Annual report

2019

HARJU ELEKTER®

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 2019	12
Group's Activities in 2020	16
Financial Summary	17
Economic Environment Overview	18
Operating Results	20
Business Segments	26
Investment and Development Activity	44
Quality in Products and Customer relationships	49
Personnel	56
Environmental Management	63
Share and Shareholders	66
Corporate Governance and Basis for Preparation of the Management Report	71
Social Contribution	77
GRI Contents	79
Information about the Supervisory and Management Boards	84
Please find the year 2019 audited annual report of AS Harju Elekter here	89

Information to the Shareholders

Annual General Meeting

The AGM of Shareholders of Harju Elekter will take place on June 30, 2020 at 10 a.m.
At the hall of the Keila Culture Centre, Keskväljak 12, Keila.

Dividends

Due to the past emergency situation, and uncertainty about the future economic outlook due to the spread of the coronavirus, the Management Board decided to change the previously published dividend proposal and reduced it from the initial 0.18 euros per share to 0.14 euros per share. The Supervisory Board agreed with the Management Board's proposal to reduce the dividend.

The Management Board of Harju Elekter makes a proposal to pay a dividend of 0.14 euros per share for the financial year 2019.

The shareholders registered in the shareholders' registry on 14 July 2020 as of the end of the business day in the accounting system, shall be entitled to dividend. The dividend payment ex-date is 13 July 2020. From that date the new owner of the shares is not entitled to dividends for the year 2019. The dividends will be paid to the shareholders on 21 July 2020 by a transfer to the bank account of the shareholder.

The Publication of Financial Reports in 2020

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

Interim Report Q1 2020 29 April 2020
Interim Report Q2 2020 29 July 2020
Interim Report Q3 2020 28 October 2020

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.

General contact
Tel +372 674 7400
info.he@harjuelekter.com

Statement of the Chairman of the Supervisory Board

Energy systems are undergoing a rapid and fundamental change

The anniversaries of Group companies are over. Though, the start of 2020 has been restless, the Group's aim is to return to normal everyday business. Owing to our strong expansion in recent years and the acquisition of new businesses, we have significantly increased our revenue; however, there is still room for further growth in profitability which we plan to achieve mainly through improved intra-Group integration.

The year 2019 was marked by the restructuring of the management structures of Group companies and the rejuvenation of the (top) management – almost all our subsidiaries in Finland, Sweden and Estonia have new CEOs. In December 2019, the long-term Chairman of the Management Board of AS Harju Elekter announced that he will step down from his position after the expiry of the term of office as the

Endel Palla • Chairman of the Supervisory Board

Management Board member at 3 May 2020. We continue to enhance the Group management and simplification of its structure.

Energy systems are undergoing a rapid and fundamental change. The industry is on the verge of the fourth industrial revolution. Automation of manufacturing will be followed by digitization. The marine sector is also becoming more algorithm-based and automated. The importance of historical energy sources for generating electricity is changing, as are the ways in which electricity is transmitted and distributed. World electricity consumption is constantly increasing while the production of electricity is becoming more and more decentralized, increasing the complexity of grid management. To meet these challenges, we need state of the art products and solutions. Harju Elekter is already offering technology to many power and heat cogeneration plants working on renewable energy and technical solutions in the field of solar and wind energy.

We are living in a changing world where the greatest advances in electrical engineering are taking place thanks to the green revolution. This is a major challenge for the Group, but also a great opportunity for further growth. It is our unavoidable task to add more automation and intelligence to our products. The Group companies in Finland and Lithuania are the leaders in this field, and the other companies must follow their example. The objective is to increase productivity, efficiency and speed and to improve quality in order to achieve greater competitiveness of Group companies and the Group as a whole.

We will continue to invest in successful businesses, real estate and solar power plants. As a listed company, we are pleased with the growth in the number of shareholders that already exceeds 3,500. We are proud to see that we are trusted and regarded as a strong sustainable company also in the future. For our part, we are doing everything we can to make sure that the investment made by our shareholders is solid and profitable. We are the only company on the Nasdaq Tallinn Stock Exchange that has paid dividends every year. We intend to continue this tradition in line with our dividend policy, whereby the size of the dividend will continue to depend on the Group's profit and investment needs.

We are living in a changing world where the greatest advances in electrical engineering are taking place thanks to the green revolution. This is a major challenge for the Group, but also a great opportunity for further growth.

On behalf of the Supervisory Board, I would like to thank our employees, customers and partners both in Estonia and worldwide and shareholders for their support. Collaboration with us is your guarantee for success!

Endel Palla
Chairman of the Supervisory Board

Statement of the Chairman of the Management Board

The changing environment and future-oriented challenges

The activities of Harju Elekter Group in 2019 could be aptly described using the keywords "changes" and "restructuring". The first word describes our markets and the second one our organizational development. We are likely facing major long-term changes and developments, as evidenced in the global electrotechnical business in recent years. Countries and nations are taking major new steps, including through legislative changes, to reorganize the needs due to climate change and fossil energy economy that has at times become critical. On the one hand, it enables to develop completely new technologies and energy management solutions, and on the other hand, it urges us to rethink our traditional business model and take into account the changing needs of our customers. Many, if not the majority, of our products and solutions are designed for the new and more sustainable green economy in the near future, not to mention our ambitious plans to achieve climate neutrality by 2050. Such a choice and inevitability is related to responsibility. Harju Elekter Group is responsible for providing its customers and stakeholders with consistency, care and support in achieving common goals.

Andres Allikmäe • Chairman of the Management Board

The changing environment and future-oriented challenges related to the incorporation and reorganization of our business structure have not made it easy for us to achieve good results. Nevertheless, we successfully managed to increase our revenue to 143.4 million euros (18.7%) and our operating profit to 3.3 million euros (35.6%). Expectations for higher profitability were not met due to delays in major complex projects and higher-than-expected costs in Sweden, but also due to the significant changes in the Finnish substation market resulting underutilization of Estonian companies. At the same time, we are proud of the Group's Lithuanian and Finnish manufacturing companies for achieving their best ever results.

The restructuring of our subsidiaries in four countries was a necessary and forward-looking development. In Lithuania, we opened a 5,500 square meter state-of-the-art production and logistics extension, our Finnish manufacturing companies Satmatic Oy and Finnkumu Oy appointed new CEOs and a new CEO was also appointed at AS Harju Elekter Elektrotehnika, Estonia's largest manufacturing company. The Group specified its three key business areas, which are mainly related to the electrical engineering segment, development of industrial real estate and management of financial investments. After receiving significant customer support and meeting the Group's expectations as well as the need to give a clear signal of our opportunities and capabilities, we are adopting a single brand name Harju Elekter that will gradually involve all Group companies. In 2019, our Lithuanian subsidiary was renamed Harju Elekter UAB and the entire Harju Elekter Group switched to the domain name harjuelekter.com. In 2020, we will move the Finnish manufacturing companies under single management and brand name - Harju Elekter.

The start of the year 2020 has been busy for Harju Elekter: we need to fulfill major supply contracts for Elektrilevi OÜ in Estonian main power distribution network, the industrial and shipbuilding market in Finland, engineering companies in the Scandinavian shipbuilding industry as well as power distribution companies in Finland and Sweden. We are increasingly investing in solar solutions and charging systems for the electrical transport means. In the real estate segment, we are investing in new rental real estate.

The longer perspective of Harju Elekter Group shows an interesting but demanding and technologically challenging path. We have chosen responsible and sustainable future with innovative and high-quality energy and automation solutions.

We have chosen responsible and sustainable future with innovative and high-quality energy and automation solutions

Harju Elekter Group would like to thank its customers and partners, employees and shareholders for their trust and support. By working together, we ensure the future of responsible, high-quality electrical solutions for the community, businesses and end-users.

Andres Allikmäe
Chairman of the Management Board (until 3 May 2020)

Organisation

Activities and business philosophy of Harju Elekter Group

Harju Elekter is an industrial group that was established in 1968 and has operations in four countries: Estonia, Finland, Sweden and Lithuania. Our home markets are around the Baltic Sea but our ambitions are global while tending to the business needs of our customers and partners. The Group's operations are divided into three operating segments:

• **Production** – design, sale, manufacturing and after-sales service of power distribution, switching and transformation equipment as well as automation, process management and engine control equipment.

Our customers and partners are power distribution, manufacturing and infrastructure companies. An increasing share of our technical solutions is targeted at the renewable energy sector, providing integrated packages for solar stations, recharging devices of electric cars and other related solutions. A contemporary company making sheet metal details and products supports the needs of our Group as well as customers.

• **Real estate** – industrial real estate development, project management, leasing and related real estate services for our leasing partners and Harju Elekter Group companies.

• **Other activities** – management of financial investments, retail and project sale of electrical goods, as well as power installation works for the ship-building industry.

Harju Elekter has a strong orientation towards exports and conducting business outside Estonia where almost 90% of our products are marketed. Since 1997, the shares of AS Harju Elekter are listed on the Nasdaq Tallinn Stock Exchange.

Mission

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

Vision

To become 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 business partners, and to provide motivating work and development opportunities to our international team.

Values

Development

We are keen to learn and being innovative

We are constantly expanding our know-how to develop advanced products. We valuate innovative proposals and are ready to implement them.

Cooperation

We work as one team

We listen to our customers and collaborate with our partners to make products that meet and exceed our customers' expectations.

Reliability

No bargaining over quality

It is a great honor for us to make high-quality products. We make use of advanced technology and all of our know-how to fulfil orders on time.

Harju Elekter Group

As of 31 December 2019

AS HARJU ELEKTER

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

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 prefabricated 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

KIINTEISTÖT OY Ulvila Sammontie 9

Industrial real estate holding company

Harju Elekter UAB

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

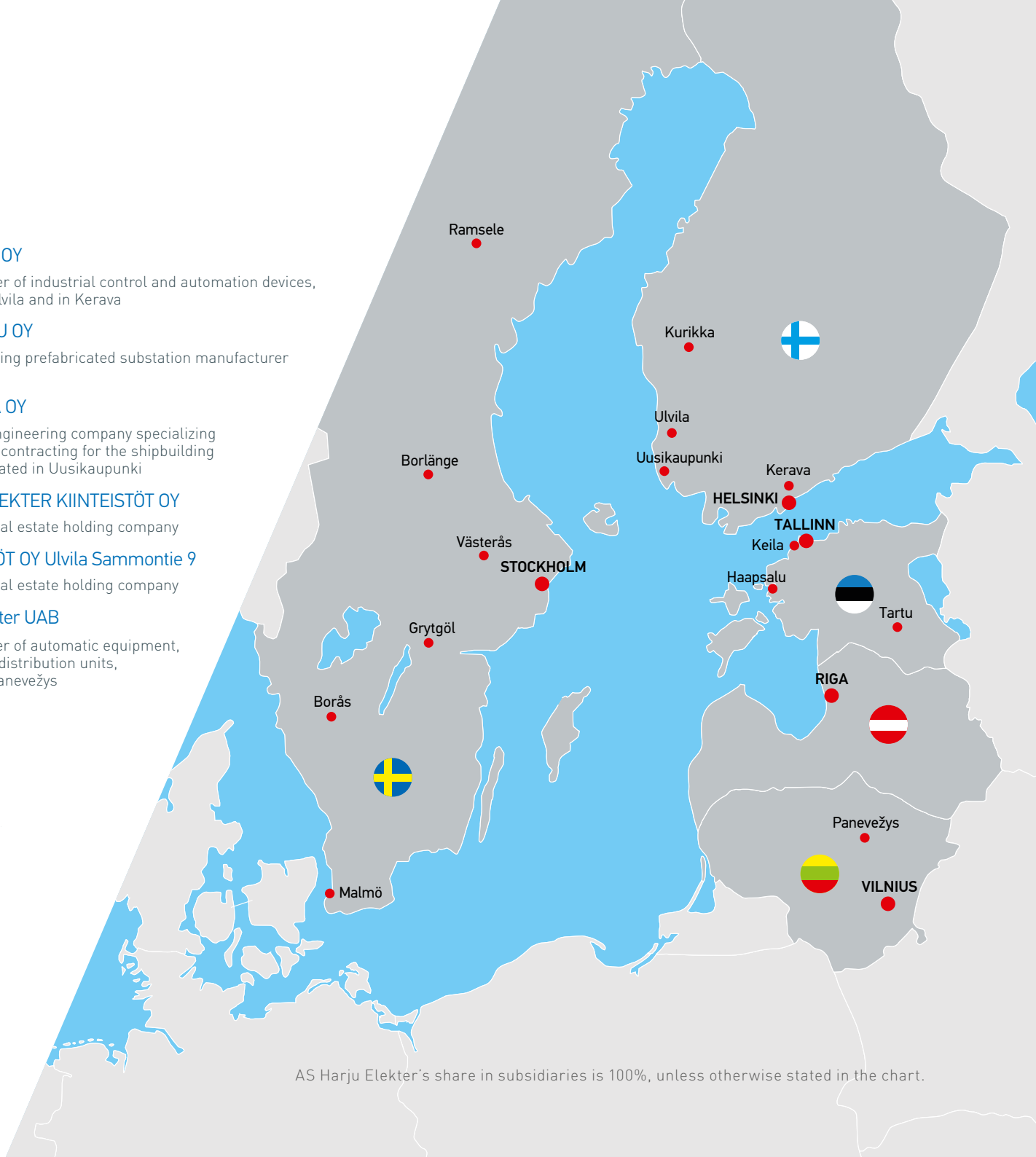
STRATEGICAL INVESTMENTS

SKELETON TECHNOLOGIES GROUP OÜ (9%)

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

Harju Elekter is aware that the Group's growth prerequisites include understanding of the economic, social and environmental trends as well as addressing the issues that are important to its stakeholders. In 2019, society's expectations regarding an honest and transparent way of running a business and engagement of key stakeholders increased significantly. In addition, environmental and climate issues also gained greater attention. Harju Elekter believes that its contribution to the creation of a societal, business, living and natural environment will help guarantee the Group's viability over the long term.

Harju Elekter places great importance on active communication with its stakeholders, i.e. customers, shareholders, employees, suppliers and local community. In interaction with local authorities and residents as well as regulatory and supervisory authorities, the Group and its counterparties raise issues as appropriate. In cooperation with educational institutions, professional associations and non-governmental organizations the Group deals with issues that create mutual value.

Harju Elekter knows that both its customers as well as creditors expect the Group as a whole and each Group company individually to have a holistic approach when managing the social and environmental impact as well as implementing sustainable business practices. Employees' increasing expectations of an engaging and caring work environment, and the company's ambition to increase its presence in the Nordic countries also requires responsible action. Harju Elekter developed focus topics in 2017 that express the importance of the areas related to social responsibility to the stakeholders, and their impact and importance to the Group.

Harju Elekter believes that its contribution to the creation of a societal, business, living and natural environment will help guarantee the Group's viability over the long term

Focus topics impacting the sustainability of the operations of Harju Elekter Group

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 dedication 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

Thus, the focus topics of Harju Elekter Group include:

- offering of high-quality products;
- development of a safe and healthy work environment;
- honest and ethical business culture and strong performance;
- innovation and development of products and processes;
- good customer experience and ensuring high satisfaction;
- continuous staff training and development.

Sustainable and responsible management is crucial in all operating segments and subsidiaries. The topics outlined in the matrix are part of the strategic and operational management of Group companies. Less important aspects are taken into consideration as underlying principles when making management decisions. Therefore, the Group's annual report for 2019 also includes an overview of the management and performance of all these topics. In the financial statements, the key aspects related to the sustainability focus topics have been recognized using the international sustainability reporting framework, the GRI Standard, the contents of which is disclosed on pages 79-83.

Year 2019

Changes in the management of Group companies

- The former head of the sales department **Indrek Ulmas** was appointed as the managing director of AS Harju Elekter Elektrotehnika starting from 1 April 2019.

- In connection with the restructuring of the activities of Harju Elekter Group in Finland and consolidation of Satmatic Oy and Finnkumu Oy under one common management, the Group appointed **Jan Osa**, the former manager of AS Harju Elekter Elektrotehnika, as the new CEO of Satmatic Oy and Finnkumu Oy and he started in this position at Satmatic Oy from 1 April 2019 and at Finnkumu Oy from 1 July 2019.

- There was also a change in the management of Telesilta Oy, where the current board member and project manager **Joonas Puustelli** was appointed as the CEO as at 1 October 2019. The long-time Managing Director of Telesilta Oy, Kari Laulajainen, will stay at the company at least until the year-end 2020 as Sales Manager.

- As at 1 January 2020, a new CEO has also been appointed for the Swedish subsidiaries SEBAB AB and Grytek AB. **Mikael Schwartz Jonsson** started to work at Harju Elekter Group on 1 October 2019. During the three-month transitional period, the new CEO closely collaborated with the current CEO Thomas Andersson who started to work as Sales and Marketing Director in Sweden at 1 January 2020.

- At its meeting at 29 October 2019, the Supervisory Board of AS Harju Elekter decided to extend the powers of Members of the Management Board of the Group, Mr. **Tiit Atso** (CFO) and Mr. **Aron Kuhi-Thalfeldt** (Real-Estate and Energy Service Manager), starting from 1 November 2019 for the next three years.

- The Chairman of the Management Board **Andres Allikmäe** will take the position of Head of Business Development at AS Harju Elekter, following the expiration of his Management Board member contract at 3 May 2020.

Key events and recognition

- **The subsidiary AS Harju Elekter Elektrotehnika** received an order for 54 special-purpose prefabricated substations to be supplied to Konecranes during a period of one year. The supplies are sent to the United Arab Emirates.

- At 1 April, the **subsidiary Energo Veritas OÜ** opened a new sales office and central warehouse at 19 Tuisu Street, Tallinn. The range of products in the areas of electrical and weak current materials, construction of telecom and power grids as well as lighting was expanded, and the sales outlet for products in Estonia increased. The attractive location and larger premises create better possibilities for servicing customers and quicker issuing of products.

- **Energo Veritas OÜ**, a project and retailer of electrical installation products, won the procurement of transformers for the distribution network Elektrilevi OÜ worth 1.3 million euros.

- Finland's business newspaper Kauppalehti awarded "Menestyjät 2019" title to **Finnkumu Oy** based on its economic results from June 2018 to May 2019. Such acknowledgement is given to companies with a well-established business, stable growth, good results and profitability, strong financial structure, and liquidity to ensure sustainable operations.

- The Supervisory Board and Management Board of AS Harju Elekter have decided to bring all companies of the Group under the single Harju Elekter trademark. Based on the above, the Lithuanian subsidiary RIFAS UAB was renamed **Harju Elekter UAB**. The entry was made into the Lithuanian Register of Legal Entities at 2 July 2019. Using a common trademark helps to strengthen the Group's competitiveness and creates additional benefits and opportunities for marketing.

