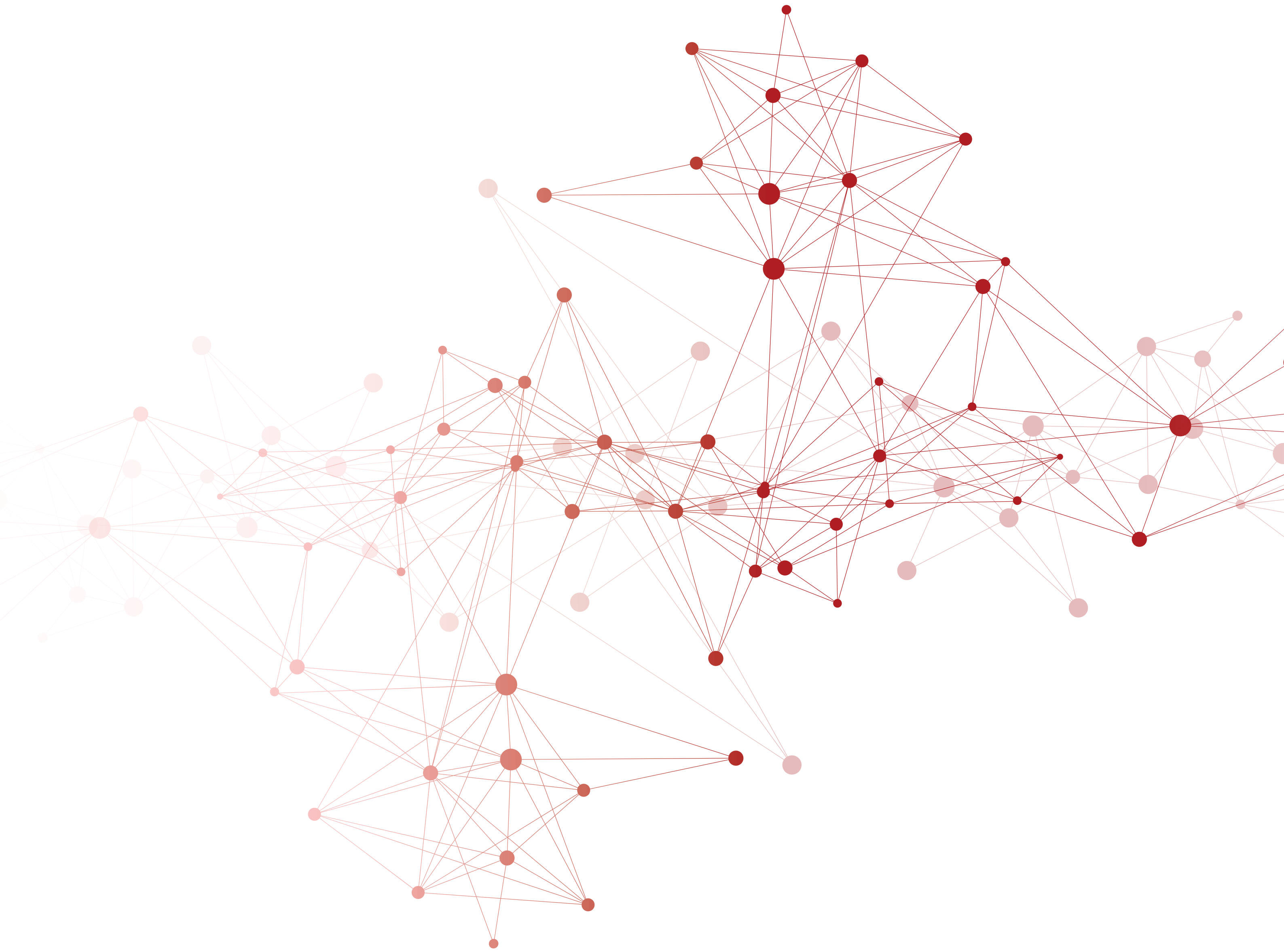
Annual Report
2021



netel group

The Board of Directors and CEO of the Netel Holding AB (publ), Corp. Reg. No. 559327-6263, hereby submit the Annual Report for the 2021 financial year for the Parent Company and the Group, comprising the Directors' Report (pages 4-5, 10-27 and 74-79) and the financial statements alongside the notes and comments (pages 82-127). The statutory Sustainability and Corporate Governance Reports in accordance with the Annual Accounts Act are included in the Annual Report (pages 29-60 and 61-73 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.

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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 effective business model for profitable growth.
- Asset-light and high cash conversion.

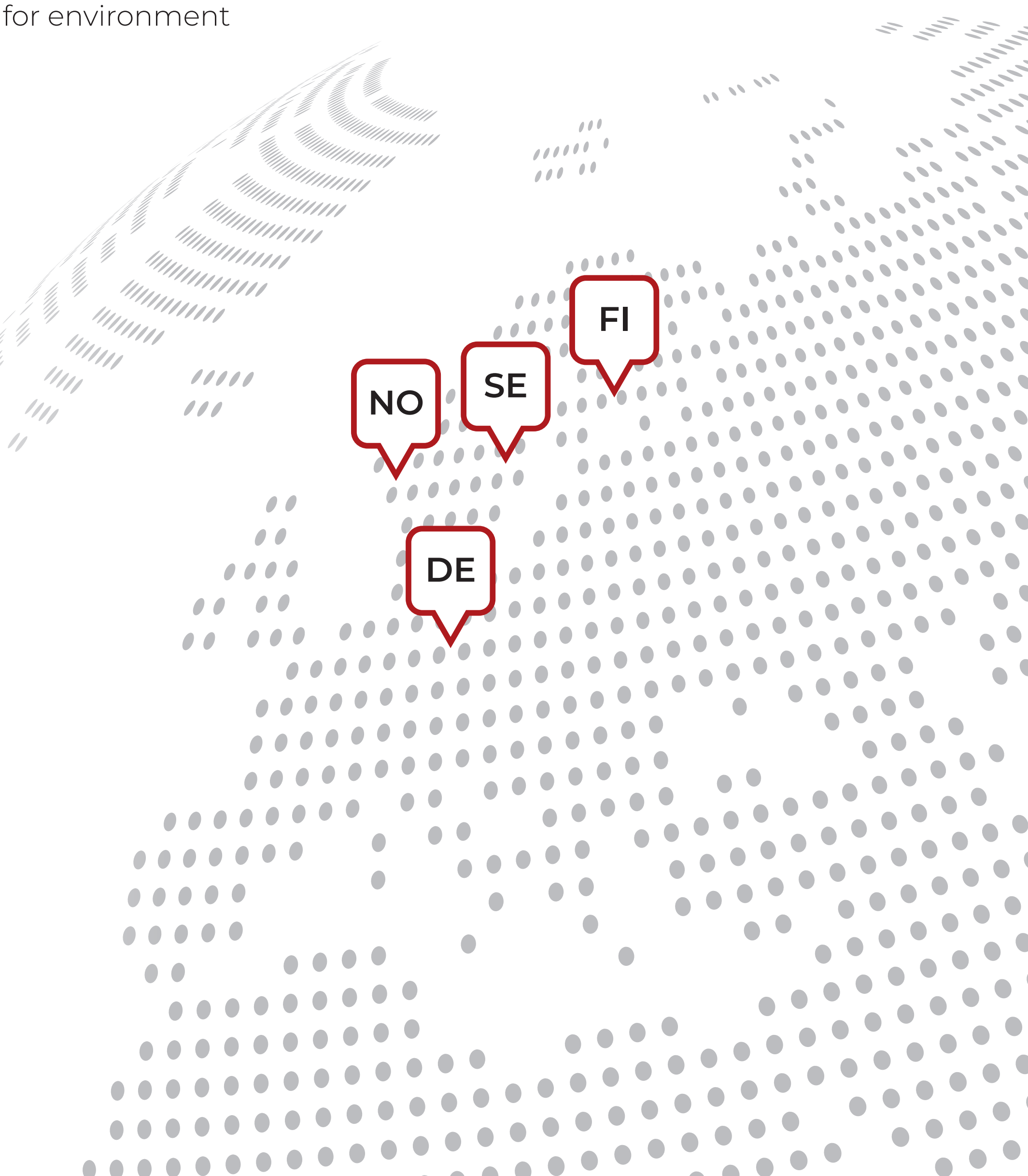
Revenue
2.4
SEK billion

Annual revenue growth 2010–2021
21%

Annual growth adjusted EBITA 2010–2021
20%

Number of employees
658

Announced acquisitions 2021
7



Continued expansion in Northern Europe and record-breaking order backlog

Quarter 1

Four Swedish acquisitions within the power area as well as water and sewage:

- C-E Morberg Anläggning & Energi
- Oppunda Kraftkonsult
- Brogrund Entreprenad and Brogrund Mark
- Svensk Elkraftsentreprenad

Framework agreement in Norway for services and expansion of fixed networks with Telenor.

Quarter 2

Take over of assets in Telia's Norwegian maintenance unit GET.

Framework agreement in Norway for service and expansion of fixed networks with Telia.

Two framework agreements within power with two large network owners in Sweden.

Quarter 3

Acquisition of assets in Norwegian company Fubi.

Contract for power project and service with Elvia in Norway.

Agreement with Telenor for 5G expansion in Norway.

Two new offices open in Germany.

Quarter 4

Netel Holding listed on Nasdaq Stockholm Mid-Cap segment on 15 October.

Acquisitions of Swedish construction companies within water, district heating and sewage along with associated civil engineering work – JR Markteknik and Täby Maskin & Uthyrning.

Four-year framework agreement with Deutsche Telekom amounting to about MSEK 300 for fibre roll-out.

Record-breaking order backlog of SEK 3.5 billion at the close of the year.

We are continuing our journey of growth

Netel reported strong growth in 2021 of 31.0 per cent due to acquisitions and organic growth of 7.1 per cent. The company's high cash conversion and strong financial position provide Netel with ample financial scope to continue making acquisitions. We are continuing our journey of growth with a long list of potential acquisitions and a record-breaking order backlog of SEK 3.5 billion.

We achieved all our 2021 financial targets for growth, profitability and capital structure. Netel has generated a high annual growth rate of 21 per cent since 2010, at the same time as adjusted EBITA has increased 20 per cent per year. Netel's profitability is among the highest in the industry and its indebtedness is low – net debt/adjusted EBITDA at year-end was only 1.4 – proving that our strategy is effective.

A compelling reason for Netel's success is our decentralised organisation. Our local companies have a very high degree of independence, meaning that Netel is always close to its customers and has short decision-making. Customers appreciate this and Netel has a broad base of large, stable customers with whom we have long-term relationships.

Netel's flexible business model is another success factor, providing us with a large network of subcontractors for the construction and installation phases of our projects. This makes us flexible and Netel has minimal tied-up capital even though we work on projects for critical infrastructure.

I would also like to highlight Netel's sustainability efforts and responsibility for the environment and occupational health and safety as a factor underlying its success. Our sustainability agenda is another reason why we have established long-term and close customer relationships with the largest suppliers of critical infrastructure in the Nordic region.

Furthermore, Netel is positioned in selected European markets with healthy underlying growth, driven by strong megatrends. Climate change is resulting in a transition to electric transportation, and large industries are migrating to electricity-based production while several renewable sources of energy are being introduced in the electrical grid. This means that the capacity of power networks must be expanded and new technology installed. We also see many growth opportunities for our operations in telecom and fibre due to digitalisation and IoT (Internet of Things), which require expanded grid capacity. Like water, heating and sewage, power has an extensive need for infrastructure modernisation. Many networks in Europe are very old and in acute need of being replaced or updated. Accordingly, there are good growth prospects for Netel's project know-how and strong offering in critical infrastructure.

Expanding to more markets

Acquisitions are key part of our growth strategy. The purpose of our acquisitions is to complement the current business or to expand to new customer segments or new geographical markets. In 2021, we entered the water, heating and sewage market and associated groundwork contracts through two acquisitions. This – in parallel with power – is a priority market for our acquisition strategy. These markets are 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.

We have decided to enter the water, heating and sewage markets since they have similar characteristics to telecom, fibre and power, which we know well. These are new markets for

us, but require the same expertise as those in which we already hold a leading position. This means that Netel has management systems in place and a culture that is ideal for running and developing acquired companies.

We are highly active in our M&A process and have identified a large number of potential candidates in selected areas and segments that we are proactively seeking out. By pursuing a focused acquisition strategy, we can carve out strong positions in markets with healthy underlying growth.

Our most important criteria in selecting acquisition targets are the presence of a strong, competent management team and identified revenue synergies. We prefer 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, particularly in the area of sustainability. We know that our business model is also attractive to sellers since the companies retain their independence and entrepreneurial spirit while at the same time can operate with the power of a group.

Netel is positioned in selected European markets with healthy underlying growth, driven by strong megatrends.

Strong financial position

Our listing on the Stockholm Stock Exchange in autumn 2021 has made us financially stronger and given us the scope to continue to expand. I would like to welcome our 1,700 new shareholders to Netel and thank you for joining us on our journey of growth. I would also like to express my sincere thanks to all our employees for their fantastic work in the challenging pandemic year of 2021.

Outlook

We have a proven business model, clear growth strategy and strong financial position with healthy cash flows and low tied-up capital. With a stable underlying market performance for critical infrastructure, a record-breaking order backlog of SEK 3.5 billion and an extensive list of potential acquisition targets, Netel is continuing on its journey of growth.

Ove Bergkvist
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 nation-wide 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.

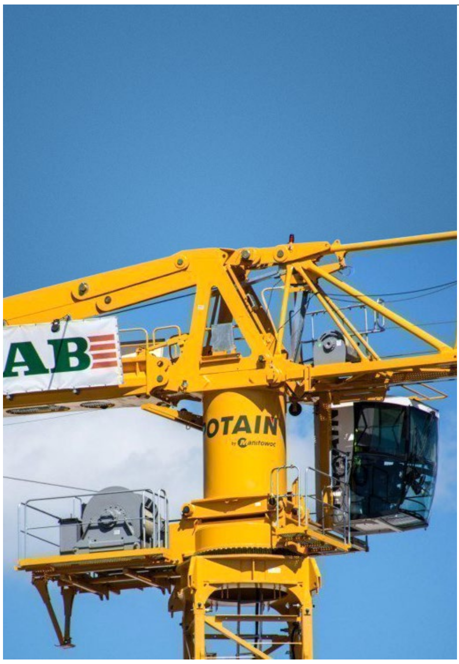
2021

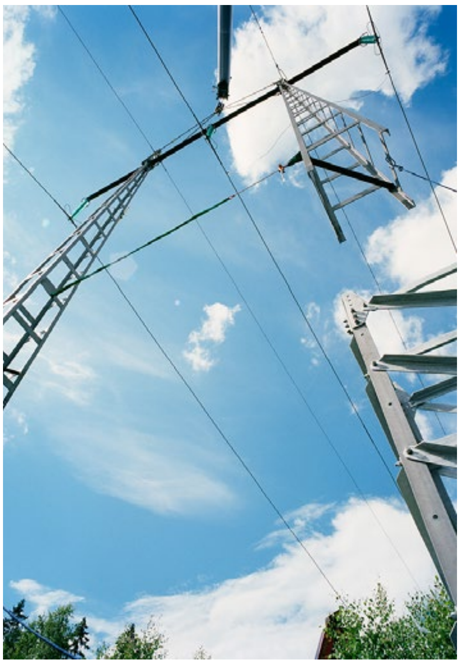
Netel is listed on Nasdaq Stockholm Mid-Cap Index.

Expansion in Germany continues through new framework agreement.

Six acquisitions in the power and telecom sectors.

Netel continues to develop its growth strategy by focusing more on the water, heating and sewage market segments as well as related contracting. In 2021, Netel announced two strategic acquisitions iwithin the segments: Brogrund Mark and Brogrund Entreprenad as well as JR Markteknik and Täby Maskin & Uthyrning.



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WELCOMES
NETEL
netel
Nasdaq

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 intense responsibility for the environment and work environment.

Netel is one of the Nordic region's largest critical infrastructure project providers with a growing position in 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 whose business was 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 involves handling the application processes 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 as high-voltage or treacherous landscape, for instance. 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 2021, the share of framework agreements rose to 55 per cent (51) of Group net sales.

Flexible cost structure and less tied-up capital

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.

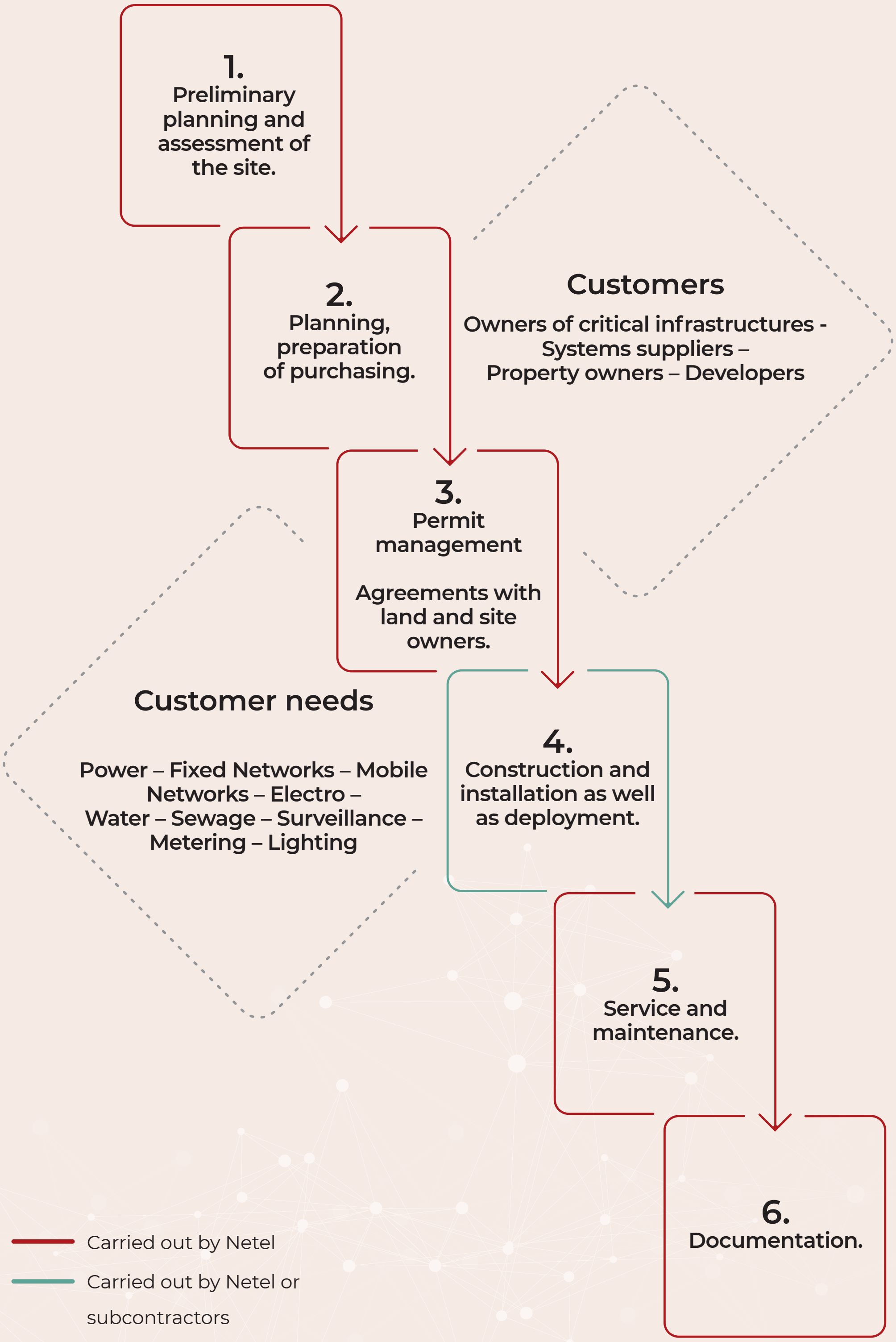
Long-standing relationships with competent subcontractors and suppliers are paramount in guaranteeing that the projects are executed with precision, quality and a high degree of accountability for the natural environment and work environment.

