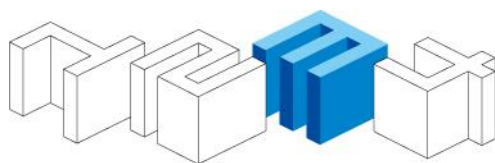




**Financial report for the third quarter  
and nine months of 2024**  
(unaudited)





## Financial report for the third quarter and nine months of 2024 (unaudited)

|                            |   |
|----------------------------|---|
| <b>Business name</b>       | Nordecon AS   |
| <b>Registration number</b> | 10099962  |
| <b>Address</b>             | Toompuiestee 35, 10149 Tallinn, Estonia   |
| <b>Domicile</b>            | Republic of Estonia   |
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| <b>Corporate website</b>   | <a href="http://www.nordecon.com">www.nordecon.com</a>  |
| <b>Core business lines</b> | Construction of residential and non-residential buildings (EMTAK 4120)<br>Construction of roads and motorways (EMTAK 4211)<br>Road maintenance (EMTAK 4211)<br>Construction of utility projects for fluids (EMTAK 4221)<br>Construction of water projects (EMTAK 4291)<br>Construction of other civil engineering projects (EMTAK 4299) |
| <b>Financial year</b>      | 1 January 2024 – 31 December 2024   |
| <b>Reporting period</b>    | 1 January 2024 – 30 September 2024  |
| <b>Council</b>             | Toomas Luman (chairman of the council), Andri Hõbemägi,<br>Andre Luman, Vello Kahro, Sandor Liive   |
| <b>Board</b>               | Maret Tambek (chairman of the board), Priit Luman, Tarmo Pohlak   |
| <b>Auditor</b>             | 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 in our order book. Our core business is supported by road maintenance, property development 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, utility networks and port facilities. In addition, we are involved in property development, leasing out heavy construction equipment, and road maintenance.

Besides Estonia, the companies of the Nordecon group operate in Ukraine and Sweden.

Nordecon AS is a member of the Estonian Association of Construction Entrepreneurs and the Estonian Chamber of Commerce and Industry. Nordecon AS has developed and implemented a quality management system that complies with ISO 9001, an environmental management system that complies with ISO 14001 and an occupational safety management system that complies with ISO 45001. Compliance with the standards has been certified by DNV.

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 customers sustainable 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**

As industry professionals, we apply appropriate construction techniques and technologies and observe generally accepted quality standards. Our people are results-oriented and go-ahead, and successfully combine their extensive industry experience with the opportunities provided by innovation.

### **Reliability**

We are reliable partners – we always keep our promises. Together we can overcome any construction challenge and achieve the best possible results. We are open and transparent and follow best practice in the construction industry.

### **Teamwork**

We value balanced teamwork and create the best possible environment for sharing knowledge and experience. We notice and recognise each employee's contribution and initiative.

### **Sustainability**

We promote responsibility and sustainability in the construction sector and, through our own activities and in cooperation with other market players, contribute to the achievement of the sustainable development goals supported by society.



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## Directors' report

### Strategic agenda for 2023–2027

#### Business lines and markets

- 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.

#### Activities for implementing the strategy

- 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 a balance between operating segments in our order book.
  - We will set our sustainable development goals and adopt an action plan to achieve them.
- **Financial targets**
    - 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.



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## Outlooks of the group's geographical markets

### Estonia

#### Processes and developments characterising the Estonian construction market:

- In the third quarter of 2024, the construction price index remained at the same level as in the second quarter, but increased by 1.8% compared to the same period in 2023. The increase was driven by a rise in labour costs, while building material prices decreased. Construction prices are also affected by weak demand, which has not recovered despite the slowdown in input price inflation. Companies and organisations continue to look for ways to adjust their business plans to the new level of input prices, which significantly prolongs the pre-construction process. The latter often ends with the customer deciding to put the project on hold or to proceed with a redesign. The market continues to be heavily influenced by public investment, which is lower in 2024 than in 2023. Investment by the Centre for Defence Investment, which previously boosted public investment in the construction sector, has also declined and investment by the Estonian Transport Administration is expected to decrease further. This puts strong pressure on companies involved in infrastructure construction and has a direct impact on asphalt concrete production, where market supply already significantly exceeds demand. The volume of the long-awaited procurements for the Rail Baltica project has increased, partially offsetting the sharp decline in the volume of road construction and rehabilitation procurements by the Transport Administration. Against the backdrop of a general economic downturn, the construction market continues to contract in 2024, and this trend is expected to continue into 2025.
- The general slowdown in economic activity and the decline in construction volumes have intensified competition in both building and infrastructure construction. While competition in infrastructure construction has been fierce for a number of years due to declining volumes, competition in building construction has also increased significantly over the past year. Due to economic uncertainty, high inflation and persistently high interest rates, there is still a lack of confidence to invest. This has dampened the development of both residential and commercial property. At the same time, labour costs have risen, putting upward pressure on construction prices in a context of falling demand. It is difficult to predict how the situation will affect demand for construction services in the long term, but in the short term demand will continue to fall.
- Contracts signed with both public and private sector customers impose strict requirements on construction companies, including extensive obligations, severe sanctions, various financial guarantees, very tight deadlines, etc., which are in striking contrast to the modest eligibility criteria. While lenient qualification requirements and the prerequisite of a low bid have made it relatively easy for an increasing number of contractors to win a contract, they have also increased the financial, completion delay and quality risks taken by customers during the execution of the contract and the subsequent warranty period.
- Despite the downturn in the construction market, the shortage of skilled and qualified personnel (including project and site managers) has not eased. The sector needs additional competent professionals and the problem will be exacerbated when the economy starts to grow again.

### Ukraine

In Ukraine, we are mainly involved in general contracting and project management in the building construction segment. In addition, we have investments in two property projects in Ukraine. Due to the military conflict between Russia and Ukraine and the uncertainty as to when it will end, it is not possible to estimate how the situation in the Ukrainian economy and construction market will develop in 2024. At the same time, there is an increasing focus on restoring war-damaged buildings and infrastructure and on strengthening them against military action.

### Sweden

In the Swedish market, we are mainly active in the construction of residential and non-residential buildings and operate mainly in the central part of the country. Rapid inflation and rising interest rates have weakened demand in the Swedish construction market. In 2024, the Swedish economy is expected to stabilise and grow slightly in the second half of the year. In a challenging market environment, we will focus on finding new opportunities while critically assessing potential risks.



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## Description of the main risks

### Business risks

The main factors affecting the group's business volumes and profit margins are competition in the construction market, movements in input prices and changes in demand for construction services. Demand for construction services in both the infrastructure and building segments continues to be strongly influenced by the level of public investment.

Bid prices in both infrastructure and building construction are under strong competitive pressure, and bidders increasingly include not only competing general contractors but also former major subcontractors. This is mainly due to the policy of central and local governments to keep the eligibility requirements for public contracts low. As a result, quality and timely completion are sometimes sacrificed to the lowest price. We are aware of the risks involved in executing contracts signed in an environment of fierce competition and economic uncertainty. When setting prices in such conditions, we seek to strike a reasonable balance between contract performance risks and tight cost control.

Our action plan includes flexible allocation of resources to find more profitable contracts and execute them effectively. In line with our business model, Nordecon is active in all segments of the construction market. This puts us in a somewhat better position than companies that operate in only one narrow segment.

The group's business is affected by the seasonality of construction activity (mainly due to seasonal changes in weather conditions), which has the strongest impact on infrastructure construction, where a lot of work is done outdoors (road construction, earthworks, etc.). Our strategy is to counteract the seasonality of the infrastructure business with building construction, which is less exposed to seasonal fluctuations. Although our long-term goal is to be flexible and maintain a relative balance between our two main operating segments, this has not been possible in recent years, mainly due to the decline in public investment. Where possible, our companies implement technical solutions that help them operate efficiently in changing conditions. A key challenge for the construction sector is low productivity, due to insufficient time in the preparation and planning phases and outdated process management method. We will continue to invest in digital solutions that enable more accurate planning and management of construction processes. A pilot project to manage the construction process using artificial intelligence (AI), launched in 2023, was a resounding success and the use of AI has been extended to two construction projects in 2024.

### Operational risks

To manage their daily construction risks, group companies purchase contractors' all risks insurance. Depending on the nature of the project and the customer's requirements, both general frame agreements and project-specific insurance contracts are used. In addition, subcontractors are generally 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. Group companies make provisions for warranties, based on historical experience, to cover construction defects that may be identified during the warranty period. At 30 September 2024, the group's warranty provisions (including current and non-current) amounted to €2,016 thousand (30 September 2023: €2,546 thousand).

In addition to managing the risks directly associated with construction operations, we pay close attention to mitigating the risks associated with pre-construction activities. In particular, this applies to the bidding process, i.e. compliance with the procurement conditions and budgeting. Errors made in the planning phase are usually irreversible and, in a situation where the price is contractually fixed, result in direct financial loss.

### Financial risks

#### Credit risk

The group did not incur any credit losses during the reporting period or the comparative period. The credit risk of the receivables portfolio is low due to the assessment of the solvency of potential customers, the high proportion of public sector customers and the continuous monitoring of customers' payment behaviour. The main indicator of the realisation of credit risk is a payment delay of more than 180 days combined with no activity on the part of the debtor that would confirm the intention to pay.



