

Company AS Harju Elekter Group  
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Attachments:

- Vahear.I kv\_2021.pdf (<http://oam.fi.ee/en/download?id=5437>)
- Interim Report Q1\_2021.pdf (<http://oam.fi.ee/en/download?id=5438>)

Currency EUR - Euro  
 Title Harju Elekter Group financial results, 1-3/2021

The first quarter at Harju Elekter was a period of preparations for the year: developments were started to fulfil the new framework contracts in Finland and Sweden, the construction of the Lithuanian plant extension reached its final stages, and the full-time operation of the industrial robot was launched. Although revenue increased both in Estonia and Sweden, the decrease in revenue was affected by the postponements of the installation works in the Group's largest market, Finland. Despite the health and raw materials crisis, the Group did not have to stop production for a single day. The increase in client queries and orders in all operating segments gives reason to believe that a challenging yet fascinating economic cycle awaits after the retreat of the crisis.

Revenue, Expenses, and Profit

The consolidated unaudited revenue for the first quarter of 2021 was 30.7 (Q1 2020: 35.0) million euros, which was 12.2% more modest than in the reference period. In addition to the usual seasonality, the profitability of the quarter was also affected by the postponed instalment works of our customers due to the snowy winter months, which did not have a similar effect in the reference period. The situation was amplified by supply difficulties caused by a shortage of materials.

EUR '000	Q1 2021	Q1 2020	+/-
Revenue	30,717	34,998	-12.2%
Gross profit	3,844	4,923	-21.9%
EBITDA	1,485	1,943	-23.5%
Operating profit (EBIT)	516	1,053	-51.0%
Profit for the period	297	703	-57.8%



Earnings per share (EPS) (euros)	0.02	0.04	-57.4%
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The total operating expenses for the reporting quarter were 30.3 (Q1 2020: 33.9) million euros. The majority of the 10.7% decrease in expenses was due to a decrease in the cost of sales: 3.2 million euros year-on-year. Labour costs increased year-on-year, amounting to 7.3 (Q1 2020: 6.6) million euros. The increase in labour costs and average remuneration was affected most by the increase of the proportion of Swedish employees in the Group, since wage levels are significantly higher in Scandinavian countries than they are in Estonian and Lithuanian companies.

The consolidated gross profit for the reporting quarter was 3,844 (Q1 2020: 4,923) thousand euros and the gross profit margin was 12.5% (Q1 2020: 14.1%). Quarterly consolidated operating profit (EBIT) amounted to 516 (Q1 2020: 1,053) thousand euros. The operating margin for the first quarter was 1.7% (Q1 2020: 3.0%).

The consolidated net profit for the reporting quarter was 297 (Q1 2020: 703) thousand euros of which the share of the owners of the parent company was 310 (Q1 2020: 728) thousand euros. The earnings per share were 0.02 (Q1 2020: 0.04) euros. The lower profitability was a result of increased labour costs, setback on revenue and a sharp increase in the price of raw materials.

#### Core Business and Markets

The Group's core business, Production, accounted for 89% of the Group's consolidated revenue. Beginning with new orders, the usual seasonality and the low availability of raw materials decreased the revenue of the production segment by 4.1 million to 27.2 million euros on a year-on year.

The largest target markets of the Group are Estonia, Finland, Sweden, and Norway, which is why the sales volumes of the Group are strongly affected by the events happening in these markets. Quarterly sales to the Estonian market increased by 1.5 million to 5.1 million euros in a year-on-year comparison. During the reporting quarter the Group continued the production and delivery of prefabricated substations that began in Q2 2020 in the Elektrilevi OÜ framework procurement.

Sales to the Finnish market decreased by 4.9 million to 14.6 million euros in a quarterly comparison and were most affected by the decrease in orders caused by the snowy and cold winter, commencing with new long-term orders, but also some supply difficulties and shortage in materials. In the reporting quarter, 47.5% (Q1 2020: 55.6%) of the Group's products and services were sold to the Group's largest market, Finland.

In comparison with the reporting quarters, the revenue earned from the Swedish market increased by 0.4 million to 5.3 million euros. Sweden accounted for



17.4% (Q1 2020: 14.3%) of consolidated revenue in the reporting quarter, being the second largest market.

Norway ranks fourth in the Group's markets, accounting for 6.1% of the Group's first quarter revenue. In the first quarter, the Group's products, and services worth 1.9 million euros were sold to the Norwegian market, which is 3.6 million less than in the same period of the previous year. The decrease in Norwegian revenue was caused by record high orders in the reference period.

#### Investments

During the first quarter, the Group invested a total of 2.1 (Q1 2020: 1.1) million euros in non-current assets, incl 2.0 (Q1 2020: 0.4) million euros in property, plant, and equipment and 0.07 (Q1 2020: 0.03) million euros in intangible assets. In the reporting quarter, the construction of the fourth stage of the expansion of the production and office building in Lithuania continued. The extension was completed in mid-April. In addition, investments were made in the production technology.

#### Share

The company's share price on the last trading day of the reporting quarter on the Nasdaq Tallinn Stock Exchange closed at 8.3 euros. As of 31 March 2021, AS Harju Elekter had 7,387 shareholders. The number of shareholders increased during the reporting quarter by 2,303.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited

EUR '000	31 March 2021	31 December 2020
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	2,614	2,843
Trade and other receivables	26,663	27,226
Prepayments	1,454	820
Inventories	21,104	18,856
<b>Total current assets</b>	<b>51,835</b>	<b>49,745</b>
Non-current assets		
Deferred income tax assets	569	514
Non-current financial investments	12,373	11,918
Investment properties	23,375	23,605
Property, plant and equipment	24,068	22,494
Intangible assets	7,186	7,199



Total non-current assets	65,571	65,730
TOTAL ASSETS	119,406	115,475
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	11,317	12,056
Prepayments from customers	2,760	4,182
Trade and other payables	20,703	15,837
Tax liabilities	2,454	2,871
Current provisions	35	34
Total current liabilities	37,269	34,980
Borrowings	7,921	7,032
Other non-current liabilities	65	66
Total non-current liabilities	7,986	7,098
TOTAL LIABILITIES	45,255	42,078
Equity		
Share capital	11,176	11,176
Share premium	804	804
Reserves	7,123	6,709
Retained earnings	55,211	54,858
Total equity attributable to the owners of the parent company	74,314	73,547
Non-controlling interests	-163	-150
Total equity	74,151	73,397
TOTAL LIABILITIES AND EQUITY	119,406	115,475

CONSOLIDATED STATEMENT OF PROFIT AND LOSS  
Unaudited

EUR '000	Q1 2021	Q1 2020
Revenue	30,717	34,998
Cost of sales	-26,873	-30,075



Gross profit	3,844	4,923
Distribution costs	-1,214	-1,308
Administrative expenses	-2,217	-2,561
Other income	172	52
Other expenses	-69	-53
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Operating profit	516	1 053
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Finance income	17	37
Finance costs	-98	-102
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Profit before tax	435	988
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Income tax	-138	-285
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Profit for the period	297	703
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Profit attributable to:		
Owners of the parent company	310	728
Non-controlling interests	-13	-25
Earnings per share		
Basic earnings per share (EUR)	0.02	0.04
Diluted earnings per share (EUR)	0.02	0.04
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