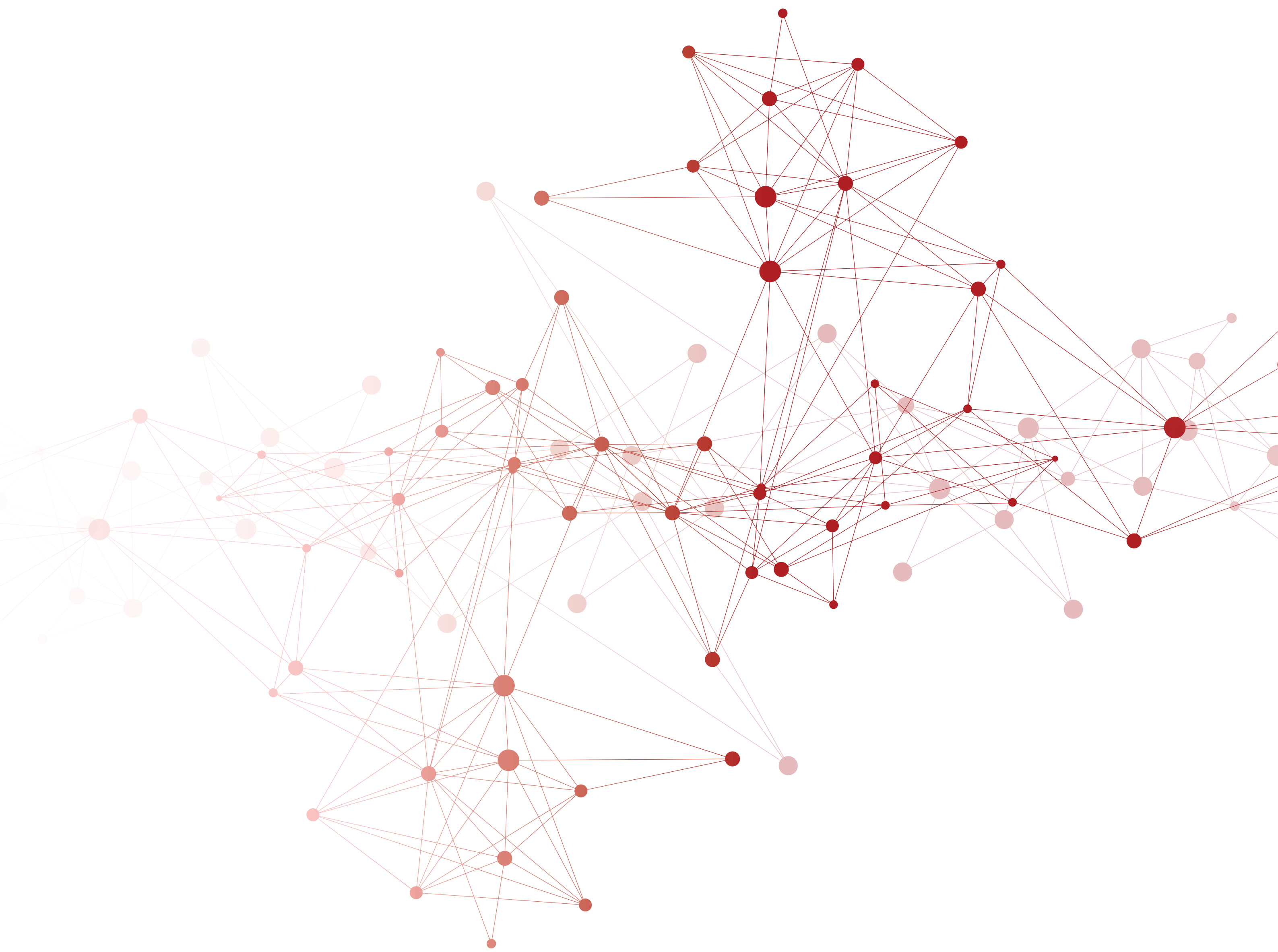
Annual and Sustainability Report
2022



The Board of Directors and CEO of the Netel Holding AB (publ), Corp. Reg. No. 559327-6263, hereby submit the Annual Report for the 2022 financial year for the Parent Company and the Group, comprising the Directors' Report (pages 4-5 and 10-85) and the financial statements alongside the notes and comments (pages 88-138). The statutory Sustainability and Corporate Governance Reports in accordance with the Annual Accounts Act are included in the Annual Report (pages 31-67 and 68-79 respectively). The consolidated income statement and balance sheet as well as the Parent Company income statement and balance sheet will be adopted at the Annual General Meeting.

The Swedish Annual and Sustainability Report is the original document. In the event of any discrepancy between the original and the English translation, the Swedish original shall take precedence.

Table of contents

Leading specialists in critical infrastructures in Northern Europe

- More than 20 years of experience in building and maintaining critical infrastructures.
- Long-standing customer relationships with the industry's largest players in Northern Europe.
- Solid sustainability approach with intense responsibility for environment and work safety.
- Clear strategy for organic growth and acquisitions.
- Industry-leading profitability through an effective business model for profitable growth.
- Asset-light business model.

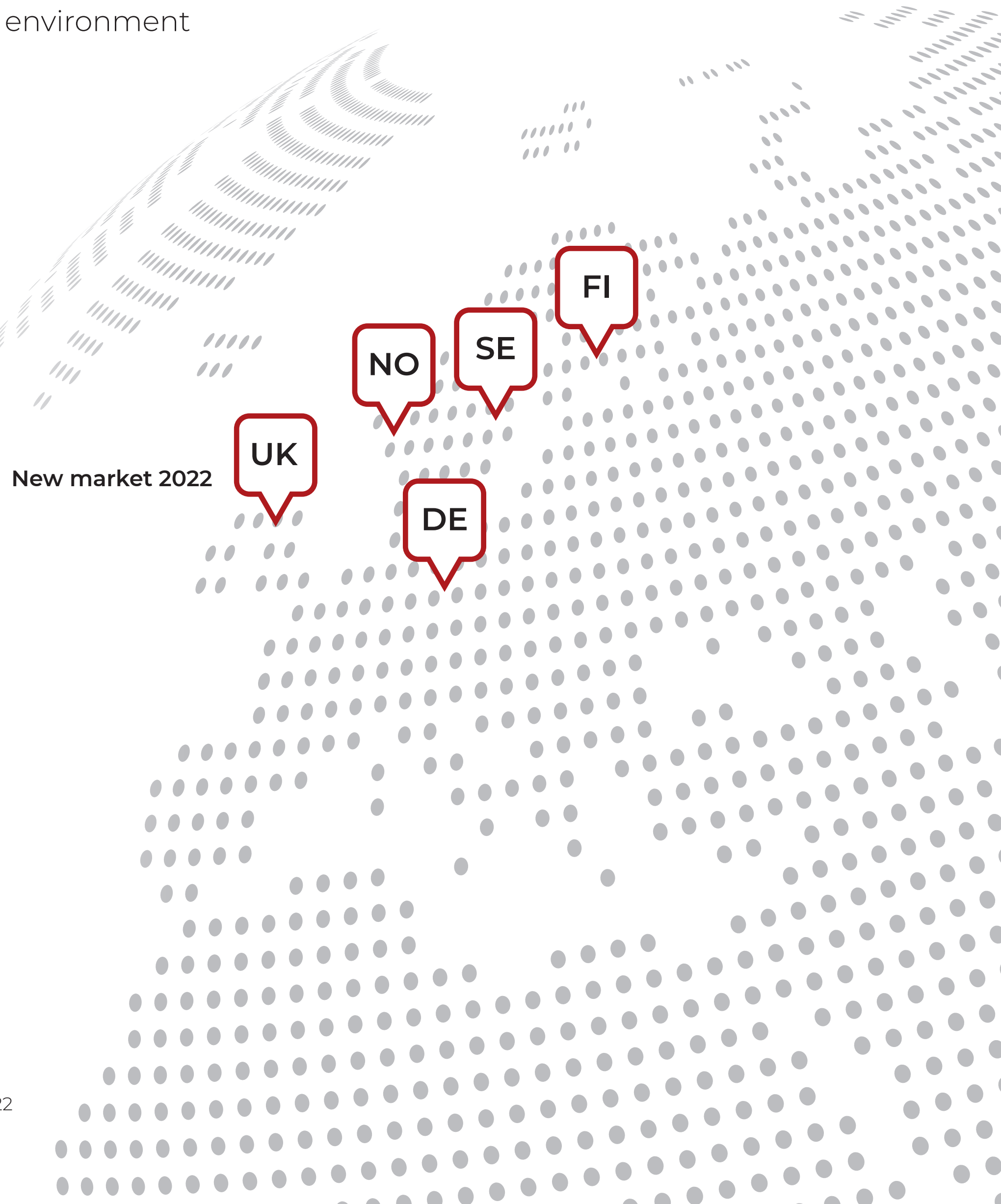
Revenue
3.1
SEK billion

Annual revenue growth 2010–2022
25.6%

Annual adjusted EBITA growth 2010–2022
19.3%

Number of employees
809

Consolidated acquisitions 2022
7



Growth of 29.9 per cent and expansion to the UK

Quarter 1

Three acquisitions in Sweden within the areas of power, water and sewage:

- JR Markteknik and Täby Maskin & Uthyrning
- Elcenter i Söderköping
- Eltek Entreprenad Sverige

Contract with E.ON in Sweden to build three transformer stations.

Extended collaboration with E.DIS in Germany.

Quarter 2

Acquisition of Karlskoga Mark in Sweden within water and sewage, district heating and associated civil engineering works.

Framework agreement with E.DIS Netz in Germany for roll-out of fibre infrastructure.

Quarter 3

Netel enters the UK fibre market through the acquisitions of Border Civils & Utilities and Doocey North East.

Nett-Tjenester awarded a contract with the Norwegian company Tensio to upgrade transformer stations.

Oppunda Kraft extends the framework agreement with E.ON Energidistribution in Sweden.

Quarter 4

Acquisition of Bredbyns in Örnsköldsvik, Sweden, within water and sewage, power and district heating.

Netel Norway signs contract with Telenor to develop FTTH (fibre to the home) facilities.

Netel signs contract to upgrade Tele2-connected properties in Sweden to the next generation broadband network.

Nett-Tjenester awarded a contract with Lede in Norway to modernise transformer stations.

JR Markteknik signs a contract with Vallentuna Municipality in Sweden for the construction of infrastructure.

Netel commits to SBTi in January 2023 and undertakes to set targets for its emissions according to the Paris Agreement.

Record-high sales and order backlog

Netel had record-high sales in 2022 and our largest-ever order backlog of SEK 3.7 billion at the close of the year. During the year, we entered the attractive, rapidly growing UK fibre market through two acquisitions. In Sweden, we continued to expand through acquisitions within power, district heating, water and sewage.

Net sales increased 29.9 per cent to MSEK 3,141 (2,418) in 2022, mainly due to acquisitions and organic growth in all countries. Organic growth amounted to 7.5 per cent while acquisitions and positive exchange rate effects contributed 22.4 per cent. Our robust growth means that we have enhanced our position as a leading critical infrastructure specialist in Northern Europe.

Netel's organic growth is driven by strong megatrends such as the electrification of society, digitalisation and the need to modernise antiquated infrastructure for heating, water and sewage. The electrification of society means more electricity-driven transportation and that major industries transition to electricity-based production. This, coupled with the introduction of several renewable energy sources in the electrical grid, requires investments in power networks to improve capacity and flexibility. Digitalisation in turn necessitates high-capacity fibre networks that can handle increasing amounts of data and which are accessible to everyone, regardless of where they live. As for Europe's infrastructure for heating, water and sewage, generally speaking, it is outdated and calls for investments to modernise.

These megatrends lead to significant investments in infrastructures critical to society and the demand for our service. As a result of the generally sound market situation, we are starting 2023 with our largest-ever order backlog of SEK 3.7 billion.

Clear growth strategy

Netel has a clear growth strategy that stipulates we will grow organically and through acquisitions. Our acquisitions are made only after thorough analysis and evaluation. Companies we buy should have good profitability, at least on par with the Netel Group's past profitability, and be able to generate revenue synergies. They will also give us access to either a new geographical market or a new, attractive customer segment. We are exceedingly active in terms of acquisitions and we pursue companies that we feel are a good fit for Netel.

We made several exciting acquisitions in 2022. We continued to broaden our geographical presence within district heating, water and sewage through the acquisition of Sweden-based companies JR Markteknik, Täby Maskin & Uthyrning, KMAB and Bredbyns. District heating, water and sewage are relatively new areas for us, which we entered into in 2021 through the acquisition of Brogrund. We also broadened our Power expertise with the acquisitions of Elcenter in Söderköping and Sweden-based Eltek in 2022.

Expansion to the UK

In 2022, we made a historic decision to expand into the UK fibre market. The UK is one of the countries in Europe that has the lowest fibre coverage paired with ambitious plans to provide all households with gigabit broadband by 2030. The same situation exists in Germany where we chose to establish ourselves in 2018 by setting up our own operations. Because we wanted to hit the ground running, we opted to enter the UK market through the acquisitions of Border and Doocey. The UK is a promising market and we could proudly announce in January 2023 that we had a new customer, the Scottish independent broadband builder and provider, GoFibre.

Railways and defence new customer segments

We kicked off 2023 with the acquisition of Elektrotjänst i Katrineholm, which gives us access to completely new customer segments. Elektrotjänst is a well-respected company active mainly in power

"We have enhanced our position as a leading critical infrastructure specialist in Northern Europe"

projects for railways, subways and defence. These are areas in which we have long wanted to establish ourselves given the excellent prospects for the future and investment needs.

Our financial position gives us room for further acquisitions. In the short term, we are primarily looking at Norway, the UK, Sweden and Germany. In the long term, our clear ambition is to be as widespread in Germany and the UK as we are in the Nordic markets.

Profitability target

It's disappointing that we, despite healthy growth, were unable to reach our profitability target of an adjusted EBITA margin of over 7 per cent. Adjusted EBITA increased 13.0 per cent to MSEK 200 and the adjusted EBITA margin reached 6.4 per cent. Profitability was adversely affected primarily by the lack of price compensation for individual projects in Finland and Norway, along with the late start of excavation-intensive power projects in Finland in the spring of 2022. Due to the long winter, the Finnish power projects started late in the season meaning that we were at full capacity after the summer. The transition to the larger telecom service agreements in Norway that we signed in 2021 also had a negative impact on profitability. We are taking measures to realise our profitability target in these service contracts with our largest Norwegian telecom customers. While external factors such as large-scale global cost increases and sluggish supply chains reined in margins in 2022, we have several ongoing initiatives that have the potential to strengthen profitability.

At MSEK -72, operating cash flow was another disappointment even if it was largely due to the year's high level of production which increased tied-up capital. We are also taking steps to reduce tied-up capital, but expect it will take some time before we can fully see the effects.

We are combating climate change

In January 2023, we took the important step of joining SBTi to help combat climate change. By setting science-based climate targets, we ensure that Netel can continue its journey of growth while helping reduce emissions. Science-based targets are an important step in our climate work and a part of future-proofing our business.

More than 800 employees

In 2022, we gained 180 new colleagues through our seven acquisitions. This means that we totalled more than 800 employees in Northern Europe at the turn of the year, making us a prominent European player. I would like to welcome all new employees to Netel and thank every employee for your dedication and professionalism during 2022.

Outlook

In 2022, we delivered on our growth strategy and grew both organically and through acquisitions. With our record-breaking order backlog, strong underlying market trends and ongoing initiatives to strengthen margins, I am confident that Netel possess the ability to continue to generate long-term profitable growth.

Ove Bergkvist
President and CEO

More than 20 years' experience of critical infrastructures

2000

Netel is founded by Peab, one of the Nordic region's largest construction company.

2001

Netel is the first company to sign an agreement for expansion of the Swedish 3G mobile communications network. Netel subsequently laid the foundation for a relationship with one of the largest operators in the Nordic region, a relationship that remains stable today.

2002

Netel starts operating in Norway and builds a nationwide 2G network for mobile communication.

2006

Netel enters the Swedish fixed networks market.

2009

Netel expands rapidly during the first decade of 2000, establishing itself as a leading full-service specialist in services for fixed and mobile networks. The company becomes a strong name in the industry and a prominent critical infrastructure contractor.

2010

Peab restructures its business and Netel is divested to management.

Netel enters the Norwegian fixed networks market.

2013

Netel acquires additional capital when Axcel, a Nordic private equity firm, acquires a majority shareholding.

Over the next three years, revenue triples to approximately SEK 1.4 billion. Most of the growth is organic. Netel also makes six acquisitions.

2015

Mobile and fixed networks operations are established in Finland through the acquisition of Telog.

2016

Netel initiates a new growth strategy and starts diversifying its business. The first step is the launch of power operations in Finland.

IK Investment Partners acquires Netel to promote continued growth in the Nordic region and expansion in Northern Europe.

2017

Netel continues to develop its growth and diversification strategy to become less dependent on the telecom market. The company decides to continue to grow geographically in the power area, to enter the German market and to focus on service offerings and framework agreements.

As a consequence of the new strategy, Netel starts its power operations in Sweden and establishes itself in the Norwegian power market through the acquisition of Nett-Tjenester.

2018

Operations start in Germany and Netel signs its first German infrastructure contract.

2019

Netel signs contracts with another one of Germany's largest operators.

2021

Netel is listed on Nasdaq Stockholm Mid-Cap Index.

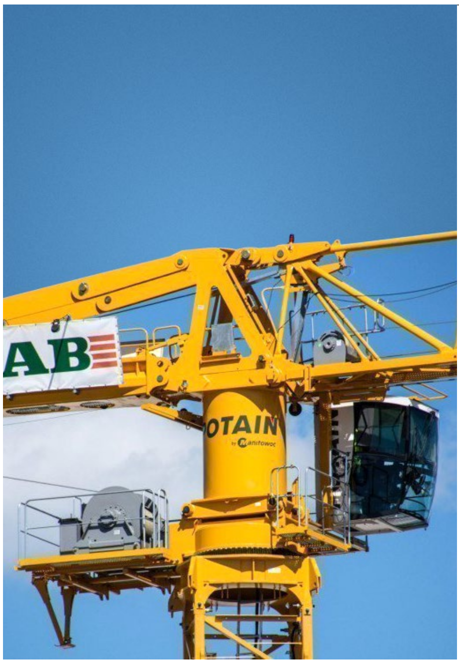
Six acquisitions in the power and telecom sectors.

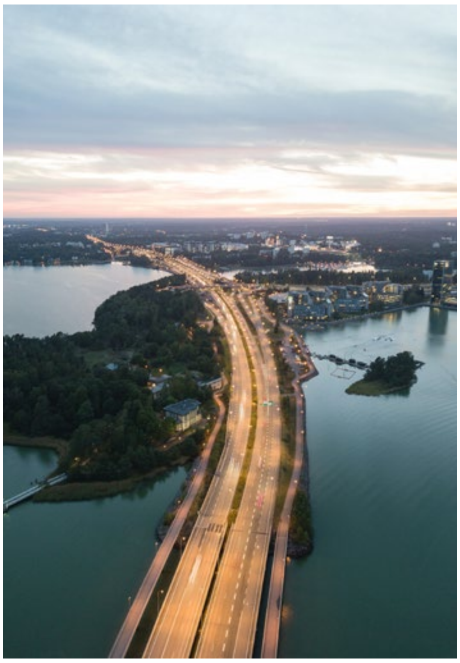
Netel pursues its growth strategy and announces two acquisitions within the new areas of district heating, water and sewage.

2022

Netel enters the attractive, rapidly growing UK fibre market through two acquisitions.

The Group makes five acquisitions within the areas of power, district heating, water and sewage.





Successful business model for profitable growth

Netel is a leading specialist in critical infrastructure projects and service. Netel offers customers efficient, high-quality infrastructure projects and service through its extensive experience, broad geographical presence and decentralised organisation. All operations are characterised by great responsibility for the natural environment and work environment.

Netel is one of the Nordic region's largest critical infrastructure project providers with a growing position in the UK and Germany. Its success platform is the solid legacy left from Peab, one of the Nordic region's largest construction and civil engineering companies. Within Peab, Netel operated from the start in accordance with the principles of a decentralised, cost-efficient organisation based on entrepreneurship and a local presence. Today, the Group adheres to "the Netel Way." The model is divided into three parts: focus on project management and service, flexible cost structure and low tied-up capital, as well as a decentralised organisation.

Focus on project management

With more than 20 years of experience in leading complex infrastructure projects, Netel has extensive knowledge and appreciation for various stakeholders' needs and circumstances. Critical infrastructure projects concern not only the customers but many other stakeholders, such as landowners and residents. Consequently, in some cases, the projects require a sound appreciation for the environmental impact during execution. This demands expertise in terms of nature and water as well as air and noise levels.

A key part of the projects also includes managing the application procedures and various permits that require knowledge and insight into – often local – processes. Project management of critical infrastructures is typically a question of managing work carried out in hazardous environments involving, for instance, high-voltage or treacherous landscape. Knowledge about work environments and regulations related to working in exposed or hazardous environments is another critical success factor in well-executed project management.

Netel's strength in project management is its decentralised organisation, whereby the Group has insights into and knowledge about local conditions and regulations. Every project manager has independent profit and loss responsibility, ensuring a short chain of command and thereby, an effective way of working.

Several framework agreements

Two main types of agreements are prevalent in Netel's market: project and framework agreements. The latter typically involves service and maintenance. The service business is growing at the same pace as the installed base of infrastructure is increasing. Framework agreements are important as they offer the potential to partly secure volumes over a long period of time. Subsequently, the Group endeavours to increase the share of framework agreements to generate stable future revenue. In 2022, the share of framework agreements amounted to 52 per cent (55) of Group net sales.

Flexible cost structure

When it comes to construction and installation work, Netel typically outsources to subcontractors. This makes it possible to quickly adjust cost structures to changing market conditions, thereby creating more stable profitability and cash flow.

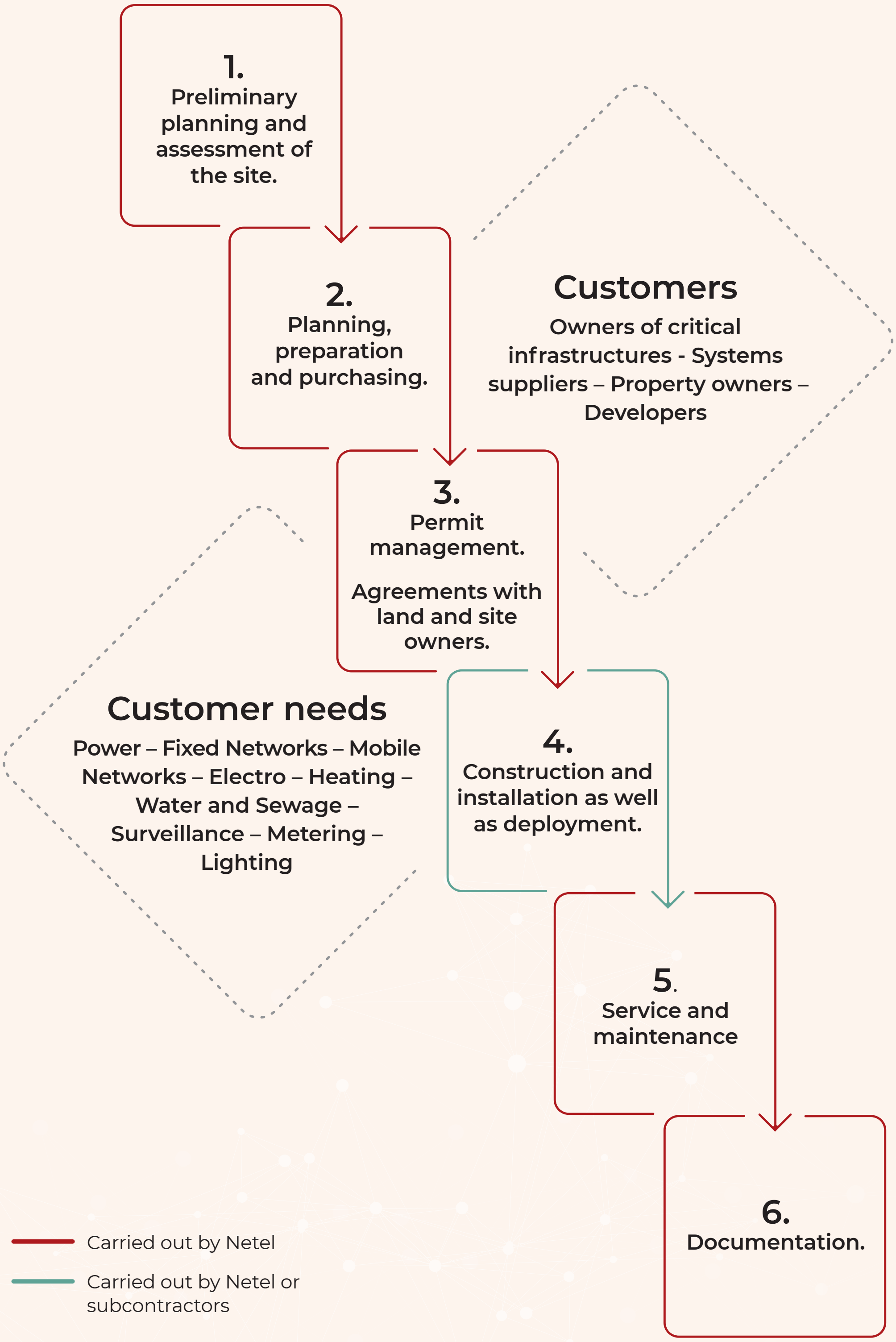
Long-standing relationships with competent subcontractors and suppliers are paramount in guaranteeing that the projects are executed with precision, quality and a high degree of accountability for the natural environment and work environment.

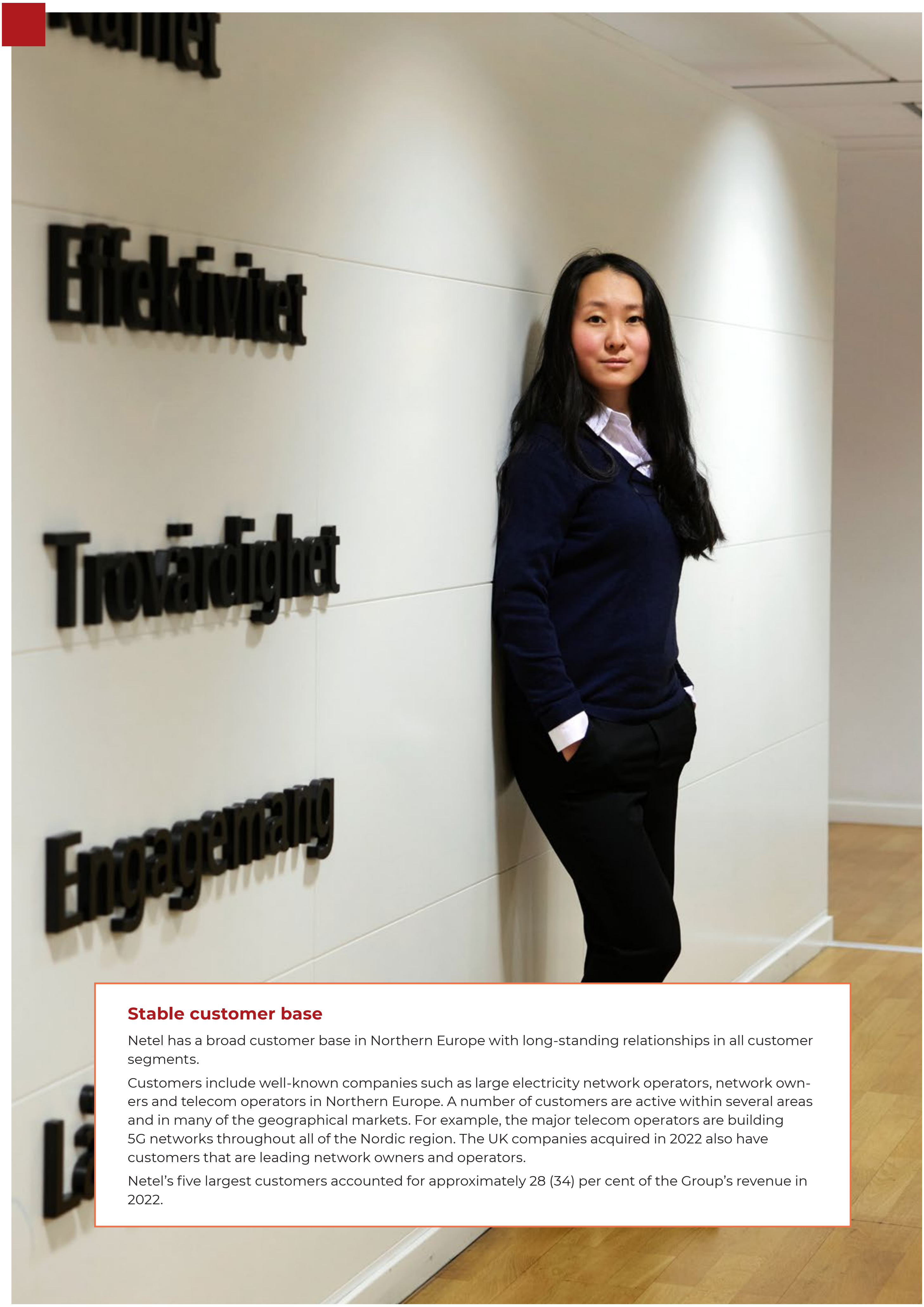
Netel's operations tie up little capital since the company has very low inventory and almost no heavy machinery. Because the company's investment need is low, its cash conversion capacity is high and stable in the long term.

Decentralised organisation

The decentralised organisation ensures local knowledge, quick decisions and a strong entrepreneurial spirit. This puts Netel in an excellent position with considerable competitive advantages when ecosystems surrounding critical infrastructures become increasingly complex in terms of both technology and regulations.

Netel's offering for critical infrastructure





Stable customer base

Netel has a broad customer base in Northern Europe with long-standing relationships in all customer segments.

Customers include well-known companies such as large electricity network operators, network owners and telecom operators in Northern Europe. A number of customers are active within several areas and in many of the geographical markets. For example, the major telecom operators are building 5G networks throughout all of the Nordic region. The UK companies acquired in 2022 also have customers that are leading network owners and operators.

Netel's five largest customers accounted for approximately 28 (34) per cent of the Group's revenue in 2022.

Growth driven by powerful megatrends

Netel operates in sectors whose functions are critical for society. These functions – electricity, district heating, water and sewage and telecom – are affected by three powerful megatrends: climate change, digitalisation and the need to modernise the infrastructures.

Climate change

Climate change is today's biggest issue, which is driving new trends in society that have a major influence on the power networks. It is necessary to update capacity in power networks in order to manage the transition to electricity-driven transportation and meet the needs of major industries that want to switch to electricity-based production. The introduction of more renewable energy sources such as solar panels also require investments in the power networks. As the number of energy sources climb, demand for greater flexibility in the power networks increases, which in turn requires investments in capacity and new technology.

Digitalisation

Increasingly more manual work is done digitally and the number of connected devices is growing exponentially, driven by more digital applications, smart cities, buildings and the Internet of Things. This demands greater capacity from telecom networks. In the Nordic region, expansion of 5G networks has started and 6G networks will be rolled out within a decade. In the UK and Germany, fibre coverage is low and old copper networks will be replaced with fibre. Also in Finland, the expansion of fibre networks has commenced to replace dated cable and copper networks.

Modernisation of infrastructures

There is a vast need to modernise infrastructures in Europe in the areas of power, district heating, water and sewage. Many networks are at the end of their life cycle. Some networks are more than 70 years old and in urgent need of being replaced or updated. In the power area, the situation is so critical that networks must be replaced simply to maintain current capacity.

Investments in power networks in Europe
14% annual growth
2021–2027

Market growth 5G infrastructure in Europe
85% annual growth
2020–2027

Percentage of fibre connected households

Germany
11%

UK
10%

Coverage in Sweden is 93%, Norway 75% and Finland 42%

Clear strategy for continued profitable growth

Netel has a stable foundation to continue to grow profitable. The strategy for profitable growth means that the Group will make acquisitions in selected markets while expanding its current businesses.

Netel will achieve its vision to be our customers' preferred choice through specialist knowledge in critical infrastructures, local knowledge, a sound sustainability profile and a vast network of subcontractors.

Netel's success rests on its motivated employees. Currently, Netel has employees in Finland, Norway, the UK, Sweden and Germany. They are project management specialists in critical infrastructures and driven by a strong entrepreneurial spirit, a sustainability approach and a sense of accountability for the natural environment and work environment. Netel's decentralised organisation means that our employees possess extensive knowledge about local conditions, regulations, and more. Our employees have also established local networks with well-respected, competent subcontractors.

Close collaboration with subcontractors

At present, the Group collaborates with a vast number of subcontractors who carry out most of the construction and installations in the projects. Close collaboration with subcontractors and good project management are essential to Netel's ability to deliver high-quality projects. Subcontractors constitute a key factor even in the service business where Netel's success lies in its ability to cooperate efficiently with competent partners.

To also ensure a high degree of responsibility for the natural environment and work environment among subcontractors, they are required to comply with Netel's Code of Conduct. Netel performs regular audits and follow-ups of its subcontractors to verify, among other issues, compliance with our Code of Conduct.

Organic growth

Through its long-standing customer relationships with leading stakeholders in Northern Europe, Netel has a stable foundation for organic growth. There is an underlying healthy growth within Netel's market segment driven by the need for more capacity and modernisation of infrastructures as well as the introduction of new technology. Expansion of the infrastructures also increases the customers' service and maintenance needs. Netel therefore sees excellent potential to continue to grow with both existing and new customers in Northern Europe.

Growth through acquisitions

Netel drives an active acquisition agenda and has consolidated seven new businesses in 2022. The purpose of the acquisitions is to complement the current business or to expand by entering new customer segments or new geographical markets. In 2023, Netel will continue to focus on acquisitions in Norway, the UK, Sweden and Germany. Prioritised areas are power, district heating, water and sewage as well as associated civil engineering works.

The strength of a Group

Netel realizes synergies between the companies through the fact that similar operations can be coordinated, such as market monitoring, tendering, use of resources and purchasing. This - in combination with strategic and financial management as well as cooperation between the companies - makes it possible for the acquired businesses to take on larger projects and expand into new areas. By belonging to a large and financially stable group, favorable opportunities are created for continued prosperous development for the acquired companies.

Vision

Netel is to be its customers' preferred choice

Acquisitions

Within existing or new countries and market segments

Organic growth in Northern Europe

809 employees with specialist knowledge in fields such as project management

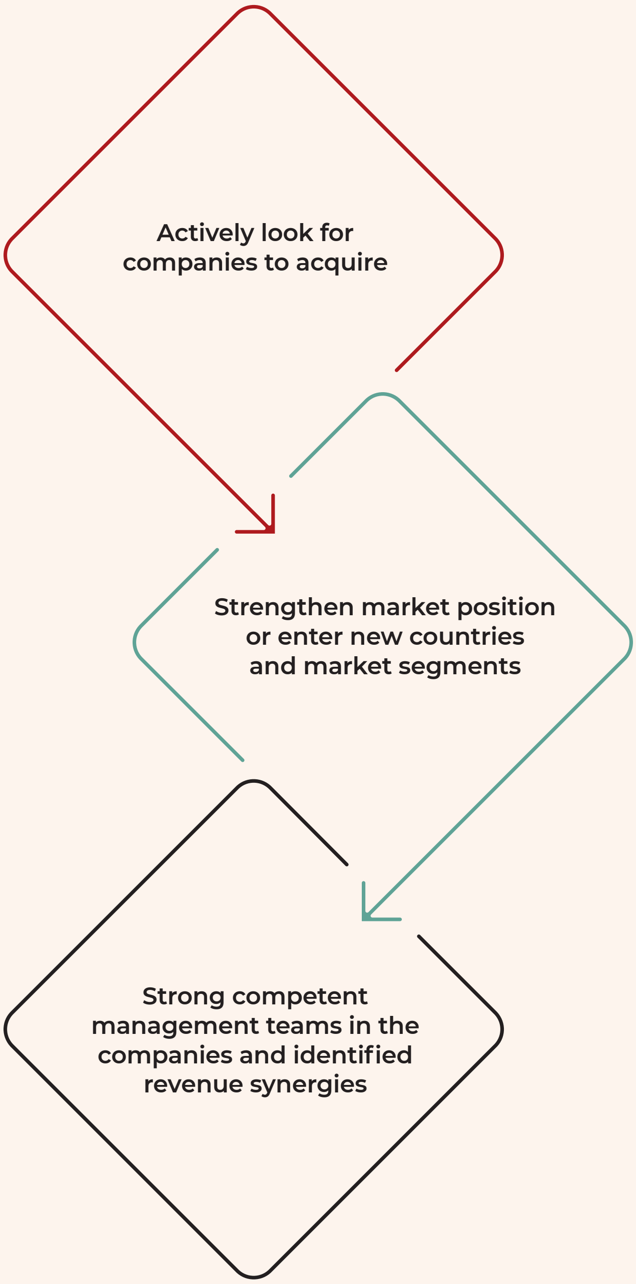
Local knowledge and high sense of responsibility for the natu-ral environment and work environment

Network of competent subcontractors

Proximity – Efficiency – Credibility – Commitment – Long-term perspective

Growth through acquisitions

Acquisitions are key part of Netel's growth strategy. Through acquisitions, Netel will strengthen existing operations and expand into new market segments or countries.



