



Investor presentation

Q4 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 2022 was €322,860 thousand, roughly 12% larger than in 2021 when the group generated revenue of €288,543 thousand.

The revenue of the Buildings segment grew by 21% while the revenue of the Infrastructure segment decreased by 14%.

Revenue decline in the Infrastructure segment is attributable to cutbacks in the investments of the largest customer, the Transport Administration.

The group earned an **operating profit** of €2,305 thousand in 2022 (2021: an operating loss of €4,336 thousand).

EBITDA for the period amounted to €5,766 thousand and the EBITDA margin was 1.8% (2021: EBITDA was negative at €797 thousand and the EBITDA margin was (0.3)%).

Nordecon ended 2022 with a **gross profit** of €8,495 thousand (2021: €4,021 thousand) and a gross margin of 2.6% (2021: 1.4%).

Margin improvement was due to the Buildings segment, which strongly improved its gross margin, whereas the Infrastructure segment ended both the fourth quarter and the year with a loss.

Rising input prices and persisting difficulties with the supply of materials were the key factors affecting the overall performance.

The group's **order book** stood at €149,799 thousand at 31 December 2022, reflecting a roughly 44% decrease year on year.

In 2022, we signed new contracts of €163,498 thousand (2021: €314,758 thousand), of which contracts of €25,381 thousand in the fourth quarter (Q4 2021: €37,612).

The group's **administrative expenses** for 2022 amounted to €7,287 thousand.

Compared with a year earlier, administrative expenses grew by 20% (2021: €6,053 thousand) due to a general uptrend in the cost of goods and services and growth in personnel expenses.

The ratio of administrative expenses to revenue (12 months rolling) was 2.3% (2021: 2.1%).

Operating activities produced a **net cash inflow** of €2,620 thousand in 2022 (2021: an inflow of €7,365 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

