AS MERKO EHITUS

GROUP

2026 9 months and III quarter 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 – 30.09.2026
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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BRIEF OVERVIEW OF THE GROUP

Companies in the Merko Ehitus group develop real estate, construct buildingsand 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



ESTONIA

Construction service
AS Merko Ehitus Eesti
OÜ Merko Kaevandused

Real estate development
OÜ Merko Kodud

Road construction
Tallinna Teede AS

LATVIA

Construction service
SIA Merko Būve

Real estate development
SIA Merko Mājas

LITHUANIA

Construction service
UAB Merko Statyba

Real estate development
UAB Merko Būstas

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

PURPOSE

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

BUSINESS

We construct buildings and infrastructure and develop real estate. We operate in Estonia, Latvia and Lithuania.

PRINCIPLES

We operate as one Merko.
We see opportunities, act upon them and have a long-term view.
Our focus is on profitable growth.

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 118 million in the third quarter of 2026 and EUR 268 million in the nine months of the year. Net profit amounted to EUR 12.6 million for the third quarter and EUR 25.4 million for the nine months of 2026.

According to the management of Merko Ehitus, real estate development and construction services both contributed equally to group third-quarter results. During the quarter completed and handed over 118 apartments and 18 commercial units to buyers, almost as many as in the first two quarters of the year combined. Merko secured order book remains strong at close to EUR 770 million, and several large projects moved into the active construction phase in the third quarter. Group companies' main task now is to complete the projects under way and keep risks under control.

2026 9M
REVENUE
268 MILLION EUROS

AS OF 30.09.2026
SECURED ORDER BOOK
769 MILLION EUROS

According to management, the construction market continues to be dominated by the public sector in the construction services business segment, driven by defence and infrastructure procurements, and public sector related contracts also account for the majority of Merko's order book. The rise in fuel and energy prices over the year has taken its toll on the profitability of construction services. Group road construction company has been most affected by rising fuel prices, as it is proportionally the most exposed to fuel prices. In the third quarter, Merko signed new construction contracts worth EUR 22 million, the largest of which was for the Volta 1b residential development in the Krulli Quarter in Tallinn.

In the real estate development segment, according to the group's management, consumer confidence has been edging up in all of Merko's home markets, which has supported growth in the share of apartments sold under pre-sale agreements. As times remain uncertain, management does not predict that this trend will continue. Apartment supply remains high across all markets, giving buyers plenty of choice, which in turn keeps competition between developers intense and puts pressure on margins. This year, the new-build apartment market in Riga has picked up considerably, and group has launched several new development projects there as well.

To focus on core business – construction services and residential real estate development – Merko sold majority shareholding in the companies linked to the large-scale Rūdninkai military campus PPP project in Lithuania in the third quarter. Kapitel acquired a 70% stake in the companies delivering the PPP project and managing and maintaining the completed facilities. Merko retains a 30% minority stake in these companies. As the general contractor, Merko remains responsible for delivering design-and-build contracts worth more than EUR 370 million in total. Engaging an investor helps the group maintain its strong liquidity.

Over the nine months, Merko handed over 238 apartments and 23 commercial units and started construction and sales of 394 apartments and four commercial units. At the end of the third quarter, 1325 apartments were under construction or completed, approximately one third of which were covered by pre-sale agreements. The largest development projects under way in the third quarter of 2026 were Uus-Veerenni, Noblessner and Lahekalda in Tallinn, Õielehe near Tallinn and Leedri in Tartu; Lucavsala, Arena Garden Towers, Magnolijas and Mežpilsēta in Riga; and Vilnelės Skverai and Šnipiškių Urban in Vilnius.

In the third quarter of 2026, major construction projects under way in Estonia included the City Plaza 2 and Viktor Masing House office buildings, the Kullo Hobby Centre, and the Event Centre, the main building named Kasvuhoone, Volta 1b apartment buildings and infrastructure in the Krulli Quarter in Tallinn; the National Defence Building in Tartu; a hotel and event centre in Pärnu; the Rail Baltica Ülemiste passenger terminal; and the fourth stage of the Rail Baltica main line in Harju County and the Tallinn–Pärnu section. In Lithuania, the largest projects were wind farm infrastructure in the Pagėgiai district and the Rūdninkai military campus. In Latvia, the group was building military campuses and wind farm infrastructure in Smiltene municipality.

OVERVIEW OF THE III QUARTER AND 9 MONTHS RESULTS

PROFITABILITY

2026 9 months' pre-tax profit was EUR 25.0 million and Q3 2026 was EUR 14.2 million (9M 2025: EUR 40.2 million and Q3 2025 was EUR 16.6 million), which brought the pre-tax profit margin to 9.3% (9M 2025: 16.6%).

Net profit attributable to shareholders for 9 months 2026 was EUR 25.4 million (9M 2025: EUR 36.7 million) and for Q3 2026 net profit attributable to shareholders was EUR 12.6 million (Q3 2025: EUR 15.0 million). 9 months net profit margin was 9.5% (9M 2025: 15.2%).

REVENUE

Q3 2026 revenue was EUR 118.2 million (Q3 2025: EUR 73.9 million) and 9 months' revenue was EUR 268.1 million (9M 2025: EUR 241.8 million). 9 months' revenue increased by 10.9% compared to same period last year. The share of revenue earned outside Estonia in 9 months 2026 was 42.6% (9M 2025: 47.4%).

SECURED ORDER BOOK

As of 30 September 2026, the group's secured order book was EUR 769.1 million (30 September 2025: EUR 486.2 million). In 9 months 2026, group companies signed contracts in the amount of EUR 508.6 million (9M 2025: EUR 322.8 million). In Q3 2026, new contracts were signed in the amount of EUR 22.2 million (Q3 2025: EUR 99.6 million).

REAL ESTATE DEVELOPMENT

In 9 months 2026, the group sold a total of 238 apartments; in 9 months 2025, the group sold 315 apartments. The group earned a revenue of EUR 52.4 million from sale of own developed apartments in 9 months 2026 and EUR 59.7 million in 9 months 2025. In Q3 of 2026 a total of 118 apartments were sold, compared to 93 apartments in Q3 2025, and earned a revenue of EUR 24.7 million from sale of own developed apartments (Q3 2025: EUR 14.9 million).

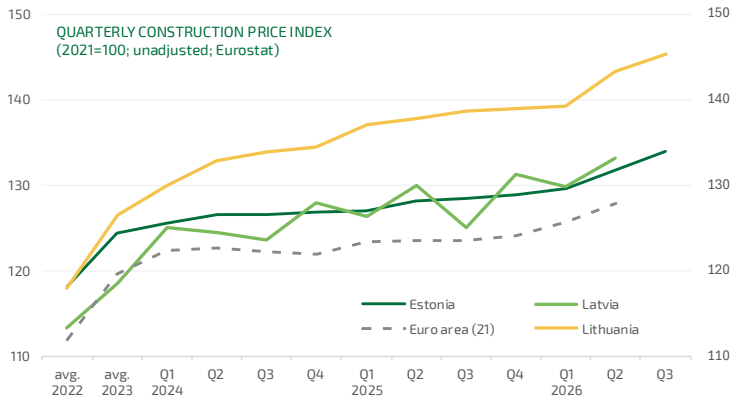
CASH POSITION

At the end of the reporting period, the group had EUR 55.5 million in cash and cash equivalents, and equity of EUR 263.6 million (54.4% of total assets). Comparable figures as of 30 September 2025 were EUR 34.3 million and EUR 257.3 million (64.4% of total assets), respectively. As of 30 September 2026, the group's net debt was EUR 12.1 million (30 September 2025: negative EUR 8.0 million).

