nelel group

FIRST QUARTER 2024 REPORT

Q1

Organic growth of 3.9 per cent and improved EBITA

First quarter

- Net sales rose 4.5 per cent to MSEK 714 (684), of which organic growth was 3.9 per cent.
- Adjusted EBITA increased to MSEK 14 (11), with an adjusted EBITA margin of 2.0 per cent (1.6).
- EBITA improved to MSEK 12 (-3), with an EBITA margin of 1.7 per cent (-0.4).
- Loss for the period amounted to MSEK -8 (-9).
- Earnings per share before and after dilution amounted to SEK -0.17 (-0.18)
- Cash flow from operating activities amounted to MSEK -89 (8).
- Net debt amounted to MSEK 738 (789) and net debt/adjusted EBITDA to 3.1 (3.2).
- The order backlog increased to MSEK 3,836 (3,750).

Significant events during the first quarter

- New reporting structure that reflects the new organisational structure.
- Nett-Tjenester expanded its partnership with Elvia through a new framework agreement totalling approximately MNOK 120.
- Eltek signed a contract with Siemens Energy for modernising and expanding Svenska Kraftnät's substation.
- Fredrik Helenius appointed the new CFO.

SEK millions	Jan-Mar		R12 Apr-Mar	Full-year
	2024	**2023**	**2023/2024**	**2023**
Net sales	714	684	3,490	3,459
Net sales growth (%)	4.5%	9.3%	9.1%	10.1%
Adjusted EBITA	14	11	168	164
Adjusted EBITA margin (%)	2.0%	1.6%	4.8%	4.8%
EBITA	12	-3	147	133
EBITA margin (%)	1.7%	-0.4%	4.2%	3.8%
EBIT	10	-4	142	128
EBIT margin (%)	1.5%	-0.6%	4.1%	3.7%
Net debt	738	789	738	610
Net debt/Adjusted EBITDA R12 (Ratio)	3.1	3.2	3.1	2.6

CEO's comments

We are continuing to strengthen our position

Our organic growth was 3.9% in the first quarter and adjusted EBITA improved, which is satisfactory given that the first quarter of the year was negatively impacted by seasonal variation. The trend was particularly strong for Power and Infraservices in Sweden and Telecom in Norway. The focus for 2024 is to continue to deliver the strong order backlog and our margin-improving measures as well as to improve cash flow.

Sales rose 4.5 per cent to MSEK 714 (684) in the quarter, of which organic growth was 3.9 per cent. This is a satisfactory performance as several projects have been at a standstill due to winter conditions while we have had a high proportion of projects in the start-up phase. One of the major projects in the start-up phase is the framework agreements with FMV, which we will start delivering on in the second quarter of this year. Adjusted EBITA improved somewhat in the quarter but was negatively impacted by the normal seasonal variation and the high proportion of projects in the start-up phase.

Fully booked 2024

We have a strong order backlog of more than SEK 3.8 billion and many of our operations are fully booked for essentially the entire year. The need to expand and modernise critical infrastructure such as power, telecommunications as well as heating, water and sewage is high across Europe and is driving our business. Continued investment in electrification and digitalisation is a prerequisite for sustainable social development and our strong position in these markets provides us with a solid foundation for continued growth.

Continued margin-improving measures

In spring 2023, we initiated margin-improving measures in our operations in Norway and Finland. These have started to have an effect but we are not finished and will continue to pursue these activities in 2024. To work even more efficiently and create synergies, we have a new organisation and reporting structure as of February this year. We are now working in an organised manner based on business area rather than geographic market, which provides us with improved opportunities to allocate resources and share experience. In 2024, we will also continue our internal digitalisation efforts in order to drive growth, enhance efficiency and improve our services.

The markets for fibre roll-out are large and growing in both the UK and Germany. We are building a presence in both these markets and are seeing strong interest from new potential customers. As our operations in these markets remain relatively small, volumes continue to fluctuate between quarters, which impacts sales and profitability. We are closely monitoring and evaluating developments in both markets.

