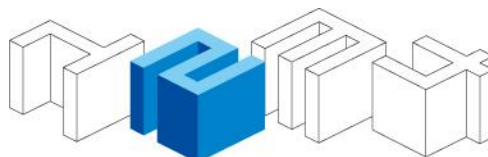




**Financial report for the
second quarter and first half of 2024
(unaudited)**





Financial report for the second quarter and first half of 2024 (unaudited)

Business name	Nordecon AS
Registration number	10099962
Address	Toompuiestee 35, 10149 Tallinn, Estonia
Domicile	Republic of Estonia
Telephone	+372 615 4400
E-mail	nordecon@nordecon.com
Corporate website	www.nordecon.com
Core business lines	Construction of residential and non-residential buildings (EMTAK 4120) Construction of roads and motorways (EMTAK 4211) Road maintenance (EMTAK 4211) Construction of utility projects for fluids (EMTAK 4221) Construction of water projects (EMTAK 4291) Construction of other civil engineering projects (EMTAK 4299)
Financial year	1 January 2024 – 31 December 2024
Reporting period	1 January 2024 – 30 June 2024
Council	Toomas Luman (chairman of the council), Andri Hõbemägi, Andre Luman, Vello Kahro, Sandor Liive,
Board	Maret Tambek (chairman of the board), Priit Luman, Tarmo Pohlak
Auditor	KPMG Baltics OÜ



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Nordecon group at a glance

Nordecon AS (previous names AS Eesti Ehitus and Nordecon International AS) began operating as a construction company in 1989. Since then, we have grown to become one of the leading construction groups in Estonia and a strong player in all segments of the construction market.

For years, our business strategy has been underpinned by a consistent focus on general contracting and project management, and a policy of maintaining a reasonable balance between building and infrastructure construction in our order book. Our core business is supported by road maintenance, property development and other services that provide added value, improve our operating efficiency and help manage risks.

Nordecon's specialists offer high-quality integrated solutions in the construction of commercial, residential, industrial and public buildings as well as infrastructure – roads, utility networks and port facilities. In addition, we are involved in property development, leasing out heavy construction equipment, and road maintenance.

Besides Estonia, the companies of the Nordecon group operate in Sweden and Ukraine.

Nordecon AS is a member of the Estonian Association of Construction Entrepreneurs and the Estonian Chamber of Commerce and Industry. Nordecon AS has developed and implemented a quality management system that complies with ISO 9001, an environmental management system that complies with ISO 14001 and an occupational safety management system that complies with ISO 45001. Compliance with the standards has been certified by DNV.

Nordecon AS's shares have been listed on the Nasdaq Tallinn Stock Exchange since 18 May 2006.

VISION

To be the preferred partner in the construction industry for customers, subcontractors and employees.

MISSION

To offer customers sustainable building and infrastructure construction solutions that meet their needs and fit their budget and thus help them maintain and increase the value of their assets.

SHARED VALUES

Professionalism

As industry professionals, we apply appropriate construction techniques and technologies and observe generally accepted quality standards. Our people are results-oriented and go-ahead, and successfully combine their extensive industry experience with the opportunities provided by innovation.

Reliability

We are reliable partners – we always keep our promises. Together we can overcome any construction challenge and achieve the best possible results. We are open and transparent and follow best practice in the construction industry.

Teamwork

We value balanced teamwork and create the best possible environment for sharing knowledge and experience. We notice and recognise each employee's contribution and initiative.

Sustainability

We promote responsibility and sustainability in the construction sector and, through our own activities and in cooperation with other market players, contribute to the achievement of the sustainable development goals supported by society.



Directors' report

Strategic agenda for 2023–2027

Business lines and markets

- 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 (Ukraine, Sweden), we will compete as a general contractor and a provider of concrete works.

Activities for implementing the strategy

- 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 a balance between operating segments in our order book.
- We will set our sustainable development goals and adopt an action plan to achieve them.

Financial targets

- 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.



Outlooks of the group's geographical markets

Estonia

Processes and developments characterising the Estonian construction market:

- In the second quarter of 2024, the construction price index rose by 0.7% compared to the first quarter and by 2.2% compared to the same period in 2023. The rise was driven by labour costs and the cost of construction machinery. A major factor influencing construction prices is also weak demand, which has not recovered despite the slowdown in the growth in input prices. Companies and organisations continue to look for ways to adjust their business plans to the new level of input prices, which significantly prolongs the pre-construction process. The process often ends with the customer deciding to freeze the project for the time being. The market continues to be strongly influenced by public investment, which in 2024 will decline compared to 2023. Investments by the Centre for Defence Investment, which previously boosted public investment in the construction sector, have also decreased. Investments by the Estonian Transport Administration are expected to decrease further, which will put strong pressure on companies in the infrastructure and asphalt concrete production segments, where market supply already significantly exceeds demand. The volumes of the long-awaited procurements for the Rail Baltica project will increase, which should partially offset the sharp decline in the road construction and rehabilitation work procured by the Transport Administration. Against the backdrop of a general economic downturn, the construction market is expected to contract further in 2024.
- The slowdown in economic activity and the decline in construction volumes have intensified competition in both building and infrastructure construction. While competition in the infrastructure construction segment has been fierce for a number of years due to the decline in volumes, competition in the building construction segment has also increased significantly over the past year. As a result of high inflation and rising interest rates, investment confidence has plummeted, leading, among other things, to a significant decline in housing development. At the same time, labour costs have risen, putting upward pressure on construction prices in a context of falling demand. It is difficult to predict how the situation will affect demand for construction services in the long term, but in the short term demand will continue to decline.
- Contracts signed with both public and private sector customers impose strict requirements on construction companies, including extensive obligations, severe sanctions, various financial guarantees, very tight deadlines, etc., which are in striking contrast to the modest eligibility criteria. While lenient qualification requirements and the prerequisite of a low bid have made it relatively easy for an increasing number of contractors to win a contract, they have also increased the financial, completion delay and quality risks taken by customers during the execution of the contract and the subsequent warranty period.
- Despite the downturn in the construction market, the shortage of skilled and qualified personnel (including project and site managers) has not disappeared and the sector continues to need additional competent professionals.

Ukraine

In Ukraine, we are mainly involved in general contracting and project management in the segment of building construction. In addition, we have investments in two real estate projects located in Ukraine. Due to the military conflict between Russia and Ukraine and the uncertainty as to when it will end, it is not possible to estimate how the situation in the Ukrainian economy and construction market will develop in 2024. At the same time, there is an increasing focus on restoring war-damaged buildings and infrastructure, and on strengthening them against military action.

Sweden

In the Swedish market, we offer mainly the construction of residential and non-residential buildings and operate primarily in the central part of the country. Rapid inflation and rising interest rates have weakened demand in the Swedish construction market. In 2024, the Swedish economy is expected to stabilise and grow slightly in the second half of the year. In a challenging market environment, we will focus on finding new opportunities while critically assessing potential risks.



Description of the main risks

Business risks

The main factors affecting the group's business volumes and profit margins are competition in the construction market and changes in demand for construction services. Demand for construction services in both the infrastructure and the buildings segments continues to be strongly influenced by the level of public investment.

Bid prices in both infrastructure and building construction are under strong competitive pressure, and bidders increasingly include not only competing general contractors but also former subcontractors. This is mainly due to the policy of central and local governments to keep the eligibility requirements for public contracts low. As a result, quality and timely completion are sometimes sacrificed to the lowest price. We are aware of the risks involved in executing contracts signed in an environment of fierce competition and economic uncertainty. When setting prices in such conditions, we seek to strike a reasonable balance between contract performance risks and tight cost control.

Our action plan includes flexible allocation of resources to find more profitable contracts and execute them effectively. According to our business model, Nordecon operates in all segments of the construction market. Therefore, we are somewhat better positioned than companies that operate in only one narrow segment.

The group's business is influenced by seasonal changes in weather conditions, which have the strongest impact on infrastructure construction, where a lot of work is done outdoors (road construction, earthworks, etc.). Our strategy is to counteract the seasonality of the infrastructure business with building construction, which is less exposed to seasonal fluctuations. Although our long-term goal is to be flexible and maintain a relative balance between our two main operating segments, this has not been possible in recent years, mainly due to the decline in public investment. Where possible, our companies implement technical solutions that help them operate efficiently in changing conditions. A key challenge for the construction sector is low productivity, which is attributable to lack of time in the preparation and planning phases and outdated process management methods. We will continue to invest in digital solutions that enable more accurate planning and management of construction processes. In 2023, a pilot project was launched to manage the construction process using artificial intelligence.

