NORDECON

Financial report for the first quarter of 2025

(unaudited)

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Business name	Nordecon AS
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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 4100) Construction of roads and motorways (EMTAK 4211) Repair and maintenance of roads and motorways (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 2025 – 31 December 2025
Reporting period	1 January 2025 – 31 March 2025
Council	Toomas Luman (chairman of the council), Andri Hõbemägi, Vello Kahro, Sandor Liive, Andre Luman
Board	Maret Tambek (chairman of the board), Deniss Berman, 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 Ukraine and Sweden.

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 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 act openly, transparently and in accordance with the best practices of the construction industry.

Teamwork

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

Sustainability

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

Key figures for Q1 2025

€39m Revenue (Q1 2024: €46m)	**(14.9)%** Revenue change, year on year (Q1 2024: 37.8%)	**4.6%** Gross margin (Q1 2024: 4.6%)
0.5% Operating margin (Q1 2024: 0.8%)	**€283m** Order book at end of period (31 March 2024: €199m)	**€111m** New contracts secured (Q1 2024: €18m)

- **Construction market:** Macroeconomic indicators suggest that the decline in the Estonian construction market has stopped and that the market is stabilising. The infrastructure sector continues to be supported by the volume of work on Rail Baltica, while investment by the Transport Administration continues to decline. In the building sector, there are signs of a slight upturn in orders from the private sector**.**
- **Revenue:** As in previous years, the Buildings segment accounted for over 90% of the group revenue for the first quarter. However, the segment's revenue decreased by approximately 15% compared to the same period last year, which is also the reason for the decline in group revenue. The group secured a significant volume of new contracts during the period, but these will contribute to revenue over a longer period.
- **Profitability:** The group's gross margin was 4.6%, at the same level as in the first quarter of last year. The Buildings segment delivered a profit, while the Infrastructure segment reported a loss due to the seasonal nature of its business. The decline in revenue affected the operating margin.
- **Order book:** The group's overall order book increased by 43% compared to 31 March 2024. The Infrastructure segment's order book increased significantly, mainly due to the contracts signed for the construction of Rail Baltica, while the order book of the Buildings segment remained at the same level as a year earlier.

Directors' report

Group strategic agenda 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 as well as housing development segments.
- In foreign markets (Ukraine, Sweden), we will act as a general contractor and supplier of concrete works.

Activities for implementing the strategy

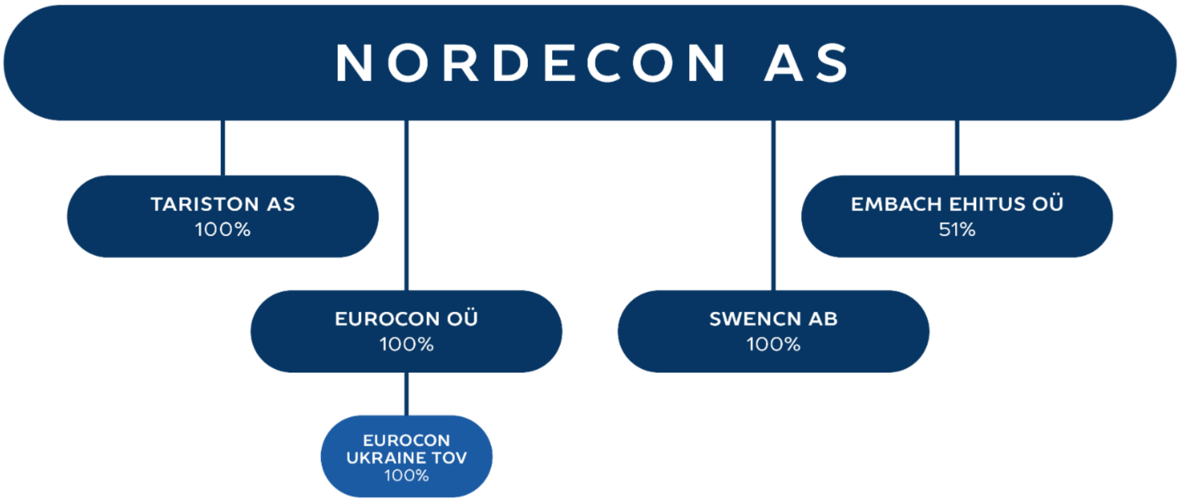
- We will provide our people with a modern and inspiring work environment and a motivation system that fosters collaboration and initiative.
- We will improve our profitability by planning and managing our design and construction operations more precisely.
- We will streamline our work and decision-making processes by implementing modern digital solutions.
- We will maintain a balance between the order books of our different operating segments.
- 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.

Group structure

The group's structure at 31 March 2025, 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. The structure also excludes investments in companies in which the group's ownership interest is less than 20%, as well as the subsidiary Kalda Kodu OÜ and the associate Ööbikusalu OÜ (founded in 2024), which were established for specific development projects.

Operations and outlook by market

Operations in Estonia

There were no changes in our operations in the Estonian market compared to the end of 2024. 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 company, construction management services were provided by the subsidiaries Tariston AS and Embach Ehitus OÜ.

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

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

Processes and developments characterising the Estonian construction market:

- Analysts predict modest economic growth for 2025, but this is not expected to bring growth to the construction sector. According to the Estonian Institute of Economic Research, the decline in the construction market has stopped and the market has more or less stabilised. The confidence indicator for the construction industry has started to rise and is now slightly higher than a year ago. Companies' order books are improving. There is some activity in the private sector, supported by lower interest rates. At the same time, both domestic and new foreign investment are being held back by the still pessimistic economic climate and the uncertain overall security situation.

