

Eltel Group

Full-year January–December report 2021

Stockholm, Sweden, 17 February 2022

October–December 2021

- Net sales EUR 226.3 million (229.2). Total growth -1.2% and organic growth¹⁾ in segments -3.1%
- Operative EBITA²⁾ EUR 7.0 million (4.0) and operative EBITA margin 3.1% (1.7)
- Operative EBITA²⁾ in segments EUR 7.3 million (6.0) and operative EBITA margin in segments 3.6% (2.9)
- Items affecting comparability EUR 0.0 million (-5.7)
- Operating result (EBIT) EUR 6.9 million (-1.9) and EBIT margin 3.1% (-0.8)
- Net result EUR 4.1 million (-7.0)
- Earnings per share EUR 0.02 (-0.05), basic and diluted
- Cash flow from operating activities EUR 33.7 million (51.2)

January–December 2021

- Net sales EUR 812.6 million (938.0). Total growth -13.4% and organic growth¹⁾ in segments -11.9%
- Operative EBITA²⁾ EUR 14.8 million (11.4) and operative EBITA margin 1.8% (1.2)
- Operative EBITA²⁾ in segments EUR 24.2 million (22.9) and operative EBITA margin in segments 3.3% (2.8)
- Items affecting comparability EUR -0.1 million (14.1) from divestment of businesses
- Operating result (EBIT) EUR 14.5 million (24.8) and EBIT margin 1.8% (2.6)
- Net result EUR 4.9 million (5.3)
- Earnings per share EUR 0.03 (0.03), basic and diluted
- Cash flow from operating activities EUR 22.3 million (49.4)
- Net debt, excluding leasing liabilities³⁾ EUR 69.2 million (67.4)

Significant events during and after the reporting period

- On 19 November 2021, it was announced that Eltel Finland signed two agreements with OX2 to build transmission lines for a wind farm. The contracts have a combined value of about EUR 22 million.
- On 17 December 2021, it was announced that Eltel Denmark signed a frame agreement with Banedanmark regarding consultancy and infrastructure design. The agreement is worth about EUR 41 million.
- On 17 January 2022, Eltel completed a new financing agreement with banks comprising a EUR 35 million term loan and EUR 90 million revolving credit facility.
- After the reporting period, Eltel signed two contracts of significance to a combined value up to about EUR 48 million. See page 13 for more information.
- On 16 February 2022 it was announced that Håkan Dahlström has been appointed new President and CEO of Eltel AB as per 1 September 2022.

Financial guidance

- Eltel expects the full-year 2022 operative EBITA margin to increase compared to 2021.

Key figures

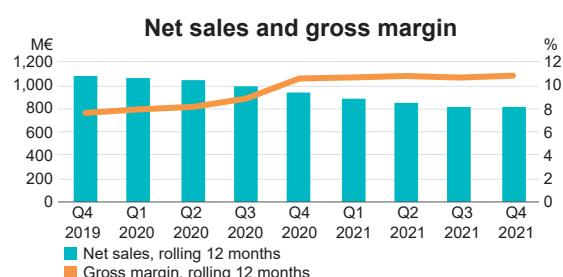
EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	226.3	229.2	812.6	938.0
Net sales growth, %	-1.2%	-17.8%	-13.4%	-13.8%
Operative EBITA ²⁾	7.0	4.0	14.8	11.4
Operative EBITA margin, %	3.1%	1.7%	1.8%	1.2%
Operative EBITA ²⁾ , segments	7.3	6.0	24.2	22.9
Operative EBITA margin, %, segments	3.6%	2.9%	3.3%	2.8%
Operating result (EBIT)	6.9	-1.9	14.5	24.8
Return on operative capital employed (ROCE), %	23.6%	13.0%	23.6%	13.0%
Net working capital	-16.0	-25.1	-16.0	-25.1
Net debt, excluding leasing liabilities ³⁾	69.2	67.4	69.2	67.4
Net debt	122.6	125.6	122.6	125.6
Number of employees, end of period	5,046	5,449	5,046	5,449

1) Adjusted for divested operations and currency effects.

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

3) Refers to net debt excluding IFRS 16 leasing liabilities, as defined in the 2021 financing agreement.

See page 12 for calculation and page 24 for definition.



Comments by the CEO

Our fourth quarter performance improved from last year, with operative EBITA reaching EUR 7.0 million (4.0), a margin of 3.1% (1.7). Net sales remained on last year's level, indicating that we have reached our new base line for growth in the Nordics. We are encouraged by this result, especially as it came amidst the latest wave of the COVID-19 pandemic, which started to peak in December and has caused record-high sick leave rates in all our markets as well as further project postponements. Furthermore, winter came early in the Nordics, with deep frost impacting ground works, such as fibre. At the time of this report the situation remains, enforcing the typical seasonality in our business and thereby negatively affecting the first quarter.

To sum up the year, our full-year operative EBITA was EUR 14.8 million (11.4) and the margin improved to 1.8% (1.2) despite lower net sales and ongoing challenges in the Polish High Voltage business.

Year over year we were in line with net debt. Net working capital remained on a good level at EUR -16.0 million (-25.1) despite the discontinuation of various COVID-19 support mechanisms during 2021. The return on operative capital employed clearly improved to 23.6% (13.0%).

Throughout the year, Finland continued on its stable path with increased profitability. With healthy demand in fibre, 5G and power transmission, Finland is well positioned for a solid performance also in 2022. The power distribution market is likely to see reduced investments due to new regulations.

During the second half of 2021, Sweden improved results year over year. Supported by newly started smart metering projects and growth in Communication, Sweden reversed the down turn in net sales during the fourth quarter 2021, and we see positive signs for the turnaround continuing.

Year 2021 was slower than usual for Norway. During 2022 we expect that fibre volumes will pick up after a year tainted by project postponements and reduced customer investments, largely due to the pandemic.

In Q2 2021, Denmark was hit by partial insourcing of an agreement by a major customer, leading to a significant reduction in net sales. However, the year was concluded by Eltel Denmark signing a multi-year frame agreement with Banedanmark for consultancy and infrastructure design, which will help Denmark to re-enter the growth path.

In High Voltage Poland, we closed several large, old projects during the year, which allows us to go into 2022 with lower risk in our project portfolio and reduced level of net working capital. However, losses in Poland were still high. Work is ongoing to make the business profitable again while we continue to look at strategic options. We believe Smart Grids Germany will continue to deliver healthy margins and are pleased to note that all Power Transmission International projects are operationally completed.

Our core markets are healthy, and Eltel continues to be a leader in the communication sector throughout the Nordics and a market leader in the Finnish power sector. 5G and fibre are the main drivers of the communication market, as well as work to dismantle 3G and copper networks. In power, there is a clear demand to upgrade and modernise power grids to meet an increasing demand for renewable energy sources.

