



CONSOLIDATED UNAUDITED INTERIM REPORT FOR THE III QUARTER AND 9 MONTHS OF 2024

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

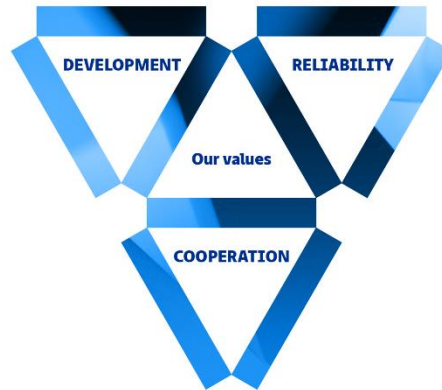
FINLAND

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.



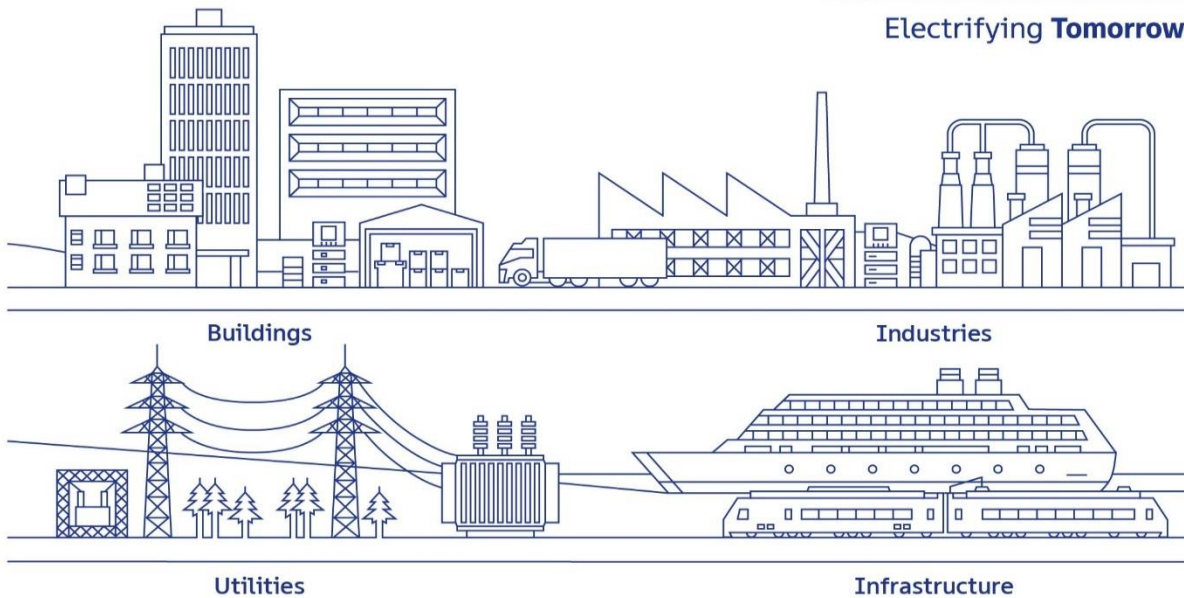
What we do

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

Third quarter results for Harju Elekter were in line with expectations. The decline in the volume of orders, which started in the spring, had a significant impact on revenues, which fell by almost a third during the reporting quarter. In order to maintain strong profitability, the Group's companies used several cost-saving measures, an important part of which was the adjustment of the number of employees in line with the business volumes. During this year, the number of employees in the Group has decreased from 956 to 841. The company has been able to reasonably reduce labour costs and simultaneously optimize general administrative expenses.

At the end of the third quarter, we once again saw a new increase in order volumes, but these will be largely reflected in revenues in the spring and summer of the new year. It is clear that there will be at least two more difficult quarters ahead. We must continue to pursue the course of reasonable savings, without losing the high level of competence that will ensure success in the periods ahead.

We are about to begin preparing the 2025 budget. In the near future, the strategic development plan for years 2025–2030, prepared by management, will also be approved. We continue to see good opportunities for growth in both business volumes and profitability in our sector.

At the end of 2024, the parent company of the Harju Elekter Group will move from Keila to the Tondi business district of Tallinn. We began to change the role of the Group's parent company two years ago, by establishing a reasonable level of sector-specific management of the Group's companies. One of the functions of the Harju Elekter Group is to manage all subsidiaries with equal attention. The financial results of the last two years are a testament to the success of this management model, and the move to Tallinn represents a fitting end to this phase of change.

SUMMARY OF THE THIRD QUARTER AND 9 MONTH RESULTS

Revenue and financial results

In the reporting quarter, revenue was 41.2 (2023 Q3: 56.2) million euros and for the nine months, it was 144.7 (2023 9M: 158.3) million euros.

The gross profit for the reporting quarter was 6,113 (2023 Q3: 7,378) thousand euros and the gross profit margin was 14.8% (2023 Q3: 13.1%). Operating profit (EBIT) was 2,710 (2023 Q3: 3,846) thousand euros. The operating margin for the third quarter was 6.6% (2023 Q3: 6.8%). The net profit for the reporting quarter was 1,651 (2023 Q3: 3,393) thousand euros. Net profit per share in the third quarter was 0.09 (2023 Q3: 0.18) euros. Despite a positive first half of the year, order volumes stabilised, no longer generating the level of profitability of the previous quarter. The result of the third quarter of the previous year was stronger, as the agreement reached in the dispute over the hermetic distribution transformer framework contract allowed for a reduction of provisions, that significantly boosting profitability.