- At 30 August 2019, a purchase and sale agreement was signed under which **Satmatic Oy, a subsidiary of AS Harju Elekter**, bought the real estate company Kiinteistö Oy Ulvila Sammontie 9, owned by the Municipality of Ulvila. The transaction price was 2.0 million euros. In the course of the transaction, Satmatic Oy acquired an immovable of 0.86 ha with production premises on the property of 4,330 sq.m. The transaction was the conclusion of the contract signed at 17 November 2008 by Satmatic Oy, a subsidiary of Harju Elekter AS, and the Municipality of Ulvila, according to which Satmatic Oy was entitled to acquire Sammontie 9, Ulvila's property with a production building built there after a 10-year lease. The activity follows the principle according to which the production areas used by the Group companies are in the Group's ownership.

- In the third quarter, **Telesilta Oy** completed several large projects. In August, the working vessel Hydrograf-17 was completed, built for the Polish Gdynia Maritime Administration at the UTV Uusikaupunki shipyard, where Telesilta Oy was the main contractor for the electric system works. In September, the UTV shipyard delivered to their client the first hybrid ferry Elvy, manufactured in Finland, the electrical and navigation system turnkey solution of which was completed at Telesilta Oy. The ferry will start operating on the River Göta in Sweden.

- **In co-operation with the Group's subsidiaries - Energo Veritas OÜ and AS Harju Elekter Teletehnika** – series of external fiber optic cabinet models were developed for Elektrilevi OÜ fast internet network project (Last Mile). Cabinet deliveries started in September. Over the next 5 years, Elektrilevi OÜ plans to invest about

100 million euros into the project, of which the materials form about a fifth.

- In September, the **Lithuanian subsidiary** had a festive launch of the new production hall in Panevežys. During the expansion works lasting for almost a year, the subsidiary's office and production premises increased from 3,500 sq.m to 9,000 sq.m. In addition, 1.9 hectares of land adjacent to the existing properties were purchased in second quarter of 2019 to ensure the possibility of future expansion. The total volume of investments was 3.5 million euros. Investments in the expansion of the production facility and upgrading of technology enable to significantly increase production capacity to secure supplies for the subsidiary's customers in the segments of shipbuilding and industry.

- **The daily business activities and organization of production of Group companies are based on the quality and environmental policy in compliance with an international standard** and valid ISO quality standards are used in the majority of the Group's manufacturing companies. Telesilta Oy started the preparation for the implementation of ISO 9001 in 2018 and in September this year, Bureau Veritas issued a certificate that the company's business and production management was in line with the international quality standard ISO 9001. AS Harju Elekter Teletehnika passed the ISO 9001:2015 and 14001:2015 recertification audit and it received new quality and environmental management system certificates at 16 December 2019. AS Harju Elekter Elektrotehnika underwent an audit and in addition to the valid ISO 9001 and ISO 14001 quality certificates; it also received ISO 45001 certification.

- **Telesilta Oy, a subsidiary of AS Harju Elekter, and Uudenkaupungin Työvene Oy** have signed a contract to perform electrical works on seven coast guard vessels to be built for the Finnish Coast Guard. The contract price is around 4 million euros and the work will be carried out between 2020 and 2023.

- **AS Harju Elekter Elektrotehnika, a subsidiary of AS Harju Elekter**, won a tender of Elektrilevi OÜ for the supply of 630 kVa and 1000 kVa prefabricated substations and related components. The cost of the 62-month contract is 27.8 million euros.

- **The Group's subsidiaries** participated actively in professional fairs in Estonia, Finland and Sweden: Elfack 2019, the largest Nordic electricity fair in Gothenburg, showcased the HECON line system of the Universal Mechanical Engine Control Centres (MCC), developed for 2500A-4000A solutions, and the HEKA 1VM SS2 prefabricated substation in line with the needs of the local market. At the trade fair for electricity and communication networks in Tampere, the products targeted at Verkosto energy distribution sector were showcased and at the Alihankinta fair in September, both vehicle charging solutions of Satmatic Oy and strong sales of components as well as the high-quality data network products of AS Harju Elekter Teletehnika were showcased. At the construction fairs in Estonia, the product range of the Energo Veritas OÜ was mainly showcased.

Events occurring after the reporting period

In order to simplify the coordination of sales and marketing activities and the management of Finnish subsidiaries, Harju Elekter decided to merge its subsidiaries Finnkumu Oy and Kiinteistö Oy Ulvilan Sammontie 9 with Satmatic Oy in 2020. The next step is to transfer all real estate properties located in Finland to Harju Elekter Kiinteistö Oy and then rename Satmatic Oy to Harju Elekter Oy.

The Supervisory Board of AS Harju Elekter decided at its meeting held on March 16, 2020 to appoint the current member of the Management Board, Tiit Atso, as Chairman of the Management Board as of May 4, 2020. Starting from May 4, 2020 the Management Board of AS Harju Elekter will continue with two members – Tiit Atso (Chairman of the Board) and Aron Kuhi-Thalfeldt (Member of the Board).

Effect of the coronavirus (COVID-19)

The first reports of the new coronavirus (COVID-19) reached the World Health Organization (WHO) from China in December 2019 and the virus is now spreading around the world, causing problems for businesses and affecting general economic activity. On March 11, the WHO declared the coronavirus outbreak a pandemic, and, as a result, many countries have declared a state of emergency. Crossing internal and external Schengen borders has temporarily been restricted and border controls have been restored in Europe to prevent the spread of the coronavirus. At the same time, states and governments assure that trade and transport will continue unrestricted.

The Group treats the outbreak as a non-adjusting event after the reporting date. Due to the uncertain and rapidly evolving situation, we consider it impossible to make realistic quantitative estimates of the potential impact of the outbreak on the Group. Production and business operations are continue at all our locations and if the situation changes, it will be notified separately by a stock exchange announcement. Potential financial effects are recognized in the Group's reports for 2020.

Group's Activities in 2020

In 2020, Harju Elekter will focus on changes in management and increasing co-operation

The year started with the change of the new CEO in Sweden and will continue in the spring with changes in the Group's Management Board. These changes require the introduction of new management principles together with goal and vision setting. In addition, this year Finnish companies will be consolidated under the Harju Elekter trademark, and a similar consolidation plan of entities must also be carefully considered in Sweden, where we currently have three companies and trademarks. We want to be one and consolidated Harju Elekter for all our partners and to provide the best know-how, product range and solutions of the Group regardless of the location.

The main objective of day-to-day operations in 2020 is to improve profitability. Through consistent expansion, we have attained a significant position in the Scandinavian market. High sales volumes have been achieved, and the new priority is to earn sustainable profits. We believe that this will be achieved through the introduction of a single Harju Elekter trademark and increased intra-Group co-operation in sales, supply chain and know-how. We will continue to invest in technology development - digitization and automation - to make businesses more efficient.

Exciting times are ahead for the sectors related to Harju Elekter's core business. Plans to renovate Nordic power grids have now been agreed for a longer period than the fast-track action plans initially established, but electrification of ports, railways and highways, along with the use of eco-friendlier ships and vehicles, is a challenge for power suppliers and a major opportunity for Harju Elekter. Therefore, we will be investing in our daily business as well as in the development of forward-looking energy-efficient products and technologies. In addition, future large-scale and longer-term procurement needs to be borne in mind. While last year we won an important procurement for Elektrilevi OÜ substations in the Estonian market, this year we are expecting new procurements in the Finnish and Swedish substation markets.

In 2020, we will continue to invest in industrial real estate for our own use and for rental to third parties. For this purpose, we have acquired several promising plots of land in Estonia and Lithuania, with design work and adoption of detail plans underway. The development of Allika Industrial Park continues: in autumn 2020, Laohotell II will be completed and most of its rental premises have been pre-leased to date. In addition to opportunities to start new industrial real estate developments, we are considering new solar power generation projects. We have excellent in-house knowhow on solar solutions, so we can provide a complete solar solution to our customers interested in power generation.

Due to several acquisitions, the Group has achieved rapid sales growth, and we are ready to look for possible financial investments, mergers and acquisitions in the future. As investment proposals, we may consider future start-ups that are closely related to our sector as well as existing sales and production organizations.

Financial Summary

GROUP	2019	2018	2017	2016	2015
STATEMENT OF PROFIT OR LOSS (million euros)					
Revenue	143.4	120.8	102.4	61.2	60.7
Operating profit	3.3	2.4	5.4	3.2	3.3
Profit (attributable to owners of the parent company)	2.5	1.5	[2]29.1	3.2	3.2
STATEMENT OF FINANCIAL POSITION AT YEAR-END (million euros)					
Total current assets	48.0	44.0	48.7	22.3	19.8
Total non-current assets	59.9	54.2	41.3	51.7	46.7
Total assets	107.9	98.2	90.0	74.0	66.5
Equity (attributable to owners of the parent company)	67.1	66.9	69.9	60.3	58.1
Equity multiplier (%)	65.1	72.7	77.7	81.5	87.2
GROWTH RATES (% vs previous year)					
Revenue	18.7	18.0	67.4	0.8	19.9
Operating profit	35.6	-55.7	71.1	-2.9	47.1
Net profit (attributable to owners of the parent company)	59.1	-94.7	[2]804.9	0.9	-67.1
Assets	9.9	9.1	21.6	11.1	-4.6
Equity (attributable to owners of the parent company)	0.2	-4.2	15.9	3.8	-0.7

GROUP	2019	2018	2017	2016	2015
PROFITABILITY RATIOS (%)					
Operating margin	2.3	2.0	5.3	5.2	5.4
Net margin	1.7	1.3	28.4	5.3	5.3
Return on assets (ROA)	2.4	1.7	35.5	4.6	4.7
Return on equity (ROE)	3.7	2.3	44.7	5.4	5.5
SHARE (euros)					
Average number of shares (1,000 pc)	17 740	17 740	17 740	17 740	17 551
Equity per share	3.78	3.86	3.67	3.34	3.32
Share closing price	4.21	4.12	5.00	2.83	2.63
Earnings per share	0.14	0.09	1.64	0.18	0.18
P/E ratio	30.07	45.78	[2]3.05	15.72	14.61
Dividend per share	[1] 0.18	0.18	0.24	0.18	[3]0.12
LIQUIDITY RATIOS					
Current ratio	1.6	2.2	2.4	2.1	2.7
Quick ratio	0.9	1.5	1.6	1.3	1.7
STAFF AND SALARIES (PCS)					
Average number of employees	778	713	567	455	472
Number of employees at the end of the period	791	736	630	480	470
Wages (million euros)	21.4	18.6	14.1	10.6	9.7

Operating margin = Operating profit / Revenue*100
Net margin = Net profit (attributable to owners of the parent company) / Revenue*100
Equity per share = Equity (average, attributable to owners of the parent company)) / Number of shares (average of the period)
Return of assets (ROA) = Net profit (attributable to owners of the parent company) / Average assets*100
Return of equity (ROE) = Net profit (attributable to owners of the parent company) / Average equity (attributable to owners of the parent company) *100
Equity multiplier = Average equity (attributable to owners of the parent company) / Average assets*100
Earnings per share = Net profit (attributable to owners of the parent company / Average number of shares
P/E ratio = Share closing price / Earnings per share
Current ratio = Average current assets / Average short-term liabilities
Quick ratio = Average liquid assets (current assets-inventories) / Average short-term liabilities

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

Economic Environment Overview

World economy

The keywords that most influenced the global economy in 2019: political tensions, tightening international trade relations, Brexit, green movement towards climate neutrality and strong support of central banks for the economy.

According to the preliminary data from the IMF, the world economy grew by about 3% in 2019, 0.9% in the euro area, 2.4% in the US and 6.1% in China. The manufacturing sector was slightly more active and has started to stabilize, but global trade still remained subdued. The initial US-China trade agreement has eased trade tensions and should help reduce the impact of growth obstacles in trade and the outlook is again more positive, at least in the short term. Looking ahead, there is considerable uncertainty, conflicting views and assessments about the future of the global economy, and the long-term impact of low interest rates, record-high debt, global growth slowdown and subdued inflation. An additional source of concern is the rapidly escalating global coronavirus (COVID-19) outbreak, whose short- and long-term impact on the global, Nordic and Baltic economies is impossible to forecast.

Nordic and Baltic countries

According to Eesti Pank (Bank of Estonia), the economies of Estonia's main trading partners have been relatively stable and growing modestly. Economic growth in Latvia and Lithuania was largely driven by domestic demand: investments grew and private consumption got a boost from rapid growth in household incomes. Growth was also strong in the construction sectors of the Baltic countries, supported in particular by EU structural funds and strong labor indicators in Lithuania. The Estonian economy grew by 4.3% last year, the fastest in the Baltic States, followed by Lithuania (3.9%) and Latvia (2.8%).

Household consumption also supported the Nordic economy, but to a lesser degree than in Latvia and Lithuania. However, investment increase in Finland and Sweden decelerated, especially in the construction sector. Following the strong boom in recent years, growth in the Swedish economy has significantly slowed down. The growth of the Swedish economy has also been supported by higher service exports.

The Estonian economy grew by 4.3% last year, the fastest in the Baltic States, followed by Lithuania (3.9%) and Latvia (2.8%)

Estonia

According to Statistics Estonia, the Estonian economy grew by 3.9% in the fourth quarter and by 4.3% in 2019. Information and communication, trade, and professional, scientific and technical activities contributed significantly to growth. Additional support in GDP came from manufacturing, transport and warehousing, and financial and insurance activities. Extraordinary factors, such as the major contribution of the agricultural sector, also played a significant role.

The Estonian economy is still in the strong business cycle. This is evidenced by rapid wage rise as well as low unemployment and growing expectations of companies regarding weaker economic activity. Economic growth has also been supported by strong domestic demand and private consumption, which has been very broad-based. Corporate and household investments are also increasing slightly. Estonian exports have so far withstood the cooling of the global economy. The current account surplus was 1.2% in 2019, a slight decrease compared to the previous year.

Lower foreign demand and exhaustion of internal growth resources are likely to slow down Estonian growth rates in the coming years.

Economic growth has also been supported by strong domestic demand and private consumption

Sources: IMF, Eesti Pank, Statistics Estonia, SEB Pank, Swedbank

Operating Results

Group structure

In the Annual Report 2019, the financial statements of AS Harju Elekter (the consolidating entity) and its subsidiaries AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Energo Veritas OÜ, Satmatic Oy and its subsidiaries Finnkumu Oy and Kiinteistö Oy Ulvila Sammontie 9; Telesilta Oy, Harju Elekter Kiinteistöt Oy, Harju Elekter AB, SEBAB AB, Grytek AB and Harju Elekter UAB are consolidated line by line.

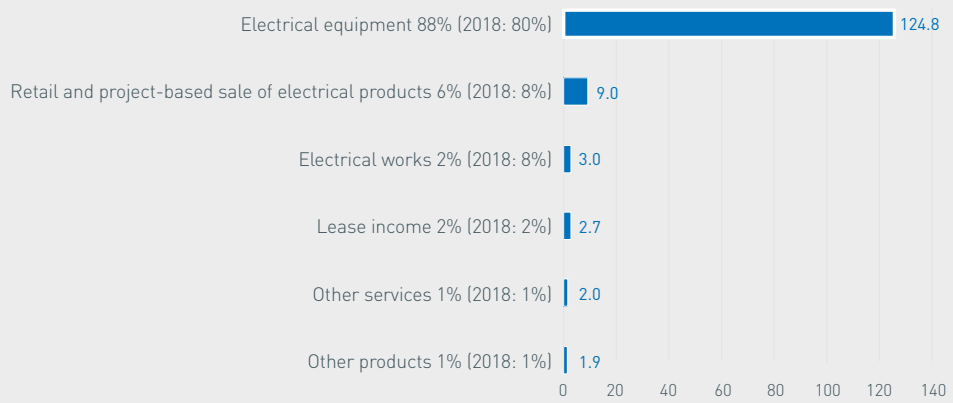
Revenue and profit

The Group's goal to continue increasing its market share in the Nordic countries has demonstrated positive results. The Lithuanian and Swedish subsidiaries increased their revenue and the Finnish manufacturing subsidiaries managed to offset a moderate decline in the sale of energy network products by the growth in the industrial sector and renewable energy products. The extension of the factory of the Lithuanian subsidiary more than doubled their sales volume in 2019.

the consolidated SALES REVENUE	the consolidated OPERATING PROFIT	the consolidated NET PROFIT
143.4 million euros (2018: 120.8)	3.3 million euros (2018: 2.4)	2.4 million euros (2018: 1.5)

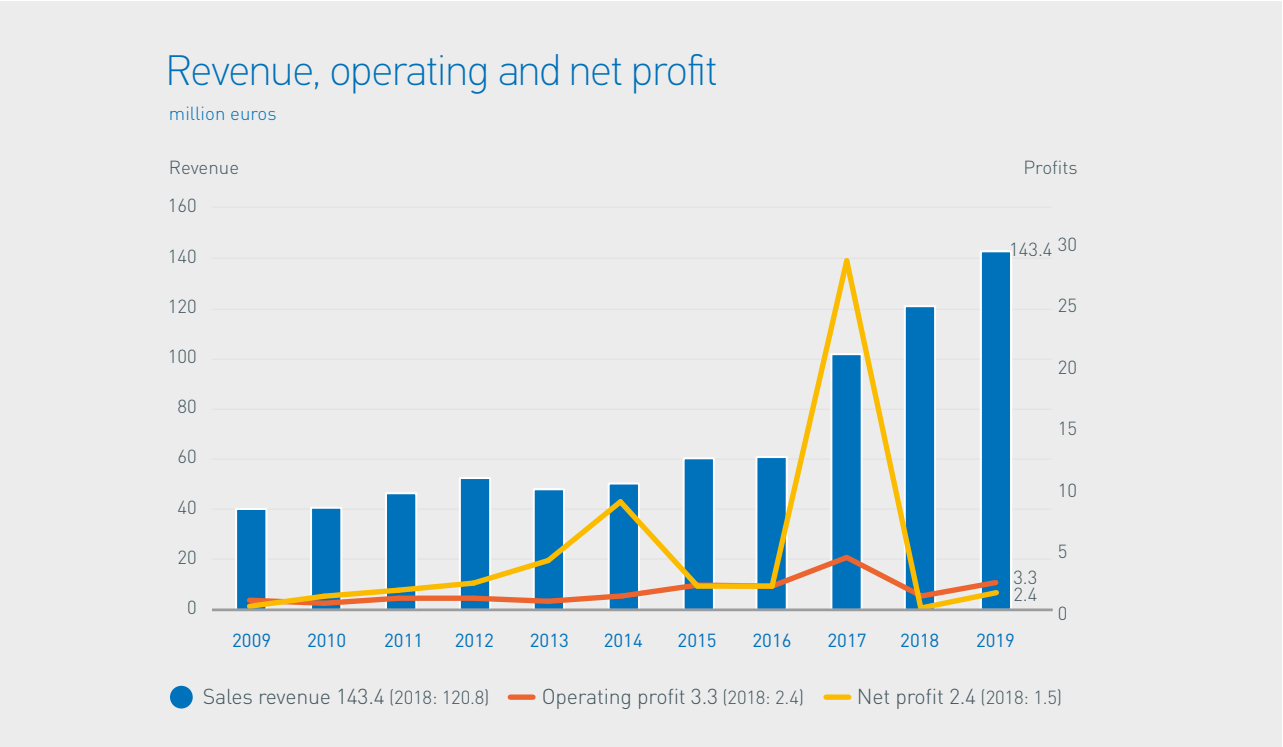
Revenue by business activities

million euros



The Group's core activity is to develop and produce electricity distribution, lead and power automation equipment and miscellaneous metal products. In addition, the Group earns revenue from real estate leasing and electricity works in the ship-building industry.