Concluding 2021 also concludes the Operational Excellence phase of our strategy. Improvements have been made in all parts of the business, and transformed Eltel into a financially stable company with a Nordic focus and country-based operations. With an ambition to be the industry leader, we have made significant progress on sustainability with improved safety performance, commitment to the Science Based Targets initiative and improved score on the CDP Climate Change. This provides a good platform for the next phase, aiming at Sustainable Profitable Growth. Similarly, our progress so far supports the financial guidance for 2022, whereby we anticipate our operative EBITA margin to improve from 2021.

I am grateful to all our employees for their efforts during the year, and to our customers, shareholders and other stakeholders for good collaboration.

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 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.

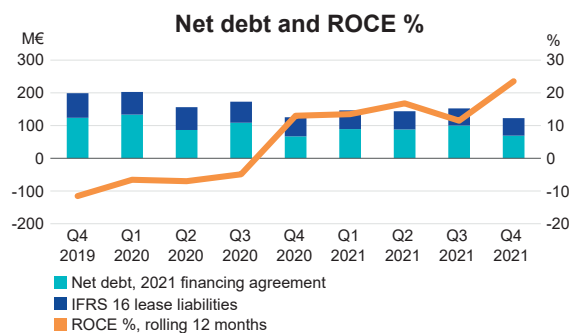
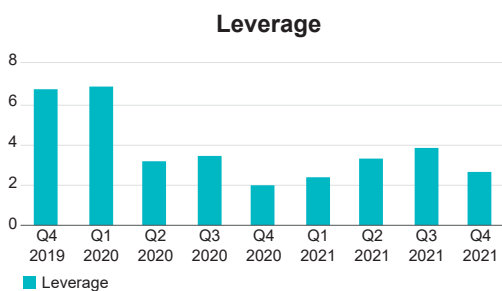
In 2021, we completed the Operational Excellence phase of our strategy. While operational excellence remains an integral part of Eltel, our strategic focus is now on investing in Sustainable Profitable Growth as the transformation continues. This involves:

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

Eltel’s financial targets by end of 2023

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



See page 24 for definitions of the key ratios.

Net sales and earnings Group

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	226.3	229.2	812.6	938.0
Operative EBITA	7.0	4.0	14.8	11.4
EBIT	6.9	-1.9	14.5	24.8
Net result	4.1	-7.0	4.9	5.3
Key ratios				
Net sales growth, %	-1.2%	-17.8%	-13.4%	-13.8%
Organic growth ¹⁾ , % in segments	-3.1%	-	-11.9%	-
Effect of divestments in net sales, MEUR	-	-17.1	-19.2	-59.6
Currency translation effect in net sales, MEUR	4.1	-2.1	14.6	-17.6
Operative EBITA margin, %	3.1%	1.7%	1.8%	1.2%
Tax rate, %	20.9%	-61.5%	43.8%	64.7%
Earnings per share after dilution, EUR	0.02	-0.05	0.03	0.03

1) Adjusted for divested operations and currency effects.

October–December 2021

Net sales decreased by 1.2% to EUR 226.3 million (229.2). In segments net sales decreased by EUR 2.1 million and in Other business by EUR 0.2 million. Organic net sales in segments, adjusted for divested operations and currency effects, decreased by 3.1%. The decline in net sales has subsided and we are starting to see growth in Sweden and Norway. In Denmark net sales decreased heavily, largely as a consequence of customer insourcing in Q2 2021. In Finland volumes remained stable.

Operative EBITA increased to EUR 7.0 million (4.0). Operative EBITA margin was 3.1% (1.7). Operative EBITA in segments was EUR 7.3 million (6.0) and operative EBITA margin was 3.6% (2.9). Main increase came from Sweden, which had its first positive quarter since Q1 2020. In Other business, operative EBITA was EUR 1.7 million (-0.1).

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

There were no items affecting comparability in the fourth quarter. The comparative period included EUR 5.7 million loss from revaluation of the German High Voltage business to fair value less cost to sell.

EBIT amounted to EUR 6.9 million (-1.9).

Net financial expenses amounted to EUR -1.7 million (-2.5), including EUR 0.0 million (-0.5) currency effect.

Taxes amounted to EUR -1.1 million (-2.7) and the effective tax rate was 20.9% (-61.5).

Net result for the period was EUR 4.1 million (-7.0). Earnings per share were EUR 0.02 (-0.05).

January–December 2021

Net sales decreased by 13.4% to EUR 812.6 million (938.0). Net sales decreased in segments by EUR 90.4 million and in Other business by EUR 35.6 million. Organic net sales in segments, adjusted for divested operations and currency effects, decreased by 11.9%. The comparative period included EUR 19.2 million from the German communication business and the Swedish business area Aviation & Security, which were divested in Q2 2020.

Operative EBITA increased to EUR 14.8 million (11.4). Operative EBITA-margin was 1.8% (1.2). Operative EBITA in segments was EUR 24.2 million (22.9), and operative EBITA margin improved to 3.3% (2.8). In Other business, operative EBITA was EUR -1.8 million (-3.3). The majority of the negative operative EBITA, EUR -8.8 million, came from High Voltage, primarily Poland.

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

Items affecting comparability amounted to EUR -0.1 million including the impact from the closing of the high voltage business divestment in Germany. The comparative period included EUR 20.4 million gain from the divestments of the German communication business and business area Aviation & Security, EUR 0.7 million loss from valuation of Murphy Eltel JV Limited as held for sale and EUR -5.7 million loss from revaluation of the German high voltage business to fair value less cost to sell.

EBIT amounted to EUR 14.5 million (24.8).

Net financial expenses amounted to EUR -5.8 million (-9.8), including EUR 1.0 million (-1.4) currency effect. Interest expenses were EUR 1.7 million lower than in the previous year driven by the reduction in interest bearing debt.

Taxes amounted to EUR -3.8 million (-9.7) and the effective tax rate was 43.8% (64.7). Taxes represent the tax cost in countries with profit. No deferred tax asset was booked for the losses in the period. In the comparative period, EUR 5.4 million tax cost related to gain from divestments of businesses.

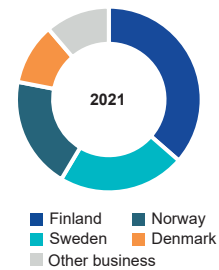
Net result for the period was EUR 4.9 million (5.3). Earnings per share were EUR 0.03 (0.03).

