

Eltel Group

Half-year report January–June 2024

Stockholm, Sweden, 25 July 2024

April–June 2024

- Net sales EUR 216.0 million (208.1). Total growth 3.8% and organic growth¹⁾ in segments 5.3%
- Adjusted EBITDA EUR 8.4 million (5.6)
- Adjusted EBITA²⁾ EUR 0.5 million (-1.5) and adjusted EBITA margin 0.2% (-0.7)
- Adjusted EBITA²⁾ in segments EUR 3.6 million (2.1) and adjusted EBITA margin in segments 1.8% (1.1)
- Operating result (EBIT) EUR 0.5 million (-1.5) and EBIT margin 0.2% (-0.7)
- Net result EUR -2.7 million (-4.6)
- Earnings per share EUR -0.02 (-0.03), basic and diluted
- Cash flow from operating activities EUR -2.2 million (-2.2)

January–June 2024

- Net sales EUR 392.3 million (396.5). Total growth -1.1% and organic growth¹⁾ in segments 1.0%
- Adjusted EBITDA EUR 12.0 million (8.0)
- Adjusted EBITA²⁾ EUR -3.5 million (-7.0) and adjusted EBITA margin -0.9% (-1.8)
- Adjusted EBITA²⁾ in segments EUR 2.8 million (0.0) and adjusted EBITA margin in segments 0.8% (0.0)
- Items affecting comparability EUR -23.1 million (-6.1)
- Operating result (EBIT) EUR -26.7 million (-13.1) and EBIT margin -6.8% (-3.3)
- Net result EUR -33.2 million (-19.7)
- Earnings per share EUR -0.22 (-0.13), basic and diluted
- Cash flow from operating activities EUR -7.1 million (-25.9)
- Net debt EUR 127.9 million (141.6)

Significant events during the reporting period

- On 7 June, it was announced that the divestment of Eltel's High Voltage business in Poland was finalized on 6 June. After completion of the divestment, Eltel no longer has any High Voltage business in Poland.
- During the second quarter, Eltel signed new contracts with a combined value of about EUR 317 million (164) and increased the value of the total orderbook³⁾ to EUR 1.3 billion (1.2). Read more on page 13.
- On 7 May, it was announced that Eltel Sweden and Swedish Defence Materiel Administration (FMV) have signed a framework agreement for installation and contracting services for FMV's air bases. The maximum contract period is seven years with an estimated value of EUR 21 million.
- On 13 June, it was announced that Eltel Norway signed a three-year continuation of a current agreement with Telenor with an estimated value between EUR 90–180 million.
- On 17 June, it was announced that Eltel Finland and Elisa prolong their partnership with a frame agreement for the coming two years valued at approximately EUR 62 million.

Key figures

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	216.0	208.1	392.3	396.5	850.1
Net sales growth, %	3.8%	-0.2%	-1.1%	1.0%	3.2%
Adjusted EBITDA	8.4	5.6	12.0	8.0	31.8
Adjusted EBITA ²⁾	0.5	-1.5	-3.5	-7.0	1.7
Adjusted EBITA margin, %	0.2%	-0.7%	-0.9%	-1.8%	0.2%
Adjusted EBITA ²⁾ , segments	3.6	2.1	2.8	0.0	11.8
Adjusted EBITA margin, %, segments	1.8%	1.1%	0.8%	0.0%	1.5%
Operating result (EBIT)	0.5	-1.5	-26.7	-13.1	-5.3
Return on operative capital employed (ROCE), %	14.3%	-11.7%	14.3%	-11.7%	5.3%
Net working capital	-54.3	-2.4	-54.3	-2.4	-49.8
Net debt	127.9	141.6	127.9	141.6	100.6
Number of employees, average	4,717	5,041	4,801	5,072	5,024

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. Please see pages 25–26 for definitions of the key ratios.

3) Total orderbook includes the committed order backlog and the best estimate for uncommitted remaining parts of frame agreements until the end of the agreement.

Comments by the CEO

I am happy to see both higher net sales and stronger profit in three out of four segments. Organic growth in the segments amounted to 5.3% and for the Group growth was 3.8%.

Adjusted EBITA increased by EUR 2.0 million and the adjusted EBITA margin increased to 0.2% (-0.7). In the segments, adjusted EBITA increased by EUR 1.5 million and the margin was 1.8%. Our structured work to improve profitability has yielded results, and we are seeing increased profitability in particular in Power Services in Finland.

During the second quarter, we were pleased to sign new contracts worth EUR 317 million (164) and increased our total orderbook to EUR 1.3 billion (1.2). The work to broaden the customer base in accordance with our strategy has contributed to the positive development of the orderbook. Our activities in new business, including solar park projects, e-Mobility (charging infrastructure) and BESS (energy storage), are starting to show. In the new business areas, we signed new contracts worth EUR 14.6 million (4.1).

Continued negative development in Norway with declining volumes shows that there is a further need to adjust the operations. The Group's result was also weighed down by a negative result in Other business, partly driven by production losses in Germany, caused by extensive flooding in southern Germany.

In all Nordic countries telecom operators have reduced their investments, except in Finland where a major fiber rollout is underway. We have intensified our efforts to broaden our customer base, as well as to develop our organization and business.

When it comes to Power, the situation is the opposite. The update of the Finnish market regulation has impacted our services in Power Distribution negatively in Finland, while the demand for services in Power continued to increase in the other Nordic countries.

Finland showed both growth and improved profitability. In Communication, we saw strong growth in FTTH (fiber-to-the-home). In Power, we had growth in Power Transmission but declining volumes in Power Distribution, caused by the updated market regulation.

Sweden also showed both growth and a slightly improved profitability. The main factor behind the growth was a good demand in Power, especially in Smart Grids, which compensated for the decline in Communication. The work to regularly adapt the organization continues.

Norway is the one of Eltel's markets that has been hardest hit by the reduced investments in Communication. Cost reduction measures have been implemented and further initiatives will be taken. The negative trend levelled off during the quarter. The work of scaling up already won contracts and the development of new business has intensified and is starting to yield results.

In Denmark, we saw good growth in the second quarter, as anticipated. Although two contract endings in Q1 impacted the profitability, the quarterly result landed slightly better than last year. As in the closest neighboring countries, demand was declining in classic Communication, while growth in Power was strong.

On 6 June, we completed the divestment of our High Voltage business in Poland. The transaction creates value for both us and our shareholders through reduced risk and complexity.

Going forward, we are fully focused on strengthening margins, broadening the customer base and intensifying our activities in our new business areas, while continuously developing the operations.

Eltel has a very important role in our society, which is reinforced by the current global situation with increased demands to maintain a secure and stable infrastructure.

Håkan Dahlström, President & CEO



About Eltel and the Group strategy

Eltel in brief

Eltel is the leading service provider for critical infrastructure that enables renewable energy and high-performing communication networks. Operations are conducted in the Nordic countries, Germany, Poland (a Shared Services Center) and Lithuania within country-based organizations that have full responsibility for their financial results.

Within business area Communication, Eltel establishes networks and supports the societal need for greater digitalization. We provide design, installation, upgrades and service mainly to mobile and fixed communication network owners and operators and increasingly to private and public sector.

Within business area Power, Eltel enables the transition to renewable energy and the electrification of society. We provide maintenance and upgrades to power distribution and transmission, smart grid and turnkey solutions in e-Mobility, solar PV, wind energy and battery energy storage systems.

Eltel's markets are characterized by a high concentration of customers, and competitors offering similar products and services.

