



THIRD QUARTER INTERIM REPORT 1 JANUARY – 30 SEPTEMBER 2023

**Tebede AB (PUBL) CORPORATE
IDENTITY NUMBER: 559309-8790**

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Registered office: Stockholm
Accounting currency: Swedish kronor (SEK)

INTERIM REPORT Q3

INTERIM PERIOD 1 JULY – 30 SEPTEMBER

- The Group's net sales amounted to SEK 217.4 million (115.9), adjusted EBITDA amounted to SEK 25.3 million (6.9) and adjusted EBITA amounted to SEK 11.1 million (-2.9).
- Operating profit (EBIT) amounted to SEK 4.7 million (-11.3). Items affecting comparability during the period totalled SEK 3.4 million (5.6) and primarily pertained to costs related to change of listing to Nasdaq Stockholm and corporate acquisitions.
- Tebede's primary subsidiary, Spolargruppen, continued to report a strong trend during the quarter with proforma net sales amounting to SEK 233.0 million (196.6) corresponding to sales growth of 18.5% (11.6). Adjusted EBITA amounted to SEK 14.5 million (4.1). The adjusted EBITA margin was 6.2% (2.1). The adjusted operating margin was impacted by acquisition costs of SEK 1.6 million (5.6) Underlying operating profit continued to be impacted by investments in new establishments.
- The Group's net earnings amounted to SEK 4.4 million (-4.5). The Group's net earnings were negatively impacted during the quarter by SEK -4.2 million (7.2) from remeasurements of cash-settled warrants (see also Note 5).
- The Group's basic and diluted earnings per share amounted to SEK 0.32 (-0.34).
- The Group's net earnings amounted to SEK 6.1 million (-5.3). The Group's net earnings were negatively impacted during the quarter by SEK -9.9 million (12.0) from warrant remeasurements.
- The Group's basic and diluted earnings per share amounted to SEK 0.45 (-0.40).

SIGNIFICANT EVENTS DURING THE PERIOD

- On 2 January 2023, the acquisition of Suomen Sukittajat Oy was completed, which established Spolargruppen in Finland.
- On 28 February 2023, Dansk Ventilationsforing ApS was acquired, which strengthened Spolargruppen's position in Denmark.
- On 28 April 2023, the acquisition of RPL Talotekniikka Oy was completed, which further strengthened Spolargruppen's position in Finland.
- On 15 June 2023, the newly formed company Repipe Norrköping AB, and the operations and assets in Norrköping Relining AB were acquired.
- At the Annual General Meeting on 26 April, the Board of Directors' proposal to change the company's name to Tebede AB was approved.
- On 29 September 2023, the newly founded company RELINER Oy acquired the relining company Consti Sukitus from Consti Building Services Ltd, further strengthening Spolargruppen's position in Finland.

SIGNIFICANT EVENTS DURING THE QUARTER

- On 29 September 2023, the newly founded company SPG BidCo 2 Oy (under a name change to RELINER Oy and hereinafter named "RELINER Oy") acquired the relining company Consti Sukitus from Consti Building Services Ltd, further strengthening Spolargruppen's position in Finland.
- On 19 September, the company repurchased 250,000 series 2021:2 warrants (TO1A) and 250,000 series 2021:3 warrants (TO2A) at an average price of SEK 2.65 per TO1A warrant and SEK 2.65 per TO2A warrant.

1 JANUARY – 30 SEPTEMBER PERIOD

- The Group's net sales amounted to SEK 681.3 million (220.9), adjusted EBITDA amounted to SEK 85.9 million (26.3) and adjusted EBITA amounted to SEK 46.6 million (11.3).
- Operating profit (EBIT) amounted to SEK 26.2 million (-17.5). Items affecting comparability during the period totalled SEK 11.6 million (23.9) and primarily pertained to costs related to the change of listing to Nasdaq Stockholm and corporate acquisitions.
- Proforma net sales for Tebede's primary subsidiary, Spolargruppen, amounted to SEK 742.1 million (642.2) corresponding to a sales growth of 15.6% (15.8). Adjusted EBITA amounted to SEK 59.3 million (56.0). The adjusted EBITA margin was 8.0% (8.7).
- On 11 October 2023, Tebede's Class A shares were approved and admitted to trading on Nasdaq Stockholm, and on 13 October, the company published a prospectus approved by the Swedish Financial Supervisory Authority. On 20 October, the company's shares were delisted from First North Growth Market and the first day of trading on Nasdaq Stockholm was on 23 October.
- On 17 October 2023, the Board of Directors resolved, with support from the Extraordinary General Meeting held on 3 October 2023, on an offset issue of 172,948 Class A shares for completion of the company's offer to repurchase series 2021:2 and 2021:3 warrants. This will substantially reduce the potential future share dilution, lower earnings volatility and increase liquidity in daily share trading.

OUTLOOK

- Despite uncertainty in the market, the aim is for Spolargruppen, for the year as a whole on a comparative basis, to achieve organic growth that is at least in line with Spolargruppen's long-term financial targets and profitability (proforma adjusted EBITA margin) in line with or close to the preceding year.

SUMMARY OF FINANCIAL PERFORMANCE

The new Group was established on 28 April 2022.

SEK million	1 July- 30 September 2023	1 July- 30 September 2022	1 January- 30 September 2023	28 April- 30 September 2022	28 April- 31 December 2022
Net revenue	217.4	115.9	681.3	220.9	426.2
Adjusted EBITDA ¹	25.3	6.9	85.9	26.3	65.8
Adjusted EBITDA margin, %	11.6%	5.9%	12.6%	11.9%	15.4%
Adjusted EBITA ²	11.1	-2.9	46.6	11.3	39.2
Adjusted EBITA margin, %	5.1%	-2.5%	6.8%	5.1%	9.2%
Operating profit/loss (EBIT)	4.7	-11.3	26.2	-17.5	4.2
Net earnings	4.4	-4.5	6.1	-5.3	-5.8
Net debt	141.5	-89.8	141.5	-89.8	-8.9
Adjusted EBITDA R12 ²	142.2	89.8	142.2	89.8	116.8
Net debt/adjusted EBITDA R12 ²	1.0	-1.0	1.0	-1.0	-0.1
Number of shares	13,644,343	13,348,394	13,644,343	13,348,394	13,348,394
Basic and diluted earnings per share by average number of shares, SEK	0.32	-0.34	0.45	-0.40	-0.43

1) Refer to the "Definitions" section.

