



## Group annual report 2025





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<b>Business name</b>	Nordecon AS
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<b>Corporate website</b>	<a href="http://www.nordecon.com">www.nordecon.com</a>
<b>Core business lines</b>	Construction of residential and non-residential buildings (EMTAK 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)
<b>Financial year</b>	1 January 2025 – 31 December 2025
<b>Council</b>	Toomas Luman (chairman of the council), Andri Hõbemägi, Vello Kahro, Sandor Liive, Andre Luman
<b>Board</b>	Maret Tambek (chairman of the board), Deniss Berman, Tarmo Pohlak
<b>Auditor</b>	KPMG Baltics OÜ

The company's consolidated financial statements in PDF format without European Single Electronic Format (ESEF) markups. The original document has been submitted in machine-readable XHTML format to the Nasdaq Tallinn Stock Exchange and digitally signed (link: <https://nasdaqbaltic.com/>)

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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 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 2025

<b>€208m</b> Revenue (2024: €224m)	<b>(7)%</b> Revenue change, year on year (2024: 20.1%)	<b>€273m</b> Order book at the year-end (2024: €209m)
<b>€235m</b> Value of new contracts signed (2024: €181m)	<b>74</b> Projects delivered to customers (2024: 55)	<b>431</b> Employees (2024: 435)
<b>8/0</b> Accidents/fatal injuries at work (incl. subcontractors) (2024: 3/0)	<b>0</b> Environmental pollution, discrimination and corruption incidents (2024: 0)	<b>€0.2m</b> Donations to community projects and charities (2024: €0.2m)

## Awards and recognition

- **Arcwood CLT and Glulam Timber Award 2025.** The new basic school building of the Saku Upper Secondary School, built by Nordecon AS, won the Arcwood CLT and Glulam Timber Award in a competition organised by the Estonian Forest and Wood Industries Association.
- **Architecture awards.** The interior architects and architects of the basic school building and sports complex of the Saku Upper Secondary School, built by Nordecon AS, received the Architect of the Year Award from the Estonian Association of Architects and the Annual Award and the Interior Architecture Award from the Architecture Endowment of the Estonian Cultural Endowment.
- **Professional award finalists**
  - Rauno Rausk, a Nordecon AS project manager, was a finalist in the Estonian Association of Civil Engineers' **Civil Engineer of the Year 2025** competition due to his role as lead project manager on the construction of the Saku Upper Secondary School's basic school building and sports complex.
  - Sten Lugna, project manager at Nordecon AS, and Madis Kerner, head of the building design department at Nordecon AS, were among the finalists of the **Young Civil Engineer of the Year 2025** competition organised by the Estonian Association of Civil Engineers: Sten for his role as project manager for the construction of the Saku Upper Secondary School's basic school building and sports complex and Madis for his design work on the Ahtri 6, or Golden Gate, office building
- **Engineering Company 2025 finalist.** Nordecon AS was a finalist in the Engineering Company 2025 category at the Engineering Appreciation Event organised by the Education and Youth Board in recognition of its outstanding contribution to engineering education and fostering new talent.
- **Supporter of New Engineering Talent 2025 finalist.** Nordecon AS is one of the founders of the educational programme 'Lae End' (Charge Yourself), which was a finalist in the Supporter of New Engineering Talent 2025 category at the Engineering Appreciation Event organised by the Education and Youth Board.
- **Attractive Employer of the Year 2025.** Nordecon AS was ranked among the TOP 4 companies in the construction industry in an employer reputation survey conducted by CV Keskus.
- **Attractive Employer of the Year 2025.** Nordecon AS was ranked among the TOP 4 companies by engineering students in an employer reputation survey conducted by Instar.
- **Top Employer of the Year 2025.** Nordecon AS was ranked among the TOP 2 companies in the construction industry in an employer reputation survey conducted by CV.ee.

- **Silver Honours of the Armed Forces Supporter Award.** In 2025, the Ministry of Defence presented 517 Estonian companies and organisations with the Armed Forces Supporter Award in recognition of their contribution to national defence, including maintaining the income of reservists during exercises and providing other support.
- **Cornerstone of National Defence Award.** The Estonian Centre for Defence Investments (ECDI) presented its partners with the Cornerstone of National Defence Award to recognise companies in Estonia and abroad that have contributed to national defence. Tariston AS was recognised by the ECDI as a long-term partner in developing infrastructure for training fields.
- **Best Reconstructed Building of Cultural and Environmental Value.** In the Best Building of the Year 2024 competition organised by the City of Tartu, the Karlova School project, carried out by Embach Ehitus OÜ, won the Best Reconstructed Building of Cultural and Environmental Value category.
- **Best Reconstructed Cultural Monument.** In the Best Building of the Year 2024 competition organised by the City of Tartu, the St Mary's Church project, carried out by Embach Ehitus OÜ, won the Best Reconstructed Cultural Monument category.
- **Tartu Deed of the Year 2025 nominees.** Embach Ehitus OÜ received two nominations in the Tartu Deed of the Year 2025 competition organised by the Tartu City Government and the local newspaper Tartu Postimees. The nominees were the War and Disaster Medicine Centre on the Raadi military campus and the Embach Arena air rifle shooting range in the Tähtvere Sports Park.

## Letter from chairman of the council

Although the economic environment remained challenging for the construction sector in 2025, there were also signs of stabilisation. While the geopolitical and economic uncertainty that has prevailed for years has not completely disappeared, the overall backdrop has become moderately more favourable. Most notably, increased efforts have been made to end the hostilities in Ukraine, which would improve the investment climate across the region by reducing geopolitical tensions.

Estonia's economy returned to slow growth in 2025. The economic prospects of our major trading partners have also improved, which is beginning to bolster the export sector and overall confidence. Although the construction sector lags behind in responding to changes in the economic environment, clear signs of stabilisation in the construction market emerged in the second half of the year.

Public investment continues to provide valuable support. Investment in Estonia's national defence infrastructure increased during the period, providing stability and employment in the construction sector. There was also increased activity in road construction and transport infrastructure, which should have a significant impact from 2026 onwards and make Nordecon's order book more balanced across different operating segments.

For Nordecon, 2025 was a profitable year at the level of core operations, despite a decrease in revenue compared to 2024. This decline was primarily due to a more cautious and discerning approach to tendering. In a highly competitive environment, the group prioritised better risk assessment and avoided projects with an insufficient profit margin.

Looking ahead to 2026, the outlook for the economy and the construction market is slightly more optimistic, although risks remain high. The state of public finances, uncertainties stemming from the external environment and labour market developments mean that the group must maintain a conservative management approach. The council considers it important that Nordecon continues to operate in a balanced way, ensuring that growth and profitability go hand in hand with prudent risk management.



**Toomas Luman**  
Chairman of the Council

## Group chief executive's letter

The year 2025 could be summed up in three words – people, complexity and development.

**People** – We have a highly experienced and capable team that can build virtually anything to the required quality standards, no matter how complex or large the project. We value and appreciate our long-serving employees. However, it is equally important to invest in new talent. Many new colleagues have joined us, each bringing a different set of skills and experience to complement our existing expertise. We collaborate with higher education institutions to promote engineering specialities to young people. For three consecutive years, we have contributed to science teaching in schools through the 'Lae End' ('Charge Yourself') programme, thereby ensuring a future supply of new talent. Unfortunately, some of our people have to cope with inhumanely difficult conditions on top of their day jobs. Since the beginning of the war, we have continued our operations in Ukraine, where our employees also have a civic duty to help defend their country.

**Complexity** – This is a keyword that characterises practically every year in the construction industry. Due to a modest economic environment and stagnation in construction volumes in recent years, competition for new contracts is intense. Therefore, it is crucial to be able to assess the severity and probability of different risks, particularly for long-term and large-scale projects, which are becoming an increasingly significant part of our portfolio. 2025 was no exception – we completed a large number of diverse projects. Those that definitely deserve a mention are the new basic school building of the Saku Upper Secondary School, the Golden Gate office building and the warehouses and infrastructure of the Estonian Centre for Defence Investments in South Estonia, as well as its buildings on the Raadi campus. The first of these has already won several awards and Golden Gate meets the LEED Platinum standard – the highest level of environmental certification. The group has successfully continued its own development operations in Tartu and added a development project in Pärnu. In addition to buildings, major infrastructure projects also present challenges – not least the Rail Baltica project, for which we are building two large sections.

**Development** – In an increasingly fast-changing world, it is crucial that people and companies embrace change. The phrase 'it's always been this way' must be consigned to history. The ability to adapt flexibly to change is key to success. We have made consistent employee training and purposeful testing and deployment of new technologies part of our daily routine. We believe it is important to be market leaders in this area. At the same time, we must not forget that a new app or AI solution is not an end in itself. We must also maximise its benefits, particularly with regard to improving productivity.

It was a busy and successful year. Many thanks to our people and partners.



**Maret Tambek**

Chairman of the Board

## Directors' report

### Group 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 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

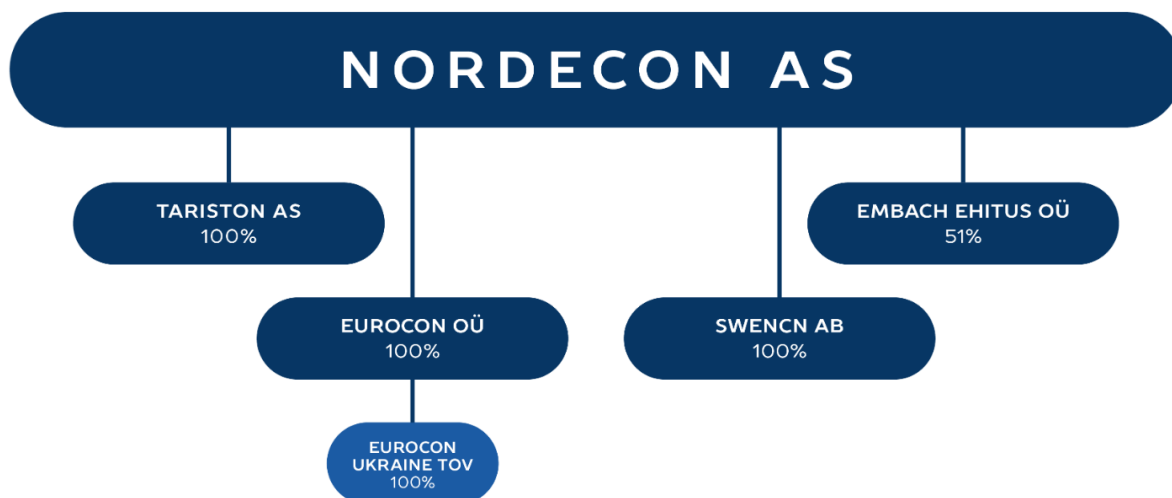
- We will provide our people with a modern and inspiring work environment and a motivation system that fosters collaboration and initiative.
- We will improve our profitability by planning and managing our design and construction operations more precisely.
- We will streamline our work and decision-making 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 31 December 2025, 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 companies established for a specific development project that have immaterial or no business operations, the subsidiary Kalda Kodu OÜ and the associate Ööbikusalu OÜ.

## Market trends

In the year under review, a substantial share of Nordecon's operations was carried out in Estonia and developments in the domestic market had the strongest impact on the group's performance.

### Estonian construction market in 2025

In 2025, the output of Estonian construction companies decreased for the fourth consecutive year, although at a slower rate than in 2024. Compared to 2024, construction output declined by 1.5% overall and by 1.4% in the Estonian market. In Estonia, building construction grew by 1.9%, while infrastructure construction fell by 6.8%. According to preliminary data from Statistics Estonia, Estonian construction companies' total output in Estonia and abroad amounted to €4 billion, comprising building construction of €2.5 billion and infrastructure construction of €1.5 billion. The output of Estonian construction companies' foreign operations decreased by 1.2% compared to 2024. Building construction decreased whilst infrastructure construction increased. Foreign operations accounted for 7% of Estonian construction companies' total output, similar to 2024.

According to the Estonian Building Registry, 6,059 new dwellings were granted a permit for use in 2025, which is approximately 4% more than in 2024. The majority of these were in apartment buildings. As in previous years, the most popular type of housing was the three- to five-storey apartment building and four-room apartments accounted for the largest proportion of newly completed dwellings. The majority of the new dwellings were located in Tallinn, followed by the surrounding municipalities and Tartu County.

Following several years of decline, demand for new dwellings increased in 2025. Construction permits were issued for 6,659 dwellings, almost a third more than in 2024. A total of 1,199 new non-residential buildings were granted a permit for use in 2025, with a combined usable area of 973,000 square metres. The largest increase was in new office, warehouse and industrial space. Both the area and volume of non-residential buildings that were granted a permit for use increased compared to 2024.

## Operations and outlook by market

### 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.

The group also continued its other main activities: property development (Embach Ehitus 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:

- Contrary to the optimistic forecasts at the beginning of the year, Estonia's economy grew modestly in 2025, expanding by 1%, according to preliminary estimates. The Estonian Institute of Economic Research reports that the construction market has stabilised, with a slight year-on-year improvement in the construction confidence indicator, which has remained stable in recent months. A recovery in the construction market emerged in the second half of the year in both the buildings and infrastructure segments. The construction price index increased by 1.5% in 2025 compared to 2024, by 0.4% in the fourth quarter compared to the third quarter, and by 1.6% in the fourth quarter compared to the fourth quarter of 2024. For several consecutive quarters, the construction price index has been most affected by rising material prices, which were also the primary factor in the year-on-year comparison. Labour costs and operating costs for construction machinery have also increased. The outlook for 2026 is more optimistic. Economic analysts are forecasting economic growth of 2.3–3.6%, driven primarily by an improvement in domestic demand. Inflation is also expected to decelerate, accompanied by a modest increase in overall confidence. These factors are expected to create the right conditions for the long-awaited growth of the construction market. The construction market continues to be significantly influenced by public investment, particularly the increased investment in defence and infrastructure. There is also some activity in the private sector, supported by low interest rates. The main risks to the construction market include rising material prices, particularly when large-scale reconstruction efforts start in Ukraine, as well as developments in the construction sectors of neighbouring countries.
- 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, larger financial guarantees 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 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.
- Although employment in the construction sector has declined due to the market downturn in recent years, there continues to be a shortage of skilled workers and construction managers, including project and site managers, and the sector needs additional competent employees with proper professional training. This will be particularly important when economic growth triggers 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 2024. SweNCN AB had no construction projects in progress at 31 December 2025, 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 risk of significant increases in input prices is partially mitigated by the terms of public contracts that include the construction price index.

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 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, caused by insufficient preparation and planning time and outdated process management methods. We will continue to invest in digital solutions that enable more accurate and efficient planning and management of construction processes. For the third year running, we are also using artificial intelligence to manage our construction processes.

### 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 31 December 2025, the group's warranty provisions (including current and non-current) amounted to €2,455 thousand (31 December 2024: €2,551 thousand).

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

## Financial risks

### Credit risk

The group's credit losses for the year amounted to €354 thousand (2024: €20 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 is higher than usual. At the reporting date, the group's current ratio was 0.90 (31 December 2024: 0.94). 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 overdrafts for a period exceeding 12 months.

Due to the complicated political and economic situation in Ukraine, management believes that the group's Ukrainian investment properties cannot be realised in the short term. Accordingly, the receivables related to the loans provided to the Ukrainian associate of €8,942 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 31 December 2025 amounted to €12,049 thousand (31 December 2024: €12,626 thousand). A major share of short-term borrowings was made up of overdraft liabilities of €8,961 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 €5,266 thousand (31 December 2024: €8,195 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. The group's interest-bearing liabilities decreased slightly during the year, amounting to €17,757 thousand at the reporting date (31 December 2024: €18,346 thousand). Interest expense for 2025 was €982 thousand (2024: €1,015 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. The group mitigates 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 2025, the hryvnia weakened against the euro by around 12%. 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 €750 thousand (2024: a foreign exchange loss of €247 thousand). Exchange gains and losses on financial instruments are recognised in the statement of comprehensive income 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 entities' 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 2025, the Swedish krona strengthened against the euro by around 6%. The translation of a loan provided to the Swedish subsidiary in euros into the local currency did not give rise to any exchange gain or loss (2024: an exchange loss of €11 thousand). Exchange gains and losses on financial instruments are recognised in the statement of comprehensive income within finance income and finance costs, respectively. The translation of receivables and liabilities from operating activities gave rise to an exchange loss of €10 thousand (2024: no exchange gain or loss). The exchange loss was recognised in the statement of comprehensive income within other operating expenses.

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 set out in 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 regulations.

### **Environmental risks**

Construction activities have a direct impact on wildlife, soil and the physical environment. We therefore strive to minimise the impact of our operations on the surrounding environment and nature. The group's assets and operations with the greatest environmental impact, and thus the greatest environmental risk, 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. Waste, leaks, spills, pollution, destruction of wildlife and other environmental damage are prevented 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.

## Business and financial review

### Performance by geographical market

For the second consecutive year, Ukraine was the only foreign market, accounting for around 2% of the group's revenue. During the period, a significant share of the Ukrainian revenue came from the reconstruction of a building in Ovruch, Zhytomyr Oblast, into an apartment building for internally displaced persons, and the restoration of the administrative building of the Kiev TV tower. In addition, the group continued to provide services under the contracts signed in 2023 for the reconstruction of substations and installation of physical protection systems in the Poltava, Zhytomyr, Volyn and Ivano-Frankivsk oblasts. Work in these areas is taking longer than originally planned and depends on the consumption needs of the national grid. No revenue was generated in Sweden as the group had no construction contracts in progress in the Swedish market in the period 2021–2025.

	2025	2024	2023	2022	2021
Estonia	98%	98%	97%	96%	94%
Ukraine	2%	2%	2%	0%	2%
Finland	-	-	1%	2%	3%
Lithuania	-	-	0%	1%	0%
Latvia	-	-	0%	1%	1%

### 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 risks 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 2025 was €208,281 thousand, approximately 7% lower than in 2024, when revenue amounted to €223,925 thousand. The Buildings segment generated revenue of €168,302 thousand and the Infrastructure segment revenue of €39,902 thousand. The corresponding figures for 2024 were €187,573 thousand and €36,299 thousand (note 24). Revenue generated by the Buildings segment decreased by around 10%, while revenue generated by the Infrastructure segment increased by 10% compared to 2024.

Revenue by operating segment*	2025	2024	2023	2022	2021
Buildings	81%	84%	74%	84%	75%
Infrastructure	19%	16%	26%	16%	25%

\* 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 2025, most of the revenue generated by the Buildings segment came from the public and commercial buildings subsegments, with the latter contributing at its highest level in recent years. Revenue from commercial buildings increased by around 71% year on year, while revenue from public buildings decreased by around 32%. Revenue generated by the apartment buildings subsegment mainly consisted of revenue from own development operations.

The largest projects in the public buildings subsegment were the design and construction of a new school building and sports complex for the Saku Upper Secondary School near Tallinn, the construction of the Tiskre School in the Harku rural municipality, the design and construction of a study building for the Estonian Centre for Defence Investments on the Raadi campus in Tartu, and the design and construction of Loodusmaja (Nature Hub) and the new television building of Estonian Public Broadcasting in Tallinn.

The largest projects in the commercial buildings subsegment were the construction of the LEED Platinum compliant Golden Gate office building at Ahtri 6 in Tallinn, 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, a spa hotel and a swimming complex in Viljandi, and Lidl stores in Viljandi and Võru.

Revenue from our own property development operations, which is reported in the apartment buildings subsegment, increased compared to the same period last year, reaching €9,750 thousand (2024: €7,685 thousand). The figure primarily reflects the sale of apartments in 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>). Preparations for, and the construction of, the next phases are underway in both developments. When carrying out our own development activities, we carefully monitor potential risks in the housing development market.

### Revenue breakdown in the Buildings

segment	2025	2024	2023	2022	2021
Public buildings	52%	70%	37%	30%	28%
Commercial buildings	39%	21%	23%	24%	29%
Apartment buildings	8%	6%	27%	28%	29%
Industrial and warehouse facilities	1%	3%	13%	18%	14%

The largest revenue contributor in the Infrastructure segment is still the road construction and maintenance subsegment, whose revenue remained stable compared to the previous year. A major share of its revenue came from the construction of the Rail Baltica main line railway infrastructure: the Hagudi–Alu section of stage III in Rapla County and the Selja–Tootsi section of stage I in Pärnu County. A significant share of revenue also came from the sale of asphalt concrete and the provision of road maintenance services in Järva County. Most of the other engineering revenue resulted from the construction of a platform area for Class E aircraft at Tallinn Airport.

Revenue breakdown in the Infrastructure segment	2025	2024	2023	2022	2021
Road construction and maintenance	87%	90%	63%	75%	87%
Other engineering	13%	10%	30%	20%	6%
Environmental engineering	0%	0%	0%	0%	3%
Specialist engineering (incl. hydraulic engineering)	0%	0%	7%	5%	4%

## Major completed projects

Group companies completed the following major projects in different subsegments during the period\*:

Brief description of the project	Group company	Customer	Subsegment
Golden Gate office building	Nordecon AS	Rotermann City OÜ	Commercial buildings
School building and sports complex of the Saku Upper Secondary School	Nordecon AS	Saku Rural Municipality Government	Public buildings
Platform area for Class E aircraft at Tallinn Airport	Nordecon AS	Tallinna Lennujaam AS	Other engineering
Design and reconstruction of roads on the Tapa campus	Tariston AS	Estonian Centre for Defence Investments	Road construction and maintenance
Reconstruction of Sadama Street in Kärkla	Tariston AS	Hiiumaa Rural Municipality Government	Road construction and maintenance
Lidl store in Viljandi	Embach Ehitus OÜ	Lidl Eesti OÜ	Commercial buildings
Cristella warehouse	Embach Ehitus OÜ	Cristella VT OÜ	Industrial and warehouse facilities
Terraced houses at Vaarika 1a, 1b, and Tammepärja 17, 19	Embach Ehitus OÜ	Own development activities	Apartment buildings
Defence Forces buildings (War and Disaster Medicine Centre) on Raadi campus**	Embach Ehitus OÜ	Estonian Centre for Defence Investments	Public buildings

\* Includes projects that have been delivered in the stage of substantial completion and can be used by the customer. There may be some incomplete work such as landscaping that can only be performed in the spring.

\*\* Participation in a joint bid.

## Gallery of selected completed projects



School building and sports complex of Saku Upper Secondary School  
(contractor: Nordecon AS, photo: Tõnu Tunnel)



School building and sports complex of Saku Upper Secondary School  
(contractor: Nordecon AS, photo: Tõnu Tunnel)



Golden Gate office building  
(contractor: Nordecon AS, photo: Kaupo Kalda)



Platform area for Class E aircraft at Tallinn Airport  
(contractor: Nordecon AS, photo: Koit Kuus)



Cristella warehouse  
(contractor: Embach Ehitus OÜ, photo: Siim Paalo)



Lidl store in Viljandi  
(contractor: Embach Ehitus OÜ, photo: Kristjan Lust)



Terraced houses at Vaarika 1a, 1b and Tammepärja 17, 19  
(contractor: Embach Ehitus OÜ, photo: Karl Kasepõld)



Reconstruction of Sadama Street in Kärkla  
(contractor: Tariston AS, photo: Eike Meresmaa)

## Financial review

### Financial performance

Nordecon's gross profit for 2025 was €13,535 thousand (2024: €16,770 thousand). Compared to 2024, the group's gross margin decreased by 1 percentage point to 6.5% (2024: 7.5%). The group's gross margin continues to be strongly influenced by the Buildings segment, which delivered a gross margin of 7.7% (2024: 8.9%). The gross margin of the Infrastructure segment was lower, reaching 4.8%, but higher than in the previous year (2024: 4.0%).

The group's administrative expenses for 2025 totalled €6,814 thousand, reflecting a 14% decline compared to 2024 (2024: €7,878 thousand). The main factor was the decrease in staff costs due to the recognition of a smaller liability for performance-based pay (note 28). The ratio of administrative expenses to revenue was 3.3% (2024: 3.5%).

The group's operating loss for 2025 amounted to €393 thousand (2024: profit 8,061 thousand). EBITDA was €2 206 thousand and EBITDA margin was 1.1% (2024: €11,025 thousand and 4.9%). In August 2018, SweNCN AB, a group company, entered into a contract for the construction of a residential development project in the Stockholm region. However, due to disagreements that arose during the execution of the project, SweNCN AB terminated the contract unilaterally in June 2020. This was followed by a prolonged legal dispute with the customer. On 17 March 2026, SweNCN AB and Nordecon AS reached a settlement with the customer, whereby the customer will receive SEK 70.33 million (approximately €6.5 million). Based on additional information received after the reporting period, management revised its earlier assessment and concluded that the liability resulting from the legal dispute had already existed as at 31 December 2025. Consequently, the settlement agreement was classified as an adjusting event after the reporting period and the relevant amount was recognised in the 2025 consolidated financial statements as an expense within other operating expenses (note 29), as well as a provision (note 21). The provision has been recognised in the amount of €6,044 thousand, which is management's best estimate of the expenditure required to settle the obligation as at the reporting date, discounted to reflect the timing of the settlement and the time value of money. The amount will be settled in accordance with a long-term payment schedule, which will not cause liquidity difficulties for the group.

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 'Financial risks' section). In 2025, the exchange rate of the Ukrainian hryvnia weakened against the euro by around 12% 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 €750 thousand (2024: exchange losses of €258 thousand).

The group ended the period with a net loss of €3 499 thousand (2024: profit €5,165 thousand). Net loss attributable to owners of the parent, Nordecon AS, amounted to €4 605 thousand (2024: profit €3,827 thousand).

### Cash flows

The group's operating activities produced a net cash inflow of €1,204 thousand in 2025 (2024: an inflow of €1,075 thousand). The items with the strongest impact on operating cash flow were receipts from customers and cash paid to suppliers, which decreased due to the decline in revenue. Payments to and for employees (including payroll taxes) increased year on year due to the payment of the performance-based pay for 2024.

Investing activities resulted in a net cash outflow of €2,767 thousand (2024: an outflow of €567 thousand). Investments in property, plant and equipment totalled €409 thousand (2024: €328 thousand) and proceeds from the sale of property, plant and equipment amounted to €478 thousand (2024: €319 thousand). Loans provided amounted to €60 thousand (2024: €876 thousand) and interest received to €112 thousand (2024: €307 thousand). In 2025, cash flows from investing activities were also influenced by the placement of cash of €2,898 thousand in long-term deposits to secure guarantee limits.

Financing activities generated a net cash outflow of €1,194 thousand (2024: an outflow of €4,178 thousand). The largest items were related to loans and leases. Proceeds from loans received amounted to €3,802 thousand, consisting mainly of the use of development loans (2024: €1,896 thousand). Repayments of loans received totalled €1,571 thousand (2024: €1,633 thousand), consisting of regular repayments of long-term investment and development loans and the change in the overdraft balance. Lease payments amounted to €2,458 thousand (2024: €2,220 thousand). Dividends paid in 2024 amounted to €1,347 thousand. No dividends were paid in 2025.

At 31 December 2025, the group's cash and cash equivalents amounted to €5,266 thousand (31 December 2024: €8,195 thousand). Management's commentary on liquidity risks is presented in the 'Description of the main risks' chapter.

## Key financial figures and ratios

Figure/ratio	2025	2024	2023	2022	2021
Revenue (€'000)	208,281	223,925	186,464	220,285	214,757
Revenue change	(7)%	20.1%	(15.4)%	2.6%	(0.9)%
Net profit (loss) (€'000)	(3 499)	5,165	(6,418)	(4,099)	(6,760)
Net profit (loss) attributable to owners of the parent (€'000)	(4 605)	3,827	(942)	(3,650)	(6,310)
Weighted average number of shares	31,528,585	31,528,585	31,528,585	31,528,585	31,528,585
Earnings per share (€)	(0.15)	0.12	(0.03)	(0.12)	(0.20)
Administrative expenses to revenue	3.3%	3.5%	3.5%	2.6%	2.2%
EBITDA (€'000)	2 206	11,025	(412)	2,791	(2,437)
EBITDA margin	1.1%	4.9%	(0.2)%	1.3%	(1.1)%
Gross margin	6.5%	7.5%	2.0%	1.8%	0.5%
Operating margin	(0.2)%	3.6%	(1.8)%	(0.2)%	(2.7)%
Operating margin excluding gain on asset sales	(0.2)%	3.5%	(2.0)%	(0.4)%	(2.8)%
Net margin	(1.7)%	2.3%	(3.4)%	(1.9)%	(3.2)%
Return on invested capital	(5.5)%	15.6%	8.0%	(0.5)%	(6.5)%
Return on equity	(14.1)%	21.0%	8.3%	(5.2)%	(16.8)%
Equity ratio	18.1%	23.4%	18.7%	19.8%	20.8%
Return on assets	(2.9)%	4.4%	1.6%	(1.1)%	(4.1)%
Gearing	30.7%	22.6%	16.6%	32.0%	28.3%
Current ratio (note 5)	0.90	0.94	0.95	0.88	0.94
<b>At 31 December</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Order book (€'000)	273,060	209,489	216,732	127,618	213,223

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

## Order book

The group's order book (backlog of contracts signed but not yet performed) stood at €273,060 thousand at 31 December 2025, reflecting an increase of around 30% compared to the end of 2024. In 2025, we signed new contracts for €234,994 thousand (2024: €181,437 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 2024. The Buildings segment accounts for 58% and the Infrastructure segment for 42% of the group's total order book (31 December 2024: 82% and 18%, respectively). Compared to 31 December 2024, the order book of the Buildings segment has decreased by 7% and the order book of the Infrastructure segment has increased nearly threefold. The order book of the Buildings segment includes mainly contracts secured in the commercial and public buildings subsegments. The order book of the Infrastructure segment has grown primarily through a major Rail Baltica contract and a contract signed 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 does not fully offset the underfunding of road construction. The volume of public investment in the buildings sector has decreased. The market is supported by the defence sector, with some activity also coming from local governments and the private sector.

<b>At 31 December</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
Order book (€'000)	273,060	209,489	216,732	127,618	213,223

Major contracts secured in 2025 include:

- Construction of a spa hotel and a swimming complex in Viljandi with an approximate cost of €30,000 thousand.
- Construction of the Punamütsike Kindergarten in Võru with an approximate cost of €6,370 thousand.
- Construction of the Selja–Tootsi section of stage I of the Rail Baltica Pärnu County main line railway infrastructure with an approximate cost of €62,300 thousand.
- Design and construction of a barracks at the Tapa Army Base for the Estonian Centre for Defence Investments with an approximate cost of €5,300 thousand.
- Design and construction of a building for the Estonian Centre for Defence Investments in Harju County with an approximate cost of €3,700 thousand.
- Construction of the Tiskre School in the Harku rural municipality with an approximate cost of €14,500 thousand.
- Design and construction of a technological warehouse for Cristella in Võru with an approximate cost of €4,000 thousand.
- Design and construction of buildings for the Estonian Centre for Defence Investments with an approximate cost of €34,300 thousand.
- Reconstruction of a state building in Võru with an approximate cost of €4,700 thousand.
- Construction of a commercial building in Narva with an approximate cost of €5,005 thousand.
- Construction of the Päädeva–Orgita road section on km 62.2–64.8 and the Haimre road section including a traffic junction on km 68.2–70.2 of national road no. 4 (E67), Tallinn–Pärnu–Ikla, into a 2+2 road with an approximate cost of €27,780 thousand.
- Design and construction of special training infrastructure in Võru under a contract following an alliance procurement model with an approximate cost of €8,050 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 in the contract execution stage and adversely affect the group's results. The main focus is on managing fixed costs, increasing productivity and executing pre-construction and design activities effectively to leverage our professional competitive advantages.

## Investments and capital expenditures

### Investment properties

The group did not acquire any investment properties (properties held for resale, rental income or capital appreciation) in 2025 or 2024.

### Investments in property, plant and equipment and intangible assets

Capital expenditures on property, plant and equipment totalled €3,044 thousand in 2025 of which €2,402 thousand was spent on right-of-use assets (2024: €2,402 thousand of which €1,800 thousand was spent on right-of-use assets) (note 14). The investments fell into three main categories: replacement of obsolete machinery and equipment, improvement of operating efficiency and ensuring compliance with road maintenance requirements.

There were no major expenditures on intangible assets (note 15).

## Changes in the carrying amounts of relevant asset classes

Asset class (€'000)	2025	2024
Property, plant and equipment (carrying amount) (note 14)	(1,013)	(1,045)
Intangible assets (carrying amount) (note 15)	(29)	(13)

In 2026, the group's capital expenditures will remain at the same level as in 2025. Investments will be made in replacing obsolete assets and improving operating efficiency. The group also intends to invest in its land portfolio.

## Giving back to society and attracting new talent

Nordecon has the greatest direct social impact through well-planned, safe construction processes, and high-quality buildings and infrastructure. Construction managers and engineers play a vital role in creating the built environment, including schools, kindergartens, homes, offices and infrastructure assets. We need competent civil engineers to ensure that our built environment is safe, high-quality and environmentally sustainable. In addition to the skilled civil engineers who currently work for Nordecon, we believe it is important to support the next generation of engineers and, more broadly, the values of a society that creates the conditions for them.

Group companies are committed to building their reputation as employers and contribute to promoting the construction industry. Particular attention is paid to young people. We participate in career fairs and workshops for students, and organise open days and site visits. Our employees are also active members of several professional bodies that focus on developing the industry.

Our companies contribute to society by:

- Developing and promoting construction and engineering
- Participating in professional and public debate on issues relating to the construction sector
- Supporting sport, education, culture and community initiatives.

### Examples from the year 2025

#### Attracting new talent

In 2025, the majority of group companies offered students paid internships. The parent company continued to run an internship programme comprising three presentations on the company's operations and career opportunities for civil engineers, as well as site visits and discussions with Nordecon employees.

The group's construction sites welcomed visits from schools. While the main partners were higher education institutions teaching construction, requests from lower levels of education were also accepted where possible.

The parent company provided Tallinn University of Technology with 50 new construction helmets to ensure the safety of site visits and distributed relevant workbooks to all higher education institutions teaching construction.

#### Promoting engineering

In addition to activities directly aimed at the next generation, group companies contributed to the promotion of the construction and engineering professions as follows:

- The group has a five-year partnership agreement with Tallinn University of Technology to contribute meaningfully to the education of civil engineers in Estonia.
- The subsidiary Embach Ehitus continued to collaborate with the Estonian Association of Civil Engineers, providing financial support to promote engineering. Jobs in this field are introduced at schools across Estonia.
- For the fourth year in a row, the parent company participated as a founder in the 'Lae end' ('Charge Yourself') education programme, which aims to empower physics, chemistry and mathematics teachers. In 2025, 20 teachers completed the programme.
- The Development Fund of Tallinn University of Technology awarded two Nordecon engineering scholarships as well as a Nordecon scholarship for young researchers/lecturers in Professor Heinrich Laul's name.

### Promoting the construction industry and related careers

- The group supported professional conferences and career events for students, such as Key to the Future, Engineering Career Day, BIM Summit, BuildIT.
- In 2025, both the parent company and the subsidiary Embach Ehitus were represented in the governing bodies of the Estonian Association of Construction Entrepreneurs.
- The subsidiary Tariston participated in the work of the asphalt concrete and asphalt pavements committee of the Road Maintenance Advisory Board, a body established by the Transport Administration and the Estonian Infra Construction Association.

### Other support activities

- In 2025, the parent company celebrated its 21<sup>st</sup> year of supporting the Tallinn City Theatre and the Theatre Employee Award, sponsored by Nordecon, was presented to a Tallinn City Theatre employee for the 17<sup>th</sup> time.
- The parent company continued the tradition of Christmas donations. In 2025, it donated €100 on behalf of each employee to charities chosen by the employees and added its own contribution. The donations went to the Hille Tänavsuu Cancer Treatment Foundation 'The Gift of Life', the Charity Foundation 'My Dream Day', the Animal Shelters NGO and the National Defence Promotion Foundation.
- The parent company signed a one-year cooperation agreement with the Estonian Volleyball Federation to support the men's and women's national teams in the European leagues and championships.
- The subsidiary Tariston signed a one-year cooperation agreement with the Estonian Ski Federation to support biathletes and ski jumpers.
- The subsidiary Embach Ehitus contributed to the Social Work Award grant from the Cultural Foundation of the President of the Republic. The group also supports various organisations, sporting events and individuals, including the Estonian Reserve Officers Association, the Tartu Marathon Club, the Haanja Marathon, the Haanja Triathlon, the Tartu Academic Tennis Club, the Tähtvere Sports Park, youth athletics and the skier Alvar Johannes Alev.
- Supporting local communities is a priority. The subsidiary Tariston contributes to the development of beach volleyball in Paide and to the promotion of car racing through the Paide Rally and Hiiumaa Rahvaralli events. In the field of culture, the Sõru Jazz Festival is supported. As part of the Seiler development project, the parent company built a public playground and recreation area next to the Jaasoni health trail. For the second year running, the subsidiary Embach Ehitus supported the Tartu Children's Shelter and raised funds for the shelter during its 10<sup>th</sup> anniversary event and the holiday season.

### Memberships

- **Group companies are members of the following organisations:**
  - Estonian Chamber of Commerce and Industry
  - Estonian Association of Construction Entrepreneurs
  - Estonian Infra Construction Association
  - Estonian Human Resource Management Association
  - Estonian Digital Construction Cluster
- **Several employees are individual members of professional associations, such as:**
  - Estonian Association of Civil Engineers
  - Association of Estonian Surveyors
  - Estonian Mining Society
  - Estonian Society for Electrical Power Engineering
  - Estonian Society of Heating and Ventilation Engineers
  - Estonian Association of Water Supply and Wastewater Engineers
- **Nordecon's employees participate in committees, working groups and platforms, such as:**
  - Council and Qualifications Committee of the Estonian Association of Civil Engineers
  - Estonian Digital Construction Cluster

### Performance indicators

	2025	2024	2023	2022	2021
Donations and support payments made by the group (€'000)	167	164	258	204	232

## Consolidated sustainability statement

### General disclosures (ESRS 2)

#### Basis for preparation (BP-1)

The Nordecon AS group has published sustainability information since 2017. Previously, the internationally recognised Global Reporting Initiative (GRI) standards were applied. In early 2024, the group started the process of preparing the sustainability statement for 2025 in accordance with the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS).

In February 2025, the European Commission published the Omnibus package aimed at reducing the number of companies with a sustainability reporting obligation and the reporting requirements. Currently, the group is not required to produce a sustainability statement. However, it will continue to align its sustainability reporting with the requirements of the CSRD and the ESRS to ensure transparency and comparability of its sustainability performance with that of the wider market and other companies operating in the sector.

In December 2025, the European Financial Reporting Advisory Group (EFRAG) published the simplified drafts of the ESRS standards. As previous versions of ESRS standards no longer reflect the updated regulatory framework, the group's consolidated sustainability statement has been prepared on the basis of these drafts using the same scope as for the financial statements. At the end of the financial year, the simplified standards had not yet been adopted at EU level and the final versions of the standards may include changes that the group will take into account when preparing subsequent statements.

When carrying out the double materiality assessment on which the information presented in the statement is based, the group considered the material impacts, risks and opportunities associated with its own activities, as well as those associated with its upstream and downstream value chain.

## Sustainability management

### Role of management and supervisory bodies (GOV-1)

#### Management and supervisory bodies and their composition

The management and supervisory bodies of Nordecon AS are the general meeting of shareholders, the council, the audit committee and the board. Independent members account for 40% of the council. There are no representatives of paid employees or other workers on the council or the board. The council is 100% male, while the board is 66.7% male and 33.3% female.

A detailed overview of the governance structure and the roles and competencies of the board and council members is presented in the 'Governance' and 'Corporate governance report' chapters of the directors' report. The diversity indicators of the board are presented in the 'Own workforce' chapter of the sustainability statement.

