



## **DECISIONS OF THE SUPERVISORY BOARD MEETING OF AS MERKO EHITUS AT 8 APRIL 2020**

(translation of the official text in Estonian)

**All the members of the Supervisory Board agree to the decisions below and have signed the resolution, thus the resolution has been adopted as per the requirements set forth in the Commercial Code.**

### **I APPROVAL OF THE PROPOSALS OF THE SUPERVISORY BOARD FOR THE AGENDA OF THE ANNUAL GENERAL MEETING TO BE HELD ON 6 MAY 2020 AND FOR THE DRAFT RESOLUTIONS OF THE ANNUAL GENERAL MEETING**

**Approve the agenda of the annual general meeting of AS Merko Ehitus, to be held on 6 May 2020, and the proposals of the Supervisory Board for the draft resolutions of the annual general meeting as follows:**

#### **1. Approval of the annual report of the financial year 2019**

The Supervisory Board proposes to approve the annual report of the financial year 2019 of AS Merko Ehitus.

#### **2. Distribution of profit**

The Supervisory Board proposes to:

- (i) approve the net profit for the financial year 2019 as EUR 16,269,700;
- (ii) leave the net profit undistributed and to allocate the net profit of the financial year 2019 to retained earnings.

#### **3. Deciding on the number of members of the Supervisory Board**

Pursuant to the Articles of Association of AS Merko Ehitus, the Supervisory Board of the company has 3 to 5 members. The Supervisory Board proposes to decide that the Supervisory Board will have 3 (three) members who will be elected for the term of next 3 (three) years.

#### **4. Extension of powers of members of the Supervisory Board**

The Supervisory Board proposes to:

- (i) extend the terms of office of current members of the Supervisory Board Toomas Annus, Teet Roopalu and Indrek Neivelt until 6 May 2023, i.e. for a period of three years from the moment of deciding the extension;
- (ii) continue remuneration of members of the Supervisory Board based on terms and conditions approved at special general meeting of shareholders of AS Merko Ehitus, held on 31 October 2008.

### **II APPROVAL OF THE SUPERVISORY BOARD REPORT**

Approve the report on the activities of the Supervisory Board of AS Merko Ehitus in the financial year 2019 (attached).

#### **Signatures:**

/ signed digitally /

Toomas Annus

/ signed digitally /

Teet Roopalu

/ signed digitally /

Indrek Neivelt

**REPORT ON THE ACTIVITIES OF THE SUPERVISORY BOARD OF  
THE PUBLIC LIMITED COMPANY MERKO EHITUS IN THE FINANCIAL YEAR 2019**  
(translation of the official text in Estonian)

**The Supervisory Board of AS Merko Ehitus (hereinafter the Supervisory Board) has prepared and approved the current report, which serves to provide an overview of the activities of the Supervisory Board in managing the group, consisting of AS Merko Ehitus and its subsidiaries, and organising its work, and was drawn up to be submitted at the annual general meeting of shareholders of AS Merko Ehitus (hereinafter the General Meeting).**

**The current members of the Supervisory Board, Toomas Annus, Teet Roopalu and Indrek Neivelt, were elected at the annual general meeting of shareholders on 28 April 2017. According to article 30 of the Articles of Association of AS Merko Ehitus, the members of the Supervisory Board shall be elected for the term of three years.**

The Supervisory Board has reviewed the annual report for the year 2019, submitted to the General Meeting by the Management Board of AS Merko Ehitus (hereinafter the Management Board), which consists of the annual financial statements, management report, sworn auditor's report and profit allocation proposal. **The Supervisory Board has decided to approve the annual report for financial year 2019, prepared by the Management Board.**

The work of the Supervisory Board was organised in 2019 by the Chairman of the Supervisory Board, Mr. Toomas Annus.

The Supervisory Board of AS Merko Ehitus has three members, of whom, in accordance with the requirements of the Corporate Governance Recommendations, one – Indrek Neivelt – is an independent member.

The meetings of the Supervisory Board generally take place once a month, except in summer months. In 2019, the Supervisory Board held 11 regular meetings. No extraordinary Supervisory Board meetings were held. Participation of members of the Supervisory Board at meetings:

<b>NAME</b>	<b>PARTICIPATION IN MEETINGS</b>	<b>PARTICIPATION %</b>
Toomas Annus	10	91%
Teet Roopalu	11	100%
Indrek Neivelt	11	100%

The Supervisory Board has complied with the effective legislation and within the limits of authorisations, granted by the Articles of Association of AS Merko Ehitus, when managing and organising the activities of AS Merko Ehitus.

Issues related to the management and activities of AS Merko Ehitus, which are beyond the limits of regular economic activities, have been discussed at the meetings of the Supervisory Board, which have taken place in 2019. According to the Articles of Association of AS Merko Ehitus, the consent of the Supervisory Board is required for concluding transactions, which involve:



- making investments into new spheres of business and making investments, which exceed the amounts, allocated for investment purposes in the budget for the financial year and for every investment, having the value above 3,000,000 euros; or
- for commencing and winding up business in other countries, including the establishment or acquisition of trading companies, subsidiaries or permanent places of business and winding them up, closing or transferring of; or
- establishment, transfer or winding up of a subsidiary with a share capital or equity above 500,000 euros; or
- acquisition or transfer of minority participation in companies, not involved immediately in the main business; or
- transfer of a registered immovable, if the value of the transaction is above 3,000,000 euros; or
- granting loans to third parties or guaranteeing the obligations of third parties, including providing guarantees, except for:
  - granting a loan of up to 3,000,000 euros and the entity being granted a loan or whose commitments are secured is a subsidiary or affiliate of the Company;
  - granting a loan of up to 3,000,000 euros to third parties for financing construction work, if the loan is secured by mortgage established on the registered immovable property on which buildings shall be built as a result of the relevant construction work;
  - granting a loan of up to 100,000 euros.

According to the best of knowledge of the Supervisory Board, the Management Board has, in line with law and Articles of Association, submitted all such issues which are beyond the limits of regular economic activities of AS Merko Ehitus to the Supervisory Board for approval. At each respective meeting, the Management Board has also provided the Supervisory Board with a report to provide an overview of the business activities, economic situation, company management and actions of the Management Board of AS Merko Ehitus.

The Supervisory Board thanks the management and employees of companies, belonging to the group for their contribution to the development of AS Merko Ehitus group over the last financial year.

**The Supervisory Board thanks the shareholders of AS Merko Ehitus for their trust and hopes that its activities have been sufficient to ensure comprehensive protection of the shareholders' interests.**

**Signatures:**

8 April 2020

/ signed digitally /  
Toomas Annus

/ signed digitally /  
Teet Roopalu

/ signed digitally /  
Indrek Neivelt