



Annual
Report
2019

Hansab

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About Hansab

Hansab celebrates 29 years of business with a record consolidated turnover € 30 million and a team of over 260 professionals. Our goal is to be the leading provider of complete technology solutions for customers. Thanks to the comprehensive product portfolio, which includes automation, security, cash handling, and finance systems, we offer the best-integrated solutions and products to make our customers' businesses more effective and secure, their employees' everyday life more comfortable, and lift their customer experience to a new level.

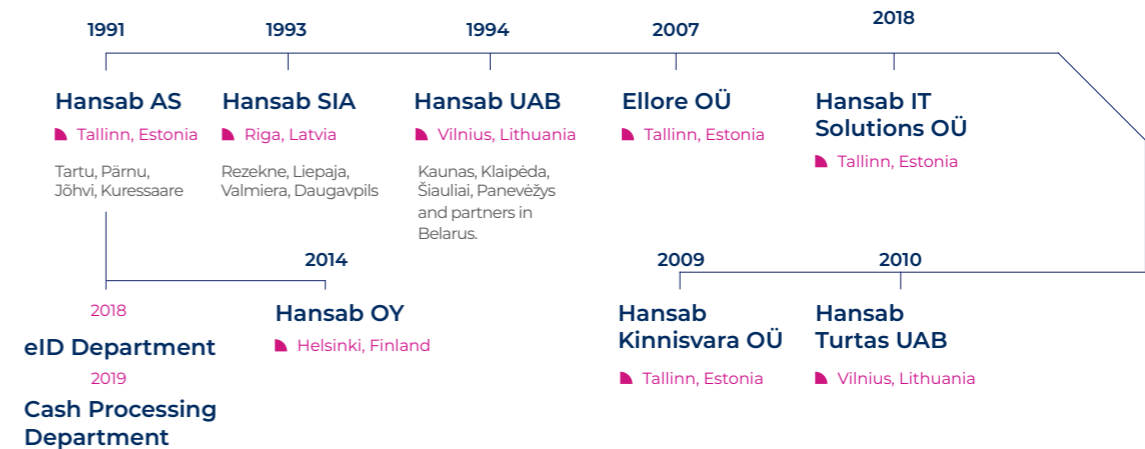


One of our main strengths is creating complete solutions. They consist of consultation, software development and integration, hardware sales, project management, and after-sales services. Among our long-term customers, we have leading organisations operating in retail, transportation, finance, state, and education sectors.

Our home territory covers Estonia, Latvia, Lithuania, Finland, and Belarus and consists of nine companies: Hansab Group OÜ, Hansab AS, Hansab SIA, Hansab UAB, Hansab OY, Ellore OÜ, Hansab Kinnisvara OÜ, and Hansab Turtas UAB, and starting 2018, Hansab IT Solutions OÜ.

Hansab Group OÜ

Est. 2005 | Tallinn, Estonia



Our solutions and services portfolio is unique. An official channel partner to more than 100 suppliers, we sell, install and service solutions from the leading manufacturers such as NCR, Ingenico, Qmatic, Bosch, Sony, Samsung, Glory Global Solutions and more. Partnerships with the world's best-known technology companies provide us with the advantage of having the newest and most innovative technology.

Quality is a watchword for Hansab businesses, and the companies aim at the highest level, acknowledged consistently with numerous quality management awards. Services and solutions, offered by Hansab, comply with ISO 9001, ISO 14001, ISO 20000 and ISO 27001 standards.

Management Members

Hansab Group



Aigar Urva
Founder and CEO
Hansab Group



Jaak Õunpuu
CFO
Hansab Group



Markko Purge
Sales Manager
Hansab Group



Algo Puusepp
Service & Quality Manager
Hansab Group



Priit Ivanov
Innovation Manager
Hansab Group



Sigita Babarskaitė
CMO
Hansab Group



Tiivi Maandi
HR Manager
Hansab Group



Reigo Rosin
IT Manager
Hansab Group



Angela Kask
Accountant
Hansab Group



Rūta Urva
Internal Audit Manager
Hansab Group

Hansab Companies



Janno Kallikorm
Managing Director
Hansab Estonia



Deniss Rubens
Managing Director
Hansab Latvia



Darius Žekonis
Managing Director
Hansab Lithuania



John Törn
Country Manager
Hansab Finland



Alar Alumaa
Managing Director
Ellore



Kristjan Haavik
Managing Director
Hansab IT Solutions

Company Timeline

90s

- 1991** Hansab AS established in Tallinn Estonia
5 employees
- 1992** Hansab starts selling security and cash handling equipment to the financial sector
- 1993** Establishment of Hansab service department. Product portfolio expands to customer management systems. The first service agreement is signed.
Hansab SIA founded in Riga, Latvia
- 1994** Hansab UAB founded in Vilnius, Lithuania
- 1995** The first financial crisis in the Baltic financial sector
- 1998** Second financial crisis in the Baltic financial sector after collapse of the Russian economy
43 employees
Turnover reaches € 300 000
- 1999** Sales and service of NCR ATMs begins
Period of rapid growth in the company

00s

- 2001** ISO 9001 quality standard acquired
- 2003** 1600m² headquarters constructed in Tallinn
Product portfolio joins POS terminal sales and service
- 2005** Hansab Group OÜ founded to unify and coordinate operations across the Baltics
- 2006** A daughter company Moya OÜ founded to operate reverse vending machines
Turnover rises to € 15 million
117 employees
- 2007** Ellore OÜ established by Hansab and Voicecom to develop and integrate software with equipment sold by Hansab (specifically for payment systems)
Turnover reaches € 18.5 million and net profit of € 1.2 million, resulting in the best financial results in the history of the company
147 employees
2500m² Lithuanian headquarters are built in Vilnius

- 2008** Global economic crisis begins
Hansab introduces new strategy with the emphasis on key account management and additionally to finance – focus on public and retail sectors
Shift from the product to the solution sales. New products in security field – electronic security, EAS and access control
- 2009** Hansab TOB Ukraine founded to manage operations in Ukraine.
Hansab Kinnisvara OÜ founded in Estonia
Turnover declines to € 11.3 million
135 employees