Operational risks

To manage their daily construction risks, group companies purchase contractors' all risks insurance. Depending on the nature of the project and the requests of the customer, both general frame agreements and special, project-specific insurance contracts are used. In addition, subcontractors are generally required to secure the performance of their obligations with a bank guarantee provided to a group company or the group retains part of the amount due until the contract has been completed. To remedy construction deficiencies which may be detected during the warranty period, group companies create warranty provisions based on their historical experience. The group's warranty provisions (including current and non-current) at 30 June 2024 amounted to €1,922 thousand (30 June 2023: €1,979 thousand).

In addition to managing the risks directly associated with construction operations, we pay close attention to mitigating the risks associated with pre-construction activities. In particular, this applies to the bidding process, i.e. compliance with the procurement conditions and budgeting. The errors made in the planning phase are usually irreversible and, in a situation where the price is contractually fixed, will result in direct financial loss.

Financial risks

Credit risk

The group did not incur any credit losses during the reporting period or the comparative period. The credit risk exposure of the portfolio of receivables is low because the solvency of prospective customers is evaluated, the share of public sector customers is large and customers' payment behaviour is continuously monitored. The main indicator of the realisation of credit risk is a payment delay of more than 180 days and no activity on the part of the debtor that would confirm the intention to pay.



Liquidity risk

The group's exposure to liquidity risk remains higher than usual. At the reporting date, the group's current assets exceeded current liabilities and the current ratio was 0.88 (30 June 2023: 0.89). The key factors that influence the current ratio are the classification of the group's loans to its Ukrainian associate as non-current and the banks' general policy not to refinance interest-bearing liabilities (particularly overdrafts) for a period exceeding 12 months.

Due to the military conflict between Russia and Ukraine, we believe that the group's Ukrainian investment properties cannot be realised in the short term. Accordingly, the receivables related to the loans provided to the Ukrainian associate of €8,343 thousand were classified as non-current at the reporting date.

For better cash flow management, we use overdraft facilities by which we counter the mismatch between the settlement terms agreed with customers and subcontractors. Under IFRS EU, borrowings have to be classified into current and non-current based on contract terms in force at the reporting date. The group's short-term borrowings at 30 June 2024 amounted to €11,064 thousand (30 June 2023: €16,701 thousand).

The group's cash and cash equivalents as at the reporting date amounted to €12,513 thousand (30 June 2023: €8,369 thousand).

Interest rate risk

The group's interest-bearing liabilities to banks have both fixed and floating interest rates. Lease liabilities have mainly floating interest rates. The base rate for most floating-rate contracts is EURIBOR. During the period, interest-bearing liabilities decreased. At 30 June 2024, the group had interest-bearing liabilities of €15,201 thousand (30 June 2023: €22,468 thousand). Interest expense decreased to €442 thousand (H1 2023: €461 thousand).

The main source of interest rate risk is a potential rise in the base rates of floating interest rates (EURIBOR or the lender's base rate). In the light of the group's relatively heavy loan burden, this would significantly increase interest expense, which would have an adverse impact on profit. We mitigate the risk by pursuing a policy of entering, where possible, into fixed-rate contracts when the market interest rates are low. As regards loan products offered by banks, observance of the policy has proved difficult and most new contracts have floating interest rates.

Currency risk

As a rule, the prices of construction contracts and subcontracts are fixed in the currency of the host country, i.e. in the euro (€), the Ukrainian hryvnia (UAH) and the Swedish krona (SEK).

Due to Russia's military invasion of Ukraine in February 2022 and Ukraine's previous political and economic instability, the exchange rate of the hryvnia has been volatile. In the first half of 2024, the exchange rate of the hryvnia against the euro weakened by around 2.7%. As a result, the group's Ukrainian subsidiaries, which have to translate their euro-denominated loans into the local currency, recognised a foreign exchange loss of €163 thousand (H1 2023: a loss of €161 thousand). Exchange losses on financial instruments are recognised within finance costs in the statement of comprehensive income. The translation of receivables and liabilities from operating activities did not give rise to any exchange gains or losses.

Our Ukrainian and non-Ukrainian subsidiaries' reciprocal receivables and liabilities that are related to the construction business and denominated in hryvnias do not give rise to exchange gains or losses. The loans provided to the Ukrainian associate in euros do not give rise to exchange differences to be reported in the group's statement of comprehensive income either.

In the half quarter of 2024, the Swedish krona weakened against the euro by around 2.3%. The translation of the euro-denominated loan granted to the group's Swedish subsidiary into the local currency did not result in an exchange loss (H1 2023: a loss of €80 thousand). The exchange loss was recognised within finance costs in the statement of comprehensive income.

The group has not acquired derivatives to hedge currency risk.



Employee and work environment risks

Finding a permanent, skilled and qualified workforce is a challenge for the entire construction industry and one of the most important factors influencing business performance. To strengthen Nordecon's reputation as an employer and to ensure that we have employees in the future, we work with educational institutions. Continuous employee development is essential and one of our acknowledged priorities. We also rely on our subcontractors' ability to find employees with the necessary skills and qualifications.

We seek to minimise the risks to the health and safety of people working on our construction sites, including our own teams and those of our subcontractors, by applying the measures required by law and our management systems. Subcontractors are responsible for ensuring the safety of their operations and employees, while our role is to build relationships and create conditions that enable and encourage compliance with safety regulations.

Environmental risks

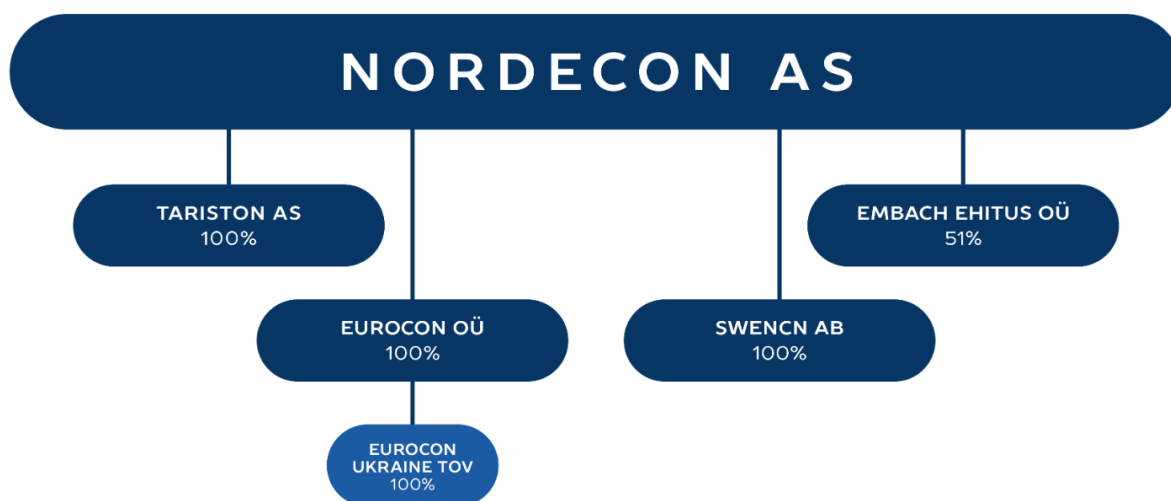
Construction activities have a direct impact on wildlife, soil and the physical environment. In carrying out our operations, we therefore strive to protect the surrounding environment and nature as much as possible. The group's assets and operations with the greatest environmental impact and thus the highest environmental risks are asphalt plants, quarries used for the extraction of construction materials and road construction operations. The main environmental protection measures at construction sites include efficient use of materials and proper waste management. Excessive waste, leaks, spills, pollution, destruction of wildlife and other environmental damage is prevented by complying with legal and regulatory requirements. All of the group's construction companies have implemented environmental management standard ISO 14001.

Corruption and ethical risks

Nordecon is one of the leading construction companies in the Estonian market. Therefore, it is important for us to be aware of the risks involved in breaching honest and ethical business practices. We have put in place internal procedures and policies, follow the rules of the Tallinn Stock Exchange and work with external and internal auditors and supervisory authorities. We make every effort to ensure that our companies' management quality, organisational culture and internal communication emphasise zero tolerance for dishonest, unethical and corrupt behaviour. Transparent decision-making and open communication are underpinned by effective internal cooperation and external communication. Openness is supported by the continuously increasing use of IT solutions.