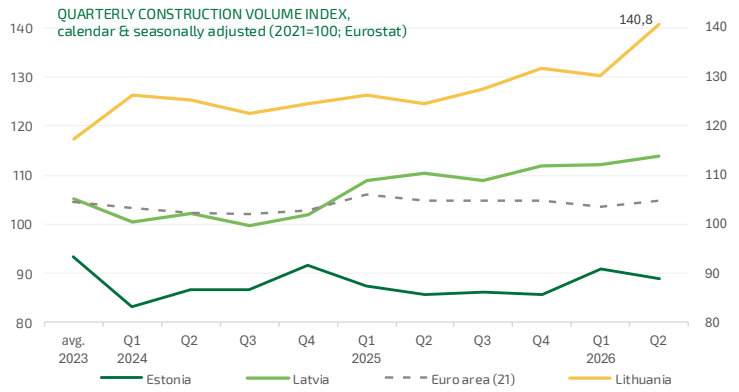
OUTLOOK OF CONSTRUCTION AND REAL ESTATE MARKET

CONSTRUCTION SERVICES

The ongoing conflicts involving Iran and Ukraine continue to dominate the economic landscape. As rising energy costs affect virtually every sector of the economy, inflationary pressures are permeating every sector. Meanwhile, higher interest rates introduced to curb inflation are adding to the pressure by increasing the cost of borrowing. While we anticipated in the second quarter that much of the rise in the construction cost index driven by energy prices had already materialised, the actual results for the third quarter revealed an acceleration in price growth. This is likely due to wage pressures within the sector, a secondary effect of the broader economic situation. There are no signs of price growth abating: the anticipated changes to the ETS/ETS2 systems proved to be merely cosmetic, and the ECB's policy rate hikes in June and September have been insufficient to rein in inflation. In the current economic climate, any expectation of a decline in construction costs is unrealistic. We maintain our position that construction cost indices will not fall over the next 12 months. In fact, a cold winter could potentially trigger another wave of price increases.

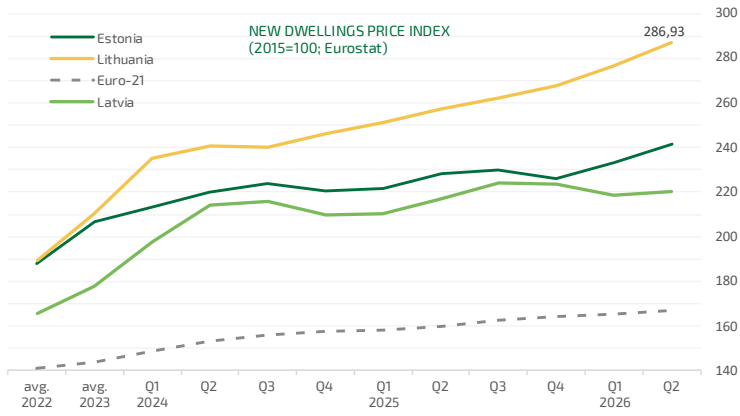


A scarcity of private-sector orders and intense competition leave the construction sector dependent on projects commissioned by or funded through the public sector. While Lithuania's construction sector has recorded high levels of activity for the fourth consecutive year, alongside economic growth, and Latvia's sector returned to growth as early as the end of 2024, Estonia has failed to regain its 2022 level of construction output over the past four years. Reports that the completion deadline for Rail Baltica projects may be pushed back by two to four years beyond 2030 do little to inspire optimism regarding the growth of construction volumes in Estonia. Orders for defence-related infrastructure remain substantial across all three Baltic states. At the time of writing, Eurostat has not yet released construction volume indices for the third quarter. However, we expect the pace of growth to slow in Lithuania, while Estonia and Latvia are likely to record modest growth. The construction order book will remain heavily weighted towards the public sector in the coming years, with future activity depending to a significant extent on projects in the defence and renewable energy sectors. We remain positive about the economic growth outlook in our key markets and continue to expect moderate growth in the Baltic construction sector.



DEVELOPMENT OF APARTMENTS

Prices for new housing in the Baltic states continue to diverge. The price index for Lithuania shows continued strong growth, with absolute prices in Vilnius now surpassing those in Tallinn. In Estonia, weaker consumer confidence is keeping the market as a whole relatively subdued. In Latvia, where transaction activity increased in the first half of 2026, market activity has shifted towards lower-priced properties, despite already lower absolute price levels. This shift has put a halt to price growth. A common trend across all three markets is weakening demand from the upper-middle-income segment, likely reflecting both slower growth in household wealth and demographic trends.



According to the Baltic Housing Affordability Index maintained by Swedbank, Riga remained the most affordable Baltic capital at the end of the summer. Affordability in Tallinn continues to recover, supported by rising average wages. In Vilnius, by contrast, affordability has begun to decline despite wage growth and the efforts of many developers to bring more affordable, lower-priced new-build homes to the market. Although the aforementioned rise in energy costs has accelerated inflation and driven up interest rates, we anticipate that the overall market volume for new developments in 2026 will be comparable to that of the previous year. Demand for more affordable housing is growing. If sufficient numbers of lower-priced new homes are not brought to market, some of this demand will spill over into the secondary market. Despite the shift in activity towards the lower-priced segment, we believe that an increase in the price index remains statistically more likely than a decline, primarily due to the continued rise in construction input costs.

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

	9M 2026	9M 2025	VARIANCE	Q3 2026	Q3 2025	VARIANCE	12M 2025
Revenue	207.9	177.8	+17.0%	89.6	57.7	+55.3%	237.6
% of total revenue	77.6%	73.5%		75.8%	78.1%		76.4%
Operating profit	5.0	19.8	-74.8%	2.0	11.0	-82.2%	25.7
Operating profit margin	2.4%	11.2%		2.2%	19.1%		10.8%

In the 9 months of 2026, the revenue of the construction service segment was EUR 207.9 million (9M 2025: EUR 177.8 million). The sales revenue of construction service has increased by 17.0% compared to the same period last year. The construction service segment revenue for 9 months 2026 made up 77.6% of the group's total revenue (9M 2025: 73.5%). In this segment, the group earned an operating profit of EUR 5.0 million for 9 months (9M 2025: EUR 19.8 million). The operating profit margin was 2.4% (9M 2025: 11.2%). 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. The rapid rise in energy costs, driven by the conflicts in Ukraine and the Middle East, has put further pressure on operating profit margins. Beyond the direct impact of higher fuel costs, it has also started to push up the prices of both construction materials and labour.

Larger projects in progress in the third quarter in construction service segment in Estonia included the office buildings City Plaza 2 and Viktor Masing house, the event centre and main building with infrastructure of the Krulli Quarter 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 district and Rūdninkai Defence Force Campus were underway. In Latvia, the group was working on the construction of defence campus and 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

	9M 2026	9M 2025	VARIANCE	Q3 2026	Q3 2025	VARIANCE	12M 2025
Revenue	60.2	64.0	-6.0%	28.6	16.2	+76.3%	73.4
incl. revenue from sale of apartments	52.4	59.7		24.7	14.9		67.8
% of total revenue	22.4%	26.5%		24.2%	21.9%		23.6%
Operating profit	17.4	14.6	+19.5%	10.4	2.7	+280.4%	13.4
Operating profit margin	29.0%	22.8%		36.5%	16.9%		18.2%

In 9 months 2026, the group sold a total of 238 apartments (incl. 5 apartments in a joint venture) and 23 commercial premises; in 9 months 2025, 315 apartments (incl. 9 apartments in a joint venture) and 3 commercial premises. The group earned a revenue of EUR 52.4 million (VAT not included) from sale of developed apartments in 9 months 2026 and EUR 59.7 million in 9 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 9 months of 2026, real estate development segment revenues decreased by 6.0% compared to the same period last year and formed 22.4% of the group's total revenue (9 months of 2025: 26.5%).

The segment's operating profit for the 9 months of 2026 amounted to EUR 17.4 million (9 months of 2025: EUR 14.6 million) and the operating profit margin was 29.0% (9 months of 2025: 22.8%). 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 9 months of 2026, the group launched the construction of a total of 394 new apartments in the Baltic states (9 months of 2025: 766 apartments). In the 9 months, the group invested a total of EUR 65.0 million (9 months of 2025: EUR 36.5 million) in the ongoing development projects.

