netel group

THIRD QUARTER 2023 REPORT

Q3

Higher earnings with continued growing order backlog and strong organic growth

Third quarter

- Net sales increased 14.2 per cent to MSEK 890 (779), of which organic growth was 9.3 per cent.
- Adjusted EBITA MSEK 50 (49), with an adjusted EBITA margin of 5.6 per cent (6.3).
- EBITA MSEK 46 (43) with an EBITA margin of 5.2 per cent (5.6).
- Operating profit (EBIT) MSEK 45 (42), with an operating margin of 5.1 per cent (5.4).
- Profit for the period MSEK 13 (31).
- Earnings per share before and after dilution SEK 0.27 (0.65).
- Cash flow from operating activities MSEK 2 (7).

January–September

- Net sales increased 12.9 per cent to MSEK 2,434 (2,157), of which organic growth was 5.0 per cent.
- Adjusted EBITA MSEK 101 (125), with an adjusted EBITA margin of 4.1 per cent (5.8).
- EBITA MSEK 73 (111) with an EBITA margin of 3.0 per cent (5.1).
- Operating profit (EBIT) MSEK 70 (108), with an operating margin of 2.9 per cent (5.0).
- Profit for the period MSEK 7 (75).
- Earnings per share before and after dilution SEK 0.15 (1.58).
- Cash flow from operating activities MSEK 39 (-114).
- Net debt amounted to MSEK 798 (692) and net debt/adjusted EBITDA to 3.2 (2.7).
- The order backlog increased to MSEK 4,104 (3,257).

Significant events during and after the third quarter

- Three-year framework agreements signed with the Swedish Defense Material Administration worth in total MSEK 480.
- Extended partnership with Elvia, Norway's largest power operator, to a new region.
- Agreement with Norwegian energy and telecom company Eidsiva on the roll-out of the fiber backbone network north of Oslo.
- The merger of the two British companies acquired in the autumn of 2022 was completed.
- Klas Eldebrandt was appointed Head of the Power business area in Sweden and Fredrik Land Head of the Infraservices business area in Sweden.

SEK millions	**Jul-Sep**		**Jan-Sep**		**R12 Oct-Sep**	**Full-year**
	2023	**2022**	**2023**	**2022**	**2022/2023**	**2022**
Net sales	890	779	2,434	2,157	3,418	3,141
Net sales growth (%)	14.2%	26.9%	12.9%	26.8%	18.9%	29.9%
Adjusted EBITA	50	49	101	125	176	200
Adjusted EBITA margin (%)	5.6%	6.3%	4.1%	5.8%	5.1%	6.4%
EBITA	46	43	73	111	142	179
EBITA margin (%)	5.2%	5.6%	3.0%	5.1%	4.1%	5.7%
EBIT	45	42	70	108	138	176
EBIT margin (%)	5.1%	5.4%	2.9%	5.0%	4.0%	5.6%
Net debt	798	692	798	692	798	722
Net debt/Adjusted EBITDA R12 (Ratio)	3.2	2.7	3.2	2.7	3.2	2.8

Adjusted EBITA was adjusted for acquisition-related costs and for restructuring costs in 2023. Adjustments were made in 2022 for acquisition-related costs.

CEO's comments

Continued focus on margin-enhancing measures

We are continuing to grow at a healthy rate, driven by strong underlying market trends. Our order backlog continued to grow again in this quarter and amounted to SEK 4.1 billion. Our assessment is that we will meet our financial target for the full-year 2023 of at least 10 per cent growth and an adjusted EBITA margin of 4.5–5.5 per cent remains firm. This means that profitability during the second half of the year is approaching the financial profitability target of an adjusted EBITA margin over 7 per cent for the medium term.

Net sales rose 14.2 per cent to MSEK 890 (779) in the quarter, of which organic growth was 9.3 per cent. Growth was primarily driven by strong organic growth in Norway and Sweden in the Power business area.

Our order backlog has now grown in four consecutive quarters and we can see that demand in our markets and for our services is generally healthy, and being driven by megatrends such as increased electrification, digitalisation and the need to modernise critical infrastructure. Of the total order backlog of SEK 4.1 billion, approximately SEK 1.0 billion pertains to projects that will be carried out in 2023, while the remaining portion stems from projects for 2024 and 2025. Our assessment from the second quarter of 2023 remains firm – Netel will grow at least 10 per cent this year, which is in line with the company's financial target.

Adjusted EBITA amounted to MSEK 50 (49), with an adjusted EBITA margin of 5.6 per cent (6.3) for the quarter. Profitability has improved during the year as a result of full activity in our projects and margin-enhancing measures primarily in Norway. These ongoing activities in Norway and also in Finland will continue to have a positive effect on profitability in the final quarter of the year. Accordingly, our assessment from the second quarter of 2023 as regards profitability also remains firm. We expect an adjusted EBITA margin for the full-year 2023 of 4.5–5.5 per cent, which means that profitability during the second half of the year is approaching the target of an adjusted EBITA margin over 7 per cent for the medium term.

Sweden – high growth and improving profitability

Sweden reported a strong performance with net slaes growth of 23.1 per cent to MSEK 406 (332) in the quarter. Growth was primarily driven by the Power business area that grew 110 per cent to MSEK 153 (73). Our new business area Infraservices was also strong, reporting growth of 17.6 per cent to MSEK 198 (169). Telecom, with net sales of MSEK 54 (83) for the quarter, reported solid volumes in the mobile market while the discontinuation of operations in the saturated fiber market progressed according to plan.

Rising power volumes and higher profitability in Norway

Net sales in Norway rose 11.4 per cent to MSEK 333 (299) due to a favourable performance in the power business, in which net sales were up 26.1 per cent to MSEK 105 (83). We are starting the see the effects of the margin-enhancing measures that we initiated earlier in the year with an EBITA margin of 3.6 per cent in the third quarter of 2023, compared with 1.8 per cent in the preceding quarter. The strategic decision to expand the power business geographically has already yielded results and we extended our partnership with Elvia, Norway's largest power operator, to a new region. In Telecom, we are building both fiber and mobile networks and we recently won the prestigious assignment of expanding the fiber backbone network north of Oslo for Norwegian energy and telecom company Eidsiva.

Finland – new fiber projects in full force

Net sales in Finland, representing less than 10 per cent of our total net sales, fell 17.2 per cent to MSEK 71 (86), with Power falling 56.3 per cent to MSEK 29 (65). Our new large fiber projects are now in full force and net sales in Telecom increased 107 per cent to MSEK 42 (20). Our assessment remains that Finland will be profitable in 2024.

The growth markets Germany and the UK

The UK and Germany are two large and rapidly growing markets where we have many opportunities to carve out strong positions. The aim for both countries is to roll out fiber coverage to put in place a modern digital infrastructure. In the UK, we have now completed the merger of the two companies that we acquired in the summer of 2022, which will create synergies in such areas as sales and project execution and we are now operating under the Netel brand. In both countries, we are continuing to build up our own organisation and broaden the customer base by adding new customers in order to lay the foundation for continued profitable growth.

Outlook

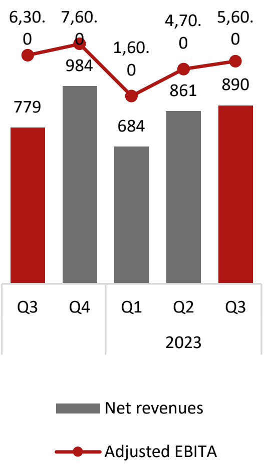
We have a strong position as a leading player in critical infrastructure in Northern Europe and our markets are driven by strong megatrends. Having said this, we can state that our external environment remains turbulent with war, inflation, rising interest rates and a tougher economy, which naturally is impacting many individuals and companies, including Netel. We need to continuously develop our products and services, and make them more efficient, based on the market conditions in the countries and the business areas in which we operate.

