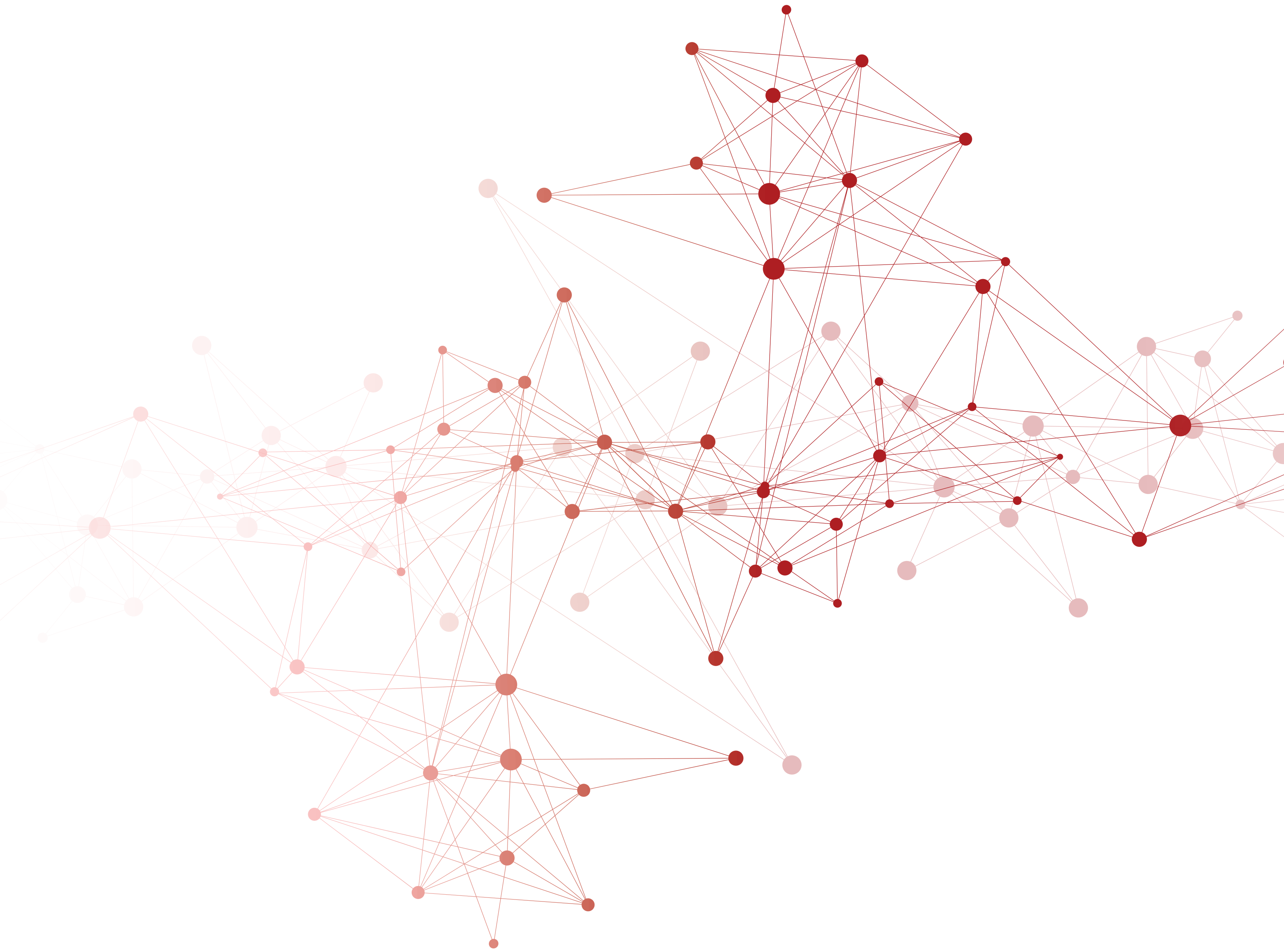
Annual and Sustainability Report

2023



The Board of Directors and CEO of the Netel Holding AB (publ), Corp. Reg. No. 559327-6263, hereby submit the Annual Report for the 2023 financial year for the Parent Company and the Group, comprising the Directors' Report (pages 4-5 and 10-85) and the financial statements alongside the notes and comments (pages 86-146). The statutory Sustainability and Corporate Governance Reports in accordance with the Annual Accounts Act are included in the Directors' Report (pages 35-71 and 72-85 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 an effective business model for profitable growth.
- Asset-light business model.

Revenue

3.5

SEK billion

Annual revenue growth 2010–2023

24.4%

Annual adjusted EBITA growth 2010–2023

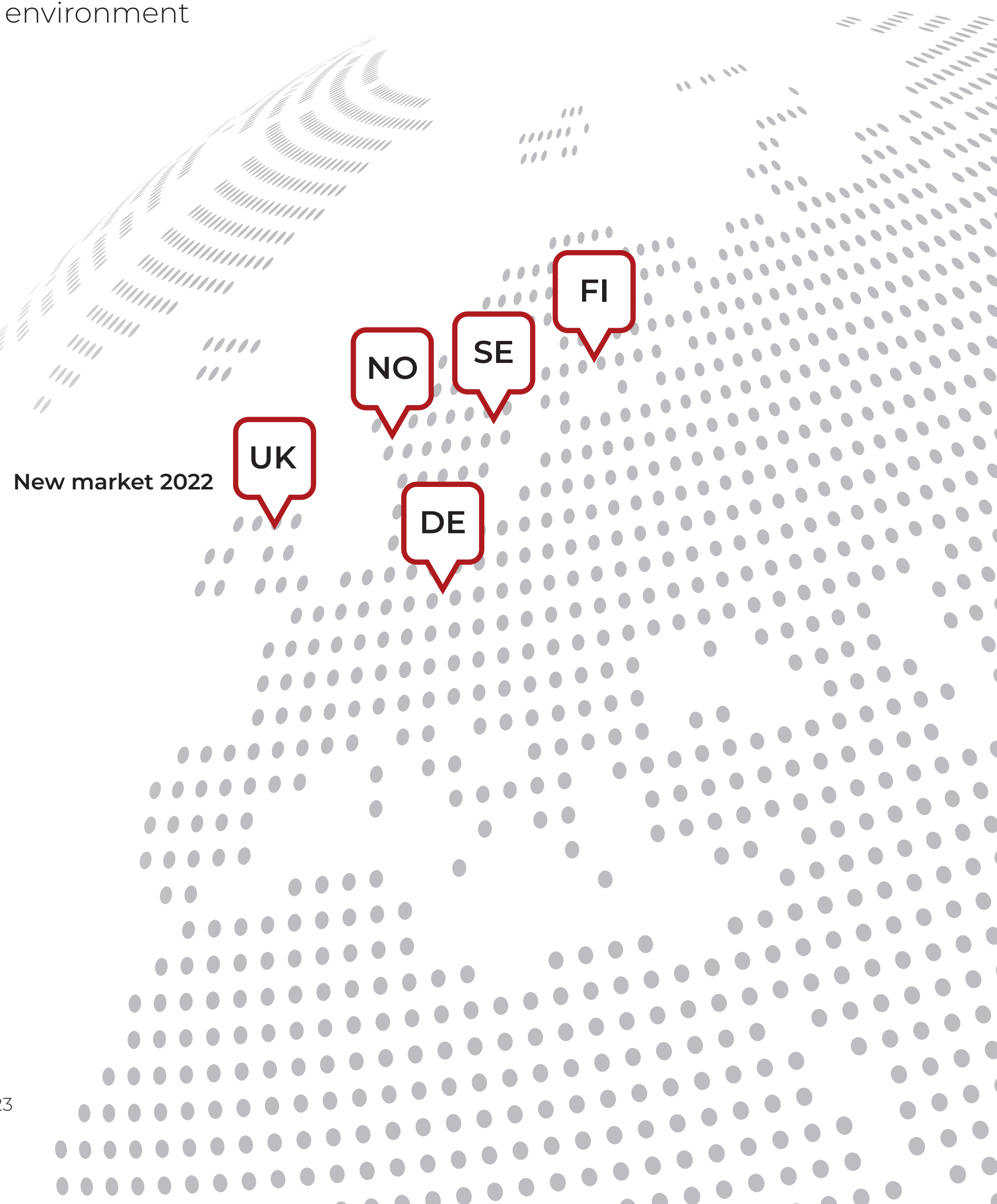
16.0%

Number of employees

856

Consolidated acquisitions 2021-2023

14



New customers and extended collaborations

Quarter 1

Acquisition of Elektrotjänst i Katrineholm primarily operating in power projects for railway, underground rail and defence.

Renewed and more comprehensive framework agreement with Viken Fiber in Norway.

Agreement with Ice for 5G expansion in Norway.

Agreement with E.ON in Sweden for four new transformer stations.

Turnkey agreement launched with new large fibre customer in Germany.

Three-year agreement with GoFibre for fibre networks in northern England and the Scottish borders.

Quarter 2

Jeanette Reuterskiöld appointed acting President and CEO.

New framework agreement with Norwegian Eidsiva for fibre expansion.

Three-year framework agreement for district heating and cooling with E.ON Energiinfrastruktur in the Örebro region.

Three-year framework agreement with KEMAB (Karlskoga Energi & Miljö AB) for contractor operations.

Eight-year framework agreement with ESEM, an operating company within energy and the environment in Strängnäs and Eskilstuna.

The agreement covers power stations in Norway.

Settlement with a large fibre customer, which means that the customer has paid a total of MSEK 70 in compensation to Netel and that the parties continue their long-term collaboration.

Quarter 3

Agreement with E.ON in Sweden for the reconstruction of two power stations.

Telenor in Norway exercises the option of a one-year extension of the existing framework agreement for operation, core network, expansion and delivery of fibre installations throughout Norway.

Agreement with Global Connect in Norway for fibre deployment.

Quarter 4

Three-year framework agreement with the Swedish Defence Materiel Administration (FMV) worth in total MSEK 480 for installation and contracting of data and telecommunications in the Swedish Armed Forces' headquarters in Stockholm and garrisons around Sweden.

Collaboration with Elvia, Norway's leading power company, expands into a new region.

Agreement signed with E.ON Energidistribution for the construction and rebuilding of four transformer stations, worth in total MSEK 245.

Jeanette Reuterskiöld is appointed President and CEO.

After the end of the year

Fredrik Helenius took over as CFO on 26 January 2024.

New organisation structure to clarify synergies and strengthen transactions.

Netel joins the Science Based Target initiative (SBTi) in January 2023 and undertakes to set emission targets according to the Paris Agreement.

We continue to strengthen our position

After a challenging 2023, we are entering 2024 with a higher order backlog and stronger financial position. In 2024 we are focused on continuing improve profitability and strengthen our position as the most prominent critical infrastructure specialist in Northern Europe. One of our main priorities is developing new ways of working to maximise synergies and to better leverage business opportunities and expertise within the Group.

The beginning of 2023 was challenging, with reduced volumes in Norway and significant profitability problems in the power business in Finland. During the year we introduced measures to improve profitability in both countries and carried out restructuring to adapt the organisations and working methods in the Finnish and Norwegian operations. We also successfully reached an agreement with our customer within the power sector in Finland and this, together with other measures, resulted in improved profitability during the latter half of the year.

In July 2023, we introduced our expectations for the full year and predicted growth of at least 10 per cent and an adjusted EBITA margin of 4.5 to 5.5 per cent. Thanks to our initiatives in Norway and Finland, together with a strong final quarter of the year with increased volumes, we achieved our indications for the full year. Our sales increased by 10.1 per cent to MSEK 3,459 (3,141), and the adjusted EBITA margin was 4.8 per cent (6.4) for 2023.

Improved financial situation

Our improved financial position is the result of deliberate initiatives to improve cash flow and optimise the use of capital. By engaging the entire organisation, we have seen a significant improvement in our operating cash flow and a decrease in our net debt. Our financial position is a central part of our strategy to build and retain a leading position in the market. By continuing to focus on cash flow, capital structure and effective use of capital, we are ready to address future challenges and take advantage of new opportunities for growth and value creation.

New and expanded customer agreements

During the year, we secured several significant contracts within the power sector. We signed several major framework agreements with leading players for assignments with service as well as projects, which strengthens our position as a reliable and competent partner. We are proud to be a leading player within the industry and look forward to continuing to build strong relationships and deliver value to our customers.

We also strengthened our presence within the telecom sector through several important agreements and partnerships. One of the most prestigious agreements was the framework agreements we signed with the Swedish Defence Materiel Administration (FMV) to develop and improve data and telecommunications infrastructure for the Swedish Armed Forces' headquarters in Stockholm and garrisons around Sweden. With a total value of MSEK 480, these agreements confirm our expertise and reliability in the area and strengthens our position as a professional supplier. Additionally, we have also secured several contracts with major telecom players for fibre roll-out in Norway and Finland. By growing and developing these relationships, we are strengthening our position and ability to continue to deliver high-quality telecom solutions and services.

During the past year we saw a drastic increase of volumes within the engineering sector in Sweden. Within infraservices, we work primarily in local geographic markets and during the year we secured important framework agreements and expanded our customer base with new customers. These accomplishments are proof of our strength, since there is significant need for infrastructure development in Sweden.

In the UK and Germany we are continuing to work with expanding our presence and creating strong relationships with new customers. Both of these markets offer significant opportunities for expansion and diversification of our customer base.

"Our business concept is based on supporting our customers and contributing to a sustainable social development by participating in the electrification, digitalisation and upgrading of heating, water and sewage systems."

New organisation

One of our success factors is our ability to balance resources and create synergies. However, there is more we can get out of our organisation by effectively sharing experiences, expertise and resources within the Group. We also see opportunities to better meet our customers in shared geographic markets in each business area. That is why we decided on a new organisational structure as of 16 February 2024. The change means that the heads of the new divisions of Infraservices, Power and Telecom have Group-wide responsibility for each business area. The Executive Team now consists of the division heads, Group Operational Support, CFO and CEO.

Investments in digitalisation

In a time of rapid technological development, digitalisation and innovation are essential for meeting customer needs and driving growth, improving our efficiency, refining our services and creating new value offerings for our customers.

Digitalisation is not only a question of technology. It is also a matter of culture and organisation. We are working actively to integrate digital processes and methods in the entire organisation to promote innovation, collaboration and flexibility. By creating a culture of continuous improvement and learning, we are strengthening our ability to quickly adapt to changing market conditions and meeting new challenges with agility and creativity. In 2024, we will intensify our investments in digitalisation to work even smarter and more efficiently. We are investing in a new business and project management system for our service operations in Norway that can be used in the entire Group. By introducing modern technological solutions, we will optimise our processes and enable faster, more focused services for our customers. We are also striving to improve our internal systems to simplify collaborations and information sharing within the organisation.

Sustainability

Our business concept is based on supporting our customers and contributing to a sustainable social development by providing electrification, digitalisation and upgrading of heating, water and sewage systems. In 2023 we focused on a comprehensive effort to prepare for the new EU reporting requirements and to establish our emissions targets according to the Science Based Targets initiative (SBTi). Right now, we are looking forward to submitting our application for science-based emissions targets to SBTi. We are ready to do our part as a business and are fully committed to contributing to sustainable development.

Outlook

We are entering 2024 with a strong order backlog and improved financial position. We are aware that we operate in a world of increased uncertainty and we are continuing to focus on what we can control while we strive for continued profitable growth. We are working to achieve our financial targets over time and to strengthen our position as the leading specialist within critical infrastructure in Northern Europe. By continuing to focus on cash flow, capital structure and effective use of capital, we are ready to address future challenges and take advantage of new opportunities for growth and value creation. We have highly committed employees and are grateful for the trust and support we receive from customers and shareholders and look forward to continuing our growth journey together.

Jeanette Reuterskiöld

President and CEO

Over 20 years' experience of critical infrastructures

2000
Netel is founded by Peab, one of the Nordic region's largest construction companies.

2001
Netel is the first company to sign an agreement for expansion of the Swedish 3G mobile communications network. Netel subsequently laid the foundation for a relationship with one of the largest operators in the Nordic region, a relationship that remains stable today.

2002
Netel starts operating in Norway and builds a nationwide 2G network for mobile communications.

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 major 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 of Germany's largest operators.

2021
Netel is listed on Nasdaq Stockholm Mid-Cap Index.

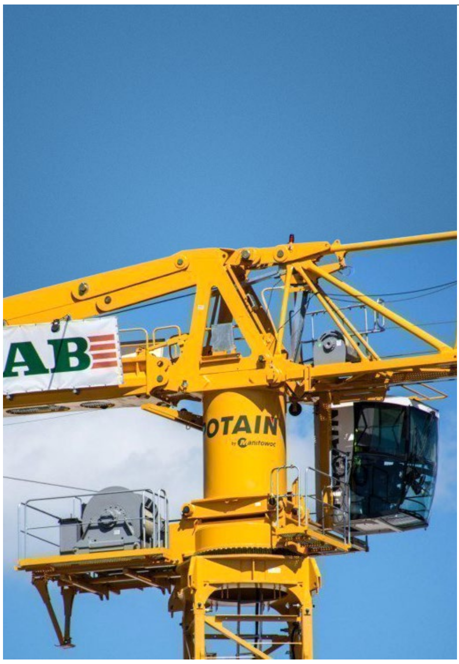
Six acquisitions in the power and telecom sectors.

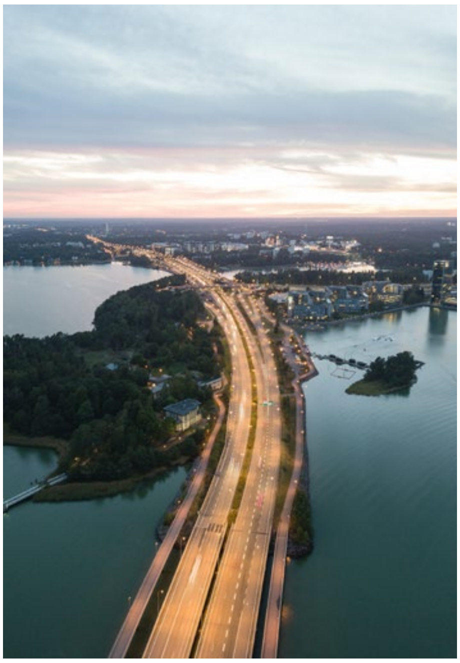
Netel announces two acquisitions within the new areas of district heating, water and sewage.

2022
Netel enters the attractive, rapidly growing UK fibre market through two acquisitions.

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

2023
Netel signs significant agreements with, among others, the Swedish Defence Materiel Administration (FMV). Elektrotjänst i Katrineholm is acquired.





Leading offering for Northern Europe

Netel's offering includes infraservices, power and telecom in Finland, Norway, the UK, Sweden and Germany.

Infraservices

Infraservices is Netel's most recent business area which the Group entered in 2021 through acquisitions. Within the scope of Infraservices, Netel project manages and builds infrastructures for district heating, water and sewage. To date, the infraservices offering extends to Sweden.

- District heating
- Water and sewage
- Groundwork contracts

Power

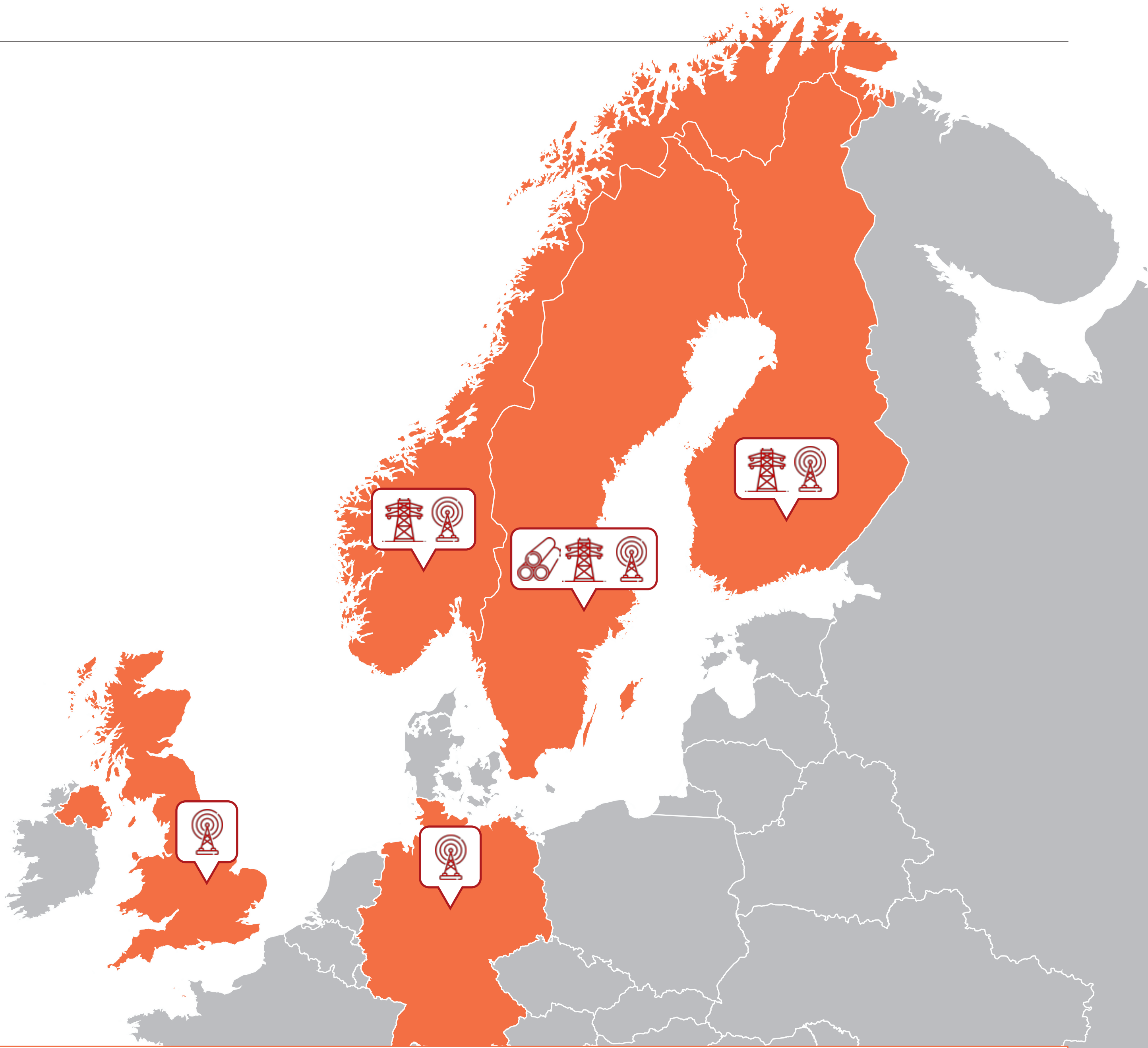
Netel has operated in the power sector since 2016. The largest business line concerns transformer stations and power-cable projects. Netel also carries out projects within street lighting, solar panels and electric car charges for various types of vehicles. In 2023, all of the shares were acquired in Elektrotjänst i Katrineholm which provides power projects for railways and Stockholm's underground rail. The Group offers power services in Finland, Norway and Sweden.

- Transformer stations
- Power-cable projects
- Street lighting, solar panels and electric car chargers
- Railways and underground rail

Telecom

Netel has operated in the telecom sector since its founding in 2000, making it the Group's oldest business area. Netel builds and maintains both fibre and mobile networks. In Finland, Norway and Sweden, the mobile business currently involves dismantling 3G installations and replacing them with 5G. High-pace roll-out of the fibre-optic network is underway in the UK and Germany. Also Finland and Norway continue to invest in fibre networks while Sweden – which has long been at the forefront of fibre-optic network expansion in Europe – now focuses on maintenance of the fixed networks.

- Roll-out, service and maintenance of fibre and mobile networks



Strong brands

Netel operates under a corporate umbrella of strong brands in Northern Europe. The brand name Netel is used in all countries. In Sweden and Norway, there are several other brands that have a strong local presences, such as the Norwegian company Nett-Tjenester within power services.

Successful business model for profitable growth

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

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

Focus on project management

With more than 20 years of experience in leading complex infrastructure projects, Netel has extensive knowledge and insight into the various needs and circumstances of various stakeholders. 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 project also involves managing the application procedures and various necessary permits, requiring knowledge and insight into – often local – processes. Project management of critical infrastructures is typically a question of managing work carried out in hazardous environments involving, for instance, high-voltage or treacherous landscape. Knowledge about work environments and regulations related to working in exposed or hazardous environments in 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.

More framework agreements

Two main types of agreement 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 base of executed projects and installations is increasing. Framework agreements are important as they offer the potential to partly secure volumes of a long period of time. Subsequently, the Group endeavours to increase the share of framework agreements to generate stable future revenue. In 2023, the share of framework agreements amounted to 52 per cent (52) of Group net sales.

