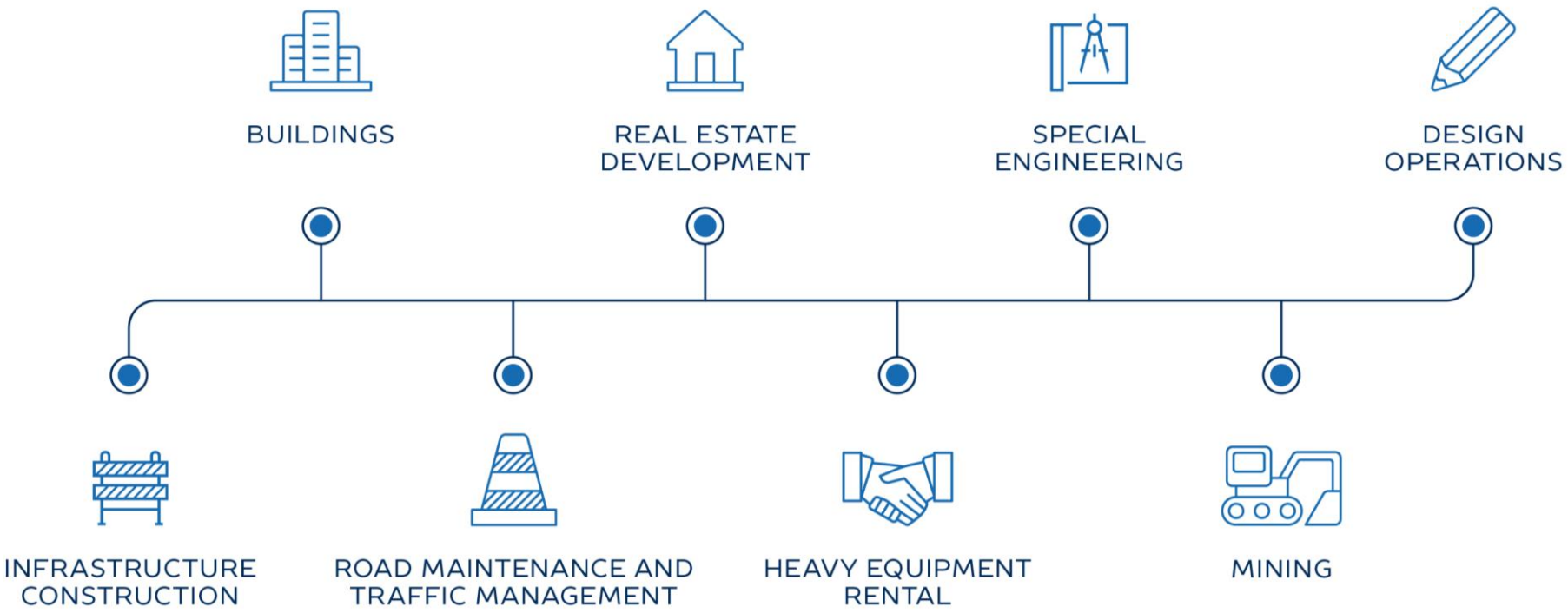
NORDECON 35

Investor presentation

Q4 2024

BUSINESS MODEL



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 (Ukraine, Sweden), 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

Public buildings

TARTU UNIVERSITY HOSPITAL (M-block, C-block)

- Location: Tartu, Estonia
- Completed: 2023
- Architects: Sweco Projekt AS & AW2 Architects OY Eesti filiaal
- Contractor: Nordecon AS, Embach Ehitus OÜ
- Client: Tartu University Hospital

PERIOD IN BRIEF

The group's **revenue** for 2024 was €223,925 thousand, approximately 20% higher than in 2023, when revenue from continuing operations amounted to €186,464 thousand.

Revenue generated **outside Estonia, in Ukraine,** remained stable compared to the same period last year, accounting for around 2% of the group's total revenue for 2024.

The Buildings segment generated 84% and the Infrastructure segment 16% of revenue, respectively.

Nordecon delivered a **gross profit** of €16,770 thousand in 2024 (2023: €3,809 thousand).

The group's gross margin improved significantly, rising to 7.5% for the year (2023: 2.0%) and 9% for the fourth quarter (Q4 2023: (1)%).

