

Eltel Group

Full-year report January-December 2023

Stockholm, Sweden, 14 February 2024

October–December 2023

- Net sales EUR 240.2 million (224.0). Total growth 7.2% and organic growth¹⁾ in segments 10.9%
- Adjusted EBITDA EUR 10.2 million (3.3)
- Adjusted EBITA²⁾ EUR 2.8 million (-4.0) and adjusted EBITA margin 1.2% (-1.8)
- Adjusted EBITA²⁾ in segments EUR 5.0 million (-1.8) and adjusted EBITA margin in segments 2.3% (-0.9)
- Items affecting comparability EUR 0.1 million (0.0)
- Operating result (EBIT) EUR 2.9 million (-4.0) and EBIT margin 1.2% (-1.8)
- Net result EUR 10.3 million (-7.7)
- Earnings per share EUR 0.06 (-0.05), basic and diluted
- Cash flow from operating activities EUR 39.8 million (47.0)

January–December 2023

- Net sales EUR 850.1 million (823.6). Total growth 3.2% and organic growth¹⁾ in segments 8.8%
- Adjusted EBITDA EUR 31.8 million (27.8)
- Adjusted EBITA²⁾ EUR 1.7 million (-1.9) and adjusted EBITA margin 0.2% (-0.2)
- Adjusted EBITA²⁾ in segments EUR 11.8 million (9.9) and adjusted EBITA margin in segments 1.5% (1.4)
- Items affecting comparability EUR -7.0 million (0.0)
- Operating result (EBIT) EUR -5.3 million (-2.0) and EBIT margin -0.6% (-0.2)
- Net result EUR -7.6 million (-14.9)
- Earnings per share EUR -0.07 (-0.10), basic and diluted
- Cash flow from operating activities EUR 34.0 million (16.4)
- Net debt EUR 100.6 million (125.5)

Significant events during and after the reporting period

- On 14 November 2023, it was announced that Caroline Lindgren was appointed as the new General Counsel and Head of Sourcing at Eltel and member of the Group Management Team as of 1 February 2024. Caroline replaces Henrik Sundell, who has decided to leave Eltel for a position outside the company.
- On 27 November 2023, it was announced that Eltel Norway and Equinor have signed a frame agreement regarding telecom-specific upgrade and modification services. Estimated value of the four-year agreement is NOK 235 million, about EUR 20 million.
- On 12 December 2023, it was announced that Elin Otter, Director of Communications and IR and member of the Group Management Team has decided to leave Eltel for a position outside the company. A recruitment for her successor has been initiated.
- On 22 January 2024, it was announced that Eltel Denmark and TDC Net, Denmark's largest telecommunications provider have extended their frame agreement by two years. The estimated order value is about DKK 170 million, about EUR 23 million.
- On 7 February 2024, it was announced that Eltel Finland has signed a renewal of an existing frame agreement with the Finnish telecommunications provider DNA. The one-year agreement is worth about EUR 12.5 million.

Key figures

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	240.2	224.0	850.1	823.6
Net sales growth, %	7.2%	-1.0%	3.2%	1.4%
Adjusted EBITDA	10.2	3.3	31.8	27.8
Adjusted EBITA ²⁾	2.8	-4.0	1.7	-1.9
Adjusted EBITA margin, %	1.2%	-1.8%	0.2%	-0.2%
Adjusted EBITA ²⁾ , segments	5.0	-1.8	11.8	9.9
Adjusted EBITA margin, %, segments	2.3%	-0.9%	1.5%	1.4%
Operating result (EBIT)	2.9	-4.0	-5.3	-2.0
Return on operative capital employed (ROCE), %	5.3%	-3.5%	5.3%	-3.5%
Net working capital	-49.8	-21.0	-49.8	-21.0
Net debt	100.6	125.5	100.6	125.5
Number of employees, average	4,948	5,079	5,024	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 since 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

2023 started with strong headwinds and ended with a solid recovery. In the fourth quarter, we achieved a good top-line growth of 7.2%, contributing to an 3.2% increase for the full year, successfully meeting our annual growth targets despite unfavorable currency effects. Our intensified sales efforts have consistently driven volumes. Throughout the year, we signed new contracts valued at about EUR 714 million, increasing our committed order backlog by 13.7%, reaffirming our ability to secure new business on improved terms and conditions. Nevertheless, the fluctuations in future investments by telecom operators may influence our growth in certain markets.

In the comparative period, the adjusted EBITA in the quarter improved by EUR 6.8 million in the segments, leading to a margin of 2.3%. The improvement was even greater than in quarter three, when we started to recover from a tough start of the year, on the back of a poor ending of 2022. For the full year, we ended with a positive adjusted EBITA margin of 1.5% in the segments and 0.2% for the Group. Key drivers behind the development include our higher pricing ambitions, price negotiations and indexing, as well as the effects of the two restructuring and cost-savings programs we implemented during the year.

2023 ended with an improved financial position, with good cash flow and an all-time low net debt, following a strong focus on both. Furthermore, we expanded our customer base and we have been successful in entering into new and adjacent markets such as solar PV and e-Mobility.

In Finland, growth in several areas, such as fiber to the home and our first utility scale solar park, led to a 18.7% increase in net sales for the full year. We anticipate this market demand to extend into 2024. In regards to profitability, two challenging frame agreements in Power Services led to a difficult year. However, the profitability improved in the second half as our actions took effect and we are increasingly positive about the future.

Eltel Sweden concluded the year with a positive adjusted EBITA margin of 1.5%, a first positive year in recent history. A key driver was the revenue growth of 10.7% in local currency, mainly thanks to Smart Grids. Eltel Sweden successfully broadened its customer base and made strategic investments in the Power business to capitalize on the expanding renewable energy and e-Mobility sectors.

Eltel Norway has spent the year reshaping for the future. Restructuring and cost savings have been made to align the organization with the demand as well as new business opportunities. Focused sales investments have expanded the customer base and it is rewarding to see that Eltel Norway secured significant frame agreements with new customers.

2023 marked a strong comeback for Eltel Denmark achieving a net sales growth of 25.3% and an adjusted EBITA margin of 5.2% for the full year. Capitalizing on the active power market, Denmark successfully secured new business in the renewable energy sector, such as solar PV. Looking ahead, we see a more typical start to the year with lower volumes due to contract completions but remain confident in our ability to grow as the year progress.

In Other business, Smart Grids delivered stable net sales and good margins throughout the year, while High Voltage Poland improved the adjusted EBITA by EUR 2.7 million. This proves that our strategy to reduce risks by narrowing the scope of the business is paying off.

Eltel experienced increased sustainability expectations from our customers in 2023. As the industry leader with sustainability integrated into our operations, we welcome this development as it gives us a competitive edge. Climate action is the main sustainability driver and more than 60% of our customers have climate targets approved by the Science Based Targets initiative (SBTi). Our own targets position us an attractive partner that can help our customers achieve their climate ambitions.

To conclude 2023, we launched and started executing on our new strategy, which involves developing both our classic and new businesses in parallel. We have taken the first steps in creating a foundation to build on in the coming years, as we strive toward sustainable and profitable growth. For 2024 this means we will continue to work hard to improve our profitability, expand our customer base and enter into new and adjacent markets.

I would like to thank our customers, owners and investors for continuing to put their confidence and trust in Eltel. I look forward to continuing to drive digitalization and electrification together.

