

AS HARJU ELEKTER GROUP SUPERVISORY BOARD REPORT 2023

The Supervisory Board plans the activities of the Company, organises the management thereof and supervises the activities of the Management Board in accordance with the Commercial Act and articles of association of AS Harju Elekter Group (HE Group).

As of 4 May 2022, HE Group has six-member Supervisory Board: chairman Triinu Tombak, Andres Toome and members Aare Kirsme, Arvi Hamburg, Märt Luuk and Risto Vahimets. In 2023, Ten meetings of the Supervisory Board were held.

At the Supervisory Board meetings, the Management Board of HE Group regularly presented HE Group's current financial results, informed the Supervisory Board about the most important developments in various business areas, and gave an overview of the fulfilment of the goals for 2023. The Supervisory Board approved the annual report for 2022, reviewed and approved HE Group's operational objectives, budget, and investment plan for 2023, received overviews of the work of the audit committee and the most important observations and recommendations, HE Group's most important risks, their management, and mitigation activities, and the performance of implemented development projects compared to that which was planned. In addition, the Supervisory Board of HE Group participated in making the most important decisions concerning HE Group's activities, such as discussing the most important contractual terms, making investment decisions, and raising loan capital.

The main achievement of HE Group in 2023 was the successful implementation of the development plan approved in 2022, as well as the embedding of the central management structure, as a result of which the profitability of the company was restored. In all production units, the focus was on strengthening the main field of activity and making it more efficient. In Estonia, the merger of the two factories was completed, which made it possible to continue with the harmonisation and efficiency of processes. A great deal of energy was put into the refurbishment of the Swedish production facility, where all the production activities were concentrated in the modern production building of Västerås, and a new management team took office. Eesti Energia's tender worth 115 million euros for the supply of substations, distribution points, and equipment was won. A new production building of nearly 6,000 m² was built in Allika Industrial Park, and a new lease agreement valid until 2030 was signed with Prysmian Group Baltics, which also includes extensive renovation works. HE Group continues to attach great importance to contributing to sustainable development, which includes responsibility regarding environmental, social impact and governance issues.

As a result of the board's activities and good work in the 2023 financial year, HE Group was able to improve production indicators and significantly increase both the operating profit and the net profit. The Supervisory Board thanks the management of HE Group and all employees for their contribution to the progress of the group in 2023.

The company supervisory board approves the 2023 annual report prepared by the management board and submits it to the general meeting of shareholders for approval.

26 March 2024

Triinu Tombak Andres Toome Risto Vahimets Aare Kirsme Märt Luuk Arvi Hamburg