The nine-month total results achieved exceeded the corresponding period in last year thanks to the strong financial performance achieved by the Lithuanian, Estonian, and Finnish business units in the second quarter. The growth in profitability was driven by the unravelling of supply chain difficulties in the previous year, higher order volumes in the second quarter, and optimisation of the number of employees. Gross profit was 19,121 (2023 9M: 19,372) thousand euros and the gross profit margin was 13.2% (2023 9M: 12.2%). Operating profit (EBIT) for nine months was 8,135 (2023 9M: 7,323) thousand euros and net profit was 5,478 (2023 9M: 5,026) thousand euros. Net profit per share was 0.30 (2023 9M: 0.27) euros.

Investments

During nine months, Harju Elekter invested a total of 2.8 (2023 9M: 5.0) million euros in non-current assets, including 1.4 (2023 9M: 4.2) million euros in investment properties, 0.7 (2023 9M: 0.6) million euros in property, plant, and equipment, and 0.7 (2023 9M: 0.2) 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's 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. In the second quarter, most of the listed securities were sold. The fair value of the remaining securities slightly increased in the reporting quarter but has decreased by 66 thousand euros over nine months of the reporting year

Current assets

The group's current assets decreased by 13.0 million euros over nine months, reaching 65.2 million euros. This was due to a reduction in inventories by 14.1 million to 22.7 (31.12.2023: 36.8) million euros during this year. Compared to the balance a year ago, this is a 43% decrease, which is a significant change. Inventories decreased due to the stabilization of production volumes and the resolution of supply difficulties experienced in previous years. Materials and components accounted for 74% (31.12.23: 79%) of total inventories at the end of the reporting period, with the remaining consisting of work-in-progress and finished goods.

The cash balance increased by 0.6 million euros over nine months, receivables from customers and other receivables increased by 0.7 million euros, and prepayments for future periods decreased by 0.2 million euros.

Liabilities

In the reporting quarter, the group's liabilities decreased significantly, amounting to 70.3 (31.12.23: 88.4 and 30.09.23: 94.3) million euros as of the reporting date. Of this, current liabilities accounted for 67% (31.12.23: 73%). Compared to the previous year, current liabilities decreased by 23.6 million euros, of which 17.9 million euros was in the current year. Current borrowings decreased by 9.8 million euros over nine months, prepayments from customers by 7.6 million euros, and trade and other payables by 1.9 million euros. Tax liabilities increased by 1.2 million euros.

The total amount of non-current liabilities as of the reporting date was 23.3 (31.12.23: 23.5 and 30.09.23: 23.7) million euros, which was also on a declining trend compared to the comparable period. At the end of the period, current and non-current borrowings were divided as follows: 9.6 (31.12.23: 19.4) and 23.3 (31.12.23: 23.5) million euros.

Cash Flows

In nine months, the group's cash flows from operating activities totaled 14.2 (2023 9M: -3.3) million euros, of which 9.3 (2023 Q3: 1.2) million euros came in the third quarter. This was supported by increased profitability, a decrease in inventories, and a reduction in prepayments related to business activities. The company focused on directing resources towards product completion and revenue realization, which increased operational outflows related to business volume.

During the reporting quarter, 1.3 (2023 9M: 3.8) million euros were directed towards investing activities, mainly for the acquisition of investment properties, property, plant, and equipment, and intangible assets. During the nine months, proceeds from the sale of listed securities amounted to 1.6 (2023 9M: 0) million euros, and in total, 3.1 (2023 9M: 3.9) million euros were paid for investments.

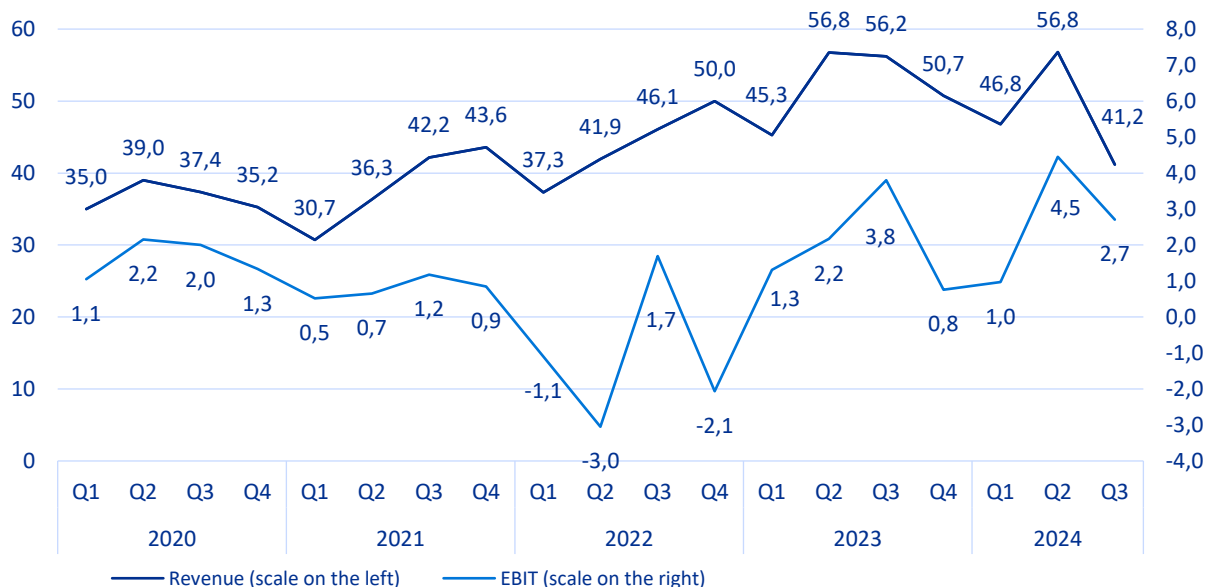
Cash flow from financing activities was mainly affected by the dividend, loans, and lease payments. On May 28, dividends amounting to 2.4 million euros were paid for 2023, which was 1.5 million euros more than in the previous year. Current and non-current loans, including overdrafts, were repaid in the reporting quarter in the amount of 6.7 (2023 Q3: 1.0) million euros and over nine months in the amount of 7.3 (2023 9M: 2.1) million euros. Factoring liabilities increased by 0.2 (2023 Q3: 0.8) million euros in the quarter and by 0.9 (2023 9M: - 0.05) million euros over nine months. Cash flow from financing activities in the third quarter totaled -7.6 (2023 Q2: -0.07) million euros and -12.4 (2023 9M: -1.6) million euros over nine months.