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, Poland, Germany 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

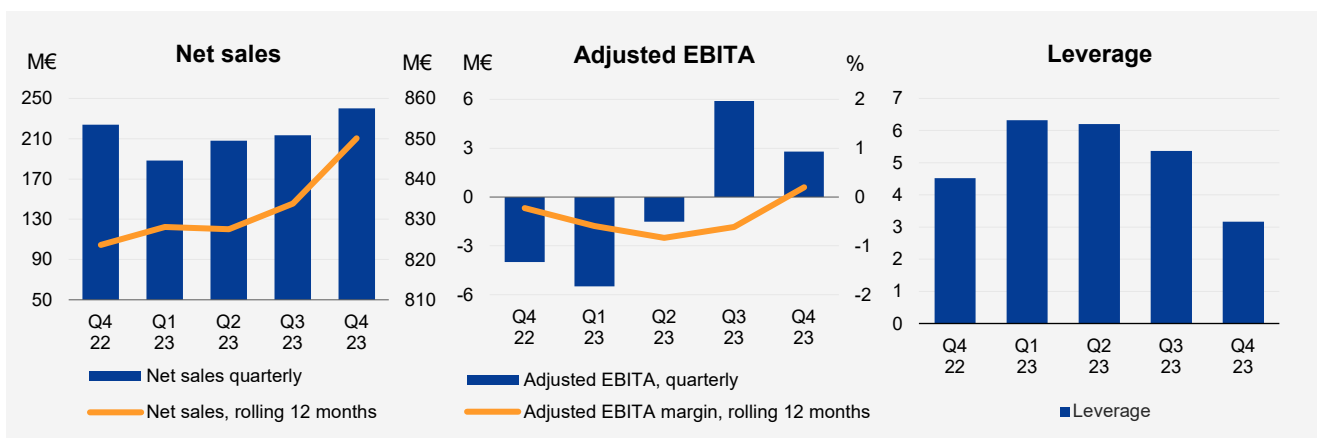
Through our strategy, we build the foundation for investing in sustainable profitable growth. This involves:

- 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



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

Net sales and earnings Group

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	240.2	224.0	850.1	823.6
Adjusted EBITDA	10.2	3.3	31.8	27.8
Adjusted EBITA	2.8	-4.0	1.7	-1.9
Items affecting comparability	0.1	-	-7.0	-
EBIT	2.9	-4.0	-5.3	-2.0
Net result	10.3	-7.7	-7.6	-14.9
Key ratios				
Net sales growth, %	7.2%	-1.0%	3.2%	1.4%
Organic growth ¹⁾ , % in segments	10.9%	2.5%	8.8%	1.8%
Currency translation effect in net sales, MEUR	-6.8	-6.3	-32.4	-9.3
Adjusted EBITA margin, %	1.2%	-1.8%	0.2%	-0.2%
Tax rate, %	1,403.4%	2.9%	57.6%	-30.5%
Earnings per share after dilution, EUR	0.06	-0.05	-0.07	-0.10

1) Organic growth is adjusted for currency effects.

October–December 2023

Net sales increased by 7.2% to EUR 240.2 million (224.0). In local currency, net sales grew by 10.3%. Currency effects had a negative impact of EUR 6.8 million. In segments net sales increased by EUR 14.9 million. Organic net sales in segments, adjusted for currency effects, increased by 10.9%. Growth came from Finland, Denmark and Sweden. In Norway net sales declined. In Other business net sales increased.

Adjusted EBITDA was EUR 10.2 million (3.3). Adjusted EBITA increased to EUR 2.8 million (-4.0) and the adjusted EBITA margin was 1.2% (-1.8). Adjusted EBITA in segments was EUR 5.0 million (-1.8) and the margin was 2.3% (-0.9). In Other business, adjusted EBITA was EUR 0.5 million (0.2). Adjusted EBITA improved in all segments, specifically in Finland.

Items affecting comparability comprised change in the restructuring charge that amounted to EUR 0.1 million (0.0).

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

EBIT amounted to EUR 2.9 million (-4.0).

Net financial expenses amounted to EUR 3.7 million (3.9).

Taxes amounted to EUR 11.1 million (0.2). Taxes in October-December 2023 are mainly impacted by recognition of previously non-valuation tax losses.

Net result for the period was EUR 10.3 million (-7.7). Earnings per share were EUR 0.06 (-0.05).

January–December 2023

Net sales increased by 3.2% to EUR 850.1 million (823.6). In local currency, net sales grew by 7.1%. Currency effects had a negative impact of EUR 32.4 million. In segments net sales increased by EUR 31.1 million. Organic net sales in segments, adjusted for currency effects, increased by 8.8%. The growth was driven by increased volumes in Finland, Denmark and Sweden. In Norway and Other business net sales decreased.

Adjusted EBITDA was EUR 31.8 million (27.8). Adjusted EBITA increased to EUR 1.7 million (-1.9) and the adjusted EBITA margin was 0.2% (-0.2). Adjusted EBITA in segments was EUR 11.8 million (9.9) and the margin was 1.5% (1.4). Improvements in Denmark and Sweden were offset by Norway and Finland. In Other business, adjusted EBITA was EUR -1.0 million (-4.0).

Items affecting comparability comprised a restructuring charge that amounted to EUR 7.0 million (0.0). Following reductions in customer investments in Norway and result deterioration both in Norway and Finland starting in Q4 2022, two restructuring and cost-saving programs were implemented in Q1 and Q3. The restructurings included a total reduction in the workforce by approximately 225 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 -5.3 million (-2.0).

Net financial expenses amounted to EUR 12.7 million (9.5), mainly due to change in interest cost.

Taxes amounted to EUR 10.3 million (-3.5). The effective tax rate was 57.6% (-30.5). Taxes in January-December 2023 are mainly impacted by recognition of previously non-valuation tax losses.

Net result for the period was EUR -7.6 million (-14.9). Earnings per share were EUR -0.07 (-0.10).

Overview of segments

Net sales

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Finland	98.3	80.3	344.5	290.1
Sweden	56.6	56.5	198.5	193.8
Norway	33.8	44.3	130.1	176.8
Denmark	28.2	20.9	93.0	74.3
Sum segments	216.9	202.0	766.1	735.0
Other business	26.9	25.6	93.7	99.4
Eliminations	-3.5	-3.6	-9.7	-10.8
Total net sales	240.2	224.0	850.1	823.6

Adjusted EBITA

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Finland	3.2	-1.2	6.5	8.2
Sweden	1.3	1.2	2.9	-1.0
Norway	-0.8	-2.2	-2.5	2.1
Denmark	1.3	0.4	4.9	0.6
Sum segments	5.0	-1.8	11.8	9.9
Other business	0.5	0.2	-1.0	-4.0
Group functions	-2.8	-2.4	-9.1	-7.8
Total adjusted EBITA	2.8	-4.0	1.7	-1.9

Adjusted EBITA margin

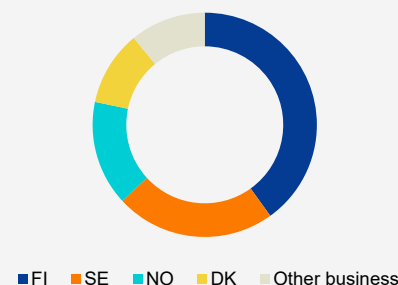
EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Finland	3.3%	-1.5%	1.9%	2.8%
Sweden	2.3%	2.2%	1.5%	-0.5%
Norway	-2.3%	-5.0%	-1.9%	1.2%
Denmark	4.6%	1.9%	5.2%	0.9%
Sum segments	2.3%	-0.9%	1.5%	1.4%
Other business	2.0%	0.9%	-1.1%	-4.0%
Total adjusted EBITA margin, %	1.2%	-1.8%	0.2%	-0.2%

Eltel's main operations in the four Nordic countries are presented as segments. In Q4 2023, the segments represented 90% of the net sales.

