Eltel Group

Interim report January–September 2023

Stockholm, Sweden, 2 November 2023

July–September 2023

- Net sales EUR 213.4 million (207.0). Total growth 3.1% and organic growth[1)] in segments 8.3%
- Adjusted EBITDA EUR 13.6 million (11.5)
- Adjusted EBITA[2)] EUR 5.9 million (4.1) and adjusted EBITA margin 2.8% (2.0)
- Adjusted EBITA[2)] in segments EUR 6.8 million (6.6) and adjusted EBITA margin in segments 3.5% (3.6)
- Items affecting comparability EUR -0.9 million (0.0)
- Operating result (EBIT) EUR 5.0 million (4.1) and EBIT margin 2.3% (2.0)
- Net result EUR 1.8 million (-0.3)
- Earnings per share EUR 0.00 (-0.00), basic and diluted
- Cash flow from operating activities EUR 20.2 million (-30.6)

January–September 2023

- Net sales EUR 609.9 million (599.6). Total growth 1.7% and organic growth[1)] in segments 8.0%
- Adjusted EBITDA EUR 21.6 million (24.5)
- Adjusted EBITA[2)] EUR -1.1 million (2.1) and adjusted EBITA margin -0.2% (0.4)
- Adjusted EBITA[2)] in segments EUR 6.8 million (11.7) and adjusted EBITA margin in segments 1.2% (2.2)
- Items affecting comparability EUR -7.1 million (0.0)
- Operating result (EBIT) EUR -8.2 million (2.0) and EBIT margin -1.3% (0.3)
- Net result EUR -17.9 million (-7.3)
- Earnings per share EUR -0.13 (-0.05), basic and diluted
- Cash flow from operating activities EUR -5.7 million (-30.6)
- Net debt EUR 133.4 million (166.1)

Significant events during the reporting period

- During the third quarter, Eltel signed contracts with a combined value of about EUR 171 million (406). Read more on page 13.
- On 20 July, it was announced that Eltel Finland signed an agreement with Fingrid. The contract is worth about EUR 19 million.
- On 22 August, it was announced that Eltel and Kempower have entered into an agreement to a value of EUR 15 million, until the end of 2025. Eltel will issue separate purchase orders annually.
- On 28 August, it was announced that Eltel Finland has entered into a one-year extension of an agreement with Telia Finland. The agreement is worth about EUR 30 million.
- On 26 September, it was announced that Eltel Sweden and the Swedish Defense Materiel Works, FMV, have signed a frame agreement. Estimated value of the three-year agreement is about SEK 320 million, EUR 27 million.
- On 29 September, it was announced that Eltel Finland has signed an agreement with Fingrid. The contract is worth about EUR 23 million.

Key figures

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	213.4	207.0	609.9	599.6	823.6
Net sales growth, %	3.1%	6.8%	1.7%	2.3%	1.4%
Adjusted EBITDA	13.6	11.5	21.6	24.5	27.8
Adjusted EBITA[2)]	5.9	4.1	-1.1	2.1	-1.9
Adjusted EBITA margin, %	2.8%	2.0%	-0.2%	0.4%	-0.2%
Adjusted EBITA[2)], segments	6.8	6.6	6.8	11.7	9.9
Adjusted EBITA margin, %, segments	3.5%	3.6%	1.2%	2.2%	1.4%
Operating result (EBIT)	5.0	4.1	-8.2	2.0	-2.0
Return on operative capital employed (ROCE), %	-7.1%	10.2%	-7.1%	10.2%	-3.5%
Net working capital	-15.5	26.3	-15.5	26.3	-21.0
Net debt	133.4	166.1	133.4	166.1	125.5
Number of employees, average	5,004	5,053	5,049	5,045	5,053

1) Organic growth is adjusted for currency effects.
2) Eltel follows the profitability of segments with adjusted EBITA, which does not include restructuring costs and other items affecting comparability. Eltel has changed its terminology since Q1 2023 from operative EBITA to adjusted EBITA for the purpose of additional clarity and alignment with market practice. Please see pages 25–26 for definitions of the key ratios.

Comments by the CEO

The third quarter was strong and stood out as one of our best in recent history. Not only did we maintain the strong growth, but all our country units, including High Voltage Poland, contributed to the positive result. The result was an important step toward sustainable profitability, a step to be followed by many more.

The positive net sales trend we witnessed earlier this year continued into the third quarter. Our intensified sales efforts have consistently driven volumes, leading to an 8.3% organic growth in the segments and a 6.8% increase in local currency for the Group. Like before, the demand for our services remained and we secured new contracts worth about EUR 171 million. The sustained momentum of growing net sales year-over-year reaffirms our ability to secure new business on improved terms and at increased prices.

The third quarter, traditionally our peak in terms of profitability, resulted in adjusted EBITA of EUR 5.9 million (4.1), clearly exceeding the previous year, and even more so compared with the first half of 2023. Key drivers behind this development include our higher pricing ambitions, price negotiations and indexing, as well as the effects of the restructuring and cost-saving program we implemented at the beginning of the year.

In Finland, market demand continues to be strong overall with some fluctuation between business areas. In our classic business, the Communication business performed particularly strong. During the quarter we also built the order book within Power Transmission, which will contribute to continued growth. Still, we are facing challenges in two Power Services agreements, but we are actively working on mitigating actions.

Sweden enjoyed its eighth consecutive quarter of growth year-over-year, and has been profitable for five straight quarters. The operations within Smart Grid and Fiber delivered a solid result, and we also built the orderbook in public infrastructure.

Like in previous quarters, Denmark continued to perform well, with a substantial increase in net sales and improved margins. This positive outcome reflects the country unit’s ability to drive growth from existing contracts as well as from new wins and success in increasing prices.

As seen throughout the year, net sales in Norway declined, primarily due to reduced customer investments in fiber. This dip in volume resulted in overcapacity, which negatively impacted profitability. In response, we implemented a second cost-saving program. This new program is projected to provide annual savings of EUR 2.3 million, and it came with a restructuring cost of EUR 0.9 million. Measures from this program included, among others, reducing our workforce by about 60 full-time employees. On the positive side, we see the beneficial effects from the first cost-saving program, implemented in Q1, and indications suggest that volumes in Norway are stabilizing, even if it is at a lower level than before.

I am pleased that High Voltage Poland showed profitability improvement during the quarter. This proves that our strategy to reduce risks by narrowing the scope of the business is paying off. This is a promising development, but we are aware of the complex challenges in the Polish market.

The powerful megatrends of electrification and digitalization continue to shape our market, and we increasingly see new opportunities emerging. We are accelerating the development and implementing new businesses in the green transition, particularly in solar PV and e-Mobility. We are currently involved in multiple tendering processes, and this week, ground works begin at our first utility-scale solar farm project in Finland. We have also signed several contracts in e-Mobility, including a notable Nordic agreement with Kempower.

During the quarter, we observed heightened sustainability expectations from our customers. Eltel welcomes this trend, as we see it as a potential competitive advantage. An increasing number of customers are asking about our commitments and inviting us to discuss collaborative initiatives. Together with our customers, we are contributing to a sustainable future.

Håkan Dahlström, President & CEO

About Eltel and the Group strategy

Eltel in brief

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

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

Our strategy – towards sustainable profitable growth

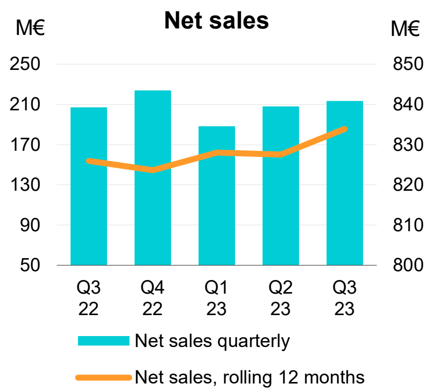
Through our strategy, we build the foundation for investing in sustainable profitable growth. This involves:

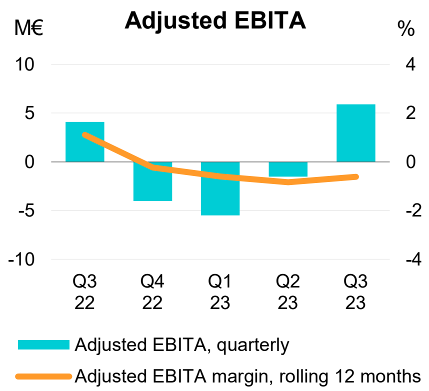
- Improve efficiency and profitability of the current business, including price increases
- Broaden the customer base
- Grow in new and adjacent markets, such as renewable energy and public infrastructure
- Integrate sustainability as part of our offerings and operations
- Develop our concepts and commercial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

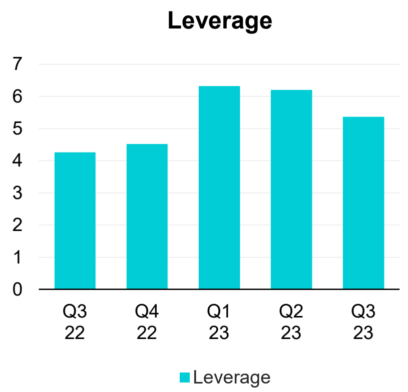
The strategy will enable Eltel to continue to develop, grow and invest in order to ensure long-term value creation for the company, its shareholders and society at large.