Overall, the consolidated revenue for 2019 was 143.4 (2018: 120.8) million euros, operating profit 3.3 (2018: 2.4) million euros and operating profit before depreciation and amortization 6.8 (2018: 5.0) million euros. The operating margin was 2.3% (2018: 2.0%) , before depreciation and amortization it was 4.7% (2018: 4.1%). Profitability was mostly impacted by the growth in the sale of lower-margin products in the Swedish market, postponement of the deadlines of several major projects by customers, change in the exchange rate of the Swedish krona and underutilization of Estonian companies due to fewer orders by Finnish electricity networks. Overall, the consolidated profit for the financial year was 2.4 (2018: 1.5) million euros, of which the share of the owners of the parent company was 2.5 (2018: 1.5) million euros. Earnings per share totaled 0.14 (2018: 0.09) euros.



Markets

The Group's key markets continue to be Estonia, Finland and Sweden followed by Norway. The Group's Estonian companies continue to contribute to activities in the home market, participating in potential procurements, selling electrical equipment in retail and project sales, and providing industrial rental premises to business customers. In 2019, the Group sold 11.7% of its products and services in the Estonian market, earning revenue of 16.7 (2018: 15.4) million euros in the reporting period. The Group's sales to other countries accounted for 88.3% in the reporting period and 87.2% in the comparable period.

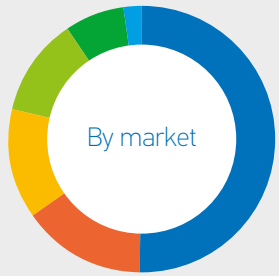
In a year-over-year comparison, the sales to the Finnish market have decreased by 3.7 million euros to 71.8 million euros. The revenue decline was mostly impacted by the decrease in the planned volume of the renovation of the Finnish electricity and network construction projects. At the same time, sales of electrical equipment increased in other areas. The Finnish market contributed 50.1% to the Group's revenue which is 12.4 percentage points less than in the comparable period but Finland is still the Group's largest market. The decline in the share of the Finnish market in the Group's revenue was also related to strong sales growth in the Swedish, Norwegian and Dutch markets.

In the financial year, sales to the Swedish market amounted to 19.5 million euros, which was 44.5% or 6 million euros more than in 2018. Growth was driven by higher sales of substations in Sweden as well as the addition of larger projects for the Swedish subsidiaries. The Swedish market accounted for 13.6% of the consolidated revenue.

Due to the successful sales activities of the Lithuanian subsidiary, the Group's sales to the Norwegian market have increased the most, by 2.5 times as compared to last year to 21.6 million euros. The doubling of the sales volume has increased the share of the Norwegian market in the consolidated revenue to 15.0%, and it has become the second largest market for the Group.

In the second half of 2018, supplies were launched to the Netherlands market, where stable revenue growth has been attained. In a year-over-year comparison, the sales to the Netherlands market increased by 7.3 million euros to 10.3 million euros, contributing 7.2% to consolidated revenue.

Share of sales



50%	●	Finland (2018: 63%)
15%	●	Norway (2018: 7%)
14%	●	Sweden (2018: 11%)
12%	●	Estonia (2018: 13%)
7%	●	Netherlands (2018: 2%)
2%	●	Other (2018: 4%)

Revenue from other markets fell by 1.2 million euros to 3.5 million euros in a year. Of other markets, the largest were Poland, Latvia, Denmark, Austria and Switzerland, were sales totaled 3.1 million euros in the financial year.

Revenue by segment

The Group's activities are divided into three segments: Production, Real estate and Other activities. Manufacturing contributed the largest share, i.e. 87.1% (2018: 82.6%), and combined real estate and other non-segmented activities 12.9% (2018: 17.4%) to consolidated revenue. In a year, the revenue of the Production segment increased by 25.0 million euros to 124.8 (2018: 99.8) million euros, of which 99.9% was derived from the sale of electrical equipment.

The lease income in the Real estate segment is generated by rental premises in Keila, Allika and Haapsalu industrial parks. The recently completed production and warehouse facilities in Allika Industrial Park were leased out in the last quarter of 2018, thus in the financial year the revenue earned in the Real estate segment increased by 24.8% as compared to last year and reached 3.3 (2018: 2.6) million euros. Overall, the revenue of the Real estate segment accounted for 2.3% (2018: 2.2%) of the Group's revenue.

The revenue of other non-segmented activities has decreased by 3.1 million euros to 15.3 million euros, accounting for 10.6% (2018: 15.2%) of consolidated revenue. In the first six months of 2018, large-scale electrical works were performed in the shipbuilding industry, which explains the decline in other non-segmented revenue for the financial year.

Expenses

In the financial year, cost of sales totaled 140.1 (2018: 118.3) million euros. The major part of this growth, i.e. 20.3 million euros, came from the cost of goods sold. The key reasons included higher than planned project implementation costs in Sweden which in turn were impacted by the change in the exchange rate of the Swedish krona. The cost of goods sold was 0.7 percentage points higher than revenue growth, lowering the gross margin by 0.5 percentage points in comparison with the gross margin of the comparable period.

Group companies have participated in several professional fairs and are actively searching for ways to increase their business volumes. Their focus on increasing exports has led to higher distribution costs of 0.4 million euros to 5.7 million euros. The share of distribution costs in the Group's revenue has declined year-over-year, being 4.0% (2018: 4.4%). The additional expenditures related to the integration of new companies, launch of development projects and daily work to automate production in order to reduce reliance on staff has led to a slight increase in administrative expenses in the financial year. However, the growth rate of administrative expenses (12.2%) was still lower than revenue growth (18.7%). In a year, administrative expenses increased by 1.0 million euros to 9.2 million euros, contributing 6.4% (2018: 6.8%) to the Group's revenue.

New employees hired in conjunction with the extension of the Lithuanian subsidiary and the salary pressure arising from demand for local qualified labor has led to higher staff costs. In addition, the cost of the share option program in the amount of 189 (2018: 97) thousand euros has been included in staff costs for the financial year. In a year, staff costs increased by 8.4% to 26.5 million euros. The staff cost rate accounted for 18.5% of

the revenue of the year, decreasing by 1.8 percentage points as compared to last year. In the financial year, employee wages and salaries totaled 21.4 (2018: 18.6) million euros and the average monthly salary per employee was 2,296 euros at the Group, increasing by 6.0% as compared to the previous year.

Financial position

As at the end of the reporting period, current assets accounted for 44.5% (2018: 44.8%) and non-current assets 55.5% (2018: 55.2%) of total assets; foreign capital accounted for 37.9% (2018: 31.8%) and equity 62.1% (2018: 68.2%).

As at 31 December 2019, the Group's assets totaled 107.9 million euros, increasing by 9.7 million euros in a year. Due to higher sales orders and production volumes, the Group's current assets have increased by 9.1% in a year, reaching 48.0 million euros, incl. an increase of inventories by 1.6 million euros, cash and cash equivalents by 1.7 million euros and receivables by 0.7 million euros.

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
44.5% (2018: 44.8%)	55.5% (2018: 55.2%)	37.9% (2018: 31.8%)	62.1% (2018: 68.2%)

The cost of non-current assets in the statement of financial position increased by 5.7 million euros to 59.9 million euros. During the year, the Group invested 0.9 (2018: 2.6) million euros in real estate, 4.2 (2018: 6.6) million euros in property, plant and equipment and 0.4 (2018: 1.4) million euros in intangible assets. The Group invested a total of 5.5 million euros in non-current assets in the financial year. The major part of investments was made for the extension of the production plant of the Lithuanian subsidiary, the related infrastructure necessary for provision of services and new production equipment. The remaining share of investments was made in the development

The major part of investments was made for the extension of the production plant of the Lithuanian subsidiary, the related infrastructure necessary for provision of services and new production equipment

projects of Group companies and industrial parks as well as launch of the new flagship store and central warehouse of the Estonian subsidiary. In the comparable period, investments in non-current assets totaled 10.6 million euros, of which 1.0 was acquired through business combinations.

As at 31 December 2019, the Group's liabilities totaled 40.9 (31 December 2018: 31.2) million euros, of which current liabilities accounted for 80.5% or 33.0 million euros, and 82.4% or 25.7 million euros in the comparable period. Current liabilities increased by 7.2 million euros in a year, incl. trade and other payables by 1.5 million euros to 16.4 million euros and current borrowings by 4.6 million euros to 11.3 million euros.

As at 31 December 2019, interest-bearing liabilities accounted for 46.9% of the Group's liabilities and 17.8% of the cost of assets while as at 31 December 2018, the respective figures were 38.8% and 12.3%. The Group's interest-bearing liabilities totaled 19.2 (31 December 2018: 12.1) million euros, of which the current portion totaled 11.3 (31 December 2018: 6.7) million euros. Non-current borrowings increased by 2.5 million euros to 8.0 million euros in a year. Long-term loans and a finance lease have been used in conjunction with real estate developments in Estonia and in Lithuania, and the investment in the automated sheet metal stamping and bending line. Due to the adoption of the new accounting policies arising from IFRS 16 Leases, the change in current and non-current borrowings was 1.9 million euros.

Cash flow

In the reporting period, the cash flow was a positive amount of 1.8 million euros while it was an outflow of 7.7 million euros in the comparable period. Cash inflows from operating activities were 6.2 million euros while cash outflows were 3.4 million euros in the comparable period.

During the financial year, various investments totaled 6.4 (2018: 10.9) million euros, including

In the reporting period, the cash flow was a positive amount of 1.8 million euros

5.7 (2018: 7.9) million euros in investment properties, property, plant and equipment and intangible assets. Overall, the cash outflows from investment activities totaled 5.5 (2018: 5.7) million euros in the financial year.

In 2019, dividends in the amount of 3.2 million euros were paid for 2018, i.e. 0.18 euros per share which was 1.1 million euros less than in the previous year, and non-current loans were taken out in amount of 6.8 (2018: 7.2) million euros , so overall, the cash inflows from financing activities were 1.2 (2018: 1.3) million euros.

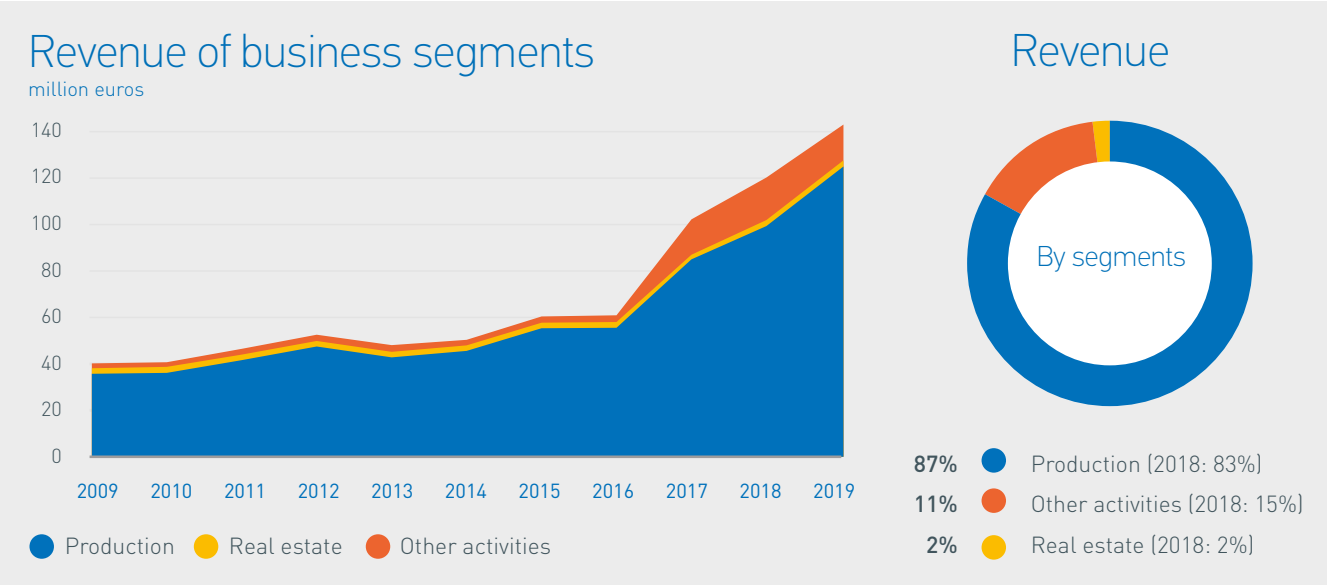
Business Segments

In the financial year ended at 31 December 2019, the Group operated in two areas which were large enough to form separate segments, and the related risks and benefits of which were significantly different and clearly identifiable. These segments were Production and Real Estate.

The activities in the Production segment are design, sale, production and after-sale service of electricity distribution, switching and transformation equipment as well as automatics, process management and engine control equipment.

The Real estate segment covers development, project management, leasing and other related services of industrial real estate property to leasing partners and Group companies.

Other activities encompass all other non-segmented operating areas where each area is not large enough to form a separate segment. Such activities are, for example, management of financial investments, retail and project sale of electrical goods and electricity installation works for shipbuilding.

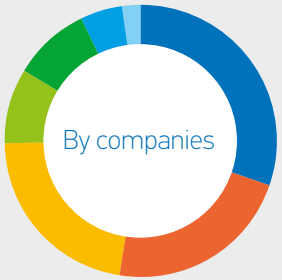


Production

The Production segment includes electrical equipment plants in Estonia (AS Harju Elekter Elektrotehnika), Finland (Satmatic Oy and Finnkumu Oy), Sweden (SEBAB AB) and Lithuania (Harju Elekter UAB), where the majority of the products manufactured at plants include medium- and low-voltage electric power distribution equipment (various substations, cable distribution cabinets and metering cabinets) and automatic and control boards forenergy, manufacturing and marine sectors, and infrastructure. This segment also includes AS Harju Elekter Teletehnika (Estonia), a manufacturer of sheet metal products for electrotechnical and telecommunications sectors, and Grytek AB (Sweden), a manufacturer of prefabricated technical buildings. The Production segment also includes real estate holding companies Harju Elekter Kiinteistöt Oy and Kiinteistö Oy Ulvila Sammontie 9 in Finland. The core activity of both companies is management of the Group's industrial real estate properties.

In 2019, the revenue of the Production segment was 129.1 million euros, including revenue from external customers of 124.8 million euros, while in the comparable period these figures were 102.9 million euros and 99.8 million euros, respectively. The Production segment contributed 87.1% (2018: 82.6%) to consolidated revenue. The 25% growth of the segment was broad-based and was attributable to strong performance of several companies. The revenue of Harju Elekter UAB increased the most.

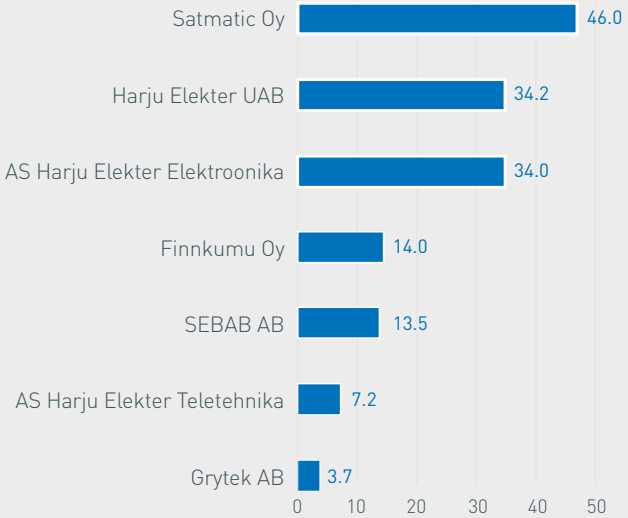
Segment revenue



30% Satmatic Oy
22% Harju Elekter UAB
22% AS Harju Elekter Elektrotehnika
9% Finnkumu Oy
9% SEBAB AB
5% AS Harju Elekter Teletehnika
3% Grytek AB

Production segment revenue by companies

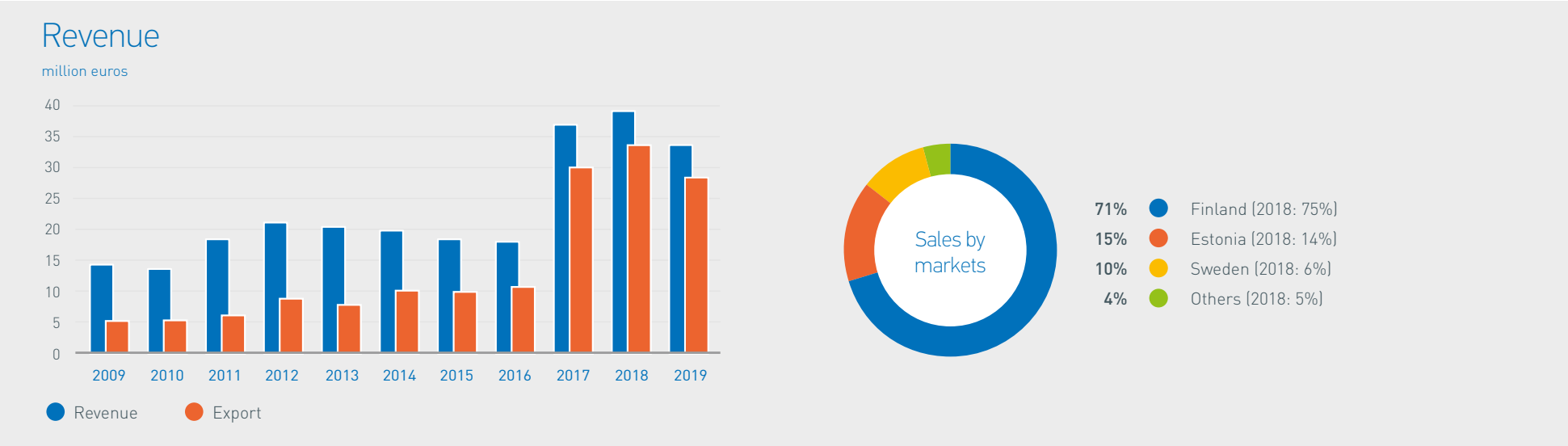
million euros



AS Harju Elekter Elektrotehnika, won a tender from Elektrilevi OÜ in Estonia

AS Harju Elekter Elektrotehnika, a subsidiary of AS Harju Elekter, won a tender of Elektrilevi OÜ for the supply of 630 kVa and 1000 kVa prefabricated substations and related components. The cost of the 62-month contract is 27.8 million euros.