Our strategy – towards sustainable profitable growth

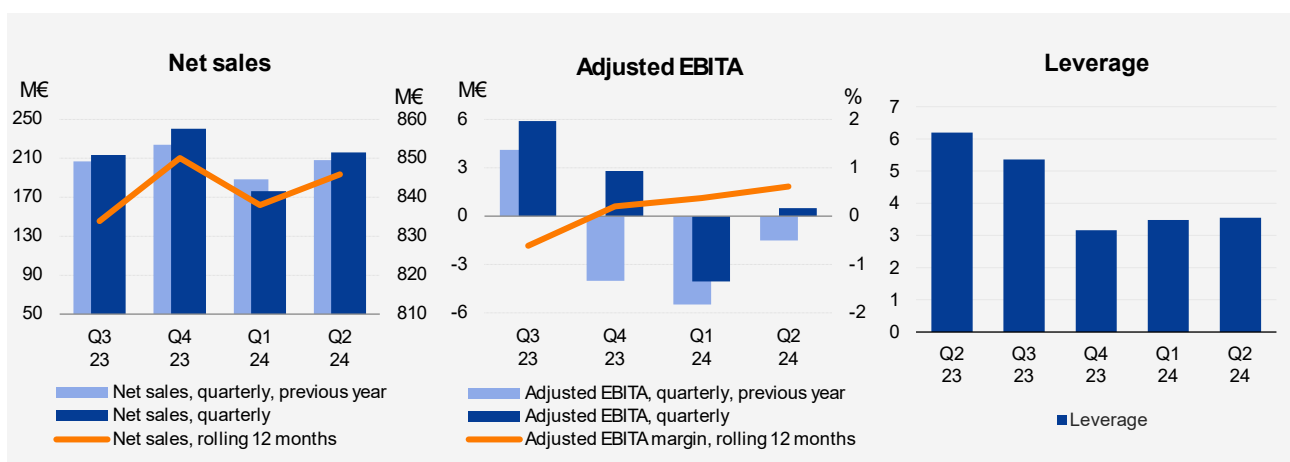
Through our strategy, we build the foundation for investing in sustainable profitable growth. This involves:

- 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



Net sales and earnings Group

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	216.0	208.1	392.3	396.5	850.1
Adjusted EBITDA	8.4	5.6	12.0	8.0	31.8
Adjusted EBITA	0.5	-1.5	-3.5	-7.0	1.7
Items affecting comparability	0.0	-	-23.1	-6.1	-7.0
EBIT	0.5	-1.5	-26.7	-13.1	-5.3
Net result	-2.7	-4.6	-33.2	-19.7	-7.6
Key ratios					
Net sales growth, %	3.8%	-0.2%	-1.1%	1.0%	3.2%
Organic growth ¹⁾ , % in segments	5.3%	8.4%	1.0%	7.8%	8.8%
Currency translation effect in net sales, MEUR	0.8	-11.0	-0.2	-17.9	-32.4
Adjusted EBITA margin, %	0.2%	-0.7%	-0.9%	-1.8%	0.2%
Tax rate, %	-18.0%	-1.9%	-2.3%	-3.4%	57.6%
Earnings per share after dilution, EUR	-0.02	-0.03	-0.22	-0.13	-0.07

1) Organic growth is adjusted for currency effects.

April–June 2024

Net sales increased by 3.8% to EUR 216.0 million (208.1). In local currency, net sales increased by 3.4%. Currency effects had a positive impact of EUR 0.8 million. In segments net sales increased by EUR 10.5 million. Organic net sales in segments, adjusted for currency effects, increased by 5.3%. Net sales improved in Denmark, Finland and Sweden, and decreased in Norway.

Adjusted EBITDA was EUR 8.4 million (5.6). Adjusted EBITA increased to EUR 0.5 million (-1.5) and the adjusted EBITA margin was 0.2% (-0.7). Adjusted EBITA in segments was EUR 3.6 million (2.1) and the margin was 1.8% (1.1). The largest profitability improvement was in Finland, especially in Power Services. In Other business, adjusted EBITA was EUR -0.4 million (-0.9).

All segments except Norway show both growth and improved profitability.

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

EBIT amounted to EUR 0.5 million (-1.5).

Net financial expenses amounted to EUR 2.8 million (3.0).

Tax cost amounted to EUR 0.4 million (0.1). The effective tax rate was -18.0% (-1.9).

Net result for the period was EUR -2.7 million (-4.6). Earnings per share were EUR -0.02 (-0.03).

January–June 2024

Net sales decreased by 1.1% to EUR 392.3 million (396.5). In local currency, net sales decreased by 1.0%. Currency effects had a negative impact of EUR 0.2 million. In segments, net sales increased by EUR 2.3 million. Organic net sales in segments, adjusted for currency effects, increased by 1.0%. Net sales increased in Denmark, Finland and Sweden, and declined in Norway.

Adjusted EBITDA was EUR 12.0 million (8.0). Adjusted EBITA improved to EUR -3.5 million (-7.0) and the adjusted EBITA margin was -0.9% (-1.8). Adjusted EBITA in segments was EUR 2.8 million (0.0) and the margin was 0.8% (0.0). The increase was mainly driven by Finland. In Other business, adjusted EBITA was EUR -0.9 million (-1.9).

Items affecting comparability amounted to EUR -23.1 million (-6.1) for divestment of the Polish High Voltage business. In 2023 items affecting comparability comprised a restructuring charge due to reduced customer investments in Norway and declining results in Norway and Finland.

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

EBIT amounted to EUR -26.7 million (-13.1).

Net financial expenses amounted to EUR 5.8 million (5.9).

Tax cost amounted to EUR 0.7 million (0.6). The effective tax rate was -2.3% (-3.4).

Net result for the period was EUR -33.2 million (-19.7). Earnings per share were EUR -0.22 (-0.13).

Overview of segments

Net sales

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Finland	92.6	85.2	155.0	149.6	344.5
Sweden	50.9	50.8	100.7	99.7	198.5
Norway	31.6	32.4	57.3	64.7	130.1
Denmark	25.3	21.4	46.4	43.3	93.0
Sum segments	200.4	189.9	359.5	357.2	766.1
Other business	18.1	20.3	36.8	43.0	93.7
Eliminations	-2.5	-2.1	-4.0	-3.6	-9.7
Total net sales	216.0	208.1	392.3	396.5	850.1

Adjusted EBITA

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Finland	2.4	0.8	2.1	-1.5	6.5
Sweden	1.0	0.9	1.5	1.4	2.9
Norway	-1.0	-0.8	-2.7	-2.4	-2.5
Denmark	1.2	1.1	1.9	2.5	4.9
Sum segments	3.6	2.1	2.8	0.0	11.8
Other business	-0.4	-0.9	-0.9	-1.9	-1.0
Group functions	-2.6	-2.7	-5.4	-5.2	-9.1
Total adjusted EBITA	0.5	-1.5	-3.5	-7.0	1.7

Adjusted EBITA margin

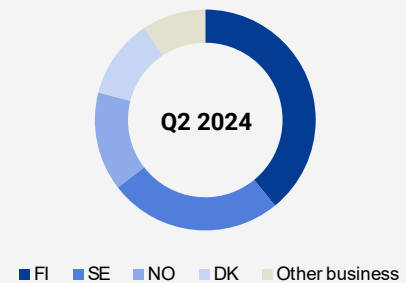
EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Finland	2.6%	1.0%	1.3%	-1.0%	1.9%
Sweden	2.0%	1.9%	1.5%	1.4%	1.5%
Norway	-3.1%	-2.5%	-4.7%	-3.7%	-1.9%
Denmark	4.6%	5.3%	4.1%	5.7%	5.2%
Sum segments	1.8%	1.1%	0.8%	0.0%	1.5%
Other business	-2.4%	-4.5%	-2.5%	-4.3%	-1.1%
Total adjusted EBITA margin, %	0.2%	-0.7%	-0.9%	-1.8%	0.2%

Etel's main operations in the four Nordic countries are presented as segments. In Q2 2024, the segments represented 92% of the net sales.

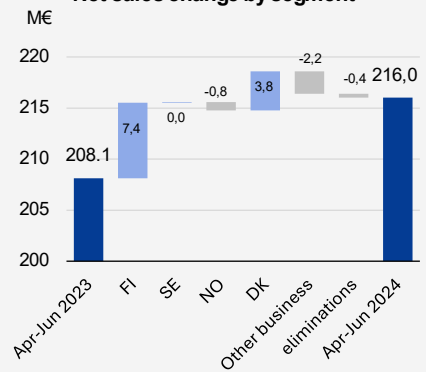
Management follows segment results by adjusted EBITA, which does not include items affecting comparability.

Other business includes High Voltage Poland until its divestment in Q2 2024, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International.

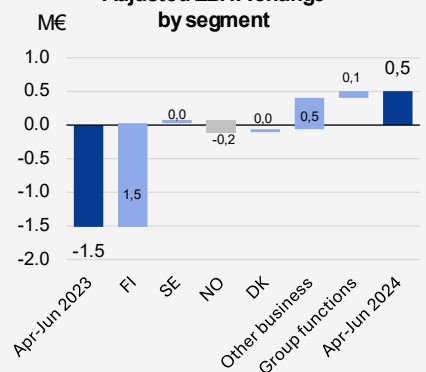
Net sales by segment



Net sales change by segment



Adjusted EBITA change by segment



Net sales and adjusted EBITA – Segments

Finland

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	92.6	85.2	155.0	149.6	344.5
Adjusted EBITA ¹⁾	2.4	0.8	2.1	-1.5	6.5
Number of employees, average	1,510	1,486	1,501	1,495	1,503
Key ratios					
Net sales growth, %	8.7%	18.5%	3.6%	14.4%	18.7%
Adjusted EBITA margin, %	2.6%	1.0%	1.3%	-1.0%	1.9%

1) Excluding restructuring costs.

