

Eltel Group

Interim report January–September 2021

Stockholm, Sweden, 3 November 2021

July–September 2021

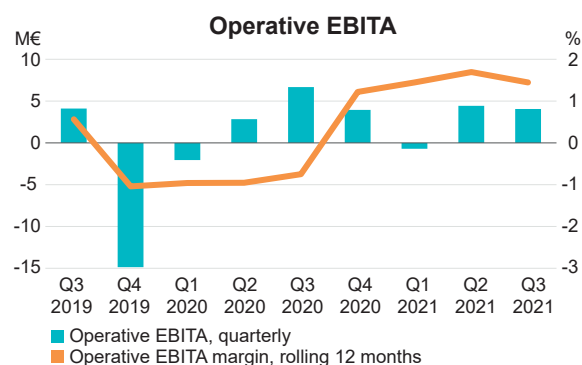
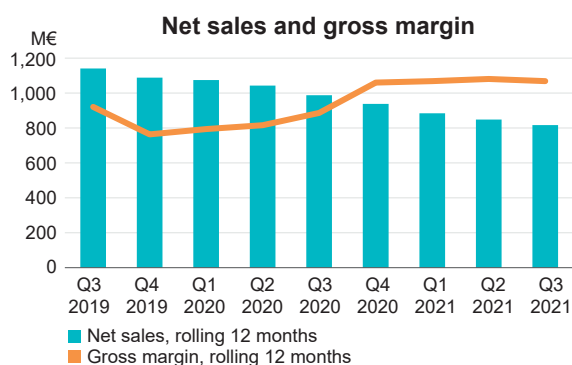
- Net sales EUR 193.8 million (226.7). Total growth -14.5% and organic growth¹⁾ in segments -13.8%
- Operative EBITA²⁾ EUR 4.1 million (6.7) and operative EBITA margin 2.1% (2.9)
- Operative EBITA²⁾ in segments EUR 7.7 million (8.6) and operative EBITA margin in segments 4.4% (4.3)
- Items affecting comparability EUR 0.0 million (-0.7)
- Operating result (EBIT) EUR 4.0 million (5.8) and EBIT margin 2.1% (2.6)
- Net result EUR 1.8 million (3.1)
- Earnings per share EUR 0.01 (0.02), basic and diluted
- Cash flow from operating activities EUR -7.8 million (-16.2)

January–September 2021

- Net sales EUR 586.2 million (708.8). Total growth -17.3% and organic growth¹⁾ in segments -14.9%
- Operative EBITA²⁾ EUR 7.8 million (7.5) and operative EBITA margin 1.3% (1.1)
- Operative EBITA²⁾ in segments EUR 16.9 million (16.9) and operative EBITA margin in segments 3.2% (2.7)
- Items affecting comparability EUR -0.1 million (19.8) from divestment of businesses
- Operating result (EBIT) EUR 7.5 million (26.7) and EBIT margin 1.3% (3.8)
- Net result EUR 0.8 million (12.3)
- Earnings per share EUR 0.00 (0.08), basic and diluted
- Cash flow from operating activities EUR -12.0 million (-1.7)
- Net debt³⁾ EUR 100.4 million (108.9)

Significant events during the reporting period

- On 20 August 2021, the Finnish Supreme Administrative Court issued a decision by which it dismissed the Finnish Competition and Consumer Authority's (FCCA) proposal to impose on Eltel a fine for an alleged infringement of competition law. The decision brings an end to the proceedings that were opened by the FCCA in 2014.
- On 27 August 2021, it was announced that Eltel Norway had signed a project agreement with Telenor to upgrade Telenor's telecommunications network with 5G technology during 2022. The agreement is worth EUR 12-16 million.



Key figures

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	193.8	226.7	586.2	708.8	938.0
Net sales growth, %	-14.5%	-19.6%	-17.3%	-12.4%	-13.8%
Operative EBITA ²⁾	4.1	6.7	7.8	7.5	11.4
Operative EBITA margin, %	2.1%	2.9%	1.3%	1.1%	1.2%
Operative EBITA ²⁾ , segments	7.7	8.6	16.9	16.9	22.9
Operative EBITA margin, %, segments	4.4%	4.3%	3.2%	2.7%	2.8%
Operating result (EBIT)	4.0	5.8	7.5	26.7	24.8
Return on operative capital employed (ROCE), %	11.6%	-4.9%	11.6%	-4.9%	13.0%
Net working capital	9.8	17.3	9.8	17.3	-25.1
Net debt ³⁾	100.4	108.9	100.4	108.9	67.4
Number of employees, end of period	5,057	6,012	5,057	6,012	5,449

1) Adjusted for divested operations and currency effects.

2) Eltel follows the profitability of segments with Operative EBITA. Please see page 25 for definitions of the key ratios.

3) Refers to net debt excluding IFRS 16 leasing liabilities, as defined in financing agreement. See page 12 for calculation and page 25 for definition. 1 (27)

Comments by the CEO

Productivity and profitability have improved in our Nordic home market, which is shown in the operative EBITA margin for the segments. However, the operative EBITA for the Group in the quarter was negatively affected by lower net sales, continued challenges in the Polish High Voltage business and increased material prices. Year-over-year we lowered the net debt and improved return on operative capital employed.

The lower net sales is caused by two main issues: previously announced losses of large agreements and reduced customer investments as a consequence of COVID-19. Intensive work is ongoing to reverse the downturn and to win new contracts. We pursue different organic growth opportunities by looking at adjacent business areas and by sharpening our offering to the market. We are also preparing for potential future mergers and acquisitions.

In the segments, we have seen a continued profitability increase in Finland, where we have a good market position in both communication and power. Compared to the same quarter last year, the risk level in Finland has reduced and productivity has improved.

In Sweden, the business has stabilised and is moving in the right direction. Towards the end of the quarter, volumes started increasing.

In Norway, volumes continued to be negatively affected by reduced and delayed customer investments due to COVID-19. Despite the downturn, the Norwegian business is stable and continues to generate good margins.

In Denmark we also have challenges with volumes, mainly due to partial insourcing of a large customer agreement. We can also see weaker demand in the Danish fibre market. However, we note an active market in general and we see new opportunities in the future.

We have significant profitability issues in High Voltage, primarily in Poland. Year-to-date, the business has cost Eltel EUR 7.6 million in operative EBITA. Reasons for the losses include delays and closings of old projects, a challenging market in general, COVID-19 and lately also increased material prices. Given the difficult conditions and our focus on the Nordic market, we are re-evaluating strategic alternatives for the Polish operations.

Our margins are improving for the Nordic market and we have maintained a healthy balance sheet. Year-to-date we have improved operative EBITA and we have a positive outlook for the fourth quarter. Our financial guidance remains: We expect the full-year operative EBITA margin for 2021 to improve compared to 2020.

Casimir Lindholm, President & CEO



About Eltel and the Group strategy

Eltel in brief

Eltel is a leading Nordic field service provider for power and telecom networks. Operations are conducted in the Nordic countries, Poland and Germany within country-based organisations that have full responsibility for their financial results. Within power, Eltel provides maintenance of power grids, upgrades and project work to national transmission system operators and distribution network owners. Within communication, Eltel provides similar services to telecom operators and other owners of communication networks.

Eltel's markets are characterised by a high concentration of customers and competitors offering similar products and services. Eltel competes on price and quality. The markets are regulated and typically have predictable and repetitive demand in line with each country's GDP.

Our strategy – Operational Excellence

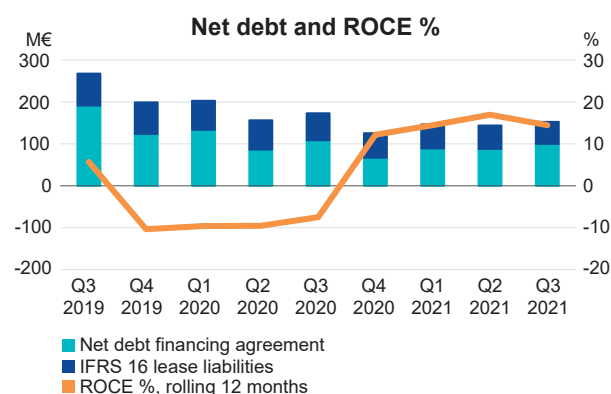
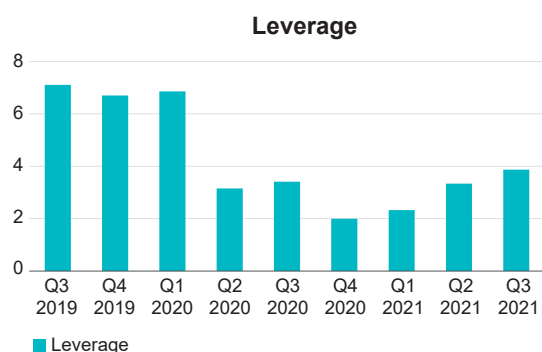
A decision was taken in 2017 to restructure Eltel in order to focus on areas with a balanced risk level in which it has a leading market position and a high level of expertise, and in which the business model is repetitive and primarily targeted towards build, service and maintenance. In 2019, Eltel took the next step on its transformation journey. A Nordic focus with lower risk and fewer capital-intensive projects will enable us to continue to develop, grow and invest in the company to ensure long-term sustainable value creation for the company and its shareholders.

