



50 years
of experience
and progress
continues

2018
Annual Report





Contents

Information to the Shareholders	3
Statement of the Chairman of the Supervisory Board	4
Statement of the Chairman of the Management Board	6
Organisation	8
Harju Elekter Group's Sustainability Focus Topics	10
Year 2018	12
The Group's Activities in 2019	16
Financial Summary	17
Economic Environment Overview	19
Operating Results	21
Business Segments	28
Investment and Development Activity	42
Innovation	45
Quality Management, Product Quality and Quality of Customer Relations	47
Personnel	54
Environmental Management	61
Share and Shareholders	64
Corporate Governance and Basis for Preparation of the Management Report	69
Social Contribution	76
GRI Contents	78
Information about the Supervisory and Management Boards	83
<hr/>	
Please find the year 2018 audited annual report of AS Harju Elekter here	88

Information to the Shareholders

► Annual General Meeting

THE AGM OF SHAREHOLDERS
OF HARJU ELEKTER WILL TAKE PLACE
ON MAY 02, 2019 AT 10 A.M.
AT THE HALL OF THE KEILA CULTURE
CENTRE, KESKVÄLJAK 12, KEILA.

► Dividends

The Management Board of Harju Elekter makes a proposal to pay a dividend of € 0.18 per share for the financial year 2018. The shareholders registered in the shareholders' registry on 16 May 2019 as of the end of the business day in the accounting system, shall be entitled to dividend. The dividend payment ex-date is 15 May 2019. From that date the new owner of the shares is not entitled to dividends for the year 2018. The dividends will be paid to the shareholders on 24 May 2019 by a transfer to the bank account of the shareholder.

► The Publication of Financial Reports in 2019

Harju Elekter informs you that the consolidated financial results of AS Harju Elekter will be published as follows:

Interim Report Q1 2019	02.05.2019
Interim Report Q2 2019	31.07.2019
Interim Report Q3 2019	30.10.2019

After their release through the stock exchange information system all Harju Elekter's announcements are also available on company's internet homepage at www.harjuelekter.com

For announcements by email, please sign on company's homepage.



Contact for Investors
MOONIKA VETEVOOL
Corporate communication
and investor relations manager
Tel +372 671 2761,
moonika.vetevool@harjuelekter.com
AS Harju Elekter,
Paldiski str 31, 76606 Keila, Estonia

Statement of the Chairman of the Supervisory Board

Harju Elekter 50 – several generations of experience

In 2018, Harju Elekter celebrated its 50th year of operation. The company was named in 1983, registered in the Estonian commercial register in 1993, and during its operating time, the company has seen various regimes and business forms across several generations. Yet in 1968 when it began as a department of the Harju KEK producing electric cables, nobody dared to dream that in half a century, the structural unit would have grown into a group with a turnover of over 100 million euros, with subsidiaries also in Sweden, Finland and Lithuania.

Having worked for Harju Elekter throughout these 50 years, I find it a remarkable achievement that the company has never been at a loss for half a century. Our strong desire is to develop this Estonian capital-based group of industrial companies further and to make every effort to remain independent and be a valued partner for our customers, shareholders and Group employees.



Looking back at our jubilee year, I can point out several milestones in the company's history, all of which played an important role in its success. The introduction of capitalism in the company essentially started already deep in Soviet Union times - at first, in the natural economy where the cables manufactured by the company could be exchanged for other building materials. Soon we started thinking about how to attract the best engineers to our factory in Keila. We managed to create a well-functioning and independent enterprise that was needed in this era, which had a technical-technological department, an instrumental department, production facilities, a supply-distribution department and an economics department. During the period when Estonia restored its independence, the year 1991 came with a big shock when trade with the Soviet Union was lost, but in this regard we were also prepared. We were saved by a foreign trade licence that we had managed to obtain a few years earlier. We were among perhaps only a dozen companies that held such a licence in the USSR. This meant that for exported goods we received currencies that we used to buy equipment and everything else that we needed. To keep foreign

currencies, we opened a foreign currency account in a Finnish bank. An intensive foreign capital attraction period followed. We successfully cooperated with Nokia, ABB, GlamoX and other foreign companies. Avoiding losses, we saw more difficult times during an economic crisis at the end of the 1990s when we had to introduce a four-day working week and the employees agreed to a pay cut, but thereafter a rigorous expansion started again. In 2002, we expanded to Finland. A year later to Lithuania and in 2010 to Sweden. During last two years four new companies were acquired by the Group.

Thus, Harju Elekter has in five decades grown into a well-known and renowned medium and low voltage electrical and automation equipment manufacturer in the Baltic Sea region, still providing its customers and cooperation partners with functioning electrical solutions. The Group consists of 12 companies in Estonia, Finland, Sweden and Lithuania.

On behalf of the Supervisory Board, I would like to thank all the shareholders, partners and employees.

Thus, Harju Elekter has in five decades grown into a well-known and renowned medium and low voltage electrical and automation equipment manufacturer in the Baltic Sea region



Endel Palla

Chairman of the Supervisory Board

Innovative mindset keeps us on the right track

The year 2018 – Harju Elekter's 50th anniversary – was a very busy and resulted, despite some serious challenges, in an 18% increase in sales. The Group's 12 companies in Estonia, Finland, Sweden and Lithuania managed to consolidate 120.8 million euros in revenue and 2.4 million euros in operating profit.

The operating profit decrease was primarily caused by the organisation's increased administrative and development capacity-creating costs, a slight decrease in the energy sector's order volumes in Finland and Estonia, and high project costs in the shipping industry activity. Most of the revenue was generated by the sales of electrical equipment and goods, supported by electrical installation work, sales of telecommunications products and lease of industrial real estate. Finland remained the largest market (63%), but the share of Sweden grew strongly, reaching 11%. The Estonian market share in the Group's sales revenue fell to 13% due to the small size of the market as well as the small order volume of its largest distribution network.

The year was eventful. We consider the conclusion and renewal of several energy supply contracts with Caruna and Elenia in Finland as well as with Ellevio and E.ON in Sweden the most



important. Significant sales growth was achieved by the Group's Lithuanian subsidiary RIFAS UAB, which reached 14.7 million euros. Very good work was done by Finnish subsidiaries Satmatic Oy and Finnkumu Oy. The Group's management also recognises the contribution of the subsidiaries operating in Estonia and Sweden. Group companies participated in several important fairs, and both subsidiaries and the entire Harju Elekter Group earned high rankings in various business competitions, which clearly demonstrates our competitiveness and sustainability. Significant investments were made in both technology and commercial real estate. To increase our sheet metal processing capabilities, we invested in a modern fully automated sheet metal line and considerably expanded the production facilities of AS Harju Elekter Tehnika, a subsidiary engaged in manufacturing sheet metal products. The launch of the first commercial solar power plant built in Haapsalu with a capacity of over 700 kW can be pointed out. In addition, the Group has for its own use more than 550 kW worth of solar power solutions that are located on the roofs of buildings.

The entire financial year was characterised by festivities celebrating and marking the 50th anniversary of the Harju Elekter Group. With the introduction of

the common trademark, Harju Elekter, we are about to join our international staff of nearly 750 employees into a single big motivated team.

The Harju Elekter Group manages and develops various types of real estate in Estonia, Finland and Lithuania primarily for its own use, but also for rental purposes. A variety of production, storage and office space amounted to over 106,000 m² at the end of the year while land holdings spanned 47 ha. In Estonia we operate in three industrial parks located in the rural municipalities of Keila, Haapsalu and Saue. In 2019, a significant expansion of 6,000 m² will be added to the Lithuanian subsidiary.

We have invested in our engineering development capability across the Group and see the need for digitalising various processes in order to ensure effectiveness and competitiveness and to provide an attractive challenge for our teams.

Our expectations for the current year and coming years are high. We continue improving the organisation and process management and increasing efficiency in order to increase profitability and sales capacity.

The year was eventful. We consider the conclusion and renewal of several energy supply contracts with Caruna and Elenia in Finland as well as with Ellevio and E.ON in Sweden the most important

On behalf of the Management Board of AS Harju Elekter I would like to thank all our customers, partners, shareholders and employees. I wish you every success in the years ahead!



Andres Allikmäe

Chairman of the Management Board

Organisation

Activities and business philosophy of the Harju Elekter Group

AS Harju Elekter has been manufacturing electrical equipment since 1968. The Group's core operations include the design, manufacturing and marketing of power distribution equipment, including substations, power distribution cabinets, metering cabinets, automation centres and control centres for the energy and industrial sectors and for infrastructure. 87% of the Group's output is distributed outside Estonia. The shares of AS Harju Elekter are listed on the Nasdaq Tallinn Stock Exchange.

With over 50 years of history, the Harju Elekter Group has grown into a company with a significant impact in Estonia, Lithuania, Finland and Sweden. A prerequisite for being competitive and growing on the international market is to adhere to the principles of sustainability. Sustainability and honest and ethical business activities have become more important cooperation factors for the Group's interest groups, which is why the Group considers it important to follow the principles of a fair and transparent business culture in its day-to-day business activities.

MISSION

As a responsible industrial group, Harju Elekter provides customers and partners with expert, high-quality and environmentally friendly electrical and automation solutions.

VISION

To grow into one of the largest electrical and automation equipment designers and manufacturers in the Nordic countries.

GOAL

We want to be successful in the long term, delivering added value and being the first choice for our customers and partners and to provide to our international team with motivating work and development opportunities.

VALUES

DEVELOPMENT

We are keen to learn and innovative

COOPERATION

Together we achieve more

RELIABILITY

No bargaining in quality

Harju Elekter Group

As of 31.12.2018

AS HARJU ELEKTER

The Parent company of the Group, focused to managing and coordination of co-operation within the Group's companies and real estate holding. Located in Keila

AS HARJU ELEKTER ELEKTROTEHNIKA

Manufacturer of electrical equipment for energy distribution, industrial and construction sectors, located in Keila

AS HARJU ELEKTER TELETEHNIKA

Producer of customer-based sheet metal products and semi-manufactured articles for the electrical engineering and energy sector, located in Keila

ENERGO VERITAS OÜ (81%)

A company trading in electrical materials and equipment in Estonia

HARJU ELEKTER AB

Sales office in Stockholm

SEBAB AB

Engineering company for MV/LV power and distribution solutions for the construction, infrastructure and renewable energy sector, located in Malmö

GRYTEK AB

Manufacturer of pre-fabricated technical houses in Grytgöl

SATMATIC OY

Manufacturer of industrial control and automation devices, located in Ulvila and in Kerava

FINNKUMU OY

Finnish leading prefabricated substation manufacturer in Kurikka

TELESILTA OY

Electrical engineering company specializing in electrical contracting for the shipbuilding industry, located in Uusikaupunki

HARJU ELEKTER KIINTEISTÖT OY

Industrial real estate holding company

RIFAS UAB

Manufacturer of automatic equipment, control and distribution units, located in Panevėžys

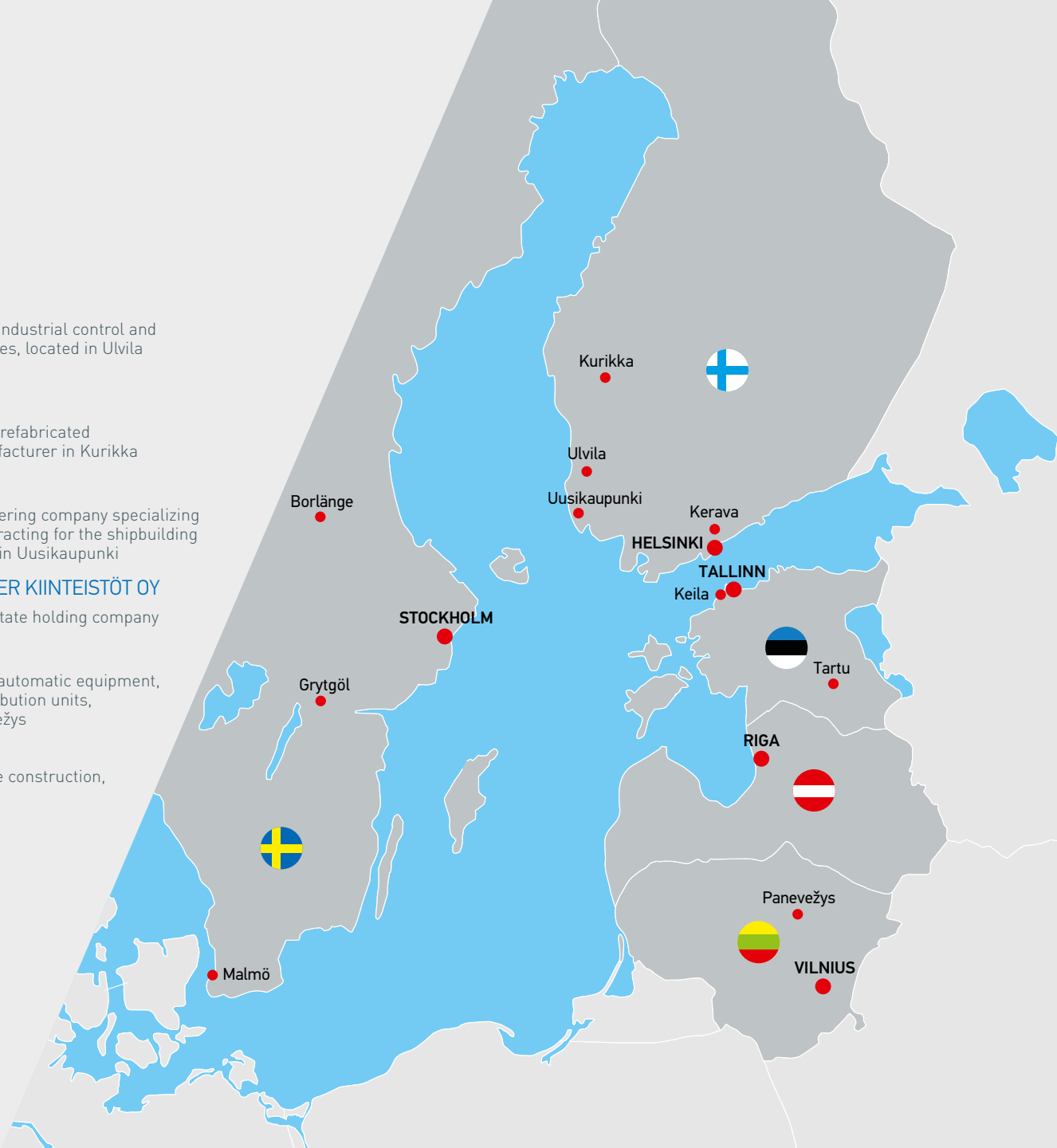
STRATEGICAL INVESTMENTS

SKELETON TECHNOLOGIES GROUP OÜ (10%)

Developer and manufacturer of ultra-capacitors

SIA ENERGOKOMPLEKSS (14%)

MV/LV equipment sales organisation in Riga



AS Harju Elekter's share in subsidiaries is 100%, unless otherwise stated in the chart.

Harju Elekter Group's Sustainability Focus Topics

AS Harju Elekter realises that one of the preconditions of the growth of the Group is to follow the ideas that are important to its stakeholders. On one hand, the expectations of stakeholders influence the actions of the Group. On the other hand, the Group has to take responsibility in matters where its business influences other parties.

The Group is most affected by the views of its owners, employees, customers and suppliers. Communication with them is intense: depending on the nature of the relationship a lot of informing, discussion and feedback-giving takes place (for further information see the respective chapters of this report). In relations with local authorities and residents, regulators and supervisory authorities, issues are raised mutually, where necessary. In cooperation with educational institutions, professional associations and non-governmental organisations the Group attends to subjects that create mutual value. As the Group is of the opinion that taking into account the expectations of stakeholders are a sign of contemporary high-quality management, it is very important to keep all parties well informed about the Group's management methods. Considering the subjects that have been raised in

usual communication and the feedback received from our customers and employees, the main factors that influence the Group's success were mapped by the managers of the Parent Company and larger subsidiaries at the end of 2016. To ensure a high quality and the reliability of the results, the analysis was led by independent advisors.

Since the expectations of the external stakeholders of the Group are largely similar, these have been listed in the aggregate view in the matrix of the focus topics that affect sustainability. The chapters of this report reflect the principles of management of subjects of greater importance for the stakeholders. Issues raised by employees are analysed internally, including by way of satisfaction surveys, and development efforts are planned based on recommendations received.

Responsible management in every focus area is important for the Group in every business segment and in all subsidiaries. The most important focus areas have been integrated in a detailed manner, systematically and purposefully into the strategic and operative management of the Group's companies. Upon making management decisions, less important

The Group is most affected by the decisions of its customers, owners, employees and suppliers. Communication with them is intense: depending on the nature of the relationship a lot of informing, discussion and feedback-giving takes place

aspects are taken into account intuitively and in line with the fundamental principles. Therefore, the Group's Annual Report 2018 gives an overview of the management and effectiveness of all these areas.

The Harju Elekter Group senses that its customers and funding providers expect the whole Group as well as each of its companies to have an increasingly stronger comprehensive view upon managing their social and environmental impact and upon implementing their ethical and sustainable business practices.

The increasing expectations of employees to the inclusive and caring working environment and the ambition to operate more in Nordic markets also call for responsible operations.

Taking all this into account, the Group wishes to develop the management of its companies knowing the expectations of stakeholders, considering people and environment, honestly, ethically and transparently.

Harju Elekter Group's sustainability focus topics

PRODUCT AND CUSTOMER

- 1 Product quality
- 5 Innovation and development
- 6 Customer experience and satisfaction
- 14 Requirements for suppliers and purchasing principles

MANAGEMENT

- 3 Economic results
- 4 Honest and ethical business

PERSONNEL

- 2 Occupational health and safety
- 7 Employee training and development
- 8 Employee devotion and satisfaction
- 9 Labour availability
- 16 Diversity and fair treatment

ENVIRONMENT

- 10 Energy
- 11 Environmental impact of products
- 12 Materials and waste

COMMUNITY

- 13 Contribution to community development
- 15 Communal relations and stakeholder



Year 2018

Harju Elekter celebrated its 50th anniversary of operation throughout 2018. On 1 February, AS Harju Elekter Elektrotehnika opened its new modern factory in Keila Industrial Park. In the new factory, nearly 3,000 substations and distribution devices were assembled in the financial year, of which over 80% were exported. In May, the company's sporty clients and partners were invited to Energiagolf, which took place for the tenth time. The Group's Finnish companies also celebrated their anniversaries, gathering in Pori Jazz in July: Telesilta Oy turned 40, Satmatic Oy 30 and Finnkumu Oy 15 years old. AS Harju Elekter Teletehnika celebrated its twentieth year of operation as a Group's subsidiary by launching an innovative robot line in September and the Lithuanian subsidiary RIFAS UAB, which has been operating in the Group for 25 years, placed a cornerstone in the autumn for a factory expansion that will be completed by mid-2019. A festive closing of the jubilee year took place on 14 December at the Tallinn University of Technology.

*Harju Elekter celebrated
its 50th anniversary of
operation throughout 2018*



► Acknowledgements and awards

The Estonian Chamber of Commerce and Industry recognised the most competitive companies of Estonia, ranking AS Harju Elekter first in the field of industry and energy and second in the large enterprises category. The awards have been given out since 2003 to recognise the best companies in Estonia, to value their role in society and to promote entrepreneurship. The calculation is based on two years of economic activity indicators: sales revenue, net profit, labour costs, investments in non-current assets, equity, number of employees.

At the Estonian Association of Electrical Enterprises (EAEE) autumn conference, the Association's best were announced and for the first time in the history of the Association two companies out of EAEE's TOP3 belonged in the same group. **First place was awarded to AS Harju Elekter Elektrotehnika, while AS Harju Elekter was the runner-up.** The ranking was compiled on the basis of the previous year's annual report and results.

In November, Harju Business and Development Centre Competition revealed Harju County's 2018 performers in different categories, and AS Harju Elekter was awarded by the Harju County Health Council the title of Health Promoter of the Year for organising the walking competition Energialaks (Eng. Energy Boost).

In 2018, AS Harju Elekter Elektrotehnika was declared by Elenia Oy to be worthy of the title "Best Quality Products".

At the end of November, business magazine *Äripäev* presented Estonia's top-ranking companies, including the best in counties, where AS Harju Elekter was ranked first among Harju County's most successful companies and the runner-up in the *Äripäev* TOP100 among all Estonian companies. The ranking is compiled on the basis of the economic results of the previous year published in the Commercial Register. In 25 years, a total of 17 companies have had the pleasure of being ranked the most successful company in Estonia.

At the beginning of the year, Keila Industrial Park quality managers gathered for the first quality management development round table, which became a regular meeting of quality managers pursuing a common goal. Together they keep the importance of quality, environmental and occupational safety issues in the forefront, while a common approach to similar issues provides a better overview of the opportunities and threats. **The Estonian Quality Association conferred upon Keila Industrial Park's quality managers venture the "Quality Deed 2018" award.**

► Events

In 2018, AS Harju Elekter Elektrotehnika signed several supply contracts with Finnish, Swedish and Estonian electricity network companies. With Finland's largest electricity network company Caruna Oy, an agreement was signed with an approximate volume of 5 million euros for low voltage metering cabinets and metering cabinets supply for 2+1+1 years and the supply contract for substations concluded in 2016 was renewed by two years to 2020. With Sweden's largest distribution network operator E.ON Energidistribution AB, a 3-year framework contract was signed for more than 2,000 substations supply to Sweden and with Elektrilevi OÜ a 5-year contract with a total volume of 2.25 million euros for 250 kVA substations supply to Estonia was made. In addition, the subsidiary also won the procurement of the Ellevio substations in Sweden, where the total volume of the 3-year contract is approximately 3 million euros.

Year-long active investment in the production and technology modernisation in the Group was culminated by the festive opening of an FMS automatic line in the subsidiary AS Harju Elekter Teletehnika in September 2018. The launch of the robotic production line will help to increase the capacity of the factory to produce a steady flow of small and large batches, thus steeply increasing the factory's productivity and bringing the Group's production to the level of a smart factory or Industry 4.0. Together with the renovation work, which increased the production area of the subsidiary to around 9,000 m², the investments totalled 3 million euros.

AS Harju Elekter purchased in the third quarter 2,7 ha commercial and industrial land on the land plot adjacent to Keila Industrial Park for the development of industrial real estate and business expansion.

In August 2017, AS Stera Saue opened a new factory in the Allika Industrial Park, owned by AS Harju Elekter, with a production area of 3,400 m². In 2018, Harju Elekter continued the second and third stage building for Stera, and new production areas of 4,000 m² and 3,000 m² accordingly were accounted for. Total production space rented to Stera increased to 10,400 m².

