



Investor presentation

Q1 2023

Business model

Industrial buildings

Public buildings

Residential buildings

Commercial buildings



BUILDINGS



INFRASTRUCTURE

Other infrastructure
Environmental engineering
Utility networks

Specialist engineering
Bridges, viaducts
Port construction
Rail construction

Road construction
and maintenance
Road construction
Road maintenance

STRATEGIC AGENDA FOR 2023–2027

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

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

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

BUSINESS LINES AND MARKETS

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

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

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

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

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

ACTIVITIES

Revenue will grow by at least 5% per year.

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

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

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

FINANCIAL TARGETS

AJAMAJA OFFICE BUILDING AT ROTERMANNI 6

LOCATION

Tallinn

CUSTOMER

Rotermann City OÜ

ARCHITECT

KOKO architects

CONSTRUCTION PERIOD

April 2019 – April 2021

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Oleg Kaas



PERIOD IN BRIEF

The group's **revenue** for the first quarter of 2023 was €47,653 thousand, roughly 30% less than in the same period last year, when the figure was €68,453 thousand.

The Buildings segment generated revenue of €44,789 thousand (Q1 2022: €62,814 thousand) and the Infrastructure segment revenue of €2,849 thousand. (Q1 2022: €5,569 thousand).

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

The group earned an **operating loss** of €605 thousand in the first quarter of 2023 (Q1 2022: profit €950 thousand).

EBITDA for the period was €264 thousand (Q1 2022: €1,817 thousand).

The operating profit and EBITDA for Q1 2022 were influenced by other income of €1,560 thousand, recognised after the approval of the restructuring plan of Swencn AB.

Nordecon ended the first quarter of 2023 with a **gross profit** of €1,322 thousand (Q1 2022: €1,147 thousand) and a gross margin of 2.8% (Q1 2022: 1.7%).

Profitability improved due to higher profitability in the Buildings segment, which delivered a gross margin of 5.1% (Q1 2022: 4.1%).

A large share of fixed costs in combination with a 49% decrease in revenue triggered a sharp margin decline in the Infrastructure segment.

The group's **order book** stood at €199,947 thousand at 31 March 2023, reflecting a roughly 21% decrease year on year.

In the first quarter of 2023, we signed new contracts of €84,930 thousand (Q1 2022: €63,167 thousand).

The group's **administrative expenses** for the period were €1,870 thousand.

Compared with a year earlier, administrative expenses grew by around 17% (Q1 2022: €1,601 thousand) due to growth in the cost of goods and services as well as staff costs.

The ratio of administrative expenses to revenue (12 months rolling) increased year on year, rising to 2.5% (Q1 2022: 2.0%).

Operating activities in the first quarter of 2023 produced a **net cash inflow** of €705 thousand (Q1 2022: an outflow of €3,061 thousand).

