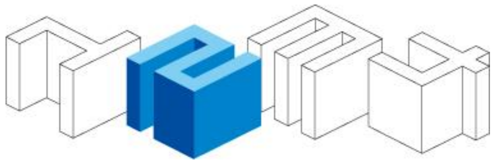
NORDECON

Financial report for the second quarter and first half of 2019

(unaudited)



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Business name	Nordecon AS
Registry number	10099962
Address	Pärnu mnt 158/1, 11317 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 2019 – 31 December 2019
Reporting period	1 January 2019 – 30 June 2019
Council	Toomas Luman (chairman of the council), Andri Hõbemägi, Vello Kahro, Sandor Liive, Meelis Milder
Board	Gerd Müller (chairman of the board), Priit Luman, Maret Tambek, Ando Voogma
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. We have gradually extended our offering with various activities which support the core business such as road maintenance, concrete works 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, landfill sites, utility networks and port facilities. In addition, we are involved in the construction of concrete structures, leasing out heavy construction equipment, and road maintenance.

Besides Estonia, Group entities operate in Sweden, Finland, and Ukraine.

Nordecon AS is a member of the Estonian Association of Construction Entrepreneurs and the Estonian Chamber of Commerce and Industry and has been awarded international quality management certificate ISO 9001, international environmental management certificate ISO 14001 and international occupational health and safety certificate OHSAS 18001.

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 our customers 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

We are professional builders – we apply appropriate construction techniques and technologies and observe generally accepted quality standards. Our people are results-oriented and go-ahead; we successfully combine our extensive industry experience with the opportunities provided by innovation.

Reliability

We are reliable partners – we keep our promises and do not take risks at the expense of our customers. Together, we can overcome any construction challenge and achieve the best possible results.

Openness

We act openly and transparently. We observe best practice in the construction industry and uphold and promote it in society as a whole.

Employees

We support employee development through needs-based training and career opportunities consistent with their experience. We value our people and provide them with a modern work environment that encourages creativity and a motivation system that fosters initiative.

Directors' report

Strategic agenda for 2019-2022

The Group's strategic business agenda and targets for the period 2019-2022

Business lines and markets

- The Group will grow, mostly organically, with a focus on a more efficient use of its existing resources.
- In Estonia, we will operate as a market leader in both the building and infrastructure construction segments.
- In Sweden, we will focus on general contracting in Stockholm and the surrounding area.
- In Finland, we will focus on general contracting and concrete works in Helsinki and the surrounding area.
- In Ukraine, we will focus on general contracting and concrete works, primarily in Kiev and the surrounding area.

Activities for implementing the strategy

- Improving profitability through more precise planning of our design and construction operations
- Increasing our design and digitalisation capabilities
- Simplifying and automating work and decision-making processes
- Monitoring the balance between the contract portfolios of different business segments
- Valuing balanced teamwork where youthful energy and drive complement long-term experience
- Noticing and recognising each employee's individual contribution and initiative

Financial targets

- Revenue will grow by at least 10% per year.
- Foreign markets' contribution will increase to 20% of revenue.
- Real estate development revenue will grow to at least 10% of revenue earned in Estonia.
- Operating margin for the year will be consistently above 3%.
- Operating profit per employee will increase to at least 10 thousand euros per year.
- We will, on average, distribute at least 30% of profit for the year as dividends.

Outlooks of the Group's geographical markets

Estonia

Processes and developments characterising the Estonian construction market

- In 2019, public investments that have an impact on the construction market will not increase considerably compared to 2018. In terms of the market as a whole, investments made by the largest public sector customers (the state-owned real estate company Riigi Kinnisvara AS, the National Road Administration, the Centre for Defence Investment, etc.) that will reach signature of a construction contract in 2019 will not grow substantially. There are no signs of significant year-on-year growth in the volume of orders placed by the private sector either. Thus, it is expected that after two years of rapid growth the Estonian construction market will start cooling down.
- Competition remains stiff across the construction market, intensifying in different segments in line with market developments. A continuously high number of bidders for construction contracts reflects this. It is clear that in an environment of continuously rising input prices, which has emerged in recent years, companies that can operate more efficiently and invest more in the pre-construction phase, particularly design, are more successful.
- In developing new residential real estate, the success of a project depends on the developer's ability to control the input prices included in its business plan and thus set sales prices that are affordable for prospective buyers. A certain market saturation and credit institutions' more limited financing of buyers are lengthening the time required for selling real estate. In particular, this applies to more expensive housing. While the market in Tallinn is becoming saturated, Estonia's other significant housing market in Tartu still has development potential.
- There is often a contrast between the stringent terms of public contracts, which impose an increasing number of obligations, strict sanctions, different financial guarantee commitments, long settlement terms, etc. and the modest eligibility criteria. Lenient qualification requirements and the precondition of making a low bid have made it relatively easy for an increasing number of builders to win a contract. However, they have also heightened the financial, completion delay and quality risks taken by customers during the contract performance and the subsequent warranty periods.
- The prices of construction inputs will continue to rise at a moderate pace, driven by growth in labour costs. General contractors have been trying to absorb the cost increase by making margin concessions but those measures are practically exhausted. The construction market includes a growing number of areas where changes in the business environment may trigger a sharp price increase.
- Growth in construction prices has created a situation where the prices proposed by bidders exceed public customers' planned budget allocations or do not fit private customers' business plans. As a result, construction tenders are either cancelled or the procurement processes last considerably longer than initially planned. In particular, this applies to major investment projects whose share has grown in the past year.
- The persisting shortage of skilled labour (including project and site managers) is restricting companies' performance capacities and affecting different aspects of the construction process, including quality. Labour migration to the Nordic countries remains steady and it is not likely that workers who have left will return to the Estonian construction market in large numbers. Migrant workers who in turn have started moving to Estonia are not able to fill the gap. The above factors sustain pressure for a wage increase, particularly in the category of the younger and less experienced workforce whose natural mobility and willingness to change jobs is higher.

Ukraine

In Ukraine, we mainly offer general contracting and project management services to private sector customers in the segment of building construction. Political and economic instability continues to restrict the adoption of business decisions but construction activity in Kiev and the surrounding area has increased in recent years. In 2019, we will continue our Ukrainian business operations in the Kiev region. We expect that in 2019 the Group's business volumes in Ukraine will remain at a level comparable to 2018. We assess the situation in the Ukrainian construction market regularly and are ready to restructure our operations as and when necessary. We continue to seek opportunities for exiting our two real estate projects, which have been put on hold, or signing a construction contract with a prospective new owner. At the end of 2018, the Group increased its interest in Technopolis-2 TOV from 50% to 100%. The entity owns one of the above real estate projects. Sole ownership provides an opportunity to realise the project more flexibly.

Finland

In Finland, we have mainly been providing subcontracting services in the concrete work segment but, based on experience gained over the years, have also started preparations for expanding into the general contracting market. The local concrete work market allows competing for projects where the customer wishes to source all concrete works from one reliable partner. However, our policy is to maintain a rational approach and avoid taking excessive risks. As expected, Finland's economic growth has had a positive impact on the construction sector. According to forecasts, in 2019 the construction sector will continue to expand.

Sweden

We have been operating in Sweden since 2015. In the Swedish market, we offer mainly the construction of residential and non-residential buildings in the central part of the country. In gaining experience in the new market, we have prioritised quality and adherence to deadlines over profitability. As regards our longer-term goal and the plan to build a viable and strong organization that would compete successfully in the Swedish market, we are positive about the developments so far and see potential for further growth and ensuring profitability in a large market when we have been able to stabilise our order book growth at the desired level. The decline in real estate prices that emerged in 2018 has reduced demand for housing construction. As a result, the starting dates of many projects are being postponed. Compared to the peak in 2017, housing construction volumes have dropped by around a third. The slowdown has had the strongest impact on the Stockholm area. The market is expected to stabilise in 2019 and 2020. Factors that have a positive effect on the construction market include sustained growth in government investment and high demand for office space in major cities.

Description of the main risks

Business risks

The main factors which affect the Group's business volumes and profit margins are competition in the construction market and changes in the demand for construction services. Demand for construction services continues to be strongly influenced by the volume of public investment. This, in turn, depends in part on the co-financing received from the EU structural funds.

