

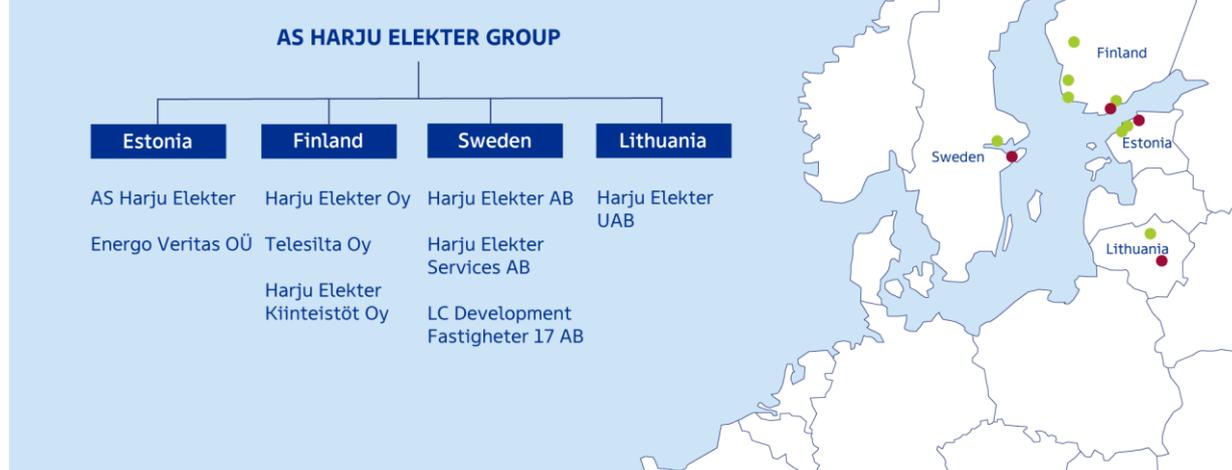
**CONSOLIDATED
UNAUDITED INTERIM
REPORT FOR THE
IV QUARTER AND
12 MONTHS OF 2023**

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Financial year:	1 January – 31 December 2023
Reporting period:	1 January – 31 December 2023

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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 Panevežys

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

LC Development Fastigheter 17

AB (100% subsidiary of 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

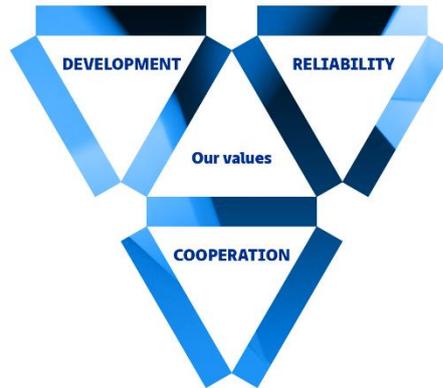
FINLAND

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.



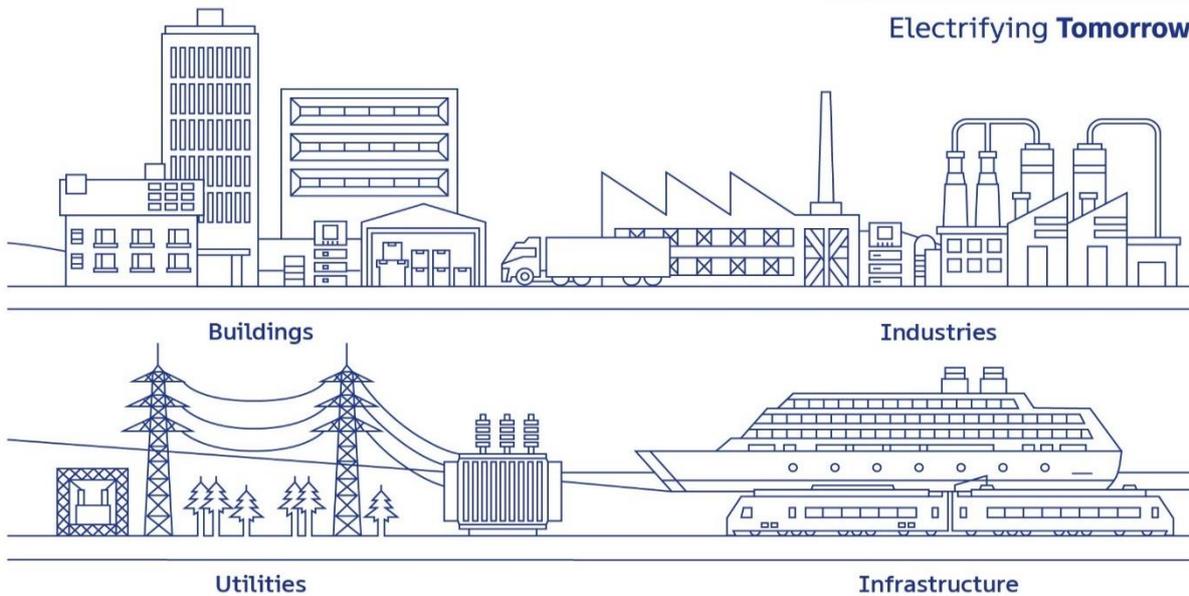
What we do

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

2023 will remain in Harju Elekter's history as a year of transformation. We managed to turn the deep loss of the previous year into a strong profit, while achieving the largest operating profit in the Group's history and a satisfactory net profit despite increased interest rates.

The fourth quarter results were weaker than usual due to the seasonality of the business, but compared to the same period last year, the results have continued to improve. In particular, we can be content with the change in EBIT, which remained at a satisfactory level even after the year-end revaluation of the profitability of projects and assets. Instead of losses in 2022, the Group earned both operating and net profit in 2023.

The year was marked by a number of fundamental decisions and pivotal changes to be proud of. The merger of the Estonian subsidiaries was more successful than expected, as demonstrated by the strong financial results. We can also be proud of the Lithuanian manufacturing company, which by today has grown to become the largest unit in the Group, and which we can commend for the strongest financial performance among all companies of the Group.

In Finland, which continues to be our principal market, we exited from lower-volume business lines last year and focused on core activities and the strengthening thereof. Although the anticipated forecasts of turning the Swedish unit profitable did not materialise in the reporting year, we will continue our determined work towards making the company profitable in 2024.

As a whole, the structural reforms launched at the end of 2022 and introduced last year, as well as the implementation of the Strategic Action Plan, have been successful. In the spring, we will start setting the strategic targets for the Group's next growth period, driven by the need to increase the Group's EBIT margin and, in line with the expectations of shareholders, by the continued desire to increase the dividend. The Group's central strategic objective in the coming years will be profitable growth.

In coordination with the Supervisory Board, the Group's Management Board will propose to pay dividends to the shareholders 0.13 euros per share, totalling 2.4 million euros and representing 47% of consolidated net profit in 2023.

