netel group

SECOND QUARTER 2022 REPORT

Q2

Growth of 14.8 per cent and start of operations in the UK

Second quarter

- Net sales rose 14.8 per cent to MSEK 751 (655), of which organic growth was -1.1 per cent.
- Adjusted EBITA amounted to MSEK 48 (51) and the adjusted EBITA margin amounted to 6.4 per cent (7.8).
- EBITA increased to MSEK 45 (37) and the EBITA margin amounted to 6.0 per cent (5.6).
- Operating profit (EBIT) increased to MSEK 44 (37) and the operating margin amounted to 5.9 per cent (5.6).
- Profit for the period increased to MSEK 29 (18).
- Earnings per share before and after dilution amounted to SEK 0.60 (0.57).
- Cash flow from operating activities amounted to MSEK -36 (-16).

January – June

- Net sales rose 26.8 per cent to MSEK 1,377 (1,086), of which organic growth was 5.7 per cent.
- Adjusted EBITA increased 7.0 per cent to MSEK 76 (71) and the adjusted EBITA margin amounted to 5.5 per cent (6.5).
- EBITA increased to MSEK 67 (57) and the EBITA margin amounted to 4.9 per cent (5.3).
- Operating profit (EBIT) increased to MSEK 66 (57) and the operating margin amounted to 4.8 per cent (5.3).
- Profit for the period increased to MSEK 44 (37).
- Earnings per share before and after dilution amounted to SEK 0.93 (1.13).
- Cash flow from operating activities amounted to MSEK -120 (2).
- Net debt amounted to MSEK 622 (563) and net debt/adjusted EBITDA R12M to 2.6 (2.8).
- The order backlog was MSEK 3,408 (3,453).

Significant events during and after the second quarter

- Netel has entered the growing UK infrastructure market by making two acquisitions with total annual sales of MSEK 118 at the time of the acquisitions.
- Netel has to today's date so far this year carried out six acquisitions with total annual sales of MSEK 440 at the time of the acquisitions.

	Apr-Jun		Jan-Jun		R12 Jul-Jun	Full-year
SEK millions	2022	2021	2022	2021	2021/2022	2021
Net sales	751	655	1,377	1,086	2,709	2,418
Net sales growth (%)	14.8%	45.9%	26.8%	29.6%	29.5%	31.1%
Adjusted EBITA	48	51	76	71	182	177
Adjusted EBITA margin (%)	6.4%	7.8%	5.5%	6.5%	6.7%	7.3%
EBITA	45	37	67	57	137	127
EBITA margin (%)	6.0%	5.6%	4.9%	5.3%	5.1%	5.2%
EBIT	44	37	66	57	134	126
EBIT margin (%)	5.9%	5.6%	4.8%	5.3%	5.0%	5.2%
Net debt	622	563	622	563	622	318
Net debt/Adjusted EBITDA R12 (Ratio)	2.6	2.8	2.6	2.8	2.6	1.4

CEO's comments

High order backlog and good opportunities to achieve the financial targets

Netel grew 14.8 per cent in the quarter due to our value-adding acquisitions. Our strong order backlog provides us with a solid foundation for organic growth during the second half of the year. In general, we have succeeded in compensating for higher material prices and, in light of the business environment factors we are seeing today, we have see good opportunities to meet our full-year financial targets. We continued to deliver on our ambitious growth strategy and have commenced operations in the UK through our first acquisitions in the attractive British market for critical infrastructure.

In the first half of the year, net sales increased 26.8 per cent and organic growth amounted to 5.7 per cent. The increase is a result of our expansive growth strategy in a market that is driven by strong megatrends such as electrification, digitalisation and the need to modernise and expand on infrastructure for water and sewage.

In the second quarter, net sales increased 14.8 per cent and organic growth amounted to -1.1 per cent. Organic growth was primarily impacted by lower volumes in Finland due to a long and cold winter resulting in a sluggish start for heavy excavation power-cable projects. Growth was also negatively impacted by delayed deliveries of materials due to the prevailing global situation. The late material deliveries led to certain projects, particularly in Norway, not being finally completed in the quarter.

The favourable order backlog that was strengthened in the latter part of the quarter has resulted in an order backlog that remains high at SEK 3.4 billion.

Adjusted EBITA amounted to MSEK 48 (51), with an adjusted EBITA margin of 6.4 per cent (7.8). In general, we have been able to compensate for increased material prices with a few exceptions that impacted profitability in the quarter. Focus remains on securing price compensation across all parts of the operations. Profitability was also impacted by delays in the launch of projects in Finland and the completion of certain projects in Norway.

Cash flow from operating activities developed according to plan and amounted to -36 (-16) in the quarter. Capital tied up increased during the first half of the year as a result of high production levels with many new and ongoing projects, not least in Germany, Norway and Finland.

Strong underlying market trends

Sales for the Fixed networks business area grew 32.4 per cent to MSEK 429 (324) as a result of, among other things, a continued strong growth in Germany and acquisitions in the Infraservice area. In Germany, fibre penetration is low and increased digitalisation is driving the national need to expand the networks. Fixed networks also includes the Infraservice business area, meaning district heating, water and sewage and associated civil engineering works. To date, we have completed three acquisitions in Sweden in this interesting area in which there is a strong underlying need to invest in new, modern infrastructure.

The Power business area performed weakly in the quarter and sales declined 4.9 per cent to MSEK 232 (244) as a result of the delayed projects in Finland and the delay in the completion of some projects in Norway. However, there is still a considerable underlying need to expand capacity and introduce new technology in order to electrify society and reduce dependency on fossil fuels.

The Mobile business area recorded essentially unchanged sales of MSEK 90 (92) in the quarter, primarily as a result of the 5G project in Finland commencing later due to the long winter and the delays in deliveries of materials caused by the war in Ukraine.

Value-adding acquisitions

We completed six acquisitions in 2021 and have consolidated four acquisitions to date this year. The acquisitions took place in Sweden and Norway, primarily in Power and District Heating, water, sewage and associated civil engineering works. The new companies have broadened our market presence and strengthened our positions in attractive growth areas. They contribute significantly to our profitability since our strategy is built on acquiring companies with profitability in line with or higher than Netel's.

" The acquisitions in the UK will allow us to rapidly establish our operations in the British infrastructure market."

In the summer, we made our first acquisitions in the growing UK infrastructure market. The UK fibre market resembles that in Germany in that it has low fibre coverage and is rapidly growing due to the demand for increased coverage. Also in the UK there is a need to modernise and improve old infrastructure for water and sewage as well as gas and electricity throughout the whole country.

Both companies acquired in the UK – with joint sales of MSEK 114 – hold solid market positions with tier one contractors and network owners as customers. These acquisitions will allow us to rapidly establish our operations in the UK infrastructure market. Our long-term plan is to become just as broad in critical infrastructure in the UK as we are in the Nordic region.