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### Liquidity risk

The group's exposure to liquidity risk remains higher than usual. At the reporting date, the group's current assets exceeded current liabilities and the current ratio was 1.00 (30 September 2023: 0.91). The key factors that influence the current ratio are the classification of the group's loans to its Ukrainian associate as non-current and the banks' general policy not to refinance interest-bearing liabilities (particularly overdrafts) for a period exceeding 12 months.

Due to the military conflict between Russia and Ukraine, we believe that the group's Ukrainian investment properties cannot be realised in the short term. Accordingly, the receivables related to the loans provided to the Ukrainian associate of €8,452 thousand were classified as non-current at the reporting date.

In order to better manage cash flows and to address the mismatch between payment terms agreed with customers and subcontractors, the group uses overdraft facilities. Under IFRS EU, borrowings have to be classified into current and non-current based on contract terms in force at the reporting date. The group's short-term borrowings at 30 September 2024 amounted to €8,119 thousand (30 September 2023: €16,487 thousand).

The group's cash and cash equivalents as at the reporting date amounted to €11,476 thousand (30 September 2023: €13,936 thousand).

### Interest rate risk

The group's interest-bearing liabilities to banks have both fixed and floating interest rates. Lease liabilities have mainly floating interest rates. The base rate for most floating-rate contracts is EURIBOR. During the period, interest-bearing liabilities decreased by €4,894 thousand compared to the same period last year. Both loan and lease liabilities decreased. At 30 September 2024, the group had interest-bearing liabilities of €17,007 thousand (30 September 2023: €21,901 thousand). Interest expense for the nine months of 2024 was €757 thousand (9M 2023: €679 thousand).

The main source of interest rate risk is a potential rise in the base rates of floating interest rates (EURIBOR or the lender's base rate). In the light of the group's relatively heavy loan burden, this would significantly increase interest expense, 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 floating interest rates.

### Currency risk

As a rule, the prices of construction contracts and subcontracts are fixed in the currency of the host country, i.e. in the euro (€), the Ukrainian hryvnia (UAH) and the Swedish krona (SEK).

Due to Russia's military invasion of Ukraine in February 2022 and Ukraine's previous political and economic instability, the exchange rate of the hryvnia has been volatile. In the nine months of 2024, the hryvnia weakened against the euro by around 8%. As a result, the group's Ukrainian subsidiaries, which have to translate their euro-denominated loans into the local currency, recognised a foreign exchange loss of €534 thousand (9M 2023: a foreign exchange gain of €66 thousand). Exchange gains and losses on financial instruments are recognised in profit or loss within finance income and finance costs, respectively. The translation of receivables and liabilities from operating activities did not give rise to any exchange gains or losses.

Our Ukrainian and non-Ukrainian subsidiaries' reciprocal receivables and liabilities that are related to the construction business and denominated in hryvnias do not give rise to exchange gains or losses. The loans provided to the Ukrainian associate in euros do not give rise to exchange differences to be reported in the group's accounts either.

In the nine months of 2024, the Swedish krona weakened against the euro by around 2%, but the translation of a loan provided to the Swedish subsidiary in euros into the local currency gave rise to a foreign exchange gain (the difference between the exchange rates at the loan grant date and the reporting date) of €4 thousand (9M 2023: no exchange gain or loss). The effects of movements in foreign exchange rates are recognised in profit or loss within finance income and finance costs.

The group has not acquired derivatives to hedge currency risk.





## Employee and work environment risks

Finding a permanent, skilled and qualified workforce is a challenge for the entire construction industry and one of the most important factors influencing business performance. To strengthen Nordecon's reputation as an employer and to ensure that we have employees in the future, we work with educational institutions. Continuous employee development is essential and one of our acknowledged priorities. We also rely on our subcontractors' ability to find employees with the necessary skills and qualifications.

We seek to minimise the risks to the health and safety of people working on our construction sites, including our own teams and those of our subcontractors, by applying the measures required by law and our management systems. Subcontractors are responsible for ensuring the safety of their operations and employees, while our role is to build relationships and create conditions that enable and encourage compliance with safety regulations.

## Environmental risks

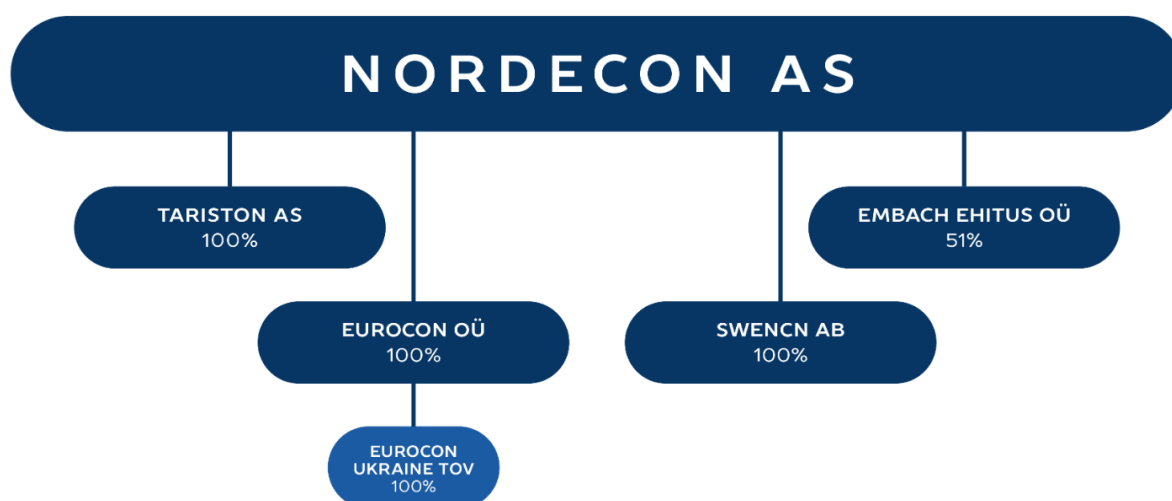
Construction activities have a direct impact on wildlife, soil and the physical environment. In carrying out our operations, we therefore strive to protect the surrounding environment and nature as much as possible. The group's assets and operations with the greatest environmental impact and therefore the highest environmental risks are asphalt plants, quarries used for the extraction of construction materials and road construction operations. The main environmental protection measures at construction sites include efficient use of materials and proper waste management. Excessive waste, leaks, spills, pollution, destruction of wildlife and other environmental damage are prevented by complying with legal and regulatory requirements. All of the group's construction companies have implemented environmental management standard ISO 14001.

## Corruption and ethical risks

Nordecon is one of the leading construction companies in the Estonian market. Therefore, it is important for us to be aware of the risks involved in breaching honest and ethical business practices. We have established internal procedures and policies, follow the rules of the Tallinn Stock Exchange and cooperate with external and internal auditors, regulators and supervisory authorities. We strive to ensure that the management quality, organisational culture and internal communication of our companies emphasise zero tolerance for dishonest, unethical and corrupt behaviour. Transparent decision-making and open communication are underpinned by effective internal collaboration and external communication. Openness is supported by the increasing use of IT solutions.

## Group structure

The group's structure at 30 September 2024, including interests in subsidiaries and associates\*



\*The structure does not include the subsidiaries OÜ Eesti Ehitus, OÜ Aspi, OÜ Linnaehitus, OÜ Eston Ehitus, Kaurits 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 five were established to protect business names. Nor does the structure include investments in entities in which the group's interest is less than 20% and the investment in Kalda Kodu OÜ, which was established for a single development project.



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## The group's operations in Estonia and foreign markets

### Operations in Estonia

At the beginning of December 2023, the group divested its ownership interest in Nordecon Batoon OÜ and exited the concrete work market, where it had competed as a subcontractor. During the period under review, the group was involved in building and infrastructure construction, providing services in practically all market subsegments. 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 company, construction management services were provided by the subsidiaries Tariston AS and Embach Ehitus OÜ.

The group also continued with its other main business activities: property development (Embach Ehitus OÜ), the rental of heavy construction machinery and equipment and the provision of regional road maintenance services (Tariston AS).

The group did not enter any new operating segments in Estonia.

### Operations in foreign markets

#### Ukraine

Russia's military invasion of Ukraine on 24 February 2022 has severely affected the operations of our Ukrainian subsidiary Eurocon Ukraine TOV. However, our business volumes in Ukraine have increased compared to the pre-war levels. The activity of Eurocon Ukraine TOV does not have a significant impact on the group's revenue, profit and assets. The group has interests in two real estate projects in Ukraine but the commencement of development activities has been postponed due to the war. The properties have not been damaged in the military conflict and the group has control of the plots.

#### Sweden

There were no changes in our Swedish operations during the period under review. Swencn AB did not have any construction projects in progress at 30 September 2024 but the company is seeking new opportunities to continue its business in the Swedish market.