SUMMARY OF THE FOURTH QUARTER AND 12 MONTH RESULTS

Revenue and financial results

The Group's revenue in the fourth quarter was 50.7 million euros, similar to the previous year's revenue result of 50.0 million euros. However, in a full year comparison, we achieved faster increase in revenue at 19.2% per year. This was underpinned by strong framework agreements and increased demand for the Group's services. In total, the Group's revenue for 2023 was 209.0 (2022: 175.3) million euros.

The gross profit for the reporting quarter was 4,218 (Q4 2022: 2,517) thousand euros and the gross profit margin was 8.3% (Q4 2022: 5.0%). The fourth quarter operating profit (EBIT) was 758 (Q4 2022 operating loss: -2,063) thousand euros and the operating margin was 1.5% (Q4 2022: -4.1%). Compared to the more positive quarters of the year, the more modest profitability was largely influenced by the low season, when the Group's volume of works in progress is lower, as is usual. In addition, possible reserves to cover additional costs were revalued and taken into account at year-end. Net profit for the fourth quarter was 135 (2022: -2520) thousand euros, which is 0.01 euros per share. This is a significant improvement compared to the fourth quarter of 2022, when net profit per share was -0.14 euros. Net profit for the quarter was reduced by the increased calculated income tax expense and a significant increase in interest rates.

The positive performance in the fourth quarter concluded 2023 on a positive note and confirmed that the structural changes made, and the implementation of the strategic plan have been effective. The gross profit for the year was 23,588 (2022: 12,269) thousand euros and the gross margin was 11.3% (2022: 7.0%). During the year, operating profit (EBIT) of 8,078 (2022: operating loss -4,546) and net profit of 5,160 (2022: net loss -5,544) thousand euros were earned. Net profit per share was 0.28 (2022: net loss per share -0.31) euros.

Investments

During the reporting period, the Group invested a total of 6.9 (2022: 15.2) million euros in non-current assets, including 5.2 (2022: 1.8) in investment properties, 1.4 (2022: 12.9) in property, plant, and equipment and 0.4 (2022: 0.5) million euros in intangible assets. Most of the investments during the reporting period were made in the construction of the production building to be rented out to Reimax Electronics OÜ in the Allika Industrial Park, which was completed at the end of the year. In addition, investments were made in other real estate objects, production technology equipment, and production and process management systems.

The value of the Group's non-current financial investments totalled 29.2 (31.12.22: 23.7) million euros as of the reporting date. The main part of the revaluation of financial assets in 2023 came from the estimated fair value change of OÜ Skeleton Technologies Group's investment, which increased by 5.4 million euros to 27.2 million euros. (additional information in [Note 2](#)) The fair value of listed securities increased by 0.1 million euros during the year, compared to a decrease by 0.7 million euros a year earlier. There were no acquisitions or sales of listed securities during the year.

Current assets

The Group's current assets decreased by 0.8 million euros to 78.1 million euros during the reporting period. Cash and cash equivalents decreased by 7.8 million to 1.4 million euros, trade and other receivables increased by 7.2 million to 38.9 million euros and inventories decreased by 0.2 million euros to 36.8 million euros. The decrease in cash is mainly due to investments and repayments of loans and overdrafts, but also dividends paid out on May 24 totalling 0.9 million euros. In inventories, the balance of finished products increased, but the balance of work in progress and raw materials decreased. At the end of the reporting period, materials accounted for 79% (31.12.22: 77%) of the total inventory. The remaining part included work in progress and finished goods.

Liabilities

At the reporting date, the Group had liabilities in total of 88.4 (31.12.22: 92.0) million euros, of which the current part accounted for 73% (31.12.22: 78%). During the year current liabilities decreased by 6.4 million euros, that includes a decrease in borrowings by 5.0, increase in prepayments from customers by 2.0 million euros and trade and other payables by 1.3 and decrease in current provisions by 2.0 million euros. At the end of the period, current and non-current borrowings were respectively – 19.4 (31.12.22: 24.4) and 23.5 (31.12.22: 20.7) million euros. Non-current loans and leases were used for real estate investments, expansion of the production building and investments in automatic production equipment.

Cash Flows

Cash and cash equivalents decreased by 7.8 million to 1.4 million euros during the year. Cash flows from business activities were 5.1 (Q4 2022: 10.0) in the quarter and 1.7 (2022: 7.2) million in the year. The materials necessary for customer projects were acquired, and due to the increase in business volumes, the balance of receivables and liabilities also increased.

During the quarter 2.8 (Q4 2022: 12.0) and total of 6.5 (2022: 14.0) million euros were directed to investment activities.

Cash flows from financing activities were – 1.3 (Q4 2022: 10.6) million euros in the quarter, which was most affected by loan and lease payments. Cash flows from financing activities in year 2023 were -2.9 (2022: 15.6) million euros. Non-current loans were repaid by 3.7 million euros, and overdrafts decreased also by 4.5 million euros. For the timely completion of real estate projects and for the fulfilment of orders, an additional loan of 6.2 million euros was taken. In addition, share capital contributions of 0.9 (2022: 1.0) million euros were received as part of the option program. On May 24, dividends in the amount of 0.9 million euros were paid for the year 2022.

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

As of 28 February 2023, the contract with Mikael Schwartz Jonsson, the Managing Director of Harju Elekter AB, was terminated by mutual agreement. As of the beginning of March, Martin Frank assumed the position as an interim Managing Director. He has been working at Harju Elekter AB as the Marketing and Sales Manager since 2021. From 2nd October 2023, he was permanently appointed as the Managing Director of Harju Elekter AB.

In June, it was decided by mutual agreement to terminate the contract with Jan Osa, the Managing Director of Harju Elekter Oy, effective from 30 June 2023. Starting from 2nd January 2024, 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

The merger decisions of AS Harju Elekter Elektrotehnika (the acquiring company, under the new name AS Harju Elekter) and AS Harju Elekter Teletehnika (the company being acquired) were adopted on 1 December 2022 and an entry of the merger in the commercial register was made on 13 March 2023. Pursuant to the merger agreement concluded on 30 September 2022, the legal successor of AS Harju Elekter Teletehnika is AS Harju Elekter Elektrotehnika and, with the entry of the merger in the commercial register, all the assets of AS Harju Elekter Teletehnika were wholly transferred to AS Harju Elekter Elektrotehnika. Due to the merger, AS Harju Elekter Teletehnika was deleted from the commercial register on 13 March 2023.

On 29 September 2023, AS Harju Elekter Group and Reinvent OÜ concluded a contract of sale of a share in a private limited company, in which AS Harju Elekter Group acquires a 19.48% share in Energo Veritas OÜ. As a result of the transaction, AS Harju Elekter Group will become the sole shareholder of Energo Veritas OÜ, holding the sole share of Energo Veritas OÜ with a nominal value of 2,500 euros. In line with the strategy of AS Harju Elekter Group to focus on the production in its own factory, the purpose of the transaction is to discontinue the retail and wholesale activities of Energo Veritas OÜ.