Profitability improved for both operating segments.

The group's **administrative expenses** for 2024 were €7,878 thousand.

Administrative expenses increased by around 20% compared to 2023 (2023: €6,564 thousand). The rise resulted from staff costs – increased provisions for performance-based remuneration.

The ratio of administrative expenses to revenue (12 months rolling) was 3.5% (2023: 3.5%).

The group ended 2024 with an **operating profit** of €8,061 thousand (2023: an operating loss of €3,431 thousand).

EBITDA for the period was €11,025 thousand and EBITDA margin was 4.9% (2023: negative EBITDA of €412 thousand and negative EBITDA margin of 0.2%).

The group's **order book** as at 31 December 2024 stood at €209,489 thousand. Compared to the end of 2023, the order book has decreased by around 3%.

In 2024, we signed new contracts for €181,437 thousand, of which €49,636 thousand in the fourth quarter (2023: €276,901 thousand and Q4 2023: €85,575 thousand).

Operating activities produced a **net cash inflow** of €235 thousand in 2024 (2023: an inflow of €12,877 thousand).

Operating cash flow is affected by contracts lacking advance payments, requiring the group to prepay subcontractors and suppliers, while 5–10% contractual retentions are only released at the end of construction.

Public buildings

OVRUTCH KINDERGARTEN

- Location: Ovrutch, Ukraine
- Completed: 2023
- Contractor: Nordecon AS, Eurocon Ukraine TOV
- Client: Estonian Centre for International Development