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

KOHTLA-JÄRVE SPORTS AND HEALTH CENTRE

LOCATION

Kohtla-Järve, Ida-Viru County

CUSTOMER

Kohtla-Järve City Government

ARCHITECT

OÜ Zoroaster

CONSTRUCTION PERIOD

April 2019 – March 2021

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Oleg Kaas

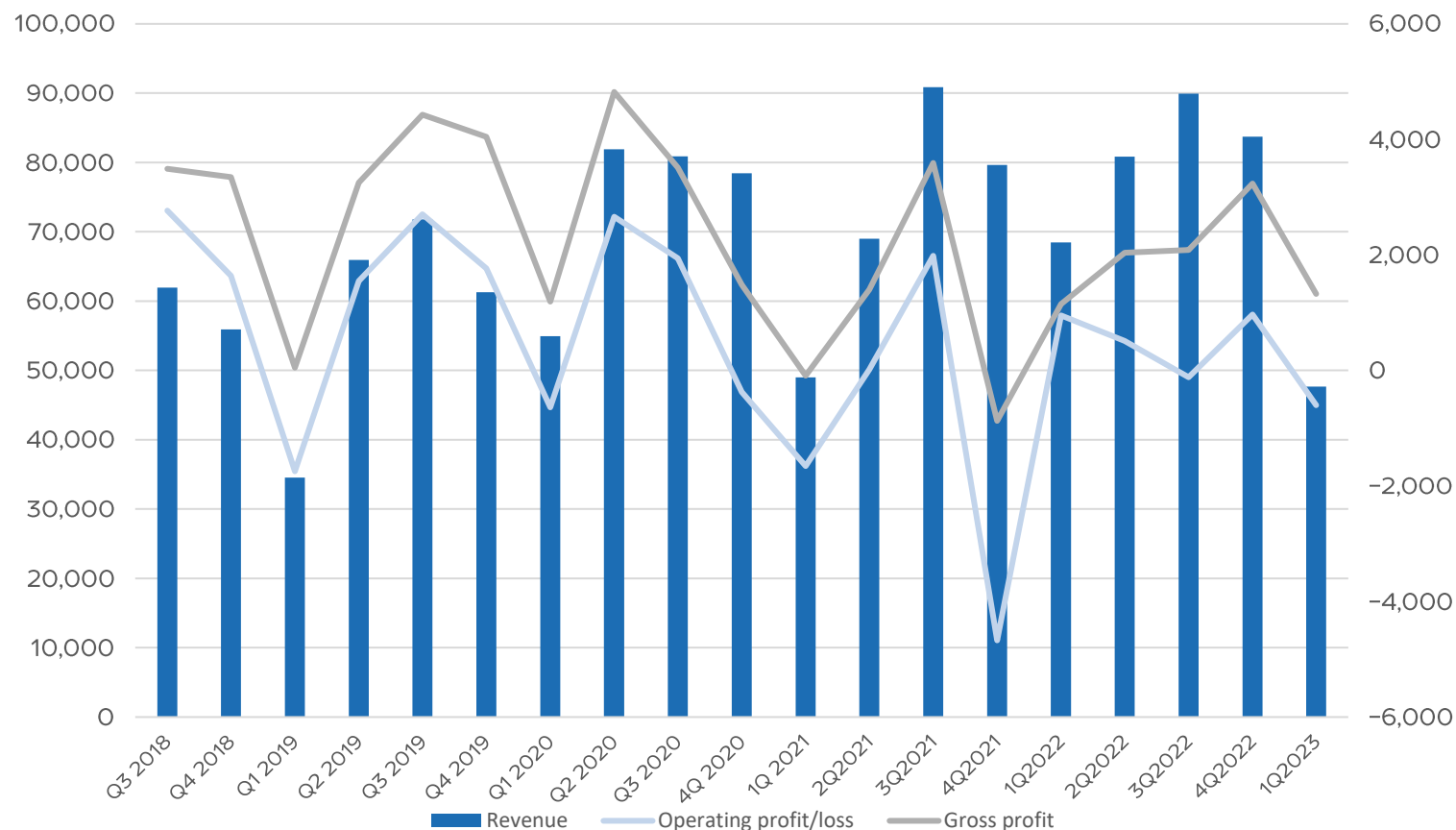


REVENUE AND OPERATING PROFIT

The gross margins of the **Buildings** segment were 5.1% for the first quarter of 2023 (Q1 2022: 4.1%) and those of the **Infrastructure** segment (26.3)% (Q1 2022: (23.0)%).

Due to the seasonal nature of the construction business, first-quarter results are affected by a large share of uncovered fixed costs, particularly in the Infrastructure segment.