April–June 2024

Net sales increased by EUR 7.4 million, or 8.7%, to EUR 92.6 million (85.2). The market demand remained strong in Communication, especially within fiber-to-the-home (FTTH). Volumes in Power Transmission increased, while activity in Power Distribution declined, impacted by the updated market regulation.

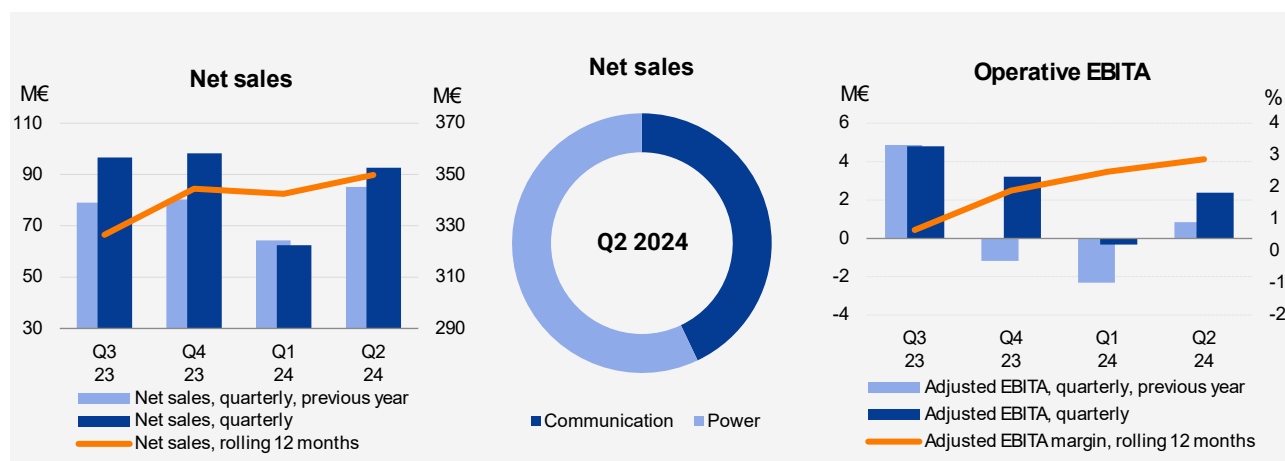
Adjusted EBITA improved by EUR 1.5 million to EUR 2.4 million (0.8). The adjusted EBITA margin was 2.6% (1.0). Actions were taken to mitigate previously communicated challenges with two specific framework agreements in Power Services, and these do not burden the profitability at the same level as in the previous year. Communication and Smart Grids also contributed to the improved profitability.

On 17 June, it was announced that Eltel Finland prolongs its partnership with Elisa, a leading Finnish telecommunications company, and has renegotiated price and commercial terms in an open-ended contract, with a frame agreement for the coming two years valued at approximately EUR 62 million.

January–June 2024

Net sales increased by EUR 5.4 million, or 3.6%, to EUR 155.0 million (149.6). Communication has remained well-positioned in the market, mainly thanks to continued investment increase in fiber. While the updated market regulation impacted the Power Distribution business negatively, other business areas in Power have had an improved financial performance, supported by growing investments into green transition.

Adjusted EBITA improved by EUR 3.5 million to EUR 2.1 million (-1.5). The adjusted EBITA margin was 1.3% (-1.0). The positive development in Power Services and Smart Grids are the main contributors to the improved profitability.



Sweden

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	50.9	50.8	100.7	99.7	198.5
Adjusted EBITA	1.0	0.9	1.5	1.4	2.9
Number of employees, average	955	1,012	953	1,002	988
Key ratios					
Net sales growth, %	0.1%	2.9%	1.1%	6.8%	2.4%
Organic growth ¹⁾ , %	0.4%	13.4%	1.5%	16.1%	10.7%
Currency translation effect in net sales, MEUR	-0.1	-5.2	-0.4	-8.6	-15.9
Adjusted EBITA margin, %	2.0%	1.9%	1.5%	1.4%	1.5%

1) Adjusted for currency effects.

April–June 2024

Net sales were EUR 50.9 million (50.8). Growth in local currency was 0.4%. Currency effects had a negative impact of EUR 0.1 million. There is a shift in market demand from Communication to Power. The decrease in Communication was compensated by increase in the Power business.

Adjusted EBITA amounted to EUR 1.0 million (0.9). The adjusted EBITA margin was 2.0% (1.9). The slight profitability improvement mainly related to the diligent adaptation of the organization, as well as to the mentioned volume shift to Power.

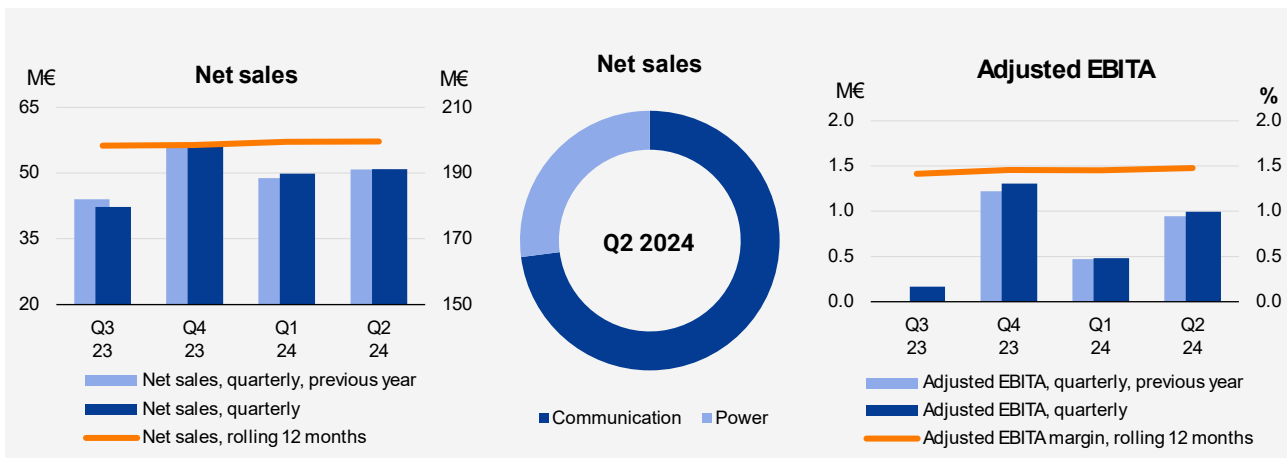
On 7 May, it was announced that Eltel Sweden and Swedish Defence Materiel Administration (FMV) have signed a framework agreement for installation and contracting services for FMV's air bases. The maximum contract period is seven years with an estimated value of EUR 21 million.

January–June 2024

Net sales increased by EUR 1.1 million, or 1.1%, to EUR 100.7 million (99.7). Growth in local currency was 1.5%. Currency effects had a negative impact of EUR 0.4 million. The declining volumes in Communication were compensated by the growth in Power. New Business had growth and was complemented with the first solar project in Sweden.

Adjusted EBITA amounted to EUR 1.5 million (1.4). The adjusted EBITA margin was 1.5% (1.4). The main factors behind the EBITA development year over year were margin improvements relating to Power, as well as an adjusted organizational set-up.

The average number of employees during January-June 2024 was 953 (1,002) where the reduction represented the decrease in volumes in Communication.



Norway

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	31.6	32.4	57.3	64.7	130.1
Adjusted EBITA ¹⁾	-1.0	-0.8	-2.7	-2.4	-2.5
Number of employees, average	798	871	790	894	860
Key ratios					
Net sales growth, %	-2.5%	-30.5%	-11.3%	-26.7%	-26.4%
Organic growth ²⁾ , %	-4.2%	-17.9%	-10.4%	-16.3%	-16.6%
Currency translation effect in net sales, MEUR	0.6	-5.9	-0.6	-9.2	-17.4
Adjusted EBITA margin, %	-3.1%	-2.5%	-4.7%	-3.7%	-1.9%

1) Excluding restructuring costs.

2) Adjusted for currency effects.

April–June 2024

Net sales decreased by EUR 0.8 million, or 2.5%, to EUR 31.6 million (32.4). The currency effect was EUR 0.6 million, net sales in local currency were -4.2%. Decreased customer investments in 5G and fiber affected net sales negatively.

