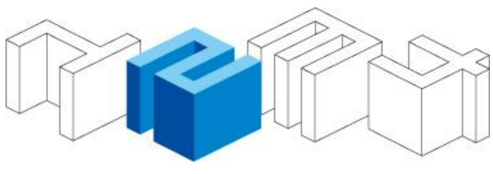
Financial report for the second quarter and first half of 2026
(unaudited)



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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 4100) Construction of roads and motorways (EMTAK 4211) Repair and maintenance of roads and motorways (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 2026 – 31 December 2026
Reporting period	1 January 2026 – 30 June 2026
Council	Toomas Luman (chairman of the council), Andri Hõbemägi, Andre Luman, Vello Kahro, Sandor Liive
Board	Maret Tambek (chairman of the board), Deniss Berman, Tarmo Pohlak
Auditor	Aktsiaselts PricewaterhouseCoopers

Contents

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 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 act openly, transparently and in accordance with the best practices of the construction industry.

Teamwork

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

Sustainability

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

Key figures for H1 2026

€127m Revenue (H1 2025: €93m)	**37%** Revenue change, year on year (H1 2025: (19)%)	**4.7%** Gross margin (H1 2025: 5.9%)
1.9% Operating margin (H1 2025: 2.3%)	**€324m** Order book at end of period (30 June 2025: €304m)	**€182m** New contracts secured (H1 2025: €172m)

- **Construction market:** In the first half of the year, the Estonian economy continued to recover gradually, although the economic environment was still affected by geopolitical uncertainty and fluctuations in energy prices. According to the latest published forecasts, Estonia's economic growth in 2026 is expected to reach 2.3–2.4%. Growth is being driven by a recovery in domestic demand, public investment and improved financing conditions. In the construction sector, there are signs of stabilisation and moderate improvement. While the market is supported by investment in national defence, infrastructure and energy projects, investment activity in the building construction segment remains modest.
- **Revenue:** Compared to the first six months of 2025, the group's revenue increased in both its main operating segments. Buildings accounted for 78% of total revenue, while Infrastructure accounted for 22%. Revenue generated by the Buildings segment grew by 21%, while revenue generated by the Infrastructure segment increased by 165%.
- **Profitability:** The group's gross margin for the first half of 2026 was 4.7% and its operating margin for the period was 1.9%. Although profit margins declined somewhat compared to the same period in 2025, profit increased, supported by revenue growth. The decline in profitability was due to ongoing increases in input prices and the composition of the project portfolio, which lowered the average profit margin on projects in progress during the reporting period compared to the same period last year.
- **Order book:** At the reporting date, the group's order book was 7% larger than on 30 June 2025. The order books of both the Buildings and Infrastructure segments increased. Based on the size of the order book, the group's management is forecasting revenue growth for 2026.

Directors' report

Group 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 as well as housing development segments.
- In foreign markets (Ukraine, Sweden), we will act as a general contractor and supplier of concrete works.

Activities for implementing the strategy

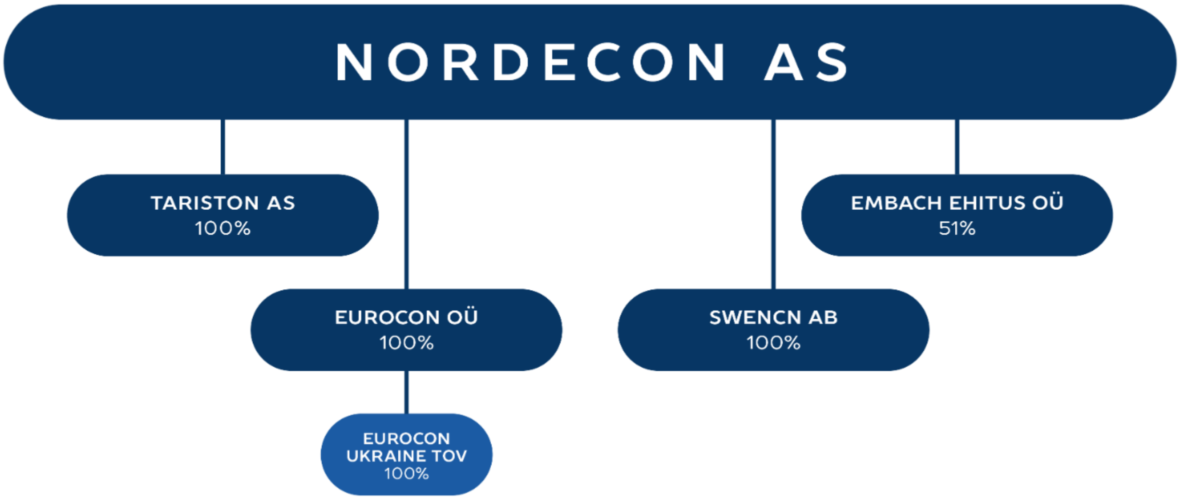
- We will provide our people with a modern and inspiring work environment and a motivation system that fosters collaboration and initiative.
- We will improve our profitability by planning and managing our design and construction operations more precisely.
- We will streamline our work and decision-making processes by implementing modern digital solutions.
- We will maintain a balance between the order books of our different operating segments.
- 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.

Group structure

The group's structure at 30 June 2026, 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. The structure also excludes investments in companies in which the group's ownership interest is less than 20%, as well as the subsidiary Kalda Kodu OÜ and the associate Ööbikusalu OÜ, which were established for specific development projects.

Operations and outlook by market

Operations in Estonia

There were no changes in our operations in the Estonian market compared to the end of 2025. 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 its other main activities: property development (Embach Ehitus OÜ, Kalda Kodu OÜ), rental of heavy construction machinery and equipment, and provision of regional road maintenance services (Tariston AS).

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

Processes and developments characterising the Estonian construction market:

- In the first half of the year, the Estonian economy continued to recover gradually, although the economic environment was still affected by geopolitical uncertainty and fluctuations in energy prices. According to the latest forecasts by the Estonian Ministry of Finance and central bank, Estonia's economic growth is expected to reach approximately 2.3–2.4% in 2026, supported primarily by a recovery in domestic demand, public investment and improved financing conditions.

  The construction sector is showing signs of stabilisation and moderate recovery. Although investment in national defence, infrastructure and energy projects is supporting the market, investment activity in the building construction segment remains modest. According to data from Statistics Estonia, the number of residential units for which building permits were granted, as well as the floor area covered by building permits for new non-residential buildings, decreased in the second quarter of 2026 compared with the same period last year. This indicates a slower recovery in the building construction market.

  The sector continues to be affected by rising input prices. In the second quarter of 2026, the construction price index rose by 1.9% compared to the previous quarter and by 3.1% compared to the same period last year. The increase was primarily driven by higher costs for construction materials and the use of construction machinery.

  The group estimates that, in the near term, the construction market will continue to be influenced by the volume of public investment, trends in input prices, risks associated with energy prices, the situation in neighbouring countries' construction markets and the potential impact of Ukraine's reconstruction on regional labour and materials markets. The timing of the latter is very difficult to predict.

