

# Eltel Group

## Half-year report January–June 2022

Stockholm, Sweden, 26 July 2022

### April–June 2022

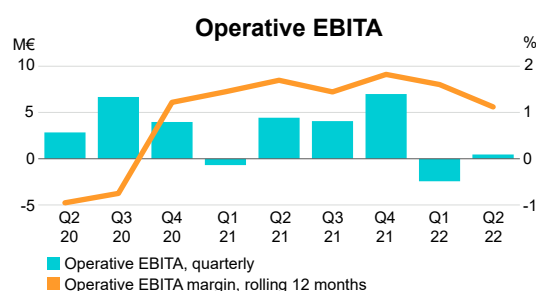
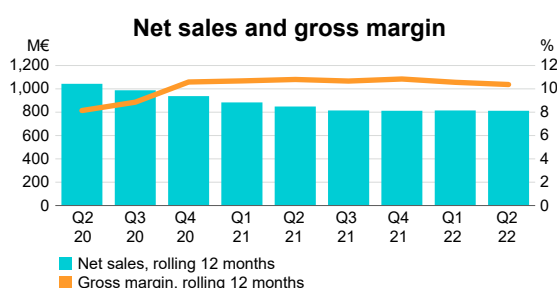
- Net sales EUR 208.6 million (210.4). Total growth -0.8% and organic growth<sup>1)</sup> in segments -2.4%
- Operative EBITA<sup>2)</sup> EUR 0.5 million (4.4) and operative EBITA margin 0.2% (2.1)
- Operative EBITA<sup>2)</sup> in segments EUR 4.4 million (6.8) and operative EBITA margin in segments 2.4% (3.6)
- Operating result (EBIT) EUR 0.4 million (4.3) and EBIT margin 0.2% (2.0)
- Net result EUR -2.6 million (1.6)
- Earnings per share EUR -0.02 (0.01), basic and diluted
- Cash flow from operating activities EUR 8.8 million (13.2)

### January–June 2022

- Net sales EUR 392.6 million (392.4). Total growth 0.0% and organic growth<sup>1)</sup> in segments -1.2%
- Operative EBITA<sup>2)</sup> EUR -2.0 million (3.7) and operative EBITA margin -0.5% (1.0)
- Operative EBITA<sup>2)</sup> in segments EUR 5.1 million (9.2) and operative EBITA margin in segments 1.5% (2.6)
- Operating result (EBIT) EUR -2.1 million (3.5) and EBIT margin -0.5% (0.9)
- Net result EUR -7.0 million (-1.0)
- Earnings per share EUR -0.05 (-0.01), basic and diluted
- Cash flow from operating activities EUR 0.0 million (-4.2)
- Net debt<sup>3)</sup> EUR 131.0 million (143.9)

### Significant events after the reporting period

- On 1 July 2022, it was announced that Eltel Norway signed an agreement with Telenor to further upgrade Telenor's telecommunications network with 5G technology. The agreement is worth about EUR 36–40 million.
- On 12 July 2022, it was announced that Eltel Denmark has entered into a strategic cooperation with GlobalConnect to establish about 18,000 high speed fibre connections in Denmark. The agreement is worth about EUR 47 million.



### Key figures

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	208.6	210.4	392.6	392.4	812.6
Net sales growth, %	-0.8%	-14.3%	0.0%	-18.6%	-13.4%
Operative EBITA <sup>2)</sup>	0.5	4.4	-2.0	3.7	14.8
Operative EBITA margin, %	0.2%	2.1%	-0.5%	1.0%	1.8%
Operative EBITA <sup>2)</sup> , segments	4.4	6.8	5.1	9.2	24.2
Operative EBITA margin, %, segments	2.4%	3.6%	1.5%	2.6%	3.3%
Operating result (EBIT)	0.4	4.3	-2.1	3.5	14.5
Return on operative capital employed (ROCE), %	13.5%	16.8%	13.5%	16.8%	23.6%
Net working capital	-12.1	-7.1	-12.1	-7.1	-16.0
Net debt <sup>3)</sup>	131.0	143.9	131.0	143.9	122.6
Number of employees, average	5,050	5,221	5,040	5,295	5,176

1) Adjusted for divested operations and currency effects.

2) Eltel follows the profitability of segments with Operative EBITA. Please see pages 22–23 for definitions of the key ratios.

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

## Comments by the CEO

Eltel's second quarter result was affected by the sharp increase in inflation and a delayed start of the ground work season due to long winter. Furthermore, a six-week strike among information and communication technology personnel in Finland contributed to a 0.8% year-on-year decline in our net sales for the quarter. However, organic growth in Sweden and Norway was 14.0% and 9.6% in local currency, respectively.

Our operative EBITA for the second quarter was predominantly hit by inflation, with some impact also from inefficiencies caused by the still elevated sick-leave rates due to COVID-19 and the late spring. The increase in fuel and material prices were the main reasons for the decrease in the operative EBITA, year-on-year.

We have spent much time with our customers to agree on how to best handle the inflation. The discussions have been positive and we have secured agreements with most of our customers to recover parts of the cost increases, although full recovery will not be possible.

Finland continues to see a strong fibre and 5G market ahead, but the second quarter net sales declined year-on-year due to the strike and the late start of ground works. Closing of certain projects led to increased margins.

In Sweden, the smart metering projects are up and running and performing well. We see growth in the communication business, which had a modest positive impact on the result. We continue to invest in the efficiency programme "One Eltel", to further improve our productivity.

Norway continued to grow from the comparative period, as our customers' investment levels are increasing and fibre and 5G volumes are picking up. A change in business mix, increased sick-leave rates and inflation, however, affected the margins.

Danish numbers were, as expected, impacted by the partial insourcing of an agreement by a major customer at the end of Q2 2021. However, after the reporting period, on 12 July 2022, Eltel Denmark signed a strategic agreement with GlobalConnect, which will generate about EUR 47 million in net sales over the next three and a half years. The agreement gives us good growth opportunities in the Danish market.

In Other business, Smart Grids Germany continued to deliver strong margins in a favourable market while High Voltage Poland continued to be heavily impacted by the war in Ukraine and the inflation. Actions are being taken to mitigate the situation and we are seeking compensation from our customers, but the processes are expected to be lengthy and there is high uncertainty relating to the outcome.

In conclusion there are still uncertainties in the market regarding the geopolitical situation and the cost increases, which will continue to affect us. However, the communication market is healthy with 5G and fibre being the main drivers. In power, there is a clear demand to upgrade and modernise power grids in the Nordics.

As I am leaving the CEO position on 31 July, I would like to take this opportunity to thank all my colleagues across the Eltel Group with whom I have had the opportunity to work with for the past four years. Together, we have worked hard to execute on the Nordic strategy, improved our customer satisfaction index and safety performance as well as the employee engagement score. We have taken an industry-leading position in sustainability and we have improved our balance sheet. Eltel is now a more stable company and is in a good position to pursue sustainable profitable growth going forward.

