



# AS MERKO EHITUS

## GROUP

### 2022 12 months and IV quarter consolidated unaudited interim report

Business name:	AS Merko Ehitus
Main activities:	Holding companies General contracting of construction Real estate development
Commercial Register No.:	11520257
Address:	Järvevana tee 9G, 11314 Tallinn
Postal address:	Pärnu mnt 141, 11314 Tallinn
Phone:	+372 650 1250
Fax:	+372 650 1251
E-mail:	group@merko.ee
Web site:	group.merko.ee
Financial year:	01.01.2022 – 31.12.2022
Reporting period:	01.01.2022 – 31.12.2022
Supervisory Board:	Toomas Annus, Teet Roopalu, Indrek Neivelt, Kristina Siimar
Management Board:	Andres Trink, Tõnu Toomik
Auditor:	AS PricewaterhouseCoopers

# TABLE OF CONTENTS

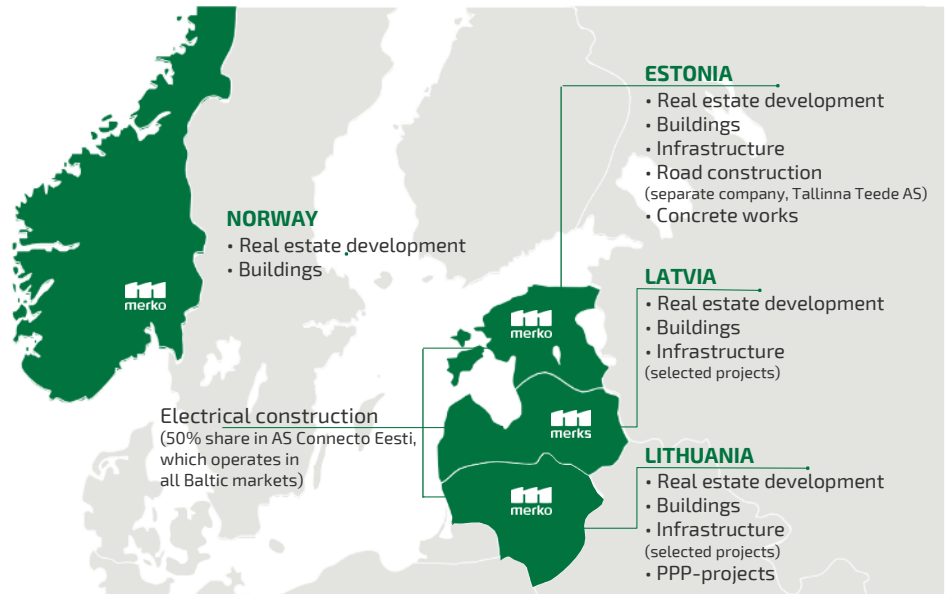
BRIEF OVERVIEW OF THE GROUP.....	3
MANAGEMENT REPORT .....	5
MANAGEMENT BOARD'S DECLARATION .....	20
INTERIM FINANCIAL STATEMENTS .....	21
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME .....	21
CONSOLIDATED STATEMENT OF FINANCIAL POSITION.....	22
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY .....	23
CONSOLIDATED CASH FLOW STATEMENT .....	24
NOTES .....	25
NOTE 1 ACCOUNTING POLICIES USED.....	25
NOTE 2 OPERATING SEGMENTS .....	25
NOTE 3 COST OF GOODS SOLD .....	28
NOTE 4 EARNINGS AND DIVIDENDS PER SHARE .....	29
NOTE 5 CASH AND CASH EQUIVALENTS.....	29
NOTE 6 TRADE AND OTHER RECEIVABLES.....	29
NOTE 7 INVENTORIES .....	30
NOTE 8 OTHER LONG-TERM LOANS AND RECEIVABLES.....	30
NOTE 9 INVESTMENT PROPERTY .....	31
NOTE 10 PROPERTY, PLANT AND EQUIPMENT .....	31
NOTE 11 INTANGIBLE ASSETS .....	31
NOTE 12 BORROWINGS .....	32
NOTE 13 PAYABLES AND PREPAYMENTS .....	33
NOTE 14 SHORT-TERM PROVISIONS .....	33
NOTE 15 OTHER LONG-TERM PAYABLES.....	33
NOTE 16 RELATED PARTY TRANSACTIONS .....	34
NOTE 17 CONTINGENT LIABILITIES.....	38
DEFINITION OF RATIOS.....	39

# BRIEF OVERVIEW OF THE GROUP

**Companies in the Merko Ehitus group develop real estate, construct buildings and infrastructure. We operate in the Baltic states and Norway.**

**We create a better living environment and build the future.**

Long-term experience, a wide scope of construction services, quality and reliability have made Merko the brand of the leading construction company and apartment developer in the Baltics.



**The construction company with the largest equity in the Baltics**, long-term capability to self-finance its projects

**A strong position on the Baltic construction market**, the leading residential real estate developer

International quality, environmental protection and occupational safety **certificates ISO 9001, ISO 14001, ISO 45001**

## SHARES

The shares are listed in the Main List of NASDAQ Tallinn since 1997.

The main shareholder is AS Riverito (**72%**)

## 2022 KEY FIGURES

Revenue **409.6 million** euros    Net profit **34.6 million** euros    **661** employees





## STRATEGY

AS Merko Ehitus subsidiaries provide construction services in the field of building and infrastructure construction and develop residential real estate in their home markets of Estonia, Latvia, Lithuania, and Norway. We want to be the preferred partner for those who value quality, both in the performance of construction works and in the development and sale of apartments, as well as in contributing to society. As a caring and development oriented employer, we ensure that our employees are professional and motivated, each of whom contributes to the joint result of each company, each unit and Merko itself. By focusing on profitability, cost base efficiency and the best employees, we ensure the investor a long-term profitable investment.



# MANAGEMENT REPORT

## COMMENTARY FROM MANAGEMENT

Merko Ehitus revenue was EUR 143 million in Q4 2022, and the revenue for 12 months amounted to EUR 410 million, while the respective figures for net profit were EUR 17.6 million and 12 months was EUR 34.6 million. Merko has delivered more than 900 apartments to buyers in 12 months this year.

According to the management of Merko Ehitus, the group's results for 2022 reflect the increase of investments in previous years into apartment development business area, the choice of the right development projects and successful sale of apartments on all three Baltic markets. The greatest share of Merko's profit came from the real estate development business area.

The outlook for the residential real estate market worsened last year rapidly in connection with soaring inflation and interest rates, as well as due to the uncertainty from the Ukraine war. The volume of preliminary sales of new apartments dropped to all-time lows in November, which made the group to slow down the tempo of launching new developments. Although the sales volume will also decrease in the years ahead along with the construction volume, our long-term position and development potential on the residential real estate market of the Baltic capitals remain solid.

In the 12 months of 2022, the group companies signed new construction contracts worth EUR 318 million and the balance of secured order book stood at EUR 297 million as of the end of December (respectively EUR 288 million and EUR 257 million in 2021). There was much ambiguity in the construction service field last year in connection with the rapid growth of energy prices and other construction input prices. Both customers and construction enterprises spent much time and energy to find the best balance in sharing price and supply risks. Few new business real estate projects came on to the market, a number of public procurements were postponed to future periods and road construction investment volumes were downsized significantly. According to the management, in this sort of complicated market situation, the volume of construction contracts concluded last year and the portfolio of orders can be considered a fairly good footing for supporting the construction service business area for the next 12-24 months. Since a certain stabilization has been seen in construction process and an adaptation to inflation is also under way, hopefully new construction sites will come to the market in future. The management hopes that the group companies' capabilities will support continued investment into the energy sector. According to management, the group must continue to adapt quickly to market changes, being in the project management business and directly dependent on orders.

In the 12 months of this year, the group delivered 923 new apartments and nine commercial units to buyers (12 months of 2021: 496 apartments and 7 commercial units). According to the management, there is still hope that in the next 12 months, confidence will recover and demand for new housing will improve, supported by growing need for homes with higher energy-efficient.

During the 12 months, the group launched five new development projects with a total 581 apartments. As of year's end, there were 1,207 apartments under construction by the group, of which almost half were covered by preliminary sale contracts. The largest apartment developments were Uus-Veerenni, Noblessneri and Lahekalda in Tallinn; Erminurme in Tartu; Viesturdārzs, Mežpilsēta and Magnolijas in Riga, and Vilneš Skverai in Vilnius.

In Q4 of 2022, the largest objects under construction in Estonia were the third phase of the Mustamäe medical campus of the North-Estonia Medical Centre, Pelgulinna and Rae state gymnasiums, the Arter Quarter, construction of infrastructure segments of the Republic of Estonia's southeast land border, the tram line between Old City Harbour and Rail Baltic's Ülemiste passenger terminal, and renovation of Rannamõisa tee and Vana-Kalamaja street in Tallinn. In Latvia, projects in progress included the GUSTAVS business centre, Elemental Skanste office buildings and NATO facilities in Adaži; in Lithuania, several wind farm infrastructures as well as a car service building and NATO training centre buildings in Vilnius.

**2022 12M**  
**REVENUE**  
**410 MILLION EUROS**

**PROFIT**  
**BEFORE TAX**  
**37.1 MILLION EUROS**

## OVERVIEW OF THE IV QUARTER AND 12 MONTHS RESULTS

### PROFITABILITY

2022 12 months' pre-tax profit was EUR 37.1 million and Q4 2022 was EUR 18.4 million (12M 2021: EUR 32.1 million and Q4 2021 was EUR 15.6 million), which brought the pre-tax profit margin to 9.1% (12M 2021: 9.5%).

Net profit attributable to shareholders for 12 months 2022 was EUR 34.6 million (12M 2021: EUR 29.1 million) and for Q4 2022 net profit attributable to shareholders was EUR 17.6 million (Q4 2021: EUR 13.9 million). 12 months net profit margin was 8.5% (12M 2021: 8.6%).

### REVENUE

Q4 2022 revenue was EUR 143.4 million (Q4 2021: EUR 112.8 million) and 12 months' revenue was EUR 409.6 million (12M 2021: EUR 339.4 million). 12 months' revenue increased by 20.7% compared to same period last year. The share of revenue earned outside Estonia in 12 months 2022 was 50.1% (12M 2021: 37.4%).

### SECURED ORDER BOOK

As of 31 December 2022, the group's secured order book was EUR 297.2 million (31 December 2021: EUR 257.3 million). In 12 months 2022, group companies signed contracts in the amount of EUR 317.9 million (12M 2021: EUR 288.1 million). In Q4 2022, new contracts were signed in the amount of EUR 27.5 million (Q4 2021: EUR 15.2 million).

### REAL ESTATE DEVELOPMENT

In 12 months 2022, the group sold a total of 923 apartments (incl. 46 apartments in a joint venture); in 12 months 2021, the group sold 496 apartments (incl. 1 apartment in a joint venture). The group earned a revenue of EUR 127.0 million from sale of own developed apartments in 12 months 2022 and EUR 72.7 million in 12 months 2021. In Q4 of 2022 a total of 467 apartments were sold, compared to 299 apartments in Q4 2021, and earned a revenue of EUR 70.2 million from sale of own developed apartments (Q4 2021: EUR 39.4 million).

### CASH POSITION

At the end of the reporting period, the group had EUR 17.7 million in cash and cash equivalents, and equity of EUR 184.2 million (47.5% of total assets). Comparable figures as of 31 December 2021 were EUR 44.9 million and EUR 167.2 million (51.6% of total assets), respectively. As of 31 December 2022, the group's net debt was EUR 74.3 million (31 December 2021: EUR 7.7 million).

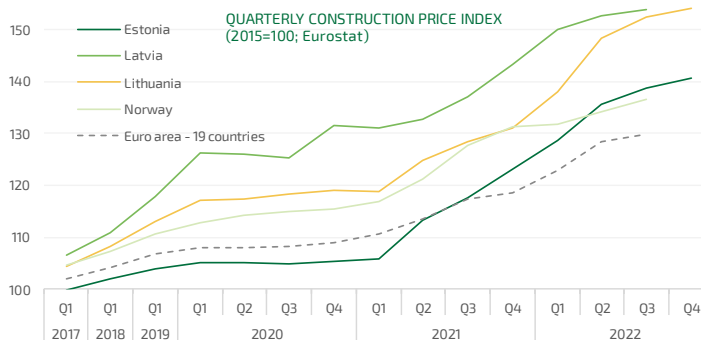
### PROPOSAL FOR DISTRIBUTION OF PROFITS

In coordination with the Supervisory Board, the Management Board proposes to distribute to shareholders EUR 17.7 million in dividends (1 euro per share) from retained earnings in 2023. This is equivalent to a 51% dividend rate for 2022.

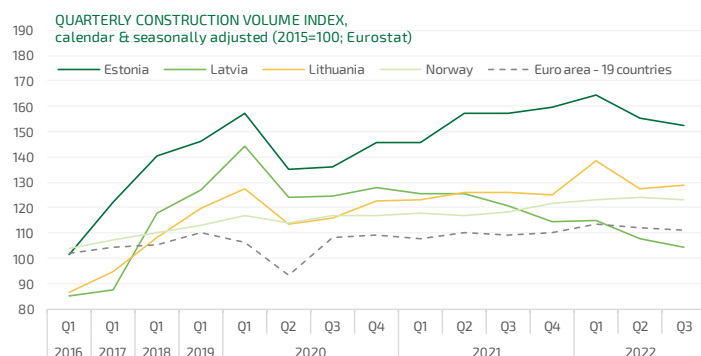
# OUTLOOK OF CONSTRUCTION AND REAL ESTATE MARKET

## CONSTRUCTION SERVICES

The effective response to inflation promised by central bankers in the first half of 2022 and predictions that price rise would quickly be tamed have instead yielded to the realization that persistent inflation is something that will have to be endured for some time. Bringing rising prices of energy carriers under control was accomplished with such a delay that the rise in the prices of final consumption goods managed to enter a spiral and at least one more year of contending with high inflation lies ahead. Stabilization of prices of materials has not helped to transfix the general construction price index, and the continuing rise in prices of workforce and construction machinery drove Baltic construction prices higher in Q4 as well. Relying on forecasts from major banks and finance ministries, it may be at least another six months before the already two-year long period of rising construction prices comes to a close. Directives related to sustainability will kick in 2024 and the ETS2 and CBAM in the field of carbon allowances in 2026, meaning additional costs for materials producers in the medium-long term, and it cannot currently be ruled out that prices will continue rising until 2026, although at a slower pace than in the last two years.



