

Nordecon AS
REPORT OF THE SUPERVISORY BOARD
REGARDING FINANCIAL YEAR 2020

At the meeting of the supervisory board of 28 April 2021 the supervisory board of Nordecon AS (hereinafter also the Company) reviewed the 2020 annual report of the Company, which includes the management report and the annual accounts and to which the independent sworn auditor's report and the management board's profit allocation proposal have been attached. The supervisory board resolved to approve the 2020 annual report of the Company.

The supervisory board has been formed and it has organised its activities in accordance with the articles of association of the Company and the legal acts of the Republic of Estonia.

In the year 2020, the supervisory board had in total 6 meetings and 10 times the supervisory board adopted resolutions without calling a meeting by consensus of the supervisory board members. The resolutions of the supervisory board address, among others, the following significant topics:

By the resolution of 29 January 2020, the supervisory board granted consent to the management board for the acquisition of majority shareholding in Embach Ehitus OÜ by simultaneously reducing and increasing share capital and for the termination of the shareholders' agreement of Embach Ehitus OÜ dated 3 May 2015 and the conclusion of a new shareholders' agreement. The supervisory board also approved the new articles of association of Embach Ehitus OÜ and granted consent for the transfer of the Company's immovables located in South Estonia to Embach Ehitus OÜ, at the sales prices determined by the supervisory board, for the purposes of residential real estate development.

At the meeting of the supervisory board of 5 February 2020 the management board gave an overview to the supervisory board about the Nordecon AS group's preliminary unaudited economic results for the year 2019. The supervisory board approved the budget of Nordecon AS group for the year 2020 and the extension of the overdraft limit with Luminor Bank AS and extension of the factoring agreement with Luminor Liising AS. The supervisory board amended the work procedure of the audit committee, elected the members of the audit committee, appointed the chair of the audit committee and approved the remuneration of the audit committee for the 2020–2023 period.

By the resolutions of 25 March 2020, the supervisory board extended the authorisation of the Company's management board members Maret Tambek, Priit Luman and Ando Voogma and authorised the chair of the supervisory board to conclude new contracts of service with the management board members and amend Annex 2 to the contract of services, "Agreement on the Payment of Performance Fee", with the chair of the management board.

By the resolution of 16 April 2020, the supervisory board approved the 2019 annual report and reviewed the profit allocation proposal. The supervisory board also approved the agenda of the annual general meeting (20 May 2020) and the supervisory board's proposal in respect of each item of the agenda.

At the 29 April 2020 meeting of the supervisory board, the management board introduced to the supervisory board the economic results of the Nordecon AS group in the 1st quarter of 2020 and the status of the budget implementation as well as the turnover and profit forecast for 2020. The supervisory board decided not to pay performance fee to the management board members for 2019. The supervisory board also granted its consent to the management board for the conclusion of: (i) an overdraft agreement with Luminor Bank AS with a limit of 3 million euros, with the term the end of 2022, and (ii) extend the overdraft agreement with Swedbank AS by 1 year and increase the guarantee

limit by 10 million euros. The supervisory board granted consent for the transfer of the Company's immovable located at Aruküla tee 30 to Embach Ehitus OÜ at the price determined by the supervisory board.

On 25 May 2020 the supervisory board decided to reduce the service pay of the management board members by 15% as of 1 June 2020 and also authorised the chair of the supervisory board to conclude the respective amendments to the contracts of service.

At the supervisory board meeting of 16 June 2020, the supervisory board granted consent to the management board for the acquisition of the immovable located at Pikksilma 11, Tallinn and for the development of the immovable. In relation to changes in the management of the Company, the supervisory board approved the new structure of the Company, effective as of 1 August 2020.

By the resolution of 8 July 2020 the supervisory board granted consent to the management board for the establishment of mortgage over the immovable located at Pikksilma 11, Tallinn in favour of Coop Pank AS to ensure the claims of Coop Pank AS arising from the guarantee and loan agreements concluded between Coop Pank AS and the Company.

By the resolution of 20 July 2020 the supervisory board recalled member of the management board Ando Voogma and authorised the chair of the supervisory board to terminate the contract of service concluded with him. Additionally, the supervisory board decided to appoint two procurators – Ando Voogma and Avo Ambur – to the Company and authorised the chair of the supervisory board to conclude contracts of service with the procurators.

By the resolution of 1 September 2020 the supervisory board granted consent for the merger of the Company's wholly-owned subsidiary aktsiaselts Eston Ehitus with Nordecon AS and for the conclusion of the merger agreement.

At the supervisory board meeting of 16 September 2020 the management board provided an overview to the supervisory board about the group's economic performance and budget implementation for the first 7 months of the year 2020, introduced the group's turnover and profit forecast for 2020 and provided an overview of the conclusion of guarantee agreements with Coop Pank AS. In relation to the merger with aktsiaselts Eston Ehitus, the supervisory board approved the new structure of the Company, effective as of 1 October 2020. The supervisory board approved the management board's proposal to increase the loan limit of SWENCN AB. The supervisory board also approved the management board's proposal to increase the share capital of EE Ressursid OÜ and Eurocon OÜ by monetary contributions.

At the supervisory board meeting of 9 October 2020 the supervisory board tasked the management board with convening a business analysis working group whose regular activity would be organised by and for whose results the responsibility will be assumed by the chair of the Company's management board. The supervisory board also determined the objectives of the working group. The supervisory board granted consent to the management board for the transfer of the immovable located at Kivimäe tn 27, Tallinn.

At the supervisory board meeting of 4 November 2020 the management board presented the economic results of the Nordecon AS group for the first 9 months of 2020 and provided an overview of the status of the group's court cases. The supervisory board approved the investment budget of the Nordecon AS group for the year 2021 and the grants budget of Nordecon AS for the year 2021. The supervisory board approved the foundation of Eston Ehitus OÜ to protect the business name "Eston Ehitus".

By the resolution of 30 November 2020 the supervisory board approved the agenda of the extraordinary general meeting (22 December 2020) (distribution of Company's profit) and the supervisory board's proposal in respect of each item of the agenda.

By the resolution of 8 December 2020 the supervisory board granted consent for the transfer of the 49% holding that the Company's subsidiary AS Tariston has in Osaühing Pigipada and approved the draft sales contract.

By the resolution of 30 December 2020 the supervisory board extended the authorisation of the chair of the management board Gerd Müller and authorised the chair of the supervisory board to conclude a contract of service with Gerd Müller. The supervisory board also decided to increase the loan limit of SWENCN AB.

Toomas Luman
Chairman of the Supervisory Board
28 April 2021