netel group

INTERIM REPORT JANUARY–SEPTEMBER 2021

Strong performance in third quarter

1 July–30 September

- Net sales rose 42.4 per cent to MSEK 614 (431), of which organic growth was 9.5 per cent.
- Adjusted EBITA* amounted to MSEK 40 (32) and the adjusted EBITA margin* to 6.5 per cent (7.5).
- EBITA amounted to MSEK 33 (31) and the EBITA margin to 5.3 per cent (7.1).
- Operating profit (EBIT) amounted to MSEK 33 (31) and the operating margin to 5.3 per cent (7.1).
- Cash flow from operating activities amounted to MSEK -49 (3).
- Profit for the period amounted to MSEK 21 (19).
- Earnings per share before and after dilution amounted to SEK 0.60 (0.58).

1 January–30 September

- Net sales rose 34.0 per cent to MSEK 1,701 (1,270), of which organic growth was 11.2 per cent.
- Adjusted EBITA* amounted to MSEK 111 (71) and the adjusted EBITA margin* to 6.5 per cent (5.6).
- EBITA amounted to MSEK 90 (66) and the EBITA margin to 5.3 per cent (5.2).
- Operating profit (EBIT) amounted to MSEK 90 (64) and the operating margin to 5.3 per cent (5.0).
- Cash flow from operating activities amounted to MSEK -47 (30).
- Profit for the period amounted to MSEK 57 (18).
- Earnings per share before and after dilution amounted to SEK 1.67 (0.55).
- Net debt on 30 September amounted to MSEK 624 (488), corresponding to Net debt/Adjusted EBITDA R12 of 2.9 (3.4).
- The order backlog was MSEK 3 429 (1 995).

Significant events during and after the period 1 July–30 September

- Netel in Sweden signed a major agreement for a power station project with Vattenfall.
- Netel in Norway signed a major agreement for a station project with Elvia.
- Netel in Norway also renewed an agreement for contingency services with Elvia.
- During the quarter, new offices were opened in Germany - one in Lübbecke and one outside Rostock.
- Netel Holding AB (Publ) was listed on Nasdaq Stockholm on 15 October. There was widespread interest in subscribing for shares among both Swedish and international institutional investors as well as the general public in Sweden, Norway and Finland, and the offering was substantially oversubscribed. In connection with the listing, Netel secured new financing, which together with the proceeds from the completed new share issue was partly used to repay previous financing.

Key performance indicators

	Jul-Sep		Jan-Sep		R12 Oct-Sep	Full-year
SEK millions	2021	2020	2021	2020	2020/2021	2020
Net sales	614	431	1,701	1,270	2,276	1,845
Net sales growth (%)	42.4%	-10.0%	34.0%	-0.7%	22.5%	-0.9%
Adjusted EBITA	40	32	111	71	174	134
Adjusted EBITA margin (%)	6.5%	7.5%	6.5%	5.6%	7.6%	7.3%
EBITA	33	31	90	66	144	120
EBITA margin (%)	5.3%	7.1%	5.3%	5.2%	6.3%	6.5%
EBIT	33	31	90	64	144	119
EBIT margin (%)	5.3%	7.1%	5.3%	5.0%	6.3%	6.4%
Net debt	624	488	624	488	624	360
Net debt/Adjusted EBITDA R12 (Ratio)	2.9	3.4	2.9	3.4	2.9	2.1

**Adjusted EBITA excludes costs for the IPO on Nasdaq Stockholm and for acquisitions.*

CEO's comments

High growth and profitability combined with strong demand

Netel was listed on Nasdaq Stockholm in the third quarter. Interest in the listing was widespread among both institutional investors and the general public, which is naturally very gratifying. The listing provides us with attractive exposure and will be a source of great strength in talks with customers, particularly in Germany, but also in acquisition and recruitment situations. For management and our employees, the listing also provides confirmation of the quality we have achieved in our operations and marks the start of a new chapter in our development.

Demand in our geographic markets was healthy during the quarter.

The 5G expansion rate in Sweden continued to accelerate, despite the short-term restrictive effect of the ongoing shortage of components. Demand in power networks was also high in both construction and tendering processes. For example, we signed a major agreement for a power station project with Vattenfall.

The fibre roll-out market in Finland was cautious due to the pandemic. However, the pace of the fibre roll-out is expected to pick up in 2022 as the pandemic subsides. The power operations performed well, with solid demand from a number of key customers and high efficiency in execution.

The operations in Norway reported a continuing high level of activity, including deliveries under the agreements we signed with Telia and Telenor earlier this year. In addition, we initiated a number of projects to upgrade Telia's cable TV network in Norway. In the third quarter, we signed an agreement with Telenor for 5G production in 2022 as well as a number of new framework agreements with municipalities for the construction and maintenance of street lighting. Furthermore, we signed a major agreement for a station project and a renewed agreement for contingency services with Elvia.

Germany reported continuing rapid growth. Net sales increased by 131 per cent in the quarter and by 200 per cent for the first nine months of the year, while profitability in most projects is high. Demand for fibre roll-out is robust and the order backlog is excellent, particularly since Netel represents a key component in the expansion plans of various major customers over the next few years. These partnerships provide us with the opportunity to submit offers on several planned German projects. During the quarter, we opened a new office in Lübbecke and one outside Rostock, which means that we now have four offices in Germany. Furthermore, we continued to recruit personnel to build up the operations. For the first time in Germany, Netel also secured a planning and permit project in central Hamburg during the quarter, which consolidates our position for future turnkey projects.