## Performance by geographical market

The proportion of revenue generated outside Estonia remained stable compared to the same period last year. Other markets accounted for approximately 2% of the group's total revenue for the first nine months of 2024, consisting of revenue generated in Ukraine. Despite the war, Nordecon's construction volumes in Ukraine have increased. During the period, the group provided services under contracts for the reconstruction of substations and installation of associated physical protection systems in the Poltava, Zhytomyr, Volyn and Ivano-Frankivsk oblasts in Ukraine, and for the reconstruction of a building into an apartment complex for internally displaced persons in Ovruch, Zhytomyr Oblast, Ukraine. Nordecon did not generate any revenue and had no ongoing construction contracts in the Swedish market. With the sale of Nordecon Betocon OÜ at the beginning of December 2023, the group also withdrew from the Finnish market, where it had operated through Nordecon Betocon OÜ's subsidiary NOBE Rakennus OY. The group was active on a project basis in Latvia and Lithuania.

|           | 9M 2024 | 9M 2023 | 9M 2022 | 2023 |
|-----------|---------|---------|---------|------|
| Estonia   | 98%     | 98%     | 96%     | 97%  |
| Ukraine   | 2%      | 1%      | 0%      | 2%   |
| Finland   | -       | 1%      | 2%      | 1%   |
| Lithuania | -       | 0%      | 1%      | 0%   |
| Latvia    | -       | 0%      | 1%      | 0%   |

## Performance by business line

### Segment revenues

We strive to maintain a balance between the revenues of our two main operating segments (Buildings and Infrastructure) as far as market developments allow, as this helps diversify risks and provides better opportunities to continue construction activities in more challenging market conditions, where volumes in one subsegment decline sharply while volumes in another subsegment start to grow more rapidly.

The group's revenue for the first nine months of 2024 was €178,722 thousand, approximately 37% higher than in the same period last year, when revenue from continuing operations amounted to €130,799 thousand. The Buildings segment generated revenue of €149,615 thousand and the Infrastructure segment revenue of €29,068 thousand. The corresponding figures for the first nine months of 2023 were €95,423 thousand and €35,295 thousand (see note 8). Revenue generated by the Buildings segment increased by 57%, while revenue generated by the Infrastructure segment decreased by 18%. The revenue growth and changes in the performance of the reportable segments were expected and in line with the group's order book. The decrease in revenue in the Infrastructure segment is mainly due to delays in the start of work on the Rail Baltica contracts and reduced investment by the Transport Administration.

| Revenue by operating segment* | 9M 2024 | 9M 2023 | 9M 2022 | 2023 |
|-------------------------------|---------|---------|---------|------|
| Buildings                     | 84%     | 73%     | 76%     | 74%  |
| Infrastructure                | 16%     | 27%     | 24%     | 26%  |

\*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 primarily operates in the Buildings or the Infrastructure segment are presented in the respective 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 group companies mostly specialise in specific areas. The figures for the parent company are allocated in both parts of the report based on the nature of the work.



## Subsegment revenues

In the Buildings segment, revenue from the public buildings subsegment more than doubled and revenue from the commercial buildings subsegment increased by 40% compared to the same period last year. However, revenue from the industrial and warehouse facilities subsegment and the apartment buildings subsegment decreased significantly. As the revenue contribution of the industrial and warehouse facilities subsegment was also modest in previous years, the decrease in its revenue did not have a significant impact on total segment revenue, but the revenue of the apartment buildings subsegment fell by 46%, mainly due to lower revenue from the provision of construction service, reflecting the current market situation in this subsegment.

The period's largest projects in the public buildings subsegment were the construction of the main building of the Estonian Internal Security Service and Loodusmaja (Nature Hub) in Tallinn, the design and construction of warehouse complexes for the Centre for Defence Investment in Luunja and Nõo rural municipalities in Tartu County and in Ida-Viru County, the design and construction of a new study and sports building for the Saku Upper Secondary School near Tallinn, the reconstruction of the building of the Karlova School in Tartu and the design and construction of a study building for the Centre for Defence Investment on the Raadi campus in Tartu.

Revenue generated by the apartment buildings subsegment consisted of revenue from the construction of the commercial and residential complex Vektor and the group's own development projects. Revenue from our own development activities decreased slightly compared to the same period last year and was €7,453 thousand (9M 2023: €7,917 thousand). The figure includes revenue from the sale of apartments in Tartu – in the Mõisavahe Kodu housing estate and the centrally located Emajõe Residents housing estate on the banks of the Emajõgi river (<https://emajoeresidents.ee>). We continued to build phase 1 of the Seileri Kvartal housing estate in Pärnu (<https://seileri.ee>) and the Tammepärja Kodu housing estate in the Tammelin district in Tartu (<https://tammelinn.ee>). Both development projects will be completed in the first half of 2025. In carrying out our own development activities, we carefully monitor potential risks in the housing development market.

The largest ongoing projects in the commercial buildings subsegment were the construction of the commercial and residential complex Vektor and the LEED Gold compliant Golden Gate office building at Ahtri 6 in Tallinn, the design and construction of a commercial building at Nõlvakaare 4 at Raadi in Tartu County, and the construction of a Lidl store in Võru.

A significant share of the revenue generated by the industrial and warehouse facilities subsegment came from the reconstruction of substations and installation of associated physical protection systems in the Poltava, Zhytomyr, Volyn and Ivano-Frankivsk oblasts in Ukraine.

| Revenue breakdown in the Buildings segment | 9M 2024 | 9M 2023 | 9M 2022 | 2023 |
|--|---------|---------|---------|------|
| Public buildings                           | 70%     | 33%     | 29%     | 37%  |
| Commercial buildings                       | 21%     | 23%     | 23%     | 23%  |
| Apartment buildings                        | 7%      | 30%     | 29%     | 27%  |
| Industrial and warehouse facilities        | 2%      | 14%     | 19%     | 13%  |

The largest revenue contributor in the Infrastructure segment is the road construction and maintenance subsegment whose revenue for the period decreased by around 2% year on year. A major share of its revenue came from the construction of an armoured manoeuvre shooting range and roads in Harju County, the reconstruction of the Mäeküla-Koeru-Kapu road section, the construction of the Tagadi ecoduct (wildlife crossing) on the Rail Baltica route and the provision of road maintenance services in Järva County.

| Revenue breakdown in the Infrastructure segment      | 9M 2024 | 9M 2023 | 9M 2022 | 2023 |
|--|---------|---------|---------|------|
| Road construction and maintenance                    | 94%     | 60%     | 80%     | 63%  |
| Other engineering                                    | 6%      | 31%     | 16%     | 30%  |
| Environmental engineering                            | 0%      | 9%      | 0%      | 7%   |
| Specialist engineering (incl. hydraulic engineering) | 0%      | 0%      | 4%      | 0%   |



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## Financial review

### Financial performance

Nordecon delivered a gross profit of €12,767 thousand in the first nine months of 2024 (9M 2023: €4,311 thousand). The group's gross margin improved significantly year on year, rising to 7.1% for the nine months (9M 2023: 3.3%) and 8.7% for the third quarter (Q3 2023: 3.5%). Both main operating segments earned a profit in the nine months and the third quarter, showing a year-on-year margin improvement. The gross margin of the Buildings segment was 8.5% for the nine months and 10.2% for the third quarter (9M 2023: 4.5% and Q3 2023: 3.7%). The Infrastructure segment's gross margin was lower, reaching 5.1% for the nine months and 9.2% for the third quarter (9M 2023: 2.0% and Q3 2023: 4.5%). While both segments have improved their profit margins, the volumes of the Infrastructure segment are low and therefore most of the group's profit was generated by the Buildings segment. The margin improvement was supported by better mitigation of the risks associated with general contracting and the expiry last year of a number of long-term contracts signed before the war, which had been severely affected by earlier increases in construction input prices. The improved performance of the Infrastructure segment is partly due to the investment in an asphalt concrete plant made earlier this year, which has reduced the cost price and represents a major step forward in material recycling.

The group's administrative expenses for the first nine months of 2024 were €5,011 thousand. Administrative expenses increased by around 16% compared to the same period last year (9M: €4,337 thousand) due to growth in staff costs (see note 11). The ratio of administrative expenses to revenue (12 months rolling) decreased year on year to 3.1% (9M 2023: 3.3%).

The group ended the nine months of 2024 with an operating profit of €6,972 thousand (9M 2023: an operating loss of €497 thousand). EBITDA for the period was €9,154 thousand (9M 2023: €1,799 thousand).

The group's finance income and costs are affected by exchange rate fluctuations in the group's foreign markets, particularly movements in the exchange rate of the Ukrainian hryvnia (see the chapter *Financial risks*). During the period, the Ukrainian hryvnia weakened against the euro by around 8% and the translation of the loans provided to the group's Ukrainian subsidiaries in euros into the local currency gave rise to a foreign exchange loss of €534 thousand (9M 2023: a foreign exchange gain of €66 thousand).

The group's net profit for the period was €4,547 thousand (9M 2023: a net loss of €2,772 thousand). The net profit attributable to owners of the parent, Nordecon AS, was €3,373 thousand (9M 2023: a net loss of €2,452 thousand).

### Cash flows

Operating activities produced a net cash inflow of €3,726 thousand in the nine months of 2024 (9M 2023: an inflow of €11,037 thousand). Operating cash flow is strongly influenced by the fact that the contracts signed with most public and private sector customers do not require them to make advance payments, while the group has to make prepayments to subcontractors and materials suppliers. Cash inflow is also reduced 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 of the period resulted in a net cash inflow of €35 thousand (9M 2023: an outflow of €409 thousand). Investments in property, plant and equipment amounted to €289 thousand (9M 2023: €318 thousand) and proceeds from the sale of property, plant and equipment amounted to €193 thousand (9M 2023: €384 thousand). Loans provided amounted to €35 thousand (9M 2023: €524 thousand) and interest received amounted to €159 thousand (9M 2023: €25 thousand).

