



AS MERKO EHITUS

GROUP

2026 3 months consolidated unaudited interim report

Business name:	AS Merko Ehitus
Main activities:	Holding companies General contracting of construction Real estate development
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Financial year:	01.01.2026 – 31.12.2026
Reporting period:	01.01.2026 – 31.03.2026
Supervisory Board:	Toomas Annus, Indrek Neivelt, Kristina Siimar, Tõnu Toomik
Management Board:	Ivo Volkov, Urmas Somelar
Auditor:	Ernst & Young Baltic AS

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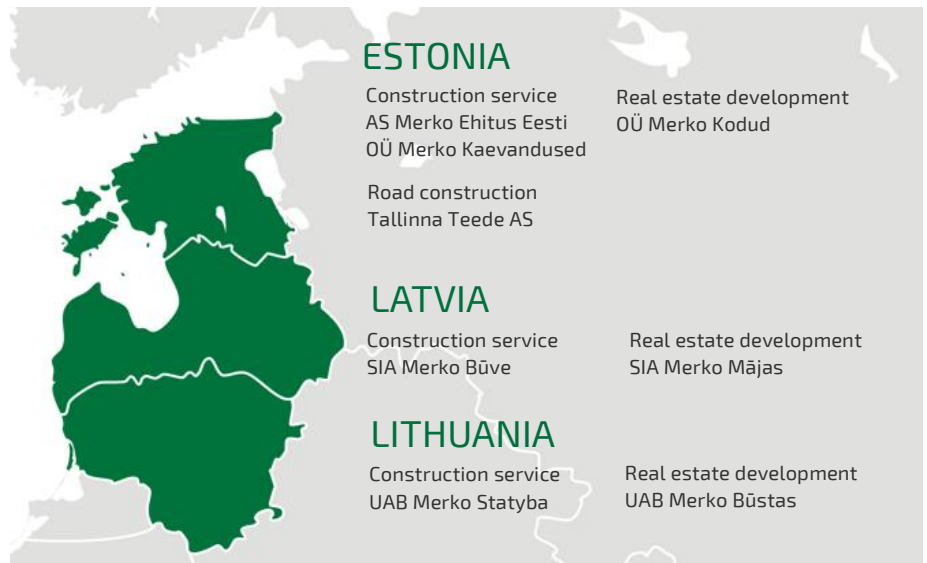
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BRIEF OVERVIEW OF THE GROUP

Companies in the Merko Ehitus group develop real estate, construct buildings and infrastructure.

We operate in Estonia, Latvia and Lithuania. We create a better living environment and build the future.

We are the largest listed construction company and residential 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%)

2025 KEY FIGURES

Revenue **310.9 million** euros

Net profit **39.9 million** euros

613 employees





MERKO VALUES

- I am competent
- I keep my word
- I care and take responsibility
- I initiate and make it happen
- I look for new ideas

MERKO ESSENCE



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 and Lithuania. 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 generated revenue of EUR 57 million in the first quarter of 2026, with a net profit of EUR 4.3 million. As of the end of the first quarter, the company's secured order book reached an all-time high of EUR 826 million.

According to the management of Merko Ehitus, the first-quarter results were in line with expectations. By mid-2025, the group had completed several large-scale projects that made a significant contribution to revenue and profit, while also creating a high comparison base for the first half of this year. Although the results for the first quarter of 2026 were lower than in the same period last year, they are comparable to the results of preceding years.

The private sector remains cautious in placing orders, and the market continues to be driven primarily by public sector tenders in defence and infrastructure. In January, Merko signed the largest contracts in history for the construction of two phases of the Rūdninkai military campus in Lithuania. Under these PPP contracts group is responsible for building sections B and C of the campus and managing them for more than ten years after completion. In March, Merko also launched construction works on a military campus in Latvia. The total construction cost of these projects in Lithuania and Latvia exceeds EUR 400 million, which has increased the order book to a record-high level of EUR 826 million. For large-scale construction projects, the preparation and design phases are lengthy, meaning their impact on revenue will become more visible toward the end of 2026. For current year, the goal is to exceed last year's sales revenue. It is important to note that due to the scale of these projects, results are more volatile, as the impact of each individual project is substantial. This was already observed last year with the Arter and Pabradė projects and will remain the case in the coming years. In the first quarter of 2026, Merko signed new construction contracts worth EUR 407 million.

**2026 3M
REVENUE
57 MILLION EUROS**

**AS OF 31.03.2026
SECURED
ORDER BOOK
826 MILLION EUROS**

Global uncertainty persists. In addition to the war in Ukraine, a new crisis hotspot has emerged in the Strait of Hormuz, constraining one of the world's key energy and oil supply routes and raising concerns not only about oil prices but also about availability. This has a significant impact on the construction sector, as oil is not only a direct energy source but also a key raw material for the chemical and plastics industries. For construction companies, this creates additional risks, particularly in fulfilling long-term, non-indexed contracts signed over the past year. The successful completion of such projects and the performance of construction companies will depend on the willingness of clients and contractors to cooperate.

In real estate development, there are seeing the effects of the market downturn from three to four years ago, which led the group to launch fewer new developments at that time. As a result, Merko reported significantly fewer apartment handovers in the first quarter. Demand for new apartments has increased over the past 12–18 months, enabling the group to start construction on a larger number of new apartments, which creates a solid basis for improved results going forward. Over 800 apartments are scheduled for completion this year, with a substantial proportion located in Vilnius, the most active market. Over 40% of the apartments under construction have already been pre-sold.

In the first quarter of 2026, major development projects included Uus-Veerenni, Noblessner and Lahekalda in Tallinn; Erminurme and Leedri in Tartu; Lucavsala, Arena Garden Towers and Mežpilsēta in Riga; and Vilnelės Skverai and Šnipiškis Urban in Vilnius. During the first three months of the year, Merko delivered 36 apartments and 3 commercial units to buyers and launched the construction and sales of 38 apartments in the Ūielehe project in Jūri.

In Estonia, the company's largest ongoing projects in the first quarter of 2026 included the City Plaza 2 and Viktor Masing office buildings, the Kullo Hobby Centre in Tallinn, the National Defence Building in Tartu, and the hotel and event centre in Pärnu, as well as the Rail Baltica Ülemiste passenger terminal and the fourth stage of the Rail Baltica mainline in Harju County and the Tallinn-Pärnu section. In Lithuania, major construction projects included wind farm infrastructure in the Pagėgiai and Telšiai regions and the Rūdninkai military campus. In Latvia, Merko was engaged in the construction of a student hotel in Riga and wind farm infrastructure in the Smiltene municipality.

OVERVIEW OF THE 3 MONTHS RESULTS

PROFITABILITY

2026 3 months' pre-tax profit was EUR 1.7 million (3M 2025: EUR 11.6 million), which brought the pre-tax profit margin to 3.0% (3M 2025: 13.6%).

Net profit attributable to shareholders for 3 months 2026 was EUR 4.3 million (3M 2025: EUR 10.5 million) and 3 months net profit margin was 7.6% (3M 2025: 12.3%).

REVENUE

2026 3 months' revenue was EUR 57.2 million (3M 2025: EUR 85.2 million). 3 months' revenue decreased by 32.9% compared to same period last year. The share of revenue earned outside Estonia in 3 months 2026 was 42.1% (3M 2025: 45.6%).

SECURED ORDER BOOK

As of 31 March 2026, the group's secured order book was EUR 825.8 million (31 March 2025: EUR 331.9 million). In 3 months 2026, group companies signed contracts in the amount of EUR 406.8 million (3M 2025: EUR 50.6 million).

REAL ESTATE DEVELOPMENT

In 3 months 2026, the group sold a total of 36 apartments; in 3 months 2025, the group sold 121 apartments. The group earned a revenue of EUR 7.0 million from sale of own developed apartments in 3 months 2026 and EUR 24.7 million in 3 months 2025.

