

# Eltel Group

## Half-year report January–June 2021

Stockholm, Sweden, 27 July 2021

### April–June 2021

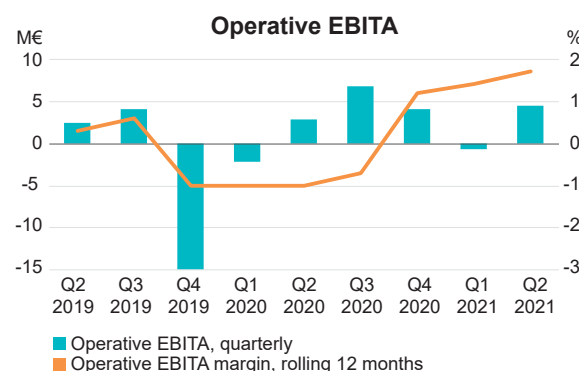
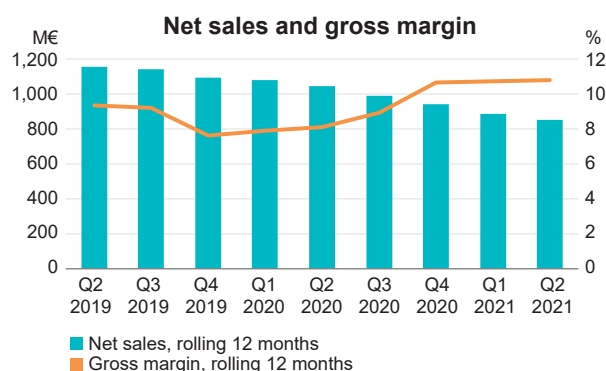
- Net sales EUR 210.4 million (245.5). Total growth -14.3% and organic growth<sup>1)</sup> in segments -12.5%
- Operative EBITA<sup>2)</sup> EUR 4.4 million (2.8) and operative EBITA margin 2.1% (1.2)
- Items affecting comparability EUR -0.1 million (20.4) from divestment of business
- Operating result (EBIT) EUR 4.3 million (23.1) and EBIT margin 2.0% (9.4)
- Net result EUR 1.6 million (14.0)
- Earnings per share EUR 0.01 (0.09), basic and diluted
- Cash flow from operating activities EUR 13.2 million (19.2)

### January–June 2021

- Net sales EUR 392.4 million (482.1). Total growth -18.6% and organic growth<sup>1)</sup> in segments -15.5%
- Operative EBITA<sup>2)</sup> EUR 3.7 million (0.8) and operative EBITA margin 1.0% (0.2)
- Items affecting comparability EUR -0.1 million (20.4) from divestment of business
- Operating result (EBIT) EUR 3.5 million (20.8) and EBIT margin 0.9% (4.3)
- Net result EUR -1.0 million (9.2)
- Earnings per share EUR -0.01 (0.06), basic and diluted
- Cash flow from operating activities EUR -4.2 million (14.4)
- Net debt<sup>3)</sup> EUR 88.4 million (86.4)

### Significant events after the reporting period

- On 8 July 2021, Eltel announced its commitment to the Science Based Target initiative, SBTi. Committing to the SBTi shows our sustainability ambition is on a high level, we are working towards setting concrete and measurable goals, and we see sustainability as business-critical for Eltel.



### Key figures

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	210.4	245.5	392.4	482.1	938.0
Net sales growth, %	-14.3%	-11.1%	-18.6%	-8.5%	-13.8%
Operative EBITA <sup>2)</sup>	4.4	2.8	3.7	0.8	11.4
Operative EBITA margin, %	2.1%	1.2%	1.0%	0.2%	1.2%
Operating result (EBIT)	4.3	23.1	3.5	20.8	24.8
Return on operative capital employed (ROCE), %	16.8%	-7.0%	16.8%	-7.0%	13.0%
Net working capital	-7.1	-12.6	-7.1	-12.6	-25.1
Net debt <sup>3)</sup>	88.4	86.4	88.4	86.4	67.4
Number of employees, end of period	5,202	6,215	5,202	6,215	5,449

1) Adjusted for divested operations and currency effects.

2) Eltel follows the profitability of segments with Operative EBITA. Please see page 24 for definitions of the key ratios.

3) Refers to net debt excluding IFRS 16 leasing liabilities, as defined in financing agreement. See page 12 for calculation and page 24 for definition.

## Comments by the CEO

**For the sixth consecutive quarter we improved our operative EBITA compared to the corresponding period the year before, which is a result of staying true to our Operational Excellence strategy. We maintained our healthy levels regarding net working capital and net debt, and improved return on capital employed. We continue to close down old projects in a controlled way and now more than 90% of our business is conducted in the Nordics.**

Finland shows good progress with increased net sales as well as improved operative EBITA, benefitting from strong demand in fibre and 5G.

Sweden is still very much in a restructuring phase with decreasing net sales as well as some remaining old, unprofitable projects and contracts. However, the risk level has been reduced and we have accelerated the efficiency and productivity programme. We are also starting to see small improvements in cash flow and in net working capital.

Norway continues to deliver good margins, although somewhat lower compared to the same period last year, largely due to COVID-19 related delays in customer investments. With the situation normalising, we expect to see a pick-up in volumes towards the end of the year.

In Denmark, the second quarter profitability was exceptionally good despite a drop in net sales. The strong result was partly attributable to a positive one-off related to a partial insourcing of business by a major customer. Going forward, this will have a negative impact on net sales.

In Other business, delays in Polish high voltage projects continued, but this was partly offset by good volumes and profitability in Smart Grids Germany.



During the turnaround, we have focused on improving our profitability and control environment, as well as getting our balance sheet on a healthy level. With this on track, the next step is to reverse the downturn in net sales and reach our long-term financial target of 2-4% annual growth in the Nordics from 2022 onwards. We are pursuing different organic growth opportunities by expanding our portfolio and by sharpening our offering to the market. While doing so, we are also preparing for potential future acquisitions.

Being the market leader, we have taken the next step in our climate work by committing to the Science Based Target initiative, SBTi. Committing to the SBTi shows our sustainability ambition is on a high level, we are working towards setting concrete and measurable goals, and we see sustainability as business-critical for Eltel. I am convinced that third-party verified goals in line with the Paris Agreement will soon become a clear customer expectation, while committing to SBTi is at the same time building internal pride.

COVID-19 continues to impact our customers' investments. Despite this, we have been able to improve our own operations during the first half of the year, as demonstrated by the continued improvement in our profitability. Strengthened by the good results in the second quarter, we stand by our previously stated financial guidance that we expect our operative EBITA margin for 2021 to improve compared to 2020.

**Casimir Lindholm, President & CEO**

## About Eltel and the Group strategy

### Eltel in brief

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

Eltel's markets are characterised by a high concentration of customers and competitors offering similar products and services. Eltel competes on price and quality. The markets are regulated and typically have predictable and repetitive demand in line with each country's GDP.

### Our strategy – Operational Excellence

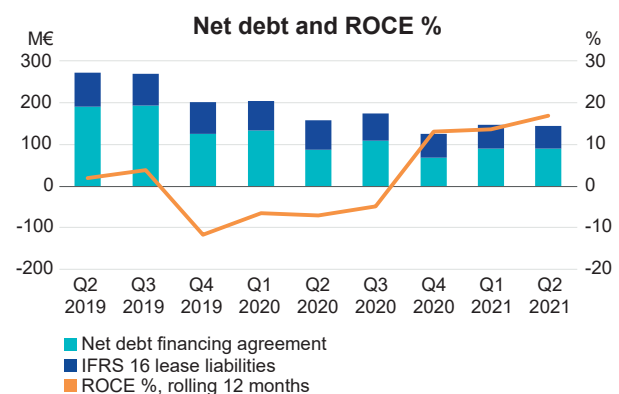
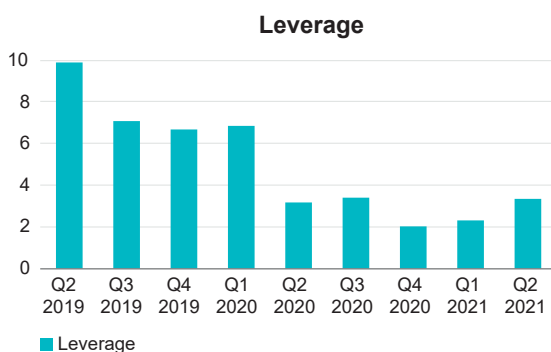
A decision was taken in 2017 to restructure Eltel in order to focus on areas with a balanced risk level in which it has a leading market position and a high level of expertise, and in which the business model is repetitive and primarily targeted towards build, service and maintenance. In 2019, Eltel took the next step on its transformation journey. A Nordic focus with lower risk and fewer capital-intensive projects will enable us to continue to develop, grow and invest in the company to ensure long-term sustainable value creation for the company and its shareholders.

