

Company AS MERKO EHITUS  
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Attachments:

- 2020 Merko Ehitus annual report.pdf (<http://oam.fi.ee/en/download?id=5373>)
- 2020 Merko Ehitus aastaaruanne.pdf (<http://oam.fi.ee/en/download?id=5374>)

Currency

Title Audited annual report 2020

AS Merko Ehitus consolidated audited financial results for 2020 remain unchanged compared to the preliminary disclosure on 11 February 2021.

STATEMENT OF THE CHAIRMAN OF THE MANAGEMENT BOARD

2020 was a successful year for Merko - we managed to reach our financial goals and finished the financial year with the best result we have seen in recent years, despite COVID-19 restrictions. Our earlier strategic decision to focus more on apartment development has borne fruit - we sold a total of 900 new homes in the three Baltic states combined. This is more than ever and it is the result of our team's efforts over several years as well as our customers' continued trust in Merko. Our goal is to keep this trust going forward as we continue to invest in creating new homes and a better living environment.

Although many new investments in the construction market were put on hold due to the pandemic, the group's new construction contracts' volume grew higher in 2020. A strong contract portfolio ensures us steady business volumes in a persistently difficult economic environment. However, risks in construction have increased further: the pandemic has increased uncertainty as to economic development, possible disruptions in supply chains, unexpected price changes and availability of manpower. In such circumstances we aim to keep the company's financial status strong and be prepared to make quick decisions.

The COVID-19 crisis brought into spotlight the need to maintain the health of one's employees and business partners as well as to ensure a safe working environment, but also a safe apartment purchase process. In the early weeks of the pandemic we quickly developed a corona prevention action plan that was implemented in our group companies and we are proud to state that other construction companies also followed suit.



In 2020 Merko celebrated 30 years in the business. Today, we are an international company that does half of its business outside Estonia. Over decades we have built a multitude of modern and lasting buildings as well as life quality improving civil engineering objects in Estonia, Latvia and Lithuania, and for the past five years also in Norway. We focus on a long-term outlook, lasting solutions, and quality. We uphold the same values when contributing to society. We are a supporter of Estonian art, we collaborate with universities, and through developing the health trails network we help to acknowledge the importance of regular exercise. The world is changing rapidly and so we build with the future in mind. Digital solutions, changing consumer behaviour, increasingly more environmental-friendly way of thinking and a new professional generation will help us succeed also in the decades to come.

I would like to thank all of Merko's employees and business partners for a productive year as well as our clients and home buyers who have put their faith in Merko. I would also like to extend my gratitude to all the shareholders who believe in Merko's future.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
in thousand euros

	2020	2019
Revenue	315,918	326,779
Cost of goods sold	(272,169)	(291,958)
Gross profit	43,749	34,821
Marketing expenses	(4,212)	(4,260)
General and administrative expenses	(13,412)	(12,988)
Other operating income	2,320	2,983
Other operating expenses	(2,979)	(1,318)
Operating profit	25,466	19,238
Finance income	1	3
Finance costs	(866)	(684)
Profit (loss) from joint ventures	(144)	1,766



Profit before tax	24,457	20,323
Corporate income tax expense	(1,954)	(3,833)
Net profit for financial year	22,503	16,490
incl. net profit attributable to equity holders of the parent	22,994	16,270
net profit attributable to non-controlling interest	(491)	220
Other comprehensive income (loss), which can subsequently be classified in the income statement		
Currency translation differences of foreign entities	(115)	13
Comprehensive income for the period	22,388	16,503
incl. attributable to equity holders of the parent	22,890	16,281
attributable to non-controlling interest	(502)	222
Earnings per share for profit attributable to equity holders of the parent (basic and diluted, in EUR)	1.30	0.92

CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
in thousand euros

31.12.2020 31.12.2019

ASSETS

Current assets

Cash and cash equivalents	47,480	24,749
Trade and other receivables	32,657	50,413
Prepaid corporate income tax	306	104
Inventories	126,332	166,226
	206,775	241,492

Non-current assets



Investments in joint ventures	2,354	2,498
Other long-term loans and receivables	17,979	11,094
Deferred income tax assets	653	-
Investment property	13,922	14,047
Property, plant and equipment	14,521	11,919
Intangible assets	711	777
	50,140	40,335
 TOTAL ASSETS	 256,915	 281,827
 LIABILITIES		
Current liabilities		
Borrowings	13,649	20,725
Payables and prepayments	55,846	69,585
Income tax liability	1,202	812
Short-term provisions	6,347	7,976
	77,044	99,098
Non-current liabilities		
Long-term borrowings	15,409	43,001
Deferred income tax liability	3,001	1,682
Other long-term payables	4,026	3,491
	22,436	48,174
 TOTAL LIABILITIES	 99,480	 147,272



## EQUITY

Non-controlling interests	4,207	4,217
Equity attributable to equity holders of the parent		
Share capital	7,929	7,929
Statutory reserve capital	793	793
Currency translation differences	(814)	(710)
Retained earnings	145,320	122,326
	153,228	130,338
TOTAL EQUITY	157,435	134,555
TOTAL LIABILITIES AND EQUITY	256,915	281,827

AS Merko Ehitus audited annual report for 2020 is attached to the announcement and is also published on NASDAQ Tallinn and Merko's web page ([group.merko.ee](https://group.merko.ee) (<https://group.merko.ee/en/>)).

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AS Merko Ehitus ([group.merko.ee](https://group.merko.ee) (<https://group.merko.ee/en/>)) group consists of AS Merko Ehitus Eesti in Estonia, SIA Merks in Latvia, UAB Merko Statyba in Lithuania and Peritus Entreprenør AS in Norway. Besides providing construction service as a main contractor, the group's other major area of activity is apartment development. As at the end of 2020, the group employed 666 people, and the group's revenue for 2020 was EUR 316 million.

