



# ELECSTER



## ANNUAL REPORT 2021

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## CEO's Review



Year 2021 was unfortunately the second year in a row when the global Covid-19 pandemic was hampering our business. While the first pandemic year 2020 caused us only relatively small problems, then during the financial year 2021 adverse effects started to accumulate. Compared to the reference year, our sales remained in a remarkably lower level, and costs raised significantly more in relation to our

sales prices. Especially prices for packaging material raw materials increased unprecedentedly. In addition to price inflation, our operations were affected by periodical shortage of raw materials, delayed delivery times and still going on difficulties in travelling arrangements. Due to these reasons, Elecster year 2021 was quite demanding and resulted in the lowest operational result for a long time.

The result of this financial period almost reached the reference year level, which was mainly due to the transaction realised towards the end of the year, when Elecster Group sold its share in the daughter company A/S Eesti Elecster. Profit on the sales of Elecster share amounted to 3.3 million euros. A/S Eesti Elecster was a part of Elecster Group from the beginning of the 1990's. In this connection, I want to thank our Estonian partners and the whole staff of A/S Eesti Elecster for the good cooperation throughout the years and wish the new owners best success in their work. Due to the transaction, we will from now on omit segment 'Others' in our financial reporting and report segments 'Industrial products' and 'Consumer products'.

Over the next few years, our reporting will change substantially in other respects as well. The European Commission proposal for Corporate Sustainability Reporting Directive CSRD will result in significant amendments compared to the current Non-Financial Reporting Directive NFRD. The new directive will concern approx. 49 000 companies in the EU and approx. 700 companies in Finland. The sustainability reporting directive is still under preparation, but in the light

of available information, it will concern all listed companies. So, after two years, Elecster Group would be under obligation to disclose information on the way we operate and manage issues related to the environment and sustainability of our operations, and governance. The legislation on ESG reporting should enter in force in 2024, thus the first reporting year would be 2023. Elecster Oyj will naturally strive for making timely preparations, which however might be problematic, as there are no clear, understandable and mutually agreed rules e.g. for calculation of CO2 emission. The related mathematics is relatively simple but if we have no mutually agreed rules – as it is the case in mathematics – it will become extremely difficult. It has been mutually agreed that  $1+1=2$ , but if this is not the case? Reported figures would be harder to understand if the sum is depending on who performed the calculation. Hopefully the rules will be mutually agreed before the obligation to report enters in force, to avoid unnecessary work and incorrect information.

Surely, the sustainability reporting is, all in all, welcome, and offering one more dimension for investment activities. I just hope that the data published in the reports would be reliable and equal. As a decision-maker of a Finnish company operating in global markets I am fully confident that our ESG issues are well established compared to our reference groups around the world, and Elecster Oyj will remain to be a potential object for investment from the point of view of sustainability.

Even though year 2021 in many aspects turned out to be quite challenging for Elecster Group, I wish to express thanks to all shareholders, Elecster personnel and partners for the good cooperation. The recent developments in Ukraine and the major sanctions imposed by the EU and other Western countries towards Russia cast a shade over our otherwise far more positive expectations for 2022. I trust that the improved prospects are consequences of the hard work we did despite a weaker year, and without losing faith in the future. The same will certainly be required in 2022 as well.

Arto Kinnunen  
CEO

# Consolidated Financial Statements, IFRS

## Consolidated income statement

1000 EUR	1.1.-31.12.2021	1.1.-31.12.2020
<b>NET SALES</b>	<b>32 542</b>	<b>36 665</b>
Change in inventories of finished goods and work in progress	1 430	-848
Production for own use	105	65
Other operating income	396	214
Material and services	-19 799	-17 328
Employee benefit expenses	-7 557	-7 541
Depreciation	-1 321	-1 545
Impairments		-305
Other operating expenses	-5 543	-5 473
<b>OPERATING PROFIT</b>	<b>254</b>	<b>3 904</b>
Financial income	417	1 185
Financial expenses	-881	-1 293
<b>PROFIT/LOSS BEFORE TAXES, continuing operations</b>	<b>-210</b>	<b>3 797</b>
Income taxes, continuing operations	-381	-1 050
<b>PROFIT/LOSS FOR THE PERIOD, continuing operations</b>	<b>-590</b>	<b>2 746</b>
<b>PROFIT/LOSS FOR THE PERIOD, discontinued operations</b>	<b>3 087</b>	<b>4</b>
<b>PROFIT/LOSS FOR THE PERIOD</b>	<b>2 497</b>	<b>2 750</b>
<b>NET PROFIT/LOSS ATTRIBUTABLE TO</b>		
Equity holders of the parent	2 588	2 748
Minority interest	-91	3
	2 497	2 750
Earnings per share calculated on profit attributable to equity holders of the parent		
Earnings per share undiluted (EUR), profit/loss for the period	0,69	0,73
Earnings per share undiluted (EUR), continuing operations	-0,16	0,73
Earnings per share undiluted (EUR), discontinued operations	0,85	0,00