In parallel, a strategy for existing operations has been developed, with a focus on operating profitability. The strategy, which is being implemented in 2019–2021, aims to raise the operating margin by generating customer focus, improving efficiency, measuring and tracking relevant key performance indicators, and simplifying the daily operations of our technicians. Furthermore, the focus is on improving the competence level within the organisation through various forms of training and recruitment.

This will create the foundation for sustainable growth, profitability and shareholder value.

### Eltel's financial targets by end of 2023

Group operative EBITA margin	5%
Annual growth in the Nordics from 2022 onwards	2–4%
Leverage	1.5–2.5x net debt/EBITDA
Dividend payout	Subject to leverage target



See page 24 for definitions of the key ratios.

## Net sales and earnings Group

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	210.4	245.5	392.4	482.1	938.0
Operative EBITA	4.4	2.8	3.7	0.8	11.4
EBIT	4.3	23.1	3.5	20.8	24.8
Net result	1.6	14.0	-1.0	9.2	5.3
<b>Key ratios</b>					
Net sales growth, %	-14.3%	-11.1%	-18.6%	-8.5%	-13.8%
Organic growth <sup>1)</sup> , % in segments	-12.5%	-	-15.5%	-	-
Effect of divestments in net sales, MEUR	-4.2	-17.6	-19.2	-20.5	-59.6
Currency translation effect in net sales, MEUR	5.7	-7.6	8.1	-13.2	-17.6
Operative EBITA margin, %	2.1%	1.2%	1.0%	0.2%	1.2%
Tax rate, %	45.4%	30.1%	216.2%	41.9%	64.7%
Earnings per share after dilution, EUR	0.01	0.09	-0.01	0.06	0.03

1) Adjusted for divested operations and currency effects.

### April–June 2021

Net sales decreased by 14.3% to EUR 210.4 million (245.5). Organic net sales in country segments, adjusted for divested operations and currency effects decreased by 12.5%. Net sales decreased in country segments by EUR 22.4 million and in Other business by EUR 12.4 million. The comparative period included EUR 4.2 million from the German communication business and the Swedish business area Aviation & Security, which were divested in Q2 2020. Net sales were down in all segments except for Finland, which had an increase in volumes due to a strong market position and contracts awarded during 2020.

Operative EBITA increased to EUR 4.4 million (2.8). Operative EBITA-margin was 2.1% (1.2). Operative EBITA in country segments was EUR 6.8 million (4.7) and in Other business EUR -0.5 million (-0.1). Main contributors to the positive result were Finland, Norway and Denmark.

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

Items affecting comparability included EUR -0.1 million impact from the closing of High Voltage business divestment in Germany. The comparative period included EUR 20.4 million gain from divestments of the German communication business and business area Aviation & Security.

EBIT amounted to EUR 4.3 million (23.1).

Net financial expenses amounted to EUR -1.3 million (-3.1), including EUR 0.3 million (-0.9) currency effect.

Taxes amounted to EUR -1.4 million (-6.0) representing the tax cost in countries with profits. No deferred tax asset was booked for the losses in the period. In comparative period EUR 5.4 million tax impact related to gain from divestments of businesses.

Net result for the period was EUR 1.6 million (14.0). Earnings per share were EUR 0.01 (0.09).

### January–June 2021

Net sales decreased by 18.6% to EUR 392.4 million (482.1). Organic net sales in country segments, adjusted for divested operations and currency effects decreased by 15.5%. Net sales decreased in country segments by EUR 63.2 million and in Other business by EUR 27.5 million. The comparative period included EUR 19.2 million from the German communication business and the Swedish business area Aviation & Security, which were divested in Q2 2020. Net sales were down in all segments except for Finland, which benefits from a strong market position in communication with increased fibre and 5G demand.

Operative EBITA increased to EUR 3.7 million (0.8). Operative EBITA-margin was 1.0% (0.2). Operative EBITA in country segments was EUR 9.2 million (8.3) and in other business EUR -1.4 million (-2.4). The effect of the divestments of the German communication business and the Swedish business area Aviation & Security was EUR -1.2 million. Main contributors to the positive result were Norway, Denmark and Finland.

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

Items affecting comparability amounted to EUR -0.1 million. The comparative period included EUR 20.4 million gain from the divestments of the German communication business and business area Aviation & Security.

EBIT amounted to EUR 3.5 million (20.8).

Net financial expenses amounted to EUR -2.6 million (-5.0), including EUR 0.8 million (-0.6) currency effect.

Taxes amounted to EUR -1.9 million (-6.6) representing the tax cost in countries with profits. No deferred tax asset was booked for the losses in the period. In comparative period EUR 5.4 million tax impact related to gain from divestments of businesses.

Net result for the period was EUR -1.0 million (9.2). Earnings per share were EUR -0.01 (0.06).

## Overview of segments

### Net sales

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Finland	79.8	78.3	140.6	137.1	300.2
Sweden	44.6	59.7	85.7	122.8	224.5
Norway	42.1	46.9	76.0	93.9	177.7
Denmark	24.6	28.7	50.8	62.5	118.1
<b>Sum segments</b>	<b>191.1</b>	<b>213.6</b>	<b>353.1</b>	<b>416.3</b>	<b>820.5</b>
Other business	21.6	34.0	43.0	70.5	127.5
Eliminations	-2.3	-2.2	-3.7	-4.8	-10.1
<b>Total net sales</b>	<b>210.4</b>	<b>245.5</b>	<b>392.4</b>	<b>482.1</b>	<b>938.0</b>

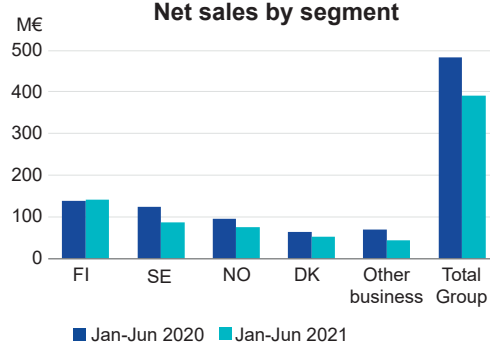
Net sales by segment



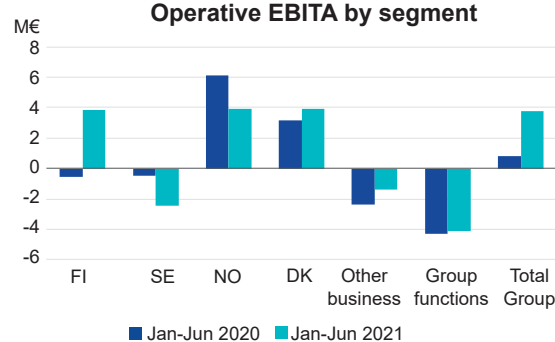
### Operative EBITA

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Finland	3.1	0.2	3.8	-0.6	7.2
Sweden	-1.6	-1.0	-2.4	-0.5	-3.7
Norway	2.7	4.1	3.9	6.1	14.3
Denmark	2.6	1.4	3.9	3.2	5.0
<b>Sum segments</b>	<b>6.8</b>	<b>4.7</b>	<b>9.2</b>	<b>8.3</b>	<b>22.9</b>
Other business	-0.5	-0.1	-1.4	-2.4	-3.3
Group functions	-1.9	-1.7	-4.1	-5.1	-8.1
<b>Total operative EBITA</b>	<b>4.4</b>	<b>2.8</b>	<b>3.7</b>	<b>0.8</b>	<b>11.4</b>
Finland	3.9%	0.3%	2.7%	-0.4%	2.4%
Sweden	-3.6%	-1.6%	-2.8%	-0.4%	-1.6%
Norway	6.4%	8.7%	5.1%	6.5%	8.0%
Denmark	10.5%	4.8%	7.7%	5.1%	4.3%
Other business	-2.3%	-0.4%	-3.2%	-3.4%	-2.6%
<b>Total operative EBITA-margin, %</b>	<b>2.1%</b>	<b>1.2%</b>	<b>1.0%</b>	<b>0.2%</b>	<b>1.2%</b>

Net sales by segment



Operative EBITA by segment



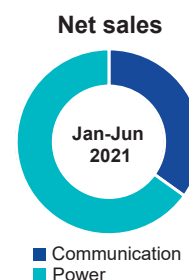
In line with the Nordic strategy, Eltel's main operations in the four Nordic countries are presented as segments from 1 January 2021. In 2020, the new segments represented 87% of the net sales. During the first half of 2021, the new segments represented 91% of the net sales.

Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as Power Transmission International and Rail businesses that are under ramp down. The German communication business was included in Other business until its divestment in Q2 2020.

## Net sales and EBITA – Segments

### Finland

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	79.8	78.3	140.6	137.1	300.2
Operative EBITA	3.1	0.2	3.8	-0.6	7.2
Number of employees, end of period	1,503	1,474	1,503	1,474	1,470
<b>Key ratios</b>					
Net sales growth, %	2.0%	16.9%	2.5%	15.8%	10.8%
Operative EBITA margin, %	3.9%	0.3%	2.7%	-0.4%	2.4%



### April–June 2021

Net sales increased by EUR 1.6 million to EUR 79.8 million (78.3), representing an increase of 2.0%. The growth was driven by communication and the good demand in fibre and 5G. On the power side net sales decreased, but proportionally frame agreements grew and partly offset the decline coming from project completions.

Operative EBITA increased to EUR 3.1 million (0.2). The operative EBITA margin was 3.9% (0.3), which was a result of net sales growth as well as good productivity. In the comparative quarter, Finland noted write-downs due to cost increases in certain power projects.

### January–June 2021

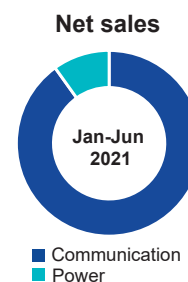
Net sales increased by EUR 3.4 million to EUR 140.6 million (137.1), representing an increase of 2.5%. The growth was mainly driven by a strong market position in communication and increased demand in fibre and 5G. On the power side net sales decreased, but proportionally frame agreements grew and partly offset the decline coming from project completions.

Operative EBITA increased to EUR 3.8 million (-0.6). The operative EBITA margin improved to 2.7% (-0.4) as a result of improved project management and cost control. Net sales growth as well as good and stable productivity also had a positive impact. During 2020, Finland noted write-downs due to cost increases in certain power projects.

## Sweden

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	44.6	59.7	85.7	122.8	224.5
Operative EBITA	-1.6	-1.0	-2.4	-0.5	-3.7
Number of employees, end of period	942	1,304	942	1,304	1,003
<b>Key ratios</b>					
Net sales growth, %	-25.2%	-22.7%	-30.2%	-21.1%	-22.9%
Organic growth <sup>1)</sup> , %	-26.6%	-	-28.8%	-	-
Effect of divestments in net sales, MEUR	-1.6	-	-8.5	-	-19.2
Currency translation effect in net sales, MEUR	2.0	-0.4	4.3	-2.2	0.9
Operative EBITA margin, %	-3.6%	-1.6%	-2.8%	-0.4%	-1.6%

1) Adjusted for divested operations and currency effects.



### April–June 2021

Net sales decreased by EUR 15.0 million to EUR 44.6 million (59.7), representing a decline of 25.2%. Organic growth, adjusted for currency effects and divestments, was -26.6%. The decrease is largely explained by the previously announced loss of a large service contract, mainly relating to the copper network, and lower fibre volumes with a specific customer. Divestment of the Aviation & Security business area in Q2 2020 had an impact of EUR -1.6 million.

Operative EBITA decreased to EUR -1.6 million (-1.0). The operative EBITA margin was -3.6% (-1.6). The main reasons for the decrease were lower volumes and a write-down in an old power project.

### January–June 2021

Net sales decreased by EUR 37.1 million to EUR 85.7 million (122.8), representing a decline of 30.2%. Organic growth, adjusted for currency effects and divestments, was -28.8%. The decrease is largely explained by the loss of a large service contract, mainly relating to the copper network, and lower fibre volumes with a specific customer. Divestment of the Aviation & Security business area in Q2 2020 had an impact of EUR -8.5 million.

Operative EBITA decreased to EUR -2.4 million (-0.5). The operative EBITA margin was -2.8% (-0.4). The decrease is a consequence of lower net sales and a write-down in an old power project. The comparative period contained a positive one-off item of EUR 0.9 million due to a release of a provision.

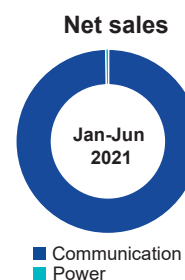
Work is ongoing to restructure the Swedish business and we have accelerated the efficiency and productivity programme. We are also starting to see small improvements in cash flow as well as in net working capital.



## Norway

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	42.1	46.9	76.0	93.9	177.7
Operative EBITA	2.7	4.1	3.9	6.1	14.3
Number of employees, end of period	917	1,008	917	1,008	943
<b>Key ratios</b>					
Net sales growth, %	-10.3%	-12.9%	-19.0%	-7.9%	-18.8%
Organic growth <sup>1)</sup> , %	-18.0%	-	-23.3%	-	-
Currency translation effect in net sales, MEUR	3.6	-6.4	4.0	-9.8	-16.6
Operative EBITA margin, %	6.4%	8.7%	5.1%	6.5%	8.0%

1) Adjusted for currency effects.



### April–June 2021

Net sales decreased by EUR 4.8 million to EUR 42.1 million (46.9), representing a decrease of 10.3%. Organic growth, adjusted for currency effects, was -18.0%. Currency effects had a positive impact on net sales of EUR 3.6 million. The main reason for the decline was reduced volumes from customers, largely due to COVID-19. However, in June, we started to see some positive development.

Operative EBITA decreased to EUR 2.7 million (4.1). The operative EBITA margin was 6.4% (8.7). Improved efficiency and rightsizing partly offset the lower volumes.

### January–June 2021

Net sales decreased by EUR 17.8 million to EUR 76.0 million (93.9), representing a decrease of 19.0%. Organic growth, adjusted for currency effects, was -23.3%. Currency effects had a positive net sales impact of EUR 4.0 million. Harsh winter conditions affecting the fibre production in Q1, the ramp up of the renewed Telenor frame agreement, as well as the decrease and delays in customer investments due to COVID-19 are the main reasons for the decline.

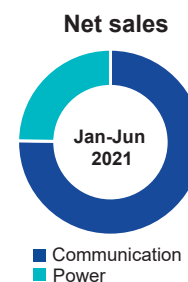
Operative EBITA decreased to EUR 3.9 million (6.1), impacted by lower net sales. The operative EBITA margin was 5.1% (6.5). Improved efficiency and a successful rightsizing of the organisation to meet the lower volumes partly offset the decrease and ensured good margins, although somewhat lower compared to the same period last year.



## Denmark

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	24.6	28.7	50.8	62.5	118.1
Operative EBITA	2.6	1.4	3.9	3.2	5.0
Number of employees, end of period	611	631	611	631	637
<b>Key ratios</b>					
Net sales growth, %	-14.4%	10.0%	-18.7%	20.5%	8.0%
Organic growth <sup>1)</sup> , %	-14.6%	-	-19.0%	-	-
Currency translation effect in net sales, MEUR	0.1	0.0	0.2	0.0	0.2
Operative EBITA margin, %	10.5%	4.8%	7.7%	5.1%	4.3%

1) Adjusted for currency effects.



### April–June 2021

Net sales decreased by EUR 4.1 million to EUR 24.6 million (28.7), representing a decrease of 14.4%. Organic growth, adjusted for currency effects, was -14.6%. The decrease mainly resulted from the completion of a large communication project, which generated high volumes in the comparative period, and lower fibre activity compared to a strong 2020.

Operative EBITA increased to EUR 2.6 million (1.4). The operative EBITA margin was 10.5% (4.8). Main drivers were good project management and a better project portfolio. Denmark also had a positive one-off of EUR 0.8 million related to a partial insourcing of business by a major customer.

