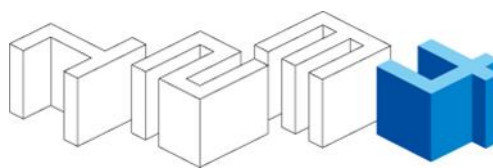




**Financial report for the fourth
quarter and twelve months of 2024**
(unaudited)





Financial report for the fourth quarter and twelve months of 2024 (unaudited)

Business name	Nordecon AS
Registration number	10099962
Address	Toompuiestee 35, 10149 Tallinn, Estonia
Domicile	Republic of Estonia
Telephone	+372 615 4400
E-mail	nordecon@nordecon.com
Corporate website	www.nordecon.com
Core business lines	Construction of residential and non-residential buildings (EMTAK 4120) Construction of roads and motorways (EMTAK 4211) Road maintenance (EMTAK 4211) Construction of utility projects for fluids (EMTAK 4221) Construction of water projects (EMTAK 4291) Construction of other civil engineering projects (EMTAK 4299)
Financial year	1 January 2024 – 31 December 2024
Reporting period	1 January 2024 – 31 December 2024
Council	Toomas Luman (chairman of the council), Andri Hõbemägi, Vello Kahro, Sandor Liive, Andre Luman
Board	Maret Tambek (chairman of the board), Deniss Berman, Tarmo Pohlak
Auditor	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.



Directors' report

Strategic agenda and targets 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.



Outlooks of the group's geographical markets

Estonia

Processes and developments characterising the Estonian construction market:

- In 2024, the construction price index increased by 1.6% compared to 2023. The increase was mainly driven by higher labour costs, while the prices of building materials decreased. A major factor affecting construction prices is still weak demand, which has not recovered despite the stabilisation of input prices. Although the fall in interest rates and the relatively low level of construction prices, which are unlikely to fall much further, have made investment quite favourable, no significant increase in private investment is expected. There has been a decline in both residential and commercial property development. The general security situation and the continuing pessimistic economic climate are also not conducive to new foreign investment. Analysts are forecasting modest economic growth for 2025, but this is not expected to translate into growth in the construction sector. The market will continue to be heavily influenced by public investment, especially in the infrastructure segment. In 2025, public investment is expected to decline further compared to 2024. 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 fall further. This puts strong pressure on companies involved in infrastructure construction and has a direct impact on the production of asphalt concrete, where market supply has long been significantly higher than demand. The volume of the long-awaited tenders for the Rail Baltica project has increased, partially offsetting the sharp decline in the volume of road construction and rehabilitation procured by the Transport Administration. At the same time, the Rail Baltica tenders and work already contracted have not progressed as planned.
- Due to the general economic slowdown and the decline in construction volumes, competition is aggressive in both building and infrastructure construction. While competition in infrastructure construction has been fierce for years due to declining volumes, competition in building construction has increased significantly over the past year.
- 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 requirement for 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 2025. 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 reduced demand in the Swedish construction market in recent years, but the economy is expected to grow slightly in 2025 as a result of interest rate cuts by the Swedish central bank in 2024. In a challenging market environment, we will focus on finding new opportunities while critically assessing potential risks.



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, 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 was extended to two more 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 the cost of construction defects that may be identified during the warranty period. At 31 December 2024, the group's warranty provisions (including current and non-current) amounted to €2,550 thousand (31 December 2023: €1,880 thousand).

In addition to managing the risks directly related to construction operations, we have paid considerable attention in recent years 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, and the negotiation of contract terms. Errors made in the planning phase are usually irreversible and, in a situation where the price is contractually fixed, will result in direct financial loss.

Financial risks

Credit risk

Credit losses amounted to €20 thousand in 2024 (2023: no credit losses). The overall credit risk of the portfolio of receivables 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.



Liquidity risk

The group's exposure to liquidity risk is higher than usual. At the reporting date, the group's current ratio was 0.94 (31 December 2023: 0.95). 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.

As the political and economic situation in Ukraine continues to be difficult, we believe that the group's Ukrainian investment properties cannot be realised in the short term. Accordingly, the receivable related to the loans provided to the Ukrainian associate of €8,544 thousand was 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 31 December 2024 amounted to €12,626 thousand (31 December 2023: €10,188 thousand). A major share of short-term borrowings was made up of overdraft liabilities of €9,547 thousand. According to the group's assessment, it is likely that the overdrafts will be extended after the reporting date.

The group's cash and cash equivalents as at the reporting date amounted to €8,195 thousand (31 December 2023: €11,892 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. At 31 December 2024, the group had interest-bearing liabilities of €18,346 thousand (31 December 2023: €18,751 thousand). Interest expense for 2024 was €1,015 thousand (2023: €978 thousand).

The main source of interest rate risk is a potential rise in the base rates of floating interest rates. 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 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 2024, the hryvnia weakened against the euro by around 4%. 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 €247 thousand (2023: a foreign exchange loss of €480 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 2024, the Swedish krona weakened against the euro by around 3% and the translation of a loan provided to the Swedish subsidiary in euros into the local currency gave rise to a foreign exchange loss of €11 thousand (2023: no foreign exchange gain or loss). Exchange gains and losses on financial instruments are recognised in profit or loss within finance income and finance costs. The translation of receivables and liabilities from operating activities did not give rise to any exchange gains or losses (2023: an exchange loss of €37 thousand).

