

Eltel Group

Full-year report January-December 2022

Stockholm, Sweden, 16 February 2023

October–December 2022

- Net sales EUR 224.0 million (226.3). Total growth -1.0% and organic growth¹⁾ in segments 2.5%
- Operative EBITA²⁾ EUR -4.0 million (7.0) and operative EBITA margin -1.8% (3.1)
- Operative EBITA²⁾ in segments EUR -1.8 million (7.3) and operative EBITA margin in segments -0.9% (3.6)
- Operating result (EBIT) EUR -4.0 million (6.9) and EBIT margin -1.8% (3.1)
- Net result EUR -7.7 million (4.1)
- Earnings per share EUR -0.05 (0.02), basic and diluted
- Cash flow from operating activities EUR 47.0 million (33.7)

January–December 2022

- Net sales EUR 823.6 million (812.6). Total growth 1.4% and organic growth¹⁾ in segments 1.8%
- Operative EBITA²⁾ EUR -1.9 million (14.8) and operative EBITA margin -0.2% (1.8)
- Operative EBITA²⁾ in segments EUR 9.9 million (24.2) and operative EBITA margin in segments 1.4% (3.3)
- Operating result (EBIT) EUR -2.0 million (14.5) and EBIT margin -0.2% (1.8)
- Net result EUR -14.9 million (4.9)
- Earnings per share EUR -0.10 (0.03), basic and diluted
- Cash flow from operating activities EUR 16.4 million (22.3)
- Net debt³⁾ EUR 125.5 million (122.6)

Significant events during and after the reporting period

- During the fourth quarter, Eltel signed contracts with a combined value of about EUR 212 million (125). Read more on page 13. During 2022, Eltel signed contracts with a combined value of about EUR 825 million (393).
- On 7 December 2022, it was announced that Lars Nilsson was appointed Managing Director for Eltel Sweden and member of the Group Management Team as of 9 January 2023. Lars replaces Leif Göransson, who's resignation was announced on 4 October 2022.
- On 15 December 2022, Eltel announced estimated negative operative EBITA for the fourth quarter 2022, which risked resulting in the full year operative EBITA not being positive.
- On 20 December 2022, it was announced that Eltel's emission reduction targets were approved by the Science Based Targets initiative (SBTi), which demonstrates Eltel's commitment to tackling climate change and aligning its efforts with the objectives of the Paris climate agreement.
- After the reporting period, Eltel signed two significant contracts with a combined value of about EUR 40 million. Read more on page 13.
- On 14 February 2023, it was announced that Pamela Lundin has been appointed Director of Business Development for Eltel and member of the Group Management Team as of 13 March. Pamela will be leading the newly instituted Business Development function.

Key figures

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	224.0	226.3	823.6	812.6
Net sales growth, %	-1.0%	-1.2%	1.4%	-13.4%
Operative EBITA ²⁾	-4.0	7.0	-1.9	14.8
Operative EBITA margin, %	-1.8%	3.1%	-0.2%	1.8%
Operative EBITA ²⁾ , segments	-1.8	7.3	9.9	24.2
Operative EBITA margin, %, segments	-0.9%	3.6%	1.4%	3.3%
Operating result (EBIT)	-4.0	6.9	-2.0	14.5
Return on operative capital employed (ROCE), %	-3.5%	23.6%	-3.5%	23.6%
Net working capital	-21.0	-16.0	-21.0	-16.0
Net debt ³⁾	125.5	122.6	125.5	122.6
Number of employees, average	5,079	5,065	5,053	5,176

1) Adjusted for divested operations and currency effects.

2) Eltel follows the profitability of segments with operative EBITA. Please see pages 24–25 for definitions of the key ratios.

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

Comments by the CEO

During the fourth quarter, net sales in the segments increased by 2.5%, in local currency, and we continued to win new contracts with increased prices. For the full year, net sales for Group increased by 1.4%. Cash flow was strong at year end and reflected the strong seasonal pattern. However, reduced customer investments, high inflation impact and cost overruns, deteriorated the operative EBITA, as we expected and announced towards the end of the quarter. The operative EBITA for the quarter was a disappointing EUR -4.0 million or -1.8%, leading the full year figure to EUR -1.9 million, giving a margin of -0.2%.

It is clear that 2022 was a demanding and difficult year for Eltel. Some of our customers reduced their investments compared to forecast and the lower volumes are expected to continue during 2023. Therefore we are adjusting the organisation to the current situation. We have initiated a cost savings programme that is expected to save more than EUR 10 million on an annual basis. The programme will be finalised during Q1 2023 and has an increased effect in Q2 2023. It impacts more than 200 positions, plus the use of subcontractors, mainly in Norway and Finland. The savings programme is expected to lead to a restructuring charge of about EUR 5 million in Q1 2023 and I am confident the programme will provide long-term benefits.

Finland will have a rough first half of 2023, but is well positioned to improve its performance in the latter part of the year. There is a strong demand in fibre and healthy market in 5G and power transmission, along with significant growth opportunities in the renewable energy sector.

It is satisfying to see that during 2022 Sweden grew by 8.3% in local currency. The operative EBITA margin has improved over the year, with second half being positive. During the fourth quarter we started to see the positive effects coming from our investments in the efficiency programme One Eltel, and we expect more going forward.

Just like Finland, Norway will also have a challenging first half of 2023 due to increased uncertainty in the customer investments. We continue working to broaden the customer base. Therefore I am pleased that Eltel Norway, after the reporting period on 30 January, signed a NOK 180–200 million agreement with a new customer, Viken Fiber, one of Norway's largest fibre companies.

In my CEO statement for the third quarter, I said that it looks as though we have bottomed out in Denmark. The fourth quarter proved this with Eltel Denmark growing by 8.4% with improved operative EBITA margin. We continue to see good growth opportunities in the Danish market and expect the operative EBITA to grow accordingly.

In Other business Smart Grids Germany continued to deliver strong margins in a favourable market. High Voltage Poland still suffers heavily from inflation and lack of subcontractors due to the war in Ukraine. We continue our actions to mitigate the situation.

It was rewarding to see that our emission reduction targets were officially recognised by the Science Based Targets initiative (SBTi) in December. This achievement demonstrates our commitment to addressing the pressing issue of climate change and aligning our efforts with the goals set in the Paris Agreement.

Through our newly formed Business Development team we accelerate the development and implementation of new business concepts within the green transition, such as wind and solar energy, e-Mobility and battery energy storage solutions.

I am excited to see how Eltel contributes to a more sustainable and connected society. I am eager to further develop the company as the leading provider for critical infrastructure, with high employee engagement and exceptional customer experience.

I am grateful to all our employees for their efforts and dedication during this very challenging year. I would also like to thank our customers, shareholders and other stakeholders for good collaboration.

Håkan Dahlström, President & CEO



About Eltel and the Group strategy

Eltel in brief

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

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

Our strategy – towards sustainable profitable growth

Eltel's strategy describes how the company will reach its long-term targets by the end of 2025.