## Statement of comprehensive income

	1.1.-31.12.2021	1.1.-31.12.2020
PROFIT FOR THE PERIOD	2 497	2 750
OTHER COMPREHENSIVE INCOME:		
Exchange difference on translating foreign operations	1 270	-3 311
Cash flow hedges, net of tax		0
Other comprehensive income, net of tax	1 270	-3 311
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>3 767</b>	<b>-561</b>
<b>Total comprehensive income attributable to</b>		
Equity holders of the parent	3 857	-561
Minority interest	-91	0
	3 767	-561

## Condoligated balance sheet

1000 EUR	31.12.2021	31.12.2020
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Intangible assets	162	163
Tangible assets	11 028	10 827
Investments available for sale	81	420
Long-term receivables	1 376	1 861
Deferred tax assets	434	431
<b>TOTAL NON-CURRENT ASSETS</b>	<b>13 081</b>	<b>13 702</b>
<b>CURRENT ASSETS</b>		
Inventories	18 280	16 306
Trade receivables and other receivables	6 965	7 416
Tax receivable, income tax	151	151
Cash and bank	10 427	7 339
<b>TOTAL CURRENT ASSETS</b>	<b>35 822</b>	<b>31 211</b>
<b>Discontinued operations</b>		<b>2 894</b>
<b>TOTAL ASSETS</b>	<b>48 903</b>	<b>47 806</b>
<b>EQUITY AND LIABILITIES</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	3 152	3 152
Share premium account	4 239	4 239
Other reserves	100	90
Translation differences	652	-209
Retained earnings	18 469	15 741
	<b>26 612</b>	<b>23 013</b>
Minority interest	9	8
<b>SHAREHOLDERS' EQUITY</b>	<b>26 621</b>	<b>23 021</b>
<b>NON-CURRENT LIABILITIES</b>		
Deferred tax liability	256	367
Long-term liabilities, interest-bearing	11 687	11 461
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>11 943</b>	<b>11 827</b>
<b>CURRENT LIABILITIES</b>		
Short-term interest-bearing liabilities	5 980	5 798
Trade payables and other liabilities	4 203	3 991
Tax liability, income tax	155	249
<b>TOTAL CURRENT LIABILITIES</b>	<b>10 338</b>	<b>10 039</b>
<b>Discontinued operations</b>		<b>2 919</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>48 903</b>	<b>47 806</b>



# Key indicators

## Financial indicators

<b>1000 EUR</b>	<b>IFRS 2021 *</b>	<b>IFRS 2020 *</b>	<b>IFRS 2019</b>	<b>IFRS 2018</b>	<b>IFRS 2017</b>
Net sales	32 542	36 665	39 385	42 180	39 431
Net sales change, %	-11,2 %	0,0 %	-6,6 %	7,0 %	-10,7 %
Operating profit	254	3 904	2 215	3 567	3 577
% of net sales	0,8 %	10,6 %	5,6 %	8,5 %	9,1 %
Profit before extra-ordinary items and taxes	-210	3 797	1 479	3 372	3 285
% of net sales	-0,6 %	10,4 %	3,8 %	8,0 %	8,3 %
Return on equity, %	-2,4 %	11,3 %	3,8 %	10,1 %	10,4 %
Return on investment, %	1,6 %	12,2 %	5,0 %	8,3 %	8,6 %
Balance sheet total	48 903	44 913	50 112	50 657	49 284
Equity ratio, %	55,0 %	54,0 %	53,3 %	50,3 %	52,2 %
Gearing, %	27,2 %	41,3 %	47,5 %	49,3 %	44,7 %
Gross investments	1 117	1 274	2 904	2 213	2 475
% of net sales	3,4 %	3,5 %	7,4 %	5,2 %	6,3 %
Research and development	1 161	1 175	1 253	1 168	1 112
% of net sales	3,6 %	3,2 %	3,2 %	2,8 %	2,8 %
Average number of personnel during year	273	292	302	300	307
about which abroad	148	162	171	170	168

## Adjusted share-related indicators

	<b>IFRS 2021</b>	<b>IFRS 2020</b>	<b>IFRS 2019</b>	<b>IFRS 2018</b>	<b>IFRS 2017</b>
Earnings per share, eur	0,69	0,73	0,26	0,67	0,66
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	0,29 **)	0,28	0,23	0,33	0,32
Dividend per share (K-share), eur	0,29 **)	0,28	0,23	0,33	0,32
Dividend per earnings, %	42,0 %	38,4 %	88,5 %	49,3 %	48,5 %
Effective dividend yield, %	3,5 %	2,5 %	3,1 %	3,7 %	2,9 %
Equity per share, eur	7,10	6,41	7,06	6,72	6,52
Price per earnings ratio (P/E-ratio)	12	15	29	13	17
Trading volume (A-share), 1000 pcs	269	329	101	55	89
% average number of shares	14,8 %	18,1 %	5,6 %	3,0 %	4,9 %
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	7,50	4,90	7,00	8,30	10,45
highest share price, eur	11,20	12,30	10,10	13,40	15,71
share price at December 31, eur	8,32	11,30	7,45	8,80	11,07
Market capitalization of shares December 31, euros millions	31,2	42,4	27,9	33,0	41,5

