Eltel Group

Interim report January–March 2023

Stockholm, Sweden, 4 May 2023

January–March 2023

- Net sales EUR 188.4 million (184.0). Total growth 2.4% and organic growth[1)] in segments 7.2%
- Adjusted EBITDA EUR 2.4 million (5.1)
- Adjusted EBITA[2)] EUR -5.5 million (-2.4) and adjusted EBITA margin -2.9% (-1.3)
- Adjusted EBITA[2)] in segments EUR -2.1 million (0.7) and adjusted EBITA margin in segments -1.2% (0.4)
- Items affecting comparability EUR -6.1 million (0.0)
- Operating result (EBIT) EUR -11.6 million (-2.5) and EBIT margin -6.2% (-1.4)
- Net result EUR -15.1 million (-4.4)
- Earnings per share EUR -0.10 (-0.03), basic and diluted
- Cash flow from operating activities EUR -23.7 million (-8.8)
- Net debt EUR 158.4 million (135.8)

Significant events during and after the reporting period

- During the first quarter, Eltel signed contracts with a combined value of about EUR 244 million (115). Read more on page 13.
- Eltel completed a cost savings program that resulted in a EUR 6.1 million restructuring charge (items affecting comparability).
- On 13 March, Pamela Lundin joined Eltel as Director of Business Development and member of the Group Management Team.
- On 24 March, it was announced that Eltel has established a Sustainability-Linked Finance Framework designed to support the future issuance of sustainability-linked securities.
- After the reporting period, on 6 April, Eltel issued subordinated sustainability-linked hybrid capital securities in the aggregate principal amount of EUR 25 million.
- On 13 April, it was announced that Eltel Norway signed a one-year prolongation to its agreement with Telenor for about EUR 70–90 million.
- On 3 May, it was announced that Eltel and the Finnish energy company Helen have signed an agreement for the delivery of a large-scale solar park in Lohja, Finland, worth about EUR 3.1 million.

Key figures

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	188.4	184.0	823.6
Net sales growth, %	2.4%	1.1%	1.4%
Adjusted EBITDA	2.4	5.1	27.8
Adjusted EBITA[2)]	-5.5	-2.4	-1.9
Adjusted EBITA margin, %	-2.9%	-1.3%	-0.2%
Adjusted EBITA[2)], segments	-2.1	0.7	9.9
Adjusted EBITA margin, %, segments	-1.2%	0.4%	1.4%
Operating result (EBIT)	-11.6	-2.5	-2.0
Return on operative capital employed (ROCE), %	-7.9%	17.4%	-3.5%
Net working capital	-5.4	-6.7	-21.0
Net debt	158.4	135.8	125.5
Number of employees, average	5,103	5,031	5,053

1) Organic growth is adjusted for currency effects.
2) Eltel follows the profitability of segments with adjusted EBITA, which does not include restructuring costs and other items affecting comparability. Eltel has changed its terminology in Q1 2023 from operative EBITA to adjusted EBITA for the purpose of additional clarity and alignment with market practice. Please see pages 24–25 for definitions of the key ratios.

Comments by the CEO

The year has started strong in terms of organic growth and new contracts signed. Organic growth in the segments was 7.2%, and 2.4% for the Group, which shows that last year's strong sales activities have been translated into delivered volumes. Additionally, we signed new contracts worth about EUR 244 million, more than double the volume compared to Q1 2022. While this shows our ability to secure new business, we are aware of the uncertainty relating to the future investment levels of telecom operators, which may impact our growth going forward.

As we indicated after the difficult last quarter of 2022, we foresaw the profitability challenges continuing into the first part of 2023. However, even though the difficulties were anticipated, and the fact that the first quarter is usually our weakest, we are still disappointed with our adjusted EBITA margin of -1.2% for the segments and -2.9% for the Group. Denmark and Sweden continued to improve their results and contributed positively, while the weak profitability in Norway and Finland burdened the overall results. We will continue to work on the underlying issues to drive profitability in the upcoming quarters.

Finland generated good growth, but increased costs and certain unfavorable contracts in Power Services affected the results. Sweden delivered very strong growth with a 19.2% increase in net sales in local currency. This marks the sixth consecutive quarter of top-line growth and the third quarter with a positive result for the country unit. In Norway, reduced and delayed volumes resulted in overcapacity and inefficiency. Meanwhile, Denmark had a very strong start to the year with a 20.5% revenue increase and a robust profitability at 6.1% adjusted EBITA margin.

The cost savings program that was initiated in December 2022, with a focus on Norway and Finland, has been implemented during the quarter. The program is estimated to provide savings of EUR 10 million on annual basis and it incurred a restructuring cost of EUR 6.1 million. The program included reducing the workforce by approximately 150 full-time employees, optimizing subcontractor usage, closing selected offices, and reducing the number of vehicles. We expect to see the first effects of the program in the coming months. However, it is worth noting that we have also experienced a general increase in our cost base due to inflation and recent salary increases associated with the reached collective agreements in the Nordic countries.

After the reporting period, we have improved our financial position by issuing a EUR 25 million hybrid bond. The instrument is the first sustainability-linked hybrid bond in the Nordics, which highlights our commitment to integrating sustainability into our financing structure and showcases how sustainability is at the core of our operations.

Recently, we signed a contract in Finland to build our first large-scale solar park. This strategic move marks our expansion into the renewable energy sector and represents a significant milestone for Eltel.

As we navigate in the challenging markets, we remain focused on driving growth, reducing costs, and enhancing our sustainability efforts to ensure long-term and sustainable profitability for our company.

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, Germany and Lithuania within country-based organizations 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 characterized by a high concentration of customers and competitors offering similar products and services.

Our strategy – towards sustainable profitable growth

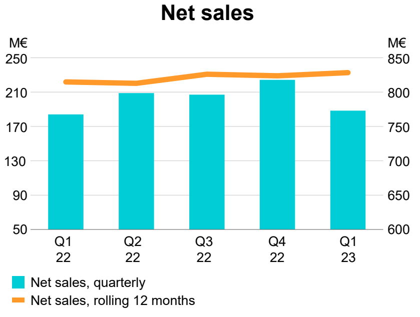
Through our strategy, we build the foundation for investing in sustainable profitable growth. This involves:

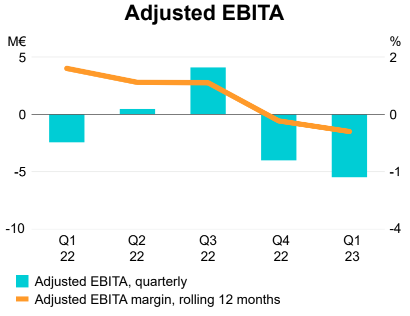
- Improve efficiency and profitability of the current business, including price increases
- Broaden the customer base
- Grow in new and adjacent markets, such as renewable energy and public infrastructure
- Integrate sustainability as part of our offerings and operations
- Develop our concepts and commercial capabilities
- Implement new business models and expand our position in the value chain

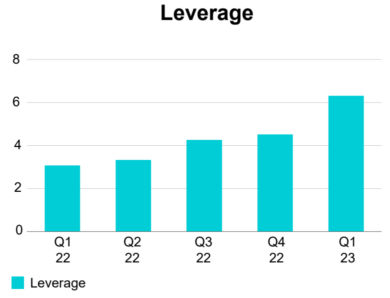
The strategy will enable Eltel to continue to develop, grow and invest in order to ensure long-term value creation for the company, its shareholders and society at large.