Future outlook

Our strategy is to grow both organically and through acquisitions. We are pursuing our acquisition strategy whereby we proactively seek out companies that we are interested in buying. The low fibre penetration in the UK and Germany presents favourable growth opportunities, and we are continuing to seek attractive acquisitions in these countries as well as in Norway. In terms of Finland, we see some positive market signs with increased demand for fibre roll-out. We also believe that consolidation in the supply chain will improve the market dynamic in Finland. Our strong order backlog provides us with a solid foundation for organic growth during the second half of the year, and we see good opportunities to achieve our financial targets for the full-year 2022. Of course, we take this view together with the reservation that global uncertainties could change conditions for us and for our customers.

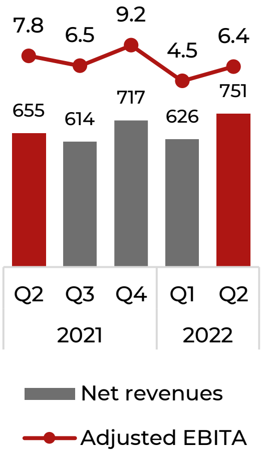
We see a stable underlying market performance, driven by strong megatrends such as electrification and digitalisation and the need to modernise old infrastructure. For 20 years, Netel has established a strong position as a leading specialist in critical infrastructures in Northern Europe. Based on an active acquisition strategy, we are adding further skills and expanding to new markets. This means that we are well-positioned to continue to create profitable growth.

Ove Bergkvist
President and CEO

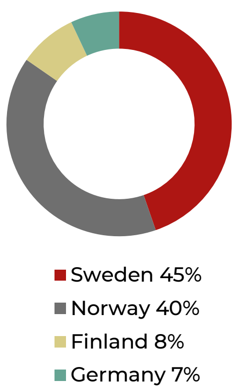
Condensed consolidated financial performance

Second quarter

Net sales
and adjusted EBITA
margin



Net sales by segment



Net sales

Net sales rose 14.8 per cent to MSEK 751 (655) in the second quarter. Organic growth amounted to -1.1 per cent and acquisitions and exchange rate effects contributed 15.9 per cent. Organic growth was primarily impacted by lower volumes in Finland due to a long and cold winter resulting in a sluggish start for heavy excavation power-cable projects. Growth was also negatively impacted by delayed material deliveries due to external factors such as the war in Ukraine. The late material deliveries led to certain projects, particularly in Norway, not being finally completed in the quarter.

The order backlog amounted to MSEK 3,408 (3,453) on 30 June 2022, which was in line with the end of the preceding quarter. The continued high order backlog was primarily due to previously secured large-scale and long-term framework agreements and good order bookings during the second quarter.

Earnings

Adjusted EBITDA amounted to MSEK 63 (60) in the quarter with an adjusted EBITDA margin of 8.4 per cent (9.1). Adjusted EBITA amounted to MSEK 48 (51), corresponding to an adjusted EBITA margin of 6.4 per cent (7.8). Profitability was impacted primarily by the Finland segment in which compensation for material price increases in specific projects have not been realised and by the sluggish start for heavy excavation power-cable projects. The postponement between quarters of the completion for certain projects due to late deliveries of material also impacted profitability. Adjusted EBITDA and adjusted EBITA are calculated excluding acquisition costs in the quarter of MSEK 3 (8).

EBITDA increased to MSEK 60 (46), with an EBITDA margin of 8.0 per cent (7.0). EBITA increased to MSEK 45 (37), with an EBITA margin of 6.0 per cent (5.6).

Depreciation/amortisation and impairment amounted to MSEK -16 (-9).

Net financial items amounted to MSEK -5 (-10) for the quarter. Interest expenses amounted to MSEK -4, of which MSEK -1 was attributable to lease liabilities related to IFRS 16.

Profit before tax increased to MSEK 39 (27) in the quarter.

Profit after tax increased to MSEK 29 (18). Tax amounted to MSEK -10 (-8), corresponding to an effective tax rate of 26.1 per cent (30.7).

Cash flow and financial position

Cash flow from operating activities amounted to MSEK -36 (-16), in line with seasonality.

Cash flow from investing activities amounted to MSEK -31 (-1) in the quarter, mainly attributable to acquisitions. The item Acquisitions of non-current assets includes MSEK -2 (0) for non-recurring investments in systems for executing the long-term and extensive framework agreements with Telia and Telenor in Norway.

Cash flow from financing activities amounted to MSEK 66 (-6), mainly as a result of loans taken out in connection with completed acquisitions..

Cash flow for the period was MSEK 0 (-22).

Cash and cash equivalents at the end of the period amounted to MSEK 181 compared with MSEK 181 at the start of the period.

Net debt, which is defined as current and non-current interest-bearing liabilities to credit institutions less cash and cash equivalents and current investments, amounted to MSEK 622 at the end of the period, compared with MSEK 557 at the start of the period. This corresponds to net debt in relation to adjusted EBITDA R12M of a multiple of 2.6. . Net debt calculated according to the Group's financial target amounts to a multiple of 2.2 at the end of the period, which is below the capital structure target for the medium term.

Other current and non-current interest-bearing liabilities primarily comprise bank financing and lease liabilities. These commitments amounted to MSEK 797 at the end of the period, compared with MSEK 589 at the start of the period. The increase was mainly attributable to acquisitions.

Total unutilised credit facilities amounted to MSEK 319 compared with MSEK 145 at the start of the period.

Total assets amounted to MSEK 2,558 compared with MSEK 2,338 at the start of the period and equity amounted to MSEK 998 compared with MSEK 974 at the start of the period.

January-June

Net sales

Net sales rose 26.8 per cent to MSEK 1,377 (1,086) during the first half of the year, primarily due to acquisitions in the Swedish operations and good organic growth in Norway and Germany. Organic growth amounted to 5.7 per cent and acquisitions and exchange rate effects contributed 21.1 per cent.

Earnings

Adjusted EBITDA increased to MSEK 105 (87) for the period with an adjusted EBITDA margin of 7.6 per cent (8.0). Adjusted EBITA increased to MSEK 76 (71) with an adjusted EBITA margin of 5.5 per cent (6.5). Profitability was impacted by the performance in Finland and the dealy in the completion of certain Norwegian projects in the second quarter. Adjusted EBITDA and adjusted EBITA are calculated excluding acquisition costs in the first half of the year of MSEK 9 (8).

EBITDA increased to MSEK 97 (73), with an EBITDA margin of 7.0 per cent (6.7). EBITA increased to MSEK 67 (57), with an EBITA margin of 4.9 per cent (5.3). Profitability was affected above all by developments in Finland and the delay in the completion of certain Norwegian projects.

Depreciation/amortisation and impairment amounted to MSEK -31 (-16).

Net financial items amounted to MSEK -4 (-7) during the first half of the year. Interest expenses amounted to MSEK -7, of which MSEK -2 was attributable to lease liabilities related to IFRS 16.

Profit before tax increased to MSEK 61 (50) in the period.

Profit after tax increased to MSEK 44 (37). Tax amounted to MSEK -17 (-13), corresponding to an effective tax rate of 28.1 per cent (26.6).