10s

- 2010** Hansab Turtas UAB founded in Vilnius
- 2011** ISO 20 000 certificate acquired
Project department founded to manage complex projects and to divide responsibilities between the departments.
Turnover recovers to pre-crisis level € 17.5 million
168 employees
Hansab starts service export

- 2012** Hansab begins active operations in Belarus
- 2013** Hansab TOB Ukraine sold
Turnover € 17.4 million
Employees: 257
- 2014** Hansab OY founded in Finland
Turnover € 20.5 million
- 2015** 25th Anniversary
321 employees
Turnover € 21.2 million
- 2016** Turnover € 26.1 million
- 2017** 305 employees
Turnover € 25.6 million
Entering robotics field with the humanoid robot Pepper
- 2018** Began Estonian eID documents production
Hansab IT Solutions OÜ founded in Estonia
- 2019** Estonian Cash Processing Department founded
Record turnover € 30 million
Record EBIDTA profit € 2.4 million
- 2020** Moya OÜ sold

Hansab Group

On the Road to New Pathways



Aigar Urva
Founder & CEO

Hansab Group finished the year 2019 with record revenue of € 30 million (9% more than in 2018) and a profit (EBITDA € 2,4 million - more than 75%). The company showed a particularly good improvement in profitability (4.5% in 2019 vs 2.7% in 2018) thanks to two factors: solid results of all Group companies and the change in Hansab Group's strategy to provide more value-added services.

The production of Estonian ID Cards, a new source of revenue for Hansab AS in Estonia, contributed greatly to the positive results at the end of the year. Seeing an opportunity in the market, we also invested in cash handling capabilities, collaborating with Viking Security to provide a full range of CIT services. In 2020, we are planning to roll out these services at full capacity, hoping to positively influence the results in the current year as well.

The Latvian company, Hansab SIA, finished the year with the best results ever, earning close to € 7 million in revenue and € 0.4 mil in million. These results will provide a good base for further developments, including a move to a new, larger office in spring.

The Lithuanian company, Hansab UAB, for the first time exceeded the €10 million revenue mark and successfully finished several significant projects, including the audio-visual solutions for Vilnius Airport. Furthermore, thanks to its increased IT capabilities, the company is ready to take on large and complex IT projects.

In its 13th year of activity, Moya generated € 0.33 mil EBIDTA - reaching the best results so far. To give Moya better conditions for further growth, we decided to sell it to RVM Systems AB, a company providing the equipment that is used by Moya. The

deal was closed in January 2020. Although the recycling economy promises a fertile future, we thought it would be best if we concentrated on our core activities.

Last year was the first for our new IT development company - Hansab IT Solutions. The main tasks were fulfilled. The company finished the year with € 0.5 million revenue and covered all of its costs. The main processes have been implemented, and the team completed. It will create the right conditions for the development of IT solutions for ourselves and our customers.

The critical task for Hansab was to bring our solutions to the market. Apear, a room-booking system, and Entringo, a parking management system. During the current year, we are planning to increase their market share in our markets and start export activities.

The customer surveys, conducted in 2019, confirmed strong support for our activities, and the changes in our corporate identity and strategy were particularly appreciated.

Despite the negative impact of the COVID-19, I am confident that our companies' risk management and strategy changes will support our company's development and future growth.

Financial Results of Hansab Group 2019



Jaak Õunpuu
CFO

The largest investments in 2019 included the purchases of equipment and other capital expenditures into the new business segment of Hansab AS – the production and personalisation of documents and cash processing services, the development of Hansab Group’s new products Entringo and Apear. The total amount of investment in 2019 reached € 2.6 million.

In 2019, economic growth continued for the ninth year in a row in all the Baltic countries. The Estonian and Lithuanian economy grew faster compared to Latvia.

According to the preliminary figures, last year’s economic growth was 4.3%, 2.2%, and 3.9% in Estonia, Latvia, and Lithuania, respectively. Last year the inflation slowed down slightly in the Baltics: it was 2.3% in Estonia, 2.7% in Latvia and 2.2% in Lithuania.

The 2019 financial overview

The biggest growth in 2019 took place in the financial sector, followed by the retail and industry sector. Compared to the previous year, a slight decrease in revenues took place in the public and transport sector.

The group showed a very strong increase in services revenues in 2019 (29% compared to the previous year) that accounted for 39% of the group’s total turnover. The main sources of growth in 2019 were the new services of AS Hansab – the production and personalisation of documents and the increase of SLA revenues in all Hansab companies.

The sales turnover increased the most in the Latvian and Lithuanian subsidiaries Hansab SIA (55%) and Hansab UAB (11%). The highest revenues were achieved by Hansab AS with € 11.1 million, a decrease of 8% compared to 2018.

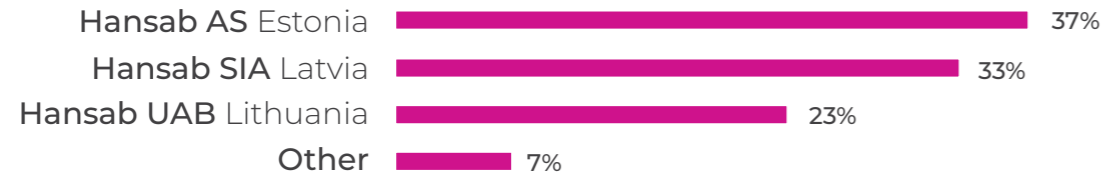
The largest portion of the consolidated turnover in 2019 (37%) was generated by Hansab AS, while the share from Hansab UAB and Hansab SIA amounted to 33% and 23% respectively and other group companies accounted for 7%.

In 2019, Hansab AS generated the highest net profit, € 571 thousand, followed by Hansab SIA with € 383 thousand, Hansab UAB € 215 thousand, Moya OÜ € 120 thousand, and Ellore OÜ € 107 thousand. The year ended in a small loss for Hansab IT Solutions OÜ (€ -3 thousand) and Hansab Oy (€ -4 thousand). The group’s real estate companies continuously earned profits in 2019.