Overview of segments

Net sales

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Finland	81.2	82.7	299.6	300.2
Sweden	56.3	50.8	182.2	224.5
Norway	46.2	41.7	160.5	177.7
Denmark	19.3	29.8	87.9	118.1
Sum segments	203.0	205.1	730.1	820.5
Other business	26.9	27.1	91.9	127.5
Eliminations	-3.5	-2.9	-9.5	-10.1
Total net sales	226.3	229.2	812.6	938.0

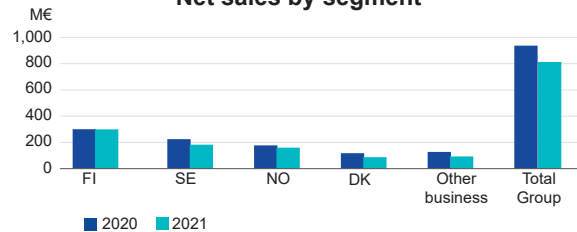
Net sales by segment



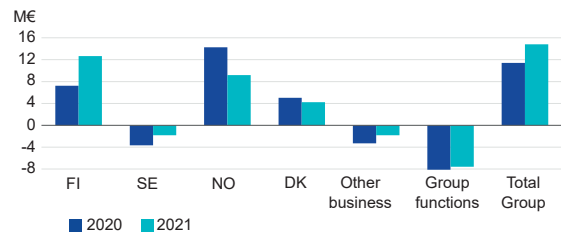
Operative EBITA

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Finland	4.0	3.5	12.7	7.2
Sweden	0.8	-2.4	-1.8	-3.7
Norway	2.4	4.0	9.2	14.3
Denmark	0.1	0.9	4.2	5.0
Sum segments	7.3	6.0	24.2	22.9
Other business	1.7	-0.1	-1.8	-3.3
Group functions	-2.0	-1.9	-7.6	-8.1
Total operative EBITA	7.0	4.0	14.8	11.4
Finland	5.0%	4.2%	4.2%	2.4%
Sweden	1.4%	-4.7%	-1.0%	-1.6%
Norway	5.1%	9.6%	5.7%	8.0%
Denmark	0.6%	3.0%	4.8%	4.3%
Sum segments	3.6%	2.9%	3.3%	2.8%
Other business	6.4%	-0.3%	-2.0%	-2.6%
Total operative EBITA-margin, %	3.1%	1.7%	1.8%	1.2%

Net sales by segment



Operative EBITA by segment



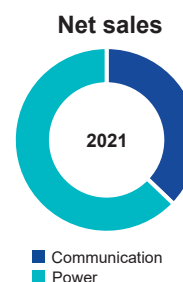
In line with the Nordic strategy, Eltel's main operations in the four Nordic countries are presented as segments from 1 January 2021. During January-December 2021, the segments represented 90% (87) of the net sales.

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

Net sales and EBITA – Segments

Finland

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	81.2	82.7	299.6	300.2
Operative EBITA	4.0	3.5	12.7	7.2
Number of employees, end of period	1,496	1,470	1,496	1,470
Key ratios				
Net sales growth, %	-1.9%	5.6%	-0.2%	10.8%
Operative EBITA margin, %	5.0%	4.2%	4.2%	2.4%



October–December 2021

Net sales decreased slightly by EUR 1.6 million or 1.9% to EUR 81.2 million (82.7). Project completions in power at the end of the comparative period have led to lower net sales but also decreased the risk level. Proportionally frame agreements in power grew and partly offset the decline from larger project completions. Continued high demand in fibre and 5G generated growth in communication.

Operative EBITA increased to EUR 4.0 million (3.5). The operative EBITA margin was 5.0% (4.2). Despite an increase in material prices, better project management and cost control improved the overall result.

On 19 November 2021, it was announced that Eltel Finland signed two agreements with OX2, a wind and solar farms developer, to build new 400 kV and 110 kV transmission lines for the new Lestijärvi wind farm in central Finland. The contracts have a combined value of about EUR 22 million. The agreement will start generating net sales in 2022.

January–December 2021

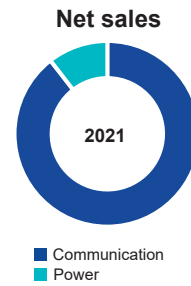
Net sales remained on the same level as in the previous year at EUR 299.6 million (300.2). The power business decreased due to project completions, which was partly offset by an increase in frame agreements. During the year, the communication business grew as a result of a strong market position and high demand, particularly for fibre and 5G.

Operative EBITA increased to EUR 12.7 million (7.2). The operative EBITA margin improved to 4.2% (2.4) as a result of better project management and cost control. During 2020, Finland noted write-downs in certain power projects.

Sweden

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	56.3	50.8	182.2	224.5
Operative EBITA	0.8	-2.4	-1.8	-3.7
Number of employees, end of period	914	1,003	914	1,003
Key ratios				
Net sales growth, %	10.9%	-28.2%	-18.8%	-22.9%
Organic growth ¹⁾ , %	9.3%	-	-18.4%	-
Effect of divestments in net sales, MEUR	0.0	-7.5	-8.5	-19.2
Currency translation effect in net sales, MEUR	0.8	1.5	5.9	0.9
Operative EBITA margin, %	1.4%	-4.7%	-1.0%	-1.6%

1) Adjusted for divested operations and currency effects.



October–December 2021

Net sales increased by EUR 5.5 million to EUR 56.3 million (50.8), representing an increase of 10.9% and marking a turn to organic growth. The increase is driven by newly started smart metering projects and growth in communication.

Operative EBITA increased to EUR 0.8 million (-2.4). The operative EBITA margin was 1.4% (-4.7). The main reasons for the positive development were higher volumes and improved project control. Margin adjustments in an old power project affected the result negatively.

January–December 2021

Net sales decreased by EUR 42.3 million to EUR 182.2 million (224.5), representing a decline of 18.8%. The decrease is largely explained by the loss of a large service contract, mainly relating to the copper network, and lower fibre volumes with a specific customer. Divestment of the Aviation & Security business area in Q2 2020 had an impact of EUR -8.5 million.

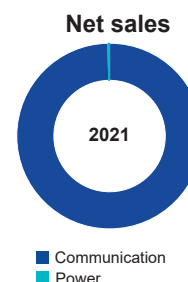
Operative EBITA increased to EUR -1.8 million (-3.7). The operative EBITA margin was -1.0% (-1.6). The increase is a result of improved project control and lower risk level in projects.

During the year, we accelerated operational excellence initiatives in Sweden and they continue in 2022.

Norway

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	46.2	41.7	160.5	177.7
Operative EBITA	2.4	4.0	9.2	14.3
Number of employees, end of period	939	943	939	943
Key ratios				
Net sales growth, %	10.8%	-30.0%	-9.7%	-18.8%
Organic growth ¹⁾ , %	2.6%	-	-14.8%	-
Currency translation effect in net sales, MEUR	3.4	-3.1	9.0	-16.6
Operative EBITA margin, %	5.1%	9.6%	5.7%	8.0%

1) Adjusted for currency effects.



October–December 2021

Net sales increased by EUR 4.5 million, or 10.8%, to EUR 46.2 million (41.7). Currency effects had a positive impact of EUR 3.4 million. Increased demand for 5G and other mobile solutions, such as fixed wireless access, had a positive impact on net sales.

Operative EBITA decreased to EUR 2.4 million (4.0). The operative EBITA margin decreased to 5.1% (9.6) due to change in production mix, the pandemic and an early winter.