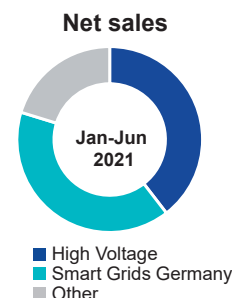
### January–June 2021

Net sales decreased by EUR 11.7 million to EUR 50.8 million (62.5), representing a decrease of 18.7%. Organic growth, adjusted for currency effects, was -19.0%. Similarly to the quarter, the decrease in net sales came from the completion of a large communication project, which generated high volumes in the comparative period, as well as lower fibre activity in general compared to a strong 2020.

Operative EBITA increased to EUR 3.9 million (3.2). The operative EBITA margin was 7.7% (5.1). Improved project management and a better project portfolio offset the lower volumes and improved the performance. Denmark also had a positive one-off of EUR 0.8 million related to a partial insourcing of business by a major customer.

## Other business

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	21.6	34.0	43.0	70.5	127.5
Operative EBITA	-0.5	-0.1	-1.4	-2.4	-3.3
Number of employees, end of period	1,072	1,631	1,072	1,631	1,235



Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as Power Transmission International and Rail businesses that are under ramp down. The German communication business was included in Other business until its divestment in Q2 2020.

### April–June 2021

Net sales decreased by EUR 12.4 million to EUR 21.6 million (34.0), representing a decrease of 36.5%. The majority of the decrease came from High Voltage Poland, where we see project delays and postponements, and the ongoing ramp-down of Power Transmission International. The remainder came from the divestment of the German communication business in Q2 2020. Smart Grids Germany partly offset the decline.

Operative EBITA decreased to EUR -0.5 million (-0.1). The difficulties in High Voltage Poland continued, but work is ongoing to stabilise the operations. Smart Grids Germany and Power Transmission International contributed positively and partly offset the negative result.

### January–June 2021

Net sales decreased by EUR 27.5 million to EUR 43.0 million (70.5), representing a decrease of 39.0%. Of the decline, EUR 10.7 million came from the divestment of the German communication business in Q2 2020. The remainder came primarily from significant volume reduction in High Voltage. In Poland, we continued to see project delays and postponements, and in Norway, we reached operational completion of the Reisadalen project. The ongoing ramp-down of Power Transmission International was also a contributing factor. Smart Grids Germany partly offset the decline as volumes grew in a favourable market.

Operative EBITA increased to EUR -1.4 million (-2.4), mainly thanks to a strong performance in Smart Grids Germany. Power Transmission International contributed positively to the result. The difficulties in High Voltage Poland continued, but work is ongoing to stabilise the operations.

## Cash flow

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
EBIT	4.3	23.1	3.5	20.8	24.8
Depreciation and amortisation	8.4	9.6	16.7	19.2	38.2
EBITDA	12.7	32.7	20.2	40.0	63.0
Changes in working capital	3.7	10.1	-17.2	3.2	16.6
Total financial expenses and taxes	-1.9	-2.2	-4.9	-6.2	-13.9
Adjustment for gain/loss on sales of assets and business <sup>1)</sup>	0.0	-20.5	-0.1	-20.6	-14.7
Other	-1.3	-1.0	-2.2	-2.1	-1.6
<b>Cash flow from operating activities</b>	<b>13.2</b>	<b>19.2</b>	<b>-4.2</b>	<b>14.4</b>	<b>49.4</b>
<b>Cash flow from investing activities</b>	<b>-4.7</b>	<b>36.0</b>	<b>-5.3</b>	<b>34.8</b>	<b>33.5</b>
<b>Cash flow from financing activities</b>	<b>1.4</b>	<b>-38.1</b>	<b>13.1</b>	<b>-75.8</b>	<b>-121.6</b>
<b>Net change in cash and cash equivalents</b>	<b>9.8</b>	<b>17.1</b>	<b>3.6</b>	<b>-26.6</b>	<b>-38.7</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>20.3</b>	<b>18.5</b>	<b>26.0</b>	<b>65.2</b>	<b>65.2</b>
Foreign exchange rate effect	-0.1	1.6	0.4	-1.4	-0.6
<b>Cash and cash equivalents at end of period</b>	<b>30.0</b>	<b>37.2</b>	<b>30.0</b>	<b>37.2</b>	<b>26.0</b>

1) Includes EUR 20.4 million gain from divestment of the German communication business and business area Aviation & Security in Q2 2020. Condensed consolidated statement of cash flows is presented on page 17.

### April–June 2021

Cash flow from operating activities was EUR 13.2 million (19.2), consisting mainly of operative result and change in net working capital that contributed to the positive cash flow for the quarter by EUR 3.7 million (10.1).

Net cash flow from investing activities was EUR -4.7 million (36.0), consisting mainly of EUR -3.8 million from divestment of High Voltage Germany and EUR -0.9 million (-1.9) from net capital expenditure. In the comparative period the impact of business divestments was EUR 37.9 million.

Cash flow from financing activities was EUR 1.4 million (-38.1) mainly from increase in commercial paper programme utilisation of EUR 9.0 million and EUR -6.1 million (-6.6) net impact of payments of lease liabilities. The comparative period included reduction in utilisation of the commercial paper programme and revolving credit facilities of EUR 32.4 million with the proceeds from business divestments.

### January–June 2021

Cash flow from operating activities was EUR -4.2 million (14.4) consisting mainly of EUR -17.2 million (3.2) from increase in net working capital from a very low level at the end of 2020. In all country segments the net working capital remained low, but delays in the Polish high voltage projects increased the level of net working capital. The amount of net working capital at the end of the quarter was EUR -7.1 million (-12.6).

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 -5.3 million (34.8) consisting mainly of EUR -3.8 million from the divestment of High Voltage Germany and EUR -1.5 million (-3.1) from net capital expenditure. In the comparative period the impact of business divestments was EUR 37.9 million.

Cash flow from financing activities was EUR 13.1 million (-75.8), mainly from increase in commercial paper programme utilisation of EUR 26.0 million and EUR -12.3 million (-6.2) net impact of payments of lease liabilities. The comparative period included EUR 10.0 million external loans amortisation and EUR 53.4 million reduction in other credit facilities, partially with the proceeds from business divestments.

Eltel has focused on strengthening its balance sheet and lowering net debt level for the past years. The efforts have been successful and net debt, as defined in the financing agreement, remained on a good level at EUR 88.4 million (86.4).

## Financial position, cash and cash equivalents

Equity at the end of the period was EUR 220.4 million (223.1) and total assets were EUR 688.9 million (719.4). The equity ratio was 33.3% (32.5).

At the end of the quarter, available liquidity reserves amounted to EUR 140.0 million (147.2). On the same date, EUR 79.0 million of Eltel's commercial paper programme was utilised (EUR 53.0 million at year-end 2020).

Eltel has financing agreements with its bank group comprising term loans, a revolving credit facility and certain commercial guarantees. Said agreements were extended in December 2020 and are now effective until February 2023. The credit facilities governed by the agreements have covenants pertaining to minimum adjusted EBITDA, minimum liquidity and maximum net debt. With the latest extension, new covenant levels for minimum adjusted EBITDA were agreed for the year 2022, and maximum net debt was set to decrease from EUR 100 million at the end of 2021 to EUR 90 million at the end of 2022. The minimum liquidity covenant level, as well as the other terms and conditions previously agreed between the parties, remain unchanged throughout the extended agreements. The minimum adjusted EBITDA and maximum net debt covenants, as defined in the financing agreements, are excluding IFRS 16 impact. Bilateral account overdrafts with banks are renewed annually.

At the end of the quarter the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 101.8 million (118.4). The amount of the commercial guarantees issued on behalf of joint ventures and third parties was EUR 0.1 million (5.8).

### Interest-bearing liabilities and net debt

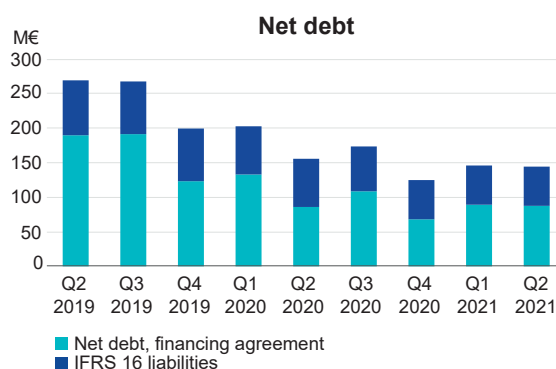
EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Interest-bearing debt in balance sheet	115.9	120.1	89.8
Leasing liabilities in balance sheet	57.2	72.7	60.8
Allocation of effective interest to periods	0.9	0.7	1.0
Less cash and cash equivalents	-30.0	-37.2	-26.0
<b>Net debt</b>	<b>143.9</b>	<b>156.3</b>	<b>125.6</b>
Less leasing liabilities not included in financing agreement	-55.6	-69.9	-58.3
Adjusted for held for sale	-	-	0.0
<b>Net debt, financing agreement</b>	<b>88.4</b>	<b>86.4</b>	<b>67.4</b>

Interest-bearing debt amounted to EUR 115.9 million (120.1) of which EUR 27.5 million (35.6) was non-current and EUR 88.3 million (84.5) was current. Leasing liabilities amounted to EUR 57.2 million (72.7) of which EUR 37.3 million (48.7) was non-current and EUR 19.8 million (24.0) was current.