AS Harju Elekter Elektrotehnika



The 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. Both the company's head office and plant are located in Keila Industrial Park, where company has almost 23,100 sq. m of production, office and warehouse premises. At the end of the financial year, 208 (2018: 245) employees worked for the company, one fifth of the personnel worked in the sales and product development areas. From 1 April 2019, the CEO of the company is Indrek Ulmas, the former Director of the Sales Department.

The year 2019 was full of challenges for AS Harju Elekter Elektrotehnika, marked by a significant reduction of orders. Decline in the planned volume of the renovation of the Finnish power and grid projects and the related postponement of orders until next periods led to a decline in sales volume and profits. In 2019, the revenue totaled 34.0 (2018: 39.3) million euros, which was 13.4% less than in 2018. In the financial year, exports made up 85% (2018: 86%) of the sales volume. The biggest export markets are still Finland and Sweden, followed by the Netherlands that has demonstrated strong growth. The Estonian market's contribution to the company's revenue is comparable to the last periods and it has remained at a stable level.

The highlights of 2019 include several new procurements as a major commercial success. In January, the company secured an order for supply of 54 special-purpose compact

substations to Konecranes that were completed by the year-end. In the fourth quarter, the company won the contract of Elektrilevi OÜ to supply factory-made compact substations and related components. The total cost of the 62-month contract concluded with Elektrilevi OÜ is 27.8 million euros. In addition, solid security of supply is a positive development that continues to be one of the priorities in the future. Active sales in the area of special substations have opened up new collaboration opportunities with technology partners to undertake more complex and labor-intensive projects. Owing to the previous positive experience, the partnership continued in the form of new contracts to provide electricity to port cranes as well as several renewable energy solutions.

As for development activities, various new product solutions were simultaneously developed and implemented in manufacturing, and serial production was optimized as well. In the last quarter, major structural changes were made in manufacturing, and new production groups and routines were launched. In addition, training was provided to the employees of several areas, various training sessions were organized to increase sales and management competencies, and the quality of planning and designing of engineers was enhanced. AS Harju Elekter Elektrotehnika passed the audit process, which resulted in granting of the ISO 45001 certificate to the company in addition to the valid ISO 9001 and ISO 14001 quality certificates.

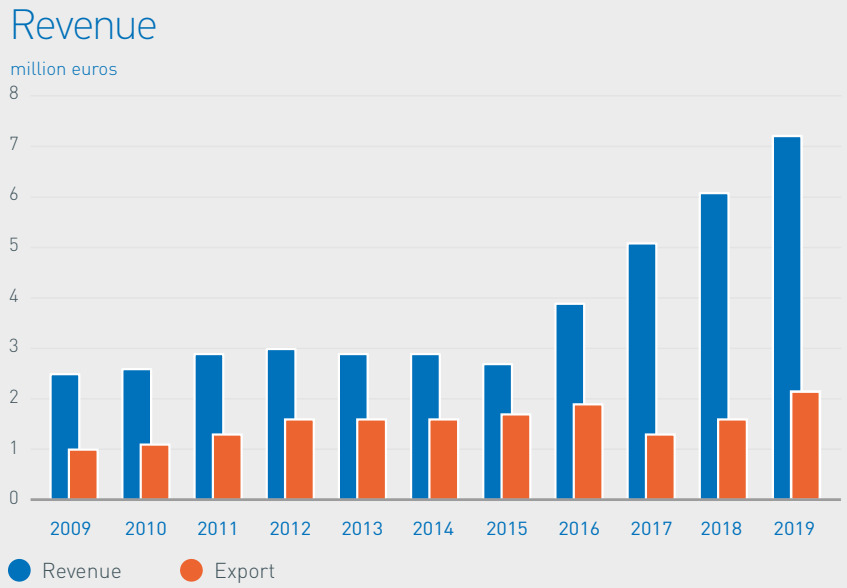
In 2020, the company will continue to fulfil the orders of its key customers. The company will focus on cost savings and profitability. To attain its goals, the company contributes more to continuous improvement of effectiveness, strengthening of its sales network, promotion of products and implementation of the best management practices. To increase competitiveness, continuous development of products and customer-centered consultative sales are key elements. AS Harju Elekter Elektrotehnika will continue to work closely with Group companies in local and foreign markets.

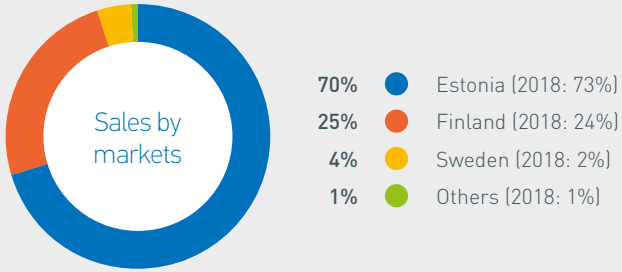
As for development activities, various new product solutions were simultaneously developed and implemented in manufacturing, and serial production was optimized as well

AS Harju Elekter Teletehnika and Energo Veritas last mile project

In co-operation with the Group's subsidiaries - Energo Veritas OÜ and AS Harju Elekter Teletehnika – series of external fiber optic cabinet models were developed for Elektrilevi OÜ fast internet network project (Last Mile). Cabinet deliveries started in September. Over the next 5 years, Elektrilevi OÜ plans to invest about 100 million euros into the project, of which the materials form about a fifth.

AS Harju Elekter Teletehnika





AS Harju Elekter Teletehnika is a fully owned subsidiary of AS Harju Elekter and whose main activity is production of sheet metal products and solutions for the energy and electrical engineering sectors. The company also produces and sells sheet metal outdoor cabinets and components for the telecommunications sector as well as subcontracts in the area of sheet metal processing and finishing. With its production capacity, AS Harju Elekter Teletehnika´s 9,000 sq. m factory in Keila is one of the largest manufacturers of thin sheet metal products in the area. The company also has a mechanical engineering department, which mainly deals with special orders for companies at Keila Industrial Park.

In terms of product groups, the sales of intra-Group sheet metal products increased the most

department, which mainly deals with special orders for companies at Keila Industrial Park.

As at the year-end, the company employed 86 (2018: 103) people and the average number of employees was 101 (2018: 96) in 2019. About 80% of the employees are directly engaged in the manufacturing process.

Although revenue growth was lower than expected, it increased in 2019 by 18% as compared to 2018 and totaled 7.2 (2018: 6.1) million euros. Exports contributed 29.6% (2018: 26.7%) to revenue. The largest export articles were data network racks, rack cabinets and their components. In terms of product groups, the sales of intra-Group sheet metal products increased the most. Key export markets were Finland and Sweden. Sales in home markets increased by 13.4% in the financial year.

The financial year was characterized by large fluctuations in production volumes and efficiency in various periods. The focus was on delivering the best service to our customers in terms of security of supply, quality and integrity, which was successful.

The challenge was to offset the unexpected drop in demand from key customers by new projects. The company restructured its sales activities and production processes and started developing products for new projects, the production of which is scheduled to start in 2020. In cooperation with Energo Veritas OÜ, the Group's electrical products project and retail seller, a series of fiber optic cabinet models has been developed for Elektrilevi OÜ's high-speed internet project (Last Mile). Cabinet deliveries began in September.

The focus for 2020 will be on increasing sales volumes through activation of sales and efficiency gains. Priorities still include improvement of productivity and planning accuracy as well as management of price risks when purchasing sheet metal. To increase productivity and efficiency, the bending unit will invest in a robotization and factory-scale training program based on Lean methods throughout the year. In addition, there are several products that need to be developed. In the long run, all of the company's activities are driven by the desire to become the first choice for customers both in terms of in-house and outsourced products/services, and to support customers in their goals.

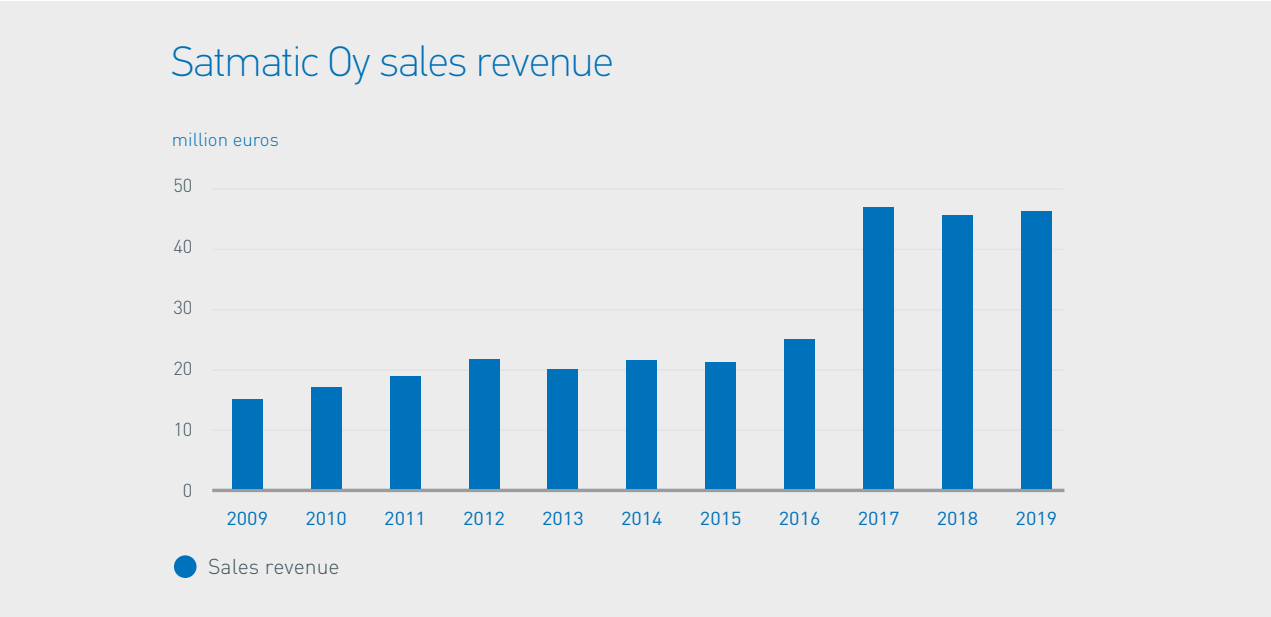
The focus for 2020 will be on increasing sales volumes through activation of sales and efficiency gains

Satmatic Group

As at 31 December 2019, the Satmatic Group consists of Satmatic Oy with its head office in Ulvila in Finland, factories located in Ulvila and Kerava, its subsidiary Finnkumu Oy in Kurikka and the real estate company Kiinteistö Oy Ulvila Sammontie 9 that was acquired in the reporting year and owns a 0.86 ha production property and a production building with 4,330 sq. m of floor space. The core business of the real estate company, the acquisition of which was completed after the end of the 10-year purchase and lease period, is administration of the production premises used by the Group and its core activities have no impact on the consolidated revenue.

The unconsolidated revenue of the Satmatic Group companies for the year 2019 amounted to 60.0 million (2017: 59.0 million) euros, remaining at the same level as in the previous year. At the end of the reporting period, the Satmatic Group employed 103 (2018: 102) people.

Due to the restructuring of the operations of Harju Elekter Group in Finland and the transition of Satmatic Oy and Finnkumu Oy under joint management, the new Managing Director of joint companies of Satmatic Group is Jan Osa, the former Director of AS Harju Elekter Elektrotehnika who started to work at Satmatic Oy on 1 April 2019 and Finnkumu Oy on 1 July 2019.



Satmatic Oy

Satmatic Oy, a wholly-owned subsidiary of AS Harju Elekter, 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 generation and distribution sectors and infrastructure, covering the needs of customers from the development of product, programs and project to maintenance provision of maintenance services. The product range is wide, and the product portfolio includes various products and solutions of up to 20 kV. A major share of Satmatic Oy's products and solutions is sold outside Finland, reaching customers either directly or through reseller companies, with the help of Finnish exporters. At the same time, Satmatic Oy is also an importer and distributor of products of Estonian subsidiaries in Finland. The mediated sales of products imported from Estonia to the Finnish market amounted to 17.5 million (2018: 23.6 million) euros. The company's head office and factory are located in Ulvila, near Pori, and the company has a sales office and assembly plant in Kerava to serve customers in the Helsinki Business Area. At the end of the year, the company employed 78 (2018: 81)

employees and the average number of employees was 78 (2018: 78) in the financial year.

The revenue of Satmatic Oy remained almost unchanged from the previous year at 46 (2018: 45.6) million euros. Sales were also affected by the reduction in the initial volume of the Finnish electricity and grid renovation plan and, in this context, by the postponement of orders to subsequent periods. At the same time, the company was able to increase sales of project products in a highly competitive market. Relying on the Lean management model and streamlining internal logistics and electronic information flow, all of its functionality reduced product lead times. By raising the level of automation, the company strengthened both its handling of materials and the receipt of goods. The company actively sought out sales opportunities and participated in professional fairs to present its products.

The biggest risks were related to the decrease in investments in the Finnish electricity networks and the delaying of orders by customers for a longer period, which resulted in a lower production volume than was initially expected. The decline in the power grid sector was offset by improved performance in other business areas. Various electrical, control and power automation equipment and solutions for the pulp and paper industry, but also for rock wool, steel and food industries as well as offshore and shipbuilding, mining and power plants were developed at the plant for customers.

During the financial year, investments were made to increase production efficiency by acquiring a new wire and cable production unit for cost-effective production and launching several projects and developments for reviewing internal processes, of which some were carried out in collaboration with other Group companies. In addition, the acquisition of the subsidiary Kiinteistö Oy Ulvila Sammontie 9 was completed during the reporting period.

The company's future operations will continue to be based on contract manufacturing, project services and supply to the electricity distribution sector, manufacturing sector and infrastructure. All operations are constantly evolving with new solutions that enhance automation. More intense competition is certainly to be expected. In order to facilitate the coordination of sales and marketing work and the management of Finnish subsidiaries, Harju Elekter decided to merge its subsidiaries Finnkumu Oy and Kiinteistö Oy Ulvilan Sammontie 9 with Satmatic Oy in 2020. The next step is to transfer all real estate properties located in Finland to Harju Elekter Kiinteistö Oy and then rename Satmatic Oy to Harju Elekter Oy.

All operations are constantly evolving with new solutions that enhance automation

Finnkumu Oy

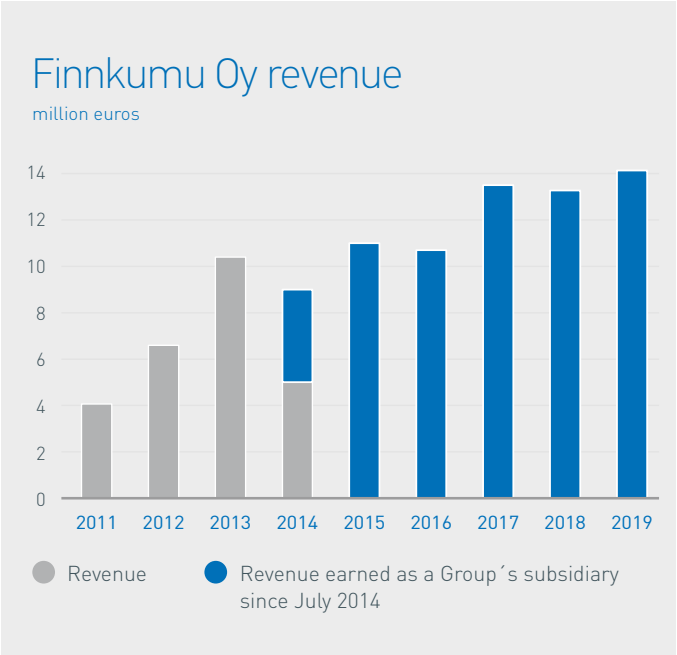
Finnkumu Oy, a wholly-owned subsidiary of Satmatic Oy is Finland's leading manufacturer of complete substations and cable distribution cabinets. Finnkumu Oy designs, manufactures and supplies equipment for the power distribution sector. The products are aimed at the Finnish market. Founded in 2004, Finnkumu Oy has been part of the Group since 2014. Finnkumu Oy is located in Kurikka, where it has 2,500 sq. m of production and office space. The company employed 25 (2018: 21) people at the end of the year and the average number of employees was 24 (2018: 20) in the reporting period.

2019 was another successful year for Finnkumu Oy. There were no significant changes in the company's customer base or products during the year. Stronger competition and tightening of technical requirements are noticeable in the market, but despite intense competition, the company was able to meet its targets and reached sales of 14.0 (2018: 13.4) million euros by the year-end.

Finnkumu Oy continues to have a good reputation as a supplier of substations in Finland. During its years of operation, the company has developed a well-established loyal customer base, whose orders are processed by a small sales team. Working together with customers, the company improves its products and customizes them for specific projects. Similarly to previous years, the company develops its own products, and also collaborates with other Group companies. The assembly, final assembly and inspection of products take place at 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 to customer demand. The ultimate goal is to reach agreements that will make the distribution of substation manufacturing more even throughout the year, to ensure steady employment and, thus, promote job satisfaction. Modernization 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. Preparations for applying for the ISO 9001 and ISO 14001 quality standards will continue in 2020. In addition, several internal development activities in process, logistics and IT systems are planned for 2020.