January–December 2021

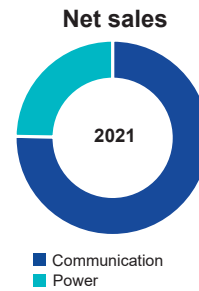
Net sales decreased by EUR 17.3 million, or 9.7%, to EUR 160.5 million (177.7). Currency effects had a positive impact of EUR 9.0 million. Main reasons for the decline were the decrease and delays in customer investments due to COVID-19, the ramp up of the renewed Telenor frame agreement and the harsh winter conditions in Q1 and Q4, which affected the fibre production.

Operative EBITA decreased to EUR 9.2 million (14.3). The operative EBITA margin decreased to 5.7% (8.0) due to lower volumes and change in production mix. The operational efficiency was impacted by the pandemic towards the end of the year.

Denmark

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	19.3	29.8	87.9	118.1
Operative EBITA	0.1	0.9	4.2	5.0
Number of employees, end of period	461	637	461	637
Key ratios				
Net sales growth, %	-35.4%	-6.6%	-25.6%	8.0%
Organic growth ¹⁾ , %	-35.4%	-	-25.8%	-
Currency translation effect in net sales, MEUR	0.0	0.1	0.2	0.2
Operative EBITA margin, %	0.6%	3.0%	4.8%	4.3%

1) Adjusted for currency effects.



October–December 2021

Net sales decreased by EUR 10.5 million to EUR 19.3 million (29.8), representing a decrease of 35.4%. The decrease mainly resulted from a partial insourcing of an agreement by a major customer.

Operative EBITA decreased to EUR 0.1 million (0.9). The operative EBITA margin was 0.6% (3.0). Main driver was the lower volumes compared to previous year.

On 17 December 2021, it was announced that Eltel Denmark signed a frame agreement with Banedanmark regarding consultancy and infrastructure design. The four-year agreement includes an option of one plus one years and is worth about EUR 41 million. The agreement will start generating net sales in 2022.

January–December 2021

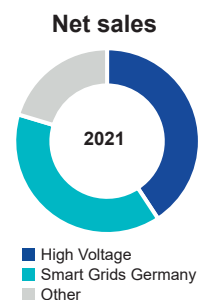
Net sales decreased by EUR 30.2 million to EUR 87.9 million (118.1), representing a decrease of 25.6%. The decrease is primarily driven by a partial insourcing of an agreement by a major customer in Q2 2021, and the completion of a large communication project in Q4 2020.

Operative EBITA amounted to EUR 4.2 million (5.0). The operative EBITA margin increased to 4.8% (4.3) thanks to improved efficiency and project control.

Other business

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	26.9	27.1	91.9	127.5
Operative EBITA	1.7	-0.1	-1.8	-3.3
Number of employees, end of period	1,085	1,235	1,085	1,235

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



October–December 2021

Net sales decreased by EUR 0.2 million to EUR 26.9 million (27.1). Growth in Smart Grids Germany offset declining net sales in High Voltage Poland. In Poland, we continued to see projects being postponed.

Operative EBITA increased to EUR 1.7 million (-0.1), mainly as a result of the sale of a real estate in Poland. Smart Grids Germany continued to perform well.

January–December 2021

Net sales decreased by EUR 35.6 million to EUR 91.9 million (127.5), representing a decrease of 27.9%. Of the decline, EUR 10.7 million came from the divestment of the German communication business in Q2 2020. The remainder came primarily from decline in the high voltage business, particularly Poland. In Poland, we continued to see project delays and postponements by customers. Smart Grids Germany partly offset the decline as volumes grew in a favourable market. The ongoing ramp down of Power Transmission International (PTI) continued as planned.

Operative EBITA increased to EUR -1.8 million (-3.3), mainly driven by Smart Grids Germany and the sale of a real estate in Poland. PTI contributed positively, but the impact was smaller than in previous year. For the full year, High Voltage, mainly Poland, had a negative operative EBITA of EUR -8.8 million.

During 2021, several old, large projects in High Voltage Poland were operationally closed. In PTI, all remaining projects were operationally closed. The administrative closing process continues.

Cash flow

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
EBIT	6.9	-1.9	14.5	24.8
Depreciation and amortisation	7.5	9.2	32.1	38.2
EBITDA	14.5	7.3	46.5	63.0
Changes in working capital	25.3	41.7	-10.1	16.6
Total financial expenses and taxes	-1.5	-4.5	-6.7	-13.9
Adjustment for gain/loss on sales of assets and business	-2.5	5.3	-2.6	-14.7
Other	-2.0	1.4	-4.8	-1.6
Cash flow from operating activities	33.7	51.2	22.3	49.4
Cash flow from investing activities	2.9	-0.2	-2.9	33.5
Cash flow from financing activities	-22.3	-34.3	-13.7	-121.6
Net change in cash and cash equivalents	14.3	16.6	5.7	-38.7
Cash and cash equivalents at beginning of period	17.7	8.5	26.0	65.2
Foreign exchange rate effect	0.3	0.9	0.6	-0.6
Cash and cash equivalents at end of period	32.3	26.0	32.3	26.0

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

October–December 2021

Cash flow from operating activities was EUR 33.7 million (51.2). Change in net working capital had a positive impact of EUR 25.3 million (41.7) on cash flow, reflecting the strong seasonal pattern towards year-end. Year 2021 ended with a healthy net working capital level of EUR -16.0 million. At the end of 2020 the amount was record low, EUR -25.1 million, partly lowered by COVID-19 related support.

Net cash flow from investing activities was EUR 2.9 million (-0.2), of which EUR 4.9 million was for the sale of a real estate in Poland. Net capital expenditure was EUR -2.1 million (-0.2).

Cash flow from financing activities was EUR -22.3 million (-34.3), mainly from amortisation of external loans of EUR -10.0 million (-26.1), reduction in commercial paper programme utilisation of EUR -6.0 million (0.0) and payments of lease liabilities amounting to EUR -5.9 million (-6.8).

January–December 2021

Cash flow from operating activities was EUR 22.3 million (49.4). Main difference came from the change in net working capital of EUR -10.1 million compared to EUR +16.6 million in the previous 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. 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 -2.9 million (33.5) consisting mainly of EUR -3.8 million from the divestment of High Voltage Germany, EUR 4.9 million for the sale of a real estate in Poland and EUR -4.0 million (-4.4) from net capital expenditure. In the comparative period, the impact of business divestments was EUR 37.9 million.

Cash flow from financing activities was EUR -13.7 million (-121.6), mainly from increase in commercial paper programme utilisation of EUR 20.0 million (reduction of 36.5), payments of lease liabilities of EUR -23.8 million (-26.2), and amortisation of external loans of EUR -10.0 million (-46.1). In the comparative period, utilisation of other credit facilities reduced by EUR 12.4 million. Following the closing of the FCCA case in Eltel's favour in August 2021, EUR 35.0 million was released from an escrow account for repayment to the former shareholders.

Eltel has focused on strengthening its balance sheet and lowering net debt for the past years. The efforts have been successful and net debt, as defined in the financing agreement that was in force until 17 January 2022, remained on a good level at EUR 69.2 million (67.4). Net debt including leasing liabilities decreased to EUR 122.6 million (125.6).