Name Change

On 17 May 2023, the new business name "AS Harju Elekter Group" was officially registered in the commercial register, replacing the previous name of AS Harju Elekter. Similarly, on 23 May 2023, the business name of AS Harju Elekter Elektrotehnika was changed to "AS Harju Elekter". These name changes also involved the approval of updated articles of association. The name changes of AS Harju Elekter Elektrotehnika to AS Harju Elekter completed the alignment of business names among the subsidiaries of AS Harju Elekter Group. Going forward, all subsidiaries engaged in core activities will be known as Harju Elekter, creating clearer identification for the Group's stakeholders across different countries.

MAIN EVENTS

New customer agreements



The Harju Elekter Group's Swedish subsidiary Harju Elekter AB signed an agreement with one of Sweden's leading data centre operators, atNorth which is expanding their data centre in Sweden with the addition of several new server halls. According to the agreement Harju Elekter delivers and installs transformers and switchgear for electrical power distribution for the new server halls of the atNorth data centre during 2023. The total volume of the agreement is about 2.7 million euros.



The Finnish subsidiary of Harju Elekter Group, Telesilta Oy, signed a contract on 9 May 2023 with Uudenkaupungin Työväne Oy to provide electrification and commissioning works for two patrol vessels to the Finnish Border Guard. The contract price is approximately 6.5 million euros. The first vessel will be completed in 2025 and the second in 2026.



AS Harju Elekter, a subsidiary of AS Harju Elekter Group, won the tender of Eesti Energia AS for the supply of prefabricated substations, distribution points, and equipment. Framework agreements with a total value of 115 million euros will be concluded with Elektrilevi OÜ for 36 months, with the option to extend by 24 months. Under the agreements, goods will be supplied to other companies within the Eesti Energia Group, as well as to contract partners of Elektrilevi OÜ and Enefit Connect OÜ.

Real estate



Harju Elekter decided to build a new production building in the Allika Industrial Park. To this end, AS Harju Elekter Group and Nordecon Betoon OÜ (brand name NOBE) signed a construction contract for a production and office building at Angerja tee, Hüüru. Together with the construction cost of the building, the total real estate investment amounted to 5 million euros, and the works were completed in December 2023.



AS Harju Elekter Group and Prysmian Group Baltics AS signed a lease agreement on 5 June 2023 until 2030. With the extended lease agreement, the real estate department of Harju Elekter Group leases to Prysmian Group Baltics more than 20,000 m² of production, storage and office space and nearly 40,000 m² of external storage territory. The contract also agreed on a large-scale renovation and reconstruction of the premises, the investment cost of which is up to 3 million euros.

Annual General Meeting of shareholders

On April 28, 2023, the Annual General Meeting of shareholders of Harju Elekter took place. During the meeting, decisions were made to change the business name and articles of association. The Annual Report 2022 was approved, along with the proposal for profit distribution. Dividends of 0.05 euros per share, totalling 914,475 euros, were approved to be paid to the shareholders for the year 2022. The dividend payments were transferred to the shareholders' bank accounts on May 24, 2023. The AGM was attended by 58 shareholders and their authorised representatives who represented a total of 11,443,963 votes accounting for 62.57 % of the total votes.

Increase of share capital

The Supervisory Board of AS Harju Elekter Group decided to increase the share capital of the company by 131,835 euros by issuing new ordinary shares. The increase of the share capital was triggered by the need to issue new shares to the key persons of Harju Elekter Group, incl. the members of the governing bodies, leading specialists, and engineers, participating in the option program approved with the resolution of the general meeting on 3 May 2018. A total of 41 current and former employees participated in the share issue, subscribing for a total of 209,262 shares. The new shares to be issued during the increase of share capital shall grant the right to dividend for the financial year started on 1 January 2023. After the increase of the share capital, Harju Elekter has a total of 18,498,770 ordinary shares without nominal value and the share capital amounts to 11,654,225 euros.

Recognition and anniversaries



AS Harju Elekter Group ranked in the TOP 10 in the sustainable company category at the 'Entrepreneurship Award 2023' competition. The competition assesses the company's contribution to the sustainable development of society, the application of ESG principles, and outstanding activities to achieve energy efficiency.

At the end of September, Harju Elekter celebrated its 55th year of operation. The festive anniversary was celebrated in all units of Harju Elekter.



EVENTS AFTER THE REPORTING DATE

In January 2024, 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.

OPERATING RESULTS

Revenue

Revenue by business activities (EUR '000)	Q4 2023	Q4 2022	+/-	12M 2023	12M 2022	+/-	% 12M 2023	% 12M 2022
Electrical equipment	46,220	43,698	5.8%	190,127	148,223	28.53%	91.0%	84.6%
Retail and project-based sale of electrical products	343	1,534	-77.6%	1,825	9,754	-81.3%	0.9%	5.6%
Other products	94	1,845	-94.9%	2,790	5,953	-53.1%	1.3%	3.4%
Lease income	1,093	815	34.1%	3,776	3,326	13.5%	1.8%	1.9%
Electrical works	1,761	1,984	-11.2%	6,419	5,445	17.9%	3.0%	3.1%
Other services	1,226	102	1102.0%	4,077	2,592	57.3%	2.0%	1.4%
Total	50,737	49,978	1.5%	209,014	175,293	19.2%	100.0%	100.0%

The Group's revenue for the quarter was 50.7 (Q4 2022: 50.0) million euros, growing by 1.5% compared to the comparable period. The revenue of the year increased by 19.2% compared to the comparable period, being 209.0 (2022: 175.3) million euros. The majority of the increase in quarter revenue came from the sale of electrical equipment, increasing by 2.5 million euros year-on-year. Compared to the whole year, the revenue of electrical equipment increased by 41.9 million euros - this is the same magnitude as the revenue earned from the sale of electrical equipment during the entire quarter. During the reporting period, more low-voltage switchgear, frequency converters and e-houses were sold, and larger projects with energy-saving solutions for the modernization and construction of low-carbon ships were successfully completed.

At the end of 2022, the activities of Energo Veritas OÜ stopped, due to which the revenue of the retail and project-based sale of electrical products decreased in both periods by 77.6% and 81.3%, respectively. The share and volume of other products decreased due to the optimization of production and the merger of two companies, where the products of the metal plant moved to input materials from the reporting year. Rental income from real estate properties increased both quarterly and annually by 0.3 and 0.5 million euros respectively.

