

AS HARJU ELEKTER GROUP SUPERVISORY BOARD REPORT 2024

The Supervisory Board of AS Harju Elekter Group (HE Group) exercises management and owner supervision over the activities of the Management Board on the basis of the Commercial Code of the Republic of Estonia and the Articles of Association of the HE Group.

Starting from 4 May 2022, the HE Group has a six-member Supervisory Board, consisting of Chairman of the Supervisory Board Triinu Tombak, Deputy Chairman Andres Toome and members Aare Kirsme, Arvi Hamburg, Märt Luuk, and Risto Vahimets.

In 2024, the Supervisory Board held 12 recorded meetings, during which the Management Board of the HE Group regularly presented the current financial results of the Group, informed the Supervisory Board of the most important developments in various business areas, and gave overviews of the fulfilment of the goals for 2024. The Supervisory Board approved the annual report for 2023, reviewed and approved the operational goals, budget and investment plan of the Group for 2024. In addition, the Supervisory Board of the HE Group participated in the most important decisions concerning the activities of the Group. The Supervisory Board is supported by the Audit Committee of the HE Group, which focused mainly on improving risk management and the internal control system, helped to coordinate the activities of internal and external auditors, and discussed all important audit reports.

In the accounting year, a development strategy was developed for 2025–2030, on the basis of which the HE Group focuses on profitable growth in its products, providing power distribution equipment, and growing its commercial real estate portfolio. Investments in product development will continue in order to achieve higher profit margins and strengthen competitiveness. Together with the approval of the new development strategy, it was decided to extend the membership of the Management Board of the HE Group from the current three members to five members. As of 1 January 2025, the Management Board of HE Group consists of the following members: Tiit Atso – Chairman of the Management Board, Priit Treial – Financial Management, Aron Kuhi-Thalfeldt – Real Estate, Erko Lepa – Production and Supply Chain, Tiit Luman – Sales, Marketing and Product Management.

At the end of 2024, the HE Group moved its headquarters from Keila to Park Tondi office building in Tallinn.

The Estonian unit of the HE Group received several prestigious awards in 2024. The titles – Factory of the Year 2024, Industry Digitaliser 2024 and Company of the Year 2024 – were awarded in various competitions.

In the real estate sector, growth of revenue in the accounting year was supported by a production building completed in the Allika Industrial Park at the end of 2023, and a renewed lease with a long-term tenant in the Keila Industrial Park. Investments made in the Keila and Allika industrial parks have been strategically important, considering the high demand for new production and commercial premises in the vicinity of Tallinn.

Within the framework of technological development, one of the biggest projects was the HECON EVO product family of low-voltage distribution equipment, the launch of which is planned for 2025. The Group also decided to start the development of a new generation electric car charger, which will create an opportunity to increase competitiveness and also expand the sales of chargers outside the Finnish market.

In December of the accounting year, Harju Elekter AB signed a new three-year contract with the largest distribution network company in Sweden, E.ON Energidistribution AB, for the supply of nearly 2,000 substations. However, challenges remain in the Swedish unit. Two years after the move and the merger of the activities of the companies, it has not yet been possible to achieve a stable and profitable structure. In 2025, the focus will continue to be on the streamlining of the Swedish production unit and the carrying out of structural changes.

HE Group continues to attach great importance to contributing to sustainable development, including responsibility in the environmental, social impact and governance (ESG) areas.

The Supervisory Board thanks the Management Board and all employees of the HE Group for their contribution to the development of the Group in 2024. Although the results of the financial year did not fully meet the expectations set at the beginning of the year, it should be noted that, historically, the Group has managed only twice to exceed the level of revenue and operating profit of 2024. This confirms that the HE Group has been able to operate on a stable basis even under difficult economic conditions.

The Supervisory Board of the company approves the annual report for 2024 prepared by the Management Board and submits it to the General Meeting of Shareholders for approval.

26 March 2025

/Signed digitally/

Triinu Tombak
Chairman of the Supervisory Board