Eltel's financial targets by end of 2025

Group adjusted EBITA margin	5%
Annual growth	2–4%
Leverage	1.5–2.5x net debt/adjusted EBITDA
Dividend payout	Subject to leverage target







See pages 24–25 for definitions of the key ratios.

Net sales and earnings Group

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	188.4	184.0	823.6
Adjusted EBITDA	2.4	5.1	27.8
Adjusted EBITA	-5.5	-2.4	-1.9
Items affecting comparability	-6.1	-	-
EBIT	-11.6	-2.5	-2.0
Net result	-15.1	-4.4	-14.9
Key ratios			
Net sales growth, %	2.4%	1.1%	1.4%
Organic growth[1)], % in segments	7.2%	0.2%	1.8%
Currency translation effect in net sales, MEUR	-6.9	-0.1	-9.3
Adjusted EBITA margin, %	-2.9%	-1.3%	-0.2%
Tax rate, %	-3.8%	-4.1%	-30.5%
Earnings per share after dilution, EUR	-0.10	-0.03	-0.10

1) Organic growth is adjusted for currency effects.

January–March 2023

Net sales increased by 2.4% to EUR 188.4 million (184.0). In segments net sales increased by EUR 4.8 million. Organic net sales in segments, adjusted for currency effects, increased by 7.2%. The growth was driven by increased volumes in Denmark, Sweden and Finland. In Norway and Other business net sales decreased.

Adjusted EBITDA decreased to EUR 2.4 million (5.1). Adjusted EBITA decreased to EUR -5.5 million (-2.4) and the adjusted EBITA margin was -2.9% (-1.3). Adjusted EBITA in segments was EUR -2.1 million (0.7) and the margin was -1.2% (0.4). Improved performance in Denmark and Sweden was offset by challenges in Finland and Norway. In Other business, adjusted EBITA was EUR -1.0 million (-0.6).

Items affecting comparability comprised a restructuring charge that amounted to EUR 6.1 million (0.0). Following reductions in customer investments and result deterioration in Norway and Finland, a restructuring and cost savings program was communicated in connection with the Q4 2022 report. The actions were finalized during the first quarter of 2023. The restructuring included reduction in the workforce by approximately 150 full-time employees, termination and wind down of certain customer agreements, closing of selected locations and reducing fleet to adjust to the needs of the current operations.

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

EBIT amounted to EUR -11.6 million (-2.5).

Net financial expenses increased to EUR 2.9 million (1.8), mainly due to change in interest cost.

Tax costs amounted to EUR 0.6 million (0.2) representing the tax cost in countries with profits. No deferred tax assets were booked for countries with losses in the period. The effective tax rate was -3.8% (-4.1).

Net result for the period was EUR -15.1 million (-4.4). Earnings per share were EUR -0.10 (-0.03).

Overview of segments

Net sales

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Finland	64.3	58.8	290.1
Sweden	48.8	43.9	193.8
Norway	32.2	41.6	176.8
Denmark	21.8	18.1	74.3
Sum segments	**167.2**	**162.4**	**735.0**
Other business	22.7	23.5	99.4
Eliminations	-1.5	-1.9	-10.8
Total net sales	**188.4**	**184.0**	**823.6**

Adjusted EBITA

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Finland	-2.3	0.9	8.2
Sweden	0.5	-1.8	-1.0
Norway	-1.6	1.4	2.1
Denmark	1.3	0.2	0.6
Sum segments	**-2.1**	**0.7**	**9.9**
Other business	-1.0	-0.6	-4.0
Group functions	-2.4	-2.6	-7.8
Total adjusted EBITA	**-5.5**	**-2.4**	**-1.9**

Adjusted EBITA margin

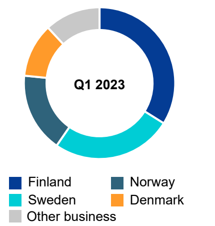
EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Finland	-3.6%	1.6%	2.8%
Sweden	1.0%	-4.1%	-0.5%
Norway	-4.9%	3.4%	1.2%
Denmark	6.1%	0.9%	0.9%
Sum segments	**-1.2%**	**0.4%**	**1.4%**
Other business	-4.2%	-2.4%	-4.0%
Total adjusted EBITA margin, %	**-2.9%**	**-1.3%**	**-0.2%**

Eltel's main operations in the four Nordic countries are presented as segments. In Q1 2023, the segments represented 89% of the net sales.

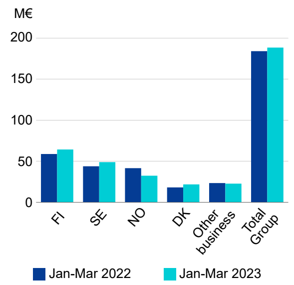
Management follows segment results by adjusted EBITA, which does not include items affecting comparability. Items affecting comparability include expenses recognized in Q1 2023 for restructuring and rightsizing activities aiming to adjust the capacity of Eltel's operations.

Other business includes High Voltage Poland, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International.

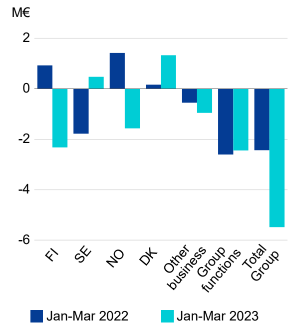
Net sales by segment



Net sales by segment



Adjusted EBITA by segment



Net sales and adjusted EBITA – Segments

Finland

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	64.3	58.8	290.1
Adjusted EBITA[1)]	-2.3	0.9	8.2
Number of employees, average	1,503	1,491	1,498
Key ratios			
Net sales growth, %	9.4%	-3.2%	-3.2%
Adjusted EBITA margin, %	-3.6%	1.6%	2.8%

1) Excluding restructuring costs

January–March 2023

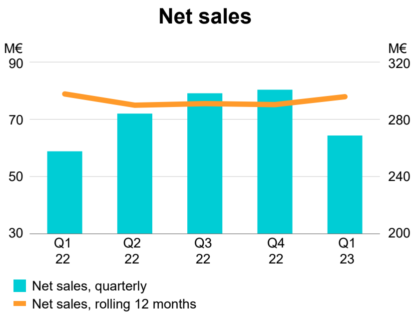
Net sales increased by EUR 5.5 million, or 9.4%, to EUR 64.3 million (58.8), mainly driven by a strong fiber market which generated larger volumes.