Flexible cost structure

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

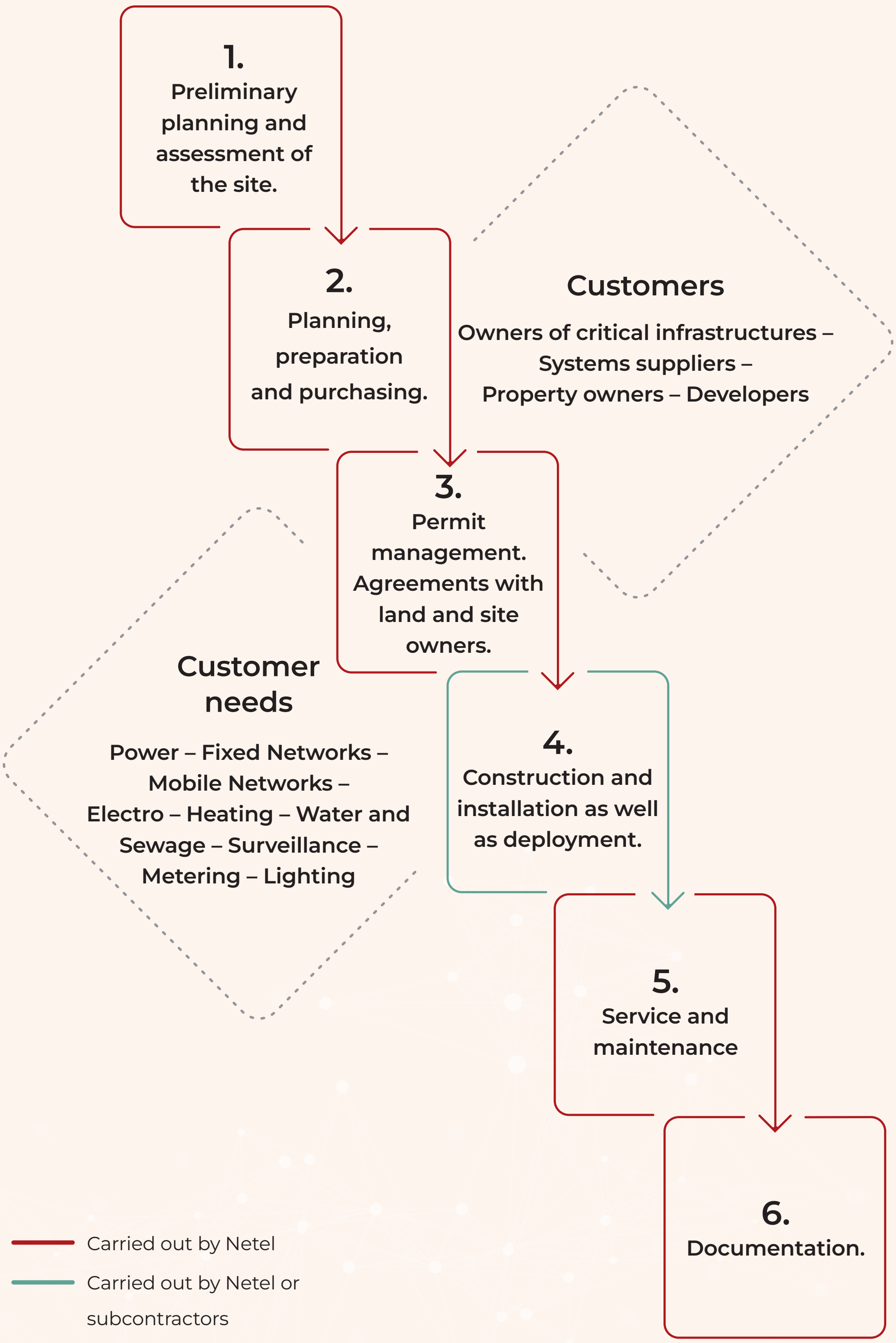
Long-standing relationships with competent subcontractors and suppliers are paramount in guaranteeing that the projects are executed with precision, quality and a high degree of accountability for the natural environment and work environment.

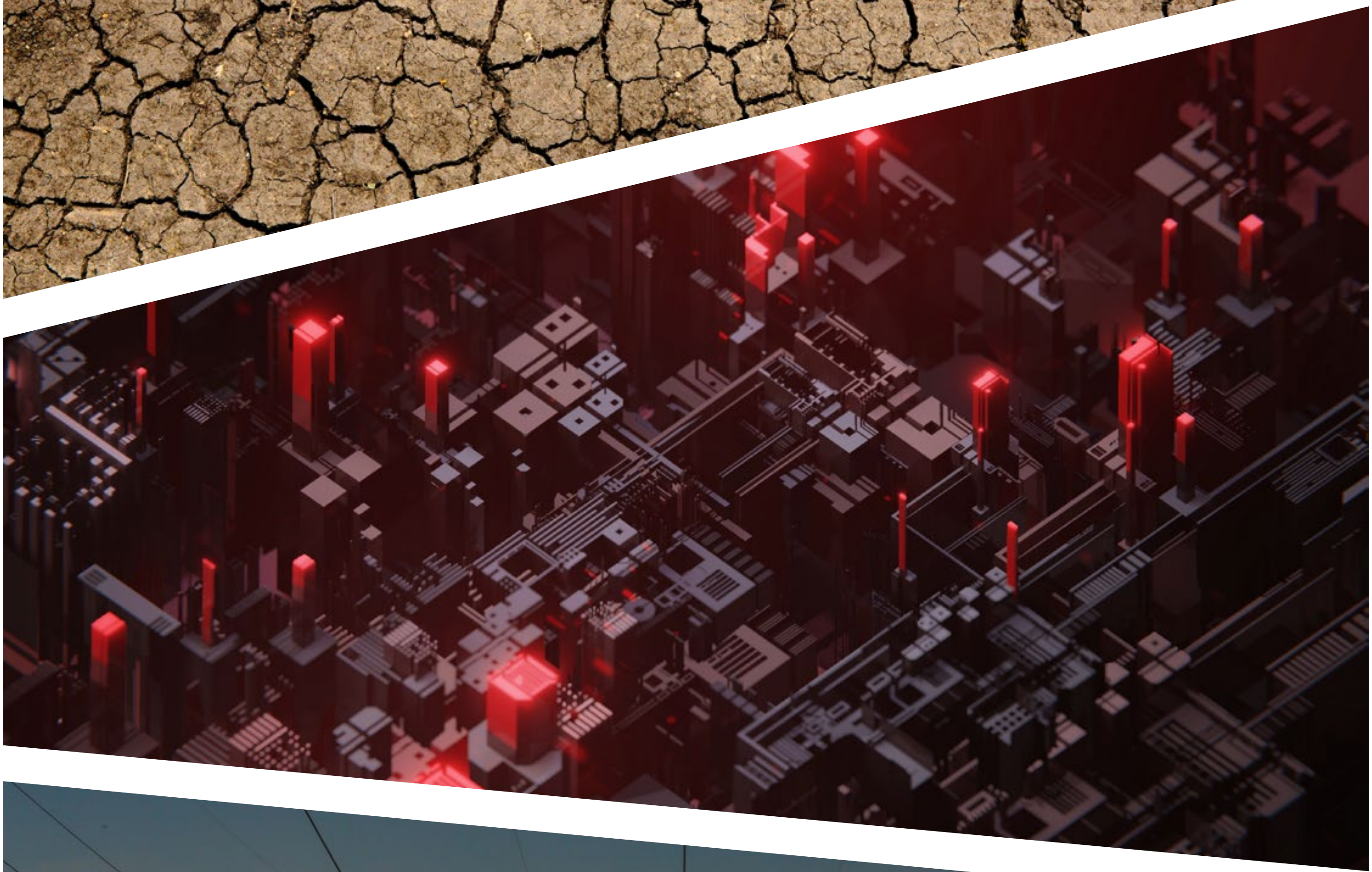
Netel's operations tie up little capital since the company has very low inventory and almost no heavy machinery. Because the company's investment need is low, its cash conversion capacity is high and stable in the long term.

Decentralised organisation

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

Netel's turnkey offering for critical infrastructure





Growth driven by powerful megatrends

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

Climate change

Climate change is today's biggest issues, which is driving new trends in society that have a major influence on the power networks. It is necessary to update the 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 requires 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, building and the Internet of Things. This demands greater capacity from telecom networks. In the Nordic region, expansion of 5G networks has started and 6G will be rolled out within a decade. In the UK and Germany, fibre coverage is low and old copper networks will be replaced with fibre. Also in Finland, the expansion of fibre networks has commenced to replace dated cable and copper networks.

Modernisation of infrastructures

There is a vast need to modernise infrastructures in Europe in the areas of power, district heating, water and sewage. Many networks are at the end of their life cycle. Some networks are more than 70 years old and in urgent need of being replaced or modernised. In the power area, the needs for renewal of the networks are very great and the networks must be replaced even if only to maintain current capacity.

Power

Multi-billion investments towards a fossil-free society

Across Europe, the electrification of society is underway, driven by both EU and national regulations. To facilitate the transition to a fossil-free society, major investments must be made in the electrical grid. In Sweden alone, engineering consultancy company Sweco estimates it will require investing SEK 945 billion in the electrical grid through to 2045. Most of the investments must be made in the next ten to twelve years in order to manage capacity increases and replace the old dated infrastructure.

Sweco's calculated total investment needs includes transmission, regional and local networks. Netel has opted to focus its resources on regional and local networks that will demand the investment of significant amounts. E.ON Sverige, one of Sweden's largest electric utility companies, is investing in excess of SEK 16 billion between 2020 and 2023 in its regional and local networks to enable the green transition and eliminate bottlenecks. Vattenfall, also one of Sweden's largest electric utility companies, invested approximately SEK 5.5 billion in 2022 to modernise its networks and will accelerate investments in the coming years.

In Norway, the organisation Renewables Norway, estimates that approximately NOK 100 billion will be invested in regional and local networks up until 2031, with NOK 40 billion invested in regional networks and NOK 40 billion in local networks. Netel also has power operations in Finland where, as in Sweden and Norway, investment needs are very high.

Telecom

Ambitious national expansion plans in the UK and Germany

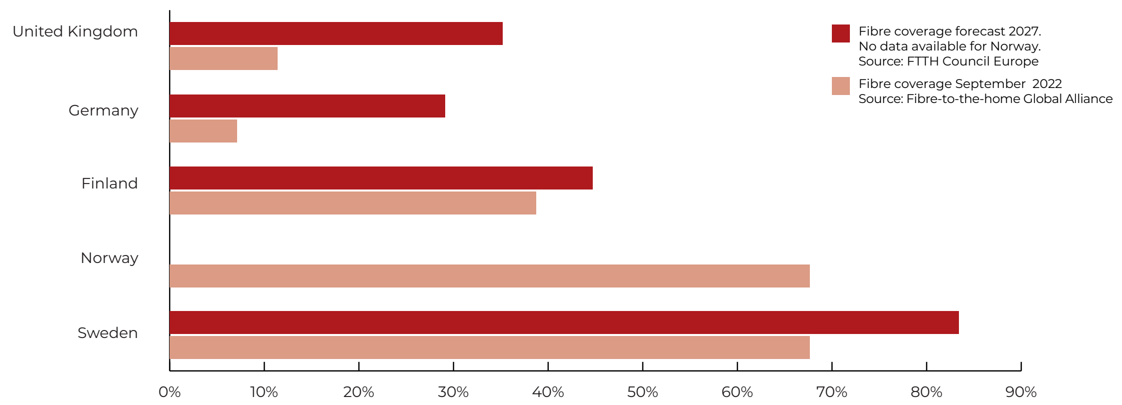
Fixed networks market

Both the UK and Germany have ambitious national programmes to improve the fibre coverage. Netel aims to establish significant positions in both the UK and Germany by utilising its long experience of fibre roll-out in the Nordic region.

The UK and Germany have both had the lowest fibre coverage in Europe, but are now rapidly increasing capacity. According to the FTTH Council Europe, fibre networks will be rolled out to an additional 19 million UK households and 17 million German households by 2027. These volumes are substantial and the reason why Netel has chosen to establish an organisation in Germany dedicated to fibre. Netel established itself in the UK market through the acquisition of two fibre companies in 2022.

Due to market saturation in Sweden and Norway, Netel has altered the focus of its fibre business from roll-out to network maintenance.

Fibre coverage 2022 and forecast 2027 in Netel's markets



The mobile network market

Around the world, previous generations of mobile networks are being dismantled and replaced by 5G. In terms of 5G roll out, Europe lags behind such countries as Japan, South Korea and the US according to industry organisation GSMA. By 2025, the UK and Germany will have the highest proportion of users in Europe at 61 per cent and 59 per cent respectively, compared to 73 per cent in South Korea and 68 per cent in Japan and the US. According to the Association of Swedish Engineering Industries, Sweden ranks at the bottom of countries in Europe in terms of the proportion of the population with 5G access. Concurrently, Western Europe has the highest consumption of mobile data per smartphone. There is therefore a need for continued investments in 5G – in Sweden in particular, but also in Finland and Norway. Since the early 2000s, Netel has been active in the roll-out and maintenance of mobile networks in Sweden and Norway. Netel established itself on the mobile network in Finland through acquisitions in 2015.

Infraservices

Municipal customers provide stable growth

In an internal study, Netel estimated the value of the water and sewage at approximately SEK 9.7 billion in 2019. Growth in Sweden is estimated at around 3 per cent per year, with major regional differences. Västra Götaland and Skåne are growing fastest, driven by modernisation projects, while Stockholm is growing more slowly due to a slowdown in construction. The municipal sector, which is less cyclical, accounts for more than 80 per cent of the total market.

Netel entered the Swedish market for district heating, water and sewage through acquisitions in 2021 and the Group made a further three acquisitions in 2022.

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 expand its current businesses and make acquisitions in selected markets.

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

Netel's success rests on its motivated employees. Currently, Netel has employees in Finland, Norway, the UK, Sweden and Germany. They are project management specialists in critical infrastructures and are 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

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

To 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 things, compliance with our Code of Conduct.

Organic growth

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

Growth through acquisitions

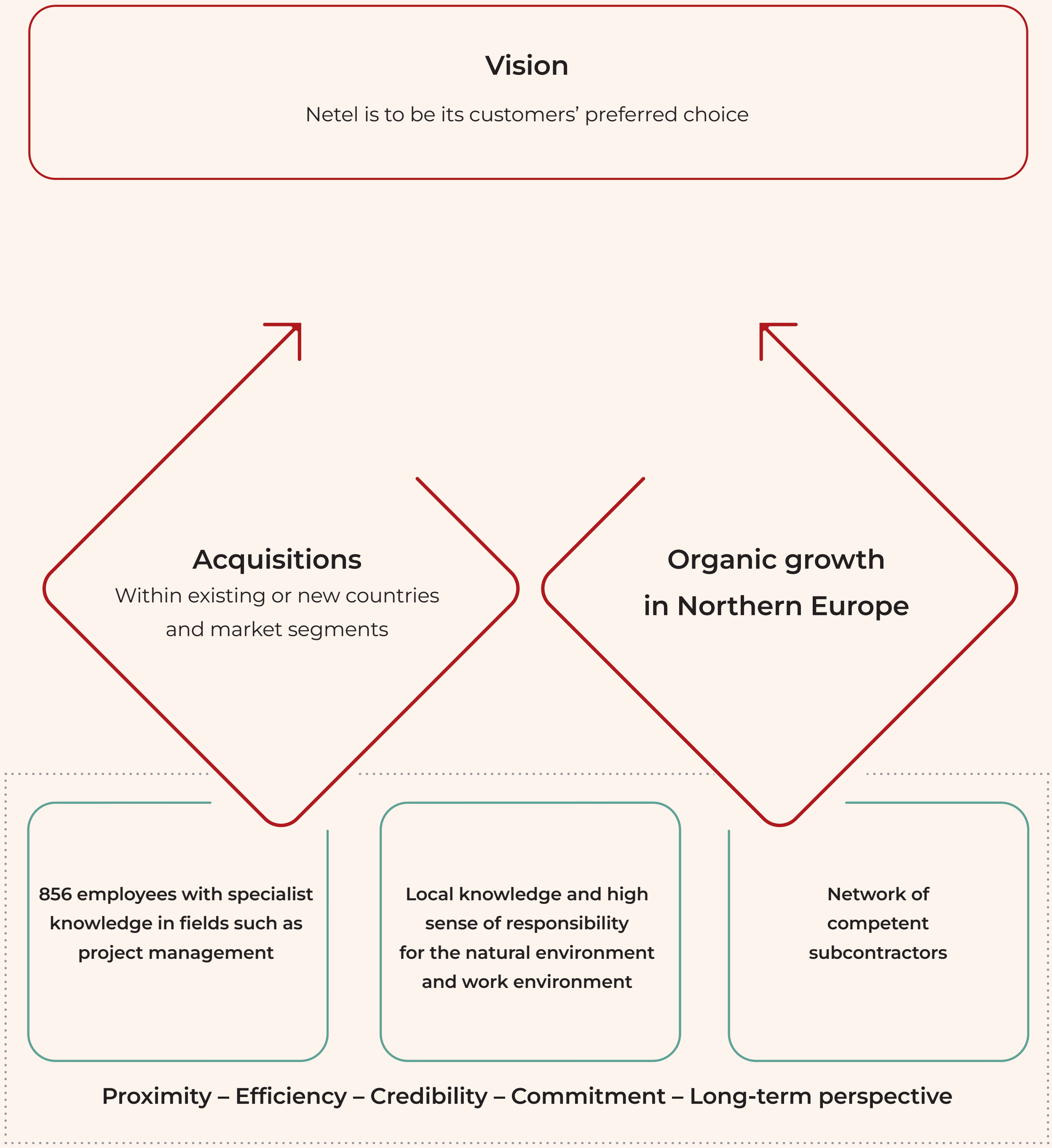
Netel drives an active acquisition agenda and has consolidated 14 new businesses between 2021 and 2023. The purpose of the acquisitions is to complement the current business or to expand by entering new customer segments or new geographical markets. In the next few years, Netel will focus on acquisitions in Norway, the UK, Sweden och Germany. Prioritised areas are power, district heating, water and sewage as well as associated civil engineering works.

The strength of a Group

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

Stable customer base

Netel has a broad customer base in Northern Europe with long-standing relationships in all customer segments. Customers include well-known companies such as large electricity network operators, network owners and telecom operators. Netel's five largest customers accounted for approximately 44 (28) per cent of the Group's revenue in 2023.


Vision
Netel is to be its customers' preferred choice
Acquisitions
Within existing or new countries and market segments
Organic growth in Northern Europe
856 employees with specialist knowledge in fields such 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 a 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 structure process. In 2020, Netel initiated an active acquisition process to complement existing operations and expand into new customer segments and markets. The strategy is a success and a total of 14 new businesses were consolidated between 2021 and 2023.

Focus areas

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

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

The identification process

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

Criteria

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

Financing

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

Highly independent

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

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

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

Acquisitions 2021-2023

2023

Company	Operations	Country	Sales 2022	Number of employees[1]	Owner-ship, %	Date of consolidation
Elektrotjänst i Katrineholm	Power project for railways, underground rail and defence	Sweden	MSEK 69	34	100	February

2022

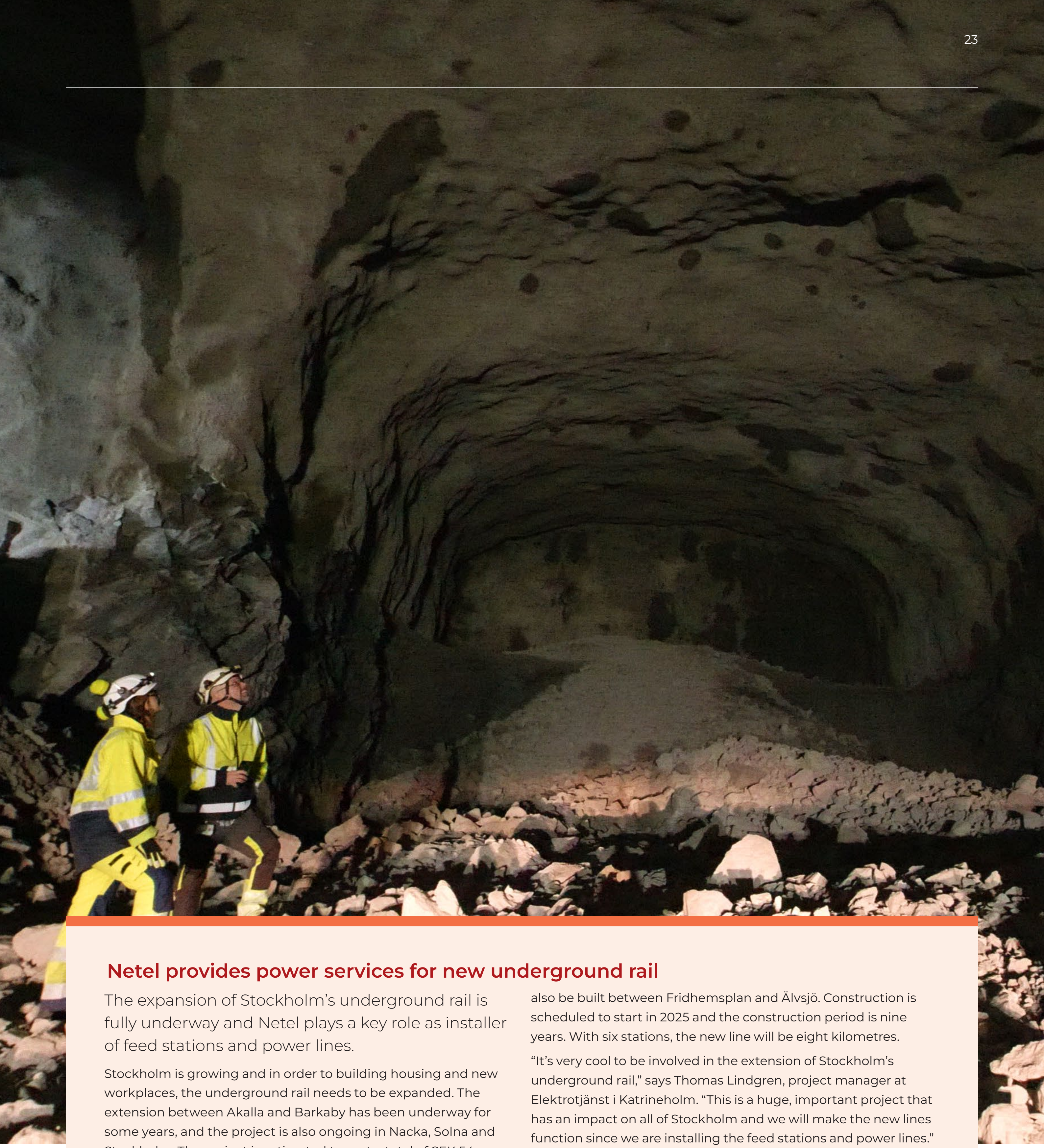
Company	Operations	Country	Sales 2021	Number of employees[1]	Owner-ship, %	Date of consolidation
JR Markteknik and Täby Maskin & Uthyrning	Water and sewage, district heating and associated civil engineering works	Sweden	MSEK 212	50	100	January
Elcenter i Söderköping	Power	Sweden	MSEK 30[2]	13	100	March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

2021

Company	Operations	Country	Sales 2020	Number of employees[1]	Owner-ship, %	Date of consolidation
C-E Morberg Anläggning & Energi AB	Power	Sweden	MSEK 40	20	100	February
Oppunda Kraftkonsult AB	Power	Sweden	MSEK 77	10	100	March
Brogrund Mark AB and Brogrund Entreprenad AB	Water and sewage, district heating and associated civil engineering works	Sweden	MSEK 188	43	100	April
Svensk Elkrafts-entreprenad AB (SEKE)	Power contractor	Sweden	MSEK 148	12	100	April
GET AS	Fixed networks	Norway	-	-	Assets acquisition	May
Fubi AS	Fixed networks	Norway	-	9	Assets acquisition	August

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

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



Netel provides power services for new underground rail

The expansion of Stockholm's underground rail is fully underway and Netel plays a key role as installer of feed stations and power lines.

Stockholm is growing and in order to building housing and new workplaces, the underground rail needs to be expanded. The extension between Akalla and Barkaby has been underway for some years, and the project is also ongoing in Nacka, Solna and Stockholm. The project is estimated to cost a total of SEK 54 billion in 2016 figures.

The extension of the Blue Line between Akalla and Barkaby has made the most progress with service scheduled to start in 2026. The line is four kilometres and includes two new stations. The Blue Line will also be extended from Kungsträdgården and gain two branches from Södermalm to Nacka and the south. The construction period is ten years and service is scheduled to start in 2030. The Green Line will be extended from Odenplan to Arenastaden in Solna, and service is scheduled to start in 2028. A new line will also be built between Fridhemsplan and Älvsjö. Construction is scheduled to start in 2025 and the construction period is nine years. With six stations, the new line will be eight kilometres.