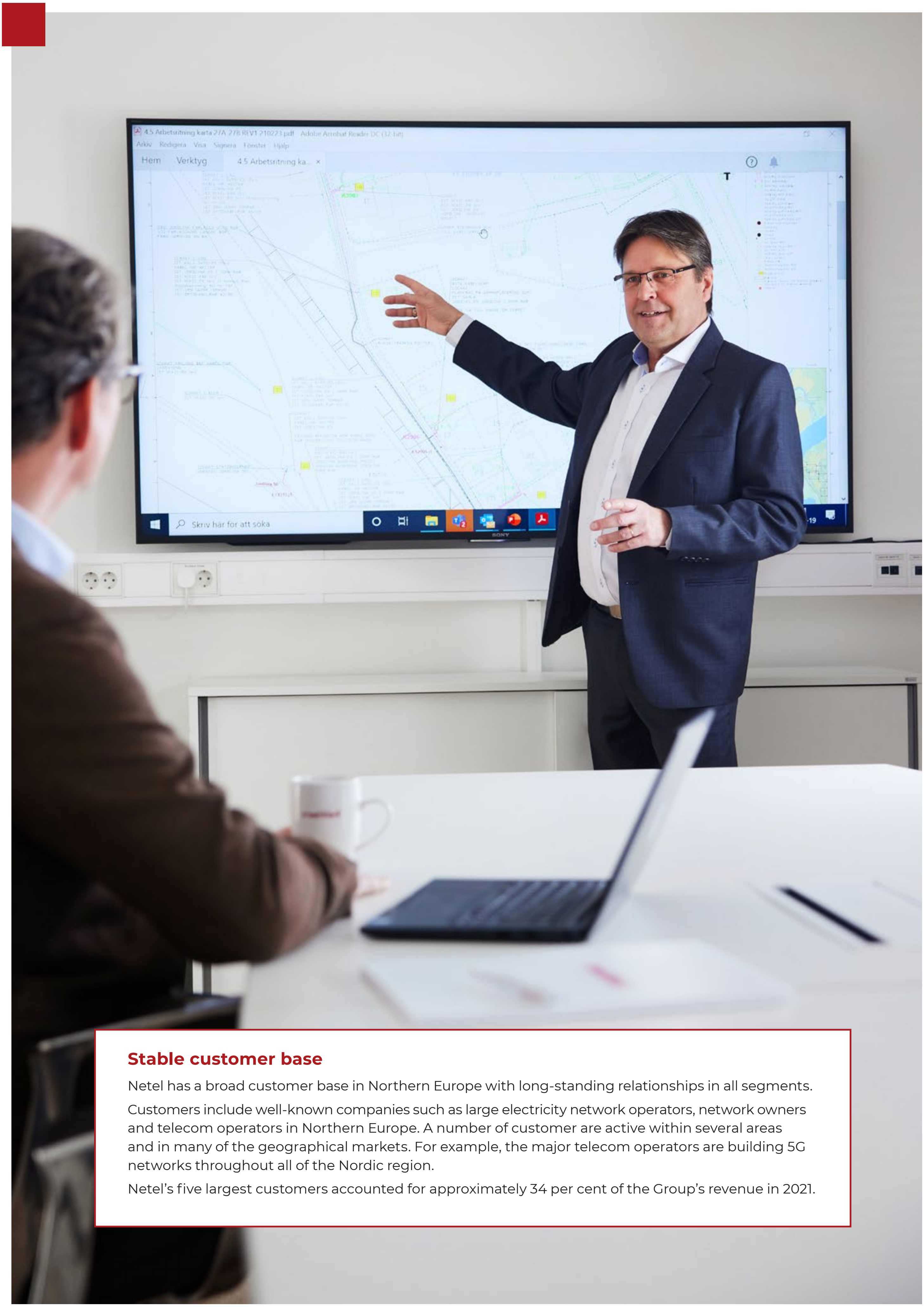
Netel's operations tie up little capital since the company has very low inventory and almost no heavy machinery. Because the company's investment need is low, its cash conversion capacity is high and stable.

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 segments.

Customers include well-known companies such as large electricity network operators, network owners and telecom operators in Northern Europe. A number of customer 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.

Netel's five largest customers accounted for approximately 34 per cent of the Group's revenue in 2021.

Growth driven by powerful megatrends

Netel operates in sectors that are critical for society. These functions – electricity and water supply, sewage, district heating and telecom – are affected by three powerful megatrends: climate change, digitalisation and the modernisation requirements for 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 Germany, fibre coverage is low and old copper networks will be replaced with fibre.

Modernisation of infrastructures

There is a vast need to modernise infrastructures in Europe in the areas of power, water, sewage and district heating. Many networks are at the end of their life cycle. Some networks are more than 70 years old and in acute 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

Fibre coverage in Germany

11%

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, 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 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.

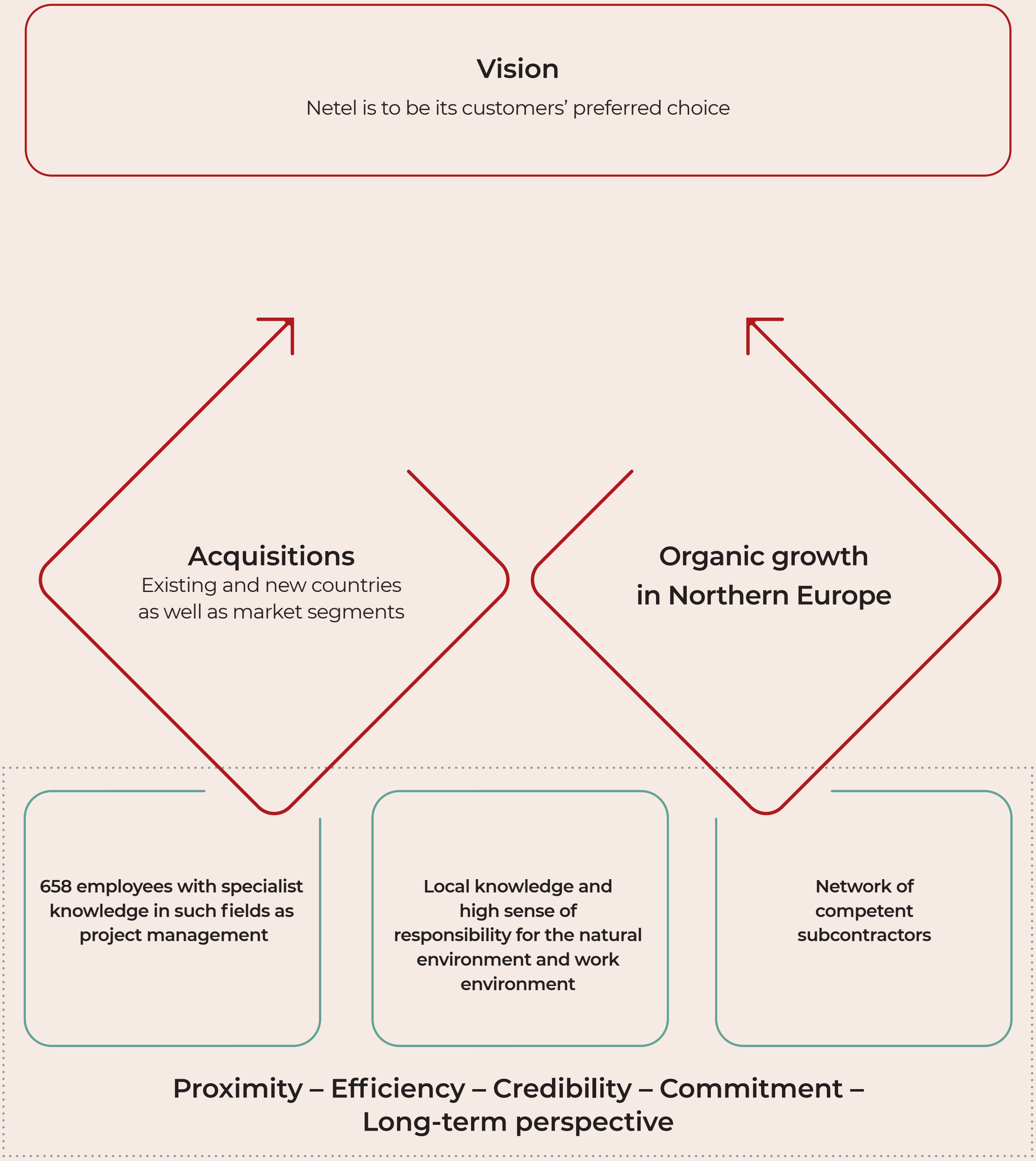
To ensure a high degree of responsibility for the natural environment and work environment also among subcontractors, they are required to comply with Netel's Code of Conduct. Netel performs regular audits and follow-ups of its subcontractors to verify, among other issues, compliance with our Code of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

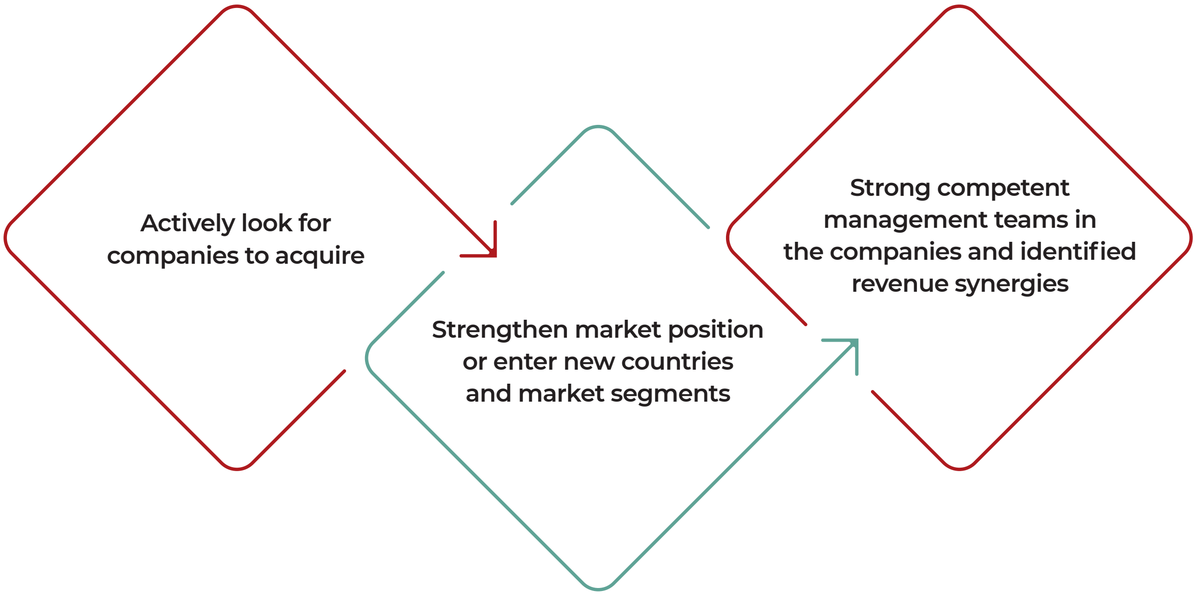
Growth through acquisitions

Netel drives an active acquisition agenda and has acquired seven businesses in 2021. The purpose of the acquisitions is to complement the current business or to expand by entering new customer segments or new geographical markets. Netel is focusing on acquisitions in Sweden, Norway and Germany in 2022 and has started to investigate opportunities in the UK. Prioritised areas are power and water, heating and sewage along with the related groundwork contracts.


Vision
Netel is to be its customers' preferred choice
Acquisitions
Existing and new countries as well as market segments
Organic growth in Northern Europe
658 employees with specialist knowledge in such fields as project management
Local knowledge and high sense of responsibility for the natural 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 seven acquisitions were carried out in the infrastructure area in 2021.

Focus areas

Companies in Sweden and Norway that offer project management and service to fixed networks and power customers as well as German companies in the fixed networks and power areas are the focus for acquisitions within existing operations. The markets are 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.

Netel also seeks out companies in adjacent sectors such as water, heating and sewage. These sectors have similar market characteristics and require the same expertise as the areas 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.

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 prioritizes 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.

Nett-Tjenester a Norwegian success

Netel acquired the Norwegian power installation company Nett-Tjenester in 2017. From 2016 to 2020, Nett-Tjenester's annual revenue growth was approximately 22 per cent and EBITA grew annually by approximately 30 per cent. Good financial control and steering has accelerated sales and improved profitability.

With the acquisition of Nett-Tjenester, Netel established its power offering in Norway. Through the acquisition, Netel gained a new key customer, one of Norway's largest electricity suppliers, delivering power to more than two million people in Norway. Nett-Tjenester covers the entire value chain from turn-key contracting and smaller projects to service and maintenance.

"For Nett-Tjenester, Netel's acquisition proved a major catalyst for growth," says Frode Ludvigsen, former owner of Nett-Tjenester. "Being part of a larger organisation makes it easier to win bids and establish new customer contacts. We've also received good support in controlling costs and high profitability makes us an attractive employer that can offer its employees opportunities to develop and stimulating tasks."

Nett-Tjenester currently has some one hundred employees and operates primarily in Eastern Norway.

Financing

Netel finances acquisitions primarily through internally generated cash flow and external financing. New shares may be issued in connection with acquisitions. The agreements with the sellers normally contain a clear structure for earnouts and reinvest-ments 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 Netel every month.

Strategic acquisitions in 2021 in new areas

In 2021, Netel made two strategic acquisitions in water, heating, sewage and related ground-work contracts: Brogrund Mark and Brogrund Entreprenad as well as JR Markteknik and Täby Maskin & Uthyrning. The acquisitions are key building blocks in continued investments in the new areas of water, heating and sewage. Through the new companies, Netel has gained expertise and capacity as well as a number of new framework agreements. The acquisitions mean that Netel built a significant water, heating and sewage business in Sweden in 2021. This new area is still a focus area in Netel's acquisition strategy.

Acquisitions 2021

Company	Operations	Coun-try	Sales 2020	EBIT	Number of employees[1]	Ow-nership, %	Date of consolida-tion
C-E Morberg Anläggning & Energi AB	Power	Sweden	MSEK 40	MSEK 7	20	100	February
Oppunda Kraftkonsult AB	Power	Sweden	MSEK 77	MSEK 11	10	100	March
Brogrund Mark AB and Brogrund Entreprenad AB	Water, sewage, district heting and related ground works	Sweden	MSEK 188	MSEK 8	43	100	April
Svensk Elkrafts-entreprenad AB (SEKE)	Power	Sweden	MSEK 148	MSEK 15	12	100	April
GET AS	Fixed networks	Norway	-	-	-	Assets acquisition	May
Fubi AS	Fixed networks	Norway	-	-	9	Assets acquisition	August
JR Markteknik AB och Täby Maskin & Uthyrning AB	Water, sewage, district heting and related ground works	Sweden	MSEK 199	MSEK 23	50	100	January 2022

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

High demands on subcontractors

Subcontractors and their ability to carry out the assignments while delivering high quality and being responsible for the environment and work safety are key elements in Netel's business.

Netel places high demands on subcontractors and requires, for example, that they have environment management systems, plans for occupational health, safety and risk assessments, and that they comply with the relevant regulatory frameworks. Subcontractors are also required to ensure that their employees have the relevant training and experience to execute their tasks.

Because Netel operates in sectors where critical work is carried out, the Group places particular emphasis on compliance with safety regulations. Human rights is another focus area for Netel, which demands the subcontractors can guarantee fair work conditions and safe, secure workplaces. Netel's Code of Conduct places clear demands on what the subcontractors' employee contract must include, which is part of the Group's human rights work and UN Global Compact.

"We perform regular audits and on-site visits to our subcontractors to ensure that they follow our rigid demands in terms of the work environment and safety," says Isabella Reinholdsson, HSSEQ Coordinator at Netel AB in Sweden. "The pandemic has forced us to perform audits digitally, but we can resume our audits in the field as government recommendations change."

Strong growth and record-breaking order backlog

Netel reported strong growth in 2021 with an increase in revenue of 31.0 per cent due to acquisitions and organic growth of 7.1 per cent. The Group achieved its financial targets and enters 2022 with a record-breaking order backlog of SEK 3.5 billion.

Revenue

Growth in the three segments of Sweden, Norway and Germany contributed to revenue increasing 31.0 per cent to SEK 2.4 billion (1.8). Both Norway and Germany reported healthy organic growth, while Sweden mainly grew due to acquisitions. In Finland, the pandemic resulted in a slowdown in the fibre roll-out, which negatively impacted Netel's revenue trend.

The Fixed Networks and Mobile business areas grew 21.6 per cent and 26.1 per cent, respectively, to MSEK 1,259 (1,035) and MSEK 357 M (283), respectively. The Power business area grew 50.2 per cent to MSEK 799 (532), mainly due to acquisitions in the Sweden segment.

The share of framework agreements increased in all segments. For the Group as a whole, the share of framework agreement increased from 51 per cent to 55 per cent, which is in line with Netel's strategy.

The order intake was high during the year and at year-end the order backlog amounted to SEK 3.5 billion (2.4).

Earnings

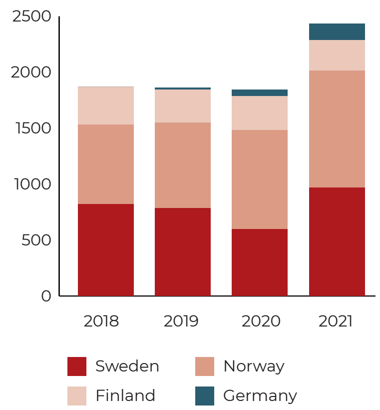
Adjusted EBITA increased 28.7 per cent to MSEK 177 (134) and the adjusted EBITA margin was stable at 7.3 per cent (7.3). Depreciation/amortisation and impairment amounted to MSEK -44 (-39). Operating profit (EBIT) of MSEK 126 (119) was charged with MSEK 37 (0) for costs related to the listing on Nasdaq Stockholm. EBIT also includes costs of MSEK 8 (0) attributable to acquisitions, and MSEK 5 (13) related to other items affecting comparability

Net financial items amounted to MSEK -25 (-52). The decline compared with last year was mainly attributable to currency effects.

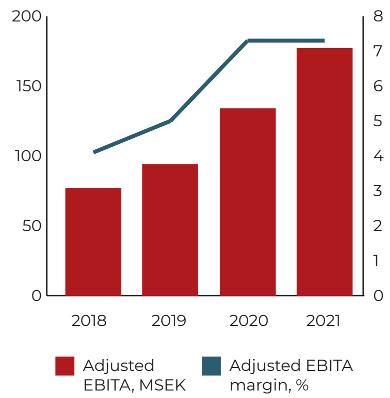
Profit before tax increased 49.3 per cent to MSEK 100 (67). Tax amounted to MSEK -34 (-18), leading to an effective tax rate of 33.9 per cent (27.7).

Revenue by business area

Revenue, MSEK



Adjusted EBITA and adjusted EBITA margin



Achieved all financial targets

Netel achieved all its financial targets for 2021.

Target		Utfall 2021
Growth	Annual growth of 10% including acquisitions	31% ✓
Profitability	Adjusted EBITA margin above 7 % in the medium term.	7,3% ✓
Capital structure	Net debt excluding lease liabilities in relation to adjusted EBITDA of <2.5x.[1]	1,0 ✓

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

Cash flow

Cash flow from operating activities amounted to MSEK 114 (131). Cash flow from investing activities was MSEK -181 (-1) and mainly comprised acquisitions. Acquisitions of non-current assets include MSEK -14 (0) for non-recurring investments in systems for executing the long-term and extensive framework agreements with Telia and Telenor in Norway.

Cash flow from financing activities amounted to MSEK 244 (-133), positively impacted by the new share issue carried out in connection with the listing, acquisitions and a high rate of production.

Financial position

The Group's cash and cash equivalents at the end of year amounted to MSEK 271 (90).