In parallel, a strategy for existing operations has been developed, with a focus on operating profitability. The strategy, which is being implemented in 2019–2021, aims to raise the operating margin by generating customer focus, improving efficiency, measuring and tracking relevant key performance indicators, and simplifying the daily operations of our technicians. Furthermore, the focus is on improving the competence level within the organisation through various forms of training and recruitment.

This will create the foundation for sustainable growth, profitability and shareholder value.

Eltel's financial targets by end of 2023

Group operative EBITA margin	5%
Annual growth in the Nordics from 2022 onwards	2–4%
Leverage	1.5–2.5x net debt/EBITDA
Dividend payout	Subject to leverage target



See page 25 for definitions of the key ratios.

Net sales and earnings Group

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	193.8	226.7	586.2	708.8	938.0
Operative EBITA	4.1	6.7	7.8	7.5	11.4
EBIT	4.0	5.8	7.5	26.7	24.8
Net result	1.8	3.1	0.8	12.3	5.3
Key ratios					
Net sales growth, %	-14.5%	-19.6%	-17.3%	-12.4%	-13.8%
Organic growth ¹⁾ , % in segments	-13.8%	-	-14.9%	-	-
Effect of divestments in net sales, MEUR	-	-21.9	-19.2	-42.5	-59.6
Currency translation effect in net sales, MEUR	2.3	-2.4	10.5	-15.5	-17.6
Operative EBITA margin, %	2.1%	2.9%	1.3%	1.1%	1.2%
Tax rate, %	30.1%	11.2%	78.2%	36.4%	64.7%
Earnings per share after dilution, EUR	0.01	0.02	0.00	0.08	0.03

1) Adjusted for divested operations and currency effects.

July–September 2021

Net sales decreased by 14.5% to EUR 193.8 million (226.7). In segments net sales decreased by EUR 25.1 million and in Other business by EUR 7.9 million. Organic net sales in segments, adjusted for divested operations and currency effects, decreased by 13.8%. In segments, net sales were down mainly due to previously announced loss of agreements and lower customer investments as an effect of COVID-19.

Operative EBITA decreased to EUR 4.1 million (6.7). Operative EBITA margin was 2.1% (2.9). Operative EBITA in segments was EUR 7.7 million (8.6) and operative EBITA margin was 4.4% (4.3). In Other business, operative EBITA was EUR -2.2 million (-0.9). Main reasons for the decline were lower volumes and increased material costs. Challenges in High Voltage Poland continued to burden the result. In segments margins remained stable.

For further information regarding net sales and operative EBITA development, refer to the respective section on the segments.

There were no items affecting comparability in the third quarter. The comparative period included EUR 0.7 million loss from valuation as held for sale.

EBIT amounted to EUR 4.0 million (5.8).

Net financial expenses amounted to EUR -1.4 million (-2.4), including EUR 0.2 million (-0.3) currency effect.

Taxes amounted to EUR 0.8 million (-0.4) representing the tax cost in countries with profits. No deferred tax asset was booked for the losses in the period.

Net result for the period was EUR 1.8 million (3.1). Earnings per share were EUR 0.01 (0.02).

January–September 2021

Net sales decreased by 17.3% to EUR 586.2 million (708.8). Net sales decreased in segments by EUR 88.3 million and in Other business by EUR 35.4 million.

Organic net sales in segments, adjusted for divested operations and currency effects, decreased by 14.9%. The comparative period included EUR 19.2 million from the

German communication business and the Swedish business area Aviation & Security, which were divested in Q2 2020. In segments, net sales were down except for Finland, which benefits from a strong market position in communication with increased fibre and 5G demand.

Operative EBITA increased to EUR 7.8 million (7.5). Operative EBITA-margin was 1.3% (1.1). Operative EBITA in segments was EUR 16.9 million (16.9), and operative EBITA margin improved to 3.2% (2.7). In segments, operative EBITA margins improved despite lower net sales thanks to better efficiency and control. In Other business, operative EBITA was EUR -3.6 million (-3.2). The majority of the negative operative EBITA of EUR -7.6 million came from High Voltage, primarily Poland. The divestments of the German communication business and the Swedish business area Aviation & Security had an impact of EUR -1.2 million.

For further information regarding net sales and operative EBITA development, refer to the respective section on the segments.

Items affecting comparability amounted to EUR -0.1 million including the impact from the closing of the High Voltage business divestment in Germany. The comparative period included EUR 20.4 million gain from the divestments of the German communication business and business area Aviation & Security and EUR 0.7 million loss from valuation of Murphy Eltel JV Limited as held for sale.

EBIT amounted to EUR 7.5 million (26.7).

Net financial expenses amounted to EUR -4.0 million (-7.4), including EUR 1.0 million (-0.9) currency effect.

Taxes amounted to EUR 2.7 million (7.0) representing the tax cost in countries with profits. No deferred tax asset was booked for the losses in the period. In comparative period, EUR 5.4 million tax cost related to gain from divestments of businesses.

Net result for the period was EUR 0.8 million (12.3). Earnings per share were EUR 0.00 (0.08).

Overview of segments

Net sales

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Finland	77.9	80.3	218.4	217.5	300.2
Sweden	40.2	50.9	125.9	173.7	224.5
Norway	38.2	42.1	114.2	136.0	177.7
Denmark	17.8	25.8	68.6	88.3	118.1
Sum segments	174.1	199.1	527.2	615.4	820.5
Other business	22.0	29.9	65.0	100.4	127.5
Eliminations	-2.3	-2.3	-6.0	-7.1	-10.1
Total net sales	193.8	226.7	586.2	708.8	938.0

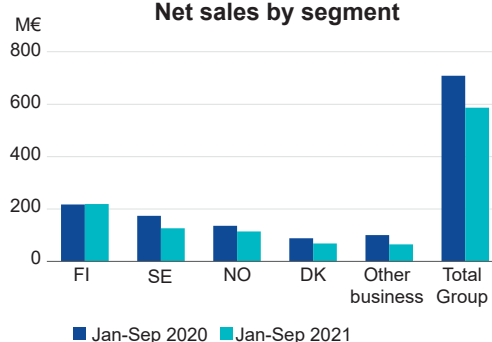
Net sales by segment



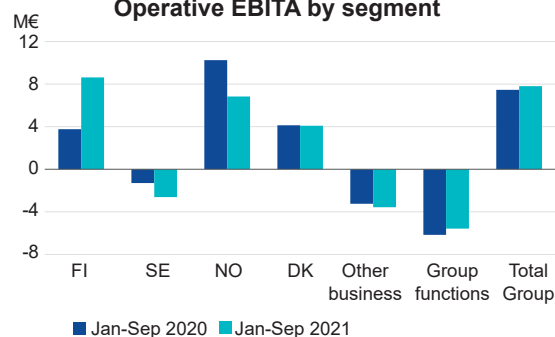
Operative EBITA

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Finland	4.8	4.3	8.6	3.8	7.2
Sweden	-0.2	-0.8	-2.6	-1.3	-3.7
Norway	2.9	4.1	6.8	10.3	14.3
Denmark	0.2	1.0	4.1	4.1	5.0
Sum segments	7.7	8.6	16.9	16.9	22.9
Other business	-2.2	-0.9	-3.6	-3.2	-3.3
Group functions	-1.5	-1.1	-5.6	-6.2	-8.1
Total operative EBITA	4.1	6.7	7.8	7.5	11.4
Finland	6.2%	5.4%	4.0%	1.7%	2.4%
Sweden	-0.5%	-1.6%	-2.1%	-0.7%	-1.6%
Norway	7.6%	9.8%	6.0%	7.5%	8.0%
Denmark	1.0%	3.8%	6.0%	4.7%	4.3%
Sum segments	4.4%	4.3%	3.2%	2.7%	2.8%
Other business	-9.9%	-2.9%	-5.5%	-3.2%	-2.6%
Total operative EBITA-margin, %	2.1%	2.9%	1.3%	1.1%	1.2%

Net sales by segment



Operative EBITA by segment



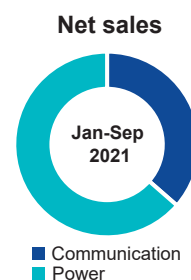
In line with the Nordic strategy, Eltel's main operations in the four Nordic countries are presented as segments from 1 January 2021. In 2020, the new segments represented 87% of the net sales. During January–September 2021, the new segments represented 90% of the net sales.

Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as Power Transmission International and Rail businesses that are under ramp down. The German communication business was included in Other business until its divestment in Q2 2020.

Net sales and EBITA – Segments

Finland

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	77.9	80.3	218.4	217.5	300.2
Operative EBITA	4.8	4.3	8.6	3.8	7.2
Number of employees, end of period	1,488	1,445	1,488	1,445	1,470
Key ratios					
Net sales growth, %	-3.1%	8.3%	0.5%	12.9%	10.8%
Operative EBITA margin, %	6.2%	5.4%	4.0%	1.7%	2.4%



July–September 2021

Net sales decreased by EUR 2.5 million to EUR 77.9 million (80.3), representing a decrease of 3.1%. Project completions in power build by the end of 2020 have led to lower net sales while also reducing the risk level. High demand in fibre and 5G generated growth in communication and partly offset the decline in power.

Operative EBITA increased to EUR 4.8 million (4.3). The operative EBITA margin was 6.2% (5.4), a result of improved productivity.

January–September 2021

Net sales increased by EUR 1.0 million to EUR 218.4 million (217.5), representing an increase of 0.5%. The growth was driven by a strong market position and increased demand in communication, particularly for fibre and 5G, which compensated for project completions in power.

Operative EBITA increased to EUR 8.6 million (3.8). The operative EBITA margin improved to 4.0% (1.7) as a result of improved project management and cost control. During 2020, Finland noted write-downs due to cost increases in certain power build projects.

Sweden

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	40.2	50.9	125.9	173.7	224.5
Operative EBITA	-0.2	-0.8	-2.6	-1.3	-3.7
Number of employees, end of period	910	1,234	910	1,234	1,003
Key ratios					
Net sales growth, %	-21.0%	-21.6%	-27.5%	-21.2%	-22.9%
Organic growth ¹⁾ , %	-22.6%	-	-26.9%	-	-
Effect of divestments in net sales, MEUR	-	-6.5	-8.5	-11.7	-19.2
Currency translation effect in net sales, MEUR	0.8	1.6	5.1	-0.6	0.9
Operative EBITA margin, %	-0.5%	-1.6%	-2.1%	-0.7%	-1.6%



1) Adjusted for divested operations and currency effects.

July–September 2021

Net sales decreased by EUR 10.7 million to EUR 40.2 million (50.9), representing a decline of 21.0%. The decrease is largely explained by the previously announced loss of a large service contract, mainly relating to the copper network, and lower fibre volumes with a specific customer.

Operative EBITA increased to EUR -0.2 million (-0.8). The operative EBITA margin was -0.5% (-1.6). The main reason for the positive development was stabilised production performance including lower risk level in projects. Increased volumes towards the end of Q3 showed a positive impact on operative EBITA.

January–September 2021

Net sales decreased by EUR 47.8 million to EUR 125.9 million (173.7), representing a decline of 27.5%. The decrease is largely explained by the loss of a large service contract, mainly relating to the copper network, lower fibre volumes with a specific customer and harsh winter conditions in Q1. Divestment of the Aviation & Security business area in Q2 2020 had an impact of EUR -8.5 million.

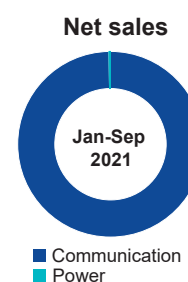
Operative EBITA decreased to EUR -2.6 million (-1.3). The operative EBITA margin was -2.1% (-0.7). The decrease is a consequence of lower volumes and a write-down in Q2 relating to an old power project. The comparative period contained a positive one-off item of EUR 0.9 million due to a release of a provision.

Work is ongoing to restructure the Swedish business and the efficiency and productivity programme continues.

Norway

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	38.2	42.1	114.2	136.0	177.7
Operative EBITA	2.9	4.1	6.8	10.3	14.3
Number of employees, end of period	929	979	929	979	943
Key ratios					
Net sales growth, %	-9.3%	-26.4%	-16.0%	-14.6%	-18.8%
Organic growth ¹⁾ , %	-13.1%	-	-20.1%	-	-
Currency translation effect in net sales, MEUR	1.6	-3.6	5.6	-13.5	-16.6
Operative EBITA margin, %	7.6%	9.8%	6.0%	7.5%	8.0%

1) Adjusted for currency effects.



July–September 2021

Net sales decreased by EUR 3.9 million to EUR 38.2 million (42.1), representing a decrease of 9.3%. Currency effects had a positive impact on net sales of EUR 1.6 million. The main reason for the decline was reduced investments by customers, largely due to COVID-19.

Operative EBITA decreased to EUR 2.9 million (4.1). The operative EBITA margin remained on a good level at 7.6% (9.8) despite lower volumes compared to previous year.

January–September 2021

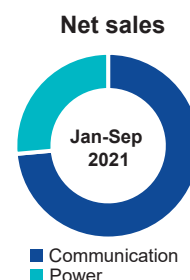
Net sales decreased by EUR 21.8 million to EUR 114.2 million (136.0), representing a decrease of 16.0%. Currency effects had a positive net sales impact of EUR 5.6 million. Main reasons for the decline were the decrease and delays in customer investments due to COVID-19, the ramp up of the renewed Telenor frame agreement and harsh winter conditions affecting the fibre production in Q1.

Operative EBITA decreased to EUR 6.8 million (10.3). The operative EBITA margin decreased to 6.0% (7.5) due to change in production mix. Improved efficiency partly offset the decrease and ensured good margins, although somewhat lower compared to the same period last year.

Denmark

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	17.8	25.8	68.6	88.3	118.1
Operative EBITA	0.2	1.0	4.1	4.1	5.0
Number of employees, end of period	490	641	490	641	637
Key ratios					
Net sales growth, %	-30.8%	0.9%	-22.3%	14.1%	8.0%
Organic growth ¹⁾ , %	-30.9%	-	-22.5%	-	-
Currency translation effect in net sales, MEUR	0.0	0.1	0.2	0.1	0.2
Operative EBITA margin, %	1.0%	3.8%	6.0%	4.7%	4.3%

1) Adjusted for currency effects.



July–September 2021

Net sales decreased by EUR 7.9 million to EUR 17.8 million (25.8), representing a decrease of 30.8%. The decrease mainly resulted from a partial insourcing of an agreement by a major customer.

Operative EBITA decreased to EUR 0.2 million (1.0). The operative EBITA margin was 1.0% (3.8). Main driver was the lower volumes compared to the previous year

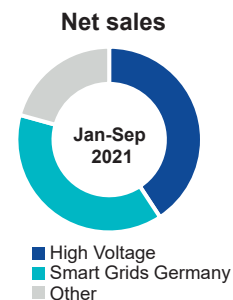
January–September 2021

Net sales decreased by EUR 19.6 million to EUR 68.6 million (88.3), representing a decrease of 22.3%. The decrease is primarily driven by lower fibre volumes compared to a strong 2020, partial insourcing of an agreement by a major customer as well as the completion of a large communication project in Q4 2020.

Operative EBITA amounted to EUR 4.1 million (4.1). The operative EBITA margin was 6.0% (4.7). Improved project management and a positive one-off of EUR 0.8 million related to a partial insourcing of an agreement by a major customer offset the lower volumes.

Other business

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	22.0	29.9	65.0	100.4	127.5
Operative EBITA	-2.2	-0.9	-3.6	-3.2	-3.3
Number of employees, end of period	1,089	1,545	1,089	1,545	1,235



Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as Power Transmission International and Rail businesses that are under ramp down. The German communication business was included in Other business until its divestment in Q2 2020.