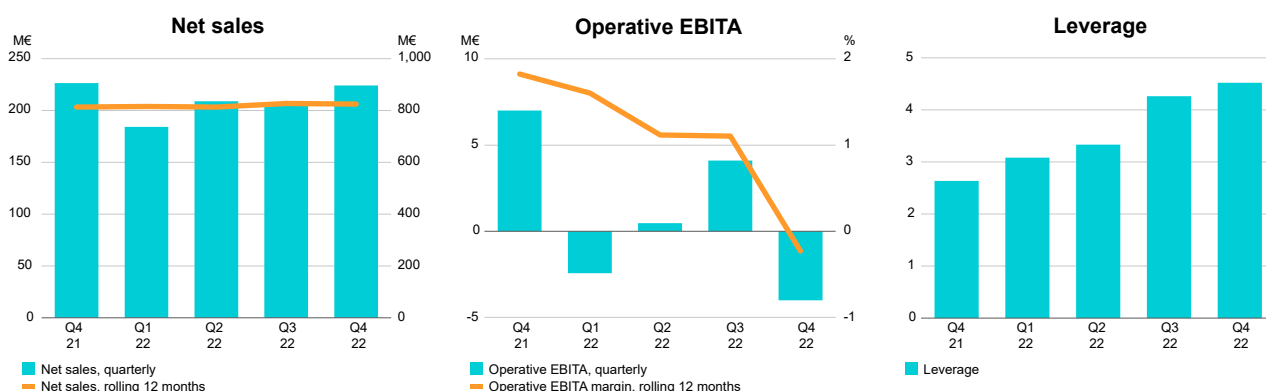
Through our strategy, we build the foundation for investing in sustainable profitable growth. This involves:

- Improve efficiency and profitability of the current business, including price increases
- Grow in new and adjacent markets, such as renewable energy and public infrastructure
- Integrate sustainability as part of our operations and offerings
- Develop our commercial capabilities and concepts
- 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 operative EBITA margin	5%
Annual growth in the Nordics	2–4%
Leverage	1.5–2.5x net debt/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 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	224.0	226.3	823.6	812.6
Operative EBITA	-4.0	7.0	-1.9	14.8
EBIT	-4.0	6.9	-2.0	14.5
Net result	-7.7	4.1	-14.9	4.9
Key ratios				
Net sales growth, %	-1.0%	-1.2%	1.4%	-13.4%
Organic growth ¹⁾ , % in segments	2.5%	-3.1%	1.8%	-11.9%
Effect of divestments in net sales, MEUR	-	-	-	-19.2
Currency translation effect in net sales, MEUR	-6.3	4.1	-9.3	14.6
Operative EBITA margin, %	-1.8%	3.1%	-0.2%	1.8%
Tax rate, %	2.9%	20.9%	-30.5%	43.8%
Earnings per share after dilution, EUR	-0.05	0.02	-0.10	0.03

1) Adjusted for divested operations and currency effects.

October–December 2022

Net sales decreased by 1.0% to EUR 224.0 million (226.3). In segments net sales decreased by EUR 1.0 million. Organic net sales in segments, adjusted for currency effects, increased by 2.5%. In Other business net sales decreased by EUR 1.3 million.

Operative EBITA decreased to EUR -4.0 million (7.0). Operative EBITA margin was -1.8% (3.1). Operative EBITA in segments was EUR -1.8 million (7.3) and the margin was -0.9% (3.6). In Other business, operative EBITA was EUR 0.2 million (1.7). Operative EBITA was burdened by increased costs relating to inflation and certain operational challenges, change in production mix and low utilisation.

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

EBIT amounted to EUR -4.0 million (6.9).

Net financial expenses increased to EUR 3.9 million (1.7) mainly due to higher interest rates. Currency effect was EUR -0.2 million (0.0).

Tax costs amounted to EUR -0.2 million (1.1).

Net result for the period was EUR -7.7 million (4.1). Earnings per share were EUR -0.05 (0.02).

January–December 2022

Net sales increased by 1.4% to EUR 823.6 million (812.6). In segments net sales increased by EUR 4.9 million. Organic net sales in segments, adjusted for currency effects, increased by 1.8%. In Other business net sales increased by EUR 7.5 million.

Operative EBITA decreased to EUR -1.9 million (14.8). Operative EBITA margin was -0.2% (1.8). Operative EBITA in segments was EUR 9.9 million (24.2) and the margin was 1.4% (3.3). In Other business, operative EBITA was EUR -4.0 million (-1.8). Operative EBITA was burdened by inflation, related to fuel, material costs, subcontracting and other cost base. A long winter, increased sick-leave rates and high employee turnover further impacted operative EBITA.

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

EBIT amounted to EUR -2.0 million (14.5).

Net financial expenses amounted to EUR 9.5 million (5.8) mainly due to higher interest rates. Currency effect was EUR 0.1 million (1.0).

Tax costs amounted to EUR 3.5 million (3.8) representing the tax cost in countries with profits. No deferred tax assets were booked for countries with losses in the period. The effective tax rate was -30.5% (43.8).

Net result for the period was EUR -14.9 million (4.9). Earnings per share were EUR -0.10 (0.03).

Overview of segments

Net sales

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Finland	80.3	81.2	290.1	299.6
Sweden	56.5	56.3	193.8	182.2
Norway	44.3	46.2	176.8	160.5
Denmark	20.9	19.3	74.3	87.9
Sum segments	202.0	203.0	735.0	730.1
Other business	25.6	26.9	99.4	91.9
Eliminations	-3.6	-3.5	-10.8	-9.5
Total net sales	224.0	226.3	823.6	812.6

Operative EBITA

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Finland	-1.2	4.0	8.2	12.7
Sweden	1.2	0.8	-1.0	-1.8
Norway	-2.2	2.4	2.1	9.2
Denmark	0.4	0.1	0.6	4.2
Sum segments	-1.8	7.3	9.9	24.2
Other business	0.2	1.7	-4.0	-1.8
Group functions	-2.4	-2.0	-7.8	-7.6
Total operative EBITA	-4.0	7.0	-1.9	14.8
Finland	-1.5%	5.0%	2.8%	4.2%
Sweden	2.2%	1.4%	-0.5%	-1.0%
Norway	-5.0%	5.1%	1.2%	5.7%
Denmark	1.9%	0.6%	0.9%	4.8%
Sum segments	-0.9%	3.6%	1.4%	3.3%
Other business	0.9%	6.4%	-4.0%	-2.0%
Total operative EBITA-margin, %	-1.8%	3.1%	-0.2%	1.8%

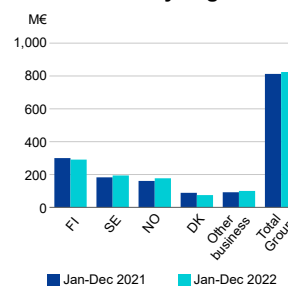
Eltel's main operations in the four Nordic countries are presented as segments. In January–December, the segments represented 89% (90) of the net sales.

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

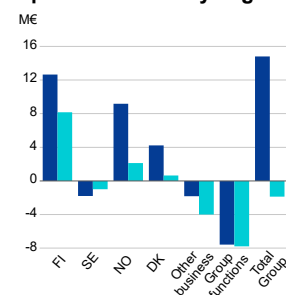
Net sales by segment



Net sales by segment



Operative EBITA by segment



Net sales and operative EBITA – Segments

Finland

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	80.3	81.2	290.1	299.6
Operative EBITA	-1.2	4.0	8.2	12.7
Number of employees, average	1,501	1,496	1,498	1,478
Key ratios				
Net sales growth, %	-1.0%	-1.9%	-3.2%	-0.2%
Operative EBITA margin, %	-1.5%	5.0%	2.8%	4.2%

October–December 2022

Net sales decreased by EUR 0.8 million, or 1.0%, to EUR 80.3 million (81.2). Growth in Communication, mainly driven by fibre, was offset by lower volumes in Power Services and projects being pushed forward to 2023.