#### Supervision, responsibility for managing sustainability topics and governance structure

The role of the board of the group's parent company is to initiate, lead and ensure the addressing of sustainability topics in line with the group's vision, mission, values, objectives and policies. Sustainability topics are integrated in the management of the group's operating activities and treated as part of ordinary management activities. The management of sustainability topics is supported by the group's management system, which is based on the requirements of international quality, environmental, and occupational health and safety management standards (ISO 9001, ISO 14001 and ISO 45001, which are applied at all group companies except Tariston AS). The board takes sustainability considerations into account when making strategic decisions and, where possible, when approving major projects and investments. At group level, management of the sustainability strategy and topics is coordinated by the chairman of the board of Nordecon AS. Area-specific management has been delegated to the managers of the subsidiaries and respective departments or their designated contact persons.

Risks relating to sustainability are managed in an integrated way within the group's overall risk management framework and they are not treated as a separate risk class. The group's main risks are described in the 'Description of the main risks' chapter of this annual report, which covers sustainability risks such as environmental, corruption and ethics, and employee and working environment risks. In 2025, a number of internal documents were updated to ensure better alignment of risk and impact assessments with the group's governance system.

The board is responsible for managing the strategically important impacts, risks and opportunities associated with sustainability. To maintain and enhance their expertise, board members attend relevant training courses, seminars and conferences. The board regularly receives input from internal experts and also works with external partners to resolve more complex issues. For example, external partners were involved in the double materiality assessment process, the preceding training and advising on the calculation of the greenhouse gas (GHG) footprint.

The activities of the board and the management of the company are overseen by the council. The council reviews the annual report, which also includes sustainability information, and decides on its submission for approval by the annual general meeting of shareholders. The council also approves the group’s sustainability strategy, which is part of the overall strategy, and supports the established principles, policies and management systems. The council usually meets once a quarter.

The group has set up a steering group consisting of the chairman of the board of the parent company and representatives from key areas to coordinate sustainability-related activities and ensure effective information exchange. The steering group meets regularly, on average once or twice a month.

### Setting targets and monitoring

In line with its management system, the group has established an internal reporting system that enables the board to continuously manage and monitor not only the key performance indicators relating to business but also metrics relating to sustainability topics. The monitoring of significant topics is supported by regular data collection from group companies, the frequency of which depends on the area (quarterly, biannually or annually).

Nordecon’s management analyses the implementation of the strategy at quarterly quality meetings and during the its annual review of the management system. The purpose of the meetings is to determine whether the management system is functioning, analyse results, and ensure the system’s continued effectiveness and alignment with the group’s strategy. This includes assessing the risks, opportunities for improvement and the need for changes to guiding principles or goals and targets.

## Integration of sustainability-related performance in incentive schemes (GOV-2)

The remuneration policy for board members does not include separate sustainability-linked incentives. Further details of the remuneration policy can be found in the ‘Remuneration report’ chapter of the directors’ report.

## Statement on due diligence (GOV-3)

Due diligence refers to the processes by which organisations identify and manage the actual and potential negative social and environmental impacts associated with their business. The group conducts its due diligence process with regard to people and the environment primarily through its management system. The main elements and stages of the due diligence process are summarised in the table below.

Core elements of due diligence	Chapters in the sustainability statement
Embedding due diligence in governance, strategy and business model	GOV-1, SBM-1, GDR-P
Engaging with affected stakeholders	SBM-2, IRO-1, S1-2, S4-2, G1-2
Identifying and assessing negative impacts on people and the environment	IRO-1, IRO-2
Taking action to address negative impacts on people and the environment	GDR-P and the policies and actions described in chapters on the topic
Tracking the effectiveness of these efforts	GOV-1 and the targets and metrics outlined in chapters on the topic

## Risk management and internal controls over sustainability reporting (GOV-4)

The risk management and controls for sustainability reporting are similar to those for financial reporting. In order to ensure the reliability of the information provided, the four-eyes principle is applied to verify the data. Coordinating data collection across the group is the responsibility of the sustainability specialist, who is supported by employees of the finance, human resource and quality departments in data collection and verification. Reporting risks and findings are discussed at meetings of the sustainability steering group, with other specialists involved if necessary.

The main risks to sustainability reporting relate to the availability, quality and reliability of data, including the lack of data required to comply with new ESRS data points and the risk of errors arising from manual data entry.

The information included in the group's sustainability statement is predominantly based on data that has been regularly collected since 2017 in line with GRI reporting requirements. However, the transition to ESRS-based reporting has highlighted a number of shortcomings in the availability and accessibility of new data to be collected, which are being addressed. In 2025, the group updated its standardised data collection forms for subsidiaries, provided training, and prepared instructions for finance and quality department employees to ensure a common understanding of the required data.

The group is constantly looking for ways to automate reporting processes. At the beginning of this year, group companies in Estonia implemented a common system for calculating GHG emissions. Source data is entered into the system, and the system then performs the calculations automatically. The solution provides a link to the underlying source documents, enabling verification of the data and reducing the need for manual work.

## Strategy

### Strategy, business model and value chain (SBM-1)

#### Business model

Group companies provide general contracting and project management services in the construction of buildings and infrastructure, and are also involved in real estate development, road maintenance, the rental of heavy construction equipment, the production of asphalt mixes and resource extraction. The group's strengths include extensive experience in managing large-scale and technically complex construction projects, high construction quality and professionalism. The strengths are underpinned by systematic management, innovative solutions and highly competent engineers. The group stands out from its competitors due to its strong digital construction competencies and high level of business process automation. Occupational safety is prioritised at every stage of the construction process. In addition to Estonia, group companies operate in Ukraine and Sweden.

Further details of the group's activities, strategy and business model can be found in the 'Nordecon group at a glance', 'Group strategic agenda and targets for 2023–2027' and 'Business and financial review' sections of the annual report.

#### Sustainability challenges and context

The construction and real estate sector has a significant impact on the environment and society. Globally, the construction and use of buildings cause a significant amount of GHG emissions, with the extraction of raw materials, the production of building materials, transport and subsequent energy consumption contributing considerably more than construction activities alone. Construction activities can have a number of environmental impacts, including large-scale resource use, waste generation, water, soil or air pollution, noise and dust. The construction sector also has an important social impact, as it provides a large number of jobs. At the same time, the working environment on construction sites is associated with a higher than average risk of work-related accidents. While the surrounding community may experience temporary disturbances during the construction process, completed buildings support local development and increase community well-being.

### Role of the group and the development of impacts in the value chain

Successful delivery of construction services and projects, and effective management of sector-specific sustainability challenges require close collaboration between numerous parties, including customers, architects, designers, subcontractors, and suppliers of materials and products. The uniqueness of each construction project limits the group’s ability to manage sustainability matters uniformly across project categories. Much of the environmental and social impact of a project is determined by decisions made by customers in the planning stage, such as architectural and technical choices and the procurement model. These choices influence factors such as the location of the site, the materials and technologies used, the energy solutions and the schedule. Group companies are usually involved at a later stage in the process. Decisions made during the construction stage have a significantly smaller impact on the sustainability matters of a project than those made during the design and planning stages.

The group can offer its customers resource-efficient, low-carbon and innovative engineering solutions, thereby making a positive contribution to sustainability. Better thought-out projects make it possible to optimise material consumption, subsequent waste generation and costs. Implementing such solutions requires the builder to be involved in the planning stage from the outset, and also depends on customers’ objectives, needs and willingness to use and finance these options.

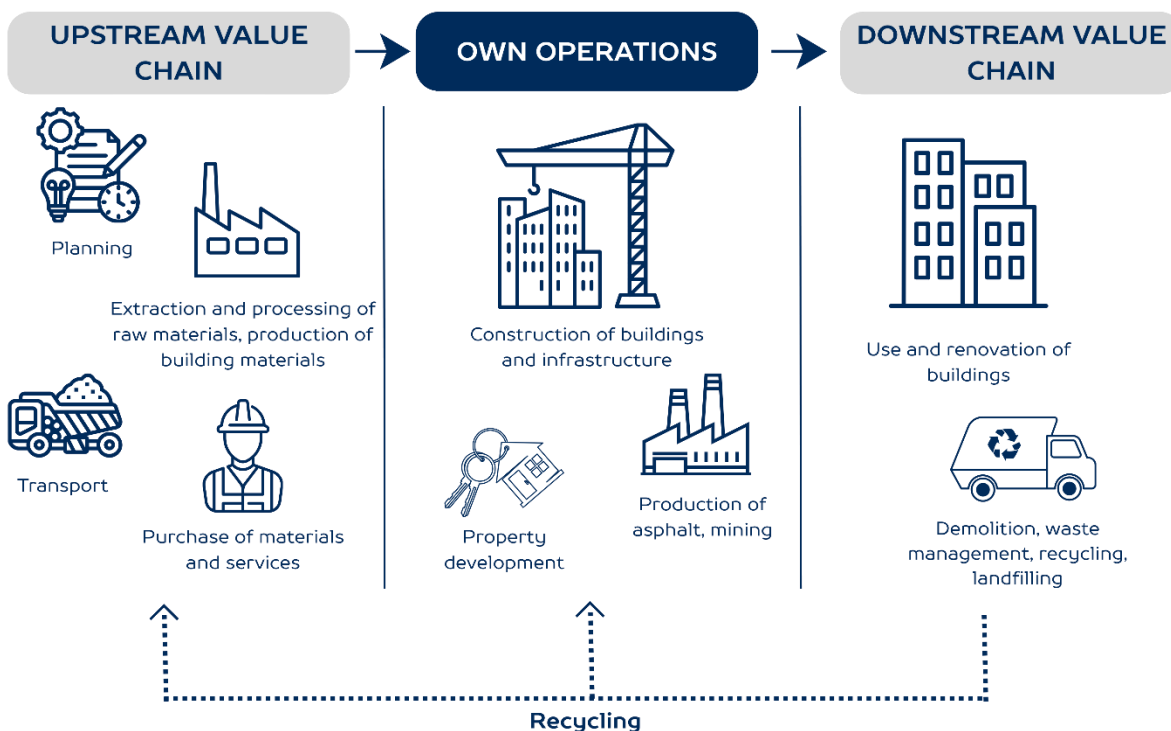
### Sustainability strategy

In 2025, the group approved a sustainability strategy, which is part of its business strategy and aims to address economic, social and environmental challenges in the regions where the group operates, strengthen its competitiveness and ensure its long-term sustainability.

The group’s sustainability strategy is based on a double materiality assessment carried out in 2024 in accordance with ESRS standards. The assessment identified eight focus areas by evaluating the impacts, risks and opportunities across the group’s value chain (see the table below). The group has set metrics and targets in each of these areas, which are explained in more detail in the relevant chapters. To ensure the focus areas remain up to date, the group continuously monitors EU and national sustainability-related developments and targets, adapting its approach as requirements and market expectations evolve.

<b>GOVERNANCE</b>	<b>1. Responsible governance</b>
	<b>2. Innovation and technological solutions</b>
<b>SOCIAL RESPONSIBILITY</b>	<b>3. Employees and working environment</b>
	3.1. Occupational health and safety
	3.2. Working conditions
	3.3. Training and development opportunities
	3.4. Diversity and equal opportunities
<b>NATURAL ENVIRONMENT</b>	<b>4. Quality customer experience</b>
	<b>5. Social contribution and support activities</b>
	<b>6. Reduction of climate impact</b>
	<b>7. Resource use and circular economy</b>
	<b>8. Environmental protection</b>

A general description of the group’s value chain



The group’s upstream and downstream value chains include an extensive network of partners. Suppliers of building materials and products in the upstream value chain are characterised by complex international supply chains, which begin with the extraction of raw materials and cover production and transport to construction sites. The group employs a large number of subcontractors on its construction sites, including both large companies and small local businesses. Most of the group’s direct business partners are located in Estonia and neighbouring countries and the group has established long-term, reliable business relationships with them.

Group companies’ main role in the value chain is to manage and execute processes for constructing buildings and infrastructure assets. They are also engaged in extracting construction materials and producing and installing asphalt mixes. Internal functions and support services, including procurement, budgeting, purchasing, quality management, IT, legal services, human resources, marketing and financial management, support the core business. The customer is mostly responsible for the planning that precedes construction, including design, except in the case of the group’s own real estate development projects.

In the downstream value chain, completed buildings are handed over to customers for use and management. Generally, the group does not play a role in the use of buildings or infrastructure assets, except in the case of road maintenance contracts, warranty work or maintenance obligations during the warranty period. At the end of a building’s life cycle, the group may coordinate its demolition and recycle the resulting materials and waste where possible.

The group’s double materiality analysis took into account that activities at each stage of the value chain can have an impact on both the environment and people.

## Interests and views of stakeholders (SBM-2)

The value and success of the group’s activities depends, among other things, on its cooperation with key stakeholders. When setting its sustainability objectives and planning its actions, the group mainly considers the stakeholders most affected by its activities, as well as those with the greatest impact on its operations. Understanding the views and expectations of key stakeholders provides valuable input for managers’ day-to-day business decisions.

The following overview summarises the expectations of key stakeholder groups, as obtained through previous communication, and meetings, surveys, and discussions of sustainability matters during the double materiality assessment process. The expectations were taken into account when preparing the group’s sustainability strategy.

Information on stakeholder engagement and the role of stakeholders in the group’s double materiality assessment and decision-making processes is provided in the IRO-1 chapter and the chapters on relevant topics.

Stakeholder group	Communication channels	Stakeholder expectations
<p><b>Financiers</b></p> <p>Owners, investors, banks</p>	<ul style="list-style-type: none"> <li>• General meeting of shareholders</li> <li>• Council meeting</li> <li>• Stock exchange communication</li> <li>• Website</li> <li>• Regular direct communication</li> </ul>	<ul style="list-style-type: none"> <li>• Profitability and stable growth of the group</li> <li>• Good reputation and ethical conduct</li> <li>• Legal and regulatory compliance</li> <li>• Innovation and use of digital solutions</li> <li>• Systemic approach to sustainability: human rights, labour law, climate, environment, business ethics</li> </ul>
<p><b>Employees</b></p> <p>Present and future employees</p>	<ul style="list-style-type: none"> <li>• Internal communication (intranet, mailing lists, info sessions, team events)</li> <li>• Annual performance reviews and other 1:1 meetings</li> <li>• Satisfaction survey</li> <li>• Regular direct communication</li> <li>• Training and development programmes</li> <li>• Recruitment process</li> <li>• Public information on labour market trends</li> <li>• Thematic surveys and other forms of engagement (working groups, calls for ideas)</li> </ul>	<ul style="list-style-type: none"> <li>• Competitive pay and motivation system</li> <li>• Employee engagement</li> <li>• Development opportunities and recognition</li> <li>• Good employer reputation</li> <li>• Flexible working conditions</li> </ul>
<p><b>Customers</b></p> <p>Private sector customers and public sector counterparties</p>	<ul style="list-style-type: none"> <li>• Regular cooperation and direct communication</li> <li>• Customer satisfaction survey</li> <li>• Thematic surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to agreements and deadlines</li> <li>• Transparent communication and cooperation</li> <li>• Competitive and fair pricing</li> <li>• High occupational safety standards</li> <li>• Innovative solutions and recommendation of best practices</li> </ul>
<p><b>Subcontractors and suppliers</b></p> <p>Construction companies, material producers, etc.</p>	<ul style="list-style-type: none"> <li>• Regular cooperation and direct communication</li> <li>• Thematic surveys</li> <li>• Qualification and assessment process</li> </ul>	<ul style="list-style-type: none"> <li>• Timely fulfilment of obligations</li> <li>• Professional communication and mutual respect</li> </ul>
<p><b>Society</b></p> <p>Legislators, regulators, local authorities, local residents, schools, NGOs, professional associations</p>	<ul style="list-style-type: none"> <li>• Website and social media channels</li> <li>• Media</li> <li>• Community engagement meetings</li> <li>• Communication through professional associations, societies and workshops</li> <li>• Special events</li> <li>• Sponsorship, cooperation and support projects</li> <li>• Public studies</li> </ul>	<ul style="list-style-type: none"> <li>• Lawful and ethical conduct</li> <li>• Open and transparent communication</li> <li>• Considering the needs of local communities</li> <li>• Environmentally friendly and sustainable operations</li> <li>• Contribution to society – education, local development, sponsorship, cooperation with communities</li> </ul>

## Processes to identify and assess material impacts, risks and opportunities (IRO-1)

In 2024, the group conducted a double materiality assessment in accordance with ESRS 1 to identify and assess sustainability-related impacts, risks and opportunities, and determine key environmental, social and governance topics relevant to its activities. The assessment covered all group companies and the main stages of the value chain. In late 2025, the assessment of positive impacts was updated in light of the changed regulatory framework.

### Methodology

The group identified and assessed material impacts, risks and opportunities based on the topics and subtopics outlined in the ESRS. In addition, the group assessed company-specific issues not addressed by the ESRS that were relevant to its own operations. A topic or subtopic was considered material if it met the criteria for impact and/or financial materiality.

Impacts, risks, and opportunities were assessed using predefined assessment scales and thresholds established by the sustainability working group. Impacts, risks and opportunities were assessed on a 5-point scale, and the likelihood of impacts materialising was assessed in percentage terms. Agreed thresholds were applied to determine materiality, and quantitative ranges were used to assess financial impacts. A time horizon was defined for each of the identified impacts, risks and opportunities: short-term (up to 1 year), medium-term (2–5 years) or long-term (over 5 years).

The assessment of positive impacts took into account the scale and scope of actual impacts, as well as the likelihood of potential impacts materialising. For negative impacts, the scale, scope and irremediable character of actual impacts, as well as the likelihood of potential impacts materialising were assessed. Financial impacts were assessed on the basis of the likelihood of their occurrence and the materiality of their impact on the group's operations.

The identification and assessment of material sustainability topics was carried out in stages.

#### 1. Mapping the value chain and primary sustainability matters

In the first stage of the assessment process, the group's business lines were analysed and the main actors in the value chain were mapped in order to obtain a comprehensive understanding of the sources of potential impacts, risks and opportunities.

The group's business operations and value chain were described using internal management system documents, interviews with key employees and publicly available sector analyses and studies. To clarify the geographical scope of the value chain and the main dependencies, additional information on the origin of the most commonly used raw materials was requested from selected suppliers.

Potential sustainability-related impacts, risks and opportunities (sustainability matters) were identified based on previously collected background information. Indirect stakeholder engagement was used to gather further input, including information from materials published by key customers, financiers and suppliers, international sector standards and the sustainability statements of European construction companies. Based on these inputs, a preliminary list of potential sustainability matters was compiled in line with the topics and subtopics listed in ESRS 1.

#### 2. Assessment of impacts, risks and opportunities

Potentially material sustainability matters were assessed in stages through workshops involving members of the sustainability steering group, in-house specialists and an external expert to ensure that the assessment process complied with the ESRS. The aim was to review the initial list of sustainability matters, make a preliminary evaluation and exclude immaterial topics. To clarify the results, internal and external experts were consulted, particularly regarding value chain impacts and environmental issues. This led to some matters being included that had not been considered in previous discussions.

More detailed double materiality assessment workshops were held in the next stage, with internal specialists attending according to the environmental, social or governance topic addressed.

#### 3. Validation of results

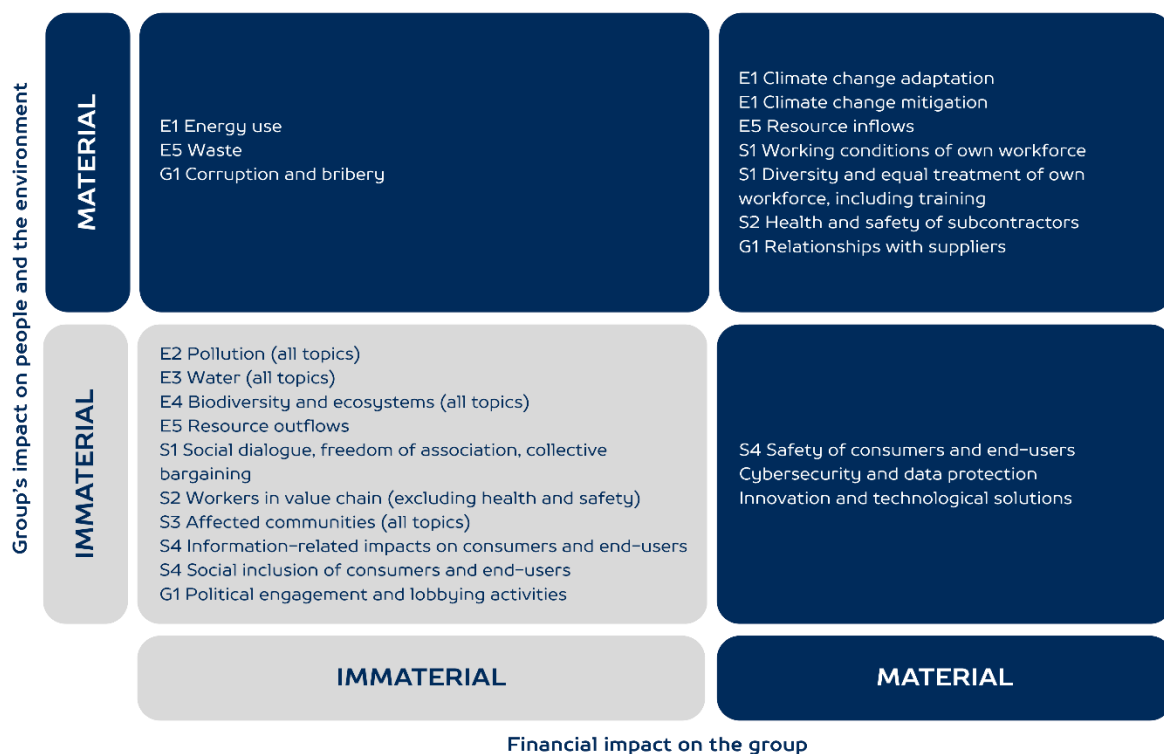
The results of the assessment process were reviewed in a group-wide workshop involving company managers, sectoral experts and an external expert. The goal was to provide a comprehensive overview of the assessment process and approve the results.

The group’s material impacts, risks and opportunities were then validated with the main partners in the value chain. A list of the group’s material topics was shared with key customers, who were asked to provide their feedback by answering open-ended questions. The group’s key suppliers and subcontractors were engaged via the ESGRID assessment platform, where their current sustainability status was mapped and feedback on the materiality assessment results was collected. A more detailed overview of supplier engagement is provided in the ‘Business conduct’ chapter. Employee input was collected via the annual satisfaction survey, in which they were asked to specify the sustainability topics they considered most important for the group. The list of material topics did not change as a result of stakeholder engagement.

The assessment process identified 60 material sustainability matters, including two company-specific topics not covered by the ESRS. The group revised its previous assessments of positive impacts in line with the definition specified in the drafts of the simplified ESRS published at the end of 2025. Consequently, the final list was reduced to 36 material sustainability matters.

## Overview of material impacts, risks and opportunities (IRO-2)

A general overview of the results of the double materiality assessment is presented in the figure below. It shows the location of material topics on the impact and financial materiality axes.



The material impacts, risks and opportunities related to the group’s own operations are predominantly social in nature and primarily concern its own workforce. Material topics include creating competitive working conditions, improving employee well-being and providing training and development opportunities. Other sustainability matters material to the group’s operations include consistent innovation and implementation of technological solutions, maintaining a high level of cyber security and ensuring responsible and ethical business conduct.

Providing a safe and secure working environment is of paramount importance to the group’s employees and partners working on construction sites. This is also essential for ensuring that buildings are of a high quality and safe for customers and users.

Material environmental impacts mainly originate from the group’s upstream and downstream value chain and relate to the production of building materials and the subsequent use of buildings and infrastructure. Although the group’s

possibilities to manage these impacts are limited, it also assessed GHG emissions and matters related to resource use, the circular economy and waste as material for its own operations.

The following topics were assessed as immaterial to the group's operations: Pollution (E2), Water (E3), Biodiversity and ecosystems (E4) and Affected communities (S3). Regardless of the results of the materiality assessment, the group monitors compliance with environmental requirements for all its activities and implements preventive and sustainable behaviour and appropriate measures for all topics assessed as immaterial. While the group does not have any sites in or near biodiversity-sensitive areas, disturbing nature as little as possible is an important part of its operating policy. The number of environmental notices is used as a metric for assessing environmental impacts and monitoring compliance. With regard to affected communities, the group monitors the number of complaints received from local residents about its construction activities and takes appropriate action as necessary.

The material impacts, risks and opportunities identified in the double materiality assessment form the basis for the eight focus areas set out in the sustainability strategy described in the 'Strategy, business model and value chain' chapter. Further information on material sustainability matters and related objectives, performance indicators and activities can be found in the topic-specific chapters.

A list of the disclosure requirements met in the preparation of this sustainability statement and the disclosures arising from other legislation is presented in a note to the sustainability statement.

## Sustainability management policies (GDR-P)

The group's sustainability policies and priorities, which guide the management of material sustainability impacts, risks and opportunities, are set out in interrelated group-wide guidance documents. The policies described in these documents cover all relevant sustainability matters.

The group does not have separate, topic-specific policies. Instead, it manages material sustainability matters in an integrated way through its governance system and guidance documents. These documents are reviewed and updated annually, if necessary, and published on the parent company's website. Each group company may have its own adapted set of guiding principles, which can be found on its website.

The group's **sustainability strategy** covers all material environmental, social and governance focus topics and targets that are relevant to the group. It provides a comprehensive and uniform approach for group companies to manage material sustainability impacts, risks and opportunities. The group's sustainability priorities are aligned with the UN Sustainable Development Goals.

The group's **code of business ethics** reflects the values of its companies, setting out the main principles of ethical business conduct, workplace behaviour, and environmental and social responsibility. It provides practical guidance to help managers and employees make the right decisions, thereby reinforcing the group's culture. Compliance with the code is mandatory for all managers and employees of group companies. Business partners are also expected to adhere to these principles.

**Quality, environmental and work environment principles** support the integrated management system, ensuring that all work undertaken by the group is completed as agreed with the customer, in accordance with applicable requirements, and in a reliable, professional, environmentally sustainable and safe manner. This approach ensures the satisfaction of customers, employees, owners and other stakeholders. The **management system** also aims to minimise non-conformities and complaints, while ensuring compliance with due diligence and precautionary principles. This includes preventing material negative impacts on the environment, people and the economy resulting from the group's activities.

## Environmental information

Topic	Category	Description of impact, risk or opportunity	Origin in value chain	Time horizon*
<b>Climate change E1</b>				
Climate change adaptation	Opportunity	The need to adapt to and mitigate climate change is increasing demand for resilient and energy-efficient building solutions. The group's expertise in this area creates new business opportunities.	Own operations and downstream value chain	Long-term
Climate change mitigation	Actual negative impact	The extraction, production and supply of building materials, as well as the energy consumption of buildings and infrastructure, result in GHG emissions that have a negative impact on the climate.	Upstream and downstream value chain	Ongoing
Climate change mitigation	Actual negative impact	GHG emissions from the group's operations have a negative impact on the climate.	Own operations	Ongoing
Climate change mitigation	Risk	Transitioning to climate neutrality requires replacing carbon-intensive technologies, which could result in accelerated asset depreciation and the need for additional investment.	All stages	Long-term
Climate change mitigation	Opportunity	The introduction of lower-carbon technologies and the promotion of sustainable solutions could create new business opportunities for the group.	All stages	Medium-term
Energy	Actual negative impact	Energy consumption relating to the extraction, production and supply of building materials, as well as the use of buildings and infrastructure, has a negative impact on the climate.	Upstream and downstream value chain	Ongoing
Energy	Actual negative impact	Energy consumption relating to the group's operations has a negative impact on the climate.	Own operations	Ongoing
<b>Resource use and circular economy E5</b>				
Resource use	Actual positive impact	Innovative solutions, material recycling and the use of secondary materials reduce the need for the extraction of primary raw materials and help reduce GHG emissions.	All stages	Ongoing
Resource use	Actual negative impact	High resource consumption and low recycling rates in the construction sector have a negative environmental impact.	All stages	Ongoing
Resource use	Risk	Rapid growth in demand for sustainable building materials could exceed supply, which would increase supply chain risks and affect costs, quality and construction schedules.	Upstream value chain	Medium-term
Resource use	Opportunity	Increasing the use of materials that support the circular economy can have reputational benefits and reduce costs.	Own operations	Medium-term
Waste	Actual negative impact	The construction sector is one of the biggest generators of waste, but a significant proportion of this waste is not accepted for recycling.	All stages	Ongoing

\* Time horizons: short-term: up to 1 year, medium-term: 2–5 years, long-term: 5+ years, ongoing: ongoing activity.

## Climate change (E1)

The impact of anthropogenic GHG emissions on climate change is one of the most important environmental issues globally. Across different economic sectors, the construction and real estate sector plays a significant role, accounting for an estimated 37–40% of global CO<sub>2</sub> emissions. The European Green Deal and Estonia's goal to achieve a climate-neutral economy by 2050 mean that companies in the construction sector, including the Nordecon group, are expected to assess and manage the climate impacts, risks and opportunities arising from their operations and value chain.

### Climate risks and resilience (E1-2, E1-3)

The climate risks associated with the group's activities that can affect its operations, assets and sites were assessed during the double materiality assessment. The assessment was based on the optional list of chronic and acute risks provided in the EU Taxonomy Climate Delegated Act, and involved analysing Estonia's climate scenarios up to the year 2100, as well as examining publicly available risk maps.

The group's assets and offices are located in areas where physical climate risks caused by floods, storms, fires and other extreme weather events are unlikely to occur, and where the potential financial impact would be minimal. To mitigate the risks associated with unexpected events relating to construction projects, the group takes out contractors' all risks insurance. Depending on the nature of the project, either project-specific or general framework contracts are used. It was also determined that demand for climate-resilient and energy-efficient buildings and infrastructure could increase, which could positively impact the group's business volumes.

Transition risks were mapped and assessed based on examples of transition events described in the Task Force on Climate-related Financial Disclosures (TCFD) framework, political trends, regulatory developments affecting the group and customer expectations.

The double materiality assessment revealed that the group could face a material transition risk from the gradual phase-out of carbon-intensive technologies and the transition to lower-emission solutions, which could increase its investment needs. However, these investments could also strengthen the group's competitiveness and contribute to business growth.

According to the group's assessment, climate risks will not have any significant negative impact on its business model in the short, medium or long term, nor will they cast doubt on the sustainability of its business operations.

### Transition plan for climate change mitigation (E1-1)

The group has not yet adopted a formal transition plan to mitigate the effects of climate change. Group-wide data collection for the measurement of GHG emissions in Scopes 1 and 2 began in 2025. This data will provide a reliable basis for preparing a future action plan.

### Targets and policies related to climate change mitigation and adaptation (E1-4, E1-6)

The group's strategic goal in mitigating climate change is to reduce GHG emissions from its operations and to align its activities with Estonia's and the European Union's long-term goal of achieving climate neutrality by 2050. The group's policy of using electricity generated from renewable energy sources and consistently implementing environmentally sound practices is key to achieving this objective.

The group's policies on climate change mitigation and adaptation are described in more detail in the guidance documents. An overview of these documents can be found in the 'Sustainability management policies' chapter.

## Actions related to climate change mitigation and adaptation (E1-5)

The group is taking various measures to mitigate climate change and reduce GHG emissions from its operations. It manages the environmental impact of its activities using an environmental management system that complies with ISO 14001. An environmental plan is prepared for each construction site. Implementation of the plan is monitored and the plan is updated regularly. The plan details the potential environmental risks of the site and the measures to address them. Before work begins, relevant employees and business partners are briefed on the main aspects of the site, including the risk mitigation measures to be taken.

The group has signed a cooperation agreement with Eesti Energia for the period 2022–2030, enabling all its companies to use green electricity. The agreement primarily covers the energy consumption of the group’s offices, including those on construction sites. The transition to green energy is expected to prevent over 10,000 tonnes of carbon emissions during the eight-year contract period.

Improving the energy efficiency of vehicles, machinery, equipment and construction processes is key to reducing the group’s GHG emissions. The group is constantly upgrading its vehicle fleet, replacing older models with more economical and environmentally friendly heavy-duty and hybrid vehicles. It is also testing greener solutions for heating buildings and controlling humidity during construction with the aim of reducing reliance on fossil fuels for temporary heating. Buildings under construction are connected to the district heating network as early as possible.

In asphalt production, various methods are employed to minimise the carbon footprint of the finished product. For example, asphalt mixes are produced using recycled asphalt alongside other materials. According to Estonian regulations, up to 30% of the mix can be made up of recycled asphalt. Bitumen substitutes made from recycled plastic waste or lignin from wood refining can also be used in collaboration with customers. Both have great potential to reduce the environmental impact of road construction.

The group raises environmental awareness and promotes environmentally friendly behaviour. For instance, employees are given advice on sustainable driving practices and working techniques, both on construction sites and in offices. They are also provided with general environmental information and appeals. The group invests in employee training to ensure the team can advise customers interested in making more sustainable choices. The parent company is updating its green code of conduct, which is expected to be presented to employees in 2026.

### Environmentally sustainable buildings

2025

Number of buildings with sustainability certificates delivered to customers during the year

2

\* LEED, BREEAM or other equivalent certificate

### Examples from the year 2025

**Calculation of group-wide GHG emissions.** To monitor and manage climate-related targets, a group-wide calculation of GHG emissions in Scopes 1 and 2 was initiated in 2025. For this purpose, an automated data collection system was developed for the group’s Estonian companies, which links the data to underlying documents and facilitates data follow-up.

**Energy-efficient technical solutions at Loodusmaja (Nature Hub).** During the design and construction of the Nature Hub, the group collaborated with TalTech to propose a more energy-efficient air intake system for the ventilation units than had originally been planned. In addition, the sewage systems were also made more environmentally sustainable by designing them to be more self-flowing. It was decided together with the customer to use the residual heat from the underground electrical transformers to heat the car park. The cooling load was also reduced by implementing additional sun shading solutions, focusing on areas where people are present rather than cooling empty airspace in the atrium. These solutions will significantly reduce energy consumption and the resulting GHG emissions over the life of the building.

**A more environmentally sustainable temporary heating solution at Tiskre School.** A more efficient and sustainable temporary heating solution was implemented at the construction site of the Tiskre School, providing a modern alternative to conventional diesel heaters. Based on a closed-loop water system, the solution distributes heat more evenly across the construction area, enabling better control and more efficient heating, as well as cleaner air. The solution reduces fuel consumption and the resulting GHG emissions.

**Ahtri 6 obtained a LEED Platinum Certificate.** During the construction process, the certification target was changed in consultation with the customer, resulting in the Ahtri 6 building obtaining LEED Platinum certification instead of the originally planned LEED Gold. Thanks to the more ambitious target, the building was constructed using materials that meet higher environmental standards, as well as more resource- and energy-efficient solutions.

**Changing the heating solution of Pärnasalu quarter.** The preliminary design of the Pärnasalu residential quarter, developed by the subsidiary Embach Ehitus, included a geothermal heating solution for the buildings. However, an additional investment was made during the project, resulting in the installation of a district heating line. While this increased the initial investment, it enabled a more cost-effective and environmentally sustainable heating solution to be chosen for the life of the project. District heating reduces the energy costs and maintenance needs of the buildings and is more convenient for users.

## Gross Scopes 1, 2, and 3 GHG emissions (E1-8)

The group's GHG emissions were calculated according to the international GHG Protocol Corporate Standard. The calculations were based on accounting documents and emission coefficients obtained primarily from the GHG footprint assessment model provided by the Estonian Ministry of Climate, the UK GHG calculation model and relevant electricity (AIB) and heat producer databases.

Scopes 1 and 2 cover all direct emissions from sources owned or controlled by the group, as well as indirect emissions resulting from the consumption of purchased electricity and heat. These are determined by applying the principles of financial and operational control. As 2025 was the base year for calculating group-wide GHG emissions, an external consulting firm was brought in to categorise scopes, select emission coefficients and ensure the accuracy of the calculation process.

Scope 1 covers direct emissions from fuel consumed by machinery, equipment and cars used in the group's construction processes, as well as fuel used in asphalt concrete plants for producing asphalt concrete. Scope 2 covers indirect emissions from electricity, heating and cooling purchased for offices and construction sites owned or leased by the group. Scope 2 emissions are calculated using both location- and market-based methods. Where the group has a direct contract with an electricity supplier for the offices and construction sites, electricity from renewable energy sources is used. Where the electricity connection is provided by the site owner and the choice of supplier is beyond the group's control, the electricity used may not be renewable, in which case corresponding emissions were calculated using relevant emission coefficients.

Scope 3 covers indirect emissions resulting from the group's activities, products and services that originate in the value chain and do not fall under Scopes 1 and 2. Scope 3 consists of 15 categories. In 2025, the group did not calculate Scope 3 emissions because the availability of appropriate data was limited. However, the group has started preparing the assessment process for Scope 3, working with consultants and internal experts to identify relevant categories for future calculations. Material categories are presented in the table below.

<b>Gross Scopes 1–3 emissions</b>	<b>2025</b>
<b>Scope 1 GHG emissions</b>	
Gross Scope 1 GHG emissions (t CO <sub>2</sub> e)	9,329
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	0%
<b>Scope 2 GHG emissions</b>	
Gross location-based Scope 2 GHG emissions (t CO <sub>2</sub> e)	2,009
Gross market-based Scope 2 GHG emissions (t CO <sub>2</sub> e)	597
<b>Significant Scope 3 GHG emissions</b>	
Purchased goods and services	-
Capital goods	-
Fuel and energy-related activities not included in Scope1 or Scope 2	-
Upstream transportation and distribution	-
Waste generated in operations	-
Employee commuting	-
Processing of sold products	-
End-of-life treatment of sold products	-
<b>Total location-based GHG emissions (t CO<sub>2</sub>e)</b>	<b>11,338</b>
<b>Total market-based GHG emissions (t CO<sub>2</sub>e)</b>	<b>9,926</b>

The group’s Scope 1 GHG emissions totalled 9,329 t CO<sub>2</sub>e in 2025. Around 45% of this came from the various fuels used by the asphalt concrete plant, primarily shale oil. The proportion of renewable energy used to operate the asphalt concrete plant was 3%.

In terms of fuel type, the sources of the group’s Scope 1 GHG emissions were as follows: diesel 49%, shale oil 44%, petrol 6%. Biodiesel, liquefied petroleum gas (LPG) and natural gas were used to a lesser extent.

The group’s Scope 2 GHG emissions (under the market-based method) amounted to 597 t CO<sub>2</sub>e. Of this, 84% came from electricity consumption at offices and construction sites and 16% came from district heating.

## Energy consumption and mix (E1-7)

The group’s energy consumption was calculated using the same perimeter as that used for calculating its Scope 1 and 2 GHG emissions.

Energy consumption and mix	2025
Fuel consumption from coal and coal products	0
Fuel consumption from crude oil and petroleum products	19,550
Fuel consumption from natural gas	3
Fuel consumption from other fossil sources	14,065
Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources	1,236
<b>Total fossil energy consumption (MWh)</b>	<b>34,854</b>
<b>Share of fossil sources in total energy consumption (%)</b>	<b>88%</b>
<b>Total consumption from nuclear sources (MWh)</b>	<b>0</b>
<b>Share of consumption from nuclear sources in total energy consumption (%)</b>	<b>0%</b>
Fuel consumption for renewable sources	30
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources	4,504
Consumption of self-generated non-fuel renewable energy	10
<b>Total renewable energy consumption (MWh)</b>	<b>4,544</b>
<b>Share of renewable sources in total energy consumption (%)</b>	<b>12%</b>
<b>Total energy consumption (MWh)</b>	<b>39,398</b>

## Resource use and circular economy (E5)

Construction is among the most resource-intensive sectors of the economy. Approximately half of the raw materials extracted in the European Union are used to produce building materials. At the same time, a significant proportion of waste generated by construction activities is not accepted for recycling, thereby increasing the need for primary resources. The European Union’s goal is to gradually decouple economic growth from resource use and transition the economy from the current linear model, which is based on the extraction, use and disposal of raw materials, to a circular model. Applying circular economy principles, such as using secondary and recycled materials and considering material flows at the end of the lifecycle of buildings and infrastructure, is becoming increasingly important across the sector.