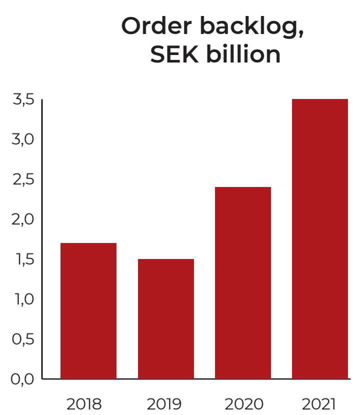
Net debt, defined as current and non-current interest-bearing liabilities from credit institutions less cash and cash equivalents and current investments, was MSEK 318 (360) at year-end. Net debt in relation to adjusted EBITDA was 1.4. Net debt excluding lease liabilities in relation to adjusted EBITDA amounted to a multiple of 1.0, which was under the indebtedness target for the medium term.

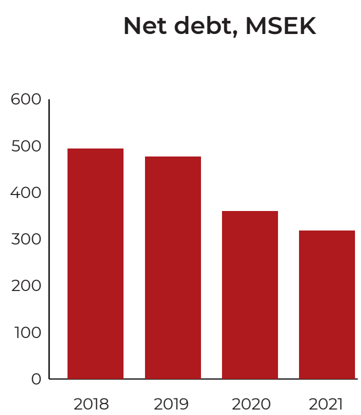
Other current and non-current interest-bearing liabilities primarily comprise bank financing and lease liabilities. These amounted to MSEK 589 (450) at year-end. The increase was mainly attributable to completed acquisitions. Unutilised credit facilities amounted to MSEK 150 (130) at year-end.

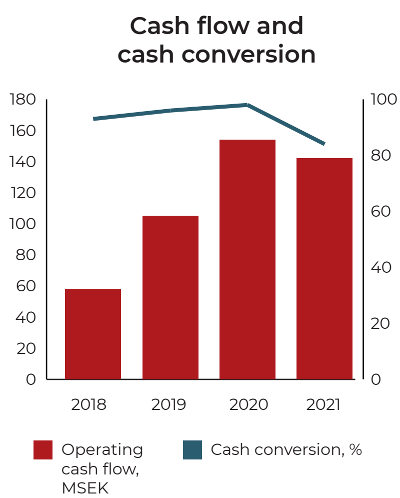
Total assets amounted to MSEK 2,133 (1,511) and equity to MSEK 911 (603).

Dividends

Netel's policy is a payout ratio of 40 per cent of net profit. The proposed dividend is to consider Netel's, financial position, cash flow, M&A and organic growth opportunities. The Board proposes to the 2022 Annual General Meeting that no dividend be paid to shareholders for the 2021 financial year so as to create scope for value-adding acquisitions in line with Netel's strategy.

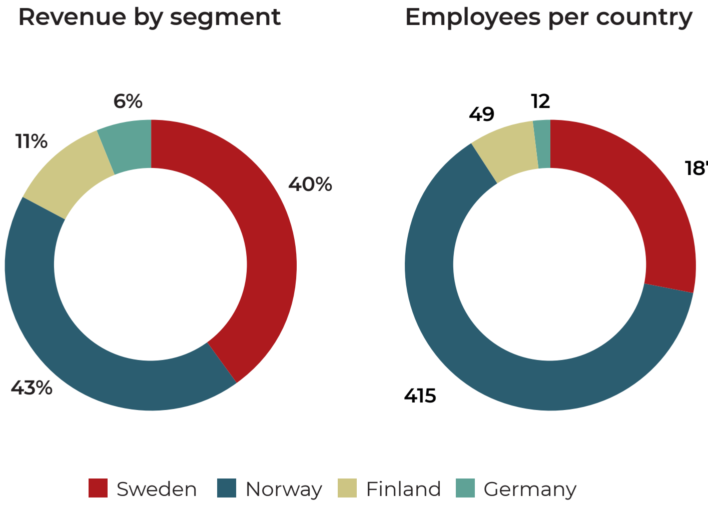






Leading position in the Nordic region and rapid growth in Germany

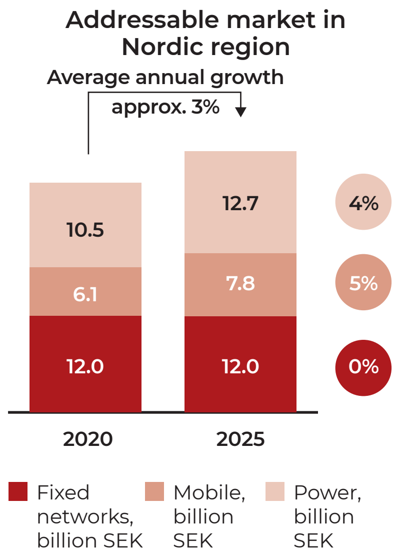
Over a 20-year period, Netel has built a leading position in critical infrastructures in the Nordic region. In 2018, the Group established itself in Germany and has seen very robust growth.



Netel's total addressable market in the Nordic region is valued at SEK 32.4 billion in 2025. Netel addresses it through the segment Finland, Norway and Sweden where the company operates in the mobile telecommunications, fixed networks and power business areas. In Sweden, the company also operates in the area of water, heating and sewage and related groundwork contracts.

Through its rapid expansion in Germany, Netel has expanded its geographical diversification. In Germany, Netel has to date focused on the quickly growing fixed networks market and intends to expand even within the other business areas.

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



Sweden segment

Expansion in water and district heating

Netel's has a strong position in Sweden in the telecom and power areas. Through several acquisitions in 2021, Netel has started the task of establishing a position in the area of heating, water and sewage.

The pace of the 5G roll-out is accelerating in Sweden, although the shortage of components in 2021 had a short-term restrictive effect. Alongside the 5G expansion, the task of covering large parts of the country with 4G continues.

Within the business area fixed networks, the need for maintenance services is on the rise following the major expansions done in 2018-2020. Demand in the power business area is also high, investments in the energy grid following the general energy transition in society. In 2021, Netel enhanced its position in the power area through the acquisition of Oppunda Kraftkonsult, C-E Morberg Anläggning & Energi and Svensk Elkraftsentreprenad (SEKE).

In 2021, Netel increased the number of employees, mainly to meet the growing demand in the power business area. Netel has also worked to increase capacity among its subcontractors ahead of the continued 4G expansion and 5G roll-out.

Trends 2021 and outlook 2022

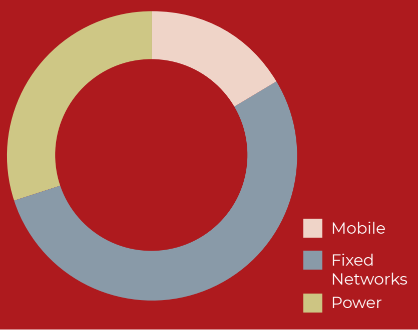
The Sweden segment reported a strong performance during the year. Revenue increased 61.7 per cent due to organic growth and acquisitions. All three business areas performed well and noted healthy organic growth. The Mobile business area was negatively affected by a shortage of components due to global supply chain problems. In the final quarter of the year, operators reported a slight improvement in the delivery situation, although the shortage of components has delayed the rate of the 5G roll-out.

The Sweden segment has solid order bookings for 2022. Demand in Fixed Networks is expected to be impacted by fewer fibre roll-out projects, while demand in Mobile is expected to increase in 2022.

Key events 2021

- Three acquisitions in power.
- Two acquisitions in water and sewage.
- Two framework agreements within power with two large network owners.
- Major agreement for a station project with Vattenfall.

Share of revenue



MSEK	2021	2020
Revenue	970	606
EBITA	60	15
EBITA margin (%)	6.2	2.5
Share of framework agreements, %	45	44
Number of employees	187	174

Norway segment

Good growth despite negative effects of the pandemic

Netel has a strong position in the Norwegian market for critical infrastructures. Growth is healthy, driven by both organic growth and acquisitions. In 2021, the market was impacted by the effects of the pandemic.

Netel has operated in Norway for close to 20 years and has equally long customer relationships with the country's largest telecom operators. During 2021, Netel won several contracts for the 5G roll-out in Norway. The contracts are with Telenor, with which Netel's existing framework agreement includes service.

Norway has a lower fibre penetration than Sweden and it is expected that the old copper network will be replaced with fibre around 2025. In 2021, Netel took over Telia's maintenance business unit GET. This takeover opens up for more service contracts in the fixed networks area and puts Netel in a good position ahead of the planned cable TV network upgrade.

In Norway, the need to invest in electrical grids is increasing in response to, among other things, the growing need for more capacity as the demand for electric cars increases. After entering the Norwegian power market through the 2017 acquisition of Nett-Tjenester, Netel has built a strong position also in the power area. In addition to the large agreements with Elvia, Netel has also signed framework agreements with municipalities for the construction and maintenance of street lighting.

In 2021, Netel increased its use of subcontractors in the Norwegian operations and ensured that the Group has its own critical technical expertise.

Trends 2021 and outlook 2022

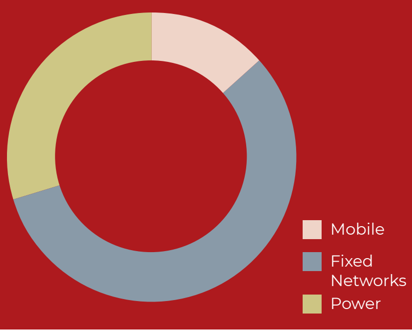
Revenue increased 18.2 per cent in 2021 due to organic growth. Performance was particularly strong in the Mobile business area, for which revenue increased 38.2 per cent to MSEK 141, driven by the 5G roll-out. Revenue in the Fixed Networks business area increased 24.4 per cent to MSEK 596.

The order situation is good for 2022. Demand is expected to increase in Mobile in 2022, manly due to the 5G and fibre roll-out.

Key events 2021

- Framework agreement for expansion of fixed networks with Telenor.
- Take over of Telia's service organisation GET for the cable TV network.
- Contract for power project and service with Elvia.
- Agreement with Telenor for 5G expansion.

Share of revenue



MSEK	2021	2020
Revenue	1,048	886
EBITA	98	82
EBITA margin (%)	9.4	9.3
Share of framework agreements, %	64	58
Number of employees	415	378

Finland segment

Several new framework agreements in power

Netel sees good growth potential in Finland within all three business areas. Through new framework agreements, Netel's growth within the power business area was particularly good in 2021.

The major operators in Finland are carrying out 5G pilot projects ahead of the pending expansion. Netel's ambition is to secure a leading position also in the 5G network expansion.

Finland is increasingly focusing on the roll-out of fibre and is now prioritising expansion in suburban and rural areas. The fibre expansion was adversely affected in 2021 by the effects of the pandemic. There are indications that the pace of fiber expansion is increasing as fiber companies have announced their intention to start expansion projects. Netel's ambition is to establish itself as a leading project supplier to the largest network owners.

Operations within the power areas performed well, with solid demand from a number of key customers and good efficiency in execution. During the year, Netel signed several new framework agreements within power.

In 2021, focus has been on skills and process development within power, resulting in higher customer satisfaction and increased profitability. Netel has identified synergies between power and fixed networks since the ongoing project involving the expansion of the low-voltage network in the Helsinki area can be combined with the fibre roll-out.

Trends 2021 and outlook 2022

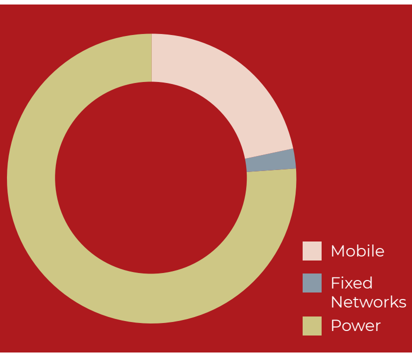
Revenue declined 11.0 per cent in the Finland segment in 2021 due to effects of the pandemic, which impacted the fibre roll-out to a large extent. The Power and Mobile business areas reported a stable trend for the year.

A number of fiber companies have announced intentions to start new expansion projects, which can be expected to have a positive effect on fiber expansion. The 5G roll-out in 2022 is expected to remain at the same levels as in 2021. The order situation for the Power business area is solid for 2022.

Key events 2021

- Pilot projects with leading telecom operators for the fibre roll-out in southern Finland.

Share of revenue



MSEK	2021	2020
Revenue	270	303
EBITA	5	5
EBITA margin (%)	1.8	1.6
Share of framework agreements, %	70	51
Number of employees	49	47

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 markets.

Netel started operations in Germany in 2018 and has so far focused on the fibre market in Northern Germany. The Group has quickly gained a strong position in the growing fibre market. Market demand exceeds capacity, which has been favourable for profitability. The order intake is very strong since Netel is a key component in major customers' expansion plans over the next few years and will therefore take part in the tendering process for many projects.

In 2021, Netel signed an agreement for a planning and permit project in central Hamburg. The agreement is significant since it positions Netel as a full-service supplier. Two newly opened offices help to support existing customer projects in the region. A pilot project related to fibre roll-out started during the year in Lübeck.

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

Netel is now focusing on transferring expertise from the Nordic region to the German market, and building up a broad network of subcontractors in response to the growing business.

Trends 2021 and outlook 2022

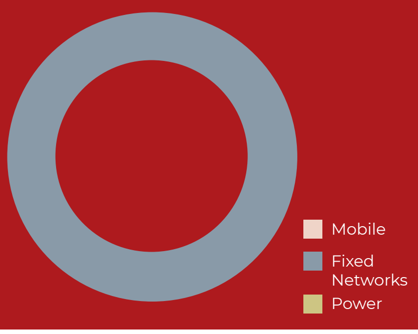
The performance of the Germany segment in 2021 was very strong with organic growth of 164 per cent. The segment also reported very high profitability.

The customer base was broadened and Netel secured several new fibre roll-out agreements. Activity among customers remains high and order bookings are favourable for 2022.

Key events 2021

- Four-year framework agreement with Deutsche Telekom amounting to about MSEK 300 for fibre roll-out.
- Stronger position in northern Germany with new fibre projects in Hamburg and Schleswig-Holstein.
- Two new offices opened in Germany. Netel now has a total of four offices in Northern Germany.

Share of revenue



MSEK	2021	2020
Revenue	145	55
EBITA	18	6
EBITA margin (%)	12.4	10.9
Share of framework agreements, %	17	-
Number of employees	12	11

Netel contributes to a sustainable society

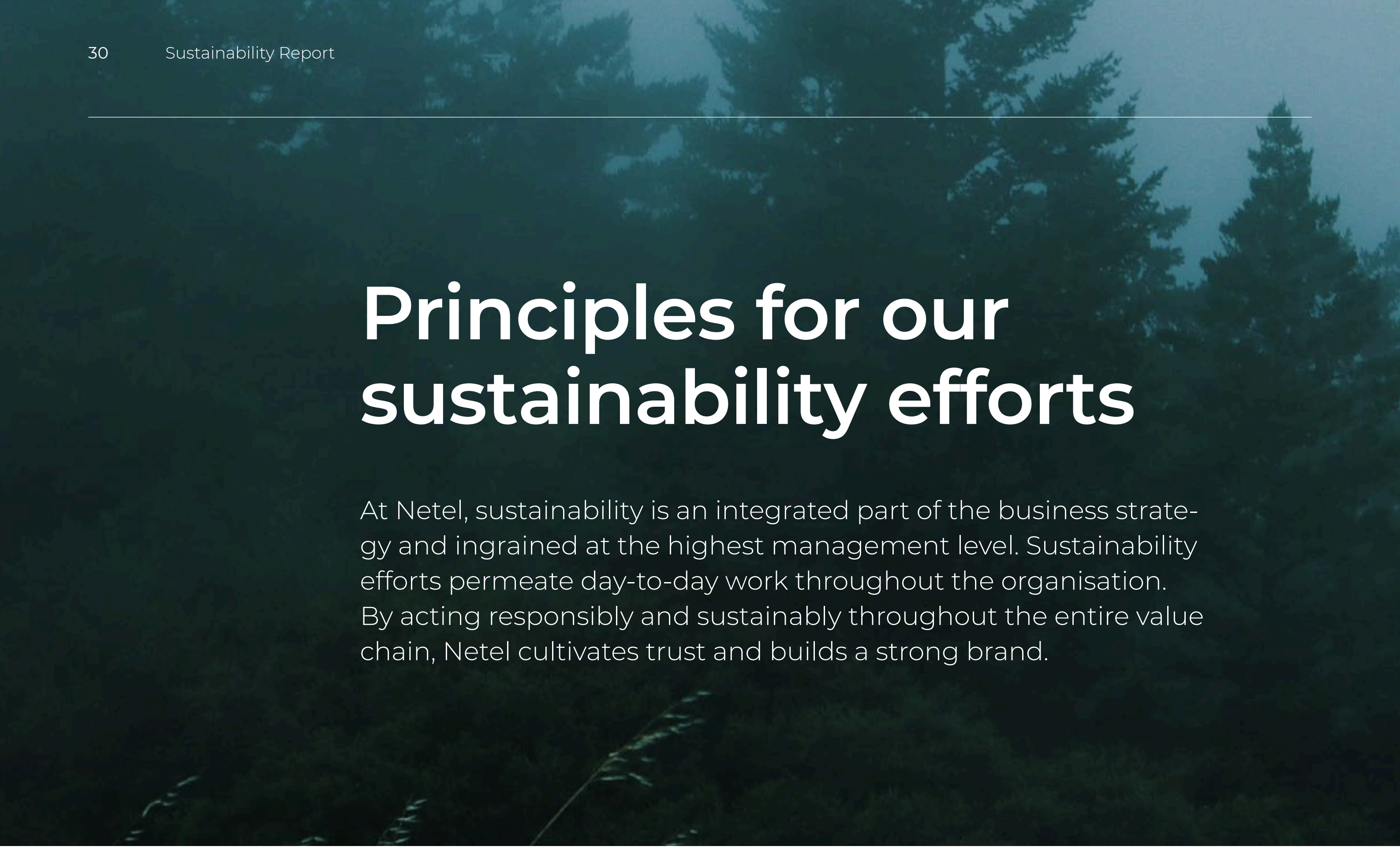
Netel is a leading specialist in critical infrastructure projects in Northern Europe.

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 those of our subcontractors and suppliers.

Netel's service 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 member and supports to the principles regarding human rights, labour, the 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 UN Universal Declaration 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.

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 intense 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 for telecom and power, Netel creates significant direct and indirect values.

The direct values are created through the Group’s approximately 658 employees in four 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 2.4 billion and the Group has solid experience of infrastructure projects for telecom and power.

Netel’s operations and project run by the Group have a considerable positive impact on society. Projects within power contribute to better 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. 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 52.

Assets

658 employees
Operations in four 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 infrastructures for telecom and power.

