netel group

YEAR-END REPORT 2023

Q4

Strong cash flow and growing order backlog

Fourth quarter

- Net sales increased 4.2 per cent to MSEK 1,025 (984), of which organic growth was 1.0 per cent.
- Adjusted EBITA amounted to MSEK 63 (75), with an adjusted EBITA margin of 6.2 per cent (7.6).
- EBITA amounted to MSEK 59 (69), with an EBITA margin of 5.8 per cent (7.0).
- Operating profit (EBIT) amounted to MSEK 58 (68), with an operating margin of 5.6 per cent (6.9).
- Profit for the period amounted to MSEK 36 (48).
- Earnings per share before and after dilution declined 25.0 per cent to SEK 0.75 (1.00).
- Cash flow from operating activities increased to MSEK 203 (41).

January–December

- Net sales increased 10.1 per cent to MSEK 3,459 (3,141), of which organic growth was 3.7 per cent.
- Adjusted EBITA amounted to MSEK 164 (200), with an adjusted EBITA margin of 4.8 per cent (6.4).
- EBITA amounted to MSEK 133 (179), with an EBITA margin of 3.8 per cent (5.7).
- Operating profit (EBIT) amounted to MSEK 128 (176), with an operating margin of 3.7 per cent (5.6).
- Profit for the period amounted to MSEK 44 (123).
- Earnings per share before and after dilution declined 64.9 per cent to SEK 0.91 (2.59).
- Cash flow from operating activities increased to MSEK 242 (-72).
- Net debt declined to MSEK 610 (722) and net debt/adjusted EBITDA declined to 2.6 (2.8).
- The order backlog increased to MSEK 4,047 (3,700).
- The Board proposes that no dividend will be paid to the shareholders for 2023 to further strengthen Netel's financial position.

Significant events during the fourth quarter

- Three-year framework agreement signed with the Swedish Defence Materiel Administration (FMV) for MSEK 480
- Agreement signed with E.ON Energidistribution for MSEK 245
- Jeanette Reuterskiöld, Acting President and CEO, was appointed President and CEO on 4 December 2023

Important events after the end of the year

- Fredrik Helenius permanently assumed the role of CFO on 26 January 2024
- Nett-Tjenester expanded its partnership with Elvia through a new framework agreement totalling about MNOK 120
- Eltek signed a contract with Siemens Energy for modernising and expanding Svenska Kraftnät's signal box
- New Group management and organisational structure to clarify synergies and strengthen transactions

	Oct-Dec		Jan-Dec	
SEK millions	**2023**	**2022**	**2023**	**2022**
Net sales	1,025	984	3,459	3,141
Net sales growth (%)	4.2%	37.2%	10.1%	29.9%
Adjusted EBITA	63	75	164	200
Adjusted EBITA margin (%)	6.2%	7.6%	4.8%	6.4%
EBITA	59	69	133	179
EBITA margin (%)	5.8%	7.0%	3.8%	5.7%
EBIT	58	68	128	176
EBIT margin (%)	5.6%	6.9%	3.7%	5.6%
Net debt	610	722	610	722
Net debt/Adjusted EBITDA R12 (Ratio)	2.6	2.8	2.6	2.8

Adjusted EBITA was adjusted for acquisition-related costs and for restructuring costs in 2023. Adjustments were made in 2022 for acquisition-related costs.

CEO's comments

Strengthened financial position and new organisation

After a good fourth quarter we can conclude that growth and profitability in 2023 were in line with our previous indicators. Operating cash flow was strong in the quarter due to cash-improving activities and normal seasonal variations. The order intake remained healthy during the quarter and we are heading into 2024 with an order backlog of SEK 4.0 billion and a strengthened financial position.

Sales rose 4.2 per cent to MSEK 1,025 (984) in the quarter and 10.1 per cent to MSEK 3,459 (3,141) for the full-year. This is in line with our indication from 14 July 2023, when we expected at least 10 per cent growth for the full-year. The adjusted EBITA margin of 4.8 per cent (6.4) for the full-year is also in line with our expectation of between 4.5 and 5.5 per cent.

During the fourth quarter we saw improved volumes, primarily within Power in Sweden and Norway. Telecom operations in Sweden, Norway and Finland also performed well. However, profitability was negatively impacted by the early, severe winter in Northern Europe and Sweden during the quarter as well as costs for the initial preparations for the new major framework agreements with FMV.

Successful cash-improving initiatives
It is pleasing to see that the operating cash flow improved to MSEK 203 (41) for the quarter, due in part to normal seasonal variations as well as to our successful cash-improving initiatives. At the same time, we know that the first quarter is historically the weakest of the year and we have several large projects that will start during the first half of the year, sometimes with the risk of delays. We also have to take weather conditions into account – a long winter can delay infrastructure work that requires a lot of digging.

Developed organisation and new business opportunities
One of our success factors is our ability to balance resources and create synergies. However, we see that we can get more out of our organization by effectively sharing experiences, skills and resources within the Group. We also see opportunities to meet our customers to a greater extent in common geographic markets within each area of operation. Therefore, we have decided on a new organizational structure as of 16 February 2024. The change means that the heads of the new divisions Infraservices, Power and Telecom will have group-wide responsibility for each area of operation. Group management is now consequently made up of division managers, Group Operational Support, CFO and CEO.

We are increasing our investments in digitalisation during 2024, which among other things contributes to a more efficient management of our service operations. In parallel, our ongoing work with margin-enhancing measures in Norway and Finland also continues because we are not satisfied with the profitability there.

In many of our operations we are facing the challenge of finding more resources to meet strong demand. That is why we have started a structured, Group-wide recruitment effort and will focus on developing Netel's employer brand during the year. This is one example of how we can create synergies: working together towards a shared goal.

In our growth markets Great Britain and Germany, the underlying markets are strong and we continue the work of broadening the customer base and developing our own organizations.

Professional, dedicated employees
When I look back on 2023, there is one thing leaves a strong impression on me, and that is all of Netel's professional and dedicated employees. I am proud over the fantastic work you have all completed together during a challenging, difficult year, and I would like to extend my heartfelt thanks to all of you.

Outlook
We have solid order bookings and a robust financial position going into 2024. We continue to optimize and streamline our operations to meet the challenges that have affected us in 2023. However, we, like many others, operate in a turbulent world with continued unpredictability. We will control the things that we can control, and continue to grow with profitability.