## Policies related to resource use and circular economy (E5-1)

The group operates in an environmentally responsible manner, complying with applicable environmental legislation. Resources are used as efficiently as possible and the principles of the circular economy are embraced.

The group’s policies on resource use and circular economy are described in more detail in the guidance documents. An overview of these documents can be found in the ‘Sustainability management policies’ chapter.

## Targets related to resource use and circular economy (E5-3)

Avoiding or reducing the amount of construction and demolition waste, reusing, recycling, and sorting waste on site are key elements of the group’s environmental activities to reduce environmental impact, save natural resources and reduce costs.

The group has set itself the goal of consistently reducing the amount of mixed construction waste and increasing the proportion of waste sorted at construction sites. In addition, the group’s strategic goal is to promote more efficient use of building materials and encourage the use of recycled materials, provided this is done in accordance with applicable quality standards and regulations.

Target	2025	Performance indicator	2025
Increasing the share of waste sorted at construction sites	20%	Share of sorted waste in total waste	42.88%

## Actions related to resource use and circular economy (E5-2)

Construction is a price-sensitive industry. Therefore, construction companies can reduce the environmental impact of resource use only if doing so is economically reasonable or required by the customer. Taking additional voluntary measures to reduce environmental impact or increase reuse of materials is challenging due to the project-based nature of the business.

The impact of resource use and waste is managed by applying an environmental management system that complies with ISO 14001 and meeting all applicable legal and regulatory requirements, including those established by local governments. Before construction begins, the significant environmental aspects and applicable requirements of each project are identified and an environmental plan is prepared, which also covers proper waste management throughout the project. Implementation of environmental plans is monitored and the plans are regularly updated.

Efforts are made to raise subcontractors’ awareness of environmental issues, including waste management on construction sites, and to influence their behaviour. All relevant sustainability issues are communicated to site workers before their work begins.

The group strives to use building materials efficiently and monitors budget overruns during construction to keep them within reasonable limits. Product dimensions are considered during the design and construction stages, and the area of the elements is utilised as much as possible to minimise material loss and waste generation. Demolition is carried out in a way that saves materials and maintains their condition for possible reuse. During the construction of buildings, surplus materials are recycled and used in temporary structures or for similar purposes. Excavated soil and stone are used as aggregates on the same or nearby sites.

In the material-intensive process of road construction, the group reuses as much of the existing subgrade as possible. Asphalt millings are reused in asphalt concrete mixes or as sub-bases for roads where appropriate. Almost half of the dust generated during asphalt production is also used in asphalt mixes. In quarries, special equipment is used to wash fine particles out of soil that would otherwise be unusable, providing additional material for road construction and reducing the need for quarry expansion. Reusing materials reduces the need for primary resource extraction, as well as lessening the carbon footprint of road construction and asphalt production.

The group advises customers on environmentally sustainable and cost-effective choices and is continuously looking for solutions to reduce material consumption and waste at the design and construction stages. This is supported by various technological solutions implemented by the group to help prevent errors and improve the efficiency of construction processes.

Group-wide waste management targets were set and presented to employees in early 2025. Uniform visual solutions have been developed to promote waste sorting at construction sites, and waste management topics are regularly discussed at meetings. The group has also started systematically collecting and analysing waste data in order to better understand waste flows and plan future actions.

## Examples from the year 2025

**A pilot project for waste sorting on construction sites.** In 2024, the parent company launched a pilot project at the construction site of the Saku basic school, aimed at testing the use of a waste sorting service. The pilot project resulted in improved recycling and cost savings. The service will continue to be used in 2025 at the construction sites of the Uusküla SPA and the Tiskre School.

**Reuse of materials at Loodusmaja (Nature Hub).** During construction, large natural stones were excavated and used to add weight to the roof of the Natural History Museum. The stones form part of the original load-bearing system, acting as counterweights to prevent the beams from sagging. The stones required for the load-bearing structure were sourced from material excavated during the earthworks. Any geologically interesting stones left over from the excavation work were placed around the grounds of the Nature Hub, as recommended by the landscape architects. Additionally, clay excavated near the sea during the earthworks was used as a covering material inside the building. The clay material helps regulate the indoor climate while reducing the energy demand of ventilation systems.

Several innovative environmentally sustainable solutions were implemented in the construction of the Nature Hub's exterior. For example, lignin was used as a substitute for bitumen in the asphalt mix for the pavement, which is estimated to have reduced CO<sub>2</sub> emissions by 1.2 tonnes. Wooden block paving was used instead of granite or concrete dice stones. Foam glass gravel, produced from recycled glass, was used as insulation for the car park ceiling and in the base layers of the soil for greenery instead of traditional gravel. This material is highly effective due to its low water absorption and light weight, enabling it to be used as a covering for load-bearing structures with larger openings.

**Upcycling of bulk materials.** During the year, the subsidiary Tariston upcycled approximately 100 thousand tonnes of bulk materials using washing and screening technology. The process results in the production of gravel and construction sand, which can be used in concrete and other construction materials. Upcycling construction materials reduces the need for the extraction of natural resources.

**Preservation of the natural environment around Uusküla SPA.** The construction activities were designed to be highly sustainable, with the aim of preserving as many existing trees as possible. In line with the design plan, soil excavated during construction was stored and later used to create planting areas around the buildings. The moss on the site was also removed and replanted to restore the original forest floor vegetation.

## Resource inflows (E5-4)

The types and quantities of materials required for a construction project are usually specified in the design documentation. However, the volumes and types of materials required for construction operations can vary significantly from year to year, depending on the order book and the stage of completion of the buildings or infrastructure assets.

Group companies mainly use concrete, aggregates (crushed stone and sand), steel and bitumen-based asphalt mixes. Significant amounts of reinforced concrete elements, glass façade solutions and opening closures (doors and windows) are also used.

The group does not keep records of the quantities of construction materials used during the reporting period that would satisfy sustainability reporting requirements.

## Resource outflows (E5-5)

Similar to the types and volumes of materials used in construction, the types and volumes of waste produced vary considerably from year to year depending on the nature and scale of the projects carried out.

The group's activities primarily generate mixed construction and demolition waste, as well as stone, soil, concrete, and mineral waste. Smaller quantities of wood, metal, paper, plastic, mixed municipal waste and various types of packaging are also generated. Waste that cannot be recycled is handed over to waste management companies. Hazardous waste and contaminated soil are handed over to treatment companies that hold the necessary environmental permits.

During the reporting period, the largest categories of waste were mixed construction waste (57%), concrete waste (11%), wood waste (11%), concrete, brick, tile and ceramic product mixes (9%) and stone and soil (5%).

Data on waste quantities for the reporting period was collected from waste reports provided by waste management partners.

<b>Waste</b>	<b>2025</b>
<b>Waste diverted from disposal, t</b>	
<b>Hazardous waste</b>	
Preparation for reuse	0
Recycling	0
Other recovery operations	8.19
<b>Total hazardous waste diverted from disposal</b>	<b>8.19</b>
<b>Non-hazardous waste</b>	
Preparation for reuse	11.01
Recycling	187.55
Other recovery operations	532.14
<b>Total non-hazardous waste diverted from disposal</b>	<b>730.70</b>
<b>Total waste diverted from disposal</b>	<b>738.89</b>
<b>Waste directed to disposal, t</b>	
<b>Hazardous waste</b>	
Incineration	0
Landfill	5.57
Other disposal operations	0
<b>Total hazardous waste directed to disposal</b>	<b>5.57</b>
<b>Non-hazardous waste</b>	
Incineration	0
Landfill	26.15
Other disposal operations	0
<b>Total non-hazardous waste directed to disposal</b>	<b>26.15</b>
<b>Total waste directed to disposal</b>	<b>31.72</b>
<b>Generated waste for which the final destination is unknown</b>	<b>1,574.93</b>
<b>Total generated waste, t</b>	<b>2,345.54</b>
<b>Share of waste sorted at construction sites, %</b>	<b>42.88</b>

## Social information

Topic	Category	Description of impact, risk or opportunity	Origin in value chain	Time horizon*
<b>Own workforce S1</b>				
Working conditions	Actual positive impact	The group implements a flexible approach to work organisation and consistently promotes employee well-being by supporting a healthy work-life balance.	Own operations	Ongoing
Working conditions	Actual positive impact	The group's competitive remuneration package and benefits motivate employees.	Own operations	Ongoing
Working conditions	Actual negative impact	Potential increases in workloads due to the cyclical nature of construction activities can negatively impact employee well-being.	Own operations	Ongoing
Working conditions	Opportunity	The group can increase employee engagement and its attractiveness as an employer by offering competitive working conditions, including pay and support for work-life balance.	Own operations	Medium-term
Working conditions	Risk	Staff turnover and recruitment costs may increase if employees are dissatisfied with working conditions or work organisation.	Own operations	Ongoing
Working conditions	Risk	Work-related accidents involving our own workforce on construction sites can lead to work stoppages, additional costs and reputational damage.	Own operations	Ongoing
Working conditions	Potential negative impact	Construction sites are at a higher risk of work-related accidents, which can negatively impact employee health and well-being.	Own operations	Ongoing
Equal treatment and opportunities for all	Actual positive impact	The group offers its employees excellent opportunities for professional development and self-fulfilment, taking into account their individual needs.	Own operations	Ongoing
Equal treatment and opportunities for all	Actual positive impact	The group actively invests in developing its talent pipeline by offering paid traineeships and internships.	Own operations	Ongoing
Equal treatment and opportunities for all	Actual negative impact	There is a gender pay gap within the group.	Own operations	Ongoing
Equal treatment and opportunities for all	Risk	Shortages of skilled and qualified labour, coupled with increasing competition for talent, can lead to higher recruitment and labour costs, which can negatively impact work quality.	Own operations	Ongoing
Equal treatment and opportunities for all	Opportunity	Continuous investment in the development of employee skills and competencies can increase the group's attractiveness as an employer and improve employee engagement.	Own operations	Ongoing
Equal treatment and opportunities for all	Opportunity	Supporting diversity can broaden access to potential employees and increase the group's attractiveness as an employer.	Own operations	Medium-term
<b>Workers in the value chain S2</b>				
Working conditions	Potential negative impact	The construction industry is at a higher risk of work-related accidents, which can negatively impact the health and well-being of workers in the value chain, including subcontractors.	Upstream value chain and own operations	Ongoing

Topic	Category	Description of impact, risk or opportunity	Origin in value chain	Time horizon*
<b>Workers in the value chain S2</b>				
Working conditions	Risk	Work-related accidents involving subcontractors on construction sites can lead to work stoppages, additional costs and reputational damage.	Upstream value chain and own operations	Ongoing
Working conditions	Opportunity	Becoming a market leader in health and safety can strengthen the group’s competitive advantage among customers and support its positive image.	Own operations	Medium-term
<b>Consumers and end-users (S4)</b>				
Personal safety of customers and/or end-users	Opportunity	Confidence in the group’s ability to deliver high-quality construction services, buildings and infrastructure assets can boost sales and attract more customers.	Own operations	Ongoing

\* Time horizons: short-term: up to 1 year, medium-term: 2–5 years, long-term: 5+ years, ongoing: ongoing activity.

## Own workforce (S1)

### Policies related to own workforce (S1-1)

At the heart of the group’s success are the skills and commitment of its people. Providing a modern, safe and motivating working environment is therefore a priority for all group companies.

The Nordecon group respects human rights and has incorporated relevant principles into its internal rules and regulations, as well as its code of business ethics, which state that the group has zero tolerance for human trafficking, forced labour or child labour. These documents are introduced to employees during the onboarding process. Group companies’ human resource managers ensure that the internal rules and regulations comply with the law and propose updates where necessary. All employees must comply with the internal rules and regulations. Compliance is monitored by their immediate supervisors. Each construction site has its own site rules. Compliance with these rules is monitored by the project team.

Construction is one of the top five sectors in terms of work-related accidents. Therefore, it is in the interests of employers, employees, business partners and customers to ensure that construction sites are safe and tidy. The group is responsible for ensuring site safety and creating a safe, ergonomic working environment that prevents accidents and occupational diseases among employees and subcontractors. The group works tirelessly to be recognised as a leader in providing a safe and secure working environment in the construction industry.

The group’s policies on own workforce are described in more detail in the guidance documents. An overview of these documents can be found in the ‘Sustainability management policies’ chapter. These policies apply to all managers and employees of the group.

### Processes for engaging with own workforce and feedback channels (S1-2)

The group values honest and open communication and is committed to keeping its employees informed and engaged. Multiple channels are used to communicate with employees, and regular processes are in place to gather feedback and involve the workforce.

In addition to daily direct communication, the group maintains an internal website and holds regular information sessions to keep employees informed about important and topical issues. Annual performance reviews are held to discuss results for the previous period, set new objectives, identify training and development needs, and exchange views on working conditions and atmosphere.

The level of employee satisfaction and engagement at the group’s Estonian companies has been assessed regularly by an external expert since 2010 using an anonymous engagement survey and the TRI\*M index.

Occupational health and safety issues are addressed at regular working environment and project council, construction management and quality meetings, which are attended by employer and employee representatives. While the group is not legally required to establish a working environment council due to its number of employees, such a body has been formed at the parent company and Tariston AS, with equal representation for employers and employees. Proposals and feedback from employees and subcontractors inform the decision-making process, ensuring continuous improvement in occupational safety and the working environment.

The group fosters a working culture based on open dialogue and debate. In sensitive matters, confidentiality is ensured. Employees can report concerns and potential violations to their line manager, the human resources department or management. Reports can be made anonymously via the group’s whistleblowing hotline, and all whistleblowers are protected against retaliation. Further information on the hotline can be found in the ‘Business conduct’ chapter.

All levels of management play a critical role in preventing potential negative impacts on employees by establishing relevant measures and processes, and ensuring oversight. Cases requiring intervention or remediation are dealt with swiftly and appropriately.

## Targets related to own workforce (S1-4, S2-4)

The group’s targets relating to employees focus on maintaining and increasing satisfaction and engagement, continuously developing professional competencies, and ensuring a safe and inclusive working environment. The group operates in a manner that respects human rights and ensures equal treatment of all employees.

Target	2025	Performance indicator	2025
<b>Working conditions</b>			
Increasing employee satisfaction	≥ 66	TRIM-Index	72
Reducing employee turnover	≤ 18%*	Employee turnover	13.5%
Reducing voluntary employee turnover	≤ 10%*	Voluntary employee turnover	5.8%
<b>Training and development opportunities</b>			
Percentage of ETP staff completing annual professional training	≥ 50%	Percentage of ETP staff who completed at least one professional training session	79%
Percentage of ETP staff holding a valid professional certificate	≥ 60%	Percentage of ETP staff holding a valid professional certificate	56%
Number of annual paid internships offered	≥ 1	Number of interns	15
Percentage of ETP staff participating in annual performance reviews	100%	Percentage of ETP staff who participated in annual performance reviews	61%
<b>Diversity and equal opportunities</b>			
Monitoring and analysing trends in the gender pay gap	baseline year	Gender pay gap	7%
Preventing discrimination against employees and human rights violations	0	Number of incidents of discrimination against employees or human rights violations	0
<b>Occupational health and safety</b>			
Preventing work-related accidents	0	Number of work-related accidents (group and subcontractors)	8
Ensuring occupational safety at construction sites	≥ 90%**	TOM score	93%**

\* Targets for Nordecon AS and Tariston AS, \*\* Target for Nordecon AS.

## Actions and resources related to own workforce (S1-3, S1-14)

### Working conditions and employee satisfaction

Maintaining and continuously improving employee satisfaction and engagement is one of the group’s strategic priorities. Since 2010, employee satisfaction and engagement has been regularly measured by the same company, Kantar Emor, using the TRI\*M index (a summary engagement index).

The annual engagement survey provides an overview of how employees rate the working environment, management and cooperation. Specific action plans are agreed with managers to address the concerns raised in the survey. In 2025, both the response rate (83%) and the employee engagement indicator (72) remained unchanged compared to the previous year.

Due to the nature of the construction sector, employees' workload may vary from period to period. The group implements flexible working hours and arrangements to promote a healthy work-life balance, offering employees the option to work remotely when their role permits. The parent company participates in the Family-Friendly Employer Programme and, in 2022, became the first construction company in Estonia to receive the programme's silver-level label.

The group offers its employees a competitive remuneration system and a diverse package of rewards and benefits, including performance bonuses, sporting and health benefits, additional leave based on length of service and team events.

All employees are entitled to family leave in accordance with the laws of the countries in which they are based.

### Examples from the year 2025

**Consistently high scores in attractive employer surveys.** In a 2025 survey of attractive employers conducted by Instar EBC among students at higher and vocational education institutions, Nordecon AS was ranked fourth by engineering students, meaning that it has consistently been ranked among the five most attractive companies over the years. In the employer reputation survey conducted by the employment portal CV.ee, Nordecon AS was ranked the second most attractive construction company and in the sector-based brand survey of the most attractive Estonian employers conducted by CVkeskus.ee, Nordecon AS was ranked fourth in the construction sector in 2025.

### Training and development opportunities

Providing a quality service requires professional knowledge, skills and competence. Given the scale of the group's operations and the diverse nature of its construction projects, there are excellent opportunities for professional development and personal growth. The group systematically invests in its employees' professional development and recognises their achievements. Employees are supported in their pursuit of professional education and qualifications.

Development needs and aspirations are identified and training is planned through annual performance reviews, which help determine training needs, develop certification plans and obtain valuable feedback on the organisation and its management.

### Examples from the year 2025

**AI and management competencies training.** In addition to professional training, training activities in 2025 focused on developing management competencies and digital skills. A series of training sessions on the use of AI were carried out at the parent company and the subsidiary Embach Ehitus in cooperation with an external training partner. Basic management and negotiation skills training was also provided at the parent company.

**Harmonising the platform for annual performance reviews.** In 2024, the parent company began using a digital platform to document annual performance reviews, and preparations to introduce e-forms at subsidiaries Embach Ehitus and Tariston started in late 2025. The aim of harmonising the system is to optimise the use of the group's development resources and create better opportunities for sharing experience across the group.

### Diversity and equal opportunities

The group values diversity and equal treatment, and fosters an inclusive work culture. All employees are treated with respect, and decisions relating to their work are based on objective criteria that take into account their skills, contributions and performance. The group does not tolerate any form of discrimination, harassment, bullying, violence or disrespectful behaviour in the workplace. The workforce comprises people of different ages, genders, ethnicities and abilities, and everyone is treated equally.

### Examples from the year 2025

**Developing a methodology for pay gap and remuneration metrics.** During the reporting period, the group began calculating metrics relating to the gender pay gap and remuneration, which are published in this report. The group plans to enhance the methodology and develop the remuneration system in 2026 to ensure compliance with the requirements of the EU Pay Transparency Directive.

## Characteristics of employees (S1-5, S1-8, S1-16)

The tables below show the main characteristics of the group's employees. Unless stated otherwise, employee numbers are presented as at the end of the reporting period. Employee turnover is calculated by dividing the number of employees who left during the period by the average number of employees during the same period. When calculating diversity indicators for the board, the group considers the total number of board members of all group companies, excluding council members.

Metrics	2025	2024
<b>Number of employees</b>		
Number of employees across the group as at 31 December	455	421
Total average number of employees across the group	431	435
Of which: engineers and technical professionals (ETP)	275	283
workers	156	152
Change in number of employees (year on year)	(1)%	(22)%
<b>Gender diversity as at 31 December</b>		
Number of women in the group's workforce	68	68
Number of men in the group's workforce	387	353
Proportion of women in the group's workforce	15%	16%
Proportion of women among group companies' board members	11%	11%
Proportion of men among group companies' board members	89%	89%
<b>Breakdown by country as at 31 December</b>		
Number of employees in Estonia	351	340
Number of employees in Ukraine	103	80
Number of employees in Sweden	1	1
<b>Productivity</b>		
Nominal labour productivity (€'000)*	483.3	514.3
Change (year on year)	(6.0)%	3.0%
Nominal labour cost efficiency (€)**	9.8	9.3
Change (year on year)	5.4%	(9.7)%
<b>Other</b>		
Employee turnover	13.5%	26%
Voluntary employee turnover	5.8%	14%
Number of interns	15	25
Average length of employment at a group company	8.54***	10.4
Number of incidents of discrimination against employees or human rights violations	0	0
Amount of fines related to discrimination against employees or human rights violations	0	0

\* Nominal labour productivity = revenue / average number of employees per year

\*\* Nominal labour cost efficiency = revenue / staff costs per year

\*\*\* The calculation methodology for Eurocon Ukraine TOV was adjusted when calculating the average length of service in 2025.

### Number of employees by type of contract and gender at 31 December 2025

	Engineers and technical professionals		Workers	
	Women	Men	Women	Men
<b>Total</b>				
Employees with permanent or open-ended contracts	62	216	5	159
Employees with temporary or fixed-term contracts	1	10	0	2
Employees with non-guaranteed hours	0	0	0	0

### Training and skills development (S1-12)

Metrics	2025	2024
Percentage of ETP staff with whom annual performance reviews were conducted	61%	48%
Average number of training hours for managers and ETP staff per employee	31.3	19.2
Average number of training hours per worker	6.3	2.4
Percentage of ETP staff holding a valid professional certificate	56%	54%
Percentage of ETP staff who completed at least one professional training session	79%	Data was not collected

### Remuneration (S1-9, S1-15)

All of the group's employees are paid adequate remuneration in accordance with Directive (EU) 2022/2041 of the European Parliament and of the Council on adequate minimum wages in the European Union.

The gender pay gap for the year is defined as the difference in the gross hourly pay of female and male employees of the group's Estonian companies, expressed as a percentage of the gross hourly pay of male employees. The calculation is based on the employees' basic remuneration, excluding bonuses and performance-based pay. The ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual) is calculated on the basis of the gross monthly remuneration of the employees of the group's Estonian companies as at 31 December. The calculation does not include board or council members.

Metrics	2025
Gender pay gap	7%
Ratio of the annual total remuneration of the highest-paid individual to the median annual total remuneration for all employees	3.4

### Occupational safety and health (S1-3, S1-13)

Health and safety at work is strictly regulated by law. Responsible persons have been appointed at all group companies to ensure compliance. Activities comply with the requirements of applicable legislation and ISO 45001, including carrying out risk analyses, preparing action plans to mitigate risks, providing employees with instruction and training, establishing emergency guidelines, and keeping employees regularly informed. The health and safety management system covers all group employees.

Before work on a construction project begins, the associated hazards are identified, along with the relevant safety measures. The project's safety plan is then prepared. All relevant rules and regulations, including those relating to sustainability, are communicated to project personnel before work is started. Health and safety requirements relating to their scope of work are discussed with subcontractors, and the necessary compliance measures are agreed before work begins. Everyone working on the construction site is provided with the appropriate personal protective and work equipment. Risk situations and accidents are analysed to prevent recurrence. Regular emergency drills are conducted to ensure an appropriate response in the event of a fire or other emergency. Site teams and the quality department carry out regular health and safety checks on construction sites. The sites are also inspected by Labour Inspectorate inspectors. Setting the right tone at the top and leading by example are crucial for improving safety culture and encouraging employees to pay more attention to safety.

The parent company has implemented the TOM safety index, which is used to carry out two-stage occupational safety assessments at construction sites. TOM checks are carried out at least twice a year at each site. In 2025, the parent company's average TOM score was 93%.

One element of the remuneration system for site teams at the parent company is the quality coefficient. This takes into account the number of accidents involving employees and subcontractors, as well as the site's safety and tidiness levels.

For the second consecutive year, the parent company has presented the Silver Helmet award in recognition of the safest and tidiest construction site. The prize is awarded to a team that demonstrates that safety and tidiness are more than just requirements – they are an integral part of their working culture.

Regular health checks are carried out at group companies, and employees can access health and sports benefits or choose additional health insurance to support their physical and mental well-being. Previously, this option was only available to employees of the parent company, but from 2026 it has been extended to all group employees in Estonia. Employees are offered seasonal flu vaccinations, and teams at the parent company's construction sites are also offered tick-borne encephalitis vaccinations. All employees of Estonian group companies are covered by accident insurance. An analysis of the working environment, carried out by an external partner at the parent company in 2025, confirmed that the company's work environment activities are at a very good level, and that both regular offices and site offices have modern working environments with the necessary equipment.

### Examples from the year 2025

**Building a safety culture.** At the subsidiary Embach Ehitus, a safety coefficient was incorporated into the remuneration system for site teams, which reduces performance-based pay if the agreed target is not met. The site team with the best safety coefficient is recognised during the annual review.

**Promoting employee health.** Employees of group companies value opportunities to exercise together, which is why training and other team events often incorporate sports activities, exercise sessions or competitions. The tradition of the step challenge continued at the parent company and the subsidiary Embach Ehitus, and both companies offered their employees the opportunity to play padel in 2025. Health months continue at the parent company, with joint sports activities, bike rides, lectures and games relating to health promotion organised twice a year. During the reporting period, attention was also paid to raising employees' awareness of mental health and associated risk prevention by offering relevant training opportunities.

**More effective health checks.** The compulsory health check package for employees has been renewed at the parent company, providing all employees with more comprehensive health checks, regardless of their age or occupation. The aim is to prevent serious health problems, enhance employees' ability to work and improve their quality of life.

**Analysis of the occupational health situation.** AS Meliva's analysis of the occupational health situation at the parent company provides a comprehensive overview of the organisation of occupational health activities and employee health risks. The analysis was based on a risk assessment of the working environment, workplace visits, and health check results. The findings and recommendations will be used to improve the working environment, prevent health problems and support employee performance and well-being.

**Introducing occupational safety and environmental rules and regulations via a digital training app.** The Remato training app is used to introduce safety and environmental rules and regulations at the parent company, except at national defence sites. It provides a uniform, digitally traceable training process for all employees and subcontractors. Training concludes with a knowledge test, after which access to the site is granted. Individuals who are not familiar with the rules are not permitted to enter the site. This helps ensure that everyone on site is familiar with, and complies with, occupational safety and environmental requirements.

Metric	2025	2024
Number of fatalities among group employees due to work-related accidents	0	0
Number of fatalities among subcontractors due to work-related accidents	0	0
Number of work-related accidents among group employees	2	1
Number of work-related accidents among subcontractors	6	3
Lost Time Injury Frequency (LTIF) rate for group employees	2.7	Data was not collected
Number of cases of work-related ill health among group employees	0	Data was not collected
Number of calendar days lost due to work-related accidents	25	Data was not collected

## Workers in the value chain (S2)

### Policies related to value chain workers and channels for value chain workers to raise concerns (S2-1, S2-2, S2-3)

The construction sector has a higher than average rate of work-related accidents. This means that safety and security matters material to the group may arise both at its own construction sites and in its upstream value chain. The group is responsible for ensuring that its construction sites are safe and tidy in order to prevent accidents among its own employees and those of its partners.

The policies, actions and targets relating to safety and security on construction sites that apply to subcontractors are the same as those established for the company’s own employees. Further details can be found in the ‘Own workforce’ chapter, which describes the group’s occupational health and safety organisation.

Construction sector supply chains are complex, and the group’s ability to manage the impacts and risks associated with workers in the value chain directly is limited. The group respects human rights and has zero tolerance for human trafficking, forced labour or child labour. Although the group does not have a separate supplier code of business ethics, its code of business ethics does outline the expectation that partners should conduct their business in a manner consistent with the group’s values and honest business practices. Further information about relationships with suppliers can be found in the ‘Business conduct’ chapter.

Value chain workers can report concerns and possible breaches either directly to the representatives of group companies or anonymously via the whistleblowing hotline provided on their websites. Whistleblowers are protected from retaliation. Further information on the hotline can be found in the ‘Business conduct’ chapter. No serious human rights incidents involving value chain workers were reported during the reporting period.

Contractors working on the group’s construction sites are required to sign agreements on occupational health and safety, and environmental criteria, as specified in the group’s occupational safety regulations. The agreements outline the responsibilities of the parties with regard to occupational, fire, electrical and environmental safety.

## Consumers and end-users (S4)

### Policies and measures related to the quality and safety of buildings and infrastructure assets (S4-1, S4-3)

Buildings and infrastructure constructed by the group are used by large numbers of people daily. While the group’s direct customers are commercial and public sector entities – and individuals in the case of property development – the quality and safety of its buildings and infrastructure directly impact the safety and well-being of their users.

Construction is a highly regulated industry in which compliance with applicable legislation and standards is the primary means of ensuring quality. The group’s main measures of success are properly managed projects, high-quality buildings and infrastructure assets that are delivered on time, and safe construction processes. The group is responsible for constructing safe and secure buildings and infrastructure. Therefore, safety always comes first.

The group carries out every project in accordance with customer requirements, project documentation, applicable legislation and standards, and a management system that meets ISO standards.

High customer satisfaction can only be achieved through high-quality construction, transparent conduct and open communication throughout the construction process. The best results are achieved when everyone involved in the project – the customer, architect, designer, owner’s engineer and builders – follows the same principles and works together towards a common goal.

The parent company assigns a quality coefficient to each completed project, which influences the performance-based pay of the project team. The coefficient is based on compliance with safety rules, meeting deadlines and technical requirements, effective problem-solving and customer feedback.

The group’s quality management approach involves learning from experience by sharing and documenting both mistakes and positive examples.

The group’s policies on the quality and safety of buildings and infrastructure assets are also described in the guidance documents. An overview of these documents can be found in the ‘Sustainability management policies’ chapter.

### Examples from the year 2025

**New environment for collecting customer feedback.** The group’s subsidiary, Tariston, transferred the customer feedback survey to the digital Buildocs platform to make providing feedback easier and less time-consuming for customers. The platform-based solution enables faster and more convenient responses and facilitates the collection and analysis of feedback.

## Processes for engaging with consumers and end-users (S4-2)

The group values open and meaningful communication, as well as close cooperation with customers. A thorough understanding of customers’ needs is critical to project success. Customer engagement mainly involves direct communication and regular meetings. Contact details for group companies are available to customers on company websites and on information boards at each construction site. All group companies ask customers for feedback when a project is completed. The results are analysed to help the group develop and better meet customer expectations.

Large group companies involved in building construction use Hausing, a digital platform for managing warranty work, to provide a centralised source of information on warranty issues and improve customer experience.

The group’s subsidiary Embach Ehitus uses the AI-based DoBu platform for property development. The solution helps homeowners find answers to technical questions about their home and provides valuable guidance. It enables the builder and the developer to quickly get an overview of questions and problems, allowing them to respond swiftly. The DoBu platform also specifies and categorises warranty cases.

### Examples from the year 2025

**Collaboration and knowledge sharing in the Rail Baltica project.** In 2025, regular workshops were held in collaboration with the project’s main contractors and the contracting authority to share expertise, best practices, and insights gained from implementing the large-scale project. The workshops took place both online and on-site, helping to build a common understanding and enhance cooperation between project partners.

## Targets and performance indicators related to customers and quality (S4-4)

The group’s objective is to provide its customers with high-quality construction services and valuable partnerships.

Target	2025	Performance indicator	2025
Customer satisfaction	≥85%	The group’s customer satisfaction score	91%
Timely delivery of work	100%	Share of projects delivered on time	97%

### Customer satisfaction by company

	2025	2024
<b>Customer satisfaction score*</b>		
Nordecon AS	92%	81%
Tariston AS	90%	89%
Eurocon Ukraine TOV	94%	95%
Embach Ehitus OÜ	90%	88%

\* Companies use different methodologies. The result is reduced to a 100% scale. Feedback received during the year is taken into account.

## Governance information

Topic	Category	Description of impact, risk or opportunity	Origin in value chain	Time horizon*
<b>Business conduct G1</b>				
Corruption and bribery	Potential negative impact	Possible abuse or misuse of power or information entrusted to a person in connection with their office or role for personal gain.	Own operations	Ongoing
Management of relationships with suppliers, including payment practices	Potential negative impact	Failure to apply compliance requirements and oversee subcontractors adequately can result in breaches in the value chain and negative impacts on value chain workers and the environment.	Upstream value chain and own operations	Ongoing
Management of relationships with suppliers, including payment practices	Risk	Partnering with companies that have different values and failing to gain an adequate overview of the supply chain can damage the group’s reputation and lead to a reduction in orders.	Upstream value chain and own operations	Ongoing
Management of relationships with suppliers, including payment practices	Potential negative impact	Failure to comply with payment practices can negatively impact relationships with customers and subcontractors, making it difficult for the latter to continue their business.	Own operations	Ongoing
Management of relationships with suppliers, including payment practices	Risk	Failure to comply with payment practices can increase the risk of issues with subcontractor availability, as well as increased costs and reputational damage.	Own operations	Ongoing
<b>Innovation and technological solutions</b>				
Group-specific topic	Opportunity	Implementing innovation, digital construction and technological solutions enables construction projects to be completed faster, improves resource efficiency and safety, allows more complex projects to be executed and increases cost efficiency and revenue.	Own operations	Ongoing
Group-specific topic	Risk	More extensive use of digital technologies can increase the risk of cyber-attacks, affect data security and project timelines, and raise cybersecurity costs.	Own operations	Ongoing

\* Time horizons: short-term: up to 1 year, medium-term: 2–5 years, long-term: 5+ years, ongoing: ongoing activity.

## Business conduct (G1)

### Business conduct policies and actions (G1-1, G1-2)

The corporate culture of the Nordecon group is underpinned by responsible and ethical conduct, and strict compliance with all applicable laws and regulations.

The group's policies on responsible and ethical business conduct are described in more detail in the guidance documents. An overview of these documents can be found in the 'Sustainability management policies' chapter.

The main business conduct policies are incorporated in the group's code of business ethics. Among other things, the code establishes a zero-tolerance approach to all forms of corruption and bribery, and ensures that whistleblowers are protected from any pressure, unfair treatment or harm. The risk of corruption and bribery within the group is not confined to specific roles. Preventive measures are applied to all employees.

Compliance with the code of business ethics is mandatory for all managers and employees of group companies, and familiarisation with it is a mandatory part of the onboarding process for new employees. Business partners are informed that they are expected to adhere to similar responsible policies in their activities. The group plans to start providing regular business ethics training to employees in 2026.

#### Prevention of corruption and whistleblowing

The group defines corruption as the abuse or misuse of power or information entrusted to a person in connection with their office or role for personal gain, which results in direct damage to the group's reputation, its business operations and the construction industry as a whole. The group does not provide gifts or other benefits to customers in order to exert influence or gain an unfair advantage.

To prevent corruption and avoid questionable situations, the group has established procedures and policies regarding procurement, the use of company property, and the protection of trade secrets.

As a listed company, the group has rules governing the handling and disclosure of inside information. All employees with access to inside information must sign a statement confirming their compliance with these rules. The group also observes the information disclosure restrictions arising from facility security clearance.

The group cooperates with the Tax and Customs Board, the Labour Inspectorate, the Police and Border Guard Board and the Environmental Inspectorate, which inspect the group's construction sites. In projects, where the group is the general contractor, it ensures that authorities have access to its subcontractors and their employees, but it does not take responsibility for their legal and regulatory compliance. To increase transparency and help detect potential tax fraud, all workers on the group's construction sites are registered.

The group encourages its employees, partners and other stakeholders to report any potential breaches of legislation, ethical standards or the principles set out in its code of business conduct. The reports may relate to various areas, including those mentioned in the Act on the Protection of Persons Who Report Breaches of European Union Law, such as breaches relating to public procurement, environmental protection, health and safety, as well as corruption, discrimination, workplace bullying and violations of privacy. Employees have a duty to report critical issues and complaints without delay. Reporting helps ensure that potential breaches are dealt with swiftly and stopped, and that similar cases are avoided in future.

Employees can report breaches and concerns to their line manager, the human resources department or the management board. External stakeholders can contact group companies using the contact details published on their websites. In addition to direct communication, reports and complaints can be submitted via an anonymous hotline available on the websites of group companies. The hotline is managed by an independent external partner, Ernst & Young Baltic AS, which guarantees full anonymity to users. Information on how to use the hotline and the process for handling reports is published on the parent company's website.

#### Relationships with suppliers

A smooth and high-quality execution of construction projects requires collaboration with subcontractors and suppliers of materials and products. Honest and transparent communication, early identification and resolution of issues, mutual respect and adherence to agreements foster trust and help prevent and solve problems.

Impacts and risks relating to partners are managed using the control procedures set out in the management system. Partners are selected based on their background, track record, technical capabilities, quality of work, ability to ensure a secure supply, adherence to deadlines, and price. Nordecon does not work with partners known to be involved in dishonest business practices. Before the start of cooperation, the group checks that prospective partners comply with EU and UN international sanctions lists, including at the level of governing bodies and beneficial owners. The group has not yet established separate sustainability requirements for suppliers and subcontractors. Each supplier and subcontractor is assessed when work or an order is completed, either annually or at the end of a project. Each supplier and subcontractor is evaluated after the work or order has been completed, once a year or at the end of the project.

In 2024, the group conducted an Environmental, Social and Governance (ESG) survey among key suppliers and subcontractors in collaboration with an external partner. The main suppliers of the group companies were invited to participate in the survey and 40% responded. The survey was used to map the current state of the partners' ESG areas and to gain insight into their sustainability priorities and challenges. In addition, the key sustainability matters identified in the group's double materiality assessment were presented to the partners and their relevance to the value chain was validated. The results showed that the vast majority of partners are taking action to reduce negative environmental impacts, ensure good and safe working conditions for employees, and promote engagement and equal treatment. According to the survey, 100% of respondents prioritise employee health and safety and 83% monitor the number of accidents at work. 18% of the respondents measure their GHG emissions and have set emission reduction targets. Practices to minimise waste and reduce pollution have been established by 53% and 45% of respondents, respectively. Anti-corruption and anti-bribery policies have been formulated by 43%, while a code of conduct has been implemented by 18%. The self-assessment process and the support materials provided helped partners to better understand their current situation and raised awareness of opportunities to implement sustainable practices.

## Targets and performance indicators related to business conduct (G1-3, G1-4)

The group's business conduct targets aim to ensure fair, transparent and responsible business practices. The goal is to keep the number of corruption and bribery incidents at zero and ensure that all hotline reports are handled swiftly and transparently.

One report was made to the hotline, which was handled in accordance with established procedures.

Performance indicator	2025	2024
Number of confirmed incidents of corruption or bribery	0	0

## Payment practices (G1-6)

The group adheres to the principles of responsible payment behaviour in its business operations, meeting its payment obligations in accordance with contractual terms and applicable legislation. Although payment deadlines vary between group companies and projects, they typically range from 21 to 60 days for main partners. The group regularly monitors its payment discipline to prevent delays and maintain trust with its partners.

The group aims to ensure that the payment terms agreed with subcontractors are similar to those agreed with customers. Overdrafts are used, if necessary, to ensure solvency and counteract mismatches in payment terms.

## Innovation and technological solutions

### Policies related to innovation and technological solutions

Digital construction, which encompasses a variety of solutions that automate or digitise construction processes, has become an integral part of the group's daily operations and a key strategic focus. Digital solutions aim to make work more efficient, transparent and systematic by automating processes, improving operational analysis and enabling faster, more accurate decision-making. The group promotes digital construction in the Estonian construction sector and encourages smaller companies involved in its projects to adopt digital solutions. Digital construction modernises the construction industry, reduces repetitive routine activities, prevents unnecessary mistakes and makes the sector more attractive to young people choosing a career.

## Targets and performance indicators related to innovation and technological solutions

The group’s innovation and technology targets are aimed at continuously developing digital construction, increasing business process efficiency, and preventing technological and cyber risks.

Target	2025	Performance indicator	2025
Annual cybersecurity training for employees	100%*	Percentage of employees who participated in cybersecurity training, %	100%*
Ensuring that cybersecurity systems are up to date and meet current requirements	YES	Significant findings raised during the IT audit/resolved within the required timeframe	3/3

\* The training is not organised at Eurocon Ukraine TOV. The employees of group companies in Estonia have been taken into account.

