

Eltel Group

Interim report January–September 2022

Stockholm, Sweden, 2 November 2022

July–September 2022

- Net sales EUR 207.0 million (193.8). Total growth 6.8% and organic growth¹⁾ in segments 7.1%
- Operative EBITA²⁾ EUR 4.1 million (4.1) and operative EBITA margin 2.0% (2.1)
- Operative EBITA²⁾ in segments EUR 6.6 million (7.7) and operative EBITA margin in segments 3.6% (4.4)
- Operating result (EBIT) EUR 4.1 million (4.0) and EBIT margin 2.0% (2.1)
- Net result EUR -0.3 million (1.8)
- Earnings per share EUR -0.00 (0.01), basic and diluted
- Cash flow from operating activities EUR -30.6 million (-7.8)

January–September 2022

- Net sales EUR 599.6 million (586.2). Total growth 2.3% and organic growth¹⁾ in segments 1.5%
- Operative EBITA²⁾ EUR 2.1 million (7.8) and operative EBITA margin 0.4% (1.3)
- Operative EBITA²⁾ in segments EUR 11.7 million (16.9) and operative EBITA margin in segments 2.2% (3.2)
- Operating result (EBIT) EUR 2.0 million (7.5) and EBIT margin 0.3% (1.3)
- Net result EUR -7.3 million (0.8)
- Earnings per share EUR -0.05 (0.00), basic and diluted
- Cash flow from operating activities EUR -30.6 million (-12.0)
- Net debt³⁾ EUR 166.1 million (152.3)

Significant events during and after the reporting period

- During the third quarter, Eltel signed contracts with a combined value of about EUR 406 million, with one of the agreements being Eltel's largest fibre contract ever. Read more on page 13.
- On 1 August 2022, Håkan Dahlström assumed the position as President and CEO of Eltel.
- On 4 October 2022, it was announced that Leif Göransson, Managing Director of Eltel Sweden and member of the Group Management Team, has decided to leave the company. Leif will remain in his position until 31 December 2022.
- After the reporting period, Eltel has signed three significant contracts with a combined value of about EUR 73 million. Read more on page 13.

Key figures

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	207.0	193.8	599.6	586.2	812.6
Net sales growth, %	6.8%	-14.5%	2.3%	-17.3%	-13.4%
Operative EBITA ²⁾	4.1	4.1	2.1	7.8	14.8
Operative EBITA margin, %	2.0%	2.1%	0.4%	1.3%	1.8%
Operative EBITA ²⁾ , segments	6.6	7.7	11.7	16.9	24.2
Operative EBITA margin, %, segments	3.6%	4.4%	2.2%	3.2%	3.3%
Operating result (EBIT)	4.1	4.0	2.0	7.5	14.5
Return on operative capital employed (ROCE), %	10.2%	11.6%	10.2%	11.6%	23.6%
Net working capital	26.3	9.8	26.3	9.8	-16.0
Net debt ³⁾	166.1	152.3	166.1	152.3	122.6
Number of employees, average	5,053	5,049	5,045	5,213	5,176

1) Adjusted for divested operations and currency effects.

2) Eltel follows the profitability of segments with Operative EBITA. Please see pages 25–26 for definitions of the key ratios.

3) From Q1/2022 onwards, Eltel presents net debt including IFRS 16 leasing liabilities.

Comments by the CEO

During the third quarter, net sales increased by 6.8%. In segments, growth adjusted for currency effects was 7.1%. The positive development is based on our strong market position and the high demand for our services, as the investment levels of our major customers are rising. My view is that the demand in the market is increasing faster than the supply.

In terms of profitability, 2022 has turned out to be a difficult year. Operative EBITA for the first nine months of the year was EUR 2.1 million (7.8) reflecting significantly increased costs and low utilisation due to high sick-leave rates and employee turnover. Adding to the above, we are also impacted by shortage of materials and subcontractors. The third quarter alone was somewhat better than year-to-date, with operative EBITA at EUR 4.1 million (4.1).

We now see that the cost increases are more wide spread than we initially anticipated. We have secured agreements with most of our customers to recover parts of the inflation related cost increases. However, we have previously overestimated the degree of cost compensation. It will also take time before the agreed indexation mechanisms take full effect.

In Finland, the market demand continues to be strong. However, we are still catching up from the delays in project deliveries stemming from the long winter and the six-week ICT strike in the spring. On top of this, projects are also being pushed forward due to lack of materials.

In Sweden, net sales growth in the quarter was 14.7% in local currency. Whilst the smart metering projects continued to ramp up, also Communication grew by 7.3% in local currency. However, high employee turnover impacted the operative EBITA margin negatively as valuable production time was used for trainings and onboarding of new personnel. Workforce planning, utilisation rate and recruitments are priorities for Sweden at the moment.

In Norway, net sales grew by 13.8% in local currency, mainly as a result of higher investment levels by our main customer compared to the previous year. The weak development in profitability relates mainly to change in production mix.

In Denmark, net sales and operative EBITA remained low, in line with the comparative period. However, the order book has increased with recently awarded agreements and it looks as though we have bottomed out.

In Other business, Smart Grids Germany continued to deliver strong margins in a favourable market. High Voltage Poland improved from previous year, but still suffers from increased costs relating to materials, subcontractors and delayed projects.

In the quarter, we signed agreements with an exceptionally high combined value of about EUR 406 million. Whilst the orderbook is strong, we note that shortages in skilled workforce and subcontractors are a risk to volume growth and may increase both the duration and the cost of ramp up. On the other hand, the high demand provides us the momentum to increase prices in our tender offers and thereby improve our profitability over time.

Strong megatrends such as electrification and digitalisation are shaping our market and new opportunities are opening up. We have established a new Business Development function that will develop and implement existing and new business concepts to increase our sustainable, profitable growth. In addition, we will improve the synergies between the countries, and take further advantage of the expertise and know-how of each country.

Eltel has an important role to play in the society and I am looking forward to promoting and building on our mission to transform the society into a more sustainable and better connected place. For me this is very inspiring and the reason why I decided to join Eltel as its new CEO. I am excited about the opportunity to further develop Eltel into a leading provider for critical infrastructure with high employee engagement and top class customer experience.

Håkan Dahlström, President & CEO



About Eltel and the Group strategy

Eltel in brief

Eltel is a leading service provider for communication and power 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.

Our strategy – towards sustainable profitable growth

In accordance with our strategy, Eltel is based in countries in which it has a market-leading position. Lower risk and fewer capital-intensive projects will enable Eltel to continue to develop, grow and invest in order to ensure long-term value creation for the company, its shareholders and society at large. Sustainability is key to our success and an integral part of our strategy.

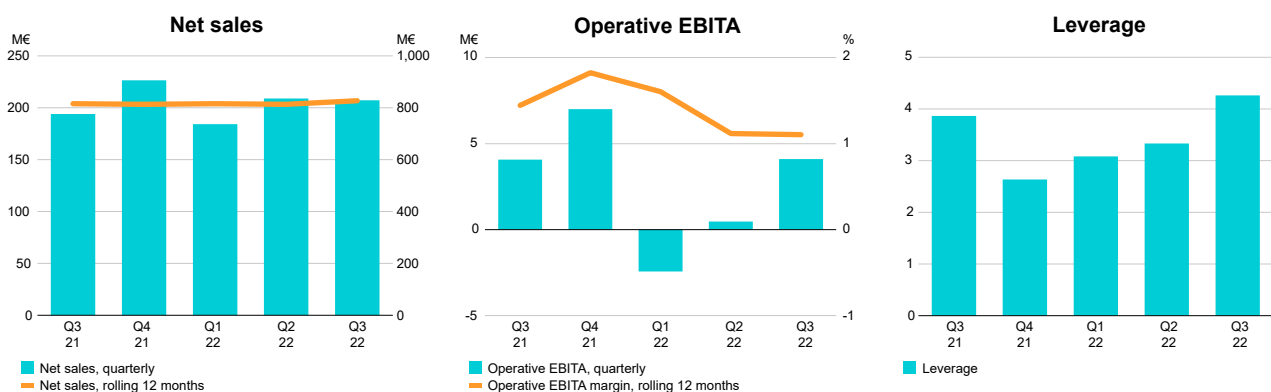
Our strategic focus is on investing in sustainable profitable growth as the transformation continues. This involves:

- Increasing market share
- Innovation and new business development in adjacent markets
- Replicating successful businesses between markets
- Pursuing M&As
- Industry sustainability leadership

Our strategy, in combination with operational excellence, will create the foundation for sustainable growth, profitability and shareholder value.