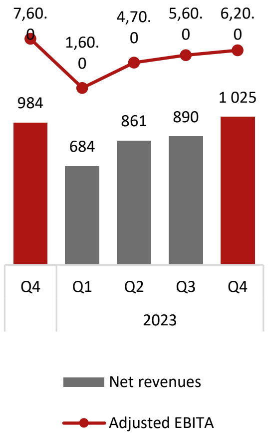
Jeanette Reuterskiöld

President and CEO

Condensed consolidated financial performance

Fourth quarter

Net sales and adjusted EBITA margin



Net sales

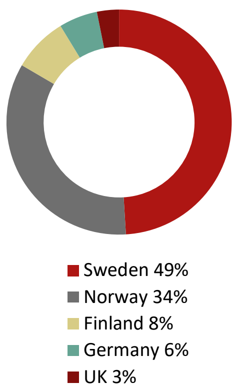
Net sales increased 4.2 per cent to MSEK 1,025 (984) in the fourth quarter, of which organic growth was 1.0 per cent. The increase was primarily driven by strong organic growth in Sweden in the Power business area. Acquisitions contributed 3.2 per cent and exchange rate effects from exposure to NOK had a negative impact of 1.6 per cent. Organic growth amounted to 2.1 per cent, adjusted for the fibre roll-out in Sweden, which is being discontinued.

Order bookings were strong in the fourth quarter and the order backlog amounted to MSEK 4,047. The order backlog amounted to MSEK 4,104 on 30 September 2023.

Earnings

EBITDA decreased by 9.1 per cent to MSEK 77 (85), with an EBITDA margin of 7.5 per cent (8.7). EBITA decreased by 14.5 per cent to MSEK 59 (69), with an EBITA margin of 5.8 per cent (7.0) due to weaker profitability in Norway, the UK and Sweden during the quarter. Sweden had high profitability, well over the Group's financial profitability for the medium term, but was impacted by the early, severe winter during the quarter as well as initial preparations for the new major framework agreement with the Swedish Defence Materiel Administration (FMV). Profitability in Germany and the UK was impacted by the ongoing build-up phase in each country.

Net sales by segment



Adjusted EBITDA decreased by 12.0 per cent to MSEK 81 (92) during the quarter, with an adjusted EBITDA margin of 7.9 per cent (9.3). Adjusted EBITA decreased by 16.0 per cent MSEK 63 (75), with an adjusted EBITA margin of 6.2 per cent (7.6). Adjustments were made for acquisition costs of MSEK 0 (3) and other items affecting comparability of MSEK 4 (3). Other items affecting comparability pertained to revalued contingent consideration of MSEK 1, of which MSEK -17 in the Sweden segment and MSEK 18 in the UK segment.

Depreciation/amortisation and impairment amounted to MSEK -19 (-18).

Net financial items amounted to MSEK -14 (-7) for the quarter. Interest expenses amounted to MSEK -18 (-11), of which MSEK -1 (-1) was attributable to lease liabilities.

Profit before tax decreased by 29.5 per cent to MSEK 43 (61) during the quarter.

Profit after tax decreased 25.0 per cent to MSEK 36 (48). Tax amounted to MSEK -7 (-13), leading to an effective tax rate of 16.1 per cent (21.2).

Cash flow and financial position

Cash flow from operating activities increased 395 per cent to MSEK 203 (41), positively impacted by cash-improving activities and normal seasonal variations.

Cash flow from investing activities for the quarter was MSEK -4 (-39).

Cash flow from financing activities amounted to MSEK -21 (196), primarily from repayments of lease liabilities.

Cash flow for the period amounted to MSEK 178 (198).

Cash and cash equivalents at the end of the period amounted to MSEK 446, compared to MSEK 281 at the start of the quarter. Unutilised credit facilities totalled MSEK 244 compared with MSEK 225 at the start of the period, which together with cash and cash equivalents means a total of MSEK 690 in available funds compared with MSEK 507 at the start of the period.

Net debt, which is defined as current and non-current interest-bearing liabilities from credit institutions less cash and cash equivalents and current investments, amounted to MSEK 610 at the end of the quarter compared with MSEK 798 at the start of the quarter. This is equivalent to net debt in relation to adjusted EBITDA R12M of a multiple of 2.6. The leverage ratio calculated in accordance with the Group's financial target was a multiple of 2.2 at the end of the period, in line with the capital structure target in the medium term.

Other current and non-current interest-bearing liabilities primarily comprise bank financing and lease liabilities. These commitments amounted to MSEK 1,056 at the end of the quarter compared with MSEK 1,080 at the start of the quarter.

Total assets amounted to MSEK 3,146, compared with MSEK 3,139 at the start of the quarter, and equity amounted to MSEK 1,133, compared with MSEK 1,113 at the start of the quarter.

January–December

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. The increase was primarily due to a strong performance in Sweden and acquisitions in the UK. Acquisitions contributed 6.4 per cent and exchange rate effects from exposure to NOK had a negative impact of 0.5 per cent. 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.

Earnings

EBITDA decreased by 15.4 per cent to MSEK 204 (241), with an EBITDA margin of 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 during the year was impacted by lower volumes in Norway and Finland and measures initiated to raise margins. Profitability was also affected by restructuring costs of MSEK 20 in Power in Finland.

Adjusted EBITDA decreased 9.9 per cent to MSEK 236 (262) for the year with an adjusted EBITDA margin of 6.8 per cent (8.3). Adjusted EBITA decreased by 18.0 per cent MSEK 163 (200), with an adjusted EBITA margin of 4.8 per cent (6.4). Adjustments were made for restructuring costs in Finland totalling MSEK 20 (0), for acquisition costs of MSEK 7 (17), for adjustments to earnouts of MSEK 1 (0) and for items affecting comparability of MSEK 4 (3).

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

Net financial items for the year 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 a result of completed acquisitions, and higher market interest rates.

Profit before tax decreased by 60.2 per cent to MSEK 64 (161) in 2023. 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, calculated with respect to tax adjustments and impacted by restrictions on interest deductions, amounted to MSEK -20 (-38), leading to an effective tax rate of 31.0 per cent (23.5).

Cash flow

Cash flow from operating activities amounted to MSEK 242 (-72) for 2023, 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) for the year, mainly attributable to acquisitions.

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

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

Segments

Sweden

	Quarter 4			January–December		
MSEK	2023	2022	Δ	2023	2022	Δ
Net sales	554	481	15.3%	1,704	1,433	19.0%
of which						
Infraservices	*243*	*245*	*-0.1%*	*776*	*687*	*13.0%*
Power	*223*	*114*	*95.6%*	*630*	*330*	*90.9%*
Telecom	*85*	*117*	*-27.4%*	*282*	*393*	*-28.2%*
Adjusted EBITA	45	52	-9.6%	133	117	15.4%
Adjusted EBITA margin	8.1%	10.9%	-2.4	7.8%	8.2%	-0.3

Net sales grew 15.3 per cent to MSEK 554 (481) in the quarter due to organic growth and acquisitions in Power. During the year, sales rose 19.0 per cent to MSEK 1,704 (1,433), driven by growth in Infraservices and Power.