In August, the Lithuanian subsidiary of Harju Elekter – RIFAS UAB concluded a contract to expand its production building in Panevėžys. Construction work began in September and after completion of the works in 2019, the office and production area of the Lithuanian subsidiary will increase from current 3,500 m² to 9,000 m². Investments in expanding production facilities and technology upgrades will allow to significantly increase production capacity to secure supply to the subsidiary's customers in shipbuilding and industry segment. The investments total volume is 3.5 million euros.

► Events

AS Harju Elekter constructed a solar power plant in Haapsalu, and this is the first of its kind for the company. The solar power plant is located on a few hectares of land. In total, over 2,700 panels were installed at Haapsalu Station, capacity of the plant at 794 kilowatts.

AS Harju Elekter Elektrotehnika opened its new factory in Keila Industrial Park in February. Due to several large orders, the Group's subsidiary, manufacturer of LV/MV distribution and automation devices, experienced significant growth in its production volume during the year, which resulted in the need to expand the working premises. In comparison with the previous 10,400 m², the new factory has 16,715 m² of space. The increase in production capacity, along with the growth in the number of employees to 251, including 40 sales, production and product development engineers, is initially sufficient to fulfil orders.

On May 3, 2018, the annual general meeting of the shareholders of AS Harju Elekter approved the annual report of 2017 and the profit distribution proposal, appointed company's auditor for years 2018-2020 as AS PricewaterhouseCoopers and approved the key persons stock option program for AS Harju Elekter and its group companies.

On January 8, 2018, the transaction entered into force for the acquisition of all the shares of the Swedish company SEBAB AB, a provider of sales and technical solutions, and its sister company Grytek AB, a manufacturer of pre-fabricated technical buildings, by AS Harju Elekter. SEBAB AB specializes in the development and supply of medium and low voltage solutions for power distribution to the infrastructure, construction and renewable energy sectors. The acquired companies will continue as the Group's 100% subsidiaries.

During the reporting year, the Group's subsidiaries participated actively in trade fairs in Finland, Sweden and Estonia: electricity fair Sähkö Tele Valo AV 2018 in Jyväskylä, Alihankinta fair in Tampere, EBR fair in Falun, international construction fair in Estonia Builds in Tallinn and Maamess in Tartu.

EVENTS AFTER THE REPORTING DATE

AS Harju Elekter Elektrotehnika, a subsidiary of AS Harju Elekter, received an order for 54 special purpose substations to be supplied to Konecranes during the year. Supplies are sent to the United Arab Emirates.

The Group's Activities in 2019

The Harju Elekter Group as a whole is guided by the business strategy, according to which short as well as long term decisions are based on the goal of being a well-known and recognized manufacturer of electrical and automation equipment in the Baltic and Scandinavian countries, producing and supplying a professional range of products and complete solutions for medium and low voltage products using modern technology and applying the best know-how. The Group's activities are based on the idea of acting and deciding primarily according to the interests and preferences of customers and partners. The changing world adds significantly challenges and choices. We are convinced that the Group as a whole, the organisation and the subsidiaries are ready to continue their success story in a changing world an environment of changing economic models.

The Group's future activities and plans will be based on its strengths in product development, learned experiences, and customer expectations, trying to be open and attentive to everything new and changing. The Group's priority is placed on key markets in Scandinavia, but through this we see opportunities for deliveries all over the world, both in industrial automation as well as in the power distribution sector products.

In the daily business of the Group, we contribute to the development of energy-efficient products and technologies as well as to the inclusion of new and innovative projects and activities.

Due to the strong expansion in recent years and the addition of subsidiaries, the focus of the Group is on reviewing the management structure(s), integrating new companies into the Group, fostering co-operation between the Group companies and creating the necessary organisational prerequisites for this. This is supported by sufficient investment in personnel and technology, including digitalisation projects in business development, security and financial accounting. At the same time, activities will be continued to identify and launch potential financial investments, merger and takeover projects.

AS Harju Elekter continues to see Scandinavia as its most important target market. With the acquisition of new Swedish subsidiaries, the focus in the coming years will be on increasing the Group's market share in Sweden, with a particular focus on acquiring and executing new contracts and increasing sales. At the same time, as an Estonian company, it is also considered important to maintain the share of the home market, where growth opportunities

The Group's activities are based on the idea of acting and deciding primarily according to the interests and preferences of customers and partners

are seen, in particular, in adapting the products and product groups for the construction sector to meet the demands of the market and to make them more competitive. Complex solutions based on solar energy is a new and prospective business perspective.

Continued development of Allika Industrial Park to find new tenants and start new promising industrial real estate projects.

Financial Summary

GROUP	2018	2017	2016	2015	2014
Statement of profit or loss (million euros)					
Revenue	120.8	102.4	61.2	60.7	50.6
Operating profit	2.4	5.4	3.2	3.3	2.2
Net profit (attributable to owners of the Parent)	1.5	29.1	3.2	3.2	9.7
Statement of financial position at year-end (million euros)					
Total current assets	44.0	48.7	22.3	19.8	25.1
Total non-current assets	54.2	41.3	51.7	46.7	44.7
Total assets	98.2	90.0	74.0	66.5	69.8
Equity (attributable to owners of the Parent)	66.9	69.9	60.3	58.1	58.5
Equity multiplier (%)	72.7	77.7	81.5	87.2	83.8
Growth rates (% vs previous year)					
Revenue	18.0	67.4	0.8	19.9	4.8
Operating profit	-55.7	71.1	-2.9	47.1	27.8
Net profit (attributable to owners of the Parent)	-94.7	804.9	0.9	-67.1	87.9
Assets	9.1	21.6	11.1	-4.6	-1.8
Equity (attributable to owners of the Parent)	-4.2	15.9	3.8	-0.7	-6.4

GROUP	2018	2017	2016	2015	2014
Profitability ratios (%)					
Operating margin	2.0	5.3	5.2	5.4	4.4
Net margin	1.3	28.4	5.3	5.3	19.3
Return of assets (ROA)	1.7	35.5	4.6	4.7	13.8
Return of equity (ROE)	2.3	44.7	5.4	5.5	16.0
Share (euros)					
Average number of shares (1,000 pc)	17,740	17,740	17,740	17,551	17,400
Equity per share	3.86	3.67	3.34	3.32	3.48
Share closing price	4.12	5.00	2.83	2.63	2.79
Earnings per share	0.09	1.64	0.18	0.18	0.56
P/E ratio	45.78	^[3] 3.05	15.72	14.61	4.98
Dividend per share	^[1] 0.18	0.24	0.18	^[2] 0.12	0.15
Liquidity ratios					
Current ratio	2.2	2.4	2.1	2.7	2.8
Quick ratio	1.5	1.6	1.3	1.7	1.9
Staff and salaries					
Average number of employees	713	567	455	472	459
Number of employees at the end of the period	736	630	480	470	483
Wages (million euros)	18.5	14.1	10.6	9.7	9.2

Operating margin
Net margin
Equity per share
Return of assets (ROA)
Return of equity (ROE)
Equity multiplier
Earnings per share
P/E ratio
Current ratio
Quick ratio

= Operating profit/revenue*100
= Net profit (attributable to owners of the parent company)/Revenue*100
= Equity (average, attributable to owners of the parent company)/Number of shares (average of the period)
= Net profit (attributable to owners of the parent company)/Average assets*100
= Net profit (attributable to owners of the parent company)/Average equity (attributable to owners of the parent company) *100
= Average equity (attributable to owners of the parent company)/Average assets*100
= Net profit (attributable to owners of the parent company) / Average number of shares
= Share closing price/Earnings per share
= Average current assets / Average short-term liabilities
= Average liquid assets (current assets-inventories)/ Average short-term liabilities

^[1] Proposal by the Management Board.
^[2] Incl. 0.07 euros, payment of equity.
^[3] Includes profit from extraordinary sale of investments in 2017.



1968

The first few metres of installation wire come off the production line

1969

Production of distribution cabinets and light fixtures starts

1971

The electronics factory becomes operational and work begins on the construction of new production facilities

1972

The technology department and the repair/instrument department are established; the first enclosed outdoor cabinets with the protection marking of IP55 are manufactured

1974

Work begins on the design and establishment of the galvanisation/ electroplating department

1975

A two-story household appliance and Electronics factory is completed

1979

Based on what until then was the special auxiliary works department, a new special construction and technology company (EKTE) is established

1980

The acetylene factory's first production

1983

Establishment of the company Harju Elekter, with an independent budget, registration of the international trademark

Economic Environment Overview

► World economy

According to SEB's economic forecast, the world economy was volatile and diverse in 2018. The US economy continued growing despite political conflicts. In Europe, on the other hand, optimism cooled and economic growth slowed down. The biggest concern was the development of emerging markets, the outlook for which has been overshadowed by an increase of US interest rates, trade tensions, national currency weaknesses, etc. Financial markets became volatile after a long period of stability. At the same time, the US dollar rose by 4.3% against other major currencies over the year. Interest rates remained low and inflation remained at 2% in the eurozone. According to IMF, the world economy grew by 3.7%, the Eurozone by 2%, the US by 2.9% and China by 6.6% in 2018.

► The Nordic and Baltic countries

According to Swedbank analysts, the Nordic and Baltic countries did well. The rapid growth of the global economy has boosted exports and demand in Finland. In addition, economic growth has been driven by a rise in purchasing power, rising employment and low interest rates. At the same time, the optimism about the future of the exporting industry has decreased. According to the Bank of Finland, the Finnish economy grew by 2.7% in 2018, but the fastest growth phase is over and the growth for the next two years is expected to be similar to Sweden, around 2%. Economic growth of Sweden has slowed down after several years of rapid growth. Despite the weakness of the Swedish krona, record low interest rates and fiscal stimuli, the Swedish economy did not show the expected results. The exporting

According to Swedbank analysts, the Nordic and Baltic countries did well

industry did not use the potential of cheap currency, private consumption was hampered by the uncertain situation in the real estate market and the continued slowdown in residential construction volumes. The biggest risk factor is the weakening of the external environment for small economies like Finland, Sweden and others. In the Baltic countries in 2018 economic growth was fastest in Latvia, where it reached 4.8%, in Estonia the economy grew by 3.9% and in Lithuania by 3.5%.

► Estonia

According to Estonian Statistical Office, Estonia enjoyed another strong year, with the second half stronger than the first. Estonia's economic growth was supported by the external environment and although the growth of external demand had already reached its peak before 2018, it was still strong, offering good export opportunities for Estonian companies. The construction sector accounted for the largest part of economic growth – 28% – but also the contribution of other sectors (in particular manufacturing, professional and technical activities, and the transport and ICT sectors) was important. The main contributors to the growth of manufacturing industry were production and export of mobile devices, shale oil and wood products. The growth of Estonian

domestic demand, with the highest share of private consumption and investments, accelerated to 5.5% last year.

Strong domestic demand and production activity accelerated the growth of import, but productivity also improved, which is very important in the environment of rapid growth of labour costs and labour shortages. Overall, however, productivity growth remained below labour cost growth, which means a weakening of price-based competitiveness. In general, Estonia's economy is well balanced. According to Swedbank, the current account will remain in surplus in the next few years, public finances are strong and households will be able to save money. According to Swedbank's forecast, Estonia's economic growth in 2019 is about 3%.

Estonia's economic growth was supported by the external environment and although the growth of external demand had already reached its peak before 2018, it was still strong, offering good export opportunities for Estonian companies

Sources: IMF, Bank of Estonia, Bank of Finland, Statistics Estonia, SEB Bank, Swedbank

Operating Results

► Group structure and changes

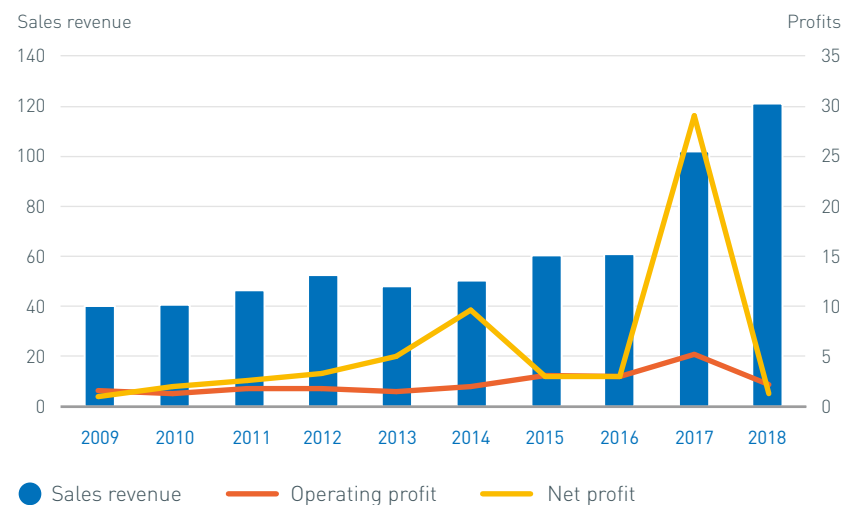
In Annual Report 2018, the financial statements of AS Harju Elekter (the consolidating entity) and its subsidiaries AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Energo Veritas OÜ, Sat-matic Oy, Finnkumu Oy, Telesilta Oy, Harju Elekter Kiinteistöt Oy, Harju Elekter AB, SEBAB AB, Grytek AB and RIFAS UAB are consolidated line by line. The subsidiary of RIFAS UAB - Automatikos Iranga UAB, was liquidated due to the termination of its activities in the third quarter. The liquidated subsidiary had a minor impact on the consolidated financial statements.

AS Harju Elekter acquired a 100% stake in SEBAB AB, a Swedish company offering sales and technical solutions, and Grytek AB, a sister company manufacturing pre-fabricated technical buildings in the first quarter. The transaction entered into force on 8 January 2018. The financial results of SEBAB AB and Grytek AB are reflected in the consolidated annual report since January 2018.

AS Harju Elekter acquired a 100% stake in SEBAB AB, a Swedish company offering sales and technical solutions, and Grytek AB, a sister company manufacturing pre-fabricated technical buildings in the first quarter

Sales revenue, net and operating profits

million euros



► Sales revenue and profit

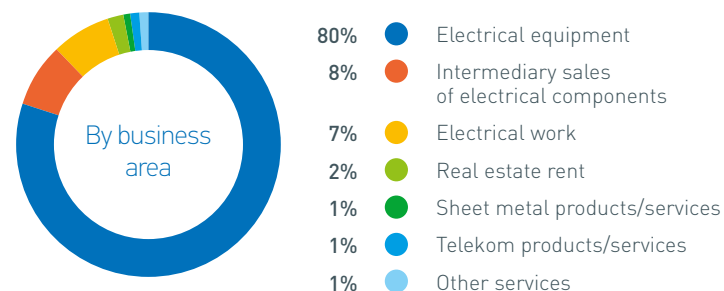
In recent years, AS Harju Elekter has made large-scale investments and made active sales efforts to increase its market share in Scandinavia. As a result, the Group's sales have doubled in the last two years. At the beginning of 2018, two Swedish companies were merged with the Group, but integrating new subsidiaries into the Group is a longer process and reaching the desired profitability requires extra time and money.

In total, the consolidated sales revenue for 2018 was 120.8 (2017: 102.4) million euros, operating profit 2.4 (2017: 5.4) million euros and EBITDA 5.0 (2017: 7.6) million euros. Operating margin was 2.0% (2017: 5.3%) and operating margin before depreciation 4.1% (2014: 7.4%). Profitability was significantly affected by the loss of 1.9 million euros related to shipbuilding electrical work in the second half of the year. Immediately before the approval of this report, the final agreement was concluded with the customer and as a result thereof no additional costs will arise. In total, the consolidated net profit for the financial year was 1.5 (2017: 29.1) million euros and net profit per share was 0.09 (2017: 1.64) euros.

the consolidated SALES REVENUE

120.8 million euros
(2017: 102.4)

Sales revenue

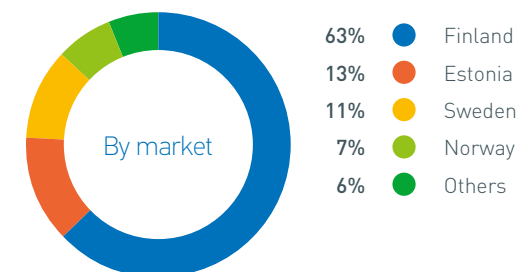


the consolidated OPERATING PROFIT

2.4 million euros
(2017: 5.4)

the consolidated NET PROFIT

1.5 million euros
(2017: 29.1)



The consolidated net profit for the comparative period without extraordinary income (one-off gain of 24.8 million euros from the sale of PKC Group Oyj shares) was 4.3 million euros.

*The Group's sales
have doubled in
the last two years*

► Markets

Estonian companies accounted for 20.5% of the consolidated revenue (2017: 24.8%), Finland 56.2% (2017: 66.1%), Lithuania 12.3% (2017: 8.7%) and Sweden 11.0% (2017: 0.4%).

Sales of the largest and most important market of the Group, Finnish market, remained at the same level as in the previous year: 75.5 (2017: 74.7) million euros, but the share of the Finnish market in the Group's revenue has decreased to 62.5% (2017: 73.0%) due to the integration of new Swedish companies.

Due to the low level of investment in the power distribution sector and the tight competition, the sales volumes of the Estonian market have been declining in recent years. In 2018, the Group sold 12.8% (2017: 16.0%) of its products and services to the Estonian market, earning revenue of 15.4 (2017: 16.4) million euros in the reporting year. The Group's sales outside of Estonia accounted for 87.2% in the reporting year and 84.0% in the comparative period.

The direction of the sales strategy for export markets of the Lithuanian subsidiary of Harju Elekter, RIFAS UAB, has increased the foreign market share

Out of the consolidated revenue was contributed by the



in the subsidiary's revenue to 98.2% (2016: 87.7%). Increase in order volumes in the Norwegian market has increased the revenue of both the Lithuanian subsidiary and the Group by 2.8 million euros during the year. Sales to the Norwegian market grew by 48.5% (2017: 104.4%) to 8.7 million euros during the year, representing 7.2% of consolidated revenue (2017: 5.7%).

Sales to Swedish market increased the most, growing by nearly 5 times to 13.5 (2017: 2.7) million euros in the reporting period. The Swedish market accounted for 11.2% of the consolidated revenue (2017: 2.7%). The growth was due to the acquisition of Swedish subsidiaries as well as the goal-orientated work of the Group's other subsidiaries to increase

Sales to Swedish market increased the most, growing by nearly 5 times

sales in the Swedish market. In the first quarter, AS Harju Elekter Elektrotehnika signed a 3-year framework contract with Sweden's largest distribution network company E.ON Energidistribution AB and started substation deliveries to Sweden in the third quarter.

Of the other markets, the Netherlands was the largest, with sales revenue of 3.0 million euros in the reporting period; 1.7 million euros and 0.9 million

euros was earned on the Austrian and Danish markets respectively. Revenue from other markets grew by 433% (2017: 11%), amounting to 7.3 (2017: 1.4) million euros. New markets include Spain, Belgium, Switzerland and United Arab Emirates.

► Revenue by segment

The main activity of the Group is the production and sale of power distribution and control equipment. Manufacturing activities accounted for the largest part of 82.6% (2017: 83.2%) and real estate and other non-segmented activities for a total of 17.4% (2017: 16.8%) of the consolidated revenue. During the year, the sales volume of the Production segment increased by 14.6 million euros (2017: 29.6) to 99.8 (2017: 85.2) million euros, of which 97.0% came from the sale of electrical equipment.

The sales revenue of the Real estate segment increased by 0.6 million euros to 2.6 million euros, mainly from higher lease income due to the completion and leasing of new production and warehouse facilities at Allika Industrial Park. Revenue from other non-segmented activities has increased by 3.1 million euros over the year to 18.4 million euros, accounting for 15.2% (2017: 14.9%) of consolidated revenue. The majority of the other activities' revenue growth was generated by

the mediation of electrical equipment to the Swedish market and the addition of the electrical installation business in the second half of the year 2017.

► Expenses

Cost of sales increased by 17.8 (2017: 36.2) million euros or 20.4% (2017: 71.3%), exceeding the growth of sales revenue, which was 18.0% (2017: 67.4%). As a result, the gross profit for the reporting period was 16.0 million euros, increasing by 4.0% over the year. The gross margin decreased by 1.8 percentage points to 13.2% year-on-year. Expenses increased considerably by the losses from shipbuilding electrical works recognised in the second half of the financial year in the amount of 1.9 million euros.

Harju Elekter sees opportunities to expand and grow its business mainly in foreign markets, which has led to an increase in the Group's distribution costs. Distribution costs increased by 1.4 million euros to 5.3 million euros during the year and the distribution cost rate increased by 0.6 percentage points to 4.4%. The increase in tailor-made orders has led to increased development costs for upgrading existing products and developing new product lines. The recruitment of new specialists and increasing

of the qualifications of staff has resulted in increase of training costs and new job preparation costs. Higher salary levels of senior executives in Swedish and Finnish subsidiaries as well as one-off expenses related to the 50th anniversary of Harju Elekter also contributed to the increased costs. As a result, administrative expenses increased by 2.2 million euros to 8.2 million euros and the share of the revenue increased by one percentage point to 6.8% during the financial year.

The increase in production volumes due to large-scale sales contracts has created a constant need for new employees. Acquisition of new subsidiaries in the second half of 2017 in Finland and in the first quarter of 2018 in Sweden and the recruiting of new employees increased the wage cost and the average wage per employee in the Group during the reporting period. As of the end of the reporting period, the Group employed 736 people, which was 106 employees more than a year ago. Labour costs increased by 32.2% to 24.7 million euros in 12 months. The labour cost rate accounted for 20.5% of the revenue for the financial period and increased by 2.3 percentage points compared to previous year. 18.5 million euros were paid to employees as wages and salaries in the financial year 2018 (2017: 14.1); the average monthly salary per employee was 2,166 euros, an

OPERATING RESULTS

average increase compared to previous year was 5%. Overall, operating expenses increased by 21.4 million euros to 118.3 million euros

► Financial position

As of the end of the reporting period, current assets accounted for 44.8% (2017: 54.1%) and non-current assets 55.2% (2017: 45.9%) of the value of total assets; liabilities accounted for 31.8% (2017: 22.3%) and equity for 68.2% (2017: 77.7%).

As of 31 December 2018, the Group's assets amounted to 98.2 million euros, increasing by 8.2 million euros over the year. Current assets decreased by 4.7 million euros to 44.0 million euros, including increase of inventories by 4.4 million euros, trade receivables and other receivables by 8.6 million euros, and decrease of cash and cash equivalents by 7.9 million euros. At the end of the reporting period, management decided to classify listed securities acquired in the third quarter of 2017 as a non-current financial asset. The fair value of the reclassified financial assets at the reporting date was 4.7 million euros.

To increase production efficiency, the Group is increasingly investing in automation and robotisation.