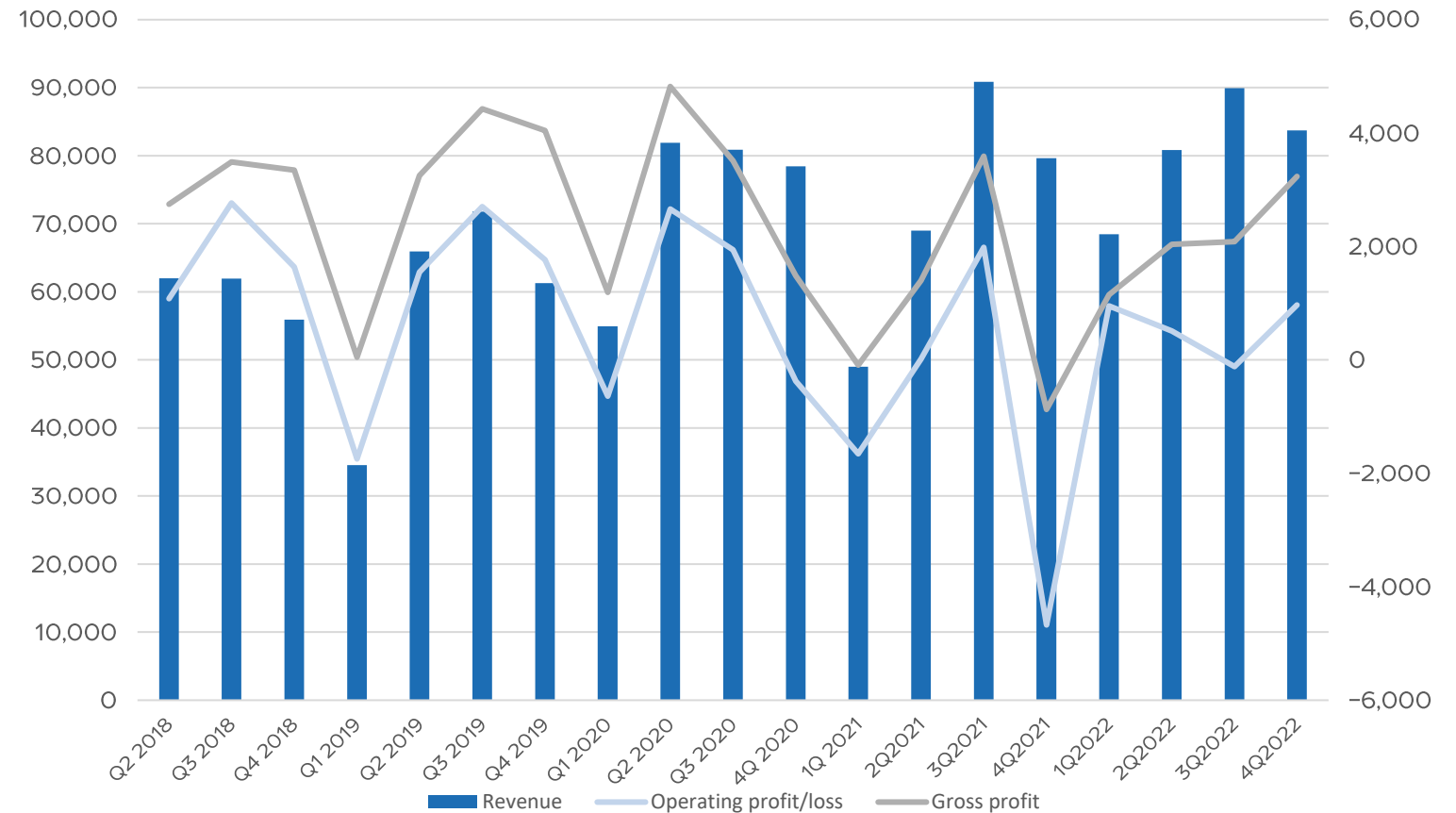


REVENUE AND OPERATING PROFIT

The gross margins of the **Buildings** segment were 4.1% for the full year and 6.7% for the fourth quarter of 2022 compared with 2.0% for the full year and (0.7)% for the fourth quarter in 2021.

The gross margins of the **Infrastructure** segment, were (2.4)% for the full year and (12.1)% for the fourth quarter compared with 1.0% for the full year and (1.4)% in 2021.

Figure / Ratio	12M 2020	12M 2021	12M 2022
Revenue (EUR '000)	296 082	288 534	322 860
Revenue change	26,5%	-2,5%	11,9%
Net profit/loss (EUR '000)	4 118	-5 506	-1 441
Gross margin	3,7%	1,4%	2,6%
EBITDA margin	2,4%	-0,3%	1,8%
Net margin	1,4%	-1,9%	-0,4%
Administrative expenses to revenue (12 month rolling)	2,4%	2,1%	2,3%