Operative EBITA decreased to EUR -1.2 million (4.0). The operative EBITA margin was -1.5% (5.0). Increased costs, mainly in Power Services, deteriorated the result. Actions to adjust the organisation were initiated.

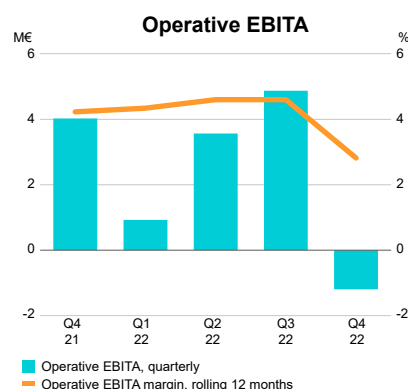
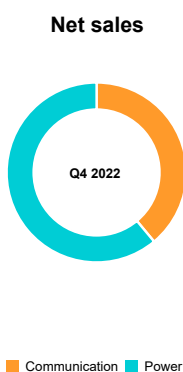
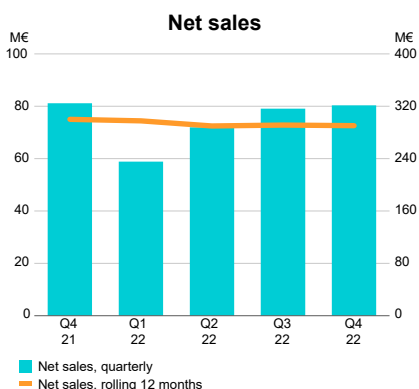
During the reporting period, on 5 October 2022, it was announced that Eltel Finland had signed two agreements with Exilion. The contracts have a combined value of about EUR 11 million.

January–December 2022

Net sales decreased by EUR 9.5 million, or 3.2%, to EUR 290.1 million (299.6). During the second half of the year, net sales were in line with previous year. Volumes during the first half of the year were negatively affected by a six-week ICT strike and a long winter with deep ground frost. Power Services noted reduced net sales throughout the year due to lower customer investment levels as a result of new regulations.

Operative EBITA decreased to EUR 8.2 million (12.7). The operative EBITA margin was 2.8% (4.2). Inflation, mainly material, fuel and subcontracting costs as well as high sick-leave rates, impacted the result negatively. Furthermore, the delay of certain projects caused by the ICT strike resulted in cost overruns.

During 2022, Eltel Finland signed contracts with a combined value of about EUR 412 million (90).



Sweden

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	56.5	56.3	193.8	182.2
Operative EBITA	1.2	0.8	-1.0	-1.8
Number of employees, average	940	919	919	938
Key ratios				
Net sales growth, %	0.2%	10.9%	6.4%	-18.8%
Organic growth ¹⁾ , %	8.3%	9.3%	11.6%	-18.4%
Effect of divestments in net sales, MEUR	-	0.0	-	-8.5
Currency translation effect in net sales, MEUR	-4.5	0.8	-9.5	5.9
Operative EBITA margin, %	2.2%	1.4%	-0.5%	-1.0%

1) Adjusted for currency effects.

October–December 2022

Net sales increased by EUR 0.1 million, or 0.2%, to EUR 56.5 million (56.3). Organic growth in local currency was 8.3%. Growth was driven by Smart Grids and in local currency also Communication. Currency effects had a negative impact of EUR 4.5 million.

Operative EBITA increased to EUR 1.2 million (0.8). The operative EBITA margin was 2.2% (1.4). The profitability was driven by increased volumes and improved productivity despite inflation and high sick-leave rates. The positive development was in parts due to the efficiency programme “One Eltel”.

During the reporting period, on 12 October 2022, it was announced that Eltel Sweden had signed a continuation of a current frame agreement with Ellevio. The five-year agreement is worth about EUR 32 million.

On 13 December 2022, it was announced that Eltel Sweden and the Swedish Transport Administration extend an existing framework agreement for two more years. Estimated order value is about EUR 46 million.

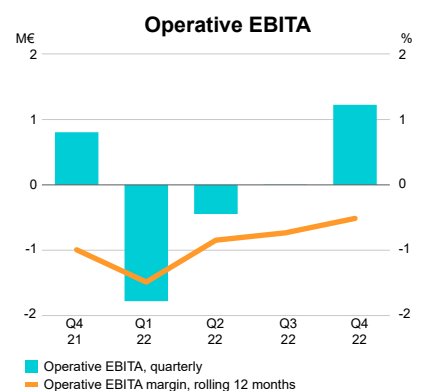
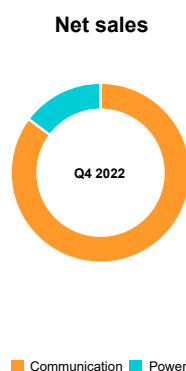
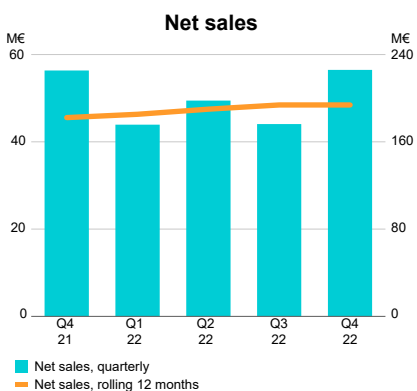
On 22 December 2022, it was announced that Eltel Sweden and Telia continue an existing collaboration for another two years based on an option in a current agreement. The estimated order value is SEK 200 million, about EUR 18 million.

January–December 2022

Net sales increased by EUR 11.6 million, or 6.4%, to EUR 193.8 million (182.2). Organic growth in local currency was 11.6%. The growth was driven by Smart Grids and by Communication, thanks to increased activities in fibre and public infrastructure. Currency effects had a negative impact of EUR 9.5 million.

Operative EBITA improved to EUR -1.0 million (-1.8). The operative EBITA margin was -0.5% (-1.0). Improvements came from growth in net sales and improved efficiency, which offset high employee turnover, increased costs due to inflation and investments in the efficiency programme “One Eltel”.

During 2022, Eltel Sweden signed contracts with a combined value of about EUR 182 million (70).



Norway

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	44.3	46.2	176.8	160.5
Operative EBITA	-2.2	2.4	2.1	9.2
Number of employees, average	935	937	938	919
Key ratios				
Net sales growth, %	-4.1%	10.8%	10.2%	-9.7%
Organic growth ¹⁾ , %	-0.8%	2.6%	9.4%	-14.8%
Currency translation effect in net sales, MEUR	-1.5	3.4	1.4	9.0
Operative EBITA margin, %	-5.0%	5.1%	1.2%	5.7%

1) Adjusted for currency effects.

