

Company AS Harju Elekter Group
 Type Company Release
 Category Management interim statement or quaterly financial report
 Disclosure time 26 Apr 2023 08:00:00 +0300

Attachments:

- HE Interim Report Q1 2023.pdf (<http://oam.fi.ee/en/download?id=7279>)
- HE vahearuanne I kv 2023.pdf (<http://oam.fi.ee/en/download?id=7280>)

Currency

Title Harju Elekter Group financial results, 1-3/2023

During the reporting quarter, Harju Elekter Group's revenue growth and profitability were significantly impacted by the review of the business processes, increased production efficiency, and reduced problems with material and component supply. Furthermore, the positive result can be attributed to important decisions made to optimize business operations and achieve cost savings, as well as successful price negotiations in framework procurements. The Group remains committed to improving efficiency in order to increase profitability.

Revenue and financial results

Harju Elekter Group's revenue in the reporting quarter was 45.3 (2022 Q1: 37.3) million euros, which is 21,3% more than a year before and historically the best first quarterly result. More low-voltage switchgears and frequency converter switchboards were sold, and larger projects were realised.

EUR '000	3M	3M	+/-
	2023	2022	
Revenue	45,269	37,321	21.3%
Gross profit	5,386	2,986	80.3%
EBITDA	2,382	-68	3601.5%
Operating profit/loss (-) (EBIT)	1,309	-1,125	216.3%
Profit/loss (-) for the period	749	-1,294	157.9%



Incl. attributable to owners of the parent company	781	-1,308	159.7%
Earnings per share (EPS) (euros)	0.04	-0.07	157.1%

The Group's operating expenses totalled 43.8 (2022 Q1: 38.4) million euros in the reporting quarter. Most of the increase in operating expenses was due to the 16.2 % increase in the cost of sales. At the same time, the growth of costs of sales was lower than the growth rate of revenue in the first quarters by 5.1 percentage points.

Distribution costs remained at the same level, being 1.4 million euros and making up 3.1% of the Group's operating expenses and 3.0% of revenue. Administrative expenses decreased by 0.1 million euros to 2.6 million euros, when comparing the first quarters, making up 5.9% of the Group's operating expenses and 5.7% of the revenue of the reporting quarter.

In a quarterly comparison, labour costs increased by 9.2%, amounting to 9.5 million euros. The majority of the increase in labour costs originates from staff growth, and the growth in average wages was influenced by wage pressure from the overall economy.

The gross profit for the first quarter was 5,386 (2022 Q1: 2,986) thousand euros and the gross profit margin was 11.9% (2022 Q1: 8.0%). Operating profit (EBIT) was 1,309 (2022 Q1: operating loss 1,125) thousand euros. The operating margin of the reporting quarter was 2.9% (2022 Q1: -3.0%). The net profit for the reporting quarter was 749 (2022 Q1: net loss 1,294) thousand euros, of which the share of the owners of the parent company was 781 (2022 Q1: net loss 1,308) thousand euros. Net profit per share in the first quarter was 0.04 euros, a year earlier the net loss per share was -0.07 euros.

Core business and markets

During the reporting quarter, the Group's core activity - production - accounted for 94.1% of its revenue. The revenue of the production segment increased by 30.1% in the reporting quarter, being 42.6 million euros.

In the reporting quarter, 5.0 (2022 Q1: 6.9) million euros were earned from Estonia, making up 10.9% (2022 Q1: 18.5%) of the revenue. The revenue to the Estonian market decreased by 1.9 million euros, and this is mainly related to the termination of the retail and project-based sale of electrical products in Estonia.

In the reporting quarter, the revenue earned from the Finnish market was 11.6% more than a year before, totalling 18.6 (2022 Q1: 16.7) million euros. The majority of the increase in revenue came from the sale of automation equipment and low-voltage switchgears to key customers and from the growth of orders for car heating and charging equipment and solar panel systems. In addition, the



volume of electrical works in the Finnish shipbuilding sector increased. During the reporting quarter, 41.2% (2022 Q1: 44.7%) of Harju Elekter products and services were sold to the Group's largest market.

The revenue of the Swedish market increased by 11.1% in the comparison of first quarters due to the increase in sale of substations and the growth of project business, being 6.5 (2022 Q1: 5.8) million euros. Sweden accounted for 14.3% (2022 Q1: 15.6%) of the revenue of the reporting quarter.