"It's very cool to be involved in the extension of Stockholm's underground rail," says Thomas Lindgren, project manager at Elektrotjänst i Katrineholm. "This is a huge, important project that has an impact on all of Stockholm and we will make the new lines function since we are installing the feed stations and power lines."

Netel acquired Elektrotjänst i Katrineholm in February 2023. The company has extensive technical expertise in a wide range of areas, from data and telecommunications installations to low and high-voltage installations. Elektrotjänst i Katrineholm also has substantial experience of working in special environments such as airfields, roads, railways, underground rails, and underground mines.

More information about Stockholm's new underground rail can be found at nyatunnelbanan.se

Good order bookings and strengthened financial position

After a challenging first half of 2023, efforts related to margin-improving measures and higher volumes resulted in improved profitability and strengthened financial position. Order bookings were good during the year and Netel enters 2024 with an order backlog of SEK 4.0 (3.7) billion.

Net sales

Net sales increased 10.1 per cent to MSEK 3,459 (3,141) during the year, with organic growth of 3.7 per cent. Organic growth is primarily driven by strong developments in Sweden. Organic growth amounted to 6.0 per cent, adjusted for the fibre roll-out in Sweden, which is being discontinued since full coverage has essentially been reached in the country. Acquisitions contributed 6.4 per and exchange rate effects from exposure to NOK had a negative impact of 0.5 per cent.

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

Infraservices business area grew by 13.0 per cent to MSEK 776 (687) due to healthy demand from municipal and state clients.

The Power business area increased by 30.0 per cent to MSEK 1,144 (881) driven by a good market in Sweden and Norway as well as acquisitions in Sweden.

The Telecom business area decreased by -2.0 per cent to MSEK 1,540 (1,572), mainly due to planned lower fibre roll-out in Sweden.

The share of framework agreements remained basically unchanged for the Group as a whole at 52.4 per cent (52.2).

Order bookings were good during the year and order backlog increased to MSEK 4,047 (3,700).

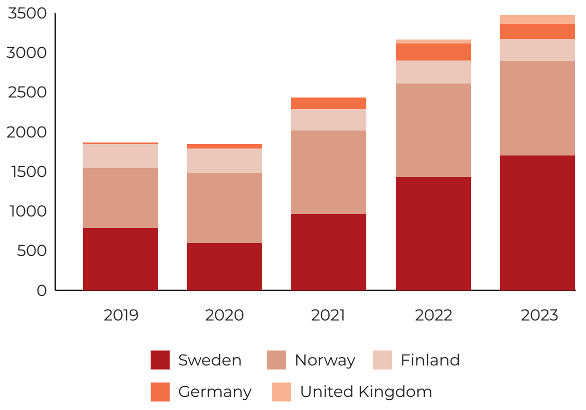
Earnings

EBITDA decreased by 15.4 per cent to MSEK 204 (241), and the EBITDA margin was 5.9 per cent (7.7). EBITA decreased by 25.7 per cent to MSEK 133 (179), with an EBITA margin of 3.8 per cent (5.7). Profitability was impacted by lower volumes in Norway and Finland, as well as by measures initiated to increase margins. Profitability was also impacted by restructuring costs in Power in Finland totalling MSEK 20.

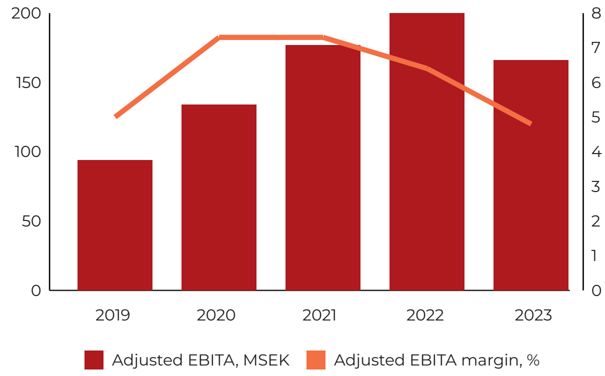
Adjusted EBITDA decreased by 9.9 per cent to MSEK 236 (262), with an adjusted EBITDA margin of 6.8 per cent (8.3). Adjusted EBITA decreased by 18.0 per cent to MSEK 164 (200), with an adjusted EBITA margin of 4.8 per cent (6.4). Adjustments were made for restructuring costs in Finland in the amount of MSEK 20 (0), for acquisition costs of MSEK 7 (17), for adjustments of contingent consideration of MSEK 1 (0) and for other items affecting comparability of MSEK 4 (3).

Depreciation/amortisation and impairment amounted to MSEK -76 (-65).

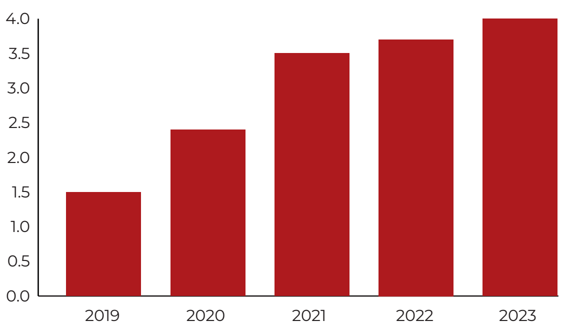
Revenue, MSEK



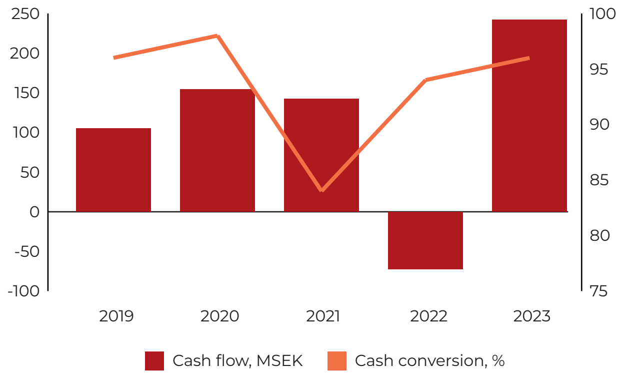
Adjusted EBITA and adjusted EBITA margin



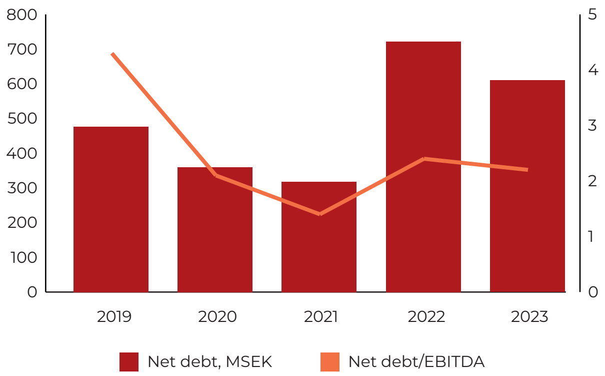
Order backlog, SEK billion



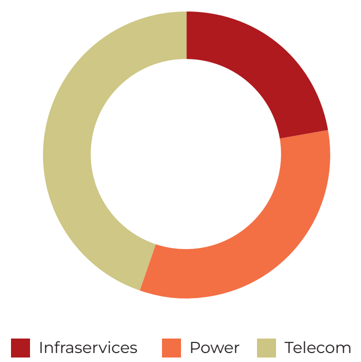
Cash flow and cash conversion



Net debt and net debt/EBITDA



Revenue by business area



Financial targets

Netel achieved its growth and net debt targets in 2023.

Target		Outcome 2023
Growth	Annual growth of 10% including acquisitions	10.1% ✓
Profitability	Adjusted EBITA margin above 7% in the medium term	4.8%
Indebtedness	Net debt excluding lease liabilities in relation to EBITDA less than multiple of 2.5[1]	2.2 ✓

[1] May temporarily exceed multiple of 2.5 in conjunction with acquisitions.

Net financial items amounted to MSEK -64 (-15). Interest expenses amounted to MSEK -66 (-27), of which MSEK -4 (-4) was attributable to lease liabilities. Interest expenses increased due to higher financing, mainly as the result of completed acquisitions and higher market interest rates.

Profit before tax decreased by 60.2 per cent to MSEK 64 (161). Earnings were positively impacted by a one-off effect of MSEK 5 from the dispute with a major fibre customer.

Profit after tax declined 64.2 per cent to MSEK 44 (123). Tax amounted to MSEK -20 (-38), corresponding to an effective tax rate of 31.0 per cent (23.5).

Cash flow

Cash flow from operating activities increased to MSEK 242 (-72), positively affected by MSEK 70 from the settlement with a major fibre customer and cash-improving activities.

Cash flow from investing activities amounted to MSEK -83 (-238), mainly attributable to acquisitions.

Cash flow from financing activities amounted to MSEK -67 (402). The comparison is primarily affected by borrowings during 2022.

Cash flow for the year amounted to MSEKEK 92 (91).

Financial position

Cash and cash equivalents at the end of the year amounted to MSEK 446 (369). Unutilised credit facilities totalled MSEK 244 (295), which together with cash and cash equivalents means a total of MSEK 690 in available funds at the end of the year.

Net debt, which is defined as current and non-current interest-bearing liabilities from credit institutions less cash and cash equivalents and current investments, amounted to MSEK 610 (722). This is equivalent to net debt in relation to adjusted EBITDA of a multiple of 2.6 (2.8). The leverage ratio calculated in accordance with the Group's financial target was a multiple of 2.2 (2.4), which is well below the capital structure target in the medium term of 2.5.

Other current and non-current interest-bearing liabilities primarily comprise bank financing and lease liabilities. These commitments amounted to MSEK 1,056 (1,090) at the end of the year.

Total assets amounted to MSEK 3,146 (3,119) and equity amounted to MSEK 1,133 (1,106).

Dividends

Netel's policy is a payout ratio of 40 per cent of net profit. The proposed dividend is to take Netel's financial position, cash flow, mergers and acquisitions, and organic growth opportunities into consideration. The Board proposed to the 2024 Annual General Meeting that no dividend be paid to shareholders for the 2023 financial year.

Anders Svensson, CEO SEKE

Strong position in rapidly growing power market

Netel holds a strong position in the rapidly growing Swedish power market. One key competitive advantage is the experience that stems from rebuilding power stations during operation.

Network operators are investing at a high rate to expand the capacity of regional and local electrical grids. Investments include both the expansion and reconstruction of existing power stations along with the construction of new power stations. For Netel, it has become our cutting-edge expertise to rebuild power stations without having to decommission them.

“Our experienced project managers and installers perform the reconstruction in stages and dismantle, rebuild and commission the stations in parts,” explains Anders Svensson, CEO of SEKE, part of the Netel Group. “This is work that requires expertise and extensive experience in power projects. For example, just like me, our project managers started their careers as fitters working in various projects around the country.”

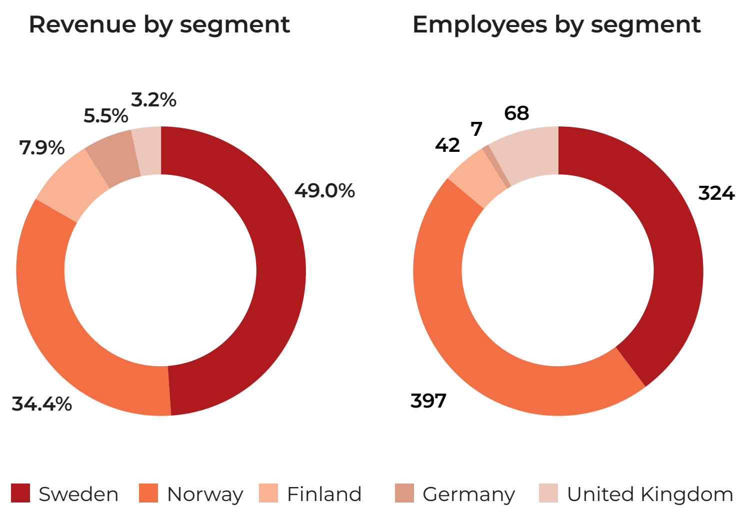
SEKE has the turnkey contracts for the projects and long-standing partnerships with subcontractors in areas such as groundworks and construction. The projects are complicated and often take two, sometimes up to three years to complete. In 2023, SEKE had more than 20 projects underway simultaneously from Skåne to Västernorrland.

“The Netel Group has a strong position throughout Sweden in the expansive power market,” says Klas Eldebrandt, business area for Power in Sweden. “Our strength is the extensive experience that our employees bring to the table and our solid, long-standing customer relationships.”


SEKE
SEKE

Positioned for continued growth

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



On 16 February 2024, Netel initiated a reorganisation to highlight synergies, better utilise business opportunities and expertise, and allocate resources between countries based on the nature of the operations. The reorganisation meant that the managers for Infraservices and Power in Sweden were assigned Group-wide responsibility for their respective business areas. The manager for Telecom in Norway was assigned Group-wide responsibility for the Telecom business. Subsequently, Netel now has a new Executive Team which is presented on pages 82–83.

To support management with analysis and decision making, the reporting structure is also changed. The previous segments Sweden, Norway, Finland, Germany and the UK are replaced by the Infraservices, Power and Telecom divisions which, as of the first quarter of 2024, are recognised as the primary operating segments. The previous segments are recognised as business areas within each respective division.

The 2023 year-end report provided the figures for sales, EBITA and EBITA margins for the new divisions Infraservices, Power and Telecom for the full-year and 2023 quarters.

Refer also to pages 10–11 in this annual report for a more detailed description of Netel's business areas. In this annual report, the segments are presented as recognised in the 2023 financial statements.

Sweden segment

Strong growth and new significant customers

Net sales increased by 19.0 per cent to MSEK 1,704 (1,433) due to solid growth in Infraservices and Power.

Adjusted EBITA increased by 13.7 per cent to MSEK 133 (117), and the adjusted EBITA margin was 7.8 per cent (8.2). EBITA was adjusted for revalued contingent considerations of MSEK -17.3, which has been reported as operating costs.

Infraservices

Net sales grew by 13.0 per cent to MSEK 776 (687) due to healthy demand from municipal and state clients. During 2023, a change took place within parts of the business that worked with the housing market to less cyclically sensitive customers within the municipal and government sectors. At the same time, competition increased in both of these customer segments.

Power

Net sales increased by 90.9 per cent to MSEK 630 (330) mainly due to healthy demand for reconstructing and constructing new power stations.

In January 2024, Eltek signed an agreement with Siemens Energy for modernising and expanding the Svenska Kraftnät's signal box in Tenhult outside Jönköping. The order value is approximately MSEK 25 and the project will be completed in 2025.

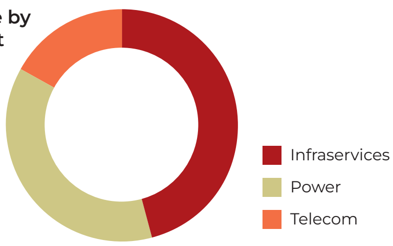
Telecom

Within Telecom, sales declined by 28.2 per cent to MSEK 282 (393), primarily due to planned lower fibre roll-out. Preparations began at the end of the year for new major framework agreements with FMV.

Key events 2023

- Acquisition of Elektrotjänst i Katrineholm primarily operating in power projects for railway, underground rail and defence.
- Three-year framework agreement with the Swedish Defence Materiel Administration (FMV) worth in total MSEK 480 for installation and contracting of data and telecommunications in the Swedish Armed Forces' headquarters in Stockholm and garrisons around Sweden.
- Agreement with E.ON in Sweden for six new transformer stations with a total value of MSEK 193.
- Three-year framework agreement for district heating and cooling with E.ON Energiinfrastruktur in the Örebro region.
- Three-year framework agreement with KEMAB (Karlskoga Energi & Miljö AB) for contractor operations.
- Eight-year framework agreement with ESEM, an operating company within energy and the environment in Strängnäs and Eskilstuna.

Revenue by segment



MSEK	2021	2022	2023
Revenue	970	1,433	1,704
Adjusted EBITDA	60	117	135
Adjusted EBITA margin, %	6.2	8.2	7.9
Share of framework agreements, %	45	40	35
Number of employees	187	324	342

Norway segment

Good growth in the Power market

Net sales increased by 1.4 per cent to MSEK 1,196 (1,179) with growth in Power.

EBITA decreased by 46.7 per cent to MSEK 32 (60), and the EBITA margin was 2.7 per cent (5.1). During the year, margin-improving measures were carried out in Norway which will contribute to better profitability.

Power

Net sales increased 9.1 per cent to MSEK 371 (341) due to higher volumes for both distribution and regional networks.

In January 2024, Nett-Tjenester expanded its partnership with Elvia through a new framework agreement totalling approximately MNOK 120. Elvia is Norway's leading energy company and the agreement covers a larger geographic area than before. Nett-Tjenester will provide maintenance and service for the electrical grid for two years, with the option to extend for up to another two years.

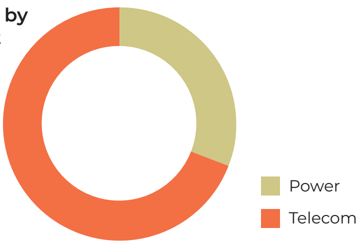
Telecom

Within Telecom, net sales declined by 1.8 per cent to MSEK 824 (839). Production volumes rose during the last quarter of the year, particularly within fibre roll-out.

Key events 2023

- Renewed and more comprehensive framework agreement with Viken Fiber.
- Agreement with Ice for 5G expansion.
- New framework agreement with Eidsiva for the expansion of the fibre network north of Oslo.
- Agreements involving a power station in Norway.
- Collaboration with Elvia, Norway's leading power company, expands into a new region.
- Telenor in Norway exercises the option of a one-year extension of the existing framework agreement for operation, core network, expansion and delivery of fibre installations throughout Norway.
- Agreement with Global Connect for fibre roll-out.

Revenue by segment



MSEK	2021	2022	2023
Revenue	1,048	1,179	1,196
EBITA	98	60	32
EBITA margin, %	9.4	5.1	2.7
Share of framework agreements, %	64	67	71
Number of employees	415	415	342

Finland segment

The new fibre projects have begun

Net sales decreased by 6.1 per cent to MSEK 273 (291) due to planned lower volumes in Power.

EBITA decreased by 200 per cent to MSEK -36 (-12), and the EBITA margin was -13.3 per cent (-4.2), negatively impacted by restructuring costs of MSEK 20 in total.

Power

Net sales decreased by 32.4 per cent to MSEK 142 (210). The performance in Power is the result of negotiations with a major customer that were concluded at the start of July 2023. In order to adjust costs in the power business in Finland, Netel incurred restructuring costs during the first half of 2023 totalling 20 MSEK. With these restructurings in 2023, the power business in Finland has the prerequisites to become profitable in 2024.

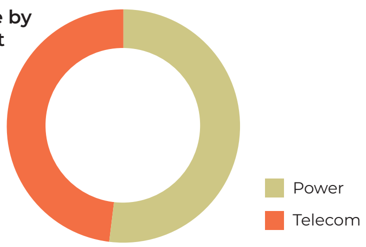
Telecom

Net sales increased by 61.7 per cent to MSEK 131 (81) since the new major fibre projects that were signed in 2022 started during the latter part of 2023.

Key events 2023

- The new large-scale fibre projects signed in 2022 begin.

Revenue by segment



MSEK	2021	2022	2023
Revenue	270	291	273
EBITA	5	-12	-36
EBITA margin, %	1.8	-4.1	-13.3
Share of framework agreements, %	70	58	74
Number of employees	49	56	42

Germany segment

Strong underlying market growth

Net sales decreased by 9.9 per cent to MSEK 192 (213).

EBITA decreased by 58.3 per cent to MSEK 10 (24), and the EBITA margin was 5.4 per cent (11.5).

The underlying fibre market is strong in Germany, with a high level of activity among customers, and Netel is continuing to expand the customer base. Sales and profitability were both impacted by the fact that Netel's operations are currently in a build-up stage with project volumes that fluctuate between quarters.

Key events 2023

- Turnkey agreement launched with new large fibre customer.
- Start of pilot project with customer for the installation of fibre in homes.
- Smaller contract signed with one of Germany's largest energy companies.

Revenue by segment

MSEK	2021	2022	2023
Revenue	145	213	192
EBITA	18	24	10
EBITA margin, %	12.4	11.5	5.4
Share of framework agreements, %	17	26	30
Number of employees	12	15	7

UK segment

Rapidly growing market with vast potential

Net sales amounted to MSEK 110 in 2023.

Adjusted EBITA was MSEK 3 and the adjusted EBITA margin was 2.5 per cent. EBITA was adjusted for revalued contingent considerations of MSEK 18.4, which has been reported as operating income.

The underlying market is strong and Netel is continuing to expand the customer base. The situation in the UK is the same as in Germany, where build-up of the organisation and fluctuating project volumes between quarters affect sales as well as profitability.

Key events 2023

- Three-year agreement with GoFibre for fibre networks in northern England and the Scottish borders.
- The two companies Border Civils & Utilities and Doocey North East that were acquired in 2022 were consolidated into one company under the name Netel.

Revenue by segment

MSEK	2022	2023
Revenue	47	110
Adjusted EBITA	6	3
Adjusted EBITA margin, %	13.5	2.5
Share of framework agreements, %	95	95
Number of employees	52	68

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

Sustainability Report

Principles for our sustainability efforts

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

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

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

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

Our core values

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

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

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.

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

Fast-paced sustainability work

In 2023, Netel intensified its sustainability work with initiatives in several areas.

In January 2023, Netel set more ambitious sustainability targets by signing the commitment to the SBTi (Science Based Target initiative). Through the commitment, Netel undertakes to set targets to reduce its greenhouse gas emissions in line with the Paris Agreement. After Netel signed the commitment, the Group has two years to set a scientifically based emission target. In 2023, Netel focused on more in-depth screening of Scope 3 emissions and how to formulate a science-based target.

Netel has also started to prepare for the new EU Corporate Sustainability Reporting Directive (CSRD). As a part of this work, the Group engaged external system support for collecting, quality-assuring and analysing sustainability data. In autumn 2023, the system was implemented in the organisation and was used to collect sustainability data for 2023.

Netel also carried out a double materiality assessment according to the new European reporting requirements, which will be presented in the 2024 sustainability report.

“Sustainability is important for us since it helps maintain our strong competitive edge in the market and further strengthens our employer brand. We also want to help the world meet the terms of the Paris Agreement,” says Jeanette Reuterskiöld, President and CEO of Netel.

Netel’s value chain

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

The direct values are created through the Group’s 856 employees in five countries. Furthermore, Netel employs about 2,500 individuals at subcontractors who carry out the construction and assembly work in the projects. After more than 20 years in the industry, Netel’s sales have grown to approximately SEK 3.5 billion and the Group has solid experience of infrastructure projects for power, telecom, district heating, water and sewage.

Netel’s operations and project run by the Group have a considerable positive impact on society. The projects in power are driven by the electrification of society and increased digitalisation. The expansion of telecom advances inclusion and cultivates opportunities for sustainable social development. Well-functioning, effective infrastructures for district heating, water and sewage cultivate opportunities for healthy living environments and growing communities. Additionally, Netel often uses local resources in projects, thereby generating positive economic and environmental gains for society.

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

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

Netel’s operations rest on the Group’s core values which permeate all activities and decisions. Read more about the core values on page 60.

Assets

856 employees

Operations in five countries

Employs 2,500 individuals

More than 20 years of experience

Long-standing customer relationships

Service fleet with approximately 160 vehicles

Operations

Leading player in planning, development and maintenance of critical infrastructures

Telecom

Fixed networks

Electric power

Service and maintenance

Revenue 2023
3,459
MSEK

Adjusted EBITA 2023
166
MSEK

Netel's core values

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

Value creation 2023

Employees
Salaries, remuneration and pension

MSEK **586**

Subcontractors and suppliers
Purchase of services, material and products

MSEK **2,247**

Society
Social security contributions and tax paid

MSEK **135**

Operations
Reinvested profit

MSEK **44**

Added value created

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

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

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

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

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

Netel's contribution to the UN Sustainable Development Goals

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

Goal 7. Affordable and clean energy

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

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

Netel's target
Increase the share of renewable energy

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

Goal 8. Decent work and economic growth

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

Netel's target
No workplace accidents

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

Goal 9. Industry, innovation and infrastructure

UN SDG targets
9.1 Develop sustainable, resilient and inclusive infrastructures

9.4 Upgrade all industries and infrastructures to make them more sustainable

9.c Access to information and communication technology for all

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

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

Goal 11. Sustainable cities and communities

UN SDG targets
11.3 Inclusive and sustainable urbanisation

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

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

Goal 13. Climate action

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

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

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

Goal 16. Peace, justice and strong institutions

UN SDG targets
16.5 Combat corruption and bribery

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

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

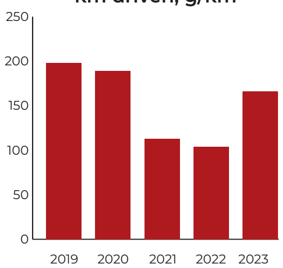
Reduce climate impact

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

Indicators and targets

Netel's Climate impact sustainability indicator includes CO_2e emissions in grams per driven kilometre. CO_2e emissions per driven kilometre increased significantly from 2022 since the reported data was expanded. Before 2023, only company cars in Norway and Sweden were included. Service fleets in every country were included as of 2023.