Cash flow

Cash flow from operating activities amounted to MSEK -120 (2) for the first half of the year. Cash flow from operating activities was mainly impacted by the changes in working capital that occurred during the first quarter due to seasonal variations and a high production level with many new and ongoing projects, not least in Germany, Norway and Finland.

Cash flow from investing activities amounted to MSEK -142 (-154) for the first half of the year, mainly attributable to acquisitions. The item Acquisitions of non-current assets includes MSEK -4 (0) for non-recurring investments in systems for executing the long-term and extensive framework agreements with Telia and Telenor in Norway.

Cash flow from financing activities amounted to MSEK 167 (162).

Cash flow for the period was MSEK -95 (10).

Segments

Sweden

Net sales grew 35.6 per cent to MSEK 358 (264) in the quarter, mainly due to acquisitions in the business areas Power and Infraservice, i.e. district heating, water and sewage. In the first half of the year, net sales grew 52.0 per cent to MSEK 620 (408), also mainly due to acquisitions.

In Fixed networks, the operations in Infraservice acquired in 2021, contributed to the growth. Demand was favourable in the quarter, largely driven by municipal clients. JR Markteknik and Täby Maskin & Uthyrning were consolidated in the Infraservice business area from January 2022 and Karlskoga Mark AB from May 2022. These acquisitions represent key building blocks in Netel's continued investment in the field of district heating, water and sewage and associated civil engineering works.

The operations in Power performed well in the quarter. Eltek Entreprenad Sverige AB and Elcenter i Söderköping Aktiebolag were consolidated in Power from March 2022. Eltek broadens the offering with services for handling higher voltages of up to 400 KV for transformer stations, for example, and Elcenter strengthens the offering with various services including road lighting, solar cells and charging infrastructure.

In Mobile, 5G expansion drove organic growth. The organisation was strengthened during the quarter to manage the expected higher level of activity.

EBITA increased to MSEK 31 (10), with an EBITA margin of 8.7 per cent (3.8) for the second quarter. EBITA increased to MSEK 43 (18), with an EBITA margin of 6.9 per cent (4.4) for the first half of the year. The profitability improvement was mainly the result of acquired businesses.

Norway

Net sales rose 1.1 per cent to MSEK 281 (278) in the quarter. Sales in the quarter were impacted by the completion of certain projects, primarily in Power, now set to take place in the third quarter. In the first half of the year, sales grew 11.9 per cent to MSEK 554 (495).

Fixed networks performed well, mainly as a result of larger service contracts..

Demand in Power for regional grids with higher voltage was strong in the quarter while the market for regional grids performed less well.

Mobile performed stably in the quarter. Optimising production in the framework agreements with Telia and Telenor under the service agreements signed earlier in 2021 also continued in the second quarter.

EBITA amounted to MSEK 13 (16), with an EBITA margin of 4.6 per cent (5.6) for the second quarter. EBITA amounted to MSEK 29 (34), with an EBITA margin of 5.2 per cent (6.9) for the first half of the year. Profitability was also impacted by the final completion of certain projects, primarily in Power, now set to take place in the third quarter.

Finland

Net sales declined 26.6 per cent to MSEK 58 (79) in the quarter, and during the first half of the year sales declined 9.4 per cent to MSEK 116 (128).

Demand in Fixed networks was healthy during the quarter and higher than last year.

Sales declined in Power during the quarter due to the long and cold winter resulting in a slow start for heavy excavation power-cable projects.

Sales in Mobile were impacted by delayed material deliveries in the second quarter.

EBITA amounted to MSEK -4 (3) with an EBITA margin of -6.9 per cent (3.8) during the second quarter. EBITA amounted to MSEK -7 (1), with an EBITA margin of -6.0 per cent (0.8) for the first half of the year. Profitability was impacted by compensation for material price increases in specific projects not being realised and by the sluggish start for heavy excavation power-cable projects due to the long and cold winter.

Germany

Net sales rose 76.5 per cent to MSEK 60 (34) in the quarter. In the first half of the year, sales grew 73.2 per cent to MSEK 97 (56). The strong performance in Germany was due to the large national need to modernise and expand the fixed networks. Sales in the quarter were negatively impacted by certain projects being delayed due to a high workload with customers.

The organisation for project planning was strengthened during the quarter to manage the growing level of activity. Volumes expanded by about MSEK 150 with an existing customer in the same geography during the quarter.

EBITA increased to MSEK 9 (4), with an EBITA margin of 15.0 per cent (11.2) for the second quarter. EBITA amounted to MSEK 13 (6), with an EBITA margin of 13.4 per cent (10.7) for the first half of the year.

Acquisitions

Second quarter

Karlskoga Mark AB (KMAB) was consolidated from May 2022. The transaction means that Netel is strengthening its business in water and sewage, district heating and associated civil engineering works as well as broadening its geographic presence in Sweden. KMAB had sales of approximately MSEK 63 in 2021 with 12 employees. KMAB had a higher EBITA margin in 2021 than the Netel Group. The acquisition was for all shares. The consideration was paid in cash and through an offset issue on 6 May 2022 of 141,552 shares in Netel Holding.

On 27 June, the acquisition of UK company Border Civils & Utilities Ltd was announced meaning that Netel broadened its geographic presence by entering the growing UK infrastructure market. Border's primary operations are within fibre and the company is also active in water and sewage as well as gas. Border's net sales amounted to MSEK 36 in 2021. The company has 50 employees and a strong order backlog for the years ahead. Border has historically had a higher EBITA margin than the Netel Group. Border was consolidated from July 2022 and is part of the new UK segment and the Fixed networks business area. The acquisition was for all shares. The consideration was paid in cash and through an offset issue on 8 July 2022 of 293,365 shares in Netel Holding.

On 15 July 2022, the acquisition of the UK company Doocey North East Ltd was announced meaning that Netel is rapidly continuing its expansion in the growing UK fibre market. Doocey's main business is civil engineering work within fibre. Doocey's net sales amounted to about MSEK 82 in 2020/21. The company has 15 employees and a strong order backlog for the years ahead. Doocey has historically had a higher EBITA margin than the Netel Group. Doocey was consolidated from August July 2022 and is part of the UK segment and the Fixed networks business area. The acquisition was for all shares. The consideration was paid in cash and through an offset issue of 90,364 shares in Netel Holding.

First quarter

JR Markteknik AB and Täby Maskin & Uthyrning AB were consolidated from January 2022. The acquisitions represent a key building block in Netel's investment in the field of water and sewage, pipe laying and associated civil engineering works. The companies' total sales in 2020 amounted to MSEK 199 with total EBIT of MSEK 23. The companies' combined number of employees was 50. The acquisitions were for all shares. Based on the authorisation from the Extraordinary General Meeting on 27 August 2021, an offset issue took place on 5 January 2022 in connection with these acquisitions, which increased the number of shares and votes in Netel by 637,852.