Figure / Ratio	3M 2021	3M 2022	3M 2023
Revenue (EUR '000)	48 987	68 453	47 653
Revenue change	-10,8%	39,7%	-30,4%
Net profit/loss (EUR '000)	-1 911	-318	-1 674
Gross margin	-0,2%	1,7%	2,8%
EBITDA margin	-1,7%	2,7%	0,6%
Net margin	-3,9%	-0,5%	-3,5%
Administrative expenses to revenue (12 month rolling)	2,3%	2,0%	2,5%



RAATUSE HEALTH CENTRE

LOCATION

Tartu city

CUSTOMER

Tartu Kesklinna Perearstikeskus
OÜ

DESIGNER

U-Disain OÜ

CONSTRUCTION PERIOD

February 2020– August 2021

CONTRACTOR

Nordecon Betoon OÜ/ Embach
Ehitus OÜ

PROJECT MANAGER

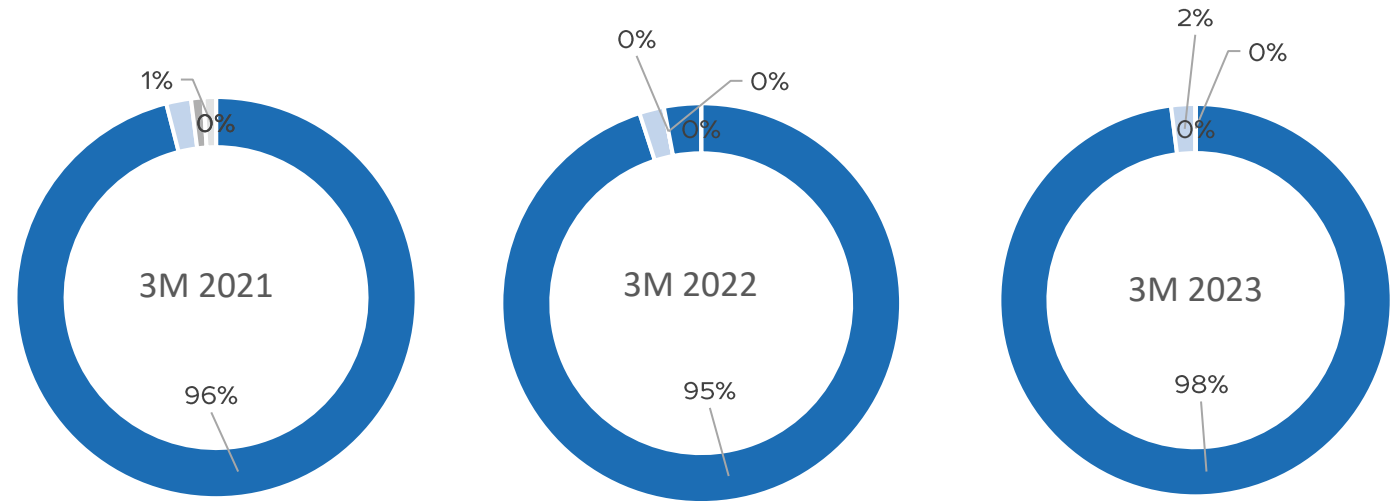
Ahti Kala



Revenue by Geographic Regions

- Estonia ■ Finland ■ Ukraine
- Sweden ■ Latvia ■ Lithuania

	3 M 2021	3 M 2022	3 M 2023
Estonia	98%	95%	96%
Finland	2%	2%	2%
Ukraine	0%	0%	1%
Sweden	0%	0%	1%
Latvia	0%	3%	0%
Lithuania	0%	0%	0%



The revenue contribution of **foreign markets** has decreased year on year, dropping to 2% of the group’s total revenue for the first quarter of 2023.

Due to Russia’s military invasion of **Ukraine**, the business volumes of Eurocon Ukraine TOV have decreased considerably.

Finnish revenues include mainly subcontracting revenue from the provision of concrete works.