At the end of the reporting period the Group's assets, foreign capital and equity divided as following:

CURRENT ASSETS	NON-CURRENT ASSETS	FOREIGN CAPITAL	EQUITY
44.8% (2017: 54.1%)	55.2% (2017: 45.9%)	31.8% (2017: 22.3%)	68.2% (2017: 77.7%)

In 2018, a new Finn-Power production line and Amada bending machine were acquired for the production of the subsidiary. The cost of non-current assets in the statement of financial position increased by 12.9 million euros to 54.2 million euros over the year. The Group has invested 2.6 (2017: 4.1) million euros in real estate, 6.6 (2017: 3.1) million euros in property, plant and equipment and 1.4 (2017: 1.9) million euros in intangible assets during the year. The Group invested a total of 10.6 (2017: 9.1) million euros in non-current assets during the financial year, of which acquisitions through business combinations accounted for 1.0 (2017: 1.8) million euros.

As at 31 December 2018, interest-bearing liabilities accounted for 38.8% of the Group's liabilities and

12.3% of the cost of assets (as at 31.12.2017 17.6% and 3.9%, respectively). The Group had a total of 12.1 (31.12.2017: 3.5) million euros interest-bearing borrowings, of which the current liabilities amounted to 6.7 (31.12.2017: 0.6) million euros.

To increase production efficiency, the Group is increasingly investing in automation and robotising

As at the reporting date, the Group had total liabilities of 31.2 (2017: 20.0) million euros, of which current liabilities accounted for 82.4% or 25.7 million euros; 85% or 17.1 million euros for the comparable period. Current liabilities increased by 8.6 million euros during the year, incl. trade and other payables by 2.1 million euros to 14.9 million euros and borrowings by 6.0 million euros to 6.7 million euros. Non-current liabilities increased by 2.6 million euros over the year. The increase in current and non-current debt liabilities is due to large investments in real estate development in both Estonia and Lithuania.

► Cash flow

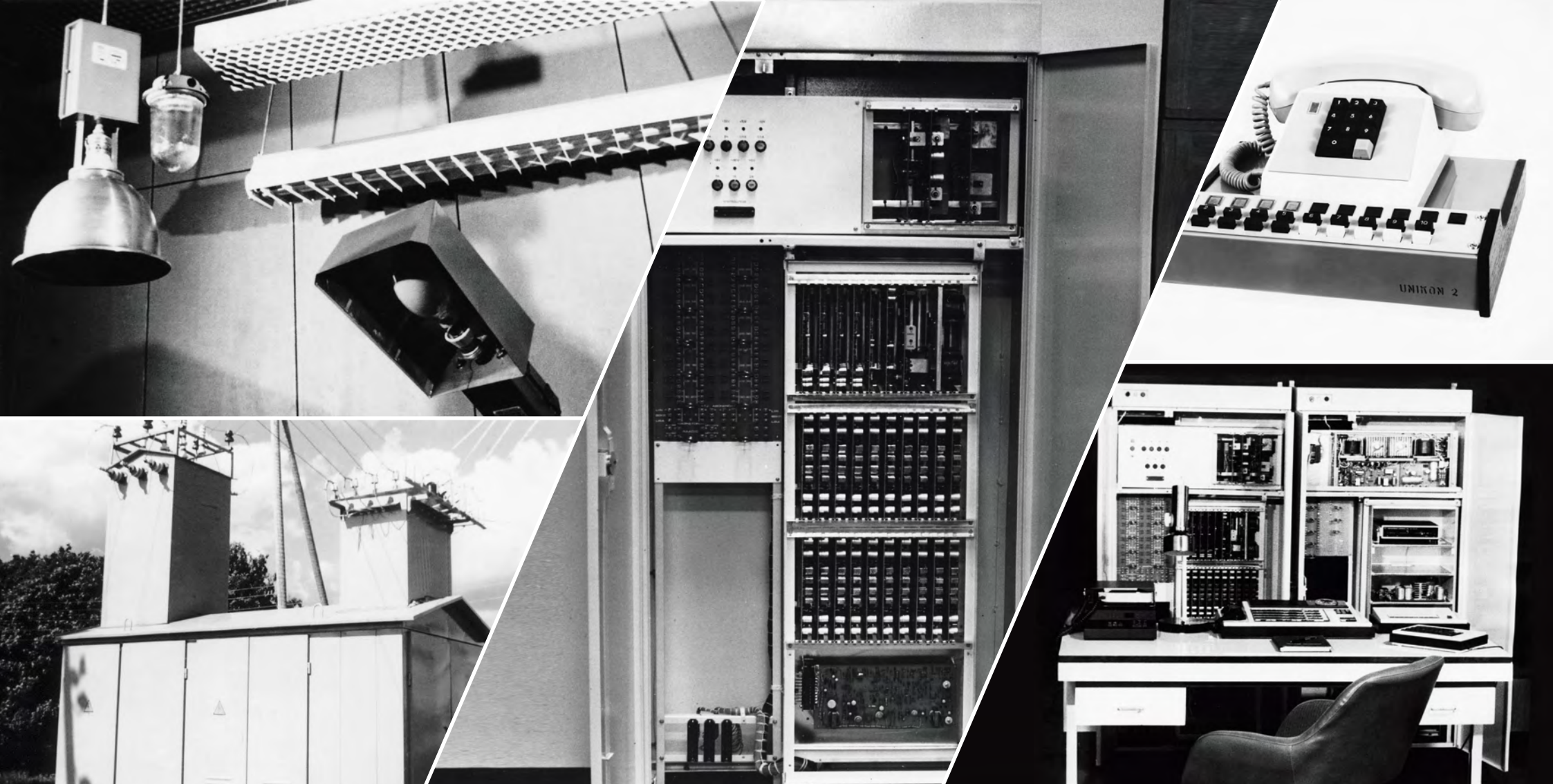
In the reporting period, the cash flow was negative by 3.4 million euros while it was positive by 4.6 million euros in the comparative period. Cash flows from operating activities were mostly influenced by the significant increase in trade receivables and inventories due to the increase in orders.

During the financial year, a total of 10.9 million euros was paid in investments, including a total of 7.9 million euros in investment property, property, plant and equipment and intangible assets and 2.9 million euros in the acquisition of subsidiaries. In April of the financial year, a term deposit of 5.0 million euros was released. In total, 5.7 million euros was an outflow from investing activities during the reporting period, while 6.3 million euros was inflow from investing activities in a comparative period: in 2017, 25.8 million euros was received from the sale of the shares of PKC Group Oyj and 19.6 million euros was paid in investments.

In 2018, dividends in amount of 4.3 million euros were paid out for 2017, i.e. 0.24 euros per share, which was 1.0 million euros more than in 2017. In addition, current and non-current loans in amount of 7.1 million euros was taken during the reporting period. In total, 1.3 million euros was received from

Cash flows from operating activities were mostly influenced by the significant increase in trade receivables and inventories due to the increase in orders

financing activities. In the comparative period, cash outflows from financing activities amounted to 3.2 million euros, including proceeds from a non-current loan in amount of 2.6 million euros, dividends paid in amount of 3.2 million euros and share capital reduction paid out by 1.2 million euros.



1984

A fully automatic electrophoretic painting line is introduced into manufacturing; a test version of a 65 kW storage heater is completed

1985

Harju Elekter becomes an industrial enterprise

1988

A foreign trade permit allows entering into direct contacts with foreign companies

1989

Cooperation agreement with the company Glamox

1990

Cooperation agreement with the electrical construction company Sähkölähteenmäki Oy (ABB Paiko Oy)

1991

Work begins with NokiaOy to manufacture cable harnesses for the automotive and electronic industry

1992

The establishment of joint companies with foreign participation: AS ABB Harju Elekter (share 40%), AS Glamox Harju Elekter (share 49%) and with Nokia AS Keila Kaabel (share 41,2%)

1993

Harju Elekter is restructured as a public limited company; the Estonian Industrial Association awards Harju Elekter for being the most attractive to foreign investors

Business Segments

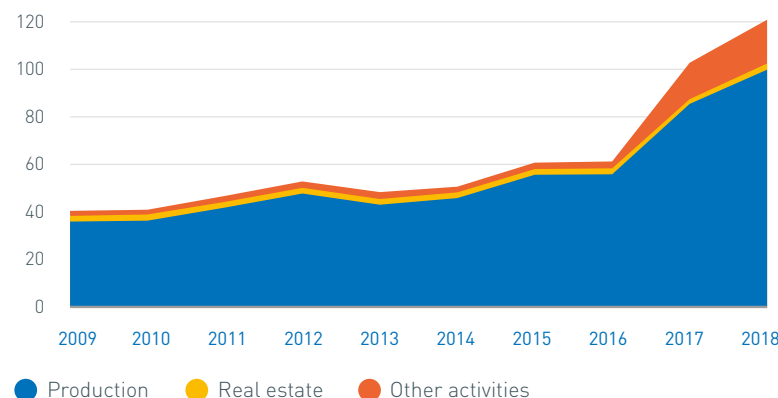
As of 31 December 2018, the Group was operating in two fields: Production and Real estate segments. Each activity was important enough to form a separately reflected segment where the accompanying risks and rewards were quite different. Other activities include fields where each activity does not have enough weight to form a separate segment.

► Production

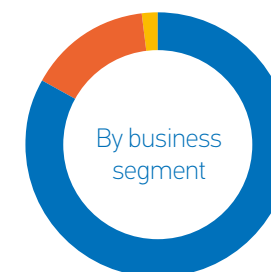
The Production segment includes electric-equipment plants in Estonia (AS Harju Elekter Elektrotehnika), in Finland (Satmatic OY, Finnkumu OY), in Sweden (SEBAB AB) and in Lithuania (RIFAS UAB), the main products that are produced are medium and high voltage electric power distribution equipment (substations, cable distribution cabinets and metering cabinets) and automatic boards and control boards for energy and marine sectors and for infrastructure. This segment also includes AS Harju Elekter Teletehnika (Estonia), which produces sheet metal products for energy, electrotechnical and

Revenue of business segments

million euros



Revenue

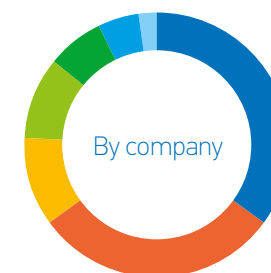


83%	●	Production
15%	●	Other activities
2%	●	Real estate

telecom sectors, this segment also includes Grytek AB (Sweden), a manufacturer of pre-fabricated technical buildings.

In 2018, production contributed 82.6% (2017: 83.2%) of consolidated revenue. Although the volume of sales grew by 14.6 million euros, up to 99.8 million, the share of revenue in the Group's revenue remained practically at the same level as previous years' revenue. Revenue of Other activities grew by 3 million euros, up to 18.4 million, amounting to 15.2% of the Group revenue.

Segment revenue

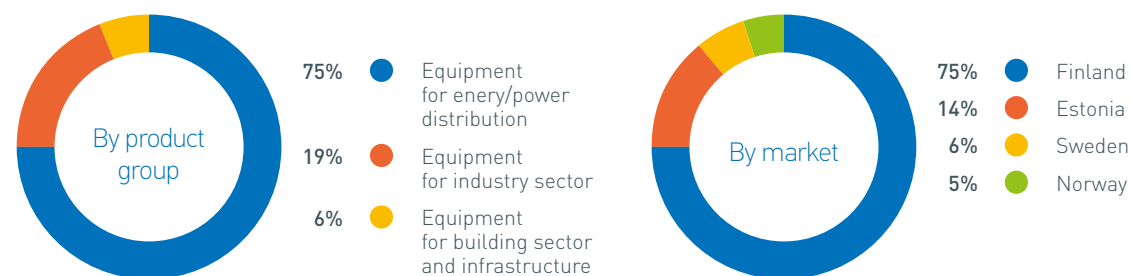
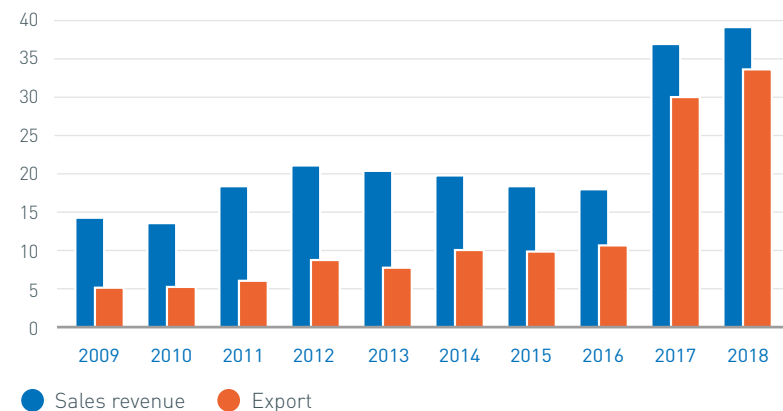


35%	●	Satmatic Oy
30%	●	AS Harju Elekter Elektrotehnika
11%	●	Rifas UAB
10%	●	Finnkumu Oy
7%	●	SEBAB AB
5%	●	AS Harju Elekter Teletehnika
2%	●	Grytek AB

► AS Harju Elekter Elektrotehnika

Sales revenue

million euros



AS Harju Elekter Elektrotehnika is a fully owned subsidiary of AS Harju Elekter. AS Harju Elekter Elektrotehnika is a leading developer, producer and distributor of medium and low voltage electrical equipment. The headquarters and plant are both located in Keila Industrial Park, where company occupies area of nearly 27,000 m² for production, office and warehouse. At the end of the accounting year, 245 employees worked at the company, one fifth of the personnel worked at sales and product development department.

2018 was a year of continuous growth for AS Harju Elekter Elektrotehnika. The biggest commercial achievements were the renewal of all the important

procurement contracts for the coming option years and the launch of energy sector deliveries to Sweden. The gradual strengthening of the low voltage business in exports is pleasant as well. Active sales efforts in the field of specialised substations has given new cooperation possibilities with technological partners, including more complex and labour-intensive projects. Owing to previous positive experience, partnerships for electrification of port cranes and numerous renewable energy solutions continued.

Revenue increased by 5.9% to 39.5 million euros by the year, from which a record 86% was earned

The biggest commercial achievements were the renewal of all the important procurement contracts for the coming option years and the launch of energy sector deliveries to Sweden

outside of Estonia. Biggest foreign markets were Finland and Sweden, sales to Estonian market remained on the same level as previous year. All of the most important clients and business sectors managed to raise their sales volumes.

As for development activities, various new product solutions were developed and implemented in manufacturing for performing added framework agreements and serial manufacturing was optimised as well. During the financial year, the key processes of the company were clarified and improved. The application of new manufacturing methodologies continued. The introduction of various management measures and employee dedication raised the company's security of supply to an excellent level. Following the company's staff development plan, the planned structural changes were implemented in manufacturing and administration. Various training

courses were carried out for raising sales and management competencies. The Corporate Governance Code was implemented.

In 2019, the volume of orders of the key customers will continue to be served, but more attention will be paid to the development of low voltage products and implementation of sales strategy for low voltage products. The focus of the company at every level will be targeted at continuous growth of effectiveness and insuring the development of the company. The company will invest more in keeping the company in good health and in the implementation of best management practices. To increase competitiveness, continuous development of products and customer-centred consultative sales are key elements. AS Harju Elekter Elektrotehnika will continue to work closely with group companies in local and foreign markets.

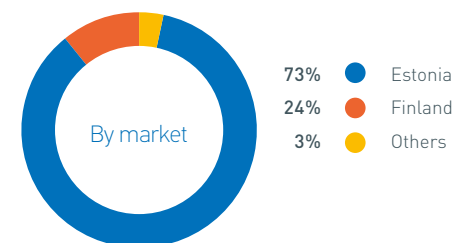
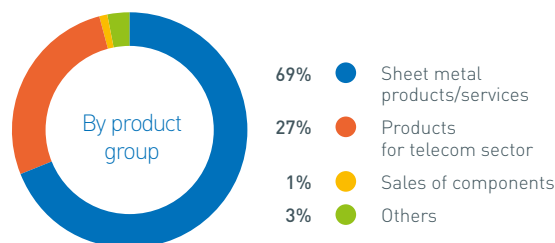
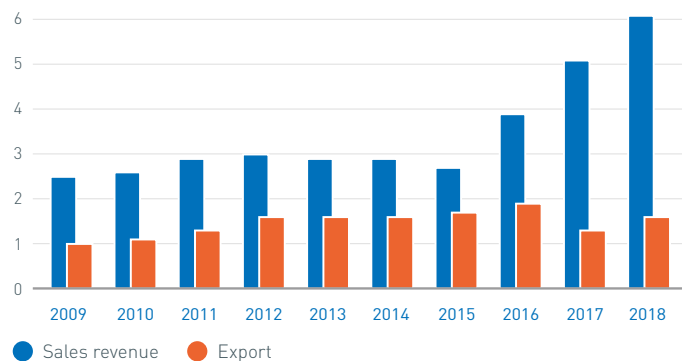
Following the company's staff development plan, the planned structural changes were implemented in manufacturing and administration

BUSINESS SEGMENTS

► AS Harju Elekter Teletehnika

Sales revenue

million euros



AS Harju Elekter Teletehnika is a fully owned subsidiary of AS Harju Elekter, the main activity of the company is to produce customer-specific sheet metal products and solutions for the energy, electrical engineering and telecom sectors. AS Harju Elekter Teletehnika's 9,000 m² factory with its production capacity is one of the largest manufacturers of thin sheet metal products in the area. The company also includes a mechanics department, which mainly deals with special orders for companies at the Keila industrial park. There are 103 people at Keila headquarters and factory, 80% of whom are directly involved in production processes.

Many challenges were faced during the reporting year. On the one hand, this was due to a large investment plan, but on the other hand to continued high intra-group and external demand. The vast majority of the investments was aimed at increasing the technological level of the production equipment, as well as the sharp increase in production capacity.

Although revenue growth was lower than expected due to problems with the acquisition of skilled labour, the revenue in 2018 increased by 19.4% compared to 2017 and reached 6.1 million euros. 26.3% of revenue was

AS Harju Elekter Teletehnika's 9,000 m² factory with its production capacity is one of the largest manufacturers of thin sheet metal products in the area

earned on foreign markets. The biggest export article was the data network racks and their components. Finland and Sweden can be pointed out as the main target markets.

Sales to the local market increased by 17.8% in the reporting year (2017: 90.8%). Within the product groups, the sales of sheet metal products increased the most, mainly at the expense of energy sector products, but also sales of own products to Finland.

Focus in 2019 is on increasing volumes through the full deployment of new equipment and increased efficiency. Continuously, more attention is been put on increasing productivity and planning accuracy, as well as hedging price risks on the purchase of sheet metal, are also continuing to be highlighted

At the same time, more and more flexibility is offered to customers. In the long run, all the company's activities are motivated by the desire to become the first choice for customers for both products and outsourcing products as well as in services and to support customers in their goals.

*26.3% of sales
revenue was
earned on foreign markets.
The biggest export article
was the data network racks
and their components*

► Satmatic Group

Satmatic Group consists of Satmatic Oy, with its head office in Ulvila, Finland, factories are located in Ulvila and Kerava and subsidiary Finnkumu Oy is located in Kurikka.

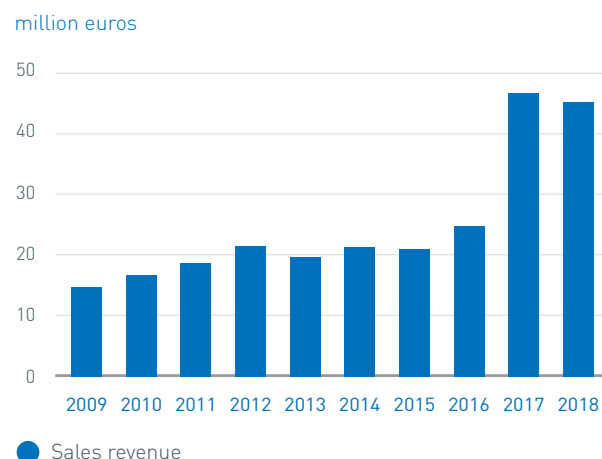
Satmatic Group's sales revenue for 2018 was 59.0 (2017: 59.9) million euros, remaining at the same level as a year earlier. The Satmatic Group employs a total of 102 people.

Improvement of competitiveness in the reporting year strengthened the Finnish export capacity, which had a positive impact on the industrial sector of the whole country as well as for the Satmatic Group. Although contract-based production remained slightly below last year's level, deliveries of project-based products and services continued to grow, as did the share of power distribution networks and renewable energy products in sales revenue.

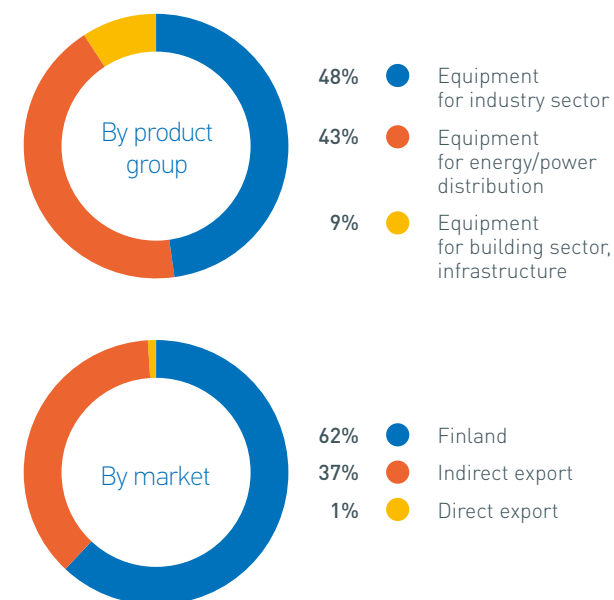
Satmatic Oy

Satmatic Oy is a subsidiary fully owned by AS Harju Elekter, the company is a leading manufacturer of industrial automation equipment and power distribution and transmission equipment in Finland. The company's products are aimed at the industrial, energy production and distribution sectors and infrastructure, covering the needs of customers from the

Satmatic Oy sales revenue



development of products, programs, projects to the provision of maintenance services. The product range is wide, and the product portfolio includes various products and solutions up to 20 kV. An important part of Satmatic Oy's products and solutions are sold outside Finland and they reach customers either directly or through resellers companies, with the help of Finnish exporters. At the same time, Satmatic Oy is also an importer and distributor of products of Group companies in Finland. The company's office and factory are located in Ulvila, near Pori, and the company has a sales office and assembly plant in Kerava to serve



the customers of the Helsinki business area. The company employs 81 people.

Satmatic Oy operates mainly in three sectors: industrial sector, energy production and distribution sector and infrastructure. Based on the supply type, there are three main supply models: contractual manufacturing, project-based product/solution, and sale of products. The biggest risks were mainly the instability of export-oriented customers, the competitiveness of the Finnish export sector and the production capacity and capacity of countries with lower labour costs

closer to the end users. The success of the energy production and distribution sector, which is managed largely by local enterprises, continued in the financial year. This sector will continue to grow significantly as investments are secured both in the power distribution sector and in the renewable energy sources (bio, wind, solar) and nuclear power plants.