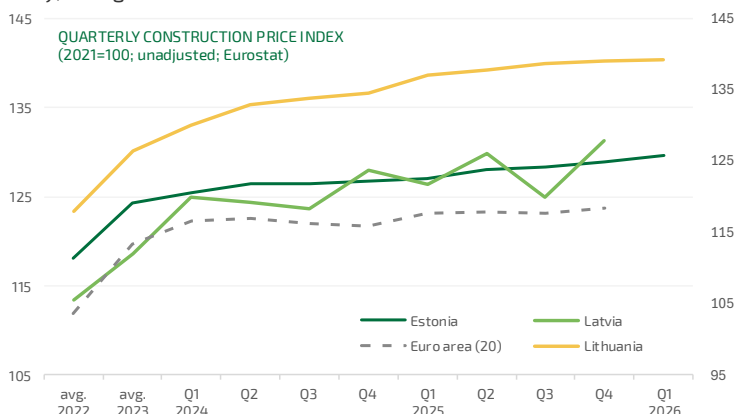
CASH POSITION

At the end of the reporting period, the group had EUR 40.6 million in cash and cash equivalents, and equity of EUR 264.7 million (62.3% of total assets). Comparable figures as of 31 March 2025 were EUR 78.5 million and EUR 264.7 million (61.0% of total assets), respectively. As of 31 March 2026, the group's net debt was EUR 8.5 million (31 March 2025: negative EUR 53.4 million).

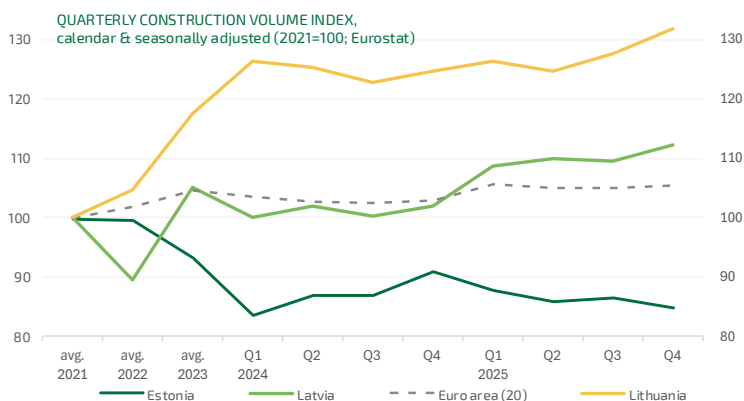
OUTLOOK OF CONSTRUCTION AND REAL ESTATE MARKET

CONSTRUCTION SERVICES

Despite the outbreak of the Iran war on the last day of February, changes in construction-related indices remained within their usual ranges in the first quarter overall. The rise in energy prices is reflected in the construction price index with a lag, and similarly, inflationary pressures reach construction wage and material costs with at least a six-month delay. A secondary effect of this lag is the spreading of increases of universal input prices – labour and energy – over a longer period. From forecast angle, such distribution over time results in a continued steady rise, and the decline in construction prices anticipated by many investors has not and will not materialise - prices continue to increase even in markets with low activity. These developments do not exclude the possibility of another price shock in the event of negative developments in the Iran war or the expansion of hostilities to new regions. No prerequisites are fulfilled for a halt in price growth, let alone a decline. We maintain our position that construction price indices will not decrease this year, and that the next meaningful movements will be seen after new political agreements related to the Green Deal and/or a stabilisation of global tensions.

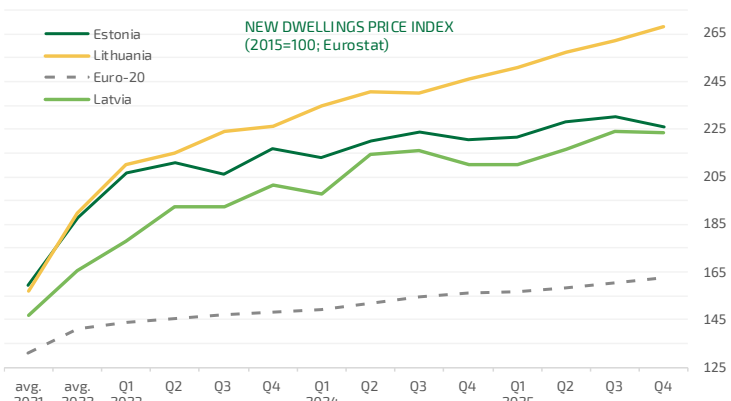


The continued scarcity of private sector orders and intense competition have increased the sector's dependence on public sector or publicly funded contracts. The growth in construction volumes in Estonia and Latvia anticipated in the annual report's economic commentary materialised only in Latvia, where the market was active not only in the defence sector but also in renewable energy and residential construction. In Estonia, although many Rail Baltica projects were underway, their volumes remained modest, and the slight growth in residential construction was unable to compensate for the stagnation in renewable energy facilities. Orders for defence-related facilities remain at a high level across all Baltic countries. At the time of preparing the report, Eurostat had not yet published construction volume indices for the first quarter, but volumes likely declined due to postponed works caused by cold weather in January and February in both road construction and general construction. Future developments depend directly on the resolution or escalation of ongoing armed conflicts. While the Iran war primarily affects investors' budgets through energy prices, the course of the war in Ukraine and the associated threat assessments directly influence the volume of defence-related orders placed by governments. Despite the inflationary pressures stemming from energy prices as a result of the Iran war, we continue to assess the economic growth outlook in our key markets as positive, including expecting moderate growth in the construction sector in the Baltics.



DEVELOPMENT OF APARTMENTS

The markets for new residential developments in the Baltics have increasingly diverged. While Lithuania continues to demonstrate strong growth and prices in Vilnius have already begun to surpass those in Tallinn, weaker consumer confidence indices in Estonia and Latvia are keeping those markets subdued. In the final months of 2025, we observed a halt in the new development market in Estonia; in Latvia, this occurred somewhat earlier. However, the market as a whole has not stalled, as banks continue to report high volumes of housing loan issuance. It is likely that buyer interest has shifted from new developments to somewhat more affordable properties available on the secondary market. Although Eurostat's price index data may suggest that a price correction occurred in Estonia at the end of 2025, we believe this reflects a higher share of lower-priced suburban apartments.



Riga was clearly the most affordable Baltic capital at the end of the year, but both Tallinn and Vilnius have also improved affordability due to wage growth outpacing the increase in new housing prices. Although inflation is expected to accelerate against the backdrop of rising energy prices and interest rate increases have already materialised, we still expect a stable market for new developments in 2026. Growth may be weaker and shorter than anticipated, but there are currently no evident factors that would cause a decline.

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 concrete works and, through the joint ventures operating under Connecto brand, Merko provides services for the construction of energy infrastructure. In addition, the group company Tallinn Teede AS offers road construction services in Estonia.

million EUR

	3M 2026	3M 2025	VARIANCE	12M 2025
Revenue	48.2	59.1	-18.3%	237.6
% of total revenue	84.3%	69.3%		76.4%
Operating profit	0.2	3.7	-95.8%	25.7
Operating profit margin	0.3%	6.3%		10.8%

In the 3 months of 2026, the revenue of the construction service segment was EUR 48.2 million (3M 2025: EUR 59.1 million). The sales revenue of construction service has decreased by 18.3% compared to the same period last year. The construction service segment revenue for 3 months 2026 made up 84.3% of the group's total revenue (3M 2025: 69.3%). In this segment, the group earned an operating profit of EUR 0.2 million for 3 months (3M 2025: EUR 3.7 million). The operating profit margin was 0.3% (3M 2025: 6.3%). The operating profit margin was mainly impacted by the expiration of successful contracts highlighted in previous periods and a return to sector's more typical margins in a highly competitive environment, additionally affected by Q1 seasonality.

Larger projects in progress in the first quarter in construction service segment in Estonia included the office buildings City Plaza 2 and Viktor Masing house, as well as Hobby Centre Kullo in Tallinn, the national defence building in Tartu, the hotel and event-centre in Pärnu, the Rail Baltic's Ülemiste passenger terminal as well as the fourth stage of Rail Baltica Harjumaa mainline and mainline Tallinn-Pärnu section. In Lithuania, larger projects were construction of wind farm infrastructure works in Pagėgiai and Telšiai districts and Rūdninkai Defence Force Campus were underway. In Latvia, the group was working on the construction of a student hotel in Riga as well wind farm infrastructure works in Smiltene parish.

REAL ESTATE DEVELOPMENT

The real estate development segment includes residential real estate development and construction of joint venture projects, long-term real estate investments in Estonia, Latvia and Lithuania. 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

	3M 2026	3M 2025	VARIANCE	12M 2025
Revenue	9.0	26.2	-65.6%	73.4
incl. revenue from sale of apartments	7.0	24.7		67.8
% of total revenue	15.7%	30.7%		23.6%
Operating profit	1.8	7.0	-73.8%	13.4
Operating profit margin	20.2%	26.6%		18.2%

In 3 months 2026, the group sold a total of 36 apartments (incl. 2 apartments in a joint venture) and 3 commercial premises; in 3 months 2025, 121 apartments (incl. 2 apartments in a joint venture) and 1 commercial premise. The group earned a revenue of EUR 7.0 million (VAT not included) from sale of developed apartments in 3 months 2026 and EUR 24.7 million in 3 months 2025. 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 property management services for earlier constructed buildings. For development projects in joint venture, 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 3 months of 2026, real estate development segment revenues decreased by 65.6% compared to the same period last year and formed 15.7% of the group's total revenue (3 months of 2025: 30.7%).