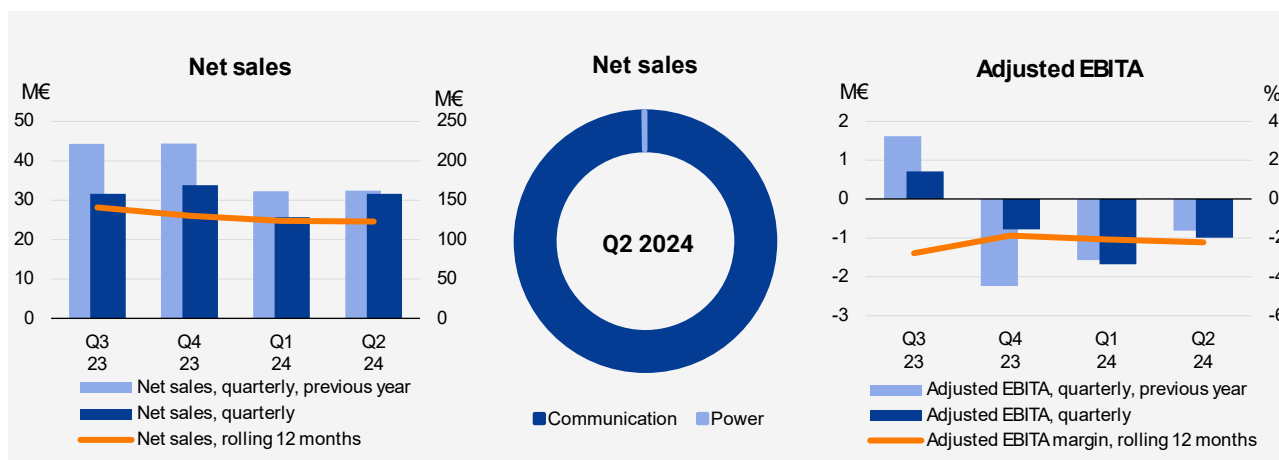
Adjusted EBITA decreased by EUR 0.2 million to EUR -1.0 million (-0.8). The adjusted EBITA margin was -3.1% (-2.5). Measures taken to mitigate reduced revenues, in particular by adapting the organization, have limited further profitability decline.

On 13 June, it was announced that Eltel Norway signed a three-year continuation of a current agreement with Telenor. The agreement covers field services in a frame agreement with an estimated value between EUR 90–180 million during the three year-period.

January–June 2024

Net sales decreased by EUR 7.3 million, or 11.3%, to EUR 57.3 million (64.7). Currency effect was EUR -0.6 million. Growth in local currency was -10.4%. Decreased customer investments in Communication burdened net sales heavily, in particular during the first quarter.

Adjusted EBITA was EUR -2.7 million (-2.4). The adjusted EBITA margin was -4.7% (-3.7). Measures were taken to limit further profitability decline.



Denmark

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	25.3	21.4	46.4	43.3	93.0
Adjusted EBITA	1.2	1.1	1.9	2.5	4.9
Number of employees, average	498	512	505	506	511
Key ratios					
Net sales growth, %	17.9%	22.3%	7.3%	21.4%	25.3%
Organic growth ¹⁾ , %	18.0%	22.4%	7.4%	21.5%	25.4%
Currency translation effect in net sales, MEUR	-0.0	-0.0	-0.1	-0.0	-0.1
Adjusted EBITA margin, %	4.6%	5.3%	4.1%	5.7%	5.2%

1) Adjusted for currency effects.

April–June 2024

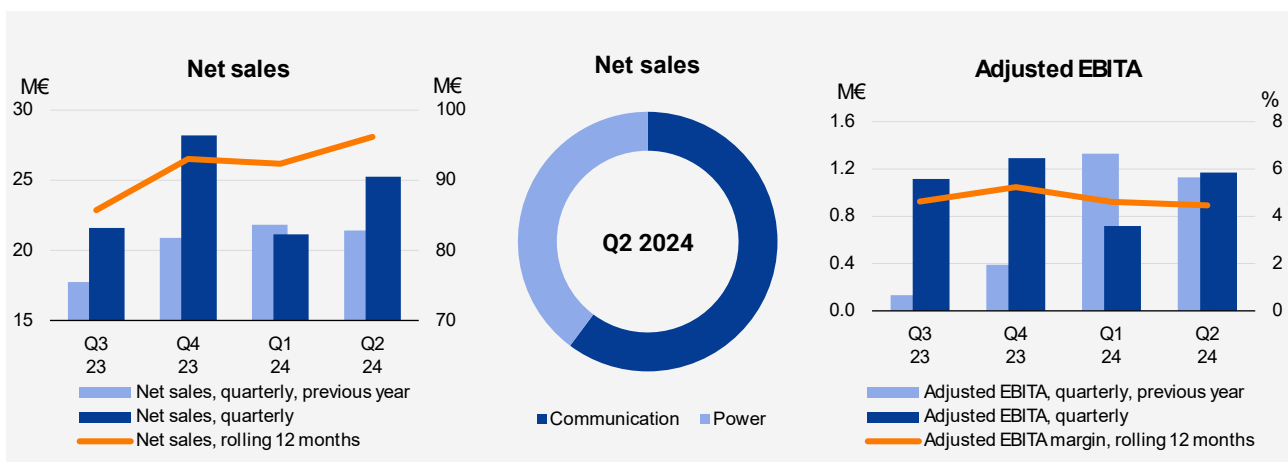
Net sales increased by EUR 3.8 million, or 17.9%, to EUR 25.3 million (21.4). In Denmark, the shift in demand from Communication to Power is significant. Net sales have increased in Power, including the newer business areas Solar PV (photovoltaic) and energy storage.

Adjusted EBITA was EUR 1.2 million (1.1). The adjusted EBITA margin was 4.6% (5.3). The slight decline in profitability margin was caused by a less favorable business mix.

January–June 2024

Net sales increased by EUR 3.1 million, or 7.3%, to EUR 46.4 million (43.3). In Power volumes have increased, and the shift in demand from Communication to Power is noticeable. Decrease in Communication was mainly caused by contract endings and lower volumes in fiber and mobile contracts.

Adjusted EBITA was EUR 1.9 million (2.5). The adjusted EBITA margin was 4.1% (5.7). The decrease in profitability was driven by lower utilization, as well as ramp down of projects and contract endings.



Other business

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	18.1	20.3	36.8	43.0	93.7
Adjusted EBITA	-0.4	-0.9	-0.9	-1.9	-1.0
Number of employees, average	790	997	868	1,018	995

Other business includes High Voltage Poland until its divestment in Q2 2024, Smart Grids Germany, Lithuania as well as closing activities for Power Transmission International.

April–June 2024

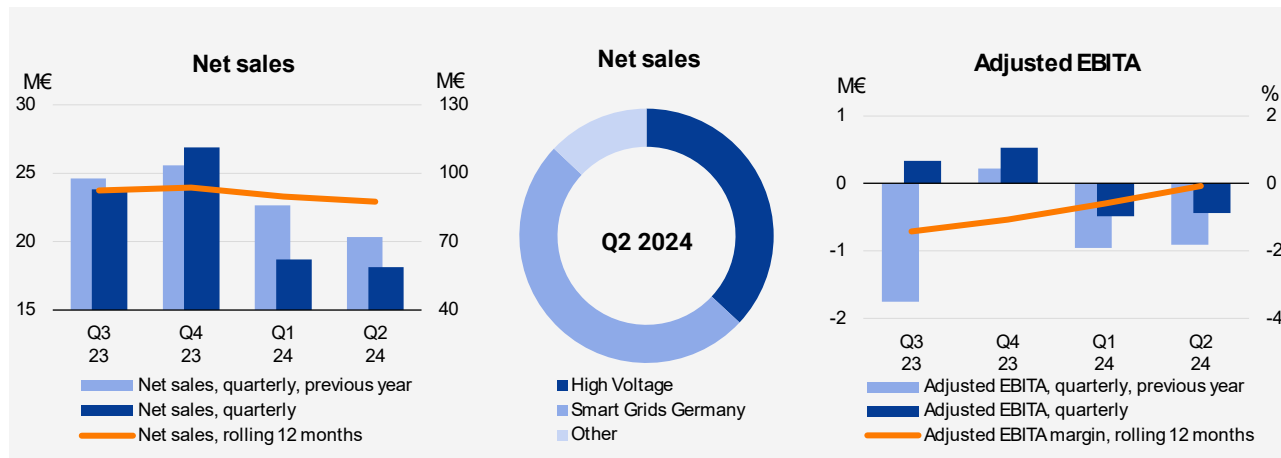
Net sales decreased by EUR 2.2 million to EUR 18.1 million (20.3). Net sales in High Voltage Poland were EUR 6.3 million (6.8). High Voltage Poland was included until its divestment in Q2 2024.