Eltel's financial targets by end of 2025

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 pages 25–26 for definitions of the key ratios.

Net sales and earnings Group

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	207.0	193.8	599.6	586.2	812.6
Operative EBITA	4.1	4.1	2.1	7.8	14.8
EBIT	4.1	4.0	2.0	7.5	14.5
Net result	-0.3	1.8	-7.3	0.8	4.9
Key ratios					
Net sales growth, %	6.8%	-14.5%	2.3%	-17.3%	-13.4%
Organic growth ¹⁾ , % in segments	7.1%	-13.8%	1.5%	-14.9%	-11.9%
Effect of divestments in net sales, MEUR	-	-	-	-19.2	-19.2
Currency translation effect in net sales, MEUR	-1.8	2.3	-3.1	10.5	14.6
Operative EBITA margin, %	2.0%	2.1%	0.4%	1.3%	1.8%
Tax rate, %	113.1%	30.1%	-104.8%	78.2%	43.8%
Earnings per share after dilution, EUR	-0.00	0.01	-0.05	0.00	0.03

1) Adjusted for divested operations and currency effects.

July–September 2022

Net sales increased by 6.8% to EUR 207.0 million (193.8). In segments net sales increased by EUR 11.0 million. Growth came from Norway, Sweden and Finland while revenues in Denmark remained flat. Organic net sales in segments, adjusted for currency effects, increased by 7.1%. In Other business net sales increased by EUR 2.6 million.

Operative EBITA remained at previous year's level at EUR 4.1 million (4.1). Operative EBITA margin was 2.0% (2.1). Operative EBITA in segments was EUR 6.6 million (7.7) and operative EBITA margin was 3.6% (4.4). In Other business, operative EBITA was EUR -1.8 million (-2.2). Operative EBITA was burdened by increased costs and low utilisation due to high sick-leave rates and employee turnover. However, administrative costs were lower than in the comparative period.

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

EBIT amounted to EUR 4.1 million (4.0).

Net financial expenses amounted to EUR 2.1 million (1.4), including EUR 0.1 million (0.2) currency effect.

Taxes amounted to EUR 2.2 million (0.8) representing the tax cost in countries with profits. No deferred tax assets were booked for countries with losses in the period.

Net result for the period was EUR -0.3 million (1.8). Earnings per share were EUR -0.00 (0.01).

January–September 2022

Net sales increased by 2.3% to EUR 599.6 million (586.2). In segments net sales increased by EUR 5.8 million. Growth in Norway and Sweden was offset by the partial insourcing of an agreement by a major customer in Denmark and a strike in Finland. Organic net sales in segments, adjusted for currency effects, increased by 1.5%. In Other business net sales increased by EUR 8.7 million.

Operative EBITA decreased to EUR 2.1 million (7.8). Operative EBITA margin was 0.4% (1.3). Operative EBITA in segments was EUR 11.7 million (16.9) and operative EBITA margin was 2.2% (3.2). In Other business, operative EBITA was EUR -4.2 million (-3.6). Operative EBITA was burdened by inflation, primarily related to fuel, material costs and subcontracting. A long winter and increased sick-leave rates further impacted operative EBITA.

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

EBIT amounted to EUR 2.0 million (7.5).

Net financial expenses amounted to EUR 5.6 million (4.0), including EUR 0.2 million (1.0) currency effect.

Taxes amounted to EUR 3.7 million (2.7) representing the tax cost in countries with profits. No deferred tax assets were booked for countries with losses in the period.

Net result for the period was EUR -7.3 million (0.8). Earnings per share were EUR -0.05 (0.00).

Overview of segments

Net sales

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Finland	79.1	77.9	209.8	218.4	299.6
Sweden	44.0	40.2	137.3	125.9	182.2
Norway	44.3	38.2	132.5	114.2	160.5
Denmark	17.8	17.8	53.4	68.6	87.9
Sum segments	185.1	174.1	533.0	527.2	730.1
Other business	24.6	22.0	73.8	65.0	91.9
Eliminations	-2.7	-2.3	-7.2	-6.0	-9.5
Total net sales	207.0	193.8	599.6	586.2	812.6

Operative EBITA

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Finland	4.9	4.8	9.4	8.6	12.7
Sweden	0.0	-0.2	-2.2	-2.6	-1.8
Norway	1.6	2.9	4.4	6.8	9.2
Denmark	0.1	0.2	0.2	4.1	4.2
Sum segments	6.6	7.7	11.7	16.9	24.2
Other business	-1.8	-2.2	-4.2	-3.6	-1.8
Group functions	-0.8	-1.5	-5.4	-5.6	-7.6
Total operative EBITA	4.1	4.1	2.1	7.8	14.8
Finland	6.2%	6.2%	4.5%	4.0%	4.2%
Sweden	0.0%	-0.5%	-1.6%	-2.1%	-1.0%
Norway	3.7%	7.6%	3.3%	6.0%	5.7%
Denmark	0.7%	1.0%	0.5%	6.0%	4.8%
Sum segments	3.6%	4.4%	2.2%	3.2%	3.3%
Other business	-7.1%	-9.9%	-5.7%	-5.5%	-2.0%
Total operative EBITA-margin, %	2.0%	2.1%	0.4%	1.3%	1.8%

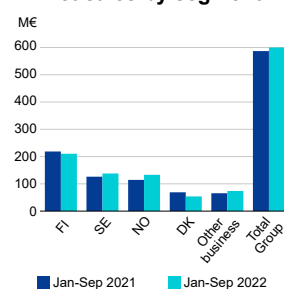
Eltel's main operations in the four Nordic countries are presented as segments. In January–September, the segments represented 89% of the net sales.

Other business includes High Voltage, with operations mainly in Poland, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International and Rail businesses.

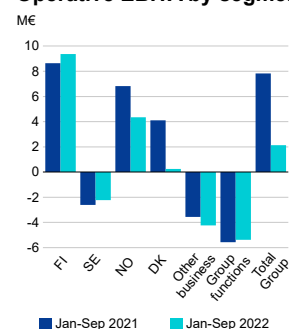
Net sales by segment



Net sales by segment



Operative EBITA by segment



Net sales and operative EBITA – Segments

Finland

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	79.1	77.9	209.8	218.4	299.6
Operative EBITA	4.9	4.8	9.4	8.6	12.7
Number of employees, average	1,495	1,493	1,497	1,472	1,478
Key ratios					
Net sales growth, %	1.5%	-3.1%	-4.0%	0.5%	-0.2%
Operative EBITA margin, %	6.2%	6.2%	4.5%	4.0%	4.2%

July–September 2022

Net sales increased by EUR 1.2 million, or 1.5%, to EUR 79.1 million (77.9). The growth was mainly a result of price increases driven by inflation and strong demand in Communication, where Eltel has a leading market position in fibre and 5G. Volumes in Power remained good despite projects being pushed forward to 2023 due to shortage of resources and lack of materials and components.

Operative EBITA increased to EUR 4.9 million (4.8). The operative EBITA margin remained at 6.2% (6.2). Solid performance in Communication helped offset the impact of increased costs and low utilisation resulting mainly from increased sick-leave rates and shortage in materials and components.

During the reporting period, on 15 September 2022, it was announced that Eltel Finland has signed a frame agreement with Valokuitunen, a joint venture between CapMan Infra and Telia, to build fibre to the home, FTTH. The agreement is worth about EUR 200 million over a three-year period, and includes an option of one additional year.