Netel's acquisition strategy is built on a clear and structured process. In 2020, Netel initiated an active acquisition process to complement existing operations and expand into new customer segments and markets. The strategy is successful and a total of 13 new businesses were consolidated in 2021 and 2022.

Focus areas

The focus for acquisitions within existing operations are companies in Sweden and Norway which offer project management and services in the areas of power, district heating, water and sewage as well as British and German companies in fixed networks and power. The power market is generally fragmented with many smaller players and consolidation is necessary to improve efficiency and meet the need for greater expertise within, among other areas, new technology.

District heating, water and sewage have similar market characteristics and require the same expertise as the sectors in which Netel already has a leading position. This means that Netel has a management system and a culture that is ideal for running and developing the acquired companies. Netel's ambition in the long term is to be as widespread in the UK and Germany as the Group is in the Nordic region.

The identification process

Netel has identified a large number of potential acquisition candidates and is proactively approaching them. Contractors wanting to sell their business also initiate direct contact with Netel.

Criteria

The most important criteria are the presence of a strong, competent management team and that the company operates in a market segment which Netel prioritises. It is also vital that the management teams of the acquired companies share Netel's vision and ambitions. In particular, they must share the Group's objectives and ambitions in the area of sustainability.

Prosperous collaboration between our companies

The strength of our business model was validated in 2022 through the mutual successes reported for C-E Morberg Anläggning & Energi and Brogrund Mark. Acquired in 2021, the two Swedish companies demonstrated excellent commercial synergies just one year later.

Morberg is active in the power business area in the Mälardalen region with Västerås as its base, while Brogrund has a broad product offering in water and sewage, district heating, power and groundwork contracts in the Örebro region. Through initiating a collaboration between the companies, they successfully secured a new framework agreement in 2022 with the municipalities of Fagersta and Norberg.

"The ability to act together and thereby secure large-scale contracts is a strength," comments Niklas Ehrlin, CEO of C-E Morberg Anläggning & Energi.

"This illustrates the power of Netel's decentralised business model," says Thomas Rådberg, CEO of Brogrund Mark. "It is both efficient and inspiring to be able to identify and realise commercial synergies between companies within the Group."

Financing

Netel finances acquisitions primarily through internally generated cash flow, external financing and offset issues of new shares. The agreements with the sellers normally contain a clear structure for earnouts and reinvestments in the Netel Group.

Highly independent

Acquired companies retain their names and brands. Netel has a highly decentralised organisation in which the subsidiaries have independent profit and loss responsibility and receive support from Netel's central functions.

All acquired companies are to ensure that all employees are aware of and sign Netel's Code of Conduct. Similarly, they are to ensure that all subcontractors and suppliers are aware of and sign Netel's Code of Conduct.

In addition to financial reporting, acquired companies are to report sustainability indicators to the Group every month.

Strategic acquisitions in 2022 in the UK

In the summer of 2022, Netel made the strategic move to establish itself in the attractive UK fibre market through acquisitions. The UK fibre market resembles the German market where Netel started operating in 2018. Netel has grown strong with good profitability in Germany. In the UK, Netel has opted to establish itself through acquisitions, thereby considerably shortening the starting distance as compared with Germany.

At just over ten per cent, fibre coverage in the UK is as low as in Germany, and both countries have ambitious plans to rapidly increase broadband coverage.

Netel's two UK acquisitions list both tier one contractors and network owners among their customers. Netel foresees synergies between the two UK companies.

Acquisitions 2022

Company	Operations	Country	Sales 2021	Number of employees[1]	Ownership, %	Date of consolidation
JR Markteknik and Täby Maskin & Uthyrning	Water and sewage, district heating and associated civil engineering works	Sweden	MSEK 212	50	100	January
Elcenter i Söderköping	Power	Sweden	MSEK 30[2]	13	100	March
Eltek Entreprenad	Power	Sweden	MSEK 37	13	100	March
Karlskoga Mark (KMAB)	Water and sewage, district heating and associated civil engineering works	Sweden	MSEK 63	12	100	May
Border Civils & Utilities	Fixed networks	UK	MSEK 36	50	100	July
Doocey North East	Fixed networks	UK	MSEK 82[2]	15	100	August
Bredbyns	Water and sewage, power and district heating	Sweden	MSEK 57	27	100	December
Total			**MSEK 517**	**180**		

1 Refers to the number of employees at the time of acquisition.

2 Refers to 2020/2021 (split financial year).

Rapid fibre roll-out in the UK

The UK has one of the lowest coverage in terms of fibre networks in Europe. The industry is now investing in excess of GBP 30 billion in one of the fastest broadband roll-outs in Europe.

Ambitions in the UK are high concerning IT and digitalisation. The national digital strategy will speed up expansion of nationwide broadband and ensure that rural areas are not left behind. At a mere 12 per cent, the UK currently has one of the lowest coverage in Europe. This can be compared with top-ranking one and two – Sweden and Spain – boasting coverage of more than 90 and 80 per cent respectively. The national target is that basically the entire population of approximately 65 million people will have access to gigabit broadband by 2030.

Netel established itself in the UK in 2022 through acquisitions of two fibre network companies. In January 2023, Netel announced a new customer in the UK – GoFibre. GoFibre is the trading name of Borderlink Broadband which was founded in Duns in the Scottish Borders in 2017. The company's mission is to connect hundreds of thousands of homes and businesses across Scotland and Northern England to fast and reliable fibre networks. Netel signed a three-year contract worth an initial GBP 10 million for the installation of full fibre networks across Northumberland and the Scottish Borders for GoFibre.

Growth of 29.9 per cent and order backlog of SEK 3.7 billion

Netel reported strong growth in 2022 with an increase in revenue of 29.9 per cent due to acquisitions and sound organic growth in all countries. The healthy market situation is also reflected in the order backlog which is the highest ever at SEK 3.7 billion.

Revenue

Net sales increased 29.9 per cent to MSEK 3,141 (2,418) in 2022, mainly due to acquisitions and organic growth in all countries. Organic growth amounted to 7.5 per cent while acquisitions and positive exchange rate effects contributed 22.4 per cent.

The Fixed Networks business area grew 43.7 per cent till MSEK 1,809 (1,259) due to good demand in Norway, Finland and Germany as well as acquisitions in Sweden and the UK.

The Power business area grew 19.2 per cent till MSEK 952 (799), driven by a good market in Sweden and Norway as well as acquisitions in Sweden.

The Mobile business area grew 6.4 per cent to MSEK 380 (357) due to the 5G roll-out in Sweden.

The share of framework agreements dropped slightly for the Group as a whole to 52.2 per cent (54.7).

Order bookings were good during the year and the order backlog increased to MSEK 3,700 (3,488).

Earnings

Adjusted EBITDA increased by 19.1 per cent to MSEK 262 (220), with an adjusted EBITDA margin of 8.3 per cent (9.1). Adjusted EBITA increased by 13.0 per cent to MSEK 200 (177), with an adjusted EBITA margin of 6.4 per cent (7.3). Profitability was adversely affected primarily by the lack of price compensation for individual projects in Finland and Norway, along with the late start in the spring of 2022 of excavation-intensive power projects in Finland. The transition to larger telecom service agreements in Norway also adversely affected profitability in 2022.

Adjusted EBITDA and adjusted EBITA are calculated excluding items affecting comparability of MSEK 21 (50). In 2022, items affecting comparability pertained primarily to costs for acquisitions. Costs totalling MSEK 37 for listing on Nasdaq Stockholm were also included in 2021.

EBITDA increased by 41.8 per cent to MSEK 241 (170), and the EBITDA margin rose to 7.7 per cent (7.0). EBITA increased by 40.9 per cent to MSEK 179 (127), and the EBITA margin rose to 5.7 per cent (5.2).

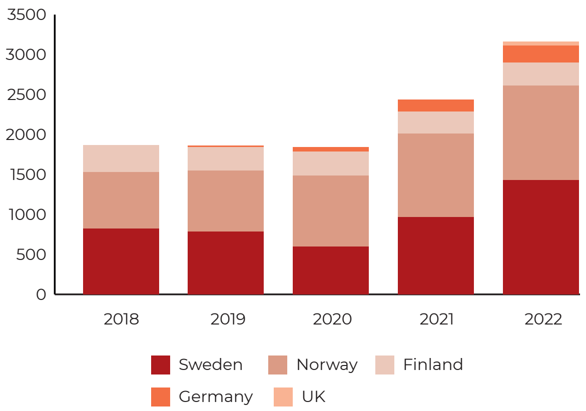
Depreciation/amortisation and impairment amounted to MSEK -65 (-44).

Net financial items amounted to MSEK -15 (-25) during the year. Interest expenses amounted to MSEK -27 (-27), of which MSEK -4 (-3) are attributable to lease liabilities.

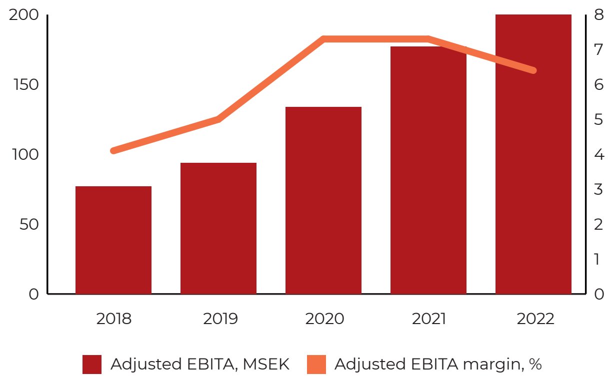
Profit before tax increased by 61.0 per cent to MSEK 161 (100) in 2022.

Profit after tax increased by 86.4 per cent to MSEK 123 (66). Tax amounted to MSEK -38 (-34), leading to an effective tax rate of 23.5 per cent (33.9).

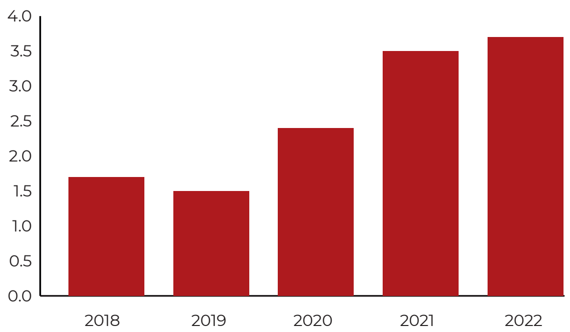
Revenue, MSEK



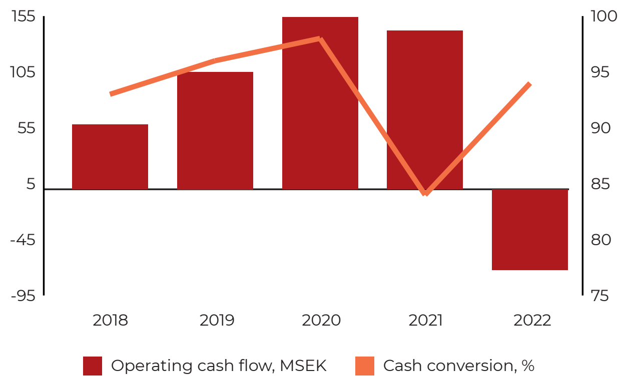
Adjusted EBITA and adjusted EBITA margin



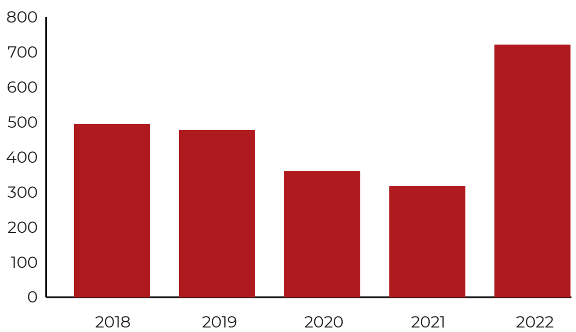
Order backlog, SEK billion



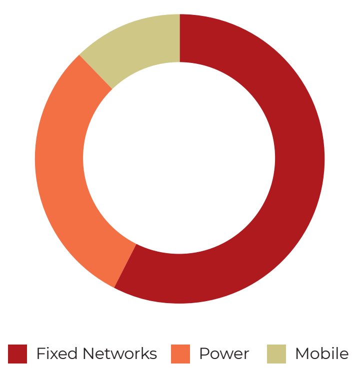
Cash flow and cash conversion



Net debt, MSEK



Revenue per business area



Financial targets

Netel achieved its growth and capital structure targets for 2022.

Target		Outcome 2022
Revenue growth	Annual growth of 10 per cent including non-organic growth	29,9% ✓
Profitability	Adjusted EBITA margin over 7 per cent in the medium term	6,4%
Capital structure	Net debt (excluding leasing liabilities) in relation to adjusted RTM EBITDA of <2.5xr[1]	2,4 ✓

[1] May temporarily exceed 2.5x in connection with acquisitions.

Cash flow

Cash flow from operating activities amounted to MSEK -72 (114). The cash flow was affected primarily by the high level of production, which increased tied-up capital. Measures are underway to reduce tied-up capital.

Cash flow from investing activities was MSEK -238 (-181) and mainly comprised acquisitions.

Cash flow from investing activities amounted to MSEK 402 (244), and the change is mainly attributable to a new utilised credit facility and borrowings in conjunction with acquisitions.

Financial position

The Group's cash and cash equivalents at the end of year amounted to MSEK 369 (271). Unutilised credit facilities totalled MSEK 295 (275), which together with cash and cash equivalents, means a total of MSEK 664 (546) in available funds at year-end.

Net debt, defined as current and non-current interest-bearing liabilities from credit institutions less cash and cash equivalents and current investments, was MSEK 722 (318) at year-end. Net debt in relation to adjusted EBITDA was 2.8 (1.4). Net debt excluding lease liabilities in relation to adjusted EBITDA amounted to 2.4 (1.0), which was under the net debt target for the medium term of 2.5.

Other current and non-current interest-bearing liabilities primarily comprise bank financing and lease liabilities. These amounted to MSEK 1,090 (589) at year-end. The increase is mainly attributable to a new utilised credit facility and borrowings in conjunction with acquisitions.

Total assets amounted to MSEK 3,119 (2,133) and equity to MSEK 1,106 (911).

Dividends

Netel's policy is a payout ratio of 40 per cent of net profit. The proposed dividend is to take Netel's financial position, cash flow, mergers and acquisitions, and organic growth opportunities into consideration. The Board proposes to the 2023 Annual General Meeting that no dividend be paid to shareholders for the 2022 financial year so as to create scope for value-adding acquisitions in line with Netel's strategy.

SEKE – prominent turnkey power contractor

SEKE is a leading player in Sweden that provides turnkey contracts for switchgear and transformer stations within voltages of 0.4 – 130 kV. SEKE targets an attractive market. The electrification of society and the introduction of new energy sources in the electrical grid necessitate the expansion and modernisation of switchgears and transformer stations.

SEKE was founded by four colleagues in the electricity industry in Norrköping in 2017. Four years later, Netel acquired the company which had grown robustly and established itself as a prominent market player. SEKE was awarded Gasell of the Year 2021 in Östergötland by the business magazine Di.

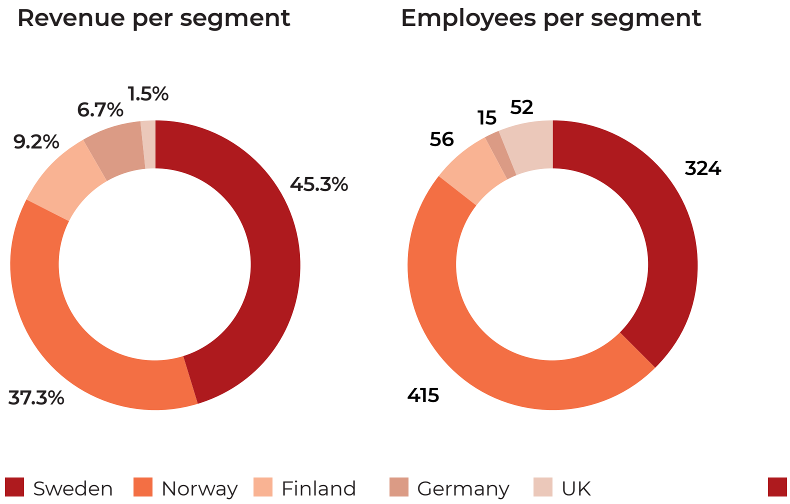
“Our success is due in part to our far-reaching experience and short decision-making process,” says Anders Svensson, CEO of SEKE. “At the same time, we understand the value of structure and planning in ensuring that projects are successful. Our expertise in project management and experience of clear communication with the client and project team are other key success factors.”

In 2022, SEKE supplied a switchgear in Torsebro and a wind power connection in Ryd Västra to E.ON. In January 2023, SEKE announced new orders from E.ON for a total of MSEK 93. The contracts mean that SEKE will build four new transformer stations in south Sweden, scheduled for completion in 2024.

“While we never compromise with safety, quality and the environment in our projects, we also take into account economic and social interests. We have a lot of experience in presenting innovative solutions where disruptions in power supply are as short as possible or eliminated completely. These are also key factors that are paramount to our customers,” concludes Anders Svensson.

Positioned for continued growth

Netel is the leader in critical infrastructures in the Nordic region and has an attractive position in the rapidly growing UK and German markets.

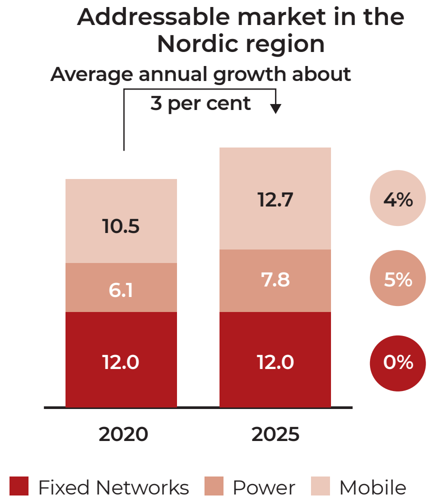


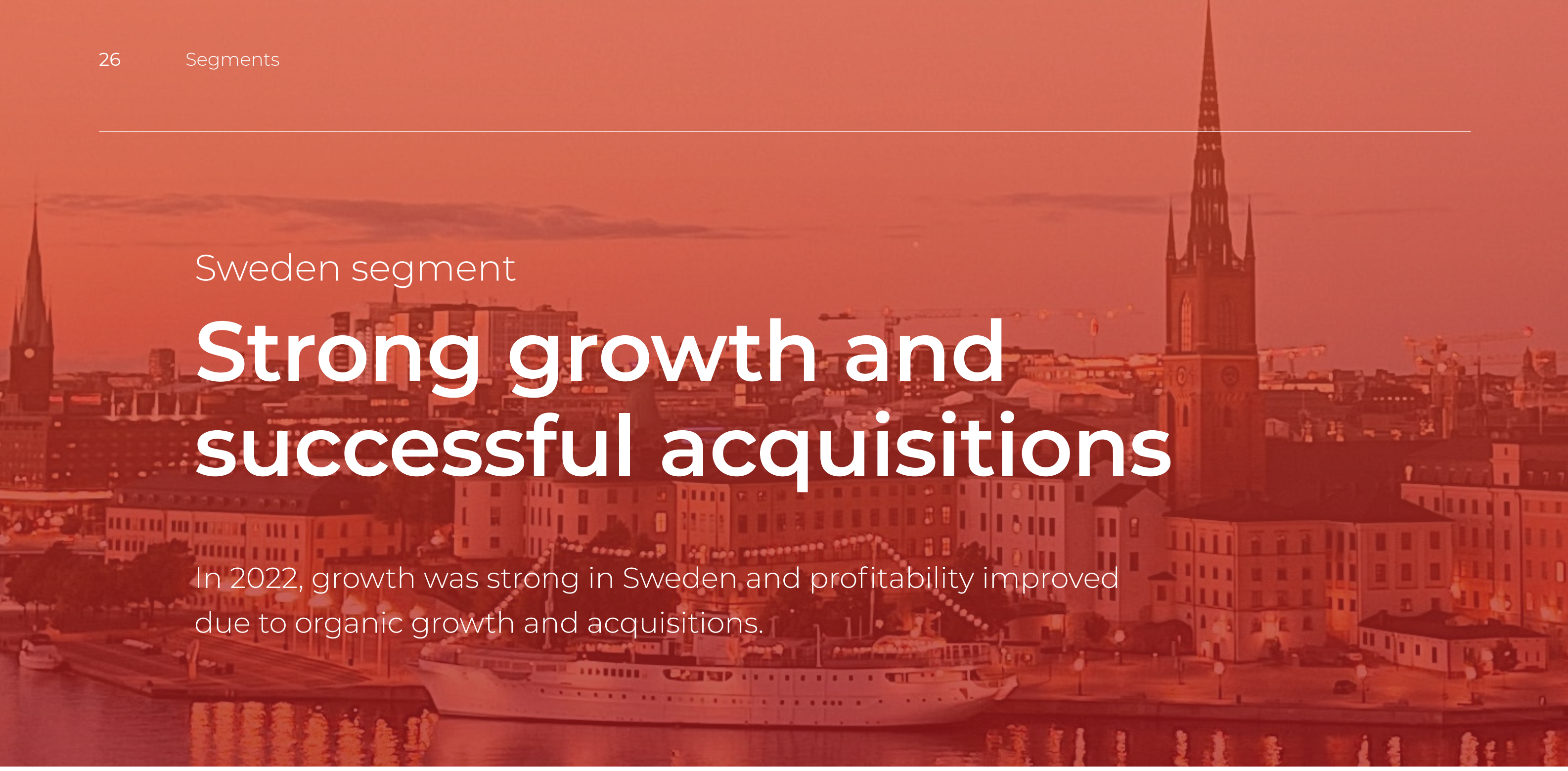
In the Nordic region alone, Netel's total addressable market is estimated to be worth SEK 32.4 billion in 2025. In the Nordic region Netel operates in the segments Finland, Norway and Sweden.

Operations are divided into the business areas Fixed Networks, Power and Mobile. Fixed Networks also includes Infraservice, meaning district heating, water and sewage. In Sweden, Netel offers its entire service portfolio and in the rest of the Nordic region, everything except Infraservice.

To expand its geographical diversification, Netel established itself in Germany in 2018 and entered the UK market in 2022 through acquisitions. The focus in the UK and Germany is the fibre market. The Group's long-term ambition is to be as widespread in the UK and Germany as in the Nordic region.

Within all segments, Netel has strong customer relationships with the largest market players, forming a solid platform for future expansion.





Sweden segment

Strong growth and successful acquisitions

In 2022, growth was strong in Sweden and profitability improved due to organic growth and acquisitions.

Revenue increased by 47.7 per cent to MSEK 1,433 (970), driven by good growth in Power, Mobile and acquisitions. EBITA increased by 95.0 per cent to MSEK 117 (60), and the EBITA margin rose to 8.2 per cent (6.2).

Fixed networks

In Fixed Networks, revenue increased by 60.7 per cent to MSEK 823 (512), primarily due to Infraservice acquisitions, meaning district heating, water and sewage. Operations were reinforced through the Infraservice acquisitions of JR Markteknik, Täby Maskin & Uthyrning, Karlskoga Mark (KMAB) and Bredbyns i Örnsköldsvik. KMAB and Bredbyns are also key cornerstones for Netel's geographical expansion.

A few years back, Netel made a strategic decision to broaden its business through acquisitions in Infraservice in order to compensate for the predicted smaller fibre market. Because Sweden has established Europe's best fibre coverage after several years of high-pace expansion, it was expected that the fibre market would shrink. Netel has compensated well for this by branching out to Infraservice.

Power

In Power, revenue increased by 40.7 per cent to MSEK 401 (285), due to acquisitions and organic growth. Demand for construction of transformer stations and cable extension was high during the year. Operations were reinforced through the acquisition of Eltek Entreprenad which broadens the offering to include services for high voltages up to 400 kV suited to, for example, transformer stations. The acquisition of Elcenter i Söderköping also enhances the offering through road lighting, solar cells and charging infrastructure.

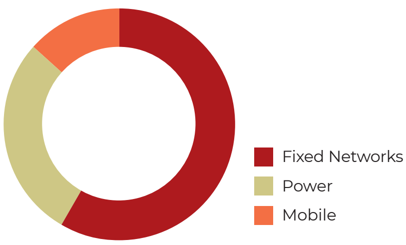
Mobile

In Mobile, revenue grew 18.5 per cent to MSEK 186 (157) due to the rapid pace of 5G expansion, which also includes the dismantling of 3G installations.

Key events 2022

- Acquisition of JR Markteknik, Täby Maskin & Uthyrning, KMAB and Bredbyns to broaden our geographical presence within district heating, water and sewage.
- Enhanced Power offering through the acquisition of Elcenter i Söderköping and Eltek Entreprenad.
- Upgrade of broadband in Tele2 properties to 10G.
- JR Markteknik secures new framework agreement with the municipality of Vallentuna.
- Oppunda Kraft extends the framework agreement with E.ON Energidistribution.

Share of revenue



MSEK	2022	2021
Revenue	1,433	970
EBITA	117	60
EBITA margin, %	8.2	6.2
Share of framework agreements, %	40	45
Number of employees	324	187

Norway segment

Good growth in Fixed Networks and Power

Growth was good in Norway in 2022 due to, among other factors, larger service contracts, cable TV expansion and investments in the power infrastructure.

Revenue increased by 12.5 per cent to MSEK 1,179 (1,048), driven by good growth in Fixed Networks and Power. EBITA amounted to MSEK 60 (98), with an EBITA margin of 5.1 per cent (9.4).

Fixed networks

In Fixed Networks, revenue increased by 17.0 per cent to MSEK 697 (596), mainly due to larger service contracts and cable TV projects. Profitability within the business area was affected by the production transition for the service agreements signed in 2021 with Telia and Telenor. Measures are being implemented to reach the profitability targets in these service agreements.

Power

In Power, revenue increased by 10.7 per cent to MSEK 341 (308), due to good demand for high voltage within regional networks. The segment's profitability was adversely affected by a few projects with lower margins than expected partly due to higher material prices.

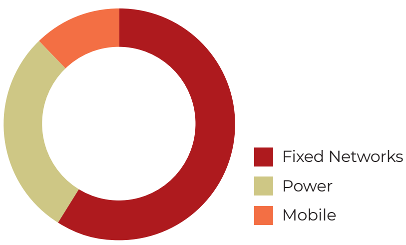
Mobile

Revenue amounted to MSEK 141 (141).

Key events 2022

- A two-year contract with Telenor for fibre to the home facilities in eastern Norway, valued at approximately MNOK 200.
- An agreement with Tensio for the upgrade of transformer stations in Trøndelag.
- An agreement with Lede for the upgrade of transformer stations in Holmestrand.

Share of revenue



MSEK	2022	2021
Revenue	1,179	1,048
EBITA	60	98
EBITA margin, %	5.1	9.4
Share of framework agreements, %	67	64
Number of employees	415	415

Finland segment

Positive trend in fibre networks

In Finland, new fixed network operators have established themselves which drives the expansion pace of fibre.

Revenue increased by 7.8 per cent to MSEK 291 (270) due to growth in Fixed Networks. EBITA amounted to MSEK -12 (5), with an EBITA margin of -4.1 per cent (1.8). Profitability was affected by compensation for material price hikes in specific projects not being realised to a sufficient extent. The long, cold winter in Finland in 2022 also postponed heavy excavation power-cable projects which resulted in higher costs for Netel.

On 1 February 2023, Stefan Ljunglin took over as new Country Manager and CEO of Netel OY.

Fixed networks

Revenue in Fixed Networks rose 367 per cent to MSEK 28 (6). Fixed Networks has grown markedly from low volumes as a result of the expansion of the fibre networks. The Finnish market is favourably impacted by the new fixed-network operators establishing themselves with the ambition to accelerate the pace of expansion.

Power

Revenue in Power increased 2.4 per cent to MSEK 210 (205). Netel is participating primarily in the expansion and upgrade of power cables.

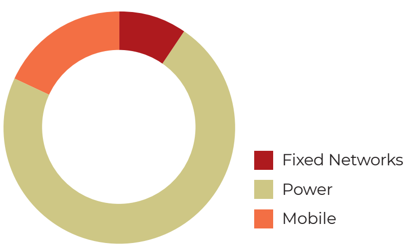
Mobile

Revenue in Mobile amounted to MSEK 52 (59). Performance was adversely affected by delayed material deliveries due to the war in Ukraine.

Key events 2022

- A four-year turnkey agreement with Valoo Täyskuitu for fibre networks.

Share of revenue



MSEK	2022	2021
Revenue	291	270
EBITA	-12	5
EBITA margin, %	-4.1	1.8
Share of framework agreements, %	58	70
Number of employees	56	49

Germany segment

Robust growth market with vast potential

Germany has among the lowest fibre penetration in Europe. Expansion has just started and Netel has secured a strong position due to its extensive experience in the Nordic region.

Revenue increased by 46.9 per cent to MSEK 213 (145). EBITA increased by 33.3 per cent to MSEK 24 (18), with an EBITA margin of 11.3 per cent (12.4). Growth is completely organic and attributed to Netel's strong fibre network offering in Germany. Profitability was favourably affected by the robust market demand which exceeds capacity. Revenue, however, was adversely affected during the year due to the high workload and staffing shortages at customers.

Strong position

Netel started operations in Germany in 2018 and has quickly built a strong position in the growing fibre market. The Group has chosen to focus on the fibre market in the northern parts of the country. The Group's rapid successes is partly due to the experience that Netel has of building the Nordic fibre networks. Netel's strong position means that the Group is a key component in major customers' expansion plans over the next few years and will therefore take part in the tendering process for most projects.

In 2022, Netel continued to recruit employees and set up more offices in northern Germany. Part of this expansion also involves continuing to widen the network of competent subcontractors in order to handle the growing business.

Expansion plans

Netel plans to eventually establish itself in Germany, within the Group's other business areas. The Group already has established customer contacts within the power segment, and delivers power solutions in conjunction with fixed networks projects.

Key events 2022

- Expanded volumes with existing customer in Wolgast.
- Expanded volumes E.Dis in Märkisch Oderland.

MSEK	2022	2021
Revenue	213	145
EBITA	24	18
EBITA margin, %	11.5	12.4
Share of framework agreements, %	26	17
Number of employees	15	12

UK segment

New market with high growth

The UK has, akin to Germany, one of the lowest fibre coverage in Europe. Both countries have ambitious national programmes to improve the fibre coverage. In 2022, Netel established itself in the attractive UK fibre market through two acquisitions.

Revenue amounted to MSEK 47 with an EBITA of MSEK 6 and an EBITA margin of 12.8 per cent.

Border Civils & Utilities was consolidated as of July 2022. The company's head office is in Dumfries in Scotland and its primary business is in fibre. Border is also active in water and sewage as well as gas. The company has a good market position with customers that include tier one contractors and network owners.

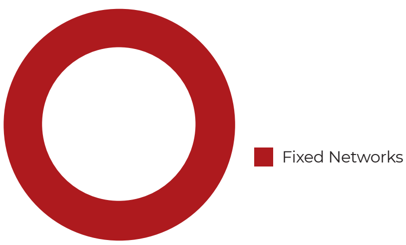
Doocey North East was consolidated as of August 2022. The company's head office is in Middlesbrough in England and its primary business is groundwork contracts in fibre. Like Border, Doocey's customers include tier one contractors and network owners.

Netel expects to establish synergies between the two UK companies. Growth will occur with both new and existing customers. In the long term, Netel's ambition is to broaden its offering in the UK to the Group's other business areas.

Key events 2022

- Acquisition of Doocey North East.
- Acquisition of Border Civils & Utilities.

Share of revenue



MSEK	2022
Revenue	47
EBITA	6
EBITA margin, %	13.5
Share of framework agreements, %	95
Number of employees	52

The companies included in the UK segment were acquired in the second half of 2022, why only part of the revenue for 2022 is reported.

Netel contributes to a sustainable society

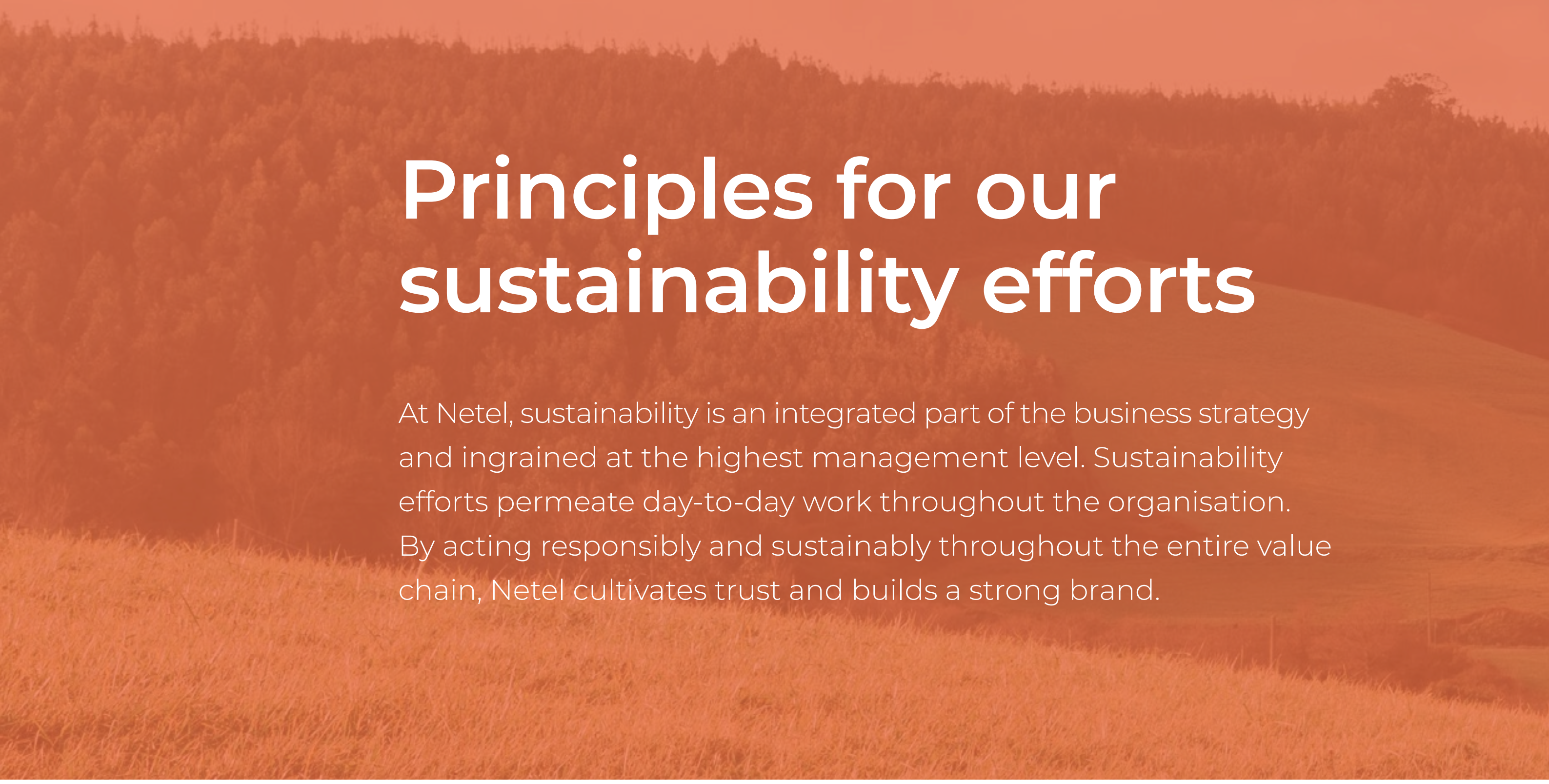
Netel is a leading specialist in critical infrastructure projects in Northern Europe.

Netel provides access to modern and effective communications services that improve inclusion and cultivate opportunities for sustainable social development.