  In the first quarter of 2025, the construction price index rose by 0.1% compared to the fourth quarter of 2024 and by 1.2% compared to the same period last year. During the period, the construction price index was mainly influenced by a 2.9% increase in wages, which accounted for 54% of the change in the index compared to the same period last year. Expenditure on machinery also increased by 0.3%, while expenditure on materials declined.

  The market continues to be heavily influenced by public investment, particularly in the infrastructure segment. In 2025, public investment is expected to decline further compared to 2024. Investment by the Estonian Centre for Defence Investment, which previously boosted public investment in the construction sector, has also declined, and investment by the Estonian Transport Administration is expected to decline further. This puts strong pressure on companies involved in infrastructure construction and has a direct impact on the production of asphalt concrete, where market supply has long been significantly higher than demand. The volume of the long-awaited tenders for the Rail Baltica project has increased, partially offsetting the sharp decline in the volume of road construction and rehabilitation procured by the Transport Administration.

- Competition in building and infrastructure construction remains fierce. The situation is somewhat less intense for large and complex construction projects, where competition is limited by stricter reference requirements and higher risks for contractors.

- 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 requirement for 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.

- Employment in the construction sector has stabilised. There is still a shortage of skilled and qualified workers (including project and site managers) and the sector needs additional competent workers with appropriate professional training. This is particularly important for the future, when economic growth is expected to pick up, leading to growth in the construction market.

Operations in foreign markets

Ukraine

In Ukraine, our main activities are general contracting and project management in the building construction segment. Due to the military conflict between Russia and Ukraine and the uncertainty as to when it will end, it is not possible to forecast how the Ukrainian economy and construction market will develop in 2025. At the same time, there is an increasing focus on restoring war-damaged buildings and infrastructure and strengthening them against military action. The activities of the group's Ukrainian subsidiary, Eurocon Ukraine, do not have a significant impact on the group's revenue, profit and assets.

The group has investments in two real estate projects in Ukraine, but the start 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 properties.

Sweden

In the Swedish market, we are mainly active in the construction of residential and non-residential buildings in the central part of the country. Rapid inflation and rising interest rates have reduced demand in the Swedish construction market in recent years, but the economy is expected to grow slightly in 2025 as a result of interest rate cuts by the Swedish central bank in 2024. In a challenging market environment, we focus on finding new opportunities while critically assessing potential risks.

During the period, there were no changes in our operations in the Swedish market compared to the end of 2024. Swencn AB did not have any construction projects in progress at 31 March 2025, but the company is seeking new opportunities to continue its business in the Swedish market.

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, movements in input prices and changes in demand for construction services. Demand for construction services in both the infrastructure and building 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 major 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. In line with our business model, Nordecon is active in all segments of the construction market. This puts us in a somewhat better position than companies that operate in only one narrow segment.

The group's business is affected by the seasonality of construction activity (mainly due to seasonal changes in weather conditions), which has 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, 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, due to insufficient 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. For the third year running, the we are using artificial intelligence to manage our construction process.

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. At 31 March 2025, the group's warranty provisions (including current and non-current) amounted to €2,788 thousand (31 March 2024: €1,849 thousand).

In addition to managing the risks directly related to construction operations, we pay considerable 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. Errors made in the planning phase are usually irreversible and, in a situation where the price of a construction contract is fixed, can 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 overall 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 combined with no activity on the part of the debtor that would confirm the intention to pay.

Liquidity risk

The group's exposure to liquidity risk continues to be higher than usual. At the reporting date, the group's current assets exceeded its current liabilities 0.94 times (31 March 2024: 0.85 times). The key factors that influence the liquidity indicator (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.

As the political and economic situation in Ukraine continues to be difficult, 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 €8,635 thousand were classified as non-current at the reporting date.

In order to better manage cash flows and to address the mismatch between the payment terms agreed with customers and subcontractors, the group uses overdraft facilities. 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 31 March 2025 amounted to €12,259 thousand (31 March 2024: €13,751 thousand).

The group's cash and cash equivalents as at the reporting date amounted to €7,399 thousand (31 March 2024: €16,083 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 increased by €368 thousand year on year. At 31 March 2025, the group had interest-bearing liabilities of €18,209 thousand (31 March 2024: €17,841 thousand). Interest expense decreased compared to the first quarter of 2024, amounting to €204 thousand (Q1 2024: €230 thousand).

The main source of interest rate risk is a potential rise in the base rates of floating interest rates. 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).

Russia's military invasion of Ukraine in February 2022 and Ukraine's previous political and economic instability continue to affect the exchange rate of the Ukrainian hryvnia. In the first quarter of 2025, the hryvnia weakened against the euro by around 1.8%. As a result, the translation of the loans given to the group's Ukrainian subsidiaries in euros into the local currency gave rise to an exchange loss of €117 thousand (Q1 2024: an exchange loss of €25 thousand). The exchange losses on the financial instruments have been recognised in finance costs in the statement of comprehensive income.

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 accounts either.

In the first quarter of 2025, the Swedish krona strengthened against the euro by around 5.6% and the translation of a loan provided to the Swedish subsidiary in euros into the local currency gave rise to an exchange gain of €41 thousand (Q1 2024: an exchange loss of €5 thousand). The exchange gain has been recognised in finance income and the exchange loss has been recognised in finance costs in the statement of comprehensive income. The translation of receivables and liabilities from operating activities gave rise to an exchange loss of €2 thousand, which has been recognised in other operating expenses in the statement of comprehensive income.