The segment's operating profit for the 3 months of 2026 amounted to EUR 1.8 million (3 months of 2025: EUR 7.0 million) and the operating profit margin was 20.2% (3 months of 2025: 26.6%). 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 3 months of 2026, the group launched the construction of a total of 38 new apartments in the Baltic states (3 months of 2025: 312 apartments). In the 3 months, the group invested a total of EUR 18.4 million (3 months of 2025: EUR 10.0 million) in the ongoing development projects.

After the reporting date, the group has started the construction of 105 apartments in the Pētersala residential development project in Riga.

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 March 2026, the group's inventories included land plots with development potential, where the construction works have not started, in the amount of EUR 88.7 million (31.03.2025: EUR 87.8 million).

GROUP'S INVENTORIES WITH DEVELOPMENT POTENTIAL BY COUNTRY

million EUR

	31.03.2026	31.03.2025	31.12.2025
Estonia	30.8	30.9	30.9
Latvia	22.5	23.3	22.5
Lithuania	34.7	32.2	34.7
Norway	0.7	1.4	0.7
Total	88.7	87.8	88.8

In 3 months of 2026, the group has not obtained new land plots for real estate development purposes (3 months of 2025: in the amount of EUR 7.3 million).

SECURED ORDER BOOK

As of 31 March 2026, the group's secured order book amounted to EUR 825.8 million, compared to EUR 331.9 million as of 31 March 2025, having increased approximately 149% 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 3 months of 2026, EUR 406.8 million worth of new contracts were signed, which is almost eight times more compared to the same period of the previous year (3 months of 2025: EUR 50.6 million).

LARGEST CONSTRUCTION CONTRACTS SIGNED IN THE FIRST QUARTER OF 2026

BRIEF DESCRIPTION OF CONTRACT	COUNTRY	COMPLETION TIME	VALUE MILLION EUR
Public-private partnership (PPP) contracts containing the design and construction works of the Parts B and C of the Rūdninkai Defence Force Campus in Lithuania	Lithuania		374.0
Design-and-build contract for construction of defence campus with permanent accommodations buildings and real-life support area infrastructure in Latvia	Latvia	Q3 2027	30.0

As of 31 March 2026, the private sector orders accounted for approximately 21% of the total balance in the group's secured order book (31.03.2025: approximately 44%). The growth in the public sector's share is primarily driven by Rail Baltica and defence-related contracts. Private sector clients still remain cautious, assessing profitability conservatively and viewing risks as high in the context of weak economic growth. Planned high-priority public sector investments are proceeding despite the factors holding back the private sector.

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.

CASH FLOWS

At the end of reporting period, the group had cash and cash equivalents in the amount of EUR 40.6 million (31.03.2025: EUR 78.5 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 52.8 million, all of which were unused (31.03.2025: EUR 51.1 million, of which almost all was unused).

The 3-month cash flow from operating activity was negative at EUR 13.1 million (3 months of 2025: positive EUR 2.5 million), cash flow from investing activity was negative at EUR 3.4 million (3 months of 2025: negative EUR 7.5 million) and the cash flow from financing activity was positive at EUR 15.7 million (3 months of 2025: negative EUR 8.3 million).

The cash flow from operating activities had positive effect from EBITDA of EUR 2.3 million (3 months of 2025: positive effect of EUR 10.6 million), from the changes in trade and other payables related to operating activities of EUR 2.4 million (3 months of 2025: negative effect of EUR 9.9 million) and from the change in trade and other receivables related to operating activities of EUR 14.0 million (3 months of 2025: positive effect of EUR 13.6 million). The negative effects to cash flow from operating activities came from the changes in receivables and liabilities related to construction contracts of EUR 13.5 million (3 months 2025: negative effect of EUR 3.3 million), from the change in the provisions of EUR 4.3 million (3 months of 2025: negative effect of EUR 5.9 million) and from the change in inventories of EUR 13.0 million (3 months of 2025: negative effect of EUR 1.2 million). The cash flows from inventories are mainly affected by the construction and sales cyclicity 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 at the sale of the apartments. Interest was paid EUR 0.4 million (3 months of 2025: EUR 0.3 million) and corporate income tax was paid at EUR 0.6 million (3 months of 2025: EUR 1.0 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 (11.5% as of 31.03.2026; 5.8% as of 31.03.2025; 8.0% as of 31.12.2025).

Cash flows from investing activities include negative effect from the acquisition of non-current assets in the amount of EUR 0.6 million (3 months of 2025: EUR 0.9 million) as well from the net change in short-term deposits of EUR 3.0 million (3 months of 2025: negative cash flow in the net amount of EUR 7.0 million). The positive impact in cash flows from investing activities came from the sale of non-current assets in the amount of EUR 0.1 million (3 months of 2025: EUR 0) and EUR 0.1 million interest received from the banks (3 months of 2025: EUR 0.4 million).

In cash flows from financing, the larger negative factors were the repayments of lease liabilities in the amount of EUR 0.3 million (3 months of 2025: net negative cash flow of EUR 0.3 million) and the net 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 (3 months of 2025: negative cash flow in the net amount of EUR 0.4 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 16.4 million, which resulted from the increase in loans taken for residential development projects (3 months of 2025: net negative cash flow of EUR 0.6 million).

RATIOS

(attributable to equity holders of the parent)

INCOME STATEMENT SUMMARY		3M 2026	3M 2025	3M 2024	12M 2025
Revenue	million EUR	57.2	85.2	81.2	310.9
Gross profit	million EUR	5.5	14.9	8.9	55.9
Gross profit margin	%	9.6	17.5	10.9	18.0
Operating profit	million EUR	1.3	9.9	4.0	34.3
Operating profit margin	%	2.3	11.6	5.0	11.0
Pre-tax profit	million EUR	1.7	11.6	5.2	44.8
Pre-tax profit margin	%	3.0	13.6	6.4	14.4
Net profit	million EUR	4.3	10.5	4.4	39.9
attributable to equity holders of the parent	million EUR	4.3	10.5	4.4	39.9
attributable to non-controlling interest	million EUR	-	-	(0.0)	-
Net profit margin	%	7.6	12.3	5.5	12.8
Other income statement indicators		3M 2026	3M 2025	3M 2024	12M 2025
EBITDA	million EUR	2.3	10.6	4.9	37.5
EBITDA margin	%	4.0	12.5	6.0	12.0
General expense ratio	%	7.9	6.5	6.4	7.5
Labour cost ratio	%	17.0	13.1	14.8	16.2
Revenue per employee	thousand EUR	95	143	134	516

OTHER SIGNIFICANT INDICATORS		31.03.2026	31.03.2025	31.03.2024	31.12.2025
Return on equity	%	13.2	29.5	21.9	15.6
Return on assets	%	8.2	16.1	11.1	9.7
Return on invested capital	%	12.4	31.2	20.5	16.2
Assets	million EUR	425.2	433.7	426.1	415.0
Equity	million EUR	264.7	264.7	216.4	260.6
Equity attributable to equity holders of the parent	million EUR	264.7	264.7	216.6	260.6
Equity ratio	%	62.3	61.0	50.8	62.8
Debt ratio	%	11.5	5.8	11.5	8.0
Current ratio	times	3.2	2.6	2.1	2.9
Quick ratio	times	1.0	1.1	0.9	0.9
Accounts receivable turnover	days	47	42	42	50
Accounts payable turnover	days	57	47	40	56
Average number of employees	people	602	594	608	603
Secured order book	million EUR	825.8	331.9	419.0	466.9

Ratio definitions are provided on page 35 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/.

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 March 2026, a provision has been set up at the group in the amount of EUR 0.1 million for covering potential claims and legal costs (31.03.2025: EUR 0.4 million).

Below is presented an overview of the key legal disputes and proceedings, which have taken place or ended during 2026 or are ongoing as of 31 March 2026 and which concern group entities is presented:

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. Currently it has not been possible to assess reliably the impact of potential damage claims on the company due to the large number of inputs open to change, the lack of practice of implementing joint and several liability and the ambiguity of other legal aspects.