Jeanette Reuterskiöld
Acting President and CEO

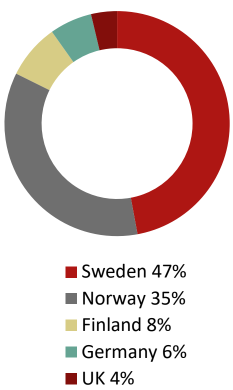
Condensed consolidated financial performance

Third quarter

Net sales
and adjusted EBITA margin



Net sales by segment



Net sales

Net sales rose 14.2 per cent to MSEK 890 (779) in the third quarter, of which organic growth was 9.3 per cent. The increase was primarily driven by strong organic growth in Norway and Sweden in the Power business area. Acquisitions and positive exchange rate effects contributed 4.9 per cent. Organic growth amounted to 10.9 per cent, adjusted for the fiber roll-out in Sweden, which is being discontinued.

Order bookings remained strong and the order backlog increased MSEK 128 to the record level of MSEK 4,104 in the quarter.

Earnings

EBITDA increased by 10.2 per cent to MSEK 65 (59), with an EBITDA margin of 7.3 per cent (7.6). EBITA increased 7.0 per cent to MSEK 46 (43), with an EBITA margin of 5.2 per cent (5.6). The increase in EBITA was due to the strong performance in Sweden.

Adjusted EBITDA increased 4.6 per cent to MSEK 68 (65) with an adjusted EBITDA margin of 7.6 per cent (8.3). Adjusted EBITA increased 2.0 per cent to MSEK 50 (49) with an adjusted EBITA margin of 5.6 per cent (6.3). Adjustments were made for acquisition costs of MSEK 2 (6) and other items affecting comparability of MSEK 1 (0).

Depreciation/amortisation and impairment amounted to MSEK -20 (-17).

Net financial items amounted to MSEK -26 (-3) for the quarter. Interest expenses amounted to MSEK -18 (-7), of which MSEK -1 (-1) was attributable to lease liabilities. Interest expenses increased due to higher financing, mainly as a result of completed acquisitions, and higher market interest rates.

Profit before tax decreased by 51.0 per cent to MSEK 19 (39) during the quarter, mainly as a result of the higher financing costs.

Profit after tax decreased 58 per cent to MSEK 13 (31). Tax, calculated with respect to tax adjustments and impacted by restrictions on interest deductions, amounted to MSEK -6 (-8), leading to an effective tax rate of 31.2 per cent (20.0).

Cash flow and financial position

Cash flow from operating activities amounted to MSEK 2 (7).

Cash flow from investing activities for the quarter was MSEK -1 (-57).

Cash flow from financing activities amounted to MSEK -5 (38), primarily from repayments of lease liabilities.

Cash flow for the period amounted to MSEK -5 (-12).

Cash and cash equivalents at the end of the period amounted to MSEK 281, compared MSEK 286 at the start of the quarter. Unutilised credit facilities totalled MSEK 225 compared with

MSEK 242 at the start of the period, which together with cash and cash equivalents means a total of MSEK 507 in available funds compared with MSEK 528 at the start of the period.

Net debt, which is defined as current and non-current interest-bearing liabilities from credit institutions less cash and cash equivalents and current investments, amounted to MSEK 798 at the end of the quarter compared with MSEK 788 at the start of the quarter. This is equivalent to net debt in relation to adjusted EBITDA R12M of a multiple of 3.2. The leverage ratio calculated in accordance with the Group's financial target was a multiple of 2.8 at the end of the period, which is above the capital structure target in the medium term. The capital structure target is defined as net debt (excluding lease liabilities) in relation to adjusted EBITDA rolling twelve months and should be below 2.5.

Other current and non-current interest-bearing liabilities primarily comprise bank financing and lease liabilities. These commitments amounted to MSEK 1,080 at the end of the quarter compared with MSEK 1,075 at the start of the quarter.

Total assets amounted to MSEK 3,139, compared with MSEK 3,093 at the start of the quarter, and equity amounted to MSEK 1,113, compared with MSEK 1,096 at the start of the quarter.

January–September

Net sales

Net sales rose 12.9 per cent to MSEK 2,434 (2,157) in the first nine months of the year with organic growth of 5.0 per cent. The increase was primarily due to a strong performance in Sweden and acquisitions in the UK. Acquisitions and positive exchange rate effects contributed 7.9 per cent. Organic growth amounted to 7.8 per cent, adjusted for the fiber roll-out in Sweden, which is being discontinued since full coverage has essentially been reached in the country.

Earnings

EBITDA decreased by 18.6 per cent to MSEK 127 (156), with an EBITDA margin of 5.2 per cent (7.2). EBITA decreased by 34.2 per cent to MSEK 73 (111), with an EBITA margin of 3.0 per cent (5.1). Profitability was impacted by lower volumes in Norway and Finland and measures initiated to raise margins. Profitability was also affected by a restructuring cost of MSEK 10 in the first quarter in Power in Finland and a one-off reserve of MSEK 10 in the second quarter in Power in Finland.

Adjusted EBITDA decreased by 8.8 per cent to MSEK 155 (170) during the nine-month period, with an adjusted EBITDA margin of 6.4 per cent (7.9). Adjusted EBITA decreased by 19.2 per cent MSEK 101 (125), with an adjusted EBITA margin of 4.1 per cent (5.8). Adjustments were made for restructuring costs and the reserve in Finland totalling MSEK 20 (0) and for acquisition costs of MSEK 8 (14).

Depreciation/amortisation and impairment amounted to MSEK -57 (-47).

Net financial items amounted to MSEK -50 (-8) for the nine-month period. Interest expenses amounted to MSEK -49 (-16), of which MSEK -3 (-3) was attributable to lease liabilities. Interest expenses increased due to higher financing, mainly as a result of completed acquisitions, and higher market interest rates.

Profit before tax declined to MSEK 20 (100) during the first nine months. Earnings were positively impacted by a one-off effect of MSEK 5 from the dispute with a major fiber customer.

Profit after tax declined to MSEK 7 (75). Tax, calculated with respect to tax adjustments and impacted by restrictions on interest deductions, amounted to MSEK -13 (-25), leading to an effective tax rate of 63.1 per cent (24.9).

Cash flow and financial position

Cash flow from operating activities amounted to MSEK 39 (-114), positively affected by MSEK 70 from the settlement with a major fiber customer.

During the nine-month period, cash flow from investing activities was MSEK -79 (-199), mainly attributable to acquisitions.

Cash flow from financing activities amounted to MSEK -46 (206). The comparison is primarily affected by borrowings during 2022.

Cash flow for the period amounted to MSEK -87 (-107).

Segments

Sweden

	Quarter 3			January–September					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	409	332	23.1%	1,150	952	20.8%	1,631	1,433	13.8%
of which									
Infraservices	*198*	*169*	*17.6%*	*534*	*442*	*20.7%*	*779*	*687*	*13.4%*
Power	*153*	*73*	*110%*	*407*	*216*	*88.3%*	*521*	*330*	*57.9%*
Telecom	*54*	*83*	*-35.1%*	*197*	*275*	*-28.4%*	*314*	*393*	*-20.1%*
EBITA	35	22	45.5%	88	65	35.0%	140	117	19.7%
EBITA margin	8.5%	6.5%	2.0	7.6%	6.8%	0.8	8.6%	8.2%	0.4

Net sales grew 23.1 per cent to MSEK 409 (332) in the quarter due to organic growth and acquisitions in Infraservices and Power.

Organic growth in Infraservices was driven by healthy demand among municipal and state clients. During the year, a change took place within the parts of the business that worked with the housing market to less cyclically sensitive customers within the municipal and government sectors.

