

Company AS Harju Elekter Group  
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## Attachments:

- Interim Report Q2\_2021.pdf (<http://oam.fi.ee/en/download?id=5651>)
- Vahearuanne II kv\_2021.pdf (<http://oam.fi.ee/en/download?id=5652>)

## Currency

Title Harju Elekter Group consolidated financial results, 1-6/2021

The second quarter of Harju Elekter can be characterised by forward-looking investments and the intensification of the global raw material deficit, which has an impact on the Group's financial results and profitability. Execution of orders for new framework contracts has begun, and sales volumes in Estonia and Sweden are on an upward trend. Orders for the Lithuanian unit have not yet returned to pre-crisis levels, but the number of incoming inquiries has grown to a record high, giving reason to hope for a recovery in the maritime industry in the near future. In the second quarter, the Group established a forward-looking cooperation with the technology company IGL-Technologies Oy and continued to invest in Skeleton Technologies Group OÜ. Preparations were also made for the construction of the new production and storage complex and for increasing the portfolio of solar power plants.

## Revenue, Expenses, and Profit

The revenue of the Group was 36.3 million euros in the second quarter, which was 2.7 million euros more modest compared to the second quarter of 2020. As in the first quarter, revenue from the manufacturing and sales of electrical equipment in the second quarter was affected by deferred orders, supply difficulties and material shortages. In the first six months, the revenue was 67.0 (6M 2020: 74.0) million euros, which is below the record result of the previous year but is comparable to the normal sales two years ago before the crisis. Despite the uncertainty in the economic environment, the volume of new orders and cooperation with important customers with framework agreements have persisted.

EUR '000	Q2	Q2	+/-	6M	6M	+/-
	2021	2020	Q2/Q2	2021	2020	6M/6M



Revenue	36,310	39,014	-6.9%	67,028	74,012	-9.4%
Gross profit	4,306	5,468	-21.3%	8,151	10,391	-21.6%
EBITDA	1,638	3,084	-46.9%	3,124	5,027	-37.9%
Operating profit (EBIT)	651	2,156	-69.8%	1,168	3,209	-63.6%
Profit for the period	488	1,971	-75.2%	785	2,674	-70.6%
Incl. attributable to owners of the parent company	485	1,979	-75.5%	795	2,708	-70.6%
Earnings per share (euros)	0.03	0.11	-75.5%	0.04	0.15	-70.6%

The total operating expenses for the reporting quarter were 35.8 (Q2 2020: 37.1) million euros. Costs of sales decreased by 1.5 million euros to 32.0 million euros year-on-year, accounting for 89.5% of the operating expenses. Labour costs increased with quarterly and half-year comparison, amounting to 7.6 (Q2 2020: 6.7) and 14.9 (6M 2020: 13.4) million euros, respectively. The majority of the increase in labour costs was due to the increase in additional work, the constant readiness to continue the production cycle, and in terms of Lithuania, working in several shifts in production as a measure to prevent the spread of coronavirus. The increase in labour costs and average remuneration was affected most by the increase of the proportion of Swedish and Finnish employees in the Group, since wage levels are significantly higher in Scandinavian countries than they are in Estonia and Lithuania.

The gross profit for the reporting quarter was 4,306 (Q2 2020: 5,468) thousand euros and the gross profit margin was 11.9% (Q2 2020: 14.0%). Quarterly operating profit (EBIT) amounted to 651 (Q2 2020: 2,156) thousand euros. The operating margin for the second quarter was 1.8% (Q2 2020: 5.5%).

The net profit for the reporting quarter was 488 (Q2 2020: 1,971) thousand euros of which the share of the owners of the parent company was 485 (Q2 2020: 1,979) thousand euros. The earnings per share were 0.03 (Q2 2020: 0.11) euros. Compared to the previous year, the low profitability of the reporting period was mainly affected by lower-than-planned sales, the continuing global shortage of materials, and the increase in labour costs. The rapid rise in the price of production materials and the difficulty of accessing them caused inefficiencies in operations where the products could not be manufactured according to the planned time.

#### Core Business and Markets

The Group's core business, Production, accounted for 88% of the Group's six months revenue. Delays in beginning with new framework contract orders, the postponement of planned volumes and limited availability of raw materials



reduced the revenue of the production segment by 1.5 million euros to 31.6 million euros on a quarterly comparison and by 4.4 million euros to 58.8 million euros on a six-month comparison.

Quarterly sales to the Estonian market increased by 1.1 million to 6.9 million euros in a year-on-year comparison and by 2.6 million euros to 12.0 million euros in six months comparison, accounting for 18% (6M 2020: 13%) of the six-month revenue. During the reporting quarter the Group continued the production and delivery of prefabricated substations that began in Q2 2020 under the Elektrilevi OÜ framework procurement.