Investments

The largest investments in 2019 included the purchases of equipment and other capital expenditures into the new business

Hansab Group Turnover by Companies



segment of Hansab AS - the production and personalisation of documents and cash processing services, the development of Hansab Group's new products Entringo and Apear, the implementation of the final developments of the MS Dynamics 365. Investments into the equipment for full-service rentals continued by Hansab companies and into reverse vending machines and service stations by Moya OÜ.

The total amount of investment in 2019 reached € 2.6 million, and the depreciation expenses increased by 78% to € 0.9 million.

Annual results

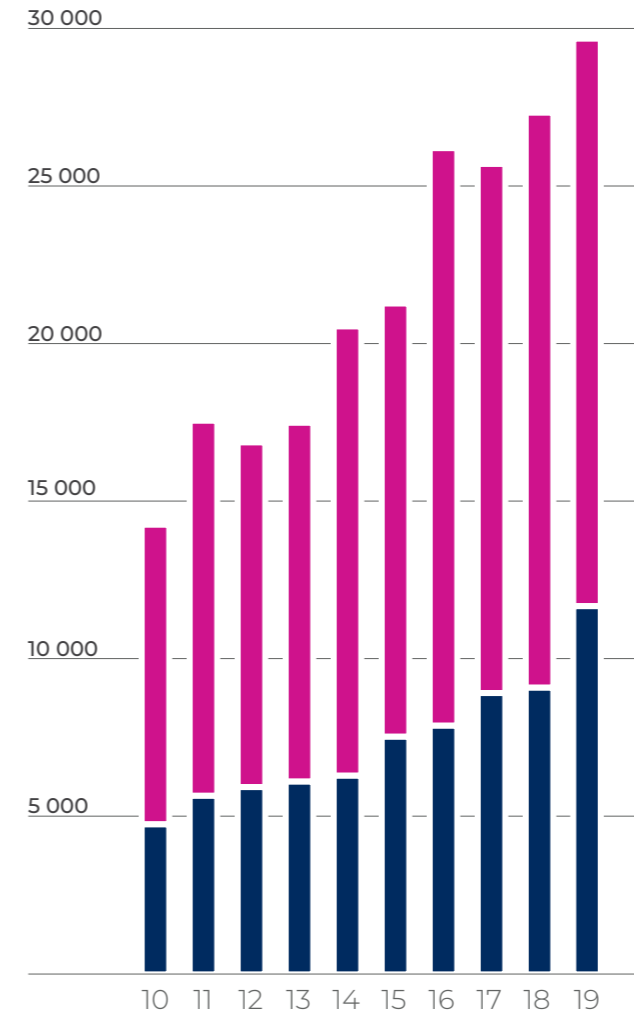
In 2019, Hansab Group earned the best EBITDA in its history € 2.4 million (€ 1.4 million in 2018). The group's net profit reached € 1.3 million (€ 0.7 million in 2018).

The volume of consolidated assets increased to € 14.9 million (€ 13.5 million in 2018), based on the growth of fixed assets. Related to the investments, both short- and long-term financial liabilities increased. The share of equity by the end of 2019 was 37% of the balance sheet. The consolidated return on equity (ROE) was close to 26%, and the return on assets (ROA) over 9%.

Planning for 2020 and beyond

We believe that Hansab Group's financial policy, a flexible cost base, new business fields and investments have created a basis for proper growth in 2020 and the future.

Services Goods



Consolidated turnover of goods and services
in thousands of euros

Consolidated Balance Sheet

in thousands of euros

ASSETS	31.12.2019	31.12.2018	LIABILITIES AND EQUITY	31.12.2019	31.12.2018
Current assets			Current liabilities		
Cash	707	1,290	Loans and borrowings	1,353	358
Trade receivables	3,421	4,077	Trade and other payables	3,817	5,459
Other receivables	589	364	Accrued expenses	838	634
Prepayments	563	217	Tax liabilities	876	1,074
Inventories	2,478	2,275	Total current liabilities	6,884	7,523
Total current assets	7,758	8,223	Long-term liabilities		
Fixed Assets			Loans and leasings	2,467	1,250
Long-term financial investments	468	303	Other long-term liabilities	9	0
Tangible Assets	6,005	4,610	Total long-term liabilities	2,477	1,250
Intangible assets	705	364	TOTAL LIABILITIES	9,360	8,773
Total fixed assets	7,178	5,277	EQUITY		
TOTAL ASSETS	14,936	13,499	Share capital	3	3
			Reserves	3	3
			Minority equity	864	636
			Retained earnings	3,585	3,455
			Currency differences	2	2
			Net profit for the period	1,120	627
			TOTAL EQUITY	5,576	4,726
			TOTAL LIABILITIES AND EQUITY	14,936	13,499

Consolidated Income Statement

in thousands of euros

	2019	2018
Sales Revenue	29,677	27,197
Other operating income	79	58
Business expenses		
Goods, materials, services	-16,429	-16,860
Operating expenses	-3,095	-2,476
Labour expenses	-7,746	-6,482
Depreciation	-886	-497
Other expenses	-51	-41
Operating profit	1,551	898
Financial expenses	-64	-40
Profit before income tax	1,487	858
Income tax	-156	-119
Net profit for the financial year	1,331	739
Equity holders of the parent company	1,120	627
Non-controlling interest	211	112

Focusing on Adding Value



Markko Purge
Sales Manager
Hansab Group

In 2019, Hansab Group's total turnover from the sales of goods was € 18 million. The sales objective was to focus more on high value added products, solutions and services. The sales of goods were at the same level compared to the results of the previous year, but we managed to increase our sales of services by 29%.

Hansab started to produce national ID cards and finished a record number of installations. Both activities helped to increase the service revenue rapidly. The sales of services have become more important to us because they give us and our customers' more added value. The leading customer sectors were finance and banking, followed by transportation, retail and the state sector.

