



Annual Report 2020

Challenging the Impossible.
30th Anniversary Edition

Hansab

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About us

Challenging the Impossible

Hansab celebrates 30 years of business with a record consolidated turnover of € 31.2 million and a team of almost 300 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

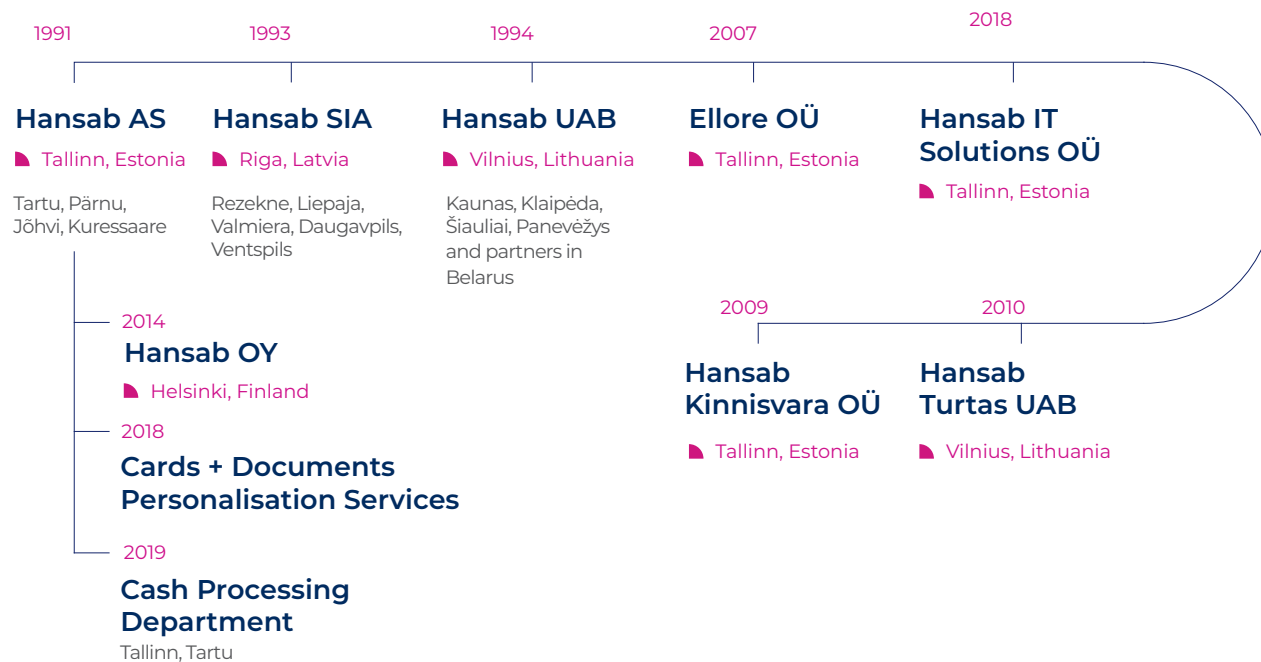
management, and after-sales services. Among our long-term customers, we have leading organizations operating in retail, transportation, finance, state, and education sectors.

Our home territory covers Estonia, Latvia, Lithuania, Finland 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, Hansab IT Solutions OÜ.

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

Hansab Group OÜ

Est. 2005 | Tallinn, Estonia



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.

About Us

Hansab Group's Management Members



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



Rūta Urva
Internal Audit Manager
Hansab Group



Priit Ivanov
Innovation Manager
Hansab Group



Sigita Babarskaitė
CMO
Hansab Group



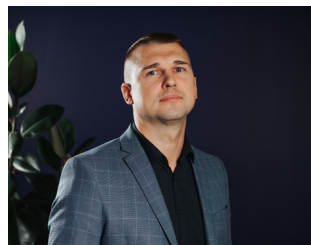
Tiivi Maandi
HR Manager
Hansab Group



Reigo Rosin
IT Manager
Hansab Group



Janno Kallikorm
Chairman of the Board
Hansab Estonia and
Finland



Raivis Barkāns
Member of the Board
Hansab Latvia



Darius Žekonis
Managing Director
Hansab Lithuania



Alar Alumaa
Chairman of the Board
Ellore



Ando Noormets
Chairman of the Board
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	<p>Global economic crisis begins</p> <p>Hansab introduces new strategy with the emphasis on key account management and additionally to finance – focus on public and retail sectors</p> <p>Shift from the product to the solution sales. New products in security field – electronic security, EAS and access control</p>	2013	<p>Hansab TOB Ukraine sold</p> <p>Turnover € 17.4 million</p> <p>Employees: 257</p>
2009	<p>Hansab TOB Ukraine founded to manage operations in Ukraine.</p> <p>Hansab Kinnisvara OÜ founded in Estonia</p> <p>Turnover declines to € 11.3 million</p> <p>135 employees</p>	2014	<p>Hansab OY founded in Finland</p> <p>Turnover € 20.5 million</p>
10s		2015	<p>25th Anniversary</p> <p>321 employees</p> <p>Turnover € 21.2 million</p>
2010	<p>Hansab Turtas UAB founded in Vilnius</p>	2016	<p>Turnover € 26.1 million</p>
2011	<p>ISO 20 000 certificate acquired</p> <p>Project department founded to manage complex projects and to divide responsibilities between the departments.</p> <p>Turnover recovers to pre-crisis level € 17.5 million</p> <p>168 employees</p> <p>Hansab starts service export</p>	2017	<p>305 employees</p> <p>Turnover € 25.6 million</p> <p>Entering robotics field with the humanoid robot Pepper</p>
2012	<p>Hansab begins active operations in Belarus</p>	2018	<p>Began Estonian eID documents production</p> <p>Hansab IT Solutions OÜ founded in Estonia</p>
		2019	<p>Estonian Cash Processing Department founded</p>
		20s	
		2020	<p>Moya OÜ sold</p> <p>Record turnover € 31.2 million</p> <p>Record profit of € 1.6 million</p>
		2021	<p>30th Anniversary</p>

30 Years of Successful Development

On the 14th of February 2021, Hansab celebrated its 30th anniversary. It has been an interesting and successful journey filled with constant development. Currently, Hansab Group consists of 9 companies, almost 300 employees, and a revenue of more than 30 mil euros.