Organic growth in Infraservices for 2023 was driven by healthy demand among municipal and state clients. During the year, a change took place within the 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.

The strong performance in the power market was primarily driven by demand for reconstructing and constructing new power stations across Sweden. In December 2023, Netel signed agreements with E.ON Energidistribution to construct and rebuilding of four transformer stations in Sweden. The agreements totalled MSEK 245 and the production time is approximately two years. 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.

Within Telecom, sales declined for the quarter and full-year 2023 primarily due to planned lower fibre roll-out and lower volumes in mobile. Preparations began during the quarter for new major framework agreements with FMV that were announced in November. The framework agreements include installation and contracting data and telecommunications for the Swedish Armed Forces' headquarters in Stockholm as well as garrisons around the country. The total value amounted to MSEK 480. The agreements run for three years with an option to extend for a total of four years.

Adjusted EBITA decreased by 13.5 per cent MSEK 45 (52), with an adjusted EBITA margin of 8.1 per cent (10.8) for the fourth quarter. Profitability was impacted by the early, difficult winter during the quarter as well as initial preparations for the new major framework agreement with FMV. EBITA increased by 13.7 per cent to MSEK 133 (117) during the year, with an adjusted EBITA margin of 7.8 per cent (8.2). EBITA for the fourth quarter and the full-year 2023 was adjusted for revalued earnouts of MSEK -17.3, which is reported as operating expenditure.

Norway

	Quarter 4			January–December		
MSEK	2023	2022	Δ	2023	2022	Δ
Net sales	335	327	2.3%	1,196	1,179	1.4%
of which						
Power	*85*	*81*	*4.9%*	*371*	*341*	*9.1%*
Telecom	*250*	*246*	*1.6%*	*824*	*839*	*-1.8%*
EBITA	25	12	108%	32	60	-46.7%
EBITA margin	7.6%	3.7%	3.9	2.7%	5.1%	-2.4

Net sales grew 2.3 per cent to MSEK 335 (327) in the quarter, with growth in Power and Telecom. During the year, sales rose 1.4 per cent to MSEK 1,196 (1,179) due to increased activity in Power.

Volumes in Power improved during the quarter and in 2023, for distribution as well as 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 had good production volumes during the last quarter of the year, particularly within fibre roll-out.

EBITA increased to MSEK 25 (12) and the EBITA margin rose to 7.6 per cent (3.7) during the fourth quarter as a result of higher volumes and margin-improving measures. EBITA amounted to MSEK 32 (60), with an EBITA margin of 2.7 per cent (5.1) for the year.

Finland

	Quarter 4			January–December		
MSEK	2023	2022	Δ	2023	2022	Δ
Net sales	81	89	-8.7%	273	291	-6.1%
of which						
Power	*31*	*59*	*-47.5%*	*142*	*210*	*-32.4%*
Telecom	*51*	*30*	*70.0%*	*131*	*81*	*61.7%*
EBITA	-2	-6	200%	-36	-12	-200%
EBITA margin	-2.7%	-6.4%	3.7	-13.3%	-4.2%	-9.1

Net sales declined 8.7 per cent to MSEK 81 (89) in the quarter and 6.1 per cent to MSEK 273 (291) for the full year due to planned lower volumes in Power. The new fibre projects increased in volume during the year and were negatively impacted by the early winter in the fourth quarter.

The performance in Power is the result of negotiations with a major customer that were concluded at the start of July 2023. During the first half of 2023, Netel incurred restructuring costs of a total of MSEK 20 to adjust costs in the power business in Finland. With these restructurings in 2023, the power business in Finland has the prerequisites to become profitable in 2024.

EBITA amounted to MSEK -2 (-6), with an EBITA margin of -2.7 per cent (-6.4) in the fourth quarter. EBITA amounted to MSEK -36 (-12), with an EBITA margin of -13.3 per cent (-4.2) in the fourth quarter, negatively impacted by restructuring costs totalling MSEK 20.

Germany

	Quarter 4			January–December		
MSEK	2023	2022	Δ	2023	2022	Δ
Net sales	44	66	-33.8%	192	213	-9.9%
of which						
Telecom	*44*	*66*	*-33.8%*	*192*	*213*	*-9.9%*
EBITA	0	8	-100%	10	24	-58.3%
EBITA margin	0.2%	12.2%	-12.0	5.4%	11.5%	-6.1

Net sales decreased 33.8 per cent to MSEK 44 (66) in the quarter and were negatively impacted by the unusually cold winter in northern Germany. During the year, sales decreased 9.7 per cent to MSEK 192 (213). EBITA decreased by 100 per cent MSEK 0 (8), with an EBITA margin of 0.2 per cent (12.1) for the fourth quarter. EBITA decreased by 58.3 per cent to MSEK 10 (24), with an EBITA margin of 5.4 per cent (11.5) during the year.

During the fourth quarter, Netel's first pilot project began with a customer regarding the installation of fibre in homes. The pilot project encompasses approximately 1,200 apartments. Netel also signed a smaller contract with one of the country's largest energy companies. 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.

UK

Netel expanded into the UK in the second half of 2022 through acquisitions that include the companies Border Civils & Utilities and Doocey North East. The companies were consolidated from July 2022 and August 2022 respectively, which is why there are no comparative figures for the first half of last year. The merger of the two British companies was completed in the third quarter of 2023 and operations are now under the Netel UK brand.

	Quarter 4			January–December		
MSEK	2023	2022	Δ	2023	2022	Δ
Net sales	19	23	-18.9%	110	47	-
of which						
Telecom	*19*	*23*	*-18.9%*	*110*	*47*	-
Adjusted EBITA	-5	1	-	3	6	-
Adjusted EBITA margin	-25.5%	5.9%	-31.4	2.5%	13.5%	-

Net sales decreased 18.9 per cent to MSEK 19 (23) and adjusted EBITA decreased to MSEK -5 (1) for the quarter. EBITA for the fourth quarter and the full-year 2023 was adjusted for revalued earnouts of MSEK 18.4, which is 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.

Acquisitions

Elektrotjänst i Katrineholm was consolidated as of February 2023. The acquisition means that Netel is entering new, attractive customer segments and expanding its geographic presence within Power. The company's primary operations are power projects for railway, underground rail and defence. The acquired operations had sales of approximately MSEK 69 for the September 2021 – August 2022 financial year. The company has 34 employees and a strong order backlog for the coming year. Elektrotjänst has historically had a higher EBITA margin than the Netel Group. The acquisition was for all shares. The consideration was paid in cash and through an offset issue of 303,294 shares in Netel Holding. Elektrotjänst is included in the Sweden segment, Power business area.