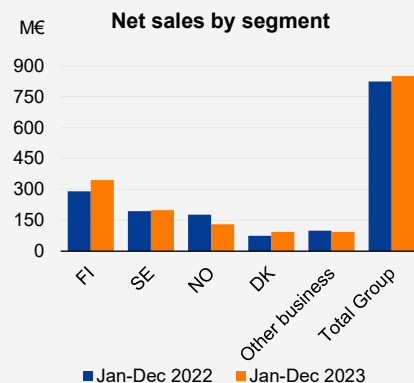
Management follows segment results by adjusted EBITA, which does not include items affecting comparability. Items affecting comparability include expenses recognized in Q1 and Q3 2023 for restructuring and rightsizing activities aiming to adjust the capacity of Eltel's operations.

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

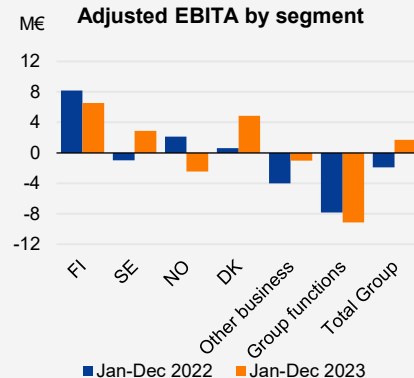
Net sales by segment



Net sales by segment



Adjusted EBITA by segment



Net sales and adjusted EBITA – Segments

Finland

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	98.3	80.3	344.5	290.1
Adjusted EBITA ¹⁾	3.2	-1.2	6.5	8.2
Number of employees, average	1,512	1,501	1,503	1,498
Key ratios				
Net sales growth, %	22.4%	-1.0%	18.7%	-3.2%
Adjusted EBITA margin, %	3.3%	-1.5%	1.9%	2.8%

1) Excluding restructuring costs.

October–December 2023

Net sales increased by EUR 18.0 million, or 22.4%, to EUR 98.3 million (80.3). The Communication business delivered a strong growth in a favorable market. Furthermore, renewable energy transition projects, especially in the Power Transmission business, added to the growth.

Adjusted EBITA increased to EUR 3.2 million (-1.2). The adjusted EBITA margin was 3.3% (-1.5), positively impacted by larger volumes, especially in Communication and Power Transmission. Two frame agreements in Power Services continued to burden the profitability, but less than in the comparative period.

After the reporting period, on 7 February 2024, it was announced that Eltel Finland has signed a renewal of an existing frame agreement with the Finnish telecommunications provider DNA. The one-year agreement is worth about EUR 12.5 million.

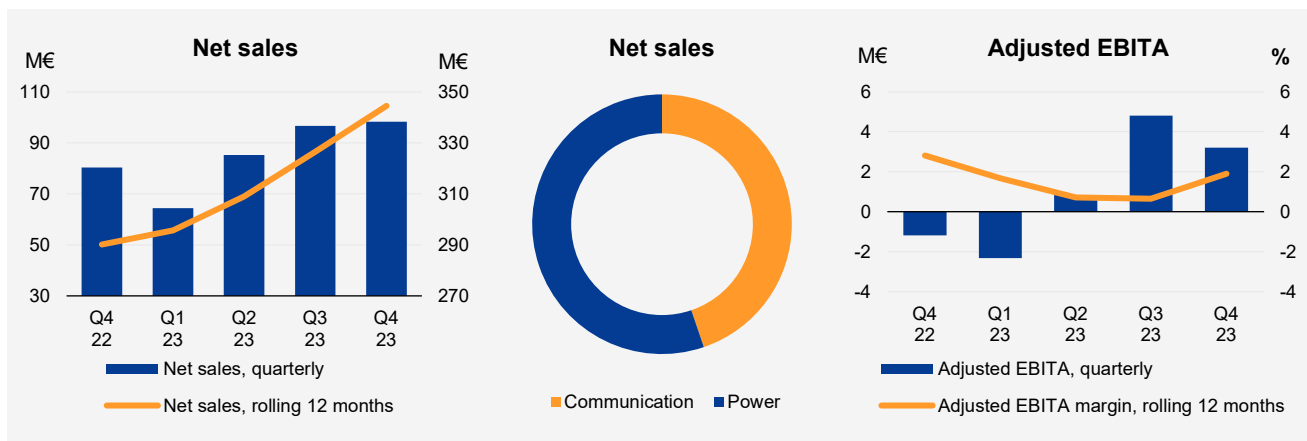
January–December 2023

Net sales increased by EUR 54.3 million, or 18.7%, to EUR 344.5 million (290.1) reflecting a very strong market demand for most of our business offerings. The Communication business capitalized on a strong market, which generated great volumes throughout the year. Renewable energy transition projects, especially in Power Transmission further added to the growth.

Adjusted EBITA decreased to EUR 6.5 million (8.2). The adjusted EBITA margin was 1.9% (2.8). Two frame agreements in Power Services burdened the profitability throughout the year, however, the negative impact was reduced during the second half of the year. Within Communication and Power Transmission the margins were positively impacted by larger volumes.

As part of the restructuring and cost-saving program, communicated in connection with the Q4 2022 report, Eltel Finland has terminated certain customer agreements, reduced the workforce by 47 full-time employees during Q2, closed selected facilities and reduced the number of vehicles.

During 2023, Eltel Finland signed new contracts with a combined value of about EUR 232 million (412) adding to the committed order backlog.



Sweden

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	56.6	56.5	198.5	193.8
Adjusted EBITA	1.3	1.2	2.9	-1.0
Number of employees, average	963	940	988	919
Key ratios				
Net sales growth, %	0.3%	0.2%	2.4%	6.4%
Organic growth ¹⁾ , %	5.8%	8.3%	10.7%	11.6%
Currency translation effect in net sales, MEUR	-3.1	-4.5	-15.9	-9.5
Adjusted EBITA margin, %	2.3%	2.2%	1.5%	-0.5%

1) Adjusted for currency effects.

October–December 2023

Net sales increased by EUR 0.1 million, or 0.3%, to EUR 56.6 million (56.5). Growth in local currency was 5.8%. Currency effects had a negative impact of EUR 3.1 million. Growth in Power, mainly Smart Grids, compensated for a decline in Communication.

Adjusted EBITA improved to EUR 1.3 million (1.2). The adjusted EBITA margin was 2.3% (2.2), driven by a positive development in Smart Grids.

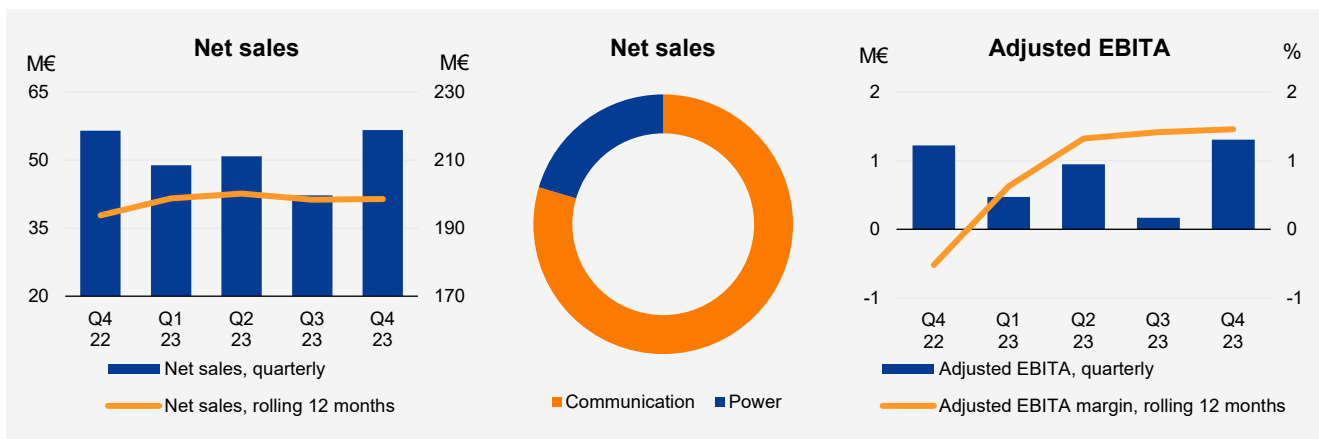
January–December 2023

Net sales increased by EUR 4.7 million, or 2.4%, to EUR 198.5 million (193.8). Growth in local currency was 10.7%.