Eltel's financial targets by end of 2025

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







See pages 25–26 for definitions of the key ratios.

Net sales and earnings Group

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	213.4	207.0	609.9	599.6	823.6
Adjusted EBITDA	13.6	11.5	21.6	24.5	27.8
Adjusted EBITA	5.9	4.1	-1.1	2.1	-1.9
Items affecting comparability	-0.9	-	-7.1	-	-
EBIT	5.0	4.1	-8.2	2.0	-2.0
Net result	1.8	-0.3	-17.9	-7.3	-14.9
Key ratios					
Net sales growth, %	3.1%	6.8%	1.7%	2.3%	1.4%
Organic growth[1], % in segments	8.3%	7.1%	8.0%	1.5%	1.8%
Currency translation effect in net sales, MEUR	-7.7	-1.8	-25.6	-3.1	-9.3
Adjusted EBITA margin, %	2.8%	2.0%	-0.2%	0.4%	-0.2%
Tax rate, %	6.0%	113.1%	-4.4%	-104.8%	-30.5%
Earnings per share after dilution, EUR	0.00	-0.00	-0.13	-0.05	-0.10

1) Organic growth is adjusted for currency effects.

July–September 2023

Net sales increased by 3.1% to EUR 213.4 million (207.0). In local currency, net sales grew by 6.8%. Currency effects had a negative impact of EUR 7.7 million. In segments net sales increased by EUR 7.0 million. Organic net sales in segments, adjusted for currency effects, increased by 8.3%. Growth came from Finland, Denmark and Sweden. In Norway net sales declined.

Adjusted EBITDA was EUR 13.6 million (11.5). Adjusted EBITA increased to EUR 5.9 million (4.1) and the adjusted EBITA margin was 2.8% (2.0). Adjusted EBITA in segments was EUR 6.8 million (6.6) and the margin was 3.5% (3.6). In Other business, adjusted EBITA was EUR 0.3 million (-1.8). Improvement came from High Voltage Poland.

Items affecting comparability comprised a restructuring charge that amounted to EUR -0.9 million (0.0). During the first half of the year, customer investments in Norway declined further than foreseen when implementing a restructuring and cost-saving program in Q1 2023. Therefore, a second program was initiated and included reduction in the workforce by 60 full-time employees, termination and wind down of a customer agreement, closing parts of a selected office and reducing the number of vehicles to adjust to the needs of the current operations.

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

EBIT amounted to EUR 5.0 million (4.1).

Net financial expenses increased to EUR 3.1 million (2.1), mainly due to change in interest cost.

Tax costs amounted to EUR 0.1 million (2.2). The effective tax rate was 6.0% (113.1).

Net result for the period was EUR 1.8 million (-0.3). Earnings per share were EUR 0.00 (-0.00).

January–September 2023

Net sales increased by 1.7% to EUR 609.9 million (599.6). In local currency, net sales grew by 6.0%. Currency effects had a negative impact of EUR 25.6 million. In segments net sales increased by EUR 16.2 million. Organic net sales in segments, adjusted for currency effects, increased by 8.0%. The growth was driven by increased volumes in Finland, Denmark and Sweden. In Norway and in Other business net sales decreased.

Adjusted EBITDA was EUR 21.6 million (24.5). Adjusted EBITA decreased to EUR -1.1 million (2.1) and the adjusted EBITA margin was -0.2% (0.4). Adjusted EBITA in segments was EUR 6.8 million (11.7) and the margin was 1.2% (2.2). Improvements in Denmark and Sweden were offset by Norway and Finland. In Other business, adjusted EBITA was EUR -1.5 million (-4.2). The improvement was mainly coming from High Voltage Poland.

Items affecting comparability comprised a restructuring charge that amounted to EUR 7.1 million (0.0). Following reductions in customer investments in Norway and result deterioration both in Norway and Finland starting in Q4 2022, two restructuring and cost-saving programs have been implemented, in Q1 and Q3. The restructurings included a total reduction in the workforce by approximately 225 full-time employees, termination and wind down of certain customer agreements, closing of selected locations and reducing fleet to adjust to the needs of the current operations.

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

EBIT amounted to EUR -8.2 million (2.0).

Net financial expenses amounted to EUR 9.0 million (5.6), mainly due to change in interest cost.

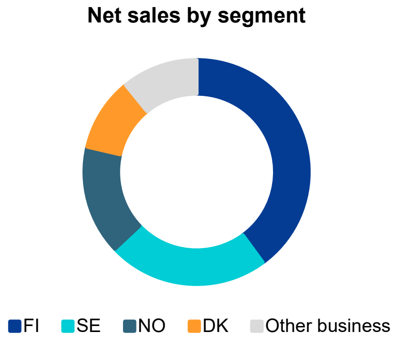
Tax costs amounted to EUR 0.8 million (3.7). No deferred tax assets were booked for countries with losses in the period. The effective tax rate was -4.4% (-104.8).

Net result for the period was EUR -17.9 million (-7.3). Earnings per share were EUR -0.13 (-0.05).

Overview of segments

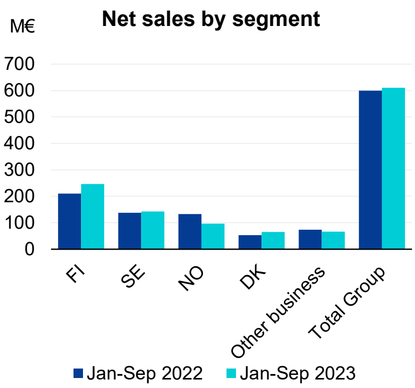
Net sales

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Finland	96.6	79.1	246.2	209.8	290.1
Sweden	42.2	44.0	141.9	137.3	193.8
Norway	31.6	44.3	96.3	132.5	176.8
Denmark	21.6	17.8	64.9	53.4	74.3
Sum segments	**192.1**	**185.1**	**549.2**	**533.0**	**735.0**
Other business	23.8	24.6	66.8	73.8	99.4
Eliminations	-2.5	-2.7	-6.1	-7.2	-10.8
Total net sales	**213.4**	**207.0**	**609.9**	**599.6**	**823.6**



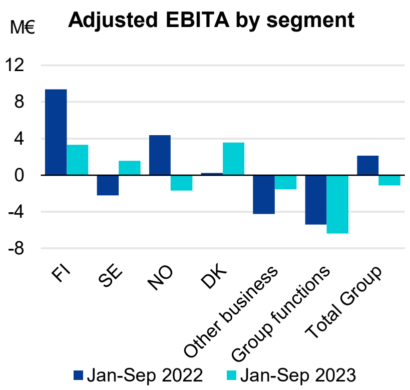
Adjusted EBITA

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Finland	4.8	4.9	3.3	9.4	8.2
Sweden	0.2	0.0	1.6	-2.2	-1.0
Norway	0.7	1.6	-1.7	4.4	2.1
Denmark	1.1	0.1	3.6	0.2	0.6
Sum segments	**6.8**	**6.6**	6.8	**11.7**	**9.9**
Other business	0.3	-1.8	-1.5	-4.2	-4.0
Group functions	-1.2	-0.8	-6.4	-5.4	-7.8
Total adjusted EBITA	**5.9**	**4.1**	-1.1	**2.1**	**-1.9**



Adjusted EBITA margin

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Finland	5.0%	6.2%	1.4%	4.5%	2.8%
Sweden	0.4%	0.0%	1.1%	-1.6%	-0.5%
Norway	2.3%	3.7%	-1.7%	3.3%	1.2%
Denmark	5.2%	0.7%	5.5%	0.5%	0.9%
Sum segments	**3.5%**	**3.6%**	**1.2%**	**2.2%**	**1.4%**
Other business	1.4%	-7.1%	-2.3%	-5.7%	-4.0%
Total adjusted EBITA margin, %	**2.8%**	**2.0%**	**-0.2%**	**0.4%**	**-0.2%**



Eltel's main operations in the four Nordic countries are presented as segments. In Q3 2023, the segments represented 90% of the net sales.

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

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

Net sales and adjusted EBITA – Segments

Finland

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	96.6	79.1	246.2	209.8	290.1
Adjusted EBITA[1)]	4.8	4.9	3.3	9.4	8.2
Number of employees, average	1,510	1,495	1,500	1,497	1,498
Key ratios					
Net sales growth, %	22.2%	1.5%	17.3%	-4.0%	-3.2%
Adjusted EBITA margin, %	5.0%	6.2%	1.4%	4.5%	2.8%

1) Excluding restructuring costs.

July–September 2023

Net sales increased by EUR 17.5 million, or 22.2%, to EUR 96.6 million (79.1). The significant growth was driven by a strong communication market, mainly fiber, and Power Transmission.