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

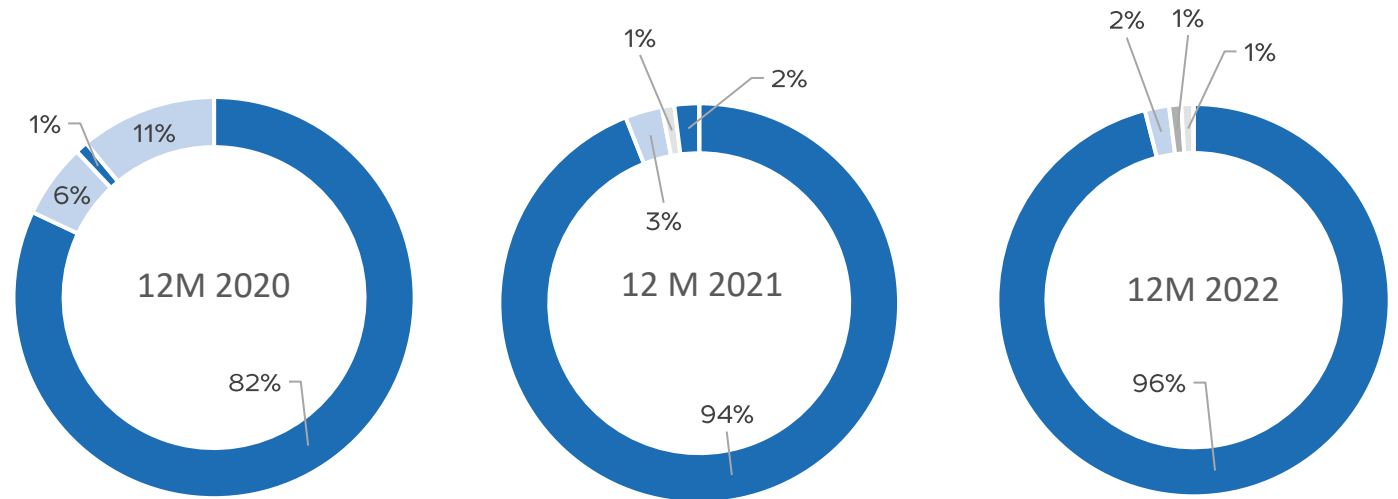
Ahti Kala



Revenue by Geographic Regions

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

	12 M 2020	12 M 2021	12 M 2022
Estonia	82%	94%	96%
Finland	6%	3%	2%
Latvia	0%	0%	1%
Lithuania	0%	1%	1%
Ukraine	1%	2%	0%



The revenue contribution of **foreign markets** decreased substantially year on year, dropping to 4% of the group's total revenue for 2022.

Due to Russia's military invasion of **Ukraine**, our subsidiary halted its operations during the first months of the war but since the second quarter resumed work on selected projects.

The group operates on a project basis in **Latvia** and **Lithuania**; **Finnish** revenues mainly consist of subcontracting revenue from concrete works.