October–December 2022

Net sales decreased by EUR 1.9 million, or 4.1%, to EUR 44.3 million (46.2). Currency effects had a negative impact of EUR 1.5 million. Organic growth in local currency was -0.8%, which is explained by reduced purchase volumes by our major customers and postponements of mobile works.

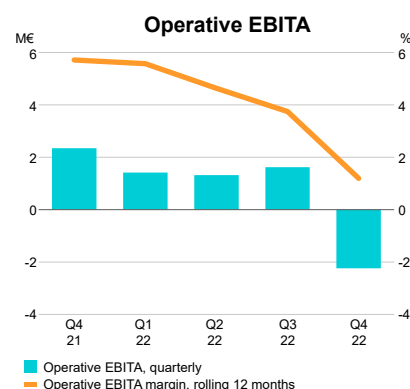
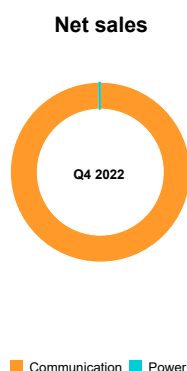
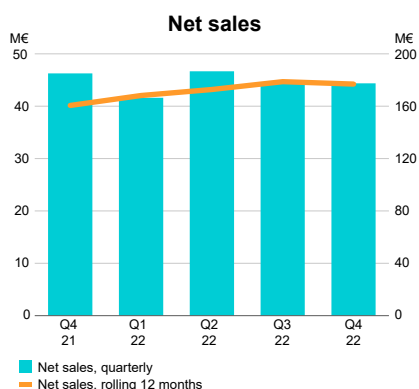
Operative EBITA decreased to EUR -2.2 million (2.4). The operative EBITA margin decreased to -5.0% (5.1) mainly due to cost overruns and challenges in certain projects, and change in production mix. Deviations from customer production forecasts led to lower utilisation, as did higher sick leave rates. Actions to adjust the organisation to the current situation were initiated.

January–December 2022

Net sales increased by EUR 16.4 million, or 10.2%, to EUR 176.8 million (160.5). Organic growth in local currency was 9.4%. Currency effects had a positive impact of EUR 1.4 million. The growth was achieved in the areas of fibre and 5G until the end of Q3. In Q4 we noted reduced purchase volumes by our major customers and postponements of mobile works.

Operative EBITA decreased to EUR 2.1 million (9.2). The operative EBITA margin decreased to 1.2% (5.7). The decrease is a consequence of a change in production mix, cost overruns and challenges in certain projects. Increased sick-leave rates and inflation impacted further.

During 2022, Eltel Norway signed contracts with a combined value of about EUR 70 million (64).



Denmark

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	20.9	19.3	74.3	87.9
Operative EBITA	0.4	0.1	0.6	4.2
Number of employees, average	501	471	484	562
Key ratios				
Net sales growth, %	8.4%	-35.4%	-15.5%	-25.6%
Organic growth ¹⁾ , %	8.4%	-35.4%	-15.5%	-25.8%
Currency translation effect in net sales, MEUR	0.0	0.0	0.0	0.2
Operative EBITA margin, %	1.9%	0.6%	0.9%	4.8%

1) Adjusted for currency effects.

October–December 2022

Net sales increased by EUR 1.6 million, or 8.4% to EUR 20.9 million (19.3). Growth was achieved through progressing ramp-up of volumes in Communication and price increases towards our customers.

Operative EBITA increased to EUR 0.4 million (0.1). The operative EBITA margin was 1.9% (0.6). Progressing ramp-up of volumes contributed positively but were partly offset by closing of certain Power projects.

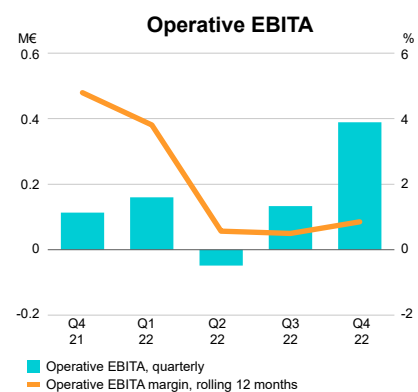
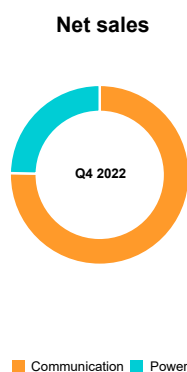
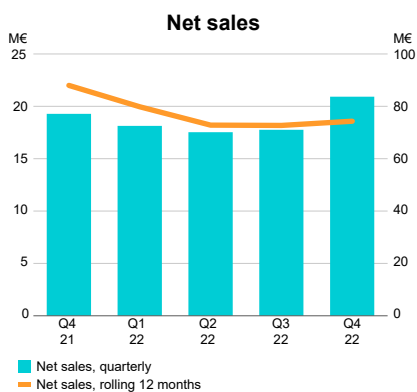
During the reporting period, on 6 October 2022, it was announced that Eltel Denmark has, as a part of a consortium, extended a current frame agreement with Nexel. Eltel's part of the agreement is worth about EUR 30 million.

January–December 2022

Net sales decreased by EUR 13.6 million, or 15.5%, to EUR 74.3 million (87.9). Growth in fibre was offset mainly by a partial insourcing of an agreement by a major customer at the end of Q2 2021. Closing of other agreements and slower than anticipated ramp up of volumes until Q4 impacted further.

Operative EBITA decreased to EUR 0.6 million (4.2). The operative EBITA margin was 0.9% (4.8). The result comes from lower volumes and inflation-related cost increases.

During 2022, Eltel Denmark signed contracts with a combined value of about EUR 146 million (121).



Other business

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	25.6	26.9	99.4	91.9
Operative EBITA	0.2	1.7	-4.0	-1.8
Number of employees, average	1,058	1,089	1,071	1,123

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

October–December 2022

Net sales decreased by EUR 1.3 million to EUR 25.6 million (26.9). Net sales in High Voltage increased due to realisation of volumes postponed from 2021. In Smart Grids Germany net sales decreased slightly. Power Transmission International, PTI, no longer has any active projects.

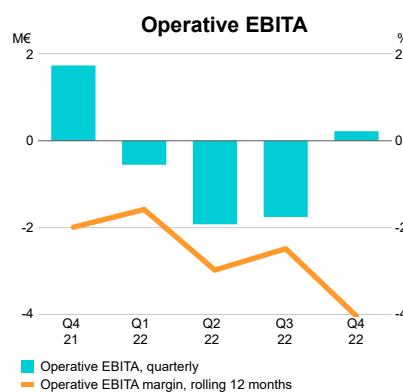
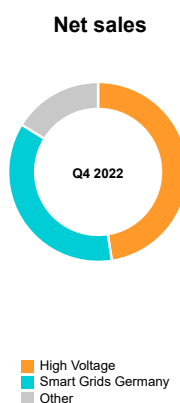
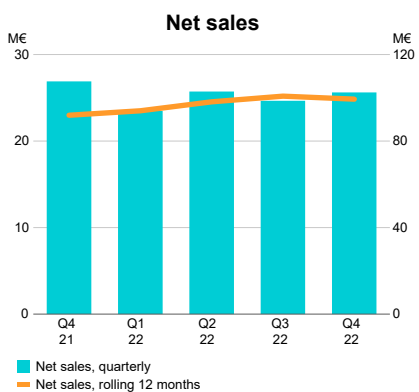
Operative EBITA decreased to EUR 0.2 million (1.7). Excluding the sale of a real estate in Poland in Q4 2021, operative EBITA increased by EUR 1.0 million. Smart Grids Germany continued to deliver good margins. In PTI all projects are operationally closed. Administrative closing processes and related costs continue to burden the result. In the comparative period, PTI contributed positively. In High Voltage Poland, the operative EBITA margin improved, however the result remained negative.