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

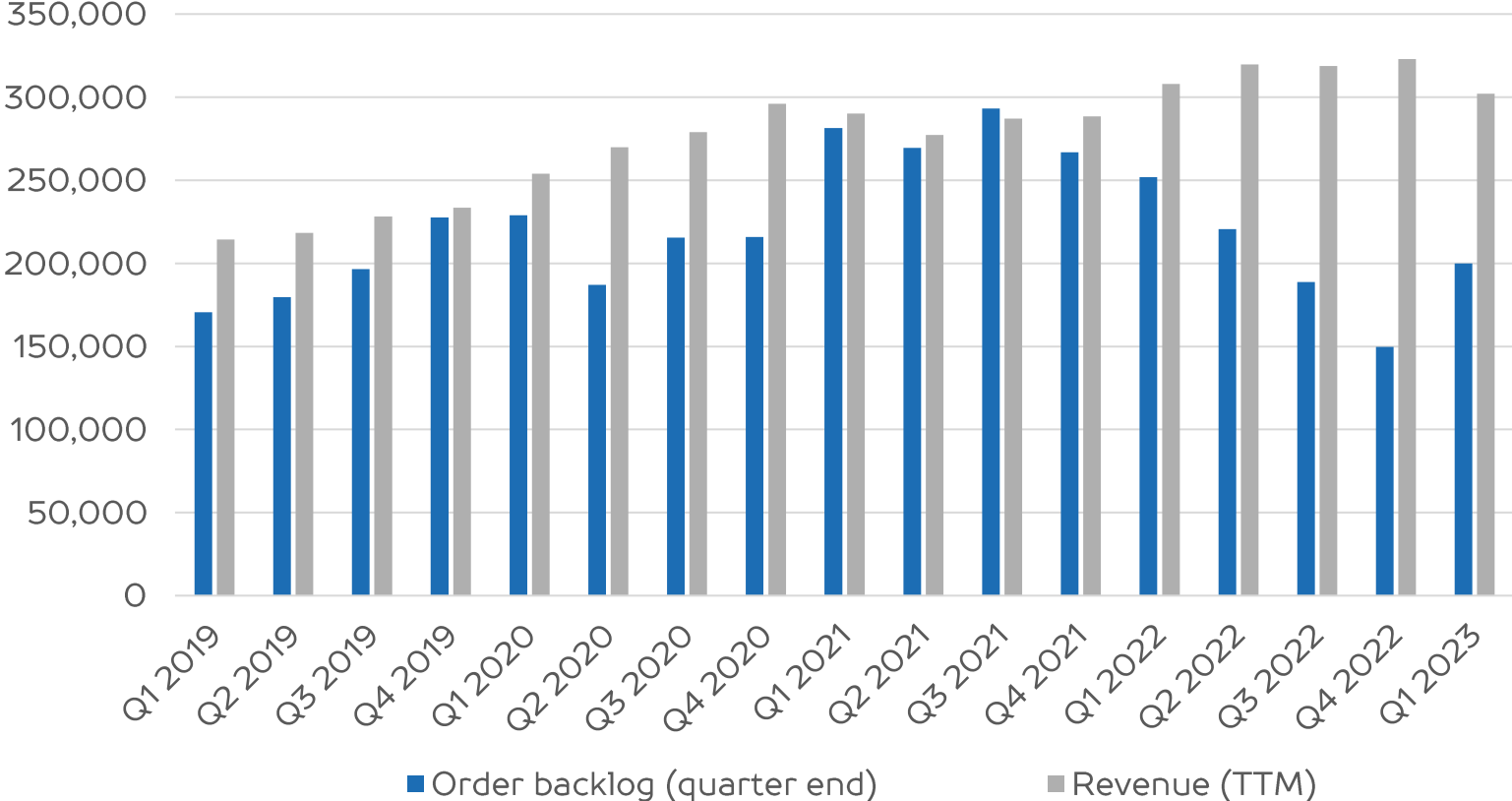
Order book and revenues

The group’s order book stood at €199,947 thousand at 31 March 2023, reflecting a roughly 21% decrease year on year.

The Buildings segment accounted for 75% and the Infrastructure segment for 25% of the group’s total order book at 31 March 2023 (31 March 2022: 88% and 12%, respectively).