Focus on cash flow

The operating cash flow of MSEK -89 in the quarter was largely impacted by seasonal patterns with a high proportion of project start-ups. We initiated internal activities back in 2023 to use capital more efficiently, which yielded favourable results at the end of the year. We are continuing our efforts to ensure a more even, strong cash flow throughout the year.

We aim to reduce our climate impact

Our business is largely driven by the climate and the need for sustainable social development. We also want to contribute to reducing the climate footprint of our own operations. As such, we have mapped our emissions of greenhouse gases and are preparing to set scientifically based emission targets approved by the Science Based Targets initiative (SBTi). We expect to submit our case for review before the summer.

Outlook

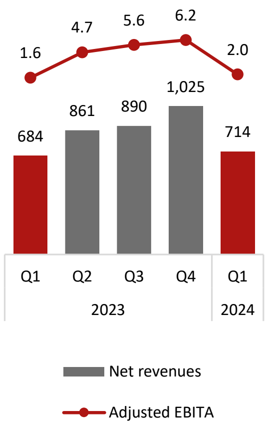
Our strong order backlog provides us with a solid foundation to further strengthen our leading position and by carrying out internal measures we will improve profitability and cash flow. However, like everyone else, we live in a world characterised by uncertainty. We are continuing to focus on what we can control and strive to achieve our financial targets over time and to strengthen our position as the leading specialist within critical infrastructure in Northern Europe.

Jeanette Reuterskiöld
President and CEO

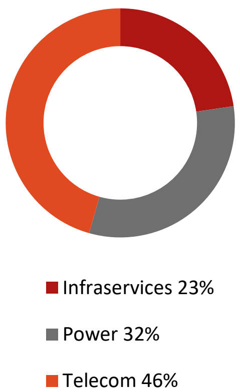
Condensed consolidated financial performance

First quarter

Net sales
and adjusted EBITA margin



Net sales by segment



Net sales

Net sales grew 4.5 per cent in the first quarter to MSEK 714 (684), with organic growth of 3.9 per cent. Exchange rate effects had a negative impact of 1.1 per cent. The quarter was impacted by normal seasonal variation due to winter conditions. Sales were particularly strong for Infraservices and Power in Sweden and Telecom in Norway. As expected, sales were negatively impacted by lower project volumes in Power in Finland and Telecom in Germany and the UK.

Order bookings were favourable during the quarter and amounted to MSEK 3,836 (3,750). The order backlog amounted to MSEK 4,047 at the end of the year.

Earnings

EBITDA increased 107 per cent to MSEK 29 (14) and the EBITDA margin improved 2.0 percentage points to 4.1 per cent (2.1). EBITA increased to MSEK 12 (-3), with an EBITA margin of 1.7 per cent (-0.4). Profitability was negatively impacted in 2023 by measures taken in Norway and Finland to adapt operations to lower volumes and restructuring costs of MSEK 10 in Power in Finland. Earnings were also positively impacted in 2023 by a one-off effect of MSEK 5 from a dispute with a major fibre customer.

Adjusted EBITDA increased 10.7 per cent to MSEK 31 (28) for the quarter with an adjusted EBITDA margin of 4.3 per cent (4.1). Adjusted EBITA increased 27.3 per cent to MSEK 14 (11) and the adjusted EBITA margin imrpoved to 2.0 per cent (1.6). Adjustments have been made for Items affecting comparability of MSEK 2. Adjustments were made in the first quarter of 2023 for restructuring costs in Finland of MSEK 10 and acquisition costs of MSEK 4.

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

Net financial items amounted to MSEK -20 (-6) for the quarter. Interest expenses amounted to MSEK -18 (-13), of which MSEK -1 (-1) was attributable to lease liabilities. Net financial items were positively impacted in the first quarter of 2023 by a one-off effect of MSEK 10 from the dispute with a major fibre customer.

Loss before tax amounted to MSEK -9 (-10) for the quarter. Earnings were positively impacted in the first quarter of 2023 by a one-off effect of MSEK 15 from the dispute with a major fibre customer.

Loss after tax amounted to MSEK -8 (-9). Tax amounted to MSEK 1 (1), leading to an effective tax rate of 11 per cent (10).

