



Investor presentation

Q1 2022

Business model

Industrial buildings

Public buildings

Residential buildings

Commercial buildings



BUILDINGS



INFRASTRUCTURE

Other infrastructure
Environmental engineering
Utility networks

Specialist engineering
Bridges, viaducts
Port construction
Rail construction

Road construction
and maintenance
Road construction
Road maintenance

STRATEGIC AGENDA FOR 2019–2022

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

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

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

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

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

BUSINESS LINES AND MARKETS

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

Increasing our design and digitalisation capabilities.

Simplifying and automating work and decision-making processes.

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

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

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

ACTIVITIES

Revenue will grow at least 10% per year.

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

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

Operating margin per year will be consistently above 3%.

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

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

FINANCIAL TARGETS

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 2022 was €68,453 thousand, 39.7% up on a year earlier when revenue amounted to €48,987 thousand.

Revenue growth was attributable to the revenue of the Buildings segment, which grew by 66%. The revenue of the Infrastructure segment decreased by around 50%.

The low volumes of infrastructure construction that are affecting the entire construction market also influence the group's revenue structure.

The group ended the first quarter of 2022 with an **operating profit** of €950 thousand (Q1 2021: an operating loss of €1,658 thousand).

EBITDA for the period was positive at €1,817 thousand (Q1 2021: negative at €811 thousand).

The reporting period was strongly affected by materials supply issues and price inflation, the impact of which has not yet fully emerged due to the ongoing supply chain disruptions and volatility.

The Nordecon group ended the first quarter of 2022 with a **gross profit** of €1,147 thousand (Q1 2021: a gross loss of €92 thousand) and a gross margin of 1.7% (Q1 2021: a negative gross margin of 0.2%).

The group's **order book** stood at €251,781 thousand at 31 March 2022, a roughly 11% decrease year on year.

In the first quarter of 2022, we signed new contracts of €63,167 thousand (Q1 2021: €104,882 thousand).

The group's **administrative expenses** for the first quarter of 2022 amounted to €1,601 thousand.

Compared with the same period last year, administrative expenses grew by around 9% (Q1 2021: €1,471 thousand). The increase is mainly attributable to growth in personnel expenses.

The ratio of administrative expenses to revenue (12 months rolling) declined year on year, decreasing to 2.0% (Q1 2021: 2.3%).

Operating activities produced a **net cash** outflow of €3,061 thousand the first quarter of 2022 (Q1 2021: an outflow of €613 thousand).

Negative operating cash flow in the first quarter is attributable to the cyclical nature of the construction business. The period's larger fixed costs and expenses on pre-construction activities cause outflows to exceed inflows.

