

# Hexest Materials AS – Articles of Association

(Unofficial translation)

## 1. BUSINESS NAME, LOCATION, FIELDS OF ACTIVITY AND FINANCIAL YEAR

- 1.1. The business name of the public limited company is Hexest Materials AS.
- 1.2. The public limited company is located in Tallinn, Republic of Estonia.
- 1.3. The principal field of activity of the public limited company is the production of explosives. In addition to its principal activity, the public limited company may also operate in other fields of activity.
- 1.4. The objective of the public limited company is profitable operation in its principal field of activity.
- 1.5. The financial year of the public limited company begins on 1 January and ends on 31 December.

## 2. SHARE CAPITAL AND RESERVE CAPITAL

- 2.1. The shares of the public limited company belong to the Estonian state.
- 2.2. The minimum share capital of the public limited company is 100,000 euros and the maximum share capital is 400,000 euros.
- 2.3. All shares of the public limited company are single-class registered shares, each with a nominal value of 100 euros, and each share confers one vote.
- 2.4. The share capital may be increased by issuing new shares or by increasing the nominal value of existing shares, by additional contributions or by a bonus issue.
- 2.5. The public limited company has the right to issue shares at a price exceeding their nominal value (premium).
- 2.6. Upon increase of the share capital, payment for shares may be made by a non-monetary contribution on the basis of a resolution of the general meeting. The valuation of the non-monetary contribution is arranged by the management board. The valuation report of the non-monetary contribution is verified by an auditor.
- 2.7. In the event of delay in payment for a share, the shareholder shall pay interest of 0.1% for each day of delay.
- 2.8. The size of the reserve capital of the public limited company is one-tenth (1/10) of the share capital.

## 3. MANAGEMENT

- 3.1. The highest management body of the public limited company is the general meeting of shareholders (hereinafter the general meeting).
- 3.2. The management bodies of the public limited company are the supervisory board and the management board.
- 3.3. A member of a management body of the public limited company may not be a person:
  - 3.3.1. whose culpable act or omission has resulted in the person's bankruptcy; this prohibition applies to the person for five years after the declaration of bankruptcy;
  - 3.3.2. whose culpable act or omission has resulted in the revocation of an operating licence granted to a legal person; this prohibition applies to the person for five years after the revocation of the operating

licence;

3.3.3. who is subject to a business prohibition; this prohibition applies to the person for five years after the end of the business prohibition;

3.3.4. whose culpable act or omission has caused damage to a legal person; this prohibition applies to the person for five years after compensation for the damage;

3.3.5. who has been punished for an economic, professional or property-related offence, unless the person's criminal records have been expunged.

3.4. In managing the public limited company, good corporate governance practices and the principles of sustainable and responsible activity are applied, and compliance with them is described in the annual report.

## **4. SHAREHOLDERS' RIGHTS, OBLIGATIONS AND GENERAL MEETING**

4.1. Shareholders exercise their rights at the general meeting of shareholders, which is the highest management body of the public limited company.

4.2. The general meeting shall adopt decisions according to the procedure and within the competence provided by law and the articles of association; shareholders may also adopt decisions without convening a meeting according to the procedure provided by law.

4.3. A decision of the general meeting is adopted if more than half of the votes represented at the general meeting are cast in favour of the decision.

4.4. The general meeting is held at the location of the public limited company or at another place determined by the management board.

4.5. The exclusive competence of the general meeting is to:

4.5.1. decide on matters assigned by law to the competence of the general meeting;

4.5.2. establish owner expectations for the public limited company, determining strategic and financial objectives, which are updated at least every third year;

4.5.3. decide on the acquisition and disposal of a significant holding in another company. A decision of the general meeting of the public limited company is also required for the acquisition or disposal of a significant holding in another company by subsidiaries of the public limited company;

4.5.4. establish the principles for the management and reporting of subsidiaries of the public limited company; decide on matters for which the subsidiary must obtain the consent of the general meeting or the supervisory board of the parent company;

4.5.5. establish the rules of procedure of the supervisory board and the procedure for covering costs associated with participation in the work of the supervisory board.

## **5. SUPERVISORY BOARD**

5.1. The supervisory board is a management body of the public limited company which plans the activities of the public limited company, organizes the management of the public limited company and supervises the activities of the management board.