Financing activities generated a net cash outflow of €4,124 thousand (9M 2023: an outflow of €3,931 thousand). The largest items were related to loans and leases. Proceeds from loans received amounted to €902 thousand (9M 2023: €1,344 thousand), consisting of the use of development loans. Repayments of loans received totalled €1,857 thousand (9M 2023: €799 thousand), consisting of regular repayments of long-term investment and development loans and the change in the overdraft balance. Lease payments were €1,689 thousand (9M 2023: €2,194 thousand). Dividends paid in the nine months of 2024 amounted to €661 thousand (9M 2023: €1,347 thousand).

The group's cash and cash equivalents as at 30 September 2024 amounted to €11,476 thousand (30 September 2023: €13,936 thousand). Management's commentary on liquidity risks is presented in the chapter *Description of the main risks*.



## Key financial figures and ratios

| Figure/ratio   | 9M 2024             | 9M 2023             | 9M 2022             | 2023               |
|--|---------------------|---------------------|---------------------|--------------------|
| Revenue (€'000)*   | 178,722             | 130,799             | 165,462             | 186,464            |
| Revenue change*  | 36.6%               | (20.9)%             | 5.4%                | (15.4)%            |
| Net profit (loss) (€'000)*                                     | 4,547               | (2,772)             | (2,552)             | (6,418)            |
| Net profit (loss) attributable to owners of the parent (€'000) | 3,376               | (2,452)             | (2,651)             | (942)              |
| Weighted average number of shares                              | 31,528,585          | 31,528,585          | 31,528,585          | 31,528,585         |
| Earnings per share (€)   | 0.11                | (0.08)              | (0.08)              | (0.03)             |
| Administrative expenses to revenue*                            | 2.8%                | 3.3%                | 2.4%                | 3.5%               |
| Administrative expenses to revenue (rolling)*                  | 3.1%                | 3.3%                | 2.3%                | 3.5%               |
| EBITDA (€'000)*  | 9,154               | 1,799               | 2,232               | (412)              |
| EBITDA margin*   | 5.1%                | 1.4%                | 1.3%                | (0.2)%             |
| Gross margin*  | 7.1%                | 3.3%                | 1.4%                | 2.0%               |
| Operating margin*  | 3.9%                | (0.4)%              | (0.1)%              | (1.8)%             |
| Operating margin excluding gain on non-current asset sales*    | 3.8%                | (0.6)%              | (0.2)%              | (2.0)%             |
| Net margin*  | 2.5%                | (2.1)%              | (1.5)%              | (3.4)%             |
| Return on invested capital                                     | 13%                 | 1.9%                | (1.1)%              | 8.0%               |
| Return on equity   | 18.4%               | (1.4)%              | (5.1)%              | 8.3%               |
| Equity ratio   | 22.1%               | 17%                 | 17.8%               | 18.7%              |
| Return on assets   | 3.8%                | 0.3%                | (1.0)%              | 1.6%               |
| Gearing  | 12.6%               | 16.8%               | 36.6%               | 16.6%              |
| Current ratio  | 1.00                | 0.91                | 0.90                | 0.95               |
|  | <b>30 Sept 2024</b> | <b>30 Sept 2023</b> | <b>30 Sept 2022</b> | <b>31 Dec 2023</b> |
| Order book (€'000)*  | 195,628             | 175,539             | 150,694             | 216,732            |

|  |  |
|--|--|
| Revenue change = (revenue for the reporting period / revenue for the previous period) - 1 * 100  | Net margin = (net profit or loss for the period / revenue) * 100   |
| Earnings per share (EPS) = net profit or loss attributable to owners of the parent / weighted average number of shares outstanding   | Return on invested capital = ((profit or loss before tax + interest expense) / the period's average (interest-bearing liabilities + equity)) * 100 |
| Administrative expenses to revenue = (administrative expenses / revenue) * 100   | Return on equity = (net profit or loss for the period / the period's average total equity) * 100   |
| Administrative expenses to revenue (rolling) = (past four quarters' administrative expenses / past four quarters' revenue) * 100   | Equity ratio = (total equity / total liabilities and equity) * 100   |
| EBITDA = operating profit or loss + depreciation and amortisation + impairment losses on goodwill  | Return on assets = (net profit or loss for the period / the period's average total assets) * 100   |
| EBITDA margin = (EBITDA / revenue) * 100   | Gearing = ((interest-bearing liabilities - cash and cash equivalents) / (interest-bearing liabilities + equity)) * 100                             |
| Gross margin = (gross profit or loss / revenue) * 100  | Current ratio = total current assets / total current liabilities   |
| Operating margin = (operating profit or loss / revenue) * 100  |  |
| Operating margin excluding gain on non-current asset sales = ((operating profit or loss - gain on sales of non-current assets - gain on sales of real estate) / revenue) * 100 |  |

### \*Continuing operations

Due to the sale of Nordecon Betoön OÜ and NOBE Rakennus OY at the beginning of December 2023, the business of those companies has been classified as a discontinued operation. The discontinued operation's revenues and expenses for comparative periods are presented separately in the consolidated statement of comprehensive income within *Profit (loss) from a discontinued operation*.



## Order book

The group's order book (backlog of contracts signed but not yet performed) stood at €195,628 thousand at 30 September 2024. Compared to the same period last year, the order book has grown by around 11%. In the nine months of 2024, we signed new contracts for €131,801 thousand (9M 2023: €191,326 thousand), of which €67,771 thousand in the third quarter (Q3 2023: €90,694 thousand). The rise in construction input prices and high interest rates in recent years have caused a sharp increase in the final cost of development projects and, consequently, the postponement of the start of new projects. There has been a significant reduction in investment by the Transport Administration, which has had a direct impact on the order book of our Infrastructure segment. The volume of work procured for the Rail Baltica project has increased, partially offsetting the decline in investment by the Transport Administration, but the excessive length of the procurement processes makes it difficult to predict the potential start dates of the work and the impact on revenue. While public investment in building construction has also declined, we see some investment activity at local authority level.

|                     | 30 Sept 2024 | 30 Sept 2023 | 30 Sept 2022 | 31 Dec 2023 |
|---------------------|--------------|--------------|--------------|-------------|
| Order book (€'000)* | 195,628      | 175,539      | 150,694      | 216,732     |

\* Continuing operations

The Buildings segment accounts for 82% and the Infrastructure segment for 18% of the group's order book (30 September 2023: 90% and 10%, respectively). Compared with 30 September 2023, the order book of the Buildings segment has remained at the same level while the order book of the Infrastructure segment has doubled, mainly due to the award of the Rail Baltica contract. The order book of the Buildings segment mainly includes contracts secured by the commercial buildings and public buildings subsegments.

Major contracts secured during the period include:

- the construction of an armoured manoeuvre shooting range and roads for the Centre for Defence Investment in Harju County with an approximate cost of €5,450 thousand;
- the construction of a modern war and disaster medicine centre for the Centre for Defence Investment in Tartu with an approximate cost of €15,000 thousand (the group is one of the joint bidders);
- the construction of a Lidl store in Võru with an approximate cost of €3,900 thousand;
- the construction of a platform area for Class E aircraft at Tallinn Airport with an approximate cost of €7,500 thousand;
- the construction of a building complex in the Port Athena quarter at Väike-Turu 7 in Tartu (the complex consists of four six-storey buildings, one seven-storey building and a common basement level used mainly for parking) with an approximate cost of €26,000 thousand;
- the construction of the Hagudi-Alu section of stage III of the Rail Baltica Raplamaa main line railway infrastructure with an approximate cost of €30,500 thousand;
- the construction of the LEED Gold standard Uusküla spa hotel on the northern shore of Lake Peipus in Alutaguse rural municipality with an approximate cost of €28,300 thousand;
- the reconstruction of a building into an apartment complex for internally displaced persons in Ovruch, Zhytomyr Oblast, Ukraine with an approximate cost of €1,800 thousand.

Management expects the group's revenue to increase in 2024 compared to the revenue generated by continuing operations in 2023. In a highly competitive environment, we will avoid taking unjustified risks that could materialise during the contract execution phase and have an adverse impact on the group's results. We will focus on cost management and pre-construction and design activities where we can leverage our professional competitive advantages.





## People

### Employees and staff costs

The average number of the group's employees (at the parent company and the subsidiaries) in the nine months of 2024 was 437, including 283 engineers and technical professionals (ETP). Headcount decreased by around 23% year on year, due to the restructuring of the group's Infrastructure segment, which was completed in 2023, and the sale of Nordecon Betoön OÜ and NOBE Rakennus OY at the beginning of December 2023.

#### Average number of employees at group companies (the parent company and the subsidiaries):

|                      | 9M 2024    | 9M 2023    | 9M 2022    | 2023       |
|----------------------|------------|------------|------------|------------|
| ETP                  | 283        | 382        | 437        | 374        |
| Workers              | 154        | 185        | 232        | 184        |
| <b>Total average</b> | <b>437</b> | <b>567</b> | <b>669</b> | <b>558</b> |

The group's staff costs for the first nine months of 2024, including all taxes, were €16,178 thousand, compared with €14,162 thousand for continuing operations in the same period last year. Staff costs increased due to salary increases and the payment of performance bonuses.