Currency effects had a negative impact of EUR 15.9 million. Strong development in Smart Grids was partly offset by a declining Communication business as a result of lower customer investment levels in the later part of the year.

Adjusted EBITA improved to EUR 2.9 million (-1.0) marking 2023 as the first year with positive result in recent history. The adjusted EBITA margin was 1.5% (-0.5). Progress came from increased volumes in Smart Grids and a generally improved operational performance.

During 2023, Eltel Sweden signed new contracts with a combined value of about EUR 198 million (182) adding to the committed order backlog.



Norway

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	33.8	44.3	130.1	176.8
Adjusted EBITA ¹⁾	-0.8	-2.2	-2.5	2.1
Number of employees, average	807	935	860	938
Key ratios				
Net sales growth, %	-23.8%	-4.1%	-26.4%	10.2%
Organic growth ²⁾ , %	-14.6%	-0.8%	-16.6%	9.4%
Currency translation effect in net sales, MEUR	-4.1	-1.5	-17.4	1.4
Adjusted EBITA margin, %	-2.3%	-5.0%	-1.9%	1.2%

1) Excluding restructuring costs.

2) Adjusted for currency effects.

October–December 2023

Net sales decreased by EUR 10.5 million, or 23.8%, to EUR 33.8 million (44.3). Currency effect was EUR -4.1 million. Growth in local currency was -14.6%. Main reason was lower volumes due to reduced customer investments, mainly in fiber.

Adjusted EBITA increased by EUR 1.5 million to EUR -0.8 million (-2.2). The adjusted EBITA margin improved to -2.3% (-5.0) as a result of two previously implemented restructuring and cost-savings programs.

During the reporting period, on 27 November 2023, it was announced that Eltel Norway and Equinor have signed a frame agreement regarding telecom-specific upgrade and modification services. Estimated value of the four-year agreement is NOK 235 million, about EUR 20 million.

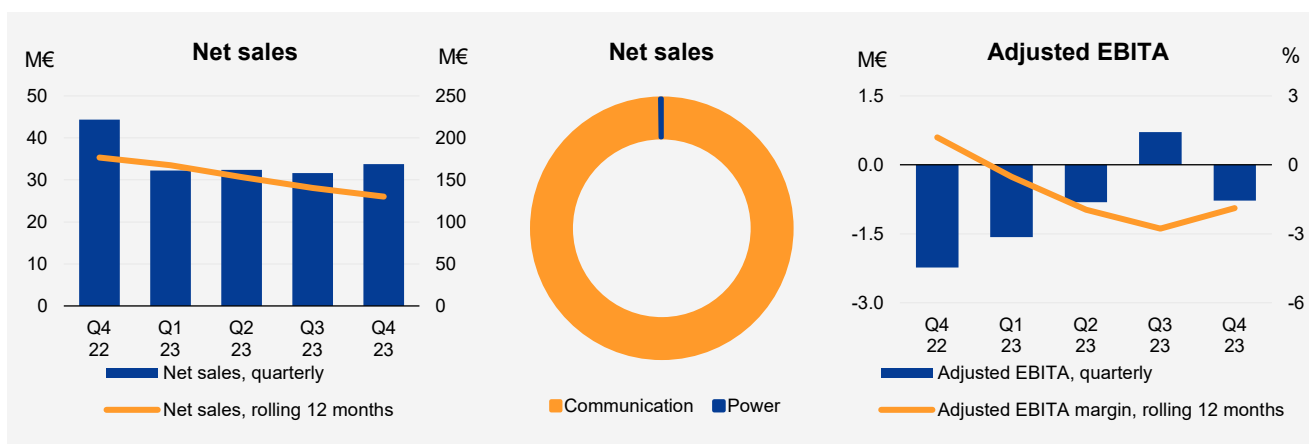
January–December 2023

Net sales decreased by EUR 46.8 million, or 26.4%, to EUR 130.1 million (176.8). Currency effect was EUR -17.4 million. Growth in local currency was -16.6%. Main reason was lower volumes due to reduced customer investments, mainly in fiber.

Adjusted EBITA decreased to EUR -2.5 million (2.1). The adjusted EBITA margin was -1.9% (1.2). Lower volumes caused overcapacity and inefficiency in the organization.

Following reductions in customer investments and result deterioration in Norway starting in Q4 2022, two restructuring and cost-saving programs were implemented during 2023 in Q1 and Q3. The programs have included a total reduction in the workforce by approximately 160 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.

During 2023, Eltel Norway signed new contracts with a combined value of about EUR 161 million (70) adding to the committed order backlog.



Denmark

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	28.2	20.9	93.0	74.3
Adjusted EBITA	1.3	0.4	4.9	0.6
Number of employees, average	514	501	511	484
Key ratios				
Net sales growth, %	34.9%	8.4%	25.3%	-15.5%
Organic growth ¹⁾ , %	35.2%	8.4%	25.4%	-15.5%
Currency translation effect in net sales, MEUR	-0.1	0.0	-0.1	0.0
Adjusted EBITA margin, %	4.6%	1.9%	5.2%	0.9%

1) Adjusted for currency effects.

October–December 2023

Net sales increased by EUR 7.3 million, or 34.9%, to EUR 28.2 million (20.9). The significant growth came from an expanded Power business and increased activities within existing Communication contracts.

Adjusted EBITA improved to EUR 1.3 million (0.4). The adjusted EBITA margin was 4.6% (1.9). The improvement was mainly coming from increased volumes and successful execution of power projects.

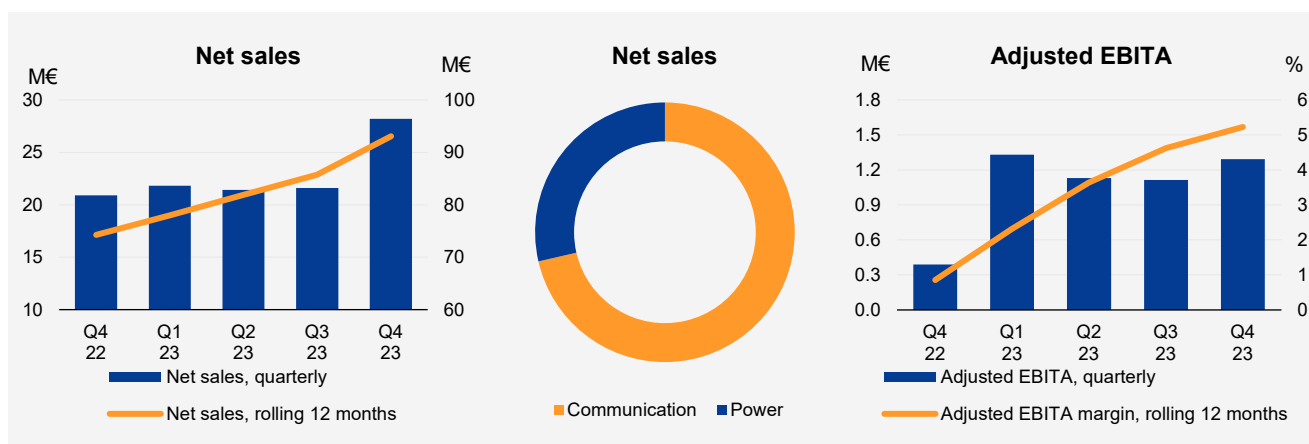
After the reporting period, on 22 January 2024, it was announced that Eltel Denmark and TDC Net, Denmark's largest telecommunications provider have extended their frame agreement by two years. The estimated order value is about DKK 170 million, about EUR 23 million.