July–September 2021

Net sales decreased by EUR 7.9 million to EUR 22.0 million (29.9), representing a decrease of 26.4%. The majority of the decrease came from High Voltage project delays and postponements in Poland, due to quality issues, the Polish market situation and COVID-19. The operational completion of the Reisadalen high voltage project in Norway, and the ongoing ramp down of Power Transmission International also had an impact. The last remaining project in Africa was operationally completed during the period.

Operative EBITA decreased to EUR -2.2 million (-0.9), mainly as a result of reduced net sales, increased material prices, and margin adjustments in old projects in High Voltage Poland that are delayed or being closed. Operative EBITA in High Voltage was EUR -3.2 million, while Smart Grids Germany continued to perform well.

January–September 2021

Net sales decreased by EUR 35.4 million to EUR 65.0 million (100.4), representing a decrease of 35.2%. Of the decline, EUR 10.7 million came from the divestment of the German communication business in Q2 2020. The remainder came primarily from significant volume reduction in High Voltage. In Poland, we continued to see project delays and postponements by customers. In Norway, the Reisadalen project is operationally closed. The ongoing ramp down of Power Transmission International continued as planned. Smart Grids Germany partly offset the decline as volumes grew in a favourable market.

Operative EBITA decreased to EUR -3.6 million (-3.2), mainly due to the negative operative EBITA of EUR -7.6 million in High Voltage, primarily Poland. Smart Grids Germany improved compared to last year and together with Power Transmission International contributed positively to the result.

Cash flow

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
EBIT	4.0	5.8	7.5	26.7	24.8
Depreciation and amortisation	7.9	9.8	24.5	29.0	38.2
EBITDA	11.9	15.6	32.1	55.7	63.0
Changes in working capital	-18.2	-28.3	-35.4	-25.1	16.6
Total financial expenses and taxes	-0.3	-3.2	-5.2	-9.3	-13.9
Adjustment for gain/loss on sales of assets and business ¹⁾	0.0	0.6	-0.1	-19.9	-14.7
Other	-1.1	-1.0	-3.4	-3.0	-1.6
Cash flow from operating activities	-7.8	-16.2	-12.0	-1.7	49.4
Cash flow from investing activities	0.1	-1.1	-5.2	33.7	33.5
Cash flow from financing activities	-4.5	-11.5	8.6	-87.3	-121.6
Net change in cash and cash equivalents	-12.2	-28.7	-8.6	-55.3	-38.7
Cash and cash equivalents at beginning of period	30.0	37.2	26.0	65.2	65.2
Foreign exchange rate effect	-0.1	0.0	0.3	-1.5	-0.6
Cash and cash equivalents at end of period	17.7	8.5	17.7	8.5	26.0

1) Includes EUR 20.4 million gain from divestment of the German communication business and business area Aviation & Security in Q2 2020. Condensed consolidated statement of cash flows is presented on page 18.

July–September 2021

Cash flow from operating activities was EUR -7.8 million (-16.2). Change in net working capital had a negative impact of EUR 18.2 million (-28.3) on cash flow, reflecting the seasonal production build-up pattern and gradual ramping down of COVID-19 related support mechanisms by countries and certain large customers. The seasonal pattern was slightly flattened by release of working capital from certain High Voltage projects.

Net cash flow from investing activities was EUR 0.1 million (-1.1), of which EUR 0.6 million was a down payment for an agreed sale of real estate in Poland and EUR -0.7 million (-1.1) was other net capital expenditure.

Cash flow from financing activities was EUR -4.5 million (-11.5), mainly from net impact of payments of lease liabilities amounting to EUR -5.6 million (-5.9). The comparative period included amortisation of external loans of EUR 10.0 million and EUR 5.1 million net change in utilisation of other credit facilities. Following the closing of the FCCA case in Eltel's favour in August 2021, EUR 35.0 million has been released from an escrow account for repayment to the former shareholders.

January–September 2021

Cash flow from operating activities was EUR -12.0 million (-1.7). Main items were EBITDA of EUR 32.1 million, financial expenses and taxes of EUR -5.2 million and change in net working capital of EUR -35.4 million. The amount of net working capital increased from a very low level at the end of 2020 and at the end of the quarter was EUR 9.8 million (17.3).

Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. Eltel's net working capital level is also impacted by remaining working capital-intensive projects, mainly in High Voltage Poland. These projects, and delays in them, result in continued tie-up of substantial working capital and are expected to create volatility in the net working capital also going forward.

Net cash flow from investing activities was EUR -5.2 million (33.7) consisting mainly of EUR -3.8 million from the divestment of High Voltage Germany and EUR -1.4 million (-4.1) from net capital expenditure. In the comparative period, the impact of business divestments was EUR 37.9 million.

Cash flow from financing activities was EUR 8.6 million (-87.3), mainly from increase in commercial paper programme utilisation of EUR 26.0 million and EUR -17.9 million (-19.3) net impact of payments of lease liabilities. The comparative period included EUR 20.0 million external loans amortisation and EUR 48.3 million reduction in other credit facilities, partially with the proceeds from business divestments. Following the closing of the FCCA case in Eltel's favour in August 2021, EUR 35.0 million has been released from an escrow account for repayment to the former shareholders.

Eltel has focused on strengthening its balance sheet and lowering net debt for the past years. The efforts have been successful and net debt, as defined in the financing agreement, remained on a good level at EUR 100.4 million (108.9).

Financial position, cash and cash equivalents

Equity at the end of the period was EUR 224.0 million (219.9) and total assets were EUR 626.2 million (691.2). The equity ratio was 37.6% (33.2).

At the end of the quarter, available liquidity reserves amounted to EUR 127.7 million (118.3). On the same date, EUR 79.0 million of Eltel's commercial paper programme was utilised (EUR 53.0 million at year-end 2020).

Eltel has financing agreements with its bank group comprising term loans, a revolving credit facility and certain commercial guarantees. Said agreements were extended in December 2020 and are now effective until February 2023. The credit facilities governed by the agreements have covenants pertaining to minimum adjusted EBITDA, minimum liquidity and maximum net debt. With the latest extension, new covenant levels for minimum adjusted EBITDA were agreed for the year 2022, and maximum net debt was set to decrease from EUR 100 million at the end of 2021 to EUR 90 million at the end of 2022. The minimum liquidity covenant level, as well as the other terms and conditions previously agreed between the parties, remain unchanged throughout the extended agreements. The minimum adjusted EBITDA and maximum net debt covenants, as defined in the financing agreements, are excluding IFRS 16 impact. Bilateral account overdrafts with banks are renewed annually.

At the end of the quarter the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 98.4 million (114.0). The amount of the commercial guarantees issued on behalf of joint ventures and third parties was EUR 0.1 million (5.6).

Interest-bearing liabilities and net debt

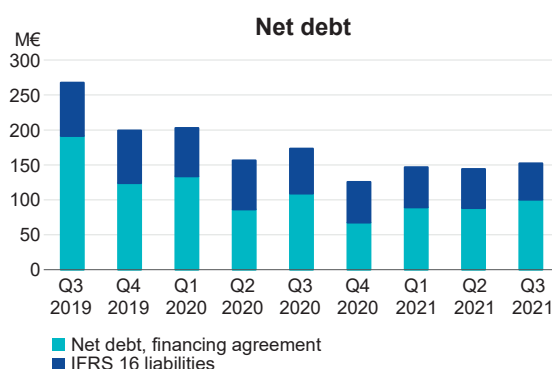
EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Interest-bearing debt in balance sheet	115.8	114.2	89.8
Leasing liabilities in balance sheet	53.4	67.1	60.8
Allocation of effective interest to periods	0.8	0.6	1.0
Less cash and cash equivalents	-17.7	-8.5	-26.0
Net debt	152.3	173.3	125.6
Less leasing liabilities not included in financing agreement	-51.9	-64.4	-58.3
Adjusted for held for sale	-	-	0.0
Net debt, financing agreement	100.4	108.9	67.4

Interest-bearing debt amounted to EUR 115.8 million (114.2) of which EUR 27.3 million (35.0) was non-current and EUR 88.5 million (79.2) was current. Leasing liabilities amounted to EUR 53.4 million (67.1) of which EUR 34.4 million (43.9) was non-current and EUR 19.0 million (23.1) was current.