## Credit facilities

EUR million	30 Jun 2021	Maturity
Term loan, non-current	1.5	Jun 2022
Term loan, non-current	26.0	Feb 2023
Term loan, current	10.0	Dec 2021
Revolving credit facility	90.0	Feb 2023
Account overdrafts	20.0	Annual renewals
<b>Total committed credit facilities</b>	<b>147.5</b>	
Commercial paper programme	150.0	N/A

Term loans, revolving credit facility and account overdrafts form the Group's committed credit facilities. Additional to 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 79.0 million (48.5) of the commercial paper programme and EUR 0.0 million (0.0) of the revolving credit facility were utilised.



## Other information

### Risks and uncertainty factors

There is a risk of goodwill impairment in Eltel Sweden in the second half of 2021. Goodwill was allocated to Eltel's country units in 2018. Since then, the size of the addressable communication market in Sweden has declined, mainly due to slowdown in building fibre networks and reduction in maintenance of copper networks that are being ramped down. Eltel's operations in Sweden have decreased substantially and in the 2019 and 2020 annual reports Eltel has disclosed the goodwill in country unit Sweden being sensitive to impairment in case of negative changes to the estimated future cash flows. In the first half of 2021, customer investments have remained on a low level and visibility to the development of market demand for Eltel's core offerings has been limited. Eltel is currently assessing its future business expectations and uncertainties in the market environment. The outcome of the assessment may lead to impairment of goodwill.

On 28 June 2018, Eltel received a letter from Nasdaq Stockholm where the exchange stated that it intends to request the Nasdaq Stockholm Disciplinary Committee to decide whether Eltel has breached its obligations in relation to the Nasdaq Stockholm Rulebook for Issuers. The matter relates to alleged deficiencies in Eltel's capacity for providing information to the market during 2016 and 2017. Eltel has responded outlining its reasons for rejecting any breach. In June 2021 the matter was referred to the Disciplinary Committee for its perusal. Any decision taken by the Disciplinary Committee will be made public.

On 31 October 2014, the Finnish Competition and Consumer Authority (FCCA) proposed the imposition of a fine of EUR 35 million on Eltel in the Finnish Market Court, claiming that Eltel had participated in a competition law violation relating to Eltel's power transmission line construction and planning business in Finland during the period 2004–2011. In the court proceedings Eltel has consistently maintained that it has not violated competition law and requested that the case be dismissed. Following a ruling in Eltel's favour in March 2016 by the Finnish Market Court (where the court dismissed the case as time barred) the case was appealed by FCCA to the Supreme Administrative Court (SAC). SAC, in its turn, decided in 2019 to refer the interpretation of the time bar matter to the European Court of Justice (ECJ) in Luxembourg. The preliminary ruling of the ECJ on the time bar matter, issued in January 2021, confirms Eltel's position throughout the court proceedings. The case is now back before the SAC for final ruling, the timing of which is unknown. More information about the FCCA case is available in the 2020 Annual Report (page 32).

Eltel plays an important role in maintaining critical societal functions in difficult situations, such as the current COVID-19 pandemic. However, there is uncertainty about the future impact and duration of the pandemic and, as such, it may continue to have a negative effect on Eltel's business.

There is a risk that the covenants under the existing financing agreement are not met during the transformation period.

For information regarding risks and uncertainties, please refer to Eltel's 2020 Annual Report which was published on 30 March 2021 and is available on Eltel's website at [www.eltelgroup.com](http://www.eltelgroup.com).

### Large agreements announced during and after the reporting period

No large agreements were announced during and after the reporting period.

### Financial guidance

Eltel expects the full-year 2021 operative EBITA margin to increase compared to 2020.

### Related party transactions

No significant transactions took place between Eltel and related parties during the period.

### Seasonality

Eltel's businesses are generally characterised by seasonal patterns and cyclicity of the project business that adds volatility to net sales, 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 half-year January–June 2021 report

Analysts and media are invited to participate in the half-year report 2021 briefing on 27 July 2021 at 10:00 am CEST where Eltel's President and CEO Casimir Lindholm and CFO Salla Miettinen-Lähde will host a presentation. A live webcast as well as the presentation will be available at [www.eltelgroup.com/investors](http://www.eltelgroup.com/investors).

### For further information, please contact:

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Elin Otter, Director, Communications and Investor Relations  
Phone: +46 72 59 54 692, [elin.otter@eltelnetworks.com](mailto:elin.otter@eltelnetworks.com)

## Financial calendar

- Interim report January–September 2021: 3 November 2021
- Full-year report January–December 2021: 17 February 2022

*This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on 27 July 2021.*

## Board's assurance

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

## Signatures of the Board of Directors and CEO

Stockholm, Sweden, 27 July 2021

### Eltel AB (publ)

Ulf Mattsson, Chairman  
Håkan Dahlström  
Gunilla Fransson  
Joakim Olsson  
Roland Sundén

Employee representatives:  
Björn Ekblom  
Stefan Söderholm

Casimir Lindholm, President and CEO

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

## Condensed financial information

### Condensed consolidated income statement

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	210.4	245.5	392.4	482.1	938.0
Cost of sales	-187.7	-220.0	-350.7	-432.6	-838.6
<b>Gross profit</b>	<b>22.7</b>	<b>25.4</b>	<b>41.7</b>	<b>49.5</b>	<b>99.4</b>
Other income	0.7	21.0	1.4	21.3	22.5
Selling and administrative expenses	-18.9	-23.3	-39.4	-49.0	-89.2
Other expenses	-0.1	0.0	-0.2	-0.8	-7.7
Share of profit/loss of joint ventures	-	0.0	-	-0.1	-0.2
<b>Operating result (EBIT)</b>	<b>4.3</b>	<b>23.1</b>	<b>3.5</b>	<b>20.8</b>	<b>24.8</b>
Financial income	0.0	0.1	0.0	0.3	0.5
Financial expenses	-1.3	-3.2	-2.7	-5.3	-10.3
Net financial expenses	-1.3	-3.1	-2.6	-5.0	-9.8
<b>Result before taxes</b>	<b>3.0</b>	<b>20.0</b>	<b>0.9</b>	<b>15.8</b>	<b>14.9</b>
Taxes	-1.4	-6.0	-1.9	-6.6	-9.7
<b>Net result</b>	<b>1.6</b>	<b>14.0</b>	<b>-1.0</b>	<b>9.2</b>	<b>5.3</b>
Attributable to:					
Equity holders of the parent	1.4	13.9	-1.2	9.3	4.7
Non-controlling interest	0.2	0.0	0.1	-0.1	0.6
<b>Earnings per share (EPS)</b>					
Basic, EUR	0.01	0.09	-0.01	0.06	0.03
Diluted, EUR	0.01	0.09	-0.01	0.06	0.03

### Condensed consolidated statement of comprehensive income

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net profit for the period	1.6	14.0	-1.0	9.2	5.3
Other comprehensive income:					
<b>Items that will not be reclassified to profit and loss</b>					
Revaluation of defined benefit plans, net of tax	1.1	-0.5	0.8	-0.3	-4.8
<b>Items that may be subsequently reclassified to profit and loss</b>					
Cash flow hedges, net of tax	-	0.0	-	0.1	0.1
Net investment hedges, net of tax	-0.6	-2.4	0.0	0.8	-0.9
Currency translation differences	0.4	8.7	1.5	-7.4	-0.6
Total	-0.2	6.3	1.5	-6.5	-1.4
Other comprehensive income/loss for the period, net of tax	0.9	5.8	2.2	-6.8	-6.2
<b>Total comprehensive income/loss for the period</b>	<b>2.5</b>	<b>19.8</b>	<b>1.2</b>	<b>2.4</b>	<b>-0.9</b>
Total comprehensive income/loss attributable to:					
Equity holders of the parent	2.3	19.7	1.1	2.5	-1.5
Non-controlling interest	0.2	0.0	0.1	-0.1	0.6