We focus on five product groups. This year, the finance and payment product group was once again the leader, giving us 31% of total revenue. The sales of goods are almost equally divided between the finance and payment, automation and security groups. We see a high potential in increasing the sales of multimedia and cash automation solutions.

The finance and banking sector continued to invest in ATM network and payment terminals but also in digital identity and anti-fraud solutions to help our customers deliver secure digital journeys. Hansab's solutions help banks to provide proven multi-factor authentication and transaction data signing solutions. It is very well tied with our mission to make our customers live more comfortable and secure lives.

In the transportation sector, our customers are mostly focusing on self-service solutions that bring efficiency to their business. The largest logistics

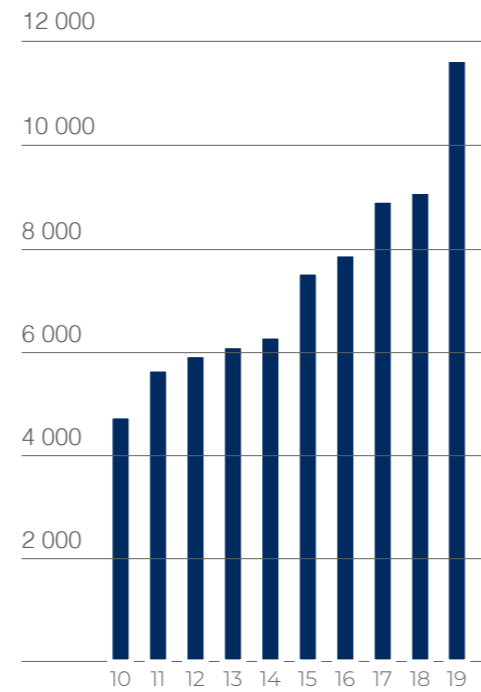
“We are continually seeking cooperation with technology and innovation leaders. Through that, we will be the leading partner to our customers in offering various innovative technology solutions.”

companies continued to add parcel lockers to their current networks to meet the growth of the e-commerce deliveries. We see this as a continuing trend and are glad to be a reliable partner who offers not only the terminal itself but a total solution with all necessary functionality and after-sales services.

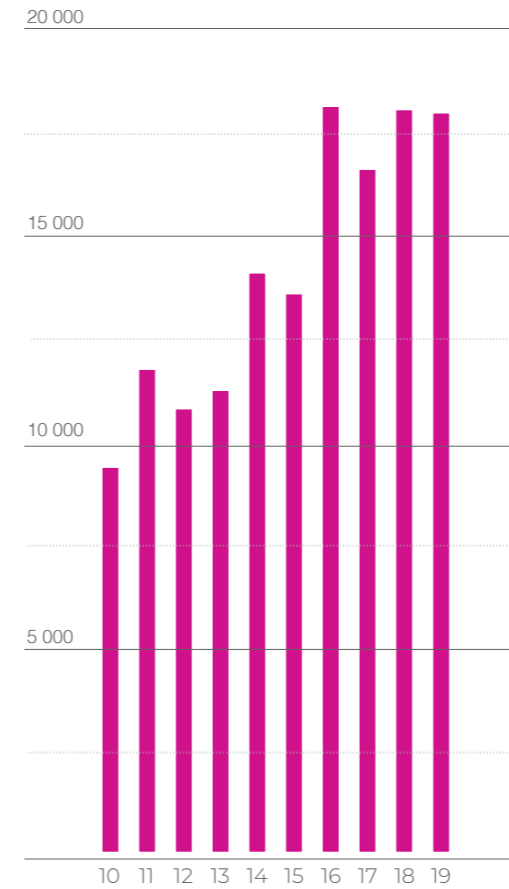
The retail sector continued investments into different solutions of retail efficiency. Due to the lack of workforce and an increase of labour costs, the retailers' last mile click-and-collect delivery solutions, cash automatization, and electronic shelf label solutions will bring more efficiency and value to our retail customers. We are glad

that thanks to our software development capabilities and new cash processing services, we can offer even more complete and efficient solutions. Good examples are hardware and software integrations with retailers' back office together with our services, whether it is picking up the food that customers have ordered online or cash automatization with cash processing services.

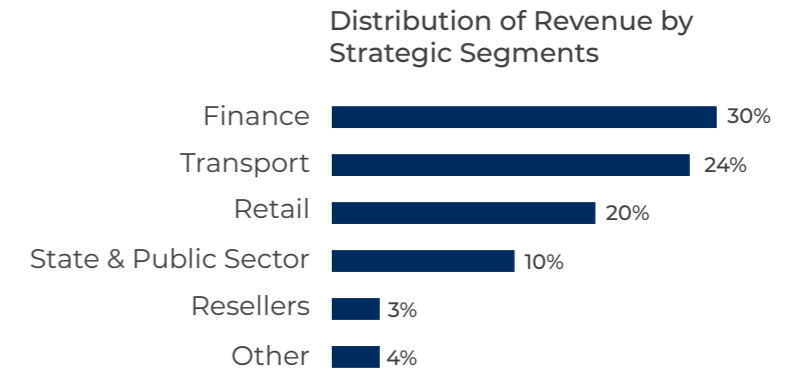
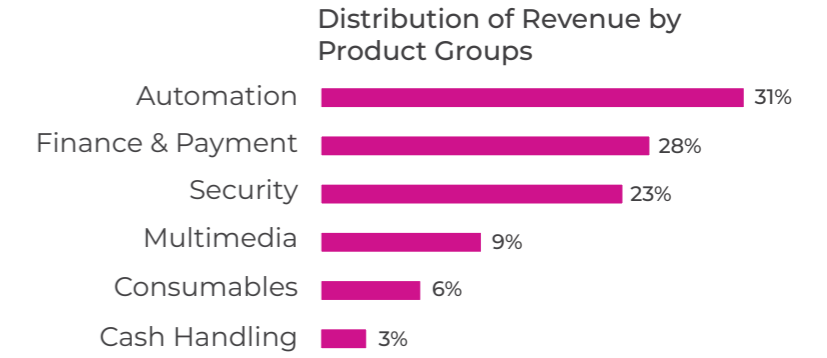
Thanks to our substantial increase in business, the number of different suppliers has also increased. During 2019, we started to revise our current product portfolio and focus on areas to work more strategically on. It is tightly connected with the sales and service competencies that we want to increase. We are continually seeking co-operation with technology and innovation leaders, and want to represent the leading brands in our markets. Through that, we will be the leading partner to our customers in offering various innovative technology solutions.