The group has not acquired derivatives to hedge currency risk. A significant portion of the group's currency risk arises from fluctuations in the exchange rate of the Ukrainian hryvnia, for which hedging with financial derivatives is neither feasible nor economically practical in current market conditions. The group has considered possible alternative hedging methods, but given the limitations of the local financial market, hedging is currently not possible. The group monitors exchange rate movements on an ongoing basis and regularly assesses the potential impact of the exposure on its financial performance.

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. We therefore strive to minimise the impact of our operations on the surrounding environment and nature. 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 are prevented by complying with legal and regulatory requirements.

Corruption and ethical risks

Nordecon is one of the leading construction companies in the Estonian market. It is therefore important for us to be aware of the risks associated with breaching honest and ethical business practices. We have established internal procedures and policies, follow the rules of the Tallinn Stock Exchange and cooperate with external and internal auditors, regulators and supervisory authorities. We strive to ensure that the management quality, organisational culture and internal communication of our companies emphasise zero tolerance for dishonest, unethical and corrupt behaviour. Transparent decision-making and open communication are underpinned by effective internal collaboration and external communication. Openness is supported by the increasing use of IT solutions.

Performance by geographical market

Revenue generated outside Estonia, in Ukraine, accounted for approximately 2% of the group's total revenue in the first quarter of 2025. In Ukraine, we continue to provide services under the contracts signed in 2023 for the reconstruction of substations and installation of associated physical protection systems in the Poltava, Zhytomyr, Volyn and Ivano-Frankivsk oblasts, where work is taking longer than originally planned and depends on the consumption needs of the country's energy system. We are also reconstructing a building in Ovruch, Zhytomyr oblast, into an apartment complex for internally displaced persons. No revenue was generated in Sweden, as Nordecon had no construction contracts in progress in the Swedish market.

	Q1 2025	Q1 2024	Q1 2023	2024
Estonia	98%	99%	98%	98%
Ukraine	2%	1%	0%	2%
Finland	-	-	2%	-

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 quarter of 2025 was €39,355 thousand, approximately 15% lower than in the first quarter of 2024, when revenue amounted to €46,245 thousand. The Buildings segment generated revenue of €36,584 thousand and the Infrastructure segment revenue of €2,766 thousand. The corresponding figures for the first quarter of 2024 were €43,408 thousand and €2,808 thousand (see note 8). Revenue generated by the Buildings segment decreased by 16% and revenue generated by the Infrastructure segment decreased by 1.5%. The revenue decline in the first quarter was expected. Although the group secured a significant volume of new contracts during the reporting period, these will have an impact on revenue over a longer period (see the Order book section of this report).

Revenue by operating segment*	Q1 2025	Q1 2024	Q1 2023	2024
Buildings	93%	94%	92%	84%
Infrastructure	7%	6%	8%	16%

*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 company are allocated in both parts of the report based on the nature of the work.

Subsegment revenues

In the first quarter of 2025, most of the revenue generated by the Buildings segment came from the public buildings and commercial buildings subsegments, with the contribution from commercial buildings at its highest level in recent years. While revenue from commercial buildings increased by 36% year on year, revenue from public buildings decreased at a similar rate. Revenue from the apartment buildings subsegment declined – there were no major projects in progress and revenue from own property development was not significant during the period.

The largest projects in the public buildings subsegment were the design and construction of a new study and sports building for the Saku Upper Secondary School near Tallinn, the design and construction of a study building for the Centre for Defence Investment on the Raadi campus in Tartu and the construction of Loodusmaja (Nature Hub) in Tallinn.

The largest projects in the commercial buildings subsegment were the construction of the LEED Gold compliant Golden Gate office building at Ahtri 6 in Tallinn, a commercial building at Väike-Turu 7 in Tartu, the LEED Gold compliant Uusküla spa hotel on the northern shore of Lake Peipus in Alutaguse rural municipality and Lidl stores in Võru and Viljandi.

Revenue from own development activities, which is included in the apartment buildings subsegment, amounted to €6 thousand (Q1 2024: €3,952 thousand). We continued to build phase 1 of the Seileri Kvartal housing estate in Pärnu (https://seileri.ee) and the Tammepärja Kodu housing estate in the Tammelinn district in Tartu (https://tammelinn.ee). Both development projects will be completed in the first half of 2025. In carrying out our own development activities, we carefully monitor potential risks in the housing development market.

Revenue breakdown in the Buildings segment	Q1 2025	Q1 2024	Q1 2023	2024
Public buildings	52%	67%	43%	70%
Commercial buildings	46%	19%	25%	21%
Apartment buildings	1%	14%	22%	6%
Industrial and warehouse facilities	1%	0%	10%	3%

The largest revenue contributor in the Infrastructure segment is still the road construction and maintenance subsegment, whose revenue decreased by around 17% compared to the same period last year. A major share of the subsegment's revenue came from the construction of the Hagudi–Alu section of stage III of the Rail Baltica Rapla County main line railway infrastructure and the provision of road maintenance services in Järva County. Most of the other engineering revenue resulted from the construction of a platform area for Class E aircraft at Tallinn Airport.