### Casimir Lindholm, President & CEO



## About Eltel and the Group strategy

### Eltel in brief

Eltel is a leading Nordic field service provider for communication and power 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 – towards sustainable profitable growth

In accordance with our strategy, Eltel is transforming into a primarily Nordic company, based in countries in which it has a market-leading position. A Nordic focus with lower risk and fewer capital-intensive projects 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. Sustainability is key to our success and an integral part of our strategy.

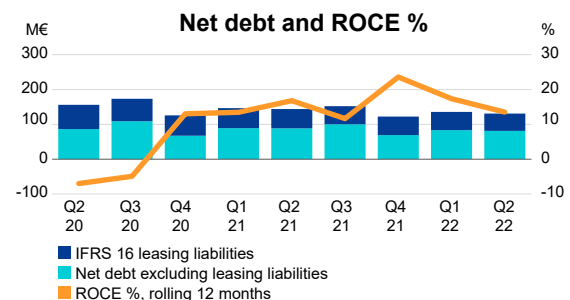
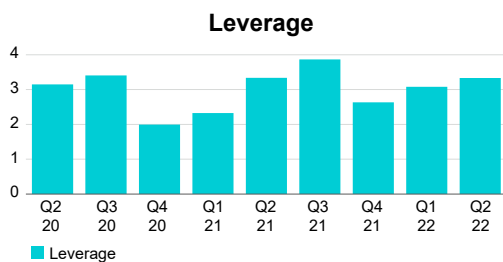
Our strategic focus is on investing in sustainable profitable growth as the transformation continues. This involves:

- Increasing market share in the Nordics
- Innovation and new market development
- Replicating successful business models
- Pursuing M&As in the Nordics
- Industry sustainability leadership

Our strategy, in combination with operational excellence, will create the foundation for sustainable growth, profitability and shareholder value.

### Eltel's financial targets by end of 2025

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 pages 22–23 for definitions of the key ratios.

## Net sales and earnings Group

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	208.6	210.4	392.6	392.4	812.6
Operative EBITA	0.5	4.4	-2.0	3.7	14.8
EBIT	0.4	4.3	-2.1	3.5	14.5
Net result	-2.6	1.6	-7.0	-1.0	4.9
<b>Key ratios</b>					
Net sales growth, %	-0.8%	-14.3%	0.0%	-18.6%	-13.4%
Organic growth <sup>1)</sup> , % in segments	-2.4%	-12.5%	-1.2%	-15.5%	-11.9%
Effect of divestments in net sales, MEUR	-	-4.2	-	-19.2	-19.2
Currency translation effect in net sales, MEUR	-1.2	5.7	-1.3	8.1	14.6
Operative EBITA margin, %	0.2%	2.1%	-0.5%	1.0%	1.8%
Tax rate, %	-106.4%	45.4%	-27.2%	216.2%	43.8%
Earnings per share after dilution, EUR	-0.02	0.01	-0.05	-0.01	0.03

1) Adjusted for divested operations and currency effects.

### April–June 2022

Net sales decreased by 0.8% to EUR 208.6 million (210.4). In segments net sales decreased by EUR 5.6 million. Net sales were impacted by a strike in Finland, which together with the partial insourcing of an agreement by a major customer in Denmark, offset the continued growth in Sweden and Norway. In Other business net sales increased by EUR 4.1 million. Organic net sales in segments, adjusted for divested operations and currency effects, decreased by 2.4%.

Operative EBITA decreased to EUR 0.5 million (4.4). Operative EBITA margin was 0.2% (2.1). Operative EBITA in segments was EUR 4.4 million (6.8) and operative EBITA margin was 2.4% (3.6). In Other business, operative EBITA was EUR -1.9 million (-0.5). Main driver for the decrease in operative EBITA was inflation, primarily increased fuel and material costs.

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

EBIT amounted to EUR 0.4 million (4.3).

Net financial expenses amounted to EUR -1.7 million (-1.3), including EUR 0.1 million (0.3) currency effect.

Taxes amounted to EUR -1.3 million (-1.4) representing the tax cost in countries with profits. No deferred tax asset was booked for the losses in the period.

Net result for the period was EUR -2.6 million (1.6). Earnings per share were EUR -0.02 (0.01).

### January–June 2022

Net sales remained at previous year's level at EUR 392.6 million (392.4). In segments net sales decreased by EUR 5.2 million. Growth in Norway and Sweden was offset by the impacts of the partial insourcing of an agreement by a major customer in Denmark and a strike in Finland. In Other business net sales increased by EUR 6.1 million. Organic net sales in segments, adjusted for divested operations and currency effects, decreased by 1.2%.

Operative EBITA decreased to EUR -2.0 million (3.7). Operative EBITA margin was -0.5% (1.0). Operative EBITA in segments was EUR 5.1 million (9.2) and operative EBITA margin was 1.5% (2.6). In Other business, operative EBITA was EUR -2.5 million (-1.4). Main driver for the decrease in operative EBITA was inflation, primarily related to fuel and material costs. A long winter and increased sick-leave rates also contributed.

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

EBIT amounted to EUR -2.1 million (3.5).

Net financial expenses amounted to EUR -3.4 million (-2.6), including EUR 0.1 million (0.8) currency effect.

Taxes amounted to EUR -1.5 million (-1.9) representing the tax cost in countries with profits. No deferred tax asset was booked for the losses in the period. The effective tax rate was -27.2% (216.2).

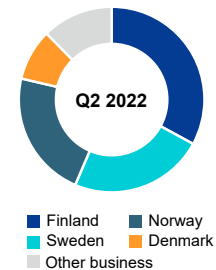
Net result for the period was EUR -7.0 million (-1.0). Earnings per share were EUR -0.05 (-0.01).

## Overview of segments

### Net sales

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Finland	71.9	79.8	130.7	140.6	299.6
Sweden	49.4	44.6	93.3	85.7	182.2
Norway	46.6	42.1	88.2	76.0	160.5
Denmark	17.5	24.6	35.6	50.8	87.9
<b>Sum segments</b>	<b>185.5</b>	<b>191.1</b>	<b>347.9</b>	<b>353.1</b>	<b>730.1</b>
Other business	25.7	21.6	49.1	43.0	91.9
Eliminations	-2.6	-2.3	-4.5	-3.7	-9.5
<b>Total net sales</b>	<b>208.6</b>	<b>210.4</b>	<b>392.6</b>	<b>392.4</b>	<b>812.6</b>