January–December 2022

Net sales increased by EUR 7.5 million to EUR 99.4 million (91.9) thanks to realisation of delayed and postponed volumes from 2021 in High Voltage Poland. Smart Grids Germany was in line with previous year. PTI no longer has any active projects.

Operative EBITA decreased to EUR -4.0 million (-1.8). Excluding the sale of a real estate in Poland in Q4 2021, operative EBITA increased by EUR 0.3 million. Margins in Smart Grids Germany remained high. High Voltage, mainly Poland, had a negative operative EBITA of EUR -7.6 million (-8.8). Inflation and the effects of the war in Ukraine deteriorated the result. Actions are being taken to mitigate the situation. In PTI all projects are operationally closed. Administrative closing processes and related costs continue to burden the result. In the comparative period, PTI contributed positively.

During 2022, Other business signed contracts with a combined value of about EUR 15 million (47).



Cash flow

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
EBIT	-4.0	6.9	-2.0	14.5
Depreciation and amortisation	7.3	7.5	29.8	32.1
EBITDA	3.3	14.5	27.8	46.5
Changes in working capital	48.7	25.3	4.6	-10.1
Total financial expenses and taxes	-4.0	-1.5	-12.5	-6.7
Adjustment for gain/loss on sales of assets and business	-0.1	-2.5	-0.1	-2.6
Other	-0.9	-2.0	-3.4	-4.8
Cash flow from operating activities	47.0	33.7	16.4	22.3
Cash flow from investing activities	-1.8	2.9	-3.9	-2.9
Cash flow from financing activities	-13.8	-22.3	3.1	-13.7
Net change in cash and cash equivalents	31.3	14.3	15.5	5.7
Cash and cash equivalents at beginning of period	17.1	17.7	32.3	26.0
Foreign exchange rate effect	-0.6	0.3	0.1	0.6
Cash and cash equivalents at end of period	47.9	32.3	47.9	32.3

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

October–December 2022

Cash flow from operating activities was EUR 47.0 million (33.7). Change in net working capital had a positive impact of EUR 48.7 million (25.3) on cash flow, reflecting the strong seasonal pattern towards year-end. At the end of the fourth quarter, net working capital amounted to EUR -21.0 million (-16.0). Other main items in cash flow from operating activities were EBITDA EUR 3.3 million (14.5), financial items EUR -3.2 million (-1.1) and income taxes EUR -0.8 million (-0.4).

Net cash flow from investing activities was EUR -1.8 million (2.9) consisting of EUR -1.8 million (-2.1) net capital expenditure on machinery and equipment. In 2021 cash flow included EUR 4.9 million for the sale of a real estate in Poland.

Cash flow from financing activities was EUR -13.8 million (-22.3). Main items included reduction in utilisation of short-term financing by EUR 8.5 million (6.0) and lease liabilities amounting to EUR 5.4 million (5.9). In 2021 amortisation of external loans was EUR 10.0 million.

January–December 2022

Cash flow from operating activities was EUR 16.4 million (22.3). Main items included EBITDA EUR 27.8 million (46.5), change in net working capital EUR 4.6 million (-10.1), financial items EUR -7.8 million (-4.0) and income taxes EUR -4.7 million (-2.7).

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 -3.9 million (-2.9) consisting of net capital expenditure of EUR -3.9 million (-4.0) on machinery and equipment, and in 2021 of EUR -3.8 million from divestment of High Voltage Germany and EUR 4.9 million from the sale of real estate in Poland.

Cash flow from financing activities was EUR 3.1 million (-13.7). On 17 January 2022, Eltel completed a financing agreement with banks. In connection with the agreement, Eltel drew a EUR 35.0 million term loan and repaid the remaining old term loan of EUR 27.0 million. Utilisation of short-term financing increased by EUR 16.5 million (20.0). Payments of lease liabilities amounted to EUR 21.6 million (23.8). In 2021 amortisation of external loans was EUR 10.0 million.

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

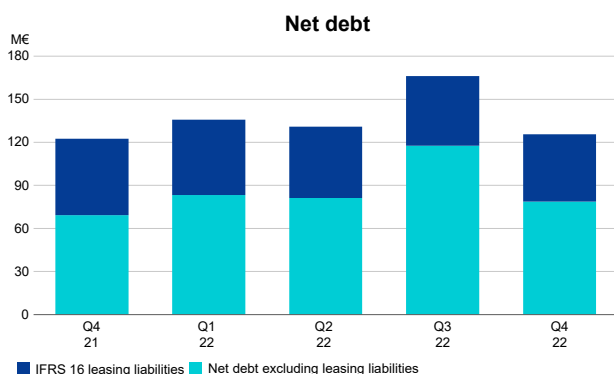
Financial position, cash and cash equivalents

Equity at the end of the period was EUR 211.3 million (227.9) and total assets were EUR 621.7 million (630.8). The equity ratio was 37.0% (38.3).

Interest-bearing liabilities and net debt

EUR million	31 Dec 2022	31 Dec 2021
Interest-bearing debt	125.1	99.8
Leasing liabilities	47.8	54.5
Allocation of effective interest to periods	0.5	0.6
Less cash and cash equivalents	-47.9	-32.3
Net debt	125.5	122.6

EUR million	31 Dec 2022	31 Dec 2021
Non-current interest-bearing debt	34.7	25.5
Current interest-bearing debt	90.4	74.2
Total interest-bearing debt	125.1	99.8
Non-current leasing liabilities	31.0	35.8
Current leasing liabilities	16.8	18.6
Total leasing liabilities	47.8	54.5



Credit facilities

EUR million	31 Dec 2022	Maturity
Term loan, non-current ¹⁾	35.0	Jan 2024 (+ extension option until Jan 2025)
Revolving credit facility	90.0	Jan 2025 (+ extension options until Jan 2027)
Account overdrafts	15.0	Annual renewals
Total committed credit facilities	140.0	
Commercial paper programme	150.0	N/A

1) The maturity of the term loan has been extended by one year until January 2025.

Available liquidity reserves, including the committed revolving credit facility, account overdrafts and cash and cash equivalents, amounted to EUR 96.9 million (142.3). Additional to the committed facilities, the Group also has access to short-term debt capital markets via a commercial paper programme of EUR 150 million. At the reporting date, EUR 33.5 million (73.0) of the commercial paper programme and EUR 56.0 million (0.0) of the revolving credit facility were utilised.

Commercial guarantees

On 31 December 2022, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 80.3 million (85.3). The amount of commercial guarantees issued on behalf of third parties was EUR 0.0 million (0.1).

Other information

Dividend distribution

The Board proposes that no dividend will be paid for the year 2022.

Risks and uncertainty factors

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

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

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

The market interest rates have increased significantly during 2022. This leads to a higher discount rate (WACC) and consequently to a risk of goodwill impairment. Eltel follows any triggering events throughout the year and impairment test is conducted in case of any indicators of impairment.