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

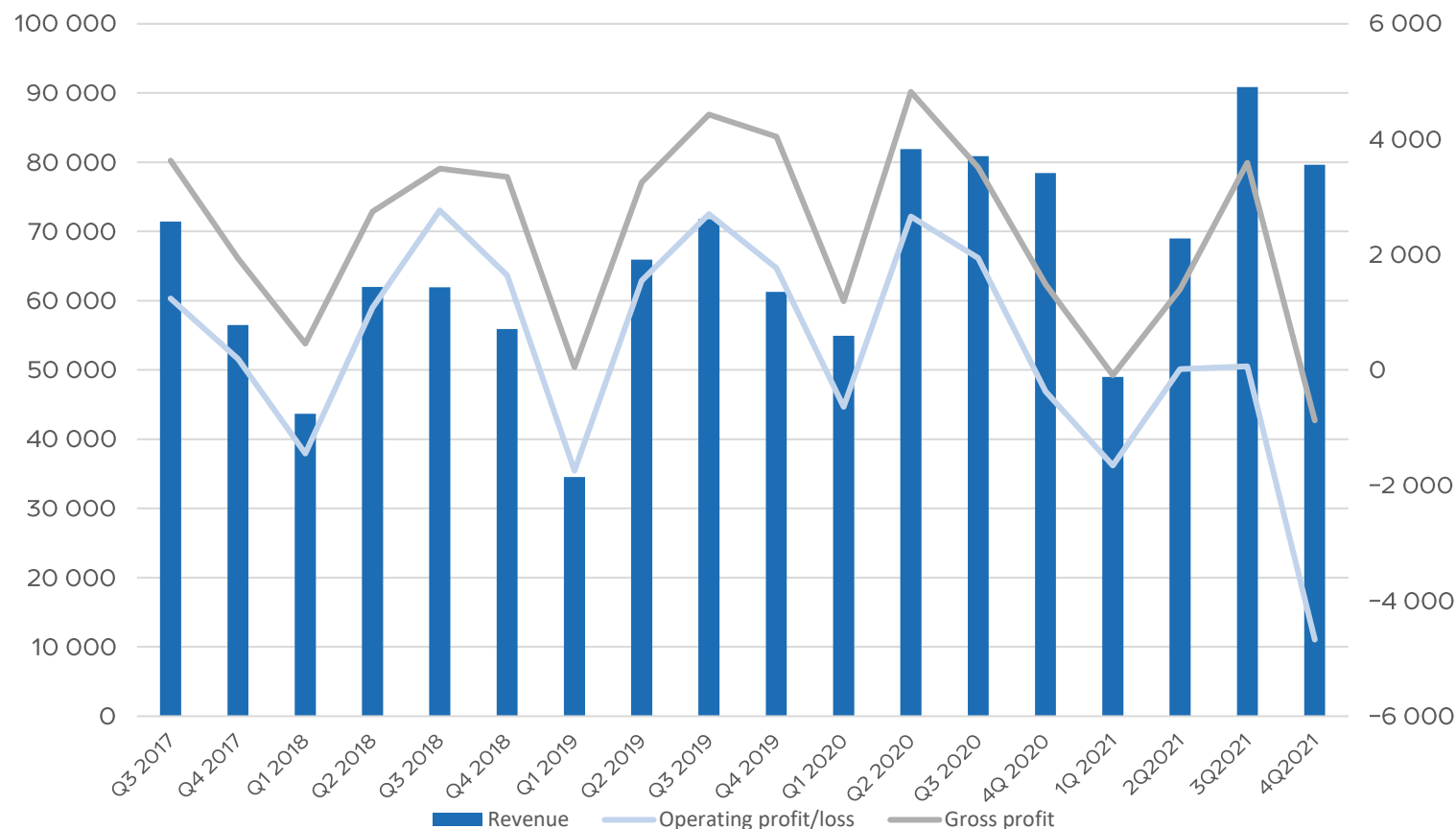


REVENUE AND OPERATING PROFIT

The period's gross profit was earned in the **Buildings** segment, which delivered a gross margin of 4.1% (Q1 2021: 2.1%).

A large share of fixed costs in combination with a 50% decrease in revenue triggered a sharp margin decline in the **Infrastructure** segment, which delivered a negative gross margin of 23.0% (Q1 2021: a negative gross margin of 5.7%).

Figure / Ratio	3M 2020	3M 2021	3M 2022
Revenue (EUR '000)	54 924	48 987	68 453
Revenue change	59.1%	-10.8%	39.7%
Net profit/loss (EUR '000)	-2 196	-1 911	-318
Gross margin	2.2%	-0.2%	1.7%
EBITDA margin	0.4%	-1.7%	2.7%
Net margin	-4.0%	-3.9%	-0.5%
Administrative expenses to revenue (12 month rolling)	2.80%	2.3%	2.0%