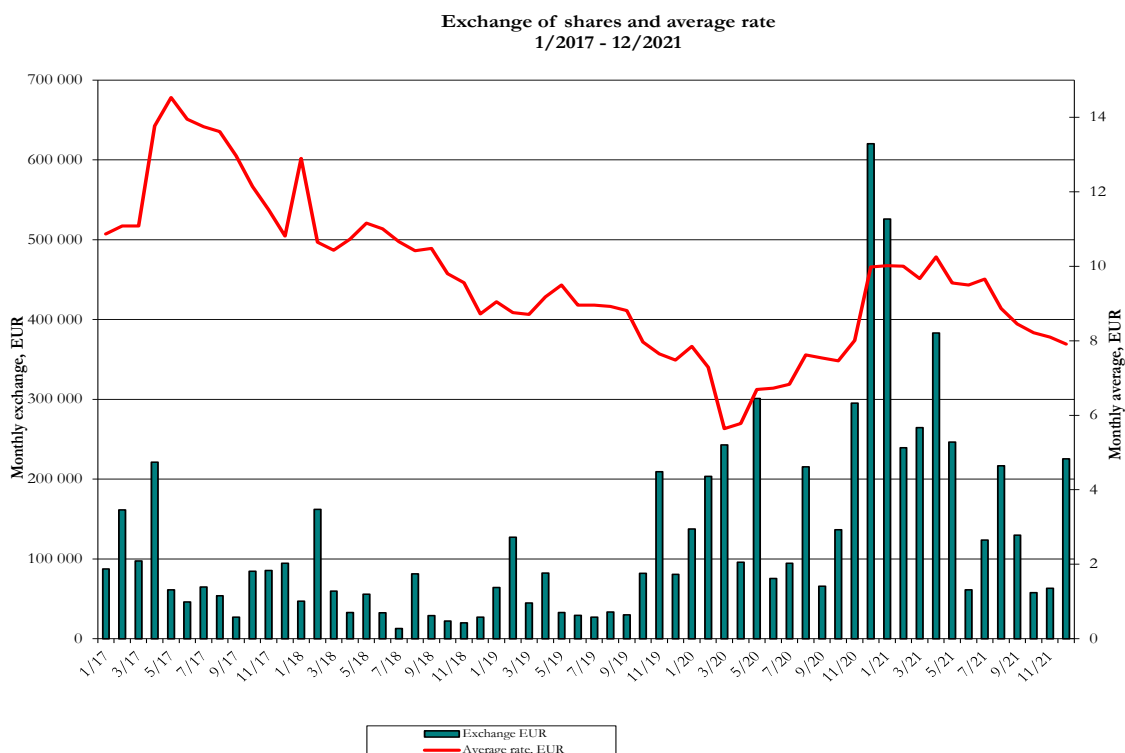
\*) continuing operations

\*\*) 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 2021 8.32	Lowest price 7.50	Highest price 11.20	Trading volume 269.349	%-of A-share 14.8
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# Share Information

## Principal shareholders on December 31st, 2021

	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. Halonen Irma, kuolinpesä	3 700	388 760	10,47 %	18,44 %
4. Mandatum Henkivakuutusosakeyhtiö	217 000		5,79 %	1,03 %
5. Tam-Kraft Oy	115 062		3,07 %	0,55 %
6. Määttä Mikko	80 000		2,13 %	0,38 %
7. Nordea Henkivakuutus Suomi Oy	50 000		1,33 %	0,24 %
8. Korte Kauko	58 463		1,56 %	0,28 %
9. Halonen Jukka	11 950	26 280	1,02 %	1,30 %
10. Moisio Ari	25 500		0,68 %	0,12 %

At the end of 2021, 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, 2021

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, 2021

### Breakdown of shareholding

	Number of shares	Number of shareholders	%-of shareholders	Shares	%-of shares
1-100		586	46,40 %	26 643	0,71 %
101-1 000		540	42,76 %	207 915	5,55 %
1 001-5 000		102	8,08 %	221 082	5,90 %
5 001-10 000		17	1,35 %	115 705	3,09 %
10 001-100 000		13	1,03 %	390 445	10,42 %
100 001-		5	0,40 %	2 781 621	74,21 %
Total		1 263	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	60,46 %
Credit and insurance institutions *)	6	7,34 %
Non-profit institutions	2	0,02 %
Households	1 184	31,65 %
Foreign owners	8	0,41 %
Number of shares not entered in the book of entry systems		0,13 %
Total	1 263	100,00 %

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

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