Adjusted EBITA improved by EUR 0.5 million to EUR -0.4 million (-0.9). In High Voltage Poland adjusted EBITA was EUR -0.4 million (-1.7). The heavy flooding in southern Germany affected the Smart Grids business in Germany.

January–June 2024

Net sales decreased by EUR 6.2 million to EUR 36.8 million (43.0). Net sales in High Voltage Poland were EUR 13.6 million (15.4). High Voltage Poland was included until its divestment in Q2 2024.

Adjusted EBITA improved by EUR 0.9 million to EUR -0.9 million (-1.9). In High Voltage Poland adjusted EBITA was EUR -1.0 million (-3.2), which contributed to the improved profitability. The heavy flooding in southern Germany affected the Smart Grids business in Germany.



Cash flow

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
EBIT	0.5	-1.5	-26.7	-13.1	-5.3
Depreciation and amortization	7.9	7.1	15.6	15.0	30.1
EBITDA	8.5	5.6	-11.1	1.9	24.8
Changes in working capital	-6.1	-4.1	-9.9	-15.3	29.4
Total financial expenses and taxes	-2.9	-2.5	-6.4	-10.1	-15.3
Adjustment for gain/loss on sales of assets and business	-0.1	-	22.9	-	-0.1
Other	-1.5	-1.2	-2.6	-2.4	-4.9
Cash flow from operating activities	-2.2	-2.2	-7.1	-25.9	34.0
Cash flow from investing activities	-4.3	-0.8	-5.1	-2.1	-4.3
Cash flow from financing activities	2.8	1.9	1.4	1.6	-52.3
Net change in cash and cash equivalents	-3.7	-1.0	-10.8	-26.4	-22.6
Cash and cash equivalents at beginning of period	17.0	21.5	24.7	47.9	47.9
Foreign exchange rate effect	0.3	-0.2	-0.1	-1.3	-0.6
Transfer as assets held for sale	0.2	-	-	-	-
Cash and cash equivalents at end of period	13.7	20.2	13.7	20.2	24.7

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

April–June 2024

Cash flow from operating activities was EUR -2.2 million (-2.2). Main items included EBITDA EUR 8.5 million (5.6), adjustment for gain/loss on sale of assets and business EUR -0.1 million (0.0), cash flow from change in net working capital EUR -6.1 million (-4.1), financial items EUR -2.6 million (-2.4) and income taxes EUR -0.3 million (-0.1). 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 phasing of projects. These projects, and delays in them, might result in continued tie up of working capital and can create volatility in the net working capital also going forward.

Net cash flow from investing activities was EUR -4.3 million (-0.8) including EUR -4.0 million cash flow impact from divestment of the Polish High Voltage business in Q2 2024 and net capital expenditure on machinery and equipment EUR -0.4 million (-0.8).

Cash flow from financing activities was EUR 2.8 million (1.9). Utilization of short-term financing increased by EUR 10.0 million (decrease of 9.5). Amortization of term loan amounted to EUR 1.0 million (7.5) and payments of lease liabilities were EUR 6.2 million (5.2). In Q2 2023 the net proceeds from issue of the hybrid bond and related transaction costs amounted to EUR 24.2 million.

January–June 2024

Cash flow from operating activities was EUR -7.1 million (-25.9). Main items included EBITDA EUR -11.1 million (1.9), adjustment for gain/loss on sale of assets and business EUR 22.9 million (0.0), cash flow from change in net working capital EUR -9.9 million (-15.3), financial items EUR -5.7 million (-6.3) and income taxes EUR -0.6 million (-3.8). Cash flow from financial items and income taxes is impacted by timing differences between income statement and payments.

Net cash flow from investing activities was EUR -5.1 million (-2.1) including EUR -4.0 million cash flow impact from divestment of the Polish High Voltage business in Q2 2024 and net capital expenditure on machinery and equipment EUR -1.2 million (-2.1).

Cash flow from financing activities was EUR 1.4 million (1.6). Utilization of short-term financing increased by EUR 15.4 million (decrease of 4.5). Amortization of term loan amounted to EUR 2.0 million (7.5) and payments of lease liabilities were EUR 12.1 million (10.6). In January-June 2023 net proceeds from issue of the hybrid bond and related transaction costs amounted to EUR 24.2 million.

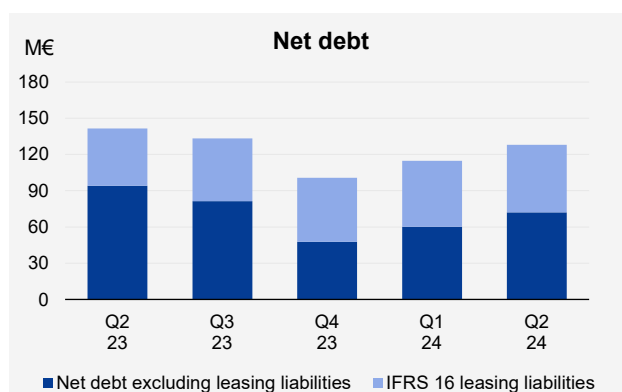
Financial position, cash and cash equivalents

Equity at the end of the period was EUR 186.9 million (210.2) and total assets were EUR 587.5 million (602.8). The change of the total assets reflects the improved financial position and liquidity. The equity ratio was 34.7% (38.1).

Interest-bearing liabilities and net debt

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Interest-bearing debt	84.4	113.1	71.1
Leasing liabilities	56.7	48.1	53.9
Allocation of effective interest to periods	0.5	0.6	0.3
Less cash and cash equivalents	-13.7	-20.2	-24.7
Net debt	127.9	141.6	100.6

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Non-current interest-bearing debt	17.6	21.5	20.7
Current interest-bearing debt	66.8	91.6	50.4
Total interest-bearing debt	84.4	113.1	71.1
Non-current leasing liabilities	36.1	30.4	33.9
Current leasing liabilities	20.6	17.7	19.9
Total leasing liabilities	56.7	48.1	53.9



Credit facilities

EUR million	30 Jun 2024	Maturity
Term loan, current	4.0	Sep 2024-Jun 2025
Term loan, non-current	18.0	Jan 2026
Revolving credit facility	90.0	Jan 2026
Account overdrafts	15.0	Jan 2026
Total committed credit facilities	127.0	
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 63.7 million (54.2). 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 30 June 2024, EUR 7.5 million (14.0) of the commercial paper program and EUR 55.0 million (71.0) of the revolving credit facility were utilized.

Commercial guarantees

On 30 June 2024, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 57.9 million (87.0).

Other information

Risks and uncertainty factors

The current market volatility and the unpredictability of the volume of customer investments may have a negative impact on Eltel's net sales, especially in Communication.

In the first half of 2024, customer investments in Norway have been lower than earlier expected and visibility to the development of market demand for Eltel's core offerings has been limited. Eltel is currently assessing its long-term business expectations and uncertainties in the market environment. The outcome of the assessment may lead to impairment of goodwill in Norway.

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.

For additional information regarding risks and uncertainties, please refer to Eltel's 2023 Annual Report which was published on 27 March 2024 and is available on Eltel's website at www.eltelgroup.com.

Large agreements announced during the reporting period

On 7 May, it was announced that Eltel Sweden and Swedish Defence Materiel Administration (FMV) have signed a framework agreement for installation and contracting services for FMV's air bases. The maximum contract period is seven years with an estimated value of EUR 21 million.

On 13 June, it was announced that Eltel Norway signed a three-year continuation of a current agreement with Telenor. The agreement covers field services in a frame agreement with an estimated value between EUR 90–180 million during the three year-period.

On 17 June, it was announced that Eltel Finland prolongs its partnership with Elisa, a leading Finnish telecommunications company, and has renegotiated price and commercial terms in an open-ended contract, with a frame agreement for the coming two years valued at approximately EUR 62 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 cyclicity 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 as a result of completion of projects, cash flow has normally been stronger. For more details, please refer to quarterly key financial figures for the Group on page 19.

Presentation of the half-year 2024 report

Analysts and media are invited to participate in the half-year 2024 report briefing on 25 July 2024 at 10:00 am CEST where Eltel's President and CEO Håkan Dahlström and CFO Tarja Leikas 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:

Tarja Leikas, CFO
Phone: +358 40 730 77 62, tarja.leikas@eltelnetworks.com

Alexandra Kärnlund, Director, Communications
Phone: +46 70 910 0903, alexandra.karnlund@eltelnetworks.com

Financial calendar

- Interim report January–September: 31 October 2024
- Full-year report January–December: 14 February 2025

This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on 25 July 2024.

