



# CONSOLIDATED UNAUDITED INTERIM REPORT FOR THE II QUARTER AND 6 MONTHS OF 2024

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Financial year:	1 January – 31 December 2024
Reporting period:	1 January – 30 June 2024

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## ORGANISATION



AS Harju Elekter Group's share in its subsidiaries is 100%.

### ESTONIA

#### AS HARJU ELEKTER GROUP

The Parent company of the Group, focused on coordination of co-operation within the Group's companies and managing industrial real estate holdings, located in Keila

#### AS HARJU ELEKTER

*(formerly AS Harju Elekter Elektrotehnika)*

Manufacturer of electrical equipment for energy distribution, industrial and construction sectors; also producer of customer-based sheet metal products for the electrical engineering and telecom sector, located in Keila

#### ENERGO VERITAS OÜ

Active economic activity suspended

### FINLAND

#### HARJU ELEKTER OY

Manufacturer of electrical equipment for energy, industry, and infrastructure sectors, located in Ulvila, Kerava and in Kurikka

#### TELESILTA OY

Electrical engineering company specializing in electrical contracting for the shipbuilding industry, located in Uusikaupunki

#### HARJU ELEKTER KIINTEISTÖT OY

Industrial real estate holding company in Finland

### LITHUANIA

#### HARJU ELEKTER UAB

Engineering and contract manufacturing of multidrive, MCC's and distribution systems, located in Panevėžys

### SWEDEN

#### HARJU ELEKTER AB

Engineering company for MV/LV power and distribution solutions for the construction, infrastructure, and renewable energy sector; manufacturer of prefabricated technical houses located in Västerås

#### HARJU ELEKTER SERVICES AB

Industrial real estate holding company in Sweden

## STRATEGICAL INVESTMENTS

### ESTONIA

#### OÜ SKELETON TECHNOLOGIES GROUP (5.45%)

Developer and manufacturer of ultra-capacitors

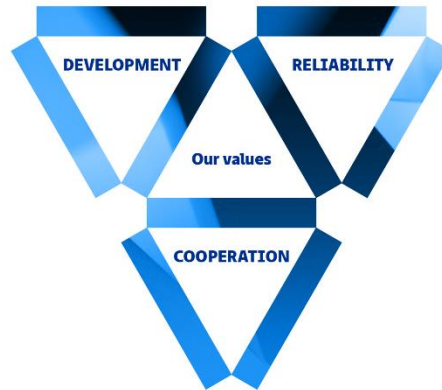
### FINLAND

#### IGL-TECHNOLOGIES OY (10%)

Developer of parking & e-mobility solutions for electric car chargers

**Who we are**

Harju Elekter is an international industrial group with extensive experience in providing future proof solutions for electrical power distribution. Harju Elekter Group has its roots and head office in Estonia, and production plants in four countries: Estonia, Finland, Sweden and Lithuania.



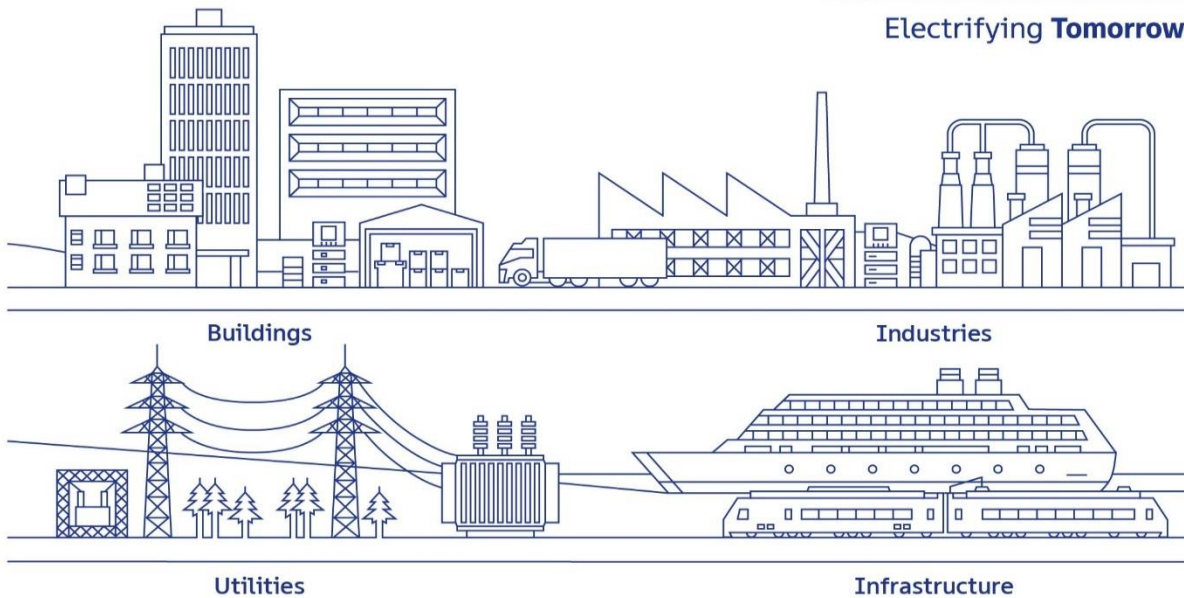
**What we do**

Harju Elekter contributes to a sustainable society by providing future-proof electrical power distribution solutions.

We engineer, manufacture, and install electrification solutions for utilities, industries, infrastructure, public and commercial buildings.



Electrifying Tomorrow



The Harju Elekter Group operates in two main areas, which are presented as separate segments.



**Production** – designing, selling, manufacturing, and after-sales servicing of power distribution, switching and converting devices and automation, process control and industrial control equipment. The core business generates approximately 95% of the Group’s revenue.



**Real estate** – developing of industrial real estate, project management, renting and the accompanying services to rental partners and to the Harju Elekter Group companies. This segment generates approximately 2% of the Group’s revenue.

Other activities that are not significant enough to be reported as separate segments, and the accompanying risks and rewards of which were not materially different and clearly identifiable, are presented together as other activities. These include managing financial investments, retail and project sales of electrical goods, and electrical installation work in shipbuilding.

**Risks**

- Supply Chain
- Financial risks
- Increase in wages and the lack of specialists
- Regulations and Legislation
- Business ethics
- Environment
- Information Technology
- Corporate management
- Emergencies

# MANAGEMENT REPORT

## COMMENTARY FROM THE MANAGEMENT

The Group's results for the second quarter of 2024 were strong, as predicted. After a weak start to the year, we achieved historically high operating profit in the second quarter. The correct direction of the Group is also validated by the 7.8% operating profit margin, which gives us the opportunity to increase profitability to the desired level, promote business in a sustainable manner, and distribute profits to owners in the future.

The largest contributors to the financial results were once again the business units in Lithuania and Estonia, and, as could be expected during the high season, profitability was also restored in Finland. We will continue with the targeted strengthening of the team, completion of the delayed projects, and increasing the volume of new orders to improve the results in Sweden.

Despite the positive first half of the year, the orders volumes are showing signs of stabilisation, thus we don't expect business volume growth in the second half of the year. The reduced orders from the Finnish distribution networks continue to affect us both this year and in the upcoming years, although we have been able to partially replace these orders with new customers and projects. The number of inquiries indicates strong investments in the electrification sector and an increase in workload regarding the orders for next year.

In the second quarter, we started developing a strategic plan with the Management to support the Group's development and growth in the coming years. We see a good opportunity for continued growth in the market both in the areas of product development and geographical expansion. The development plan is scheduled to be approved in the upcoming quarter.

## SUMMARY OF THE SECOND QUARTER RESULTS

### Revenue and financial results

The Group's results for the second quarter and the first half of the year showed that the company's revenue remained at the same level compared to the previous year, but there was a significant increase in profit and efficiency. These are the company's best second-quarter and six-month results over the years.

In the second quarter, the company earned revenue of 56.8 (2023 Q2: 56.8) million euros. Gross profit reached 8.2 (2023 Q2: 6.6) million euros, with a gross profit margin of 14.4% (2023 Q2: 11.6%). Operating profit (EBIT) doubled to 4.5 (2023 Q2: 2.2) million euros, resulting in an operating margin of 7.8% (2023 Q2: 3.8%). Net profit for the second quarter was 3.5 (2023 Q2: 0.9) million euros, and the net profit margin was 6.1% (2023 Q2: 1.6%). The reason for the increase in profitability is the resolution of supply chain difficulties we experienced last year and the optimisation of the number of employees, which has enabled us to increase production efficiency. During the reporting quarter, the factories were operating at near maximum capacity and production was more efficient than last year. The results of the efficiency improvement projects of the previous years can be seen in almost all units, including the Västerås factory in Sweden. During the reporting quarter, there were no large-scale loss-making projects or costs that have caused losses in previous periods.

