

NUMBER ONE IN POUCH



ANNUAL REPORT 2023
ELECSTER OYJ



CEO's Review



For Elecster, year 2023 was a year of hard work. Our operating result however remained poor, falling clearly below the financial targets set for this accounting period. The poor financial result was above all due to increase in the interest rates, caused by general uncertainty, and consequently to decrease in demand for our products. On top of that, our result was considerably weakened by the decreased exchange rates of important currencies for our operations – Kenyan Shilling and Russian Ruble.

Our year 2023 agenda comprised of extraordinary many issues not reflecting positively on our result, at least not in the short term. To mention just a few: preparation for the new reporting requirements of the Corporate Sustainability Reporting Directive (CSRD), following the new EU Directive on packaging and packaging waste, following the sanctions imposed against Russia due to the invasion of Ukraine and organizing our activities to comply with the sanctions, updating our Enterprise Resource Planning system, updating our financial management systems to comply with the financial reporting formats required from public companies.

The standards set for public companies of Elecster size form a normative jungle that sometimes seem disproportionate. New requirements are constantly being established, and as a responsible company, we are expected to get fully acquainted with them to fulfil them. It is not possible to recruit an expert familiar with each new standard, instead we often need to utilize our existing resources, who are periodically overwhelmed with issues having nothing to do with the basic task mentioned in the Companies Act – making profit. We thus welcome the long-term Programme for the Competitiveness of the Finnish Government and EU commission including efforts to ease and rationalise the administrative burden to the companies, caused by the regulation. Especially in small and medium-sized companies, the administrative reporting obligations in some respect clearly stifle competitiveness.

The political decision-makers would do well to understand that competition in international markets is extremely harsh, and that all the resources companies must use for 'nonessential' activities will reduce those relevant to the suc-

cess of the company. Product development, marketing, purchasing, optimizing the production, digitalization, HR management and recruitment are activities to which a company acting in international markets should be able to devote efforts to succeed and grow and to employ new qualified persons. Nonessential administrative regulation eats the resources which otherwise could be used for improving competitiveness. At least for the time being, not many projects of major importance within the EU bring any competitive advantage in those developing markets important for Elecster. It is the price and quality of our products that are the critical factors in closing a deal.

A lot of work is required to comply with the sanctions against Russia, in respect of which our company is very strict – we do not act against the sanctions. In this matter our policy is very clear. Complying with the sanctions and even interpretation of the legal texts is sometimes laborious. The Sanctions Team of Ministry of Foreign Affairs and the Finnish Customs officials, from whom we are fortunate to get much help, as well as our own personnel who has done excellent work deserve to be thanked.

In relation to the size of our company, Elecster activities in Russia have attracted quite much attention in some Finnish media. We have tried to express our view that being present in Russia is not irresponsible but rather corresponds to the spirit of the sanctions. It is inconsistent with our values to "give away" our property to players possibly under sanctions. Our Russian daughter companies would surely continue their business activities under control of a new owner, in which case any operating income would remain in Russia. Elecster Group would lose a significant amount of property in Russia as well as profits with which we could make investments in Finland and in other markets. We trust that continuing our business activities in Russia is currently and in this situation in the best interest of our stakeholders. The situation might change in future and thus requires continuous follow up by our company members of the board and the executing management.

Thank you for all our stakeholders for the year 2023. We trust that year 2024 will be better in result.

Arto Kinnunen
CEO

Consolidated Financial Statements, IFRS

Consolidated income statement

1000 EUR	2023	2022
NET SALES	34 130	42 680
Change in inventories of finished goods and work in progress	86	-562
Production for own use	32	138
Other operating income	91	185
Material and services	-16 577	-23 289
Employee benefit expenses	-7 804	-8 032
Depreciation	-1 479	-1 621
Other operating expenses	-6 477	-6 365
OPERATING PROFIT	2 001	3 134
Financial income	697	1 192
Financial expenses	-2 737	-2 318
PROFIT/LOSS BEFORE TAXES	-39	2 008
Income taxes	-1 080	-830
PROFIT/LOSS FOR THE PERIOD	-1 119	1 178
NET PROFIT/LOSS ATTRIBUTABLE TO		
Equity holders of the parent	-1 120	1 177
Minority interest	1	1
	-1 119	1 178
Earnings per share calculated on profit attributable to equity holders of the parent		
Earnings per share undiluted (EUR), profit/loss for the period	-0,30	0,31
The group has no dilutive share factors that increase the number of ordinary shares.		