Overall, the company's revenue remained virtually the same as in the previous year, at 45.6 (2017: 46.5) million euros. Sales outside Finland - either directly or through customers - remained stable over the years, accounting for 38% of revenue. At the same time, the company managed to increase sales of project products. Production time was reduced based on Lean Management model, internal logistics and electronic information flow with all of its functionality and by enhancing efficiency. By increasing the level of automation, both material handling and acceptance of goods were strengthened in the company.

Various electrical, control and power automation devices and solutions for the cellulose and paper industry, as well as for stone-wool, steel and food industries, offshore and shipbuilding and mining and (electric) power stations were developed for the customers at the factory. The main target countries were Estonia, Sweden, Lithuania, Poland, Hungary, China, USA and Indonesia.

The largest and most important project of the reporting year was the fuel supply software developed for a Swedish power plant, including with the distribution equipment that was delivered to the customer, set up and deployed into work.

The deliveries of substations and cable distribution cabinets produced at the Finnish plants of Satmatic Oy and Finnkumu Oy and at AS Harju Elekter Elektro-tehnika (Estonia) were mainly directed to the power distribution sector, Finnish power distribution

Satmatic Oy operates mainly in three sectors: industrial sector, energy production and distribution sector and infrastructure

companies, as well as power and energy stations. In the renewable energy sector, the most sold products were on-grid and off-grid solar solutions. The total capacity of the solutions supplied by Satmatic Oy to Finland is ca 12 MW.

The company's operations continue to be based on contracts-based manufacturing, services within projects, supplies to the power distribution sector, and the manufacturing sector and infrastructure. All operations are continually being developed with automation increasing new solutions.

Finnkumu Oy

Finnkumu Oy is a subsidiary that is fully owned by Satmatic Oy. Finnkumu is a leading manufacturer of complete substations and cable distribution cabinets, Finnkumu designs, manufactures and supplies equipment for the power distribution sector. The products are aimed at the Finnish market. Founded in 2004, Finnkumu Oy is a part of the Group since 2014. Finnkumu Oy is located in Kurikka, where it has 2,500 m² of production and office space. The company employs 21 people.

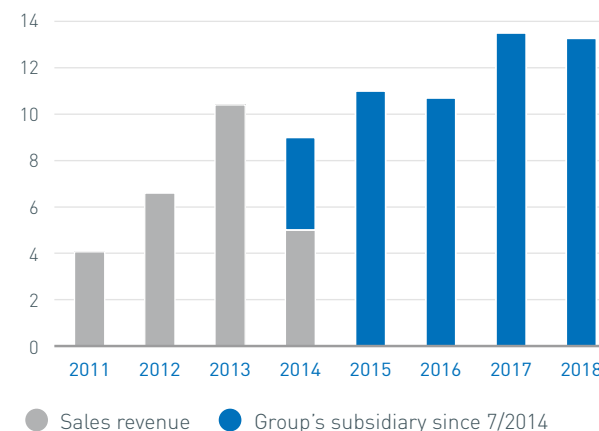
The beginning of the reporting year was calm, but as the year progressed, the pace got higher. The construction and installation of electricity networks continued and there is no decrease in orders in the Finnish power distribution sector. No major changes have occurred in the company's customer base and products. The main focus was still on air-insulated sub-stations. The company's largest customers are located in eastern and northern Finland. All in all, despite the intense competition, the targets were met and the company's sales revenue reached 13.4 (2017:13.5) million euros in the year before.

Finnkumu Oy continues to have a good reputation as a supplier of substations in Finland. The company has a solid loyal customer base, which has developed over the years, whose orders are handled by a small sales team. By working with customers, company can improve its products and make them more suitable for specific projects. Manufacturing in the company has been organized by the strong network of well-functioning subcontractors that provide the necessary details for production. The assembly and final assembly and inspection of the products take place at the Kurikka factory.

Finnkumu Oy will continue to manufacture high quality substations and cable distribution cabinets based on customers' needs, adding new substation solutions to its product portfolio in response of customer demand. The ultimate goal is to reach agreements that will allow for the distribution of substation manufacturing to be more even throughout the year, to ensure steady employment throughout the year and, thus, promote job satisfaction. Modernisation of the production area will continue and, if necessary, production facilities may be expanded. The company will retain its focus on quality and environmental issues.

Finnkumu Oy sales revenue

million euros

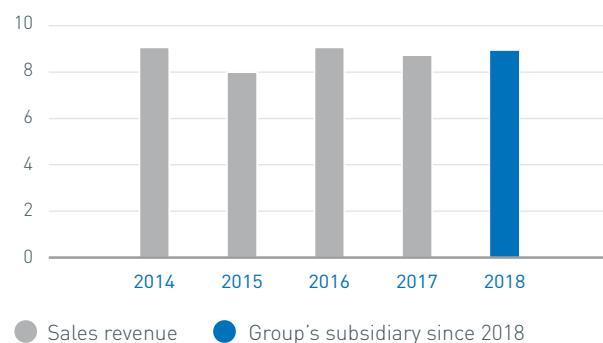


Finnkumu is a leading manufacturer of complete substations and cable distribution cabinets

► SEBAB AB ja Grytek AB

SEBAB AB sales revenue

million euros



On December 12, 2017, AS Harju Elekter signed an agreement to acquire all shares of the Swedish company SEBAB AB, which offers sales and technical solutions, and all the shares of the sister company Grytek AB. The deal entered into force on 8 January 2018.

SEBAB AB, a fully owned subsidiary of AS Harju Elekter, specializes in the development and supply of medium and low voltage solutions for energy production and distribution in the infrastructure, construction and renewable energy sectors. The company's headquarters is located in Malmö,

production, sales and services department is led from there. Branch offices that offer technical and engineering solutions are located in Stockholm and Borlänge. The company employs 34 people.

Grytek AB, a sister company of SEBAB AB located at Grytgöl, manufactures technical buildings for factory production. The company employs 21 people.

The sales revenue of SEBAB AB in 2018 remained at the level of 8.7 million euros, slightly lower than expected. The vast majority of products and services were delivered to the home market. The sales revenue of the sister company Grytek AB in 2018 was 2.7 million euros.

For the Swedish subsidiaries, the reporting year was the year to blend in to the Group, it was the year where the existing rules had to be harmonized with the existing procedures in the Group and information and other systems integrated. It is a long-term and ongoing process that requires extra time and expense. In spite of all this, in cooperation with other sister companies, the Group's sales to the Swedish market were doubled to 13.5 million euros over the years and the share of the Swedish market in consolidated revenue increased to 11.2% (2017: 2.7%).

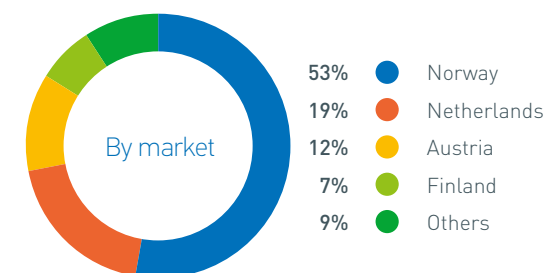
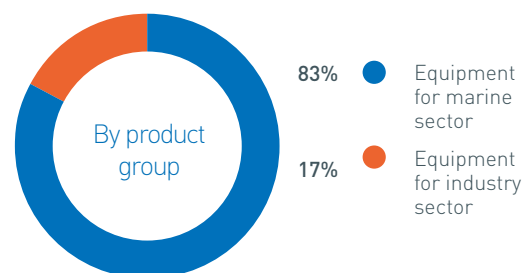
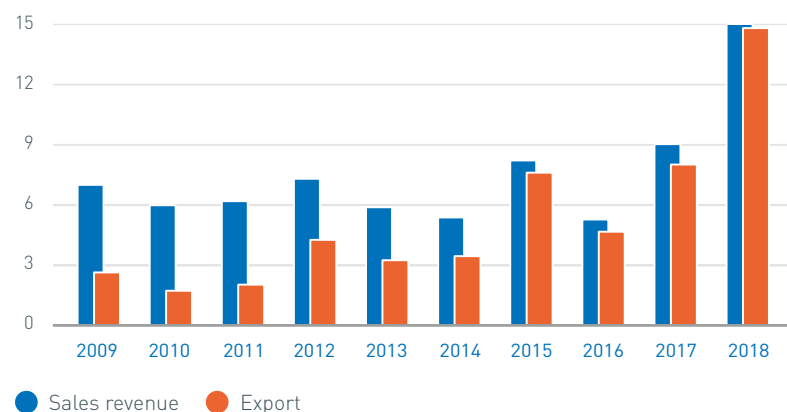
SEBAB AB specializes in the development and supply of medium and low voltage solutions for energy production and distribution in the infrastructure, construction and renewable energy sectors

BUSINESS SEGMENTS

► RIFAS UAB

Sales revenue

million euros



RIFAS UAB, the fully owned Lithuanian subsidiary of AS Harju Elekter, has been part of the Group since 2003. The focus of RIFAS UAB is on the development of different products and solutions and manufacturing based on contract for system integrators in the marine and industrial sector, providing them with specially designed power distribution and multi-drive systems and solutions. The company has its headquarters in Panevėžys, Lithuania. The company employs 120 people.

In the third quarter of 2018, Automatikos Iranga UAB (67%) a subsidiary of RIFAS UAB, was liquidated.

Automatikos Iranga UAB was engaged in designing solutions for RIFAS UAB. The company had a minor impact on the consolidated financial statements.

RIFAS UAB ended the year 2018 with the best economic results in its history. The good economic climate in the company's main target markets in Scandinavia and the company's unique skills to provide solutions and products to almost all of its key customers increased the company's revenue by 85.0% to 14.7 (2017: 8.9, including Automatikos Iranga UAB revenue 1.0) million euros. The share of foreign markets in the company's sales was nearly 100%. The main

destinations were the Netherlands, Norway, Turkey, Finland and Germany.

Most of the revenue was generated from the development, production and sales of project-based

RIFAS UAB ended the year 2018 with the best economic results in its history

products and services to the maritime sector. Various frequency converter equipment systems as well as electrical and control shields for the maritime sector were among the highest in the product range. The supply of quality products to the maritime sector is very strongly linked to RIFAS UAB's engineering capabilities, the orders are mainly for project and customer-specific solutions that are not found in standard catalogues. Thus, the ingenuity

of the engineering and development team in the projects is to apply different solutions skilfully and flexibly to one of the company's most important sales arguments to win new large customers.

On a daily basis, the company focuses on improving steps related to quality, reliability and contract-based professional manufacturing. In order to ensure a fast-growing flow of orders and production

volume, RIFAS UAB concluded in August 2018 a contract for expanding its production facilities. After the construction work has been completed in 2019, the company's office and production premises will have expanded from the current 3,500 m² to 9,000 m². The total investment in the expansion of the production building and modernisation of the technology amounts to 3.5 million euros.

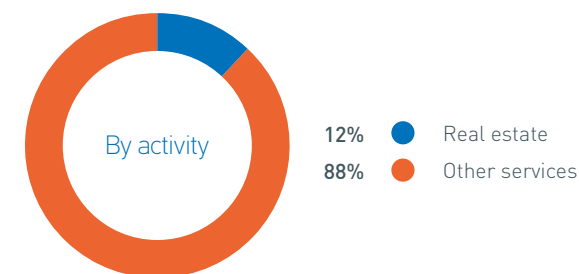
► Real estate and Other activities

The sales revenue of the Real estate segment (Parent company) and Other activities (Parent company, Energo Veritas OÜ, Telesilta Oy, Harju Elekter AB) totalled 17.4% (2017: 16.8%) of consolidated revenue, of which 12% was income from the Real estate segment and 88% revenue from other products and services.

► Real estate

In the reporting year, the revenue of the Real estate segment was 2.6 million euros, increasing by 0.6 million euros year-on-year and constituting 2.2% of the Group's revenue (2017: 1.9%). The increase in revenue of the Real estate segment compared to the previous period is related to the departure of long-term

Segment revenue



shareholder PKC Group Oyj from the Group's rental premises at the beginning of 2017, lowering the sales revenue of the period. The new production and warehouse facilities completed at the Allika Industrial Park in autumn 2017 and was leased to Stera Technologies AS and Laohotell, which was put into use at the beginning of the current year, have stopped the revenue decline in the Real estate segment and increased lease income this year.

Lease income for the reporting year was 2.1 (2017: 1.7) million euros. The provision of utility services and other services provided a total of 18.0% (2017: 12.5%) of the segment's revenue.

The Group owns properties in industrial parks in Estonia (Keila, Harku, Haapsalu), Finland (Ulvila, Kerava, Kurikka) and Lithuania (Panevėžys), with a total of 46 ha, with production, office and warehouse premises in total of 106,640 m².

► Other activities

The sales volume of Other activities increased by 20.6% to 18.4 million euros, accounting for 15.2% (2017: 14.9%) of the Group's revenue.

AS Harju Elekter

AS Harju Elekter is the Group's parent company. The company's activities are divided into two parts - Real estate and Other activities. In addition to real estate activities, the Parent company coordinates cooperation between the Group companies, manages its subsidiaries through management boards and supervisory boards, manages the Group's cash flows, investment planning, corporate governance as well as business development, product development, and the provision of different services such as personnel, information technology and communications services.

The business operations of the parent company contributed 3.1% of the consolidated revenue (2017: 3.5%).

The business operations of the parent company contributed 3.1% of the consolidated sales revenue

Telesilta Oy

Telesilta Oy is an electrical works company founded in 1978 in Uusikaupunki, Finland, specialized in designing, manufacturing and installing electrical equipment for ships, as well as installation and maintenance. The company employs 36 people. Telesilta Oy has been a member of the Group since 2017 and AS Harju Elekter's holding in the company is 100%.

In the 3rd quarter of the reporting year, two ship projects were completed: in August, a 158-meter new ro-pax-type ship was delivered at the Rauma factory, where the company carried out electrical works; in the second project, the research vessel Aranda was renovated, where the entire ship's electrical system

was replaced and the ship's operating system was rebuilt on a hybrid. The projects had problems that caused delays leading to additional costs and disagreements with the customer. In the third quarter of 2018, the Group incurred 1.9 million euros of ship-building losses as expenses. Immediately before the approval of this report, the final agreement was concluded with the customer and as a result thereof no additional costs will arise. In all, Telesilta Oy's sales revenue for 2018 was 9.1 (2017: 10.1) million euros.

Energo Veritas OÜ

Energo Veritas OÜ focuses on project-based sales and trading activity, additionally the company has sales offices and shops in Tallinn, Tartu and Keila, through which the Group's products, its related companies products and other electrical installation products are sold to retail customers, and medium and smaller electrical works companies. The company employs 32 people. Energo Veritas OÜ has been a part of the Group since 2017 and the holding of AS Harju Elekter is 80.52%.

Energo Veritas OÜ focuses on project-based sales and trading activity

Energo Veritas OÜ revenue of 2018 increased by 25% to 6.9 (2017: 5.5) million euros. Revenue growth was mainly driven by investments in the electricity (+ 47%) and telecom networks (+ 90%) sectors, with a major contribution to the growth of construction (+ 13%) sector, which increased sales of electrical materials. The focus of the company during the financial year was on developing new business areas, which meant developing new competencies and organisational support functions. Significant changes were also made in the structure and work organisation, which focused on redesigning the sales organisation and sales channels in order to develop sales capability and thereby increase the efficiency of the entire company. As a strategic decision, the launch of the construction

for the new sales office and the central warehouse in Tallinn can be highlighted. The move to the new premises is scheduled for March 2019.

All in all, Energo Veritas OÜ managed to grow its market share, find new customers and win important procurements in the midst of organisational changes.

Harju Elekter AB

Harju Elekter AB - the sales organisation and sales office in Sweden for medium-voltage and substation products - was established in 2010. In 2014-2017, the company's operations were temporarily suspended. In February 2017, AS Harju Elekter acquired a 10% minority holding in the company, increasing its shareholding to 100%, and in the autumn of the same year the subsidiary started active business again. The sales revenue of Harju Elekter AB in 2018 was 2.7 million euros and the company has 1 employee.



1994

Nokia sells the cable harnesses production unit to the management of the factory, the Finnish investment fund Capman and to AS Harju Elekter (14%), and the company is renamed PKC

1995

Cooperation and licence agreement signed with Seppo Saajos, majority owner of Saajos Oy, which manufactures metal doors; sale of AS ABB Harju Elekter share to ABB

1996

Framework cooperation agreement signed with Siemens OY

1997

AS Harju Elekter shares listed on the Tallinn Stock Exchange

1998

AS Eltek becomes a subsidiary of AS Harju Elekter; the Haapsalu unit of the cable harnesses factory becomes operational; establishment of the joint company AS Saajos Inexa (33%)

1999

Renovation of the company's headquarters in Keila

2000

The production management of the Group's companies is certified with the quality and environmental management certificates ISO 9001 and ISO 14001; sale of the AS Glamox HE shares to Glamox Oy

2001

The Estonian Association of Electrical Enterprises awards the AS Harju Elekter electrical equipment factory the title of a recognised electrical enterprise; the fiberoptic unit is launched

Investment and Development Activity

In 2018, the Group invested a total of 9.6 (2017: 7.3) million euros in fixed assets. Acquisition of subsidiaries increased investments in property, plant and equipment by 1.0 (2017: 1.8) million euros. In total, the volume of investments in the reporting period amounted to 10.6 (2017: 9.1) million euros. In general, investments of the Group could be divided into two: supporting and consolidating further development of the Group, and investments to ensure the quality of production facilities and technology and to meet modern requirements.

In order to increase the capacity of digitalisation and information security, the IT organisation of AS Harju Elekter was restructured in the reporting period. The Group introduced a new common information security policy and number of important basic services were harmonized. An intra-group communication and collaboration platform was introduced, and preparations were made for the introduction of a common email domain. Significant results were also achieved in the digitalisation of the subsidiaries' processes, including the production line management system integration with Group's accounting software. A new reporting and analytical platform as well as a software solution for simplifying of consolidation were introduced. The Group's digitalisation development plan for the next five years was made.

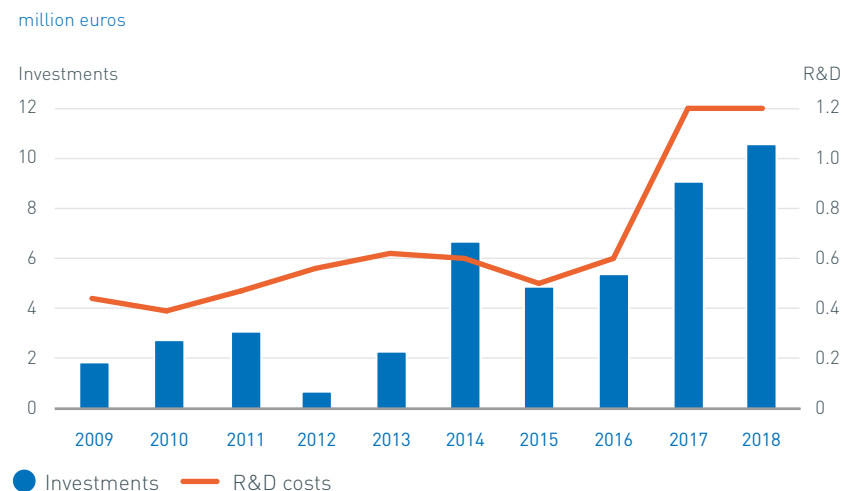
According to the Group's development principles, the Group's product development aims to continuously modernize and develop products that meet customer needs and to improve technology.

The Group's development costs at the cost of the Group amounted to 1.2 (2017: 1.2) million euros, accounting for 1.03% of the Group's sales.

Strong and flexible product development is one of the Group's strengths. Product development resources for energy sector products are mainly concentrated in the company AS Harju Elekter Elektrotehnika; Satmatic Oy specializes in the development of industry-oriented products and renewable energy solutions, and RIFAS UAB's specialisation is mainly project and customer-specific solutions in the maritime and industrial sectors.

AS Harju Elekter Elektrotehnika Development Centre brings together both electrical and mechanical engineers. In 2018, 29 electrical and mechanical engineers

Investments and development



Strong and flexible product development is one of the Group's strengths

worked in the Development Centre. The purpose of the Development Centre is to provide a sales channel with innovative products and solutions, at the same time providing technical support for production and sales. In the product development department, engineers are divided into three functions: new product development, product improvement, and sales support. Each department has its own action plan.

One of the most important product development projects of the reporting year is the product family of air-insulated substations, composed of 6 different substation types, developed for medium-voltage business in the Swedish market. It is a concrete foundation with metal factory-made substations. In this solution much emphasis has been put on security of the substation, and thanks to its strong structure, the substation also successfully passed standard tests according to IEC standard during the reporting year in TalTech and certified laboratories in Poland. Various customer-specific ETO projects and their design are constantly being addressed.

In the low-voltage business, the HECON line control system for 2,500 A-4,000 A was developed for engine control centres. Product development is based on Nordic requirements, which means that it is suitable for the needs of Finnish, Swedish and Norwegian

customers. It is a multi-annual project that has now reached a stage where the concept is extended to lower amperages and components of different suppliers. In the future, this concept will also be extended to the power distribution sector. It is an important product for the Group, with design and mechanical solutions developed by the local engineers. The product developed by the company also makes it easier to offer special solutions to the clients, because the company is not tied to any specific brand and can use the components that suit the best to each customer's needs.

Due to the large sales order of the Estonian subsidiary from Konecranes to supply 54 special purpose substations to the UAE during the year, engineering work was started at the beginning of 2019 to complete the order.

In order to quickly and flexibly monitor intra-group development projects, AS Harju Elekter Elektrotehnika has designed and built new laboratory equipment to test the temperature rise of its own low-voltage distribution equipment. Laboratory equipment includes a main power transformer cabinet, load resistors and a thermo-pair data logger system. Previously, there was no in-house capability to test products with higher electrical currents (→ 1,000 A)

One of the most important product development projects of the reporting year is the product family of air-insulated substations, composed of 6 different substation types, developed for medium-voltage business in the Swedish market

over a longer period of time. Two temperature tests have been conducted to date. There is plenty of work for the laboratory equipment and the next in-house tests are already waiting. The stand is set up according to future tests. In addition, some follow-up activities have been planned in the near future for stand.

Finnish subsidiaries have been focused on the development of renewable energy projects, and on offering suitable solutions to customers. In addition, Satmatic Oy has contributed to reducing waiting times in production by increasing the share of electronic information flow and increasing the level of

automation of material handling; the reception of the goods was made more efficient. The Finnish subsidiary also increased the sales of solar power equipment and solutions and continued its development in the product segment of the car parking engine heater and electric vehicle charging shields, making the products even more customer-friendly.