The strong performance in the power market was primarily driven by demand for reconstructing and constructing new power stations across Sweden.

In Telecom, total sales declined mainly due to the planned lower fiber roll-out but also lower activity among customers in mobile and service.

EBITA increased 45.5 per cent to MSEK 35 (22) and the EBITA margin improved 2.0 percentage points to 8.5 per cent (6.5) in the third quarter.

Norway

	Quarter 3			January–September					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	333	299	11.4%	861	852	1.0%	1,188	1,179	0.8%
of which									
Power	*105*	*83*	*26.1%*	*287*	*259*	*10.6%*	*368*	*341*	*7.9%*
Telecom	*228*	*216*	*5.7%*	*574*	*593*	*-3.2%*	*820*	*839*	*-2.3%*
EBITA	12	19	-36.8%	6	48	-87.5%	18	60	-70.0%
EBITA margin	3.6%	6.2%	-2.6	0.7%	5.6%	-4.9	1.6%	8.2%	-6.6

Net sales grew 11.4 per cent to MSEK 333 (299) in the quarter, mainly due to higher volumes in Power and Telecom.

Within Power, volumes improved at the same time that measures to improve profitability have continued. In the operations for regional power networks, efforts to broaden the operations geographically have already led to the partnership with Elvia, Norway's largest power operator, expanding to a new region.

Telecom reported solid volumes in both the fiber and 5G roll-out. During the quarter, Netel signed an agreement with Norwegian energy and telecom company Eidsiva on the expansion of the fiber backbone network in Elverum and Hamar, north of Oslo. This expansion involves improving the capacity of the Heggvin data centre in Hamar. Netel is the primary contractor and the order is valued at MNOK 16.

EBITA declined to MSEK 12 (19) during the quarter and increased MSEK 5 from the second quarter of 2023. Margin-enhancing measures were carried out during the year and the EBITA margin increased from 1.8 per cent last quarter to 3.6 per cent in the third quarter of 2023.

Finland

	Quarter 3			January–September					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	71	86	-17.2%	192	202	-4.9%	281	291	-3.4%
of which									
Power	*29*	*65*	*-56.3%*	*111*	*152*	*-26.7%*	*170*	*210*	*-19.0%*
Telecom	*42*	*20*	*107%*	*81*	*50*	*60.6%*	*111*	*81*	*37.0%*
EBITA	-4	0	-	-34	-7	-386%	-40	-12	-233%
EBITA margin	-5.0%	0.0%	-5.0	-17.8%	-3.5%	-14.3	-14.2%	-4.2%	-10.0

Net sales decreased 17.2 per cent to MSEK 71 (86), due to planned lower volumes in Power. The new fiber projects that increased in volume during the quarter contributed to the strong increase in sales for Telecom.

The planned lower volumes in Power are the result of negotiations with a major customer that were concluded at the start of July. During the first half of the year, Netel incurred non-recurring costs of a total of MSEK 20 to adjust costs in the power business in Finland. With these restructurings, the power business in Finland has the prerequisites to become profitable in 2024.

EBITA declined to MSEK -4 (0). The new large fiber projects have now started after a protracted start and have good potential to contribute to improved profitability.

Germany

	Quarter 3			January–September					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	45	50	-10.2%	149	147	1.2%	215	213	0.9%
of which									
Telecom	*45*	*50*	*-10.2%*	*149*	*147*	*1.2%*	*215*	*213*	*0.9%*
EBITA	0	4	-100%	10	16	-37.5%	18	24	-25.0%
EBITA margin	0.8%	7.6%	-6.8	6.9%	10.9%	-4.0	8.6%	11.5%	-2.9

Net sales decreased 10.2 per cent to MSEK 45 (50). The decrease for the quarter was due to the conclusion of projects with a major customer at the same time as turnkey projects are starting with a new major customer. This also affected EBITA, which decreased to MSEK 0 (4), with an EBITA margin of 0.8 per cent (7.6). The underlying fiber market is strong in Germany, with healthy activity among customers. The build-up of Netel's organization and the broadening of the customer base continue.

UK

Netel expanded into the UK in the second half of 2022 through acquisitions that include the companies Border Civils & Utilities and Doocey North East. The companies were consolidated from July 2022 and August 2022 respectively, which is why there are no comparative figures for the first half of last year.

	Quarter 3			January–September					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	32	24	32.3%	91	-	-	114	47	-
of which									
Telecom	*32*	*24*	*32.3%*	*91*	-	-	*114*	*47*	-
EBITA	4	5	-20.0%	8	-	-	9	6	-
EBITA margin	11.4%	20.9%	-9.5	8.4%	-	-	7.8%	13.5%	-

Net sales increased 33.2 per cent to MSEK 32 (24) in the quarter. EBITA declined 20.0 per cent to MSEK 4 (5) and increased from MSEK 1 in the second quarter of 2023. Project including those with the new customer GoFibre and synergies between both of the acquired companies will continue to make a positive contribution to the earnings performance. The build-up of Netel's organization and the broadening of the customer base continue.

Acquisitions

Elektrotjänst i Katrineholm was consolidated as of February 2023. The acquisition means that Netel is entering new, attractive customer segments and expanding its geographic presence within power. The company's primary operations are power projects for railway, underground rail and defence. The acquired operations had sales of approximately MSEK 69 for the September 2021 – August 2022 financial year. The company has 34 employees and a strong order backlog for the coming year. Elektrotjänst has historically had a higher EBITA margin than the Netel Group. The acquisition was for all shares. The consideration was paid in cash and through an offset issue of 303,294 shares in Netel Holding. Elektrotjänst is included in the Sweden segment, Power business area.

Other information

Significant events after the end of the reporting period

On 7 November 2023, Netel announced that is has signed framework agreements for installation and contracting of data and telecommunications with the Swedish Armed Forces through the Swedish Defense Materiel Administration (FMV). The agreements cover the Swedish Armed Forces' headquarters in Stockholm and garrisons around Sweden. The total value amounts to SEK 480 million. The agreements run for three years with an option to extend for a total of four years.

Indication 2023

As Netel communicated in its report for the second quarter on 14 July 2023, the company expects at least 10 per cent growth for the full-year 2023, which is line with the financial growth target. Netel also expects an adjusted EBITA margin of 4.5 to 5.5 per cent for the full-year 2023. This means that the adjusted EBITA margin for the second half of 2023 is expected to approach the financial profitability target of an adjusted EBITA margin over 7 per cent for the medium term.

Employees

The number of employees at the end of the period was 857 (824). The average number of employees for the third quarter was 870 (820). The increase was mainly attributable to acquisitions.

During the quarter, Klas Eldebrandt was appointed Head of the Power business area in Sweden and Fredrik Land Head of the Infraservices business area in Sweden. Klas Eldebrandt most recently served as the CEO of Bengt Dahlgren Stockholm Projektledning AB. He has previously worked for 15 years at Hifab, including the head of market area. Fredrik Land joined Netel two years ago and has been the CEO of the subsidiary C-E Morberg Anläggning & Energi and most recently served as Senior Business Controller. Prior to that, he worked at BTH Bygg for five years in roles including Business Manager, and for seven years he worked in various positions at Züblin Scandinavia, a subsidiary of the Strabag Group.

Financial targets

Revenue growth

Annual growth target of 10 per cent, including inorganic growth.

Margin target

Adjusted EBITA margin above 7 per cent in the medium term.

Capital structure

Net debt (excluding lease liabilities) in relation to adjusted EBITDA R12M of a multiple below 2.5. The leverage ratio can temporarily be exceeded in connection with acquisitions.

Dividend policy

Pay-out ratio of 40 per cent of the Group’s net profit, considering other factors such as acquisition opportunities, financial position, cash flow and organic growth opportunities.