2) Refers to proforma adjusted EBITDA R12.

CEO COMMENTS

CONTINUED STRONG PERFORMANCE IN ALL SERVICE AREAS

(All comments and figures in the CEO comments refer to Spolargruppen proforma for the third quarter unless specifically stated)

In the seasonally quieter third quarter, we could report healthy sales growth in all of our service areas despite markets remaining cautious in parts of the business. Spolargruppen reported sales growth of 18.5% to SEK 233.0 million (196.6) for the quarter. The adjusted EBITA amounted to SEK 14.5 million (4.1) for the quarter corresponding to an adjusted EBITA margin of 6.2% (2.1) and 7.9% excluding new establishments.

It was gratifying during the quarter that all service areas – pipe relining, pipe inspection, flushing and geothermal – reported growth that far exceeded the long-term financial target of organic growth of more than 10%. In addition, the EBITA margin strengthened 2.1% to 7.9% adjusted for new establishments.

We noted an earnings improvement in the Swedish business in the quarter due to a healthy performance in many large units including the pipe relining business in southern Sweden and in our operations in geoenery and pipe inspection. The Danish operations continued to perform weakly, although we see signs of market conditions improving, which together with a number of key recruitments means that we have high hopes of improving earnings over the next few quarters.

Our newly established operations in pipe relining in Lidköping, Borås, Linköping and Örebro performed in the right direction despite a sluggish start to the year, with sales in line with the seasonally strong second quarter. Sales amounted to SEK 8.8 million and the negative impact on the margin for Spolargruppen as a whole was 1.7%. In the long term, we continue to expect new establishments and acquired operations to achieve growth and adjusted EBITA margins in line with Spolargruppen's long-term financial targets.

Furthermore, the quarter was dominated by a focus on Spolargruppen's academy and on efforts to establish Spolargruppen as a market leader in sustainability. Access to talented personnel is crucial for the Group's success and the academy will help attract and retain the market's best employees by offering further training. As part of sustainability initiatives, Spolargruppen received ISO 26000 certification

during the quarter, which highlights our commitment to delivering high-quality and sustainable solutions to our customers. These strategically important areas impact the share of central overheads, although these will level out as volumes rise.

FOCUS ON PROFITABILITY AND HEALTHY FINANCES

Over the last 12 months, we reported an adjusted EBITA of SEK 101.8 million corresponding to an adjusted EBITA margin of 9.9%. We are currently working on a number of initiatives to strengthen profitability, including a general review of project pricing, efficiencies in staffing and planning, and a general more intense focus on costs. Given the prevailing uncertainty concerning the economy and interest rates, focus in the quarters ahead will be directed on profitability rather than growth. We will also strive to uphold our strong finances, meaning that we will prioritise acquisitions that are strategically important and create clear value even in the short term.

Our long-term financial targets for Spolargruppen remain organic growth exceeding 10% and an adjusted EBITA margin of 15%. In the third quarter, we continued to deliver growth that exceeds our long-term financial target and improved profitability compared with last year.

CONTINUED HIGH RATE OF ACQUISITIONS WITH FURTHER ACQUISITIONS IN FINLAND

During the quarter, we further strengthened our position in pipe relining in the Finnish market by acquiring the relining business of the listed Finnish company Consti Building Services. The operations generate sales of approximately SEK 60 million and this acquisition means that Spolargruppen has assumed a leading position in Finland. As previously communicated, the operations in Finland had a total adjusted EBITA margin that is lower than the average for Spolargruppen, which entails a negative impact on Spolargruppen's overall margin for the year. However, with the leading market position that has been established and synergies between the operations, we believe that over time the Finnish business will be able to contribute to Spolargruppen's long-term financial profitability targets.

In addition to the announced acquisitions, we remain engaged in a large number of discussions, and have high hopes that we will be able to complete several transactions over the next few quarters.

LISTING OF TEBEDE ON STOCKHOLM STOCK EXCHANGE'S MAIN LIST

During the year, we announced our aim to list Tebede's share on the main list of the Nasdaq Stockholm Stock Exchange and thus move over from First North. We were delighted to ring the bell on 23 October and thus achieve yet another milestone. We view the move to the main list as a mark of quality that creates better conditions for a broader base of shareholders and higher share liquidity.

The Parent Company Tebede's impact on the Group's adjusted EBITA in the quarter was SEK -2.7 million, of which personnel costs accounted for SEK -1.5 million.

OUTLOOK

The positive long-term trend driving Spolargruppen's markets is expected to continue even if rising interest rates and costs could postpone investment levels in the Nordic housing market for a period of time. At the same time, there is increased interest in energy-saving projects such as pipe inspection and geothermal solutions for apartment buildings. With the uncertainty among our customers in pipe relining, a sluggish start for our new establishments and the incorporation of the Finnish operations with, to date, an overall lower margin than for

Spolargruppen as a whole, there is the risk that our performance in the seasonally strong fourth quarter will not be able to fully compensate for this. Having said this, our aim for the year as a whole on a comparative basis is to achieve organic growth that is at least in line with Spolargruppen's long-term financial targets and profitability (proforma adjusted EBITA margin) in line with or close to the preceding year, and where we, after adjusting for the aforementioned factors, see an underlying healthy performance and improved profitability.

Stockholm, 6 November 2023




Anders Lönnqvist
CEO, Tebede

OPERATIONAL OVERVIEW

Tebede, through its wholly owned subsidiary Spolargruppen, is the Nordic market leader in pipe relining, pipe flushing, maintenance and sealing of ventilation ducts, as well as other complementary services that are sold and performed in the same market channels such as geothermal solutions for apartment buildings. The single largest field of activity consists of pipe relining and pipe flushing. The Group's end customers consist of property owners, primarily commercial managers of homes and premises, public housing and housing cooperatives.

Tebede has a clear growth strategy with a focus both on acquisitions and on organic growth, including through establishments in new locations. The Group has high quality and sustainability ambitions,

and aspires to be the most attractive employer in the industry. In total, the Group has 500 employees and some 20 offices across Sweden, Norway, Denmark and Finland.