- Competition in building and infrastructure construction remains fierce. The situation is somewhat less intense for large and complex construction projects, where competition is limited by stricter reference requirements and greater risks for contractors.

- Contracts signed with both public and private sector customers impose strict requirements on construction companies, including extensive obligations, severe sanctions, various financial guarantees and very tight deadlines, which are often in striking contrast to the modest eligibility criteria. While the relatively low qualification requirements and the demand for low bids have made it easier for a growing number of builders to win contracts, they have also increased the financial, completion delay and quality risks faced by customers during contract execution and the subsequent warranty period.

- The construction sector continues to experience a shortage of skilled labour, including project and site managers. This is particularly acute in infrastructure construction, where business volumes have increased sharply. The sector requires more competent professionals with the appropriate skills and experience. This will be especially important when economic growth picks up, triggering a rise in the construction market.

Operations in foreign markets

Ukraine

In Ukraine, the group primarily operates in the building construction segment, focusing on general contracting and project management, and carries out concrete works using own resources. Due to the military conflict between Russia and Ukraine, and the uncertainty as to when it will end, it is not possible to forecast how the Ukrainian economy and construction market will develop in 2026. However, increasing efforts are being made to restore war-damaged buildings and infrastructure and strengthen them against military action. The operations of the group's Ukrainian subsidiary Eurocon Ukraine do not have a material impact on the group's revenue, profit or assets.

The group has investments in two real estate projects in Ukraine. One of them belongs to its subsidiary Technopolis-2 TOV and the other is owned by its associate V.I. Center TOV. Development of the projects has been postponed due to the war. The properties have not been damaged in the military conflict and the group retains control of them.

Sweden

In the Swedish market, the group specialises in the construction of residential and non-residential buildings in the central part of the country. In recent years, rapid inflation and rising interest rates have reduced demand in the Swedish construction market. According to forecasts, the economy is expected to grow by 2.6% in 2026, with a slight increase in building construction volumes. However, the recovery of the construction market is being held back by a large stock of apartments awaiting sale and high vacancy rates for commercial properties. In this challenging market environment, the group is exploring new opportunities while critically assessing potential risks.

During the period, there were no changes in our operations in the Swedish market compared to the end of 2025. SweNCN AB had no construction projects in progress at 30 June 2026, but the company is seeking new opportunities to continue operating in the Swedish market.

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 infrastructure and building construction services continues to be strongly influenced by public investment.

Bid prices in both infrastructure and building construction segments are under strong competitive pressure, with bidders increasingly including 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 qualification 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.

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

The group's business is also 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, primarily 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, caused by insufficient preparation and planning time and outdated process management methods. We will continue to optimise our internal processes and invest in digital solutions to enable more accurate planning and management of construction projects. The Nordecon group has been using artificial intelligence to manage its construction processes for the past three years.

Operational risks

To manage their daily construction risks, group companies purchase contractors' all risks insurance. Depending on the nature of the project and the requests of the customer, both general frame agreements and special, 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. To remedy construction deficiencies which may be detected during the warranty period, group companies create warranty provisions based on their historical experience. At 30 June 2026, the group's warranty provisions (including current and non-current) amounted to €2,382 thousand (30 June 2025: €2,602 thousand).

In addition to managing the risks directly related to construction operations, we pay considerable attention to mitigating the risks associated with pre-construction activities. In particular, this applies to the bidding process, including compliance with the procurement conditions and budgeting. Errors made in the planning phase are usually irreversible and, in situations where the price of a construction contract is fixed, can result in direct financial loss.

Financial risks

Credit risk

The group incurred no credit losses during the reporting period. In the first half of last year, credit losses amounted to €1 thousand. The overall credit risk exposure of the portfolio of receivables is low because the solvency of prospective customers is evaluated, the share of public sector customers is large and customers' payment behaviour is continuously monitored. 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 continues to be higher than usual. At the reporting date, the group's current assets exceeded its current liabilities 1.1 times (30 June 2025: 0.91 times). The key factors that influence the liquidity indicator (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 €9,140 thousand were classified as non-current at the reporting date.

In order to better manage cash flows and to address the mismatch between the 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 June 2026 amounted to €10,713 thousand (30 June 2025: €12,432 thousand).

The group's cash and cash equivalents as at the reporting date amounted to €6,093 thousand (30 June 2025: €9,326 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 increased by €8,061 thousand year on year, mainly through an investment loan raised in early 2026. At 30 June 2026, the group's interest-bearing liabilities totalled €24,304 thousand (30 June 2025: €16,243 thousand). Due to the increase in liabilities, interest expense also increased, amounting to €613 thousand (H1 2025: €431 thousand).

The main source of interest rate risk is a potential rise in the base rates of floating interest rates (EURIBOR or the base rate set by the lender). 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).

Russia's military invasion of Ukraine in February 2022 and Ukraine's previous political and economic instability continue to affect the exchange rate of the Ukrainian hryvnia. In the first half of 2026, the hryvnia weakened against the euro by around 2.6%. As a result, the translation of the loans given to the group's Ukrainian subsidiaries in euros into the local currency gave rise to an exchange loss of €166 thousand (H1 2025: an exchange loss of €652 thousand). 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 first half of 2026, the Swedish krona weakened against the euro by around 2.5%. The translation of the loan granted to the group's Swedish subsidiary in euros into the local currency gave rise to an exchange loss of €9 thousand (H1 2025: an exchange gain of €11 thousand).

The exchange losses on the financial instruments were recognised within finance costs in the statement of comprehensive income.

The group has not acquired derivatives to hedge currency risk. A significant portion of the group's currency risk arises from fluctuations in the exchange rate of the Ukrainian hryvnia (UAH) for which hedging with financial derivatives is neither feasible nor economically practical in current market conditions. The group has considered possible alternative hedging methods, but given the limitations of the local financial market, hedging is currently not possible. The group monitors exchange rate movements on an ongoing basis and regularly assesses the potential impact of the exposure on its financial performance.

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 will 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 everyone 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. While subcontractors are responsible for ensuring the safety of their operations and employees, our role is to foster collaboration and create conditions that encourage compliance with safety requirements.

Environmental risks

Construction activities have a direct impact on wildlife, soil and the physical environment. We therefore strive to minimise the environmental and natural impact of our operations. The group's assets and operations that pose the greatest environmental risk are asphalt plants, quarries used for extracting construction materials and road construction operations. The main environmental protection measures at our construction sites include efficient material usage and proper waste management. We prevent environmental damage such as wastage, leaks, spills, pollution and the destruction of wildlife by complying with legal and regulatory requirements.

Corruption and ethical risks

Nordecon is one of the leading construction companies in the Estonian market. It is therefore important for us to be aware of the risks associated with breaching honest and ethical business practices. We have established internal procedures and policies, comply with the rules of the Tallinn Stock Exchange and cooperate with external and internal auditors, regulators and supervisory authorities. We strive to ensure that our companies' management quality, organisational culture and internal communication 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.