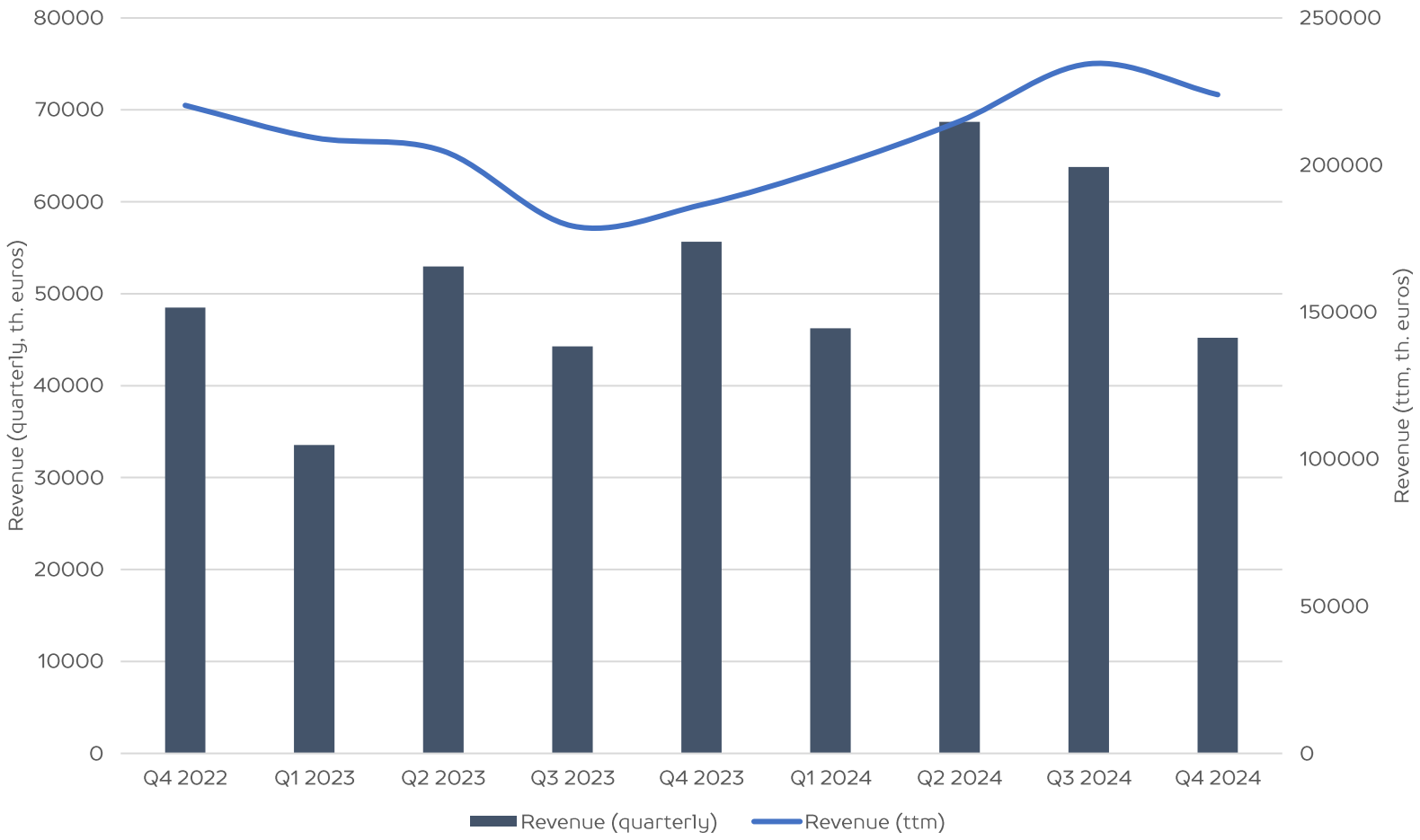
REVENUE*

The **Buildings** segment generated revenue of €187,573 thousand and the **Infrastructure** segment revenue of €36,299 thousand.

The corresponding figures for 2023 were €138,134 thousand and €48,263 thousand.

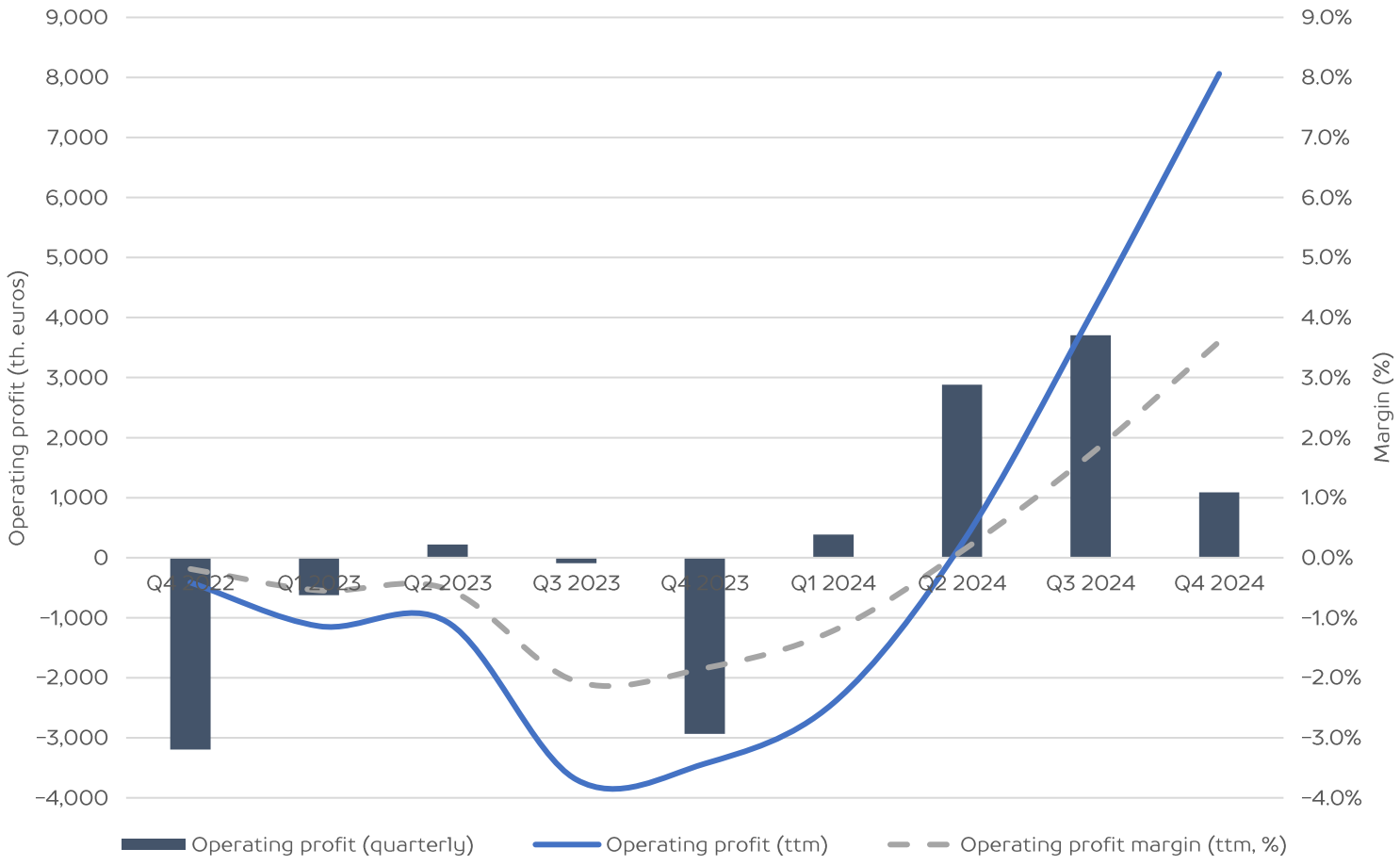
Revenue generated by the Buildings segment increased by 36%, while revenue generated by the Infrastructure segment decreased by 25%.