Group structure

The group's structure at 30 June 2024, including interests in subsidiaries and associates *



* The structure does not include the subsidiaries OÜ Eesti Ehitus, OÜ Aspi, OÜ Linnaehitus, OÜ Eston Ehitus, Kaurits OÜ, EE Ressursid OÜ, SweNCN OÜ, Nordecon Statyba UAB, Eurocon Bud TOV, Technopolis-2 TOV and the associate V.I. Center TOV, which currently do not engage in any significant business activities. The first five were established to protect business names. Nor does the structure include investments in entities in which the group's interest is less than 20% and the investment in Kalda Kodu OÜ, which was established for a single development project.



The group's operations in Estonia and foreign markets

Operations in Estonia

At the beginning of December 2023, the group divested its ownership interest in Nordecon Betoon OÜ and exited the concrete work market, where it had competed as a subcontractor. During the period under review, the group was involved in building and infrastructure construction, providing services in practically all market subsegments. A significant share of the core business was conducted by the parent, Nordecon AS, which is also a holding company for the group's larger subsidiaries. In addition to the parent, construction management services were rendered by the subsidiaries Tariston AS and Embach Ehitus OÜ.

The group also continued with its other main business activities: property development (Embach Ehitus OÜ), the rental of heavy construction machinery and equipment and the provision of regional road maintenance services (Tariston AS).

The group did not enter any new operating segments in Estonia.

Operations in foreign markets

Ukraine

Russia's military invasion of Ukraine on 24 February 2022 has strongly affected the operations of our Ukrainian subsidiary Eurocon Ukraine TOV. However, our business volumes in Ukraine have recovered to their pre-war levels. The activity of Eurocon Ukraine TOV does not have a significant impact on the group's revenue, profit and assets. The group has interests in two real estate projects in Ukraine but the commencement of development activities has been postponed due to the war. The properties have not been damaged in the military conflict and the group has control of the plots.

Sweden

There were no changes in our Swedish operations during the period under review. Swencn AB did not have any construction projects in progress at 30 June 2024 but the company is seeking new opportunities to continue its business in the Swedish market.



Performance by geographical market

Revenue generated outside Estonia remained stable compared to the first half of 2023, accounting for around 2% of the group's total revenue for the first half of 2024. The main foreign market was Ukraine. Despite the war, Nordecon's construction volumes in Ukraine increased, particularly in the second quarter. Work continued on the reconstruction of substations and the installation of associated physical protection systems in the Poltava, Zhytomyr, Volyn and Ivano-Frankivsk regions of Ukraine under contracts secured in 2023. The group did not generate any revenue and had no ongoing construction contracts in the Swedish market. With the sale of Nordecon Betocon OÜ at the beginning of December 2023, the group also withdrew from the Finnish market, where it had operated through Nordecon Betocon OÜ's subsidiary NOBE Rakennus OY. The group operated on a project basis in Latvia.

	H1 2024	H1 2023	H1 2022	2023
Estonia	98%	98%	97%	97%
Ukraine	2%	1%	0%	2%
Finland	-	1%	1%	1%
Latvia	-	0%	2%	0%

Performance by business line

Segment revenues

We strive to maintain a balance between the revenues of our two main operating segments (Buildings and Infrastructure) as far as market developments allow, as this helps diversify risks and provides better opportunities to continue construction activities in more challenging market conditions, where volumes in one subsegment decline sharply while volumes in another subsegment start to grow more rapidly.

The group's revenue for the first half of 2024 was €114,945 thousand, around 33% higher than in the same period last year, when revenue from continuing operations amounted to €86,526 thousand. The Buildings segment generated revenue of €100,421 thousand and the Infrastructure segment revenue of €14,486 thousand. The corresponding figures for the first half of 2023 were €66,651 thousand and €19,821 thousand (see note 8). Revenue generated by the Buildings segment increased by 51%, while revenue generated by the Infrastructure segment decreased by 27%. The revenue growth and changes in the performance of the reportable segments were expected and in line with the group's order book.

Revenue by operating segment*	H1 2024	H1 2023	H1 2022	2023
Buildings	87%	77%	80%	74%
Infrastructure	13%	23%	20%	26%

*In the directors' report, projects have been allocated to operating segments based on their nature (i.e. building or infrastructure construction). In the segment reporting presented in the consolidated financial statements, allocation is based on the subsidiaries' main field of activity (as required by IFRS 8 *Operating Segments*). In the consolidated financial statements, the results of a subsidiary that primarily operates in the Buildings or the Infrastructure segment are presented in the respective segment. In the directors' report, the revenues of such a subsidiary are presented based on their nature. The differences between the two reports are not significant because group companies mostly specialise in specific areas. The figures for the parent are allocated in both parts of the report based on the nature of the work.



Subsegment revenues

In the Buildings segment, the public buildings subsegment doubled its revenue and the commercial buildings subsegment increased its revenue by 27% compared to the same period last year. The revenue of the industrial and warehouse facilities subsegment was also modest in previous years and therefore the decline compared to the same period last year was not significant (6%), but the revenue of the apartment buildings subsegment decreased considerably (38%), particularly revenue from apartment construction contracts, which reflects the current market situation in the subsegment.

The period's largest projects in the public buildings subsegment were the construction of the main building of the Estonian Internal Security Service and Loodusmaja (Nature Hub) in Tallinn, the design and construction of warehouse complexes for the Centre for Defence Investment in Luunja and Nõo rural municipalities in Tartu County and in Ida-Viru County, the design and construction of a new study and sports building for the Saku Upper Secondary School near Tallinn, the reconstruction of the building of the Karlova School in Tartu and the design and construction of a study building for the Centre for Defence Investment on the Raadi campus in Tartu.

Revenue generated by the apartment buildings subsegment consisted of revenue from the construction of the commercial and residential complex Vektor and the group's own development projects. Revenue from our own development operations increased year on year, rising to €6,174 thousand (H1 2023: €5,510 thousand). The amount includes revenue from the sale of apartments in Tartu – in the Mõisavahe Kodu housing estate and the centrally located Emajõe Residents housing estate on the banks of the Emajõgi river (<https://emajoeresidents.ee>). We continued the construction of phase 1 of the Seileri Kvartal housing estate in Pärnu (<https://seileri.ee>), scheduled to be completed in spring 2025, and started the development of the Tammepärja Kodu housing estate in the Tammelinn district in Tartu (<https://tammelinn.ee>). In carrying out our own development activities, we carefully monitor potential risks in the housing development market.

The largest projects under construction in the commercial buildings subsegment were the commercial and residential complex Vektor and the LEED Gold compliant Golden Gate office building at Ahtri 6 in Tallinn and the design and construction of a commercial building at Nõlvakaare 4 at Raadi in Tartu County.

The revenue of the industrial and warehouse facilities subsegment resulted from small projects.

Revenue breakdown in the Buildings segment	H1 2024	H1 2023	H1 2022	2023
Public buildings	68%	33%	28%	37%
Commercial buildings	20%	25%	26%	23%
Apartment buildings	9%	31%	30%	27%
Industrial and warehouse facilities	3%	11%	16%	13%

The largest revenue contributor in the Infrastructure segment was road construction and maintenance although its revenue decreased by around 8% compared with a year earlier. A major share of the subsegment's revenue for the period resulted from the construction of an armoured manoeuvre shooting range and roads in Harju County, the reconstruction of the Mäeküla-Koeru-Kapu road section, the provision of road maintenance services in Järva County and the construction of the Tagadi ecoduct (wildlife crossing) on the Rail Baltica route.

Revenue breakdown in the Infrastructure segment	H1 2024	H1 2023	H1 2022	2023
Road construction and maintenance	93%	65%	81%	63%
Other engineering	7%	20%	14%	30%
Environmental engineering	0%	15%	0%	7%
Specialist engineering (incl. hydraulic engineering)	0%	0%	5%	0%



Financial review

Financial performance

Nordecon delivered a gross profit of €7,194 thousand in the first half of 2024 (H1 2023: €2,783 thousand). The group's gross margin improved significantly year on year, rising to 6.3% for the first half (H1 2023: 3.2%) and 7.4% for the second quarter (Q2 2023: 3.4%). Both main operating segments earned a profit in the first half and the second quarter of the year, showing a strong year-on-year margin improvement. The gross margin of the Buildings segment was 7.7% for both the first half and the second quarter (H1 2023: 4.9% and Q2 2023: 3.6%). The Infrastructure segment's gross margin was lower, reaching 0.9% for the first half and 8.5% for the second quarter of 2024 (H1 2023: 0.1% and Q2 2023: 4.5%). While both segments have improved their profit margins, the volumes of the Infrastructure segment are low and therefore most of the group's profit was generated by the Buildings segment. The margin improvement was supported by better mitigation of the risks associated with general contracting and by the fact that several long-term contracts signed before the war, which were severely affected by an earlier surge in construction input prices, expired in 2023.