CO_2e emissions per km driven, g/km



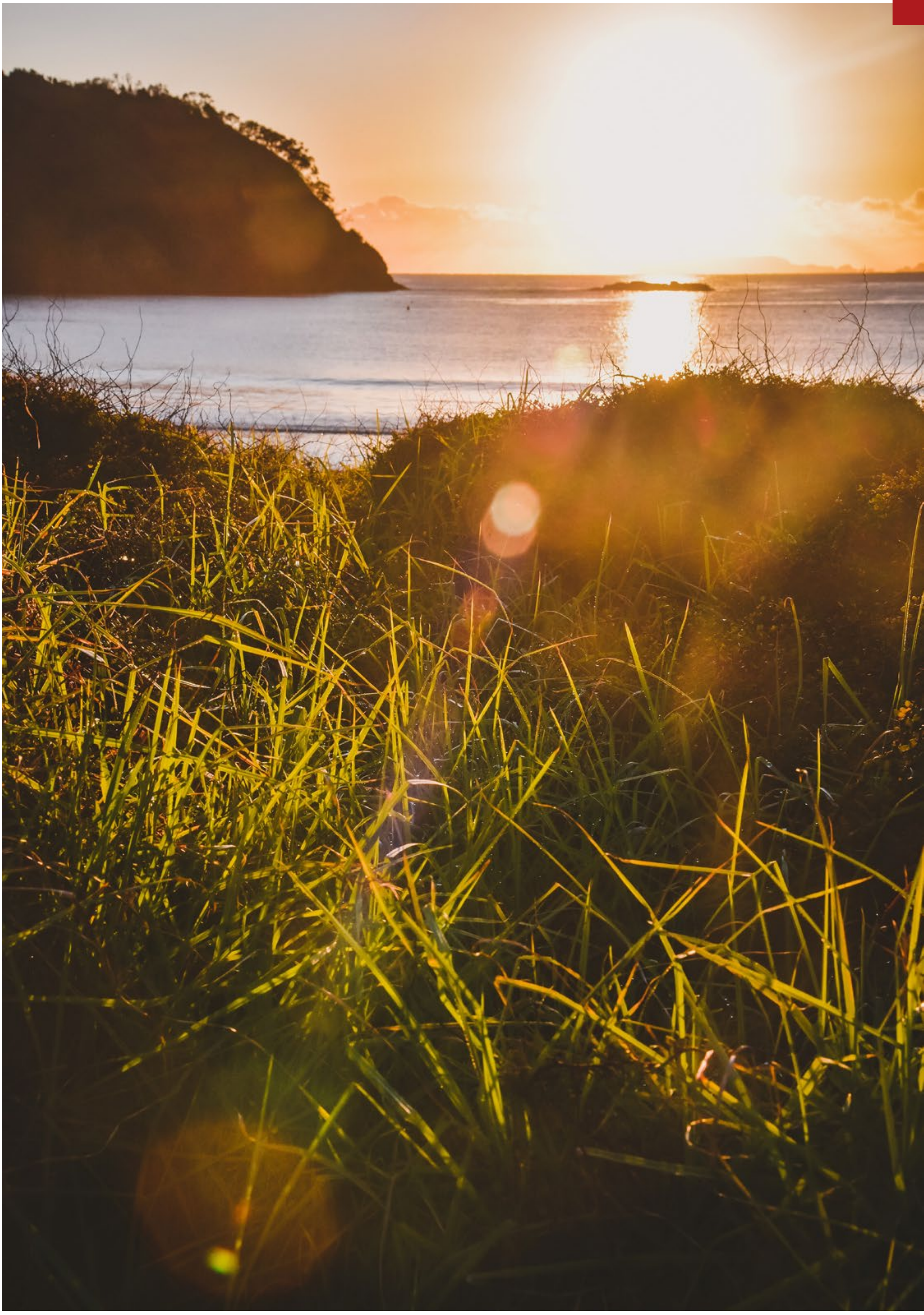
Netel is to run its operations using energy and resources as efficiently as possible. We strive to lower emissions by prioritising renewable resources and making transports more efficient. Netel's goal is to increase the share of renewable energy in its own energy mix.

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

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

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

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



Netel's climate impact

Netel began calculating climate impact in 2022 and, in January 2023, the process began to establish a science-based emissions target in line with the Paris Agreement.

In 2023, Netel continued to develop and improve its climate reporting. This has led to significant increases in reported energy consumption and GHG emissions. The changes in the reporting are described in page 45.

Method

The GHG protocol has been implemented throughout the business in accordance with its standardized guidelines and methods. The standards followed are:

• Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard (2004)

• Corporate Value Chain (Scope 3) Standard (2011)

• Scope 2 Guidance (2015)

The reporting takes place via a digital platform in accordance with the guidelines of the GHG protocol. All greenhouse gases included in the Kyoto Protocol (CO_2, CH_4, N_2O, HFCs, PFCs, NF_3 and SF_6) are covered and Netel uses the designation CO_2e for these (CO_2 equivalents). The calculations take into account emissions across the entire value chain as far as possible. For emission factors that change annually, such as electricity and district heating, the latest available emission factor is used.

In the calculations per employee, the average number of full-time employees during the year was used, which amounted to 864 (776).

The Scope calculations

According to the GHG protocol, the emissions are divided into Scope 1, 2 and 3. Scope 1 emissions are direct emissions and Scope 2 and 3 emissions are indirect emissions. Generally speaking, the scopes cover the following:

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

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

Scope 3 relates to indirect emissions that the company does not control but still causes and is often divided into upstream and downstream emissions, depending on where in the value chain the emissions occur. Netel's calculations within Scope 3 cover categories 1–7:

1. Purchased goods and services
2. Capital goods
3. Fuel and energy related activities
4. Upstream transport
5. Waste management
6. Business trips including hotel stays
7. Employee commuting

Calculations of emissions within Scope 3 have been made based on spend cost data in combination with relevant emission factors. In 2023, Netel has made the assessment that the downstream value chain is not within its financial or operational control and thus excludes categories 8–15 in the GHG protocol.

Significant changes in the reporting 2023

As a part of the preparations to establish emissions targets that can be approved by Science Based Target initiative (SBTi), in 2023 Netel developed and improved methods for calculating energy consumption and GHG emissions. The improved methods mean that the reported energy consumption and emissions increased substantially from 2022.

The following changes contributed to the increases:

Reported energy consumption increased because in 2023 Netel collected more complete and precise data.

Scope 1 GHG emissions (CO_2e) increased because starting in 2023, data includes machinery used in operations and the Group's entire service fleet. In 2022, only company cars in Norway and Sweden were included.

Scope 3 GHG emissions primarily consist of purchased goods and services. In 2022, Netel calculated emissions in these categories using standard values. In 2023, data collection was refined and became more comprehensive, which led to the increase in Scope 3. As of 2023, Scope 3 reporting was expanded with the category indirect emissions from investments in company cars. Netel also expanded the reporting of business travel to include all business travel, including hotel stays. In 2022, only flights were included.

Reported energy consumption and greenhouse gas emissions were also impacted by acquisitions carried out in 2023.

Netel's energy usage

kWh	2022	2023
Electricity	289,749	582,019
Heating	121,786	250,516
Total	**411,535**	**832,535**
Energy consumption in relation to net sales, kWh/SEK	0.000131	0.000241
Energy usage per employee	530.33	972.59

GHG emissions from travel, company cars, machinery and facilities

Ton CO_2e	2022	2023
Business travel	26.6	117.8
Company cars[1]	615.8	2,522.0
Machinery	Measuring not started	1,641.0
Total traveling	**642.4**	**4,280.8**
Electricity	149.0	134.0
Heating	62.6	12.0
Total facilities	**211.7**	**146.0**
Total CO_2e emissions	**854.1**	**4,426.8**
CO_2e emissions per SEK in sales, kg	0.0003	0.0013
CO_2e emissions per employee, kg	1,100.6	5,171.5

[1] In 2022, only company cars in Norway and Sweden were measured. Service fleets in every country were included as of 2023.

Sales refers to net sales.

Scope 1–3 emissions

Ton CO_2e	2022	2023
Scope 1	643	4,164
Scope 2	212	146
Scope 1–2	855	4,310
Scope 3	38,111	69,912
Total Scope 1–3	**38,966**	**74,222**

Scope 1-3 emissions in relation to sales and employees

	2022		2023	
CO_2e emissions, kg	Per SEK of sales	Per employee	Per SEK of sales	Per employee
Scope 1	0.000205	828.6	0.001204	4,864.5
Scope 2	0.000067	273.2	0.000042	170.6
Scope 1–2	**0.000272**	**1,101.8**	**0.001246**	**5,035.0**
Scope 3	0.012121	49,063.1	0.020210	81,673
Scope 1–3	**0.012393**	**50,164.9**	**0.21456**	**86,708**

Sales refers to net sales.

Focus on the environment

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

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

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

Providing services that take the greatest environmental consideration also demands a

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

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

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

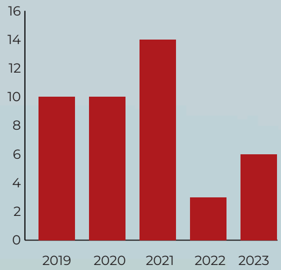
Safe workplaces

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

Indicators and targets

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

Number of accidents



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

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

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

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

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

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

Motivated employees

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

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

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

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

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

In 2023, employee loyalty eNPS dropped due to adjustments in individual companies and projects. Measures have been implemented locally and this is followed up both locally and by the Executive Team.

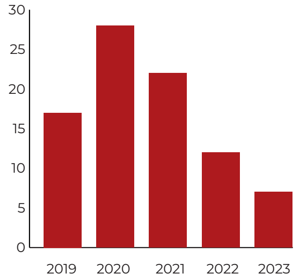
Good leadership is of highest importance to Netel, which means that managers are responsible for both daily operations and every employee's well-being and development. Leadership assumes proactively working in a solution-oriented way together with the employees in the organisation and external parties.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

The majority of employees are permanent employees. Gender distribution is uneven with women making up only eight per cent of the employees. Acquisitions and an uneven gender distribution among new hires has caused the share of women to remain at a low level of around 8 per cent drop for the past two years.

Indicators and targets

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

Employee loyalty eNPS



Age distribution among Netel's employees is even, with 36 per cent of the employees under the age of 35, 34 per cent between the ages of 36 and 50 and 30 per cent older than 50. Of those newly employed in 2023, an equal share were in the 18-35 and 36-50 age groups.

Employee turnover increased in 2023 due to adjustments in operations.

Sick leave from 2019 to 2022 was just over 3 per cent and increased to 3.8 per cent in 2023.

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

Number of employees	2019	2020	2021	2022	2023
Number of employees	437	414	658	809	856
Number of women/men	57/380	50/364	46/612	68/741	71/794
Share women/men, %	13/87	12/88	7/93	8/92	8/92

The data refers to 31 December 2023. The number of employees has been calculated as full-time equivalents (FTEs).

Age and gender distribution		2019	2020	2021	2022	2023
age 18–35	Number of women/men	26/166	21/153	20/250	29/296	22/291
	Share women/men, %	6/38	5/37	3/38	3.5/37	2/34
age 36–50	Number of women/men	17/135	17/128	20/197	30/242	34/263
	Share women/men, %	4/31	4/31	3/30	3.5/30	4/30
Over 50	Number of women/men	13/79	12/83	7/164	9/203	15/240
	Share women/men, %	3/18	3/20	1/25	1/25	2/28

The data refers to 31 December 2023.

Employee turnover and sick leave	2019	2020	2021	2022	2023
Employee turnover, %	5.2	3.1	1.2	7.9	16.2
Sick leave, %	3.1	3.4	3.1	3.1	3.8

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

New employees per region and age in 2023

	Sweden	Norway	Finland	Germany	UK	Group total
age 18–35	24	26	0	3	1	54
age 36–50	53	9	2	1	0	62
Over 50	4	5	2	0	2	13

Number on parental leave in 2023

	Sweden	Norway	Finland	Germany	UK	Group total
Number on parental leave	9	21	1	0	2	33

Number of permanent and temporarily employed employees and non-employees

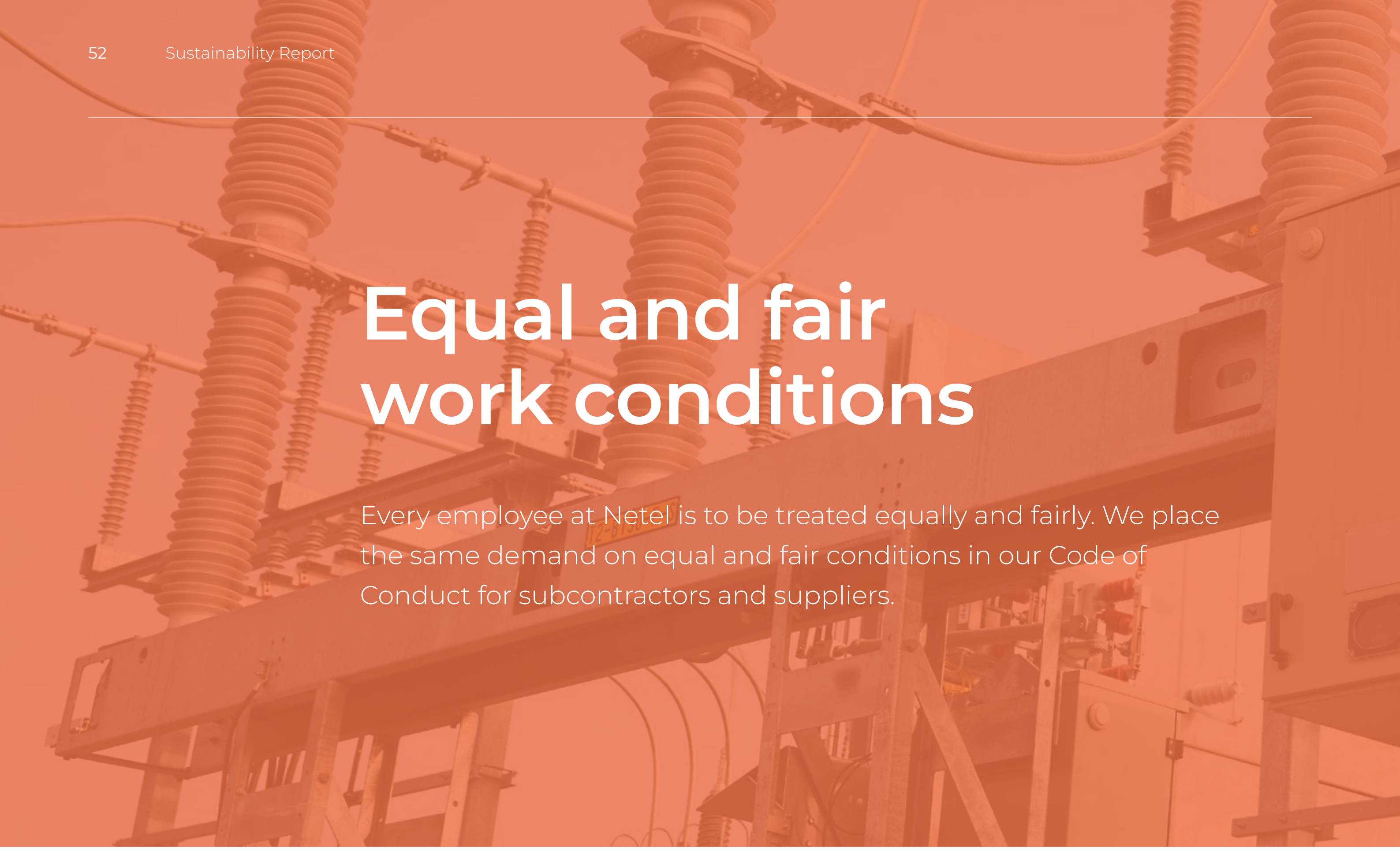
	Sweden	Norway	Finland	Germany	UK	Group total
Number of permanent employees	342	397	42	7	68	856
Number of temporary employees	12	2	3	0	0	17
Number of non-employ-ees	12	6	3	20	0	41

The data refers to 31 December 2023. Non-employees refers to consultants who are hired by a Netel company to carry out specific projects.

Number and share of employees covered by collective agreements

	Sweden	Norway	Finland	Germany	UK	Group total
Number covered by collective agreements	281	145	39	7	0	472
Share covered by collective agreements, %	76	36	99	100	0	55

The data refers to 31 December 2023.



Equal and fair work conditions

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

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

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

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

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

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

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

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

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

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

> At Netel, everyone should have equal opportunities.

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 62-64.

High business ethics

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

Indicators and targets

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

2023
0

2022
0

2021
0

2020
0

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

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

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

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

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

Our work on monitoring and ensuring compliance with our policies is described in more detail on pages 62-64.

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.

Netel regularly measures customer satisfaction, which remains at a high, stable level. The share of return customers is also high at 98 per cent in 2023. To maintain good, long-standing customer relationships, Netel works to maintain close and frequent customer dialogues and to be a reliable and efficient supplier.

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

Share of repeat customers

2023	2022	2021	2020
98%	98%	94%	97%

High data security and customer integrity

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

Stakeholder dialogues

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

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

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

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

Materiality analysis

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

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

The materiality analysis is based on the stakeholder survey from the spring of 2021, other stakeholder dialogues and the Group's business intelligence and strategic priorities. In 2023, the priority sustainability issues were reviewed that weighed in feedback from stakeholder dialogues, trends in business intelligence and the Group's own business plans. The overview did not result in any revaluations of priority sustainability issues.

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

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

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

Netel's priority areas for sustainability

Reduce climate impact
Focus on the environment

Safe workplaces
Motivated employees

Greater

Significance for stakeholders

Less

Manage and follow-up

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

Prioritise and focus

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

Monitor

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

Manage and follow-up

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

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

Netel's value words

Proximity

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

Efficiency

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

Credibility

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

Commitment

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

Long-term perspective

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

Jaidev Singh Bajaj,
business controller Netel

Governance and organisation

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

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

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

Monthly reporting

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

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

All violations against the Code of Conduct are reported to the Executive Team and severe deviations are reported to the Board of Directors. Measures taken following Code violations are decided by the Executive Team and, in the case of serious violations, the Board of Directors decides on potential sanctions. Deviations may lead to disciplinary measures and termination of employment. In 2023, Netel handled one instance of a Code of Conduct violation. The case pertained to inappropriate behaviour at an employee event. The case was investigated and resolved with the parties.

Anyone who suspects a deviation from the Code of Conduct must promptly report it to their immediate supervisor or use the Group's whistleblower service. Reports made through the whistleblower service are handled anonymously by an independent external party. See page 64 for more information about the whistleblower service.

Code of Conduct for subcontractors and suppliers

Recurring partners with annual sales 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 the Executive Team. In 2023, 178 (66) field audits were carried out by subcontractors to ensure follow-up to the Code of Conduct and compliance with laws and regulations.

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 Executive Team and Board of Directors.

Governance

UN Global Compact.

Group-wide policies resolved by the Board of Directors:

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

Control and follow-up

Customer audits and customer meetings.

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

Monthly and quarterly reports to the Board of Directors and the Executive Team.

Certification processes.

Project meetings.

Employee surveys and employee appraisals.

Customer satisfaction surveys.

Anonymous independent whistleblower service

Whistleblower service

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

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

No cases were reported to the whistleblower service in 2023.

Number of incidents reported to the whistleblower service

2023	2022	2021	2020
0	0	0	0

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.

Netel UK

ISO 9001:2015 certified.

Nett-Tjenester AS

Certified in accordance with the environmental management system Miljøfyrtårn.

Sustainability risks and risk management

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

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

Sustainability report in accordance with the Swedish Annual Accounts Act

In accordance with the Swedish Annual Accounts Act, a sustainability report is to include the business model, policies, results of policies, material risks, management of risks and performance indicators.
The table indicates where in this document the various areas can be found. In addition, Netel is covered by the EU Taxonomy directive, which is reported on pages 68-71.

Area	Disclosure requirement	Environment
Business model	The Sustainability Report is to describe the company's business model.	
Policies	The Sustainability Report is to describe the policy that the company applies in the issues, including the review processes that have been conducted.	Environmental Policy
Results of policies	The Sustainability Report is to describe the results of the policies.	Reduce environmental impact, pages 36 and 42-45. Focus on the environment, pages 36 and 46.
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 36 and 42-45. Focus on the environment, page 46. Sustainability risks and management, page 65. Governance and organisation, pages 62-64.
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 42.

Employees and social conditions	Human rights	Anti-corruption
Netel's value chain and business model are described on pages 12 and 38–39.		
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 36 and 48. Motivated employees, pages 36 and 49-51. Equal and fair work conditions, pages 36 and 52-53.	Equal and fair work conditions, pages 36 and 52-53.	High business ethics, pages 36 and 54.
Netel's sustainability risks and management of the risks are described on page 31.		
Safe workplaces, pages 36 and 48. Motivated employees, pages 36 and 49-51. Equal and fair work conditions, pages 36 and 52-53. Sustainability risks and management, page 65. Governance and organisation, pages 62-64.	Equal and fair work conditions, pages 36 and 52-53. Sustainability risks and management, page 65. Governance and organisation, pages 62-64.	High business ethics, pages 36 and 54. Sustainability risks and management, page 65. Governance and organisation, pages 62-64.
Work environment: Number of accidents, page 48. Employee loyalty, page 49.	Reported Code of Conduct violations, page 54. Number of incidents reported to the whistleblower service, page 64.	Reported Code of Conduct violations, page 54. Number of incidents reported to the whistleblower service, page 64.

EU Taxonomy

In line with the Regulation, the 2022 financial year was the first year Netel reported on its proportion of taxonomy aligned economic activities.

Netel has identified 4.9 Transmission and distribution of electricity (under the Climate change mitigation objective) as the main economic activity. The Group has also started assessing other eligible economic activities that could potentially become aligned. This work will continue in 2024.

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

Meeting the criteria

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

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

DNSH to Transition to a circular economy

The responsibility for managing waste and ensuring maximum re-use and recycling rest in some contracts with Netel and in other contracts with the client. Where Netel has the responsibility, Netel follows internal waste management instructions and the sorting degree was above 90 per cent 2023. Where the waste management responsibility lies with the client, Netel seeks to ensure that the waste its operations produce is delivered to recognised waste management partners for further sorting and treatment.

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

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

Minimum Safeguards
All activities performed by Netel are carried out in compliance with the minimum safeguard requirements. Netel has established policies and practices across its operations that respond to human rights concerns and have conducted a saliency assessment. Netel has taken steps to respond to actual impacts identified and are improving relevant action plans – including value chain mapping – policies, and procedures to mitigate and track progress on Netel's remaining salient risks. Netel's commitment to human rights is centred around its human rights policy, which is built around the fundamental human rights documents including UNGPs.

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

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

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

Financial disclosures

Turnover
The Turnover KPI as defined by the EU Taxonomy has the same definition as Net sales in Netel's consolidated statement of profit or loss. Net sales are further explained in the Notes 1–3. In 2023, Netel's total Net sales was MSEK 3,491 (3,141) of which 28.8 per cent (28.3) derived from Taxonomy eligible activities related to transmission and distribution of electricity CCM 4.9.

CapEx
The EU Taxonomy KPI on CapEx covers additions to tangible and intangible assets during the financial year. Given Netel's asset-light project management business model with a flexible cost structure there are few Taxonomy relevant investments made during 2023. Whilst the KPI on CapEx also covers additions to tangible and intangible assets resulting from business combinations, identified intangible assets resulting directly from a purchase price analysis, e.g., goodwill, are excluded.

In 2023, total investments in tangible and intangible assets amounted to MSEK 63 (94), excluding goodwill but including investments of right-of-use assets. MSEK 14 (30) of the total investments relate to right-of-use assets for buildings and premises CCM 7.7/CCA 7.7, and whilst these investments are not related to the Taxonomy-eligible economic activity for transmission and distribution of electricity, Netel has decided to include such investments as Taxonomy eligible investments related to the economic activity for acquisition and ownership of buildings. In 2023, Netel's total CapEx was MSEK 63 (94), of which 22.2 per cent (31.9) derived from Taxonomy-eligible activities. 0 per cent of the CapEx met the Taxonomy screening criteria and, therefore, no investments are classified as aligned.