Performance by geographical market

Revenue generated in Ukraine accounted for approximately 1% of the group's total revenue in the first half of 2026. Compared to the same period in 2025, revenue generated in Ukraine, as well as its share of the group's total revenue, decreased. This was primarily due to the extremely challenging conditions in the country. At the start of the year, frequent power cuts and severe winter weather hindered work on construction sites and in building material production. Labour shortages are also becoming an increasingly serious problem. No revenue was generated in Sweden because the group had no construction contracts in progress in that market.

	H1 2026	H1 2025	H1 2024	2025
Estonia	99%	98%	98%	98%
Ukraine	1%	2%	2%	2%

Performance by business line

Segment revenues

The group's goals include maintaining a balance between the revenues of its two main operating segments (Buildings and Infrastructure) if market conditions permit. This helps diversify risk and provides better opportunities to continue construction activities in challenging market conditions, when volumes in one subsegment decline sharply, while volumes in another start to grow more rapidly.

The group's revenue for the first half of 2026 was €126,913 thousand, approximately 37% higher than in the first half of 2025, when revenue amounted to €92,638 thousand. The Buildings segment generated revenue of €99,078 thousand and the Infrastructure segment generated revenue of €27,815 thousand. The corresponding figures for the first half of 2025 were €82,127 thousand and €10,501 thousand, respectively (see note 8). Both segments increased their revenue: the Buildings segment by 21% and the Infrastructure segment by 165%. In the light of the size and structure of the group's order book, the growth rates were in line with expectations.

Revenue by operating segment*	H1 2026	H1 2025	H1 2024	2025
Buildings	78%	89%	87%	81%
Infrastructure	22%	11%	13%	19%

* 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

Currently, most of the revenue in the Buildings segment comes from the construction of public and commercial buildings. During the period, revenue generated by the public buildings subsegment increased by around 66% year on year. Revenue from the industrial and warehouse facilities subsegment also increased, although the number of projects in progress remains small. Meanwhile, revenue generated by the commercial buildings and apartment buildings subsegments decreased by around 5% and 56%, respectively.

During the period, the largest projects in the public buildings subsegment were the construction of Tiskre School in the Harku rural municipality, as well as the design and construction of the Loodusmaja (Nature Hub) building and the new Television Building for Estonian Public Broadcasting in Tallinn. Work on projects for the Estonian Centre for Defence Investments continued. The construction of barracks in Tapa was completed.

The largest projects in the commercial buildings subsegment were the construction of a commercial building at Väike-Turu 7 in Tartu, the LEED Gold compliant Uusküla spa hotel on the northern shore of Lake Peipus in the Alutaguse rural municipality, and a spa hotel and a swimming complex in Viljandi.

In the apartment buildings subsegment, the group is not currently carrying out any large-scale construction projects for third parties and the main revenue source is property development. In the first half of 2026, the amount of relevant revenue decreased to €3,549 thousand (H1 2025: €6,781 thousand). During the period, work continued on the construction of phase 2 of the Seileri Kvartal housing estate in Pärnu (https://seileri.ee), the Tammepärja Kodu housing estate in the Tammelinn district of Tartu (https://tammelinn.ee), and the Pärnasalu residential development project on the outskirts of Tartu (https://parnasalutee.ee). When carrying out our own development activities, we carefully monitor potential risks in the housing development market.

Revenue breakdown in the Buildings segment	H1 2026	H1 2025	H1 2024	2025
Public buildings	62%	46%	68%	52%
Commercial buildings	32%	41%	20%	39%
Apartment buildings	4%	12%	9%	8%
Industrial and warehouse facilities	2%	1%	3%	1%

In the first half of 2026, most of the revenue generated by the Infrastructure segment came from road construction and maintenance. Compared to the same period last year, the subsegment's revenue increased nearly threefold. The largest projects were the construction of the Rail Baltica main line railway infrastructure, including the Hagudi–Alu section of stage III in Rapla County and the Selja–Tootsi section of stage I in Pärnu County, and the construction of the Päädeva–Orgita road section on km 62.2–64.8 of national road no. 4 (E67), Tallinn–Pärnu–Ikla.

Revenue breakdown in the Infrastructure segment	H1 2026	H1 2025	H1 2024	2025
Road construction and maintenance	95%	70%	93%	87%
Other engineering	5%	30%	7%	13%

Financial review

Financial performance

In the first half of 2026, Nordecon delivered a gross profit of €5,920 thousand (H1 2025: €5,450 thousand). Compared to the same period in 2025, the group's gross profit increased by 9%, driven by revenue growth. However, the gross margin decreased to 4.7% (H1 2025: 5.9%). In the second quarter, the group's gross profit amounted to €2,982 thousand (Q2 2025: €3,648 thousand) and the gross margin was 4.0% (Q2 2025: 6.8%).

Both segments made a profit during the period. The gross margin of the Buildings segment was 7.1% in the first half of the year and 5.6% in the second quarter, compared with 7.4% and 7.2% in the same periods in 2025. In the first half of 2026, the Infrastructure segment's gross margin improved year on year, rising to 0.4% (H1 2025: (0.5)%). However, its gross margin for the second quarter decreased, falling from 8.2% in 2025 to 2.7%. Rising input prices and the composition of the project portfolio continued to impact profitability. Consequently, the average profit margin for projects in progress was lower than in the same period last year.

The group's administrative expenses for the first half of 2026 were €3,359 thousand. Compared to the same period in 2025, administrative expenses increased by around 9% (H1 2025: €3,072 thousand), mainly due to growth in staff costs and expenses on services and materials (see note 11). The ratio of administrative expenses to revenue (12 months rolling) decreased year on year, declining to 2.9% (H1 2025: 3.8%).

The group's operating profit for the first half of 2026 amounted to €2,472 thousand (H1 2025: €2,117 thousand) and EBITDA was €3,844 thousand (H1 2025: €3,435 thousand).

The group's finance income and costs are affected by exchange rate fluctuations in the group's foreign markets (see the 'Financial risks' section). In the first half of 2026, the Ukrainian hryvnia weakened against the euro by around 2.6% and the Swedish krona weakened against the euro by around 2.5%. As a result, the translation of the loans provided to the group's Ukrainian and Swedish subsidiaries in euros into the local currencies gave rise to an exchange loss of €166 thousand (H1 2025: an exchange loss of €652 thousand) and an exchange loss of €9 thousand (H1 2025: an exchange gain of €11 thousand), respectively.

The group ended the period with a net profit of €699 thousand (H1 2025: a net profit of €471 thousand). Net profit attributable to owners of the parent, Nordecon AS, amounted to €436 thousand (H1 2025: a net loss of €134 thousand).