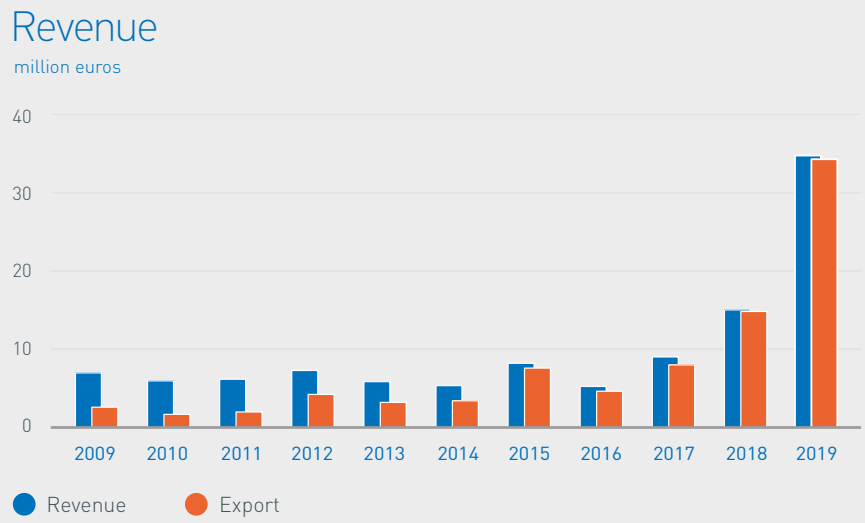
Finnkumu Oy continues to have a good reputation as a supplier of substations in Finland

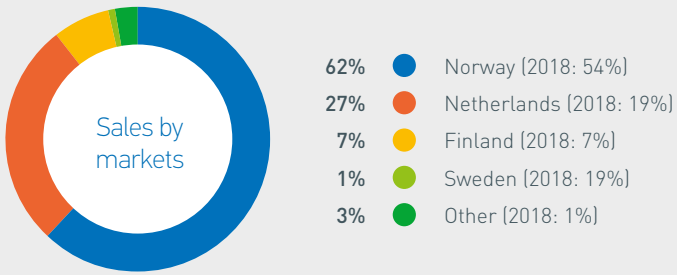


Lithuanian subsidiary Harju Elekter UAB expanded vigorously production capacity

The Lithuanian subsidiary had a festive launch of the new production hall in Panevežys. During the expansion works lasting for almost a year, the subsidiary's office and production premises increased from 3,500 sq.m to 9,000 sq.m. In addition, 1.9 hectares of land adjacent to the existing properties were purchased in second quarter of 2019 to ensure the possibility of future expansion. The total volume of investments was 3.5 million euros. Investments in the expansion of the production facility and upgrading of technology enable to significantly increase production capacity to secure supplies for the subsidiary's customers in the segments of shipbuilding and industry.

Harju Elekter UAB





Harju Elekter UAB, a wholly-owned Lithuanian subsidiary of AS Harju Elekter, has been a part of the Group since 2003. The company focuses on the development of different products and solutions and contract manufacturing for system integrators in the marine and industrial sector, providing them with tailor-made power distribution and multidrive systems and solutions. The company's head office is in Panevežys, Lithuania. As at 31 December, the company employed 251 (2018: 138) people and the average number of employees during the financial year was 207 (2018: 133).

The most significant event in the reporting period was the completion of the extension of the company's production plant, which increased the company's office and production space from 3,500 sq. m to 9,000 sq. m. Total investments made in the extension of the production plant, in the upgrading of production equipment and technology amounted to 3.2 million euros in 2019. After completion, the additional production space was successfully commissioned, and, among others, helped Harju Elekter UAB to end a second consecutive year with historically best economic results.

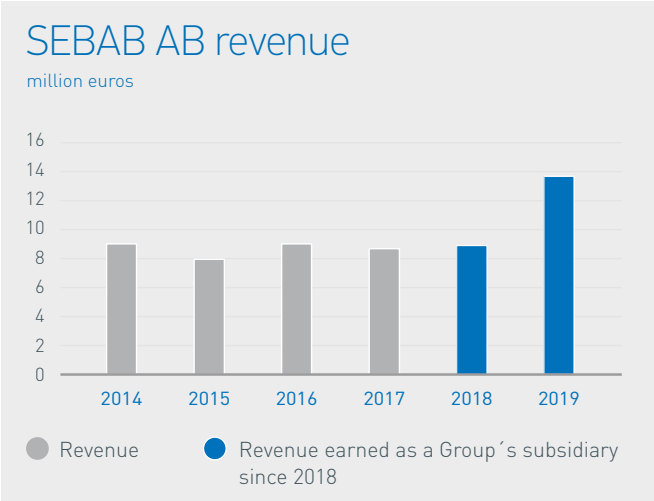
The expansion of production has also resulted in a 55% increase in the average number of employees.

A good business climate is the company's main target markets in Scandinavia and the Netherlands, and the company's unique ability to provide solutions and products to meet almost all the needs of its key customers increased its sales by 133% to 34.2 (2018: 14.8) million euros. The company exported all of its products to foreign markets, the key export partners being the Netherlands, Norway and Finland.

About 90% of revenue was generated from the development, production and sales of project-based products and services to the marine and shipping sectors. In the product range, various frequency converter systems and electrical and control panels for the marine sector were the largest contributors. The supply of quality products to the marine sector is very strongly linked to the company's engineering capabilities, the orders are mainly for project and customer-specific solutions that are not found in standard catalogues.

In its daily work, the company focuses on improving steps related to quality, reliability and contract-based professional manufacturing. The rapidly growing order flow and production volume is being analyzed and additional efficient ways for production are being sought.

SEBAB AB



SEBAB AB, a wholly-owned subsidiary of AS Harju Elekter that is part of the Group since the beginning of 2018, specializes in developing medium- and low- voltage solutions for power generation and distribution and supplying them to the infrastructure, construction and renewable energy sectors. The company is headquartered with a manufacturing, sales and service unit and warehouse in Malmö. The company also has branch offices offering engineering solutions in Stockholm and Borlänge.
As at December 31, the company employed 41 (2018: 39) people and an average of 39 (2018: 33) people in the reporting period.

SEBAB AB's revenue for 2019 was 13.5 million euros, up 55% from 2018. Most of the products and services were delivered to the home market in Sweden. Most of the revenue growth came from the energy and infrastructure sectors, which were supplied with a variety of customer-specific solutions. SEBAB AB's second year as a Group company turned out to be quite challenging. Due to delays in several major projects, higher-than-expected costs, higher sales of lower margin products and changes in the exchange rate of the Swedish krona, the initial profitability expectations were not met.

Mikael Schwartz Jonsson has been appointed as the new CEO of SEBAB AB since 1 January 2020 and the former CEO has moved to the position of Sales and Marketing Manager in Sweden. In this context, the sales structure and operations of the Group's Swedish companies are also planned to be restructured in 2020.
The company will continue with its core business in 2020, looking for additional opportunities for growth and efficiency gains.

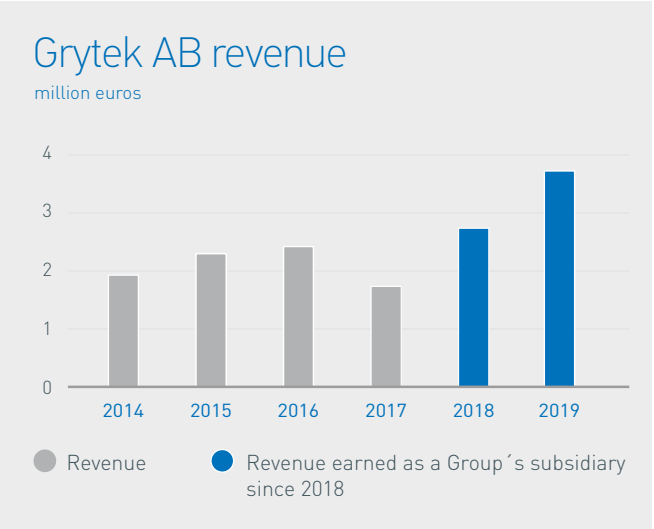
Grytek AB

The main activity of AS Harju Elekter's wholly-owned subsidiary Grytek AB is the production of various technical buildings at the factory. The company, based in Grytgöl, Sweden, also focuses on the production of technical buildings for the projects of other Group companies.

At the end of the reporting period, the company employed 18 (2018: 21) people and the average number of employees for was 23 (2018: 17) in the reporting period. Grytek AB's revenue was 3.7 million euros, up 38% as compared to last year.

The reporting period was characterized by very uneven distribution of production and sales volumes, fluctuations in the exchange rate of the Swedish krona and higher than initially planned costs of several major projects. Together with its sister company SEBAB AB, it has been actively contributing to the growth of the Group's Swedish market sales. In addition, the company has developed its own products, increased the safety class and fire resistance of the houses that are produce, and has been granted the respective certificates.

Mikael Schwartz Jonsson has been appointed as the new CEO of Grytek AB effective from 1 January 2020. The company plans to continue its core business in 2020 and look for growth opportunities.



Real estate

The activities of the Real estate segment include development, maintenance, leasing of industrial real estate properties, services related to the maintenance of real estate properties and production capacities and intermediation of services. Real estate is classified as a separate segment because the volume of assets is greater than 10% of the volume of the Group's assets. This segment includes the real estate department of the parent company AS Harju Elekter. As at the end of the reporting period, the Real estate segment employed 9 (2018: 10) people.

The Group owns registered immovables in its industrial parks in Estonia (Keila, Allika and Haapsalu), Finland (Ulvila, Kerava, Kurikka) and Lithuania (Panevežys), totaling 46 ha with 112,140 sq. m of production, office and warehouse premises. The premises in Keila, Allika and Haapsalu industrial parks are leased out to external customers.

In the financial year, the revenue of the Real estate segment totaled 4.7 (2018: 4.0) million euros of which external sales totaled 3.3 (2018: 2.6) million euros, contributing 2.3% (2018: 2.2%) to consolidated revenue. Lease income contributed 83% (2018: 82%) and utility and other services 17% (2018: 18%) to the revenue of the Real estate segment.

In 2020, the company will continue with its real estate development. The company has already launched construction of a new 3,900 sq. m warehouse and production plant complex in Allika Industrial Park to be completed in autumn 2020.

Other activities

Other activities encompass all other non-segmented operating areas where each area is not large enough to form a separate segment. At the Group, such activities are, for example, management of financial investments, retail and project sale of electrical goods and electricity installation works for shipbuilding.

In the financial year, the external non-segmented sales totaled 15.3 (2018: 18.4) million euros, declining by 16.8% in a year and sales to other operating segments remained at the same level as in 2018, being 0.6 million euros. Other activities contributed 10.6% (2018: 15.2%) to the consolidated revenue of the Group.

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 collaboration 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. Other operating activities of the Parent company accounted for 0.4% (2018: 0.3%) of consolidated revenue.

Telesilta Oy

Telesilta Oy, a wholly-owned subsidiary of AS Harju Elekter, is an electrical works company founded in 1978 in Uusikaupunki, Finland, specializing in the design and manufacturing, installation, commissioning and maintenance of marine electrical systems for the Finnish market. The company offers customized solutions to its customers, with a marginal share of its own products. As at 31 December 2019, the company had 30 (2018: 36) employees. Telesilta Oy has been a member of the Group since 2017. Joonas Puustelli, the current member of the management team, has been the CEO of Telesilta since 1 October 2019.

In the financial year, the company's revenue was 3.0 million (2018: 9.1 million) euros. A significant decrease in revenue is due to the fact that unlike in 2018 when major projects were being implemented, during the reporting year only smaller projects were carried out. Work on some projects was complicated at the end of the reporting year due to trade union strikes at site locations.

Other operating activities of the Parent company accounted for 0.4% of consolidated revenue (2018: 0.3%)

The achievement of 2019 included the successful completion of ISO 9001 certification, the successful completion of several projects and winning of the contract for the electrical works of seven Coast Guard vessels to be built for the Finnish Border Guard. This contract is worth 4 million euros and work is planned for 2020 - 2023.

A Finnish subsidiary Telesilta Oy completed two large ship projects

Telesilta Oy completed several large projects. In August, the working vessel Hydrograf-17 (pictured) was completed, built for the Polish Gdynia Maritime Administration at the UTV Uusikaupunki shipyard, where Telesilta Oy was the main contractor for the electric system works. In September, the UTV shipyard delivered to their client the first hybrid ferry Elvy, manufactured in Finland, the electrical and navigation system turnkey solution of which was completed at Telesilta Oy. The ferry will start operating on the River Göta in Sweden.

Energo Veritas OÜ

Energo Veritas OÜ focuses on project-based sales and trading activities. The company has sales offices and stores in Tallinn, Tartu and Keila for selling the Group's products, products of associated companies and other goods required for electrical installation work to smaller and medium-sized electrical installation companies and retail customers. The company had 27 (2018: 23) employees as at 31 December 2019. Energo Veritas OÜ has been part of the Group since 2017 and AS Harju Elekter has a holding of 80.52% in the company.

In 2019, the revenue of Energo Veritas OÜ increased by 19.6% amounted to 8.3 (2018: 6.9) million euros. In 2019, the new Tallinn sales office and central warehouse contributed significantly to sales growth. The addition of new space also helped to expand the product range in the field of electrical and low-voltage materials, telecommunications and power grid construction and lighting. During the reporting period, a procurement of Elektrilevi OÜ to build distribution transformers was won and in cooperation with Harju Elekter Teletehnika a series of fiber optic cabinet models has been developed for Elektrilevi OÜ's high-speed internet project (Last Mile). In addition, the focus during the reporting period was on developing sales capacity. The results and the cash flow of the company were adversely affected by the payment difficulties of a few customers.

In spite of these organizational changes, Energo Veritas OÜ managed to increase its market share, find new customers and win significant procurements.

In 2019, the revenue of Energo Veritas OÜ increased by 19.6% amounted to 8.3 (2018: 6.9) million euros

Harju Elekter AB

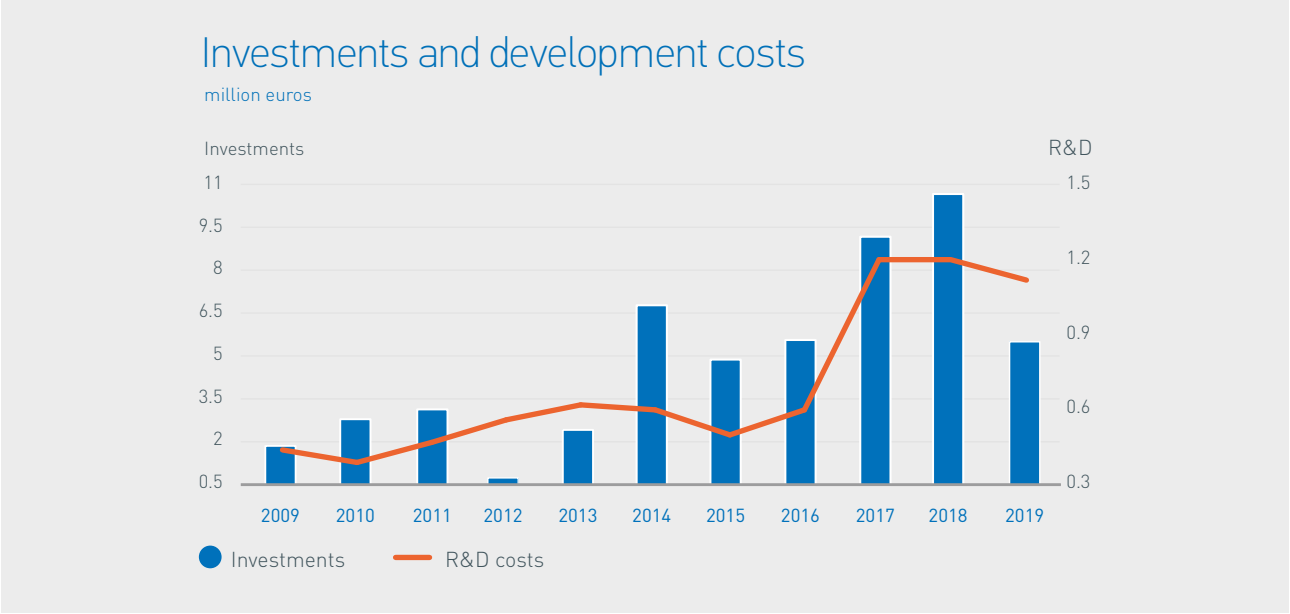
Founded in 2010, Harju Elekter AB is a sales organization and sales representative of the Group's medium-voltage and substation products in Sweden. In 2014 - 2017, the company's operations were temporarily suspended. In February 2017, AS Harju Elekter acquired a 10% minority holding in the company, increasing its shareholding to 100%, and in the autumn of the same year the subsidiary resumed active business. The revenue of Harju Elekter AB in 2019 was 4.1 (2018: 2.7) million euros, up 52% due to successful electrical equipment solutions offered to customers in the Swedish market in cooperation with other Group companies. During the reporting period, the company had 1 employee.

Investment and Development Activity

Investments

The investments of the Group can broadly be divided into two: supporting and consolidating further development of the Group, and investments to ensure the quality of production facilities and technology, and compliance with modern requirements. In 2019, the Group invested a total of 5.5 (2018: 10.6) million euros in non-current assets and 0.7 million euros in financial investments.

The majority of the investments in the financial year, i.e. 3.2 million euros were made in the extension of the Lithuanian subsidiary's production plant in Panevežys, construction of the related infrastructure and new production equipment. As a result of the investment, office and production premises increased from the former 3,500 sq. m to 9,000 sq. m. In addition, 1.9 ha of land adjacent to the existing registered immovable was acquired in Lithuania, to ensure opportunities for future extension. The investments made in the extension of the production plant and upgrading of technology enable to significantly increase our production capacity to ensure supplies to the customers of the Lithuanian subsidiary both in shipbuilding and industrial sectors.



Innovation and development

Harju Elekter Group has a clear goal of keeping pace with general market trends and paying greater attention to developments and innovation. In respect of product development and innovation, the Group's activities are greatly impacted by customer demand for innovative solutions. The Group wants to be prepared for

The majority of the investments in the financial year, i.e. 3.2 million euros were made in the extension of the Lithuanian subsidiary's production plant in Panevežys

this and thus, the goal of the Group's product development is to constantly upgrade its products that meet the needs of customers as well as upgrade technologies. It increases the value to the customers on the one hand and provides exciting work for engineers on the other hand.

In the financial year, the Group's development costs totaled 1.1 (2018: 1.2) million euros, accounting for 0.78% (2018: 1.03%) of the consolidated revenue.

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

- In **product development**, the Group itself as well as in cooperation with customers is searching for ways to make conventional products in a smarter way or to operate them more effectively. The Group also invests in the applied research and development of new products (e.g. energy storage devices).
- In **production**, 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 broader use of solar energy).
- In **the supply chain**, the Group collaborates with suppliers to develop and improve already established structures.

Product development resources in the energy sector are mainly concentrated in the subsidiary AS Harju Elekter Elektrotehnika; Satmatic Oy specializes in the development of industrial products and renewable energy solutions, and Harju Elekter UAB is primarily engaged in development of project and customer-specific integrated solutions in the marine and industrial sector.

Harju Elekter's manufacturing companies focus on systematic implementation of the principles of Lean manufacturing. To increase efficiency and

In production, constant changes are carried out to make production more efficient through technology and process renewal

generate significant savings, the Group has set up in-house teams to map out and optimize production processes, detect wastefulness, generate improvement ideas and redesign processes.

With the aim of providing new products and solutions, a unit of AS Harju Elekter Elektrotehnika Engineering was established. In 2019, Engineering employed 28 electrical and mechanical engineers who develop new solutions to sales channels while also providing technical production and sales support. Engineers are divided into three functions: new product development, enhancement of existing products and sales support.