Other information

Significant events after the end of the reporting period

Peter Andersson chose to end his employment as CFO of Netel on 10 January 2024 and Fredrik Helenius, Group Accounting Manager, assumed the role as acting CFO with immediate effect. Fredrik Helenius permanently assumed the role of CFO on 26 January 2024.

New Group management and organisational structure

Starting 16 February 2024, Netel is carrying out a reorganisation to clarify synergies, better utilise business opportunities and expertise as well as allocate resources between countries based on the nature of the operations. The reorganisation also entails that the Managers of Infraservices and Power in Sweden have Group-wide responsibility for each area of operation. The Manager of Telecom in Norway has Group-wide responsibility for telecom operations. As a result of this, Netel will have a new Group management consisting of Jeanette Reuterskiöld (President and CEO), Fredrik Helenius (CFO), Klas Eldebrandt (Division Manager Power), Fredrik Land, (Division Manager Infraservices), Edward Olastuen (Division Manager Telecom) and Johan Olofsson (Group Operational Support).

The reporting structure was also revised in order to support management in its analysis and decision making. The previous segments of Sweden, Norway, Finland, Germany and the UK will be replaced by the Infraservices, Power and Telecom divisions which from the first quarter of 2024 will be reported as the primarily operating segments. The previous segments will be reported as business areas within each division.

The sales, EBITA and EBITA margins for the new Infraservices, Power and Telecom divisions quarterly and for the full-year 2023 are presented on pages 18–21.

Employees

The number of employees at the end of the year was 856 (809). The average number of employees for the year was 864 (776). The increase was mainly attributable to acquisitions.

Financial targets

Revenue growth
Annual growth target of 10 per cent, including inorganic growth.

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

Capital structure
Net debt (excluding lease liabilities) in relation to adjusted EBITDA R12M of a multiple below 2.5. The leverage ratio can temporarily be exceeded in connection with acquisitions.

Dividend policy

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

Dividend for the 2023 financial year

The Board proposes to the Annual General Meeting that no dividend be paid to shareholders for the 2023 financial year in order to further strengthen Netel’s financial position.

Parent Company

The Parent Company’s net sales amounted to MSEK 8 (5) for the quarter and MSEK 27 (20) for 2023. The Parent Company was charged with personnel costs and certain financial expenses.

Risks and uncertainties

There are several strategic, operational and financial risks and uncertainties that could impact the Group’s financial results and position. Most of these can be managed by internal procedures, although some are governed by external factors to a greater extent. Risks and uncertainties are related to IT and control systems, suppliers, disputes related to projects, seasonal and weather variations and currencies, but could also arise in the event of new competition, changed market conditions and macroeconomic factors or changed customer behaviour. Interest rate risk also exists for the Group. A weaker macroeconomic situation, higher interest rates and inflation pressure could have a negative impact on demand from customers and entail project delays. Netel cannot currently assess the scope of any potential recession, the level of inflation or expected interest rates. It is thus also difficult to assess the effects on the Group's operations. Netel's business model is based on a low level of the Group's assets being tied up in own operations, for example, in machines, which makes the Group more financially agile during recessions. During 2022, the Group experienced delays in some projects due to material delays, which were in turn due to interruptions in global supply chains. Netel is monitoring trends in global supply chains and managing risks for delays in projects by, for example, shifting resources between projects. The Netel Group is also affected by weather factors. An early or late winter with lower temperatures has a negative impact on excavation projects, while autumn storms can lead to more assignments to secure power lines. For a more detailed description of the risks and uncertainties for the Group and the Parent Company, refer to the 2022 Annual Report.

Netel works actively to monitor and continuously evaluate sustainability-related risk and their impact on the Group's operations and earnings. As part of this governance, Group management has started to monitor and evaluate the Group's climate impact and how the Group is affected by climate-related risks. Group management is also following up compliance among subsidiaries regarding, for example, the Code of Conduct, work-related injuries and legal disputes.

2024 Annual General Meeting

The 2024 Annual General Meeting will be held on Thursday, 2 May, in Stockholm, Sweden. Shareholders who wish to have a matter brought before the AGM may submit a proposal to Netel's Chairman of the Board by e-mailing ir@netelgroup.com or writing to Netel Holding AB, Att: Årsstämma 2024, Fågelviksvägen 9, 7 tr SE-145 84 Stockholm, Sweden. To be assured of the proposal reaching the notice and therefore the agenda of the AGM, the proposal must have reached the company by 14 March 2024 at the latest.

The share

Netel's share was listed on Nasdaq Stockholm on 15 October 2021 under the ticker NETEL with the ISIN SE0015949433. The closing price on the final day of trading in December was SEK 14.70. The highest price paid in the fourth quarter was SEK 15.80 and the lowest price paid was SEK 6.10.

On 31 December 2023, Netel Holding AB (publ) had 2,588 shareholders, an increase of 993 during 2023. The five largest shareholders were IK VII fund via Cinnamon International S.à.r.l (47.55 per cent), Nordnet Pensionsförsäkring (8.09 per cent), Swedbank Robur Fonder (4.27 per cent), Delphi Fondsforvaltning (2.49 per cent) and CiceroFonder (2.35 per cent).

There were a total of 48,511,873 shares and votes in Netel on 31 December 2023. All shares are ordinary shares.

Financial statements

Condensed consolidated statement of profit or loss

SEK millions	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating income				
Net sales	1,025	984	3,459	3,141
Other operating income	25	14	32	25
Total revenue	**1,050**	**998**	**3,491**	**3,166**
Operating expenses				
Material and purchased services	-687	-618	-2,246	-1,981
Other external expenses	-98	-105	-328	-291
Personnel costs	-188	-190	-713	-653
Depreciation and amortisation	-19	-18	-76	-65
Operating profit/loss (EBIT)	**58**	**68**	**128**	**176**
Profit/loss from financial items				
Net financial items	-14	-7	-64	-15
Earnings before tax	**43**	**61**	**64**	**161**
Taxes	-7	-13	-20	-38
Earnings for the period	**36**	**48**	**44**	**123**
Earnings for the period is attributable to				
Parent company's shareholders	36	48	44	123
Non-controlling interests	-	-	-	-
Earnings per share				
Earnings per share before and after diltution (SEK)	0.75	1.00	0.91	2.59
Average number of shares before and after dilution (thousands)	48,512	48,077	48,480	47,726

An offset issue was carried out in the first quarter of 2023 in connection with a previously announced acquisition. The number of ordinary shares outstanding increased 303,294 to 48,511,873 shares at the end of the period.