## Actions related to innovation and technological solutions

The group uses Building Information Modelling (BIM) for all projects where it is possible and practical to do so. Exceptions include highly classified construction projects, which are usually subject to additional restrictions on cloud-based solutions, and small-scale infrastructure projects. Model-based project management improves transparency and communication, ensuring everyone involved in a construction project has access to the same information. BIM improves overall project quality by enabling errors to be identified and rectified before construction begins and by providing customers with greater insight into the process. BIM also helps develop smarter solutions for energy consumption, space planning, lighting, indoor climate and other areas.

The group continued to develop innovative solutions and increase the efficiency of its existing digital environments. Artificial Intelligence (AI), which is being used and tested in many areas, is also becoming an increasingly important part of the group’s activities. Implementation of the AI-based Buildots solution for assessing construction progress, which began in 2023, continued during the period: the technology was deployed at the Loodusmaja (Nature Hub) construction site. Buildots is a technology solution used by the general contractor to assess construction progress more accurately.

The use of different technological solutions inevitably involves cyber risks, and the group is constantly working to prevent them. Mandatory cybersecurity training for employees began in 2017. The training aims to raise awareness of cyber threats among employees and thus mitigate risks.

Nordecon also contributed to the development of the Estonian construction sector by providing input on the latest version of the Unified BIM Requirements (UBN 4.0). Nordecon is a member of the Digital Construction Cluster, a group of stakeholders interested in developing this area.

### Examples from the year 2025

**Raising AI awareness.** In early 2025, Nordecon set up an AI steering group consisting of volunteers to test solutions for using AI to simplify everyday work. Several training sessions aimed at implementing AI took place at the parent company and the subsidiary Embach Ehitus during the year. The AI training programme was supported by an e-construction development programme. The parent company also prepared instructions for the responsible use of AI to mitigate cybersecurity risks, particularly in relation to handling sensitive data.

**Practical AI tests.** During the year, a number of practical AI-based tests were carried out, including an assessment of the ability of the AI to semi-automatically extract construction volumes and retrieve information from extensive specialist documentation at the parent company. A workshop was held at the subsidiary Tariston to assess ways to improve construction progress monitoring and quality control. A drone-based AI solution for data collection and analysis was also introduced.

**Testing and expanding technological solutions.** To make construction planning more efficient, a 4D BIM pilot project was carried out in which the BIM model was linked to a time schedule, enabling critical work stages to be visualised and risks analysed early on.

## Governance

### Members of the council and board of Nordecon AS

#### Council

The council consists of five members elected by the general meeting for a term of five years.

**Toomas Luman (chairman of the council)** – representative of AS Nordic Contractors and the controlling shareholder

A graduate of the department of industrial and civil engineering at Tallinn Polytechnic Institute (now Tallinn University of Technology), Toomas is one of the founders of the Nordecon group and has been involved in the group's activities for 37 years through its board and council. In addition to construction companies, he has held senior positions at various other companies (Tallinna Kaubamaja Grupp AS, AS E-Betoonement, OÜ Väokivi, Eesti Energia AS, etc.). He is an active member of the community and has contributed to the development of the business environment, education and national defence. He led the Estonian Chamber of Commerce and Industry for 30 years. As chairman of the Chamber of Commerce, he was actively involved in the preparations for Estonia's accession to the EU and the euro area. Before Estonia joined the EU, Toomas served for four years as chairman of the consultative committee of the head of the Estonian state delegation in EU accession negotiations (the minister of foreign affairs). For ten years, Toomas was chairman of the Board of Governors of Tallinn University of Technology. He is a lieutenant colonel of the Estonian Defence Forces (in reserve) and was chairman of the Board of Elders of the Estonian Reserve Officers' Association for 14 years. In 2022–2024, he was president of the NATO-affiliated Interallied Confederation of Reserve Officers (CIOR). He has been awarded the Order of the White Star of the Republic of Estonia (Fifth Class, Third Class and First Class), the Order of Merit of the Cross of the Eagle (Fourth Class) and he has received various awards from the Ministry of Defence, the Estonian Defence Forces, the Estonian Defence League and other governmental and non-governmental organisations. Toomas has also received state awards from several foreign countries. He has an honorary doctorate from Tallinn University of Technology.

**Membership in the governing bodies of other organisations:** OÜ Luman ja Pojad and its subsidiaries and associates (incl. AS Nordic Contractors, chairman of the board), Nõmme Private Education Foundation (chairman of the council), National Defence Promotion Foundation (chairman of the council), Estonian Shooting Sport Federation (vice-president)

**Interests (exceeding 5%) in other companies:** OÜ Luman ja Pojad and its subsidiaries and associates (incl. AS Nordic Contractors and Nordecon AS), TL Holdinginvesteeringud OÜ

**Andri Hõbemägi** – representative of AS Nordic Contractors

Andri is an economics graduate of Tallinn University of Technology (1995) and holds a MSc degree in data science from the University of Tartu (2024). From 1993 to 2001 he worked for AS Hansapank (later Swedbank AS). From 2001 to 2002 he was executive manager of football club FC Flora. In 2002 he became chief financial officer of AS Eesti Ehitus (later Nordecon AS). During his term of office the company's shares were listed on the Nasdaq Tallinn Stock Exchange. Currently he is chief analyst with AS Nordic Contractors, the controlling shareholder in Nordecon AS. His community activities are aimed at improving regional education and developing Estonian football. Andri has been a member of the audit committee of Nordecon AS since 2010.

**Membership in the governing bodies of other organisations:** subsidiaries of AS Nordic Contractors, Nõmme Private Education Foundation (council), Toidutark OÜ, Silberberg und Frau OÜ, Pelgulinna Education Society (board)

**Interests (exceeding 5%) in other companies:** Silberberg und Frau OÜ

**Vello Kahro** – independent member (as defined in the Corporate Governance Code of the Tallinn Stock Exchange)

Vello has graduated from the University of Tartu, Faculty of Economics. He has been working for Nordecon AS and its parent AS Nordic Contractors since 1989. From 2012 to 2015, Vello was a member of the audit committee of Nordecon AS.

**Membership in the governing bodies of other organisations:** Subsidiaries and associates of AS Nordic Contractors (council), OÜ Niverto (board) and OÜ Niveraalis (board)

**Interests (exceeding 5%) in other companies:** OÜ Niverto, OÜ Niveraalis

**Sandor Liive** – independent member (as defined in the Corporate Governance Code of the Tallinn Stock Exchange)

Sandor has graduated from Tallinn University of Technology, Faculty of Economics. He has studied management at the IMD, INSEAD and Stanford business schools. From 1992 to 1995, he was on the board of Uus Maa OÜ. From 1995 to 1998 he was head of finance department and chief financial officer and from 1996 to 1998 also a member of the board of Tallinna Sadam AS. From 1998, Sandor worked for Eesti Energia AS, first as chief financial officer and a member of the board and later, from 2005 to 2014, as chairman of the board. He has been chairman of the audit committee of Nordecon AS since 2015.

**Membership in the governing bodies of other organisations:** RB Rail AS (council), OÜ Inventor (board), OÜ FinEst Bay Area (board), Fermi Energia OÜ (council), Gridio 2.0 OÜ (council)

**Interests (exceeding 5%) in other companies:** OÜ Inventor, OÜ FinEst Bay Area, Fermi Energia OÜ, Gridio 2.0 OÜ

**Andre Luman** – representative of AS Nordic Contractors

Andre has graduated from Tallinn University of Technology with an MSc *cum laude* in industrial and civil engineering and from the University of Tartu with a BA *cum laude* in psychology. He has worked for Nordecon AS and companies related to its parent, AS Nordic Contractors, since 2012. From 2012 to 2016, Andre worked as a risk analyst at Nordecon AS. From 2013 to 2016, he was a member of the council and since 2016 he has been chairman of the council of AS Nordic Contractors. Andre was a member of the boards of AS Arealis and the subsidiaries of the Arealis group from 2019 to 2024. He has been on the audit committee of Nordecon AS since 2020 and on the board of the subsidiaries of the Nordic Contractors group since 2025.

**Membership in the governing bodies of other organisations:** Võim OÜ (board), subsidiaries of Nordecon AS (council)

**Interests (exceeding 5%) in other companies:** Võim OÜ (board)

## Board

According to the articles of association, the board consists of up to five members elected and appointed by the council. The term of office of a member of the board is three years. In 2024, the board of Nordecon AS consisted of three members – Maret Tambek, Priit Luman and Tarmo Pohlak. Priit Luman was removed from the board and Deniss Berman was appointed as a new member of the board effective from 1 January 2025. At the date this annual report is authorised for issue, the board has the following members:

### **Maret Tambek, chairman of the board**

Maret Tambek has been chairman of the board of Nordecon AS since 1 May 2024. She is responsible for the overall management of the group and Nordecon AS, as well as Nordecon's finance and support services. Maret has been working for the group since 2007, when she joined Nordecon Infra AS as the company's chief financial officer. In spring 2010 she became the group's chief accountant. In July 2014, she became the group's chief financial officer and a member of the board. She has been responsible for the group's finance and support services since 1 May 2017. Previously, Maret worked for 11 years as an auditor at KPMG Baltics OÜ. From 1992 to 1996 she was a specialist at the Estonian Central Bank. Maret has graduated from Tallinn Polytechnic Institute (now Tallinn University of Technology), the department of production management and planning. She is a certified public accountant and a member of the Estonian Association of Auditors.

**Membership in the governing bodies of other organisations:** subsidiaries of Nordecon AS (board/council)

**Interests (over 5%) in other companies:** Absolvere OÜ

**Deniss Berman, member of the board**

Deniss has been a member of the board of Nordecon AS responsible for sales and pre-construction since 1 January 2025. Previously, he held various positions at Estonian and Latvian construction companies. He has been working for Nordecon AS since 2015, first as a project manager, then as head of the HVAC department, and later as head of the budgeting and special works division. Deniss has graduated from TTK University of Applied Sciences in building construction and holds a master's degree in environmental engineering from Tallinn University of Technology. Deniss also holds the qualification of a Chartered Engineer in Heating, Ventilation and Air Conditioning (HVAC), level 8, in construction management and is a member of the Estonian Society of Heating and Ventilation Engineers.

**Membership in the governing bodies of other organisations:** subsidiaries of Nordecon AS (council)

**Interests (over 5%) in other companies:** Aden Projekt OÜ, Sworve OÜ.

**Tarmo Pohlak, member of the board**

Tarmo Pohlak joined the board of Nordecon AS on 5 June 2023. He is responsible for the company's construction and property development management. Previously, Tarmo worked for various companies of the Merko Ehitus group (1997–2017), reaching the position of director of general construction division of AS Merko Ehitus in Estonia and a member of the board of AS Merko Infra. From 2017 to 2019, he was a member of the board and director of construction at AS Oma Ehitaja and from 2019 to spring 2023 a member of the board and director of construction at OÜ US Real Estate. Tarmo has graduated from Tallinn University of Technology with an MSc in civil engineering. He holds the qualification of Diploma Civil Engineer in Buildings and Structures, level 7, awarded by the Estonian Association of Civil Engineers.

**Membership in the governing bodies of other organisations:** Estonian Association of Construction Entrepreneurs (board)

**Interests (over 5%) in other companies:** OÜ Pohlak Consult

Information on the shares held by the members of the council and board of Nordecon AS is presented in the 'Share and shareholders' section.

## Corporate governance report

Nordecon AS has complied with the corporate governance recommendations (the Corporate Governance Code, CGC) of the Nasdaq Tallinn Stock Exchange since the listing of its shares on the Nasdaq Tallinn Stock Exchange on 18 May 2006. This report provides an overview of the governance of Nordecon AS in 2025 and its compliance with the CGC. It is recommended that an issuer comply with the CGC or explain any non-compliance in its corporate governance report. Nordecon AS complied with the CGC in 2025 unless otherwise stated in this report.

## General meeting

### Exercise of shareholder rights

The general meeting is the highest governing body of Nordecon AS. General meetings are annual and extraordinary. The powers of the general meeting are set out in the Commercial Code of the Republic of Estonia and the articles of association of Nordecon AS. Among other things, the general meeting has the power to approve the annual report, decide the allocation of profits, amend the articles of association, appoint the auditor and elect members of the company's council. A shareholder may attend the general meeting and vote in person or through a proxy carrying relevant written authorisation. General meetings are held on business days in a place that would allow the largest possible number of shareholders to attend the general meeting.

Shareholders may send questions about the agenda items before the general meeting to the company's registered address or e-mail address included in the notice of the general meeting. The company replies to all relevant questions before the general meeting on its website or during the meeting when the relevant agenda item is being discussed. In 2025, shareholders did not ask any questions about the agenda items before the general meeting. All questions and answers are available on the website until information about the next general meeting is published. The resolutions passed by the general meeting are published in a stock exchange announcement after the general meeting.

All shares issued by Nordecon AS are registered ordinary shares. A shareholder may not demand the issue of a share certificate for a registered ordinary share. A shareholder may not demand that a registered share be exchanged for a bearer share. The shares are freely transferable and may be pledged. The board of Nordecon AS is not aware of any shareholder agreements that restrict transfer of the shares. Upon the death of a shareholder, the share will transfer to the shareholder's heir. From the point of view of Nordecon AS, a share is considered transferred when the acquirer has been entered in the share register.

In 2025, Nordecon AS complied with the subsections of section 1.1 of the CGC that relate to shareholder rights.

## Calling of a general meeting and information to be published

The annual general meeting of the shareholders of Nordecon AS was held on 21 May 2025 in Tallinn, in the conference centre of the Radisson Blu Hotel Olümpia. The meeting began at 10 a.m. and was called by the board of Nordecon AS.

The notice of a general meeting includes information on the reason for calling the meeting as well as the parties that proposed it. Notices of annual general meetings and extraordinary general meetings are published in a national daily newspaper at least three weeks and at least one week in advance, respectively. In addition, notices of general meetings are published in the information system of the Nasdaq Tallinn Stock Exchange and on the company's website. The notice includes information about where the annual report and other documents relevant to adopting resolutions at the general meeting will be made available to the shareholders. All relevant documents are also made available on the company's website at [www.nordecon.com](http://www.nordecon.com).

The company discloses the reasons for the general meeting and provides explanations of those agenda items that involve a significant change (e.g. the amendment of articles of association, extraordinary transactions). The company enables shareholders to review information about the questions shareholders have asked about the general meeting and the agenda items.

Concurrently with complying with legal requirements to calling a general meeting, the board publishes on the company's website all information relevant to the agenda that has been provided to it or is otherwise available and is required for adopting resolutions at the general meeting.

Depending on the agenda of the general meeting, the following information may qualify as relevant: the profit allocation proposal, the draft of new or amended articles of association together with an outline of the proposed amendments, significant terms and contracts or draft contracts concerning the issue of securities or other transactions (mergers, disposals of assets, etc.) involving the company, information on a candidate for a member of the council and the company's auditor, etc.

Information published in respect of a candidate for a member of the council includes information about the candidate's participation in the governing bodies (council, board, executive management) of other companies.

Within reasonable time before the general meeting, the council publishes its proposals regarding the agenda items on the company's website. Any proposals made by shareholders before the general meeting that relate to the subject matter of agenda items or differ from those of the council are also published on the company's website.

In 2025, Nordecon AS complied with the subsections of section 1.2 of the CGC that relate to calling a general meeting and information to be published.

## Conduct of a general meeting

The working language of a general meeting is Estonian. A general meeting may not be chaired by a member of the council or the board.

As a rule, a general meeting is attended by all members of the board, the chairman of the council and, where possible, members of the council and at least one of the auditors. A general meeting is also attended by a candidate for a member of the council if the candidate has not been a member of the council before and the auditor candidate.

The general meeting discusses the allocation of profit as a separate item and adopts a separate resolution on it.

In 2025, Nordecon AS complied with the subsections of section 1.3 of the CGC that relate to the conduct of a general meeting.

## Board

### Responsibilities of the board

The board is a governing body of Nordecon AS that represents and manages the company in its day-to-day operations. The articles of association allow each member of the board to represent the company in any legal proceedings. The board acts in the best interests of the company and all its shareholders and undertakes to ensure that the company develops sustainably and in accordance with its objectives and strategy. The board has to ensure that the company's risk management and internal controls are appropriate and suitable for its business.

In order to ensure effective risk management and internal control, the board:

- analyses the risks inherent in the company's operations and financial targets (incl. environmental, competition and legal risks);
- prepares relevant internal rules and regulations;
- develops the forms and instructions for the preparation of financial statements required for making management decisions;
- ensures the functioning of the control and reporting systems.

The board observes the lawful instructions of the council of Nordecon AS. The board does its best to ensure that the group's parent company and all entities belonging to the group comply with all applicable laws and regulations.

The board and council of Nordecon AS exchanged information in 2025 in accordance with requirements. The board informed the council of the group's performance and financial position on a regular basis.

In 2025, Nordecon AS complied with the subsections of section 2.1 of the CGC that relate to the responsibilities of the board.

## Composition and remuneration of the board

### Composition of the board

The council appoints and removes members of the board and appoints the chairman of the board from among them. According to the articles of association, the board has one to five members who are elected for a term of three years.

The board or the council determines the area of responsibility of each member of the board, specifying the duties and powers of each member of the board in as much detail as possible, and outlines the basis of cooperation between members of the board. A member of the board may be a member of the council of another group company. The chairman of the council signs a service contract with a member of the board.

During their term of office, the members of the board of Nordecon AS may not serve on the board or in the council of any other listed company.

In 2025, the board had the following members:

	<b>Position/area of responsibility</b>	<b>Beginning of term of office</b>	<b>End of term of office</b>
Maret Tambek	<b>Chairman of the Board</b> Overall management of Nordecon AS and the group and finance and support services	1 May 2017	30 April 2027
Deniss Berman	<b>Member of the Board</b> Sales and pre-construction	1 January 2025	31 December 2027
Tarmo Pohlak	<b>Member of the Board</b> Construction and property development	5 June 2023	4 June 2026

### Remuneration of the board

Information about the remuneration of the board is disclosed in the remuneration report.

In 2025, Nordecon AS complied with the subsections of section 2.2 of the CGC, that relate to the composition and remuneration of the board.

### Conflicts of interest

Members of the board may engage in duties and work assignments that are not part of their responsibilities as members of the board only with the consent of the council. In the reporting period, no member of the board sought the consent of the council to engage in such duties or assignments.

Members of the board may not compete with Nordecon AS without the prior consent of the council. In the reporting period, no member of the board sought the consent of the council to engage in competing activities.

Members of the board are required to inform other members of the board and the chairman of the council of any business offerings made to them, their close family members or other persons connected with them, which concern the company's business. The council decides the performance of a transaction between the company and a member of the board, a board member's close family member or a person connected with a board member if the transaction is significant for the company, and determines the terms of such a transaction.

In the reporting period, members of the board, their family members and persons connected with them did not receive any business offerings that should be treated as a conflict of interest.

A member of the board or an employee may not demand or accept cash or other benefits from a third party in connection with their work and may not provide unlawful or unjustified benefits to a third party in the name of the company. During the reporting period neither the board nor, as far as the board is aware, the employees breached this policy.

In 2025, Nordecon AS complied with the subsections of section 2.3 of the CGC that relate to conflicts of interest.

## Council

### Responsibilities of the council

The council is responsible for exercising regular control over the activities of the board. The council participates in the adoption of significant decisions concerning the company's operation. The council acts independently and in the best interests of the company and all its shareholders.

The council determines the company's strategy, overall action plan, risk management principles and annual budget and reviews them on a regular basis. The council ensures, in cooperation with the board, that the company's activities are planned on a long-term basis.

The council assesses how the board implements the company’s strategy on a regular basis. The council assesses the company’s financial position and risk management systems as well as whether the board’s activities are lawful and whether essential information concerning the company is appropriately disclosed to the council and the public.

The council has set up an audit committee that is responsible for advising the council in matters related to the company’s accounting, auditing, risk management, internal control, supervision, budgeting and legal compliance. Further information on the audit committee is available on the company’s website.

The chairman of the council maintains regular contact with the members of the board and discusses with them issues related to the company’s strategy, business operations and risk management. The chairman of the board has to notify the chairman of the council promptly of any significant event that may affect the company’s development and management. The chairman of the council conveys the information to the council and, where necessary, calls an extraordinary meeting of the council.

The work of the council is organised by the chairman. The chairman of the council determines the agenda of council meetings, chairs council meetings, monitors the effectiveness of the work of the council, organises swift delivery of information to council members, ensures that council members have sufficient time for preparing a resolution and reviewing the information received and represents the company in relations with the company’s board. The council had four meetings in 2025. All members of the council participated in the meetings.

In 2025, Nordecon AS complied with the subsections of section 3.1 of the CGC that relate to the responsibilities of the council.

### Composition and remuneration of the council

A person may be elected as a member of the council if the person has the knowledge and experience required for participating in the work of the council. Matters that need to be considered when electing a member of the council include the nature of the activities of the council and the company, potential conflicts of interest and, where necessary, the age of the person. The composition of the council has to be small enough to allow for effective management and large enough to allow for the involvement of appropriate expertise.

According to the articles of association, the council has three to seven members. The number is decided by the general meeting. Members of the council are elected by the general meeting for a term of five years. Members of the council elect a chairman from among themselves.

The general meeting decides the remuneration of the council and its payment procedure based on the nature and scope of the responsibilities of the council and the financial position of the company. Depending on the nature of the work of the council, shareholders may take into account the specific features of the work of the chairman of the council.

The annual general meeting that convened on 21 May 2025 decided to set the basic monthly service fee of the chairman of the council at €13,500, the basic monthly service fee of the vice-chairman of the council at €4,500 and the basic monthly service fee of other members of the council at €1,500, effective from 1 June 2025. Until 31 May 2025, the basic monthly service fees of the chairman of the council, the vice-chairman of the council and other members of the council were €9,500, €3,200 and €1,300, respectively.

The service fees of the members of the council of Nordecon AS for 2025 amounted to €241 thousand and associated social security charges totalled €80 thousand (2024: €199 thousand and €66 thousand, respectively).

In 2025, the council had the following members:

Name	Position	Beginning of term of office	End of term of office	Remuneration 2025 (€'000)	Remuneration 2024 (€'000)
Toomas Luman	Chairman of the Council, representative of AS Nordic Contractors	9 January 2006	20 May 2030	142	114
Andri Hõbemägi	Vice-chairman of the Council, representative of AS Nordic Contractors	25 May 2013	24 May 2028	48	37
Vello Kahro	Member of the Council, independent	20 May 2015	20 May 2030	17	16
Sandor Liive	Member of the Council, independent	20 May 2015	20 May 2030	17	16
Andre Luman	Member of the Council, representative of AS Nordic Contractors	20 May 2020	20 May 2030	17	16

During the period, the group recognised a liability for the performance-based compensation of the members of the council of €34 thousand, of which €23 thousand was attributable to the chairman and €11 thousand to the vice-chairman, and the related social security charges of €11 thousand (2024: total performance-based compensation liability of €198 thousand and social security charges of €65 thousand). Of the liability recognised in 2024, €125 thousand was paid out in 2025 (€83 thousand to the chairman of the council and €42 thousand to the vice-chairman of the council) and the remainder will not be paid.

In 2025, Nordecon AS complied with the subsections of section 3.2 of the CGC that relate to the responsibilities of the members of the council.

### Conflicts of interest

Members of the council avoid conflicts of interest. In their activity as members of the council, they have to put the company's interests before those of their own or third parties. Members of the council may not use business offerings made to the company for their personal gain.

A member of the council may not vote at a meeting in matters concerning provision of consent for a transaction between Nordecon AS and the member of the council or a similar conflict of interest involving a party connected with the member of the council. A member of the council may not compete with Nordecon AS without the consent of the general meeting.

In 2025, Nordecon AS complied with the subsections of section 3.3 of the CGC that relate to the responsibilities of the members of the council.

## Cooperation of the board and the council

The company's board and council cooperate to ensure continuous and effective information exchange. Members of the board participate in meetings of the council that take place at least quarterly to review the company's financial performance. In addition, as a rule, the chairman of the board is invited to other meetings of the council that examine matters related to the company's operation.

In 2025, the board and the council worked closely in monitoring the implementation of the company's development plan and the achievement of the company's strategic objectives. The board observes the council's strategic instructions and discusses strategic management issues with the council on a regular basis.

The responsibilities of the council and the board are outlined in the company's articles of association. If the assignment of certain management responsibilities is not outlined in the articles of association, the provisions of the Estonian Commercial Code are adhered to.

The board informs the council via the chairman of the council on a regular basis of all significant circumstances relating to the company's operation, business planning, risks and risk management. In particular, the board highlights such changes in the company's operation that cause deviations from previously approved objectives and plans and provides explanations for them. Such information, including all significant details, is conveyed to the council via the chairman of the council promptly and in full.

Large amounts of data supplied by the board, which require sufficient time for reviewing before a decision can be made, are delivered to members of the council before the meeting of the council. In mutual exchange of information, members of the board and council observe confidentiality requirements, which ensure control of movement of information, particularly price-sensitive information.

In 2025, Nordecon AS complied with the subsections of sections 4.1 to 4.3 of the CGC that relate to cooperation between the board and the council.

## Application of the diversity policy

Under subsection 4 of section 24<sup>2</sup> of the Estonian Accounting Act, a large undertaking whose securities that carry voting rights have been admitted for trading on a regulated securities market of Estonia or another contracting state (party to the EEA agreement) has to describe in its corporate governance report the diversity policy applied to its board and higher governing body and its results during the reporting period. If no diversity policy has been applied during the period, the reasons for this have to be explained in the corporate governance report.

The group did not apply a diversity policy in 2025 because both managers and employees are selected based on the group's interests and people are hired and appointed based on their education, skills and prior work experience. However, the group observes the policy of not discriminating against any candidate due to their gender or on any other basis.

## Disclosure of information

### **Disclosure of information on the company's website and in the information system of the stock exchange**

In disseminating information, Nordecon AS strives to treat all shareholders as equally and fairly as possible and to communicate all significant events without delay. Adherence to the equal treatment principle does not revoke the right to postpone the disclosure of inside information or the right to provide unpublished inside information to persons entitled to it. The main information channels that the company uses to notify shareholders and investors are the information system of the Nasdaq Tallinn Stock Exchange and the company's website [www.nordecon.com](http://www.nordecon.com). In those channels, information is released simultaneously in Estonian and in English.

The company discloses information in accordance with the rules of the Nasdaq Tallinn Stock Exchange and the provisions of the Estonian Securities Market Act. In 2025, the company's threshold for notifying of significant construction contracts was €2.6 million. Nordecon AS made 20 stock exchange announcements in 2025, which were released concurrently via the information system of the Nasdaq Tallinn Stock Exchange and the company's website.

Nordecon AS has disclosed its financial calendar, which outlines the dates or weeks of information release during the year (incl. the release of the annual report, interim reports and the notice of the annual general meeting), on its website and in a separate announcement in the information system of the stock exchange. In addition, the company has made available on its website information about specific reports and data as required by section 5.3 of the CGC.

### **Meetings with investors and financial analysts**

Meetings with investors are organised as and when requested by investors. Nordecon AS exchanges information with journalists and analysts with due care and consideration through appointed spokespersons. In communicating with analysts, the company refrains from any action that could compromise the independence of the analysts or the company. During the year, the company did not arrange meetings with analysts or presentations for investors directly before the date on which a financial report (interim or annual) was released.

The presentations used at meetings with investors are published in the information system of the stock exchange and are made available on the company's website. The company's investor relations contacts are available on the company's website. All shareholders may use the contacts to request a meeting with the company's representatives or answers to their questions.

In 2025, Nordecon AS complied with chapter 5 of the CGC that relates to the disclosure of information.

There were no meetings with investors in 2025.

The company has not disclosed the time and location of the meetings held with analysts or the presentations made to analysts in advance so that shareholders could participate as required by section 5.6. Compliance with the requirement is often technically difficult to achieve.

The company believes that by disclosing information on its website, and being open and approachable in its relations with shareholders, it has created sufficiently good alternatives and conditions to ensure equal access to information to all shareholders. The company does not share inside information at meetings with financial analysts and, when communicating information, relies on published financial information and presentations.

## Financial reporting and auditing

### **Financial reporting**

The preparation of financial reports and statements is the responsibility of the board of Nordecon AS. The consolidated financial statements of Nordecon AS are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). The financial statements are prepared and submitted for approval in accordance with the Estonian Accounting Act, the rules of the stock exchange, the Estonian Commercial Code and other applicable legislation.

Nordecon AS releases its quarterly financial reports after their preparation and approval by the board and its annual report as soon as the report has been approved by the council.

The council submits the annual report that has been approved by the board to the shareholders together with the council's written report on it as required by section 331(1) of the Commercial Code.

The company has disclosed in the financial statements financial information on companies that have not been consolidated but in which the company has a significant interest (note 12) and transactions with shareholders (note 35).

In 2025, Nordecon AS complied with the subsections of section 6.1 of the CGC, except for 6.1.1, that relate to financial reporting.

The council did not deem it necessary to invite the auditor to the meeting of the company's council that approved the annual report as required by subsection 6.1.1.

### **Auditing**

Together with the notice of the annual general meeting, the council makes available to the shareholders its assessment of the services provided by the auditor in the past financial year. The assessment includes the services provided and the fees paid to the auditor.

In the reporting period, the auditor did not notify the council of having become aware of any significant circumstances that might influence the work of the council or the management of the company. Nor did the auditor notify the council of any risks to the auditor's independence or professional integrity. The auditor meets the members of the audit committee of Nordecon AS at least once a year.

The auditor's responsibilities and fee, and the timeframe of services provided, are set out in the audit services agreement signed with the auditor. Under the agreement, the auditor performs the audit in accordance with International Standards on Auditing (Estonia). The auditor can express an opinion on the company's activities without any constraints imposed by the company. The fees Nordecon AS paid to the auditors in 2025 totalled €91 thousand.

The auditor provided the audit committee formed by the council with a written memorandum on the company's audit of 2025, the auditor's findings and other significant matters that were discussed with the board.

In 2025, Nordecon AS complied with the subsections of section 6.2 of the CGC that relate to auditing.

## Share and shareholders

### Share information

<b>Name of security</b>	Nordecon AS ordinary share
<b>Issuer</b>	Nordecon AS
<b>ISIN code</b>	EE3100039496
<b>Ticker symbol</b>	NCN1T
<b>Nominal value</b>	No par value*
<b>Total number of securities issued</b>	32,375,483
<b>Number of listed securities</b>	32,375,483
<b>Listing date</b>	18 May 2006
<b>Market</b>	Nasdaq Tallinn, Baltic Main List
<b>Industry</b>	Construction and engineering
<b>Indexes</b>	OMX Baltic Industrials GI; OMX Baltic Industrials PI; OMX Baltic Construction & Materials GI; OMX Baltic Construction & Materials PI; OMX_Baltic_GI; OMX_Baltic_PI; OMX Tallinn_GI

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

### Summarised trading results

#### Share trading history

Price, €	2025	2024	2023	2022	2021
Open	0.67	0.62	0.69	1.21	1.15
High	0.90	0.74	0.93	1.29	1.84
Average	0.73	0.57	0.75	0.88	1.29
Low	0.60	0.48	0.61	0.65	1.08
Last closing price	0.69	0.67	0.62	0.69	1.20
Traded volume (number of securities traded)	2,657,335	1,923,109	1,749,055	2,599,303	7,037,117
Turnover, € million	2.00	1.10	1.30	2.40	9.32
Listed volume (31 December), thousand	32,375	32,375	32,375	32,375	32,375
Market capitalisation (31 December), € million	22.40	21.76	20.14	22.34	38.85

#### Price earnings ratio (P/E) and price to book ratio (P/B)

Ratio	2025	2024	2023	2022	2021
P/E	(4.7)	5.5	(20.8)	(6.0)	(6.0)
P/B	1.0	0.8	0.9	0.9	1.5

P/E = the period's last closing price of the share / earnings per share (EPS)

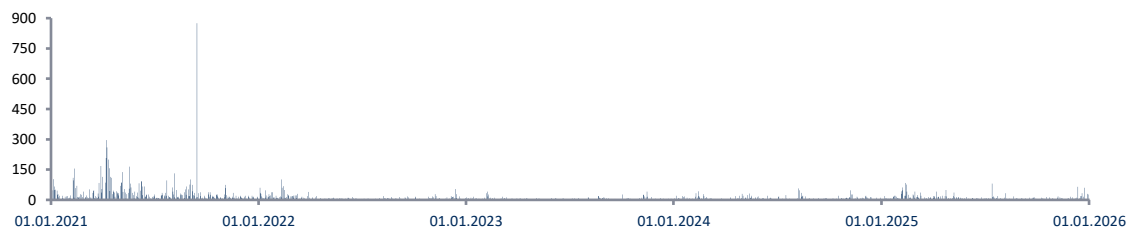
P/B = the period's last closing price of the share / (equity attributable to owners of the parent / number of shares outstanding)

### Movements in the price and turnover of the Nordecon AS share in 2021–2025

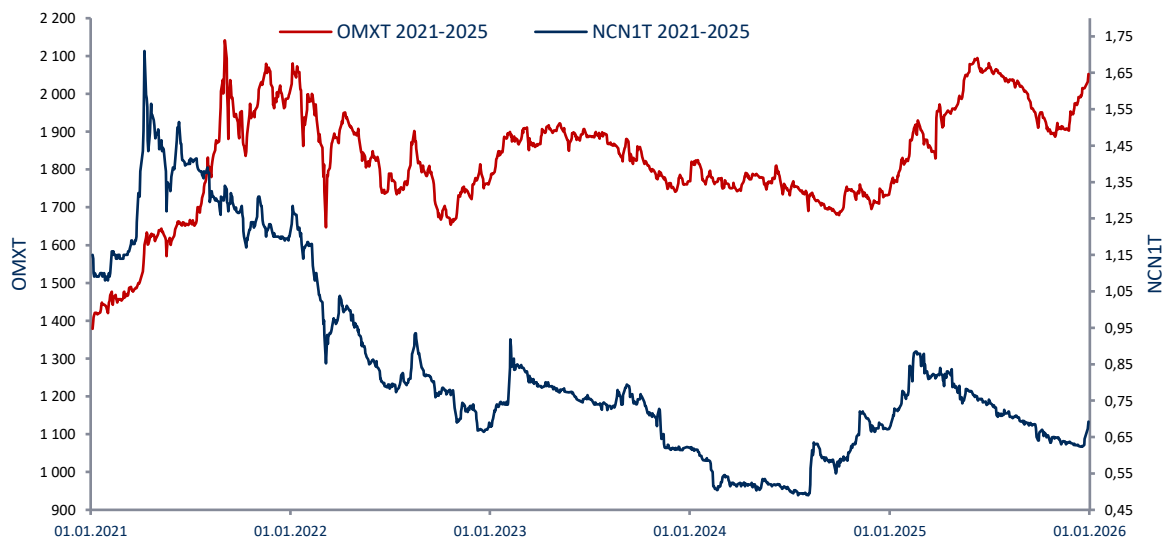
#### Movements in share price, €



#### Daily turnover, €'000



#### Movement of the share price compared with the OMX Tallinn index in 2021–2025



Index/equity	1 January 2021*	31 December 2025	+/-%
OMX Tallinn	1,343.72	2,052.28	+52.73%
NCN1T	€1.14	€0.69	(39.3)%

\* Closing price on the Nasdaq Tallinn Stock Exchange at 31 December 2020.

## Shareholder structure

### Largest shareholders of Nordecon AS at 31 December 2025

Shareholder	Number of shares	Ownership interest (%)
AS Nordic Contractors	16,563,145	51.16
Lüksusjaht 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
Genadi Bulatov	250,600	0.77
Swedbank AB clients	210,984	0.65

### Shareholder structure of Nordecon AS at 31 December 2025

	Number of shareholders	Ownership interest (%)
Shareholders with interest exceeding 5%	2	64.54
Shareholders with interest from 1% to 5%	4	6.59
Shareholders with interest below 1%	6,214	26.25
Holder of own (treasury) shares	1	2.62
<b>Total</b>	<b>6,221</b>	<b>100</b>

### Shareholder structure by shareholder category at 31 December 2025

Shareholders by business line and legal form	Number of shares	Ownership interest (%)
Companies	23,921,970	73.89
Individuals	7,061,269	21.81
Financial institutions (banks, investment funds)	1,392,244	4.30
<b>Total</b>	<b>32,375,483</b>	<b>100</b>

### Shareholder structure by shareholder domicile at 31 December 2025

Domicile	Number of shares	Ownership interest
Estonia	30,853,198	95.29
Latvia	752,909	2.33
Lithuania	490,146	1.51
Finland	219,638	0.68
Germany	25,695	0.08
Netherlands	10,010	0.03
Sweden	9,741	0.03
Denmark	3,477	0.01
Malta	1,739	0.01
Other	8,930	0.03
<b>Total</b>	<b>32,375,483</b>	<b>100</b>

### Shares controlled by members of the council of Nordecon AS at 31 December 2025

Council member		Number of shares	Ownership interest (%)
Toomas Luman (AS Nordic Contractors, OÜ Luman ja Pojad)*	Chairman of the Council	17,558,145	54.23
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
<b>Total</b>		<b>17,643,145</b>	<b>54.49</b>

\* Companies controlled by the individual.

### Shares controlled by members of the board of Nordecon AS at 31 December 2025

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
<b>Total</b>		<b>3,942</b>	<b>0.01</b>

### Restrictions related to shares

The shares in Nordecon AS are freely transferable and the company's articles of association do not impose any restrictions on the transfer of the shares or the requirement to obtain the consent of the company or other shareholders for such transactions. The shares may be pledged. The board of Nordecon AS is not aware of any shareholder agreements that might restrict transfer of the shares.

### Dividend policy

The board makes the dividend distribution proposal taking into account the following key factors:

- the group's performance indicators for the year and the cash flow required for the group's operation;
- the optimal ratio and volume of debt and equity capital required for the group's profitable growth and sustainable development;
- the dividend expectations of the controlling shareholder AS Nordic Contractors; and
- the general rate of return in the Estonian securities market.

Dividends distributed by Nordecon AS in previous years:

Year of pay-out	Total dividend paid €'000	Number of shares '000	Dividend per share €	Dividend pay-out ratio*
2021	3,778	31,529	0.12	65%
2022	0	31,529	0	0
2023	0	31,529	0	0
2024	0	31,529	0	0
2025	0	31,529	0	0

\* Formula: dividends paid ÷ profit for the year attributable to owners of the parent from which the dividends were distributed.

## Remuneration report

The remuneration report contains information about the remuneration and other benefits provided to the board of Nordecon AS in 2025.

The company's remuneration policy is aimed at creating and maintaining a fair, motivating, competitive, transparent and lawful remuneration system as well as attracting and retaining professional and competent executive staff. The company's remuneration system supports and rewards for performance improvement and the creation of a work environment that prioritises the achievement of business goals. The remuneration of the members of the board is determined by taking into account their tasks, responsibilities and decision-making powers, including the relevance of their decisions to the company's operations. The remuneration additionally depends on the group's financial position and current performance. The remuneration of the members of the board is decided by the company's council. In determining remuneration, the council also considers criteria such as the company's measurable performance, short- and long-term goals and non-monetary performance.

### Remuneration of the board

A member of the board is paid a monthly service fee, which is fixed in the service contract. The council decides the remuneration of members of the board based on an appraisal of their work. The council appraises a board member's work by taking into account the board member's responsibilities and activities, the activities of the entire board as well as the company's financial position, current financial performance and future prospects and, if necessary, compares these with the corresponding indicators of other companies in the same industry. The service fee includes a 10% fee for observing the prohibition on competition.

