

Remuneration Report 2022

In this remuneration report of AS Harju Elekter (reporting period 1 January 2022 to 31 December 2022), information is disclosed on the remuneration and benefits paid to the Members of the Management Board of AS Harju Elekter in 2022. Remuneration report has been prepared in accordance with Estonian Securities Market Act. Remuneration principles approved by AS Harju Elekter's Supervisory Board are described in Corporate Governance Report 2022.

The remuneration of members of the management bodies of AS Harju Elekter (basic and supplementary remuneration) will be determined taking into account the company's practices, strategy, short and long-term objectives, financial performance, and the tasks and responsibilities of each member of the management. Remuneration needs to be competitive to retain professional and competent top managers. The principles for granting additional remuneration are reviewed annually, and changes are made, if necessary. The remuneration policy aims to ensure that the long-term objectives and interests of the company are protected and sustainable.

The remuneration report corresponds to the remuneration principles of the board members approved by the Supervisory Board in 2021 and approved by the general meeting in 2022.

Remuneration of Members of the Management Board

The Members of the Management Board are remunerated pursuant to their contracts. The remuneration of a Member of the Management Board is determined with a decision of the Supervisory Board.

The performance pay for the period for the Members of the Management Board is set at 0.75% of the consolidated operating profit of the Harju Elekter Group. In addition, an annual performance pay is paid to the board members, which is a total 1.0% of the consolidated net profit.

The performance pay is paid in two instalments:

1. 80% of the performance pay of the first half of the year, after the results of the first half become known;
2. performance pay of the second half of the year, together with 20% of the performance pay for the first half and annual performance pay after the audited annual results have become known. Disbursement of the performance pay of the second half of the year and the annual performance pay is coordinated with the Supervisory Board and paid out after the audit of the Group's annual accounts.

The amount of performance pay is proportional to the share of basic salary in the basic salary total.

The total amount of remuneration is competitive in Estonia and performance-related. Performance-related pay motivates managers to contribute towards long-term improvements in performance and the achievement of set targets.

Additional benefits cover company car and telephone costs for board members. No conditions for repayment of the variable performance pay have been established, and as at 31 December 2022, no claims for repayment have been enforced for the members of the board. In 2022, no exceptions have been made to the remuneration principles for determining the remuneration of the members of the Management Board.

Gross remuneration paid to Members of the Management Board in 2022:

EUR '000	Basic remuneration	Performance pay	Meeting participation remuneration	Total gross remuneration
Tiit Atso – Chairman of the Management Board	142 (82%)	23 (13%)	9 (5%)	174 (100%)
Aron Kuhi-Thalfeldt – Member of the Management Board	103 (86%)	15 (13%)	2 (2%)	120 (100%)
Priit Treial – Member of the Management Board	15 (100%)	0 (0%)	0 (0%)	15 (100%)

In 2022, the Members of the Management Board have received remuneration from foreign subsidiaries of the Harju Elekter Group. The remuneration is for attending a meeting of the management and supervisory bodies and is not paid if the Member attends the meeting by telephone or via MS Teams. The Members of the Management Board have not received any remuneration from the Group's Estonian subsidiaries.

Stock options granted to Members of the Management Board as at 31 December 2022:

	Tiit Atso Chairman of the board		Aron Kuhi-Thalfeldt Member of the board		Priit Treial Member of the board	
Stock options granted in 2019	quantity	8,000	quantity	8,000	quantity	-
	exercise price in EUR	3.98	exercise price in EUR	3.98	exercise price in EUR	-
	time of subscription	15.07.2022	time of subscription	15.07.2022	time of subscription	-
Stock options granted in 2020	quantity	10,000	quantity	-	quantity	-
	exercise price in EUR	4.44	exercise price in EUR	-	exercise price in EUR	-
	time of subscription	14.07.2023	time of subscription	-	time of subscription	-
Stock options granted in 2021	quantity	10,000	quantity	10,000	quantity	-
	exercise price in EUR	4.50	exercise price in EUR	4.50	exercise price in EUR	-
	time of subscription	25.06.2025	time of subscription	25.06.2025	time of subscription	-
Stock options granted in 2022	quantity	10,000	quantity	10,000	quantity	14,000
	exercise price in EUR	4.50	exercise price in EUR	4.50	exercise price in EUR	4.50
	time of subscription	21.12.2025	time of subscription	21.12.2025	time of subscription	21.12.2025

There were no changes in members of the management body regarding option transactions.

The terms of the share options have been approved by the general meeting of AS Harju Elekter in 2018 and 2021. For the subscription rights to be valid, a Member of the Management Board must have a valid employment and professional relationship with AS Harju Elekter or a company belonging to the Group up to and including the date of subscription, except for in the case of retirement.

The lay out and conditions of the option program are decided by the shareholders' meeting. The exact terms of the options and their issuance are decided by the Supervisory Board.

Changes in the performance and remuneration of AS Harju Elekter in 2018–2022:

	2022	2021	2020	2019	2018
Change in remuneration of Members of the Management Board (%)	2	-24	28	3	5
incl. Tiit Atso	-3	30	41	3	5
incl. Aron Kuhi-Thalfeldt	-1	27	21	11	9
incl. Priit Treial from 14 November 2022	-	-	-	-	-
incl. Andres Allikmäe until 3 May 2020	-	-99	22	-1	2
Change in average remuneration of employees (%)	6.7	6	-1	6	5
Change in revenue (%)	14.8	4.2	2.2	18.7	18
Change in EBIT (%)	-242.0	-51.1	100	35.6	-55.7

See the full Annual Report of Harju Elekter for 2022 here:

harjuelekter.com/wp-content/uploads/2023/03/Annual-Report-of-Harju-Elekter-2022-pdf.pdf

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