In summary, the group's cash flow was positive, amounting to 0.4 million euros in the reporting quarter and 0.6 million euros over nine months. In the previous year, the third quarter showed -1.7 million euros and -8.7 million euros over nine months.

Key indicators (EUR'000)	Q3	Q3	+/-	9M	9M	+/-
	2024	2023		2024	2023	
Revenue	41,172	56,247	-26.8%	144,749	158,277	-8.5%
Gross profit	6,113	7,378	-17.1%	19,121	19,372	-1.3%
EBITDA	3,694	4,899	-24.6%	11,083	10,524	5.3%
Operating profit (EBIT)	2,710	3,846	-29.5%	8,135	7,323	11.1%
Profit for the period	1,651	3,393	-51.3%	5,478	5,026	9.0%
Earnings per share (EPS) (euros)	0.09	0.18	-50.0%	0.30	0.27	11.1%
	30.09.24	30.09.23	+/-	30.09.24	31.12.23	+/-
Total current assets	65,170	85,119	-23.4%	65,170	78,123	-16.6%
Total non-current assets	98,323	102,554	-4.1%	98,323	100,252	-1.9%
Total assets	163,493	187,673	-12.9%	163,493	178,375	-8.3%
Total liabilities	70,260	94,278	-25.5%	70,260	88,377	-20.5%
	30.09.24	30.06.24	+/-	30.09.24	31.12.23	+/-
Equity ratio (equity / total assets) (%)	57.0	51.4	5.6	57.0	50.5	6.5
Current ratio (current assets / current liabilities)	1.4	1.3	0.1	1.4	1.2	0.2
Debt ratio (total liabilities/ total assets)	0.4	0.5	-0.1	0.4	0.5	-0.1
Quick ratio ((current assets - inventories) / current liabilities)	0.9	0.8	0.1	0.9	0.6	0.3

Ratios (%)	Q3	Q3	+/-	9M	9M	+/-
	2024	2023		2024	2023	
Distribution cost to revenue	2.7	2.5	0.2	2.5	2.6	-0.1
Administrative expenses to revenue	5.7	3.8	1.9	4.9	4.7	0.2
Labour cost to revenue	19.8	16.5	3.3	19.9	18.6	1.3
Gross margin (gross profit / revenue)	14.8	13.1	1.7	13.2	12.2	1.0
EBITDA margin (EBITDA / revenue)	9.0	8.7	0.3	7.7	6.6	1.1
Operating margin (EBIT / revenue)	6.6	6.8	-0.2	5.6	4.6	1.0
Net margin (profit for the period / revenue)	4.0	6.0	-2.0	3.8	3.2	0.6
Inventory turnover (revenue / avg. inventories)	1.6	1.3	0.3	4.9	4.1	0.8
Return on equity (ROE) (profit for the period/ avg. equity)	1.8	3.7	-1.9	6.0	5.8	0.2

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)	Q3 2024	Q3 2023	+/-	9M 2024	9M 2023	+/-	% 9M 2024	% 9M 2023
Electrical equipment	37,800	52,752	-28.3%	134,659	148,086	-9.1%	93.0%	93.5%
Lease income	1,166	1,006	15.9%	3,440	2,683	28.2%	2.4%	1.7%
Electrical works	1,374	900	52.7%	3,648	3,311	10.2%	2.5%	2.1%
Other services	832	1,589	-47.6%	3,002	4,197	-28.5%	2.1%	2.7%
Total	41,172	56,247	-26.8%	144,749	158,277	-8.5%	100.0%	100.0%

The group's revenue for the reporting quarter was 41.2 (2023 Q3: 56.2) million euros, and for the nine-month period, a total of 144.7 (2023 9M: 158.3) million euros. Over the long term, the group's quarterly revenue has shown stable growth, as quarterly comparisons to previous years' show results consistently improving. Notably, the second quarter of this year stood out, exceeding all previous second-quarter revenue records. However, in the third quarter, there was a notable 26.8% decline year over year. The decrease in revenue was guided by a reduction in core business orders, specifically in the sale of electrical equipment, which decreased by 15.0 million euros and 13.4 million euros compared to the third quarter and nine months of the previous year, respectively. One of the reasons for the decline was the stabilization of increased order volumes from previous periods in our main markets. Additionally, the reduction in orders from Finnish distribution networks has had a significant impact, although the group has managed to partially offset this with new customers and projects. Sales of electrical equipment accounted for 93.0% and 93.5% of the group's revenue for the quarter and for nine months, respectively.

Rental income from investment properties increased in the reporting quarter due to the completion of a production building in Allika Industrial Park in the fourth quarter of 2023 and the lease agreement renewal with Prysmian Group Baltics AS in the summer of 2023. Rental income in the quarter amounted to 1.2 (2023 Q3: 1.0) million euros and over nine months to 3.4 (2023 9M: 2.7) million euros. Rental income accounted for 2.8% and 2.4% of the group's revenue for the third quarter and nine months, respectively.