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

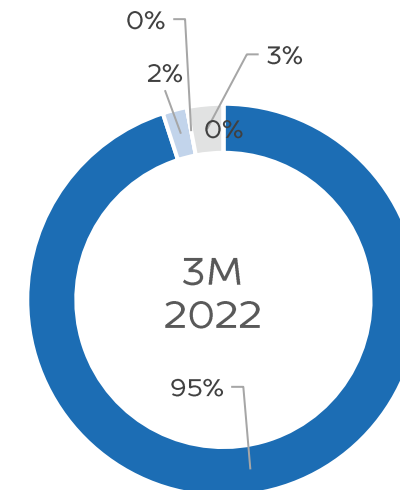
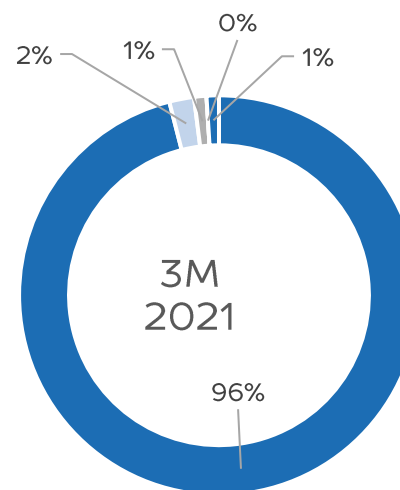
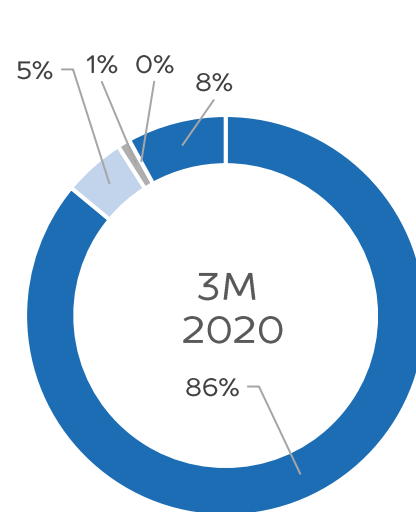
PROJECT MANAGER

Ahti Kala



Revenue by Geographic Regions

	3 M 2020	3 M 2021	3 M 2022
Estonia	86%	96%	95%
Finland	5%	2%	2%
Ukraine	1%	1%	0%
Latvia	0%	0%	3%
Sweden	8%	1%	0%



Revenue generated **outside Estonia** in the first quarter of 2022 remained practically at the same level as in the first quarter of 2021, accounting for 5% of the group's total revenue.

The group did not generate any revenue and had no ongoing construction contracts in the **Swedish** market.

Revenue generated in the **Ukrainian** market amounted to €231 thousand and due to Russia's military invasion of Ukraine the activity of the Ukrainian subsidiary Eurocon Ukraine TOV has been temporarily suspended.

The group also operates on a project basis in **Latvia** where it was building a wind farm in the reporting period.