January–December 2023

Net sales increased by EUR 18.8 million, or 25.3%, to EUR 93.0 million (74.3). The significant growth was mainly driven by higher volumes in ongoing Communication contracts and new Power projects.

Adjusted EBITA improved to EUR 4.9 million (0.6). The adjusted EBITA margin was 5.2% (0.9). The strong performance stemmed from higher volumes, operational improvements and price increases.

During 2023, Eltel Denmark signed new contracts with a combined value of about EUR 48 million (146) adding to the committed order backlog.



Other business

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	26.9	25.6	93.7	99.4
Adjusted EBITA	0.5	0.2	-1.0	-4.0
Number of employees, average	968	1,058	995	1,071

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

October–December 2023

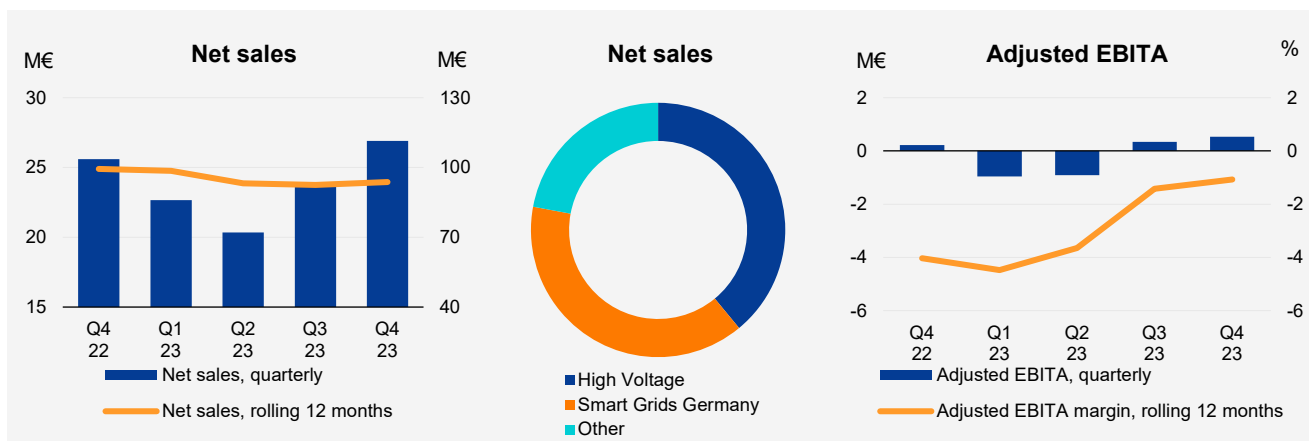
Net sales increased by EUR 1.3 million to EUR 26.9 million (25.6). Closing activities in Power Transmission International (PTI) offset reduced volumes in High Voltage Poland and Smart Grids Germany.

Adjusted EBITA improved to EUR 0.5 million (0.2). High Voltage Poland had an adjusted EBITA of EUR -1.7 million (-1.3). Closing activities in Power Transmission International (PTI) contributed positively to the result.

January–December 2023

Net sales decreased by EUR 5.7 million to EUR 93.7 million (99.4), mainly due to a shift of scope to selected projects and services in High Voltage Poland.

Adjusted EBITA improved by EUR 3.0 million to EUR -1.0 million (-4.0). High Voltage Poland improved by EUR 2.7 million to EUR -4.9 million (-7.6). Closing activities in Power Transmission International (PTI) during the fourth quarter further contributed positively to the result. Margins in Smart Grids Germany declined from previous year but remained on a healthy level.



Cash flow

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
EBIT	2.0	-4.0	-5.3	-2.0
Depreciation and amortization	7.4	7.3	30.1	29.8
EBITDA	9.7	3.3	24.8	27.8
Changes in working capital	34.1	48.7	29.4	4.6
Total financial expenses and taxes	-2.5	-4.0	-15.3	-12.5
Adjustment for gain/loss on sales of assets	0.0	-0.1	-0.1	-0.1
Other	-1.1	-0.9	-4.9	-3.4
Cash flow from operating activities	39.8	47.0	34.0	16.4
Cash flow from investing activities	-0.8	-1.8	-4.3	-3.9
Cash flow from financing activities	-23.6	-13.8	-52.3	3.1
Net change in cash and cash equivalents	15.4	31.3	-22.6	15.5
Cash and cash equivalents at beginning of period	9.0	17.1	47.9	32.3
Foreign exchange rate effect	0.3	-0.6	-0.6	0.1
Cash and cash equivalents at end of period	24.7	47.9	24.7	47.9

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

October–December 2023

Cash flow from operating activities was EUR 39.8 million (47.0). Main items included EBITDA EUR 9.7 million (3.3), cash flow from change in net working capital EUR 34.1 million (48.7) financial items EUR -2.9 million (-3.2) and income taxes EUR 0.4 million (-0.8).

Net cash flow from investing activities was EUR -0.8 million (-1.8) consisting of net capital expenditure on machinery and equipment.

Cash flow from financing activities was EUR -23.6 million (-13.8). Utilization of short-term financing decreased by EUR 14.1 million (decrease of 8.5), amortization of term loan amounted to EUR 3.5 million (0.0) and payment of lease liabilities were EUR 6.0 million (5.4). Eltel also issued and purchased shares in accordance with a long-term incentive program, which had a cash flow impact of EUR 2.4 million (0.0) and EUR -2.4 million (0.0), respectively.

January–December 2023

Cash flow from operating activities was EUR 34.0 million (16.4). Main items included EBITDA EUR 24.8 million (27.8), cash flow from change in net working capital EUR 29.4 million (4.6) mainly due to tax deferral in Sweden EUR 28.3 million (0.0), financial items EUR -12.0 million (-7.8) and income taxes EUR -3.2 million (-4.7). 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 -4.3 million (-3.9) consisting of net capital expenditure on machinery and equipment.

Cash flow from financing activities was EUR -52.3 million (3.1). Utilization of short-term financing decreased by EUR 42.5 million (increase of 16.5). Amortization of term loan amounted to EUR 11.0 million and payments of lease liabilities were EUR 22.1 million (21.6). Net proceeds from issue of the hybrid bond and related transaction costs amounted to EUR 24.2 million (0.0) and payment of hybrid bond interests amounted to EUR 0.8 million (0.0). Eltel also issued and purchased shares in accordance with a long-term incentive program, which had a cash flow impact of EUR 2.4 million (1.0) and EUR -2.4 million (-1.0), respectively. In 2022 Eltel drew a EUR 35.0 million term loan and repaid the remaining old term loan of EUR 27.0 million.

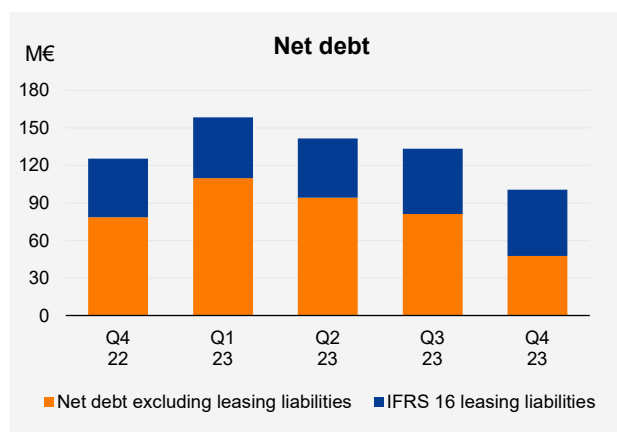
Financial position, cash and cash equivalents

Equity at the end of the period was EUR 223.6 million (211.3) and total assets were EUR 624.3 million (621.7). The equity ratio was 39.6% (37.0).