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

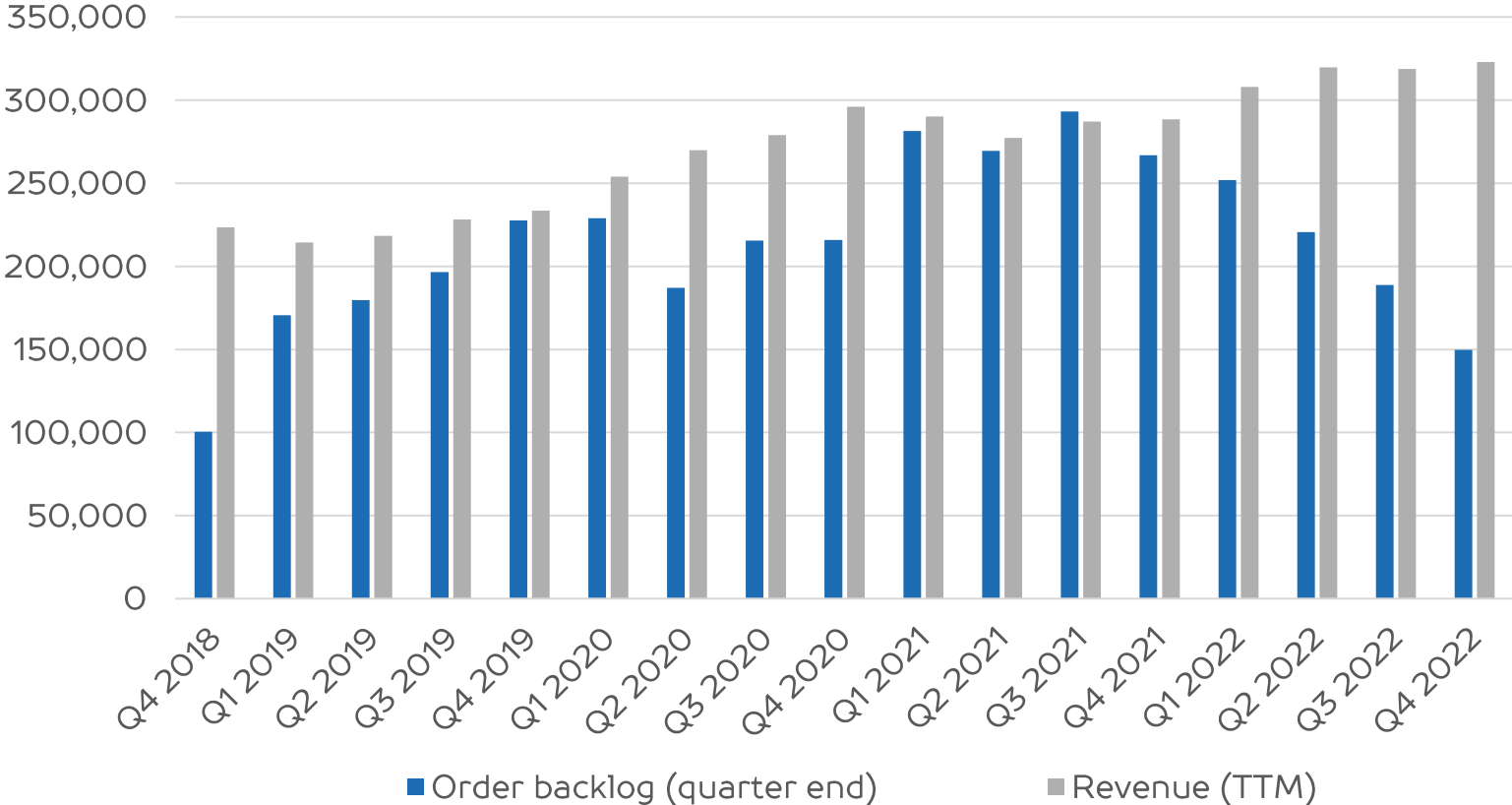
Order book and revenues

The group’s order book stood at €149,799 thousand at 31 December 2022, reflecting a roughly 44% decrease year on year.

The Buildings segment continues to dominate with 88% of the order book while the share of the Infrastructure segment is 12% (31 December 2021: 87% and 13%, respectively).

The order books of both segments have decreased compared with 31 December 2021: by 45% and 32%, respectively.