Financial position, cash and cash equivalents

Equity at the end of the period was EUR 227.9 million (219.2) and total assets were EUR 630.8 million (677.3). The equity ratio was 38.3% (34.0).

Available liquidity reserves amounted to EUR 142.3 million (136.0).

At year-end 2021, Eltel had financing agreements with its bank group comprising term loans, a revolving credit facility and certain commercial guarantees. Eltel's total committed credit facilities amounted to EUR 137.1 million, comprising a non-current term loan of EUR 25.5 million, current term loan of EUR 1.5 million, revolving credit facility of EUR 90.0 million and bilateral account overdrafts totalling EUR 20.0 million. EUR 0.0 million (0.0) of the revolving credit facility was utilised.

On 31 December 2021, the commercial guarantees issued by the banks and other financial institutions on behalf of the Group amounted to EUR 85.3 million (103.5). The amount of commercial guarantees issued on behalf of third parties was EUR 0.1 million (0.1).

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 73.0 million (53.0) of the commercial paper programme was utilised.

Interest-bearing liabilities and net debt

EUR million	31 Dec 2021	31 Dec 2020
Interest-bearing debt	99.8	89.8
Leasing liabilities	54.5	60.8
Allocation of effective interest to periods	0.6	1.0
Less cash and cash equivalents	-32.3	-26.0
Net debt	122.6	125.6
Less leasing liabilities not included in financing agreement	-53.3	-58.3
Net debt, 2021 financing agreement	69.2	67.4

Interest-bearing debt amounted to EUR 99.8 million (89.8) of which EUR 25.5 million (27.7) was non-current and EUR 74.2 million (62.1) was current. Leasing liabilities amounted to EUR 54.5 million (60.8), of which EUR 35.8 million (39.0) was non-current and EUR 18.6 million (21.8) was current.

New financing agreement

On 17 January 2022, Eltel completed a new, unsecured financing agreement with banks, comprising a EUR 35.0 million term loan (maturity 2+1 years) and a EUR 90.0 million revolving credit facility (maturity 3+1+1 years). The new credit facilities have covenants pertaining to leverage ratio and gearing.

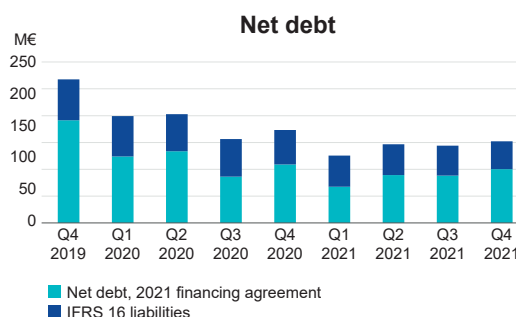
The Group has guarantee facilities with the banks and insurance companies on bilateral basis.

Account overdrafts amount to EUR 15.0 million in total.

Upon utilisation of the new term loan, the previous term loans were repaid, and the former financing agreements were terminated.

Credit facilities

EUR million	17 Jan 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
Total committed credit facilities	140.0	
Commercial paper programme	150.0	N/A



Other information

Dividend distribution

The Board proposes that no dividend will be paid for the year 2021.

Risks and uncertainty factors

On 28 June 2018, Eltel received a letter from Nasdaq Stockholm where the exchange stated that it intends to request the Nasdaq Stockholm Disciplinary Committee to decide whether Eltel has breached its obligations in relation to the Nasdaq Stockholm Rulebook for Issuers. The matter relates to alleged deficiencies in Eltel's capacity for providing information and disclosure of inside information to the market during 2016 and 2017. Eltel has responded outlining its reasons for rejecting any breach. On 8 December 2021 the Nasdaq Stockholm Disciplinary Committee decided to impose a fine of five annual fees on Eltel, about EUR 0.1 million. The Disciplinary Committee writes in its decision that there were deficiencies in Eltel's disclosure of inside information during the years 2016 and 2017, and that Eltel therefore has breached Section 3.1 of the Nasdaq Stockholm Rulebook for Issuers. The matter is thereby resolved.

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.

Materials prices and logistic challenges have increased as a consequence of COVID-19. This had a negative impact on Eltel's profitability in 2021 and is foreseen to continue affecting particularly the power business also in 2022.

Eltel has faced significant profitability challenges in its High Voltage business in Poland. Restructuring of the business is ongoing, but there is a risk of negative results also going forward.

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

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

Large agreements announced during the reporting period

On 19 November 2021, it was announced that Eltel Finland signed two agreements with OX2, a wind and solar farms developer, to build new 400 kV and 110 kV transmission lines for the new Lestijärvi wind farm in central Finland. The contracts have a combined value of about EUR 22 million.

On 17 December 2021, it was announced that Eltel Denmark signed a frame agreement with Banedanmark regarding consultancy and infrastructure design. The four-year agreement includes an option of one plus one years and is worth about EUR 41 million.

Large agreements announced after the reporting period

On 2 February 2022, it was announced that Eltel Denmark has signed a frame agreement to ensure the installation of hardware and equipment in connection with a thorough digitalisation of Banedanmark's signalling programme. The contract is worth about EUR 33 million over a four-year period, and includes an option of one plus one year.

On 8 February, it was announced that Eltel Finland has signed an agreement with VALOREM, a green energy operator, to build a 110 kV transmission line for a wind farm in Western Finland. The contract is worth about EUR 15 million.

Financial guidance

Eltel expects the full-year 2022 operative EBITA margin to increase compared to 2021.

Related party transactions

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

Seasonality

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

Presentation of the full-year and Q4 2021 interim report

Analysts and media are invited to participate in the full-year and Q4 2021 interim report briefing on 17 February 2022 at 10:00 am CET 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.

For further information, please contact:

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Financial calendar

- Interim report January–March 2022: 4 May 2022
- Half-year report January–June 2022: 26 July 2022
- Interim report January–September 2022: 2 November 2022
- Annual Report 2021: week 13, 2022
- Annual General meeting 2022: 11 May 2022

This information is information that Eltel AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Markets Act. The information was submitted for publication, through the agency of the contact person set out above, at 08:00 CET on 17 February 2022.

