SECOND QUARTER 2023 REPORT

Q2

Sales increased 14.5 per cent and the order backlog is at a record high

Second quarter

- Net sales increased 14.5 per cent to MSEK 861 (751), of which organic growth was 5.3 per cent.
- Adjusted EBITA MSEK 41 (48), with an adjusted EBITA margin of 4.7 per cent (6.4).
- EBITA MSEK 27 (45) with an EBITA margin of 3.4 per cent (6.0).
- Operating profit (EBIT) MSEK 29 (44), with an operating margin of 3.3 per cent (5.9).
- Profit for the period MSEK 3 (29).
- Earnings per share before and after dilution SEK 0.07 (0.60).
- Cash flow from operating activities MSEK 29 (-36).

January-June

- Net sales increased 12.1 per cent to MSEK 1,544 (1,377), of which organic growth was 2.5 per cent.
- Adjusted EBITA MSEK 51 (76), with an adjusted EBITA margin of 3.3 per cent (5.5).
- EBITA MSEK 24 (67) with an EBITA margin of 1.7 per cent (4.9).
- Operating profit (EBIT) MSEK 25 (66), with an operating margin of 1.6 per cent (4.8).
- Profit/loss for the period MSEK -6 (44).
- Earnings per share before and after dilution SEK -0.12 (0.93).
- Cash flow from operating activities MSEK 37 (-120).
- Net debt amounted to MSEK 788 (622) and net debt/adjusted EBITDA to 3.2 (2.6).
- The order backlog increased to MSEK 3,976 (3,408).

Significant events during and after the second quarter

- Continued strong performance with a record-high order backlog of SEK 4.0 billion, of which about SEK 1.5 billion pertains to projects that will be carried out during the second half of 2023.
- The negotiations with a major customer within Power in Finland have been finalised and Netel can now finalise ongoing framework agreements and adapt its organisation and ways of working for the Finnish power operations, which thereby have the prerequisites to become profitable. Netel made a reserve of MSEK 10 for these restructuring projects in the second quarter, which is considered sufficient.
- Netel has settled with a large fiber customer, which means that the customer has paid a total of SEK 70 million in compensation in the second quarter of 2023. The settlement also means that Netel and the customer continue their long-term collaboration. Through the settlement, the parties have reached an agreement and the dispute has ended.
- Jeanette Reuterskiöld was appointed acting President and CEO on 16 May 2023 after Ove Bergkvist stepped down from his role as President and CEO.

2023 indication

- Netel expects at least 10 per cent growth for the full-year 2023, which is line with the financial growth target.
- Netel expects an adjusted EBITA margin of 4.5–5.5 per cent for the full-year 2023. This means that profitability in the second half of the year is expected to approach the financial profitability target of an adjusted EBITA margin of above 7% in the medium term.

	Apr-Jun		Jan-Jun		R12 Jul-Jun	Full-year
SEK millions	**2023**	**2022**	**2023**	**2022**	**2022/2023**	**2022**
Net sales	861	751	1 544	1 377	3 308	3 141
Net sales growth (%)	14,5%	14,8%	12,1%	26,8%	29,5%	29,9%
Adjusted EBITA	41	48	51	76	175	200
Adjusted EBITA margin (%)	4,7%	6,4%	3,3%	5,5%	5,3%	6,4%
EBITA	30	45	27	67	139	179
EBITA margin (%)	3,4%	6,0%	1,7%	4,9%	4,2%	5,7%
EBIT	29	44	25	66	135	176
EBIT margin (%)	3,3%	5,9%	1,6%	4,8%	4,1%	5,6%
Net debt	788	622	788	622	788	722
Net debt/Adjusted EBITDA R12 (Ratio)	3,2	2,6	3,2	2,6	3,2	2,8

Adjusted EBITA is adjusted for acquisition-related costs and other costs, including restructuring costs in Finland in the first and second quarter 2023. Adjustments were made in 2022 for acquisition-related costs.

CEO's comments

Healthy growth and high activity lay the foundation for improved profitability

We posted healthy growth of 14.5 per cent in the quarter and order bookings are strong. We set another new order record with an order backlog of approximately SEK 4.0 billion. Our assessment is that we will meet our financial target of at least 10 per cent growth for the full-year 2023. With the margin-enhancing measures we have initiated in Finland and Norway, we expect an adjusted EBITA margin of 4.5–5.5 per cent for the full-year 2023. This means that profitability in the second half of the year is expected to approach the financial profitability target of an adjusted EBITA margin of above 7% in the medium term.

Net sales rose 14.5 per cent to MSEK 856 (751) in the quarter, of which organic growth was 5.3 per cent. The growth was primarily due to the Swedish operations within Infraservices and Power as well as the acquisitions in the UK.

The underlying market trends remain strong and we set a new record with an order backlog of approximately SEK 4.0 billion. Of the total order backlog, approximately SEK 1.5 billion pertains to projects that will be carried out in 2023, while the remaining portion stems from projects for 2024 and 2025. Based on the existing order backlog, the market situation and the customer requests we see today, we believe that Netel will grow at least 10 per cent in 2023, in line with the company's financial target. During the quarter we increased the order backlog with new projects and expanded existing projects by over SEK 1 billion, which is positive.