Revenue growth and changes in the performance of the two reportable segments were expected and in line with the group's order book.



** Continuing operations*

OPERATING PROFIT*



Nordecon delivered a **gross profit** of €16,770 thousand in 2024 (2023: €3,809 thousand).

The gross margin of the Buildings segment was 8.9% for the year and 10.7% for the fourth quarter (2023: 3.0% and Q4 2023: (0.3)%).

The Infrastructure segment's gross margin was lower, reaching 4.0% for the year and (0.3)% for the fourth quarter (2023: 1.3% and Q4 2023: (0.6)%).

The group ended 2024 with an **operating profit** of €8,061 thousand (2023: an operating loss of €3,431 thousand).

** Continuing operations*

Industrial buildings and warehouses

E-PIIM DIARY FACTORY

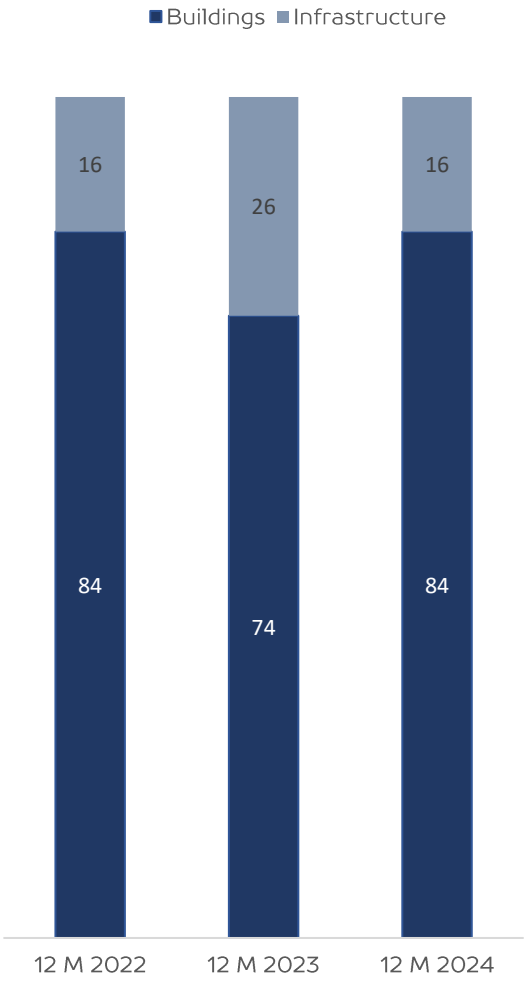
- Location: Paide, Estonia
- Completed: 2023
- Contractor: Nordecon AS
- Client: AS E-Piim Tootmine