Board's assurance

The Board of Directors and CEO certify that the half-year interim report gives a true and fair presentation of the Parent Company's and Group's business, financial position and result of operations, and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

Signature of the Board of Directors and CEO

Stockholm, Sweden, 25 July 2024

Eltel AB (publ)

Per Sjöstrand, Chairman
Ann Emilson
Johan Nordström
Joakim Olsson
Erja Sankari
Roland Sundén

Employee representatives:

Stefan Söderholm
Björn Tallberg

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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	216.0	208.1	392.3	396.5	850.1
Cost of sales	-194.4	-189.6	-352.1	-367.7	-774.5
Gross profit	21.7	18.5	40.2	28.8	75.6
Other income	1.0	0.9	2.0	1.5	3.5
Selling and administrative expenses	-21.4	-20.4	-44.1	-42.7	-82.4
Other expenses	-0.7	-0.5	-24.8	-0.7	-2.0
Operating result (EBIT)	0.5	-1.5	-26.7	-13.1	-5.3
Financial income	0.3	0.2	0.4	0.4	1.2
Financial expenses	-3.1	-3.2	-6.2	-6.3	-13.9
Net financial expenses	-2.8	-3.0	-5.8	-5.9	-12.7
Result before taxes	-2.3	-4.5	-32.5	-19.0	-17.9
Taxes	-0.4	-0.1	-0.7	-0.6	10.3
Net result	-2.7	-4.6	-33.2	-19.7	-7.6
Attributable to:					
Equity holders of the parent	-2.8	-4.5	-33.4	-19.6	-7.9
Non-controlling interest	0.1	-0.1	0.2	-0.1	0.3
Earnings per share (EPS)					
Basic, EUR	-0.02	-0.03	-0.22	-0.13	-0.07
Diluted, EUR	-0.02	-0.03	-0.22	-0.13	-0.07

1) Other expenses include EUR -23.1 million from divestment of the Polish High Voltage business.

Condensed consolidated statement of comprehensive income

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net profit for the period	-2.7	-4.6	-33.2	-19.7	-7.6
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Revaluation of defined benefit plans, net of tax	-0.4	2.4	2.6	4.5	-1.5
Items that may be subsequently reclassified to profit and loss					
Net investment hedges, net of tax	-0.1	-	-0.1	-	-
Currency translation differences	2.5	-3.8	-2.7	-9.3	-1.9
Total	2.5	-3.8	-2.7	-9.3	-1.9
Other comprehensive income/loss for the period, net of tax	2.1	-1.4	-0.2	-4.9	-3.4
Total comprehensive income/loss for the period	-0.6	-6.0	-33.4	-24.5	-11.0
Total comprehensive income/loss attributable to:					
Equity holders of the parent	-0.7	-5.9	-33.5	-24.5	-11.3
Non-controlling interest	0.1	-0.1	0.2	-0.1	0.3

Condensed consolidated balance sheet

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS			
Non-current assets			
Goodwill	251.2	247.2	253.6
Intangible assets	31.4	33.4	32.9
Property, plant and equipment	6.9	10.3	10.5
Right-of-use assets	54.7	46.2	51.9
Deferred tax assets	25.0	16.9 ¹⁾	27.9
Financial assets	15.1	14.5	9.8
Total non-current assets	384.4	368.5	386.7
Current assets			
Inventories	19.3	24.0	17.3
Trade and other receivables	170.1	190.2	195.6
Cash and cash equivalents	13.7	20.2	24.7
Total current assets	203.1	234.4	237.7
TOTAL ASSETS	587.5	602.8	624.3
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	154.1	177.9	191.0
Hybrid bond	25.0	25.0	25.0
Non-controlling interest	7.8	7.3	7.6
Total equity	186.9	210.2	223.6
Non-current liabilities			
Interest-bearing debt	17.6	21.5	20.7
Leasing liabilities	36.1	30.4	33.9
Retirement benefit obligations	5.5	6.1	5.6
Deferred tax liabilities	11.3	10.6 ¹⁾	11.3
Provisions	3.7	2.7	3.4
Other non-current liabilities	0.1	0.6	0.6
Total non-current liabilities	74.3	72.0	75.5
Current liabilities			
Interest-bearing debt	66.8	91.6	50.4
Leasing liabilities	20.6	17.7	19.9
Provisions	2.7	5.1	3.7
Advances received	48.5	51.1	59.3
Trade and other payables	187.7	155.2	191.8
Total current liabilities	326.4	320.7	325.2
Total liabilities	400.7	392.7	400.7
TOTAL EQUITY AND LIABILITIES	587.5	602.8	624.3

1) The presentation of the increase in the deferred taxes for leasing liabilities and right-of-use assets has been changed and the deferred taxes have been offset in the balance sheet for the comparative quarter.

Condensed consolidated statement of cash flows

EUR million	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Cash flow from operating activities			
Operating result (EBIT)	-26.7	-13.1	-5.3
Adjustments:			
Depreciation and amortization	15.6	15.0	30.1
Gain/loss on sales of assets and business	22.9	-	-0.1
Defined benefit pension plans	-1.8	-1.7	-3.1
Other non-cash adjustments	-0.8	-0.7	-1.7
Cash flow from operations before interests, taxes and changes in working capital	9.2	-0.5	19.9
Interest and other financial expenses paid, net	-5.7	-6.3	-12.0
Income taxes received/paid	-0.6	-3.8	-3.2
Total financial expenses and taxes	-6.4	-10.1	-15.3
Changes in working capital:			
Trade and other receivables	9.0	-16.8	-18.0
Trade and other payables	-13.6	0.6	39.8
Inventories	-5.3	0.9	7.7
Changes in working capital	-9.9	-15.3	29.4
Net cash from operating activities	-7.1	-25.9	34.0
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-1.5	-2.1	-4.4
Proceeds from sale of property, plant and equipment (PPE)	0.3	0.0	0.1
Disposal of business, net of cash disposed of	-4.0	-	-
Net cash from investing activities	-5.1	-2.1	-4.3
Cash flow from financing activities			
Proceeds from issuance of hybrid bond	-	24.4	24.4
Payments of transaction costs and interests for hybrid bond	-	-0.2	-1.1
Proceeds from issuance of share capital	-	-	2.4
Acquisition of own shares	-	-	-2.4
Proceeds from short-term financial liabilities	27.5	44.5	54.5
Payments of short-term financial liabilities	-12.0	-49.0	-97.1
Payments of financial liabilities, term loans	-2.0	-7.5	-11.0
Payments of lease liabilities	-12.1	-10.6	-22.1
Dividends to non-controlling interest	-	-	-0.0
Change in non-liquid financial assets	-0.0	-0.0	0.0
Net cash from financing activities	1.4	1.6	-52.3
Net change in cash and cash equivalents	-10.8	-26.4	-22.6
Cash and cash equivalents at beginning of period	24.7	47.9	47.9
Foreign exchange rate effect	-0.1	-1.3	-0.6
Cash and cash equivalents at end of period	13.7	20.2	24.7

Condensed consolidated statement of changes in equity

EUR million	Equity attributable to shareholders of the parent							Hybrid bond	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	Total			
Equity at 1 Jan 2024	162.0	487.5	-390.8	-32.6	10.9	-45.9	191.0	25.0	7.6	223.6
Total comprehensive income for the period	-	-	-33.4	2.6	-0.1	-2.7	-33.5	-	0.2	-33.4
Interests on hybrid bond	-	-	-3.4	-	-	-	-3.4	-	-	-3.4
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 30 Jun 2024	162.0	487.5	-427.5	-30.0	10.8	-48.6	154.1	25.0	7.8	186.9

EUR million	Equity attributable to shareholders of the parent							Hybrid bond	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	Total			
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	-	-	-19.6	4.5	-	-9.3	-24.5	-	-0.1	-24.5
Proceeds from hybrid bond	-	-	-	-	-	-	-	25.0	-	25.0
Transaction costs and interests on hybrid bond	-	-	-1.7	-	-	-	-1.7	-	-	-1.7
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 30 Jun 2023	159.6	489.9	-402.4	-26.6	10.9	-53.4	177.9	25.0	7.3	210.2

EUR million	Equity attributable to shareholders of the parent							Hybrid bond	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	Total			
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	-	-	-7.9	-1.5	-	-1.9	-11.3	-	0.3	-11.0
Proceeds from hybrid bond	-	-	-	-	-	-	-	25.0	-	25.0
Transaction costs and interests on hybrid bond	-	-	-1.7	-	-	-	-1.7	-	-	-1.7
Transactions with owners:										
Proceeds from shares issued	2.4	-	-	-	-	-	2.4	-	-	2.4
Purchase of own shares	-	-2.4	-	-	-	-	-2.4	-	-	-2.4
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	-	0.0
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-0.0	-0.0
Total transaction with owners	2.4	-2.4	0.0	-	-	-	0.0	-	-0.0	-0.0
Equity at 31 Dec 2023	162.0	487.5	-390.8	-32.6	10.9	-45.9	191.0	25.0	7.6	223.6