Parent Company

The Parent Company’s net sales amounted to MSEK 8 (5) for the quarter. The Parent Company was charged with personnel costs and certain financial expenses.

Risks and uncertainties

There are several strategic, operational and financial risks and uncertainties that could impact the Group’s financial results and position. Most of these can be managed by internal procedures, although some are governed by external factors to a greater extent. Risks and uncertainties are related to IT and control systems, suppliers, disputes related to projects, seasonal and weather variations and currencies, but could also arise in the event of new competition, changed market conditions and macroeconomic factors or changed customer behaviour. Interest rate risk also exists for the Group. A weaker macroeconomic situation, higher interest rates and inflation pressure could have a negative impact on demand from customers and entail project delays. Netel cannot currently assess the scope of any potential recession, the level of inflation or expected interest rates. It is thus also difficult to assess the effects on the Group’s operations. Netel’s business model is based on a low level of the Group’s assets being tied up in own operations, for example, in machines, which makes the Group more financially agile during recessions. During 2022, the Group experienced delays in some projects due to material delays, which were in turn due to interruptions in global supply chains. Netel is monitoring trends in global supply chains and managing risks for delays in projects by, for example, shifting resources between projects. The Netel Group is also affected by weather factors. An early or late winter with lower temperatures has a negative impact on excavation projects, while autumn storms can lead to more assignments to secure power lines. For a more detailed description of the risks and uncertainties for the Group and the Parent Company, refer to the 2022 Annual Report.

Netel works actively to monitor and continuously evaluate sustainability-related risk and their impact on the Group’s operations and earnings. As part of this governance, Group management has started to monitor and evaluate the Group’s climate impact and how the Group is affected by climate-related risks. Group management is also following up compliance among subsidiaries regarding, for example, the Code of Conduct, work-related injuries and legal disputes.

Netel is monitoring developments regarding the war in Ukraine and evaluating the consequences that the war could have on the economic situation in Netel’s markets. Netel did not have any sales, direct expenses or purchases to or from Russia or Ukraine in 2023 or the 2022 and 2021 financial years. The war in Ukraine and continued increases in commodity prices mean that Netel is working even more intensively on price compensation to match the timing of higher costs with revenue. The uncertainty in the world also entails a risk that customers will temporarily wait with placing orders and starting projects.

2024 Annual General Meeting

The 2024 Annual General Meeting will be held on Thursday, 2 May, in Stockholm, Sweden. Shareholders who wish to have a matter brought before the AGM may submit a proposal to Netel’s Chairman of the Board by e-mailing ir@netelgroup.com or writing to Netel Holding AB, Att: Årsstämma 2024, Fågelviksvägen 9, 7 tr SE-145 84 Stockholm, Sweden. To be assured of the proposal reaching the notice and therefore the agenda of the AGM, the proposal must have reached the company by 14 March 2024 at the latest.

Nomination Committee 2024

In accordance with the instruction for the Nomination Committee adopted at the Extraordinary General Meeting on 27 August 2021, the Nomination Committee is to consist of Board members appointed by each of the four shareholders or ownership groups with the largest number of votes who wish to appoint a Nomination Committee member, as well as the Chairman of the Board.The Nomination Committee is to be constituted based on shareholder statistics from Euroclear Sweden AB on the last banking day in August of the year prior to the Annual General Meeting and other reliable ownership information provided to the company at that time. The Chairman of the Nomination Committee is, if the members do not agree otherwise, to be the member that is appointed by the shareholder with the largest number of votes.

Based on the ownership structure on 31 August 2023, the following people have been appointed as Board members of the Nomination Committee ahead of the 2024 AGM:

Alireza Etemad, representing IK Investment Partners, Chair of the Nomination Committee
Celia Grip, representing Swedbank Robur Fonder
Andreas Berdal Lorentzen, representing Delphi Fondsforvaltning
Peter Magnusson, representing Cicero Fonder
Hans Petersson, Chairman of the Board

The Nomination Committee is to prepare proposals in the following matters to be presented to the AGM to be resolved: proposal for the Chairman of the AGM, proposals for the Board and Chairman of the Board, proposals for fees to Board members and auditors, proposals for auditors (where applicable) and proposals for any changes to the Nomination Committee instruction.

Shareholders in Netel are welcome to submit proposals to the Nomination Committee via e-mail to valberedning@netel.se by 19 January 2024 at the latest.

Owners

On 30 September 2023, Netel Holding AB (publ) had 2,267 shareholders. The five largest shareholders were IK VII fund via Cinnamon International S.à.r.l (48.04 per cent), Nordnet Pensionsförsäkring (8.09 per cent), Swedbank Robur Fonder (4.27 per cent), Delphi Fondsforvaltning (2.49 per cent) and Lannebo Fonder (2.15 per cent).

There were a total of 48,511,873 shares and votes in Netel on 30 September 2023. All shares are ordinary shares.

Financial statements

Condensed consolidated statement of profit or loss

SEK millions	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R12 Oct-Sep 2022/2023	Full-year 2022
Operating income						
Net sales	890	779	2,434	2,157	3,418	3,141
Other operating income	3	0	7	11	21	25
Total revenue	**893**	**780**	**2,441**	**2,168**	**3,439**	**3,166**
Operating expenses						
Material and purchased services	-592	-511	-1,559	-1,363	-2,177	-1,981
Other external expenses	-73	-67	-229	-185	-335	-291
Personnel costs	-163	-143	-526	-463	-715	-653
Depreciation and amortisation	-20	-17	-57	-47	-75	-65
Operating profit/loss (EBIT)	**45**	**42**	**70**	**108**	**138**	**176**
Profit/loss from financial items						
Net financial items	-26	-3	-50	-8	-57	-15
Earnings before tax	**19**	**39**	**20**	**100**	**81**	**161**
Taxes	-6	-8	-13	-25	-26	-38
Earnings for the period	**13**	**31**	**7**	**75**	**55**	**123**
Earnings for the period is attributable to						
Parent company's shareholders	13	31	7	75	55	123
Non-controlling interests	-	-	-	-	-	-
Earnings per share						
Earnings per share before and after diltution (SEK)	0.27	0.65	0.15	1.58	1.15	2.59
Average number of shares before and after dilution (thousands)	48,512	47,919	48,470	47,608	48,371	47,726

An offset issue was carried out in the first quarter in connection with a previously announced acquisition. The number of ordinary shares outstanding increased 303,294 to 48,511,873 shares at the end of the period.

Condensed consolidated statement of profit or loss and statement of comprehensive income

SEK millions	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	R12 Oct-Sep 2022/2023	Full-year 2022
Earnings for the period	13	31	7	75	55	123
Other comprehensive income						
Translation differences for the period	4	2	-10	2	-7	5
Other comprehensive income for the period	**4**	**2**	**-10**	**2**	**-7**	**5**
Comprehensive income for the period	**17**	**33**	**-2**	**78**	**49**	**129**
Comprehensive income for the period is attributable to						
Parent company's shareholders	17	33	-2	78	49	129
Non-controlling interests	-	-	-	-	-	-

Condensed consolidated statement of financial position

SEK millions	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	1,245	1,086	1,179
Intangible assets	200	197	199
Property, plant and equipment	187	164	187
Financial non-current assets	11	8	9
Deferred tax assets	10	14	10
Total non-current assets	**1,655**	**1,470**	**1,585**
Current assets			
Inventories	8	7	8
Current receivables	1,195	1,035	1,157
Cash and cash equivalents	281	170	369
Total current assets	**1,485**	**1,212**	**1,534**
Total assets	**3,139**	**2,681**	**3,119**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the parent company's shareholders	1,113	1,048	1,105
Equity attributable to non-controlling interests	-	-	-
Total equity	**1,113**	**1,048**	**1,105**
Non-current interest-bearing liabilities	1,005	734	1,037
Non-current non-interest-bearing liabilities	238	180	246
Total non-current liabilities	**1,243**	**915**	**1,283**
Current interest-bearing liabilities	75	128	53
Current non-interest-bearing liabilities	708	591	677
Total current liabilities	**783**	**718**	**731**
Total equity and liabilities	**3,139**	**2,681**	**3,119**