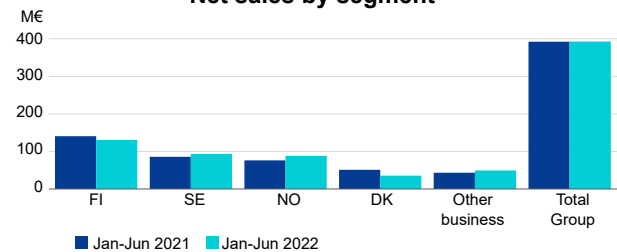
### Net sales by segment



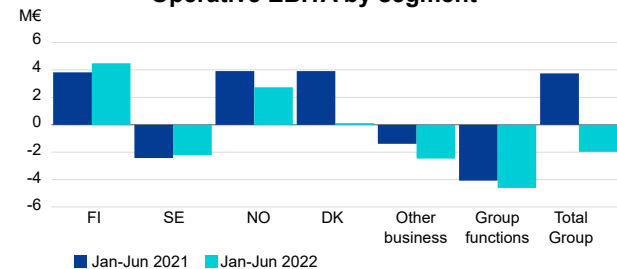
### Operative EBITA

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Finland	3.6	3.1	4.5	3.8	12.7
Sweden	-0.4	-1.6	-2.2	-2.4	-1.8
Norway	1.3	2.7	2.7	3.9	9.2
Denmark	0.0	2.6	0.1	3.9	4.2
<b>Sum segments</b>	<b>4.4</b>	<b>6.8</b>	<b>5.1</b>	<b>9.2</b>	<b>24.2</b>
Other business	-1.9	-0.5	-2.5	-1.4	-1.8
Group functions	-2.0	-1.9	-4.6	-4.1	-7.6
<b>Total operative EBITA</b>	<b>0.5</b>	<b>4.4</b>	<b>-2.0</b>	<b>3.7</b>	<b>14.8</b>
Finland	5.0%	3.9%	3.4%	2.7%	4.2%
Sweden	-0.9%	-3.6%	-2.4%	-2.8%	-1.0%
Norway	2.8%	6.4%	3.1%	5.1%	5.7%
Denmark	-0.3%	10.5%	0.3%	7.7%	4.8%
<b>Sum segments</b>	<b>2.4%</b>	<b>3.6%</b>	<b>1.5%</b>	<b>2.6%</b>	<b>3.3%</b>
Other business	-7.5%	-2.3%	-5.0%	-3.2%	-2.0%
<b>Total operative EBITA-margin, %</b>	<b>0.2%</b>	<b>2.1%</b>	<b>-0.5%</b>	<b>1.0%</b>	<b>1.8%</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. In 2021, the segments represented 90% of the net sales.

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

## Net sales and operative EBITA – Segments

### Finland

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	71.9	79.8	130.7	140.6	299.6
Operative EBITA	3.6	3.1	4.5	3.8	12.7
Number of employees, average	1,504	1,477	1,498	1,462	1,478
<b>Key ratios</b>					
Net sales growth, %	-9.9%	2.0%	-7.0%	2.5%	-0.2%
Operative EBITA margin, %	5.0%	3.9%	3.4%	2.7%	4.2%



#### April–June 2022

Net sales decreased by EUR 7.9 million, or 9.9%, to EUR 71.9 million (79.8). Net sales were primarily affected by a six-week long strike of information and communication technology personnel (ICT). Delayed start of the ground work season due to the long winter also contributed.

Operative EBITA increased to EUR 3.6 million (3.1). The operative EBITA margin improved to 5.0% (3.9) as a result of closing of certain projects with improved margins. Increased material and fuel costs partly offset the performance.

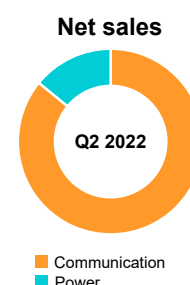
#### January–June 2022

Net sales decreased by EUR 9.8 million, or 7.0%, to EUR 130.7 million (140.6) as a consequence of a six-week long ICT strike, during Q2, and harsh winter conditions with deep ground frost.

Operative EBITA increased to EUR 4.5 million (3.8). The operative EBITA margin improved to 3.4% (2.7) as a result of closing of projects with improved margins and unusually high annual bonus payments received from pension insurance companies. Increased material and fuel costs partly offset the performance.

### Sweden

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	49.4	44.6	93.3	85.7	182.2
Operative EBITA	-0.4	-1.6	-2.2	-2.4	-1.8
Number of employees, average	911	949	912	961	938
<b>Key ratios</b>					
Net sales growth, %	10.7%	-25.2%	8.9%	-30.2%	-18.8%
Organic growth <sup>1)</sup> , %	14.0%	-26.6%	12.2%	-28.8%	-18.4%
Effect of divestments in net sales, MEUR	-	-1.6	-	-8.5	-8.5
Currency translation effect in net sales, MEUR	-1.5	2.0	-2.9	4.3	5.9
Operative EBITA margin, %	-0.9%	-3.6%	-2.4%	-2.8%	-1.0%



1) Adjusted for currency effects.

#### April–June 2022

Net sales increased by EUR 4.8 million, or 10.7%, to EUR 49.4 million (44.6). Organic growth, adjusted for currency effects, was 14.0%. Currency effects had a negative impact of EUR 1.5 million. The growth was driven by smart metering projects and the communication business.

Operative EBITA increased to EUR -0.4 million (-1.6). The operative EBITA margin was -0.9% (-3.6). Growth within the communication business and the impact of the smart metering projects were partly offset by investments made in the efficiency programme “One Eltel” and increased fuel prices.

#### January–June 2022

Net sales increased by EUR 7.6 million, or 8.9%, to EUR 93.3 million (85.7). Organic growth, adjusted for currency effects, was 12.2%. Currency effects had a negative impact of EUR 2.9 million. The growth was driven by smart metering projects and the communication business.

Operative EBITA increased to EUR -2.2 million (-2.4). The operative EBITA margin was -2.4% (-2.8). Profitability improved in the communication business and in the smart metering projects while investments in the efficiency programme “One Eltel” impacted negatively. Margin adjustments in certain old projects, increased fuel prices, and high sick-leave rates due to COVID-19 further burdened the result.

## Norway

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	46.6	42.1	88.2	76.0	160.5
Operative EBITA	1.3	2.7	2.7	3.9	9.2
Number of employees, average	935	913	937	909	919
<b>Key ratios</b>					
Net sales growth, %	10.9%	-10.3%	16.1%	-19.0%	-9.7%
Organic growth <sup>1)</sup> , %	9.6%	-18.0%	13.3%	-23.3%	-14.8%
Currency translation effect in net sales, MEUR	0.5	3.6	2.1	4.0	9.0
Operative EBITA margin, %	2.8%	6.4%	3.1%	5.1%	5.7%

1) Adjusted for currency effects.



### April–June 2022

Net sales increased by EUR 4.6 million, or 10.9%, to EUR 46.6 million (42.1). Organic growth, adjusted for currency effects, was 9.6%. Currency effects had a positive impact of EUR 0.5 million. The growth relates to increased demand for fibre and 5G as customers' investment levels are picking up.

Operative EBITA decreased to EUR 1.3 million (2.7). The operative EBITA margin decreased to 2.8% (6.4) mainly due to change in business mix, increased sick-leave rates and inflation.

After the reporting period, on 1 July 2022, it was announced that Eltel Norway signed an agreement with Telenor to further upgrade Telenor's telecommunications network with 5G technology. The agreement is worth about EUR 36–40 million and will start generating net sales in 2023.

### January–June 2022

Net sales increased by EUR 12.2 million, or 16.1%, to EUR 88.2 million (76.0). Organic growth, adjusted for currency effects, was 13.3%. Currency effects had a positive impact of EUR 2.1 million. The main reason for the growth is an increased demand for fibre and 5G as customers' investment levels are picking up from previous year.