The subsidiaries participated actively in specialty fairs in Finland, Sweden and Estonia during the reporting year: the production segment companies were represented at the Electricity Fair Sähkö Tele Valo AV 2018 in Jyväskylä, Alihankinta fair in Tampere and EBR fair in Falun and Energo Veritas OÜ at the International Construction Fair in Estonia Builds in Tallinn and Maamess in Tartu.

Finnish subsidiaries have been focused on the development of renewable energy projects, and on offering suitable solutions to customers

Innovation

In terms of product development and innovation, the Group's operations are largely dictated by customers' demand for innovative solutions. It is important for the Group to keep up with these issues in order to be able to offer new solutions when the customers are ready for them.

The Harju Elekter Group aims to go with the general trends in the market and apply a realistic approach to certain areas of innovation. It is an opportunity to offer more help to customers, to meet their expectations and provide the Groups' engineers with exciting and challenging work.

Since 2011 the Group organises annual innovation competitions for finding the best engineering solutions.

The Group's ability to create innovation is reflected in three views:

- ▶ In product development, the Group independently as well as in cooperation with customers looks for ways to make conventional products in a smarter way or to make them function more effectively. The Group also invests in the applied research and development of new products (e.g. energy storage devices).
- ▶ Constant changes are carried out to make production more efficient through technology and process renewal (e.g. heat recovery systems of production lines for heating buildings and domestic water and the wider use of solar energy).

- ▶ The supply chain co-operates with suppliers to develop and improve already established structures.

Major development projects in Group companies in 2018

- ▶ Harju Elekter's manufacturing companies are focused on systematic implementation of the lean production principles. The companies have set up teams to map production processes, identify wasting, generate ideas for improvement and redesign the processes, thereby increasing efficiency and generating significant financial savings.
- ▶ AS Harju Elekter Elektrotehnika introduced a 2c8 process mapping model that reflects all of the

company's processes depicted as flow charts. At the beginning of 2018, this model underwent ISO recertification, followed by the mapping of financial management, IT and system management processes. To date, new processes have been mapped and the existing ones have been improved in 2c8. Most of the basic and support processes have been reviewed and approved.

- ▶ In order to monitor intra-group development projects quickly and flexibly, AS Harju Elekter Elektrotehnika designed and built new laboratory equipment for the purpose of testing the temperature rise of low-voltage switchgear. The laboratory equipment consists of a main power transformer cabinet, load resistor and a data logger system with thermocouples. In the past, AS Harju Elekter Elektrotehnika lacked the in-house capability to test products with higher electrical currents (→1,000 A). By now, two temperature tests have been carried out and more tests are waiting.
- ▶ In the financial year, AS Harju Elekter Elektrotehnika, in cooperation with several different remote-control service providers in Finland, launched the testing of remote-control equipment in a substation. Previously, a remote-control unit was added to a substation on site and thereafter

the unit had to be programmed and tested on site, but now it is installed in the substation and connected already at the factory. The factory also installs and tests a client-specific software program and object-specific settings. Thus, a substation that is fully ready for connecting to the grid is delivered to the site. Owing to the remote testing service, the number of errors decreased and also the customer's time and money is saved.

- In order to smoothly perform a large-scale framework agreement, AS Harju Elekter Elektrotehnika thoroughly changed the manufacturing

procedures of the sub-stations. As a result of this, the series manufacturing of substations in a manner novel for the company was launched. The current production process, where 20 electric assemblers made 20 substations per week, was replaced with a new step-by-step manufacturing process where 20 electric assemblers complete 15 substations per day and 75 substations per week. In the course of the project, the logistics of materials improved, Kanban and step-by-step material collection was introduced, the transit time was shortened, and the workload was made more even. Overall, the effectiveness

of manufacturing and product quality improved. From the customer's point of view, the security of supply increased owing to the shorter transit time.

- Satmatic Oy supplemented the product family of electric vehicle charging equipment.
- RIFAS UAB focused on further development of high-tech electrical equipment for ships.

Quality Management, Product Quality and Quality of Customer Relations

Harju Elekter Group one main goal is to ensure product quality. Customer satisfaction depends greatly on the product quality, which, in turn, has a direct influence on long-term business success. In this field, the Group companies were recognized by clients in 2018 – Elenia Oy awarded AS Harju Elekter Elektrotehnika with the title “Highest Quality Products”. In 2018, the Quality Managers of Keila Industrial Park decided to join forces in maintaining and addressing quality, environmental and occupational safety issues. At the beginning of the year, the first-round table for the development of quality

management was gathered, which became a regular meeting of quality people pursuing a common goal. Together, the issues of quality, the environment and safety at work will be kept in greater overview and a common approach to similar issues provides a better overview of opportunities and risk areas.

Quality and properly manufactured products, security of supply and adherence to deadlines, smooth co-operation and understanding of the client and the credibility of the company as a result of its strength and history today – The Group understands that

these factors ensure a strong customer relationship. Therefore, the proportion of products completed by the agreed deadline is measured, customer complaints and feedback are monitored. The proportion of products that have been properly delivered to customers by the due date varies from company to company depending on the nature of the work to be done, remaining within the range of 70-100% for all Group companies during the reporting year.

Elenia OY awarded AS Harju Elekter Elektrotehnika with the title “Highest Quality Products”

► Product quality assurance

The Group believes that a quality product is manufactured in a responsible manner if:

- The product is safe, meets the technical requirements set by customers and is visually correct.
- The product also meets those requirements that customers cannot express specifically. These aspects are negotiated with customers on the initiative of the subsidiaries themselves.
- All sales and production processes are carried out in accordance with the requirements of the law.

The daily business operations and organisation of the Group companies are based on quality and environmental policies that complies with international standards. The current ISO 9001 quality management standard is applied in most of the Group's production plants: AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Satmatic Oy, RIFAS UAB, SEBAB AB and Grytek AB, as well as the sales

company Energo Veritas OÜ. Telesilta Oy and Finn-kumu Oy started preparatory work for the implementation of ISO 9001 during the reporting year and the certifications are planned to be carried out in 2019. All manufacturing companies in the Group (except Finnkumu Oy) have implemented the valid environmental management standard ISO 14001.

During the reporting year, several audits of key accounts, product certification companies and vendors of licensed products were successfully conducted in subsidiaries of the Group. Satmatic Oy has a valid UL certificate, which is a prerequisite for delivering the company's products on the US market.

Quality certificates

	2010	2011	2012	2013	2014	2015	2016	2017	2018
AS HARJU ELEKTER ELEKTROTEHNIKA	○ ISO9001/ ISO14001 (since 2000)			○		○ until 2018			○
AS HARJU ELEKTER TELETEHNIKA		○ ISO9001/ ISO14001 (since 2002)			○		○ until 2019		
RIFAS UAB		ISO 14001 OHSAS 18001	○ ISO9001 (since 2003)			○ until 2019			
SATMATIC Oy		ISO14001	○ ISO9001 (since 2003)			○ until 2019			
SEBAB AB			ISO9001/ ISO14001			○			○
GRYTEK AB									ISO9001/ ISO14001
ENERGO VERITAS OÜ						ISO9001		○	

○ – recertification

Quality related subjects are dealt intrinsically as a part of everyday management, sales, development, logistics and real estate management activities.

The stages that influence quality assurance in the example of AS Harju Elekter Elektrotehnika:

The company believes that quality has to be developed into products and produced, not only subsequently checked.

1. **At the product development stage**, the preconditions for the production of high-quality final product are created – the planned solutions must be made easily and clearly understandable for the production workers.
2. **Materials and component suppliers** are also selected and audited from a quality perspective – timely deliveries, availability of quantities, and response to Group complaints are also important.
3. **The check of purchased products and materials** helps to identify any faults at an early stage – this is done randomly for higher risk purchases.
4. **The alertness of employees** ensures that features dependent on a human factor were of high quality – reasonable workload, motivation that comes with the control and responsibility and training (focusing of products, management and electrical engineering, etc.) are all important.
5. **Process descriptions** create clarity in the tasks – the deficiencies that are detected at early stages leave more time to improve them, therefore, an unwritten catch-word has been established that whoever is touching anything by hand during the production process has to check its status and compliance (incl. checks during processes).
6. **Safety inspections** are carried out on finished products in order to be sure of its compliance with applicable safety requirements, laws, standards and customer requirements.
7. **Final quality tests** are carried out in order to check the compliance of products with different aspects of customer expectations. Sometimes products are pre-adjusted in a factory by distance control from control systems located in customer's premises.

Improving quality is a continuous process.

Each subsidiary of the Group has its own approach to it, but improvement activities receive their input largely from four sources:

- ▶ share of defective products;
- ▶ customer feedback;
- ▶ quality of materials;
- ▶ external audits.

1. Share of defective products

In order to detect faults all products are checked during the production process and detected defects are discussed every morning. In serial production, there are more products, which are manufactured correctly and without defects, but for more sophisticated special orders, there are more findings that need to be improved before finalisation.

2. Customer feedback

The Group pays great attention to customer feedback on non-conforming products i.e. customer reclamations. The relevant information has to reach the necessary employees with minimum delay, so that

corrective and preventive actions can be implemented immediately. All reclamations are recorded and analysed. Subsidiaries are monitoring failure costs connected with rectification of faulty products.

The number of justified customer complaints received from external customers in 2018 was relatively low in all Group companies. Depending on the company, the Group received an average of 2.1 [2017: 3.9] customer complaints per every million euros of turnover.

Each subsidiary collects customer feedback and recommendations in their own manner.

► **AS Harju Elekter Elektrotehnika** measures net promoter score on a quarterly basis and the compliance of products and engineering solutions with customer expectations. The received feedback helps to map customers' overall attitudes towards the company, but in order to ascertain the root causes of customer satisfaction and making conclusion, the claims and improvement proposals filed by customers are analysed. The management of the company monitors the summary of complaints on a weekly basis. The average recommendation index for 2018 was 47 [2017: 59] points out of 100.

► **AS Harju Elekter Teletehnika** also evaluates its customer satisfaction quarterly. On a scale of 5 points, TOP10 customers are asked for feedback on product range and quality, delivery accuracy and speed, documentation accuracy, price level and availability of contact persons. The average result for 2018 was 76% [2017: 80%].

► **Satmatic Oy**, a Finnish subsidiary, asks quarterly feedback from customers on prices, quality, security of supply and overall cooperation and in 2018 the result was 90% [2017: 97%]. Telesilta Oy evaluates customer satisfaction based on the security of supply and monitors the ratio of working hours spent on warranty works to total project hours. Finnkumu Oy did not collect customer satisfaction data in the financial year, but the result for 2017 was 80% of the possible maximum.

3. Relations with suppliers and quality of materials

The quality of materials is covered by reclamations made to suppliers by the Group. Calling for tenders and measuring different alternatives is considered a good practice within the Group for obtaining the best purchase conditions. There are more and more examples where companies have moved from buying

materials or components from a single supplier to procurements from several suppliers.

In the last couple of years, the first steps have been taken towards group-wide purchasing process. Single contracts with suppliers support better delivery conditions and ensure a smooth and transparent process. During the year, procurement and supply chain departments of several subsidiaries were created and restructured in order to optimise purchases, and to cope with the rapid growth in production output and structural changes.

Some materials and components that are regularly used are described by the supplier in a very precise manner. If the subsidiaries of the Group have the right to choose a supplier, their choice is influenced by the reputation, record and reliability of the supplier, as well as the quality, price and conditions of supply. The price and quality ratio is more important than a low price. The main suppliers are usually more permanent and new ones are contacted only when there is a need or if a new solution appears on the market.

In addition, from time to time representatives of subsidiaries visit main suppliers to ensure that suppliers are reliable and follow orders.

The manufacturing companies introduce different suppliers within the whole supply chain to each other, and suppliers can advise each other to make the processes smoother.

4. External audits

Customers, supervision authorities, product certification companies and licence issue companies carry out audits and checks on the companies in the Group on a regular basis. Most of the time, companies have passed audits successfully and observations made during them have been useful.

Besides product specific issues, customer and supply chain audits increasingly focus on occupational safety, security, human rights and environmental management aspects of the production process.

► Quality enhancing activities in Group companies during the reporting year

In the reporting year, AS Harju Elekter Teletehnika started mapping processes to identify risk points

using the 2c8 method. A quality room was opened in the production premises, where the data is presented, feedback is given, situations are analysed and improvement activities are carried out. The Quality Unit has been shifted closer to the case sites to bring the percentage of defective products to zero by providing more efficient assistance and more efficient prevention.

In the reporting year, Telesilta Oy updated its review procedures for sales offers and order documentation to minimize deviations.

In recent years, AS Harju Elekter Elektrotehnika has reviewed its management processes in connection with the increase in the volume of orders. The most important changes concerned the strategic planning of the company, the descriptions of the processes - documentation and the establishment of a meeting system. As a result of the work, in the supply chain and strategic purchasing area positions have been created and process descriptions have been updated. To date, the most processes have been mapped and validated. The ultimate goal is to make the management of the company more efficient and to improve the quality of products and customer service.

Approximately ten quality managers of different companies operating in Keila Industrial Park

regularly attend club meetings, which are coordinated by the Estonian Quality Association. The purpose of the initiative for Keila Industrial Park companies is to acknowledge quality management. Collectively discuss topical issues concerning industrial enterprises and try to find improvement projects.

AS Harju Elekter Elektrotehnika developed a system that allows employees to rotate between different work sections of the factory. This will help to optimise the workload and develop people.

In order to guarantee quality, The Lithuanian subsidiary uses a 3D model-based assembly, where each element is numbered, which means that new employees do not need long training and can quickly guarantee primary quality. At the end of each working day, the master checks all the products in his/her area of responsibility according to the 3D drawings. In the interest of the rapid movement of information, the Quality Department is directly subordinate to the Management Board. They monitor production on the basis of a detailed quality questionnaire, and they have the right to stop production immediately when a mistake is detected.

► Safety and environmental impact of finished products

As to other quality requirements it is always very important for the companies of the Group to ensure the safety of each finished product. This is achieved by four stages of safety control:

1. The basis of the safe use is created in the stage of product development, which leads to technical solutions that has to meet requirements established by certain standards.
2. Before new products enter a batch production phase or a major special execution phase, they have to pass type tests of possible risks or inspections by customers (each year several so-called Factory Acceptance Tests are carried out).
3. As the installers of products, the employees of the Group must ensure and be convinced of the proper manufacturing of each product.
4. The aim of the final inspection is to identify possible defects in products caused by human factors or possible faults in components.

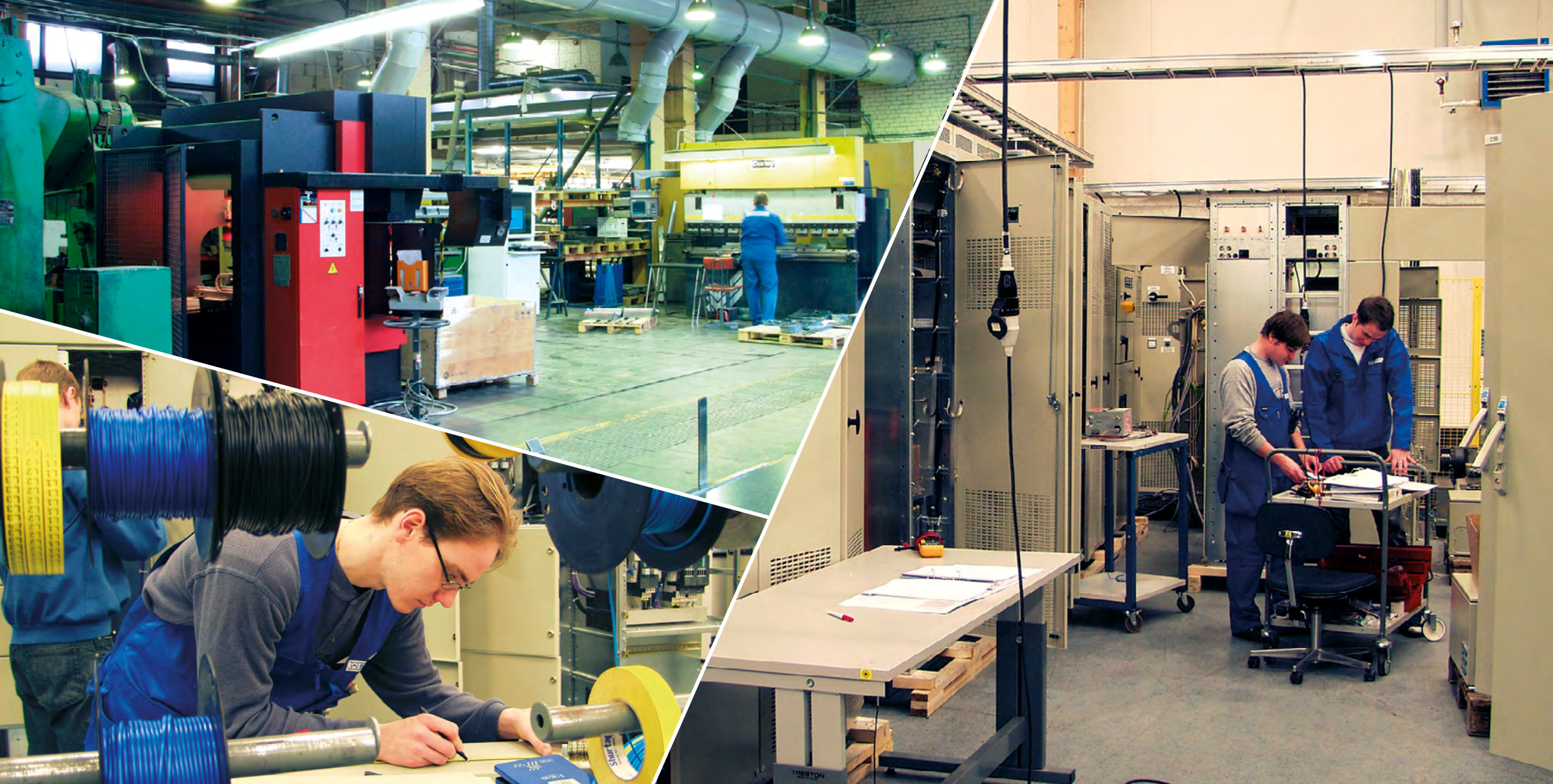
During the last twenty years there has been no record of cases where any of the finished product manufactured by the Group has caused a life-threatening situation because of a production fault. The Group has concluded product liability insurance contracts to compensate for potential loss events.

► Environmental impact of product life cycle

The Group companies' goal is to create long-lasting solutions– for customers they have to be reliable and sustainable solutions, not individual products. The market presumes that, for example, substations have at least 40 years of life cycle. Long-term solutions mean that smaller numbers of new substations are needed i.e. their environmental impact is smaller. Today, Estonian regulations do not require that products have to be provided with utilisation instructions. In the case of substations, it is usual that the concrete used for their construction is crushed and reused as filler in road construction; metal parts are given to purveyance and electric components are recycled as required.

Long-term solutions mean that smaller numbers of new substations are needed i.e. their environmental impact is smaller

The main negative environmental impact of the use of substations comes from SF₆ gas that is used to make switches in medium voltage equipment, which is still preferred, by a large number of customers, especially in Estonia and Finland. More environmentally friendly alternatives include the use of air insulation or vacuum, but these would raise the price of the whole product by about a third and the market is simply not ready for it yet.



2002

Establishment of the subsidiary AS AJT Harju Elekter and its sale to the PKC Group; acquisition of the Siemens subsidiary Satmatic Oy

2003

Acquisition of the energy distribution and automation device manufacturer RIFAS UAB [51%]

2005

The MV/LV energy distribution and transfer device manufacturer AS Harju Elekter Elektrotehnika is restructured into an independent company [100%]

2006

Acquisition of the Finnish electrical equipment manufacturer Finoval Oy; establishment of the electricity distribution and transfer device sales organisation SIA Energokomplekss in Latvia [14%]

2007

Sale of the share of AS Saajos Inexa to Saajos Int. Ltd

2008

Subsidiary company Harju Elekter Elektrotehnika is awarded a state procurement contract for 5 years to deliver an average of 400 complete substations per year

2010

Establishment of Harju Elekter AB in Sweden (90%)

2011

AS Eltek renamed AS Harju Elekter Teletehnika; the first innovation competition is organised by the group

Personnel

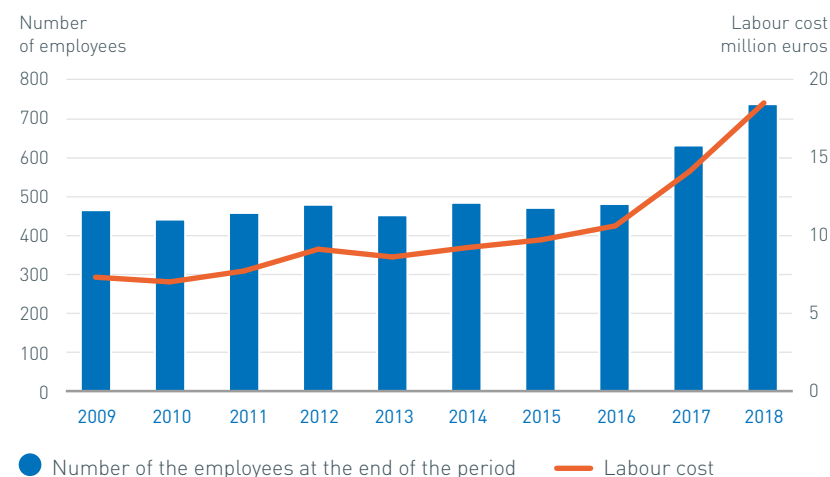
Companies of the Harju Elekter Group are based in Estonia, Finland, Lithuania and Sweden. Given the expansion of the Group, the increased production volumes owing to successful bids and the rapid economic growth in the entire region, a complicated situation on the labour markets of the Group's companies continued. The lack of trained specialists remained an acute issue. The situation was made more difficult due to the little attractiveness of the pay level offered by the business sector. The pay pressure remained strong. According to the Estonian Statistical Office, in 2018 the rate of participating

in labour was 71.9%, the employment rate was 68.1% and the unemployment rate was 5.4%. The number of the long-term unemployed in Estonia was the lowest of the last 20 years.

The bringing of all the subsidiaries and the Group as a whole into compliance with the changes arising from the rapid growth and expansion experienced in recent years continued throughout 2018. In connection therewith, management quality (incl. change management and delegation matters) and the availability of high-quality labour remained in the focus

The bringing of all the subsidiaries and the Group as a whole into compliance with the changes arising from the rapid growth and expansion experienced in recent years continued throughout 2018

Personnel and labour costs



of the personnel field as major risks. Innovations and changes caused by growth considerably affected employee satisfaction and turnover in 2018 and put the employer's branding in the focus in the context of possible new employees as well as current employees. Therefore, the activities of the year focused on formulating the employer's branding offer and on supporting the subsidiaries in managing changes, above all, via organising training aimed at improving management quality and via recruitment. In addition, the principles of Good Corporate Governance were formulated in the Estonian subsidiaries of the Group and a 360-degree feedback survey was launched in order to map the results of the development and training efforts to date.