Netel contributes to greater access to sustainable, renewable energy and better energy efficiency. Netel also actively strives to reduce its own climate impact.

Netel promotes a safe and secure work environment for its employees as well as of our subcontractors and suppliers.

Netel's services make a more sustainable society.



Principles for our sustainability efforts

At Netel, sustainability is an integrated part of the business strategy and ingrained at the highest management level. Sustainability efforts permeate day-to-day work throughout the organisation. By acting responsibly and sustainably throughout the entire value chain, Netel cultivates trust and builds a strong brand.

Everything that Netel does is to be done in a responsible and sustainable way, adhering to high ethical standards. We also place extensive demands on our subcontractors and suppliers. Netel has built its long-standing customer relationships and leading position by focusing in particular on sustainability. For us, high ethical standards, good work conditions and environmental responsibility are priority issues that have always distinguished the business.

Netel is a UN Global Compact signatory and supports to the principles regarding human rights, labour, environment and corruption. The UN Global Compact's principles and a number of international guidelines form the basis of our Code of Conduct that extends to both employees and recurring major subcontractors and suppliers. These guidelines include, among other things, the International Bill of Human Rights, the ILO (International Labour Organisation) Declaration on Fundamental Principles and Rights at Work and the OECD Guidelines for Multinational Enterprises. The Group also has a strong focus on Agenda 2030, the UN Sustainable Development Goals, the Paris Climate Agreement and our own ability to reduce our carbon footprint. In January 2023, Netel signed the commitment SBTi (Science Based Target initiative) to combat climate change. Through the commitment, Netel undertakes to set targets to reduce its emissions according to the Paris Agreement.

On 14 July 2021, the European Commission adopted the European Green Deal, which aims to make Europe the first climate-neutral continent by 2050. The goal is to reduce the emission of most greenhouse gases by producing more green energy, smarter transport systems and new jobs, thereby resulting in a cleaner environment and generally improved quality of life. Netel fully supports the EU initiative.

Our core values

Netel's fundamental value is that the Group's success depends on the skills and dedication of each employee. We see favourably upon and encourage employees to take initiative for further development. At Netel, all employees must be able to express themselves, openly and honestly. We also feel that good health is paramount to good results and well-being. By being an attractive workplace, Netel cultivates long-term values for customers and the community.

We employ the principle of freedom with responsibility, and spread a high degree of responsibility throughout the organisation. Netel puts a premium on retaining the characteristics of the "small" company with short decision-making and close dialogues among all employees. Our management is to always maintain an "open door" culture.

Our overall objective is to be a stable organisation with profitable growth that offers stimulating and meaningful employment for our employees.

We believe in respect for each other as individuals and welcome self-initiative and our employees' efforts to grow together with the company. Netel is a down-to-earth company that values quality.

Netel will always behave and act in such a way that the Group constitutes a respected member of the business community and society. We advocate competition and equal treatment of companies or other players, regardless of size.

Netel's value chain

As a leading player in planning, development and maintenance of infrastructures critical to society, Netel creates significant direct and indirect values.

The direct values are created through the Group's 809 employees in five countries. Furthermore, Netel employs about 2,500 individuals at subcontractors who carry out the construction and assembly work in the projects. After more than 20 years in the industry, Netel's sales have grown to over SEK 3.1 billion and the Group has solid experience of infrastructure projects for power, telecom, district heating, water and sewage.

Netel's operations and project run by the Group have a considerable positive impact on society. Projects within power contribute to improved energy efficiency, greater use of renewable energy and are a requisite for being able to meet society's need for, among other things, more housing. The expansion of telecom advances inclusion and cultivates opportunities for sustainable social development. Well-functioning, effective infrastructures for district heating, water and sewage cultivate opportunities for healthy living environments and growing communities. Additionally, Netel often uses local resources in projects, thereby generating positive economic and environmental gains for society.

Projects run by Netel are technically advanced and demand in-depth knowledge about high-voltage work, running heavy vehicles and ground works. The technical complexity and risks associated with the execution of these tasks demand high safety awareness as well as knowledge and experience among employees, subcontractors and suppliers. Netel's operations are subject to considerable regulations and legislation in terms of the natural environment and work environment, which also demands detailed knowledge.

The Group's operations are characterised by a high level of responsibility for the natural environment and work environment. Netel endeavours to reduce transports, lower the amount of waste, boost material recycling and use green resources. Through strengthening its focus on sustainability issues, Netel has cultivated long customer relationships with the largest telecom and power suppliers in the Nordic region.

Netel's operations rest on the Group's core values which permeate all activities and decisions. Read more about the core values on page 56.

Assets

809 employees

Operations in five countries

Employs 2,500 individuals

More than 20 years of experience

Long-standing customer relationships

Service fleet with approximately 160 vehicles

Operations

Leading player in planning, development and maintenance of critical infrastructures

Mobile

Fixed networks

Electric power

Service and maintenance

Revenue 2022
3,141
MSEK

Adjusted EBITA in 2022
200
MSEK

Netel's core values

Proximity. Commitment. Credibility. Efficiency. Long-term perspective.

Value creation 2022

Employees

Salaries, remuneration and pension

MSEK **533**

Subcontractors and suppliers

Purchase of services, material and products

MSEK **1,981**

Society

Social security contributions and tax paid

MSEK **148**

Business

Reinvested profit

MSEK **123**

Added value created

Customers

Netel delivers high-quality services quickly and efficiently. Netel strives to establish close customer collaborations and long-term customer relationships.

Employees

Netel offers a stimulating and safe work environment with short decision-making procedures, high safety awareness and many opportunities for growth and development.

Subcontractors and suppliers

Netel is an attractive partner that seeks out long-term supplier relationships and offers many opportunities for subcontractors and suppliers to deliver high quality and create safe, stimulating work environments.

Society

Netel uses local subcontractors and suppliers which generates jobs in many geographical locations and in places outside the big-city regions. Netel has a high level of safety awareness and offers safe work sites. Netel has a sustainability focus, prioritises renewable resources and strives constantly to minimise the projects' environmental impact. Netel's customer projects typically have a positive environmental impact through more efficient energy use, greater inclusion in society and healthy living environments.

Owners

Netel's objective is to create shareholder value through long-term profits and sustainable growth.

Netel's contribution to the UN Sustainable Development Goals

Netel contributes in several ways to the sustainable development goals (SDGs) adopted in September 2015 by the UN General Assembly. Below are the SDGs to which Netel contributes most and for which Netel actively works.

Goal 7. Affordable and clean energy

UN SDG targets
7.1 Ensure universal access to affordable, reliable and modern energy services

7.2 By 2030, increase substantially the share of renewable energy in the global energy mix

Netel's target
Increase the share of renewable energy

Goal 7 aims to give everyone access to sustainable, reliable and renewable energy and clean fuels. Netel develops both large and small energy projects that contribute to increasing the share of renewable energy and more energy efficiency. By securing the distribution capacity in the power networks, Netel contributes to sustainable social development. The Group works actively to increase the share of renewable energy in its own consumption.

Goal 8. Decent work and economic growth

UN SDG targets
8.8 Protect labour rights and promote safe and secure working environments of all workers

Netel's target
No workplace accidents

Goal 8 aims to promote sustainable, inclusive and substantial economic growth, full and productive employment with decent work for all. Netel promotes a safe and secure work environment for everyone, including its own employees as well as those of subcontractors and suppliers.

Goal 9. Industry, innovation and infrastructure

UN SDG targets
9.1 Develop sustainable, resilient and inclusive infrastructures

9.4 Upgrade all industries and infrastructures to make them more sustainable

9.c Access to information and communication technology for all

Netel's target
Annual growth of 10 per cent including acquisitions

Goal 9 aims to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. Netel plans and develops infrastructures for telecom, power networks, district heating and water and sewage. Netel makes it possible for everyone to have access through modern and efficient services through its projects. Netel's growth depends on investments in infrastructure.

Goal 11. Sustainable cities and communities

UN SDG targets
11.3 Inclusive and sustainable urbanisation

Netel's target
Annual growth of 10 per cent including acquisitions

Goal 11 aims to make cities and human settlements inclusive, safe, resilient and sustainable. Netel builds smart, sustainable communities with access to clean energy and reliable infrastructures for telecom, energy supply, water and sewage. Netel's growth depends on investments in infrastructure.

Goal 13. Climate action

UN SDG targets
The United Nations Framework Convention on Climate Change and the Paris Agreement

Netel's target
Netel undertakes to set targets to reduce its emissions according to the Paris Agreement.

Goal 13 aims to take urgent action to combat climate change and its impacts. Netel works to lower emissions in its operations by making transports more efficient and increasing the use of renewable energy. In January 2023, Netel joined SBTi (the Science Based Target initiative) and has thereby committed to presenting within two years science-based goals to reduce its emissions in accordance with the Paris Agreement.

Goal 16. Peace, justice and strong institutions

UN SDG targets
16.5 Combat corruption and bribery

Netel's target
No suspected or confirmed violations concerning bribery, corruption, fraud or money laundering

Goal 16 aims to promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels. Netel fosters transparency both internally and among subcontractors and suppliers in order to provide fair conditions and compliance free from tax evasion, social dumping and corruption. Netel has zero tolerance for bribery, corruption, fraud and money laundering throughout the value chain.

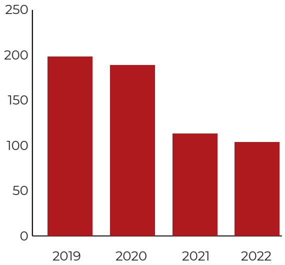
Reduce climate impact

To reach the goals in the Paris Agreement, everyone must contribute by reducing their emissions. Within Netel, decisions are made each day which impact emission levels. Operations are characterised by great awareness of the importance of lowering the Group's energy usage and emission levels.

Indicators and targets

Netel's sustainability indicator Climate Impact covers carbon emissions from our own vehicle fleets in Norway and Sweden. The target is to reduce the amount of carbon emissions per driven kilometre.

CO_2 emissions per driven kilometre, g/km



Netel is to run its operations using energy and resources as efficiently as possible. We strive to lower emissions by prioritising renewable resources and making transports more efficient. Netel's goal is to increase the share of renewable energy in its own energy mix.

Netel's largest direct environmental impact occurs at the time of transports to and between sites. Our own vehicles are used when servicing existing sites and when planning new projects. In construction projects, larger vehicles are used, for example, to transport material to sites.

Netel can reduce its climate impact by making environmentally friendly vehicle choices and by ensuring efficient logistics throughout the value chain. We regularly review the vehicle fleet and want modern, high-performance vehicles that have less environmental impact. Since the sites which Netel maintain often require long journeys, electric cars are not yet an alternative for the entire vehicle fleet. Electric cars are prioritised in situations where they can meet the operation's prerequisites.

Smart transport logistics is paramount to reduce environmental impact and ensure high efficiency. Netel strives to reduce the number of transports to the sites by, for example, bundling its material deliveries together to as few as possible and coordinating transports between sites. Efficient transport logistics also requires good cooperation with subcontractors, suppliers and customers.

We have green energy agreements for our own offices and premises. The Code of Conduct for subcontractors and suppliers stipulates that we require our partners to have an energy plan in place to lower their energy consumption and climate impact.

We take the next step in our climate work

Netel has taken an important step in its climate work by signing the commitment to SBTi (Scienced Based Target initiative). As part of setting scientifically based emission targets in line with the Paris Agreement, Netel is reporting its energy consumption and emissions according to the GHG protocol for the first time.

After Netel signed the SBTi commitment, the Group has two years to set a scientifically based emission target in line with the Paris Agreement. The first step in that process is to start reporting energy consumption and scope 1-3 emissions.

Method

All calculation and reporting take place according to the guidelines of the GHG protocol. All greenhouse gases included in the Kyoto Protocol (CO_2, CH_4, N_2O, HFCs, PFCs, NF_3 and SF_6) are covered and Netel uses the designation CO_2e for these (CO_2 equivalents). The calculations take into account emissions over the entire life cycle. For emission factors that change annually, such as electricity and district heating, an emission factor for the year the calculation refers to is used.

All of Netel's operations are covered by the calculations. In the calculations per employee, the average number of full-time employees during the year has been used. Average number of employees in 2022 is 776.

Netel has not collected data on the share of renewable energy and energy consumption through cooling for the year 2022. Netel intends to refine the methods in 2023 to also indicate consumption of renewable energy and energy consumption through cooling.

The Scope calculations

According to the GHG protocol, the emissions are divided into Scope 1, 2 and 3. Scope 1 refers to direct emissions and Scope 2–3 refers to indirect emissions. Broadly speaking, the Scopes covers the following:

Scope 1 includes direct greenhouse gas emissions over which the Group has direct control. This applies, for example, to greenhouse gas emissions from vehicles and machines that Netel owns or leases, use of petrol or oil on factories that the Group owns.

Scope 2 contains indirect emissions from electricity, i.e. consumption of electricity and district heating.

Scope 3 includes indirect greenhouse gas emissions in addition to purchased energy, which occur outside the boundaries of the business. Netel's calculations include business travel by air. In addition, based on the cost of goods sold and the composition of the supplier base, Netel has made assumptions about the Scope 3 emissions.

Energy consumption

kWh	2022
Electricity	289,748.5
Heating	121,786.5
Total	**411,535.0**
Energy consumption in relation to revenue, kWh/SEK	0.000131
Energy consumption per employee	530.33

GHG emissions for traveling and facilities

Tonne CO_2e	2022
Air flights	26.61
Company cars	615.78
Total traveling	**642.39**
Electricity	149.04
Heating	62.64
Total facilities	**211.68**
Total CO_2e emissions	**854.07**
Kilo CO_2e per SEK of revenue	0.000272
Kilo CO_2e per employee	1,100.6

Revenue refers to total revenue.

Scope 1–3 emissions

Tonne CO_2e	2022
Scope 1	643
Scope 2	212
Scope 1–2	855
Scope 3	38,111
Total Scope 1-3	**39,821**

Scope 1-3 emissions in relation to revenue and employees

	2022	
Kilo CO_2e	Per SEK of revenue	Per employee
Scope 1	0.000205	828.6
Scope 2	0.000067	273.2
Scope 1–2	**0.000272**	**1,101.8**
Scope 3	0.012121	49,063.1
Scope 1–3	**0.012394**	**50,165.0**

Revenue refers to total revenue.

Netel is combating climate change

In January 2023, Netel signed the commitment to SBTi (Scinece Based Target initative). Through the commitment, Netel undertakes to set targets to reduce its emissions according to the Paris Agreement.

SBTi is a collaboration between CDP, World Resources Institute, the World Wind Fund for Nature and the United Nations Global Compact. SBTi provides companies with guidelines for how emissions should be reduced in line with the Paris Agreement and approves the companies' environmental goals based on science. Netel has now initiated the process of developing and validating targets to reduce the Group's climate impact.

"Climate change is the biggest issue of our time and by setting scientifically based climate targets, we ensure that Netel can continue its growth journey and, at the same time, contribute to reduced emissions," says Ove Bergkvist, President and CEO of Netel. "For us, scientifically based targets are an important step in our climate work and part of future-proofing our business."

Focus on the environment

In order to have the least possible negative environmental impact, Netel's entire organisation takes a preventive approach. This means that we continuously identify, analyse and update material environmental aspects of our operations in order to prevent, prioritise and minimise risks. We always adopt the precautionary principle to environmental issues.

For us, environmental consideration extends beyond compliance with laws, regulations and government requirements. We want employees throughout the organisation to take the environment into consideration in every decision. We prioritise the use of recyclable materials and opt to use chemical products that are least hazardous to health and the environment. Netel always avoids substances harmful to the environment. We want to stay up to date regarding the latest technology so that we can choose the best green alternatives when completing our assignments. Our objective is to reduce the amount of waste and sort whenever possible.

Living up to our high environmental standards demands that our employees are educated and dedicate, and that they work to make steady improvements in environmental issues. Furthermore, it is vital that we have excellent emergency preparedness in case of accidents or release of hazardous substances. In an emergency, Netel is to take swift action and immediately prepare a complete action plan.

Netel is to reduce the amount of waste and sort whenever possible.

Providing services that take the greatest environmental consideration also demands a close, structured collaboration with customers, subcontractors and suppliers. In our Code of Conduct for subcontractors and suppliers, we specify detailed requirements related to the environment. Obviously, we require that subcontractors and suppliers act in accordance with relevant local and internationally recognised environmental standards. Similarly, they are to comply with local and national regulations on wastewater management, and they may not exceed the legal emission limits for air pollutants. They shall ensure that hazardous substances are safely handled and stored, and that they have an emergency plan to deal with unintentional release of hazardous materials. They shall also guarantee that their employees have the necessary training.

Our Code of Conduct for subcontractors and suppliers also requires that they have environmental management systems to prevent or alleviate the company's environmental impact. Similarly, they are to comply with the EU:s RoHS Directive concerning electrical and electronic equipment as well as material recycling from electronic waste. Further, we require compliance with the EU's REACH regulation relating to registration, evaluation, authorization and restrictions of chemical substances.

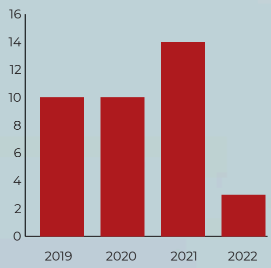
Safe workplaces

Our goal is for no one to be injured while carrying out assignments for Netel. Our operations are associated with work environment risks and Netel works proactively to prevent and avoid such risks.

Indicators and targets

Netel's sustainability indicator Occupational Health and Safety refers to reported accidents involving company employees that resulted in hospitalisation or sick leave. The indicator covers all companies. The target is zero workplace accidents.

Number of accidents



An important prerequisite to risk mitigation is that operations are planned so that safety, health and protection are prioritised. Obviously, all laws, regulations and government requirements are to be met, and employees are to have relevant training and experience to carry out their tasks.

Employees, unions, safety committees and corporate healthcare are included in our ongoing efforts to continuously improve our health and safety agenda. A basic assumption is that the employees take responsibility for their own and others' safety and do not put anyone at risk. Employees who discover risky situations or behaviours are to report this to their nearest supervisor.

To prevent workplace accidents, we impose detailed requirements on our employees, subcontractors and suppliers. Everyone must always use appropriate safety gear, for example, safety harnesses and fall protection equipment when working on high heights. Work on electric equipment, circuits and tools must always be carried out in accordance with regulations and no one may carry out electrical work without appropriate qualifications.

Netel has a zero tolerance policy towards alcohol and drugs. Traffic safety is highly prioritised and drivers operating a vehicle may not use mobile phones for calls, text messages or email. Likewise, drivers and passengers are required to use seatbelts. Drivers must always operate the vehicle at a speed and in a safe way that takes into account road conditions, surface and type of vehicle.

The Code of Conduct for subcontractors and suppliers stipulates the same requirements that we impose on our employees. Furthermore, we require that subcontractors and suppliers carry out and maintain extensive risk assessments and have methodical reporting systems in place to minimise risks.

According to the Code of Conduct, subcontractors and suppliers must have an occupational health and safety plan that includes fire safety which must be reviewed and updated every year. They are also to ensure that their personnel have the right training in terms of first-aid procedures and equipment. In addition, we require that they have a representative in the management team who is responsible for occupational health and safety for all personnel and that they carry out their work in accordance with internationally recognised standards.

Motivated employees

Netel preserves a respectful environment for all employees where employees trust each other and the company. An important part of good health for employees is to feel motivated in their work.

Netel believes that motivation is created by every employee recognising and understanding the operation's vision and goal, as well as the role and importance of their own work. It is also important that the employees can influence their own work situation and have necessary authorisations to do so. Motivation is also created by all parties being given the possibility for skills development.

An important tool to create motivation and trust are the employee appraisals which are carried out at least once a year. Netel also emphasises its "open door" policy meaning that employees are close to management and that Netel continues to act as a "small" company. New employees are to be taken care of respectfully and swiftly introduced to the operations.

Netel builds important communication networks and sees the benefits they bring to society, individuals and companies. We are also aware of the stress and negative health effects digital technology can cause when employees always are available. Therefore, we have clear guidelines at Netel for which times digital communication may take place and how it should be structured to be handled efficiently.

Netel wants salaries to stimulate engagement, workplace satisfaction and motivation so that the Group's results are impacted in a positive way. Justified and competitive salaries are important to attract, recruit, develop and retain employees. Salaries are harmonised according to current collective bargaining agreements, and other parts of the salary policy are to be well anchored and communicated to co-workers and managers. For all salaries, the "grandfather principle" is applied and salary adjustments are made according to current collective bargaining agreements and when changing role. Netel does not accept unjustified salary differences.

In 2022, employee loyalty eNPS dropped due to adjustments in individual companies and projects. Measures have been implemented locally and this is followed up both locally and by Group management.

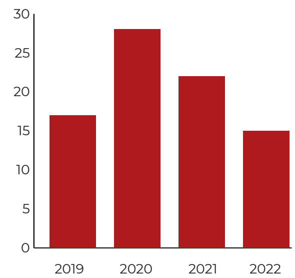
Good leadership is of highest importance to Netel, which means that managers are responsible for both daily operations and every employee's well-being and development. Leadership assumes proactively working in a solution-oriented way together with the employees in the organisation and external parties. Effective and respectful leadership also includes clear communication to each employee about what is expected of them on an individual basis and how these expectations harmonise with Netel's vision and goals.

Over the past two years, the number of employees has more than doubled, largely due to business acquisitions. The majority of employees are permanent employees. Gender distribution is uneven with women making up only eight per cent of the employees. Acquisitions and an uneven gender distribution among new hires has caused the share of women to drop over the past two years.

Indicators and targets

Netel's sustainability indicator Employee Loyalty refers to the Employee Net Promoter Score (eNPS), which measures how loyal employees are and is based on the question "How likely is it that you would recommend your employer to a friend or acquaintance?" The indicator covers all companies. The target is to improve employee loyalty.

Employee loyalty eNPS



Age distribution among Netel's employees is even, with approximately 40 per cent of the employees under the age of 35, approximately 34 per cent between the ages of 36 and 50 and 26 per cent older than 50. Of those newly employed in 2022, the share of those in the younger than 35-age group is higher than existing employees in the same group.

Employee turnover rose in 2022 compared with previous years, largely due to a post-COVID19 pandemic effect.

Sick leave has maintained a stable level of just over three per cent in recent years.

In tables concerning employee data, the number of employees refers to the number of people.

Number of employees	**2019**	**2020**	**2021**	**2022**
Number of employees	437	414	658	809
Number of women/men	57/380	50/364	46/612	68/741
Share women/men, %	13/87	12/88	7/93	8/92

The data refers to 31 December 2022. The number of employees has been calculated as full-time equivalents (FTEs).

Age and gender distribution		**2019**	**2020**	**2021**	**2022**
age 18–35	Number of women/men	26/166	21/153	20/250	29/296
	Share women/men, %	6/38	5/37	3/38	3.5/37
age 36–50	Number of women/men	17/135	17/128	20/197	30/242
	Share women/men, %	4/31	4/31	3/30	3.5/30
Age 51-	Number of women/men	13/79	12/83	7/164	9/203
	Share women/men, %	3/18	3/20	1/25	1/25

The data refers to 31 December 2022.

Employee turnover and sick leave	**2019**	**2020**	**2021**	**2022**
Employee turnover, %	5.2	3.1	1.2	7.9
Sick leave, %	3.1	3.4	3.1	3.1

Employee turnover refers to the number of employees who have resigned during the year in relation to the average number of employees during the year. Sick leave is calculated as the number of absent hours due to illness in relation to the total number of worked hours.

New employees per region and age in 2022

	Sweden	**Norway**	**Finland**	**Germany**	**UK**	**Group total**
age 18–35	31	2	4	2	16	55
age 36–50	12	20	2	1	3	38
Age 51-	1	3	4	0	6	14

Number on parental leave in 2022

	Sweden	Norway	Finland	Germany	UK	Group total
Number on parental leave	18	29	0	0	2	49

Number of permanent and temporarily employed employees and non-employees

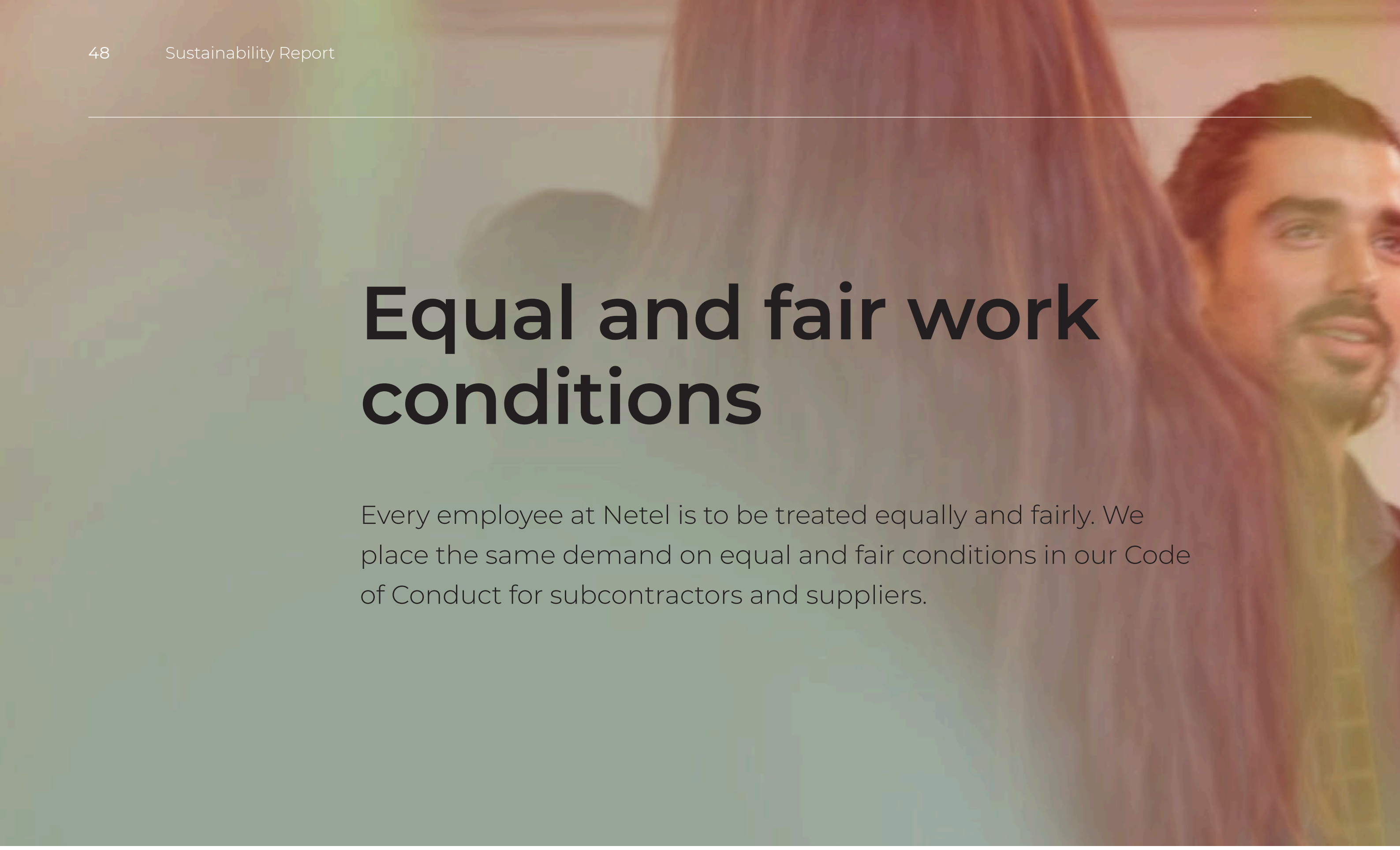
	Sweden	Norway	Finland	Germany	UK	Group total
Number of permanent employees	311	411	22	15	30	789
Number of temporary employees	0	11	0	0	0	11
Number of non-employees	31	11	3	10	1	56

The data refers to 31 December 2022. Non-employees refers to consultants who are hired by a Netel company to carry out specific projects.

Number and share of employees covered by collective agreements

	Sweden	Norway	Finland	Germany	UK	Group total
Number covered by collective agreements	246	406	0	0	0	652
Share covered by collective agreements, %	76	99	0	0	0	83

The data refers to 31 December 2022.



Equal and fair work conditions

Every employee at Netel is to be treated equally and fairly. We place the same demand on equal and fair conditions in our Code of Conduct for subcontractors and suppliers.

Netel has zero tolerance for harassment and discrimination. Every employee is to have equal opportunities, regardless of ethnicity, faith, gender identity or expression, age, nationality, language, political beliefs, marital status, sexual orientation, disability or labour union membership.

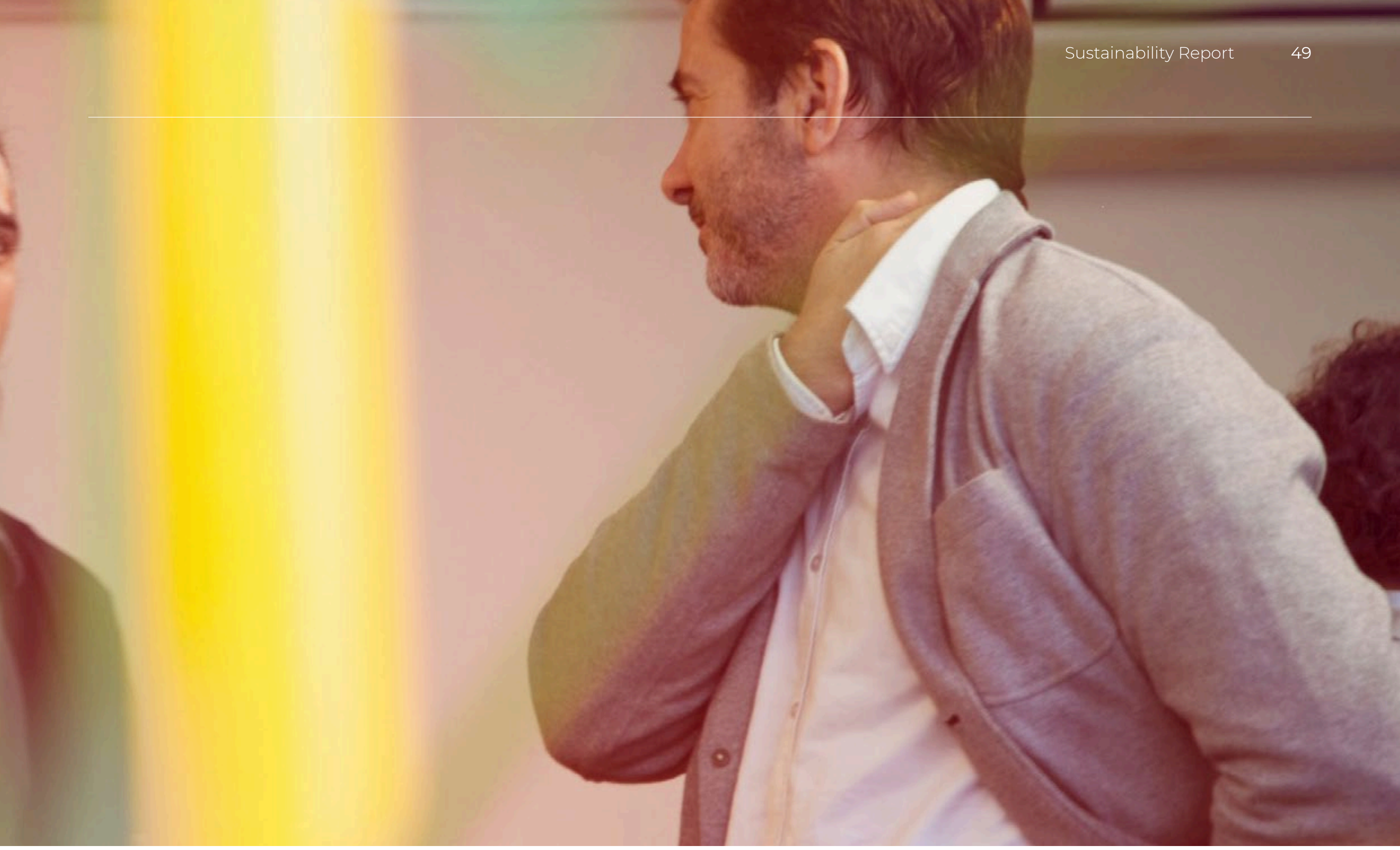
On a regular basis, we follow-up and study attitudes within the Group to avoid and prevent discrimination and differences of treatment. We do so by paying attention to norms, structures and communication with the operations. Employee appraisals are another import tool in following up and studying norms and attitudes.

It is important that the managers have the time and opportunity to reflect on and analyse their own situation and that of their employees in order to identify potential risk patterns and prepare action plans to avoid incidents. After implementing an action plan or measure, the result is evaluated in order to ensure that the desired result has been achieved. Any incidents and suspected cases of discrimination and differences of treatment are to be reported to the immediate supervisor or to the whistleblower service.

The main areas prioritised in regard to follow-up, analysis and action are promotion and recruitment, skills development, employment conditions and salary, parenthood and general work conditions.

Netel strives to achieve an even gender distribution in various positions and jobs within the entire organisation. Netel's gender distribution is uneven with women making up only eight per cent of the employees. At 16 per cent, the share is higher for salary-setting managers. Netel sees opportunities for improvement and works continuously for an even gender distribution throughout the business. Ideally, Netel believes that workplaces should be made up of both men and women, and all parents should be able to combine work and parenthood.

Obviously, we respect the right to freedom of association, opinion and speech, as well as the right to collective bargaining. Netel does not accept any form of forced labour or child labour.



We also require in the Code of Conduct for subcontractors and suppliers that they guarantee fair, non-discriminatory work conditions and that they respect human rights such as freedom of association, opinion and speech, as well as the right to collective bargaining.

We have in detail regulated their employee contracts in the Code of Conduct for subcontractors and suppliers. Among other terms, we require that they have written, signed employment agreements in a language that the workers understand. The agreement is to include a guaranteed wage, regulated overtime remuneration, payment and the frequency of payments as well as the period of notice. Employees are also to be free to resign after a reasonable period of notice and are not obliged to pay a deposit in order to keep their job. Nor may suppliers apply wage deductions as a form of disciplinary sanction.

At Netel, everyone should have equal opportunities.

If workhours are not defined by local law, subcontractors and suppliers are to apply the eight-hour-workday principle or 48 hours workweek. No more than two hours of overtime per week is permitted and workers are to be given one day off after every six consecutive workdays. They must also ensure that the facilities, such as workers accommodations, are hygienic and safe. Employees are to have ample access to clean toilets, drinking water and hygienic storage and eating.

Suppliers are to have a clear policy for all conflict minerals and guarantee traceability in terms of origin for tin, tungsten, tantalum and gold.

How Netel monitors compliance with the Code of Conduct for subcontractors and suppliers is described in more detail on pages 58-60.

High business ethics

Netel has zero tolerance for bribery, corruption, fraud and money laundering throughout the entire value chain. We comply with all applicable international and national standards and laws pertaining to gifts, bribery and corruption. We act to combat undeclared work, money laundering, other financial crime and the influence of illegal activities.

Indicators and targets

Netel has zero tolerance for bribery, corruption, fraud and money laundering. Netel monitors this through measuring the number of both suspected and verified violations in these areas. The target is to have no instances of suspected or confirmed violations.

2022

0

2021

0

2020

0

Our employees or partners may not offer or arrange travel, give illegal or improper gifts, other services or benefits that cannot be reviewed and reported openly and in accordance with Netel's Code of Conduct. We do not accept gifts from suppliers unless the value can be deemed minor. Regardless of value, employees are always prohibited from accepting cash or the equivalent, such as sponsorship and personal discounts. When visiting suppliers, participating in conferences, exhibitions and so on, Netel pays all travel and accommodation expenses.

We do not accept anticompetitive practices. Netel stands for fair competition in tenders, procurement and purchasing. Likewise, we stand against undue influence, bribery, price fixing, cartels, abuse of market dominance and other types of manipulating tenders aimed to distort competition or that are in breach of current competition law.

At Netel, we have clear guidelines for how we will act in the event of conflicts of interest. If we are aware of a conflict of interest that can be assumed to constitute partiality, we are to voluntarily make it known and report it to the immediate supervisor. We are partial if the case concerns us or our spouse/partner, parent, child, sibling or any other immediate family or if the outcome of the case can be expected to provide particular gain or loss for ourselves or someone close. Partiality can also arise if there is otherwise a special circumstance that discredits confidence in our impartiality in the matter. The individual who is partial is not to take part in the decision.

Netel has zero tolerance for bribery, corruption, fraud and money laundering.