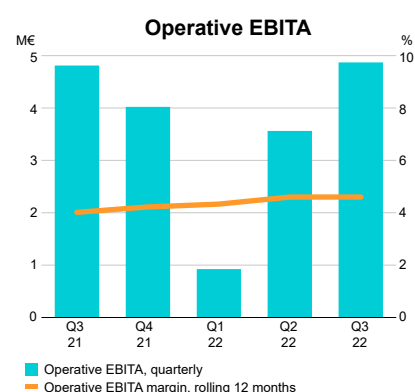
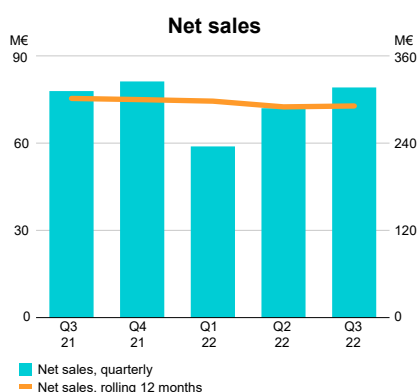
On 19 September 2022, it was announced that Eltel Finland has signed a frame agreement with Caruna, a Finnish energy company, to ensure a reliable power distribution. The three-year frame agreement includes two additional option years and is worth about EUR 75 million.

After the reporting period, on 5 October 2022, it was announced that Eltel Finland has signed two agreements with Exilion, a Finnish company specialised in renewable energy investments, to build a new 110 kV power line and substations for two new wind farms in Finland. The contracts have a combined value of about EUR 11 million.

January–September 2022

Net sales decreased by EUR 8.6 million, or 4.0%, to EUR 209.8 million (218.4) as a consequence of a six-week ICT strike during Q2 and harsh winter conditions with deep ground frost. Demand in Communication remains high. Good demand in Power transmission is off-setting reduced volumes in Power services.

Operative EBITA increased to EUR 9.4 million (8.6). The operative EBITA margin improved to 4.5% (4.0) despite increased material, fuel and subcontracting costs as well as high sick-leave rates.



Sweden

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	44.0	40.2	137.3	125.9	182.2
Operative EBITA	0.0	-0.2	-2.2	-2.6	-1.8
Number of employees, average	913	913	912	945	938
Key ratios					
Net sales growth, %	9.6%	-21.0%	9.1%	-27.5%	-18.8%
Organic growth ¹⁾ , %	14.7%	-22.6%	13.0%	-26.9%	-18.4%
Effect of divestments in net sales, MEUR	-	-	-	-8.5	-8.5
Currency translation effect in net sales, MEUR	-2.1	0.8	-5.0	5.1	5.9
Operative EBITA margin, %	0.0%	-0.5%	-1.6%	-2.1%	-1.0%

1) Adjusted for currency effects.

July–September 2022

Net sales increased by EUR 3.8 million, or 9.6%, to EUR 44.0 million (40.2). Organic growth in local currency was 14.7%. Currency effects had a negative impact of EUR 2.1 million. The growth was driven by Smart Grids and also by Communication.

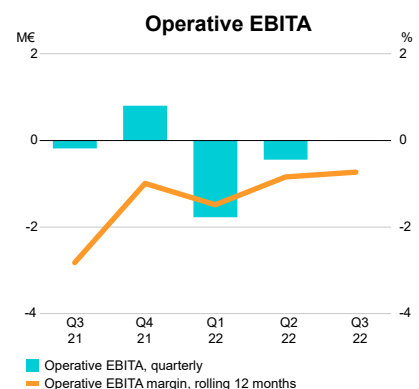
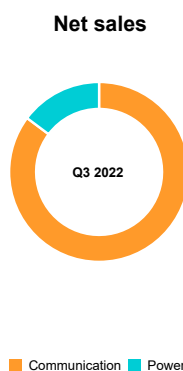
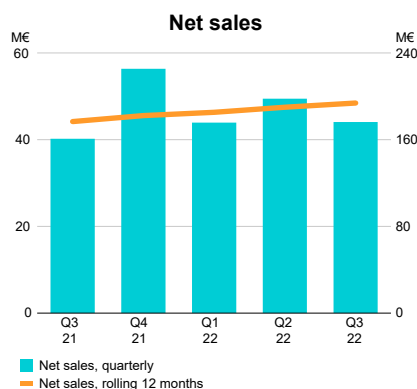
Operative EBITA increased to EUR 0.0 million (-0.2). The operative EBITA margin was 0.0% (-0.5). The growth and strong performance in Smart Grids were partly offset by high employee turnover, which resulted in reduced efficiency and higher costs, partly through increased use of subcontractors.

After the reporting period, on 12 October 2022, it was announced that Eltel Sweden has signed a continuation of a current frame agreement with Ellevio, one of Sweden's largest energy companies, regarding new build and reconstruction of power networks and network stations. The five-year agreement is worth about EUR 32 million.

January–September 2022

Net sales increased by EUR 11.4 million, or 9.1%, to EUR 137.3 million (125.9). Organic growth in local currency was 13.0%. Currency effects had a negative impact of EUR 5.0 million. The growth was driven by Smart Grids and also by Communication.

Operative EBITA improved to EUR -2.2 million (-2.6). The operative EBITA margin was -1.6% (-2.1). Profitability improved in Smart Grids and in Communication while high employee turnover, increased costs and investments in the efficiency programme “One Eltel” impacted negatively.



Norway

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	44.3	38.2	132.5	114.2	160.5
Operative EBITA	1.6	2.9	4.4	6.8	9.2
Number of employees, average	942	919	938	913	919
Key ratios					
Net sales growth, %	15.8%	-9.3%	16.0%	-16.0%	-9.7%
Organic growth ¹⁾ , %	13.8%	-13.1%	13.5%	-20.1%	-14.8%
Currency translation effect in net sales, MEUR	0.8	1.6	2.9	5.6	9.0
Operative EBITA margin, %	3.7%	7.6%	3.3%	6.0%	5.7%

1) Adjusted for currency effects.

July–September 2022

Net sales increased by EUR 6.1 million, or 15.8%, to EUR 44.3 million (38.2). Organic growth in local currency was 13.8%. Currency effects had a positive impact of EUR 0.8 million. The growth relates to increased production of fibre and 5G as customers' investments have grown from previous year.

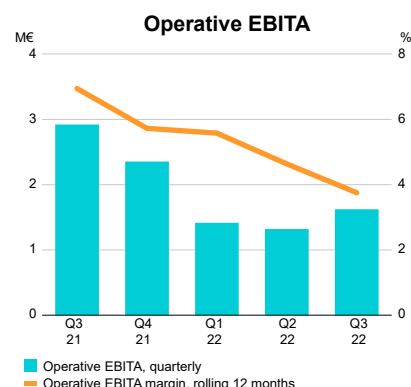
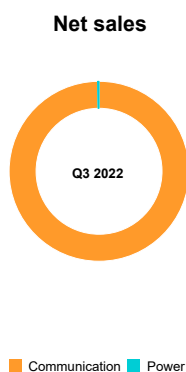
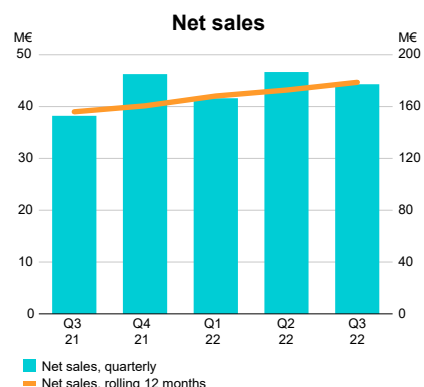
Operative EBITA decreased to EUR 1.6 million (2.9). The operative EBITA margin decreased to 3.7% (7.6) mainly due to change in production mix. Increased sick-leave rates, recruitment and training led to reduced efficiency.

During the reporting period, on 1 July 2022, it was announced that Eltel has signed a project agreement with Telenor to further upgrade Telenor's telecommunications network with 5G technology. The agreement is worth about EUR 36–40 million.

January–September 2022

Net sales increased by EUR 18.3 million, or 16.0%, to EUR 132.5 million (114.2). Organic growth in local currency was 13.5%. Currency effects had a positive impact of EUR 2.9 million. The main reason for the growth is increased demand for fibre and 5G as customers' investments have increased from previous year. Growing business with new customers also contributed.