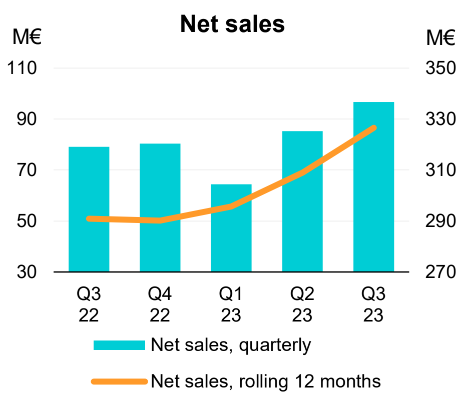
Adjusted EBITA decreased to EUR 4.8 million (4.9). The adjusted EBITA margin was 5.0% (6.2). Profitability in Communication was strong, and in Power Transmission good. However, increased costs and certain unfavorable agreements in Power Services partly offset the profitability.

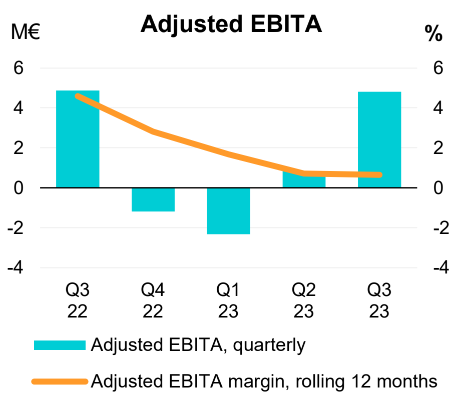
January–September 2023

Net sales increased by EUR 36.3 million, or 17.3%, to EUR 246.2 million (209.8) reflecting very strong demand on Communication, particularly fiber, as well as growth in Power Transmission.

Adjusted EBITA decreased to EUR 3.3 million (9.4). The adjusted EBITA margin was 1.4% (4.5). The profitability in Communication was strong but was partly offset by increased costs and certain unfavorable agreements in Power Services.

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





Major agreements in 2023

On 29 September, it was announced that Eltel Finland has signed an agreement with Fingrid, Finland's national transmission system operator, to build a 74 km long transmission line. The contract is worth about EUR 23 million.

On 28 August, it was announced that Eltel Finland has entered into a one-year extension of its ongoing delivery agreement with Telia Finland, covering fixed and mobile telecom services. The agreement is worth about EUR 30 million.

On 20 July, it was announced that Eltel Finland has signed an agreement with Fingrid, Finland's national transmission system operator, to build a 64 km long transmission line. The contract is worth about EUR 19 million.

On 3 May, it was announced that Eltel and the Finnish energy company Helen signed an agreement for the delivery of a large-scale solar park in Lohja, Finland. The contract is worth about EUR 3.1 million.

On 23 March, it was announced that Eltel Finland has signed a one-year continuation to its current agreement with the Finnish telecommunications company Elisa. The contract is worth about EUR 32 million.

Sweden

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	42.2	44.0	141.9	137.3	193.8
Adjusted EBITA	0.2	0.0	1.6	-2.2	-1.0
Number of employees, average	984	913	996	912	919
Key ratios					
Net sales growth, %	-4.0%	9.6%	3.4%	9.1%	6.4%
Organic growth[1)], %	5.5%	14.7%	12.7%	13.0%	11.6%
Currency translation effect in net sales, MEUR	-4.2	-2.1	-12.8	-5.0	-9.5
Adjusted EBITA margin, %	0.4%	0.0%	1.1%	-1.6%	-0.5%

1) Adjusted for currency effects.

July–September 2023

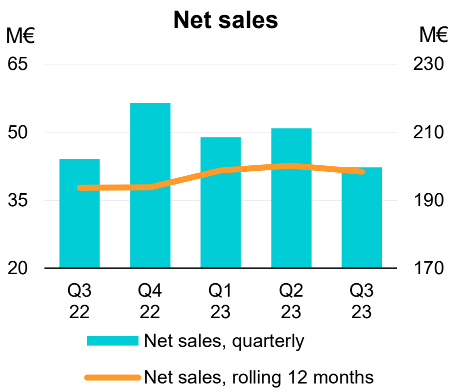
Net sales decreased by EUR 1.8 million, or 4.0%, to EUR 42.2 million (44.0). Currency effects had a negative impact of EUR 4.2 million. Growth in local currency was 5.5% marking the eight consecutive quarter of top-line growth year-on-year. The organic growth was driven by Smart Grid while volumes were stable in Communication.

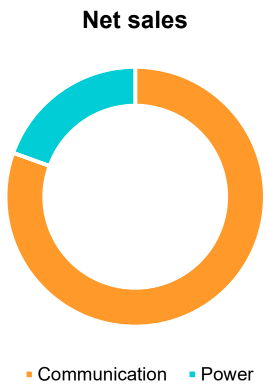
Adjusted EBITA improved to EUR 0.2 million (0.0). The adjusted EBITA margin was 0.4% (0.0). The increase was mainly attributed to higher volumes and improved project performance in Smart Grid.

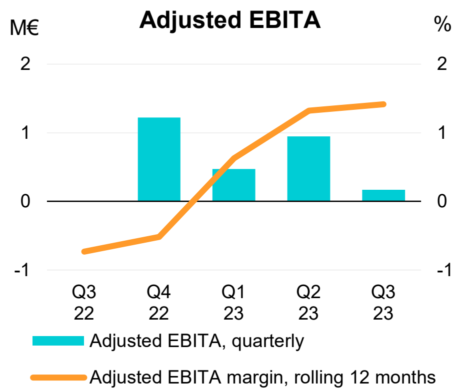
January–September 2023

Net sales increased by EUR 4.6 million, or 3.4%, to EUR 141.9 million (137.3). Currency effects had a negative impact of EUR 12.8 million. The growth in local currency was 12.7% and is mainly attributed to increased volumes in Smart Grid and Communication.

Adjusted EBITA improved to EUR 1.6 million (-2.2). The adjusted EBITA margin was 1.1% (-1.6). Progress came from increased volumes, improved project performance and in parts from the effects of the efficiency program One Eltel.







Major agreements in 2023

On 26 September, it was announced that Eltel Sweden and the Swedish Defense Materiel Works, FMV, have signed a frame agreement regarding installation and contracting services for FMV's garrisons throughout the country. Estimated value of the three-year agreement is about SEK 320 million, EUR 27 million.

On 25 May, it was announced that Eltel's Smart Grid business in Sweden signed a contract with Vattenfall to install 664,000 smart electricity meters to a value of SEK 585 million, about EUR 51 million

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

Norway

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	31.6	44.3	96.3	132.5	176.8
Adjusted EBITA[1)]	0.7	1.6	-1.7	4.4	2.1
Number of employees, average	847	942	878	938	938
Key ratios					
Net sales growth, %	-28.6%	15.8%	-27.3%	16.0%	10.2%
Organic growth[2)], %	-19.3%	13.8%	-17.3%	13.5%	9.4%
Currency translation effect in net sales, MEUR	-4.1	0.8	-13.3	2.9	1.4
Adjusted EBITA margin, %	2.3%	3.7%	-1.7%	3.3%	1.2%

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

July–September 2023

Net sales decreased by EUR 12.6 million, or -28.6%, to EUR 31.6 million (44.3). Currency effect was EUR -4.1 million. Growth in local currency was -19.3%. Main reason was lower volumes due to reduced customer investments, mainly in fiber.

Adjusted EBITA decreased to EUR 0.7 million (1.6). The adjusted EBITA margin was 2.3% (3.7), primarily due to reduced volumes which led to overcapacity and inefficiency.

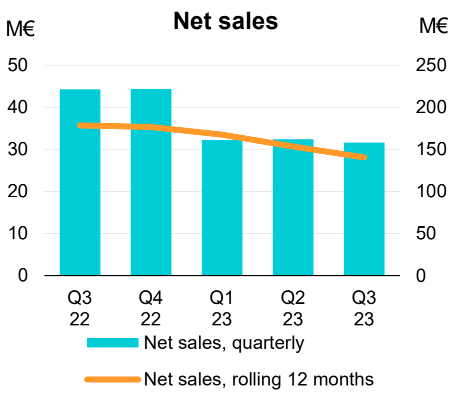
During the first half of the year, customer investments in Norway declined further than foreseen when implementing the restructuring and cost-saving program in Q1 2023. Therefore, a second program was initiated. The program included reducing the workforce by 60 full-time employees, termination and wind down of a customer agreement, reducing office space and reducing the number of vehicles to adjust to the needs of the current operations.

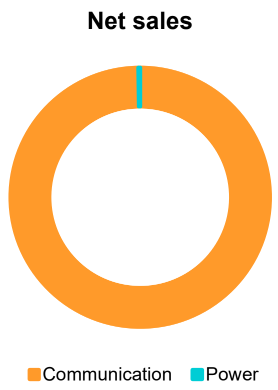
January–September 2023

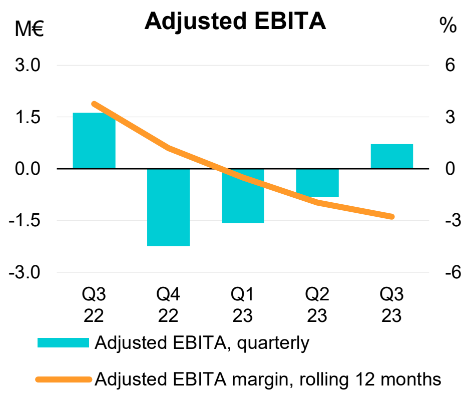
Net sales decreased by EUR 36.2 million, or 27.3%, to EUR 96.3 million (132.5). Currency effect was EUR -13.3 million. Growth in local currency was -17.3%. Main reason was lower volumes due to reduced customer investments, primarily in fiber.