Key figures

Key figures for the period

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023	Rolling 12-mon
Net sales	216.0	208.1	392.3	396.5	850.1	845.9
Net sales growth, %	3.8	-0.2	-1.1	1.0	3.2	2.2
Adjusted EBITDA	8.4	5.6	12.0	8.0	31.8	35.8
Adjusted EBITA	0.5	-1.5	-3.5	-7.0	1.7	5.2
Adjusted EBITA margin, %	0.2	-0.7	-0.9	-1.8	0.2	0.6
Adjusted EBITA, segments	3.6	2.1	2.8	0.0	11.8	14.6
Adjusted EBITA margin, %, segments	1.8	1.1	0.8	0.0	1.5	1.9
Items affecting comparability	0.0	-	-23.1	-6.1	-7.0	-24.0
EBITDA	8.5	5.6	-11.1	1.9	24.8	11.8
Operating result (EBIT)	0.5	-1.5	-26.7	-13.1	-5.3	-18.8
EBIT margin, %	0.2	-0.7	-6.8	-3.3	-0.6	-2.2
Result after financial items	-2.3	-4.5	-32.5	-19.0	-17.9	-31.4
Net result for the period	-2.7	-4.6	-33.2	-19.7	-7.6	-21.1
Earnings per share EUR, basic and diluted	-0.02	-0.03	-0.22	-0.13	-0.07	-0.16
Return on equity (ROE), % ¹⁾	-12.2	-13.5	-12.2	-13.5	-3.7	-12.2
Return on operative capital employed (ROCE), % ¹⁾	14.3	-11.7	14.3	-11.7	5.3	14.3
Leverage ratio ¹⁾	3.6	6.2	3.6	6.2	3.2	3.6
Net working capital	-54.3	-2.4	-54.3	-2.4	-49.8	-54.3
Number of personnel, average	4,717	5,041	4,801	5,072	5,024	4,888

Quarterly key figures

EUR million	Apr-Jun 2024	Jan-Mar 2024	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023
Net sales	216.0	176.3	240.2	213.4	208.1	188.4
Net sales growth, %	3.8	-6.4	7.2	3.1	-0.2	2.4
Adjusted EBITDA	8.4	3.6	10.2	13.6	5.6	2.4
Adjusted EBITA	0.5	-4.0	2.8	5.9	-1.5	-5.5
Adjusted EBITA margin, %	0.2	-2.3	1.2	2.8	-0.7	-2.9
Adjusted EBITA, segments	3.6	-0.8	5.0	6.8	2.1	-2.1
Adjusted EBITA margin, %, segments	1.8	-0.5	2.3	3.5	1.1	-1.2
Items affecting comparability	0.0	-23.2	0.1	-0.9	-	-6.1
EBITDA	8.5	-19.6	10.3	12.6	5.6	-3.7
Operating result (EBIT)	0.5	-27.2	2.9	5.0	-1.5	-11.6
EBIT margin, %	0.2	-15.4	1.2	2.3	-0.7	-6.2
Result after financial items	-2.3	-30.2	-0.8	1.9	-4.5	-14.5
Net result for the period	-2.7	-30.5	10.3	1.8	-4.6	-15.1
Earnings per share EUR, basic and diluted	-0.02	-0.20	0.06	0.00	-0.03	-0.10
Return on equity (ROE), % ¹⁾	-12.2	-12.8	-3.7	-12.3	-13.5	-12.2
Return on operative capital employed (ROCE), % ¹⁾	14.3	9.7	5.3	-7.1	-11.7	-7.9
Leverage ratio ¹⁾	3.6	3.5	3.2	5.4	6.2	6.3
Net working capital	-54.3	-59.0	-49.8	-15.5	-2.4	-5.4
Number of personnel, average	4,717	4,885	4,948	5,004	5,041	5,103

1) Calculated on a rolling 12-month basis.
Please see pages 25–26 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 2023 except for the following amendment that is effective from 1 January 2024: Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants (Amendments to IAS 1) which clarify the criteria used to determine whether liabilities are classified as current or non-current. The amendments improve the information an entity provides when its right to defer settlement of a liability for at least twelve months is subject to compliance with covenants. The amendment is not expected to have any material impact on Group's financial statements.

The other new IFRS standards and amendments effective for the first time for 2024 financial year are not expected to have any material impact on Group's financial statements.

Net sales by segment

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Finland	92.6	85.2	155.0	149.6	344.5
Sweden	50.9	50.8	100.7	99.7	198.5
Norway	31.6	32.4	57.3	64.7	130.1
Denmark	25.3	21.4	46.4	43.3	93.0
Other business ¹⁾	18.1	20.3	36.8	43.0	93.7
Eliminations	-2.5	-2.1	-4.0	-3.6	-9.7
Net sales, total	216.0	208.1	392.3	396.5	850.1

1) Other business includes High Voltage Poland until its divestment in Q2 2024, 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		Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Finland	Communication	43.4	37.3	66.6	61.5	154.3
	Power	49.2	47.9	88.5	88.1	190.2
Sweden	Communication	38.8	40.8	73.5	80.8	158.0
	Power	12.1	10.0	27.2	18.9	40.5
Norway	Communication	31.6	32.4	57.2	64.5	129.8
	Power	0.1	0.1	0.1	0.2	0.3
Denmark	Communication	13.8	17.5	27.9	33.9	66.4
	Power	11.4	3.9	18.5	9.4	26.6
Other business	Communication	2.6	3.9	4.8	7.7	14.5
	Power	15.5	15.7	32.0	34.5	73.0
	Other operations	0.0	0.8	0.0	0.8	6.2
Eliminations		-2.5	-2.1	-4.0	-3.6	-9.7
Net sales, total		216.0	208.1	392.3	396.5	850.1

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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Communication	128.0	130.1	227.1	245.3	514.8
Power	88.1	77.4	165.3	150.6	329.1
Other operations	0.0	0.8	0.0	0.8	6.2
Net sales, total	216.0	208.1	392.3	396.5	850.1

Net sales by service split

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Project delivery	53.7	44.6	104.2	89.8	194.8
Upgrade services	103.2	110.8	179.1	205.6	441.1
Maintenance	59.2	52.7	109.0	101.1	214.2
Net sales, total	216.0	208.1	392.3	396.5	850.1

Reconciliation of segment results

EUR million	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Adjusted EBITA by segment					
Finland	2.4	0.8	2.1	-1.5	6.5
Sweden	1.0	0.9	1.5	1.4	2.9
Norway	-1.0	-0.8	-2.7	-2.4	-2.5
Denmark	1.2	1.1	1.9	2.5	4.9
Sum segments	3.6	2.1	2.8	0.0	11.8
Other business	-0.4	-0.9	-0.9	-1.9	-1.0
Group functions	-2.6	-2.7	-5.4	-5.2	-9.1
Adjusted EBITA, Group	0.5	-1.5	-3.5	-7.0	1.7
Restructuring	-	-	-	-6.1	-7.0
Divestments	0.0	-	-23.1	-	-
Total items affecting comparability in EBITA	0.0	-	-23.1	-6.1	-7.0
Operating result (EBIT)	0.5	-1.5	-26.7	-13.1	-5.3
Financial expenses, net	-2.8	-3.0	-5.8	-5.9	-12.7
Result before taxes	-2.3	-4.5	-32.5	-19.0	-17.9

The January-June 2024 result includes EUR -23.1 million from divestment of the Polish High Voltage business. The January-December 2023 results include a EUR 7.0 million restructuring charge due to reduced customer investments in Norway and declining results in Norway and Finland.

Personnel by segment	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Finland	1,510	1,486	1,501	1,495	1,503
Sweden	955	1,012	953	1,002	988
Norway	783	871	790	894	860
Denmark	498	512	505	506	511
Other business	790	997	868	1,018	995
Group functions	181	162	183	157	166
Total personnel, average	4,717	5,041	4,801	5,072	5,024
Total personnel, end of period	4,462	5,087	4,462	5,087	4,931

Committed order backlog

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Committed order backlog	484.5	578.5	532.3

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 30 Jun 2024 was EUR 5.4 million. The committed order backlog at 30 Jun 2024 does not include High Voltage Poland due to the divestment.