The service fees of the members of the council of Nordecon AS for the first nine months of 2024 totalled €149 thousand and the related social security charges amounted to €49 thousand (9M 2023: €129 thousand and €43 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €391 thousand and the related social security charges amounted to €129 thousand (9M 2023: €424 thousand and €140 thousand, respectively).

### 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 the staff costs incurred:

|  | 9M 2024 | 9M 2023 | 9M 2022 | 2023    |
|--|---------|---------|---------|---------|
| Nominal labour productivity (rolling), (€'000) | 557.4   | 488.4   | 475.7   | 499.3   |
| Change against the comparative period, %       | 14.1%   | 2.7%    | 14.2%   | 1.8%    |
| Nominal labour cost efficiency (rolling), (€)  | 11.0    | 10.4    | 12.0    | 10.3    |
| Change against the comparative period, %       | 5.0%    | (12.8)% | 8.1%    | (13.4)% |

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' staff costs)

The group's nominal labour productivity for the period increased year on year due to a decrease in the average number of employees and an increase in revenue. Nominal labour cost efficiency also improved, supported by revenue growth.





## Share and shareholders

### Share information

|  |  |
|--|--|
| <b>Name of security</b>                  | Nordecon AS ordinary share   |
| <b>Issuer</b>                            | Nordecon AS  |
| <b>ISIN code</b>                         | EE3100039496   |
| <b>Ticker symbol</b>                     | NCN1T  |
| <b>Nominal value</b>                     | No par value*  |
| <b>Total number of securities issued</b> | 32,375,483   |
| <b>Number of listed securities</b>       | 32,375,483   |
| <b>Listing date</b>                      | 18 May 2006  |
| <b>Market</b>                            | Nasdaq Tallinn, Baltic Main List   |
| <b>Industry</b>                          | Construction and engineering   |
| <b>Indexes</b>                           | 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 EEK 307,567,280 (Estonian kroons) to €19,657,131.9. 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, increasing share capital by €1,034,573.01 to €20,691,704.91, 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 nine months of 2024

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 with the OMX Tallinn Index in the first nine months of 2024



| Index/equity | 1 January 2024* | 30 September 2024 | +/-     |
|--------------|-----------------|-------------------|---------|
| OMX Tallinn  | 1,768.56        | 1,679.31          | (5.05)% |
| NCN1T        | €0.62           | €0.57             | (8.52)% |

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

## Summarised trading results

### Share trading history

| Price, €  | 9M 2024   | 9M 2023   | 9M 2022   |
|---|-----------|-----------|-----------|
| Open  | 0.62      | 0.69      | 1.21      |
| High  | 0.64      | 0.93      | 1.29      |
| Low   | 0.48      | 0.67      | 0.75      |
| Last closing price                              | 0.57      | 0.75      | 0.77      |
| Traded volume (number of securities traded)     | 1,424,130 | 1,197,608 | 1,921,744 |
| Turnover, € million                             | 0.77      | 0.93      | 1.92      |
| Listed volume (30 September), thousand          | 32,375    | 32,375    | 32,375    |
| Market capitalisation (30 September), € million | 18.42     | 24.38     | 25.06     |



## Shareholder structure

### Largest shareholders of Nordecon AS at 30 September 2024

| Shareholder           | Number of shares | Ownership interest (%) |
|-----------------------|------------------|------------------------|
| AS Nordic Contractors | 16,563,145       | 51.16                  |
| Luksusjaht AS         | 4,332,342        | 13.38                  |
| Toomas Luman          | 801,150          | 2.47                   |
| Olegs Radcenko        | 574,200          | 1.77                   |
| Nõmme Erahariiduse SA | 370,370          | 1.14                   |
| Lembit Talpsepp       | 369,900          | 1.14                   |
| 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                   |

### Shareholder structure of Nordecon AS at 30 September 2024

|  | Number of shareholders | Ownership interest (%) |
|--|------------------------|------------------------|
| Shareholders with interest exceeding 5%  | 2                      | 64.54                  |
| Shareholders with interest from 1% to 5% | 4                      | 6.53                   |
| Shareholders with interest below 1%      | 6,397                  | 26.31                  |
| Holder of own (treasury) shares          | 1                      | 2.62                   |
| <b>Total</b>                             | <b>6,404</b>           | <b>100</b>             |

### Shares controlled by members of the council of Nordecon AS at 30 September 2024

| Council member   |                         | Number of shares  | Ownership interest (%) |
|--|-------------------------|-------------------|------------------------|
| Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)* | Chairman of the Council | 17,529,295        | 54.14                  |
| Andri Hõbemägi   | Member of the Council   | 50,000            | 0.15                   |
| Andre Luman  | Member of the Council   | 25,000            | 0.08                   |
| Vello Kahro  | Member of the Council   | 10,000            | 0.03                   |
| Sandor Liive   | Member of the Council   | 0                 | 0.00                   |
| <b>Total</b>   |                         | <b>17,614,295</b> | <b>54.40</b>           |

\* Companies controlled by the individual

### Shares controlled by members of the board of Nordecon AS at 30 September 2024

| Board member |                       | Number of shares | Ownership interest (%) |
|--------------|-----------------------|------------------|------------------------|
| Maret Tambek | Chairman of the Board | 0                | 0.00                   |
| Priit Luman  | Member of the Board   | 7,000            | 0.02                   |
| Tarmo Pohlak | Member of the Board   | 3,942            | 0.01                   |
| <b>Total</b> |                       | <b>10,942</b>    | <b>0.03</b>            |



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## 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.

Maret Tambek

Chairman of the Board

7 November 2024

Priit Luman

Member of the Board

7 November 2024

Tarmo Pohlak

Member of the Board

7 November 2024



## Condensed consolidated interim financial statements

### Consolidated statement of financial position

| €'000  | Note | 30 September 2024 | 31 December 2023 |
|--|------|-------------------|------------------|
| <b>ASSETS</b>  |      |                   |                  |
| <b>Current assets</b>                                    |      |                   |                  |
| Cash and cash equivalents                                |      | 11,476            | 11,892           |
| Trade and other receivables                              | 2    | 39,332            | 37,010           |
| Prepayments  |      | 3,951             | 1,789            |
| Inventories  | 3    | 23,541            | 25,879           |
| <b>Total current assets</b>                              |      | <b>78,300</b>     | <b>76,570</b>    |
| <b>Non-current assets</b>                                |      |                   |                  |
| Other investments  |      | 76                | 76               |
| Trade and other receivables                              | 2    | 9,607             | 9,113            |
| Investment property                                      |      | 5,517             | 5,517            |
| Property, plant and equipment                            |      | 13,264            | 14,292           |
| Intangible assets  |      | 14,961            | 14,964           |
| <b>Total non-current assets</b>                          |      | <b>43,425</b>     | <b>43,962</b>    |
| <b>TOTAL ASSETS</b>                                      |      | <b>121,725</b>    | <b>120,532</b>   |
| <b>LIABILITIES</b>                                       |      |                   |                  |
| <b>Current liabilities</b>                               |      |                   |                  |
| Borrowings   | 5, 6 | 8,119             | 10,188           |
| Trade payables   |      | 52,269            | 39,855           |
| Other payables   |      | 8,283             | 9,241            |
| Deferred income  |      | 8,921             | 20,602           |
| Provisions   |      | 651               | 1,129            |
| <b>Total current liabilities</b>                         |      | <b>78,243</b>     | <b>81,015</b>    |
| <b>Non-current liabilities</b>                           |      |                   |                  |
| Borrowings   | 5, 6 | 8,888             | 8,563            |
| Trade payables   |      | 5,175             | 6,011            |
| Provisions   |      | 2,493             | 2,405            |
| <b>Total non-current liabilities</b>                     |      | <b>16,556</b>     | <b>16,979</b>    |
| <b>TOTAL LIABILITIES</b>                                 |      | <b>94,799</b>     | <b>97,994</b>    |
| <b>EQUITY</b>  |      |                   |                  |
| Share capital  |      | 14,379            | 14,379           |
| Own (treasury) shares                                    |      | (660)             | (660)            |
| Share premium  |      | 635               | 635              |
| Statutory capital reserve                                |      | 2,554             | 2,554            |
| Translation reserve                                      |      | 4,288             | 3,786            |
| Retained earnings  |      | 4,292             | 919              |
| <b>Total equity attributable to owners of the parent</b> |      | <b>25,488</b>     | <b>21,613</b>    |
| <b>Non-controlling interests</b>                         |      | <b>1,438</b>      | <b>925</b>       |
| <b>TOTAL EQUITY</b>                                      |      | <b>26,926</b>     | <b>22,538</b>    |
| <b>TOTAL LIABILITIES AND EQUITY</b>                      |      | <b>121,725</b>    | <b>120,532</b>   |