Competition continues to be stiff in all segments of the construction market. However, bidders' prices are under strong competitive pressure in a situation where the prices of construction inputs have been consistently rising, driven by growth in labour costs. Increasingly, bidders include not only rival general contractors but also former subcontractors. This is mainly attributable to the central and local governments' policy to keep the eligibility requirements for bidders for public contracts low, which sometimes results in quality and timely completion being sacrificed to the lowest price. We acknowledge the risks involved in performing contracts signed in an environment of stiff competition and rising input prices. Securing a long-term construction contract at an unreasonably low price in a situation where input prices cannot be lowered substantially and competition is fierce is risky because negative developments in the economy may quickly render the contract onerous. In setting our prices in such an environment, we focus on ensuring a reasonable balance between contract performance risks and tight cost control.

Our action plan foresees flexible resource allocation aimed at finding more profitable contracts and performing them effectively. According to its 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.

Our business is also 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.). To mitigate the risk, we secure road maintenance contracts that generate year-round business. Our strategy is to counteract the seasonality of infrastructure operations with building construction that is less exposed to seasonal fluctuations. The Group's long-term goal is to be flexible and keep its two operating segments in relative balance. Where possible, our entities also implement different technical solutions that help them work efficiently in changing conditions.

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, as a rule, subcontractors are 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 30 June 2019, the Group's warranty provisions (including current and non-current) totalled 789 thousand euros (30 June 2018: 1,007 thousand euros).

In addition to managing the risks directly related to construction operations, we seek to mitigate the risks inherent in pre-construction activities. We pay particular attention to bidding activities, including compliance with tendering terms and conditions and budgeting. The errors made in the planning stage are usually irreversible and, in a situation where the price is contractually fixed, may result in a direct financial loss.

Financial risks

Credit risk

The Group did not incur any credit losses in the reporting 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' settlement behaviour is continuously monitored. The main indicator of the realisation of credit risk is settlement default that exceeds 180 days along with no activity on the part of the debtor that would confirm the intent to settle.

Liquidity risk

The Group remains exposed to higher than usual liquidity risk. At the reporting date, the Group's current assets exceeded its current liabilities 0.93 times (30 June 2018: 0.98 times). The key factor which influences the current ratio is the classification of the Group's loans to its Ukrainian associate as non-current assets and the banks' general policy not to refinance interest-bearing liabilities (particularly overdrafts) for a period exceeding twelve months.

Because the political and economic situation in Ukraine is still complicated, we believe that the Group's Ukrainian investment properties cannot be realised in the short term. Accordingly, at the reporting date the Group's loans to its Ukrainian associate of 7,903 thousand euros were classified as non-current assets.

For better cash flow management, we use overdraft facilities and factoring 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. At 30 June 2019, the Group's short-term borrowings totalled 18,093 thousand euros (30 June 2018: 21,441 thousand euros).

At the reporting date, the Group's cash and cash equivalents totalled 6,220 thousand euros (30 June 2018: 7,985 thousand euros).

Interest rate risk

The Group's interest-bearing liabilities to banks have both fixed and floating interest rates. Finance lease liabilities have mainly floating interest rates. The base rate for most floating-rate contracts is Euribor. Compared to the same period last year, the Group's interest-bearing borrowings have decreased by 1,868 thousand euros and the structure of borrowings has changed substantially. At the reporting date, the Group did not use factoring because, as a rule, customers' settlement terms do not exceed 30 days. However, a change in lease accounting policies that took effect at the beginning of 2019 (IFRS 16 *Leases*) has brought operating lease liabilities that previously were accounted for off the statement of financial position on the statement of financial position where they are reported within borrowings (see also note 1 *Significant accounting policies* and *Liquidity risk*). This has increased borrowings significantly. At 30 June 2019, interest-bearing borrowings totalled 27,520 thousand euros (30 June 2018: 29,388 thousand euros). Interest expense for the first half of 2019 amounted to 446 thousand euros (H1 2018: 425 thousand euros).

The main source of interest rate risk is a possible rise in the base rates of floating interest rates (Euribor, EONIA or the base rate calculated by the creditor). In the light of the Group's relatively heavy loan burden, this would increase interest expense significantly, 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 a floating interest rate. We have signed a derivative contract to manage the risks resulting from changes in the interest rate of the finance lease contract of an asphalt concrete plant acquired in 2016.

Currency risk

As a rule, the prices of construction contracts and subcontracts are fixed in the currency of the host country, i.e. in euros (EUR), Ukrainian hryvnias (UAH) and Swedish kronas (SEK).

The exchange rate of the hryvnia is unstable because the political and economic environment in Ukraine continues to be strained due to the conflict between Ukraine and Russia, which broke out at the beginning of 2014, and the discontinuance of the determination of the national currency's indicative exchange rate by the National Bank of Ukraine at the beginning of 2015. In the first half of 2019, the hryvnia strengthened against the euro by around 6.7%. As a result, the Group's Ukrainian subsidiaries, which have to translate their euro-denominated loans into the local currency, recognised a foreign exchange gain of 377 thousand euros (H1 2018: a gain of 243 thousand euros). Exchange gains and losses on financial instruments are recognised in *Finance income* and *Finance costs* respectively. Translation of receivables and liabilities from operating activities did not give rise to any exchange gains or losses.

Our Ukrainian and non-Ukrainian entities' reciprocal receivables and liabilities that are related to the construction business and denominated in hryvnias do not give rise to any exchange gains or losses. Nor do the loans provided to the Ukrainian associate in euros give rise to any exchange gains or losses in the Group's financial statements.

In the first half of 2019, the Swedish krona weakened against the euro by around 2.9%. Due to the change in the krona/euro exchange rate, the translation of operating receivables and payables resulted in an exchange loss of 4 thousand euros (H1 2018: a loss of 71 thousand euros). The exchange loss has been recognised in *Other operating expenses*. The translation of a loan provided to the Swedish subsidiary in euros into the local currency gave rise to an exchange loss of 206 thousand euros (H1 2018: a loss of 154 thousand euros). The exchange loss has been recognised in *Finance costs*.

We have not acquired derivatives to hedge our currency risk.

Employee and work environment risks

Finding permanent labour is a serious challenge for the entire construction sector and one of the main factors that influences business performance. To strengthen Nordecon's reputation as an employer and make sure that we will have employees in the future, we collaborate with educational institutions. We also depend extensively on our subcontractors' ability to ensure the availability of personnel with the required skills and qualifications.

To successfully overcome the challenges of management and meet our customers' expectations regarding professional competence, it is important to continuously develop our people. We invest in improving the leadership and management competencies of our key personnel and the professional skills of our employees by providing training and ensuring that they have the appropriate professional qualifications.

As a construction company, we strive to minimise the occupational health and safety risks of people working on our construction sites, including both our own employees and the teams of our subcontractors. The goal is to make sure that all measures required by law are applied in full. In addition, the parent's operations meet the requirements of international occupational health and safety management standard OHSAS 18001. Subcontractors must ensure that their employees follow all applicable work safety requirements; our role is to work with them and create conditions that support compliance.

Environmental risks

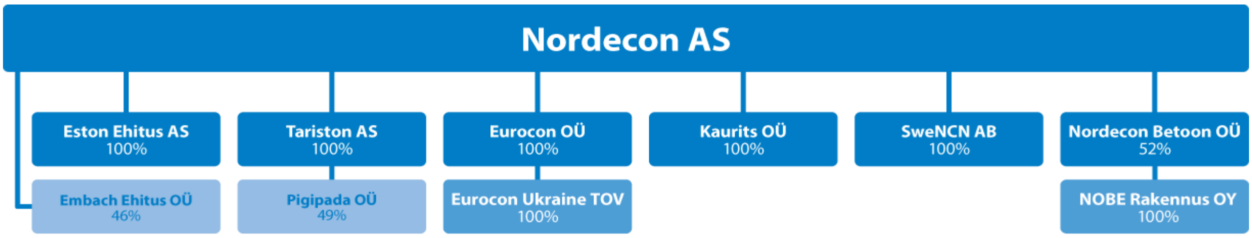
Construction activities change landscapes and the physical environment of cities and settlements. The Group's goal is to do its work and at the same time protect the natural environment as much as possible. Our assets and operations which have the strongest impact on the environment and, thus, involve the highest environmental risk are asphalt plants, quarries used for the extraction of construction materials and road construction sites. We protect the environment on our construction sites by using materials efficiently and handling and managing waste properly. To prevent excessive waste, leaks, spills, pollution, destruction of wildlife and other damage to the environment, we comply with legal requirements. All our construction entities have implemented environmental management standard ISO 14001.

Corruption and ethical risks

As one of the leading construction companies in Estonia, we realise that it is important to be aware of the risks involved in breaching honest and ethical business practices and to make sure that our entities' management quality, organizational culture and internal communication emphasise zero tolerance for dishonest, unethical and corrupt behaviour. Transparent decisions and relations are based on effective internal and external cooperation and communication as well as the implementation of IT solutions that increase openness. We have established relevant internal procedures and regulations, observe the rules of the Tallinn Stock Exchange and cooperate with external and internal auditors as well as supervisory agencies.