The group's administrative expenses for the first half of 2024 amounted to €3,373 thousand. Administrative expenses increased by around 13% compared to the first half of 2023, when the figure was €2,984 thousand. The rise was attributable to staff costs, which were strongly influenced by the recognition of a provision for performance-related pay (see note 11). The ratio of administrative expenses to revenue (12 months rolling) increased year on year, rising to 3.2% (H1 2023: 3.0%).

The group ended the first half of 2024 with an operating profit of €3,268 thousand (H1 2023: an operating loss of €403 thousand). EBITDA for the period was €4,690 thousand (H1 2023: €1,149 thousand).

The group's finance income and costs are affected by exchange rate fluctuations in the group's foreign markets (see the chapter *Financial risks*). During the period, the exchange rate of the Ukrainian hryvnia weakened against the euro by around 2.7%, while the exchange rate of the Swedish krona weakened against the euro by around 2.3%. As a result, the translation of the loans provided to the group's Ukrainian and Swedish subsidiaries in euros into the local currencies gave rise to an exchange loss of €163 thousand (H1 2023: €241 thousand).

The group's net profit for the period was €1,802 thousand (H1 2023: a net loss of €2,299 thousand). The net profit attributable to owners of the parent, Nordecon AS, was €1,020 thousand (H1 2023: a net loss of €2,493 thousand).

Cash flows

Operating activities produced a net cash inflow of €6,114 thousand in the first half of 2024 (H1 2023: an inflow of €4,329 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 materials suppliers. Cash inflow is also reduced by contractual retentions, which extend from 5 to 10% of the contract price and are released at the end of the construction period only.

Investing activities of the period resulted in a net cash outflow of €302 thousand (H1 2023: an outflow of €387 thousand). Payments for the purchase of property, plant and equipment totalled €257 thousand (H1 2023: €185 thousand) and proceeds from the sale of property, plant and equipment totalled €78 thousand (H1 2023: €291 thousand). Loans provided amounted to €18 thousand (H1 2023: €524 thousand), interest received to €138 thousand (H1 2023: €9 thousand) and investments in long-term deposits to €250 thousand (H1 2023: €nil).

Financing activities generated a net cash outflow of €5,171 thousand (H1 2023: an outflow of €2,811 thousand). Proceeds from loans received amounted to €468 thousand (H1 2023: €1,242 thousand), consisting of the use of development loans. Repayments of loans received totalled €3,392 thousand (H1 2023: €650 thousand), consisting of regular repayments of long-term investment and development loans and the change in the overdraft balance. Lease payments amounted to €1,091 thousand (H1 2023: €1,447 thousand). Dividends paid in the first half of 2024 amounted to €661 thousand (H1 2023: €1,355 thousand).

The group's cash and cash equivalents as at 30 June 2024 amounted to €12,513 thousand (30 June 2023: €8,369 thousand). Management's commentary on liquidity risks is presented in the chapter *Description of the main risks*.



Key financial figures and ratios

Figure/ratio	H1 2024	H1 2023	H1 2022	2023
Revenue (€'000)*	114,945	86,526	102,073	186,464
Revenue change*	33%	(15)%	18%	(15.4)%
Net profit (loss) (€'000)*	1,802	(2,299)	(1,125)	(6,418)
Net profit (loss) attributable to owners of the parent (€'000)	1,020	(2,493)	(928)	(942)
Weighted average number of shares	31,528,585	31,528,585	31,528,585	31,528,585
Earnings per share (€)	0.03	(0.08)	(0.03)	(0.03)
Administrative expenses to revenue*	2.9%	3.4%	2.5%	3.5%
Administrative expenses to revenue (rolling)*	3.2%	3.0%	2.1%	3.5%
EBITDA (€'000)*	4,690	1,149	1,847	(412)
EBITDA margin*	4.1%	1.3%	1.8%	(0.2)%
Gross margin*	6.3%	3.2%	1.1%	2.0%
Operating margin*	2.8%	(0.5)%	0.3%	(1.8)%
Operating margin excluding gain on non-current asset sales*	2.8%	(0.7)%	0.1%	(2.0)%
Net margin*	1.6%	(2.7)%	(1.1)%	(3.4)%
Return on invested capital	6.2%	(1.0)%	1.2%	8.0%
Return on equity	7.8%	(6.1)%	0.1%	8.3%
Equity ratio	19.2%	17.1%	18.2%	18.7%
Return on assets	1.5%	(1.1)%	0.0%	(1.6)%
Gearing	6.9%	30.0%	37.2%	16.6%
Current ratio	0.88	0.89	0.91	0.95
	30 June 2024	30 June 2023	30 June 2022	31 Dec 2023
Order book (€'000)*	178,799	155,133	184,420	216,732

Revenue change = (revenue for the reporting period / revenue for the previous period) - 1 * 100

Earnings per share (EPS) = net profit or loss attributable to owners of the parent / weighted average number of shares outstanding

Administrative expenses to revenue = (administrative expenses / revenue) * 100

Administrative expenses to revenue (rolling) = (past four quarters' administrative expenses / past four quarters' revenue) * 100

EBITDA = operating profit or loss + depreciation and amortisation + impairment losses on goodwill

EBITDA margin = (EBITDA / revenue) * 100

Gross margin = (gross profit or loss / revenue) * 100

Operating margin = (operating profit or loss / revenue) * 100

Operating margin excluding gain on non-current asset sales = ((operating profit or loss - gain on sales of non-current assets - gain on sales of real estate) / revenue) * 100

Net margin = (net profit or loss for the period / revenue) * 100

Return on invested capital = ((profit or loss before tax + interest expense) / the period's average (interest-bearing liabilities + equity)) * 100

Return on equity = (net profit or loss for the period / the period's average total equity) * 100

Equity ratio = (total equity / total liabilities and equity) * 100

Return on assets = (net profit or loss for the period / the period's average total assets) * 100

Gearing = ((interest-bearing liabilities - cash and cash equivalents) / (interest-bearing liabilities + equity)) * 100

Current ratio = total current assets / total current liabilities

*Continuing operations

Due to the sale of Nordecon Betoön OÜ and NOBE Rakennus OY at the beginning of December 2023, the business of those companies has been classified as a discontinued operation. The discontinued operation's revenues and expenses for comparative periods are presented separately in the consolidated statement of comprehensive income within *Profit (loss) from a discontinued operation*.



Order book

The group's order book (backlog of contracts signed but not yet performed) stood at €178,799 thousand at 30 June 2024. Compared to the same period last year, the order book has grown by 15%. In the first half of 2024, we signed new contracts for €64,030 thousand (H1 2023: €100,632 thousand), of which €46,413 thousand in the second quarter (Q2 2023: €58,771 thousand). After the reporting date, we have signed additional new contracts for €33,597 thousand. The rise in construction input prices and the increase in interest rates due to the rise in the EURIBOR rates in recent years have caused a sharp increase in the cost of development projects and, consequently, the postponement of new projects. Investment by the Transport Administration has decreased significantly, which has had a direct impact on the order book of our Infrastructure segment. The volumes of work procured for the Rail Baltica project have increased and will partially offset the decline in investment by the Transport Administration, but the excessive length of the procurement processes makes it difficult to predict the potential start dates of the work and the impact on revenue. While public investment in building construction has also declined, we see some investment activity at local authority level.

	30 June 2024	30 June 2023	30 June 2022	31 December 2023
Order book (€'000)*	178,799	155,133	184,420	216,732

*Continuing operations

The share of the Buildings segment in the group's order book has increased: at 30 June 2024, the Buildings segment accounted for 90% and the Infrastructure segment for 10% of the group's total order book (30 June 2023: 83% and 17%, respectively). Compared to 30 June 2023, the order book of the Buildings segment has increased by 26%, with the strongest increase in the order book of the public buildings subsegment. The order book of the Infrastructure segment has decreased by 35%, mainly due a decrease in the order book of the road construction and maintenance subsegment.