During the fourth quarter of 2023, Netel updated the evaluation regarding the nature of internal financing for 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. The change in reporting only affects periods from the fourth quarter of 2023 and onwards. 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.

Condensed consolidated statement of profit or loss and statement of comprehensive income

SEK millions	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Earnings for the period	36	48	44	123
Other comprehensive income				
Translation differences for the period	-11	3	-21	5
Other comprehensive income for the period	**-11**	**3**	**-21**	**5**
Comprehensive income for the period	**25**	**51**	**23**	**129**
Comprehensive income for the period is attributable to				
Parent company's shareholders	25	51	23	129
Non-controlling interests	-	-	-	-

During the fourth quarter of 2023, Netel updated the evaluation regarding the nature of internal financing for 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.

Condensed consolidated statement of financial position

SEK millions	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Goodwill	1,237	1,179
Intangible assets	199	199
Property, plant and equipment	173	187
Financial non-current assets	13	9
Deferred tax assets	16	10
Total non-current assets	**1,639**	**1,585**
Current assets		
Inventories	8	8
Current receivables	1,052	1,157
Cash and cash equivalents	446	369
Total current assets	**1,506**	**1,534**
Total assets	**3,146**	**3,119**
EQUITY AND LIABILITIES		
Equity		
Equity attributable to the parent company's shareholders	1,133	1,105
Equity attributable to non-controlling interests	-	-
Total equity	**1,133**	**1,105**
Non-current interest-bearing liabilities	1,003	1,037
Non-current non-interest-bearing liabilities	93	246
Total non-current liabilities	**1,097**	**1,283**
Current interest-bearing liabilities	53	53
Current non-interest-bearing liabilities	863	677
Total current liabilities	**916**	**731**
Total equity and liabilities	**3,146**	**3,119**

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 have been merged into Netel Holding AB (publ).

Condensed consolidated statement of changes in equity

SEK thousands	Share capital	Other contributed capital	Translation reserve	Retained earnings including profit/loss for the period	Total equity attributable to the parent company's shareholders	Non-controlling interest	Total equity
	Equity attributable to the parent company's shareholders						
Opening equity 1 Jan 2022	**719**	**1,395,693**	**-405**	**-484,812**	**911,195**	**-**	**911,195**
Profit/loss for the period	-	-	-	123,470	123,470	-	123,470
Other comprehensive income	-	-	5,142	-	5,142	-	5,142
Comprehensive income for the period	**-**	**-**	**5,142**	**123,470**	**128,612**	**-**	**128,612**
Transactions with Group owners							
Completed issues	23	65,122	-	-	65,145	-	65,145
Total	**23**	**65,122**	**-**	**-**	**65,145**	**-**	**65,145**
Closing equity 31 Dec 2022	**742**	**1,460,815**	**4,737**	**-361,342**	**1,104,951**	**-**	**1,104,951**
Opening equity 1 Jan 2023	**742**	**1,460,815**	**4,737**	**-361,342**	**1,104,951**	**-**	**1,104,951**
Profit/loss for the period	-	-	-	43,926	43,926	-	43,926
Other comprehensive income	-	-	-25,439	-	-25,439	-	-25,439
Comprehensive income for the period	**-**	**-**	**-25,439**	**43,926**	**18,487**	**-**	**18,487**
Transactions with Group owners							
Completed issues	5	9,995	-	-	10,000	-	10,000
Total	**5**	**9,995**	**-**	**-**	**10,000**	**-**	**10,000**
Closing equity 31 Dec 2023	**746**	**1,470,810**	**-20,703**	**-317,415**	**1,133,438**	**-**	**1,133,438**

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 the evaluation regarding the nature of 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 have been merged into Netel Holding AB (publ).

Condensed consolidated statement of cash flows

SEK millions	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Operating profit/loss	58	68	128	176
Reversal of non-cash items	21	17	70	62
Interest received	6	1	6	1
Interest paid	-18	-8	-67	-22
Tax paid	-2	-13	-39	-39
Cash flow from operating activities before changes in working capital	**65**	**64**	**98**	**177**
Changes in inventories	-0	-1	0	1
Changes in operating receivables	129	-89	94	-292
Changes in operating liabilities	10	67	49	41
Cash flow from operating activities	**203**	**41**	**242**	**-72**
Acquisition of non-current assets	-6	-8	-19	-20
Acquisition of subsidiaries and businesses	-	-37	-74	-224
Sale of non-current assets	2	6	11	6
Cash flow from investing activities	**-4**	**-39**	**-83**	**-238**
New share issue	-	-	-	-
Amortisation of lease liabilities	-13	-12	-51	-48
Proceeds from current and non-current loans and credits	-	219	50	462
Amortisation of current and non-current loans and credits	-8	-10	-66	-13
Cash flow from financing activities	**-21**	**196**	**-67**	**402**
Cash flow for the period	178	198	92	91
Cash and cash equivalents at the beginning of the period	281	170	369	271
Translation difference in cash and cach equivalents	-14	1	-14	6
Cash and cash equivalents at the end of the period	**446**	**369**	**446**	**369**

Notes to the financial statements in summary

Key accounting policies

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

Netel Holding AB (publ) applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group’s interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act (1995:1554). The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Annual Accounts Act and RFR 2 Reporting for Legal Entities. For the Group and the Parent Company, the same accounting policies, calculation bases and assessments have been applied as in the latest annual report for Netel Holding AB (publ). A more detailed description of the Group’s applied accounting policies as well as new and future changes in standards can be found in the latest published annual report. For a complete description of the Group and the Parent Company’s applied accounting policies, see Note 1 in the 2022 Annual Report.

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

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

Segment reporting

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

Earnings per share

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

Estimates and judgements

The preparation of the interim report requires that company management makes assessments and estimates and makes assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, revenue and expenses. The actual outcome may differ from these estimates and assessments. The critical assessments and sources of uncertainty in estimates are the same as in the latest published annual report. See Note 1 in the 2022

Annual Report for more information on the Group's estimates and assessments.

During the fourth quarter of 2023, Netel updated the evaluation regarding the nature of internal financing to foreign operations in foreign currency. According to the updated evaluation, lending is seen as an extended net investment in these foreign operations and exchange rate effects from the aforementioned internal loans are included in other comprehensive income together with other translation differences for foreign operations.

Operating segments

For accounting and monitoring purposes, the Group has divided its operations into five operating segments based on how the Group CEO evaluates the Group's operations. The five operating segments comprise Sweden, Norway, Finland, Germany and the UK. The UK was recognised as a segment for the first time in the third quarter of 2022 as a result of the Group's completed acquisitions. The Group CEO primarily uses earnings before interest, tax and amortisation (EBITA) in assessing the performance of the operating segments. Comparative figures for comparable periods are presented in accordance with the Group's accounting policies.