Group structure

The Group’s structure at 30 June 2019, including interests in subsidiaries and associates*



* The structure does not include the subsidiaries OÜ Eesti Ehitus, OÜ Aspi, OÜ Linnaehitus, OÜ NOBE, Infra Ehitus OÜ, Kalda Kodu OÜ, Magasini 29 OÜ, Kastani Kinnisvara 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 four were established to protect business names. Nor does the structure include investments in entities in which the Group’s interest is less than 20%.

Changes in Group structure after the reporting period

Merger of subsidiaries

The merger of Eston Ehitus AS (a wholly-held subsidiary of Nordecon AS) and its wholly-held subsidiary Magasini 29 OÜ was finalised in July 2019. In the transaction, Magasini 29 OÜ merged with Eston Ehitus AS. Magasini 29 OÜ was established to carry out a real estate development project in Tallinn. After the completion of development activities including the sale of the terraced homes, the company’s continuance as a separate entity was no longer practical. The merger was registered at the Commercial Registry on 9 July 2019.

The Group's operations in Estonia and foreign markets

Changes in the Group's Estonian operations

There were no changes in our Estonian operations during the period under review. The Group was involved in building and infrastructure construction, providing services in practically all market sub-segments. 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 Nordecon Betoon OÜ and AS Eston Ehitus.

As regards our other main business lines, we continued to provide concrete services (Nordecon Betoon OÜ), lease out heavy construction machinery and equipment (Kaurits OÜ) and render regional road maintenance services in the Kose maintenance area in Harju county and in Järva and Hiiu counties (Tariston AS).

We did not enter any new operating segments in Estonia.

Foreign markets

Ukraine

There were no changes in our Ukrainian operations during the period under review. In recent years, our business activity in Ukraine has increased but we have remained conservative about the contracts we conclude. We have signed contracts only when we have been certain that the risks involved are reasonable given the circumstances.

Real estate development activities which require major investments remain suspended to minimise risks until the situation in Ukraine improves (we have currently interests in two development projects that have been put on hold). To safeguard the investments made and loans provided, the Group and the co-owners have privatised the property held by the associate V.I. Center TOV and created mortgages on it.

Finland

There were no changes in our Finnish operations during the period under review. The Group's subsidiary Nordecon Betoon OÜ and its Finnish subsidiary NOBE Rakennus OY continued to provide subcontracting services in the concrete work segment in Finland. In the first half of 2019, our business volumes in Finland grew compared to previous years.

Sweden

There were no significant changes in our Swedish operations during the period under review. The Group's subsidiary SWENCN AB continued to deliver services under building construction contracts secured as a general contractor. The subsidiary continues to develop its organization and active sales activities in order to win new contracts.

Performance by geographical market

In the first half of 2019, the contribution of the Group's foreign markets increased somewhat compared to the same period last year, accounting for around 9% of total revenue.

	H1 2019	H1 2018	H1 2017	2018
Estonia	91%	93%	93%	93%
Finland	4%	1%	2%	1%
Ukraine	3%	4%	1%	4%
Sweden	2%	2%	3%	2%

It is worth noting that the share of revenue earned in Finland has increased. Based on the Finnish order book, where the largest project is a subcontract for supplying concrete constructions for the Raitinkartano commercial and residential building, we expect that in 2019 our Finnish revenues will increase compared to previous years. The contribution of the Ukrainian market where we are currently providing general contractor's services under two building construction contracts has decreased compared to the same period last year. Swedish revenues have also decreased year on year: two new general construction contracts secured in Sweden in 2019 had only a modest impact on the period's revenue because the Group was mainly involved in preparatory and design activities.

Geographical diversification of the revenue base is a consciously deployed strategy by which we mitigate the risks resulting from excessive reliance on one market. However, conditions in some of our chosen foreign markets are also volatile and affect our current results. Increasing the contribution of foreign markets is one of Nordecon's strategic targets. Our vision of the Group's foreign operations is described in the chapter *Outlooks of the Group's geographical markets*.

Performance by business line

Segment revenues

In the first half of 2019, Nordecon generated revenue of 100,441 thousand euros, roughly 5% less than in the same period last year when revenue amounted to 105,658 thousand euros. Revenue decreased in both the Buildings and the Infrastructure segment, by 6% and 2% respectively. The decline is attributable to longer than usual decision-making processes between the submission of bids and the signature of contracts in public procurements carried out in the second half of 2018 and longer than expected preparation processes of some contracts signed with private sector customers. The matter was also highlighted in our annual report for 2018. However, based on the Group's order book and known developments in our chosen markets, we expect that in 2019 the Group's business volumes will grow somewhat compared to 2018 (see *Order book*).

The limited volume of infrastructure construction projects, which is affecting the entire Estonian construction market, is also reflected in our revenue structure. In the first half of 2019, our Buildings and Infrastructure segments generated revenue of 76,065 thousand euros and 24,213 thousand euros respectively. In the same period last year, the corresponding figures were 80,827 thousand euros and 24,587 thousand euros (see note 8).

Operating segments*	H1 2019	H1 2018	H1 2017	2018
Buildings	74%	76%	81%	72%
Infrastructure	26%	24%	19%	28%

* 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 is primarily engaged in infrastructure construction are presented in the Infrastructure 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 in general Group entities specialise in specific areas except for the subsidiary Nordecon Betoon OÜ that is involved in both building and infrastructure construction. The figures for the parent are allocated in both parts of the report based on the nature of the work.

Sub-segment revenues

The largest revenue source in the Buildings segment continues to be the commercial buildings sub-segment. The period's largest projects included the reconstruction and extension of the building of Terminal D in the Old City harbour, the construction of a multi-storey car park at Sepapaja 1 and the design and construction of an eight-floor accommodation building at Liimi 1B and a concrete frame for an eight-floor multi-storey car park and commercial building at Tammsaare tee 92 in Tallinn.

Based on the Group's order book, we expect that in 2019 the revenue of the public buildings sub-segment will increase compared to 2018. The sub-segment's revenue for the period was influenced the most by the construction of the Peetri sports and leisure centre in Rae parish and a state secondary school at Kohtla-Järve. The state's investments in national defence also continue to play an important role. During the period, we continued to build an assembly area at the defence forces' base at Tapa and a barracks for 300 people at the defence forces' base at Jõhvi. The Estonian Academy of Security Sciences building in Tallinn was delivered to the customer on schedule.

A significant share of the Group's Estonian apartment building projects is located in Tallinn. During the period, the largest of them were located at Lesta 10, Sammu 6 and Valge 16. Sweden, where we are providing services under three housing development contracts, also continues to make a strong contribution to the sub-segment's revenue. Apartment buildings in phases III and IV of the Sõjakooli project were delivered to the customer on schedule.

We continue to carry out our own housing development projects in Tallinn and Tartu (reported in the apartment buildings sub-segment). During the period, we completed a four-floor apartment building with 21 apartments at Nõmme tee 97 in Tallinn (www.nommetee.ee) and three apartment buildings with 10 apartments each at Aruküla tee in Tartu (www.kaldakodu.ee). Work continues on a five-floor apartment building with 24 apartments at Võidujooksu 8c in Tallinn (www.voidujooksu.ee). During the period, our own housing developments generated revenue of 3,792 thousand euros (H1 2018: 3,228 thousand euros). In conducting real estate development activities, we monitor closely potential risks in the housing development market.

The largest projects in the industrial and warehouse facilities sub-segment are the construction of a warehouse and office building at Kaldase tee in Maardu and the reconstruction (phase V) of the fattening unit of a pig farm of Rakvere Farmid AS (EKSEKO). Compared to previous periods, the share of contracts signed with the agricultural sector has decreased significantly, which is one of the reasons for the sub-segment's revenue decline.

Revenue breakdown in the Buildings segment	H1 2019	H1 2018	H1 2017	2018
Commercial buildings	35%	36%	25%	35%
Apartment buildings	33%	23%	31%	25%
Public buildings	24%	26%	26%	25%
Industrial and warehouse facilities	8%	15%	18%	15%

We do not expect revenue breakdown in the Infrastructure segment to change significantly in 2019. The segment will continue to be dominated by road construction and maintenance despite the fact that the contribution of other engineering work has grown. During the period, a major share of the revenue of the road construction and maintenance sub-segment resulted from contracts secured in 2018: the construction of passing lanes on the Pikknurme-Puurmani section of the Tallinn–Tartu–Võru–Luhamaa road (a 2+1 road section) and roads and bridges for the defence forces' central training area in Kuusalu parish. The strongest contributors among contracts secured in 2019 were those for the construction of the Missokülä-Hindsa section (8 km) and the Misso small town section (2 km) of main road no. 7 (Riga-Pskov). A significant share of the sub-segment's revenue results from forest road improvement services provided to the State Forest Management Centre. The Group also continues to provide road maintenance services in Järva and Hiiu counties and the Kose maintenance area in Harju county.