Cash flows

In the first half of 2026, the group's operating activities produced a net cash inflow of €3,699 thousand (H1 2025: an inflow of €2,950 thousand). The items with the strongest impact were cash receipts from customers and cash paid to suppliers, which increased due to revenue growth, amounting to €141,317 thousand (H1 2025: €104,987 thousand) and €123,637 thousand (H1 2025: €88,153 thousand), respectively.

Investing activities resulted in a net cash outflow of €1,123 thousand (H1 2025: an outflow of €80 thousand). Payments made for investments in property, plant and equipment totalled €553 thousand (H1 2025: €198 thousand) and proceeds from the sale of property, plant and equipment amounted to €23 thousand (H1 2025: €394 thousand). Loans provided amounted to €42 thousand (H1 2025: €41 thousand), interest received amounted to €35 thousand (H1 2025: €61 thousand) and investments in long-term deposits totalled €600 thousand (H1 2025: €300 thousand).

Financing activities in the first half of 2026 generated a net cash outflow of €1,728 thousand (H1 2025: an outflow of €1,636 thousand). Proceeds from loans received amounted to €2,183 thousand, consisting mainly of the use of development loans (H1 2025: €783 thousand). Repayments of loans received totalled €1,125 thousand (H1 2025: €640 thousand). Lease payments amounted to €1,489 thousand (H1 2025: €1,247 thousand) and interest payments to €525 thousand (H1 2025: €398 thousand). Dividends paid in the first half of the year amounted to €637 thousand (H1 2025: no dividend payments).

At 30 June 2026, the group's cash and cash equivalents amounted to €6,093 thousand (30 June 2025: €9,326 thousand). Management's commentary on liquidity risks and cash flow management is presented in the 'Description of the main risks' section.

Key financial figures and ratios

Figure/ratio	H1 2026	H1 2025	H1 2024	2025
Revenue (€'000)	126,913	92,638	114,945	208,281
Revenue change	37%	(19)%	33%	(7.0)%
Net profit (loss) (€'000)	699	471	1,802	(3,499)
Net profit (loss) attributable to owners of the parent (€'000)	436	(134)	1,020	(4,605)
Weighted average number of shares	31,528,585	31,528,585	31,528,585	31,528,585
Earnings per share (€)	0.01	0.00	0.03	(0.15)
Administrative expenses to revenue	2.6%	3.3%	2.9%	3.3%
Administrative expenses to revenue (rolling)	2.9%	3.8%	3.2%	3.3%
EBITDA (€'000)	3,844	3,435	4,690	2,206
EBITDA margin	3.0%	3.7%	4.1%	1.1%
Gross margin	4.7%	5.9%	6.3%	6.5%
Operating margin	1.9%	2.3%	2.8%	(0.2)%
Operating margin excluding gain on asset sales	1.9%	2.2%	2.8%	(0.2)%
Net margin	0.6%	0.5%	1.6%	(1.7)%
Return on invested capital	3.0%	2.0%	6.2%	(5.5)%
Return on equity	3.0%	1.7%	7.8%	(14.1)%
Equity ratio	16.7%	23.1%	19.2%	18.1%
Return on assets	0.5%	0.4%	1.5%	(2.9)%
Gearing	37.8%	15.8%	6.9%	30.7%
Current ratio	1.01	0.91	0.88	0.90
	30 June 2026	**30 June 2025**	**30 June 2024**	**31 Dec 2025**
Order book (€'000)	324,374	303,914	178,799	273,060

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

Administrative expenses to revenue (rolling) = (past four quarters' administrative expenses / past four quarters' 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 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

Order book

At 30 June 2026, the group's order book (backlog of contracts signed but not yet performed) stood at €324,374 thousand, reflecting a 7% increase year on year. In the first half of the year, we signed new contracts for €181,652 thousand (H1 2025: €172,236 thousand), of which €25,864 thousand in the second quarter (Q2 2025: €60,960 thousand).

	30 June 2026	30 June 2025	30 June 2024	31 Dec 2025
Order book (€'000)	324,374	303,914	178,799	273,060

At 30 June 2026, the Buildings and Infrastructure segments accounted for 71% and 29% of the group's total order book, respectively (30 June 2025: 70% and 30%, respectively). Compared to 30 June 2025, the order book of the Buildings segment grew by 8% and that of the Infrastructure segment by 3%. In the order book of the Buildings segment, the largest contributor is the public buildings subsegment, which accounts for 74% of the total. A major share of the contracts secured by the subsegment have been awarded by the Estonian Centre for Defence Investments. The order book of the Infrastructure segment has grown primarily through large-scale contracts relating to Rail Baltica as well as a contract with the Estonian Transport Administration for the construction of the Päädeva–Orgita and Haimre sections of the Tallinn–Pärnu–Ikla road.

The contracts of the Rail Baltica project and the road construction projects financed by the European Cohesion Fund through the Estonian Transport Administration have revitalised the infrastructure sector. However, this has not fully offset the underfunding of road construction. The overall volume of public investment in building construction has declined. The market continues to be supported mainly by the defence sector. Although there has also been a revival in the private sector, tendering processes often last for months, and projects are sometimes put on hold for years due to high construction costs or a lack of customer interest.

Major contracts secured in the first half of 2026 include:

- Construction of the first building and the related outdoor areas of Park Rae, a logistics and light industrial park in Rae rural municipality, with an approximate cost of €15,800 thousand.
- Construction of a new school building for Helen's School in Põhja-Tallinn, with an approximate cost of €12,600 thousand.
- Construction of a building and infrastructure for AS Tallinna Vesi at the Ülemiste Water Treatment Plant site in Tallinn, with an approximate cost of €11,800 thousand.
- Construction of supporting infrastructure for the Estonian Centre for Defence Investments in Pärnu County, with an approximate cost of €110,400 thousand.
- Year-round maintenance of national roads in Lääne County in the period 2026–2031, with an approximate cost of €7,900 thousand.
- Year-round maintenance of national roads in Hiiu County in the period 2026–2031, with an approximate cost of €4,000 thousand.
- Reconstruction and extension of Kotka Health Centre at Kotka 12 in Tallinn, with an approximate cost of €4,400 thousand.

Based on the size of the group's order book and the general outlook for the economy and the construction market, the group's management team expects business volumes to increase in 2026. In a highly competitive environment, management has avoided taking unjustified risks that could materialise during contract execution and adversely affect the group's results. Our main focus is on assessing and mitigating the risks arising from market changes, particularly rising input costs. We also prioritise managing fixed costs, increasing productivity, and executing pre-construction and design activities effectively to leverage our professional competitive advantages.

People

Employees and staff costs

The average number of the group's employees (at the parent and the subsidiaries) in the first half of 2026 was 453, including 294 engineers and technical professionals (ETP). Compared to the same period last year, the number of employees increased by around 8%.

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

	H1 2026	H1 2025	H1 2024	2025
ETPs	294	267	282	275
Workers	159	151	148	156
Total average	**453**	**418**	**430**	**431**

The group's staff costs for the first half of 2026, including all taxes, were €11,051 thousand compared with €9,221 thousand in the first half of 2025. Staff costs grew by roughly 20% year on year due to a general pay rise and an increase in the headcount.