Operative EBITA decreased to EUR 4.4 million (6.8). The operative EBITA margin decreased to 3.3% (6.0). The decrease is a consequence of a change in production mix, increased sick-leave rates and inflation.



Denmark

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	17.8	17.8	53.4	68.6	87.9
Operative EBITA	0.1	0.2	0.2	4.1	4.2
Number of employees, average	485	489	479	593	562
Key ratios					
Net sales growth, %	-0.5%	-30.8%	-22.2%	-22.3%	-25.6%
Organic growth ¹⁾ , %	-0.4%	-30.9%	-22.2%	-22.5%	-25.8%
Currency translation effect in net sales, MEUR	0.0	0.0	0.0	0.2	0.2
Operative EBITA margin, %	0.7%	1.0%	0.5%	6.0%	4.8%

1) Adjusted for currency effects.

July–September 2022

Net sales remained on the same level as the previous year at EUR 17.8 million (17.8). Growth in Communication was offset by contract closing in Power. Order backlog has increased thanks to recently awarded agreements.

Operative EBITA was EUR 0.1 million (0.2). The operative EBITA margin was 0.7% (1.0). The modest profitability relates to slower than anticipated ramp up of new agreements and inflation-related cost increases.

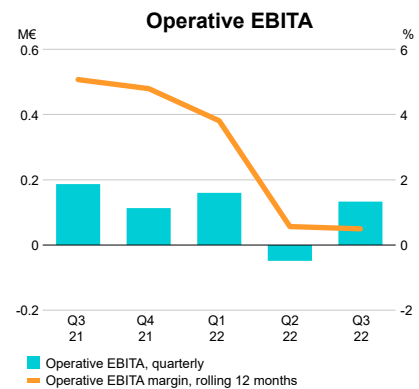
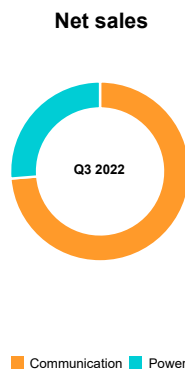
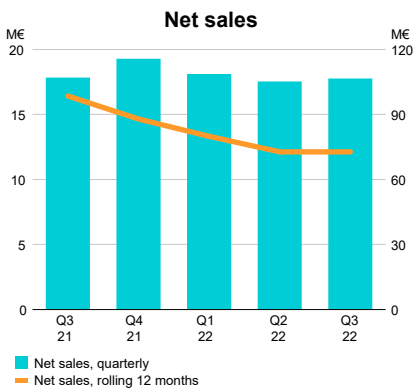
During the reporting period, on 12 July 2022, it was announced that Eltel Denmark has entered into a strategic cooperation with GlobalConnect to establish about 18 000 high speed fibre connections in Denmark. The agreement is worth about EUR 47 million and is set to run over three and a half years, with one plus one option years.

After the reporting period, on 6 October 2022, it was announced that Eltel Denmark has, as a part of a consortium, extended a current frame agreement to expand, maintain and secure connections in the power grid for Nexel, a Danish electricity grid operator. Eltel's part of the agreement is worth about EUR 30 million.

January–September 2022

Net sales decreased by EUR 15.2 million, or 22.2%, to EUR 53.4 million (68.6). The decrease mainly resulted from a partial insourcing of an agreement by a major customer at the end of Q2 2021. Closing of other agreements and slower than anticipated ramp up of new agreements impacted further.

Operative EBITA decreased to EUR 0.2 million (4.1). The operative EBITA margin was 0.5% (6.0). The decline comes from lower volumes and inflation-related cost increases.



Other business

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	24.6	22.0	73.8	65.0	91.9
Operative EBITA	-1.8	-2.2	-4.2	-3.6	-1.8
Number of employees, average	1,078	1,082	1,075	1,135	1,123

Other business includes High Voltage, with operations mainly in Poland, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International and Rail businesses.

July–September 2022

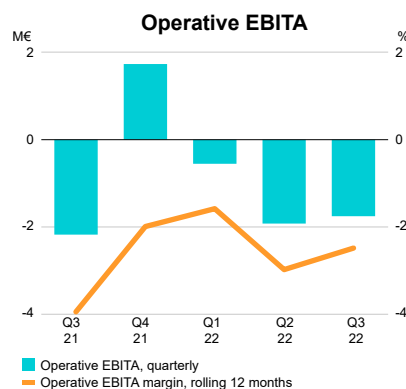
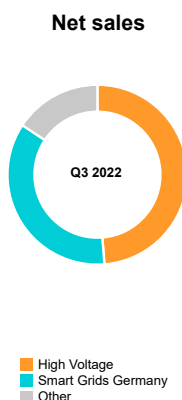
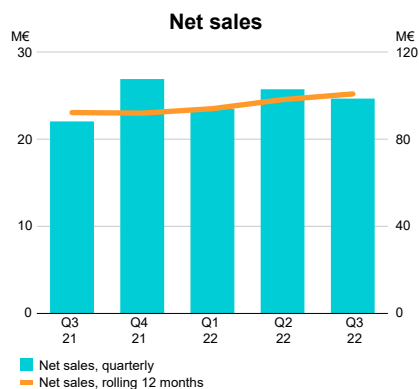
Net sales increased by EUR 2.6 million to EUR 24.6 million (22.0). Growth mainly came from realisation of postponed volumes in High Voltage Poland. Smart Grids Germany also contributed positively.

Operative EBITA increased to EUR -1.8 million (-2.2). Margins in Smart Grids Germany remained strong. High Voltage Poland improved compared to previous year, but still suffered from increased cost due to delayed projects and inflation in materials and subcontracting.

January–September 2022

Net sales increased by EUR 8.7 million to EUR 73.8 million (65.0) thanks to the realisation of delayed and postponed volumes from 2021 in High Voltage Poland. Net sales in Smart Grids Germany also increased.

Operative EBITA decreased to EUR -4.2 million (-3.6). Margins in Smart Grids Germany remained high but were offset by the continued challenges in High Voltage Poland. High Voltage, mainly Poland, had a negative operative EBITA of EUR -6.4 million (-7.6). The inflation and the effects of the war in Ukraine deteriorated the result. Actions are being taken to mitigate the situation, however, the processes are expected to be lengthy and there is high uncertainty relating to the outcome. In Power Transmission International, all projects are operationally closed. Administrative closing processes and related costs continue to burden the result. In the comparative period, Power Transmission International contributed positively.



Cash flow

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
EBIT	4.1	4.0	2.0	7.5	14.5
Depreciation and amortisation	7.4	7.9	22.5	24.5	32.1
EBITDA	11.5	11.9	24.5	32.1	46.5
Changes in working capital	-39.7	-18.2	-44.1	-35.4	-10.1
Total financial expenses and taxes	-1.3	-0.3	-8.5	-5.2	-6.7
Adjustment for gain/loss on sales of assets and business	0.0	0.0	0.0	-0.1	-2.6
Other	-1.1	-1.1	-2.5	-3.4	-4.8
Cash flow from operating activities	-30.6	-7.8	-30.6	-12.0	22.3
Cash flow from investing activities	-0.7	0.1	-2.1	-5.2	-2.9
Cash flow from financing activities	5.2	-4.5	16.9	8.6	-13.7
Net change in cash and cash equivalents	-26.1	-12.2	-15.8	-8.6	5.7
Cash and cash equivalents at beginning of period	42.5	30.0	32.3	26.0	26.0
Foreign exchange rate effect	0.6	-0.1	0.7	0.3	0.6
Cash and cash equivalents at end of period	17.1	17.7	17.1	17.7	32.3

Condensed consolidated statement of cash flows is presented on page 18.

July–September 2022

Cash flow from operating activities was EUR -30.6 million (-7.8). Largest items were EBITDA EUR 11.5 million (11.9), change in net working capital EUR -39.7 million (-18.2), financial items EUR -1.7 million (-0.9) and income taxes EUR 0.4 million (0.5).

Net cash flow from investing activities was EUR -0.7 million (0.1) consisting of EUR -0.7 million (0.1) net capital expenditure.