During the period, we continued earthworks on the Kiili-Paldiski section of the onshore part of Balticconnector (a gas pipeline between Estonia and Finland) that generated a major share of other engineering revenue.

Revenue breakdown in the Infrastructure segment	H1 2019	H1 2018	H1 2017	2018
Road construction and maintenance	77%	90%	84%	89%
Other engineering	20%	7%	12%	7%
Environmental engineering	3%	3%	4%	4%

Financial review

Financial performance

Nordecon ended the first six months of 2019 with a gross profit of 3,294 thousand euros (H1 2018: 3,199 thousand euros). The Group's gross margin for the first half-year was 3.3% (H1 2018: 3%) and for the second quarter 4.9% (Q2 2018: 4.4%). Gross profit was earned in the Buildings segment that posted a gross margin of 5.5% for the first half-year (H1 2018: 3.3) and 6.1% for the second quarter (Q2 2018: 3.3%). We are satisfied with the improvement in the segment's gross margin although it is not yet on target. The result of the Infrastructure segment that ended the first half-year with a negative gross margin, on the other hand, is far from satisfactory. The segment's six-month gross margin was -1.4% (H1 2018: 3.7%) and second-quarter gross margin, which was 3.5%, was considerably lower than last year (Q2 2018: 8.6%). The Infrastructure segment is mainly involved in the performance of road construction and maintenance contracts. Road construction, which is capital intensive, requires a certain critical amount of work to cover its fixed costs, the largest share of which is made up of expenses relating to asphalt production and laying equipment. The road maintenance result is mainly influenced by the weather. Exceptionally challenging weather conditions in the first two months of 2019 had an adverse impact on the profitability of national road maintenance contracts. The average cost of new road construction projects put out to tender in 2019 has decreased compared to 2018, which in turn has increased the number of bidders. Also, the gap between contractors' asphalt concrete production capacity and market demand has widened: according to estimates, production capacity exceeds demand by at least 25%. All this has had a negative impact on bid prices and the Group has not been sufficiently successful in winning public road construction contracts.

The Group's administrative expenses for the first half of 2019 totalled 3,048 thousand euros. Compared to the same period last year, administrative expenses decreased by around 10% (H1 2018: 3,386 thousand euros) and the ratio of administrative expenses to revenue (12 months rolling) dropped to 2.9% (H1 2018: 3.1%).

The Group ended the first half of 2019 with an operating loss of 205 thousand euros (H1 2018: an operating loss of 375 thousand euros). EBITDA amounted to 1,281 thousand euros (H1 2018: 606 thousand euros).

Finance income and costs of the period continued to be influenced by exchange rate fluctuations in the Group's foreign markets. The Ukrainian hryvnia strengthened against the euro by 6.7% and the Group recognised an exchange gain of 377 thousand euros (H1 2018: a gain of 243 thousand euros) on the translation of the loans provided to the Ukrainian subsidiaries in euros. The Swedish krona, on the other hand, weakened against the euro by around 2.9% and the Group recognised an exchange loss of 206 thousand euros (H1 2018: a loss of 154 thousand euros) on the translation of the loan provided to the Swedish subsidiary in euros.

The Group's net loss amounted to 574 thousand euros (H1 2018: a net loss of 524 thousand euros) of which the net loss attributable to owners of the parent, Nordecon AS, was 793 thousand euros (H1 2018: 532 thousand euros).

Cash flows

In the first half of 2019, operating activities produced a net cash inflow of 1,502 thousand euros (H1 2018: 2,684 thousand euros). The key factor that affects operating cash flow is the mismatch between customers' and suppliers' settlement terms. Cash flow is also strongly influenced by the fact that the contracts signed with both public and private sector customers do not require the customer to make advance payments while the Group has to make prepayments to subcontractors, materials suppliers, etc. Cash inflow is also lowered 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 resulted in a net cash inflow of 175 thousand euros (H1 2018: 14 thousand euros). The largest items were payments for the acquisition of property, plant and equipment of 165 thousand euros (H1 2018: 252 thousand euros) and dividends received of 244 thousand euros (H1 2018: 249 thousand euros).

Financing activities generated a net cash outflow of 3,121 thousand euros (H1 2018: an outflow of 3,633 thousand euros). The largest items were loan, finance lease and dividend payments. Proceeds from loans received totalled 3,328 thousand euros, comprising development loans and overdrafts used (H1 2018: 1,411 thousand euros). Loan repayments totalled 2,265 thousand euros (H1 2018: 1,547 thousand euros), consisting of scheduled repayments of long-term investment and development loans. Finance lease payments totalled 1,025 thousand euros (H1 2018: 888 thousand euros). Dividends paid amounted to 2,129 thousand euros (H1 2018: 2,243 thousand euros).

At 30 June 2019, the Group's cash and cash equivalents totalled 6,220 thousand euros (30 June 2018: 7,985 thousand euros). Management's commentary on liquidity risks is presented in the chapter *Description of the main risks.*

Key financial figures and ratios

Figure/ratio for the period	H1 2019	H1 2018	H1 2017	2018
Revenue (EUR '000)	100,441	105,658	103,501	223,496
Revenue change	-5%	2%	40%	-3.4%
Net loss/profit (EUR '000)	-574	-524	-897	3,821
Net loss/profit attributable to owners of the parent (EUR '000)	-793	-532	-890	3,381
Average number of shares	31,528,585	30,986,585	30,756,728	31,528,585
Earnings per share (EUR)	-0.03	-0.02	-0.03	0.11
Administrative expenses to revenue	3.0%	3.2%	3.0%	3.0%
Administrative expenses to revenue (rolling)	2.9%	3.1%	3.0%	3.0%
EBITDA (EUR '000)	1,281	606	664	6,021
EBITDA margin	1.3%	0.6%	0.6%	2.7%
Gross margin	3.3%	3.0%	3.0%	4.5%
Operating margin	-0.2%	-0.4%	-0.3%	1.8%
Operating margin excluding gain on asset sales	-0.3%	-0.4%	-0.3%	1.3%
Net margin	-0.6%	-0.5%	-0.9%	1.7%
Return on invested capital	0.6%	0.5%	-0.1%	8.4%
Return on equity	-1.8%	-1.6%	-2.4%	11.2%
Equity ratio	25.5%	25.4%	29.0%	32.4%
Return on assets	-0.5%	-0.4%	-0.8%	3.5%
Gearing	36.7%	35.2%	32.5%	28.5%
Current ratio	0.93	0.98	1.02	1.12
As at	**30 June 2019**	**30 June 2018**	**30 June 2017**	**31 Dec 2018**
Order book (EUR '000)	179,691	131,552	130,601	100,352

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 / 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 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

At 30 June 2019, the Group's order book (backlog of contracts signed but not yet performed) stood at 179,691 thousand euros, an increase of 37% year on year. In the second quarter of 2019, we signed new contracts of 65,901 thousand euros (Q2 2018: 43,416 thousand euros).

As at	30 June 2019	30 June 2018	30 June 2017	31 Dec 2018
Order book (EUR '000)	179,691	131,552	130,601	100,352

At the reporting date, contracts secured by the Buildings segment and the Infrastructure segment accounted for 81% and 19% of the Group's total order book respectively (30 June 2018: 73% and 27% respectively). Compared to 30 June 2018, the order book of the Buildings segment has increased by around 52% and the order book of the Infrastructure segment has decreased by 6%.