Cash flow and financial position

Cash flow from operating activities amounted to MSEK -89 (8), negatively impacted by seasonal patterns with a high number of projects start-ups.

During the quarter, cash flow from investing activities was MSEK -38 (-54), mainly attributable to paid contingent considerations.

Cash flow from financing activities amounted to MSEK -54 (28), primarily from repayments of loans.

Cash flow for the period amounted to MSEK -180 (-17).

Cash and cash equivalents at the end of the period amounted to MSEK 278, compared to MSEK 446 at the start of the quarter. Unutilised credit facilities totalled MSEK 295 compared with MSEK 244 at the start of the period, which together with cash and cash equivalents means a total of MSEK 573 in available funds compared with MSEK 690 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 738 at the end of the quarter compared with MSEK 610 at the start of the quarter. This is equivalent to net debt in relation to adjusted EBITDA R12M of a multiple of 3.1. The leverage ratio calculated in accordance with the Group's financial targets was a multiple of 2.7 at the end of the period, which is above 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 1,016 at the end of the quarter compared with MSEK 1,056 at the start of the quarter. The decrease was mainly attributable to repayments of loans.

Total assets amounted to MSEK 2,967, compared with MSEK 3,146 at the start of the quarter, and equity of MSEK 1,133 was unchanged from the start of the quarter.

Changes to reporting of operating segments

On 16 February 2024, Netel carried 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 changed from the first quarter of 2024 in order to support management in its analysis and decision making. The previous segments Sweden, Norway, Finland, Germany and the UK were replaced by the Infraservices, Power and Telecom divisions, which are reported as the primary operating segments. The previous segments will be reported as business areas within each division. Restated figures are presented below under the Operating segments Note for the quarter and full-year 2023 in accordance with the new operating segments.

Segments

Infraservices division

	First quarter					
MSEK	2024	2023	Change	R12M	2023	Change
Net sales	163	137	18.5%	802	776	3.4%
of which						
Sweden	*163*	*137*	*18.5%*	*802*	*776*	*3.4%*
EBITA	9	5	80.0%	72	68	5.9%
EBITA margin	5.3%	3.7%	1.6	9.0%	8.8%	0.2

Net sales grew 18.5 per cent to MSEK 163 (137) due to healthy demand for large projects in the fourth quarter of 2023 that started to be delivered already in the first quarter. Projects commenced in the quarter including the Bus Rapid Transit project in Örebro, which comprises the construction of a new bus concept. Netel is installing lighting and signals and relocating and renovating water pipes.

EBITA increased 80.0 per cent to MSEK 9 (5) and the EBITA margin improved to 5.3 per cent (3.7). Improved profitability was the result of higher volumes during the quarter.

Power division

	First quarter					
MSEK	2024	2023	Change	R12M	2023	Change
Net sales	228	230	-1.0%	1,142	1,144	-0.2%
of which						
Sweden	*124*	*112*	*11.0%*	*642*	*630*	*1.9%*
Norway	*80*	*77*	*3.4%*	*374*	*371*	*0.8%*
Finland	*24*	*41*	*-41.7%*	*125*	*142*	*-12.0%*
EBITA	9	-9	-	69	51	35.3%
EBITA margin	3.8%	-4.0%	7.8	6.0%	4.5%	1.5

Net sales decreased 1.0 per cent to MSEK 228 (230) during the quarter, negatively impacted by planned lower volumes in Finland. Sweden performed well due to a strong underlying power market where significant investments are being made to increase the capacity of power networks. Netel's ongoing projects include the construction of transformer stations and the conversion and expansion of power stations for the energy group E.ON in Sweden. In Norway, the power market improved in 2023 and Netel commenced deliveries in the quarter under the new framework agreements for service with the energy company Elvia. The planned lower volumes in Finland were the result of negotiations with a major customer that were concluded at the start of July 2023.

EBITA increased to MSEK 9 (-9) during the quarter and the EBITA margin improved to 3.8 per cent (-4.0). We have seen improvements in profitability but are continuing to work according to plan to increase margins in Norway and Finland. In the first quarter of 2023, profitability was affected by the measures in Norway and Finland to adapt operating volume and improve margins. Profitability was also affected in the first quarter of 2023 by restructuring costs in Finland of MSEK 10.