The Nordic market for pipe relining and pipe flushing is estimated to be just over SEK 9 billion for the current year (2023). Market growth over the past five-year period has been 12% per year and is expected to grow at about the same rate in the years ahead. Sweden is the single largest market and currently represents 60% of the total Nordic market. As the market is fragmented, there are good opportunities to grow both organically and through acquisitions.



FINANCIAL OVERVIEW

THIRD QUARTER 1 JULY–30 SEPTEMBER

Operating income

Operating income amounted to SEK 217.4 million (115.9), and consisted of income from pipe relining of SEK 144.3 million (69.1) and pipe flushing of SEK 73.1 million (46.8). As such, operating income has been stable during the quarter.

Operating profit

Adjusted EBITDA amounted to SEK 25.3 million (6.9) corresponding to an adjusted EBITDA margin of 11.6% (5.9). Earnings before amortisation and depreciation of tangible and intangible assets (EBITDA) amounted to SEK 21.9 million (1.3) corresponding to an EBITDA margin of 10.1% (1.1). Adjusted EBITA amounted to SEK 11.1 million (-2.9) corresponding to an adjusted margin of 5.1% (-2.5). Items affecting comparability primarily comprise transaction costs and costs related to the change of listing. For more information, see the table below.

Operating profit (EBIT) amounted to SEK 4.7 million (-11.3) corresponding to an operating margin of 2.2% (-9.7). Operating profit continues to be charged by investments of new establishments, primarily in pipe relining. These investments are strategically important but have an initial negative earnings effect.

	Q3 2023	
	EBITDA	EBITA
Operating profit	21.9	7.6
<i>Items affecting comparability</i>		
Transaction costs	1.6	1.6
Costs related to the change of listing	1.8	1.6
	1.8	
Adjusted EBIT	25.3	11.1

Financial items

Net financial items amounted to SEK 0.1 million (4.5). Financial expenses for the quarter amounted to SEK -7.1 million (-2.7) and mainly pertain to interest expenses and remeasurements of warrants. Financial income amounted to SEK 7.2 million (7.2) and pertains primarily to the remeasurement of earnouts.

Tax

Tax for the quarter amounted to SEK 0.4 million (-2.3), of which SEK 1.0 million (-1.6) pertained to current tax and SEK -0.7 million (-0.7) pertained to deferred tax. The tax rate was impacted by the remeasurement of warrants of SEK 4.2 million (-7.2), the remeasurement of earnouts of SEK -6.4 million (-) and amortisation of customer contracts of SEK 2.9 million (2.9).

Profit for the period

Profit for the period amounted to SEK 4.4 million (-4.5). Basic and diluted earnings per share amounted to SEK 0.32 (-0.34).

Equity

Equity at the end of the period amounted to SEK 1,075.8 million (1,036.6 as of 31 December 2022). For detailed information about redemption procedures, share issues and other events that impact equity, see the "Owner statistics and share capital" section below.

Financial position

Net debt at the end of the period amounted to SEK 141.5 million (-8.9 as of 31 December 2022). Loans have been taken up during the quarter totalling SEK 48.3 million (6.0) while the utilised credit facility has been amortised by SEK 100 million. An unutilised bank overdraft facility at the end of the period totalled SEK 10.0 million (8.5 as of 31 December 2022). In addition, there is an unutilised credit facility of SEK 216.5 within the framework of the existing bank facility.

Net debt

SEK million	30 September 2023	31 December 2022
Borrowings	158.4	211.2
Lease liabilities	69.8	58.8
Cash and cash equivalents	-86.7	-278.9
Net debt	141.5	-8.9

Working capital

SEK million	30 September 2023	31 December 2022
Inventories	21.5	8.7
Accounts receivable	157.5	115.8
Other receivables	47.3	33.8
Accounts payable	-55.3	-44.8
Other liabilities	-97.4	-90.3
Net working capital	73.5	23.3

Corporate acquisitions

On 29 September 2023, the newly founded company RELINER Oy and the relining company Consti Sukitus from Consti Building Services Ltd were acquired, further strengthening Spolargruppen's position in Finland.

1 JANUARY – 30 SEPTEMBER PERIOD

Operating income

Operating income amounted to SEK 681.3 million (220.9), and consisted of income from pipe relining of SEK 466.1 million (138.9) and pipe flushing of SEK 215.2 million (82.0).

Operating profit

Adjusted EBITDA amounted to SEK 85.9 million (26.3) corresponding to an adjusted EBITDA margin of 12.6% (11.9). Earnings before amortisation and depreciation of tangible and intangible assets (EBITDA) amounted to SEK 74.4 million (2.4) corresponding to an EBITDA margin of 10.9% (1.1). Adjusted EBITA amounted to SEK 46.6 million (11.3) corresponding to an adjusted EBITA margin of 6.8% (5.1). Items affecting comparability primarily comprise transaction costs and costs related to the change of listing. For more information, see the table below.

Operating profit (EBIT) amounted to SEK 26.2 million (-17.5) corresponding to an operating margin of 3.8% (-7.9).

	1 January– 30 September 2023	
	EBITDA	EBITA
Operating profit	74.4	35.1
<i>Items affecting comparability</i>		
Transaction costs	7.3	7.3
Costs related to the change of listing	4.3	4.3
Adjusted EBIT	85.9	46.6

Financial items

Net financial items amounted to SEK -17.7 million (7.5). Financial expenses for the period amounted to SEK -25.2 million (-4.5) and mainly pertain to interest expenses and remeasurements of warrants. Financial income amounted to SEK 7.5 million (12.0) and pertains primarily to the remeasurement of earnouts. After the end of the quarter, the offer to repurchase warrants announced on 13 September 2023 was executed, which reduced the number of series 2021:2 warrants and series 2021:3 warrants outstanding by about 66%. This will result in lower volatility in the company's financial items in the quarters ahead.

Tax

Tax for the period amounted to SEK 2.4 million (-4.7), of which SEK 4.3 million (-3.5) pertained to current tax and SEK -1.9 million (-1.1) pertained to deferred tax. The relatively high tax rate was impacted by the remeasurement of warrants of SEK 9.9 million (-12.0), the remeasurement of earnouts of SEK -6.4 million (-) and amortisation of customer contracts of SEK 8.7 million (4.8).