Revenue from the Norwegian market decreased compared to the previous year, being 4.0 (2022 Q1: 4.5) million euros. The Norwegian market accounted for 8.9% (2022 Q1: 12.1%) of the revenue of the reporting quarter.

Investments

During the reporting period, the Group invested a total of 0.6 (2022 Q1: 1.5) million euros in non-current assets, incl 0.3 (2022 Q1: 1.0) million euros in investment properties, 0.2 (2022 Q1: 0.4) million euros in property, plant, and equipment and 0.1 (2022 Q1: 0.1) million euros in intangible assets. Investments were mostly made in production technology equipment, production, and process management systems.

The value of the Group's non-current financial investments totalled 23.8 (31.12.22: 23.7) million euros as of the reporting date.

Share

The company's share price on the last trading day of the reporting quarter on the Nasdaq Tallinn Stock Exchange closed at 5.0 euros. As of 31 March 2023, AS Harju Elekter had 11,232 shareholders. The number of shareholders increased during the reporting quarter by 648 members.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Unaudited

EUR '000	31.03.2023	31.12.2022	31.03.2022
----------	------------	------------	------------

ASSETS

Current assets

Cash and cash equivalents	1,028	9,152	286
Trade and other receivables	37,627	31,612	35,663
Prepayments	1,945	1,126	3,119



Inventories	44,704	37,068	37,692
Total current assets	85,304	79,958	76,760
<hr/>			
Non-current assets			
Deferred income tax assets	1,002	1,008	776
Non-current financial investments	23,767	23,731	24,410
Investment properties	24,766	24,756	24,603
Property, plant, and equipment	35 042	35 740	26,303
Intangible assets	7,284	7,244	7,659
Total non-current assets	91,861	92,479	83,751
<hr/>			
TOTAL ASSETS	177,165	171,437	160,511
<hr/>			
LIABILITIES AND EQUITY			
Liabilities			
Borrowings	18,366	24,385	21,354
Prepayments from customers	21,310	16,827	6,681
Trade and other payables	31,888	24,502	31,063
Tax liabilities	3,033	3,478	3,663
Current provisions	1,950	2,103	51
Total current liabilities	76,547	71,295	62,812
<hr/>			
Borrowings	20,412	20,732	12,401
Other non-current liabilities	0	0	33
Total non-current liabilities	20,412	20,732	12,434
<hr/>			
TOTAL LIABILITIES	96,959	92,027	75,246
<hr/>			
Equity			
Share capital	11,523	11,523	11,352



Share premium	2,509	2,509	1,601
Reserves	17,815	17,768	18,278
Retained earnings	48,552	47,771	54,158
Total equity attributable to the owners of the parent company	80,399	79,571	85,389
Non-controlling interests	-193	-161	-124
Total equity	80,206	79,410	85,265
<hr/>			
TOTAL LIABILITIES AND EQUITY	177,165	171,437	160,511
<hr/>			

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Unaudited

EUR '000	3M	
	2023	2022
Revenue	45,269	37,321
Cost of sales	-39,883	-34,335
Gross profit	5,386	2,986
Distribution costs	- 1,356	- 1,350
Administrative expenses	-2,580	-2,655
Other income	18	56
Other expenses	-159	-152
Operating profit/loss (-)	1,309	-1,125
Finance income	75	39
Finance costs	-549	-119
Profit/loss (-) before tax	835	-1,205



Income tax	-86	-89
Profit/loss (-) for the period	749	-1,294

Profit /loss (-) attributable to:		
Owners of the parent company	781	-1,308
Non-controlling interests	-32	14

Earnings per share		
Basic earnings per share (euros)	0.04	-0.07
Diluted earnings per share (euros)	0.04	-0.07

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Unaudited

EUR '000	3M	3M
	2023	2022

Profit/loss (-) for the period	749	-1,294
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss		
Impact of exchange rate changes of a foreign subsidiaries	-41	20
Items that will not be reclassified to profit or loss		
Gain on sales of financial assets	0	151
Net gain/loss (-) on revaluation of financial assets	36	-521
Total comprehensive income (loss) for the period	-5	-350
Other comprehensive income (loss)	744	-1,644

Total comprehensive income (loss) attributable to:		



Owners of the Company

776 -1,658

Non-controlling interests

-32 14

Priit Treial

CFO and Member of the Management Board

+372 674 7400