Consolidated turnover of Services
in thousands of euros



Consolidated turnover of Goods
in thousands of euros



Following Our Vision



Priit Ivanov
Innovation Manager

The year 2019, although not without its challenges, has served as a catalyst for uncovering new business directions for Hansab. We worked on improving our capabilities in design, manufacturing, and delivery of state of the art technical solutions. Guided by our goal of making our clients' lives easier and costs optimised through automation, we ran three innovation workshops uncovering unmet customer needs in new and existing sectors. These workshops yielded 15 actionable ideas to pursue in export, retail and automation.

Product development: combining the best to create a unique value proposition

In the year 2019, we focused on developing our products to reach new market segments and serve our existing customers even better. Led by Hansab Group in collaboration with our IT and Development teams in Ellore and Hansab It Solutions, we worked tirelessly to ensure high quality and user-friendliness.

Our unique experience lies in the many years we have worked with our partners' technologies and in our in-house software capabilities - which allow us to move fast, test things and deliver products to market at a competitive pace bypassing the long development cycles.

The current focus on automation

As automating our customers' businesses is one of our key interests, our two proprietary products had a significant role in helping us achieve exactly that.

1. **Entringo**, a vehicle number plate recognition based platform, saw the light of the day in the beginning of summer with pilot projects in Lithuania and Estonia.
2. **Apear**, the meeting room and resources management system, was rolled out in all of our main countries, and are being used in companies both big and small.

Flexibility and modern approach is the key

We have been building our software development company Hansab IT Solutions for some time now to be able to offer the flexibility that our customers deserve. As technologies improve at an exponential rate, rigidity is no longer an option. We have to be able to adapt to the needs of each one of our customers.

Building up the structure and processes

Developing new products also requires the right support systems. We are creating new roles and departments to support product development, assembly, recurring questions and logistics.

The main part of our production takes place in Estonia where we combine components from approximately 20 different partners and subcontractors to create high-quality products.

The past 29 years has taught us a lot, most importantly what our customers want and need. The combined experience will encourage us to invest even more time and resources into our own products to anticipate our clients' future needs and to build a comprehensive portfolio.

Hansab Group

Moving towards Automation

Algo Puusepp
Service & Quality
Manager

The year 2019 was a successful year for service. Compared to the year before, the personnel, the number of service orders and service turnover increased. Eighty thousand service orders from our customers were fulfilled in 2019. Our priorities are service efficiency via the use of the remote solution and professional service competences.



Hansab Group

Speed matters

More and more customers focus on their core business, and they outsource all support functions to professionals. Hansab's role is to be a professional partner. Our keywords are competencies and technology. When customers measure service quality, an essential component is the speed of service.

Monitoring solutions and remote solutions are improving Hansab's service significantly. The average remote solution rate is 40%, and it is increasing.

Automation plays a more significant role

The human role in offering professional service is still essential, but more and more activities are fully automated by software. Thanks to the modern software platform that was implemented in 2018, Hansab had automated many processes like electronic document exchange with customers. We have more opportunities to make processes more efficient and faster for our customers. For example, we started to develop a more automated service planning tool. Automation is the area where we will keep investing more.

Technology dominates

Waiting for customers to request services is history. Instead, it is becoming the full responsibility of the company to let its customers know about the problems they have before they even notice their existence. Hansab can do this by monitoring the interactions every system has and by assessing and analysing the issues behind them. Hansab is servicing many different

solutions, and we are developing monitoring services suitable for all operations. The keywords here are the knowledge about the equipment and the selection of correct parameters and measures that are predicting possible threats in the system. Customers who are using the full responsibility service packages do not need to bother about how fast we can solve the problems. They are looking for the complete uptime of their business process, focusing on improving the overall availability of their services.

Disaster recovery is important

Hansab offers technology services, but we are using different technology solutions for that as well. We have developed a good level service network and the infrastructure supporting it. It is imperative to be ready for risks when failures happen with services: preparing continuity plans, testing and improving the solutions continuously. We can see that such activities will reduce any possible service interruption and we can be a more trustworthy partner to our customers. Risk assessment on different levels and handling those potential risks are vital. Hansab's service processes are ISO 20000 and ISO27001 certified. We believe that the high-quality standards help us to provide a better service to our customers continuously.

Like every year we will continue work in 2020 on providing an even faster and higher uptime service for our customers, and at the same time, on developing remote assistance and monitoring solutions to target the needs of every one of our customers.

Hansab Group

Competitive edge through aligned branding



Sigita Babarskaitė
CMO

The rebranding project was the most critical change not only in the marketing and communication department but also across all Hansab-branded companies.

After the last 20 years, we decided to align our visual communication with our vision and brand promise to be the leading supplier of innovative technology solutions in our home markets. From a strategic perspective, our new visual identity reflects our solutions and services better, giving them a competitive edge.

In 2019, our focus was on building branding and marketing communications for our solutions. With the birth of Apear (room-booking solution) and Entringo (vehicle management), we have built branding and product design.

As the solutions we provide are comprehensive and sophisticated, videos have proven to be an effective medium to communicate to our customers and partners the type and scale of projects we do. In 2019, we followed our co-marketing strategy and created various reference clips. They include videos about our card payment integration company Ellore, the ID production overview, the parking solution in Santaros hospital, Olympic casino and more. This year, we continue close cooperation with our supplier to create valuable content for our customers.