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.

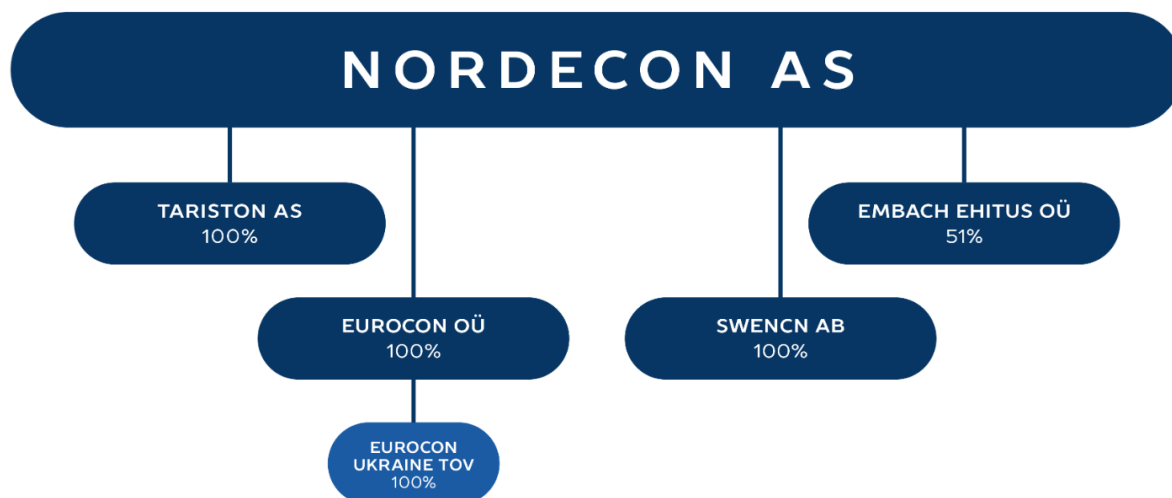
Corruption and ethical risks

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 31 December 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 associates V.I. Center TOV and Ööbikusalu OÜ, 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.

The group's operations in Estonia and foreign markets

Operations in Estonia

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. At the beginning of December 2023, the group sold its stake in Nordecon Batoon OÜ and exited the concrete work market, where it had been competing as a subcontractor.

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 stabilised over the past year and are currently above 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 investments 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 31 December 2024 but the company is seeking new opportunities to continue its business in the Swedish market.



Performance by geographical market

Revenue generated outside Estonia, in Ukraine, accounted for approximately 2% of the group's total revenue in 2024. The volume of our Ukrainian operations remained comparable to the previous year. During the period, we 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 Betoon OÜ at the beginning of December 2023, the group also withdrew from the Finnish market, where it had been operating through Nordecon Betoon OÜ's subsidiary NOBE Rakennus OY. The group was active on a project basis in Latvia and Lithuania.

	2024	2023	2022
Estonia	98%	97%	97%
Ukraine	2%	2%	1%
Finland	-	1%	0%
Lithuania	-	0%	2%
Latvia	-	0%	1%

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 2024 was €223,925 thousand, approximately 20% higher than in 2023, when revenue from continuing operations amounted to €186,464 thousand. The Buildings segment generated revenue of €187,573 thousand and the Infrastructure segment revenue of €36,299 thousand. The corresponding figures for 2023 were €138,134 thousand and €48,263 thousand (see note 8). Revenue generated by the Buildings segment increased by 36%, while revenue generated by the Infrastructure segment decreased by 25%. Revenue growth and changes in the performance of the two reportable segments were expected and in line with the group's order book. Revenue growth in the Buildings segment was driven by higher revenue in the public buildings subsegment. The decrease in revenue in the Infrastructure segment was 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*	2024	2023	2022
Buildings	84%	74%	84%
Infrastructure	16%	26%	16%

*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 and commercial buildings subsegments increased by 80% and 72%, respectively, while revenue from the industrial and warehouse facilities subsegment and the apartment buildings subsegment decreased compared to the previous year. As the revenue contribution of the industrial and warehouse facilities subsegment was also modest in previous years, its revenue decline did not have a significant impact on total segment revenue. However, revenue from the apartment buildings subsegment fell by 57%, mainly due to lower construction services revenue, reflecting the current market situation in this subsegment.

The 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 compared to the previous year and was €7,685 thousand (2023: €10,273 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 Tammelinn 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

	2024	2023	2022
Public buildings	70%	37%	30%
Commercial buildings	21%	23%	24%
Apartment buildings	6%	27%	28%
Industrial and warehouse facilities	3%	13%	18%

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

	2024	2023	2022
Road construction and maintenance	90%	63%	78%
Other engineering	10%	30%	20%
Specialist engineering (incl. hydraulic engineering)	0%	0%	2%
Environmental engineering	0%	7%	0%



Financial review

Financial performance

Nordecon delivered a gross profit of €16,770 thousand in 2024 (2023: €3,809 thousand). The group's gross margin improved significantly, rising to 7.5% for the year (2023: 2.0%) and 9% for the fourth quarter (Q4 2023: (1)%). Profitability improved for both operating segments. The gross margin of the Buildings segment was 8.9% for the year and 10.7% for the fourth quarter (2023: 3.0% and Q4 2023: (0.3)%). The Infrastructure segment's gross margin was lower, reaching 4.0% for the year and (0.3)% for the fourth quarter (2023: 1.3% and Q4 2023: (0.6)%). The margin improvement was supported by better mitigation of the risks associated with general contracting and the expiry in 2023 of a number of long-term contracts signed before the war, which had been severely affected by the previous years' surge in input prices. The improved performance of the Infrastructure segment is partly due to the investment made in an asphalt concrete plant in early 2024, which has reduced the cost price of the product and represents a major step forward in material recycling.