During the first half of the year, the Group earned revenue of 103.6 (2023 6M: 102.0) million euros, which remained quite similar to the results from the same period last year, increasing by 1.5%. The six-month gross profit was 13.0 (2023 6M: 12.0) million euros. Operating profit increased to 5.4 (2023 6M: 3.5) million euros. Financial expenses for the period decreased compared to the previous year, amounting to 1.1 (2023 6M: 1.6) million euros, supporting a growth in net profit to 3.8 (2023 6M: 1.6) million euros.

### Investments

During the reporting period, Harju Elekter invested a total of 1.5 (2023 6M: 2.6) million euros in non-current assets, including 0.7 (2023 6M: 2.1) million euros in real estate investments, 0.4 (2023 6M: 0.4) million euros in property, plant, and equipment, and 0.4 (2023 6M: 0.1) million euros in intangible assets. The investments included large-scale renovation and reconstruction work at the Keila industrial park, aimed at meeting the needs of the long-term tenant, Prysmian Group Baltics. Additionally, production technology equipment were acquired, and production and process management systems were developed.

As of the reporting date, the value of the Group's long-term financial investments was 27.7 (31.12.23: 29.2) million euros. During the reporting quarter, most of the listed securities were sold, generating a total of 1.6 million euros from their sale, with a realized profit of 0.2 million euros.

#### Current assets

The Group's current assets increased by 2.1 million euros during the first half of the year, reaching 80.2 million euros. Trade and other receivables saw the largest increase, rising by 9.8 to 48.7 million euros. Thanks to more efficient inventory management and optimization of production processes, inventories decreased by 8.1 million euros, totaling 28.7 million euros. Compared to the previous year, inventory levels have significantly decreased by 38.5%. During the reporting quarter, all inventory balances decreased, including work-in-progress and finished goods, as well as raw materials and supplies. By the end of the reporting period, materials and components accounted for 73.5% (31.12.23: 79%) of total inventories, with the remainder consisting of unfinished and finished goods.

#### Liabilities

The Group managed to successfully reduce its liabilities. The total amount of liabilities as of the reporting date was 86.8 million euros (31.12.23: 88.4 and 30.06.24: 101.6), with the current portion accounting for 73% (31.12.23: 73%). Compared to the previous year, current liabilities decreased by 14.3 million euros, with a reduction of 1.3 million euros during the first half of the year, primarily due to increased liquidity.

Within current liabilities, borrowings decreased by 1.3 million euros, prepayments from customers decreased by 5.4 million euros, while trade and other payables increased by 4.8 million euros, and tax liabilities increased by 1.3 million euros.

The total amount of non-current liabilities as of the reporting date was 23.3 million euros, which was also lower compared to the end of the previous year and the six-month period. At the end of the period, current non-current borrowings were distributed as follows: 17.3 (31.12.23: 19.4) and 23.2 (31.12.23: 23.5) million euros, respectively.

#### Cash Flows

In the first half of the year, the company's cash flows from operating activities totaled 4.9 (2023 6M: -4.6) million euros, with 7.0 million euros in the second quarter (2023 Q2: -3.2). This was supported by increased profitability, a reduction in inventory, and a decrease in prepaid revenues related to operating activities. The company focused on directing resources towards completing products and realizing revenue, which increased expenditure related to operational activities.

From investing activities, the company earned 0.9 (2023 Q2: -0.5) million euros during the reporting quarter, which was primarily allocated to real estate investments, tangible, and intangible fixed assets over the six-month period. Proceeds from the sale of listed securities totaled 1.6 (2023 6M: 0) million euros, and investments amounted to 1.7 (2023 6M: 1.0) million euros.

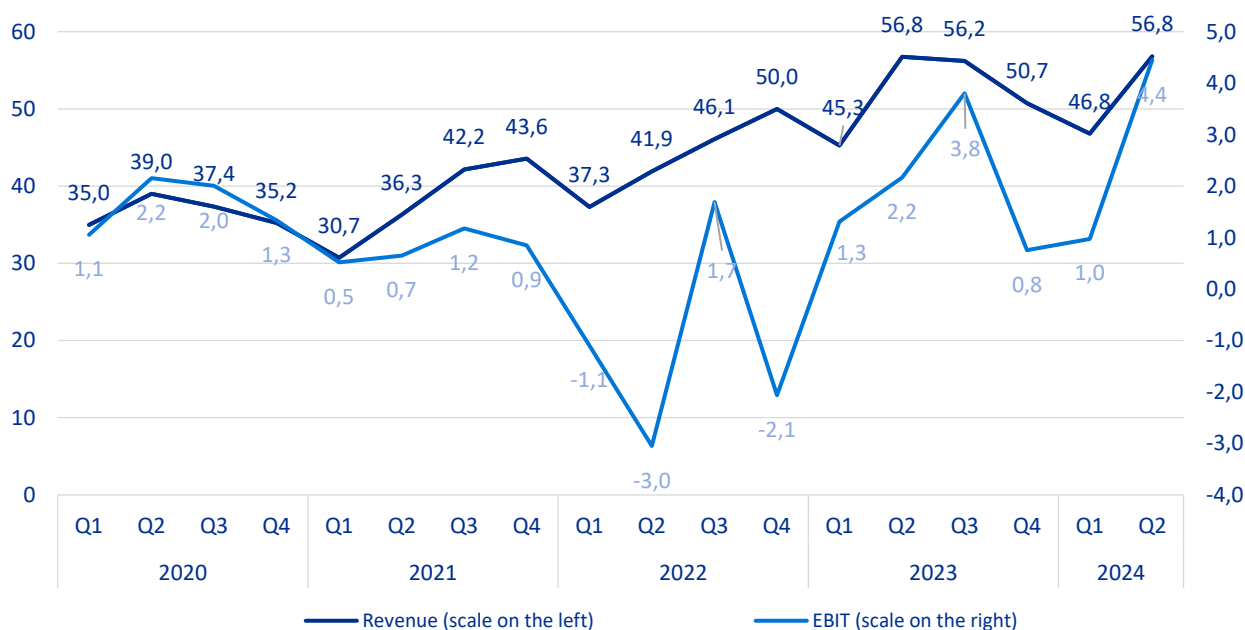
Financing activities were primarily influenced by dividend payments, loan repayments, and lease payments. On May 28, dividends of 2.4 million euros for 2023 were paid, which was 1.5 million euros more than the previous year. Current and non-current loans, including overdrafts, were repaid in the reporting quarter to the extent of 4.7 million euros (2023 Q2: 6.6) and during the first half of the year 2.7 million euros (2023 6M: 0.7). Factoring liabilities decreased by 0.4 million euros in the quarter (2023 Q2: -0.6) but increased by 0.7 million euros over the six-month period (2023 6M: -0.8). The cash flow from financing activities was -7.8 million euros in the second quarter (2023 Q2: 4.8) and -4.8 million euros for the first half of the year (2023 6M: -1.5).

Overall, the Group's cash flows for the reporting quarter and the first half of the year were similar, at 0.2 million euros. This compares to 1.1 million euros in the second quarter of the previous year and -7.0 million euros for the six-month period.

Key indicators (EUR'000)	Q2	Q2	+/-	6M	6M	+/-
	2024	2023		2024	2023	
Revenue	56,801	56,762	0.1%	103,577	102,030	1.5%
Gross profit	8,172	6,611	23.6%	13,008	11,996	8.4%
EBITDA	5,450	3,243	68.1%	7,389	5,625	31.3%
Operating profit (EBIT)	4,450	2,168	105.3%	5,425	3,477	56.0%
Profit for the period	3,467	884	292.2%	3,827	1,633	134.4%
Earnings per share (EPS) (euros)	0.19	0.05	280.0%	0.21	0.10	110.0%
	<b>30.06.24</b>	<b>30.06.23</b>	+/-	<b>30.06.24</b>	<b>31.12.23</b>	+/-
Total current assets	80,205	89,676	-10.6%	80,205	78,123	2.7%
Total non-current assets	98,189	101,078	-2.9%	98,189	100,252	-2.1%
Total assets	178,394	190,754	-6.5%	178,395	178,375	0.0%
Total liabilities	86,781	101,550	-14.5%	86,781	88,377	-1.8%
	<b>30.06.24</b>	<b>31.03.24</b>	+/-	<b>30.06.24</b>	<b>31.12.23</b>	+/-
	51.4	48.2	3.2	51.4	50.5	0.9
Equity ratio (equity / total assets) (%)						
Current ratio (current assets / current liabilities)	1.3	1.2	0.1	1.3	1.2	0.1
Debt ratio (total liabilities/ total assets)	0.5	0.5	0.0	0.5	0.5	0.0
Quick ratio ((current assets - inventories) / current liabilities)	0.8	0.7	0.1	0.8	0.6	0.2