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

Large agreements announced during and after the reporting period

On 5 October 2022, it was announced that Eltel Finland had signed two agreements with Exillion. The contracts have a combined value of about EUR 11 million.

On 6 October 2022, it was announced that Eltel Denmark has, as a part of a consortium, extended a current frame agreement with Nexel. Eltel's part of the agreement is worth about EUR 30 million.

On 12 October 2022, it was announced that Eltel Sweden had signed a continuation of a current frame agreement with Ellevio. The five-year agreement is worth about EUR 32 million.

On 13 December 2022, it was announced that Eltel Sweden and the Swedish Transport Administration extend an existing frame agreement for two more years. Estimated order value for the extension is about EUR 46 million.

On 22 December 2022, it was announced that Eltel Sweden and Telia continue an existing collaboration for another two years based on an option in a current agreement. The estimated order value is SEK 200 million, about EUR 18 million.

On 30 January 2023, it was announced that Eltel Norway has entered into a three-year frame agreement with a new customer, Viken Fiber. The three-year agreement is worth about NOK 180–200 million, about EUR 17–19 million.

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

Related party transactions

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

Seasonality

Eltel's businesses are generally characterised by seasonal patterns and cyclicity of the project business that adds volatility to net sales, operative EBITA and cash flow. Seasonality is normally driven by a number of factors, including weather conditions, the timing of customer order placements and completion of work phases. The Eltel Group has historically reported higher revenues and operating profit in the second half of the year. Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. At the end of the year, as production volumes decrease, cash flow has normally been stronger. For more details, please refer to quarterly key financial figures for the Group on page 19.

Presentation of the full-year and Q4 2022 report

Analysts and media are invited to participate in the full-year and Q4 2022 interim report briefing on 16 February 2023 at 10:00 am CET where Eltel's President and CEO Håkan Dahlström and CFO Salla Miettinen-Lähde will host a presentation. A combined webcast and teleconference as well as the presentation will be available at www.eltelgroup.com/investors.

For further information, please contact:

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

Financial calendar

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

This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation 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 16 February 2023.

Signature of the Board of Directors and CEO

Stockholm, Sweden, 16 February 2023

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 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	224.0	226.3	823.6	812.6
Cost of sales	-206.8	-201.4	-748.9	-724.5
Gross profit	17.2	24.9	74.7	88.1
Other income	0.0	3.6	0.9	5.5
Selling and administrative expenses	-21.1	-21.3	-77.2	-78.1
Other expenses	-0.1	-0.3	-0.4	-1.0
Operating result (EBIT)	-4.0	6.9	-2.0	14.5
Financial income	0.1	0.0	0.2	0.1
Financial expenses	-4.0	-1.7	-9.6	-5.8
Net financial expenses	-3.9	-1.7	-9.5	-5.8
Result before taxes	-7.9	5.2	-11.4	8.7
Taxes	0.2	-1.1	-3.5	-3.8
Net result	-7.7	4.1	-14.9	4.9
Attributable to:				
Equity holders of the parent	-7.5	3.9	-15.0	4.3
Non-controlling interest	-0.2	0.3	0.1	0.6
Earnings per share (EPS)				
Basic, EUR	-0.05	0.02	-0.10	0.03
Diluted, EUR	-0.05	0.02	-0.10	0.03

Condensed consolidated statement of comprehensive income

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net profit for the period	-7.7	4.1	-14.9	4.9
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Revaluation of defined benefit plans, net of tax	-3.7	-0.9	7.8	2.6
Items that may be subsequently reclassified to profit and loss				
Net investment hedges, net of tax	-	0.2	-0.0	0.3
Currency translation differences	-1.3	0.6	-9.1	1.3
Total	-1.3	0.7	-9.1	1.6
Other comprehensive income/loss for the period, net of tax	-4.9	-0.2	-1.3	4.2
Total comprehensive income/loss for the period	-12.6	3.9	-16.2	9.1
Total comprehensive income/loss attributable to:				
Equity holders of the parent	-12.4	3.7	-16.2	8.5
Non-controlling interest	-0.2	0.3	0.1	0.6

Condensed consolidated balance sheet

EUR million	31 Dec 2022	31 Dec 2021
ASSETS		
Non-current assets		
Goodwill	256.0	265.0
Intangible assets	35.3	39.6
Property, plant and equipment	10.7	11.6
Right-of-use assets	46.5	53.3
Deferred tax assets	16.3	18.4
Financial assets	7.1	1.1
Total non-current assets	371.9	389.1
Current assets		
Inventories	24.8	17.2
Trade and other receivables	177.1	192.3
Cash and cash equivalents	47.9	32.3
Total current assets	249.8	241.8
TOTAL ASSETS	621.7	630.8
EQUITY AND LIABILITIES		
Equity		
Equity attributable to shareholders of the parent	204.0	220.2
Non-controlling interest	7.4	7.7
Total equity	211.3	227.9
Non-current liabilities		
Interest-bearing debt	34.7	25.5
Leasing liabilities	31.0	35.8
Retirement benefit obligations	6.0	14.4
Deferred tax liabilities	10.3	10.7
Provisions	2.6	2.7
Other non-current liabilities	0.6	0.7
Total non-current liabilities	85.2	89.8
Current liabilities		
Interest-bearing debt	90.4	74.2
Leasing liabilities	16.8	18.6
Provisions	3.3	6.0
Advances received	50.6	35.8
Trade and other payables	164.1	178.5
Total current liabilities	325.2	313.1
Total liabilities	410.4	402.9
TOTAL EQUITY AND LIABILITIES	621.7	630.8

Condensed consolidated statement of cash flows

EUR million	Jan-Dec 2022	Jan-Dec 2021
Cash flow from operating activities		
Operating result (EBIT)	-2.0	14.5
Adjustments:		
Depreciation and amortisation	29.8	32.1
Gain/loss on sales of assets and business	-0.1	-2.6
Defined benefit pension plans	-3.3	-3.3
Other non-cash adjustments	-0.1	-1.5
Cash flow from operations before interests, taxes and changes in working capital	24.2	39.1
Interest and other financial expenses paid, net	-7.8	-4.0
Income taxes received/paid	-4.7	-2.7
Total financial expenses and taxes	-12.5	-6.7
Changes in working capital:		
Trade and other receivables	8.7	9.4
Trade and other payables	3.8	-14.4
Inventories	-7.9	-5.0
Changes in working capital	4.6	-10.1
Net cash from operating activities	16.4	22.3
Cash flow from investing activities		
Purchases of property, plant and equipment (PPE)	-4.1	-4.4
Proceeds from sale of property, plant and equipment (PPE)	0.2	5.3
Divestment of business, net of cash disposed of	-	-3.8
Net cash from investing activities	-3.9	-2.9
Cash flow from financing activities		
Proceeds from issuance of share capital	1.0	-
Acquisition of own shares	-1.0	-
Proceeds from long-term financial liabilities	35.0	-
Proceeds from short-term financial liabilities	76.5	31.2
Payments of short-term financial liabilities	-60.0	-11.0
Payments of financial liabilities, term loans	-27.0	-10.0
Proceeds from other financial assets	-	35.0
Payments of liabilities to shareholders	-	-35.0
Payments of lease liabilities	-21.6	-23.8
Dividends to non-controlling interest	-0.4	-0.4
Change in non-liquid financial assets	0.6	0.2
Net cash from financing activities	3.1	-13.7
Net change in cash and cash equivalents	15.5	5.7
Cash and cash equivalents at beginning of period	32.3	26.0
Foreign exchange rate effect	0.1	0.6
Cash and cash equivalents at end of period	47.9	32.3