The group's administrative expenses for 2024 were €7,878 thousand. Administrative expenses increased by around 20% compared to 2023 (2023: €6,564 thousand). The rise resulted from staff costs, which increased due to the recognition of provisions for performance-based remuneration in connection with the group's results for 2024 (see note 11). The ratio of administrative expenses to revenue (12 months rolling) was 3.5% (2023: 3.5%).

The group ended 2024 with an operating profit of €8,061 thousand (2023: an operating loss of €3,431 thousand). EBITDA for the period was €11,025 thousand and EBITDA margin was 4.9% (2023: negative EBITDA of €412 thousand and negative EBITDA margin of 0.2%).

The group's 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*). In 2024, the Ukrainian hryvnia weakened against the euro by around 4% 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 €247 thousand (2023: a foreign exchange loss of €480 thousand). Total exchange losses for the year were €258 thousand (2023: €480 thousand).

The group's net profit for 2024 was €5,165 thousand (2023: a loss of €6,418 thousand). The net profit attributable to owners of the parent, Nordecon AS, was €3,827 thousand (2023: a net loss of €942 thousand).

Cash flows

Operating activities produced a net cash inflow of €235 thousand in 2024 (2023: an inflow of €12,877 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 €273 thousand (2023: an outflow of €1,348 thousand). Investments in property, plant and equipment totalled €328 thousand (2023: €362 thousand) and proceeds from the sale of property, plant and equipment amounted to €319 thousand (2023: €431 thousand). Loans provided amounted to €36 thousand (2023: €531 thousand) and interest received amounted to €307 thousand (2023: €50 thousand). The cash flow for 2023 was influenced by the sale of the subsidiary Nordecon Betoön OÜ, which resulted in a net cash outflow of €970 thousand.

Financing activities generated a net cash outflow of €4,178 thousand (2023: an outflow of €6,874 thousand). The largest items were related to loans and leases. Proceeds from loans received amounted to €1,896 thousand (2023: €1,197 thousand), consisting of the use of development loans. Repayments of loans received totalled €1,633 thousand (2023: €2,291 thousand), consisting of regular repayments of long-term investment and development loans and the change in the overdraft balance. Lease payments were €2,220 thousand (2023: €3,060 thousand). Dividends paid in 2024 amounted to €1,347 thousand (2023: €1,494 thousand).

The group's cash and cash equivalents as at 31 December 2024 amounted to €8,195 thousand (31 December 2023: €11,892 thousand). Management's commentary on liquidity risks is presented in the chapter *Description of the main risks*.



Key financial figures and ratios

Figure/ratio	2024	2023	2022
Revenue (€'000)*	223,925	186,464	220,285
Revenue change*	20.1%	(15.4)%	2.6%
Net profit (loss) (€'000)*	5,165	(6,418)	(4,099)
Net profit (loss) attributable to owners of the parent (€'000)	3,827	(942)	(3,650)
Average number of shares	31,528,585	31,528,585	31,528,585
Earnings per share (€)	0.12	(0.03)	(0.12)
Administrative expenses to revenue*	3.5%	3.5%	2.6%
EBITDA (€'000)*	11,025	(412)	2,791
EBITDA margin*	4.9%	(0.2)%	1.3%
Gross margin*	7.5%	2.0%	1.8%
Operating margin*	3.6%	(1.8)%	(0.2)%
Operating margin excluding gain on non-current asset sales*	3.5%	(2.0)%	(0.4)%
Net margin*	2.3%	(3.4)%	(1.9)%
Return on invested capital	15.6%	8.0%	(0.5)%
Return on equity	21.0%	8.3%	(5.2)%
Equity ratio	23.4%	18.7%	19.8%
Return on assets	4.4%	1.6%	(1.1)%
Gearing	22.6%	16.6%	32.0%
Current ratio	0.94	0.95	0.88
At 31 December	2024	2023	2022
Order book (€'000)*	209,489	216,732	127,618

Revenue change = (revenue for the reporting period / revenue for the previous period) – 1 * 100

Earnings per share (EPS) = net profit or loss attributable to owners of the parent / weighted average number of shares outstanding

Administrative expenses to revenue = (administrative expenses / revenue) * 100

EBITDA = operating profit or loss + depreciation and amortisation + impairment losses on goodwill

EBITDA margin = (EBITDA / revenue) * 100

Gross margin = (gross profit or loss / revenue) * 100

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

Net margin = (net profit or loss for the period / revenue) * 100

Return on invested capital = ((profit or loss before tax + interest expense) / the period's average (interest-bearing liabilities + equity)) * 100

Return on equity = (net profit or loss for the period / the period's average total equity) * 100

Equity ratio = (total equity / total liabilities and equity) * 100

Return on assets = (net profit or loss for the period / the period's average total assets) * 100

Gearing = ((interest-bearing liabilities – cash and cash equivalents) / (interest-bearing liabilities + equity)) * 100

Current ratio = total current assets / total current liabilities

* Continuing operations

Due to the sale of Nordecon Betoön OÜ and NOBE Rakennus OY at the beginning of December 2023, the comparative figures for 2023 and 2022 only include the results of the continuing operations. The results of the discontinued operation for the comparative periods are presented separately in the consolidated statement of comprehensive income within *Profit for the period from a discontinued operation*.