Signatures of the Board of Directors and CEO

Stockholm, Sweden, 17 February 2022

Eltel AB (publ)

Ulf Mattson, Chairman

Håkan Dahlström
Gunilla Fransson
Joakim Olsson
Roland Sundén

Employee representatives:

Björn Ekblom
Stefan Söderholm

Casimir Lindholm, President and CEO

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

Condensed financial information

Condensed consolidated income statement

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	226.3	229.2	812.6	938.0
Cost of sales	-201.4	-205.3	-724.5	-838.6
Gross profit	24.9	23.9	88.1	99.4
Other income	3.6	0.9	5.5	22.5
Selling and administrative expenses	-21.3	-20.5	-78.1	-89.2
Other expenses	-0.3	-6.1	-1.0	-7.7
Share of profit/loss of joint ventures	-	0.0	-	-0.2
Operating result (EBIT)	6.9	-1.9	14.5	24.8
Financial income	0.0	0.1	0.1	0.5
Financial expenses	-1.7	-2.5	-5.8	-10.3
Net financial expenses	-1.7	-2.5	-5.8	-9.8
Result before taxes	5.2	-4.3	8.7	14.9
Taxes	-1.1	-2.7	-3.8	-9.7
Net result	4.1	-7.0	4.9	5.3
Attributable to:				
Equity holders of the parent	3.9	-7.2	4.3	4.7
Non-controlling interest	0.3	0.2	0.6	0.6
Earnings per share (EPS)				
Basic, EUR	0.02	-0.05	0.03	0.03
Diluted, EUR	0.02	-0.05	0.03	0.03

Condensed consolidated statement of comprehensive income

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net profit for the period	4.1	-7.0	4.9	5.3
Other comprehensive income:				
Items that will not be reclassified to profit and loss				
Revaluation of defined benefit plans, net of tax	-0.9	-0.7	2.6	-4.8
Items that may be subsequently reclassified to profit and loss				
Cash flow hedges, net of tax	-	0.0	-	0.1
Net investment hedges, net of tax	0.2	-2.1	0.3	-0.9
Currency translation differences	0.6	9.0	1.3	-0.6
Total	0.7	6.9	1.6	-1.4
Other comprehensive income/loss for the period, net of tax	4.2	6.2	4.2	-6.2
Total comprehensive income/loss for the period	3.9	-0.8	9.1	-0.9
Total comprehensive income/loss attributable to:				
Equity holders of the parent	3.7	-1.0	8.5	-1.5
Non-controlling interest	0.3	0.2	0.6	0.6

Condensed consolidated balance sheet

EUR million	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Goodwill	265.0	264.9
Intangible assets	39.6	38.3
Property, plant and equipment	11.6	20.0
Right-of-use assets	53.3	59.2
Investments	0.7	0.5
Deferred tax assets	18.4	19.1
Trade and other receivables	0.5	0.4
Total non-current assets	389.1	402.5
Current assets		
Inventories	17.2	12.1
Other financial assets	-	35.0
Trade and other receivables	192.3	201.7
Cash and cash equivalents	32.3	26.0
Total current assets	241.8	274.8
Assets held for sale ¹⁾	-	0.0
TOTAL ASSETS	630.8	677.3
EQUITY AND LIABILITIES		
Equity		
Equity attributable to shareholders of the parent	220.2	211.7
Non-controlling interest	7.7	7.5
Total equity	227.9	219.2
Non-current liabilities		
Interest-bearing debt	25.5	27.7
Leasing liabilities	35.8	39.0
Retirement benefit obligations	14.4	17.4
Deferred tax liabilities	10.7	11.0
Provisions	2.7	2.7
Other non-current liabilities	0.7	0.5
Total non-current liabilities	89.8	98.4
Current liabilities		
Interest-bearing debt	74.2	62.1
Leasing liabilities	18.6	21.8
Liabilities to shareholders ²⁾	-	35.0
Provisions	6.0	7.5
Advances received	35.8	32.2
Trade and other payables	178.5	197.4
Total current liabilities	313.1	356.0
Liabilities associated with assets held for sale ¹⁾	-	3.8
Total liabilities	402.9	458.1
TOTAL EQUITY AND LIABILITIES	630.8	677.3

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

2) 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-Dec 2021	Jan-Dec 2020
Cash flow from operating activities		
Operating result (EBIT) ¹⁾	14.5	24.8
Adjustments:		
Depreciation and amortisation	32.1	38.2
Gain/loss on sales of assets and business ¹⁾	-2.6	-14.7
Defined benefit pension plans	-3.3	-3.0
Other non-cash adjustments	-1.5	1.4
Cash flow from operations before interests, taxes and changes in working capital	39.1	46.7
Interest and other financial expenses paid, net	-4.0	-10.4
Income taxes received/paid	-2.7	-3.5
Total financial expenses and taxes	-6.7	-13.9
Changes in working capital:		
Trade and other receivables	9.4	24.9
Trade and other payables	-14.4	-10.4
Inventories	-5.0	2.1
Changes in working capital	-10.1	16.6
Net cash from operating activities	22.3	49.4
Cash flow from investing activities		
Purchases of property, plant and equipment (PPE)	-4.4	-6.4
Proceeds from sale of property, plant and equipment (PPE)	5.3	2.1
Divestment of business, net of cash disposed of	-3.8	37.9
Net cash from investing activities	-2.9	33.5
Cash flow from financing activities		
Proceeds from short-term financial liabilities	31.2	38.4
Payments of short-term financial liabilities	-11.0	-87.4
Payments of financial liabilities, term loans	-10.0	-46.1
Proceeds from other financial assets	35.0	-
Payments of liabilities to shareholders	-35.0	-
Payments of lease liabilities	-23.8	-26.2
Dividends to non-controlling interest	-0.4	-0.6
Change in non-liquid financial assets	0.2	0.2
Net cash from financing activities	-13.7	-121.6
Net change in cash and cash equivalents	5.7	-38.7
Cash and cash equivalents at beginning of period	26.0	65.2
Foreign exchange rate effect	0.6	-0.6
Cash and cash equivalents at end of period	32.3	26.0

1) EBIT includes EUR 20.4 million gain from divestment of the German communication business and business area Aviation & Security and EUR 5.7 million loss from valuation of the German high voltage business as held for sale in 2020.

Condensed consolidated statement of changes in equity

EUR million	Equity attributable to shareholders of the parent						Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation			
Equity at 1 Jan 2021	158.8	490.6	-370.6	-41.5	10.6	-36.3	211.7	7.5	219.2
Total comprehensive income for the period	-	-	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

EUR million	Equity attributable to shareholders of the parent						Total	Non-controlling interest	Total equity
	Share capital	Other paid-in capital	Accumulated losses	Revaluation of defined benefit plans, net of tax	Hedging reserve	Currency translation			
Equity at 1 Jan 2020	158.8	490.6	-375.4	-36.7	11.4	-35.7	213.1	7.6	220.7
Total comprehensive income for the period	-	-	4.7	-4.8	-0.8	-0.6	-1.5	0.6	-0.9
Transactions with owners:									
Equity-settled share-based payment	-	-	0.0	-	-	-	0.0	-	0.0
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-0.6	-0.6
Total transaction with owners	-	-	0.0	-	-	-	0.0	-0.6	-0.6
Equity at 31 Dec 2020	158.8	490.6	-370.6	-41.5	10.6	-36.3	211.7	7.5	219.2

Notes to the condensed consolidated interim financial statements

Accounting principles

This condensed interim report has been prepared in accordance with *IAS 34 Interim Financial Reporting* and applicable regulations in the Swedish Annual Accounts Act. The accounting principles adopted are the same with those of the Group's and the Parent Company's annual financial statements for the year ended 31 December 2020. The new IFRS standards and amendments effective for the first time for 2021 financial year or later are not expected to have any material impact on Group's financial statements.