Condensed consolidated statement of changes in equity

SEK thousands	Equity attributable to the parent company's shareholders Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the period	Total equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
Opening equity 1 Jan 2022	**719**	**1 395 693**	**-405**	**-484 812**	**911 195**	**-**	**911 195**
Profit/loss for the period	-	-	-	75 405	75 405	-	75 405
Other comprehensive income	-	-	2 348	-	2 348	-	2 348
Comprehensive income for the period	**-**	**-**	**2 348**	**75 405**	**77 752**	**-**	**77 752**
Transactions with Group owners							
Completed issues	20	59 125	-	-	59 145	-	59 145
Total	**20**	**59 125**	**-**	**-**	**59 145**	**-**	**59 145**
Closing equity 30 Sep 2022	**739**	**1 454 817**	**1 942**	**-409 407**	**1 048 092**	**-**	**1 048 092**
Opening equity 1 Jan 2023	**742**	**1 460 815**	**4 737**	**-361 342**	**1 104 951**	**-**	**1 104 951**
Profit/loss for the period	-	-	-	7 429	7 429	-	7 429
Other comprehensive income	-	-	-9 622	-	-9 622	-	-9 622
Comprehensive income for the period	**-**	**-**	**-9 622**	**7 429**	**-2 193**	**-**	**-2 193**
Transactions with Group owners							
Completed issues	5	9 995	-	-	10 000	-	10 000
Total	**5**	**9 995**	**-**	**-**	**10 000**	**-**	**10 000**
Closing equity 30 Sep 2023	**746**	**1 470 810**	**-4 886**	**-353 913**	**1 112 758**	**-**	**1 112 758**

Netel Holding AB (publ) approved a new issue of ordinary shares on 8 February 2023, which resulted in an increase in share capital from SEK 741,670 to SEK 746,337. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Condensed consolidated statement of cash flows

SEK millions	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Operating profit/loss	45	42	70	108	176
Reversal of non-cash items	16	16	49	46	62
Interest received	0	-	0	-	1
Interest paid	-20	-5	-49	-14	-22
Tax paid	-5	-3	-37	-27	-39
Cash flow from operating activities before changes in working capital	**36**	**50**	**34**	**113**	**177**
Changes in inventories	0	0	0	2	1
Changes in operating receivables	-62	-19	-35	-203	-292
Changes in operating liabilities	28	-24	40	-26	41
Cash flow from operating activities	**2**	**7**	**39**	**-114**	**-72**
Acquisition of non-current assets	-4	-3	-13	-11	-20
Acquisition of subsidiaries and businesses	0	-54	-74	-188	-224
Sale of non-current assets	3	-	8	-	6
Cash flow from investing activities	**-1**	**-57**	**-79**	**-199**	**-238**
New share issue	-	-	-	-	-
Amortisation of lease liabilities	-13	-12	-39	-36	-48
Proceeds from current and non-current loans and credits	8	50	50	244	462
Amortisation of current and non-current loans and credits	-	-0	-58	-2	-13
Cash flow from financing activities	**-5**	**38**	**-46**	**206**	**402**
Cash flow for the period	-5	-12	-87	-107	91
Cash and cash equivalents at the beginning of the period	286	181	369	271	271
Translation difference in cash and cach equivalents	-0	1	-1	5	6
Cash and cash equivalents at the end of the period	**281**	**170**	**281**	**170**	**369**

Notes to the financial statements in summary

Key accounting policies

This interim report covers the Swedish Parent Company Netel Holding AB (publ), Corp. Reg. No. 559327–6263, and its subsidiaries. The activities of the company and its subsidiaries (the “Group”) include the provision of the construction and maintenance of infrastructure in Sweden, Norway, Finland, Germany and the UK within the business areas of Infraservices, Power and Telecom. The Parent Company is a limited company with its registered office in Stockholm, Sweden.

Netel Holding AB (publ) applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group’s interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act (1995: 1554). The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Annual Accounts Act and RFR 2 Reporting for Legal Entities. For the Group and the Parent Company, the same accounting policies, calculation bases and assessments have been applied as in the latest annual report for Netel Holding AB (publ). A more detailed description of the Group’s applied accounting policies as well as new and future changes in standards can be found in the latest published annual report. For a complete description of the Group and the Parent Company’s applied accounting policies, see Note 1 in the 2022 Annual Report.

In addition to the financial statements and their accompanying notes, disclosures pursuant to IAS 34 are provided in the interim information, which comprise an integral part of this financial report.

All amounts in this report are stated in millions of Swedish kronor (MSEK) unless otherwise stated. Differences in rounding off may occur.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing the performance of the operating segments. In the Group, this function has been identified as the President and CEO. An operating segment is a part of the Group that conducts operations that earn revenue and incur costs, and for which discrete financial information is available. The Group is categorised into segments based on the internal structure of its business operations, which means that there are five segments: *Sweden, Norway, Finland, Germany and the UK.* The UK was recognised as a segment for the first time in the third quarter of 2022 following acquisitions made by the Group (Border and Doocey) and only includes these new operations. As a result, there is no impact on existing segments. Comparative figures therefore have not been restated.

The same accounting policies are used in the segments as for the Group. The Group presents revenue and earnings before interest, tax and amortisation (EBITA) per segment. Comparative figures for comparable periods are presented in accordance with the Group’s accounting policies.

Earnings per share

Earnings per share before dilution are calculated by dividing net profit attributable to holders of ordinary shares in the Parent Company by the weighted average number of outstanding ordinary shares during the year. Earnings per share after dilution are calculated by dividing net profit attributable to holders of ordinary shares in the Parent Company, adjusted where applicable, by the sum of the weighted average number of ordinary shares and potential ordinary shares that may give rise to a dilution effect. The dilution effect of potential ordinary shares is only reported if a recalculation of ordinary shares would lead to a decrease in earnings per share after dilution.

Estimates and judgements

The preparation of the interim report requires that company management makes assessments and estimates and makes assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these estimates and assessments. The critical assessments and sources of uncertainty in estimates are the same as in the latest published annual report. See Note 1 in the 2022 Annual Report for more information on the Group's estimates and assessments.

Operating segments

For accounting and monitoring purposes, the Group has divided its operations into five operating segments based on how the Group CEO evaluates the Group's operations. The five operating segments comprise Sweden, Norway, Finland, Germany and the UK. The UK was recognised as a segment for the first time in the third quarter of 2022 as a result of the Group's completed acquisitions. The Group CEO primarily uses earnings before interest, tax and amortisation (EBITA) in assessing the performance of the operating segments. Comparative figures for comparable periods are presented in accordance with the Group's accounting policies.

Other adjustments at Group level are included under Group-wide items and eliminations, for example, transaction costs and other Group-wide costs that are not allocated at segment level. Non-current assets include intangible assets (including goodwill), property, plant and equipment and right-of-use assets.

