

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

27 April 2017

The management board of Nordecon AS (the “**Company**”) (registry code 10099962, address Pärnu mnt 158/1, 11317 Tallinn) hereby convenes an annual general meeting of shareholders, which shall be held on **24 May 2017 at 10.00 am at the Radisson Blu Hotel Olümpia Conference Hall Beta (Liivalaia 33, 10118 Tallinn).**

The list of shareholders entitled to vote at the general meeting is determined on 17 May 2017 at 23.59 pm.

The registration of the participants of the annual general meeting will take place from 9.00 am until 10.00 a.m. at the venue of the general meeting.

For registration, please submit:

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

Prior to the annual general meeting, a shareholder may notify the Company of giving a proxy or cancelling a proxy by sending a respective digitally signed notice to the e-mail address [nordecon@nordecon.com](mailto:nordecon@nordecon.com) or by delivering the notice in format which can be reproduced in writing during working days from 10.00 am until 4.00 pm to the address Pärnu mnt 158/1, 11317 Tallinn by 4.00 pm on 23 May 2017 at the latest, i.e. the last working day prior to the annual general meeting.

As per the resolution of the Company’s supervisory board of 26 April 2017, the agenda of the annual general meeting is as follows:

1. Approval of the Company’s annual report for 2015 and profit allocation proposal;
2. Election of auditor for the financial year 2016 and deciding on the remuneration payable to the auditor;
3. Decrease of the share capital of the Company;
4. Remuneration of the members of the supervisory board;
5. Changes in the key terms and conditions of the share option plan.

The supervisory board makes the following proposals to the shareholders:

**Item of Agenda No. 1. Approval of the Company’s annual report for 2016 and profit allocation proposal**

1.1. To approve the Company’s consolidated annual report for 2016 as submitted by the management board.

1.2. To allocate the profit of the Company as follows: The Company’s consolidated net profit for 2016 amounts to 3,044 thousand euros, prior period retained earning amounts to 10,047 thousand euros and, thus, total distributable profit as at 31 December 2016 amounts to 13,091 thousand euros. To allocate 1,384 thousand euros (0.045 euros per share) as the profit to be distributed to the

shareholders (the dividend). No appropriations shall be made to the capital reserve or other reserves provided for by the law or the articles of association. After the allocations, retained earnings will amount to 11,707 thousand euros. Shareholders entitled to dividends include persons entered in the Company's share register on 7 June 2017 at 11.59 pm. No dividends shall be paid to the Company for own shares, the number of eligible shares is 30,756,728. The dividends will be distributed to the shareholders on 21 June 2017 at the latest.

#### **Item of Agenda No. 2. Election of auditor for the financial year 2017 and deciding on the remuneration of the auditor**

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

Audit firm KPMG Baltics OÜ has rendered auditing service to the Company in 2016 based on the contracts signed in 2016. KPMG Baltics OÜ has been rendering auditing services in accordance with the aforementioned contract and the Company has no objections to the quality of the auditing service.

- 2.1. To elect audit firm KPMG Baltics OÜ as the auditor of the Company for the financial year 2017 and to pay for the services according to the agreement to be signed with the auditor.

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

- 3.1. To decrease the share capital of the Company by 1,456,896.74 euros from 19,720,440.42 euros to 18,263,543.68 euros. The share capital will be decreased by reducing the book value of the shares by 0.045 euro. The total number of the shares will not change and the book value of shares shall be reduced proportionately to the reduction of the share capital. As a result of the decrease of the share capital, the share capital of the company will be 18,263,543.68 euros that is divided into 32,375,483 shares with book value.
- 3.2 Upon decrease of the share capital to make payments to the shareholders in the amount of 0.045 euros per share, in the total amount of 1,384,052.76 euros. The payments to the shareholders shall be made no sooner than three months after the registration of the reduction of the share capital with the commercial register, but, at the latest, three months and 14 calendar days after the registration of the reduction of the share capital with the commercial register.
- 3.3 The share capital is decreased to improve the structure of capital in order to bring the amount of the share capital into alignment with the volume of business and strategic goals. The reduced amount of the share capital is in compliance with the requirements set out by the legislation and the articles of association.
- 3.4 The list of shareholders who shall be entitled to payments as a result of the decreasing of the share capital will be fixed as of 7 June 2017 at 11:59 pm.

#### **Item of Agenda No. 4. Remuneration of the members of the supervisory board**

- 4.1 To determine that as from 1 June 2017 the amount of the remuneration payable to the chairman of the supervisory board is 9,000 euros per month, to the vice-chairman of the supervisory board 3,000 euros per month and to the other supervisory board members 1,200 euros per month.