Major development projects of Group companies in 2019:

- SKID, a project of AS Harju Elekter Elektrotehnika in cooperation with Siemens Data Center Solution. As part of the project, a compact substation was manufactured whose frame can accommodate electrical gear weighing a total of about 17 tons and with maximum frame deflection of 1 mm/m during lifting. In the past, the company had outsourced design and strength calculations for HEJA substations. In 2019, the installation was designed from start to finish at AS Harju Elekter Elektrotehnika. In the course of the project, staff qualifications were also improved as 12 staff members underwent training on the use of FEM software and strength calculations.

- The project of AS Harju Elekter Elektrotehnika, during which nine data communication substations were completed within 12 weeks for Singapore. This involved the development of a completely new substation type Data Center Solution (DCS). The main project innovations included the design of the substation's base frame and the cooling solution. The manufacturing area of the production hall was reorganized for the project, enabling to manufacture larger substations in the production hall in the future. During the first phase of the project, nine substations were built.

- For rapid and flexible monitoring of development projects within the Group, AS Harju Elekter Elektrotehnika designed and developed new laboratory equipment for testing the temperature rise of its own low-voltage switchgears. Laboratory equipment includes such key components as 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). This helps to eliminate the quality and safety risk, and provides assurance that the solutions work as they should and comply with local and international standards and regulations. By November 2019, 15 trials had been conducted. The development project took into account the requests of the end customer, the specific features of procured products, the ease of installation, as well as product requirements for mass production. The active installation period of the project is 2019-2024.

- AS Harju Elekter Elektrotehnika launched a new solution - capacitor systems. The substation product family expanded with several new substations targeted at the Finnish and Swedish market. The development of crane substations continued for Israel.

- Satmatic Oy acquired a new cable harness preparation machine that enables more cost-effective production of wiring harnesses and cable harnesses for different projects, and developed more solid ground mounting frames for solar panels and more stable stands for heating and charging stations.

- In 2019, AS Harju Elekter Teletehnika deployed process mapping software 2c8 and used it for mapping all key processes to determine more effective improvement activities.

- SEBAB AB launched new equipment that does not use SF6 gas, and is more environmentally friendly and safer. In addition, SEBAB AB launched the new arc shortening solution for the medium voltage device AKTIF, using Arcteq devices.

- The project of Telesilta Oy that implemented power and navigation system solutions for Elvy, the first hybrid ferry manufactured in Finland. Electrical work was also carried out at UTV Uusikaupunki shipyard on the Hydrograf-17, a ship built for the Gdynia Maritime Administration in Poland.

- In the low-voltage business line, development work continued for HECON 2500-4000 A motor control center racking system solutions. This product has been developed according to Nordic requirements, which means that it suits the needs of customers in Finland, Sweden and Norway. This is a multi-year project that has now reached the stage of extending this concept to lower amperages and components from different suppliers. There are plans to extend this concept to the energy distribution sector in the future. HECON, developed by local engineers, is an important design and mechanical product for the Group. Own products developed in the company makes it easier offer to the customer customized solutions as there is no reliance on any particular manufacturer's products and by using components that best meet the needs of each customer.

- Since 2011, the Group has been organizing annual innovation competitions to find the best engineering solutions. In 2019, nine entries were submitted to the competition, the best of which was Singapore DCS substation project of AS Harju Elekter Elektrotehnika's seven-member team. This is the development of a completely new substation type Data Center Solution for the Group in the Port of Singapore.

AS Harju Elekter Elektrotehnika SKID-project

SKID, a project of AS Harju Elekter Elektrotehnika in cooperation with Siemens Data Center Solution.
As part of the project, a compact substation was manufactured whose frame can accommodate electrical gear weighing a total of about 17 tons and with maximum frame deflection of 1 mm/m during lifting. In the past, the company had outsourced design and strength calculations for HEJA substations. In 2019, the installation was designed from start to finish at AS Harju Elekter Elektrotehnika. In the course of the project, staff qualifications were also improved as 12 staff members underwent training on the use of FEM software and strength calculations.

Quality in Products and Customer relationships

Quality management

The Group understands that it is the factors, such as high-quality and properly manufactured products, security of supply, adherence to deadlines, smooth cooperation, customer-focus, and the credibility arising from the company's strength and history that ensure strong relationships with its customers.

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 has no visual imperfections;
- The product also meets the requirements that customers cannot express specifically. These aspects are negotiated with customers at 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 organization of the Group companies are based on quality and environmental policies that comply with international standards. The current ISO 9001 quality management standard is valid in most of the Group's production plants: AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Satmatic Oy, Harju Elekter UAB, SEBAB AB and Grytek AB as well as the sales company Energo Veritas OÜ. In 2019, Telesilta Oy received the certificate ISO 9001. Finnkumu Oy is preparing to be certified during 2020. AS Harju Elekter Elektrotehnika passed the audit and it was granted the ISO 45001 certificate in addition to the existing quality certificates. Most of the Group's production plants hold also the valid environmental management standard ISO 14001.

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

The current ISO 9001 quality management standard is valid in most of the Group's production plants

Quality certificates

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

○ – recertification

All Estonian companies of Harju Elekter Group are jointly part of the Estonian Quality Association to help increase the awareness of the important of quality issues, improve the training of the employees involved in quality control and cooperate with other international quality associations.

The share of the products transferred to the customers by the due date as required varies by company depending on the nature of the work performed. In the financial year, this measure of all Group companies was in the range of 78–100% while being 92% on average at the Group which is a better result than in 2018 (91%).

Quality-related issues are dealt with intrinsically as part of everyday management, sales, development, logistics and real estate management activities. Several Group companies (Satmatic Oy and Finnkumu Oy) implemented special projects in 2019 to improve internal processes and thereby increase product quality and satisfaction with services.

The stages that influence quality assurance, using AS Harju Elekter Elektrotehnika as the example:
The company believes that quality has to be developed into products.

1. **At the product development stage**, preconditions for the production of a 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 from the quality perspective – timely deliveries, availability of quantities and response to the Group's reclamations are also important.
3. **The check of outsourced products and materials** helps to identify any faults at an early stage – this is done randomly for higher risk purchases.
4. **The commitment of employees** ensures that features dependent on the human factor are of high quality – reasonable workload, motivation that comes with the control and responsibility and training (focusing of products, management and electrical engineering, etc.) are equally important.
5. **Process descriptions** create clarity in the tasks – there is more time to improve deficiencies that are detected at early stages, 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 make sure that various aspects of products meet customer expectations. Sometimes products are pre-adjusted in a factory by distance control from control systems located in the customer's premises.

Quality improvement is a continuous process

Improvement activities receive their input largely from four sources:

1. Customer feedback

Group companies place great importance on collecting customer feedback and recommendations. Subsidiaries have different processes as to how to collect customer feedback, such as measurement of general customer satisfaction, recommendation willingness and the engineering-technical solutions' meeting expectations. The feedback received will help map out the general attitude of customers towards the company, however, in order to identify the root causes of satisfaction and draw conclusions, customer reclamations and improvement proposals are analyzed.

In 2019, the number of justified customer complaints received from external customers was relatively low in all Group companies. Depending on the company, the Group received an average of 2.9 (2018: 2.1, 2017: 3.9) customer complaints per every million euros of revenue. The number of reclamations grew in all Group companies, but they increased the most in Lithuanian and Finnish companies due to the complexity of the work and growth in volumes.

The Group pays great attention to customer feedback on non-compliant products i.e. customer reclamations. Information has to reach the necessary employees with a minimum delay, so that corrective and preventive actions can be implemented immediately. All reclamations are recorded and analyzed. Subsidiaries also monitor failure costs connected with rectification of faulty products.

The satisfaction score of foreign customers increased strongly across the Group. The satisfaction score, that is based on the results of satisfaction survey of 2018 -2019, was 80 on a 100-point scale as compared to 61 in 2017-2018. This positive change is attributable to continued and close cooperation with current customers and keeping of customer promises.

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

- **AS Harju Elekter Teletehnika** evaluates customer satisfaction on a quarterly basis. On a 5-point scale, TOP10 customers are asked for feedback on product range and quality, delivery accuracy and speed, documentation accuracy, price level and availability of contact persons. In 2018, the response rate was 76% and the average satisfaction score was 3.82 points. In 2019, the response rate was 100% among those who received the survey; the average score reached 4.12 points. The respondents were most satisfied with the wide product range. The average security of supply for the year reached 97%, in two months this figure reached 100%.

- **AS Harju Elekter Elektrotehnika's** customer satisfaction score increased strongly. In 2019, it was 53 (2018: 50) points. To achieve this result, AS Harju Elekter Elektrotehnika pays special attention to change management and streamlining of internal processes. We continue to pay attention to being the first choice for our partners in energy management.

- **Of the Finnish subsidiaries**, Satmatic Oy asks quarterly feedback from all customers on the price, quality, security of supply and overall cooperation, and in 2019 the score was 87 (2018: 90). Telesilta OY evaluates customer satisfaction based on security of supply and monitors the ratio of working hours spent on

warranty works to total project hours. As compared to the last survey conducted in 2017, the growth has been strong at Finnkumu Oy. In 2019, the satisfaction score was 90 and in 2017, it was 80. In addition, Satmatic Oy and Finnkumu Oy started to use the Net Promoter Score (NPS) in 2019. The recommendation index of Satmatic Oy was 61 and that of Finnkumu Oy, 83.

2. Relations with suppliers and quality of materials

The quality of materials is evidenced by reclamations that the Group makes to its suppliers. 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 cases 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. Harmonized contracts with suppliers support better delivery conditions and ensure a smooth and transparent process. During the year, procurement and supply chain departments were established and restructured at several subsidiaries in order to optimize purchases, and to cope with the rapid growth in production output and structural changes.

For some of the materials or components, the final customer describes in detail which supplier's products to use. 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 Group has also agreed on specific social and environmental criteria with approximately 46% (2018: 32%) of its suppliers.

The Group's manufacturing companies demonstrate the entire supply chain from the viewpoint of the company from beginning to end to teams of suppliers, and suppliers can advise each other on how to improve the processes.

3. Share of defective products

To detect defects, all products are checked throughout the process and the defects that have been found are reviewed every morning. In serial production, the share of properly manufactured non-defective products is higher while there are more cases related to more complicated special orders that need to be rectified before their completion.

4. External audits

Customers, supervision authorities, product certification companies and license issue companies carry out audits and checks on the companies in the Group on a regular basis. In most cases, companies pass audits successfully and observations made during them are useful inputs for the companies.

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 in the reporting year

In the financial year, AS Harju Elekter Teletehnika started mapping out processes to identify risk points using the 2c8 method and the route case analysis project. A quality room was opened in the production premises, where the data is presented, feedback is given, situations are analyzed 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 faster 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 continued to enhance its management processes to meet current needs. For example, the organizational model has been simplified and the involvement of various units in the decision-making process of the company is more broad-based. Today, the key processes have already been mapped out, however, the simplification of processes and movements between areas is still ongoing. Systems have been developed that facilitates employee rotation between different stages of work throughout the factory. This will help optimize the workload and develop people. In addition, the company uses project management measures to treat special orders to enable fast and resource-effective treatment of topics across various areas. The ultimate goal is to make the management of the company more efficient and to improve the quality of products and customer service.

In order to guarantee quality, Harju Elekter UAB 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 supervisor checks all the products in his/her area of responsibility according to the 3D drawings. To facilitate fast movement of information, the Quality Department is directly subordinated 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 an error is detected.

The Quality Unit has been shifted closer to the case sites to bring the percentage of defective products to zero

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 specifically launched for Keila Industrial Park companies is to acknowledge the importance of quality management. They collectively discuss current issues concerning industrial enterprises and try to find remediation projects.

Safety and environmental impact of finished products

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

1. The basis for the safe use is created in the stage of product development, which leads to technical solutions that has to meet the requirements established by certain standards.

2. Before new products enter a batch production phase or a major special execution phase, they have to pass standard tests to uncover 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 that each product is manufactured according to specifications.

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 products manufactured by the Group have 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, the lifecycle of substations is at least 40 years. Long-term solutions translate into lower demand for production of new substations and less harm on the environment.

Estonian regulations do not require that products have to be provided with utilization 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. 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.

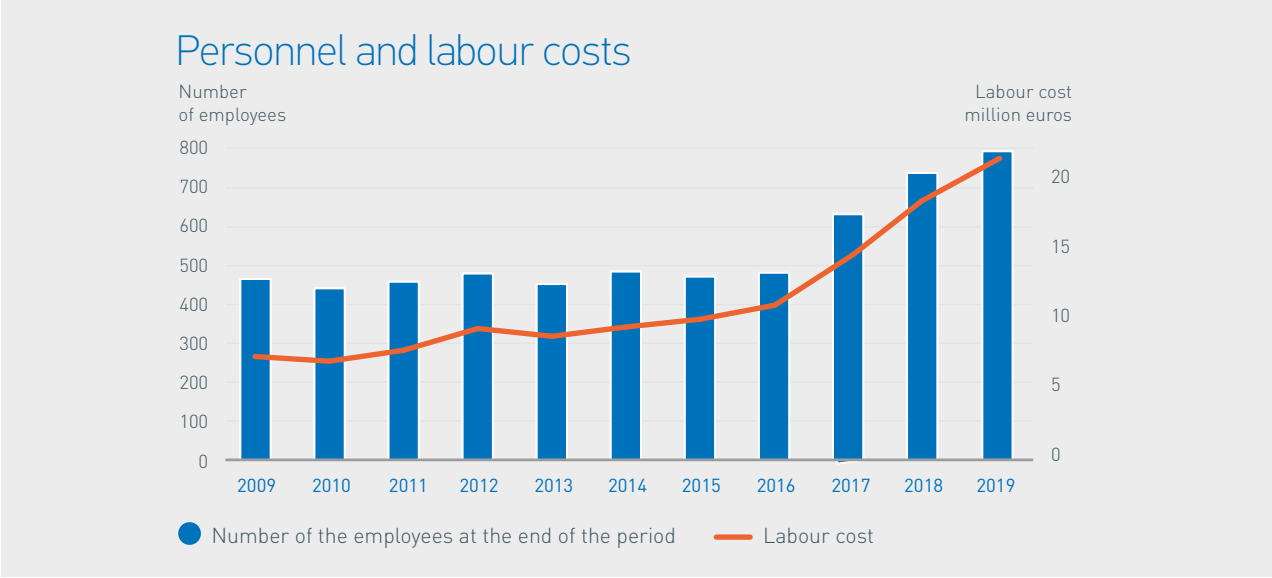
Personnel

The companies of the Harju Elekter Group are based in Estonia, Finland, Lithuania and Sweden. The lack of qualified specialists and wage pressure continue to be hot topics. According to Statistics Estonia, in 2019, the labor market participation rate was 71.6%, the employment rate was 68.4% and the unemployment rate was 4.4%. The number of long-term unemployed people in Estonia was the lowest of the last 20 years.

Structural changes were made to Group companies located in Estonia, in conjunction with the reduction in portfolios of orders and to a lesser extent, in management levels and positions.

Adaptation of the entire Group to the changes arising from the rapid growth and expansion experienced in recent years continued throughout 2019. In connection therewith, management quality (incl. change management and delegation matters) and the availability of high-quality labor remained in the focus of the human resources as major risks. Innovations and changes caused by growth considerably affected employee satisfaction and turnover in 2019 and highlighted the topic of the employer's branding in the context of potential new hires as well as current employees. Therefore, during the year, the activities were focused on formulating the employer's branding and supporting the subsidiaries in change management, primarily via organizing training aimed at improving management quality and via recruitment. At AS Harju Elekter Elektrotehnika, corporate governance principles were laid down and the activities to implement them were launched. Other Group companies will adopt corporate governance principles during 2020.

Adaptation of the entire Group to the changes arising from the rapid growth and expansion experienced in recent years continued throughout 2019



As at 31 December 2019, the Group had 791 employees (2018: 736). The changes were related to the significantly increased production capacity at the Lithuanian subsidiary. Almost half of the Group's employees – 346 people (2018: 399) – work in Estonia. The average age in the Group has been around 40 over the years and in the financial year it was 41.7 years. 30% of the Group's employees (239 people) have higher education, 50% (394 people) have secondary and secondary specialized education, and 20% (158 people) have basic education. In the financial year, the average number of employees was 778 (2018: 713).

Employee salaries, bonuses and benefits over the 12-month period totaled 21.4 (2018: 18.5) million euros. In the financial year, the annual average pay per Group employee was 2,296 (2018: 2,166) euros, increasing by 6% on average. The decision of the Republic of Lithuania to account for part of the social security taxes as employee gross wages impacted the Group's cost of wages and salaries but had a little effect on staff costs.

The Group is characterized by a strong established organizational culture. The large proportion of employees in a long-term employment relationship encourages also new employees to follow and uphold traditions. Every other 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 (2018: 17%). The turnover by country was as follows: 16% (2018: 15%) in Estonia, 12% (2018: 5%) in Finland, 29% (2018: 46%) in Lithuania and 5% (2018: 9%) in Sweden.

The share of the Group's employees with an employment contract entered into for an

Overview of employment as at 31 December 2019

	ESTONIA	FINLAND	LITHUANIA	SWEDEN	TOTAL	% OF ALL EMPLOYEES
Total number of employees	346	134	251	60	**791**	
incl. office staff*	120	55	54	31	**260**	33%
incl. workers	226	79	197	29	**531**	67%
incl. men	238	106	208	52	**604**	76%
incl. women	108	28	43	8	**187**	24%
incl. under the age of 30	56	24	100	19	**199**	25%
incl. 30-49 year-olds	194	70	127	25	**416**	53%
incl. 50 years and older	96	40	24	16	**176**	22%
New employees	138	6	178	11	**333**	
Employees left**	59	13	59	3	**134**	
Average turnover ***	16%	12%	29%	5%	**17%**	

* The number of top executives in the Group (i.e. members of the Supervisory Board and Management Board, the Chief Executive Officer): 11 in Estonia, 6 in Finland, 1 in Lithuania and 2 in Sweden. Some top executives are part of the management structure of several companies.

** Incl. voluntarily and due to retirement or death

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

unspecified term was as follows: 100% in Estonia, Finland and Lithuania, and 97% in Sweden while the share of men was 77% and that of women was 23%.

The share of the Group's employees working full-time was as follows: 98% in Estonia and Finland, 99% in Lithuania and 97% in Sweden while the share of men was 74% and that of women was 26%. The Group companies did not use subcontractors or agency workers to a significant extent.

New generation of employees

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

Since the lack of qualified labor is a serious risk in the development of the Group, constructive cooperation with universities and other research institutions continued in 2019 to ensure sufficient availability of employees with certain competencies. In Estonia, close cooperation with 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 mechanical engineering specializations. Over the years, more than 69 Bachelor's and Master's students have participated in the scholarship program and 14 of them have been employed by the Group following their studies. Currently, the Group employs five scholarship recipients.

The 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. The Lithuanian subsidiary Harju Elekter UAB has good cooperation relationships with the Panevezys College, Visaginas Technology and Business Training Centre and Klaipeda University.