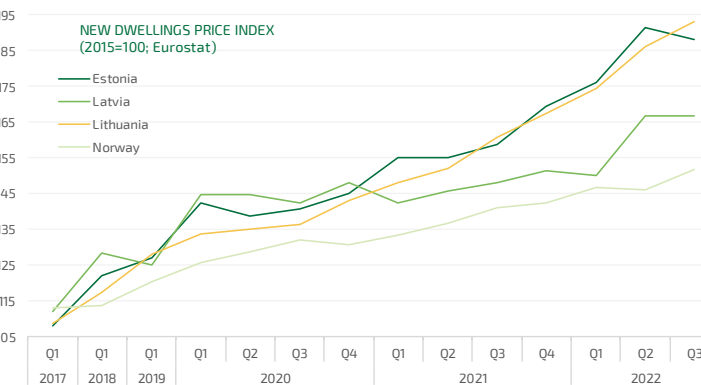
After construction volumes started clearly declining in Q2 of 2022, there have been no events on Baltic markets to allow a hope that 2021 volumes will be exceeded in 2022. At the time of preparation of the report, Q4 statistics on construction volumes have not yet been released, but projections can be made based on the contracts for larger projects concluded in H1. Lithuania was the only Baltic state that early on began approving renewable energy projects and issuing building permits. Lithuania has succeeded in maintaining the construction volume index near the pre-pandemic peak. The decline in Estonia has been mild to this point, but it is unlikely that renewable energy and national defence projects will fill the gap left by slashed road construction orders and the slump in residential development in H2. A particularly negative trend can be seen in statistics on construction volumes in Latvia, where contracts for additional renewable energy projects are expected only in 2023, these will likely not compensate for the drop in the road construction and residential construction segments. Moreover, it was a general election year in Latvia, and this also impacted the use of budgetary resources in the construction sector. We will see whether Estonia will go through its own parliamentary election year in 2023 with a smaller decline. Signs of eased red tape in the renewable energy sector are eagerly awaited, but noteworthy developments have been non-existent on this front.



Future developments on the construction market will in all likelihood reflect high base interest rates, inflation and the impact of the ongoing war in Europe on the general state of the economy. Positive developments that would restore confidence among customers for construction of buildings are not visible. Renewable energy and national defence that manage to clear the gauntlet of bureaucracy and NIMBY resistance will not be able to make up for the decline in other segments. Nothing rosy appears to be on the horizon for construction sector in the next few years.

## DEVELOPMENT OF APARTMENTS

The trend of rising prices of new housing came to a halt in Q3 and although data for Q4 have not yet been released, local data sources suggest that indeed the price rise has given way to a plateau. The expectation of lower prices on the new apartments market has shifted more to the aftermarket for older apartments. Most developers have postponed the launch of new developments pending the return of buyer confidence, and hence there is no oversupply on the new apartments market. It appears that buyers are waiting for interest rates of banks to stabilize before making any purchase decision, and thus a recovery in transaction volume is to be expected only after interest rates hikes have been completed. Until then, developers will continue to deal with selling the apartments that have been "warehoused" and few new projects will go ahead. A government measure that would support construction of new buildings rather than insulating older buildings would help, but this will probably not be possible given existing budgetary resources in the Baltics and we will have to hold out for a common EU intervention measure. To sum up, we expect that 2023 will end up being a meagre year for both developers and those looking to buy at favourable prices. Everyone is looking for something that will not necessarily materialize in the next 12 months.



## BUSINESS ACTIVITIES

The group business reporting is divided into two business segments:

- construction service;
- real estate development.

### CONSTRUCTION SERVICE

The construction service in Baltic states consists of services in the fields of general construction, civil engineering and electrical construction, additionally in Estonia road construction and concrete works services and in Norway general construction.

million EUR

	12M 2022	12M 2021	VARIANCE	Q4 2022	Q4 2021	VARIANCE
Revenue	246.9	243.4	+1.4%	61.2	67.5	-9.4%
% of total revenue	60.3%	71.7%		42.7%	59.8%	
Operating profit	8.5	11.8	-28.1%	3.9	4.9	-21.0%
Operating profit margin	3.4%	4.9%		6.4%	7.3%	

In the 12 months of 2022, the revenue of the construction service segment was EUR 246.9 million (12M 2021: EUR 243.4 million). The sales revenue of construction service has increased by 1.4% compared to the same period last year. The construction service segment revenue for 12 months 2022 made up 60.3% of the group's total revenue (12M 2021: 71.7%). In this segment, the group earned an operating profit of EUR 8.5 million for 12 months (12M 2021: EUR 11.8 million). The operating profit margin was 3.4% (12M 2021: 4.9%). The operating profit was mainly affected by the increase in input prices, which cannot be fully passed on to the customers.

Larger projects in progress in the fourth quarter in construction service segment in Estonia included the third development stage of the Mustamäe medical campus of the North Estonia Medical Centre, Pelgulinna and Rae state gymnasiums, Arter quarter, construction works of the Republic of Estonia's southeast land border, Defense Forces' buildings in the Tapa campus, tram line connecting Old Harbour and Rail Baltic's Ülemiste passenger terminal as well as reconstructions of Rannamõisa tee and Vana-Kalamaja street. In Latvia, larger ongoing projects in the fourth quarter included the construction works of the GUSTAVS business centre, Elemental Skanste office buildings and NATO base in Ādaži. In Lithuania, larger projects were construction of wind farm balance of plants in Akmenė and Telšiai districts as well as car service building and NATO training centre buildings in Vilnius were underway. In Norway, the group worked on the reconstruction of smaller scale contracts.

### REAL ESTATE DEVELOPMENT

The real estate development segment includes residential real estate development and construction of joint venture projects, long-term real estate investments and commercial real estate projects in Estonia, Latvia, Lithuania and Norway. To ensure the finest quality, as well as maximum convenience and assurance for apartment buyers, Merko handles all phases of development: acquisition of the real estate, planning, design of the development project, construction, marketing and sales, and warranty-period customer service.

million EUR

	12M 2022	12M 2021	VARIANCE	Q4 2022	Q4 2021	VARIANCE
Revenue	162.7	96.0	+69.6%	82.2	45.3	+81.5%
incl. revenue from sale of apartments	127.0	72.7		70.2	39.4	
incl. construction service from public-private-partnerships	-	6.9		-	0.3	
incl. construction service to joint venture projects	32.0	7.6		10.4	4.1	
incl. revenue from immovable properties	-	5.2		-	1.0	
% of total revenue	39.7%	28.3%		57.3%	40.2%	
Operating profit	30.3	22.7	+33.8%	14.4	11.1	+29.1%
Operating profit margin	18.6%	23.6%		17.5%	24.6%	

In 12 months 2022, the group sold a total of 923 apartments (incl. 46 apartments in a joint venture) and 9 commercial premises (incl. 2 in a joint venture); in 12 months 2021, 496 apartments (incl. 1 apartment in a joint venture) and 7 commercial premises. The group earned a revenue of EUR 127.0 million (VAT not included) from sale of developed apartments in 12 months 2022 and EUR 72.7 million (VAT not included) in 12 months 2021. In the revenue and operating profit of the real estate development segment also



are reflected the sales of commercial premises and parking spaces of the real estate development projects and the result of public-private-partnership contracts, based on which the group companies provide construction service and property management services.

In the case of development projects in joint venture, the real estate development business segment revenue reflects the construction services provided to the project by the group and the operating profit includes the realised construction profit for the period. The profit from development gained from sale of those apartments to end-customers is recognised in the group's reporting based on the equity method.

In 12 months of 2022, real estate development segment revenues increased by 69.6% compared to the same period last year and formed 39.7% of the group's total revenue (12 months of 2021: 28.3%).

The segment's operating profit for the 12 months of 2022 amounted to EUR 30.3 million (12 months of 2021: EUR 22.7 million) and the operating profit margin was 18.6% (12 months of 2021: 23.6%). The profitability of the apartment development projects varies by project and depends greatly on the cost structure of the specific project, including the land acquisition price.

In 12 months of 2022, the group launched the construction of a total of 581 new apartments in the Baltic states (12 months of 2021: 1,462 apartments). In the 12 months, the group invested a total of EUR 130.1 million (12 months of 2021: EUR 71.6 million) in the ongoing development projects.

One of the group's objectives is to keep a sufficient portfolio of land plots to ensure stable inventory of property development projects, which considers the market conditions. As of 31 December 2022, the group's inventories included land plots with development potential, where the construction works have not started, in the amount of EUR 84.1 million (31.12.2021: EUR 66.1 million).

#### GROUP'S INVENTORIES WITH DEVELOPMENT POTENTIAL BY COUNTRY

million EUR

	31.12.2022	31.12.2021
Estonia	27.6	25.9
Latvia	23.6	25.0
Lithuania	31.3	13.6
Norway	1.6	1.6
<b>Total</b>	<b>84.1</b>	<b>66.1</b>

In 12 months of 2022, the group has obtained new land plots for real estate development purposes at acquisition cost of EUR 25.8 million (12 months of 2021: in the amount of EUR 15.2 million).

## SECURED ORDER BOOK

As of 31 December 2022, the group's secured order book amounted to EUR 297.2 million, compared to EUR 257.3 million as of 31 December 2021, having increased by 15.5% in the annual comparison. The secured order book excludes the group's own residential development projects and construction works related to developing real estate investments.

In 12 months of 2022, EUR 317.9 million worth of new contracts were signed, which is increased by 10.4% compared to the same period of the previous year (12 months of 2021: EUR 288.1 million). The value of new contracts signed in the fourth quarter of 2022 amounted to EUR 27.5 million; in the fourth quarter of 2021 the value of new contracts signed amounted to EUR 15.2 million.

#### LARGEST CONSTRUCTION CONTRACTS SIGNED IN THE FOURTH QUARTER OF 2022

BRIEF DESCRIPTION OF CONTRACT	COUNTRY	COMPLETION TIME	VALUE MILLION EUR
Construction for the construction of new buildings in the Tapa campus of the Defence Forces in Lääne-Viru County	Estonia	May of 2023	7.1
Construction contract for the construction works of training centre buildings in Vilnius	Lithuania	Q2 of 2024	7.0

As of 31 December 2022, the private sector orders accounted for approximately 63% of the total balance in the group's secured order book (31.12.2021: approximately 73%). Both the public and private sectors are re-evaluating the soundness and profitability of investments in a dynamic input price environment. While the superior flexibility and faster response of the private sector has delayed a number of investments, in the public sector the high-priority planned investments are moving forward despite the increase in prices.

The group is focusing on the existing home markets, keeping a diversified operating portfolio as a strategic aim, balancing construction activities with real estate development in different countries. The group has gained a strong foothold in all the Baltic states and continues a gradual growth in Norway.

## CASH FLOWS

At the end of reporting period, the group had cash and cash equivalents in the amount of EUR 17.7 million (31.12.2021: EUR 44.9 million). As the group's cash position continues to be strong, the group has not utilised all its credit lines of existing overdrafts and loan agreements within reporting period. As of the end of the reporting period, the group entities had concluded overdraft contracts with banks in a total amount of EUR 53.0 million, of which EUR 36.2 million was unused (31.12.2021: EUR 49.0 million of which was almost entirely unused). In addition to the overdraft facilities, the company has a working capital loan facility with a limit of EUR 10.0 million from AS Riverito, of which EUR 2.0 million was unused at the end of current period (31.12.2021: there was no loan agreement).

The 12-month cash flow from operating activity was negative at EUR 41.8 million (12 months of 2021: negative EUR 0.2 million), cash flow from investing activity was negative at EUR 3.3 million (12 months of 2021: negative EUR 6.5 million) and the cash flow from financing activity was positive at EUR 17.9 million (12 months of 2021: positive EUR 4.1 million).

The cash flow from operating activities had positive effect from EBITDA of EUR 37.9 million (12 months of 2021: positive effect of EUR 34.8 million), from the change in trade and other payables related to operating activities of EUR 8.9 million (12 months of 2021: positive effect of EUR 30.9 million) and from the change in the provisions of EUR 1.5 million (12 months of 2021: positive effect of EUR 2.0 million). The negative effects to cash flow from operating activities came from the changes in receivables and liabilities related to construction contracts of EUR 1.1 million (12 months 2021: negative effect of EUR 7.2 million), from the changes in trade and other receivables related to operating activities of EUR 22.0 million (12 months of 2021: negative effect of EUR 21.1 million) and from the change in inventories of EUR 62.4 million (12 months of 2021: negative effect of EUR 34.1 million). The cash flows from inventories are mainly affected by the construction and sales cyclicalities of developed apartments: the negative cash flow is due to the increase in the volume of inventories related to the construction of apartments, then the positive cash flow is due to the decrease in inventories in the sale of the apartments. Interest was paid EUR 1.7 million (12 months of 2021: EUR 0.8 million) and corporate income tax was paid at EUR 2.5 million (12 months of 2021: EUR 3.2 million).

To support cash flows from operating activities, including increased volumes in apartment development, the group has raised additional external capital. At the same time, the debt ratio has remained at a moderate level (23.7% as of 31.12.2022; 16.2% as of 31.12.2021).

Cash flows from investing activities include negative effect from the acquisition of non-current assets in the amount of EUR 1.3 million, which is mainly related to the renewal of equipment in the field of construction (12 months of 2021 EUR 2.6 million) and from the acquisition of a subsidiary in the amount of EUR 0.7 million and the acquisition of a joint venture in the amount of EUR 2.2 million (12 months of 2021: there were no acquisitions of subsidiaries and joint ventures, was acquisition of an associated company in the net amount of EUR 4.1 million). The positive effect came from the sale of non-current assets in the amount of EUR 0.3 million (12 months of 2021: EUR 0.2 million) and EUR 0.6 million from the dividends received from the joint venture (12 months of 2021: no dividends received).