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

OpEx
The OpEx KPI as defined by the EU Taxonomy has a somewhat different definition in comparison to operating expenses in Netel's consolidated statement of profit or loss, as it focuses on direct non-capitalised costs related to tangible and intangible assets. In 2023, Netel's total operating expenses was MSEK 3,363 (2,990) yet only costs related to maintenance and development of assets have the potential of being defined as Taxonomy-aligned. Again, referring to Netel's asset-light project management business model with few assets under management, Netel has not recognized any eligible operating expenses in 2023. As a result, Netel acknowledges the absence of materiality of Taxonomy aligned operational expenditure. Referring to the total operating expenses 2023, 0 per cent (0) is derived from Taxonomy-eligible activities, and 0 per cent (0) met the Taxonomy screening criteria.

Taxonomy reporting table 2023 - Turnover

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code (a) (2)	Turnover (3)	Proportion of Turnover, year 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) turnover, 2022 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Transmission and distribution of electricity	CCM 4.9	1,005	29%	Y	N	N/EL	N/EL	N/EL	N/EL	-	Y	-	Y	Y	Y	Y	28%	E	
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**1,005**	**29%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**Y**	**-**	**Y**	**Y**	**Y**	**Y**	**28%**		
Of which Enabling		**1,005**	**29%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**-**	**Y**	**-**	**Y**	**Y**	**Y**	**Y**	**28%**	**E**	
Of which Transitional		**0**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**		T-
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A2)		**0**	**0%**	**-**	**-**	**-**	**-**	**-**	**-**								-		
A. Turnover of Taxonomy eligible activities (A.1+A.2)		**1,005**	**29%**	**-**	**-**	**-**	**-**	**-**	**-**								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		2,486	71%																
TOTAL		**3,491**	**100%**																

	Proportion of turnover/Total turnover	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	29%	29%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Taxonomy reporting table 2023 - CapEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code (a) (2)	CapEx (3)	Proportion of CapEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Andel förenliga med taxonomikraven (A.1.) eller som omfattas av taxonomikraven (A.2.) kapitalutgifter, år n-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	**E**	
Of which Transitional		-	-	-	-	-	-	-	-										T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)	EL; N/EL (f)										
Acquisition and ownership of buildings	CCM 7.7 / CCA 7.7	14	22%	EL	EL	N/EL	N/EL	N/EL	N/EL								32%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**14**	**22%**	**EL**	**EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								32%		
A. CapEx of Taxonomy eligible activities (A.1+A.2)		**14**	**22%**	**EL**	**EL**	**N/EL**	**N/EL**	**N/EL**	**N/EL**								32%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		49	78%																
TOTAL		**63**	**100%**																

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	22%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Taxonomy reporting table 2023 - OpEx

Financial year 2023	2023			Substantial contribution criteria						DNSH criteria (Do No Significant Harm)									
Economic activities (1)	Code (a) (2)	OpEx (3)	Proportion of OpEx, 2023 (4)	Climate Change Mitigation (5)	Climate Change Adaptation (6)	Water (7)	Pollution (8)	Circular Economy (9)	Biodiversity (10)	Climate Change Mitigation (11)	Climate Change Adaptation (12)	Water (13)	Pollution (14)	Circular Economy (15)	Biodiversity (16)	Minimum Safeguards (17)	Proportion of Taxonomy aligned (A.1.) or eligible (A.2.) OpEx, year N-1 (18)	Category enabling activity (19)	Category transitional activity (20)
		MSEK	*%*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y; N; N/EL*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*Y/N*	*%*	*E*	*T*
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Of which Enabling		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	E	
Of which Transitional		-	-	-	-	-	-	-	-										T
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (g)																			
				EL; N/EL	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*	*EL; N/EL*										
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		-	-	-	-	-	-	-	-								-		
A. OpEx of Taxonomy eligible activities (A.1+A.2)		-	-	-	-	-	-	-	-								-		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0	0%																
TOTAL		**0**	**100%**																

	Proportion of OpEx/Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	0%	0%
CCA	0%	0%
WTR	0%	0%
CE	0%	0%
PPC	0%	0%
BIO	0%	0%

Nuclear and fossil gas related activities

Row	Nuclear energy related activities	
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No
	Fossil gas related activities	
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

Netel does not carry out, fund or have exposures to construction to safe operation of new nuclear installations. In 2023, Netel had limited exposure to construction and installation work in existing nuclear energy facilities and nuclear energy generation that amounted to less than 1 per cent of the Group's revenue.

Corporate Governance Report

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

The Corporate Governance Report has been prepared as a part of the Annual Accounts Act and the company's application of the Code. The company has deviated from the Code during 2023 concerning the Nomination Committee Chairman. Refer to the Nomination Committee section below. The auditors have reviewed the Corporate Governance Report.

Articles of Association

The Articles of Association were adopted by the Annual General Meeting on 4 May 2023 and are available in full on the website netelgroup.com.

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

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

Share capital

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

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

At the close of 2023, share capital amounted to SEK 746,337 divided among a total of 48,511,873 shares and votes.

Shareholders

The number of shareholders at year-end was 2,588 and the five largest owners were (share of capital and votes in parenthesis): IK VII Fund via Cinnamon International S.à.r.l (47.55 per cent), Nordnet Pensions försäkring (8.09 per cent), Swedbank Robur Fonder (4.27 per cent), Delphi Fondsforvaltning AS (2.49 per cent) and Cicero Fonder (2.35 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.

2023 Annual General Meeting

The Annual General Meeting (AGM) was held on Wednesday, 4 May 2023, in Stockholm, Sweden. The AGM adopted the Parent Company's and the Group's income statement and balance sheet and resolved that no dividend be paid for the 2022 financial year. The AGM discharged the Board of Directors and the CEO from liability for 2022. The AGM re-elected Board members Hans Petersson, Ann-Sofi Danielsson, Alireza Etemad, Carl Jakobsson, Göran Lundgren, Nina Macpherson and Jeanette Reuterskiöld, and Hans Petersson was re-elected as Chairman of the Board. The AGM also re-elected Deloitte AB as auditor.

The AGM also resolved regarding the following:

- to determine fees for the Board of Directors, the auditor and the members and Chairmen of the Audit and Remuneration Committees,
- to approve the Board's remuneration report for 2022 and the Board's proposed guidelines for remuneration of senior executives,
- to insert a new paragraph in the Articles of Association allowing the Board of Directors to collect powers of attorney in accordance with the procedure laid down in Chapter 7, Section 4, second paragraph of the Swedish Companies Act (2005:551) and allows the Board of Directors to resolve that shareholders be able to exercise their voting rights before the general meeting,
- to authorise the Board of Directors to, on one or more occasions until the time of the next AGM, with or without deviation from the shareholders' preferential rights, in certain circumstances decide on a new share issue against cash payment, with provision for non-cash or set-off, or otherwise with conditions. The maximum use of the issue authorisation

The complete resolutions are available on Netel's website.

2024 Annual General Meeting

Netel's 2024 Annual General Meeting will be held on Thursday, 2 May, in Stockholm, Sweden.

Nomination Committee

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

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

- proposal for fees to Board members and the division between the Chairman and other Board members and remuneration for committee work,
- proposals for auditors (where applicable),
- proposals for fees to the company's auditors and
- proposals for any changes to the Nomination Committee instructions.

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

The Nomination Committee ahead of the 2024 Annual General Meeting was announced on 8 November 2023. The Nomination Committee comprises the following members:

Alireza Etemad, appointed by IK Investment Partners Celia Grip, appointed by Swedbank Robur Fonder Andreas Berdal Lorentzen, appointed by Delphi Fondsförvaltning Peter Magnusson, appointed by Cicero Fonder Hans Petersson, Netel's Chairman of the Board

Board member Alireza Etemad was appointed Chairman of the Nomination Committee ahead of the 2024 Annual General Meeting, which is a deviation from the Swedish Code of Corporate Governance. The reason for the deviation is that the principal owner who, in accordance with the Nomination Committee's instructions, is represented feels it is preferable that the representative for the largest shareholder in terms of votes is also the Chairman of the Nomination Committee.

Shareholders have been able to submit proposals and comments to the Nomination Committee until 19 January 2024. 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 2024 Annual General Meeting.

Board of Directors and its steering

Board of Directors

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

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

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

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

Chairman of the Board

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

Composition of the Board of Directors

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

The Board comprises seven members who are presented in more detail on pages 80-81. The CFO attends all Board meetings except when the work of the CEO is evaluated.

Work of the Board in 2023

In 2023, the Board has held 22 minuted meetings. During the meetings, the Board has addressed acquisitions and fixed agenda items such as the business and market situation, economic and financial reporting, and project status. In addition, general strategic issues regarding business intelligence, growth opportunities and sustainability have been analysed. The Board has met with the company's auditor without the presence of the management team once during the year.

Board committees

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

Remuneration Committee

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

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

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

In 2023, the Remuneration Committee comprised Nina Macpherson (chairman), Alireza Etemad and Hans Petersson. In 2023, the Committee held four minuted meetings and had informal contact when needed. The Remuneration Committee's attendance is presented in the table The Board's attendance, independence and remuneration, 2023.

Audit Committee

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

After the 2023 Annual General Meeting the Audit Committee comprised Ann-Sofi Danielsson (chairman), Carl Jakobsson and Göran Lundgren. The Board feels that the members are experts in the Audit Committee's areas and meet the independence requirements in accordance with the Code and the Swedish Companies Act. In addition to the Audit Committee members, the CFO and, when necessary, auditors, the CEO or other members of the company are asked to participate in Committee meetings. In 2023, the Committee held seven minuted meetings. The Audit Committee's attendance is presented in the table The Board's attendance, independence and remuneration, 2023. The company's auditors participated in six of the meetings.

Tender Committee

The Tender Committee is a body within the company's Board of Directors with the task of preparing for the Board matters relating to submitting, accepting and following up tenders and transactions of major importance. The Tender Committee is mandated by the Board, after separate and individual consideration, to extend the CEO's authority to submit tenders that have to total value of more than MSEK 30 or contracts with a term of more than five years and to monitor and evaluate the tender process. The Committee regularly reports to the Board and can also address other matters addressed by the Board. The CEO presents reports to the Committee.

After the 2023 Annual General Meeting the Tender Committee comprised Hans Petersson (chairman), Alireza Etemad and Göran Lundgren. In 2023, the Committee held 19 minuted meetings. Jeanette Reuterskiöld participated in her capacity as Acting CEO and CEO. The Tender Committee's attendance is presented in the table The Board's attendance, independence and remuneration, 2023.

Evaluation of the work of the Board

The company's evaluation of the Board of Directors was carried out in November 2023 and presented to the Board in December 2023. 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

The Board's attendance, independence and remuneration, 2023

Member	Board meeting	Audit Committee	Remuneration Committee	Tender Committee	Independent in relation to the company	Independent in relation to major shareholders	Compensation paid in 2023[1]
Hans Petersson, Chairman	22/22		4/4	17/19	Yes	Yes	267,500
Ann-Sofi Danielsson	22/22	7/7			Yes	Yes	200,000
Alireza Etemad	22/22		4/4	19/19	Yes	No	167,500
Carl Jakobsson	21/22	6/7			Yes	No	175,000
Göran Lundgren	20/22	6/7		15/19	Yes	Yes	175,000
Nina Macpherson	20/22		4/4		Yes	Yes	185,000
Jeanette Reuterskiöld	21/22			14/14	No	Yes	150,000
Total	**22**	**7**	**4**	**19**			**1,320,000**
Total including social security contributions							**1,640,890**

[1] Remuneration paid in 2023 refers to remuneration for the second half of 2022.

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 2023 Annual General Meeting resolved that a fee be paid in the amount of SEK 525,000 to the Chairman of the Board, and that the fee to other Board members be paid in the amount of SEK 315,000. Furthermore, it was resolved that a fee in the amount of SEK 100,000 be paid to the Chairman of the Audit Committee and that the other Audit Committee members be paid in the amount of SEK 50,000 and that a fee in the amount of SEK 70,000 be paid to the Chairman of the Remuneration Committee and that the other Remuneration Committee members receive the amount of SEK 35,000.

CEO

The CEO is subordinate to the Board of Directors and responsible for everyday management and operations. The division of work between the Board of Directors and the CEO is set out in the rules of procedure for the Board and in the CEO's instructions. The CEO is also responsible for the preparation of reports and compiling information for the Board meetings and for presenting such materials at the Board meetings.

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

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

On 16 May 2023, CEO Ove Bergkvist informed Netel's Board of Directors that he would resign as President and CEO of the company for personal reasons. The Board appointed Jeanette Reuterskiöld, member of the Board since 2022, as acting President and CEO. On 4 December 2023, the Board appointed Jeanette Reuterskiöld as President and CEO.

Executive Team

The Executive Team is an advisory body for the CEO and drives Group-wide strategy and development issues as well as day-to-day activities. The Executive Team convenes once a month and checks in regularly to address current issues, strategies and discussions. On 24 January 2023, Stefan Ljunglin was appointed Country Manager for Netel in Finland and member of the Executive Team. On 10 January 2024, Peter Andersson decided to end his employment as CFO at Netel Group and Fredrik Helenius, Group Accounting Manager, took over as acting CFO with immediate effect. Fredrik Helenius was appointed CFO on 26 January 2024. On 16 February 2024, a new organisational structure and Executive Team was announced. The reorganisation means that the heads of Infraservices and Power in Sweden have Group-wide responsibility for each business area. The head of Telecom in Norway was assigned Group-wide responsibility for the telecom business. The new Executive Team consists of Jeanette Reuterskiöld, President and CEO, Fredrik Helenius, CFO, Klas Eldebrandt, Head of Power Division, Fredrik Land, Head of Infraservices Division, Edward Olastuen, Head of Telecom Division and Johan Olofsson, Group Operational Support. To support management with analysis and decision making, the reporting structure has also been changed. For more information, see page 29 and Note 33. A detailed presentation of the Executive Team is provided on pages 82-83.

Guidelines for remuneration of senior executives

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

Scope of the Guidelines

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

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

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

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

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

Types of remuneration

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

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

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

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

The Remuneration Committee shall for the Board of Directors prepare, monitor and evaluate matters regarding variable cash remuneration to the Executive Team. Ahead of each yearly measurement period for awarding variable cash remuneration the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria are deemed to be relevant for the upcoming measurement period. To which extent the criteria for awarding variable cash remuneration has been satisfied, shall be determined when the measurement period has ended. Evaluations regarding fulfilment of financial targets shall be based on a determined financial basis for the relevant period. Variable cash remuneration is settled after the measurement period has ended. Paid variable cash remuneration can be claimed back when such right follows from the relevant individual agreement. Additional variable cash compensation may be payable in exceptional circumstances, provided that such extraordinary arrangements are time-limited and made only at the individual level, either to recruit or retain senior managers or as compensation for extraordinary duties in addition to the manager's ordinary duties. Such compensation may not exceed an amount equal to 100 per cent of the fixed annual cash salary, with the exception of extraordinary remuneration for the CEO whose extraordinary remuneration may not exceed an amount corresponding to 250 per cent of the fixed basic salary. Extraordinary remuneration shall not be paid more than once per year and individual. A decision on such remuneration for the CEO shall be made by the Board on a proposal from the Remuneration Committee. A decision on such remuneration for other senior managers shall be made by the Remuneration Committee on a proposal from the CEO.

Duration of employment and termination of employment

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

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

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

Remuneration and employment conditions for employees

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

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

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

Deviation from the guidelines

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

Guidelines for remuneration of senior executives

The Board of Directors of Netel Holding AB (publ) proposes that the 2024 Annual General Meeting resolve on guidelines for remuneration to the CEO and other members of the Executive Team as follows. The guidelines are proposed to apply until further notice and are essentially in line with the principles applied so far.

Scope of the Guidelines

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

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

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

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

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

Types of remuneration

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

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

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

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

The Remuneration Committee shall for the Board of Directors prepare, monitor and evaluate matters regarding variable cash remuneration to the Executive Team. Ahead of each yearly measurement period for awarding variable cash remuneration the Board of Directors shall, based on the work of the Remuneration Committee, establish which criteria are deemed to be relevant for the upcoming measurement period. To which extent the criteria for awarding variable cash remuneration has been satisfied, shall be determined when the measurement period has ended. Evaluations regarding fulfilment of financial targets shall be based on a determined financial basis for the relevant period. Variable cash remuneration is settled after the measurement period has ended. Paid variable cash remuneration can be claimed back when such right follows from the relevant individual agreement. Additional variable cash compensation may be payable in exceptional circumstances, provided that such extraordinary arrangements are time-limited and made only at the individual level, either to recruit or retain senior managers or as compensation for extraordinary duties in addition to the manager's ordinary duties. Such compensation may not exceed an amount equal to 100 per cent of the fixed annual cash salary, with the exception of extraordinary remuneration for the CEO whose extraordinary remuneration may not exceed an amount corresponding to 250 per cent of the fixed basic salary. Extraordinary remuneration shall not be paid more than once per year and individual. A decision on such remuneration for the CEO shall be made by the Board on a proposal from the Remuneration Committee. A decision on such remuneration for other senior managers shall be made by the Remuneration Committee on a proposal from the CEO.

Duration of employment and termination of employment

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

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

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

Remuneration and employment conditions for employees

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

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

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

Deviation from the guidelines

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

Auditor

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

Deloitte AB has been the Group's auditor since 2010 and was elected to be the company's auditor at the 2023 Annual General Meeting for the period until the end of the 2024 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, SE-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. In 2023, the auditor participated in six 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 including the remuneration report, and the Annual Report, including the Corporate Governance Report and the Sustainability Reports.

Internal control over financial reporting

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

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

Risk assessment

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

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

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

Control environment and control activities

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

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

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

Information and communication

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

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

Follow-up

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

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

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

Internal audit

In 2023, 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 2023. The Board has decided that the monitoring and reviews carried out internally, together with the external audit, are sufficient to maintain an effective internal control over the financial reporting.

Investor relations

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

Policies resolved by the Board of Directors

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

Board of Directors

Hans Petersson
Chairman of the Board

Elected to the Board: 2017

Born: 1951

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

Other Board assignments: -

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

Shareholding in Netel: 240,011 shares.

Ann-Sofi Danielsson
Board member

Elected to the Board: 2022

Born: 1959

Education: BA in Economics from Uppsala University.

Other current assignments: Board member of Building Automation Nordic AB, Building Automation Nordic Holding AB, Pandox AB, Rusta AB, Singö Home Konsult & Friskvård AB and Vasakronan AB. Chair of the audit committees of Pandox AB, Rusta AB and Vasakronan AB.

Previous assignments: CFO Bonava and CFO of NCC.

Shareholding in Netel: 5,000 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 Oriac CC AB, Oriac MPP AB, Cecure Bidco AB, Cecure Holding AB, Cecure Manco (A) AB, Cecure Manco (B) AB, Cecure Manco (C) AB, Cecure MidCo AB, Cecure TopCo AB, Ren10 Top Holding AB, Renta ManCo A1 AB, Renta ManCo A2 AB, Renta ManCo A3 AB, Renta ManCo C1 AB, Renta ManCo C2 AB, Renta ManCo C3 AB, Truesec Group AB and Truesec Holding AB. Board member of Aspia Group AB, Aspia AB, Aspia Group Holding AB, Advania AB, Ainavda HoldCo AB, Ren10 Group Holding AB, Ren10 Holding AB, Skeppsbrons Skatt AB, Marconi LLC, Damete Investments AB and Azerila Investments AB.

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

Shareholding in Netel: 407,728 shares

Carl Jakobsson

Board member

Elected to the Board: 2016

Born: 1986

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

Other current assignments: Partner IK Investment Partners. Board member of IK Investment Partners Norden AB, Leonardo BC AB and Leonardo HC AB (Mecenat Group), Michelangelo HC AB (SiteVision) and Truesec Group AB.

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

Shareholding in Netel: -

Göran Lundgren

Board member

Elected to the Board: 2016

Born: 1948

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

Other current assignments: Board member of Sustainable Energy Angels II AB, Solarus Renewables AB och GL add wise AB.

Previous assignments: Chairman of the Board of Efficax Energy AB, Meltron AB, Meltron Oy, 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: 26,170 shares.

Nina Macpherson

Board member

Elected to the Board: 2021

Born: 1958

Education: Master of Laws from Stockholm University.

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

Previous assignments: Chief Legal Officer and secretary of the Board and its committees of Telefonaktiebolaget LM Ericsson. Board member 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: 30,007 shares.

Jeanette Reuterskiöld

Board member, President and CEO

Elected to the Board: 2022

Born: 1974

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

Other current assignments: Chair of the Board of Qflow Group AB. Board member of In3prenör AB and Svevia AB, and chair of the Nomination Committee of Sweden Green Building Council.

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

Shareholding in Netel: 22,651 shares.

Executive Team

Jeanette Reuterskiöld

President and CEO

Born: 1974

Joined Netel: 2023

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

Other current assignments: Chair of the Board of Qflow Group AB. Board member of In3prenör AB and Svevia AB, and chair of the Nomination Committee of Sweden Green Building Council.

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

Shareholding in Netel: 22,651 shares.

Fredrik Helenius

CFO

Born: 1990

Joined Netel: 2020

Education: Master of Science from Stockholm School of Economics.

Other current assignments: –

Previous assignments: Group Accounting Manager for Netel Group 2020-2023. Consultant in accounting and tax matters.

Shareholding in Netel: 54,057 shares.

Klas Eldebrandt

Head of Power Division

Born: 1971

Joined Netel: 2023

Education: Technical upper secondary school

Other current assignments: –

Previous assignments: CEO Bengt Dahlgren Projektledning AB. Various roles within Hifab for 15 years, including Market Area Director East.

Shareholding in Netel: 1,390 shares.

Fredrik Land

Head of Infraservices Division

Born: 1986

Joined Netel: 2021

Education: Higher Vocational Education, economics

Other current assignments: –

Previous assignments: CEO C-E Morberg Anläggning & Energi AB, Senior Business Controller Netel. Various roles at BTH Bygg AB for five years, including Business Manager, and for seven years at Züblin Scandinavia, a subsidiary of the Strabag Group.

Shareholding in Netel: 899 shares.

Edward Olastuen

Head of Telecom Division

Born: 1985

Joined Netel: 2015

Education: -

Other current assignments: Board member of Olastuen Bygg AS, Olastuen Eiendom AS.

Previous assignments: -

Shareholding in Netel: 232,099 shares.

Johan Olofsson

Group Operational Support

Born: 1977

Joined Netel: 2010

Education: Post-secondary education in IT

Other current assignments: –

Previous assignments: Service Delivery Manager and Project Manager at Netel. Twelve years of experience as an IT consultant before joining Netel.

Shareholding in Netel: 83,799 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 are described below.

Risks related to sustainability issues are described in the Sustainability Report on page 65.

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.
No inflation compensation	There is a risk that the Group cannot compensate for price increases, which could have a significant negative effect on the financial result.	The Group has as a guideline not to sign contracts that lack clauses on price compensation.
Inability to adapt strategy and resources to technological advances or changed customer behaviour	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.

Risk	Description	Management
Inability to adapt strategy and resources due to saturated markets	Netel may experience market saturation when the infrastructure within a region or country is sufficiently expanded or modernised. This can affect sales, earnings and cash flow if Netel is unable to secure new business and shift resources when a market becomes saturated.	Netel closely monitors and assesses the impact of overall short- and long-term developments in the critical infrastructure markets in Northern Europe and endeavours to have close customer contacts to understand customers' strategies and plans. These assessments underpin the annual strategic considerations that influence market focus and resource allocation.

Operational risks

Risk	Description	Management
Inability to identify, attract and retain highly skilled personnel and senior executives	Netel also relies on its ability to hire and retain highly skilled project managers and technical personnel with the level of expertise necessary to conduct its operations. Netel is dependent upon the skills, experience and efforts of its senior executives. If Netel fails to continue to attract and retain highly qualified employees and senior executives, the company risks being unable to sustain or further develop its business, which could have a material adverse effect on Netel's operating profit.	Netel's decentralised organisation and robust market position are essential factors in why qualified employees are attracted to and remain at Netel. Netel also works to maintain and strengthen its positive culture and strengthen its employer brand. Netel offers competitive compensation and benefits as well as the opportunity for employees to develop and grow within the Group. The employees are given the opportunity for individual career and competence development plans.
Lack of succession planning	The Group lacks in succession planning, which involves a risk that key people cannot be replaced within an acceptable time. This can negatively affect the business and delay negotiations and project execution, which can have a negative effect on the financial result as well as employee engagement and the employer brand.	The business units' succession plans will be gathered at Group level and then a shared plan for succession planning will be developed.
Shortage of project managers	Netel's operations and ability to carry out assignments effectively may be affected by a shortage of project managers.	Each country and business unit has as a standing item at management team meetings the availability of short- and long-term project managers. See also Lack of succession planning and Inability to identify, attract and retain highly skilled personnel and senior executives.
Inability to attract and retain younger employees	There is a risk that Netel will not be able to meet younger employees' expectations regarding, for example, work/life balance, which may make it difficult for Netel to retain younger employees. This complicates succession planning and means that Netel may lose knowledge and lack strong culture bearers in the long term.	Netel will implement a Life Stage Policy to meet the needs of employees at all ages and stages of life. Netel will also develop an employer branding program.
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.