REVENUE DISTRIBUTION*

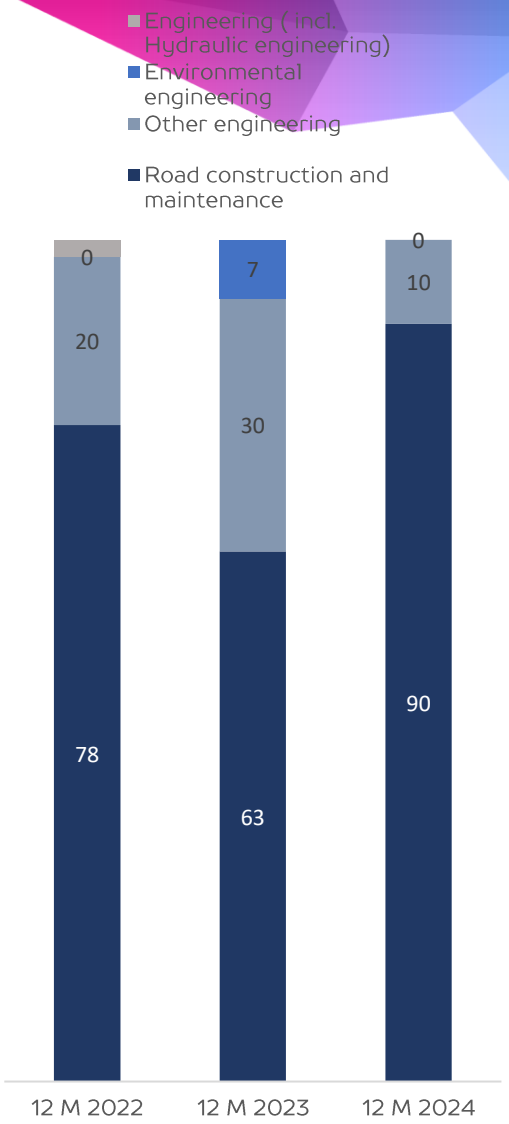
In the Buildings segment, revenue from the **public buildings** and **commercial buildings** subsegments increased by 80% and 72%, respectively

Revenue from the apartment buildings subsegment fell by 57%, mainly due to lower construction services revenue, reflecting the current market situation in this subsegment.

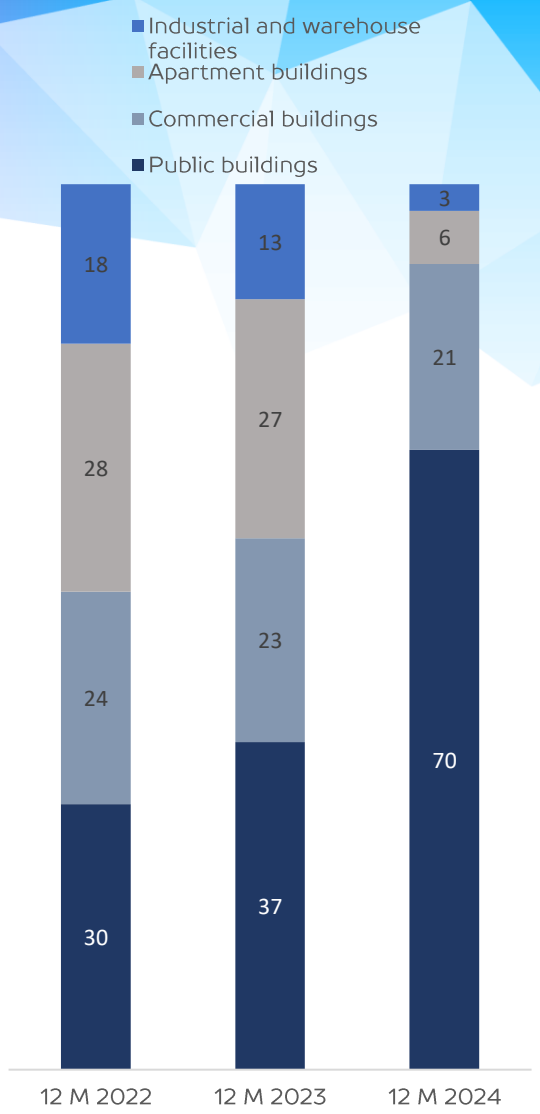
The largest revenue contributor in the Infrastructure segment was the **road construction and maintenance** subsegment whose revenue decreased by around 22% compared to the previous year.