Statement of comprehensive income

	2023	2022
PROFIT FOR THE PERIOD	-1 119	1 178
OTHER COMPREHENSIVE INCOME:		
Exchange difference on translating foreign operations	-1 881	541
Other comprehensive income, net of tax	-1 881	541
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-3 000	1 719
Total comprehensive income attributable to		
Equity holders of the parent	-2 998	1 717
Minority interest	-2	2
	-3 000	1 719

Condolidated balance sheet

1000 EUR	2023	2022
ASSETS		
NON-CURRENT ASSETS		
Intangible assets	323	141
Tangible assets	9 365	11 305
Investments available for sale	81	81
Long-term receivables	581	1 656
Deferred tax assets	394	512
TOTAL NON-CURRENT ASSETS	10 744	13 695
CURRENT ASSETS		
Inventories	19 045	20 264
Trade receivables and other receivables	6 917	7 092
Tax receivable, income tax	484	155
Cash and bank	10 830	11 434
TOTAL CURRENT ASSETS	37 275	38 945
TOTAL ASSETS	48 019	52 640
EQUITY AND LIABILITIES		
SHAREHOLDERS' EQUITY		
Share capital	3 152	3 152
Share premium account	4 239	4 239
Other reserves	92	98
Translation differences	261	372
Retained earnings	16 098	19 633
Minority interest	23 841	27 493
	10	11
SHAREHOLDERS' EQUITY	23 851	27 505
NON-CURRENT LIABILITIES		
Deferred tax liability	378	255
Long-term liabilities, interest-bearing	10 558	11 133
TOTAL NON-CURRENT LIABILITIES	10 936	11 388
CURRENT LIABILITIES		
Short-term interest-bearing liabilities	7 861	8 295
Trade payables and other liabilities	4 897	5 086
Tax liability, income tax	474	366
TOTAL CURRENT LIABILITIES	13 231	13 747
TOTAL EQUITY AND LIABILITIES	48 019	52 640

Key indicators

Financial indicators

1000 EUR	IFRS 2023	IFRS 2022	IFRS 2021	IFRS 2020	IFRS 2019
Net sales	34 130	42 680	32 542	36 665	39 385
Net sales change, %	-20,0 %	31,2 %	-11,2 %	-6,9 %	-6,6 %
Operating profit	2 001	3 134	254	3 904	2 215
% of net sales	5,9 %	7,3 %	0,8 %	10,6 %	5,6 %
Profit before extra-ordinary items and taxes	-39	2 008	-210	3 797	1 479
% of net sales	-0,1 %	4,7 %	-0,6 %	10,4 %	3,8 %
Return on equity, %	-4,4 %	4,4 %	-2,4 %	11,3 %	3,8 %
Return on investment, %	2,2 %	6,2 %	1,6 %	12,2 %	5,0 %
Balance sheet total	48 019	52 640	48 903	44 913	50 112
Equity ratio, %	50,2 %	52,7 %	55,0 %	54,0 %	53,3 %
Gearing, %	31,8 %	29,1 %	27,2 %	41,3 %	47,5 %
Gross investments	782	1 143	1 117	1 274	2 904
% of net sales	2,3 %	2,7 %	3,4 %	3,5 %	7,4 %
Research and development	1 048	1 226	1 161	1 175	1 253
% of net sales	3,1 %	2,9 %	3,6 %	3,2 %	3,2 %
Average number of personnel during year about which abroad	220 93	230 100	273 148	292 162	302 171