Telecom | Fixed networks | Electric power | Service and maintenance

Revenue 2021
2,418 MSEK

Adjusted EBITA in 2021
177 MSEK

Netel's core values

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

Value creation 2021

Employees
Salaries, remuneration and pension
MSEK **496**

Subcontractors and suppliers
Purchase of services, material and products
MSEK **1,558**

Society
Social security contributions and tax paid
MSEK **108**

Business
Reinvested profit
MSEK **66**

Value creation

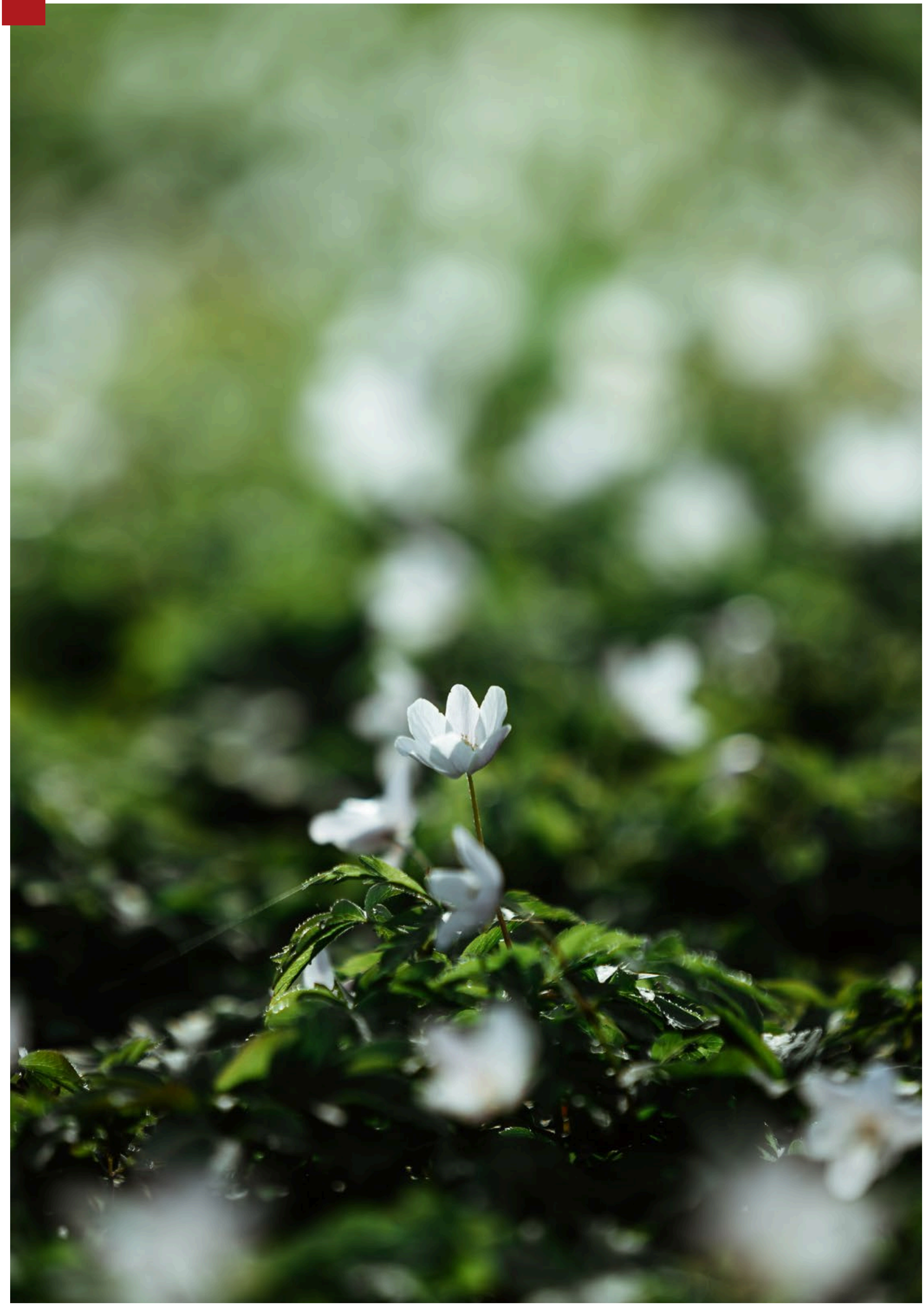
Customers
Netel delivers high-quality services quickly and efficiently. Netel strives to establish close customer collaborations and long-term customer relationships.

Employees
Netel offers a stimulating and safe work environment with short decision-making, 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 and greater inclusion in society.

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

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 reduce its own carbon emissions and increase the share of renewable energy.

Goal 8. Decent work and economic growth

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

Goal 9 aims to build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation. Netel plans and develops infrastructures for mobile communications, fixed telecom networks and power networks. Netel makes it possible for every to have access through modern and efficient services through its projects.

Goal 11. Sustainable cities and communities

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 and power.

Goal 13. Climate action

Goal 13 aims to take urgent action to combat climate change and its impacts. Netel works to lower carbon emissions in its operations by making transports more efficient and increasing the use of renewable energy.

Goal 16. Peace, justice and strong institutions

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.

Reduce climate impact

To reach the goals in the Paris Agreement, everyone must contribute by reducing their carbon 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.

Climate impact
CO_2 emission per driven kilometre

2021
113
g/km

2020
189
g/km

2019
198
g/km

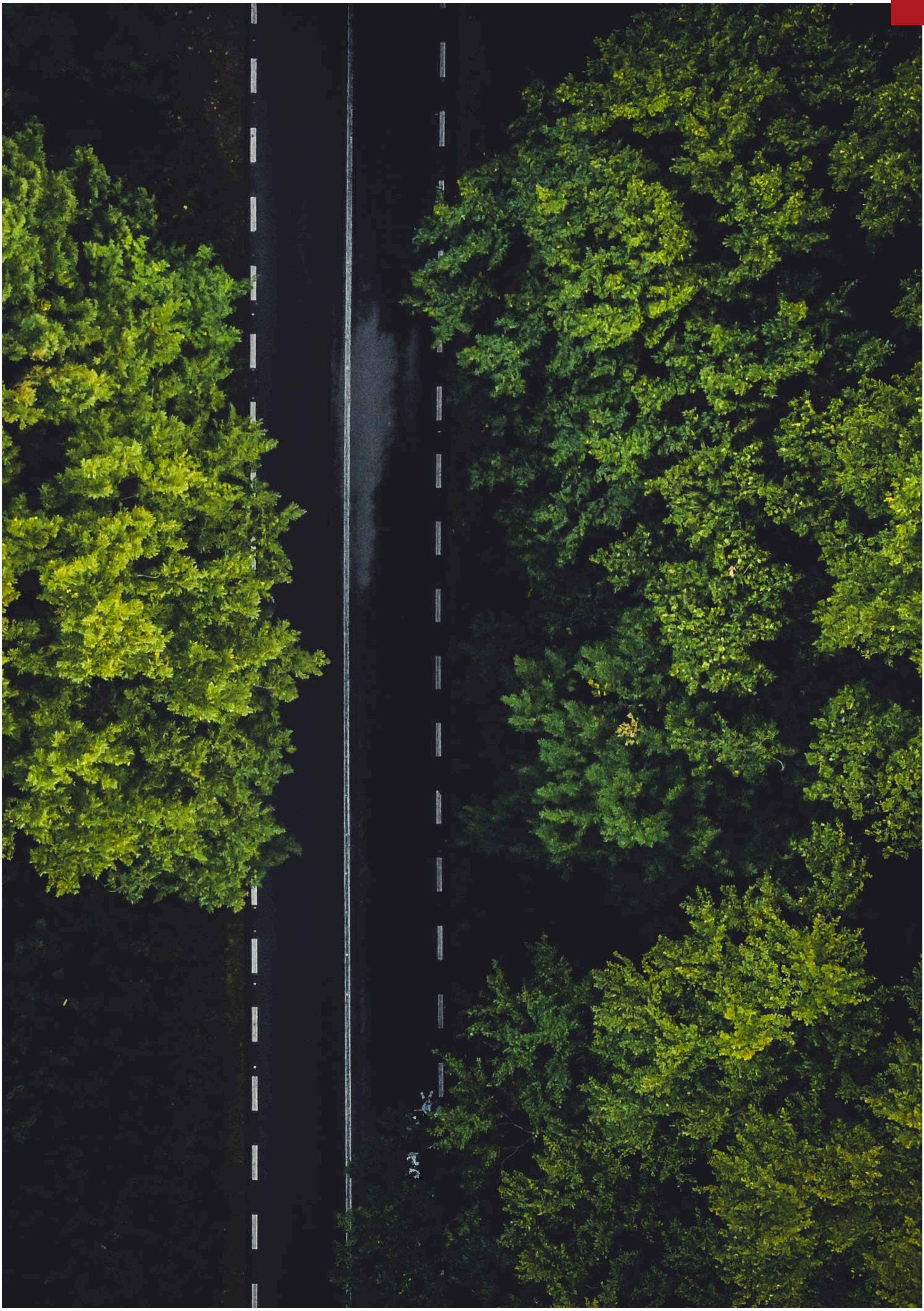
Netel is to run its operations using energy and resources as efficiently as possible. We strive to lower carbon emissions by prioritising renewable resources and making transports more efficient.

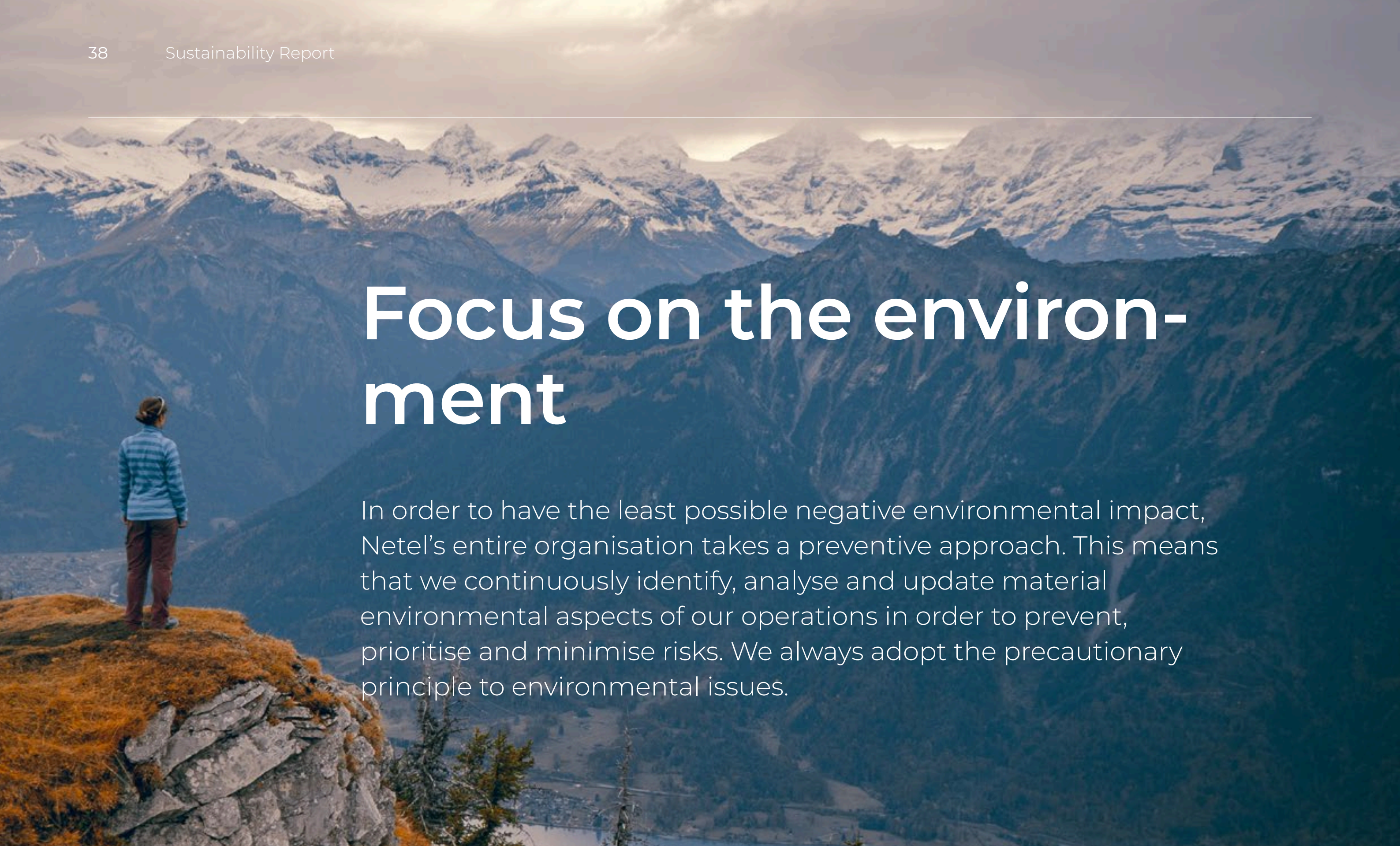
Netel's largest direct environmental impact occurs at the time of transports to and between sites. Our own vehicles are used when servicing existing sites and when planning new projects. In construction projects, larger vehicles are used, for example, to transport material to sites.

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.





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 at source 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 at source 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 environment management systems to prevent or alleviate the company's environmental impact. Similarly, they are to comply with the Restriction of Hazardous Substances Directive (RoHS Directive) adopted by the EU concerning electrical and electronic equipment as well as material recycling from electronic waste. Further, we require compliance with the EU's Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation (REACH Regulation).

Strong focus on the environment produces satisfied customers

Power installation company Nett-Tjenester AS has long taken a structured approach to environmental issues and in 2020 it received the Norwegian certificate Miljøfyrtårn (Eco-Lighthouse). Through Miljøfyrtårn, customers gain access to an easily accessible follow-up system.

Nett-Tjenester is a Norwegian company that has been a part of the Netel Group since 2017. The company plans, develops and leads power projects. The business, staffed by just over 100 employees, operates primarily in Eastern Norway.

In 2019, management together with Lars Håkan Langgård, HMS and Quality Manager at Nett-Tjenester, initiated the process of applying for environmental certification. The initiative was foremost driven by customers who demanded more detailed information about waste management and carbon emissions.

“It took longer than we expected to prepare for certification,” says Lars Håkan Langgård. “Enormous dedication and effort was required from many people in the company to review all the risks and to gather and compile all the statistics.”

In December 2020, Nett-Tjenester was awarded the attractive Miljøfyrtårn certificate. The Norwegian environmental management system Miljøfyrtårn is the first EU-approved national system in Europe.

All employees in the company are aware of and engaged in Nett-Tjenester’s environmental targets. Management follows-up on the targets twice a year and the results and action points are announced to the entire company. One of the latest measures taken is Nett-Tjenester’s investment in its own hazardous waste containers that make sorting more effective and safer.

The environmental certificate has also made customer contacts smoother and more efficient. Customers who want data on carbon emissions and waste management, for instance, can access Miljøfyrtårn themselves to find the data.

“Certification came at the right time,” notes Lars Håkan Langgård. “Because of the certification, we have won new customers with strict environmental demands, and the audits our existing customers make at our sites go considerably smoother since we already have many of the answers compiled in Miljøfyrtårn.”

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 work-related accidents.

Occupational Health and Safety
Number of accidents

Year	Number of accidents
2021	14
2020	10
2019	10

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 work-related 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.

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

2021
22

2020
28

2019
17

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 that 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 coworkers 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.

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 solutionoriented 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.

Employee data	2021	2020	2019
Number of employees	658	414	437
Share women/men	7%/93%	12%/88%	13%/87%
Employee turnover	1.2%	3.1%	5.2%
Sick leave, average	4.2%	3.4%	3.1%

Age and gender distribution	2021	2020	2019
age 15–35, share women/men	3%/38%	5%/37%	6%/38%
age 36-50, share women/men	3%/30%	4%/31%	4%/31%
age 51– , share women/men	1%/25%	3%/20%	3%/18%

Dedicated leaders generate motivation

eNPS – which measures employee loyalty – is 100% at the engineering consultancy firm ICT. The key to the superior results is dedication and closeness, according to Anders Blom, CEO ICT.

ICT is an engineering consultancy firm that is part of the Netel Group. The company plans and leads both fibre and power projects. The business, staffed by some 20 employees, operates from offices in Hudiksvall, Stockholm, Västerås and Östersund.

Anders Blom, CEO ICT, has worked in the industry almost 40 years and has extensive insight into the area, which he happily shares. For many years, he has arranged training courses on request from customers and shared his experience of excavation and laying of cables. He still feels being out in the field is the best and does not hesitate to jump in wherever needed.

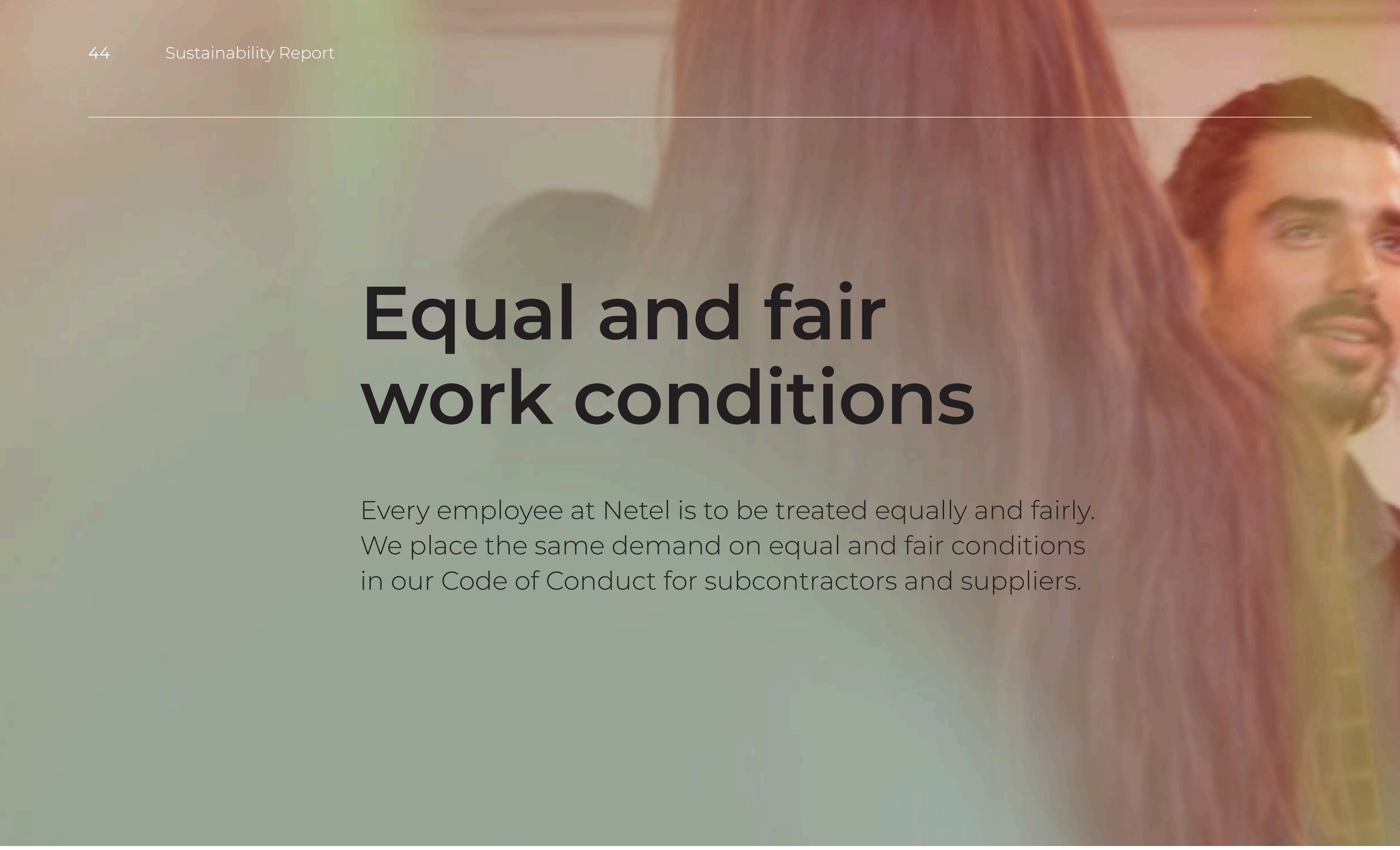
"I'm usually out in the field and I take the time to listen," says Anders Blom. "It's basically about tuning in to how the employees are doing. While it can take a few hours to talk with someone, the payback makes it worthwhile since I have motivated employees."

With 100% loyal employees, Anders Blom demonstrates the efficiency of Netel's open door culture of dedicated leaders who take responsibility for the well-being and development of every employee.

"I'm also particular about finding the right job for each employee," continues Anders Blom. "I don't want to force people to do a job they don't enjoy. For example, a project manager can get stuck with way too much administrative duties when he or she is better suited to being out in the field. I try to stay on top of those things so the right person is in the right job."

Customers also appreciate the excellent employee loyalty, effective leadership and short decision-making at ICT.

"The customers trust us, which is one of our most important success factors," says Anders Blom. "The best evidence of their confidence in us is the fact that we don't have to chase assignments. The customers choose to come to us."



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.