Our strategic marketing target is to develop and maintain an image of an expert and technology leader in hardware and software solutions. We have completed this target through being present at industry-specific events (EXEX Payment Forum, RigaComm, Retail 2019 and Aripaeva Kaubandus seminar) and organising Hansab events for our strategic segments and product groups (retail, transport, digital signage, customer analytics, security and automation). We will continue close cooperation with our partners when organising events, topics and speakers. This way, we can achieve synergy together.

Our digital marketing strategy focused on sharing educational content and case studies through our newsletters and social media. In 2020, our goal is to provide even better content.

Each year, we measure the satisfaction of our customers with our staff, solutions and services. Hansab's satisfaction index this year is 4.2 (on a 5-point scale), which is an increase since last year. Almost 300 customers expressed their opinions and experience regarding their cooperation with Hansab. The highest-ranking areas of Hansab's business are our brand and reputation, resulting in an average of 4.3. As we continuously work to improve our marketing communications, where we aim at delivering value through our communication channels, we are appreciative that customers see that.

In 2020, we aim to refresh our websites to improve user experience and to display better our solutions, services and the comprehensive offering. Also, internal communication is growing in importance, and we will have a new Sharepoint system to improve inter-company communication and cooperation.

Finding the right people



Tiivi Maandi
HR Manager

The labor market has become increasingly more competitive - finding the right people requires more and more effort and time. The potential candidates can choose between different opportunities to contribute to, so in addition to interesting work, the field of activity, their development potential and the overall company culture are becoming more important.

It is important for us to find the right people, develop them, ensure their commitment and engagement, build a strong company and leadership culture, recognise and reward employees fairly.

We work closely with universities and vocational schools to find new talents, promote in-house competence sharing, prioritise internal communication and the involvement

of the employees, recognise and reward great performance and share our company's profit with employees.

In order to build a rewarding employee experience, you need to understand what matters most to your people. We carried out the traditional annual employee opinion survey to check how we meet the employees' expectations and what the suggestions are for offering a better working experience.

On a five-point scale, the group's average employee satisfaction index was 4.2 points, exceeding slightly the set target level of 4.1. We are happy to see that the satisfaction index increased in all companies of the group. The employees of the entire group gave the highest average scores. The scores ranked high in the following: cooperating

within the department and with their manager, having a clear understanding of their role and believing that their work is important for achieving the goals of the company. The employees also pointed out a great working atmosphere, and that they are enjoying the developing and challenging daily job tasks with innovative technology.

“Delivering the strategy is about hiring the right people and motivating them to deliver results.”

Finding new talents

In order to find new talents, we continue close co-operation with universities and vocational schools.

We are offering scholarships, taking part in career fairs and open door days, introducing Hansab at different seminars. We also offer internship programs.

During the year, students from different schools participated in internships. The interns mostly majored in IT, but also in automation, telecommunications and engineering. The usual internship lasts for about four to six months. The interns who successfully completed their internship could continue working in the companies of Hansab Group.

We have had different co-operation

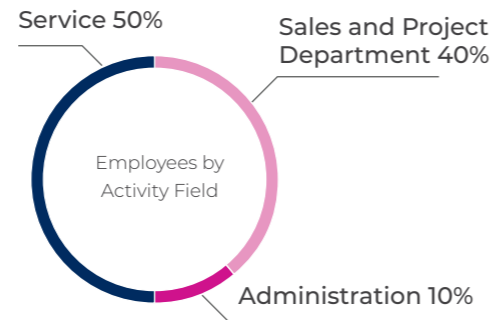
projects. For example, in Latvia, we are actively involved in the high school project “Innovation Grants for Students”. In the previous year, we started co-operation with technical students for the development of a free parking space solution. One of the students continued working at Hansab to bring the solution to life.

In Lithuania, we are cooperating with Vilnius Coding School offering internship possibilities and getting useful coding trainings for our employees.

In Estonia, we have scholarships for students from Tallinn Polytechnic School and TalTech University. Last year we also took part in seminars and open door days in co-operation with the Estonian Entrepreneurship University of Applied Sciences and Ülemiste City Campus.

Living the values

Hansab is continuously working on providing an employee-friendly work environment by following our core values: being open and reliable, building partnerships, working creatively and ethically.

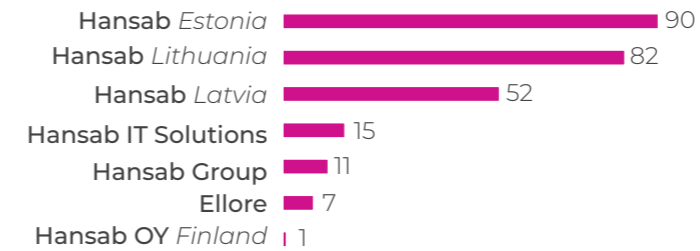


We also supported the Lithuanian library association and donated almost 100 books to the library Klaipėdos apskrities viešoji I. Simonaitytės biblioteka. These books will appear in the first book lending machine. In addition, Hansab supports sports by sponsoring the Estonian football club Nõmme Kalju FC.

Continuous improvements

Excellence is a process and improvements are on-going. We are continuously looking for improvements in the way of working, including in-house co-operation, communication and operations to deliver a better customer experience.

Employees by company



We have united the sales and project teams in Latvia and Estonia to have closer co-operation, smoother communication and better synergies.

We are increasing the competencies and available resources in our software development team, the product development and cash handling unit in Estonia to meet the increasing demand for the services.

We also want to concentrate more on learning and development, to have better tools which support and automate our processes to be more efficient. We focus on the next steps in employer branding to be

more visible to our potential employees, and we continue with the improvement activities based on the employee opinion survey on the local level to provide a better working experience.

IT WORKS - THANKS TO YOU!

Hansab Group

Reigo Rosin
IT Manager

Continuous safety in IT

One of our main priorities is continuous IT safety, which we improved in 2019 and will continue working on in 2020. We started using encrypted workstations to prevent data leaks, and a disaster recovery site was built, which enables us to switch different systems easily over from one location to another to minimise the impact of the system downtime.