In the first half of 2026, the service fees of the members of the council of Nordecon AS totalled €135 thousand and the related social security charges amounted to €45 thousand (H1 2025: €106 thousand and €35 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €290 thousand and the related social security charges amounted to €96 thousand (H1 2025: €281 thousand and €93 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:

	H1 2026	H1 2025	H1 2024	2025
Nominal labour productivity (rolling), (€'000)	540.7	469.7	553.9	483.3
Change against the comparative period, %	15.1%	(15.2)%	13.4%	(6.0)%
Nominal labour cost efficiency (rolling), (€)	10.5	8.7	11.0	9.8
Change against the comparative period, %	20.7%	(21.3)%	0.4%	5.4%

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 labour productivity and labour cost efficiency increased year on year, as revenue growth exceeded the increase in the number of employees and staff costs.

Sustainability

The group's market-based greenhouse gas (GHG) emissions totalled 4,690 tonnes of CO_2 equivalent in the first half of 2026. The largest source of GHG emissions was the use of diesel fuel in the group's vehicles, machinery, and equipment, which accounted for 57%. Shale oil used in the operation of asphalt concrete plants accounted for 25%, petrol consumption for 7%, and electricity and heat consumption at offices and construction sites for 9% of total emissions.

17% of the energy consumed came from renewable sources, primarily in the form of purchased renewable electricity and, to a lesser extent, district heating.

Two workplace accidents involving subcontractor staff were recorded in the first half of the year.

Ratio / indicator	H1 2026	2025
Total market-based GHG emissions , t CO_2e	4,690	9,926
Of which: Gross Scope 1 GHG emissions, t CO_2e	4,247	9,329
Of which: Gross Scope 2 GHG emissions, t CO_2e	443	597
GHG emissions intensity, t CO_2e / €m revenue	36.95	47.65
Total energy consumption, MWh	19,900	39,398
Share of renewable sources in total energy consumption (%)	17	12
Number of environmental pollution incidents	0	0
Number of work-related accidents (group and subcontractors)	2	8

Examples from the reporting period

- In February, mandatory cyber hygiene training was organised for all employees of the group's Estonian companies to raise awareness of cyber threats and mitigate related risks.
- In March, the parent company held its traditional Future Talent Week during which it introduced itself to future engineers at university career fairs and organised an open day at its offices and construction sites.
- Embach Ehitus signed a new three-year cooperation agreement with the Estonian Association of Engineers to contribute to promoting the engineering profession and developing the next generation of engineers.
- As part of National Defence Year, Nordecon, government agencies and other partners signed a memorandum of cooperation aimed at raising young people's awareness of national defence.
- Nordecon came second in the construction sector category of the CV.ee Top Employers survey. The survey is based on assessments from current and former employees, as well as new candidates.
- In April, Embach Ehitus was recognised at the 'Friend of Sport 2026' awards ceremony organised by the Estonian Olympic Committee and the Ministry of Culture. The company was honoured for its contribution to promoting high-performance and youth sports, as well as recreational physical activity, in Estonia.
- In spring, Nordecon participated in the Responsible Business Index assessment organised by the Sustainable Business Association KELL, receiving a silver-level quality mark in June. The silver level is awarded to organisations that have systematically integrated the principles of responsible business into their management, strategy and day-to-day operations.
- In June, Nordecon received the 'Supporter of National Defence' silver-level recognition from the Ministry of Defence in appreciation of its contribution to strengthening Estonia's defence resolve and capabilities.

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

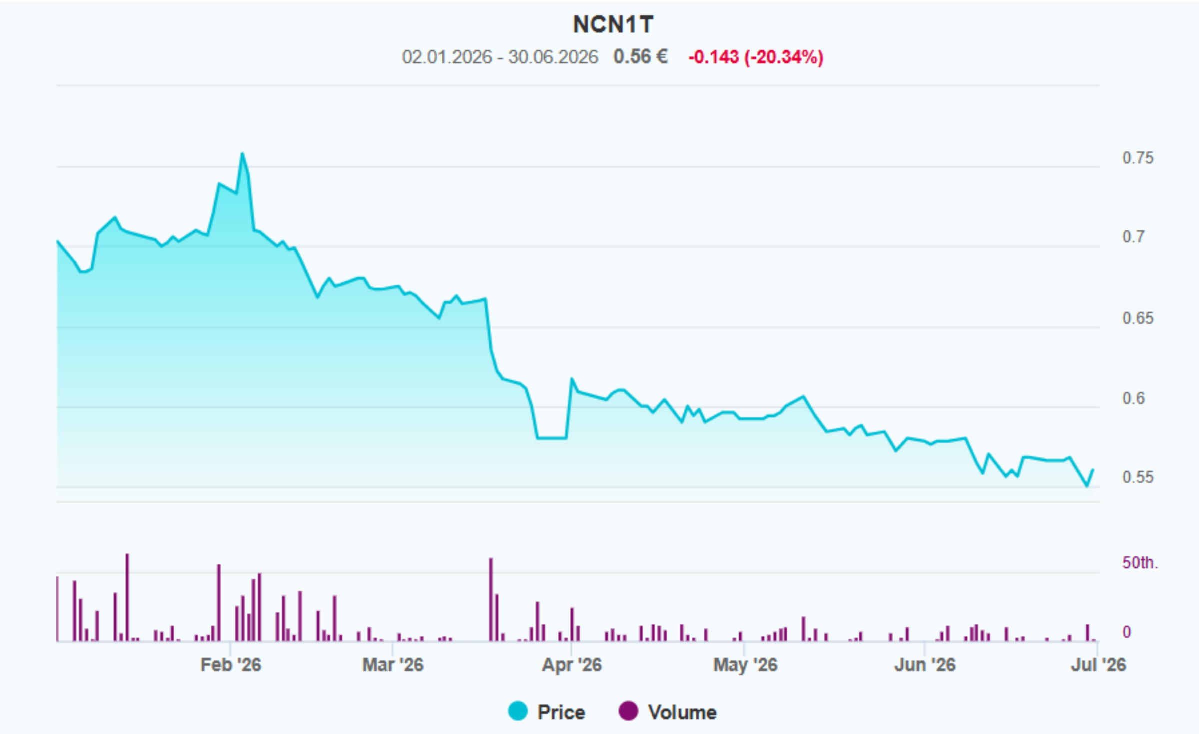
* In connection with Estonia's accession to the euro area on 1 January 2011 and based on amendments to the Estonian Commercial Code which took effect on 1 July 2010 as well as a resolution adopted by the annual general meeting of Nordecon AS in May 2011, the company's share capital was converted from 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.