In the Buildings segment, the largest order books are those of the commercial and the public buildings sub-segments, which account for 36% and 33% of the of the segment's order book respectively. The order book of the apartment buildings sub-segment has also grown compared to the same period last year. The order book of the industrial and warehouse facilities sub-segment, on the other hand, has decreased substantially. In the commercial buildings sub-segment, the largest projects in progress are mostly in Tallinn: the reconstruction and extension of the building of Terminal D in the Old City Harbour and the construction of a new seven-floor commercial building in Rotermann City. At the end of the reporting period, we were awarded a contract for the construction of the first building in the Porto Franco development in Tallinn: a building near Laeva street that has three underground and five above-ground floors. In Tartu, we continue to build a multi-storey car park for Tartu University Hospital. A large part of the order book of the public buildings sub-segment is made up of contracts signed at the beginning of 2019 for the construction of the Estonian Academy of Security Sciences and the University of Tartu Training Centre in Narva, a sports and health centre at Kohtla-Järve and an assembly area at the Defence Forces' base at Tapa. In the second quarter, we also secured a contract for the reconstruction and extension of a research and academic building of Tallinn University of Technology at Mäepealse 3. The order book of the apartment buildings sub-segment includes contracts for the construction of apartment buildings in Tallinn. In addition, in the first quarter we were awarded contracts for the construction of two apartment buildings in Sweden: one near Uppsala city centre and the other in the Bromma district in Stockholm.

As in previous years, the order book of the Infrastructure segment is underpinned by contracts of the road construction and maintenance sub-segment, which at the end of the reporting period accounted for around 89% of the segment's order book. In the second quarter of 2019, we signed contracts for building the Kernu bypass and the Kernu filling station and Haiba junctions on the Tallinn-Pärnu-Ikla road and reconstructing two road sections of main road no. 7 (Riga-Pskov): the Missokülä-Hindsa section (8 km) and the Misso small town section (2 km). Under contracts signed in 2018, we continue to build passing lanes for a 2+1 road on the Pikknurme-Puurmani section (km 142.2-146.9) of the Tallinn–Tartu–Võru–Luhamaa road and roads and bridges for the Defence Forces' central training area in Kuusalu parish. The Group continues to provide road maintenance services in three road maintenance areas: Järva, Hiiu and Kose.

Based on the size of the Group's order book and known developments in our chosen markets, we expect that in 2019 the Group's revenue will grow slightly compared to 2018. In an environment of exceptionally stiff competition, we avoid taking unjustified risks whose realisation in the contract performance phase would have an adverse impact on the Group's results. Despite this, where suitable opportunities arise, we strive to increase the portfolio to counteract the pressure on margins that is caused by the market situation. Our preferred policy is to keep fixed costs under control and monitor market developments closely.

Between the reporting date (30 June 2019) and the date of release of this report, Group companies have secured additional construction contracts in the region of 34,080 thousand euros.

People

Employees and personnel expenses

In the first half of 2019, the Group (the parent and the subsidiaries) employed, on average, 678 people including 405 engineers and technical personnel (ETP). Headcount decreased by around 2% compared to the same period in 2018.

Average number of employees at Group entities (including the parent and the subsidiaries)

	H1 2019	H1 2018	H1 2017	2018
ETP	405	426	423	419
Workers	273	268	314	268
Total average	**678**	**694**	**737**	**687**

The Group's personnel expenses for the first half of 2019, including all taxes, totalled 11,036 thousand euros. In the first half of 2018, personnel expenses amounted to 10,566 thousand euros. Despite a decline in the number of staff, personnel expenses grew by around 4% year on year. Due to the persisting shortage of qualified and experienced labour, employers are under strong pressure to increase wages and salaries.

The service fees of the members of the council of Nordecon AS for the first half of 2019 amounted to 94 thousand euros and associated social security charges totalled 31 thousand euros (H1 2018: 94 thousand euros and 31 thousand euros respectively).

The service fees of the members of the board of Nordecon AS amounted to 278 thousand euros and associated social security charges totalled 93 thousand euros (H1 2018: 390 thousand euros and 128 thousand euros respectively). The figures for the first half of 2018 include termination benefits of 93 thousand euros paid to a member of the board and associated social security charges of 31 thousand euros.

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 personnel expenses incurred:

	H1 2019	H1 2018	H1 2017	2018
Nominal labour productivity (rolling), (EUR '000)	321.5	327.4	296.5	325.4
Change against the comparative period, %	-1.8%	10.4%	33.0%	3.3%
Nominal labour cost efficiency (rolling), (EUR)	9.3	9.9	10.2	9.7
Change against the comparative period, %	-6.3%	-2.1%	30.3%	-3.8%

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' personnel expenses)

The Group's nominal labour productivity and labour cost efficiency declined compared to the first quarter of 2018 due to lower revenue and higher personnel expenses.

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 307,567,280 Estonian kroons to 19,657,131.9 euros. Concurrently with the conversion, the company adopted shares with no par value.

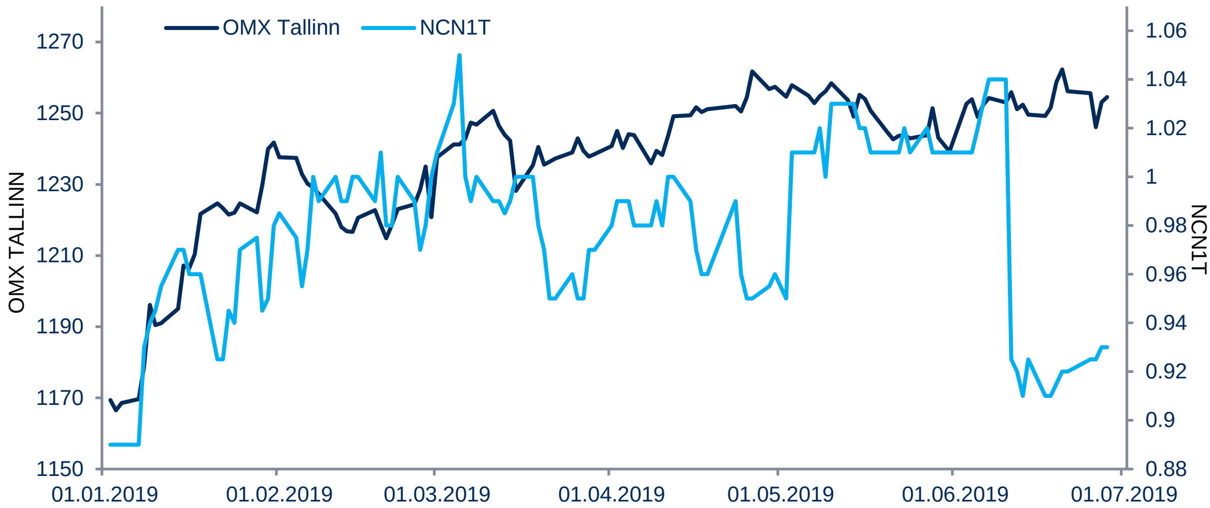
In July 2014, Nordecon AS issued 1,618,755 new shares with a total cost of 1,581,523.64 euros, increasing share capital by 1,034,573.01 euros to 20,691,704.91 euros, and acquired the same number of own (treasury) shares for the same price. The share capital of Nordecon AS consists of 32,375,483 ordinary 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 the first half of 2019

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 to the OMX Tallinn index in the first half of 2019



Index/equity	1 January 2019*	30 June 2019	+/-
OMX Tallinn	1,162.86	1,254.55	7.88%
NCN1T	EUR 0.89	EUR 0.93	4.49%

* Closing price on the Nasdaq Tallinn Stock Exchange at 31 December 2018

Summarised trading results

Share trading history (EUR)

Price	H1 2019	H1 2018	H1 2017
Open	0.91	1.25	1.34
High	1.05	1.29	1.46
Low	0.89	1.08	1.20
Last closing price	0.93	1.08	1.26
Traded volume (number of securities traded)	2,428,642	1,103,785	925,584
Turnover, in EUR millions	2.41	1.32	1.23
Listed volume (30 June), in thousands	32,375	32,375	32,375
Market capitalisation (30 June), in EUR millions	30.11	34.97	40.79

Shareholder structure

Largest shareholders in Nordecon AS at 30 June 2019

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,507,464	50.99
Luksusjaht AS	4,222,522	13.04
Rondam AS	1,000,000	3.09
SEB Pank AS clients	710,000	2.19
ASM Investments OÜ	519,600	1.60
Mati Kalme	500,000	1.54
State Street Bank and Trust Omnibus Account A Fund	368,656	1.14
Lembit Talpsepp	329,193	1.02
Midas Invest OÜ	293,000	0.91
Alforme OÜ	260,000	0.80

Shareholder structure of Nordecon AS at 30 June 2019

	Number of shares	Ownership interest (%)
Shareholders with interest exceeding 5%	2	64.03
Shareholders with interest from 1% to 5%	6	10.59
Shareholders with interest below 1%	2,023	22.76
Holder of own (treasury) shares	1	2.62
Total	**2,032**	**100**

Shares controlled by members of the council of Nordecon AS at 30 June 2019

Council member		Number of shares	Ownership interest (%)
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)*	Chairman of the Council	16,579,144	51.21
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
Meelis Milder	Member of the Council	0	0.00
Total		**16,639,144**	**51.39**

* Companies controlled by the individual

Shares controlled by members of the board of Nordecon AS at 30 June 2019

Board member		Number of shares	Ownership interest (%)
Gerd Müller	Chairman of the Board	0	0.00
Priit Luman	Member of the Board	7,000	0.02
Maret Tambek	Member of the Board	0	0.00
Ando Voogma	Member of the Board	0	0.00
Total		**7,000**	**0.02**

Share option plan

The annual general meeting that convened on 27 May 2014 approved a share option plan aimed at motivating the executive management of Nordecon AS by including them among the company's shareholders to ensure consistency in the company's management and improvement of the company's performance, and enable the executive management to benefit from their contribution to growth in the value of the company's share. Under the share option plan, the company granted options for acquiring up to 1,618 thousand shares in Nordecon AS. An option could be exercised when three years had passed since the signature of the option agreement but not before the general meeting had approved the company's annual report for 2016.