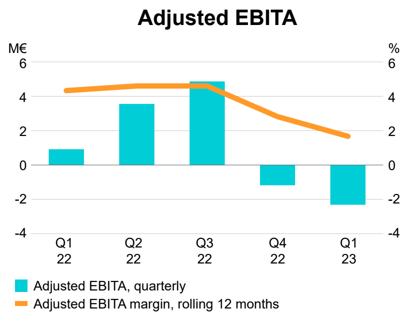
Adjusted EBITA decreased to EUR -2.3 million (0.9). The adjusted EBITA margin was -3.6% (1.6). Although the underlying profitability in Communication was stable, increased costs and certain unfavorable agreements in Power Services deteriorated the result.

As part of the restructuring and cost savings program, Eltel Finland has terminated certain customer agreements, reduced the workforce by 47 full-time employees, closed selected facilities and reduced the number of vehicles.

On 23 March, it was announced that Eltel Finland has signed a one-year continuation to its current agreement with the Finnish telecommunications company Elisa. The contract includes a significant expansion of fiber-to-the-home (FTTH) construction and is worth about EUR 32 million.

After the reporting day, on 3 May, it was announced that Eltel and the Finnish energy company Helen have signed an agreement for the delivery of a large-scale solar park in Lohja, Finland. The move into the solar PV market is a milestone for Eltel, supporting the company's continued expansion into the renewable energy sector. The contract is worth about EUR 3.1 million.





Sweden

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	48.8	43.9	193.8
Adjusted EBITA	0.5	-1.8	-1.0
Number of employees, average	992	912	919
Key ratios			
Net sales growth, %	11.3%	6.9%	6.4%
Organic growth[1)], %	19.2%	10.3%	11.6%
Currency translation effect in net sales, MEUR	-3.5	-1.4	-9.5
Adjusted EBITA margin, %	1.0%	-4.1%	-0.5%

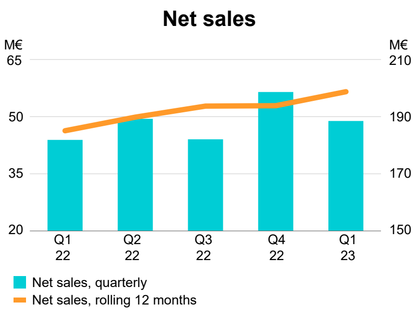
1) Adjusted for currency effects.

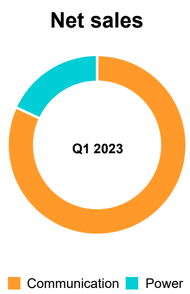
January–March 2023

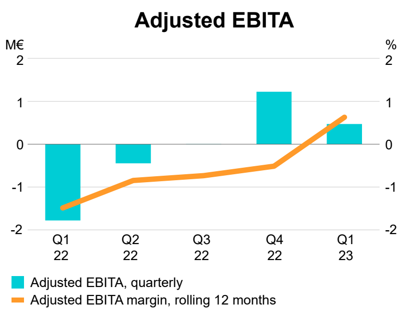
Net sales increased by EUR 4.9 million, or 11.3%, to EUR 48.8 million (43.9). Currency effects had a negative impact of EUR 3.5 million. Organic growth in local currency was 19.2%. The strong growth was mainly attributable to increased volumes in fiber and Smart Grids.

Adjusted EBITA improved to EUR 0.5 million (-1.8). The adjusted EBITA margin was 1.0% (-4.1). Progress came from increased volumes and operational optimizations.

On 7 February, it was announced that Eltel Sweden and the Armed Forces continue an existing collaboration for another four years based on an option in a current agreement. Estimated order value for the extension is SEK 250 million, about EUR 22 million.







Norway

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	32.2	41.6	176.8
Adjusted EBITA[1)]	-1.6	1.4	2.1
Number of employees, average	916	938	938
Key ratios			
Net sales growth, %	-22.5%	22.5%	10.2%
Organic growth[2)], %	-14.6%	17.9%	9.4%
Currency translation effect in net sales, MEUR	-3.3	1.6	1.4
Adjusted EBITA margin, %	-4.9%	3.4%	1.2%

1) Excluding restructuring costs.
2) Adjusted for currency effects.

January–March 2023

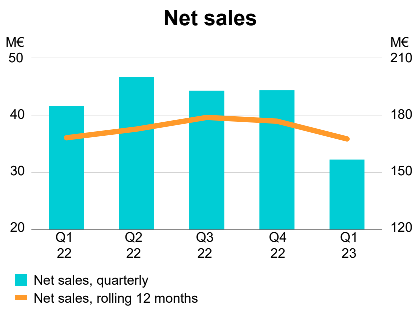
Net sales decreased by EUR 9.4 million, or 22.5%, to EUR 32.2 million (41.6). Currency effect was EUR -3.3 million. Organic growth in local currency was -14.6%. Main reasons were lower volumes due to reduced, and partly delayed, customer investments.

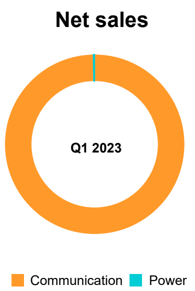
Adjusted EBITA decreased to EUR -1.6 million (1.4). The adjusted EBITA margin decreased to -4.9% (3.4). The decrease is a consequence of reduced volumes which led to overcapacity and inefficiency.

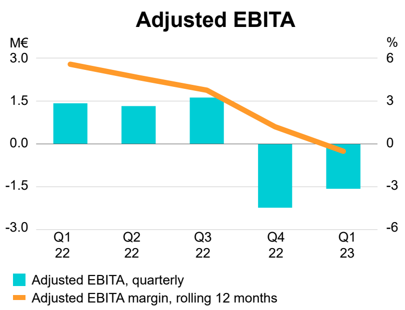
As part of the restructuring and cost savings program, the workforce was reduced by 100 full-time employees, certain customer agreements have been terminated, selected facilities have been closed and the number of vehicles has been reduced.

On 30 January, it was announced that Eltel Norway has entered into a three-year frame agreement for fiber work and Fixed Wireless Access (FWA) with a new customer, Viken Fiber, one of Norway's largest fiber companies. The three-year agreement is worth about NOK 180–200 million, about EUR 17–19 million.

After the reporting period, on 13 April, it was announced that Eltel Norway and Telenor, Norway's largest provider of telecommunications and digital services, have extended their collaboration for an additional year based on an option in the current agreement. The estimated order value for the option year is about NOK 800–1000 million, about EUR 70–90 million.







Denmark

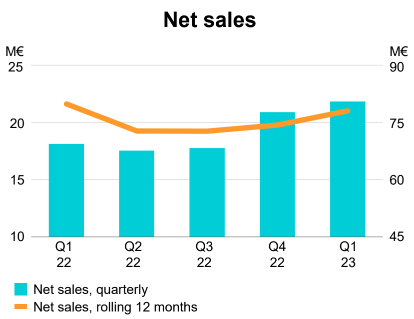
EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	21.8	18.1	74.3
Adjusted EBITA	1.3	0.2	0.6
Number of employees, average	500	475	484
Key ratios			
Net sales growth, %	20.5%	-30.8%	-15.5%
Organic growth[1)], %	20.5%	-30.8%	-15.5%
Currency translation effect in net sales, MEUR	0.0	0.0	0.0
Adjusted EBITA margin, %	6.1%	0.9%	0.9%

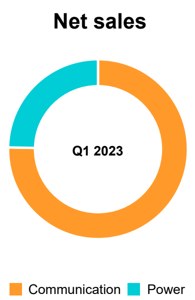
1) Adjusted for currency effects.