One of the group's objectives is to keep a sufficient portfolio of land plots to ensure stable inventory of property development projects, which considers the market conditions. As of 30 September 2026, the group's inventories included land plots with development potential, where the construction works have not started, in the amount of EUR 86.7 million (30.09.2025: EUR 84.7 million).

GROUP'S INVENTORIES WITH DEVELOPMENT POTENTIAL BY COUNTRY

million EUR

	30.09.2026	30.09.2025	31.12.2025
Estonia	30.6	31.8	30.9
Latvia	20.6	23.1	22.5
Lithuania	34.7	28.4	34.7
Norway	0.8	1.4	0.7
Total	**86.7**	**84.7**	**88.8**

In 9 months of 2026, the group has not obtained new land plots for real estate development purposes (9 months of 2025: in the amount of EUR 8.5 million).

SECURED ORDER BOOK

As of 30 September 2026, the group's secured order book amounted to EUR 769.1 million, compared to EUR 486.2 million as of 30 September 2025, having increased approximately 58% 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 9 months of 2026, EUR 508.6 million worth of new contracts were signed, which is EUR 185.9 million more compared to the same period of the previous year (9 months of 2025: EUR 322.8 million). The value of new contracts signed in the third quarter of 2026 amounted to EUR 22.2 million; in the third quarter of 2025 the value of new contracts signed amounted to EUR 99.6 million.

As of 30 September 2026, the private sector orders accounted for approximately 26% of the total balance in the group's secured order book (30.09.2025: approximately 37%). 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 55.5 million (30.09.2025: EUR 34.3 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 50.6 million, of which all was unused (30.09.2025: EUR 49.8 million, of which almost all was unused).

The 9-month cash flow from operating activity was negative at EUR 13.2 million (9 months of 2025: positive EUR 1.7 million), cash flow from investing activity was positive at EUR 16.3 million (9 months of 2025: negative EUR 18.0 million) and the cash flow from financing activity was positive at EUR 11.0 million (9 months of 2025: negative EUR 41.4 million).

The cash flow from operating activities had positive effect from EBITDA of EUR 23.3 million (9 months of 2025: positive effect of EUR 33.9 million) and from the changes in trade and other payables related to operating activities of EUR 37.0 million (9 months of 2025: negative effect of EUR 18.3 million). The negative effects to cash flow from operating activities came from the changes in receivables and liabilities related to construction contracts of EUR 12.0 million (9 months 2025: negative effect of EUR 16.5 million), from the change in trade and other receivables related to operating activities of EUR 25.0 million (9 months of 2025: positive effect of EUR 16.8 million), from the change in the provisions of EUR 2.4 million (9 months of 2025: negative effect of EUR 0.2 million) and from the change in inventories of EUR 30.1 million (9 months of 2025: negative effect of EUR 3.9 million). The cash flows from inventories are mainly affected by the construction and sales cyclicality 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 1.7 million (9 months of 2025: EUR 0.8 million) and corporate income tax was paid at EUR 1.7 million (9 months of 2025: EUR 8.9 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 (14.0% as of 30.09.2026; 6.6% as of 30.09.2025; 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 1.0 million (9 months of 2025: EUR 2.9 million) and from a capital contribution to associates in the amount of EUR 3.3 million (9 months of 2025: EUR 0). The positive impact in cash flows from investing activities came from the sale of non-current assets in the amount of EUR 0.4 million (9 months of 2025: EUR 0.1 million), from the net change in short-term deposits of EUR 15.0 million (9 months of 2025: negative cash flow in the net amount of EUR 16.0 million) as well EUR 5.0 million from the dividends received from the joint venture (9 months of 2025: EUR 0) and EUR 0.4 million interest received from the banks (9 months of 2025: EUR 0.9 million).

In cash flows from financing, the larger negative factors were the dividend payment in the amount of EUR 22.1 million (9 months of 2025: EUR 33.6 million), the repayments of lease liabilities in the amount of EUR 1.0 million (9 months of 2025: net negative cash flow of EUR 1.4 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 1.2 million (9 months of 2025: negative cash flow in the net amount of EUR 1.2 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 35.3 million, which resulted from the increase in loans taken for residential development projects (9 months of 2025: net positive cash flow of EUR 1.9 million).

RATIOS

(attributable to equity holders of the parent)

INCOME STATEMENT SUMMARY		9M 2026	9M 2025	9M 2024	Q3 2026	Q3 2025	Q3 2024	12M 2025
Revenue	million EUR	268.1	241.8	378.7	118.2	73.9	175.1	310.9
Gross profit	million EUR	33.2	47.1	63.1	15.8	18.0	39.4	55.9
Gross profit margin	%	12.4	19.5	16.7	13.4	24.3	22.5	18.0
Operating profit	million EUR	20.2	31.6	47.1	11.8	13.0	32.3	34.3
Operating profit margin	%	7.5	13.1	12.4	10.0	17.6	18.5	11.0
Pre-tax profit	million EUR	25.0	40.2	49.6	14.2	16.6	31.3	44.8
Pre-tax profit margin	%	9.3	16.6	13.1	12.0	22.5	17.9	14.4
Net profit	million EUR	25.4	36.7	44.7	12.6	15.0	27.3	39.9
attributable to equity holders of the parent	million EUR	25.4	36.7	44.8	12.6	15.0	27.3	39.9
attributable to non-controlling interest	million EUR	-	-	(0.1)	-	-	(0.0)	-
Net profit margin	%	9.5	15.2	11.8	10.6	20.3	15.6	12.8

Other income statement indicators		9M 2026	9M 2025	9M 2024	Q3 2026	Q3 2025	Q3 2024	12M 2025
EBITDA	million EUR	23.3	33.9	49.4	12.9	13.8	33.1	37.5
EBITDA margin	%	8.7	14.0	13.0	10.9	18.6	18.9	12.0
General expense ratio	%	5.6	6.9	4.9	4.1	7.2	4.3	7.5
Labour cost ratio	%	11.6	15.9	9.5	8.9	21.0	7.7	16.2
Revenue per employee	thousand EUR	432	405	618	190	124	286	516

OTHER SIGNIFICANT INDICATORS		30.09.2026	30.09.2025	30.09.2024	31.12.2025
Return on equity	%	11.0	22.2	27.0	15.6
Return on assets	%	6.5	13.4	13.6	9.7
Return on invested capital	%	9.7	24.2	27.1	16.2
Assets	million EUR	484.7	399.6	457.8	415.0
Equity	million EUR	263.6	257.3	234.4	260.6
Equity attributable to equity holders of the parent	million EUR	263.6	257.3	234.6	260.6
Equity ratio	%	54.4	64.4	51.3	62.8
Debt ratio	%	14.0	6.6	8.5	8.0
Current ratio	times	2.6	2.9	2.0	2.9
Quick ratio	times	0.9	1.0	0.9	0.9
Accounts receivable turnover	days	36	40	49	50
Accounts payable turnover	days	49	50	46	56
Average number of employees	people	621	597	613	603
Secured order book	million EUR	769.1	486.2	430.9	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 30 September 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 (30.09.2025: 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 30 September 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, no further information was available regarding the next procedural deadlines.

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 30 September 2026, Merko Ehitus group employed 641 people (including temporary and part-time staff). Compared to the same period last year, the number of group's employees increased by 27 (+4.4%). The number of employees increased in all of the group's home markets.