To satisfy the terms and conditions of the option plan, in July 2014 Nordecon AS issued a total of 1,618 thousand new shares with a total cost of 1,582 thousand euros, increasing share capital by 1,035 thousand euros to 20,692 thousand euros, and acquired the same number of own (treasury) shares at the same price.

The annual general meeting which convened on 24 May 2017 approved some changes to the share option plan. The term for exercising a share option was extended. An option could be exercised within 15 months after the general meeting had approved Nordecon AS's annual report for 2016. In addition, the conditions for exercising the options granted to persons who at the grant date were members of the board were amended.

The annual general meeting which convened on 23 May 2018 adopted some amendments to the share option plan which grant Nordecon AS's chairman of the board the right to acquire up to 200,000 shares and each member of the board the right to acquire up to 129,500 shares in Nordecon AS. An option may be exercised when three years have passed since the signature of the option agreement but not before the general meeting has approved the company's annual report for 2020. Exercise of the options is linked to the achievement of the Group's EBITDA target for 2020 (from 6,083 thousand euros to 12,167 thousand euros).

At 30 June 2019, options for the acquisition of 229,857 shares had been exercised, options for the acquisition of 800,398 shares had expired and options for the acquisition of 588,500 shares were still exercisable.

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.

Gerd Müller	Chairman of the Board		8 August 2019
Priit Luman	Member of the Board		8 August 2019
Maret Tambek	Member of the Board		8 August 2019
Ando Voogma	Member of the Board		8 August 2019

Condensed consolidated interim financial statements

Condensed consolidated interim statement of financial position

EUR '000	Note	30 June 2019	31 December 2018
ASSETS			
Current assets			
Cash and cash equivalents		6,220	7,678
Trade and other receivables	2	44,176	31,627
Prepayments		2,443	1,383
Inventories	3	19,757	20,444
Total current assets		**72,596**	**61,132**
Non-current assets			
Investments in equity-accounted investees		2,035	2,266
Other investments		26	26
Trade and other receivables	2	8,340	8,225
Investment property		5,526	5,526
Property, plant and equipment	4	16,531	12,288
Intangible assets	4	14,670	14,674
Total non-current assets		**47,128**	**43,005**
TOTAL ASSETS		**119,724**	**104,137**
LIABILITIES			
Current liabilities			
Borrowings	5, 6	18,093	9,374
Trade payables		47,368	34,954
Other payables		8,482	5,187
Deferred income		4,044	3,932
Provisions		310	1,013
Total current liabilities		**78,297**	**54,460**
Non-current liabilities			
Borrowings	5, 6	9,427	14,830
Trade payables		98	98
Other payables		177	71
Provisions		1,222	969
Total non-current liabilities		**10,924**	**15,968**
TOTAL LIABILITIES		**89,221**	**70,428**
EQUITY			
Share capital		16,321	16,321
Own (treasury) shares		-693	-693
Share premium		618	618
Statutory capital reserve		2,554	2,554
Translation reserve		1,730	1,992
Retained earnings		8,212	10,896
Total equity attributable to owners of the parent		**28,742**	**31,688**
Non-controlling interests		**1,761**	**2,021**
TOTAL EQUITY		**30,503**	**33,709**
TOTAL LIABILITIES AND EQUITY		**119,724**	**104,137**

Condensed consolidated interim statement of comprehensive income

EUR '000	Note	H1 2019	Q2 2019	H1 2018	Q2 2018	2018
Revenue	8, 9	100,441	65,917	105,658	61,996	223,496
Cost of sales	10	-97,147	-62,669	-102,459	-59,250	-213,463
Gross profit		**3,294**	**3,248**	**3,199**	**2,746**	**10,033**
Marketing and distribution expenses		-498	-152	-331	-158	-626
Administrative expenses	11	-3,048	-1,555	-3,386	-1,715	-6,725
Other operating income	12	67	11	219	202	1,471
Other operating expenses	12	-20	-7	-76	1	-122
Operating loss/profit		**-205**	**1,545**	**-375**	**1,076**	**4,031**
Finance income	13	495	224	385	250	431
Finance costs	13	-663	-299	-586	-282	-909
Net finance costs		**-168**	**-75**	**-201**	**-32**	**-478**
Share of profit of equity-accounted investees		252	302	452	515	835
Loss/profit before income tax		**-121**	**1,772**	**-124**	**1,559**	**4,388**
Income tax expense		-453	-453	-400	-200	-567
Loss/profit for the period		**-574**	**1,319**	**-524**	**1,359**	**3,821**
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations		-262	-218	-60	-128	-3
Total other comprehensive expense		**-262**	**-218**	**-60**	**-128**	**-3**
TOTAL COMPREHENSIVE EXPENSE/INCOME		**-836**	**1,101**	**-584**	**1,231**	**3,818**
Loss/profit attributable to:						
- Owners of the parent		-793	1,169	-532	1,274	3,381
- Non-controlling interests		219	150	8	85	440
Loss/profit for the period		**-574**	**1,319**	**-524**	**1,359**	**3,821**
Total comprehensive expense/income attributable to:						
- Owners of the parent		-1,055	951	-592	1,146	3,378
- Non-controlling interests		219	150	8	85	440
Total comprehensive expense/income for the period		**-836**	**1,101**	**-584**	**1,231**	**3,818**
Earnings per share attributable to owners of the parent:						
Basic earnings per share (EUR)	7	-0.03	0.04	-0.02	0.04	0.11
Diluted earnings per share (EUR)	7	-0.03	0.04	-0.02	0.04	0.11

Condensed consolidated interim statement of cash flows

EUR '000	Note	H1 2019	H1 2018
Cash flows from operating activities			
Cash receipts from customers[1]		108,300	116,509
Cash paid to suppliers[2]		-93,163	-100,166
VAT paid		-2,104	-2,874
Cash paid to and for employees		-11,385	-10,480
Income tax paid		-146	-305
Net cash from operating activities		**1,502**	**2,684**
Cash flows from investing activities			
Paid on acquisition of property, plant and equipment		-165	-252
Paid on acquisition of intangible assets		0	0
Proceeds from sale of property, plant and equipment	4	99	22
Loans provided		-14	-17
Repayment of loans provided		6	7
Dividends received		244	249
Interest received		5	5
Net cash from investing activities		**175**	**14**
Cash flows from financing activities			
Proceeds from loans received		3,328	1,411
Repayment of loans received		-2,265	-1,547
Finance lease payments made	6	-1,025	-888
Settlements of lease liability		-549	0
Interest paid		-481	-366
Dividends paid		-2,129	-2,243
Net cash used in financing activities		**-3,121**	**-3,633**
Net cash flow		**-1,444**	**-935**
Cash and cash equivalents at beginning of period		**7,678**	**8,916**
Effect of movements in foreign exchange rates		-14	4
Decrease in cash and cash equivalents		-1,444	-935
Cash and cash equivalents at end of period		**6,220**	**7,985**

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

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

Condensed consolidated interim statement of changes in equity

	Equity attributable to owners of the parent								
EUR '000	**Share capital**	**Treasury shares**	**Capital reserve**	**Share premium**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total**
Balance at 31 December 2017	**18,263**	**-1,349**	**2,554**	**589**	**1,992**	**11,089**	**33,138**	**1,351**	**34,489**
Loss for the period	0	0	0	0	0	-532	-532	8	-524
Other comprehensive expense	0	0	0	0	-60	0	-60	0	-60
Transactions with owners									
Exercise of share options	0	71	0	0	0	0	71	0	71
Dividend distribution	0	0	0	0	0	-1,859	-1,859	-768	-2,627
Total transactions with owners	**0**	**71**	**0**	**0**	**0**	**-1,859**	**-1,788**	**-768**	**-2,556**
Balance at 30 June 2018	**18,263**	**-1,278**	**2,554**	**589**	**1,932**	**8,698**	**30,758**	**591**	**31,349**
Balance at 31 December 2018	**16,321**	**-693**	**2,554**	**618**	**1,992**	**10,896**	**31,688**	**2,021**	**33,709**
Loss for the period	0	0	0	0	0	-793	-793	219	-574
Other comprehensive expense	0	0	0	0	-262	0	-262	0	-262
Transactions with owners									
Dividend distribution	0	0	0	0	0	-1,891	-1,891	-479	-2,370
Total transactions with owners	**0**	**0**	**0**	**0**	**0**	**-1,891**	**-1,891**	**-479**	**-2,370**
Balance at 30 June 2019	**16,321**	**-693**	**2,554**	**618**	**1,730**	**8,212**	**28,742**	**1,761**	**30,503**

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 Pärnu mnt 158/1, Tallinn 11317, Estonia. Nordecon AS's majority shareholder and the party controlling Nordecon Group is AS Nordic Contractors that holds 50.99% 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 2019 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 2018.