Revenue breakdown in the Infrastructure segment	Q1 2025	Q1 2024	Q1 2023	2024
Road construction and maintenance	77%	83%	61%	90%
Other engineering	23%	17%	33%	10%
Environmental engineering	0%	0%	6%	0%

Financial review

Financial performance

Nordecon's gross profit for the first quarter of 2025 was €1,802 thousand (Q1 2024: 2,138 thousand) and gross margin for the period was 4.6% (Q1 2024: 4.6%). The gross margin of the Buildings segment was 7.5%, at the same level as a year earlier, when it was 7.8%. The gross margin of the Infrastructure segment, which in the first quarter is affected by a large share of uncovered fixed costs and made a loss, was negative at (24.6)% (Q1 2024: (30.9)%). The loss of the Infrastructure segment decreased year on year, mainly due to weather conditions that were more favourable for the provision of contractual road maintenance services, and the start of work on the Hagudi–Alu section of the Rail Baltica railway infrastructure in Rapla County.

The group's administrative expenses for the first quarter of 2025 were €1,546 thousand, at the same level as in the same period last year (Q1 2024: €1,564 thousand). The ratio of administrative expenses to revenue (12 months rolling) increased year on year, rising to 3.6% (Q1 2024: 3.3%).

The group's operating profit for the first quarter of 2025 was €191 thousand (Q1 2024: 386 thousand) and EBITDA was €858 thousand (Q1 2024: €1,094 thousand).

The group's finance income and costs are affected by exchange rate fluctuations in the group's foreign markets (see the Financial risks section). In the first quarter of 2025, the Ukrainian hryvnia weakened against the euro by around 1.8% and the translation of the loans provided to the group's Ukrainian subsidiaries in euros into the local currency gave rise to an exchange loss of €117 thousand (Q1 2024: an exchange loss of 25 thousand). The Swedish krona strengthened against the euro by around 5.6% and the translation of a loan provided to the Swedish subsidiary in euros into the local currency gave rise to an exchange gain of €41 thousand (Q1 2024: an exchange loss of €5 thousand).

The group ended the period with a net loss of €403 thousand (Q1 2024: a net loss of €182 thousand). The net loss attributable to owners of the parent, Nordecon AS, was €616 thousand (Q1 2024: a net loss of €593 thousand).

Cash flows

Operating activities produced a net cash outflow of €249 thousand in the first quarter of 2025 (Q1 2024: an inflow of €5,422 thousand). The item with the strongest impact on operating cash flow was cash paid to suppliers. The decrease in revenue also reduced cash receipts from customers.

Investing activities resulted in a net cash inflow of €161 thousand (Q 1 2024: an inflow of €31 thousand). Payments made to acquire property, plant and equipment totalled €35 thousand (Q1 2024: €21 thousand) and proceeds from the sale of property, plant and equipment amounted to €207 thousand (Q1 2024: €25 thousand). Loans provided amounted to €26 thousand (Q1 2024: €18 thousand), repayments of loans provided totalled €3 thousand (Q1 2024: nil euros) and interest received amounted to €12 thousand (Q1 2024: €39 thousand).

Financing activities generated a net cash outflow of €682 thousand (Q1 2024: an outflow of €1,259 thousand). The items with the strongest impact on financing cash flows were repayments of loans received and lease payments, which amounted to €406 thousand and €633 thousand, respectively (Q1 2024: €633 thousand and €555 thousand, respectively). Proceeds from loans received amounted to €633 thousand (Q1 2024: €108 thousand) and interest payments totalled €277 thousand (Q1 2024: €278 thousand).

The group's cash and cash equivalents at 31 March 2025 amounted to €7,399 thousand (31 March 2024: €16,083 thousand). Management's commentary on liquidity risks is presented in the Description of the main risks section.

Key financial figures and ratios

Figure/ratio	Q1 2025	Q1 2024	Q1 2023	2024
Revenue (€'000)	39,355	46,245	33,549	223,925
Revenue change	(14.9)%	37.8%	(24.7)%	20.1%
Net profit (loss) (€'000)	(403)	(182)	(1,674)	5,165
Net profit (loss) attributable to owners of the parent (€'000)	(616)	(593)	(1,874)	3,827
Weighted average number of shares	31,528,585	31,528,585	31,528,585	31,528,585
Earnings per share (€)	(0.02)	(0.02)	(0.06)	0.12
Administrative expenses to revenue	3.9%	3.4%	4.7%	3.5%
Administrative expenses to revenue (rolling)	3.6%	3.3%	2.9%	3.5%
EBITDA (€'000)	858	1,094	155	11,025
EBITDA margin	2.2%	2.4%	0.5%	4.9%
Gross margin	4.6%	4.6%	2.9%	7.5%
Operating margin	0.5%	0.8%	(1.9)%	3.6%
Operating margin excluding gain on non-current asset sales	0.4%	0.8%	(2.2)%	3.5%
Net margin	(1.0)%	(0.4)%	(5.0)%	2.3%
Return on invested capital	(0.5)%	0.1%	(2.4)%	15.6%
Return on equity	(1.5)%	(0.8)%	(6.4)%	21.0%
Equity ratio	22.9%	19.1%	19.5%	23.4%
Return on assets	(0.4)%	(0.2)%	(1.3)%	4.4%
Gearing	24.4%	4.4%	35.6%	22.6%
Current ratio	0.94	0.85	0.85	0.94
	31 March 2025	**31 March 2024**	**31 March 2023**	**31 Dec 2024**
Order book (€'000)	283,548	198,737	148,302	209,489

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

Order book

The group's order book (backlog of contracts signed but not yet performed) stood at €283,548 thousand at 31 March 2025, reflecting an increase of approximately 43% year on year. In the first quarter of 2025, we signed new contracts for €111,276 thousand (Q1 2024: €17,617 thousand). After the reporting date, we have signed new contracts for €17 474 thousand.