Interest-bearing liabilities and net debt

EUR million	31 Dec 2023	31 Dec 2022
Interest-bearing debt	71.1	125.1
Leasing liabilities	53.9	47.8
Allocation of effective interest to periods	0.3	0.5
Less cash and cash equivalents	-24.7	-47.9
Net debt	100.6	125.5

EUR million	31 Dec 2023	31 Dec 2022
Non-current interest-bearing debt	20.7	34.7
Current interest-bearing debt	50.4	90.4
Total interest-bearing debt	71.1	125.1
Non-current leasing liabilities	33.9	31.0
Current leasing liabilities	19.9	16.8
Total leasing liabilities	53.9	47.8



Hybrid bond

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 up to 1.20% of the principal amount is paid if the sustainability targets measured at 31 December 2025 are not met. The hybrid bond bears interest at a fixed rate of 13.50% per annum until the reset date.

Credit facilities

EUR million	31 Dec 2023	Maturity
Term loan, current	3.0	Mar-Sep 2024
Term loan, non-current	21.0	Jan 2025
Revolving credit facility	90.0	Jan 2025
Account overdrafts	15.0	Jan 2025
Total committed credit facilities	129.0	
Commercial paper program	150.0	N/A

After the reporting period, the maturity of the term loan, revolving credit facility and account overdrafts have been prolonged until April 2025.

Available liquidity reserves, including the committed revolving credit facility, account overdrafts and cash and cash equivalents, amounted to EUR 90.7 million (96.9). 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 December 2023, EUR 8.0 million (33.5) of the commercial paper program and EUR 39.0 million (56.0) of the revolving credit facility were utilized.

Commercial guarantees

On 31 December 2023, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 89.3 million (80.3).

Other information

Dividend distribution

The Board proposes that no dividend will be paid for the year 2023.

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.

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. We have made a shift in the scope of work in selected projects and services in High Voltage Poland, but there is a risk of negative results also going forward.

Inflation impacts Eltel across its cost base. 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.

At year-end 2022 the value of goodwill in segments Sweden and Norway was disclosed to be sensitive to impairment in case of negative changes to the estimated future cash flows or a further increase in discount rates (WACC). In 2023 both country units have focused on evolving their customer base and service offering, which are expected to impact the business positively in future years. Additionally, the WACC rates have decreased for both country units compared to 2022. Any future changes to the above may lead to a risk of goodwill impairment going forward. Eltel follows any triggering events throughout the year and impairment test is conducted in case of any indicators of impairment.

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 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 27 November 2023, it was announced that Eltel Norway and Equinor, Norway's largest oil and gas company, have signed a frame agreement regarding telecom-specific upgrade and modification services. Estimated value of the four-year agreement is NOK 235 million, about EUR 20 million.

On 22 January 2024, it was announced that Eltel Denmark and TDC Net, Denmark's largest telecommunications provider have extended their frame agreement by two years. The estimated order value is about DKK 170 million, about EUR 23 million.

On 7 February 2024, it was announced that Eltel Finland has signed a renewal of an existing frame agreement with the Finnish telecommunications provider DNA. The one-year agreement is worth about EUR 12.5 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 full-year and Q4 2023

Analysts and media are invited to participate in the full-year and Q4 2023 interim report briefing on 14 February 2024 at 10:00 am CET 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

Elin Otter, Director, Communications and Investor Relations
Phone: +46 72 595 46 92, elin.otter@eltelnetworks.com

Financial calendar

- Interim report January–March: 26 April 2024
- Half-year report January–June: 25 July 2024
- Interim report January–September: 31 October 2024
- Annual Report 2023: week 13, 2024
- Annual General meeting 2024: 14 May 2024

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 CET on 14 February 2024.

Signature of the Board of Directors and CEO

Stockholm, Sweden, 14 February 2024

Eltel AB (publ)

Ulf Mattson, Chairman
Ann Emilson
Gunilla Fransson
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	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	240.2	224.0	850.1	823.6
Cost of sales	-215.7	-206.8	-774.5	-748.9
Gross profit	24.5	17.2	75.6	74.7
Other income	1.3	0.0	3.5	0.9
Selling and administrative expenses	-21.9	-21.1	-82.4	-77.2
Other expenses	-1.0	-0.1	-2.0	-0.4
Operating result (EBIT)	2.9	-4.0	-5.3	-2.0
Financial income	0.3	0.1	1.2	0.2
Financial expenses	-4.0	-4.0	-13.9	-9.6
Net financial expenses	-3.7	-3.9	-12.7	-9.5
Result before taxes	-0.8	-7.9	-17.9	-11.4
Taxes	11.1	0.2	10.3	-3.5
Net result	10.3	-7.7	-7.6	-14.9
Attributable to:				
Equity holders of the parent	10.2	-7.5	-7.9	-15.0
Non-controlling interest	0.1	-0.2	0.3	0.1
Earnings per share (EPS)				
Basic, EUR	0.06	-0.05	-0.07	-0.10
Diluted, EUR	0.06	-0.05	-0.07	-0.10

Condensed consolidated statement of comprehensive income

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net profit for the period	10.3	-7.7	-7.6	-14.9
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Revaluation of defined benefit plans, net of tax	-5.9	-3.7	-1.5	7.8
Items that may be subsequently reclassified to profit and loss				
Net investment hedges, net of tax	-	-	-	-0.0
Currency translation differences	7.4	-1.3	-1.9	-9.1
Total	7.4	-1.3	-1.9	-9.1
Other comprehensive income/loss for the period, net of tax	1.5	-4.9	-3.4	-1.3
Total comprehensive income/loss for the period	11.8	-12.6	-11.0	-16.2
Total comprehensive income/loss attributable to:				
Equity holders of the parent	11.7	-12.4	-11.3	-16.2
Non-controlling interest	0.1	-0.2	0.3	0.1

Condensed consolidated balance sheet

EUR million	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Goodwill	253.6	256.0
Intangible assets	32.9	35.3
Property, plant and equipment	10.5	10.7
Right-of-use assets	51.9	46.5
Deferred tax assets	27.9	16.3
Financial assets	9.8	7.1
Total non-current assets	386.7	371.9
Current assets		
Inventories	17.3	24.8
Trade and other receivables	195.6	177.1
Cash and cash equivalents	24.7	47.9
Total current assets	237.7	249.8
TOTAL ASSETS	624.3	621.7
EQUITY AND LIABILITIES		
Equity		
Equity attributable to shareholders of the parent	191.0	204.0
Hybrid bond	25.0	-
Non-controlling interest	7.6	7.4
Total equity	223.6	211.3
Non-current liabilities		
Interest-bearing debt	20.7	34.7
Leasing liabilities	33.9	31.0
Retirement benefit obligations	5.6	6.0
Deferred tax liabilities	11.3	10.3
Provisions	3.4	2.6
Other non-current liabilities	0.6	0.6
Total non-current liabilities	75.5	85.2
Current liabilities		
Interest-bearing debt	50.4	90.4
Leasing liabilities	19.9	16.8
Provisions	3.7	3.3
Advances received	59.3	50.6
Trade and other payables	191.8	164.1
Total current liabilities	325.2	325.2
Total liabilities	400.7	410.4
TOTAL EQUITY AND LIABILITIES	624.3	621.7