Under the service contract, a member of the board may also be eligible for the following additional monetary incentives:

- Performance-based compensation for achieving the targets set for the financial year. The basis for performance-based compensation is the group's EBITDA (operating profit plus amortisation and depreciation expense) before the effect of the performance-based compensation of members of the board. Each targeted EBITDA level is assigned a coefficient and performance-based compensation is calculated by multiplying the service fee with the coefficient. 50% of the performance-based compensation calculated on the portion of EBITDA that exceeds the EBITDA target will be paid out on condition that in the year following the year for which the performance-based compensation was calculated the group achieves the EBITDA target for that year. Members of the board are not eligible for performance-based compensation if the targets for the year are not achieved or performance-based compensation was determined based on data that proved (e.g. after the audit) materially inaccurate.
- Benefits for observing the prohibition on competition after the expiry of the service contract (up to 6 times the 12-month average service fee plus performance-based compensation). The payment of benefits is justified because members of the board are subject to a prohibition on competition which restricts their activities during the period for which the benefits are paid.
- Benefits payable on the expiry of the service contract (up to 6 times the 12-month average service fee plus performance-based compensation). A board member is not eligible for the benefits if the service contract is terminated at the board member's request, the board member is removed due to breach of the law, the board member has breached the service contract, the board member's activities have caused direct damage to the company or the parties agree to extend the board member's service contract for another term of office.

### Service fees of the board in 2025

In 2025, the service fees of the members of the board of Nordecon AS totalled €568 thousand and the related social security charges amounted to €187 thousand (2024: €527 thousand and €174 thousand, respectively).

During the year, the group recognised a liability of €123 thousand (2024: €741 thousand) for the performance-based compensation of the members of the board and a liability for the related social security charges of €40 thousand (2024: €245 thousand). Of the liability for performance-based compensation recognised in 2024, €467 thousand was paid out in 2025 and the remainder will not be paid.

€'000	Service fee	Other benefits	Liability for performance-based compensation	Total remuneration
Maret Tambek (chairman of the board)	225	14	56	295
Deniss Berman (member of the board)	168	16	33	217
Tarmo Pohlak (member of the board)	175	21	34	230

Other benefits of the members of the board include the use of a company car, telephone compensation, additional paid leave, training, etc. Other benefits provided in 2025 comprised company car, telephone and training expenses.

#### Service fees of the board, average remuneration of the parent's full-time employees and the group's EBITDA

€'000	2025	2024	2023	2022	2021
<b>Service fees of the board*</b>					
Maret Tambek (chairman of the board)	225	215	137	126	111
Deniss Berman (member of the board)	168	-	-	-	-
Tarmo Pohlak (member of the board)	175	166	86	-	-
Priit Luman (member of the board)	-	143	118	103	90
Gerd Müller (chairman of the board)	-	3	212	188	168
<b>Termination benefits of the board</b>					
Gerd Müller	-	-	222	-	-
<b>Fees for managing a subsidiary of the group</b>					
Maret Tambek	-	-	-	-	0,09
Group EBITDA	8,250	11,025	(412)	2,791	(2,437)
Average annual remuneration of full-time employees	58	39	35	31	29

\* Terms of office of members of the board:

Maret Tambek	1 May 2017 – 30 April 2027
Deniss Berman	1 January 2025 – 31 December 2027
Tarmo Pohlak	5 June 2023 – 4 June 2026
Priit Luman	1 May 2017 – 31 December 2024
Gerd Müller	8 January 2018 – 7 January 2024

The company does not apply the option of recovering variable pay.

The remuneration system of the members of the board has been applied without exception.

## Consolidated financial statements

### Consolidated statement of financial position

€'000	Note	31 December 2025	31 December 2024
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	5,266	8,195
Other financial assets	8	1,088	0
Trade and other receivables	9	46,348	29,449
Prepayments	10	3,274	3,543
Inventories	11	26,022	28,091
<b>Total current assets</b>		<b>81,998</b>	<b>69,278</b>
<b>Non-current assets</b>			
Other investments		77	77
Other financial assets	8	1,810	910
Trade and other receivables	9	10,142	9,771
Investment property	13	5,517	5,517
Property, plant and equipment	14	12,234	13,247
Intangible assets	15	14,922	14,951
<b>Total non-current assets</b>		<b>44,702</b>	<b>44,473</b>
<b>TOTAL ASSETS</b>		<b>126,700</b>	<b>113,751</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	16	12,049	12,626
Trade payables	18	49,569	36,819
Other payables	19	9,971	10,260
Deferred income	20	15,249	12,472
Provisions	21	3,863	1,333
<b>Total current liabilities</b>		<b>90,701</b>	<b>73,510</b>
<b>Non-current liabilities</b>			
Borrowings	16	5,708	5,720
Trade payables	18	1,605	5,091
Provisions	21	5,730	2,826
<b>Total non-current liabilities</b>		<b>13,043</b>	<b>13,637</b>
<b>TOTAL LIABILITIES</b>		<b>103,744</b>	<b>87,147</b>
<b>EQUITY</b>			
Share capital	22	14,379	14,379
Own (treasury) shares		(660)	(660)
Share premium		635	635
Statutory capital reserve	22	2,554	2,554
Translation reserve	22	4,522	4,034
Retained earnings		141	4,746
<b>Total equity attributable to owners of the parent</b>		<b>21,571</b>	<b>25,688</b>
<b>Non-controlling interests</b>		<b>1,385</b>	<b>916</b>
<b>TOTAL EQUITY</b>		<b>22,956</b>	<b>26,604</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>126,700</b>	<b>113,751</b>

The notes on pages 75–127 are an integral part of these consolidated financial statements.

## Consolidated statement of comprehensive income

€'000	Note	2025	2024
Revenue	24	208,281	223,925
Cost of sales	27	(194,746)	(207,155)
<b>Gross profit</b>		<b>13,535</b>	<b>16,770</b>
Marketing and distribution expenses		(433)	(422)
Administrative expenses	28	(6,814)	(7,878)
Other operating income	29	154	286
Other operating expenses	29	(6,835)	(695)
<b>Operating profit (loss)</b>		<b>(393)</b>	<b>8,061</b>
Finance income	30	499	678
Finance costs	30	(3,464)	(3,011)
<b>Net finance costs</b>		<b>(2,965)</b>	<b>(2,333)</b>
<b>Profit (loss) before income tax</b>		<b>(3,358)</b>	<b>5,728</b>
Income tax expense	31	(141)	(563)
<b>Profit (loss) for the period</b>		<b>(3,499)</b>	<b>5,165</b>
<b>Other comprehensive income</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Exchange differences on translating foreign operations		488	248
<b>Total other comprehensive income</b>		<b>488</b>	<b>248</b>
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>		<b>(3,011)</b>	<b>5,413</b>
<b>Profit (loss) attributable to:</b>			
- Owners of the parent		(4,605)	3,827
- Non-controlling interests		1,106	1,338
<b>Profit (loss) for the period</b>		<b>(3,499)</b>	<b>5,165</b>
<b>Comprehensive income attributable to:</b>			
- Owners of the parent		(4,117)	4,075
- Non-controlling interests		1,106	1,338
<b>Comprehensive income (loss) for the period</b>		<b>(3,011)</b>	<b>5,413</b>
<b>Earnings per share attributable to owners of the parent:</b>			
Basic earnings per share (€)		(0.15)	0.12
Diluted earnings per share (€)		(0.15)	0.12

The notes on pages 75–127 are an integral part of these consolidated financial statements.

## Consolidated statement of cash flows

€'000	Note	2025	2024
<b>Cash flows from operating activities</b>			
Cash receipts from customers <sup>1</sup>		243,613	273,153
Cash paid to suppliers <sup>2</sup>		(210,621)	(242,605)
VAT paid		(8,583)	(9,272)
Cash paid to and for employees		(22,855)	(19,964)
Income tax paid		(350)	(237)
<b>Net cash from operating activities</b>		<b>1,204</b>	<b>1,075</b>
<b>Cash flows from investing activities</b>			
Paid for acquisition of property, plant and equipment		(409)	(328)
Proceeds from sale of property, plant and equipment		478	319
Loans provided		(60)	(876)
Repayments of loans provided		10	5
Dividends received		0	6
Interest received		112	307
Cash placed in long-term term deposits		(2,898)	0
<b>Net cash used in investing activities</b>		<b>(2,767)</b>	<b>(567)</b>
<b>Cash flows from financing activities</b>			
Proceeds from loans received	16	3,802	1,896
Repayments of loans received	16	(1,571)	(1,633)
Payments of lease principal	16, 17	(2,458)	(2,220)
Payments of lease interest		(256)	(339)
Interest paid		(716)	(651)
Dividends paid		0	(1,347)
Other cash inflows		5	116
<b>Net cash used in financing activities</b>		<b>(1,194)</b>	<b>(4,178)</b>
<b>Net cash flow</b>		<b>(2,757)</b>	<b>(3,670)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>8,195</b>	<b>11,892</b>
Effect of movements in foreign exchange rates		(172)	(27)
Decrease in cash and cash equivalents		(2,757)	(3,670)
<b>Cash and cash equivalents at end of year</b>		<b>5,266</b>	<b>8,195</b>

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

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

The notes on pages 75–127 are an integral part of these consolidated financial statements.

## Consolidated statement of changes in equity

€'000	Equity attributable to owners of the parent							Non-controlling interests	Total
	Share capital	Treasury shares	Capital reserve	Share premium	Translation reserve	Retained earnings	Total		
<b>Balance at 31 December 2023</b>	<b>14,379</b>	<b>(660)</b>	<b>2,554</b>	<b>635</b>	<b>3,786</b>	<b>919</b>	<b>21,613</b>	<b>925</b>	<b>22,538</b>
Profit for the period	0	0	0	0	0	3,827	3,827	1,338	5,165
Other comprehensive income					248	0	248	0	248
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>248</b>	<b>3,827</b>	<b>4,075</b>	<b>1,338</b>	<b>5,413</b>
<b>Transactions with owners</b>									
Dividends paid	0	0	0	0	0	0	0	(1,347)	(1,347)
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,347)</b>	<b>(1,347)</b>
<b>Balance at 31 December 2024</b>	<b>14,379</b>	<b>(660)</b>	<b>2,554</b>	<b>635</b>	<b>4,034</b>	<b>4,746</b>	<b>25,688</b>	<b>916</b>	<b>26,604</b>
Profit (loss) for the period	0	0	0	0	0	(4,605)	(4,605)	1,106	(3,499)
Other comprehensive income					488	0	488	0	488
<b>Total comprehensive income (loss)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>488</b>	<b>(4,605)</b>	<b>(4,117)</b>	<b>1,106</b>	<b>(3,011)</b>
<b>Transactions with owners</b>									
Dividends declared	0	0	0	0	0	0	0	(637)	(637)
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(637)</b>	<b>(637)</b>
<b>Balance at 31 December 2025</b>	<b>14,379</b>	<b>(660)</b>	<b>2,554</b>	<b>635</b>	<b>4,522</b>	<b>141</b>	<b>21,571</b>	<b>1,385</b>	<b>22,956</b>

Further information about share capital and other components of equity can be found in note 22.

The notes on pages 75–127 are an integral part of these consolidated financial statements.

## NOTE 1. General information about the group

Nordecon AS is a company incorporated and domiciled in Estonia. The address of the company's registered office is Toompuiestee 35, Tallinn 10149, Estonia. The company's controlling shareholder and the party controlling the Nordecon group is AS Nordic Contractors that holds 51.16% of the shares in Nordecon AS. Through AS Nordic Contractors, the Nordecon group's ultimate controlling party is Toomas Luman. The Nordecon AS shares have been listed on the Nasdaq Tallinn Stock Exchange since 18 May 2006.

The consolidated financial statements of Nordecon AS (also referred to as 'the company' and 'the parent') as at and for the year ended 31 December 2025 comprise the company and its subsidiaries (together referred to as 'the group') and the group's interests in associates. The group's primary activities are building and infrastructure construction (as a general contractor) and, within strategic limits, real estate development. In addition to Estonia, the group operates through its subsidiaries and associate in Ukraine and Sweden. The operations of the Lithuanian subsidiary have been suspended.

There were no material changes in the group's structure in 2025.

## NOTE 2. Statement of compliance and basis of preparation

### Statement of compliance

The consolidated financial statements of the Nordecon AS group as at and for the year ended 31 December 2025 have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS EU). The parent's primary financial statements are presented in note 36 to the consolidated financial statements in accordance with the requirements of the Estonian Accounting Act.

The accounting policies set out below have been applied consistently to all periods presented.

Under the Estonian Commercial Code, the annual report (incl. the consolidated financial statements) that has been prepared by the board and approved by the council must also be approved by the shareholders' general meeting. The general meeting may decide not to approve the annual report prepared and submitted by the board and may demand that a new annual report be prepared.

The board authorised these consolidated financial statements for issue on 28 April 2026.

### Basis of measurement

The consolidated financial statements are prepared under the historical cost convention except for investment properties, which are measured at fair value. The methods used to measure fair value are described in note 4.

### Functional and presentation currency

The functional currency of all group companies is the currency of the primary economic environment in which they operate: in Estonia and Lithuania the euro (€), in Sweden the Swedish krona (SEK) and in Ukraine the Ukrainian hryvnia (UAH). The consolidated financial statements are presented in euros. The financial information in the primary financial statements and the notes is presented in thousands of euros, rounded to the nearest thousand unless indicated otherwise.

### Use of significant accounting estimates and judgements

The preparation of financial statements in conformity with IFRS EU requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Although management's estimates and underlying assumptions are reviewed on a regular basis and are based on historical experience and the best available information about probable future events, actual results may differ from those estimates.

In 2025, the group conducted its business operations primarily in Estonia. The Estonian economy grew modestly during the year, with preliminary estimates suggesting an increase of 1%. According to the Estonian Institute of Economic Research, the construction market stabilised in 2025, with the construction confidence indicator slightly higher than in 2024.

In 2025, Estonian construction companies' output (construction volume) decreased by 1.5% overall and by 1.4% in the Estonian market. According to preliminary data from Statistics Estonia, Estonian construction companies' total output in Estonia and abroad amounted to €4 billion, the figure comprising building construction of €2.5 billion and infrastructure construction of €1.5 billion.

The construction price index rose by 1.5% in 2025 compared to 2024. Rising material prices had the biggest impact on the construction price index and were the main factor in the year-on-year comparison. Labour costs and operating costs for construction machinery also increased. The outlook for 2026 is more optimistic. Economic analysts are forecasting economic growth of 2.3–3.6%, driven primarily by an improvement in domestic demand. A slowdown in inflation and a slight improvement in overall confidence are also projected.

Due to the above, the group's management has had to make estimates and use judgement in an environment where reliable, broad-based information on the market prices of some assets is often not available and where the outlook for the construction and property markets tends to be uncertain due to global economic developments.

**Critical estimates (E) and judgements (J) that have the most significant effect on the financial statements relate to the following areas:**

**Recognition of construction contract revenue using the stage of completion method (notes 25 and 26) (E)**

When the outcome of a construction contract can be estimated reliably, contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date. The group estimates the stage of completion by systematic budgeting, keeping track of actual revenues and expenses and adjusting estimates made. The estimated outcome of each construction contract is subject to regular control by various levels of management that analyse any deviations from the budget and revise the estimate where necessary.

The effect of a change in contract revenue and/or estimated contract costs is accounted for as a change in an accounting estimate. The revised estimates are used to determine the amount of revenue and expenses to be recognised in profit or loss in the period in which the estimate is changed and in subsequent periods.

During the period, management estimated the outcome (profit or loss) of construction contracts in progress taking into account the fact that during contract activity there was no indication that the total costs of any contract would exceed or already exceeded the total contract revenue. Management's ability to make accurate estimates is critical because an expected loss would have to be recognised immediately. Estimates of total contract costs depend primarily on management's estimates of changes in input prices compared to the originally budgeted ones.

At 31 December 2025, the estimated carrying amount of contract assets was €6,324 thousand (31 December 2024: €3,836 thousand) and the estimated carrying amount contract liabilities was €12,916 thousand (31 December 2024: 11,345 thousand).

**Determination of the net realisable value of inventories (note 11) (E)**

In accordance with the group's accounting policies, inventories are measured at the lower of cost and net realisable value. Accordingly, management has to estimate the value of inventories whenever there is any indication that the carrying amount of inventories may have decreased below their cost. If this has occurred, inventories are written down to their net realisable value, i.e. the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The group is involved in real estate development in Estonia and apartments built for sale are recognised as inventories until their sale (until the signature of the real right contract, see note 5 for an explanation of the real right contract). The group estimates the carrying amounts of unsold apartments carried in inventories by comparing their carrying amounts to the actual sales prices of similar apartments sold shortly before or after the reporting date.

In estimating the net realisable value of properties (land) acquired for development, the group relies on the calculations of its own property specialists. Most of the properties have a detailed spatial plan or proceedings for its adoption have been started. The properties are located in Estonia in the cities of Tartu, Pärnu and Narva and in the vicinity of Tartu. The group measured the net realisable values of the properties using the residual value method, which requires extensive estimation. Under the residual value method, the value of a property is the sum remaining after deducting estimated construction and other development costs from the estimated proceeds from the sale of the development project planned for the property. The valuations, which were performed by the group's property specialists separately for each property, took into account the opportunities and specific features of the detailed spatial plan or the planned building rights (incl. the region and location of the property). Based on the valuation results, there was no need to write the properties down. A sensitivity analysis of the valuations is presented in the notes to the consolidated financial statements.

At 31 December 2025, the carrying amount of inventories measured using material estimates was €8,971 thousand (31 December 2024: €9,693 thousand).

#### **Classification (J) and measurement (E) of investment properties (notes 4 and 13)**

On initial recognition, properties are classified to inventories or investment properties on the basis of management's intentions regarding their use. On subsequent reclassification, properties are transferred from one category to another based on the change in their use or management's intentions regarding their further use. Investment properties comprise properties held to earn rentals or for capital appreciation or both.

Investment properties are measured at fair value using three methods: the discounted cash flow method, the sales comparison method or the existence of a sales contract (under the law of obligations) at the reporting date (see note 5 for information on the application of the methods).

The group's investment properties are located in Estonia (in Pärnu) and in Ukraine (in Shchaslyve village near Kyiv, next to the Kyiv–Boryspil motorway). The values of investment properties were determined using the sales comparison method and the discounted cash flow method. The latter was used for properties located in areas where the number of sales transactions involving properties without buildings was insufficient during the period. Each property was measured separately, taking into account the opportunities and specific features of the detailed spatial plan or planned building rights (incl. the location of the property). Based on the methods applied, the investment properties in Estonia were measured at fair value at the end of the reporting period. Russia's military invasion of Ukraine in February 2022 and continuing military aggression against Ukraine have made the economic situation in Ukraine highly unstable. Due to the war, the inputs used to measure the fair value of investment properties are volatile and therefore it was not possible to obtain a valuation report from an independent internationally recognised appraiser regarding the fair value of the group's Ukrainian investment property during the period 2022–2025. The last valuation was performed in 2021 and the property is stated in the statement of financial position based on this valuation. The group has not applied any alternative valuation methods because objective and reliable inputs are not available. The group monitors the state of the property and the developments in the economic environment to determine when a valuation, based on objective inputs, could be carried out and the fair value of the property properly measured. The property has not been damaged in the war and the group has control of it.

At 31 December 2025, the total carrying amount of investment properties located in Estonia was €3,705 thousand (31 December 2024: €3,705 thousand) and the carrying amount of the investment property in Ukraine was €1,812 thousand (31 December 2024: €1,812 thousand).

#### **Provisions and contingent liabilities (notes 21 and 33) (E)**

Provisions are recognised in the statement of financial position based on management's best estimates of the timing and amount of the expenditure required to settle a present obligation at the reporting date. A provision is used only to cover those expenditures for which it was originally recognised.

The group makes provisions for warranty expenses. Provisions are recognised after the completion of construction activity and the delivery of the project to the customer. Warranty periods generally extend from two to three years in general construction and civil engineering and from two to five years in road construction. The amount of post-construction warranty liabilities is estimated based on historical data on actual warranty expenses, which generally extend from 0.15% to 1% of total contract costs. Depending on the complexity of the project, the group may recognise a warranty provision that exceeds historical data.

At 31 December 2025, the carrying amount of the group's warranty provisions was €2,472 thousand (31 December 2024: €2,551 thousand).

The group's activities include extraction of various aggregates and fillers from quarries in order to obtain more favourably priced inputs for road construction and maintenance projects. As a rule, the extraction of raw material imposes the obligation to immediately make a provision for subsequent rehabilitation costs even though the payments will have to be made or the work will have to be done when extraction operations have ended. The group calculates a rehabilitation provision by dividing the estimated rehabilitation expenditure, i.e. the ultimate known costs of restoring the quarry area, by the maximum quantities permitted to be extracted or, if lower, the quantities planned to be extracted. The cost per tonne thus obtained is used to recognise and subsequently adjust the provision based on the actual quantities extracted during the period. Management reassesses the group's rehabilitation obligations, the quantities to be extracted and the sufficiency of the rehabilitation provisions recognised once a year.

At 31 December 2025, the carrying amount of the group's rehabilitation provision was €804 thousand (31 December 2024: €1,041 thousand).

### Measurement of goodwill (note 15) (E)

The group assesses at least annually whether the recoverable amount of goodwill acquired on the acquisition of subsidiaries may have decreased below its carrying amount. This is done by identifying the fair value (less costs to sell) or value in use of the cash-generating unit (CGU) to which goodwill has been allocated. Value in use is determined by estimating the future net cash flow of a CGU and by applying an appropriate discount rate to calculate the present value of that future cash flow. The group defines a CGU as a group company whose acquisition gave rise to goodwill as a result of the purchase price allocation. The value in use of a CGU is determined by making detailed forecasts of the CGU's net cash flow for the next four years. Management makes the forecasts on the assumption that at the end of the forecast period the CGU is in a stable and financially sustainable state so that the terminal value for identifying value in use can be estimated on a going concern basis. The value in use of a CGU is compared to its carrying amount (incl. goodwill).

The projected net cash flows, which include both the working capital investments and capital expenditures incurred to maintain the assets in the state they are in at the time the estimate is made, are discounted by using the weighted average cost of capital (both debt and equity capital) as the discount rate. The net operating cash flows of CGUs do not depend on the capital structure of the specific company. Therefore, in determining the discount rate, the proportions of debt and equity capital are identified based on the industry's average ratios in the Damodaran database. The discount rates used to estimate the value in use of the group's CGUs were 12.2% and 11.6%. The group did not identify a need for recognising an impairment loss for goodwill as at 31 December 2025 or 31 December 2024. The impact of a change in the discount rates used to test goodwill for impairment on value in use is disclosed in note 15.

At 31 December 2025, the carrying amount of goodwill was €13,995 thousand (31 December 2024: €13,995 thousand).

### Measurement of loans provided (notes 9 and 35) (E)

In line with the group's accounting policies, loans provided are measured at their amortised cost using the effective interest method. Management measures each loan on an individual basis. The need to write down a loan provided, either in part or in full, is determined on the basis of the debtor's financial position and cash flow projections and the value of the collateral.

The repayment of the loan the group has provided to its Ukrainian associate for the acquisition and development of a property depends on how successfully the development project can be executed. The group measures the value of the development project to be carried out using the assistance of independent internationally recognised appraisers. Significant valuation inputs include the project's cash flows (expected rental prices), discount rates, the vacancy rates of the commercial premises to be rented out and the time factor of the realisation of the project (delays in completion). Russia's military invasion of Ukraine in February 2022 and its continuing military aggression against Ukraine have made Ukraine's economic situation highly unstable. Therefore it was not possible to obtain a valuation report from an independent internationally recognised appraiser regarding the fair value of the group's Ukrainian development project as at 31 December 2025 and 31 December 2024. The last valuation was performed in 2021 and the group has not applied any alternative valuation methods because objective and reliable inputs are not available. The group monitors the state of the property and developments in the economic environment to determine when a valuation, based on objective inputs, could be carried out and the fair value of the property measured. The loan is secured by the property being developed. The property has not been damaged in the war and the group has factual control of it.

At 31 December 2025, the carrying amount of the loan provided in connection with the development project in Ukraine was €8,941 thousand (31 December 2024: €8,544 thousand).

## NOTE 3. New standards, amendments and interpretations

### New standards, amendments and interpretations effective for the reporting period

The following new standards, amendments and interpretations became effective for the group from 1 January 2025. Their application did not have a material impact on the group's financial statements.

- Amendments to IAS 21 *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*  
The amendments clarify when a currency is exchangeable into another, how to estimate a spot rate when exchangeability is lacking and which additional disclosures are required in such cases.

The application of the amendments did not have a material impact on the group's financial statements.

### **New standards, amendments and interpretations not yet effective**

#### **IFRS 18 Presentation and Disclosure in Financial Statements**

(Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.)\*

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. The major changes in the requirements are summarised below.

#### ***A more structured statement of profit or loss***

IFRS 18 introduces newly defined 'operating profit' and 'profit or loss before financing and income tax' subtotals and a requirement for all income and expenses to be allocated between three new distinct categories based on a company's main business activities: operating, investing and financing.

Under IFRS 18, companies are no longer permitted to disclose operating expenses only in the notes. A company presents operating expenses in a way that provides the 'most useful structured summary' of its expenses by either:

- nature;
- function; or
- using a mixed presentation.

If any operating expenses are presented by function, then new disclosures apply.

#### ***MPMs – Disclosed and subject to audit***

IFRS 18 also requires some 'non-GAAP' measures to be reported in the financial statements. It introduces a narrow definition for Management-defined Performance Measures (MPMs), requiring them to be:

- a subtotal of income and expenses;
- used in public communications outside the financial statements; and
- reflective of management's view of financial performance.

For each MPM presented, companies need to explain in a single note to the financial statements why the measure provides useful information, how it is calculated and reconcile it to an amount determined under IFRS Accounting Standards.

#### ***Greater disaggregation of information***

The new standard includes enhanced guidance on how companies group information in the financial statements. This includes guidance on whether information is included in the primary financial statements or is further disaggregated in the notes. Companies are discouraged from labelling items as 'other' and are required to disclose more information if they continue to do so.

#### ***Other changes applicable to the primary financial statements***

IFRS 18 sets operating profit as a starting point for the indirect method of presenting cash flows from operating activities and eliminates the option for classifying interest and dividend cash flows as operating activities in the cash flow statement (this differs for companies with specified main business activities). It also requires goodwill to be presented as a new line item in the statement of financial position.

#### ***Transition***

In their annual financial statements prepared for the period in which the new standard is first applied, companies must disclose, for the comparative period immediately preceding that period, a reconciliation for each line item in the statement of profit or loss between:

- the restated amounts presented applying IFRS 18; and
- the amounts previously presented applying IAS 1.

The group plans to apply the new standard from 1 January 2027. The group expects that the new standard, when initially applied, will have a material impact on its practice of presenting and disclosing its consolidated financial statements. The group is assessing the potential impact on its financial statements resulting from the application of IFRS 18.

**Other new standards, amendments and interpretations not yet effective**

The following new standards and amendments were not yet effective for the reporting period ended 31 December 2025. The group has not early adopted any of these new or amended standards and does not expect that they will have a material impact on its consolidated financial statements when they become effective.

- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to IFRS 9 and IFRS 7).
- *Contracts Referencing Nature-dependent Electricity* (Amendments to IFRS 9 and IFRS 7) (Effective for annual reporting periods beginning on or after 1 January 2026.) The amendments mainly relate to renewable power purchase agreements and clarify the application of the own use exemption, amend relevant hedge accounting requirements and introduce additional requirements for disclosing the impact of these contracts on the reporting entity's financial performance and cash flows.
- *IFRS 19 Subsidiaries without Public Accountability: Disclosures* (Effective for annual reporting periods beginning on or after 1 January 2027. Earlier application is permitted.) The standard allows eligible subsidiaries that do not have public accountability to apply reduced disclosure requirements while maintaining the full recognition and measurement principles of IFRS Accounting Standards.
- Annual Improvements to IFRS Standards – Volume 11\*

\* Not yet endorsed by the European Union.

**NOTE 4. Material accounting policies****Basis of consolidation****Subsidiaries**

Subsidiaries are entities controlled by the group. The group controls an entity when it has exposure, or rights, to variable returns from its involvement with the entity and it has the ability to use its power over the entity to affect the amount of the returns. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The group's Estonian subsidiaries prepare their financial statements in accordance with the Estonian Financial Reporting Standard and the Swedish and Ukrainian subsidiaries prepare their financial statements in accordance with the Swedish and Ukrainian generally accepted accounting principles, respectively. Where necessary, their accounting policies are adjusted in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

**Associates**

Associates are entities in which the investor has significant influence, but not control of the financial and operating policies. Significant influence is presumed to exist when the group holds, directly or indirectly (e.g. through subsidiaries), 20% to 50% of the voting power of the investee.

Investments in associates are accounted for using the equity method. The investment is initially recognised at cost, which includes the transaction charges. The carrying amount of an investment includes any goodwill identified on acquisition less any subsequently recognised impairment losses.

The consolidated financial statements include the group's share of the income and expenses and equity movements of equity-accounted investees, after adjustments to align their accounting policies with those of the group, from the date the significant influence or joint control commences to the date the significant influence or joint control ceases. When the group's share of loss exceeds the carrying amount of the investment, the carrying amount of the investment is reduced to nil and recognition of future losses is discontinued, except to the extent that the group has a binding obligation to restore the investee's equity. In justified cases, losses may be covered by writing down receivables from the investee (e.g. long-term loans).

The group's Estonian associates prepare their financial statements in accordance with the Estonian Financial Reporting Standard and the group's Ukrainian associate prepares its financial statements in accordance with the Ukrainian generally accepted accounting principles. Where necessary, their accounting policies are adjusted in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

## Translation of the financial statements of foreign subsidiaries

The assets and liabilities of foreign subsidiaries (incl. fair value adjustments arising on business combinations) are translated into euros at exchange rates ruling at the reporting date. The income and expenses of foreign subsidiaries are translated into euros at exchange rates ruling at the dates of the transactions or at the average exchange rate for the reporting period when the exchange rate between the euro and the foreign currency has been stable. Exchange differences on translating the financial statements of foreign subsidiaries are recognised in other comprehensive income or expense. When a foreign subsidiary is disposed of, in part or in full, so that the group loses control, the relevant amount in the foreign currency translation reserve is transferred to profit or loss.

The exchange rates of the euro against the functional currencies of the group's foreign operations as at the reporting date were as follows:

	Date	Swedish krona (SEK)	Ukrainian hryvnia (UAH)*
€1	31 December 2025	10.8215	49.8565
€1	31 December 2024	11.459	43.9266

\* The European Central Bank does not publish the exchange rate for UAH. The Central Bank of Ukraine ceased determining the indicative exchange rate for UAH in early 2015. Therefore, the UAH exchange rate is based on the information published by Ukraine's Ministry of Finance.

## Financial assets

Regular way purchases and sales of financial assets (except for loans provided and receivables) are recognised using trade date accounting. The trade date is the date on which the group commits itself to purchase or sell an asset (e.g. the date on which the contract is signed). Loans and receivables are recognised on the date they originate. A purchase or sale is considered a regular way purchase or sale if the terms of the contract require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Depending on their classification, subsequent to initial recognition all financial assets are measured in their entirety either at their amortised cost or fair value.

### Classification of financial assets

The classification and subsequent measurement of a financial asset depends on the business model chosen for managing relevant financial assets and the contractual terms of the cash flows. The classification of a financial asset is determined on its initial recognition.

#### *Financial assets measured at amortised cost*

Subsequent to initial recognition, debt instruments are measured at their amortised cost using the effective interest method only if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

The group has classified cash and cash equivalents, trade receivables, amounts due from customers for contract work, loans provided and other receivables as financial assets measured at amortised cost.

The effective interest method is the method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant contract period. The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the debt instrument or, when appropriate, a shorter period, to the gross carrying amount of the debt instrument measured at initial recognition (the calculation includes all fees paid or received that are an integral part of the effective interest rate, transaction costs, and other premiums or discounts but excludes expected future credit losses).

Interest income is recognised within finance income in profit or loss.

## Cash and cash equivalents

Cash and cash equivalents comprise cash, demand deposits, term deposits and units in money market funds which are (based on their contract terms) readily convertible to known amounts of cash within up to three months and which are subject to an insignificant risk of changes in market value. The statement of cash flows is prepared using the direct method.

## Financial liabilities

All financial liabilities (trade payables, borrowings, accrued expenses, and other short- and long-term payables) are recognised initially at their fair value, which includes any directly attributable transaction costs. After initial recognition, financial liabilities are measured at amortised cost using the effective interest method except for financial liabilities at fair value through profit or loss. Financial liabilities are recognised using trade date accounting, i.e. at the date they are assumed (e.g. at the date when the agreement is signed).

A financial liability is classified as current when it is due to be settled within 12 months after the reporting period.

If the group intends and has the right to refinance or extend an obligation for at least 12 months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the group has no such right, the group does not consider the potential to refinance the obligation and classifies the obligation as current.

A financial liability is derecognised when it is discharged or cancelled or expires.

## Inventories

Raw materials and consumables and goods purchased for resale (incl. the properties acquired for development) are initially recognised at cost, which comprises all directly attributable costs of purchase and other costs incurred in bringing the inventories to their present location and condition (incl. borrowing costs). Building materials acquired for construction contracts are recognised as inventories (within raw materials and consumables) until they are used in the construction process.

Work in progress is recorded at the cost of conversion. The cost of conversion of inventories comprises all direct and indirect costs of conversion incurred in bringing the inventories to their present location and condition. Materials and services used in the construction process but related to work not delivered to customers are classified as work in progress until delivery or, in the case of real estate development, until the completion of the asset.

Finished goods include items of real estate (e.g. apartments) which have been completed as a result of property development and are available for sale; such items are measured at the cost incurred in achieving their completion.

The cost of inventories is assigned using the weighted average cost formula. Exceptions include properties (plots of land) purchased for development whose cost is assigned using specific identification of their individual cost.

After initial recognition, inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

## Investment property

Investment property is property (land and buildings) held to earn rentals or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes.

An investment property is measured initially at its cost. Transaction costs and other directly attributable expenditure (such as borrowing costs) are included in the initial measurement. After initial recognition, an investment property is measured at fair value at each reporting date. Gains and losses arising from changes in the fair value of an investment property are recognised in profit or loss in the period in which they arise.

An investment property is derecognised on disposal or when the investment property is permanently retired from use and no future economic benefits are expected from it. Gains and losses arising from derecognition of an investment property are recognised in profit or loss in the period of derecognition.

When there is a change in use, an investment property is reclassified. Upon reclassification, the property's deemed cost for subsequent accounting is its fair value at the date of reclassification. The property is accounted for, from the date of transfer, in accordance with the policies applicable to the class of assets to which the property was transferred.

## Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services or for administrative purposes and are expected to be used for more than one year.

Items of property, plant and equipment are initially recognised at cost. The cost of an item of property, plant and equipment comprises its purchase price and any other costs (incl. borrowing costs) directly attributable to its acquisition. After initial recognition, items of property, plant and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

If an item of property, plant and equipment consists of significant parts that have different useful lives, the parts are accounted for separately and assigned depreciation rates that correspond to their useful lives.

Subsequent costs related to an item of property, plant and equipment, such as the costs of replacing a part of it, are recognised in the carrying amount of the item if it is probable that future economic benefits associated with the costs will flow to the group and the costs can be measured reliably. The carrying amount of a part that is replaced is derecognised. All other subsequent costs are recognised as an expense as incurred.

Items of property, plant and equipment are depreciated using the straight-line method. Each asset is assigned a depreciation rate that corresponds to its useful life. The following useful lives are applied:

<b>Asset class</b>	<b>Useful life in years</b>	<b>Asset class</b>	<b>Useful life in years</b>
Land	Not depreciated	Machinery and equipment	3–12
Buildings	33	Other items of property, plant and equipment	3–10

Items of property, plant and equipment are depreciated until their carrying amount is equal to their residual value. The residual value of an asset is the amount that the group would currently obtain from the disposal of the asset, if the asset were already of the age and in the condition expected at the end of its useful life.

The depreciation methods, depreciation rates and residual values of items of property, plant and equipment are reviewed at least at each financial year-end and if expectations differ from previous estimates the changes are recognised prospectively.

The group assesses whether the carrying amount of an item of property, plant and equipment is impaired when there is indication that the recoverable amount of the item may have decreased below its carrying amount. Further information about assessing impairment is presented in the policy ‘Impairment of assets’.

The carrying amount of an item of property, plant and equipment is derecognised when the item is disposed of or when no future economic benefits are expected from its use or disposal. Gains and losses arising from derecognition of items of property, plant and equipment are recognised in other operating income and other operating expenses, respectively, in the period in which the item is derecognised.

### **Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of that asset. Borrowing costs that are directly attributable are those borrowing costs that would have been avoided if expenditure on the qualifying asset had not been made. If funds are borrowed specifically for the purpose of obtaining a qualifying asset, the group determines the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on the loan during the period less any investment income on the temporary investment of the borrowed amounts. Other borrowing costs are recognised in profit or loss in the period in which they are incurred using the effective interest method.

### **Intangible assets**

An intangible asset acquired from an external party is measured initially at cost. After initial recognition, an intangible asset is carried at cost less any accumulated amortisation and any accumulated impairment losses. Intangible assets are recognised and accounted for similarly to items of property, plant and equipment, unless described otherwise in these accounting policies.

Intangible assets are classified into assets with a finite useful life and assets with an indefinite useful life. Assets with finite useful lives are amortised over their estimated useful lives using the straight-line method.

<b>Asset class</b>	<b>Useful life in years</b>	<b>Asset class</b>	<b>Useful life in years</b>
Goodwill	Not amortised	Software licences	3–5

Intangible assets with indefinite useful lives are not amortised. The useful life of an intangible asset that is not amortised is reviewed at each financial year-end to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If the indefinite useful life has become finite, amortisation of the asset will commence and the change is recognised prospectively.

Intangible assets with indefinite useful lives are tested for impairment individually or as part of a cash-generating unit. Intangible assets with finite useful lives are tested for impairment whenever there is any indication that they may be impaired. When the carrying amount of an intangible asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses are recognised similarly to amortisation expenses in profit or loss.

Further information about the assessment of impairment is provided in the policy ‘Impairment of assets’.

### **Goodwill**

Goodwill acquired in a business combination is measured initially at cost.

After initial recognition, goodwill is measured at cost less any impairment losses. The goodwill allocated to equity-accounted investees is included in the cost of the investees.

Impairment testing is described in the policy ‘Impairment of assets’.

### **Research and development expenditures**

Research expenditures include expenditures incurred in investigation and research activities undertaken with the prospect of gaining new scientific or technical knowledge or gathering relevant information. Research expenditures are related to the creation of a scientific or technical basis for the development of new products or services and they are recognised as an expense as incurred.

Development expenditures include expenditures incurred in the application of research findings on the development, design or testing of specific new products, services, processes or systems. Development expenditure is capitalised and recognised as an intangible asset if the expenditure can be measured reliably, the group has technical and financial resources and a positive intention to complete the development of the asset, the group can use or sell the asset and the probable future economic benefits generated by the asset can be measured.

Capitalised development expenditures are carried at cost less any accumulated amortisation and any accumulated impairment losses. Development expenditure is recognised as an expense on a straight-line basis over its estimated useful life that generally does not exceed 5 years. Amortisation commences when the group has started the business activity that was expected to result from the development project.

### **Impairment of assets**

Measurement of fair value is described in note 5.

At each reporting date the group assesses whether there is any indication that an asset may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset.

#### *Financial assets*

The group assesses on a forward-looking basis the expected credit losses (ECL) associated with debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The measurement of ECL reflects:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

For cash and cash equivalents, deposits, trade receivables and contract assets without a significant financing component, the group applies a simplified approach permitted by IFRS 9 and measures the loss allowance at an amount equal to lifetime expected credit losses from initial recognition of the receivables. The group uses a provision matrix in which an allowance for expected credit losses is calculated based on the ageing profile of the receivables.

#### *Non-financial assets*

The group assesses at each reporting date whether there is any indication that a depreciable or amortisable asset or an item of property, plant and equipment with an unlimited useful life may be impaired. If any such indication exists, the group estimates the recoverable amount of the asset and compares it to the asset’s carrying amount. In estimating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset. If an asset does not generate cash inflows that are largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

An impairment loss for an intangible asset with an indefinite useful life, including goodwill, is recognised when the recoverable amount of the asset or the cash-generating unit is less than its carrying amount. An impairment loss is recognised immediately in profit or loss.