PERSONNEL

On the report date of 31 December 2018, the Group had 736 employees (2017: 630). Following the acquisition of Swedish subsidiaries in the first quarter, the number of employees of the Group rose by 45. The average number of employees in the financial year was 713 (2017: 567). The salaries, wages, bonuses and benefits paid out to the employees in 12 months amounted to 18.5 (2017: 14.1) million euros. The average monthly salary per employee was 2,166

(2017: 2,067) euros in the financial year, growing by 5% on average. Here, it should be pointed out that the average pay levels in Finland and Sweden are multiple times higher than those of Estonia and Lithuania.

Most of the employees of the Group (i.e. 399) worked in Estonia. The average age in the Group has been around 40 over the years and in the financial year it was 41.2 years. 27% of the employees (201 people)

The large proportion of employees in a long-term employment relationship supports the following and upholding of traditions also by new colleagues

Overview of employment as of 31 December 2018

	ESTONIA	FINLAND	LITHUANIA	SWEDEN	TOTAL	% OF ALL EMPLOYEES
Employees in total	399	138	138	61	736	
Incl. office staff*	136	42	44	28	250	34%
Incl. workers	263	96	94	33	486	66%
Men in total	281	122	109	57	569	77%
Women in total	118	16	29	4	167	23%
Under the age of 30 yrs	70	33	54	19	176	24%
30-49 yrs	211	66	74	25	376	51%
50 yrs and older	118	39	10	17	184	25%
New employees	126	8	79	19	232	
Employees left**	99	2	61	8	170	
Average turnover***	15%	5%	46%	9%	24%	

of the Group have higher education, 53% (390 people) have secondary and secondary specialised education and 20% (145 people) have basic education.

The Group is characterised by a strong established organisation culture. The large proportion of employees in a long-term employment relationship supports the following and upholding of traditions also by new colleagues. Every second employee of the Group has been with the Group for more than five years. Staff turnover among the employees of the Group companies was 17% on average (15% in Estonia, 5% in Finland, 46% in Lithuania and 9% in Sweden).

* The number of top executives in the Group (i.e. members of the Supervisory Board and Management Board, the Chief Executive Officer): Estonia 13, Finland 12, Lithuania 5 and Sweden 5

** Incl. voluntarily, due to dismissal, retirement or death

*** The number of employees that left during the year divided by the average number of employees

The share of employees with an employment contract made for an unspecified time as per gender and place of business: men 99%, women 99%; Estonia 99%, Finland 100%, Lithuania 100%, Sweden 100%. Share of full-time employees per gender and place of business: men 98%, women 95%; Estonia 97%, Finland 99%, Lithuania 100%, Sweden 95%. The companies of the Group do not use subcontractors or agency workers to a significant extent.

► Employee ongrowth

The Harju Elekter Group wishes to be an attractive employer and the first choice in its field of activity for those entering the labour market as well as a preferred choice for those who already have prior work experience. Therefore, improving the employer's reputation holds an important place in the personnel strategy of the Group for 2017-2022.

Since the lack of qualified labour is a serious risk in the development of the Group, fruitful cooperation with universities and other research institutions continued in 2018 as well for the purpose of ensuring sufficient ongrowth of employees with required skills. In Estonia, close cooperation with the Tallinn University of Technology (TalTech), TTK University of Applied Sciences, Tallinn Industrial Education Centre,

Tallinn Polytechnic School and Tallinn Construction School continued. In cooperation with TalTech, up to four scholarships are annually granted to bachelor's and master's students of energy or mechanics specialisations. Over the years, more than 65 Bachelor's and master's students have participated in the scholarship programme and 14 of them have come to work for the Group following their studies. Currently, the Group employs seven scholarship recipients.

Finnish subsidiary Satmatic Oy has close ties with technical and professional higher education institutions of the region: Satakunna Apprenticeship Training Centre and the Tampere University of Technology. Lithuanian subsidiary RIFAS UAB has good cooperation relationships with the Panevezys College, Visaginas Technology and Business Training Centre and Klaipeda Marine University.

Harju Elekter considers it important to be represented in major labour and career fairs. In 2018, it participated in the Career Fair of the TTK University of Applied Sciences, in TalTech's student fair "Key to the future" and in regional fairs organised by the Unemployment Insurance Fund. The Group also pursues constant internship cooperation with various schools.

Since the lack of qualified labour is a serious risk in the development of the Group, fruitful cooperation with universities and other research institutions continued in 2018

► Employee satisfaction and motivation

Major changes in almost all subsidiaries of the Group in recent years have highlighted various dissatisfaction-sparking problems in management quality, teamwork and remuneration systems.

In Estonian companies of the Group (the parent company, AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika and Energo Veritas OÜ), an employee satisfaction survey is carried out once every two years. In 2018, no employee satisfaction survey was carried out and the next survey will be carried out in spring 2019. The last survey was carried out in 2017. The employee response rate was 72%, which

was 29.6% higher than the response rate of the preceding survey. Executives were the most active respondents with 93%, while the response rate among production workers was the lowest with 68%.

Positive assessments and the highest satisfaction rates were recorded regarding topics that were related to the employer's stability and reliability, cooperation with the direct supervisor, opportunities for applying one's knowledge and take responsibility, and friendly colleagues. The satisfaction rates regarding remuneration, the comprehensibility of calculation of the variable remuneration, and the physical working environment were the lowest. The most motivated employees were in the parent company where 89% of the respondents considered their motivation to be high or medium. In AS Harju Elekter Elektrotehnika, the same indicator was 76% and in AS Harju Elekter Teletehnika it was 77%. The recommendation index was high as well. As much as 93% of the employees of the parent company were prepared to recommend their company as an employer. In AS Harju Elekter Elektrotehnika, the same indicator was 70% and in AS Harju Elekter Teletehnika it was 69%.

In addition, the survey gave an overview of the greatest development needs of the company.

The results of the last satisfaction survey were taken into account in shaping the Group's personnel strategy. As a result thereof, the Group focuses on developing employees, improving the quality of the working environment and employee satisfaction, and attends to devotion issues.

In the financial year, satisfaction surveys were carried out in the Finnish (except for Telesilta Oy) and Swedish companies. RIFAS UAB and Telesilta Oy do not measure their employee satisfaction rates. However, RIFAS UAB does assess employee satisfaction through staff turnover and length of employment, which are measured regularly and compared against the results from previous years. Energo Veritas OÜ will join the employee satisfaction survey carried out in Estonian companies in 2019. The average employee satisfaction rate in the Group companies is between 70-95%.

The Group uses various solutions to raise employee satisfaction and to increase their motivation. The motivation system is reviewed and changes are made, where necessary, once a year. At the Group level, long-term employees in Estonia can get additional days off: one paid day of work for every two years of employment (maximum five days a year), which the employees can use between December and March.

Group companies have created various motivation systems that provide various benefits, such as, for example:

- ▶ a bonus system dependent on the operating profit and personal performance, which includes all employees. Bonuses that depend on the profit motivate employees to act on the effectiveness of the work performed from the point of view of the company as a whole;
- ▶ stimuli dependent on the length of employment;
- ▶ share option programmes aimed at involving members of the management bodies and employees of the Group companies as shareholders of the company in order to motivate them to act for the sake of attainment of better economic results;
- ▶ inter-company and inter-country exchange programmes that encourage rapid development of knowledge and experiences in the Group and offering rotation opportunities for employees;
- ▶ additional benefits such as sports allowances, Christmas and summertime events for employees and their children, a day off for the parents of children who start their first year in school,

celebration of jubilees and anniversaries, support in the event of the loss of a person close to an employee, school graduation bonuses and election of the employees of the year. Developing health sports among employees is in a separate focus.

► Personal development of employees

In 2018, the focus remained on improving the management capacity and quality of the executives of the companies of the Group. Several team thinking training courses and study days of application of lean production management principles were carried out in the Estonian subsidiaries. In total, 68% of executives and specialists participated in management courses in 2018 (2017: 61%).

In 2018, the companies of the Group continued developing the new employee acclimatisation programme. Thus, for instance, in Finnish subsidiary Satmatic Oy all new employees undergo a two-day welcome course that is followed up by a six-month support in the form of a company mentor. A four-month acclimatisation programme involving training

in various fields was developed for the employees of AS Harju Elekter Elektrotehnika. The compilation of an introductory training day and training materials was commenced as well.

Every year, regular exercises and training courses are organised in the companies of the Group for the purpose of improving professional skills and qualifications. The development of the 5S programme continued in the Estonian production units in order to reduce wasting resources, inefficiency and activities that do not add value. First aid, occupational safety and electrical safety courses were also organised for the employees of the companies of the Group and training was organised for working environment representatives for the purpose of keeping them informed of relevant legislative amendments. All employees are regularly instructed in the companies about waste management and waste collection by type.

In conclusion, on average 72% of the employees of the Group participated in training in 2018 (2017: 71%). On average, the Group's employees attended training to the extent of 8.4 hours per employee (2017: 12.1). The parent company trained its employees the most: they attended training to the extent of 26.6 hours per

The training and development needs are identified via development conversations held with employees at least once a year

employee. As for production companies, AS Harju Elekter Elektrotehnika trained its employees the most, averaging 15.7 hours of training per employee. The executives and specialists of the company attended training in 2018 on average to the extent of 19.5 hours (2017: 18.1), while workers averaged 2.7 hours (2017: 7.5) per person.

The training and development needs are identified via development conversations held with employees at least once a year. Development conversations are held with employees of all levels in the Group. In 2018, development conversations were held on average with 79% of the employees (2017: 69%) and with 58% of the executives/specialists (2017: 51%). One of the goals of the Group is to constantly increase the share of employees with whom a development conversation has been held.

► Occupational health and safety

The occupational health and safety of the employees and a modern working environment are of utmost importance for the Group. Being a caring and responsible employer, Harju Elekter provides its employees with modern work and non-work conditions that are also in accordance with the laws in force. Since people perceive high risks in the work environment, the Group invests more in improving occupational health and safety than the law demands. All the subsidiaries of the Group have made the management of occupational health and safety a strategic matter.

The last two years have been years of major changes in the field of occupational health and safety, because AS Harju Elekter Elektrotehnika moved to new production halls and AS Harju Elekter Teletehnika updated and expanded the existing production premises. Overall, the work conditions improved considerably.

Since the end of 2017, the Estonian companies of the Group have had contracts with Mediserv OÜ, which carries out medical examinations of employees in

accordance with the procedure established by law and at intervals prescribed by an occupational health doctor.

To assess the compliance of the work environment with the requirements and employees' requests and to assess possible risks, the Estonian production units have carried out a risk analysis based on the results of which the company made various investments in tools and in work organisation changes throughout 2018. The focus remains on improving the management of the field of occupational safety and other similar practical issues, e.g. hoist-related safety, fire safety and evacuation issues, use of personal protective equipment, etc.

Subsidiaries AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika and Satmatic Oy improve workplace safety by relying on the 5S system, which, in addition to occupational safety, aims at creating orderly and systematised workplaces, reduce a waste of resources, improve productivity and product quality. To ensure the functioning of the system, inspection rounds are organised. Respectively authorised team leaders and support persons are responsible for the functioning of the system.

All the subsidiaries of the Group have made the management of occupational health and safety a strategic matter

The production operations of RIFAS UAB and SEBAB AB comply with the OHSAS 18001:2007 occupational health and safety standard. In 2018, AS Harju Elekter Elektrotehnika and Satmatic Oy started preparations for implementing the same standard.

In 2018, the companies of the Group registered 21 (2017: 11) occupational accidents or injuries, including 4 (2017: 1) in Estonia, 4 (2017: 1) in Lithuania, 3 (2017: 9) in Finland, and 10 in Sweden. There were no fatal occupational accidents or any cases of occupational diseases. The share of lost workdays due to occupational accidents in the companies of the Group was on average 0.9% (2017: 0.9%) and the number of workdays lost due to an illness was on average 1.9% (2017: 5%).

► Diversity and fair treatment

In the Harju Elekter Group, following the principles of diversity and fair treatment is part of the work organisation and the recruitment process. Therefore, the company does not distinguish between or select employees based on their gender, religion, nationality or race, but relies on their skills and competencies. 23% of the staff of the Group are women (2017: 24%). Two out of the 22 top executives of the Group (Supervisory Board, Management Board and executives) are women.

The Group has made certain that people get equal pay in equal job categories and ensured equal pay levels for men and women of the same position and job category. The companies of the Group try to knowingly create an open corporate culture and management processes that would help to mitigate risks and discrimination arising from human rights violations and unequal treatment.

No discrimination cases were registered in 2018.

The Group has made certain that people get equal pay in equal job categories and ensured equal pay levels for men and women of the same position and job category

► Trade unions

The Group accepts its employees' membership in trade unions and, therefore, 80% of the employees of the Group are covered by trade union agreements.

The parent company and the manufacturing companies operating in Estonia have constructive cooperation with the KETA Trade Union of the Keila Industrial Village. Approx. 33% of the employees of these companies have registered themselves as its members.

The companies have concluded a collective agreement with the representatives of the employees, which applies to all employees. The trade union is an important channel for communicating information between the management of the Group and the employees (e.g. employees are informed of major changes concerning the company a moment before the disclosure via the trade union) as well as for organising other actions concerning employees. AS Harju Elekter supports the trade union with 0.2% of the payroll fund, which goes to the trade union for organising its activities. The employees of the Group's subsidiaries located outside Estonia are voluntarily members of local trade unions.

Environmental Management

The Harju Elekter Group takes minimising the environmental impact of its operations seriously. The companies of the Group regularly monitor and measure their environmental risks and impact, making every effort to reduce them.

In essence, the manufacturing of energy distribution and control equipment is a rather clean process and does not have any serious harmful impact or burden on the natural environment. The company finds that the main environmental impact aspects include the consumption of electricity and heat on the manufacturing premises, the use of certain materials (above all, copper) and waste generation (above all, copper and steel, to a lesser extent also paint residues). Like before, the companies of the Group did not violate any environmental laws or other legislation in 2018. The Group is prepared to openly discuss any environmental deviations and irregularities in order to improve itself.

The management of environmental aspects is based on three pillars:

- compliance with environmental laws and other legislation;
- annual analysis of environmental risks and environmental impact assessment;

- implementation of environmental management standard ISO 14001 in all the manufacturing enterprises of the Group (except for Finnkumu Oy).

Customers who determine the qualities of a finished product and the criteria for the material to be used for manufacturing play an important role in shaping the environmental impact. The environmental policy guides the Group companies towards following environmental requirements arising from laws, rules, society and customers. Action plans focus on optimising processes, using materials and resources in a more sustainable manner, making work techniques and technologies more effective and attaining the minimum possible environmental impact. The members of the management boards of the Group and subsidiaries and the specialists of the respective fields are responsible for environmental matters.

The environmental awareness and behaviour of the employees of the Group is of crucial importance from the point of view of ensuring environmental friendliness. All the employees have undergone training ensuring that they notice ways of making transportation, waste management, and the use of materials and energy more reasonable and environmentally friendlier and make respective recommendations. In several Estonian and Finnish subsidiaries, the

The manufacturing of energy distribution and control equipment is a rather clean process and does not have any serious harmful impact or burden on the natural environment

employees are responsible for following 5S principles aimed at increasing productivity which, in addition to creating orderly and systematic workplaces, also support the reduction of a waste of resources.

As for climate issues, Satmatic Oy has the clearest position among the subsidiaries of the Group. The company has promised to reduce its carbon gas emissions through giving preference to energy-efficient manufacturing methods in its operations and through raising customers' awareness of renewable energy products and sources. Keeping in mind the same goal, contributions to the development of the and promotion of the sale of electrical vehicle charging systems are increased, thus contributing to the growth of popularity of electric vehicles in Finland.

► Materials and waste

The main materials used in manufacturing include steel and copper elements, powder paints and various electronics components. Even though a large portion of the selection of the materials is dictated by customers, the companies of the Group themselves choose more environmentally friendly alternatives of the highest quality, where possible.

The generation of waste metal is tried to reduce via the optimisation of the manufacturing processes. Metal waste is collected with the aim of making use of it to the maximum extent in manufacturing. However, depending on the product, up to one fifth of the sheet metal remains unused.

The paint lines are able to collect some of the paint residue and reuse it. Most of the packaging is reused as well.

The companies of the Group are contractual partners of the non-profit association Eesti Pakendiringlus, the subsidiary Satmatic Oy cooperates with the Finnish producer liability organisation RINKI in order to ensure the channelling of electronics, copper, cables and other waste to reuse.

The Group's Lithuanian subsidiary RIFAS UAB gives unused electrical components to the electrical technology students of the Panevėžys College so that these could be used in teaching and learning activities.

Hazardous waste is collected and handed over to waste management undertakings. In the shops of the subsidiary Energo Veritas OÜ, the collection and handling of waste electrical and electronic equipment (lamps, light sources, batteries, cables, boilers, etc.) is ensured in compliance with the Waste Act with the help of Estonian non-profit association Elektri- ja Elektroonikaseadmete Ringlus.

In connection with the sales growth, the quantity of waste in the companies of the Group increased. In 2018, a total of 1,065 tons of waste was generated (2017: 910), including 2 tons of hazardous waste (2017: 32). 89% of non-hazardous waste was sorted and channelled to reuse (2017: 93%). Since 2018, the data include those of two Swedish subsidiaries that joined the Group.

► Energy

The companies of the Group try to reduce the consumption of electricity and heat through smart and

sustainable technologies and through constructing energy-efficient buildings. In addition to buildings used by the subsidiaries, the Group considers energy-efficiency important also in the case of industrial real estate developed by it in the Keila Industrial Park, Allika Industrial Park and Haapsalu.

In 2018, the companies of the Group consumed 4,545 (2017: 3,854) MWh of electricity and 5,263 (2017: 2,986) MWh of heat. Approx. 12% (2017: 16%) of the total consumption originated from renewable sources. Since 2018, the indicators also include the data of two Swedish subsidiaries that joined the Group.

Upon developing industrial real estate, AS Harju Elekter follows the principles of environmental friendliness:

- In the case of new buildings, it is thoroughly assessed what heating solution is the most suitable one for the given building or manner of production. New buildings are built to be more heat-preserving than the requirements prescribe. The production buildings constructed 2017-2018 are either equipped with solar panels or ready for such functionality.
- Older buildings are made more energy efficient

by insulating the walls and roofs and their ventilation systems are modernised. In the existing buildings, lighting solutions are replaced with more economical LED lamps.

Such improvements help to meet the increasing expectations of lessees and to value environmental conservation and more economic energy consumption.

► Generation of renewable energy

The Harju Elekter Group pays increasing attention to the generation and use of renewable energy. By today, the total capacity of the Group's solar panels amounts to 1,340 kW of which 794 kW was installed in Haapsalu, 154 kW in the Allika Industrial Park on the roof of the production facility of Stera Technologies AS, 27 kW on the roof of the production facility of AS Harju Elekter Elektrotehnika and 45 kW on the roof of the production facility of AS Harju Elekter Teletehnika. Although it still only accounts for a small portion of the energy consumption of the

Group and its lessees, new buildings to be constructed will be using solar energy as a power source to a reasonable extent.

The Finnish and Lithuanian subsidiaries use renewable energy to a considerable extent in supplying their production facilities with electricity. These companies generate energy using their own solar panels (Satmatic Oy 60 kW, Finnkumu Oy 50 kW and RIFAS UAB 80 kW), while the remaining need is covered using bioenergy-based gas (Finland) or wind power (Lithuania).

In the financial year, the electricity consumed by RIFAS UAB was 100% generated from renewable energy sources. In the Finnish subsidiaries, the share of electricity from renewable energy sources amounted to approx. 2/3 of the total consumption.

Given that the construction of solar power plants has become less expensive and opportunities of applying for renewable energy benefits have emerged, AS Harju Elekter constructed a 794 kW solar power plant in Haapsalu. The project developed for the purpose of production of electricity

and selling it to the grid was completed in October 2018. The Group is planning, analysing opportunities and looking for places where to build additional solar power plants in Estonia.

On 1 February 2018, a new factory and a non-work block of AS Harju Elekter Elektrotehnika were opened. Before that, the technical systems of the premises were renovated, economic LED lamps were installed on office and production premises, air locks were installed in the storage facility doors for the purpose of reducing heat losses, water-saving shower systems were installed on the recreation premises, and waste collection stations were created in the production building for the purpose of sorting waste by type. In 2018, solar panels with a full capacity of 27 kW were installed on the roof of the production building, which is sufficient for covering the power consumption of the company's office and non-work premises. The energy consumption of the new building is constantly monitored using respective technology.

Share and Shareholders

On 30 September 1997, the shares of AS Harju Elekter were listed on the Nasdaq Tallinn Stock Exchange, which is part of the world's largest stock exchange group. The symbol of the share of AS Harju Elekter on the Nasdaq Tallinn Stock Exchange is HAE1T. ISIN: EE3100004250. All the shares of the company are freely traded on the stock exchange and every share gives an equal right to voting and dividend. All the shareholders of the company are equal as well and there are no separate restrictions or agreements on voting rights. To the knowledge of AS Harju Elekter there are no restrictions on the transfer of the securities or other specific control rights in relationships between the shareholders either.

As of 31 December 2018, the share capital of AS Harju Elekter amounted to 11.18 million euros, which is divided into 17.74 million ordinary shares without a nominal value. The book value of a share is 0.63 euros.

In the last year of investment, the entire world suffered losses. The US stock exchange index S&P 500 fell by 6.2% in a year, which is the biggest decrease since the financial crisis. The Tallinn Stock Exchange fell by 6.4% in a year and, according to the trade statistics of the main list, merely four out of 17 companies managed to increase their share price in 2018. Stoxx 600 Europe, which characterises European stock markets, fell by 13%, MSCI Asia Pacific fell by 15% and MSCI Emerging Markets Index fell by 16%.

Similarly, to other stock exchanges of the world, the year 2018 was a hectic and nervous one on the Nasdaq Tallinn Stock Exchange. In the final months of the year, the sales wave that started in the US brought the prices of local securities down and sent Baltic indexes into a fall.