Compared with 31 March 2022, the order book of the Buildings segment has decreased by 32% while the order book of the Infrastructure segment has increased by 64%.

ORDER BOOK



KINDLUSE SCHOOL

LOCATION

Rae, Harju County

CUSTOMER

Rae Rural Municipality
Government

DESIGNER

Sweco Projekt AS

CONSTRUCTION PERIOD

November 2019 – May 2021

CONTRACTOR

Nordecon AS

PROJECT MANAGER

Silver Sein

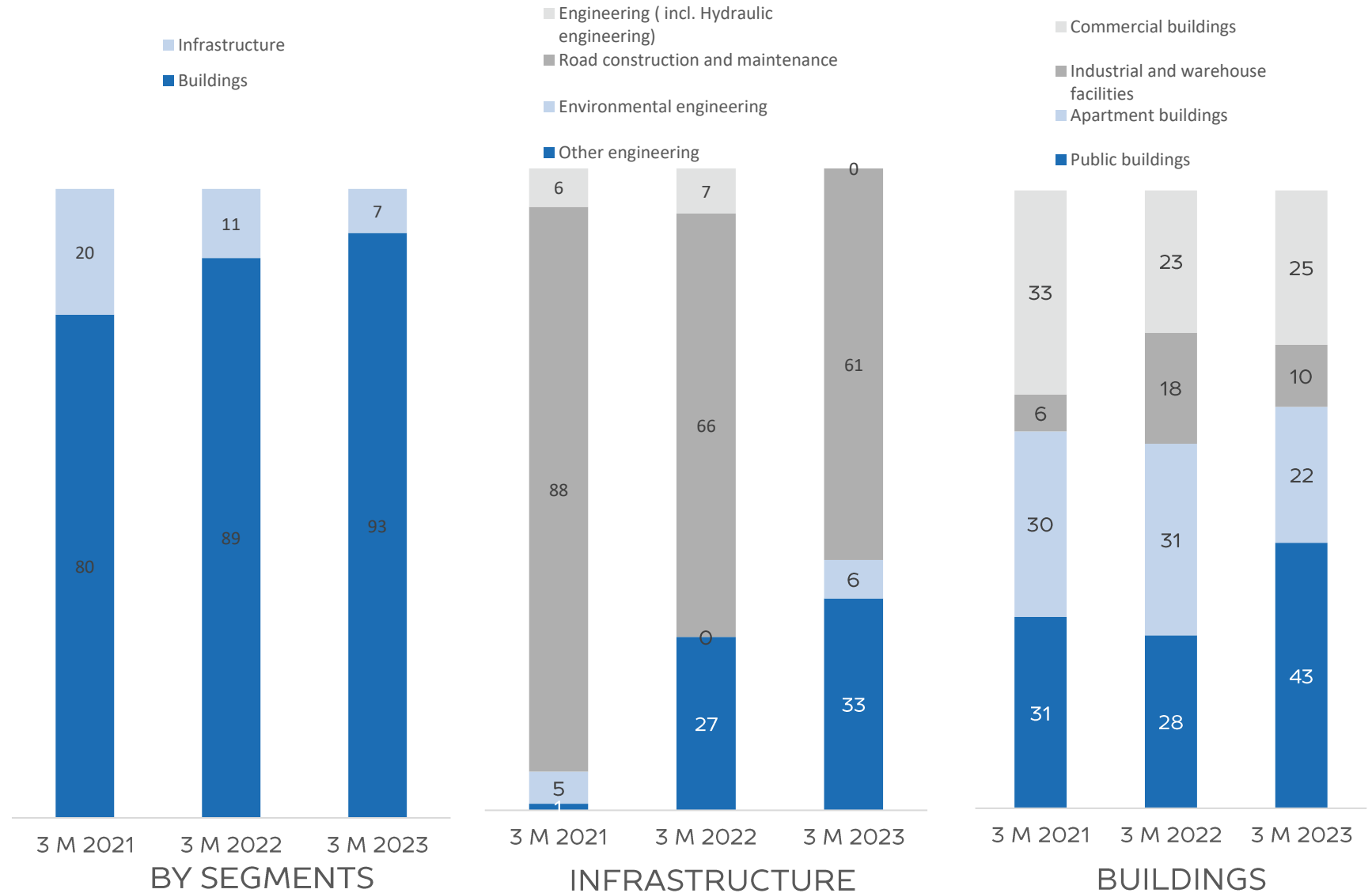


Revenue distribution

The Buildings segment generated revenue of €44,789 thousand and the Infrastructure segment revenue of €2,849 thousand. The corresponding figures for the same period of 2022 were €62,814 thousand and €5,569 thousand.

In the Buildings segment, the main revenue contributor was the public buildings subsegment, which also delivered nearly 11% revenue growth. The revenues of other subsegments decreased compared with a year earlier.