Profit for the period

Profit for the period amounted to SEK 6.1 million (-5.3). Basic and diluted earnings per share amounted to SEK 0.45 (-0.40).

Cash flow

Cash flow from operating activities during the period was SEK 2.5 million (-6.6).

Cash flow before changes in working capital amounted to SEK 51.7 million (-4.0) and changes in working capital amounted to SEK -49.2 million (-2.6). Increased inventories and ongoing work, accounts receivable and other current receivables impacted cash flow by SEK -46.0 million (24.4). Increased accounts payable impacted cash flow by SEK 3.3 million (-11.1) and a decrease in other current operating liabilities impacted cash flow by SEK -6.5 million (-16.0).

Cash flow from investing activities was SEK -109.8 million (-472.9) comprising of acquisitions of subsidiaries of SEK -103.9 million (-461.6), investments in tangible and intangible assets of SEK -8.1 million (-12.0) and divestment of tangible and financial assets of SEK 2.4 million (1.0).

Cash flow from financing activities amounted to SEK -84.9 million (-5.7), mainly related to the amortisation of lease liabilities and loans of SEK -134.0 million (-28.9). Loans were taken up during the period totalling SEK 49.0 million (32.1). Reported cash flow for the period amounted to SEK -192.2 million (-485.1).

Equity

Equity at the end of the period amounted to SEK 1,075.8 million (1,036.6 as of 31 December 2022). For detailed information about redemption procedures, share issues and other events that impact equity, see the "Owner statistics and share capital" section below.

Corporate acquisitions

- On 2 January 2023, the acquisition of Suomen Sukittajat Oy was completed, which established Spolargruppen in Finland.
- On 28 February 2023, Dansk Ventilationsforing ApS was acquired, which strengthened Spolargruppen's position in Denmark.
- On 28 April 2023, the acquisition of RPL Talotekniikka Oy was completed, which further strengthened Spolargruppen's position in Finland.
- On 15 June 2023, the newly formed company Repipe Norrköping AB, and the operations and assets in Norrköping Relining AB were acquired.
- On 29 September 2023, the newly founded company RELINER Oy and the relining company Consti Sukitus from Consti Building Services Ltd were acquired, further strengthening Spolargruppen's position in Finland.

Parent Company

1 January – 30 September 2023

During the period, the Tebede Parent Company received revenue of SEK 2.8 million (1.3), primarily consisting of management fees from the Spolargruppen subsidiary. Parent Company costs amounted to SEK -17.4 million (-30.9) during the period and primarily consisted of consultancy and salary costs. The Spolargruppen subsidiary has received shareholder contributions during the period totalling SEK 167.9 million (115.2).

OWNER STATISTICS AND SHARE CAPITAL

At the end of the quarter, equity totalled SEK 1,024.6 million (1,020.2 as of 31 December 2022), of which share capital was SEK 3.4 million (3.3 as of 31 December 2022) with a quotient value of SEK 0.25 (0.25 as of 31 December 2022).

At the end of the period, the company's ten largest shareholders were:

Servisen Investment Management	9.5%
AGB Kronolund	9.5%
Carnegie Fonder	7.3%
Lannebo Fonder	6.1%
RoosGruppen	6.0%
Swedbank Robur Folksams LO Västfonden	5.2%
Tjärnvall Holding	5.1%
Skirner	4.3%
Masonly AB	2.8%
Nordnet Pensionsförsäkring	2.4%
Total	58.2%

On 30 September 2023, the total number of shares was 13,644,343 (13,348,394 as of 31 December 2022), all of which were ordinary shares.

RELATED-PARTY TRANSACTIONS

For a description of related-party transactions during the period, see Note 3. For a more detailed description of the company's management of transactions with related parties, refer to the annual report for the 2022 financial year, Note 27 of the Group's notes and Note 9 of the Parent Company's notes.

EMPLOYEES

The number of employees (measured as FTEs) amounted to 526 (337) at the end of the period. The average number of employees (measured as FTEs) for the 1 January to 30 September period amounted to 474 (326), of which 4 (4) in the Parent Company.

MATERIAL RISKS AND UNCERTAINTIES

The material risks and uncertainties are unchanged from those presented in the 2022 Annual Report. A detailed description of the Parent Company's material risks and uncertainties can be found in the 2022 Annual Report. For an updated description of financial risks, see Note 1.

FINANCIAL CALENDAR

Interim Report Q4 2023 – 16 February
 2023 Annual General Meeting – 15 April 2024
 Interim Report Q1 2024 – 17 May
 Interim Report Q2 2024 – 14 August
 Interim Report Q3 2024 – 15 November
 Interim Report Q4 2024 – 14 February

CONDENSED CONSOLIDATED INCOME STATEMENT

SEK million	Note	1 July 2023– 30 September 2023	1 July 2022– 30 September 2022	1 January 2023– 30 September 2023	28 April 2022– 30 September 2022
Net revenue	4	217.4	115.9	681.3	220.9
Other operating income		0.9	1.1	3.0	1.5
Operating expenses					
Raw materials and consumables		-70.2	-32.1	-213.3	-58.1
Other external expenses		-41.2	-30.3	-127.3	-65.5
Personnel costs		-85.0	-53.2	-269.2	-96.3
Depreciation, amortization and impairment of tangible and intangible assets including right-of-use assets		-17.2	-12.6	-48.2	-19.9
Other operating expenses		-0.0	-0.1	-0.1	-0.2
Total operating expenses		-213.6	-128.3	-658.1	-239.9
Operating profit/loss		4.7	-11.3	26.2	-17.5
Financial income	5	7.2	7.2	7.5	12.0
Financial expenses	5	-7.1	-2.7	-25.2	-4.5
Finance items – net		0.1	4.5	-17.7	7.5
Profit/loss after financial items		4.8	-6.8	8.5	-10.0
Tax		-0.4	2.3	-2.4	4.7
Profit for the period		4.4	-4.5	6.1	-5.3
Basic and diluted earnings per share, SEK		0.32	-0.34	0.45	-0.40
Average No. of shares outstanding in the period		13,644,343	13,348,394	13,644,343	13,348,394