Telecom division

	First quarter					
MSEK	2024	2023	Change	R12M	2023	Change
Net sales	328	316	3.5%	1,552	1,540	0.8%
of which						
Sweden	*64*	*57*	*11.7%*	*289*	*282*	*2.5%*
Norway	*190*	*165*	*15.1%*	*849*	*824*	*3.0%*
Finland	*14*	*13*	*14.2%*	*132*	*131*	*0.8%*
UK	*24*	*29*	*-16.9%*	*105*	*110*	*-4.5%*
Germany	*35*	*52*	*-33.3%*	*175*	*192*	*-8.9%*
EBITA	-8	4	-	11	23	-52.2%
EBITA margin	-2.4%	1.3%	-3.7	0.7%	1.5%	-0.8

Net sales grew 3.5 per cent to MSEK 328 (316) in the quarter due to a healthy trend in the Nordic markets. In Sweden, mobile project volumes increased and preparations for the framework agreements with FMV continued during the quarter, with deliveries expected to commence in the second quarter of 2024. In Norway, increased volumes in mobile and services contributed to the strong sales growth. In the UK and Germany, the underlying fibre markets are strong and we are continuing to expand our presence in these markets, which together with project volumes that fluctuate between quarters, impact both sales and profitability.

EBITA amounted to MSEK -8 (4), with an EBITA margin of -2.4 per cent (1.3). Profitability was impacted by the normal seasonal variation of winter conditions and the start-up of projects as well as lower volumes in the UK and Germany. In the first quarter of 2023, profitability was negatively impacted by the measures in Norway and Finland to adapt operating volume and improve margins but positively impacted by a one-off effect of MSEK 5 from the dispute with a major fibre customer. Excluding this one-off income, EBITA amounted to MSEK -1 for the first quarter of 2023, with an EBITA margin of -0.3 per cent.

Other information

Significant events after the end of the reporting period

There were no significant events after the end of the reporting period.

Employees

The number of employees at the end of the period was 862 (876). The average number of employees for the period was 865 (854).

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.

Parent Company

The Parent Company's net sales amounted to MSEK 7 (6) for the quarter. 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. 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 2023 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.

Owners

On 31 March 2024, Netel Holding AB (publ) had 3,099 (1,817) shareholders. The five largest shareholders were IK VII fund via Cinnamon International S.à.r.l (47.55 per cent), Nordnet Pensionsförsäkring (7.59 per cent), Swedbank Robur Fonder (4.27 per cent), Delphi Fondsforvaltning (2.49 per cent) and Cicero Fonder (2.35 per cent).

There were a total of 48,511,873 shares and votes in Netel on 31 March 2024. All shares are ordinary shares.

Financial statements

Condensed consolidated statement of profit or loss

SEK millions	Jan-Mar 2024	Jan-Mar 2023	R12 Apr-Mar 2023/2024	Full-year 2023
Operating income				
Net sales	714	684	3,490	3,459
Other operating income	1	2	30	32
Total revenue	**715**	**686**	**3,520**	**3,491**
Operating expenses				
Material and purchased services	-438	-415	-2,268	-2,246
Other external expenses	-67	-78	-317	-328
Personnel costs	-181	-178	-717	-713
Depreciation and amortisation	-19	-18	-76	-76
Operating profit/loss (EBIT)	**10**	**-4**	**142**	**128**
Profit/loss from financial items				
Net financial items	-20	-6	-78	-64
Earnings before tax	**-9**	**-10**	**64**	**64**
Taxes	1	1	-20	-20
Earnings for the period	**-8**	**-9**	**45**	**44**
Earnings for the period is attributable to				
Parent company's shareholders	-8	-9	45	44
Non-controlling interests	-	-	-	-
Earnings per share				
Earnings per share before and after diltution (SEK)	-0.17	-0.18	0.92	0.91
Average number of shares before and after dilution (thousands)	48,512	48,384	48,512	48,480