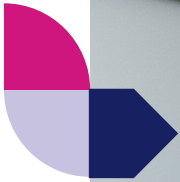
The main reason for our success is constant innovation which is written into our company's DNA. Over the years, we consistently analyzed new technological and economical trends, looked at new directions and solutions, and based on that developed our offering. This type of approach was positively received by both our employees and customers and helped us grow. The independent surveys confirm that innovation is the main characterization and differentiator of Hansab from our competitors. And we are not stopping now.

We started to develop new solutions and products in-house. We entered the market with Entringo, a parking solution, and Apear, a room booking solution, and started activities to export

them. We have also successfully entered Cash-in-transit (CIT) Services in Estonia, a new field for us, and within the first year gained around 20% market share.

The year 2020 and the beginning of the current year have been highly affected by COVID-19. The new reality demanded flexibility and innovativeness from companies. Hansab was quick to adapt to the new conditions. Our IT systems afford us the flexibility of working from home and continue providing services to our clients without interruptions. This is also evidenced by the financial results of 2020. We achieved a record revenue of €31.2 mil with a profit of €1.6 mil. Our Lithuanian company Hansab UAB has performed exceptionally well, finishing the year with the best results from all of the group companies in its history - €14.3 mil revenue and €756 thous. profit before taxes.

The top priorities for the development of our society - digitalization, automation, and security - will continue providing Hansab with new challenges and avenues to explore.



Aigar Urva
Founder & CEO

The main reason for our success is constant innovation which is written into our company's DNA.

Financial Results of Hansab Group 2020

Jaak Õunpuu

CFO of Hansab Group

2020 was an extraordinary year. Fortunately, the recession caused by COVID-19 in the Baltics was smaller than forecasted in spring. Last year GDP decreased by -2.9% in Estonia, -3.6% in Latvia, and -0.8% in Lithuania. Inflation slowed down in the Baltics, in Estonia, it was -0.6%, and there was a small price increase in Latvia (0.1%) and in Lithuania (1.1%).

The financial overview of 2020

The most remarkable growth in 2020 was in the transport sector, followed by the public and industry sectors. Whereas compared to 2019 revenues decreased in the financial sector.

Despite the sale of the recycling services company Moya OÜ at the beginning of 2020, the group still showed an increase in services revenues (over 5% compared to the previous year), accounting for 39%

of the total group turnover. The main sources of growth in 2020 were new services of Hansab AS – cash processing and transport services, plus an increase in service-level agreement (SLA) revenues in all of Hansab companies.

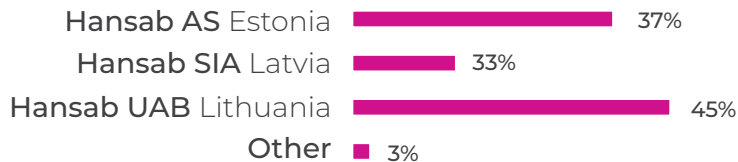
The biggest improvement of sales turnover was in Hansab UAB (41%) and Hansab AS (8%). Only in Hansab SIA revenues decreased (-32%). The highest revenues € 14.3 million were achieved by Hansab UAB, followed by Hansab AS with € 12.0 million and Hansab SIA with € 4.7 million.

The largest portion, 45%, of the consolidated turnover in 2020 was generated by Hansab UAB, while the share from Hansab AS and Hansab SIA amounted to 37% and 15%, correspondingly, with other group companies accounting for 3%.

In 2020, Hansab UAB generated the highest net profit, € 630 thousand.



Hansab Group Turnover by Companies



Followed by Hansab AS €320 thousand, Ellore OÜ €103 thousand, and Hansab Oy €7 thousand. With losses ended last year Hansab SIA Hansab € -94 thousand and IT Solutions OÜ € -128 thousand. Group real estate companies continuously earned profits in 2020.

Investments

The largest investments of 2020 included the purchases of equipment and software for the new business segment of Hansab AS – cash processing services, the development of Hansab Group’s new products (Entringo, Apear), and other software solutions. Last year, the Vilnius office was renovated with the construction of additional office space. Investment into the equipment for full-service rentals continued by Hansab companies. The total amount of investment in 2020 added up to €2.2 million and depreciation expenses increased by 14% to €1.0 million.



Annual results

In 2020 Hansab Group earned the second-best EBITDA in the history € 2.0 million (€ 2.4 million in 2019). Group net profit reached €1.39 million (€ 1.33 million in 2019).

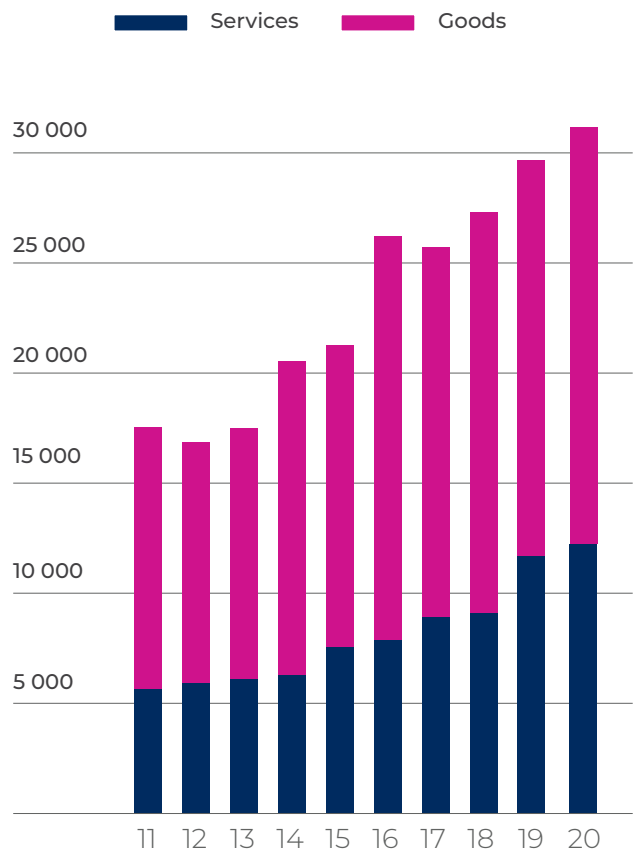
The volume of consolidated assets increased to €16.6 million (€14.9 million in 2019) based on the growth of cash and fixed assets. Related to this, short-term liabilities and equity increased.