In cash flows from financing, the larger negative factors were dividend payment of EUR 17.7 million (12 months of 2021: EUR 17.7 million), the buy-out of minority interests in the amount of EUR 1.9 million (12 months of 2021: there was no buyout of minority share), repayments of lease liabilities in the amount of EUR 1.1 million (12 months of 2021: net negative cash flow of EUR 1.0 million) and the change in loans related to net amount of loans received and repaid of project specific loans obtained using investment property as collateral in the amount of EUR 0.4 million (12 months of 2021: positive cash flow in the net amount of EUR 9.4 million). Positive cash flow from financing activity resulted from the net change in loans received and repaid in connection with development projects in the amount of EUR 14.1 million (12 months of 2021: net positive cash flow of EUR 13.4 million), which resulted from the increase in loans taken for residential development projects and from the change in loans related to other activities in the amount of EUR 24.8 million (12 months of 2021: net positive cash flow of EUR 0.0 million).

## RATIOS

(attributable to equity holders of the parent)

<b>INCOME STATEMENT SUMMARY</b>		<b>12M 2022</b>	<b>12M 2021</b>	<b>12M 2020</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Q4 2020</b>
Revenue	million EUR	409.6	339.4	315.9	143.4	112.8	106.4
Gross profit	million EUR	53.7	46.8	43.7	22.6	20.3	18.5
Gross profit margin	%	13.1	13.8	13.8	15.7	18.0	17.4
Operating profit	million EUR	35.0	32.2	25.5	16.5	15.3	11.2
Operating profit margin	%	8.6	9.5	8.1	11.5	13.5	10.5
Pre-tax profit	million EUR	37.1	32.1	24.5	18.4	15.6	10.6
Pre-tax profit margin	%	9.1	9.5	7.7	12.8	13.8	9.9
Net profit	million EUR	34.1	29.0	22.5	17.3	13.9	9.9
attributable to equity holders of the parent	million EUR	34.6	29.1	23.0	17.6	13.9	9.9
attributable to non-controlling interest	million EUR	(0.5)	(0.1)	(0.5)	(0.3)	0.0	(0.0)
Net profit margin	%	8.5	8.6	7.3	12.3	12.3	9.3
<b>Other income statement indicators</b>		<b>12M 2022</b>	<b>12M 2021</b>	<b>12M 2020</b>	<b>Q4 2022</b>	<b>Q4 2021</b>	<b>Q4 2020</b>
EBITDA	million EUR	37.9	34.8	28.2	17.3	16.0	11.8
EBITDA margin	%	9.3	10.3	8.9	12.0	14.2	11.1
General expense ratio	%	4.9	5.2	5.6	3.9	5.1	5.9
Labour cost ratio	%	10.3	11.3	11.5	8.0	10.3	11.8
Revenue per employee	thousand EUR	623	521	478	218	173	161

<b>OTHER SIGNIFICANT INDICATORS</b>		<b>31.12.2022</b>	<b>31.12.2021</b>	<b>31.12.2020</b>
Return on equity	%	20.4	18.8	16.2
Return on assets	%	9.2	10.0	8.4
Return on invested capital	%	15.1	16.9	13.1
Assets	million EUR	387.4	324.4	256.9
Equity	million EUR	183.7	167.0	157.4
Equity attributable to equity holders of the parent	million EUR	184.2	167.2	153.2
Equity ratio	%	47.5	51.6	59.6
Debt ratio	%	23.7	16.2	11.3
Current ratio	times	2.0	2.4	2.7
Quick ratio	times	0.6	0.9	1.0
Accounts receivable turnover	days	33	31	35
Accounts payable turnover	days	55	39	37
Average number of employees	people	657	651	661
Secured order book	million EUR	297.2	257.3	225.1

Ratio definitions are provided on page 39 of the report.

## RISK MANAGEMENT

Risk management is part of strategic management and is inseparable from daily operations of the group. In managing risks, the main objective of the group is to determine most significant risks and to manage these risks in a balanced way so that the group achieves its strategic and financial objectives.

Merko Ehitus divides risks into four main categories: business risk, market risk (incl. interest risk and foreign exchange risk), financial risk (incl. credit risk and liquidity risk) and operational risk (incl. health and safety risk and environmental risk). The topic of risk management has been thoroughly covered on the group's website: [group.merko.ee/en/investors/risk-management/](https://group.merko.ee/en/investors/risk-management/).

### *Legal risk*

Due to different interpretations of contracts, regulations and laws related to group's principal activities, there is a risk that some buyers, contractors or supervisory authorities evaluate the company's activities from the perspective of laws or contracts from a different position and dispute the legitimacy of the company's activities.

As of 31 December 2022, a provision has been set up at the group in the amount of EUR 1.2 million for covering potential claims and legal costs (31.12.2021: no provision has been formed).

Below is presented an overview of the key legal disputes and proceedings, which have taken place or ended during 2022 or are ongoing as of 31 December 2022 and which concern group entities is presented:

### **Estonia**

#### Appeal for the revocation of the order of the Minister of the Environment

The court cases in connection with Minister of the Environment regulation No 22 of 27 March 2015, which redrew the boundaries of species protection sites to exclude properties on Paekalda street owned by AS Merko Ehitus subsidiaries Suur-Paekalda OÜ and Väike-Paekalda OÜ (now merged with AS Merko Ehitus Eesti, part of AS Merko Ehitus group). On 2 February 2016, AS Merko Ehitus group companies filed a complaint in Tallinn Administrative Court for compensation of damage. The claims consist of direct patrimonial damage (reduction in the value of immovable property and expenditures made on development activity) and claims for revenue foregone (failed development activity in 2005-2007). On 22 April 2019 the Tallinn Administrative Court partially satisfied the appeal and ordered the Republic of Estonia to pay AS Merko Ehitus Eesti EUR 760 thousand and late interest until the principal claim is duly discharged. The court also ordered that procedural costs of EUR 12 thousand be paid to AS Merko Ehitus Eesti. Both sides filed an appeal to the Tallinn District Court, which partially annulled the decision of the Tallinn Administrative Court and sent the case back to Administrative Court to determine the amount of compensation. Both parties to the dispute filed cassation appeals with the Supreme Court. By a decision of 5 March 2021, the Supreme Court dismissed the cassation appeal of AS Merko Ehitus Eesti, but sent the appeal regarding the claim for compensation for direct property damage caused by the lawful activities of the Republic of Estonia to the Tallinn Administrative Court for reconsideration. The Tallinn Administrative Court suspended the proceedings in the administrative case until the procedure for the detailed planning of the properties has been completed. The impact of this claim has not been taken into account in the group's reporting.

### **Latvia**

#### Latvian Competition Council administrative proceeding

On 9 August 2021, SIA Merks, a subsidiary of AS Merko Ehitus, received the [decision of the Latvian Competition Council](#) in the administrative proceedings initiated with regard to the company in 2019. The Group has disclosed information about the proceedings on an ongoing basis in stock market notices, annual and interim reports and in the [relevant subsection of the website](#).

On 13 September 2021, SIA Merks and AS Merko Ehitus contested the decision of the Latvian Competition Council in the Latvian administrative court. Before the court decision comes into effect, the fine of EUR 2.7 million levied by the Competition Council will not become payable and the possible claims for damages of third persons will not be subject to review nor other possible consequences arising from law will be applicable before the court decision enters into force.

The first court hearing set to discuss the substance of the appeals took place on 12 October 2022, but the hearing was spent on submitting and discussing the various parties' requests. Seven court hearings to review the substance of the complaints were scheduled for the first half of 2023, of which the two that have now been held were used to hear the plaintiffs' petitions and arguments.

AS Merko Ehitus continues to hold the conclusions of the Latvian Competition Council with regard to the business activities of SIA Merks both factually and legally unjustified and will use all the possibilities granted under the rule of law to overturn such conclusions.

Considering that judicial proceedings have reached the stage of substantive discussions and based on the principle of conservatism, the group has decided that it is appropriate to form a provision of 1/3 of the potential fine claim to cover the outcome of the dispute whose resolution is still a long way off and has not this far clearly favoured one side or another. The group has formed an EUR 900 thousand provision. This does not reflect the group's assessment of the expected outcome and only reflects the conservative approach of principles of accounting used in the group.

#### SIA Ostas Celtnieks

On 6 November 2019, SIA Merks filed an action against SIA "Ostas Celtnieks" in an amount of EUR 230 thousand and additional EUR 21 thousand for late interests. The basis for this claim is the loss incurred from the construction of Ventspils music school and concert hall carried out as per consortium contract of which 35% is to be covered by SIA "Ostas Celtnieks" according to its share in the consortium. So far, SIA "Ostas Celtnieks" has not covered its share of the loss. The court hearing took place on 28 July 2022, with the court dismissing the claim on the ground that the claim had been submitted by an incorrect person (a formal legal person

of the consortium). On 25 October 2022, SIA Merks lodged an appeal which was accepted and will be reviewed on 18 April 2023. The impact of this requirement has not been taken into account in the group's reporting.

#### Salaspils County Council

On 29 July 2022, SIA Merks filed a lawsuit against the Salaspils County Government in the Court of Economic Affairs in order to find a solution to the disagreements arising from the interpretation of the Salaspils kindergarten construction contract. Salaspils county government filed a counterclaim. At the end of 2022, SIA Merks signed the Delivery-acceptance deed and, based on the expert decision, submitted a claim to the court against the Salaspils county government in the amount of EUR 1,635 thousand (EUR 1,304 thousand being the principal claim and EUR 331 thousand late interest). The next court hearing is scheduled for 3 February 2023 and at the time of preparation of this report, its outcome has not been announced. The group has not made any provisions as of the date of the report.

#### SIA Hanza 14

In August 2022, the Arbitration Institute of the Stockholm Chamber of Commerce (Stockholm Arbitration) accepted SIA Hanza 14's application for annulment of the non-entry into force of the construction contract signed on 16 June 2020 and for SIA Merks to fulfil its contractual obligations. The non-entry into force of the construction contract was announced by Merko Ehitus with a [stock exchange announcement](#) on 28 August 2020. At the time of the preparation of this report, SIA Merks has received a statement of claim from SIA Hanza 14 with deadline for submitting in response to court a defence statement by 28 February 2023. SIA Merks continues to maintain that the contract became null and void as a result of the preconditions set forth in the construction contract not being met. The imperative condition which constituted grounds for rendering the contract null and void provided for the expiry of the contract without legal consequences or obligations for parties, much as if it had not been signed in the first place. Accordingly, the group has not made any provision to cover theoretical claims.

#### *Impact of the war in Ukraine*

In parallel with Russia's continued aggression in Ukraine, according to experts, Russia has manipulated gas supplies and prices to counterbalance the sanctions. Due to the multiplicity of impacts and the hybrid activities of all parties, it is still not possible to estimate the impact of the war with accounting accuracy, as energy prices are simultaneously considered an important factor in triggering high inflation. On the one hand, sanctions, energy price increases and inflation have led to a general rise in input prices. On the other hand, the relatively cheaper labour provided by the war refugees has held back the wage growth expectations of the local workforce, and the additional demand they have generated in the housing market has kept the apartment market stronger despite the rising uncertainty. The assessment of the different impacts continues to be difficult, the consolidation into a single impact assessment is currently beyond the capabilities. Undoubtedly, the war has had an extremely negative effect on the economic situation, both through the increase in input prices and the decrease in the pace of construction orders and housing sales, and the group has not been able to fully pass these negative effects on to buyers. On the other hand, we cannot rule out as a direct result of ongoing war, increasing uncertainty and, stemming reduction of investments and purchases in the economy as a whole, which has the effect of escalating internal competition within the sector and exerting downward pressure on margins. Quantifying this negative net effect at the group level requires stabilization of the economy at new equilibrium.

## EMPLOYEES AND LABOUR COSTS

As of 31 December 2022, Merko Ehitus group employed 661 people (including temporary and part-time staff). Compared to the same period last year, the number of group's employees decreased by 9 (-1.3%). The number of employees increased in Estonia and decreased in Latvia, Lithuania and Norway.

Professionals with longstanding experience are the company's key value. The group's objective is to pay its employees competitive salary. The interests of employees and the company are balanced by performance-based remuneration.

The group defines labour cost as salary (incl. fixed salary, additional pay, holiday pay, and performance pay), taxes based on salary, fringe benefits and taxes on fringe benefits. In 12 months 2022, the labour cost was EUR 42.3 million (12 months 2021: EUR 38.4 million), which increased by 10.2% compared to the same period previous year. The labour cost ratio decreased by 1.0 pp from 11.3% to 10.3% in comparable periods.

During 12 months of 2022, AS Merko Ehitus Eesti, one of the largest Estonian construction companies, part of AS Merko Ehitus group, paid EUR 8.9 million in labour taxes in Estonia, being one of the largest labour tax payer in the construction sector (12 months 2021: EUR 7.3 million).

## ETHICAL BUSINESS PRACTICES

Group's core values include ethical business practices, considered a long-term important success factor. By following highly ethical principles, we promote profitable growth, gain the trust of our stakeholders, and support fair competition and equal treatment.

We conduct business honestly, follow ethical principles in our activities and make sure our employees know and follow business ethics standards in their everyday work. To embed the principles the Group has established a Code of Business Ethics.

The topic of business ethics has been thoroughly covered on the group's website: [group.merko.ee/en/corporate-responsibility/](https://group.merko.ee/en/corporate-responsibility/).