Major contracts secured during the period include:

- the construction of an armoured manoeuvre shooting range and roads for the Centre for Defence Investment in Harju County with an approximate cost of €5,450 thousand;
- the construction of a modern war and disaster medicine centre for the Centre for Defence Investment in Tartu with an approximate cost of €15,000 thousand (the group is one of the joint bidders);
- the construction of a Lidl store in Võru with an approximate cost of €3,900 thousand;
- the construction of a platform area for Class E aircraft at Tallinn Airport with an approximate cost of €7,500 thousand;
- the construction of a building complex in the Port Athena quarter at Väike-Turu 7 in Tartu. The complex consists of four six-storey buildings, one seven-storey building and a common basement level used mainly for parking. The approximate cost of the contract is €26,000 thousand.

Management expects the group's revenue to increase slightly in 2024 compared to the revenue generated by continuing operations in 2023. In a highly competitive environment, we will avoid taking unjustified risks that could materialise during the contract execution phase and have an adverse impact on the group's results. We will focus on cost management and pre-construction and design activities where we can leverage our professional competitive advantages.



People

Employees and staff costs

The average number of the group's employees (at the parent and the subsidiaries) in the first half of 2024 was 430, including 282 engineers and technical professionals (ETP). Headcount decreased by around 25% year on year, due to the restructuring of the group's Infrastructure segment and the sale of Nordecon Betoön OÜ and NOBE Rakennus OY at the beginning of December 2023.

Average number of employees at group companies (the parent and the subsidiaries):

	H1 2024	H1 2023	H1 2022	2023
ETP	282	384	437	374
Workers	148	188	234	184
Total average	430	572	671	558

The group's staff costs from continuing operations, including all taxes, were €10,127 thousand in the first half of 2024, compared with €9,361 thousand in the same period last year. Staff costs have increased by around 8%, driven by general wage pressures and the recognition of a provision for performance pay.

The service fees of the members of the council of Nordecon AS for the first half of 2024 totalled €100 thousand and the related social security charges amounted to €33 thousand (H1 2023: €79 thousand and €26 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €264 thousand and the related social security charges amounted to €87 thousand (H1 2023: €253 thousand and €83 thousand, respectively).

Labour productivity and labour cost efficiency

We measure the efficiency of our operating activities using the following productivity and efficiency indicators, which are based on the number of employees and the staff costs incurred:

	H1 2024	H1 2023	H1 2022	2023
Nominal labour productivity (rolling), (€'000)	553.9	488.3	470.0	499.3
Change against the comparative period, %	13.4%	3.9%	16.5%	1.8%
Nominal labour cost efficiency (rolling), (€)	11.0	11.0	12.3	10.3
Change against the comparative period, %	0.4%	(11.0)%	13.0%	(13.4)%

Nominal labour productivity (rolling) = (past four quarters' revenue) / (past four quarters' average number of employees)
 Nominal labour cost efficiency (rolling) = (past four quarters' revenue) / (past four quarters' staff costs)

The group's nominal labour productivity for the period increased year on year due to a decrease in the average number of employees.



Share and shareholders

Share information

Name of security	Nordecon AS ordinary share
Issuer	Nordecon AS
ISIN code	EE3100039496
Ticker symbol	NCN1T
Nominal value	No par value*
Total number of securities issued	32,375,483
Number of listed securities	32,375,483
Listing date	18 May 2006
Market	Nasdaq Tallinn, Baltic Main List
Industry	Construction and engineering
Indexes	OMX Baltic Industrials GI; OMX Baltic Industrials PI; OMX Baltic Construction & Materials GI; OMX Baltic Construction & Materials PI; OMX_Baltic_GI; OMX_Baltic_PI; OMX Tallinn_GI

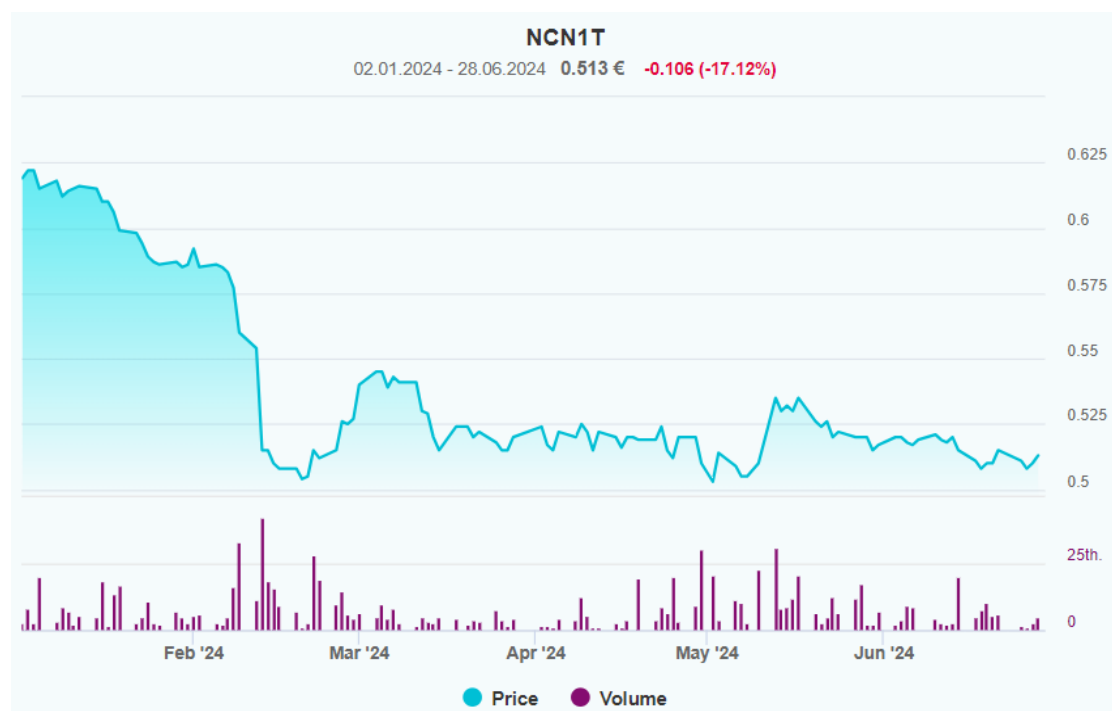
* In connection with Estonia's accession to the euro area on 1 January 2011 and based on amendments to the Estonian Commercial Code which took effect on 1 July 2010 as well as a resolution adopted by the annual general meeting of Nordecon AS in May 2011, the company's share capital was converted from EEK 307,567,280 (Estonian kroons) to €19,657,131.9. Concurrently with the conversion, the company adopted shares with no par value.

In July 2014, Nordecon AS issued 1,618,755 new shares with a total cost of €1,581,523.64, increasing share capital by €1,034,573.01 to €20,691,704.91, and acquired the same number of own (treasury) shares for the same price. The share capital of Nordecon AS consists of 32,375,483 ordinary registered shares with no par value.

Owners of ordinary shares are entitled to dividends as distributed from time to time. Each share carries one vote at the general meeting of Nordecon AS.

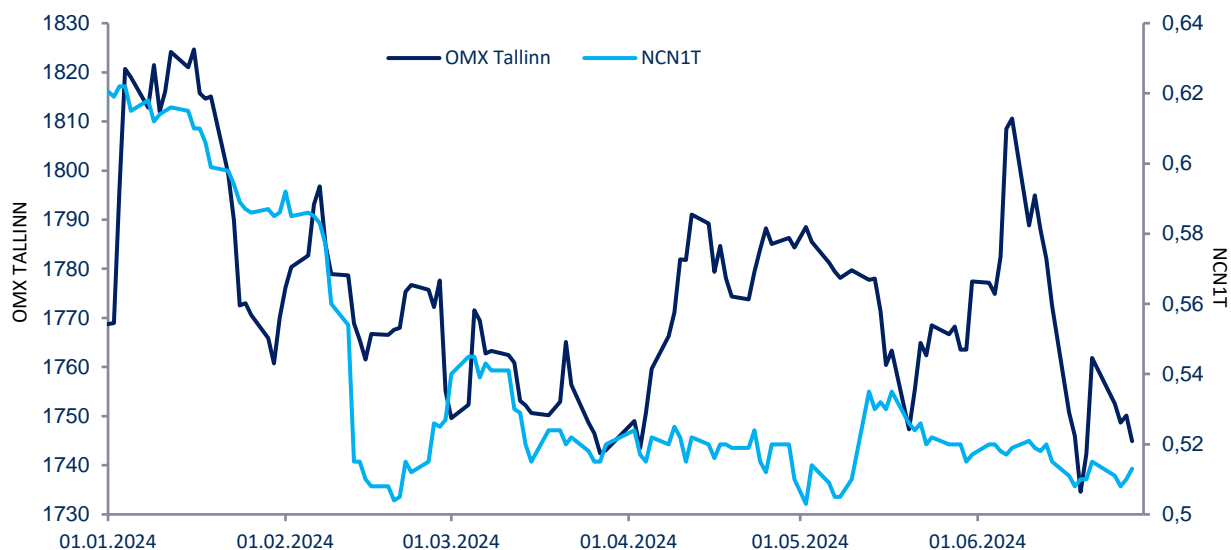
Movements in the price and trading volume of the Nordecon AS share in H1 2024

Movements in the share price are in euros and daily turnover in the bar chart is in thousands of euros.