In the Infrastructure segment, the largest revenue contributor is still road construction and maintenance although its revenue has decreased year on year by roughly 58%.



COOP/KONSUM SUPERMARKET

LOCATION

Käina, Hiiu County

CUSTOMER

Hiiumaa Consumers Cooperative
Association

ARCHITECT

DAGOpen Arhitektuuribüroo

CONSTRUCTION PERIOD

December 2020– June 2021

CONTRACTOR

Nordecon Betoon OÜ

PROJECT MANAGER

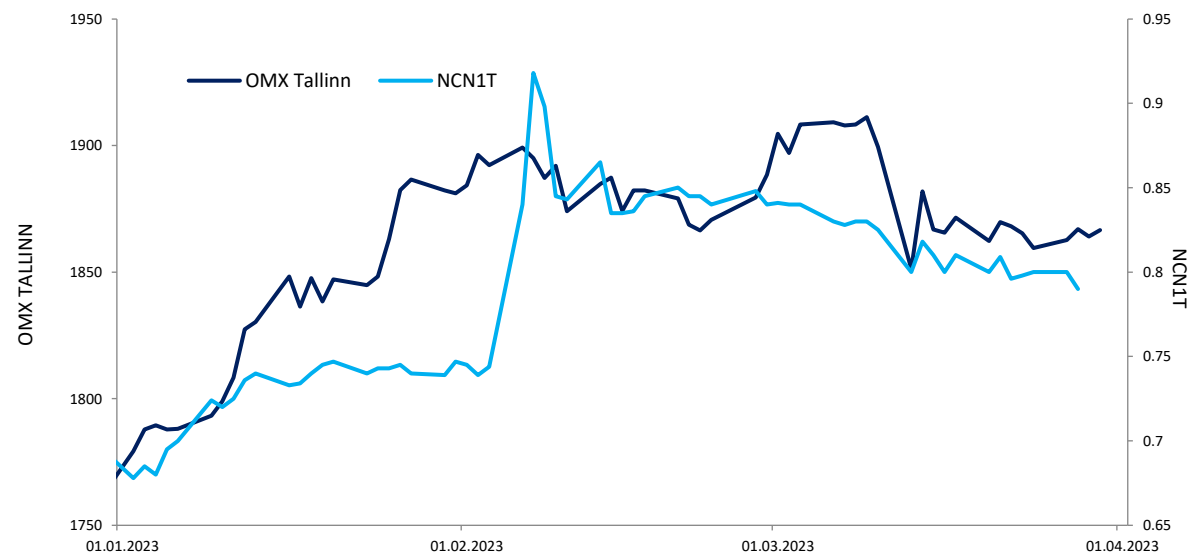
Reino Mälk



Share and shareholders

Largest shareholders in Nordecon AS at 31 March 2023

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



Index/equity	1 January 2023	31 March 2023	+/-
OMX Tallinn	1,766.73	1,867.1	5.68%
NCN1T	€0.69	€0.79	14.49%

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