Goodwill is tested for impairment at least annually at the end of the financial year. Impairment is determined by estimating the recoverable amount of the CGU to which goodwill has been allocated.

For the purpose of impairment testing, goodwill is allocated to the CGUs or groups of CGUs that are expected to benefit from the synergies of a business combination. Impairment losses on goodwill are recognised in profit or loss.

#### *Reversal of an impairment loss*

The group assesses at least at each reporting date whether there is any indication that an impairment loss recognised in prior periods no longer exists or may have decreased. If such indication exists, the impairment loss is reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss cannot exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised. A reversal of an impairment loss is recognised in profit or loss (within the same item where the original impairment loss was recognised). As an exception, impairment losses on goodwill are not reversed.

Impairment losses recognised for an investment in an equity instrument classified as available for sale are not reversed through profit or loss. If the fair value of a debt instrument classified as available for sale subsequently increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

#### **Provisions and contingent liabilities**

A provision is recognised in the statement of financial position when the group has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Long-term provisions are recognised at their present value by applying a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. The increase in a provision arising from the decrease in the discount period (unwinding of the discount) is recognised in profit or loss. Provisions are carried at their discounted present value if the effect of discounting is material.

The group recognises provisions for onerous construction contracts in progress based on the uncompleted parts of the contracts (see also 'Revenue from construction contracts').

A warranty provision is recognised when the construction service has been delivered and a warranty obligation has been incurred under a construction contract. The amount recognised as a provision is estimated based on the group's historical experience of the expenditure required to settle warranty obligations. Warranty provisions are reviewed at least annually.

Provisions for restoring associates' negative equity are recognised when the group has a relevant legal obligation or a binding commitment under an agreement with other investors.

Provisions for meeting site rehabilitation commitments following the completion of extraction operations are recognised when the group incurs a binding commitment to make relevant outlays or do relevant work. The provision for expected expenditure is recognised by reference to the ratio of the quantities of raw material actually extracted to the quantities of raw material allowed to be extracted under the extraction permit or planned to be extracted by the group. The amounts of rehabilitation provisions, the quantities to be extracted and the associated ratios are reassessed at least annually.

Promises, guarantees and other commitments that may transform into obligations under certain circumstances (that do not yet exist and are beyond the control of the group) are disclosed in the notes to the financial statements as contingent liabilities.

Contingent liabilities also include present obligations that arise from past events whose realisation probability, according to management's estimates, is remote and/or which cannot be measured reliably, and obligations whose existence will only be confirmed by the occurrence of some future event.

#### **Leases**

##### **The group as a lessee**

Leases are recognised as right-of-use assets and lease liabilities (within borrowings) at the commencement date of the lease, i.e. at the date on which the lessor makes the underlying asset available for use by the group. Assets and liabilities arising from a lease are measured in the statement of financial position at the present value of the lease payments. Lease payments are apportioned between payments for the principal lease liability and finance cost (interest expense). The finance cost is allocated to each period during the lease term so that it would produce a constant periodic rate of interest on the remaining balance of the lease liability.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life and lease term of the asset.

Lease payments include the following payments made during the lease term:

- fixed lease payments, less any lease incentives receivable (payments, or reimbursements of costs, by the lessor);
- variable lease payments that are based on an index or rate (e.g. inflation, EURIBOR);
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option (if the lessee is reasonably certain to exercise the option) and payments resulting from extending or terminating the lease (if the lease term reflects the lessee exercising the options).

Lease payments are discounted using the interest rate implicit in the lease or, alternatively, the lessee's incremental borrowing rate. The incremental borrowing rate is the interest rate that the group would have to pay to borrow the funds necessary to obtain an asset similar to the right-of-use asset. In accordance with IFRS 16, all lease payments are reported as cash flows from financing activities in the statement of cash flows.

The cost of a right-of-use asset comprises:

- the present value of the lease payments;
- any initial direct costs incurred by the lessee;
- any lease payments made before the commencement date of the lease;
- costs to be incurred in removing the underlying asset (if required by the lease) or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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. In determining the lease term, management assesses how probable it is that the group will exercise, or not exercise, an extension or termination option, considering all relevant facts and circumstances that create an economic incentive to exercise, or not exercise, an option. Periods covered by an option to extend the lease (or periods covered by an option to terminate the lease) are only included in the lease term if it is reasonably certain that the extension option will be exercised (or the termination option will not be exercised). Management reviews its assessments regarding the extension and termination options upon the occurrence of a significant event or a significant change in circumstances that affects the probability of the group exercising an option or when there is a change in the non-cancellable period of the lease.

### **The group as a lessor**

Assets leased out under operating leases are presented in the statement of financial position according to the nature of the asset and accounted for similarly to property, plant and equipment. The depreciation policy for assets that have been leased out is consistent with the normal depreciation policy for similar assets. Lease income from operating leases is recognised in income on a straight-line basis over the lease term.

An asset leased out under a finance lease is recognised in the statement of financial position and presented as a receivable at an amount equal to the net investment in the lease. Under a finance lease, the lessor transfers substantially all the risks and rewards incidental to ownership of the underlying asset to the lessee and thus removes the asset from its statement of financial position and recognises instead a finance lease receivable, i.e. its net investment in the lease. A finance lease receivable is the sum of the present value of lease payments receivable and the present value of the estimated residual value of the underlying asset at the end of the lease term.

### **Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the period. Diluted earnings per share are calculated by dividing the net profit or loss for the period 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. The weighted average number of ordinary shares outstanding during the period is adjusted for the effects of any bonus issues, and earnings per share for all periods presented are calculated on the same basis.

## Taxation

### Deferred tax

Deferred tax is recognised for temporary differences that arise between the carrying amounts of assets and liabilities and their tax bases (the tax base is the amount attributed to an asset or liability for tax purposes).

Under Estonian laws, corporate profit for the year is not subject to taxation. The obligation to pay corporate income tax arises on the distribution of profit and is recognised as an expense (in profit or loss for the period) when a dividend is declared. Due to the nature of the taxation system, companies registered in Estonia do not have deferred tax assets or liabilities except for possible deferred tax liabilities related to investments in subsidiaries, associates, joint ventures and branches.

The group incurs deferred tax liabilities in connection with investments in entities domiciled in countries where profit for the year is subject to income tax.

The group also incurs deferred tax liabilities in connection with investments in subsidiaries domiciled in Estonia except to the extent that the group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Examples of the reversal of taxable temporary differences include the distribution of a dividend, the disposal of an investment, and similar transactions.

Since the group controls the dividend policy of its subsidiaries, it is also able to control the timing of the reversal of the temporary differences associated with those investments. If the parent has decided not to distribute the profit of a subsidiary in the foreseeable future, it does not recognise a deferred tax liability. If the parent expects a dividend to be distributed in the foreseeable future, it recognises a deferred tax liability to the extent of the expected dividend distribution assuming that at the reporting date there are sufficient funds and equity from which profit can be distributed in the foreseeable future.

The group measures deferred tax liabilities at the tax rates that are expected to apply to the taxable temporary differences in the periods in which the temporary differences are expected to reverse, based on the tax rates enacted at the reporting date.

### Current tax

In accordance with the Estonian Income Tax Act, the undistributed earnings (profits) of companies registered in Estonia are not subject to tax. Income tax is levied on profit distributions, including dividends.

From 1 January 2025, the income tax rate for dividends is 22% (the amount of tax payable is calculated as 22/78 of the net dividend). The lower, 14% tax rate for regular dividend distributions has been abolished and all dividends are taxed at the same rate.

Income tax payable on dividends is recognised as an income tax expense in the period in which the dividends are declared. The maximum income tax liability that could arise if all of the retained earnings were distributed as dividends is disclosed in note 33.

Income tax assets and liabilities and income tax income and expense comprise current and deferred items. Current tax (recoverable or payable) related to taxable profit or the distribution of dividends is recognised as a current asset or liability. Deferred tax is recognised as a non-current asset or liability unless it is probable that the deferred tax will realise in the next reporting period.

Information about income tax liabilities is provided in note 31 to the consolidated financial statements.

### Foreign subsidiaries and associates

In Ukraine, Sweden and Lithuania corporate profits are subject to income tax. In the reporting period, the income tax rates were as follows: Ukraine 18% (2024: 18%), Sweden 20.6% (2024: 20.6%) and Lithuania 16% (2024: 15%). Taxable profit is calculated by adjusting profit before tax for permanent and temporary differences between the carrying amounts and tax bases of assets and liabilities as permitted by the local tax laws.

In the case of foreign subsidiaries, deferred tax assets and liabilities are recognised for all temporary differences at the reporting date between the carrying amounts and tax bases of assets and liabilities. A deferred tax asset is recognised in the statement of financial position only when it is probable that in the foreseeable future the entity will incur an income tax liability of a comparable amount against which the deferred tax asset can be utilised.

## Segment reporting

An operating segment is a component of the group that engages in business activity and whose financial performance comprises items that are directly attributable to the operating segment (incl. revenue and profit on transactions with the group's other operating segments). The financial performance of a segment may also include items that are allocated to segments on a reasonable basis. Financial items that cannot be allocated relate to the parent company's administrative activities or do not have a reasonable basis for allocation.

Reportable operating segments are identified on the basis of how the internally generated financial information is used by the group's chief operating decision maker. The chief operating decision maker is the group of persons that allocates resources to and assesses the performance of operating segments. The group's chief operating decision maker is the board of the parent company, Nordecon AS.

## Revenue

Revenue is income arising in the course of the group's ordinary activities. Revenue is recognised in the amount of the transaction price. The transaction price is the amount of consideration to which the group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The group recognises revenue when control of a good or service is transferred to the customer.

### Revenue from construction contracts

Construction contract revenue and construction contract costs (under contracts secured as a general contractor and a subcontractor and road maintenance contracts) are recognised as revenue and expenses, respectively, when they can be measured reliably using the stage of completion method. Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and are capable of being measured reliably. The stage of completion of a contract is determined using the cost method, i.e. based on the proportion that contract costs incurred for work performed bear to the estimated total contract costs. When it is probable that total contract costs will exceed total contract revenue, the entire expected loss is recognised immediately as an expense in profit or loss and in provisions in the statement of financial position (see also the accounting policy 'Construction contracts in progress').

### Revenue from sale of goods purchased and finished goods

Revenue from the sale of goods purchased and finished goods, including real estate developed by the group (own developments), is recognised when control of the goods has been substantially transferred to the buyer, it is probable that economic benefits associated with the transaction will flow to the group, the costs incurred or to be incurred in respect of the transaction, including potential returns, can be measured reliably, the group retains no continuing involvement with the goods, and the amount of the revenue can be measured reliably.

Transfer of the risks and rewards of ownership from the seller to the buyer depends, above all, on the nature of the transaction and the terms of the contract. Upon sale of goods, transfer generally occurs when the goods are physically delivered to the buyer. The transfer of real estate completed by the group through development or acquired by the group for development is generally fixed in a notarised real right contract. Amounts received from customers before the conclusion of the contract are recognised as deferred income.

### Finance income

Interest income is recognised as it accrues using the effective interest method. Dividend income is recognised when the right to receive payment is established.

## Construction contracts in progress

The revenues and costs of a construction contract in progress are recognised using the stage of completion method. The stage of completion of a construction contract is determined using the cost method, i.e. based on the proportion that contract costs incurred for work performed bear to the estimated total contract costs. Construction contract costs comprise costs that relate directly to a specific contract and costs that are attributable to contract activity in general (overheads).

If at the reporting date progress billings exceed the revenue recognised using the stage of completion method, the difference is recognised in the statement of financial position as a current liability (in deferred income). If the revenue recognised using the stage of completion method exceeds progress billings, the difference is recognised in the statement of financial position as a current asset (in trade and other receivables).

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred. When it is probable that total contract costs will exceed total contract revenue, the entire expected loss is recognised immediately in profit or loss for the period.

#### **Investments in subsidiaries, associates and joint ventures in the parent company's primary financial statements, the disclosure of which is required by the Estonian Accounting Act**

The parent company's primary financial statements are presented in the notes as supplementary information required by the Estonian Accounting Act. The parent company does not prepare additional separate financial statements as defined in IAS 27.

In the parent company's primary financial statements, investments in subsidiaries, associates and joint ventures are accounted for using the cost method. Under the latter, an investment is initially recognised at cost, i.e. at the fair value of the consideration paid for it upon acquisition. After initial recognition, investments in subsidiaries, associates and joint ventures are carried at cost less any impairment losses.

When there is any indication that an investment may be impaired or at least at each financial year-end, investments are tested for impairment by estimating their recoverable amount (see the policy 'Impairment of assets'). Impairment losses are recognised in profit or loss.

Dividends distributed by subsidiaries, associates and joint ventures are recognised in profit or loss when the right to receive payment is established. Dividends distributed from this portion of a subsidiary's, associate's or joint venture's equity which accumulated before the date of acquisition are not recognised as income. Instead, they are accounted for as a reduction of the investment.

## **NOTE 5. Financial risk management**

Use of financial instruments exposes the group to the following risks:

- Credit risk
- Liquidity risk
- Market risk

The group's risk management process is based on the premise that effective risk management is underpinned by the continuous identification and accurate assessment of the potential impact of the risks to which the group is exposed as well as adherence to the risk management policies in place. The main objective of relevant activities is to prevent and manage risks which could have an adverse impact on the adequacy of working capital required for the group's operating activities and which could jeopardise the group's compliance with the conditions set by the providers of debt capital, the adequacy of the group's equity and the group's ability to continue as a going concern.

The group establishes risk management policies and implements action plans aimed at identifying and analysing risks, monitoring risk levels and diversifying risks across time, activities and geographical areas. The key role in financial risk management is played by the finance and accounting department of Nordecon AS, which is responsible for risk assessment and designing and implementing risk assessment and management action plans. As a rule, the risk management policies established by Nordecon AS also apply to the subsidiaries. Ultimate responsibility for risk management rests with the boards of group companies. Depending on internal work arrangement, risk management may also be the responsibility of a company's council or the audit committee set up by the council.

## Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the group by failing to discharge an obligation and thus the group will not receive the cash flows to which it is entitled. The group's main sources of credit risk are trade receivables arising from construction contracts and loans provided.

The factors, which have the strongest impact on the group's credit risk exposure, are the specific circumstances of each customer. In addition, the group's management considers more general features such as the customer's legal status (private or state-owned entity), geographical location, industry, and the economic situation in the country involved as these factors may also influence the group's exposure to credit risk. Based on the group's experience, private sector customers have the highest credit risk while the credit risk of government institutions and local governments is the lowest. The latter assessment is confirmed by the fact that there has been no need to write down receivables from public sector customers thanks to their stable solvency. During the period, the share of revenue from public sector customers decreased to around 48% (2024: around 68%). The largest public sector customers were Riigi Kinnisvara AS and the Estonian Centre for Defence Investments whose contracts accounted for around 17% and 15% of the group's revenue, respectively (2024: the contracts of the Estonian Centre for Defence Investments and Riigi Kinnisvara AS accounted for 38% and 8% of the group's revenue, respectively).

Credit risk management involves both preventive activities (analysis of counterparties' creditworthiness) and limitation of the concentration and accumulation of risks. Group companies perform transactions only with counterparties that have been rated as creditworthy by management. In the case of customers with whom the group has prior experience, credit risk assessment is mainly based on the customer's historical settlement behaviour and current monitoring. In the case of high-risk counterparties, services are rendered and goods are sold on a prepayment basis only.

The group does not demand security (e.g. payment guarantees issued by banks) for trade receivables unless the recoverability of a receivable is in doubt.

When a credit loss is anticipated, the receivable or loan is written down. In line with the group's accounting policies, all receivables that are more than 180 days past due and do not have an additional settlement agreement or collateral are recognised as an expense. The group also analyses the probability of future credit losses. The analysis is performed on trade receivables and amounts due from customers for contract work. Expected credit losses are estimated using a provision matrix that is based on the group's historical credit loss experience, adjusted for factors specific to the debtors, general economic conditions, an assessment of both current and forecast developments at the reporting date and, where appropriate, the time value of money. Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of a financial instrument. Based on the analysis performed, the group did not recognise a loss allowance at 31 December 2025 or 31 December 2024 (note 9).

Further information about the group's credit risk exposure is provided in note 32.

## Liquidity risk

Liquidity risk is the risk that the group will encounter difficulty in meeting its liabilities to suppliers and financial institutions that have to be settled by delivering cash or another financial asset. The group's liquidity is influenced, first and foremost, by the following factors:

- The group's business is seasonal in nature, particularly in the infrastructure segment. In the first quarter, business volumes and profit margins are the lowest and the group needs to use the cash buffers accumulated in previous periods to cover operating and administrative expenses. In the second and third quarter, growth in operations triggers the need for additional working capital.
- In the construction sector it is often necessary to make prepayments to subcontractors and material suppliers while customers are generally not required to make advance payments. The group has to cover the shortfall in working capital, which arises from the mismatch between cash receipts and payments, with own funds or using credit lines provided by financial institutions.
- To ensure efficient performance of its operating activities, the group needs to invest in plant and equipment and real estate.

Short-term liquidity management is based on group companies' approved annual budgets and investment plans. The main tools for short-term liquidity management are cash pooling arrangements (cash pool accounts), which combine the group's monetary resources and help mitigate seasonal fluctuations in group companies' liquidity. Additional short-term financing needs are met with overdraft facilities provided by banks.

Long-term liquidity management is primarily influenced by investment decisions. In making investment decisions, the group endeavours to avoid open positions (i.e. situations where the payback period of an investment exceeds the duration of financing raised).

#### *The group's liquidity position in 2025*

At the reporting date, the group's current assets and current liabilities amounted to €81,998 thousand and €90,701 thousand, respectively, and the current ratio was 0.90 (31 December 2024: €69,278 thousand and €73,510 thousand, respectively, and the current ratio was 0.94). Current liabilities included borrowings of €12,049 thousand (31 December 2024: €12,626 thousand). A significant portion of current borrowings consisted of bank overdrafts of €8,961 thousand, which are expected to be extended after the reporting date.

The group's management believes that in 2026 the group's liquidity position will be adequate to allow the group to conduct sustainable and profitable operating activities and to settle its liabilities to counterparties on a timely basis. In order to ensure profitability, it is important to respond quickly to market changes. For more effective management of the construction process and cost-saving, the group will continue to implement various IT solutions. To ensure liquidity, the group will use overdraft facilities that help overcome the mismatch between settlements with customers and suppliers (subcontractors) and mitigate the impact of seasonality. In addition, management has assessed a number of scenarios, including temporary increases in payment obligations, fluctuations in cash flows and possible delays in order intake due to seasonality. The analysis of risk scenarios is part of the group's regular financial planning processes and, where necessary, actions are planned to balance short-term cash flows.

Further information about the group's liquidity is provided in note 32.

#### **Market risk**

Market risk is the risk that changes in market prices such as changes in foreign exchange rates, interest rates and the values of securities will affect the group's financial performance or the value of its financial instruments.

#### **Currency risk**

Currency risk is exposure to losses arising from unfavourable movements in foreign exchange rates that may cause a decline in the value of the group's financial instruments that are denominated in currencies other than the group companies' functional currencies.

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 2025, the exchange rate of the hryvnia weakened against the euro by approximately 12% in 2024. 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 €750 thousand (2024: a foreign exchange loss of €247 thousand). Exchange gains and losses on financial instruments have been recognised in 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.

The group's Ukrainian and non-Ukrainian entities' 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 2025, the Swedish krona strengthened against the euro by around 6%. The translation of a loan provided to the Swedish subsidiary in euros into the local currency did not give rise to any exchange gain or loss (2024: an exchange loss of €11 thousand). Exchange gains and losses on financial instruments are recognised in the statement of comprehensive income within finance income and finance costs, respectively. The translation of receivables and liabilities from operating activities gave rise to an exchange loss of €10 thousand (2024: no exchange gain or loss). The exchange loss was recognised in the statement of comprehensive income within other operating expenses.

At the reporting date, the group had not acquired derivatives to hedge currency risk. A significant portion of the group's foreign exchange risk arises from fluctuations in the exchange rate of the Ukrainian hryvnia, for which hedging with financial derivatives is neither feasible nor economically viable in current market conditions. The group has assessed 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.

### Interest rate risk

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. The group mitigates 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.

Further information about the group's market risk exposures is provided in note 32.

### Country risk

In the reporting period, the group also operated in Ukraine and revenue generated in Ukraine accounted for around 2% of its total revenue (2024: Ukraine 2%). At the end of 2025, assets located in Ukraine and Sweden accounted for 12% and 0.5% of the group's total assets (2024: Ukraine 14% and Sweden 0.6%).

Revenue generated outside Estonia remained more or less stable compared to the previous year. No revenue was generated in Sweden during the period under review and the group had no construction contracts in progress in the Swedish market.

During the period, a significant proportion of the group's Ukrainian revenue came from the reconstruction of a building in Ovruch, Zhytomyr Oblast, into an apartment building for internally displaced persons, and the restoration of the administrative building of the Kiev TV tower. In addition, the group continued to provide services under the contracts signed in 2023 for the reconstruction of substations and the installation of associated physical protection systems in the Poltava, Zhytomyr, Volyn and Ivano-Frankivsk oblasts. Work in these areas is taking longer than originally planned and depends on the consumption needs of the national grid. Despite the war, the group's business volumes in Ukraine in the reporting period exceeded the pre-war level, but the military conflict between Russia and Ukraine has significantly increased Ukraine's country risk for the group. The conflict has a negative impact on the construction and property markets as well as the value of financial instruments related to Ukraine (note 35). Property development activities which require major investment remain suspended (the group has currently stakes in two development projects that have been put on hold). To safeguard the investments made and the loans provided, the group and the co-owners have privatised the property held by the associate V.I. Center TOV and created mortgages on it.

In view of the above factors, management is of the opinion that the group's financial instruments and investment property that are related to Ukraine are exposed to increased risk and the probability that their value may decrease is above average (notes 9 and 13).

### Determination of fair value

According to management's assessment, the carrying amounts of the group's financial assets and liabilities do not differ significantly from their fair values. The group categorises financial instruments into three levels based on the inputs of their valuation techniques:

- Level 1: Financial instruments measured based on prices quoted on a stock exchange or another active regulated market (unadjusted). A market is active if quoted prices are readily and regularly available from a stock exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring transactions on an arm's length basis.
- Level 2: Financial instruments measured using valuation techniques that use observable inputs. For example, financial instruments which are measured based on quoted prices for similar instruments in an active regulated market or financial instruments which are measured based on quoted prices in regulated markets but whose market liquidity is low. In applying a fair value measurement technique, the group maximises the use of observable inputs, if those are available, and minimises the use of its own estimates. An instrument is categorised to level 2 when all significant valuation inputs are observable. If one or several of significant inputs are not based on observable market data, the instrument is categorised into level 3.
- Level 3: Financial instruments which are measured using valuation techniques that use unobservable inputs.

In accordance with the group's accounting policies and the IFRS EU disclosure requirements, the group has to disclose estimates of the fair values of its financial instruments and investment properties. Fair values have been determined as described below.

## Financial instruments

Group companies' financial instruments are recognised in the statement of financial position and the group does not have any significant financial instruments that are accounted for off the statement of financial position.

For disclosure purposes, fair values are determined as follows:

- Trade and other receivables – the fair value assessment for trade and other receivables (except for receivables related to construction contracts in progress) is based on the present value of their future cash flows, discounted at the market interest rate at the reporting date. Non-current fixed-interest financial assets are discounted by applying the average market interest rate at the reporting date.
- Long-term financial assets – the fair value assessment for long-term financial assets (other investments) is based on the present value of their discounted future net cash flows.
- Financial liabilities – the fair value assessment for financial liabilities is based on the discounted present value of the future principal and interest payments. The discount rate applied is the average market interest rate for similar liabilities at the reporting date as outlined in the statistics released by the central bank of Estonia.

A comparison of the fair values and carrying amounts of the group's financial instruments is presented in note 32.

## Investment property

Properties that have been classified as investment properties are measured at fair value. Among other things, fair value is determined based on the expert opinions of independent certified real estate appraisers. Fair value is determined using the following methods:

- Discounted cash flow method – To calculate the value of a property's discounted cash flows, the appraiser forecasts the property's future rental income (incl. rental per square metre and the occupancy rate) and associated operating expenses. Depending on the terms of the existing lease (whether and how easily the lease can be terminated by the tenant), the appraiser will base the projections on either the property's existing cash flows or the market's current average cash flows for similar properties. The present value of the future net cash flow is found by applying a discount rate which best reflects the market's expectations of a rate of return appropriate for the asset and the risks specific to the asset.
- Sales comparison method – Under this method, the fair value of a property is determined by reference to the price per square metre agreed in transactions performed with similar properties under similar conditions. This method is used to determine the value of properties that do not generate rental income but are held for resale or capital appreciation.
- Price in a contract under the law of obligations – The fair value of properties which at the reporting date have been sold under a contract under the law of obligations but whose real right contract<sup>3</sup> has not yet been signed is determined based on the sales price of the property in the contract under the law of obligations. The method is used to determine the fair value of a property only when the group has reasonable assurance that the related real right contract will be concluded under the same terms and conditions (e.g. the buyer has made a substantial prepayment by the reporting date or the real right contract is concluded after the reporting date but before the date the financial statements are authorised for issue). The method is also used when a contract under the law of obligations is signed after the reporting date but the terms of the transaction have been agreed before the end of the reporting period and they have not changed significantly by the date of the transaction.

The group measured the fair values of its investment properties in Estonia using the sales comparison method and the discounted cash flow method. The valuations were conducted by the group's own real estate specialists. As a result of the valuations, the fair values of the properties were not restated in the reporting period. The fair value of the investment property in Ukraine could not be determined as at the end of the reporting period. The last valuation by independent appraisers was conducted in 2021 and the property is stated in the statement of financial position based on this valuation. The impact of possible changes in estimates on the value of investment properties is disclosed in note 13.

<sup>3</sup> Under Estonian law, the terms and conditions of the sale of real estate and the rights and obligations of the parties are agreed in a contract under the law of obligations. Title transfers when an entry is made in the Land Register, which is done on the basis of a real right contract. The contract under the law of obligations and the real right contract may be signed simultaneously and they may be drawn up as a single document. However, frequently a sales contract under the law of obligations is signed in the development or construction stage when the buyer makes a prepayment. The real right contract is signed when the real estate is complete.

## The group's capital structure and gearing

€'000

### As at 31 December

	2025	2024
Total interest-bearing liabilities (note 16)	17,757	18,346
Cash and cash equivalents (note 7)	(5,266)	(8,195)
Other financial assets (note 8)	(2,898)	0
Net interest-bearing liabilities	9,593	10,151
Total equity	22,956	26,604
Invested capital (interest-bearing liabilities + equity)	32,549	44,905
Gearing ratio*	29%	23%

\* Gearing ratio = net interest-bearing liabilities / invested capital

### Minimum capital requirements

The laws of the parent company's domicile set minimum requirements for a company's equity. By law, the equity of a limited company defined as *aktsiaselts* (AS) has to amount to at least half of its share capital.

### Dividend policy

Dividend policy plays a significant role in the group's capital management. The board makes the dividend distribution proposal taking into account the following key factors:

- the group's performance indicators for the year and the cash flow required for the group's operation;
- the optimal ratio and volume of debt and equity capital required for the group's profitable growth and sustainable development;
- the dividend expectations of the controlling shareholder AS Nordic Contractors; and
- the general rate of return in the Estonian securities market.

### Dividends distributed by Nordecon AS in previous years

Year of pay-out	Total dividend paid	Number of shares	Dividend per share	Dividend pay-out ratio*
	€'000	'000	€	
2021	3,778	31,529	0.12	65%
2022	0	31,529	0	0
2023	0	31,529	0	0
2024	0	31,529	0	0
2025	0	31,529	0	0

\* Formula: dividends paid ÷ profit for the year attributable to owners of the parent from which the dividends were distributed.

## NOTE 6. Group companies

At 31 December 2025, the Nordecon group had 16 consolidated subsidiaries (2024: 16), of which 11 were incorporated and domiciled in Estonia (2024: 11), 3 in Ukraine (2024: 3), 1 in Lithuania (2024: 1) and 1 in Sweden (2024: 1).

The parent company's interests in subsidiaries as at the reporting date:

Subsidiary	Core business	Country of incorporation	Ownership interest 2025 (%)	Ownership interest 2024 (%)
Tariston AS	Road construction and maintenance	Estonia	100	100
Embach Ehitus OÜ	Building construction	Estonia	51	51
EE Ressursid OÜ	Geodetic surveying	Estonia	100	100
Kalda Kodu OÜ	Property development	Estonia	100	100
Eurocon OÜ <sup>4</sup>	Holding company (UKR)	Estonia	100	100
SweNCN OÜ <sup>4</sup>	Holding company (SE)	Estonia	100	100
Eurocon Ukraine TOV	Building construction	Ukraine	100	100
Eurocon BUD TOV	Building construction	Ukraine	100	100
Tehnopolis-2 TOV <sup>4</sup>	Property development	Ukraine	100	100
Nordecon Statyba UAB <sup>4</sup>	Building construction	Lithuania	80	80
SweNCN AB	Building construction (SE)	Sweden	100	100

<sup>4</sup> Dormant.

In addition to the above subsidiaries, the group includes OÜ Eesti Ehitus, OÜ Aspi, OÜ Linnaehitus, OÜ Kaurits and Eston Ehitus OÜ (all established to protect former business names). All of these subsidiaries are dormant and incorporated and domiciled in Estonia.

At 31 December 2025, the group had interests in 2 associates (2024: 2). Further information about equity-accounted investees is presented in note 12.

**Summary financial information for subsidiaries with material non-controlling interests:**

<b>€'000</b>	<b>2025</b>	<b>2024</b>
<b>Embach Ehitus AS</b>		
Current assets	27,727	20,192
Non-current assets	2,820	2,929
Current liabilities	19,829	15,989
Non-current liabilities	4,747	2,124
Equity	5,971	5,008
Revenue	65,403	51,468
Profit	2,264	2,738
Profit attributable to non-controlling interests	1,109	1,342
Interest held by non-controlling interests	49%	49%
Cash flows from operating activities	(2,578)	(939)
Cash flows from financing activities	(869)	(2,791)
Cash flows from investing activities	1,972	351
Net cash flow	(1,475)	(3,379)

At 31 December 2025, non-controlling interests in the group's equity totalled €1,385 thousand (31 December 2024: €916 thousand), of which Embach Ehitus OÜ accounted for €1,386 thousand (31 December 2024: €914 thousand). The remaining non-controlling interests, none of which is individually material for the group, totalled €(1) thousand (31 December 2024: €2 thousand).

**NOTE 7. Cash and cash equivalents**

<b>€'000</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
Current accounts	5,266	8,195
<b>Total cash and cash equivalents</b>	<b>5,266</b>	<b>8,195</b>

A significant share of the group's current accounts is with the following banks: Swedbank AS, SEB Pank AS and Coop Pank AS.

The group's exposure to interest rate risk and a sensitivity analysis of the group's financial assets and liabilities are disclosed in note 32.

**NOTE 8. Other financial assets**

<b>€'000</b>	<b>31 December 2025</b>	<b>31 December 2024</b>
<b>Current portion</b>		
Pledged term deposits	1,088	0
<b>Total current other financial assets</b>	<b>1,088</b>	<b>0</b>
Of which in Ukraine	1,088	0

€'000

Non-current portion	31 December 2025	31 December 2024
Pledged term deposits	1,810	910
<b>Total non-current other financial assets</b>	<b>1,810</b>	<b>910</b>
Of which in Estonia	1,810	910

The group holds term deposits at banks, which have been pledged as collateral for bank guarantees obtained for construction contracts. These deposits cannot be used for day-to-day cash flow management until the guarantees expire. Therefore, they are accounted for as financial assets with restricted use.

Pledged term deposits are initially recognised at fair value and are subsequently measured at amortised cost. Interest income on them is recognised as finance income.

At the reporting date, the group had the following pledged term deposits:

- deposits of €1,088 thousand, with maturity dates in the period 30 March 2026 – 31 August 2026 and interest rates in the range of 8.00–8.25%;
- deposits of €900 thousand with maturity dates in the period 28 April 2026 – 29 December 2026 and interest rates in the range of 1.75%–2.00%;
- a deposit of €910 thousand, with a maturity date of 30 April 2030 and an interest rate of 0%.

Use of the deposits is restricted until the bank guarantees expire. The deposits have been classified as current or non-current assets depending on whether the restriction is expected to end within 12 months after the reporting date or later.

## NOTE 9. Trade and other receivables

€'000

Current items	Note	31 December 2025	31 December 2024
Trade receivables	32	38,780	24,581
Retentions receivable	25, 32	1,031	479
Receivables from related parties	32, 35	195	261
Other receivables	32	18	292
<b>Total receivables</b>		<b>40,024</b>	<b>25,613</b>
Due from customers for contract work	25, 32	6,324	3,836
<b>Total current trade and other receivables</b>		<b>46,348</b>	<b>29,449</b>

€'000

Non-current items	Note	31 December 2025	31 December 2024
Loans to related parties	32, 35	9,847	9,387
Receivables from related parties	32, 35	0	89
Other non-current receivables	32	295	295
<b>Total non-current trade and other receivables</b>		<b>10,142</b>	<b>9,771</b>

Trade receivables are presented in the net amount. There was no loss allowance at the end of the reporting period (31 December 2024: none). Changes in the loss allowance are disclosed in note 32.

Retentions receivable comprise the amounts of progress billings withheld by customers until the completion of the project or another date agreed in the construction contract. The year-end amounts are expected to be collected within 12 months.

Other non-current receivables comprise a loan to a third party and a Ukrainian subsidiary's withholding tax on payments to a non-resident. In accordance with Ukrainian law, 10% is withheld on the loan interest paid to a non-resident and this can only be used to offset the income tax payable on dividends distributed in Estonia.

Non-current loans to related parties consist of a loan provided to a Ukrainian associate of €8,941 thousand including accrued interest and a loan provided to an Estonian associate of €906 thousand including accrued interest (note 35). The loans recognised in the statement of financial position as at 31 December 2025 were provided to the associates for the acquisition and development of properties.

The property belonging to V.I. Center TOV is located in Shchaslyve village near Kyiv, next to the Kyiv–Boryspil motorway. The loan provided to V.I. Center TOV is secured by a mortgage of €7,000 thousand. The group has invested in the associate together with other shareholders in proportion to its ownership interest. The associate’s only liabilities are to its shareholders and each shareholder’s receivable is proportionate to the shareholder’s interest in the associate. The associate’s main asset is the above property. Therefore, the recoverable amount of the loan was measured based on the fair value of the property held by the associate, which qualifies as a level 3 measurement according to the fair value hierarchy provided in IFRS 13 Fair Value Measurement.

At 31 December 2025, the carrying amount of the loan was €8,941 thousand (31 December 2024: €8,544 thousand): loan principal and accrued interest totalled €12,694 thousand (31 December 2024: €12,297 thousand) and write-downs recognised in prior periods amounted to €3,753 thousand. The group measures the value of the planned development project using the assistance of an internationally recognised independent appraiser. Significant valuation inputs include the project’s cash flows (expected rental prices), discount rates, the vacancy rates of the commercial premises to be rented out and the time factor of the realisation of the project (delays in completion). Russia’s military invasion of Ukraine in February 2022 and continuing military aggression against Ukraine have made Ukraine’s economic situation highly unstable. Therefore it was not possible to obtain a valuation report from an independent internationally recognised appraiser regarding the fair value of the group’s Ukrainian development project as at 31 December 2025 and 31 December 2024. The last valuation was performed in 2021. The property has not been damaged in the war and the group has factual control of it.

According to management’s estimates, the associate will settle its loan liability to the group after the sale of the development project (the property), which is not expected to occur sooner than within the next 8 years. The group’s interest in the associate is 44%. None of the shareholders has control of the associate and the property has been mortgaged for the benefit of Nordecon AS.

The risks related to the Ukrainian market and the group’s action plan are described in the ‘Operations and outlook by market’ chapter and in note 5.

## NOTE 10. Prepayments

€’000	31 December 2025	31 December 2024
Prepayments to suppliers	2,562	2,500
Prepaid taxes	620	947
Prepaid expenses	92	96
<b>Total prepayments</b>	<b>3,274</b>	<b>3,543</b>

Prepayments to suppliers comprise prepayments for services of €2,558 thousand (2024: €2,366 thousand) and building materials of €4 thousand (2024: €134 thousand).

## NOTE 11. Inventories

€’000	31 December 2025	31 December 2024
Raw materials and consumables	6,500	6,591
Work in progress	10,551	11,807
Apartments and parking spaces for sale	215	215
Properties purchased for development and pre-development costs	8,756	9,478
<b>Total inventories</b>	<b>26,022</b>	<b>28,091</b>

In 2025, inventories of €132,743 thousand (2024: €158,509 thousand) were recognised in the cost of sales.

Raw materials and consumables comprise inventories acquired for construction and road maintenance operations. In the reporting and the comparative period, no materials and consumables were written down.

Work in progress includes the costs related to construction contracts in progress at the reporting date (the costs related to work not yet delivered to customers). Work in progress also includes capitalised pre-development expenditures. Properties purchased for development and pre-development costs include:

€'000	31 December 2025	31 December 2024
Capitalised pre-development costs	614	597
Properties purchased for development	8,142	8,881
<b>Total</b>	<b>8,756</b>	<b>9,478</b>
Of which borrowing costs	911	1,203

Capitalised borrowing costs accounted for 13% of the group's total borrowing costs in 2025 (2024: 17%).

'Apartments and parking spaces for sale comprise the construction costs of apartments and parking spaces completed but not yet sold. In the reporting and the comparative period, the net realisable values of the assets did not decrease below their carrying amounts and no write-downs were recognised. Net realisable values were estimated using comparisons with the market prices of similar apartments.

At the reporting date, the total carrying value of properties (plots of land) purchased for development was €8,142 thousand (2024: €8,881 thousand). A property purchased for development is carried within 'Properties purchased for development and pre-development costs' until it is sold as a separate asset or its development reaches the stage where the building on it is ready for sale at which point the property or part of it is reclassified to apartments for sale. All pre-development expenditures that qualify for capitalisation are recognised in work in progress. At the year-end, properties acquired for development were carried at cost. No properties acquired for development were written down in the reporting or the comparative period. According to management's assessment, at 31 December 2025, properties purchased for development comprised properties of €4,744 thousand whose development will start within a year and properties of €3,657 thousand whose development will start later. According to the group's estimates, the normal time frame for development (from the acquisition of the plot to the sale of the completed development project) is 10 to 15 years.

Information about inventories pledged as collateral is provided in note 34.

#### Potential impact of changes in estimates

The group measured the net realisable values of properties purchased for development using the residual value method. Significant valuation inputs included the expected cash flows of the project (the apartments' expected sales price per square metre, which was set at €2,300 to €3,000, depending on the location). The group did not identify a need for recognising an impairment loss as at 31 December 2025 or 31 December 2024. A sensitivity analysis showed that if actual sales proceeds were 10% smaller (compared to the estimates), properties purchased for development would have to be written down by around €1,766 thousand.

## NOTE 12. Investments in equity-accounted investees

### General information on equity-accounted investees

Name and type of investee	Domicile	The group's interest		Core business	
		31 December 2025	31 December 2024		
V.I. Center TOV	Associate	Ukraine	44%	44%	Real estate development
Ööbikusalu OÜ	Associate	Estonia	26%	26%	Real estate development

The group has no liabilities related to associates that are accounted for off the statement of financial position.

At 31 December 2025, the carrying amount of the investments was zero and the investments were accounted for off the statement of financial position.

## Financial information of equity-accounted investees

### 2025

#### Summary financial information for associates presented as separate companies

€'000

Company	V.I. Center TOV	Ööbikusalu OÜ	Total
Current assets	219	1,815	2,034
Non-current assets	7,131	0	7,131
Current liabilities	26,303	3	26,306
Equity	(18,953)	0	(18,953)
Revenue	0	0	0
Expenses	3,222	0	3,222
Loss	(3,222)	0	(3,222)
Carrying amount of investment	0	0	0

The group does not have a binding commitment to restore the negative equity of the company in Ukraine. Therefore, a relevant provision has not been recognised. At 31 December 2025, V.I. Center TOV's current liabilities included current liabilities to the group of €12,694 thousand (31 December 2024: €12,297 thousand) (note 9).