Credit facilities

EUR million	30 Sep 2021	Maturity
Term loan, non-current	25.8	Feb 2023
Term loan, current	1.5	Jun 2022
Term loan, current	10.0	Dec 2021
Revolving credit facility	90.0	Feb 2023
Account overdrafts	20.0	Annual renewals
Total committed credit facilities	147.3	
Commercial paper programme	150.0	N/A

Term loans, revolving credit facility and account overdrafts form the Group's committed credit facilities. Additional to committed facilities, the Group also has access to short-term debt capital markets via a commercial paper programme of EUR 150 million. At the reporting date EUR 79.0 million (53.5) of the commercial paper programme and EUR 0.0 million (0.0) of the revolving credit facility were utilised.



Other information

Risks and uncertainty factors

During the quarter, an assessment of Eltel Sweden's future business expectations and uncertainties in the market environment was completed. The assessment shows additional opportunities beyond the declining copper market and slowdown of building fibre networks, for example in public infrastructure. This has led Eltel to conclude that there is no risk of goodwill impairment in 2021.

On 28 June 2018, Eltel received a letter from Nasdaq Stockholm where the exchange stated that it intends to request the Nasdaq Stockholm Disciplinary Committee to decide whether Eltel has breached its obligations in relation to the Nasdaq Stockholm Rulebook for Issuers. The matter relates to alleged deficiencies in Eltel's capacity for providing information to the market during 2016 and 2017. Eltel has responded outlining its reasons for rejecting any breach. In June 2021 the matter was referred to the Disciplinary Committee for its perusal. Any decision taken by the Disciplinary Committee will be made public.

On 31 October 2014, the Finnish Competition and Consumer Authority (FCCA) proposed the imposition of a fine of EUR 35 million on Eltel in the Finnish Market Court, claiming that Eltel had participated in a competition law violation relating to Eltel's power transmission line construction and planning business in Finland during the period 2004–2011. In relation to the listing of Eltel on Nasdaq Stockholm in February 2015, the selling shareholders entered into an agreement under which they contributed EUR 35 million to an escrow account held by Eltel to cover any fines (excluding costs and damages from third-party claims) payable by Eltel in relation to the FCCA case. In the event of a final decision requiring Eltel to pay a fine, the equivalent amount would be converted into equity from the escrow. On 20 August 2021, the Finnish Supreme Administrative Court issued a decision by which it dismissed FCCA's proposal. The decision brings an end to the proceedings that were opened by the FCCA in 2014. Therefore, the EUR 35 million has been released from the escrow account for repayment to the former shareholders. More information about the FCCA case is available in the 2020 Annual Report (page 32).

Eltel plays an important role in maintaining critical societal functions in difficult situations, such as the current COVID-19 pandemic. However, there is uncertainty about the future impact and duration of the pandemic and, as such, it may continue to have a negative effect on Eltel's business.

Materials prices and logistic challenges have increased as a consequence of COVID-19. This is foreseen to have a negative impact on Eltel's profitability in 2021 and may continue to affect particularly the power business also in 2022.

Eltel has faced significant profitability challenges in its High Voltage business in Poland. Restructuring of the business is ongoing, but there is a risk of negative results also going forward.

There is a risk that the covenants under the existing financing agreement are not met during the transformation period.

For information regarding risks and uncertainties, please refer to Eltel's 2020 Annual Report which was published on 30 March 2021 and is available on Eltel's website at www.eltelgroup.com.

Large agreements announced during the reporting period

On 20 August 2021, it was announced that Eltel Norway has signed a project agreement with Telenor to upgrade Telenor's telecommunications network with 5G technology. The agreement is worth EUR 12-16 million.

Financial guidance

Eltel expects the full-year 2021 operative EBITA margin to increase compared to 2020.

Related party transactions

Upon completion of the FCCA case in Q3 2021, EUR 35 million has been released from an escrow account for repayment to the former shareholders of Eltel's share. No other significant transactions took place between Eltel and related parties during the period.

Seasonality

Eltel's businesses are generally characterised by seasonal patterns and cyclicity of the project business that adds volatility to net sales, EBITA and cash flow. Seasonality is normally driven by a number of factors, including weather conditions, the timing of customer order placements and completion of work phases. The Eltel Group has historically reported higher revenues and operating profit in the second half of the year. Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. At the end of the year, as production volumes decrease, cash flow has normally been stronger. For more details, please refer to quarterly key financial figures for the Group on page 20.

Presentation of the interim report January–September 2021

Analysts and media are invited to participate in the interim report January–September 2021 briefing on 3 November 2021 at 10:00 am CET where Eltel's President and CEO Casimir Lindholm and CFO Salla Miettinen-Lähde will host a presentation. A live webcast as well as the presentation will be available at www.eltelgroup.com/investors.

For further information, please contact:

Salla Miettinen-Lähde, CFO
Phone: +358 40 548 3695, salla.miettinen-lahde@eltelnetworks.com

Elin Otter, Director, Communications and Investor Relations
Phone: +46 72 59 54 692, elin.otter@eltelnetworks.com

Financial calendar

- Full-year report January–December 2021: 17 February 2022
- Interim report January–March 2021: 4 May 2022
- Half-year report January–June 2022: 26 July 2022
- Interim report January–September 2022: 2 November 2022
- Annual Report 2021: week 13, 2022
- Annual General meeting 2022: 11 May 2022

This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 3 November 2021.

Signature of the CEO

Stockholm, Sweden, 3 November 2021

Casimir Lindholm, President and CEO

Translation from the Swedish original

Review report

To the Board of Directors of Eltel AB (publ)

Corp. id. 556728-6652

Introduction

We have reviewed the condensed interim financial information (interim report) of Eltel AB (publ) as of 30 September 2021 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 3 November 2021

KPMG AB

Fredrik Westin

Authorized Public Accountant

Condensed financial information

Condensed consolidated income statement

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	193.8	226.7	586.2	708.8	938.0
Cost of sales	-172.4	-200.7	-523.1	-633.3	-838.6
Gross profit	21.4	26.0	63.2	75.5	99.4
Other income	0.5	0.3	1.9	21.6	22.5
Selling and administrative expenses	-17.5	-19.6	-56.9	-68.6	-89.2
Other expenses	-0.5	-0.8	-0.7	-1.7	-7.7
Share of profit/loss of joint ventures	-	-0.1	-	-0.1	-0.2
Operating result (EBIT)	4.0	5.8	7.5	26.7	24.8
Financial income	0.0	0.1	0.1	0.4	0.5
Financial expenses	-1.4	-2.5	-4.1	-7.8	-10.3
Net financial expenses	-1.4	-2.4	-4.0	-7.4	-9.8
Result before taxes	2.6	3.5	3.5	19.3	14.9
Taxes	-0.8	-0.4	-2.7	-7.0	-9.7
Net result	1.8	3.1	0.8	12.3	5.3
Attributable to:					
Equity holders of the parent	1.6	2.6	0.4	11.9	4.7
Non-controlling interest	0.2	0.4	0.3	0.3	0.6
Earnings per share (EPS)					
Basic, EUR	0.01	0.02	0.00	0.08	0.03
Diluted, EUR	0.01	0.02	0.00	0.08	0.03

Condensed consolidated statement of comprehensive income

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net profit for the period	1.8	3.1	0.8	12.3	5.3
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Revaluation of defined benefit plans, net of tax	2.8	-3.8	3.5	-4.1	-4.8
Items that may be subsequently reclassified to profit and loss					
Cash flow hedges, net of tax	-	0.0	-	0.1	0.1
Net investment hedges, net of tax	0.1	0.4	0.1	1.2	-0.9
Currency translation differences	-0.8	-2.2	0.7	-9.6	-0.6
Total	-0.7	-1.8	0.8	-8.3	-1.4
Other comprehensive income/loss for the period, net of tax	2.1	-5.6	4.4	-12.4	-6.2
Total comprehensive income/loss for the period	3.9	-2.5	5.1	-0.1	-0.9
Total comprehensive income/loss attributable to:					
Equity holders of the parent	3.7	-3.0	4.8	-0.5	-1.5
Non-controlling interest	0.2	0.4	0.3	0.3	0.6