Operative EBITA decreased to EUR 2.7 million (3.9). The operative EBITA margin decreased to 3.1% (5.1). The decrease is a consequence of a change in business mix, increased sick-leave rates and inflation.

## Denmark

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	17.5	24.6	35.6	50.8	87.9
Operative EBITA	-0.0	2.6	0.1	3.9	4.2
Number of employees, average	477	632	476	645	562
<b>Key ratios</b>					
Net sales growth, %	-28.8%	-14.4%	-29.8%	-18.7%	-25.6%
Organic growth <sup>1)</sup> , %	-28.8%	-14.6%	-29.8%	-19.0%	-25.8%
Currency translation effect in net sales, MEUR	0.0	0.1	0.0	0.2	0.2
Operative EBITA margin, %	-0.3%	10.5%	0.3%	7.7%	4.8%

1) Adjusted for currency effects.



### April–June 2022

Net sales decreased by EUR 7.1 million, or 28.8%, to EUR 17.5 million (24.6). The decrease mainly resulted from a partial insourcing of an agreement by a major customer at the end of Q2 2021. Slower than anticipated ramp up of new agreements further impacted the net sales.

Operative EBITA decreased to EUR -0.0 million (2.6). The operative EBITA margin was -0.3% (10.5). Main driver was lower volumes. The comparative period included a positive one-off of EUR 0.8 million related to the partial insourcing of an agreement by a major customer.

After the reporting period, on 12 July 2022, it was announced that Eltel Denmark has entered into a strategic cooperation with GlobalConnect to establish about 18,000 high speed fibre connections in Denmark. The agreement is worth about EUR 47 million and will start generating net sales during 2022.

### Other business

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	25.7	21.6	49.1	43.0	91.9
Operative EBITA	-1.9	-0.5	-2.5	-1.4	-1.8
Number of employees, average	1,082	1,092	1,074	1,161	1,123

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



### April–June 2022

Net sales increased by EUR 4.1 million to EUR 25.7 million (21.6). Growth came from the realisation of delayed and postponed volumes from 2021 in High Voltage Poland. Net sales in Smart Grids Germany remained flat.

Operative EBITA decreased to EUR -1.9 million (-0.5). Strong margins in Smart Grids Germany were offset by High Voltage Poland, which suffered from increased cost due to inflation, delayed projects and material shortage. Actions are being taken to mitigate the situation, however the processes are expected to be lengthy and there is high uncertainty relating to the outcome.

### January–June 2022

Net sales decreased by EUR 15.2 million, or 29.8%, to EUR 35.6 million (50.8). The decrease mainly resulted from a partial insourcing of an agreement by a major customer at the end of Q2 2021. Closing of other agreements and slower than anticipated ramp up of new agreements impacted further.

Operative EBITA decreased to EUR 0.1 million (3.9). The operative EBITA margin was 0.3% (7.7). The decline comes from the lower volumes.

### January–June 2022

Net sales increased by EUR 6.1 million to EUR 49.1 million (43.0) thanks to the realisation of delayed and postponed volumes from 2021 in High Voltage Poland. Net sales in Smart Grids Germany remained flat.

Operative EBITA decreased to EUR -2.5 million (-1.4). Margins in Smart Grids Germany remained high but were offset by High Voltage Poland. The inflation and the war in Ukraine deteriorated the result. Actions are being taken to mitigate the situation, however, the processes are expected to be lengthy and there is high uncertainty relating to the outcome. In Power Transmission International, all projects are operationally closed. The administrative closing processes continue.



## Cash flow

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
EBIT	0.4	4.3	-2.1	3.5	14.5
Depreciation and amortisation	7.4	8.4	15.0	16.7	32.1
EBITDA	7.9	12.7	13.0	20.2	46.5
Changes in working capital	5.4	3.7	-4.4	-17.2	-10.1
Total financial expenses and taxes	-4.0	-1.9	-7.1	-4.9	-6.7
Adjustment for gain/loss on sales of assets and business	0.0	0.0	0.0	-0.1	-2.6
Other	-0.5	-1.3	-1.4	-2.2	-4.8
<b>Cash flow from operating activities</b>	<b>8.8</b>	<b>13.2</b>	<b>0.0</b>	<b>-4.2</b>	<b>22.3</b>
<b>Cash flow from investing activities</b>	<b>-0.8</b>	<b>-4.7</b>	<b>-1.4</b>	<b>-5.3</b>	<b>-2.9</b>
<b>Cash flow from financing activities</b>	<b>14.1</b>	<b>1.4</b>	<b>11.7</b>	<b>13.1</b>	<b>-13.7</b>
<b>Net change in cash and cash equivalents</b>	<b>22.1</b>	<b>9.8</b>	<b>10.2</b>	<b>3.6</b>	<b>5.7</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>20.8</b>	<b>20.3</b>	<b>32.3</b>	<b>26.0</b>	<b>26.0</b>
Foreign exchange rate effect	-0.4	-0.1	0.0	0.4	0.6
<b>Cash and cash equivalents at end of period</b>	<b>42.5</b>	<b>30.0</b>	<b>42.5</b>	<b>30.0</b>	<b>32.3</b>

Condensed consolidated statement of cash flows is presented on page 15.

### April–June 2022

Cash flow from operating activities was EUR 8.8 million (13.2). Largest items were EBITDA EUR 7.9 million (12.7), change in net working capital EUR 5.4 million (3.7), financial items EUR -2.3 million (-1.6) and income taxes EUR -1.7 million (-0.2).

Net cash flow from investing activities was EUR -0.8 million (-4.7) consisting of EUR -0.8 million (-0.9) net capital expenditure. The comparative period included EUR -3.8 million cash flow from divestment of High Voltage Germany.

Cash flow from financing activities was EUR 14.1 million (1.4). Main items include utilisation of short-term financing, which increased by EUR 19.5 million (9.0) and cash flow from lease liabilities, which amounted to EUR -5.3 million (-6.1).

### January–June 2022

Cash flow from operating activities was EUR 0.0 million (-4.2). Largest positive change compared to previous year came from net working capital, where the seasonality impact was lower than usual and had a negative impact of EUR 4.4 million (-17.2). At the end of the second quarter, net working capital amounted to EUR -12.1 million (-7.1).

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 -1.4 million (-5.3) consisting of net capital expenditure of EUR -1.4 million (1.5) and in 2021 of EUR -3.8 million from divestment of High Voltage Germany.

Cash flow from financing activities was EUR 11.7 million (13.1). On 17 January 2022, Eltel completed a financing agreement with banks. In connection with the agreement, Eltel drew a EUR 35.0 million term loan and repaid the remaining old term loan of EUR 27.0 million. Utilisation of short-term financing increased by EUR 14.0 million (26.0), payments of lease liabilities amounted to EUR -10.8 million (-12.3) and other items to EUR 0.5 million (-0.6).