## SHARE AND SHAREHOLDERS

### INFORMATION ON SECURITY

Issuer	AS Merko Ehitus
Name of security	Share of Merko Ehitus
Ticker	MRKIT
Residency of issuer	Estonia
Stock Exchange List	Nasdaq Tallinn, Baltic Main List
Industry	Construction
ISIN	EE3100098328
Nominal value	Without nominal value
Number of issued securities	17,700,000
Number of listed securities	17,700,000
Currency	EUR
Listing date	11 August 2008

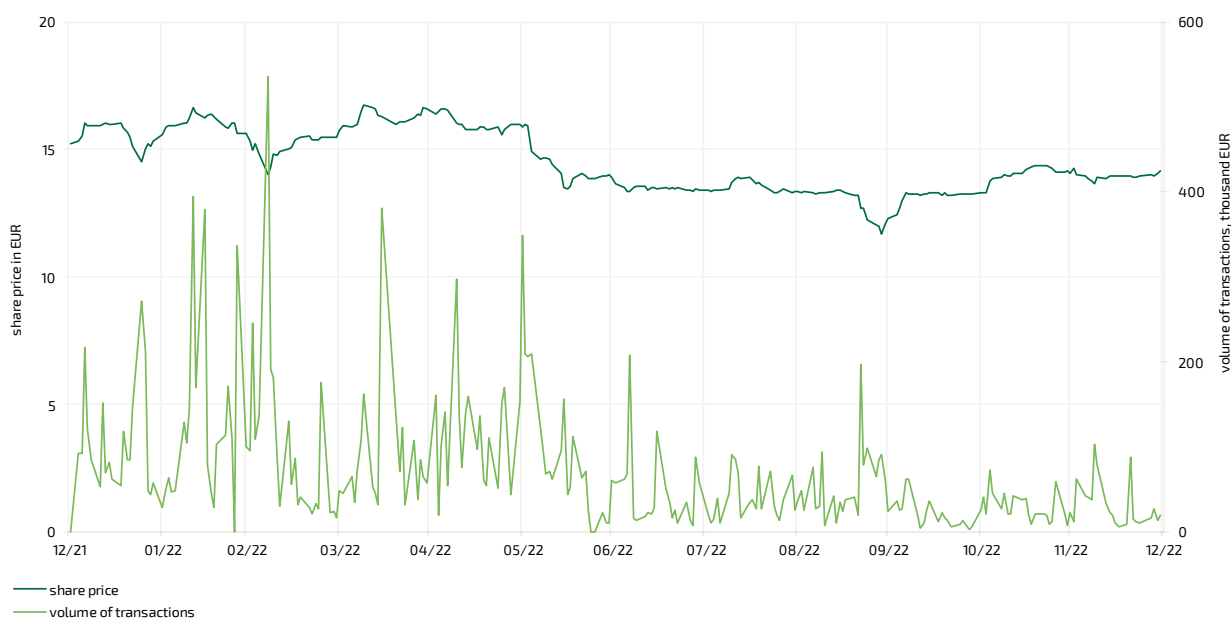
The shares of Merko Ehitus are listed in the Main List of Nasdaq Tallinn. As of 31 December 2022, the company has 17,700,000 shares. The number of shares has not changed during 2022.

A total of 40,602 transactions were conducted with the shares of Merko Ehitus in 12 months of 2022, with 1.22 million shares (6.9% of total shares) traded, generating a turnover of EUR 18.2 million (comparable figures in 12 months 2021 were accordingly: 46,961 transactions with 2.06 million shares traded (11.6% of total shares), generating a turnover of EUR 29.8 million). The lowest value-per-share transaction was recorded at the price of EUR 11.60 and the highest at EUR 16.96 per share (12 months of 2021: EUR 9.48 and EUR 17.14, accordingly). On 31 December 2022, the closing price of the share was EUR 14.16 (31.12.2021: EUR 15.22). As of 31 December 2022, by the Nasdaq Baltic stock exchange, the market capitalisation of AS Merko Ehitus was EUR 250.6 million, down by 7.0% compared to the end of the equivalent period of the prior year (31.12.2021: EUR 269.4 million).

	31.12.2022	31.12.2021	31.12.2020
Number of shares	17,700,000	17,700,000	17,700,000
Earnings per share (EPS), euros	1.96	1.65	1.30
Equity per share, euros	9.57	8.76	8.01
P/B ratio	1.48	1.74	1.18
P/E ratio	7.24	9.24	7.28
Market value, million EUR	250.6	269.4	167.4

Ratio definitions are provided on page 39 of the report.

### CHANGE IN THE PRICE AND TRANSACTION VOLUME OF MERKO EHITUS SHARE AT NASDAQ TALLINN STOCK EXCHANGE IN 2022



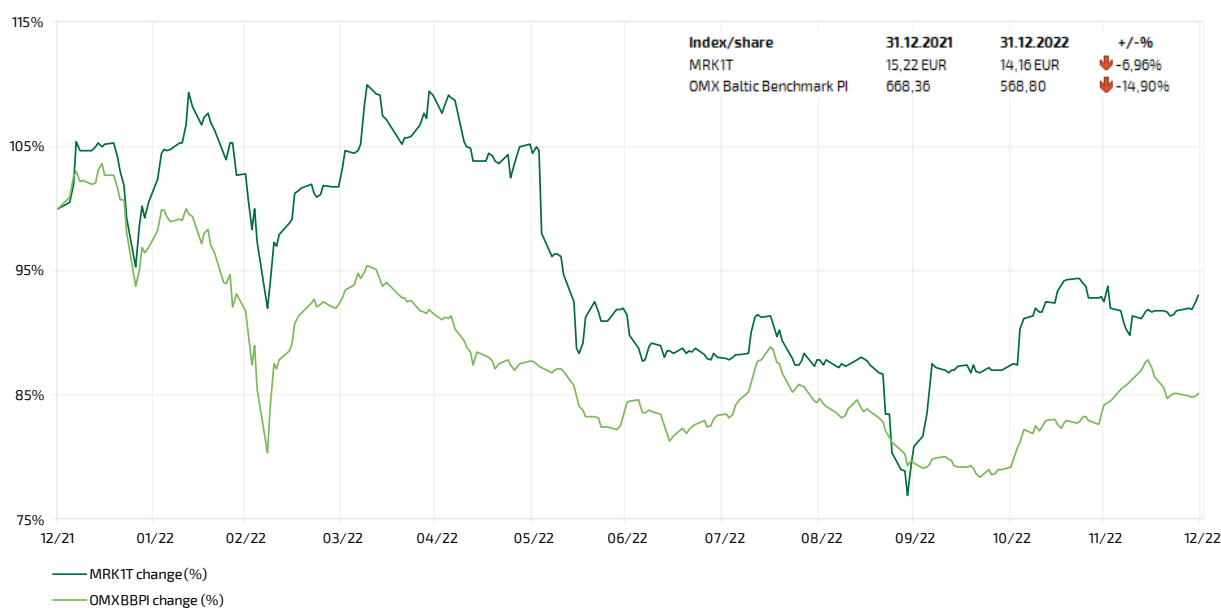
## STRUCTURE OF SHAREHOLDERS ACCORDING TO NUMBER OF SHARES AS OF 31.12.2022

NUMBER OF SHARES	NUMBER OF SHAREHOLDERS	% OF SHAREHOLDERS	NUMBER OF SHARES	% OF SHARES
1,000,001 - ...	1	0.01%	12,742,686	71.99%
100,001 – 1,000,000	6	0.05%	1,266,156	7.15%
10,001 – 100,000	49	0.42%	1,039,964	5.88%
1,001-10,000	528	4.56%	1,495,790	8.45%
101-1,000	2,757	23.79%	925,368	5.23%
1-100	8,246	71.17%	230,036	1.30%
<b>Total</b>	<b>11,587</b>	<b>100%</b>	<b>17,700,000</b>	<b>100%</b>

## SHAREHOLDERS OF AS MERKO EHITUS AS OF 31.12.2022 AND CHANGE COMPARED TO THE PREVIOUS QUARTER

	NUMBER OF SHARES	% OF TOTAL 31.12.2022	% OF TOTAL 30.09.2022	CHANGE
AS Riverito	12,742,686	71.99%	71.99%	-
OÜ Midas Invest	411,750	2.33%	2.32%	750
Firebird Republics Fund Ltd	319,586	1.80%	1.77%	5,633
Firebird Aurora Fund Ltd	169,261	0.96%	0.99%	(5,633)
SEB Life and Pension Baltic SE Estonian Branch	148,787	0.84%	0.84%	-
Clearstream Banking AG	113,051	0.64%	0.64%	-
Firebird Fund L.P.	103,721	0.59%	0.59%	-
Siseinfo OÜ	100,000	0.56%	0.56%	-
Seitse Samuraid OÜ	70,000	0.40%	0.42%	(4,000)
Hans Palla	54,000	0.31%	0.31%	-
<b>Total largest shareholders</b>	<b>14,232,842</b>	<b>80.41%</b>	<b>80.43%</b>	<b>(3,250)</b>
Total other shareholders	3,467,158	19.59%	19.57%	3,250
<b>Total</b>	<b>17,700,000</b>	<b>100%</b>	<b>100%</b>	<b>-</b>

## PERFORMANCE OF THE SHARE OF MERKO EHITUS AND COMPARISON INDEX OMX BALTIC BENCHMARK PRICE INDEX IN 2022



## DIVIDENDS AND DIVIDEND POLICY

The distribution of dividends to the shareholders of the company is recorded as a liability in the financial statements as of the moment when the payment of dividends is approved by the company's shareholders.

According to the current dividends policy the objective is paying the shareholders 50-70% of the annual profit.

On 4 May 2022, the shareholders of AS Merko Ehitus approved the Supervisory Board's proposal to the shareholders to pay out the total amount of EUR 17.7 million (EUR 1.00 per share) as dividends from net profit brought forward, which is equivalent to a 61% dividend rate and a 6.6% dividend yield for the year 2021 (using the share price as of 31 December 2021). Comparable figures in 2021 were accordingly: EUR 17.7 million (EUR 1.00 per share) as dividends, which is equivalent to a 77% dividend rate and a 10.6% dividend yield for the year 2020 (using the share price as at 31 December 2020).

The income tax rate (14/86) of regularly paid (net) dividends in the amount of EUR 5.6 million was applied to dividends paid out in 2022. From the dividends paid to natural person shareholders and to which 14/86 income tax rate was applied, group withheld an additional 7% income tax.

In cooperation with the Supervisory Board, the Management Board proposes to pay the shareholders EUR 17.7 million as dividends from net profits brought forward (EUR 1.00 per share) in 2023, which is equivalent to a 51% dividend rate and a 7.1% dividend yield for the year 2022 (using the share price as at 31 December 2022).

## CORPORATE GOVERNANCE

### CORPORATE GOVERNANCE AND STRUCTURE

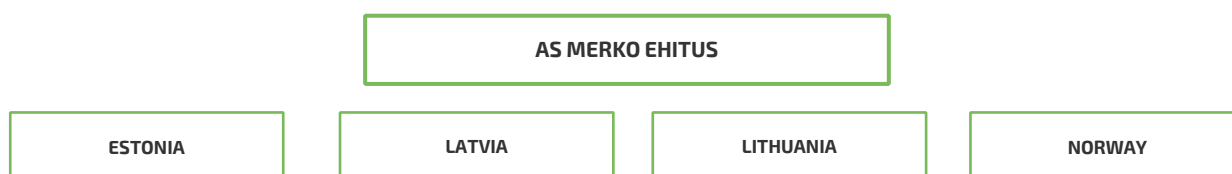
AS Merko Ehitus operates as a holding company for group of companies in Estonia, Latvia, Lithuania and Norway that offer complete solutions in the field of construction and real estate development. The group's largest companies are AS Merko Ehitus Eesti (100%), Tallinna Teede AS (100%), SIA Merks (100%), UAB Merko Statyba (100%), UAB Merko Bustas (100%), Merko Bygg AS (former name AS Peritus Entreprenør) (56%) and the company belonging to the SIA Merks group SIA Merks Mājas (100%).

The main area of activity of the holding company is developing and implementing strategies for the Merko Ehitus group's various business segments by way of planning resources, deciding on major investments, targeting and overseeing the activity of subsidiaries and coordinating partner relations. The holding company AS Merko Ehitus has a two-member Management Board: Andres Trink and Tõnu Toomik.

The overview of the Management Board and Supervisory Board have been presented on page 18 and in Note 16 of the interim financial statements, and published, together with the track record and photographs, on the company's website at [group.merko.ee/en/corporate-governance-2/](http://group.merko.ee/en/corporate-governance-2/).

It is important to maintain a simple organisational structure in the group and in management to be guided primarily by the group's objectives and requirements. For the purposes of maximum efficiency in the group management, we in some cases differentiate the management structure and legal structure. Management of the group's operating activity takes place in a country-specific manner and is coordinated at the level of the holding company.

As of 31 December 2022, the management structure is as follows:



*\*In Estonia, the sister companies Merko Ehitus Eesti AS and Tallinna Teede AS are from the group's point of view managed based on the same principles, but have their executive management formed completely independent from each other.*

### GROUP'S LEGAL STRUCTURE

The group's legal structure is predominantly based on economic and legal rationality and does not in all cases conform one-to-one to the group's management structure. The detailed list of group companies is provided in Note 16 of the interim financial statements.

#### *Changes in the legal structure of the group*

On 21 October 2021, AS Merko Infra and OÜ Merko Kaevandused, both belonging to AS Merko Ehitus group, signed a merger agreement where the acquiring company is OÜ Merko Kaevandused. As a result of the merger, the company being acquired wound up without liquidation proceedings and OÜ Merko Kaevandused became the legal successor of AS Merko Infra. The merger date was 1st of January 2022, after which all transactions of the acquired company are deemed to be made on the account of OÜ Merko Kaevandused. The Commercial Register made the final entry in its registers on 28 April 2022.



On 15 December 2021, a subsidiary of AS Merko Ehitus group, SIA Merks Mājas, signed an agreement to obtain a 25% holding in the subsidiary SIA Zakusala Estates from the minority shareholder ZE-Holding AS at the purchase price of EUR 1.9 million. After the acquisition of the additional shareholding, SIA Zakusala Estates became a 100% subsidiary of SIA Merks Mājas. The purchase price was paid on 25 January 2022.