Risk	Description	Management
Changes in business forms or project structures	Netel's business is based on projects and framework agreements. The risks associated with different projects and framework agreements vary depending on the type of business form and project structure. Risks associated with different projects vary depending on the size of the projects. Large projects are typically characterised by intensive competition and experienced customers with large procurement resources, resulting in downward pressure on prices. The projects often extend over long periods, are complex and associated with complicated estimates as regards work and use of materials. Small projects are characterised by local competition and stronger local presence. These projects typically entail low risk but also lower earning potential. Netel focuses on projects with blue-chip customers supported by framework agreements but, depending on the development of the business and the market, the project mix may vary, meaning that the risks associated with Netel's projects may change over time. Changes in business forms or project structures could affect the risk profile for Netel's projects and thereby the earning potential. This can have an adverse effect on the company's financial position and operating profit.	Netel strives to increase the share of framework agreements as well as service and maintenance as part of the total business mix with the ambition to reduce project dependency.
Non-exclusive framework agreements and contracts without guaranteed volumes	Several of Netel's framework agreements with customers are non-exclusive and a majority do not provide any guaranteed volumes. This could lead to an unexpected loss of revenue and a reduction in expected backlog, which could have a material adverse effect on Netel's business, financial position and operating profit.	Netel's processes, targets and activities aim to realise the vision that Netel is to be its customers' preferred choice.
Dependence on a limited number of customers	Netel generates a significant portion of its sales from a limited number of customers and any significant loss of business from these customers or other key customers could have a material adverse effect on the company's business, financial position and operating profit	Netel strives to raise the number of customers by landing new customers, broadening its business into new market segments and entering new countries.
Workplace accidents	An accident involving Netel's employees, subcontractors or other third parties could harm Netel's reputation, affect its ability to compete for business, and if not adequately insured or indemnified, could have a material adverse effect on Netel's business, financial position and results of operation.	Netel's sustainability agenda permeates the entire business and is an integrated part of the strategy. Everything that Netel does is to be done in a responsible and sustainable way, adhering to high ethical standards. The company places the same high demands on its subcontractors and suppliers. Good work conditions are one of several prioritised sustainability issues where Netel has set a target that no one is be injured while carrying out assignments for Netel. Consequently, Netel works proactively to prevent and avoid risks at the workplace.
Customer agreements that lack limitations of liability or have high monetary caps	Certain subsidiaries have signed, and may in the future sign customer agreements that lack satisfactory limitations of liability and/or have high monetary caps on Netel's liability. If a subsidiary is found liable for damages, it could have a material adverse effect on the Netel's results of operation, and consequently its financial position.	Netel's policy is to not sign agreements without satisfactory limitations of liability. Existing agreements without satisfactory limitations of liability refer to projects and these projects are carefully overseen to minimise the risk of any deviation that may lead to liability for damages.
Weather conditions	Netel's operations and ability to carry out assignments may be affected by weather factors. An early or late winter with low temperatures has a negative impact on excavation projects, while autumn storms can entail more assignments to secure power lines.	Netel balances the risk by operating in several different countries and regions.

Risk	Description	Management
Replacement of IT systems	In 2024, Netel will change its business system for reporting, monitoring and project accounting. Unsuccessful implementation could result in delays in invoicing and unplanned costs for actions.	Netel has been preparing for the system change since 2021. The preparations were intensified in 2023, including Group-wide workshops. Netel changed its Group consolidation system in 2021 without delays or serious deviations from the implementation plan.
Cyber attacks or faults in IT systems	Cyber attacks or faults in critical systems can lead to disruptions in key business process that can have adverse effects on Netel's operating profit. Interruptions or errors can also occur during the transition to new IT systems. Disruptions or faults in the IT system may also impact Netel's personal data processing and lead to fines or demands for damages as well as injunctions from supervisory authorities to rectify the error which may adversely affect Netel's reputation and financial position.	Netel has a management model for IT that includes steering, standardised IT processes and an organisation for IT security. IT security work involves continuously risk analysis, preventive measures and the use of security technologies. Standardised processes exist for the implementation of new system, updates to existing systems and day-to-day operations. Most of Netel's IT system are built on well-established systems. Within the Group, training courses and tests in IT security are regularly carried out.

Financial risks

Risk	Description	Management
Risks related to failed calculations and assessments or failed project management	The risk of negative consequences as a result of shortcomings in calculations and assessments or project management is particularly high in projects where the compensation structure is a fixed price. In the case that Netel bears the risk of unforeseen or altered conditions, there is also a risk of contractual penalties. Shortcomings in calculations, project management and related factors may have an adverse effect on Netel's operating profit, and by extension, Netel's financial position.	Netel always endeavours to effectively develop quality project management in critical infrastructure and 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. Netel regularly assesses current calculations and estimates to ensure accurate financial reporting. In addition, Netel strives to continuously improve and streamline project management, which means developing skills and evaluating effective tools such as relevant system support.
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 in 2021, Netel received new financing, which has been extended and renegotiated from time to time. In 2022, Netel signed another credit facility with a Swedish state-owned company. On 31 December 2023, Netel has no short-term facilities in relation to the main financing mentioned above, which is why Netel assesses the refinancing risk in the short and medium term as low. On 31 December 2023, Netel had fulfilled its commitments in the said facility agreement by a healthy margin.

Risk	Description	Management
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.	Netel works closely with its banking contacts to discuss and manage exposure to both interest rate and exchange rate risks. In connection with the listing on Nasdaq Stockholm, Netel secured new financing in 2021 and 2022, and has not identified any significant short-term interest risks. Furthermore, Netel continuously assesses currency risk and evaluates hedging options from time to time.
Percentage of completion method	Netel's revenue from projects are reported in accordance with the percentage of completion method. This means that Netel reports income and profits during the project in proportion to the actual costs' part of forecasted project costs. There is a risk that estimated income and profits contain errors and are reported with too high amounts, which may result in adjustments to previously reported project incomes and may have an adverse effect on Netel's financial position.	Netel applies percentage of completion method when income and costs can be calculated in a reliable way. The method means that the results are evened out and better reflect reality. Netel regularly assesses current calculations and estimates to ensure updated forecasts of revenue and costs, as well as accurate financial reporting.
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 forward looking 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 carrying amount, 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 thorough acquisition analysis, clear acquisition criteria, structured follow-up, decentralised organisation, active work on succession planning and, for some of the acquisitions, long-term contingent considerations, Netel lays the foundation for continued good development in the acquired company.
Risk of profitability problems in all or parts of the business	Netel may experience profitability problems in all or parts of its operations. This could lead to problems in signing new or renewed customer contracts, losing suppliers or subcontractors, obtaining finance, recruiting new employees or retaining existing employees.	Netel's overall goal is to grow with profitability. As part of its strategy to grow profitably, Netel works closely with customers and suppliers, continuously analysing market developments, raw material markets and supply chains in the short and long term, monitoring and forecasting project portfolio and execution. Netel works constantly to have a competitive, attractive offering that supports the goal of profitable growth. See also risk management under risks related to industry and markets and operational and other financial 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 2023 - 31 Dec 2023	1 Jan 2022 - 31 Dec 2022
Operating income			
Net sales	2, 3	3,459	3,141
Other operating income		32	25
Total revenue		**3,491**	**3,166**
Operating expenses			
Materials and purchased services		-2,246	-1,981
Other external expenses	4	-328	-291
Personnel costs	5, 6	-713	-653
Depreciation and amortisation	11, 12, 13, 14, 15, 16	-76	-65
Total operating expenses		**-3,363**	**-2,990**
Operating profit/loss (EBIT)		**128**	**176**
Financial income	7	11	15
Financial expenses	7	-75	-30
Net financial items		**-64**	**-15**
Profit before tax		**64**	**161**
Taxes	9, 24	-20	-38
Profit for the year		**44**	**123**
Profit for the year attributable to:			
- Parent Company's shareholders		44	123
- non-controlling interests		0	0
Earnings per share			
Earnings per share before and after dilution (SEK)	10	0.91	2.59
Average number of shares before and after dilution (thousands)	10	48,480	47,726

Consolidated statement of comprehensive income

MSEK	Note	1 Jan 2023 - 31 Dec 2023	1 Jan 2022 - 31 Dec 2022
Profit for the year		**44**	**123**
Items that will be reclassified as profit or loss			
Translation differences on translation of foreign operations		-25	5
Other comprehensive income for the year		**-25**	**5**
Comprehensive income for the year		**18**	**129**
Comprehensive income attributable to:			
- Parent Company's shareholders		18	129
- non-controlling interests		0	0
Total comprehensive income for the year		**18**	**129**

Consolidated statement of financial position

MSEK	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets			
Goodwill	11	1,237	1,179
Other intangible assets	12	199	199
Total intangible assets		**1,437**	**1,379**
Property, plant and equipment			
Lands and buildings	13	5	0
Plant and machinery	14	59	55
Equipment, tools, fixtures and fittings	15	8	11
Right-of-use assets	16	102	120
Total property, plant and equipment		**173**	**187**
Financial non-current assets			
Other financial assets	19	13	9
Total financial non-current assets		**13**	**9**
Other non-current assets			
Deferred tax assets	24	16	10
Total non-current assets		**1,639**	**1,585**
Current assets			
Inventories			
Raw materials and consumables		8	8
Total inventories		**8**	**8**
Current receivables			
Accounts receivable	20	539	583
Contract assets	21	447	502
Other receivables	0	44	15
Prepaid expenses and accrued income	22	22	57
Total current receivables		**1,052**	**1,157**
Cash and cash equivalents	38	446	369
Total cash and cash equivalents		**446**	**369**
Total current assets		**1,506**	**1,534**
TOTAL ASSETS		**3,146**	**3,119**

Consolidated statement of financial position, cont.

MSEK	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Share capital	23	1	1
Other contributed capital		1,471	1,461
Reserves	23	-21	5
Retained earnings including profit for the year		-317	-361
Total equity		**1,133**	**1,105**
Liabilities			
Non-current liabilities			
Liabilities to credit institutions	25, 29	951	967
Lease liabilities	25, 29	52	70
Other non-current liabilities	36	26	179
Accounts payable and other operating liabilities	24	68	68
Total non-current liabilities		**1,097**	**1,283**
Current liabilities			
Liabilities to credit institutions	25, 29	9	5
Lease liabilities	25, 29	44	48
Accounts payable		335	323
Contract liabilities	26	151	118
Current tax liability		23	31
Other liabilities		240	63
Accrued expenses and deferred income	27	114	142
Total current liabilities		**916**	**731**
TOTAL EQUITY AND LIABILITIES		**3,146**	**3,119**

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 for the year	Total equity attributable to Parent Company's shareholders
Opening equity 1 Jan 2022	**1**	**1,396**	**0**	**-485**	**911**
Profit for the year	-	-	-	123	123
Other comprehensive income for the year	-	-	5	-	5
Comprehensive income for the year	**0**	**0**	**5**	**123**	**129**
Transactions with Group owners					
Completed issues	0	65	0	0	65
Total	**0**	**65**	**0**	**0**	**65**
Closing equity 31 Dec 2022	**1**	**1,461**	**5**	**-361**	**1,105**
Opening equity 1 Jan 2023	**1**	**1,461**	**5**	**-361**	**1,105**
Profit for the year	0	0	0	44	44
Other comprehensive income for the year	0	0	-25	0	-25
Comprehensive income for the year	**0**	**0**	**-25**	**44**	**18**
Transactions with Group owners					
Completed issues	0	10	0	0	10
Total	**0**	**10**	**0**	**0**	**10**
Closing equity 31 Dec 2023	**1**	**1,471**	**-21**	**-317**	**1,133**

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

During the fourth quarter of 2023, Netel updated its evaluation of the nature of the internal financing to foreign operations in foreign currency. According to the updated evaluation, financing to foreign operations in foreign currencies is seen as an extended net investment in these foreign operations and exchange rate effects from these positions are recognised in other comprehensive income (instead of under net financial items in profit or loss) together with other translation differences for foreign operations. There is no change for historical periods, which is why exchange rate effects for the fourth quarter of 2023 are recognised in other comprehensive income.

During the fourth quarter of 2023, on 27 December 2023, NTL-Management AB, NTL Co-Invest AB, Netel Group Holding AB and Netel Group BC AB were merged with Netel Holding AB (publ).

Consolidated statement of cash flows

MSEK	Note	1 Jan 2023 - 31 Dec 2023	1 Jan 2022 - 31 Dec 2022
Operating activities			
Operating profit	2	128	176
Adjustments for non-cash items	28	70	62
Interest received		6	1
Interest paid		-67	-22
Tax paid		-39	-39
Cash flow from operating activities before changes in working capital		**98**	**177**
Cash flow from changes in working capital			
Changes in inventories		0	1
Change in operating receivables		94	-292
Change in operating liabilities		49	41
Cash flow from operating activities		**242**	**-72**
Investing activities			
Acquisition of operations and shares, excluding cash and cash equivalents	37	-74	-224
Acquisition of intangible assets	11, 12	-6	-10
Acquisition of property, plant and equipment	13, 14, 15	-13	-8
Divestment of property, plant and equipment	13, 14, 15	11	6
Acquisition of financial non-current assets	19	-1	-2
Cash flow from investing activities		**-83**	**-238**
Financing activities			
Completed new share issues		0	0
Borrowings	25, 29	50	462
Amortisation of loans	25, 29	-66	-13
Repayment of lease liability	25, 29	-51	-48
Cash flow from financing activities	**0**	**-67**	**402**
Change in cash and cash equivalents		92	91
Cash and cash equivalents at the beginning of the year		369	271
Exchange rate difference in cash and cash equivalents		-14	6
Cash and cash equivalents at year-end		**446**	**369**

Income statement for Parent Company

MSEK	Note	1 Jan 2023 - 31 Dec 2023	1 Jan 2022 - 31 Dec 2022
Operating income			
Net sales		27	**20**
Total revenue		**27**	**20**
Operating expenses			
Other external expenses	4	-7	**-4**
Personnel costs		-16	**-17**
Total operating expenses		**-23**	**-20**
Operating profit		**4**	**0**
Earnings from financial items			
Interest income and similar profit/loss items	7	36	**24**
Interest expenses and similar profit/loss items	7	-57	**-19**
Net financial items		**-21**	**4**
Earnings after financial items		**-18**	**4**
Appropriations	8	53	**40**
Profit before tax		**36**	**44**
Tax on profit for the year	9	-8	**-2**
Profit for the year		**28**	**43**

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 2023	31 Dec 2022
ASSETS			
Non-current assets			
Financial non-current assets			
Participations in Group companies	18	1,622	1,202
Other financial non-current assets		7	4
Total non-current assets		**1,629**	**1,206**
Current assets			
Receivables from Group companies		755	1,054
Other current receivables		0	-
Cash and cash equivalents		84	181
Total current assets		**839**	**1,234**
TOTAL ASSETS		**2,469**	**2,440**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	1	1
		1	**1**
Non-restricted equity			
Share premium reserve		1,471	1,461
Retained earnings		-19	-37
Profit for the year		28	43
		1,480	**1,466**
Total equity		**1,480**	**1,467**
Untaxed reserves		-	-
Untaxed reserves	8	23	-
Total untaxed reserves		**23**	**-**
Non-current liabilities			
Liabilities to credit institutions	25, 29	934	932
Other liabilities		8	5
Total non-current liabilities		**943**	**937**
Current liabilities			
Liabilities to credit institutions	25, 29	7	4
Accounts payable		0	2
Current tax liabilities		8	-
Liabilities to Group companies		0	23
Other liabilities		2	2
Accrued expenses and deferred income	27	5	5
Total current liabilities		**23**	**36**
TOTAL EQUITY AND LIABILITIES		**2,469**	**2,440**

During the fourth quarter of 2023, on 27 December 2023, NTL-Management AB, NTL Co-Invest AB, Netel Group Holding AB and Netel Group BC AB were merged with Netel Holding AB (publ).

Statement of changes in equity for Parent Company

MSEK	Share capital	Share premium reserve	Retained earnings including profit for the year	Total equity
Opening equity 1 Jan 2022	**1**	**1,396**	**-37**	**1,359**
Profit for the year	-	-	43	43
Completed issues	0	65	-	65
Completed mergers	-	-	-	0
Total	**0**	**65**	**43**	**108**
Closing equity 31 Dec 2022	**1**	**1,461**	**5**	**1,467**
Opening equity 1 Jan 2023	**1**	**1,461**	**5**	**1,467**
Profit for the year	-	-	28	28
Completed issues	0	10	-	10
Completed mergers	-	-	-24	-24
Total	**0**	**10**	**4**	**14**
Closing equity 31 Dec 2023	**1**	**1,471**	**9**	**1,480**

During the fourth quarter of 2023, on 27 December 2023, NTL-Management AB, NTL Co-Invest AB, Netel Group Holding AB and Netel Group BC AB were merged with Netel Holding AB (publ).

Cash flow statement for the Parent Company

MSEK	Note	1 Jan 2023 - 31 Dec 2023	1 Jan 2022 - 31 Dec 2022
Operating activities			
Operating profit	2	4	0
Adjustments for non-cash items	28	0	0
Interest received		3	0
Interest paid		-55	-12
Tax paid		-	-
Cash flow from operating activities before changes in working capital		**-48**	**-12**
Cash flow from changes in working capital			
Change in operating receivables		0	9
Change in operating liabilities		-2	-1
Cash flow from operating activities		**-50**	**-3**
Investing activities			
Acquisition of financial non-current assets		-1	-4
Cash flow from investing activities		**-1**	**-4**
Financing activities			
External borrowings	25, 29	-	460
Change in intra-Group loans		-45	-280
Cash flow from financing activities		**-45**	**180**
Change in cash and cash equivalents		-96	173
Cash and cash equivalents at the beginning of the year		181	8
Cash and cash equivalents at year-end		**84**	**181**

Note 1

General information

This Annual Report covers the Swedish Parent Company Netel Holding AB (publ), Corp. Reg. No. 559327-6263, and its subsidiaries. The activities of the company and its subsidiaries (the “Group”) include the provision of the construction and maintenance of infrastructure for communication and power networks in Sweden, Norway, Finland, Germany and the UK within the business areas of Infraservices, Power and Telecom. 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 18.

The consolidated accounts for the year ending 31 December 2023 (including comparative figures) were approved by the Board for publication on 3 April 2024. 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 2 May 2024.

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 significant 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.

Climate change

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

Amended accounting policies

The ISAB has published additional amendments to standards that will apply for financial years that begin on or after 1 January 2023. These amendments, which went into force and apply as of 2023, including the changes in IAS 1 Disclosure Initiative – Accounting Policies and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, have not had any material impact on the consolidated financial statements. New or amended standards that have not yet entered into force, such as IAS 1 Classification of Liabilities as Current or Non-current, are not deemed to have any material impact on the consolidated financial statements.

Overview of accounting policies

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

Basis for consolidation

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

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

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

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

Business combinations

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

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

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

Translation of foreign currency

All foreign Group companies use the local currency of their country as the functional and accounting currency. Upon consolidation, the items in these companies' balance sheets and income statements are remeasured at the balance sheet date rate and the average exchange rate, respectively. In the consolidated accounts, all amounts are translated to SEK. Transactions in foreign currency are converted in each entity to the entity's functional currency at the exchange rates that apply on the transaction date. At each balance sheet date, monetary items in foreign currency are translated at the closing day rate. Non-monetary items, which are measured at fair value in a foreign currency, are translated to the exchange rate on the day when the fair value was determined. Non-monetary items, valued at the historical costs of a foreign currency, are not translated. Exchange rate differences are recognised in profit or loss for the period in which they arise with the exception of transactions attributable to intra-Group financing as a portion of the net investment in foreign operations and for 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 32 Related party transactions. The Group's transactions with related parties, in addition to the disclosures in Note 32, relate only to joint operations and are of limited scope and have been carried out on market terms, see Note 18.

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources and assessing the performance of the operating segments. In the Group, this function has been identified as the CEO. An operating segment is a part of the Group that conducts operations that earn revenue and incur costs, and for which discrete financial information is available. The Group is categorised into segments based on the internal structure of its business operations, which means that there are five segments: Sweden, Norway, Finland, Germany and the UK.

Revenue recognition

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

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

Construction agreements

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

Service and maintenance agreements

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

General principles for revenue recognition

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

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

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

Employee benefits

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

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

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

Financial income and expenses

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

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

Income taxes

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

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

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

Goodwill

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

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

Brand and other intangible assets

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

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

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

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

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

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

Property, plant and equipment

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

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

Impairment of property, plant and equipment and intangible assets

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

Leases

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

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

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

Inventories

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

Financial assets and liabilities – financial instruments

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

Classification and measurement

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

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

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

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

Fair value of financial instruments

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

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

Amortised cost and the effective interest method

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

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

Provisions

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

Capital

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

Hedge accounting

Netel does not apply hedge accounting.

Estimates and judgements

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

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

Revenue recognition

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

Contract assets at the end of 2023 was MSEK 447 (502) and contract liabilities MSEK 151 (118). For more information regarding construction contracts, refer to Note 21.

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

At the end of 2023, goodwill amounted to MSEK 1,237 (1,179). Brands amounted to MSEK 179 (179). For more information on impairment testing, refer to Note 11.

Leases

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

Accounts receivable and contract assets

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

Netel defines default as it being deemed unlikely that the counterparty will meet its commitments due to indicators such as financial difficulties and missed payments, see further under Note 3 (Credit risk). A receivable is written off when no possibilities for additional cash flows are deemed to exist.

At the end of 2023, accounts receivable amounted to MSEK 539 (583) and contract assets to MSEK 447 (502).

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 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.

Consolidated companies

Netel GmbH, Frankfurt (Oder) / Germany, is exempt from the obligation to prepare, have audited and publish annual financial statements and a management report (Lagebericht) in accordance with the provisions applicable to corporations pursuant to Section 264 Paragraph 3 of the German Commercial Code (Handelsgesetzbuch).

For a full list of consolidated companies, refer to Note 18.

Note 2 Segment reporting

Operating segments

For accounting and monitoring purposes, the Group has divided its operations into five operating segments based on how the Group CEO evaluates the Group's operations. The five operating segments comprise Sweden, Norway, Finland, Germany and the UK. The UK was recognised as a segment for the first time in the third quarter of 2022 as a result of the Group's completed acquisitions. The Group CEO primarily uses earnings before interest, tax and amortisation (EBITA) in assessing the performance of the operating segments. Comparative figures for comparable periods are presented in accordance with the Group's accounting policies. Other adjustments at Group level are included under Group-wide items and eliminations, for example, transaction costs and other Group-wide costs that are not allocated at segment level. Group eliminations do not amount to significant amounts since there are no or few significant transactions between segments. Consequently, eliminations are presented under Group-wide items.Non-current assets include intangible assets (including goodwill), property, plant and equipment and right-of-use assets.

In 2023, adjusted EBITA is also presented for the operating segments. Sweden and the UK were adjusted for effects from the revaluation of earnouts, other adjustments were not allocated to the operating segments but instead included in Group-wide items.

MSEK 2023	Sweden	Norway	Finland	Germany	UK	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	1,704	1,196	273	192	110	3,476	-17	3,459
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**1,704**	**1,196**	**273**	**192**	**110**	**3,476**	**-17**	**3,459**
EBITA	115	32	-36	10	21	142	-10	133
EBITA margin, %	6.8%	2.7%	-13.3%	5.4%	19.3%			3.8%
Adjusted EBITA	133	32	-36	10	3	141	23	164
Adjusted EBITA margin, %	7.8%	2.7%	-13.3%	5.4%	2.5%			4.8%
Non-current assets	**1,270**	**230**	**10**	**0**	**100**	**1,610**	-	**1,610**

MSEK 2022	Sweden	Norway	Finland	Germany	UK	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	1,433	1,179	291	213	47	3,163	-23	3,141
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**1,433**	**1,179**	**291**	**213**	**47**	**3,163**	**-23**	**3,141**
EBITA	117	60	-12	24	6	196	-16	179
EBITA margin	8.2%	5.1%	-4.2%	11.5%	13.5%			5.7%
Adjusted EBITA	117	60	-12	24	6	196	4	200
Adjusted EBITA margin	8.2%	5.1%	-4.2%	11.5%	13.5%			6.4%
Non-current assets	**1,184**	**269**	**10**	**2**	**100**	**1,565**	-	**1,565**

Note 3 Specification of revenue

Revenue is allocated between countries based on both the geographical location of the customer and the geographical location of where the sale takes place. The Group's operations are conducted locally by project and are thus allocated to a geographical location..