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 9 months 2026, the labour cost was EUR 31.0 million (9 months 2025: EUR 38.4 million), which decreased by 19.2% compared to the same period previous year. Additionally, the labour cost ratio decreased by 4.3 pp from 15.9% to 11.6% in the 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	MRK1T
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

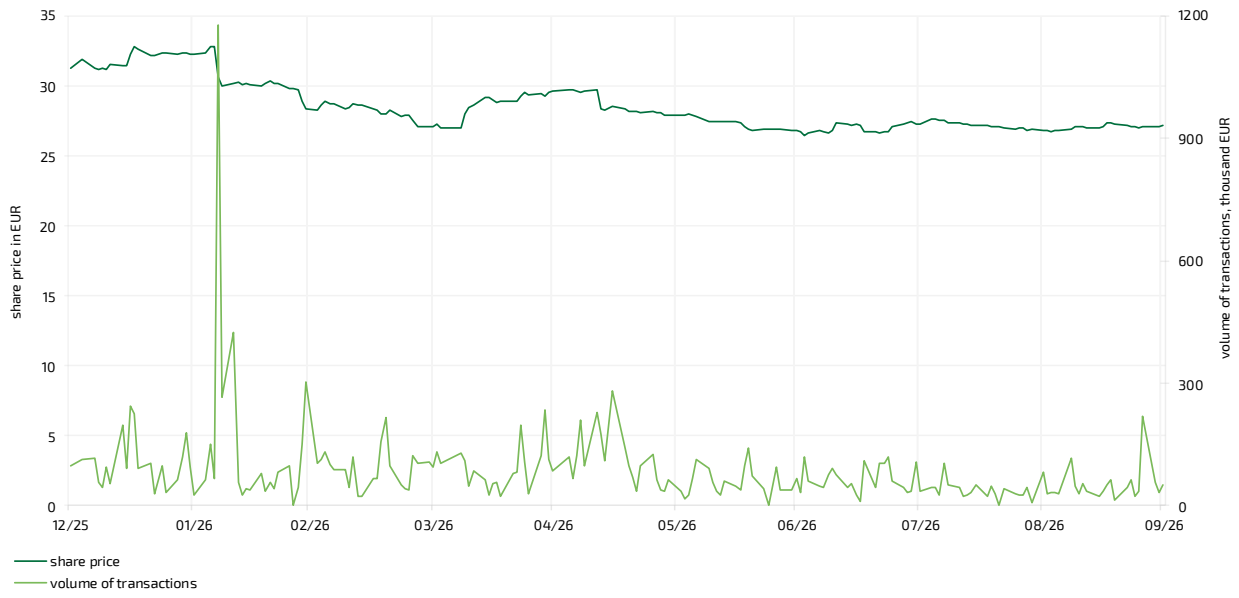
The shares of Merko Ehitus are listed in the Main List of Nasdaq Tallinn. As of 30 September 2026, the company has 17,700,000 shares. The number of shares has not changed during 2026.

A total of 21,606 transactions were conducted with the shares of Merko Ehitus in 9 months of 2026, with 0.56 million shares (3.1% of total shares) traded, generating a turnover of EUR 16.1 million (comparable figures in 9 months 2025 were accordingly: 26,110 transactions with 0.75 million shares traded (4.3% of total shares), generating a turnover of EUR 21.4 million). The lowest value-per-share transaction was recorded at the price of EUR 26.30 and the highest at EUR 33.10 per share (9 months of 2025: EUR 20.90 and EUR 33.35, accordingly). On 30 September 2026, the closing price of the share was EUR 27.15 (30.09.2025: EUR 27.30). As of 30 September 2026, by the Nasdaq Baltic stock exchange, the market capitalisation of AS Merko Ehitus was EUR 480.6 million, which has decreased by 0.5% compared to the end of the equivalent period of the prior year (30.09.2025: EUR 483.2 million).

	30.09.2026	30.09.2025	30.09.2024	31.12.2025
Number of shares	17,700,000	17,700,000	17,700,000	17,700,000
Earnings per share (EPS), euros	1.44	2.07	2.53	2.26
Equity per share, euros	14.69	14.39	12.29	14.48
P/B ratio	1.85	1.90	1.35	2.16
P/E ratio	16.77	8.54	5.01	13.88
Market value, million EUR	480.6	483.2	293.8	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



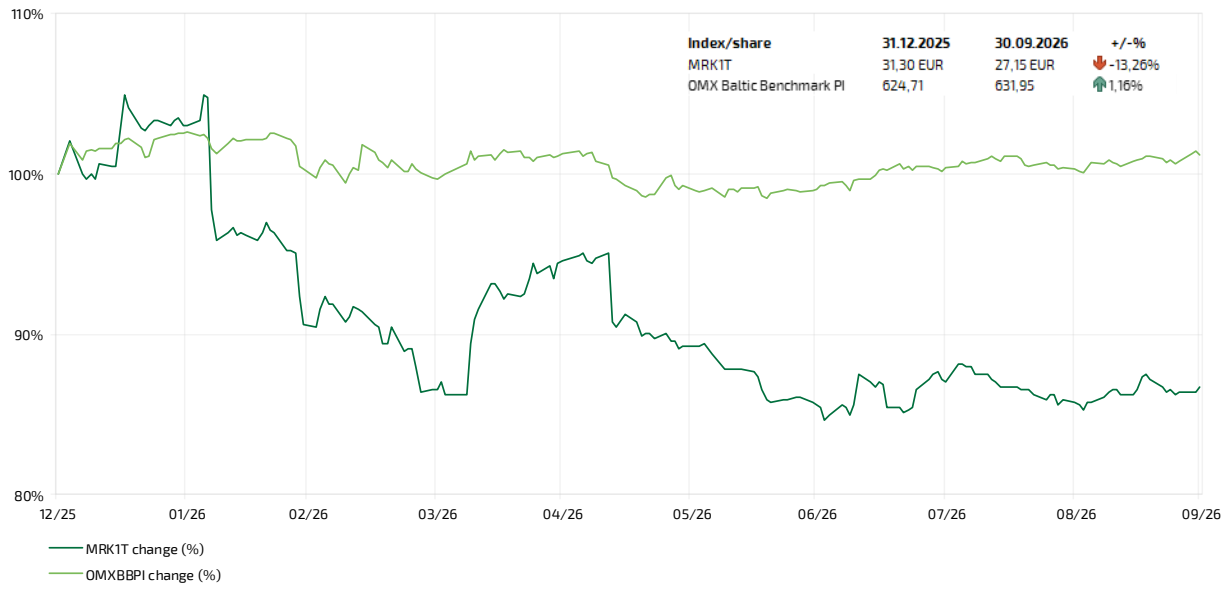
STRUCTURE OF SHAREHOLDERS ACCORDING TO NUMBER OF SHARES AS OF 30.09.2026

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%	1,348,211	7.62%
10,001 – 100,000	47	0.35%	982,257	5.55%
1,001-10,000	526	3.90%	1,411,080	7.97%
101-1,000	2,936	21.78%	964,669	5.45%
1-100	9,965	73.92%	251,097	1.42%
Total	**13,481**	**100%**	**17,700,000**	**100%**

SHAREHOLDERS OF AS MERKO EHITUS AS OF 30.09.2026 AND CHANGE COMPARED TO THE PREVIOUS QUARTER

	NUMBER OF SHARES	% OF TOTAL 30.09.2026	% OF TOTAL 30.06.2026	CHANGE
AS Riverito	12,742,686	71.99%	71.99%	-
OÜ Midas Invest	436,090	2.46%	2.45%	1,990
Firebird Republics Fund Ltd	333,860	1.89%	1.92%	(5,846)
Firebird Avrora Fund Ltd	206,477	1.17%	1.18%	(2,134)
OÜ Alar Invest	136,000	0.77%	0.77%	-
Clearstream Europe AG	122,020	0.69%	0.69%	637
Firebird Fund L.P.	113,764	0.64%	0.65%	(1,300)
Siseinfo OÜ	100,000	0.56%	0.56%	-
AB SEB Bankas	48,662	0.27%	0.26%	1,864
Andrus Rand	43,910	0.25%	0.25%	60
Total largest shareholders	**14,283,469**	**80.70%**	**80.72%**	**(4,049)**
Total other shareholders	3,416,531	19.30%	19.28%	(9,049)
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 a 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 a 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 30 September 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.