Revenue from electrical works in the shipbuilding sector grew significantly in the third quarter of the current year, increasing by 52% year over year. The increase was mainly due to the postponement of the start of new projects from the beginning of this year to the second half of the year, with major workloads concentrating in the third quarter. In the Finnish shipbuilding sector, project timing is often linked to complex production cycles and financing which can affect the execution of orders and production schedules. The electrical works activities accounted for 3.3% and 2.5% of the group's revenue for the quarter and for the reporting period, respectively.

Revenue by segment (EUR'000)	Q3 2024	Q3 2023	+/-	9M 2024	9M 2023	+/-	% 9M 2024	% 9M 2023
Production	38,490	53,563	-28.1%	137,173	150,154	-8.6%	94.8%	94.9%
Real Estate	1,309	1,133	15.5%	3,919	3,209	22.1%	2.7%	2.0%
Other activities	1,373	1,551	-11.5%	3,657	4,914	-25.6%	2.5%	3.1%
Total	41,172	56,247	-26.8%	144,749	158,277	-8.5%	100.0%	100.0%

Revenue from the production segment, the core business, decreased by 28.1% in the third quarter compared to the previous year and by 8.6% over the nine-month comparison, which is a similar change to the change in consolidated revenue. As mentioned above, the decline in revenue was primarily due to a reduction in orders in the company's key markets, which is linked to decreased orders from distribution networks and contract manufacturing works for the second half of the year. Markets are currently heavily influenced by the state of the global economy. The production segment generated revenue of 38.5 (2023 Q3: 53.6) million euros in the third quarter and 137.2 (2023 9M: 150.2) million euros over nine months. Sales of electrical equipment accounted for 93.4% and 94.8% of the group's revenue for the quarter and for the nine months, respectively.

The group's real estate unit, which manages a total of nine industrial parks in Estonia, Finland, Sweden, and Lithuania, and is involved in industrial real estate development, project management, leasing, and related services, generated 15.5% more revenue compared to the same period last year. The real estate segment generated 1.3 (2023 Q3: 1.1) million euros in revenue during the reporting quarter and 3.9 (2023 9M: 3.2) million euros over nine months. The real estate segment accounted for 3.2% and 2.7% of the group's revenue for the quarter and nine months, respectively.

Revenue from other activities decreased by 0.2 million euros compared to the third quarter of the previous year and by 1.3 million euros over nine months, amounting to 1.4 (2023 Q3: 1.6) million euros for the quarter and 3.7

(2023 9M: 4.9) million euros for the nine-month period. The decline in revenue over the reporting year was significantly impacted by the exit from project and retail sales of electrical goods in Estonia, as well as a decrease in electrical work in the shipbuilding sector. Revenue from other unsegmented activities accounted for 3.3% and 2.5% of the group's revenue for the quarter and nine months, respectively.

Revenue by markets (EUR'000)	Q3 2024	Q3 2023	+/-	9M 2024	9M 2023	+/-	% 9M 2024	% 9M 2023
Estonia	6,353	5,101	24.5%	17,731	15,632	13.4%	12.3%	9.9%
Finland	16,915	20,544	-17.7%	54,458	63,674	-14.5%	37.6%	40.2%
Sweden	5,686	7,696	-26.1%	21,302	23,309	-8.6%	14.7%	14.7%
Norway	5,758	12,590	-54.3%	23,063	28,098	-17.9%	15.9%	17.8%
Germany	5,426	4,002	35.6%	11,303	9,822	15.1%	7.8%	6.2%
Netherlands	266	1,148	-76.8%	2,772	6,439	-56.9%	1.9%	4.1%
Other	768	5,166	-85.1%	14,120	11,303	24.9%	9.8%	7.1%
Total	41,172	56,247	-26.8%	144,749	158,277	-8.5%	100.0%	100.0%

The Group's largest target markets—Estonia, Finland, Sweden, and Norway - accounted for 84,3% of the total revenue in the third quarter.

In the reporting quarter, the group earned 6.4 (2023 Q3: 5.1) million euros from the Estonian market, which is 24.5% more than the previous year. As a result, the revenue over nine months also grew by 13.4%, reaching 17.7 (2023 9M: 15.6) million euros. The increase in sales in Estonia was mainly driven by higher sales of compact substations to electricity distribution network customers. The increase in sales was related to a lower reference base in the second and third quarters of 2023, when the new framework agreement period was just gaining momentum. The Estonian market accounted for 17.4% (2023 Q3: 9.1%) of the group's consolidated revenue in the reporting quarter and 12.2% (2023 9M: 9.9%) of revenue over nine months.

Revenue from the Finnish market decreased by 17.7%, reaching 16.9 million euros, compared to 20.5 million euros in the same period last year. Over the nine months, the decline was 14.5%, resulting in revenue falling to 54.5 (2023 9M: 63.7) million euros. 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. The revenue decline in the market was also affected by a decrease in sales of electric vehicle charging stations and solar energy solutions. The Finnish market accounted for 41.1% and 37.6% of the group's revenue for the reporting quarter and nine months, respectively.

Revenue from the Norwegian market halved compared to the third quarter of the previous year. In the reporting quarter, revenue was 5.7 (2023 Q3: 12.6) million euros, and over nine months, a total of 23.1 (2023 9M: 28.1) million euros. The largest decline occurred in the sales of drive cabinets and motor control centers to contractual customers in the maritime sector. The decline was primarily due to a high comparison base, which resulted from the temporary concentrated high workload of the Lithuanian production unit during 2023. The Norwegian market accounted for 14.0% and 15.9% of the group's revenue for the reporting quarter and nine months, respectively.