All the shares of the company are freely traded on the stock exchange and every share gives an equal right to voting and dividend

Share price and trading

EUR

	2018	2017	2016	2015	2014
Average number of shares (pcs)	17,739,880	17,739,880	17,739,880	17,550,851	17,400,000
Nominal value	-	-	-	0.70	0.70
Highest price	6.68	5.08	2.94	3.14	2.85
Lowest price	3.89	2.80	2.43	2.49	2.52
Closing price	4.12	5.00	2.83	2.63	2.79
Change (%)	-17.6	76.7	7.6	-5.7	3.3
Company market value (in million)	73.09	88.70	50.20	46.66	48.55
Traded shares (pcs)	1,100,773	1,349,617	947,294	1,086,451	800,823
Turnover (in million)	5.98	5.46	2.45	2.98	2.17
Net profit per share	0.09	1.64	0.18	0.18	0.56
P/E ratio	45.78	****3.05	15.72	14.61	4.98
Dividend per share	*0.18	0.24	0.18	**0.12	0.15
Dividend rate (%)	4.4	4.8	6.4	1.9	5.4
Dividend/net profit (%)	206.6	***100.0	100.0	27.8	26.8

* Management Board's proposal

** Incl. 0.07 euros, equity payment

*** From ordinary net profit = the net profit of the owners of the parent company less the one-off income from the sale of the shares in PKC Group Oyj

**** Takes into account the profit from the extraordinary sale of an investment in 2017

On the last trading day of the year, the share of AS Harju Elekter closed at the level of 4.12 euro, falling by 17.6% in a year after the 76.7% rise witnessed in 2017. As of 31 December 2018, the market value of the company was 73.09 million euros. The volume

of transactions somewhat increased, remaining at the level of 5.98 million euros, which is comparable to the preceding year, as is the number of traded shares (1.1 million shares in 2018 as compared

to 1.3 million shares in 2017). The number of the shareholders of the company continued rising. As of 31 December 2018, the company had 3,102 shareholders (2017: 2,468).

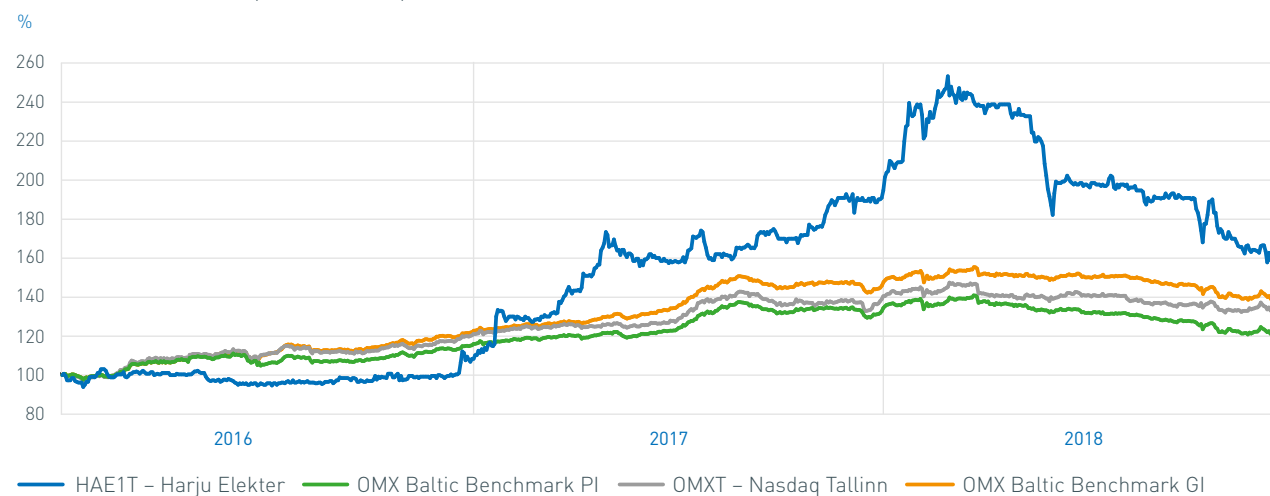
Share of AS Harju Elekter in Tallinn Stock Exchange 2016–2018



The OMX Baltic 10 index consists of ten most liquid and stable companies in the Baltic region. In 2018, the index comprised of AS Harju Elekter, Klaipėdos Nafta, LHV Group, Telia Lietuva, Grindeks, Šiaulių Bankas, Tallinna Kaubamaja Grupp, Tallink Grupp, Tallinna Vesi and, until it left the exchange, also Olympic Entertainment Group.

A comparison of AS Harju Elekter share indexes 2016–2018

For more information: <http://www.nasdaqomxbaltic.com/market/>



Shareholder structure, 31 December 2018

As of 31 December 2018, AS Harju Elekter had 3,102 shareholders. During the financial year, the number of shareholders has increased by 634. The largest shareholder of AS Harju Elekter is AS Harju KEK, which is based on the local capital and holds 31.39% of the share capital of the company. The shareholding held by foreign capital amounts to 14.8%. As of 31 December 2018, the total direct and indirect shareholding of the members of the Supervisory Board and Management Board in the company amounted to 10.81%. The full list of the shareholders of AS Harju Elekter is available on the website of the Nasdaq Tallinn Stock Exchange

(<https://nasdaqcsd.com/statistics/et/shareholders>).

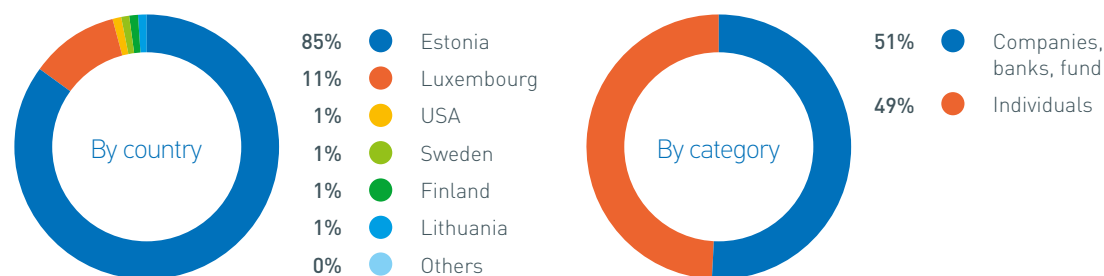
List of shareholders (over 5%)

as of 31 December 2018	Shareholding [%]
AS Harju KEK	31.4
ING Luxembourg S.A.	10.7
Endel Palla	7.0
Shareholders whose shareholding is below 5%	50.9

Division of shareholders by shareholding size

Shareholding %	Number of shareholders	% of total number	Voting right %
Over 10%	2	0.1	42.1
1.0 - 10.0%	7	0.2	20.6
0.1 - 1.0%	63	2.0	18.6
Below 1.0%	3,030	97.7	18.7
Total	3,102	100.0	100.0

Shareholders

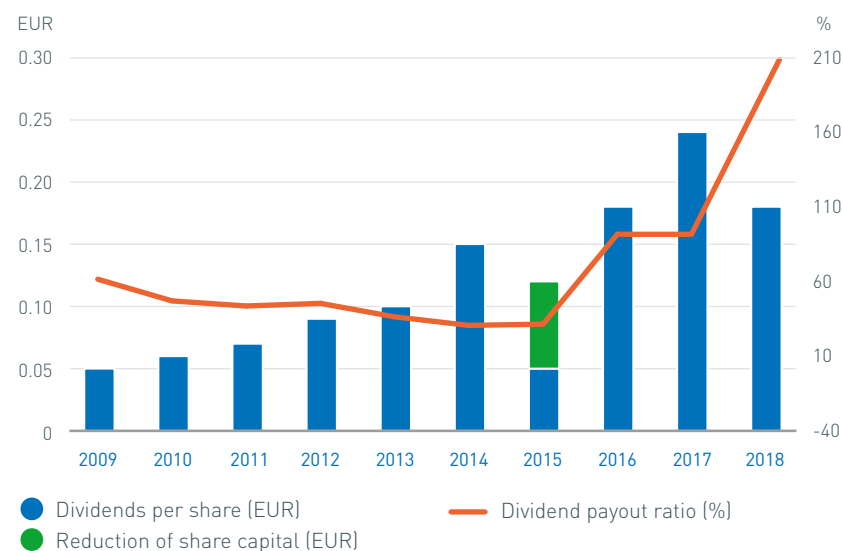


► Dividends

According to the Group's policy on dividends, at least a third of the net profit earned from ordinary economic activities is distributed as dividends. The Group has developed a good practice of paying dividends earned on other financial investments. The actual dividend rate depends on the Group's cash flows, development prospects and the need to finance them.

With the approval of the Supervisory Board, the Management Board makes a proposal to the General Meetings to pay for 2018 dividends at the rate of 0.18 (2017: 0.24) euros per share, i.e. a total of 3.2 (2017: 4.3) million euros.

Dividends history



For more information about dividends, share price and trading on page 65.

Corporate Governance and Basis for Preparation of the Management Report

Upon organising its business operations, the Harju Elekter Group follows the legislation in force in all its markets, the articles of association of the company, the rules of the Nasdaq Stock Exchange applicable to it as a listed company, the guidelines on the Corporate Governance Code (CGC), and the principle of equal treatment of shareholders and investors.

Since 2017, the report includes a sustainability and social responsibility part that is based on the Global Reporting Initiative's (GRI) sustainability reporting standard. The Group relies on the management principles that ensure maximum integrity and transparency in internal communication, customer relationships and relations with other parties. In 2018, the companies of the Group did not make any monetary contributions or contributions in kind to any political activities.

The Group has zero tolerance towards a conflict of interests, corruptive behaviour and unfair competition demonstrated by its employees and international partners. Internal regulations established in the companies of the Group and unwritten agreements at managerial level help to reduce reputation risks and thus maintain the Group's trustworthiness in the market and in its relations with stakeholders. This, in turn, serves as the basis for a profitable business.

To mitigate the aforementioned risks, the parent company and all the subsidiaries have adopted internal work procedure rules and field-related principles. For instance, RIFAS UAB and Satmatic Oy have established Codes of Conduct that must be followed by all employees. At the start of their employment relationship, the internal work procedure rules are introduced to all the employees of the Group and field-related training and internal audits are carried out regularly.

In order to mitigate risks arising from a conflict of interests, it has been agreed that, for instance, in the case of major transactions an additional decision-maker must be involved, the supervisor's consent is required for participating in motivational events organised by customers, etc.

In 2018, the Group did not learn of any incident of corruption and personal conflict of interests and, therefore, did not need to dismiss any employees of the Group for such acts, impose any related penalties or file any court claims in that regard. There were also no cases in the course of which contracts concluded with business partners would have had to be terminated or their renewal suspended due to corrupt behaviour.

The companies pay great attention to developing an open organisation culture. To that end, the Group uses a procedure for holding meetings and exchanging information, which brings critical transactions that involve high economic risks as well as any inconsistencies to the attention of the management of the company. The members of the Management Board of the Group and its subsidiaries as well as specialists in respective fields are responsible for social and environmental issues.

In addition, national legislation and rules applicable to listed companies are followed, which means that the key persons are required to declare their business interests, rules of conduct have been established to persons possessing inside information, etc.

In 2018, no conflicts with the legislation and rules in force, including with economic, social or environmental legislation and rules, occurred in the activities of the companies of the Harju Elekter Group and, thus, no fines or non-monetary sanctions were imposed on the companies of the Group. Likewise, no company or employee of the Group was taken to court for failure to abide by laws.

This Annual Report covers the activities of the entire year 2018, it is prepared annually, and it is a follow-up to Annual Report 2017.

► Corporate Governance Report 2018

AS Harju Elekter largely follows the guidelines of the CGC, even though these are merely recommendations. However, AS Harju Elekter does not follow some of the requirements of the CGC, but the reason for that lies mainly in the specifics of the company's field of business. The reasons for not following these requirements of the CG are given below. Additionally, further information on the General Meeting of 2018, the Supervisory Board, Management Board and the corporate governance of AS Harju Elekter is given.

► CGC item 1.3.3.

Issuers shall make participation in the General Meeting possible by means of communication equipment (Internet) if the technical equipment is available and where doing so is not too cost prohibitive for the Issuer.

AS Harju Elekter does not have such technical means and therefore there is no possibility to participate in or follow the General Meeting via telecommunications equipment.

► CGC item 2.2.7

Basic wages, performance pay, severance packages, other payable benefits and bonus schemes of

a Management Board member as well as their essential features (incl. features based on comparison, incentives and risk) shall be published in clear and unambiguous form on website of the Issuer and in the Corporate Governance Recommendations Report. Information published shall be deemed clear and unambiguous if it directly expresses the amount of expense to the Issuer or the amount of foreseeable expense as of the day of disclosure.

The amount of the remuneration paid to a member of the Management Board and the terms of payment are determined by a resolution of the Supervisory Board and by agreement of the parties these are not subject to disclosure. The Chairman of the Management Board is entitled to a severance pay to the extent of up to ten months' remuneration, while other members of the Management Board are entitled to a severance pay to the extent of up to eight month's remuneration of a Management Board member.

Performance pay is paid to the members of the Management Board on the same grounds as to the administrative staff of the parent company. Performance pay is divided on the basis of the basic remuneration and work contribution, thereby the performance pay of a member of the Management Board is coordinated

with the Chairman of the Supervisory Board. Performance pay is paid on a quarterly basis to the extent of 80%, while the remaining 20% is paid out after the approval of the results of the financial year.

The top management, including Management Board members also receive an annual bonus, which amounts to 0.8% of the consolidated net profit. The annual bonus is approved by the Chairman of the Supervisory Board and it is paid out after the Group's annual accounts have been audited.

► CGC item 3.1.3

The Supervisory Board shall regularly assess the activities of the Management Board and its implementation of the Issuer's strategy, financial condition, risk management system, the lawfulness of the Management Board activities and whether essential information concerning the Issuer has been communicated to the Supervisory Board and the public as required. Upon the establishment of committees (audit committee, remuneration committee etc.) by the Supervisory Board, the Issuer shall publish on its website their existence, duties, membership and position in the organisation. Upon change of the committee structures, the Issuer shall publish the

content of such changes and the period during which the procedures are in effect..

In June 2010, the Supervisory Board of AS Harju Elekter formed an Audit Committee in the company and approved the statutes of the committee because of a requirement arising from the Auditors Activities Act. In 2018, the duties of a committee member were performed by Triinu Tombak and Andres Toome. Information on the Audit Committee has been published on the company website.

► CGC item 3.2.5

The amount of remuneration of a member of the Supervisory Board shall be published in the Corporate Governance Recommendations Report, indicating separately basic and additional payment (incl. compensation for termination of contract and other payable benefits).

The AGM of the shareholders of AS Harju Elekter is competent to approve the composition and elect members of the Supervisory Board and their term of office. The AGM of shareholders held on 27 April 2017 approved the composition and members of the Supervisory Board for the next five years, setting the Supervisory Board member remuneration to 1,000 euros a month and the remuneration of the Chairman

of the Supervisory Board to 1,600 euros a month as of 4 May 2017. In addition, the remuneration of a member of the Supervisory Board for participating in a meeting was set to 200 euros, but no remuneration is paid if a member of the Supervisory Board participates in a meeting over the telephone. The bonus system effective in the company is applied to a member of the Supervisory Board who works in the management (for further information see item 2.2.7 of the CGC). No severance pay is paid to a member of the Supervisory Board. The next elections of the Supervisory Board are held at the AGM of shareholders held in 2022.

► CGC item 3.3.2

Members of the Supervisory Board shall promptly inform the Chairman of the Supervisory Board and Management Board regarding any business offer related to the business activity of the Issuer made to him, a person close to him or a person connected with him. All conflicts of interests that have arisen in preceding year shall be indicated in the Corporate Governance Recommendations Report along with their resolutions.

Members of the Supervisory Board refrain from a conflict of interests and follow the requirements of the prohibition on competition. The Supervisory

Board and the Management Board cooperate closely, adhering to the law and the articles of association, and keep in mind the interests of shareholders. No such conflicts of interests occurred in 2018.

► CGC item 5.3

On the Issuers web site, among other things, the general strategy directions of the Issuer as approved by Supervisory Board shall be accessible to the shareholders.

The Management Board of the company finds that the strategy is part of the company's business secrets and not subject to disclosure. The general directions and important topics are given in the Management Report.

► CGC item 5.6

The Issuer shall disclose the dates and places of meetings with analysts and presentations and press conferences organized for analysts, investors or institutional investors on its website. The Issuer shall allow the shareholders to participate in these events and make presentations available on its website. The Issuer shall not arrange meetings with analysts and presentations organized for investors directly before dates of publishing a financial report (interim reports, annual report).

In its activities, the company always follows the principle of the equal treatment of shareholders. Mandatory, important and price-sensitive information is disclosed in the exchange system of Nasdaq Tallinn first, followed by the websites of the Estonian Financial Supervision Authority and the company. Furthermore, each shareholder has the right to ask the company for additional information and set up meetings. The Management Board of the company does not consider it necessary to keep a timetable and daily schedule of various shareholder meetings, because the meetings are limited to the disclosed information. This rule applies to all meetings, including those that take place immediately before the disclosure of financial reports.

► CGC item 6.2

Election of the Auditor and Auditing of the Annual Accounts.

On 3 May 2018, the General Meeting of the shareholders of AS Harju Elekter elected AS PricewaterhouseCoopers as the audit firm for years 2018-2020. Information about the auditor is available on the company website. The auditor is remunerated in accordance with the contract concluded with the audit firm and by agreement of the parties the size of the remuneration is not disclosed. The next elections

of the auditor will take place at the annual General Meeting of shareholders held in 2020.

► Management bodies and further information

Harju Elekter is a public limited company whose management bodies include the General Meeting of shareholders, the Supervisory Board and the Management Board. AS Harju Elekter does not have a document setting out a diversity policy. Upon electing and appointing people to the highest management bodies, the companies have first and foremost made its decision based on the added value that they bring to the management of the Group owing to their knowledge and skills as well as on their suitability.

General meeting

The General Meeting of shareholders is the highest management body of the company. Its competence includes amendment and approval of the articles of association, amendment of the size of the share capital, removal of a member of the Supervisory Board, deciding the dissolution, division, merger and transformation of the company, provided that at least 2/3 of the votes of the shareholders represented at the General Meeting are in favour thereof. There are

annual and special General Meetings. The annual General Meeting takes place once a year within six months after the end of the company's financial year. A special General Meeting is called by the Management Board where the company's net assets have fallen below the statutory minimum or the Supervisory Board, the auditor or the shareholders whose shares account for at least 1/10 of the share capital demand that the General Meeting be called. The general meeting has a quorum if over a half of the votes represented by shares are present. The circle of persons entitled to participate at the General Meeting is determined seven days before the meeting is held.

The annual General Meeting 2018 of AS Harju Elekter was held on 3 May in the Keila Culture Centre (Keskväljak 12). In total, 103 shareholders or their authorised representatives were present, representing 70.9% of the total number of votes. The CEO and the Chairman of the Supervisory Board of AS Harju Elekter made a presentation at the meeting.

The General Meeting approved the Annual Report 2017 and the distribution of profit, deciding to pay dividends to the shareholders for 2017 at the rate of 0.24 euros per share, which amounts to 4.3 million euros in total. The General Meeting appointed AS PricewaterhouseCoopers as the auditor of AS Harju Elekter for the term of 2018-2020 and approved a share option programme.

Supervisory Board

According to the articles of association, the Supervisory Board of AS Harju Elekter consists of 3-5 members. The members of the Supervisory Board are elected by the General Meeting for a term of five years. The Supervisory Board plans the activities of the company, arranges the management of the company and exercises supervision over the activities of the Management Board. Meetings of the Supervisory Board are held when necessary, but no less frequently than once every quarter. A meeting of the Supervisory Board has a quorum if over a half of the members of the Supervisory Board participate in it. In 2018, nine meetings of the Supervisory Board were held. The members of the Supervisory Board participated in most of the meetings of the Supervisory Board.

On 27 April 2017, the annual General Meeting of shareholders elected the following people to the Supervisory Board of the company for the next five years: Endel Palla (Chairman) and members Arvi Hamburg, Aare Kirsme, Triinu Tombak and Andres Toome. Endel Palla, the Chairman of the Supervisory Board, has worked in AS Harju Elekter since 1969, including 1985-1999 as the CEO; since 1999 he has also performed the duties of the Group's Chief Development Officer.

Supervisory Board member Arvi Hamburg, a member of the Advisory Board and Visiting Professor of TalTech, adds research competence to the Supervisory Board. Aare Kirsme is a member of the Supervisory Board of AS Harju KEK who represents the interests of the company's largest shareholder (as of 31 December 2018, AS Harju KEK held 31.39% of the shares in the company). Andres Toome (CEO of OÜ Tradematic) has been a member of the Supervisory Board since 2007, providing the Supervisory Board with his long-term investment experience, while Triinu Tombak (CEO of TH Consulting OÜ, a member of the Supervisory Board since 2012) is a financial consultant. Two of the five members of the Supervisory Board (Arvi Hamburg and Triinu Tombak) are independent members.

Upon expiry or early termination of the service contracts of the members of the Supervisory Board, the Group's compensation obligations do not exceed those provided by law. The only exception is the Chairman of the Supervisory Board who is entitled to a severance pay amounting to six months' salary of the Chief Development Officer. As of the end of 2018, the total direct and indirect shareholding of the members of the Supervisory Board in the company amounted to 9.5% (2017: 9.3%).

Management Board

The Management Board is a management body that represents the company and directs the day-to-day activities of the company in accordance with law and the articles of association. The Management Board must act in the most economically practicable manner. According to the articles of association, the Management Board of AS Harju Elekter may consist of 1-5 members who are elected by the Supervisory Board for a term of three years. The Chairman of the Management Board is elected by the Supervisory Board. The Supervisory Board also appoints and removes from office other members of the Management Board on a proposal of the Chairman of the Management Board. A member of the Management Board may represent the company in any legal transaction.

The Management Board of the public limited company has three members. The Chairman of the Management Board is Andres Allikmäe with whom a three-year contract was concluded on 5 May 2017. The other members of the Management Board are Tiit Atso (CFO of the group of AS Harju Elekter) and Aron Kuhi-Thalfeldt (Head of the Real estate and Energy Division). Their term of office started on 1 November 2016 and ends on 31 October 2019.

The competence and powers of the Management Board are governed by the Commercial Code and set out in the articles of association of the company. There are no variations or deviating agreements in that regard. The members of the Management Board are remunerated in accordance with a management board member contract. The size of the remuneration of the members of the Management Board is determined by a Management Board member contract and, by agreement of the parties, is not subject to disclosure. The Chairman of the Management Board is entitled to a severance pay to the extent of up to ten months' remuneration, while other members of the Management Board are entitled to a severance pay to the extent of up to eight month's remuneration of a Management Board member.

The Chairman of the Management Board is responsible for organising business operations at the Group level, thereby also performing the tasks of the CEO. The Group's CFO and the Head of the Real estate and Energy Division are responsible for managing their fields at the Group level. The members of the Management Board participate in the work of the management and review bodies of the subsidiaries of the Group. In companies based outside Estonia, the compliance with the established business practices is ensured by the local management.

At the end of 2018, the total direct and indirect shareholding of the members of the Management Board in the company amounted to 1.3% of the shares of the company (Note 21.4).

More detailed information on the education, career, participation in the management bodies of companies as well as their shareholdings in AS Harju Elekter is available at www.harjuelekter.com

Additional management bodies and committees

The required procedures are regulated by rules in the company and there has not been any practical need for establishing any additional management bodies. In order to assess and manage the Group's risks better, the Group has an internal control specialist who regularly prepares reports for the management.