Netel Group AB and all subsidiaries are politically neutral. Company funds may not be used to provide funding to political parties, organisations, candidates or holders of public office. Subsidiaries may make contributions to industry organisations after approval by Netel Group's Board of Directors. We may not offer or give undue advantage, benefit or incentive to a public official, international organisation or any other third party. This applies regardless of whether it takes place directly or through an intermediary.

Our work on monitoring and ensuring compliance with our policies is described in more detail on pages 58-60.

Netel Norway supports Fair Play Bygg

Fair Play Bygg in Norway is a nationwide organisation that aims to ensure equal competition in the construction industry and to stop workplace crime. In 2022, Netel Norway became a supporting member.

“Extensive use of subcontractors, often foreign, make the construction and telecom contractor industries particularly vulnerable for various types of workplace crime,” says Lars Mamen, General Manager of Fair Play Bygg Oslo and the surrounding area. “It is extremely valuable for our efforts that major players such as Netel are members. Workplace crime can include anything from social dumping to human trafficking and the reality is darker than many believe.”

Edward Olastuen, Country Manager for Netel in Norway and the UK, looks forward to contributing to Fair Play Bygg’s efforts. Netel Norway is active throughout the country and uses local subcontractors to a great extent.

“We contribute to local value creation, skills enhancement and better usage of resources,” says Edward Olastuen. “Meanwhile, we are well aware of the responsibility we have throughout the entire value chain. We constantly strive to reinforce our own processes and immediately end collaborations if we discover any disparities.”

In Norway, Netel has two employees in charge of purchasing and contractor agreements. At the end of each contract, they check that everything is handled correctly in terms of taxes, VAT, agreements and working environment. In addition, the company carries out risk-based audits and all foreign subcontractors are vetted annually. At that point, both salary statements and living conditions are checked.

“For us, it will always be a priority to counteract circumstances that are not OK. It’s a question of helping to protect the entire industry from unscrupulous players,” concludes Edward Olastuen.

High quality in everything we do

Netel is to deliver products and services of consistent high value, quality and reliability. High quality and efficiency generate value and customer satisfaction.

Share of repeat customers

2022
98%

2021
94%

2020
97%

Netel regularly measures customer satisfaction, which remains at a high, stable level. The share of return customers is also high at 98 per cent in 2022. To maintain good, long-standing customer relationships, Netel works to maintain close and frequent customer dialogues and to be a reliable and efficient supplier.

For all projects, Netel drafts a project plan involving quality, environmental aspects and work environment. The aim of the plan is to prevent errors in service or product, minimise harmful environmental impact and ensure that safety, health and protection are prioritised. Product safety is of the highest importance to Netel. According to us, quality is about controlling and continuously improving our processes and working towards quality targets.

High data security and customer integrity

We have a high consciousness and stringent routines regarding data security, confidential information and handling of suppliers' and customers' intellectual property rights. We are to always make sure that branding, goodwill, technology and knowledge are handled and transferred in a way that protects both our own and our partners' intellectual property rights.

Stakeholder dialogues

Netel's operations are of concern to a vast number of stakeholders. As part of our sustainability efforts, Netel has dialogues with key stakeholders, and their opinions form the basis for our priorities and focus areas in regard to sustainability.

Netel communicates regularly with stakeholder groups in various ways. For example, when planning day-to-day operations, and in discussions about sustainability during business meetings with customers and subcontractors. During customers' supplier audits, Netel gains deep insights into the customers' sustainability demands in both the short and long term. These insights are valuable for Netel's internal priorities and during the Group's dialogues with subcontractors and suppliers.

Netel is a member of the Swedish Construction Federation and a supporting member of Fair Play Bygg in Norway.

Stakeholder	Dialogues	Main topics for dialogue	Priority sustainability topics
Employees	Employee surveys, employee appraisals, workplace meetings, labour union collaboration, manager and employee training.	Work environment, safety, skills development. Attitudes, norms.	Motivated employees. Safe workplaces. Equal and fair work conditions.
Customers	Customer satisfaction surveys, business meetings, customers' supplier audits.	Occupational health and safety. Work conditions. Climate impact. Environmental risks and risks management.	Safe workplaces. Equal and fair work conditions. Reduce climate impact. Focus on the environment. Compliance with Code of Conduct for subcontractors and suppliers.
Owners and investors	Financial reporting, annual general meeting, investor meetings, press releases and news on the website.	Climate impact. Environmental risks and risks management. Governance and follow-up.	Reduce climate impact. Focus on the environment.
Subcontractors and suppliers	Business meetings, assessments, follow-ups and controls. Monitoring of compliance with the Code of Conduct.	Work environment, safety. Work conditions. Climate impact. Environmental risks and risks management. Compliance with the Code of Conduct.	Focus on the environment. Compliance with Code of Conduct for subcontractors and suppliers .
Other stakeholders – the industry, authorities, potential employees	Industry organisations, tradeshows, dialogues with municipalities and local authorities, vocational schools and universities.	Work environment, safety. Work conditions. Environmental risks and risks management.	Safe workplaces. Equal and fair work conditions. Focus on the environment.

Materiality analysis

Netel has compiled its most important issues from a sustainability perspective in a materiality analysis. The materiality analysis includes the sustainability issues that are most important to the stakeholders and the sustainability issues that Netel has the greatest potential to influence.

As a part of the materiality analysis, the most important stakeholders completed an online survey in the spring of 2021. The survey was addressed to employees, customers, subcontractors and owners/investors. The stakeholders answered questions about which sustainability issues they feel Netel should prioritise in the coming years. The questions covered the areas of environment, employees, human rights and society.

The materiality analysis is based on the stakeholder survey from the spring of 2021, other stakeholder dialogues and the Group's business intelligence and strategic priorities. In 2022, the priority sustainability issues was reviewed that weighed in feedback from stakeholder dialogues, trends in business intelligence and the Group's own business plans. The overview has not resulted in any revaluations of priority sustainability issues.

Issues ranked the highest in the materiality analysis where Netel weighed the Group's priorities and the stakeholders' priorities are:

- Safe workplaces
- High safety awareness – ensure high safety awareness among subcontractors and suppliers
- Continuous employee training
- Demonstrate high environmental responsibility – ensure that subcontractors and suppliers demonstrate high environmental responsibility
- Reduce CO_2e emissions

The issues to which stakeholders generally attached less importance were: "Prioritise collaborations with local subcontractors and suppliers" and "Involvement in charity projects".

Netel's priority areas for sustainability

Reduce climate impact
Focus on the environment
Safe workplaces
Motivated employees

Greater

Significance for stakeholders

Less

Manage and follow-up

- Have good recycling processes
- Prioritise green technology, products and methods
- Equal opportunities and remuneration for women and men

Prioritise and focus

- Safe workplaces
- High safety awareness – ensure high safety awareness among subcontractors and suppliers
- Continuous employee training
- Demonstrate high environmental responsibility – ensure that subcontractors and suppliers demonstrate high environmental responsibility
- Reduce CO_2e emissions

Monitor

- Ensure equal and fair conditions among subcontractors and suppliers
- Work actively against corruption, money laundering, competition restrictions and cartels

Manage and follow-up

- Fair, non-discriminating work conditions through the value chain
- Have control over the supplier chain
- Ensure that all subcontractors know of and comply with the Code of Conduct

Less **Significance for Netel's and Netel's ability to impact** Greater

Netel's value words

Proximity

We shall work long-term and close to our customers, employees and suppliers. Before we undertake an assignment, we must know that we have access to the resources required to do a good job. We must be known for a close approach with short decision-making and be responsive to customer interests.

Efficiency

We must constantly strive for the highest possible quality in an efficient way. By being efficient, we create added value for our customers.

Credibility

We must create credibility both internally and externally by working with knowledge and professionalism. Our customers must feel secure when they engage us. We must always behave with good business ethics, competence and professional skills. We must have good planning, do the right thing from the beginning, eliminate risks and deliver the promised quality and time. We must comply with laws and requirements, choose the best possible technology, prioritise renewable resources and avoid environmentally harmful substances.

Commitment

We must engage with our customers, suppliers and in each other. We must be a personal and committed company. With our knowledge, experience and commitment, we must always give our customers that little bit extra.

Long-term perspective

We will strive for long-term relationships, both internally and externally. We will work to ensure that the business we conduct is long-term sustainable from an environmental perspective. Through an honest and open dialogue with our customers and suppliers, we will create and maintain long-term and good relationships. We will work to ensure that our work tasks can be reconciled with family and leisure interests.

Governance and organisation

Sustainability is an integrated part of the business process and sustainability issues are discussed regularly among the Board of Directors and Group management. The Group's CEO is ultimately responsible for the sustainability agenda. Managers in the subsidiaries are responsible for implementation of Group policies. Subsidiaries also have their own sustainability policies and guidelines, which have been adjusted to specific requirements and prerequisites within each operation. Group-wide policies are resolved yearly by the Board of Directors and adjusted as needed.

All employees, subcontractors and suppliers are to sign and pledge to follow the Code of Conduct. New employees are to be informed immediately about the Code of Conduct by their immediate supervisor and sign the Code. The Code of Conduct for subcontractors and suppliers is a part of the business agreements.

As subscriber to the UN Global Compact, Netel is committed to reporting annually on its efforts (Communication on Progress).

Monthly reporting

Subsidiaries report central sustainability indicators pertaining to the work environment and ethics to the Board of Directors and Group management every month. Follow-up on the climate impact is done every year. Every subsidiary has a QHSE manager (quality, environment, and occupational health and safety manager).

Subsidiaries make independent decisions regarding certifications and other quality seals. Decisions are based on, for example, industry best practise, customer requests and business value.

All violations against the Code of Conduct are reported to Group management and severe deviations are reported to the Board of Directors. Measures taken following Code violations are decided by Group management and, in the case of serious violations, the Board of Directors decides on potential sanctions. Deviations may lead to disciplinary measures and termination of employment. In 2022, Netel handled three instances of Code of Conduct violations. One case concerned speeding which resulted in a warning. The second case concerned improper handling of waste material which resulted in a review of material handling procedures. The third case concerned a subcontractor who was in a facility after hours without permission. The collaboration with the involved subcontractor was terminated.

Anyone who suspects a deviation from the Code of Conduct must promptly report it to their immediate supervisor or use the Group's whistleblower service. Reports made through the whistleblower service are handled anonymously by an independent external party. See page 60 for more information about the whistleblower service.

Code of Conduct for subcontractors and suppliers

Recurring partners with annual revenues exceeding SEK 500,000 are required to sign Netel's Code of Conduct for subcontractors and suppliers. Netel conducts field audits and controls of these subcontractors and suppliers to ensure compliance with the Code of Conduct. The heads of the subsidiaries are responsible for these audits and controls, as well as assessments and potential measures. The audits are reported and followed-up by Group management. In 2022, 66 field audits were carried out by subcontractors to ensure follow-up to the Code of Conduct and compliance with laws and regulations. In 2021, no field audits were conducted due to the pandemic restrictions.

Violations of the Code of Conduct with subcontractors and suppliers are to be reported immediately to Netel and can lead to termination of the partnership. Existing orders and assignments can also be terminated.

Customers provide essential insight

The customers' supplier audits are significant for Netel's sustainability efforts since they provide insight into what customers expect in areas such as sustainability. Outcomes and experience from customer audits is shared among the Group management and Board of Directors.

Governance

UN Global Compact.

Group-wide policies resolved by the Board of Directors:

- Code of Conduct
- Code of Conduct for subcontractors and suppliers
- Environmental Policy
- Health and Safety Policy
- HR Policy

Control and follow-up

Customer audits and customer meetings.

Audits of subcontractors and suppliers as well as meetings with subcontractors and suppliers.

Monthly and quarterly reports to the Board of Directors and Group management.

Certification processes.

Project meetings.

Employee surveys and employee appraisals.

Customer satisfaction surveys.

Anonymous independent whistleblower service

Number of incidents reported to the whistleblower service

2022	0
2021	0
2020	0

Whistleblower service

Netel has a whistleblower service managed by an external, independent party. Anyone who suspects misconduct and violations of Netel's Code of Conduct can file an anonymous complaint via the whistleblower service. The whistleblower service can be reached at https://netelgroup.whistlelink.com.

Netel does not accept discrimination or retaliation against employees who report suspected Code of Conduct violations. The whistleblower service allows employees, customers, subcontractors, suppliers and other stakeholders to anonymously report suspected violations against the Code.

No cases were reported to the whistleblower service in 2022.

Certifications

Netel's subsidiaries make independent decisions regarding certifications and other quality seals. Decisions are based on, for example, industry best practise, customer requests and business value. The Group has the following certifications:

Brogrund Mark AB

Quality, environmental management and occupational health and safety certification in accordance with ISO standards 9001:2015, 14001:2015 and 45001:2015.

Brogrund Entreprenad AB

Quality, environmental management and occupational health and safety certification in accordance with ISO standards 9001:2015, 14001:2015 and 45001:2015.

Oppunda Kraftkonsult AB

Quality, environmental management and occupational health and safety certification in accordance with ISO standards 9001:2015, 14001:2015 and 45001:2015.

Netel AS

Certified in accordance with the environmental management system Miljøfyrtårn.

Nett-Tjenester AS

Certified in accordance with the environmental management system Miljøfyrtårn.

Sustainability risks and risk management

Netel's sustainability risks are largely related to daily operations and can often be influenced, which is why they are generally regulated through policies, guidelines and instructions. Managing these risks is part of Netel's day-to-day business process.

Risk	Description	Management
Violation of environmental laws and deficient environmental protection.	Netel's projects are often covered by environmental protection laws and guidelines, such as recycling, emissions and noise levels. There is a risk that individual employees or subcontractors break environmental laws and guidelines.	Clear project plans and project responsibility that involve laws and guidelines within, among other areas, the environment. Continuous employee training about environmental laws and guidelines. Code of Conduct for employees and for subcontractors and suppliers. Repeat audits of subcontractors and suppliers. Potential termination of relationship in the event of severe violations.
Operating equipment and vehicles that are unsafe and/or do not meet current environmental and occupational safety standards.	Netel and its subcontractors use an enormous amount of equipment and vehicles in their day-to-day operations, which are covered by environmental and occupational safety standards. There is a risk that equipment and vehicles are operated that do not meet environmental standards or are not used in accordance with occupational safety standards.	Clear responsibility for equipment and vehicles. Regular training of personnel who are responsible for equipment and vehicles.
Violation of work environment and occupational safety laws and regulations.	Netel's projects are often carried out in environments covered by particular occupational health and safety rules, such as high-voltage work. There is a risk that individual employees or subcontractors breach occupational health and safety laws and regulations.	Clear project plans and project responsibility that involve laws and guidelines within, among other areas, the environment. Continuous employee training about occupational health and safety-related laws and guidelines. Code of Conduct for subcontractors and suppliers. Repeat audits of subcontractors and suppliers. Potential termination of relationship in the event of severe violations.
Subcontractors and suppliers fail to follow laws and regulations related to labour laws and/or fail to pay taxes and employer's contributions for employees.	There is a risk that subcontractors and suppliers use temporary workforce and circumvent laws and regulations pertaining to labour law.	Code of Conduct for subcontractors and suppliers. Repeat audits of subcontractors and suppliers. Potential termination of relationship in the event of severe violations.
Subcontractors and suppliers participate in forming cartels.	There is a risk that subcontractors form cartels in order to win tenders with Netel.	Netel works to maintain close, long-standing relationships with its subcontractors and suppliers. Code of Conduct for subcontractors and suppliers.

Sustainability report in accordance with the Swedish Annual Accounts Act

In accordance with the Swedish Annual Accounts Act, a sustainability report is to include the business model, policies, results of policies, material risks, management of risks and performance indicators. The table indicates where in this document the various areas can be found. In addition, Netel is covered by the EU's Taxonomy directive, which is reported on pages 64-67.

Area	Disclosure requirement	Environment
Business model	The Sustainability Report is to describe the company's business model.	
Policies	The Sustainability Report is to describe the policy that the company applies in the issues, including the review processes that have been conducted.	Environmental Policy
Results of policies	The Sustainability Report is to describe the results of the policies.	Reduce environmental impact, pages 32-33 and 38-41. Focus on the environment, pages 32-33 and 42.
Material risks	The Sustainability Report is to describe the material risks pertaining to the issues and related to the company's operations including, when relevant, the company's business connections, products or services that probably have negative consequences.	
Management of risks	The Sustainability Report is to describe how the company manages the risks.	Reduce environmental impact, pages 32-33 and 38-41. Focus on the environment, page 42. Sustainability risks and management, page 61. Governance and organisation, pages 58-60.
Performance indicators	The Sustainability Report is to describe central performance indicators that are relevant to the operations.	Climate impact CO_2 emissions per driven kilometre, page 38.

Employees and social conditions	Human rights	Anti-corruption
Netel's value chain and business model are described on pages 10–12 and 34–35.		
HR Policy Health and Safety Policy Code of Conduct Code of Conduct for subcontractors and suppliers	Code of Conduct Code of Conduct for subcontractors and suppliers	Code of Conduct Code of Conduct for subcontractors and suppliers
Safe workplaces, pages 32-33 and 44-45. Motivated employees, pages 32-33 and 46-47. Equal and fair work conditions, pages 32-33 and 48-49.	Equal and fair work conditions, pages 32-33 and 48-49.	High business ethics, pages 32-33 and 50.
Netel's sustainability risks and management of the risks are described on page 31.		
Safe workplaces, pages 32-33 and 44-45. Motivated employees, pages 32-33 and 46-47. Equal and fair work conditions, pages 32-33 and 48-49. Sustainability risks and management, page 61. Governance and organisation, pages 58-60.	Equal and fair work conditions, pages 32-33 and 48-49. Sustainability risks and management, page 61. Governance and organisation, pages 58-60.	High business ethics, pages 32-33 and 50. Sustainability risks and management, page 61. Governance and organisation, pages 58-60.
Work environment: Number of accidents, page 44. Employee loyalty, page 46.	Reported Code of Conduct violations, page 58. Number of incidents reported to the whistleblower service, page 60.	Reported Code of Conduct violations, page 58. Number of incidents reported to the whistleblower service, page 60.

EU Taxonomy statement

To achieve the 2030 climate and energy targets as well as the European Green Deal, the EU has drafted the EU taxonomy. The purpose is to provide a tool to direct investments towards sustainable projects and activities.

The taxonomy is a classification system for what the EU considers sustainable economic activities. Being a publicly listed company with over 500 employees, Netel is required to disclose information set out in the delegated acts under the Taxonomy Regulation (Regulation 2020/852).

The taxonomy also approves activities in selected sectors that significantly contribute to at least one of the EU's environmental objectives or climate targets, while also doing no significant harm to the other objectives and meeting the minimum safeguard objectives under the taxonomy.

In line with the Regulation, the 2022 fiscal year is the first year Netel reports on its proportion of taxonomy aligned economic activities. Last year Netel reported on its proportion of eligible activities.

Netel has identified 4.9 Transmission and distribution of electricity (under the Climate change mitigation objective) as the main economic activity. The Group has also started assessing other eligible economic activities that could potentially become aligned. This work will continue in 2023.

Netel welcomes the EU taxonomy and will apply the framework to guide Netel in its current operations, future investments, and when seeking green financing.

Netel will follow the continued development of the EU Taxonomy framework and adapt to any specifications and clarifications. This may affect the assessment of alignment and reported KPIs in the coming years.

Meeting the criteria

Substantial contribution
Netels power projects and services are performed in Norway, Sweden and Finland and involve work on the national, regional or local grid which is part of the interconnected European transmission and distribution system and/or subsystems. None of Netels projects and services involve work on direct lines to CO_2 intensive production plants.

DNSH to Climate risk adaptation
Netel has recently performed a screening of the relevant climate-related hazards as well as a physical climate risk and vulnerability assessment for the power projects and services. The assessment concludes that the activities have limited exposure to physical climate risk in the geographies of operation. This is due to the fact that the climate-related hazards are relatively low in these areas and that Netel as a contractor (and not grid-owner) performs activities through projects which are conducted over a climatically short period of time. Since the climate related risks are assessed not to be material, no adaptation solutions are required to meet the EU Taxonomy criteria. Netel does however recognise that increased awareness in design, planning and execution of the projects is important as the Netels operations are exposed to climate-related hazards and because Netels customers are subject to the more long-term impacts of climate change. Climate risk is therefore an important element in Netels internal risk management.

DNSH to Transition to a circular economy
The responsibility for managing waste and ensuring maximum re-use and recycling rest in some contracts with Netel and in other contracts with the client. Where Netel has the responsibility, Netel follows internal waste management instructions and can for 2022 report a sorting degree of above 90%. Where the waste management responsibility lies with the client, Netel seeks to ensure that the waste its operations produce is delivered to recognised waste management partners for further sorting and treatment.

DNSH to Pollution prevention and control
This provision is only applicable for activities related to high voltage lines. Where Netel is involved in such types of projects, management systems are in place that comply with the IFC performance standards. Limitation of electromagnetic radiation is performed together with the clients either by eliminating or minimising the risk.

DNSH to Biodiversity and ecosystems
Netels clients are required to complete an Environmental Impact Assessment (EIA) prior to obtaining a concession. Therefore, the responsibility to complete an EIA and ensure implementation of mitigation measures lies with our clients. In some projects we may perform activities in or near biodiversity sensitive areas. In such cases, we are required to get a permit from appropriate national authorities before commencement.

Minimum Safeguards
All activities performed by Netel are carried out in compliance with the minimum safeguard requirements. Netel has established policies and practices across its operations that respond to human rights concerns and have conducted a saliency assessment. Netel has taken steps to respond to actual impacts identified and are improving relevant action plans – including value chain mapping – policies, and procedu-

res to mitigate and track progress on Netels remaining salient risks. Netels commitment to human rights is centred around its human rights policy, which is built around the fundamental human rights documents including UNGPs.

Netel has anti-corruption processes in place including policies set out in the code of conduct, financial internal controls, whistleblowing procedures and a digital training program. The training program will also cover competition laws and regulations.

Netel complies with national tax laws and regulations of the countries in which it operates, and its value creation is taxed in the same countries. Netel does not use group structures or individual entities for tax purposes.

Netel has not been convicted for any violation in relation to labour law or human rights, tax, corruption or bribery or competition laws in the reporting period.

Finansiella upplysningar

Turnover

The Turnover KPI as defined by the EU Taxonomy has the same definition as Net sales in Netels consolidated statement of profit or loss. Net sales are further explained in the Notes 1–3. In 2022, Netels total Net sales was MSEK 3,141 of which 28,3 per cent derived from Taxonomy eligible activities related to transmission and distribution of electricity. The share of aligned net sales, that met the Taxonomy screening criteria, was 28,3 per cent.

CapEx

The EU Taxonomy KPI on CapEx covers additions to tangible and intangible assets during the financial year. Given Netels asset light project management business model with a flexible cost structure there are few Taxonomy relevant investments made during 2022. Whilst the KPI on CapEx also covers additions to tangible and intangible assets resulting from business combinations, identified intangible assets resulting directly from a purchase price analysis, e.g., goodwill, are excluded.

In 2022, total investments in tangible and intangible assets amounted to MSEK 94, excluding goodwill but including investments of right-of-use assets. MSEK 30 of the total investments relate to right-of-use assets for buildings and premises, and whilst these investments are not related to the Taxonomy-eligible economic activity for transmission and distribution of electricity, Netel has decided to include such investments as Taxonomy eligible investments related to the economic activity for acquisition and ownership of buildings. In 2022, Netels total CapEx was MSEK 94, of which 32 per cent derived from Taxonomy-eligible activities. 0 per cent of the CapEx met the Taxonomy screening criteria and, therefore, no investments are classified as aligned.

The EU Taxonomy Regulation also requires CapEx plans to be disclosed as part of Taxonomy reporting. Netel strives for future development aligned with the EU Taxonomy yet acknowledges the relatively low need for investments in the operating activities given Netels business model. As a result, no significant investments to expand Taxonomy-aligned economic activities or to allow Taxonomy-eligible economic activities to become Taxonomy-aligned have been identified.

OpEx

The OpEx KPI as defined by the EU Taxonomy has a somewhat different definition in comparison to operating expenses in Netels consolidated statement of profit or loss, as it focuses on direct non-capitalised costs related to tangible and intangible assets. In 2022, Netels total operating expenses was MSEK 2,990 yet only costs related to maintenance and development of assets have the potential of being defined as Taxonomy-aligned. Again, referring to Netels asset light project management business model with few assets under management, Netel has not recognized any eligible operating expenses in 2022. As a result, Netel acknowledges the absence of materiality of Taxonomy aligned operational expenditure. Referring to the total operating expenses 2022, 0 per cent is derived from Taxonomy-eligible activities, and 0 per cent met the Taxonomy screening criteria.

Taxonomy reporting table 2022 - Turnover

Economic activities	Code/Codes	Absolute turnover, SEK million	Proportion of turnover, %	Substantial contribution criteria: Climate change mitigation, %	Climate change adaptation, %	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria (Do No Significant Harm): Climate change mitigation, Y/N	Climate change adaptation, Y/N	Water and marine resources, Y/N	Circular economy, Y/N	Pollution, Y/N	Biodiversity and ecosystems, Y/N	Minimum safeguards, Y/N	Taxonomy-aligned proportion of turnover 2022, %	Taxonomy-aligned proportion of turnover year 2021, %	Category (enabling activity)	Category (transitio-nal activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (Taxonomy-aligned)																				
Transmission and distribution of electricity (NACE code D35.12 and D35.13, enabling activity)	4.9	890	28%	100%	0%	-	-	-	-	No	Yes	-	Yes	Yes	Yes	Yes	28%	-	-	-
Turnover of eligible Taxonomy-aligned activities (A1)		890	28%	100%	0%	-	-	-	-	-	-	-	-	-	-	-	28%	-	-	-
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		0	0%																	
Total A1+A2		**890**	**28%**														**28%**	-	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Turnover of non-eligible activities (B)		2,251	72%																	
Total A+B		**3,141**	**100%**																	

Taxonomy reporting table 2022 - CapEx

Economic activities	Code/Codes	Absolute CapEx, SEK million	Proportion of CapEx, %	Substantial contribution criteria: Climate change mitigation, %	Climate change adaptation, %	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	DNSH criteria (Do No Significant Harm): Climate change mitigation, Y/N	Climate change adaptation, Y/N	Water and marine resources, Y/N	Circular economy, Y/N	Pollution, Y/N	Biodiversity and ecosystems, Y/N	Minimum safeguards, Y/N	Taxonomy-aligned proportion of CapEx 2022, %	Taxonomy-aligned proportion of CapEx year 2021, %	Category (enabling activity)	Category (transitional activity)
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (Taxonomy-aligned)																				
CapEx of eligible Taxonomy-aligned activities (A1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Acquisition and ownership of buildings (NACE code L68.20)	7.7	30	32%																	
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		30	32%																	
Total A1+A2		**30**	**32%**														-	-	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
CapEx of non-eligible activities (B)		64	68%																	
Total A+B		**94**	**100%**																	

Taxonomy reporting table 2022 - OpEx

				Substantial contribution criteria						DNSH criteria (Do No Significant Harm)										
Economic activities	**Code/Codes**	**Absolute OpEx, SEK million**	**Proportion of OpEx, %**	**Climate change mitigation, %**	**Climate change adaptation, %**	Water and marine resources	Circular economy	Pollution	Biodiversity and ecosystems	**Climate change mitigation, Y/N**	**Climate change adaptation, Y/N**	Water and marine resources, Y/N	Circular economy, Y/N	Pollution, Y/N	Biodiversity and ecosystems, Y/N	**Minimum safeguards, Y/N**	**Taxonomy-aligned proportion of OpEx 2022, %**	**Taxonomy-aligned proportion of OpEx year 2021, %**	**Category (enabling activity)**	**Category (trans-itional activity)**
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A1. Environmentally sustainable activities (Taxonomy-aligned)																				
OpEx of eligible Taxonomy-aligned activities (A1)		-	0%	0%	0%	-	-	-	-	-	-	-	-	-	-	-	0%	-	-	-
A2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		-	0%																	
Total A1+A2		**-**	**0%**														**0%**	-	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
OpEx of non-eligible activities (B)		2,990	100%																	
Total A+B		**2,990**	**100%**																	

Corporate Governance Report

Netel Holding AB (publ) is listed on Nasdaq Stockholm's Main Market since 15 October 2021. The governance of Netel is based on the Swedish Companies Act, Nasdaq Stockholm's Rule book for Issuers, the Swedish Code of Corporate Governance (the Code), statements from the Swedish Securities Council and other relevant Swedish and foreign laws and regulations.

The Corporate Governance Report has been prepared as a part of the Annual Accounts Act and the company's application of the Code. The company has deviated from the Code during 2022 concerning the Nomination Committee Chairman. Refer to the Nomination Committee section below. The auditors have reviewed the Corporate Governance Report.

Articles of Association

The Articles of Association were adopted at the Extraordinary General Meeting held on 27 August 2021 and is published in its entirety on the website, netelgroup.com.

The company's registered office is Stockholm, Sweden, and the financial year is the calendar year.

The Articles of Association do not contain provisions regarding dismissal of Board members or amendments to the Articles of Association.

Share capital

Netel has one share series, in which each share entitles to one vote.

Netel's share was listed for the first time on Nasdaq Stockholm Mid-Cap Index on 15 October 2021.

At the close of 2022, share capital amounted to SEK 741,670 divided among a total of 48,208,579 shares and votes.

Shareholders

The number of shareholders at year-end was 1,655 and the five largest owners were (share of capital and votes in parenthesis): IK VII Fund via Cinnamon International S.à.r.l (48.04 per cent), Nordnet Pensionsförsäkring (7.25 per cent), Swedbank Robur Fonder (4.29 per cent), AP2 (4.29 per cent) and Carnegie Fonder (4.16 per cent).

Annual General Meeting

The Annual General Meeting is the company's highest decision-making body and it is at the Annual General Meeting and potential Extraordinary General Meetings that all shareholders can exercise their voting right and decide on issues that affect the company and its operations.

Notice convening an Annual General Meeting is to be sent no earlier than six and no later than four weeks before the Meeting. Notice convening an Extraordinary General Meeting that is not to address issues of amendments to the Articles of Association, is to be sent no later than three weeks before the Meeting.

Notice convening general meetings are to be published in Post- och Inrikes Tidningar and on the Company's website. It shall be advertised in Svenska Dagbladet that notice convening a general meeting has been made.

The Annual General Meeting is to be held in Stockholm, Sweden.

At the Annual General Meeting, resolutions are made regarding adoption of the income statement and balance sheet, appropriation of profit or loss for the year, decision regarding dividends, and discharge from liability for the Board members and the CEO. Furthermore, resolutions are made regarding the fees for Board members and auditors. Thereafter, the Board of Directors and auditors for the period up until the next Annual General Meeting are elected. Other statutory matters, such as resolutions regarding guidelines for remuneration to senior executives and the Board of Directors' remuneration report.

All shareholders registered in the shareholders' register on the record date and who have registered their participation by the date specified in accordance with the Articles of Association's provisions have the right to participate in the Meeting and vote for their shareholding. Shareholders may be represented by proxy if the shareholder has notified the company of the number of proxies as stipulated in the notice convening the Meeting.

2022 Annual General Meeting

The Annual General Meeting (AGM) was held on Wednesday, 4 May 2022, in Stockholm, Sweden. With the support of temporary legislation and as a consequence of the Covid-19 pandemic, the AGM was held only by postal voting and without physical presence.

The AGM adopted the Parent Company's and the Group's income statement and balance sheet and resolved that no dividend be paid for the 2021 financial year. The Board of Directors and the CEO were discharged from liability for 2021.

The AGM re-elected Board members Hans Petersson, Alireza Etemad, Carl Jakobsson, Göran Lundgren and Nina Macpherson and Hans Petersson was re-elected as Chairman of the Board. The AGM also elected Ann-Sofi Danielsson and Jeanette Reuterskiöld as new Board members and re-elected Deloitte AB as auditor.

The AGM also resolved regarding the following:

- to determine fees for the Board of Directors, the auditor and the members and Chairmen of the Audit and Remuneration Committees,
- to approve the Board's remuneration report for 2021 and the Board's proposed guidelines for remuneration of senior executives,
- to authorise the Board of Directors to, on one or more occasions until the time of the next AGM, with or without deviation from the shareholders' preferential rights, in certain circumstances decide on a new share issue against cash payment, with provision for non-cash or set-off, or otherwise with conditions. Furthermore, the Board has announced that the maximum utilisation of the issue authorisation will amount to a maximum 10 per cent of the number of outstanding shares in the company.

The complete resolutions are available on Netel's website.

2023 Annual General Meeting

Netel's 2023 Annual General Meeting will be held on Thursday, 4 May, in Stockholm, Sweden.

Nomination Committee

The Extraordinary General Meeting held on 27 August 2021 adopted the following instructions and rules for the Nomination Committee which will remain in force until otherwise resolved by the general meeting of shareholders.

1. The company is to have a Nomination Committee consisting of members appointed by each of the four shareholders or ownership groups in accordance with item 3 below, who wish to appoint a Nomination Committee member, as well as the Chairman of the Board. The Chairman of the Board is responsible for convening the Nomination Committee. If a Nomination Committee with four shareholder-appointed members cannot be convened after contact with the ten largest shareholders in terms of the number of votes, the Nomination Committee may consist of three shareholder-appointed members.
2. The names of the four shareholder-appointed Nomination Committee members and the names of the shareholders they represent, are to be announced no later than six months before the Annual General Meeting. The term of office for the Nomination Committee ends when a new Nomination Committee has been announced. The Nomination Committee Chairman is to be, unless the members otherwise agree, the member appointed by the largest shareholder in terms of the number of votes.
3. 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. In determining which are the shareholders in terms of the number of votes, a group of shareholders is considered to constitute one owner if they (i) are owner grouped in the Euroclear Sweden system or (ii) announced and notified in writing to the company that they have a written agreement to through coordinated exercise of the voting rights assume a long-term joint stance in the issue of the company's management.
4. If earlier than two months prior to the Annual General Meeting one or more of the shareholders who have been appointed Nomination Committee members are no longer among the four largest shareholders in terms of the number of votes in the Company, members appointed by those shareholders shall resign and the shareholder(s) who currently is/are among the four largest in terms of the number of votes in the Company shall have the right to appoint Nomination Committee members after contacting the Nomination Committee Chairman. Shareholders who have appointed a Nomination Committee member have the right to dismiss such member and appoint a new Nomination Committee member. Changes to the composition of the Nomination Committee are to be announced on the website as soon as such changes are made.
5. The Nomination Committee is to prepare proposals concerning the below issue to be presented to the Annual General Meeting for resolution:
   - proposal for AGM chairman,
   - proposal for Board of Directors,
   - proposal for Chairman of the Board,
   - proposal for fees to Board members and the division between the Chairman and other Board members and remuneration for committee work,
   - proposals for auditors (where applicable),

- proposals for fees to the company's auditors and
- proposals for any changes to the Nomination Committee instructions.

6. No remuneration will be paid to Nomination Committee members. That the Nomination Committee in conjunction with its assignment shall otherwise carry out the duties that the Code of Corporate Governance stipulates are those of the Nomination Committee and that the company on request from the Nomination Committee will provide personnel resources such as secretary function to accommodate the Committee's work. When needed, the company will also cover reasonable costs for external consultants deemed necessary by the Nomination Committee to enable the Committee to carry out its assignment.

The Nomination Committee ahead of the 2023 Annual General Meeting was announced on 9 November 2022. The Nomination Committee comprises the following members:

Alireza Etemad, appointed by IK Investment Partners
Celia Grip, appointed by Swedbank Robur Fonder
Hans Hedström, appointed by Carnegie Fonder
Jacob Lundgren, appointed by AP2Hans Petersson, Netel's Chairman of the Board

Board member Alireza Etemad was appointed Chairman of the Nomination Committee ahead of the 2023 Annual General Meeting, which is a deviation from the Swedish Code of Corporate Governance. The reason for the deviation is that the principal owner who, in accordance with the Nomination Committee's instructions, is represented feels it is preferable that the representative for the largest shareholder in terms of votes is also the Chairman of the Nomination Committee.

Shareholders have been able to submit proposals and comments to the Nomination Committee until 16 January 2023. The Nomination Committee applied rule 4.1 of the Code on diversity policy in preparing proposals of Board members. The aim of the policy is that the Board is to have a composition appropriate to the company's operations, phase of maturity and other relevant circumstances, distinguished by diversity and breadth of qualifications, experience and background, and strive for an equal gender distribution. The Nomination Committee's proposal for Board members, fees to the Board and election of auditors as well as other relevant proposals, were presented in conjunction with the notice of the 2023 Annual General Meeting.