Revenue by segment (EUR '000)	Q4 2023	Q4 2022	+/-	12M 2023	12M 2022	+/-	% 12M 2023	% 12M 2022
Production	47,709	46,233	3.2%	197,863	157,556	25.6%	94.7%	89.9%
Real Estate	1,268	1,020	24.4%	4,477	4,365	2.6%	2.1%	2.5%
Other activities	1,760	2,725	-35.4%	6,674	13,372	-50.1%	3.2%	7.6%
Total	50,737	49,978	1.5%	209,014	175,293	19.2%	100.0%	100.0%



The production segment focuses on producing equipment for the distribution of medium and low voltage electricity (different types of substations, cable distribution and power connection cabinets), various electrical power switching and conversion devices, and automation and control centers for use by the

energy, industrial, and maritime sectors, and infrastructure objects. In addition, companies in the production segment also offer a variety of design and engineering services. Production segment's revenue increased by 3.2% quarterly and by 25.6% annually, amounting to 47.7 and 197.9 million euros respectively. The majority of the growth was provided by the Lithuanian and Finnish productions, which sold more automation equipment, low-voltage distribution equipment and frequency converter panels than in the previous period. The production segment accounted for 94.0% (Q4 2022: 92.5%) of the consolidated revenue of the quarter.



The real estate unit of Harju Elekter Group is engaged in the development of industrial real estate, project management, leasing, and related services for both rental partners and Harju Elekter's own companies. The real estate unit manages a total of nine industrial parks in Estonia, Finland, Sweden, and Lithuania. Revenue from the real estate segment was 1.3 (Q4 2022: 1.0) in the quarter and 4.5 (2022: 4.4) million euros during the year. Rental income increased, but solar energy services decreased compared to the previous year's periods. The real estate segment accounted for 2.5% (Q4 2022: 2.0%) of the consolidated revenue of the quarter.

The revenue from other activities decreased by 1.0 million euros compared to the fourth quarter of the previous year and by 6.7 million euros in annual comparison, being 6.7 and 13.4 million euros respectively. The decline in revenue was significantly influenced by the suspension of the retail and project-based sale of electrical products in Estonia. The revenue from other activities accounted for 3.5% (Q4 2022: 5.5%) of the quarterly revenue.

Revenue by markets (EUR '000)	Q4 2023	Q4 2022	+/-	12M 2023	12M 2022	+/-	% 12M 2023	% 12M 2022
Estonia	5,233	7,617	-31.3%	20,865	30,296	-31.1%	10.0%	17.3%
Finland	19,617	21,253	-7.7%	83,291	81,829	1.8%	39.8%	46.7%
Sweden	9,183	7,080	29.7%	32,492	22,844	42.2%	15.5%	13.0%
Norway	5,730	8,899	-35.6%	33,828	21,821	55.0%	16.2%	12.4%
Germany	2,859	1,694	68.8%	12,681	5,787	119.1%	6.1%	3.3%
Netherlands	1,262	842	49.9%	7,701	6,732	14.4%	3.7%	3.8%
Other	6,853	2,593	164.3%	18,156	5,984	203.4%	8.7%	3.3%
Total	50,737	49,978	1.5%	209,014	175,293	19.2%	100.0%	100.0%

The Group's largest target markets are Estonia, Finland, Sweden, and Norway, where a total of 78.4% (Q4 2022: 89.7%) of the Group's products and services were sold in the quarter.

In the fourth quarter, 5.2 (Q4 2022: 7.6) million euros were earned from Estonia, which was 2.4 million euros less than a year earlier. Compared to year before, the revenue-decreased by 9.4 million to 20.9 million euros. The decrease in revenue in both periods is mostly related to the termination of the retail and project-based sale of electrical products in Estonia but sales of electrical equipment to contract customers also decreased. The increased volume in the previous year originated mainly from the contract for hermetic distribution transformers and distribution cabinets. The Estonian market accounted for 10.3% (Q4 2022: 15.2%) of the consolidated revenue of the quarter.

Comparing the quarters, revenue in Finland decreased by 7.7% to 19.6 (Q4 2022: 21.3) million euros. Revenue growth was hindered by a decline in investment in electricity networks due to regulatory changes in network charges. During the year, a total of 83.3 (2022: 81.8) million euros were earned from Finland, mainly from the supply of compact substations and low-voltage distribution equipment. The Group's largest market sold 38.7% (Q4 2022: 42.5%) of Harju Elekter products and services in the quarter.

The revenue of the Swedish market increased due to the rise in the sale of substations and the growth of project business, being 9.2 (Q4 2022: 7.1) in the quarter and 32.5 (2022: 22.8) million euros in the year. Sweden accounted for 18.1% (Q4 2022: 14.2%) of the consolidated revenue of the quarter.

Revenue from the Norwegian market was 5.7 (Q4 2022: 8.9) in the quarter, and 33.8 (2022: 21.8) million euros during the year. Revenue was mainly generated from the production of frequency converter systems and electrical and automation panels for the maritime and shipping sector. The Norwegian market accounted for 11.3% (Q4 2022: 17.8%) of the consolidated revenue of the quarter.

Revenue from other markets increased by 5.8 to 11.0 million euros year-on-year. Revenue increased mainly from the Germany and Netherlands markets. In annual comparison, revenue from other markets increased by 20.0 million euros to 38.5 million euros. Most of the growth came from sales to the USA, where frequency converter equipment and MCC systems were shipped to the United States Steel Corporation's Big River Steel plant. Other markets accounted for 21.6% (Q4 2022: 10.3%) of the consolidated revenue of the quarter.

Operating expenses

<i>(EUR '000)</i>	Q4 2023	Q4 2022	+/-	12M 2023	12M 2022	+/-	% 12M 2023	% 12M 2022
Cost of sales	46,521	47,460	-2.0%	185,426	163,024	13.7%	92.3%	90.7%
Distribution costs	1,260	1,449	-13.0%	5,320	5,578	-4.6%	2.7%	3.1%
Administrative expenses	2,657	3,037	-12.5%	10,112	11,194	-9.7%	5.0%	6.2%
Total operating expenses	50,438	51,946	-2.9%	200,858	179,796	11.7%	100.0%	100.0%
<i>incl. depreciation, amortization</i>	1,150	1,119	2.8%	4,366	4,763	-8.3%	2.2%	2.6%
<i>incl. total labour cost</i>	10,474	9,113	14.9%	39,929	34,433	16.0%	19.9%	19.2%
<i>incl. inclusive salary cost</i>	8,404	7,376	13.9%	31,802	27,124	17.2%	15.8%	15.1%

The Group's operating expenses decreased by 2.9% comparing the fourth quarters, being a total of 50.4 million euros, compared to 51.9 million euros in the fourth quarter of 2022. Lower costs were observed in all cost groups, especially in distribution costs and administrative expenses. Labour costs, on the other hand, increased by 15%. Distribution costs were 1.3 (Q4 2022: 1.4) and administrative expenses 2.7 (Q4 2022: 3.0) million euros in the quarter. The share of distribution costs in the group's revenue decreased by 0.4 percentage points to 2.5% and the share of administrative expenses by 0.9 percentage points to 5.2% compared to the quarters.