Cash flow from financing activities was EUR 5.2 million (-4.5). Main items include utilisation of short-term financing, which increased by EUR 11.0 million (0.0) and cash flow from lease liabilities, which amounted to EUR -5.4 million (-5.6).

January–September 2022

Cash flow from operating activities was EUR -30.6 million (-12.0). Change in net working capital amounted to EUR -44.1 million (-35.4) reflecting the seasonal growing production pattern, build-up of inventory to ensure availability of production materials and ramp down of COVID-19 related support mechanisms by countries. At the end of the third quarter, net working capital amounted to EUR 26.3 million (9.8).

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 -2.1 million (-5.2) consisting of net capital expenditure of EUR -2.1 million (-1.4) and in 2021 of EUR -3.8 million from divestment of High Voltage Germany.

Cash flow from financing activities was EUR 16.9 million (8.6). On 17 January 2022, Eltel completed a financing agreement with banks. In connection with the agreement, Eltel drew a EUR 35.0 million term loan and repaid the remaining old term loan of EUR 27.0 million. Utilisation of short-term financing increased by EUR 25.0 million (26.0), payments of lease liabilities amounted to EUR -16.2 million (-17.9) and other items to EUR 0.1 million (0.5).

In March 2022, Eltel issued and purchased 972,000 new class C shares in accordance with the long-term incentive programme LTIP 2021. The share issue and the purchase had a cash flow impact of EUR 1.0 million and EUR -1.0 million, respectively.

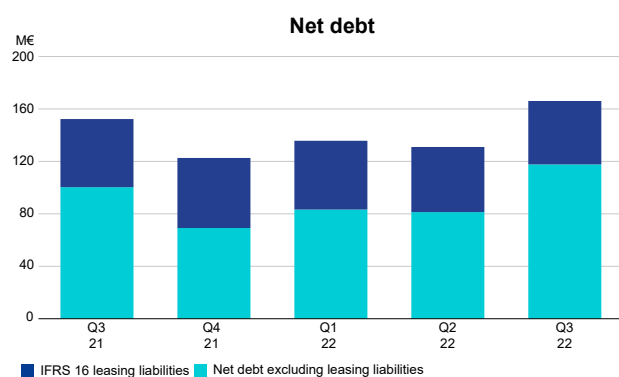
Financial position, cash and cash equivalents

Equity at the end of the period was EUR 223.9 million (224.0) and total assets were EUR 619.8 million (626.2). The equity ratio was 38.7% (37.6).

Interest-bearing liabilities and net debt

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Interest-bearing debt	133.4	115.8	99.8
Leasing liabilities	49.3	53.4	54.5
Allocation of effective interest to periods	0.5	0.8	0.6
Less cash and cash equivalents	-17.1	-17.7	-32.3
Net debt	166.1	152.3	122.6

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Non-current interest-bearing debt	34.6	25.8	25.5
Current interest-bearing debt	98.8	90.0	74.2
Total interest-bearing debt	133.4	115.8	99.8
Non-current leasing liabilities	31.9	34.4	35.8
Current leasing liabilities	17.4	19.0	18.6
Total leasing liabilities	49.3	53.4	54.5

**Credit facilities**

EUR million	30 Sep 2022	Maturity
Term loan, non-current	35.0	Jan 2024 (+ extension option until Jan 2025)
Revolving credit facility	90.0	Jan 2025 (+ extension options until Jan 2027)
Account overdrafts	15.0	Annual renewals
Total committed credit facilities	140.0	
Commercial paper programme	150.0	N/A

Available liquidity reserves, including the committed revolving credit facility, account overdrafts and cash and cash equivalents, amounted to EUR 59.1 million (127.7). Additional to the 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 35.0 million (79.0) of the commercial paper programme and EUR 63.0 million (0.0) of the revolving credit facility were utilised.

Commercial guarantees

On 30 September 2022, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 92.5 million (98.4). The amount of commercial guarantees issued on behalf of third parties was EUR 0.0 million (0.1).

Other information**Risks and uncertainty factors**

The high inflation, partly attributed to the war in Ukraine, impacts Eltel across its cost base, including fuel and material prices as well as availability and cost of subcontractors and employees. Mitigating actions have been taken and Eltel has agreements in place to recover parts of the cost increases with most of its largest customers. However, the degree of compensation may be lower than previously anticipated. It will also take time before the agreed indexation mechanisms take full effect.

Eltel's operations are highly dependent on capable workforce. The prevailing shortage of resources on the labour market may impact Eltel's ability to optimally benefit from its existing contract base and market position.

Eltel has faced significant profitability challenges in its High Voltage business in Poland, partly due to recent cost increases and the impact of the war in Ukraine on sourcing of materials and subcontractors. Restructuring of the business is ongoing, but there is a risk of negative results also going forward.

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.

The market interest rates have increased significantly since the second quarter and may continue to increase. This leads to a higher discount rate (WACC) and consequently to a risk of goodwill impairment in the fourth quarter when Eltel conducts its annual impairment test.

There is a risk that the covenants under the existing financing agreement are not met. Seasonal variation in Eltel's operations and related working capital build-up may also expose the company to liquidity risk during the busiest production months in late summer and early autumn.

For additional information regarding risks and uncertainties, please refer to Eltel's 2021 Annual Report which was published on 30 March 2022 and is available on Eltel's website at www.eltelgroup.com.

Large agreements announced during and after the reporting period

On July 1 it was announced that Eltel Norway has signed a project agreement with Telenor to further upgrade Telenor's telecommunications network with 5G technology. The agreement is worth about EUR 36–40 million.

On 12 July 2022, it was announced that Eltel Denmark has entered into a strategic cooperation with GlobalConnect to establish about 18 000 high speed fibre connections in Denmark. The agreement is worth about EUR 47 million and is set to run over three and a half years, with one plus one option years.

On 15 September 2022, it was announced that Eltel Finland has signed a frame agreement with Valokuitunen, a joint venture between CapMan Infra and Telia, to build fibre to the home, FTTH. The agreement is worth about EUR 200 million over a three-year period, and includes an option of one additional year.

On 19 September 2022, it was announced that Eltel Finland has signed a frame agreement with Caruna, a Finnish energy company, to ensure a reliable power distribution. The three-year frame agreement includes two additional option years and is worth about EUR 75 million.

On 5 October 2022, it was announced that Eltel Finland has signed two agreements with Exilion, a Finnish company specialised in renewable energy investments, to build a new 110 kV power line and substations for two new wind farms in Finland. The contracts have a combined value of about EUR 11 million.

On 6 October 2022, it was announced that Eltel Denmark has, as a part of a consortium, extended a current frame agreement to expand, maintain and secure connections in the power grid for Nexel, a Danish electricity grid operator. Eltel's part of the agreement is worth about EUR 30 million.

On 12 October 2022, it was announced that Eltel Sweden has signed a continuation of a current frame agreement with Ellevio, one of Sweden's largest energy companies, regarding new build and reconstruction of power networks and network stations. The five-year agreement is worth about EUR 32 million.

Related party transactions

During the quarter, no significant transactions took place between Eltel and related parties.

Seasonality

Eltel's businesses are generally characterised by seasonal patterns and cyclicity of the project business that adds volatility to net sales, operative 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 2022

Analysts and media are invited to participate in the interim report January–September 2022 briefing on 2 November 2022 at 10:00 am CET where Eltel's President and CEO Håkan Dahlström and CFO Salla Miettinen-Lähde will host a presentation. A combined webcast and teleconference as well as the presentation will be available at www.eltelgroup.com/investors.

For further information, please contact:

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Phone: +46 72 59 54 692, elin.otter@eltelnetworks.com

Financial calendar

- Full-year report January–December 2022: 16 February 2023
- Interim report January–March 2023: 4 May 2023
- Half-year report January–June 2023: 27 July 2023
- Interim report January–September 2023: 2 November 2023
- Annual Report 2022: week 13, 2023
- Annual General meeting 2023: 11 May 2023

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 2 November 2022.