#### **Item of Agenda No. 5. Changes in the key terms and conditions of the share option plan**

To change the general terms and conditions of the Company's stock option program approved under resolution No 4 of the general meeting of shareholders of the Company of 27 May 2014 as follows:

5.1 To change section 1.10 of the general terms and conditions of the Company's stock option program and approve section 1.10 in the following wording:

“An eligible person may exercise the option provided that the eligible person is in an employment or service relationship with the Company or with a subsidiary of the Company as at the date on which the option becomes exercisable, except in case the supervisory board decides otherwise in the terms and conditions of the option agreement concluded with the eligible person.”

5.2 To change section 1.11 of the general terms and conditions of the Company's stock option program and approve section 1.11 in the following wording:

„Exercise of the option by the Company's management board members Jaano Vink, Aavo Ambur and Erkki Suurorg is subject to the following preconditions, depending on the time of exercising the option:

The management board member exercises the option (in full or in part) based on the financial results of the Company for 2016:

- a) the management board member may exercise the option in full provided that the Company's consolidated EBITDA for 2016 is 11.228 million euros or more;
- b) the management board member may exercise the option to the extent of 50% provided that the Company's consolidated EBITDA for 2016 is 7.86 million euros;
- c) the management board member may not exercise the option in case the Company's consolidated EBITDA for 2016 is 4.491 million euros or less.

The management board member exercises the option (in full or in part) based on the financial results of the Company for 2017:

- a) the management board member may exercise the option in full provided that the Company's consolidated EBITDA for 2017 is 8.264 million euros or more;
- b) the management board member may exercise the option to the extent of 50% provided that the Company's consolidated EBITDA for 2017 is 6.198 million euros;
- c) the management board member may not exercise the option when the Company's consolidated EBITDA for 2017 is 4.132 million euros or less.

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

5.3 To change section 1.12 of the general terms and conditions of the Company's stock option program and approve section 1.12 in the following wording:

„An eligible person may exercise the option after the expiry of a three year period as of the conclusion of the person's option agreement but, in any case, not before the Company's annual general meeting has approved the Company's annual report for 2016. In order to exercise the option, an eligible person shall, during the exercise period beginning as of the approval of the Company's 2016 annual report by the Company's annual general meeting and ending after 15 (fifteen) months as of such date, submit the Company a notice in accordance with the option agreement. Exercise of the option shall constitute the conclusion of a sale agreement between the eligible person and the Company on the terms and conditions set forth in the option agreement under which the eligible person is entitled and obliged to acquire the Company's shares which are the object of the option for a price determined in accordance with article 1.15. of these Conditions. The eligible person must pay the Company the price of the shares in respect of which the option was exercised within 12 (twelve) months after the exercise of the option at the latest. The shares in respect of which the option was exercised will be transferred to the eligible person only when the price to be paid for the shares has been paid.”

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The 2016 annual report of the Company and the independent auditor's report are available for review on the website of NASDAQ Tallinn Stock Exchange [www.nasdaqbaltic.com](http://www.nasdaqbaltic.com).

All documents pertaining to the annual general meeting of the Company, inter alia the draft resolutions and including the reasoning of such addition, resolutions of items to the meeting's agenda proposed by shareholders, the 2016 annual report, independent auditor's report, profit allocation proposal and the written report of the council regarding the annual report and any other documents and relevant information to be published under the law or related to the meeting's items are available for review starting from 28 April 2017 on the website of the Company [www.nordecon.com](http://www.nordecon.com). Questions related to the annual general meeting and its agenda can be sent to the e-mail address [nordecon@nordecon.com](mailto:nordecon@nordecon.com). The questions, answers and shareholder's propositions relating to the items on agenda will be published on the website of the Company [www.nordecon.com](http://www.nordecon.com).

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

Shareholders, whose shares represent at least 1/20 of the share capital of the Company, may propose draft resolutions with respect to each item on the agenda. Proposals must be sent in writing to the Company at the address Pärnu mnt 158/1, 11317 Tallinn, at least 3 days prior to the general meeting, i.e. by 21 May 2017.

Shareholders, whose shares represent at least 1/20 of the share capital of the Company, may request that additional items be added on the agenda of the annual general meeting. The request must be sent in writing to the Company at the address Pärnu mnt 158/1, 11317 Tallinn, at least 15 days prior to the general meeting, i.e. by 09 May 2017.