The entire profit/loss for the period is attributable to the Parent Company's owners.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

SEK million	Note	1 July 2023– 30 September 2023	1 July 2022– 30 September 2022	1 January 2023– 30 September 2023	28 April 2022– 30 September 2022
Profit/loss for the period		4.4	-4.5	6.1	-5.3
Other comprehensive income					
<i>Items that will later be able to be reclassified to profit or loss</i>					
Exchange rate differences		-5.5	-0.4	4.1	-0.4
Total other comprehensive income for the period		-1.1	-4.9	10.2	-5.7
Total comprehensive income for the period		-1.1	-4.9	10.2	-5.7

Comprehensive income for the period is entirely attributable to the Parent Company's shareholders.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

SEK million	Note	30 September 2023	31 December 2022
ASSETS			
Non-current assets			
Brands	6	50.8	49.4
Customer contracts	6	41.6	50.3
Goodwill	6	1,018.0	891.9
Other intangible assets		1.4	3.0
Property, plant and equipment		69.9	67.0
Right-of-use assets		73.3	62.6
Other long-term receivables		3.5	0.8
Total non-current assets		1,258.5	1,125.0
Current assets			
Inventories		21.5	8.7
Accounts receivable		157.5	115.8
Contract assets		32.0	14.8
Tax assets		8.1	0.0
Other receivables		5.7	6.7
Prepaid expenses and accrued income		9.7	12.3
Cash and cash equivalents		86.7	278.9
Total current assets		321.0	437.2
Total assets		1,579.5	1,562.2

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT.)

SEK million	Note	30 September 2023	31 December 2022
EQUITY			
Share capital		3.4	3.3
Other deferred capital		1,071.4	1,042.5
Exchange rate differences		6.0	1.6
Retained earnings including profit/loss for the period		-5.0	-10.8
Total equity		1,075.8	1,036.6
LIABILITIES			
Non-current liabilities			
Borrowings		153.4	177.0
Non-current lease liabilities		37.5	29.7
Deferred tax liabilities		31.1	32.8
Other liabilities	5	36.1	23.5
Other provisions		5.5	3.7
Total non-current liabilities		263.6	266.7
Current liabilities			
Borrowings		5.0	34.2
Current lease liabilities		32.3	29.1
Accounts payable		55.3	44.7
Contract liabilities		2.0	2.1
Other liabilities	5, 7	92.7	110.4
Accrued expenses and deferred income		52.9	38.4
Total liabilities		240.1	258.9
Total equity and liabilities		1,579.5	1,562.2

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other defer- red capital	Translation differences	Retained earnings including profit/loss for the period	Total equity
The Group was founded on 28 April 2022¹	2.6	797.9	-	-5.0	795.5
Profit/loss for the period				-5.3	-5.3
Other comprehensive income for the period			-0.4		-0.4
Total comprehensive income for the period	0.0	0.0	-0.4	-5.3	-5.7
Transactions with shareholders					
New share issue	0.4	149.6	-	-	150.0
Issue expenses	-	-24.5	-	-	-24.5
Non-cash/offset issue	0.6	241.6	-	-	242.2
Issue of warrants	0.0	11.9	-	-	11.9
Redemption of Class A shares	-0.3	-124.1	-	-	-124.4
Redemption of Class C shares	-0.0	-10.0	-	-	-10.0
Total transactions with shareholders	0.7	244.5	0.0	0.0	245.2
Closing balance on 30 September 2022	3.3	1,042.4	-0.4	-10.3	1,035.0
	Share capital	Other defer- red capital	Translation differences	Retained earnings including profit/loss for the period	Total equity
Opening balance at 1 January 2023	3.3	1,042.5	1.6	-10.8	1,036.6
Profit/loss for the period				6.1	
Other comprehensive income for the period			4.1		6.1
Total comprehensive income for the period	0.0	0.0	4.1	6.1	4.1
Transactions with shareholders					
New share issue	-	0.2	-	-	0.2
Non-cash/offset issue	0.1	28.7	-	-	28.8
Total transactions with shareholders	0.1	28.9	-	-	29.0
Closing balance on 30 September 2023	3.4	1,071.4	5.7	-4.7	1,075.8

1) Pertains to equity in the Tebede Parent Company

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

SEK million	Note	1 January 2023 – 30 September 2023	28 April 2022 – 30 September 2022
Ongoing operations			
Operating profit		26.2	-17.5
Adjustment for items not included in cash flow		49.0	19.5
Interest received		0.6	0.0
Interest paid		-11.0	-3.8
Tax paid		-13.1	-2.2
Cash flow before changes in working capital		51.7	-4.0
Increase/decrease in inventories and work in progress		-4.8	-0.3
Increase/decrease in accounts receivable		-31.4	30.7
Increase/decrease in other current receivables		-9.8	-6.0
Increase/decrease in accounts payable		3.3	-11.1
Increase/decrease in other current operating liabilities		-6.5	-16.0
Cash flow from operating activities		2.5	-6.6
Investing activities			
Investments in tangible and intangible non-current assets		-8.1	-12.0
Sale of tangible non-current assets		1.7	1.0
Acquisition of subsidiaries, net of cash acquired		-103.9	-461.6
Investments in financial non-current assets		-0.2	-0.2
Divestment of financial assets		0.7	0.0
Cash flow from investment activities		-109.8	-472.9
Financing operations			
New share issue		0.2	150.0
Issue expenses		–	-24.5
Redemption of Class A shares		–	-124.4
Redemption of Class C shares		–	-10.0
Proceeds from borrowings		49.0	32.1
Repayment of loans		-106.5	-19.1
Repayment of lease liabilities		-27.5	-9.8
Cash flow from financing activities		-84.9	-5.7
Decrease/increase in cash and cash equivalents		-192.2	-485.1
Opening cash and cash equivalents		278.9	838.4
Translation differences in cash and cash equivalents		0.0	0.0
Closing cash and cash equivalents		86.7	353.3

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 – ACCOUNTING POLICIES

The accounting policies and methods of calculation applied in this interim report are in accordance with the policies described in the 2022 Annual Report.