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

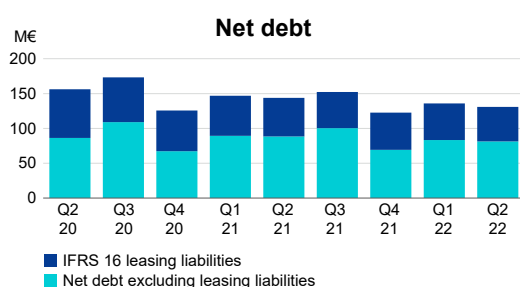
## Financial position, cash and cash equivalents

Equity at the end of the period was EUR 223.5 million (220.4) and total assets were EUR 628.6 million (688.9). The equity ratio was 38.0% (33.3).

### Interest-bearing liabilities and net debt

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Interest-bearing debt	122.3	115.9	99.8
Leasing liabilities	50.7	57.2	54.5
Allocation of effective interest to periods	0.5	0.9	0.6
Less cash and cash equivalents	-42.5	-30.0	-32.3
<b>Net debt</b>	<b>131.0</b>	<b>143.9</b>	<b>122.6</b>

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current interest-bearing debt	34.6	27.5	25.5
Current interest-bearing debt	87.7	88.3	74.2
<b>Total interest-bearing debt</b>	<b>122.3</b>	<b>115.9</b>	<b>99.8</b>
Non-current leasing liabilities	32.8	37.3	35.8
Current leasing liabilities	17.9	19.8	18.6
<b>Total leasing liabilities</b>	<b>50.7</b>	<b>57.2</b>	<b>54.5</b>



## Credit facilities

EUR million	30 Jun 2022	Maturity
Term loan, non-current	35.0	Jan 2024 (+ extension option until Jan 2025)
Revolving credit facility	90.0	Jan 2025 (+ extension options until Jan 2027)
Account overdrafts	15.0	Annual renewals
<b>Total committed credit facilities</b>	<b>140.0</b>	
Commercial paper programme	150.0	N/A

Available liquidity reserves, including the committed revolving credit facility, account overdrafts and cash and cash equivalents, amounted to EUR 113.5 million (140.0). Additional to the committed facilities, the Group also has access to short-term debt capital markets via a commercial paper programme of EUR 150 million. At the reporting date, EUR 53.0 million (79.0) of the commercial paper programme and EUR 34.0 million (0.0) of the revolving credit facility were utilised.

## Commercial guarantees

On 30 June 2022, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 92.0 million (101.8). The amount of commercial guarantees issued on behalf of third parties was EUR 0.0 million (0.1).

## Other information

### Risks and uncertainty factors

The high inflation, partly attributed to the war in Ukraine, impacts Eltel in regards to fuel and material prices as well as availability and cost of subcontractors and employees. Mitigating actions have been taken during Q2 and Eltel has now agreements in place to recover parts of the cost increases with most of its largest customers.

Eltel has faced significant profitability challenges in its High Voltage business in Poland, partly due to recent 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.

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.

For information regarding risks and uncertainties, please refer to Eltel's 2021 Annual Report which was published on 30 March 2022 and is available on Eltel's website at [www.eltelgroup.com](http://www.eltelgroup.com).

### Large agreements announced after the reporting period

On 1 July 2022, it was announced that Eltel Norway signed an agreement with Telenor to further upgrade Telenor's telecommunications network with 5G technology. The agreement is worth about EUR 36–40 million.

On 12 July 2022, it was announced that Eltel Denmark has entered into a strategic cooperation with GlobalConnect to establish about 18,000 high speed fibre connections in Denmark. The agreement is worth about EUR 47 million.

### Related party transactions

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

### Seasonality

Eltel's businesses are generally characterised by seasonal patterns and cyclical nature of the project business that adds volatility to net sales, operative EBITA and cash flow. Seasonality is normally driven by a number of factors, including weather conditions, the timing of customer order placements and completion of work phases. The Eltel Group has historically reported higher revenues and operating profit in the second half of the year. Cash flow has historically displayed a strong seasonal pattern, with weaker cash flow recorded during the period until the end of the third quarter due to higher production activity. At the end of the year, as production volumes decrease, cash flow has normally been stronger. For more details, please refer to quarterly key financial figures for the Group on page 17.

## Presentation of the half-year 2022 report

Analysts and media are invited to participate in the half-year 2022 report briefing on 26 July 2022 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 2022: 2 November 2022
- Full-year report January–December 2022: 16 February 2023

*This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CEST on 26 July 2022.*

## 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, 26 July 2022

### Eltel AB (publ)

Ulf Mattsson, Chairman  
Ann Emilson  
Gunilla Fransson  
Joakim Olsson  
Erja Sankari  
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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	208.6	210.4	392.6	392.4	812.6
Cost of sales	-187.7	-187.7	-354.7	-350.7	-724.5
<b>Gross profit</b>	<b>21.0</b>	<b>22.7</b>	<b>37.9</b>	<b>41.7</b>	<b>88.1</b>
Other income	0.2	0.7	0.5	1.4	5.5
Selling and administrative expenses	-20.7	-18.9	-40.5	-39.3	-78.1
Other expenses	-0.0	-0.1	-0.0	-0.2	-1.0
<b>Operating result (EBIT)</b>	<b>0.4</b>	<b>4.3</b>	<b>-2.1</b>	<b>3.5</b>	<b>14.5</b>
Financial income	0.0	0.0	0.0	0.0	0.1
Financial expenses	-1.7	-1.3	-3.5	-2.7	-5.8
Net financial expenses	-1.7	-1.3	-3.4	-2.6	-5.8
<b>Result before taxes</b>	<b>-1.2</b>	<b>3.0</b>	<b>-5.5</b>	<b>0.9</b>	<b>8.7</b>
Taxes	-1.3	-1.4	-1.5	-1.9	-3.8
<b>Net result</b>	<b>-2.6</b>	<b>1.6</b>	<b>-7.0</b>	<b>-1.0</b>	<b>4.9</b>
Attributable to:					
Equity holders of the parent	-2.7	1.4	-7.2	-1.2	4.3
Non-controlling interest	0.2	0.2	0.2	0.1	0.6
<b>Earnings per share (EPS)</b>					
Basic, EUR	-0.02	0.01	-0.05	-0.01	0.03
Diluted, EUR	-0.02	0.01	-0.05	-0.01	0.03

### Condensed consolidated statement of comprehensive income

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net profit for the period	-2.6	1.6	-7.0	-1.0	4.9
Other comprehensive income:					
<b>Items that will not be reclassified to profit and loss</b>					
Revaluation of defined benefit plans, net of tax	6.2	1.1	7.8	0.8	2.6
<b>Items that may be subsequently reclassified to profit and loss</b>					
Net investment hedges, net of tax	-0.1	-0.6	0.0	0.0	0.3
Currency translation differences	-6.4	0.4	-5.2	1.5	1.3
Total	-6.4	-0.2	-5.2	1.5	1.6
Other comprehensive income/loss for the period, net of tax	-0.2	0.9	2.6	2.2	4.2
<b>Total comprehensive income/loss for the period</b>	<b>-2.8</b>	<b>2.5</b>	<b>-4.4</b>	<b>1.2</b>	<b>9.1</b>
Total comprehensive income/loss attributable to:					
Equity holders of the parent	-3.0	2.3	-4.5	1.1	8.5
Non-controlling interest	0.2	0.2	0.2	0.1	0.6