Board of Directors and its steering

Board of Directors

The Board of Directors is responsible for Netel's management and organisation, which means that the Board is responsible for setting targets and strategies, securing processes and systems for evaluation of set targets, continuously assessing performance and financial positions, evaluating management, as well as identifying how sustainability issues affect the company's risks and business opportunities. Moreover, the Board appoints the CEO.

The Board of Directors follows written rules of procedure, which are revised annually and adopted at the statutory Board meeting every year. The rules of procedure govern, among other matters, the work of the Board, functions and the division of work between the Board members and the CEO.

At the statutory Board meeting, the Board also adopts instructions for the CEO, including instructions for financial reporting. The Board of Directors convenes according to an annual predetermined schedule. In addition to these meetings, additional Board meetings can be convened to handle issues that cannot be postponed until the next scheduled Board meeting. In addition to the Board meetings, the Chairman and the CEO continuously discuss the management of the Company.

The Board has adopted 16 policies that are Group-wide and regulate how the company and its subsidiaries and employees are to conduct themselves and act with the ambition to operate a sustainable business in the long term. The policies are revised and adopted annually in conjunction with the statutory meeting or – if required – during the year. Policy compliance is followed up through internal controls and by the company's external auditors.

Chairman of the Board

According to the Board's rules of procedure, the Chairman of the Board has a particular responsibility for maintaining regular contact with the CEO to oversee and discuss the company's performance. The Chairman is to ensure that the CEO keeps Board members informed about Netel's financial position, financial planning and performance. Moreover, the Chairman of the Board is responsible for ensuring an evaluation of the Board's work every year.

Composition of the Board of Directors

According to the Articles of Association, the Board of Directors is to comprise not fewer than three and not more than ten members. The Board members are elected annually at the Annual General Meeting to serve for the period up to the next Annual General Meeting.

The Board comprises seven members who are presented in more detail on pages 76-77. The CFO attends all Board meetings except when the work of the CEO is evaluated.

Work of the Board in 2022

In 2022, the Board has held 29 minuted meetings. During the meetings, the Board has addressed acquisitions and fixed agenda items such as the business and market situation, economic and financial reporting, and project status. In addition, general strategic issues regarding business intelligence, growth opportunities and sustainability have been analysed. The Board has met with the company's auditor without the presence of the management team once during the year.

Board committees

The members of the committees and the chairmen were appointed at the statutory Board meeting for a period of one year at a time. Committee work is carried out according to the instructions for each committee. The committees' work primarily concerns preparation and counselling within each respective area. However, the Board can occasionally delegate decision-making authority to the committees in certain issues.

Remuneration Committee

The Remuneration Committee is tasked with preparing recommendations involving remuneration principles, remuneration and other employment terms for the CEO and other senior executives.

The principles address, among other issues, the relationship between fixed and potentially variable remuneration as well as the connection between performance and remuneration, the main terms for potential bonuses and incentive schemes, as well as the main terms for other benefits, pensions, termination of employment and severance pay. For the CEO, the Board in its entirety is to determine remuneration and other employment terms. Share-related incentive schemes for Group management are decided by the general meeting of shareholders.

The Committee is to assist the Board in monitoring the systems through which the company complies with laws, stock exchange regulations and the Code in terms of provisions on publishing information that is related to remuneration to the CEO and other senior executives. The Committee is also to monitor and evaluate any ongoing and during the year concluded programs for variable remuneration to the CEO and other senior executives, application of the guidelines for remuneration to the CEO and other senior executives as decided by the Annual General Meeting as well as remuneration structures and remuneration levels.

In 2022, the Remuneration Committee comprised Nina Macpherson (chairman), Alireza Etemad and Hans Petersson. In 2022, the Committee held four minuted meetings and had informal contact when needed. The Remuneration Committee's attendance is presented in the table The Board's attendance, independence and remuneration, 2022.

Audit Committee

The Audit Committee is to, without it affecting the responsibilities and tasks of the Board of Directors, monitor the financial reporting, the efficiency of the internal controls and risk management, remain informed of the audit of the annual report and consolidated accounts, review and monitor the impartiality and independence of the auditors and, in particular, whether the auditors provide the company with services other than auditing services, and assist in the preparation of proposals for the Annual General Meeting resolution on the election of auditors.

After the 2022 Annual General Meeting the Audit Committee comprised Ann-Sofi Danielsson (chairman), Carl Jakobsson and Göran Lundgren. The Board feels that the members are experts in the Audit Committee's areas and meet the independence requirements in accordance with the Code and the Swedish Companies Act. In addition to the Audit Committee members, the CFO and, when necessary, auditors, the CEO or other members of the company are asked to participate in Committee meetings. In 2022, the Committee held five minuted meetings. The Audit Committee's attendance is presented in the table The Board's attendance, independence and remuneration, 2022. The company's auditors participated in three of the meetings.

Evaluation of the work of the Board

The company's evaluation of the Board of Directors was carried out in February-March 2022 and presented to the Board in June 2022. The evaluation constituted a survey that covers various aspects of the Board's work and its efforts to create value. The evaluation revealed the Board members' perspective on how the work of the Board is conducted and whether action should be taken to develop and improve the Board's work. The outcome of the evaluation also forms an important document for the Nomination Committee's work ahead of the upcoming Annual General Meeting. Subsequently, the outcome was presented to both the Board and the Nomination Committee.

Remuneration to Board members

Fees and other remuneration to the Board members, including the Chairman, are resolved by the general meetings. The 2022 Annual General Meeting resolved that a fee be paid in the amount of SEK 500,000 to the Chairman of the Board, and that the fee to other Board members be paid in the amount of SEK 300,000. Furthermore, it was resolved that a fee in the amount of SEK 100,000 be paid to the Chairman of the Audit Committee and that the other Audit Committee members be paid in the amount of SEK 50,000 and that a fee in the amount of SEK 70,000 be paid to the Chairman of the Remuneration Committee and that the other Remuneration Committee members receive the amount of SEK 35,000.

CEO

The CEO is subordinate to the Board of Directors and responsible for everyday management and operations. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for

The Board's attendance, independence and remuneration, 2022

Member	Board meeting	Audit Committee	Remuneration Committee	Independent in relation to the company	Independent in relation to major shareholders	Compensation paid[3]
Hans Petersson, Chairman	28/29		4/4	Yes	Yes	267,500
Maria Brunow[1]	13/13			Yes	No	0
Ann-Sofi Danielsson[2]	15/16	4/4		Yes	Yes	200,000
Alireza Etemad	29/29	1/1	4/4	Yes	No	167,500
Carl Jakobsson	28/29	5/5		Yes	No	175,000
Göran Lundgren	29/29	5/5		Yes	Yes	175,000
Nina Macpherson	28/29		3/4	Yes	Yes	185,000
Jeanette Reuter-skiöld[2]	16/16			Yes	Yes	150,000
Total	**29**	**5**	**4**	**-**	**-**	**1,320,000**
Total including social security contributions						**1,734,744**

1 Resigned from the Board at the 2022 Annual General Meeting.

2 Elected at the 2022 Annual General Meeting.

3 The reported compensation paid refers to compensation paid for the period from and including the 2022 Annual General Meeting to and including 31 December 2022.

the Board and in the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the Board meetings and for presenting such materials at the Board meetings.

According to the financial reporting instructions, the CEO is responsible for the financial reporting and is to ensure that the Board of Directors receive adequate information for the Board to evaluate the financial position. The CEO is to continuously keep the Board informed of developments in the operations, sales, results and financial position, liquidity and credit status, important business events and all other events, circumstances or circumstances that can be assumed to be of significance to the shareholders.

The Board of Directors annually evaluates the work and performance of the CEO.

Group management

Group management is an advisory body for the CEO and drives Group-wide strategy and development issues as well as day-to-day activities. Group management convenes once a month and checks in regularly to address current issues, strategies and discussions. David Wirsén, Group Operational Support, left the Netel Group in 2022. A detailed presentation of Group management is provided on pages 78-79.

Guidelines for remuneration of senior executives

The 2022 Annual General Meeting resolved on the following guidelines for remuneration and other employment terms for the CEO and other members of Netel Holding AB's (publ) Group management:

Scope of the Guidelines

These guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the General Meeting. These guidelines do not apply to any remuneration decided or approved by the General Meeting.

Employment conditions of a member of the Executive Team that is employed or resident outside Sweden or that is not a Swedish citizen, may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Promotion of Netel's business strategy, long-term interests and sustainability

To become a leading Northern European Infranet service provider, Netel has identified two strategic priorities: core business development and geographical and business diversification. These goals can be achieved either through organic growth initiatives or via M&A.

Successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability agenda, requires that the company can recruit and retain qualified employees. This requires that the company can offer competitive salaries and other terms and conditions of employment on market conditions, taking into account both global remuneration practice and practice in the home country of each member of the Executive Team. These guidelines enable Netel to offer the Executive Team a total remuneration that is on market conditions and competitive.

Types of remuneration

The total yearly remuneration to the members of the Executive Team shall be based on market conditions and be competitive as well as reflect each member's responsibility and performance. The total yearly remuneration shall consist of (i) fixed base salary, (ii) variable cash remuneration, (iii) pension benefits and (iv) other benefits (which are specified below excluding social security costs). Additionally, the General Meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The variable cash remuneration shall be linked to predetermined and measurable targets, which are further described below, and may amount to not more than 100 percent of the yearly base salary for the CEO and 50 percent of the yearly base salary for the other members of the Executive Team.

The members of the Executive Team can be covered by defined contribution or defined benefit pension plans, for which pension premiums are based on each member's yearly base salary and is paid by Netel during the period of employment. The pension premiums shall amount to no more than 30 percent of the yearly base salary.

Other benefits, such as company car, extra health insurance or occupational healthcare, shall be payable to the extent it is considered to be in line with market conditions on the market relevant for each member of the Executive Team. Premiums and other costs relating to such benefits may totally amount to no more than 20 percent of the yearly base salary.

Criteria for awarding variable cash remuneration

The variable cash remuneration shall be linked to predetermined and measurable financial targets and can also be linked to strategical and/or functional targets individually adjusted on the basis of responsibility and function. These targets shall be designed so as to contribute to Netel's business strategy and long-term interests, including its sustainability, by for example being linked to the business strategy or to promote the senior executive's long-term development within Netel.

The Remuneration Committee shall for the Board of Directors prepare, monitor and evaluate matters regarding variable cash remuneration to the Executive Team. Ahead of each yearly measurement period for awarding variable cash remuneration the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria are deemed to be relevant for the upcoming measurement period. To which extent the criteria for awarding variable cash remuneration has been satisfied, shall be determined when the measurement period has ended. Evaluations regarding fulfilment of financial targets shall be based on a determined financial basis for the relevant period.

Variable cash remuneration is settled after the measurement period has ended. Paid variable cash remuneration can be claimed back when such right follows from the relevant individual agreement.

Additional variable cash compensation may be payable in exceptional circumstances, provided that such extraordinary arrangements are time-limited and made only at the individual level, either to recruit or retain senior managers or as compensation for extraordinary duties in addition to the manager's ordinary duties. Such compensation may not exceed an amount equal to 100 per cent of the fixed annual cash salary, with the exception of extraordinary remuneration for the CEO whose extraordinary remuneration may not exceed an amount corresponding to 250 percent of the fixed basic salary. Extraordinary remuneration shall not be paid more than once per year and individual. A decision on such remuneration for the CEO shall be made by the board on a proposal from the remuneration committee. A decision on such remuneration for other senior managers shall be made by the remuneration committee on a proposal from the CEO.

Duration of employment and termination of employment

The members of the Executive Team shall be employed until further notice. If notice of termination is made by Netel, the notice period may not exceed twelve months for the CEO and six months for the other members of the Executive Team. If a member of the Executive Team is given notice, Netel is liable to pay, including severance pay and remuneration under the notice period, the equivalent of maximum 18 months' base salary and other employment benefits. If notice of termination is made by a member of the Executive Team, the notice period may not exceed six months, with no right to severance pay.

Full salary and other employment benefits are paid during the notice period, with deduction for salary and other remuneration received from other employment or activities that the employee has during the notice period.

A member of the Executive Team may, for such time when the member is not entitled to severance pay, be compensated for non-compete undertakings. Such compensation shall amount to not more than 60 percent of the monthly base salary at the time of the termination and shall only be paid as long as the non-compete undertaking is applicable, at longest a period of 12 months.

Remuneration and employment conditions for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, remuneration and employment conditions for employees of Netel have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate over time in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Remuneration Committee's tasks include preparing the Board of Directors' decision to propose guidelines for remuneration to the Executive Team. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration to the Executive Team, the application of the guidelines for remuneration to the Executive Team as well as the applicable remuneration structures and remuneration levels in Netel. The members of the Remuneration Committee are independent of the company and its management. The CEO and other members of the Executive Team do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board of Directors may temporarily resolve to deviate from the guidelines, in whole or in part, if in a specific case there is special cause for the deviation and a deviation is necessary to serve Netel's long-term interests, including its sustainability, or to ensure Netel's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Auditor

Pursuant to the Articles of Association, the Annual General Meeting is to appoint at least one and not more than two auditors with or without deputy auditors.

Deloitte AB has been the Group's auditor since 2010 and was elected to be the company's auditor at the 2022 Annual General Meeting for the period until the end of the 2023 Annual General Meeting. Jenny Holmgren is the auditor in charge. Jenny Holmgren is an authorised public accountant and a member of FAR (professional institute for authorised public accountants). Deloitte AB's office address is Rehnsgatan 11, 113 79 Stockholm, Sweden.

The auditors participate as needed at the Audit Committee's meetings to inform about ongoing audit work and report on at least one occasion to the entire Board of Directors. During 2022, the auditor participated in three meetings with the Audit Committee and one with the Board. The auditor takes part in the Annual General Meeting and accounts for review of Netel's administration and annual report. Moreover, the auditors review the interim report for the January – June period, remuneration of senior executives including the remuneration report, the Corporate Governance Report and the Sustainability Report.

Internal control over financial reporting

Internal control comprises the control of the company's and the Group's organisation, procedures and support measures. The objective is to ensure that reliable and accurate financial reporting takes place, that the company's and the Group's financial reporting is prepared in accordance with applicable laws and accounting standards, that the company's assets are protected and that other requirements are fulfilled. The internal control system is also intended to monitor compliance with the company's and the Group's policies, principles and instructions. Internal control also includes risk analysis. The Group identifies, assesses and manages risks based on the Group's vision and goals. An assessment of strategic, compliance, operational and financial risks shall be performed annually by the CEO and presented to the Audit Committee and the Board of Directors.

The Board of Directors is ultimately responsible for the internal control in the Company. Processes managing the business and delivering value shall be defined within the business management system. The CEO is responsible for the process structure within the Group.

Risk assessment

A self-assessment of minimum requirements of defined controls mitigating identified risks for each business process is to be performed and reported to the Audit Committee and the Board of Directors annually. The CEO is responsible for the self-assessment process, which is facilitated by the internal controls function and the CFO. In addition, the internal control function performs reviews of the risk and internal controls system according to plan agreed with the Board of Directors.

According to the Code, it is the responsibility of the Board to ensure that there are effective systems for follow-up and control of the company's operations. Processes and measures of control have been developed in close collaboration with the company's advisors in conjunction with the Nasdaq Stockholm listing that are based on Netel's needs and current industry practice in the business area in which the company operates. The company works systematically to ensure that internal controls are adequate by, among other things, carrying out risk identifications and self-assessments. The CFO is responsible for the annual risk identification. The identified risks are divided into different categories and assessed on the basis of consequences and probability, where the self-assessments aim to ensure effective risk control.

The prepared risk identification is presented on a yearly basis to the Audit Committee and the Board of Directors of Netel.

Control environment and control activities

In practice, internal control is defined as a process involving the Board of Directors, the Audit Committee, the CEO, the CFO, other senior executives and other employees, and which is intended to provide a reasonable assurance that a company's goals are met, with respect to: appropriate and efficient operations, reliable reporting and compliance with applicable laws and regulations. The Company is working systematically to identify and develop processes for internal control.

Each control and process owner must prepare an action plan for identified ineffective controls. The process owner must report the evaluation of the controls to the internal control coordinator and the CFO together with action plans for any controls that have been evaluated as ineffective.

Internal control over financial reporting is intended to provide reasonable assurances regarding the reliability of the external financial reporting in the form of quarterly and annual reports and financial statements even though the external financial reporting is prepared in accordance with applicable legislation, accounting standards and other requirements for listed companies. The responsibility for the internal control, ultimately, rests with the Board of Directors which continuously, through the Audit Committee, evaluates Netel's risk management and internal control.

Information and communication

Internal steering documents such as rules, guidelines, handbooks and instructions are updated constantly in the accounting handbook and communicated through internal meetings and other targeted dissemination. General strategic issues are communicated to the organisation through the intranet and employee meetings.

Netel's communication policy aims to ensure that all disclosure of information externally and internally is correct, relevant and reliable. The policy aims to ensure that requirements for disseminating information are compiled correctly and completely. For shareholders and other stakeholders wishing to monitor Netel's performance, current financial information is published regularly on the website netelgroup.com.

Follow-up

The Board of Directors regularly follow-up the efficiency of the internal controls and discuss significant matters regarding accounting and reporting. The company bases its work on documented standard procedures and work instructions. These procedures and instructions are reviewed internally. Deviations are reported to management and major deviations to the Board. The company's auditors review the internal controls and report deviations, comments and activity proposals to the Audit Committee. The CEO reports regularly to the Board on follow-up of operational targets in the business plan. The CEO submits proposals for interim reports and year-end reports that are approved by the Board before they are made public.

The Audit Committee continuously takes part of work involving internal controls and processes for financial reporting. The Audit Committee also takes part of the external auditors' report regarding review and recommendations of internal controls that are reported to management and the Board.

Policies, guidelines and procedures are updated and reviewed as needed but at least annually. The Board is responsible for maintaining general steering documents, and the CEO or person appointed by the CEO is responsible for other documents.

Internal audit

In 2022, the Board of Directors evaluated the Group's need for an internal audit that resulted in the Board making the decision that Netel, in addition to the existing internal control processes and functions, did not need to introduce its own internal audit function in 2022. The Board has decided that the monitoring and reviews carried out internally, together with the external audit, are sufficient to maintain an effective internal control over the financial reporting.

Investor relations

The company's CEO and CFO are responsible for contact with the shareholders. The company informs the shareholders through the annual report, the year-end report, interim reports, press releases and the website netelgroup.com. Furthermore, Netel has participated in investor meetings and other investor activities, both in Sweden and abroad.

Policies resolved by the Board of Directors

Code of Conduct
Code of conduct for suppliers
HR Policy
Health and Safety Policy
Environmental Policy
Finance Policy
Information Security Policy
Insider Policy
Related Parties Policy
Communication Policy
IT Policy
Purchasing Policy
Transfer Pricing Policy
Internal Controls Policy
Risk Management Policy
Policy for Steering Documents

Board of Directors

Hans Petersson
Chairman of the Board

Elected to the Board: 2017

Born: 1951

Education: Master of Science in Forestry from the Royal School of Forestry in Stockholm.

Other Board assignments: -

Previous assignments: Chairman of the Board of Schenck Process Holding GmbH and ÅR Packaging AB. Board member of San Sac AB and Skånska Energi AB (publ).

Shareholding in Netel: 190,011 shares.

Ann-Sofi Danielsson
Board member

Elected to the Board: 2022

Born: 1959

Education: BA in Economics from Uppsala University.

Other current assignments: Board member of Nordomatic, Pandox, Rusta and Vasakronan. Chair of the audit committees of Pandox and Vasakronan.

Previous assignments: CFO Bonava and CFO of NCC.

Shareholding in Netel: –

Alireza Etemad
Board member

Elected to the Board: 2016

Born: 1976

Education: Studied for a Master of Science in Industrial Engineering at Linköping Institute of Technology. Master of Science in Telecommunications technology /Management from Institut National des Télécommunications in Paris.

Other current assignments: Partner at IK Investment Partners. Board member of IK Investment Partners Norden AB. Chairman of Oriac CC AB, Oriac MPP AB, Cecure Bidco AB, Cecure Holding AB, Cecure Manco (A) AB, Cecure Manco (B) AB, Cecure Manco (C) AB, Cecure MidCo AB, Cecure TopCo AB, Ren10 Top Holding AB, Renta ManCo A1 AB, Renta ManCo A2 AB, Renta ManCo A3 AB, Renta ManCo C1 AB, Renta ManCo C2 AB, Renta ManCo C3 AB, Truesec Group AB and Truesec Holding AB. Board member of Aspia Group AB, Aspia AB, Aspia Group Holding AB, Advania AB, Ainavda HoldCo AB, Ren10 Group Holding AB, Ren10 Holding AB, Skeppsbrons Skatt AB, Marconi LLC, Damete Investments AB and Azerila Investments AB.

Previous assignments: Board member of Actic Group AB (publ), ELLAB A/S, Visolit AS and RHN Invest AB.

Shareholding in Netel: –

Carl Jakobsson

Board member

Elected to the Board: 2016

Born: 1986

Education: Master of Science in Finance from Stockholm School of Economics.

Other current assignments: Director at IK Investment Partners. Board member of Aspia Group Holding AB, Oriac MPPAB, Oriac CC AB, Leonardo HC AB and Leonardo BC AB (the Mecenat Group).

Previous assignments: Deputy Board member of Ramudden Group AB and Evac Group Oy.

Shareholding in Netel: –

Göran Lundgren

Board member

Elected to the Board: 2016

Born: 1948

Education: Master of Science in Engineering from the Royal Institute of Technology, Stockholm. Management programs from IFL, ABB, Vattenfall, and others.

Other current assignments: Chairman of the Board of Meltron AB and Meltron Oy. Board member of Sustainable Energy Angels II AB, Solarus Renewables AB and GL add wise AB.

Previous assignments: Chairman of the Board of Efficax Energy AB, Solarus Sunpower Holding AB and Solarus Sunpower Sweden AB. Board member of Solarus Sunpower Holding BV and Solarus Smart Energy Solutions BV.

Shareholding in Netel: 22,170 shares.

Nina Macpherson

Board member

Elected to the Board: 2021

Born: 1958

Education: Master of Laws from Stockholm University.

Other current assignments: Supervisory Board member and the Audit Committee member of Traton SE. Board member and Audit Committee member of Scania AB and Scania CV AB. Board member of Scandinavian Enviro Systems AB. Deputy Board member of M&K Industrials AB and member of the Swedish Securities Council.

Previous assignments: Chief Legal Officer and secretary of the Board and its committees of Telefonaktiebolaget LM Ericsson. Chair of the Board of Ericsson AB. Board member AB Aulis, LME International AB, Ericsson Telephone Corporation Far East, Ericsson Telephone Corporation AB, Netwise AB, the Swedish Association for Listed Companies and the Stockholm Chamber of Commerce's Arbitration Institute. Deputy Board member of Datasaab Contracting AB.

Shareholding in Netel: 25,964 shares.

Jeanette Reuterskiöld

Board member

Elected to the Board: 2022

Born: 1974

Education: Bachelor of Science in Engineering, Mälardalen University Västerås.

Other current assignments: Chair of Qflow Group AB. Board member of In3prenör AB and Svevia AB. Member of the business committee and chair of the nomination committee of Sweden Green Building Council. Runs her own company specialising in strategic consultancy and executive search.

Previous assignments: Business Area President WSP Sweden, CEO Arcona and various positions at Hifab including CEO.

Shareholding in Netel: 2,852 shares.

Group management

Ove Bergkvist

Peter Andersson

Anders Mikkola

Edward Olastuen

Ove Bergkvist

CEO of Netel since 2017 and Country Manager, Sweden.

Born: 1968

Education: Master of Business Administration from London Business School. Master of Science in Engineering Physics from the Royal Institute of Technology, Stockholm, Sweden.

Other current assignments: Board member of NVBS Rail Group Holding AB, NVBS Rail Holding AB and Åsbacken Sverige Invest AB.

Previous assignments: CEO of Euromaint Rail AB.

Shareholding in Netel: 279,195 shares.

Peter Andersson

Chief Financial Officer of Netel since 2020.

Born: 1973

Education: Construction Engineering program and Master of Business Administration from Luleå University of Technology.

Other current assignments: Board member of PHA Invest 2 AB. Owner of PEMU Invest AB and Pemu Invest 1 AB. Partner of Medina Properties SARL and Scandinavian Development Group SARL.

Previous assignments: Chairman and Board member of Systems Tracked AB. Board member of PHA Invest AB and Friside AB. CFO of Eleda Acquisition AB and BTH Bygg AB. Deputy Board member of Systems Tracked AB, Skärgårdsvillan Holding 2 AB, Skärgårdsvillan Holding AB, Ljusterö Centrum Holding I Sverige AB, Ljusterö Mark 1 AB, Ljusterö Mark 2 AB, Ljusterö Mark 3 AB and Ljusterö Skärgårdsby AB.

Shareholding in Netel: 269,778 shares.

Stefan Ljunglin

Country Manager, Finland as of February 2023.

Born: 1973

Education: Studied Civil and Environmental Engineering at Helsinki University of Technology.

Other current assignments: –

Previous assignments (last five years): -

Shareholding in Netel: –

Anders Mikkola

Country Manager, Germany since 2018 and CEO of MEDAM AB since 2017.

Born: 1979

Education: Social science and economics studies from Westerlundska Gymnasium.

Other current assignments: –

Previous assignments: Owner of Amtravans.

Shareholding in Netel: 167,237 shares.

Edward Olastuen

Country Manager, Norway since 2018 and Country Manager, UK since 2022.

Born: 1985

Other current assignments: Board member of EBO AS, KG Installasjon AS, Langtrade AS, Meierigata 2-4 AS, Olastuen Bygg AS, Olastuen Eiendom AS and Reverud AS. CEO, owner and Board member of Olastuen Holding AS.

Previous assignments: –

Shareholding in Netel: 232,099 shares.

In 2022, David Wirsén resigned from the Netel Group and his duties as Group Operational Support and member of Group Management.

Ari Asikainen, Country Manager, Finland since 2013, resigned from his position as Country Manager and member of Group Management in January 2023.

Risks and Risk Management

Netel's operations and operating profit are affected by various factors. There is an ongoing process at every level in the organisation to identify risks and determine how to manage each risk.

Netel is primarily exposed to industry and market-related risks, operational risks, financial risks and risks related to taxation and tax laws. The material risks that Netel is exposed to and how they are managed is described below.

Risks related to sustainability issues are described in the Sustainability Report on page 61.

Risks related to the industry and markets

Risk	Description	Management
Lack of succession planning	The Group lacks in succession planning, which involves a risk that key people cannot be replaced within an acceptable time. This can negatively affect the business and delay negotiations and project execution, which can have a negative effect on the financial result as well as employee engagement and the employer brand.	In 2023, each business unit must establish a long-term succession plan.
Increased competition	Competition may increase in regional and national projects if small local companies expand their business or if large competitors expand their business into Netel's business areas. Competitive pressures may result in loss of market shares, lower profit margins and increased competition for qualified personnel.	Netel's competitive advantages include the company's extensive experience in managing critical infrastructure projects, its broad customer base and long-standing customer relationships. With more than 20 years of experience in leading complex infrastructure projects, Netel has extensive knowledge and insight into critical success factors such as permit processes, an appreciation for how the environment may be affected during execution and knowledge about working in hazardous environments. A key strength is Netel's decentralised organisation, whereby the Group offers its customers insights into and knowledge about local conditions and regulations, while its subsidiaries act with the strength of a Group.
Severe macroeconomic disruptions	Demand for Netel's services is not normally affected by minor macroeconomic variations. Severe declines in the economic activity are likely to adversely affect Netel's business. A prolonged period of low growth may have a significant impact on customers' willingness to invest.	There is an underlying healthy growth within Netel's market segment driven by strong megatrends such as climate change, digitalisation and the need to modernise the infrastructure. Expansion of the infrastructure also increases the customers' service and maintenance needs. Netel therefore sees excellent potential to continue to grow with both existing and new customers in Northern Europe. Netel's growth strategy implies that the company is to grow in new segments and in new geographical markets, thereby reducing dependence on individual sectors and countries' economies.

Risk	Description	Management
No inflation compensation	There is a risk that the Group cannot compensate for price increases, which could have a significant negative effect on the financial result. The war in Ukraine has contributed to increased commodity prices.	At the beginning of 2022, Netel began work on analyzing the effects of price increases at the supplier level and increased the focus on the development. The Group has as a guideline not to sign contracts that lack clauses on price compensation. See also the risk below about the war in Ukraine.
The war in Ukraine	Netel is monitoring developments of the war in Ukraine and cannot currently assess the effects of the sanctions against Russia and what consequences the war may have on the economic situation in Netel's markets. During 2022 and 2021, Netel has had no sales, direct expenses or purchases to or from Russia, respectively Ukraine.	The war in Ukraine and continued increases in raw material prices means that Netel is working even intensively with price compensations in order to timely match increased costs with revenues. The uncertainty in the world also entails a risk of customers temporarily waiting to place orders and start projects.
Inability to adapt strategy and resources to fluctuating market conditions	If Netel is unable to anticipate, assess or adapt to technological changes at a competitive price or provide competitive services on a timely basis or satisfactory terms, this could lead to Netel being unable to compete effectively. Should Netel not succeed in renewing its services as compared to its competitors, or keep up with new technological advances, or adapt to changes in terms of customer behaviour, this could lead to customers choosing competitors instead of Netel, which could have a material impact on Netel's revenue, and, as a consequence, its results and financial position.	Netel's ability to anticipate, assess and adapt to rapid technological changes, including the ability to quickly and cost-effectively offer services in demand from customers have been key factors in achieving successful financial results and long-standing customer relationships. Through its extensive experience, a decentralised and agile organisation paired with employees who possess expert knowledge, Netel continues to promote a culture in which the vision is to be our customers' preferred choice.
The Covid-19 pandemic	To date, the Covid-19 pandemic has not had any material effect on Netel's capacity and financial position. It cannot be ruled out that the Covid-19 pandemic, or any related measures taken to combat its spread, may have a material adverse effect on Netel's financial position and results.	Netel continues to monitor developments of the pandemic and maintain readiness for any new restrictions or other effects on society and its functions.

Operational risks

Risk	Description	Management
Inability to identify, attract and retain highly skilled personnel and senior executives	Netel also relies on its ability to hire and retain highly skilled project managers and technical personnel with the level of expertise necessary to conduct its operations. Netel is dependent upon the skills, experience and efforts of its senior executives. If Netel fails to continue to attract and retain highly qualified employees and senior executives, the company risks being unable to sustain or further develop its business, which could have a material adverse effect on Netel's operating profit.	Netel's decentralised organisation and robust market position are essential factors in why qualified employees are attracted to and remain at Netel. Netel also works to maintain and strengthen its positive culture and strengthen its employer brand. Netel offers competitive compensation and benefits as well as the opportunity for employees to develop and grow within the Group. The employees are given the opportunity for individual career and competence development plans.
Expansion through acquisitions	One part of Netel's growth strategy is to acquire companies. There is a risk that Netel will not find attractive acquisition opportunities, which will adversely affect the growth strategy. Future acquisitions pose risks, including: assimilation diverts resources from other operations and disrupt ongoing business; loss of key employees in the acquired companies; inability to retain relationships with the acquired companies' customers; inability to realise synergies and/or strategic advantages of the acquisitions; and unforeseen liabilities or other claims from the acquired companies. Acquisitions could lead to losses, write-offs or liabilities that adversely affect Netel's financial position or operating profit. In addition, Netel could issue shares as consideration for acquired businesses, which can dilute its current shareholders' percentage of ownership.	Netel has a clear and structured acquisition process that means, among other things, that the company looks for acquisition targets within similar sectors that have similar market characteristics and require the same expertise as the segments in which Netel already has a leading position. This enables Netel to smoothly assimilate newly acquired companies. The most important acquisition criteria are the presence of a strong, competent management team and identified revenue synergies. Netel prefers acquisition targets that have a business model similar to Netel's and that have equal or high profitability. It is also vital that the management teams of the acquired companies share Netel's vision and ambitions.
Changes in business forms or project structures	Netel's business is based on projects and framework agreements. The risks associated with different projects and framework agreements vary depending on the type of business form and project structure. Risks associated with different projects vary depending on the size of the projects. Large projects are typically characterised by intensive competition and experienced customers with large procurement resources, resulting in downward pressure on prices. The projects often extend over long periods, are complex and associated with complicated estimates as regards work and use of materials. Small projects are characterised by local competition and stronger local presence. These projects typically entail low risk but also lower earning potential. Netel focuses on projects with blue-chip customers supported by framework agreements but, depending on the development of the business and the market, the project mix may vary, meaning that the risks associated with Netel's projects may change over time. Changes in business forms or project structures could affect the risk profile for Netel's projects and thereby the earning potential. This can have an adverse effect on the company's financial position and operating profit.	Netel strives to increase the share of framework agreements as well as service and maintenance as part of the total business mix with the ambition to reduce project dependency.
Non-exclusive framework agreements and contracts without guaranteed volumes	Several of Netel's framework agreements with customers are non-exclusive and a majority do not provide any guaranteed volumes. This could lead to an unexpected loss of revenue and a reduction in expected backlog, which could have a material adverse effect on Netel's business, financial position and operating profit.	Netel's processes, targets and activities aim to realise the vision that Netel is to be its customers' preferred choice.
Dependence on a limited number of customers	Netel generates a significant portion of its sales from a limited number of customers and any significant loss of business from these customers or other key customers could have a material adverse effect on the company's business, financial position and operating profit	Netel strives to raise the number of customers by landing new customers, broadening its business into new market segments and entering new countries.

Risk	Description	Management
Workplace accidents	An accident involving Netel's employees, subcontractors or other third parties could harm Netel's reputation, affect its ability to compete for business, and if not adequately insured or indemnified, could have a material adverse effect on Netel's business, financial position and results of operation.	Netel's sustainability agenda permeates the entire business and is an integrated part of the strategy. Everything that Netel does is to be done in a responsible and sustainable way, adhering to high ethical standards. The company places the same high demands on its subcontractors and suppliers. Good work conditions are one of several prioritised sustainability issues where Netel has set a target that no one is be injured while carrying out assignments for Netel. Consequently, Netel works proactively to prevent and avoid risks at the workplace.
Customer agreements that lack limitations of liability or have high monetary caps	Certain subsidiaries have signed, and may in the future sign customer agreements that lack satisfactory limitations of liability and/or have high monetary caps on Netel's liability. If a subsidiary is found liable for damages, it could have a material adverse effect on the Netel's results of operation, and consequently its financial position.	Netel's policy is to not sign agreements without satisfactory limitations of liability. Existing agreements without satisfactory limitations of liability refer to projects and these projects are carefully overseen to minimise the risk of any deviation that may lead to liability for damages.
Cyber attacks or faults in IT systems	Cyber attacks or faults in critical systems can lead to disruptions in key business process that can have adverse effects on Netel's operating profit. Interruptions or errors can also occur during the transition to new IT systems. Disruptions or faults in the IT system may also impact Netel's personal data processing and lead to fines or demands for damages as well as injunctions from supervisory authorities to rectify the error which may adversely affect Netel's reputation and financial position.	Netel has a management model for IT that includes steering, standardised IT processes and an organisation for IT security. IT security work involves continuously risk analysis, preventive measures and the use of security technologies. Standardised processes exist for the implementation of new system, updates to existing systems and day-to-day operations. Most of Netel's IT system are built on well-established systems. Within the Group, training courses and tests in IT security are regularly carried out.

Financial risks

Risk	Description	Management
Risks related to failed calculations and assessments or failed project management	The risk of negative consequences as a result of shortcomings in calculations and assessments or project management is particularly high in projects where the compensation structure is a fixed price. In the case that Netel bears the risk of unforeseen or altered conditions, there is also a risk of contractual penalties. Shortcomings in calculations, project management and related factors may have an adverse effect on Netel's operating profit, and by extension, Netel's financial position.	Netel strives constantly to have highly qualified employees with specialist knowledge. In order to recruit the industry's best employees, Netel continuously works on its employer brand. Netel's core values are vital in building a strong employer brand and include, among others, that the company encourages employees to take initiative for further development.