Adjusted EBITA amounted to MSEK 41 (48), with an adjusted EBITA margin of 4.7 per cent (6.4) for the quarter. We are fully active in our projects and the adjusted EBITA margin improved 3.1 percentage points over the previous quarter. Profitability in the existing order backlog, together with the agreement with our major Finnish power customer and the margin-enhancing measures in Norway and Finland, makes us believe that profitability will continue to improve during the second half of 2023. We expect an adjusted EBITA margin for the full-year 2023 of 4.5–5.5 per cent. This means that profitability in the second half of the year is expected to approach the financial profitability target of an adjusted EBITA margin of above 7% in the medium term.

Sweden remains strong, with high growth and stable profitability

Sweden continues to perform strongly with growth of 20.4 per cent for the quarter, and we have signed important framework agreements with new and existing customers. It is particularly gratifying to see how well our acquired companies within Infraservices are developing. New agreements we announced include one with the energy group E.ON for a total value of approximately MSEK 100.

Agreement finalised in Finland

Two weeks ago, the agreement with our major power customer in Finland were finalised, creating the prerequisites for profitable power operations in Finland in 2024. We can now adapt the organisation and ways of working for the Finnish power operations, which will start to yield effect in 2023. As part of these measures, we have started negotiations regarding the reduction of our own staff by some ten individuals and established a project team from Sweden to support the Finnish organisation. We made a one-off reserve of MSEK 10 for the restructuring in the second quarter of 2023 which we consider to be sufficient. Now our focus is to deliver projects that create value for Netel.

The new fibre projects in Finland started during the second quarter and will contribute to improved profitability in the second half of 2023.

Margin-enhancing measures in Norway

The work in Norway to streamline the organisation and adapt operations continues, which means, among other things, that we reduce our own staff by 25 positions during the year. The measures will begin to contribute to improved profitability during the second half of 2023. A high level of focus on tenders and sales has led to several major agreements in Norway, and we have recently announced, among other things, an agreement with Global Connect for a total of approximately MNOK 77. Telenor also placed orders with a value of approximately MNOK 130–200 within the existing framework agreement. We have also won a major contract worth approximately MNOK 75 during the quarter, where we will plan, build and commission a power station. The planning of the power station is under way this year and production will begin in 2024. We see good conditions for a stronger second half of the year.

The growth markets Germany and the UK

The fibre markets in the UK and Germany are large, which creates many opportunities for us to continue growing in these markets. We established operations in the UK through acquisitions in autumn 2022 and we are merging our companies to make us more competitive to continue to achieve profitable growth. We established a presence in Germany by building our own organisation and our focus during the year is to expand our customer base with new customers to grow with further increased profitability. We see major demand and are working in parallel to continue to build our local organisation. During the second quarter, we concluded several projects at the same time as we are starting new ones, which is the reason for the lower sales in Germany.

Settlement and positive cash flow effect of MSEK 70

During the quarter, we settled with a large fiber customer, which means that the customer paid a total of SEK 70 million in compensation. The settlement means that the dispute has ended and that we now continue our long-term cooperation in good spirit. The settlement means that the cash flow from operating activities amounted to SEK 29 million during the second quarter.Without the effect of the settlement, the cash flow was MSEK -41 (-36), which is due to seasonal variations and is in line with the same quarter the previous year. We are continuing to focus on activities that will improve cash flow in the short and long term. We expect that higher margins during the second half of the year, in combination with ongoing activities, will contribute to a positive trend in cash flow during the latter part of the year.

Outlook

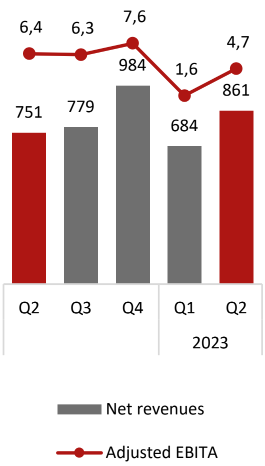
During my first two months as acting President and CEO, I've had the privilege to get to know the Netel Group more thoroughly and can say that it is a well-run and efficient business with very skilled and committed employees. We are, of course, affected by prevailing business environment factors in the markets we serve, but by our clear strategy for profitable growth, value-adding acquisitions and our specialist expertise, Netel has created a position for itself as a leading player in critical infrastructure in Northern Europe. The markets for critical infrastructure are driven by the electrification and digitalisation of society and the huge need to modernise an aging infrastructure within Europe. This, together with our strong position in the market, makes us confident in our ability to reach our financial targets and to continue to grow profitably.

Jeanette Reuterskiöld
Acting President and CEO

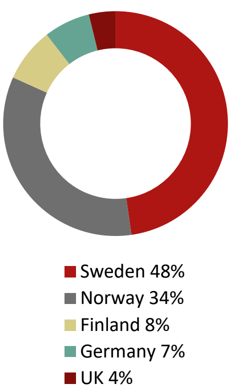
Condensed consolidated financial performance

Second quarter

**Net sales
and adjusted EBITA margin**



Net sales by segment



Net sales

Net sales rose 14.5 per cent to MSEK 861 (751) in the second quarter, of which organic growth was 5.3 per cent. The increase was primarily due to a strong performance in Sweden and the acquisitions in the UK. The organic growth amounted to 7.9% adjusted for the fiber expansion in Sweden, which is being phased out since the country has basically reached full coverage. Acquisitions and positive exchange rate effects contributed 9.2 per cent.