Similar to other Scandinavian countries, the group's revenue in the reporting quarter also declined on the Swedish market, decreasing by 26.1% compared to the previous year. The quarterly revenue was 5.7 (2023 Q3: 7.7) million euros, and over nine months, it reached 21.2 (2023 9M: 23.3) million euros. The main reason for the revenue decline was significant changes in the business model, including the decision to discontinue the sale of EPC projects, or turnkey solutions, and to focus on factory-made products. The Swedish market accounted for 13.8% and 14.7% of the group's revenue for the reporting quarter and nine months, respectively.

Revenue from other markets decreased by 3.9 million euros compared to previous quarters, amounting to 6.5 million euros, mainly because the comparison base in the United States and the Netherlands was high last year. However, sales to Germany increased. In a nine-month comparison, revenue from other markets totaled 28.2 (2023 9M: 27.6) million euros, with significant decreases in sales to the Netherlands and increases in sales to Germany, the United States, Denmark, and Poland. Other markets accounted for 15.7% and 19.5% of the group's revenue for the reporting quarter and nine months, respectively.

Operating expenses

(EUR'000)	Q3 2024	Q3 2023	+/-	9M 2024	9M 2023	+/-	% 9M 2024	% 9M 2023
Cost of sales	35,059	48,869	-28.3%	125,628	138,905	-9.6%	92.1%	92.3%
Distribution costs	1,118	1,392	-19.7%	3,642	4,060	-10.3%	2.7%	2.7%
Administrative expenses	2,352	2,164	8.7%	7,096	7,455	-4.8%	5.2%	5.0%
Total operating expenses	38,529	52,425	-26.5%	136,366	150,420	-9.3%	100.0%	100.0%
<i>incl. depreciation, amortization</i>	984	1,053	-6.6%	2,948	3,201	-7.9%	2.2%	2.1%
<i>incl. total labour cost</i>	8,153	9,267	-12.0%	28,772	29,455	-2.3%	21.1%	19.6%
<i>incl. inclusive salary cost</i>	7,688	7,779	-1.2%	24,182	23,397	3.4%	17.7%	15.6%

The group's operating expenses decreased by 26.5% compared to previous quarters, reaching 38.5 (2023 Q3: 52.4) million euros. The largest part of the decrease came from the cost of sales, which dropped by 13.8 million, totaling 35.1 million euros. Distribution costs also decreased by 0.3 million, amounting to 1.1 million euros, while administrative expenses increased by 0.2 million, reaching 2.4 million euros. This increase is related to investments in management and support functions of the company.

Over nine months, the operating expenses totaled 136.4 (2023 9M: 150.4) million euros, meaning the decrease in costs was slightly greater than the decline in revenue. Cost optimization can be seen across all expense groups — cost of sales decreased by 9.6%, distribution costs by 10.3%, and administrative expenses by 4.8%.

The third-quarter results showed that despite the absolute decrease in gross profit compared to the same period last year, the gross profit margin increased by 1.7 percentage points compared to the same quarter, reaching 14.8%. Over nine months, the gross profit margin increased by 1.0 percentage point, reaching 13.2%. This margin growth was supported by more efficient process management and better utilization of production capacity, as well as the optimization of operating expenses, including the number of employees. Profitability was also significantly influenced by the specifics of projects, the sales of products, target markets, and the overall global economic environment.

The share of distribution costs in the group's revenue increased by 0.2 percentage points compared to previous quarters, amounting to 2.7%. Compared to nine months, it decreased by 0.1 percentage points, reaching 2.5%. The share of administrative expenses increased by 1.9 percentage points compared to the third quarter, reaching 5.7%, and by 0.2 percentage points over nine months, to 4.9%.

In the reporting quarter, depreciation cost was 6.6% lower than last year, amounting to 1.0 million euros. This decrease was due to the alignment and revaluation of depreciation periods for fixed assets within the group. Over nine months, depreciation expenses decreased by 7.9%, totaling 2.9 million euros. Since order volumes declined, the share of depreciation expenses in operating expenses increased slightly.

The labour cost ratio to the group's revenue increased in the reporting quarter to 19.8% (2023 Q3: 16.5%) and to 19.9% over nine months (2023 9M: 18.6%). The average monthly salary per employee in the group was 2,915 (2023 9M: 2,720) euros, which was 7.1% higher than a year earlier. The decrease in labour costs has been influenced by the significant reduction in the number of employees in the Estonian, Finnish, and Lithuanian production units.

PERSONNEL

During the reporting quarter, Harju Elekter worked on improving internal communication with the aim of creating an open communication culture and enhancing cooperation between its teams. Safety at work continues to be a priority for our companies.

At the end of the reporting period, the group employed a total of 841 people, which is 115 fewer than the previous year. The average number of employees for the quarter was 837, showing a decrease compared to the same period last year. The reduction in the number of employees occurred in the Estonian, Finnish, and Lithuanian business units, where production efficiency was increased and some reduction in production volumes was anticipated for the upcoming periods.