Condensed consolidated statement of changes in equity

EUR million	Equity attributable to shareholders of the parent							Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation				
Equity at 1 Jan 2022	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	7.7	227.9	
Total comprehensive income for the period	-	-	-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	

EUR million	Equity attributable to shareholders of the parent							Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation				
Equity at 1 Jan 2021	158.8	490.6	-370.6	-41.5	10.6	-36.3	211.7	7.5	219.2	
Total comprehensive income for the period	-	-	4.3	2.6	0.3	1.3	8.5	0.6	9.1	
Transactions with owners:										
Equity-settled share-based payment	-	-	0.1	-	-	-	0.1	-	0.1	
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.4	-0.4	
Total transaction with owners	-	-	0.1	-	-	-	0.1	-0.4	-0.3	
Equity at 31 Dec 2021	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	7.7	227.9	

Notes to the condensed consolidated interim financial statements

Accounting principles

This condensed interim report has been prepared in accordance with *IAS 34 Interim Financial Reporting* and applicable regulations in the Swedish Annual Accounts Act. The accounting principles adopted are the same with those of the Group's and the Parent Company's annual financial statements for the year ended 31 December 2021. The new IFRS standards and amendments effective for the first time for 2022 financial year or later are not expected to have any material impact on Group's financial statements.

Key figures

Key figures for the period

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	224.0	226.3	823.6	812.6
Net sales growth, %	-1.0	-1.2	1.4	-13.4
Operative EBITA	-4.0	7.0	-1.9	14.8
Operative EBITA margin, %	-1.8	3.1	-0.2	1.8
Operative EBITA, segments	-1.8	7.3	9.9	24.2
Operative EBITA margin, %, segments	-0.9	3.6	1.4	3.3
Items affecting comparability	-	-	-	-0.1
EBITDA	3.3	14.5	27.8	46.5
Operating result (EBIT)	-4.0	6.9	-2.0	14.5
EBIT margin, %	-1.8	3.1	-0.2	1.8
Result after financial items	-7.9	5.2	-11.4	8.7
Net result for the period	-7.7	4.1	-14.9	4.9
Earnings per share EUR, basic and diluted	-0.05	0.02	-0.10	0.03
Return on equity (ROE), % ¹⁾	-6.8	2.2	-6.8	2.2
Return on operative capital employed (ROCE), % ¹⁾	-3.5	23.6	-3.5	23.6
Leverage ratio ¹⁾	4.5	2.6	4.5	2.6
Net working capital	-21.0	-16.0	-21.0	-16.0
Number of personnel, average	5,079	5,065	5,053	5,176

Quarterly key figures

EUR million	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021
Net sales	224.0	207.0	208.6	184.0	226.3	193.8	210.4	182.0
Net sales growth, %	-1.0	6.8	-0.8	1.1	-1.2	-14.5	-14.3	-23.1
Operative EBITA	-4.0	4.1	0.5	-2.4	7.0	4.1	4.4	-0.7
Operative EBITA margin, %	-1.8	2.0	0.2	-1.3	3.1	2.1	2.1	-0.4
Operative EBITA, segments	-1.8	6.6	4.4	0.7	7.3	7.7	6.8	2.4
Operative EBITA margin, %, segments	-0.9	3.6	2.4	0.4	3.6	4.4	3.6	1.5
Items affecting comparability	-	-	-	-	-	-	-0.1	-
EBITDA	3.3	11.5	7.9	5.1	14.5	11.9	12.7	7.5
Operating result (EBIT)	-4.0	4.1	0.4	-2.5	6.9	4.0	4.3	-0.8
EBIT margin, %	-1.8	2.0	0.2	-1.4	3.1	2.1	2.0	-0.4
Result after financial items	-7.9	2.0	-1.2	-4.3	5.2	2.6	3.0	-2.1
Net result for the period	-7.7	-0.3	-2.6	-4.4	4.1	1.8	1.6	-2.7
Earnings per share EUR, basic and diluted	-0.05	-0.00	-0.02	-0.03	0.02	0.01	0.01	-0.02
Return on equity (ROE), % ¹⁾	-6.8	-1.4	-0.5	1.4	2.2	-2.8	-2.2	3.5
Return on operative capital employed (ROCE), % ¹⁾	-3.5	10.2	13.5	17.4	23.6	11.6	16.8	13.5
Leverage ratio ¹⁾	4.5	4.3	3.3	3.1	2.6	3.9	3.3	2.3
Net working capital	-21.0	26.3	-12.1	-6.7	-16.0	9.8	-7.1	-4.8
Number of personnel, average	5,079	5,053	5,050	5,031	5,065	5,049	5,221	5,368

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

Net sales by segment

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Finland	80.3	81.2	290.1	299.6
Sweden	56.5	56.3	193.8	182.2
Norway	44.3	46.2	176.8	160.5
Denmark	20.9	19.3	74.3	87.9
Other business ¹⁾	25.6	26.9	99.4	91.9
Eliminations	-3.6	-3.5	-10.8	-9.5
Net sales, total	224.0	226.3	823.6	812.6

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

Net sales by segment by business

EUR million		Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Finland	Communication	34.2	31.7	113.0	111.3
	Power	46.1	49.5	177.2	188.4
Sweden	Communication	49.2	49.8	166.2	163.1
	Power	7.3	6.5	27.6	19.1
Norway	Communication	44.2	46.1	176.3	160.0
	Power	0.2	0.1	0.5	0.4
Denmark	Communication	16.6	14.7	55.9	65.2
	Power	4.3	4.5	18.3	22.7
Other business	Communication	4.5	4.2	15.8	13.6
	Power	21.1	21.5	83.3	73.1
	Other operations	0.0	1.2	0.3	5.3
Eliminations		-3.6	-3.5	-10.8	-9.5
Net sales, total		224.0	226.3	823.6	812.6

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

Net sales by business

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Communication	145.5	143.7	517.9	505.1
Power	78.5	81.5	305.6	302.3
Other operations	0.0	1.2	0.3	5.3
Net sales, total	224.0	226.3	823.6	812.6

Net sales by service split

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Project delivery	45.4	42.4	164.9	150.7
Upgrade services	119.4	127.1	437.4	452.2
Maintenance	59.2	56.7	221.3	209.7
Net sales, total	224.0	226.3	823.6	812.6

Reconciliation of segment results

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Operative EBITA by segment				
Finland	-1.2	4.0	8.2	12.7
Sweden	1.2	0.8	-1.0	-1.8
Norway	-2.2	2.4	2.1	9.2
Denmark	0.4	0.1	0.6	4.2
Sum segments	-1.8	7.3	9.9	24.2
Other business	0.2	1.7	-4.0	-1.8
Group functions	-2.4	-2.0	-7.8	-7.6
Operative EBITA, Group	-4.0	7.0	-1.9	14.8
Valuation as held for sale	-	-	-	-0.1
Total items affecting comparability in EBITA	-	-	-	-0.1
Amortisation of acquisition-related intangible asset	-	-0.1	-0.1	-0.3
Operating result (EBIT)	-4.0	6.9	-2.0	14.5
Financial expenses, net	-3.9	-1.7	-9.5	-5.8
Result before taxes	-7.9	5.2	-11.4	8.7