Order bookings were strong during the quarter and the order backlog increased by MSEK 226 to the record level of MSEK 3,976.

Earnings

EBITDA decreased by 20.0 per cent to MSEK 48 (60), with an EBITDA margin of 5.6 per cent (8.0). EBITA decreased by 33.3 per cent to MSEK 30 (45), with an EBITA margin of 3.4 per cent (6.0). Profitability was impacted by lower volumes in Norway and measures initiated to reduce costs. Profitability was also affected by a one-off reserve of MSEK 10 in Power in Finland.

Adjusted EBITDA decreased by 6.3 per cent to MSEK 59 (63), with an adjusted EBITDA margin of 6.9 per cent (8.4). Adjusted EBITA decreased by 14.6 per cent MSEK 41 (48), with an adjusted EBITA margin of 4.7 per cent (6.4). Adjustments were made for a one-off reserve in Finland of MSEK 10 (0) and acquisition costs of MSEK 1 (3).

Depreciation/amortisation and impairment amounted to MSEK -19 (-16).

Net financial items amounted to MSEK -18 (-5) for the quarter. Interest expenses amounted to MSEK -18 (-4), of which MSEK -1 (-1) was attributable to lease liabilities. Interest costs have increased due to higher financing, mainly as a result of completed acquisitions, and higher market interest rates. In the settlement with a major fibre customer in Sweden, Netel agreed to waive MSEK 10 in interest income, which had been included in earnings for the first quarter of 2023. In the second quarter of 2023, adjustment has been made for this interest income, which also affected the financial net.

Profit before tax decreased by 71.8 per cent to MSEK 11 (39) during the quarter.

Profit after tax decreased 89.7 per cent to MSEK 3 (29). Tax, calculated taking into account tax adjustments and affected by interest deduction limitations, amounted to MSEK -8 (-10), leading to an effective tax rate of 71.1 per cent (26.1).

Cash flow and financial position

Cash flow from operating activities amounted to MSEK 29 (-36), in accordance with seasonal variations and positively affected by MSEK 70 from the settlement with a major fibre customer.

During the quarter, cash flow from investing activities was MSEK -24 (-31), mainly attributable to acquisitions.

Cash flow from financing activities amounted to MSEK -69 (66), primarily from repayments of current and non-current borrowings and loans.

Cash flow for the period amounted to MSEK -65 (0).

Cash and cash equivalents at the end of the period amounted to MSEK 286, compared with MSEK 349 at the start of the quarter. Unutilised credit facilities totalled MSEK 242 compared with MSEK 252 at the start of the period, which together with cash and cash equivalents means a total of MSEK 528 in available funds compared with MSEK 601 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 788 at the end of the quarter compared with MSEK 789 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 net debt 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.

Other current and non-current interest-bearing liabilities primarily comprise bank financing and lease liabilities. These commitments amounted to MSEK 1,075 at the end of the quarter compared with MSEK 1,139 at the start of the quarter, a decrease due to repayments of current and non-current borrowings and loans.

Total assets amounted to MSEK 3,093, compared with MSEK 3,112 at the start of the quarter, and equity of MSEK 1,096, compared with MSEK 1,091 at the start of the quarter.

January-June

Net sales

Net sales rose 12.1 per cent to MSEK 1,545 (1,388) during the first half of the year, of which organic growth was 2.5 per cent. The increase was primarily due to a strong performance in Sweden and the acquisitions in the UK. The organic growth amounted to 6.0% adjusted for the fiber expansion in Sweden, which is being phased out since the country has basically reached full coverage. Acquisitions and positive exchange rate effects contributed 9.6 per cent.

Earnings

EBITDA decreased by 36.1 per cent to MSEK 62 (97), with an EBITDA margin of 4.0 per cent (7.0). EBITA decreased by 59.7 per cent MSEK 27 (67), with an EBITA margin of 1.7 per cent (4.9). Profitability was impacted by lower volumes in Norway and Finland and the measures initiated to reduce costs. Profitability was also affected by a restructuring cost of MSEK 10 in the first quarter and a one-off reserve of MSEK 10 in Power in Finland in the second quarter.

Adjusted EBITDA decreased by -17.1 per cent to MSEK 87 (105) during the first half of the year, with an adjusted EBITDA margin of 5.6 per cent (7.6). Adjusted EBITA decreased by -32.9 per cent to MSEK 51 (76), with an adjusted EBITA margin of 3.3 per cent (5.5). Adjustments were made for restructuring costs and a reserve in Finland totalling MSEK 20 (0) and for acquisition costs of MSEK 4 (9).

Depreciation/amortisation and impairment amounted to MSEK -38 (-31).

Net financial items amounted to MSEK -24 (-4) for the six-month period. Interest expenses amounted to MSEK -31 (-7), of which MSEK -2 (-2) was attributable to lease liabilities. Interest costs have increased due to higher financing, mainly as a result of completed acquisitions, and higher market interest rates. In the settlement with a major fibre customer in Sweden, Netel agreed to waive MSEK 10 in interest income, which had been included in earnings for the first quarter of 2023. In the second quarter of 2023, adjustment has been made for this interest income, which also affected the financial net.

Profit before tax declined to MSEK 1 (61) during the first half of the year. Earnings were positively impacted by a one-off effect of MSEK 5 from the dispute with a major fibre customer.