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

SEK millions	Jan-Mar 2024	Jan-Mar 2023	R12 Apr-Mar 2023/2024	Full-year 2023
Earnings for the period	-8	-9	45	44
Other comprehensive income				
Translation differences for the period	8	-15	28	5
Other comprehensive income for the period	**8**	**-15**	**28**	**5**
Comprehensive income for the period	**-0**	**-24**	**73**	**49**
Comprehensive income for the period is attributable to				
Parent company's shareholders	-0	-24	73	49
Non-controlling interests	-	-	-	-

In 2024, Netel replaced a bank loan in Swedish kronor (SEK) and signed a bank loan in Norwegian kronor (NOK) amounting to MNOK 200, corresponding to MSEK 199 at the time of borrowing. The loan is valued at the exchange rate on the balance sheet date. This loan was identified to secure the net investment in the Norwegian subsidiaries including the Parent Company's lending to the companies amounting to an equivalent amount (MNOK 200) that was identified as an expanded net investment in foreign operations. Hedge accounting is applied, which is why gains or losses from currency translation of the loan are recognised in other comprehensive income and accumulated in equity to the extent that the hedge is effective. Any ineffective portion of the hedging relationship is recognised in net financial items in the income statement. Accumulative gains or losses recognised in other comprehensive income are presented in a separate item of equity and reclassified from equity to profit or loss as a reclassification adjustment on divestment or part divestment of the foreign operation. The hedge ratio is 1:1 for the hedge since the underlying currency risk in the loan and net investment are well matched. The Group did not recognise any ineffectiveness during the period.

Condensed consolidated statement of financial position

SEK millions	31 Mar 2024	31 Mar 2023	31 Dec 2023
ASSETS			
Non-current assets			
Goodwill	1,242	1,247	1,237
Intangible assets	202	199	199
Property, plant and equipment	171	199	173
Financial non-current assets	14	11	13
Deferred tax assets	16	9	16
Total non-current assets	**1,644**	**1,664**	**1,639**
Current assets			
Inventories	7	8	8
Current receivables	1,038	1,091	1,052
Cash and cash equivalents	278	349	446
Total current assets	**1,323**	**1,448**	**1,506**
Total assets	**2,967**	**3,112**	**3,146**
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the parent company's shareholders	1,133	1,091	1,133
Equity attributable to non-controlling interests	-	-	-
Total equity	**1,133**	**1,091**	**1,133**
Non-current interest-bearing liabilities	965	1,043	1,003
Non-current non-interest-bearing liabilities	94	265	93
Total non-current liabilities	**1,059**	**1,308**	**1,097**
Current interest-bearing liabilities	51	96	53
Current non-interest-bearing liabilities	723	617	863
Total current liabilities	**774**	**713**	**916**
Total equity and liabilities	**2,967**	**3,112**	**3,146**

Condensed consolidated statement of changes in equity

SEK thousands	Equity attributable to the parent company's shareholders						
	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
Opening equity 1 Jan 2023	**742**	**1,460,815**	**4,737**	**-361,342**	**1,104,951**	**-**	**1,104,951**
Profit/loss for the period	-	-	-	-8,691	-8,691	-	-8,691
Other comprehensive income	-	-	-14,851	-	-14,851	-	-14,851
Comprehensive income for the period	**-**	**-**	**-14,851**	**-8,691**	**-23,542**	**-**	**-23,542**
Transactions with Group owners							
Completed issues	5	9,995	-	-	10,000	-	10,000
Total	**5**	**9,995**	**-**	**-**	**10,000**	**-**	**10,000**
Closing equity 31 Mar 2023	**746**	**1,470,810**	**-10,115**	**-370,032**	**1,091,409**	**-**	**1,091,409**
Opening equity 1 Jan 2024	**746**	**1,470,810**	**-20,703**	**-317,415**	**1,133,438**	**-**	**1,133,438**
Profit/loss for the period	-	-	-	-8,218	-8,218	-	-8,218
Other comprehensive income	-	-	8,212	-	8,212	-	8,212
Comprehensive income for the period	**-**	**-**	**8,212**	**-8,218**	**-6**	**-**	**-6**
Transactions with Group owners							
Completed issues	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Closing equity 31 Mar 2024	**746**	**1,470,810**	**-12,491**	**-325,634**	**1,133,432**	**-**	**1,133,432**