“One of the keys to success is continuous improvement. Hansab’s current and many new business directions require an extremely secure infrastructure.”

Hansab’s current and many new business directions require an extremely secure infrastructure. Several internal and external audits were successfully conducted, confirming that our solutions are built correctly and meet all the required standards. In addition to the eIDAS inspection focusing on the personalisation of ID cards and its safety, the PCI audit was conducted, which evaluates IT systems and structure in more depth to make sure we are compliant with the Payment Card Industry Data Security Standard (PCI DSS).

In 2020, we will start using a cloud-based solution for our intranet and e-mail server. Preparations for a significant change started already last year by updating the

logic and functionality of the current system. That kind of solution will give stability, flexibility and more synergy by integrating different tools with each other.

I believe one of the keys to success is continuous improvement. To spot the areas in need for development, we have run additional IT security tests that have also confirmed we are moving in the right direction with the work already done.

Hansab Estonia

Going Strong...



Janno Kallikorm
Managing Director

After six consecutive years of growth, we witnessed a moderate decrease in revenues in 2019, with sales dropping by € 1.0 million, and thus being 8% lower than in 2018. The earnings, on the other hand, grew by 16%, reaching € 0.65 million.

The strongest portfolio segment was security, accounting for 30% of total sales revenues, followed by the automation and finance segments, accounting for 22% each.

The revenues from technical services reached record-high figures, growing by 14% YoY. The revenues from installation services saw a moderate drop of 10% compared to 2018. The feedback from our customer satisfaction survey showed continuous trust and satisfaction with our performance and solutions, with a rating of 4.2 on a 5-point scale.

New and exciting

The year 2019 was the first full year of operation for our newly established facilities for the production and personalisation services of smart cards and documents. We are producing, amongst others, Estonian ID-cards, e-Resident cards and Digi-ID cards for the Estonian government. We can proudly say that starting this new business line was a success – we, together with our partners IDEMIA and SK ID Solutions acquired and passed both eID AS and PCI compliance audits and fulfilled the SLA with the customer by nearly 100%.

In order not to stop here, we have been working since April 2019 on establishing cash processing and transport services for the Estonian market together with our partner Viking Security as our newest business line. Today, we can announce that

thanks to our dedicated team, the ramp-up phase was successful, and the first cash delivery became a reality on December 9th, 2019. We are aiming for more than 30% market share already in 2020 by giving Estonian customers a choice of service providers missed for a very long time.

Contributing to our society

Throughout its history, Hansab has always been actively contributing to our society through supporting athletes, culture and those who need help the most.

In 2019, we established new long-term co-operation with SOS Children's Village in Estonia as one of their sponsors, trying to give our small contribution to this amazing organisation and its team doing their important work.

We also continued to support volleyball and football activities in Estonia by sponsoring Tallinn Selver VC and FC Nõmme Kalju.

The Outlook for 2020

With all of our new activity fields in technology solutions, card services and cash services in full gear, we expect to grow to new heights already during 2020.

The increased share of services and investments into the development of our in-house solutions will give us a solid base to grow for many years to come.

A year of Accomplishments



Deniss Rubens
Managing Director

The year 2019 has been a great year for the team of Hansab Latvia. We have delivered new solutions and services, acquired new customers, and also strengthened our team of professionals. All those aspects combined helped us deliver the best results in the history of Hansab Latvia. Our revenue in 2019 reached € 7 million, which is a 55% increase compared to 2018. Our profit was €383 thousand. Both numbers are a significant accomplishment for the Latvian team.

Expansive Growth

Our customers have been determined to invest in new automated solutions in 2019 and have entrusted us to deliver these solutions. Such investments and trust have brought “triple-double” growth statistics to our strategic customer segments. Our results in the three main segments – financial, retail and transport sectors have all grown by at least a double-digit percentage compared to 2018.

The growth in the retail sector was 61%, in the transport sector - 70%, and the growth in the financial sector growth practically tripled in 2019. This growth was mainly achieved through the delivery of the latest NCR Selfserv 6623/83 ATMs to Swedbank and Citadele Bank. PSD2 compliance requirements boosted a change from outdated end-user code cards to more modern 2-form factor authentication devices for several customers in the financial sector in 2019. The focus of the retail sector was on offering automated and self-service solutions. We were glad to pilot the SES

electronic shelf label solution for Maxima Latvia, help Rimi Latvia to introduce the Click and Collect solution for their customers and bring automated cash handling solutions for Apollo Cinema. The growth in the transport sector was fully focused on the deployment of automated parcel machines for DPD and Omniva. Also, we were glad to keep our customers happy during 2019 and to receive a high 4.1 score in the customer satisfaction survey (on a 5-point scale).

Bigger and stronger

We have set very challenging but achievable goals for 2020. As the company is growing, so are our investments. One of the main investments in 2020 will be our new office premises. The new office will have more working places, a bigger showroom and a conference hall and better-planned warehouse space. This change will allow us to grow our team with new strong professionals, host more innovation seminars and offer better customer service.

A quarter of a century in the market

In 2019, Hansab Lithuania celebrated a quarter of a century in business. With this milestone, we were able to produce results worthy of this special occasion. We finally reached a record in the sales revenue of €10.1 million.



Darius Žekonis
Managing Director

Compared to 2018, revenue grew by 11%. The profit before taxes grew to €266 thousand, and it is 53% more than in 2018. The revenue growth was influenced by the sales results in all the operating segments, including the sales of services. As much as 80% of the sales revenue came from the three largest sectors – transport, finance, and retail.

The transportation sector continues to be in the leading position for the third year in a row, reaching 36% of the total sales turnover. In 2019, the company carried out two export projects in Sweden and Denmark implementing pneumatic tube systems, and it will

continue in 2020. Also, in 2019 new projects for industrial companies were successfully expanded with a focus on time attendance system solutions. Our service revenue increased too, growing by almost 13%, which means that the sales of SLA and other services fulfilled the target, and this shows a positive trend for the future.