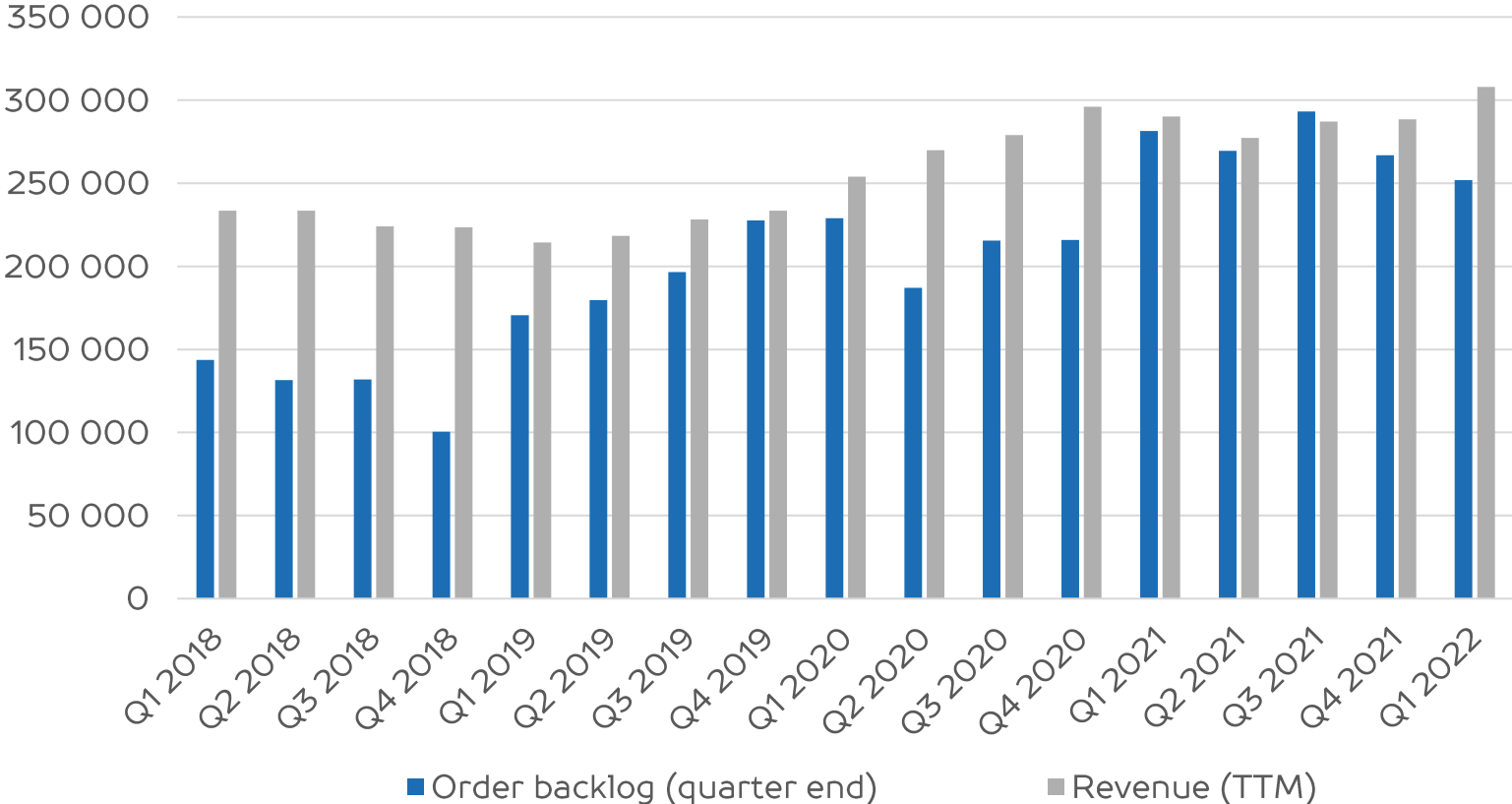
Order book and revenues

The group's order book stood at €251,781 thousand at 31 March 2022, a roughly 11% decrease year on year.

The share of the Buildings segment in the group's order book has increased: the Buildings segment accounted for 88% and the Infrastructure segment for 12% of the group's total order book at 31 March 2022 (31 March 2021: the respective shares were 80% and 20%).

In the first quarter of 2022, we signed new contracts of €63,167 thousand (Q1 2021: €104,882 thousand).