MSEK 2023	Sweden	Norway	Finland	Germany	UK	Group total
Business area						
Infraservices	776	0	0	0	0	776
Power	630	371	142	0	0	1,144
Telecom	282	824	131	192	110	1,540
Group-wide	0	0	0	0	0	0
Revenue from contracts with customers	**1,688**	**1,196**	**273**	**192**	**110**	**3,459**
Type of service						
Framework agreement	597	849	203	57	105	1,812
Project	1,107	347	70	136	5	1,664
Group-wide	-16	0	0	0	0	-16
Revenue from contracts with customers	**1,688**	**1,196**	**273**	**192**	**110**	**3,459**

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

Note 3, cont.

Contract assets	31 Dec 2023	31 Dec 2022
Opening balance	502	261
Changes due to normal operations	-56	242
Closing balance	**447**	**502**

Contract liabilities	31 Dec 2023	31 Dec 2022
Opening balance	118	53
Changes due to normal operations	33	65
Closing balance	**151**	**118**

Revenue recognised for the year	2023	2022
On the contract liabilities side on 1 January:	118	53
From performance obligations that were satisfied in full or in part in prior periods	0	0

Revenue allocated to unsatisfied or partially satisfied performance obligations expected to be recognised as revenue	2023	2022
Within one year	447	502
After one year	0	0

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

Note 4 Auditors' fees

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
Deloitte AB				
Audit	4	4	0	0
Other services	0	0	-	-
Total	**4**	**4**	**0**	**0**

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

Note 5 Number of employees and gender distribution

Number of employees, converted to full-time employees, 31 December	Group		Parent Company	
	2023	2022	2023	2022
Sweden	340	281	2	2
Of whom, women	36	29	1	0
Of whom, women	11%	10%	50%	0%
Norway	398	407	-	-
Of whom, women	23	24	-	-
Of whom, women	6%	6%	-	-
Finland	43	48	-	-
Of whom, women	5	7	-	-
Of whom, women	12%	15%	-	-
Germany	7	7	-	-
Of whom, women	1	1	-	-
Of whom, women	14%	14%	-	-
UK	68	66	-	-
Of whom, women	5	7	-	-
Of whom, women	7%	11%	-	-
Total	**856**	**809**	**2**	**2**
Of whom, women	**70**	**68**	**1**	**0**
Of whom, women	**8%**	**8%**	**50%**	**0%**

Three of the seven members of the Board are women, or 43 per cent. Of senior executives, 1 is a woman

Note 6 Employees

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

		Group		Parent Company	
MSEK		2023	2022	2023	2022
Board and CEO:					
	Salaries and remuneration	7	9	6	8
	Salaries (subsidiaries abroad)	0	0	0	0
	Pension costs	3	1	3	1
	Pension costs (subsidiaries abroad)	0	0	0	0
		10	**11**	**9**	**9**
Other employees:					
	Salaries and remuneration	532	481	2	3
	Pension costs	44	42	1	1
		576	**523**	**3**	**4**
Social costs		115	109	4	4
Total Board and other		**711**	**642**	**15**	**17**

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 2023, Alecta's preliminary surplus in the form of the collective funding ratio was 158 per cent (172). Netel's share of the total contributions for the plan, and the Group's share of the total number of active members in the plan, amount to 0.00709 per cent and 0.00864 per cent, respectively. The corresponding figures for 2022 are 0.01059 per cent and 0.00888 per cent, respectively. The expected fees for 2023 for ITP2 insurance signed with Alecta total TSEK 778.

Remuneration of and other benefits to senior executives

Principles

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

Termination/Severance pay, CEO and Executive Team

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

(Note 6, cont.)

Remuneration of Board, TSEK		2023
Board fees		
Chairman of the Board[1]	Hans Petersson	560
Board member[1]	Nina Macpherson	385
Board member[1]	Alireza Etemad	350
Board member[2]	Carl Jakobsson	365
Board member[2]	Göran Lundgren	365
Board member[2]	Ann-Sofi Danielsson	415
Board member	Jeanette Reuterskiöld	315
Total		**2,755**

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

Remuneration of and other benefits to senior executives, TSEK 2023	Basic salary	Variable salary and other benefits	Pension cost
CEO	2,801	-	865
Former CEO	2,829	85	1,950
Other members of Executive Team (5 positions)	8,456	646	1,523
Total	**14,086**	**730**	**4,339**

[1]) Refers to Jeanette Reuterskiöld and Ove Bergkvist

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

Note 7 Financial income and expenses

	Group		Parent Company	
MSEK	2023	2022	2023	2022
Financial income				
Interest income, other	6	0	36	24
Exchange rate gains, net	5	15	-	-
Total financial income	**11**	**15**	**36**	**24**
Financial expenses				
Interest expenses				
- interest-bearing liabilities	-66	-27	-54	-17
Other financial expenses	-9	-4	-3	-3
Total financial expenses	**-75**	**-31**	**-57**	**-19**
Net financial items	**-64**	**-15**	**-21**	**4**

Note 8 Appropriations

	Parent Company	
MSEK	2023	2022
Tax allocation reserve	-13	-
Group contributions received	66	40
Total	**53**	**40**

Note 9 Tax on profit for the year

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
Current tax				
Current tax on profit for the year	-26	-37	-8	0
Current tax, correction previous year	0	0	0	0
	-26	**-37**	**-8**	**0**
Deferred tax				
Change in tax loss carryforward	7	-4	0	-2
Change in temporary differences	1	1	0	0
Untaxed reserves	-1	2	0	0
	6	**-1**	**0**	**-2**
Total tax	**-20**	**-38**	**-8**	**-2**

	Group		Parent Company	
Reconciliation of tax expense for the year	**2023**	**2022**	**2023**	**2022**
Profit before tax	64	161	36	44
Tax rate, 20.6%	-13	-33	-7	0
Adjustment for foreign tax	-1	-3	0	0
Tax effect of:				
Non-taxable income	0	3	0	0
Non-deductible expenses	-5	-7	0	0
Adjustment for tax expenses, acquired companies	2	2	0	0
Other	-3	-	0	-2
Total	**-20**	**-38**	**-8**	**-2**

Note 10 Earnings per share

	Group	
MSEK	**2023**	**2022**
Earnings attributable to ordinary shareholders		
Profit for the year attributable to Parent Company's shareholders	44	123
Earnings per share before and after dilution (SEK)*	0.91	2.59
Number of shares		
Average number of shares before and after dilution*	48,480,297	47,726,300

* During the year, an offset issue were carried out in connection with previously announced acquisitions. The number of ordinary shares outstanding increased 303,294 to 48,511,873 shares at the end of the year. In 2022, seven offset issues were carried out in connection with previously announced acquisitions. The number of ordinary shares outstanding increased 1,504,908 to 48,208,579 shares at the end of 2022.

Note 11 Goodwill

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening cost	1,179	810	-	-
Acquisition of subsidiaries	67	363	-	-
Exchange rate differences for the year	-9	6	-	-
Closing accumulated cost	**1,237**	**1,179**	**-**	**-**

Goodwill and brand specified by cash-generating units

2023	Goodwill	Brands	WACC
Sweden	1,013	170	9.5%
Norway	143	8	10.3%
Finland	-	1	9.4%
Germany	-	-	9.0%
UK	82	-	10.8%
	1,237	**179**	

Goodwill and brand specified by cash-generating units

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

Goodwill and brands with indefinite useful lives are tested for impairment annually. The recoverable amounts of the cash-generating units were calculated as the value in use based on management's five-year forecast of net cash flow, for which the most important estimates and assumptions relate to future cash flows in relation to growth, margin and other cash flow affecting items and the determination of the appropriate discount rate. The five-year forecasts are determined by the management of the respective cash-generating unit. Values for specified key assumptions reflect historical experience and development and take into account internal resources and externally available market information such as investment plans within the respective unit and market conditions. For 2023, there are no write-down requirements and no reasonable possible changes regarding estimates and assumptions on which Netel has based the determination of the recoverable amount are deemed to affect the write-down requirement for the year. Netel has not identified any significant impact on impairment requirements or future cash flows from climate-related risks.

For the period after five years, annual growth is estimated to be 2.0 per cent (2.0). The Group's weighted average WACC for Sweden and Norway in 2023 was 9.9 per cent (8.4) before tax.

Note 12 Other intangible assets

Capitalised development expenditure and similar

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Opening cost	27	16	-	-
Acquisitions for the year	6	10	-	-
Exchange rate differences for the year	-2	1	-	-
Closing accumulated cost	**31**	**27**	**-**	**-**
Opening amortisation	-7	-3	-	-
Amortisation for the year	-5	-3	-	-
Exchange rate differences for the year	1	0	-	-
Closing accumulated amortisation	**-11**	**-7**	**-**	**-**
Net carrying amount	**20**	**20**	**-**	**-**

Brand, customer relationships and technology

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Opening cost	267	267	-	-
Acquisitions for the year	-	-	-	-
Exchange rate differences for the year	-1	0	-	-
Closing accumulated cost	**267**	**267**	**-**	**-**
Opening amortisation	-88	-88	-	-
Amortisation for the year	-	-		
Exchange rate differences for the year	1	0	-	-
Closing accumulated amortisation	**-87**	**-88**	**-**	**-**
Net carrying amount	**179**	**179**	**-**	**-**

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

Note 13 Lands and buildings

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2021**
Opening cost	-	-	-	-
Purchases	-	-	-	-
Acquisitions	6	-	-	-
Sales/disposals	-	-	-	-
Closing accumulated cost	**6**	**-**	**-**	**-**
Opening depreciation	-	-	-	-
Sales/disposals	-	-	-	-
Acquisitions	-1	-		
Depreciation for the year	0	-	-	-
Closing accumulated depreciation	**-1**	**-**	**-**	**-**
Net carrying amount	**5**	**-**	**-**	**-**
Total	**55**	**26**	**-**	**-**

Note 14 Plant and machinery

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Opening cost	114	40	-	-
Purchases	24	9	-	-
Acquisitions	3	72	-	-
Sales/disposals	-16	-8	-	-
Exchange rate differences for the year	-1	1	-	-
Closing accumulated cost	**124**	**114**	**-**	**-**
Opening depreciation	-58	-14	-	-
Sales/disposals	9	3	-	-
Acquisitions	-2	-38		
Depreciation for the year	-14	-9	-	-
Exchange rate differences for the year	0	0	-	-
Closing accumulated depreciation	**-65**	**-58**	**-**	**-**
Net carrying amount	**59**	**55**	**-**	**-**
Total	**59**	**55**	**-**	**-**

Note 15 Equipment, tools, fixtures and fittings

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Opening cost	45	33	-	-
Purchases	3	3	-	-
Acquisitions	0	8	-	-
Sales/disposals	0	0	-	-
Reclassification	0	0	-	-
Exchange rate differences for the year	-2	1	-	-
Closing accumulated cost	**46**	**45**	**-**	**-**
Opening depreciation	-34	-25	-	-
Sales/disposals	0	0	-	-
Acquisitions	0	-4	-	-
Reclassification	0	0	-	-
Depreciation for the year	-5	-4	-	-
Exchange rate differences for the year	2	-1	-	-
Closing accumulated depreciation	**-38**	**-34**	**-**	**-**
Net carrying amount	**8**	**11**	**-**	**-**

Note 16 Right-of-use assets

MSEK	31 Dec 2023	31 Dec 2022
Accumulated cost		
Opening balance	209	151
New acquisitions	43	76
Divestments and disposals	-42	-22
Revaluation	-10	4
Closing balance	**201**	**209**
Accumulated depreciation		
Opening balance	-88	-60
Depreciation for the year	-52	-48
Divestments and disposals	38	21
Revaluation	4	-2
Closing balance	**-99**	**-88**
Net carrying amount	**102**	**120**

Right-of-use assets refer to leased assets in accordance with IFRS 16, which comprise Buildings (rent of premises) of MSEK 41 (52), Vehicles MSEK 54 (63) and Other (tools/machinery) MSEK 7 (5). Depreciation for the year for right-of-use assets for Buildings was MSEK 21 (20), Vehicles MSEK 29 (26), and Other (tools/machinery) MSEK 2 (2). The Group has excluded short-term leases and low-value leases of MSEK 1 (1).

The maturity structure for lease liabilities is presented in Note 25.

Amounts recognised in profit or loss	2023	2022
Depreciation of right-of-use assets	-52	-48
Interest expenses for lease liabilities	-4	-4
Expenses attributable to short-term leases	-1	0
Expenses attributable to low-value leases	0	0
Total	**-57**	**-52**
Cash outflow for leases recognised under IFRS 16	**-56**	**-52**

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 2023, 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 assessment as to whether it is reasonably certain that extensions will be used. As of the balance sheet date, an assessment of current leases did not entail any significant adjustment of the amount of the right-of-use assets. Netel takes the following factors into account as most important in assessing whether the leases will be extended: fees for terminating leases, significant remaining value of capitalised improvement costs of third-party properties, historical lease terms and costs and interruptions in the business required to replace the leased asset. The majority of the extension options are excluded in the lease liability because the Group believes that the assets can be replaced without significant costs or interruption to the business.

Note 17 Participations in associated companies and joint ventures

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening value	-	-	-	-
Exchange rate effects	-	-	-	-
Profit participation	-	-	-	-
Other	-	-	-	-
Closing value	**-**	**-**	**-**	**-**

Note 18 Participations in Group companies

MSEK	Parent Company 31 Dec 2023	Parent Company 31 Dec 2022
Opening cost	1,202	1,202
Acquisition of participations in Group companies	98	0
Merger	323	0
Shareholders' contributions	-	-
	1,622	**1,202**

Company	Corp. Reg. No.	Registered office	Number of shares	Participation
Direct ownership				
Netel Group AB	556914-7548	Stockholm	12,517,894	100%

Company	Corp. Reg. No.	Registered office	Number of shares	Participation
Indirect ownership				
Netel AB	556592-4056	Stockholm	100,000	100%
Netel AS	983096514	Oslo	5,700,000	100%
Nett-Tjenester AS	995627868	Fredrikstad	100	100%
Netel Holding Oy	2609959-8	Vantaa	1,000	100%
Netel Oy	230934-4	Helsinki	11,428	100%
Telog Eesti OÜ	11904874	Tallinn	1,000	100%
ICT Consulting AB	556961-0826	Stockholm	1,000	100%
Medam AB	556646-7998	Nyköping	5,000	100%
Netel GmbH	HRB18381	Frankfurt (Oder)	25,000	100%
C-E Morberg Anläggning & Energi AB	556784-4138	Strömsholm	1,000	100%
Brogrund Mark AB	556700-6266	Örebro	1,000	100%
Brogrund Entreprenad AB	556854-2301	Örebro	1,000	100%
Oppunda Kraftkonsult AB	556525-2961	Katrineholm	1,000	100%
Svensk Elkraftsentreprenad AB	559096-9712	Norrköping	1,000	100%
JR Markteknik AB	556906-3869	Stockholm	100	100%
Täby Maskin & Uthyrning AB	556918-6231	Stockholm	100	100%
Eltek Entreprenad Sverige AB	556841-3636	Smedjebacken	500	100%
Eltek Kraft & Montage Sverige AB	559263-6681	Smedjebacken	250	100%
Elcenter i Söderköping Aktiebolag	556373-2477	Söderköping	1,000	100%
KMAB Karlskoga Mark AB	556882-2828	Karlskoga	50,000	100%
Netel Ltd	2600095	Buckinghamshire	10,000	100%
Doocey North East Ltd	03387559	Dumfries	200	100%
Netel UK Ltd	SC451995	Dumfries	100	100%
Bredbyns Schakt AB	556203-0741	Örnsköldsvik	1,000	100%
Elektrotjänst i Katrineholm AB	556209-6486	Katrineholm	5,000	100%

The acquisition of 100% of the participations in Elektrotjänst i Katrineholm AB was completed in 2023
In December 2023, NTL-Management AB, NTL Co-Invest AB, Netel Group Holding AB
and Netel Group BC AB were merged with Netel Holding AB (publ).

Note 19 Other financial assets

	Group	
MSEK	31 Dec 2023	31 Dec 2022
Opening cost	9	7
Acquisitions for the year	3	2
Acquisitions	0	0
Reclassification from liabilities	-	-
Measurement at market value	-	-
Closing value	**13**	**9**

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

Note 20 Accounts receivable

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2022	31 Dec 2021
Accounts receivable	544	589	0	0
Loss allowance, expected future credit loss	-5	-6	0	0
Total accounts receivable	**539**	**583**	**0**	**0**
Age analysis of accounts receivable before deduction for loss allowance				
1-30 days past due	23	29	0	0
31-90 days past due	4	1	0	0
> 91 days past due	56	87	0	0
Total accounts receivable past due	**83**	**118**	**0**	**0**
Opening balance, provisions	-6	-5	0	0
Change in loss allowance, accounts receivable	1	-1	0	0
Closing balance, loss allowance for credit losses	**-5**	**-6**	**0**	**0**

The change in the loss allowance for accounts receivable of MSEK 1 was primarily due to the completion of previously ongoing projects.

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 21 Contract assets

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Construction contracts	448	504	0	0
Provision, contract assets	-1	-1	0	0
Total contract assets	**447**	**502**	**0**	**0**
Opening balance	502	261	0	0
Invoicing of opening receivables	-467	-226	0	0
Generated revenue for the year that has not been invoiced	412	467	0	0
Impairment	-	-	0	0
Total	**447**	**502**	**0**	**0**
Current	447	502	0	0
Non-current	-	-	0	0
Total	**447**	**502**	**0**	**0**
Opening balance, provisions	-1	-1	0	0
Change in loss allowance, contract assets	0	-1	0	0
Closing balance, loss allowance for credit losses	**-1**	**-1**	**0**	**0**

Amounts attributable to construction contracts arise in conjunction with projects that have been generated but not invoiced before the balance sheet date.

During the year, projects (both started and not started) for which losses were expected, were recognised as an expense of MSEK 0 (1). All contract assets as of 31 December 2023 are expected to be settled in 2024.

Note 22 Prepaid expenses and accrued income

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Prepaid rent	0	0	-	-
Accrued revenue, other	9	33	-	-
Other items	13	24	-	-
Total	**22**	**57**	**-**	**-**

Note 23 Disclosures on share capital and reserves

	Number of shares	Quota value per share SEK
2023		
Number/value at beginning of year*	48,208,579	0.02
Number/value at year-end*	48,511,873	0.02
2022		
Number/value at beginning of year*	46,703,671	0.02
Number/value at year-end*	48,208,579	0.02

* During 2023 an offset issue were carried out in connection with previously announced acquisitions. The number of ordinary shares outstanding increased 303,294 to 48,511,873 shares at the end of the year. In 2022, seven offset issues were carried out in connection with previously announced acquisitions. The number of ordinary shares outstanding increased 1,504,908 to 48,208,579 shares at the end of 2022.

Reserves	31 Dec 2023	31 Dec 2022
Translation reserve		
Opening balance	5	0
Translation differences for the year	-25	5
Closing balance	**-21**	**5**

Translation reserve

The translation reserve includes the exchange rate differences that arise on the translation of foreign operations whose financial statements are prepared in a different currency to the currency in which the consolidated financial statements are presented. Internal financing to foreign operations in foreign currencies is also seen as an extended net investment in these foreign operations and exchange rate effects from these positions are recognised in other comprehensive income together with other translation differences for foreign operations.

Note 24 Deferred tax

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Deferred tax assets				
Loss carry-forwards	14	7	-	-
Unutilised interest deductions	-	-	-	-
Loss allowance accounts receivable/contract assets	1	2	-	-
Other temporary differences	0	0	-	-
Deferred tax, right-of-use assets	1	1	-	-
Total	**16**	**10**	**-**	**-**
Deferred tax liabilities				
Untaxed reserves	27	26	-	-
Temporary differences, intangible assets	38	38	-	-
Other temporary differences	2	3	-	-
Changed tax rate, tax allocation reserve	-	-	-	-
Changed tax rate, intangible assets	-	-	-	-
Total	**68**	**68**	**-**	**-**

Note 25 Maturity structure for undiscounted liabilities to credit institutions, lease liabilities and other non-current liabilities

	Group		Parent Company	
TSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2021**
Liabilities to credit institutions and lease liabilities				
Repayment within one year				
Loans	0	0	-	-
Lease liabilities	45	49	-	-
Total within one year	**45**	**49**	**-**	**-**
Repayment within two to five years				
Loans	951	967	934	932
Lease liabilities	48	66	-	-
Total within two to five years	**999**	**1,033**	**934**	**932**
Repayment after five years				
Loans	0	0	-	-
Lease liabilities	2	3	-	-
Total after five years	**2**	**3**	**-**	**-**
Total liabilities to credit institutions and lease liabilities	**1,047**	**1,085**	**934**	**932**
Other non-current liabilities				
Repayment within one year	145	0	-	-
Repayment within two to five years	26	179	-	-
Repayment after five years	0	0	-	-
Total	**171**	**179**	**0**	**0**
Total amortisation within one year	190	49	-	-
Total amortisation within two to five years	1,025	1,212	934	932
Total amortisation after five years	2	3	-	-

The Group has a revolving facility of MSEK 950 that includes an overdraft facility of MSEK 150 distributed between Sweden (linked to the cash pool) and Norway, with a term until September 2026, as well as a credit facility of MSEK 250 with a term until September 2026. 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 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Overdraft facilities granted	150	150	-	-
Of which utilised at balance sheet date	-	-	-	-

Note 26 Contract liabilities

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Construction contracts	151	118	-	-
			-	**-**
Opening balance	118	53	-	-
Generated during the year	-118	-53	-	-
Invoiced revenue for the year that has not been generated	151	118	-	-
Total	**151**	**118**	**-**	**-**
Current	151	118	-	-
Non-current	-	-	-	-
Total	**151**	**118**	**-**	**-**

Amounts attributable to construction contracts arise in connection with payment exceeding the accrued revenue reported for a construction agreement. Payment is made according to agreed plans. All contract liabilities as of 31 December 2023 are expected to be settled in 2024.

Note 27 Accrued expenses

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Accrued salaries	70	75	2	-
Accrued social security contributions	22	22	1	-
Project-related reserves	18	24	-	-
Other accrued expenses	4	21	1	-
Total	**114**	**142**	**5**	**0**

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 28 Adjustments for non-cash items

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Depreciation	76	65	0	0
Provisions	2	1	0	0
Unrealised exchange rate effects	0	0	0	0
Other adjustments	-8	-3	0	0
Total	**70**	**62**	**0**	**0**

Note 29 Reconciliation of liabilities attributable to financing activities

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Opening balance liabilities to credit institutions	972	500	936	475
Repayment of loans	-66	-13	0	0
Raising of new loans	50	462	0	460
Non-cash items				
Acquired liabilities and other liabilities	2	21	5	0
Dissolution loan arrangement costs	1	2	1	2
Closing balance liabilities to credit institutions	**960**	**972**	**942**	**936**
Opening balance, lease liabilities	118	89	0	0
Repayment of lease liability	-51	-48	0	0
Non-cash items				
Raising of new lease liabilities	29	77	0	0
Closing balance, lease liabilities	**96**	**118**	**0**	**0**
Total liabilities from financing activities	**1,056**	**1,090**	**942**	**936**

Note 30 Pledged assets

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Equipment with retention of title	-	-	-	-
Floating charges	94	95	-	-
Pledged assets in subsidiaries	-	-	-	-
Total	**94**	**95**	**-**	**-**

Note 31 Contingent liabilities

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2022**	**31 Dec 2021**
Parent Company guarantees for work performed	100	53	-	-
Bank guarantees provided	79	62	-	-
Other guarantees	247	266	-	-
Total	**426**	**380**	**-**	**-**

Note 32 Related party transactions

No significant changes took place during the year for the Group or the Parent Company in relationships or transactions with related parties.

MSEK	2023	2022
Management		
Sale of goods/services	-	0
Purchase of goods/services	-	-
Interest income	-	-
Interest expenses		
Receivables on balance sheet date		
Liabilities on balance sheet date		

Note 33 Significant events after the end of the financial year

On 10 January 2024, Peter Andersson decided to end his employment as CFO at Netel and Fredrik Helenius, Group Accounting Manager, took over as acting CFO with immediate effect. Fredrik Helenius took over as CFO on 26 January 2024.