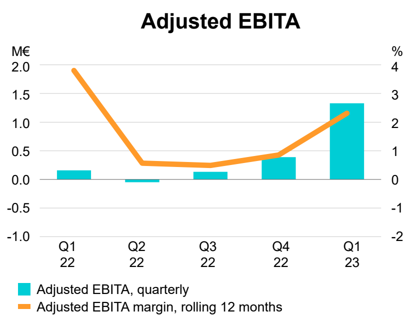
January–March 2023

Net sales increased by EUR 3.7 million, or 20.5%, to EUR 21.8 million (18.1). The large increase came from higher volumes in ongoing contracts.

Adjusted EBITA increased to EUR 1.3 million (0.2). The adjusted EBITA margin was 6.1% (0.9). The strong performance stemmed from increased volumes, operational improvements and higher pricing.







Other business

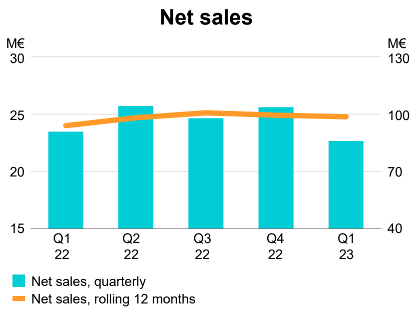
EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	22.7	23.5	99.4
Adjusted EBITA	-1.0	-0.6	-4.0
Number of employees, average	1,039	1,067	1,071

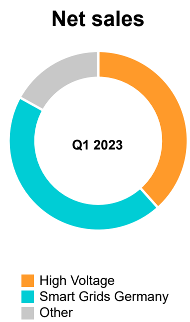
Other business includes High Voltage Poland, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International.

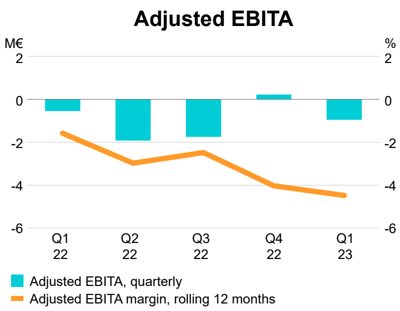
January–March 2023

Net sales decreased by EUR 0.8 million to EUR 22.7 million (23.5) due to a shift of scope to smaller projects and services in High Voltage Poland.

Adjusted EBITA decreased to EUR -1.0 million (-0.6). High Voltage Poland had a negative adjusted EBITA of EUR -1.5 million (-1.3). Margins in Smart Grids Germany remained on a high level. In Power Transmission International all projects are operationally closed. Administrative closing processes and related costs continue to impact the result.







Cash flow

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
EBIT	-11.6	-2.5	-2.0
Depreciation and amortization	7.9	7.6	29.8
EBITDA	-3.7	5.1	27.8
Changes in working capital	-11.3	-9.8	4.6
Total financial expenses and taxes	-7.6	-3.1	-12.5
Adjustment for gain/loss on sales of assets	0.0	0.0	-0.1
Other	-1.1	-0.9	-3.4
Cash flow from operating activities	**-23.7**	**-8.8**	**16.4**
Cash flow from investing activities	**-1.3**	**-0.7**	**-3.9**
Cash flow from financing activities	**-0.3**	**-2.5**	**3.1**
Net change in cash and cash equivalents	**-25.4**	**-11.9**	**15.5**
Cash and cash equivalents at beginning of period	**47.9**	**32.3**	**32.3**
Foreign exchange rate effect	-1.0	0.4	0.1
Cash and cash equivalents at end of period	**21.5**	**20.8**	**47.9**

Condensed consolidated statement of cash flows is presented on page 17.

January–March 2023

Cash flow from operating activities was EUR -23.7 million (-8.8). Main items included EBITDA EUR -3.7 million (5.1), change in net working capital EUR -11.3 million (-9.8), financial items EUR -4.0 million (-0.6) and income taxes EUR -3.7 million (-2.5). Cash flow from financial items and income taxes is impacted by timing differences between income statement and payments.

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 -1.3 million (-0.7) consisting of net capital expenditure on machinery and equipment.

Cash flow from financing activities was EUR -0.3 million (-2.5). Utilization of short-term financing increased by EUR 5.0 million (reduction of 5.5). Payments of lease liabilities amounted to EUR 5.3 million (5.5). In 2022 Eltel drew a EUR 35.0 million term loan and repaid the remaining old term loan of EUR 27.0 million. Eltel also issued and purchased shares in accordance with a long-term incentive program, which had a cash flow impact of EUR 1.0 million and EUR -1.0 million, respectively.

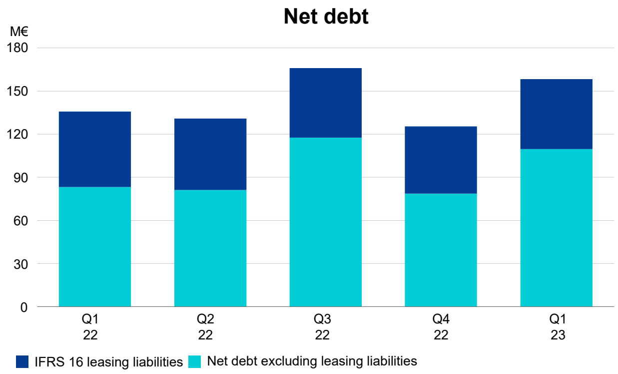
Financial position, cash and cash equivalents

Equity at the end of the period was EUR 192.8 million (226.3) and total assets were EUR 602.8 million (609.8). The equity ratio was 34.9% (39.7).

Interest-bearing liabilities and net debt

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Interest-bearing debt	129.6	102.3	125.1
Leasing liabilities	49.5	53.5	47.8
Allocation of effective interest to periods	0.8	0.7	0.5
Less cash and cash equivalents	-21.5	-20.8	-47.9
Net debt	**158.4**	**135.8**	**125.5**

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current interest-bearing debt	22.4	34.5	34.7
Current interest-bearing debt	107.2	67.8	90.4
Total interest-bearing debt	**129.6**	**102.3**	**125.1**
Non-current leasing liabilities	31.6	35.1	31.0
Current leasing liabilities	17.9	18.4	16.8
Total leasing liabilities	**49.5**	**53.5**	**47.8**



Credit facilities

EUR million	31 Mar 2023	Maturity
Term loan, current	12.0	Apr 2023-Mar 2024
Term loan, non-current	2.0	Apr 2024-Sep 2024
Term loan, non-current	21.0	Jan 2025
Revolving credit facility	90.0	Jan 2025 (+ extension options until Jan 2027)
Account overdrafts	15.0	Jan 2025 (+ extension options until Jan 2027)
Total committed credit facilities	**140.0**	
Commercial paper program	150.0	N/A

Available liquidity reserves, including the committed revolving credit facility, account overdrafts and cash and cash equivalents, amounted to EUR 74.5 million (125.8). Additional to the committed facilities, the Group also has access to short-term debt capital markets via a commercial paper program of EUR 150 million. On 31 March 2023, EUR 42.5 million (67.5) of the commercial paper program and EUR 52.0 million (0.0) of the revolving credit facility were utilized.