Condensed consolidated statement of cash flows

SEK millions	Jan-Mar 2024	Jan-Mar 2023	Full-year 2023
Operating profit/loss	10	-4	128
Reversal of non-cash items	15	17	70
Interest received	1	0	6
Interest paid	-18	-10	-67
Tax paid	-26	-25	-39
Cash flow from operating activities before changes in working capital	**-17**	**-22**	**98**
Changes in inventories	1	0	0
Changes in operating receivables	15	68	94
Changes in operating liabilities	-86	-38	49
Cash flow from operating activities	**-89**	**8**	**242**
Acquisition of non-current assets	-8	-4	-19
Acquisition of subsidiaries and businesses	-30	-54	-74
Sale of non-current assets	0	5	11
Cash flow from investing activities	**-38**	**-54**	**-83**
New share issue	-	-	-
Amortisation of lease liabilities	-12	-13	-51
Proceeds from current and non-current loans and credits	11	43	50
Amortisation of current and non-current loans and credits	-53	-2	-66
Cash flow from financing activities	**-54**	**28**	**-67**
Cash flow for the period	-180	-17	92
Cash and cash equivalents at the beginning of the period	446	369	369
Translation difference in cash and cach equivalents	12	-2	-14
Cash and cash equivalents at the end of the period	**278**	**349**	**446**

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 the construction and maintenance of infrastructure in Sweden, Norway, Finland, Germany and the UK within the divisions of Infraservices, Power and Telecom. The Parent Company is a limited company with its registered office in Stockholm, Sweden. The address of the head office is Fågelviksvägen 9, 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), with the exception of hedge accounting. 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 2023 Annual Report and the description below.

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.

Hedging of net investment in foreign operations

In 2024, Netel replaced a bank loan in Swedish kronor (SEK) and signed a bank loan in Norwegian kronor (NOK) amounting to MNOK 200, corresponding to MSEK 199 at the time of borrowing. The loan is valued at the exchange rate on the balance sheet date. This loan was identified to secure the net investment in the Norwegian subsidiaries including the Parent Company’s lending to the companies amounting to an equivalent amount (MNOK 200) that was identified as an expanded net investment in foreign operations. Hedge accounting is applied, which is why gains or losses from currency translation of the loan are recognised in other comprehensive income and accumulated in equity to the extent that the hedge is effective. Any ineffective portion of the hedging relationship is recognised in net financial items in the income statement. Accumulative gains or losses recognised in other comprehensive income are presented in a separate item of equity and reclassified from equity to profit or loss as a reclassification adjustment on divestment or part divestment of the foreign operation. The hedge ratio is 1:1 for the hedge since the underlying currency risk in the loan and net investment are well matched. The Group did not recognise any inefficiencies during the period.

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 three operating segments: the Infraservices, Power and Telecom divisions.

The same accounting policies are used in the segments as for the Group, except for leases in accordance with IFRS 16. Leasing according to IFRS 16 was not allocated on the division level. Consequently, the divisions' leases are reported as if they were operating leases. The Group presents revenue and earnings before interest, tax and amortisation (EBITA) per segment.

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 2023 Annual Report for more information on the Group's estimates and assessments.

Operating segments

For accounting and monitoring purposes, the Group has divided its operations into three operating segments based on how the Group CEO evaluates the Group's operations. The three operating segments are the Infraservices, Power and Telecom divisions. 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.

Changes in 2024

Starting in the first quarter of 2024, Netel carried 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 previous segments Sweden, Norway, Finland, Germany and the UK were replaced by the Infraservices, Power and Telecom divisions which, as of the first quarter of 2024, are recognised as the primary operating segments. The previous segments will be reported as business areas within each division. To increase transparency, restated figures are also presented for all quarters and full-year 2023 in accordance with the new operating segments. Leasing according to IFRS 16 was not allocated on the division level. Consequently, the divisions' leases are reported as if they were operating leases.