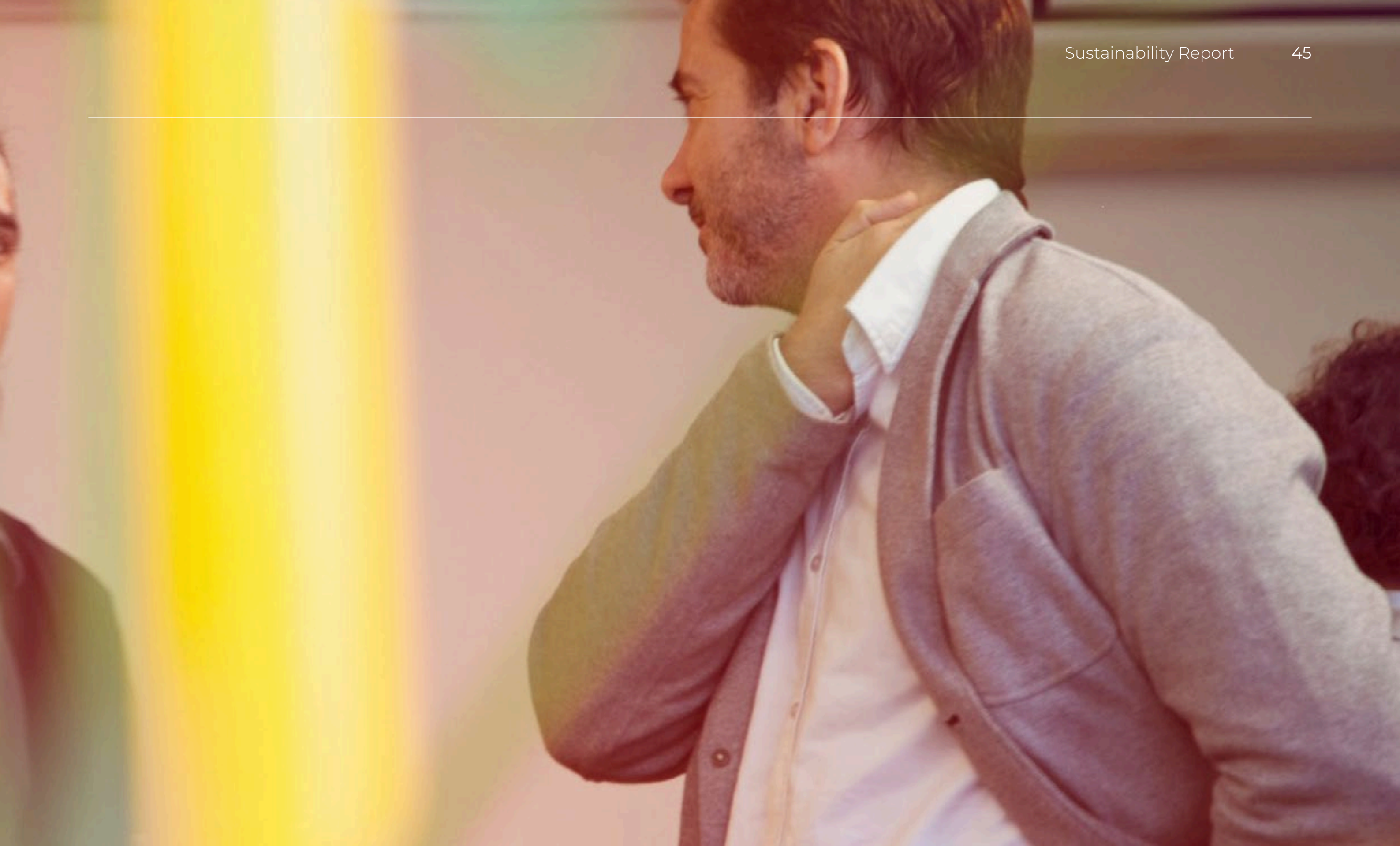
On a regular basis, we follow-up and study attitudes within the Group to avoid and prevent discrimination and differences of treatment. We do so by paying attention to norms, structures and communication with the operations. Employee appraisals are another import tool in following up and studying norms 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 sees good opportunities for development and works continuously for an even gender distribution throughout the business. Ideally, the 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.

Further, 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, regulate 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.

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

Netel offers everyone equal opportunities.

hygienic and safe. Employees are to have good access to clean toilets, drinking water and hygienic storage and eating of food.

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 54-56.

High business ethics

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

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 tends, 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 and fraud.

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 54-56.

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 2021

94%

Share of repeat customers 2020

97%

Netel regularly measures customer satisfaction, which remains at a high, stable level. The share of return customers is also high at 94 per cent in 2021. To maintain good, longstanding 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.

Stakeholder	Dialogues	Main topics for dialogue	Priority sustainability areas
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 university.	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 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.

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 carbon emissions

The issues that the stakeholders in general ascribed less importance to 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 carbon 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 get involved in 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 annually reporting on its efforts (Communication on Progress).

Monthly reporting

Number of Code of Conduct violations 2021

0

Number of Code of Conduct violations 2020

0

Subsidiaries report central sustainability indicators pertaining to the work environment and ethics to the Board of Directors and Group management every month. An environmental impact assessment 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. No Code of Conduct violations were reported in 2021.

Anyone who suspects a deviation from the Code of Conduct must immediately 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 56 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. No field audits at subcontractors were carried out in 2021 due to the pandemic. It is Netel's ambition to resume its field audits at subcontractors and suppliers as soon as possible.

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 [1]
- Environment 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

[1] Code of Conduct for subcontractors and suppliers is resolved by Group management. Other policies are resolved by the Board of Directors.

Whistleblower service

Number of reported incidents to the whistleblower service

2021

0

2020

0

Netel has a whistleblower service that is administered 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.whistleblower-eu.com/Report/Create#root

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 2021.

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

To a great extent, Netel's sustainability risks are related to daily operations and are often controllable, 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 covered often by environmental protection laws and guidelines, such as recycling and 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.
Audits of subcontractors have been delayed due to the pandemic.	Netel has been prevented from conducting audits in the field due to the pandemic.	Netel cannot assess the potential scope of the pandemic and its impact on society, but maintains a high level of readiness in terms of continued or new restrictions. Netel complements audits in the field with follow-ups of documentation and digital meetings.
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.

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.	Environment Policy
Results of policies	The Sustainability Report is to describe the results of the policies.	Reduce environmental impact, pages 30-31 and 36. Focus on the environment, pages 30-31 and 38-39.
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 30-31 and 36. Focus on the environment, pages 38-39. Sustainability risks and management, page 57. Governance and organisation, pages 54-56.
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 36.

Employees and social conditions	Human rights	Anti-corruption
Netel's value chain and business model are described on pages 32-33.		
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 30-31 and 40-41. Motivated employees, pages 30-31 and 42-43. Equal and fair work conditions, pages 30-31 and 44-45.	Equal and fair work conditions, pages 30-31 and 44-45.	High business ethics, pages 30-31 and 46.
Netel's sustainability risks and management of the risks are described on page 31.		
Safe workplaces, pages 30-31 and 40-41. Motivated employees, pages 30-31 and 42-43. Equal and fair work conditions, pages 30-31 and 44-45. Sustainability risks and management, page 57. Governance and organisation, pages 54-56.	Equal and fair work conditions, pages 30-31 and 44-45. Sustainability risks and management, page 57. Governance and organisation, pages 54-56.	High business ethics, pages 30-31 and 46. Sustainability risks and management, page 57. Governance and organisation, pages 54-56.
Work environment: Number of accidents, page 40. Employee loyalty, page 42.	Reported Code of Conduct violations, page 54. Number of incidents reported to the whistleblower service, page 56.	Reported Code of Conduct violations, page 54. Number of incidents reported to the whistleblower service, page 56.

EU taxonomy

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. Netel is subject to the taxonomy since it is a listed company with more than 500 employees.

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 social objectives under the taxonomy.

Netel has analysed its operations to determine which activities are taxonomy-eligible based on the descriptions of the EU delegated acts and the underlying code information from NACE. The prudence principle was applied to the analysis and activities that are not clearly defined in the taxonomy are not included.

Netel has made the assessment that activities in the Power business area are eligible under activity 4.9 Transmission and distribution of electricity. According to the taxonomy, this includes the construction and operation of transmission systems that transport the electricity on the extra high-voltage and high-voltage interconnected system, as well as construction and operation of distribution systems that transport electricity on high-voltage, medium-voltage and low-voltage distribution systems. In its analysis, Netel has assumed that national backbone, metropolitan area networks and local networks are part of the inter-connected European network.

Netel has also made assessments based on project level. If the primary activity of a project is eligible under activity 4.9 Transmission and distribution of electricity, the entire project is classified as an economic activity. The Group also has activities that comprise a smaller part of the total activities that could be taxonomy-eligible, such as construction of infrastructure networks for general transportation and district heating. However, Netel believes that these parts are not significant in scope and thus have been excluded based on a materiality perspective. Furthermore, Netel expects to report on more activities as the taxonomy is developed.

Netel has not identified any CapEx or OpEx purchased from suppliers with taxonomy-eligible turnover and for which activities result in a lower carbon footprint.

Group	MSEK	Proportion of taxonomy-eligible economic activities, %	Proportion of taxonomy non-eligible economic activities, %
Turnover	632	26	74
CapEx	0	0	100
OpEx	-511	23	77

Accounting policies

Turnover is the Group's consolidated net sales reported in the income statement and described in more detail in Notes 1–3. Turnover was taken from internal systems and the total turnover for projects in the Power business area that fall under activity 4.9 Transmission and distribution of electricity is used to calculate the proportion of taxonomy-eligible turnover.

Capital expenditure (CapEx) comprises investments for the year in tangible and intangible assets, which are defined in Notes 11–14. CapEx was taken from internal systems and the following allocation key was used to calculate the proportion of taxonomy-eligible CapEx: total turnover for projects in the Power business area that fall under activity 4.9 Transmission and distribution of electricity as a share of the Group's total turnover.

OpEx includes short-term leases and is taken from internal systems. The following allocation key was used to calculate the proportion of taxonomy-eligible OpEx: total turnover for projects in the Power business area that fall under activity 4.9 Transmission and distribution of electricity as a share of the Group's total turnover.

In its analysis, Netel used information available on 28 February 2022.

Corporate Governance Report

Netel Holding AB (publ) is listed on Nasdaq Stockholm's Main Market since 15 October 2021. 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 not deviated from the Code during 2021. 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.

In conjunction with the listing on Nasdaq Stockholm, a transformation of the previous ownership structure was carried out and the company released newly issued shares. The transformation of ownership structure and new share issue involved an issue in kind of 10,036,874 shares and a new share issue of 4,166,667 shares. At the close of 2021, share capital amounted to SEK 718,518 divided among a total of 46,703,671 shares and votes.

Shareholders

The number of shareholders at year-end was 1,708 and the five largest owners were (share of capital and votes in parenthesis): IK VII fund through Cinnamon International S.à.r.l. (49.4 per cent), Nordnet Pensionsförsäkring (8.3 per cent), Carnegie Fonder (4.5 per cent), AP2 (4.4 per cent) and Swedbank Robur Fonder (4.4 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

Netel's 2022 Annual General Meeting will be held on Wednesday, 4 May, in Stockholm, Sweden.

Nomination Committee

At the Extraordinary General Meeting held on 27 August 2021, it was resolved that the Nomination Committee for the 2022 Annual General Meeting is to consist of four members, each of whom is to be appointed by the four largest shareholders or shareholder groups with regards to the number of votes in the company listed in the shareholders' register maintained by Euroclear Sweden AB as of the last banking day in August the year prior to the Annual General Meeting, if they wish to appoint a member. In addition to these four members, the Chairman of the Board is to be a member of the Nomination Committee.

The member representing the largest shareholder is to be appointed chairman of the Nomination Committee, unless the Committee unanimously appoints someone else. If one or more of the shareholders who have appointed Nomination Committee members earlier than two months prior to the Annual General Meeting 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. Shareholders who have appointed a representative to serve as a Nomination Committee member have the right to dismiss such a member and to appoint a new representative to serve as Nomination Committee member. Changes to the composition of the Nomination Committee are to be announced immediately on the website netel.group.com.

The names of the four shareholder-nominated Nomination Committee members and the names of the shareholders they represent, are to be announced no later than six months before the Meeting. Members of the Nomination Committee receive no remuneration. The Company will pay any necessary expenses that the Nomination Committee may incur in the course of its work. The term of office for the Nomination Committee ends when the composition of the following Nomination Committee has been announced.

The Nomination Committee ahead of the 2022 Annual General Meeting was announced on 11 November 2021. Because Netel was listed on Nasdaq Stockholm on 15 October 2021, the Board decided to make use of the shareholders' register maintained by Euroclear Sweden AB as of 31 October 2021. Netel's second largest holder as of 31 October 2021, Nordnet Pensionsförsäkring, declined to appoint a member to the Nomination Committee. The Board therefore decided that the Nomination Committee ahead of the 2022 Annual General Meeting would comprise representatives appointed by the largest shareholder and the third, fourth and fifth largest owners registered in the company's shareholders' register on 31 October 2021 as well as the Chairman of the Board.

Netel's Nomination Committee ahead of the 2022 Annual General Meeting comprised the following:

Alireza Etemad, appointed by IK Investment Partners
Hans Hedström, appointed by Carnegie Fonder
Jacob Lundgren, appointed by AP2
Celia Grip, appointed by Swedbank Robur Fonder
Hans Petersson, Netel's Chairman of the Board

The Chairman of the Nomination Committee is Hans Hedström.

Shareholders have been able to submit proposals and comments to the Nomination Committee until 17 January 2021. 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 2022 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 conditions, 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.

The Board's attendance, independence and remuneration, 2021

Member	Board meeting	Audit Committee	Remuneration Committee	Independent in relation to the company	Independent in relation to major shareholders	Remuneration, SEK 000
Hans Petersson, Chairman	8/8	-	1/1	Yes	Yes	500
Maria Brunow	8/8	-	-	Yes	No	0
Alireza Etemad	8/8	3/3	1/1	Yes	No	0
Carl Jakobsson	8/8	3/3	-	Yes	No	0
Göran Lundgren	8/8	3/3	-	Yes	Yes	350
Nina Macpherson	8/8	-	1/1	Yes	Yes	350
Total	**8**	**3**	**1**	**-**	**-**	**1,200**

Data refers to the number of meetings and remuneration after the listing on Nasdaq Stockholm 15 October 2021.

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 (3) and not more than ten (10) 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 of Directors comprises six members. The CFO attends all Board meetings except when the work of the CEO is evaluated. A detailed presentation of the Board of Directors is on pages 70-71.

Work of the Board in 2021

After the listing in October 2021, the Board has held eight minuted meetings. During the meetings, the Board has addressed 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 not met with the company's auditor without the presence of the management team since the listing in 2021.

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 Annual General Meeting.

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 2021, the Remuneration Committee comprised Nina Macpherson (chairman), Hans Petersson and Alireza Etemad. After the listing on Nasdaq Stockholm, the Committee held one minuted meeting and had informal contact when needed. Attendance of the Remuneration Committee members is presented above.

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 financial statements, 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.

In 2021, the Audit Committee comprised Göran Lundgren (chairman), Alireza Etemad and Carl Jakobsson. 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. After the listing on Nasdaq Stockholm, the Committee held three minuted meetings. Attendance of the Audit Committee members is presented on page 63. The company's auditors participated in two of the meetings after the listing on Nasdaq Stockholm.

Evaluation of the work of the Board

The company's evaluation of the Board of Directors was carried out in February 2022 and presented to the Board in March 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 Extraordinary General Meeting held on 27 August 2021 resolved that a fee be paid in the amount of SEK 450,000 to the Chairman of the Board, and that the fee to other Board members be paid in the amount of SEK 250,000, with the exception of the Board members representing the principal owner IK Investment Partners who will not receive remuneration for Board work. 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 who represent the principal owner receive no remuneration, and that a fee in the amount of SEK 100,000 be paid to the Chairman of the Remuneration Committee and that the other Remuneration Committee members receive the amount of SEK 50,000, with the exception of the Board member representing the principal owner, who will not receive remuneration for the committee work.

Board members are not entitled to any benefits following termination of their assignments as Board members.

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 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 to enable 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. A detailed presentation of Group management is provided on pages 72-73.

Guidelines for remuneration of senior executives

Remuneration matters are addressed by the Board's Remuneration Committee and decided by the Board. The Board presents recommended guidelines for remuneration to senior executives for the Annual General Meeting to decide on.

At the Extraordinary General Meeting on 17 September 2021, the following guidelines for remuneration of senior executives were adopted:

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

Employment conditions for a Group management member who is employed or resident outside Sweden, or who 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 objective of these guidelines.

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

To become a leading infranet service supplier in Northern Europe, 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 mergers and acquisitions.

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

Types of remuneration

Total yearly remuneration to Group management is to be based on market conditions, competitive and reflect each member's responsibility and performance.

Total yearly remuneration consists of fixed base salary, variable cash remuneration, pension benefits and other benefits, specified below excluding social security contributions. Additionally, the General Meeting may – irrespective of these guidelines – resolve on share-related or share price-related remuneration, among other solutions.

The variable cash remuneration is to be linked to predetermined and measurable targets, further described below, and may amount to not more than 100 per cent of the yearly base salary for the CEO and 50 percent of the yearly base salary for the other Group management members.

Group management members 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 paid by Netel during the period of employment. The pension premiums are to amount to no more than 30 per cent of the yearly base salary.

Other benefits, such as company car, extra health insurance or occupational healthcare, is payable to the extent it is considered to be in line with market conditions in the market relevant for each member of Group management.

Premiums and other costs related to such benefits may in total amount to no more than 20 per cent of the yearly base salary.

Criteria for awarding variable cash 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, long-term interests and its sustainability by, for example, being linked to the business strategy or promoting the senior executive's long-term development within Netel.

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

Variable cash remuneration can be paid after the completion of a measurement period or be subject to deferred payment. Parts of the variable cash remuneration are usually paid in the December salary. Paid variable cash remuneration can be claimed back when such right follows from the relevant individual agreement.

Additional variable cash remuneration 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 executives or as compensation for extraordinary duties in addition to the executive's ordinary duties. Such remuneration 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 350 per cent of the fixed basic salary. Extraordinary remuneration may not be paid more than once each year and per each individual. A decision on such remuneration for the CEO shall be made by the Board of Directors based on a proposal from the Remuneration Committee. A decision on such remuneration for other senior executives shall be made by the Board following a proposal by the Remuneration Committee after consulting with the CEO.

Duration of employment and termination of employment

Group management members shall be employed until further notice. If notice of termination is made by Netel, the notice period may not exceed 12 months for the CEO and 6 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. A Group management member may, for such time when the member is not entitled to severance pay, be compensated for non-compete undertakings. Such compensation may amount to not more than 60 per cent of the monthly base salary at the time of the termination and paid only as long as the non-compete undertaking is applicable, and no longer than a 12-month period.

Salary and employment conditions for employees

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

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 of Group management. The Board of Directors is to prepare a proposal for new guidelines at least every four years and submit it to the Annual General Meeting. The guidelines will be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee will also monitor and evaluate programs for variable remuneration for Group management, the application of the guidelines for remuneration to Group management as well as the current remuneration structures and remuneration levels in Netel. The Remuneration Committee members are independent of the company and its management. The CEO and other members of Group management 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's resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Board's proposed guidelines for remuneration of senior executives

The Board proposes that the Annual General Meeting on 4 May 2022 resolve 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 application

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

Employment conditions for a Group management member who is employed or resident outside Sweden, or who 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 objective of these guidelines.

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

To become a leading infranet service supplier in Northern Europe, 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 mergers and acquisitions.

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 based on market conditions, taking into account both global remuneration practice and practice in the home country of each member of Group management. These guidelines make it possible to offer Group management total remuneration that is competitive and based on market conditions.

Types of remuneration

Total yearly remuneration to Group management is to be based on market conditions, competitive and 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 contributions). Additionally, the General Meeting may – irrespective of these guidelines – resolve on share-related or share price-related remuneration, among other solutions.

The variable cash remuneration is to be linked to predetermined and measurable targets, further described below, and may amount to not more than 100 per cent of the yearly base salary for the CEO and 50 percent of the yearly base salary for the other Group management members.

Group management members 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 paid by Netel during the period of employment. The pension premiums are to amount to no more than 30 per cent of the yearly base salary.

Other benefits, such as company car, extra health insurance or occupational healthcare, is payable to the extent it is considered to be in line with market conditions in the market relevant for each member of Group management. Premiums and other costs related to such benefits may in total amount to no more than 20 per cent 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, long-term interests and its sustainability by, for example, being linked to the business strategy or promoting the senior executive's long-term development within Netel.