Commercial guarantees

On 31 March 2023, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 81.4 million (88.7).

Other information

Risks and uncertainty factors

The high inflation 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, there is a risk the degree of compensation does not fully cover the inflationary impact.

The current market volatility and the unpredictability of the volume of customer investments may have a negative impact on Eltel's net sales. There is a risk the restructuring and cost savings program taken in Q1 2023 is not sufficient to restore our profitability.

Eltel has faced significant profitability challenges in its High Voltage business in Poland, partly due to 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.

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.

The market interest rates have increased significantly in recent periods. This has led to a higher discount rate (WACC) used in the impairment calculations and consequently to a risk of goodwill impairment. Eltel follows any triggering events throughout the year and impairment test is conducted in case of any indicators of impairment.

For additional information regarding risks and uncertainties, please refer to Eltel's 2022 Annual Report which was published on 30 March 2023 and is available on Eltel's website at www.eltelgroup.com.

Large agreements announced during and after the reporting period

On 30 January 2023, it was announced that Eltel Norway has entered into a three-year frame agreement for fiber work and Fixed Wireless Access (FWA) with a new customer, Viken Fiber, one of Norway's largest fiber companies. The three-year agreement is worth about NOK 180–200 million, about EUR 17–19 million.

On 7 February 2023, it was announced that Eltel Sweden and the Armed Forces continue an existing collaboration for another four years based on an option in a current agreement. Estimated order value for the four-year extension is SEK 250 million, about EUR 22 million.

On 23 March 2023, it was announced that Eltel Finland has signed a one-year continuation to its current agreement with the Finnish telecommunications company Elisa. The contract includes a significant expansion of fiber-to-the-home (FTTH) construction and is worth about EUR 32 million.

After the reporting period, on 13 April 2023, it was announced that Eltel Norway and Telenor, Norway's largest provider of telecommunications and digital services, have extended their collaboration for an additional year based on an option in the current agreement. The estimated order value for the option year is about NOK 800–1000 million, about EUR 70–90 million.

On 3 May 2023, it was announced that Eltel and the Finnish energy company Helen have signed an agreement for the delivery of a large-scale solar park in Lohja, Finland. The move into the solar PV market is a milestone for Eltel, supporting the company's continued expansion into the renewable energy sector. The contract is worth about EUR 3.1 million.

Related party transactions

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

Seasonality

Eltel's businesses are generally characterized by seasonal patterns and cyclicality of the project business that adds volatility to net sales, adjusted 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 19.

Events after balance sheet date

On 6 April 2023, Eltel AB issued subordinated sustainability-linked hybrid capital securities in the aggregate principal amount of EUR 25 million (the "hybrid bond"). The hybrid bond is classified as equity and it is subordinated to the company's other debt obligations. The hybrid bond has no maturity date, but Eltel has the right to redeem it at so-called reset date in July 2026 and at every interest payment date thereafter. The hybrid bond is sustainability-linked, and a premium of up to 1.2% of the principal amount is paid at redemption if the sustainability targets measured at 31 December 2025 are not met.

Presentation of the Q1 2023 report

Analysts and media are invited to participate in the Q1 2023 interim report briefing on 4 May 2023 at 10:00 am CEST where Eltel's President and CEO Håkan Dahlström and CFO Saila Miettinen-Lähde will host a presentation. A combined webcast and teleconference as well as the presentation will be available at www.eltelgroup.com/investors.

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Financial calendar

- Annual General Meeting: 11 May 2023
- Half-year report January–June: 27 July 2023
- Interim report January–September: 2 November 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 CEST on 4 May 2023.

Signature of the CEO

Stockholm, Sweden, 4 May 2023

Eltel AB (publ)

Håkan Dahlström, President and CEO

The information in this interim report has not been reviewed by the company's auditors.

Condensed financial information

Condensed consolidated income statement

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	188.4	184.0	823.6
Cost of sales	-178.1	-167.0	-748.9
Gross profit	**10.3**	**17.0**	**74.7**
Other income	0.6	0.3	0.9
Selling and administrative expenses	-22.3	-19.8	-77.2
Other expenses	-0.2	-0.0	-0.4
Operating result (EBIT)	**-11.6**	**-2.5**	**-2.0**
Financial income	0.2	0.0	0.2
Financial expenses	-3.1	-1.8	-9.6
Net financial expenses	-2.9	-1.8	-9.5
Result before taxes	**-14.5**	**-4.3**	**-11.4**
Taxes	-0.6	-0.2	-3.5
Net result	**-15.1**	**-4.4**	**-14.9**
Attributable to:			
Equity holders of the parent	-15.1	-4.4	-15.0
Non-controlling interest	0.0	0.0	0.1
Earnings per share (EPS)			
Basic, EUR	-0.10	-0.03	-0.10
Diluted, EUR	-0.10	-0.03	-0.10

Condensed consolidated statement of comprehensive income

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net profit for the period	-15.1	-4.4	-14.9
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Revaluation of defined benefit plans, net of tax	2.0	1.6	7.8
Items that may be subsequently reclassified to profit and loss			
Net investment hedges, net of tax	-	0.1	-0.0
Currency translation differences	-5.5	1.2	-9.1
Total	-5.5	1.2	-9.1
Other comprehensive income/loss for the period, net of tax	-3.5	2.9	-1.3
Total comprehensive income/loss for the period	**-18.6**	**-1.6**	**-16.2**
Total comprehensive income/loss attributable to:			
Equity holders of the parent	-18.6	-1.6	-16.2
Non-controlling interest	0.0	0.0	0.1

Condensed consolidated balance sheet

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	251.7	265.5	256.0
Intangible assets	34.5	38.7	35.3
Property, plant and equipment	10.5	11.1	10.7
Right-of-use assets	47.5	52.3	46.5
Deferred tax assets	26.5	18.4	16.3
Financial assets	10.8	1.2	7.1
Total non-current assets	**381.4**	**387.2**	**371.9**
Current assets			
Inventories	25.9	17.4	24.8
Trade and other receivables	174.1	184.5	177.1
Cash and cash equivalents	21.5	20.8	47.9
Total current assets	**221.4**	**222.6**	**249.8**
TOTAL ASSETS	**602.8**	**609.8**	**621.7**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	185.4	218.6	204.0
Non-controlling interest	7.4	7.7	7.4
Total equity	**192.8**	**226.3**	**211.3**
Non-current liabilities			
Interest-bearing debt	22.4	34.5	34.7
Leasing liabilities	31.6	35.1	31.0
Retirement benefit obligations	6.0	11.3	6.0
Deferred tax liabilities	20.6	10.6	10.3
Provisions	2.6	4.4	2.6
Other non-current liabilities	0.6	0.7	0.6
Total non-current liabilities	**83.9**	**96.5**	**85.2**
Current liabilities			
Interest-bearing debt	107.2	67.8	90.4
Leasing liabilities	17.9	18.4	16.8
Provisions	8.7	3.3	3.3
Advances received	51.0	40.1	50.6
Trade and other payables	141.5	157.3	164.1
Total current liabilities	**326.2**	**286.9**	**325.2**
Total liabilities	**410.1**	**383.5**	**410.4**
TOTAL EQUITY AND LIABILITIES	**602.8**	**609.8**	**621.7**