Harju Elekter considers it important to be present in major labor and career fairs. In 2019, 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 organized by the Unemployment Insurance Fund. The Group also closely collaborates with various schools in provision of internship positions.

Since the lack of qualified labor is a serious risk in the development of the Group, constructive cooperation with universities and other research institutions continued in 2019

Employee satisfaction and motivation

At the 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 the organization's health survey conducted in spring 2019, 73% (2017: 72%) of the employees participated, the most active of whom were the employees of the Group's parent company.

When compared with the survey conducted in 2017, all scores showed improvement. The company's goals and further steps are considered important by employees and keeping track of financial results increases a sense of belonging and moving towards goals. Good relations with colleagues at different levels lay a foundation for open communication.

The most motivated employees work in the Parent company where the recommendation index was 85%, followed by AS Harju Elekter Elektrotehnika with 71% and AS Harju Elekter Teletehnika with 63%. 83% of the respondents of Energo Veritase OÜ recommended the company as an employer.

In addition, the survey gave an overview of the greatest development needs of the company. The results of the last health survey were taken into account in shaping the Group's human resources strategy, therefore the Group focuses on employee development, improvement of the quality of the working environment, and employee satisfaction and commitment.

In the financial year, satisfaction surveys were carried out in the Finnish (except for Telesilta Oy) and Swedish companies. Harju Elekter UAB and Telesilta Oy do not separately measure their employee satisfaction. However, Harju Elekter UAB assesses employee satisfaction through staff turnover and length of employment, which are measured regularly and compared against the results from previous years.

The Group uses various solutions to enhance employee satisfaction and 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 vacation days to be used between December and March.

Group companies have created various motivation systems, for example:

- a bonus system based on operating profit and personal performance that covers all employees. Profit-based bonuses motivate employees to contribute to the performance of the company as a whole;
- stimuli dependent on the length of employment;
- share-option plans aimed at involving members of the management bodies and employees of the Group companies as shareholders of the Group in order to motivate them to contribute to better economic results;
- inter-company and inter-country exchange programs supporting quick gaining 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 whose children start school, celebration of jubilees and anniversaries, allowance in the event of the loss of a close family member, school graduation bonuses and election of the employees of the year. Fostering recreational sports is a separate focus.

Personal development of employees

In 2019, the focus remained on improving the management capacity and quality of the executives of the Group companies. In addition, employee training courses laid emphasis on efficiency issues related to production optimization.

Professional training courses and study days related to the application of Lean Production Management principles were carried out in the Estonian subsidiaries. In total, 68% (2018: 68%) of executives and specialists participated in the management courses in 2019.

In 2019, the Group companies continued developing the new employee orientation program. Thus, for instance, in Finnish subsidiary Satmatic Oy all new employees undergo a two-day orientation course that is followed up by a six-month support by an internal mentor. A four-month orientation program 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 practical exercises and training courses are organized in the Group companies for the purpose of improving professional skills and qualifications. The development of the 5S program 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 organized for the employees of the Group companies and training courses were organized for working environment commissioners for the purpose of keeping them informed of relevant legislative amendments. All employees are regularly instructed about waste management and waste collection by type in the companies.

In 2019, 46% (2018: 72%) of the Group's employees participated in training courses, attending 11 (2018: 8.4) hours per employee on average. The Parent company trained its employees the most with 33.5 (2018: 26.6) hours on average per employee. As for production companies, AS Harju Elekter Elektrotehnika trained its employees the most, averaging 10 (2018: 15.7) hours of training per employee. In 2019, the company's executives and specialists attended 13.6 (2018: 19.5) hours of training on average while workers attended 8.4 (2018: 2.7) hours on average per person.

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

The training and development needs are identified via performance appraisals held with employees at least once a year. Performance appraisals are held with employees of all levels in the Group.

Occupational health and safety

Occupational health and safety of the employees and a modern working environment are of utmost importance to the Group. Being a caring and responsible employer, Harju Elekter provides its employees with modern work and

non-work conditions that are 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 requires. All the subsidiaries of the Group have made the management of occupational health and safety a strategic matter.

Since September 2019, the Group's Estonian companies have concluded contracts with an occupational health partner which carries out medical examinations of employees in accordance with the procedure established by law and at intervals prescribed by an occupational health doctor. The new service provides a better overview of mental health related risks and carries out a staff health audit on the basis of thorough data analysis. For the companies, it provides an action plan with recommendations to improve employee health: how to increase productivity and profitability.

To assess the compliance of the work environment with the requirements, potential risks and meeting of employees expectations, the Estonian production units have carried out a risk analysis. Based on its results, the Group invested in work equipment and reorganized work in 2019. The focus remains on improving the management of occupational safety and other similar practical issues, e.g. hoist-related safety, fire safety and evacuation issues, use of personal protective equipment, etc.

To improve workplace safety, the Subsidiaries AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika and Satmatic rely on the 5S system, which, in addition to occupational safety, aims at creating well-maintained and systematized workplaces, reduce a waste of resources, improve productivity and product quality. To ensure the functioning of the system, inspections are organized. The authorized team leaders and support persons are responsible for the functioning of the system.

The production operations of Harju Elekter UAB and SEBAB AB comply with the Occupational Health and Safety Assessment Series ISO 45001. In 2019, AS Harju Elekter Elektrotehnika and Satmatic Oy started preparations for implementing the same standard.

The number of occupational accidents decreased in 2019. The Group companies registered 13 (2018: 21) occupational accidents or injuries, including 1 (2018: 4) in Estonia, 2 (2018: 4) in Lithuania, 1 (2018: 3) in Finland and 9 (2018: 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 Group companies was 0.02% (2018: 0.9%) on average and the number of workdays lost due to an illness was 2.0% (2018: 1.9%) on average.

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

Diversity and fair treatment

At the Group, following the principle of diversity and fair treatment is part of the work organization and the recruitment process of the staff. Therefore, the Group does not distinguish between or select employees based on their

gender, religion, nationality or race, but relies on their skills and competencies. 24% (2018: 23%) of the staff of the Group are women while there was one female executive out of 20 top executives (Supervisory Board, Management Board and executives).

The Group has made certain that people get equal pay in equal job categories and ensured equal pay levels for men and women in the same position and job category. The Group companies 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 2019.

Trade unions

The Group approves its employees' membership in trade unions and, therefore, 84% of the employees of the Group have signed trade union agreements.

The Parent company and the manufacturing companies operating in Estonia have constructive cooperation with Keila Inustrial Park Trade Union (KETA). Approximately 33% of the employees of these companies have registered themselves as its members.

In 2019, the collective agreement concluded by the companies and the representatives of the employees was renewed and it applies to all employees. The trade union is an important channel of communication 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 organizing other actions concerning employees.

The Parent company and the manufacturing companies operating in Estonia have constructive cooperation with Keila Inustrial Park Trade Union (KETA). Approximately 33% of the employees of these companies have registered themselves as its members

AS Harju Elekter supports the trade union with 0.2% of the payroll fund, which goes to the trade union for organizing its activities. The employees of the Group's Lithuanian company are voluntarily members of local trade unions, and the employees of the Finnish and Swedish companies belong to local professional associations.

Environmental Management

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

In essence, the manufacturing of energy distribution and control equipment is a relatively 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 (primarily copper) and waste generation (primarily copper and steel, to a lesser extent also paint residues).

100% of the metal and plastic waste generated in the manufacturing process is recycled and so is the most part of the recyclable cardboard and film waste. When transporting goods between the production plants in Keila, reusable packages are used.

Powder paints are used in paint lines, which is one of the most popular surface processing methods in metal industry as they do not contain solvents and heavy metals, and are thus more eco-friendly.

In 2019 and in prior years, the Group companies did not violate any environmental laws or other legislation.

The Group is prepared to openly discuss any environmental deviations and irregularities in order to advance 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 the environmental management standard ISO 14001 in all manufacturing enterprises of the Group (except for Finnkumu Oy and Energo Veritas that launched preliminary auditing at the beginning of 2020).

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.

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

The environmental policy guides the Group companies towards following environmental requirements arising from laws, rules, society and customers. Action plans focus on optimizing 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 as well as the specialists in the respective fields are responsible for environmental matters.

The environmental awareness and behavior 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 on noticing and making proposals to make transportation, waste management, and the use of materials and energy more reasonable and more environmentally sustainable. In several Estonian and Finnish subsidiaries, the employees are responsible for following 5S principles aimed at increasing productivity which, in addition to creating well-maintained 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 preferring energy-efficient manufacturing methods in its operations and through raising customers' awareness of renewable energy products and sources. Keeping in mind the same goal, more emphasis is laid on the development and sale of charging systems for electrical vehicle 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 Group companies themselves choose more environmentally-friendly alternatives of the highest quality, where possible.

The company tries to reduce generation of metal waste via optimization of manufacturing processes. Metal waste is collected with the aim of making maximum use of it in manufacturing. However, depending on the product, up to one fourth 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 Group companies are contractual partners of the non-profit association Eesti Pakendiringlus, the subsidiary Satmatic Oy cooperates with the Finnish producer liability organization RINKI in order to ensure recycling of electronics, copper, cables and other waste.

The Group's Lithuanian subsidiary Harju Elekter UAB gives unused electrical components to the electrical technology students of the Panevežys College to be used in teaching and learning activities.

Hazardous waste is collected and taken 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 Group companies increased. In 2019, a total of 1,152 (2018: 1,065) tons of waste was generated, incl. 3.7 (2018: 2.0) tons of hazardous waste that was discarded as required. 86% (2018: 89%) of non-hazardous waste was sorted and recycled.

Energy

The Group companies try to reduce the consumption of electricity and heat through smart and sustainable technologies and construction of 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 2019, the Group companies consumed 4,066 (2018: 4,545) MWh of electricity and 3,772 (2018: 5,263) MWh of heat. Approximately 15% (2018: 12%) of the total consumption originated from renewable sources.

To lower the energy need, Harju Elekter Elektrotehnika has reduced the premises in its use and to improve energy efficiency it has also renovated its warehouses.

The subsidiaries in Finland (Finnkumu Oy and Telesilta Oy) use primarily renewable energy when supplying their production plants with electricity. In the financial year, the Swedish companies, SEBAB AB and Grytek AB, used electricity that was 100% generated from renewable energy sources.

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

- In the case of new buildings, it is thoroughly assessed which heating solution is the most suitable one for the given building or production method. 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 are ready for such functionality
- Older building are made more energy efficient by insulating the walls and roofs and their ventilation systems are modernized. In 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

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 in 2018, 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.

In 2019, the solar panels installed on production premises covered 3.8% of electricity need (290 kWh) of AS Harju Elekter Elektrotehnika. In 2019, Satmatic Oy generated energy using their solar panels, 83 kWh, SEBAB AB 107 kWh, Finnkumu Oy 50 kWh and Harju Elekter UAB 80 kWh.

Although use of solar energy 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 source of energy.

Share and Shareholders

At 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 Nasdaq. The ticker 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 dividends. All the shareholders of the company are also equal 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 shareholders agreements.

As at 31 December 2019, the share capital of AS Harju Elekter amounted to 11.18 million euros, which is divided into 17.74 million ordinary shares without nominal value. The book value of a share is 0.63 euros.

The stock indices ended the year near highest levels and basically all major stock markets in North America, Europe and Asia demonstrated strong growth. The US stock exchange index S&P 500 increased by 34% in euros which is the best result since 2013. The technology sector was largest growth driver in the US. The European Stoxx 600 index grew by 27%. The Tallinn Stock Exchange OMX Tallinn increased by 10%. Most of the growth occurred in the first month of the year (+7%) while the remaining of the year was mostly stable.

As at 31 December 2019, the share capital of AS Harju Elekter amounted to 11.18 million euros, which is divided into 17.74 million ordinary shares without nominal value. The book value of a share is 0.63 euros

Share price and trading

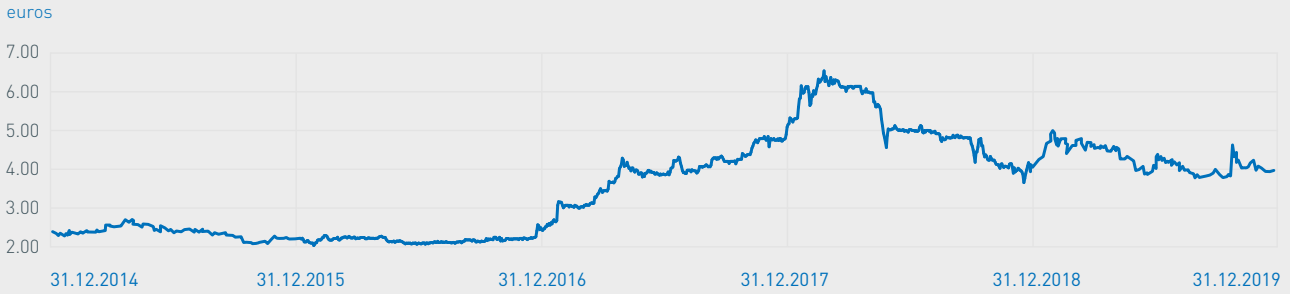
Euros

	2019	2018	2017	2016	2015
Average number of shares (pcs)	**17,739,880**	17,739,880	17,739,880	17,739,880	17,550,851
Highest price	**5.20**	6.68	5.08	2.94	3.14
Lowest price	**4.01**	3.89	2.80	2.43	2.49
Closing price	**4.21**	4.12	5.00	2.83	2.63
Change (%)	**2.2**	-17.6	76.7	7.6	-5.7
Company's market capitalization (million)	**74.68**	73.09	88.70	50.20	46.66
Traded shares (pcs)	**531,415**	1,100,773	1,349,617	947,294	1,086,451
Turnover (in million)	**2.35**	5.98	5.46	2.45	2.98
Net profit per share	**0.14**	0.09	1.64	0.18	0.18
P/E ratio	**30.07**	45.78	(4),3.05	15.72	14.61
Dividend per share	(1),**0.18**	0.18	0.24	0.18	(2)0.12
Dividend rate (%)	**4.3**	4.4	4.8	6.4	1.9
Dividend/net profit (%)	**129.8**	206.6	(3)100.0	100.0	27.8

(1)- Management Board's proposal
(2)- Incl. 0.07 euros, Share capital reduction payment
(3)- 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
(4)- Takes into account the profit from the extraordinary sale of an investment in 2017

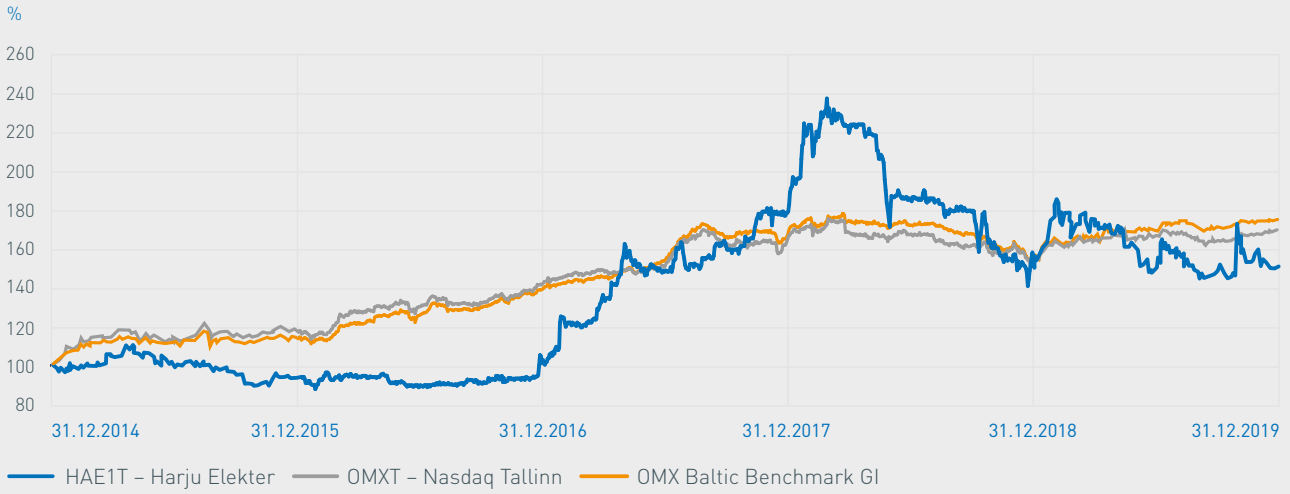
On the last trading day of the year, the share of AS Harju Elekter closed at 4.21 euros, increasing by 2.2% in a year after the 17.6% decline in 2018. As at 31 December 2019, the market value of the company was 74.68 million euros. The volume of transactions fell to 2.35 million euros similarly to the number of shares traded (0.5 million shares in 2019 as compared to 1.1 million shares in 2018). The number of the shareholders of the company continued rising. As at 31 December 2019, the company had 3,434 (31 December 2018: 3,102) shareholders.

The share price of AS Harju Elekter (HAE1T) on the Nasdaq Tallinn Stock Exchange 2015–2019



The share of AS Harju Elekter compared with equity indices 2015–2019

https://www.nasdaqbaltic.com/statistics/en/charts



The OMX Baltic 10 index consists of ten most liquid and stable companies in the Baltic region.

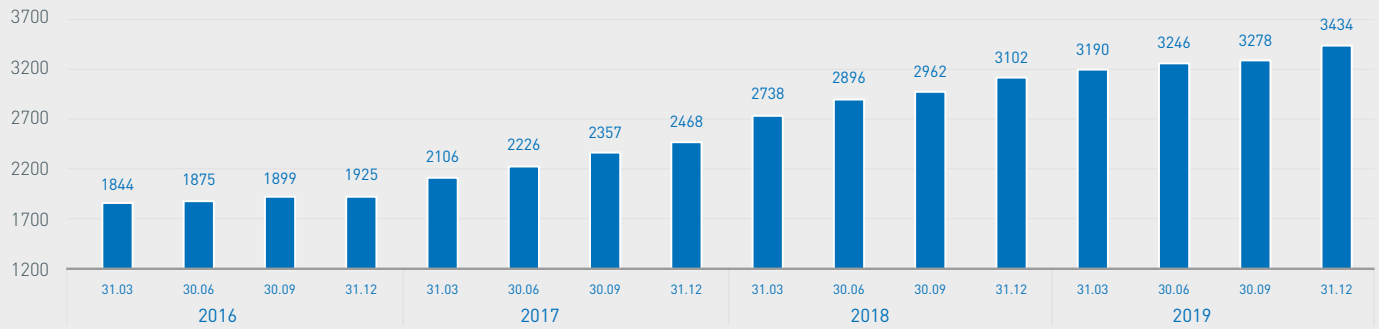
Shareholder structure at 31 December 2019

As at 31 December 2019, AS Harju Elekter had 3,434 shareholders. During the financial year, the number of shareholders increased by 332. 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 15.04%. As at 31 December 2019, the total direct and indirect shareholding of the members of the Supervisory Board and Management Board in the company amounted to 10.78%. The full list of the shareholders of AS Harju Elekter is available on the website of the Nasdaq Tallinn Stock Exchange.

