

Company AS Harju Elekter Group  
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## Attachments:

- Interim Report Q3\_2021.pdf (<http://oam.fi.ee/en/download?id=5832>)
- Vahearuanne III kv\_2021.pdf (<http://oam.fi.ee/en/download?id=5833>)

## Currency

Title Harju Elekter Group consolidated financial results, 1-9/2021

Harju Elekter's last quarter showed a strong recovery in sales volumes and orders, but full operation was held back by the global shortage of raw materials. Uncertainty in the supply of raw materials that have become more expensive leads to the need for constant rescheduling, which is inefficient and costly. This has an impact on the Group's financial results and profitability. Harju Elekter continues with investments to come out of the crisis stronger than when we entered it. In order to expand the business, Harju Elekter decided to invest in new factories in Sweden. The Group sees market potential in Sweden and investments help to increase the competitiveness of our Swedish company in different business areas. Harju Elekter is deeply engaged in becoming a major player in the Swedish electrification and automation market.

## Revenue, Expenses, and Profit

The revenue of the Group was 42.2 (Q3 2020: 37.4) million euros in the third quarter, increasing by 12.9% compared to the comparable period. In the reporting quarter revenue increased in all areas of business activity, but the main contribution came from the sale of electrical equipment, which was 35.2 (Q3 2020: 31.7) million euros. This is mainly due to the increase in the volume of orders in the framework contracts. The revenue for the nine months decreased by 2.0% to 109.2 (9M 2020: 111.4) million euros compared to the comparable period. The manufacturing and sale of electrical equipment decreased the most, amounting to 91.0 (2020 9m: 95.0) million euros. At the same time, the revenue from the electrical works in the shipbuilding sector increased by 1.4 million to 4.3 million euros in a nine-month comparison. Fulfilling orders depends to a large extent on the global situation, where the availability of materials and components has deteriorated.

EUR '000	Q3	Q3	+/-	9m	9m	+/-
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	2021	2020	Q3/Q3	2021	2020	9m/9m
Revenue	42,168	37,360	12.9%	109,195	111,372	-2.0%
Gross profit	5,026	5,234	-4.0%	13,177	15,625	-15.7%
EBITDA	2,158	2,913	-25.9%	5,281	7,939	-33.5%
EBIT	1,183	2,002	-40.9%	2,350	5,211	-54.9%
Profit for the period	931	1,694	-45.0%	1,716	4,369	-60.7%
Incl. attributable to owners of the parent company	915	1,691	-45.9%	1,710	4,398	-61.1%
Earnings per share (euros)	0.05	0.10	-46.5%	0.10	0.25	-61.3%

The total operating expenses for the reporting quarter were 41.0 (Q3 2020: 35.5) million euros. Costs of sales, which accounted for 89.7% of operating expenses, was 37.1 (Q3 2020: 32.1) million euros. Labour costs increased with quarterly and nine-year comparison, amounting to 7.3 (Q3 2020: 6.6) and 22.3 (9M 2020: 20.0) million euros, respectively. Labour costs were impacted by the hiring of new staff, by the increase in additional work, and by the constant readiness to continue the production cycle. The increase in labour costs and average wages is affected by wage pressures due to workforce shortages in all markets and by the rising share of Finnish and Swedish employees in the Group, as wages in Scandinavian countries are significantly higher than in Estonia and Lithuania.

The gross profit for the reporting quarter was 5,026 (Q3 2020: 5,234) thousand euros and the gross profit margin was 11.9% (Q3 2020: 14.0%). Quarterly operating profit (EBIT) amounted to 1,183 (Q3 2020: 2,002) thousand euros. The operating margin for the second quarter was 2.8% (Q3 2020: 5.4%).

The net profit for the reporting quarter was 931 (Q3 2020: 1,694) thousand euros of which the share of the owners of the parent company was 915 (Q3 2020: 1,691) thousand euros. The earnings per share were 0.05 (Q3 2020: 0.10) euros. While in the previous quarters there were problems with the sheet metal deficit and price increase, then in the reporting quarter the price of electricity increased and the supply difficulties of several other materials and main components and the pressure of rising price increased. Profitability was also affected by higher labour costs due to the hiring of new specialists.

#### Core Business and Markets

The Group's core business, Production, accounted for 87.7% of the Group's revenue in the reporting quarter as well as in the nine months. Postponement of



orders from previous quarters to the third quarter increased the Production segment's revenue year-on-year by 4.9 million euros to 37.0 million euros. In a nine-month comparison, the revenue of the Production segment remained at the same level, being 95.8 (9M 2020: 95.3) million euros.

Sales to the Estonian market remained practically at the same level in the reporting quarter, totalling 7.5 (Q3 2020: 7.6) million euros in a year-on-year comparison. The revenue increased by 2.5 million euros to 19.5 million euros in nine-month comparison, accounting for 17.8% (9M 2020: 15.3%) of the Group revenue. Revenue was mainly earned from the production of prefabricated substations and retail and project-based sale of electrical products.

The Group's revenue in Finland was 20.0 million euros in the reporting quarter. This is 3.6 million euros more than in the previous year and a historically a record result in the Finnish market when comparing third quarters. Production of the Finnish power grid companies comprised the greater part of the sales volume. In a nine-month comparison, the revenue of the Finnish market was lower than in the previous period, being 53.0 (9M 2020: 54.9) 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. During the nine months, 48.6% (9M 2020: 49.3%) of the Group's products and services were sold to the Group's largest market, Finland.