Order book

The group's order book (backlog of contracts signed but not yet performed) as at 31 December 2024 stood at €209,489 thousand. Compared to the end of 2023, the order book has decreased by around 3%. In 2024, we signed new contracts for €181,437 thousand, of which €49,636 thousand in the fourth quarter (2023: €276,901 thousand and Q4 2023: €85,575 thousand).

In terms of the breakdown of the order book between the two main operating segments, the share of the Infrastructure segment has increased compared to the end of last year. The Buildings segment accounts for 82% and the Infrastructure segment for 18% of the group's order book (31 December 2023: 96% and 4%, respectively). The order book of the Buildings segment includes mainly contracts secured in the commercial and public buildings subsegments. Public investment in building construction has declined overall, with some activity at local government level. The stabilisation of construction input prices and the decline in interest rates have not yet significantly boosted private investment. Compared to 31 December 2023, the order book of the Buildings segment has declined by 17% and the order book of the Infrastructure segment has almost quadrupled, mainly due to the award of a Rail Baltica contract.

At 31 December	2024	2023	2022
Order book (€'000)*	209,489	216,732	127,618

*Continuing operations

Major contracts secured in 2024 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;
- the construction of a new television building for Estonian Public Broadcasting in Tallinn with an approximate cost of €40,100 thousand;
- the renovation of the Tallinn Art Hall building at Vabaduse 6/8 in Tallinn with an approximate cost of €7,990 thousand.

Based on the size of the order book and the general outlook for the economy and the construction market, the group's management expects business volumes in 2025 to remain broadly at the same level as in 2024. In a highly competitive environment, we have avoided taking unjustified risks that could materialise during the contract execution phase and adversely affect the group's results. The main focus is on managing fixed costs, increasing productivity and effectively executing pre-construction and design activities to 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 2024 was 435, including 281 engineers and technical professionals (ETP). Headcount decreased by around 22% compared to the previous year. The decline in the number of staff was influenced by the restructuring of the 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):

	2024	2023	2022
ETP	281	374	432
Workers	154	184	226
Total average	435	558	658

The group's staff costs for 2024, including all taxes, were €24,170 thousand compared with €19,637 thousand for continuing operations in 2023. The main growth drivers were performance-based compensation, which increased due to the group's improved performance, and salary increases.

Remuneration of the council and the board

In 2024, the service fees of the members of the council of Nordecon AS totalled €199 thousand and the related social security charges amounted to €66 thousand (2023: €179 thousand and €59 thousand, respectively).

During the period, the group recognised a liability for the performance-based compensation of the members of the council of €198 thousand (2023: €0) and the related social security charges of €65 thousand. Of the liability, €125 thousand will be paid out in 2025 and the payment of the remainder is linked to the achievement of the targets for 2025.

The service fees of the members of the board of Nordecon AS totalled €524 thousand and the related social security charges amounted to €173 thousand (2023: €775 thousand and €255 thousand, respectively). The fees for 2023 include benefits of €222 thousand paid in connection with the expiry of a service contract of a member of the board.

During the period, the group recognised a liability for the performance-based compensation of the members of the board of €741 thousand (2023: €0) and the related social security charges of €245 thousand. Of the liability, €467 thousand will be paid out in 2025 and the payment of the remainder is linked to the achievement of the targets for 2025.

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:

	2024	2023	2022
Nominal labour productivity (rolling), (€'000)	514.3	499.3	490.4
Change against the comparative period, %	3.0%	1.8%	16.5%
Nominal labour cost efficiency (rolling), (€)	9.3	10.3	11.8
Change against the comparative period, %	(9.7)%	(13.4)%	(2.9)%

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 figures underlying the calculation of the indicators for 2023 and 2022 also include the figures for the discontinued operation.

The group's nominal labour productivity increased compared to the previous year, mainly due to a decrease in the number of staff. Labour cost efficiency decreased due to a decline in revenue.



Share and shareholders

Share information

Name of security	Nordecon AS ordinary share
Issuer	Nordecon AS
ISIN code	EE3100039496
Ticker symbol	NCN1T
Nominal value	No par value*
Total number of securities issued	32,375,483
Number of listed securities	32,375,483
Listing date	18 May 2006
Market	Nasdaq Tallinn, Baltic Main List
Industry	Construction and engineering
Indexes	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.