In the third quarter of 2026, a transaction took place involving the equity interests in UAB VPSP B and UAB VPSP C—subsidiaries of AS Merko Ehitus established to execute a public-private partnership (PPP) project for the Rūdninkai military campus. As a result, ELL Real Estate Holding B.V., a subsidiary of AS Kapitel, acquired a 70% majority stake by participating in an increase of the share capital. In addition, a subsidiary of Kapitel acquired a 70% stake in UAB VPSP Projektai, the company that will provide management and maintenance services for the PPP project. The transaction was completed on 11 August 2026.

After the reporting date, on 2 November 2026, a subsidiary of AS Merko Ehitus group, AS Merko Ehitus Eesti, acquired a 100% ownership in OÜ Väo Paas, a producer of crushed limestone.

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) 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 §135^6 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 30 September 2026, the Supervisory Board of AS Merko Ehitus had four members: Toomas Annus (chairman), Tõnu Toomik, 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.

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 30 September 2026, the Management Board of AS Merko Ehitus had two members: Ivo Volkov (Chairman) and 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. Urmas Somelar is responsible for the financial management, investor relations and compliance. The members of the Management Board are jointly responsible for the management of the real estate portfolio and for the group-wide coordination of activities across the construction and development segments.

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 30 September 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)

Changes in the management of group subsidiaries

According to a decision of AS Merko Ehitus, the powers of the Member of the Supervisory Board of AS Merko Ehitus Eesti, Mr. Urmas Somelar, have been extended until 31 May 2029. The Supervisory Board of AS Merko Ehitus Eesti will continue with four members: Mr. Ivo Volkov (the Chairman), Mr. Tõnu Toomik, Mr. Urmas Somelar and Mr. Martin Rebane.

By decisions of AS Merko Ehitus, Martin Rebane has been appointed as a member of the supervisory boards of UAB Merko Statyba and UAB Merko Būstas with effect from 1 October 2026, and simultaneously Tõnu Toomik has been recalled from his position as a member of the supervisory boards of AS Merko Ehitus Eesti, UAB Merko Statyba and UAB Merko Būstas. The change marks the completion of the transition period that began with the election of Tõnu Toomik to the Supervisory Board of AS Merko Ehitus.

With effect from 1 October 2026, the supervisory boards of AS Merko Ehitus Eesti, UAB Merko Statyba and UAB Merko Būstas will comprise three members: Ivo Volkov (Chairman), Urmas Somelar and Martin Rebane.

MANAGEMENT BOARD'S DECLARATION

Members of the Management Board of AS Merko Ehitus declare and confirm that the consolidated unaudited interim report for the 9 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	05.11.2026
Urmas Somelar	Member of the Management Board	05.11.2026

INTERIM FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

unaudited

in thousand euros

	Note	2026 9 months	2025 9 months	2026 III quarter	2025 III quarter	2025 12 months
Revenue	2	268,123	241,799	118,230	73,917	310,941
Cost of goods sold	3	(234,943)	(194,749)	(102,435)	(55,938)	(255,081)
Gross profit		**33,180**	**47,050**	**15,795**	**17,979**	**55,860**
Marketing expenses		(4,119)	(3,753)	(1,395)	(1,052)	(5,823)
General and administrative expenses		(10,785)	(12,998)	(3,496)	(4,251)	(17,478)
Other operating income		2,047	1,597	803	514	2,285
Other operating expenses		(143)	(271)	114	(175)	(501)
Operating profit		**20,180**	**31,625**	**11,821**	**13,015**	**34,343**
Finance income/costs		4,847	8,531	2,419	3,630	10,425
incl. finance income/costs from associate and joint ventures		4,876	8,486	2,425	3,642	10,381
interest expense		(620)	(611)	(261)	(216)	(836)
foreign exchange gain (loss)		313	19	137	33	(18)
other financial income (expenses)		278	637	118	171	898
Profit before tax		**25,027**	**40,156**	**14,240**	**16,645**	**44,768**
Corporate income tax expense		388	(3,472)	(1,668)	(1,637)	(4,850)
Net profit for financial year		**25,415**	**36,684**	**12,572**	**15,008**	**39,918**
Other comprehensive income, which can subsequently be classified in the income statement						
Currency translation differences of foreign entities		(253)	(11)	(110)	(18)	20
Comprehensive income for the period		**25,162**	**36,673**	**12,462**	**14,990**	**39,938**
Earnings per share for profit attributable to equity holders of the parent (basic and diluted, in EUR)	4	1.44	2.07	0.71	0.85	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	30.09.2026	30.09.2025	31.12.2025
ASSETS				
Current assets				
Cash and cash equivalents	5	55,510	34,279	41,424
Short-term deposits		3,000	26,000	18,000
Trade and other receivables	6	71,742	54,537	43,658
Prepaid corporate income tax		696	714	1,347
Inventories	7	252,394	200,646	219,812
		383,342	**316,176**	**324,241**
Non-current assets				
Investments in associate and joint ventures		35,155	30,060	31,957
Other shares and securities		80	80	80
Other long-term loans and receivables	8	29,944	18,281	20,658
Deferred income tax assets		2,873	3,594	2,874
Investment property	9	11,127	12,426	12,395
Property, plant and equipment	10	21,573	18,306	22,117
Intangible assets	11	632	703	714
		101,384	**83,450**	**90,795**
TOTAL ASSETS		**484,726**	**399,626**	**415,036**
LIABILITIES				
Current liabilities				
Borrowings	12	7,959	9,549	3,079
Payables and prepayments	13	127,219	92,325	95,920
Income tax liability		797	31	510
Deferred income from government grant		-	-	2
Short-term provisions	14	12,819	8,978	10,426
		148,794	**110,883**	**109,937**
Non-current liabilities				
Long-term borrowings	12	59,670	16,710	30,012
Deferred income tax liability		4,164	6,773	7,448
Other long-term payables	15	8,495	7,959	7,073
		72,329	**31,442**	**44,533**
TOTAL LIABILITIES		**221,123**	**142,325**	**154,470**
EQUITY				
Share capital		7,929	7,929	7,929
Statutory reserve capital		793	793	793
Currency translation differences		(274)	(52)	(21)
Retained earnings		255,155	248,631	251,865
TOTAL EQUITY		**263,603**	**257,301**	**260,566**
TOTAL LIABILITIES AND EQUITY		**484,726**	**399,626**	**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				
	Share capital	Statutory reserve capital	Currency translation differences	Retained earnings	Total
Balance as at 31.12.2024	**7,929**	**793**	**(41)**	**245,577**	**254,258**
Profit (loss) for the reporting period	-	-	-	36,684	36,684
Other comprehensive income	-	-	(11)	-	(11)
Total comprehensive income (loss) for the reporting period	**-**	**-**	**(11)**	**36,684**	**36,673**
Dividends (Note 4)	-	-	-	(33,630)	(33,630)
Total transactions with owners	**-**	**-**	**-**	**(33,630)**	**(33,630)**
Balance as of 30.09.2025	**7,929**	**793**	**(52)**	**248,631**	**257,301**
Balance as at 31.12.2025	**7,929**	**793**	**(21)**	**251,865**	**260,566**
Profit (loss) for the reporting period	-	-	-	25,415	25,415
Other comprehensive income	-	-	(253)	-	(253)
Total comprehensive income (loss) for the reporting period	**-**	**-**	**(253)**	**25,415**	**25,162**
Dividends (Note 4)	-	-	-	(22,125)	(22,125)
Total transactions with owners	**-**	**-**	**-**	**(22,125)**	**(22,125)**
Balance as at 30.09.2026	**7,929**	**793**	**(274)**	**255,155**	**263,603**