### 2024

#### Summary financial information for associates presented as separate companies

€'000

Company	V.I. Center TOV	Ööbikusalu OÜ	Total
Current assets	246	1,692	1,938
Non-current assets	7,443	0	7,443
Current liabilities	25,669	6	25,675
Equity	(17,980)	0	(17,980)
Revenue	0	0	0
Expenses	1,009	0	1,009
Loss	(1,009)	0	(1,009)
Carrying amount of investment	0	0	0

#### The group's share of losses of equity-accounted investees

The group's share of the losses of the associate V.I. Center TOV are accounted for off the statement of financial position until the associate's equity is negative.

€'000	Recorded in 2025			Recorded in		
	Loss	In the group's profit or loss	Off the statement of financial position	Loss	In the group's profit or loss	Off the statement of financial position
V.I. Center TOV	(3,222)	0	(3,221)	(1,009)	0	(1,009)
Ööbikusalu OÜ	0	0	0	0	0	0
<b>Total</b>	<b>(3,222)</b>	<b>0</b>	<b>(3,222)</b>	<b>(1,009)</b>	<b>0</b>	<b>(1,009)</b>

## NOTE 13. Investment property

€'000	2025	2024
<b>Investment property at 1 January</b>	<b>5,517</b>	<b>5,517</b>
Sale of investment property	0	0
Write-up of investment property	0	0
Write-down of investment property	0	0
<b>Investment property at 31 December</b>	<b>5,517</b>	<b>5,517</b>

The period's rental income on investment property amounted to €6 thousand (2024: €6 thousand) and direct property management expenses were €3 thousand (2024: €3 thousand). Investment properties that do not generate rental income did not give rise to any significant property management expenses. Information about assets pledged as collateral for financial liabilities is provided in note 34.

The group's subsidiary Technopolis-2 TOV owns a property in Shchaslyve village near Kyiv, Ukraine. Russia's military invasion of Ukraine in February 2022 and its continuing military aggression against Ukraine have made Ukraine's economic situation highly unstable. Due to the war, the inputs used to measure the fair value of investment properties are volatile and therefore it was not possible to obtain a valuation report from an independent internationally recognised appraiser regarding the fair value of the group's Ukrainian investment property as at 31 December 2025 and 31 December 2024. The last valuation was performed in 2021. The property has not been damaged in the war and the group has factual control of the property. At 31 December 2025, the carrying amount of the property was €1,812 thousand (31 December 2024: €1,812 thousand).

The investment properties located in Estonia were not restated in 2025 or 2024.

The group measured the fair values of its investment properties in Estonia using the sales comparison method and the discounted cash flow method (see note 2 for the description).

The properties measured using the discounted cash flow method have approved detailed spatial plans and their intended purpose is commercial land and production land. The areas of the plots situated in Estonia are around 15 thousand and 42 thousand square metres and the areas of the buildings which will be built on them extend to 14 thousand and 20 thousand square metres, respectively.

The key valuation inputs applied in the valuation of the properties were as follows:

- construction prices of around €646-900 per square metre, depending on the purpose of the building to be built (production and office buildings, respectively). The relatively low construction price of buildings to be built on commercial land results from their location, which sets lower functionality requirements;
- a discount rate of 13%, which was determined taking into account the risks associated with development, including the volatility of the market, the length of the development period, regional features and the cost of capital;
- a vacancy rate of 5%, which was determined based on the group's historical experience;
- an average rental price of €10.5–12 per square metre for commercial premises and €6.75 per square metre for production premises and warehouses;
- a forecast period of 2026–2033;
- indexed growth in rental and other income of up to 2.5% per year (based on the group's past experience).

Under the fair value hierarchy provided in IFRS 13 Fair Value Measurement, the fair values of investment properties belong to level 3 because they were measured using unobservable inputs.

Further information about investment property can be found in note 2, in 'Use of significant accounting estimates and judgements', and in note 5, in 'Determination of fair value – Investment property'.

### Potential impact of changes in estimates

According to the sensitivity analysis (assuming that all other variables remain constant):

- if rental prices decreased by 5% compared with the ones applied, the investment properties would have to be written down by around €1,213 thousand;
- if construction prices increased by 5% compared with the ones applied, the investment properties would have to be written down by around €906 thousand;
- if the discount rate increased by 1 percentage point, the investment properties would have to be written down by around €499 thousand.

## NOTE 14. Property, plant and equipment

€'000

	Land and buildings	Plant and equipment	Other items	Assets under construction, prepayments	Right-of-use assets	Total
<b>Cost</b>						
<b>At 31 December 2023</b>	<b>3,239</b>	<b>20,061</b>	<b>4,246</b>	<b>311</b>	<b>12,671</b>	<b>40,528</b>
Additions	25	629	145	(197)	1,800	2,402
Disposals	0	(1,747)	(271)	0	(1,040)	(3,058)
Transfers	0	3,398	0	0	(3,398)	0
<b>At 31 December 2024</b>	<b>3,264</b>	<b>22,341</b>	<b>4,120</b>	<b>114</b>	<b>10,033</b>	<b>39,872</b>
Additions	4	265	262	111	2,402	3,044
Disposals	0	(3,755)	(94)	0	(387)	(4,236)
Transfers	0	861	146	0	(1,007)	0
Effect of movements in foreign exchange rates	0	(36)	(3)	0	0	(39)
<b>At 31 December 2025</b>	<b>3,268</b>	<b>19,676</b>	<b>4,431</b>	<b>225</b>	<b>11,041</b>	<b>38,641</b>
<b>Accumulated depreciation</b>						
<b>At 31 December 2023</b>	<b>1,694</b>	<b>17,902</b>	<b>2,689</b>	<b>0</b>	<b>3,951</b>	<b>26,236</b>
Depreciation for the year	196	964	120	0	1,600	2,880
Disposals	0	(1,675)	(168)	0	(648)	(2,491)
Transfers	0	2,146	0	0	(2,146)	0
<b>At 31 December 2024</b>	<b>1,890</b>	<b>19,337</b>	<b>2,641</b>	<b>0</b>	<b>2,757</b>	<b>26,625</b>
Depreciation for the year	188	731	66	0	1,510	2,495
Disposals	0	(2,480)	(17)	0	(177)	(2,674)
Transfers	0	605	146	0	(751)	0
Effect of movements in foreign exchange rates	0	(36)	(3)	0	0	(39)
<b>At 31 December 2025</b>	<b>2,078</b>	<b>18,157</b>	<b>2,833</b>	<b>0</b>	<b>3,339</b>	<b>26,407</b>
<b>Carrying amount</b>						
<b>At 31 December 2023</b>	<b>1,545</b>	<b>2,159</b>	<b>1,557</b>	<b>311</b>	<b>8,720</b>	<b>14,292</b>
<b>At 31 December 2024</b>	<b>1,374</b>	<b>3,004</b>	<b>1,479</b>	<b>114</b>	<b>7,276</b>	<b>13,247</b>
<b>At 31 December 2025</b>	<b>1,190</b>	<b>1,519</b>	<b>1,598</b>	<b>225</b>	<b>7,702</b>	<b>12,234</b>

The breakdown of right-of-use assets between classes of property, plant and equipment is presented in note 17.

Group companies have secured their liabilities by mortgaging their land and buildings. Information about assets pledged as collateral is provided in note 34.

Proceeds from the sale of property, plant and equipment amounted to €478 thousand (see the statement of cash flows). In 2024, proceeds from the sale of property, plant and equipment were €319 thousand. Gain on the sale of property, plant and equipment amounted to €51 thousand (2024: €202 thousand) (note 29).

Depreciation expense has been recognised in the cost of sales in an amount of €1,941 thousand (2024: €2,187 thousand) (note 27) and in administrative expenses in an amount of €554 thousand (2024: €693 thousand) (note 28).

In 2025, the group signed new lease contracts of €3,486 thousand (2024: €1,884 thousand) (note 17)

## NOTE 15. Intangible assets

€'000	Goodwill	Software licences	Trade-marks	Development expenditures	Pre-payments	Total
<b>Cost</b>						
<b>At 31 December 2023</b>	<b>18,592</b>	<b>676</b>	<b>748</b>	<b>473</b>	<b>4</b>	<b>20,493</b>
Additions	0	69	0	1	1	71
Transfers	0	5	0	0	(5)	0
<b>At 31 December 2024</b>	<b>18,592</b>	<b>750</b>	<b>748</b>	<b>474</b>	<b>0</b>	<b>20,564</b>
Additions	0	75	0	0	0	75
Transfers	0	0	0	0	0	0
Disposals	0	(2)	0	0	0	(2)
<b>At 31 December 2025</b>	<b>18,592</b>	<b>823</b>	<b>748</b>	<b>474</b>	<b>0</b>	<b>20,637</b>
<b>Accumulated amortisation and impairment losses</b>						
<b>At 31 December 2023</b>	<b>4,597</b>	<b>184</b>	<b>748</b>	<b>0</b>	<b>0</b>	<b>5,529</b>
Amortisation for the year	0	84	0	0	0	84
<b>At 31 December 2024</b>	<b>4,597</b>	<b>268</b>	<b>748</b>	<b>0</b>	<b>0</b>	<b>5,613</b>
Amortisation for the year	0	104	0	0	0	104
Disposals	0	(2)	0	0	0	(2)
<b>At 31 December 2025</b>	<b>4,597</b>	<b>370</b>	<b>748</b>	<b>0</b>	<b>0</b>	<b>5,715</b>
<b>Carrying amount</b>						
<b>At 31 December 2023</b>	<b>13,995</b>	<b>492</b>	<b>0</b>	<b>473</b>	<b>4</b>	<b>14,964</b>
<b>At 31 December 2024</b>	<b>13,995</b>	<b>482</b>	<b>0</b>	<b>474</b>	<b>0</b>	<b>14,951</b>
<b>At 31 December 2025</b>	<b>13,995</b>	<b>453</b>	<b>0</b>	<b>474</b>	<b>0</b>	<b>14,922</b>

Capitalised development expenditures result from preparations made for the extraction of sand from the seabed. The preparations will continue in 2026.

Amortisation has been recognised in administrative expenses in an amount of €104 thousand (2024: €84 thousand).

The group has no intangible assets with an indefinite useful life other than goodwill.

## Impairment testing for cash-generating units containing goodwill

The group has acquired goodwill on the acquisition of interests in subsidiaries. Goodwill is related to the cash-generating capabilities of a subsidiary. Therefore, for the purpose of impairment testing subsidiaries represent the lowest level within the group at which goodwill is monitored for internal management purposes (cash-generating units, CGUs). The value in use of each subsidiary was determined using the discounted cash flow method and it was compared with the carrying amounts of the CGUs to which goodwill has been allocated.

### Carrying amounts of goodwill by subsidiaries and CGUs

Company	Interest 2025	Interest 2024	31 December 2025	31 December 2024	€'000
<b>Nordecon AS</b>	-	-	9,216		9,216
<b>Subsidiaries</b>					
Tariston AS	100%	100%	4,779		4,779
<b>Total</b>			<b>13,995</b>		<b>13,995</b>

## General principles applied to determine value in use

Management's key assumptions and estimates on the basis of which the CGUs including goodwill were tested for impairment are described below. The principles applied and the inputs used did not change compared to the previous financial year. Management's estimates were mainly based on historical experience but also took into account the market situation and other relevant information at the date the impairment test was performed:

- The forecast period was 2026–2029 plus the terminal year.
- The present value of future cash flows was found using the average weighted cost of capital (WACC) as the discount rate. The proportions of debt and equity capital used as weights were based on the relevant average capital structure indicators of similar European companies (measured at market value), which according to the Damodaran database were 33% and 67%, respectively.
- The cost of debt was estimated based on the CGUs' actual loan interest rates, which ranged from 2.6% to 7.95%. The expected rate of return on equity was set at 15%.
- Changes in subsequent periods' revenues were projected on the basis of the CGUs' action plans for subsequent years (incl. the budgets approved by management for 2026) and an assessment of the market situation in the segment where the specific CGU operates.
- Changes in subsequent periods' gross margins were projected on the basis of the CGUs' action plans for subsequent years (incl. the budgets approved by management for 2026) and an assessment of the market situation in the segment where the specific CGU operates.
- Administrative expenses which affect operating cash flow were projected on the basis of the budgets approved by management for 2026.
- Changes in working capital investments were projected based on the expected revenue change against the comparative period. The absolute revenue change was used to estimate the portion (5%) that is expected to be needed for raising additional working capital upon revenue growth or to be released upon revenue decline.
- Changes in capital expenditures were projected on the basis of the investment budgets approved by management for 2026 and by applying to it the growth rates suitable for subsequent years, estimated by reference to projections of the specific CGU's future operations.

Nordecon AS	Assumptions applied
Forecast period	2026-2029 + terminal year
Discount rate	12.2%
Revenue change	2026: 35%, 2027-2029: compound annual growth rate (CAGR) 5.3%, terminal year: 1.0%
Gross margin	2026 based on budget, 2027-2029 and terminal year: 6.0%
Administrative expenses	See general assumptions, 3.0% of revenue.
Working capital	See general assumptions
Capital expenditures	See general assumptions

Tariston AS	Assumptions applied
Forecast period	2026-2029 + terminal year
Discount rate	11.6%
Revenue change	2026: 108%, 2027-2029: compound annual growth rate (CAGR) 3.3%, terminal year: 1.0%
Gross margin	2026 based on budget, 2027-2029 and terminal year: 5.0%
Administrative expenses	See general assumptions, 1.4-1.7% of revenue
Working capital	See general assumptions
Capital expenditures	See general assumptions, 2026-2029: continuing renewal of machinery fleet.

According to the results of impairment testing, there was no need to write goodwill down in 2025 or 2024.

### Potential impact of changes in estimates

The value in use of a CGU is compared to the carrying amount of the investment made plus the carrying amount of the goodwill allocated to it. Value in use is an estimate. Therefore, any changes in selected inputs may increase or

reduce the value obtained. Some differences between historical results and the assumptions used in the cash flow forecast may be attributable to projects that resulted in a significant loss or changes in different market segments. Management performed a sensitivity analysis that reflected how a change in discount rates, revenue and gross profit would affect the recoverable amount of goodwill. The results of the sensitivity analysis did not change significantly compared to the previous financial year.

If the discount rate applied were 1 percentage point higher, assuming all other variables remain constant, the goodwill allocated to Tariston AS and Nordecon AS would not have to be written down.

If the revenue change proved 5 percentage points smaller, assuming all other variables remain constant, the goodwill allocated to Tariston AS and Nordecon AS would not have to be written down.

If the change in gross margin proved 1 percentage point smaller, assuming all other variables remain constant, the goodwill allocated to Tariston AS would have to be written down by €1,954 thousand, but the goodwill allocated to Nordecon AS would not have to be written down.

## NOTE 16. Borrowings

### Current borrowings

€'000	Note	31 December 2025	31 December 2024
Overdrafts		8,961	5,285
Current portion of non-current borrowings, of which:		3,088	7,341
Bank loans		1,070	1,070
Overdrafts		0	4,262
Lease liabilities	17	2,018	2,009
<b>Total current borrowings</b>		<b>12,049</b>	<b>12,626</b>

### Non-current borrowings

€'000	Note	31 December 2025	31 December 2024
Total non-current borrowings		8,796	13,061
Of which current portion		3,088	7,341
<b>Non-current portion, of which:</b>		<b>5,708</b>	<b>5,720</b>
Bank loans		2,218	1,888
Lease liabilities	17	3,490	3,832

Information on loan collateral is provided in note 34.

### Details of loans as at 31 December 2025:

€'000	Base	Interest rate	Up to 1	1–2	3–...	Total	Maturity
Loan type	currency		year	years	years	loan	date
Overdraft	€	5%	3,672	0	0	3,672	30 Nov 2026
Overdraft	€	7.95%	4,965	0	0	4,965	31 March 2026
Overdraft	€	7%	324	0	0	324	9 Sept 2026
Investment loan	€	6M EURIBOR + 3.7%	1,070	0	0	1,070	5 June 2026
Investment loan	€	6M EURIBOR + 4.1%	0	2,218	0	2,218	25 Nov 2027
<b>Total loans</b>			<b>10,031</b>	<b>2,218</b>	<b>0</b>	<b>12,249</b>	

The group has to agree its dividend distributions with the banks that finance its operations.

### Details of loans as at 31 December 2024:

€'000	Base	Interest rate	Up to 1	1–2	3–...	Total	Maturity
Loan type	currency		year	years	years	loan	date
Overdraft	€	5%	4,262	0	0	4,262	30 March 2025
Overdraft	€	7.95%	4,870	0	0	4,870	10 Oct 2025
Overdraft	€	7%	415	0	0	415	9 Sept 2025
Investment loan	€	6M EURIBOR + 5.0%	1,070	0	0	1,070	5 June 2025
Investment loan	€	6M EURIBOR + 3.99%	0	1,888	0	1,888	25 Sept 2026
<b>Total loans</b>			<b>10,617</b>	<b>1,888</b>	<b>0</b>	<b>12,505</b>	

### Reconciliation of financial liabilities to cash flows:

€'000	Note	2025	2024
<b>Balance of financial liabilities at beginning of year</b>		<b>18,346</b>	<b>18,751</b>
Proceeds from loans received		3,802	1,896
Repayments of loans received		(1,571)	(1,633)
Offsetting		(3,798)	2
Payments of the principal portion of lease liabilities	17	(2,458)	(2,220)
Addition of lease liabilities (new leases)	17	3,486	1,884
Termination of leases	17	(50)	(334)
<b>Balance of financial liabilities at end of year</b>		<b>17,757</b>	<b>18,346</b>

According to a loan covenant, the group has to maintain its equity to assets ratio at 20%. At 31 December 2025, the group complied with this covenant.

## NOTE 17. Right-of-use assets and lease liabilities

The group leases different buildings, commercial premises and cars. Leases are generally signed for a fixed period (five years on average) and include extension and termination options. Lease terms are negotiated on a lease by lease basis and they may differ. The current leases include the option to extend the lease at the end of the lease term.

### Right-of-use assets

€'000	Land and buildings	Plant and equipment	Total
<b>Cost</b>			
<b>At 31 December 2023</b>	<b>2,536</b>	<b>10,135</b>	<b>12,671</b>
Additions	26	1,774	1,800
Disposals	0	(1,040)	(1,040)
Transfers to property, plant and equipment	0	(3,398)	(3,398)
<b>At 31 December 2024</b>	<b>2,562</b>	<b>7,471</b>	<b>10,033</b>
Additions	46	2,356	2,402
Disposals	(1)	(386)	(387)
Transfers to property, plant and equipment	0	(1,007)	(1,007)
<b>At 31 December 2025</b>	<b>2,607</b>	<b>8,434</b>	<b>11,041</b>
<b>Accumulated depreciation</b>			
<b>At 31 December 2023</b>	<b>1,731</b>	<b>2,220</b>	<b>3,951</b>
Depreciation for the year	302	1,298	1,600
Disposals	0	(648)	(648)
Transfers to property, plant and equipment	0	(2,146)	(2,146)
<b>At 31 December 2024</b>	<b>2,033</b>	<b>724</b>	<b>2,757</b>
Depreciation for the year	290	1,220	1,510
Disposals	0	(177)	(177)
Transfers to property, plant and equipment	0	(751)	(751)
<b>At 31 December 2025</b>	<b>2,323</b>	<b>1,016</b>	<b>3,339</b>
<b>Carrying amount</b>			
<b>At 31 December 2023</b>	<b>805</b>	<b>7,915</b>	<b>8,720</b>
<b>At 31 December 2024</b>	<b>529</b>	<b>6,747</b>	<b>7,276</b>
<b>At 31 December 2025</b>	<b>284</b>	<b>7,418</b>	<b>7,702</b>

## Lease liabilities

### The group as a lessee

€'000	Note	2025	2024
<b>Lease liabilities at beginning of year</b>		<b>5,841</b>	<b>6,511</b>
Addition	16	3,486	1,884
Termination	16	(50)	(334)
Payments of the principal portion of lease liabilities	16	(2,458)	(2,220)
Offsetting		(1,311)	0
<b>Lease liabilities at end of year, of which falling due within:</b>		<b>5,508</b>	<b>5,841</b>
Up to 1 year	16	2,018	2,009
1–5 years	16	3,490	3,832
Base currency €		5,508	5,841
Interest rate for contracts denominated in €*		2.5-6.5%	2.5-7.2%
Weighted average interest rate		4.4%	5.1%
Interest expense of the period		256	338
Cash outflows related to leases		(2,458)	(2,220)

\* As a rule, the base rate for floating rate contracts is 3-month or 6-month EURIBOR.

### Under existing contracts, estimated minimum future lease rentals are payable as follows:

€'000			2025		2024	
	Minimum lease payments*	Interest	Present value of minimum lease payments	Minimum lease payments*	Interest	Present value of minimum lease payments
Up to 1 year	2,209	191	2,018	2,258	249	2,009
1–5 years	3,708	218	3,490	4,091	314	3,777
Over 5 years	0	0	0	55	0	55
<b>Total</b>	<b>5,917</b>	<b>409</b>	<b>5,508</b>	<b>6,404</b>	<b>563</b>	<b>5,841</b>

\* Minimum lease payments for leases with a floating interest rate have been found based on the EURIBOR base rate as at the reporting date.

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.

## Lease expenses recognised in the statement of comprehensive income

€'000	Note	2025	2024
Interest expense on leases		256	339
Lease expenses on leases of low-value assets and short-term leases		3,748	2,838
Depreciation	14	1,510	1,600

The minimum amount of future lease payments under non-cancellable leases has been calculated taking into account the non-cancellable periods of the leases and the contractually agreed growth in lease payments.

The leases include purchase options that can be exercised in certain circumstances. The leases can be terminated early without any significant penalties, provided notice is given as agreed in the contracts.

## NOTE 18. Trade payables

€'000	Note	31 December 2025	31 December 2024
Trade payables		35,140	28,427
Accrued expenses related to contract work		14,172	8,338
Payables to related parties	32, 35	257	54
<b>Total current trade payables</b>		<b>49,569</b>	<b>36,819</b>
Trade payables	32	1,605	5,091
<b>Total non-current trade payables</b>		<b>1,605</b>	<b>5,091</b>

Accrued expenses related to contract work relate to the stage of completion of construction contracts and represent the accrued costs of goods and services purchased for the performance of construction contracts.

## NOTE 19. Other payables

€'000	Note	31 December 2025	31 December 2024
Payables to employees		6,553	7,933
Taxes payable		2,715	2,242
Dividends payable	32	637	0
Accrued expenses	32	44	41
Miscellaneous payables	32	22	44
<b>Total current other payables</b>		<b>9,971</b>	<b>10,260</b>

Payables to employees comprise remuneration payable at the year-end, accrued performance-based pay calculated based on the results for the financial year and accrued vacation pay liabilities.

Accrued expenses include mainly interest accrued on loan liabilities.

### Taxes payable

€'000	31 December 2025	31 December 2024
Value added tax	592	310
Personal income tax	595	452
Social security tax	1,037	789
Other taxes	124	115
Corporate income tax	0	350
Deferred income tax liability	367	226
<b>Total taxes payable</b>	<b>2,715</b>	<b>2,242</b>

## NOTE 20. Deferred income

€'000	Note	31 December 2025	31 December 2024
Due to customers for contract work	25	12,916	11,345
Advances received for goods and services		2,333	1,127
<b>Total deferred income</b>		<b>15,249</b>	<b>12,472</b>

## NOTE 21. Provisions

€'000	31 December 2025	31 December 2024
Current provisions	3,863	1,333
Non-current provisions	5,730	2,826
<b>Total provisions</b>	<b>9,593</b>	<b>4,159</b>

### Changes in provisions

Under construction contracts, the group is liable for the quality of its work during the post-construction warranty period, which in the case of general construction and civil engineering generally lasts for 2 to 3 years and in the case of road construction for 2 to 5 years after the date of delivery.

Warranty provisions (€'000)	2025	2024
<b>Opening balance</b>	<b>2,551</b>	<b>1,880</b>
Provisions used and reversed	(1,150)	(829)
Provisions recognised	1,071	1,500
<b>Closing balance, of which:</b>	<b>2,472</b>	<b>2,551</b>
Current portion	870	1,205
Non-current portion	1,602	1,346
Rehabilitation provision (€'000)	2025	2024
<b>Opening balance</b>	<b>1,041</b>	<b>1,048</b>
Provisions used and reversed	(66)	(41)
Provisions recognised	(301)	(31)
Effect of discounting	130	65
<b>Closing balance, of which:</b>	<b>804</b>	<b>1,041</b>
Current portion	92	128
Non-current portion	712	913

The rehabilitation provision has been recognised for the post-closure costs of quarries used for the extraction of road construction materials. Rehabilitation provisions are used in accordance with the plans for closing the quarries. The costs underlying the provisions are measured and the provision is reassessed at each reporting date. The provision is measured at the discounted present value.

The discount rate used was 5%, which the group considers to be an appropriate market-based rate for discounting cash flows of a similar duration and risk level.

Other provisions (€'000)	2025	2024
<b>Opening balance</b>	<b>567</b>	<b>606</b>
Provisions recognised	6,212	466
Provisions reversed	(462)	0
Provisions used	0	(505)
<b>Closing balance, of which:</b>	<b>6,317</b>	<b>567</b>
Current portion	2,901	0
Non-current portion	3,416	567

In August 2018, SweNCN AB, a group company, entered into a contract for the construction of a residential development project in the Stockholm region. However, due to disagreements that arose during the execution of the project, SweNCN AB terminated the contract unilaterally in June 2020. This was followed by a prolonged legal dispute with the customer. On 17 March 2026, SweNCN AB and Nordecon AS reached a settlement with the customer, whereby the customer will receive SEK 70.33 million (approximately €6.5 million). Based on additional information received after the reporting period, management revised its earlier assessment and concluded that the liability resulting from the legal dispute had already existed as at 31 December 2025. Consequently, the settlement agreement was classified as an adjusting event after the reporting period and the relevant amount was recognised in the 2025 consolidated financial statements as an expense within other operating expenses (note 29), as well as a provision. The provision has been recognised in the amount of €6,044 thousand, which is management's best estimate of the expenditure required to settle the obligation as at the reporting date, discounted to reflect the timing

of the settlement and the time value of money. The discount rate applied was 6%. The provision has been divided into current and non-current portions based on the payment schedule. The amount will be settled in accordance with a long-term payment schedule, which will not cause liquidity difficulties for the group.

In addition, other provisions comprise provisions for resource charges and onerous construction contracts, as well as the performance-based compensation of council and board members. The provision for performance-based compensation relating to 2024, the payment of which was linked to the achievement of targets for 2025, was reversed at the end of 2025 (note 35).

The provision for onerous construction contracts as at 31 December 2025 amounted to €163 thousand (31 December 2024: no provision was recognised).

## NOTE 22. Equity

### Share capital

€'000	2025	2024
At 1 January	14,379	14,379
<b>At 31 December</b>	<b>14,379</b>	<b>14,379</b>

In accordance with the articles of association of Nordecon AS, the company's share capital consists of 32,375,483 ordinary shares with no par value. The shares have been fully paid for. Owners of ordinary shares are entitled to dividends as distributed from time to time. Each share carries one vote at the general meetings of Nordecon AS. Without changing the articles of association, share capital may be changed in the range of €8,000 thousand to €32,000 thousand.

### Share premium

Share premium arises when the issue price of a share exceeds the par value or notional value of the share. Under the Estonian Commercial Code, share premium may be used to cover losses, if losses cannot be covered with retained earnings and the statutory capital reserve, and to increase share capital through a bonus issue.

### Capital reserve

The Estonian Commercial Code requires companies to set up a capital reserve. Each year at least one twentieth of profit for the year has to be transferred to the capital reserve until the reserve amounts to one tenth of share capital. The capital reserve may be used to cover losses and to increase share capital but not to make distributions to shareholders. At the reporting date, the capital reserve stood at €2,554 thousand (31 December 2024: €2,554 thousand).

### Translation reserve

The translation reserve comprises foreign exchange differences on the translation of the financial statements of foreign subsidiaries whose functional currency differs from the group's presentation currency. At the reporting date, the translation reserve stood at €4,522 thousand (31 December 2024: €4,034 thousand). The change is attributable to movements in the exchange rates of the Ukrainian and Swedish subsidiaries' functional currencies against the euro.

### Dividends

The group did not distribute dividends in 2025 and 2024.

## NOTE 23. 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.

	2025	2024
Profit (loss) for the year attributable to owners of the parent (€'000)	(4,605)	3,827
Weighted average number of shares outstanding during the period ('000)	31,528	31,528
Basic earnings per share (€)	(0.15)	0.12
Diluted earnings per share (€)	(0.15)	0.12

At the reporting date, Nordecon AS had no dilutive share options. Therefore, diluted earnings per share equal basic earnings per share.

## NOTE 24. Segment reporting

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 operating segments monitored by the chief operating decision maker include both a business and a geographical dimension.

The group's reportable operating segments are:

- Buildings
- Infrastructure

Reportable operating segments are engaged in the provision of construction services in the buildings (incl. the group's own development activities) and infrastructure segments.

### Preparation of segment reporting

The chief operating decision maker reviews inter-segment 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 utilisation of the resources allocated to it through the segment's profit. The profit of an operating segment is its gross profit that does not include major exceptional expenses (such as non-recurring asset write-downs). Items after the gross profit of an operating segment (incl. 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, inter-segment transactions are conducted on regular market terms which do not differ significantly from the terms applied in transactions with third parties.

2025 €'000	Note	Buildings	Infrastructure	Total
Revenue	26	168,302	39,902	208,204
Gross profit of the segment		12,943	1,922	14,865
Depreciation and amortisation		(414)	(1,666)	(2,080)
Segment assets		96,657	24,312	120,969
Capital expenditures		146	2,790	2,936

2024 €'000	Note	Buildings	Infrastructure	Total
Revenue	26	187,573	36,299	223,872
Gross profit of the segment		16,775	1,451	18,226
Depreciation and amortisation		(1,042)	(1,838)	(2,880)
Segment assets		86,972	21,347	108,319
Capital expenditures		1,130	1,007	2,137

In 2025, around 17% of revenue recognised using the stage of completion method came from contracts with Riigi Kinnisvara AS and around 15% came from contracts with the Estonian Centre for Defence Investments, which was recognised in the Buildings segment. In 2024, around 38% of revenue recognised using the stage of completion method was from contracts with the Estonian Centre for Defence Investments, which was recognised in the Buildings segment.

The revenue and gross profit of the Buildings segment include revenue and gross profit from the group's own development activities, which in 2025 amounted to €9,750 thousand and €170 thousand, respectively (2024: €7,685 thousand and €1,704 thousand, respectively).

The group's construction contract revenue for 2025 amounted to €193,225 thousand (2024: €211,281 thousand).

### Reconciliation of segment revenues

€'000	Note	2025	2024
Total revenues for reportable segments	26	208,204	223,872
Other revenues		77	53
<b>Total revenue</b>		<b>208,281</b>	<b>223,925</b>

### Reconciliation of segment profit

€'000	2025	2024
Total profit for reportable segments	14,865	18,226
Reportable segments' unallocated loss	(1,330)	(1,456)
<b>Gross profit</b>	<b>13,535</b>	<b>16,770</b>
Unallocated expenses:		
Marketing and distribution expenses	(433)	(422)
Administrative expenses	(6,814)	(7,878)
Other operating income and expenses	(6,681)	(409)
<b>Operating profit (loss)</b>	<b>(393)</b>	<b>8,061</b>
Finance income	499	678
Finance costs	(3,464)	(3,011)
<b>Profit (loss) before tax</b>	<b>(3,358)</b>	<b>5,728</b>

Reportable segments' unallocated revenue and loss result, to a significant extent, from design services, which are provided by both the Buildings and the Infrastructure segment.

### Reconciliation of segment assets

€'000	31 December 2025	31 December 2024
Total assets of reportable segments	120,969	108,320
Unallocated assets	5,731	5,431
<b>Total consolidated assets</b>	<b>126,700</b>	<b>113,751</b>

## Geographical information

Revenue (€'000)	2025	2024
Estonia	203,569	218,868
Ukraine	4,712	5,057
<b>Total revenue</b>	<b>208,281</b>	<b>223,925</b>
Assets based on geographical location* (€'000)	2025	2024
Estonia	30,827	31,900
Ukraine	1,846	1,815
<b>Total assets</b>	<b>32,673</b>	<b>33,715</b>

\* Comprises the group's investment properties, property, plant and equipment, intangible assets and right-of-use assets.

Revenue breakdown between markets is based on the location of the customers and the assets.

## NOTE 25. Construction contracts in progress

### Significant changes in amounts due from and due to customers under construction contracts in progress

€'000	Note	Due from customers	Due to customers
<b>Balance at 1 January 2024</b>		<b>5,436</b>	<b>18,735</b>
Revenue recognised during the period which at the beginning of the period was recognised in the balance of due to customers		-	(18,735)
Amount covered by billings during the period, which at the beginning of the period was recognised in the balance of due from customers		(5,436)	-
Remaining difference between revenue recognised and progress billings		3,836	11,345
<b>Balance at 31 December 2024</b>	9, 20	<b>3,836</b>	<b>11,345</b>
Revenue recognised during the period which at the beginning of the period was recognised in the balance of due to customers		-	(11,332)
Amount covered by billings during the period, which at the beginning of the period was recognised in the balance of due from customers		(3,836)	-
Remaining difference between revenue recognised and progress billings		6,324	12,903
<b>Balance at 31 December 2025</b>	9, 20	<b>6,324</b>	<b>12,916</b>

Retentions receivable under construction contracts amounted to €1,031 thousand at the reporting date (31 December 2024: €479 thousand) (note 9).

At the reporting date, the order book stood at €273,060 thousand of which an estimated 69% will be realised in 2026 and 31% in 2027 and later.

## NOTE 26. Revenue

### 2025

€'000	Note	Buildings	Infrastructure	Total
<b>Revenue from contracts with customers</b>				
General contracting services		158,552	34,673	193,225
Own development activities		9,750	0	9,750
Road maintenance services		0	2,834	2,834
Lease services		0	2,395	2,395
<b>Total revenue</b>		<b>168,302</b>	<b>39,902</b>	<b>208,204</b>
<b>Revenue from contracts with customers</b>	24	<b>168,302</b>	<b>39,902</b>	<b>208,204</b>
Of which: revenue from performance obligations satisfied at a point in time		9,750	0	9,750
revenue from performance obligations satisfied over time		158,552	39,902	198,454

### 2024

€'000	Note	Buildings	Infrastructure	Total
<b>Revenue from contracts with customers</b>				
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
<b>Total revenue</b>		<b>187,573</b>	<b>36,299</b>	<b>223,872</b>
<b>Revenue from contracts with customers</b>	24	<b>187,573</b>	<b>36,299</b>	<b>223,872</b>
Of which: revenue from performance obligations satisfied at a point in time		7,685	0	7,685
revenue from performance obligations satisfied over time		179,888	36,299	216,187

## NOTE 27. Cost of sales

€'000	Note	2025	2024
Cost of materials, goods and services		174,666	185,051
Staff costs		18,005	19,247
Depreciation and amortisation expense	14	1,941	2,187
Other expenses		134	670
<b>Total cost of sales</b>		<b>194,746</b>	<b>207,155</b>

In 2025, the group had, on average, 431 employees (2024: 435). In addition, there were 6 people working under service contracts (i.e. contracts under the law of obligations, excluding self-employed people) and 14 members of legal persons' management or control bodies (2024: 9 and 15, respectively).

## NOTE 28. Administrative expenses

€'000	Note	2025	2024
Cost of materials, goods and services		2,645	1,872
Staff costs		3,256	4,831
Depreciation and amortisation expense	14, 15	658	777
Other expenses		255	398
<b>Total administrative expenses</b>		<b>6,814</b>	<b>7,878</b>

## NOTE 29. Other operating income and expenses

### Other operating income

€'000	Note	2025	2024
Gain on sale of property, plant and equipment	14	84	215
Other income		70	71
<b>Total other operating income</b>		<b>154</b>	<b>286</b>

### Other operating expenses

€'000	Note	2025	2024
Loss on sale and write-off of property, plant and equipment	14	33	13
Net loss on recognition and reversal of impairment losses on receivables	32	354	20
Foreign exchange loss		10	0
Other expenses		6,438	662
<b>Total other operating expenses</b>		<b>6,835</b>	<b>695</b>

Other operating expenses for the reporting period include a liability arising from the settlement agreement concluded on 17 March 2026 in the amount of EUR 6,004 thousand (Note 21).

## NOTE 30. Finance income and costs

### Finance income

€'000	Note	2025	2024
Interest income on loans provided	35	411	371
Interest income on bank deposit		86	237
Other finance income		2	70
<b>Total finance income</b>		<b>499</b>	<b>678</b>

Interest income on loans provided for the reporting period includes interest income on loans provided to related parties of €411 thousand (2024: €371 thousand) (note 35).

### Finance costs

€'000	Note	2025	2024
Interest expense		982	1 015
Foreign exchange loss		750	258
Other finance costs	35	1,732	1,738
<b>Total finance costs</b>		<b>3,464</b>	<b>3,011</b>

Foreign exchange loss for 2025 of €750 thousand comprises the loss from the translation of the loans provided to the Ukrainian subsidiaries in euros into the local currency. In 2024, the group incurred an exchange loss of €258 thousand.

Other finance costs consist of the charges paid for the letters of guarantee issued to secure the group's loan liabilities.

## NOTE 31. Income tax expense

€'000	2025	2024
Profit (loss) for the year	(3,499)	5,165
Income tax expense on dividends	0	(588)
Deferred tax liability	141	25
<b>Profit (loss) before tax</b>	<b>(3,358)</b>	<b>4,602</b>
Income tax using the tax rate of the parent company	(141)	25
Income tax on dividends distributed by Estonian group companies	0	(588)
<b>Total income tax expense</b>	<b>(141)</b>	<b>(563)</b>

Income tax payable on dividends is recognised as income tax expense in the statement of comprehensive income and as a deferred tax liability in the statement of financial position to the extent of the planned dividend. The obligation to pay income tax arises on the 10<sup>th</sup> day of the month following the distribution of the dividend.

A deferred tax liability of €366 thousand was recognised in the statement of financial position as at 31 December 2025 (31 December 2024: €225 thousand). At 31 December 2025, the subsidiaries' and associates' temporary differences totalled €11,633 thousand (31 December 2024: €11,175 thousand). In 2025, the group's Estonian subsidiaries did not distribute dividends and thus did not incur income tax expense on dividends (2024: a net dividend of €2,750 thousand and income tax expense of €588 thousand). No dividends were distributed to the group's non-controlling interests in 2025 (2024: €1,347 thousand).

At the reporting date, the group had no taxable profit and no income tax liabilities in foreign jurisdictions.

## NOTE 32. Financial instruments and financial risk management

### Credit risk

#### The group's maximum credit risk exposure at the reporting date

€'000	Note	2025	2024
Cash and cash equivalents	7	5,266	8,195
Other financial assets	8	2,898	0
Trade receivables	9	38,780	24,581
<i>Of which: receivables from public sector customers</i>		<i>19,678</i>	<i>11,624</i>
<i>          receivables from private sector customers</i>		<i>19,102</i>	<i>12,957</i>
Retentions receivable	9	1,031	479
Receivables from related parties	9	195	350
Loans to related parties	9	9,847	9,387
Other receivables	9	313	1,497
<b>Total</b>		<b>58,330</b>	<b>44,489</b>

Receivables from related parties are unsecured, except for a loan of €8,941 thousand (31 December 2024: €8,544 thousand) provided to V.I. Center TOV, which is secured by the property belonging to the associate (note 9). According to the group's assessment, the credit risk of receivables not past due and receivables past due but not written down is low because the credit loss rate of the items is very low. The group's customers are mainly public sector entities and large companies with adequate solvency. Among credit institutions, the group's main business partners are Swedbank AS, Luminor Bank AS, SEB Pank AS and Coop Pank AS. Swedbank AS and SEB Pank AS do not have separate credit ratings. Swedbank AS's parent Swedbank AB has Moody's long-term credit rating Aa2. SEB Pank AS's parent Skandinaviska Enskilda Banken AB has Moody's long-term credit rating Aa2. Luminor Bank AS has Moody's credit rating A1 and Coop Pank AS has Moody's credit rating Baa1.