**Condensed consolidated balance sheet**

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Goodwill	259.6	265.5	265.0
Intangible assets	37.2	41.1	39.6
Property, plant and equipment	10.4	14.0	11.6
Right-of-use assets	49.5	55.9	53.3
Deferred tax assets	16.8	18.5	18.4
Financial assets	5.9	1.0	1.1
<b>Total non-current assets</b>	<b>379.4</b>	<b>396.0</b>	<b>389.1</b>
<b>Current assets</b>			
Inventories	19.4	12.2	17.2
Other financial assets	-	35.0	-
Trade and other receivables	187.3	215.6	192.3
Cash and cash equivalents	42.5	30.0	32.3
<b>Total current assets</b>	<b>249.3</b>	<b>292.9</b>	<b>241.8</b>
<b>TOTAL ASSETS</b>	<b>628.6</b>	<b>688.9</b>	<b>630.8</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity attributable to shareholders of the parent	215.7	212.8	220.2
Non-controlling interest	7.9	7.6	7.7
<b>Total equity</b>	<b>223.5</b>	<b>220.4</b>	<b>227.9</b>
<b>Non-current liabilities</b>			
Interest-bearing debt	34.6	27.5	25.5
Leasing liabilities	32.8	37.3	35.8
Retirement benefit obligations	7.1	18.9	14.4
Deferred tax liabilities	10.4	11.0	10.7
Provisions	3.0	2.8	2.7
Other non-current liabilities	0.6	0.5	0.7
<b>Total non-current liabilities</b>	<b>88.5</b>	<b>98.0</b>	<b>89.8</b>
<b>Current liabilities</b>			
Interest-bearing debt	87.7	88.3	74.2
Leasing liabilities	17.9	19.8	18.6
Liabilities to shareholders <sup>1)</sup>	-	35.0	-
Provisions	3.1	6.6	6.0
Advances received	40.1	27.1	35.8
Trade and other payables	167.8	193.6	178.5
<b>Total current liabilities</b>	<b>316.5</b>	<b>370.5</b>	<b>313.1</b>
<b>Total liabilities</b>	<b>405.0</b>	<b>468.5</b>	<b>402.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>628.6</b>	<b>688.9</b>	<b>630.8</b>

1) Refers to selling shareholders at the time of the listing on 6 February 2015 and to FCCA case that was closed in Q3 2021.

**Condensed consolidated statement of cash flows**

EUR million	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
<b>Cash flow from operating activities</b>			
Operating result (EBIT)	-2.1	3.5	14.5
Adjustments:			
Depreciation and amortisation	15.0	16.7	32.1
Gain/loss on sales of assets and business	-	-0.1	-2.6
Defined benefit pension plans	-1.7	-1.9	-3.3
Other non-cash adjustments	0.2	-0.3	-1.5
Cash flow from operations before interests, taxes and changes in working capital	11.5	17.9	39.1
Interest and other financial expenses paid, net	-2.8	-2.1	-4.0
Income taxes received/paid	-4.3	-2.8	-2.7
Total financial expenses and taxes	-7.1	-4.9	-6.7
Changes in working capital:			
Trade and other receivables	1.5	-11.5	9.4
Trade and other payables	-3.5	-5.5	-14.4
Inventories	-2.4	-0.1	-5.0
Changes in working capital	-4.4	-17.2	-10.1
<b>Net cash from operating activities</b>	<b>0.0</b>	<b>-4.2</b>	<b>22.3</b>
<b>Cash flow from investing activities</b>			
Purchases of property, plant and equipment (PPE)	-1.4	-1.6	-4.4
Proceeds from sale of property, plant and equipment (PPE)	-	0.1	5.3
Divestment of business, net of cash disposed of	-	-3.8	-3.8
<b>Net cash from investing activities</b>	<b>-1.4</b>	<b>-5.3</b>	<b>-2.9</b>
<b>Cash flow from financing activities</b>			
Proceeds from issuance of share capital	1.0	-	-
Acquisition of own shares	-1.0	-	-
Proceeds from long-term financial liabilities	35.0	-	-
Proceeds from short-term financial liabilities	39.5	26.0	31.2
Payments of short-term financial liabilities	-25.5	-	-11.0
Payments of financial liabilities, term loans	-27.0	-	-10.0
Proceeds from other financial assets	-	-	35.0
Payments of liabilities to shareholders	-	-	-35.0
Payments of lease liabilities	-10.8	-12.3	-23.8
Dividends to non-controlling interest	-	-	-0.4
Change in non-liquid financial assets	0.5	-0.6	0.2
<b>Net cash from financing activities</b>	<b>11.7</b>	<b>13.1</b>	<b>-13.7</b>
<b>Net change in cash and cash equivalents</b>	<b>10.2</b>	<b>3.6</b>	<b>5.7</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>32.3</b>	<b>26.0</b>	<b>26.0</b>
Foreign exchange rate effect	0.0	0.4	0.6
<b>Cash and cash equivalents at end of period</b>	<b>42.5</b>	<b>30.0</b>	<b>32.3</b>

## Condensed consolidated statement of changes in equity

EUR million	Equity attributable to shareholders of the parent						Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation			
Equity at 1 Jan 2022	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	7.7	227.9
Total comprehensive income for the period	-	-	-7.2	7.8	0.0	-5.2	-4.5	0.2	-4.4
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
Total transaction with owners	0.7	-0.7	0.0	-	-	-	0.0	-	0.0
Equity at 30 Jun 2022	159.6	489.9	-373.4	-31.1	10.9	-40.2	215.7	7.9	223.6

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 2021	158.8	490.6	-370.6	-41.5	10.6	-36.3	211.7	7.5	219.2
Total comprehensive income for the period	-	-	4.3	2.6	0.3	1.3	8.5	0.6	9.1
Transactions with owners:									
Equity-settled share-based payment	-	-	0.1	-	-	-	0.1	-	0.1
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.4	-0.4
Total transaction with owners	-	-	0.1	-	-	-	0.1	-0.4	-0.3
Equity at 31 Dec 2021	158.8	490.6	-366.2	-38.9	10.9	-35.0	220.2	7.7	227.9



# Notes to the condensed consolidated interim financial statements

## Accounting principles

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

## Key figures

### Key figures for the period

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021	Rolling 12-mon
Net sales	208.6	210.4	392.6	392.4	812.6	812.8
Net sales growth, %	-0.8	-14.3	0.0	-18.6	-13.4	-4.2
Operative EBITA	0.5	4.4	-2.0	3.7	14.8	9.1
Operative EBITA margin, %	0.2	2.1	-0.5	1.0	1.8	1.1
Operative EBITA, segments	4.4	6.8	5.1	9.2	24.2	20.1
Operative EBITA margin, %, segments	2.4	3.6	1.5	2.6	3.3	2.8
Items affecting comparability	-	-0.1	-	-0.1	-0.1	-
EBITDA	7.9	12.7	13.0	20.2	46.5	39.3
Operating result (EBIT)	0.4	4.3	-2.1	3.5	14.5	8.8
EBIT margin, %	0.2	2.0	-0.5	0.9	1.8	1.1
Result after financial items	-1.2	3.0	-5.5	0.9	8.7	2.3
Net result for the period	-2.6	1.6	-7.0	-1.0	4.9	-1.1
Earnings per share EUR, basic and diluted	-0.02	0.01	-0.05	-0.01	0.03	-0.01
Return on equity (ROE), % <sup>1)</sup>	-0.5	-2.2	-0.5	-2.2	2.2	-0.5
Return on operative capital employed (ROCE), % <sup>1)</sup>	13.5	16.8	13.5	16.8	23.6	13.5
Leverage ratio <sup>1)</sup>	3.3	3.3	3.3	3.3	2.6	3.3
Net working capital	-12.1	-7.1	-12.1	-7.1	-16.0	-12.1
Number of personnel, average	5,050	5,221	5,040	5,295	5,176	5,049

### Quarterly key figures

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

<sup>1)</sup> Calculated on a rolling 12-month basis.  
Please see pages 22–23 for definitions of the key ratios.