Other adjustments at Group level are included under Group-wide items and eliminations, for example, transaction costs and other Group-wide costs that are not allocated at segment level. Non-current assets include intangible assets (including goodwill), property, plant and equipment and right-of-use assets. In connection with the fourth quarter of 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.

Changes 2024
Starting in the first quarter of 2024, Netel is carrying out a reorganisation to clarify synergies, better utilise business opportunities and expertise as well as allocate resources between countries based on the nature of the operations. The reporting structure was also revised in order to support management in its analysis and decision making. The segments of Sweden, Norway, Finland, Germany and the UK will be replaced by the Infraservices, Power and Telecom divisions, which from the first quarter of 2024 will be reported as the primarily operating segments. The previous segments will be reported as business areas within each division. To increase transparency, restated figures are presented below on pages 18-21 for the quarters and full-year 2023 in accordance with the new operating segments. Leasing according to IFRS 16 is not allocated on the division level. Consequently, the divisions' leases are reported as if they were operating leases.

Oct-Dec 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Total segments**	**Group-wide items and eliminations**	**Group total**
Revenue from external customers	554	335	82	44	19	1,033	-8	1,025
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**554**	**335**	**82**	**44**	**19**	**1,033**	**-8**	**1,025**
EBITA	**27**	**25**	**-2**	**0**	**14**	**64**	**-5**	**59**
Adjusted EBITA	45	25	-2	0	-5	63	0	63
Non-current assets	**1,270**	**230**	**10**	**0**	**100**	**1,610**	**-**	**1,610**

Oct-Dec 2022	Sweden	Norway	Finland	Germany	United Kingdom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	481	327	89	66	23	987	-3	984
Revenue from other segments	-	-	-	-	-	-	-	-
Total revenue	**481**	**327**	**89**	**66**	**23**	**987**	**-3**	**984**
EBITA	**52**	**12**	**-6**	**8**	**1**	**68**	**0**	**69**
Adjusted EBITA	52	12	-6	8	1	68	6	75
Non-current assets	**1,184**	**269**	**10**	**2**	**100**	**1,565**	**-**	**1,565**

Jan-Dec 2023	Sweden	Norway	Finland	Germany	United Kingdom	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**
Adjusted EBITA	133	32	-36	10	3	141	23	164
Non-current assets	**1,270**	**230**	**10**	**0**	**100**	**1,610**	**-**	**1,610**

Jan-Dec 2022	Sweden	Norway	Finland	Germany	United Kingdom	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**
Adjusted EBITA	117	60	-12	24	6	196	4	200
Non-current assets	**1,184**	**269**	**10**	**2**	**100**	**1,565**	**-**	**1,565**

Jan-Mar 2023	Infraservices	Power	Telecom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	137	230	316	684	0	684
Revenue from other segments	-	-	-	-	-	-
Total revenue	**137**	**230**	**316**	**684**	**0**	**684**
EBITA	**5**	**-9**	**4**	**0**	**-3**	**-3**

Apr-Jun 2023	Infraservices	Power	Telecom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	198	289	374	861	-0	861
Revenue from other segments	-	-	-	-	-	-
Total revenue	**198**	**289**	**374**	**861**	**-0**	**861**
EBITA	**17**	**7**	**6**	**30**	**-1**	**30**

Jul-Sep 2023	Infraservices	Power	Telecom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	198	286	401	886	4	890
Revenue from other segments	-	-	-	-	-	-
Total revenue	**198**	**286**	**401**	**886**	**4**	**890**
EBITA	**18**	**25**	**5**	**47**	**-1**	**46**

Oct-Dec 2023	Infraservices	Power	Telecom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	243	338	449	1,030	-5	1,025
Revenue from other segments	-	-	-	-	-	-
Total revenue	**243**	**338**	**449**	**1,030**	**-5**	**1,025**
EBITA	**28**	**28**	**8**	**64**	**-5**	**59**

Jan-Dec 2023	Infraservices	Power	Telecom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	776	1,144	1,540	3,460	-0	3,459
Revenue from other segments	-	-	-	-	-	-
Total revenue	**776**	**1,144**	**1,540**	**3,460**	**-0**	**3,459**
EBITA	**68**	**51**	**23**	**142**	**-10**	**133**

Revenue from contracts with customers

To increase transparency, the Group has from the first quarter of 2023 introduced changes to the reporting of the business areas: Fibre operations in the Fixed Networks business area has been transferred to the

Telecom business area and the remaining operations in Fixed Networks has been renamed Infraservices. Infraservices mainly comprises services in district heating, water and sewage and associated civil engineering works.

Currently, the Group only conducts Infraservices in Sweden. Power operations are conducted in Sweden, Norway and Finland. Telecom operations are conducted in all five segments. Telecom only encompasses fibre roll-out and service in the UK and Germany. In Sweden, Norway and Finland, Telecom also encompasses roll-out and service of mobile networks.

Oct-Dec 2023	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	243	-	-	-	-	243
Power	223	85	31	-	-	338
Telecom	85	250	51	44	19	449
Group-wide	-4	-	-	-	-	-4
Revenue from contracts with customers	**546**	**335**	**81**	**44**	**19**	**1,025**
Type of service						
Framework agreement	175	260	64	8	18	525
Project	379	75	17	36	1	508
Group-wide	-8	-	-	-	-	-8
Revenue from contracts with customers	**546**	**335**	**81**	**44**	**19**	**1,025**

Oct-Dec 2022	**Sweden**	**Norway**	**Finland**	**Germany**	**United Kingdom**	**Group total**
Business area						
Infraservices	245	-	-	-	-	245
Power	114	81	59	-	-	254
Telecom	117	246	31	66	23	483
Group-wide	2	-	-	-	-	2
Revenue from contracts with customers	**478**	**327**	**89**	**66**	**23**	**984**
Type of service						
Framework agreement	172	233	52	23	22	503
Project	309	94	37	43	1	484
Group-wide	-3	-	-	-	-	-3
Revenue from contracts with customers	**478**	**327**	**89**	**66**	**23**	**984**

Jan-Dec 2023	Sweden	Norway	Finland	Germany	United Kingdom	Group total
Business area						
Infraservices	776	-	-	-	-	776
Power	630	371	142	-	-	1,144
Telecom	282	824	131	192	110	1,540
Group-wide	-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	-	-	-	-	-16
Revenue from contracts with customers	**1,688**	**1,196**	**273**	**192**	**110**	**3,459**

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

Financial instruments

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

Fair value measurement

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

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

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

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

Fund holdings

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

Contingent consideration

For some of the Group's business combinations, there are contingent considerations. The contingent considerations are dependent on the average EBITA for the business combinations over one to three years. The considerations will be settled in cash. The contingent considerations are included in the items Non-current non-interest-bearing liabilities in the amount of MSEK 162 (173). MSEK 20 was paid in 2023, and the Group believes that there are no circumstances that otherwise warrant changing the valuation assumptions, and is instead monitoring developments in relation to the current conditions applicable to the contingent considerations. The contingent considerations are found in level 3 of the valuation hierarchy.