Net sales rose 42 per cent to MSEK 614 in the quarter, and 34 per cent to MSEK 1,701 in the first nine months of the year. Organic growth during the quarter was 9% and 11 % during the first nine months of the year. During the same periods, adjusted EBITA increased 38 per cent to MSEK 40 and 56 per cent to MSEK 111, respectively. This means that in the first nine months of the year we improved our profitability compared with the year-earlier period in 2020. Profitability for the third quarter was also at a historically high level. However, it was slightly lower than in Q3 2020, partly because we concluded a number of highly profitable projects during the period last year and this year's earnings were charged with certain start-up costs for initiating a number of large, long-term framework agreements in Norway. The high demand for our services means that we are continuing to grow, and our profitability moving forward will largely be governed by our own ability and operational efficiency. At the same time, we, like everyone else, are seeing tendencies towards cost increases for both materials and services, which we are working to compensate for in future contract negotiations.

It is gratifying that the acquisitions carried out earlier in the year have performed so well. We are now conducting a number of projects in which we are leveraging synergies in terms of sales and costs. We are also working actively on both acquisitions and add-on acquisitions.

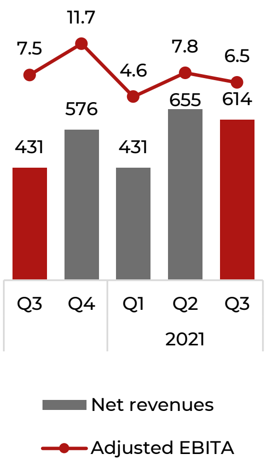
Overall, the conditions for the coming quarters look favourable, with strong positive trends in Infranet services.

Stockholm, 22 November 2021
Ove Bergkvist
President and CEO

Condensed consolidated financial performance

Net sales

Net sales
Adjusted EBITA
(MSEK)



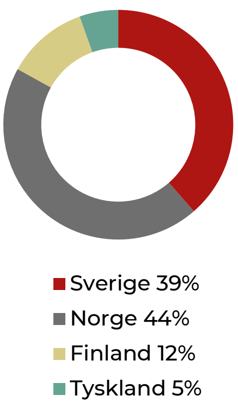
Net sales rose 42.4 per cent to MSEK 614 (431) in the quarter, of which 9.5 per cent was organic growth, and increased 34.0 per cent to MSEK 1,701 (1,270) in the first nine months of the year, of which 11.2 per cent was organic growth.

The order backlog was MSEK 3,429 (1,995), which is a historically high level and in line with the end of the second quarter of 2021. The healthy order backlog is mainly due to the increased number of large framework agreements under which many projects were started in the third quarter. Examples of agreements signed during the quarter include a station project with Vattenfall in Sweden, new framework agreements with municipalities for the construction and maintenance of street lighting in Norway, and an agreement with Telenor for 5G production in 2022.

Net sales in the ***Sweden segment*** increased 103.3 per cent during the quarter and 61.6 per cent in the first nine months of the year, largely due to the strong performance of newly acquired companies.

Demand in telecom was high in the third quarter. At the same time, there was a certain shortage of components, which had a restrictive effect and prolonged the time horizon for 5G expansion to a certain degree. The activity level in power networks also remained high during the period in both construction and tendering processes. One of the agreements Netel signed during the quarter was a station project with Vattenfall. The number of employees increased in the quarter to meet demand.

Distribution of net
sales
Segment (%)



Net sales for the ***Finland segment*** declined -9.3 per cent in the quarter and -12.9 per cent in the first nine months. The decline was primarily the result of the cautious approach of players in the fibre roll-out market in Finland in 2021 pending the effects of the pandemic. However, the pace of the fibre roll-out is expected to pick up in 2022 as a result of a number of fibre companies announcing high ambitions to initiate expansion projects. The positive trend in Power continued as a result of high efficiency in execution. Certain synergies can be generated between Power and Fixed Networks since the ongoing project with the roll-out of the low-voltage network in the Helsinki area can be combined with the fibre roll-out.

Net sales for the ***Norway segment*** increased 19.2 per cent in the quarter and 24.1 per cent in the first nine months of the year. The activity level remained high, including deliveries under the agreements Netel signed with Telia and Telenor in 2021. Under these agreements, Netel will take over parts of Telia's service operations and act as one of three service providers for Telenor. In addition, Netel initiated a number of projects to upgrade Telia's cable TV network in Norway. A number of new framework agreements for the construction and maintenance of street lighting were also signed with municipalities during the quarter, as well as an agreement with Telenor for 5G production in 2022. In Power, Netel signed two major agreements with Elvia - one for a station project and a renewal for contingency services.

The number of broadband installations connected to offices remained low as a result of delayed investments due to the pandemic and remote working.

The third quarter was the best ever for the ***Germany segment***. The fibre roll-out market is strong, with demand outstripping total capacity in the market. Net sales increased 131.2 per cent in the quarter and 200.0 per cent in the first nine months of the year, while profitability in most projects is high. Furthermore, order backlog is very strong, particularly since Netel represents a key component in the expansion plans of various major customers over the next few years and thus has the opportunity to submit offers on many projects.

During the quarter, a new office was opened in Lübbecke and an office outside Rostock to assist with a large customer's project, while personnel continue to be recruited. In addition, a pilot project was initiated with a major customer in Lübbecke to assist with the customer's continued fibre roll-out under the framework of a close partnership model. For the first time in Germany, Netel also secured a planning and permit project in central Hamburg during the quarter, which consolidates the Group's position for future projects.

Earnings

Adjusted EBITA margin Jul-Sep 2021

6.5%

Adjusted EBITDA amounted to MSEK 50 (41) for the quarter and MSEK 136 (97) for the first nine months of the year, corresponding to an EBITDA margin of 8.1 per cent (9.4) for the quarter and 8.0 per cent (7.7) for the first nine months of the year. Adjusted EBITA amounted to MSEK 40 (32) for the quarter and MSEK 111 (71) for the first nine months of the year, corresponding to an adjusted EBITA margin of 6.5 per cent (7.5) for the quarter and 6.5 per cent (5.6) for the first nine months of the year.