Movement of the share price compared with the OMX Tallinn Index in H1 2024



Index/equity	1 January 2024*	30 June 2024	+/-
OMX Tallinn	1,768.56	1,744.90	(1.34)%
NCN1T	€0.62	€0.51	(17.52)%

* Closing price on the Nasdaq Tallinn Stock Exchange at 31 December 2023

Summarised trading results

Share trading history

Price, €	H1 2024	H1 2023	H1 2022
Open	0.62	0.69	1.21
High	0.62	0.93	1.29
Low	0.50	0.67	0.78
Last closing price	0.51	0.76	0.79
Traded volume (number of securities traded)	964,985	816,736	1,541,320
Turnover, € million	0.52	0.64	1.61
Listed volume (30 June), thousand	32,375	32,375	32,375
Market capitalisation (30 June), € million	16.61	24.44	25.71

Shareholder structure

Largest shareholders of Nordecon AS at 30 June 2024

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,563,145	51.16
Luksusjaht AS	4,332,342	13.38
Toomas Luman	791,500	2.44
Olegs Radcenko	574,200	1.77
Nõmme Erahariduse SA	370,370	1.14
Lembit Talpsepp	370,100	1.14
SEB Pank AS clients	300,000	0.93
OÜ Alar Invest	255,000	0.79
Genadi Bulatov	250,600	0.77
Swedbank AB clients	203,259	0.63



Shareholder structure of Nordecon AS at 30 June 2024

	Number of shareholders	Ownership interest (%)
Shareholders with interest exceeding 5%	2	64.54
Shareholders with interest from 1% to 5%	4	6.51
Shareholders with interest below 1%	6,488	26.33
Holder of own (treasury) shares	1	2.62
Total	6,495	100

Shares controlled by members of the council of Nordecon AS at 30 June 2024

Council member		Number of shares	Ownership interest (%)
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)*	Chairman of the Council	17,519,645	54.11
Andri Hõbemägi	Member of the Council	50,000	0.15
Andre Luman	Member of the Council	25,000	0.08
Vello Kahro	Member of the Council	10,000	0.03
Sandor Liive	Member of the Council	0	0.00
Total		17,604,645	54.37

* Companies controlled by the individual

Shares controlled by members of the board of Nordecon AS at 30 June 2024

Board member		Number of shares	Ownership interest (%)
Maret Tambek	Chairman of the Board	0	0.00
Priit Luman	Member of the Board	7,000	0.02
Tarmo Pohlak	Member of the Board	3,942	0.01
Total		10,942	0.03



Management's confirmation and signatures

The board confirms that the directors' report presents fairly all significant events that occurred during the reporting period as well as their impact on the condensed consolidated interim financial statements, contains a description of the main risks and uncertainties and provides an overview of significant transactions with related parties.

Maret Tambek

Chairman of the Board

8 August 2024

Priit Luman

Member of the Board

8 August 2024

Tarmo Pohlak

Member of the Board

8 August 2024



Condensed consolidated interim financial statements

Consolidated statement of financial position

€'000	Note	30 June 2024	31 December 2023
ASSETS			
Current assets			
Cash and cash equivalents		12,513	11,892
Trade and other receivables	2	41,368	37,010
Prepayments		3,576	1,789
Inventories	3	22,948	25,879
Total current assets		80,405	76,570
Non-current assets			
Other investments		76	76
Trade and other receivables	2	9,519	9,113
Investment property		5,517	5,517
Property, plant and equipment		13,660	14,292
Intangible assets		14,975	14,964
Total non-current assets		43,747	43,962
TOTAL ASSETS		124,152	120,532
LIABILITIES			
Current liabilities			
Borrowings	5	11,064	10,188
Trade payables		62,115	39,855
Other payables		7,436	9,241
Deferred income		10,365	20,602
Provisions		671	1,129
Total current liabilities		91,651	81,015
Non-current liabilities			
Borrowings	5, 6	4,137	8,563
Trade payables		2,107	6,011
Provisions		2,413	2,405
Total non-current liabilities		8,657	16,979
TOTAL LIABILITIES		100,308	97,994
EQUITY			
Share capital		14,379	14,379
Own (treasury) shares		(660)	(660)
Share premium		635	635
Statutory capital reserve		2,554	2,554
Translation reserve		3,951	3,786
Retained earnings		1,939	919
Total equity attributable to owners of the parent		22,798	21,613
Non-controlling interests		1,046	925
TOTAL EQUITY		23,844	22,538
TOTAL LIABILITIES AND EQUITY		124,152	120,532



Consolidated statement of comprehensive income

€'000	Note	H1 2024	Q2 2024	H1 2023	Q2 2023	2023
Continuing operations						
Revenue	8, 9	114,945	68,700	86,526	52,977	186,464
Cost of sales	10	(107,751)	(63,644)	(83,743)	(51,179)	(182,655)
Gross profit		7,194	5,056	2,783	1,798	3,809
Marketing and distribution expenses		(172)	(104)	(226)	(122)	(497)
Administrative expenses	11	(3,373)	(1,809)	(2,984)	(1,397)	(6,564)
Other operating income	12	77	51	210	101	286
Other operating expenses	12	(458)	(312)	(186)	(158)	(465)
Operating profit (loss)		3,268	2,882	(403)	222	(3,431)
Finance income	13	317	180	131	62	613
Finance costs	13	(1,546)	(841)	(1,783)	(898)	(3,356)
Net finance costs		(1,229)	(661)	(1,652)	(836)	(2,743)
Profit (loss) before tax		2,039	2,221	(2,055)	(614)	(6,174)
Income tax expense		(237)	(237)	(244)	(1)	(244)
Profit (loss) for the period from continuing operations		1,802	1,984	(2,299)	(615)	(6,418)
Profit for the period from a discontinued operation		-	-	709	699	8,474
Profit (loss) for the period		1,802	1,984	(1,590)	84	2,056
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations		165	114	254	85	470
Total other comprehensive income		165	114	254	85	470
TOTAL COMPREHENSIVE INCOME (EXPENSE)		1,967	2,098	(1,336)	169	2,526
Profit (loss) attributable to:						
- Owners of the parent		1,020	1,613	(2,493)	(619)	(942)
- Non-controlling interests		782	371	903	703	2,998
Profit (loss) for the period		1,802	1,984	(1,590)	84	2,056
Comprehensive income (expense) attributable to:						
- Owners of the parent		1,185	1,727	(2,239)	(534)	(472)
- Non-controlling interests		782	371	903	703	2,998
Comprehensive income (expense) for the period		1,967	2,098	(1,336)	169	2,526
Earnings per share from continuing operations attributable to owners of the parent:						
Basic earnings per share (€)	7	0.03	0.05	(0.10)	(0.04)	(0.31)
Diluted earnings per share (€)	7	0.03	0.05	(0.10)	(0.04)	(0.31)
Earnings per share from a discontinued operation attributable to owners of the parent:						
Basic earnings per share (€)		-	-	0.02	0.02	0.28
Diluted earnings per share (€)		-	-	0.02	0.02	0.28



Consolidated statement of cash flows

€'000	Note	H1 2024	H1 2023*
Cash flows from operating activities			
Cash receipts from customers ¹		121,573	157,087
Cash paid to suppliers ²		(100,334)	(133,900)
VAT paid		(4,746)	(5,531)
Cash paid to and for employees		(10,142)	(12,640)
Income tax paid		(237)	(687)
Net cash from operating activities		6,114	4,329
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment		(257)	(185)
Proceeds from sale of property, plant and equipment	4	78	291
Loans provided		(18)	(524)
Repayments of loans provided		1	10
Dividends received		6	12
Interest received		138	9
Other investments		(250)	0
Net cash used in investing activities		(302)	(387)
Cash flows from financing activities			
Proceeds from loans received		468	1,242
Repayments of loans received		(3,392)	(650)
Lease payments	6	(1,091)	(1,447)
Interest paid		(545)	(601)
Dividends paid		(661)	(1,355)
Other payments		50	0
Net cash used in financing activities		(5,171)	(2,811)
Net cash flow		641	1,131
Cash and cash equivalents at beginning of period		11,892	7,238
Effect of movements in foreign exchange rates		(20)	0
Change in cash and cash equivalents		641	1,131
Cash and cash equivalents at end of period		12,513	8,369

* In accordance with IFRS, the consolidated cash flows for 2023 have not been adjusted. The cash flows associated with Nordecon Betoön OÜ and NOBE Rakennus OY have been consolidated line by line.