## Net sales by segment

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Finland	71.9	79.8	130.7	140.6	299.6
Sweden	49.4	44.6	93.3	85.7	182.2
Norway	46.6	42.1	88.2	76.0	160.5
Denmark	17.5	24.6	35.6	50.8	87.9
Other business <sup>1)</sup>	25.7	21.6	49.1	43.0	91.9
Eliminations	-2.6	-2.3	-4.5	-3.7	-9.5
<b>Net sales, total</b>	<b>208.6</b>	<b>210.4</b>	<b>329.6</b>	<b>329.4</b>	<b>812.6</b>

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

## Net sales by segment by business

EUR million		Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
<b>Finland</b>	Communication	26.1	28.4	46.6	49.1	111.3
	Power	45.9	51.4	84.1	91.5	188.4
<b>Sweden</b>	Communication	43.2	40.1	80.1	77.2	163.1
	Power	6.2	4.5	13.1	8.5	19.1
<b>Norway</b>	Communication	46.5	42.0	88.0	75.8	160.0
	Power	0.2	0.1	0.3	0.2	0.4
<b>Denmark</b>	Communication	12.8	19.3	26.3	38.2	65.2
	Power	4.8	5.4	9.3	12.6	22.7
<b>Other business</b>	Communication	3.9	2.7	7.0	6.1	13.6
	Power	21.5	17.2	41.9	34.3	73.1
	Other operations	0.3	1.7	0.2	2.6	5.3
Eliminations		-2.6	-2.3	-4.5	-3.7	-9.5
<b>Net sales, total</b>		<b>208.6</b>	<b>210.4</b>	<b>392.6</b>	<b>392.4</b>	<b>812.6</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 segments.

## Net sales by business

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Communication	130.1	130.5	244.2	243.3	505.1
Power	78.3	78.2	148.2	146.5	302.3
Other operations	0.3	1.7	0.2	2.6	5.3
<b>Net sales, total</b>	<b>208.6</b>	<b>210.4</b>	<b>392.6</b>	<b>392.4</b>	<b>812.6</b>

## Net sales by service split

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Project delivery	48.4	36.2	95.4	73.4	150.7
Upgrade services	109.3	120.3	200.8	217.3	452.2
Maintenance	51.0	53.9	96.4	101.7	209.7
<b>Net sales, total</b>	<b>208.6</b>	<b>210.4</b>	<b>392.6</b>	<b>392.4</b>	<b>812.6</b>

## Reconciliation of segment results

EUR million	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Operative EBITA by segment					
Finland	3.6	3.1	4.5	3.8	12.7
Sweden	-0.4	-1.6	-2.2	-2.4	-1.8
Norway	1.3	2.7	2.7	3.9	9.2
Denmark	0.0	2.6	0.1	3.9	4.2
<b>Sum segments</b>	<b>4.4</b>	<b>6.8</b>	<b>5.1</b>	<b>9.2</b>	<b>24.2</b>
Other business	-1.9	-0.5	-2.5	-1.4	-1.8
Group functions	-2.0	-1.9	-4.6	-4.1	-7.6
<b>Operative EBITA, Group</b>	<b>0.5</b>	<b>4.4</b>	<b>-2.0</b>	<b>3.7</b>	<b>14.8</b>
Valuation as held for sale	-	-0.1	-	-0.1	-0.1
Total items affecting comparability in EBITA	-	-0.1	-	-0.1	-0.1
Amortisation of acquisition-related intangible asset	-0.0	-0.1	-0.1	-0.1	-0.3
<b>Operating result (EBIT)</b>	<b>0.4</b>	<b>4.3</b>	<b>-2.1</b>	<b>3.5</b>	<b>14.5</b>
Financial expenses, net	-1.7	-1.3	-3.4	-2.6	-5.8
<b>Result before taxes</b>	<b>-1.2</b>	<b>3.0</b>	<b>-5.5</b>	<b>0.9</b>	<b>8.7</b>

## Net working capital and operative capital employed

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Inventories	19.4	12.2	17.2
Trade and other receivables	187.3	215.6	192.3
Provisions	-6.1	-9.4	-8.6
Advances received	-40.1	-27.1	-35.8
Trade and other payables	-167.8	-193.6	-178.5
Other	-4.8	-4.9	-2.6
<b>Net working capital</b>	<b>-12.1</b>	<b>-7.1</b>	<b>-16.0</b>
Intangible assets excluding acquisition-related allocations	10.5	13.5	12.3
Property, plant and equipment	10.4	14.0	11.6
Right-of-use assets	49.5	55.9	53.3
<b>Operative capital employed</b>	<b>58.3</b>	<b>76.2</b>	<b>61.2</b>

## Personnel by segment

	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Finland	1,504	1,477	1,498	1,462	1,478
Sweden	911	949	912	961	938
Norway	935	913	937	909	919
Denmark	477	632	476	645	562
Other business	1,082	1,092	1,074	1,161	1,123
Group functions	141	158	144	157	155
<b>Total personnel, average</b>	<b>5,050</b>	<b>5,221</b>	<b>5,040</b>	<b>5,295</b>	<b>5,176</b>
<b>Total personnel, end of period</b>	<b>5,089</b>	<b>5,202</b>	<b>5,089</b>	<b>5,202</b>	<b>5,046</b>

## Contract balances

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Trade receivables	70.3	95.1	102.0
Contract assets	97.0	99.3	71.2
<b>Total assets related to contracts with customers</b>	<b>167.2</b>	<b>194.4</b>	<b>173.2</b>
Advances received	40.1	27.1	35.8
<b>Total liabilities related to contracts with customers</b>	<b>40.1</b>	<b>27.1</b>	<b>35.8</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 and divestments

### January–June 2022

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

### Full-year 2021

During January-December 2021 there were no acquisitions.

In 2021 the following divestment was completed:

On 22 March 2021, Eltel signed an agreement to divest its German high voltage business to ENACO GmbH, a German service provider in the energy sector. The transaction was completed on 30 April 2021 and it had a negative cash flow effect of EUR 3.8 million and impact on Group EBIT of EUR -0.1 million in Q2 2021. Eltel has as part of the divestment engaged ENACO as a subcontractor for the completion of certain projects, which are expected to be completed during 2022.