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



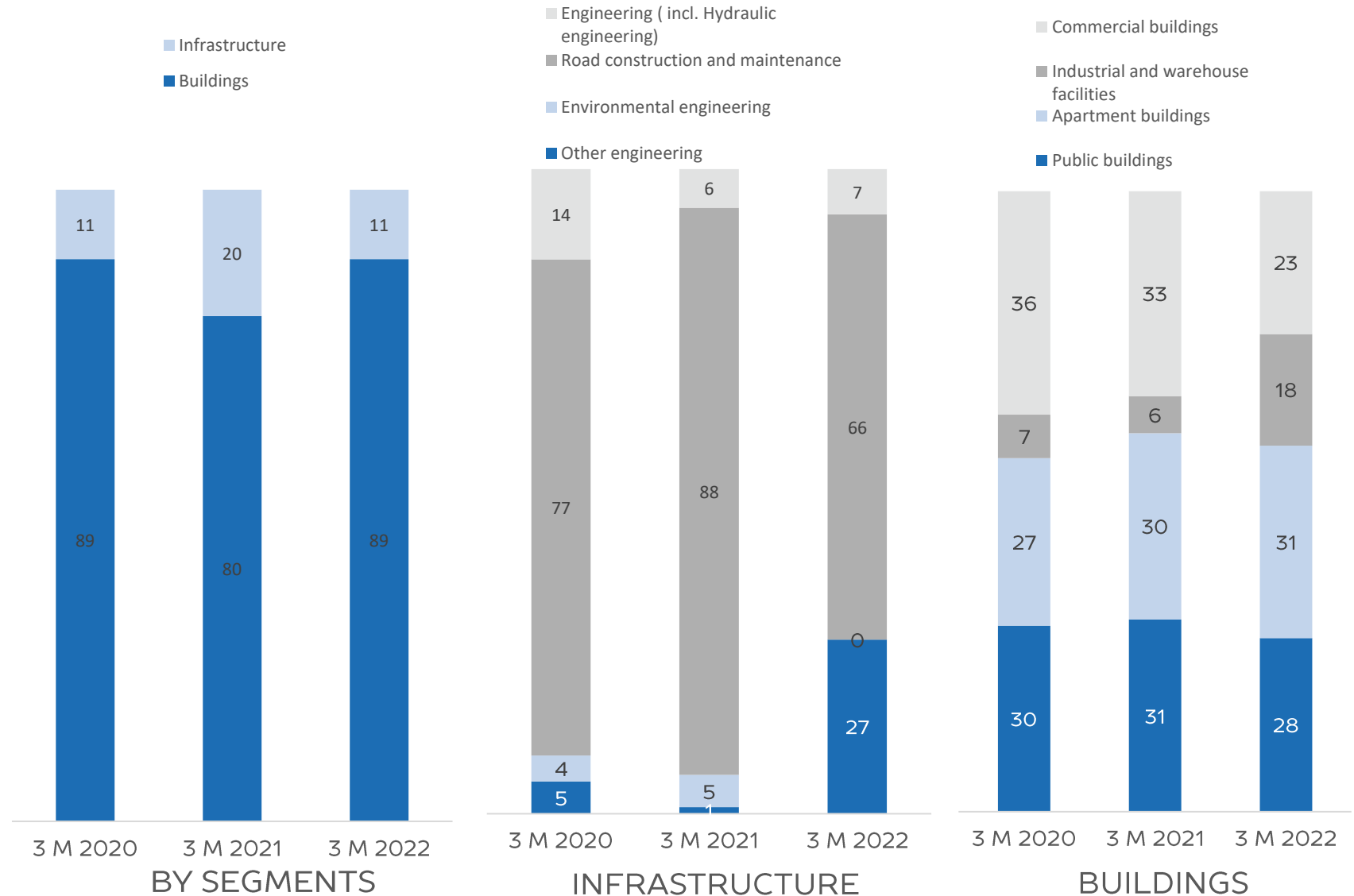
Revenue distribution

In the first quarter of 2022, the Buildings and the Infrastructure segment generated revenue of €62,814 thousand and €5,569 thousand, respectively. The corresponding figures for the first quarter of 2021 were €37,833 thousand and €11,094 thousand.

In the Buildings segment, the revenues of all subsegments grew compared with the same period last year.

The revenue contribution of the industrial and warehouse facilities subsegment has grown considerably compared with the first quarter of 2021.

In the Infrastructure segment, the largest revenue contributor is still road construction and maintenance although its revenue and proportionate contribution have decreased.



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 2022

	Number of shares	Ownership interest (%)
AS NORDIC CONTRACTORS	16 563 145	51.16
LUKSUSJAHT AS	4 281 103	13.22
TOOMAS LUMAN	655 000	2.02
Olegs Radcenko	580 000	1.79
SEB PANK AS CLIENTS	425 000	1.31
Lembit Talpsepp	376 239	1.16
NÕMME ERAHARIDUSE SA	370 370	1.14
Mati Kalme	265 000	0.82
SEB LIFE AND PENSION BALTIC SE EESTI FILIAAL	255 000	0.79



Indeks/aktsia	01.01.2022*	31.03.2022	+/-
OMX Tallinn	2 001,03	1 890,35	-5,53%
NCN1T	1,2 EUR	1,03 EUR	-14,17%

* Nasdaq Tallinna börsi poolt kasutatav sulgemishind seisuga 31.12.2021

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