Risk	Description	Management
Refinancing risk	Refinancing risk refers to the risk that financing cannot be obtained or renewed on the expiry of its term or can only be obtained or renewed at significantly increased costs. Netel primarily finances its business through equity, loans and its own cash flow. There is a risk that additional capital cannot be obtained or can only be obtained at unfavourable terms and conditions. Netel may in the future become in breach of financial covenants and other obligations in the credit and loan agreements that constitute grounds for termination due to general economic environment or disruptions in the capital and/or credit markets. This may affect its ability to finance future business and affect Netel's ability to carry out business opportunities and activities.	In connection with the listing on Nasdaq Stockholm, Netel secured new financing, which together with the proceeds from the completed new share issue was partly used to repay previous financing. Accordingly, Netel does not see any refinancing risk in the short term.
Inability to effec-tively manage exposure to interest rate and exchange rate risks	Any increase in interest rates can increase the Netel's financing expenses related to its variable rate indebtedness and increase the costs of refinancing its existing indebtedness and issuing new debt. As Netel continues expanding its business into existing and new markets, it expects that a large and increasing percentage of its net sales and selling expenses will be denominated in currencies other than SEK. As a result, the Netel's currency exchange risk will increase, whereby changes in exchange rates between SEK and other currencies in which the Group does business could result in foreign exchange losses.	In connection with the listing on Nasdaq Stockholm, Netel secured new financing, and Netel has not identified any more significant risks regarding interest in the short term. Netel works closely with its bank contacts to manage its exposure to exchange rate risks.
Percentage of completion method	Netel's revenue from projects are reported in accordance with the percentage of completion method. This means that Netel reports income and profits during the project in proportion to the actual costs' part of forecasted project costs. There is a risk that estimated income and profits contain errors and are reported with too high amounts, which may result in adjustments to previously reported project incomes and may have an adverse effect on Netel's financial position.	Netel applies percentage of completion method when income and costs can be calculated in a reliable way. The method means that the results are evened out and better reflect reality.
Goodwill	Intangible assets in the form of goodwill constitute a significant part of Netel's assets. Goodwill is subject to impairment testing. Reporting impairment includes uncertainty as the company must make forwardlooking assumptions calculating the recoverable amount based inter alia on assumptions about future cash flows. A negative trend in the business may force the company to report impairment equal to all or part of the booked value, which may have a material adverse effect on the Netel's financial position and operating profit.	Netel's has a clear and structure acquisition process. See about under the risk "Expansion through acquisitions." Through a thorough analysis of the acquisition target, clear acquisition criteria, structured follow-up, decentralised organisation and, for some of the acquisitions, long-term contingent considerations, Netel lays the foundation for continued good development in the acquired company.

Legal and regulatory risks

Risk	Description	Management
Non-compliance with applicable regulations	Failure or inability to comply with applicable regulations could subject Netel to penalties and result in a loss of its contracts, which could reduce revenue, profit and cash flow.	One of Netel's competitive advantages is the company's extensive experience in managing critical infrastructure projects, which includes knowledge about regulations and guidelines. Netel works to ensure that it has highly qualified employees to maintain its knowledge regarding current regulations and guidelines. The decentralised organisation contributes to Netel's employees having good insight into local regulations and guidelines.
Litigation, administrative and arbitration proceedings	Netel could be involved in legal or arbitration proceedings relating in particular to civil liability, competition, intellectual property and industrial property, taxation, employment and environmental matters. If the outcome of legal, administrative or arbitration proceedings were to be unfavourable, it could have a material adverse effect on the Netel's business, financial position and operating profit.	In the case that Netel is the object of more extensive legal disputes, the precautionary principle is applied and provisions deemed suitable will be made. Netel has well-established collaborations with tax experts within each jurisdiction.

Tax risks

Risk	Description	Management
Taxation and tax laws	Netel is exposed to risks relating to taxation. Netel is subject to complex tax laws in each of the jurisdictions in which the Group operates. Changes in tax laws or interpretation of tax laws could have material adverse consequences on the Group's tax situation, its effective corporate income tax rate and the amount of taxes to be paid.	Netel has well-established collaborations with tax experts within each jurisdiction and applies the precautionary principle is matters of assessment.
Employee reinvestments	Netel has carried out a number of new share issues, e.g. to enable ownership for key employees and reinvestments of the sellers of acquired companies with continued employment within the Group after the acquisition. If the Swedish Tax Authority would be of the opinion that the shares were acquired below market value, there is a risk that the difference is deemed to be a benefit for the purchaser, entailing an obligation for Netel to pay social security contributions on the same amount, and that a tax penalty is applied to the additional social security contributions. Further, there is a risk that the instruments are disqualified as securities, which would result in social security contributions being levied on any gain following an exit. This may adversely impact Netel's financial position and operating profit.	

Financial statements

Consolidated statement of profit or loss

MSEK	Note	1 Jan 2022 - 31 Dec 2022	1 Jan 2021 - 31 Dec 2021
Operating income			
Net sales	2, 3	3,141	2,418
Other operating income		25	3
Total revenue		**3,166**	**2,420**
Operating expenses			
Materials and purchased services		-1,981	-1,558
Other external expenses	4	-291	-196
Personnel costs	5, 6	-653	-496
Depreciation and amortisation	11, 12, 13, 14, 15	-65	-44
Total operating expenses		**-2,990**	**-2,295**
Operating profit/loss (EBIT)		**176**	**126**
Financial income	7	15	9
Financial expenses	7	-30	-34
Net financial items		**-15**	**-25**
Profit before tax		**161**	**100**
Taxes	9, 23	-38	-34
Profit for the year		**123**	**66**
Profit for the year attributable to:			
- Parent Company's shareholders		123	66
- non-controlling interests		0	0
Earnings per share			
Earnings per share before and after dilution (SEK)	10	2.59	1.87
Average number of shares before and after dilution (thousands)	10	47,726	35,535

Consolidated statement of comprehensive income

MSEK	Note	1 Jan 2022 - 31 Dec 2022	1 Jan 2021 - 31 Dec 2021
Profit for the year		**123**	**66**
Items that will be reclassified as profit or loss			
Translation differences on translation of foreign operations		5	11
Other comprehensive income for the year		**5**	**11**
Comprehensive income for the year		**129**	**78**
Comprehensive income attributable to:			
- Parent Company's shareholders		129	78
- non-controlling interests		0	0
Total comprehensive income for the year		**129**	**78**

Consolidated statement of financial position

MSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	11	1,179	810
Other intangible assets	12	199	193
Total intangible assets		**1,379**	**1,003**
Property, plant and equipment			
Plant and machinery	13	55	25
Equipment, tools, fixtures and fittings	14	11	9
Right-of-use assets	15	120	91
Total property, plant and equipment		**187**	**125**
Financial non-current assets			
Participations in associated companies and joint ventures	16	-	-
Other financial assets	18	9	7
Total financial non-current assets		**9**	**7**
Other non-current assets			
Deferred tax assets	23	10	14
Total non-current assets		**1,585**	**1,149**
Current assets			
Inventories			
Raw materials and consumables		8	8
Total inventories		**8**	**8**
Current receivables			
Accounts receivable	19	583	421
Contract assets	20	502	261
Other receivables		15	5
Prepaid expenses and accrued income	21	57	18
Total current receivables		**1,157**	**705**
Cash and cash equivalents	37	369	271
Total cash and cash equivalents		**369**	**271**
Total current assets		**1,534**	**984**
TOTAL ASSETS		**3,119**	**2,133**

Consolidated statement of financial position, cont.

MSEK	Note	31 Dec 2022	31 Dec 2021
EQUITY AND LIABILITIES			
Equity			
Share capital	22	1	1
Other contributed capital		1,461	1,396
Reserves	22	5	0
Retained earnings including profit for the year		-361	-485
Total equity		**1,105**	**911**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	24, 28	967	499
Lease liabilities	24, 28	70	55
Other non-current liabilities	35	179	37
Deferred tax liability	23	68	64
Total non-current liabilities		**1,283**	**655**
Current liabilities			
Liabilities to credit institutions	24, 28	5	1
Lease liabilities	24, 28	48	34
Accounts payable		323	258
Contract liabilities	25	118	53
Current tax liability		31	29
Other liabilities		63	50
Accrued expenses and deferred income	26	142	142
Total current liabilities		**731**	**566**
TOTAL EQUITY AND LIABILITIES		**3,119**	**2,133**

Consolidated statement of changes in equity

MSEK	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the year	Total equity attributable to Parent Company's shareholders
	Equity attributable to Parent Company's shareholders				
Opening equity 1 Jan 2021	**1**	**583**	**-7**	**28**	**603**
Profit for the year	-	-	-	66	66
Other comprehensive income for the year	-	-	11	-	11
Comprehensive income for the year	**0**	**0**	**11**	**66**	**78**
Transactions with Group owners					
Completed issues	0	237	-	-7	230
Effects of Group restructuring*	0	576	-5	-571	0
Total	**0**	**813**	**-5**	**-579**	**230**
Closing equity 31 Dec 2021	**1**	**1,396**	**0**	**-485**	**911**
Opening equity 1 Jan 2022	**1**	**1,396**	**0**	**-485**	**911**
Profit for the year	-	-	-	123	123
Other comprehensive income for the year	-	-	5	-	5
Comprehensive income for the year	**0**	**0**	**5**	**123**	**129**
Transactions with Group owners					
Completed issues	0	65	0	0	65
Effects of Group restructuring*	-	-	-	-	0
Total	**0**	**65**	**0**	**0**	**65**
Closing equity 31 Dec 2022	**1**	**1,461**	**5**	**-361**	**1,105**

Netel Group Holding AB approved a new issue of A and B shares on 19 February 2021, which resulted in an increase in share capital from SEK 576,337 to SEK 591,373. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Group Holding AB approved a new issue of A and B shares on 4 March 2021, which resulted in an increase in share capital from SEK 591,373 to SEK 602,855. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Group Holding AB approved a new issue of A and B shares on 29 March 2021, which resulted in an increase in share capital from SEK 602,855 to SEK 623,967. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares in connection with the listing of the Group in 15 October 2021, which resulted in an increase in share capital from SEK 654,415 to SEK 718,518. The issue took place in connection with the listing of the Group and totalled SEK 200,000,016. Direct issue costs were settled directly against equity.

Netel Holding AB (publ) decided on a new issue of ordinary shares on 5 January 2022, which resulted in an increase in share capital from SEK 718,518 to SEK 728,331. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares on 10 March 2022, which resulted in an increase in share capital from SEK 728,331 to SEK 729,343. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares on 11 March 2022, which resulted in an increase in share capital from SEK 729,343 to SEK 730,724. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares on 6 May 2022, which resulted in an increase in share capital from SEK 730,724 to SEK 732,902. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares on 19 July 2022, which resulted in an increase in share capital from SEK 732,902 to SEK 737,415. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares on 17 August 2022, which resulted in an increase in share capital from SEK 737,415 to SEK 738,805. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares on 5 December 2022, which resulted in an increase in share capital from SEK 738,805 to SEK 741,670. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

* In the third quarter of 2021, a restructuring of the Netel Group was carried out whereby Netel Holding AB (publ) became the new Parent Company of the Group instead of the former Parent Company Netel Group Holding AB. The consolidated accounts prepared for the new Parent Company are presented as a continuation of the consolidated accounts that were previously prepared by Netel Group Holding AB. An Extraordinary General Meeting on 20 August 2021 resolved to carry out an issue in kind, and consideration other than cash, in the form of about 81 per cent of the shares in Netel Group Holding AB, about 95 per cent of the shares in NTL Management AB and about 90 per cent of the shares in NTL Co-Invest AB, was provided to Netel Holding AB (publ). An Extraordinary General Meeting in August 2021 also resolved to carry out a share split whereby every 1 existing share was split into 65 shares. For the calculations of earnings per share, the number of shares has been corrected as if the share split took place at the beginning of the first period recognised in the financial statements. At the end of the third quarter of 2021, a non-controlling interest amounting to approximately 5 per cent of the capital remained in the Group due to this transaction. In connection with the Group's listing on the stock exchange on 15 October 2021, a share exchange took place on the basis of an issue in kind, whereby the non-controlling interest exchanged its shares for newly issued ordinary shares in Netel Holding AB (publ), after which no non-controlling interest existed in the Group in the fourth quarter of 2021. The effects of this restructuring on equity are recognised on the line Effect of Group restructuring in the Condensed consolidated statement of changes in equity. A new share issue was also carried out in connection with the listing of the Group, which together with the issue in kind increased the number of ordinary shares outstanding to 46,703,671.

Consolidated statement of cash flows

MSEK	Note	1 Jan 2022 - 31 Dec 2022	1 Jan 2021 - 31 Dec 2021
Operating activities			
Operating profit	2	176	126
Adjustments for non-cash items	27	62	43
Interest received		1	0
Interest paid		-22	-27
Tax paid		-39	-27
Cash flow from operating activities before changes in working capital		**177**	**114**
Cash flow from changes in working capital			
Changes in inventories		1	-3
Change in operating receivables		-292	-56
Change in operating liabilities		41	59
Cash flow from operating activities		**-72**	**114**
Investing activities			
Acquisition of operations and shares, excluding cash and cash equivalents	36	-224	-153
Acquisition of intangible assets	11, 12	-10	-15
Acquisition of property, plant and equipment	13, 14	-8	-8
Divestment of property, plant and equipment	13, 14	6	0
Acquisition of financial non-current assets	18	-2	-5
Cash flow from investing activities		**-238**	**-181**
Financing activities			
Completed new share issues		0	193
Borrowings	24, 28	462	475
Amortisation of loans	24, 28	-13	-390
Repayment of lease liability	24, 28	-48	-34
Cash flow from financing activities		**402**	**244**
Change in cash and cash equivalents		91	177
Cash and cash equivalents at the beginning of the year		271	90
Exchange rate difference in cash and cash equivalents		6	5
Cash and cash equivalents at year-end		**369**	**271**

Income statement for Parent Company

MSEK	Note	1 Jan 2022 - 31 Dec 2022	15 July 2021[1] - 31 Dec 2021
Operating income			
Net sales		20	**10**
Total revenue		**20**	**10**
Operating expenses			
Other external expenses	4	-4	**-23**
Personnel costs		-17	**-25**
Total operating expenses		**-20**	**-49**
Operating loss		**0**	**-38**
Earnings from financial items			
Interest income and similar profit/loss items	7	24	**4**
Interest expenses and similar profit/loss items	7	-19	**-3**
Net financial items		**4**	**1**
Earnings after financial items		**4**	**-37**
Appropriations	8	40	**-**
Profit/loss before tax		**44**	**-37**
Tax on profit for the year	9	-2	**-**
Profit/loss for the year		**43**	**-37**

The Parent Company has no items that are recognised under “Other comprehensive income,” which is why comprehensive income is the same as profit for the year.

[1] During the third quarter of 2021, a restructuring was carried out in the Netel Group where Netel Holding AB (publ) became the new parent company in place of the former parent company Netel Group Holding AB. The consolidated accounts prepared for the new parent company are presented as a continuation of the consolidated accounts previously prepared by Netel Group Holding AB. The annual report for the financial year 15 July 2021-31 December 2021 for the parent company and the Group, was submitted voluntarily and reflected for the parent company, the period from theformation of the holding company to the end of the Group’s financial year, i.e. 31 December 2021.

Balance sheet for the Parent Company

MSEK	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Non-current assets			
Financial non-current assets			
Participations in Group companies	17	1,202	1,202
Other financial non-current assets		4	7
Total non-current assets		**1,206**	**1,209**
Current assets			
Receivables from Group companies		1,054	655
Other current receivables		-	4
Cash and cash equivalents		181	8
Total current assets		**1,234**	**667**
TOTAL ASSETS		**2,440**	**1,876**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	22	1	1
		1	**1**
Non-restricted equity			
Share premium reserve		1,461	1,396
Retained earnings		-37	-
Profit/loss for the year		43	-37
		1,466	**1,358**
Total equity		**1,467**	**1,359**

MSEK	Note	31 Dec 2022	31 Dec 2021
Untaxed reserves	8	-	-
Total untaxed reserves		-	-
Total untaxed reserves		**-**	**-**
Non-current liabilities			
Liabilities to credit institutions	24, 28	932	475
Other liabilities		5	4
Total non-current liabilities		**937**	**479**
Current liabilities			
Liabilities to credit institutions	24, 28	4	2
Accounts payable		2	27
Current tax liabilities		-	-
Liabilities to Group companies		23	-
Other liabilities		2	1
Accrued expenses and deferred income	26	5	8
Total current liabilities		**36**	**38**
TOTAL EQUITY AND LIABILITIES		**2,440**	**1,876**

Statement of changes in equity for Parent Company

MSEK	Share capital	Share premium reserve	Retained earnings including profit/loss for the year	Total equity
Opening equity 15 July 2021[1]	**0**	**0**	**0**	**0**
Loss for the year	-	-	-37	-37
Completed issues	1	1,396	-	1,396
Total	**1**	**1,396**	**-37**	**1,359**
Closing equity 31 Dec 2021	**1**	**1,396**	**-37**	**1,359**
Opening equity 1 Jan 2022	**1**	**1,396**	**-37**	**1,359**
Profit for the year	-	-	43	0
Completed issues	0	65	-	0
Total	**0**	**65**	**43**	**0**
Closing equity 31 Dec 2022	**1**	**1,461**	**6**	**1,467**

[1] During the third quarter of 2021, a restructuring was carried out in the Netel Group where Netel Holding AB (publ) became the new parent company in place of the former parent company Netel Group Holding AB. The consolidated accounts prepared for the new parent company are presented as a continuation of the consolidated accounts previously prepared by Netel Group Holding AB. The annual report for the financial year 15 July 2021-31 December 2021 for the parent company and the Group, was submitted voluntarily and reflected for the parent company, the period from the formation of the holding company to the end of the Group's financial year, i.e. 31 December 2021.

Cash flow statement for the Parent Company

MSEK	Note	1 Jan 2022 - 31 Dec 2022	15 July 2021[1] - 31 Dec 2021
Operating activities			
Operating profit/loss	2	0	-38
Adjustments for non-cash items	27	0	5
Interest received		0	-
Interest paid		-12	-1
Tax paid		-	-
Cash flow from operating activities before changes in working capital		**-12**	**-35**
Cash flow from changes in working capital			
Change in operating receivables		9	-9
Change in operating liabilities		-1	33
Cash flow from operating activities		**-3**	**-11**
Investing activities			
Acquisition of financial non-current assets		-4	-4
Cash flow from investing activities		**-4**	**-4**
Financing activities			
Completed new share issues	22	-	193
External borrowings	24, 28	460	475
Change in intra-Group loans		-280	-645
Cash flow from financing activities		**180**	**23**
Change in cash and cash equivalents		173	8
Cash and cash equivalents at the beginning of the year		8	0
Cash and cash equivalents at year-end		**181**	**8**

[1] During the third quarter of 2021, a restructuring was carried out in the Netel Group where Netel Holding AB (publ) became the new parent company in place of the former parent company Netel Group Holding AB. The consolidated accounts prepared for the new parent company are presented as a continuation of the consolidated accounts previously prepared by Netel Group Holding AB. The annual report for the financial year 15 July 2021-31 December 2021 for the parent company and the Group, was submitted voluntarily and reflected for the parent company, the period from the formation of the holding company to the end of the Group's financial year, i.e. 31 December 2021.

Note 1

General information

This Annual 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 for communication and power networks in Sweden, Norway, Finland, Germany and the UK within the business areas of Fixed Networks, Power and Mobile. The Parent Company is a limited company with its registered office in Stockholm, Sweden. The address of the head office is Fågelviksvägen 9, 145 84 Stockholm.

The Group's composition is shown in Note 17.

The consolidated accounts for the year ending 31 December 2022 (including comparative figures) were approved by the Board for publication on 3 April 2023. The consolidated statements of profit or loss, other comprehensive income and financial position, and the Parent Company's income statement and balance sheet will be adopted at the Annual General Meeting on 4 May 2023.

The consolidated accounts are presented in Swedish kronor (SEK), which is also the Parent Company's functional currency and the accounting currency.

Summary of significant accounting policies

The most important accounting and valuation policies used in the preparation of the financial statements are summarised below. If the Parent Company applies different policies, these areas described under Parent Company below.

Basis of preparation of the financial statements

The consolidated financial statements and the notes to the accounts have been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Accounting Rules for Groups, and the International Financial Reporting Standards (IFRS) as endorsed by the EU. Assets and liabilities are measured at historical cost, except as regards contingent consideration (measured at fair value through profit or loss) and other securities held as non-current assets in the category of financial assets measured at fair value through profit or loss.

The preparation of statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires management make certain judgements in when applying the Group's accounting policies. Those areas that include a high level of judgement, that are complex or such areas where assumptions and estimates are of material importance for the consolidated accounts are stated separately below under "Significant assessment and estimates when applying accounting policies."

The financial statements have been prepared on the assumption that the Group conducts its operations on a going concern basis.

Consideration of climate-related risks

When preparing the annual accounts, Netel takes into accounts risks and impacts related to climate change. Netel has not identified any material impact on financial assessments and estimates, nor does it currently expect any material climate-related effects in the medium to long term. However, Netel is aware of the changing risks associated with the climate and will regularly assess theses risks and how they affect financial assessments and estimates.

Amended accounting policies

The ISAB has published additional amendments to standards that will apply for financial years that begin on or after 1 January 2022. These amendments, which went into force and apply as of 2022, including changes in IFRS 3 Business Combinations, IAS 16 Property, Plant and Equipment and the onerous contracts amendment to IAS 37 Provisions, Contingent Liabilities and Contingent Assets, have not had any material impact on the consolidated financial statements. New or amended standards that have not yet entered into force, such as IAS 1 Presentation of Financial Statements, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and IAS 1 Classification of Liabilities as Current or Non-current, are not deemed to have any material impact on the consolidated financial statements.

Overview of accounting policies

The most important accounting policies used in the preparation of the consolidated accounts are summarised below.

Basis for consolidation

The consolidated accounts include Group companies in which the Group directly or indirectly has a controlling influence by holding 50% of the votes in the Group company or otherwise has a controlling influence. The Group controls an entity when it is exposed to, or has rights to, variable returns from its holdings in the entity and has the ability to affect those returns through its power over the investee. Group companies are included in the consolidated accounts from the date on which the controlling influence is transferred to the Group. They are deconsolidated from the date that control ceases.

All intra-Group transactions and balance-sheet items are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies. If the unrealised losses on intra-Group sales of assets are reversed on consolidation, the underlying asset is tested for impairment based on a Group perspective. Amounts recognised in the financial statements for Group companies have been adjusted when required to ensure compliance with the Group's accounting policies.

Profit/loss and other comprehensive income for subsidiaries that have been acquired or divested during the year are recognised from the date that the acquisition or divestment was effected, according to what is applicable.

The Group attributes comprehensive income for subsidiaries to the Parent Company's shareholders and non-controlling interests based on the respective participating interests.

Business combinations

The Group applies the acquisition method for recognising business combinations. The purchase price of the business combination is measured at fair value at the acquisition date, which is measured as the sum of the fair values at the acquisition date of the assets, liabilities incurred or assumed and equity interest issued in exchange for control over the acquired business. Acquisition-related costs are recognised in profit or loss as incurred. The purchase price also includes the fair value at the acquisition date of the assets or liabilities that are the result of an agreement of contingent consideration. Changes in fair value for a contingent consideration arising from additional information obtained after the acquisition date on facts and circumstances that existed at the acquisition date, qualify as adjustments during the valuation period and are retroactively adjusted, with the corresponding adjustment of goodwill. However, the revaluation period extends a maximum of twelve months from the point of acquisition.

All other changes in the fair value of a contingent consideration classified as an asset or a liability are reported in accordance with the applicable standard. The identifiable acquired assets and assumed liabilities and contingent assets are measured at fair value at the acquisition date.

Contingent liabilities in a business combination are recognised as if they are existing obligations arising from past events and whose fair value can be reliably calculated.

Translation of foreign currency

All foreign Group companies use the local currency of their country as the functional and accounting currency. Upon consolidation, the items in these companies' balance sheets and income statements are remeasured at the balance sheet date rate and the average exchange rate, respectively. In the consolidated accounts, all amounts are translated to SEK. Transactions in foreign currency are converted in each entity to the entity's functional currency at the exchange rates that apply on the transaction date. At each balance sheet date, monetary items in foreign currency are translated at the closing day rate. Non-monetary items, which are measured at fair value in a foreign currency, are translated to the exchange rate on the day when the fair value was determined. Non-monetary items, valued at the historical costs of a foreign currency, are not translated. Exchange rate differences are recognised in profit or loss for the period in which they arise with the exception of transactions which constitute a hedge and which meet the conditions for hedge accounting of cash flows or of net investments.

When preparing the consolidated accounts, foreign Group companies' assets and liabilities are translated to SEK at the closing day rate. Revenue and expense items are translated at the average exchange rate for the period. Any translation differences that arise are recognised in other comprehensive income and transferred to the Group's translation reserve. Upon divestment of a foreign subsidiary, such translation differences are recognised in profit or loss as part of the sales capital gain/loss. Goodwill and fair value adjustments arising from the acquisition of a foreign operations are treated as assets and liabilities in this business and translated at the closing day rate.

Related parties and related party transactions

Disclosures on related parties are presented in Note 31 Related party transactions. The Group's transactions with related parties, in addition to the disclosures in Note 31, relate only to joint operations and are of limited scope and have been carried out on market terms, see Note 16 and Note 17.

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 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 2022 following acquisitions made by the Group and only includes these new operations. As a result, there is no impact on existing segments. Comparative figures therefore do not need to be restated.

Revenue recognition

Netel is a full-service specialist within critical infrastructure active in Sweden, Norway, Finland, Germany and the UK. Netel provides Infranet project management services for the construction and maintenance of physical telecom, broadband and power networks. The Group provides everything from planning and design to execution and with supplementary services within service and maintenance. The revenue reported is attributable to these types of projects and services. Revenue is valued on the basis of the compensation specified in contracts with customers excluding VAT. The Group reports revenues when the control of a service is transferred to the customer, which depends on the type of service performed according to the description below.

As a basis for the revenue recognition, there are agreements with customers in which the parties' rights and obligations, payment terms and the commercial meaning have been established and approved by both parties. A change to the contract is reported as a separate agreement in cases where the change relates to distinct services and there is an adjustment in accordance with stand-alone selling prices.

Construction agreements

The project activities are carried out in the form of Netel entering into a construction agreement with a client. The business model and contractual structures in regard to clients meet the requirements set out for customer agreements. There is a performance obligation that
is transferred as projects are completed in a series. The criteria are assessed as met in order to be able to see that the performance obligation is satisfied over time. The agreements with the customer are mainly at a fixed price or, in part, a fixed price through adjustable quantities. A smaller part of the agreements with customers are on a time and materials basis.

Service and maintenance agreements

Customers receive the benefits of the services rendered as Netel delivers the service, which is why revenue is reported based on the service rendered. Service and maintenance agreements are signed as both framework agreements and individual projects and are generally for between one and five years. The agreements include prices based on both contracted price levels for services rendered and on a time and materials basis.

General principles for revenue recognition

Revenue is recognised over time by measuring the progress against a completion of performance obligations. This is done in accordance with the input method as this best reflects measurement of the progress. The input method reports revenues on the basis of efforts to fulfil performance obligations, where the efforts consist of consumed working hours and expenses incurred to complete the contract.

Payment of services provided is received in accordance with the agreed payment plan or alternatively upon completion, if the accrued revenue exceeds the invoiced amount, an contract asset arises, correspondingly a contractual liability arises if the invoiced amount is greater than the accrued revenue. Normally, the payment terms are 30 days.

When the outcome of a project cannot reasonably be measured, but Netel expects to be covered for expenses incurred, revenue recognition only takes place with the amount corresponding to the project costs incurred that the client expects to reimburse. Expected losses in their entirety are charged to profit for the period.

Employee benefits

Remuneration of employees such as salaries and social costs, holiday and paid sick leave, etc. are reported as the employees perform services. Pensions are classified as defined contributions or defined benefit pension plans.

The plans where the company's obligation is limited to the fees the company has agreed to pay are classified as defined contribution pension plans. The size of the employee's pension depends on the fees that the company pays to the plan or to an insurance company and the capital return that the fees provide. Netel's obligations regarding fees to the defined contribution plan are recognised as an expense in profit for the year at the rate they are earned.

Defined benefit plans are plans other than defined contribution plans. The Group's ITP 2 plan, financed by an insurance in Alecta, is a multi-employer insurance. Companies must classify a plan that includes several employers as a defined contribution plan and a defined benefit plan based on the terms of the plan. Based on the terms of the ITP 2 plan's commitments for age pension and family pension, both these commitments should be classified as defined benefit commitments, but as there are no prerequisites for reporting an ITP 2 plan that is financed through insurance in Alecta as a defined benefit plan, this plan is reported as a defined contribution plan.

Financial income and expenses

Financial income consists of interest income on invested funds, exchange rate gains and other financial income. Interest income is reported as it is earned. Financial expenses refer to interest, fees and other expenses incurred in connection with the raising of interest-bearing liabilities, exchange rate losses and other financial expenses.

Derivatives, to the extent that they are used, are used to hedge the risks of interest and currency exposure to which Netel is exposed. Premium payments for hedging are reported, where applicable, as interest expenses in the period to which they relate.

Income taxes

The tax expense in profit or loss comprises deferred tax and current tax that is not recognised in other comprehensive income or directly in equity. Current tax refers to income tax for the current financial year, as well as that part of previous years' income tax that has not yet been reported. Current tax is valued at the probable amount according to the tax rates and tax rules that apply on the balance sheet date.

Deferred tax is income tax on taxable earnings pertaining to future financial years resulting from former transactions or events. Deferred tax is calculated on temporary differences. A temporary difference exists when the carrying amount of an asset or liability differs from the tax value. Temporary differences are not considered when attributable to investments in subsidiaries, branches, associated companies or joint venture if the company can control the timing of the reversal of the temporary differences and it is not obvious that the temporary difference will be reversed in the foreseeable future. Differences arising from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, impacts neither tax nor reported profit or loss are not considered as temporary differences..

Deferred tax assets relating to loss carry-forwards or other future tax deductions are recognised to the extent that it is probable that the deductions can be offset against future tax surpluses. Deferred tax liabilities attributable to untaxed reserves are not recognised separately. Untaxed reserves are recognised gross in the balance sheet.

Goodwill

Goodwill is measured in accordance with the principles of IFRS 3 Business combinations, and represents future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognised. Goodwill is measured at cost less accumulated impairment.

Goodwill is not amortised but tested for impairment on an annual basis, or more frequently if events or changes in conditions indicate the risk of a decline in value. Acquired goodwill in connection with business combinations is allocated to cash-generating units or groups of cash-generating units that are expected to benefit from synergies from the acquisition. Each entity or group of units to which goodwill has been allocated corresponds to the lowest level of the Group on which the goodwill in question is monitored in the internal governance, which for Netel is the respective segment, which comprises the country where operations are conducted. Goodwill is measured at cost less accumulated impairment.

Brand and other intangible assets

The Netel brand was acquired in connection with the acquisition of Netel Group BC AB and was initially measured at fair value on the acquisition date in accordance with the acquisition method. There is no foreseeable time limit for when the brand would not generate a positive cash flow for the Group, which is why it is recognised as an intangible asset with an indefinite useful life, which means that it is not amortised. The Netel brand is tested annually for impairment.

The fair value of customer relationships is determined based on estimated future cash flows from agreements with existing customers. Customer relationships are recognised at cost less accumulated amortisation and any impairment. The asset is amortised straight-line over the estimated useful life, which amounts to three years.

Technology is recognised at cost less accumulated amortisation and any impairment. The estimated useful life amounts to three years.

Capitalised development costs are recognised at cost less accumulated amortisation and any impairment. The estimated useful life amounts to three to five years.

Intangible assets acquired as part of a business combination are identified and recognised separately from goodwill when they meet the definition of an intangible asset and their fair value can be reliably calculated. The cost of such intangible assets comprise their fair value on the acquisition date.

Subsequently, intangible assets acquired in a business combination are recognised at cost less accumulated amortisation and any accumulated impairment losses in the same way as separately acquired intangible assets.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment. Assets are depreciated linearly over the estimated useful life of the assets. The useful life period is reviewed on each balance sheet date. The following useful lives apply:

- Plant and machinery, 3-10 years
- Equipment, tools, fixtures and fittings, 5 years
- Right-of-use assets, 2-6 years

Impairment of property, plant and equipment and intangible assets

Brands that have an indefinite useful life are not amortised but tested annually for any impairment. Impairment of goodwill is described under the heading Goodwill above. Other assets are tested for impairment as soon as events or changes in different circumstances indicate that carrying amount value may not be recoverable. If these indications arise, an assessment is made of the asset's recoverable amount, which is the higher of an asset's fair value less selling expenses and the value in use. When assessing the value in use, estimated future cash flows are discounted by a discount factor that takes into account current market assessments of the time value of money and the risks attributable to the asset or cash-generating unit. Impairment takes place at the amount that the asset's carrying amount exceeds the estimated recoverable amount. When assessing the need for impairment, assets are grouped at the lowest levels where there are separately identifiable cash flows (cash-generating units). Impairment is only reversed if there has been a change in the conditions applicable to the calculation when the recoverable amount of the asset was determined in the most recent impairment test. Impairment related to goodwill is not reversed under any circumstances.

Leases

Netel has leases for buildings and premises, cars and machinery and tools. These leases are recognised in the balance sheet except for leases with a term of 12 months or less (short-term leases) and leases of a low value (low-value leases). Netel recognises lease payments in connection with these leases (short-term leases and low-value leases) as an expense linearly over the lease term.

At the start of the lease, the Group assesses whether a contract is a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Upon lease commencement a right-of-use asset (lease asset) and a lease liability are recognised. The right-of-use asset is depreciated linearly over the estimated useful life, which is deemed to correspond to the lease term. Leases are normally valid for 2-6 years. Lease liabilities are recognised at amortised cost and remeasured when changes in future lease payments are made. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease contract if that can be readily determined. If that rate cannot be readily determined, the Group uses the incremental borrowing rate. Netel generally applies the Group's incremental borrowing rate adjusted by a risk premium based on the underlying asset. Interest payments on, and amortisation of, the lease liabilities are recognised in the cash flow. The lease liability is remeasured when changes in future lease payments arise due to a change in index or if Netel changes its estimates regarding purchases, extension or terminations of the lease contract. For lease contracts, Netel makes a qualified assessment as to whether it is reasonably certain that extensions will be used. All leases are assessed individually. The majority of the extension options are excluded in the lease liability because the Group believes that the assets can be replaced without significant costs or interruption to the business.

The Parent Company applies the exemption in RFR2 from applying IFRS 16 and continues to recognise lease payments as operating expenses.

Inventories

Inventories are measured at the lower of cost, calculated at first-in-first-out, and net realisable value. The net realisable value has been calculated as the sales value after deduction for the estimated cost of sale, taking into account obsolescence.

Financial assets and liabilities – financial instruments

Financial assets and liabilities are recognised when the Group becomes party to the contractual terms of the financial instrument. Transactions with financial assets are recognised on the transaction date, which is the date on which the Group undertakes to acquire or sell the assets. Financial assets are derecognised from the balance sheet when the rights in the agreement have been realised, expired or when the Group no longer has control over it. The same applies to part of a financial asset. Financial liabilities are derecognised from the balance sheet when the agreed obligation has been fulfilled or otherwise extinguished. Assets and liabilities are offset only when there is a legal right to offset and there is a right and an intention to settle the items on a net basis. Financial instruments recognised in the statement of financial position include cash and cash equivalents, contract assets, accounts receivable and derivatives on the asset side. Accounts payable, liabilities to credit institutions, contract liabilities and derivatives are recognised on the liability side.

Classification and measurement

Financial assets are classified based on the business model used to manage the asset and the asset's cash flow characteristics. If the financial asset is held within a business model whose objective is to collect contractual cash flows (hold to collect) and the agreed conditions for the financial asset at specific times give rise to cash flows consisting solely of payments of principal and interest on the principal amount, the asset is recognised at amortised cost.

If the objective of the business model instead is achieved by both collecting contractual cash flows and selling financial assets (hold to collect and sell), and the agreed terms of the financial asset at certain times give rise to cash flows consisting solely of payments of principal and interest on the principal amount, the asset is measured at fair value through other comprehensive income.

All other business models (other) where the purpose is speculation, holdings for trading or where the characteristics of the cash flow excludes other business models, are measured at fair value through profit or loss.

The Group applies the Hold to collect business model for accounts receivable, other receivables and cash and cash equivalents. The Group's financial assets are initially measured at fair value and subsequently at amortised cost using the effective interest method, less expected credit losses. Financial liabilities are measured at fair value through profit or loss if it is a contingent consideration to which IFRS 3 applies, holdings for trading or if they are initially identified as liabilities at fair value through profit or loss. Other financial liabilities are measured at amortised cost.

Fair value of financial instruments

The fair value of financial assets and liabilities traded on an active market is determined with reference to the listed market price. The fair value of other financial assets and liabilities is determined according to generally accepted valuation models such as discounting future cash flows and the use of information taken from current market transactions.

For all financial assets and liabilities, the carrying amount is deemed to be a good approximation of its fair value, unless otherwise specified.