**Condensed consolidated balance sheet**

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	265.5	259.3	264.9
Intangible assets	41.1	39.7	38.3
Property, plant and equipment	14.0	25.3	20.0
Right-of-use assets	55.9	71.3	59.2
Investments in joint ventures	-	0.7	-
Investments	0.6	0.4	0.5
Deferred tax assets	18.5	21.8	19.1
Other financial assets	-	35.0	-
Trade and other receivables	0.4	0.3	0.4
<b>Total non-current assets</b>	<b>396.0</b>	<b>454.0</b>	<b>402.5</b>
<b>Current assets</b>			
Inventories	12.2	13.8	12.1
Other financial assets	35.0	-	35.0
Trade and other receivables	215.6	214.4	201.7
Cash and cash equivalents	30.0	37.2	26.0
<b>Total current assets</b>	<b>292.9</b>	<b>265.5</b>	<b>274.8</b>
Assets held for sale <sup>2)</sup>	-	-	0.0
<b>TOTAL ASSETS</b>	<b>688.9</b>	<b>719.4</b>	<b>677.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to shareholders of the parent	212.8	215.7	211.7
Non-controlling interest	7.6	7.5	7.5
<b>Total equity</b>	<b>220.4</b>	<b>223.1</b>	<b>219.2</b>
<b>Non-current liabilities</b>			
Debt	27.5	35.6	27.7
Leasing liabilities	37.3	48.7	39.0
Liabilities to shareholders <sup>1)</sup>	-	35.0	-
Retirement benefit obligations	18.9	13.2	17.4
Deferred tax liabilities	11.0	11.2	11.0
Provisions	2.8	3.1	2.7
Other non-current liabilities	0.5	0.5	0.5
<b>Total non-current liabilities</b>	<b>98.0</b>	<b>147.3</b>	<b>98.4</b>
<b>Current liabilities</b>			
Debt	88.3	84.5	62.1
Leasing liabilities	19.8	24.0	21.8
Liabilities to shareholders <sup>1)</sup>	35.0	-	35.0
Provisions	6.6	13.6	7.5
Advances received	27.1	32.9	32.2
Trade and other payables	193.6	194.0	197.4
<b>Total current liabilities</b>	<b>370.5</b>	<b>349.0</b>	<b>356.0</b>
Liabilities associated with assets held for sale <sup>2)</sup>	-	-	3.8
<b>Total liabilities</b>	<b>468.5</b>	<b>496.3</b>	<b>458.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>688.9</b>	<b>719.4</b>	<b>677.3</b>

1) Refers to selling shareholders at the time of the listing on 6 February 2015.

2) Assets held for sale include German high voltage business on 31 December 2020.

**Condensed consolidated statement of cash flows**

EUR million	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Cash flow from operating activities</b>			
Operating result (EBIT)	3.5	20.8	24.8
Adjustments:			
Depreciation and amortisation	16.7	19.2	38.2
Gain/loss on sales of assets and business <sup>1)</sup>	-0.1	-20.6	-14.7
Defined benefit pension plans	-1.9	-1.8	-3.0
Other non-cash adjustments	-0.3	-0.3	1.4
Cash flow from operations before interests, taxes and changes in working capital	17.9	17.4	46.7
Interest and other financial expenses paid, net	-2.1	-5.1	-10.4
Income taxes received/paid	-2.8	-1.0	-3.5
Total financial expenses and taxes	-4.9	-6.2	-13.9
Changes in working capital:			
Trade and other receivables	-11.5	10.4	24.9
Trade and other payables	-5.5	-7.7	-10.4
Inventories	-0.1	0.4	2.1
Changes in working capital	-17.2	3.2	16.6
<b>Net cash from operating activities</b>	<b>-4.2</b>	<b>14.4</b>	<b>49.4</b>
<b>Cash flow from investing activities</b>			
Purchases of property, plant and equipment (PPE), net	-1.5	-3.1	-4.4
Disposal of business, net of cash disposed of <sup>1)</sup>	-3.8	37.9	37.9
<b>Net cash from investing activities</b>	<b>-5.3</b>	<b>34.8</b>	<b>33.5</b>
<b>Cash flow from financing activities</b>			
Proceeds from short-term financial liabilities	26.0	17.8	38.4
Payments of short-term borrowings	-	-71.1	-87.4
Payments of financial liabilities	-	-9.9	-46.1
Payments of lease liabilities	-12.3	-13.4	-26.2
Dividends to non-controlling interest	-	-	-0.6
Change in non-liquid financial assets	-0.6	0.9	0.2
<b>Net cash from financing activities</b>	<b>13.1</b>	<b>-75.8</b>	<b>-121.6</b>
<b>Net change in cash and cash equivalents</b>	<b>3.6</b>	<b>-26.6</b>	<b>-38.7</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>26.0</b>	<b>65.2</b>	<b>65.2</b>
Foreign exchange rate effect	0.4	-1.4	-0.6
<b>Cash and cash equivalents at end of period</b>	<b>30.0</b>	<b>37.2</b>	<b>26.0</b>

1) EBIT includes EUR 20.4 million gain from divestment of the German communication business and business area Aviation & Security in Q2 2020 and EUR 5.7 million loss from valuation of the German high voltage business as held for sale in Q4 2020. Divestments had EUR 37.9 million impact in Q2 2020 and EUR -3.8 million in Q2 2021.

## 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 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	-	-	-1.2	0.8	0.0	1.5	1.1	0.1	1.2
Transactions with owners:									
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Total transaction with owners	-	-	0.0	-	-	-	0.0	-	0.0
Equity at 30 Jun 2021	158.8	490.6	-371.7	-40.8	10.6	-34.7	212.8	7.6	220.4

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 2020	158.8	490.6	-375.4	-36.7	11.4	-35.7	213.1	7.6	220.7
Total comprehensive income for the period	-	-	9.3	-0.3	0.9	-7.4	2.5	-0.1	2.4
Transactions with owners:									
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Total transaction with owners	-	-	0.0	-	-	-	0.0	-	0.0
Equity at 30 Jun 2020	158.8	490.6	-366.0	-37.0	12.3	-43.1	215.7	7.5	223.1

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 2020	158.8	490.6	-375.4	-36.7	11.4	-35.7	213.1	7.6	220.7
Total comprehensive income for the period	-	-	4.7	-4.8	-0.8	-0.6	-1.5	0.6	-0.9
Transactions with owners:									
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.6	-0.6
Total transaction with owners	-	-	0.0	-	-	-	0.0	-0.6	-0.6
Equity at 31 Dec 2020	158.8	490.6	-370.6	-41.5	10.6	-36.3	211.7	7.5	219.2

# 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 2020. The new IFRS standards and amendments effective for the first time for 2021 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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020	Rolling 12-mon
Net sales	210.4	245.5	392.4	482.1	938.0	848.3
Net sales growth, %	-14.3	-11.1	-18.6	-8.5	-13.8	-18.6
Operative EBITA	4.4	2.8	3.7	0.8	11.4	14.4
Operative EBITA margin, %	2.1	1.2	1.0	0.2	1.2	1.7
Items affecting comparability	-0.1	20.4	-0.1	20.4	14.1	-6.4
EBITDA	12.7	32.7	20.2	40.0	63.0	43.1
Operating result (EBIT)	4.3	23.1	3.5	20.8	24.8	7.5
EBIT margin, %	2.0	9.4	0.9	4.3	2.6	0.9
Result after financial items	3.0	20.0	0.9	15.8	14.9	0.0
Net result for the period	1.6	14.0	-1.0	9.2	5.3	-5.0
Earnings per share EUR, basic and diluted	0.01	0.09	-0.01	0.06	0.03	-0.04
Return on equity (ROE), % <sup>1)</sup>	-2.2	-2.8	-2.2	-2.8	2.4	-2.2
Return on operative capital employed (ROCE), % <sup>1)</sup>	16.8	-7.0	16.8	-7.0	13.0	16.8
Leverage ratio <sup>1)</sup>	3.3	3.1	3.3	3.1	2.0	3.3
Net working capital	-7.1	-12.6	-7.1	-12.6	-25.1	-7.1
Number of personnel, end of period	5,202	6,215	5,202	6,215	5,449	5,202