Elcenter i Söderköping Aktiebolag was consolidated from March 2022, which strengthens Netel's offering in power, including road lighting, solar cells and charging infrastructure. The company's sales in 2020/2021 (split financial year) amounted to approximately MSEK 30 with good profitability and a higher EBITA margin than the Netel Group in 2021. Elcenter i Söderköping has 13 employees. The acquisition was for all shares. Based on the authorisation from the Extraordinary General Meeting on 27 August 2021, an offset issue took place on 11 March 2022 in connection with this acquisition, which increased the number of shares and votes in Netel by 65,775.

Eltek Entreprenad Sverige AB was consolidated from March 2022, which broadens Netel's offering within power with diversified services for handling higher voltages of up to 400 KV for transformer stations, for example. The company's sales in 2020 amounted to approximately MSEK 30 with good profitability and a higher EBITA margin than the Netel Group in 2021. Eltek Entreprenad Sverige has 13 employees. The acquisition was for all shares. Based on the authorisation from the Extraordinary General Meeting on 27 August 2021, an offset issue took place on 10 March 2022 in connection with this acquisition, which increased the number of shares and votes in Netel by 89,763.

Other information

Employees

The number of employees at the end of the period was 757 (610). The average number of employees for the second quarter was 748 (541). The increase was mainly attributable to acquisitions.

Financial targets

Revenue growth
Annual growth objective 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 5 (0) for the quarter and MSEK 11 (0) for the first six months of 2022. 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 or changed customer behaviour. Interest rate risk also exists for the Group. For a more detailed description of the risks and uncertainties for the Group and the Parent Company, refer to the 2021 Annual Report.

The pandemic did not have any major impact on the Group's sales or earnings in the second quarter of 2022. However, the timing of certain projects and procurement processes has been affected by the pandemic. Netel is continuing to monitor developments of the pandemic.

Netel is monitoring developments regarding the conflict in Ukraine and is currently unable to assess the effects of sanctions against Russia and the consequences that the conflict could have on the economic situation in Netel's markets. Netel did not have any sales, direct expenses or purchases to or from Russia or Ukraine in the first half of 2022 or 2021. The conflict in Ukraine and continued increases in commodity prices mean that Netel is working even more intensively on price compensation to match the timing of higher costs with revenue. The uncertainty in the world also entails a risk that customers will temporarily wait with placing orders and starting projects.

Legal disputes

Netel AB currently has a dispute with a large Swedish provider of fibre infrastructure. For further information, refer to the prospectus that was prepared in connection with the listing of Netel Holding AB on Nasdaq Stockholm on 15 October 2021.

The share

Netel Holding AB (publ) was listed on Nasdaq Stockholm on 15 October 2021 under the ticker NETEL with the ISIN SE0015949433. The share price as of the listing on 15 October 2021 was SEK 48. The closing price on the final day of trading in June was SEK 41.85. The highest price paid in the second quarter was SEK 45.80 and the lowest price paid was SEK 39.80. 314,905 shares were traded on Nasdaq Stockholm during the quarter.

On 5 August 2022, Netel Holding AB (publ) had 1,715 shareholders. The five largest shareholders were IK VII fund via Cinnamon International S.à.r.l (48.33 per cent), Nordnet Pensionsförsäkring (8.12 per cent), Carnegie Fonder (4.36 per cent), AP2 (4.34 per cent) and Swedbank Robur Fonder (4.34 per cent).

There were a total of 47,638,613 shares and votes in Netel on 30 June 2022. All shares are ordinary shares.

Financial statements

Condensed consolidated statement of profit or loss

SEK millions	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	R12 Jul-Jun 2021/2022	Full-year 2021
Operating income						
Net sales	751	655	1,377	1,086	2,709	2,418
Other operating income	5	0	11	1	13	3
Total revenue	756	655	1,388	1,087	2,721	2,420
Operating expenses						
Material and purchased services	-469	-431	-852	-702	-1,709	-1,558
Other external expenses	-65	-62	-118	-99	-216	-196
Personnel costs	-162	-116	-320	-213	-603	-496
Depreciation and amortisation	-16	-9	-31	-16	-59	-44
Operating profit/loss (EBIT)	44	37	66	57	134	126
Profit/loss from financial items						
Net financial items	-5	-10	-4	-7	-22	-25
Earnings before tax	39	27	61	50	112	100
Taxes	-10	-8	-17	-13	-38	-34
Earnings for the period	29	18	44	37	74	66
Earnings for the period is attributable to						
Parent company's shareholders	29	18	44	37	74	66
Non-controlling interests	-	-	-	-	-	-
Earnings per share						
Earnings per share before and after diltution (SEK)*	0.60	0.57	0.93	1.13	1.72	1.87
Average number of shares before and after dilution (thousands)*	47,584	32,500	47,450	32,500	42,949	35,535

*Netel Holding AB (publ) was registered with the Swedish Companies Registration Office on 15 July 2021 and became the new Parent Company of the Netel Group on the basis of an issue in kind on 20 August 2021. Accordingly, the Parent Company did not have any ordinary shares outstanding during the historical comparative periods. From the Parent Company registration date until 20 August 2021 there were 500,000 ordinary shares, and the number of ordinary shares increased to 500,002 in connection with the issue in kind. At the end of the third quarter of 2021, a non-controlling interest amounting to approximately 5 per cent of the capital remained in the Group due to this transaction. A decision was made on 27 August 2021 to carry out a share split in Netel Holding AB (publ), which entailed that the number of ordinary shares outstanding increased to
32,500,130. In order to calculate earnings per share for the comparative periods, Netel has used the number of ordinary shares that existed when the company was formed, retroactively adjusted for the

share split, from the beginning of each period so that the measure is comparable with the current period.

In connection with the Group's listing on the stock exchange on 15 October 2021, a share exchange took place on the basis of an issue in kind, whereby the non-controlling interest exchanged its shares for newly issued ordinary shares in Netel Holding AB (publ), after which no non-controlling interest exists in the Group since the end of the fourth quarter of 2021. A new share issue was also carried out in connection with the listing of the Group, which together with the issue in kind increased the number of ordinary shares outstanding to 46,703,671. Four offset issues were carried out in the first half of the year of 2022 in connection with announced acquisitions, one of which was in the second quarter. The number of ordinary shares outstanding increased by 934,942 in the first half of the year, of which 141,552 in the second quarter, to 47,638,613 at the end of the period.