Ratios (%)	Q2	Q2	+/-	6M	6M	+/-
	2024	2023		2024	2023	
Distribution cost to revenue	2.3	2.3	0.0	2.4	2.6	-0.2
Administrative expenses to revenue	3.9	4.8	-0.9	4.6	5.2	-0.6
Labour cost to revenue	18.6	18.8	-0.2	19.9	19.8	0.1
Gross margin (gross profit / revenue)	14.4	11.6	2.8	12.6	11.8	0.8
EBITDA margin (EBITDA / revenue)	9.6	5.7	3.9	7.1	5.5	1.6
Operating margin (EBIT / revenue)	7.8	3.8	4.0	5.2	3.4	1.8
Net margin (profit for the period / revenue)	6.1	1.6	4.5	3.7	1.6	2.1
Inventory turnover (revenue / avg. inventories)	1.8	1.2	0.6	3.2	2.4	0.8
Return on equity (ROE) (profit for the period/ avg.equity)	3.8	1.0	2.8	4.2	4.9	-0.7
	<b>30.06.24</b>	<b>31.03.24</b>	+/-	<b>30.06.24</b>	<b>31.12.23</b>	+/-

### Business seasonality mln euros



## SUPERVISORY, AUDIT COMMITTEE AND MANAGEMENT BOARDS

The Supervisory Board of AS Harju Elekter Group has six members with the following membership: Triinu Tombak (financial consultant, Managing Director of TH Consulting OÜ), Andres Toome (consultant, Managing Director of OÜ Tradematic), Aare Kirsme (Member of the Supervisory Board of AS Harju KEK), Arvi Hamburg (Member of the Estonian Association of Engineers and Committee of Energy of the Academy of Sciences), Märt Luuk (Member of the Supervisory Board of AS Harju KEK) and Risto Vahimets (Ellex Raidla Advokaadibüroo OÜ, Head of M&A, partner). The Chairman of the Supervisory Board is Triinu Tombak.

Management Board of AS Harju Elekter Group has three members as of the reporting date: Mr. Tiit Atso (Chairman of the Board), Mr. Aron Kuhi-Thalfeldt (Head of the Real Estate and Energy Division) and Mr. Priit Treial (Chief Financial Officer).

Information about the education and career of the members of the management and Supervisory Boards as well as their membership in the management bodies of companies and their shareholdings have been published on the home page of the company at <http://www.harjuelekter.com//company/governing-bodies/>.

## CHANGES IN THE STRUCTURE OF THE GROUP

### Changes in the management

On 2nd January, Jari Jylli assumed the position of Managing Director at Harju Elekter Oy. At the same time, he took over the duties of the Managing Director of Harju Elekter Kiinteistöt Oy, as the former Managing Director, Simo Puustelli, retired.

### Intra-Group restructuring

In January, the merger of LC Development Fastigheter 17 AB, a subsidiary of Harju Elekter AB that manages the factory, with Harju Elekter Services AB was entered into the Swedish business register.

## MAIN EVENTS

### Recognition



On March 14th, the laureates of the 'Smart Industry 2024' industrial sector event were announced during the gala. In the category of large enterprises, AS Harju Elekter was awarded the title of **Factory of the Year 2024**.

According to the competition jury, Harju Elekter stood out as an excellent implementer of Lean methodologies, measuring the benefits derived from them. Additionally, over the past two years, the company has successfully merged and updated its two Keila factories, actively involving factory workers in development work, emphasizing clear goals and digitalization, and paying attention to workplace safety.

### Annual General Meeting of shareholders

On April 26, the Annual General Meeting of shareholders of Harju Elekter took place. During the meeting, the Annual Report of 2023 along with the proposal for profit distribution were approved, and AS PricewaterhouseCoopers was appointed as the auditor for the financial year from 2024 to 2025.

It was decided to pay a dividend of 0.13 euros per share for the year 2023, totaling 2,404,840 euros. The dividends were transferred to the shareholders' bank accounts on May 28, 2024. The AGM was attended by 60 shareholders and their authorised representatives, who represented 11,324,722 votes, amounting to 61.22% of the total number of votes.





## OPERATING RESULTS

### Revenue

Revenue by business activities (EUR'000)	Q2 2024	Q2 2023	+/-	6M 2024	6M 2023	+/-	% 6M 2024	% 6M 2023
Electrical equipment	53,386	53,534	-0.3%	96,858	95,335	1.6%	93.5%	93.4%
Lease income	1,138	868	31.1%	2,275	1,676	35.7%	2.2%	1.6%
Electrical works	1,224	786	-25.6%	2,274	2,411	-30.5%	2.2%	3.2%
Other services	1,054	1,574	47.4%	2,171	2,608	24.1%	2.1%	1.7%
<b>Total</b>	<b>56,801</b>	<b>56,762</b>	<b>0.1%</b>	<b>103,577</b>	<b>102,030</b>	<b>1.5%</b>	<b>100.0%</b>	<b>100.0%</b>

The Group's revenue for the reporting quarter and the first half of the year was mostly at the same level compared to the same period last year, increasing minimally by 0.1% and 1.5%, respectively. Although the sales figures showed a modest increase, both periods surpassed previous revenue records. The revenue for the reporting quarter was 56.8 million euros (2023 Q2: 56.8), and for the first half of the year, it reached 103.6 million euros (2023 6M: 102.0).

Revenue from electrical equipment was slightly more modest in the reporting quarter compared to the previous year, decreasing by 0.3% to 53.4 million euros (2023 Q2: 53.5). Over the six months, revenue from electrical equipment grew by 1.6%, reaching 96.9 million euros (2023 6M: 95.3). The increase in revenue was primarily supported by substations, low-voltage distribution equipment, technical solutions for buildings, and subcontracting services. Revenue from electrical equipment accounted for 93.5% of the Group's quarterly and half-year revenue.

Lease income from real estate properties increased due to the completion of a production building in the Allika Industrial Park in the fourth quarter of 2023 and a renewed lease agreement with Prysmian Group Baltics AS in the summer of the same year. Harju Elekter rents over 20,000 m<sup>2</sup> of production, storage, and office space, and nearly 40,000 m<sup>2</sup> of external storage territory. Lease income for the reporting quarter was 1.1 million euros (2023 Q2: 0.9), and for the first six months of the year, it totaled 2.3 million euros (2023 6M: 1.7). Lease income accounted for 2.0% and 2.2% of the Group's quarterly and half-year revenue, respectively.

Revenue from electrical work in the shipbuilding sector decreased due to the completion of major projects from the previous year, amounting to 1.2 million euros (2023 Q2: 1.6) in the reporting quarter and 2.3 million euros (2023 6M: 3.3) for the first six months of the year. The start of new projects planned for this year has been postponed to a later date. This sector's share of total revenue decreased by 1.0 percentage points during the half-year, reaching 2.2%.

Revenue by segment (EUR'000)	Q2 2024	Q2 2023	+/-	6M 2024	6M 2023	+/-	% 6M 2024	% 6M 2023
Production	54,279	53,981	0.6%	98,684	96,590	2.2%	95.3%	94.7%
Real Estate	1,290	1,032	25.0%	2,610	2,076	25.7%	2.5%	2.0%
Other activities	1,232	1,749	-29.6%	2,283	3,364	-32.1%	2.2%	3.3%
<b>Total</b>	<b>56,801</b>	<b>56,762</b>	<b>0.1%</b>	<b>103,577</b>	<b>102,030</b>	<b>1.5%</b>	<b>100.0%</b>	<b>100.0%</b>

Production, being the Group's core segment, did not contribute to revenue growth. In the second quarter, the production segment generated 54.3 (2023 Q2: 54.0) million euros, and for the first six months, it reached 98.7 (2023 6M: 96.6) million euros. Key products include medium- and low-voltage electrical distribution equipment, switchgear and transformer equipment, as well as automation and control panels for the energy, industrial, and maritime sectors. Additionally, companies within the production segment offer design and engineering services. The largest growth in sales was in the Lithuanian production unit, which focuses on developing electrical distribution and frequency inverter equipment and solutions for the maritime and industrial sectors. The production segment accounted for 95.3% of the Group's revenue for the quarter and the half-year.

The Group's real estate unit, which manages nine industrial parks across Estonia, Finland, Sweden, and Lithuania, and is involved in industrial property development, project management, leasing, and related services, generated more revenue during the reporting period compared to the previous year. In the reporting quarter, revenue from the real estate segment was 1.3 (2023 Q2: 1.0) million euros and for the first six months, it totaled 2.6 (2023 6M: 2.1) million euros. The growth was mainly due to an increase in rental space. The real estate segment contributed 2.3% and 2.5% to the Group's quarterly and half-year revenue, respectively. Given the market conditions, demand

for industrial real estate in the region remains stable. Harju Elekter has been able to increase its market share due to its flexibility and ability to adapt to customer needs.