On 25 February 2022, AS Merko Ehitus Eesti, subsidiary of AS Merko Ehitus group, signed a contract with Aardekapp OÜ to acquire additional 15% holding (82,500 shares) in AS Connecto Eesti. The agreement is a continuation of the share acquisition agreements entered into on 2 June 2021. After the acquisition of an additional shareholding, the Merko group owns 50% of AS Connecto Eesti and the company will become a joint venture between AS Merko Ehitus Eesti and Aardekapp OÜ. The transfer of shares and completion of the transactions took place on 28 February 2022 (Note 16).

On 16 March 2022, a subsidiary of AS Merko Ehitus group, OÜ Merko Kaevandused, acquired a 100% holding in OÜ Metsara-Metspere Kinnisvara, with a share capital of EUR 409 thousand and for a purchase price of EUR 695 thousand. Acquisition of the subsidiary is recognised in the group as an acquisition of land and is recorded under property, plant and equipment (Notes 10, 16).

On 22 December 2022, AS Merko Ehitus management board decided to start liquidation procedures of 100% owned subsidiaries OY Merko Finland (Finland, construction and development) and PS "Merko Merks" (Latvia, joint offers for construction), due to the lack of activity in those companies. The liquidation of these companies is scheduled to be completed within 2023.

At the same time, it was decided to establish construction company Merko Būve in Latvia, a subsidiary owned 100% by the group, in order to strengthen specialisation and brand unification.

After the balance sheet date, on 13 January 2023, SIA Merko Būve was registered in Latvian Business Register.

## GENERAL MEETING OF SHAREHOLDERS

The company's highest governing body is the General Meeting of Shareholders, the competencies of which are established by legislation and the articles of association of the company.

The annual general meeting of shareholders was held on 4 May 2022. The general meeting resolved to approve the annual report and the profit allocation proposal for 2021. The dividends in the sum of EUR 17.7 million (EUR 1 per share) was paid out to the shareholders on 17 June 2022.

The general meeting confirmed four-member Supervisory Board until 06.05.2023 and elected Kristina Siimar as a member of the Supervisory Board, for a term of office from 6 May 2022 to 6 May 2025 (inclusive), i.e. for three years. In addition, the principles of remuneration of the members of the Management Board of AS Merko Ehitus were approved. („AS Merko Ehitus juhatuseliikmete tasustamise põhimõtted ja kontrolli protseduur“).

The Management Board made a presentation on the company's financial results and future prospects.

In accordance with the Commercial Code, its Articles of Association and Good Governance Code, AS Merko Ehitus calls the annual and extraordinary general meeting of shareholders by notifying the shareholders through the Tallinn Stock Exchange and by publishing a meeting call in one national daily newspaper at least 3 weeks in advance. The general meeting shall be held at the place shown in the notice, on a working day and between 9 a.m. and 6 p.m., enabling most of the shareholders to participate in the General Meeting of Shareholders.

Before their publication, agendas of annual and extraordinary general meetings of the company's shareholders are approved by the Supervisory Board that shall also present to the general meeting subjects for discussion and voting. Agenda items of the general meeting, recommendations of the Supervisory Board with relevant explanations, procedural guidance for participation in the general meeting and how and when new agenda items can be proposed are published together with the notice on calling the general meeting.

General meetings can be attended by any shareholder or their authorised representative. AS Merko Ehitus does not allow participation in general meetings by electronic means of communication equipment, since the deployment of reliable solutions for the identification of shareholders, some of whom live abroad, while ensuring the privacy of participating shareholders, would be too complicated and costly. No picture taking or filming is allowed at the general meeting, because it may disturb the privacy of shareholders.

Annual and extraordinary general meeting of shareholders shall be chaired by an independent person. In 2022, the general meeting was chaired by attorney-at-law Vesse Võhma who introduced the procedure for conducting the general meeting and the procedure of asking questions from the Management Board and Supervisory Board about the company's activities.

On behalf of the company, usually the Chairman of the Management Board shall participate in the General Meeting of AS Merko Ehitus, and if necessary, other members of the Management and Supervisory Boards shall be involved. The company's auditor also participates.

The annual general meeting of shareholders of AS Merko Ehitus held in 2022 was attended by Andres Trink (Chairman of the Management Board), Tõnu Toomik (Member of the Management Board), Urmas Somelar (Head of Group Finance) and Janno Hermanson (Auditor).

## SUPERVISORY BOARD

The Supervisory Board plans the activities of the company, organises the management of the company and supervises the activities of the Management Board. The Supervisory Board notifies the general meeting of shareholders of the results of a review. The Chairman of the Supervisory Board organises the work of the Supervisory Board. The main duties of the Supervisory Board are to approve the group's material strategic and tactical decisions and to supervise the activities of the group's Management Board. The Supervisory Board's actions are guided by the company's articles of association, guidelines of the general meeting, and law.

According to the Articles of Association of AS Merko Ehitus, the Supervisory Board has 3 to 5 members who shall be elected for the term of three years.

By the resolution of the general meeting of 04.05.2022, Kristina Siimar was elected a member of the Supervisory Board with a term of office of up to 6 May 2025 (inclusive). According to the same resolution, the Supervisory Board AS Merko Ehitus has four-member at least until 06.05.2023 (the term of authority of the former members of the Supervisory Board).

As of 31 December 2022, the Supervisory Board of AS Merko Ehitus had four members, of whom, in accordance with the requirements of the Corporate Governance Recommendations, Kristina Siimar and Indrek Neivelt were independent members.

## MANAGEMENT BOARD

The Management Board is a governing body, which represents and manages AS Merko Ehitus in its daily activities in accordance with the law and the Articles of Association. The Management Board has to act in the most economically purposeful manner, taking into consideration the best interests of the company and all shareholders, while ensuring the company's sustainable development in accordance with set objectives and strategy. To ensure that the company's interests are met in the best way possible, the Management and Supervisory Boards shall extensively collaborate. At least once a quarter, a joint meeting of the Supervisory and Management Boards shall take place, in which the Management Board shall inform the Supervisory Board of significant issues regarding the company's business operations, the fulfilment of the company's short and long-term goals and the risks possibly influencing it. For every meeting of the Supervisory Board, the Management Board shall prepare a management report and submit it well in advance of the meeting so that the Supervisory Board can study it. The Management Board prepares reports for the Supervisory Board also in between the meetings, if it is considered necessary by the Supervisory Board or its Chairperson.

Pursuant to the Articles of Association approved at the general meeting of shareholders in 2012, the Management Board may have up to three members.

The Supervisory Board of AS Merko Ehitus extended the powers of a Member of the Management Board of the company, Mr. Tõnu Toomik until 6 June 2025 (inclusive). The Management Board of AS Merko Ehitus will continue with two members: Mr. Andres Trink (Chairman) and Mr. Tõnu Toomik.

The responsibilities of Andres Trink, Chairman of the Management Board, include, among others, fulfilling daily obligations of the CEO of AS Merko Ehitus, managing and representing the company, ensuring compliance with the Articles of Association, legal acts, organising the work of the Management Board and supervisory boards of the more important subsidiaries, coordinating the development of strategies and providing for their implementation, being responsible for business development and finance. Tõnu Toomik is responsible for the management of the portfolio of properties and coordination of construction segment development activities across the whole group.

## SUPERVISORY AND MANAGEMENT BOARDS OF SUBSIDIARIES

Authorisation and responsibility of supervisory boards of subsidiaries of AS Merko Ehitus are based on their Articles of Association and intergroup rules. Generally, Supervisory Boards of subsidiaries consist of members of the Management Board and Supervisory Board of the company that is the main shareholder of the specific subsidiary. Supervisory Board meetings of the most significant subsidiaries are held usually once a month, otherwise according to the group's needs, Articles of Association of subsidiaries and legal provisions. Generally, no separate fee is paid to members of the Supervisory Board of subsidiaries. Members of the Supervisory Board will also receive no termination benefit in case their contract of service is terminated before due date or not extended. The chairman or member of the Management Board of the subsidiary shall be named by the subsidiary's Supervisory Board.

Below are the supervisory boards and management boards of the significant subsidiaries that are wholly-owned by AS Merko Ehitus as of 31 December 2022:

COMPANY	SUPERVISORY BOARD	MANAGEMENT BOARD
AS Merko Ehitus Eesti	Andres Trink (Chairman), Tõnu Toomik, Martin Rebane	Ivo Volkov (Chairman), Jaan Mäe, Veljo Viitmann
OÜ Merko Investments	-	Andres Trink, Urmas Somelar
SIA Merks	Andres Trink (Chairman), Tõnu Toomik, Urmas Somelar	Andris Bišmeistars (Manager)
SIA Merks Mājas	-	Andris Bišmeistars (Chairman), Mikus Freimanis
UAB Merko Statyba	Andres Trink (Chairman), Tõnu Toomik, Urmas Somelar	Saulius Putrimas (Chairman) Jaanus Rāstas
UAB Merko Bustas	Andres Trink (Chairman), Tõnu Toomik, Urmas Somelar	Saulius Putrimas (Manager)

#### *Changes in the management of group subsidiaries*

According to a decision of the Management Board of AS Merko Ehitus from 29 April 2022, the powers of the Member of the Supervisory Board of AS Merko Ehitus Eesti, Mr. Martin Rebane, have been extended until 29 April 2025. The Supervisory Board of AS Merko Ehitus Eesti will continue with three members: Mr. Andres Trink (The Chairman), Mr. Tõnu Toomik and Mr. Martin Rebane.

On 16 May 2022, SIA Merks – part of AS Merko Ehitus group – as sole shareholder of its subsidiary SIA Merks Mājas, decided to appoint Mr. Mikus Freimanis as a new member of the Management Board of the company. The authority of a member of the Management Board of Mr. Mikus Freimanis is open-ended. The Management Board of SIA Merks Mājas will continue with two members: Mr. Andris Bišmeistars (Chairman) and Mr. Mikus Freimanis.

According to a decision of the Supervisory Board of AS Merko Ehitus Eesti from 29 August 2022, the mandate of the Member of the Management Board of AS Merko Ehitus Eesti, Mr. Ivo Volkov, has been extended for the new three-year period starting from 1 January 2023. The Supervisory Board of AS Merko Ehitus Eesti will continue with three members: Mr. Ivo Volkov (the Chairman), Mr. Jaan Mäe and Mr. Veljo Viitmann.

## MANAGEMENT BOARD'S DECLARATION

Members of the Management Board of AS Merko Ehitus declare and confirm that the consolidated unaudited interim report for the 12 months of 2022, which consists of the management report and the interim financial statements, prepared according to the current International Financial Reporting Standards as adopted by the European Union, provides, to the best of their knowledge, a true and fair view of the development of business operations, assets, liabilities, financial position, results of the operations, cash flows, and profit or loss of AS Merko Ehitus and the consolidated undertakings as a whole, includes a description of the principal risks and uncertainties, and reflects transactions with related parties. The parent company and the companies, which are part of the consolidation group, are going concerns.

Andres Trink	Chairman of the Management Board	09.02.2023
--------------	----------------------------------	------------

Tõnu Toomik	Member of the Management Board	09.02.2023
-------------	--------------------------------	------------

# INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited

in thousand euros

	Note	2022 12 months	2021 12 months	2022 IV quarter	2021 IV quarter
Revenue	2	409,633	339,375	143,427	112,842
Cost of goods sold	3	(355,975)	(292,563)	(120,852)	(92,499)
<b>Gross profit</b>		<b>53,658</b>	<b>46,812</b>	<b>22,575</b>	<b>20,343</b>
Marketing expenses		(4,077)	(3,611)	(1,132)	(979)
General and administrative expenses		(15,860)	(13,925)	(4,449)	(4,827)
Other operating income		3,144	3,508	718	997
Other operating expenses		(1,834)	(582)	(1,187)	(254)
<b>Operating profit</b>		<b>35,031</b>	<b>32,202</b>	<b>16,525</b>	<b>15,280</b>
Finance income/costs		2,067	(75)	1,899	276
incl. finance income/costs from associates and joint ventures		3,516	799	2,423	415
interest expense		(1,180)	(681)	(510)	(133)
foreign exchange gain (loss)		(138)	(8)	14	31
other financial income (expenses)		(131)	(185)	(28)	(37)
<b>Profit before tax</b>		<b>37,098</b>	<b>32,127</b>	<b>18,424</b>	<b>15,556</b>
Corporate income tax expense		(2,995)	(3,104)	(1,084)	(1,678)
<b>Net profit for financial year</b>		<b>34,103</b>	<b>29,023</b>	<b>17,340</b>	<b>13,878</b>
incl. net profit attributable to equity holders of the parent		34,640	29,140	17,617	13,863
net profit attributable to non-controlling interest		(537)	(117)	(277)	15
<b>Other comprehensive income, which can subsequently be classified in the income statement</b>					
Currency translation differences of foreign entities		30	33	19	19
<b>Comprehensive income for the period</b>		<b>34,133</b>	<b>29,056</b>	<b>17,359</b>	<b>13,897</b>
incl. net profit attributable to equity holders of the parent		34,648	29,163	17,628	13,871
net profit attributable to non-controlling interest		(515)	(107)	(269)	26
Earnings per share for profit attributable to equity holders of the parent (basic and diluted, in EUR)	4	1.96	1.65	1.00	0.78

The notes set out on pages 25-38 are an integral part of these interim financial statements