## Consolidated statement of comprehensive income

| €'000   | Note | 9M 2024        | Q3 2024      | 9M 2023        | Q3 2023      | 2023           |
|---|------|----------------|--------------|----------------|--------------|----------------|
| Revenue   | 8, 9 | 178,722        | 63,777       | 130,799        | 44,273       | 186,464        |
| Cost of sales   | 10   | (165,955)      | (58,204)     | (126,488)      | (42,745)     | (182,655)      |
| <b>Gross profit</b>   |      | <b>12,767</b>  | <b>5,573</b> | <b>4,311</b>   | <b>1,528</b> | <b>3,809</b>   |
| Marketing and distribution expenses   |      | (301)          | (129)        | (402)          | (176)        | (497)          |
| Administrative expenses   | 11   | (5,011)        | (1,638)      | (4,337)        | (1,353)      | (6,564)        |
| Other operating income  | 12   | 145            | 68           | 240            | 30           | 286            |
| Other operating expenses  | 12   | (628)          | (170)        | (309)          | (123)        | (465)          |
| <b>Operating profit (loss)</b>  |      | <b>6,972</b>   | <b>3,704</b> | <b>(497)</b>   | <b>(94)</b>  | <b>(3,431)</b> |
| Finance income  | 13   | 437            | 120          | 267            | 136          | 613            |
| Finance costs   | 13   | (2,625)        | (1,079)      | (2,298)        | (515)        | (3,356)        |
| <b>Net finance costs</b>  |      | <b>(2,188)</b> | <b>(959)</b> | <b>(2,031)</b> | <b>(379)</b> | <b>(2,743)</b> |
| <b>Profit (loss) before tax</b>   |      | <b>4,784</b>   | <b>2,745</b> | <b>(2,528)</b> | <b>(473)</b> | <b>(6,174)</b> |
| Income tax expense  |      | (237)          | 0            | (244)          | 0            | (244)          |
| <b>Profit (loss) for the period from continuing operations</b>                                |      | <b>4,547</b>   | <b>2,745</b> | <b>(2,772)</b> | <b>(473)</b> | <b>(6,418)</b> |
| <b>Profit for the period from a discontinued operation</b>                                    |      | <b>-</b>       | <b>-</b>     | <b>2,408</b>   | <b>1,699</b> | <b>8,474</b>   |
| <b>Profit (loss) for the period</b>   |      | <b>4,547</b>   | <b>2,745</b> | <b>(364)</b>   | <b>1,226</b> | <b>2,056</b>   |
| <b>Other comprehensive income (expense)</b>   |      |                |              |                |              |                |
| <b>Items that may be reclassified subsequently to profit or loss</b>                          |      |                |              |                |              |                |
| Exchange differences on translating foreign operations  |      | 502            | 337          | (48)           | (302)        | 470            |
| <b>Total other comprehensive income (expense)</b>   |      | <b>502</b>     | <b>337</b>   | <b>(48)</b>    | <b>(302)</b> | <b>470</b>     |
| <b>TOTAL COMPREHENSIVE INCOME (EXPENSE)</b>   |      | <b>5,049</b>   | <b>3,082</b> | <b>(412)</b>   | <b>924</b>   | <b>2,526</b>   |
| <b>Profit (loss) attributable to:</b>   |      |                |              |                |              |                |
| - Owners of the parent  |      | 3,373          | 2,353        | (2,452)        | 41           | (942)          |
| - Non-controlling interests   |      | 1,174          | 392          | 2,088          | 1,185        | 2,998          |
| <b>Profit (loss) for the period</b>   |      | <b>4,547</b>   | <b>2,745</b> | <b>(364)</b>   | <b>1,226</b> | <b>2,056</b>   |
| <b>Comprehensive income (expense) attributable to:</b>  |      |                |              |                |              |                |
| - Owners of the parent  |      | 3,875          | 2,690        | (2,500)        | (261)        | (472)          |
| - Non-controlling interests   |      | 1,174          | 392          | 2,088          | 1,185        | 2,998          |
| <b>Comprehensive income (expense) for the period</b>  |      | <b>5,049</b>   | <b>3,082</b> | <b>(412)</b>   | <b>924</b>   | <b>2,526</b>   |
| <b>Earnings per share from continuing operations attributable to owners of the parent:</b>    |      |                |              |                |              |                |
| Basic earnings per share (€)  | 7    | 0.11           | 0.07         | (0.16)         | (0.05)       | (0.31)         |
| Diluted earnings per share (€)  | 7    | 0.11           | 0.07         | (0.16)         | (0.05)       | (0.31)         |
| <b>Earnings per share from a discontinued operation attributable to owners of the parent:</b> |      |                |              |                |              |                |
| Basic earnings per share (€)  |      | -              | -            | 0.08           | 0.05         | 0.28           |
| Diluted earnings per share (€)  |      | -              | -            | 0.08           | 0.05         | 0.28           |



## Consolidated statement of cash flows

| €'000   | Note | 9M 2024        | 9M 2023        |
|---|------|----------------|----------------|
| <b>Cash flows from operating activities</b>             |      |                |                |
| Cash receipts from customers <sup>1</sup>               |      | 199,510        | 249,453        |
| Cash paid to suppliers <sup>2</sup>                     |      | (173,448)      | (211,054)      |
| VAT paid  |      | (7,048)        | (8,563)        |
| Cash paid to and for employees                          |      | (15,051)       | (18,225)       |
| Income tax paid   |      | (237)          | (574)          |
| <b>Net cash from operating activities</b>               |      | <b>3,726</b>   | <b>11,037</b>  |
| <b>Cash flows from investing activities</b>             |      |                |                |
| Paid for acquisition of property, plant and equipment   |      | (289)          | (318)          |
| Proceeds from sale of property, plant and equipment     | 4    | 193            | 384            |
| Loans provided  |      | (35)           | (524)          |
| Repayments of loans provided                            |      | 1              | 12             |
| Dividends received                                      |      | 6              | 12             |
| Interest received                                       |      | 159            | 25             |
| <b>Net cash from (used in) investing activities</b>     |      | <b>35</b>      | <b>(409)</b>   |
| <b>Cash flows from financing activities</b>             |      |                |                |
| Proceeds from loans received                            |      | 902            | 1,344          |
| Repayments of loans received                            |      | (1,857)        | (799)          |
| Lease payments  | 6    | (1,689)        | (2,194)        |
| Interest paid   |      | (819)          | (935)          |
| Dividends paid  |      | (661)          | (1,347)        |
| <b>Net cash used in financing activities</b>            |      | <b>(4,124)</b> | <b>(3,931)</b> |
| <b>Net cash flow</b>                                    |      | <b>(363)</b>   | <b>6,697</b>   |
| <b>Cash and cash equivalents at beginning of period</b> |      | <b>11,892</b>  | <b>7,238</b>   |
| Effect of movements in foreign exchange rates           |      | (53)           | 1              |
| Change in cash and cash equivalents                     |      | (363)          | 6,697          |
| <b>Cash and cash equivalents at end of period</b>       |      | <b>11,476</b>  | <b>13,936</b>  |

<sup>1</sup> Line item *Cash receipts from customers* includes VAT paid by customers.

<sup>2</sup> Line item *Cash paid to suppliers* includes VAT paid.



## Consolidated statement of changes in equity

| €'000                                 | Equity attributable to owners of the parent |                 |                 |               |                     |                   |               | Non-controlling interests | Total          |
|---------------------------------------|---|-----------------|-----------------|---------------|---------------------|-------------------|---------------|---------------------------|----------------|
|                                       | Share capital                               | Treasury shares | Capital reserve | Share premium | Translation reserve | Retained earnings | Total         |                           |                |
| <b>Balance at 31 December 2022</b>    | <b>14,379</b>                               | <b>(660)</b>    | <b>2,554</b>    | <b>635</b>    | <b>3,316</b>        | <b>2,691</b>      | <b>22,915</b> | <b>4,345</b>              | <b>27,260</b>  |
| Profit (loss) for the period          | 0   | 0               | 0               | 0             | 0                   | (2,452)           | (2,452)       | 2,088                     | (364)          |
| Other comprehensive expense           | 0   | 0               | 0               | 0             | (48)                | 0                 | (48)          | 0                         | (48)           |
| <b>Transactions with owners</b>       |   |                 |                 |               |                     |                   |               |                           |                |
| Dividend distribution                 | 0   | 0               | 0               | 0             | 0                   | 0                 | 0             | (1,355)                   | (1,355)        |
| <b>Total transactions with owners</b> | <b>0</b>                                    | <b>0</b>        | <b>0</b>        | <b>0</b>      | <b>0</b>            | <b>0</b>          | <b>0</b>      | <b>(1,355)</b>            | <b>(1,355)</b> |
| <b>Balance at 30 September 2023</b>   | <b>14,379</b>                               | <b>(660)</b>    | <b>2,554</b>    | <b>635</b>    | <b>3,268</b>        | <b>239</b>        | <b>20,415</b> | <b>5,078</b>              | <b>25,493</b>  |
| <b>Balance at 31 December 2023</b>    | <b>14,379</b>                               | <b>(660)</b>    | <b>2,554</b>    | <b>635</b>    | <b>3,786</b>        | <b>919</b>        | <b>21,613</b> | <b>925</b>                | <b>22,538</b>  |
| Profit for the period                 | 0   | 0               | 0               | 0             | 0                   | 3,373             | 3,373         | 1,174                     | 4,547          |
| Other comprehensive income            | 0   | 0               | 0               | 0             | 502                 | 0                 | 502           | 0                         | 502            |
| <b>Transactions with owners</b>       |   |                 |                 |               |                     |                   |               |                           |                |
| Dividend distribution                 | 0   | 0               | 0               | 0             | 0                   | 0                 | 0             | (661)                     | (661)          |
| <b>Total transactions with owners</b> | <b>0</b>                                    | <b>0</b>        | <b>0</b>        | <b>0</b>      | <b>0</b>            | <b>0</b>          | <b>0</b>      | <b>(661)</b>              | <b>(661)</b>   |
| <b>Balance at 30 September 2024</b>   | <b>14,379</b>                               | <b>(660)</b>    | <b>2,554</b>    | <b>635</b>    | <b>4,288</b>        | <b>4,292</b>      | <b>25,488</b> | <b>1,438</b>              | <b>26,926</b>  |





## 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 Toompuiestee 35, Tallinn 10149, Estonia. Nordecon AS's majority shareholder and the party controlling the Nordecon group is AS Nordic Contractors that holds 51.16% 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 September 2024 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 2023.