According to management's assessment, the condensed consolidated interim financial statements of Nordecon AS for the second quarter and first half of 2019 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.

Changes in accounting policies

From 1 January 2019 the Group began to apply IFRS 16 *Leases*.

IFRS 16 *Leases*

The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the commencement of the lease and, if lease payments are made over time, in obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases into operating and finance leases that was provided in IAS 17 and, instead, introduces a single accounting model for lessees. Lessees are required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of comprehensive income. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group adopted IFRS 16 from the beginning of 2019 and did not restate the comparative figures for 2018, as permitted under the transition provisions of the standard. On the adoption of IFRS 16, the Group recognised leases that were classified as operating leases under IAS 17 as items of property, plant and equipment and lease liabilities.

The Group leases buildings, commercial premises and cars. Most lease contracts have been signed for a fixed term (5 years on average) and, as a rule, include extension and termination options. Leases are negotiated on an individual basis and may contain different terms and conditions. Leases are recognised as right-of-use assets and lease liabilities (within borrowings) at the commencement date of the lease, i.e. at the date on which the lessor makes the underlying asset available for use by the Group. Assets and liabilities arising from a lease are measured in the statement of financial position at the present value of the lease payments. Lease payments are apportioned between payments for the principal lease liability and finance cost (interest expense). The finance cost is allocated to each period during the lease term so that it would produce a constant periodic rate of interest on the remaining balance of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and lease term of the asset. Assets and liabilities arising from a lease are measured in the statement of financial position at the present value of the lease payments (except for exceptions).

Lease payments include the following payments made during the lease term:

- fixed lease payments, less any lease incentives receivable (payments, or reimbursements of costs, by the lessor);
- variable lease payments that are based on an index or rate (e.g. inflation, Euribor);

• amounts expected to be payable by the lessee under residual value guarantees;
• the exercise price of a purchase option (if the lessee is reasonably certain to exercise the option) and payments resulting from extending or terminating the lease (if the lease term reflects the lessee exercising an option to terminate the lease).

Lease payments are discounted using the interest rate implicit in the lease or, alternatively, the lessee's incremental borrowing rate. The alternative interest rate is the interest rate that the Group would have to pay to borrow the funds necessary to obtain an asset similar to the right-of-use asset.

Right-of-use assets are measured at cost, which comprises the following components:

• the present value of the lease payments;

• any initial direct costs incurred by the lessee;

• any lease payments made before the commencement date of the lease;

• costs to be incurred in removing the underlying asset (if required by the lease) or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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. In determining the lease term, management assesses how probable it is that the Group will exercise, or not exercise, an extension or termination option, considering all relevant facts and circumstances that create an economic incentive to exercise, or not exercise, an option. Periods covered by an option to extend the lease (or periods covered by an option to terminate the lease) are only included in the lease term if it is reasonably certain that the extension option will be exercised (or the termination option will not be exercised). Management reviews its assessments regarding the extension and termination options upon the occurrence of a significant event or a significant change in circumstances that affects the probability of the Group exercising an option or when there is a change in the non-cancellable period of the lease. On the adoption of the standard on 1 January 2019, the remaining lease payments were discounted at the Group's incremental borrowing rate of 2.4% on average. The Group applied the practical expedient permitted by the standard of applying a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group also applied the following expedients:

• operating leases with the remaining lease term of up to 12 months were classified as short-term leases from 1 January 2019;

• initial direct costs were excluded from the measurement of the right-of-use assets at the date of initial application;

• the lease term was determined by taking into account the option to extend or terminate the lease.

Effect of the changes on the consolidated statement of financial position:

EUR '000	Effect of the changes at 1 January 2019
Right-of-use assets	4,260
Short-term lease liability	1,061
Long-term lease liability	3,199

NOTE 2. Trade and other receivables

EUR '000	Note	30 June 2019	31 December 2018
Current items			
Trade receivables		27,531	21,818
Retentions receivable		337	1,085
Receivables from related parties	14	58	2
Other receivables		281	26
Total receivables		**28,207**	**22,931**
Due from customers for contract work		15,969	8,696
Total current trade and other receivables		**44,176**	**31,627**

EUR '000	Note	30 June 2019	31 December 2018
Non-current items			
Loans to related parties	14	7,903	7,780
Other non-current receivables		437	445
Total non-current trade and other receivables		**8,340**	**8,225**

NOTE 3. Inventories

EUR '000	30 June 2019	31 December 2018
Raw materials and consumables	4,202	3,560
Work in progress	4,526	6,434
Apartments for sale	1,903	707
Properties purchased for development and pre-development costs	9,126	9,743
Total inventories	**19,757**	**20,444**

NOTE 4. Property, plant and equipment and intangible assets

Property, plant and equipment

In the first half of 2019, the Group acquired property, plant and equipment of 1,334 thousand euros (H1 2018: 1,129 thousand euros). Assets acquired comprised equipment and construction machinery required for the Group's operating activities.

Proceeds from the sale of property, plant and equipment amounted to 99 thousand euros (see the statement of cash flows) and associated sales gain amounted to 60 thousand euros (see note 12). In the comparative period, proceeds from the sale of property, plant and equipment amounted to 22 thousand euros and associated sales gain amounted to 14 thousand euros

Intangible assets

In the first half of 2019, the Group did not conduct any significant transactions with intangible assets.

NOTE 5. Borrowings

Current borrowings

EUR '000	Note	30 June 2019	31 December 2018
Short-term portion of long-term loans		8,805	634
Short-term portion of finance lease liabilities	6	1,739	1,755
Lease liability	6	888	0
Short-term bank loans		6,661	5,334
Factoring liabilities		0	1,651
Total current borrowings		**18,093**	**9,374**

Non-current borrowings

EUR '000	Note	30 June 2019	31 December 2018
Long-term portion of long-term bank loans		2,621	11,165
Derivative financial instruments		10	11
Long-term portion of finance lease liabilities	6	3,453	3,654
Lease liability	6	3,343	0
Total non-current borrowings		**9,427**	**14,830**

NOTE 6. Finance and operating leases

Finance lease liabilities

EUR '000	30 June 2019	31 December 2018
Finance lease liabilities at end of period, of which:	**5,192**	**5,409**
Not later than 1 year	1,739	1,755
Later than 1 year and not later than 5 years	3,453	3,654
Base currency EUR	5,192	5,409
Interest rate for contracts denominated in EUR[1]	2.0%-3.9%	2.0%-3.9%
Frequency of payments	Monthly	Monthly

[1] Includes leases with floating interest rates

Finance lease payments

EUR '000	H1 2019	H1 2018
Principal payments made during the period	1,029	888
Interest payments made during the period	69	59

Lease liability

EUR '000	30 June 2019	31 December 2018
Lease liability at end of period, of which:	**4,231**	**0**
Not later than 1 year	888	0
Later than 1 year and not later than 5 years	3,343	0
Base currency EUR	4,231	0
Interest rate for contracts denominated in EUR[1]	1.8%-2.9%	-
Frequency of payments	Monthly	-

[1] Includes leases with floating interest rates

Settlements of lease liability

EUR '000	H1 2019	H1 2018
Principal payments made during the period	549	0
Interest payments made during the period	37	0

Operating lease payments

EUR '000	H1 2019	H1 2018
Cars	29	441
Construction equipment	1,943	1,871
Premises	318	352
IT equipment	164	174
Total operating lease payments	**2,454**	**2,838**

On the adoption of IFRS 16 *Leases* from 1 January 2019, the Group classified lease expenses on cars of 549 thousand euros to settlements of a lease liability (see note 1).