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

unaudited

in thousand euros

	Note	31.12.2022	31.12.2021
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	17,665	44,930
Trade and other receivables	6	77,959	55,484
Prepaid corporate income tax		38	114
Inventories	7	225,661	160,593
		<b>321,323</b>	<b>261,121</b>
<b>Non-current assets</b>			
Investments in associates and joint ventures		12,895	7,703
Other long-term loans and receivables	8	22,982	24,079
Deferred income tax assets		693	622
Investment property	9	11,485	13,828
Property, plant and equipment	10	17,452	16,350
Intangible assets	11	582	669
		<b>66,089</b>	<b>63,251</b>
<b>TOTAL ASSETS</b>		<b>387,412</b>	<b>324,372</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	12	49,687	11,636
Payables and prepayments	13	96,248	90,054
Income tax liability		1,241	681
Short-term provisions	14	9,820	7,976
		<b>156,996</b>	<b>110,347</b>
<b>Non-current liabilities</b>			
Long-term borrowings	12	42,236	41,001
Deferred income tax liability		2,355	3,112
Other long-term payables	15	2,133	2,900
		<b>46,724</b>	<b>47,013</b>
<b>TOTAL LIABILITIES</b>		<b>203,720</b>	<b>157,360</b>
<b>EQUITY</b>			
Non-controlling interests		(495)	(227)
<b>Equity attributable to equity holders of the parent</b>			
Share capital		7,929	7,929
Statutory reserve capital		793	793
Currency translation differences		(783)	(791)
Retained earnings		176,248	159,308
		<b>184,187</b>	<b>167,239</b>
<b>TOTAL EQUITY</b>		<b>183,692</b>	<b>167,012</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>387,412</b>	<b>324,372</b>

The notes set out on pages 25-38 are an integral part of these interim financial statements.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

unaudited

in thousand euros

	Equity attributable to equity holders of the parent				Total	Non-controlling interest	Total
	Share capital	Statutory reserve capital	Currency translation differences	Retained earnings			
<b>Balance as at 31.12.2020</b>	<b>7,929</b>	<b>793</b>	<b>(814)</b>	<b>145,320</b>	<b>153,228</b>	<b>4,207</b>	<b>157,435</b>
Profit (loss) for the reporting period	-	-	-	29,140	29,140	(117)	29,023
Other comprehensive income	-	-	23	-	23	10	33
<b>Total comprehensive income (loss) for the reporting period</b>	<b>-</b>	<b>-</b>	<b>23</b>	<b>29,140</b>	<b>29,163</b>	<b>(107)</b>	<b>29,056</b>
<b>Transactions with owners</b>							
Non-controlling interests of purchased subsidiary	-	-	-	-	-	1	1
Contribution to subsidiary's share capital	-	-	-	-	-	37	37
Purchase of non-controlling interest	-	-	-	2,548	2,548	(4,434)	(1,886)
Option over shares relating to non-controlling interests	-	-	-	-	-	69	69
Dividends (Note 4)	-	-	-	(17,700)	(17,700)	-	(17,700)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,152)</b>	<b>(15,152)</b>	<b>(4,327)</b>	<b>(19,479)</b>
<b>Balance as of 31.12.2021</b>	<b>7,929</b>	<b>793</b>	<b>(791)</b>	<b>159,308</b>	<b>167,239</b>	<b>(227)</b>	<b>167,012</b>
<b>Balance as at 31.12.2021</b>	<b>7,929</b>	<b>793</b>	<b>(791)</b>	<b>159,308</b>	<b>167,239</b>	<b>(227)</b>	<b>167,012</b>
Profit (loss) for the reporting period	-	-	-	34,640	34,640	(537)	34,103
Other comprehensive income	-	-	8	-	8	22	30
<b>Total comprehensive income (loss) for the reporting period</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>34,640</b>	<b>34,648</b>	<b>(515)</b>	<b>34,133</b>
Option over shares relating to non-controlling interests	-	-	-	-	-	247	247
Dividends (Note 4)	-	-	-	(17,700)	(17,700)	-	(17,700)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(17,700)</b>	<b>(17,700)</b>	<b>247</b>	<b>(17,453)</b>
<b>Balance as at 31.12.2022</b>	<b>7,929</b>	<b>793</b>	<b>(783)</b>	<b>176,248</b>	<b>184,187</b>	<b>(495)</b>	<b>183,692</b>

The share capital of AS Merko Ehitus consists of 17,700,000 shares without nominal value.

The notes set out on pages 25-38 are an integral part of these interim financial statements.

## CONSOLIDATED CASH FLOW STATEMENT

unaudited

in thousand euros

	Note	2022 12 months	2021 12 months
<b>Cash flows from operating activities</b>			
Operating profit		35,031	32,202
Adjustments:			
Depreciation and impairment		2,880	2,593
(Profit)/loss from sale of non-current assets		(313)	(111)
(Profit)/loss from sale of a business unit		-	(500)
Change in receivables and liabilities related to construction contracts		(1,066)	(7,164)
Interest income from operating activities		(2,260)	(2,116)
Change in provisions		1,540	1,981
Change in trade and other receivables related to operating activities		(22,024)	(21,079)
Change in inventories		(62,360)	(34,148)
Change in trade and other payables related to operating activities		8,911	30,916
Interest received		2,188	1,355
Interest paid		(1,652)	(764)
Other finance income (costs)		(133)	(204)
Corporate income tax paid		(2,529)	(3,161)
<b>Total cash flows from operating activities</b>		<b>(41,787)</b>	<b>(200)</b>
<b>Cash flows from investing activities</b>			
Acquisition of subsidiaries		(695)	(1)
Acquisition of associate		(2,236)	(4,550)
Purchase of investment property		-	(7)
Purchase of property, plant and equipment (excl. leased assets)		(1,117)	(2,403)
Proceeds from sale of property, plant and equipment		343	146
Purchase of intangible assets		(141)	(233)
Proceeds from sale intangible assets		-	19
Sale of business unit		-	500
Interest received		1	12
Dividends received		560	-
<b>Total cash flows from investing activities</b>		<b>(3,285)</b>	<b>(6,517)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		147,990	27,882
Repayments of borrowings		(109,484)	(5,119)
Repayments of lease liabilities		(1,108)	(951)
Contributions to the subsidiary's share capital from non-controlling shareholder		-	9
Buyout of non-controlling interest		(1,886)	-
Dividends paid		(17,661)	(17,686)
<b>Total cash flows from financing activities</b>		<b>17,851</b>	<b>4,135</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>(27,221)</b>	<b>(2,582)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	5	<b>44,930</b>	<b>47,480</b>
<b>Effect of exchange rate changes</b>		<b>(44)</b>	<b>32</b>
<b>Cash and cash equivalents at the end of the period</b>	5	<b>17,665</b>	<b>44,930</b>

The notes set out on pages 25-38 are an integral part of these interim financial statements.



# NOTES

## NOTE 1 ACCOUNTING POLICIES USED

The consolidated interim financial statements of the AS Merko Ehitus group for 12 months 2022 were prepared in accordance with the requirements of IAS 34 "Interim Financial Reporting" for condensed interim financial statements. The interim financial statements follow the same accounting principles and methods used in the 2021 financial statements. The accounting methods used to prepare the interim financial statements are in conformity with the International Financial Reporting Standards as they were adopted by the European Union. 2021 audited annual report and 2021 12 months unaudited interim report comparative figures are presented in the present financial report.

According to the best knowledge of the Management Board, the consolidated interim financial statements for the 12 months 2022 presents a true and fair view of the group's economic results based on the principle of going concern. The influence of seasonality of construction and the influence of the cyclical nature of development activity on the period's results can be considered insignificant.

## NOTE 2 OPERATING SEGMENTS

in thousand euros

The top operating decision-maker, i.e. the Management Board of parent company AS Merko Ehitus, monitors the business operations of the group by operating segments and countries.

Reporting of the group's operations are segmented as:

- construction service,
- real estate development.

Construction service segment includes in Baltic states the services in the fields of general construction, civil engineering and electrical construction, additionally in Estonia road construction and concrete works services and in Norway general construction. Other operating areas (managerial services, supervision service, etc.) are insignificant to the group and they are reported within the construction service segment. The real estate development segment primarily consists of the group's own real estate development – construction and sale; to a lesser degree, it also includes real estate maintenance and leasing.

The business result of a segment is assessed based on external revenue, operating profit and profit before tax of the business segment. The operating profit and profit before tax of the segment is composed of the income and expenditure related to the segment. Other income and expenses not related to the segments are attributable to the activities of holding companies and are monitored at group level.

Additional information on the segments is provided in the Business activities chapter of the Management report.

In the segment reporting, all inter-segment income and expenses have been eliminated from the pre-tax profit of the segments and all unrealised internal profits have been eliminated from the segment assets.

<b>2022 12 months</b>	<b>Construction service</b>	<b>Real estate development</b>	<b>Total segments</b>
Revenue	248,052	221,537	469,589
Inter-segment revenue	(1,112)	(58,844)	(59,956)
<b>Revenue from clients</b>	<b>246,940</b>	<b>162,693</b>	<b>409,633</b>
incl. timing of revenue recognition at a point in time	1,118	129,022	130,140
timing of revenue recognition over time	245,822	33,671	279,493
<b>Operating profit (loss)</b>	<b>8,496</b>	<b>30,338</b>	<b>38,834</b>
<b>Profit (loss) before tax</b>	<b>10,904</b>	<b>30,386</b>	<b>41,290</b>
incl. interest income from operating activities	21	2,239	2,260
depreciation	(2,229)	(651)	(2,880)
impairment of inventories	(8)	(3,400)	(3,408)
recognition of provisions	(6,616)	(4,833)	(11,449)
reversal of provisions	26	56	82
profit (loss) from joint ventures	2,614	902	3,516
other finance income (costs)	(89)	(787)	(876)
incl. interest expenses	(51)	(607)	(658)
<b>Assets 31.12.2022</b>	<b>73,579</b>	<b>283,687</b>	<b>357,266</b>
incl. joint ventures	9,667	3,228	12,895
<b>2021 12 months</b>	<b>Construction service</b>	<b>Real estate development</b>	<b>Total segments</b>
Revenue	247,694	130,176	377,870
Inter-segment revenue	(4,271)	(34,224)	(38,495)
<b>Revenue from clients</b>	<b>243,423</b>	<b>95,952</b>	<b>339,375</b>
incl. timing of revenue recognition at a point in time	1,846	80,536	82,382
timing of revenue recognition over time	241,577	15,416	256,993
<b>Operating profit (loss)</b>	<b>11,819</b>	<b>22,673</b>	<b>34,492</b>
<b>Profit (loss) before tax</b>	<b>12,477</b>	<b>22,149</b>	<b>34,626</b>
incl. interest income from operating activities	97	2,019	2,116
depreciation	(2,064)	(529)	(2,593)
recognition of provisions	(5,806)	(2,241)	(8,047)
reversal of provisions	513	101	614
profit (loss) from associate and joint venture	827	(28)	799
other finance income (costs)	(41)	(467)	(508)
incl. interest expenses	(34)	(346)	(380)
<b>Assets 31.12.2021</b>	<b>65,923</b>	<b>203,775</b>	<b>269,698</b>
incl. associate and joint venture	5,377	2,326	7,703

2022 IV quarter	Construction service	Real estate development	Total segments
Revenue	61,504	97,702	159,206
Inter-segment revenue	(323)	(15,456)	(15,779)
<b>Revenue from clients</b>	<b>61,181</b>	<b>82,246</b>	<b>143,427</b>
incl. timing of revenue recognition at a point in time	235	71,449	71,684
timing of revenue recognition over time	60,946	10,797	71,743
<b>Operating profit (loss)</b>	<b>3,904</b>	<b>14,388</b>	<b>18,292</b>
<b>Profit (loss) before tax</b>	<b>5,349</b>	<b>15,006</b>	<b>20,355</b>
incl. interest income from operating activities	-	581	581
depreciation	(2,229)	(651)	(2,880)
impairment of inventories	(8)	(3,400)	(3,408)
recognition of provisions	(1,322)	(4,130)	(5,452)
reversal of provisions	26	56	82
profit from joint ventures	1,487	936	2,423
other finance income (costs)	(16)	(270)	(286)
incl. interest expenses	(15)	(264)	(279)
<b>Assets' change in IV quarter</b>	<b>(6,591)</b>	<b>(5,623)</b>	<b>(12,214)</b>
incl. joint ventures	1,487	936	2,423

2021 IV quarter	Construction service	Real estate development	Total segments
Revenue	69,549	50,277	119,826
Inter-segment revenue	(2,013)	(4,971)	(6,984)
<b>Revenue from clients</b>	<b>67,536</b>	<b>45,306</b>	<b>112,842</b>
incl. timing of revenue recognition at a point in time	462	40,730	41,192
timing of revenue recognition over time	67,074	4,576	71,650
<b>Operating profit (loss)</b>	<b>4,941</b>	<b>11,142</b>	<b>16,083</b>
<b>Profit (loss) before tax</b>	<b>5,368</b>	<b>11,040</b>	<b>16,408</b>
incl. interest income from operating activities	-	538	538
depreciation	(493)	(202)	(695)
recognition of provisions	(2,247)	(2,041)	(4,288)
reversal of provisions	412	-	412
profit from associate and joint venture	437	(22)	415
other finance income (costs)	(7)	(93)	(100)
incl. interest expenses	(9)	(98)	(107)
<b>Assets' change in IV quarter</b>	<b>(3,989)</b>	<b>5,571</b>	<b>1,582</b>
incl. associate and joint venture	437	(22)	415

In addition to the segment assets, as at 31.12.2022 the group holds assets in the amount of EUR 30,146 thousand (31.12.2021: EUR 54,674 thousand) that cannot be associated with a specific segment or the allocation of which to segments would be impracticable. The unallocated assets of the group comprise cash and cash equivalents, deposits, tax prepayments, other receivables and an unallocated portion of property, plant and equipment.

### RECONCILIATION OF THE PRE-TAX PROFIT OF SEGMENTS AND THE GROUP

in thousand euros

	2022 12 months	2021 12 months	2022 IV quarter	2021 IV quarter
<b>Pre-tax profit from reporting segments</b>	<b>41,290</b>	<b>34,626</b>	<b>20,355</b>	<b>16,408</b>
Other operating profit (loss)	(3,801)	(2,291)	(1,765)	(804)
incl. recognition of provisions	(925)	(17)	(925)	(17)
finance income (costs)	(391)	(208)	(166)	(48)
incl. interest expenses	(341)	(131)	(156)	(33)
<b>Total profit before tax</b>	<b>37,098</b>	<b>32,127</b>	<b>18,424</b>	<b>15,556</b>

Other income and expenses, which are not directly associated with segments, are associated with holding companies.