Adjusted EBITA decreased to EUR -1.7 million (4.4). The adjusted EBITA margin was -1.7% (3.3). Lower volumes caused overcapacity and inefficiency in the organization.

Following reductions in customer investments and result deterioration in Norway starting in Q4 2022, two restructuring and cost-saving programs have been implemented during 2023, in Q1 and Q3. The programs have included a total reduction in the workforce by approximately 160 full-time employees, termination and wind down of certain customer agreements, closing of selected locations and reducing fleet to adjust to the needs of the current operations.







Major agreements in 2023

On 13 April, it was announced that Eltel Norway and Telenor, have extended their collaboration for an additional year based on an option in the current agreement. The estimated order value for the option year 2024 is about EUR 70–90 million.

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

Denmark

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	21.6	17.8	64.9	53.4	74.3
Adjusted EBITA	1.1	0.1	3.6	0.2	0.6
Number of employees, average	519	485	510	479	484
Key ratios					
Net sales growth, %	21.7%	-0.5%	21.5%	-22.2%	-15.5%
Organic growth[1], %	21.9%	-0.4%	21.6%	-22.2%	-15.5%
Currency translation effect in net sales, MEUR	-0.0	0.0	-0.1	0.0	0.0
Adjusted EBITA margin, %	5.2%	0.7%	5.5%	0.5%	0.9%

1) Adjusted for currency effects.

July–September 2023

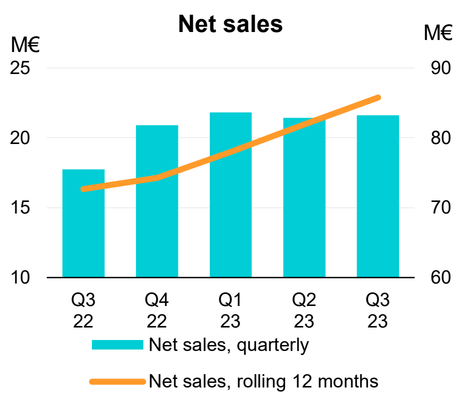
Net sales increased by EUR 3.8 million, or 21.7%, to EUR 21.6 million (17.8). The significant growth primarily stemmed from increased activities within existing contracts.

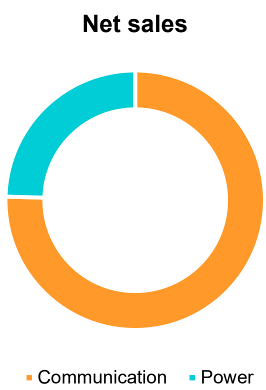
Adjusted EBITA improved to EUR 1.1 million (0.1). The adjusted EBITA margin was 5.2% (0.7). The improved profitability is attributed to higher volumes, successful project execution and price increases.

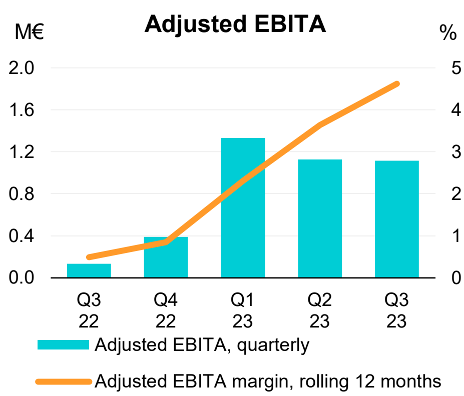
January–September 2023

Net sales increased by EUR 11.5 million, or 21.5%, to EUR 64.9 million (53.4). The significant increase primarily resulted from higher volumes in ongoing contracts.

Adjusted EBITA improved to EUR 3.6 million (0.2). The adjusted EBITA margin was 5.5% (0.5). The strong performance stemmed from higher volumes, operational improvements and price increases.







Other business

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	23.8	24.6	66.8	73.8	99.4
Adjusted EBITA	0.3	-1.8	-1.5	-4.2	-4.0
Number of employees, average	977	1,078	1,004	1,075	1,071

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

July–September 2023

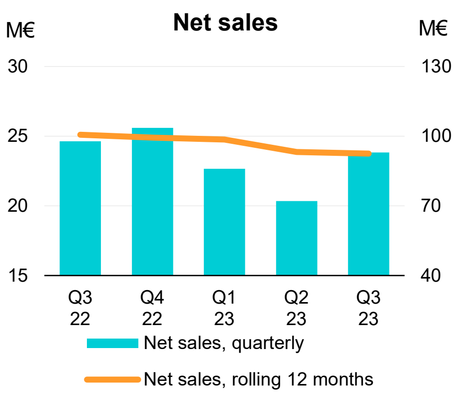
Net sales decreased by EUR 0.8 million to EUR 23.8 million (24.6). Modest growth in Smart Grids Germany and High Voltage Poland was offset by lower volumes in Lithuania.

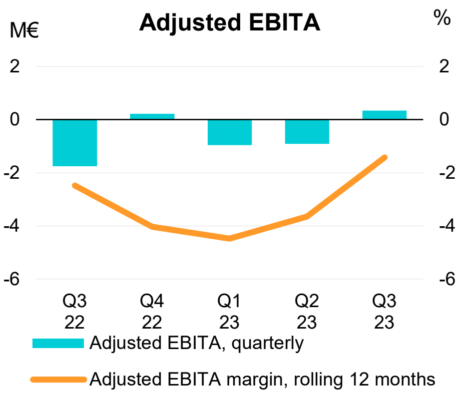
Adjusted EBITA improved to EUR 0.3 million (-1.8). High Voltage Poland saw a reduction in losses with an adjusted EBITA of EUR -0.0 million (-2.1) thanks to favorable project closings and progress in a large project. Margins in Smart Grids Germany were healthy, although impacted by higher costs. Closing activities in Power Transmission International contributed positively to the result.

January–September 2023

Net sales decreased by EUR 7.0 million to EUR 66.8 million (73.8) due to a shift of scope to smaller projects and services in High Voltage Poland.

Adjusted EBITA improved to EUR -1.5 million (-4.2). High Voltage Poland had an adjusted EBITA of EUR -3.2 million (-6.4). Improvement is mainly coming from High Voltage Poland. Margins in Smart Grids Germany were healthy, although impacted by higher costs. Closing activities in Power Transmission International contributed positively to the result.





Cash flow

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
EBIT	5.0	4.1	-8.2	2.0	-2.0
Depreciation and amortization	7.7	7.4	22.7	22.5	29.8
EBITDA	12.6	11.5	14.5	24.5	27.8
Changes in working capital	11.6	-39.7	-3.7	-44.1	4.6
Total financial expenses and taxes	-2.6	-1.3	-12.7	-8.5	-12.5
Adjustment for gain/loss on sales of assets	-0.1	0.0	-0.1	0.0	-0.1
Other	-1.4	-1.1	-3.7	-2.5	-3.4
Cash flow from operating activities	**20.2**	**-30.6**	**-5.7**	**-30.6**	**16.4**
Cash flow from investing activities	**-1.4**	**-0.7**	**-3.5**	**-2.1**	**-3.9**
Cash flow from financing activities	**-30.4**	**5.2**	**-28.8**	**16.9**	**3.1**
Net change in cash and cash equivalents	**-11.6**	**-26.1**	**-38.0**	**-15.8**	**15.5**
Cash and cash equivalents at beginning of period	**20.2**	**42.5**	**47.9**	**32.3**	**32.3**
Foreign exchange rate effect	0.3	0.6	-0.9	0.7	0.1
Cash and cash equivalents at end of period	**9.0**	**17.1**	**9.0**	**17.1**	**47.9**

Condensed consolidated statement of cash flows is presented on page 18.

July–September 2023

Cash flow from operating activities was EUR 20.2 million (-30.6). Main items included EBITDA EUR 12.6 million (11.5), cash flow from change in net working capital EUR 11.6 million (-39.7) mainly due to tax deferral in Sweden EUR 28.3 million (0.0), financial items EUR -2.8 million (-1.7) and income taxes EUR 0.2 million (0.4).

Net cash flow from investing activities was EUR -1.4 million (-0.7) consisting of net capital expenditure on machinery and equipment.

Cash flow from financing activities was EUR -30.4 million (5.2). Utilization of short-term financing decreased by EUR 24.0 million (increase of 11.0), payment of hybrid bond interests amounted to EUR 0.8 million (0.0) and payment of lease liabilities were EUR 5.5 million (5.4).