## Deferred taxes

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Deferred tax assets	16.8	18.5	18.4
Deferred tax liabilities	-10.4	-11.0	-10.7
<b>Net deferred tax assets</b>	<b>6.4</b>	<b>7.6</b>	<b>7.7</b>

There were no changes, other than currency impact, in deferred tax assets for losses carried forward during January-June 2022. In December 2021, gross amount of EUR 12.9 million (13.0) was recognised, of which EUR 5.9 million (6.0) 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.

## Leasing

### Right-of-use assets

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Buildings	28.7	31.8	31.2
Machinery and equipment	20.7	24.1	22.1
<b>Total</b>	<b>49.5</b>	<b>55.9</b>	<b>53.3</b>

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

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
1 Jan	53.3	59.2	59.2
Additions	9.6	10.7	21.7
Depreciations	-10.9	-11.9	-23.4
Other	-2.5	-2.1	-4.3
<b>Balance at the end of period</b>	<b>49.5</b>	<b>55.9</b>	<b>53.3</b>

### Leasing liabilities

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current	32.8	37.3	35.8
Current	17.9	19.8	18.6
<b>Total</b>	<b>50.7</b>	<b>57.2</b>	<b>54.5</b>

## Financial instruments

Derivative financial instruments	30 Jun 2022		30 Jun 2021		31 Dec 2021	
	Nominal values	Net fair values	Nominal values	Net fair values	Nominal values	Net fair values
EUR million						
Foreign exchange rate derivatives	31.4	0.1	33.9	0.1	41.8	0.1
Embedded derivatives	-	-	1.4	-0.2	-	-
<b>Total</b>	<b>31.4</b>	<b>0.1</b>	<b>35.3</b>	<b>-0.1</b>	<b>41.8</b>	<b>0.1</b>

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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net result attributable to equity holders of the parent	-2.7	1.4	-7.2	-1.2	4.3
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	156,741,092	156,727,864	156,737,480	156,725,113	156,728,961
Earnings per share EUR, basic	-0.02	0.01	-0.05	-0.01	0.03
Earnings per share EUR, diluted	-0.02	0.01	-0.05	-0.01	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)

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

1) Calculated on a rolling 12-month basis.

Key figure	Definition and reason for use	Reference
<b>Net debt and leverage ratio</b>	<p>Net debt represents Eltel's indebtedness. It is used to monitor capital structure and financial capacity. It is also used in calculating the leverage ratio. The leverage ratio is defined as covenant in Eltel's financing agreement.</p> <p><b>Net debt:</b> Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents</p> <p><b>Leverage ratio</b><sup>1)</sup>: <math>\frac{\text{Net debt}}{\text{EBITDA}}</math></p>	Interest-bearing liabilities and net debt
<b>Net working capital</b>	<p>Net working capital is used to follow the amount of short-term running capital needed for the business to operate. Used also as a factor to calculate operative capital employed.</p> <p><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.</p>	Net working capital and operative capital employed
<b>Committed order backlog</b>	Committed order backlog is the total value of committed orders received but not yet recognised as sales. It is the (best) measure of unsatisfied performance obligations according to IFRS 15 Revenue from contracts with customer.	

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 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Jan-Dec 2021
Net sales	1.5	1.1	1.5	1.1	2.2
Administrative expenses	-3.2	-2.5	-4.2	-3.5	-6.9
<b>Operating result</b>	<b>-1.7</b>	<b>-1.4</b>	<b>-2.8</b>	<b>-2.4</b>	<b>-4.8</b>
Interest and other financial income	5.4	5.6	10.8	11.1	22.1
Interest and other financial expenses	-0.0	-0.8	-0.9	-1.7	-3.2
Net financial items	5.4	4.8	9.9	9.4	18.9
<b>Result after financial items</b>	<b>3.7</b>	<b>3.4</b>	<b>7.1</b>	<b>7.0</b>	<b>14.1</b>
Group contributions given	-	-	-	-	-14.0
<b>Net result</b>	<b>3.7</b>	<b>3.4</b>	<b>7.1</b>	<b>7.0</b>	<b>0.1</b>

### Parent Company condensed balance sheet

EUR million	30 Jun 2022	30 Jun 2021	31 Dec 2021
<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	499.8	492.3	503.2
Intangible assets	0.0	0.1	0.1
<b>Non-current assets</b>	<b>568.2</b>	<b>560.7</b>	<b>571.5</b>
<b>Current assets</b>			
Other financial asset <sup>1)</sup>	-	35.0	-
Trade and other receivables	1.9	1.5	1.4
Cash pool receivable	2.3	0.1	0.0
Cash and cash equivalents	0.1	0.1	0.1
<b>Current assets</b>	<b>4.2</b>	<b>36.7</b>	<b>1.5</b>
<b>TOTAL ASSETS</b>	<b>572.4</b>	<b>597.3</b>	<b>573.1</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Restricted equity</b>			
Share capital	159.6	158.8	158.8
Statutory reserve	0.7	0.5	0.5
<b>Restricted equity</b>	<b>160.3</b>	<b>159.3</b>	<b>159.3</b>
<b>Non-restricted equity</b>			
Retained earnings	284.9	285.8	285.8
Net result for the period	7.1	7.0	0.1
<b>Non-restricted equity</b>	<b>292.1</b>	<b>292.7</b>	<b>285.9</b>
<b>Total equity</b>	<b>452.3</b>	<b>452.0</b>	<b>445.2</b>
<b>Current liabilities</b>			
Debt	52.9	78.2	72.5
Liabilities to shareholders <sup>1)</sup>	-	35.0	-
Liabilities to Group companies	66.7	31.3	54.3
Trade and other payables	0.5	0.8	1.2
<b>Current liabilities</b>	<b>120.1</b>	<b>145.3</b>	<b>127.9</b>
<b>Total liabilities</b>	<b>120.1</b>	<b>145.3</b>	<b>127.9</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>572.4</b>	<b>597.3</b>	<b>573.1</b>

1) Refers to the FCCA case that was closed in Q3 2021.

At year-end 2021, 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. In January 2022 Eltel's debt was replaced with new finance agreement.



## Equity

EUR million	1 Jan 2022	Share capital reduction	Proceeds from shares issued	Purchase of own shares	Equity-settled share-based payment	Net result	30 Jun 2022
Share capital	158.8	-0.2	1.0	-	-	-	159.6
Statutory reserve	0.5	0.2	-	-	-	-	0.7
Non-restricted equity	285.9	-	0.0	-1.0	0.0	7.1	292.1
<b>Total</b>	<b>445.2</b>	<b>-</b>	<b>1.0</b>	<b>-1.0</b>	<b>0.0</b>	<b>7.1</b>	<b>452.3</b>

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

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

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

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

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

As of 30 June 2022, the total number of registered and outstanding shares of Eltel amounts to 158,231,081, whereof 156,736,781 are ordinary shares and 1,494,300 are class C shares. The number of votes in Eltel amounts to 156,886,211 and the registered share capital amounts to EUR 159,575,695.

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

### **Eltel AB**

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