Basis for preparation

The financial statements have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Reporting Rules for Groups, as well as the International Financial Reporting Standards (IFRS) and the interpretations of the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. This interim report is prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The financial statements have been prepared on a historical cost convention.

The Group was founded on 28 April 2022 when Tebede acquired Spolargruppen. The Tebede Parent Company was founded on 30 March 2021. With the acquisition of Spolargruppen, the Tebede Parent Company has changed its financial year, which was previously from 1 August to 31 July, to the calendar year. The preceding financial year is therefore 1 August 2021 to 31 December 2022.

The company operates with one operating segment.

Risks

For a description of the risks connected to the Group's operations, see the 2022 Annual Report as well as below.

The economy and interest rates

Elevated benchmark rates and volatile exchange-rate fluctuations could lead to higher financing costs for Tebede and the development of this is monitored carefully. Tebede's end customers consist of property owners, primarily commercial managers of homes and premises, public housing and housing cooperatives. As such, Tebede is impacted by macroeconomic factors and cycles that impact the property industry. To date, we have yet to note any elevated risk in terms of our accounts receivable.

The war in Ukraine

The ongoing war in Ukraine has impacted society at large through, inter alia, disrupted production and increased energy prices. However, Tebede assessed that market demand for pipe relining and pipe flushing in the geographies in which the Group is active is unchanged.

NOTE 2 – SIGNIFICANT ESTIMATES AND JUDGEMENTS

Significant estimates and judgements are unchanged from those described in the Note 2 of the Group's 2022 Annual Report.

NOTE 3 – RELATED-PARTY TRANSACTIONS

No transactions between the Tebede Group and its related parties have materially impacted the Group's financial position or profit/loss for the period. For a more detailed description of the company's management of transactions with related parties, refer to the annual report for the 2022 financial year, Note 27 of the Group's notes and Note 9 of the Parent Company's notes.

NOTE 4 – DISTRIBUTION OF NET REVENUE

The Group

SEK million	1 Juli – 30 Sep- tember 2023	1 Juli – 1 30 Sep- tember 2022	January – 30 Sep- tember 2023	28 April – 30 Sep- tember 2022
Income is distributed as follows:				
Contracting, pipe relining and service	144.3	69.1	466.1	138.9
Flushing	73.1	46.8	215.2	82.0
Total	217.4	115.9	681.3	220.9

NOTE 5 – FINANCIAL INSTRUMENTS MEASURED AT FAIR VALUE

Tissued series 2021:2 and 2021:3 warrants offer the company the possibility to conduct settlement through net strike. This means there is a variability in the number of shares that will be issued and the fixed for fixed condition in IAS 32 is therefore not fulfilled. In the event of net settlement, the company uses its own shares as payment to settle the existing obligation.

The number of shares issued depends on the fair value of the company's shares on the settlement date. Series 2021:2 and 2021:3 warrants are therefore recognised in accordance with IAS 32 and classified as financial liabilities and not as equity. The Group's issued investor warrants and earnouts are classified as financial liabilities and are measured at fair value through profit or loss (FVTPL).

The change in value is recognised in profit or loss in financial items.

After the end of the quarter, the offer to repurchase warrants announced on 13 September 2023 was executed, which reduced the number of series 2021:2 warrants and series 2021:3 warrants outstanding by just over 60%. This will result in lower volatility in the company's financial items in the quarters ahead.

Amounts in SEK million (debt)	30 Sep 2023	31 Dec 2022
Series 2021:2 warrants issued	12.4	8.1
Series 2021:3 warrants issued	11.1	6.9
Total	23.5	15.0

At the end of the third quarter, the value of liabilities connected to series 2021:2 and 2021:3 warrants outstanding amounted to SEK 23.5 million.

Series 2021:2 and 2021:3 warrants are valued according to level 1 and are, as of the balance-sheet date, respectively valued at SEK 12.4 million, 4,134,814 at SEK 3.00 (SEK 8.1 million, 4,384,814 at SEK 1.84 as of 31 December 2022) and SEK 11.1 million, 4,220,771 at SEK 2.64 (SEK 6.9 million, 4,470,771 at SEK 1.55 as of 31 December 2022) and recognised as other current liabilities.

During the 1 July – 30 September 2023 quarter, SEK -4.2 million (7.2) was recognised as a financial cost in the Group and the Parent Company as a result of a remeasurement of warrants. During the 1 January – 30 September 2023 period, SEK -9.9 million (12.0) was recognised as a financial cost in the Group and the Parent Company as a result of a remeasurement of warrants. On the balance-sheet date, 8,855,585 warrants (8,855,585 as of 31 December 2022) were outstanding (series 2021:2 and 2021:3), of which 8,355,579 (8,855,579 as of 31 December 2022) were possible to exercise.

Earnouts Financial instruments Level 3

	30 Sep 2023	31 Dec 2022
Opening balance	68.9	-
Acquisitions	23.8	77.9
Remeasurements	-6.4	-4.8
Payments	-24.0	-5.5
Discount effect	0.0	1.0
Currency effect	0.6	0.2
Closing balance	62.9	68.9
of which non-current	36.1	23.5
of which current	26.8	45.4

Contingent consideration: The company usually uses an acquisition structure with a base consideration and contingent consideration for corporate acquisitions.

In each quarter, the contracts and conditions that govern the size of the earnouts is assessed. Based on this assessment, remeasurements of the size of the earnouts can occur. Remeasurements were conducted in the quarter, which provided an earnings effect corresponding to SEK 6.4 million (-). During the 1 January – 30 September 2023 period, remeasurements were conducted in the quarter, which provided an earnings effect corresponding to SEK 6.4 million (-).

The contingent consideration falls due for payment within three years and is limited to not more than SEK 117.9 million (92.0 as of 31 December 2022). During the 1 July – 30 September 2023 quarter, SEK 0.8 million (-0.2) in interest was recognised in net financial income concerning earnouts. During the 1 January – 30 September 2023 period, SEK 0.0 million (-0.4) in interest was recognised in net financial income concerning earnouts.

NOTE 6 – BUSINESS COMBINATIONS

On 2 January 2023, 100% of the share capital of Suomen Sukittajat Oy was acquired.

On 28 February 2023, 100% of the share capital of Dansk Ventilationsforing ApS was acquired.