	31 March 2025	31 March 2024	31 March 2023	31 Dec 2024
Order book (€'000)	283,548	198,737	148,302	209,489

At 31 March 2025, the Buildings segment accounted for 66% and the Infrastructure segment for 34% of the group's order book (31 March 2024: 93% and 7%, respectively). Compared to 31 March 2024, the order book of the Buildings segment has remained stable, while the order book of the Infrastructure segment has increased significantly, driven by the Rail Baltica contracts. The Rail Baltica projects support the order book of the Infrastructure segment in a situation where investment by the Transport Administration is declining year by year. The volume of public investment in the order book of the Buildings segment has also decreased. There is some activity at the local government level and private investment is picking up.

Major contracts secured in the reporting period include:

- Construction of a spa hotel and a swimming complex in Viljandi with an approximate cost of €30,000 thousand.
- Construction of Punamütsike Kindergarten in Võru with an approximate cost of €6,370 thousand.
- Construction of the Selja–Tootsi section of stage I of the Rail Baltica Pärnu County main line railway infrastructure with an approximate cost of €62,300 thousand.
- Design and construction of a barracks at the Tapa Army Base for the Estonian Centre for Defence Investment with an approximate cost of €5,300 thousand.
- Design and construction of a building facility for the Estonian Centre for Defence Investment in Harju County with an approximate cost of €3,700 thousand.

Based on the size of the order book and its distribution over the years, as well as the general outlook for the economy and the construction market, the group's management expects business volumes in 2025 to remain broadly at the same level as in 2024. In a highly competitive environment, we have avoided taking unjustified risks that could materialise during the contract execution phase and adversely affect the group's results. The main focus is on managing fixed costs, increasing productivity and effectively executing pre-construction and design activities to leverage our professional competitive advantages.

People

Employees and staff costs

The group's average number of employees in the first quarter of 2025 was 411, including 263 engineers and technical professionals (ETP). Compared to the same period last year, the number of employees decreased by around 3%.

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

	Q1 2025	Q1 2024	Q1 2023	2024
ETP	263	281	392	283
Workers	148	142	192	152
Total average	**411**	**423**	**584**	**435**

The group's staff costs for the first quarter of 2025, including all taxes, were €4,795 thousand compared with €3,939 thousand in the first quarter of 2024. Staff costs increased by 22% due to a salary increase.

In the first quarter of 2025, the service fees of the members of the council of Nordecon AS totalled €50 thousand and the related social security charges amounted to €17 thousand (Q1 2024: €50 thousand and €17 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €139 thousand and the related social security charges amounted to €46 thousand (Q1 2024: €130 thousand and €43 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:

	Q1 2025	Q1 2024	Q1 2023	2024
Nominal labour productivity (rolling), (€'000)	501.8	535.4	472.3	514.3
Change against the comparative period, %	(6.3)%	13.4%	4.5%	3.0%
Nominal labour cost efficiency (rolling), (€)	8.7	11.1	11.0	9.3
Change against the comparative period, %	(21.8)%	0.5%	(9.8)%	(9.7)%

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)

In the first quarter of 2025, the group's nominal labour productivity and labour cost efficiency decreased compared to the same period last year. Nominal labour productivity decreased due to the decline in revenue and nominal labour cost efficiency decreased due to the decline in revenue as well as the growth in staff costs.

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.

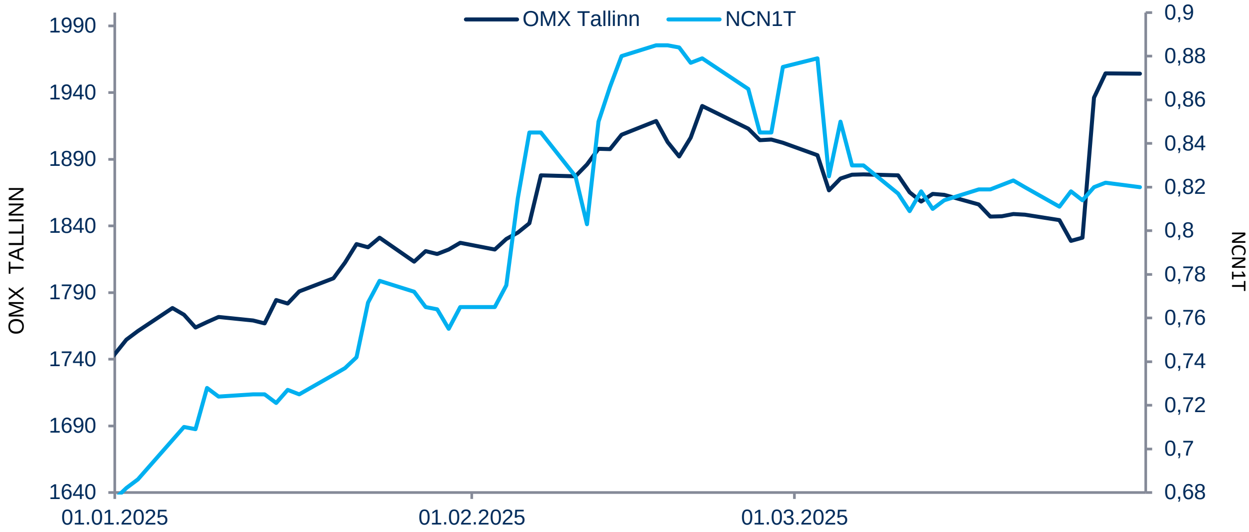
In July 2014, Nordecon AS issued 1,618,755 new shares with a total cost of €1,581,523.64, increasing share capital by €1,034,573.01 to €20,691,704.91, and acquired the same number of own (treasury) shares for the same price. The share capital of Nordecon AS consists of 32,375,483 ordinary registered 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 Q1 2025