The last court session to discuss the content of the appeal claim took place on 26 September 2023. In its judgement, announced on 25 January 2024, the court of appeal upheld the decision of the Competition Council. On 26 February 2024, SIA Merks and AS Merko Ehitus filed an appeal in cassation with the Supreme Court of Latvia in appeal against the decision of the Latvian Competition Council. On 23 December 2025, the Supreme Court of Latvia annulled the previous decisions and sent the dispute back to the court of appeal for a new hearing, finding that the use of materials collected during secret surveillance as evidence in administrative proceedings was not permissible. At the time of writing, there was no further information on the next deadlines and steps in the proceedings.

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.

SIA Merks was sold with sufficient provisions to cover a potential fine.

EMPLOYEES AND LABOUR COSTS

As of 31 March 2026, Merko Ehitus group employed 616 people (including temporary and part-time staff). Compared to the same period last year, the number of group's employees increased by 12 (+2.0%). The number of employees decreased in Estonia and increased in Latvia.

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 3 months 2026, the labour cost was EUR 9.7 million (3 months 2025: EUR 11.1 million), which decreased by 12.6% compared to the same period previous year and the labour cost ratio increased by 3.9 pp from 13.1% to 17.0% in comparable periods.

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/.

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

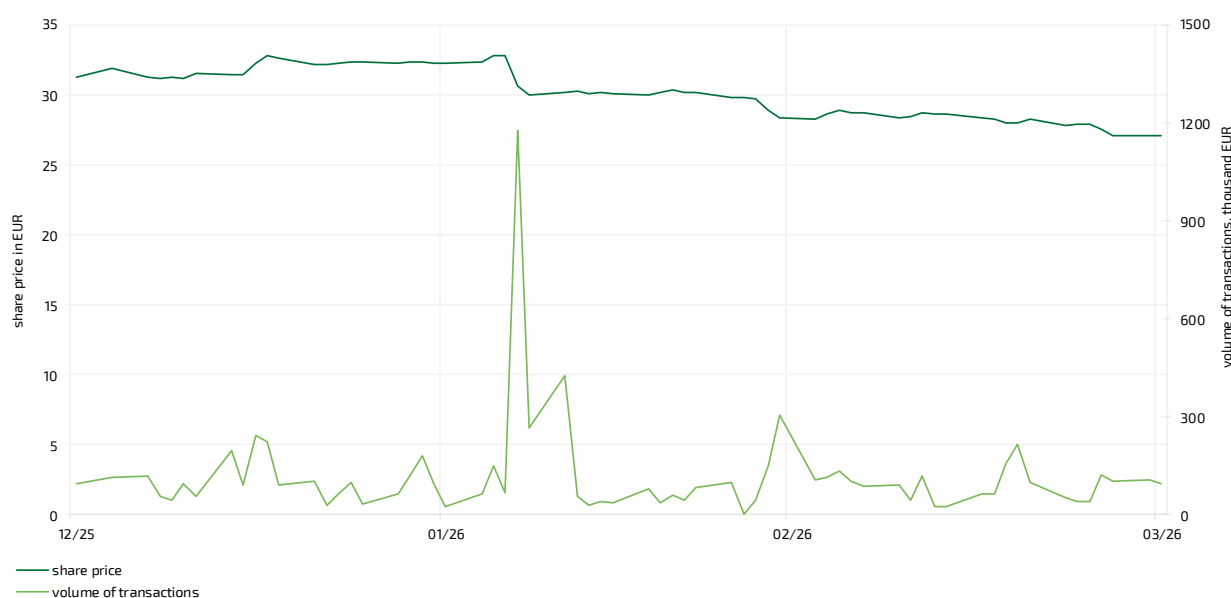
The shares of Merko Ehitus are listed in the Main List of Nasdaq Tallinn. As of 31 March 2026, the company has 17,700,000 shares. The number of shares has not changed during 2026.

A total of 9,285 transactions were conducted with the shares of Merko Ehitus in 3 months of 2026, with 0.24 million shares (1.4% of total shares) traded, generating a turnover of EUR 7.4 million (comparable figures in 3 months 2025 were accordingly: 6,848 transactions with 0.21 million shares traded (1.2% of total shares), generating a turnover of EUR 5.1 million). The lowest value-per-share transaction was recorded at the price of EUR 27.00 and the highest at EUR 33.10 per share (3 months of 2025: EUR 20.90 and EUR 26.50, accordingly). On 31 March 2026, the closing price of the share was EUR 27.10 (31.03.2025: EUR 26.20). As of 31 March 2026, by the Nasdaq Baltic stock exchange, the market capitalisation of AS Merko Ehitus was EUR 479.7 million, which has increased by 3.4% compared to the end of the equivalent period of the prior year (31.03.2025: EUR 463.7 million).

	31.03.2026	31.03.2025	31.03.2024	31.12.2025
Number of shares	17,700,000	17,700,000	17,700,000	17,700,000
Earnings per share (EPS), euros	0.25	0.59	0.25	2.26
Equity per share, euros	14.48	13.56	11.48	14.48
P/B ratio	1.87	1.93	1.44	2.16
P/E ratio	14.19	6.56	6.55	13.88
Market value, million EUR	479.7	463.7	292.1	554.0

Ratio definitions are provided on page 35 of the report.

CHANGE IN THE PRICE AND TRANSACTION VOLUME OF MERKO EHITUS SHARE AT NASDAQ TALLINN STOCK EXCHANGE IN 2026



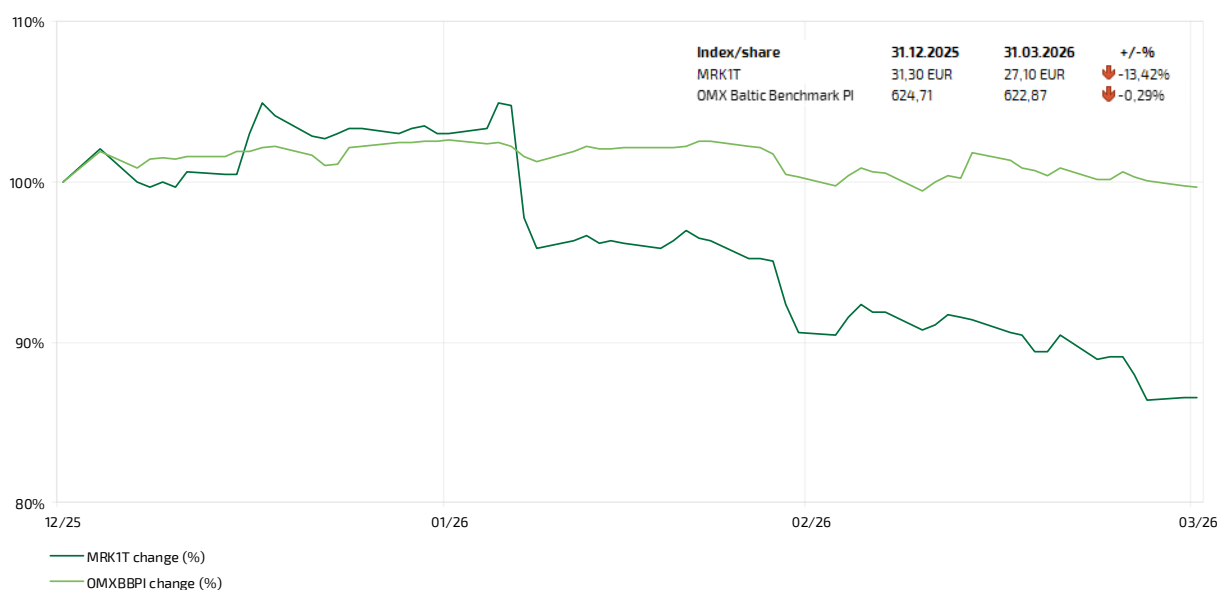
STRUCTURE OF SHAREHOLDERS ACCORDING TO NUMBER OF SHARES AS OF 31.03.2026

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	0.04%	1,353,163	7.64%
10,001 – 100,000	46	0.34%	975,959	5.51%
1,001-10,000	529	3.92%	1,415,207	8.00%
101-1,000	2,899	21.51%	960,398	5.43%
1-100	9,999	74.18%	252,587	1.43%
Total	13,480	100%	17,700,000	100%