Other holdings and liabilities measured at fair value

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

Fund holdings	**31 Dec 2023**	**31 Dec 2022**
Opening balance	**5**	**3**
Investments	1	1
Divestments	-	-
Change in value recognised through profit or loss	-	-
Translation difference	-	-
Closing balance	**6**	**5**

Contingent considiration	**31 Dec 2023**	**31 Dec 2022**
Opening balance	**173**	**32**
Acquisition of subsidiaries and businesses	9	146
Paid considirations	-20	-5
Change in value recognised through profit or loss	1	-0
Translation difference	-1	-
Closing balance	**162**	**173**

Other liabilities recognised at fair value	**31 Dec 2023**	**31 Dec 2022**
Opening balance	**-**	**0**
Changes in recognised liabilities	-	-0
Change in value recognised through profit or loss	-1	-
Translation difference	-	-
Closing balance	**-1**	**-**

Business combinations

On 1 February 2023, the Group acquired 100 per cent of the shares and votes in Elektrotjänst i Katrineholm ("Elektrotjänst"). The acquisition means that Netel is entering new, attractive customer segments and expanding its geographic presence within Power.

Elektrotjänst had sales of approximately MSEK 69 for the September 2021 – August 2022 financial year. Elektrotjänst has 34 employees and is included in the Sweden segment.

Acquired net assets at acquisition date	**Elektrotjänst Fair value**	**Total**
Intangible assets	-	-
Property, plant and equipment	6	6
Right-of-use assets	-	-
Financial non-current assets	3	3
Deferred tax assets	-	-
Inventories	0	0
Accounts receivables and other receivables	9	9
Cash and cash equivalents	17	17
Interest-bearing liabilities	-	-
Lease liabilities	-	-
Deferred tax liabilities	-2	-2
Accounts payable and other operating liabilities	-11	-11
Identified net assets	**22**	**22**
Goodwill	75	75
Total consideration	**97**	**97**
The consideration consists of		
Cash	70	70
Equity instruments	10	10
Contingent consideration	17	17
Vendor loan note	-	-
Total consideration	**97**	**97**

For information on the contingent consideration, see the note on Financial instruments.

Impact of acquisitions on cash and cash equivalents	Elektrotjänst	Total
Cash consideration paid	70	70
Cash and cash equivalents acquired	-16	-16
Total	**54**	**54**
Costs related to acquisitions	2	2
Total impact on cash and cash equivalents	**57**	**57**

In connection with the acquisition of Elektrotjänst, goodwill of MSEK 75 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to human resources. Transaction costs related to the acquisition amounted to MSEK 2. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

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.

Transactions with related parties

No significant changes took place during the year for the Group or the Parent Company in relationships or transactions with related parties compared to what has been described in Note 31 of the 2022 Annual report for Netel Holding AB (publ).

Management	31 Dec 2023	31 Dec 2022
Sales of goods and services	-	-
Purchase of goods and services	-	-
Interest income	-	-
Interest expenses	-	-
Receivables (closing)	-	-
Debt (closing)	-	-

Condensed income statement for the Parent Company

SEK millions	Oct-Dec		Jan-Dec	
	2023	**2022**	**2023**	**2022**
Operating income				
Net sales	8	5	27	20
Other operating income	-	-	-	-
Total revenue	**8**	**5**	**27**	**20**
Operating expenses				
Personnel costs	-6	-9	-16	-17
Other external expenses	-1	-1	-7	-4
Operatin profit (EBIT)	**0**	**-5**	**4**	**-0**
Net financial items	-18	-2	-21	4
Earnings after financial items	**-18**	**-7**	**-18**	**4**
Appropriations	53	40	53	40
Earnings before tax	**35**	**33**	**36**	**44**
Taxes	-7	-1	-8	-2
Earnings for the period	**28**	**33**	**28**	**43**

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 have been merged into Netel Holding AB (publ).

Condensed balance for the Parent Company

SEK millions	31 Dec 2023	31 Dec 2022
ASSETS		
Non-current assets		
Shares in subsidiaries	1,622	1,202
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 assets	0	-
Cash and cash equivalents	84	181
Total current assets	**839**	**1,234**
Total assets	**2,469**	**2,440**
EQUITY AND LIABILITIES		
Equity		
Share capital	1	1
Other equity	1,480	1,466
Total equity	**1,480**	**1,467**
Total untaxed reserves	**23**	**-**
Non-current interest-bearing liabilities	934	932
Non-current non-interest-bearing liabilities	8	5
Total non-current liabilities	**943**	**937**
Current interest-bearing liabilities	7	4
Current non-interest-bearing liabilities	15	33
Total current assets	**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 have been merged into Netel Holding AB (publ).

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

Stockholm, 16 February 2024

Hans Petersson

Chairman of the Board

Ann-Sofi Danielsson

Board member

Alireza Etemad

Board member

Carl Jakobsson

Board member

Göran Lundgren

Board member

Nina Macpherson

Board member

Jeanette Reuterskiöld

Board member and CEO

This report is unaudited.

Selected financial information

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

Alternative performance measures not defined under IFRS

	Oct-Dec		Jan-Dec	
SEK millions	**2023**	**2022**	**2023**	**2022**
Net sales growth (%)	4.2%	37.2%	10.1%	29.9%
Organic sales growth (%)	1.0%	12.6%	3.7%	7.5%
EBITDA	77	85	204	241
EBITDA margin (%)	7.5%	8.7%	5.9%	7.7%
EBITA	59	69	133	179
EBITA margin (%)	5.8%	7.0%	3.8%	5.7%
Items affecting comparability	4	6	32	21
Adjusted EBITDA	81	92	236	262
Adjusted EBITDA margin (%)	7.9%	9.3%	6.8%	8.3%
Adjusted EBITA	63	75	164	200
Adjusted EBITA margin (%)	6.2%	7.6%	4.8%	6.4%
Net debt	610	722	610	722
Net debt/Adjusted EBITDA R12 (Ratio)	2.6	2.8	2.6	2.8
Equity ratio (%)	36.0%	35.4%	36.0%	35.4%
Order backlog	4,047	3,700	4,047	3,700

