

Company AS Harju Elekter Group
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Attachments:

- Vahear.IV kv_2020-EST.pdf (<http://oam.fi.ee/en/download?id=5209>)
- Vahear.IV kv_2020-ENG.pdf (<http://oam.fi.ee/en/download?id=5210>)

Currency EUR - Euro
 Title Harju Elekter Group financial results, 1-12/2020

Revenue, Expenses, and Profit

Despite the challenges provided over the past year, Q4 and the year 2020 both were full of changes and successful for Harju Elekter. The Group's large-scale investments in recent years and active sales work to increase its market share in the Scandinavian and in native market have come to bear fruits. Sales orders carried over from previous periods and additional orders in the reporting year resulted in record revenue and profit in the reporting quarter and in the reporting year.

EUR'000	Q4 2020	Q4 2019	+/- Q/Q	12m 2020	12m 2019	+/- 12m/12m
Revenue	35,243	31,246	12.8%	146,614	143,397	2.2%
Gross profit	5,585	3,995	39.8%	21,209	18,244	16.3%
EBITDA	2,400	1,112	115.8%	10,340	6,791	52.3%
Operating profit (EBIT)	1,335	210	535.7%	6,546	3,273	100.0%
Profit for the period	1,159	55	2007.3%	5,528	2,367	133.5%
Incl. attributable to owners of the parent	1,165	77	1413.0%	5,563	2,460	126.1%
Earnings per share (EPS) (euros)	0.07	0.00	1413.0%	0.31	0.14	126.1%

The consolidated unaudited revenue of the Group was 35.2 (Q4 2019: 31.2) million euros in the reporting quarter and a total of 146.6 (2019: 143.4)



million euros in the reporting year.

The total operating expenses for the reporting quarter were 34.0 (Q4 2019: 31.1) million euros. The majority of the increase in expenses was due to an increase in the cost of sales: 2.4 million euros year-on-year. The Group's companies were actively seeking opportunities to increase business volumes for upcoming periods by participating in several procurements, as a result of which distribution costs have increased to 2.2 million euros, this being an 0.7 million increase from the comparable quarter. Compared to the comparable quarter and year, labor costs increased, amounting to 7.3 (Q4 2019: 7.2) and 27.3 (2019: 26.7) million euros, respectively. The reason for the increase in labour costs primarily lies in the good financial results of the Group's companies. In 2020 while extraordinary production shifts have also been made during this difficult year, being accompanied by an increase in working hours and higher bonuses.

The consolidated gross profit for the reporting quarter was 5,585 (Q4 2019: 3,995) thousand euros and the gross profit margin was 15.8% (Q4 2019: 12.8%). The consolidated gross profit for the reporting year was 21,209 (2019: 18,244) thousand euros and the gross profit margin was 14.5% (2019: 12.7%). Quarterly consolidated operating profit (EBIT) was six times higher than in the same period of last year and doubled on a yearly basis, amounting to 1,335 (Q4 2019: 210) and 6,546 (2019: 3,273) thousand euros, respectively. The operating margin increased by 3.1 percentage points to 3.8% in the reporting quarter and by 2.2 percentage points to 4.5% in twelve months.

The consolidated net profit for the reporting quarter was 1,159 (Q4 2019: 55) thousand euros, and earnings per share were 0.07 (Q4 2019: 0.00) euros. Net profit for the year 2020 increased by 133.5% compared to the comparable period, reaching 5,528 (2019: 2,367) thousand euros. Earnings per share for the reporting year were 0.31 (2019: 0.14) euros.

Core Business and Markets

The Group's core business, Production, accounted for 86% of the Group's consolidated revenue. The largest target markets of the Group are Estonia, Finland, Sweden, and Norway. Quarterly sales to the Estonian market increased by 2.9 million to 6.5 million euros in a year-on-year comparison and 6.7 million to 23.5 million euros within twelve-month comparison. Most of the deliveries of the prefabricated substations for Elektrilevi OÜ, whose tender was won in 2019, were postponed to the second half of the reporting year due to difficulties in the availability of individual materials and components.

Sales to the Finnish market decreased by 1.0 million euros to 13.8 million euros in a quarterly comparison, from Q2 onwards, mostly being affected by a decrease in orders in the industrial automation sector. The decrease in orders in the three quarters also affected the result of the financial year with the revenue from the Finnish market decreasing by 3.0 million euros to 68.7 million in a yearly comparison. The majority of the sales volume was generated by sales



to Finnish electricity network companies, whose orders were declining due to the renewal of procurement contracts. Harju Elekter proved to be successful in most of the new procurements.