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 9 months	2025 9 months	2025 12 months
Cash flows from operating activities				
Operating profit		20,180	31,625	34,343
Adjustments:				
Depreciation and impairment		3,071	2,236	3,182
(Profit)/loss from sale of non-current assets		(205)	(136)	(244)
Change in receivables and liabilities related to construction contracts		(12,031)	(16,465)	(11,901)
Interest income from operating activities		(1,530)	(1,359)	(1,832)
Change in provisions		(2,380)	(229)	(101)
Change in government grant		(2)	-	2
Change in trade and other receivables related to operating activities		(25,019)	16,787	21,613
Change in inventories		(30,102)	(3,889)	(22,929)
Change in trade and other payables related to operating activities		37,030	(18,323)	(15,194)
Interest received		1,361	1,396	1,850
Interest paid		(1,728)	(836)	(1,176)
Other finance income (costs)		(173)	(182)	(221)
Corporate income tax paid		(1,709)	(8,893)	(9,045)
Total cash flows from operating activities		**(13,237)**	**1,732**	**(1,653)**
Cash flows from investing activities				
Acquisition of associate and joint venture		(3,305)	(3)	(5)
Net change in purchase of deposits with maturities greater than 3 months		15,000	(16,000)	(8,000)
Purchase of investment property		(188)	(74)	(128)
Purchase of property, plant and equipment (excl. leased assets)		(938)	(2,446)	(6,124)
Proceeds from sale of property, plant and equipment		373	145	269
Purchase of intangible assets		(87)	(459)	(503)
Interest received		433	880	1,208
Dividends received		5,000	-	-
Total cash flows from investing activities		**16,288**	**(17,957)**	**(13,283)**
Cash flows from financing activities				
Proceeds from borrowings		47,641	7,836	14,816
Repayments of borrowings		(13,509)	(14,193)	(15,045)
Repayments of lease liabilities		(972)	(1,387)	(1,660)
Dividends paid		(22,125)	(33,630)	(33,630)
Total cash flows from financing activities		**11,035**	**(41,374)**	**(35,519)**
Net increase/decrease in cash and cash equivalents		**14,086**	**(57,599)**	**(50,455)**
Change of deposits with maturities greater than 3 months		(15,000)	16,000	8,000
Total change		(914)	(41,599)	(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	**55,510**	**34,279**	**41,424**
Deposits with maturities greater than 3 months at the end of period		3,000	26,000	18,000
Total at the end of the period		58,510	60,279	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 9 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 9 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 9 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 9 months	Construction service	Real estate development	Total segments
Revenue	242,809	109,087	351,896
Elimination	(34,865)	(48,908)	(83,773)
Revenue from clients	**207,944**	**60,179**	**268,123**
incl. timing of revenue recognition at a point in time	2,687	56,816	59,503
timing of revenue recognition over time	205,257	3,363	208,620
Operating profit (loss)	**5,008**	**17,448**	**22,456**
Profit (loss) before tax	**10,123**	**17,147**	**27,270**
incl. interest income from operating activities	5	1,525	1,530
depreciation	(2,478)	(593)	(3,071)
recognition of provisions	(2,699)	(3,138)	(5,837)
reversal of provisions	299	-	299
profit (loss) from associate and joint ventures	5,038	(162)	4,876
other finance income (costs)	240	(106)	134
incl. interest income	329	9	338
interest expenses	(62)	(392)	(454)
Assets 30.09.2026	**119,226**	**302,701**	**421,927**
incl. associate and joint ventures	23,357	11,798	35,155

2025 9 months	Construction service	Real estate development	Total segments
Revenue	193,537	88,697	282,234
Elimination	(15,745)	(24,690)	(40,435)
Revenue from clients	**177,792**	**64,007**	**241,799**
incl. timing of revenue recognition at a point in time	1,375	60,898	62,273
timing of revenue recognition over time	176,417	3,109	179,526
Operating profit (loss)	**19,847**	**14,603**	**34,450**
Profit (loss) before tax	**28,550**	**14,435**	**42,985**
incl. interest income from operating activities	46	1,305	1,351
depreciation	(1,747)	(489)	(2,236)
recognition of provisions	(572)	(1,616)	(3,035)
reversal of provisions	20	-	20
profit from joint ventures	8,172	314	8,486
other finance income (costs)	629	(420)	209
incl. interest income	765	42	807
interest expenses	(62)	(445)	(507)
Assets 30.09.2025	**98,139**	**238,213**	**336,352**
incl. joint ventures	21,511	8,549	30,060

2026 III quarter	Construction service	Real estate development	Total segments
Revenue	98,721	46,035	144,756
Elimination	(9,092)	(17,434)	(26,526)
Revenue from clients	**89,629**	**28,601**	**118,230**
incl. timing of revenue recognition at a point in time	1,137	27,562	28,699
timing of revenue recognition over time	88,492	1,039	89,531

2026 III quarter	Construction service	Real estate development	Total segments
Operating profit (loss)	**1,966**	**10,427**	**12,393**
Profit (loss) before tax	**4,427**	**10,369**	**14,796**
incl. interest income from operating activities	-	662	662
depreciation	(902)	(185)	(1,087)
recognition of provisions	(1,649)	(735)	(2,384)
reversal of provisions	(244)	-	(244)
profit (loss) from associate and joint ventures	2,463	(38)	2,425
other finance income (costs)	87	(5)	82
incl. interest income	123	-	123
interest expenses	(24)	(132)	(156)
Assets' change in III quarter	**7,676**	**23,422**	**31,098**
incl. associate and joint ventures	2,463	3,284	5,747

2025 III quarter	Construction service	Real estate development	Total segments
Revenue	63,371	26,992	90,363
Elimination	(5,673)	(10,773)	(16,446)
Revenue from clients	**57,698**	**16,219**	**73,917**
incl. timing of revenue recognition at a point in time	681	15,224	15,905
timing of revenue recognition over time	57,017	995	58,012
Operating profit (loss)	**11,039**	**2,741**	**13,780**
Profit (loss) before tax	**14,592**	**2,817**	**17,409**
incl. interest income from operating activities	3	427	430
depreciation	(587)	(166)	(753)
recognition of provisions	(847)	(228)	(1,075)
reversal of provisions	20	-	20
profit from joint ventures	3,432	210	3,642
other finance income (costs)	159	(116)	43
incl. interest income	232	5	237
interest expenses	(16)	(141)	(157)
Assets' change in III quarter	**(18,082)**	**1,954**	**(16,128)**
incl. joint ventures	3,432	213	3,645

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

2025 12 months	Construction service	Real estate development	Total segments
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 30.09.2026 the group holds assets in the amount of EUR 62,799 thousand (30.09.2025: EUR 63,274 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 9 months	2025 9 months	2026 III quarter	2025 III quarter	2025 12 months
Pre-tax profit from reporting segments	**27,270**	**42,985**	**14,796**	**17,409**	**49,448**
Other operating profit (loss)	(2,277)	(2,825)	(572)	(765)	(4,681)
incl. recognition of provisions	-	-	-	-	(43)
reversal of provisions	200	-	200	-	-
finance income (costs)	34	(4)	16	1	1
incl. interest income (expenses)	92	69	35	21	93
Total profit before tax	**25,027**	**40,156**	**14,240**	**16,645**	**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 9 months		2025 9 months		2026 III quarter		2025 III quarter		2025 12 months	
Estonia	153,844	58%	127,108	52%	65,680	55%	32,713	44%	170,771	55%
Latvia	52,127	19%	33,090	14%	13,601	12%	16,003	22%	51,562	17%
Lithuania	62,152	23%	81,601	34%	38,949	33%	25,201	34%	88,608	28%
Total	**268,123**	**100%**	**241,799**	**100%**	**118,230**	**100%**	**73,917**	**100%**	**310,941**	**100%**