Revenue from other activities decreased by 0.5 million euros compared to the second quarter of the previous year and by 1.1 million euros in the half-year comparison, amounting to 1.2 (2023 Q2: 1.7) and 2.3 million euros (2023 6M: 3.4), respectively. The decline in revenue was significantly influenced by the exit from the electrical goods project and retail business in Estonia, as well as the reduction in electrical work in the shipbuilding sector. Revenue from other activities accounted for 2.2% of the quarterly and half-year revenue.

Revenue by markets (EUR'000)	Q2 2024	Q2 2023	+/-	6M 2024	6M 2023	+/-	% 6M 2024	% 6M 2023
Estonia	6,910	5,574	24.0%	11,379	10,530	8.1%	11.0%	10.3%
Finland	20,565	24,495	-16.0%	37,543	43,130	-13.0%	36.2%	42.3%
Sweden	8,715	9,143	-4.7%	15,616	15,613	0.0%	15.1%	15.3%
Norway	7,979	11,492	-30.6%	17,304	15,507	11.6%	16.7%	15.2%
Germany	3,655	3,332	9.7%	5,877	5,819	1.0%	5.7%	5.7%
Netherlands	1,461	1,403	4.1%	2,505	5,291	-52.7%	2.4%	5.2%
Other	7,516	1,323	468.1%	13,353	6,140	117.5%	12.9%	6.0%
<b>Total</b>	<b>56,801</b>	<b>56,762</b>	<b>0.1%</b>	<b>103,577</b>	<b>102,030</b>	<b>1.5%</b>	<b>100.0%</b>	<b>100.0%</b>

The Group's largest target markets—Estonia, Finland, Sweden, and Norway—accounted for 78% of the total revenue in the second quarter.

In the reporting quarter, revenue from Estonia was 6.9 (2023 Q2: 5.6) million euros, which was 24% higher than the previous year. For the first six months of the year, revenue grew modestly by 8.1%, reaching 11.4 million euros (2023 6M: 10.5). The increase in revenue in Estonia was mainly due to higher sales of compact substations to electrical distribution network customers. The sales growth was also influenced by a lower comparison base in the second quarter of 2023, caused by the start of a new framework agreement period. The Estonian market accounted for 12.2% (2023 Q2: 9.8%) of the Group's revenue for the second quarter and 11.0% (2023 6M: 10.3%) for the half-year.

Revenue from Finland in the second quarter amounted to 20.6 (2023 Q2: 24.5) million and for the first six months 37.5 (2023 6M: 43.1) million euros, representing a decrease of 16% and 13%, respectively, compared to the previous year. The decline in revenue in Finland was due to lower demand for compact substations, resulting from changes in utility price control methods implemented at the beginning of 2024. Sales also decreased in the segment of electric vehicle charging stations and products and solutions for solar energy production.

Revenue from Norway decreased to 8.0 (2023 Q2: 11.5) million euros compared to the second quarter of the previous year. The decrease was attributed to a reduction in sales of drive cabinets and MCC-s (Motor control centers) to maritime sector contractual clients. This decline was mainly due to a high comparison base, caused by overcapacity at the Lithuanian production unit in 2023 and a lower volume of orders this year. For the first six months, revenue from Norway was 17.3 (2023 6M: 15.5) million euros. The Norwegian market accounted for 14.0% (2023 Q2: 20.2%) of the Group's revenue for the quarter and 16.7% (2023 6M: 15.2%) for the half-year.

Revenue from Sweden was relatively stable, reaching 8.7 (2023 Q2: 9.1) million euros in the second quarter and 15.6 (2023 6M: 15.6) million euros for the first six months. The modest decrease in sales in Sweden was due to changes in the business model and the decision to stop selling EPC projects (turnkey solutions) and focus on factory products. The Swedish market accounted for 15% (2023 Q2: 16% and 2023 6M: 15%) of the Group's consolidated revenue for the quarter and the half-year.

Revenue from other markets increased by 6.2 to 7.5 million euros compared to the previous quarters, primarily due to the United States. Sales to the USA grew due to deliveries of low voltage drives and MCC systems for the Big River Steel project, which was contracted in 2022. Additionally, revenues from Germany, Poland, Denmark, and Spain increased. For the first six months, revenue from other markets totaled 13.4 (2023 6M: 6.1) million euros, including a decrease in the Netherlands market. Other markets accounted for 13% (2023 Q2: 2% and 2023 6M: 6%) of the Group's consolidated revenue for the quarter and the half-year.

## Operating expenses

<i>(EUR'000)</i>	Q2 2024	Q2 2023	+/-	6M 2024	6M 2023	+/-	% 6M 2024	% 6M 2023
Cost of sales	48,629	50,151	-3.0%	90,569	90,034	0.6%	92.6%	91.9%
Distribution costs	1,328	1,313	1.1%	2,524	2,668	-5.4%	2.6%	2.7%
Administrative expenses	2,227	2,711	-17.9%	4,744	5,291	-10.3%	4.8%	5.4%
<b>Total operating expenses</b>	<b>52,184</b>	<b>54,175</b>	<b>-3.7%</b>	<b>97,837</b>	<b>97,993</b>	<b>-0.2%</b>	<b>100.0%</b>	<b>100.0%</b>
<i>incl. depreciation, amortization</i>	1,000	1,075	-7.0%	1,964	2,149	-8.6%	2.0%	2.2%
<i>incl. total labour cost</i>	10,568	10,677	-1.0%	20,619	20,188	2.1%	21.1%	20.6%
<i>incl. inclusive salary cost</i>	8,318	8,397	-0.9%	16,494	15,618	5.6%	16.9%	15.9%

The Group's operating expenses decreased by 3.7% compared to the previous quarters, reaching 52.2 (2023 Q2: 54.2) million euros. The most significant reduction was due to a decrease in the cost of sales by 1.5 million, totaling 48.6 million euros, and a reduction in administrative expenses by 0.5 million, amounting to 2.2 million euros. Distribution costs, labour costs, and depreciation of non-current assets remained at the same level as the previous year, totaling 1.3 million, 1.0 million, and 10.6 million euros, respectively, in the second quarter.

In the first half of the year, operating expenses totaled 97.8 (2023 6M: 98.0) million euros. Distribution costs and administrative expenses decreased by a combined 0.7 million over the six months, totaling 2.5 million and 4.7 million euros, respectively. However, the cost of sales increased by 0.5 million over the six months, reaching 90.6 million euros, with the increase primarily occurring in the first quarter. Depreciation of fixed assets was 0.2 million higher than in the second quarter of the previous year, totaling 2.0 million euros. Labour costs increased by 0.4 million compared to the first six months, totaling 20.6 million euros.

The gross profit margin increased by 2.8 percentage points compared to the same quarter last year, reaching 14.4%, and by 0.8 percentage points comparing the six-month period, reaching 12.6%. The growth in the gross profit margin in the second quarter was mainly due to higher production efficiency and better utilisation of production capacity. Additionally, the Group has changed its sales and marketing strategies, now focusing on higher-margin products and markets, which has also contributed to the improvement of the gross profit margin. The growth in profitability has also been achieved by optimising the general administrative expenses (including the number of employees). The specifics of projects, the share of sold products and markets, and seasonality have a significant effect on profitability.

The proportion of distribution costs to the Group's revenue remained the same compared to the previous quarters, at 2.3%. However, it decreased by 0.2 percentage points over the six months, reaching 2.4%. The proportion of administrative expenses decreased by 0.9 percentage points compared to the second quarter, reaching 3.9%, and by 0.6 percentage points over the six months, reaching 4.6%. Depreciation of non-current assets amounted to 1.1 million euros in the second quarter and 2.1 million euros for the first half of the year, which is comparable to the previous year. The labour cost ratio to revenue decreased to 18.6% (2023 Q2: 18.8%) for the reporting quarter and 19.9% (2023 6M: 19.8%) for the first half of the year. The average monthly salary per employee was 2,890 (2023 6M: 2,731) euros for the first half of the year, which is 5.8% higher than the previous year. The increase in labour costs was largely influenced by a significant reduction in the number of employees at the Estonian and Lithuanian production units, which included severance payments and compensations.

## PERSONNEL

During the reporting quarter, Harju Elekter's teams continued to participate in the values programme, and this time, value-based management training was conducted for all Finnish and Swedish company leaders under the programme.