EBITDA and EBITA were charged with MSEK 7 (0) for costs for the listing on Nasdaq Stockholm and MSEK 0 (0) for acquisitions in the quarter. In total, items affecting comparability amounted to MSEK 7 (2) for the quarter and MSEK 21 (5) for the first nine months of the year.

Adjusted EBITA Jul-Sep 2021 (MSEK)

40

Adjusted EBITA excludes costs for the listing on Nasdaq Stockholm and acquisitions

Depreciation/amortisation and impairment amounted to MSEK -10 (-9) for the quarter and MSEK -26 (-28) for the first nine months of the year.

The Group's net financial items amounted to MSEK -5 (-5) for the quarter. Interest expenses amounted to MSEK -6 for the quarter, of which MSEK -1 was attributable to lease liabilities related to IFRS 16. For the first nine months, the Group's net financial items amounted to MSEK -12 (-39). The change in relation to last year was mainly attributable to currency effects. Interest expenses amounted to MSEK -18, of which MSEK -2 was attributable to lease liabilities related to IFRS 16.

Profit before tax amounted to MSEK 28 (26) for the quarter and MSEK 78 (25) for the first nine months of the year.

Profit after tax amounted to MSEK 21 (19) for the quarter and MSEK 57 (18) for the first nine months of the year. The effective tax rate was 25,3 per cent (27.5), corresponding to MSEK -7 (-7) for the quarter and 26.1 per cent (27.5), corresponding to MSEK -20 (-7) for the first nine months of the year.

Significant events during the period 1 January–30 September

The pace of 5G expansion increased in all markets. A number of important framework agreements were signed in Norway within fixed networks, including with Telenor and Telia. Two framework agreements within power were signed with two large network owners in Sweden, within stations and networks. Two major projects started in the second quarter for one of Germany's largest operators.

Netel Group carried out four acquisitions during the first quarter.

On 21 January, the Group acquired 100 per cent of the shares and votes in C-E Morberg Anläggning & Energi AB (“Morberg”). The company is active in power contracting in the Mälardalen region with Västerås as its base. The acquisition of Morberg is part of strengthening Netel’s position within the power segment. The acquisition strengthens Netel’s presence in the Västerås area, which creates good conditions for continued growth. C-E Morberg’s net sales in 2020 amounted to MSEK 40 and EBIT to MSEK 7. Morberg is included in the Sweden segment.

On 19 February, the Group acquired 100 per cent of the shares and votes in Oppunda Kraftkonsult AB (“Oppunda”). The company is active in power contracting with a focus on framework agreements within local networks. The business complements Netel’s expertise in power and strengthens its position within the local networks segment outside Stockholm. Oppunda has good conditions for continued growth within existing framework agreements. Oppunda’s net sales in 2020 amounted to MSEK 77 and EBIT to MSEK 11. Oppunda is included in the Sweden segment.

On 4 March, the Group acquired 100 per cent of the shares and votes in Brogrund Mark AB and Brogrund Entreprenad AB (“Brogrund”). Brogrund has a broad product offering with specialist knowledge in infrastructure and offers contracting in water and sewage, district heating, power and general civil engineering in the Örebro region. The acquisition broadens the expertise of Netel within the infrastructure segment and thereby good opportunities for continued growth. Brogrund’s net sales in 2020 amounted to MSEK 188 and EBIT to MSEK 8. Brogrund is included in the Sweden segment.

On 31 March, the Group acquired 100 per cent of the shares and votes in Svensk Elkraftsentreprenad AB (“SEKE”). SEKE offers contracting within the power station segment. The acquisition increases Netel’s expertise in power station contracting in Sweden. SEKE has good growth opportunities. SEKE’s net sales in 2020 amounted to MSEK 148 and EBIT to MSEK 15. SEKE is included in the Sweden segment.

In the third quarter, Netel signed a major agreement for a station project with Vattenfall in Sweden.

In the third quarter, new offices were opened in Germani, one in Lübbecke and a fourth office outside Rostock.

Netel signed a major agreement for a station project with Elvia in Norway.

Netel in Norway also renewed an agreement for contingency services with Elvia.

Cash flow and financial position

The Group’s cash flow from operating activities amounted to MSEK -49 (3) for the quarter and MSEK -47 (30) for the first nine months. Cash flow from operating activities was primarily driven by a high level of production.

The Group's cash flow to investing activities amounted to MSEK -1 (0) for the quarter and MSEK -155 (-1) for the first nine months, and for the period was mainly attributable to completed acquisitions.

Cash flow from and to financing activities amounted to MSEK 26 (-40) for the quarter and MSEK 188 (-78) for the first nine months, primarily due to completed acquisitions and high level of production.

The cash flow for the period for the Group amounted to SEK -24 (-37) million in the quarter and to SEK -14 (-49) million for the first nine months.

The Group's cash and cash equivalents at the end of the reporting period amounted to MSEK 77 (90) compared with the start of the year.

The Group's net debt, which is defined as the Group's current and non-current interest-bearing liabilities to credit institutions less cash and cash equivalents and current investments, amounted to MSEK 624 at the end of the period, compared with MSEK 360 at the start of the year, corresponding to net debt in relation to adjusted EBITDA R12 of a multiple of 2.9. Net debt excluding lease liabilities in relation to adjusted EBITDA R12 corresponds to a multiple of 2.6, which is within the framework of the Group's capital structure target for the medium term.

The Group's other current and non-current interest-bearing liabilities primarily comprise bank financing. These commitments amounted to MSEK 700 at the end of the period, compared with MSEK 450 at the start of the year. The increase was mainly due to completed acquisitions.

The Group's unutilized credit facilities amounted to MSEK 78 at the end of the period, compared with MSEK 130 at the start of the year.

The Group's total assets at the end of the reporting period amounted to MSEK 1,973 (1,511), compared with the start of the year.

The Group's equity at the end of the reporting period amounted to MSEK 699, compared with MSEK 603 the start of the year.

Employees

The number of employees at the end of the reporting period was 640. The average number of employees in the last 12 months was 514.