Jul-Sep 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Total segments**	**Group-wide items and eliminations**	**Group total**
Revenue from external customers	409	333	71	45	32	889	1	890
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**409**	**333**	**71**	**45**	**32**	**889**	**1**	**890**
EBITA	**35**	**12**	**-4**	**0**	**4**	**47**	**-1**	**46**
Non-current assets	**1,270**	**247**	**12**	**1**	**103**	**1,633**	**-**	**1,633**

Jul-Sep 2022	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Total segments**	**Group-wide items and eliminations**	**Group total**
Revenue from external customers	332	299	86	50	24	790	-11	779
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**332**	**299**	**86**	**50**	**24**	**790**	**-11**	**779**
EBITA	**22**	**19**	**0**	**4**	**5**	**49**	**-6**	**43**
Non-current assets	**1,097**	**254**	**10**	**2**	**85**	**1,447**	**-**	**1,447**

Jan-Sep 2023	Sweden	Norway	Finland	Germany	United Kingdom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	1,150	861	192	149	91	2,443	-8	2,434
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**1,150**	**861**	**192**	**149**	**91**	**2,443**	**-8**	**2,434**
EBITA	**88**	**6**	**-34**	**10**	**8**	**78**	**-5**	**73**
Non-current assets	**1,270**	**247**	**12**	**1**	**103**	**1,633**	**-**	**1,633**

Jan-Sep 2022	Sweden	Norway	Finland	Germany	United Kingdom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	952	852	202	147	24	2,177	-20	2,157
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**952**	**852**	**202**	**147**	**24**	**2,177**	**-20**	**2,157**
EBITA	**65**	**48**	**-7**	**16**	**5**	**127**	**-17**	**111**
Non-current assets	**1,097**	**254**	**10**	**2**	**85**	**1,447**	**-**	**1,447**

Revenue from contracts with customers

To increase transparency, the Group has from the first quarter of 2023 introduced changes to the reporting of the business areas: Fiber operations in the Fixed Networks business area has been transferred to the Telecom business area and the remaining operations in Fixed Networks has been renamed Infraservices. Infraservices mainly comprises services in district heating, water and sewage and associated civil engineering works.

Currently, the Group only conducts Infraservices in Sweden. Power operations are conducted in Sweden, Norway and Finland. Telecom operations are conducted in all five segments. Telecom only encompasses fiber roll-out and service in the UK and Germany. In Sweden, Norway and Finland, Telecom also encompasses roll-out and service of mobile networks.

Recalculated figures for the remaining quarters in 2022 and the full-year 2022 can be found below.

Jul-Sep 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	198	-	-	-	-	198
Power	153	105	29	-	-	286
Telecom	54	228	42	45	32	401
Group-wide	4	-	-	-	-	4
Revenue from contracts with customers	**409**	**333**	**71**	**45**	**32**	**890**
Type of service						
Framework agreement	141	228	49	12	30	459
Project	268	105	22	33	2	430
Group-wide	1	-	-	-	-	1
Revenue from contracts with customers	**409**	**333**	**71**	**45**	**32**	**890**

Jul-Sep 2022	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	169	-	-	-	-	169
Power	73	83	65	-	-	221
Telecom	83	216	20	50	24	393
Group-wide	-3	-	-	-	-	-3
Revenue from contracts with customers	**321**	**299**	**86**	**50**	**24**	**779**
Type of service						
Framework agreement	144	202	52	14	23	434
Project	188	97	34	37	1	356
Group-wide	-11	-	-	-	-	-11
Revenue from contracts with customers	**321**	**299**	**86**	**50**	**24**	**779**

Jan-Sep 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	534	-	-	-	-	534
Power	407	287	111	-	-	805
Telecom	197	574	81	149	91	1,091
Group-wide	4	-	-	-	-	4
Revenue from contracts with customers	**1,142**	**861**	**192**	**149**	**91**	**2,434**
Type of service						
Framework agreement	423	589	139	49	87	1,287
Project	727	272	53	100	4	1,156
Group-wide	-9	-	-	-	-	-9
Revenue from contracts with customers	**1,142**	**861**	**192**	**149**	**91**	**2,434**

Jan-Sep 2022	Sweden	Norway	Finland	Germany	United Kingdom	Group total
Business area						
Infraservices	442	-	-	-	-	442
Power	216	259	152	-	-	627
Telecom	275	593	50	147	24	1,089
Group-wide	-2	-	-	-	-	-2
Revenue from contracts with customers	**932**	**852**	**202**	**147**	**24**	**2,157**
Type of service						
Framework agreement	406	560	116	33	23	1,138
Project	546	292	86	114	1	1,039
Group-wide	-20	-	-	-	-	-20
Revenue from contracts with customers	**932**	**852**	**202**	**147**	**24**	**2,157**

Oct-Dec 2022	Sweden	Norway	Finland	Germany	United Kingdom	Group total
Business area						
Infraservices	245	-	-	-	-	245
Power	114	81	59	-	-	254
Telecom	117	246	31	66	23	483
Group-wide	2	-	-	-	-	2
Revenue from contracts with customers	**478**	**327**	**89**	**66**	**23**	**984**
Type of service						
Framework agreement	172	233	52	23	22	503
Project	309	94	37	43	1	484
Group-wide	-3	-	-	-	-	-3
Revenue from contracts with customers	**478**	**327**	**89**	**66**	**23**	**984**

Jan-Dec 2022	Sweden	Norway	Finland	Germany	United Kingdom	Group total
Business area						
Infraservices	687					687
Power	330	341	210	-	-	881
Telecom	393	839	81	213	47	1,572
Group-wide	-0	-	-	-	-	-0
Revenue from contracts with customers	**1,410**	**1,179**	**291**	**213**	**47**	**3,141**
Type of service						
Framework agreement	577	794	169	56	45	1,641
Project	855	386	122	157	3	1,523
Group-wide	-23	-	-	-	-	-23
Revenue from contracts with customers	**1,410**	**1,179**	**291**	**213**	**47**	**3,141**

Financial instruments

The Group's financial instruments measured at fair value only refer to contingent considerations and fund holdings (see below). For other financial assets and liabilities, the carrying amounts are good approximations of the fair value.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The table below shows financial instruments measured at fair value, based on the classification of the fair value hierarchy. The different levels are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2 – Other observable input data for the asset or liability than quoted prices included in level 1, either direct (i.e. price quotes) or indirect (i.e. derived from price quotes).

Level 3 – Input data for the asset or liability that are not based on observable market data (i.e. unobservable input data).

Fund holdings

The Group holds funds included in the item Financial non-current assets. Fund holdings are measured at fair value by use of quoted prices in active markets for identical assets and are thus found in level 1 of the valuation hierarchy.

Contingent consideration

For some of the Group's business combinations, there are contingent considerations. The contingent considerations are dependent on the average EBITA for the business combinations over one to three years. The considerations will be settled in cash. The contingent considerations are included in the items Non-current non-interest-bearing liabilities in the amount of MSEK 164 (108). MSEK 20 was paid in 2023, and the Group believes that there are no circumstances that otherwise warrant changing the valuation assumptions, and is instead monitoring developments in relation to the current conditions applicable to the contingent considerations. The contingent considerations are found in level 3 of the valuation hierarchy.

Other holdings and liabilities measured at fair value

The Group holds currency futures that are included in the item Current non-interest-bearing liabilities. These currency futures are measured at fair value through indirect calculations from underlying currencies, according to data received from the counterparty/bank, and thus are found in level 2 of the valuation hierarchy.