During the 12 months of 2022, AS Merko Ehitus group supported Ukraine through its business activities. The largest amount of EUR 214 thousand was donated through the non-profit association Slava Ukraini, reflected in the Other operating profit (loss) line.

### REVENUE BY CLIENT LOCATION

in thousand euros and percentages

	2022 12 months		2021 12 months		2022 IV quarter		2021 IV quarter	
Estonia	204,480	50%	212,405	62%	80,349	56%	73,863	66%
Latvia	113,163	27%	52,825	16%	50,496	35%	15,132	13%
Lithuania	84,564	21%	63,905	19%	11,782	8%	20,202	18%
Norway	7,426	2%	10,240	3%	800	1%	3,645	3%
<b>Total</b>	<b>409,633</b>	<b>100%</b>	<b>339,375</b>	<b>100%</b>	<b>143,427</b>	<b>100%</b>	<b>112,842</b>	<b>100%</b>

### CONTRACT ASSETS AND LIABILITIES

in thousand euros

	31.12.2022	31.12.2021
Accrued income from construction services (Note 6)	15,378	15,050
Prepayments for construction services (Note 13)	(6,298)	(7,024)
Advance payments received for construction contract works (Notes 13, 15)	(5,184)	(12,963)
Recognised provision for onerous construction contracts (Note 14)	(8)	(582)

### NON-CURRENT ASSETS (EXCEPT FOR FINANCIAL ASSETS) BY LOCATION OF ASSETS

in thousand euros

	31.12.2022	31.12.2021
Estonia	30,314	24,175
Latvia	10,786	13,202
Lithuania	1,199	1,039
Norway	115	134
<b>Total</b>	<b>42,414</b>	<b>38,550</b>

## NOTE 3 COST OF GOODS SOLD

in thousand euros

	2022 12 months	2021 12 months	2022 IV quarter	2021 IV quarter
Construction services and properties purchased for resale	215,323	181,370	79,012	60,367
Materials	63,665	49,647	15,474	12,625
Labour costs	28,652	26,313	8,164	7,827
Construction mechanisms and transport	9,199	10,027	2,249	2,456
Design	8,561	5,022	2,857	1,857
Real estate management costs	827	385	262	117
Depreciation	1,973	1,731	505	465
Impairment of inventories	3,408	-	3,408	-
Provisions	11,291	7,565	5,294	3,806
Other expenses	13,076	10,503	3,627	2,979
<b>Total cost of goods sold</b>	<b>355,975</b>	<b>292,563</b>	<b>120,852</b>	<b>92,499</b>

## NOTE 4 EARNINGS AND DIVIDENDS PER SHARE

Basic earnings per share for profit attributable to equity holders of the parent have been derived by dividing the net profit attributable to shareholders by the weighted average number of shares.

	2022 12 months	2021 12 months	2022 IV quarter	2021 IV quarter
Net profit (loss) attributable to shareholders <i>(in thousand EUR)</i>	34,640	29,140	17,617	13,863
Weighted average number of ordinary shares <i>(thousand pcs)</i>	17,700	17,700	17,700	17,700
<b>Earnings (loss) per share <i>(in euros)</i></b>	<b>1.96</b>	<b>1.65</b>	<b>1.00</b>	<b>0.78</b>

The group did not have any potential ordinary shares to be issued, therefore the diluted earnings per share equal the basic earnings per share.

Dividends payable are recognised after the approval of profit allocation by the shareholders. In accordance with the profit allocation decision, in 2022 the parent company AS Merko Ehitus paid dividends of EUR 17,700 thousand, i.e. EUR 1.00 per share (in 2021 were paid EUR 17,700 thousand). The income tax expense related to the payment of dividends, 1,576 thousand euros, of which 1,519 thousand euros was recognised as deferred tax expense in the group in 2021, paid in third quarter. The group withheld an additional 7% income tax, 39 thousand euros, on the part of the dividends paid to private shareholders taxable at 14/86 income tax rate.

Pursuant to IAS 12, the deferred income tax expense and liability will be recognized in AS Merko Ehitus group consolidated financial statements based on the share of net profit in the year ended that is planned to be paid out as dividends in the foreseeable future.

As at 31.12.2022 the balance of deferred income tax liability includes deferred income tax on dividends in the amount of 742 thousand euros (31.12.2021: EUR 1,519 thousand euros).

As at 31 December 2022, the parent company AS Merko Ehitus has EUR 1,660 thousand (31.12.2021: EUR 0 thousand) in dividends received from subsidiaries in previous periods and income from abroad, on which the income tax has been withheld.

As at 31.12.2022, it is possible to pay out dividends to shareholders from retained earnings in the amount of EUR 140,704 thousand (31.12.2021: EUR 126,814 thousand). Considering the dividends received and income tax withheld on foreign income totalling EUR 415 thousand (31.12.2021: EUR 0), the corresponding income tax on dividends would amount to EUR 34,761 thousand (31.12.2021: EUR 31,703 thousand). Regarding the additional income tax on dividends, the 14% tax rate on regularly payable dividends (14/86 on net dividends), which is applied on the average amount of the paid dividends taxed in Estonia during the previous 3 years, has been taken into consideration. Above that amount, a regular 20% tax rate is applied to the dividends (i.e. a 20/80 tax rate applied to the sum paid out as net dividends). The income tax related to disbursement of dividends is recognised as a liability and income tax expense upon the announcement of dividends.

## NOTE 5 CASH AND CASH EQUIVALENTS

in thousand euros

	31.12.2022	31.12.2021
Bank accounts	17,665	44,930
<b>Total cash and cash equivalents</b>	<b>17,665</b>	<b>44,930</b>

## NOTE 6 TRADE AND OTHER RECEIVABLES

in thousand euros

	31.12.2022	31.12.2021
Trade receivables		
Accounts receivable	52,746	35,444
Allowance for doubtful receivables	(3,285)	(3,347)
	<b>49,461</b>	<b>32,097</b>
Tax prepayments excluding corporate income tax		
Value added tax	795	1,021
Other taxes	3	50
	<b>798</b>	<b>1,071</b>
Accrued income from construction services	15,378	15,050
Other short-term receivables		

	31.12.2022	31.12.2021
Short-term loans	5,000	1,115
Other short-term receivables	124	195
	<b>5,124</b>	<b>1,310</b>
Prepayments for services		
Prepayments for construction services	6,386	5,547
Prepaid insurance	642	158
Other prepaid expenses	170	251
	<b>7,198</b>	<b>5,956</b>
<b>Total trade and other receivables</b>	<b>77,959</b>	<b>55,484</b>
incl. short-term loan receivables from related parties (Note 16)	5,000	1,115
other short-term receivables and prepayments to related parties (Note 16)	8,049	3,573

## NOTE 7 INVENTORIES

in thousand euros

	31.12.2022	31.12.2021
Materials	503	347
Work-in-progress	92,049	82,953
Finished goods	43,414	6,819
Goods for resale		
Registered immovables purchased for resale/development	84,133	66,160
Other goods purchased for resale	4,249	149
	<b>88,382</b>	<b>66,309</b>
Prepayments for inventories		
Prepayments for real estate properties	517	4,109
Prepayments for other inventories	796	56
<b>Total inventories</b>	<b>225,661</b>	<b>160,593</b>

## NOTE 8 OTHER LONG-TERM LOANS AND RECEIVABLES

in thousand euros

	31.12.2022	31.12.2021
Long-term bank deposit	-	5
Long-term receivables from customers of construction services	22,982	24,074
<b>Total other long-term loans and receivables</b>	<b>22,982</b>	<b>24,079</b>

## NOTE 9 INVESTMENT PROPERTY

in thousand euros

	31.12.2022	31.12.2021
Land	10,172	12,414
Right of superficies at carrying amount		
Cost	29	29
Accumulated depreciation	(15)	(14)
	<b>14</b>	<b>15</b>
Buildings at carrying amount		
Cost	2,455	2,631
Accumulated depreciation	(1,156)	(1,232)
	<b>1,299</b>	<b>1,399</b>
<b>Total investment property</b>	<b>11,485</b>	<b>13,828</b>

## NOTE 10 PROPERTY, PLANT AND EQUIPMENT

in thousand euros

	31.12.2022	31.12.2021
Land	1,266	712
Buildings at carrying amount*		
Cost	8,251	8,184
Accumulated depreciation	(3,211)	(3,048)
	<b>5,040</b>	<b>5,136</b>
Machinery and equipment at carrying amount*		
Cost	19,177	17,920
Accumulated depreciation	(10,521)	(9,636)
	<b>8,656</b>	<b>8,284</b>
Other fixtures at carrying amount		
Cost	4,814	4,523
Accumulated depreciation	(3,230)	(3,049)
	<b>1,584</b>	<b>1,474</b>
Prepayments for property, plant and equipment	906	744
<b>Total property, plant and equipment</b>	<b>17,452</b>	<b>16,350</b>

\* As of 31 December 2022, the balance of buildings at carrying amount includes leased assets in a sum of EUR 662 thousand (31.12.2021: EUR 543 thousand). The balance of machinery and equipment at carrying amount includes leased assets in a sum of EUR 3,459 thousand (31.12.2021: EUR 2,881 thousand).

## NOTE 11 INTANGIBLE ASSETS

in thousand euros

	31.12.2022	31.12.2021
Goodwill		
Cost	69	73
	<b>69</b>	<b>73</b>
Software at carrying amount		
Cost	1,500	1,401
Accumulated depreciation	(1,099)	(877)
	<b>401</b>	<b>524</b>
Prepayments for intangible assets	112	72
<b>Total intangible assets</b>	<b>582</b>	<b>669</b>

## NOTE 12 BORROWINGS

in thousand euros

	31.12.2022	31.12.2021
<b>Lease liabilities*</b>		
Lease liabilities balance	<b>4,302</b>	<b>3,519</b>
incl. current portion	1,198	868
non-current portion 2...5 years	3,104	2,651
<b>Bank loans</b>		
Loan balance	<b>73,560</b>	<b>43,062</b>
incl. current portion	40,428	10,712
non-current portion 2...5 years	33,132	32,350
<b>Loan from parent company</b>		
Loan balance	<b>8,000</b>	-
incl. current portion (Note 16)	8,000	-
<b>Loans from entities under common control</b>		
Loan balance	<b>6,000</b>	<b>6,000</b>
incl. non-current portion 2...5 years (Note 16)	6,000	6,000
<b>Loans from other related parties</b>		
Loan balance	<b>61</b>	-
incl. current portion	61	-
<b>Loans from other entities</b>		
Loan balance	-	<b>56</b>
incl. current portion	-	56
<b>Total loans</b>		
Loans balance	<b>87,621</b>	<b>49,118</b>
incl. current portion	48,489	10,768
non-current portion 2...5 years	39,132	38,350
<b>Total borrowings</b>	<b>91,923</b>	<b>52,637</b>
incl. current portion	49,687	11,636
non-current portion 2...5 years	42,236	41,001

\* As of 31 December 2022, the lease liabilities include a balance of EUR 254 thousand to related parties (31.12.2021: EUR 31 thousand) (Note 16).



## NOTE 13 PAYABLES AND PREPAYMENTS

in thousand euros

	31.12.2022	31.12.2021
Trade payables	46,020	29,413
Payables to employees	11,638	11,640
Tax liabilities, except for corporate income tax		
Value added tax	6,587	3,119
Personal income tax	615	546
Social security tax	1,680	1,270
Unemployment insurance tax	65	58
Contributions to mandatory funded pension	33	39
Other taxes	143	124
	<b>9,123</b>	<b>5,156</b>
Prepayments for construction services	6,298	7,024
Other liabilities		
Interest liabilities	113	20
Other liabilities	961	2,338
	<b>1,074</b>	<b>2,358</b>
Prepayments received *	22,095	34,463
<b>Total payables and prepayments</b>	<b>96,248</b>	<b>90,054</b>
incl. payables to related parties (Note 16)	2,519	2,503

\* As of 31 December 2022, the balance of prepayments received consists of prepayments received in connection with construction contracts (advance payments received for construction contract works) in a sum of EUR 5,184 thousand (31.12.2021: EUR 12,435 thousand) and of prepayments received in connection with residential properties (apartment buyers) in a sum of EUR 16,911 thousand (31.12.2021: EUR 22,028 thousand) (Note 2).

## NOTE 14 SHORT-TERM PROVISIONS

in thousand euros

	31.12.2022	31.12.2021
Provision for warranty obligation for construction	4,425	3,771
Provision for costs of projects sold and work-in-progress projects	4,086	3,537
Provision for onerous construction contracts	8	582
Provision for legal costs and claims filed	1,200	-
Other provisions	101	86
<b>Total short-term provisions</b>	<b>9,820</b>	<b>7,976</b>

## NOTE 15 OTHER LONG-TERM PAYABLES

in thousand euros

	31.12.2022	31.12.2021
Trade payables	2,133	2,110
Prepayments received *	-	528
Other long-term liabilities	-	262
<b>Other long-term payables total</b>	<b>2,133</b>	<b>2,900</b>
incl. other long-term payables to related parties (Note 16)	-	262

\* As of 31 December 2022, the balance of prepayments received consists of prepayments received in connection with construction contracts (advance payments received for construction contract works) in a sum of EUR 0 (31.12.2021: EUR 528 thousand) (Note 2).

## NOTE 16 RELATED PARTY TRANSACTIONS

In compiling the group report, the following entities have been considered as related parties:

- parent company AS Riverito;
- shareholders of AS Riverito with significant influence over AS Merko Ehitus through AS Riverito;
- other shareholders with significant influence;
- other subsidiaries of AS Riverito or so-called sister companies, in the Note 'Entities under common control';
- associates and joint ventures;
- key members of the management (supervisory and management board), their close relatives and entities under their control or significant influence.

Significant influence is presumed to exist when the person has more than 20% of the voting power.