On 28 April 2023, the acquisition of 100% of the share capital of RPL Talotekniikka Oy was completed.

On 15 June 2023, the newly formed company Repipe Norrköping AB and operations and assets in Norrköping Relining AB were acquired.

On 29 September 2023, the newly founded company RELINER Oy and the relining company Consti Sukitus from Consti Building Services Ltd were acquired, further strengthening Spolargruppen's position in Finland.

The table below summarises the purchase consideration for the companies and the fair value of the acquired assets and assumed liabilities that are recognised on the date of acquisition.

	SEK million
Suomen Sukittajat Oy	
Cash and cash equivalents	14.8
Issue of 295,949 Class A shares	28.8
Contingent earnout	8.0
Total purchase consideration	51.6
Recognised amount of identifiable acquired assets and assumed liabilities	
Cash and cash equivalents	4.0
Non-current assets	4.6
Brands	0.0
Current assets	13.0
Total assets	21.7
Non-current liabilities (incl. lease liabilities)	-1.6
Current liabilities	-12.0
Total liabilities	-13.6
Net identifiable assets	8.1
Goodwill	43.5

SEK million

Dansk Ventilationsforing ApS

Cash and cash equivalents	12.5
Contingent earnout	1.8
Total purchase consideration	14.3

Recognised amount of identifiable acquired assets and assumed liabilities

Cash and cash equivalents	0.8
Non-current assets	1.1
Brands	0.6
Current assets	2.6
Total assets	5.0

Non-current liabilities (incl. lease liabilities)	-0.9
Deferred tax liabilities	-0.1
Current liabilities	-1.5
Total liabilities	-2.6

Net identifiable assets	2.4
Goodwill	11.9

SEK million

RPL Talotekniikka Oy

Cash and cash equivalents	11.6
Contingent earnout	6.6
Total purchase consideration	18.1

Recognised amount of identifiable acquired assets and assumed liabilities

Cash and cash equivalents	0.1
Non-current assets	3.3
Brands	0.6
Current assets	1.7
Total assets	5.7

Non-current liabilities (incl. lease liabilities)	-2.7
Deferred tax liabilities	-0.1
Current liabilities	-2.6
Total liabilities	-5.4

Net identifiable assets	0.3
Goodwill	17.8

SEK million

Repipe Norrköping AB

Cash and cash equivalents	3.5
Contingent earnout	3.5
Total purchase consideration	7.0

Recognised amount of identifiable acquired assets and assumed liabilities

Non-current assets	1.3
Current assets	0.2
Total assets	1.5

Non-current liabilities (incl. lease liabilities)	-0.6
Current liabilities	-0.4
Total liabilities	-1.0

Net identifiable assets	0.5
Goodwill	6.5

SEK million

RELINER Oy

Cash and cash equivalents	32.3
Total purchase consideration	32.3

Recognised amount of identifiable acquired assets and assumed liabilities

Non-current assets	2.1
Current assets	6.7
Total assets	8.8

Non-current liabilities (incl. lease liabilities)	-1.3
Current liabilities	-3.8
Total liabilities	-5.2

Net identifiable assets	3.7
Goodwill	28.6

As of the balance-sheet date, acquisition analyses are preliminary. At the time the financial statements were authorised for issue, the Group had not yet completed the accounting for the business combination. In particular, the fair values of the assets and liabilities disclosed above have only been determined provisionally as the independent valuations have not been finalised.

Revenue and profit of the business combination

Suomen Sukittajat Oy was acquired on 2 January and has contributed SEK 61.8 million and SEK 4.0 million in net sales and operating profit (EBIT) during the period.

Dansk Ventilationsforing ApS was acquired on 28 February 2023 and has contributed SEK 9.5 million, of which SEK 4.8 million in internal sales and SEK 0.2 million in net sales and operating profit (EBIT) respectively during the period. If the acquisition had occurred on 1 January 2023, proforma total net sales and operating profit (EBIT) as of 30 September 2023 would have been SEK 11.5 million and SEK 0.6 million respectively. These amounts have been calculated using the subsidiary's results and adjusting them for differences in the accounting policies between the Group and the subsidiary, and the additional depreciation and amortisation that would have been charged assuming the fair value adjustments had applied from 1 January 2023, together with the consequential tax effects. The same principle has been used for all acquisitions.

On 28 April 2023, the acquisition of the share capital of RPL Talotekniikka Oy was completed and the company has contributed SEK 10.5 million and SEK -1.0 million in net sales and operating profit (EBIT) respectively during the period. If the acquisition had occurred on 1 January 2023, proforma total net sales and operating profit (EBIT) as of 30 September 2023 would have been SEK 18.1 million and SEK -1.2 million respectively.

Repipe Norrköping was acquired on 15 June 2023 and has contributed SEK 3.8 million, of which SEK 0.4 million in internal sales and SEK 0.1 million in net sales and operating profit (EBIT) respectively during the period. If the acquisition had occurred on 1 January 2023, proforma total net sales and operating profit (EBIT) as of 30 September 2023 would have been SEK 8.8 million and SEK 0.8 million respectively.

RELINER Oy was acquired on 29 September 2023 and has contributed SEK 0.0 million and SEK 0.0 million in net sales and operating profit (EBIT) during the period. If the acquisition had occurred on 1 January 2023, proforma total net sales and operating profit (EBIT) as of 30 September 2023 would have been SEK 46.2 million and SEK 1.4 million respectively.

Acquisition-related costs

Acquisition-related costs during the 1 July–30 September quarter of SEK 1.6 million (5.6) are included in other operating expenses in the consolidated statement of comprehensive income and in operating activities in the cash-flow statement. Acquisition-related costs during the 1 January–30 September period of SEK 7.3 million (23.9) are included in other operating expenses in the consolidated statement of comprehensive income and in operating activities in the cash-flow statement.