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 Q1 2025



Index/equity	1 January 2025*	31 March 2025	+/-
OMX Tallinn	1,733	1,954.22	+12.77%
NCN1T	€0.67	€0.82	+22.02%

* Closing price on the Nasdaq Tallinn Stock Exchange at 31 December 2024

Summarised trading results

Share trading history

Price, €	Q1 2025	Q1 2024	Q1 2023
Open	0.67	0.62	0.69
High	0.90	0.62	0.93
Low	0.67	0.50	0.67
Last closing price	0.82	0.52	0.79
Traded volume (number of securities traded)	1,008,443	498,784	556,838
Turnover, € million	0.83	0.28	0.44
Listed volume (31 March), thousand	32,375	32,375	32,375
Market capitalisation (31 March), € million	26.55	16.84	25.58

Shareholder structure

Largest shareholders of Nordecon AS at 31 March 2025

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,563,145	51.16
Luksusjaht AS	4,332,342	13.38
Toomas Luman	816,450	2.52
Olegs Radcenko	574,200	1.77
Nõmme Erahariduse SA	370,370	1.14
Lembit Talpsepp	360,100	1.11
SEB Pank AS clients	300,000	0.93
OÜ Alar Invest	255,000	0.79
Genadi Bulatov	250,600	0.77
Endel Palla	200,600	0.62

Shareholder structure of Nordecon AS at 31 March 2025

	Number of shareholders	Ownership interest (%)
Shareholders with interest exceeding 5%	2	64.54
Shareholders with interest from 1% to 5%	4	6.55
Shareholders with interest below 1%	6,442	26.29
Holder of own (treasury) shares	1	2.62
Total	**6,449**	**100**

Shares controlled by members of the council of Nordecon AS at 31 March 2025

Council member		Number of shares	Ownership interest (%)
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)*	Chairman of the Council	17,544,595	54.19
Andri Hõbemägi	Member of the Council	50,000	0.15
Vello Kahro	Member of the Council	10,000	0.03
Sandor Liive	Member of the Council	0	0.00
Andre Luman	Member of the Council	25,000	0.08
Total		**17,629,595**	**54.45**

* Companies controlled by the individual

Shares controlled by members of the board of Nordecon AS at 31 March 2025

Board member		Number of shares	Ownership interest (%)
Maret Tambek	Chairman of the Board	0	0.00
Deniss Berman	Member of the Board	0	0.00
Tarmo Pohlak	Member of the Board	3,942	0.01
Total		**3,942**	**0.01**

Condensed consolidated interim financial statements

Consolidated statement of financial position

€'000	Note	31 March 2025	31 December 2024
ASSETS			
Current assets			
Cash and cash equivalents		7,399	8,195
Trade and other receivables	2	30,733	29,449
Prepayments		3,165	3,543
Inventories	3	28,854	28,091
Total current assets		**70,151**	**69,278**
Non-current assets			
Other investments		77	77
Trade and other receivables	2	10,770	10,681
Investment property		5,517	5,517
Property, plant and equipment		12,718	13,247
Intangible assets		14,942	14,951
Total non-current assets		**44,024**	**44,473**
TOTAL ASSETS		**114,175**	**113,751**
LIABILITIES			
Current liabilities			
Borrowings	5	12,259	12,626
Trade payables		39,773	36,819
Other payables		10,882	10,260
Deferred income		10,446	12,472
Provisions		1,037	1,333
Total current liabilities		**74,397**	**73,510**
Non-current liabilities			
Borrowings	5, 6	5,950	5,720,
Trade payables		4,815	5,091
Provisions		2,908	2,826
Total non-current liabilities		**13,673**	**13,637**
TOTAL LIABILITIES		**88,070**	**87,147**
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		3,938	4,034
Retained earnings		4,130	4,746
Total equity attributable to owners of the parent		**24,976**	**25,688**
Non-controlling interests		**1,129**	**916**
TOTAL EQUITY		**26,105**	**26,604**
TOTAL LIABILITIES AND EQUITY		**114,175**	**113,751**

Consolidated statement of comprehensive income

€'000	Note	Q1 2025	Q1 2024	2024
Continuing operations				
Revenue	8, 9	39,355	46,245	223,925
Cost of sales	10	(37,553)	(44,107)	(207,155)
Gross profit		**1,802**	**2,138**	**16,770**
Marketing and distribution expenses		(83)	(68)	(422)
Administrative expenses	11	(1,546)	(1,564)	(7,878)
Other operating income	12	52	26	286
Other operating expenses	12	(34)	(146)	(695)
Operating profit		**191**	**386**	**8,061**
Finance income	13	145	137	678
Finance costs	13	(739)	(705)	(3,011)
Net finance costs		**(594)**	**(568)**	**(2,333)**
Profit (loss) before tax		**(403)**	**(182)**	**5,728**
Income tax expense		0	0	(563)
Profit (loss) for the period		**(403)**	**(182)**	**5,165**
Other comprehensive income (expense)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations		(96)	51	248
Total other comprehensive income (expense)		**(96)**	**51**	**248**
TOTAL COMPREHENSIVE INCOME (EXPENSE)		**(499)**	**(131)**	**5,413**
Profit (loss) attributable to:				
- Owners of the parent		(616)	(593)	3,827
- Non-controlling interests		213	411	1,338
Profit (loss) for the period		**(403)**	**(182)**	**5,165**
Comprehensive income (expense) attributable to:				
- Owners of the parent		(712)	(542)	4,075
- Non-controlling interests		213	411	1,338
Comprehensive income (expense) for the period		**(499)**	**(131)**	**5,413**
Earnings per share attributable to owners of the parent:				
Basic earnings per share (€)	7	(0.02)	(0.02)	0.12
Diluted earnings per share (€)	7	(0.02)	(0.02)	0.12