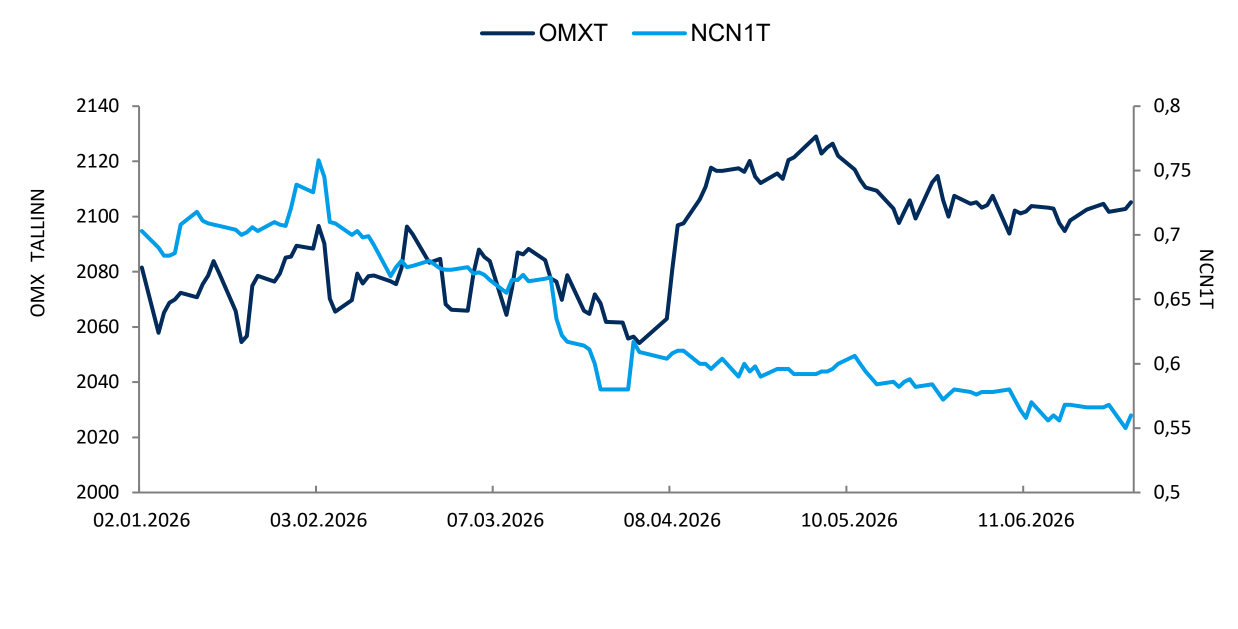
Owners of ordinary shares are entitled to dividends as distributed from time to time. Each share carries one vote at the general meeting of Nordecon AS.

Movements in the price and trading volume of the Nordecon AS share in H1 2026

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 H1 2026



Index/equity	1 January 2026*	30 June 2026	+/-
OMX Tallinn	2,052.28	2,105.16	+2.58%
NCN1T	€0.69	€0.56	(19.08)%

* Closing price on the Nasdaq Tallinn Stock Exchange at 31 December 2025

Summarised trading results

Share trading history

Price, €	H1 2026	H1 2025	H1 2024
Open	0.69	0.67	0.62
High	0.77	0.90	0.62
Low	0.55	0.67	0.50
Last closing price	0.56	0.75	0.51
Traded volume (number of securities traded)	1,356,569	1,596,154	964,985
Turnover, € million	0.90	1.29	0.52
Listed volume (30 June), thousand	32,375	32,375	32,375
Market capitalisation (30 June), € million	18.13	24.38	16.61

Shareholder structure

Largest shareholders of Nordecon AS at 30 June 2026

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,728,145	51.67
Luksusjaht AS	4,332,342	13.38
Toomas Luman	830,000	2.56
Signet Bank AS clients	574,200	1.77
Nõmme Erahariduse SA	370,370	1.14
Lembit Talpsepp	360,000	1.11
SEB Pank AS clients	300,000	0.93
OÜ Alar Invest	255,000	0.79
Swedbank AB clients	246,715	0.76
Genadi Bulatov	242,600	0.75

Shareholder structure of Nordecon AS at 30 June 2026

	Number of shareholders	Ownership interest (%)
Shareholders with interest exceeding 5%	2	65.05
Shareholders with interest from 1% to 5%	4	6.59
Shareholders with interest below 1%	6,048	25.74
Holder of own (treasury) shares	1	2.62
Total	**6,055**	**100**

Shares controlled by members of the council of Nordecon AS at 30 June 2026

Council member		Number of shares	Ownership interest (%)
Toomas Luman (AS Nordic Contractors)*	Chairman of the Council	17,558,145	54.23
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
Total		**17,643,145**	**54.49**

* Companies controlled by the individual

Shares controlled by members of the board of Nordecon AS at 30 June 2026:

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

Condensed consolidated interim financial statements

Consolidated statement of financial position

€'000	Note	30 June 2026	31 December 2025
ASSETS			
Current assets			
Cash and cash equivalents		6,093	5,266
Other financial assets		1,078	1,088
Trade and other receivables	2	46,164	46,348
Prepayments		3,865	3,274
Inventories	3	40,318	26,022
Total current assets		**97,518**	**81,998**
Non-current assets			
Other investments		77	77
Other financial assets		2,410	1,810
Trade and other receivables	2	10,365	10,142
Investment property		3,814	5,517
Property, plant and equipment		13,650	12,234
Intangible assets		14,959	14,922
Total non-current assets		**45,275**	**44,702**
TOTAL ASSETS		**142,793**	**126,700**
LIABILITIES			
Current liabilities			
Borrowings	5	10,713	12,049
Trade payables		65,184	49,569
Other payables		11,057	9,971
Deferred income		8,953	15,249
Provisions		766	3,863
Total current liabilities		**96,673**	**90,701**
Non-current liabilities			
Borrowings	5, 6	13,591	5,708
Trade payables		6,061	1,605
Provisions		2,616	5,730
Total non-current liabilities		**22,268**	**13,043**
TOTAL LIABILITIES		**118,941**	**103,744**
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		4,718	4,522
Retained earnings		577	141
Total equity attributable to owners of the parent		**22,203**	**21,571**
Non-controlling interests		**1,649**	**1,385**
TOTAL EQUITY		**23,852**	**22,956**
TOTAL LIABILITIES AND EQUITY		**142,793**	**126,700**