Condensed consolidated balance sheet

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	265.0	258.0	264.9
Intangible assets	39.9	38.9	38.3
Property, plant and equipment	11.0	23.4	20.0
Right-of-use assets	52.1	65.6	59.2
Investments	0.6	0.5	0.5
Deferred tax assets	17.7	19.9	19.1
Other financial assets	-	35.0	-
Trade and other receivables	0.4	0.4	0.4
Total non-current assets	386.6	441.6	402.5
Current assets			
Inventories	12.4	11.2	12.1
Other financial assets	-	-	35.0
Trade and other receivables	207.1	229.9	201.7
Cash and cash equivalents	17.7	8.5	26.0
Total current assets	237.2	249.6	274.8
Assets held for sale ²⁾	2.4	-	0.0
TOTAL ASSETS	626.2	691.2	677.3
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	216.5	212.7	211.7
Non-controlling interest	7.5	7.3	7.5
Total equity	224.0	219.9	219.2
Non-current liabilities			
Debt	25.8	35.0	27.7
Leasing liabilities	34.4	43.9	39.0
Liabilities to shareholders ¹⁾	-	35.0	-
Retirement benefit obligations	14.3	17.0	17.4
Deferred tax liabilities	10.7	10.9	11.0
Provisions	2.6	2.8	2.7
Other non-current liabilities	0.5	0.5	0.5
Total non-current liabilities	88.4	145.1	98.4
Current liabilities			
Debt	90.0	79.2	62.1
Leasing liabilities	19.0	23.1	21.8
Liabilities to shareholders ¹⁾	-	-	35.0
Provisions	6.1	8.1	7.5
Advances received	29.8	29.1	32.2
Trade and other payables	169.0	186.7	197.4
Total current liabilities	313.9	326.1	356.0
Liabilities associated with assets held for sale ²⁾	-	0.0	3.8
Total liabilities	402.2	471.3	458.1
TOTAL EQUITY AND LIABILITIES	626.2	691.2	677.3

1) Refers to selling shareholders at the time of the listing on 6 February 2015. See page 13 for more information on the FCCA-case.

2) Assets held for sale include real estate in Poland on 30 September 2021 and German high voltage business on 31 December 2020.

Condensed consolidated statement of cash flows

EUR million	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Cash flow from operating activities			
Operating result (EBIT)	7.5	26.7	24.8
Adjustments:			
Depreciation and amortisation	24.5	29.0	38.2
Gain/loss on sales of assets and business ¹⁾	-0.1	-19.9	-14.7
Defined benefit pension plans	-2.9	-2.7	-3.0
Other non-cash adjustments	-0.4	-0.3	1.4
Cash flow from operations before interests, taxes and changes in working capital	28.6	32.7	46.7
Interest and other financial expenses paid, net	-3.0	-8.0	-10.4
Income taxes received/paid	-2.2	-1.3	-3.5
Total financial expenses and taxes	-5.2	-9.3	-13.9
Changes in working capital:			
Trade and other receivables	-6.0	-6.5	24.9
Trade and other payables	-29.0	-21.5	-10.4
Inventories	-0.4	2.9	2.1
Changes in working capital	-35.4	-25.1	16.6
Net cash from operating activities	-12.0	-1.7	49.4
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE), net	-1.4	-4.1	-4.4
Disposal of business, net of cash disposed of ¹⁾	-3.8	37.9	37.9
Net cash from investing activities	-5.2	33.7	33.5
Cash flow from financing activities			
Proceeds from short-term financial liabilities	26.0	29.6	38.4
Payments of short-term financial liabilities	-	-77.9	-87.4
Payments of financial liabilities, term loans	-	-20.0	-46.1
Proceeds from other financial assets	35.0	-	-
Payments of liabilities to shareholders	-35.0	-	-
Payments of lease liabilities	-17.9	-19.3	-26.2
Dividends to non-controlling interest	-0.4	-0.6	-0.6
Change in non-liquid financial assets	0.9	0.9	0.2
Net cash from financing activities	8.6	-87.3	-121.6
Net change in cash and cash equivalents	-8.6	-55.3	-38.7
Cash and cash equivalents at beginning of period	26.0	65.3	65.2
Foreign exchange rate effect	0.3	-1.5	-0.6
Cash and cash equivalents at end of period	17.7	8.5	26.0

1) EBIT includes EUR 20.4 million gain from divestment of the German communication business and business area Aviation & Security in Q2 2020 and EUR 5.7 million loss from valuation of the German high voltage business as held for sale in Q4 2020. Divestments had EUR 37.9 million impact in Q2 2020 and EUR -3.8 million in Q2 2021.

Condensed consolidated statement of changes in equity

EUR million	Equity attributable to shareholders of the parent						Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation			
Equity at 1 Jan 2021	158.8	490.6	-370.6	-41.5	10.6	-36.3	211.7	7.5	219.2
Total comprehensive income for the period	-	-	0.4	3.5	0.1	0.7	4.8	0.3	5.1
Transactions with owners:									
Equity-settled share-based payment	-	-	0.1	-	-	-	0.1	-	0.1
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.4	-0.4
Total transaction with owners	-	-	0.1	-	-	-	0.1	-0.4	-0.3
Equity at 30 Sep 2021	158.8	490.6	-370.1	-38.0	10.7	-35.5	216.5	7.5	224.0

EUR million	Equity attributable to shareholders of the parent						Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation			
Equity at 1 Jan 2020	158.8	490.6	-375.4	-36.7	11.4	-35.7	213.1	7.6	220.7
Total comprehensive income for the period	-	-	11.9	-4.1	1.3	-9.6	-0.5	0.3	-0.1
Transactions with owners:									
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.6	-0.6
Total transaction with owners	-	-	0.0	-	-	-	0.0	-0.6	-0.6
Equity at 30 Sep 2020	158.8	490.6	-363.4	-40.8	12.7	-45.3	212.7	7.3	219.9

EUR million	Equity attributable to shareholders of the parent						Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation			
Equity at 1 Jan 2020	158.8	490.6	-375.4	-36.7	11.4	-35.7	213.1	7.6	220.7
Total comprehensive income for the period	-	-	4.7	-4.8	-0.8	-0.6	-1.5	0.6	-0.9
Transactions with owners:									
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.6	-0.6
Total transaction with owners	-	-	0.0	-	-	-	0.0	-0.6	-0.6
Equity at 31 Dec 2020	158.8	490.6	-370.6	-41.5	10.6	-36.3	211.7	7.5	219.2

Notes to the condensed consolidated interim financial statements

Accounting principles

This condensed interim report has been prepared in accordance with *IAS 34 Interim Financial Reporting* and applicable regulations in the Swedish Annual Accounts Act. The accounting principles adopted are the same with those of the Group's and the Parent Company's annual financial statements for the year ended 31 December 2020. The new IFRS standards and amendments effective for the first time for 2021 financial year or later are not expected to have any material impact on Group's financial statements.

Key figures

Key figures for the period

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020	Rolling 12-mon
Net sales	193.8	226.7	586.2	708.8	938.0	815.4
Net sales growth, %	-14.5	-19.6	-17.3	-12.4	-13.8	-17.4
Operative EBITA	4.1	6.7	7.8	7.5	11.4	11.8
Operative EBITA margin, %	2.1	2.9	1.3	1.1	1.2	1.4
Operative EBITA, segments	7.7	8.6	16.9	16.9	22.9	23.0
Operative EBITA margin, %, segments	4.4	4.3	3.2	2.7	2.8	3.1
Items affecting comparability	-	-0.7	-0.1	19.8	14.1	-5.7
EBITDA	11.9	15.6	32.1	55.7	63.0	39.4
Operating result (EBIT)	4.0	5.8	7.5	26.7	24.8	5.7
EBIT margin, %	2.1	2.6	1.3	3.8	2.6	0.7
Result after financial items	2.6	3.5	3.5	19.3	14.9	-0.8
Net result for the period	1.8	3.1	0.8	12.3	5.3	-6.2
Earnings per share EUR, basic and diluted	0.01	0.02	0.00	0.08	0.03	-0.04
Return on equity (ROE), % ¹⁾	-2.8	0.2	-2.8	0.2	2.4	-2.8
Return on operative capital employed (ROCE), % ¹⁾	11.6	-4.9	11.6	-4.9	13.0	11.6
Leverage ratio ¹⁾	3.9	3.4	3.9	3.4	2.0	3.9
Net working capital	9.8	17.3	9.8	17.3	-25.1	9.8
Number of personnel, end of period	5,057	6,012	5,057	6,012	5,449	5,057