### Financial assets by geographical origin at the reporting date

€'000	2025	2024
Estonia	47,495	34,161
Ukraine	10,834	10,314
Sweden	1	14
<b>Total</b>	<b>58,330</b>	<b>44,489</b>

### Ageing of trade receivables and associated loss allowances at the reporting date

€'000	31 December 2025		31 December 2024	
	Trade receivables	Loss allowance	Trade receivables	Loss allowance
Not past due	29,726	0	15,500	0
0–30 days past due	1,244	0	1,869	0
31–180 days past due	848	0	3,515	0
Over 180 days past due*	6,962	0	3,697	0
<b>Total</b>	<b>38,780</b>	<b>0</b>	<b>24,581</b>	<b>0</b>

\* Receivables that are more than 180 days past due are not written down if they have contractually fixed settlement schedules that are properly adhered to or if they are secured by additional collateral.

### Changes in the loss allowance for receivables

€'000	2025	2024
Opening balance	0	0
Credit losses recognised during the year	354	20
Items written off as uncollectible during the year	(354)	(20)
Derecognition of subsidiaries	0	0
<b>Closing balance</b>	<b>0</b>	<b>0</b>

The period's net loss from the write-down of receivables and changes in estimates was €354 thousand (2024: €20 thousand) (note 29).

During the period, receivables of €354 thousand that had been written down in prior periods were written off as uncollectible (2024: €20 thousand).

## Liquidity risk

### Payments to be made to settle financial liabilities (incl. interest) under contracts in force at the reporting date

€'000	31 December 2025					
	Carrying amount	Contractual cash flows	Up to 6 months	6-12 months	1-2 years	More than 3 years
<b>Financial liability*</b>						
Overdrafts (note 16)	8,961	9,242	5,062	4,180	0	0
Bank and other loans (note 16)	3,288	3,579	1,097	0	2,482	0
Lease liabilities (note 17)	5,508	5,917	1,246	964	3,707	0
Trade payables (note 18)	36,745	36,745	31,469	3,671	1,605	0
Payables to related parties (note 18)	257	257	257	0	0	0
Other payables (note 19)	703	703	703	0	0	0
<b>Total</b>	<b>55,462</b>	<b>56,443</b>	<b>39,834</b>	<b>8,815</b>	<b>7,794</b>	<b>0</b>

\* Contractual cash flows have been determined based on contract terms (interest rate and maturity date) as at the reporting date.

€'000	31 December 2024					
	Carrying amount	Contractual cash flows	Up to 6 months	6-12 months	1-2 years	More than 3 years
<b>Financial liability*</b>						
Overdrafts (note 16)	9,547	9,924	4,314	5,610	0	0
Bank and other loans (note 16)	2,958	3,225	1,107	0	2,118	0
Lease liabilities (note 17)	5,841	6,404	1,089	1,169	4,091	55
Trade payables (note 18)	33,518	33,518	28,184	243	5,091	0
Payables to related parties (note 18)	54	54	54	0	0	0
Other payables (note 19)	85	85	85	0	0	0
<b>Total</b>	<b>52,003</b>	<b>53,210</b>	<b>34,833</b>	<b>7,022</b>	<b>11,300</b>	<b>55</b>

\* Contractual cash flows have been determined based on contract terms (interest rate and maturity date) as at the reporting date.

The group does not expect that the liabilities will be settled before maturity or that the cash flows will differ from the contractual ones.

**At the reporting date the group had access to the following overdraft facilities:**

- an overdraft facility of €328 thousand with a fixed interest rate of 5.0% per year;
- an overdraft facility of €35 thousand with a fixed interest rate of 7.95% per year;
- an overdraft facility of €276 thousand with a fixed interest rate of 7.0% per year.

**Financial liabilities by geographical origin at the reporting date**

€'000	2025	2024
Estonia	51,247	47,755
Ukraine	4,142	4,189
Sweden	73	59
<b>Total</b>	<b>55,462</b>	<b>52,003</b>

**Guarantee commitments accounted for off the statement of financial position**

At the reporting date, banks had issued construction-related guarantees of €41,697 thousand on behalf of the group (2024: €39,413 thousand). The maturities of the guarantees extend to 2030. In addition, the group has provided customers with letters of guarantee issued by insurance companies of €672 thousand (31 December 2024: €154 thousand). According to management's estimates, the risk that the guarantees will be called upon was low at the reporting date. In 2025 and in 2024, no bank guarantees issued on behalf of the group were called upon due to breach of obligations arising from construction activities.

## Currency risk

The group's currency risk exposure from cash and cash equivalents, receivables and liabilities (amounts presented in relevant currency) at the reporting date

	31 December 2025		
'000	EUR	SEK	UAH
Cash and cash equivalents	5,074	13	9,542
Current receivables	39,410	0	84,843
Non-current receivables	12,023	0	0
<b>Total</b>	<b>56,507</b>	<b>13</b>	<b>94,385</b>
Current liabilities	46,416	745	199,298
Non-current liabilities	7,313	0	0
<b>Total</b>	<b>53,729</b>	<b>745</b>	<b>199,298</b>
<b>Net exposure</b>	<b>2,778</b>	<b>(732)</b>	<b>(104,913)</b>

	31 December 2024		
'000	EUR	SEK	UAH
Cash and cash equivalents	6,695	157	65,277
Current receivables	25,330	0	0
Non-current receivables	10,681	0	0
<b>Total</b>	<b>42,706</b>	<b>157</b>	<b>65,277</b>
Current liabilities	38,069	676	4,189
Non-current liabilities	10,811	0	0
<b>Total</b>	<b>48,880</b>	<b>676</b>	<b>4,189</b>
<b>Net exposure</b>	<b>(6,174)</b>	<b>(519)</b>	<b>61,088</b>

The following exchange rates applied against the euro at the reporting date

	Date	Swedish krona (SEK)	Ukrainian hryvnia (UAH)
€1	31 December 2025	10.8215	49.8565
€1	31 December 2024	11.4590	43.9266

### Potential impact of changes in estimates

The group estimated how the weakening or strengthening of the group's presentation currency, the euro, against the currencies of the foreign currency receivables and liabilities and cash and cash equivalents recognised in the group's statement of financial position at the end of the reporting period would affect the group's profit for the year and equity at the reporting date. The analysis assumed that all other variables remain constant.

€'000	31 December 2025	31 December 2024
Strengthening of euro by 10%	197	(122)
Weakening of euro by 10%	(241)	149

## Interest rate risk

### The interest rate profile of the group's interest-bearing financial instruments at the reporting date

€'000	2025	2024
<b>Financial instruments with a fixed interest rate</b>		
Financial assets (loans provided to related parties and legal persons, other financial assets) (notes 8 and 9)	12,745	10,297
Financial liabilities (note 16)	8,961	9,547
<b>Net exposure</b>	<b>3,784</b>	<b>750</b>
<b>Financial instruments with a floating interest rate</b>		
Financial assets (cash and cash equivalents) (note 7)	5,266	8,195
Financial liabilities (incl. lease liabilities) (notes 16 and 17)	8,796	8,799
<b>Net exposure</b>	<b>(3,530)</b>	<b>(604)</b>

### Variable components of the floating interest rates of interest-bearing borrowings at the reporting date

	31 December 2025	31 December 2024
3-month EURIBOR	2.026%	2.714%
6-month EURIBOR	2.107%	2.597%

### Potential impact of changes in estimates

An increase or a decrease of 100 basis points in the variable components of the interest rates at the reporting date would increase or reduce subsequent periods' interest expense on interest-bearing financial liabilities by €140 thousand (2024: €147 thousand). The analysis assumes that all other variables remain constant.

## Fair value

### Fair values and carrying amounts of the group's financial instruments at the reporting date

€'000	2025		2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents (note 7)	5,266	5,266	8,195	8,195
Other financial assets (note 8)	2,898	2,898	0	0
Trade receivables (note 9)	38,780	38,780	24,581	24,581
Retentions receivable (note 9)	1,031	1,031	479	479
Receivables from related parties (notes 9 and 35)	195	195	350	350
Loans to related parties (notes 9 and 35)	9,847	9,847	9,387	9,387
Other receivables (note 9)	313	313	1,497	1,497
Overdrafts (note 16)	(8,961)	(8,961)	(9,547)	(9,547)
Bank and other loans (note 16)	(3,288)	(3,288)	(2,958)	(2,958)
Trade payables (note 18)	(36,745)	(36,745)	(33,518)	(33,518)
Payables to related parties (notes 18 and 35)	(257)	(257)	(54)	(54)
Other payables (note 19)	(703)	(703)	(85)	(85)

The carrying amounts of the group's short-term financial assets and liabilities do not differ significantly from their fair values. The carrying amount of loans to related parties is based on the fair value of the property held by the associate. Therefore, the fair value of loans to related parties is based on the fair value of the property (if it is lower than the carrying amount of the loans). The carrying amounts of long-term floating-rate assets and liabilities approximate their fair values because the variable component of the interest rates reflects the change in market interest rates. Based on the fair value measurement inputs, the fair values of bank and other loans belong to level 2 in the fair value hierarchy established in IFRS 13 Fair Value Measurement. The fair values of loans to related parties belong to level 3 (note 5). The group does not have any financial instruments whose fair value is measured based on a quoted price in an active market (level 1)

## NOTE 33. Contingent liabilities

### Contingent income tax liability

€'000	31 December 2025	31 December 2024
Retained earnings	141	4,746
Maximum possible income tax liability	(31)	(1,044)
<b>Maximum amount that could be distributed as the net dividend</b>	<b>110</b>	<b>3,702</b>

The maximum possible income tax liability has been calculated on the assumption that the net dividend and the resulting income tax expense may not exceed consolidated retained earnings as at the end of the reporting period.

In 2025, the income tax rate was 22% (the amount of tax payable was calculated as 22/78 of the net distribution).

From 1 January 2025, the lower, 14% tax rate for regularly distributed dividends has been abolished and all dividends are taxed at the same rate.

The maximum possible income tax liability that would arise in 2026 if all of the retained earnings as at the reporting date were distributed as dividends has been calculated by applying the 22% tax rate.

### Guarantees and surety commitments

Group companies' commitments under construction contracts and their financial liabilities are secured by guarantees and surety bonds. The guarantees that banks have issued to buyers of construction services are secured by commercial pledges. The guarantees expire within up to five years. Surety bonds have been issued by the parent to secure commitments not recognised in the statement of financial position. Based on historical experience, the realisation probability of the guarantees and surety commitments is remote. Therefore, they have not been recognised as liabilities in the statement of financial position.

#### Guarantees issued by banks and insurance companies

At the reporting date, the guarantees provided by banks to secure group companies' obligations under construction contracts totalled €41,697 thousand (31 December 2024: €39,413 thousand). In addition, insurance companies have issued letters of guarantee of €672 thousand to customers (31 December 2024: €154 thousand).

#### Surety commitments

Due to the expiry of underlying obligations, the group had no surety commitments at the reporting date.

#### Benefits payable to members of the board on the expiry of their service contracts

Under their service contracts, members of the board are eligible for benefits when their service contracts expire (up to 6 times the past 12 months' average service fee plus performance-based compensation). In addition, members of the board will be paid benefits for observing the prohibition on competition after their service contracts expire (up to 6 times the past 12 months' average service fee plus performance-based compensation). The payment of the benefits is justified because members of the board are subject to a prohibition on competition which restricts their activities during the period for which the benefits are paid. At 31 December 2025, the maximum contingent liability that could have arisen from the realisation of the obligation to pay benefits on the expiry of service contracts and for observing the prohibition on competition amounted to €920 thousand. This is a contingent liability because early termination of the service contracts of the members of the board is unlikely.

## NOTE 34. Assets pledged as collateral

The group has secured its financial liabilities with commercial pledges, mortgages, share pledges and other collateral.

### Commercial pledges

At the reporting date, the parent and the subsidiaries had pledged their movable property under commercial pledges, which totalled €50,079 thousand (31 December 2024: €50,079 thousand).

Movable property pledged under commercial pledges does not include cash and cash equivalents, other investments and assets that can be mortgaged or pledged under other pledges.

### Mortgages

At the reporting date, the total value of mortgages encumbering the group's immovable property (plots of land and buildings) was €24,520 thousand (31 December 2024: €21,170 thousand). The parent and the subsidiaries have mortgaged assets of the following classes:

Line item in the statement of financial position (€'000)	31 December 2025	31 December 2024
Inventories	15,115	16,619
Investment property	639	639
Property, plant and equipment (land and buildings)	780	780
Mortgages that cannot be linked to a specific asset class*	7,986	3,132
<b>Total</b>	<b>24,520</b>	<b>21,170</b>

\* The same mortgage encumbers different immovable properties which in the financial statements are reported in different asset classes.

### Share pledges

The group's borrowings as at 31 December 2025 and 31 December 2024 are secured by a pledge of the shares in Tariston AS (100%) and a pledge of 847 thousand own (treasury) shares in Nordecon AS. The establishment of the pledges did not result in any additional restrictions on the company's capital structure or the rights of the shareholders.

### Other collateral

At 31 December 2025, the group had secured its financial liabilities with security deposits of €2,898 thousand and pledges of its extraction permits with a value of €11,307 thousand. The corresponding figures as at 31 December 2024 were €910 thousand and €9,771 thousand. The deposits and the pledges cannot be used for any other purpose.

## NOTE 35. Transactions with related parties

The group considers parties to be related if one controls the other or has significant influence over 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		2025		2024	
Counterparty	Purchases	Sales	Purchases	Sales	
AS Nordic Contractors	1,987	15	2,008	8	
Companies of AS Nordic Contractors group	0	11	0	11	
Companies related to owners of AS Nordic Contractors	215	0	372	15	
Companies related to members of the council	9	0	0	0	
Associates	0	2	0	0	
<b>Total</b>	<b>2,211</b>	<b>28</b>	<b>2,380</b>	<b>34</b>	

€'000		2025		2024	
Nature of transaction	Purchases	Sales	Purchases	Sales	
Transactions with goods	5	0	170	8	
Lease and other services	469	28	407	11	
Charges for guarantees (note 29)	1,724	0	1,738	0	
Other transactions	13	0	65	15	
<b>Total</b>	<b>2,211</b>	<b>28</b>	<b>2,380</b>	<b>34</b>	

The nature of the transactions with related parties has not changed compared to the previous financial year.

### Receivables from and liabilities to related parties at period-end (notes 9 and 18):

€'000	31 December 2025		31 December 2024	
	Receivables	Liabilities	Receivables	Liabilities
AS Nordic Contractors	0	11	0	11
Companies related to owners of AS Nordic Contractors	191	246	0	0
Companies of AS Nordic Contractors group	1	0	342	43
Associates – receivables and liabilities	3	0	8	0
Associates – loans and interest	9,847	0	9,387	0
<b>Total</b>	<b>10,042</b>	<b>257</b>	<b>9,737</b>	<b>54</b>

Receivables from and liabilities to associates result from ordinary business operations. The receivables and liabilities are settled on time.

### Loan principal and accrued interest receivable from related parties (note 9):

€'000	Related party	Interest rate	Currency	31 December 2025		31 December 2024	
				Loan	Of which interest	Loan	Of which interest
V.I. Center TOV	Associate	5.0%	€	8,941	1,665	8,544	1,297
Õöbikusalu OÜ	Associate	5.0%	€	906	46	843	3
<b>Total</b>				<b>9,847</b>	<b>1,711</b>	<b>9,387</b>	<b>1,300</b>
Of which non-current portion (note 9)				9,847	1,711	9,387	1,300

The loans to related parties consist of a loan provided to a Ukrainian associate of €8,941 thousand including accrued interest and a loan provided to an Estonian associate of €906 thousand including accrued interest (note 9). Interest income recognised on the loans in the reporting period amounted to €411 thousand (2024: €371 thousand) (note 30).

The loan provided to the Ukrainian associate is secured by a mortgage of €7,000 thousand (note 9).

### **Remuneration of the council and the board**

The service fees of the members of the council of Nordecon AS for 2025 amounted to €241 thousand and associated social security charges totalled €80 thousand (2024: €199 thousand and €66 thousand, respectively).

During the period, the group recognised a liability of €34 thousand (2024: €198 thousand) for the performance-based compensation of the members of the council and a liability for the related social security charges of €11 thousand (2024: €65 thousand). Of the liability for performance-based compensation recognised in 2024, €125 thousand was paid out in 2025 and the remainder will not be paid.

In 2025, the service fees of the members of the board of Nordecon AS totalled €568 thousand and the related social security charges amounted to €187 thousand (2024: €527 thousand and €174 thousand, respectively).

During the period, the group recognised a liability of €123 thousand (2024: €741 thousand) for the performance-based compensation of the members of the board and a liability for the related social security charges of €40 thousand (2024: €245 thousand). Of the liability for performance-based compensation recognised in 2024, €467 thousand was paid out in 2025 and the remainder will not be paid.

The service fees and the liabilities for performance-based compensation have been recognised within administrative expenses in the statement of comprehensive income.

## NOTE 36. Parent company's primary financial statements

Under the Estonian Accounting Act, the primary financial statements of the consolidating entity (parent company) have to be disclosed in the notes to the consolidated financial statements. In preparing the primary financial statements of the parent company, the same accounting policies are used as in preparing the consolidated financial statements, except that investments in subsidiaries, joint ventures and associates are measured at cost less any impairment losses.

### Statement of financial position

€'000 As at 31 December	2025	2024
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	2,006	2,016
Trade and other receivables	31,630	21,967
Prepayments	1,888	2,395
Inventories	2,276	4,131
<b>Total current assets</b>	<b>37,800</b>	<b>30,509</b>
<b>Non-current assets</b>		
Investments in subsidiaries	7,626	7,551
Investment property	3,663	3,663
Trade and other receivables	27,910	27,454
Other long-term investments	600	0
Property, plant and equipment	2,203	2,718
Intangible assets	9,629	9,681
<b>Total non-current assets</b>	<b>51,631</b>	<b>51,067</b>
<b>TOTAL ASSETS</b>	<b>89,431</b>	<b>81,576</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Borrowings	9,091	9,672
Trade payables	28,659	24,211
Taxes payable	1,329	632
Other payables	3,989	5,891
Deferred income	10,764	4,739
Provisions	3 235	217
<b>Total current liabilities</b>	<b>57 067</b>	<b>45,362</b>
<b>Non-current liabilities</b>		
Borrowings	844	1,124
Other payables	987	5,030
Provisions	3 673	694
<b>Total non-current liabilities</b>	<b>5 504</b>	<b>6,848</b>
<b>TOTAL LIABILITIES</b>	<b>62 571</b>	<b>52,210</b>
<b>EQUITY</b>		
Share capital	14,378	14,378
Own (treasury) shares	(660)	(660)
Share premium*	1,204	1,204
Statutory capital reserve	2,540	2,540
Retained earnings	9 398	11,904
<b>TOTAL EQUITY</b>	<b>26 860</b>	<b>29,366</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>89,431</b>	<b>81,576</b>

\* The share premium recognised in the parent's statement of financial position is €569 thousand larger than the same item in the group's statement of financial position. This is attributable to the parent's merger with the subsidiary Nordecon Infra AS in 2010. The subsidiary's statement of financial position included share premium acquired through an intragroup business combination of entities under common control. In the consolidated statement of financial position that portion of share premium of €569 thousand has been eliminated due to the above reason.

## Statement of comprehensive income

€'000	2025	2024
Revenue	106,073	134,904
Cost of sales	(97,209)	(123,552)
<b>Gross profit</b>	<b>8,864</b>	<b>11,352</b>
Marketing and distribution expenses	(298)	(319)
Administrative expenses	(3,606)	(5,386)
Other operating income	89	264
Other operating expenses	(6 815)	(466)
<b>Operating profit (loss)</b>	<b>1 766</b>	<b>5,445</b>
Finance income	1,778	2,578
Finance costs	(2,518)	(2,346)
<b>Net finance (costs) income</b>	<b>(740)</b>	<b>232</b>
<b>Profit (loss) before income tax</b>	<b>(2,506)</b>	<b>5,677</b>
<b>Profit (loss) for the year</b>	<b>(2,506)</b>	<b>5,677</b>
<b>Total comprehensive income (loss) for the year</b>	<b>(2,506)</b>	<b>5,677</b>

## Statement of cash flows

€'000	2025	2024
<b>Cash flows from operating activities</b>		
Cash receipts from customers <sup>5</sup>	117,617	159,864
Cash paid to suppliers <sup>6</sup>	(98,743)	(144,594)
Cash paid to and for employees	(11,469)	(9,173)
VAT paid	(5,025)	(5,497)
<b>Net cash from operating activities</b>	<b>2,380</b>	<b>600</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of non-current assets	42	151
Capital contributions to subsidiaries	(75)	0
Loans provided	(216)	(657)
Interest received	75	16
Dividends received	0	1,409
Cash placed in long-term term deposits	(600)	0
<b>Net cash (used in) from investing activities</b>	<b>(774)</b>	<b>919</b>
<b>Cash flows from financing activities</b>		
Repayments of loans received	(495)	(1,378)
Payments of lease principal	(497)	(577)
Interest paid	(624)	(670)
<b>Net cash used in financing activities</b>	<b>(1,616)</b>	<b>(2,625)</b>
<b>Net cash flow</b>		
	<b>(10)</b>	<b>(1,106)</b>
Cash and cash equivalents at beginning of year	2,016	3,122
Decrease in cash and cash equivalents	(10)	(1,106)
<b>Cash and cash equivalents at end of year</b>	<b>2,006</b>	<b>2,016</b>

<sup>5</sup> Line item 'Cash receipts from customers' includes VAT paid by customers.

<sup>6</sup> Line item 'Cash paid to suppliers' includes VAT paid.

## Statement of changes in equity

€'000	Share capital	Own shares	Share premium	Statutory capital reserve	Retained earnings	Total
<b>Balance at 31 December 2023</b>	<b>14,378</b>	<b>(660)</b>	<b>1,204</b>	<b>2,540</b>	<b>6,227</b>	<b>23,689</b>
Profit for the year	0	0	0	0	5,677	5,677
<b>Balance at 31 December 2024</b>	<b>14,378</b>	<b>(660)</b>	<b>1,204</b>	<b>2,540</b>	<b>11,904</b>	<b>29,366</b>
Carrying amount of interests under control and significant influence	-	-	-	-	-	(7,474)
Value of interests under control and significant influence under the equity method	-	-	-	-	-	7,260
<b>Adjusted unconsolidated equity at 31 December 2024</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,152</b>
<b>Balance at 31 December 2024</b>	<b>14,378</b>	<b>(660)</b>	<b>1,204</b>	<b>2,540</b>	<b>11,904</b>	<b>29,366</b>
Loss for the year	0	0	0	0	(2,506)	(2,506)
<b>Balance at 31 December 2025</b>	<b>14,378</b>	<b>(660)</b>	<b>1,204</b>	<b>2,540</b>	<b>9,398</b>	<b>26,860</b>
Carrying amount of interests under control and significant influence	-	-	-	-	-	(7,549)
Value of interests under control and significant influence under the equity method	-	-	-	-	-	5,568
<b>Adjusted unconsolidated equity at 31 December 2025</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,879</b>

## Statements and signatures of the board

### Statement by the board

The board of Nordecon AS acknowledges its responsibility for the preparation of the group's consolidated financial statements as at and for the year ended 31 December 2025 and confirms that:

- the directors' report (including the sustainability statement and the corporate governance report) and the remuneration report present fairly the development of the business and the financial performance and the financial position of the group's parent company and the consolidated entities taken as a whole and contain a description of the main risks and uncertainties;
- the policies applied in the preparation of the consolidated financial statements comply with International Financial Reporting Standards as adopted by the European Union (IFRS EU);
- the consolidated 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;
- all known events that occurred until the date the annual report was authorised for issue (28 April 2026) have been properly reported and disclosed in the consolidated financial statements;
- Nordecon AS and its subsidiaries are going concerns.

Maret Tambek	Chairman of the Board	<i>signed digitally</i>	28 April 2026
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Deniss Berman	Member of the Board	<i>signed digitally</i>	28 April 2026
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Tarmo Pohlak	Member of the Board	<i>signed digitally</i>	28 April 2026
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# Independent Auditors' Report

To the shareholders of Nordecon AS

## Report on the Audit of the Consolidated Financial Statements

### Qualified Opinion

We have audited the consolidated financial statements of Nordecon AS and its subsidiaries ('the group'), which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising material accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 December 2025, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

### Basis for Qualified Opinion

As disclosed in notes 9 and 13 to the consolidated financial statements, the group has investments in Ukraine, including (i) a loan receivable from the associate V.I. Center TOV of 8,544 thousand euros (31 December 2024: 8,544 thousand euros), which is secured by investment properties located in Ukraine, and (ii) an investment property with a carrying amount of 1,812 thousand euros as at 31 December 2025 (31 December 2024: 1,812 thousand euros) through the subsidiary Technopolis-2 TOV. Due to the ongoing military conflict in Ukraine and the resulting significant uncertainty in the real estate market, the group was unable to determine the fair value of these investment properties as at the reporting date. As a result, we were unable to obtain sufficient appropriate audit evidence regarding the fair value of the investment properties securing the loan receivable or the investment property held through Technopolis-2 TOV. Consequently, we were unable to determine whether any adjustments to the carrying amounts of the loan receivable and the investment property as at 31 December 2025 might have been necessary and what impact these would have had on the consolidated statement of financial position and the consolidated statement of comprehensive income as at and for the reporting period. Similarly, we were unable to determine whether any adjustments to the comparative figures as at 31 December 2024 were necessary.

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



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## Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Basis for Qualified Opinion* section, we have determined that the matters described below are the key audit matters which must be disclosed in our report.

<b>Estimation of the recoverable amount of goodwill</b>	
Refer to notes 2 and 15 to the consolidated financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
<p>The group's consolidated statement of financial position as at 31 December 2025 includes goodwill in the amount of €13,995 thousand, discussed in detail in note 15. International Financial Reporting Standards require that goodwill is tested for impairment at least annually.</p> <p>The assessment of the recoverability of goodwill requires significant judgment in determining the future performance of the cash-generating units (CGUs) to which goodwill has been allocated. The recoverable amount of goodwill is determined by calculating the value in use of the relevant CGUs using the discounted cash flow method whose key inputs such as the discount rate and the expected future revenue and gross margin depend on management's significant judgment and estimates.</p> <p>The determination of whether the internal and external inputs used by the group to calculate the recoverable amount of goodwill were based on reasonable and appropriate estimates required our particular attention in the audit. Even small changes in the inputs may have a significant impact on the estimate of the recoverable amount of goodwill and, thus, also on the group's financial results.</p> <p>We therefore identified the estimation of the recoverable amount of goodwill as a key audit matter.</p>	<p>In this area, we conducted the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>• We assessed whether management had appropriately allocated assets to CGUs based on our understanding of the group's operations.</li> <li>• Assisted by our own valuation specialists, we assessed the model used for calculating the recoverable amount of goodwill against the requirements of the relevant financial reporting standards. We also made alternative calculations for the discount rate (WACC) based on available market data and compared it to the rates used in the valuation model.</li> <li>• Where the group had relied on market-based inputs, such as the interest rates of loan and lease agreements and the discount rates applied, we compared the inputs with the data available from external sources (such as bank confirmations and publicly available market research).</li> <li>• We compared the data used in the model with the budgets and strategy approved by the group's council and assessed the historical accuracy of the group's budgeting process by comparing recent years' actual revenue and gross margin to the budgeted amounts.</li> <li>• We evaluated the assumptions and estimates applied in the model (such as the terminal period, changes in working capital and capital expenditures) used for calculating the recoverable amount of goodwill, considering our</li> </ul>

	<p>understanding of the group's operations and the economic environment.</p> <ul style="list-style-type: none"> <li>We assessed the adequacy of the related disclosures in the consolidated financial statements, including those in respect of the sensitivity of the valuation results to changes in the key assumptions.</li> </ul>
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<b>Recognition of construction contract revenue</b>	
Refer to notes 2, 24, 25 and 26 to the consolidated financial statements.	
<p><b>The key audit matter</b></p> <p>In 2025, the group recognised revenue of €208,204 thousand (2024: €223,872 thousand), of which €193,225 thousand (2024: €211,251 thousand) was construction contract revenue.</p> <p>The group recognises construction contract revenue using the stage of completion method, with revenue from most contracts being recognised over the periods in which the performance obligations are satisfied. Revenue and costs from construction contracts (general and subcontracts, as well as road maintenance contracts) are recognised as soon as they can be reliably measured using the stage of completion method. The stage of completion of a construction contract is determined using the cost method, i.e. based on the proportion that the contract costs incurred for work performed bear to the estimated total contract costs. Determining the stage of completion constitutes a significant accounting estimate.</p> <p>Assessing whether the internal and external inputs used to recognise construction contract revenue were based on appropriate estimates required our particular attention during the audit. The assessment was complex due to the large number of construction contracts, as well as the uncertainty associated with forecasting. Changes in the inputs used to determine the stage of completion can have a significant impact on the estimates made in recognising construction contract revenue, and consequently on the group's financial performance.</p> <p>We therefore identified the recognition of construction contract revenue as a key audit matter.</p>	<p><b>How the matter was addressed in our audit</b></p> <p>In this area, we conducted the following audit procedures, among others:</p> <ul style="list-style-type: none"> <li>We tested management's control systems and procedures related to the recognition of construction contract revenue, including their design, implementation, and effectiveness.</li> <li>We verified whether the group had correctly applied the accounting principles of IFRS 15, including with respect to revenue recognised over time.</li> <li>We performed substantive procedures on a sample basis to ensure that there were no misstatements, in the recognition of the group's construction contract revenue, whether due to fraud or error. This included: <ul style="list-style-type: none"> <li>comparing the contractual revenue used to calculate construction contract revenue with the underlying contracts;</li> <li>comparing the costs used to determine the stage of completion of construction contracts with the underlying accounting data, which included testing the correct allocation of costs to construction contracts and the correct accrual of such costs;</li> <li>verifying the arithmetic accuracy of the calculations underlying the recognition of construction contract revenue;</li> <li>assessing the appropriateness of the profit margin used to calculate revenue based on available information, and clarifying any changes in the profit margin compared to prior periods.</li> </ul> </li> <li>We conducted tests on general ledger entries to identify any unusual combinations of entries relating to revenue that were inconsistent with ordinary sales transactions.</li> </ul>



	<ul style="list-style-type: none"> <li>We assessed whether the information disclosed in the consolidated financial statements regarding construction contracts was relevant.</li> </ul>
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## Other Information

Management is responsible for the other information. The other information comprises Nordecon group at a glance, key figures for 2025, letter from chairman of the council, group chief executive’s letter, directors’ report, the remuneration report and note to the consolidated sustainability statement but does not include the consolidated financial statements and our auditors’ report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. In addition, our responsibility is to state whether the information presented in the management report has been prepared in accordance with the applicable legal and regulatory requirements. With respect to the remuneration report, our responsibility also includes considering whether the remuneration report has been prepared in accordance with the requirements of Article 1353 (3) of the Securities Market Act.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section, we were unable to obtain sufficient appropriate audit evidence to assess whether the loan given to the Ukrainian associate may be impaired. Therefore, we are unable to conclude whether or not the other information is materially misstated with respect to this matter. Except for this matter, the information presented in the directors’ report is materially consistent with the consolidated financial statements and in accordance with the applicable legal and regulatory requirements. In our opinion, the remuneration report has been prepared in accordance with the requirements of Article 1353 (3) of the Securities Market Act.

## Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the group’s financial reporting process.

## Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these



consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



# Report on Other Legal and Regulatory Requirements

## Report on Compliance with the Requirements for iXBRL tagging of Consolidated Financial Statements included within the European Single Electronic Format Regulatory Technical Standard (ESEF RTS)

We have undertaken a reasonable assurance engagement on the iXBRL tagging of the consolidated financial statements included in the digital files 48510000D8HSLK854I81-2025-12-31-1-en.xbri prepared by Nordecon AS.

### Responsibilities of Management for the Digital Files Prepared in Compliance with the ESEF RTS

Management is responsible for preparing digital files that comply with the ESEF RTS. This responsibility includes:

- the selection and application of appropriate iXBRL tags using judgement where necessary;
- ensuring consistency between digitised information and the consolidated financial statements presented in human-readable format; and
- the design, implementation and maintenance of internal control relevant to the application of the ESEF RTS.

### Auditors' Responsibilities

Our responsibility is to express an opinion on whether the electronic tagging of the consolidated financial statements complies in all material respects with the ESEF RTS based on the evidence we have obtained.

We apply the provisions of the International Standard on Quality Management (Estonia) 1 (revised) and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We are independent of the group in accordance with the International Code of Ethics for Professional Accountants (Estonia) (including International Independence Standards), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* (ISAE 3000) issued by the International Auditing and Assurance Standards Board.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about compliance with the ESEF RTS. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material departures from the requirements set out in the ESEF RTS, whether due to fraud or error. A reasonable assurance engagement includes:

- obtaining an understanding of the tagging and the ESEF RTS, including of internal control over the tagging process relevant to the engagement;
- reconciling the tagged data with the audited consolidated financial statements of the group dated 31 December 2025;
- evaluating the completeness of the tagging of the consolidated financial statements;
- evaluating the appropriateness of the group's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- evaluating the use of anchoring in relation to the extension elements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

In our opinion, the consolidated financial statements included in the annual report of Nordecon AS identified as



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4851000D8HSLK854I81-2025-12-31-1-en.xbri for the year ended 31 December 2025 are tagged, in all material respects, in compliance with the ESEF RTS.

**Other Requirements of the Auditors' Report in Accordance with Regulation (EU) No 537/2014 of the European Parliament and of the Council**

We were appointed by those charged with governance on 29 May 2023 to audit the consolidated financial statements of Nordecon AS for the financial years ended 31 December 2023 through 31 December 2025. Our total uninterrupted period of engagement is 20 years, covering the periods ending 31 December 2006 to 31 December 2025.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the group;
- we have not provided to the group with the prohibited non-audit services (NASs) referred to in Article 5(1) of EU Regulation (EU) No 537/2014. We also remained independent of the group in conducting the audit.

*Tallinn, 28 April 2026*

*/signed digitally/*

**Andris Jegers**

*Certified Public Accountant,  
Licence No 171*

*/signed digitally/*

**Liisa Piirsalu**

*Certified Public Accountant,  
Licence No 709*

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## Profit allocation proposal

### Retained earnings of Nordecon AS

	<b>€'000</b>
Retained earnings of prior periods	4,746
Loss for 2025	(4 605)
<b>Total distributable profit (retained earnings) at 31 December 2025</b>	<b>141</b>

The board proposes that no distributions or allocations be made.

Maret Tambek	Chairman of the Board	<i>signed digitally</i>	28 April 2026
Deniss Berman	Member of the Board	<i>signed digitally</i>	28 April 2026
Tarmo Pohlak	Member of the Board	<i>signed digitally</i>	28 April 2026

## Note to the consolidated sustainability statement

### List of disclosure requirements met and information provided by reference in the sustainability statement

The following table contains the list of disclosure requirements met in the sustainability report, references to information disclosed in other chapters of the annual report and information required under other EU legislation.

Disclosure requirement		Page	References to other chapters of the annual report	References to other EU legislation
<b>General disclosures (ESRS 2)</b>				
BP-1	Basis for preparation	25		
GOV-1	Role of management and supervisory bodies	25	Governance, Corporate governance report, Description of the main risks	Benchmark Regulation
GOV-2	Integration of sustainability-related performance in incentive schemes	26	Remuneration report	
GOV-3	Statement on due diligence	26		SFDR, Benchmark Regulation
GOV-4	Risk management and internal controls over sustainability reporting	27		
SBM-1	Strategy, business model and value chain	27	Nordecon group at a glance, Group strategic agenda and targets for 2023–2027, Business and financial review	SFDR, Pillar 3 reference, Benchmark Regulation Involvement in activities related to fossil fuels, chemical production, controversial weapons and tobacco cultivation – Not material
SBM-2	Interests and views of stakeholders	29		
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	33		
IRO-1	Processes to identify and assess material impacts, risks and opportunities	31		
IRO-2	Overview of material impacts, risks and opportunities	32		SFDR. Forced labour and risk of child labour – Not material
GDR-P	Sustainability management policies	33		SFDR, Benchmark Regulation
<b>Climate change (E1)</b>				
E1-1	Transition plan for climate change mitigation	35		EU Taxonomy Climate Delegated Act
E1-2, E1-3	Climate risks and resilience	35		
E1-4, E1-6	Targets and policies related to climate change mitigation and adaptation	35		SFDR, Pillar 3 reference, Benchmark Regulation
E1-5	Actions related to climate change mitigation and adaptation	36		
E1-7	Energy consumption and mix	38		SFDR
E1-8	Gross Scopes 1, 2, and 3 GHG emissions	37		SFDR, Pillar 3 reference, Benchmark Regulation
E1-9	GHG sequestration and GHG emission reduction projects financed through carbon credits	Not material		

E1-10	Internal carbon pricing	Not material		
E1-11	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	Implementation of transitional provisions		Pillar 3 reference, Benchmark Regulation. Not material
<b>Pollution (E2)</b>				
The topical standard is not material				
<b>Water (E3)</b>				
The topical standard is not material				
<b>Biodiversity and ecosystems (E4)</b>				
The topical standard is not material				
<b>Resource use and circular economy (E5)</b>				
E5-1	Policies related to resource use and circular economy	38		
E5-2	Actions related to resource use and circular economy	39		
E5-3	Targets related to resource use and circular economy	39		
E5-4	Resource inflows	40		
E5-5	Waste	41		SFDR
<b>Own workforce (S1)</b>				
S1-1	Policies related to own workforce	43		SFDR. Processes and measures for preventing trafficking in human beings – Not material
S1-2	Processes for engaging with own workforce and feedback channels	43		SFDR
S1-3, S1-14	Actions and resources related to own workforce	44		
S1-4	Targets related to own workforce	44		
S1-5, S1-8	Characteristics of employees	46		
S1-6	Characteristics of the undertaking's non-paid employees	Not material		
S1-7	Collective bargaining coverage and social dialogue	Not material		
S1-9, S1-15	Remuneration	47		SFDR, Benchmark Regulation
S1-10	Social protection	Not material		
S1-11	Persons with disabilities	Not material		
S1-12	Training and skills development	47		
S1-13	Occupational safety and health	47		SFDR, Benchmark Regulation
S1-16	Incidents of discrimination and other human rights incidents	46		SFDR, Benchmark Regulation
<b>Workers in the value chain (S2)</b>				
S2-1, S2-2, S2-3	Policies related to value chain workers and channels for value chain workers to raise concerns	49		SFDR
S2-4	Targets related to value chain employees	44, 49		
<b>Affected communities (S3)</b>				
The standard is irrelevant				

<b>Consumers and end-users (S4)</b>				
S4-1, S4-3	Policies and measures related to the quality and safety of buildings and infrastructure assets	49		SFDR, Benchmark Regulation. Human rights incidents – Not material
S4-2	Processes for engaging with consumers and end-users	50		SFDR
S4-4	Targets and performance indicators related to customers and quality	50		
<b>Business conduct (G1)</b>				
G1-1, G1-2	Business conduct policies and actions	52		SFDR
G1-3, G1-4	Targets and performance indicators related to business conduct	53		SFDR
G1-5	Political influence and lobbying activities	Not material		
G1-6	Payment practices	53		
<b>Innovation and technological solutions</b>				
	Policies related to innovation and technological solutions	53		
	Targets and performance indicators related to innovation and technological solutions	54		
	Actions related to innovation and technological solutions	54		