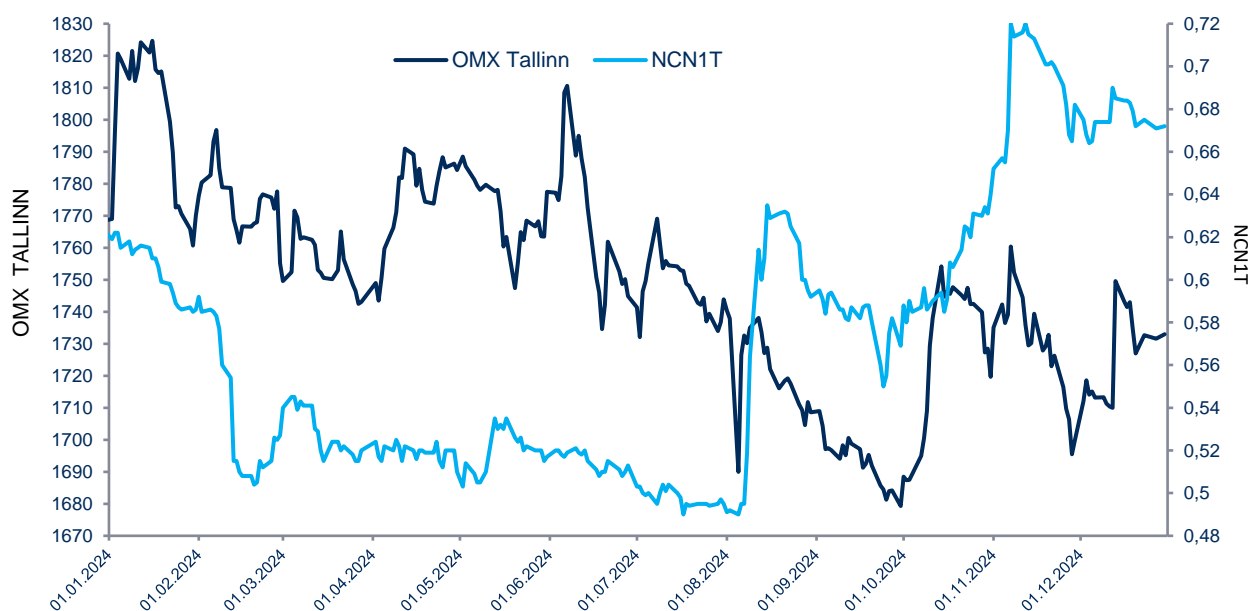
Movements in the price and trading volume of the Nordecon AS share in 2024

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 2024



Index/equity	1 January 2024*	31 December 2024	+/-
OMX Tallinn	1,768.56	1,733.00	(2.01)%
NCN1T	€0.62	€0.67	+8.04%

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

Summarised trading results

Share trading history

Price, €	2024	2023	2022
Open	0.62	0.69	1.21
High	0.74	0.93	1.29
Low	0.48	0.61	0.65
Last closing price	0.67	0.62	0.69
Traded volume (number of securities traded)	1,923,109	1,749,055	2,599,303
Turnover, € million	1.10	1.30	2.40
Listed volume (31 December), thousand	32,375	32,375	32,375
Market capitalisation (31 December), € million	21.76	20.14	22.34

Shareholder structure

Largest shareholders of Nordecon AS at 31 December 2024

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,563,145	51.16
Luksusjaht AS	4,332,342	13.38
Toomas Luman	806,650	2.49
Olegs Radcenko	574,200	1.77
Nõmme Erahariduse SA	370,370	1.14
Lembit Talpsepp	363,099	1.12
SEB Pank AS clients	300,000	0.93
OÜ Alar Invest	255,000	0.79
Genadi Bulatov	250,600	0.77
Endel Palla	200,000	0.62



Shareholder structure of Nordecon AS at 31 December 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%	6,271	26.31
Holder of own (treasury) shares	1	2.62
Total	6,278	100

Shares controlled by members of the council of Nordecon AS at 31 December 2024

Council member		Number of shares	Ownership interest (%)
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)*	Chairman of the Council	17,534,795	54.16
Andri Hõbemägi	Member of the Council	50,000	0.15
Vello Kahro	Member of the Council	10,000	0.03
Sandor Liive	Member of the Council	0	0.00
Andre Luman	Member of the Council	25,000	0.08
Total		17,619,795	54.42

* Companies controlled by the individual

Shares controlled by members of the board of Nordecon AS at 31 December 2024

Board member		Number of shares	Ownership interest (%)
Maret Tambek	Chairman of the Board	0	0.00
Deniss Berman	Member of the Board	00	0.00
Tarmo Pohlak	Member of the Board	3,942	0.01
Total		3,942	0.01