¹ Line item *Cash receipts from customers* includes VAT paid by customers.

² Line item *Cash paid to suppliers* includes VAT paid.



Consolidated statement of changes in equity

€'000	Equity attributable to owners of the parent							Non-controlling interests	Total
	Share capital	Treasury shares	Capital reserve	Share premium	Translation reserve	Retained earnings	Total		
Balance at 31 December 2022	14,379	(660)	2,554	635	3,316	2,691	22,915	4,345	27,260
Profit (loss) for the period	0	0	0	0	0	(2,493)	(2,493)	903	(1,590)
Other comprehensive income					254	0	254	0	254
Transactions with owners									
Dividend distribution	0	0	0	0	0	0	0	(1,355)	(1,355)
Total transactions with owners	0	0	0	0	0	0	0	(1,355)	(1,355)
Balance at 30 June 2023	14,379	(660)	2,554	635	3,570	198	20,676	3,893	24,569
Balance at 31 December 2023	14,379	(660)	2,554	635	3,786	919	21,613	925	22,538
Profit for the period	0	0	0	0	0	1,020	1,020	782	1,802
Other comprehensive income	0	0	0	0	165	0	165	0	165
Transactions with owners	0	0	0	0	0	0	0	(661)	(661)
Dividend distribution	0	0	0	0	0	0	0	(661)	(661)
Total transactions with owners	0	0	0	0	0	0	0	(661)	(661)
Balance at 30 June 2024	14,379	(660)	2,554	635	3,951	1,939	22,798	1,046	23,844



Notes to the condensed consolidated interim financial statements

NOTE 1. Significant accounting policies

Nordecon AS is a company incorporated and domiciled in Estonia. The address of the company's registered office is Toompuiestee 35, Tallinn 10149, Estonia. Nordecon AS's majority shareholder and the party controlling the Nordecon group is AS Nordic Contractors that holds 51.16% of the shares in Nordecon AS. The Nordecon AS shares have been listed on the Nasdaq Tallinn Stock Exchange since 18 May 2006.

The condensed consolidated interim financial statements as at and for the period ended 30 June 2024 have been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting* as adopted by the European Union. The condensed interim financial statements do not contain all the information presented in the annual financial statements and should be read in conjunction with the group's latest published annual financial statements as at and for the year ended 31 December 2023.

According to management's assessment, the condensed consolidated interim financial statements of Nordecon AS for the second quarter and first half of 2024 give a true and fair view of the group's financial performance and the parent and all its subsidiaries that are included in the financial statements are going concerns. The condensed consolidated interim financial statements have not been audited or otherwise checked by auditors and contain only the consolidated financial statements of the group.

NOTE 2. Trade and other receivables

€'000	Note	30 June 2024	31 December 2023
Current items			
Trade receivables		29,761	28,053
Retentions receivable		370	3,042
Receivables from related parties	15	232	262
Other receivables		552	217
Total receivables		30,915	31,574
Due from customers for contract work		10,453	5,436
Total current trade and other receivables		41,368	37,010

€'000	Note	30 June 2024	31 December 2023
Non-current items			
Loans provided to related parties	15	8,343	8,146
Receivables from related parties	15	131	172
Other non-current receivables		1,045	795
Total non-current trade and other receivables		9,519	9,113

NOTE 3. Inventories

€'000	30 June 2024	31 December 2023
Raw materials and consumables	6,949	5,749
Work in progress	5,856	10,440
Parking spaces for sale	215	223
Properties purchased for development and pre-development costs	9,928	9,467
Total inventories	22,948	25,879



NOTE 4. Property, plant and equipment and intangible assets

Property, plant and equipment

Additions to property, plant and equipment in the first half of 2024 amounted to €877 thousand (H1 2023: €1,133 thousand) and consisted of equipment and construction machinery required for the group's operating activities.

Proceeds from the sale of property, plant and equipment amounted to €78 thousand (see the statement of cash flows) and associated sales gain was €21 thousand (note 12). In the comparative period, sales proceeds and gain amounted to €291 thousand and €199 thousand, respectively.

Intangible assets

There were no significant transactions with intangible assets during the period.

NOTE 5. Borrowings

Current borrowings

€'000	Note	30 June 2024	31 December 2023
Short-term portion of long-term loans		5,302	2,704
Lease liabilities	6	2,045	2,112
Short-term bank loans		3,717	5,372
Total current borrowings		11,064	10,188

Non-current borrowings

€'000	Note	30 June 2024	31 December 2023
Lease liabilities	6	3,840	4,399
Overdraft liabilities		0	4,164
Long-term bank loans		297	0
Total non-current borrowings		4,137	8,563

NOTE 6. Lease liabilities

€'000	Note	30 June 2024	31 December 2023
Lease liabilities at end of period, of which		5,885	6,511
Not later than 1 year	5	2,045	2,112
Later than 1 year and not later than 5 years	5	3,840	4,399
Base currency €		5,885	6,511
Interest rate for contracts denominated in € ¹		5.0%-7.3%	2.9%-7.2%
Frequency of payments		Monthly	Monthly

¹ Includes leases with floating interest rates

Lease payments

€'000	H1 2024	H1 2023
Principal payments made during the period	1,091	1,447
Interest payments made during the period	177	217

Short-term leases and leases for which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.



NOTE 7. Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of shares outstanding during the period. Diluted earnings per share are calculated by dividing the profit or loss attributable to owners of the parent by the weighted average number of shares outstanding during the period, both adjusted for the effects of all dilutive equity instruments.

€'000	H1 2024	H1 2023
Net profit (loss) for the period attributable to owners of the parent (€'000)	1,020	(2,493)
Weighted average number of shares (thousand)	31,528	31,528
Basic earnings per share (€)	0.03	(0.08)
Diluted earnings per share (€)	0.03	(0.08)

At the reporting date, Nordecon AS had no dilutive share options. Therefore, diluted earnings per share equal basic earnings per share.

NOTE 8. Segment reporting – operating segments

The group's chief operating decision maker is the board of the parent company Nordecon AS. This group of persons monitors the group's internally generated financial information on a regular basis to better allocate the resources and assess their utilisation. Reportable operating segments are identified by reference to monitored information.

The group's reportable operating segments are:

- Buildings
- Infrastructure

Reportable operating segments are engaged in the provision of construction services in the buildings and infrastructure segments.

Preparation of segment reporting

The prices applied in intersegment transactions do not differ significantly from market prices. The chief operating decision maker reviews intersegment transactions separately and analyses their proportion in segment revenue. Respective figures are separately outlined in segment reporting.

The chief operating decision maker assesses the performance of an operating segment and the utilisation of the resources allocated to it through the segment's profit. The profit of an operating segment is its gross profit, which does not include major exceptional expenses (such as non-recurring asset write-downs). Items after the gross profit of an operating segment (including marketing and distribution expenses, administrative expenses, interest expense and income tax expense) are not used by the chief operating decision maker to assess the performance of the segment.

According to management's assessment, intersegment transactions are conducted on regular market terms, which do not differ significantly from the terms applied in transactions with third parties.