CONTRACT ASSETS AND LIABILITIES

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Accrued income from construction services (Note 6)	15,263	6,971	3,164
Prepayments for construction services (Note 13)	(23,978)	(23,153)	(23,910)
Advance payments received for construction contract works (Notes 13, 15)	25,134	(8,300)	(8,274)
Recognised provision for onerous construction contracts (Note 14)	(1,118)	(11)	(7)

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

	30.09.2026	30.09.2025	31.12.2025
Estonia	56,632	52,330	57,292
Latvia	7,275	6,704	7,515
Lithuania	4,660	2,541	2,456
Total	**68,567**	**61,575**	**67,263**

NOTE 3 COST OF GOODS SOLD

in thousand euros

	2026 9 months	2025 9 months	2026 III quarter	2025 III quarter	2025 12 months
Construction services and properties purchased for resale	149,123	122,998	67,981	26,822	153,944
Materials	30,218	21,831	12,982	9,237	30,625
Labour costs	21,119	25,885	7,285	11,649	34,204
Construction mechanisms and transport	9,124	5,272	4,104	2,434	8,301
Design	6,323	5,083	2,365	1,664	7,717
Real estate management costs	1,083	1,032	395	316	1,345
Depreciation	2,229	1,625	817	551	2,288
Impairment of inventories	-	-	-	-	1,000
Provisions	5,478	3,015	2,568	1,055	4,798
Other expenses	10,246	8,008	3,938	2,210	10,859
Total cost of goods sold	**234,943**	**194,749**	**102,435**	**55,938**	**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 9 months	2025 9 months	2026 III quarter	2025 III quarter	2025 12 months
Net profit (loss) attributable to shareholders *(in thousand EUR)*	25,415	36,684	12,572	15,008	39,918
Weighted average number of ordinary shares *(thousand pcs)*	17,700	17,700	17,700	17,700	17,700
Earnings (loss) per share *(in euros)*	**1.44**	**2.07**	**0.71**	**0.85**	**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 paid dividends of EUR 22,125 thousand, i.e. EUR 1.25 per share (in 2025 were paid EUR 33,630 thousand). On that, the company did not incur income tax obligation, as the dividend payments were covered by dividends already paid to the parent company by subsidiaries.

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 30.09.2026 the balance of deferred income tax liability includes deferred income tax on dividends in the amount of 2,547 thousand euros (30.09.2025: EUR 5,195 thousand euros; 31.12.2025: EUR 5,787 thousand euros).

As of 30.09.2026, the parent company AS Merko Ehitus has EUR 37,981 thousand (30.09.2025: EUR 24,735 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 30.09.2026, it is possible to pay out dividends to shareholders from retained earnings in the amount of EUR 207,163 thousand (30.09.2025: EUR 199,333 thousand; 31.12.2025: EUR 201,880 thousand). Considering the dividends received and income tax withheld on foreign income totalling EUR 10,713 thousand (30.09.2025: EUR 6,977 thousand; 31.12.2025: EUR 6,977 thousand), the corresponding income tax on dividends would amount to EUR 47,718 thousand (30.09.2025: EUR 49,246 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

	30.09.2026	30.09.2025	31.12.2025
Bank accounts	50,510	28,086	34,802
Overnight deposits	5,000	6,193	6,622
Total cash and cash equivalents	**55,510**	**34,279**	**41,424**

NOTE 6 TRADE AND OTHER RECEIVABLES

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Trade receivables			
Accounts receivable	46,120	39,201	31,003
Allowance for doubtful receivables	(46)	(1)	-
	46,074	**39,200**	**31,003**
Tax prepayments excluding corporate income tax			
Value added tax	1,853	884	689
Other taxes	18	80	2
	1,871	**964**	**691**
Accrued income from construction services	15,263	6,971	3,164
Other short-term receivables			
Short-term loans	200	-	500
Interest receivables	192	-	19
Other short-term receivables	73	66	115
	465	**66**	**634**
Prepayments for services			
Prepayments for construction services	7,081	6,437	7,186
Prepaid insurance	768	572	692
Other prepaid expenses	220	327	288
	8,069	**7,336**	**8,166**
Total trade and other receivables	**71,742**	**54,537**	**43,658**
incl. short-term loans and interest to related parties (Note 16)	392	-	15
other short-term receivables and prepayments to related parties (Note 16)	12,941	1,511	1,378

NOTE 7 INVENTORIES

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Materials	744	693	553
Work-in-progress	121,688	83,691	102,274
Finished goods	41,886	30,885	27,249
Goods for resale			
Registered immovables purchased for resale/development	86,713	84,691	88,850
Other goods purchased for resale	980	401	696
	87,693	**85,092**	**89,546**
Prepayments for inventories			
Prepayments for real estate properties	8	8	8
Prepayments for other inventories	375	277	182
	383	**285**	**190**
Total inventories	**252,394**	**200,646**	**219,812**

NOTE 8 OTHER LONG-TERM LOANS AND RECEIVABLES

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Long-term loan receivables	13,355	50	2,800
Long-term receivables from customers of construction services	16,589	18,231	17,858
Total other long-term loans and receivables	**29,944**	**18,281**	**20,658**
incl. long-term loan receivables from related parties (Note 16)	13,355	50	2,800

NOTE 9 INVESTMENT PROPERTY

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Land	6,109	6,109	6,109
Right of superficies at carrying amount			
Cost	29	29	29
Accumulated depreciation	(17)	(16)	(16)
	12	**13**	**13**
Buildings at carrying amount			
Cost	6,625	8,026	8,026
Accumulated depreciation	(1,980)	(1,841)	(1,926)
	4,645	**6,185**	**6,100**
Construction in progress	361	119	173
Total investment property	**11,127**	**12,426**	**12,395**

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Land	1,266	1,266	1,266
Buildings at carrying amount*			
Cost	11,321	7,469	8,055
Accumulated depreciation	(4,335)	(3,783)	(3,880)
	6,986	**3,686**	**4,175**
Machinery and equipment at carrying amount*			
Cost	20,683	19,758	20,089
Accumulated depreciation	(11,691)	(10,754)	(10,913)
	8,992	**9,004**	**9,176**
Other fixtures at carrying amount			
Cost	6,873	3,939	6,723
Accumulated depreciation	(3,031)	(2,462)	(2,346)
	3,842	**1,477**	**4,377**
Construction in progress and prepayments for property, plant and equipment	487	2,873	3,123
Total property, plant and equipment	**21,573**	**18,306**	**22,117**

* As of 30 September 2026, the balance of buildings at carrying amount includes leased assets in a sum of EUR 1,146 thousand (30.09.2025: EUR 236 thousand; 31.12.2025: EUR 770 thousand). The balance of machinery and equipment at carrying amount includes leased assets in a sum of EUR 3,699 thousand (30.09.2025: EUR 3,445 thousand; 31.12.2025: EUR 3,627 thousand).

NOTE 11 INTANGIBLE ASSETS

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Goodwill			
Cost	-	1	1
Software at carrying amount			
Cost	2,035	1,537	2,031
Accumulated depreciation	(1,486)	(1,304)	(1,318)
	549	**233**	**713**
Prepayments for intangible assets	83	469	-
Total intangible assets	**632**	**703**	**714**

NOTE 12 BORROWINGS

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Lease liabilities*			
Lease liabilities balance	**4,841**	**3,732**	**4,435**
incl. current portion	1,254	951	1,131
non-current portion 2...5 years	3,587	2,781	3,304
Bank loans			
Loan balance	**62,449**	**22,153**	**28,317**
incl. current portion	6,366	8,224	1,609
non-current portion 2...5 years	56,083	13,929	26,708
Loans from other entities			
Loan balance	**339**	**374**	**339**
incl. current portion	339	374	339
Total loans			
Loans balance	**62,788**	**22,527**	**28,656**
incl. current portion	6,705	8,598	1,948
non-current portion 2…5 years	56,083	13,929	26,708
Total borrowings	**67,629**	**26,259**	**33,091**
incl. current portion	7,959	9,549	3,079
non-current portion 2...5 years	59,670	16,710	30,012

* As of 30 September 2026, the lease liabilities include a balance of EUR 541 thousand to related parties (30.09.2025: EUR 113 thousand; 31.12.2025: EUR 675 thousand) (Note 16).