According to management's assessment, the condensed consolidated interim financial statements of Nordecon AS for the third quarter and nine months of 2024 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.

### NOTE 2. Trade and other receivables

| €'000  | Note | 30 September 2024 | 31 December 2023 |
|--|------|-------------------|------------------|
| <b>Current items</b>                             |      |                   |                  |
| Trade receivables                                |      | 30,117            | 28,053           |
| Retentions receivable                            |      | 408               | 3,042            |
| Receivables from related parties                 | 15   | 269               | 262              |
| Other receivables                                |      | 325               | 217              |
| <b>Total receivables</b>                         |      | <b>31,119</b>     | <b>31,574</b>    |
| Due from customers for contract work             |      | 8,213             | 5,436            |
| <b>Total current trade and other receivables</b> |      | <b>39,332</b>     | <b>37,010</b>    |

| €'000  | Note | 30 September 2024 | 31 December 2023 |
|--|------|-------------------|------------------|
| <b>Non-current items</b>                             |      |                   |                  |
| Loans provided to related parties                    | 15   | 8,452             | 8,146            |
| Receivables from related parties                     | 15   | 110               | 172              |
| Other non-current receivables                        |      | 1,045             | 795              |
| <b>Total non-current trade and other receivables</b> |      | <b>9,607</b>      | <b>9,113</b>     |

### NOTE 3. Inventories

| €'000  | 30 September 2024 | 31 December 2023 |
|--|-------------------|------------------|
| Raw materials and consumables                                  | 7,099             | 5,749            |
| Work in progress   | 6,610             | 10,440           |
| Apartments for sale  | 215               | 223              |
| Properties purchased for development and pre-development costs | 9,617             | 9,467            |
| <b>Total inventories</b>                                       | <b>23,541</b>     | <b>25,879</b>    |



## NOTE 4. Property, plant and equipment and intangible assets

### Property, plant and equipment

Additions to property, plant and equipment in the first nine months of 2024 amounted to €1,350 thousand (9M 2023: €1,564 thousand) and consisted of equipment and construction machinery required for the group's operating activities.

Proceeds from the sale of property, plant and equipment amounted to €193 thousand (see the statement of cash flows) and associated sales gain was €107 thousand (note 12). In the comparative period, sales proceeds and gain amounted to €384 thousand and €227 thousand, respectively.

### Intangible assets

There were no significant transactions with intangible assets during the period.

## NOTE 5. Borrowings

### Current borrowings

| €'000                                 | Note | 30 September 2024 | 31 December 2023 |
|---------------------------------------|------|-------------------|------------------|
| Short-term portion of long-term loans |      | 1,071             | 2,704            |
| Lease liabilities                     | 6    | 2,004             | 2,112            |
| Short-term bank loans                 |      | 5,044             | 5,372            |
| <b>Total current borrowings</b>       |      | <b>8,119</b>      | <b>10,188</b>    |

### Non-current borrowings

| €'000                               | Note | 30 September 2024 | 31 December 2023 |
|-------------------------------------|------|-------------------|------------------|
| Lease liabilities                   | 6    | 3,718             | 4,399            |
| Overdraft liabilities               |      | 4,357             | 4,164            |
| Long-term bank loans                |      | 813               | 0                |
| <b>Total non-current borrowings</b> |      | <b>8,888</b>      | <b>8,563</b>     |

## NOTE 6. Lease liabilities

### Lease liabilities

| €'000   | 30 September 2024 | 31 December 2023 |
|---|-------------------|------------------|
| <b>Lease liabilities at end of period, of which</b>       | <b>5,722</b>      | <b>6,511</b>     |
| Not later than 1 year                                     | 2,004             | 2,112            |
| Later than 1 year and not later than 5 years              | 3,718             | 4,399            |
| Base currency €   | 5,722             | 6,511            |
| Interest rate for contracts denominated in € <sup>1</sup> | 2.5%-7.3%         | 2.9%-7.2%        |
| Frequency of payments                                     | Monthly           | Monthly          |

<sup>1</sup> Includes leases with floating interest rates

### Lease payments

| €'000                                     | 9M 2024 | 9M 2023 |
|---|---------|---------|
| Principal payments made during the period | 1,689   | 2,194   |
| Interest payments made during the period  | 260     | 331     |

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. Short-term leases are leases with a lease term of 12 months or less.



## NOTE 7. Earnings per share

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

| €'000   | 9M 2024 | 9M 2023 |
|---|---------|---------|
| Net profit (loss) for the period attributable to owners of the parent (€'000) | 3,373   | (2,452) |
| Average number of shares (thousand)   | 31,521  | 31,521  |
| Basic earnings per share (€)  | 0.11    | (0.08)  |
| Diluted earnings per share (€)  | 0.11    | (0.08)  |

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 intersegment transactions do not differ significantly from market prices. The chief operating decision maker reviews intersegment 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 the utilisation of the resources allocated to it through the segment's profit. The profit of an operating segment is its gross profit, which 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, intersegment transactions are conducted on regular market terms, which do not differ significantly from the terms applied in transactions with third parties.



## Third quarter

| €'000  |               |                |               |
|--|---------------|----------------|---------------|
| Q3 2024                                      | Buildings     | Infrastructure | Total         |
| <b>Continuing operations</b>                 |               |                |               |
| <b>Total revenue from external customers</b> | <b>49,194</b> | <b>14,582</b>  | <b>63,776</b> |
| Of which: General contracting services       | 47,915        | 13,365         | 61,280        |
| Own development activities                   | 1,279         | 0              | 1,279         |
| Road maintenance services                    | 0             | 646            | 646           |
| Lease services                               | 0             | 571            | 571           |
| <b>Gross profit of the segment</b>           | <b>5,011</b>  | <b>1,343</b>   | <b>6,354</b>  |

| €'000  |               |                |               |
|--|---------------|----------------|---------------|
| Q3 2023                                      | Buildings     | Infrastructure | Total         |
| <b>Total revenue from external customers</b> | <b>28,772</b> | <b>15,474</b>  | <b>44,246</b> |
| Of which: General contracting services       | 26,365        | 11,718         | 38,083        |
| Own development activities                   | 2,407         | 0              | 2,407         |
| Road maintenance services                    | 0             | 1,414          | 1,414         |
| Lease services                               | 0             | 2,342          | 2,342         |
| <b>Gross profit of the segment</b>           | <b>1,054</b>  | <b>704</b>     | <b>1,758</b>  |

## 9 months

| €'000  |                |                |                |
|--|----------------|----------------|----------------|
| 9M 2024                                      | Buildings      | Infrastructure | Total          |
| <b>Continuing operations</b>                 |                |                |                |
| <b>Total revenue from external customers</b> | <b>149,615</b> | <b>29,068</b>  | <b>178,683</b> |
| Of which: General contracting services       | 142,162        | 25,300         | 167,462        |
| Own development activities                   | 7,453          | 0              | 7,453          |
| Road maintenance services                    | 0              | 2,396          | 2,396          |
| Lease services                               | 0              | 1,372          | 1,372          |
| <b>Gross profit of the segment</b>           | <b>12,791</b>  | <b>1,469</b>   | <b>14,260</b>  |

| €'000  |               |                |                |
|--|---------------|----------------|----------------|
| 9M 2023                                      | Buildings     | Infrastructure | Total          |
| <b>Total revenue from external customers</b> | <b>95,423</b> | <b>35,295</b>  | <b>130,718</b> |
| Of which: General contracting services       | 85,006        | 27,911         | 112,917        |
| Subcontracting services                      | 0             | 1,333          | 1,333          |
| Own development activities                   | 7,917         | 0              | 7,917          |
| Road maintenance services                    | 0             | 2,991          | 2,991          |
| Lease services                               | 0             | 3,060          | 3,060          |
| Investment property                          | 2,500         | 0              | 2,500          |
| <b>Gross profit of the segment</b>           | <b>4,293</b>  | <b>718</b>     | <b>5,011</b>   |



## Reconciliation of segment revenues

| €'000                                  | 9M 2024        | Q3 2024       | 9M 2023        | Q3 2023       |
|--|----------------|---------------|----------------|---------------|
| Total revenues for reportable segments | 178,683        | 63,776        | 130,718        | 44,246        |
| Other revenues                         | 39             | 1             | 81             | 27            |
| <b>Total revenue</b>                   | <b>178,722</b> | <b>63,777</b> | <b>130,799</b> | <b>44,273</b> |