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

6 February 2025

Deniss Berman

Member of the Board

6 February 2025

Tarmo Pohlak

Member of the Board

6 February 2025



Condensed consolidated interim financial statements

Consolidated statement of financial position

€'000	Note	31 December 2024	31 December 2023
ASSETS			
Current assets			
Cash and cash equivalents		8,195	11,892
Trade and other receivables	2	29,449	37,010
Prepayments		3,543	1,789
Inventories	3	28,091	25,879
Total current assets		69,278	76,570
Non-current assets			
Other investments		77	76
Trade and other receivables	2	10,681	9,113
Investment property		5,517	5,517
Property, plant and equipment		13,247	14,292
Intangible assets		14,951	14,964
Total non-current assets		44,473	43,962
TOTAL ASSETS		113,751	120,532
LIABILITIES			
Current liabilities			
Borrowings	5, 6	12,626	10,188
Trade payables		36,735	39,797
Other payables		10,344	9,299
Deferred income		12,472	20,602
Provisions		1,333	1,129
Total current liabilities		73,510	81,015
Non-current liabilities			
Borrowings	5, 6	5,720	8,563
Trade payables		5,091	6,011
Other payables		462	0
Provisions		2,364	2,405
Total non-current liabilities		13,637	16,979
TOTAL LIABILITIES		87,147	97,994
EQUITY			
Share capital		14,379	14,379
Own (treasury) shares		(660)	(660)
Share premium		635	635
Statutory capital reserve		2,554	2,554
Translation reserve		4,034	3,786
Retained earnings		4,746	919
Total equity attributable to owners of the parent		25,688	21,613
Non-controlling interests		916	925
TOTAL EQUITY		26,604	22,538
TOTAL LIABILITIES AND EQUITY		113,751	120,532



Consolidated statement of comprehensive income

€'000	Note	Q4 2024	12M 2024	Q4 2023	12M 2023
Revenue	8, 9	45,203	223,925	55,665	186,464
Cost of sales	10	(41,200)	(207,155)	(56,167)	(182,655)
Gross profit (loss)		4,003	16,770	(502)	3,809
Marketing and distribution expenses		(121)	(422)	(95)	(497)
Administrative expenses	11	(2,867)	(7,878)	(2,227)	(6,564)
Other operating income	12	141	286	46	286
Other operating expenses	12	(67)	(695)	(156)	(465)
Operating profit (loss)		1,089	8,061	(2,934)	(3,431)
Finance income	13	241	678	346	613
Finance costs	13	(386)	(3,011)	(1,058)	(3,356)
Net finance costs		(145)	(2,333)	(712)	(2,743)
Profit (loss) before tax		944	5,728	(3,646)	(6,174)
Income tax expense		(326)	(563)	0	(244)
Profit (loss) for the period from continuing operations		618	5,165	(3,646)	(6,418)
Profit for the period from a discontinued operation		-	-	6,066	8,474
Profit for the period		618	5,165	2,420	2,056
Other comprehensive income (expense)					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating foreign operations		(254)	248	518	470
Total other comprehensive income (expense)		(254)	248	518	470
TOTAL COMPREHENSIVE INCOME		364	5,413	2,938	2,526
Profit (loss) attributable to:					
- Owners of the parent		454	3,827	1,510	(942)
- Non-controlling interests		164	1,338	910	2,998
Profit for the period		618	5,165	2,420	2,056
Comprehensive income (expense) attributable to:					
- Owners of the parent		200	4,075	2,028	(472)
- Non-controlling interests		164	1,338	910	2,998
Comprehensive income for the period		364	5,413	2,938	2,526
Earnings per share from continuing operations attributable to owners of the parent:					
Basic earnings per share (€)	7	0.01	0.12	(0.15)	(0.31)
Diluted earnings per share (€)	7	0.01	0.12	(0.15)	(0.31)
Earnings per share from a discontinued operation attributable to owners of the parent:					
Basic earnings per share (€)	14	-	-	0.20	0.28
Diluted earnings per share (€)		-	-	0.20	0.28



Consolidated statement of cash flows

€'000	Note	12M 2024	12M 2023
Cash flows from operating activities			
Cash receipts from customers ¹		273,153	345,372
Cash paid to suppliers ²		(243,445)	(294,828)
VAT paid		(9,272)	(12,337)
Cash paid to and for employees		(19,964)	(24,715)
Income tax paid		(237)	(615)
Net cash from operating activities		235	12,877
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment		(328)	(362)
Proceeds from sale of property, plant and equipment	4	319	431
Sale of subsidiary, net cash flow		0	(970)
Loans provided		(36)	(531)
Repayments of loans provided		5	22
Dividends received		6	12
Interest received		307	50
Net cash from (used in) investing activities		273	(1,348)
Cash flows from financing activities			
Proceeds from loans received		1,896	1,197
Repayments of loans received		(1,633)	(2,291)
Lease payments		(2,220)	(3,060)
Interest paid		(990)	(1,232)
Dividends paid		(1,347)	(1,494)
Other payments		116	6
Net cash used in financing activities		(4,178)	(6,874)
Net cash flow		(3,670)	4,655
Cash and cash equivalents at beginning of period			
Effect of movements in foreign exchange rates		(27)	(1)
Change in cash and cash equivalents		(3,670)	4,655
Cash and cash equivalents at end of period		8,195	11,892

¹ Line item *Cash receipts from customers* includes VAT paid by customers.