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

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

Additional variable cash remuneration 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 executives or as compensation for extraordinary duties in addition to the executive's ordinary duties. Such remuneration 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 per cent of the fixed basic salary. Extraordinary remuneration may not be paid more than once each year and per each individual. A decision on such remuneration for the CEO shall be made by the Board of Directors based on a proposal from the Remuneration Committee. A decision on such remuneration for other senior executives shall be made by the Board following a proposal by the Remuneration Committee after consulting with the CEO.

Duration of employment and termination of employment

Group management members shall be employed until further notice. 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.

A Group management member may, for such time when the member is not entitled to severance pay, be compensated for non-compete undertakings. Such compensation may amount to not more than 60 per cent of the monthly base salary at the time of the termination and paid only as long as the non-compete undertaking is applicable, and no longer than a 12-month period.

Salary and employment conditions for employees

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

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 of Group management. The Board of Directors is to prepare a proposal for new guidelines at least every four years and submit it to the Annual General Meeting. The guidelines will be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee will also monitor and evaluate programs for variable remuneration for Group management, the application of the guidelines for remuneration to Group management as well as the current remuneration structures and remuneration levels in Netel. The Remuneration Committee members are independent of the company and its management. The CEO and other members of Group management 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's resolutions in remuneration-related matters. This includes any resolutions to deviate from the guidelines.

Description of significant changes to the guidelines and how the shareholders' views have been taken into account

These guidelines, which are proposed for the 2022 Annual General Meeting, are largely identical to the guidelines decided by the Extraordinary General Meeting on 17 September 2021. However, in the proposed guidelines the maximum additional variable cash remuneration to the CEO has been reduced from 350 percent of the basic salary to a maximum of 250 percent of the basic salary. The wording regarding the payment of variable cash compensation has also undergone editorial changes for greater clarity.

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 Extraordinary General Meeting on 4 August 2021 for period until the end of the 2022 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 2021, the auditor participated in two 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–September period, remuneration of senior executives, 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 the internal control is adequate byway of, inter alia, 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

By 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. Ultimately, the responsibility for the internal control rests with the Board of Directors that 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 it 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 review 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 2021, 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 2021. 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

Environment 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

Göran Lundgren

Alireza Etemad

Nina Macpherson

Maria Brunow

Carl Jakobsson

Hans Petersson

Chairman of the Board

Elected to the Board: 2017

Born: 1951

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

Other Board assignments: -

Previous employment (last five years): 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.

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 employment (last five years): 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.

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 the Board of Oriac CC AB and Oriac MPP AB. Board member of Aspia Group AB, Aspia AB, AspiaGroup Holding AB, Advania AB, Netel Group BC AB, Marconi LLC, Damete Investments AB and Azerila Investments AB.

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

Shareholding in Netel: –

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 employment (last five years): Chief Legal Officer and secretary of the Board and its committees of Telefonaktiebolaget LM Ericsson. Chairman 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.

Maria Brunow

Board member

Elected to the Board: 2021

Born: 1981

Education: Master of Science in Economics (MSc) from Stockholm School of Economics.

Other current assignments: Director at IK Investment Partners. Board member of Advania AB and C.E. Lindgren AB.

Previous employment (last five years): Board member of VPS BV and Visolit AS.

Shareholding in Netel: –

Carl Jakobsson

Board member

Elected to the Board: 2016

Born: 1986

Education: Master of Finance (MSc) 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 employment (last five years): Deputy Board member of Ramudden Group AB and Evac Group Oy.

Shareholding in Netel: –

Group management


Ove Bergkvist


Peter Andersson


David Wirsén


Edward Olastuen


Ari Asikainen


Anders Mikkola

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 employment (last five years): CEO of Euromaint Rail AB.

Shareholding in Netel: 264,895 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 employment (last five years): 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.

David Wirsén

Group Operational Support since 2018.

Born: 1974

Education: Bachelor of Science mechanical engineering from Lund University. Master of Business Administration from Staffordshire University.

Other current assignments: Chairman of the Board of Wirsén Asset Management AB. Board member of Alfa Venture I AB.

Previous employment (last five years): Board member of PEED Holding AB.

Shareholding in Netel: 486,642 shares.

Edward Olastuen

Country Manager, Norway, since 2018.

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 employment (last five years): –

Shareholding in Netel: 232,099 shares.

Ari Asikainen

Country Manager, Finland, since 2013.

Born: 1960

Education: Education: Bachelor of Science from the Technical Institute of Oulu.

Other current assignments: –

Previous employment (last five years): –

Shareholding in Netel: 130,736 shares.

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 employment (last five years): Owner of Amtravans.

Shareholding in Netel: 167,237 shares..

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 57.

Risks related to the industry and markets

Risk	Description	Management
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.
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 Covid19 pandemic has not had any material effect on Netel's capacity and financial position. It cannot be ruled out that the Covid19 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.

Risks related to the industry and markets

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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.
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Operational 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.
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.
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 works in a structured way with its employer brand to retain its position as an attractive employer.
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 bluechip 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.

Risk	Description	Management
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.
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 incomes 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.
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.
Workplace acci-dents	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.
IT systems disruptions or faults	Disruptions or faults in critical systems can lead to disruptions in key business process that can have adverse effects on Netel's operating profit. 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.

Financial risks

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 effectively 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.

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 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2020
Operating income			
Net sales	2, 3	2,418	1,845
Other operating income		3	2
Total revenue		**2,420**	**1,847**
Operating expenses			
Materials and purchased services		-1,558	-1,250
Other external expenses	4	-196	-103
Personnel costs	5, 6	-496	-337
Depreciation and amortisation	11, 12, 13, 14, 15	-44	-39
Total operating expenses		**-2,295**	**-1,728**
Operating profit/loss (EBIT)		**126**	**119**
Financial income	7	9	1
Financial expenses	7	-34	-53
Net financial items		**-25**	**-52**
Profit before tax		**100**	**67**
Taxes	9, 23	-34	-18
Profit for the year		**66**	**48**
Profit for the year attributable to:			
- Parent Company's shareholders		66	48
- non-controlling interests		-	-
Earnings per share			
Earnings per share before and after dilution (SEK)		1.87	1.49
Average number of shares before and after dilution (thousands)		35,535	32,500

Consolidated statement of comprehensive income

MSEK	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2020
Profit for the year		**66**	**48**
Items that will be reclassified as profit or loss			
Translation differences on translation of foreign operations		11	-7
Other comprehensive income for the year		**11**	**-7**
Comprehensive income for the year		**78**	**41**
Comprehensive income attributable to:			
- Parent Company's shareholders		78	41
- non-controlling interests		-	-
Total comprehensive income for the year		**78**	**41**

Consolidated statement of financial position

MSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	11	810	594
Other intangible assets	12	193	179
Total intangible assets		**1,003**	**774**
Property, plant and equipment			
Plant and machinery	13	25	2
Equipment, tools, fixtures and fittings	14	9	6
Right-of-use assets	15	91	73
Total property, plant and equipment		**125**	**80**
Financial non-current assets			
Participations in associated companies and joint ventures	16	-	0
Other financial assets	18	7	0
Total financial non-current assets		**7**	**0**
Other non-current assets			
Deferred tax assets	23	14	9
Total non-current assets		**1,149**	**863**
Current assets			
Inventories			
Raw materials and consumables		8	4
Total inventories		**8**	**4**
Current receivables			
Accounts receivable	19	421	365
Contract assets	20	261	178
Other receivables		5	2
Prepaid expenses and accrued income	21	18	9
Total current receivables		**705**	**554**
Cash and cash equivalents	37	271	90
Total cash and cash equivalents		**271**	**90**
Total current assets		**984**	**648**
TOTAL ASSETS		**2,133**	**1,511**

Consolidated statement of financial position, cont.

MSEK	Note	31 Dec 2021	31 Dec 2020
EQUITY AND LIABILITIES			
Equity			
Share capital	22	1	1
Other contributed capital		1,396	583
Reserves	22	0	-7
Retained earnings including profit for the year		-485	28
Total equity		**911**	**603**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	24	499	269
Lease liabilities	24	55	43
Other non-current liabilities		37	60
Deferred tax liability		64	58
Total non-current liabilities		**655**	**430**
Current liabilities			
Liabilities to credit institutions	24	1	51
Lease liabilities	24	34	28
Accounts payable		258	195
Contract liabilities	25	53	40
Current tax liability		29	14
Other liabilities		50	37
Accrued expenses and deferred income	26	142	114
Total current liabilities		**566**	**478**
TOTAL EQUITY AND LIABILITIES		**2,133**	**1,511**

Consolidated statement of changes in equity

	Equity attributable to Parent Company's shareholders				
MSEK	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/ loss for the year	Total equity attributable to Parent Company's shareholders
Opening equity 1 Jan 2020	**1**	**583**	**0**	**-21**	**562**
Profit for the year	-	-	-	48	48
Other comprehensive income for the year	-	-	-7	-	-7
Comprehensive income for the year	**0**	**0**	**-7**	**48**	**41**
Transactions with Group owners					
Completed issues	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**
Closing equity 31 Dec 2020	**1**	**583**	**-7**	**28**	**603**
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	**-**	**-**	**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**

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.

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.

* 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 at the end of 2021. The effects of this restructuring on equity are recognised on the line Effect of Group restructuring in the 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 at the end of 2021.

Consolidated statement of cash flows

MSEK	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2020
Operating activities			
Operating profit		126	119
Adjustments for non-cash items	27	43	39
Interest received		0	1
Interest paid		-27	-26
Tax paid		-27	-10
Cash flow from operating activities before changes in working capital*		**114**	**122**
Cash flow from changes in working capital			
Changes in inventories		-3	0
Change in operating receivables		-56	-1
Change in operating liabilities		59	10
Cash flow from operating activities		**114**	**131**
Investing activities			
Acquisition of operations and shares, excluding cash and cash equivalents	36	-153	-
Acquisition of intangible assets	11, 12	-15	-
Acquisition of property, plant and equipment	13, 14	-8	-4
Divestment of property, plant and equipment	13, 14	0	3
Acquisition of financial non-current assets	18	-5	-
Cash flow from investing activities		**-181**	**-1**
Financing activities			
Completed new share issues		193	-
Borrowings	24	475	-
Amortisation of loans	24	-390	-98
Repayment of lease liability	24	-34	-35
Cash flow from financing activities	**31**	**244**	**-133**
Change in cash and cash equivalents		177	-3
Cash and cash equivalents at the beginning of the year		90	97
Exchange rate difference in cash and cash equivalents		5	-4
Cash and cash equivalents at year-end		**271**	**90**

Income statement for Parent Company

MSEK	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2020
Operating income			
Net sales		10	-
Total revenue		**10**	-
Operating expenses			
Other external expenses	4	-23	-
Personnel costs		-25	-
Total operating expenses		**-49**	-
Operating loss		**-38**	-
Earnings from financial items			
Interest income and similar profit/loss items	7	4	-
Interest expenses and similar profit/loss items	7	-3	-
Net financial items		**1**	-
Earnings after financial items		**-37**	-
Appropriations	8	-	-
Loss before tax		**-37**	-
Tax on profit for the year	9	-	-
Profit for the year		**-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.

Balance sheet for the Parent Company

MSEK	Note	31 Dec 2021	31 Dec 2020
ASSETS			
Non-current assets			
Financial non-current assets			
Participations in Group companies	17	1,202	-
Other financial non-current assets		7	-
Total non-current assets		**1,209**	**-**
Current assets			
Receivables from Group companies		655	-
Other current receivables		4	-
Cash and cash equivalents		8	-
Total current assets		**667**	**-**
TOTAL ASSETS			
EQUITY AND LIABILITIES		1,876	-
Equity			
Restricted equity			
Share capital	22	1	-
		1	**-**
Non-restricted equity			
Share premium reserve		1,396	-
Retained earnings		-	-
Profit for the year		-37	-
		1,358	**-**
Total equity		**1,359**	-
Untaxed reserves			
Untaxed reserves	8	-	-
Total untaxed reserves		**-**	**-**
Non-current liabilities			
Liabilities to credit institutions	24	475	-
Other liabilities		4	-
Total non-current liabilities		**479**	**-**
Current liabilities			
Liabilities to credit institutions	24	2	-
Accounts payable		27	-
Current tax liabilities		-	-
Other liabilities		1	-
Accrued expenses and deferred income	26	8	-
Total current liabilities		**38**	**-**
TOTAL EQUITY AND LIABILITIES		**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 1 Jan 2020	**-**	**-**	**-**	**-**
Comprehensive income for the year	-	-	-	-
Completed issues	-	-	-	-
Total	**-**	**-**	**-**	**-**
Closing equity 31 Dec 2020	**-**	**-**	**-**	**-**
Opening equity 1 Jan 2021	**-**	**-**	**-**	**-**
Profit 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**

Cash-flow statement for the Parent Company

MSEK	Note	1 Jan 2021 -31 Dec 2021	1 Jan 2020 -31 Dec 2020
Operating activities			
Operating profit		-38	-
Adjustments for non-cash items	27	5	-
Interest received		-	-
Interest paid		-1	-
Tax paid		-	-
Cash flow from operating activities before changes in working capital		**-35**	**-**
Cash flow from changes in working capital			
Change in operating receivables		-9	-
Change in operating liabilities		33	-
Cash flow from operating activities		**-11**	**-**
Investing activities			
Acquisition of financial non-current assets		-4	-
Cash flow from investing activities		**-4**	**-**
Financing activities			
Completed new share issues	22	193	-
External borrowings	24	475	-
Change in intra-Group loans		-645	-
Cash flow from financing activities		**23**	**-**
Change in cash and cash equivalents		8	-
Cash and cash equivalents at the beginning of the year		-	-
Cash and cash equivalents at year-end		**8**	**-**

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 infranet services in connection with the construction, service and maintenance of telecom, broadband and power networks 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, 145 84 Stockholm.

The Group's composition is shown in Note 17.

The consolidated accounts for the year ending 31 December 2021 (including comparative figures) were approved by the Board for publication on April 8 2022. 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 2022.

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.

Amended accounting policies

The ISAB has published additional amendments to standards effective from 1 January 2021 or later. These amendments did not have any material impact on the consolidated financial statements.

Interest Rate Benchmark Reform Phase 2, amendments to IFRS 9, IFRS 7, etc. refers to the IBOR reform from 1 January 2021. In brief, the amendments mean that it will be possible for companies to reflect the effects of changing from interest reference rates, such as STIBOR, to other rates without having any accounting effects that would not provide useful information to users of financial statements. The Group could be impacted by the Reform mainly in its exposure to IBOR in its external borrowing. The Group's exposure to IBOR is limited and the Reform is expected to have a limited impact on the Group's financial position.

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.

Participations in associated companies

An associated company is a company over which the Group has a significant but not controlling influence over the financial and operating policy decisions, normally through a participating interest of between 20 per cent and 50 per cent of the number of votes.

Participations in associated companies are recognised according to the equity method. The carrying amount of the holdings in associated companies is increased or decreased by the Group's share of the associated company's profit and other comprehensive income. This is adjusted when required to ensure compliance with the Group's accounting policies. The Group's carrying amount of holdings in associated companies includes goodwill identified in the acquisition. When the Group's share of recognised losses in the associated company exceeds the carrying amount of the participations in the Group, the value of the participations is reduced to zero. Losses are also deducted against non-current financial balances without collateral, which in terms of financial significance forms part of the investor's net investment in the associated company. Continued losses are not recognised unless the Group has provided guarantees to cover losses arising in the associated company.

Unrealised gains and losses on transactions between the Group and its associated companies are eliminated, corresponding to the Group's participations in these companies. If unrealised losses are eliminated, the underlying asset is also tested for impairment.

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

Netel is a full-service specialist within Infranet services active in Sweden, Norway, Finland and Germany. 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 in IFRS 15. There is a performance obligation that is transferred as projects are completed, in a series in accordance with IFRS 15. 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 expense

Financial income consists of interest income on invested funds. 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.

Derivatives, to the extent that they are used, are used to hedge the risks of interest exposure to which Netel is exposed. Premium payments for interest rate 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.

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.

Holdings in joint ventures

A joint venture is a joint arrangement through which the parties having a joint control over the arrangement have the right to the net assets in the arrangement. Joint ventures are recognised according to the equity method, which means that the investment is initially measured at cost and the carrying amount is then increased or decreased to recognise the investor's share of the profit or loss of the investee, after tax, after the date of acquisition. The accounting in joint ventures' accounts is adjusted so that they are consistent with the Group's accounting policies. At the end of each reporting period, an assessment is made as to whether there is a risk of an expected impairment requirement for the investment in joint ventures.

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 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. The estimates and assumptions are reassessed regularly. Changes in estimates 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 area includes the most difficult, most subjective or most complicated estimates that it must make when preparing the financial statements.

Information about estimates and assumptions that have the most significant impact on the recognition and measurement of assets, liabilities, revenue and expenses. The outcome of these may deviate considerably.

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 on 31 December 2021 was MSEK 261 (178) and contract liabilities MSEK 53 (40). 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. Expected future cash flows are estimated based on annual forecasts for each cash-generating unit and the discount rate is defined as WACC. Uncertainty exists in the estimates of future operating profit and the adoption of an appropriate discount rate.

Goodwill on 31 December 2021 was MSEK 810 (594). Brands on 31 December 2021 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 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.

On 31 December 2021, accounts receivable amounted to MSEK 421 (365) and contract assets to MSEK 261 (178).

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 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 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 2021	Sweden	Norway	Finland	Germany	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**

2020	Sweden	Norway	Finland	Germany	Total Segments	Group-wide items	Group total
Revenue from external customers	606	886	303	55	1,845	-	1,845
Revenue from other segments	-	-	-	-	-	-	-
Total revenue	**606**	**886**	**303**	**55**	**1,845**	**-**	**1,845**
EBITA	15	82	5	6	107	13	120
EBITA margin (%)	2.5%	9.2%	1.6%	10.0%			6.5%
Adjusted EBITA							134
Adjusted EBITA margin %							7.3%
Non-current assets	**636**	**144**	**1**	**-**	**781**	73	**781**

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 2021	Sweden	Norway	Finland	Germany	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**	**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**	**2,418**

2020	Sweden	Norway	Finland	Germany	Group total
Business Area					
Fixed networks	440	479	60	55	1,035
Power	41	304	187	-	532
Mobile	125	102	56	-	283
Group-wide	-	-	-	-	-
Revenue from contracts with customers	**606**	**885**	**303**	**55**	**1,850**
Type of service					
Framework agreement	266	516	154	-	936
Project	333	371	150	55	909
Group-wide	-	-	-	-	-
Revenue from contracts with customers	**600**	**886**	**303**	**55**	**1,845**

Note 3, cont.

Contract assets	31 Dec 2021	31 Dec 2020
Opening balance	178	243
Change due to normal operations	82	-65
Closing balance	**261**	**178**

Contract liabilities	31 Dec 2021	31 Dec 2020
Opening balance	40	34
Change due to normal operations	12	7
Closing balance	**53**	**40**

Revenue recognised for the year	31 Dec 2021	31 Dec 2020
On the contract liabilities side on 1 January:	40	34
From performance obligations that were satisfied in full or in part in prior periods	-	-

Revenue allocated to unsatisfied or partially satisfied performance obligations expected to be recognised as revenue	31 Dec 2021	31 Dec 2020
Within one year	261	178
After one year	-	-

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	2021	2020	2021	2020
Deloitte AB				
Audit	3	2	-	-
Other services	2	0	2	-
Total	**4**	**2**	**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 Average number of employees and gender distribution

	Group		Parent Company	
Average number of employees	**2021**	**2020**	**2021**	**2020**
Sweden	196	110	2	-
Of whom, women	20	22	-	-
Of whom, women %	10%	20%	0%	-
Norway	415	263	-	-
Of whom, women	17	21	-	-
Of whom, women %	4%	8%	-	-
Finland	40	41	-	-
Of whom, women	7	8	-	-
Of whom, women %	18%	20%	-	-
Germany	7	6	-	-
Of whom, women	1	1	-	-
Of whom, women %	14%	17%	-	-
Total	**658**	**420**	**2**	**-**
Of whom, women	**45**	**52**	**-**	**-**
Of whom, women %	**7%**	**12%**	**-**	**-**

Of the Board members, two are women. None of the senior executives are women.