January–September 2023

Cash flow from operating activities was EUR -5.7 million (-30.6). Main items included EBITDA EUR 14.5 million (24.5), cash flow from change in net working capital EUR -3.7 million (-44.1) mainly due to tax deferral in Sweden EUR 28.3 million (0.0), financial items EUR -9.1 million (-4.6) and income taxes EUR -3.6 million (-3.9). Cash flow from financial items and income taxes is impacted by timing differences between income statement and payments.

Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. Eltel's net working capital level is also impacted by remaining working capital-intensive projects, mainly in High Voltage Poland. These projects, and delays in them, result in continued tie up of substantial working capital and are expected to create volatility in the net working capital also going forward.

Net cash flow from investing activities was EUR -3.5 million (-2.1) consisting of net capital expenditure on machinery and equipment.

Cash flow from financing activities was EUR -28.8 million (16.9). Utilization of short-term financing decreased by EUR 28.4 million (increase of 25.0). Amortization of term loan amounted to EUR 7.5 million and payments of lease liabilities were EUR 16.1 million (16.2). Net proceeds from issue of the hybrid bond and related transaction costs amounted to EUR 24.2 million (0.0) and payment of hybrid bond interests amounted to EUR 0.8 million (0.0). In 2022 Eltel drew a EUR 35.0 million term loan and repaid the remaining old term loan of EUR 27.0 million. In 2022 Eltel also issued and purchased shares in accordance with a long-term incentive program, which had a cash flow impact of EUR 1.0 million and EUR -1.0 million, respectively.

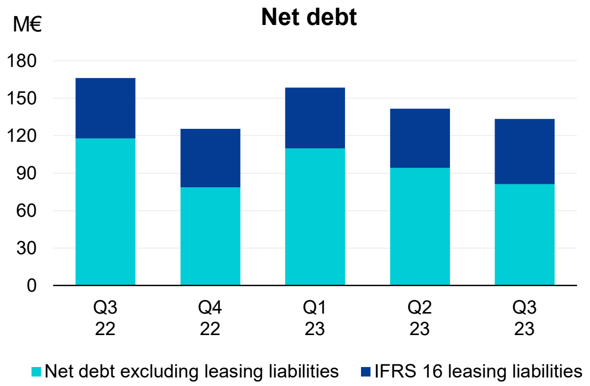
Financial position, cash and cash equivalents

Equity at the end of the period was EUR 215.2 million (223.9) and total assets were EUR 622.8 million (619.8). The equity ratio was 37.8% (38.7).

Interest-bearing liabilities and net debt

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Interest-bearing debt	88.9	133.4	125.1
Leasing liabilities	52.9	49.3	47.8
Allocation of effective interest to periods	0.5	0.5	0.5
Less cash and cash equivalents	-9.0	-17.1	-47.9
Net debt	**133.4**	**166.1**	**125.5**

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current interest-bearing debt	20.6	34.6	34.7
Current interest-bearing debt	68.3	98.8	90.4
Total interest-bearing debt	**88.9**	**133.4**	**125.1**
Non-current leasing liabilities	33.3	31.9	31.0
Current leasing liabilities	19.6	17.4	16.8
Total leasing liabilities	**52.9**	**49.3**	**47.8**



Hybrid bond

On 6 April 2023, Eltel AB issued subordinated sustainability-linked hybrid capital securities in the aggregate principal amount of EUR 25 million (the “hybrid bond”). The hybrid bond is classified as equity and it is subordinated to the company’s other debt obligations. The hybrid bond has no maturity date, but Eltel has the right to redeem it at so-called reset date in July 2026 and at every interest payment date thereafter. The hybrid bond is sustainability-linked, and a premium up to 1.20% of the principal amount is paid if the sustainability targets measured at 31 December 2025 are not met. The hybrid bond bears interest at a fixed rate of 13.50% per annum until the reset date.

Credit facilities

EUR million	30 Sep 2023	Maturity
Term loan, current	6.5	Dec 2023-Sep 2024
Term loan, non-current	21.0	Jan 2025
Revolving credit facility	90.0	Jan 2025 (+ extension options until Jan 2027)
Account overdrafts	15.0	Jan 2025 (+ extension options until Jan 2027)
Total committed credit facilities	**132.5**	
Commercial paper program	150.0	N/A

Available liquidity reserves, including the committed revolving credit facility, account overdrafts and cash and cash equivalents, amounted to EUR 66.0 million (59.1). Additional to the committed facilities, the Group also has access to short-term debt capital markets via a commercial paper program of EUR 150 million. On 30 September 2023, EUR 13.0 million (35.0) of the commercial paper program and EUR 48.0 million (63.0) of the revolving credit facility were utilized.

Commercial guarantees

On 30 September 2023, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 94.3 million (92.5).

Other information

Risks and uncertainty factors

Inflation impacts Eltel across its cost base, including fuel and material prices as well as availability and cost of subcontractors and employees. Mitigating actions have been taken and Eltel has agreements in place to recover parts of the cost increases with most of its largest customers. However, there is a risk the degree of compensation does not fully cover the inflationary impact.

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.

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

At year-end 2022 the value of goodwill in segments Sweden and Norway was disclosed to be sensitive to impairment in case of negative changes to the estimated future cash flows or a further increase in discount rate (WACC). During the first nine months of 2023, Eltel's performance in Sweden has developed positively and so has the Norwegian long-term business expectations. In the short term, however, Norway is still sensitive. Eltel follows any triggering events throughout the year and impairment test is conducted in case of any indicators of impairment.

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

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

Large agreements announced during the reporting period

On 20 July, it was announced that Eltel Finland signed an agreement with Fingrid, Finland's national transmission operator, to build a 64 km long transmission line. The contract is worth about EUR 19 million.

On 22 August, it was announced that Eltel and Kempower, a leading manufacturer of fast charging solutions for electric vehicles, have entered into an agreement to a value of EUR 15 million, until the end of 2025. Eltel will issue separate purchase orders annually.

On 28 August, it was announced that Eltel Finland has entered into a one-year extension of its ongoing delivery agreement with Telia Finland, covering fixed and mobile telecom services. The agreement is worth about EUR 30 million.

On 26 September, it was announced that Eltel Sweden and the Swedish Defense Materiel Works, FMV, have signed a frame agreement regarding installation and contracting services for FMV's garrisons throughout the country. Estimated value of the three-year agreement is about SEK 320 million, EUR 27 million.

On 29 September, it was announced that Eltel Finland has signed an agreement with Fingrid, Finland's national transmission system operator, to build a 74 km long transmission line. The contract is worth about EUR 23 million.

Related party transactions

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

Seasonality

Eltel's businesses are generally characterized by seasonal patterns and cyclicality of the project business that adds volatility to net sales, adjusted EBITA and cash flow. Seasonality is normally driven by a number of factors, including weather conditions, the timing of customer order placements and completion of work phases. The Eltel Group has historically reported higher revenues and operating profit in the second half of the year. Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. At the end of the year, as production volumes decrease as a result of completion of projects, cash flow has normally been stronger. For more details, please refer to quarterly key financial figures for the Group on page 20.

Presentation of the interim report January–September 2023

Analysts and media are invited to participate in the Q3 2023 interim report briefing on 2 November 2023 at 10:00 am CET where Eltel's President and CEO Håkan Dahlström and CFO Tarja Leikas will host a presentation. A combined webcast and teleconference as well as the presentation will be available at www.eltelgroup.com/investors.

For further information, please contact:

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

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

Financial calendar

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

This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 2 November 2023.

Signature of the CEO

Stockholm, Sweden, 2 November 2023

Eltel AB (publ)

Håkan Dahlström, President and CEO

Review report

To the Board of Directors of Eltel AB (publ)

Corp. id. 556728-6652

Introduction

We have reviewed the condensed interim financial information (interim report) of Eltel AB (publ) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 2 November 2023

KPMG AB

Fredrik Westin

Authorized Public Accountant

Condensed financial information

Condensed consolidated income statement

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	213.4	207.0	609.9	599.6	823.6
Cost of sales	-191.0	-187.4	-558.7	-542.1	-748.9
Gross profit	**22.3**	**19.6**	**51.1**	**57.5**	**74.7**
Other income	0.7	0.4	2.2	0.9	0.9
Selling and administrative expenses	-17.8	-15.6	-60.5	-56.0	-77.2
Other expenses	-0.3	-0.3	-1.0	-0.3	-0.4
Operating result (EBIT)	**5.0**	**4.1**	**-8.2**	**2.0**	**-2.0**
Financial income	0.5	0.0	0.9	0.1	0.2
Financial expenses	-3.6	-2.2	-9.9	-5.6	-9.6
Net financial expenses	-3.1	-2.1	-9.0	-5.6	-9.5
Result before taxes	**1.9**	**2.0**	**-17.1**	**-3.5**	**-11.4**
Taxes	-0.1	-2.2	-0.8	-3.7	-3.5
Net result	**1.8**	**-0.3**	**-17.9**	**-7.3**	**-14.9**
Attributable to:					
Equity holders of the parent	1.5	-0.4	-18.1	-7.5	-15.0
Non-controlling interest	0.3	0.1	0.2	0.3	0.1
Earnings per share (EPS)					
Basic, EUR	0.00	-0.00	-0.13	-0.05	-0.10
Diluted, EUR	0.00	-0.00	-0.13	-0.05	-0.10