Among other things, a document on best management practices was prepared and launched group-wide, aimed at creating a unified management culture in all undertakings belonging to the Group, helping managers to provide direction and uphold the values of their undertaking. The next target is implementing and integrating these principles into daily activities with the help of local HR managers.

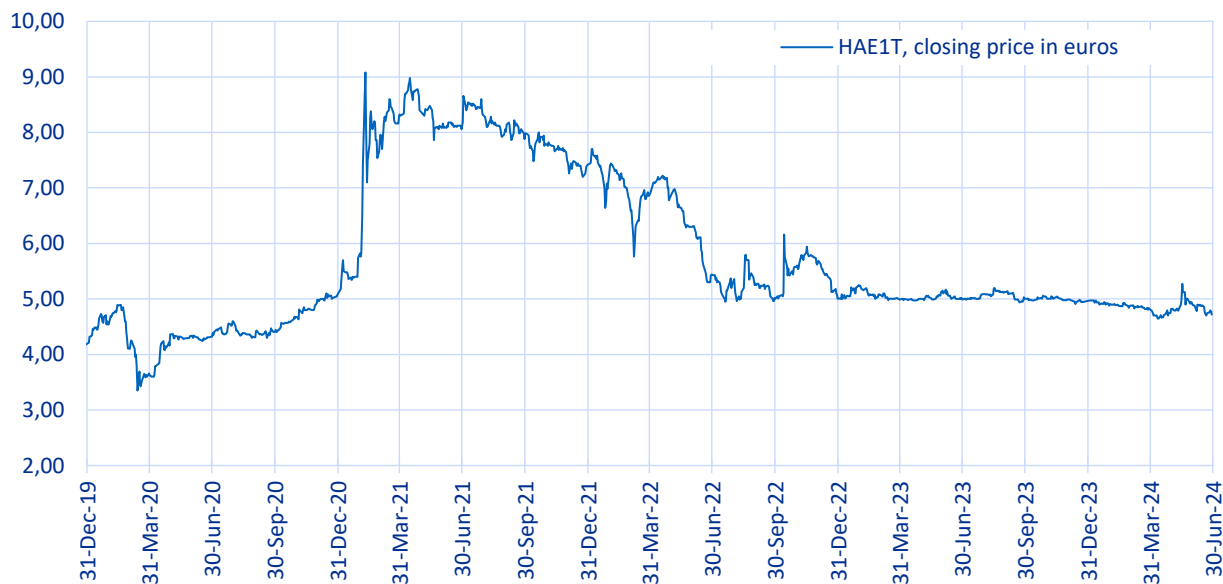
As of the end of the reporting period, the group employed a total of 913 people, which was 75 fewer than the previous year. The average number of employees during the quarter was 949, indicating a decline compared to the previous year. The decrease in the number of employees was observed in the Estonian and Lithuanian business units, where production efficiency has been increased. However, there is also a noticeable reduction in production volume expected for the upcoming periods.

	Average numbers of employees				Numbers of employees			Proportion	
	Q2	Q2	6M	6M	30.06.2024	30.06.2023	+/-	%	%
	2024	2023	2024	2023				30.06.24	30.06.23
Estonia	346	355	341	356	309	366	-57	33.9%	37.0%
Finland	227	206	221	201	234	222	12	25.6%	22.5%
Lithuania	328	343	342	330	318	349	-31	34.8%	35.3%
Sweden	48	65	48	66	52	51	1	5.7%	5.2%
<b>Total</b>	<b>949</b>	<b>969</b>	<b>952</b>	<b>953</b>	<b>913</b>	<b>988</b>	<b>-75</b>	<b>100.0%</b>	<b>100.0%</b>

## SHARES AND SHAREHOLDERS

Security trading history	6M 2024	2023	2022	2021	2020
Opening price (euros)	4.97	5.01	7.44	5.24	4.26
Highest price (euros)	5.33	5.31	7.74	10.50	5.26
Lowest price (euros)	4.63	4.90	4.85	5.20	3.20
Closing price (euros)	4.74	4.97	5.01	7.44	5.18
Traded shares (pcs)	407,778	1,154,685	929,491	2,048,865	1,160,598
Turnover (in million euros)	1.98	5.82	5.60	15.85	4.99
Capitalisation (in million euros)	87.68	91.94	91.63	134.06	91.89
Average number of the shares (pcs)	18,498,770	18,355,774	18,134,463	17,855,220	17,739,880
EPS (euros)	0.21	0.28	-0.31	0.15	0.31

Price of AS Harju Elekter Group's share (in euros) on Nasdaq Tallinn Stock Exchange between 31 December 2019 – 30 June 2024 (Nasdaq Tallinn, <http://www.nasdaqbaltic.com/>)



Division of shareholders by size of holding and list of shareholders with more than 10% holding as of 30 June 2024:

<b>Holding</b>	<b>No of shareholders</b>	<b>% of all shareholders</b>	<b>% of votes held</b>	<b>Shareholders</b>	<b>Holding (%)</b>
> 10%	2	0.0	40.1	AS Harju KEK	30.10
1.0 - 10.0%	7	0.1	19.3	ING Luxembourg S.A.	10.02
0.1 - 1.0 %	62	0.5	16.0	Shareholders holding under 10%	59.88
< 0.1%	10,954	99.4	24.6	<b>Total</b>	<b>100.00</b>
<b>Total</b>	<b>11,025</b>	<b>100.0</b>	<b>100.0</b>		

As of 30 June 2024, AS Harju Elekter Group had 11,025 shareholders. During the reporting quarter, the number of shareholders decreased by 78. The largest shareholder of AS Harju Elekter Group is AS Harju KEK, a company based on local capital which holds 30.10% of AS Harju Elekter Group's share capital. On 30 June 2024, the members of the Supervisory and Management Boards owned, in accordance with their direct and indirect ownerships, in total of 4.14% of AS Harju Elekter Group shares. The complete list of shareholders of AS Harju Elekter Group is available on the website of the Nasdaq CSD <https://nasdaqcsd.com/statistics/en/shareholders>.

## INTERIM FINANCIAL STATEMENT

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(EUR'000)

	Note	30.06.2024	31.12.2023	30.06.2023
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents		1,632	1,381	2,339
Trade and other receivables		48,655	38,837	38,447
Prepayments		1,173	1,071	2,143
Inventories		28,745	36,834	46,747
<b>Total current assets</b>		<b>80,205</b>	<b>78,123</b>	<b>89,676</b>
<b>Non-current assets</b>				
Deferred income tax assets		722	731	985
Non-current financial investments	2	27,715	29,244	32,593
Investment properties	3	28,901	28,856	26,314
Property, plant, and equipment	4	33,275	34,067	33,919
Intangible assets	4	7,576	7,354	7,267
<b>Total non-current assets</b>		<b>98,189</b>	<b>100,252</b>	<b>101,078</b>
<b>TOTAL ASSETS</b>	7	<b>178,394</b>	<b>178,375</b>	<b>190,754</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Borrowings	5	17,272	19,387	20,768
Prepayments from customers		13,495	18,870	18,769
Trade and other payables		27,970	23,159	32,034
Tax liabilities		4,598	3,308	4,219
Current provisions		185	140	1,980
<b>Total current liabilities</b>		<b>63,520</b>	<b>64,864</b>	<b>77,770</b>
Borrowings	5	23,207	23,481	23,780
Other non-current liabilities		54	32	0
<b>Total non-current liabilities</b>		<b>23,261</b>	<b>23,513</b>	<b>23,780</b>
<b>Total liabilities</b>		<b>86,781</b>	<b>88,377</b>	<b>101,550</b>
<b>Equity</b>				
Share capital	6	11,655	11,655	11,523
Share premium		3,306	3,306	2,509
Reserves		23,063	23,055	26,843
Retained earnings		53,589	51,982	48,620
<b>Total equity attributable to the owners of the parent company</b>		<b>91,613</b>	<b>89,998</b>	<b>89,495</b>
Non-controlling interests		0	0	-291
<b>Total equity</b>		<b>91,613</b>	<b>89,998</b>	<b>89,204</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>178,394</b>	<b>178,375</b>	<b>190,754</b>