SHAREHOLDERS OF AS MERKO EHITUS AS OF 31.03.2026 AND CHANGE COMPARED TO THE PREVIOUS QUARTER

	NUMBER OF SHARES	% OF TOTAL 31.03.2026	% OF TOTAL 31.12.2025	CHANGE
AS Riverito	12,742,686	71.99%	71.99%	-
OÜ Midas Invest	427,100	2.41%	2.41%	-
Firebird Republics Fund Ltd	340,371	1.92%	1.99%	(11,791)
Firebird Avrora Fund Ltd	209,276	1.18%	1.19%	(1,939)
OÜ Alar Invest	136,000	0.77%	0.77%	-
Clearstream Europe AG	124,687	0.70%	0.69%	1,712
Firebird Fund L.P.	115,729	0.65%	0.66%	(900)
Siseinfo OÜ	100,000	0.56%	0.56%	-
AB SEB Bankas	45,450	0.26%	0.25%	2,038
Swedbank AS clients	40,470	0.23%	0.23%	(296)
Total largest shareholders	14,281,769	80.69%	80.75%	(11,176)
Total other shareholders	3,418,231	19.31%	19.25%	11,176
Total	17,700,000	100%	100%	-

PERFORMANCE OF THE SHARE OF MERKO EHITUS AND COMPARISON INDEX OMX BALTIC BENCHMARK PRICE INDEX IN 2026



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 28 April 2026, the shareholders of AS Merko Ehitus approved the Supervisory Board's proposal to the shareholders to pay out the total amount of EUR 22.1 million (EUR 1.25 per share) as dividends from net profit brought forward, which is equivalent to a 55% dividend rate and an 4.0% dividend yield for the year 2025 (using the share price as of 31 December 2025). Comparable figures in 2025 were accordingly: EUR 33.6 million (EUR 1.90 per share) as dividends, which is equivalent to a 52% dividend rate and an 9.1% dividend yield for the year 2024 (using the share price as at 31 December 2024).

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE AND STRUCTURE

AS Merko Ehitus operates as a holding company for group of companies in Estonia, Latvia and Lithuania that offer complete solutions in the field of construction and real estate development. The group's largest companies are AS Merko Ehitus Eesti (100%), OÜ Merko Kodud (100%), Tallinna Teede AS (100%), SIA Merko Mājas (100%), UAB Merko Statyba (100%) and UAB Merko Bustas (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. In the first quarter, the holding company AS Merko Ehitus had a three-member Management Board: Ivo Volkov, Tõnu Toomik and Urmas Somelar. Due to election to the Supervisory Board at AGM, Tõnu Toomik resigned from the Management Board on 04.05.2026.

The overview of the Management Board and Supervisory Board have been presented on pages 16-17 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/.

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 March 2026, the management structure is as follows:



**In Estonia, the sister companies Merko Ehitus Eesti AS, Merko Kodud OÜ 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.

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 28 April 2026. The general meeting resolved to approve the annual report and the profit allocation proposal for 2025. The dividends in the sum of EUR 22.1 million (EUR 1.25 per share) will be paid out to the shareholders on 14 May 2026.

The general meeting confirmed four-member Supervisory Board until 06.05.2028 and elected Toomas Annus, Indrek Neivelt and Tõnu Toomik as the members of the Supervisory Board for a term of office to 6 May 2029 (inclusive). In addition, the shareholders decided to appoint the audit company Ernst & Young Baltic AS as the auditor of AS Merko Ehitus for the financial years 2026 to 2027 and to pay the remuneration for auditing in accordance with the contract to be entered into with Ernst & Young Baltic AS. The general meeting approved the principles of remuneration of the members of the Management Board of AS Merko Ehitus („AS Merko Ehitus juhatuse liikmete tasustamise põhimõtted ja kontrolli protseduur”) and the goal of gender balance required by §135⁶ of the Securities Market Act was also approved.

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 reside abroad, while ensuring the privacy of participating shareholders, would be too complicated and costly.

Annual and extraordinary general meeting of shareholders shall be chaired by an independent person. In 2026, 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 is also invited to the Annual General Meeting.

The AGM of AS Merko Ehitus held in 2026 was attended by Ivo Volkov (Chairman of the Management Board), Tõnu Toomik (Member of the Management Board), Urmas Somelar (Head of Finance). The Supervisory Board was represented by Indrek Neivelt, per agreement between the members of the Supervisory Board. This time the auditing company did not send its representative to the meeting.

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.

As of 31 March 2026, the Supervisory Board of AS Merko Ehitus had three members: Toomas Annus (Chairman), Indrek Neivelt and Kristina Siimar, of whom, in accordance with the requirements of the Corporate Governance Recommendations, Kristina Siimar and Indrek Neivelt were independent members.

From 5 May 2026, the Supervisory Board of AS Merko Ehitus had four members: Toomas Annus (chairman), Tõnu Toomik, Indrek Neivelt and Kristina Siimar.

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.

As of 31 March 2026, the Management Board of AS Merko Ehitus had three members: Mr. Ivo Volkov (Chairman), Mr. Tõnu Toomik and Mr. Urmas Somelar.

From 5 May 2026, the Management Board of AS Merko Ehitus had two members: Mr. Ivo Volkov (Chairman) and Mr. Urmas Somelar.

The responsibilities of Ivo Volkov, 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 strategic business development and finance. Tõnu Toomik was responsible for the management of the portfolio of properties and coordination of construction and development segments activities across the whole group. Urmas Somelar is responsible for the financial management, investor relations and compliance.

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 intragroup 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 severance benefits 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 March 2026:

COMPANY	SUPERVISORY BOARD	MANAGEMENT BOARD
AS Merko Ehitus Eesti	Ivo Volkov (Chairman), Tõnu Toomik, Martin Rebane, Urmas Somelar	Jaan Mäe (Chairman), Veljo Viitmann
OÜ Merko Kodud	-	Indrek Tarto
OÜ Merko Residential Investments	-	Ivo Volkov, Urmas Somelar
SIA Merko Mājas	-	Egija Smila (Chairman), Roberts Rēboks
UAB Merko Statyba	Ivo Volkov (Chairman), Tõnu Toomik, Urmas Somelar	Saulius Putrimas (Chairman) Jaanus Rästas
UAB Merko Bustas	Ivo Volkov (Chairman), Tõnu Toomik, Urmas Somelar	Saulius Putrimas (Manager)

MANAGEMENT BOARD'S DECLARATION

Members of the Management Board of AS Merko Ehitus declare and confirm that the consolidated unaudited interim report for the 3 months of 2026, 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.

Ivo Volkov	Chairman of the Management Board	07.05.2026
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Urmas Somelar	Member of the Management Board	07.05.2026
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INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited

in thousand euros

	Note	2026 3 months	2025 3 months	2025 12 months
Revenue	2	57,223	85,236	310,941
Cost of goods sold	3	(51,747)	(70,323)	(255,081)
Gross profit		5,476	14,913	55,860
Marketing expenses		(1,329)	(1,275)	(5,823)
General and administrative expenses		(3,217)	(4,275)	(17,478)
Other operating income		508	561	2,285
Other operating expenses		(122)	(41)	(501)
Operating profit		1,316	9,883	34,343
Finance income/costs		383	1,717	10,425
incl. finance income/costs from joint ventures		318	1,501	10,381
interest expense		(173)	(210)	(836)
foreign exchange gain (loss)		204	115	(18)
other financial income (expenses)		34	311	898
Profit before tax		1,699	11,600	44,768
Corporate income tax expense		2,644	(1,140)	(4,850)
Net profit for financial year		4,343	10,460	39,918
Other comprehensive income, which can subsequently be classified in the income statement				
Currency translation differences of foreign entities		(165)	(59)	20
Comprehensive income for the period		4,178	10,401	39,938
Earnings per share for profit attributable to equity holders of the parent (basic and diluted, in EUR)	4	0.25	0.59	2.26