For the year, operating expenses increased by 12%, being 200.9 (2022: 179.8) million euros. The majority of the increase in operating expenses was caused by the increase in the costs of sales, remaining 7.5 percentage points lower than the revenue growth rate. The gross profit margin increased by 3.3 percentage points to 8.3% compared to the comparable quarter and by 4.3 percentage points to 11.3% in annual comparison. The increase in gross margin was supported by a more efficient and higher production load, combined with stabilised input prices and supply chain. A year before, the Group constituted several reserves to cover input prices for components and materials that had increased as a result of several crises, and expensed losses from previously concluded transactions. The total distribution costs of the year were 5.3 (2022: 5.6) million euros and administrative expenses 10.1 (2022: 11.2) million euros.

Depreciation and amortization cost was 1.2 (Q4 2022: 1.2) in the quarter and 4.4 (2022: 4.8) million euros during the year. In the previous year, the goodwill allowance of Energo Veritas OÜ, 0.4 million euros, was included in the expenses.

Labour costs increased in both periods, being 10.5 (Q4 2022: 9.1) and 39.9 (2022: 34.4) million euros, respectively. The ratio of labour costs to the Group's revenue was 20.6% (Q4 2022: 18.2%) in the quarter and 19.1% (2022: 19.6%) during the year. The average monthly salary per employee of the Group during the year was 2,768 (2022: 2,573) euros, which was 7.6% more than the year before. 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.

PERSONNEL

The Harju Elekter team is committed to creating a unified values programme. Our three core values – **DEVELOPMENT, COOPERATION** and **TRUST** – reflect the way we do business and interact with our colleagues, customers, and partners. This year, more than 40 managers have been trained under the values programme, all of whom are committed to values-based leadership in their daily work. Management teams from Estonia, Finland, Lithuania, and Sweden met in November to discuss the strategy changes implemented and the further development of the values programme. In addition, they focused on several issues that are important for building a unified Group.



In the reporting quarter, Harju Elekter awarded two scholarships through the TalTech Development Fund to outstanding engineering students of TalTech – Tallinn University of Technology. We believe that supporting students and popularising engineering education contributes to the development of both the sector and society.

At the end of the reporting period, the Group employed 967 people, which was 78 employees more than a year ago. In the quarter, the Group employed an average of 957 (2022: 871) people. The largest increases were in Lithuanian and Finnish manufacturing companies. In the quarter, 10.5 (Q4 2022: 9.1) million euros were paid to employees as salaries and remuneration.

	Average numbers of employees				Numbers of employees					
	Q4 2023	Q4 2022	12M 2023	12M 2022	31.12.23	31.12.22	+/-	% 31.12.23	% 31.12.22	
Estonia	325	349	346	373	329	350	-21	34.0%	39.4%	
Finland	220	167	208	165	221	176	45	22.9%	19.8%	
Lithuania	367	285	345	271	366	291	75	37.8%	32.7%	
Sweden	50	70	58	69	51	72	-21	5.3%	8.1%	
Total	962	871	957	878	967	889	78	100.0%	100.0%	

SHARES AND SHAREHOLDERS

Security trading history	2023	2022	2021	2020	2019
Opening price (euros)	5.01	7.44	5.24	4.26	4.12
Highest price (euros)	5.31	7.74	10.50	5.26	5.20
Lowest price (euros)	4.90	4.85	5.20	3.20	4.01
Closing price (euros)	4.97	5.01	7.44	5.18	4.21
Traded shares (pcs)	1,154,685	929,491	2,048,865	1,160,598	531,415
Turnover (in million euros)	5.82	5.60	15.85	4.99	2.35
Capitalisation (in million euros)	91.94	91.63	134.06	91.89	74.68
Average number of the shares (pcs)	18,355,774	18,134,463	17,855,220	17,739,880	17,739,880
EPS (euros)	0.28	-0.31	0.15	0.31	0.14

Price of AS Harju Elekter Group's share (in euros) on Nasdaq Tallinn Stock Exchange between 31 December 2018 – 31 December 2023 (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 September 2023:

Holding	No of shareholders	% of all shareholders	% of votes held	Shareholders	Holding (%)
> 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 %	61	0.5	16.2	Shareholders holding under 10%	59.88
< 0.1%	11,094	99.4	24.4	Total	100.00
Total	11,164	100.0	100.0		

As of 31 December 2023, AS Harju Elekter Group had 11,164 shareholders. During the quarter, the number of shareholders decreased by 105 and increased by 580 during the entire year. 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 31 December 2023, the members of the Supervisory and Management Boards owned, in accordance with their direct and indirect ownerships, in total of 4.32% 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

<i>(EUR'000)</i>	Note	31.12.2023	31.12.2022
ASSETS			
Current assets			
Cash and cash equivalents		1,381	9,152
Trade and other receivables		38,837	31,612
Prepayments		1,071	1,126
Inventories		36,834	37,068
Total current assets		78,123	78,958
Non-current assets			
Deferred income tax assets		731	1,008
Non-current financial investments	2	29,244	23,731
Investment properties	3	28,856	24,756
Property, plant, and equipment	4	34,067	35,740
Intangible assets	4	7,354	7,244
Total non-current assets		100,252	92,479
TOTAL ASSETS	7	178,375	171,437
LIABILITIES AND EQUITY			
Liabilities			
Borrowings	5	19,387	24,385
Prepayments from customers		18,870	16,827
Trade and other payables		23,159	24,502
Tax liabilities		3,308	3,478
Current provisions		140	2,103
Total current liabilities		64,864	71,295
Borrowings	5	23,481	20,732
Other non-current liabilities		32	0
Total non-current liabilities		23,513	20,732
Total liabilities		88,377	92,027
Equity			
Share capital	6	11,655	11,523
Share premium		3,306	2,509
Reserves		23,055	17,768
Retained earnings		51,982	47,771
Total equity attributable to the owners of the parent company		89,998	79,571
Non-controlling interests		0	-161
Total equity		89,998	79,410
TOTAL LIABILITIES AND EQUITY		178,375	171,437

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

<i>(EUR'000)</i>	Note	Q4 2023	Q4 2022	12M 2023	12M 2022
Revenue	7	50,737	49,978	209,014	175,293
Cost of sales		-46,519	-47,461	-185,426	-163,024
Gross profit		4,218	2,517	23,588	12,269
Distribution costs		-1,260	-1,449	-5,320	-5,578
Administrative expenses		-2,657	-3,037	-10,112	-11,194
Other income		495	2	314	308
Other expenses		-38	-96	-392	-351
Operating profit/loss (-)	7	758	-2,063	8,078	-4,546
Finance income		456	5	97	78
Finance costs		-624	-433	-2,103	-809
Profit/loss (-) before tax		590	-2,491	6,072	-5,277
Income tax	9	-455	9	-912	-290
Profit/loss (-) for the period		135	-2,482	5,160	-5,567
Profit /loss (-) attributable to:					
Owners of the parent company		135	-2,520	5,160	-5,544
Non-controlling interests		0	38	0	-23
Earnings per share					
Basic earnings per share (euros)	8	0.01	-0.14	0.28	-0.31
Diluted earnings per share (euros)	8	0.01	-0.14	0.28	-0.30