The share of equity by the end of 2020 was 38% from the balance sheet. The consolidated return of equity (ROE) was close to 24%, and the return on assets (ROA) 9%.

Planning for 2021 and beyond

Economic experts forecast, as the main scenario, a stable growth of around 3% for the Baltic region in 2021 and slightly more in the coming years.

We believe that Hansab Group's financial policy, flexible cost base, new business fields, and investments have created a basis for good growth in 2021 and in the future.



Consolidated turnover of goods and services
in thousands of euros

Consolidated Balance Sheet

in thousands of euros

ASSETS	31.12.2020	31.12.2019	LIABILITIES AND EQUITY	31.12.2020	31.12.2019
Current assets			Current liabilities		
Cash	2,689	707	Loans and borrowings	699	1,353
Trade receivables	3,081	3,421	Trade and other payables	4,984	3,817
Other receivables	432	589	Accrued expenses	892	838
Prepayments	595	563	Tax liabilities	1,448	876
Inventories	2,369	2,478	Total current liabilities	8,022	6,884
Total current assets	9,166	7,758	Long-term liabilities		
Fixed Assets			Loans and leasings	2,145	2,467
Long-term financial investments	404	468	Other long-term liabilities	150	9
Tangible Assets	5,948	6,005	Total long-term liabilities	2,295	2,477
Intangible assets	1,061	705	TOTAL LIABILITIES	10,317	9,360
Total fixed assets	7,413	7,178	EQUITY		
TOTAL ASSETS	16,578	14,936	Share capital	3	3
			Reserves	3	3
			Minority equity	904	864
			Retained earnings	4,166	3,585
			Currency differences	0	2
			Net profit for the period	1,186	1,120
			TOTAL EQUITY	6,261	5,576
			TOTAL LIABILITIES AND EQUITY	16,578	14,936

Consolidated Income Statement

in thousands of euros

	2020	2019
Sales Revenue	31,150	29,677
Other operating income	59	79
Business expenses		
Goods, materials, services	-18,443	-16,429
Operating expenses	-2,632	-3,095
Labour expenses	-8,057	-7,746
Depreciation	-1,010	-886
Other expenses	-35	-51
Operating profit	1,032	1,551
Financial expenses	593	-64
Profit before income tax	1,626	1,487
Income tax	-231	-156
Net profit for the financial year	1,395	1,331
Equity holders of the parent company	1,186	1,120
Non-controlling interest	209	211

How to Gain Growth During These Challenging Times in B2B Sales?

Markko Purge
Sales Manager

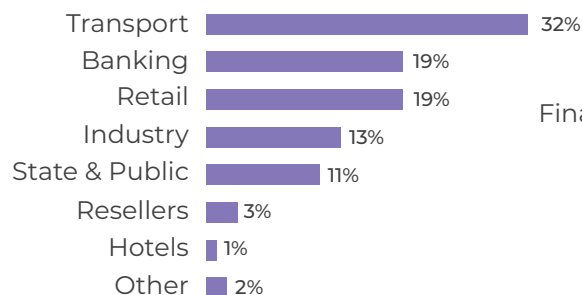
The COVID-19 pandemic forced our customers and sales managers to move from traditional B2B sales methods to fully new digital interactions. What started as a crisis, become the next new normal digital reality throughout the year. More than three-quarters of our digital remote customer engagement and self-serve interactions have gone as well as possible for Hansab. Thanks to our well-prepared IT structure, our sales managed to switch to online channels rather smoothly. Hopefully, traditional B2B sales will soon come back to normal face-to-face interactions as we all are waiting for the end of these turbulent times.

When the pandemic started, companies were afraid not only of the fulfillment of the created budgets but how deeply it all will affect the company results overall. We are glad to announce that despite the anxiety

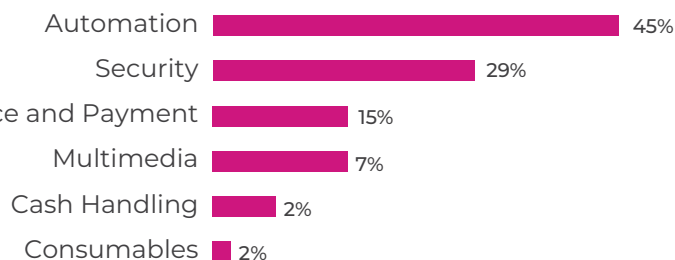
in 2020, Hansab Group sales departments' turnover was yet best again in total €22,5 mil which is a 7% increase compared to 2019. The sales objective was to focus more on high-value-added products, solutions, and services. The sales of goods were almost at the same level compared to the previous year's results, but as we are selling more sophisticated solutions with software development and integrations, we managed to increase our sales of installations and integration by 20%.

Hansab is moving more to a recurring revenue model by offering SaaS or full solution rental possibility with all our services. It is strategically very important to us because it gives the company a more stable revenue stream and lowers initial investment requirements for our customers. As traveling was heavily affected by the pandemic, the production turnover of

Distribution of Revenue by Strategic Segments



Distribution of Revenue by Product Groups



national ID cards was less as planned. But thanks to the increase of our after-sales services our total sales of services increased by 2 %. About half of the Group sales income was generated by our Lithuanian sales team who made the best sales result in Group's history!

The leading customer sector was Transportation, followed by Finance and Banking, Retail and Public- and State sectors. Because of the need for automated self-service solutions and last-mile delivery solutions, the Transportation sector grew 50% compared to 2019 and gave almost 1/3 of our income. Despite retailers stopping their investments immediately after Q1 in 2020, we still managed to increase retail sector's sales by 6%. Almost all customer segments grew by revenue.

We focus on five product groups. Reflecting on customer segment needs,

the Automation product group was by far the leading group. Because of the overall safety concerns, self-service automated and security solutions have become one of the most important solutions in our product portfolio. In 2020 automated product group sales grew 66% and reached over €10 mil sales revenue. As we are selling more complex Security solutions, focusing on fire safety, electronic access, and comprehensive video surveillance solutions, both these groups are making 2/3 of our sales of goods.

In the transportation sector, our customers' challenge is to keep up with rapid e-commerce growth. They are mostly focusing on self-service solutions, which bring efficiency to their business and satisfy their clients' need for a functioning 24/7 services close to homes. The biggest logistic companies continued to add parcel lockers to their current networks to satisfy the



increase of last-mile deliveries. We see this as a continuous trend and are glad to be an innovative and reliable partner who offers not only the terminal itself but full solutions with all necessary functionality, security and after-sales services across the Baltic.