Consolidated statement of comprehensive income

€'000	Note	H1 2026	Q2 2026	H1 2025	Q2 2025	2025
Revenue	8, 9	126,913	74,910	92,638	53,283	208,281
Cost of sales	10	(120,993)	(71,928)	(87,188)	(49,635)	(194,746)
Gross profit		**5,920**	**2,982**	**5,450**	**3,648**	**13,535**
Marketing and distribution expenses		(212	(136)	(169)	(86)	(433)
Administrative expenses	11	(3,359)	(1,612)	(3,072)	(1,526)	(6,814)
Other operating income	12	182	165	68	16	154
Other operating expenses	12	(59)	(46)	(160)	(126)	(6,835)
Operating profit (loss)		**2,472**	**1,353**	**2,117**	**1,926**	**(393)**
Finance income	13	216	105	258	113	499
Finance costs	13	(1,988)	(1,019)	(1,904)	(1,165)	(3,464)
Net finance costs		**(1,772)**	**(914)**	**(1,646)**	**(1,052)**	**(2,965)**
Profit (loss) before tax		**700**	**439**	**471**	**874**	**(3,358)**
Income tax expense		(1)	(1)	0	0	(141)
Profit (loss) for the period		**699**	**438**	**471**	**874**	**(3,499)**
Other comprehensive income (loss)						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations		196	115	473	569	488
Total other comprehensive income		**196**	**115**	**473**	**569**	**488**
TOTAL COMPREHENSIVE INCOME (LOSS)		**895**	**553**	**944**	**1,443**	**(3,011)**
Profit (loss) attributable to:						
- Owners of the parent		436	334	(134	482	(4,605)
- Non-controlling interests		264	104	605	392	1,106
Profit (loss) for the period		**700**	**438**	**471**	**874**	**(3,499)**
Comprehensive income (loss) attributable to:						
- Owners of the parent		632	449	339	1,051	(4,117)
- Non-controlling interests		264	104	605	392	1,106
Comprehensive income (loss) for the period		**896**	**553**	**944**	**1,443**	**(3,011)**
Earnings per share attributable to owners of the parent:						
Basic earnings per share (€)	7	0.01	0.01	(0.00)	0.02	(0.15)
Diluted earnings per share (€)	7	0.01	0.01	(0.00)	0.02	(0.15)

Consolidated statement of cash flows

€'000	Note	H1 2026	H1 2025
Cash flows from operating activities			
Cash receipts from customers[1]		141,317	104,987
Cash paid to suppliers[2]		(123,637)	(88,153)
VAT paid		(2,872)	(3,252)
Cash paid to and for employees		(10,742)	(10,282)
Income tax paid		(367)	(350)
Net cash from operating activities		**3,699**	**2,950**
Cash flows from investing activities			
Paid for acquisition of property, plant and equipment		(553)	(198)
Proceeds from sale of property, plant and equipment	4	23	394
Loans provided		(42)	(41)
Repayments of loans provided		2	4
Dividends received		12	0
Interest received		35	61
Other investments		(600)	(300)
Net cash used in investing activities		**(1,123)**	**(80)**
Cash flows from financing activities			
Proceeds from loans received		2,183	783
Repayments of loans received		(1,125)	(640)
Payments of lease principal	6	(1,489)	(1,247)
Lease interest paid		(132)	(134)
Interest paid		(525)	(398)
Dividends paid		(637)	0
Other payments		(3)	0
Net cash used in financing activities		**(1,728)**	**(1,636)**
Net cash flow		**848**	**1,234**
Cash and cash equivalents at beginning of period		**5,266**	**8,195**
Effect of movements in foreign exchange rates		(21)	(103)
Change in cash and cash equivalents		848	1,234
Cash and cash equivalents at end of period		**6,093**	**9,326**

[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 Share capital	Treasury shares	Capital reserve	Share premium	Translation reserve	Retained earnings	Total	Non-controlling interests	Total
Balance at 31 December 2024	**14,379**	**(660)**	**2,554**	**635**	**4,034**	**4,746**	**25,688**	**916**	**26,604**
Profit (loss) for the period	0	0	0	0	0	(134)	(134)	605	471
Other comprehensive income	0	0	0	0	473	0	473	0	473
Total comprehensive income (loss) for the period	**0**	**0**	**0**	**0**	**473**	**(134)**	**339**	**605**	**944**
Balance at 30 June 2025	**14,379**	**(660)**	**2,554**	**635**	**4,507**	**4,612**	**26,027**	**1,521**	**27,548**
Balance at 31 December 2025	**14,379**	**(660)**	**2,554**	**635**	**4,522**	**141**	**21,571**	**1,385**	**22,956**
Profit for the period	0	0	0	0	0	436	436	264	700
Other comprehensive income	0	0	0	0	196	0	196	0	196
Total comprehensive income for the period	**0**	**0**	**0**	**0**	**196**	**436**	**632**	**264**	**896**
Balance at 30 June 2026	**14,379**	**(660)**	**2,554**	**635**	**4,718**	**577**	**22,203**	**1,649**	**23,852**

Notes to the condensed consolidated interim financial statements

NOTE 1. Accounting and reporting policies

Nordecon AS is a company incorporated and domiciled in Estonia. The address of the company's registered office is Toompuiestee 35, 10149 Tallinn, Estonia. Nordecon AS's majority shareholder and the party controlling the Nordecon group is AS Nordic Contractors that holds 51.67% 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 June 2026 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 2025.

According to management's assessment, the condensed consolidated interim financial statements of Nordecon AS for the second quarter and first half of 2026 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 June 2026	31 December 2025
Current items			
Trade receivables		31,197	38,780
Retentions receivable		2,301	1,031
Receivables from related parties	14	131	195
Other receivables		14	18
Total receivables		**33,643**	**40,024**
Due from customers for contract work		12,521	6,324
Total current trade and other receivables		**46,164**	**46,348**

€'000	Note	30 June 2026	31 December 2025
Non-current items			
Loans provided to related parties	14	10,070	9,847
Other non-current receivables		295	295
Total non-current trade and other receivables		**10,365**	**10,142**

NOTE 3. Inventories

€'000	30 June 2026	31 December 2025
Raw materials and consumables	6,358	6,500
Work in progress	11,093	10,551
Parking spaces for sale	469	215
Properties purchased for development and pre-development costs	22,398	8,756
Total inventories	**40,318**	**26,022**

NOTE 4. Property, plant and equipment and intangible assets

Property, plant and equipment

Additions to property, plant and equipment in the first half of 2026 amounted to €2,918 thousand (H1 2025: €1,451 thousand) and consisted of purchases of equipment, construction machinery and commercial vehicles required for the group's operating activities.

Proceeds from the sale of property, plant and equipment amounted to €23 thousand (see the statement of cash flows) and associated sales gain was €39 thousand (note 12). In the comparative period, sales proceeds and gain amounted to €394 thousand and €64 thousand, respectively.

Intangible assets

There were no material transactions with intangible assets in the first half of 2026.

NOTE 5. Borrowings

Current borrowings

€'000	Note	30 June 2026	31 December 2025
Short-term portion of long-term loans		0	1,070
Lease liabilities	6	1,810	2,018
Short-term bank loans		8,903	8,961
Total current borrowings		**10,713**	**12,049**

Non-current borrowings

€'000	Note	30 June 2026	31 December 2025
Lease liabilities	6	4,095	3,490
Long-term bank loans		9,496	2,218
Total non-current borrowings		**13,591**	**5,708**

NOTE 6. Lease liabilities

€'000	Note	30 June 2026	31 December 2025
Lease liabilities at end of period, of which		**5,905**	**5,508**
Not later than 1 year	5	1,810	2,018
Later than 1 year and not later than 5 years	5	4,095	3,490
Base currency €		5,905	5,508
Interest rate for contracts denominated in €[1]		2.5–6.5%	2.5–6.5%
Frequency of payments		Monthly	Monthly

[1] Includes leases with floating interest rates

Lease payments

€'000	H1 2026	H1 2025
Principal payments made during the period	1,489	1,247
Interest payments made during the period	132	134

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	H1 2026	H1 2025
Net profit (loss) for the period attributable to owners of the parent (€'000)	436	(134)
Weighted average number of shares (thousand)	31,528	31,528
Basic earnings per share (€)	0.01	(0.00)
Diluted earnings per share (€)	0.01	(0.00)

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 based on 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.