Net working capital and operative capital employed

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Inventories	19.3	24.0	17.3
Trade and other receivables	170.1	190.2	195.6
Provisions	-6.4	-7.8	-6.8
Advances received	-48.5	-51.1	-59.3
Trade and other payables	-187.7	-155.2	-191.8
Other	-1.0	-2.4	-4.8
Net working capital	-54.3	-2.4	-49.8
Intangible assets excluding acquisition-related allocations	5.2	7.5	6.4
Property, plant and equipment	6.9	10.3	10.5
Right-of-use assets	54.7	46.2	51.9
Restructuring provisions	-0.1	-2.1	-0.3
Operative capital employed	12.4	59.5	18.7

Provisions

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Non-current provisions	3.7	2.7	3.4
Current provisions	2.7	5.1	3.7
Total provisions	6.5	7.8	7.1

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
1 Jan	7.1	5.9	5.9
Changes:			
Restructuring provisions	-0.2	2.1	0.3
Other provisions	-0.4	-0.2	1.0
Balance at the end of reporting period	6.5	7.8	7.1

Contract balances

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Trade receivables	75.5	81.7	106.2
Contract assets	74.7	87.5	66.7
Total assets related to contracts with customers	150.2	169.2	172.9
Advances received from contracts with customers	43.8	45.0	54.6
Total liabilities related to contracts with customers	43.8	45.0	54.6

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	30 Jun 2024	30 Jun 2023	31 Dec 2023
Deferred tax assets	25.0	16.9	27.9
Deferred tax liabilities	-11.3	-10.6	-11.3
Net deferred tax assets	13.7	6.3	16.6

In December 2023, gross amount of EUR 20.7 million (10.5) deferred tax assets for losses carried forward was recognized, of which EUR 11.4 million (5.6) related to operations in Sweden. There were no changes during January-June 2024. 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.

Acquisitions, disposals and assets held for sale

Disposal of Polish High Voltage business

In April 2024, Eltel signed an agreement to divest its Polish High Voltage business via sale of 100% of the shares in Eltel Networks Energetyka S.A. and Eltel Networks Engineering S.A. to Mutares SE & Co. KGaA, a listed private equity investor headquartered in Munich, Germany. The transaction was completed on 6 June 2024 following receipt of customary regulatory approval. The transaction had a negative cash flow impact of EUR 4.0 million in the second quarter of 2024 and is expected to have a negative cash flow impact of approximately EUR 0.6 million in the third quarter of 2024.

In the first quarter of 2024 the Polish High Voltage business was recognized as asset held for sale, resulting in a negative impact on Group EBIT of EUR 23.2 million. The negative impact on Group EBIT in January-June 2024 was EUR 23.1 million.

In 2023, the net sales in High Voltage Poland amounted to about EUR 36 million, adjusted EBITA amounted to EUR -4.9 million and the business consisted of about 410 employees. After completion of the divestment, Eltel no longer has any High Voltage business in Poland.

Leasing

Right-of-use assets			
EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Buildings	21.3	20.2	20.5
Machinery and equipment	33.4	26.0	31.4
Total	54.7	46.2	51.9

Changes in the right-of-use assets during the period			
EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
1 Jan	51.9	46.5	46.5
Additions	18.4	16.6	34.3
Depreciations	-12.3	-11.5	-23.2
Divestments	-1.0	-	-
Other	-2.3	-5.3	-5.7
Balance at the end of period	54.7	46.2	51.9

Leasing liabilities			
EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
Non-current	36.1	30.4	33.9
Current	20.6	17.7	19.9
Total	56.7	48.1	53.9

Financial instruments

Derivative financial instruments	30 Jun 2024		30 Jun 2023		31 Dec 2023	
	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Foreign exchange rate derivatives	44.8	-0.1	16.2	0.1	52.8	-0.1
Total	44.8	-0.1	16.2	0.1	52.8	-0.1

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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net result attributable to equity holders of the parent	-2.8	-4.5	-33.4	-19.6	-7.9
Interest on hybrid bond	-0.8	-0.8	-1.7	-0.8	-2.5
Net result attributable to ordinary shares	-3.7	-5.3	-35.0	-20.4	-10.4
Weighted average number of ordinary shares, basic	156,736,781	156,736,781	156,736,781	156,736,781	156,736,781
Weighted average number of ordinary shares, diluted	156,736,781	156,736,781	156,736,781	156,736,781	156,736,781
Earnings per share EUR, basic	-0.02	-0.03	-0.22	-0.13	-0.07
Earnings per share EUR, diluted	-0.02	-0.03	-0.22	-0.13	-0.07

Definitions and key ratios

Etel 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)	$\frac{\text{Net result attributable to equity holders of the parent - interest on hybrid bond}}{\text{Weighted average number of ordinary shares}}$
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Alternative performance measures (APMs)

Key Figure	Definition and reason for use	Reference
Adjusted EBITA and -margin	<p>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.</p> <p>Adjusted EBITA: Operating result before acquisition-related amortizations and items affecting comparability</p> <p>Adjusted EBITA margin, %: $\frac{\text{Adjusted EBITA} \times 100}{\text{Net sales}}$</p> <p>Adjusted EBITA and -margin, % for segments represent the sum of segments: Finland, Sweden, Norway and Denmark.</p>	Reconciliation of segment results
Items affecting comparability	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	<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

1) Calculated on a rolling 12-month basis.

Key figure	Definition and reason for use	Reference
<p>Operative capital employed</p> <p>and</p> <p>Return on operative capital employed (ROCE), %</p>	<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⁾: $\frac{\text{Adjusted EBITA} \times 100}{\text{Operative capital employed (average over the reporting period)}}$</p>	<p>Net working capital and operative capital employed</p>
<p>Net debt and leverage ratio</p>	<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 - cash and cash equivalents</p> <p>Leverage ratio¹⁾: $\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$</p>	<p>Interest-bearing liabilities and net debt</p>
<p>Net working capital</p>	<p>Net working capital is used to follow the amount of 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>	<p>Net working capital and operative capital employed</p>
<p>Committed order backlog</p>	<p>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.</p>	

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	Apr-Jun 2024	Apr-Jun 2023	Jan-Jun 2024	Jan-Jun 2023	Jan-Dec 2023
Net sales	1.0	1.1	1.0	1.1	1.9
Administrative expenses	-3.1	-2.2	-5.0	-3.7	-7.4
Operating result	-2.2	-1.1	-4.1	-2.6	-5.6
Interest and other financial income	5.2	5.2	10.4	10.3	20.8
Interest and other financial expenses	-1.0	-0.8	-2.1	-1.6	-3.6
Net financial items	4.2	4.4	8.4	8.7	17.3
Result after financial items	2.0	3.3	4.3	6.1	11.7
Group contributions given	-	-	-	-	-11.6
Net result	2.0	3.3	4.3	6.1	0.1

Parent Company condensed balance sheet

EUR million	30 Jun 2024	30 Jun 2023	31 Dec 2023
ASSETS			
Non-current assets			
Financial assets			
Shares in Group companies	68.3	68.3	68.3
Long-term loans receivable from Group companies	480.4	471.3	481.7
Intangible assets	-	0.0	0.0
Non-current assets	548.7	539.6	550.0
Current assets			
Trade and other receivables	1.2	1.3	1.1
Cash pool receivable	4.4	4.5	4.4
Cash and cash equivalents	0.1	0.1	0.1
Current assets	5.7	6.0	5.6
TOTAL ASSETS	554.4	545.6	555.5
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	162.0	159.6	162.0
Statutory reserve	0.7	0.7	0.7
Restricted equity	162.6	160.3	162.6
Non-restricted equity			
Retained earnings	277.9	283.6	281.2
Hybrid bond	25.0	25.0	25.0
Net result for the period	4.3	6.1	0.1
Non-restricted equity	307.2	314.7	306.4
Total equity	469.9	475.0	469.0
Current liabilities			
Debt	7.4	13.9	7.9
Liabilities to Group companies	72.5	54.3	78.0
Trade and other payables	4.6	2.4	0.6
Current liabilities	84.5	70.6	86.5
Total liabilities	84.5	70.6	86.5
TOTAL EQUITY AND LIABILITIES	554.4	545.6	555.5

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

Equity

EUR million	1 Jan 2024	Interest on hybrid bond	Equity-settled share-based payment	Net result	30 Jun 2024
Share capital	162.0	-	-	-	162.0
Statutory reserve	0.7	-	-	-	0.7
Non-restricted equity	306.4	-3.4	-0.0	4.3	307.2
Total	469.0	-3.4	-0.0	4.3	469.9

As of 30 June 2024, the total number of registered and outstanding shares of Eltel amounts to 160,585,581, whereof 156,736,781 are ordinary shares and 3,848,800 are class C shares. The number of votes in Eltel amounts to 157,121,661 and the registered share capital amounts to EUR 161,950,203.

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

Eltel AB

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

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