Financial targets

The Group's financial targets are:

Revenue growth
Annual growth target of 10 per cent, including non-organic growth.

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

Capital structure
Net debt (excluding lease liabilities) in relation to adjusted EBITDA R12 of <2.5. The leverage ratio can temporarily be exceeded in connection with acquisitions.

Dividend policy

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

Parent Company

The Parent Company's net sales amounted to MSEK 0 (0) for the quarter and MSEK 0 (0) for the first nine months of the year. The Parent Company was charged with certain financial expenses.

Risks and uncertainties

There are several strategic, operational and financial risks and uncertainties that could impact the Group's financial results and position. Most of these can be managed by internal procedures, although some are governed by external factors to a greater extent. Risks and uncertainties are related to IT and control systems, suppliers, disputes related to projects, seasonal and weather variations and currencies, but could also arise in the event of new competition, changed market conditions or changed customer behavior. Interest rate risk also exists for the Group. For a more detailed description of the risks and uncertainties for the Group and the Parent Company, refer to the prospectus that was prepared in connection with the listing of Netel Holding AB on Nasdaq Stockholm on 15 October 2021. Besides these risks, no other material risks are deemed to have arisen.

Legal disputes

Netel AB currently has a dispute with a large Swedish provider of fiber infrastructure. For further information, refer to the prospectus that was prepared in connection with the listing of Netel Holding AB on Nasdaq Stockholm on 15 October 2021.

The share

Netel Holding AB's (publ) share is listed on Nasdaq OMX Stockholm under the ticker NETEL and has the ISIN SE0015949433. The share price as of the listing on 15 October 2021 was SEK 48. Since Netel was listed on Nasdaq Stockholm on 15 October 2021, the share price trend is described in this report for the period from 15 October to 31 October. The share price as of the listing on 15 October 2021 was SEK 48. On the final day of trading in October, the share price was SEK 44.8. The highest price paid in October was SEK 48.99 and the lowest price paid was SEK 41.5. 3,832,077 shares were traded in October, corresponding to a turnover rate of 8.2 per cent during the measurement period.

On 31 October 2021, Netel Holding AB (publ) had approximately 1,100 shareholders, of which the largest were IK Investment Partners (49.76 per cent), Nordnet Pensionsförsäkring (7.80 per cent), Carnegie Fonder (4.46 per cent), AP2 (4.43 per cent) and Swedbank Robur Fonder (4.43 per cent).

On 31 October 2021, the number of shares issued was 46,703,671, all of which all were ordinary shares.

Financial statements

Condensed consolidated statement of profit or loss

SEK millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	R12 Oct-Sep 2020/2021	Full-year 2020
Operating income						
Net sales	614	431	1,701	1,270	2,276	1,845
Other operating income	0	0	1	1	2	2
Total revenue	614	432	1,701	1,271	2,278	1,847
Operating expenses						
Material and purchased services	-405	-298	-1,107	-864	-1,494	-1,250
Other external expenses	-59	-26	-158	-77	-184	-103
Personnel costs	-107	-69	-321	-239	-419	-337
Depreciation and amortisation	-10	-9	-26	-28	-37	-39
Operating profit/loss (EBIT)	33	31	90	64	145	119
Profit/loss from financial items						
Net financial items	-5	-5	-12	-39	-26	-52
Earnings before tax	28	26	78	25	119	67
Taxes	-7	-7	-20	-7	-32	-18
Earnings for the period	21	19	57	18	87	48
Earnings for the period is attributable to						
Parent company's shareholders	20	19	54	18	83	48
Non-controlling interests	1	-	3	-	4	-
Earnings per share						
Earnings per share before and after diltution (SEK)*	0.60	0.58	1.67	0.55	2.56	1.49
Average number of shares before and after dilution (thousands)*	32,500	32,500	32,500	32,500	32,500	32,500

*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. 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 exists in the Group as of the date of the publication of this report. 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.

Condensed consolidated statement of comprehensive income

	Jul-Sep		Jan-Sep		২12 Oct-Sep	Full-year
SEK millions	2021	2020	2021	2020	2020/2021	2020
Earnings for the period	21	19	57	18	87	48
Other comprehensive income						
Translation differences for the period	2	-1	1	-6	-1	-7
Other comprehensive income for the period	2	-1	1	-6	-1	-7
Comprehensive income for the peri	22	17	58	13	87	41
Comprehensive income for the period is attributable to						
Parent company's shareholders	21	17	55	13	82	41
Non-controlling interests	1	-	3	-	4	-

Condensed consolidated statement of financial position

SEK millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Goodwill	804	607	594
Intangible assets	189	179	179
Property, plant and equipment	115	111	80
Financial non-current assets	3	-	0
Deferred tax assets	10	17	9
Total non-current assets	1,120	915	863
Current assets			
Inventories	8	9	4
Current receivables	768	511	554
Cash and cash equivalents	77	45	90
Total current assets	853	565	648
Total assets	1,973	1,480	1,511
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the parent company's shareholders	664	575	603
Equity attributable to non-controlling interests	35	-	-
Total equity	699	575	603
Non-current interest-bearing liabilities	546	435	371
Non-current non-interest-bearing liabilities	94	61	58
Total non-current liabilities	641	496	430
Current interest-bearing liabilities	154	97	78
Current non-interest-bearing liabilities	480	312	400
Total current liabilities	634	409	478
Total equity and liabilities	1,973	1,480	1,511