The leases that underlie the lease liability have terms of up to 5 years. The lease liability in the statement of financial position as at 30 June 2019 was recognised on the initial application of IFRS 16 on 1 January 2019. The discount rate applied was the alternative borrowing rate as at 1 January 2019. The weighted average interest rate applied on recognising the lease liability was 2.4%.

NOTE 7. Earnings per share

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

EUR ‘000	H1 2019	H1 2018
Profit for the year attributable to owners of the parent (EUR ‘000)	-793	-532
Average number of shares (in thousands)	31,521	30,913
Basic earnings per share (EUR)	-0.03	-0.02
Diluted earnings per share (EUR)	-0.03	-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 inter-segment transactions do not differ significantly from market prices. The chief operating decision maker reviews inter-segment 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 utilisation of the resources allocated to it through the segment’s profit. The profit of an operating segment is its gross profit that 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, inter-segment transactions are conducted on regular market terms which do not differ significantly from the terms applied in transactions with third parties.

Second quarter

EUR '000 Q2 2019	Buildings	Infrastructure	Total
Total revenue	47,433	18,470	65,903
Of which: general contracting services	41,122	14,568	55,690
subcontracting services	2,519	2,661	5,180
own development activities	3,792	0	3,792
road maintenance services	0	919	919
rental services	0	322	322
Inter-segment revenue	-5	-49	-54
Revenue from external customers	**47,428**	**18,421**	**65,849**
Gross profit of the segment	**2,896**	**643**	**3,539**

EUR '000 Q2 2018	Buildings	Infrastructure	Total
Total revenue	43,211	18,801	62,012
Of which: general contracting services	41,085	17,106	58,191
subcontracting services	536	591	1,127
own development activities	1,590	0	1,590
road maintenance services	0	799	799
rental services	0	305	305
Inter-segment revenue	0	-156	-156
Revenue from external customers	**43,211**	**18,645**	**61,856**
Gross profit of the segment	**1,424**	**1,599**	**3,023**

First half-year

EUR '000 H1 2019	Buildings	Infrastructure	Total
Total revenue	76,070	24,262	100,332
Of which: general contracting services	68,253	17,292	85,545
subcontracting services	4,025	4,600	8,625
own development activities	3,792	0	3,792
road maintenance services	0	1,924	1,924
rental services	0	446	446
Inter-segment revenue	-5	-49	-54
Revenue from external customers	**76,065**	**24,213**	**100,278**
Gross profit/loss of the segment	**4,183**	**-350**	**3,833**

EUR '000 H1 2018	Buildings	Infrastructure	Total
Total revenue	80,827	24,763	105,590
Of which: general contracting services	76,474	21,416	97,890
subcontracting services	1,125	1,017	2,142
own development activities	3,228	0	3,228
road maintenance services	0	1,858	1,858
rental services	0	472	472
Inter-segment revenue	0	-176	-176
Revenue from external customers	**80,827**	**24,587**	**105,414**
Gross profit of the segment	**2,661**	**915**	**3,576**

Reconciliation of segment revenues

EUR '000	H1 2019	Q2 2019	H1 2018	Q2 2018
Total revenues for reportable segments	100,332	65,903	105,590	62,012
Elimination of inter-segment revenues	-54	-54	-176	-156
Other revenue	163	68	244	140
Total revenue	**100,441**	**65,917**	**105,658**	**61,996**

Reconciliation of segment profit

EUR '000	H1 2019	Q2 2019	H1 2018	Q2 2018
Total profit for reportable segments	3,833	3,539	3,576	3,023
Unallocated loss	-539	-291	-377	-277
Gross profit	**3,294**	**3,248**	**3,199**	**2,746**
Unallocated expenses:				
Marketing and distribution expenses	-498	-152	-331	-158
Administrative expenses	-3,048	-1,555	-3,386	-1,715
Other operating income and expenses	47	4	143	203
Operating loss/profit	**-205**	**1,545**	**-375**	**1,076**
Finance income	495	224	385	250
Finance costs	-663	-299	-586	-282
Share of profit of equity-accounted investees	252	302	452	515
Loss/profit before tax	**-121**	**1,772**	**-124**	**1,559**

NOTE 9. Segment reporting – geographical information

EUR '000	H1 2019	Q2 2019	H1 2018	Q2 2018
Estonia	93,022	61,601	98,031	57,832
Ukraine	2,750	1,058	4,168	2,666
Finland	4,025	2,518	1,124	536
Sweden	2,176	1,714	2,695	1,137
Elimination of inter-segment revenues	-1,532	-974	-360	-175
Total revenue	**100,441**	**65,917**	**105,658**	**61,996**

NOTE 10. Cost of sales

EUR '000	H1 2019	H1 2018
Cost of materials, goods and services	86,245	92,842
Personnel expenses	9,405	8,549
Depreciation expense	1,369	941
Other expenses	128	127
Total cost of sales	**97,147**	**102,459**

NOTE 11. Administrative expenses

EUR '000	H1 2019	H1 2018
Personnel expenses	1,584	1,996
Cost of materials, goods and services	1,252	1,239
Depreciation and amortisation expense	117	40
Other expenses	95	111
Total administrative expenses	**3,048**	**3,386**

NOTE 12. Other operating income and expenses

EUR '000	H1 2019	H1 2018
Other operating income		
Gain on sale of property, plant and equipment	60	14
Other income	7	205
Total other operating income	**67**	**219**

EUR '000	H1 2019	H1 2018
Other operating expenses		
Foreign exchange loss	4	71
Other expenses	16	5
Total other operating expenses	**20**	**76**

NOTE 13. Finance income and costs

EUR '000	H1 2019	H1 2018
Finance income		
Interest income on loans	117	138
Foreign exchange gain	377	243
Other finance income	1	4
Total finance income	**495**	**385**

EUR '000	H1 2019	H1 2018
Finance costs		
Interest expense	446	425
Foreign exchange loss	206	154
Other finance costs	11	7
Total finance costs	**663**	**586**

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 AS Nordic Contractors group
- Equity-accounted investees (associates and joint ventures) of 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

EUR '000		H1 2019		H1 2018
Counterparty	**Purchases**	**Sales**	**Purchases**	**Sales**
AS Nordic Contractors	143	0	137	0
Companies of AS Nordic Contractors group	1	5	1	3
Companies related to owners of AS Nordic Contractors	318	0	371	0
Equity-accounted investees	1,464	3	2,149	25
Companies related to members of the council	42	0	42	0
Total	**1,968**	**8**	**2,700**	**28**

EUR ‘000		H1 2019		H1 2018
Nature of transactions	**Purchases**	**Sales**	**Purchases**	**Sales**
Construction services	1,464	0	2,149	0
Transactions with goods	318	0	371	0
Lease and other services	143	8	138	28
Other transactions	42	0	42	0
Total	**1,967**	**8**	**2,700**	**28**

During the period, the Group recognised interest income on loans to an associate of 107 thousand euros (H1 2018: 133 thousand euros).

Receivables from and liabilities to related parties at period-end

		30 June 2019		31 December 2018
EUR ‘000	**Receivables**	**Liabilities**	**Receivables**	**Liabilities**
AS Nordic Contractors	0	9	0	10
Companies of AS Nordic Contractors group – receivables	1	0	0	0
Companies related to owners of AS Nordic Contractors	0	44	0	164
Associates – receivables and liabilities	57	2,328	2	2,097
Associate – loans and interest	7,903	0	7,780	0
Total	**7,961**	**2,381**	**7,782**	**2,271**

Remuneration of the council and the board

The service fees of the members of the council of Nordecon AS for the first half of 2019 amounted to 94 thousand euros and associated social security charges totalled 31 thousand euros (H1 2018: 94 thousand euros and 31 thousand euros respectively).

The service fees of the members of the board of Nordecon AS amounted to 278 thousand euros and associated social security charges totalled 93 thousand euros (H1 2018: 390 thousand euros and 128 thousand euros respectively). The figures for the first half of 2018 include termination benefits of 93 thousand euros paid to a member of the board and associated social security charges of 31 thousand euros.

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 2019 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.

Gerd Müller	Chairman of the Board	8 August 2019
Priit Luman	Member of the Board	8 August 2019
Maret Tambek	Member of the Board	8 August 2019
Ando Voogma	Member of the Board	8 August 2019