Reconciliation of growth in net sales

	Oct-Dec		Jan-Dec	
SEK millions	**2023**	**2022**	**2023**	**2022**
Net sales previous period	984	717	3,141	2,418
Acquired net sales	31	177	201	541
Organic net sales	994	807	3,258	2,600
Total net sales growth (%)	4.2%	37.2%	10.1%	29.9%
Organic net sales growth (%)	1.0%	12.6%	3.7%	7.5%

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

	Oct-Dec		Jan-Dec	
SEK millions	**2023**	**2022**	**2023**	**2022**
Net sales	1,025	984	3,459	3,141
Operating profit/loss (EBIT)	58	68	128	176
Depreciation and amortisation of tangible and intangible assets	19	18	76	65
EBITDA	77	85	204	241
EBITDA margin (%)	7.5%	8.7%	5.9%	7.7%
Items affecting comparability				
Acquisition-related costs	0	3	7	17
Other items affecting comparability	4	3	25	3
Total items affecting comparability	4	6	32	21
Adjusted EBITDA	81	92	236	262
Adjusted EBITDA margin (%)	7.9%	9.3%	6.8%	8.3%

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

	Oct-Dec		Jan-Dec	
SEK millions	**2023**	**2022**	**2023**	**2022**
Net sales	1,025	984	3,459	3,141
Operating profit/loss (EBIT)	58	68	128	176
Depreciation and amortisation of intangible assets	1	1	5	3
EBITA	59	69	133	179
EBITA margin (%)	5.8%	7.0%	3.8%	5.7%
Items affecting comparability				
Acquisition-related costs	0	3	7	17
Other items affecting comparability	4	3	25	3
Total items affecting comparability	4	6	32	21
Adjusted EBITA	63	75	164	200
Adjusted EBITA margin (%)	6.2%	7.6%	4.8%	6.4%

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

SEK millions	31 Dec 2023	31 Dec 2022
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**

Reconciliation of equity ratio

SEK millions	31 Dec 2023	31 Dec 2022
Total equity	1,133	1,105
Total assets	3,146	3,119
Equity ratio (%)	**36.0%**	**35.4%**

Definitions and reasons for use

Performance measures	Definition	Reason for use
EBITA*	Earnings before amortisation of intangible assets	EBITA is used to analyse the profitability generated by the underlying operations
EBITA margin*	EBITA as a percentage of net sales	The EBITA margin is used to illustrate the underlying operations' profitability
EBITDA*	Earnings before interest, taxes, depreciation and amortisation.	EBITDA is used to analyse the profitability generated by the underlying operations
EBITDA margin*	EBITDA as a percentage of net sales	The EBITDA margin is used to illustrate the underlying operations' profitability
Adjusted EBITA*	EBIT before amortisation of intangible assets, adjusted for items affecting comparability	Adjusted EBITA is used to analyse the profitability generated by the underlying operations
Adjusted EBITA margin*	Adjusted EBITA as a percentage of net sales	The adjusted EBITA margin is used to illustrate the underlying operations' underlying profitability
Adjusted EBITDA*	Earnings before interest, taxes, depreciation and amortisation, adjusted for items affecting comparability	Adjusted EBITDA is used to analyse the underlying profitability generated by the underlying operations
Adjusted EBITDA margin*	Adjusted EBITDA as a percentage of net sales	The adjusted EBITDA margin is used to illustrate the underlying operations' underlying profitability
Items affecting comparability*	Items affecting comparability are revenue and expenses of a non-recurring character such as capital gains from divestments, transaction costs in connection with M&As or capital raises, external costs in conjunction with IPO preparations, larger integration costs for acquisitions or planned reconstructions, and expenses following strategic decisions and major reconstructions that result in a discontinuation of operations	Items affecting comparability are used to highlight the income items that are not included in the operating activities to create a clear view of the underlying earnings trend
Cash flow from operating activities	Cash flow attributable to the company's main income-generating operations and operations other than investing activities and financing activities	The measure is a performance measure defined by IFRS
Net sales	The total of sales proceeds from goods and services less discounts provided, VAT and	The measure is a performance measure defined by IFRS

	other tax related to the sale	
Organic growth*	Sales growth excluding material acquisitions in the last 12 months	The measure shows the size of the company's total growth that is organic growth
Order backlog	The remaining order value on the balance sheet date for contracted projects and estimated future volumes from framework agreements	Used to show contracted future net sales attributable to projects
Profit/loss before tax	Profit for the period before tax	The measure is a performance measure defined by IFRS
Earnings per share (SEK)	Earnings per share before and after dilution attributable to holders of ordinary shares in the Parent Company	The measure (before and after dilution) is a performance measure defined by IFRS
Net debt*	Interest-bearing liabilities (current and non-current) less cash and cash equivalents	The measure shows the size of the company's total assets financed via financial liabilities, taking into account cash and cash equivalents and is a component in assessing financial risk
Equity ratio*	Equity as a percentage of total assets	The measure shows the share of the company's total assets financed by the shareholders through equity

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

Webcast presentation and teleconference

Jeanette Reuterskiöld, President and CEO, and Fredrik Helenius, CFO, will present the interim report on Friday, 16 February at 9:00 a.m. (CET) in a webcast. Questions may be asked both online and by phone. Presentation material is also available at https://netelgroup.com/en/investors/reports-and-presentations/. The presentation will be held in English.

If you want to participate through the webcast, use the link https://ir.financialhearings.com/netel-group-q4-2023. It will be possible to submit written questions during the webcast. If you want to ask questions orally via teleconference, please register through the link https://conference.financialhearings.com/teleconference/?id=5008352. After registration, you will receive a telephone number and ID to log in to the conference. It will be possible to ask questions orally during the teleconference.

Financial information

This report, previous interim reports and annual reports are available at https://netelgroup.com/en/investors/reports-and-presentations/

Calendar

Annual and Sustainability Report 2023	Week beginning 1 April
First quarter 2024	26 April
Second quarter 2024	12 July
Third quarter 2024	25 October
Fourth quarter and Year-end Report 2024	7 February 2025

This information is such that Netel Holding AB (Publ) is obliged to make public in accordance with the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons below, on 16 February 2024 at 7:30 a.m. CET.

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Netel Group in brief

Netel is a leading specialist in critical infrastructure projects in Northern Europe. We have more than 20 years of experience in carrying out projects, service and maintenance for the largest industry players in power, telecom, district heating, and water and sewage. We have a clear strategy for organic growth and acquisitions based on an effective business model that features decentralisation, low tied-up capital and high cash conversion. Our operations include a strong sustainability approach with intense responsibility for the environment and work environment. Read more at www.netelgroup.com.

FOUNDED IN	EMPLOYEES	NET SALES IN 2023	ADJUSTED EBITA IN 2023
2000	856	3,459 MSEK	166 MSEK

netel group