Condensed consolidated statement of comprehensive income

	Apr-Jun		Jan-Jun		R12 Jul-Jun	Full-year
SEK millions	2022	2021	2022	2021	2021/2022	2021
Earnings for the period	29	18	44	37	74	66
Other comprehensive income						
Translation differences for the period	-10	-	0	-1	13	11
Other comprehensive income for the period	-10	-	0	-1	13	11
Comprehensive income for the pe	19	18	44	35	87	78
Comprehensive income for the period is attributable to						
Parent company's shareholders	19	18	44	35	87	78
Non-controlling interests	-	-	-	-	-	-

Condensed consolidated statement of financial position

SEK millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Non-current assets			
Goodwill	1,012	803	810
Intangible assets	196	185	193
Property, plant and equipment	158	115	125
Financial non-current assets	8	3	7
Deferred tax assets	14	10	14
Total non-current assets	1,388	1,115	1,149
Current assets			
Inventories	6	9	8
Current receivables	983	727	705
Cash and cash equivalents	181	101	271
Total current assets	1,170	836	984
Total assets	2,558	1,951	2,133
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the parent company's shareholders	998	676	911
Equity attributable to non-controlling interests	-	-	-
Total equity	998	676	911
Non-current interest-bearing liabilities	727	545	554
Non-current non-interest-bearing liabilities	152	94	101
Total non-current liabilities	879	639	655
Current interest-bearing liabilities	75	120	35
Current non-interest-bearing liabilities	606	517	531
Total current liabilities	681	636	566
Total equity and liabilities	2,558	1,951	2,133

Condensed consolidated statement of changes in equity

SEK thousands	Equity attributable to the parent company's shareholders						
	Share capital	Other contribut ed capital	Translatio n 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 2021	576	582,501	-7,362	27,553	603,268	-	603,268
Profit/loss for the period	-	-	-	36,629	36,629	-	36,629
Other comprehensive income	-	-	-1,227	-	-1,227	-	-1,227
the period	-	-	-1,227	36,629	35,402	-	35,402
Transactions with Group owners							
Completed issues	48	37,452	-	-	37,500	-	37,500
Effects of Group restructuring*	-	-	-	-	-	-	-
Total	48	37,452	-	-	37,500	-	37,500
Closing equity 30 Jun 2021	624	619,953	-8,589	64,182	676,170	-	676,170
Opening equity 1 Jan 2022	719	1,395,693	-405	-484,812	911,195	-	911,195
Profit/loss for the period	-	-	-	44,184	44,184	-	44,184
Other comprehensive income	-	-	107	-	107	-	107
the period	-	-	107	44,184	44,291	-	44,291
Transactions with Group owners							
Completed issues	14	42,985	-	-	43,000	-	43,000
Total	14	42,985	-	-	43,000	-	43,000
Closing equity 30 Jun 2022	733	1,438,678	-298	-440,628	998,485	-	998,485

Netel Group Holding AB approved a new issue of A and B shares on 19 February 2021, which resulted in an increase in share capital from SEK 576,337 to SEK 591,373. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Group Holding AB approved a new issue of A and B shares on 4 March 2021, which resulted in an increase in share capital from SEK 591,373 to SEK 602,855. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Group Holding AB approved a new issue of A and B shares on 29 March 2021, which resulted in an increase in share capital from SEK 602,855 to SEK 623,967. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) decided on a new issue of ordinary shares in connection with the listing of the Group on 15 October 2021, which resulted in an increase in share capital from SEK 654,415 to SEK 718,518.

The issue took place in connection with the listing of the Group and totalled SEK 200,000,016. Direct issue costs were settled directly against equity.

Netel Holding AB (publ) approved a new issue of ordinary shares on 5 January 2022, which resulted in an increase in share capital from SEK 718,518 to SEK 728,331. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) approved a new issue of ordinary shares on 10 March 2022, which resulted in an increase in share capital from SEK 728,331 to SEK 729,343. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) approved a new issue of ordinary shares on 11 March 2022, which resulted in an increase in share capital from SEK 729,343 to SEK 730,724. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

Netel Holding AB (publ) approved a new issue of ordinary shares on 6 May 2022, which resulted in an increase in share capital from SEK 730,724 to SEK 732,902. The shares were issued during a reinvestment in connection with a completed acquisition and have not affected cash flow.

* In the third quarter of 2021, a restructuring of the Netel Group was carried out whereby Netel Holding AB (publ) became the new Parent Company of the Group instead of the former Parent Company Netel Group Holding AB. The consolidated accounts prepared for the new Parent Company are presented as a continuation of the consolidated accounts that were previously prepared by Netel Group Holding AB. An Extraordinary General Meeting on 20 August 2021 resolved to carry out an issue in kind, and consideration other than cash, in the form of about 81 per cent of the shares in Netel Group Holding AB, about 95 per cent of the shares in NTL Management AB and about 90 per cent of the shares in NTL Co-Invest AB, was provided to Netel Holding AB (publ). An Extraordinary General Meeting in August 2021 also resolved to carry out a share split whereby every 1 existing share was split into 65 shares. For the calculations of earnings per share, the number of shares has been corrected as if the share split took place at the beginning of the first period recognised in the financial statements. At the end of the third quarter of 2021, a non-controlling interest amounting to approximately 5 per cent of the capital remained in the Group due to this transaction. In connection with the Group's listing on the stock exchange on 15 October 2021, a share exchange took place on the basis of an issue in kind, whereby the non-controlling interest exchanged its shares for newly issued ordinary shares in Netel Holding AB (publ), after which no non-controlling interest exists in the Group since the end of the fourth quarter of 2021. The effects of this restructuring on equity are recognised on the line *Effect of Group restructuring* in the *Condensed consolidated statement of changes in equity*. A new share issue was also carried out in connection with the listing of the Group, which together with the issue in kind increased the number of ordinary shares outstanding to 46,703,671.

Condensed consolidated statement of cash flows

SEK millions	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Operating profit/loss	44	37	66	57	126
Reversal of non-cash items	16	9	30	16	43
Interest received	-0	-	-	0	-
Interest paid	-5	-7	-9	-11	-27
Tax paid	1	-2	-24	-14	-27
Cash flow from operating activities before changes in working capital	56	37	63	48	114
Changes in inventories	-0	-2	2	-5	-3
Changes in operating receivables	-190	-195	-184	-79	-56
Changes in operating liabilities	98	144	-2	39	59
Cash flow from operating activities	-36	-16	-120	2	114
Acquisition of non-current assets	-5	-1	-8	-1	-28
Acquisition of subsidiaries and businesses	-26	-	-134	-153	-153
Sale of non-current assets	-	-	-	-	-
Cash flow from investing activities	-31	-1	-142	-154	-181
New share issue	-	-	-	-	193
Amortisation of lease liabilities	-12	-9	-24	-18	-34
Proceeds from non-current loans and credits	78	50	194	217	475
Amortisation of non-current loans and credits	-0	-47	-2	-38	-390
Cash flow from financing activities	66	-6	167	162	244
Cash flow for the period	0	-22	-95	10	177
period	181	123	271	90	90
Translation difference in cash and cach equivalents	-1	-1	4	1	5
Cash and cash equivalents at the end of the period	181	101	181	101	271

Notes to the financial statements in summary

Key accounting policies

This interim report covers the Swedish Parent Company Netel Holding AB (publ), Corp. Reg. No. 559327-6263, and its subsidiaries. The activities of the company and its subsidiaries (the “Group”) include the provision of construction and maintenance infrastructure in Sweden, Norway, Finland and Germany, within the business areas of Fixed networks, Power and Mobile. The Parent Company is a limited company with its registered office in Stockholm, Sweden. The address of the head office is Fågelviksvägen 9, SE-145 84 Stockholm.