The revenue earned from the Swedish market decreased slightly compared to both the reporting quarters and the nine months, amounting 5.8 (Q3 2020: 6.6) and 17.2 (Q3 2020: 17.5) million euros, respectively. The production and supply of substations for new framework contracts has been started. Sweden, the third largest market in the Group, accounted for 15.8% (9M 2020: 15.7%) of revenue in the nine months. The Group sees market potential in Sweden and is making investments to increase the revenue.

Sales to the Norway market are gradually recovering. In the third quarter, the Group sold products and services worth 5.1 (Q3 2020: 4.2) million euros to the Norwegian market. During the nine months, 9.0 million euros were earned from the Norwegian market, which was 5.0 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 8.2% (9M 2020: 12.5%) of the nine-month revenue.

#### Investments

During the reporting period, the Group invested a total of 5.0 (9M 2020: 4.1) million euros in non-current assets, incl 0.5 (9M 2020: 2.1) million euros in investment properties, 4.0 (9M 2020: 1.8) million euros in property, plant, and equipment and 0.5 (9M 2020: 0.2) million euros in intangible assets. The Group directed the majority of the investments during the reporting period, i.e. 2.5 million euros, to the fourth phase of expansion of the Lithuanian subsidiary. The total cost of the investment was 5.5 million euros. In addition,



Harju Elekter launched the preparations for the construction of the production and storage complex in the Allika Industrial Park, Laohotell III, and made investments in production technology and in solar power plants. As of the reporting date, the total value of the Group's non-current financial investments was 21.3 (31.12.20: 11.9) million euros.

#### Share

The company's share price on the last trading day of the reporting quarter on the Nasdaq Tallinn Stock Exchange closed at 7.98 euros. As at 30 September 2021, AS Harju Elekter had 8,939 shareholders. The number of shareholders increased during the reporting quarter by 986.

Additional 278,675 shares were issued under the framework of the stock option plan for the employees of Harju Elekter and as of 2 August 2021, a total of 18,018,555 shares of AS Harju Elekter are traded.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

##### Unaudited

	30 September	
EUR'000	2021	31 December 2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	997	2,843
Trade and other receivables	32,467	27,226
Prepayments	1,601	820
Inventories	26,150	18,856
Total current assets	61,215	49,745
<b>Non-current assets</b>		
Deferred income tax assets	572	514
Non-current financial investments	21,321	11,918
Investment properties	23,369	23,605
Property, plant and equipment	24,750	22,494
Intangible assets	7,467	7,199



Total non-current assets	77,479	65,730
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TOTAL ASSETS	138,694	115,475
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LIABILITIES AND EQUITY		
Liabilities		
Borrowings	12,585	12,056
Prepayments from customers	4,958	4,182
Trade and other payables	23,830	15,837
Tax liabilities	2,870	2,871
Current provisions	93	34
Total current liabilities	44,336	34,980
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Borrowings	12,252	7,032
Other non-current liabilities	63	66
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Total non-current liabilities	12,315	7,098
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TOTAL LIABILITIES	56,651	42,078
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Equity		
Share capital	11,352	11,176
Share premium	1,601	804
Reserves	14,807	6,709
Retained earnings	54,427	54,858
Total equity attributable to the owners of the parent company	82,187	73,547
Non-controlling interests	-144	-150
Total equity	82,043	73,397
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TOTAL LIABILITIES AND EQUITY	138,694	115,475



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CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Unaudited

EUR'000	Q3	Q3	9m	9m
	2021	2020	2021	2020
Revenue	42,168	37,360	109,195	111,372
Cost of sales	-37,142	-32,126	-96,018	-95,747
Gross profit	5,026	5,234	13,177	15,625
Distribution costs	-1,469	-1,150	-3,999	-3,639
Administrative expenses	-2,393	-2,225	-7,048	-7,119
Other income	39	167	400	494
Other expenses	-20	-24	-180	-150
Operating profit	1,183	2,002	2,350	5,211
Finance income	3	8	71	116
Finance costs	-95	-122	-252	-269
Profit before tax	1,091	1,888	2,169	5,058
Income tax	-160	-194	-453	-689
Profit for the period	931	1,694	1,716	4,369
Profit attributable to:				
Owners of the parent company	915	1,691	1,710	4,398
Non-controlling interests	16	3	10	-29
Earnings per share				
Basic earnings per share (EUR)	0.05	0.10	0.10	0.25



Diluted earnings per share (EUR)	0.05	0.10	0.10	0.25
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# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited

EUR'000	Q3	Q3	9m	9m
	2021	2020	2021	2020
Profit for the period	931	1,694	1,716	4,369
Other comprehensive income				
Items that may be reclassified to profit or loss				
Impact of exchange rate changes of a foreign subsidiaries	-8	-2	-13	-16
Items that will not be reclassified to profit or loss				
Gain on sales of financial assets	0	0	265	80
Net gain/loss (-) on revaluation of financial assets	49	98	8,369	-747
Total comprehensive income for the period	41	96	8,621	-683
Other comprehensive income	972	1,790	10,337	3,686
Total comprehensive income attributable to:				
Owners of the Company	956	1,787	10,331	3,715
Non-controlling interests	16	3	6	-29

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