In 2010, the Supervisory Board of the company established an Audit Committee because of the requirement arising from the Auditors Activities Act. The Committee monitors and analyses financial information, risk management and the efficiency of internal control, the consolidated annual accounts audit process, the independence of the audit firm and the auditor representing it under law.

The Committee is also required to make proposals and recommendations to the Supervisory Board in matters provided by law. Since 2017, the members of the Audit Committee are Supervisory Board members Andres Toome and Triinu Tombak (chair).

Disclosure of information

Being a listed company, AS Harju Elekter follows the principles of openness and equal treatment of investors. The information required in the rules of the stock exchange is disclosed regularly by the prescribed deadlines. Thereby the company follows the principle of not disclosing forecasts, but merely reflects and comments on facts.

In order to inform investors and the public operatively, the company has a website containing all the stock exchange announcement, financial reports, an overview of the history and products of the Group as well as other important information. All subsidiaries of the Group have their own websites.

Auditors

According to the resolution of the General Meeting of shareholders dated 3 May 2018, the audits of AS Harju Elekter and its subsidiaries between 2018 and 2020 are carried out by AS PricewaterhouseCoopers (except for Energo Veritas OÜ, which is audited by Baker Tilly Baltics OÜ).



2012

Increase of the share in the Lithuanian subsidiary RIFAS UAB to 63%

2013

The subsidiary Harju Elekter Elektrotehnika is awarded the tender in state procurement competition for a 5-year contract to deliver an average of 520 complete substations per year

2014

Acquisition of the biggest Finnish manufacturer of complete substations Finnkumu Oy

2015

AS Harju Elekter becomes the sole owner of the Lithuanian subsidiary RIFAS UAB and acquires a 10% share in the Skeleton Technologies Group OÜ

2016

Important substation sale contracts signed with Caruna, the biggest network distribution company in Finland, and with Konecranes, for the delivery of special function substations to the USA

2017

Acquisition of a 80,5% share in the electrical materials and equipment sales company Energo Veritas OÜ and the Finnish electrical engineering company for ship building Telesilta Oy

2018

AS Harju Elekter Elektrotehnika is awarded significant tenders for procurement contracts for delivering substations, connection and distribution cabinets to local electrical networks. Acquisition of the Swedish company SEBAB AB that offers sales and technical solutions, and its subsidiary Grytek AB, which manufactures technical buildings used in factory construction

Social Contribution

The Harju Elekter Group wishes to be an active and participant member of the community and to support the development of its business sector in the countries where the company's production units are located and employees reside. The support policy of the Group aims at making it a stable partner. Therefore, the Group focuses rather on the establishment of long-term cooperation relationships.

In 2018, the Group focused on supporting local life, education, sports and culture and on contributing to the development of its industry.

► We support engineering education

In 2018, AS Harju Elekter continued various cooperation projects with educational institutions in order to develop engineering education and increase its popularity among young people.

- AS Harju Elekter is a golden sponsor of the Tallinn Technical University (TalTech), annually granting up to four scholarships to bachelor's and master's students. Since 2000, 65 students have participated in the scholarship program.

- In cooperation with TalTech's Development Fund and other Estonian companies, the Group participates in awarding the M. Aitsam Scholarship aimed at students with special needs and supports the granting of the O. Liik Scholarship. In addition, the Chairman of the Supervisory Board, Endel Palla, has for many years been awarding his own personal scholarship.
- In 2018, AS Harju Elekter also continued its long-standing tradition of supporting the holding of the Electrical Engineering Week organised by the Electrical Engineering Faculty of TalTech. The Group also supported Robotex, the largest robotics event in Europe, and provided support to Student Formula, an international product development competition aimed at the students of TalTech and the TTK University of Applied Sciences.
- AS Harju Elekter has participated as much as possible also in furnishing the technology and research laboratories of TalTech and participated in research and development projects. One of the most important of these in recent years was the product development project which resulted in the completion of a prototype of an energy storage device for an energy management substation in the framework of a doctoral thesis

In 2018, the Group focused on supporting local life, education, sports and culture and on contributing to the development of its industry

of an engineer working with TalTech and AS Harju Elekter Elektrotehnika (TalTech, 2015) as well as a laboratory built in cooperation between TalTech, Siemens and AS Harju Elekter, where energy students, researchers and engineers are able to test and analyse relay protection systems and study automation, system stability and cyber protection of electrical systems.

- Besides supporting various projects, regular student training visits are made to the Estonian subsidiaries of the Harju Elekter Group and the Group's employees contribute to the development of various engineering curricula with their knowledge and experience. Thus, for example in 2018 the managers of AS Harju Elekter Elektrotehnika participated as the industrial representatives in the work of the Advisory Committee of Electrical Engineering and Mechatronics, helping to draw up a curriculum for TalTech's Faculty of Mechanics.

In 2018, the Group's Estonian subsidiaries continued pursuing several cooperation programmes with the Tallinn Industrial Education Centre, TTK University of Applied Sciences, Tallinn Polytechnic School and Tallinn Construction School.

Lithuanian subsidiary RIFAS UAB continued cooperating with the regional Panevezys Elektrotehnika College, offering internships and supporting the College with various educational tools.

Finnish subsidiary Satmatic Oy has close relationships with the technical and professional schools in its region, i.e. with Satakunta Apprenticeship Training Centre, the Tampere University of Technology and the Turku School of Economics.

In 2018, the Group offered a total of 54 (2017: 109) internships to young people. The Lithuanian subsidiary has offered the most internships.

► We actively participate in developing local life

AS Harju Elekter feels responsibility for the development of the region where it does business and for increasing the well-being of the community. Therefore, the company has decided to focus on supporting

the studies of the children and young people of the region and on increasing opportunities for practising various meaningful activities. AS Harju Elekter has long-term cooperation relationships with Keila School, Keila Music School and Keila's nursery schools, sports clubs and hobby clubs. Keila SOS Children's Village residents are supported in the form of the school bag support.

► We support and encourage young athletes

In support aimed at sports, AS Harju Elekter has contributed the most to youth sports, aiming at steadily increasing the number of young people practising sports. The parent company is a long-time supporter of Keila's basketball and football clubs. We consider youth projects to be forward-looking, aimed at attracting a large number of young people, doing consistent work with children and young people, giving rise to world-class athletes who could represent Estonia in the future.

► We contribute to the development of the sector

The Group considers it important to contribute to the development of society also through professional

associations and organisations. With its expertise and human resources, the Group contributes to topics that stand for fair competition as well as for sustainable and safe product solutions.

In cooperation with the Estonian Association of Electrical Enterprises (EAEE), AS Harju Elekter continues to raise electrical safety issues before the legislators as well as in public.

Companies of the Group are members in the following organisations:

Estonian Chamber of Commerce and Industry (AS Harju Elekter)
Estonian Association of Electrical Enterprises (AS Harju Elekter, AS Harju Elekter Elektrotehnika, Energo Veritas OÜ)
Association of Lithuanian Chambers of Commerce, Industry and Crafts (RIFAS UAB)
Association of Industrial Enterprises of Panevezys Region (RIFAS UAB)
Finnish Chamber of Commerce (Satmatic Oy)
Technology Industries of Finland (Satmatic Oy)

In 2018, the total budget of various scholarships and support granted by the Harju Elekter Group amounted to 76.4 (2017: 77.0) thousand euros.

GRI Contents

Since 2017 the Group has based its annual report on the standards of internationally highly recognised and widely used Global Reporting Initiative (GRI) at the "Core" level. The topics proceeding from the GRI requirements have been integrated into the rest of the report as an integrated part of it.

The report covers the environmental, social and responsible governance, responsible management

and market behaviour issues that are most important from the point of view of the Company's activities and influence and expectations of stakeholders. The table with GRI content presented below includes data on the activities of the Parent company, AS Harju Elekter, and its subsidiaries, AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Satmatic Oy, Finnkumu Oy, Telesilta Oy, RIFAS UAB,

SEBAB AB and Grytek AB, unless otherwise noted. Energo Veritas OÜ and Harju Elekter AB are included in the report only with the data on the personnel. Each company has collected the data and presented it based on a common methodology. Data is collected and given with the granularity that the companies of the Group have considered important and with the level of detail that the Group companies collect on the basis of materiality.

GRI Standard	Disclosure no	Disclosure title	Location	Explanation
Foundation (GRI 101: 2016)				
General disclosures (GRI 102: 2016)				
Organisational profile				
	102-1	Name of the organization		AS Harju Elekter
	102-2	Activities, brands, products, and services	p 8, 9, 28, 38-44	
	102-3	Location of headquarters		Keila (Estonia)
	102-4	Location of operations	p 9	Estonia, Finland, Sweden, Lithuania, Latvia
	102-5	Ownership and legal form	p 64-68	
	102-6	Markets served	p 23-24	
	102-7	Scale of the organization	p 9, 17, 21-26	The nature of activities and products differs by the company and, therefore, they are presented on the basis of sales revenue.
	102-8	Information on employees and other workers	p 54-56	
	102-9	Supply chain	p 9, 28	To produce the main products of the Group, i.e. the production of electric distribution and control equipment (1) the products are designed according to the initial task; (2) necessary components are purchased from suppliers or produced by subsidiaries of the Group; (3) products are complemented; (4) tested and (5) sent or taken to the customer's site.

GRI CONTENTS

GRI Standard	Disclosure no	Disclosure title	Location	Explanation
	102-10	Significant changes to the organization and its supply chain	p 6-7, 13-15, 42-46, 64-67	
	102-11	Precautionary Principle or approach	p 61	Covered with corporate environmental policies.
	102-12	External initiatives	p 47-48, 60, 69-74	
	102-13	Membership of associations	p 77	
Strategy				
	102-14	Statement from senior decision-maker	p 4-7	The Chairmen's addresses do not include the issue of sustainability and its importance for the group.
Ethics and integrity				
	102-16	Values, principles, standards, and norms of behaviour	p 8, 69	
Governance				
	102-18	Governance structure	p 72-74	
Stakeholder engagement				
	102-40	List of stakeholder groups	p 9-11	
	102-41	Collective bargaining agreements	p 60	
	102-42	Identifying and selecting stakeholders	p 9-11	The relations with stakeholders who are influence by the activities of the Group and whose activities influence the Group most of all, are most important for the Group. The main stakeholders have been identified over the years through the work and communication and within the framework of analysis of priority subjects that was carried out in the end of 2016 with the participation of the management of the Group.
	102-43	Approach to stakeholder engagement	p 9-11, 49-51, 56, 60, 76-77	
	102-44	Key topics and concerns raised	p 9-11	
Reporting practice				
	102-45	Entities included in the consolidated financial statements	p 21, 78	
	102-46	Defining report content and topic Boundaries	p 9-11	
	102-47	List of material topics	p 11	
	102-48	Restatements of information		No restatements
	102-49	Changes in reporting		
	102-50	Reporting period	p 1	
	102-51	Date of most recent report		Audited Annual Report of Harju Elekter Group of 2017 was published on 4.04.2018
	102-52	Reporting cycle	p 69	

GRI CONTENTS

GRI Standard	Disclosure no	Disclosure title	Location	Explanation
	102-53	Contact point for questions regarding the report		Tiit Atso, tiit.atso@harjuelekter.com
	102-54	Claims of reporting in accordance with the GRI Standards	p 78	
	102-55	GRI content index	p 78-82	
	102-56	External assurance		The GRI report has not been certified by any third parties.
SUSTAINABILITY FOCUS ASPECT				
Product quality				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 47-52	
	non-GRI	Customer complaints	p 49-50	
	non-GRI	Products delivered to customers on time in accordance with required conditions	p 47	
Customer experience				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 49-51	
	non-GRI	Customer satisfaction	p 49-51	
Innovation				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 42-46	
	non-GRI	Investments and development costs	p 42	
	non-GRI	Innovation and development projects	p 42-46	
Environmental impact of product				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 52, 62-63	
	non -GRI	Renewable energy production	p 63	
Economic performance (GRI 201: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 21-26, 68	
	201-1	Direct economic value generated and distributed	p 17, 21-26, 48, 77	
Anti-corruption (GRI 205: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 72	
	205-3	Confirmed incidents of corruption and actions taken	p 69	
Energy (GRI 302: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 61-63	
	302-1	Energy consumption within the organization	p 62-63	Electricity and heat as the main types of energy consumed.
Effluents and waste (GRI 306: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 62	

GRI CONTENTS

GRI Standard	Disclosure no	Disclosure title	Location	Explanation
	306-2	Waste by type and disposal method	p 62	The sorted / unsorted waste is handed by waste management companies, which ensure that waste is recycled, incinerated or properly treated. The share of recycled waste is based on the amount of sorted waste transferred to the waste management companies.
Environmental compliance (GRI 307: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 61	
	307-1	Non-compliance with environmental laws and regulations	p 61	
Supplier environmental assessment (GRI 308: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 49-52	
	308-2	Negative environmental impacts in the supply chain and actions taken		The companies of the Group have informed 90-100% of their suppliers about their expectations relating to environmental impact management. A higher risk level connected with the use of fuel has been ascertained in the case of one supplier.
Employment (GRI 401: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 54-56	
	401-1	New employee hires and employee turnover	p 55	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p 56-58	Presented by the description of the motivation system of employees.
	non-GRI	Interns	p 77	
	non-GRI	Employee level of education	p 55	
	non-GRI	Employee satisfaction and feedback	p 56-58	
Occupational health and safety (GRI 403: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3, 403-1, 403-2, 403-7		p 51-52, 59	
	403-9	Injuries at work	p 59	Data is given with the granularity that the companies of the Group have considered important. Kontserni ettevõtteid ei kaasa olulisel määral alltöövõtjaid.
Training and education (GRI 404: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 58	
	404-1	Average hours of training per year per employee	p 58	Data is given with the granularity that the companies of the Group have considered important.
	404-3	Percentage of employees receiving regular performance and career development reviews	p 58	Data is given with the granularity that the companies of the Group have considered important.

GRI CONTENTS

GRI Standard	Disclosure no	Disclosure title	Location	Explanation
	non-GRI	Employee participation at trainings	p 34	
Diversity and equal opportunity (GRI 405: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 60	
	405-1	Diversity of governance bodies and employees	p 55, 60, 73-74	Data is given with the granularity that the companies of the Group have considered important.
Non-discrimination (GRI 406: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 60	
	406-1	Incidents of discrimination and corrective actions taken	p 60	
Local communities (GRI 413: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 9, 73-74	
	413-1	Operations with local community engagement, impact assessments, and development programs	p 9, 73-74	Group companies evaluate their impact and plan activities in local communities in the course of their daily work (incl through community-based decisions, community responses and suggestions), no separate impact assessments have been carried out.
Supplier social assessment (GRI 414: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3	p 50-51	p 50-51	
	414-1	Negative social impacts in the supply chain and actions taken		The companies of the Group have informed 90-100% of their suppliers about their expectations relating to social impact management. No substantial actual or possible negative impacts were ascertained.
Public policy (GRI 415: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 69	
	415-1	Political contributions	p 69	
Customer health and safety (GRI 416: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 50-52	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p 52	
Socio-economic compliance (GRI 419: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 69	
	419-1	Non-compliance with laws and regulations in the social and economic area	p 69	

Information about the Supervisory and Management Boards

As at 4/2019



ENDEL PALLA (19.06.1941)

Chairman of the Supervisory Board

Education: Tallinn University of Technology, engineer

Career: 1969 – 1983 Harju KEK, production manager
1983 – 1999 Harju Elekter, included 1991–1999 AS Harju Elekter
CEO/Ch of the Management Board
1999 – Ch of the Supervisory Board of AS Harju Elekter

Participation in the management bodies of business organisations:

Member of the Supervisory Board: AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, AS Entek

Member of the Management Board: Satmatic Oy, RIFAS UAB

Endel Palla owns 1,249,000 of Harju Elekter shares.

He has direct participation 7.04% and indirect participation 0.36%.



ANDRES TOOME (9.01.1972)

Member of the Supervisory Board

Education: Tallinn University of Technology, economics

Career: 1992 – 1999 Estonian Bank, Estonian Investment Bank, Optiva Bank and Sampo Bank Estonia, head of investment dept.
1999 – OÜ Tradematic, manager

Participation in the management bodies of business organisations:

Ch of the Supervisory Board: OÜ Proformex

Member of the Supervisory Board: AS Harju KEK, AS Entek, AS KMW, AS Laagri Vara, OÜ KEK Kinnisvara, AS Tallinna Olümpiapurjespordikeskus

Member of the Management Board: OÜ Tradematic, 30pluss OÜ, Hermes Worldwide OÜ,

Andres Toome owns 30,000 of Harju Elekter shares.

He has direct participation 0.17% and indirect participation 0.34%.



ARVI HAMBURG (19.12.1948)

Member of the Supervisory Board

Education: Tallinn University of Technology, Ph.D of Energy and Geotechnology

Career: 1966 – 1986 Põhja Kõrgepingevõrgud, since 1982 Deputy direktor
1968 – 1987 Eesti Energiajärevalve, Chief Engineer
1987 – 1990 Eesti Energia, Vice President
1990 – 1992 Estonian Industry and Energy Ministry, Deputy Minister
1992 – 2001 Estonian Ministry of Economy, Deputy Chancellor, General Secretary
2001 – 2011 Eesti Gaas, councillor
2006 – 2011 TUT, a guest lecturer

2012 – 2016 TUT, Professor, Dean of the Faculty of Power Engineering

2003 – Chartered electrical engineer, level 8

2012 – European Engineer (EUR ING)

2016 – TUT, Visiting Professor, Member of Board of Governors

Participation in the management bodies of business organisations

and social activities: Member of the Supervisory Board of AS Exomatic, President of Estonian Association of Civil Engineers, Head of the Energy Council of Estonian Academy of Sciences, Member of the of the Estonian National Committee in World Energy Council, Estonian Association for the Club of Rome president

Arvi Hamburg doesn't own Harju Elekter shares.

► Supervisory board

As at 4/2019



AARE KIRSME (8.11.1975)

Member of the Supervisory Board

Education: UT Law Institute, Faculty of Law

Career: 1998 – 1999 Estonian Land Board, lawyer

2000 – 2013 AS Harju KEK, legal consultant

2002 – 2011 AS Devest, lawyer

2012 – AS Harju KEK, member of the Supervisory Board

Participation in the management bodies of business organisations:

Ch of the Supervisory Board: AS Laagri Vara, OÜ KEK Kinnisvara

Member of the Supervisory Board: AS Harju KEK, AS KVM, AS Harju Elekter, OÜ Valdmäe tööstuspark

Member of the Management Board: OÜ Kirschmann, OÜ Devest Kaubandus, OÜ Silvertec

Aare Kirsme owns 228,250 of Harju Elekter shares.

He has direct participation 1.29% and indirect participation 0.20%.

TRIINU TOMBAK (7.01.1971)

Member of the Supervisory Board

Education: Tallinn University of Technology, economics

Career: 1993 – 1998 Estonian Investment Bank,

Optiva Bank; loan dept., investment dept.

2001 – 2009 World Bank. Publishing dept., consultant,

since 2006 sales manager of online databases and e-Library

2014 – TH Consulting OÜ, manager

Social activities:

2013 – Praxis Center for Policy Studies, member of the Supervisory Board

Triinu Tombak owns 15,000 of Harju Elekter shares.

She has direct participation 0.08%.

She doesn't have indirect holdings.

► MANAGEMENT BOARD

As at 4/2019



ANDRES ALLIKMÄE (7.02.1957)

Chairman of the Management Board

Education: Tallinn University of Technology, engineer

Career: 1982 – 1991 Harju Elekter, engineer and head of department
1991 – 1999 Managing director of AS Harju Elekter Cable Harnesses Factory

1999 – Member of the Board and CEO of AS Harju Elekter

Participation in the management bodies of business organisations:

Ch of the Supervisory Board: AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Energo Veritas OÜ

Ch of the Management Board: RIFAS UAB, Harju Elekter AB, Harju Elekter Kiinteistöt Oy, SEBAB AB, Grytek AB

Member of the Management Board: Satmatic Oy, Finnkumu Oy, Telesilta Oy

Social activities:

2007 – Estonian Association of Electrical Enterprises (EAEE), member of the Management Board

Andres Allikmäe owns 225,000 of Harju Elekter shares.

He has direct participation 1.27%. He doesn't have indirect holdings.



TIIT ATSO (11.12.1982)

Member of the Management Board

Education: Tallinn University of Technology

Career: 2012 – 2014 AS Viru Keemia Grupp, project finance manager

2014 – 2015 AS Harju Elekter, chief economist

2015 – AS Harju Elekter, CFO of the Group

Participation in the management bodies of business organisations:

Member of the Supervisory Board: AS Harju Elekter Teletehnika, AS Energo Veritas OÜ, AS Harju Elekter Elektrotehnika, Skeleton Technologies Group OÜ, Floorin AS

Member of the Management Board: Satmatic Oy, Finnkumu Oy, RIFAS UAB, Harju Elekter Kiinteistöt Oy, Telesilta Oy, Harju Elekter AB, SEBAB AB, Grytek AB

Tiit Atso doesn't own Harju Elekter shares.



ARON KUHI-THALFELDT (5.09.1981)

Member of the Management Board

Education: Tallinn University of Technology

Career: 2003 – 2007 AS Harju Elekter, Construction and Energy Services dept. engineer
2007 – AS Harju Elekter, Head of Real Estate and Energy Services dept.

Participation in the management bodies of business organisations:

Member of the Management Board: Harju Elekter Kiinteistöt Oy

Aron Kuhi-Thalfeldt owns 11,000 of Harju Elekter shares.

He has direct participation 0.06%. He doesn't have indirect holdings.

► Heads of Subsidiaries

As at 4/2019



INDREK ULMAS

AS Harju Elekter Elektrotehnika
Managing Director

ALVAR SASS

AS Harju Elekter Teletehnika
Managing Director

KRISTO REINHOLD

Energo Veritas OÜ
Managing Director

SIMO PUUSTELLI

Satmatic Oy, Finnkumu Oy, Telesilta Oy
Chairman of the Managing Board
Harju Elekter Kiinteistöt Oy
Managing Director

JAN OSA

Satmatic Oy
Managing Director



MAIRE KORPI

Finnkumu Oy
Managing Director

KARI LAULAJAINEN

Telesilta Oy
Managing Director

THOMAS ANDERSSON

SEBAB AB
Managing Director

TOMAS PRUŠAS

RIFAS UAB
Managing Director

► Senior Executives

As at 4/2019



URSULA JOON
Lawyer

KAAREL ALLIKMÄE
IT manager

TAIMI KAULER
HR manager

MERILI PÄRNPUU
Financial reporting
manager

MOONIKA VETEVOOL
Corporate communication
and IR manager