5.2. The supervisory board consists of three to seven members. The term of office of members of the supervisory board is up to three years.

5.3. The number of members of the supervisory board and the duration of their term of office is determined and the members of the supervisory board are elected by the general meeting.

5.4. In determining the number of members of the supervisory board and the duration of their term of office, and in electing and recalling those members of the supervisory board for whom the state has the right to make a decision or a proposal, the proposal of the nomination committee of the shareholding administrator shall be followed. In determining the number of members of the supervisory board, account must also be taken of the size and economic situation of the public limited company and the need to ensure the effective performance of the tasks set out in § 316 of the Commercial Code.

5.5. The general meeting elects the chair of the supervisory board from among the members of the supervisory board.

5.6. A member of the supervisory board of the public limited company may not be a person who has a substantive conflict of interest with the company, which may arise, among other things, from the fact that the person or a person related to them within the meaning of the State Assets Act:

5.6.1. is a sole proprietor who operates in the same field of activity as the public limited company and is not a shareholder of the public limited company;

5.6.2. is a partner in a general partnership or a general partner in a limited partnership operating in the same field of activity as the public limited company, if he or she is not a shareholder of the public limited company;

5.6.3. holds a significant holding (at least 10%) in a company operating in the same field of activity as the public limited company and which is not a shareholder of the public limited company;

5.6.4. is a member of the management body of a company operating in the same field of activity as the public limited company, except if it is a state-owned company, a company belonging to the same group as that company, or a company that is a partner or shareholder of that company;

5.6.5. holds significant business interests related to a state-owned company, which are expressed, among other things, in holding a significant holding in such a legal person or belonging to the management body of such a legal person, who is a significant seller or purchaser of goods, provider of services or customer of that state-owned company.

5.7. The supervisory board shall direct the development of the public limited company and organize its management and supervise the activities of the management board. The supervisory board gives instructions to the management board in organizing the management of the public limited company. Based on the owner's expectations, the supervisory board approves the public limited company's strategy. Once a year the supervisory board approves the financial plan and the annual budget of the public limited company, based on the owner's expectations established by the general meeting.

5.8. The consent of the supervisory board is required for transactions provided for in the Commercial Code.

5.9. The working form of the supervisory board is a meeting. A member of the supervisory board may, in accordance with the procedure provided by law, participate in a meeting by means of electronic communication.

5.10. A meeting of the supervisory board is convened and conducted in accordance with the procedure provided by law.

5.11. The supervisory board adopts decisions in accordance with the procedure provided by law. In the event of an equality of votes, the vote of the chair of the supervisory board is decisive.

5.12. The supervisory board has the right to adopt decisions without convening a meeting pursuant to the procedure provided by law.

5.13. The amount of remuneration to be paid to a member of the supervisory board of the public limited company and the procedure for payment thereof is decided by the shareholding administrator by a decision of the sole shareholder, taking into account the specifics of the public limited company. In

deciding the amount of remuneration to be paid to members of the supervisory board, the shareholding administrator shall follow the proposal of the nomination committee.

5.14. Members of the supervisory board of the public limited company are paid equal remuneration; a higher remuneration may be set for the chair of the supervisory board. A member of the supervisory board may be paid additional remuneration in connection with his or her participation in the activities of the audit committee or another body of the supervisory board.

5.15. In paying remuneration to a member of the supervisory board, account shall be taken of his or her participation in meetings of the supervisory board and in the activities of the supervisory board's bodies.

5.16. Upon recall of a member of the supervisory board from the supervisory board, no compensation shall be paid to him or her.

## **6. MANAGEMENT BOARD**

6.1. The management board is the management body of the public limited company which manages and represents the public limited company. In managing the public limited company, the management board must comply with the requirements of law, the articles of association and the lawful instructions of the supervisory board.

6.2. The management board is accountable to the supervisory board and the general meeting. The management board must immediately inform the members of the supervisory board of the deterioration of the public limited company's economic condition or the threat thereof.

6.3. The management board consists of one to three members according to a resolution of the supervisory board. The members of the management board are elected for up to five years. The members of the management board are elected and recalled by the supervisory board. If the management board has at least two members, the supervisory board appoints a chair of the management board from among the members of the management board.

6.4. Any member of the management board may represent the public limited company independently in all legal transactions.