Profit/loss after tax declined to MSEK -6 (44). Tax, including tax adjustments and affected by interest deduction limitations, amounted to MSEK -7 (-17), leading to an effective tax rate of over 100 per cent (28.1).

Cash flow and financial position

Cash flow from operating activities amounted to MSEK 37 (-120), in accordance with seasonal variations and positively affected by MSEK 70 from the settlement with a major fibre customer in Sweden.

During the six-month period, cash flow from investing activities was MSEK -78 (-142), mainly attributable to acquisitions.

Cash flow from financing activities amounted to MSEK -41 (167). The comparison is primarily affected by borrowings during the first half of 2022.

Cash flow for the period amounted to MSEK -82 (-95).

Segments

Sweden

	Quarter 2			January-June					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	431	358	20.3%	742	620	19.6%	1,538	1,433	7.3%
of which									
Infraservices	*198*	*160*	*23.9%*	*335*	*273*	*22.6%*	*749*	*687*	*9.0%*
Power	*142*	*86*	*66.4%*	*254*	*144*	*77.1%*	*441*	*330*	*33.6%*
Telecom	*86*	*106*	*-19.2%*	*143*	*192*	*-25.6%*	*343*	*393*	*-12.7%*
EBITA	34	31	9.7%	53	43	23.3%	127	117	8.6%
EBITA margin	7.9%	8.8%	-0.9	7.2	7.0	0.2	8.3%	8.2%	0.1

Net sales grew 20.3 per cent to MSEK 431 (358) in the quarter, mainly due to organic growth in Infraservices and Power.

Sales in Infraservices increased during the quarter due to good demand primarily from municipalities and state clients. During the quarter, Brogrund signed a three-year framework agreement for district heating and cooling with E.ON Energiinfrastruktur in the Örebro region. E.ON Energiinfrastruktur is a new customer for Netel in Infraservices. During the quarter, KMAB signed a new three-year framework agreement with KEMAB (Karlskoga Energi & Miljö AB) for contractor operations. Morberg also signed a three-year framework agreement with ESEM, an operating company within energy and the environment in Strängnäs and Eskilstuna.

Power noted strong growth during the quarter due to acquisitions and organic growth. Demand is strong with many customer inquiries primarily about power station assignments. In July 2023, SEKE signed agreements with the energy group E.ON for two power stations with a total value of approximately MSEK 100.

In Telecom, mobile operations grew but total sales declined due to the planned lower fibre roll-out during the quarter. The ongoing termination of operations for fibre roll-out is progressing as planned. The settlement with a major fibre customer means that Netel will continue its long-term partnership. During the quarter, ICT Consulting extended its framework agreement with Dala Energi.

EBITA increased 9.7 per cent to MSEK 34 (31), with an EBITA margin of 7.9 per cent (8.8) during the second quarter.

Norway

	Quarter 2			January-June					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	286	281	1.9%	528	554	-4.6%	1,154	1,179	-2.1%
of which									
Power	*105*	*84*	*25.2%*	*182*	*176*	*3.2%*	*346*	*341*	*1.5%*
Telecom	*181*	*197*	*-8.0%*	*346*	*377*	*-8.2%*	*808*	*839*	*-3.7%*
EBITA	5	13	-61.5%	-6	29	-	25	60	-58.3%
EBITA margin	1.8%	4.6%	-2.8	-1.1%	5.2	-6.3	2.2%	8.2%	-6.0

Net sales grew 1.9 per cent to MSEK 286 (281) in the quarter, mainly due to lower volumes in Telecom.

Volumes in Power improved at the same time that measures to enhance profitability have continued. During the quarter notice of termination of employment was given to some ten individuals. In parallel with this, an overall review of costs and project management are taking place. A long-term project has begun in the regional power network operations to expand operations geographically in order to reach new customers. During the quarter, a major contract was signed for a power station with a value of approximately MNOK 75, with planning taking place this year and production starting in 2024.

In Telecom, projects for fibre and 5G expansion started during the quarter, but the operators are restrictive with their investments. Profitability remains affected by volumes in the long service contracts that have been lower than expected. During the quarter notice of termination of employment was given to some fifteen individuals in the service organisation. In parallel with this, an overall cost review is being carried out as well as a transition to an increased use of internal resources instead of subcontractors. In the beginning of July 2023, Telenor exercised the option to extend its existing framework agreement by one year. The assignment includes fibre installations, and the one-year option has a value of MNOK 130–200. In July 2023, a two-year agreement was also signed with Global Connect for fibre roll-out with a total value of approximately MNOK 77.

EBITA declined to MSEK 5 (13) during the quarter. Profitability was primarily affected by lower volumes in service in Telecom, as well as measures to adapt volumes in the operations.

Finland

	Quarter 2			January-June					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	67	58	15.2%	121	116	4.3%	296	291	1.7%
of which									
Power	*41*	*42*	*-2.6%*	*83*	*86*	*-4.2%*	*206*	*210*	*-1.9%*
Telecom	*25*	*16*	*63.8%*	*38*	*30*	*28.4%*	*89*	*81*	*9.9%*
EBITA	-15	-4	-275%	-31	-7	-343%	-37	-12	-208%
EBITA margin	-22.1%	-7.6%	-14.5	-25.4%	-6.1%	-19.3	-12.5%	-4.2%	8.3

Net sales grew 15.2 per cent to MSEK 67 (58), due to higher volumes in Telecom. The comparison is affected by the fact that the second quarter of 2022 was weak due to the long winter that delayed excavation-intensive power cable projects and delayed material deliveries within Telecom. The underlying long-term markets in both Power and Telecom remain strong.