Netel Holding AB (publ) applies International Financial Reporting Standards (IFRS) as adopted by the EU. The Group’s interim report has been prepared in accordance with IAS 34 Interim Financial Reporting and applicable parts of the Annual Accounts Act (1995: 1554). The interim report for the Parent Company has been prepared in accordance with Chapter 9 Interim Reports of the Annual Accounts Act and RFR 2 Reporting for Legal Entities. For the Group and the Parent Company, the same accounting policies, calculation bases and assessments have been applied as in the latest annual report for Netel Holding AB (publ). A more detailed description of the Group’s applied accounting policies as well as new and future changes in standards can be found in the latest published annual report. For a complete description of the Group and the Parent Company’s applied accounting policies, see Note 1 in the 2021 Annual Report.

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

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

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker (CODM). The CODM is the function responsible for allocating resources and assessing the earnings of the operating segments. In the Group, this function has been identified as the Group CEO. An operating segment is a part of the Group that conducts activities from which it can generate revenue and incur costs and for which independent financial information is available. The Group’s division into segments is based on the internal structure of the Group’s business activities, which means that the Group’s operations have been divided into four segments: *Sweden, Norway, Finland* and *Germany*.

The same accounting policies are used in the segments as for the Group. From the end of the fourth quarter of 2021, this means that the segments follow the Group’s accounting policies with respect to leases according to IFRS 16. This is a change compared with prior periods for which leases according to IFRS 16, which are not allocated at segment level but are IFRS-adjusted at Group level. Consequently, the segment’s leases were previously reported as if they were operating leases. Recognised earnings before interest, tax, depreciation and amortisation (EBITDA) for segments is affected as a result of leases being recognised with straight-line depreciation of the right-of-use asset over the useful life under IFRS 16. This also entails that the Group presents earnings before interest, tax and amortisation (EBITA) per segment. Comparative figures for comparable periods were restated and are presented in accordance with the Group’s accounting policies.

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 assessments

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 2021 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 four operating segments based on how the Group CEO evaluates the Group's operations. The four operating segments are Sweden, Norway, Finland and Germany. The Group CEO primarily uses earnings before interest, tax and amortisation (EBITA) in assessing the performance of the operating segments. This is a change since the fourth quarter of 2021 when earnings before interest, tax, depreciation and amortisation (EBITDA) were used to assess the performance of the operating segments. Comparative figures for comparable periods were restated and are presented in accordance with the Group's accounting policies.

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

Apr-Jun 2022	Sweden	Norway	Finland	Germany	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	358	281	58	60	757	-5	751
Revenue from other segments	-	-	-	-	-	-	-
Total revenue	358	281	58	60	757	-5	751
EBITA	31	13	-4	9	49	-4	45
Non-current assets	1,098	256	9	3	1,366	-	1,366

Apr-Jun 2021	Sweden	Norway	Finland	Germany	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	264	278	79	34	655	-0	655
Revenue from other segments	-	-	-	-	-	-	-
Total revenue	264	278	79	34	655	-0	655
EBITA	10	16	3	4	33	4	37
Non-current assets	866	228	7	2	1,103	-	1,103

Jan-Jun 2022	Sweden	Norway	Finland	Germany	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	620	554	116	97	1,386	-9	1,377
Revenue from other segments	-	-	-	-	-	-	-
Total revenue	620	554	116	97	1,386	-9	1,377
EBITA	43	29	-7	13	78	-10	67
Non-current assets	1,098	256	9	3	1,366	-	1,366

Jan-Jun 2021	Sweden	Norway	Finland	Germany	Total segments	Group-wide items and eliminations	Group total
Revenue from external customers	408	495	128	56	1,086	-	1,086
Revenue from other segments	-	-	-	-	-	-	-
Total revenue	408	495	128	56	1,086	-	1,086
EBITA	18	34	1	6	59	-2	57
Non-current assets	866	228	7	2	1,103	-	1,103

Revenue from contracts with customers

Apr-Jun 2022	Sweden	Norway	Finland	Germany	Group total
Business area					
Fixed networks	198	166	4	60	429
Power	106	84	42	-	232
Mobile	47	31	11	-	90
Group-wide					1
Revenue from contracts with customers	352	281	58	60	751
Type of service					
Framework agreement	173	184	19	7	383
Project	185	97	39	53	373
Group-wide					-5
Revenue from contracts with customers	358	281	58	60	751

Apr-Jun 2021	Sweden	Norway	Finland	Germany	Group total
Business area					
Fixed networks	141	147	1	35	324
Power	83	98	63	-	244
Mobile	44	33	15	-	92
Group-wide					-5
Revenue from contracts with customers	269	277	79	35	655
Type of service					
Framework agreement	119	171	55	-	344
Project	150	106	24	35	316
Group-wide					-5
Revenue from contracts with customers	269	277	79	35	655

Jan-Jun 2022	Sweden	Norway	Finland	Germany	Group total
Business area					
Fixed networks	350	309	6	97	761
Power	176	176	86	-	439
Mobile	83	68	24	-	176
Group-wide					2
Revenue from contracts with customers	609	553	116	97	1,377
Type of service					
Framework agreement	261	358	64	20	704
Project	359	195	52	77	682
Group-wide					-9
Revenue from contracts with customers	620	554	116	97	1,377

Jan-Jun 2021	Sweden	Norway	Finland	Germany	Group total
Business area					
Fixed networks	228	250	2	56	536
Power	109	181	98	-	388
Mobile	76	63	28	-	167
Group-wide					-5
Revenue from contracts with customers	412	495	128	56	1,086
Type of service					
Framework agreement	182	305	89	-	575
Project	231	189	39	56	515
Group-wide					-5
Revenue from contracts with customers	412	495	128	56	1,086

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 item Non-current non-interest-bearing liabilities in the amount of MSEK 81 (32). 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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Opening balance	3	-	-
Investments	1	3	3
Divestments	-	-	-
Change in value recognised through profit or loss	-	-	-
Translation difference	-	-	-
Closing balance	4	3	3

Contingent considiration	30 Jun 2022	30 Jun 2021	31 Dec 2021
Opening balance	32	-	-
Acquisition of subsidiaries and businesses	54	32	32
Paid considirations	-5	-	-
Change in value recognised through profit or loss	-	-	-
Translation difference	-	-	-
Closing balance	81	32	32

Other liabilities recognised at fair value	30 Jun 2022	30 Jun 2021	31 Dec 2021
Opening balance	0	-	-
Changes in recognised liabilities	-0	-	-
Change in value recognised through profit or loss	-	-	0
Translation difference	-	-	-
Closing balance	-	-	0

Business combinations

On 3 January 2022, the Group acquired 100 per cent of the shares and votes in JR Markteknik AB and Täby Maskin & Uthyrning Entreprenad AB (“JR”). The acquisitions represent a key building block in Netel’s investment in the field of water and sewage, pipe laying and associated civil engineering works. JR’s total sales in 2020 amounted to MSEK 199 with total EBIT of MSEK 23, and the company had 50 employees on the acquisition date. JR is included in the Sweden segment.