The notes set out on pages 23-34 are an integral part of these interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

unaudited

in thousand euros

	Note	31.03.2026	31.03.2025	31.12.2025
ASSETS				
Current assets				
Cash and cash equivalents	5	40,573	78,525	41,424
Short-term deposits		21,000	17,000	18,000
Trade and other receivables	6	38,583	62,815	43,658
Prepaid corporate income tax		1,080	105	1,347
Inventories	7	233,114	197,861	219,812
		334,350	356,306	324,241
Non-current assets				
Investments in joint ventures		32,275	23,072	31,957
Other shares and securities		80	80	80
Other long-term loans and receivables	8	20,265	19,044	20,658
Deferred income tax assets		3,163	4,830	2,874
Investment property	9	12,362	12,525	12,395
Property, plant and equipment	10	22,048	17,419	22,117
Intangible assets	11	694	388	714
		90,887	77,358	90,795
TOTAL ASSETS		425,237	433,664	415,036
LIABILITIES				
Current liabilities				
Borrowings	12	3,140	10,110	3,079
Payables and prepayments	13	90,481	114,153	95,920
Income tax liability		809	6,487	510
Deferred income from government grant		4	-	2
Short-term provisions	14	9,790	8,564	10,426
		104,224	139,314	109,937
Non-current liabilities				
Long-term borrowings	12	45,942	15,002	30,012
Deferred income tax liability		3,901	6,539	7,448
Other long-term payables	15	6,426	8,150	7,073
		56,269	29,691	44,533
TOTAL LIABILITIES		160,493	169,005	154,470
EQUITY				
Share capital		7,929	7,929	7,929
Statutory reserve capital		793	793	793
Currency translation differences		(186)	(100)	(21)
Retained earnings		256,208	256,037	251,865
TOTAL EQUITY		264,744	264,659	260,566
TOTAL LIABILITIES AND EQUITY		425,237	433,664	415,036

The notes set out on pages 23-34 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
	Share capital	Statutory reserve capital	Currency translation differences	Retained earnings	
Balance as at 31.12.2024	7,929	793	(41)	245,577	254,258
Profit (loss) for the reporting period	-	-	-	10,460	10,460
Other comprehensive income	-	-	(59)	-	(59)
Total comprehensive income (loss) for the reporting period	-	-	(59)	10,460	10,401
Balance as of 31.03.2025	7,929	793	(100)	256,037	264,659
Balance as at 31.12.2025	7,929	793	(21)	251,865	260,566
Profit (loss) for the reporting period	-	-	-	4,343	4,343
Other comprehensive income	-	-	(165)	-	(165)
Total comprehensive income (loss) for the reporting period	-	-	(165)	4,343	4,178
Balance as at 31.03.2026	7,929	793	(186)	256,208	264,744

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

The notes set out on pages 23-34 are an integral part of these interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

unaudited

in thousand euros

	Note	2026 3 months	2025 3 months	2025 12 months
Cash flows from operating activities				
Operating profit		1,316	9,883	34,343
Adjustments:				
Depreciation and impairment		961	733	3,182
(Profit)/loss from sale of non-current assets		(10)	(26)	(244)
Change in receivables and liabilities related to construction contracts		(13,462)	(3,321)	(11,901)
Interest income from operating activities		(463)	(498)	(1,832)
Change in provisions		(4,273)	(5,931)	(101)
Change in government grant		3	-	2
Change in trade and other receivables related to operating activities		14,019	13,573	21,613
Change in inventories		(13,012)	(1,208)	(22,929)
Change in trade and other payables related to operating activities		2,430	(9,915)	(15,194)
Interest received		467	518	1,850
Interest paid		(404)	(290)	(1,176)
Other finance income (costs)		(38)	(39)	(221)
Corporate income tax paid		(620)	(959)	(9,045)
Total cash flows from operating activities		(13,086)	2,520	(1,653)
Cash flows from investing activities				
Acquisition of associate		-	-	(5)
Net change in purchase of deposits with maturities greater than 3 months		(3,000)	(7,000)	(8,000)
Purchase of investment property		(51)	(4)	(128)
Purchase of property, plant and equipment (excl. leased assets)		(547)	(843)	(6,124)
Proceeds from sale of property, plant and equipment		128	26	269
Purchase of intangible assets		(36)	(76)	(503)
Interest received		72	352	1,208
Total cash flows from investing activities		(3,434)	(7,545)	(13,283)
Cash flows from financing activities				
Proceeds from borrowings		16,500	3,256	14,816
Repayments of borrowings		(521)	(11,301)	(15,045)
Repayments of lease liabilities		(310)	(285)	(1,660)
Dividends paid		-	-	(33,630)
Total cash flows from financing activities		15,669	(8,330)	(35,519)
Net increase/decrease in cash and cash equivalents		(851)	(13,355)	(50,455)
Change of deposits with maturities greater than 3 months		3,000	7,000	8,000
Total change		2,149	(6,355)	(42,455)
Cash and cash equivalents at the beginning of the period	5	41,424	91,879	91,879
Deposits with maturities greater than 3 months at the beginning of period		18,000	10,000	10,000
Total at the beginning of the period		59,424	101,879	101,879
Effect of exchange rate changes		-	1	-
Cash and cash equivalents at the end of the period	5	40,573	78,525	41,424
Deposits with maturities greater than 3 months at the end of period		21,000	17,000	18,000
Total at the end of the period		61,573	95,525	59,424

The notes set out on pages 23-34 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 3 months 2026 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 2025 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. 2025 audited annual report and 2025 3 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 3 months 2026 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, electrical construction and concrete works services, additionally in Estonia road 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.

2026 3 months	Construction service	Real estate development	Total segments
Revenue	58,894	22,064	80,958
Elimination	(10,667)	(13,068)	(23,735)
Revenue from clients	48,227	8,996	57,223
incl. timing of revenue recognition at a point in time	743	7,858	8,601
timing of revenue recognition over time	47,484	1,138	48,622
Operating profit (loss)	157	1,818	1,975
Profit (loss) before tax	589	1,766	2,355
incl. interest income from operating activities	5	458	463
depreciation	(749)	(212)	(961)
recognition of provisions	(320)	(201)	(521)
reversal of provisions	267	-	267
profit from joint ventures	437	(119)	318
other finance income (costs)	17	74	91
incl. interest income	42	6	48
interest expenses	(17)	(125)	(142)
Assets 31.03.2026	97,262	262,571	359,833
incl. joint ventures	23,756	8,519	32,275

2025 3 months	Construction service	Real estate development	Total segments
Revenue	64,320	31,835	96,155
Elimination	(5,258)	(5,661)	(10,919)
Revenue from clients	59,062	26,174	85,236
incl. timing of revenue recognition at a point in time	236	24,964	25,200
timing of revenue recognition over time	58,826	1,210	60,036
Operating profit (loss)	3,720	6,950	10,670
Profit (loss) before tax	5,441	6,949	12,390
incl. interest income from operating activities	43	447	490
depreciation	(575)	(159)	(734)
recognition of provisions	(342)	(1,177)	(1,519)
profit from joint ventures	1,462	39	1,501
other finance income (costs)	275	(29)	246
incl. interest income	310	25	335
interest expenses	(25)	(157)	(182)
Assets 31.03.2025	100,451	235,343	335,794
incl. joint ventures	14,801	8,271	23,072

2025 12 months	Construction service	Real estate development	Total segments
Revenue	264,948	110,698	375,646
Elimination	(27,380)	(37,325)	(64,705)
Revenue from clients	237,568	73,373	310,941
incl. timing of revenue recognition at a point in time	2,194	69,156	71,350
timing of revenue recognition over time	235,374	4,217	239,591
Operating profit (loss)	25,660	13,364	39,024
Profit (loss) before tax	36,389	13,059	49,448
incl. interest income from operating activities	55	1,769	1,824
depreciation	(2,454)	(655)	(3,109)
impairment of inventories	-	(1,000)	(1,000)
recognition of provisions	(2,342)	(2,810)	(5,152)
reversal of provisions	196	-	196
profit from joint ventures	9,980	401	10,381
other finance income (costs)	906	(638)	268
incl. interest income	1,065	46	1,111
interest expenses	(78)	(617)	(695)
Assets 31.12.2025	99,571	252,063	351,634
incl. joint ventures	23,319	8,638	31,957

In addition to the segment assets, as at 31.03.2026 the group holds assets in the amount of EUR 65,404 thousand (31.03.2025: EUR 97,870 thousand; 31.12.2025: EUR 63,402 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

	2026 3 months	2025 3 months	2025 12 months
Pre-tax profit from reporting segments	2,355	12,390	49,448
Other operating profit (loss)	(660)	(786)	(4,681)
incl. recognition of provisions	-	-	(43)
finance income (costs)	4	(4)	1
incl. interest income (expenses)	24	15	93
Total profit before tax	1,699	11,600	44,768