Condensed consolidated statement of comprehensive income

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net profit for the period	1.8	-0.3	-17.9	-7.3	-14.9
Other comprehensive income:					
Items that will not be reclassified to profit and loss					
Revaluation of defined benefit plans, net of tax	0.6	3.7	5.1	11.5	7.8
Items that may be subsequently reclassified to profit and loss					
Net investment hedges, net of tax	-	-	-	-	-0.0
Currency translation differences	2.7	-2.6	-6.6	-7.8	-9.1
Total	2.7	-2.7	-6.6	-7.8	-9.1
Other comprehensive income/loss for the period, net of tax	3.3	1.1	-1.6	3.7	-1.3
Total comprehensive income/loss for the period	**5.1**	**0.8**	**-19.5**	**-3.6**	**-16.2**
Total comprehensive income/loss attributable to:					
Equity holders of the parent	4.8	0.7	-19.7	-3.9	-16.2
Non-controlling interest	0.3	0.1	0.2	0.3	0.1

Condensed consolidated balance sheet

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	250.4	257.3	256.0
Intangible assets	33.0	36.2	35.3
Property, plant and equipment	10.6	9.9	10.7
Right-of-use assets	50.8	48.1	46.5
Deferred tax assets	28.0	15.3	16.3
Financial assets	16.6	11.7	7.1
Total non-current assets	**389.4**	**378.4**	**371.9**
Current assets			
Inventories	19.5	21.8	24.8
Trade and other receivables	204.9	202.5	177.1
Cash and cash equivalents	9.0	17.1	47.9
Total current assets	**233.4**	**241.4**	**249.8**
TOTAL ASSETS	**622.8**	**619.8**	**621.7**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to shareholders of the parent	182.7	216.4	204.0
Hybrid bond	25.0	-	-
Non-controlling interest	7.5	7.6	7.4
Total equity	**215.2**	**223.9**	**211.3**
Non-current liabilities			
Interest-bearing debt	20.6	34.6	34.7
Leasing liabilities	33.3	31.9	31.0
Retirement benefit obligations	6.0	7.1	6.0
Deferred tax liabilities	21.9	11.1	10.3
Provisions	2.8	3.1	2.6
Other non-current liabilities	0.6	0.6	0.6
Total non-current liabilities	**85.2**	**88.4**	**85.2**
Current liabilities			
Interest-bearing debt	68.3	98.8	90.4
Leasing liabilities	19.6	17.4	16.8
Provisions	5.4	2.5	3.3
Advances received	52.9	41.8	50.6
Trade and other payables	176.2	147.0	164.1
Total current liabilities	**322.3**	**307.5**	**325.2**
Total liabilities	**407.6**	**395.9**	**410.4**
TOTAL EQUITY AND LIABILITIES	**622.8**	**619.8**	**621.7**

Condensed consolidated statement of cash flows

EUR million	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Cash flow from operating activities			
Operating result (EBIT)	-8.2	2.0	-2.0
Adjustments:			
Depreciation and amortization	22.7	22.5	29.8
Gain/loss on sales of assets	-0.1	0.0	-0.1
Defined benefit pension plans	-2.5	-2.5	-3.3
Other non-cash adjustments	-1.2	0.0	-0.1
Cash flow from operations before interests, taxes and changes in working capital	10.7	22.0	24.2
Interest and other financial expenses paid, net	-9.1	-4.6	-7.8
Income taxes received/paid	-3.6	-3.9	-4.7
Total financial expenses and taxes	-12.7	-8.5	-12.5
Changes in working capital:			
Trade and other receivables	-30.9	-16.9	8.7
Trade and other payables	21.9	-22.2	3.8
Inventories	5.2	-5.1	-7.9
Changes in working capital	-3.7	-44.1	4.6
Net cash from operating activities	**-5.7**	**-30.6**	**16.4**
Cash flow from investing activities			
Purchases of property, plant and equipment (PPE)	-3.5	-2.1	-4.1
Proceeds from sale of property, plant and equipment (PPE)	0.1	0.0	0.2
Net cash from investing activities	**-3.5**	**-2.1**	**-3.9**
Cash flow from financing activities			
Proceeds from issuance of hybrid bond	24.4	-	-
Payments of transaction costs and interests for hybrid bond	-1.1	-	-
Proceeds from issuance of share capital	-	1.0	1.0
Acquisition of own shares	-	-1.0	-1.0
Proceeds from long-term financial liabilities	-	35.0	35.0
Proceeds from short-term financial liabilities	51.6	68.5	76.5
Payments of short-term financial liabilities	-80.0	-43.5	-60.0
Payments of financial liabilities, term loans	-7.5	-27.0	-27.0
Payments of lease liabilities	-16.1	-16.2	-21.6
Dividends to non-controlling interest	-0.0	-0.4	-0.4
Change in non-liquid financial assets	0.0	0.5	0.6
Net cash from financing activities	**-28.8**	**16.9**	**3.1**
Net change in cash and cash equivalents	**-38.0**	**-15.8**	**15.5**
Cash and cash equivalents at beginning of period	**47.9**	**32.3**	**32.3**
Foreign exchange rate effect	-0.9	0.7	0.1
Cash and cash equivalents at end of period	**9.0**	**17.1**	**47.9**

Condensed consolidated statement of changes in equity

	Equity attributable to shareholders of the parent									
EUR million	**Share capital**	**Other paid-in capital**	**Accumu-lated losses**	**Revaluation of defined benefit plans, net of tax**	**Hedging reserve**	**Currency translation**	**Total**	**Hybrid bond**	**Non-controlling interest**	**Total equity**
Equity at 1 Jan 2023	159.6	489.9	-381.2	-31.1	10.9	-44.0	204.0	-	7.4	211.3
Total comprehensive income for the period	-	-	-18.1	5.1	-	-6.6	-19.7	-	0.2	-19.5
Proceeds from hybrid bond	-	-	-	-	-	-	-	25.0	-	25.0
Transaction costs and interests on hybrid bond	-	-	-1.7	-	-	-	-1.7	-	-	-1.7
Transactions with owners:										
Equity-settled share-based payment	-	-	0.1	-	-	-	0.1	-	-	0.1
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-0.0	-0.0
Total transaction with owners	-	-	0.1	-	-	-	0.1	-	-0.0	0.0
Equity at 30 Sep 2023	159.6	489.9	-400.9	-26.0	10.9	-50.7	182.7	25.0	7.5	215.2

	Equity attributable to shareholders of the parent									
EUR million	**Share capital**	**Other paid-in capital**	**Accumu-lated losses**	**Revaluation of defined benefit plans, net of tax**	**Hedging reserve**	**Currency translation**	**Total**	**Hybrid bond**	**Non-controlling interest**	**Total equity**
Equity at 1 Jan 2022	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	-	7.7	227.9
Total comprehensive income for the period	-	-	-7.5	11.5	0.0	-7.8	-3.9	-	0.3	-3.6
Transactions with owners:										
Share capital reduction	-0.2	0.2	-	-	-	-	-	-	-	-
Proceeds from shares issued	1.0	-	-	-	-	-	1.0	-	-	1.0
Purchase of own shares	-	-1.0	-	-	-	-	-1.0	-	-	-1.0
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	-	0.0
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 30 Sep 2022	159.6	489.9	-373.7	-27.4	10.9	-42.8	216.4	-	7.6	223.9

	Equity attributable to shareholders of the parent									
EUR million	**Share capital**	**Other paid-in capital**	**Accumu-lated losses**	**Revaluation of defined benefit plans, net of tax**	**Hedging reserve**	**Currency translation**	**Total**	**Hybrid bond**	**Non-controlling interest**	**Total equity**
Equity at 1 Jan 2022	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	-	7.7	227.9
Total comprehensive income for the period	-	-	-15.0	7.8	0.0	-9.1	-16.2	-	0.1	-16.2
Transactions with owners:										
Share capital reduction	-0.2	0.2	-	-	-	-	-	-	-	-
Proceeds from shares issued	1.0	-	-	-	-	-	1.0	-	-	1.0
Purchase of own shares	-	-1.0	-	-	-	-	-1.0	-	-	-1.0
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	-	0.0
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-0.4	-0.4
Total transaction with owners	0.7	-0.7	0.0	-	-	-	0.0	-	-0.4	-0.4
Equity at 31 Dec 2022	159.6	489.9	-381.2	-31.1	10.9	-44.0	204.0	-	7.4	211.3