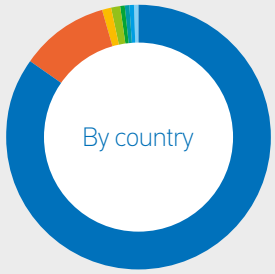
Division of shareholders by shareholding size

Shareholding %	Number of shareholders	% of total number	Voting right %
Over 10%	2	0.06	42.10
1.0 – 10.0%	8	0.23	21.62
0.1 – 1.0 %	57	1.66	16.64
Below 0.1%	3,367	98.05	19.64
Total	3,434	100.00	100.00

Number of shareholders



Break-down of shareholders



84.96%	Estonia
10.71%	Luxembourg
1.09%	USA
1.06%	Sweden
0.68%	Latvia
0.64%	Lithuania
0.58%	Finland
0.28%	Others

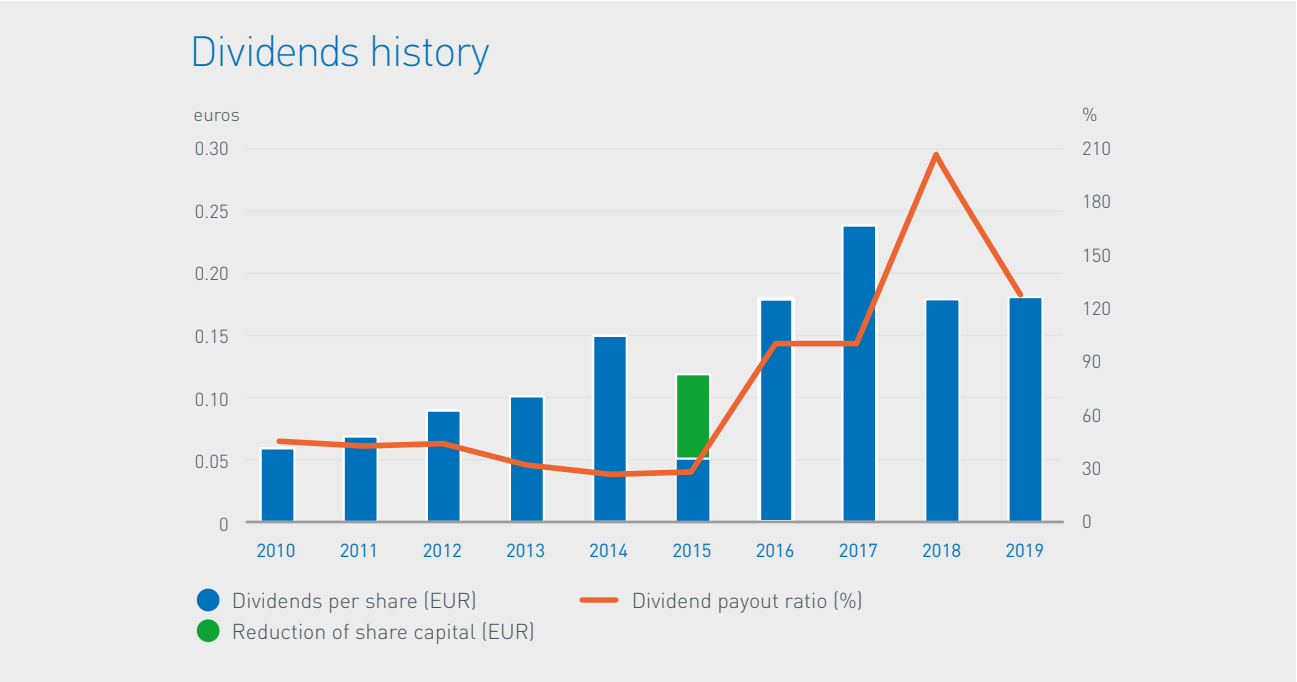
List of shareholders (over 5%)

as of 31 Dec 2019	Shareholding (%)
AS Harju KEK	31.39
ING Luxembourg S.A.	10.71
Endel Palla	7.04
Shareholders whose shareholding is below 5%	50.86

Dividends

According to the Group's dividend policy, at least one third of the net profit generated in the ordinary course of business is paid out as dividends. It has become a good tradition at the Group to redistribute the dividends received on other financial investments. The actual dividends rate, however, depends on the Group's cash flows and future outlook and funding needs.

The Management Board with the approval from the Supervisory Board proposes to the General Meeting of Shareholders to pay 0.18 (2018: 0.18) euros per share as dividends, in the total amount of 3.2 (2018: 3.2) million euros.



Information about the history of dividends and ratios is disclosed in the table *Share price and trading*.

Corporate Governance and Basis for Preparation of the Management Report

Upon organizing its business operations, Harju Elekter Group follows the legislation in force in all of 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 sustainability and social responsibility chapters that are based on the Global Reporting Initiative's (GRI) sustainability reporting standard. The Group relies on management principles that ensure maximum integrity and transparency in internal communication, customer relationships and relations with other parties. In 2019, 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 behavior and unfair competition demonstrated by its employees and partners. Internal regulations established at Group companies and verbal agreements at the managerial level help 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 sector-specific principles. For instance, Harju Elekter UAB and Satmatic Oy have established guidelines 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 sector-specific training and internal audits are carried out regularly.

In order to mitigate risks arising from conflicts of interest, 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 organized by customers.

In 2019, the Group did not learn of any incidents of corruption and personal conflicts of interest 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 behavior.

The companies pay great attention to developing an open organizational 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 cases of non-compliance to the attention of the management of the company.

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.

There were no cases of non-compliance with current regulations (incl. economic, social or natural environment) in other activities of Group companies and, thus, no fines or non-monetary sanctions were imposed on Group companies. Likewise, no Group company or employee was taken to court for failure to abide by law.

This Annual Report covers the activities of the entire year 2019 and it is a follow-up to the Annual Report 2018. The annual report is prepared each year.

Corporate Governance Code Report 2019

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 is provided on the General Meeting of 2019, the Supervisory Board, Management Board and the corporate governance of AS Harju Elekter.

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 it is not possible 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 shall be published in a clear and unambiguous form on the website of the Issuer and in the Corporate Governance Report. Information published shall be deemed clear and unambiguous if it directly expresses the amount of an expense to the Issuer or the amount of a foreseeable expense as at 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 are not subject to disclosure by agreement of the parties. The Chairman of the Management Board is entitled to severance pay of up to ten months' remuneration, while other members of the Management Board are entitled to a severance pay 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, whereby the performance pay of a member of the Management Board is coordinated with the Chairman of the Supervisory Board. Up to 80% of performance pay is paid on a quarterly basis, 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 1.0% collectively 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 organization. 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 2019, 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 Report, indicating separately basic and additional pay (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's remuneration to 1,000 euros a month and the remuneration of the Chairman of the Supervisory Board to 1,600 euros a month from 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 will be held at the AGM of shareholders 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 the preceding year shall be indicated in the Corporate Governance Report along with their resolutions.

Members of the Supervisory Board refrain from conflicts of interest 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 interest occurred in 2019.

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 outlined 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.

In its activities, the company always follows the principle of the equal treatment of shareholders. Mandatory, important and price-sensitive information is first disclosed in the exchange system of Nasdaq Tallinn, 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.

At 3 May 2018, the General Meeting of the shareholders of AS Harju Elekter elected AS PricewaterhouseCoopers as the audit firm for the years 2018-2020. Information about the auditor is available on the company's 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 to be held in 2021.

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 their decisions 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 favor thereof. There are annual and extraordinary General Meetings. The annual General Meeting takes place once a year within six months after the end of the company's financial year. An extraordinary General Meeting is called by the Management Board when 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 2019 of AS Harju Elekter was held at 2 May in Keila Culture Centre (Keskväljak 12). In total, 83 shareholders or their authorized representatives were present, representing 68.62% 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 2018 and the distribution of profit, deciding to pay dividends to the shareholders for the 2018 financial year at the rate of 0.18 euros per share, which amounts to 3.2 million euros in total.

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 2019, twelve meetings of the Supervisory Board were held. The members of the Supervisory Board participated in most of the meetings of the Supervisory Board.

At 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 at 31 December 2019 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 severance pay amounting to six months' salary of the Chief Development Officer. As at the end of 2019, the total direct and indirect shareholding of the members of the Supervisory Board in the company amounted to 9.5% (2018: 9.5%) (Note 21.3).

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 at 5 May 2017. The other members of the Management Board are Tiit Atso (CFO of Harju Elekter group) and Aron Kuhi-Thalfeldt (Head of the Real estate and Energy Division). Their authority was extended for the next three years, i.e. until 31 October 2022 by the resolution of the Supervisory Board of AS Harju Elekter in the meeting held at 29 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 severance pay totaling up to ten months' remuneration, while other members of the Management Board are entitled to severance pay of up to eight month's remuneration of a Management Board member.

The Chairman of the Management Board is responsible for organizing 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 operating areas 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 2019, 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 21.3).

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

Additional management bodies and committees

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

In 2010, the Supervisory Board of the company established an Audit Committee as required by the Auditors Activities Act. The Committee monitors and analyzes 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 the matters provided by law. Since 2012, the members of the Audit Committee are Supervisory Board members Triinu Tombak and Andres Toome (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 promptly, the company has a website containing all the stock exchange announcements, 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 from 3 May 2018, the audits of AS Harju Elekter and its subsidiaries from 2018 to 2020 are carried out by PricewaterhouseCoopers (except for Energo Veritas OÜ, which is audited by Baker Tilly Baltics OÜ).

Social Contribution

Harju Elekter group wishes to be an active and caring 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 supporting action policy of the Group is to be a stable partner and therefore, the Group primarily focuses on the establishment and development of long-term cooperation.

In 2019, the Group focused on supporting local life, education, sports and culture and contributing to the development of its industry.

We support engineering education

In 2019, 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, 69 students have participated in the scholarship program.
- In cooperation with TalTech's Development Fund and other Estonian companies, the Group participates in awarding M. Aitsam Scholarship targeted at students with special needs. In addition, the Chairman of the Supervisory Board, Endel Palla, has for many years been awarding his own personal scholarship.
- In 2019, AS Harju Elekter also continued is more than decade-long tradition of supporting the organization of the Electrical Engineering Week by the Electrical Engineering Faculty of TalTech. The Group also supported Robotex, the largest robotics event in Europe, and the international product development competition Student Formula targeted at the students of TalTech and the TTK University of Applied Sciences.
- AS Harju Elekter has also participated to the extent possible in fitting 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 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 analyze 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 Harju Elekter Group and the Group's employees contribute to the development of various engineering curricula with their knowledge and experience.
- In the last financial year, the Group's Estonian subsidiaries continued to be involved in several cooperation programs with the Tallinn Industrial Education Centre, TTK University

In 2019, AS Harju Elekter continued various cooperation projects with educational institutions in order to develop engineering education and increase its popularity among young people

of Applied Sciences, Tallinn Polytechnic School and Tallinn Construction School.

- Lithuanian subsidiary Harju Elekter UAB collaborates closely with the regional Panevežys College of Electrical Engineering and Panevežys vocational training center as well as Visaginas business and technology vocational center and Lithuania Maritime Academy.

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

- In 2019, Group companies offered a total of 52 (2018: 54) internships to young people. The Group's subsidiary AS Harju Elekter Elektrotehnika has provided the majority of 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 increasing opportunities for recreational activities. AS Harju Elekter has long-term cooperation with Keila School, Keila Music School and Keila's nursery schools, sports clubs and hobby clubs.

We support and encourage young athletes

To promote sports, AS Harju Elekter has contributed the most to youth sports, aiming at steadily increasing the number of young people practicing sports. The parent company is a long-time supporter of Keila's basketball, volleyball 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 organizations. With its expertise and human resources, the Group contributes to topics that promote 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 both with legislators and the general public.

Companies of the Group are members in the following organizations:
Estonian Chamber of Commerce and Industry (AS Harju Elekter)
Estonian Association of Electrical Enterprises (AS Harju Elekter, AS Harju Elekter Elektrotehnika, Energo Veritas OÜ)
Lithuanian engineering industries association LINPRA (Harju Elekter UAB)
Panevežys Chamber of Commerce, Industry and Crafts (Harju Elekter UAB)
Finnish Chamber of Commerce (Satmatic Oy)
Technology Industries of Finland (Satmatic Oy)
Cooperative for collection and recycling of Waste Electrical and Electronic Equipment ELKER (Satmatic OY)
Finnish Packaging Recycling RINKI (Satmatic OY)
Finnish Service Sector Employers PALTA (Telesilta OY)

In 2019, the total budget of various scholarships and aid programs granted by Harju Elekter Group amounted to 75.3 (2018: 76.4) 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 behavior 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 and its subsidiaries AS Harju Elekter Elektrotehnika, AS Harju Elekter Teletehnika, Satmatic Oy, Finnkumu Oy, Telesilta Oy, Harju Elekter UAB, SEBAB AB and Grytek AB, unless otherwise noted. OÜ Energo Veritas 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, 26-43	
	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 66-70	
	102-6	Markets served	p 22	
	102-7	Scale of the organization	p 9, 17, 20-25	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 56-58	
	102-9	Supply chain	p 9, 26, 53	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 Standard	Disclosure no	Disclosure title	Location	Explanation
	102-10	Significant changes to the organization and its supply chain	p 6-7, 12-14, 20-25, 44-47, 66-70	
	102-11	Precautionary Principle or approach	p 63	Covered with corporate environmental policies.
	102-12	External initiatives	p 49-55, 62, 63, 71-76, 77-78	
	102-13	Membership of associations	p 78	
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, 71	
Governance				
	102-18	Governance structure	p 74-76	
Stakeholder engagement				
	102-40	List of stakeholder groups	p 10-11	
	102-41	Collective bargaining agreements	p 62	
	102-42	Identifying and selecting stakeholders	p 10-11	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 10-11, 52-55, 58-62, 77-78	
	102-44	Key topics and concerns raised	p 10-11	
Reporting practice				
	102-45	Entities included in the consolidated financial statements	p 20	
	102-46	Defining report content and topic Boundaries	p 10-11	
	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 71	

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 79	
	102-55	GRI content index	p 79-83	
	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 49-55	
	non-GRI	Customer complaints	p 52-53	
	non-GRI	Products delivered to customers on time in accordance with required conditions	p 49	
Customer experience				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 52-53	
	non-GRI	Customer satisfaction	p 52-53	
Innovation				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 44-47	
	non-GRI	Investments and development costs	p 44	
	non-GRI	Innovation and development projects	p 44-47	
Environmental impact of product				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 55, 63-65	
	non -GRI	Renewable energy production	p 65	
Economic performance (GRI 201: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 17, 20-25, 73	
	201-1	Direct economic value generated and distributed	p 17, 20-25, 70, 73	
Anti-corruption (GRI 205: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 71	
	205-3	Confirmed incidents of corruption and actions taken	p 71	
Energy (GRI 302: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 63-65	
	302-1	Energy consumption within the organization	p 63-65	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 64	

GRI Standard	Disclosure no	Disclosure title	Location	Explanation
	306-2	Waste by type and disposal method	p 64	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 63	
	307-1	Non-compliance with environmental laws and regulations	p 63	
Supplier environmental assessment (GRI 308: 2016)				
Management apch (GRI 103: 2016)	103-1 until 103-3		p 54-55	
	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 56-62	
	401-1	New employee hires and employee turnover	p 57	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p 59	Presented by the description of the motivation system of employees.
	non-GRI	Interns	p 58, 78	
	non-GRI	Employee level of education	p 58	
	non-GRI	Employee satisfaction and feedback	p 58-59	
Occupational health and safety (GRI 403: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3, 403-1, 403-2, 403-7		p 55, 60-61	
	403-9	Injuries at work	p 61	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 60	
	404-1	Average hours of training per year per employee	p 60	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 60	Data is given with the granularity that the companies of the Group have considered important.

GRI Standard	Disclosure no	Disclosure title	Location	Explanation
	non-GRI	Employee participation at trainings	p 60	
Diversity and equal opportunity (GRI 405: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 61-62	
	405-1	Diversity of governance bodies and employees	p 57 62 75-76	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 62	
	406-1	Incidents of discrimination and corrective actions taken	p 62	
Local communities (GRI 413: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 10-11, 77-78	
	413-1	Operations with local community engagement, impact assessments, and development programs	p 10-11, 77-78	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 53	
	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 sub-stantial actual or possible negative impacts were ascertained.
Public policy (GRI 415: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 71	
	415-1	Political contributions	p 71	
Customer health and safety (GRI 416: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 55	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p 55	
Socio-economic compliance (GRI 419: 2016)				
Management approach (GRI 103: 2016)	103-1 until 103-3		p 71	
	419-1	Non-compliance with laws and regulations in the social and economic area	p 71	

Information about the Supervisory and Management Boards

As at 31.12.2019

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
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 KMV, AS Laagri Vara, OÜ KEK Kinnisvara, AS Tallinna Olümpiapurjespordikeskus
Member of the Management Board: Harju Elekter UAB, SEBAB AB, Grytek AB, 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 Energiajärelvalve, 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 31.12.2019

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 KMV, 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 0.17%.

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
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 31.12.2019

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: Harju Elekter UAB, Harju Elekter AB, Telesilta Oy, Harju Elekter Kiinteistöt Oy, Kiinteistö Oy Ulvila Sammontie 9, 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
Member of the Management Board: Satmatic Oy, Finnkumu Oy, Harju Elekter UAB, Harju Elekter Kiinteistöt Oy, Kiinteistö Oy Ulvila Sammontie 9, 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, Kiinteistö Oy Ulvila Sammontie 9
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 31.12.2019

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
Chairman of the Managing Board
Harju Elekter Kiinteistöt Oy,
Kiinteistö Oy Ulvila Sammontie 9
Managing Director

JAN OSA
Satmatic Oy,
Finnkumu Oy
Managing Director

JOONAS PUUSTELLI
Telesilta Oy
Managing Director

MIKAEL SCHWARTZ JONSSON
SEBAB AB, Grytek AB
Managing Director

TOMAS PRUŠAS
Harju Elekter UAB
Managing Director

Senior Executives

As at 31.12.2019

URSULA JOON
Lawyer

KAAREL ALLIKMÄE
IT manager

TAIMI KAULER
HR manager

MERILI PÄRNPUU
Financial reporting manager

MOONIKA VETEVOOL
Corporate communication and IR manager

Please find the year 2019 audited annual report of AS Harju Elekter here
http://www.harjuelekter.com/sites/default/files/public/pdfid/he_annualreport2019_eng.pdf

AS HARJU ELEKTER
Paldiski str 31
76606 Keila, ESTONIA
Tel +372 674 7400
info.he@harjuelekter.com
www.harjuelekter.com