In the Finance and Banking sector, our major role was to offer continuous support and updates for the ATM network and payment terminals. Banks continued to invest in upgrading their ATM networks with the latest Self-Serv models from NCR. Because of the pandemic's effect on the HORECA sector, installations of new payment terminals were the lowest in history.

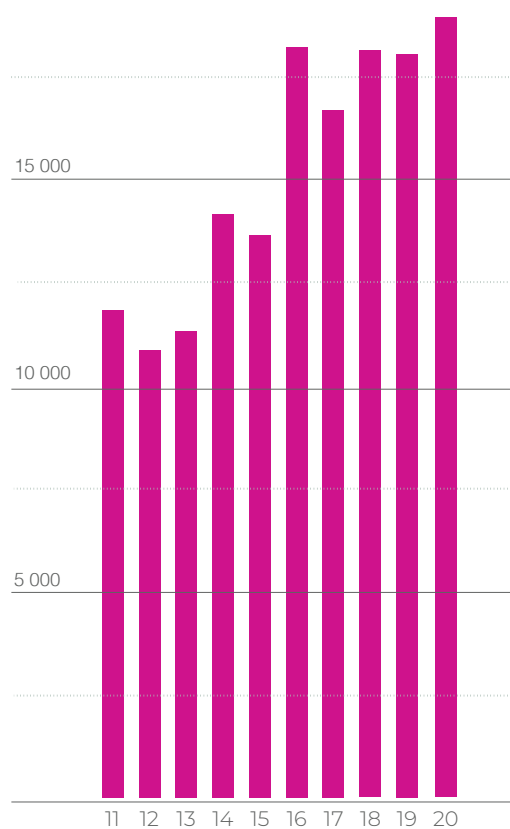
With the start of the pandemic, the Retail sector in the Baltics was hit hard. The main reason was uncertainty on the part of consumers and the visitation restrictions imposed on large malls. Retail companies faced a series of difficulties: from reduced demand and financial difficulties to health safety at work and long-term supply challenges to the challenge of moving trade to the Internet. Therefore, some of the already agreed developments were put on hold. Nevertheless, Retailers started to look where to gain more efficiency. Thanks



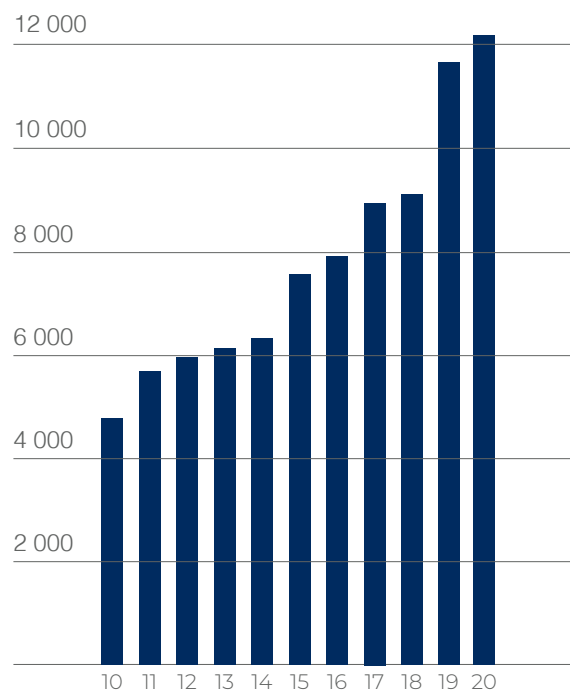
to our new cash-in-transit (CIT) services, we started to offer Retail cash automatization and CIT service combined in a full-service agreement. Because of safety reasons, grocery online store Drive-In pickup solutions were well accepted by the end customers.

Despite all the challenges from the COVID-19 pandemic, we are glad that we are stronger than ever. Thanks to our loyal customers and world-leading partners, we will continue to be the leading solution provider in our markets by offering various innovative technology solutions.

Consolidated Turnover of Goods and Services



Consolidated turnover of Goods
in thousands of euros



Consolidated turnover of Services
in thousands of euros

Improving for the Future

Priit Ivanov

Innovation Manager

2020 has been a year of challenges but then again it has been a year for refining and improving. We achieved major milestones in development – we were able to finalize our automation products Entringo and Apear and launch for wider market use, we also created and optimized Resources for production of hardware and Control of the product lifecycle from design to delivery.

Turning a new page in Product development

Entringo Parking has been introduced to our home markets with projects in different key segments. The feedback has given us valuable information and confirmed customer satisfaction towards our approach of a customizable and adaptable system, that enables new ways of earning by offering services combined with parking.

Together with parking, we are also following the trends of mobility. As personal Electric Vehicles are becoming more affordable, the need for supporting infrastructure and solutions is growing. In 2021 we plan to launch the first integrated services on the Entringo platform connecting EV charging management and payment with parking, making it a seamless part of one's everyday life.

Expanding reach of Automation

After we launched Entringo we turned our heads towards Traffic Management in other areas – harbors, logistics centers, factories, and other industries that have issues with traffic flow optimization. As Entringo has been planned as a platform for traffic automation in general, we started a project for developing a solution called „Entringo Traffic“ – a system that helps to optimize traffic flow according to the business needs.



This will open up new possibilities in an otherwise difficult scenario where you have to consolidate the moving physical world with the digitalized automated processes. Entringo Traffic will enable our customers to digitalize and automate the physical journey thus focusing on their main processes.

Building on experience, expanding with customers.

The past 30 years have given us an unmeasurable experience that we can execute with our customers. Our approach is becoming more and more customer-focused, tailored, and developed for the needs of the real world rather than being fixed to the technologies. The future is for those that adapt and evolve and we plan to stay on that route.

In 2021 we plan to launch the first integrated services on the Entringo platform connecting EV charging management and payment with parking, making it a seamless part of one's everyday life.

Digital Services - a Key to Business Continuity

Algo Puusepp

Service & Quality Manager

The year 2020 proved the importance of having digital remote services to manage business continuity. We are glad to say that thanks to our risk management strategy, during the COVID-19 crisis all our services were up and running and our customers could continue running their businesses without interruptions.