Key figures

Key figures for the period

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	226.3	229.2	812.6	938.0
Net sales growth, %	-1.2	-17.8	-13.4	-13.8
Operative EBITA	7.0	4.0	14.8	11.4
Operative EBITA margin, %	3.1	1.7	1.8	1.2
Operative EBITA, segments	7.3	6.0	24.2	22.9
Operative EBITA margin, %, segments	3.6	2.9	3.3	2.8
Items affecting comparability	-	-5.7	-0.1	14.1
EBITDA	14.5	7.3	46.5	63.0
Operating result (EBIT)	6.9	-1.9	14.5	24.8
EBIT margin, %	3.1	-0.8	1.8	2.6
Result after financial items	5.2	-4.3	8.7	14.9
Net result for the period	4.1	-7.0	4.9	5.3
Earnings per share EUR, basic and diluted	0.02	-0.05	0.03	0.03
Return on equity (ROE), % ¹⁾	2.2	2.4	2.2	2.4
Return on operative capital employed (ROCE), % ¹⁾	23.6	13.0	23.6	13.0
Leverage ratio ¹⁾	2.6	2.0	2.6	2.0
Net working capital	-16.0	-25.1	-16.0	-25.1
Number of personnel, end of period	5,046	5,449	5,046	5,449

Quarterly key figures

EUR million	Oct-Dec 2021	Jul-Sep 2021	Apr-Jun 2021	Jan-Mar 2021	Oct-Dec 2020	Jul-Sep 2020	Apr-Jun 2020	Jan-Mar 2020
Net sales	226.3	193.8	210.4	182.0	229.2	226.7	245.5	236.6
Net sales growth, %	-1.2	-14.5	-14.3	-23.1	-17.8	-19.6	-11.1	-5.7
Operative EBITA	7.0	4.1	4.4	-0.7	4.0	6.7	2.8	-2.1
Operative EBITA margin, %	3.1	2.1	2.1	-0.4	1.7	2.9	1.2	-0.9
Operative EBITA, segments	7.3	7.7	6.8	2.4	6.0	8.6	4.7	3.5
Operative EBITA margin, %, segments	3.6	4.4	3.6	1.5	2.9	4.3	2.2	1.7
Items affecting comparability	-	-	-0.1	-	-5.7	-0.7	20.4	-
EBITDA	14.5	11.9	12.7	7.5	7.3	15.6	32.7	7.3
Operating result (EBIT)	6.9	4.0	4.3	-0.8	-1.9	5.8	23.1	-2.2
EBIT margin, %	3.1	2.1	2.0	-0.4	-0.8	2.6	9.4	-0.9
Result after financial items	5.2	2.6	3.0	-2.1	-4.3	3.5	20.0	-4.2
Net result for the period	4.1	1.8	1.6	-2.7	-7.0	3.1	14.0	-4.8
Earnings per share EUR, basic and diluted	0.02	0.01	0.01	-0.02	-0.05	0.02	0.09	-0.03
Return on equity (ROE), % ¹⁾	2.2	-2.8	-2.2	3.5	2.4	0.2	-2.8	-10.1
Return on operative capital employed (ROCE), % ¹⁾	23.6	11.6	16.8	13.5	13.0	-4.9	-7.0	-6.6
Leverage ratio ¹⁾	2.6	3.9	3.3	2.3	2.0	3.4	3.1	6.9
Net working capital	-16.0	9.8	-7.1	-4.8	-25.1	17.3	-12.6	0.5
Number of personnel, end of period	5,046	5,057	5,202	5,330	5,449	6,012	6,215	6,652

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

Net sales by segment

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Finland	81.2	82.7	299.6	300.2
Sweden	56.3	50.8	182.2	224.5
Norway	46.2	41.7	160.5	177.7
Denmark	19.3	29.8	87.9	118.1
Other business ¹⁾	26.9	27.1	91.9	127.5
Eliminations	-3.5	-2.9	-9.5	-10.1
Net sales, total	226.3	229.2	812.6	938.0

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

Net sales by segment divided to communication and power

EUR million		Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Finland	Communication	31.7	30.6	111.3	102.5
	Power	49.5	52.2	188.4	197.8
Sweden	Communication	49.8	46.4	163.1	204.2
	Power	6.5	4.4	19.1	20.2
Norway	Communication	46.1	41.5	160.0	177.2
	Power	0.1	0.2	0.4	0.5
Denmark	Communication	14.7	23.8	65.2	96.2
	Power	4.5	6.0	22.7	21.9
Other business	Communication	4.2	3.7	13.6	23.4
	Power	21.5	22.1	73.1	90.8
	Other operations	1.2	1.3	5.3	13.3
Eliminations		-3.5	-2.9	-9.5	-10.1
Net sales, total		226.3	229.2	812.6	938.0

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

Net sales by business

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Communication	143.7	143.5	505.1	594.9
Power	81.5	84.4	302.3	329.8
Other operations	1.2	1.3	5.3	13.3
Net sales, total	226.3	229.2	812.6	938.0

Net sales by service split

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Project delivery	42.4	47.5	150.7	201.9
Upgrade services	127.1	122.9	452.2	495.9
Maintenance	56.7	58.8	209.7	240.2
Net sales, total	226.3	229.2	812.6	938.0

Reconciliation of segment results

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operative EBITA by segment				
Finland	4.0	3.5	12.7	7.2
Sweden	0.8	-2.4	-1.8	-3.7
Norway	2.4	4.0	9.2	14.3
Denmark	0.1	0.9	4.2	5.0
Sum segments	7.3	6.0	24.2	22.9
Other business	1.7	-0.1	-1.8	-3.3
Group functions	-2.0	-1.9	-7.6	-8.1
Operative EBITA, Group	7.0	4.0	14.8	11.4
Gain/loss on sale of business	-	-	-	19.8
Valuation as held for sale	-	-5.7	-0.1	-5.7
Total items affecting comparability in EBITA¹⁾	-	-5.7	-0.1	14.1
Amortisation of acquisition-related intangible asset	-0.1	-0.2	-0.3	-0.7
Operating result (EBIT)	6.9	-1.9	14.5	24.8
Financial expenses, net	-1.7	-2.5	-5.8	-9.8
Result before taxes	5.2	-4.3	8.7	14.9

1) In Jan-Dec 2020, items affecting comparability in EBITA include EUR 20.4 million positive impact from divestment of the German communication business and business area Aviation & Security and EUR -0.7 million from divestment of Eltel's share in Murphy Eltel JV Limited. In Q3 2020 the impact of Murphy Eltel JV Limited was presented as held for sale. Sale of German high voltage business had EUR -5.7 million impact from valuation as held for sale in Q4 2020 and EUR -0.1 million impact at completion in Q2 2021.