Sales to the Swedish market increased the most. The revenue earned on the Swedish market almost doubled in the comparison of the reporting quarters, totalling 9.1 million euros. In a year comparison, Sweden's revenue increased by 7.0 million euros to 26.5 million euros, being the second largest market overall. The growth was supported by an increase in the sale of substations, manufactured in Estonia, to the Swedish market as well as the overall growth in orders in Sweden.

Norway ranks fourth in the Group's markets, accounting for 7.8% of the Group's fourth quarter revenue, being 2.8 million euros. During the reporting year, the Norwegian market earned 16.7 million euros, which is 4.9 million euros less than in the previous year. The decrease in the revenue in Norway was caused by record-high orders in Q3 and Q4 of the previous year.

Investments

During the year, the Group invested a total of 8.1 (2019: 5.5) million euros in non-current assets, incl. 3.1 (2019: 0.9) million euros in investment properties, 4.6 (2019: 4.2) million euros in property, plant, and equipment and 0.3 (2019: 0.4) million euros in intangible assets. This year, the construction of the fourth stage of the expansion of the production and office building in Lithuania began. In addition, investments were made in the production technology, information technology developments, construction of the production building in Allika Industrial Park and plots of land were purchased.

Share

The company's share price on the last trading day of the reporting quarter on the Nasdaq Tallinn Stock Exchange closed at 5.18 euros. As of 31 December 2020, AS Harju Elekter had 5,084 shareholders. The number of shareholders increased during the reporting quarter by 253 persons.

Dividend Proposal

The Group's dividend policy mandates that at least one third of the net profit from ordinary economic activities is paid out as dividends. Proposing the payment of dividends, the Management Board has considered the significantly improved financial results, as well as the making of increased investments and the betterment of the financial position. In coordination with the Supervisory Board, the Group's Management Board will propose to pay dividends to the shareholders 0.16 euros per share, totalling 2.8 million euros and representing 51% of consolidated net profit in 2020.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION
Unaudited

EUR'000	31 December 2020	31 December 2019
ASSETS		
Current assets		
Cash and cash equivalents	2,843	4,878
Trade and other receivables	27,226	22,958
Prepayments	820	1,166
Inventories	18,856	19,010
Total current assets	49,745	48,012
Non-current assets		
Deferred income tax assets	514	472
Non-current financial investments	11,918	10,494
Investment properties	23,605	21,259
Property, plant, and equipment	22,494	20,402
Intangible assets	7,199	7,260
Total non-current assets	65,730	59,887
TOTAL ASSETS	115,475	107,899
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	12,056	11,305
Prepayments from customers	4,182	2,212
Trade and other payables	15,837	16,448
Tax liabilities	2,871	2,959
Current provisions	34	34
Total current liabilities	34,980	32,958
Borrowings	7,032	7,901
Other non-current liabilities	66	64
Total non-current liabilities	7,098	7,965
TOTAL LIABILITIES	42,078	40,923
Equity		
Share capital	11,176	11,176



Share premium	804	804
Reserves	6,709	3,412
Retained earnings	54,858	51,699
Total equity attributable to the owners of the parent company	73,547	67,091
Non-controlling interests	-150	-115

Total equity	73,397	66,976

TOTAL LIABILITIES AND EQUITY	115,475	107,899

CONSOLIDATED STATEMENT OF PROFIT AND LOSS
Unaudited

EUR'000	Q4 2020	Q4 2019	12m 2020	12m 2019

Revenue	35,243	31,246	146,614	143,397
Cost of sales	-29,658	-27,251	-125,405	-125,153
Gross profit	5,585	3,995	21,209	18,244
Distribution costs	-2,208	-1,508	-5,847	-5,706
Administrative expenses	-2,140	-2,300	-9,259	-9,229
Other income	213	85	707	255
Other expenses	-115	-62	-264	-291

Operating profit	1,335	210	6,546	3,273

Finance income	21	4	137	139
Finance costs	-110	-58	-379	-225

Profit before tax	1,246	156	6,304	3,187

Income tax	-87	-101	-776	-820

Profit for the period	1,159	55	5,528	2,367

Profit attributable to:				
Owners of the parent company	1,165	77	5,563	2,460
Non-controlling interests	-6	-22	-35	-93
Earnings per share				
Basic earnings per share (EUR)	0.07	0	0.31	0.14
Diluted earnings per share (EUR)	0.07	0	0.31	0.14



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