Condensed consolidated statement of cash flows

EUR million	Jan-Dec 2023	Jan-Dec 2022
Cash flow from operating activities		
Operating result (EBIT)	-5.3	-2.0
Adjustments:		
Depreciation and amortization	30.1	29.8
Gain/loss on sales of assets	-0.1	-0.1
Defined benefit pension plans	-3.1	-3.3
Other non-cash adjustments	-1.7	-0.1
Cash flow from operations before interests, taxes and changes in working capital	19.9	24.2
Interest and other financial expenses paid, net	-12.0	-7.8
Income taxes received/paid	-3.2	-4.7
Total financial expenses and taxes	-15.3	-12.5
Changes in working capital:		
Trade and other receivables	-18.0	8.7
Trade and other payables	39.8	3.8
Inventories	7.7	-7.9
Changes in working capital	29.4	4.6
Net cash from operating activities	34.0	16.4
Cash flow from investing activities		
Purchases of property, plant and equipment (PPE)	-4.4	-4.1
Proceeds from sale of property, plant and equipment (PPE)	0.1	0.2
Net cash from investing activities	-4.3	-3.9
Cash flow from financing activities		
Proceeds from issuance of hybrid bond	24.4	-
Payments of transaction costs and interests for hybrid bond	-1.1	-
Proceeds from issuance of share capital	2.4	1.0
Acquisition of own shares	-2.4	-1.0
Proceeds from long-term financial liabilities	-	35.0
Proceeds from short-term financial liabilities	54.5	76.5
Payments of short-term financial liabilities	-97.1	-60.0
Payments of financial liabilities, term loans	-11.0	-27.0
Payments of lease liabilities	-22.1	-21.6
Dividends to non-controlling interest	-0.0	-0.4
Change in non-liquid financial assets	0.0	0.6
Net cash from financing activities	-52.3	3.1
Net change in cash and cash equivalents	-22.6	15.5
Cash and cash equivalents at beginning of period	47.9	32.3
Foreign exchange rate effect	-0.6	0.1
Cash and cash equivalents at end of period	24.7	47.9

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 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

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 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	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	240.2	224.0	850.1	823.6
Net sales growth, %	7.2	-1.0	3.2	1.4
Adjusted EBITDA	10.2	3.3	31.8	27.8
Adjusted EBITA	2.8	-4.0	1.7	-1.9
Adjusted EBITA margin, %	1.2	-1.8	0.2	-0.2
Adjusted EBITA, segments	5.0	-1.8	11.8	9.9
Adjusted EBITA margin, %, segments	2.3	-0.9	1.5	1.4
Items affecting comparability	0.1	-	-7.0	-
EBITDA	10.3	3.3	24.8	27.8
Operating result (EBIT)	2.9	-4.0	-5.3	-2.0
EBIT margin, %	1.2	-1.8	-0.6	-0.2
Result after financial items	-0.8	-7.9	-17.9	-11.4
Net result for the period	10.3	-7.7	-7.6	-14.9
Earnings per share EUR, basic and diluted	0.06	-0.05	-0.07	-0.10
Return on equity (ROE), % ¹⁾	-3.7	-6.8	-3.7	-6.8
Return on operative capital employed (ROCE), % ¹⁾	5.3	-3.5	5.3	-3.5
Leverage ratio ¹⁾	3.2	4.5	3.2	4.5
Net working capital	-49.8	-21.0	-49.8	-21.0
Number of personnel, average	4,948	5,079	5,024	5,053

Quarterly key figures

EUR million	Oct-Dec 2023	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022
Net sales	240.2	213.4	208.1	188.4	224.0	207.0	208.6	184.0
Net sales growth, %	7.2	3.1	-0.2	2.4	-1.0	6.8	-0.8	1.1
Adjusted EBITDA	10.2	13.6	5.6	2.4	3.3	11.5	7.9	5.1
Adjusted EBITA	2.8	5.9	-1.5	-5.5	-4.0	4.1	0.5	-2.4
Adjusted EBITA margin, %	1.2	2.8	-0.7	-2.9	-1.8	2.0	0.2	-1.3
Adjusted EBITA, segments	5.0	6.8	2.1	-2.1	-1.8	6.6	4.4	0.7
Adjusted EBITA margin, %, segments	2.3	3.5	1.1	-1.2	-0.9	3.6	2.4	0.4
Items affecting comparability	0.1	-0.9	-	-6.1	-	-	-	-
EBITDA	10.3	12.6	5.6	-3.7	3.3	11.5	7.9	5.1
Operating result (EBIT)	2.9	5.0	-1.5	-11.6	-4.0	4.1	0.4	-2.5
EBIT margin, %	1.2	2.3	-0.7	-6.2	-1.8	2.0	0.2	-1.4
Result after financial items	-0.8	1.9	-4.5	-14.5	-7.9	2.0	-1.2	-4.3
Net result for the period	10.3	1.8	-4.6	-15.1	-7.7	-0.3	-2.6	-4.4
Earnings per share EUR, basic and diluted	0.06	0.00	-0.03	-0.10	-0.05	-0.00	-0.02	-0.03
Return on equity (ROE), % ¹⁾	-3.7	-12.3	-13.5	-12.2	-6.8	-1.4	-0.5	1.4
Return on operative capital employed (ROCE), % ¹⁾	5.3	-7.1	-11.7	-7.9	-3.5	10.2	13.5	17.4
Leverage ratio ¹⁾	3.2	5.4	6.2	6.3	4.5	4.3	3.3	3.1
Net working capital	-49.8	-15.5	-2.4	-5.4	-21.0	26.3	-12.1	-6.7
Number of personnel, average	4,948	5,004	5,041	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 10.0 million and deferred tax liabilities of EUR 9.7 million on right-of-use assets and lease liabilities. The impact has been offset in the balance sheet presentation. 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 bears interest at a fixed rate of 13.50% per annum until the reset date in July 2026. After the reset date, the hybrid bond will bear interest at a floating rate corresponding to 3-month EURIBOR plus a spread of 10.29% and a margin of 5.00% per annum. The interest payment obligation arises if the annual shareholders' meeting decides to distribute dividends. The hybrid bond is classified as an equity instrument and recognized at fair value. Interest is recorded into retained earnings when the commitment to payment arises.

Net sales by segment

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Finland	98.3	80.3	344.5	290.1
Sweden	56.6	56.5	198.5	193.8
Norway	33.8	44.3	130.1	176.8
Denmark	28.2	20.9	93.0	74.3
Other business ¹⁾	26.9	25.6	93.7	99.4
Eliminations	-3.5	-3.6	-9.7	-10.8
Net sales, total	240.2	224.0	850.1	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		Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Finland	Communication	45.9	34.2	154.3	113.0
	Power	52.4	46.1	190.2	177.2
Sweden	Communication	43.8	49.2	158.0	166.2
	Power	12.8	7.3	40.5	27.6
Norway	Communication	33.7	44.2	129.8	176.3
	Power	0.1	0.2	0.3	0.5
Denmark	Communication	17.5	16.6	66.4	55.9
	Power	10.7	4.3	26.6	18.3
Other business	Communication	3.7	4.5	14.5	15.8
	Power	17.8	21.1	73.0	83.3
	Other operations	5.4	0.0	6.2	0.3
Eliminations		-3.5	-3.6	-9.7	-10.8
Net sales, total		240.2	224.0	850.1	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	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Communication	141.6	145.5	514.8	517.9
Power	93.2	78.5	329.1	305.6
Other operations	5.4	0.0	6.2	0.3
Net sales, total	240.2	224.0	850.1	823.6

Net sales by service split

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Project delivery	57.6	45.4	194.8	164.9
Upgrade services	122.1	119.4	441.1	437.4
Maintenance	60.5	59.2	214.2	221.3
Net sales, total	240.2	224.0	850.1	823.6