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(EUR'000)</i>	Note	Q4 2023	Q4 2022	12M 2023	12M 2022
Profit/loss (-) for the period		135	-2,482	5,160	-5,567
Other comprehensive income (loss)					
<i>Items that may be reclassified to profit or loss</i>					
Impact of exchange rate changes of a foreign subsidiaries		-212	-47	-139	-208
<i>Items that will not be reclassified to profit or loss</i>					
Gain on sales of financial assets	2	0	0	0	320
Net gain/loss (-) on revaluation of financial assets	2	-3,266	20	5,516	-726
Total comprehensive income (loss) for the period		-3,478	-27	5,377	-614
Other comprehensive income (loss)		-3,343	-2,509	10,537	-6,181
Total comprehensive income (loss) attributable to:					
Owners of the Company		-3,343	-2,547	10,537	-6,158
Non-controlling interests		0	38	0	-23

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(EUR'000)</i>	Note	12M 2023	12M 2022
Cash flows from operating activities			
Profit/loss (-) for the period		5,160	-5,567
<u>Adjustments</u>			
Depreciation, amortization and impairment	3,4	4,366	4,764
Gain on sale of property, plant and equipment		26	-37
Share-based payments	10	42	189
Finance income		-97	-78
Finance costs		2,103	809
Income tax	9	912	290
<u>Changes</u>			
Changes in trade receivables and prepayments		-6,680	3,054
Changes in inventories		381	-9,983
Changes in trade payables and prepayments		-1,742	14,631
Corporate income tax paid	9	-792	-286
Interest paid		-1,947	-602
Total cash flow (-outflow) from operating activities		1,732	7,184
Cash flows from investing activities			
Payments for investment properties	9	-4,933	-2,119
Payments for property, plant and equipment	9	-1,376	-12,715
Payments for intangible assets		-358	-468
Acquisition of financial investments	2	0	-227
Proceeds from sale of property, plant and equipment		58	50
Proceeds from sale of other financial investments	2	0	1,315
Dividends received		14	1
Received interests		73	74
Total cash flow (-outflow) from investing activities		-6,522	-14,089
Cash flows from financing activities			
Change in overdraft balance	5	-4,526	4,583
Proceeds from borrowings	5	6,159	15,616
Repayment of borrowings	5	-3,716	-1,788
Repayments of lease liabilities	5	-799	-1,328
Proceeds from the share issue		898	1,049
Dividends paid		-914	-2,523
Dividends income tax paid		-11	-55
Total cash flow (-outflow) from financing activities		-2,909	15,554
Total net cash flow (-outflow)		-7,699	8,649
Cash and cash equivalents at the beginning of the period		9,152	574
Changes in cash and cash equivalents		-7,699	8,649
Effect of exchange rate fluctuations on cash and cash equivalents		-72	-71
Cash and cash equivalents at the end of the period		1,381	9,152

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 31 December (EUR'000)	Share capital	Share premium	Reserves	Retained earnings	Attributable to owners of the parent company	Non-controlling interests	Total equity
Balance at 1 January 2022	11,352	1,601	18,716	55,315	86,984	-138	86,846
Comprehensive income							
Profit for the period	0	0	0	-5,544	-5,544	-23	-5,567
Other comprehensive income	0	0	-934	320	-614	0	-614
Total comprehensive income	0	0	-934	-5,224	-6,158	-23	-6,181
Transactions with owners recognized directly in equity							
Share capital contribution)	171	908	0	0	1,079	0	1,079
Share-based payments (Note 8,10)	0	0	-14	203	189	0	189
Dividends	0	0	0	-2,523	-2,523	0	-2,523
Total transactions with owners	171	908	-14	-2,320	-1,255	0	-1,255
Balance at 31 December 2022	11,523	2,509	17,768	47,771	79,571	-161	79,410
Change in accounting principles	0	0	0	-6	-6	0	-6
Adjusted 1 January 2023	11,523	2,509	17,768	47,765	79,565	-161	79,404
Comprehensive income							
Profit for the period	0	0	0	5,160	5,160	0	5,160
Other comprehensive income	0	0	5,377	0	5,377	0	5,377
Total comprehensive income	0	0	5,377	5,160	10,537	0	10,537
Transactions with owners recognized directly in equity							
Share capital contribution)	132	797	0	0	929	0	929
Share-based payments (Note 8,10)	0	0	-90	132	42	0	42
Dividends	0	0	0	-914	-914	0	-914
Acquisition of non-controlling interests	0	0	0	-161	-161	161	0
Total transactions with owners	132	797	-90	-943	-104	161	57
Balance at 31 December 2023	11,655	3,306	23,055	51,982	89,998	0	89,998

On April 28, 2023, the Annual General Meeting of shareholders of AS Harju Elekter Group was held; it approved the 2022 annual report and the proposal for distribution of the profit and decided to pay shareholders a dividend of 0.05 euro per share for 2022, totalling 914 thousand euros. The dividends were paid to the shareholders on 24 May 2023 by a transfer to the bank account of the shareholder.

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. The total proceeds from the share issue amounted to 898 thousand euros of which the share premium was 797 thousand euros. Following the share capital increase, the share capital of AS Harju Elekter Group amounts to 11,655 thousand euros divided into 18.5 million ordinary shares without a nominal value.

On 29 September 2023, AS Harju Elekter Group and Reinvent OÜ concluded a contract of sale of a share in a private limited company, in which AS Harju Elekter Group acquires a 19.48% share in Energo Veritas OÜ. As a result of the transaction, AS Harju Elekter Group will become the sole shareholder of Energo Veritas OÜ, holding the sole share of Energo Veritas OÜ with a nominal value of 2,500 euros.

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 31 December 2023 comprises AS Harju Elekter Group (the "Parent Company") and its subsidiaries AS Harju Elekter (former name AS Harju Elekter Elektrotehnika), Energo Veritas OÜ, Harju Elekter Oy, Harju Elekter Kiinteistöt Oy, Telesilta Oy, Harju Elekter AB, Harju Elekter Services AB, Harju Elekter UAB and LC Development Fastigheter 17 AB (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.