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

<i>(EUR'000)</i>	Note	Q2 2024	Q2 2023	6M 2024	6M 2023
Revenue	7	56,801	56,762	103,577	102,030
Cost of sales		-48,629	-50,151	-90,569	-90,034
<b>Gross profit</b>		<b>8,172</b>	<b>6,611</b>	<b>13,008</b>	<b>11,996</b>
Distribution costs		-1,328	-1,313	-2,524	-2,668
Administrative expenses		-2,227	-2,711	-4,744	-5,291
Other income		75	181	94	199
Other expenses		-242	-600	-409	-759
<b>Operating profit</b>	7	<b>4,450</b>	<b>2,168</b>	<b>5,425</b>	<b>3,477</b>
Finance income		11	-7	104	68
Finance costs		-540	-1,021	-1,131	-1,570
<b>Profit before tax</b>		<b>3,921</b>	<b>1,140</b>	<b>4,398</b>	<b>1,975</b>
Income tax	9	-454	-256	-571	-342
<b>Profit for the period</b>		<b>3,467</b>	<b>884</b>	<b>3,827</b>	<b>1,633</b>
<b>Profit attributable to:</b>					
Owners of the parent company		3,467	982	3,827	1,763
Non-controlling interests		0	-98	0	-130
<b>Earnings per share</b>					
Basic earnings per share (euros)	8	0.19	0.05	0.21	0.10
Diluted earnings per share (euros)	8	0.19	0.05	0.21	0.10

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(EUR'000)</i>	Note	Q2 2024	Q2 2023	6M 2024	6M 2023
<b>Profit for the period</b>		<b>3,467</b>	<b>884</b>	<b>3,827</b>	<b>1,633</b>
<b>Other comprehensive income</b>					
<i>Items that may be reclassified to profit or loss</i>					
Impact of exchange rate changes of a foreign subsidiaries		-46	164	60	123
<i>Items that will not be reclassified to profit or loss</i>					
Gain on sales of financial assets	2	185	0	185	0
Net gain on revaluation of financial assets	2	-141	8,830	-72	8,866
<b>Total comprehensive income for the period</b>		<b>-2</b>	<b>8,994</b>	<b>173</b>	<b>8,989</b>
<b>Other comprehensive income</b>		<b>3,465</b>	<b>9,878</b>	<b>4,000</b>	<b>10,622</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		3,465	9,976	4,000	10,752
Non-controlling interests		0	-98	0	-130

## CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(EUR'000)</i>	Note	6M 2024	6M 2023
<b>Cash flows from operating activities</b>			
Profit for the period		3,827	1,633
<u>Adjustments</u>			
Depreciation, amortization and impairment	3,4	1,964	2,149
Share-based payments	10	20	86
Finance income		-104	-68
Finance costs		1,131	1,573
Income tax	9	571	342
<u>Changes</u>			
Changes in trade receivables and prepayments		-10,649	-8,760
Changes in inventories		8,089	-9,566
Changes in trade payables and prepayments		1,271	9,314
Corporate income tax paid	9	-78	-437
Interest paid		-1,120	-826
<b>Total cash flow (-outflow) from operating activities</b>		<b>4,922</b>	<b>-4,560</b>
<b>Cash flows from investing activities</b>			
Payments for investment properties	9	-887	-454
Payments for property, plant and equipment	9	-440	-436
Payments for intangible assets		-377	-114
Proceeds from sale of property, plant and equipment		32	0
Proceeds from sale of other financial investments		1,641	0
Received interests		78	68
Dividends received		3	0
<b>Total cash flow (-outflow) from investing activities</b>		<b>50</b>	<b>-936</b>
<b>Cash flows from financing activities</b>			
Change in overdraft balance and current borrowings	5	-636	-1,176
Repayment of non-current borrowings	5	-2,062	3,344
Other loans received and repaid	5	684	-2,284
Repayments of lease liabilities	5	-382	-467
Dividends paid		-2,405	-914
Dividends income tax paid		-12	-10
<b>Total cash flow (-outflow) from financing activities</b>		<b>-4,813</b>	<b>-1,507</b>
<b>Total net cash flow (-outflow)</b>		<b>159</b>	<b>-7,003</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>1,381</b>	<b>9,152</b>
Changes in cash and cash equivalents		159	-7,003
Effect of exchange rate fluctuations on cash and cash equivalents		92	190
<b>Cash and cash equivalents at the end of the period</b>		<b>1,632</b>	<b>2,339</b>



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 30 June (EUR'000)	Share capital	Share premium	Reser- ves	Retained earnings	Attributable to owners of the parent company	Non- controlling interests	Total equity
<b>Balance at 1 January 2023</b>	<b>11,523</b>	<b>2,509</b>	<b>17,768</b>	<b>47,771</b>	<b>79,571</b>	<b>-161</b>	<b>79,410</b>
<b>Comprehensive income</b>							
Profit for the period	0	0	0	1,763	1,763	-130	1,633
Other comprehensive income	0	0	8,989	0	8,989	0	8,989
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>8,989</b>	<b>1,763</b>	<b>10,752</b>	<b>-130</b>	<b>10,622</b>
<b>Transactions with owners recognized directly in equity</b>							
Share-based payments (Note 8,10)	0	0	86	0	86	0	86
Dividends	0	0	0	-914	-914	0	-914
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>86</b>	<b>-914</b>	<b>-828</b>	<b>0</b>	<b>-828</b>
<b>Balance at 30 June 2023</b>	<b>11,523</b>	<b>2,509</b>	<b>26,843</b>	<b>48,620</b>	<b>89,495</b>	<b>-291</b>	<b>89,204</b>
<b>Balance at 1 January 2024</b>	<b>11,655</b>	<b>3,306</b>	<b>23,055</b>	<b>51,982</b>	<b>89,998</b>	<b>0</b>	<b>89,998</b>
<b>Comprehensive income</b>							
Profit for the period	0	0	0	3,827	3,827	0	3,827
Other comprehensive income	0	0	-12	185	173	0	173
<b>Total comprehensive income</b>	<b>0</b>	<b>0</b>	<b>-12</b>	<b>4,012</b>	<b>4,000</b>	<b>0</b>	<b>4,000</b>
<b>Transactions with owners recognized directly in equity</b>							
Share-based payments (Note 8,10)	0	0	20	0	20	0	20
Dividends	0	0	0	-2,405	-2,405	0	-2,405
<b>Total transactions with owners</b>	<b>0</b>	<b>0</b>	<b>20</b>	<b>-2,405</b>	<b>-2,385</b>	<b>0</b>	<b>-2,385</b>
<b>Balance at 30 June 2024</b>	<b>11,655</b>	<b>3,306</b>	<b>23,063</b>	<b>53,589</b>	<b>91,613</b>	<b>0</b>	<b>91,613</b>

On April 26, 2024, the Annual General Meeting of shareholders of AS Harju Elekter Group was held, where the 2023 annual report and the profit distribution proposal were approved. It was decided to pay a dividend of 0.13 euro per share for the year 2023, totaling 2,405 thousand euros. The dividends were paid to the shareholders' bank accounts on May 28, 2024.

## NOTES TO INTERIM FINANCIAL STATEMENT

### Lisa 1 Accounting methods and valuation principles used in the consolidated interim report

AS Harju Elekter Group is a company registered in Estonia. The interim report prepared as of 30 June 2024 comprises AS Harju Elekter Group (the "Parent Company") and its subsidiaries AS Harju Elekter, Energo Veritas OÜ, Harju Elekter Oy, Harju Elekter Kiinteistöt Oy, Telesilta Oy, Harju Elekter AB, Harju Elekter Services AB and Harju Elekter UAB (the "Group"). AS Harju Elekter Group has been listed on Tallinn Stock Exchange since 30 September 1997; 30.10% of its shares are held by AS Harju KEK.

In January 2024 the merger of AS Harju Elekter Group's Swedish subsidiaries AS Harju Elekter Group LC Development Fastigheter 17 AB with Harju Elekter Services AB was entered into the commercial register.

The consolidated interim financial statements of AS Harju Elekter Group and its subsidiaries have been prepared in accordance with International Reporting Standards (IFRS) as adopted by the European Union. This consolidated interim report is prepared in accordance with the requirements for international accounting standard IAS 34 "Interim Financial Reporting" on condensed interim financial statements. The interim report is prepared on the basis of the same accounting methods as used in the annual report concerning the period ending on 31 December 2023. The interim report should be read in conjunction with the Group's annual report of 2023, which is prepared in accordance with International Financial Reporting Standards (IFRS).

According to the assessment of the Management Board, the interim report for the second quarter and 6 months of 2024 of AS Harju Elekter Group presents a true and fair view of the financial result of the consolidation Group guided by the going-concern assumption. This interim report has been neither audited nor reviewed by auditors and only includes the consolidated reports of the Group.

The financial statements are presented in euros, which is the Group's functional and presentation currency. The consolidated interim financial statement has been drawn up in thousands of euros and all the figures have been rounded to the nearest thousand, unless indicated otherwise.