Condensed consolidated statement of changes in equity

SEK thousands	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the period	Total equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
	Equity attributable to the parent company's shareholders						
Opening equity 2020-01-01	576	582,501	-278	-20,780	562,019	-	562,019
Profit/loss for the period	-	-	-	18,357	18,357	-	18,357
Other comprehensive income	-	-	-5,852	-	-5,852	-	-5,852
for the period	-	-	-5,852	18,357	12,505	-	12,505
Transactions with Group owners							
Completed issues	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-
Closing equity 2020-09-30	576	582,501	-6,130	-2,423	574,524	-	574,524
Opening equity 2021-01-01	576	582,501	-7,362	27,553	603,268	-	603,268
Profit/loss for the period	-	-	-	57,295	57,295	-	57,295
Other comprehensive income	-	-	589	-	589	-	589
for the period	-	-	589	57,295	57,884	-	57,884
Transactions with Group owners							
Completed issues	48	37,452	-	-	37,500	-	37,500
Effects of Group restructuring*	-124	-	-	-34,988	-35,112	35,112	-
Total	-76	37,452	-	-34,988	2,388	35,112	37,500
Closing equity 2021-09-30	500	619,953	-6,773	49,860	663,540	35,112	698,652

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 576,337.44 to SEK 591,373.09. 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 591,373.09 to SEK 602,855.11. 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 602,855.11 to SEK 623,967.26. 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). 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. The effects of this restructuring on equity are recognised on the line *Effects of Group restructuring* in the *Condensed consolidated statement of changes in equity*. 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 exists in the Group as of the date of the publication of this report.

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.

Condensed consolidated statement of cash flows

SEK millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Operating profit/loss	33	31	90	64	119
Reversal of non-cash items	10	9	26	28	39
Interest received	-	-	-	-	1
Interest paid	-6	-4	-17	-15	-26
Tax paid	-2	-2	-16	-7	-10
Cash flow from operating activities before changes in working capital	35	34	82	70	122
Changes in inventories	1	0	-4	-5	-0
Changes in operating receivables	-42	-41	-121	27	-1
Changes in operating liabilities	-43	10	-4	-64	10
Cash flow from operating activities	-49	3	-47	30	131
Acquisition of property, plant and equipment	-1	-	-2	-1	-4
Acquisition of subsidiaries and businesses	-	-	-153	-	-
Sale of property, plant and equipment	-	-	-	-	3
Cash flow from investing activities	-1	-	-155	-1	-1
Amortisation of lease liabilities	-9	-9	-26	-26	-35
Proceeds from non-current loans and credits	35	4	252	11	-
Amortisation of non-current loans and credits	-	-35	-38	-63	-98
Cash flow from financing activities	26	-40	188	-78	-133
Cash flow for the period	-24	-37	-14	-49	-3
Cash and cash equivalents at the beginning of the period	101	83	90	97	97
Translation difference in cash and cach equivalents	0	-2	1	-3	-4
Cash and cash equivalents at the end of the period	77	44	77	44	90

Notes to the financial statements in summary

Key accounting policies

This interim report covers the Swedish Parent Company Netel Holding AB (publ), Corp. Reg. No. 559327-6263, and its subsidiaries. The activities of the company and its subsidiaries (the "Group") include the provision of construction and maintenance of communications and electricity infrastructure in Sweden, Norway, Finland and Germany, 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, SE-145 84 Stockholm.

Netel Holding AB (publ) applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group's interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act (1995:1554). The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Annual Accounts Act and RFR 2 Reporting for Legal Entities. For the Group and the Parent Company, the same accounting policies, calculation bases and assessments have been applied as in the latest annual report with the former Parent Company Netel Group Holding AB, Corp. Reg. No. 559062-6049, with the exception of operating segments and earnings per share as described in more detail below. A more detailed description of the Group's applied accounting policies as well as new and future changes in standards can be found in the latest published annual report. For a complete description of the Group and the Parent Company's applied accounting policies, see Notes 2 and 5 in the 2020 Annual Report, which are also applied for the current Parent Company Netel Holding AB (publ).

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

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM is the function responsible for allocating resources and assessing the earnings of the operating segments. In the Group, this function has been identified as the Group CEO. An operating segment is a part of the Group that conducts activities from which it can generate revenue and incur costs and for which independent financial information is available. The Group's division into segments is based on the internal structure of the Group's business activities, which means that the Group's operations have been divided into four segments: *Sweden, Norway, Finland* and *Germany*.

The same accounting policies are used in the segments as for the Group except for leases according to IFRS 16, which are not allocated at segment level but are IFRS-adjusted at Group level. Consequently, the segment's leases are reported as if they were operating leases.

Earnings per share

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

Estimates and assessments

The preparation of the interim report requires that company management makes assessments and estimates and makes assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual outcome may differ from these estimates and assessments. The critical assessments and sources of uncertainty in estimates are the same as in the latest published annual report. See Note 3 in the 2020 annual report for more information on the Group's estimates and assessments.

Operating segments

For accounting and monitoring purposes, the Group has divided its operations into four operating segments based on how the Group CEO evaluates the Group's operations. The four operating segments are Sweden, Norway, Finland and Germany. The Group CEO primarily uses earnings before interest, tax, depreciation and amortisation (EBITDA) in assessing the performance of the operating segments. The Group follows the adjustments excluding the effects of right-of-use assets and lease liabilities, which means that the segments' leases are reported as if they were operating leases, i.e. the lease expense is allocated on a straight-line basis over the lease term and included in EBITDA. 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.