Effective 16 February 2024, Netel initiated a reorganisation to highlight synergies, better utilise business opportunities and expertise, and allocate resources between countries based on the nature of the operations. The reorganisation also means that the managers for Infraservices and Power in Sweden are assigned Group-wide responsibility for their respective business areas. The head of Telecom in Norway was assigned Group-wide responsibility for the telecom business. As a result, Netel has a new Executive Team that consists of Jeanette Reuterskiöld, President and CEO, Fredrik Helenius, CFO, Klas Eldebrandt, Head of Power Division, Fredrik Land, Head of Infraservices Division, Edward Olastuen, Head of Telecom Division and Johan Olofsson, Group Operational Support. To support management with analysis and decision making, the reporting structure has also been changed. The previous segments Sweden, Norway, Finland, Germany and the UK are replaced by the divisions Infraservices, Power and Telecom which, as of the first quarter of 2024, are recognised as the primary operating segments. The previous segments are recognised as business areas within each respective division.

Other than the above, no significant changes have occurred regarding the Group's financial position or financial results after 31 December 2023.

Note 34 Key performance indicators not defined by IFRS

MSEK unless otherwise stated	2023	2022
Net sales growth (%)	10.1%	29.9%
Organic net sales growth (%)	3.7%	7.5%
EBITDA	204	241
EBITDA margin (%)	5.9%	7.7%
EBITA	133	179
EBITA margin, %	3.8%	5.7%
Items affecting comparability	32	21
Adjusted EBITDA	236	262
Adjusted EBITDA margin (%)	6.8%	8.3%
Adjusted EBITA	164	200
Adjusted EBITA margin (%)	4.8%	6.4%
Net debt	610	722
Net debt/adjusted EBITDA R12 (ratio)	2.6	2.8
Equity ratio (%)	36.0%	35.5%
Order backlog	4,047	3,700

Note 35 Derivation of key performance indicators not defined by IFRS

MSEK unless otherwise stated	2023	2022
Organic net sales growth		
Net sales, previous period	3,141	2,418
Acquired net sales	201	541
Organic net sales	3,258	2,600
Total net sales growth	**10.1%**	**29.9%**
Organic net sales growth	**3.7%**	**7.5%**
Adjusted EBITDA		
Net sales	3,459	3,141
Operating profit (EBIT)	128	176
Depreciation and amortisation and impairment of property, plant and equipment and intangible assets	76	65
EBITDA	**204**	**241**
EBITDA margin	**5.9%**	**7.7%**
Items affecting comparability		
Acquisition-related costs	7	17
Other items affecting comparability	25	3
Total items affecting comparability	**32**	**21**
Adjusted EBITDA	**236**	**262**
Adjusted EBITDA margin	**6.8%**	**8.3%**

MSEK unless otherwise stated	2023	2022
Adjusted EBITA		
Net sales	3,459	3,141
Operating profit (EBIT)	128	176
Amortisation and impairment of intangible assets	5	3
EBITA	**133**	**179**
EBITA margin	**3.8%**	**5.7%**
Items affecting comparability		
Acquisition-related costs	7	17
Other items affecting comparability	25	3
Total items affecting comparability	**32**	**21**
Adjusted EBITA	**164**	**200**
Adjusted EBITA margin	**4.8%**	**6.4%**
Net Debt/adjusted EBITDA (R12)		
Non-current interest-bearing liabilities	1,003	1,037
Current interest-bearing liabilities	53	53
Total interest-bearing liabilities	1,056	1,090
Cash and cash equivalents	446	369
Net debt	**610**	**722**
Adjusted EBITDA, R12	**236**	**262**
Net debt/adjusted EBITDA R12 (Ratio)	**2.6**	**2.8**
Equity ratio		
Total equity	1,133	1,105
Total assets	3,146	3,119
Equity ratio	**36.0%**	**35.4%**

Note 36 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 17 (173) and Current non-interest-bearing liabilities in the amount of MSEK 145 (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 2023	31 Dec 2022
Fund holdings		
Opening balance	5	3
Business combinations	-	-
Purchases	1	1
Sales	-	-
Change in value recognised in profit or loss	-	-
Translation differences	-	-
Closing balance	**6**	**5**

MSEK	31 Dec 2023	31 Dec 2022
Contingent consideration		
Opening balance	173	32
Business combinations	9	146
Paid	-20	-5
Change in value recognised in profit or loss	1	0
Translation differences	-1	-
Closing balance	**162**	**173**

MSEK	31 Dec 2023	31 Dec 2022
Other liabilities measured at fair value		
Opening balance	0	0
Change in recognised liabilities	0	0
Change in value recognised in profit or loss	-1	-
Translation differences	-	-
Closing balance	**-1**	**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 2023, MSEK	Nominal amount	Due 2024	Due 2025-2026	Due 2027-2028	Due >2029
Bank loans	1,117	65	1,046	6	-
Other non-current liabilities	171	145	17	9	-
Liabilities for lease commitments	96	45	44	4	2
Total interest-bearing liabilities	**1,384**	**255**	**1,107**	**19**	**2**
Accounts payable	335	335	-	-	-
Total non-interest-bearing liabilities	**335**	**335**	**-**	**-**	**-**

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

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 2023	31 Dec 2022
Cash and bank balances	446	369
Unutilised overdraft facilities	244	295
Available liquidity	**690**	**664**

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 539 (583).

(Note 36, 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 2023. The average interest rate on outstanding interest-bearing liabilities on 31 December 2023 was as follows:

Average interest rate	2023		2022	
Group, MSEK	Liability amount	Average interest	Liability amount	Average interest
Bank loans	960	5.59%	972	3.15%
Other non-current liabilities	26	0.00%	179	0.00%
Lease liabilities	96	3.72%	118	3.13%
Total	**1,082**		**1,269**	

A change in the market interest rate of 1 percentage point would mean a change in interest expenses of MSEK +/-10.6 (10.9).

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, Finland, Germany and UK, t he 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 2023	31 Dec 2022
Accounts receivable	-5	-6
Contract assets	-1	-1

For more information, see Note 19 and Note 20.

Group, measurement	31 Dec 2023		31 Dec 2022	
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	539	-	583	-
Other receivables	44	-	15	-
Cash and cash equivalents	446	-	369	-
Liabilities				
Interest derivatives and currency futures (liabilities)	-	1	-	0
Liabilities to credit institutions non-current and current	1,056	-	1,090	-
Other non-current liabilities	26	-	179	-
Accounts payable	335	-	323	-
Other current liabilities	240	-	63	-
Accrued expenses and deferred income	114	-	142	-

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

The table below shows the impact of financial instruments on the consolidated income statement.

Group, measurement	31 Dec 2023		31 Dec 2022	
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	6	-	0	-
Interest expenses	-66	-	-27	-
Exchange rate differences	5	-	15	-
Unrealised changes in value	-	1	-	0
Total impact on net financial items	-55	1	-11	0

Note 37 Business combinations

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

TSEK	Elektrotjänst Fair value	Total
Acquired net assets on acquisition date based on acquisition analysis		
Intangible assets	-	-
Property, plant and equipment	6	6
Right-of-use assets	-	-
Financial assets	3	3
Deferred tax assets	-	-
Inventories	-	-
Accounts receivable and other receivables	9	9
Cash and cash equivalents	17	17
Interest-bearing liabilities	-	-
Lease liabilities	-	-
Accounts payable and other operating liabilities	-2	-2
Accounts payable and other operating liabilities	-11	-11
Identified net assets	**22**	**22**
Goodwill	75	75
Total purchase consideration	**97**	**97**
Purchase consideration comprises:		
Cash	**70**	**70**
Equity instruments	**10**	**10**
Contingent consideration	**17**	**17**
Promissory notes	-	-
Total purchase consideration	**97**	**97**

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

Impact of acquisition on Group's cash flow		
Cash portion of purchase consideration	**70**	**70**
Acquired cash	-16	-16
Total	**54**	**54**
Acquisition-related costs	2	3
Net cash outflow	**57**	**57**

In connection with the acquisition of Elektrotjänst, goodwill of MSEK 75 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to human resources. Transaction costs related to the acquisition amounted to MSEK 2. The transaction costs were recognised as an expense in profit or loss under Other external expenses. Between February and December, the acquisition contributed MSEK 73 to the Group's revenue and MSEK 5 to the Group's profit after tax. If the acquisition had taken place on 1 January 2023, company management estimates that the Group's revenue and earnings would have been positively impacted by MSEK 3,470 and MSEK 45 for 2023.

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*	EBIT before amortisation of intangible assets, adjusted for items affecting comparability	The measure is used to used to illustrate the underlying operations' underlying profitability
Adjusted EBITA margin*	Adjusted EBITA as a percentage of net sales	The measure is 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 used to illustrate the underlying operations' underlying profitability
Adjusted EBITDA margin*	Adjusted EBITDA as a percentage of net sales	The measure is used to illustrate the underlying operations' underlying profitability
Items affecting comparability*	Items affecting comparability are revenue and expenses of a non-recurring character such as capital gains from divestments, transaction costs in connection with M&As or capital raises, external costs in conjunction with IPO preparations, larger integration costs for acquisitions or planned reconstructions, and expenses following strategic decisions and major reconstructions that result in a discontinuation of operations	Items affecting comparability are used to highlight the income items that are not included in the operating activities to create a clear view of the underlying earnings trend
Cash flow from operating activities	Cash flow attributable to the company's main income-generating operations and operations other than investing activities and financing activities	The measure is a performance measure defined by IFRS
Net sales	The total of sales proceeds from goods and services less discounts provided, VAT and other tax related to the sale	The measure is a performance measure defined by IFRS
Organic growth*	Sales growth excluding material acquisitions in the last 12 months	The measure shows the size of the company's total growth that is organic growth
Order backlog	The remaining order value on the balance sheet date for contracted projects and estimated future volumes from framework agreements	Used to show contracted future net sales attributable to projects
Profit before tax	Profit for the period before tax	The measure is a performance measure defined by IFRS
Earnings per share (SEK)	Earnings per share before and after dilution attributable to holders of ordinary shares in the Parent Company	The measure (before and after dilution) is a performance measure defined by IFRS
Net debt*	Interest-bearing liabilities (current and non-current) less cash and cash equivalents	The measure shows the size of the company's total assets financed via financial liabilities, taking into account cash and cash equivalents and is a component in assessing financial risk
Equity ratio*	Equity as a percentage of total assets	The measure shows the share of the company's total assets financed by the shareholders through equity

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

Quarterly overview

	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Sales, MSEK								
Net sales	1,025	890	861	684	984	779	751	626
Net sales growth	4.2%	14.2%	14.5%	9.3%	37.2%	26.9%	14.8%	45.0%
Earnings, MSEK								
EBITDA	77	65	48	14	85	59	60	36
EBITA	59	46	30	-3	69	43	45	22
EBIT (operating profit)	58	45	29	-4	68	42	44	22
Adjusted EBITDA	81	68	59	28	92	65	63	42
Adjusted EBITA	63	50	41	11	75	49	48	28
Margin								
EBITDA margin	7.5%	7.3%	5.6%	2.1%	8.7%	7.6%	8.0%	5.8%
EBITA margin	5.8%	5.2%	3.4%	-0.4%	7.0%	5.6%	6.0%	3.6%
EBITA margin	5.6%	5.1%	3.3%	-0.6%	6.9%	5.4%	5.9%	3.6%
Adjusted EBITDA margin	7.9%	7.6%	6.9%	4.1%	9.3%	8.3%	8.4%	6.8%
Adjusted EBITA margin	6.2%	5.6%	4.7%	1.6%	7.6%	6.3%	6.4%	4.5%
Segments								
Net sales, MSEK								
Sweden	554	409	431	311	481	332	358	262
Norway	335	333	286	242	327	299	281	273
Finland	82	71	67	54	89	86	58	58
Germany	44	45	52	52	66	50	60	37
UK	19	32	30	29	23	24	-	-
EBITA, MSEK								
Sweden	27	35	34	19	52	22	31	12
Norway	25	12	5	-11	12	19	13	16
Finland	-2	-4	-15	-16	-6	0	-4	-3
Germany	0	0	5	5	8	4	9	3
UK	14	4	1	3	1	5	-	-
Other								
Order backlog, MSEK	4,047	4,104	3,976	3,750	3,700	3,408	3,408	3,401
Net debt, MSEK	610	798	788	789	722	692	622	557
Net debt/adjusted EBITDA R12 (ratio)	2.6	3.2	3.2	3.2	2.8	2.7	2.6	2.4
Average number of FTEs (R12)	864	870	880	854	776	820	748	719
Number of employees at the end of the period, converted to full-time employees	856	857	888	876	809	824	757	737

Multi-year review

Multi-year summary for the Group

MSEK unless otherwise stated	2023	2022	2021	2020	2019
Net sales	3,459	3,141	2,418	1,845	1,861
Earnings after financial items	64	161	100	67	30
Profit after financial items, as a percentage of net sales	1.8%	5.1%	4.1%	3.6%	1.6%
Total assets	3,146	3,119	2,133	1,511	1,601
Equity ratio	36%	35%	43%	40%	35%

Multi-year summary for the Parent Company

MSEK unless otherwise stated	2023	2022	2021	2020	2019
Net sales	27	20	10	-	-
Earnings after financial items	-18	4	-37	-	-
Total assets	2,469	2,440	1,876	-	-
Equity ratio	60%	60%	72%	-	-

Multi-year review for the Group

	2023	2022	2021	2020	2019
Sales					
Net sales, MSEK	3,459	3,141	2,418	1845	1,861
Net sales growth	10.1%	29.9%	31.1%	-0.9%	-0.4%
Earnings, MSEK					
EBITDA	204	241	170	158	110
EBITA	133	179	127	120	68
EBIT (operating profit)	128	176	126	119	53
Adjusted EBITDA	236	262	220	171	137
Adjusted EBITA	164	200	177	134	94
Margin					
EBITDA margin	5.9%	7.7%	7.0%	8.5%	5.9%
EBITA margin	3.8%	5.7%	5.2%	6.5%	3.6%
EBITA margin	3.7%	5.6%	5.2%	6.4%	2.8%
Adjusted EBITDA margin	6.8%	8.3%	9.1%	9.3%	7.3%
Adjusted EBITA margin	4.8%	6.4%	7.3%	7.3%	5.0%
Segments					
Net sales, MSEK					
Sweden	1,704	1,433	970	600	786
Norway	1,196	1,179	1,048	886	763
Finland	273	291	270	303	299
Germany	192	213	145	55	14
UK	110	47	-	-	-
EBITA, MSEK					
Sweden	115	117	60	15	-
Norway	32	60	98	82	-
Finland	-36	-12	5	5	-
Germany	10	24	18	6	-
UK	21	6	-	-	-
Other					
Order backlog, MSEK	4,047	3,700	3,488	2,354	1,456
Net debt, MSEK	610	722	318	360	477
Net debt/adjusted EBITDA (ratio)	2.6	2.8	1.4	2.1	3.5
Average number of FTEs	864	776	576	414	437
Number of employees at the end of the period, converted to full-time employees	856	809	658	420	424

Proposed appropriation of profits

TSEK	
The following profits are at the disposal of the Annual General Meeting:	
Share premium reserve	1,470,810
Retained earnings	-19,228
Profit for the year	28,044
Total	**1,479,626**
The Board of Directors proposes that retained earnings be appropriated as follows:	
To be carried forward	1,479,626
Total	**1,479,626**

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 2 May 2024.

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

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

Stockholm, 3 April 2024

Hans Petersson
Chairman

Alireza Etemad
Board member

Ann-Sofi Danielsson
Board member

Carl Jakobsson
Board member

Göran Lundgren
Board member

Nina Macpherson
Board member

Jeanette Reuterskiöld
Board member and CEO

Our auditor's report was submitted on 3 April 2023

Deloitte AB

Jenny Holmgren
Authorised Public Accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Netel Holding AB (publ) for the financial year 2023-01-01 - 2023-12-31 with exception for the sustainability report and the corporate governance statement on pages 35-71 and 72-85. The annual accounts and consolidated accounts of the company are included on pages 4-5, 10-91 and 94-146 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 2023 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 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not include the sustainability report and the corporate governance statement on pages 35-71 and 72-85.

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 2023, Netel accounts for goodwill in the consolidated balance sheet amounting to MSEK 1 237. 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 and 142-145. Other information also includes the remuneration report. 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 2023-01-01 - 2023-12-31 and the proposed appropriations of the company’s profit or loss.

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

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

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

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

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

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

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

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

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

A further description of our responsibilities for the audit of the management’s administration is located at the Swedish Inspectorate of Auditors website:

www.revisorsinspektionen.se/revisornsansvar. This description forms part of the auditor´s report".

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Netel Holding AB (publ) for the financial year 2023-01-01 - 2023-12-31.

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

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

Basis for opinion

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

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

Responsibilities of The Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

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

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

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

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

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

The auditor´s opinion regarding the statutory sustainability report

The Board of Directors is responsible for the statutory sustainability report on pages 35-71, and that it is prepared in accordance with the Annual Accounts Act.

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

A statutory sustainability report has been prepared.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 72-85 has been prepared in accordance with the Annual Accounts Act.

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

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

Deloitte AB, was appointed auditor of Netel Holding AB (publ) by the general meeting of the shareholders on the 2023-05-04 and has been the company's auditor since 2010.

Stockholm April 3, 2024
Deloitte AB

Jenny Holmgren
Authorized public accountant

This is a translation of the Swedish language original.
In the event of any differences between this translation and the Swedish language original, the latter shall prevail

Close to 1,000 new shareholders in 2023

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

Share capital

At the close of 2023, the share capital in Netel amounted to SEK 746,337 (741,670) divided among 48,511,873 (48,208,579) shares. Each share has one vote. All of the shares carry equal rights to dividends and share of the company's assets and earnings.

In 2023, the number of shares and votes increased through offset issues carried out in conjunction with acquisitions. Based on the offset issues, the number of shares and votes increased by 303,294 in 2023.

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 2023, Netel's closing price was SEK 14.70, meaning a market capitalisation of MSEK 713.1. The highest price paid was noted on 19 April and was SEK 35.70. The lowest price paid was noted on 26 October and was SEK 6.30. In 2023, the share price decreased 56.8 per cent. According to the OMXS PI Index, Nasdaq Stockholm increased 15.5 per cent during 2023.

A total of 25,147,241 (2,316,434) shares were traded on Nasdaq Stockholm during the period for a value of MSEK 2,966.7 (93.2), resulting in an average of 100,589 (9,156) shares per trading day corresponding to a daily average of MSEK 11.87 (0.37).

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, mergers and acquisitions and organic growth opportunities into consideration.

Ownership structure

Netel had 2,588 (1,655) shareholders at the end of the year, which is an increase of 993 during 2023. Foreign holdings corresponded to 11.4 (11.4) per cent of the shares and the votes. The holdings of the ten largest shareholders corresponded to 72.03 (79.22) per cent of the shares and the votes. At the end of the year, 48.2 (48.5) per cent of the shares were held by investment and asset management companies, 15.9 (21.4) per cent by fund companies and 23.8 (16.8) per cent by private individuals.

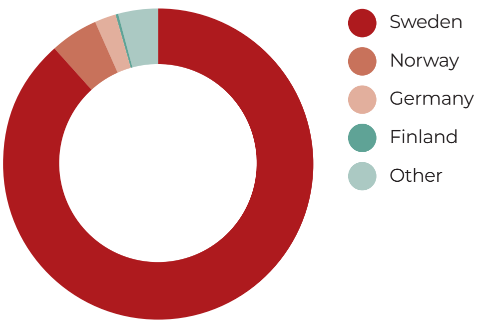
Ownership data comes from Monitor, Modular Finance and refers to 31 December 2023.

Analysts who follow Netel:

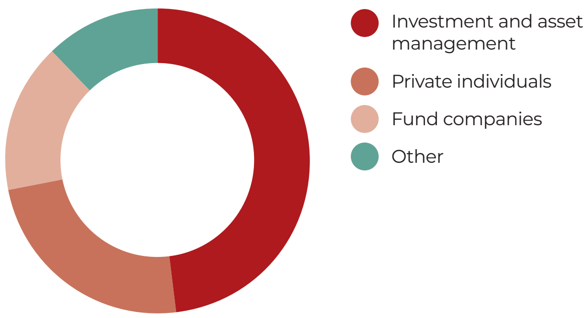
Karl-Johan Bonnevier, DNB Markets
Stefan Gauffin, DNB Markets
Carl Ragnerstam, Nordea Markets
Victor Hansen, Nordea Markets
Stefan Billing, Kepler Cheuvreux

Ticker: NETEL
ISIN: SE0015949433

By country



Ownership structure



Netel's largest owners

	Number of shares and votes	Share of capital and votes, %
IK VII fonden via Cinnamon International Sarl	23,068,918	47.55
Nordnet Pensionsförsäkring	3,926,356	8.09
Swedbank Robur Fonder	2,070,000	4.27
Delphi Fondsforvaltning AS	1,207,011	2.49
Cicero Fonder	1,139,907	2.35
Lannebo Fonder	1,044,742	2.15
Berenberg Funds	889,014	1.83
Markteknikgruppen i Sverige AB	637,852	1.31
Protean Funds Scandinavia	483,993	1.00
Swedbank Försäkring	475,437	0.98
Ten largest owners	**34,943,230**	**72.02**
Other owners	13,568,643	27.98
Total	**48,511,873**	**100.00**

Distribution history

	31 Dec 2022	31 Dec 2023
Number of owners	1,655	2,588
Number of foreign owners	243	266
Foreign ownership	12.13%	11.41%
Fund ownership	21.39%	15.87%
PDMR ownership	49.93%	49.60%

Ownership structure by holdings

	Number of shares and votes	Share of shares and votes, %	Number of known owners	Share of known owners, %
1 - 500	223,029	0.46	1,601	61.86
501 - 1,000	277,356	0.57	335	12.94
1,001 - 5,000	947,080	1.95	389	15.03
5,001 - 10,000	662,560	1.37	88	3.40
10,001 - 20,000	995,746	2.05	68	2.63
20,001 -	43,495,087	89.66	107	4.13
Unknown holding size	1,911,015	3.94	0	0.00
Total	**48,511,873**	**100.00**	**2,588**	**100**

Trend in share capital

Date	Transaction	Change in number of shares and votes	Total number of shares and votes	Increase in share capital, SEK	Total share capital, SEK
October 2021[1]	Issue in kind and new share issue	10,036,874 , 4,166,667	218,516	46,703,671	718,518
January 2022	Offset issue	637,852	47,341,523	9,813	728,331
March 2022	Offset issue	65,775	47,407,298	1,012	729,343
March 2022	Offset issue	89,763	47,497,061	1,381	730,724
May 2022	Offset issue	141,552	47,638,613	2,178	732,902
July 2022	Offset issue	293,365	47,931,978	4,513	737,415
August 2022	Offset issue	90,364	48,022,342	1,390	738,805
December 2022	Offset issue	186,237	48,208,579	2,865	741,670
February 2023	Offset issue	303,294	48,511,873	4,666	746,337

[1] The increase took place in conjunction with the listing on Nasdaq Stockholm when a transformation of the previous ownership structure was carried out and new shares were issued.

Offset issues were carried out in connection with acquisitions, based on the authorisation from the Extraordinary General Meeting on 27 August 2021 and the 2022 Annual General Meeting.

2024 Annual General Meeting

Netel's 2024 Annual General Meeting will be held at 11:00 a.m. on Thursday, 2 May in the Sibeliussalen room of Finlandshuset at Snickarbacken 4, Stockholm, Sweden.

Financial calendar

2024

26 April	Interim report January – March
12 July	Interim report January – June
25 October	Interim report January – September

2025

7 February	Interim report January – December and Year-end Report 2024

IR Contact

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Financial information

Netel's financial statements and annual reports can be read and downloaded at netelgroup.com.

Printed documents can be ordered by email info@netelgroup.com or by letter to Netel Group, Fågelviksvägen 9, 7 tr, SE-145 84 Stockholm, Sweden.

Eight reasons to invest in Netel

Strong growth

Netel has grown at an average annual rate of 24.4 per cent between 2010 and 2023. 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 a 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 14 acquisitions were carried out between 2021 and 2023.

Record-breaking order backlog

At the end of the year, Netel's order backlog amounted to SEK 4.0 (3.7) billion.

Leading profitability in the industry

Adjusted EBITDA has grown at an average annual rate of 16.0 per cent between 2010 and 2023. Netel is a profitability leader in the industry due to a successful business model, long-standing customer relationships and stable customer base with the largest network owners in the Nordic region. One of the factors for success is that Netel engages subcontractors for construction and installation.

Asset-light business model

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

Markets driven by powerful megatrends

Netel operates in markets that are critical to society. These markets are affected by three powerful megatrends: climate change, digitalisation and the need to update the infrastructures.

Strong sustainability focus a key part of success

Netel's strong sustainability focus and responsibility for the environment and work environment is one of the Group's factors for success. Netel sets the same high sustainability requirements for its subcontractors as for its own operations.

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