	Average numbers of employees				Numbers of employees			Proportion	
	Q3	Q3	9M	9M	30.09.2024	30.09.2023	+/-	%	%
	2024	2023	2024	2023				30.09.24	30.09.23
Estonia	278	347	329	353	301	336	-35	35.8%	35.1%
Finland	201	211	214	204	188	213	-25	22.3%	22.3%
Lithuania	304	355	329	338	299	359	-60	35.6%	37.6%
Sweden	54	48	50	60	53	48	5	6.3%	5.0%
Total	837	961	922	955	841	956	-115	100.0%	100.0%

SHARES AND SHAREHOLDERS

Security trading history	9M 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)	4.20	4.90	4.85	5.20	3.20
Closing price (euros)	4.66	4.97	5.01	7.44	5.18
Traded shares (pcs)	551,358	1,154,685	929,491	2,048,865	1,160,598
Turnover (in million euros)	2.66	5.82	5.60	15.85	4.99
Capitalisation (in million euros)	86.2	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)	0.30	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 September 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 September 2024:

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 %	63	0.6	16.2	Shareholders holding under 10%	59.88
< 0.1%	10,811	99.3	24.4	Total	100.00
Total	10,883	100.0	100.0		

As of 30 September 2024, AS Harju Elekter Group had 10,883 shareholders. During the reporting quarter, the number of shareholders decreased by 142. 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 September 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

<i>(EUR'000)</i>	Note	30.09.2024	31.12.2023	30.09.2023
ASSETS				
Current assets				
Cash and cash equivalents		1,967	1,381	596
Trade and other receivables		39,555	38,837	42,522
Prepayments		905	1,071	1,818
Inventories		22,743	36,834	40,183
Total current assets		65,170	78,123	85,119
Non-current assets				
Deferred income tax assets		724	731	994
Non-current financial investments	2	27,723	29,244	32,509
Investment properties	3	29,357	28,856	28,146
Property, plant, and equipment	4	32,685	34,067	33,590
Intangible assets	4	7,834	7,354	7,315
Total non-current assets		98,323	100,252	102,554
TOTAL ASSETS	7	163,493	178,375	187,673
LIABILITIES AND EQUITY				
Liabilities				
Borrowings	5	9,638	19,387	19,839
Prepayments from customers		11,289	18,870	18,675
Trade and other payables		21,249	23,159	28,343
Tax liabilities		4,496	3,308	3,618
Current provisions		274	140	60
Total current liabilities		46,946	64,864	70,535
Borrowings	5	23,282	23,481	23,743
Other non-current liabilities		32	32	0
Total non-current liabilities		23,314	23,513	23,743
Total liabilities		70,260	88,377	94,278
Equity				
Share capital	6	11,655	11,655	11,655
Share premium		3,306	3,306	3,306
Reserves		23,032	23,055	26,580
Retained earnings		55,240	51,982	51,854
Total equity attributable to the owners of the parent company		93,233	89,998	93,395
TOTAL LIABILITIES AND EQUITY		163,493	178,375	187,673

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

<i>(EUR'000)</i>	Note	Q3 2024	Q3 2023	9M 2024	9M 2023
Revenue	7	41,172	56,247	144,749	158,277
Cost of sales		-35,059	-48,869	-125,628	-138,905
Gross profit		6,113	7,378	19,121	19,372
Distribution costs		-1,118	-1,392	-3,642	-4,060
Administrative expenses		-2,352	-2,164	-7,096	-7,455
Other income		93	24	188	223
Other expenses		-26	0	-436	-757
Operating profit	7	2,710	3,846	8,135	7,323
Finance income		6	3	110	71
Finance costs		-691	-340	-1,823	-1,910
Profit before tax		2,025	3,509	6,422	5,484
Income tax	9	-374	-116	-944	-458
Profit for the period		1,651	3,393	5,478	5,026
Earnings per share					
Basic earnings per share (euros)	8	0.09	0.18	0.30	0.27
Diluted earnings per share (euros)	8	0.09	0.18	0.30	0.27

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(EUR'000)</i>	Note	Q3 2024	Q3 2023	9M 2024	9M 2023
Profit for the period		1,651	3,393	5,478	5,026
Other comprehensive income					
<i>Items that may be reclassified to profit or loss</i>					
Impact of exchange rate changes of a foreign subsidiaries		-50	-49	11	74
<i>Items that will not be reclassified to profit or loss</i>					
Gain on sales of financial assets	2	0	0	185	0
Revaluation of financial assets	2	6	-83	-66	8,782
Total comprehensive income for the period		-44	-132	130	8,856
Other comprehensive income		1,607	3,261	5,608	13,882

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(EUR'000)</i>	Note	9M 2024	9M 2023
Cash flows from operating activities			
Profit for the period		5,478	5,026
<u>Adjustments</u>			
Depreciation, amortization and impairment	3,4	2,948	3,201
Gain/loss on sale of property, plant and equipment		-16	26
Share-based payments	10	32	88
Finance income		-110	-71
Finance costs		1,823	1,910
Income tax	9	944	458
<u>Changes</u>			
Changes in trade receivables and prepayments		2,517	-12,488
Changes in inventories		14,091	-3,002
Changes in trade payables and prepayments		-11,542	3,472
Corporate income tax paid	9	-264	-608
Interest paid		-1,705	-1,353
Total cash flow (-outflow) from operating activities		14,196	-3,341
Cash flows from investing activities			
Payments for investment properties	9	-1,658	-3,018
Payments for property, plant and equipment	9	-684	-623
Payments for intangible assets		-709	-219
Proceeds from sale of property, plant and equipment		60	41
Proceeds from sale of other financial investments		1,641	0
Received interests		78	70
Dividends received		6	1
Total cash flow (-outflow) from investing activities		-1,266	-3,748
Cash flows from financing activities			
Change in overdraft balance and current borrowings	5	-7,297	-2,145
Proceeds from borrowings		108	3,307
Repayment of non-current borrowings	5	-3,065	-2,029
Other loans received and repaid	5	862	-46
Repayments of lease liabilities	5	-566	-642
Proceeds from the share issue		0	898
Dividends paid		-2,405	-914
Dividends income tax paid		-12	-11
Total cash flow (-outflow) from financing activities		-12,375	-1,582
Total net cash flow (-outflow)		555	-8,671
Cash and cash equivalents at the beginning of the period		1,381	9,152
Changes in cash and cash equivalents		555	-8,671
Effect of exchange rate fluctuations on cash and cash equivalents		31	115
Cash and cash equivalents at the end of the period		1,967	596