Note 6 Employees

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

	Group		Parent Company	
MSEK	2021	2020	2021	2020
Board and CEO:				
Salaries and remuneration	16	7	12	-
Salaries (subsidiaries abroad)	-	4	-	-
Pension costs	6	2	4	-
Pension costs (subsidiaries abroad)	-	-	-	-
	22	**13**	**16**	**-**
Other employees:				
Salaries and remuneration	366	247	4	-
Pension costs	27	17	0	-
	393	**264**	**4**	**-**
Social costs	**81**	**45**	**4**	**-**
Total Board and other	**496**	**322**	**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 2021, Alecta's preliminary surplus in the form of the collective funding ratio was 172 per cent (148). 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 0.0058 per cent and 0.00781 per cent, respectively. The corresponding figures for 2020 are 0.00688 per cent and 0.000988 per cent, respectively. The expected fees for 2022 for ITP2 insurance signed with Alecta total TSEK 1,888.

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 of employment/Severance pay
CEO and Group management
If notice of termination is made by the company, 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 terms of employment. 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		2021	2020
Board fees			
Chairman of the Board	Hans Petersson	500	350
Board member	Nina Macpherson	350	-
Board member[1]	Alireza Etemad	-	150
Board member[1]	Carl Jakobsson	-	150
Board member[1]	Göran Lundgren	350	200
Board member	Maria Brunow	-	-
Total		**1,200**	**850**

[1] Members of the Audit Committee.

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**

Remuneration of and other benefits to senior executives, TSEK 2020	Basic salary	Variable salary and other benefits	Pension cost	Total
CEO	2,671	1,980	1,139	5,789
Other members of Group management (5 positions)	6,633	377	939	7,949
Total	**9,303**	**2,357**	**2,078**	**13,738**

Note 7 Financial income and expenses

	Group		Parent Company	
MSEK	2021	2020	2021	2020
Financial income				
Interest income, other	0	1	-	-
Profit from sales of subsidiaries	-	-	-	-
Remeasurement				
- interest rate hedge derivatives, fair value	-	-	-	-
Exchange rate gains, net	5	-	-	-
Total financial income	**5**	**1**	**-**	**-**
Financial expenses				
Interest expenses				
- interest-bearing liabilities	-27	-24	-2	-
- interest rate hedge derivatives, fair value	-	-	-	-
Exchange rate losses, net	-	-23	-	-
Other financial expenses	-2	-5	-	-
Total financial expenses	**-30**	**-53**	**-2**	**-**
Net financial items	**-25**	**-52**	**-2**	**-**

Note 8 Appropriations

MSEK	Parent Company 2021	Parent Company 2020
Tax allocation reserve	-	-
Group contributions received	-	-
Total	**-**	**-**

Note 9 Tax on profit for the year

	Group		Parent Company	
MSEK	**2021**	**2020**	**2021**	**2020**
Current tax				
Current tax on profit for the year	-37	-14	-	-
Current tax, correction previous year	0	0	-	-
	-37	**-13**	**-**	**-**
Deferred tax				
Change in tax loss carryforward	7	-6	-	-
Change in temporary differences	-6	-1	-	-
Untaxed reserves	2	2	-	-
	2	**-5**	**-**	**-**
Total tax	**-34**	**-18**	**-**	**-**

	Group		Parent Company	
Reconciliation of tax expense for the year	**2021**	**2020**	**2021**	**2020**
Profit/loss before tax	100	67	-37	-
Tax rate 20.6% (21.4%)	-21	-14	-	-
Adjustment for foreign tax	-2	-1	-	-
Tax effect of:				
Non-taxable income	0	0	-	-
Non-deductible expenses	-3	-4	-	-
Adjustment for tax expenses, acquired companies	1	-	-	-
Other	-10	0	-	-
Total	**-34**	**-18**	**-**	**-**

Note 10 Earnings per share

	Group	
MSEK	2021	2020
Earnings attributable to ordinary shareholders		
Profit for the year attributable to Parent Company's shareholders	66	48
Earnings per share before and after dilution (SEK)*	1.87	1.49
Number of shares		
Average number of shares before and after dilution*	35,535,406	32,500,128

*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.

Note 11 Goodwill

	Group		Parent Company	
MSEK	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Opening cost	594	609	-	-
Acquisition of subsidiaries	204	-	-	-
Exchange rate differences for the year	12	-15	-	-
Net carrying amount	**810**	**594**	**-**	**-**

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%
	810	**179**	

Goodwill and brand specified by cash-generating units

2020	**Goodwill**	**Brands**	**WACC**
Sweden	456	170	8.2%
Norway	139	8	8.1%
Finland	-	1	8.2%
Germany	-	-	-
	594	**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 assumptions are future revenue, operating profit, working capital and investments. For the period after five years, annual growth is estimated to be 1.0 per cent. The Group's weighted average WACC for Sweden and Norway in 2021 was 7.5 per cent (8.1) before tax.

Note 12 Other intangible assets

Capitalised development expenditure and similar

	Group		Parent Company	
MSEK	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Opening cost	3	3	-	-
Acquisitions for the year	14	-	-	-
Exchange rate differences for the year	-1	0	-	-
Closing accumulated cost	**16**	**3**	**-**	**-**
Opening amortisation	-3	-3	-	-
Amortisation for the year	-1	-	-	-
Exchange rate differences for the year	1	0	-	-
Closing accumulated amortisation	**-3**	**-3**	**-**	**-**
Net carrying amount	**13**	**0**	**-**	**-**

Brand, customer relationships and technology

	Group		Parent Company	
MSEK	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Opening cost	266	269	-	-
Acquisitions for the year	-	-	-	-
Exchange rate differences for the year	1	-3	-	-
Closing accumulated cost	**267**	**266**	**-**	**-**
Opening amortisation	-87	-88	-	-
Amortisation for the year	-	-2		
Exchange rate differences for the year	-1	3	-	-
Closing accumulated amortisation	**-88**	**-87**	**-**	**-**
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 2021	Group 31 Dec 2020	Parent Company 31 Dec 2021	Parent Company 31 Dec 2020
Opening cost	9	13	-	-
Purchases	18	1	-	-
Acquisitions	12	-	-	-
Sales/disposals	-2	-4	-	-
Reclassification	2	0	-	-
Exchange rate differences for the year	1	-1	-	-
Closing accumulated cost	**40**	**9**	**-**	**-**
Opening depreciation	-8	-9	-	-
Sales/disposals	2	2	-	-
Acquisitions	-1	-		
Reclassification	-2	0	-	-
Depreciation for the year	-5	-1	-	-
Exchange rate differences for the year	0	1	-	-
Closing accumulated depreciation	**-14**	**-8**	**-**	**-**
Net carrying amount	**26**	**2**	**-**	**-**
Construction in progress	-	-	-	-
Total	**26**	**2**	**-**	**-**

Note 14 Equipment, tools, fixtures and fittings

MSEK	Group 31 Dec 2021	Group 31 Dec 2020	Parent Company 31 Dec 2021	Parent Company 31 Dec 2020
Opening cost	31	31	-	-
Purchases	3	3	-	-
Acquisitions	2	-	-	-
Sales/disposals	-1	-	-	-
Reclassification	-4	0	-	-
Exchange rate differences for the year	2	-3	-	-
Closing accumulated cost	**33**	**31**	**-**	**-**
Opening depreciation	-25	-25	-	-
Sales/disposals	1	0	-	-
Acquisitions	-1	-	-	-
Reclassification	4	0	-	-
Depreciation for the year	-3	-2	-	-
Exchange rate differences for the year	-1	2	-	-
Closing accumulated depreciation	**-25**	**-25**	**-**	**-**
Net carrying amount	**8**	**6**	**-**	**-**

Note 15 Right-of-use assets

MSEK	31 Dec 2021	31 Dec 2020
Accumulated cost		
Opening balance	145	151
New acquisitions	66	15
Divestments and disposals	-30	-16
Revaluation	-30	-4
Closing balance	**151**	**145**
Accumulated depreciation		
Opening balance	-73	-48
Depreciation for the year	-37	-34
Divestments and disposals	28	9
Revaluation	22	0
Closing balance	**-60**	**-73**
Net carrying amount	**91**	**73**

Right-of-use assets refer to leased assets in accordance with IFRS 16, which comprise Buildings (rent of premises) of MSEK 41 (38), Vehicles MSEK 47 (23) and Other (tools/machinery) MSEK 2 (11). Depreciation for the year for right-of-use assets for Buildings was MSEK 15 (16), Vehicles MSEK 21 (9), and Other (tools/machinery) MSEK 1 (9). The Group has excluded short-term leases and low-value leases of MSEK 1 (14).

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

Amounts recognised in profit or loss	2021	2020
Depreciation of right-of-use assets	-37	-34
Interest expenses for lease liabilities	-3	-2
Expenses attributable to short-term leases	-1	-11
Expenses attributable to low-value leases	0	-3
Total	**-40**	**-50**
Cash outflow for leases recognised under IFRS 16	**39**	**36**

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 2021, 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 estimate as to whether it is reasonably certain that extensions will be used. As of the balance sheet date, an estimate 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 estimating 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 estimates 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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Opening value	-	1	-	-
Exchange rate effects	-	0	-	-
Profit participation	-	0	-	-
Other	-	-1	-	-
Closing value	**-**	**0**	**-**	**-**

Note 17 Participations in Group companies

MSEK	Parent Company 31 Dec 2021	Parent Company 31 Dec 2020
Opening cost	633	633
Acquisition of participations in Group companies	569	-
Shareholders' contributions	-	-
	1,202	**633**

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-Tjenster 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%

Acquisitions of C-E Morberg Anläggning & Energi AB, Brogrund Mark AB, Brogrund Entreprenad AB, Oppunda Kraftkonsult AB, and Svensk Elkraftsentreprenad AB took place in 2021.

Note 18 Other financial assets

	Group	
MSEK	31 Dec 2021	31 Dec 2020
Opening cost	0	1
Acquisitions for the year	5	-
Acquisitions	2	-
Reclassification from liabilities	-	-
Measurement at market value	-	-
Closing value	**7**	**1**
Other	-	-1
Total	**7**	**0**

Interest rate hedging derivatives

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

Note 19 Accounts receivable

	Group		Parent Company	
MSEK	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accounts receivable	426	368	9	-
Provisions, expected credit loss	-5	-3	-	-
Total accounts receivable	**421**	**365**	**9**	**-**
Age analysis of accounts receivable before deduction for loss allowance				
1-30 days past due	32	24	-	-
31-90 days past due	13	10	-	-
> 91 days past due	77	20	-	-
Total accounts receivable past due	**123**	**55**	**-**	**-**
Opening balance, provisions	-3	-2	-	-
Change in provisions for expected credit loss	-3	-1	-	-
Closing balance	**-5**	**-3**	**-**	**-**

The change in the reserve for accounts receivable of MSEK 3 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

MSEK	Group 31 Dec 2021	Group 31 Dec 2020	Parent Company 31 Dec 2021	Parent Company 31 Dec 2020
Construction contracts	261	179	-	-
Provision, expected credit loss	-1	-1	-	-
	261	**178**	**-**	**-**
Opening balance	178	243	-	-
Invoicing of opening receivables	-143	-209	-	-
Generated revenue for the year that has not been invoiced	226	143	-	-
Impairment	-	-	-	-
Total	**261**	**178**	**-**	**-**
Current	261	178	-	-
Non-current	-	-	-	-
Total	**261**	**178**	**-**	**-**
Opening balance, provisions	-1	-1	-	-
Change in provisions for expected credit loss	0	0	-	-
Closing balance, loss allowance	**-1**	**-1**	**-**	**-**

Amounts attributable to construction contracts arise in conjunction with projects that have been generated but not invoiced before the balance sheet date. This year’s provision for 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 0. All contract assets as of 31 December 2021 are expected to be settled in 2022.

Note 21 Prepaid expenses and accrued income

MSEK	Group 31 Dec 2021	Group 31 Dec 2020	Parent Company 31 Dec 2021	Parent Company 31 Dec 2020
Prepaid rent	0	0	-	-
Accrued revenue, other	5	4	-	-
Other items	12	5	-	-
Total	**18**	**9**	**-**	**-**

Note 22 Disclosures on share capital and reserves

	Number of shares	Quota value per share SEK
2021		
Number/value at beginning of year*	32,500,128	0.02
Number/value at year-end*	46,703,671	0.02
2020		
Number/value at beginning of year*	32,500,128	0.02
Number/value at year-end*	32,500,128	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 Netel 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 period. 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. 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.

Reserves	31 Dec 2021	31 Dec 2020
Translation reserve		
Opening balance	-7	0
Translation differences for the year	7	-7
Closing balance	**0**	**-7**

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 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Deferred tax assets				
Loss carry-forwards	11	4	-	-
Unutilised interest deductions	-	-	-	-
Loss allowance accounts receivable/contract assets	1	1	-	-
Other temporary differences	0	4	-	-
Deferred tax, right-of-use assets	1	-	-	-
Total	**14**	**9**	**-**	**-**
Deferred tax liabilities				
Untaxed reserves	24	20	-	-
Temporary differences, intangible assets	38	38	-	-
Other temporary differences	2	-	-	-
Changed tax rate, tax allocation reserve	-	-	-	-
Changed tax rate, intangible assets	-	-	-	-
Total	**64**	**58**	**-**	**-**

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

	Group		Parent Company	
TSEK	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Liabilities to credit institutions and lease liabilities				
Repayment within one year				
Loans	0	51	-	-
Lease liabilities	34	28	-	-
Total within one year	**34**	**78**	**-**	**-**
Repayment within two to five years				
Loans	499	269	475	-
Lease liabilities	56	43	-	-
Total within two to five years	**555**	**311**	**475**	**-**
Repayment after five years				
Loans	0	0	-	-
Lease liabilities	2	0	-	-
Total after five years	**2**	**0**	**-**	**-**
Total liabilities to credit institutions and lease liabilities	**591**	**390**	**475**	**-**
Other non-current liabilities				
Amortisation within one year	0	0	-	-
Amortisation within two to five years	37	60	-	-
Amortisation after five years	0	0	-	-
Total	**37**	**60**	**-**	**-**
Total amortisation within one year	34	78	-	-
Total amortisation within two to five years	592	371	475	-
Total amortisation after five years	2	0	-	-

The Group has a revolving facility of MSEK 750 that also includes an overdraft facility of MSEK 150 distributed between Sweden (linked to the cash pool) and Norway, with a term until 3 September 2024 and the option of extending the facility by two years. 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 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Overdraft facilities granted	150	129	-	-
Of which utilised at balance sheet date	-	-	-	-

Note 25 Contract liabilities

	Group		Parent Company	
MSEK	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Construction contracts	53	40	-	-
	53	**40**	**-**	**-**
Opening balance	40	34	-	-
Generated during the year	-40	-34	-	-
Invoiced revenue for the year that has not been generated	53	40	-	-
Total	**53**	**40**	**-**	**-**
Current	53	40	-	-
Non-current	-	-	-	-
Total	**53**	**40**	**-**	**-**

Amounts attributable to construction contracts arise in connection with payment exceeding the accrued revenue reported for a construction agreement. This may occur since payment is made according to agreed plans. All contract liabilities as of 31 December 2021 are expected to be settled in 2022.

Note 26 Accrued expenses

	Group		Parent Company	
MSEK	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Accrued salaries	76	44	6	-
Accrued social security contributions	27	16	1	-
Project-related reserves	33	31	-	-
Other accrued expenses	6	22	1	-
Total	**142**	**114**	**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 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Depreciation	44	39	-	-
Provisions	4	0	5	-
Unrealised exchange rate effects	-8	0	-	-
Other adjustments	2	0	-	-
Total	**43**	**39**	**5**	**-**

Note 28 Reconciliation of liabilities attributable to financing activities

	Group		Parent Company	
MSEK	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Opening balance liabilities to credit institutions	319	414	-	-
Repayment of loans	-390	-98	-	-
Raising of new loans	570	-	-	-
Non-cash items				
Dissolution loan arrangement costs	1	3	-	-
Closing balance liabilities to credit institutions	**500**	**319**	**-**	**-**
Opening balance, lease liabilities	71	103	-	-
Repayment of lease liability	-34	-35	-	-
Non-cash items				
Raising of new lease liabilities	52	3	-	-
Closing balance, lease liabilities	**89**	**71**	**-**	**-**
Total liabilities from financing activities	**589**	**390**	**-**	**-**

Note 29 Pledged assets

	Group		Parent Company	
MSEK	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Equipment with retention of title	-	-	-	-
Floating charges	70	70	-	-
Pledged assets in subsidiaries	-	1,197	-	-
Total	**70**	**1,267**	**-**	**-**

Pledged assets in subsidiaries referred to pledged collateral for the Group's previous credit facility.

Note 30 Contingent liabilities

	Group		Parent Company	
MSEK	**31 Dec 2021**	**31 Dec 2020**	**31 Dec 2021**	**31 Dec 2020**
Parent Company guarantees for work performed	49	33	-	-
Bank guarantees provided	40	39	-	-
Guarantees for Group companies	253	209	-	-
Total	**342**	**281**	**-**	**-**

Note 31 Related party transactions

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

MSEK	2021	2020
Management		
Interest expenses	0	1
Receivables on balance sheet date	-	-
Liabilities on balance sheet date	-	15

Note 32 Significant events after the end of the financial year

Netel acquired 100 per cent of JR Markteknik AB and Täby Maskin & Uthyrning AB (“JR”) on 16 December. The acquisitions represent a key building block in Netel’s continued investment in infrastructure contracts that include water treatment, pipe laying and associated groundwork. Netel took possession of the shares in each company on 3 January 2022 and in connection with this an offset issue was carried out, after which the number of ordinary shares outstanding increased by 637,852 to a total of 47,341,523. JR is included in the Sweden segment.

In February, Netel’s Swedish operations signed an agreement to acquire 100 per cent of Eltek Entreprenad Sverige AB (“Eltek”). Closing took place in March. Through the acquisition, Netel’s offering within Power Networks has diversified to also cover services for handling higher voltages of up to 400 KV for transformer stations, among other things. In 2020, Eltek generated sales of approximately MSEK 30 with good profitability. In connection with the acquisition an offset issue was carried out, after which the number of ordinary shares outstanding increased by 89 763 to a total of 47 497 061. Eltek is included in the Sweden segment.

Netel’s Swedish operations signed an agreement to acquire 100 per cent of Elcenter i Söderköping Aktiebolag (“Elcenter”) in February, with closing in for March. Through the acquisition, Netel’s offering is further strengthened 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 million with good profitability. In connection with the acquisition an offset issue was carried out, after which the number of ordinary shares outstanding increased by 65 775 to a total of 47 407 298. Elcenter is included in the Sweden segment.

In the short term, COVID-19 has a limited impact on the Group’s sales and earnings. Netel’s operations focus on critical infrastructure for society, which is the reason for the limited impact. In the longer term, there is the risk an economic downturn will impact willingness to invest among grid owners and that Netel’s available markets will therefore decline.

Netel is monitoring developments regarding the conflict in Ukraine and is currently unable to assess the effects of sanctions against Russia and the consequences that the conflict could have on the economic situation in Netel’s markets. Netel did not have any sales in either Russia or Ukraine in 2021.

Other than the above, no significant changes have occurred regarding the Group’s financial position or financial results after 31 December 2021.