Key figures

Key figures for the period

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022	Rolling 12-mon
Net sales	213.4	207.0	609.9	599.6	823.6	833.9
Net sales growth, %	3.1	6.8	1.7	2.3	1.4	1.0
Adjusted EBITDA	13.6	11.5	21.6	24.5	27.8	24.9
Adjusted EBITA	5.9	4.1	-1.1	2.1	-1.9	-5.1
Adjusted EBITA margin, %	2.8	2.0	-0.2	0.4	-0.2	-0.6
Adjusted EBITA, segments	6.8	6.6	6.8	11.7	9.9	5.0
Adjusted EBITA margin, %, segments	3.5	3.6	1.2	2.2	1.4	0.7
Items affecting comparability	-0.9	-	-7.1	-	-	-7.1
EBITDA	12.6	11.5	14.5	24.5	27.8	17.8
Operating result (EBIT)	5.0	4.1	-8.2	2.0	-2.0	-12.2
EBIT margin, %	2.3	2.0	-1.3	0.3	-0.2	-1.5
Result after financial items	1.9	2.0	-17.1	-3.5	-11.4	-25.0
Net result for the period	1.8	-0.3	-17.9	-7.3	-14.9	-25.6
Earnings per share EUR, basic and diluted	0.00	-0.00	-0.13	-0.05	-0.10	-0.17
Return on equity (ROE), %[1)]	-12.3	-1.4	-12.3	-1.4	-6.8	-12.3
Return on operative capital employed (ROCE), %[1)]	-7.1	10.2	-7.1	10.2	-3.5	-7.1
Leverage ratio[1)]	5.4	4.3	5.4	4.3	4.5	5.4
Net working capital	-15.5	26.3	-15.5	26.3	-21.0	-15.5
Number of personnel, average	5,004	5,053	5,049	5,045	5,053	5,057

Quarterly key figures

EUR million	Jul-Sep 2023	Apr-Jun 2023	Jan-Mar 2023	Oct-Dec 2022	Jul-Sep 2022	Apr-Jun 2022	Jan-Mar 2022
Net sales	213.4	208.1	188.4	224.0	207.0	208.6	184.0
Net sales growth, %	3.1	-0.2	2.4	-1.0	6.8	-0.8	1.1
Adjusted EBITDA	13.6	5.6	2.4	3.3	11.5	7.9	5.1
Adjusted EBITA	5.9	-1.5	-5.5	-4.0	4.1	0.5	-2.4
Adjusted EBITA margin, %	2.8	-0.7	-2.9	-1.8	2.0	0.2	-1.3
Adjusted EBITA, segments	6.8	2.1	-2.1	-1.8	6.6	4.4	0.7
Adjusted EBITA margin, %, segments	3.5	1.1	-1.2	-0.9	3.6	2.4	0.4
Items affecting comparability	-0.9	-	-6.1	-	-	-	-
EBITDA	12.6	5.6	-3.7	3.3	11.5	7.9	5.1
Operating result (EBIT)	5.0	-1.5	-11.6	-4.0	4.1	0.4	-2.5
EBIT margin, %	2.3	-0.7	-6.2	-1.8	2.0	0.2	-1.4
Result after financial items	1.9	-4.5	-14.5	-7.9	2.0	-1.2	-4.3
Net result for the period	1.8	-4.6	-15.1	-7.7	-0.3	-2.6	-4.4
Earnings per share EUR, basic and diluted	0.00	-0.03	-0.10	-0.05	-0.00	-0.02	-0.03
Return on equity (ROE), %[1)]	-12.3	-13.5	-12.2	-6.8	-1.4	-0.5	1.4
Return on operative capital employed (ROCE), %[1)]	-7.1	-11.7	-7.9	-3.5	10.2	13.5	17.4
Leverage ratio[1)]	5.4	6.2	6.3	4.5	4.3	3.3	3.1
Net working capital	-15.5	-2.4	-5.4	-21.0	26.3	-12.1	-6.7
Number of personnel, average	5,004	5,041	5,103	5,079	5,053	5,050	5,031

1) Calculated on a rolling 12-month basis.
Please see pages 25–26 for definitions of the key ratios.

Notes to the condensed consolidated interim financial statements

Accounting principles

This condensed interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable regulations in the Swedish Annual Accounts Act. The accounting principles adopted are the same with those of the Group's and the Parent Company's annual financial statements for the year ended 31 December 2022 except for the following amendment that is effective from 1 January 2023: Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendment to IAS 12). The amendment requires companies to recognize gross amount of deferred tax assets and liabilities on transactions, such as leases. The group has previously netted the deferred tax impact on leases and the impact of the amendment as of 1 January 2023 has been an increase of deferred tax assets of EUR 10.2 million and deferred tax liabilities of EUR 9.9 million on right-of-use assets and lease liabilities. There was no impact on equity.

On 6 April 2023 Eltel issued subordinated sustainability-linked hybrid capital securities (the "hybrid bond"). The instrument has no maturity date and, if no dividends are distributed, the payment of interest can be deferred in perpetuity. The hybrid bond bears interest at a fixed rate of 13.50% per annum until the reset date in July 2026. After the reset date, the hybrid bond will bear interest at a floating rate corresponding to 3-month EURIBOR plus a spread of 10.29% and a margin of 5.00% per annum. The interest payment obligation arises if the annual shareholders' meeting decides to distribute dividends. The hybrid bond is classified as an equity instrument and recognized at fair value. Interest is recorded into retained earnings when the commitment to payment arises.

Net sales by segment

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Finland	96.6	79.1	246.2	209.8	290.1
Sweden	42.2	44.0	141.9	137.3	193.8
Norway	31.6	44.3	96.3	132.5	176.8
Denmark	21.6	17.8	64.9	53.4	74.3
Other business[1)]	23.8	24.6	66.8	73.8	99.4
Eliminations	-2.5	-2.7	-6.1	-7.2	-10.8
Net sales, total	**213.4**	**207.0**	**609.9**	**599.6**	**823.6**

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

Net sales by segment by business

EUR million		Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Finland	Communication	46.9	32.1	108.4	78.8	113.0
	Power	49.7	46.9	137.8	131.1	177.2
Sweden	Communication	33.4	36.9	114.2	117.0	166.2
	Power	8.8	7.2	27.7	20.3	27.6
Norway	Communication	31.5	44.2	96.1	132.2	176.3
	Power	0.1	0.1	0.2	0.4	0.5
Denmark	Communication	15.0	13.1	48.9	39.4	55.9
	Power	6.6	4.7	15.9	14.0	18.3
Other business	Communication	3.1	4.4	10.8	11.4	15.8
	Power	20.7	20.3	55.2	62.2	83.3
	Other operations	0.0	0.0	0.8	0.2	0.3
Eliminations		-2.5	-2.7	-6.1	-7.2	-10.8
Net sales, total		**213.4**	**207.0**	**609.9**	**599.6**	**823.6**

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

Net sales by business

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Communication	127.9	128.2	373.2	372.4	517.9
Power	85.6	78.8	236.1	227.1	305.6
Other operations	0.0	0.0	0.8	0.2	0.3
Net sales, total	**213.4**	**207.0**	**609.9**	**599.6**	**823.6**

Net sales by service split

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Project delivery	47.4	24.1	137.2	119.5	164.9
Upgrade services	113.4	117.2	319.0	318.0	437.4
Maintenance	52.6	65.7	153.7	162.1	221.3
Net sales, total	**213.4**	**207.0**	**609.9**	**599.6**	**823.6**

Reconciliation of segment results

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Adjusted EBITA by segment					
Finland	4.8	4.9	3.3	9.4	8.2
Sweden	0.2	0.0	1.6	-2.2	-1.0
Norway	0.7	1.6	-1.7	4.4	2.1
Denmark	1.1	0.1	3.6	0.2	0.6
Sum segments	**6.8**	**6.6**	**6.8**	**11.7**	**9.9**
Other business	0.3	-1.8	-1.5	-4.2	-4.0
Group functions	-1.2	-0.8	-6.4	-5.4	-7.8
Adjusted EBITA, Group	**5.9**	**4.1**	**-1.1**	**2.1**	**-1.9**
Restructuring	-0.9	-	-7.1	-	-
Total items affecting comparability in EBITA	**-0.9**	**-**	**-7.1**	**-**	**-**
Amortization of acquisition-related intangible asset	-	-	-	-0.1	-0.1
Operating result (EBIT)	**5.0**	**4.1**	**-8.2**	**2.0**	**-2.0**
Financial expenses, net	-3.1	-2.1	-9.0	-5.6	-9.5
Result before taxes	**1.9**	**2.0**	**-17.1**	**-3.5**	**-11.4**

The January-September 2023 results include a EUR 7.1 million restructuring charge. Following reductions in customer investments in Norway and result deterioration both in Norway and Finland starting in Q4 2022, two restructuring and cost-saving programs have been implemented, in Q1 and Q3. The programs included a total reduction in the workforce by approximately 225 full-time employees, termination and wind down of certain customer agreements, closing of selected locations and reducing fleet to adjust to the needs of the current operations.

Personnel by segment

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Finland	1,510	1,495	1,500	1,497	1,498
Sweden	984	913	996	912	919
Norway	847	942	878	938	938
Denmark	519	485	510	479	484
Other business	977	1,078	1,004	1,075	1,071
Group functions	167	140	160	143	143
Total personnel, average	**5,004**	**5,053**	**5,049**	**5,045**	**5,053**
Total personnel, end of period	**4,983**	**5,035**	**4,983**	**5,035**	**5,063**

Committed order backlog

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Committed order backlog	568.8	436.3	468.2

Committed order backlog in Eltel is defined as the total value of committed purchase orders received but not yet recognized as net sales. It does not include frame agreements unless a binding purchase order has been received. Committed order backlog is therefore the best measure of unsatisfied performance obligations according to IFRS 15 Revenue from contracts with customers. The currency impact in committed order backlog at 30 Sep 2023 was EUR -9.8 million.