² 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		
Balance at 31 December 2022	14,379	(660)	2,554	635	3,316	2,691	22,915	4,345	27,260
Profit (loss) for the period	0	0	0	0	0	(942)	(942)	2,998	2,056
Other comprehensive income	0	0	0	0	470	0	470	0	470
Change in non-controlling interest due to sale of subsidiary	0	0	0	0	0	0	0	(4,915)	(4,915)
Other movements	0	0	0	0	0	(830)	(830)	0	(830)
Transactions with owners									
Dividend distribution	0	0	0	0	0	0	0	(1,503)	(1,503)
Total transactions with owners	0	0	0	0	0	0	0	(1,503)	(1,503)
Balance at 31 December 2023	14,379	(660)	2,554	635	3,786	919	21,613	925	22,538
Profit for the period	0	0	0	0	0	3,827	3,827	1,338	5,165
Other comprehensive income					248	0	248	0	248
Transactions with owners									
Dividend distribution	0	0	0	0	0	0	0	(1,347)	(1,347)
Total transactions with owners	0	0	0	0	0	0	0	(1,347)	(1,347)
Balance at 31 December 2024	14,379	(660)	2,554	635	4,034	4,746	25,688	916	26,604



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 31 December 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 fourth quarter and twelve 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	31 December 2024	31 December 2023
Current items			
Trade receivables		24,581	28,053
Retentions receivable		479	3,042
Receivables from related parties	15	261	262
Other receivables		292	217
Total receivables and loans provided		25,613	31,574
Due from customers for contract work		3,836	5,436
Total current trade and other receivables		29,449	37,010

€'000	Note	31 December 2024	31 December 2023
Non-current items			
Loans provided to related parties	15	9,387	8,146
Receivables from related parties	15	89	172
Other non-current receivables		1,205	795
Total non-current trade and other receivables		10,681	9,113

NOTE 3. Inventories

€'000	31 December 2024	31 December 2023
Raw materials and consumables	6,590	5,749
Work in progress	12,308	10,440
Apartments for sale	215	223
Properties purchased for development and pre-development costs	8,978	9,467
Total inventories	28,091	25,879



NOTE 4. Property, plant and equipment and intangible assets

Property, plant and equipment

Additions to property, plant and equipment in 2024 amounted to €2,401 thousand (2023: €3,059 thousand) and comprised equipment and machinery required for the group's operating activities.

Proceeds from the sale of property, plant and equipment amounted to €319 thousand (2023: €431 thousand) (see the statement of cash flows). The associated sales gain was €202 thousand (2023: €277 thousand) (note 12).

Intangible assets

There were no material transactions with intangible assets in 2024.

NOTE 5. Borrowings

Current borrowings

€'000	Note	31 December 2024	31 December 2023
Short-term portion of long-term loans		5,941	2,704
Lease liabilities	6	2,009	2,112
Short-term bank loans		4,676	5,372
Total current borrowings		12,626	10,188

Non-current borrowings

€'000	Note	31 December 2024	31 December 2023
Long-term bank loans		1,888	4,164
Lease liabilities	6	3,832	4,399
Total non-current borrowings		5,720	8,563

NOTE 6. Lease liabilities

€'000	31 December 2024	31 December 2023
Lease liabilities at end of period, of which	5,841	6,511
Not later than 1 year	2,009	2,112
Later than 1 year and not later than 5 years	3,832	4,399
Base currency €	5,841	6,511
Interest rate for contracts denominated in € ¹	2.5%-7.2%	2.9%-7.2%
Frequency of payments	Monthly	Monthly

¹ Includes leases with floating interest rates

Lease payments

€'000	12M 2024	12M 2023
Principal payments made during the period	2,220	3,060
Interest payments made during the period	241	430



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	12M 2024	12M 2023
Net profit (loss) for the period attributable to owners of the parent (€'000)	3,827	(942)
Average number of shares (thousand)	31,528	31,528
Basic earnings per share (€)	0.12	(0.03)
Diluted earnings per share (€)	0.12	(0.03)

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.

Fourth quarter

€'000			
Q4 2024	Buildings	Infrastructure	Total
General contracting services	37,727	6,063	43,790
Own development activities	232	0	232
Road maintenance services	0	577	577
Lease services	0	591	591
Total revenue	37,959	7,231	45,190
Gross profit (loss) of the segment	4,070	(19)	4,051



€'000			
Q4 2023	Buildings	Infrastructure	Total
General contracting services	40,346	11,767	52,113
Own development activities	2,356	0	2,356
Road maintenance services	0	815	815
Lease services	0	386	386
Revaluation of investment property	(30)	0	(30)
Total revenue	42,672	12,968	55,640
Gross loss of the segment	(145)	(72)	(217)

12 months

€'000			
12M 2024	Buildings	Infrastructure	Total
General contracting services	179,888	31,363	211,251
Own development activities	7,685	0	7,685
Road maintenance services	0	2,973	2,973
Lease services	0	1,963	1,963
Total revenue	187,573	36,299	223,872
Gross profit of the segment	16,775	1,451	18,226

€'000			
12M 2023	Buildings	Infrastructure	Total
General contracting services	125,391	40,463	165,854
Subcontracting services	0	1,333	1,333
Own development activities	10,273	0	10,273
Road maintenance services	0	3,021	3,021
Lease services	0	3,446	3,446
Revaluation of investment property	2,470	0	2,470
Total revenue	138,134	48,263	186,397
Gross profit of the segment	4,148	646	4,794

Reconciliation of segment revenues

€'000	12M 2024	Q4 2024	12M 2023	Q4 2023
Total revenues for reportable segments	223,872	45,190	186,397	55,640
Other revenues	53	13	67	25
Total revenue	223,925	45,203	186,464	55,665

Reconciliation of segment profit (loss)