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

1 January – 30 September (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 2023	11,523	2,509	17,768	47,771	79,571	-161	79,410
Comprehensive income							
Profit for the period	0	0	0	5,026	5,026	0	5,026
Other comprehensive income	0	0	8,856	0	8,856	0	8,856
Total comprehensive income	0	0	8,856	5,026	13,882	0	13,882
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	-44	132	88	0	88
Acquisition of non-controlling interests	0	0	0	-161	-161	161	0
Dividends	0	0	0	-914	-914	0	-914
Total transactions with owners	132	797	-44	-943	-58	161	103
Balance at 30 September 2023	11,655	3,306	26,580	51,854	93,395	0	93,395
Balance at 1 January 2024	11,655	3,306	23,055	51,982	89,998	0	89,998
Comprehensive income							
Profit for the period	0	0	0	5,478	5,478	0	5,478
Other comprehensive income	0	0	-55	185	130	0	130
Total comprehensive income	0	0	-55	5,663	5,608	0	5,608
Transactions with owners recognized directly in equity							
Share-based payments (Note 8,10)	0	0	32	0	32	0	32
Dividends	0	0	0	-2,405	-2,405	0	-2,405
Total transactions with owners	0	0	32	-2,405	-2,373	0	-2,373
Balance at 30 September 2024	11,655	3,306	23,032	55,240	93,233	0	93,233

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 September 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 third quarter and 9 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>	30.09.2024	31.12.2023	30.09.2023
Listed securities (fair value through other comprehensive income)	26	1,548	1,414
Other equity investments (fair value through other comprehensive income)	27,687	27,687	31,087
Other financial assets through profit or loss	10	9	8
Total	27,723	29,244	32,509
Changes	9M 2024	12M 2023	9M 2023
1. Financial assets at fair value through other comprehensive income			
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	-66	5,516	8,782
Carrying amount at the end of the period	27,713	29,235	32,501
2. Financial assets at fair value through profit and loss			
Carrying amount at the beginning of the period	9	12	12
Change in fair value through profit and loss	1	-3	-4
Carrying amount at the end of the period	10	9	8
Total carrying amount at the end of the period	27,723	29,244	32,509

In the second quarter of the reporting year, most of the listed securities were sold, generating a total of 1.6 million euros in proceeds, 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 the sale, the released capital can now be used to develop the company's core operations and for strategic investments that contribute to ensuring long-term growth

and sustainability. The fair value of the remaining securities increased slightly during the reporting quarter but decreased by 66 thousand euros over the nine months of the reporting year.

As of 30 September 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	9M 2024	12M 2023	9M 2023
Balance at the beginning of the period		28,856	24,756	24,756
Additions	7	1,435	5,175	4,195
Depreciation	7	-934	-1,074	-805
At the end of the period		29,357	28,857	28,146

Note 4 Property, plant and equipment and intangible assets

<i>(EUR'000)</i>	Note	9M 2024	12M 2023	9M 2023
1. Property, plant and equipment				
Balance at the beginning of the period		34,067	35,740	35,740
Additions to right-of-use assets		0	76	0
Additions	7	675	1,376	612
Sales and write-off in carrying amount		-56	-84	-67
Depreciation	7	-1,801	-3,001	-2,227
Reclassification to inventories		0	-35	0
Impact of exchange rate changes		-200	-5	-468
At the end of the period		32,685	34,067	33,590
2. Intangible assets				
Balance at the beginning of the period		7,354	7,244	7,244
Additions	7	704	398	240
Amortization	7	-213	-290	-169
Refunded prepayment		-10	0	0
Impact of exchange rate changes		-1	2	0
At the end of the period		7,834	7,354	7,315

Note 5 Borrowings

<i>(EUR'000)</i>	30.09.2024	31.12.2023	30.09.2023
Current borrowings			
Current bank loans and overdrafts	6,912	14,209	16,590
Current portion of non-current bank loans	843	3,600	897
Current portion of non-current lease liabilities	137	694	170
Factoring liability	1,746	884	2,182
Total current borrowings	9,638	19,387	19,839
Non-current borrowings			
Non-current bank loans	22,353	22,552	22,760
Non-current lease liabilities	929	929	983
Total non-current borrowings	23,282	23,481	23,743
Total borrowings	32,920	42,868	43,582

Changes in borrowings	9M 2024	12M 2023	9M 2023
Loans and borrowings at the beginning of the period	42,868	45,117	45,117
Change in overdraft balances	-7,297	-4,526	-2,145
Received non-current loans	109	6,218	3,307
Repayments of non-current loans	-3,065	-2,444	-2,029
Other received and repaid loans	862	-1,330	-46
New lease liabilities	0	647	0
Repayments of non-current lease liabilities	-566	-838	-642
Other changes	0	-14	0
Impact of exchange rate changes	9	38	20
Loans and borrowings at the end of the period	32,920	42,868	43,582