Amortised cost and the effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured on initial recognition minus the principal, plus the accumulated depreciation using the effective interest method of any difference between that principal and the principal outstanding, adjusted for any impairment. The recognised gross amount of a financial asset is the amortised cost of a financial asset before adjustments for any loss allowances.

The effective interest rate is the rate used when discounting all expected cash flow over the expected duration to result in the initial carrying amount of the financial asset or the financial liability.

Provisions

Provisions for legal claims, guarantees and restoration measures are recognised when the Group has a legal or informal obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been measured reliably. No provisions are made for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation. To this, a discount rate before tax is used which reflects a current market assessment of the time-dependent value of money and the risks associated with the provision. The increase in provisions due to the fact that time is lapsed is recognised as interest expense.

Capital

Netel defines total capital as equity plus net debt in the balance sheet.

Hedge accounting

Netel does not apply hedge accounting.

Estimates and judgements

When preparing the financial statements, company management and the Board must make judgements and estimates that affect recognised asset and liability items and revenue and expense items, as well as related information about contingent items. These assessments and estimates are based on historical experiences and the various assumptions that management and the Board consider to be reasonable under the current circumstances. The conclusions drawn constitute the basis for decisions concerning the carrying amounts of assets and liabilities, in cases where these cannot be determined without further information from other sources. Actual outcomes may deviate from the judgements and estimates. The estimates and assumptions are reassessed regularly. Changes in estimates and assumptions are recognised in the period in which the change is made and in future periods if these periods are affected. Management believes that the following areas include the most difficult, most subjective or most complicated assessments and estimates that it must make when preparing the financial statements.

Information about assessments and estimates that have the most significant impact on the recognition and measurement of assets, liabilities, revenue and expenses. The outcome of these may deviate considerably. According to management, there is no significant risk for a material adjustment during the coming financial year in relation to carrying amounts.

Revenue recognition

The amount of revenue and associated contract assets and contract liabilities that has been recognised reflects Group management's best estimate of the outcome and degree of completion of each contract. For complex construction agreements, there is significant uncertainty when estimating the expenses for competition and profitability. Netel recognises revenue in projects over time as they are completed, which is measured by the expenses incurred in relation to total expected expenses at a point in time. The Group has a well-established process for monitoring the degree of completion and the expected total expenses per project. The process manages the monitoring and estimates of the risk of loss that may arise in the projects.

Contract assets at the end of 2022 was MSEK 502 (261) and contract liabilities MSEK 118 (53). For more information regarding construction contracts, refer to Note 20.

Revenue recognition – construction agreements

For revenue recognition of construction agreements, estimates must be made of the actual degree of completion, estimated expenses for completing the project and follow-ups against forecasts of final outcomes for the project. Unforeseen events may cause the final result of the projects to be both higher or lower than expected. A provision (low allowance) is made for projects in which losses are expected. Expected losses are expensed as soon as they are known, the uncertain part of the expected loss is recognised as a provision.

Impairment of goodwill and brands, etc.

To test for impairment, Group management calculates the recoverable amount of each asset cash-generating unit based on the expected future cash flows and using an appropriate interest rate to discount the cash flow. Uncertainties arise primarily in estimates and assumptions regarding futures cash flows in relation to growth, margins and other related items affecting cash flow as well as when establishing an appropriate discount rate. The Group has a well developed process for assumptions regarding future cash flows per cash-generating unit and uses WACC as a relevant discount rate, specifically for each cash-generating unit.

At the end of 2022, goodwill amounted to MSEK 1,179 (810). Brands amounted to MSEK 179 (179). For more information on impairment testing, refer to Note 11.

Leases

Assumptions on whether or not to exercise the option to extend existing leases have a major impact on the estimated lease asset and lease liabilities. For existing leases, Netel makes a qualified assessment as to whether it is reasonably certain that an additional extension period will be used and estimates the duration of these leases based on expected use within the current business.

Accounts receivable and contract assets

Netel measures the expected credit losses for financial assets classified at amortised cost including accounts receivable and contract assets. Netel applies the simplified model in calculating expected credit losses on accounts receivable using a matrix where a fixed percentage for a reserve is used depending on the number of days a receivable is outstanding. Management is to make overall estimates to ensure that a reasonable loss allowance is recognised.

Netel defines default as it being deemed unlikely that the counterparty will meet its commitments due to indicators such as financial difficulties and missed payments, see further under Note 4 (Credit risk). A receivable is written off when no possibilities for additional cash flows are deemed to exist.

At the end of 2022, accounts receivable amounted to MSEK 583 (421) and contract assets to MSEK 502 (261).

Parent Company's accounting policies

The Annual Report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's RFR 2 Reporting for Legal Entities. Untaxed reserves are recognised in their entirety without being specified as equity or deferred tax. Group contributions received and paid are recognised as appropriations. Participations in subsidiaries and joint ventures are recognised at cost less any impairment. RFR 2 includes exemptions from applying IFRS 9 in legal entities. The impairment requirements in accordance with IFRS 9 are applied without the exemption for financial non-current assets including receivables from Group companies. The Parent Company also applies the exemption regarding IFRS 16 in RFR 2.

Note 2 Segment reporting

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 are Sweden, Norway, Finland, Germany and the UK. The UK was recognised as a segment for the first time in 2022 following acquisitions made by the Group and only includes these new operations. As a result, there is no impact on existing segments. Comparative figures therefore do not need to be restated. The Group CEO primarily uses earnings before interest, tax and amortisation (EBITA) in assessing the performance of the operating segments. 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. The Group CEO does not follow up any balance-sheet items at segment level.

MSEK 2022	Sweden	Norway	Finland	Germany	UK	Total segments	Group-wide items	Group total
Revenue from external customers	1,433	1,179	291	213	47	3,163	-23	3,141
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**1,433**	**1,179**	**291**	**213**	**47**	**3,163**	**-23**	**3,141**
EBITA	117	60	-12	24	6	196	-16	179
EBITA margin	8.2%	5.1%	-4.2%	11.5%	13.5%			5.7%
Adjusted EBITA								200
Adjusted EBITA margin								6.4%
Non-current assets	**1,184**	**269**	**10**	**2**	**100**	**1,565**	-	**1,565**

MSEK 2021	Sweden	Norway	Finland	Germany	UK	Total segments	Group-wide items	Group total
Revenue from external customers	970	1,048	270	145	-	2,433	-15	2,418
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**970**	**1,048**	**270**	**145**	**-**	**2,433**	**-15**	**2,418**
EBITA	60	98	5	18	-	181	-54	127
EBITA margin	6.2%	9.3%	1.9%	12.5%	-			5.2%
Adjusted EBITA								177
Adjusted EBITA margin								7.3%
Non-current assets	**877**	**242**	**7**	**2**	**-**	**1,128**	-	**1,128**

Non-current assets according to the above include intangible assets (including goodwill), property, plant and equipment and right-of-use assets.

Note 3 Specification of revenue

MSEK

2022	Sweden	Norway	Finland	Germany	UK	Group total
Business area						
Fixed Networks	823	697	28	213	47	1,809
Power	401	341	210	-	-	952
Mobile	186	141	52	-	.	380
Group-wide	-	-	-	-	-	-
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
Revenue from contracts with customers	**1,433**	**1,179**	**291**	**213**	**47**	**3,141**

2021	Sweden	Norway	Finland	Germany	UK	Group total
Business area						
Fixed Networks	512	596	6	145	-	1,259
Power	285	308	205	-	-	799
Mobile	157	141	59	-	-	357
Group-wide	-	-	-	-	-	-
Revenue from contracts with customers	**954**	**1,045**	**270**	**145**	**0**	**2,415**
Type of service						
Framework agreement	434	675	189	24	-	1,323
Project	535	373	81	121	-	1,110
Group-wide	-	-	-	-	-	-15
Revenue from contracts with customers	**970**	**1,048**	**270**	**145**	**0**	**2,418**

Note 3, cont.

Contract assets	31 Dec 2022	31 Dec 2021
Opening balance	261	178
Changes due to normal operations	242	82
Closing balance	**502**	**261**

Contract liabilities	31 Dec 2022	31 Dec 2021
Opening balance	53	40
Changes due to normal operations	65	12
Closing balance	**118**	**53**

Revenue recognised for the year	2022	2021
On the contract liabilities side on 1 January:	53	40
From performance obligations that were satisfied in full or in part in prior periods	0	0

Revenue allocated to unsatisfied or partially satisfied performance obligations expected to be recognised as revenue	2022	2021
Within one year	502	261
After one year	0	0

Contract assets comprise accrued revenue to which the company's right is conditional on continued performance in accordance with the contract. When the company's right to payment is unconditional, invoices are issued and the asset is recognised as an account receivable. Contract liabilities are advance payments from customers for which performance obligations have not been satisfied. Contract liabilities are recognised as revenue when the performance obligation of the contract is satisfied (or has been satisfied).

Note 4 Auditors' fees

	Group		Parent Company	
MSEK	2022	2021	2022	2021
Deloitte AB				
Audit	4	3	-	-
Other services	0	2	-	2
Total	**4**	**4**	**0**	**2**

Audit assignment refers to the auditor's work on the statutory audit, and auditing activities refers to various types of quality-assurance activities. Other services are services not included in the audit assignment, auditing activities or tax advisory services.

Note 5 Number of employees and gender distribution

	Group		Parent Company	
Number of employees, converted to full-time employees, 31 December	**2022**	**2021**	**2022**	**2021**
Sweden	281	196	2	2
Of whom, women	29	20	0	0
Of whom, women	10%	10%	0%	0%
Norway	407	415	-	-
Of whom, women	24	17	-	-
Of whom, women	6%	4%	-	-
Finland	48	40	-	-
Of whom, women	7	7	-	-
Of whom, women	15%	18%	-	-
Germany	7	7	-	-
Of whom, women	1	1	-	-
Of whom, women	14%	14%	-	-
UK	66	-	-	-
Of whom, women	7	-	-	-
Of whom, women	11%	-	-	-
Total	**809**	**658**	**2**	**2**
Of whom, women	**68**	**45**	**0**	**0**
Of whom, women	**8%**	**7%**	**0%**	**0%**

Three of the seven members of the Board are women, or 43 per cent.
None of the senior executives are women.

Note 6 Employees

Salaries, remuneration, etc. Total salaries, remuneration, social costs and pension costs were paid in the following amounts:

	Group		Parent Company	
MSEK	2022	2021	2022	2021
Board and CEO:				
Salaries and remuneration	9	16	8	12
Salaries (subsidiaries abroad)	0	0	0	0
Pension costs	1	6	1	4
Pension costs (subsidiaries abroad)	0	0	0	0
	11	**22**	**9**	**16**
Other employees:				
Salaries and remuneration	481	366	3	4
Pension costs	42	27	1	0
	523	**393**	**4**	**4**
Social costs	109	81	4	4
Total Board and other	**642**	**496**	**17**	**25**

The ITP2 insurance is a multi-employer insurance in Alecta, and the premium for the defined benefit retirement and family pension is calculated individually on the basis of such factors as salary, previously earned pension entitlement and estimated remaining period of employment. The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio is normally permitted to vary between 125 and 175 per cent. If Alecta's collective consolidation level falls below 125 per cent or exceeds 150 per cent, action is to be taken to create the conditions for returning the consolidation level to within the normal range. In the case of low consolidation, one step can be to increase the price of new, and extending existing, benefits. In the case of high consolidation, one alternative can be to reduce premiums. At year-end 2022, Alecta's preliminary surplus in the form of the collective funding ratio was 172 per cent (172). Netel's share of the total contributions for the plan, and the Group's share of the total number of active members in the plan, amount to 0.01059 per cent and 0.00888 per cent, respectively. The corresponding figures for 2021 are 0.0058 per cent and 0.00781 per cent, respectively. The expected fees for 2023 for ITP2 insurance signed with Alecta total TSEK 1,155.

Remuneration of and other benefits to senior executives

Principles

Annual fees are paid to the Chairman of the Board and Board members in accordance with a decision of the Annual General Meeting. The Board decides on the terms of employment for the CEO. The CEO decides on remuneration of senior executives. Remuneration of the CEO and other senior executives consists of fixed salary, variable remuneration, other benefits and pension provisions.

Termination/Severance pay, CEO and Group management

If notice of termination is made by Netel, the notice period may not exceed 12 months for the CEO and six months for the other Group management members. If a member of Group management is given notice, Netel is liable to pay, including severance pay and remuneration under the notice period, the equivalent of maximum 18 months' base salary and other employment benefits. If notice of termination is made by a member of the Group management, the notice period may not exceed six months, with no right to severance pay. Full salary and other employment benefits are paid during the notice period, with deduction for salary and other remuneration received from other employment or activities that the employee has during the notice period.

(Note 6, cont.)

Remuneration of Board, TSEK		2022	2121
Board fees			
Chairman of the Board[1]	Hans Petersson	535	500
Board member[1]	Nina Macpherson	370	350
Board member[1]	Alireza Etemad	335	0
Board member[2]	Carl Jakobsson	350	0
Board member[2]	Göran Lundgren	350	350
Board member[2]	Ann-Sofi Danielsson	400	0
Board member	Jeanette Reuterskiöld	300	0
Total		**2,640**	**1,200**

1) Members of the Remuneration Committee 2) Members of the Audit Committee

Remuneration of and other benefits to senior executives, TSEK 2022	Basic salary	Variable salary and other benefits	Pension cost	Total
CEO	4,329	3,682	1,315	9,326
Other members of Group management (5 positions)	7,025	3,207	2,123	12,355
Total	**11,354**	**6,889**	**3,438**	**21,681**

Remuneration of and other benefits to senior executives, TSEK 2021	Basic salary	Variable salary and other benefits	Pension cost	Total
CEO	4,214	12,138	5,763	22,115
Other members of Group management (5 positions)	6,636	2,833	1,605	11,074
Total	**10,850**	**14,971**	**7,368**	**33,189**

Note 7 Financial income and expenses

	Group		Parent Company	
MSEK	2022	2021	2022	2021
Financial income				
Interest income, other	0	0	24	-
Profit from sales of subsidiaries	-	-	-	-
Remeasurement				
- interest rate hedge derivatives, fair value	-	-	-	-
Exchange rate gains, net	15	5	-	-
Total financial income	**15**	**5**	**24**	**0**
Financial expenses				
Interest expenses				
- interest-bearing liabilities	-27	-27	-17	-2
- interest rate hedge derivatives, fair value	-	-	-	-
Exchange rate losses, net	-	-	-	-
Other financial expenses	-4	-2	-3	-
Total financial expenses	**-31**	**-30**	**-19**	**-2**
Net financial items	**-15**	**-25**	**4**	**-2**

Note 8 Appropriations

MSEK	Parent Company 2022	Parent Company 2021
Tax allocation reserve	-	-
Group contributions received	40	-
Total	**40**	**0**

Note 9 Tax on profit for the year

MSEK	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Current tax				
Current tax on profit for the year	-37	-37	0	0
Current tax, correction previous year	0	0	0	0
	-37	**-37**	**0**	**0**
Deferred tax				
Change in tax loss carryforward	-4	7	-2	0
Change in temporary differences	1	-6	0	0
Untaxed reserves	2	2	0	0
	-1	**2**	**0**	**0**
Total tax	**-38**	**-34**	**0**	**0**

Reconciliation of tax expense for the year	Group 2022	Group 2021	Parent Company 2022	Parent Company 2021
Profit/loss before tax	161	100	44	-37
Tax rate, 20.6%	-33	-21	0	0
Adjustment for foreign tax	-3	-2	0	0
Tax effect of:				
Non-taxable income	3	0	0	0
Non-deductible expenses	-7	-3	0	0
Adjustment for tax expenses, acquired companies	2	1	0	0
Other	-	-10	0	0
Total	**-38**	**-34**	**0**	**0**

Note 10 Earnings per share

	Group	
MSEK	2022	2021
Earnings attributable to ordinary shareholders		
Profit for the year attributable to Parent Company's shareholders	123	66
Earnings per share before and after dilution (SEK)*	2.59	1.87
Number of shares		
Average number of shares before and after dilution*	47,726,300	35,535,406

*Netel Holding AB (publ) was registered with the Swedish Companies Registration Office on 15 July 2021 and became the new Parent Company of the Netel Group on the basis of an issue in kind on 20 August 2021. Accordingly, the Parent Company did not have any ordinary shares outstanding during the historical comparative periods. From the Parent Company registration date until 20 August 2021 there were 500,000 ordinary shares, and the number of ordinary shares increased to 500,002 in connection with the issue in kind. A decision was made on 27 August 2021 to carry out a share split in Netel Holding AB (publ), which entailed that the number of ordinary shares outstanding increased to 32,500,130. In order to calculate earnings per share for the comparative periods, Netel has used the number of ordinary shares that existed when the company was formed, retroactively adjusted for the share split, from the beginning of each period so that the measure is comparable with the current period.

In connection with the Group's listing on the stock exchange on 15 October 2021, a share exchange took place on the basis of an issue in kind, whereby the non-controlling interest exchanged its shares for newly issued ordinary shares in Netel Holding AB (publ), after which no non-controlling interest existed in the Group at the end of 2021. A new share issue was also carried out in connection with the listing of the Group, which together with the issue in kind increased the number of ordinary shares outstanding to 46,703,671 at the end of 2021. During the year, seven offset issues were carried out in connection with previously announced acquisitions. The number of ordinary shares outstanding increased 1,504,908 during the year to 48,208,579 shares at the end of 2022.

Note 11 Goodwill

	Group		Parent Company	
MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Opening cost	810	594	-	-
Acquisition of subsidiaries	363	204	-	-
Exchange rate differences for the year	6	12	-	-
Closing accumulated cost	**1,179**	**810**	**-**	**-**

Goodwill and brand specified by cash-generating units

2022	**Goodwill**	**Brands**	**WACC**
Sweden	938	170	8.0%
Norway	153	8	8.8%
Finland	-	1	8.0%
Germany	-	-	7.7%
UK	88	-	8.8%
	1,179	**179**	

Goodwill and brand specified by cash-generating units

2021	**Goodwill**	**Brands**	**WACC**
Sweden	661	170	7.4%
Norway	149	8	7.5%
Finland	-	1	7.4%
Germany	-	-	7.4%
UK	-	-	-
	810	**179**	

Goodwill and brands with indefinite useful lives are tested for impairment annually. The recoverable amounts of the cash-generating units were calculated as the value in use based on management's five-year forecast of net cash flow, for which the most important estimates and assumptions relate to future cash flows in relation to growth, margin and other cash flow affecting items and the determination of the appropriate discount rate. The five-year forecasts are determined by the management of the respective cash-generating unit. Values for specified key assumptions reflect historical experience and development and take into account internal resources and externally available market information such as investment plans within the respective unit and market conditions. For 2022, there are no write-down requirements and no reasonable possible changes regarding estimates and assumptions on which Netel has based the determination of the recoverable amount are deemed to affect the write-down requirement for the year. Netel has not identified any significant impact on impairment requirements or future cash flows from climate-related risks.

For the period after five years, annual growth is estimated to be 2.0 per cent (1.0) for all cash-generating units, in accordance with an assumed long-term market growth rate. The Group's weighted average WACC for Sweden and Norway in 2022 was 8.4 per cent (7.5) before tax.

Note 12 Other intangible assets

Capitalised development expenditure and similar

	Group		Parent Company	
MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Opening cost	16	3	-	-
Acquisitions for the year	10	14	-	-
Exchange rate differences for the year	1	-1	-	-
Closing accumulated cost	**27**	**16**	**-**	**-**
Opening amortisation	-3	-3	-	-
Depreciation for the year	-3	-1	-	-
Exchange rate differences for the year	0	1	-	-
Closing accumulated amortisation	**-7**	**-3**	**-**	**-**
Net carrying amount	**20**	**13**	**-**	**-**

Brand, customer relationships and technology

	Group		Parent Company	
MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Opening cost	267	266	-	-
Acquisitions for the year	-	-	-	-
Exchange rate differences for the year	0	1	-	-
Closing accumulated cost	**267**	**267**	**-**	**-**
Opening amortisation	-88	-87	-	-
Amortisation for the year	-	-		
Exchange rate differences for the year	0	-1	-	-
Closing accumulated amortisation	**-88**	**-88**	**-**	**-**
Net carrying amount	**179**	**179**	**-**	**-**

The net carrying amount above includes the following intangible assets: Brand MSEK 179 (179), Customer relationships MSEK 0 (0), technology MSEK 0 (0). There is no foreseeable time limit for when the brand would not generate a positive cash flow for the Group, which is why no regular amortisation takes place. The Netel brand is impairment tested annually; refer also to accounting policies and Note 11.

Note 13 Plant and machinery

MSEK	Group 31 Dec 2022	Group 31 Dec 2021	Parent Company 31 Dec 2022	Parent Company 31 Dec 2021
Opening cost	40	9	-	-
Purchases	9	18	-	-
Acquisitions	72	12	-	-
Sales/disposals	-8	-2	-	-
Reclassification	0	2	-	-
Exchange rate differences for the year	1	1	-	-
Closing accumulated cost	**114**	**40**	**-**	**-**
Opening amortisation	-14	-8	-	-
Sales/disposals	3	2	-	-
Acquisitions	-38	-1		
Reclassification	0	-2	-	-
Amortisation for the year	-9	-5	-	-
Exchange rate differences for the year	0	0	-	-
Closing accumulated amortisation	**-58**	**-14**	**-**	**-**
Net carrying amount	**55**	**26**	**-**	**-**
Construction in progress	-	-	-	-
Total	**55**	**26**	**-**	**-**

Note 14 Equipment, tools, fixtures and fittings

MSEK	Group 31 Dec 2022	Group 31 Dec 2021	Parent Company 31 Dec 2022	Parent Company 31 Dec 2021
Opening cost	33	31	-	-
Purchases	3	3	-	-
Acquisitions	8	2	-	-
Sales/disposals	0	-1	-	-
Reclassification	0	-4	-	-
Exchange rate differences for the year	1	2	-	-
Closing accumulated cost	**45**	**33**	**-**	**-**
Opening depreciation	-25	-25	-	-
Sales/disposals	0	1	-	-
Acquisitions	-4	-1	-	-
Reclassification	0	4	-	-
Amortisation for the year	-4	-3	-	-
Exchange rate differences for the year	-1	-1	-	-
Closing accumulated amortisation	**-34**	**-25**	**-**	**-**
Net carrying amount	**11**	**8**	**-**	**-**

Note 15 Right-of-use assets

MSEK	31 Dec 2022	31 Dec 2021
Accumulated cost		
Opening balance	151	145
New acquisitions	76	66
Divestments and disposals	-22	-30
Revaluation	4	-30
Closing balance	**209**	**151**
Accumulated depreciation		
Opening balance	-60	-73
Amortisation for the year	-48	-37
Divestments and disposals	21	28
Revaluation	-2	22
Closing balance	**-88**	**-60**
Net carrying amount	**120**	**91**

Right-of-use assets refer to leased assets in accordance with IFRS 16, which comprise Buildings (rent of premises) of MSEK 52 (41), Vehicles MSEK 63 (47) and Other (tools/machinery) MSEK 5 (2). Depreciation for the year for right-of-use assets for Buildings was MSEK 20 (15), Vehicles MSEK 26 (21), and Other (tools/machinery) MSEK 2 (1). The Group has excluded short-term leases and low-value leases of MSEK 1 (1).

The maturity structure for lease liabilities is presented in Note 24.

Amounts recognised in profit or loss	2022	2021
Depreciation of right-of-use assets	-48	-37
Interest expenses for lease liabilities	-4	-3
Expenses attributable to short-term leases	0	-1
Expenses attributable to low-value leases	0	0
Total	**-52**	**-40**
Cash outflow for leases recognised under IFRS 16	**52**	**39**

Short-term leases relate to temporary rental of premises, work machines, containers and other. Low-value leases primarily refer to
office machinery, vehicles, parking places and other items. On 31 December 2022, the Group did not have any obligations for short-term leases.

Additional disclosures

For the Netel Group, the majority of right-of-use assets and lease liabilities are related to leases of vehicles and premises. Assumptions on whether or not to exercise the option to extend existing leases have a major impact on the recognised right-of-use assets and lease liabilities. For existing lease contracts, Netel makes a qualified assessment as to whether it is reasonably certain that extensions will be used. As of the balance sheet date, an assessment of current leases did not entail any significant adjustment of the amount of the right-of-use assets. Netel takes the following factors into account as most important in assessing whether the leases will be extended: fees for terminating leases, significant remaining value of capitalised improvement costs of third-party properties, historical lease terms and costs and interruptions in the business required to replace the leased asset. The majority of the extension options are excluded in the lease liability because the Group believes that the assets can be replaced without significant costs or interruption to the business.

Note 16 Participations in associated companies and joint ventures

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Opening value	-	-	-	-
Exchange rate effects	-	-	-	-
Profit participation	-	-	-	-
Other	-	-	-	-
Closing value	**-**	**-**	**-**	**-**

Note 17 Participations in Group companies

MSEK	Parent Company 31 Dec 2022	Parent Company 31 Dec 2021
Opening cost	1,202	633
Acquisition of participations in Group companies	0	569
	1,202	**1,202**

Company	Corp. Reg. No.	Registered office	Number of shares	Participation
Direct ownership				
NTL Management AB	559066-2614	Stockholm	50,000,000	100%
NTL Co-Invest AB	559066-2606	Stockholm	54,074,570	100%

Company	Corp. Reg. No.	Registered office	Number of shares	Participation
Indirect ownership				
Netel Group Holding AB	559062-6049	Stockholm	62,396,726	100%
Netel Group BC AB	559063-2419	Stockholm	56,513,410	100%
Netel Group AB	556914-7548	Stockholm	12,517,894	100%
Netel AB	556592-4056	Stockholm	100,000	100%
Netel AS	983096514	Oslo	5,700,000	100%
Nett-Tjenester AS	995627868	Fredrikstad	100	100%
Netel Holding OY	2609959-8	Vantaa	1,000	100%
Netel OY	230934-4	Helsinki	11,428	100%
Telog Eesti OÜ	11904874	Tallinn	1,000	100%
ICT Consulting AB	556961-0826	Stockholm	1,000	100%
Medam AB	556646-7998	Nyköping	5,000	100%
Netel GmbH	HRB31257	Duisburg	25,000	100%
C-E Morberg Anläggning & Energi AB	556784-4138	Strömsholm	1,000	100%
Brogrund Mark AB	556700-6266	Örebro	1,000	100%
Brogrund Entreprenad AB	556854-2301	Örebro	1,000	100%
Oppunda Kraftkonsult AB	556525-2961	Katrineholm	1,000	100%
Svensk Elkraftsentreprenad AB	559096-9712	Norrköping	1,000	100%
JR Markteknik AB	556906-3869	Stockholm	100	100%
Täby Maskin & Uthyrning AB	556918-6231	Stockholm	100	100%
Eltek Entreprenad Sverige AB	556841-3636	Smedjebacken	500	100%
Eltek Kraft & Montage Sverige AB	559263-6681	Smedjebacken	250	100%
Elcenter i Söderköping Aktiebolag	556373-2477	Söderköping	1,000	100%
KMAB Karlskoga Mark AB	556882-2828	Karlskoga	50,000	100%
Netel Ltd	2600095	Buckinghamshire	10,000	100%
Doocey North East Ltd	03387559	Stockton-On-Tees	200	100%
Border Civils & Utilities Ltd	SC451995	Dumfries	100	100%
Bredbyns Schakt AB	556203-0741	Örnsköldsvik	1,000	100%

In 2022, JR Markteknik, Täby Maskin, Eltek Entreprenad, Eltek Kraft, Elcenter i Söderköping, KMAB, Doocey, Border and Bredbyns were acquired.

Note 18 Other financial assets

	Group	
MSEK	31 Dec 2022	31 Dec 2021
Opening cost	7	0
Acquisitions for the year	2	5
Acquisitions	0	2
Reclassification from liabilities	-	-
Measurement at market value	-	-
Closing value	**9**	**7**
Other	-	-
Total	**9**	**7**

The Group's other financial assets primarily comprise capital investments.

Note 19 Accounts receivable

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accounts receivable	589	426	0	9
Loss allowance, expected credit loss IFRS 9	-6	-5	0	0
Total accounts receivable	**583**	**421**	**0**	**9**
Age analysis of accounts receivable before deduction for loss allowance				
1-30 days past due	29	32	0	0
31-90 days past due	1	13	0	0
> 91 days past due	87	77	0	0
Total accounts receivable past due	**118**	**123**	**0**	**0**
Opening balance, provisions	-5	-3	0	0
Change in loss allowance, accounts receivable	-1	-3	0	0
Closing balance, loss allowance for credit losses	**-6**	**-5**	**0**	**0**

The change in the loss allowance for accounts receivable of MSEK 1 was primarily due to a slightly higher volume.

The average credit terms for accounts receivable are 30 days. A credit assessment takes place when an agreement is entered into with a previously unknown customer.

Note 20 Contract assets

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Construction contracts	504	261	0	0
Provision, contract assets	-1	-1	0	0
	502	**261**	**0**	**0**
Opening balance	261	178	0	0
Invoicing of opening receivables	-226	-143	0	0
Generated revenue for the year that has not been invoiced	467	226	0	0
Impairment	-	-	0	0
Total	**502**	**261**	**0**	**0**
Current	502	261	0	0
Non-current	-	-	0	0
Total	**502**	**261**	**0**	**0**
Opening balance, provisions	-1	-1	0	0
Change in loss allowance, contract assets	-1	0	0	0
Closing balance, loss allowance for credit losses	**-1**	**-1**	**0**	**0**

Amounts attributable to construction contracts arise in conjunction with projects that have been generated but not invoiced before the balance sheet date. The loss allowance for expected credit losses on contract assets is attributable to a slightly higher volume.

During the year, projects (both started and not started) for which losses were expected, were recognised as an expense of MSEK 1 (0). All contract assets as of 31 December 2022 are expected to be settled in 2023.

Note 21 Prepaid expenses and accrued income

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Prepaid rent	0	0	-	-
Accrued revenue, other	33	5	-	-
Other items	24	12	-	-
Total	**57**	**18**	**-**	**-**

Note 22 Disclosures on share capital and reserves

	Number of shares	Quota value per share SEK
2022		
Number/value at beginning of year*	46,703,671	0.02
Number/value at year-end*	48,208,579	0.02
2021		
Number/value at beginning of year*	32,500,128	0.02
Number/value at year-end*	46,703,671	0.02

*Netel Holding AB (publ) was registered with the Swedish Companies Registration Office on 15 July 2021 and became the new Parent Company of the Netel Group on the basis of an issue in kind on 20 August 2021. Accordingly, the Parent Company did not have any ordinary shares outstanding during the historical comparative periods. From the Parent Company registration date until 20 August 2021 there were 500,000 ordinary shares, and the number of ordinary shares increased to 500,002 in connection with the issue in kind. A decision was made on 27 August 2021 to carry out a share split in Netel Holding AB (publ), which entailed that the number of ordinary shares outstanding increased to 32,500,130. In order to calculate earnings per share for the comparative periods, Netel has used the number of ordinary shares that existed when the company was formed, retroactively adjusted for the share split, from the beginning of each period so that the measure is comparable with the current period.

In connection with the Group's listing on the stock exchange on 15 October 2021, a share exchange took place on the basis of an issue in kind, whereby the non-controlling interest exchanged its shares for newly issued ordinary shares in Netel Holding AB (publ), after which no non-controlling interest existed in the Group at the end of 2021. A new share issue was also carried out in connection with the listing of the Group, which together with the issue in kind increased the number of ordinary shares outstanding to 46,703,671 at the end of 2021. During the year, seven offset issues were carried out in connection with previously announced acquisitions. The number of ordinary shares outstanding increased 1,504,908 during the year to 48,208,579 shares at the end of 2022.

Reserves	31 Dec 2022	31 Dec 2021
Translation reserve		
Opening balance	0	-7
Translation differences for the year	5	7
Closing balance	**5**	**0**

Translation reserve

The translation reserve includes the exchange rate differences that arise on the translation of financial statements from foreign operations whose financial statements are prepared in a different currency to the currency in which the consolidated financial statements are presented.

Note 23 Deferred tax

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Deferred tax assets				
Loss carry-forwards	7	11	-	-
Unutilised interest deductions	-	-	-	-
Loss allowance accounts receivable/contract assets	2	1	-	-
Other temporary differences	0	0	-	-
Deferred tax, right-of-use assets	1	1	-	-
Total	**10**	**14**	**-**	**-**
Deferred tax liabilities				
Untaxed reserves	26	24	-	-
Temporary differences, intangible assets	38	38	-	-
Other temporary differences	3	2	-	-
Changed tax rate, tax allocation reserve	-	-	-	-
Changed tax rate, intangible assets	-	-	-	-
Total	**68**	**64**	**-**	**-**

Note 24 Maturity structure for undiscounted liabilities to credit institutions, lease liabilities and other non-current liabilities

	Group		Parent Company	
TSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Liabilities to credit institutions and lease liabilities				
Repayment within one year				
Loans	0	0	-	-
Lease liabilities	49	34	-	-
Total within one year	**49**	**34**	**-**	**-**
Repayment within two to five years				
Loans	967	499	932	475
Lease liabilities	66	56	-	-
Total within two to five years	**1,033**	**555**	**932**	**475**
Repayment after five years				
Loans	0	0	-	-
Lease liabilities	3	2	-	-
Total after five years	**3**	**2**	**-**	**-**
Total liabilities to credit institutions and lease liabilities	**1,085**	**591**	**932**	**475**
Other non-current liabilities				
Amortisation within one year	0	0	-	-
Amortisation within two to five years	179	37	-	-
Amortisation after five years	0	0	-	-
Total	**179**	**37**	**0**	**0**
Total amortisation within one year	49	34	-	-
Total amortisation within two to five years	1,212	592	932	475
Total amortisation after five years	3	2	-	-

The Group has a revolving facility of MSEK 1,000 that includes an overdraft facility of MSEK 150 distributed between Sweden (linked to the cash pool) and Norway, with a term until September 2025 and the option of extending the facility by an additional year, as well as a credit facility of MSEK 250 with a term until November 2025. For non-current loans, there are commitments that must be fulfilled with the creditor with regard to Net debt in relation to Adjusted EBITDA on a rolling 12-month basis and interest coverage rate (adjusted EBITDA R12). These commitments were met during the financial year.

Overdraft facilities	Group		Parent Company	
MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Overdraft facilities granted	150	150	-	-
Of which utilised at balance sheet date	-	-	-	-

Note 25 Contract liabilities

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Construction contracts	118	53	-	-
			-	-
Opening balance	53	40	-	-
Generated during the year	-53	-40	-	-
Invoiced revenue for the year that has not been generated	118	53	-	-
Total	**118**	**53**	**-**	**-**
Current	118	53	-	-
Non-current	-	-	-	-
Total	**118**	**53**	**-**	**-**

Amounts attributable to construction contracts arise in connection with payment exceeding the accrued revenue reported for a construction agreement. Payment is made according to agreed plans. All contract liabilities as of 31 December 2022 are expected to be settled in 2023.

Note 26 Accrued expenses

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Accrued salaries	75	76	-	6
Accrued social security contributions	22	27	-	1
Project-related reserves	24	33	-	-
Other accrued expenses	21	6	-	1
Total	**142**	**142**	**0**	**8**

Project-related reserves refer to estimated costs for construction projects, less costs that have de facto already been charged to the project in the form of time spent and supplier invoices, taking into account the degree of completion on the closing date.

Note 27 Adjustments for non-cash items

	Group		Parent Company	
MSEK	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
Depreciation	65	44	0	0
Provisions	1	4	0	5
Unrealised exchange rate effects	0	-8	0	0
Other adjustments	-3	2	0	0
Total	**62**	**43**	**0**	**5**

Note 28 Reconciliation of liabilities attributable to financing activities

	Group		Parent Company	
MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Opening balance liabilities to credit institutions	500	319	475	-
Repayment of loans	-13	-390	-	-
Raising of new loans	462	570	460	475
Non-cash items				
Acquired liabilities and other liabilities	21	-	0	-
Dissolution loan arrangement costs	2	1	2	-
Closing balance liabilities to credit institutions	**972**	**500**	**936**	**475**
Opening balance, lease liabilities	89	71	-	-
Repayment of lease liability	-48	-34	-	-
Non-cash items				
Raising of new lease liabilities	77	52	-	-
Closing balance, lease liabilities	**118**	**89**	**0**	**0**
Total liabilities from financing activities	**1,090**	**589**	**936**	**475**

Note 29 Pledged assets

	Group		Parent Company	
MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Equipment with retention of title	-	-	-	-
Floating charges	95	70	-	-
Pledged assets in subsidiaries	-	-	-	-
Total	**95**	**70**	**-**	**-**

Note 30 Contingent liabilities

	Group		Parent Company	
MSEK	**31 Dec 2022**	**31 Dec 2021**	**31 Dec 2022**	**31 Dec 2021**
Parent Company guarantees for work performed	53	49	-	-
Bank guarantees provided	62	40	-	-
Guarantees for Group companies	266	253	-	-
Total	**380**	**342**	**-**	**-**

Note 31 Related party transactions

No significant transactions took place between Netel and related parties in 2022. A repayment of MSEK 15, including interest, was made in 2021 to Wirsén Asset Management AB (a company wholly owned by David Wirsén, who was a senior executive of the Group at the time) by Netel Group Holding AB. Salaries, remuneration and other benefits are described in Note 6 Employees.