Developing remote services

One of the key challenges of 2020 was how to service our customers with less physical contact. We can see that in 2020 there was a 50% increase in remotely solved incidents, a number that is greatly influenced by the pandemic.

The total number of service calls received in 2020 was 65 0000. As many as 15% of those calls involved cases that were solved remotely. In comparison, to 2019 when the number was 10%. We see the trend positively growing by at least 25% in 2021 and further on.

To give you an example, the service demand for parcel kiosks increased both due to the bigger usage and the expanding network. In 2019 we received 8500 calls, out of which 500 were solved remotely. The following year we improved our monitoring service and as a result in 2020 out of 11 500 calls, 1500 were solved remotely.

Backup and disaster plans are not an afterthought

Disaster recovery process is one of the key components of Hansab's service management system (SMS) and it played an important role in 2020. Our services are certified ISO 27001 and ISO 20000, which ensures that all risks are managed and customers can be confident that services will run smoothly. We took full advantage of our certified Service Management system when the pandemic hit.



Improvement to Payment Terminal Services

In 2020 we developed a new tool to manage payment terminal configuration data. This will significantly improve our POS terminal management services. Because the full process will be managed in a more efficient way, it will increase the efficiency and quality of our services. The rollout for the new changes will be during Q1 2021.

Remote Work

Last year we updated our companies' document management system to the latest MS SharePoint. It allows us to conduct remote work more efficiently. We also introduced Microsoft Teams and we now use it as our main communication channel. All these new tools have become invaluable assets for our teamwork, especially when most of it is done remotely, across several countries.

In-House Production Process

Usually, when Hansab sells complex solutions we come in at the final step in the production process. However, when Hansab began developing its own solutions in-house, such as Entringo or Apear, it offered us a chance to come in early. Last year we focused on improving the production process from the start, by introducing new roles and resources.



As we migrated to the new knowledge base, we also took the opportunity to introduce video tutorials to help our engineers learn and get up to speed remotely.

What's next?

Next year our focus will continue to be on remote services and monitoring. We believe that together with our well-established quality standards, services team set-up, and foundations laid in the previous years, we will be able to offer services that match our customers' business needs.

Scaling Storytelling Across All Channels

Sigita Babarskaitė
CMO

2020 put many marketing and communications strategies to the test. For us, it proved our digital centralized marketing strategy with local implementation can continue running as effectively as ever before. From last year, we have managed to launch a new intranet, create more valuable content and make sure that our customers are well informed.

The Launch of the new Intranet

As we spend more time working separately it becomes even more important than ever to find ways to keep in touch with each other. To do that we dedicated more effort to developing our internal communication channels, including launching a new intranet - SharePoint.

With the launch of SharePoint, we have succeeded in having an interactive platform, where our teams can share and

engage with the content and each other. It helps us to be more efficient and flexible in our online communications, using different tools and internal resources. Most importantly, it's cloud-based, which means that our employees can access it from any network or platform, whether it's a laptop, a phone, or a tablet.

Product development

Developing our parking and access control platform Entringo has been a strategic priority for several years. Our role in the development was to provide the necessary materials for the sales team and make sure that the marketing content is clear and up-to-date. We also launched a brand new website to help our customers learn more about Entringo.

Applying Design Thinking

Customer centricity is key when developing new services and solutions for customers. To get better at that, we applied to participate in a European Union-funded program called Design Masterclass. Shortlisted from 80 Estonian organizations, we had a chance to roll up our sleeves and practice applying design thinking to our project. We chose Entringo, but the skills we acquired at the masterclass have laid the foundation for future projects as well.

The Growth of Video

Our video content has been something that set us apart from our competitors for years. Approached strategically, we aim at showing how our projects work. We cooperate with our partners and customers to deliver high-quality, scalable videos. Our videos showcased Click and Collect solutions for Rimi; digital signage solutions in Lithuanian airports, access control at Printify, not to mention a video, dedicated to cash transportation and processing. And these are just some of the examples. We have a Youtube channel, where each viewer can get acquainted with our video library.

The Social Media

Since 2020, we have dedicated more resources to managing our LinkedIn content. Our content manager joined the team to scale

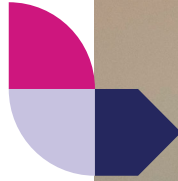
our storytelling across channels by creating consistent and user-focused content for our channels. In addition, Hansab Lithuania and Latvia started their local language LinkedIn channels to provide localized content. Ever since the launch, we have seen engagement in all channels grow. In 2021, we will continue with the same strategy.

Customer Feedback

Asking for customers' feedback is essential. Our customer satisfaction surveys in Hansab companies have proved yet again that our customers trust and value our offering (4.2 in 5p. Likert scale). In addition, we measure brand recognition and image, which rates an average of 4.4 across all brands. The highest valued aspects are solutions offering and customer relationships.

Email marketing

When turning fully digital, email marketing proved to be an effective communication channel. And it has become more personalized than ever before. We share opinion articles, important industry trends as well as interesting case studies relevant to our strategic sectors. And customers have responded with high open rates of approximately 40%. We will continue refining and adding more useful content that could help simplify our customers' lives.



What's next

By combining our digital marketing and communication strategy with our professional team, we will continue growing to build the Hansab brand offering that speaks to our customers and partners.



Our brand promise is simple. We strive to be a trusted partner for our customers. We develop everything from custom software and solutions to digitalized services.

The Game-Changing 2020. It is All About Trust!

Tiivi Maandi
HR Manager

Getting culture right is crucial across all levels of business at any time — but it's particularly important in difficult times.

Our values: We are open and reliable. We build partnerships. We work creatively and ethically. This is how we work at Hansab.