Note 6 Share capital

	30.09.2024	31.12.2023	30.09.2023
Share capital (thousand euros)	11,655	11,655	11,655
Number of shares (pcs)	18,498,770	18,498,770	18,498,770
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
9 months 2024						
Revenue from external customers		137,173	3,919	3,657	0	144,749
Inter-segment revenue		343	4,017	63	-4,423	
Segment revenue		137,516	7,936	3,720	-4,423	144,749
Operating profit		5,683	2,930	-446	-32	8,135
Segment assets		92,824	34,727	42,295	-33,679	136,167
Unallocated assets						27,326
<i>incl. Financial investments</i>						27,227
<i>incl. Other receivables and prepayments</i>						99
Total assets						163,493
Liabilities of the segment		71,581	315	4,647	-33,679	42,864
Unallocated liabilities						27,396
<i>incl. borrowings</i>						26,496
<i>incl. accrued expenses</i>						629
<i>incl. other</i>						271
Total liabilities						70,260
Capital expenditure	3,4	812	1,435	567	0	2,814
Depreciation and amortization	3,4	1,216	1,352	390	-10	2,948
9 months 2023						
Revenue from external customers		150,154	3,209	4,914	0	158,277
Inter-segment revenue		275	4,008	17	-4,300	
Segment revenue		150,429	7,217	4,931	-4,300	158,277
Operating profit		3,956	2,282	1,171	-86	7,323
Segment assets		108,294	33,521	45,654	-31,950	155,519
Unallocated assets						32,154
<i>incl. Financial investments</i>						32,015
<i>incl. Other receivables and prepayments</i>						139
Total assets						187,673
Liabilities of the segment		90,227	1,651	3,822	-31,950	63,750
Unallocated liabilities						30,530
<i>incl. borrowings</i>						29,899
<i>incl. accrued expenses</i>						471
<i>incl. other</i>						160
Total liabilities						94,280
Capital expenditure	3,4	611	4,307	129	0	5,047
Depreciation and amortization	3,4	1,584	1,198	433	-14	3,201

Revenue by geographic regions (customer location)

<i>(EUR'000)</i>	9M 2024	9M 2023
Estonia	17,731	15,632
Finland	54,458	63,674
Sweden	21,302	23,309
Norway	23,063	28,098
Germany	11,303	9,822
Netherlands	2,772	6,439
Other	14,120	11,303
Total revenue	144,749	158,277

Revenue by business activities*(EUR '000)*

	9M 2024	9M 2023
Manufacturing and sale of electrical equipment	134,659	148,086
Lease income	3,440	2,683
Electrical works	3,648	3,311
Other services	3,002	4,197
Total revenue	144,749	158,277

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 September 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. We have reviewed the pricing and set it at 1 euro for both. Therefore, under IFRS 2, the subscription prices for the shares are now 5.5 euros, meaning that previous estimates, which were 8.05 euros and 6.02 euros respectively, have been adjusted in connection with the stabilization of the share price and the approaching option exercise. The potential shares will only become dilutive after their average market price for the period exceeds these values. From 01 July to 30 September 2024, the average market price of the shares was 4.73 (Q3 2023: 5.06) euros, and from 1 January to 30 September 2024, the average market price of the shares was 4.83 (2023 9M: 5.04) euros.

	Unit	Q3 2024	Q3 2023
Profit attributable to equity holders of the parent company	EUR '000	1,651	3,393
Average number of shares outstanding	Pc '000	18,499	18,345
Basic earnings per share	EUR	0.09	0.18
Adjusted number of shares during the period	Pc '000	18,499	18,394
Diluted earnings per share	EUR	0.09	0.18

	Unit	9M 2024	9M 2023
Profit attributable to equity holders of the parent company	EUR '000	5,478	5,026
Average number of shares outstanding	Pc '000	18,499	18,308
Basic earnings per share	EUR	0.30	0.27
Adjusted number of shares during the period	Pc '000	18,499	18,360
Diluted earnings per share	EUR	0.30	0.27

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

	Note	9M 2024	9M 2023
Corporate income tax			
Income tax expense in the statement of profit or loss		-944	-458
Decrease (+)/increase (-) in prepayment and decrease (-)/increase (+) in income tax liability		662	-175
Dividend income tax expense		12	11
Deferred income tax expense/income		7	14
Impact of exchange rate changes		-1	0
Corporate income tax paid		-264	-608

<i>(EUR'000)</i>	Note	9M 2024	9M 2023
Paid for investment properties			
Acquisitions of investment properties	3	-1,435	-4,195
Liability decrease (-)/ increase (+) incurred by the acquisitions		-223	1,177
Paid for investment properties		-1,658	-3,018
Paid for property, plant and equipment			
Acquisitions of property, plant and equipment	4	-675	-612
Liability decrease (-)/ increase (+) incurred by the acquisitions		-10	-10
Impact of exchange rate changes		1	-1
Paid for property, plant and equipment		-684	-623
Paid for intangible assets			
Acquisitions of intangible assets	4	-704	-240
Liability decrease (-)/ increase (+) incurred by the acquisitions		-7	22
Impact of exchange rate changes		2	-1
Paid for intangible assets		-709	-219

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>	30.09.2024	31.12.2023	30.09.2023
Balances with related parties:			
- Payables for goods and services	63	136	71
- Payables to Management and Supervisory Boards	128	82	110
- Bonus reserve for Management board	98	98	0
	9M 2024	12M 2022	9M 2023
Purchase of goods and services from related parties:			
- Other services, Lease of property, plant from AS Harju KEK	57	111	89
- Other services from AS Entek, Ellex Raidla Advokaadibüroo OÜ and HeBA Clinic OÜ	674	1,010	700
Sale of goods and services to related parties:			
- Other services to AS Harju KEK	1	1	1
- Sale of goods and services to AS Entek	0	4	4
- Rental service for HeBA Clinic OÜ	1	1	0
Remuneration of the Management and Supervisory Boards:			
- Salary, bonuses, additional other remuneration	546	556	422
- Social security tax	180	183	140

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 32 (2023 9M: 88) thousand euros, including 7 thousand euros (2023 9M: 28) 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 third quarter and nine 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 22 October 2024



Priit Treial Member of the Management Board 22 October 2024



Aron Kuhi-Thalfeldt Member of the Management Board 22 October 2024