Quarterly key figures

EUR million	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020
Net sales	193.8	210.4	182.0	229.2	226.7	245.5	236.6
Net sales growth, %	-14.5	-14.3	-23.1	-17.8	-19.6	-11.1	-5.7
Operative EBITA	4.1	4.4	-0.7	4.0	6.7	2.8	-2.1
Operative EBITA margin, %	2.1	2.1	-0.4	1.7	2.9	1.2	-0.9
Operative EBITA, segments	7.7	6.8	2.4	6.0	8.6	4.7	3.5
Operative EBITA margin, %, segments	4.4	3.6	1.5	2.9	4.3	2.2	1.7
Items affecting comparability	-	-0.1	-	-5.7	-0.7	20.4	-
EBITDA	11.9	12.7	7.5	7.3	15.6	32.7	7.3
Operating result (EBIT)	4.0	4.3	-0.8	-1.9	5.8	23.1	-2.2
EBIT margin, %	2.1	2.0	-0.4	-0.8	2.6	9.4	-0.9
Result after financial items	2.6	3.0	-2.1	-4.3	3.5	20.0	-4.2
Net result for the period	1.8	1.6	-2.7	-7.0	3.1	14.0	-4.8
Earnings per share EUR, basic and diluted	0.01	0.01	-0.02	-0.05	0.02	0.09	-0.03
Return on equity (ROE), % ¹⁾	-2.8	-2.2	3.5	2.4	0.2	-2.8	-10.1
Return on operative capital employed (ROCE), % ¹⁾	11.6	16.8	13.5	13.0	-4.9	-7.0	-6.6
Leverage ratio ¹⁾	3.9	3.3	2.3	2.0	3.4	3.1	6.9
Net working capital	9.8	-7.1	-4.8	-25.1	17.3	-12.6	0.5
Number of personnel, end of period	5,057	5,202	5,330	5,449	6,012	6,215	6,652

¹⁾ Calculated on a rolling 12-month basis.
Please see page 25 for definitions of the key ratios.

Net sales by segment

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Finland	77.9	80.3	218.4	217.5	300.2
Sweden	40.2	50.9	125.9	173.7	224.5
Norway	38.2	42.1	114.2	136.0	177.7
Denmark	17.8	25.8	68.6	88.3	118.1
Other business ¹⁾	22.0	29.9	65.0	100.4	127.5
Eliminations between segments	-2.3	-2.3	-6.0	-7.1	-10.1
Net sales, total	193.8	226.7	586.2	708.8	938.0

1) Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as Power Transmission International and Rail businesses that are under ramp down. The German communication business was included in Other business until its divestment in Q2 2020.

Net sales by segment divided to communication and power

EUR million		Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Finland	Communication	30.5	29.2	79.6	72.0	102.5
	Power	47.4	51.1	138.9	145.6	197.8
Sweden	Communication	36.0	45.1	113.2	157.8	204.2
	Power	4.2	5.8	12.7	15.9	20.3
Norway	Communication	38.1	42.2	113.9	135.6	177.2
	Power	0.1	0.0	0.3	0.4	0.5
Denmark	Communication	12.3	20.6	50.5	72.4	96.2
	Power	5.6	5.2	18.1	15.8	21.9
Other business	Communication	3.3	3.5	9.4	19.7	23.4
	Power	17.3	23.2	51.6	68.7	90.8
	Other operations	1.5	3.3	4.1	12.1	13.3
Eliminations between segments		-2.3	-2.3	-6.0	-7.1	-10.1
Net sales, total		193.8	226.7	586.2	708.8	938.0

Internal net sales consist mainly of net sales from communication in Lithuania, reported in other business. There are no material internal net sales in any of the segments.

Net sales by business

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Communication	118.1	138.5	361.4	451.4	594.9
Power	74.3	84.9	220.8	245.4	329.8
Other operations	1.5	3.3	4.1	12.1	13.3
Net sales, total	193.8	226.7	586.2	708.8	938.0

Net sales by service split

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Project delivery	34.8	50.9	108.2	154.4	201.9
Upgrade services	107.8	111.8	325.1	373.0	495.9
Maintenance	51.2	64.0	152.9	181.4	240.2
Net sales, total	193.8	226.7	586.2	708.8	938.0

Reconciliation of segment results

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Operative EBITA by segment					
Finland	4.8	4.3	8.6	3.8	7.2
Sweden	-0.2	-0.8	-2.6	-1.3	-3.7
Norway	2.9	4.1	6.8	10.3	14.3
Denmark	0.2	1.0	4.1	4.1	5.0
Sum segments	7.7	8.6	16.9	16.9	22.9
Other business	-2.2	-0.9	-3.6	-3.2	-3.3
Group functions	-1.5	-1.1	-5.6	-6.2	-8.1
Operative EBITA, Group	4.1	6.7	7.8	7.5	11.4
Gain/loss on sale of business	-	-	-	20.4	19.8
Valuation as held for sale	-	-0.7	-0.1	-0.7	-5.7
Total items affecting comparability in EBITA ¹⁾	-	-0.7	-0.1	19.8	14.1
Amortisation of acquisition-related intangible asset	-0.1	-0.2	-0.2	-0.5	-0.7
Operating result (EBIT)	4.0	5.8	7.5	26.7	24.8
Financial expenses, net	-1.4	-2.4	-4.0	-7.4	-9.8
Result before taxes	2.6	3.5	3.5	19.3	14.9

1) In Jan-Dec 2020, items affecting comparability in EBITA include EUR 20.4 million positive impact from divestment of the German communication business and business area Aviation & Security and EUR -0.7 million from divestment of Eltel's share in Murphy Eltel JV Limited. In Q3 2020 the impact of Murphy Eltel JV Limited was presented as held for sale. Sale of German high voltage business had EUR -5.7 million impact from valuation as held for sale in Q4 2020 and EUR -0.1 million impact at completion in Q2 2021.

Net working capital and operative capital employed

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Inventories	12.4	11.2	12.1
Trade and other receivables	207.1	229.9	201.7
Provisions	-8.8	-10.9	-10.2
Advances received	-29.8	-29.1	-32.2
Trade and other payables	-169.0	-186.7	-197.4
Other	-2.1	2.9	0.9
Net working capital	9.8	17.3	-25.1
Intangible assets excluding acquisition-related allocations	12.4	10.8	10.4
Property, plant and equipment	11.0	23.4	20.0
Right-of-use assets	52.1	65.6	59.2
Operative capital employed	85.3	117.1	64.5

Assets and liabilities held for sale are not included: On 30 September 2021 real estate in Poland and on 31 December 2020 German high voltage business.

Personnel by segment

	30 Sep 2021	30 Sep 2020	31 Dec 2020
Finland	1,488	1,445	1,470
Sweden	910	1,234	1,003
Norway	929	979	943
Denmark	490	641	637
Other business	1,089	1,545	1,235
Group functions	151	168	161
Total personnel (end of period)	5,057	6,012	5,449

Contract balances

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Trade receivables	87.5	102.1	98.8
Contract assets	99.7	101.1	85.1
Total assets related to contracts with customers	187.2	203.2	183.9
Advances received	29.8	29.1	32.2
Total liabilities related to contracts with customers	29.8	29.1	32.2

Trade receivables and contract assets are included in the trade and other receivable line in the above net working capital table. Advances received represent contract liabilities.

Acquisitions, disposals and assets held for sale

January–September 2021

During January–September 2021 there were no acquisitions.

On 22 March 2021, Eltel signed an agreement to divest its German high voltage business to ENACO GmbH, a German service provider in the energy sector. The transaction was completed on 30 April 2021 and it had a negative cash flow effect of EUR 3.8 million and impact on Group EBIT of EUR -0.1 million in Q2 2021. Eltel classified its German high voltage business as assets held for sale at the end of 2020 and the revaluation had EUR -5.7 million impact on Group EBIT in Q4 2020. Eltel has as part of the divestment engaged ENACO as a subcontractor for the completion of certain projects, which are expected to be completed during 2021 and 2022.

On 30 September 2021, Eltel classified a real estate in Poland as assets held for sale.

Full-year 2020

During January–December 2020 there were no acquisitions.

In 2020 the following divestments were completed:

On 30 April 2020, Eltel divested its German Communication business. The total consideration of the transaction was EUR 19.0 million, positive cash flow impact amounted to EUR 19.0 million and sales gain impact was EUR 13.7 million on Group EBIT in Q2 2020.

On 30 April 2020, Eltel divested its Swedish business area Aviation & Security. The total consideration of the transaction was EUR 18.2 million, positive cash flow impact amounted to EUR 18.9 million and sales gain impact was EUR 6.7 million on Group EBIT in Q2 2020.

On 18 December 2020, Eltel sold its 50% share in the Murphy Eltel JV Limited in the UK. In Q3 2020, Eltel classified its share in Murphy Eltel JV Limited as held for sale and the revaluation had EUR -0.7 million impact on Group EBIT.