€'000	12M 2024	Q4 2024	12M 2023	Q4 2023
Total profit (loss) for reportable segments	18,226	4,051	4,794	(218)
Unallocated loss for reportable segments	(1,456)	(48)	(985)	(284)
Gross profit (loss)	16,770	4,003	3,809	(502)
Unallocated expenses:				
Marketing and distribution expenses	(422)	(121)	(497)	(95)
Administrative expenses	(7,878)	(2,867)	(6,564)	(2,227)
Other operating income and expenses	(409)	74	(179)	(110)
Operating profit (loss)	8,061	1,089	(3,431)	(2,934)
Finance income	678	241	613	346
Finance costs	(3,011)	(386)	(3,356)	(1,058)
Profit (loss) before tax	5,728	944	(6,174)	(3,646)



NOTE 9. Segment reporting – geographical information

€'000	12M 2024	Q4 2024	12M 2023	Q4 2023
Estonia	218,868	43,579	181,527	52,534
Ukraine	5,057	1,624	4,937	3,131
Total revenue	223,925	45,203	186,464	55,665

NOTE 10. Cost of sales

€'000	12M 2024	12M 2023
Cost of materials, goods and services	185,051	163,926
Staff costs	19,247	16,016
Depreciation expense	2,187	2,229
Other expenses	670	484
Total cost of sales	207,155	182,655

NOTE 11. Administrative expenses

€'000	12M 2024	12M 2023
Cost of materials, goods and services	1,872	2,003
Staff costs	4,831	3,553
Depreciation and amortisation expense	777	790
Other expenses	398	218
Total administrative expenses	7,878	6,564

NOTE 12. Other operating income and expenses

€'000	12M 2024	12M 2023
Other operating income		
Gain on disposal of property, plant and equipment	215	284
Other income	71	2
Total other operating income	286	286

€'000	12M 2024	12M 2023
Other operating expenses		
Foreign exchange loss	0	37
Net loss on recognition and reversal of impairment losses on receivables	20	0
Loss on write-off of property, plant and equipment	13	7
Other expenses	662	421
Total other operating expenses	695	465

NOTE 13. Finance income and costs

€'000	12M 2024	12M 2023
Finance income		
Interest income on loans	371	520
Interest income on bank deposit	237	43
Other finance income	70	50
Total finance income	678	613



€'000	12M 2024	12M 2023
Finance costs		
Interest expense	1,015	978
Foreign exchange loss	258	480
Other finance costs	1,738	1,898
Total finance costs	3,011	3,356

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	2023
Discontinued operation	
Revenue	91,918
Cost of sales	(85,401)
Gross profit	6,517
Marketing and distribution expenses	(218)
Administrative expenses	(2,351)
Other operating income	63
Other operating expenses	(24)
Operating profit	3,987
Finance income	4,897
Finance costs	(58)
Net finance income	4,839
Profit before tax	8,826
Income tax expense	(352)
Profit for the period from the discontinued operation	8,474
Basic earnings per share (€) from the discontinued operation	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 Counterparty	12M 2024		12M 2023	
	Purchases	Sales	Purchases	Sales
AS Nordic Contractors	2,008	8	2,178	0
Companies of the AS Nordic Contractors group	0	11	0	27
Companies related to owners of AS Nordic Contractors	372	15	561	0
Companies related to members of the council and the board	0	0	5	0
Total	2,380	34	2,744	27

€'000 Nature of transaction	12M 2024		12M 2023	
	Purchases	Sales	Purchases	Sales
Transactions with goods	170	8	246	0
Lease and other services	407	11	475	8
Other transactions	1,803	15	2,023	19
Total	2,380	34	2,744	27

During the period, the group recognised interest income on loans to an associate of €370 thousand (2023: €218 thousand).

Receivables from and liabilities to related parties at period-end

€'000	31 December 2024		31 December 2023	
	Receivables	Liabilities	Receivables	Liabilities
AS Nordic Contractors	0	20	0	10
Companies of the AS Nordic Contractors group	0	0	1	0
Companies related to owners of AS Nordic Contractors	342	43	433	13
Associates – receivables and liabilities	8	0	1	1
Associate – loans and interest	9,387	0	8,146	0
Total	9,737	63	8,580	24

Remuneration of the council and the board

In 2024, the service fees of the members of the council of Nordecon AS totalled €199 thousand and the related social security charges amounted to €66 thousand (2023: €179 thousand and €59 thousand, respectively).

During the period, the group recognised a liability for the performance-based compensation of the members of the council of €198 thousand (2023: €0) and the related social security charges of €65 thousand. Of the liability, €125 thousand will be paid out in 2025 and the payment of the remainder is linked to the achievement of the targets for 2025.

The service fees of the members of the board of Nordecon AS totalled €524 thousand and the related social security charges amounted to €173 thousand (2023: €775 thousand and €255 thousand, respectively). The fees for 2023 include benefits of €222 thousand paid in connection with the expiry of a service contract of a member of the board.



During the period, the group recognised a liability for the performance-based compensation of the members of the board of €741 thousand (2023: €0) and the related social security charges of €245 thousand. Of the liability, €467 thousand will be paid out in 2025 and the payment of the remainder is linked to the achievement of the targets for 2025.



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 fourth quarter and twelve 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

6 February 2025

Deniss Berman

Member of the Board

6 February 2025

Tarmo Pohlak

Member of the Board

6 February 2025