Consolidated statement of cash flows

€'000	Note	Q1 2025	Q1 2024
Cash flows from operating activities			
Cash receipts from customers[1]		46,622	53,333
Cash paid to suppliers[2]		(41,349)	(39,940)
VAT paid		(1,249)	(3,112)
Cash paid to and for employees		(3,923)	(4,859)
Income tax paid		(350)	0
Net cash from (used in) operating activities		**(249)**	**5,422**
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment		(35)	(21)
Proceeds from sale of property, plant and equipment	4	207	25
Loans provided		(26)	(18)
Repayments of loans provided		3	0
Dividends received		0	6
Interest received		12	39
Net cash from investing activities		**161**	**31**
Cash flows from financing activities			
Proceeds from loans received		633	108
Repayments of loans received		(406)	(633)
Payments of lease principal		(633)	(555)
Payments of lease interest		(68)	(92)
Interest paid		(209)	(186)
Other payments		1	99
Net cash used in financing activities		**(682)**	**(1,259)**
Net cash flow		**(770)**	**4,194**
Cash and cash equivalents at beginning of period		**8,195**	**11,892**
Effect of movements in foreign exchange rates		(26)	(3)
Change in cash and cash equivalents		(770)	4,194
Cash and cash equivalents at end of period		**7,399**	**16,083**

[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								
	Share capital	Treasury shares	Capital reserve	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance at 31 December 2023	**14,379**	**(660)**	**2,554**	**635**	**3,786**	**919**	**21,613**	**925**	**22,538**
Profit (loss) for the period	0	0	0	0	0	(593)	(593)	411	(182)
Other comprehensive income	0	0	0	0	51	0	51	0	51
Balance at 31 March 2024	**14,379**	**(660)**	**2,554**	**635**	**3,837**	**326**	**21,071**	**1,336**	**22,407**
Balance at 31 December 2024	**14,379**	**(660)**	**2,554**	**635**	**4,034**	**4,746**	**25,688**	**916**	**26,604**
Profit (loss) for the period	0	0	0	0	0	(616)	(616)	213	(403)
Other comprehensive expense	0	0	0	0	(96)	0	(96)	0	(96)
Balance at 31 March 2025	**14,379**	**(660)**	**2,554**	**635**	**3,938**	**4,130**	**24,976**	**1,129**	**26,105**

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 31 March 2025 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 2024.

According to management's assessment, the condensed consolidated interim financial statements of Nordecon AS for the first quarter of 2025 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	31 March 2025	31 December 2024
Current items			
Trade receivables		27,337	24,581
Retentions receivable		80	479
Receivables from related parties	14	258	261
Other receivables		5	292
Total receivables and loans provided		**27,680**	**25,613**
Due from customers for contract work		3,053	3,836
Total current trade and other receivables		**30,733**	**29,449**

€'000	Note	31 March 2025	31 December 2024
Non-current items			
Receivables from related parties	14	67	89
Loans provided to related parties	14	9,498	9,387
Other non-current receivables		1,205	1,205
Total non-current trade and other receivables		**10,770**	**10,681**

NOTE 3. Inventories

€'000	31 March 2025	31 December 2024
Raw materials and consumables	6,509	6,591
Work in progress	13,004	11,807
Parking spaces for sale	215	215
Properties purchased for development and pre-development costs	9,126	9,478
Total inventories	**28,854**	**28,091**

NOTE 4. Property, plant and equipment and intangible assets

Property, plant and equipment

Additions to property, plant and equipment during the period totalled €293 thousand (Q1 2024: €464 thousand) and consisted of equipment and machinery required for the group's operating activities.

Proceeds from the sale of property, plant and equipment amounted to €207 thousand (see the statement of cash flows) and associated sales gain was €50 thousand (note 12). In the comparative period, sales proceeds and gain amounted to €25 thousand and €6 thousand, respectively.

Intangible assets

There were no material transactions with intangible assets in the first quarter of 2025.

NOTE 5. Borrowings

Current borrowings

€'000	Note	31 March 2025	31 December 2024
Short-term portion of long-term loans		1,070	5,332
Lease liabilities		2,049	2,009
Short-term bank loans		9,140	5,285
Total current borrowings		**12,259**	**12,626**

Non-current borrowings

€'000	31 March 2025	31 December 2024
Lease liabilities	3,430	3,832
Bank loans	2,520	1,888
Total non-current borrowings	**5,950**	**5,720**

NOTE 6. Lease liabilities

Lease liabilities

€'000	31 March 2025	31 December 2024
Lease liabilities at end of period, of which	**5,479**	**5,841**
Not later than 1 year	2,049	2,009
Later than 1 year and not later than 5 years	3,430	3,832
Base currency €	5,479	5,841
Interest rate for contracts denominated in €[1]	2.5%-6.9%	2.5%-7.2%
Frequency of payments	Monthly	Monthly

[1] Includes leases with floating interest rates

Lease payments

€'000	Q1 2025	Q1 2024
Principal payments made during the period	633	555
Interest payments made during the period	68	92

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	Q1 2025	Q1 2024
Net loss for the period attributable to owners of the parent (€'000)	(616)	(593)
Weighted average number of shares (thousand)	31,528	31,528
Basic earnings per share (€)	(0.02)	(0.02)
Diluted earnings per share (€)	(0.02)	(0.02)

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.