The feedback from our customer satisfaction survey showed growing trust and satisfaction with our performance and solutions with a score of 4.3 (on a 5-point scale). This year's employee satisfaction survey (on a 5-point scale) resulted in 4.2 points (2018 - 3.8 points). Our employees continue to enjoy a friendly environment, the work itself and new challenges. The company's management system based on ISO 9001, ISO 14001, ISO 20000 and ISO 27001 helps to manage the processes, and it is beneficial for our customers and employees.

The transport sector is booming

In the previous year, we contributed to the development of self-service parcel terminals. Lithuanian post, Omniva, and DPD significantly increased the number of available terminals during 2019. Thus, in 2020 the development and improvement of all these networks are foreseen. The self-service terminals are becoming as a standard solution for last-mile deliveries.

2019 was a year was rich with new scale projects. We finished the biggest parking project at Vilnius University Santara Hospital, equipped not only with parking and

guidance, but also video surveillance in the territory. Lithuanian airports renewed their advertising screens, where we installed 120 single and double-sided digital video displays. Interesting to note, that now Vilnius Airport has also the biggest, 36m² video wall, with Hansab custom developed content management system.

As the finance sector continues to optimise the number of branches and ATMs, its income structure remains very similar every year. Moreover, access control projects were successfully implemented in newly opened shared services bank centres. In the retail sector, audio-visual solutions continue to grow with the implementation of wayfinding in the biggest supermarkets. In 2019, much attention was paid to self-service solutions that automate cash flow. This led to increased sales of these solutions. Electronic shelf labels (ESLs) solutions were implemented in MAXIMA, and IKI shops and more significant development is foreseen in 2020.

More ambitious in 2020

Hansab Lithuania made a record turnover in 2019, but the plan for 2020 is even more ambitious. The continuous investment in the new solutions, already signed agreements for large projects and the well-established team gives confidence for the growth. Creating software solutions and integration between different systems will be among the key drivers of success in 2020.

Focus on Consultation Services

Ellore

The year 2019 was for Ellore a period of focusing on our core business activities, which included card payment software distributions, integrations, as well as consultations and support. To be more effective the software development unit has separated and migrated to Hansab Group's new company - Hansab IT Solutions PLC.



Alar Alumaa
Managing
Director

The main fields of activities (i.e. service sales, software rent, sales of IT services) accounted for more than 20% of the income, which allowed us to maintain almost the same revenue level of € 916 thousand as in the previous year, while doubling the profit before taxes to € 129 thousand.

During the year we delivered more than 6000 card payment terminals in the Baltic countries. Overall, the sales and rent of the regular payment terminals have increased, while those of mPOS terminals have steadied.

With the help of the high-quality hardware from Ingenico and the secure software application from Voicecom, we have strengthened our position as the leading provider of card payment solutions, reaching the total of 40,000 active terminals in the Baltics.

The major terminal-related projects included contactless card payment upgrade for integrated solutions. And then the second, PIN-enabled contactless functionality update. Both projects included the software in the terminals, the consultation of integrators and different software services.

Some other highlights included participating in more than 10 card payment terminal integration projects, helping add card payment functionality to attended or self-service solutions. In total, our card payment terminals were integrated with more than 100 different software solutions for their easy-to-implement, secure and feature-rich card payment functionality.

Ellore continued to support Hansab Group's corporate IT system, including its business applications, more than 200 servers, and the overall IT infrastructure of Hansab Group. Furthermore, from the beginning of the year 2019, Ellore has been providing IT systems administration services to the ID-cards production facility operated by AS Hansab. The daily services include the participation in IT security related audits to gain the PCI DSS and EIDAS compliance certifications.

The specialists of Ellore also actively participate in the development and aftersales consultation and support services of Hansab Group's own products, such as the Entringo parking system and the Apear room-booking solution. We had a significant role in preparing for the new system implementation, establishing the everyday support capabilities for monitoring, administering and user support for the whole group.

We extend our competence to provide IT consultation services to the companies of Hansab Group including the business management Software Microsoft Dynamics 365 support within the organization.

Ellore maintained a high employee satisfaction index of 4.9 (on a 5-point scale). The high expectations of our customers are reflected in the customer satisfaction index of 3.9, indicating the need to improve our internal quality and support processes, follow the ITIL principles and ISO standards. We aim to regularly update our organization to ensure effectiveness as it continues to grow. Following the lead of other Hansab Group companies, we are continuously investing resources in improving our processes and management in order to continue providing professional IT support services.

Hansab IT Solutions

Kristjan Haavik
Managing Director

First year of Operations

Hansab IT Solutions had its first full year of operations in 2019. By establishing Hansab IT, Hansab Group aimed at building a competence centre in software development to begin creating and coordinating its software projects. The strategic goal behind this decision was to offer more added-value services, in particular by focusing on software development and IT services.



The specific goals for Hansab IT in 2019 included establishing the company within Hansab Group and then growing its team and revenues month by month.

The first year was full of challenges. The software projects were bigger and more complex than ever before. We introduced and tested new roles within the company, and adjusted and improved guidelines and other procedures.

The majority of the effort was spent on delivering software solutions to Hansab Group. We worked with software projects like Logsy, eDoc, Client Portal, Entringo (part of Hansab's parking solution) and Apear (Hansab's room-booking solution). We also started developing Cash X software for Hansab Estonia's new Cash In Transit department.

In addition to projects for Hansab Group, we have also helped multiple Hansab's customers with their software projects. The biggest achievement involved Rimi's Click and Collect project development and delivery. By now, many Rimi customers have used our software to collect their

pre-ordered goods from the Rimi Drive area in Latvia. Our challenge for this year is to support the launching of more pickup-stations in Latvia and other neighbouring countries. We will also continue helping

“The strategic goal behind establishing Hansab IT is to offer more added-value services by focusing on software development and IT services.”

Telia Estonia, Elisa Estonia, Tallink, Selver (replacement of Kaubamaja Group) and NETS Estonia with various software projects and mobile applications.

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