Signature of the CEO

Stockholm, Sweden, 2 November 2022

Eltel AB (publ)

Håkan Dahlström, 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 2022 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 2 November 2022

KPMG AB

Fredrik Westin

Authorized Public Accountant

Condensed financial information

Condensed consolidated income statement

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	207.0	193.8	599.6	586.2	812.6
Cost of sales	-187.4	-172.4	-542.1	-523.1	-724.5
Gross profit	19.6	21.4	57.5	63.2	88.1
Other income	0.4	0.5	0.9	1.9	5.5
Selling and administrative expenses	-15.6	-17.5	-56.0	-56.9	-78.1
Other expenses	-0.3	-0.5	-0.3	-0.7	-1.0
Operating result (EBIT)	4.1	4.0	2.0	7.5	14.5
Financial income	0.0	0.0	0.1	0.1	0.1
Financial expenses	-2.2	-1.4	-5.6	-4.1	-5.8
Net financial expenses	-2.1	-1.4	-5.6	-4.0	-5.8
Result before taxes	2.0	2.6	-3.5	3.5	8.7
Taxes	-2.2	-0.8	-3.7	-2.7	-3.8
Net result	-0.3	1.8	-7.3	0.8	4.9
Attributable to:					
Equity holders of the parent	-0.4	1.6	-7.5	0.4	4.3
Non-controlling interest	0.1	0.2	0.3	0.3	0.6
Earnings per share (EPS)					
Basic, EUR	-0.00	0.01	-0.05	0.00	0.03
Diluted, EUR	-0.00	0.01	-0.05	0.00	0.03

Condensed consolidated statement of comprehensive income

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net profit for the period	-0.3	1.8	-7.3	0.8	4.9
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Revaluation of defined benefit plans, net of tax	3.7	2.8	11.5	3.5	2.6
Items that may be subsequently reclassified to profit and loss					
Net investment hedges, net of tax	-0.0	0.1	-0.0	0.1	0.3
Currency translation differences	-2.6	-0.8	-7.8	0.7	1.3
Total	-2.7	-0.7	-7.8	0.8	1.6
Other comprehensive income/loss for the period, net of tax	1.1	2.1	3.7	4.4	4.2
Total comprehensive income/loss for the period	0.8	3.9	-3.6	5.1	9.1
Total comprehensive income/loss attributable to:					
Equity holders of the parent	0.7	3.7	-3.9	4.8	8.5
Non-controlling interest	0.1	0.2	0.3	0.3	0.6

Condensed consolidated balance sheet

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	257.3	265.0	265.0
Intangible assets	36.2	39.9	39.6
Property, plant and equipment	9.9	11.0	11.6
Right-of-use assets	48.1	52.1	53.3
Deferred tax assets	15.3	17.7	18.4
Financial assets	11.7	1.0	1.1
Total non-current assets	378.4	386.6	389.1
Current assets			
Inventories	21.8	12.4	17.2
Trade and other receivables	202.5	207.1	192.3
Cash and cash equivalents	17.1	17.7	32.3
Total current assets	241.4	237.2	241.8
Assets held for sale ¹⁾	-	2.4	-
TOTAL ASSETS	619.8	626.2	630.8
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	216.4	216.5	220.2
Non-controlling interest	7.6	7.5	7.7
Total equity	223.9	224.0	227.9
Non-current liabilities			
Interest-bearing debt	34.6	25.8	25.5
Leasing liabilities	31.9	34.4	35.8
Retirement benefit obligations	7.1	14.3	14.4
Deferred tax liabilities	11.1	10.7	10.7
Provisions	3.1	2.6	2.7
Other non-current liabilities	0.6	0.5	0.7
Total non-current liabilities	88.4	88.4	89.8
Current liabilities			
Interest-bearing debt	98.8	90.0	74.2
Leasing liabilities	17.4	19.0	18.6
Provisions	2.5	6.1	6.0
Advances received	41.8	29.8	35.8
Trade and other payables	147.0	169.0	178.5
Total current liabilities	307.5	313.9	313.1
Total liabilities	395.9	402.2	402.9
TOTAL EQUITY AND LIABILITIES	619.8	626.2	630.8

1) Assets held for sale include real estate in Poland on 30 September 2021.

Condensed consolidated statement of cash flows

EUR million	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Cash flow from operating activities			
Operating result (EBIT)	2.0	7.5	14.5
Adjustments:			
Depreciation and amortisation	22.5	24.5	32.1
Gain/loss on sales of assets and business	0.0	-0.1	-2.6
Defined benefit pension plans	-2.5	-2.9	-3.3
Other non-cash adjustments	0.0	-0.4	-1.5
Cash flow from operations before interests, taxes and changes in working capital	22.0	28.6	39.1
Interest and other financial expenses paid, net	-4.6	-3.0	-4.0
Income taxes received/paid	-3.9	-2.2	-2.7
Total financial expenses and taxes	-8.5	-5.2	-6.7
Changes in working capital:			
Trade and other receivables	-16.9	-6.0	9.4
Trade and other payables	-22.2	-29.0	-14.4
Inventories	-5.1	-0.4	-5.0
Changes in working capital	-44.1	-35.4	-10.1
Net cash from operating activities	-30.6	-12.0	22.3
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-2.1	-2.3	-4.4
Proceeds from sale of property, plant and equipment (PPE)	0.0	0.9	5.3
Divestment of business, net of cash disposed of	-	-3.8	-3.8
Net cash from investing activities	-2.1	-5.2	-2.9
Cash flow from financing activities			
Proceeds from issuance of share capital	1.0	-	-
Acquisition of own shares	-1.0	-	-
Proceeds from long-term financial liabilities	35.0	-	-
Proceeds from short-term financial liabilities	68.5	26.0	31.2
Payments of short-term financial liabilities	-43.5	-	-11.0
Payments of financial liabilities, term loans	-27.0	-	-10.0
Proceeds from other financial assets	-	35.0	35.0
Payments of liabilities to shareholders	-	-35.0	-35.0
Payments of lease liabilities	-16.2	-17.9	-23.8
Dividends to non-controlling interest	-0.4	-0.4	-0.4
Change in non-liquid financial assets	0.5	0.9	0.2
Net cash from financing activities	16.9	8.6	-13.7
Net change in cash and cash equivalents	-15.8	8.6	5.7
Cash and cash equivalents at beginning of period	32.3	26.0	26.0
Foreign exchange rate effect	0.7	0.3	0.6
Cash and cash equivalents at end of period	17.1	17.7	32.3

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 2022	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	7.7	227.9
Total comprehensive income for the period	-	-	-7.5	11.5	0.0	-7.8	-3.9	0.3	-3.6
Transactions with owners:									
Share capital reduction	-0.2	0.2	-	-	-	-	-	-	-
Proceeds from shares issued	1.0	-	-	-	-	-	1.0	-	1.0
Purchase of own shares	-	-1.0	-	-	-	-	-1.0	-	-1.0
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.4	-0.4
Total transaction with owners	0.7	-0.7	0.0	-	-	-	0.0	-0.4	-0.4
Equity at 30 Sep 2022	159.6	489.9	-373.7	-27.4	10.9	-42.8	216.4	7.6	223.9

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 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 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	-	-	4.3	2.6	0.3	1.3	8.5	0.6	9.1
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 31 Dec 2021	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	7.7	227.9

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 2021. The new IFRS standards and amendments effective for the first time for 2022 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 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021	Rolling 12-mon
Net sales	207.0	193.8	599.6	586.2	812.6	825.9
Net sales growth, %	6.8	-14.5	2.3	-17.3	-13.4	1.3
Operative EBITA	4.1	4.1	2.1	7.8	14.8	9.1
Operative EBITA margin, %	2.0	2.1	0.4	1.3	1.8	1.1
Operative EBITA, segments	6.6	7.7	11.7	16.9	24.2	19.0
Operative EBITA margin, %, segments	3.6	4.4	2.2	3.2	3.3	2.6
Items affecting comparability	-	-	-	-0.1	-0.1	-
EBITDA	11.5	11.9	24.5	32.1	46.5	39.0
Operating result (EBIT)	4.1	4.0	2.0	7.5	14.5	8.9
EBIT margin, %	2.0	2.1	0.3	1.3	1.8	1.1
Result after financial items	2.0	2.6	-3.5	3.5	8.7	1.7
Net result for the period	-0.3	1.8	-7.3	0.8	4.9	-3.1
Earnings per share EUR, basic and diluted	-0.00	0.01	-0.05	0.00	0.03	-0.02
Return on equity (ROE), % ¹⁾	-1.4	-2.8	-1.4	-2.8	2.2	-1.4
Return on operative capital employed (ROCE), % ¹⁾	10.2	11.6	10.2	11.6	23.6	10.2
Leverage ratio ¹⁾	4.3	3.9	4.3	3.9	2.6	4.3
Net working capital	26.3	9.8	26.3	9.8	-16.0	26.3
Number of personnel, average	5,053	5,049	5,045	5,213	5,176	5,050