On March 13, 2023, the merger of AS Harju Elekter Elektrotehnika (new name AS Harju Elekter) and AS Harju Elekter Teletehnika was entered into the commercial register. According to the merger agreement signed on 30 September 2022, AS Harju Elekter Elektrotehnika is the legal successor of AS Harju Elekter Teletehnika, and all assets of AS Harju Elekter Teletehnika were transferred to AS Harju Elekter Elektrotehnika. The merger of the subsidiaries has no effect on the numbers in the consolidated report.

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 2022. The interim report should be read in conjunction with the Group's annual report of 2022, which is prepared in accordance with International Financial Reporting Standards (IFRS).

According to the assessment of the Management Board, the interim report for the fourth quarter and 12 months of 2023 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>	31.12.2023	31.12.2022
Listed securities (fair value through other comprehensive income)	1,548	1,433
Other equity investments (fair value through other comprehensive income)	27,687	22,286
Other financial assets through profit or loss	9	12
Total	29,244	23,731
Changes	12M 2023	12M 2022
1. Financial assets at fair value through other comprehensive income		
Carrying amount at the beginning of the period	23,719	25,213
Acquisitions	0	227
Sale of financial assets	0	-995
Change in fair value through other comprehensive income	5,516	-726
Carrying amount at the end of the period	29,235	23,719
2. Financial assets at fair value through profit and loss		
Carrying amount at the beginning of the period	12	9
Change in fair value through profit and loss	-3	3
Carrying amount at the end of the period	9	12
Total carrying amount at the end of the period	29,244	23,731

The fair value of listed securities increased by 0.1 million euros during the reporting period, in the same period of 2022 it decreased by 0.7 million euros.

As of 31 December 2023, other equity investments include an investment in the shares of IGL-Technologies Oy in the amount of 0.5 (31.12.2022: 0.5) million euros and in the shares of OÜ Skeleton Technologies Group in the amount of 27.2 (31.12.2022: 21.8) million euros.

AS Harju Elekter Group didn't participate in OÜ Skeleton Technologies Group's funding rounds that took place during the reporting year. Based on the financial asset revaluation according to the funding round conditions, the estimated fair value of OÜ Skeleton Technologies Group's investment increased by 8.8 million euros in the second quarter. In the fourth quarter, we carried out further analysis of the conditions of the various financing rounds that occurred during the year and took a more conservative stance, also taking into account the general economic environment, i.e., the current high interest rates and the specificities of financing in the start-up sector, which led us to adjust the value of the investment by -3.4 million euros. In total, the value of the investment increased by 5.4 million euros during the year, amounting to 27.2 million euros at year-end. 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	12M 2023	12M 2022
Balance at the beginning of the period		24,756	23,903
Additions	7	5,175	1,858
Depreciation	7	-1,074	-983
Reclassification from property, plant and equipment	4	0	-22
At the end of the period		28,857	24,756

Note 4 Property, plant and equipment; intangible assets

<i>(EUR'000)</i>	Note	12M 2023	12M 2022
1. Property, plant and equipment			
Balance at the beginning of the period		35,740	26,654
Additions to right-of-use assets		76	-443
Additions	7	1,376	12,917
Sales and write-off in carrying amount		-84	-14
Depreciation	7	-3,001	-3,114
Reclassification from investment properties	3	0	22
Reclassification to inventories		-35	0
Impact of exchange rate changes		-5	-282
At the end of the period		34,067	35,740
2. Intangible assets			
Balance at the beginning of the period		7,244	7,544
Additions	7	398	468
Amortization	7	-290	-257
Impairment of goodwill		0	-410
Impact of exchange rate changes		2	-101
At the end of the period		7,354	7,244

Note 5 Borrowings

<i>(EUR'000)</i>	31.12.2023	31.12.2022
Current borrowings		
Current bank loans and overdrafts	14,209	18,735
Current portion of non-current bank loans	3,600	2,630
Current portion of non-current lease liabilities	694	792
Current loans from related parties	0	14
Other current loans	884	2,214
Total current borrowings	19,387	24,385
Non-current borrowings		
Non-current bank loans	22,552	19,640
Non-current loans	0	109
Non-current lease liabilities	929	983
Total non-current borrowings	23,481	20,732
Total borrowings	42,868	45,117
Changes in borrowings	12M 2023	12M 2022
Loans and borrowings at the beginning of the period	45,117	28,338
Change in overdraft balances	-4,526	4,583
Received non-current loans through acquisition of company	0	109
Received non-current loans	6,159	13,402
Repayments of non-current loans	-2,386	-1,788
Other received and repaid loans	-1,330	2,214
New lease liabilities	647	251
Repayments of non-current lease liabilities	-838	-1,328
Other changes	-14	0
Impact of exchange rate changes	39	-664
Loans and borrowings at the end of the period	42,868	45,117

Note 6 Share capital

	31.12.2023	31.12.2022
Share capital (thousand euros)	11,655	11,523
Number of shares (pcs)	18,498,770	18,289,508
Book value of a share (euros)	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. Following the intra-group restructuring that started in 2020, management of the majority of real estate objects has been transferred to separate property management companies. Starting from the accounting year, the Group's management monitors all real estate companies under the real estate sector, including those that manage the Group's production facilities, and which were previously included in the production segment. In the interim report reference period data was adjusted to ensure comparability.

(EUR'000)	Production			Real estate		
	12M 2022	reclassifi- cation	12M 2022 (corrected)	12M 2022	reclassifi- cation	12M 2022 (corrected)
Revenue from external customers	157,558	-2	157,556	4,363	2	4,365
Inter-segment revenue	1,042	7	1,049	1,704	523	2,227
Segment revenue	158,600	5	158,605	6,067	525	6,592
Operating profit	-2,002	-243	-2,245	2,344	243	2,587
Segment assets	111,601	-14,739	96,862	34,422	14,739	49,161
Liabilities of the segment	89,873	-12,091	77,782	163	12,091	12,254
Capital expenditure	13,137	-11,684	1,453	1,858	11,684	13,542
Depreciation and amortization	2,651	-333	2,318	983	333	1,316

Production – manufacturing and sale of electricity distribution and control equipment as well associated activities. This segment includes the Group's companies AS Harju Elekter (formerly AS Harju Elekter Elektrotehnika), Harju Elekter Oy, Harju Elekter UAB and Harju Elekter AB. From 1 January 2023, Harju Elekter Kiinteistöt Oy and Harju Elekter Services AB belong to the Real estate segment.

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 and, as of 1 January 2023, also 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.