Note 33 Key performance indicators not defined under IFRS

MSEK	2021	2020
Net sales growth (%)	31.1%	-0.9%
Organic net sales growth (%)	7.1%	-0.9%
EBITDA	170	157
EBITDA margin (%)	7.0%	8.5%
EBITA	127	120
EBITA margin (%)	5.2%	6.5%
Items affecting comparability	50	13
Adjusted EBITDA	220	171
Adjusted EBITDA margin (%)	9.1%	9.3%
Adjusted EBITA	177	134
Adjusted EBITA margin %	7.3%	7.3%
Net debt	318	360
Net debt/adjusted EBITDA R12 (ratio)	1.4	2.1
Equity ratio (%)	42.7%	39.9%
Order backlog	3,488	2,354

Note 34 Derivation of key performance indicators not defined by IFRS

MSEK	2021	2020
Organic net sales growth		
Net sales, previous period	1,845	1,861
Acquired net sales	441	-
Organic net sales	1,977	1,845
Total net sales growth (%)	**31.1%**	**-0.9%**
Organic net sales growth (%)	**7.1%**	**-0.9%**
Adjusted EBITDA		
Net sales	2,418	1,845
Operating profit (EBIT)	126	119
Depreciation and amortisation and impairment of property, plant and equipment and intangible assets	44	39
EBITDA	**170**	**157**
EBITDA margin (%)	**7.0%**	**8.5%**
Items affecting comparability		
Listing costs	37	-
Acquisition-related costs	8	-
Other items affecting comparability	5	13
Total items affecting comparability	**50**	**13**
Adjusted EBITDA	**220**	**171**
Adjusted EBITDA margin (%)	**9.1%**	**9.3%**

MSEK	2021	2020
Adjusted EBITA		
Net sales	2,418	1,845
Operating profit (EBIT)	126	119
Amortisation and impairment of intangible assets	1	2
EBITA	**127**	**120**
EBITA margin (%)	**5.2%**	**6.5%**
Items affecting comparability		
Listing costs	37	-
Acquisition-related costs	8	-
Other items affecting comparability	5	13
Total items affecting comparability	**50**	**13**
Adjusted EBITDA	**177**	**134**
Adjusted EBITDA margin (%)	**7.3%**	**7.3%**
Net Debt/adjusted EBITDA (R12)		
Non-current interest-bearing liabilities	554	371
Current interest-bearing liabilities	35	78
Total interest-bearing liabilities	589	450
Cash and cash equivalents	271	90
Net debt	**318**	**360**
Adjusted EBITDA, R12	**220**	**171**
Net debt/adjusted EBITDA R12 (Ratio)	**1.4**	**2.1**
Equity ratio (%)		
Total equity (MSEK)	911	603
Total assets (MSEK)	2,133	1,511
Equity ratio (%)	**42.7%**	**39.9%**

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 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.

MSEK	31 Dec 2021	31 Dec 2020
Fund holdings		
Opening balance	-	-
Business combinations	2	-
Purchases	1	-
Sales	-	-
Change in value recognised in profit or loss	-	-
Exchange differences on translation of foreign operations	-	-
Closing balance	**3**	**-**

MSEK	31 Dec 2021	31 Dec 2020
Contingent consideration		
Opening balance	-	-
Business combinations	32	-
Paid	-	-
Change in value recognised in profit or loss	-	-
Exchange differences on translation of foreign operations	-	-
Closing balance	**32**	**-**

MSEK	31 Dec 2021	31 Dec 2020
Other liabilities measured at fair value		
Opening balance	-	-
Change in recognised liabilities	-	-
Change in value recognised in profit or loss	0	-
Exchange differences on translation of foreign operations	-	-
Closing balance	**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 2021, MSEK	Nominal amount	Due 2022	Due 2023-2024	Due 2025-2027	Due >2027
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**	**-**
Accounts payable	258	258	-	-	-
Total non-interest-bearing liabilities	**258**	**258**	**-**	**-**	**-**

Group 2020, MSEK	Nominal amount	Due 2021	Due 2022-2023	Due 2024-2026	Due >2026
Bank loans	358	90	268	-	-
Other non-current liabilities	60	-	60	-	-
Liabilities for lease commitments	70	28	28	14	0
Total interest-bearing liabilities	**488**	**118**	**356**	**14**	**0**
Accounts payable	195	195	-	-	-
Total non-interest-bearing liabilities	**195**	**195**	**-**	**-**	**-**

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 below.

Available liquidity

Group, MSEK	31 Dec 2021	31 Dec 2020
Cash and bank balances	271	90
Unutilised overdraft facilities	150	130
Available liquidity	**421**	**220**

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 421 (365).

(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 2021. The average interest rate on outstanding interest-bearing liabilities on 31 December 2021 was as follows:

Average interest rate	2021		2020	
Group, MSEK	Liability amount	Average interest, %	Liability amount	Average interest, %
Bank loans	500	1.90%	321	4.41%
Other non-current liabilities	37	0.00%	60	4.00%
Lease liabilities	89	3.14%	70	3.27%
Total	**626**		**451**	

A change in the market interest rate of 1 percentage point would mean a change in interest expenses of MSEK +/- 6.3 (4.5).

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 2021	31 Dec 2020
Accounts receivable	-5	-3
Contract assets	-1	-1

For more information, see Note 19 and Note 20.

Group, measurement	31 Dec 2021		31 Dec 2020	
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	421	-	365	-
Other receivables	5	-	2	-
Cash and cash equivalents	271	-	90	-
Liabilities				
Interest derivatives and currency futures (liability)	-	0	-	-
Liabilities to credit institutions non-current and current	589	-	390	-
Other non-current liabilities	37	-	60	-
Accounts payable	258	-	195	-
Other current liabilities	50	-	37	-
Accrued expenses and deferred income	142	-	114	-

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 2021		31 Dec 2020	
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	-	1	-
Interest expenses	-27	-	-24	-
Exchange rate differences	5	-	-23	-
Unrealised changes in value	-	0	-	-
Total impact on net financial items	-23	0	-47	0

Note 37 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 the power business area 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 the power business area 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 treatment, 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 primarily within power (stations). The acquisition increases Netel Group's expertise in power 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.

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 eleven months leading up to the balance sheet date, Morberg contributed MSEK 59 to the Group's revenue and MSEK 2 to the Group's profit after tax. If the acquisition had taken place on 1 January 2021, company management estimates that the Group's revenue would have been MSEK 2,422 and that profit for the period would have been MSEK 66.

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 ten months leading up to the balance sheet date, Oppunda contributed MSEK 62 to the Group's revenue and MSEK 5 to the Group's profit after tax. If the acquisition had taken place on 1 January 2021, company management estimates that the Group's revenue would have been MSEK 2,427 and that profit for the period would have been MSEK 67.

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 ten months leading up to the balance sheet date, Brogrund contributed MSEK 233 to the Group's revenue and MSEK 5 to the Group's profit after tax. If the acquisition had taken place on 1 January 2021, company management estimates that the Group's revenue would have been MSEK 2,443 and that profit for the period would have been MSEK 67.

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 nine months leading up to the balance sheet date, SEKE contributed MSEK 88 to the Group's revenue and MSEK 7 to the Group's profit after tax. If the acquisition had taken place on 1 January 2021, company management estimates that the Group's revenue would have been MSEK 2,467 and that profit for the period would have been MSEK 69.

TSEK	Morberg Fair value	Oppunda Fair value	Brogrund Fair value	SEKE Fair value	Total
Acquired net assets on acquisition date based on acquisition analysis					
Intangible assets	-	-	-	-	-
Property, plant and equipment	-	0	11	0	12
Right-of-use assets	-	-	-	-	-
Financial assets	-	-	2	-	2
Deferred tax assets	-	-	-	-	-
Inventories	-	-	-	-	-
Accounts receivable 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 liability	-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 purchase consideration	**31**	**75**	**45**	**115**	**266**
Purchase consideration comprises:					
Cash	**20**	**58**	**32**	**80**	**190**
Equity instruments	**-**	**10**	**8**	**20**	**38**
Contingent consideration	**5**	**7**	**5**	**15**	**32**
Promissory notes	7	-	-	-	7
Total purchase consideration	**31**	**75**	**45**	**115**	**266**
Purchase consideration comprises:					
Cash	**20**	**58**	**32**	**80**	**190**
Equity instruments	**-**	**10**	**8**	**20**	**38**
Contingent consideration	**5**	**7**	**5**	**15**	**32**
Promissory notes	7	-	-	-	7
Total purchase consideration	**31**	**75**	**45**	**115**	**266**

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

Impact of acquisition on Group's cash flow					
Cash portion of purchase consideration	**-20**	**-58**	**-32**	**-80**	**-190**
Acquired cash	4	7	7	19	37
Total	**-16**	**-51**	**-25**	**-61**	**-153**
Acquisition-related costs	-1	-2	-3	-2	-8
Net cash outflow	**-17**	**-53**	**-27**	**-63**	**-160**

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

MSEK	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Sales								
Net sales	717	614	655	431	575	431	449	389
Net sales growth (%)	24.6%	42.4%	45.9%	10.8%	-1.0%	-10.0%	-1.5%	-
Earnings								
EBITDA	54	42	46	27	66	39	34	18
EBITA	37	33	37	20	54	31	26	9
EBIT (operating profit)	36	33	37	20	55	31	25	8
Adjusted EBITDA	84	50	60	27	74	41	38	18
Adjusted EBITA	66	40	51	20	62	32	30	9
Margin								
EBITDA margin (%)	7.6%	6.9%	7.0%	6.3%	11.4%	9.1%	7.7%	4.6%
EBITA margin (%)	5.1%	5.3%	5.6%	4.7%	9.5%	7.1%	5.9%	2.2%
EBIT margin (%)	5.0%	5.3%	5.6%	4.7%	9.5%	7.1%	5.7%	2.1%
Adjusted EBITDA margin (%)	11.7%	8.1%	9.1%	6.3%	12.8%	9.4%	8.5%	4.7%
Adjusted EBITA margin %	9.2%	6.5%	7.8%	4.5%	10.8%	7.5%	6.7%	2.4%
Segments								
Net sales								
Sweden	313	249	265	143	194	122	147	137
Norway	292	261	277	218	277	219	213	177
Finland	74	68	79	49	78	75	84	66
Germany	53	37	35	21	24	16	6	9
Other								
Order backlog	3,488	3,429	3,453	3,125	2,354	1,995	1,827	1,422
Net debt	318	624	563	569	360	488	481	496
Net debt/adjusted EBITDA R12 (ratio)	1.4	2.9	2.8	3.2	2.1	3.4	3.1	3.6
Average number of FTEs (R12)	576	514	456	422	414	413	420	429
Number of employees at the end of the period	658	640	610	507	420	410	406	409

Multi-year review

Multi-year review for the Group

MSEK	2021	2020	2019	2018
Sales				
Net sales	2,418	1845	1,861	1,870
Net sales growth (%)	31.1%	-0.9%	-0.4%	-8.9%
Earnings				
EBITDA	170	158	110	63
EBITA	127	120	68	44
EBIT (operating profit)	126	119	53	17
Adjusted EBITDA	220	171	137	96
Adjusted EBITA	177	134	94	77
Margin				
EBITDA margin (%)	7.0%	8.5%	5.9%	3.3%
EBITA margin (%)	5.2%	6.5%	3.6%	2.3%
EBIT margin (%)	5.2%	6.4%	2.8%	0.9%
Adjusted EBITDA margin (%)	9.1%	9.3%	7.3%	5.1%
Adjusted EBITA margin %	7.3%	7.3%	5.0%	4.1%
Segments				
Net sales				
Sweden	970	600	786	826
Norway	1,048	886	763	707
Finland	270	303	299	336
Germany	145	55	14	-
EBITA				
Sweden	60	15	-	-
Norway	98	82	-	-
Finland	5	5	-	-
Germany	18	6	-	-
Other				
Order backlog	3,488	2,354	1,456	1,667
Net debt	318	360	477	494
Net debt/adjusted EBITDA R12 (ratio)	1.4	2.1	3.5	5.2
Average number of FTEs (R12)	576	414	437	465
Number of employees at the end of the period	658	420	424	458

Multi-year summary for the Group

MSEK	2021	2020	2019	2018
Net sales	2,418	1,845	1,861	1,870
Earnings after financial items	100	67	30	-7
Profit after financial items, as a percentage of net sales	4.1%	3.6%	1.6%	-0.4%
Total assets	2,133	1,511	1,601	1,542
Equity ratio	43%	40%	35%	35%

Data per share

MSEK	2021	2020
Average number of shares before and after dilution (thousands) [1]	35,535	32,500
Number of shares at year-end (thousands) [1]	46,704	32,500
Share price for Netel share, annual high (SEK)	53.60	-
Share price for Netel share, annual low (SEK)	41.50	-
Share price for Netel share, year-end (SEK)	45.35	-
Earnings per share (SEK) [2]	1.87	1.49
Equity per share (SEK)	25.64	18.56
Cash flow per share (SEK) [3]	3.20	4.04
Dividend yield (%) [4]	-	-
Share of distributed profit (%) [5]	-	-
Dividend growth (%) [6]	-	-

[1] The number of shares in 2020 has been adjusted in relation to Netel's listing in 2021, additional information presented in Consolidated statement of changes in equity

[2] Earnings per share for the year

[3] Cash flow from operating activities, average number of shares

[4] Dividend divided by share price at year-end

[5] Dividend divided by earnings per share

[6] Percentage dividend growth compared with preceding period

Proposed appropriation of profits

TSEK	
The following profits are at the disposal of the Annual General Meeting:	
Share premium reserve	1,395,693
Retained earnings	-
Profit for the year	-37,482
Total	**1,358,211**
The Board of Directors proposes that retained earnings be appropriated as follows:	
To be carried forward	1,358,211
Total	**1,358,211**

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 2022.

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, April 8 2022

Hans Petersson
Chairman

Göran Lundgren
Board member

Nina Macpherson
Board member

Maria Brunow
Board member

Alireza Etemad
Board member

Carl Jakobsson
Board member

Ove Bergkvist
CEO

Our auditor's report was submitted on April 8 2022

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 2021-01-01 - 2021-12-31 with exception for the corporate governance statement and the sustainability report on pages 29-60 and 61-73. The annual accounts and consolidated accounts of the company are included on pages 4-5, 10-27, 74-79 and 82-127 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 2021 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 2021 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 corporate governance statement and sustainability report on pages 29-60 and 61-73 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 2021, Netel accounts for goodwill in the consolidated balance sheet amounting to MSEK 810. 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, 28-73, 80-81 and 128-139. 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: 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 2021-01-01 - 2021-12-31 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/rn/showdocument/documents/rev_dok/revisors_ansvar.pdf. 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 2021.

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

In our opinion, the Esef report 94bca94ed4065a0a19541c4498d6e-76e3bf7c1857a77fe9c1c1bd713ae28bc60 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 audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and 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 technical validation of the Esef report, i.e., if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

Auditor´s report on the statutory sustainability report

It is the board of directors who is responsible for the statutory sustainability report on pages 29-60 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's standard RevR 12 The auditor´s opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is substantially different and 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

It is the board of directors who is responsible for the corporate governance statement on pages 61-73 and that it has been prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR's standard RevR 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 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Deloitte AB, was appointed auditor of Netel Holding AB (publ) by the general meeting of the shareholders on the 2021-08-04 and has been the group's auditor since 2010.

Stockholm, April 8 2022

Deloitte AB

Jenny Holmgren
Authorized public accountant

More than 1,700 new shareholders and listing on Mid Cap

Netel was listed on Nasdaq Stockholm Mid Cap on 15 October 2021. The diversification of owners in connection with the listing resulted in more than 1,700 new shareholders for Netel.

Share capital

At the close of 2021, the share capital in Netel amounted to SEK 718,518 divided among 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.

After the end of the year, the number of shares and votes increased due to the offset issues that was decided based on the authorisation from the Extraordinary General Meeting on 27 August 2021 in connection with the acquisitions of JR Markteknik AB, Täby Maskin & Uthyrning AB, Elcenter i Söderköping AB, and Eltek Entreprenad Sverige AB. Based on the offset issues, the number of shares and votes increased by 793,390. On 31 March 2022 the number of shares and votes amounted to 47,497,061.

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 2021, Netel's closing price was SEK 45.35, meaning a market capitalisation of MSEK 2,118. The highest price paid was noted on 15 November 2021 and was SEK 53.60. The lowest price paid was noted on 27 October and was SEK 41.50. A total of 5,605,882 shares were traded during the period for a value of MSEK 261.1, resulting an average of 103,813 shares per trading day corresponding to a value of MSEK 4.8.

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 1,708 shareholders at the end of the year. The holdings of the ten largest shareholders corresponded to 81.3 per cent of the share capital and the votes. At year-end, 15.0 per cent of the shares were owned by Swedish private individuals, 71.9 per cent by Swedish institutions and legal entities, 5.9 per cent by foreign private individuals and institutions and 7.2 per cent by others or anonymous shareholders.

Analysts who follow Netel:

Karl-Johan Bonnevier, DNB Markets
Stefan Gauffin, DNB Markets
Carl Ragnerstam, Nordea Markets
Victor Hansen, Nordea Markets
Sefan Billing, Kepler Cheuvreux
Hans Pluijgers, Kepler Cheuvreux

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[2]	Offset issue	637,852	9,813	47,341,523	728,331
March 2022[2]	Offset issue	65,775	1,012	47,407,298	729,343
March 2022[2]	Offset issue	89,763	1,381	47,497,061	730,724

[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.

[2] The offset issue based on the authorisation from the Extraordinary General Meeting on 27 August 2021 in connection with the acquisition of JR Markteknik AB, Täby Maskin & Uthyrning AB, Elcenter i Söderköping AB and Eltek Entreprenad Sverige AB.

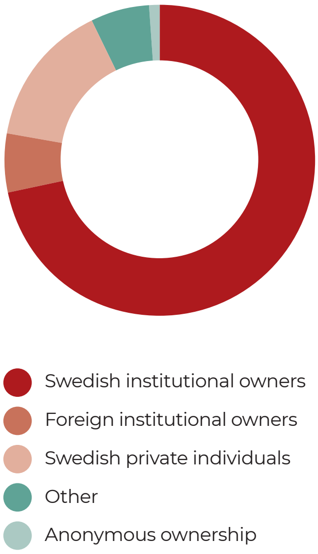
Ticker: NETEL

ISIN: SE0015949433

For data per share, refer to the multi-year overview on page 131.

Netel's largest owners on 31 December 2021

	Number of shares and votes	Share of capital and votes, %
IK VII fonden via Cinnamon International S.à.r.l.	23,068,918	49.4
Nordnet Pensions-försäkring	3,880,326	8.3
Carnegie Fonder	2,083,333	4.5
AP2	2,070,000	4.4
Swedbank Robur Fonder	2,070,000	4.4
Berenberg Funds	1,666,666	3.6
Delphi Fondsforvaltning AS	1,052,058	2.3
Norron Fonder	951,178	2.0
Rutger Arnhult	550,000	1.2
Lannebo Fonder	550,000	1.2
Total ten largest owners	37,942,479	81.3
Other	8,761,192	18.7
Total	**46,703,671**	**100.0**



Ownership structure by country, 31 December 2021

	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 own-ership	397,409	0.9	-	-
Total	**46,703,671**	**100.0**	**1,708**	**100.0**

Ownership data comes from Monitor, Modular Finance.

2022 Annual General Meeting

The Annual General Meeting will be held on Thursday, 4 May 2022. Based on the Swedish act on temporary exceptions to facilitate the execution of general meetings in companies and other associations, Netel will hold the 2022 Annual General Meeting only through postal voting.

Information about postal voting will be published in the notice of the Annual General Meeting.

Financial calendar

2022

4 May	Interim report January – March
25 August	Interim report January – June
9 November	Interim report January – September

2023

16 February	Year-end Report 2022

IR contact

Ove Bergkvist, CEO
Mobile: +46 733 37 09 37
ove.bergkvist@netel.se

Peter Andersson, CFO
Mobil: +46 738 42 36 90
peter.andersson@netel.se

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 21 per cent between 2010 and 2021. 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 2021.

Record-breaking order backlog

At the end of the year, Netel's order backlog amounted to a record-breaking SEK 3.5 billion, driven by the power segment in Norway, the 5G roll-out in Sweden and fibre roll-out in Germany.

Leading profitability in the industry

Adjusted EBITDA has grown at an average annual rate of 20 per cent between 2010 and 2021. 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.

Less tied-up capital and high cash conversion

Netel's operations tie up little capital and investments are low. This asset-light business model means that Netel has high cash conversion and stable, low capital requirements.

Operating in markets affected 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.

Netel Holding AB (publ)
Fågelviksvägen 9, 7 tr
SE-103 84 Stockholm
www.netelgroup.com
Corp. Reg. No. 559327-6263