### Quarterly key figures

EUR million	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020
Net sales	210.4	182.0	229.2	226.7	245.5	236.6
Net sales growth, %	-14.3	-23.1	-17.8	-19.6	-11.1	-5.7
Operative EBITA	4.4	-0.7	4.0	6.7	2.8	-2.1
Operative EBITA margin, %	2.1	-0.4	1.7	2.9	1.2	-0.9
Items affecting comparability	-0.1	-	-5.7	-0.7	20.4	-
EBITDA	12.7	7.5	7.3	15.6	32.7	7.3
Operating result (EBIT)	4.3	-0.8	-1.9	5.8	23.1	-2.2
EBIT margin, %	2.0	-0.4	-0.8	2.6	9.4	-0.9
Result after financial items	3.0	-2.1	-4.3	3.5	20.0	-4.2
Net result for the period	1.6	-2.7	-7.0	3.1	14.0	-4.8
Earnings per share EUR, basic and diluted	0.01	-0.02	-0.05	0.02	0.09	-0.03
Return on equity (ROE), % <sup>1)</sup>	-2.2	3.5	2.4	0.2	-2.8	-10.1
Return on operative capital employed (ROCE), % <sup>1)</sup>	16.8	13.5	13.0	-4.9	-7.0	-6.6
Leverage ratio <sup>1)</sup>	3.3	2.3	2.0	3.4	3.1	6.9
Net working capital	-7.1	-4.8	-25.1	17.3	-12.6	0.5
Number of personnel, end of period	5,202	5,330	5,449	6,012	6,215	6,652

<sup>1)</sup> Calculated on a rolling 12-month basis.  
Please see page 24 for definitions of the key ratios.

## Net sales by segment

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Finland	79.8	78.3	140.6	137.1	300.2
Sweden	44.6	59.7	85.7	122.8	224.5
Norway	42.1	46.9	76.0	93.9	177.7
Denmark	24.6	28.7	50.8	62.5	118.1
Other business <sup>1)</sup>	21.6	34.0	43.0	70.5	127.5
Eliminations between segments	-2.3	-2.2	-3.7	-4.8	-10.1
<b>Net sales, total</b>	<b>210.4</b>	<b>245.5</b>	<b>392.4</b>	<b>482.1</b>	<b>938.0</b>

1) Other business includes operations in High Voltage, Smart Grids Germany, Lithuania as well as Power Transmission International and Rail businesses that are under ramp down. The German communication business was included in Other business until its divestment in Q2 2020.

## Net sales by segment divided to communication and power

EUR million		Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
<b>Finland</b>	Communication	28.4	24.4	49.1	42.8	102.5
	Power	51.4	53.9	91.5	94.4	197.8
<b>Sweden</b>	Communication	40.1	55.1	77.2	112.7	204.2
	Power	4.5	4.6	8.5	10.1	20.3
<b>Norway</b>	Communication	42.0	46.8	75.8	93.5	177.2
	Power	0.1	0.1	0.2	0.4	0.5
<b>Denmark</b>	Communication	19.3	23.1	38.2	51.8	96.2
	Power	5.4	5.6	12.6	10.6	21.9
<b>Other business</b>	Communication	2.7	5.4	6.1	16.2	23.4
	Power	17.2	22.2	34.3	45.6	90.8
	Other operations	1.7	6.4	2.6	8.8	13.3
Eliminations between segments		-2.3	-2.2	-3.7	-4.8	-10.1
<b>Net sales, total</b>		<b>210.4</b>	<b>245.5</b>	<b>392.4</b>	<b>482.1</b>	<b>938.0</b>

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 country segments.

## Net sales by business

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Communication	130.5	152.8	243.3	312.9	594.9
Power	78.2	86.3	146.5	160.4	329.8
Other operations	1.7	6.4	2.6	8.8	13.3
<b>Net sales, total</b>	<b>210.4</b>	<b>245.5</b>	<b>392.4</b>	<b>482.1</b>	<b>938.0</b>

## Net sales by service split

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Project delivery	36.2	54.6	73.4	103.5	201.9
Upgrade services	120.3	135.8	217.3	261.2	495.9
Maintenance	53.9	55.1	101.7	117.3	240.2
<b>Net sales, total</b>	<b>210.4</b>	<b>245.5</b>	<b>392.4</b>	<b>482.1</b>	<b>938.0</b>

## Reconciliation of segment results

EUR million	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Operative EBITA by segment					
Finland	3.1	0.2	3.8	-0.6	7.2
Sweden	-1.6	-1.0	-2.4	-0.5	-3.7
Norway	2.7	4.1	3.9	6.1	14.3
Denmark	2.6	1.4	3.9	3.2	5.0
Other business	-0.5	-0.1	-1.4	-2.4	-3.3
Group functions	-1.9	-1.7	-4.1	-5.1	-8.1
Operative EBITA, Group	4.4	2.8	3.7	0.8	11.4
Gain on sale of business	-	20.4	-	20.4	19.8
Valuation as held for sale	-0.1	-	-0.1	-	-5.7
Total items affecting comparability in EBITA <sup>1)</sup>	-0.1	20.4	-0.1	20.4	14.1
Amortisation of acquisition-related intangible asset	-0.1	-0.2	-0.1	-0.4	-0.7
Operating result (EBIT)	4.3	23.1	3.5	20.8	24.8
Financial expenses, net	-1.3	-3.1	-2.6	-5.0	-9.8
<b>Result before taxes</b>	<b>3.0</b>	<b>20.0</b>	<b>0.9</b>	<b>15.8</b>	<b>14.9</b>

1) In 2020, items affecting comparability in EBITA include EUR 20.4 million positive impact from divestment of the German communication business and business area Aviation & Security and EUR -0.7 million from divestment of Eltel's share in Murphy Eltel JV Limited. Sale of German high voltage business had EUR -5.7 million impact from valuation as held for sale in Q4 2020 and EUR -0.1 million impact at completion in Q2 2021.

## Net working capital and operative capital employed

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Inventories	12.2	13.8	12.1
Trade and other receivables	215.6	214.4	201.7
Provisions	-9.4	-16.7	-10.2
Advances received	-27.1	-32.9	-32.2
Trade and other payables	-193.6	-194.0	-197.4
Other	-4.9	2.8	0.9
<b>Net working capital</b>	<b>-7.1</b>	<b>-12.6</b>	<b>-25.1</b>
Intangible assets excluding acquisition-related allocations	13.5	11.4	10.4
Property, plant and equipment	14.0	25.3	20.0
Right-of-use assets	55.9	71.3	59.2
<b>Operative capital employed</b>	<b>76.2</b>	<b>95.3</b>	<b>64.5</b>

Assets and liabilities held for sale are not included: On 31 December 2020 German high voltage business.

## Personnel by segment

	30 Jun 2021	30 Jun 2020	31 Dec 2020
Finland	1,503	1,474	1,470
Sweden	942	1,304	1,003
Norway	917	1,008	943
Denmark	611	631	637
Other business	1,072	1,631	1,235
Group functions	157	167	161
<b>Total personnel (end of period)</b>	<b>5,202</b>	<b>6,215</b>	<b>5,449</b>

## Contract balances

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Trade receivables	95.1	93.6	98.8
Contract assets	99.3	96.2	85.1
<b>Total assets related to contracts with customers</b>	<b>194.4</b>	<b>189.8</b>	<b>183.9</b>
Advances received	27.1	32.9	32.2
<b>Total liabilities related to contracts with customers</b>	<b>27.1</b>	<b>32.9</b>	<b>32.2</b>

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

## Acquisitions, disposals and assets held for sale

### January–June 2021

During January-June 2021 there were no acquisitions.

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 classified its German high voltage business as assets held for sale at the end of 2020 and the revaluation had EUR -5.7 million impact on Group EBIT in Q4 2020. Eltel has as part of the divestment engaged ENACO as a subcontractor for the completion of certain projects, which are expected to be completed during 2021 and 2022.

### Full year 2020

During January-June 2020 there were no acquisitions.

In 2020 the following divestments were completed:

On 30 April 2020, Eltel divested its German Communication business. The total consideration of the transaction was EUR 19.0 million, positive cash flow impact amounted to EUR 19.0 million and sales gain impact was EUR 13.7 million on Group EBIT in Q2 2020.