Fund holdings	**30 Sep 2023**	**30 Sep 2022**	**31 Dec 2022**
Opening balance	**5**	**3**	**3**
Investments	1	1	1
Divestments	-	-	-
Change in value recognised through profit or loss	-	-	-
Translation difference	-	-	-
Closing balance	**6**	**4**	**5**

Contingent considiration	30 Sep 2023	30 Sep 2022	31 Dec 2022
Opening balance	**173**	**32**	**32**
Acquisition of subsidiaries and businesses	9	81	146
Paid considirations	-20	-5	-5
Change in value recognised through profit or loss	-	-	-0
Translation difference	2	-	-
Closing balance	**164**	**108**	**173**

Other liabilities recognised at fair value	30 Sep 2023	30 Sep 2022	31 Dec 2022
Opening balance	**-**	**0**	**0**
Changes in recognised liabilities	-	-0	-0
Change in value recognised through profit or loss	-1	0	-
Translation difference	-	-	-
Closing balance	**-1**	**0**	**-**

Business combinations

On 1 February 2023, the Group acquired 100 per cent of the shares and votes in Elektrotjänst i Katrineholm (“Elektrotjänst”). The acquisition means that Netel is entering new, attractive customer segments and expanding its geographic presence within Power. Elektrotjänst had sales of approximately MSEK 69 for the September 2021 – August 2022 financial year. Elektrotjänst has 34 employees and is included in the Sweden segment.

Acquired net assets at acquisition date	**Elektrotjänst Fair value**	**Total**
Intangible assets	-	-
Property, plant and equipment	6	6
Right-of-use assets	-	-
Financial non-current assets	3	3
Deferred tax assets	-	-
Inventories	0	0
Accounts receivables and other receivables	9	9
Cash and cash equivalents	17	17
Interest-bearing liabilities	-	-
Lease liabilities	-	-
Deferred tax liabilities	-2	-2
Accounts payable and other operating liabilities	-11	-11
Identified net assets	**22**	**22**
Goodwill	75	75
Total consideration	**97**	**97**
The consideration consists of		
Cash	70	70
Equity instruments	10	10
Contingent consideration	17	17
Vendor loan note	-	-
Total consideration	**97**	**97**

For information on the contingent consideration, see the note on Financial instruments.

Impact of acquisitions on cash and cash equivalents	Elektrotjänst	Total
Cash consideration paid	70	70
Cash and cash equivalents acquired	-16	-16
Total	**54**	**54**
Costs related to acquisitions	2	2
Total impact on cash and cash equivalents	**57**	**57**

In connection with the acquisition of Elektrotjänst, goodwill of MSEK 75 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to human resources. Transaction costs related to the acquisition amounted to MSEK 2. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

During the February–September period, the acquisition contributed MSEK 50 to the Group's revenue and MSEK 3 to the Group's profit after tax. If the acquisition had taken place on 1 January 2023, company management estimates that the Group's revenue and earnings would have been positively impacted by MSEK 2,445 and MSEK 8 for the January–September period.

Transactions with related parties

No significant changes took place during the year for the Group or the Parent Company in relationships or transactions with related parties compared to what has been described in Note 31 of the 2022 Annual report for Netel Holding AB (publ).

Management	30 Sep 2023	30 Sep 2022
Sales of goods and services	-	-
Purchase of goods and services	-	-
Interest income	-	-
Interest expenses	-	-
Receivables (closing)	-	-
Debt (closing)	-	-

Condensed income statement for the Parent Company

SEK millions	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Operating income					
Net sales	8	5	19	16	20
Other operating income	-	-	-	-	-
Total revenue	**8**	**5**	**19**	**16**	**20**
Operating expenses					
Personnel costs	-4	-2	-10	-8	-17
Other external expenses	-2	-1	-6	-3	-4
Operatin profit (EBIT)	**2**	**2**	**3**	**5**	**-0**
Net financial items	8	1	-3	6	4
Earnings after financial items	**10**	**3**	**0**	**11**	**4**
Appropriations	-	-	-	-	40
Earnings before tax	**10**	**3**	**0**	**11**	**44**
Taxes	-0	-0	-1	-1	-2
Earnings for the period	**9**	**2**	**-0**	**10**	**43**

Condensed balance for the Parent Company

SEK millions	30 Sep 2023	30 Sep 2022	31 Dec 2022
ASSETS			
Non-current assets			
Shares in subsidiaries	1,300	1,202	1,202
Financial non-current assets	4	8	4
Total non-current assets	**1,304**	**1,210**	**1,206**
Current assets			
Receivables from Group companies	1,165	881	1,054
Other current assets	-	2	-
Cash and cash equivalents	81	7	181
Total current assets	**1,246**	**889**	**1,234**
Total assets	**2,549**	**2,099**	**2,440**
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1	1
Other equity	1,476	1,427	1,466
Total equity	**1,476**	**1,428**	**1,467**
Total untaxed reserves	**-**	**-**	**-**
Non-current interest-bearing liabilities	933	635	932
Non-current non-interest-bearing liabilities	5	4	5
Total non-current liabilities	**938**	**639**	**937**
Current interest-bearing liabilities	7	4	4
Current non-interest-bearing liabilities	128	28	33
Total current assets	**135**	**32**	**36**
Total equity and liabilities	**2,549**	**2,099**	**2,440**

The Board of Directors and the CEO assure that this report for the third quarter of 2023 provides a fair review of the Group's and the Parent Company's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 7 November 2023

Hans Petersson

Chairman of the Board

Ann-Sofi Danielsson

Board member

Alireza Etemad

Board member

Carl Jakobsson

Board member

Göran Lundgren

Board member

Nina Macpherson

Board member

Jeanette Reuterskiöld

Board member and Acting CEO

Review report

Introduction

We have reviewed the interim report for Netel Holding AB (publ) for the period January 1 - September 30, 2023. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

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

Stockholm, 7 November 2023

Deloitte AB
Jenny Holmgren
Authorised Public Accountant

Selected financial information

Definitions and a reconciliation of alternative performance measures for Netel Holding AB (publ) are presented here in accordance with the guidelines from the European Securities and Markets Authority (ESMA) regarding the use of alternative performance measures. These guidelines require expanded disclosures regarding the financial measures not defined by IFRS. Alternative performance measures are measures showing historical or future financial results, financial position or cash flows that are not defined by IFRS. Netel Group uses alternative performance measures to monitor and describe the Group's financial position and to provide additional useful information where relevant for the user's understanding of the financial statements. These performance measures are not directly comparable with similar performance measures used by other companies. The performance measures stated below are presented in the interim report.

Alternative performance measures not defined under IFRS

	Jul-Sep		Jan-Sep		Full-year
SEK millions	**2023**	**2022**	**2023**	**2022**	**2022**
Net sales growth (%)	14.2%	26.9%	12.9%	26.8%	29.9%
Organic sales growth (%)	9.3%	4.9%	5.0%	5.4%	7.5%
EBITDA	65	59	127	156	241
EBITDA margin (%)	7.3%	7.6%	5.2%	7.2%	7.7%
EBITA	46	43	73	111	179
EBITA margin (%)	5.2%	5.6%	3.0%	5.1%	5.7%
Items affecting comparability	3	6	28	14	21
Adjusted EBITDA	68	65	155	170	262
Adjusted EBITDA margin (%)	7.6%	8.3%	6.4%	7.9%	8.3%
Adjusted EBITA	50	49	101	125	200
Adjusted EBITA margin (%)	5.6%	6.3%	4.1%	5.8%	6.4%
Net debt	798	692	798	692	722
Net debt/Adjusted EBITDA R12 (Ratio)	3.2	2.7	3.2	2.7	2.8
Equity ratio (%)	35.4%	39.1%	35.4%	39.1%	35.4%
Order backlog	4,104	3,257	4,104	3,257	3,700

Reconciliation of growth in net sales

	Jul-Sep		Jan-Sep		Full-year
SEK millions	**2023**	**2022**	**2023**	**2022**	**2022**
Net sales previous period	779	614	2,157	1,701	2,418
Acquired net sales	38	135	170	364	541
Organic net sales	852	644	2,264	1,793	2,600
Total net sales growth (%)	14.2%	26.9%	12.9%	26.8%	29.9%
Organic net sales growth (%)	9.3%	4.9%	5.0%	5.4%	7.5%