### Note 2 Financial investments

<i>(EUR'000)</i>	<b>30.06.2024</b>	<b>31.12.2023</b>	<b>30.06.2023</b>
Listed securities (fair value through other comprehensive income)	20	1,548	1,498
Other equity investments (fair value through other comprehensive income)	27,687	27,687	31,087
Other financial assets through profit or loss	8	9	8
<b>Total</b>	<b>27 715</b>	<b>29 244</b>	<b>32 593</b>
Changes	<b>6M 2024</b>	<b>12M 2023</b>	<b>6M 2023</b>
<b>1. Financial assets at fair value through other comprehensive income</b>			
Carrying amount at the beginning of the period	29,235	23,719	23,719
Sale of financial assets	-1,456	0	0
Change in fair value through other comprehensive income	-72	5,516	8,866
<b>Carrying amount at the end of the period</b>	<b>27,707</b>	<b>29,235</b>	<b>32,585</b>
<b>2. Financial assets at fair value through profit and loss</b>			
Carrying amount at the beginning of the period	9	12	12
Change in fair value through profit and loss	-1	-3	-4
<b>Carrying amount at the end of the period</b>	<b>8</b>	<b>9</b>	<b>8</b>
<b>Total carrying amount at the end of the period</b>	<b>27,715</b>	<b>29,244</b>	<b>32,593</b>

During the reporting quarter, most of the listed securities were sold, generating a total of 1.6 million euros, with a realized gain of 0.2 million euros. The market conditions were favorable, allowing for the realization of gains and an increase in liquidity. As a result of these sales, we can use the released capital to develop the company's core operations and make strategic investments that will contribute to long-term growth and sustainability.

As of 30 June 2024, other equity investments include an investment in the shares of IGL-Technologies Oy in the amount of 0.5 (31.12.23: 0.5) million euros and in the shares of OÜ Skeleton Technologies Group in the amount of 27.2 (31.12.23: 27,2) million euros. As of the reporting date, the registered ownership stake in OÜ Skeleton Technologies Group is 5.45%. The company is engaged in the development and production of supercapacitors and is gradually increasing production. The assessment of future cash flows of the OÜ Skeleton Technologies Group includes significant uncertainty. The measurement of fair value is a complex process in the absence of an active market and when this is the case, this kind of measurement involves making assumptions and decisions. In assessing the fair value of the company, the Group's management based the assessment on the issue price of the new shares used in the financing rounds, the economic indicators disclosed by OÜ Skeleton Technologies Group, the associated investment risk, and weighted the marketability of instrument.

### Note 3 Investment properties

<i>(EUR'000)</i>	Note	6M 2024	12M 2023	6M 2023
Balance at the beginning of the period		28,856	24,756	24,756
Additions	7	667	5,175	2,094
Depreciation	7	-622	-1,074	-536
<b>At the end of the period</b>		<b>28,901</b>	<b>28,857</b>	<b>26,314</b>

### Note 4 Property, plant and equipment and intangible assets

<i>(EUR'000)</i>	Note	6M 2024	12M 2023	6M 2023
<b>1. Property, plant and equipment</b>				
Balance at the beginning of the period		34,067	35,740	35,740
Additions to right-of-use assets		0	76	0
Additions	7	449	1,376	433
Sales and write-off in carrying amount		-43	-84	0
Depreciation	7	-1,207	-3,001	-1,517
Reclassification to inventories		0	-35	0
Impact of exchange rate changes		9	-5	-737
<b>At the end of the period</b>		<b>33,275</b>	<b>34,067</b>	<b>33,919</b>
<b>2. Intangible assets</b>				
Balance at the beginning of the period		7,354	7,244	7,244
Additions	7	358	398	119
Amortization	7	-135	-290	-96
Impact of exchange rate changes		-1	2	0
<b>At the end of the period</b>		<b>7,576</b>	<b>7,354</b>	<b>7,267</b>

### Note 5 Borrowings

<i>(EUR'000)</i>	30.06.2024	31.12.2023	30.06.2023
<b>Current borrowings</b>			
Current bank loans and overdrafts	13,573	14,209	17,559
Current portion of non-current bank loans	1,812	3,600	1,459
Current portion of non-current lease liabilities	319	694	339
Factoring liability	1,568	884	1,411
<b>Total current borrowings</b>	<b>17,272</b>	<b>19,387</b>	<b>20,768</b>
<b>Non-current borrowings</b>			
Non-current bank loans	22,278	22,552	22,797
Non-current lease liabilities	929	929	0
<b>Total non-current borrowings</b>	<b>23,207</b>	<b>23,481</b>	<b>983</b>
<b>Total borrowings</b>	<b>40,479</b>	<b>42,868</b>	<b>23,780</b>

Changes in borrowings	6M 2024	12M 2023	6M 2023
<b>Loans and borrowings at the beginning of the period</b>	<b>42,868</b>	<b>45,117</b>	<b>45,117</b>
Change in overdraft balances	-636	-4,526	-1,176
Received non-current loans	0	6,218	0
Repayments of non-current loans	-2,062	-2,444	3,344
Other received and repaid loans	684	-1,330	-1,360
New lease liabilities	0	647	-924
Repayments of non-current lease liabilities	-382	-838	0
Other changes	0	-14	-467
Impact of exchange rate changes	7	38	14
<b>Loans and borrowings at the end of the period</b>	<b>40,479</b>	<b>42,868</b>	<b>44,548</b>

## Note 6 Share capital

	30.06.2024	31.12.2023	30.06.2023
Share capital (thousand euros)	11,655	11,655	11,523
Number of shares (pcs)	18,498,770	18,498,770	18,289,508
Book value of a share (euros)	0.63	0.63	0.63

In 2023, AS Harju Elekter Group increased the share capital of the company by 131,835 euros by issuing new ordinary shares without nominal values in connection with the exercise of the employee stock option plan. A total of 209,262 ordinary shares were subscribed for at a book value of 0.63 euros per share. Following the share capital increase, the share capital of AS Harju Elekter Group amounted to 11,655 thousand euros divided into 18.5 million ordinary shares without a nominal value.

## Note 7 Segment reporting

In the consolidated financial statements, two main segments are distinguished: Production and Real Estate. Non-segmented areas of activity are grouped under Other activities, where each area of activity does not have a large enough share to form a separately reported segment.

**Production** – manufacturing and sale of electricity distribution and control equipment as well associated activities. This segment includes the Group’s companies AS Harju Elekter, Harju Elekter Oy, Harju Elekter UAB and Harju Elekter AB.

**Real estate** – real estate development, maintenance and leasing, services related to the maintenance of real estate and production capacity and intermediation of services. Real estate has been identified as a reportable segment because its result and assets are more than 10% of the total result and assets of all segments. This business line includes the parent company, Harju Elekter Kiinteistöt Oy and Harju Elekter Services AB.

**Other activities** – sales of the products of the Group and its related companies as well as products needed for electrical installation works; management services, project management for installation works and electrical engineering for shipbuilding. Other activities are of less importance to the Group and none of them constitutes a separate segment for reporting purposes. This segment includes the Parent Company and the Group’s subsidiaries Energo Veritas OÜ and Telesilta Oy. Other activities are of less importance to the Group and none of them constitutes a separate segment for reporting purposes.

The Group assesses the performance of its operating segments on the basis of revenue and operating profit. Based on the assessment of the Parent company’s Management Board, inter-segment transactions are carried out on ordinary market terms that do not differ substantially from the terms agreed in transactions conducted with third parties. Unallocated assets comprise the Parent company’s other receivables, prepayments, and other financial investments. Unallocated liabilities consist of the Parent company’s (in Estonia) interest-bearing loans and borrowings (exc. borrowings for Real estate), tax liabilities and accrued expenses.