6.5. The rights and obligations of a member of the management board may be specified in more detail in a management board member agreement concluded with him or her. The agreement is concluded, amended and terminated by the representative of the public limited company appointed by the supervisory board. The term of the management board member agreement is up to five years.

6.6. The terms of remuneration of a member of the management board are determined in the management board member agreement. In determining the terms of remuneration of a member of the management board, the principles provided by law and the articles of association must be followed.

6.7. A member of the management board shall be paid remuneration only on the basis of the management board member agreement concluded with him or her. If, in addition to performing the duties of a member of the management board of the public limited company, the member performs other tasks necessary for the public limited company, remuneration for such tasks may be paid only if provided for in the management board member agreement.

6.8. A member of the management board may be paid additional remuneration, taking into account his or her work performance. The amount of additional remuneration must be justified.

6.9. The total amount of additional remuneration paid during the financial year shall not exceed four times the average monthly remuneration paid to the member of the management board in the previous financial year, whereby the additional remuneration referred to in point 6.8 paid in the previous financial year shall not be taken into account in calculating the average monthly remuneration.

6.10. A member of the management board may be paid severance compensation only upon his or her recall at the initiative of the supervisory board before the expiry of his or her term of office and if this is provided for in the management board member agreement. Severance compensation may be paid up to an amount equal to three months' remuneration applicable at the time of recall.

6.11. On the basis of a justified decision of the supervisory board, compensation may be paid to a member of the management board after the end of his or her term of office for compliance with a non-competition obligation for up to 12 months, whereby the compensation payable for one month may not exceed the monthly remuneration applicable at the end of the term of office.

## **7. INTERNAL CONTROL AND INTERNAL AUDIT**

7.1. The public limited company shall ensure the functioning of the internal control system.

7.2. The creation of an internal auditor position or the purchase of internal auditor services from an audit firm is mandatory if at least two of the following three consolidated indicators as at the balance sheet date of the reporting year are greater than: (i) sales revenue six million euros; (ii) balance sheet total three million euros; and (iii) number of employees 75.

7.3. The public limited company has the right to refrain from creating an internal auditor position or purchasing internal auditor services from an audit firm if such refraining may, in the opinion of the supervisory board, prove economically expedient. The respective decision of the supervisory board must be approved in advance by the general meeting of shareholders.

7.4. The shareholding administrator has the right to require the conduct of a special audit and to use for this purpose a structural unit of the institution managed by it.

## **8. REPORTING**

8.1. The management board shall prepare the annual report in accordance with the procedure and within the time limit provided by law after the end of the financial year and shall submit it to the general meeting for approval.

8.2. The management board shall submit the annual report to the auditor in such a way that the shareholders are able to approve the audited annual report at the general meeting before the expiry of the time limit provided by law.

8.3. With regard to compliance with the principles of sustainable and responsible activity, the public limited company shall provide in the annual report an overview of the significant economic, social and environmental impacts of its activities and any other significant impacts that may affect the relevant stakeholders.

8.4. Together with the annual report, the management board shall submit an overview of how the supervisory board has planned the activities of the public limited company, organized its management and exercised supervision during the reporting period, and shall indicate the total amount of remuneration paid during the financial year to each member of the supervisory board and the management board, distinguishing the additional remuneration paid to the member of the management board referred to in point 6.8.

8.5. The management board shall submit the approved annual report to the register within four months of the end of the financial year.

## **9. DISTRIBUTION OF PROFIT AND PAYMENT OF DIVIDENDS**

9.1. The distribution of the profit of the public limited company is decided by the general meeting in accordance with law.

9.2. Dividends are paid on the basis of the approved annual report. The amount of dividends, the procedure for payment and the deadlines are decided by the general meeting in accordance with law.

9.3. With the consent of the supervisory board, the management board may, after the end of the financial year but before the approval of the annual report, make advance payments to the shareholder on account of the expected profit up to half of the amount that may be distributed among the shareholders.

## **10. DISSOLUTION, MERGER, DIVISION AND TRANSFORMATION OF THE PUBLIC LIMITED COMPANY**

10.1. The dissolution, merger, division and transformation of the public limited company shall be carried out in accordance with law.

This Articles of Association was established by the incorporation decision of Hexest Materials AS on 28 May 2025.

Unofficial translation