On 1 March 2022, the Group acquired 100 per cent of the shares and votes in Eltek Entreprenad Sverige AB and its subsidiary Eltek Kraft & Montage Sverige AB (“Eltek”), which broadens Netel’s offering within power with diversified services for handling higher voltages of up to 400 KV for transformer stations, for example. Eltek’s sales in 2020 amounted to approximately MSEK 30 with good profitability. Eltek has 13 employees and is included in the Sweden segment.

On 1 March 2022, the Group acquired 100 per cent of the shares and votes in Elcenter i Söderköping Aktiebolag (“Elcenter”), which strengthens Netel’s offering in power, including road lighting, solar cells and charging infrastructure. Elcenter’s sales in 2020/2021 (split financial year) amounted to approximately MSEK 30 with good profitability. Elcenter has 13 employees and is included in the Sweden segment.

On 1 May 2022, the Group acquired 100 per cent of the shares and votes in Karlskoga Mark AB ("KMAB"). The transaction means that Netel is strengthening its business in water and sewage, district heating and associated civil engineering works as well as broadening its geographic presence in Sweden. KMAB had sales of approximately MSEK 63 in 2021 with 12 employees and is part of the Sweden segment.

On 27 June 2022, the acquisition of all shares in the UK company Border Civils & Utilities Ltd ("Border") was announced meaning that Netel broadened its geographic presence by entering the growing UK infrastructure market. Border's primary operations are within fibre and the company is also active in water and sewage as well as gas. Border's net sales amounted to MSEK 36 in 2021. The company has 50 employees and will be part of the new UK segment. Consolidation took place from July 2022.

On 15 July 2022, the acquisition of all shares of the UK company Doocey North East Ltd ("Doocey") was announced meaning that Netel is rapidly continuing its expansion in the growing UK fibre market. Doocey's net sales amounted to about MSEK 82 in 2020/21. The company has 15 employees and will be part of the new UK segment. Consolidation took place from August 2022.

Acquired net assets at acquisition date	JR Fair value	Eltek Fair value	Elcenter Fair value	KMAB Fair value	Total
Intangible assets	-	-	-	-	-
Property, plant and equipment	11	4	0	0	15
Right-of-use assets	-	-	-	-	-
Financial non-current assets	-	-	-	-	-
Deferred tax assets	-	-	-	-	-
Inventories	-	-	0	13	14
Accounts receivables and other receivables	61	5	4	7	77
Cash and cash equivalents	17	5	5	3	31
Interest-bearing liabilities	-3	-3	-	-0	-7
Lease liabilities	-	-	-	-	-
Deferred tax liabilities	-	-1	-1	-1	-2
liabilities	-59	-3	-4	-20	-85
Identified net assets	27	8	6	4	44
Goodwill	128	16	18	39	201
Total consideration	155	24	24	42	245
The consideration consists of					
Cash	95	13	17	24	148
Equity instruments	30	4	3	6	43
Contingent consideration	30	7	5	13	54
Vendor loan note	-	-	-	-	-
Total consideration	155	24	24	42	245

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

Impact of acquisitions on cash and cash equivalents	JR	Eltek	Elcenter	KMAB	Total
Cash consideration paid	-95	-13	-17	-24	-148
Cash and cash equivalents acquired	11	1	4	3	19
Total	-84	-12	-13	-21	-129
Costs related to acquisitions	-3	-1	-1	-1	-6
Total impact on cash and cash equivalents	-86	-13	-14	-22	-135

In connection with the acquisition of JR, goodwill of MSEK 128 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to human resources. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of JR amounted to MSEK 3. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of Eltek, goodwill of MSEK 16 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to human resources. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of Eltek amounted to MSEK 1. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of Elcenter, goodwill of MSEK 18 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to human resources. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of Elcenter amounted to MSEK 1. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

In connection with the acquisition of KMAB, goodwill of MSEK 39 arose in the form of a difference between the transferred consideration and the fair value of the acquired net assets. Goodwill mainly refers to human resources. Goodwill is not expected to be tax deductible. Transaction costs related to the acquisition of KMAB amounted to MSEK 1. The transaction costs were recognised as an expense in profit or loss under Other external expenses.

During the first six months of the year, these acquisitions contributed MSEK 178 to the Group's revenue and MSEK 14 to the Group's profit after tax. If the acquisitions had taken place on 1 January 2022, company management estimates that the Group's revenue and earnings would have been positively impacted by MSEK 1,412 and MSEK 47 for the period.

Transactions with related parties

No significant changes took place in the first half of 2022 for the Group or the Parent Company in relationships or transactions with related parties compared to what has been described in Note 31 of the 2021 Annual report for Netel Holding AB (publ).

Management	30 Jun 2022	30 Jun 2021
Sales of goods and services	-	-
Purchase of goods and services	-	-
Interest income	-	-
Interest expenses	-	-
Receivables (closing)	-	-
Debt (closing)	-	15

Significant events after the balance sheet date

On 27 June, the acquisition of UK company Border Civils & Utilities Ltd (“Border”) was announced meaning that Netel broadened its geographic presence by entering the growing UK infrastructure market. Border’s primary operations are within fibre and the company is also active in water and sewage as well as gas. Border’s net sales amounted to MSEK 36 in 2021. The company has 50 employees and a strong order backlog for the years ahead. Border has historically had a higher EBITA margin than the Netel Group. Border was consolidated from July 2022 and is part of the new UK segment and the Fixed networks business area. The acquisition was for all shares. The consideration was paid in cash and through an offset issue on 8 July 2022 of 293,365 shares in Netel Holding.

In connection with the acquisition of Border, the group has added a new segment, the UK. The internal reporting includes the segment as of July 2022, the external reporting will begin in connection with the group's reporting for the third quarter 2022. The group's division into segments is based on the internal structure of the group's business operations, which means that the group's operations after the balance sheet date are divided into five segments: *Sweden, Norway, Finland, Germany and the UK*.

On 15 July 2022, the acquisition of the UK company Doocey North East Ltd (“Doocey”) was announced meaning that Netel is rapidly continuing its expansion in the growing UK fibre market. Doocey’s main business is civil engineering work within fibre. Doocey’s net sales amounted to about MSEK 82 in 2020/21. The company has 15 employees and a strong order backlog for the years ahead. Doocey has historically had a higher EBITA margin than the Netel Group. Doocey was consolidated from August July 2022 and is part of the UK segment and the Fixed networks business area. The acquisition was for all shares. The consideration was paid in cash and through an offset issue of 90,364 shares in Netel Holding.

Other than the above, no significant changes have occurred regarding the Group’s financial position or financial results after 30 June 2022.