BY SEGMENTS



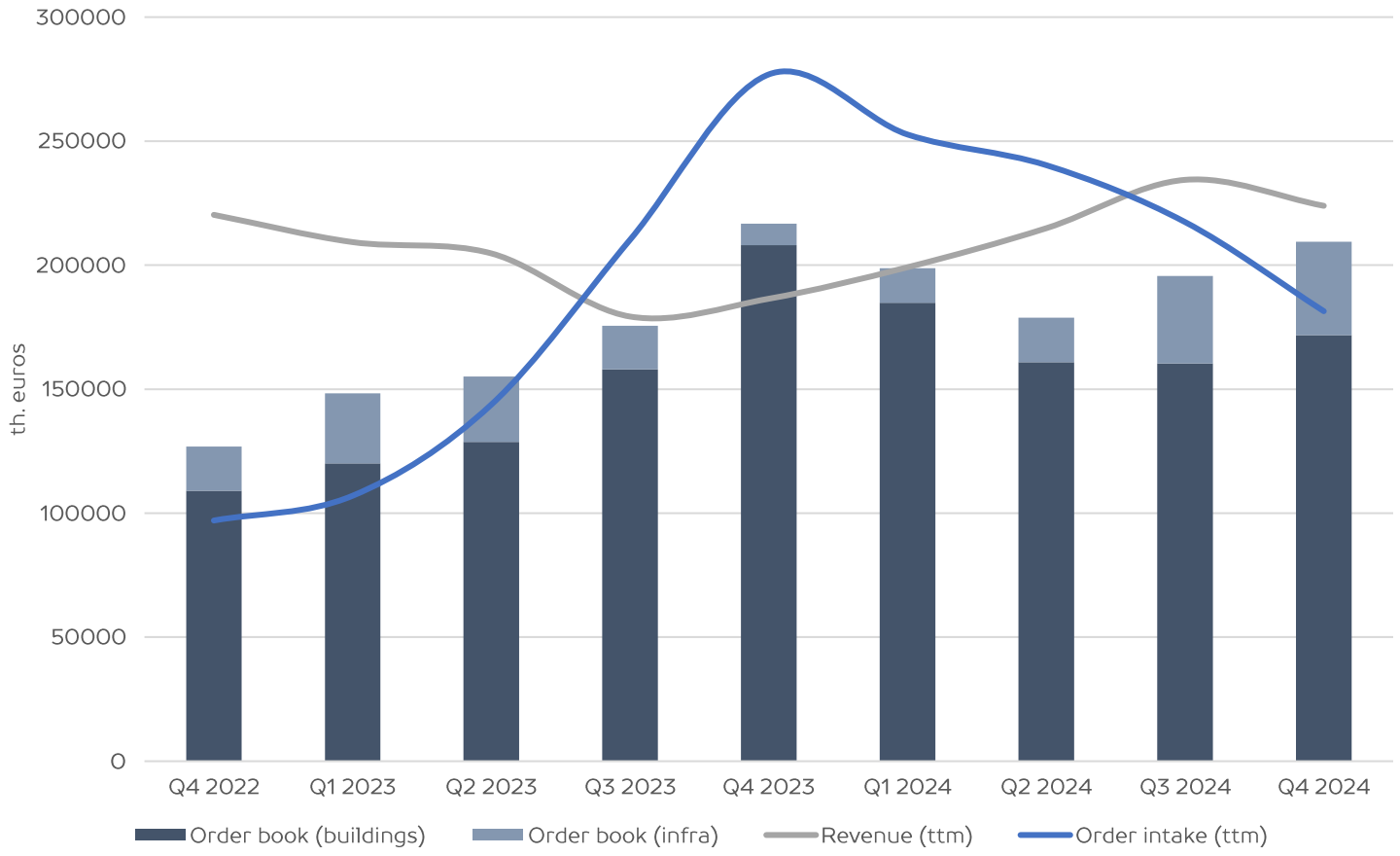
INFRASTRUCTURE



BUILDINGS

** Continuing operations*

ORDER BOOK*



The group's **order book** as at 31 December 2024 stood at €209,489 thousand. Compared to the end of 2023, the order book has decreased by around 3%.

In 2024, we signed new contracts for €181,437 thousand, of which €49,636 thousand in the fourth quarter (2023: €276,901 thousand and Q4 2023: €85,575 thousand).

The Buildings segment accounts for 82% and the Infrastructure segment for 18% of the group's order book (31 December 2023: 96% and 4%, respectively).