Condensed consolidated statement of cash flows

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Cash flow from operating activities			
Operating result (EBIT)	-11.6	-2.5	-2.0
Adjustments:			
Depreciation and amortization	7.9	7.6	29.8
Gain/loss on sales of assets	0.0	0.0	-0.1
Defined benefit pension plans	-0.9	-0.8	-3.3
Other non-cash adjustments	-0.3	-0.1	-0.1
Cash flow from operations before interests, taxes and changes in working capital	-4.8	4.1	24.2
Interest and other financial expenses paid, net	-4.0	-0.6	-7.8
Income taxes received/paid	-3.7	-2.5	-4.7
Total financial expenses and taxes	-7.6	-3.1	-12.5
Changes in working capital:			
Trade and other receivables	0.8	8.2	8.7
Trade and other payables	-10.9	-17.7	3.8
Inventories	-1.2	-0.3	-7.9
Changes in working capital	-11.3	-9.8	4.6
Net cash from operating activities	**-23.7**	**-8.8**	**16.4**
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-1.3	-0.7	-4.1
Proceeds from sale of property, plant and equipment (PPE)	-	-	0.2
Net cash from investing activities	**-1.3**	**-0.7**	**-3.9**
Cash flow from financing activities			
Proceeds from issuance of share capital	-	1.0	1.0
Acquisition of own shares	-	-1.0	-1.0
Proceeds from long-term financial liabilities	-	35.0	35.0
Proceeds from short-term financial liabilities	16.6	3.0	76.5
Payments of short-term financial liabilities	-11.5	-8.5	-60.0
Payments of financial liabilities, term loans	-	-27.0	-27.0
Payments of lease liabilities	-5.3	-5.5	-21.6
Dividends to non-controlling interest	-	-	-0.4
Change in non-liquid financial assets	0.0	0.5	0.6
Net cash from financing activities	**-0.3**	**-2.5**	**3.1**
Net change in cash and cash equivalents	**-25.4**	**-11.9**	**15.5**
Cash and cash equivalents at beginning of period	**47.9**	**32.3**	**32.3**
Foreign exchange rate effect	-1.0	0.4	0.1
Cash and cash equivalents at end of period	**21.5**	**20.8**	**47.9**

Condensed consolidated statement of changes in equity

	Equity attributable to shareholders of the parent								
EUR million	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation	Total	Non controlling interest	Total equity
Equity at 1 Jan 2023	159.6	489.9	-381.2	-31.1	10.9	-44.0	204.0	7.4	211.3
Total comprehensive income for the period	-	-	-15.1	2.0	-	-5.5	-18.6	0.0	-18.6
Transactions with owners:									
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Total transaction with owners	-	-	0.0	-	-	-	0.0	-	0.0
Equity at 31 Mar 2023	159.6	489.9	-396.3	-29.0	10.9	-49.6	185.4	7.4	192.8

	Equity attributable to shareholders of the parent								
EUR million	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation	Total	Non controlling interest	Total equity
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	-	-	-4.4	1.6	0.1	1.2	-1.6	0.0	-1.6
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
Total transaction with owners	0.7	-0.7	0.0	-	-	-	0.0	-	0.0
Equity at 31 Mar 2022	159.6	489.9	-370.7	-37.3	11.0	-33.8	218.6	7.7	226.3

	Equity attributable to shareholders of the parent								
EUR million	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation	Total	Non-controlling interest	Total equity
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	-	-	-15.0	7.8	0.0	-9.1	-16.2	0.1	-16.2
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 31 Dec 2022	159.6	489.9	-381.2	-31.1	10.9	-44.0	204.0	7.4	211.3

Key figures

Key figures for the period

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022	Rolling 12-mon
Net sales	188.4	184.0	823.6	828.0
Net sales growth, %	2.4	1.1	1.4	1.7
Adjusted EBITDA	2.4	5.1	27.8	25.1
Adjusted EBITA	-5.5	-2.4	-1.9	-4.9
Adjusted EBITA margin, %	-2.9	-1.3	-0.2	-0.6
Adjusted EBITA, segments	-2.1	0.7	9.9	7.1
Adjusted EBITA margin, %, segments	-1.2	0.4	1.4	1.0
Items affecting comparability	-6.1	-	-	-6.1
EBITDA	-3.7	5.1	27.8	19.0
Operating result (EBIT)	-11.6	-2.5	-2.0	-11.1
EBIT margin, %	-6.2	-1.4	-0.2	-1.3
Result after financial items	-14.5	-4.3	-11.4	-21.7
Net result for the period	-15.1	-4.4	-14.9	-25.6
Earnings per share EUR, basic and diluted	-0.10	-0.03	-0.10	-0.16
Return on equity (ROE), %1)	-12.2	1.4	-6.8	-12.2
Return on operative capital employed (ROCE), %1)	-7.9	17.4	-3.5	-7.9
Leverage ratio1)	6.3	3.1	4.5	6.3
Net working capital	-5.4	-6.7	-21.0	-5.4
Number of personnel, average	5,103	5,031	5,053	5,071

Quarterly key figures

EUR million	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022
Net sales	188.4	224.0	207.0	208.6	184.0
Net sales growth, %	2.4	-1.0	6.8	-0.8	1.1
Adjusted EBITDA	2.4	3.3	11.5	7.9	5.1
Adjusted EBITA	-5.5	-4.0	4.1	0.5	-2.4
Adjusted EBITA margin, %	-2.9	-1.8	2.0	0.2	-1.3
Adjusted EBITA, segments	-2.1	-1.8	6.6	4.4	0.7
Adjusted EBITA margin, %, segments	-1.2	-0.9	3.6	2.4	0.4
Items affecting comparability	-6.1	-	-	-	-
EBITDA	-3.7	3.3	11.5	7.9	5.1
Operating result (EBIT)	-11.6	-4.0	4.1	0.4	-2.5
EBIT margin, %	-6.2	-1.8	2.0	0.2	-1.4
Result after financial items	-14.5	-7.9	2.0	-1.2	-4.3
Net result for the period	-15.1	-7.7	-0.3	-2.6	-4.4
Earnings per share EUR, basic and diluted	-0.10	-0.05	-0.00	-0.02	-0.03
Return on equity (ROE), %1)	-12.2	-6.8	-1.4	-0.5	1.4
Return on operative capital employed (ROCE), %1)	-7.9	-3.5	10.2	13.5	17.4
Leverage ratio1)	6.3	4.5	4.3	3.3	3.1
Net working capital	-5.4	-21.0	26.3	-12.1	-6.7
Number of personnel, average	5,103	5,079	5,053	5,050	5,031

1) Calculated on a rolling 12-month basis.
Please see pages 24–25 for definitions of the key ratios.