EBITA declined to MSEK -15 (-4). Negotiations with a major customer in Power were finalised in early July with an acceptable outcome for both parties. With the negotiations concluded, Netel can continue the adaptation of its organization and ways of working for the Finnish power business. The Group incurred a one-off cost of MSEK 10 in the first quarter of 2023 and a cost of MSEK 10 in the second quarter of 2023 for restructuring in Finland, which are considered to be sufficient. The major measures include a reduction of own staff by about ten and a review of the project management. Negotiations regarding the staff reductions began during the second quarter of 2023. With these restructurings, the power business in Finland has the prerequisites to become profitable in 2024. The new fibre projects started in the second quarter of 2023, which also have good potential to contribute to improved profitability.

Germany

	Quarter 2			January-June					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	52	60	-14.2%	104	97	7.1%	220	213	3.3%
of which									
Telecom	*52*	*60*	*-14.2%*	*104*	*97*	*7.1%*	*220*	*213*	*3.3%*
EBITA	5	9	-44.4%	10	13	-23.1%	22	24	-8.3%
EBITA margin	9.5%	15.4%	-5.9	9.6%	12.9%	-3.3	10.0%	11.5%	-1.5

Net sales decreased 14.2 per cent to MSEK 52 (60). The decrease for the quarter was due to the conclusion of projects with a major customer ath the same time as turnkey projects are starting with a new major customer. This also affected EBITA, which decreased to MSEK 5 (9), with an EBITA margin of 9.5 per cent (15.4). The underlying fibre market is very strong in Germany, with high activity among customers.

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 quarter of last year.

	Quarter 2			January-June					
MSEK	2023	2022	Δ	2023	2022	Δ	R12M	2022	Δ
Net sales	30	-	-	59	-	-	-	47	-
of which									
Telecom	*30*	-	-	*59*	-	-	-	*47*	-
EBITA	1	-	-	4	-	-	-	6	-
EBITA margin	3.9%	-	-	6.8%	-	-	%	13.5%	-

Sales and profitability developed as planned for the quarter. During the quarter, sales and profitability were affected by project conclusions and by the start-up of new ones, including with the new customer GoFibre. The merger of the acquired companies is in the process of being completed and will create synergies in, among other areas, administration, marketing and purchasing.

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

Jeanette Reuterskiöld appointed acting President and CEO

On 16 May 2023, Ove Bergkvist stepped down from his role as President and CEO for personal reasons. The Board appointed Jeanette Reuterskiöld, Board member since 2022, as acting President and CEO effective immediately.

Significant events after the end of the reporting period

On 3 July 2023, Netel announced that the negotiations with a major customer within Power in Finland had been finalised with an acceptable outcome for both parties, which means that Netel can continue to adapt its organisation and ways of working for the Finnish power operations.

On 7 July 2023, Netel announced that SEKE had signed an agreement with the energy group E.ON for the reconstruction of two power stations in Sweden, with a total value of approximately MSEK 100.

On 10 July 2023, Netel announced that Telenor had exercised the option for a one-year extension for the existing framework agreement with Netel in Norway. The three-year framework agreement was signed in 2021 and includes contractor assignments in operations, core network, development and delivery of fibre installations throughout Norway. The one-year option has a value of MNOK 130–200.

On 11 July 2023, Netel announced that the Norwegian company had signed a two-year agreement with Global Connect for a fibre roll-out with a total value of approximately MNOK 77.

Employees

The number of employees at the end of the period was 888 (757). The average number of employees for the second quarter was 880 (748). The increase was mainly attributable to acquisitions.

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 6 (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 is currently unable to assess the effects of sanctions against Russia and 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 the first half of 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.

Owners

On 30 June 2023, Netel Holding AB (publ) had 2,108 shareholders. The five largest shareholders were IK VII fund via Cinnamon International S.à.r.l (48.04 per cent), Nordnet Pensionsförsäkring (7.19 per cent), Swedbank Robur Fonder (4.27 per cent), AP2 (3.73 per cent) and Carnegie Fonder (2.92 per cent).