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



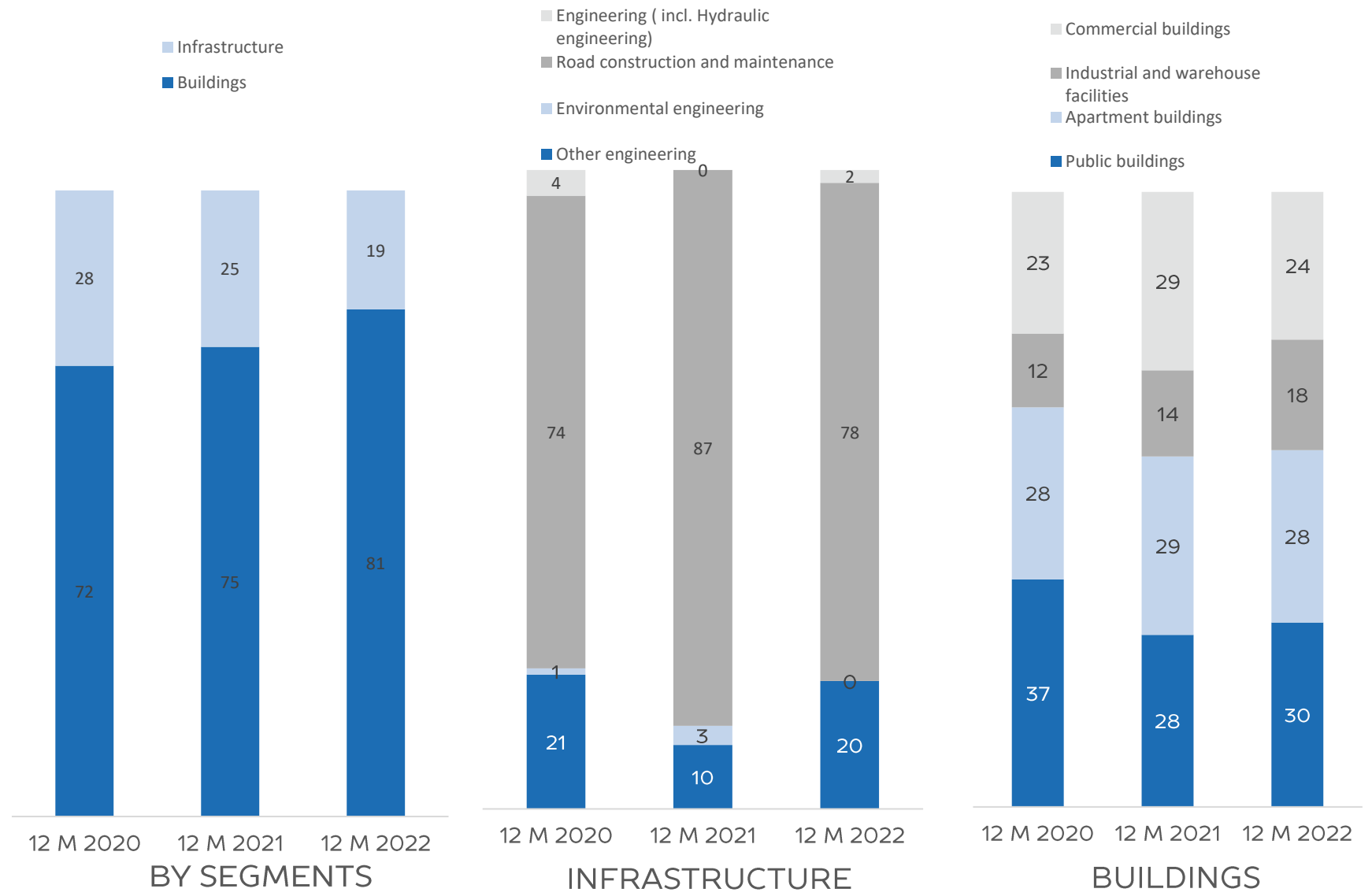
Revenue distribution

In 2022, the Buildings segment and the Infrastructure segment generated revenue of €260,585 thousand and €62,048 thousand, respectively. The corresponding figures for 2021 were €216,070 thousand and €72,115 thousand.

The largest revenue contributors in the Buildings segment were the public buildings and the apartment buildings subsegments, which increased their revenue by 31% and 21%, respectively.

The strongest revenue growth (57%) was delivered by the industrial and warehouse facilities subsegment, which contributed 18% to the revenue of the Buildings segment.

In the Infrastructure segment, the largest revenue contributor is still road construction and maintenance although its revenue has decreased year on year by roughly 28%.



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

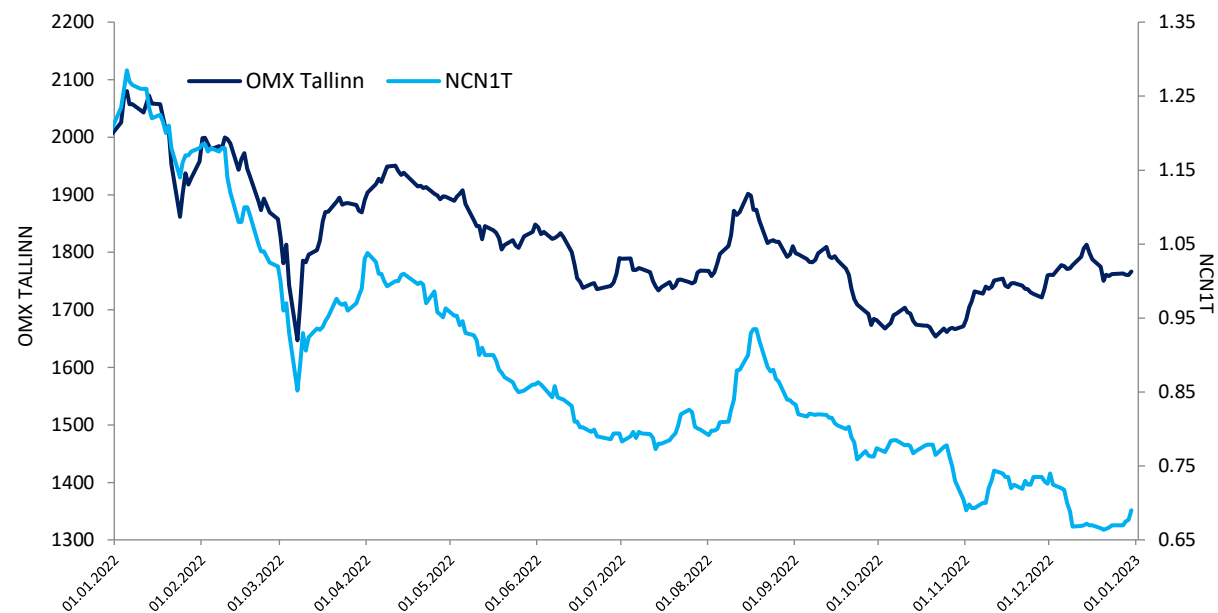
Reino Mälk



Share and shareholders

Largest shareholders in Nordecon AS at 31 December 2022

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16 563 145	51.16
Luksusjaht AS	4 322 342	13.35
Toomas Luman	700 300	2.16
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 2022*	31 December 2022	+/-
OMX Tallinn	2,001.03	1,766.73	(11.71)%
NCN1T	€1.2	€0.69	(42.5)%

Nordecon AS
Tel: +372 615 4400
www.nordecon.com
Toompuiestee 35, Tallinn 10149
Estonia

Head of Investor Relations
Andri Hõbemägi
Tel: +372 615 4400
andri.hobemagi@nordecon.com