Jan-Mar 2024	Infraservices	Power	Telecom	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	163	228	327	718	-4	714
Revenue from other segments	-	-	-	-	-	-
Total revenue	**163**	**228**	**327**	**718**	**-4**	**714**
EBITA	**9**	**9**	**-8**	**9**	**3**	**12**

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
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
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
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
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

Currently, the Group only conducts Infraservices in Sweden. Power operations are conducted in Sweden, Norway and Finland. Telecom operations are conducted in all five countries. 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.

Jan-Mar 2024	Infraservices	Power	Telecom	Group total
Business area				
Sweden	163	124	64	351
Norway	-	80	190	269
Finland	-	24	14	38
Germany	-	-	35	35
United Kingdom	-	-	24	24
Group-wide	-4	-	-	-4
Revenue from contracts with customers	**159**	**228**	**327**	**714**
Type of service				
Framework agreement	40	87	268	395
Project	123	141	59	323

Jan-Mar 2023	Infraservices	Power	Telecom	Group total
Business area				
Sweden	137	112	57	307
Norway	-	77	165	242
Finland	-	41	13	54
Germany	-	-	52	52
United Kingdom	-	-	29	29
customers	**137**	**230**	**316**	**684**
Type of service				
Framework agreement	41	97	259	398
Project	96	133	57	286

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 133 (190). 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 Mar 2024	31 Mar 2023	31 Dec 2023
Opening balance	**6**	**5**	**5**
Investments	0	0	1
Divestments	-	-	-
Change in value recognised through profit or loss	-	-	-
Translation difference	-	-	-
Closing balance	**6**	**5**	**6**

Contingent considiration	31 Mar 2024	31 Mar 2023	31 Dec 2023
Opening balance	**162**	**173**	**173**
Acquisition of subsidiaries and businesses	-	17	9
Paid considirations	-30	-	-20
Change in value recognised through profit or loss	-	-	1
Translation difference	1	1	-1
Closing balance	**133**	**190**	**162**

Other liabilities recognised at fair value	31 Mar 2024	31 Mar 2023	31 Dec 2023
Opening balance	**-1**	**-**	**-**
Changes in recognised liabilities	-	-	-
Change in value recognised through profit or loss	0	-	-1
Translation difference	-	-	-
Closing balance	**-0**	**-**	**-1**

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 32 of the 2023 Annual report for Netel Holding AB (publ).

Management	31 Mar 2024	31 Mar 2023
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	Jan-Mar 2024	Jan-Mar 2023	Full-year 2023
Operating income			
Net sales	7	6	27
Other operating income	-	-	-
Total revenue	**7**	**6**	**27**
Operating expenses			
Personnel costs	-4	-3	-16
Other external expenses	-1	-4	-7
Operatin profit (EBIT)	**1**	**-1**	**4**
Net financial items	-4	-5	-21
Earnings after financial items	**-3**	**-6**	**-18**
Appropriations	-	-	53
Earnings before tax	**-3**	**-6**	**36**
Taxes	-1	-	-8
Earnings for the period	**-3**	**-6**	**28**

Condensed balance for the Parent Company

SEK millions	31 Mar 2024	31 Mar 2023	31 Dec 2023
ASSETS			
Non-current assets			
Shares in subsidiaries	1,622	1,202	1,622
Financial non-current assets	7	4	7
Total non-current assets	**1,629**	**1,206**	**1,629**
Current assets			
Receivables from Group companies	770	1,092	755
Other current assets	0	0	0
Cash and cash equivalents	14	142	84
Total current assets	**783**	**1,234**	**839**
Total assets	**2,412**	**2,440**	**2,469**
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1	1
Other equity	1,479	1,465	1,480
Total equity	**1,479**	**1,465**	**1,480**
Total untaxed reserves	**23**	**-**	**23**
Non-current interest-bearing liabilities	882	933	934
Non-current non-interest-bearing liabilities	8	5	8
Total non-current liabilities	**890**	**938**	**943**
Current interest-bearing liabilities	7	7	7
Current non-interest-bearing liabilities	13	30	15
Total current assets	**20**	**37**	**23**
Total equity and liabilities	**2,412**	**2,440**	**2,469**