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

REVENUE BY CLIENT LOCATION

in thousand euros and percentages

	2026 3 months		2025 3 months		2025 12 months	
Estonia	33,158	58%	46,387	54%	170,771	55%
Latvia	20,063	35%	7,306	9%	51,562	17%
Lithuania	4,002	7%	31,543	37%	88,608	28%
Total	57,223	100%	85,236	100%	310,941	100%

CONTRACT ASSETS AND LIABILITIES

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Accrued income from construction services (Note 6)	11,834	12,801	3,164
Prepayments for construction services (Note 13)	(19,118)	(42,127)	(23,910)
Advance payments received for construction contract works (Notes 13, 15)	(6,347)	(8,159)	(8,274)
Recognised provision for onerous construction contracts (Note 14)	(12)	(35)	(7)

NON-CURRENT ASSETS (EXCEPT FOR FINANCIAL ASSETS AND DEFERRED INCOME TAX) BY LOCATION OF ASSETS

in thousand euros

	31.03.2025	31.03.2025	31.12.2025
Estonia	57,684	44,175	57,292
Latvia	7,443	6,696	7,515
Lithuania	2,332	2,613	2,456
Total	67,459	53,484	67,263

NOTE 3 COST OF GOODS SOLD

in thousand euros

	2026 3 months	2025 3 months	2025 12 months
Construction services and properties purchased for resale	28,498	51,938	153,944
Materials	7,736	3,684	30,625
Labour costs	6,830	6,934	34,204
Construction mechanisms and transport	2,091	1,064	8,301
Design	1,821	1,357	7,717
Real estate management costs	339	407	1,345
Depreciation	643	528	2,288
Impairment of inventories	-	-	1,000
Provisions	254	1,519	4,798
Other expenses	3,535	2,892	10,859
Total cost of goods sold	51,747	70,323	255,081

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.

	2026 3 months	2025 3 months	2025 12 months
Net profit (loss) attributable to shareholders (<i>in thousand EUR</i>)	4,343	10,460	39,918
Weighted average number of ordinary shares (<i>thousand pcs</i>)	17,700	17,700	17,700
Earnings (loss) per share (<i>in euros</i>)	0.25	0.59	2.26

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 2026 the parent company AS Merko Ehitus will pay dividends of EUR 22,125 thousand, i.e. EUR 1.25 per share (in 2025 were paid EUR 33,630 thousand).

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 31.03.2026 the balance of deferred income tax liability includes deferred income tax on dividends in the amount of 2,246 thousand euros (31.03.2025: EUR 4,937 thousand euros; 31.12.2025: EUR 5,787 thousand euros).

As of 31.03.2026, the parent company AS Merko Ehitus has EUR 24,735 thousand (31.03.2025: EUR 9,296 thousand; 31.12.2025: EUR 24,735 thousand) in dividends received from subsidiaries in previous periods and income from abroad, on which the income tax has been withheld.

As at 31.03.2026, it is possible to pay out dividends to shareholders from retained earnings in the amount of EUR 205,139 thousand (31.03.2025: EUR 201,676 thousand; 31.12.2025: EUR 201,880 thousand). Considering the dividends received and income tax withheld on foreign income totalling EUR 6,977 thousand (31.03.2025: EUR 2,621 thousand; 31.12.2025: EUR 6,977 thousand), the corresponding income tax on dividends would amount to EUR 50,883 thousand (31.03.2025: EUR 54,261 thousand; 31.12.2025: EUR 49,964 thousand). The calculation of additional income tax on dividends is based on the income tax rate of 22% (22/78 of 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

	31.03.2026	31.03.2025	31.12.2025
Bank accounts	35,729	75,455	34,802
Overnight deposits	4,844	3,070	6,622
Total cash and cash equivalents	40,573	78,525	41,424

NOTE 6 TRADE AND OTHER RECEIVABLES

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Trade receivables			
Accounts receivable	18,623	44,618	31,003
Allowance for doubtful receivables	-	(1)	-
	18,623	44,617	31,003
Tax prepayments excluding corporate income tax			
Value added tax	965	675	689
Other taxes	25	36	2
	990	711	691
Accrued income from construction services	11,834	12,801	3,164
Other short-term receivables			
Short-term loans	-	-	500
Interest receivables	15	-	19
Other short-term receivables	70	29	115
	85	29	634
Prepayments for services			
Prepayments for construction services	6,008	3,400	7,186
Prepaid insurance	660	780	692
Other prepaid expenses	383	477	288
	7,051	4,657	8,166
Total trade and other receivables	38,583	62,815	43,658
incl. other short-term receivables and prepayments to related parties (Note 16)	1,215	2,550	1,393

NOTE 7 INVENTORIES

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Materials	616	680	553
Work-in-progress	120,294	66,046	102,274
Finished goods	22,674	42,464	27,249
Goods for resale			
Registered immovables purchased for resale/development	88,720	87,854	88,850
Other goods purchased for resale	579	405	696
	89,299	88,259	89,546
Prepayments for inventories			
Prepayments for real estate properties	8	13	8
Prepayments for other inventories	223	399	182
	231	412	190
Total inventories	233,114	197,861	219,812

NOTE 8 OTHER LONG-TERM LOANS AND RECEIVABLES

in thousand euros

	31.03.2025	31.03.2025	31.12.2025
Long-term loan receivables	2,800	-	2,800
Long-term receivables from customers of construction services	17,465	19,044	17,858
Total other long-term loans and receivables	20,265	19,044	20,658
incl. long-term loan receivables from related parties (Note 16)	2,800	-	2,800

NOTE 9 INVESTMENT PROPERTY

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Land	6,109	6,109	6,109
Right of superficies at carrying amount			
Cost	29	29	29
Accumulated depreciation	(16)	(16)	(16)
	13	13	13
Buildings at carrying amount			
Cost	8,026	8,026	8,026
Accumulated depreciation	(2,010)	(1,672)	(1,926)
	6,016	6,354	6,100
Construction in progress	224	49	173
Total investment property	12,362	12,525	12,395

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Land	1,266	1,266	1,266
Buildings at carrying amount*			
Cost	10,720	7,468	8,055
Accumulated depreciation	(4,065)	(3,606)	(3,880)
	6,655	3,862	4,175
Machinery and equipment at carrying amount*			
Cost	20,395	19,623	20,089
Accumulated depreciation	(11,273)	(10,271)	(10,913)
	9,122	9,352	9,176
Other fixtures at carrying amount			
Cost	6,824	3,799	6,723
Accumulated depreciation	(2,476)	(2,354)	(2,346)
	4,348	1,445	4,377
Construction in progress and prepayments for property, plant and equipment	657	1,494	3,123
Total property, plant and equipment	22,048	17,419	22,117

* As of 31 March 2026, the balance of buildings at carrying amount includes leased assets in a sum of EUR 696 thousand (31.03.2025: EUR 322 thousand; 31.12.2025: EUR 770 thousand). The balance of machinery and equipment at carrying amount includes leased assets in a sum of EUR 3,729 thousand (31.03.2025: EUR 3,859 thousand; 31.12.2025: EUR 3,627 thousand).

NOTE 11 INTANGIBLE ASSETS

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Goodwill			
Cost	1	1	1
Software at carrying amount			
Cost	2,031	1,537	2,031
Accumulated depreciation	(1,374)	(1,236)	(1,318)
	657	301	713
Prepayments for intangible assets	36	86	-
Total intangible assets	694	388	714

NOTE 12 BORROWINGS

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Lease liabilities*			
Lease liabilities balance	4,448	4,274	4,435
incl. current portion	1,193	1,010	1,131
non-current portion 2...5 years	3,255	3,264	3,304
Bank loans			
Loan balance	44,295	20,464	28,317
incl. current portion	1,608	8,726	1,609
non-current portion 2...5 years	42,687	11,738	26,708
Loans from other entities			
Loan balance	339	374	339
incl. current portion	339	374	339
Total loans			
Loans balance	44,634	20,838	28,656
incl. current portion	1,947	9,100	1,948
non-current portion 2...5 years	42,687	11,738	26,708
Total borrowings			
incl. current portion	3,140	10,110	3,079
non-current portion 2...5 years	45,942	15,002	30,012

* As of 31 March 2026, the lease liabilities include a balance of EUR 630 thousand to related parties (31.03.2025: EUR 143 thousand; 31.12.2025: EUR 675 thousand) (Note 16).