At the end of Q4 2020 Eltel classified its German high voltage business as assets held for sale. The assets were revalued to fair value less cost to sell and the revaluation had EUR -5.7 million impact on Group EBIT.

Assets and liabilities held for sale

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Assets			
Goodwill and other intangible assets	-	-	0.0
Property, plant and equipment	2.4	-	0.0
Right-of-use assets	-	-	0.0
Investments in joint venture	-	0.0	-
Trade receivables and other assets	-	-	0.0
Total assets held for sale	2.4	0.0	0.0
Liabilities			
Leasing liabilities	-	-	0.0
Advances received	-	-	-
Trade and other liabilities	-	-	3.8
Total liabilities held for sale	-	-	3.8

Leasing

Right-of-use assets

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Buildings	29.6	34.7	32.0
Machinery and equipment	22.5	30.9	27.2
Total	52.1	65.6	59.2

Changes in the right-of-use assets during the period

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
1 Jan	59.2	77.4	77.4
Additions	13.0	13.1	13.6
Depreciations	-17.5	-20.1	-26.7
Transfer to assets held for sale	-	-	-1.3
Divestments	0.0	-3.8	-3.8
Other	-2.6	-1.0	0.0
Balance at the end of period	52.1	65.6	59.2

Leasing liabilities

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Non-current	34.4	43.9	39.0
Current	19.0	23.1	21.8
Total	53.4	67.1	60.8

Deferred taxes

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
Deferred tax assets	17.7	19.9	19.1
Deferred tax liabilities	-10.7	-10.9	-11.0
Sum	7.0	9.0	8.2

There were no changes in deferred tax assets for losses carried forward during January-September 2021. In December 2020, gross amount of EUR 13.0 million (17.0) was recognised, of which EUR 6.0 million (10.0) related to operations in Sweden. Deferred tax assets are recognised for tax loss carry forwards to the extent that the utilisation against future taxable profits is probable. The future taxable profit estimate is based on current business plans approved by management.

Financial instruments

Derivative financial instruments

EUR million	30 Sep 2021		30 Sep 2020		31 Dec 2020	
	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Foreign exchange rate derivatives	50.5	0.0	36.0	-0.2	30.9	0.3
Embedded derivatives	-	-	1.2	-0.1	1.3	-0.2
Total	50.5	0.0	37.2	-0.3	32.2	0.0

Financial assets recognised at fair value through profit and loss comprise solely derivatives. Fair values of the derivative instruments are based on market values (level 2 observable input information) at balance sheet date.

Fair value of financial instruments measured at cost

The carrying amount of financial assets and financial liabilities is a reasonable approximation of their fair value. Changes in the market interest rates are reflected in the future interest flows of interest-bearing debt within a short period.

Earnings per share

	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net result attributable to equity holders of the parent	1.6	2.6	0.4	11.9	4.7
Weighted average number of common shares, basic	156,649,081	156,649,081	156,649,081	156,649,081	156,649,081
Weighted average number of common shares, diluted	156,730,418	156,704,197	156,726,901	156,687,724	156,693,645
Earnings per share EUR, basic	0.01	0.02	0.00	0.08	0.03
Earnings per share EUR, diluted	0.01	0.02	0.00	0.08	0.03

Definitions and key ratios

Eltel applies ESMA's (European Securities and Markets Authority) guidelines for alternative performance measures (APM). In addition to the financial measures defined in IFRS, certain key figures, which qualify as alternative performance measures (APMs) are presented to reflect the underlying business performance, facilitate analysis of the Group's development as followed by Group Management and enhance comparability from period to period. The definition of these key figures is presented below and relevant information enabling reconciliations to IFRS measures can be found in connection with relevant parts of the report. These APMs should not be considered as a substitute for measures in accordance with IFRS.

IFRS key ratios

Earnings per share (EPS)	$\frac{\text{Net result attributable to equity holders of the parent}}{\text{Weighted average number of ordinary shares}}$
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Alternative performance measures (APMs)

Operative EBITA	Operating result before acquisition-related amortisations and items affecting comparability
Operative EBITA margin, %	$\frac{\text{Operative EBITA}}{\text{Net sales}}$
Items affecting comparability	Items for specific events which management does not consider to form part of the ongoing operative business
EBIT margin, %	$\frac{\text{EBIT}}{\text{Net sales}}$
Operative cash flow	EBIT + depreciation and amortisation + change in net working capital – net purchase of PPE (capex)
Equity ratio, %	$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$
Net debt	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents
Net debt, financing agreement	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents - IFRS 16 leasing liabilities
Net working capital	Net of inventories, trade and other receivables, provisions, advances received and trade and other payables, excluding items in these balance sheet items that are not considered to form part of operative working capital: derivative valuations and income tax liabilities.
Operative capital employed	Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant, equipment and Right-of-use assets
Return on operative capital employed (ROCE), %¹⁾	$\frac{\text{Operative EBITA} \times 100}{\text{Operative capital employed (average over the reporting period)}}$
Return on equity (ROE), %¹⁾	$\frac{\text{Net result} \times 100}{\text{Total equity (average over the reporting period)}}$
Leverage¹⁾	$\frac{\text{Net debt}}{\text{EBITDA}}$

1) Calculated on a rolling 12-month basis.

Parent Company

Eltel AB owns and governs the shares related to Eltel Group. The Company holds management functions but has no operative business activities and its risks are mainly attributable to the value and activities of its subsidiaries. The interim report for the parent company is prepared in accordance with the chapter 9, Interim report, in the Swedish Annual Accounts Act.

Parent Company condensed income statement

EUR million	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Jan-Dec 2020
Net sales	-	-	1.1	0.8	2.6
Administrative expenses	-0.8	-1.1	-4.3	-5.1	-8.4
Operating result	-0.8	-1.1	-3.2	-4.4	-5.9
Interest and other financial income	5.5	5.8	16.6	17.3	23.0
Interest and other financial expenses	-0.8	-0.8	-2.5	-1.9	-3.9
Net financial items	4.7	5.0	14.1	15.4	19.1
Result after financial items	3.9	3.9	10.9	11.1	13.2
Group contributions given	-	-	-	-	-12.0
Taxes	-	-	-	-0.4	-0.4
Net result	3.9	3.9	10.9	10.7	0.9

Parent Company condensed balance sheet

EUR million	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Financial assets			
Shares in Group companies	68.3	68.3	68.3
Long-term loans receivable from Group companies	497.7	500.3	493.3
Other financial asset ¹⁾	-	35.0	-
Intangible assets	0.1	0.1	0.1
Non-current assets	566.1	603.7	561.7
Current assets			
Other financial asset ¹⁾	-	-	35.0
Trade and other receivables	0.5	0.2	2.1
Cash pool receivable	0.0	0.2	0.2
Cash and cash equivalents	0.1	0.1	0.1
Current assets	0.6	0.5	37.4
TOTAL ASSETS	566.7	604.2	599.1
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	158.8	158.8	158.8
Statutory reserve	0.5	0.5	0.5
Restricted equity	159.3	159.3	159.3
Non-restricted equity			
Retained earnings	285.8	284.9	284.9
Net result for the period	10.9	10.7	0.9
Non-restricted equity	296.7	295.6	285.7
Total equity	455.9	454.9	445.0
Non-current liabilities			
Liabilities to shareholders ¹⁾	-	35.0	-
Non-current liabilities	-	35.0	-
Current liabilities			
Debt	78.3	53.0	52.2
Liabilities to shareholders ¹⁾	-	-	35.0
Liabilities to Group companies	31.7	60.0	65.7
Trade and other payables	0.8	1.3	1.2
Current liabilities	110.8	114.3	154.0
Total liabilities	110.8	149.3	154.0
TOTAL EQUITY AND LIABILITIES	566.7	604.2	599.1

1) See page 13 for more information on the FCCA-case.

Eltel has secured its debt obligations towards the banks by share and intragroup loan pledges and floating charges over certain assets of the Group, all on customary terms and conditions.

Retained earnings include EUR 0.0 million of equity-settled share-based payments at 30 September 2021.

Eltel AB

Visiting address: Adolfsbergsvägen 13, Bromma
POB 126 23, SE-112 92 Stockholm, SWEDEN
Corp. id no. 556728-6652

tel. +46 8 585 376 00
info@eltelnetworks.com
www.eltelgroup.com
www.eltelnetworks.com