Last year we felt that living the values helps us in building a trust culture. As we navigate our current landscape, we need trust as a basis for helping our teams to cope with the unknown. COVID-19 pandemic caused a lot of unpredictability in 2020. As the crisis unfolded, we really saw the benefits of creating a respectful and trusting workplace. Improving communication, recognizing employees, and practicing transparency was more important than ever. In the situations where our traditional physical meetings and seminars were postponed or canceled, digital and online communication

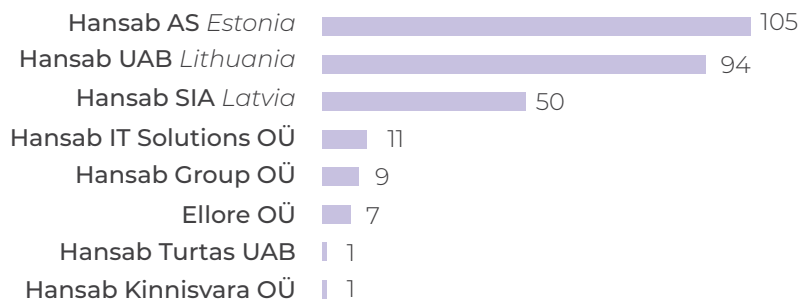
gained importance. Informal one-to-one communication by managers, newsletters, the new intranet, online seminars, and meetings are some of the examples where we needed to put much more effort to keep employees informed and involved.

Working Remotely

To prevent the spread of the coronavirus, we also switched to a remote work model at a rate and scale we had never experienced. As face-to-face collaboration was replaced with e-mail and videoconferencing. We all struggled to ensure to have the skills necessary to navigate an increasingly digitized workplace. But, admittedly, this “future of work” had always seemed a safe distance ahead — far enough, at least, to thoughtfully prepare for. Now we just needed in many cases learn by doing. Again the DNA of our company culture helped us smoothly begin working remotely, using

Employees by Company

Date: 31.12.2020



Total 278

videoconferencing and other digital tools for daily activities we used to do in the office.

Internal Events

Internal events for team building and employee recognition have been a long-standing tradition at Hansab. Now we needed to find alternative and also creative ways to keep people connected and recognized. Our pan-Baltic summer days were this time held in smaller teams and Christmas Parties held online. Who could have imagined that we would deliver awards to employees' homes and share the experience with other colleagues through a Late Night Show Format. Or people sharing their photos of how they're participating at the Hansab Christmas Party at home. We did things the way we had never done before. Challenging ourselves and learning new skills, learning by doing. And of course, while having a lot of fun as well.

In the meanwhile managements and crisis committees taking measures to keep

employees safe preventing the spread of germs in the office and ensure business continuity. We really did well. Thanks to living the values, having the trust.

Annual employee opinion survey

We also carried out the traditional annual employee opinion survey to check how we meet employees' expectations, especially considered difficult year and changes needed to cope with the new normal, and how to offer a better work experience.

On a five-point scale, the group companies' average employee satisfaction index increased to level 4,3p, exceeding the set target level of 4,1p. It was a pleasure to see that the satisfaction index increased in the group companies as well. Employees are more eager to recommend Hansab as an employer to someone they know.

Employees felt more involved and proud to work for Hansab. People mentioned a positive



working atmosphere, challenging and fulfilling tasks related to working with innovative technology, and great teamwork. Trust towards the company, colleagues, and managers as a basis for satisfaction and commitment.

Finding new talents

Regardless of remote working and these uncertain times, we continued our traditional close cooperation with universities and vocational schools offering internship and scholarship programs.

IT WORKS – THANKS TO YOU!



Tiivi Maandi
HR Manager

As we navigate our current landscape, we need trust to help our teams cope with the unknown.

Continual Focus on Stability & Security Pays off When Most Needed

Reigo Rosin
IT Manager

The strategic goal for Hansab Group's IT support in 2020 was moving our everyday e-mail and document management server to the cloud.

When 2020 brought distance work into a sudden focus, it put our systems to the test. We needed to provide accessibility to the external network while keeping the system security levels at the same level as in the office. We are happy to say that our systems have been built to be stable and suitable for these kinds of unexpected situations and they passed the test with flying colors. The switch to working from home was successful and smooth. Also, while there were fewer people at the office in springtime, we used it as an opportunity to update some of our outdated equipment.

Key Projects

One of the key projects of the year was introducing Microsoft cloud solutions merging e-mails, intranet, and

Microsoft Teams. Having all the different functionalities in one place makes it more convenient for the user and for the IT support to solve cases. We also created a recovery site to be ready in case our main infrastructure would face any major incidents. Now we can switch any application or full system over to a different site in minutes. To continue providing stable and convenient systems to all the Hansab Group companies, we also updated our supportive mechanisms.

Providing continual support to Hansab Group Companies

At the beginning of 2020, we hired a System Main User for Hansab's financial software Microsoft Dynamics 365 (AX). Her role is to help AX users, as well as be the link between our development partner and our internal business software needs. This will help us give professional support and development



project management for the finance and sales teams. As the software is constantly being developed and needs integrations with other systems having a dedicated person is key. The same person also provides Scoro support and project management for Hansab Companies. Starting from the simplest user guidance to more complex integrations with other systems.

There were also changes made in our support team to provide a higher level and faster case-solving for Hansab companies. The changes were reflected in our annual IT survey, where our support was graded 4 points out of 5, the highest score in the past 5 years. From the survey, we also got ideas on the improvements we could make to take our support to the next level. This will be one of our key focus areas in 2021.

2021 Plans

In 2021 we will continue to update our infrastructure, both hardware, and software, to improve the system's stability. One of the ways we do so is by implementing Trend Micro e-mail security and also endpoint security to



ensure that our equipment is secured also outside of the office network.

We have also started the exchange of our call center system to improve the way we manage and update the system and to set up and get better statistics and metrics that meet our needs.

2020 showed us that we need to be prepared for extreme situations. In my opinion, we managed the sudden changes well and we will keep moving on the same path, updating and renewing our systems and services so that we would be well prepared for new upcoming challenges.

When the Going Gets Tough...

...the Tough are Still Going.

Janno Kallikorm
Managing Director

Similarly, as many other markets, we witnessed quite a rapid meltdown in several customer segments early in 2020 due to the imposed restrictions to manage the Global COVID-19 pandemic. The private sector in general stopped or postponed the majority of their investment decisions and the strong decline in private consumption put the economy into a very challenging situation. We need to give credit to the governmental sector for continuing and even increasing the speed and volume of investments made into their infrastructure projects.

Luckily, after the first shock of 3-4 months, the economy, and indeed we as a company bounced back quite strongly in the second half of the year, to finish 2020 with an 8% higher revenue compared to 2019, just breaking the €12m level. Due to the challenging year, we did see a decrease in earnings though, being able to finish the year with a 0.4m€ profit before taxes, which

marks a 40% decrease compared to 2019. On the other hand, we continued to focus on our business development by investing more than €1.7m, thus keeping the EBITDA on the same level compared to 2019, reaching €1.1m once again.