Second quarter

€'000 Q2 2026	Buildings	Infrastructure	Total
Total revenue from external customers	**54,482**	**20,413**	**74,895**
Of which: General contracting services	51,252	19,721	70,973
Road maintenance services	0	143	143
Lease services	0	549	549
Own development activities	3,230	0	3,230
Gross profit of the segment	**3,069**	**550**	**3,619**

€'000 Q2 2025	Buildings	Infrastructure	Total
Total revenue from external customers	**45,543**	**7,736**	**53,279**
Of which: General contracting services	38,768	6,451	45,219
Road maintenance services	0	770	770
Lease services	0	515	515
Own development activities	6,775	0	6,775
Gross profit of the segment	**3,285**	**631**	**3,916**

Half year

€'000 H1 2026	Buildings	Infrastructure	Total
Total revenue from external customers	**99,078**	**27,815**	**126,893**
Of which: General contracting services	95,529	25,825	121,354
Road maintenance services	0	781	781
Lease services	0	1,209	1,209
Own development activities	3,549	0	3,549
Gross profit of the segment	**7,015**	**117**	**7,132**

€'000 H1 2025	Buildings	Infrastructure	Total
Total revenue from external customers	**82,127**	**10,501**	**92,628**
Of which: General contracting services	75,346	8,013	83,359
Road maintenance services	0	1,718	1,718
Lease services	0	770	770
Own development activities	6,781	0	6,781
Gross profit (loss) of the segment	**6,042**	**(49)**	**5,993**

Reconciliation of segment revenues

€'000	H1 2026	Q2 2026	H1 2025	Q2 2025
Total revenue for reportable segments	126,893	74,895	92,628	53,279
Other revenue	20	15	10	4
Total revenue	**126,913**	**74,910**	**92,638**	**53,283**

Reconciliation of segment profit

€'000	H1 2026	Q2 2026	H1 2025	Q2 2025
Total profit for reportable segments	7,132	3,619	5,993	3,916
Unallocated loss for reportable segments	(1,212)	(637)	(543)	(268)
Gross profit	**5,920**	**2,982**	**5,450**	**3,648**
Unallocated expenses:				
Marketing and distribution expenses	(212)	(136)	(169)	(86)
Administrative expenses	(3,359)	(1,612)	(3,072)	(1,526)
Other operating income and expenses	123	119	(92)	(110)
Operating profit	**2,472**	**1,353**	**2,117**	**1,926**
Finance income	216	105	258	113
Finance costs	(1,988)	(1,019)	(1,904)	(1,165)
Profit before tax	**700**	**439**	**471**	**874**

NOTE 9. Segment reporting – geographical information

€'000	H1 2026	Q2 2026	H1 2025	Q2 2025
Estonia	125,769	74,164	90,694	51,964
Ukraine	1,144	746	1,944	1,319
Total revenue	**126,913**	**74,910**	**92,638**	**53,283**

NOTE 10. Cost of sales

€'000	H1 2026	H1 2025
Cost of materials, goods and services	110,652	78,557
Staff costs	9,236	7,584
Depreciation expense	1,038	991
Other expenses	67	56
Total cost of sales	**120,993**	**87,188**

NOTE 11. Administrative expenses

€'000	H1 2026	H1 2025
Staff costs	1,774	1,599
Cost of materials, goods and services	1,157	1,038
Depreciation and amortisation expense	334	327
Other expenses	94	108
Total administrative expenses	**3,359**	**3,072**

NOTE 12. Other operating income and expenses

€'000	H1 2026	H1 2025
Other operating income		
Late payment interest	131	0
Gain on disposal of property, plant and equipment	40	64
Other income	11	4
Total other operating income	**182**	**68**

€'000	H1 2026	H1 2025
Other operating expenses		
Loss on disposal of property, plant and equipment	1	0
Loss from doubtful and uncollectible receivables	0	1
Foreign exchange loss	16	2
Other expenses	42	157
Total other operating expenses	**59**	**160**

NOTE 13. Finance income and costs

€'000	H1 2026	H1 2025
Finance income		
Interest income on loans	192	185
Foreign exchange gain	12	11
Other finance income	12	62
Total finance income	**216**	**258**

€'000	H1 2026	H1 2025
Finance costs		
Interest expense	613	431
Foreign exchange loss	175	652
Other finance costs	1,200	821
Total finance costs	**1,988**	**1,904**

NOTE 14. 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	H1 2026		H1 2025	
Counterparty	**Purchases**	**Sales**	**Purchases**	**Sales**
AS Nordic Contractors	1,249	5	950	0
Companies of the AS Nordic Contractors group	0	5	0	5
Companies related to owners of AS Nordic Contractors	74	0	79	4
Total	**1,323**	**10**	**1,029**	**9**

€'000 Nature of transaction	Purchases	H1 2026 Sales	Purchases	H1 2025 Sales
Transactions with goods	0	0	5	0
Lease and other services	200	10	197	5
Other transactions	1,123	0	827	4
Total	**1,323**	**10**	**1,029**	**9**

During the period, the group recognised interest income on loans to an associate of €183 thousand (H1 2025: €183 thousand).

Receivables from and liabilities to related parties

€'000	Receivables	30 June 2026 Liabilities	Receivables	31 December 2025 Liabilities
AS Nordic Contractors	0	111	0	11
Companies of the AS Nordic Contractors group	1	0	191	246
Companies related to owners of AS Nordic Contractors	130	9	1	0
Associates – receivables and liabilities	0	0	3	0
Associates – loans and interest	10,070	0	9,847	0
Total	**10,201**	**120**	**10,042**	**257**

Remuneration of the council and the board

In the first half of 2026, the service fees of the members of the council of Nordecon AS totalled €135 thousand and the related social security charges amounted to €45 thousand (H1 2025: €106 thousand and €35 thousand, respectively).

The service fees of the members of the board of Nordecon AS totalled €290 thousand and the related social security charges amounted to €96 thousand (H1 2025: €281 thousand and €93 thousand, respectively).

Statements and signatures

The board of Nordecon AS acknowledges its responsibility for the preparation of the group's consolidated interim financial report for the second quarter and first half of 2026 and 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;
- 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 August 2026
Deniss Berman	Member of the Board	6 August 2026
Tarmo Pohlak	Member of the Board	6 August 2026