Compared to 31 December 2023, the order book of the Buildings segment has declined by 17% and the order book of the Infrastructure segment has almost quadrupled, mainly due to the award of a Rail Baltica contract.

** Continuing operations*

Infrastructure

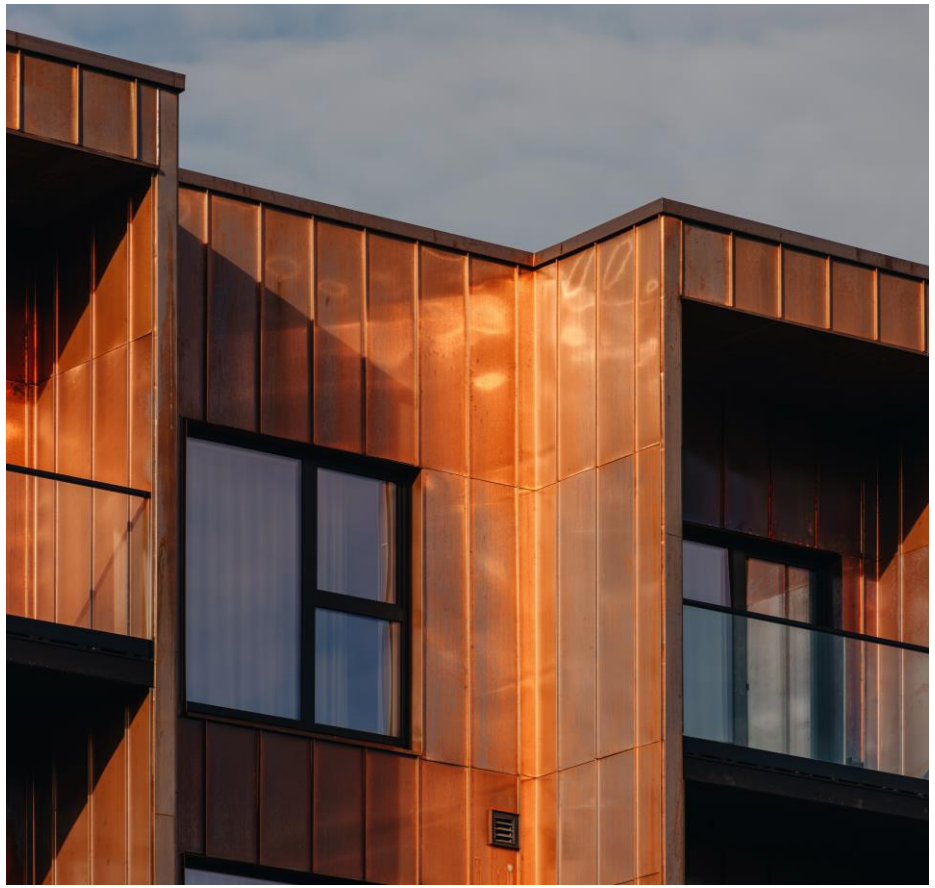
VÄO TRAFFIC JUNCTION

- Location: Tallinn, Estonia
- Completed: 2022
- Contractor: Nordecon AS
- Client: Estonian Transport Administration

CAPITAL STRUCTURE

The **equity ratio** has gradually improved over the observed quarters, surpassing 20%. Increased profits have directly contributed to a more stable financial structure.

This improvement is also reflected in lower **gearing** levels throughout the quarters, highlighting the company's strategic efforts to enhance its financial leverage.