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 2022 except for the following amendment that is effective from 1 January 2023: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendment to IAS 12). The amendment requires companies to recognize gross amount of deferred tax assets and liabilities on transactions, such as leases. The group has previously netted the deferred tax impact on leases and the impact of the amendment as of 1 January 2023 has been an increase of deferred tax assets of EUR 10.2 million and deferred tax liabilities of EUR 9.9 million on right-of-use assets and lease liabilities. There was no impact on equity.

On 6 April 2023 Eltel issued subordinated sustainability-linked hybrid capital securities (the "hybrid bond"). The instrument has no maturity date and, if no dividends are distributed, the payment of interest can be deferred in perpetuity. The hybrid bond will be classified as an equity instrument and recognized at fair value less transaction cost.

Net sales by segment

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Finland	64.3	58.8	290.1
Sweden	48.8	43.9	193.8
Norway	32.2	41.6	176.8
Denmark	21.8	18.1	74.3
Other business[1)]	22.7	23.5	99.4
Eliminations	-1.5	-1.9	-10.8
Net sales, total	**188.4**	**184.0**	**823.6**

1) Other business includes High Voltage Poland, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International. Other business is not considered a segment.

Net sales by segment by business

EUR million		Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Finland	Communication	24.2	20.6	113.0
	Power	40.1	38.2	177.2
Sweden	Communication	40.0	36.9	166.2
	Power	8.8	6.9	27.6
Norway	Communication	32.2	41.5	176.3
	Power	0.1	0.1	0.5
Denmark	Communication	16.4	13.5	55.9
	Power	5.5	4.6	18.3
Other business	Communication	3.8	3.1	15.8
	Power	18.8	20.4	83.3
	Other operations	0.0	0.0	0.3
Eliminations		-1.5	-1.9	-10.8
Net sales, total		**188.4**	**184.0**	**823.6**

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	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Communication	115.2	114.1	517.9
Power	73.2	70.0	305.6
Other operations	0.0	0.0	0.3
Net sales, total	**188.4**	**184.0**	**823.6**

Net sales by service split

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Project delivery	45.2	47.0	164.9
Upgrade services	94.8	91.5	437.4
Maintenance	48.4	45.4	221.3
Net sales, total	**188.4**	**184.0**	**823.6**

Reconciliation of segment results

EUR million	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Adjusted EBITA by segment			
Finland	-2.3	0.9	8.2
Sweden	0.5	-1.8	-1.0
Norway	-1.6	1.4	2.1
Denmark	1.3	0.2	0.6
Sum segments	**-2.1**	**0.7**	**9.9**
Other business	-1.0	-0.6	-4.0
Group functions	-2.4	-2.6	-7.8
Adjusted EBITA, Group	**-5.5**	**-2.4**	**-1.9**
Restructuring	-6.1	-	-
Total items affecting comparability in EBITA	**-6.1**	**-**	**-**
Amortization of acquisition-related intangible asset	-	-0.1	-0.1
Operating result (EBIT)	**-11.6**	**-2.5**	**-2.0**
Financial expenses, net	-2.9	-1.8	-9.5
Result before taxes	**-14.5**	**-4.3**	**-11.4**

The Q1 2023 results include a EUR 6.1 million restructuring charge. Following reductions in customer investments and result deterioration in Norway and Finland, a restructuring and cost savings program was communicated in connection with the Q4 2022 report. The actions were finalized during the first quarter of 2023. The restructuring included reduction in the workforce by approximately 150 full-time employees, termination and wind down of certain customer agreements, closing of selected locations and reducing fleet to adjust to the needs of the current operations.

Personnel by segment	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Finland	1,503	1,491	1,498
Sweden	992	912	919
Norway	916	938	938
Denmark	500	475	484
Other business	1,039	1,067	1,071
Group functions	152	148	143
Total personnel, average	**5,103**	**5,031**	**5,053**
Total personnel, end of period	**5,108**	**5,023**	**5,063**

Committed order backlog

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Committed order backlog	517.9	490.9	468.2

Committed order backlog in Eltel is defined as the total value of committed purchase orders received but not yet recognized as net sales. It does not include frame agreements unless a binding purchase order has been received. Committed order backlog is therefore the best measure of unsatisfied performance obligations according to IFRS 15 Revenue from contracts with customers. The currency impact in committed order backlog at 31 March 2023 was EUR -18.0 million.

Net working capital and operative capital employed

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Inventories	25.9	17.4	24.8
Trade and other receivables	174.1	184.5	177.1
Provisions	-11.3	-7.7	-5.9
Advances received	-51.0	-40.1	-50.6
Trade and other payables	-141.5	-157.3	-164.1
Other	-1.6	-3.4	-2.3
Net working capital	**-5.4**	**-6.7**	**-21.0**
Intangible assets excluding acquisition-related allocations	8.2	11.5	8.9
Property, plant and equipment	10.5	11.1	10.7
Right-of-use assets	47.5	52.3	46.5
Operative capital employed	**57.0**	**68.2**	**45.1**

Provisions

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current provisions	2.6	4.4	2.6
Current provisions	8.7	3.3	3.3
Total provisions	**11.3**	**7.7**	**5.9**

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
1 Jan	5.9	8.6	8.6
Changes:			
Restructuring provisions	3.9	-	-
Other provisions	1.5	-0.9	-2.7
Balance at the end of reporting period	**11.3**	**7.7**	**5.9**

Contract balances

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Trade receivables	68.5	76.9	82.6
Contract assets	83.4	89.4	73.3
Total assets related to contracts with customers	**151.9**	**166.3**	**155.9**
Advances received from contracts with customers	44.9	40.1	45.2
Total liabilities related to contracts with customers	**44.9**	**40.1**	**45.2**

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

Deferred taxes

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Deferred tax assets	26.5	18.4	16.3
Deferred tax liabilities	-20.6	-10.6	-10.3
Net deferred tax assets	**5.9**	**7.8**	**6.0**

The increase in the gross amounts of deferred tax assets and liabilities relates to recognition of deferred taxes for Right-of-use assets and leasing liabilities according to amendment in IAS 12 that became effective on 1 January 2023. There were no changes in deferred tax assets for losses carried forward in Q1 2023. In December 2022, gross amount of EUR 10.5 million (12.9) was recognized, of which EUR 5.6 million (5.9) related to operations in Sweden. Deferred tax assets are recognized for tax loss carry forwards to the extent that the utilization 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	31 Mar 2023	31 Mar 2022	31 Dec 2022
Buildings	22.0	31.1	25.0
Machinery and equipment	25.5	21.2	21.5
Total	**47.5**	**52.3**	**46.5**