The strongest portfolio segment was automation (the most prominent project being parcel machines expansion for DPD), accounting for 35% of total sales revenues, followed by security (29%), finance, and multimedia (15% each). Feedback from stakeholders showed continuous trust in our actions as a partner and as an employer, with ratings of 4.2 and 4.1 (on a 5-point scale) from our employee and customer satisfaction surveys.

Services in the spotlight

Our achievements in the services segment have earned a separate chapter, as for the first time in our history the revenues from services exceeded the revenues



from solution sales. Thus, marking a very important milestone in our strategy fulfillment. The total revenue from services was € 6.1m growing by 15% YoY.

Revenues from technical services stayed on record highs, while installation services saw a cosmetic drop in revenues.

From our services portfolio, document personalization services were affected the most by the restrictions put in place against the pandemic, reaching merely 85% of the budgeted level. The latter also made us focus more on other smart- and loyalty card solutions, where our most prominent customers today are Kaubamaja Grupp and COOP.

“Cash is King,” some say – and this has been a reality for us in 2020. After just more than a year in cash processing and delivery services business, together with our partner Viking Security, we can proudly state that we are here to stay, and we have become one of the two major players in this segment in Estonia. By March 2021, our estimated market share is 30%, marking quite a remarkable expansion in just one year of activity.

Outlook to 2021

This year we are celebrating our 30th anniversary and I would like to thank all our customers, partners, and employees for their continued trust and support during this inspiring and incredible journey through time



and technology, to make our daily lives better, every day.

Today, our solutions and services are enabling millions of transactions daily, and we will not stop here.

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 2021.

The increased services portfolio and continued investments into our in-house solutions development and new business fields will give us the drive to grow for many years to come.

Shifting Focus to Thrive

Raivis Barkāns

Member of the Board

Hansab Latvia

After having the best year in terms of revenue and profit in 2019, the year 2020 brought with it some changes. Although the management team was able to take effective cost-cutting actions, our revenue in 2020 decreased by 32% and the company was not able to end the year with a profit. The revenue drop was mostly influenced by diminished sales results in almost all operating segments except for the transport sector. The service revenue remained stable and almost at the same level as the previous year.

The new normal

COVID-19 disrupted many of the stable business sectors while at the same time allowing other areas such as e-commerce, logistics, and self-service to take off. COVID-19 had a high impact on Hansab SIA's baseline in 2020, but the situation also highlighted some of Hansab's strengths. Only because of our ongoing presence in almost all major segments, we were able to shift focus on sectors that thrived.

We saw a great increase in demand for parcel stations, which we could meet thanks to our 5+ years of hard work and experience working with Omniva and DPD. By now in Latvia alone, we operate 400 parcel stations. At the same time, we continue collaborating with the biggest courier companies and retailers for click & collect solutions.

Many retailers have moved towards embracing digital screens, both for their convenience and efficiency, as well as for the environmental footprint. Maxima launched a pilot project for ESL (Electronic Shelf Labels) replacing more than 30k printed shelf labels. Several retailers are planning to follow the lead and invest in upgrading existing product price labels next year. At the same time, Service-level agreements (SLAs) provided a guarantee of stability throughout the year. Total service department income was as budgeted, staying at similar levels as in 2019. SLAs make up 87% of the total income pie and it has grown by 4% since the previous year

with the banking institutions being in the lead and parcel terminals staying not far behind.

The highest scores of the customer satisfaction survey in recent years (4.2 points on a 5-point scale) give us confirmation that we are on the right track. In addition, we are honored to continue our ongoing cooperation with the Latvian government, advising ministries on innovation and technology issues during the emergency situation. Our knowledge and experience are an important driver for the country's economy.

Changes in the management team

In 2020, to counter the decrease in revenue, changes in the management team were made to open up new business opportunities. Despite some unpopular decisions we were once again assured of the loyalty and understanding of our employees. Even our yearly employee satisfaction survey showed better results than in the previous years (4.2 points on a 5 points scale.)

Updated Office and Systems

While in Latvia as well as the rest of the world work is mostly done remotely, we are pleased that when the situation improves we have a new, much larger and modern office to return to, which we set up in June of last year. We look forward to once again seeing our colleagues and customers face to face on a daily basis. In addition to the new office, the company's systems have also experienced a digital move. Scoro has become the new CRM tool, which is used



effectively in sales process accounting, project management, and resource planning.

Where to next?

We will continue implementing our ongoing projects while remaining highly focused on bringing only the most innovative technologies that will improve our customers' lives.

Finding Opportunities During the Crisis

Darius Žekonis
Managing Director
Hansab Lithuania

2020 Hansab UAB has planned a significant revenue growth and set a target of €13.8 million but the year started with a health crisis. The COVID-19 pandemic has had a significant impact on businesses worldwide. Lockdown restrictions, disruption to supply chains, increased pressure on cash flow, and reduced capacity have all affected the ability of different businesses to fulfill contractual obligations.

Despite the crisis caused by COVID-19, Hansab UAB managed to find opportunities, and the target was exceeded by more than €450 thousand and in 2020 the company's sales revenue reached a record high of €14.3 million. Compared to 2019, revenue grew by 41% from €10.1 million in 2019. In 2020 the profit before taxes grew to €756 thousand and it is more than 3 times higher than in 2019. The revenue growth was influenced by sales results in all the operating segments including sales of services.

Hansab UAB service revenue increased by 34%, which means that sales of service-level agreement (SLA) and other services fulfilled the target, and this shows a positive trend for the future. In 2020 the company carried the export project in Sweden implementing pneumatic tube systems and it will continue in 2021.

2020 sales to Belarus, where Hansab has a network of partners, were minor, as the political situation in the country led to the decision to not give a high priority to this area.

We succeeded in maintaining positive feedback from our customers (4.3 on a 5-point scale) as well as from the employee satisfaction survey (4.2 on a 5-point scale). Our employees value the company for good communication and cooperation, providing help to each other, and employees are proud to work for Hansab. The organization's quality management, based on ISO 9001, ISO 14001, ISO 20000, and ISO 27001 helps run processes smoother while

being beneficial for both our customers and employees.