Jan-Sep 2021	Sweden	Norway	Finland	Germany	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	656	756	196	93	1,701	-	1,701
Revenue from other segments	-	-	-	-	-	-	-
Total revenue	656	756	196	93	1,701	-	1,701
EBITDA	39	65	5	9	118	-3	116
Depreciation and amortisation						-26	-26
Net financial items						-12	-12
Earnings before tax							78
Taxes						-20	-20
Earnings for the period							57

Jan-Sep 2021	Sweden	Norway	Finland	Germany	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	406	609	225	31	1,271	-	1,271
Revenue from other segments	-	-	-	-	-	-	-
Total revenue	406	609	225	31	1,271	-	1,271
EBITDA	16	49	1	3	69	23	92
Depreciation and amortisation						-28	-28
Net financial items						-39	-39
Earnings before tax							25
Taxes						-7	-7
Earnings for the period							18

Revenue from contracts with customers

Jan-Sep 2021	Sweden	Norway	Finland	Germany	Group total
Business area					
Fixed networks	364	411	3	93	870
Power	190	244	151	-	585
Mobile	109	101	42	-	252
Group-wide					-6
Revenue from contracts with customers	662	756	196	93	1,701
Type of service					
Framework agreement	324	459	138	-	922
Project	338	297	57	93	785
Group-wide					-6
Revenue from contracts with customers	662	756	196	93	1,701

Jan-Sep 2021	Sweden	Norway	Finland	Germany	Group total
Business area					
Fixed networks	312	311	42	31	696
Power	29	227	144	-	401
Mobile	68	70	39	-	177
Group-wide					-2
Revenue from contracts with customers	409	609	225	31	1,271
Type of service					
Framework agreement	184	353	114	-	651
Project	225	256	110	31	621
Group-wide					-2
Revenue from contracts with customers	409	609	225	31	1,271

Financial instruments

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

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

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

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

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

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

Contingent consideration
For some of the Group's business combinations, there are contingent considerations. The contingent considerations are dependent on the average EBITA for the business combinations over one to three years. The considerations will be settled in cash. The contingent considerations are included in the items Non-current non-interest-bearing liabilities in the amount of MSEK 32 (0). The contingent considerations are found in level 3 of the valuation hierarchy.

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

Fund holdings	30 Sep 2021	30 Sep 2020	31 Dec 2020
Opening balance	-	-	-
Investments	3	-	-
Divestments	-	-	-
Change in value recognised through profit or loss	-	-	-
Translation difference	-	-	-
Closing balance	3	-	-

Contingent considiration	30 Sep 2021	30 Sep 2020	31 Dec 2020
Opening balance	-	-	-
Acquisition of subsidiaries and businesses	32	-	-
Paid considirations	-	-	-
Change in value recognised through profit or loss	-	-	-
Translation difference	-	-	-
Closing balance	32	-	-

Other liabilities recognised at fair value	30 Sep 2021	30 Sep 2020	31 Dec 2020
Opening balance	-	-	-
Changes in recognised liabilities	-	-	-
Change in value recognised through profit or loss	0	-	-
Translation difference	-	-	-
Closing balance	0	-	-

Business combinations

On 21 January 2021, the Group acquired 100 per cent of the shares and votes in C-E Morberg Anläggning & Energi AB ("Morberg"). The company is active in power contracting in the Mälardalen region with Västerås as its base. The acquisition of Morberg is part of strengthening Netel Group's position within the power segment. The acquisition also strengthens Netel's presence in the Västerås area, which creates good conditions for continued growth. C-E Morberg's net sales in 2020 amounted to MSEK 40 and EBIT to MSEK 7. Morberg is included in the Sweden segment.

On 19 February 2021, the Group acquired 100 per cent of the shares and votes in Oppunda Kraftkonsult AB ("Oppunda"). The company is active in power contracting with a focus on framework agreements within local networks. The business complements Netel Group's expertise in power and strengthens its position within the local networks segment outside Stockholm. Oppunda has good conditions for continued growth with existing customers and within existing framework agreements. Oppunda's net sales in 2020 amounted to MSEK 77 and EBIT to MSEK 11. Oppunda is included in the Sweden segment.

On 4 March 2021, the Group acquired 100 per cent of the shares and votes in Brogrund Mark AB and Brogrund Entreprenad AB ("Brogrund"). Brogrund has a broad product offering with specialist knowledge in infrastructure and offers contracting in water and sewage, central heating, power and general groundwork in the Örebro region. The acquisition broadens the expertise of Netel Group within the infrastructure segment and provides access to new customers and thereby good opportunities for continued growth. Brogrund's net sales in 2020 amounted to MSEK 188 and EBIT to MSEK 8. Brogrund is included in the Sweden segment.

On 31 March 2021, the Group acquired 100 per cent of the shares and votes in Svensk Elkraftsentreprenad AB ("SEKE"). SEKE offers contracting within the power plant segment. The acquisition increases Netel Group's expertise in power plant contracting. SEKE has good growth opportunities. SEKE's net sales in 2020 amounted to MSEK 148 and EBIT to MSEK 15. SEKE is included in the Sweden segment.

Acquired net assets at acquisition date	C-E Morberg Anläggning & Energi AB Fair value	Oppunda Kraftkonsult AB Fair value	Brogrund Fair value	Svensk Elkrafts-entreprenad AB Fair value	Total
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	0	11	0	12
Right-of-use assets	-	-	-	-	-
Financial non-current assets	-	-	2	-	2
Deferred tax assets	-	-	-	-	-
Inventories	-	-	-	-	-
Accounts receivables and other receivables	6	17	28	31	81
Cash and cash equivalents	5	8	15	21	48
Interest-bearing liabilities	-	-	-7	0	-7
Lease liabilities	-	-		-	-
Deferred tax liabilities	-1	1	-1	-2	-4
Accounts payable and other operating liabilities	-5	-11	-21	-33	-69
Identified net assets	5	15	26	17	62
Goodwill	26	60	19	98	204
Total consideration	31	75	45	115	266
The consideration consists of					
Cash	20	58	32	80	190
Equity instruments	-	10	8	20	38
Contingent consideration	5	7	5	15	32
Vendor loan note	7	-	-	-	7
Total consideration	31	75	45	115	266

For information on the contingent consideration, see Note 5 Financial instruments.

