

Basic terms and conditions of the AS Harju Elekter Option Programme 2021-2022

1. Within the framework of the share option programme (hereinafter referred to as the Option Programme), the members of management boards and key persons of AS Harju Elekter and its subsidiaries are entitled to receive share options (hereinafter referred to as the Option).
2. The objective of the Option Programme is to involve these persons as shareholders of AS Harju Elekter in order to motivate them to act for the betterment of the financial results of AS Harju Elekter, ensuring the economic development of AS Harju Elekter and including additional funds in the equity of AS Harju Elekter, while increasing the value of AS Harju Elekter shares.
3. The circle of persons entitled to participate in the Option Programme is determined by a resolution of the Supervisory Board of AS Harju Elekter.
4. The term of the Option Programme is two years, to which the term of realising the Options is added. As part of the Option Programme, a total of up to 360,000 (three hundred and sixty thousand) Options will be issued during the financial years 2021 and 2022.
5. The underlying asset of the Option Programme is an ordinary share of AS Harju Elekter; ISIN code EE3100004250. The granting of Options is done in such a way that it does not constitute a public offering of securities within the meaning of the Securities Market Act.
6. Persons entitled to take part in the Option Programme have the right to acquire shares according to the terms and conditions specified in the option agreements concluded with them. The more exact conditions of the option agreement are determined by the Supervisory Board of AS Harju Elekter. Option agreements on the issuance of Options are entered into by the Management Board of AS Harju Elekter.
7. No more than 20,000 (twenty thousand) options will be granted to one person entitled to receive options. Each Option grants the right to acquire 1 (one) ordinary share of AS Harju Elekter.
8. Options cannot be transferred, pledged or otherwise encumbered or disposed of. Options are not inheritable. Options cannot be exercised in cash. If the Option is cancelled or becomes unrealisable, the person entitled to receive the Option is not entitled to receive any monetary or non-monetary compensation.
9. The term for exercising Options is 36 and 48 calendar months from the conclusion of the written option agreement. Thereby, the Supervisory Board of AS Harju Elekter has the right to issue Options with different terms, if necessary.
10. The exercising of Options and the issuance of shares is done by increasing the share capital of AS Harju Elekter and issuing new shares; the decision to do so is taken by the General Meeting of shareholders of AS Harju Elekter or annually by the Supervisory Board of AS Harju Elekter on the basis of a resolution of the General Meeting.
11. The issue price of the shares acquired on the basis of the Option is the average of the closing prices as at 31 December of the calendar years 2018, 2019 and 2020 on the Nasdaq Tallinn Stock Exchange.
12. If the entitled person does not enter into an Option agreement within the term prescribed by the decision of the Supervisory Board, they shall lose the right to acquire the Options granted to them. If the entitled person does not wish to take part in the Option Programme or the person's employment or professional relationship ends or is terminated, that person loses the right to acquire Options as a result, except upon the person retiring, the Supervisory Board then has the right (but not an obligation) to allow other entitled persons to acquire the Options.
13. In the case of newly issued shares, the pre-emptive right of existing shareholders to subscribe shares is excluded pursuant to the provisions of subsection 345 (1) of the Commercial Code.
14. The implementation of the Option Programme is organised by the Supervisory Board, which may impose specific conditions and time schedules subject to these terms and conditions. The Supervisory Board of the Company resolves all issues related to the Option Programme.
15. The General Meeting of the shareholders of AS Harju Elekter gives the Supervisory Board of Harju Elekter the authorisation to issue the Options without the decision of the General Meeting of the shareholders of Harju Elekter for each instance, given that the Options and the Option agreements concluded to issue them are fully compliant with these terms and conditions.