Net working capital and operative capital employed

EUR million	31 Dec 2021	31 Dec 2020
Inventories	17.2	12.1
Trade and other receivables	192.3	201.7
Provisions	-8.6	-10.2
Advances received	-35.8	-32.2
Trade and other payables	-178.5	-197.4
Other	-2.6	0.9
Net working capital	-16.0	-25.1
Intangible assets excluding acquisition-related allocations	12.3	10.4
Property, plant and equipment	11.6	20.0
Right-of-use assets	53.3	59.2
Operative capital employed	61.2	64.5

Assets and liabilities held for sale are not included (on 31 December 2020 German high voltage business).

Personnel by segment	31 Dec 2021	31 Dec 2020
Finland	1,496	1,470
Sweden	914	1,003
Norway	939	943
Denmark	461	637
Other business	1,085	1,235
Group functions	151	161
Total personnel (end of period)	5,046	5,449

Contract balances

EUR million	31 Dec 2021	31 Dec 2020
Trade receivables	102.0	98.8
Contract assets	71.2	85.1
Total assets related to contracts with customers	173.2	183.9
Advances received	35.8	32.2
Total liabilities related to contracts with customers	35.8	32.2

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, divestments and assets held for sale

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

Full-year 2020

During January–December 2020 there were no acquisitions.

In 2020 the following divestments were completed:

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

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

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

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

Assets and liabilities held for sale

EUR million	31 Dec 2021	31 Dec 2020
Total assets held for sale	-	0.0
Liabilities		
Trade and other liabilities	-	3.8
Total liabilities held for sale	-	3.8

Leasing

Right-of-use assets

EUR million	31 Dec 2021	31 Dec 2020
Buildings	31.2	32.0
Machinery and equipment	22.1	27.2
Total	53.3	59.2

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

EUR million	31 Dec 2021	31 Dec 2020
1 Jan	59.2	77.4
Additions	21.7	13.6
Depreciations	-23.4	-26.7
Transfer to assets held for sale	-	-1.3
Divestments	0.0	-3.8
Other	-4.3	0.0
Balance at the end of period	53.3	59.2

Leasing liabilities

EUR million	31 Dec 2021	31 Dec 2020
Non-current	35.8	39.0
Current	18.6	21.8
Total	54.5	60.8

Deferred taxes

EUR million	31 Dec 2021	31 Dec 2020
Deferred tax assets	18.4	19.1
Deferred tax liabilities	-10.7	-11.0
Sum	7.7	8.2

There were no changes, other than currency impact, in deferred tax assets for losses carried forward during January–December 2021. 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.

Financial instruments

Derivative financial instruments

EUR million	31 Dec 2021		31 Dec 2020	
	Nominal values	Net fair values	Nominal values	Net fair values
Foreign exchange rate derivatives	41.8	0.1	30.9	0.3
Embedded derivatives	-	-	1.3	-0.2
Total	41.8	0.1	32.2	0.0

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

Fair value of financial instruments measured at cost

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

Earnings per share

	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net result attributable to equity holders of the parent	3.9	-7.2	4.3	4.7
Weighted average number of common shares, basic	156,649,081	156,649,081	156,649,081	156,649,081
Weighted average number of common shares, diluted	156,735,073	156,711,214	156,728,961	156,693,645
Earnings per share EUR, basic	0.02	-0.05	0.03	0.03
Earnings per share EUR, diluted	0.02	-0.05	0.03	0.03

Definitions and key ratios

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

IFRS key ratios

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

Operative EBITA	Operating result before acquisition-related amortisations and items affecting comparability
Operative EBITA margin, %	$\frac{\text{Operative EBITA}}{\text{Net sales}}$
Items affecting comparability	Items for specific events which management does not consider to form part of the ongoing operative business
EBIT margin, %	$\frac{\text{EBIT}}{\text{Net sales}}$
Operative cash flow	EBIT + depreciation and amortisation + change in net working capital – net purchase of PPE (capex)
Equity ratio, %	$\frac{\text{Total equity} \times 100}{\text{Total assets} - \text{advances received}}$
Net debt	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents
Net debt, financing agreement	Interest-bearing debt (excluding shareholder loans) - cash and cash equivalents - IFRS 16 leasing liabilities
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.
Operative capital employed	Net working capital + Intangible assets excluding goodwill and acquisition-related allocations + Property, plant, equipment and Right-of-use assets
Return on operative capital employed (ROCE), %¹⁾	$\frac{\text{Operative EBITA} \times 100}{\text{Operative capital employed (average over the reporting period)}}$
Return on equity (ROE), %¹⁾	$\frac{\text{Net result} \times 100}{\text{Total equity (average over the reporting period)}}$
Leverage¹⁾	$\frac{\text{Net debt}}{\text{EBITDA}}$

1) Calculated on a rolling 12-month basis.

Parent Company

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

Parent Company condensed income statement

EUR million	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Net sales	1.1	1.8	2.2	2.6
Administrative expenses	-2.6	-3.3	-6.9	-8.4
Operating result	-1.5	-1.5	-4.8	-5.9
Interest and other financial income	5.5	5.7	22.1	23.0
Interest and other financial expenses	-0.8	-2.1	-3.2	-3.9
Net financial items	4.8	3.7	18.9	19.1
Result after financial items	3.2	2.1	14.1	13.2
Group contributions given	-14.0	-12.0	-14.0	-12.0
Taxes	-	-	-	-0.4
Net result	-10.8	-9.9	0.1	0.9

Parent Company condensed balance sheet

EUR million	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Financial assets		
Shares in Group companies	68.3	68.3
Long-term loans receivable from Group companies	503.2	493.3
Intangible assets	0.1	0.1
Non-current assets	571.5	561.7
Current assets		
Other financial asset ¹⁾	-	35.0
Trade and other receivables	1.4	2.1
Cash pool receivable	0.0	0.2
Cash and cash equivalents	0.1	0.1
Current assets	1.5	37.4
TOTAL ASSETS	573.1	599.1
EQUITY AND LIABILITIES		
Restricted equity		
Share capital	158.8	158.8
Statutory reserve	0.5	0.5
Restricted equity	159.3	159.3
Non-restricted equity		
Retained earnings	285.8	284.9
Net result for the period	0.1	0.9
Non-restricted equity	285.9	285.7
Total equity	445.2	445.0
Current liabilities		
Debt	72.5	52.2
Liabilities to shareholders ¹⁾	-	35.0
Liabilities to Group companies	54.3	65.7
Trade and other payables	1.2	1.2
Current liabilities	127.9	154.0
Total liabilities	127.9	154.0
TOTAL EQUITY AND LIABILITIES	573.1	599.1

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

At year-end, Eltel has secured its debt obligations towards the banks by share and intragroup loan pledges and floating charges over certain assets of the Group, all on customary terms and conditions. In January 2022 Eltel's debt was replaced with new unsecured finance agreement.

Retained earnings include EUR 58 thousand of equity-settled share-based payments at 31 December 2021.



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