On 30 April 2020, Eltel divested its Swedish business area Aviation & Security. The total consideration of the transaction was EUR 18.2 million, positive cash flow impact amounted to EUR 18.9 million and sales gain impact was EUR 6.7 million on Group EBIT in Q2 2020.

On 18 December 2020, Eltel sold its 50% share in the Murphy Eltel JV Limited in the UK. In Q3 2020, Eltel classified its share in Murphy Eltel JV Limited as held for sale and the revaluation had EUR -0.7 million impact on Group EBIT.

At the end of Q4 2020 Eltel classified its German high voltage business as assets held for sale. The assets were revalued to fair value less cost to sell and the revaluation had EUR -5.7 million impact on Group EBIT.

### Assets and liabilities held for sale

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>Assets</b>			
Goodwill and other intangible assets	-	-	0.0
Property, plant and equipment	-	-	0.0
Right-of-use assets	-	-	0.0
Trade receivables and other assets	-	-	0.0
<b>Total assets held for sale</b>	-	-	<b>0.0</b>
<b>Liabilities</b>			
Leasing liabilities	-	-	0.0
Advances received	-	-	-
Trade and other liabilities	-	-	3.8
<b>Total liabilities held for sale</b>	-	-	<b>3.8</b>



## Leasing

### Right-of-use assets

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Buildings	31.8	36.0	32.0
Machinery and equipment	24.1	35.3	27.2
<b>Total</b>	<b>55.9</b>	<b>71.3</b>	<b>59.2</b>

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

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
1 Jan	59.2	77.4	77.4
Additions	10.7	12.2	13.6
Depreciations	-11.9	-13.8	-26.7
Transfer to assets held for sale	-	-	-1.3
Divestments	0.0	-3.8	-3.8
Translation differences	-2.1	-0.8	0.0
<b>Balance at the end of period</b>	<b>55.9</b>	<b>71.3</b>	<b>59.2</b>

### Leasing liabilities

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Non-current	37.3	48.7	39.0
Current	19.8	24.1	21.8
<b>Total</b>	<b>57.2</b>	<b>72.8</b>	<b>60.8</b>

### Deferred taxes

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
Deferred tax assets	18.5	21.8	19.1
Deferred tax liabilities	-11.0	-11.2	-11.0
Sum	7.6	10.6	8.2

There were no changes in deferred tax assets for losses carried forward in Q1 or Q2 2021. In December 2020, gross amount of EUR 13.0 million (17.0) was recognised, of which EUR 6.0 million (10.0) related to operations in Sweden. Deferred tax assets are recognised for tax loss carry forwards to the extent that the utilisation against future taxable profits is probable. The future taxable profit estimate is based on current business plans approved by management.

## Financial instruments

Derivative financial instruments	30 Jun 2021		30 Jun 2020		31 Dec 2020	
	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Foreign exchange rate derivatives	33.9	0.1	45.2	-0.1	30.9	0.3
Embedded derivatives	1.4	-0.2	9.0	-0.1	1.3	-0.2
Commodity derivatives	-	-	0.1	0.0 <sup>1)</sup>	-	-
<b>Total</b>	<b>35.3</b>	<b>-0.1</b>	<b>54.2</b>	<b>-0.2</b>	<b>32.2</b>	<b>0.0</b>

Designated as cash flow hedge <sup>1)</sup> EUR -0.0 million. 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

	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net result attributable to equity holders of the parent	1.4	13.9	-1.2	9.3	4.7
Weighted average number of common shares, basic	156,649,081	156,649,081	156,649,081	156,649,081	156,649,081
Weighted average number of common shares, diluted	156,727,864	156,688,907	156,725,113	156,679,352	156,693,645
Earnings per share EUR, basic	0.01	0.09	-0.01	0.06	0.03
Earnings per share EUR, diluted	0.01	0.09	-0.01	0.06	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

<b>Earnings per share (EPS)</b>	$\frac{\text{Net result attributable to equity holders of the parent}}{\text{Weighted average number of ordinary shares}}$
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### Alternative performance measures (APMs)

<b>Operative EBITA</b>	Operating result before acquisition-related amortisations and items affecting comparability
<b>Operative EBITA margin, %</b>	$\frac{\text{Operative EBITA}}{\text{Net sales}}$
<b>Items affecting comparability</b>	Items for specific events which management does not consider to form part of the ongoing operative business
<b>EBIT margin, %</b>	$\frac{\text{EBIT}}{\text{Net sales}}$
<b>Operative cash flow</b>	EBIT + depreciation and amortisation + change in net working capital – net purchase of PPE (capex)
<b>Equity ratio, %</b>	$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$
<b>Net debt</b>	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents
<b>Net debt, financing agreement</b>	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents - IFRS 16 leasing liabilities
<b>Net working capital</b>	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.
<b>Operative capital employed</b>	Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant, equipment and Right-of-use assets
<b>Return on operative capital employed (ROCE), %<sup>1)</sup></b>	$\frac{\text{Operative EBITA} \times 100}{\text{Operative capital employed (average over the reporting period)}}$
<b>Return on equity (ROE), %<sup>1)</sup></b>	$\frac{\text{Net result} \times 100}{\text{Total equity (average over the reporting period)}}$
<b>Leverage<sup>1)</sup></b>	$\frac{\text{Net debt}}{\text{EBITDA}}$

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	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net sales	1.1	0.8	1.1	0.8	2.6
Administrative expenses	-2.5	-1.9	-3.5	-4.0	-8.4
<b>Operating result</b>	<b>-1.4</b>	<b>-1.2</b>	<b>-2.4</b>	<b>-3.2</b>	<b>-5.9</b>
Interest and other financial income	5.6	5.8	11.1	11.5	23.0
Interest and other financial expenses	-0.8	-0.5	-1.7	-1.1	-3.9
Net financial items	4.8	5.2	9.4	10.4	19.1
<b>Result after financial items</b>	<b>3.4</b>	<b>4.0</b>	<b>7.0</b>	<b>7.2</b>	<b>13.2</b>
Group contributions given	-	-	-	-	-12.0
Taxes	-	-	-	-0.4	-0.4
<b>Net result</b>	<b>3.4</b>	<b>4.0</b>	<b>7.0</b>	<b>6.8</b>	<b>0.9</b>

### Parent Company condensed balance sheet

EUR million	30 Jun 2021	30 Jun 2020	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial assets			
Shares in Group companies	68.3	68.3	68.3
Long-term loans receivable from Group companies	492.3	494.6	493.3
Other financial asset	-	35.0	-
Intangible assets	0.1	0.1	0.1
<b>Non-current assets</b>	<b>560.7</b>	<b>598.0</b>	<b>561.7</b>
<b>Current assets</b>			
Other financial asset	35.0	-	35.0
Trade and other receivables	1.5	1.1	2.1
Cash pool receivable	0.1	-	0.2
Cash and cash equivalents	0.1	0.2	0.1
<b>Current assets</b>	<b>36.7</b>	<b>1.2</b>	<b>37.4</b>
<b>TOTAL ASSETS</b>	<b>597.3</b>	<b>599.3</b>	<b>599.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	158.8	158.8	158.8
Statutory reserve	0.5	0.5	0.5
<b>Restricted equity</b>	<b>159.3</b>	<b>159.3</b>	<b>159.3</b>
<b>Non-restricted equity</b>			
Retained earnings	285.8	284.9	284.9
Net result for the period	7.0	6.8	0.9
<b>Non-restricted equity</b>	<b>292.7</b>	<b>291.7</b>	<b>285.7</b>
<b>Total equity</b>	<b>452.0</b>	<b>450.9</b>	<b>445.0</b>
<b>Non-current liabilities</b>			
Liabilities to shareholders	-	35.0	-
<b>Non-current liabilities</b>	<b>-</b>	<b>35.0</b>	<b>-</b>
<b>Current liabilities</b>			
Debt	78.2	47.9	52.2
Liabilities to shareholders	35.0	-	35.0
Liabilities to Group companies	31.3	64.4	65.7
Trade and other payables	0.8	1.0	1.2
<b>Current liabilities</b>	<b>145.3</b>	<b>113.3</b>	<b>154.0</b>
<b>Total liabilities</b>	<b>145.3</b>	<b>148.3</b>	<b>154.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>597.3</b>	<b>599.3</b>	<b>599.1</b>

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

Retained earnings include EUR 0.0 million of equity-settled share-based payments at 30 June 2021.



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