Net working capital and operative capital employed

EUR million	31 Dec 2022	31 Dec 2021
Inventories	24.8	17.2
Trade and other receivables	177.1	192.3
Provisions	-5.9	-8.6
Advances received	-50.6	-35.8
Trade and other payables	-164.1	-178.5
Other	-2.3	-2.6
Net working capital	-21.0	-16.0
Intangible assets excluding acquisition-related allocations	8.9	12.3
Property, plant and equipment	10.7	11.6
Right-of-use assets	46.5	53.3
Operative capital employed	45.1	61.2

Personnel by segment

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Finland	1,501	1,496	1,498	1,478
Sweden	940	919	919	938
Norway	935	937	938	919
Denmark	501	471	484	562
Other business	1,058	1,089	1,071	1,123
Group functions	144	152	143	155
Total personnel, average	5,079	5,065	5,053	5,176
Total personnel, end of period	5,063	5,046	5,063	5,046

Contract balances

EUR million	31 Dec 2022	31 Dec 2021
Trade receivables	82.6	102.0
Contract assets	73.3	71.2
Total assets related to contracts with customers	155.9	173.2
Advances received from contracts with customers	45.2	35.8
Total liabilities related to contracts with customers	45.2	35.8

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

Committed order backlog

EUR million	31 Dec 2022	31 Dec 2021
Committed order backlog	468.2	469.1

Committed order backlog in Eltel is defined as the total value of committed (purchase) orders received but not yet recognised 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 year-end 2022 was EUR -13.0 million.

Acquisitions and divestments

Full-year 2022

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

Full-year 2021

During January-December 2021 there were no acquisitions.

In 2021 the following divestment was completed:

On 22 March 2021, Eltel signed an agreement to divest its German high voltage business to ENACO GmbH, a German service provider in the energy sector. The transaction was completed on 30 April 2021 and it had a negative cash flow effect of EUR 3.8 million and impact on Group EBIT of EUR -0.1 million in Q2 2021. Eltel engaged ENACO as a subcontractor for the completion of any remaining projects.

Deferred taxes

EUR million	31 Dec 2022	31 Dec 2021
Deferred tax assets	16.3	18.4
Deferred tax liabilities	-10.3	-10.7
Net deferred tax assets	6.0	7.7

In December 2022, gross amount of EUR 10.5 million (12.9) deferred tax assets for losses carried forward was recognised, of which EUR 5.6 million (5.9) related to operations in Sweden. Deferred tax assets are recognised for tax loss carry forwards to the extent that the utilisation against current year taxable profits and future taxable profits is probable. The future taxable profit estimate is based on current business plans approved by management.

Leasing

Right-of-use assets

EUR million	31 Dec 2022	31 Dec 2021
Buildings	25.0	31.2
Machinery and equipment	21.5	22.1
Total	46.5	53.3

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

EUR million	31 Dec 2022	31 Dec 2021
1 Jan	53.3	59.2
Additions	19.2	21.7
Depreciations	-21.8	-23.4
Other	-4.1	-4.3
Balance at the end of period	46.5	53.3

Leasing liabilities

EUR million	31 Dec 2022	31 Dec 2021
Non-current	31.0	35.8
Current	16.8	18.6
Total	47.8	54.5

Financial instruments

Derivative financial instruments

EUR million	31 Dec 2022		31 Dec 2021	
	Nominal values	Net fair values	Nominal values	Net fair values
Foreign exchange rate derivatives	39.7	0.0	41.8	0.1
Total	39.7	0.0	41.8	0.1

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

Fair value of financial instruments measured at cost

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

Earnings per share

	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net result attributable to equity holders of the parent	-7.5	3.9	-15.0	4.3
Weighted average number of common shares, basic	156,736,781	156,649,081	156,699,058	156,649,081
Weighted average number of common shares, diluted	156,828,792	156,735,073	156,789,278	156,728,961
Earnings per share EUR, basic	-0.05	0.02	-0.10	0.03
Earnings per share EUR, diluted	-0.05	0.02	-0.10	0.03

Definitions and key ratios

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

IFRS key ratios

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

Alternative performance measures (APMs)

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

1) Calculated on a rolling 12-month basis.

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

1) Calculated on a rolling 12-month basis.

Parent Company

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

Parent Company condensed income statement

EUR million	Oct-Dec 2022	Oct-Dec 2021	Jan-Dec 2022	Jan-Dec 2021
Net sales	1.0	1.1	2.5	2.2
Administrative expenses	-2.2	-2.6	-7.3	-6.9
Operating result	-1.2	-1.5	-4.8	-4.8
Interest and other financial income	5.3	5.5	21.5	22.1
Interest and other financial expenses	-0.6	-0.8	-1.9	-3.2
Net financial items	4.7	4.8	19.6	18.9
Result after financial items	3.5	3.2	14.8	14.1
Group contributions given	-14.5	-14.0	-14.5	-14.0
Net result	-11.0	-10.8	0.3	0.1

Parent Company condensed balance sheet

EUR million	31 Dec 2022	31 Dec 2021
ASSETS		
Non-current assets		
Financial assets		
Shares in Group companies	68.3	68.3
Long-term loans receivable from Group companies	475.6	503.2
Intangible assets	0.0	0.1
Non-current assets	543.9	571.5
Current assets		
Trade and other receivables	1.3	1.4
Cash pool receivable	4.4	0.0
Cash and cash equivalents	0.1	0.1
Current assets	5.8	1.5
TOTAL ASSETS	549.7	573.1
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	159.6	158.8
Statutory reserve	0.7	0.5
Restricted equity	160.3	159.3
Non-restricted equity		
Retained earnings	284.9	285.8
Net result for the period	0.3	0.1
Non-restricted equity	285.3	285.9
Total equity	445.5	445.2
Current liabilities		
Debt	33.3	72.5
Liabilities to Group companies	70.3	54.3
Trade and other payables	0.5	1.2
Current liabilities	104.2	127.9
Total liabilities	104.2	127.9
TOTAL EQUITY AND LIABILITIES	549.7	573.1

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 2022	Share capital reduction	Proceeds from shares issued	Purchase of own shares	Equity-settled share-based payment	Net result	31 Dec 2022
Share capital	158.8	-0.2	1.0	-	-	-	159.6
Statutory reserve	0.5	0.2	-	-	-	-	0.7
Non-restricted equity	285.9	-	-	-1.0	0.0	0.3	285.3
Total	445.2	-	1.0	-1.0	0.0	0.3	445.5

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

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

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

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

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

As of 31 December 2022, the total number of registered and outstanding shares of Eltel amounts to 158,231,081, whereof 156,736,781 are ordinary shares and 1,494,300 are class C shares. The number of votes in Eltel amounts to 156,886,211 and the registered share capital amounts to EUR 159,575,695.

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

Eltel AB

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