## Reconciliation of segment profit (loss)

| €'000                                    | 9M 2024       | Q3 2024      | 9M 2023        | Q3 2023      |
|--|---------------|--------------|----------------|--------------|
| Total profit for reportable segments     | 14,260        | 6,354        | 5,011          | 1,758        |
| Unallocated loss for reportable segments | (1,493)       | (781)        | (700)          | (230)        |
| <b>Gross profit</b>                      | <b>12,767</b> | <b>5,573</b> | <b>4,311</b>   | <b>1,528</b> |
| Unallocated expenses:                    |               |              |                |              |
| Marketing and distribution expenses      | (301)         | (129)        | (402)          | (176)        |
| Administrative expenses                  | (5,011)       | (1,638)      | (4,337)        | (1,353)      |
| Other operating income and expenses      | (483)         | (102)        | (69)           | (93)         |
| <b>Operating profit (loss)</b>           | <b>6,972</b>  | <b>3,704</b> | <b>(497)</b>   | <b>(94)</b>  |
| Finance income                           | 437           | 120          | 267            | 136          |
| Finance costs                            | (2,625)       | (1,079)      | (2,298)        | (515)        |
| <b>Profit (loss) before tax</b>          | <b>4,784</b>  | <b>2,745</b> | <b>(2,528)</b> | <b>(473)</b> |

## NOTE 9. Segment reporting – geographical information

| €'000                     | 9M 2024        | Q3 2024       | 9M 2023        | Q3 2023       |
|---------------------------|----------------|---------------|----------------|---------------|
| Estonia                   | 175,289        | 63,110        | 129,841        | 43,519        |
| Ukraine                   | 3,433          | 667           | 1,806          | 869           |
| Intersegment eliminations | 0              | 0             | (848)          | (115)         |
| <b>Total revenue</b>      | <b>178,722</b> | <b>63,777</b> | <b>130,799</b> | <b>44,273</b> |

## NOTE 10. Cost of sales

| €'000                                 | 9M 2024        | 9M 2023        |
|---------------------------------------|----------------|----------------|
| <b>Continuing operations</b>          |                |                |
| Cost of materials, goods and services | 150,737        | 112,739        |
| Staff costs                           | 13,118         | 11,761         |
| Depreciation expense                  | 1,638          | 1,689          |
| Other expenses                        | 462            | 299            |
| <b>Total cost of sales</b>            | <b>165,955</b> | <b>126,488</b> |

## NOTE 11. Administrative expenses

| €'000                                 | 9M 2024      | 9M 2023      |
|---------------------------------------|--------------|--------------|
| <b>Continuing operations</b>          |              |              |
| Staff costs                           | 2,991        | 2,350        |
| Cost of materials, goods and services | 1,293        | 1,238        |
| Depreciation and amortisation expense | 544          | 607          |
| Other expenses                        | 183          | 142          |
| <b>Total administrative expenses</b>  | <b>5,011</b> | <b>4,337</b> |



## NOTE 12. Other operating income and expenses

| €'000   | 9M 2024    | 9M 2023    |
|---|------------|------------|
| <b>Continuing operations</b>                      |            |            |
| <b>Other operating income</b>                     |            |            |
| Gain on disposal of property, plant and equipment | 107        | 229        |
| Other income                                      | 38         | 11         |
| <b>Total other operating income</b>               | <b>145</b> | <b>240</b> |

| €'000  | 9M 2024    | 9M 2023    |
|--|------------|------------|
| <b>Other operating expenses</b>                    |            |            |
| Loss on write-off of property, plant and equipment | 0          | 2          |
| Other expenses                                     | 628        | 307        |
| <b>Total other operating expenses</b>              | <b>628</b> | <b>309</b> |

## NOTE 13. Finance income and costs

| €'000                                 | 9M 2024    | 9M 2023    |
|---------------------------------------|------------|------------|
| <b>Continuing operations</b>          |            |            |
| <b>Finance income</b>                 |            |            |
| Interest income on loans and deposits | 383        | 175        |
| Foreign exchange gain                 | 4          | 66         |
| Other finance income                  | 50         | 26         |
| <b>Total finance income</b>           | <b>437</b> | <b>267</b> |

| €'000                      | 9M 2024      | 9M 2023      |
|----------------------------|--------------|--------------|
| <b>Finance costs</b>       |              |              |
| Interest expense           | 757          | 679          |
| Foreign exchange loss      | 534          | 0            |
| Other finance costs        | 1,334        | 1,619        |
| <b>Total finance costs</b> | <b>2,625</b> | <b>2,298</b> |

## NOTE 14. Discontinued operation

### Sale of the investment in the subsidiary Nordecon Betoön OÜ

An extraordinary general meeting of Nordecon AS held on 29 November 2023 resolved to sell Nordecon AS's 52% stake in Nordecon Betoön OÜ. The transaction was finalised in early December 2023. The divested companies have been classified as a discontinued operation whose revenues and expenses for comparative periods are presented separately in the consolidated statement of comprehensive income within *Profit (loss) from a discontinued operation* and cash flows are presented in the consolidated statement of cash flows. The impact of the discontinued operation on the group's results for the reporting and the comparative period is presented below.

With the sale of its investment in Nordecon Betoön OÜ, the Nordecon group profitably exited the concrete work market, where it had been competing as a subcontractor, and will subsequently focus on its core services: general contracting and design management. With the transaction, the group also withdrew from the Finnish market, where it had been operating through Nordecon Betoön OÜ's subsidiary NOBE Rakennus OY.



## Impact of the discontinued operation on the consolidated statement of comprehensive income

| €'000  | 9M 2023      | 2023         |
|--|--------------|--------------|
| <b>Discontinued operation</b>                                |              |              |
| Revenue  | 69,585       | 91,918       |
| Cost of sales  | (65,126)     | (85,401)     |
| <b>Gross profit</b>  | <b>4,459</b> | <b>6,517</b> |
| Marketing and distribution expenses                          | (160)        | (218)        |
| Administrative expenses                                      | (1,679)      | (2,351)      |
| Other operating income                                       | 64           | 63           |
| Other operating expenses                                     | 97           | (24)         |
| <b>Operating profit</b>                                      | <b>2,781</b> | <b>3,987</b> |
| Finance income   | 24           | 4,897        |
| Finance costs  | (45)         | (58)         |
| <b>Net finance income (costs)</b>                            | <b>(21)</b>  | <b>4,839</b> |
| <b>Profit before tax</b>                                     | <b>2,760</b> | <b>8,826</b> |
| Income tax expense   | (352)        | (352)        |
| <b>Profit for the period from the discontinued operation</b> | <b>2,408</b> | <b>8,474</b> |
| Basic earnings per share (€) from the discontinued operation | 0.08         | 0.28         |

## NOTE 15. 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 the AS Nordic Contractors group
- Equity-accounted investees (associates and joint ventures) of the 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

| €'000   | 9M 2024      |           | 9M 2023      |           |
|---|--------------|-----------|--------------|-----------|
| Counterparty  | Purchases    | Sales     | Purchases    | Sales     |
| AS Nordic Contractors                                     | 1,536        | 0         | 1,828        | 0         |
| Companies of the AS Nordic Contractors group              | 0            | 8         | 0            | 15        |
| Companies related to owners of AS Nordic Contractors      | 122          | 13        | 148          | 0         |
| Companies related to members of the council and the board | 170          | 0         | 296          | 0         |
| <b>Total</b>  | <b>1,828</b> | <b>21</b> | <b>2,272</b> | <b>15</b> |

| €'000                    | 9M 2024      |           | 9M 2023      |           |
|--------------------------|--------------|-----------|--------------|-----------|
| Nature of transaction    | Purchases    | Sales     | Purchases    | Sales     |
| Construction services    | 0            | 0         | 0            | 0         |
| Transactions with goods  | 170          | 0         | 246          | 0         |
| Lease and other services | 305          | 8         | 374          | 6         |
| Other transactions       | 1,353        | 13        | 1,652        | 9         |
| <b>Total</b>             | <b>1,828</b> | <b>21</b> | <b>2,272</b> | <b>15</b> |

During the period, the group recognised interest income on loans to an associate of €275 thousand (9M 2023: €164 thousand).



### Receivables from and liabilities to related parties at period-end

| €'000  | 30 September 2024 |             | 31 December 2023 |             |
|--|-------------------|-------------|------------------|-------------|
|  | Receivables       | Liabilities | Receivables      | Liabilities |
| AS Nordic Contractors                                | 0                 | 16          | 0                | 10          |
| Companies of the AS Nordic Contractors group         | 3                 | 0           | 0                | 1           |
| Companies related to owners of AS Nordic Contractors | 372               | 147         | 433              | 46          |
| Associates – receivables and liabilities             | 4                 | 0           | 1                | 1           |
| Associate – loans and interest                       | 8,452             | 0           | 8,146            | 0           |
| <b>Total</b>   | <b>8,831</b>      | <b>163</b>  | <b>8,580</b>     | <b>58</b>   |

### Remuneration of the council and the board

The service fees of the members of the council of Nordecon AS for the first nine months of 2024 totalled €149 thousand and the related social security charges amounted to €49 thousand (9M 2023: €129 thousand and €43 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €391 thousand and the related social security charges amounted to €129 thousand (9M 2023: €424 thousand and €140 thousand, respectively).





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## 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 third quarter and nine months of 2024 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.

Maret Tambek

Chairman of the Board

7 November 2024

Priit Luman

Member of the Board

7 November 2024

Tarmo Pohlak

Member of the Board

7 November 2024