Quarterly key figures

EUR million	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021
Net sales	207.0	208.6	184.0	226.3	193.8	210.4	182.0
Net sales growth, %	6.8	-0.8	1.1	-1.2	-14.5	-14.3	-23.1
Operative EBITA	4.1	0.5	-2.4	7.0	4.1	4.4	-0.7
Operative EBITA margin, %	2.0	0.2	-1.3	3.1	2.1	2.1	-0.4
Operative EBITA, segments	6.6	4.4	0.7	7.3	7.7	6.8	2.4
Operative EBITA margin, %, segments	3.6	2.4	0.4	3.6	4.4	3.6	1.5
Items affecting comparability	-	-	-	-	-	-0.1	-
EBITDA	11.5	7.9	5.1	14.5	11.9	12.7	7.5
Operating result (EBIT)	4.1	0.4	-2.5	6.9	4.0	4.3	-0.8
EBIT margin, %	2.0	0.2	-1.4	3.1	2.1	2.0	-0.4
Result after financial items	2.0	-1.2	-4.3	5.2	2.6	3.0	-2.1
Net result for the period	-0.3	-2.6	-4.4	4.1	1.8	1.6	-2.7
Earnings per share EUR, basic and diluted	-0.00	-0.02	-0.03	0.02	0.01	0.01	-0.02
Return on equity (ROE), % ¹⁾	-1.4	-0.5	1.4	2.2	-2.8	-2.2	3.5
Return on operative capital employed (ROCE), % ¹⁾	10.2	13.5	17.4	23.6	11.6	16.8	13.5
Leverage ratio ¹⁾	4.3	3.3	3.1	2.6	3.9	3.3	2.3
Net working capital	26.3	-12.1	-6.7	-16.0	9.8	-7.1	-4.8
Number of personnel, average	5,053	5,050	5,031	5,065	5,049	5,221	5,368

¹⁾ Calculated on a rolling 12-month basis.
Please see pages 25–26 for definitions of the key ratios.

Net sales by segment

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Finland	79.1	77.9	209.8	218.4	299.6
Sweden	44.0	40.2	137.3	125.9	182.2
Norway	44.3	38.2	132.5	114.2	160.5
Denmark	17.8	17.8	53.4	68.6	87.9
Other business ¹⁾	24.6	22.0	73.8	65.0	91.9
Eliminations	-2.7	-2.3	-7.2	-6.0	-9.5
Net sales, total	207.0	193.8	599.6	586.2	812.6

1) Other business includes High Voltage, with operations mainly in Poland, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International and Rail businesses.

Net sales by segment by business

EUR million		Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Finland	Communication	32.1	30.5	78.8	79.6	111.3
	Power	46.9	47.4	131.1	138.9	188.4
Sweden	Communication	36.9	36.0	117.0	113.2	163.1
	Power	7.2	4.2	20.3	12.7	19.1
Norway	Communication	44.2	38.1	132.2	113.9	160.0
	Power	0.1	0.1	0.4	0.3	0.4
Denmark	Communication	13.1	12.3	39.4	50.5	65.2
	Power	4.7	5.6	14.0	18.1	22.7
Other business	Communication	4.4	3.3	11.4	9.4	13.6
	Power	20.3	17.3	62.2	51.6	73.1
	Other operations	0.0	1.5	0.2	4.1	5.3
Eliminations		-2.7	-2.3	-7.2	-6.0	-9.5
Net sales, total		207.0	193.8	599.6	586.2	812.6

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 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Communication	128.2	118.1	372.4	361.4	505.1
Power	78.8	74.3	227.1	220.8	302.3
Other operations	0.0	1.5	0.2	4.1	5.3
Net sales, total	207.0	193.8	599.6	586.2	812.6

Net sales by service split

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Project delivery	24.1	34.8	119.5	108.2	150.7
Upgrade services	117.2	107.8	318.0	325.1	452.2
Maintenance	65.7	51.2	162.1	152.9	209.7
Net sales, total	207.0	193.8	599.6	586.2	812.6

Reconciliation of segment results

EUR million	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Operative EBITA by segment					
Finland	4.9	4.8	9.4	8.6	12.7
Sweden	0.0	-0.2	-2.2	-2.6	-1.8
Norway	1.6	2.9	4.4	6.8	9.2
Denmark	0.1	0.2	0.2	4.1	4.2
Sum segments	6.6	7.7	11.7	16.9	24.2
Other business	-1.8	-2.2	-4.2	-3.6	-1.8
Group functions	-0.8	-1.5	-5.4	-5.6	-7.6
Operative EBITA, Group	4.1	4.1	2.1	7.8	14.8
Valuation as held for sale	-	-	-	-0.1	-0.1
Total items affecting comparability in EBITA	-	-	-	-0.1	-0.1
Amortisation of acquisition-related intangible asset	-	-0.1	-0.1	-0.2	-0.3
Operating result (EBIT)	4.1	4.0	2.0	7.5	14.5
Financial expenses, net	-2.1	-1.4	-5.6	-4.0	-5.8
Result before taxes	2.0	2.6	-3.5	3.5	8.7

Net working capital and operative capital employed

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Inventories	21.8	12.4	17.2
Trade and other receivables	202.5	207.1	192.3
Provisions	-5.7	-8.8	-8.6
Advances received	-41.8	-29.8	-35.8
Trade and other payables	-147.0	-169.0	-178.5
Other	-3.6	-2.1	-2.6
Net working capital	26.3	9.8	-16.0
Intangible assets excluding acquisition-related allocations	9.5	12.4	12.3
Property, plant and equipment	9.9	11.0	11.6
Right-of-use assets	48.1	52.1	53.3
Operative capital employed	93.8	85.3	61.2

Personnel by segment

	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Finland	1,495	1,493	1,497	1,472	1,478
Sweden	913	913	912	945	938
Norway	942	919	938	913	919
Denmark	485	489	479	593	562
Other business	1,078	1,082	1,075	1,135	1,123
Group functions	140	152	143	155	155
Total personnel, average	5,053	5,049	5,045	5,213	5,176
Total personnel, end of period	5,035	5,057	5,035	5,057	5,046

Contract balances

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Trade receivables	81.4	87.5	102.0
Contract assets	101.4	99.7	71.2
Total assets related to contracts with customers	182.8	187.2	173.2
Advances received	41.8	29.8	35.8
Total liabilities related to contracts with customers	41.8	29.8	35.8

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 and divestments

January–September 2022

During January-September 2022 there were no acquisitions or divestments.

Full-year 2021

During January-December 2021 there were no acquisitions.

In 2021 the following divestment was completed:

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 has as part of the divestment engaged ENACO as a subcontractor for the completion of certain projects, which are expected to be completed during 2022.

Deferred taxes

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Deferred tax assets	15.3	17.7	18.4
Deferred tax liabilities	-11.1	-10.7	-10.7
Net deferred tax assets	4.3	7.0	7.7

In September 2022, gross amount of EUR 12.4 million deferred tax assets for losses carried forward was recognised (12.9 in December 2021), of which EUR 5.6 million (5.9 in December 2021) related to operations in Sweden. Deferred tax assets are recognised for tax loss carry forwards to the extent that the utilisation against current year taxable profits and future taxable profits is probable. The future taxable profit estimate is based on current business plans approved by management.