(EUR'000)	Note	Production	Real Estate	Other activities	Elimi- nation	Consoli- dated
12 months 2023						
Revenue from external customers		197,863	4,477	6,674	0	209,014
Inter-segment revenue		350	5,405	17	-5,772	0
Segment revenue		198,213	9,882	6,691	-5,772	209,014
Operating profit		3,803	3,174	1,170	-69	8,078
Segment assets		101,828	34,382	45,469	-32,119	149,560
Unallocated assets						32,215
<i>incl. Financial investments</i>						28,749
<i>incl. Other receivables and prepayments</i>						66
Total assets						178,375
Liabilities of the segment		82,774	674	5,445	-32,119	56,774
Unallocated liabilities						31,603
<i>incl. borrowings</i>						30,698
<i>incl. accrued expenses</i>						700
<i>incl. other</i>						205
Total liabilities						88,377
Capital expenditure	3,4	1,446	5,294	209	0	6,949
Right-of-use assets		76	0	0	0	76
Depreciation and amortization	3,4	2,189	1,627	578	-28	4,366

<i>(EUR'000)</i>	Note	Production	Real Estate	Other activities	Elimination	Consolidated
12 months 2022						
Revenue from external customers		157,556	4,365	13,372	0	175,293
Inter-segment revenue		1,049	2,227	259	-3,535	0
Segment revenue		158,605	6,592	13,631	-3,535	175,293
Operating profit		-2,245	2,587	-4,697	-191	-4,546
Segment assets		96,862	49,161	34,800	-32,710	148,113
Unallocated assets						23,324
<i>incl. Financial investments</i>						23,233
<i>incl. Other receivables and prepayments</i>						91
Total assets						171,437
Liabilities of the segment		77,782	12,254	8,993	-32,710	66,319
Unallocated liabilities						25,708
<i>incl. borrowings</i>						25,239
<i>incl. accrued expenses</i>						250
<i>incl. other</i>						219
Total liabilities						92,027
Capital expenditure	3,4	1,453	13,542	248	0	15,243
Right-of-use assets		0	0	251	0	251
Depreciation and amortization	3,4	2,318	1,316	1,156	-26	4,764

Revenue by geographic regions (customer location)

<i>(EUR'000)</i>	12M 2023	12M 2022
Estonia	20,865	30,296
Finland	83,291	81,829
Sweden	32,492	22,844
Norway	33,828	21,821
Germany	12,681	5,787
Netherlands	7,701	6,732
Other	18,156	5,984
Total revenue	209,014	175,293

Revenue by business activities

<i>(EUR'000)</i>	12M 2023	12M 2022
Manufacturing and sale of electrical equipment	190,127	148,223
Retail and project-based sale of electrical products	1,825	9,754
Other products	2,790	5,953
Lease income	3,776	3,326
Electrical works	6,419	5,445
Other services	4,077	2,592
Total revenue	209,014	175,293

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. As at 31 December 2023, the Group had a total of 153,500 potentially issuable ordinary shares. In accordance with the resolution of the general meeting of shareholders held on 3 May 2018, the issue price of the shares acquired under share option was fixed at the average closing price of the share on the Nasdaq Tallinn Stock Exchange in the preceding three calendar years as at 31 December. The price in the 2018 round was 3.49 euros, in the 2019 round 3.98 euros and in the 2020 round 4.44 euros. From the 2018, 2019 and 2020 rounds, 795,368 shares were converted.

The resolution of the general meeting of shareholders held on 29 April 2021 approved the new 2021–2022 share option programme, 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 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. During the period from 1 October to 31 December 2023, the average market price of the shares was 4.99 (Q4 2022: 5.21) euros and during the period from 1 January to 31 December 2023, the average market price of the shares was 5.04 (2022: 6.09) euros.

	Unit	Q4 2023	Q4 2022
Profit attributable to equity holders of the parent company	EUR '000	135	-2,520
Average number of shares outstanding	Pc '000	18,345	18,290
Basic earnings per share	EUR	0.01	-0.14
Adjusted number of shares during the period	Pc '000	18,499	18,299
Diluted earnings per share	EUR	0.01	-0.14
	Unit	12M 2023	12M 2022
Profit attributable to equity holders of the parent company	EUR '000	5,160	-5,544
Average number of shares outstanding	Pc '000	18,356	18,134
Basic earnings per share	EUR	0.28	-0.31
Adjusted number of shares during the period	Pc '000	18,395	18,216
Diluted earnings per share	EUR	0.28	-0.30

Note 9 Information on the statement of cash flows line items

(EUR '000)

	Note	12M 2023	12M 2022
Corporate income tax			
Income tax expense in the statement of profit or loss		-912	-290
Decrease (+)/increase (-) in prepayment and decrease (-)/increase (+) in income tax liability		-200	243
Dividend income tax expense		11	55
Deferred income tax expense/income		328	-318
Impact of exchange rate changes		-19	24
Corporate income tax paid		-792	-286
Paid for investment properties			
Acquisitions of investment properties	3	-5,175	-1,858
Liability decrease (-)/ increase (+) incurred by the acquisitions		242	-261
Paid for investment properties		-4,933	-2,119
Paid for property, plant and equipment			
Acquisitions of property, plant and equipment	4	-1,376	-12,917
Liability decrease (-)/ increase (+) incurred by the acquisitions		3	202
Impact of exchange rate changes		-3	0
Paid for property, plant and equipment		-1,376	-12,715

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>	31.12.2023	31.12.2022
Balances with related parties:		
- Payables for goods and services	136	106
- Payables to Management and Supervisory Boards	82	66
- Bonus reserve for Management board	98	0
	12M 2023	12M 2022
Purchase of goods and services from related parties:		
- Other services, Lease of property, plant from AS Harju KEK	111	68
- Other services from AS Entek and Ellex Raidla Advokaadibüroo OÜ	1 010	731
Sale of goods and services to related parties:		
- Other services to AS Harju KEK	1	2
- Sale of goods and services to AS Entek	4	2
- Rental service for HeBA Clinic OÜ	1	0
Remuneration of the Management and Supervisory Boards:		
- Salary, bonuses, additional other remuneration	556	446
- Social security tax	183	147

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 June 2020, an additional 66 option agreements were concluded with the Group's employees and members of the Company's management bodies on subscription rights for a total of 347,468 shares. The members of the Supervisory and Management Boards of the Company were issued an option for subscribing to 10,000 shares, comprising 60,000 shares in total. In the financial year, the options that were signed in June 2020 were exercised. A total of 41 current and former employees of Harju Elekter participated in the stock issuance related to the option programme, subscribing to a total of 209,262 shares for 929,123 euros. 82,306 shares were left unsubscribed.

In June 2021, ten more option agreements were concluded with the members of the management board of the Group company on subscription rights for a total of 100,000 shares. In December of 2021, an additional twelve option agreements were entered into with the Group's employees and members of the company's management bodies, for a total of another 35,750 shares.

During the reporting period, share-based payments recognized as labour costs totalled 42 (2022: 190) thousand euros, of which the share of the members of the Management and Supervisory Boards was 31 (2022: 15) thousand euros. 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 fourth quarter and twelve month of 2023 as set out on pages 15 to 25 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 20 February 2024



Priit Treial Member of the Management Board 20 February 2024



Aron Kuhi-Thalfeldt Member of the Management Board 20 February 2024