Adjusted share-related indicators

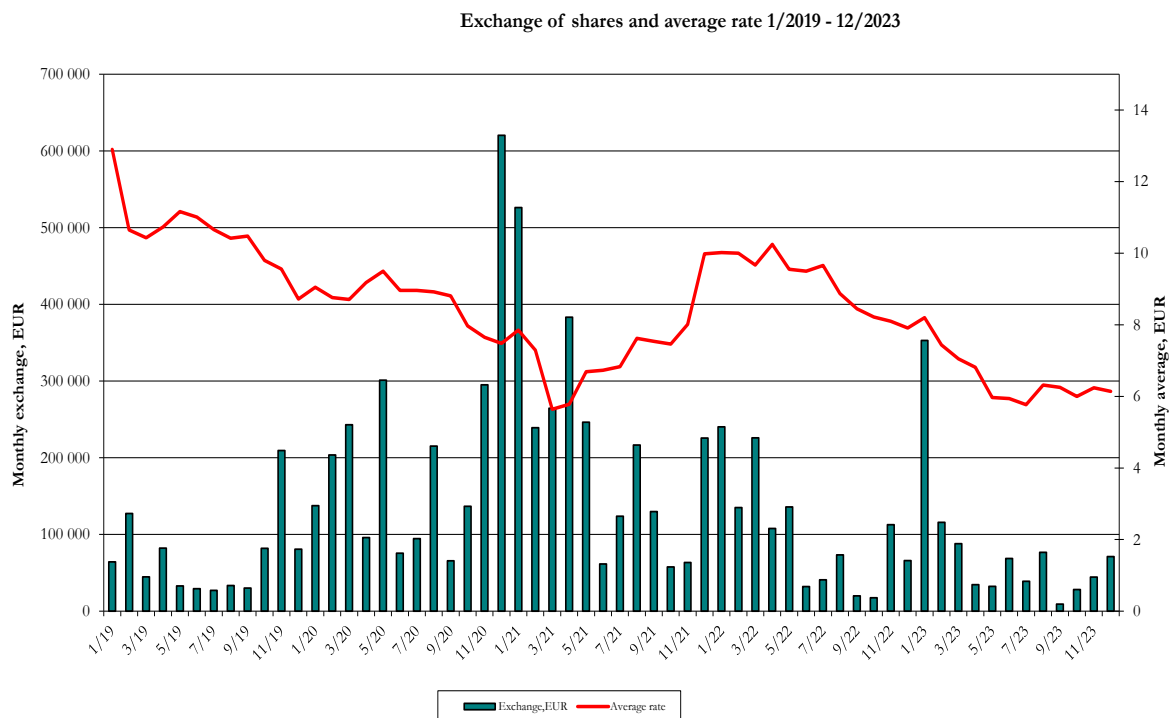
	IFRS 2023	IFRS 2022	IFRS 2021	IFRS 2020	IFRS 2019
Earnings per share, eur	-0,30	0,31	0,69	0,73	0,26
Earnings per share, continuing operations, eur			-0,16	0,73	
Earnings per share, discontinued operations, eur			0,85	0,00	
Dividend per share (A-share), eur	0,05 *)	0,15	0,29	0,28	0,23
Dividend per share (K-share), eur	0,05 *)	0,15	0,29	0,28	0,23
Dividend per earnings, %	neg	48,4 %	42,0 %	38,4 %	88,5 %
Effective dividend yield, %	1,1 %	2,5 %	3,5 %	2,5 %	3,1 %
Equity per share, eur	6,37	7,34	7,10	6,41	7,06
Price per earnings ratio (P/E-ratio)	neg	20	12	15	29
Trading volume (A-share), 1000 pcs	156	177	269	329	101
% average number of shares	8,6 %	9,7 %	14,8 %	18,1 %	5,6 %
Average number of shares	3 748 116	3 748 116	3 748 116	3 748 116	3 748 116
Number of shares at the end of period					
A-share	1 820 116	1 820 116	1 820 116	1 820 116	1 820 116
K-share	1 928 000	1 928 000	1 928 000	1 928 000	1 928 000
Adjusted share (A-share)					
lowest share price, eur	4,18	5,40	7,50	4,90	7,00
highest share price, eur	8,35	8,66	11,20	12,30	10,10
share price at December 31, eur	4,48	6,10	8,32	11,30	7,45
Market capitalization of shares December 31, euros millions	16,8	22,9	31,2	42,4	27,9