First quarter

€'000 Q1 2025	Buildings	Infrastructure	Total
Total revenue	**36,584**	**2,766**	**39,350**
Of which: General contracting services	36,578	1,562	38,140
Road maintenance services	0	948	948
Lease services	0	256	256
Own development activities	6	0	6
Gross profit (loss) of the segment	**2,757**	**(680)**	**2,077**

€'000 Q1 2024	Buildings	Infrastructure	Total
Total revenue	**43,408**	**2,808**	**46,216**
Of which: General contracting services	39,456	1,517	40,973
Road maintenance services	0	895	895
Lease services	0	396	396
Own development activities	3,952	0	3,952
Gross profit (loss) of the segment	**3,377**	**(868)**	**(2,509)**

Reconciliation of segment revenues

€'000	Q1 2025	Q1 2024
Total revenues for reportable segments	39,350	46,216
Reportable segments' unallocated revenue	5	29
Consolidated revenue	**39,355**	**46,245**

Reconciliation of segment profit (loss)

€'000	Q1 2025	Q1 2024
Total profit for reportable segments	2,077	2,509
Unallocated loss for reportable segments	(275)	(371)
Gross profit	**1,802**	**2,138**
Unallocated expenses:		
Marketing and distribution expenses	(83)	(68)
Administrative expenses	(1,546)	(1,564)
Other operating income and expenses	18	(120)
Operating profit	**191**	**386**
Finance income	145	137
Finance costs	(739)	(705)
Loss before tax	**(403)**	**(182)**

NOTE 9. Segment reporting – geographical information

€'000	Q1 2025	Q1 2024
Estonia	38,730	45,946
Ukraine	625	299
Total revenue	**39,355**	**46,245**

NOTE 10. Cost of sales

€'000	Q1 2025	Q1 2024
Cost of materials, goods and services	32,960	40,348
Staff costs	4,054	3,135
Depreciation expense	502	524
Other expenses	37	100
Total cost of sales	**37,553**	**44,107**

NOTE 11. Administrative expenses

€'000	Q1 2025	Q1 2024
Staff costs	722	787
Cost of materials, goods and services	577	492
Depreciation and amortisation expense	165	184
Other expenses	82	101
Total administrative expenses	**1,546**	**1,564**

NOTE 12. Other operating income and expenses

€'000	Q1 2025	Q1 2024
Other operating income		
Gain on disposal of property, plant and equipment	50	6
Other income	2	20
Total other operating income	**52**	**26**

€'000	Q1 2025	Q1 2024
Other operating expenses		
Foreign exchange loss	2	0
Other expenses	32	146
Total other operating expenses	**34**	**146**

NOTE 13. Finance income and costs

€'000	Q1 2025	Q1 2024
Finance income		
Interest income on loans	91	92
Foreign exchange gain	41	0
Other finance income	13	45
Total finance income	**145**	**137**

€'000	Q1 2025	Q1 2024
Finance costs		
Interest expense	204	230
Foreign exchange loss	117	30
Other finance costs	418	445
Total finance costs	**739**	**705**

NOTE 14. 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		Q1 2025		Q1 2024
Counterparty	**Purchases**	**Sales**	**Purchases**	**Sales**
AS Nordic Contractors	483	0	512	0
Companies of the AS Nordic Contractors group	0	3	0	3
Companies related to owners of AS Nordic Contractors	47	2	48	0
Total	**530**	**5**	**560**	**3**

€'000		Q1 2025		Q1 2024
Nature of transaction	**Purchases**	**Sales**	**Purchases**	**Sales**
Transactions with goods	7	0	0	0
Lease and other services	523	5	560	3
Total	**530**	**5**	**560**	**3**

During the period, the group recognised interest income on loans to an associate of €91 thousand (Q1 2024: €91 thousand).

Receivables from and liabilities to related parties at period-end

		31 March 2025		31 December 2024
€'000	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
AS Nordic Contractors	0	110	0	11
Companies of the AS Nordic Contractors group	0	0	342	43
Companies related to owners of AS Nordic Contractors	321	11	0	0
Associates – receivables and liabilities	4	0	8	0
Associate – loans and interest	9,498	0	9,387	0
Total	**9,823**	**121**	**9,737**	**54**

Remuneration of the council and the board

In the first quarter of 2025, the service fees of the members of the council of Nordecon AS totalled €50 thousand and the related social security charges amounted to €17 thousand (Q1 2024: €50 thousand and €17 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €139 thousand and the related social security charges amounted to €46 thousand (Q1 2024: €130 thousand and €43 thousand, respectively).

Statements and signatures

The board of Nordecon AS acknowledges its responsibility for the preparation of the group's condensed consolidated interim financial statements for the first quarter of 2025 and 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;
- 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 May 2025
Deniss Berman	Member of the Board	8 May 2025
Tarmo Pohlak	Member of the Board	8 May 2025