Right solutions at the right time

COVID-19 lockdown restrictions changed the business and customer habits dramatically. The e-commerce started to be the only solution to get some goods and the last-mile delivery solutions played a significant role from the very first day of lockdown and the self-service parcel terminals become a standard solution for last-mile deliveries.

Lietuvos Paštas and DPD expanded their networks by significantly increased the number of available terminals, Omniva made some increase of the available boxes as well. A new agreement for parcel terminals was signed with DPD, the implementation of which will continue in 2021. VENIPAK, one more Pan-Baltic logistics company, decided to develop their own parcel delivery network and Hansab UAB helped to install it. All these networks will be developed during 2021 as well. In 2020 Hansab finished the parking project in Kaunas clinics by installing ANPR parking systems including a car guidance system. Sales

of parking systems and electronic security solutions for logistics centers continued to be successfully developed. In 2020, several projects with Lithuanian railways were started, which will be continued in 2021. 2020 Hansab UAB sales in the transportation sector accounted for more than 40% of total sales revenue.

The industry sector was growing year by year in our sales portfolio. Restrictions due to COVID-19 let our company sell the access control and temperature measurements solutions to many production companies in Lithuania. During 2020, several large projects of manufacturing companies were won and successfully implemented, where UAB Hansab installed different security and safety solutions. Hansab UAB participated in the implementation of security systems in the new production building of THERMO FISHER SCIENTIFIC BALTICS. The new pharmaceutical plant was built in a record period of time - 4 months.



the New-normal

Hansab UAB has made a record turnover in 2020 and the plan for 2021 is to keep it as well. The new ways of work organization, remote working, and communication with the customers changed our previous habits.

The new normal brings to us new opportunities and continuous investment in new solutions, already signed agreements for large projects and the well-established team gives the confidence for growth

Despite the crisis caused by COVID-19, Hansab UAB found opportunities and in 2020 the company's sales revenue reached a record high of €14.25 million.

One Million and Beyond

Alar Alumaa

Chairman of the Board
Ellore

In 2020, Ellore revenues exceeded €1 million. More than half resulting from card payment activities, including software delivery, integration, and support services. During the year there were more than 4000 card payment terminals installed over the Baltic countries. The high-quality hardware from Ingenico and secure feature-rich software application from Voicecom help us keep and strengthen the leading position of card payment solutions provider, reaching 35 000 total active terminals in the Baltics.

In total our card payment terminals have been integrated with more than 80 different software solutions. They enable easy-to-implement, secure, and feature-rich card payment functionalities. The previous year adding more than 10 new integrated solutions with our card payment terminals. Ellore participated in several integrations providing expertise and consultation to our partners to achieve approvals from local certification bodies.

COVID-19 crisis sharply influenced the situation in the retail market by decreasing the number of active terminals on the

field. The contact-free products and services delivery and courier services required several changes in card payment functionality where Ellore carried out its role.

In the spring of 2020, we introduced the first TETRA generation PIN Pads, which were warmly welcomed by our partners. Major terminal-related projects included PIN-enabled contactless functionality updates (incl. software updates) and support and consultation services for all the participants of the project.

IT Infrastructure Services

Ellore continued to provide IT infrastructure services within the Hansab group to maintain corporate IT systems including business applications, more than 200 servers, and the overall Hansab Group IT infrastructure. COVID-19 related restrictions demanded operative actions from Ellore's side to establish the capabilities for the home workplaces, use of collaboration, and remote networking tools. We extended our competence to provide IT consultation services to the Hansab Group companies

including the business management Software Microsoft Dynamics 365 support within the organization.

Since 2019 Ellore provides IT systems administration services to Hansab Estonia operated ID-cards production facility. The daily based IT services include participation in the IT Security related audits certifications to gain PCI DSS and EIDAS compliance certificates. Ellore also built the IT system including local servers, networking and workstations to the Hansab Cash in Transit division and embedded it into the Hansab overall IT Infrastructure.

Participating in Product Development

Ellore specialists participate actively in Hansab Group's product development projects including the Entringo parking system and Apear room reservation solutions development activities and aftersales consultation and support services. Ellore had a significant role to prepare for the new system implementation, establishing everyday support capabilities for monitoring, administering, and users support for the whole Hansab Group.

Quality and Future Goals

The customer satisfaction index of 4.2 was higher than in previous years. The expectations for quality services of our customers remain very high and require us to constantly improve our internal quality and support processes, follow the



ITIL principles while keeping track of ISO quality standards.

Ellore received a high employee satisfaction index of 4.3 (in 5p. Likert scale). We regularly update its organization to ensure effectiveness as the company continues along its growth path. This is a solid platform to continue with organizational development and quality improvements.

2021 brings new perspectives to grow together with our existing and new customers. Being part of Hansab Group companies, Ellore supports the global growth efforts of the corporate customers by developing and providing them with modern, high-quality IT support services.

A Year of Changes

Ando Noormets

Chairman of the Board
Hansab IT Solutions

2020 is characterized by a year of changes for Hansab IT Solutions. The year was significantly affected by the COVID-19 pandemic and with it the uncertainties of launching new development projects by the customers. As a result our sales and profitability targets were not met. Nevertheless, the company kept its focus on project delivery and internal efficiency improvements.

Year in Review

In the second half of the year, we implemented Scrum, a new project management methodology, with emphasis on employee, team management, and dedicated staff recruitment.

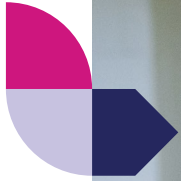
In November, the company decided to adopt changes at the management level as well. Sales orientation and sales initiatives to external and internal customers became a new focus.

The most significant projects delivered to the customers by Hansab IT in 2020 were a cash handling and management system, digital room and guest reservation solution, and an automated retail payment system.

In the development of Hansab's own solutions, we contributed greatly to the traffic and logistics management system Entringo, which has been sold to several harbour and logistics hubs.

Plans for 2021

In 2021, we will take an active sales approach. Primarily focusing on customers from the Group's network in the Baltic region. We are confident that by enriching our core competencies and business areas with commercial off the shelf (COTS) solution development, we will augment our existing competencies and achieve targets set for the upcoming year.



Hansab IT Solutions has a professional and dedicated team in all functions with a clear vision and purpose. Our focus is on the development of complex software and hardware business solutions. We help customers improve their efficiency and performance through the automation of their business processes.

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IT WORKS -
THANKS TO
YOU!