<i>(EUR'000)</i>	Note	Production	Real Estate	Other activities	Elimination	Consolidated
<b>6 months 2024</b>						
Revenue from external customers		98,684	2,610	2,283	0	103,577
Inter-segment revenue		275	2,739	50	-3,064	0
<b>Segment revenue</b>		<b>98,959</b>	<b>5,349</b>	<b>2,333</b>	<b>-3,064</b>	<b>103,577</b>
<b>Operating profit</b>		<b>4,013</b>	<b>1,856</b>	<b>-423</b>	<b>-21</b>	<b>5,425</b>
Segment assets		103,378	34,892	46,810	-34,012	151,068
Unallocated assets						27,326
<i>incl. Financial investments</i>						27,221
<i>incl. Other receivables and prepayments</i>						105
<b>Total assets</b>						<b>178,394</b>
Liabilities of the segment		83,750	345	4,940	-34,012	55,023
Unallocated liabilities						31,758
<i>incl. borrowings</i>						30,799
<i>incl. accrued expenses</i>						654
<i>incl. other</i>						305
<b>Total liabilities</b>						<b>86,781</b>
Capital expenditure	3,4	416	667	391	0	1,474
Right-of-use assets		0	0	0	0	0
Depreciation and amortization	3,4	803	906	262	-7	1,964
<b>6 months 2023</b>						
Revenue from external customers		96,590	2,076	3,364	0	102,030
Inter-segment revenue		154	2,707	0	-2,861	0
<b>Segment revenue</b>		<b>96,744</b>	<b>4,783</b>	<b>3,364</b>	<b>-2,861</b>	<b>102,030</b>
<b>Operating profit</b>		<b>2,802</b>	<b>1,400</b>	<b>-639</b>	<b>-86</b>	<b>3,477</b>
Segment assets		111,224	33,139	43,765	-29,682	158,446
Unallocated assets						32,308
<i>incl. Financial investments</i>						32,098
<i>incl. Other receivables and prepayments</i>						210
<b>Total assets</b>						<b>190,754</b>
Liabilities of the segment		93,670	2,056	6,296	-29,682	72,340
Unallocated liabilities						29,210
<i>incl. borrowings</i>						28,599
<i>incl. accrued expenses</i>						438
<i>incl. other</i>						173
<b>Total liabilities</b>						<b>101,550</b>
Capital expenditure	3,4	390	2,155	101	0	2,646
Depreciation and amortization	3,4	1,081	799	278	-9	2,149

**Revenue by geographic regions (customer location)**

<i>(EUR'000)</i>	6M 2024	6M 2023
Estonia	11,379	10,530
Finland	37,543	43,130
Sweden	15,616	15,613
Norway	17,304	15,507
Germany	5,877	5,819
Netherlands	2,505	5,291
Other	13,353	6,140
<b>Total revenue</b>	<b>103,577</b>	<b>102,030</b>

**Revenue by business activities***(EUR '000)*

	6M 2024	6M 2023
Manufacturing and sale of electrical equipment	96,858	95,335
Lease income	2,275	1,676
Electrical works	1,527	2,411
Other services	2,917	2,608
<b>Total revenue</b>	<b>103,577</b>	<b>102,030</b>

**Note 8 Basic and diluted earnings per share**

Basic earnings per share are calculated by dividing the net profit for the reporting period with the weighted average number of shares issued during the period. Diluted earnings per share are calculated by taking into account the shares that will be potentially issued. The resolution of the general meeting of shareholders held on 29 April 2021 approved the new 2021–2022 share option program, under which the members of the Management Boards and key personnel of AS Harju Elekter Group and its subsidiaries are entitled to receive share options. The issue price of the shares to be acquired on the basis of the option is the average of the closing prices of the shares for the calendar years of 2018, 2019, and 2020 on the Nasdaq Tallinn Stock Exchange as of 31 December, i.e., 4.50 euros per share. As at 30 June 2024, the Group had a total of 138,500 potentially issuable ordinary shares.

As to share-based compensation to which IFRS 2 requirements apply, the subscription price of shares will continue to include the cost of the services provided by employees for the share-based compensation. The value of the service was estimated by an independent expert at 3.55 euros in the 2021 round and 1.52 euros in 2022. Thus, the share subscription prices within the meaning of IFRS 2 are 8.05 euros and 6.02 euros. The potential shares will only become dilutive after their average market price for the period exceeds these values. From 01 April to June 30, 2024, the average market price of the shares was 4.85 euros (Q2 2023: 5.03 euros), and from January 1 to June 30, 2024, the average market price of the shares was 4.86 euros (2023 6M: 5.04 euros).

	Unit	Q2 2024	Q2 2023
Profit attributable to equity holders of the parent company	EUR '000	3,467	982
Average number of shares outstanding	Pc '000	18,499	18,290
Basic earnings per share	EUR	0.19	0.05
Adjusted number of shares during the period	Pc '000	18,499	18,290
Diluted earnings per share	EUR	0.19	0.05

	Unit	6M 2024	6M 2023
Profit attributable to equity holders of the parent company	EUR '000	3,827	1,763
Average number of shares outstanding	Pc '000	18,499	18,290
Basic earnings per share	EUR	0.21	0.10
Adjusted number of shares during the period	Pc '000	18,601	18,290
Diluted earnings per share	EUR	0.21	0.10

**Note 9 Information on the statement of cash flows line items***(EUR '000)*

	Note	6M 2024	6M 2023
<b>Corporate income tax</b>			
Income tax expense in the statement of profit or loss		-571	-342
Decrease (+)/increase (-) in prepayment and decrease (-)/increase (+) in income tax liability		450	-128
Dividend income tax expense		12	10
Deferred income tax expense/income		31	22
Impact of exchange rate changes		0	1
<b>Corporate income tax paid</b>		<b>-78</b>	<b>-437</b>

<i>(EUR'000)</i>	Note	6M 2024	6M 2023
<b>Paid for investment properties</b>			
Acquisitions of investment properties	3	-667	-2 094
Liability decrease (-)/ increase (+) incurred by the acquisitions		-220	1 640
<b>Paid for investment properties</b>		<b>-887</b>	<b>-454</b>
<b>Paid for property, plant and equipment</b>			
Acquisitions of property, plant and equipment	4	-450	-433
Liability decrease (-)/ increase (+) incurred by the acquisitions		9	-1
Impact of exchange rate changes		1	-2
<b>Paid for property, plant and equipment</b>		<b>-440</b>	<b>-436</b>
<b>Paid for intangible assets</b>			
Acquisitions of intangible assets	4	-358	-119
Liability decrease (-)/ increase (+) incurred by the acquisitions		-22	5
Impact of exchange rate changes		3	0
<b>Paid for intangible assets</b>		<b>-377</b>	<b>-114</b>

## Note 10 Transactions with related parties

The related parties of AS Harju Elekter Group are Members of the Management Board and the Supervisory Board of the Group, their close associates, and companies significantly influenced or controlled by the aforementioned persons. Also, AS Harju KEK which owns 30.1% of the shares of AS Harju Elekter Group. The Group's management comprises members of the Parent company's Supervisory and Management Boards. During the reporting period, the Group has made transactions with related parties as follows:

<i>(EUR'000)</i>	30.06.2024	31.12.2023	30.06.2023
<b>Balances with related parties:</b>			
- Payables for goods and services	50	136	49
- Payables to Management and Supervisory Boards	86	82	164
- Bonus reserve for Management board	98	98	0
	6M 2024	12M 2022	6M 2023
<b>Purchase of goods and services from related parties:</b>			
- Other services, Lease of property, plant from AS Harju KEK	42	111	68
- Other services from AS Entek, Ellex Raidla Advokaadibüroo OÜ and HeBA Clinic OÜ	558	1,010	583
<b>Sale of goods and services to related parties:</b>			
- Other services to AS Harju KEK	1	1	1
- Sale of goods and services to AS Entek	0	4	1
- Rental service for HeBA Clinic OÜ	1	1	0
<b>Remuneration of the Management and Supervisory Boards:</b>			
- Salary, bonuses, additional other remuneration	372	556	267
- Social security tax	123	183	88

The members of the Management Board receive remuneration in accordance with the contract and are also entitled to receive a severance payment: up to 8 months of the remuneration of the Member of the Management Board. Members of the Management Board have no rights related to pension. During the reporting period, no other transactions were made with members of the Group's directing bodies and the persons connected with them.

## Share-based payments

In 2021 and 2022, 25 option contracts were signed with the Group's employees and Members of the company's Management Board, for a total of 189,750 share subscription rights, of which 138,500 shares are potentially

issuable at the end of the reporting period. The term of the option programme is two years, plus the term for exercising the options. The exercise period is 36 and 48 months after the written option contract is signed.

During the reporting period, share - based payments were recognized as labour costs amounting to 20 thousand euros (2023 6M: 86), including 12 thousand euros (2023 6M: 23) for the members of the Management and Supervisory Board. The pricing of the option is disclosed in Note 8.



## THE MANAGEMENT BOARD DECLARATION FOR THE UNAUDITED FINANCIAL STATEMENTS

The Management Board acknowledges its responsibility for the preparation, integrity and fair presentation of the consolidated interim financial statements for the second quarter and six months of 2024 and confirms that to the best of its knowledge, information and belief that:

- the management report presents true and fair view of significant events that took place during the accounting period and their impact to financial statements; and includes the description of major risks and doubts for the Parent company and consolidated companies as a Group; and reflects significant transactions with related parties;
- the accounting principles and presentation of information used in preparing the interim financial statements are in compliance with the International Financial Reporting Standards as adopted by the European Union;
- the interim financial statements give a true and fair view of the assets, liabilities, financial position of the Group and of the results of its operations and its cash flows; and
- AS Harju Elekter Group and its subsidiaries are going concerns.

Tiit Atso Chairman of the Management Board 23 July 2024



Priit Treial Member of the Management Board 23 July 2024



Aron Kuhi-Thalfeldt Member of the Management Board 23 July 2024