Reconciliation of EBITDA, EBITDA margin, adjusted EBITDA, adjusted EBITDA margin

SEK millions	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Net sales	890	779	2,434	2,157	3,141
Operating profit/loss (EBIT)	45	42	70	108	176
Depreciation and amortisation of tangible and intangible assets	20	17	57	47	65
EBITDA	65	59	127	156	241
EBITDA margin (%)	7.3%	7.6%	5.2%	7.2%	7.7%
Items affecting comparability					
Acquisition-related costs	2	6	6	14	17
Other items affecting comparability	1	-	21	-	3
Total items affecting comparability	3	6	28	14	21
Adjusted EBITDA	68	65	155	170	262
Adjusted EBITDA margin (%)	7.6%	8.3%	6.4%	7.9%	8.3%

Reconciliation of EBITA, EBITA margin, adjusted EBITA and adjusted EBITA margin

SEK millions	Jul-Sep 2023	Jul-Sep 2022	Jan-Sep 2023	Jan-Sep 2022	Full-year 2022
Net sales	890	779	2,434	2,157	3,141
Operating profit/loss (EBIT)	45	42	70	108	176
Depreciation and amortisation of intangible assets	1	1	3	2	3
EBITA	46	43	73	111	179
EBITA margin (%)	5.2%	5.6%	3.0%	5.1%	5.7%
Items affecting comparability					
Acquisition-related costs	2	6	6	14	17
Other items affecting comparability	1	-	21	-	3
Total items affecting comparability	3	6	28	14	21
Adjusted EBITA	50	49	101	125	200
Adjusted EBITA margin (%)	5.6%	6.3%	4.1%	5.8%	6.4%

Reconiliation of net debt and net debt/adjusted EBITDA R12M (Ratio)

SEK millions	30 Sep 2023	30 Sep 2022	31 Dec 2022
Non-current interest-bearing liabilities	1,005	734	1,037
Current interest-bearing liabilities	75	128	53
Total interest-bearing liabilities	1,080	862	1,090
Cash and cash equivalents	281	170	369
Net debt	**798**	**692**	**722**
Adjusted EBITDA R12	247	254	262
Net debt/Adjusted EBITDA R12 (Ratio)	**3.2**	**2.7**	**2.8**

Reconciliation of equity ratio

SEK millions	30 Sep 2023	30 Sep 2022	31 Dec 2022
Total equity	1,113	1,048	1,105
Total assets	3,139	2,681	3,119
Equity ratio (%)	**35.4%**	**39.1%**	**35.4%**

Definitions and reasons for use

Performance measures	Definition	Reason for use
EBITA*	Earnings before amortisation of intangible assets	EBITA is used to analyse the profitability generated by the underlying operations
EBITA margin*	EBITA as a percentage of net sales	The EBITA margin is used to illustrate the underlying operations' profitability
EBITDA*	Earnings before interest, taxes, depreciation and amortisation.	EBITDA is used to analyse the profitability generated by the underlying operations
EBITDA margin*	EBITDA as a percentage of net sales	The EBITDA margin is used to illustrate the underlying operations' profitability
Adjusted EBITA*	EBIT before amortisation of intangible assets, adjusted for items affecting comparability	Adjusted EBITA is used to analyse the profitability generated by the underlying operations
Adjusted EBITA margin*	Adjusted EBITA as a percentage of net sales	The adjusted EBITA margin is used to illustrate the underlying operations' underlying profitability
Adjusted EBITDA*	Earnings before interest, taxes, depreciation and amortisation, adjusted for items affecting comparability	Adjusted EBITDA is used to analyse the underlying profitability generated by the underlying operations
Adjusted EBITDA margin*	Adjusted EBITDA as a percentage of net sales	The adjusted EBITDA margin is used to illustrate the underlying operations' underlying profitability
Items affecting comparability*	Items affecting comparability are revenue and expenses of a non-recurring character such as capital gains from divestments, transaction costs in connection with M&As or capital raises, external costs in conjunction with IPO preparations, larger integration costs for acquisitions or planned reconstructions, and expenses following strategic decisions and major reconstructions that result in a discontinuation of operations	Items affecting comparability are used to highlight the income items that are not included in the operating activities to create a clear view of the underlying earnings trend
Cash flow from operating activities	Cash flow attributable to the company's main income-generating operations and operations other than investing activities and financing activities	The measure is a performance measure defined by IFRS
Net sales	The total of sales proceeds from goods and services less discounts provided, VAT and other tax related to the sale	The measure is a performance measure defined by IFRS

Organic growth*	Change in net sales adjusted for acquisition effects for the period as a percentage of net sales in the comparative period. Acquisition effects include consolidated net sales during the first 12 months of the acquisitions.	The measure shows the size of the company’s total growth that is organic growth
Order backlog	The remaining order value on the balance sheet date for contracted projects and estimated future volumes from framework agreements	Used to show contracted future net sales attributable to projects
Profit/loss before tax	Profit for the period before tax	The measure is a performance measure defined by IFRS
Earnings per share (SEK)	Earnings per share before and after dilution attributable to holders of ordinary shares in the Parent Company	The measure (before and after dilution) is a performance measure defined by IFRS
Net debt*	Interest-bearing liabilities (current and non-current) less cash and cash equivalents	The measure shows the size of the company’s total assets financed via financial liabilities, taking into account cash and cash equivalents and is a component in assessing financial risk
Equity ratio*	Equity as a percentage of total assets	The measure shows the share of the company’s total assets financed by the shareholders through equity

* The KPI is an alternative performance measure according to ESMA’s guidelines

Webcast presentation and teleconference

Jeanette Reuterskiöld, Acting President and CEO, and Peter Andersson, CFO, will present the interim report on Wednesday, 8 November at 9:00 a.m. CET in a webcast. Questions may be asked both online and by phone. Presentation material is also available at https://netelgroup.com/en/investors/reports-and-presentations/. The presentation will be held in English.

If you want to participate through the webcast, use the link https://ir.financialhearings.com/netel-group-q3-2023. It will be possible to submit written questions during the webcast. If you want to ask questions orally via teleconference, please register through the link https://conference.financialhearings.com/teleconference/?id=5007964. After registration, you will receive a telephone number and ID to log in to the conference. It will be possible to ask questions orally during the teleconference.

Financial information

This report, previous interim reports and annual reports are available at https://netelgroup.com/en/investors/reports-and-presentations/

Calendar

Fourth quarter and Year-end Report 2023	16 February 2024
Annual and Sustainability Report 2023	Week beginning 3 April
First quarter 2024	26 April
Second quarter 2024	12 July
Third quarter 2024	25 October
Fourth quarter and Year-end Report 2024	7 February 2025

This information is such that Netel Holding AB (Publ) is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons below, on 8 November 2023 at 7:30 a.m. CET.

For further information, contact:

Jeanette Reuterskiöld, Acting President and CEO
+46 70 228 0389
jeanette.reuterskiold@netel.se

Peter Andersson, CFO
+46 73 842 3690
peter.andersson@netel.se

Åse Lindskog, IR
+46 73 024 4872
ase.lindskog@netelgroup.com

Netel Group in brief

Netel is a leading specialist in critical infrastructure projects in Northern Europe. We have more than 20 years of experience in carrying out projects, service and maintenance for the largest industry players in power, telecom, district heating, and water and sewage. We have a clear strategy for organic growth and acquisitions based on an effective business model that features decentralisation, low tied-up capital and high cash conversion. Our operations include a strong sustainability approach with intense responsibility for the environment and work environment. Read more at www.netelgroup.com.

FOUNDED IN	EMPLOYEES	NET SALES IN 2022	ADJUSTED EBITA IN 2022
2000	857	3,141 MSEK	200 MSEK

netel group