Leasing

Right-of-use assets

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Buildings	26.6	29.6	31.2
Machinery and equipment	21.5	22.5	22.1
Total	48.1	52.1	53.3

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

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
1 Jan	53.3	59.2	59.2
Additions	14.6	13.0	21.7
Depreciations	-16.4	-17.5	-23.4
Other	-3.4	-2.6	-4.3
Balance at the end of period	48.1	52.1	53.3

Leasing liabilities

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
Non-current	31.9	34.4	35.8
Current	17.4	19.0	18.6
Total	49.3	53.4	54.5

Financial instruments

Derivative financial instruments	30 Sep 2022		30 Sep 2021		31 Dec 2021	
	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
EUR million						
Foreign exchange rate derivatives	24.8	0.1	50.5	0.0	41.8	0.1
Total	24.8	0.1	50.5	0.0	41.8	0.1

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 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net result attributable to equity holders of the parent	-0.4	1.6	-7.5	0.4	4.3
Weighted average number of common shares, basic	156,736,781	156,649,081	156,686,345	156,649,081	156,649,081
Weighted average number of common shares, diluted	156,828,792	156,730,418	156,775,962	156,726,901	156,728,961
Earnings per share EUR, basic	-0.00	0.01	-0.05	0.00	0.03
Earnings per share EUR, diluted	-0.00	0.01	-0.05	0.00	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)

Key Figure	Definition and reason for use	Reference
Operative EBITA	<p>Operative EBITA and -margin, % are used to measure business and segment profitability. Income statement items below operative EBITA are not allocated to segments.</p> <p>Operative EBITA: Operating result before acquisition-related amortisations and items affecting comparability</p> <p>Operative EBITA margin, %: $\frac{\text{Operative EBITA} \times 100}{\text{Net sales}}$</p> <p>Operative EBITA and -margin, % for segments represent the sum of segments: Finland, Sweden, Norway and Denmark.</p>	Reconciliation of segment results
Items affecting comparability	Items for specific events which management does not consider to form part of the ongoing operative business	Reconciliation of segment results
EBITDA	EBITDA is operating result (EBIT) before depreciations and amortisations. Used in calculating the leverage ratio.	Cash flow, key figures, quarterly key figures
Operating result (EBIT)	<p>Operating result (EBIT) and -margin% are used to measure profitability before interest and taxes.</p> <p>EBIT margin, %: $\frac{\text{EBIT} \times 100}{\text{Net sales}}$</p>	Income statement
Return on equity (ROE), %	<p>Return on equity (ROE), % represents the rate of return that shareholders receive on their investments.</p> <p>Return on equity (ROE), %¹⁾: $\frac{\text{Net result} \times 100}{\text{Total equity (average over the reporting period)}}$</p>	Income statement and balance sheet
Operative capital employed	<p>Operative capital employed is the amount of net operating assets the business uses in its operations.</p> <p>Return on operative capital employed (ROCE), % represents how effectively total net operating assets are used in order to generate return in the operating business.</p> <p>Operative capital employed: Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant and equipment and Right-of-use assets</p> <p>Return on operative capital employed (ROCE), %¹⁾: $\frac{\text{EBITA} \times 100}{\text{Operative capital employed (average over the reporting period)}}$</p>	Net working capital and operative capital employed

1) Calculated on a rolling 12-month basis.

Key figure	Definition and reason for use	Reference
Net debt and leverage ratio	<p>Net debt represents Eltel's indebtedness. It is used to monitor capital structure and financial capacity. It is also used in calculating the leverage ratio. The leverage ratio is defined as covenant in Eltel's financing agreement.</p> <p>Net debt: Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents</p> <p>Leverage ratio¹⁾: $\frac{\text{Net debt}}{\text{EBITDA}}$</p>	Interest-bearing liabilities and net debt
Net working capital	<p>Net working capital is used to follow the amount of short-term running capital needed for the business to operate. Used also as a factor to calculate operative capital employed.</p> <p>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.</p>	Net working capital and operative capital employed
Committed order backlog	<p>Committed order backlog is the total value of committed orders received but not yet recognised as sales. It is the (best) measure of unsatisfied performance obligations according to IFRS 15 Revenue from contracts with customer.</p>	

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 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	-	-	1.5	1.1	2.2
Administrative expenses	-0.8	-0.8	-5.0	-4.3	-6.9
Operating result	-0.8	-0.8	-3.6	-3.2	-4.8
Interest and other financial income	5.4	5.5	16.1	16.6	22.1
Interest and other financial expenses	-0.4	-0.8	-1.3	-2.5	-3.2
Net financial items	5.0	4.7	14.9	14.1	18.9
Result after financial items	4.2	3.9	11.3	10.9	14.1
Group contributions given	-	-	-	-	-14.0
Net result	4.2	3.9	11.3	10.9	0.1

Parent Company condensed balance sheet

EUR million	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS			
Non-current assets			
Financial assets			
Shares in Group companies	68.3	68.3	68.3
Long-term loans receivable from Group companies	505.2	497.7	503.2
Intangible assets	0.0	0.1	0.1
Non-current assets	573.5	566.1	571.5
Current assets			
Trade and other receivables	0.5	0.5	1.4
Cash pool receivable	4.3	0.0	0.0
Cash and cash equivalents	0.1	0.1	0.1
Current assets	4.9	0.6	1.5
TOTAL ASSETS	578.4	566.7	573.1
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	159.6	158.8	158.8
Statutory reserve	0.7	0.5	0.5
Restricted equity	160.3	159.3	159.3
Non-restricted equity			
Retained earnings	284.9	285.8	285.8
Net result for the period	11.3	10.9	0.1
Non-restricted equity	296.2	296.7	285.9
Total equity	456.5	455.9	445.2
Current liabilities			
Debt	34.9	78.3	72.5
Liabilities to Group companies	86.6	31.7	54.3
Trade and other payables	0.4	0.8	1.2
Current liabilities	121.9	110.8	127.9
Total liabilities	121.9	110.8	127.9
TOTAL EQUITY AND LIABILITIES	578.4	566.7	573.1

At year-end 2021, Eltel had 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. In January 2022 Eltel's debt was replaced with new finance agreement.

Equity

EUR million	1 Jan 2022	Share capital reduction	Proceeds from shares issued	Purchase of own shares	Equity-settled share-based payment	Net result	30 Sep 2022
Share capital	158.8	-0.2	1.0	-	-	-	159.6
Statutory reserve	0.5	0.2	-	-	-	-	0.7
Non-restricted equity	285.9	-	0.0	-1.0	0.0	11.3	296.2
Total	445.2	-	1.0	-1.0	0.0	11.3	456.5

In February 2022, the Board of Directors of Eltel AB has resolved to reduce the share capital through the redemption of 240,000 class C shares, that are held by the company, and that an amount of EUR 242,039 corresponding to the quota value of the class C shares was transferred to the company's reserve fund.

In March 2022, Eltel AB has issued and immediately thereafter re-purchased 972,000 new class C shares in accordance with the incentive program LTIP 2021 which was adopted by the Annual General Meeting held on 5 May 2021.

Nordea Bank Abp subscribed for the entire issue of new class C shares at a subscription price of EUR 1.01 per share, corresponding approximately to the quota value of the shares. The entire issue of class C shares was thereafter re-purchased by Eltel for the same price. The class C shares will be converted into ordinary shares prior to delivery to qualifying participants of LTIP 2021.

The purpose of the re-purchase is to ensure delivery of shares to participants and to secure social contributions arising as a result of LTIP 2021. The class C shares do not entitle to dividends and each share entitles to 1/10 voting right.

In June 2022, Eltel AB converted 87,700 class C shares to ordinary shares pursuant to the company's articles of association. Prior to the conversion, the total number of outstanding shares in Eltel amounted to 158,231,081 and the total number of votes amounted to 156,807,281. Through the conversion, the number of ordinary shares in Eltel has increased by 87,700 shares, corresponding to 87,700 votes.

As of 30 September 2022, the total number of registered and outstanding shares of Eltel amounts to 158,231,081, whereof 156,736,781 are ordinary shares and 1,494,300 are class C shares. The number of votes in Eltel amounts to 156,886,211 and the registered share capital amounts to EUR 159,575,695.

“ We enable a more sustainable and connected world today and for future generations.

Eltel AB

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