenue from the public buildings subsegment decreased by around 23%.

In the Infrastructure segment, the largest revenue contributor is the road construction and maintenance subsegment, which increased its revenue by around 11% year on year.



TISKREOJA RESIDENTIAL AREA

LOCATION

Tiskre, Harju County

CUSTOMER

Tiskreoja OÜ

ARCHITECT

PIN Arhitektid OÜ

CONSTRUCTION PERIOD

October 2019 – October 2020

CONTRACTOR

Nordecon Betoon OÜ

PROJECT MANAGER

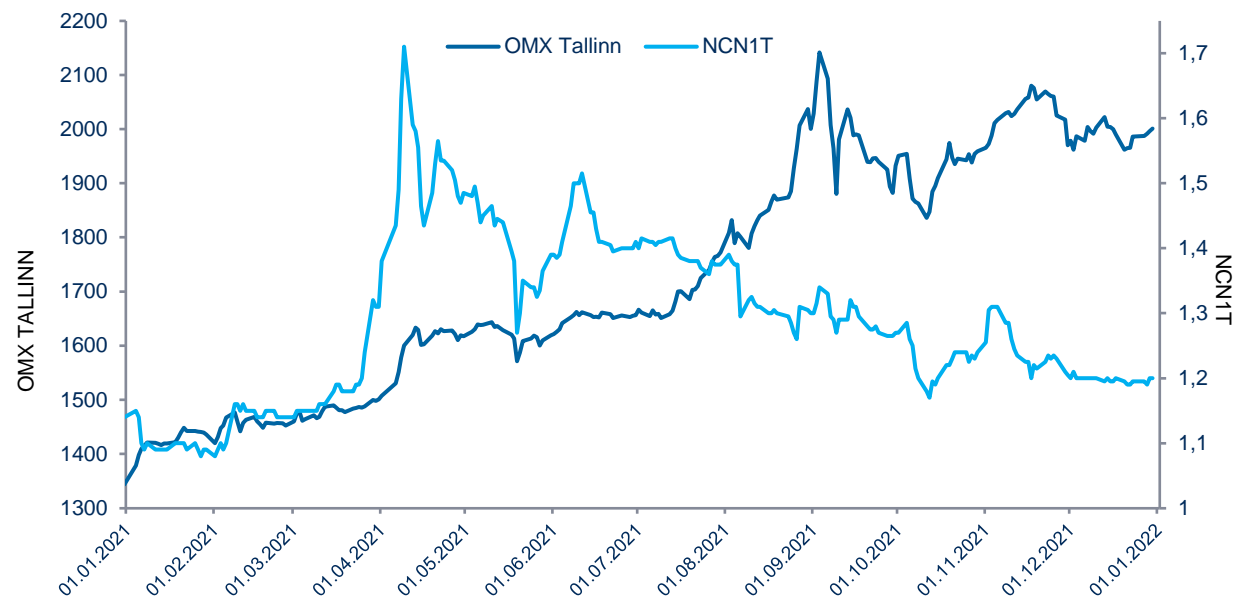
Harry Rööpson



Share and shareholders

Largest shareholders in Nordecon AS at 31 December 2021

	Number of shares	Ownership interest (%)
AS Nordic Contractors	16 933 515	52,30
Luksusjaht AS	4 278 403	13,22
Toomas Luman	651 500	2,01
Olegs Radcenko	584 867	1,81
SEB Pank AS kliendid	425 000	1,31
Lembit Talpsepp	364 239	1,13
Mati Kalme	271 000	0,84
SEB Life and Pension Baltic SE Eesti filiaal	255 000	0,79
Genadi Bulatov	250 600	0,77



Index/share	01 January 2021	31 December 2021	+/-
OMX Tallinn	1 343,72	2 001,03	48,92%
NCN1T	1,14 EUR	1,20 EUR	5,26%

Nordecon AS
Tel: +372 615 4400
www.nordecon.com
Toompuiestee 35, Tallinn 10149
Estonia

Head of Investor Relations
Andri Hõbemägi
Tel: +372 615 4400
andri.hobemagi@nordecon.com