Apartment buildings

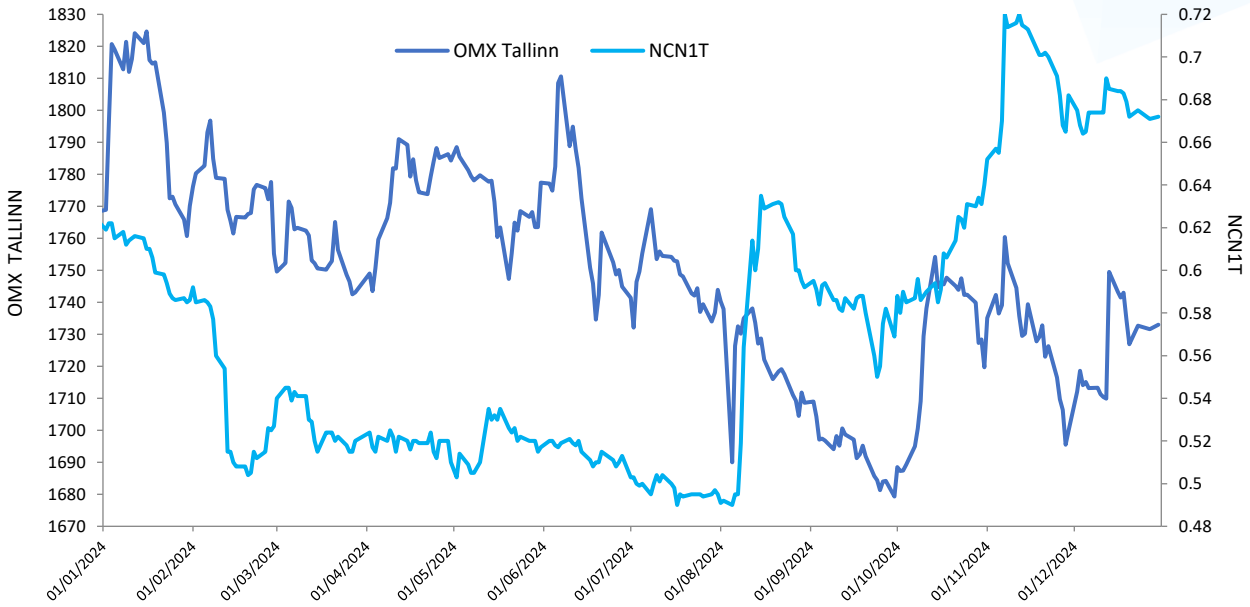
KALARANNA QUARTER (8 apartment buildings)

- Location: Tallinn, Estonia
- Completed: 2022
- Architect: Kadarik Tüür Arhitektid OÜ
- Contractor: Nordecon AS
- Client: OÜ Kalaranna Kvartal

SHARE AND SHAREHOLDERS

Largest shareholders in Nordecon AS at 31 December 2024

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16 563 145	51,16
Luksusjaht AS	4 332 342	13,38
Toomas Luman	806 650	2,49
Olegs Radcenko	574 200	1,77
Nõmme Erahariduse SA	370 370	1,14
Lembit Talpsepp	363 099	1,12
SEB Pank AS clients	300 000	0,93
OÜ Alar Invest	255 000	0,79
Genadi Bulatov	250 600	0,77
Endel Palla	200 000	0,62



Index/equity	1 January 2024*	31 December 2024	+/–
OMX Tallinn	1 768,56	1 733,00	–2,01%
NCN1T	0,62EUR	0,67 EUR	+8,04

* Closing price on the Nasdaq Tallinn Stock Exchange at 31 December 2023

KEY FINANCIAL FIGURES AND RATIOS

Figure/ratio	2024	2023	2022
Revenue (€'000)	223 925	186 464	220 285
Revenue change	20,10%	−15,40%	2,60%
Net profit (loss) (€'000)	5 165	−6 418	−4 099
Net profit (loss) attributable to owners of the parent (€'000)	3 827	−942	−3 650
Earnings per share (€)	0,12	−0,03	−0,12
Administrative expenses to revenue	3,50%	3,50%	2,60%
EBITDA (€'000)	11 025	−412	2 791
EBITDA margin	4,90%	−0,20%	1,30%
Gross margin	7,50%	2,00%	1,80%
Operating margin	3,60%	−1,80%	−0,20%
Operating margin excluding gain on non-current asset sales	3,50%	−2,00%	−0,40%
Net margin	2,30%	−3,40%	−1,90%
Return on invested capital	16%	8,00%	−0,50%
Return on equity	21,00%	8,30%	−5,20%
Equity ratio	23,40%	19%	19,80%
Return on assets	4,40%	1,60%	−1,10%
Gearing	22,60%	16,60%	32,00%
Current ratio	0,94	0,95	0,88

	31 Dec 2024	31 Dec 2023	31 Dec 2022
Order book (€'000)	209 489	216 732	127 618

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