Stockholm, 26 April 2024
Netel Holding AB (publ)

Jeanette Reuterskiöld
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

SEK millions	Jan-Mar		Full-year
	2024	**2023**	**2023**
Net sales growth (%)	4.5%	9.3%	29.9%
Organic sales growth (%)	3.9%	-0.8%	7.5%
EBITDA	29	14	204
EBITDA margin (%)	4.1%	2.1%	5.9%
EBITA	12	-3	133
EBITA margin (%)	1.7%	-0.4%	3.8%
Items affecting comparability	2	14	32
Adjusted EBITDA	31	28	236
Adjusted EBITDA margin (%)	4.3%	4.1%	6.8%
Adjusted EBITA	14	11	164
Adjusted EBITA margin (%)	2.0%	1.6%	4.8%
Net debt	738	789	610
Net debt/Adjusted EBITDA R12 (Ratio)	3.1	3.2	2.6
Equity ratio (%)	38.2%	35.1%	36.0%
Order backlog	3,836	3,750	4,047

Reconciliation of growth in net sales

SEK millions	Jan-Mar		Full-year
	2024	**2023**	**2023**
Net sales previous period	684	626	2,418
Acquired net sales	4	63	541
Organic net sales	710	620	2,600
Total net sales growth (%)	4.5%	9.3%	29.9%
Organic net sales growth (%)	3.9%	-0.8%	7.5%

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

SEK millions	Jan-Mar 2024	Jan-Mar 2023	Full-year 2023
Net sales	714	684	3,459
Operating profit/loss (EBIT)	10	-4	128
Depreciation and amortisation of tangible and intangible assets	19	18	76
EBITDA	29	14	204
EBITDA margin (%)	4.1%	2.1%	5.9%
Items affecting comparability			
Acquisition-related costs	-	4	7
Other items affecting comparability	2	10	25
Total items affecting comparability	2	14	32
Adjusted EBITDA	31	28	236
Adjusted EBITDA margin (%)	4.3%	4.1%	6.8%

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

SEK millions	Jan-Mar 2024	Jan-Mar 2023	Full-year 2023
Net sales	714	684	3,459
Operating profit/loss (EBIT)	10	-4	128
Depreciation and amortisation of intangible assets	2	1	5
EBITA	12	-3	133
EBITA margin (%)	1.7%	-0.4%	3.8%
Items affecting comparability			
Acquisition-related costs	-	4	7
Other items affecting comparability	2	10	25
Total items affecting comparability	2	14	32
Adjusted EBITA	14	11	164
Adjusted EBITA margin (%)	2.0%	1.6%	4.8%

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

SEK millions	31 Mar 2024	31 Mar 2023	31 Dec 2023
Non-current interest-bearing liabilities	965	1,043	1,003
Current interest-bearing liabilities	51	96	53
Total interest-bearing liabilities	1,016	1,139	1,056
Cash and cash equivalents	278	349	446
Net debt	**738**	**789**	**610**
Adjusted EBITDA R12	239	247	236
Net debt/Adjusted EBITDA R12 (Ratio)	**3.1**	**3.2**	**2.6**

Reconciliation of equity ratio

SEK millions	31 Mar 2024	31 Mar 2023	31 Dec 2023
Total equity	1,133	1,091	1,133
Total assets	2,967	3,112	3,146
Equity ratio (%)	**38.2%**	**35.1%**	**36.0%**

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 other tax related to the sale	The measure is a performance measure defined by IFRS

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

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

Webcast presentation and teleconference

Jeanette Reuterskiöld, President and CEO, and Fredrik Helenius, CFO, will present the interim report on Friday, 26 April at 9:00 a.m. CEST 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-q1-report-2024. 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=50048839. 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

Second quarter 2024	12 July
Third quarter 2024	25 October
Fourth quarter 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 26 April 2024 at 7:30 a.m. CEST.

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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 2024 R12M	ADJUSTED EBITA IN 2024 R12M
2000	862	3,490 MSEK	168 MSEK