NOTE 13 PAYABLES AND PREPAYMENTS

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Trade payables	49,373	34,247	33,970
Payables to employees	10,838	17,219	15,230
Tax liabilities, except for corporate income tax			
Value added tax	3,045	1,023	2,311
Personal income tax	848	612	647
Social security tax	1,354	1,489	1,637
Unemployment insurance tax	54	57	73
Contributions to mandatory funded pension	41	41	65
Other taxes	562	248	310
	5,904	**3,470**	**5,043**
Prepayments for construction services	23,978	23,153	23,910
Other liabilities			
Interest liabilities	241	90	140
Other liabilities	250	163	169
	491	**253**	**309**
Prepayments received *	36,635	13,983	17,458
Total payables and prepayments	**127,219**	**92,325**	**95,920**
incl. payables to related parties (Note 16)	119	2	58

* As of 30 September 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 21,547 thousand (30.09.2025: EUR 6,896 thousand; 31.12.2025: EUR 7,070 thousand) and of prepayments received in connection with residential properties (apartment buyers) in a sum of EUR 15,088 thousand (30.09.2025: EUR 7,087 thousand; 31.12.2025: EUR 10,388 thousand) (Note 2).

NOTE 14 SHORT-TERM PROVISIONS

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Provision for warranty obligation for construction	5,299	4,941	5,183
Provision for costs of projects sold and work-in-progress projects	6,222	3,190	4,448
Provision for onerous construction contracts	1,118	11	7
Provision for legal costs and claims filed	110	383	377
Other provisions	70	453	411
Total short-term provisions	**12,819**	**8,978**	**10,426**

NOTE 15 OTHER LONG-TERM PAYABLES

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Trade payables	4,734	6,494	5,758
Prepayments received *	3,587	1,404	1,204
Other long-term liabilities	122	61	88
Other long-term provisions	52	-	23
Other long-term payables total	**8,495**	**7,959**	**7,073**

* As of 30 September 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 3,587 thousand (30.09.2025: EUR 1,404 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 30.09.2026, 30.09.2025 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, ASSOCIATES AND JOINT VENTURES

	Ownership and voting rights %			Location	Area of operation
	30.09.2026	30.09.2025	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 Lastehoid	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	Lithuania, Vilnius	Real estate
UAB VPSP B	-	-	100	Lithuania, Vilnius	Real estate
UAB VPSP C	-	-	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
Associates					
UAB VPSP Projektai	30	-	-	Lithuania, Vilnius	Real estate
UAB VPSP B	30	-	-	Lithuania, Vilnius	Real estate
UAB VPSP C	30	-	-	Lithuania, Vilnius	Real estate
Joint ventures					
Kodusadam OÜ	50	50	50	Estonia, Tallinn	Real estate
Turu 18 Kodud OÜ	50	50	50	Estonia, Tallinn	Real estate

	Ownership and voting rights %			Location	Area of operation
	30.09.2026	30.09.2025	31.12.2025		
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 9 months	2025 9 months	2025 12 months
Provided services and goods sold			
Associate and joint ventures	24,991	2,676	4,907
Entities under common control	398	39,300	39,975
Members of the management	785	11	22
Total services provided and goods sold	**26,174**	**41,987**	**44,904**
Interest income			
Associate and joint ventures	327	56	100
Entities under common control	-	8	8
Total interest income	**327**	**64**	**108**
Purchased services and goods			
Associate and joint ventures	571	133	177
Entities under common control	103	62	87
Total purchased services and goods	**674**	**195**	**264**

BALANCES WITH RELATED PARTIES

in thousand euros

	30.09.2026	30.09.2025	31.12.2025
Receivables from related parties			
Loans granted and interest receivables (Notes 6, 8)			
Associate and joint ventures	13,747	50	2,815
Receivables and prepayments (Note 6)			
Associate and joint ventures	12,917	873	1,157
Entities under common control	24	638	24
Members of the management	-	-	197
Total receivables and prepayments	**12,941**	**1,511**	**1,378**
Total receivables from related parties	**26,688**	**1,561**	**4,193**
Payables to related parties			
Lease liabilities (Note 12)			
Entities under common control	541	113	675
Payables and prepayments (Note 13)			
Associate and joint ventures	113	-	39
Entities under common control	6	2	19
Total payables and prepayments	**119**	**2**	**58**
Total payables to related parties	**660**	**115**	**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 9 months of 2026 were EUR 1,372 thousand (9 months of 2025: EUR 1,695 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 9 months of 2026, the Management Board members of AS Merko Ehitus did not receive benefits (9 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 30.09.2026:

		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	-	-
Tõnu Toomik	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 two members: Ivo Volkov and Urmas Somelar.

Shares held by members of the Management Board of AS Merko Ehitus as of 30.09.2026:

		NO OF SHARES	% OF SHARES
Ivo Volkov	Chairman of the Management Board	4,137	0.02%
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.

	30.09.2026	30.09.2025	31.12.2025
Performance period's warranty to the customer	62,111	44,615	46,243
Tender warranty	50	100	100
Guarantee for warranty period	17,186	16,520	17,342
Prepayment guarantee	21,936	7,773	7,773
Contracts of surety	196,845	9,607	6,755
Total contingent liabilities	**298,128**	**78,615**	**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.
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 (%)	=	Gross profit / Revenue
Operating profit margin (%)	=	Operating profit / Revenue
EBT margin (%)	=	Pre-tax profit / Revenue
Net profit margin (%)	=	Net profit (attributable to equity holders of the parent) / Revenue
Return on equity, ROE (%)	=	Net profit (attributable to equity holders of the parent) of the current 4 quarters / Shareholders equity (average of the current 4 quarters)
Return on assets, ROA (%)	=	Net profit (attributable to equity holders of the parent) of the current 4 quarters / Total assets (average of the current 4 quarters)
Return on invested capital, ROIC (%)	=	(Profit before tax + interest expense - foreign exchange gain (loss) + other financial income) of the current 4 quarters / (Shareholders equity (average) + interest-bearing liabilities (average)) of the current 4 quarters
Equity ratio (%)	=	Shareholders' equity / Total assets
Debt ratio (%)	=	Interest-bearing liabilities / Total assets
Current ratio	=	Current assets / Current liabilities
Quick ratio	=	Current assets - inventories / Current liabilities
Accounts receivable turnover(days)	=	Trade receivables of the current 4 quarters (average) x 365 / Revenue of the current 4 quarters
Accounts payable turnover (days)	=	Payables to suppliers of the current 4 quarters (average) x 365 / Cost of goods sold of the current 4 quarters
EBITDA (million EUR)	=	Operating profit + depreciation
EBITDA margin (%)	=	Operating profit + depreciation / Revenue
General expense ratio (%)	=	Marketing expenses + General and administrative expenses / Revenue
Labour cost ratio (%)	=	Labour costs / Revenue
Revenue per employee (EUR)	=	Revenue / Number of employees (average)
Earnings per share, EPS (EUR)	=	Net profit (attributable to equity holders of the parent) / Number of shares
Equity/share (EUR)	=	Shareholders equity (average of the current 4 quarters) / Number of shares
Dividend per share (EUR)	=	Payable dividends / Number of shares
Dividend rate (%)	=	Payable dividends x 100 / Net profit (attributable to equity holders of the parent)
Dividend yield (%)	=	Dividends payable per share / Share price 31.12
P/E	=	Share price 30.09 / Earnings per share of the current 4 quarters
P/B	=	Share price 30.09 / Equity per share (average of the current 4 quarters)
Market value	=	Share price 30.09 x Number of shares