Purchase consideration – cash outflow

	30 September 2023
Cash consideration for acquired operation Suomen Sukittajat Oy	14.8
Acquired cash Suomen Sukittajat Oy	-4.0
Cash consideration for acquired operation Dansk Ventilationsforing ApS	12.5
Acquired cash Dansk Ventilationsforing ApS	-0.8
Cash consideration for acquired operation RPL Talotekniikka Oy	11.6
Acquired cash RPL Talotekniikka Oy	-0.1
Cash consideration for acquired operation Re-pipe Norrköping AB	3.5
Acquired cash Repipe Norrköping AB	0.0
Cash consideration for acquired operation RE-LINER Oy	32.3
Acquired cash RELINER Oy	0.0
Earnout paid	24.0
Adjusted purchase consideration other subsidi-ary	10.0
Net outflow of cash and cash equivalents – investing activities	103.9

NOTE 7 – OTHER LIABILITIES

SEK million	30 Sep 2023	31 Dec 2022
Current earnouts	26.8	45.4
Warrants	23.5	14.9
Other liabilities	42.4	49.9
Other liabilities	92.7	110.3

PARENT COMPANY CONDENSED INCOME STATEMENT

SEK million	Note	1 January 2023 – 30 September 2023	1 August 2021 – 30 September 2022
Net revenue		2.8	1.3
Operating expenses			
Other external expenses		-10.3	-27.4
Personnel costs		-6.4	-8.3
Depreciation, amortization and impairment of tangible and intangible assets including right-of-use assets		-0.7	0.0
Total operating expenses		-17.4	-35.6
Operating profit/loss		-14.6	-34.4
Financial income and expenses			
Other interest income and similar profit/loss items		0.0	29.6
Interest expenses and similar profit/loss items		-9.9	0.0
Total financial income and expenses		-9.9	29.6
Profit/loss after financial items		-24.5	-4.8
Tax on profit/loss for the period		0.0	0.0
Profit for the period		-24.5	-4.8

There are no items that are recognised as other comprehensive income. Total comprehensive income is therefore the same as profit/loss for the period.

CONDENSED PARENT COMPANY STATEMENT OF FINANCIAL POSITION

SEK million	30 September 2023	31 December 2022
ASSETS		
Financial non-current assets		
Participations in subsidiaries	989.3	821.4
Total financial assets	989.3	821.4
Tangible non-current assets		
Right-of-use assets	0.8	0.0
Total tangible non-current assets	0.8	0.0
Total non-current assets	990.2	821.4
Current assets		
Accounts receivable	0.8	0.0
Other receivables	1.6	3.3
Total current receivables	2.3	3.3
Cash and bank balances	62.0	211.7
Total cash and bank balances	62.0	211.7
Total current assets	64.4	215.0
Total assets	1,054.5	1,036.4
EQUITY		
<i>Restricted equity</i>		
Share capital	3.4	3.4
Total restricted equity	3.4	3.4
<i>Non-restricted equity</i>		
Share premium reserve	1,071.4	1,042.5
Retained earnings including profit/loss for the period	-50.2	-25.7
Total non-restricted equity	1,021.2	1,016.8
Total equity	1,024.6	1,020.2
Current liabilities		
Current lease liabilities	0.7	0.0
Accounts payable	0.6	0.4
Other liabilities	24.0	14.7
Accrued expenses and deferred income	4.5	1.2
Total current liabilities	29.9	16.2
Total liabilities	29.9	16.2
Total equity and liabilities	1,054.5	1,036.4

MULTI-YEAR REVIEW GROUP

	30 September 2023	31 December 2022¹
Adjusted EBITDA, SEK million	85.9	65.8
Adjusted EBITDA margin, %	12.6%	15.4%
Adjusted EBITA, SEK million	46.6	39.2
Adjusted EBITA margin, %	6.8%	9.2%
EBIT, SEK million	26.2	4.2
Net earnings	6.1	-5.8
Adjusted EBITDA R12 ²	142.2	116.8
Net debt at the end of the period, SEK million	141.5	-8.9
Net debt at the end of the period/Adjusted EBITDA R12 ³	1.0	-0.1
Number of shares	13,644,343	13,348,394
Basic and diluted earnings per share, SEK	0.4	-0.4
Average number of employees	474	331

1) Profit/loss items pertain to the period from 28 April – 31 December

2) Refers to proforma adjusted EBITDA

3) Refers to proforma adjusted EBITDA

DEFINITIONS

Net debt/Net cash

Financial interest-bearing assets less interest-bearing liabilities.

Earnings per share

Profit/loss after tax divided by the average No. of shares outstanding in the period.

Diluted earnings per share

Profit/loss after tax divided by the average No. of shares outstanding after dilution in the period.

EBITDA

Profit/loss before interest income and interest expenses, tax, depreciation of tangible assets, amortisation of intangible assets and write-downs of right-of-use assets.

Items affecting comparability

Transaction-related costs, remeasurements of purchase considerations, capital gains from the sale of operations and other revenue and costs considered to affect comparability.

Adjusted EBITDA

EBITDA adjusted for transaction-related costs, remeasurements of earnouts, capital gains from the sale of operations and other revenue and costs considered to affect comparability.

Adjusted EBITDA margin

Adjusted EBITDA in % of total operating income

EBITA

Profit/loss before interest income and interest expenses, tax and amortisation of intangible assets.

Adjusted EBITA

EBITA adjusted for transaction-related costs, remeasurements of earnouts, capital gains from the sale of operations and other revenue, and costs considered to affect comparability.

Adjusted EBITA margin

Adjusted EBITA in % of total operating income

Operating profit/loss (EBIT)

Operating profit/loss after depreciation/amortisation of tangible and intangible assets.

Net debt/Net cash/Adjusted EBITDA R12

Net debt/Net cash in relation to average adjusted proforma EBITDA for the latest 12-month period.

Proforma

Proforma means that companies in the Group are regarded as having been included since 1 January 2021.

Working capital

Total current assets less cash and cash equivalents, tax assets and current non-interest-bearing liabilities excluding current earnouts and debt warrants at period end.

SIGNATURES

AUDIT REVIEW

This report has not been audited.

Stockholm, 6 november 2023

Tebede AB (publ)



Anders Lönnqvist
CEO, Tebede AB (publ)



FOR MORE INFORMATION:

Caesar Gezelius, CFO & IR
+46 (0)708 33 31 36
caesar.gezelius@tebede.se

Anders Lönnqvist, CEO
+46 (0) 705 66 62 18
anders.lonnqvist@tebede.se

For further information, see www.tebede.se