

**NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS OF NORDECON AS**

20 April 2018

The management board of Nordecon AS (the “**Company**”) (registry code 10099962, address Pärnu mnt 158/1, 11317 Tallinn) hereby convenes an annual general meeting of shareholders, which shall be held on **23 May 2018 at 10:00 am at the Radisson Blu Hotel Olümpia Conference Hall Zeta (Liivalaia 33, 10118 Tallinn)**.

The list of shareholders entitled to vote at the general meeting is determined on 16 May 2018 as at the end of the working day of the settlement system.

The registration of the participants of the annual general meeting will take place from 9:00 am until 10:00 a.m. at the venue of the general meeting.

For registration, please submit:

- in case of a shareholder who is a private person, a passport or ID card as a document of identification. The representative of the shareholder must also submit a written and currently valid power of attorney;
- in case of a shareholder who is a legal entity, a currently valid extract from the respective register where the legal entity is registered and from which the authorisation of the legal entity’s representative to represent the legal entity is evident (representation by virtue of law) and a passport or ID card or any other document of identification with a photo of the representative. If the legal entity is represented by a person who is not the legal representative of the legal entity, a written and currently valid power of attorney must also be submitted.

Prior to the annual general meeting, a shareholder may notify the Company of giving a proxy or cancelling a proxy by sending a respective digitally signed notice to the e-mail address [nordecon@nordecon.com](mailto:nordecon@nordecon.com) or by delivering the notice in format which can be reproduced in writing during working days from 10:00 am until 4:00 pm to the address Pärnu mnt 158/1, 11317 Tallinn by 4:00 pm on 22 May 2018 at the latest, i.e. the last working day prior to the annual general meeting.

Pursuant to the resolution of the Company’s supervisory board of 18 April 2018, the agenda of the annual general meeting is as follows:

1. Approval of the Company’s annual report for 2017 and proposal for the allocation of profit;
2. Election of auditor for the financial year 2018 and deciding on the remuneration of the auditor;
3. Decrease of the share capital of the Company;
4. Extension of the authorisation of a supervisory board member;
5. Granting share options to the management board members.

The supervisory board of the Company makes the following proposals to the shareholders:

**Agenda item No. 1. Approval of the Company’s annual report for 2017 and proposal for the allocation of profit**

- 1.1. To approve the Company’s consolidated annual report for 2017 as submitted by the management board.
- 1.2. To allocate the profit of the Company as follows: the Company’s consolidated net profit for 2017 amounts to 1,388 thousand euros, the Company’s retained profit from previous periods

amounts to 9,698 thousand euros, and, thus, total distributable profit as at 31 December 2017 amounts to 11,086 thousand euros. To allocate 0.06 euros per share as the profit to be distributed to the shareholders (dividend). No appropriations shall be made to the capital reserve or other reserves provided for by the law or the articles of association. Shareholders entitled to dividends include persons entered in the Company's share register on 6 June 2018 as at the end of the working day of the settlement system. The ex-date is 5 June 2018: as of this date a person who acquired shares is not entitled to dividends for the 2017 financial year. No dividends shall be paid to the Company for own shares. The dividends will be distributed to the shareholders on 20 June 2018 at the latest.

## **Agenda item No. 2. Election of auditor for the financial year 2018 and deciding on the remuneration of the auditor**

The management board has carried out procurement in spring 2017 for appointment of an audit firm for the Company for the next 3-year period (annual periods 2017-2019) and has selected KPMG Baltics OÜ from the submitted offers as the best candidate in terms of quality and the price of the service. The auditor has confirmed as required by the Corporate Governance Code that it has no work, economic or other relations that would threaten its independence while rendering auditing service.

Audit firm KPMG Baltics OÜ has rendered auditing service to the Company in 2017 based on the contracts signed in 2017. KPMG Baltics OÜ has been rendering auditing services in accordance with the aforementioned contract and the Company has no objections to the quality of the auditing service.

- 2.1. To elect the current audit firm of the Company KPMG Baltics OÜ as the auditor of the Company for the financial year 2018 and to pay for the services according to the agreement to be signed with the auditor.