Second quarter

€'000		Buildings	Infrastructure	Total
Q2 2024				
Continuing operations				
Total revenue from external customers		57,013	11,679	68,692
Of which: General contracting services		54,791	10,419	65,210
Road maintenance services		0	855	855
Lease services		0	405	405
Own development activities		2,222	0	2,222
Gross profit of the segment		4,403	994	5,397

€'000		Buildings	Infrastructure	Total
Q2 2023				
Total revenue from external customers		35,978	16,972	52,950
Of which: General contracting services		32,641	15,633	48,274
Subcontracting services		0	406	406
Road maintenance services		0	465	465
Lease services		0	468	468
Own development activities		3,337	0	3,337
Gross profit of the segment		1,301	762	2,063

Half year

€'000		Buildings	Infrastructure	Total
H1 2024				
Continuing operations				
Total revenue from external customers		100,421	14,486	114,907
Of which: General contracting services		94,247	11,935	106,182
Road maintenance services		0	1,750	1,750
Lease services		0	801	801
Own development activities		6,174	0	6,174
Gross profit of the segment		7,780	126	7,906

€'000		Buildings	Infrastructure	Total
H1 2023				
Total revenue from external customers		66,651	19,821	86,472
Of which: General contracting services		58,641	16,193	74,834
Subcontracting services		0	1,333	1,333
Road maintenance services		0	1,577	1,577
Lease services		0	718	718
Own development activities		5,510	0	5,510
Investment property		2,500	0	2,500
Gross profit of the segment		3,240	13	3,253



Reconciliation of segment revenues

€'000	H1 2024	Q2 2024	H1 2023	Q2 2023
Total revenues for reportable segments	114,907	68,692	86,472	52,950
Other revenues	38	8	54	27
Total revenue	114,945	68,700	86,526	52,977

Reconciliation of segment profit (loss)

€'000	H1 2024	Q2 2024	H1 2023	Q2 2023
Total profit for reportable segments	7,906	5,397	3,253	2,063
Unallocated loss	(712)	(341)	(470)	(265)
Gross profit	7,194	5,056	2,783	1,798
Unallocated expenses:				
Marketing and distribution expenses	(172)	(104)	(226)	(122)
Administrative expenses	(3,373)	(1,809)	(2,984)	(1,397)
Other operating income and expenses	(381)	(261)	24	(57)
Operating profit (loss)	3,268	2,882	(403)	222
Finance income	317	180	131	62
Finance costs	(1,546)	(841)	(1,783)	(898)
Profit (loss) before tax	2,039	2,221	(2,055)	(614)

NOTE 9. Segment reporting – geographical information

€'000	H1 2024	Q2 2024	H1 2023	Q2 2023
Continuing operations				
Estonia	112,180	66,234	86,322	52,938
Ukraine	2,765	2,466	204	39
Total revenue	114,945	68,700	86,526	52,977

NOTE 10. Cost of sales

€'000	H1 2024	H1 2023
Continuing operations		
Cost of materials, goods and services	98,341	74,668
Staff costs	8,119	7,740
Depreciation expense	1,059	1,138
Other expenses	232	197
Total cost of sales	107,751	83,743

NOTE 11. Administrative expenses

€'000	H1 2024	H1 2023
Continuing operations		
Staff costs	1,975	1,584
Cost of materials, goods and services	893	872
Depreciation and amortisation expense	363	414
Other expenses	142	114
Total administrative expenses	3,373	2,984



NOTE 12. Other operating income and expenses

€'000	H1 2024	H1 2023
Continuing operations		
Other operating income		
Gain on disposal of property, plant and equipment	65	199
Other income	12	11
Total other operating income	77	210

€'000	H1 2024	H1 2023
Other operating expenses		
Loss on disposal of property, plant and equipment	44	0
Other expenses	414	186
Total other operating expenses	458	186

NOTE 13. Finance income and costs

€'000	H1 2024	H1 2023
Continuing operations		
Finance income		
Interest income on loans	183	112
Foreign exchange gain	0	15
Other finance income	134	4
Total finance income	317	131

€'000	H1 2024	H1 2023
Finance costs		
Interest expense	442	461
Foreign exchange loss	163	241
Other finance costs	941	1 081
Total finance costs	1,546	1,783

NOTE 14. Discontinued operation

Sale of the investment in the subsidiary Nordecon Betoön OÜ

An extraordinary general meeting of Nordecon AS held on 29 November 2023 resolved to sell Nordecon AS's 52% stake in Nordecon Betoön OÜ. The transaction was finalised in early December 2023. The divested companies have been classified as a discontinued operation whose revenues and expenses for comparative periods are presented separately in the consolidated statement of comprehensive income within *Profit (loss) from a discontinued operation* and cash flows are presented in the consolidated statement of cash flows. The impact of the discontinued operation on the group's results for the reporting and the comparative period is presented below.

With the sale of its investment in Nordecon Betoön OÜ, the Nordecon group profitably exited the concrete work market, where it had been competing as a subcontractor, and will subsequently focus on its core services: general contracting and design management. With the transaction, the group also withdrew from the Finnish market, where it had been operating through Nordecon Betoön OÜ's subsidiary NOBE Rakennus OY.



Impact of the discontinued operation on the consolidated statement of comprehensive income

€'000	H1 2023	2023
Discontinued operation		
Revenue	37,293	91,918
Cost of sales	(35,345)	(85,401)
Gross profit	1,948	6,517
Marketing and distribution expenses	(91)	(218)
Administrative expenses	(868)	(2,351)
Other operating income	103	63
Other operating expenses	(16)	(24)
Operating profit	1,076	3,987
Finance income	14	4,897
Finance costs	(29)	(58)
Net finance income (costs)	(15)	4,839
Profit before tax	1,061	8,826
Income tax expense	(352)	(352)
Profit for the period from the discontinued operation	709	8,474
Basic earnings per share (€) from the discontinued operation	0.03	0.28

NOTE 15. Transactions with related parties

The group considers parties to be related if one controls the other or exerts significant influence on the other's operating decisions (assumes holding more than 20% of the voting power). Related parties include:

- Nordecon AS's parent company AS Nordic Contractors and its shareholders
- Other companies of the AS Nordic Contractors group
- Equity-accounted investees (associates and joint ventures) of the Nordecon group
- Members of the board and council of Nordecon AS, their close family members and companies related to them
- Individuals whose shareholding implies significant influence

The group's purchase and sales transactions with related parties

€'000	H1 2024		H1 2023	
Counterparty	Purchases	Sales	Purchases	Sales
AS Nordic Contractors	1,024	0	1,219	0
Companies of the AS Nordic Contractors group	0	5	1	8
Companies related to owners of AS Nordic Contractors	81	11	144	38
Companies related to members of the council	0	0	235	0
Total	1,105	16	1,599	46

€'000	H1 2024		H1 2023	
Nature of transaction	Purchases	Sales	Purchases	Sales
Construction services	0	0	0	38
Transactions with goods	0	0	235	0
Lease and other services	215	5	221	5
Other transactions	890	11	1,143	3
Total	1,105	16	1,599	46

During the period, the group recognised interest income on loans to an associate of €183 thousand (H1 2023: €109 thousand).



Receivables from and liabilities to related parties at period-end

€'000	30 June 2024		31 December 2023	
	Receivables	Liabilities	Receivables	Liabilities
AS Nordic Contractors	0	108	0	10
Companies of the AS Nordic Contractors group	1	0	0	1
Companies related to owners of AS Nordic Contractors	359	10	433	46
Associates – receivables and liabilities	3	1	1	1
Associate – loans and interest	8,343	0	8,146	0
Total	8,706	119	8,580	58

Remuneration of the council and the board

The service fees of the members of the council of Nordecon AS for the first half of 2024 totalled €100 thousand and the related social security charges amounted to €33 thousand (H1 2023: €79 thousand and €26 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €264 thousand and the related social security charges amounted to €87 thousand (H1 2023: €253 thousand and €83 thousand, respectively).



Statements and signatures

Statement of management's responsibility

The board of Nordecon AS acknowledges its responsibility for the preparation of the group's condensed consolidated interim financial statements for the second quarter and first half of 2024 and confirms that:

- the policies applied in the preparation of the condensed consolidated interim financial statements comply with International Financial Reporting Standards as adopted by the European Union (IFRS EU);
- the condensed consolidated interim financial statements, which have been prepared in accordance with financial reporting standards effective for the period, give a true and fair view of the assets, liabilities, financial position, financial performance and cash flows of the group consisting of the parent and other consolidated entities.

Maret Tambek

Chairman of the Board

8 August 2024

Priit Luman

Member of the Board

8 August 2024

Tarmo Pohlak

Member of the Board

8 August 2024