MSEK	2022	2021
Management		
Interest expenses	-	0
Receivables on balance sheet date	-	-
Liabilities on balance sheet date	-	-

Note 32 Significant events after the end of the financial year

Stefan Ljunglin was appointed new Country Manager for Netel in Finland and CEO of Netel OY, taking on the new position as of 1 February 2023. He is also a member of Group management.

On 20 January 2023 the acquisition was announced of all of the shares in Elektrotjänst i Katrineholm Aktiebolag (“Elektrotjänst”), which means that Netel entered an attractive new customer segment and broadened its geographic presence within power. The purchase price was paid in cash and through the offset issue of 303,294 shares in Netel Holding. In the September 2021 - August 2022 financial year, Elektrotjänst had sales of approximately MSEK 69. The company has 34 employees and a strong order backlog for the coming year and will be included in the Sweden segment. It was consolidated into the Group starting in February 2023.

Other than the above, no significant changes have occurred regarding the Group’s financial position or financial results after 31 December 2022.

Note 33 Key performance indicators not defined under IFRS

MSEK unless otherwise stated	2022	2021
Net sales growth	29.9%	31.1%
Organic net sales growth	7.5%	7.1%
EBITDA	241	170
EBITDA margin	7.7%	7.0%
EBITA	179	127
EBITA margin	5.7%	5.2%
Items affecting comparability	21	50
Adjusted EBITDA	262	220
Adjusted EBITDA margin	8.3%	9.1%
Adjusted EBITA	200	177
Adjusted EBITA margin	6.4%	7.3%
Net debt	722	318
Net debt/adjusted EBITDA R12 (ratio)	2.8	1.4
Equity ratio	35.5%	42.7%
Order backlog	3,700	3,488

Note 34 Derivation of key performance indicators not defined by IFRS

MSEK unless otherwise stated	2022	2021
Organic net sales growth		
Net sales, previous period	2,418	1,845
Acquired net sales	541	441
Organic net sales	2,600	1,977
Total net sales growth	**29.9%**	**31.1%**
Organic net sales growth	**7.5%**	**7.1%**
Adjusted EBITDA		
Net sales	3,141	2,418
Operating profit (EBIT)	176	126
Depreciation and amortisation and impairment of property, plant and equipment and intangible assets	65	44
EBITDA	**241**	**170**
EBITDA margin	**7.7%**	**7.0%**
Items affecting comparability		
Listing costs	-	37
Acquisition-related costs	17	8
Other items affecting comparability	3	5
Total items affecting comparability	**21**	**50**
Adjusted EBITDA	**262**	**220**
Adjusted EBITDA margin	**8.3%**	**9.1%**

MSEK unless otherwise stated	2022	2021
Adjusted EBITA		
Net sales	3,141	2,418
Operating profit (EBIT)	176	126
Amortisation and impairment of intangible assets	3	1
EBITA	**179**	**127**
EBITA margin	**5.7%**	**5.2%**
Items affecting comparability		
Listing costs	-	37
Acquisition-related costs	17	8
Other items affecting comparability	3	5
Total items affecting comparability	**21**	**50**
Adjusted EBITA	**200**	**177**
Adjusted EBITA margin	**6.4%**	**7.3%**
Net Debt/adjusted EBITDA (R12)		
Non-current interest-bearing liabilities	1,037	554
Current interest-bearing liabilities	53	35
Total interest-bearing liabilities	1,090	589
Cash and cash equivalents	369	271
Net debt	**722**	**318**
Adjusted EBITDA, R12	**262**	**220**
Net debt/adjusted EBITDA R12 (Ratio)	**2.8**	**1.4**
Equity ratio		
Total equity	1,105	911
Total assets	3,119	2,133
Equity ratio	**35.4%**	**42.7%**

Note 35 Financial instruments and financial risk management

Netel's financial instruments measured at fair value mainly refer to contingent considerations and fund holdings. 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 173 (32). 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.

MSEK	31 Dec 2022	31 Dec 2021
Fund holdings		
Opening balance	3	0
Business combinations	-	2
Purchases	1	1
Sales	-	-
Change in value recognised in profit or loss	-	-
Exchange differences on translation of foreign operations	-	-
Closing balance	**5**	**3**

MSEK	31 Dec 2022	31 Dec 2021
Contingent consideration		
Opening balance	32	0
Business combinations	146	32
Paid	-5	-
Change in value recognised in profit or loss	0	-
Exchange differences on translation of foreign operations	-	-
Closing balance	**173**	**32**

MSEK	31 Dec 2022	31 Dec 2021
Other liabilities measured at fair value		
Opening balance	0	0
Change in recognised liabilities	0	-
Change in value recognised in profit or loss	0	0
Exchange differences on translation of foreign operations	-	-
Closing balance	**0**	**0**

The financial risks to which Netel is exposed primarily consist of:

- Financing and liquidity risk regarding capital management
- Interest risk for loans
- Currency risks related to foreign subsidiaries
- Credit risk

Netel's Board bears ultimate responsibility for the management, exposure and follow-up of the Group's financial risks. The Board has adopted a policy on how the Group is to manage and control these risks. The finance policy is updated annually or as needed. The Board monitors and evaluates risks and the quality of the financial reporting through the Audit Committee. The Finance department within the Group is responsible for ensuring the Group's financing and management of cash liquidity, financial assets and financial liabilities. The Board monitors how the Finance Department exercises and monitors risk management and internal control using monthly reporting.

Financing and liquidity risk

Financing risk refers to the risk that Netel cannot raise sufficient financing at a reasonable cost. Financing risk is managed by Netel signing non-current credit agreements with banks with a high credit rating.

Maturity analysis, financial liabilities

Group 2022, MSEK	Nominal amount	Due 2023	Due 2024-2025	Due 2026-2027	Due >2028
Bank loans	1,057	54	990	13	-
Other non-current liabilities	179	-	173	6	-
Liabilities for lease commitments	118	49	59	12	3
Total interest-bearing liabilities	**1,354**	**103**	**1,222**	**31**	**3**
Accounts payable	323	323	-	-	-
Total non-interest-bearing liabilities	**323**	**323**	**-**	**-**	**-**

Group 2021, MSEK	Nominal amount	Due 2023	Due 2024-2025	Due 2026-2027	Due >2028
Bank loans	523	14	502	7	-
Other non-current liabilities	37	8	17	13	-
Liabilities for lease commitments	89	34	44	12	-
Total interest-bearing liabilities	**649**	**55**	**563**	**32**	**0**
Accounts payable	258	258	-	-	-
Total non-interest-bearing liabilities	**258**	**258**	**-**	**-**	**-**

Cash and cash equivalents – Liquidity risk

Netel has cash and cash equivalents in banks with high credit ratings. The credit provision is calculated according to the general model with an assumption of low credit risk. Given the short maturity and stable counterparties, the amount is immaterial. Accordingly, liquidity risk refers to the risk that Netel will experience difficulties in fulfilling its payment obligations as a result of insufficient liquidity. Netel continuously and in detail monitors expected inflows and outflows of cash and cash equivalents in the Group and prepares short and long-term liquidity forecasts every month. Available liquidity is presented to the right.

Available liquidity

Group, MSEK	31 Dec 2022	31 Dec 2021
Cash and bank balances	369	271
Unutilised overdraft facilities	150	150
Available liquidity	**519**	**421**

Maturities of current liabilities are managed using the current cash flow, which includes accounts receivable that at the end of the year amounted to MSEK 583 (421).

(Note 35, cont.)

Interest-rate risk

Interest-rate risk is the risk that changes in the market interest rate will adversely affect the Group's net interest and cash flow. Interest is regularly fixed on parts of the Group's loans, which means that future financial expenses will be affected by changes in market interest rates. In order to reduce this risk, Netel may enter into derivative contracts such as interest rate swaps intended to counteract major fluctuations in the variable interest rate. Netel had no interest rate swaps on 31 December 2022. The average interest rate on outstanding interest-bearing liabilities on 31 December 2022 was as follows:

Average interest rate	2022		2021	
Group, MSEK	Liability amount	Average interest	Liability amount	Average interest
Bank loans	972	3.15%	500	1.90%
Other non-current liabilities	179	0.00%	37	0.00%
Lease liabilities	118	3.13%	89	3.14%
Total	**1,269**		**626**	

A change in the market interest rate of 1 percentage point would mean a change in interest expenses of MSEK +/- 10.9 (6.3).

Currency risk

Currency risk refers to the risk that fair values and cash flows relating to financial instruments fluctuate when the value of foreign currencies changes. Although Netel operates in Norway and Finland, the business is mainly of a local nature in terms of currency risks since revenue and expenses in the projects are both met in the same currency. The Group is also exposed to the risk of fluctuations in currency when translating foreign subsidiaries. Currency risk is currently not considered to have a material impact on Netel's financial position.

Credit risk

Credit risk refers to the risk of losing money because the counterparty cannot fulfil its obligations. The counterparty risks Netel is primarily exposed to are attributable to balances in bank accounts and outstanding accounts receivable and contract assets.

Credit risks in financial activities

To limit the risk of exposure to bank balances, banks with a high credit rating according to the rating institutions Standard & Poors and Moody's are used. Cash and cash equivalents are covered by the general model for calculating loss allowances. The exemption for low credit risk applies to cash and cash equivalents.

Credit risks in accounts receivable

The credit risk with regards to accounts receivable and contract assets is managed by diversifying the risk of the types of projects and entering into contracts with known, reliable customers. A large part of the customer stock is concentrated in a smaller number of larger customers, but the assessment is that the risk in concentration to fewer customers is offset by less risk in the customer's ability to pay. The Group's accounts receivable and contract assets are subject to the simplified model for impairment. The expected credit losses for accounts receivable and contract assets are calculated using a provision matrix based on past events, current conditions and forecasts for future financial conditions and the time value of the money, if applicable. The starting point in this method is that the maturity/age intervals create the basis for the risk assessment. For each maturity date interval, receivables are collectively valued and the older the receivable, the greater the probability of default, which is reflected in the calculation. A risk factor is added to the maturity which is done individually in groups of similar credit risk characteristics. These individual groups are made up of Netel's customer types, geography, business area, etc. This risk factor is based not only on historical statistics, but also takes into account current conditions and expectations regarding future conditions.

Contract assets consist of generated revenue in projects that have not been invoiced and are deemed to be in the same risk category as accounts receivable not past due. Expected credit losses amount to the following:

Expected credit losses Group, MSEK	31 Dec 2022	31 Dec 2021
Accounts receivable	-6	-5
Contract assets	-1	-1

For more information, see Note 19 and Note 20.

Group, measurement	31 Dec 2022		31 Dec 2021	
Balance-sheet items, MSEK	**Amortised cost**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**
Assets				
Interest derivatives and currency futures (asset)	-	-	-	-
Accounts receivable	583	-	421	-
Other receivables	15	-	5	-
Cash and cash equivalents	369	-	271	-
Liabilities				
Interest derivatives and currency futures (liability)	-	0	-	0
Liabilities to credit institutions non-current and current	1,090	-	589	-
Other non-current liabilities	179	-	37	-
Accounts payable	323	-	258	-
Other current liabilities	63	-	50	-
Accrued expenses and deferred income	142	-	142	-

Gains and losses net on financial instruments measured through profit or loss

The summary below shows the impact of financial instruments on the Group's income statement.

Group, measurement	31 Dec 2022		31 Dec 2021	
Profit/loss items, MSEK	**Amortised cost**	**Fair value through profit or loss**	**Amortised cost**	**Fair value through profit or loss**
Net financial items				
Interest income	0	-	0	-
Interest expenses	-27	-	-27	-
Exchange rate differences	15	-	5	-
Unrealised changes in value	-	0	-	0
Total impact on net financial items	-11	0	-23	0

Note 36 Business combinations

The Group acquired 100 per cent of the shares and votes in JR Markteknik AB and Täby Maskin & Uthyrning AB ("JR") on 3 January 2022. The acquisitions represent a key building block in Netel's investment in the area of water treatment, pipe laying and associated groundwork. In 2021, JR generated total sales of approximately MSEK 212 with an aggregated EBIT of MSEK 21 and had 50 employees at the time of acquisition. JR is included in the Sweden segment.

On 1 March 2022, the Group acquired 100 per cent of the shares and votes in Eltek Entreprenad Sverige AB and its subsidiary Eltek Kraft & Montage Sverige AB ("Eltek"), which diversifies Netel's offering within power to also cover services for handling higher voltages of up to 400 KV for transformer stations, among other things. In 2021, Eltek generated sales of approximately MSEK 37 with good profitability. Eltek has 13 employees and is included in the Sweden segment.

On 1 March 2022, the Group acquired 100 per cent of the shares and votes in Elcenter i Söderköping Aktiebolag ("Elcenter") which further strengthens Netel's offering in various services within power, including road lighting, solar cells and charging infrastructure. In 2020/2021 (split financial year), Elcenter had sales of approximately MSEK 30 with good profitability. Elcenter has 13 employees and is included in the Sweden segment.

On 1 May 2022, the Group acquired 100 per cent of the shares and votes in Karlskoga Mark AB ("KMAB"). The acquisition means that Netel has strengthened operations within water and sewage, district heating and associated civil engineering works and broadened geographic presence in Sweden. KMAB reported net sales of about MSEK 63 in 2021 with twelve employees and is part of the Sweden segment.

On 1 July 2022, the Group acquired 100 per cent of the shares and votes in the UK Border Civils & Utilities Ltd ("Border"), meaning that Netel broadened its geographical presence to the growing UK infrastructure market. Border's main business is within fibre and the company is also active in water and sewage as well as gas. Border reported net sales of MSEK 36 in 2021. The company has 50 employees and is included in the new UK segment.

On 1 August 2022, the Group acquired 100 per cent of the shares and votes in the UK company Doocey North East Ltd ("Doocey"), meaning that Netel is a rapidly broadening its geographical presence to the growing UK fibre market. Doocey had net sales of approximately MSEK 82 in the 2020/21 financial year. The company has 15 employees and is included in the UK segment.

On 1 November, the Group acquired 100 per cent of the shares and votes in the Swedish Bredbyns Schakt AB ("Bredbyns"), meaning that Netel continued to broaden its operations both geographically and operationally. Bredbyns had net sales of approximately MSEK 57 in 2021. The company has 27 employees and is included in the Sweden segment.

In connection with the acquisition of JR, goodwill of MSEK 148 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 of JR amounted to MSEK 3. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of Eltek, goodwill of MSEK 16 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 of Eltek amounted to MSEK 1. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of Elcenter, goodwill of MSEK 23 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 of Elcenter amounted to MSEK 1. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of KMAB, goodwill of MSEK 49 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 of KMAB amounted to MSEK 1. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of Border, goodwill of MSEK 59 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 of Border amounted to MSEK 3. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of Doocey, goodwill of MSEK 28 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 of Doocey amounted to MSEK 2. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of Bredbyns, goodwill of MSEK 33 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 of Bredbyns amounted to MSEK 2. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

During the year, acquisitions contributed MSEK 489 to the Group's revenue and MSEK 35 to the Group's profit after tax. If the acquisitions had taken place on 1 January 2022, company management estimates that they would have had positive impacts of MSEK 3,358 and MSEK 139 on the Group's revenue and earnings, respectively, for the period.

TSEK	JR Fair value	Eltek Fair value	Elcenter Fair value	KMAB Fair value	Border Fair value	Doocey Fair value	Bredbyns Fair value	Total
Acquired net assets on acquisition date based on acquisition analysis								
Intangible assets	-	-	-	-	-	-	-	-
Property, plant and equipment	11	4	0	0	7	3	12	38
Right-of-use assets	-	-	-	-	-	-	-	-
Financial assets	-	-	-	-	-	-	0	0
Deferred tax assets	-	-	-	-	-	-	-	-
Inventories	-	-	0	13	-	-	-	14
Accounts receivable and other receivables	61	5	4	7	11	15	19	123
Cash and cash equivalents	17	5	5	3	13	1	14	60
Interest-bearing liabilities	-3	-3	-	-0	-	-	-5	-12
Lease liabilities	-	-	-	-	-	-	-	-
Deferred tax liability	-	-1	-1	-1	-2	-1	-3	-7
Accounts payable and other operating liabilities	-59	-3	-4	-20	-8	-8	-15	-116
Identified net assets	**27**	**8**	**6**	**4**	**23**	**11**	**22**	**100**
Goodwill	148	16	23	49	59	28	33	356
Total purchase consideration	**175**	**24**	**29**	**53**	**82**	**39**	**55**	**456**
Purchase consideration comprises:								
Cash	**95**	**13**	**17**	**24**	**42**	**21**	**42**	**252**
Equity instruments	**30**	**4**	**3**	**6**	**12**	**4**	**6**	**65**
Contingent consideration	**50**	**7**	**9**	**23**	**28**	**15**	**15**	**146**
Promissory notes	-	-	-	-	-	-	-	-
Total purchase consideration	**175**	**24**	**29**	**53**	**82**	**39**	**63**	**464**
Purchase consideration comprises:								
Cash	**95**	**13**	**17**	**24**	**42**	**21**	**42**	**252**
Equity instruments	**30**	**4**	**3**	**6**	**12**	**4**	**6**	**65**
Contingent consideration	**50**	**7**	**9**	**23**	**28**	**15**	**15**	**146**
Promissory notes	-	-	-	-	-	-	-	-
Total purchase consideration	**175**	**24**	**29**	**53**	**82**	**39**	**63**	**464**

For information on the contingent consideration, see Note 35 Financial instruments.

Impact of acquisition on Group's cash flow								
Cash portion of purchase consideration	**-95**	**-13**	**-17**	**-24**	**-42**	**-21**	**-42**	**-252**
Acquired cash	11	1	4	3	8	0	6	34
Total	**-84**	**-12**	**-13**	**-21**	**-34**	**-21**	**-36**	**-219**
Acquisition-related costs	-3	-1	-1	-1	-3	-2	-2	-13
Net cash outflow	**-86**	**-13**	**-14**	**-22**	**-36**	**-23**	**-37**	**-231**

Definitions and grounds for using alternative performance measures

Performance measures	Definition	Reason for use
EBITA*	Earnings before amortisation of intangible assets	The measure is used to analyse the profitability generated by the underlying operations
EBITA margin*	EBITA as a percentage of net sales	The measure is used to illustrate the underlying operations' profitability
EBITDA*	Earnings before interest, taxes, depreciation and amortisation.	The measure is used to analyse the profitability generated by the underlying operations
EBITDA margin*	EBITDA as a percentage of net sales	The measure is used to illustrate the underlying operations' profitability
Adjusted EBITA*	Earnings before amortisation of intangible assets, adjusted for items affecting comparability	The measure is used to analyse the profitability generated by the underlying operations
Adjusted EBITA margin*	Adjusted EBITA as a percentage of net sales	The measure is used to used to illustrate the underlying operations' underlying profitability
Adjusted EBITDA*	Earnings before interest, taxes, depreciation and amortisation, adjusted for items affecting comparability	The measure is used to analyse the profitability generated by the underlying operations
Adjusted EBITDA margin*	Adjusted EBITDA as a percentage of net sales	The measure is used to 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

Quarterly overview

	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Sales, MSEK								
Net sales	984	779	751	626	717	614	655	431
Net sales growth	37.2%	26.9%	14.8%	45.0%	24.6%	42.4%	45.9%	10.8%
Earnings, MSEK								
EBITDA	85	59	60	36	54	42	46	27
EBITA	69	43	45	22	37	33	37	20
EBIT (operating profit)	68	42	44	22	36	33	37	20
Adjusted EBITDA	92	65	63	42	84	50	60	27
Adjusted EBITA	75	49	48	28	66	40	51	20
Margin								
EBITDA margin	8.7%	7.6%	8.0%	5.8%	7.6%	6.9%	7.0%	6.3%
EBITA margin	7.0%	5.6%	6.0%	3.6%	5.1%	5.3%	5.6%	4.7%
EBITA margin	6.9%	5.4%	5.9%	3.6%	5.0%	5.3%	5.6%	4.7%
Adjusted EBITDA margin	9.3%	8.3%	8.4%	6.8%	11.7%	8.1%	9.1%	6.3%
Adjusted EBITA margin	7.6%	6.3%	6.4%	4.5%	9.2%	6.5%	7.8%	4.5%
Segments								
Net sales, MSEK								
Sweden	481	332	358	262	313	249	265	143
Norway	327	299	281	273	292	261	277	218
Finland	89	86	58	58	74	68	79	49
Germany	66	50	60	37	53	37	35	21
UK	23	24	-	-	-	-	-	-
EBITA, MSEK								
Sweden	52	22	31	12	33	10	10	8
Norway	12	19	13	16	47	17	16	18
Finland	-6	0	-4	-3	2	1	3	-1
Germany	8	4	9	3	10	3	4	2
UK	1	5	-	-	-	-	-	-
Other								
Order backlog, MSEK	3,700	3,408	3,408	3,401	3,488	3,429	3,453	3,125
Net debt, MSEK	722	692	622	557	318	624	563	569
Net debt/adjusted EBITDA R12 (ratio)	2.8	2.7	2.6	2.4	1.4	2.9	2.8	3.2
Average number of FTEs (R12)	776	820	748	719	576	514	456	422
Number of employees at the end of the period, converted to full-time employees	809	824	757	737	658	640	610	507

Multi-year review

Multi-year summary for the Group

MSEK unless otherwise stated	2022	2021	2020	2019
Net sales	3,141	2,418	1,845	1,861
Earnings after financial items	161	100	67	30
Profit after financial items, as a percentage of net sales	5.1%	4.1%	3.6%	1.6%
Total assets	3,119	2,133	1,511	1,601
Equity ratio	35%	43%	40%	35%

Multi-year summary for the Parent Company

MSEK unless otherwise stated	2022	2021	2020	2019
Net sales	20	10	-	-
Earnings after financial items	4	-37	-	-
Total assets	2,440	1,876	-	-
Equity ratio	60%	72%	-	-

Multi-year review for the Group

	2022	2021	2020	2019
Sales				
Net sales, MSEK	3,141	2,418	1845	1,861
Net sales growth	29.9%	31.1%	-0.9%	-0.4%
Earnings, MSEK				
EBITDA	241	170	158	110
EBITA	179	127	120	68
EBIT (operating profit)	176	126	119	53
Adjusted EBITDA	262	220	171	137
Adjusted EBITA	200	177	134	94
Margin				
EBITDA margin	7.7%	7.0%	8.5%	5.9%
EBITA margin	5.7%	5.2%	6.5%	3.6%
EBITA margin	5.6%	5.2%	6.4%	2.8%
Adjusted EBITDA margin	8.3%	9.1%	9.3%	7.3%
Adjusted EBITA margin	6.4%	7.3%	7.3%	5.0%
Segments				
Net sales, MSEK				
Sweden	1,433	970	600	786
Norway	1,179	1,048	886	763
Finland	291	270	303	299
Germany	213	145	55	14
UK	47	-	-	-
EBITA, MSEK				
Sweden	117	60	15	-
Norway	60	98	82	-
Finland	-12	5	5	-
Germany	24	18	6	-
UK	6	-	-	-
Other				
Order backlog, MSEK	3,700	3,488	2,354	1,456
Net debt, MSEK	722	318	360	477
Net debt/adjusted EBITDA (ratio)	2.8	1.4	2.1	3.5
Average number of FTEs	776	576	414	437
Number of employees at the end of the period, converted to full-time employees	809	658	420	424

Proposed appropriation of profits

TSEK	
The following profits are at the disposal of the Annual General Meeting:	
Share premium reserve	1,460,815
Retained earnings	-37,482
Profit for the year	42,615
Total	**1,465,948**
The Board of Directors proposes that retained earnings be appropriated as follows:	
To be carried forward	1,465,948
Total	**1,465,948**

For more information about the results and financial position of the Group and Parent Company, see the annual report. The income statements and balance sheets will be presented for approval by the Annual General Meeting on 4 May 2023.

The Board of Directors and CEO certify that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, and provide a true and fair view of the Group's financial position and results. The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the Parent Company's financial position and results.

The Directors' report for the Group and Parent Company provides a true and fair overview of the development of the Group's and Parent Company's business, financial position and results and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 3 April 2023

Hans Petersson
Chairman

Alireza Etemad
Board member

Ann-Sofi Danielsson
Board member

Carl Jakobsson
Board member

Göran Lundgren
Board member

Nina Macpherson
Board member

Jeanette Reuterskiöld
Board member

Ove Bergkvist
CEO

Our auditor's report was submitted on 3 April 2023

Deloitte AB

Jenny Holmgren
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Netel Holding AB (publ) corporate identity number 559327-6263

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Netel Holding AB (publ) for the financial year 2022-01-01 - 2022-12-31 with exception for the sustainability report and the corporate governance statement on pages 31-67 and 68-79. The annual accounts and consolidated accounts of the company are included on pages 4-5, 10-85 and 88-140 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the sustainability report and the corporate governance statement on pages 31-67 and 68-79 respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Ongoing construction contracts and revenue recognition

Netel recognises revenue over time based on management's assessment of the outcome of the completion rate for each contract. This means that the reported revenue and results recognised for ongoing projects are dependent on assumptions and judgements for items included in the projects. For complex ongoing construction contracts, there is an uncertainty when assessing the costs of completion and profitability. The precision of the revenue recognition requires good processes for calculation, reporting, analysing and forecasting. The significant amounts combined with the critical estimates and judgements made by management mean that this is a key audit matter. Our audit procedures included, but were not limited to:

- Review of the company's accounting principles for revenue recognition
- Review of the company's procedures and internal control related to project and revenue recognition
- Review of a selection of the projects to ensure revenue recognition in the correct period and that there is robust documentation that reflects the estimates and judgements on which revenue recognition is based
- Analytical review of the recorded revenue and review of margin analyses and comparisons to previous reporting periods
- Review of the completeness of the relevant notes in accordance with IFRS

Valuation of goodwill

As of December, 31 2022, Netel accounts for goodwill in the consolidated balance sheet amounting to MSEK 1,179. The value of the goodwill is dependent on future income and profitability in the cash-generating units, to which the goodwill refers, and is assessed at least once a year. Management bases its impairment test on several judgements and estimates such as growth, EBIT development and cost of capital (WACC) as well as other complex circumstances. Incorrect judgements and estimates can have a significant impact on the group's results and financial position. Management has not identified any need for impairment for any cash-generating unit within the group. For further information, please refer to note 11, which described how management has performed the impairment test together with important estimates and judgements. Our audit procedures included, but were not limited to:

- Review and assessment of the group's procedures and model for impairment tests of goodwill and evaluation of the reasonability of judgements and estimates made, that the procedures are consistently applied and that there is integrity in calculations
- Evaluation of the reasonability of the of the identified cash generating units
- Verification of input data in calculations including information from business plans for the forecast period
- Test of head room for each cash-generating unit by performing sensitivity analyses
- Review of the completeness in relevant disclosures to the financial reports. When performing the audit procedures our valuation experts have been involved.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 6-9, 86-87 och 144-147. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibilities for the audit of the annual accounts and consolidated accounts is located at the Swedish Inspectorate of Auditors website: https://www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Netel Holding AB (publ) for the financial year 2022-01-01 - 2022-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibilities for the audit of the management's administration is located at the Swedish Inspectorate of Auditors website: www.revisorsinspektionen.se/revisornsansvar . This description forms part of the auditor´s report

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Netel Holding AB (publ) for the financial year 2022-01-01 - 2022-12-31.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Netel Holding AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation

Auditor´s report on the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 31-67, and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

A statutory sustainability report has been prepared.

Auditor´s report on the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 68-79 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard Rev 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Netel Holding AB by the general meeting of the shareholders on the 2022-05-04 and has been the company's auditor since 2010.

Stockholm, April 3 2023
Deloitte AB

Jenny Holmgren
Authorized Public Accountant

The share in 2022

Netel was listed on Nasdaq Stockholm Mid Cap on 15 October 2021.

Share capital

At the close of 2022, the share capital in Netel amounted to SEK 741,670 (718,518) divided among 48,208,579 (46,703,671) shares. Each share has one vote. All of the shares carry equal rights to dividends and share of the company's assets and earnings.

In 2022, the number of shares and votes increased through seven offset issues carried out in conjunction with acquisitions. Based on the offset issues, the number of shares and votes increased by 1,504,908 in 2022.

Market history

Netel's share was listed on Nasdaq Stockholm Mid Cap on 15 October 2021. The introduction price was SEK 48.

Share price trend

On the final day of trading in 2022, Netel's closing price was SEK 34.00, meaning a market capitalisation of SEK 1.64 billion. The highest price paid was noted on 7 January 2022 and was SEK 48.00. The lowest price paid was noted on 3 October and was SEK 28.50. In 2022, the share price decreased 25.8 per cent. According to the OMXS PI index, Nasdaq Stockholm decreased 24.6 per cent during 2022.

A total of 2,316,434 shares were traded during the period for a value of MSEK 93.2, resulting in an average of 9,156 shares per trading day corresponding to a daily average value of TSEK 368.2.

Dividend policy

Payout ratio of 40 per cent of the Group's net profit. The proposed dividend is to take Netel's financial position, cash flow, M&A and organic growth opportunities into consideration.

Ownership structure

Netel had 1,655 shareholders at the end of the year. Foreign holdings corresponded to 11.4 per cent of the shares and the votes. The holdings of the ten largest shareholders corresponded to 79.22 per cent of the shares and the votes. At the end of the year, 48.5 per cent of the shares were held by investment and capital management companies, 21.4 per cent by fund companies, 16.8 per cent by private individuals and 5.6 per cent by pension and insurance companies. The remaining 7.7 per cent were held anonymously.

Analysts who follow Netel:

Karl-Johan Bonnevier, DNB Markets
Stefan Gauffin, DNB Markets
Carl Ragnerstam, Nordea Markets
Victor Hansen, Nordea Markets
Stefan Billing, Kepler Cheuvreux

Ticker: NETEL
ISIN: SE0015949433

Ownership structure by country, 31 December 2022

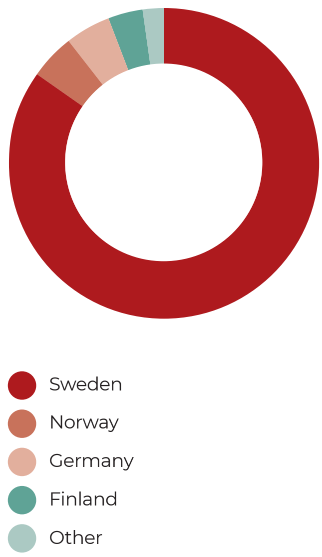
	Number of shares and votes	Share of capital and votes, %	Number of known owners	Share of known owners, %
Sweden	41,845,827	89.6	1,416	82.9
Norway	2,343,585	5.0	93	5.4
Germany	1,833,918	3.9	4	0.2
Finland	279,154	0.6	186	10.9
Other	3,778	0.0	9	0.6
Anonymous ownership	397,409	0.9	-	-
Total	**46,703,671**	**100.0**	**1,708**	**100.0**

Ownership data comes from Monitor, Modular Finance.

Netel's largest owners on 31 December 2022

	Number of shares and votes	Share of capital and votes, %
IK VII fonden via Cinnamon International S.à.r.l.	23,068,918	48.04
Nordnet Pensionsförsäkring	3,493,645	7.25
Swedbank Robur Fonder	2,070 00	4.29
AP2	2,070,000	4.29
Carnegie Fonder	2,006,744	4.16
Berenberg Funds	1,666,666	3.46
Delphi Fondforvaltning	1,185,468	2.46
Norron Fonder	1,120,720	2.32
Lannebo Fonder	788,125	1.63
Markteknikgruppen i Sverige	637,852	1.32
Total ten largest owners	**38,108,138**	**79.22**
Other owners	10,100,441	20.78
Total	**48,208,579**	**100.00**

Shares and votes by country



Ownership structure by holdings

	Number of shares and votes	Share of shares and votes, %	Number of known owners	Share of known owners, %
1-1,000	250,472	0.52	1,352	81.69
1,001-10,000	652,797	1.35	200	12.08
10,001-50,000	1,412,446	2.93	57	3.44
50,001-500,000	5,706,731	11.84	34	2.05
500,001-1,000,000	2,495,105	5.18	4	0.24
1,000,001-5,000,000	13,613,243	28.24	7	0.42
5,000,001-	23,068,918	48.04	1	0.06

Trend in share capital

Date	Transaction	Change in number of shares and votes	Increase in share capital, SEK	Total number of shares and votes	Total share capital, SEK
October 2021 [1]	Issue in kind and new share issue	10,036,874 and 4,166,667	218,516	46,703,671	718,518
January 2022	Offset issue	637,852	47,341,523	9,813	728,331
March 2022	Offset issue	65,775	47,407,298	1,012	729,343
March 2022	Offset issue	89,763	47,497,061	1,381	730,724
May 2022	Offset issue	141,552	47,638,613	2,178	732,902
July 2022	Offset issue	293,365	47,931,978	4,513	737,415
August 2022	Offset issue	90,364	48,022,342	1,390	738,805
December 2022	Offset issue	186,237	48,208,579	2,865	741,670

[1] The increase took place in conjunction with the listing on Nasdaq Stockholm when a transformation of the previous ownership structure was carried out and new shares were issued.

Offset issues were carried out in connection with acquisitions, based on the authorisation from the Extraordinary General Meeting on 27 August 2021 and 2022 Annual General Meeting.

Ownership data comes from Monitor, Modular Finance.

2023 Annual General Meeting

Netel's 2023 Annual General Meeting will be held at 10:30 a.m. on Thursday, 4 May in the Sibeliussalen room of Finlandshuset at Snickarbacken 4, Stockholm, Sweden.

Financial calendar

2023

4 May	Interim report January – March
14 July	Interim report January – June
8 November	Interim report January – September

2024

16 February	Year-end Report 2023

IR contact

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Financial information

Netel's financial statements and annual reports can be read and downloaded at netelgroup.com.

Printed documents can be ordered by email info@netelgroup.com or by letter to Netel Group, Fågelviksvägen 9, 7 tr, SE-145 84 Stockholm, Sweden.

Eight reasons to invest in Netel

Strong growth

Netel has grown at an average annual rate of 25.6 per cent between 2010 and 2022. Netel's strengths are its specialist expertise in the roll-out and project management of critical infrastructure and its decentralised organisation.

Netel's decentralised organisation means that the Group has deep insights into and knowledge about local conditions and regulations, is close to customers and has short decision-making pathways. The ability of subsidiaries to act independently, with the strength of a group, is a competitive advantage.

Clear growth strategy

Through its long-standing customer relationships with leading stakeholders in Northern Europe, Netel has a stable foundation for organic growth. There is an underlying healthy growth driven by the huge need for more capacity and modernisation of infrastructures. At the same time, Netel's service business is growing at the same pace that the base of executed projects and installations is growing.

Growth through acquisitions

Acquisitions are key part of Netel's growth strategy. Through acquisitions, Netel will strengthen existing operations and expand into new market segments or countries. The strategy is successful and seven acquisitions were carried out in 2022.

Record-breaking order backlog

At the end of the year, Netel's order backlog amounted to a record-breaking SEK 3.7 billion.

Leading profitability in the industry

Adjusted EBITDA has grown at an average annual rate of 19.3 per cent between 2010 and 2022. Netel is a profitability leader in the industry due to a successful business model, long-standing customer relationships and stable customer base with the largest network owners in the Nordic region. One of the factors for success is that Netel engages subcontractors for construction and installation.

Asset-light business model

Netel's operations tie up little capital and investments are low. This asset-light business model means that Netel has a long-term high cash conversion and stable, low capital requirements.

Markets driven by powerful megatrends

Netel operates in markets that are critical to society. These markets are affected by three powerful megatrends: climate change, digitalisation and the need to update the infrastructures.

Strong sustainability focus a key part of success

Netel's strong sustainability focus and responsibility for the environment and work environment is one of the Group's factors for success. Netel sets the same high sustainability requirements for its subcontractors as for its own operations.

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