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

Financial statements

Condensed consolidated statement of profit or loss

SEK millions	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R12 Jul-Jun 2022/2023	Full-year 2022
Operating income						
Net sales	861	751	1 544	1 377	3 308	3 141
Other operating income	1	5	3	11	18	25
Total revenue	**862**	**756**	**1 548**	**1 388**	**3 326**	**3 166**
Operating expenses						
Material and purchased services	-551	-469	-966	-852	-2 095	-1 981
Other external expenses	-78	-65	-156	-118	-328	-291
Personnel costs	-185	-162	-363	-320	-696	-653
Depreciation and amortisation	-19	-16	-38	-31	-72	-65
Operating profit/loss (EBIT)	**29**	**44**	**25**	**66**	**135**	**176**
Profit/loss from financial items						
Net financial items	-18	-5	-24	-4	-34	-15
Earnings before tax	**11**	**39**	**1**	**61**	**101**	**161**
Taxes	-8	-10	-7	-17	-27	-38
Earnings for the period	**3**	**29**	**-6**	**44**	**74**	**123**
Earnings for the period is attributable to						
Parent company's shareholders	3	29	-6	44	74	123
Non-controlling interests	-	-	-	-	-	-
Earnings per share						
Earnings per share before and after diltution (SEK)	0,07	0,60	-0,12	0,93	1,53	2,59
Average number of shares before and after dilution (thousands)	48 512	47 584	48 448	47 450	48 221	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	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	R12 Jul-Jun 2022/2023	Full-year 2022
Earnings for the period	3	29	-6	44	74	123
Other comprehensive income						
Translation differences for the period	1	-10	-13	0	-8	5
Other comprehensive income for the period	**1**	**-10**	**-13**	**0**	**-8**	**5**
Comprehensive income for the period	**5**	**19**	**-19**	**44**	**65**	**129**
Comprehensive income for the period is attributable to						
Parent company's shareholders	5	19	-19	44	65	129
Non-controlling interests	-	-	-	-	-	-

Condensed consolidated statement of financial position

SEK millions	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Goodwill	1 247	1 012	1 179
Intangible assets	201	196	199
Property, plant and equipment	196	158	187
Financial non-current assets	11	8	9
Deferred tax assets	10	14	10
Total non-current assets	**1 664**	**1 388**	**1 585**
Current assets			
Inventories	8	6	8
Current receivables	1 135	983	1 157
Cash and cash equivalents	286	181	369
Total current assets	**1 429**	**1 170**	**1 534**
Total assets	**3 093**	**2 558**	**3 119**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the parent company's shareholders	1 096	998	1 105
Equity attributable to non-controlling interests	-	-	-
Total equity	**1 096**	**998**	**1 105**
Non-current interest-bearing liabilities	1 017	727	1 037
Non-current non-interest-bearing liabilities	240	152	246
Total non-current liabilities	**1 257**	**879**	**1 283**
Current interest-bearing liabilities	57	75	53
Current non-interest-bearing liabilities	683	606	677
Total current liabilities	**740**	**681**	**731**
Total equity and liabilities	**3 093**	**2 558**	**3 119**

Condensed consolidated statement of changes in equity

SEK thousands	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
	Equity attributable to the parent company's shareholders						
Opening equity 1 Jan 2022	**719**	**1 395 693**	**-405**	**-484 812**	**911 195**	**-**	**911 195**
Profit/loss for the period	-	-	-	44 184	44 184	-	44 184
Other comprehensive income	-	-	107	-	107	-	107
Comprehensive income for the period	**-**	**-**	**107**	**44 184**	**44 291**	**-**	**44 291**
Transactions with Group owners							
Completed issues	14	42 985	-	-	43 000	-	43 000
Total	**14**	**42 985**	**-**	**-**	**43 000**	**-**	**43 000**
Closing equity 30 Jun 2022	**733**	**1 438 678**	**-298**	**-440 628**	**998 485**	**-**	**998 485**
Opening equity 1 Jan 2023	**742**	**1 460 815**	**4 737**	**-361 342**	**1 104 951**	**-**	**1 104 951**
Profit/loss for the period	-	-	-	-5 627	-5 627	-	-5 627
Other comprehensive income	-	-	-13 401	-	-13 401	-	-13 401
Comprehensive income for the period	**-**	**-**	**-13 401**	**-5 627**	**-19 027**	**-**	**-19 027**
Transactions with Group owners							
Completed issues	5	9 995	-	-	10 000	-	10 000
Total	**5**	**9 995**	**-**	**-**	**10 000**	**-**	**10 000**
Closing equity 30 Jun 2023	**746**	**1 470 810**	**-8 664**	**-366 968**	**1 095 924**	**-**	**1 095 924**

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	Apr-Jun		Jan-Jun		Full-year
	2023	**2022**	**2023**	**2022**	**2022**
Operating profit/loss	29	44	25	66	176
Reversal of non-cash items	16	16	33	30	62
Interest received	0	-0	0	-	1
Interest paid	-18	-5	-28	-9	-22
Tax paid	-7	1	-32	-24	-39
Cash flow from operating activities before changes in working capital	**19**	**56**	**-3**	**63**	**177**
Changes in inventories	0	-0	0	2	1
Changes in operating receivables	-41	-190	27	-184	-292
Changes in operating liabilities	51	98	12	-2	41
Cash flow from operating activities	**29**	**-36**	**37**	**-120**	**-72**
Acquisition of non-current assets	-5	-5	-9	-8	-20
Acquisition of subsidiaries and businesses	-20	-26	-74	-134	-224
Sale of non-current assets	1	-	6	-	6
Cash flow from investing activities	**-24**	**-31**	**-78**	**-142**	**-238**
New share issue	-	-	-	-	-
Amortisation of lease liabilities	-13	-12	-26	-24	-48
Proceeds from current and non-current loans and credits	-	78	43	194	462
Amortisation of current and non-current loans and credits	-56	-0	-58	-2	-13
Cash flow from financing activities	**-69**	**66**	**-41**	**167**	**402**
Cash flow for the period	-65	0	-82	-95	91
Cash and cash equivalents at the beginning of the period	349	181	369	271	271
Translation difference in cash and cach equivalents	2	-1	-0	4	6
Cash and cash equivalents at the end of the period	**286**	**181**	**286**	**181**	**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.