## **Agenda item No. 3. Decrease of the share capital of the Company**

- 3.1. To decrease the share capital of the Company by 1,942,528.98 euros from 18,263,543.68 euros to 16,321,014.70 euros. The share capital will be decreased by reducing the book value of the shares by 0.06 euros per share. The total number of the shares will not change and the book value of shares shall be reduced proportionately to the reduction of the share capital. As a result of the decrease of the share capital, the share capital of the company will be 16,321,014.70 euros that is divided into 32,375,483 shares without nominal value.
- 3.2. Upon decrease of the share capital to make payments to the shareholders in the amount of 0.06 euros per share. No payments shall be made to the Company for own shares. The payments to the shareholders shall be made no sooner than three months after the registration of the reduction of the share capital with the commercial register, but, at the latest, three months and 14 calendar days after the registration of the reduction of the share capital with the commercial register, provided that the claims of creditors who submitted their claims during the term are secured or satisfied.
- 3.3. The share capital is decreased to improve the structure of capital in order to bring the amount of the share capital into alignment with the volume of business and strategic goals. The reduced amount of the share capital is in compliance with the requirements set out by the legislation and the articles of association.
- 3.4. The list of shareholders who shall be entitled to payments as a result of the decreasing of the share capital will be fixed as of 6 June 2018 as at the end of the working day of the settlement system. The ex-date is 5 June 2018: as of this date a person who acquired shares is not entitled to payments as a result of the decrease of share capital.

#### **Agenda item No. 4. Extension of the authorisation of a supervisory board member**

Authorisation of supervisory board member Andri Hõbemägi as a member of the supervisory board of Nordecon AS terminates on 24 May 2018. The supervisory board proposes that the authorisation of Andri Hõbemägi as a member of the supervisory board of Nordecon AS is extended for a new 5-year term as of 24 May 2018. The amount of remuneration of a supervisory board member is determined by the annual general meeting of Nordecon AS and shall not be amended.

- 4.1 In connection with the expiration of the term of office of supervisory board member Andri Hõbemägi on 24 May 2018, to extend the authorisation of Andri Hõbemägi for the following period prescribed by the articles of association, i.e. until 24 May 2023.

#### **Agenda item No. 5. Granting share options to management board members**

Taking into consideration that part of the 1,618,755 shares issued for the purpose of implementing the share option plan established by the resolution of the annual general meeting of 27 May 2014 are still owned by the Company and as entitled persons have waived their right to exercise an option, the Company intends to grant share options on account of the those shares to persons who were appointed as members of the Company's management board after the approval of the share option plan in order to ensure an equal motivation incentive for the members of the management board of the Company.

To grant Gerd Müller, Ando Voogma, Priit Luman and Maret Tambek option for the acquisition of the Company's shares under the following terms and conditions: (the **Conditions**):

- 5.1 Persons eligible to the Option Plan (the **Eligible Persons**) are members of the Company's management board Gerd Müller, Ando Voogma, Priit Luman and Maret Tambek.
- 5.2 Provided that the targets set by the Company's supervisory board are met, chairman of the Company's management board Gerd Müller may acquire up to 200,000 (two hundred thousand) shares in the Company.
- 5.3 Provided that the targets set by the Company's supervisory board are met, member of the Company's management board Ando Voogma may acquire up to 129,500 (one hundred and twenty nine thousand five hundred) shares in the Company.
- 5.4 Provided that the targets set by the Company's supervisory board are met, member of the Company's management board Priit Luman may acquire up to 129,500 (one hundred and twenty nine thousand five hundred) shares in the Company.
- 5.5 Provided that the targets set by the Company's supervisory board are met, member of the Company's management board Maret Tambek may acquire up to 129,500 (one hundred and twenty nine thousand five hundred) shares in the Company.
- 5.6 Option agreements between the Eligible Persons and the Company shall be signed during a period from the approval of these Conditions until 1 July 2018. The pre-condition for signing a share agreement with Priit Luman and Maret Tambek is the termination of their valid option agreements. In the event an eligible person does not sign an option agreement during this period, they shall be deprived of the right to exercise the options granted to them.
- 5.7 The more detailed procedure for exercising the share option will be set forth in the option agreement signed between the Eligible Person and the Company. The terms and conditions of option agreements and the Company's representative for signing the option agreements will be determined by the Company's supervisory board. The Company's supervisory board shall determine the terms and conditions of option agreements pursuant to these Conditions.
- 5.8 The Eligible Person may exercise an option provided the Eligible Person is in an employment or service relationship with the Company or a subsidiary of the Company at the time of exercising the option, unless the Supervisory Board decides otherwise in the terms and conditions of the option agreement signed with the Eligible Person.
- 5.9 Exercise of options is subject to the following preconditions:

- a) a member of the management board may exercise an option in full provided that the Company's consolidated EBITDA for 2020 is 12.167 million euros or above;
- b) a member of the management board may exercise an option to the extent of 50% provided that the Company's consolidated EBITDA for 2020 is 9.125 million euros;
- c) a member of the management board may not exercise an option when the Company's consolidated EBITDA for 2020 is 6.083 million euros or below.

The specific extent to which an option can be exercised will be determined by interpolation, taking into account the above ranges.

- 5.10 An eligible person may exercise an option when three years have passed since the signing of the person's option agreement but not before the Company's annual general meeting has approved the Company's annual report for 2020. The Eligible Person wishing to exercise an option must notify the Company of their intention in the manner set forth in the option agreement during the exercise period, which begins when the annual general meeting has approved the Company's annual report for 2020 and expires after 15 (fifteen) months from that date. Exercise of an option will give rise to a sale agreement between the Eligible Person and the Company on the terms and conditions set forth in the option agreement under which the Eligible Person has the right and obligation to acquire the Company's shares in respect of which the option was exercised for a price of 0.977 euros per share. The Eligible Person shall pay the Company the price of the shares in respect of which the option was exercised within 12 (twelve) months after the exercise of the option at the latest. The shares in respect of which the option was exercised will be transferred to the Eligible Person only when the price to be paid for the shares has been paid.
- 5.11 Eligible Persons may not transfer the share options granted to them.
- 5.12 The terms and conditions shall be satisfied and options shall be exercised on the account of the Company's own shares.
- 5.13 The shares acquired under the option plan entitle the holders to a dividend in the same financial year in which they were acquired by Eligible Persons, provided that the list of persons entitled to a dividend was not determined before the shares were acquired.
- 5.14 The Company's supervisory board may specify the terms and conditions and timeframe of the option plan in accordance with the Conditions set forth in this resolution. Administration of the execution of the option plan is the responsibility of the Company's supervisory board that shall also resolve any issues arising in connection with the option plan.

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The 2017 annual report of the Company and the independent auditor's report are available for review on the website of NASDAQ Tallinn Stock Exchange [www.nasdaqbaltic.com](http://www.nasdaqbaltic.com).

All documents pertaining to the annual general meeting of the Company, inter alia the draft resolutions and the reasoning of agenda items presented by shareholders and the respective draft resolutions, the 2017 annual report, independent auditor's report, profit allocation proposal and the written report of the supervisory board regarding the annual report and any other documents and relevant information to be published under the law or related to the meeting's items are available for review starting from 20 April 2018 on the website of the Company at [www.nordecon.com](http://www.nordecon.com). Questions related to the annual general meeting and its agenda can be sent to the e-mail address [nordecon@nordecon.com](mailto:nordecon@nordecon.com). The questions, answer, shareholder's propositions relating to the items on the agenda and the minutes of the general meeting will be published on the website of the Company at [www.nordecon.com](http://www.nordecon.com).

A shareholder has the right to receive information on the activities of the Company from the management board at the general meeting. If the management board refuses to disclose the information, the shareholder may demand that the general meeting decides on the lawfulness of the shareholder's request or may file within two weeks from the general meeting a petition to a

court by way of proceedings on petition to compel the management board to disclose the information.

Shareholders, whose shares represent at least 1/20 of the share capital of the Company, may propose draft resolutions with respect to each item on the agenda. Proposals must be sent in writing to the Company at the address Pärnu mnt 158/1, 11317 Tallinn, at least 3 days prior to the general meeting, i.e. by 20 May 2018.

Shareholders, whose shares represent at least 1/20 of the share capital of the Company, may request that additional items be added on the agenda of the annual general meeting. The request must be sent in writing to the Company at the address Pärnu mnt 158/1, 11317 Tallinn, at least 15 days prior to the general meeting, i.e. by 08 May 2018.