Reconciliation of segment results

EUR million	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Adjusted EBITA by segment				
Finland	3.2	-1.2	6.5	8.2
Sweden	1.3	1.2	2.9	-1.0
Norway	-0.8	-2.2	-2.5	2.1
Denmark	1.3	0.4	4.9	0.6
Sum segments	5.0	-1.8	11.8	9.9
Other business	0.5	0.2	-1.0	-4.0
Group functions	-2.8	-2.4	-9.1	-7.8
Adjusted EBITA, Group	2.8	-4.0	1.7	-1.9
Restructuring	0.1	-	-7.0	-
Total items affecting comparability in EBITA	0.1	-	-7.0	-
Amortization of acquisition-related intangible asset	-	-	-	-0.1
Operating result (EBIT)	2.9	-4.0	-5.3	-2.0
Financial expenses, net	-3.7	-3.9	-12.7	-9.5
Result before taxes	-0.8	-7.9	-17.9	-11.4

The January–December 2023 results include a EUR 7.0 million restructuring charge. Following reductions in customer investments in Norway and result deterioration both in Norway and Finland starting in Q4 2022, two restructuring and cost-saving programs were implemented in Q1 and Q3. The programs included a total reduction in the workforce by approximately 225 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

	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Finland	1,512	1,501	1,503	1,498
Sweden	963	940	988	919
Norway	807	935	860	938
Denmark	514	501	511	484
Other business	968	1,058	995	1,071
Group functions	184	144	166	143
Total personnel, average	4,948	5,079	5,024	5,053
Total personnel, end of period	4,931	5,063	4,931	5,063

Committed order backlog

EUR million	31 Dec 2023	31 Dec 2022
Committed order backlog	532.3	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 Dec 2023 was EUR 1.0 million.

Net working capital and operative capital employed

EUR million	31 Dec 2023	31 Dec 2022
Inventories	17.3	24.8
Trade and other receivables	195.6	177.1
Provisions	-6.8	-5.9
Advances received	-59.3	-50.6
Trade and other payables	-191.8	-164.1
Other	-4.8	-2.3
Net working capital	-49.8	-21.0
Intangible assets excluding acquisition-related allocations	6.4	8.9
Property, plant and equipment	10.5	10.7
Right-of-use assets	51.9	46.5
Restructuring provisions	-0.3	-
Operative capital employed	18.7	45.1

Provisions

EUR million	31 Dec 2023	31 Dec 2022
Non-current provisions	3.4	2.6
Current provisions	3.7	3.3
Total provisions	7.1	5.9

EUR million	31 Dec 2023	31 Dec 2022
1 Jan	5.9	8.6
Changes:		
Restructuring provisions	0.3	-
Other provisions	1.0	-2.7
Balance at the end of reporting period	7.1	5.9

Contract balances

EUR million	31 Dec 2023	31 Dec 2022
Trade receivables	106.2	82.6
Contract assets	66.7	73.3
Total assets related to contracts with customers	172.9	155.9
Advances received from contracts with customers	54.6	45.2
Total liabilities related to contracts with customers	54.6	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 Dec 2023	31 Dec 2022
Deferred tax assets	27.9	16.3
Deferred tax liabilities	-11.3	-10.3
Net deferred tax assets	16.6	6.0

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. 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	31 Dec	31 Dec
EUR million	2023	2022
Buildings	20.5	25.0
Machinery and equipment	31.4	21.5
Total	51.9	46.5

Changes in the right-of-use assets during the period	31 Dec	31 Dec
EUR million	2023	2022
1 Jan	46.5	53.3
Additions	34.3	19.2
Depreciations	-23.2	-21.8
Other	-5.7	-4.1
Balance at the end of period	51.9	46.5

Leasing liabilities	31 Dec	31 Dec
EUR million	2023	2022
Non-current	33.9	31.0
Current	19.9	16.8
Total	53.9	47.8

Financial instruments

Derivative financial instruments	31 Dec 2023		31 Dec 2022	
	Nominal values	Net fair values	Nominal values	Net fair values
EUR million				
Foreign exchange rate derivatives	52.8	-0.1	39.7	0.0
Total	52.8	-0.1	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	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
	2023	2022	2023	2022
Net result attributable to equity holders of the parent	10.2	-7.5	-7.9	-15.0
Interest on hybrid bond	-0.8	-	-2.5	-
Net result attributable to ordinary shares	9.4	-7.5	-10.4	-15.0
Weighted average number of ordinary shares, basic	156,736,781	156,736,781	156,736,781	156,699,058
Weighted average number of ordinary shares, diluted	156,736,781	156,828,792	156,736,781	156,789,278
Earnings per share EUR, basic	0.06	-0.05	-0.07	-0.10
Earnings per share EUR, diluted	0.06	-0.05	-0.07	-0.10

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

Key Figure	Definition and reason for use	Reference
Adjusted EBITA and -margin	<p>Etel has changed its terminology since Q1 2023 from operative EBITA to adjusted EBITA for the purpose of additional clarity and alignment with the market practice.</p> <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
Operative capital employed and Return on operative capital employed (ROCE), %	<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>	Net working capital and operative capital employed
Net debt and leverage ratio	<p>Net debt represents Eltel's indebtedness. It is used to monitor capital structure and financial capacity. It is also used in calculating the leverage ratio. The leverage ratio is defined as covenant in Eltel's financing agreement.</p> <p>Net debt: Interest-bearing debt - cash and cash equivalents</p> <p>Leverage ratio¹⁾: $\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$</p>	Interest-bearing liabilities and net debt
Net working capital	<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>	Net working capital and operative capital employed
Committed order backlog	<p>Committed order backlog is the total value of committed orders received but not yet 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	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Net sales	0.8	1.0	1.9	2.5
Administrative expenses	-2.5	-2.2	-7.4	-7.3
Operating result	-1.7	-1.2	-5.6	-4.8
Interest and other financial income	5.3	5.3	20.8	21.5
Interest and other financial expenses	-1.0	-0.6	-3.6	-1.9
Net financial items	4.2	4.7	17.3	19.6
Result after financial items	2.5	3.5	11.7	14.8
Group contributions given	-11.6	-14.5	-11.6	-14.5
Net result	-9.1	-11.0	0.1	0.3

Parent Company condensed balance sheet

EUR million	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Financial assets		
Shares in Group companies	68.3	68.3
Long-term loans receivable from Group companies	481.7	475.6
Intangible assets	0.0	0.0
Non-current assets	550.0	543.9
Current assets		
Trade and other receivables	1.1	1.3
Cash pool receivable	4.4	4.4
Cash and cash equivalents	0.1	0.1
Current assets	5.6	5.8
TOTAL ASSETS	555.5	549.7
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	162.0	159.6
Statutory reserve	0.7	0.7
Restricted equity	162.6	160.3
Non-restricted equity		
Retained earnings	281.2	284.9
Hybrid bond	25.0	-
Net result for the period	0.1	0.3
Non-restricted equity	306.4	285.3
Total equity	469.0	445.5
Current liabilities		
Debt	7.9	33.3
Liabilities to Group companies	78.0	70.3
Trade and other payables	0.6	0.5
Current liabilities	86.5	104.2
Total liabilities	86.5	104.2
TOTAL EQUITY AND LIABILITIES	555.5	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	Hybrid bond	Transaction costs and interests on hybrid bond	Proceeds from shares issued	Purchase of own shares	Equity-settled share-based payment	Net result	31 Dec 2023
Share capital	159.6	-	-	2.4	-	-	-	162.0
Statutory reserve	0.7	-	-	-	-	-	-	0.7
Non-restricted equity	285.3	25.0	-1.7	-	-2.4	0.0	0.1	306.3
Total	445.5	25.0	-1.7	2.4	-2.4	0.0	0.1	469.0

As of 31 December 2023, 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