Apr-Jun 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Total segments**	**Group-wide items and eliminations**	**Group total**
Revenue from external customers	431	286	67	52	30	865	-5	861
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**431**	**286**	**67**	**52**	**30**	**865**	**-5**	**861**
EBITA	**34**	**5**	**-15**	**5**	**1**	**30**	**-1**	**30**
Non-current assets	**1 270**	**253**	**12**	**1**	**107**	**1 643**	**-**	**1 643**

Apr-Jun 2022	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Total segments**	**Group-wide items and eliminations**	**Group total**
Revenue from external customers	358	281	58	60	-	757	-5	751
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**358**	**281**	**58**	**60**	**-**	**757**	**-5**	**751**
EBITA	**31**	**13**	**-4**	**9**	**-**	**49**	**-4**	**45**
Non-current assets	**1 098**	**256**	**9**	**3**	**-**	**1 366**	**-**	**1 366**

Jan-Jun 2023	Sweden	Norway	Finland	Germany	United Kingdom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	742	528	121	104	59	1 554	-9	1 544
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**742**	**528**	**121**	**104**	**59**	**1 554**	**-9**	**1 544**
EBITA	**53**	**-6**	**-31**	**10**	**4**	**31**	**-4**	**27**
Non-current assets	**1 270**	**253**	**12**	**1**	**107**	**1 643**	**-**	**1 643**

Jan-Jun 2022	Sweden	Norway	Finland	Germany	United Kingdom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	620	554	116	97	-	1 386	-9	1 377
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**620**	**554**	**116**	**97**	**-**	**1 386**	**-9**	**1 377**
EBITA	**43**	**29**	**-7**	**13**	**-**	**78**	**-10**	**67**
Non-current assets	**1 098**	**256**	**9**	**3**	**-**	**1 366**	**-**	**1 366**

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: Fibre 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 fibre 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.

Apr-Jun 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	198	-	-	-	-	198
Power	142	105	41	-	-	289
Telecom	86	181	25	52	30	374
Group-wide	-0	-	-	-	-	-0
Revenue from contracts with customers	**426**	**286**	**67**	**52**	**30**	**861**
Type of service						
Framework agreement	155	193	39	14	29	430
Project	275	93	28	38	1	435
Group-wide	-5	-	-	-	-	-5
Revenue from contracts with customers	**426**	**286**	**67**	**52**	**30**	**861**

Jan-Jun 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	335	-	-	-	-	335
Power	254	182	83	-	-	519
Telecom	143	346	38	104	59	690
Group-wide	-	-	-	-	-	0
Revenue from contracts with customers	**733**	**528**	**121**	**104**	**59**	**1 544**
Type of service						
Framework agreement	282	361	90	37	57	828
Project	459	167	31	66	2	726
Group-wide	-9	-	-	-	-	-9
Revenue from contracts with customers	**733**	**528**	**121**	**104**	**59**	**1 544**

Jan-Jun 2022	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	273	-	-	-	-	273
Power	144	176	86	-	-	406
Telecom	192	377	30	97	-	696
Group-wide	2	-	-	-	-	2
Revenue from contracts with customers	**611**	**553**	**116**	**97**	**-**	**1 377**
Type of service						
Framework agreement	261	358	64	20	-	704
Project	359	195	52	77	-	682
Group-wide	-9	-	-	-	-	-9
Revenue from contracts with customers	**611**	**554**	**116**	**97**	**-**	**1 377**

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**

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 165 (81). MSEK 20 was paid out during the quarter, and the group assesses that there are no circumstances to otherwise change the valuation assumptions, but follows the development in relation to current conditions regarding the conditional additional purchase price. 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 Jun 2023**	**30 Jun 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	**5**	**4**	**5**

Contingent considiration	30 Jun 2023	30 Jun 2022	31 Dec 2022
Opening balance	**173**	**32**	**32**
Acquisition of subsidiaries and businesses	9	54	146
Paid considirations	-20	-5	-5
Change in value recognised through profit or loss	-	-	-0
Translation difference	3	-	-
Closing balance	**165**	**81**	**173**

Other liabilities recognised at fair value	30 Jun 2023	30 Jun 2022	31 Dec 2022
Opening balance	**-**	**0**	**0**
Changes in recognised liabilities	-	-0	-0
Change in value recognised through profit or loss	0	0	-
Translation difference	-	-	-
Closing balance	**0**	**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 January-June period, the acquisition contributed MSEK 31 to the Group's revenue and MSEK 2 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 affected to a total of MSEK 1,549 and MSEK -5 for the January-June 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 Jun 2023	30 Jun 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	Apr-Jun		Jan-Jun		Full-year
	2023	**2022**	**2023**	**2022**	**2022**
Operating income					
Net sales	6	5	12	11	20
Other operating income	-	-	-	-	-
Total revenue	**6**	**5**	**12**	**11**	**20**
Operating expenses					
Personnel costs	-4	-4	-7	-6	-17
Other external expenses	0	-1	-3	-2	-4
Operatin profit (EBIT)	**2**	**-1**	**2**	**3**	**-0**
Net financial items	-6	8	-11	5	4
Earnings after financial items	**-3**	**7**	**-9**	**8**	**4**
Appropriations	-	-	-	-	40
Earnings before tax	**-3**	**7**	**-9**	**8**	**44**
Taxes	-0	0	-0	-0	-2
Earnings for the period	**-4**	**7**	**-10**	**7**	**43**