The parent of AS Merko Ehitus is AS Riverito. As at 31.12.2022 and 31.12.2021, AS Riverito owned 71.99% of the shares of AS Merko Ehitus. The ultimate controlling party of the group is Mr. Toomas Annus.

### AS MERKO EHITUS SUBSIDIARIES AND JOINT VENTURES

	Ownership and voting rights %		Location	Area of operation
	31.12.2022	31.12.2021		
<b>Subsidiaries</b>				
AS Merko Ehitus Eesti	100	100	Estonia, Tallinn	Construction
AS Merko Infra	-	100	Estonia, Tallinn	Construction
OÜ Tähelinna Kinnisvara	100	100	Estonia, Tallinn	Real estate
OÜ Vahi Lastehoid	100	100	Estonia, Tallinn	Real estate
OÜ Merko Kaevandused	100	100	Estonia, Tallinn	Mining
OÜ Metsara-Metspere Kinnisvara	100	-	Estonia, Tallinn	Mining
Tallinna Teede AS	100	100	Estonia, Tallinn	Road construction
UAB Merko Statyba	100	100	Lithuania, Vilnius	Construction
UAB Timana	100	100	Lithuania, Vilnius	Real estate
UAB VPSP 2	100	100	Lithuania, Vilnius	Real estate
UAB VPSP Projektai	100	100	Lithuania, Vilnius	Real estate
OÜ Merko Property	100	100	Estonia, Tallinn	Real estate
UAB Balsiu Mokyklos SPV	100	100	Lithuania, Vilnius	Real estate
UAB Merko Bustas	100	100	Lithuania, Vilnius	Real estate
UAB MN Projektas	100	100	Lithuania, Vilnius	Real estate
UAB MB Projektas	100	100	Lithuania, Vilnius	Real estate
UAB Statinių Priežiūra ir Administravimas	100	100	Lithuania, Vilnius	Real estate
OÜ Merko Investments	100	100	Estonia, Tallinn	Holding
SIA Merks	100	100	Latvia, Riga	Construction
SIA SK Viesturdarzs	100	100	Latvia, Riga	Real estate
SIA Industrialais Parks	100	100	Latvia, Riga	Real estate
SIA Merks Mājas	100	100	Latvia, Riga	Real estate
SIA Ropažu Priedes	100	100	Latvia, Riga	Real estate
SIA Zakusala Estates	100	100	Latvia, Riga	Real estate
PS Merko-Merks	100	100	Latvia, Riga	Construction ( <i>in liquidation</i> )
PS Merks-Ostas Celtnieks	65	65	Latvia, Riga	Construction
PS Merks Merko Infra	100	100	Latvia, Riga	Construction
SIA Merko Būve	100	100	Latvia, Riga	Construction
Merko Finland Oy	100	100	Finland, Helsinki	Construction ( <i>in liquidation</i> )
Merko Investments AS	100	100	Norway, Sofiemyr	Holding
Merko Bygg AS (ex-Peritus Entreprenør AS)	56	56	Norway, Sofiemyr	Construction
Løkenskogen Bolig AS	62	62	Norway, Sofiemyr	Real estate
<b>Associate</b>				
AS Connecto Eesti	-	35	Estonia, Tallinn	Construction
<b>Joint ventures</b>				
Kodusadam OÜ	50	50	Estonia, Tallinn	Real estate
AS Connecto Eesti	50	-	Estonia, Tallinn	Construction

Additional information on the changes during the reported period is provided in chapter Corporate Governance in Management report.

#### PURCHASE OF SUBSIDIARY

in thousand euros

##### OÜ Metsara-Metspere Kinnisvara

Acquired ownership interest		100%
Acquisition date		16.03.2022
	<b>Book value</b>	<b>Fair value</b>
Cash	0	0
Property, plant and equipment	409	695
Liabilities	0	0
Net assets	409	695
<b>Fair value of net assets</b>		<b>695</b>
<b>Acquisition cost</b>		<b>695</b>
Subsidiary's cash and cash equivalent on acquisition		0
Paid on acquisition		(695)
<b>Cash flow from acquisition of subsidiary</b>		<b>(695)</b>
Net profit from the beginning of the year	-	
Net profit following the acquisition	-	

#### ACQUISITION OF JOINT VENTURE

in thousand euros

##### AS Connecto Eesti

Additional share %		15%
Acquisition date		28.02.2022
		<b>Fair value</b>
Cash		1,049
Receivables		1,103
Inventories		432
Non-current assets		460
Borrowings		(156)
Other liabilities		(1,821)
<b>Fair value of net assets</b>		<b>1,067</b>
<b>Acquisition cost</b>		<b>2,236</b>
<b>Goodwill</b>		<b>1,169</b>
Paid for share of joint venture in cash		(2,236)
<b>Outflow of cash – investing activities</b>		<b>(2,236)</b>

Joint ventures are accounted for under the equity method. A holding in a jointly controlled entity is initially recognised at cost and subsequently adjusted for the post-acquisition changes that have occurred in the group's share of the net assets under common control.

The investment into the joint venture includes a goodwill of EUR 1,169 thousand as determined upon acquisition, which is largely related to the company's ability to jointly win recurring long-term contracts in procurements under the Connecto trademark as well as its readiness to participate in large-scale projects both in Estonia and abroad.

**GOODS AND SERVICES**

in thousand euros

	2022 12 months	2021 12 months
<b>Provided services and goods sold</b>		
Parent company	15	13
Associate and joint venture	30,116	6,307
Entities under common control	44,941	15,729
Members of the management	186	399
<b>Total services provided and goods sold</b>	<b>75,258</b>	<b>22,448</b>
<b>Interest income</b>		
Joint venture	196	68
<b>Purchased services and goods</b>		
Parent company	104	90
Associate and joint venture	203	145
Entities under common control	73	64
Members of the management	-	1
<b>Total purchased services and goods</b>	<b>380</b>	<b>300</b>
<b>Interest expense</b>		
Parent company	73	-
Entities under common control	153	130
Other related parties	1	1
<b>Total interest expense</b>	<b>227</b>	<b>131</b>

**BALANCES WITH RELATED PARTIES**

in thousand euros

	31.12.2022	31.12.2021
<b>Receivables from related parties</b>		
Loans granted (Notes 6,8)		
Joint ventures	5,000	1,115
Receivables and prepayments (Note 6)		
Parent company	5	4
Associate and joint venture	3,239	1,924
Entities under common control	4,805	1,616
Members of the management	-	29
Total receivables and prepayments	<b>8,049</b>	<b>3,573</b>
<b>Total receivables from related parties</b>	<b>13,049</b>	<b>4,688</b>
<b>Payables to related parties</b>		
Lease liabilities (Note 12)		
Entities under common control	254	31
Short-term loans received (Note 12)		
Parent company	8,000	-
Other related parties	61	-
Total Short-term loans received	<b>8,061</b>	-
Payables and prepayments (Note 13)		
Parent company	-	9
Associate and joint venture	35	8
Entities under common control	2,444	2,446
Members of the management	40	40
Total payables and prepayments	<b>2,519</b>	<b>2,503</b>

	31.12.2022	31.12.2021
Long-term loans received (Note 12)		
Entities under common control	6,000	6,000
Other related parties	-	-
<b>Total long-term loans received</b>	<b>6,000</b>	<b>6,000</b>
Other long-term payables (Note 15)		
Other related parties	-	262
<b>Total payables to related parties</b>	<b>16,834</b>	<b>8,796</b>

#### REMUNERATION OF THE MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARDS

The cost of remuneration to members of the Supervisory Board and Management Board of AS Merko Ehitus incl. basic salaries and performance pay, as well as taxes and changes in reserves for the 12 months of 2022 were EUR 1,363 thousand (12 months of 2021: EUR 860 thousand).

#### TERMINATION BENEFITS OF MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARDS

Authorization agreements have been concluded with the Supervisory Board members, according to which no termination benefits are paid to them upon termination of the contract. In the 12 months of 2022, the Management Board members of AS Merko Ehitus did not receive benefits (12 months of 2021: EUR 0).

#### MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARD

Track record and photographs of the members of the Supervisory Board can be found on AS Merko Ehitus website at [group.merko.ee/en/management-and-supervisory-board/](http://group.merko.ee/en/management-and-supervisory-board/).

Shares held by members of the Supervisory Board of AS Merko Ehitus as of 31.12.2022:

		NO OF SHARES	% OF SHARES
Toomas Annus (AS Riverito) *	Chairman of the Supervisory Board	12,742,686	71.99%
Indrek Neivelt (OÜ Trust IN)	Member of the Supervisory Board	31,635	0.18%
Teet Roopalu	Member of the Supervisory Board	-	-
Kristina Siimar	Member of the Supervisory Board	-	-
		<b>12,774,321</b>	<b>72.17%</b>

\* Toomas Annus controls through a holding company the majority of the votes determined by shares in AS Riverito. Thus the shares of AS Riverito and the votes determined by it in AS Merko Ehitus (12,742,686 shares) are considered to be under the control of Toomas Annus.

The Management Board of the holding company AS Merko Ehitus has two members: Andres Trink and Tõnu Toomik.

Shares held by members of the Management Board of AS Merko Ehitus as of 31.12.2022:

		NO OF SHARES	% OF SHARES
Andres Trink	Chairman of the Management Board	1,100	0.01%
Tõnu Toomik	Member of the Management Board	-	-
		<b>1,100</b>	<b>0.01%</b>

## NOTE 17 CONTINGENT LIABILITIES

in thousand euros

The group has obtained the following guarantees from financial institutions and issued sureties to guarantee the group's obligations to third parties. These amounts represent the maximum right of claim by third persons against the group in case the group is unable to meet its contractual obligations. Management estimates that additional expenses related to these guarantees are unlikely.

	<b>31.12.2022</b>	<b>31.12.2021</b>
Performance period's warranty to the customer	28,235	28,573
Tender warranty	10	31
Guarantee for warranty period	22,796	19,639
Prepayment guarantee	4,504	15,026
Contracts of surety	500	1,466
<b>Total contingent liabilities</b>	<b>56,045</b>	<b>64,735</b>

**Performance period's warranty to the customer** – warranty provider guarantees to the customer that the contractor's obligations arising from construction contract will be adequately fulfilled.

**Tender warranty** – warranty provider guarantees to the customer arranging the tender process that the tenderer will sign a contract as per tender conditions.

**Guarantee for warranty period** – guarantee provider guarantees to the customer that the construction defects discovered during the warranty period will be eliminated.

**Payment guarantee** – guarantee provider guarantees repayments of the customer's/developer's loan and/or guarantee provider guarantees to the customer payment for goods or services.

**Contracts of surety** – the group guarantees the timely fulfilment of group member's liabilities towards a third party (e.g. providing services by a certain date in the agreed amount).

## DEFINITION OF RATIOS

Gross profit margin (%)	=	$\frac{\text{Gross profit}}{\text{Revenue}}$
Operating profit margin (%)	=	$\frac{\text{Operating profit}}{\text{Revenue}}$
EBT margin (%)	=	$\frac{\text{Pre-tax profit}}{\text{Revenue}}$
Net profit margin (%)	=	$\frac{\text{Net profit (attributable to equity holders of the parent)}}{\text{Revenue}}$
Return on equity, ROE (%)	=	$\frac{\text{Net profit (attributable to equity holders of the parent) of the current 4 quarters}}{\text{Shareholders equity (average of the current 4 quarters)}}$
Return on assets, ROA (%)	=	$\frac{\text{Net profit (attributable to equity holders of the parent) of the current 4 quarters}}{\text{Total assets (average of the current 4 quarters)}}$
Return on invested capital, ROIC (%)	=	$\frac{(\text{Profit before tax} + \text{interest expense} - \text{foreign exchange gain (loss)} + \text{other financial income}) \text{ of the current 4 quarters}}{(\text{Shareholders equity (average)} + \text{interest-bearing liabilities (average)}) \text{ of the current 4 quarters}}$
Equity ratio (%)	=	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$
Debt ratio (%)	=	$\frac{\text{Interest-bearing liabilities}}{\text{Total assets}}$
Current ratio	=	$\frac{\text{Current assets}}{\text{Current liabilities}}$
Quick ratio	=	$\frac{\text{Current assets} - \text{inventories}}{\text{Current liabilities}}$
Accounts receivable turnover(days)	=	$\frac{\text{Trade receivables of the current 4 quarters (average)} \times 365}{\text{Revenue of the current 4 quarters}}$
Accounts payable turnover (days)	=	$\frac{\text{Payables to suppliers of the current 4 quarters (average)} \times 365}{\text{Cost of goods sold of the current 4 quarters}}$
EBITDA (million EUR)	=	Operating profit + depreciation
EBITDA margin (%)	=	$\frac{\text{Operating profit} + \text{depreciation}}{\text{Revenue}}$
General expense ratio (%)	=	$\frac{\text{Marketing expenses} + \text{General and administrative expenses}}{\text{Revenue}}$
Labour cost ratio (%)	=	$\frac{\text{Labour costs}}{\text{Revenue}}$
Revenue per employee (EUR)	=	$\frac{\text{Revenue}}{\text{Number of employees (average)}}$
Earnings per share, EPS (EUR)	=	$\frac{\text{Net profit (attributable to equity holders of the parent)}}{\text{Number of shares}}$
Equity/share (EUR)	=	$\frac{\text{Shareholders equity (average of the current 4 quarters)}}{\text{Number of shares}}$
Dividend per share (EUR)	=	$\frac{\text{Payable dividends}}{\text{Number of shares}}$
Dividend rate (%)	=	$\frac{\text{Payable dividends} \times 100}{\text{Net profit (attributable to equity holders of the parent)}}$
Dividend yield (%)	=	$\frac{\text{Dividends payable per share}}{\text{Share price 31.12}}$
P/E	=	$\frac{\text{Share price 31.12}}{\text{Earnings per share of the current 4 quarters}}$
P/B	=	$\frac{\text{Share price 31.12}}{\text{Equity per share (average of the current 4 quarters)}}$
Market value	=	Share price 31.12 x Number of shares