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

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
1 Jan	46.5	53.3	53.3
Additions	10.5	5.3	19.2
Depreciations	-6.1	-5.5	-21.8
Other	-3.3	-0.8	-4.1
Balance at the end of period	**47.5**	**52.3**	**46.5**

Leasing liabilities

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
Non-current	31.6	35.1	31.0
Current	17.9	18.4	16.8
Total	**49.5**	**53.5**	**47.8**

Financial instruments

Derivative financial instruments

	31 Mar 2023		31 Mar 2022		31 Dec 2022	
EUR million	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Foreign exchange rate derivatives	21.5	0.0	40.5	-0.4	39.7	0.0
Total	**21.5**	**0.0**	**40.5**	**-0.4**	**39.7**	**0.0**

Financial assets recognized 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

	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net result attributable to equity holders of the parent	-15.1	-4.4	-15.0
Weighted average number of common shares, basic	156,736,781	156,649,081	156,699,058
Weighted average number of common shares, diluted	156,736,781	156,733,828	156,789,278
Earnings per share EUR, basic	-0.10	-0.03	-0.10
Earnings per share EUR, diluted	-0.10	-0.03	-0.10

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)	$\frac{\text{Net result attributable to equity holders of the parent}}{\text{Weighted average number of ordinary shares}}$

Alternative performance measures (APMs)

Key Figure	Definition and reason for use	Reference
Adjusted EBITA and -margin	Eltel has changed its terminology in Q1 2023 from operative EBITA to adjusted EBITA for the purpose of additional clarity and alignment with the market practice. Adjusted EBITA and -margin, % are used by management to measure business and segment profitability and exclude items affecting comparability. Income statement line items below adjusted EBITA are not allocated to segments. **Adjusted EBITA:** Operating result before acquisition-related amortizations and items affecting comparability **Adjusted EBITA margin, %:** $\frac{\text{Adjusted EBITA x 100}}{\text{Net sales}}$ Adjusted EBITA and -margin, % for segments represent the sum of segments: Finland, Sweden, Norway and Denmark.	Reconciliation of segment results
Items affecting comparability	Items for specific events which management does not consider to form part of the ongoing operative business. These include capital gains and/or losses and transaction costs related to divestments and acquisitions, restructuring and resizing expenses and other items that according to Eltel's management's assessment are not related to normal business operations.	Reconciliation of segment results
EBITDA and adjusted EBITDA	EBITDA is operating result (EBIT) before depreciations and amortizations. Adjusted EBITDA excludes items affecting comparability. Adjusted EBITDA is used in calculating the leverage ratio.	Cash flow, key figures, quarterly key figures
EBIT margin	Operating result (EBIT) and -margin% are used to measure profitability before interest and taxes. **EBIT margin, %:** $\frac{\text{EBIT x 100}}{\text{Net sales}}$	Income statement
Return on equity (ROE), %	Return on equity (ROE), % represents the rate of return that shareholders receive on their investments. **Return on equity (ROE), %[1]:** $\frac{\text{Net result x 100}}{\text{Total equity (average over the reporting period)}}$	Income statement and balance sheet

1) Calculated on a rolling 12-month basis.

Key figure	Definition and reason for use	Reference
Operative capital employed **and** **Return on operative capital employed (ROCE), %**	Operative capital employed is the amount of net operating assets the business uses in its operations. Return on operative capital employed (ROCE), % represents how effectively total net operating assets are used in order to generate return in the operating business. **Operative capital employed:** Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant and equipment and Right-of-use assets **Return on operative capital employed (ROCE), %[1]:** $\frac{\text{Adjusted EBITA x 100}}{\text{Operative capital employed (average over the reporting period)}}$	Net working capital and operative capital employed
Net debt and leverage ratio	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. **Net debt:** Interest-bearing debt - cash and cash equivalents **Leverage ratio[1]:** $\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$	Interest-bearing liabilities and net debt
Net working capital	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. **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.	Net working capital and operative capital employed
Committed order backlog	Committed order backlog is the total value of committed orders received but not yet recognized as sales. It does not include frame agreements unless a binding purchase order has been received. It is the best measure of unsatisfied performance obligations according to IFRS 15 Revenue from contracts with customer.	

1) Calculated on a rolling 12-month basis.

Parent Company

Eltel AB is the ultimate parent company of Eltel Group. The operational and strategic management functions of Eltel Group are centralized in Eltel AB but it has no operative business activities. Eltel AB owns and governs the shares related to Eltel Group 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	Jan-Mar 2023	Jan-Mar 2022	Jan-Dec 2022
Net sales	-	-	2.5
Administrative expenses	-1.5	-1.0	-7.3
Operating result	**-1.5**	**-1.0**	**-4.8**
Interest and other financial income	5.1	5.4	21.5
Interest and other financial expenses	-0.8	-0.9	-1.9
Net financial items	4.3	4.5	19.6
Result after financial items	**2.8**	**3.5**	**14.8**
Group contributions given	-	-	-14.5
Net result	**2.8**	**3.5**	**0.3**

Parent Company condensed balance sheet

EUR million	31 Mar 2023	31 Mar 2022	31 Dec 2022
ASSETS			
Non-current assets			
Financial assets			
Shares in Group companies	68.3	68.3	68.3
Long-term loans receivable from Group companies	480.7	508.5	475.6
Intangible assets	0.0	0.0	0.0
Non-current assets	**549.0**	**576.9**	**543.9**
Current assets			
Trade and other receivables	0.4	0.3	1.3
Cash pool receivable	4.3	0.0	4.4
Cash and cash equivalents	0.1	0.1	0.1
Current assets	**4.8**	**0.4**	**5.8**
TOTAL ASSETS	**553.8**	**577.3**	**549.7**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	159.6	159.6	159.6
Statutory reserve	0.7	0.7	0.7
Restricted equity	**160.3**	**160.3**	**160.3**
Non-restricted equity			
Retained earnings	285.3	284.9	284.9
Net result for the period	2.8	3.5	0.3
Non-restricted equity	**288.1**	**288.4**	**285.3**
Total equity	**448.3**	**448.7**	**445.5**
Current liabilities			
Debt	42.3	67.3	33.3
Liabilities to Group companies	62.4	60.3	70.3
Trade and other payables	0.8	1.0	0.5
Current liabilities	**105.5**	**128.6**	**104.2**
Total liabilities	**105.5**	**128.6**	**104.2**
TOTAL EQUITY AND LIABILITIES	**553.8**	**577.3**	**549.7**

At year-end, 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.

Equity

EUR million	1 Jan 2023	Equity-settled share-based payment	Net result	31 Mar 2023
Share capital	159.6	-	-	159.6
Statutory reserve	0.7	-	-	0.7
Non-restricted equity	285.3	0.0	2.8	288.1
Total	**445.5**	**0.0**	**2.8**	**448.3**

As of 31 March 2023, 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.

Always powered, always connected - we make
it happen by transforming society for
a sustainable future.

Eltel AB

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