Sales to the Finnish market are recovering. Compared to the second quarter of the previous year, the revenue decreased only by 0.6 million euros, amounting to 18.4 million euros. Compared to the first half of last year, the change is larger, revenue decreased by 5.5 million euros to 33.0 million euros. This was mostly 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 first half of the year, 49% (6M 2020: 52%) of the Group's products and services were sold to the Group's largest market, Finland.

The revenue earned from the Swedish market showed an upward trend in the reporting quarter and in the half year as compared to previous year, amounting 6.1 (Q2 2020: 5.9) and 11.5 (Q2 2020: 10.9) million euros, respectively. Sweden accounted for 17% (6M 2020: 15%) of revenue in the first half of the year, being the third largest market in the Group.

In the second quarter, the Group's products, and services worth 2.0 (Q2 2020: 4.4) million euros were sold to the Norwegian market. In the first six months, 3.9 million euros were earned from the Norwegian market, which was 60.5% or 5.9 million euros less than in the same period of the previous year. The decrease in Norwegian revenue was due to record high orders in the reference period, as well as the slow pace of recovery in the maritime industry. The Norwegian market accounted for 6% (6M 2020: 13%) of the six-month revenue.

#### Investments

During the reporting period, the Group invested a total of 3.9 (6M 2020: 2.2) million euros in non-current assets, incl 0.2 (6M 2020: 1.3) million euros in investment properties, 3.5 (6M 2020: 0.8) million euros in property, plant, and equipment and 0.2 (6M 2020: 0.1) million euros in intangible assets. The majority of the investments during the reporting period, i.e. 2.5 million euros, was directed to the expansion of the fourth phase of the production and office building of the Lithuanian subsidiary. The total cost of the investment was 5.5 million euros. In addition, preparations for the construction of the production and storage complex in the Allika Industrial Park, Laohotell III, were launched and investments were made in 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 8.18 euros. As at 30 June 2021, AS Harju Elekter had 7,983 shareholders. The number of shareholders increased during the reporting quarter by 596.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited

EUR'000	30 June	
	2021	31 December 2020
ASSETS		
Current assets		
Cash and cash equivalents	1,576	2,843
Trade and other receivables	27,215	27,226
Prepayments	1,366	820
Inventories	24,623	18,856
Total current assets	54,780	49,745
Non-current assets		
Deferred income tax assets	575	514
Non-current financial investments	21,259	11,918
Investment properties	23,328	23,605
Property, plant and equipment	24,879	22,494
Intangible assets	7,224	7,199
Total non-current assets	77,265	65,730
TOTAL ASSETS	132,045	115,475
LIABILITIES AND EQUITY		
Liabilities		
Borrowings	15,292	12,056



Prepayments from customers	1,919	4,182
Trade and other payables	22,208	15,837
Tax liabilities	2,946	2,871
Current provisions	73	34
Total current liabilities	42,438	34,980
Borrowings	9,469	7,032
Other non-current liabilities	65	66
Total non-current liabilities	9,534	7,098
TOTAL LIABILITIES	51,972	42,078
Equity		
Share capital	11,176	11,176
Share premium	804	804
Reserves	15,173	6,709
Retained earnings	53,080	54,858
Total equity attributable to the owners of the parent company	80,233	73,547
Non-controlling interests	-160	-150
Total equity	80,073	73,397
TOTAL LIABILITIES AND EQUITY	132,045	115,475

#### CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Unaudited



EUR '000	Q2	Q2	6m	6m
	2021	2020	2021	2020
Revenue	36,310	39,014	67,028	74,012
Cost of sales	-32,004	-33,546	-58,877	-63,621
Gross profit	4,306	5,468	8,151	10,391
Distribution costs	-1,315	-1,180	-2,529	-2,488
Administrative expenses	-2,437	-2,333	-4,654	-4,895
Other income	188	275	360	327
Other expenses	-91	-74	-160	-126
Operating profit	651	2,156	1,168	3,209
Finance income	51	71	68	108
Finance costs	-60	-46	-158	-147
Profit before tax	642	2,181	1,078	3,170
Income tax	-154	-210	-293	-496
Profit for the period	488	1,971	785	2,674
Profit attributable to:				
Owners of the parent company	485	1,979	795	2,708
Non-controlling interests	3	-8	-10	-34
Earnings per share				
Basic earnings per share (EUR)	0.03	0.11	0.04	0.15
Diluted earnings per share (EUR)	0.03	0.11	0.04	0.15

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