*) proposal by the Board of Directors

Calculation of key figures

Return on equity, %	$\frac{\text{Profit before extra-ordinary items and taxes - direct taxes}}{\text{Total equity (average)}} \times 100$
Return on investments, %	$\frac{\text{Profit before extra-ordinary items and taxes + interest expenses and other financial expenses}}{\text{Total assets - non-interest-bearing liabilities (average)}} \times 100$
Equity ratio, %	$\frac{\text{Total equity}}{\text{Total assets - advance payments received}} \times 100$
Gearing, %	$\frac{\text{Interest-bearing liabilities - cash and cash equivalents}}{\text{Total equity}} \times 100$
Earnings/share	$\frac{\text{Profit before extra-ordinary items - taxes - +/- minority interest}}{\text{Adjusted number of shares (average)}}$
Shareholders' equity/share	$\frac{\text{Equity attributable to shareholders of parent company}}{\text{Adjusted numbers of shares at 31 December}}$
Price/earnings ratio (P/E)	$\frac{\text{Adjusted share price at 31 December}}{\text{Earnings/share}}$
Effective dividend yield, %	$\frac{\text{Dividend per share}}{\text{Adjusted share price at 31 December}} \times 100$

Exchange of shares and average rate



Share A-share	Share price 31 Dec 2023 4,48	Lowest price 4,18	Highest price 8,35	Trading volume 156.058	%-of A-share 8,6
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Share Information

Principal shareholders on December 31st, 2023

	A-share	K-share	%-of shares	%-of votes
1. Finha Capital Oy	509 179	520 000	27,46 %	27,06 %
2. Okuli Oy	70 000	957 920	27,42 %	45,73 %
3. Mandatum Henkivakuutusosakeyhtiö	217 000		5,79 %	1,03 %
4. Alexandra Rosenqvist	1 794	114 709	3,11 %	5,44 %
5. Veronika Halonen		114 709	3,06 %	5,44 %
6. Tam-Kraft Oy	110 292		2,94 %	0,52 %
7. Määttä Mikko	80 000		2,13 %	0,38 %
8. Korte Kauko	58 688		1,57 %	0,28 %
9. Nordea Henkivakuutus Suomi Oy	50 000		1,33 %	0,24 %
10. Halonen Jukka	11 950	26 280	1,02 %	1,30 %

At the end of 2023, the members of Elecster's Board of Directors, Managing Director and the corporations in their authority hold a total 48.924 shares. These shares represent 1,31 percent of the total share capital and 1,35 percent of voting rights.

Structure of share capital on December 31st, 2023

Series of shares	Number of shares	%-of shares	%-of votes	Share capital €
K-shares	1 928 000	51 %	91,37 %	1 621 331,61
A-shares	1 820 116	49 %	8,63 %	1 530 607,68
Total	3 748 116	100 %	100,00 %	3 151 939,29

Distribution of shareholding on December 31st, 2023

Breakdown of shareholding

	Number of shares	Number of shareholders	%-of shareholders	Shares	%-of shares
1-100		691	49,71 %	28 370	0,76 %
101-1 000		554	39,86 %	211 777	5,65 %
1 001-5 000		104	7,48 %	213 249	5,69 %
5 001-10 000		19	1,37 %	122 858	3,28 %
10 001-100 000		16	1,15 %	551 554	14,72 %
100 001-		6	0,43 %	2 615 603	69,78 %
Total		1 390	100,00 %	3 743 411	99,87 %
Number of shares not entered in the book of entry systems				4 705	0,13 %
Number issued				3 748 116	100,00 %

According to shareholders

	Number of shareholders	%-of shares
Companies	63	60,50 %
Credit and insurance institutions *)	6	7,33 %
Non-profit institutions	2	0,02 %
Households	1 311	31,66 %
Foreign owners	8	0,36 %
Number of shares not entered in the book of entry systems		0,13 %
Total	1 390	100,00 %

*) Also the administratively registered shares are included in this figure

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