NOTE 13 PAYABLES AND PREPAYMENTS

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Trade payables	36,655	44,504	33,970
Payables to employees	11,822	11,404	15,230
Tax liabilities, except for corporate income tax			
Value added tax	703	1,973	2,311
Personal income tax	640	914	647
Social security tax	1,658	2,249	1,637
Unemployment insurance tax	70	80	73
Contributions to mandatory funded pension	86	99	65
Other taxes	261	195	310
	3,418	5,510	5,043
Prepayments for construction services	19,118	42,127	23,910
Other liabilities			
Interest liabilities	160	87	140
Other liabilities	213	133	169
	373	220	309
Prepayments received *	19,095	10,388	17,458
Total payables and prepayments			
incl. payables to related parties (Note 16)	54	39	58

* As of 31 March 2026, 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 5,293 thousand (31.03.2025: EUR 5,212 thousand; 31.12.2025: EUR 7,070 thousand) and of prepayments received in connection with residential properties (apartment buyers) in a sum of EUR 13,802 thousand (31.03.2025: EUR 5,176 thousand; 31.12.2025: EUR 10,388 thousand) (Note 2).

NOTE 14 SHORT-TERM PROVISIONS

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Provision for warranty obligation for construction	5,155	5,131	5,183
Provision for costs of projects sold and work-in-progress projects	4,244	2,729	4,448
Provision for onerous construction contracts	12	35	7
Provision for legal costs and claims filed	110	398	377
Other provisions	269	271	411
Total short-term provisions	9,790	8,564	10,426

NOTE 15 OTHER LONG-TERM PAYABLES

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Trade payables	5,247	5,203	5,758
Prepayments received *	1,054	2,947	1,204
Other long-term liabilities	89	-	88
Other long-term provisions	36	-	23
Other long-term payables total	6,426	8,150	7,073

* As of 31 March 2026, 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 1,054 thousand (31.03.2025: EUR 2,947 thousand; 31.12.2025: EUR 1,204 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 under control of AS Riverito shareholders 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 31.03.2026, 31.03.2025 and 31.12.2025, 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
	31.03.2026	31.03.2025	31.12.2025		
Subsidiaries					
AS Merko Ehitus Eesti	100	100	100	Estonia, Tallinn	Construction
OÜ Tähelinna Kinnisvara	100	100	100	Estonia, Tallinn	Real estate
OÜ Vahi Lasteoid	100	100	100	Estonia, Tallinn	Real estate
OÜ Merko Kaevandused	100	100	100	Estonia, Tallinn	Mining
Tallinna Teede AS	100	100	100	Estonia, Tallinn	Road construction
OÜ Merko Kodud	100	100	100	Estonia, Tallinn	Real estate
UAB Merko Statyba	100	100	100	Lithuania, Vilnius	Construction
UAB Timana	100	100	100	Lithuania, Vilnius	Real estate
UAB VPSP 2	100	100	100	Lithuania, Vilnius	Real estate
UAB VPSP Projektai	100	100	100	Lithuania, Vilnius	Real estate

	Ownership and voting rights %			Location	Area of operation
	31.03.2026	31.03.2025	31.12.2025		
UAB VPSP B	100	-	100	Lithuania, Vilnius	Real estate
UAB VPSP C	100	-	100	Lithuania, Vilnius	Real estate
OÜ Merko Property	100	100	100	Estonia, Tallinn	Real estate
UAB Balsiu Mokyklos SPV	100	100	100	Lithuania, Vilnius	Real estate
UAB Merko Bustas	100	100	100	Lithuania, Vilnius	Real estate
UAB MN Projektas	100	100	100	Lithuania, Vilnius	Real estate
UAB MN 2 Projektas	100	100	100	Lithuania, Vilnius	Real estate
UAB MB Projektas	100	100	100	Lithuania, Vilnius	Real estate
UAB Statinių Priežiūra ir Administravimas	100	100	100	Lithuania, Vilnius	Real estate
UAB MB 4 Projektas	100	100	100	Lithuania, Vilnius	Real estate
OÜ Merko Investments	100	100	100	Estonia, Tallinn	Holding
SIA Merko Būve	100	100	100	Latvia, Riga	Construction
PS MB.MEE	100	100	100	Latvia, Riga	Construction
PS MB.MS	100	100	100	Latvia, Riga	Construction
SIA Merko Management Latvia	100	100	100	Latvia, Riga	Real estate
OÜ Merko Residential Investments	100	100	100	Estonia, Tallinn	Holding
SIA Merko Mājas	100	100	100	Latvia, Riga	Real estate
SIA Ropažu Priedes	100	100	100	Latvia, Riga	Real estate
SIA Zakusala Estates	100	100	100	Latvia, Riga	Real estate
Merko Investments AS	100	100	100	Norway, Sofiemyr	Holding
Løkenskogen Bolig AS	100	100	100	Norway, Sofiemyr	Real estate
OÜ Merko Ehitus Ventures	100	100	100	Estonia, Tallinn	Holding
Joint ventures					
Kodusadam OÜ	50	50	50	Estonia, Tallinn	Real estate
Turu 18 Kodud OÜ	50	-	50	Estonia, Tallinn	Real estate
Krulli Kodud OÜ	50	-	50	Estonia, Tallinn	Real estate
OÜ Connecto Varad	50	50	50	Estonia, Tallinn	Holding

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

GOODS AND SERVICES

in thousand euros

	2026 3 months	2025 3 months	2025 12 months
Provided services and goods sold			
Joint ventures	2,426	242	4,907
Entities under common control	35	12,990	39,975
Members of the management	197	-	22
Total services provided and goods sold	2,658	13,232	44,904
Interest income			
Joint ventures	55	56	100
Entities under common control	-	8	8
Total interest income	55	64	108
Purchased services and goods			
Joint ventures	141	1	177
Entities under common control	37	21	87
Total purchased services and goods	178	22	264

BALANCES WITH RELATED PARTIES

in thousand euros

	31.03.2026	31.03.2025	31.12.2025
Receivables from related parties			
Loans granted (Note 8)			
Joint venture	2,800	-	2,800
Receivables and prepayments (Note 6)			
Joint ventures	1,083	175	1,172
Entities under common control	67	2,375	24
Members of the management	65	-	197
Total receivables and prepayments	1,215	2,550	1,393
Total receivables from related parties	4,015	2,550	4,193
Payables to related parties			
Lease liabilities (Note 12)			
Entities under common control	630	143	675
Payables and prepayments (Note 13)			
Joint ventures	48	-	39
Entities under common control	6	39	19
Total payables and prepayments	54	39	58
Total payables to related parties	684	182	733

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 3 months of 2026 were EUR 268 thousand (3 months of 2025: EUR 499 thousand; 12 months of 2025: EUR 2,537 thousand).

SEVERANCE BENEFITS OF MEMBERS OF THE SUPERVISORY AND MANAGEMENT BOARDS

Authorization agreements have been concluded with the Supervisory Board members, according to which no severance benefits are paid to them upon termination of the contract. In the 3 months of 2026, the Management Board members of AS Merko Ehitus did not receive benefits (3 months of 2025: EUR 0; 12 months of 2025: 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/.

Shares held by members of the Supervisory Board of AS Merko Ehitus as of 31.03.2026:

		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%
Kristina Siimar	Member of the Supervisory Board	-	-
		12,774,321	72.17%

* 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 three members: Ivo Volkov, Tõnu Toomik and Urmas Somelar.

Shares held by members of the Management Board of AS Merko Ehitus as of 31.03.2026:

		NO OF SHARES	% OF SHARES
Ivo Volkov	Chairman of the Management Board	4,137	0.02%
Tõnu Toomik	Member of the Management Board	-	-
Urmas Somelar	Member of the Management Board	-	-
		4,137	0.02%

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.

	31.03.2026	31.03.2025	31.12.2025
Performance period's warranty to the customer	33,354	37,196	46,243
Tender warranty	100	71	100
Guarantee for warranty period	17,028	20,821	17,342
Prepayment guarantee	6,310	9,797	7,773
Payment guarantee	-	57	-
Contracts of surety	7,934	2,108	6,755
Total contingent liabilities	64,726	70,050	78,213

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.

Prepayment guarantee – guarantee provider guarantees to the customer that advances will be reimbursed, if contractor fails to deliver goods or services agreed.

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	=	$\frac{\text{Share price 31.03}}{\text{Earnings per share of the current 4 quarters}}$
P/B	=	$\frac{\text{Share price 31.03}}{\text{Equity per share (average of the current 4 quarters)}}$
Market value	=	Share price 31.03 x Number of shares