Condensed income statement for the Parent Company

SEK millions	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Operating income					
Net sales	5	-	11	-	10
Other operating income	-	-	-	-	-
Total revenue	5	-	11	-	10
Operating expenses					
Personnel costs	-4	-	-6	-	-25
Other external expenses	-1	-	-2	-	-23
Operatin profit (EBIT)	-1	-	3	-	-38
Net financial items	8	-	5	-	1
Earnings after financial items	7	-	8	-	-37
Appropriations	-	-	-	-	-
Earnings before tax	7	-	8	-	-37
Taxes	0	-	-0	-	-
Earnings for the period	7	-	7	-	-37

Condensed balance for the Parent Company

SEK millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
ASSETS			
Non-current assets			
Shares in subsidiaries	1,202	-	1,202
Financial non-current assets	8	-	7
Total non-current assets	1,209	-	1,209
Current assets			
Receivables from Group companies	859	-	655
Other current assets	2	-	4
Cash and cash equivalents	12	-	8
Total current assets	872	-	667
Total assets	2,082	-	1,876
EQUITY AND LIABILITIES			
Equity			
Share capital	1	-	1
Other equity	1,409	-	1,358
Total equity	1,409	-	1,359
Untaxed reserves	-	-	-
Total untaxed reserves	-	-	-
Non-current interest-bearing liabilities	635	-	475
Non-current non-interest-bearing liabilities	4	-	4
Total non-current liabilities	639	-	479
Current interest-bearing liabilities	3	-	2
Current non-interest-bearing liabilities	31	-	36
Total current assets	33	-	38
Total equity and liabilities	2,082	-	1,876

The Board of Directors and the CEO assure that this report for the second quarter of 2022 provides a fair review of the Group's and the Parent Company's operations, financial position and results and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Stockholm, 24 August 2022

Hans Petersson
Chairman

Ann-Sofi Danielsson
Board member

Alireza Etemad
Board member

Carl Jakobsson
Board member

Göran Lundgren
Board member

Nina Macpherson
Board member

Jeanette Reuterskiöld
Board member

Ove Bergkvist
CEO

Review Report

Introduction

We have reviewed the interim report for Netel Holding AB (publ) for the period January 1 - June 30, 2022. The Board of Directors and the President are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with ISA and other generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the conclusion expressed based on a review does not give the same level of assurance as a conclusion expressed based on an audit.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not, in all material respects, prepared for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm, August 24, 2022

Deloitte AB

Jenny Holmgren

Authorized Public Accountant

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	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Net sales growth (%)	14.8%	45.9%	26.8%	29.6%	31.1%
Organic sales growth (%)	-1.1%	19.8%	5.7%	12.3%	7.1%
EBITDA	60	46	97	73	170
EBITDA margin (%)	8.0%	7.0%	7.0%	6.7%	7.0%
EBITA	45	37	67	57	127
EBITA margin (%)	6.0%	5.7%	4.9%	5.3%	5.2%
Items affecting comparability	3	14	9	13	50
Adjusted EBITDA	63	60	105	87	220
Adjusted EBITDA margin (%)	8.4%	9.1%	7.6%	8.0%	9.1%
Adjusted EBITA	48	51	76	71	177
Adjusted EBITA margin (%)	6.4%	7.8%	5.5%	6.5%	7.3%
Net debt	622	564	622	564	318
Net debt/Adjusted EBITDA R12 (Ratio)	2.6	2.8	2.6	2.8	1.4
Equity ratio (%)	39.0%	34.7%	39.0%	34.7%	42.7%
Order backlog	3,408	3,453	3,408	3,453	3,488

Reconciliation of growth in net sales

SEK millions	Apr-Jun 2022	Apr-Jun 2021	Jan-Jun 2022	Jan-Jun 2021	Full-year 2021
Net sales previous period	655	449	1,086	838	1,845
Acquired net sales	104	117	229	145	441
Organic net sales	648	537	1,148	941	1,977
Total net sales growth (%)	14.8%	45.9%	26.8%	29.6%	31.1%
Organic net sales growth (%)	-1.1%	19.8%	5.7%	12.3%	7.1%

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

	Apr-Jun		Jan-Jun		Full-year
SEK millions	2022	2021	2022	2021	2021
Net sales	751	655	1,377	1,086	2,418
Operating profit/loss (EBIT)	44	37	66	57	126
Depreciation and amortisation of tangible and intangible assets	16	9	31	16	44
EBITDA	60	46	97	73	170
EBITDA margin (%)	8.0%	7.0%	7.0%	6.7%	7.0%
Items affecting comparability					
Listing-related costs	-	5	-	5	37
Acquisition-related costs	3	8	9	8	8
Other items affecting comparability	-	1	-	0	5
Total items affecting comparability	3	14	9	13	50
Adjusted EBITDA	63	60	105	87	220
Adjusted EBITDA margin (%)	8.4%	9.1%	7.6%	8.0%	9.1%

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

	Apr-Jun		Jan-Jun		Full-year
SEK millions	2022	2021	2022	2021	2021
Net sales	751	655	1,377	1,086	2,418
Operating profit/loss (EBIT)	44	37	66	57	126
Depreciation and amortisation of intangible assets	1	-	1	-	1
EBITA	45	37	67	57	127
EBITA margin (%)	6.0%	5.7%	4.9%	5.3%	5.2%
Items affecting comparability					
Listing-related costs	-	5	-	5	37
Acquisition-related costs	3	8	9	8	8
Other items affecting comparability	-	1	-	0	5
Total items affecting comparability	3	14	9	13	50
Adjusted EBITA	48	51	76	71	177
Adjusted EBITA margin (%)	6.4%	7.8%	5.5%	6.5%	7.3%

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

SEK millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
Non-current interest-bearing liabilities	727	545	554
Current interest-bearing liabilities	75	120	35
Total interest-bearing liabilities	803	664	589
Cash and cash equivalents	181	101	271
Net debt	622	564	318
Adjusted EBITDA R12	239	201	220
Net debt/Adjusted EBITDA R12 (Ratio)	2.6	2.8	1.4

Reconciliation of equity ratio

SEK millions	30 Jun 2022	30 Jun 2021	31 Dec 2021
Total equity	998	676	911
Total assets	2,558	1,951	2,133
Equity ratio (%)	39.0%	34.7%	42.7%

Definitions and reasons for use

Key performance indicators	Definition	Reason for use
EBITA*	EBIT 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

Ove Bergkvist, President and CEO, and Peter Andersson, CFO, will present the interim report on Thursday, 25 August at 9:00 a.m. CEST in a webcast. Link to webcast https://tv.streamfabriken.com/netel-group-q2-2022. 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.

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Financial information

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

Financial calendar

Third quarter 2022 9 November

This information is such that Netel Holding AB (Publ) is obliged to make public in accordance with the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, through the agency of the contact persons below, on 25 August 2022 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 2021	NET SALES 2021	ADJUSTED EBITA IN 2021
2000	658	2,418 MSEK	177 MSEK

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