Condensed balance for the Parent Company

SEK millions	30 Jun 2023	30 Jun 2022	31 Dec 2022
ASSETS			
Non-current assets			
Shares in subsidiaries	1 202	1 202	1 202
Financial non-current assets	4	8	4
Total non-current assets	**1 206**	**1 209**	**1 206**
Current assets			
Receivables from Group companies	1 135	859	1 054
Other current assets	0	2	-
Cash and cash equivalents	101	12	181
Total current assets	**1 236**	**872**	**1 234**
Total assets	**2 442**	**2 082**	**2 440**
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1	1
Other equity	1 466	1 409	1 466
Total equity	**1 467**	**1 409**	**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	3	4
Current non-interest-bearing liabilities	30	31	33
Total current assets	**36**	**33**	**36**
Total equity and liabilities	**2 442**	**2 082**	**2 440**

Stockholm, 14 July 2023
Netel Holding AB (publ)

Jeanette Reuterskiöld
Acting President and CEO

This report is unaudited.

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

SEK millions	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
Net sales growth (%)	14,5%	14,8%	12,1%	26,8%	29,9%
Organic sales growth (%)	5,3%	-1,1%	2,5%	5,7%	7,5%
EBITDA	48	60	62	97	241
EBITDA margin (%)	5,6%	8,0%	4,0%	7,0%	7,7%
EBITA	30	45	27	67	179
EBITA margin (%)	3,4%	6,0%	1,7%	4,9%	5,7%
Items affecting comparability	11	3	25	9	21
Adjusted EBITDA	59	63	87	105	262
Adjusted EBITDA margin (%)	6,9%	8,4%	5,6%	7,6%	8,3%
Adjusted EBITA	41	48	51	76	200
Adjusted EBITA margin (%)	4,7%	6,4%	3,3%	5,5%	6,4%
Net debt	788	622	788	622	722
Net debt/Adjusted EBITDA R12 (Ratio)	3,2	2,6	3,2	2,6	2,8
Equity ratio (%)	35,4%	39,0%	35,4%	39,0%	35,4%
Order backlog	3 976	3 408	3 976	3 408	3 700

Reconciliation of growth in net sales

SEK millions	Apr-Jun		Jan-Jun		Full-year
	2023	2022	2023	2022	2022
Net sales previous period	751	655	1 377	1 086	2 418
Acquired net sales	69	104	133	229	541
Organic net sales	791	648	1 412	1 148	2 600
Total net sales growth (%)	14,5%	14,8%	12,1%	26,8%	29,9%
Organic net sales growth (%)	5,3%	-1,1%	2,5%	5,7%	7,5%

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

SEK millions	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Net sales	861	751	1 544	1 377	3 141
Operating profit/loss (EBIT)	29	44	25	66	176
Depreciation and amortisation of tangible and intangible assets	19	16	38	31	65
EBITDA	48	60	62	97	241
EBITDA margin (%)	5,6%	8,0%	4,0%	7,0%	7,7%
Items affecting comparability					
Acquisition-related costs	1	3	4	9	17
Other items affecting comparability	10	-	20	-	3
Total items affecting comparability	11	3	25	9	21
Adjusted EBITDA	59	63	87	105	262
Adjusted EBITDA margin (%)	6,9%	8,4%	5,6%	7,6%	8,3%

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

SEK millions	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full-year 2022
Net sales	861	751	1 544	1 377	3 141
Operating profit/loss (EBIT)	29	44	25	66	176
Depreciation and amortisation of intangible assets	1	1	2	1	3
EBITA	30	45	27	67	179
EBITA margin (%)	3,4%	6,0%	1,7%	4,9%	5,7%
Items affecting comparability					
Acquisition-related costs	1	3	4	9	17
Other items affecting comparability	10	-	20	-	3
Total items affecting comparability	11	3	25	9	21
Adjusted EBITA	41	48	51	76	200
Adjusted EBITA margin (%)	4,7%	6,4%	3,3%	5,5%	6,4%

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

SEK millions	**30 Jun 2023**	**30 Jun 2022**	**31 Dec 2022**
Non-current interest-bearing liabilities	1 017	727	1 037
Current interest-bearing liabilities	57	75	53
Total interest-bearing liabilities	1 075	803	1 090
Cash and cash equivalents	286	181	369
Net debt	**788**	**622**	**722**
Adjusted EBITDA R12	243	239	262
Net debt/Adjusted EBITDA R12 (Ratio)	**3,2**	**2,6**	**2,8**

Reconciliation of equity ratio

SEK millions	**30 Jun 2023**	**30 Jun 2022**	**31 Dec 2022**
Total equity	1 096	998	1 105
Total assets	3 093	2 558	3 119
Equity ratio (%)	**35,4%**	**39,0%**	**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 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*	Sales growth excluding material acquisitions in the last 12 months	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 Friday, 14 July at 9:00 a.m. (CEST) 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-q2-2023. 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=200826. 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

Third quarter 2023	8 November
Fourth quarter 2023	16 February 2024

This information is such that Netel Holding AB (publ) is obliged to make public in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons below, on 14 July 2023 at 7:30 a.m. CEST.

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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	888	3,141 MSEK	200 MSEK

netel group

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