Net working capital and operative capital employed

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Inventories	19.5	21.8	24.8
Trade and other receivables	204.9	202.5	177.1
Provisions	-6.2	-5.7	-5.9
Advances received	-52.9	-41.8	-50.6
Trade and other payables	-176.2	-147.0	-164.1
Other	-4.5	-3.6	-2.3
Net working capital	**-15.5**	**26.3**	**-21.0**
Intangible assets excluding acquisition-related allocations	7.0	9.5	8.9
Property, plant and equipment	10.6	9.9	10.7
Right-of-use assets	50.8	48.1	46.5
Restructuring provisions	-1.9	-	-
Operative capital employed	**51.0**	**93.8**	**45.1**

Provisions

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current provisions	2.8	3.1	2.6
Current provisions	5.4	2.5	3.3
Total provisions	**8.1**	**5.7**	**5.9**

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
1 Jan	5.9	8.6	8.6
Changes:			
Restructuring provisions	1.9	-	-
Other provisions	0.4	-3.0	-2.7
Balance at the end of reporting period	**8.1**	**5.7**	**5.9**

Contract balances

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Trade receivables	92.7	81.4	82.6
Contract assets	91.8	101.4	73.3
Total assets related to contracts with customers	**184.5**	**182.8**	**155.9**
Advances received from contracts with customers	48.2	41.8	45.2
Total liabilities related to contracts with customers	**48.2**	**41.8**	**45.2**

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

Deferred taxes

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Deferred tax assets	28.0	15.3	16.3
Deferred tax liabilities	-21.9	-11.1	-10.3
Net deferred tax assets	**6.1**	**4.3**	**6.0**

The increase in the gross amounts of deferred tax assets and liabilities relates to recognition of deferred taxes for Right-of-use assets and leasing liabilities according to amendment in IAS 12 that became effective on 1 January 2023. In September 2023, gross amount of EUR 9.9 million deferred tax assets for losses carried forward was recognized (10.5 in December 2022), of which EUR 5.4 million (5.6 in December 2022) related to operations in Sweden. Deferred tax assets are recognized for tax loss carry forwards to the extent that the utilization against current year taxable profits and future taxable profits is probable. The future taxable profit estimate is based on current business plans approved by management.

Leasing

Right-of-use assets

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Buildings	21.3	26.6	25.0
Machinery and equipment	29.5	21.5	21.5
Total	**50.8**	**48.1**	**46.5**

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

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
1 Jan	46.5	53.3	53.3
Additions	27.1	14.6	19.2
Depreciations	-17.5	-16.4	-21.8
Other	-5.3	-3.4	-4.1
Balance at the end of period	**50.8**	**48.1**	**46.5**

Leasing liabilities

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current	33.3	31.9	31.0
Current	19.6	17.4	16.8
Total	**52.9**	**49.3**	**47.8**

Financial instruments

Derivative financial instruments	30 Sep 2023		30 Sep 2022		31 Dec 2022	
EUR million	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
Foreign exchange rate derivatives	35.3	0.1	24.8	0.1	39.7	0.0
Total	**35.3**	**0.1**	**24.8**	**0.1**	**39.7**	**0.0**

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

Fair value of financial instruments measured at cost

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

Earnings per share

	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net result attributable to equity holders of the parent	1.5	-0.4	-18.1	-7.5	-15.0
Interest on hybrid bond	-0.8	-	-1.6	-	-
Net result attributable to ordinary shares	0.6	-0.4	-19.8	-7.5	-15.0
Weighted average number of ordinary shares, basic	156,736,781	156,736,781	156,736,781	156,686,345	156,699,058
Weighted average number of ordinary shares, diluted	156,736,781	156,828,792	156,736,781	156,775,962	156,789,278
Earnings per share EUR, basic	0.00	-0.00	-0.13	-0.05	-0.10
Earnings per share EUR, diluted	0.00	-0.00	-0.13	-0.05	-0.10

Definitions and key ratios

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

IFRS key ratios

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

Alternative performance measures (APMs)

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

1) Calculated on a rolling 12-month basis.

Key figure	Definition and reason for use	Reference
Operative capital employed **and** **Return on operative capital employed (ROCE), %**	Operative capital employed is the amount of net operating assets the business uses in its operations. Return on operative capital employed (ROCE), % represents how effectively total net operating assets are used in order to generate return in the operating business. **Operative capital employed:** Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant and equipment and Right-of-use assets **Return on operative capital employed (ROCE), %[1]:** $\frac{\text{Adjusted EBITA x 100}}{\text{Operative capital employed (average over the reporting period)}}$	Net working capital and operative capital employed
Net debt and leverage ratio	Net debt represents Eltel's indebtedness. It is used to monitor capital structure and financial capacity. It is also used in calculating the leverage ratio. The leverage ratio is defined as covenant in Eltel's financing agreement. **Net debt:** Interest-bearing debt - cash and cash equivalents **Leverage ratio[1]:** $\frac{\text{Net debt}}{\text{Adjusted EBITDA}}$	Interest-bearing liabilities and net debt
Net working capital	Net working capital is used to follow the amount of short-term running capital needed for the business to operate. Used also as a factor to calculate operative capital employed. **Net working capital:** Net of inventories, trade and other receivables, provisions, advances received and trade and other payables, excluding items in these balance sheet items that are not considered to form part of operative working capital: derivative valuations and income tax liabilities.	Net working capital and operative capital employed
Committed order backlog	Committed order backlog is the total value of committed orders received but not yet recognized as sales. It does not include frame agreements unless a binding purchase order has been received. It is the best measure of unsatisfied performance obligations according to IFRS 15 Revenue from contracts with customer.	

1) Calculated on a rolling 12-month basis.

Parent Company

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

Parent Company condensed income statement

EUR million	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Jan-Dec 2022
Net sales	-	-	1.1	1.5	2.5
Administrative expenses	-1.2	-0.8	-4.9	-5.0	-7.3
Operating result	**-1.2**	**-0.8**	**-3.8**	**-3.6**	**-4.8**
Interest and other financial income	5.3	5.4	15.6	16.1	21.5
Interest and other financial expenses	-0.9	-0.4	-2.5	-1.3	-1.9
Net financial items	4.3	5.0	13.1	14.9	19.6
Result after financial items	**3.2**	**4.2**	**9.2**	**11.3**	**14.8**
Group contributions given	-	-	-	-	-14.5
Net result	**3.2**	**4.2**	**9.2**	**11.3**	**0.3**

Parent Company condensed balance sheet

EUR million	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Financial assets			
Shares in Group companies	68.3	68.3	68.3
Long-term loans receivable from Group companies	476.5	505.2	475.6
Intangible assets	0.0	0.0	0.0
Non-current assets	**544.8**	**573.5**	**543.9**
Current assets			
Trade and other receivables	0.3	0.5	1.3
Cash pool receivable	4.4	4.3	4.4
Cash and cash equivalents	0.1	0.1	0.1
Current assets	**4.8**	**4.9**	**5.8**
TOTAL ASSETS	**549.6**	**578.4**	**549.7**
EQUITY AND LIABILITIES			
Restricted equity			
Share capital	159.6	159.6	159.6
Statutory reserve	0.7	0.7	0.7
Restricted equity	**160.3**	**160.3**	**160.3**
Non-restricted equity			
Retained earnings	283.6	284.9	284.9
Hybrid bond	25.0	-	-
Net result for the period	9.2	11.3	0.3
Non-restricted equity	**317.9**	**296.2**	**285.3**
Total equity	**478.2**	**456.5**	**445.5**
Current liabilities			
Debt	12.9	34.9	33.3
Liabilities to Group companies	58.2	86.6	70.3
Trade and other payables	0.4	0.4	0.5
Current liabilities	**71.4**	**121.9**	**104.2**
Total liabilities	**71.4**	**121.9**	**104.2**
TOTAL EQUITY AND LIABILITIES	**549.6**	**578.4**	**549.7**

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

Equity

EUR million	1 Jan 2023	Hybrid bond	Transaction costs and interests on hybrid bond	Equity-settled share-based payment	Net result	30 Sep 2023
Share capital	159.6	-	-	-	-	159.6
Statutory reserve	0.7	-	-	-	-	0.7
Non-restricted equity	285.3	25.0	-1.7	0.1	9.2	317.9
Total	**445.5**	**25.0**	**-1.7**	**0.1**	**9.2**	**478.2**

As of 30 September 2023, the total number of registered and outstanding shares of Eltel amounts to 158,231,081, whereof 156,736,781 are ordinary shares and 1,494,300 are class C shares. The number of votes in Eltel amounts to 156,886,211 and the registered share capital amounts to EUR 159,575,695.

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

Eltel AB

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

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