Impact of acquisitions on cash and cash equivalents	C-E Morberg Anläggning & Energi AB	Oppunda Kraftkonsult AB	Brogrund	Svensk Elkrafts-entreprenad AB	Total
Cash consideration paid	-20	-58	-32	-80	-190
Cash and cash equivalents acquired	4	7	7	19	37
Total	-16	-51	-25	-61	-153
Costs related to acquisitions	-1	-2	-3	-2	-8
Total impact on cash and cash equivalents	-17	-53	-27	-63	-160

In connection with the acquisition of Morberg, goodwill of MSEK 26 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. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of Morberg amounted to MSEK 1. The transaction costs were recognised as an expense in profit or loss under Other external expenses. During the 8 months leading up to the balance sheet date, Morberg contributed MSEK 40 to the Group's revenue and MSEK 1 to the Group's profit after tax. If the acquisition had occurred as of 1 January 2021, company management estimates that the Group's revenue would have been MSEK 1,703 and that profit for the period would have been MSEK 57.

In connection with the acquisition of Oppunda, goodwill of MSEK 60 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. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of Oppunda amounted to MSEK 2. The transaction costs were recognised as an expense in profit or loss under Other external expenses. During the 7 months leading up to the balance sheet date, Oppunda contributed MSEK 39 to the Group's revenue and MSEK 4 to the Group's profit after tax. If the acquisition had occurred as of 1 January 2021, company management estimates that the Group's revenue would have been MSEK 1,708 and that profit for the period would have been MSEK 58.

In connection with the acquisition of Brogrund, goodwill of MSEK 19 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. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of Brogrund amounted to MSEK 3. The transaction costs were recognised as an expense in profit or loss under Other external expenses. During the 7 months leading up to the balance sheet date, Brogrund contributed MSEK 150 to the Group's revenue and MSEK 4 to the Group's profit after tax. If the acquisition had occurred as of 1 January 2021, company management estimates that the Group's revenue would have been MSEK 1,724 and that profit for the period would have been MSEK 58.

In connection with the acquisition of SEKE, goodwill of MSEK 98 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. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of SEKE amounted to MSEK 2. The transaction costs were recognised as an expense in profit or loss under Other external expenses. During the 6 months leading up to the balance sheet date, SEKE contributed MSEK 60 to the Group's revenue and MSEK 5 to the Group's profit after tax. If the acquisition had occurred as of 1 January 2021, company management estimates that the Group's revenue would have been MSEK 1,749 and that profit for the period would have been MSEK 60.

Transactions with related parties

There have been no significant changes for the Group or the Parent Company in relationships or transactions with related parties compared to what has been described in Note 36 of the 2020 annual report (Netel Group Holding AB).

Text	30 Sep 2021	30 Sep 2020
Management	-	-
Sales of goods and services	-	-
Purchase of goods and services	-	-
Interest income	-	-
Interest expenses	-	-
Receivables (closing)	-	-
Debt (closing)	15	14

Significant events after the balance sheet date

Netel Holding AB (publ) was listed on Nasdaq Stockholm on 15 October. There was widespread interest in subscribing for shares among both Swedish and international institutional investors as well as the general public in Sweden, Norway and Finland, and the offering was substantially oversubscribed.

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. An Extraordinary General Meeting in 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). 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. 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. An additional decision regarding the number of shares was made in the fourth quarter of 2021 in connection with the listing of Netel Holding AB (publ). 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 exists in the Group as of the date of the publication of this report. In connection with the listing, a new share issue of MSEK 200 was carried out, which was primarily used to repay previous financing.

In September 2021, Netel Holding AB (publ) entered into a multicurrency revolving credit facility of MSEK 750, which is intended to be the Group's main financing and will be used to finance general corporate purposes (including acquisitions), finance working capital requirements and refinance existing debt. A credit agreement came into effect in connection with the listing of Netel Holding AB (publ), for which MSEK 475 was received and used to repay previous financing in Netel.

Other than the above, no significant changes have occurred regarding the Group's financial position or financial results after 30 September 2021.

Condensed income statement for the Parent Company

	Jul-Sep		Jan-Sep		Full-year
SEK millions	2021	2020	2021	2020	2020
Operating expenses					
Other external expenses	-0	-	-	-	-
Operatin profit (EBIT)	-0	-	-	-	-
Net financial items	-	-	-	-	-
Earnings after financial items	-0	-	-	-	-
Appropriations	-	-	-	-	-
Earnings before tax	-0	-	-	-	-
Taxes	-	-	-	-	-
Earnings for the period	-0	-	-	-	-

Condensed balance for the Parent Company

SEK millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
ASSETS			
Non-current assets			
Shares in subsidiaries	720	-	-
Total non-current assets	720	-	-
Current assets			
Receivables from Group companies	-	-	-
Other current assets	-	-	-
Cash and cash equivalents	0	-	-
Total current assets	0	-	-
Total assets	721	-	-
EQUITY AND LIABILITIES			
Equity			
Share capital	1	-	-
Other equity	720	-	-
Total equity	721	-	-
Untaxed reserves	-	-	-
Total untaxed reserves	-	-	-
Non-current interest-bearing liabilities	-	-	-
Non-current non-interest-bearing liabilities	-	-	-
Total non-current liabilities	-	-	-
Current interest-bearing liabilities	-	-	-
Current non-interest-bearing liabilities	-	-	-
Total current assets	-	-	-
Total equity and liabilities	721	-	-

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

Stockholm, 22 November 2021

Hans Petersson
Chairman

Göran Lundgren
Board member

Nina Macpherson
Board member

Alireza Etemad
Board member

Carl Jakobsson
Board member

Maria Brunow
Board member

Ove Bergkvist
CEO

Selected financial information

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

Alternative performance measures not defined under IFRS

	Jul-Sep		Jan-Sep		Full-year
SEK millions	2021	2020	2021	2020	2020
Net sales growth (%)	42.4%	-10.0%	34.0%	-0.7%	-0.9%
Organic sales growth (%)	9.5%	-10.0%	11.2%	-0.7%	-0.9%
EBITDA	42	39	116	92	157
EBITDA margin (%)	6.9%	9.1%	6.8%	7.2%	8.5%
EBITA	33	31	90	66	120
EBITA margin (%)	5.3%	7.1%	5.3%	5.2%	6.5%
Items affecting comparability	7	2	21	5	13
Adjusted EBITDA	50	41	136	97	171
Adjusted EBITDA margin (%)	8.1%	9.4%	8.0%	7.7%	9.3%
Adjusted EBITA	40	32	111	71	134
Adjusted EBITA margin (%)	6.5%	7.5%	6.5%	5.6%	7.3%
Net debt	-	-	623	487	360
Net debt/Adjusted EBITDA R12 (Ratio)	-	-	2.9	3.4	2.1
Equity ratio (%)	-	-	35.4%	38.9%	39.9%
	-	-	3,429	1,995	2,354

Reconciliation of growth in net sales

	Jul-Sep		Jan-Sep		Full-year
SEK millions	2021	2020	2021	2020	2020
Net sales previous period	431	480	1,270	1,279	1,861
Acquired net sales	142	-	289	-	-
Organic net sales	472	431	1,412	1,270	1,845
Total net sales growth (%)	42.4%	-10.0%	34.0%	-0.7%	-0.9%
Organic net sales growth (%)	9.5%	-10.0%	11.2%	-0.7%	-0.9%

Reconciliation of EBITDA, EBITDA marign, adjusted EBITDA, and adjusted EBITDA margin

SEK millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Net sales	614	431	1,701	1,270	1,845
Operating profit/loss (EBIT)	33	31	90	64	119
Depreciation and amortisation of tangible and intangible assets	10	9	26	28	39
EBITDA	42	39	116	92	157
EBITDA margin (%)	6.9%	9.1%	6.8%	7.2%	8.5%
Items affecting comparability					
Listing-related costs	7	-	11	-	-
Acquisition-related costs	-	-	8	-	-
Other items affecting comparability	-	2	3	5	13
Total items affecting comparability	7	2	21	5	13
Adjusted EBITDA	50	41	136	97	171
Adjusted EBITDA margin (%)	8.1%	9.4%	8.0%	7.7%	9.3%

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

SEK millions	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full-year 2020
Net sales	614	431	1,701	1,270	1,845
Operating profit/loss (EBIT)	33	31	90	64	119
Depreciation and amortisation of intangible assets	-	-	-	2	2
EBITA	33	31	90	66	120
EBITA margin (%)	5.3%	7.1%	5.3%	5.2%	6.5%
Items affecting comparability					
Listing-related costs	7	-	11	-	-
Acquisition-related costs	-	-	8	-	-
Other items affecting comparability	-	2	3	5	13
Total items affecting comparability	7	2	21	5	13
Adjusted EBITA	40	32	111	71	134
Adjusted EBITA margin (%)	6.5%	7.5%	6.5%	5.6%	7.3%

Reconciliation of net debt and net debt/adjusted EBITDA R12 (Ratio)

SEK millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Non-current interest-bearing liabilities	546	435	371
Current interest-bearing liabilities	154	97	78
Total interest-bearing liabilities	700	532	450
Cash and cash equivalents	77	45	90
Net debt	623	487	360
Adjusted EBITDA R12	211	142	171
Net debt/Adjusted EBITDA R12 (Ratio)	2.9	3.4	2.1

Reconciliation of equity ratio

SEK millions	30 Sep 2021	30 Sep 2020	31 Dec 2020
Total equity	699	575	603
Total assets	1,973	1,480	1,511
Equity ratio (%)	35.4%	38.9%	39.9%

Definitions and reasons for use

Performance measure	Definition	Reason for use
EBITA*	EBIT before amortisation of intangible assets	EBITA is used to analyse the profitability generated by the underlying operations
EBITA margin*	EBITA as a percentage of net sales	The EBITA margin is used to illustrate the underlying operations' profitability
EBITDA*	Earnings before interest, taxes, depreciation and amortisation.	EBITDA is used to analyse the profitability generated by the underlying operations
EBITDA margin*	EBITDA as a percentage of net sales	The EBITDA margin is used to illustrate the underlying operations' profitability
Adjusted EBITA*	EBIT before amortisation of intangible assets, adjusted for items affecting comparability	Adjusted EBITA is used to analyse the profitability generated by the underlying operations
Adjusted EBITA margin*	Adjusted EBITA as a percentage of net sales	The adjusted EBITA margin is used to illustrate the underlying operations' underlying profitability
Adjusted EBITDA*	Earnings before interest, taxes, depreciation and amortisation, adjusted for items affecting comparability	Adjusted EBITDA is used to analyse the underlying profitability generated by the underlying operations
Adjusted EBITDA margin*	Adjusted EBITDA as a percentage of net sales	The adjusted EBITDA margin is used to illustrate the underlying operations' underlying profitability
Items affecting comparability*	Items affecting comparability are income 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 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
Interest-bearing 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/assets 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 performance measure is an alternative performance measure according to ESMA's guidelines.

Other information

Interim reports on www.netelgroup.com
The complete interim report for January–September 2021 and previous interim and annual reports are available on https://netelgroup.com/en/investors/reports-and-presentations/.

Financial calendar
Forthcoming reports:

Year-end report 2021	16 February 2022
Annual Report 2021	Week 15 2022
First quarter 2022	4 May 2022
Annual General Meeting 2022	4 May 2022
Second quarter 2022	25 August 2022
Third quarter 2022	11 November 2022

This information is such that Netel Holding AB (Publ) is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons above, on 22 November 2021 at 7:00 a.m. CET.

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Netel Group in brief
Netel Group constructs physical telecom, broadband and power networks in the Nordic region and Germany. We are a full-service solution provider – everything from planning and project design to execution and maintenance – for telecom operators, network owners, property owners, construction companies, housing companies and cooperative housing associations. We are one of the leading companies in our markets.

FOUNDED IN	EMPLOYEES IN 2020	NET SALES IN 2020	Adjusted EBITA in 2020
2000	414	MSEK 1,845	MSEK 133

netel group

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