

Hexatronic Group AB (publ)

Interim report January – September 2022

Key ratio	2022			2021			
	MSEK	Q3	Q3	Δ %	Jan-Sept	Jan-Sept	Δ %
Net sales		1,728.5	905.2	91%	4,778.5	2,322.1	106%
EBITA		316.8	105.5	200%	779.4	271.0	188%
EBITA-margin		18.3%	11.7%		16.3%	11.7%	
Operating result (EBIT)		301.6	95.5	216%	737.0	246.4	199%
Net earnings		266.3	72.0	270%	575.4	179.1	221%
Earnings per share after dilution, SEK ¹		1.30	0.37	251%	2.83	0.93	203%
Cash flow from operating activities		254.8	24.7	n/a	377.8	18.8	n/a
Liquid assets		541.3	227.1	138%	541.3	227.1	138%

¹ During June 2022, a share split was executed (5:1). Historical information about shares has in this report been recalculated according to IAS 33.

Events during the quarter

- Hexatronic signs a 3-year strategic partner agreement with Open Fiber USA, to a value of more than MUSD 40.
- Hexatronic signs an agreement to acquire the data center specialist Impact Data Solutions Ltd., that offers consultation, design, and installation of fiber, copper, and containment solutions to support data center and colocation projects.
- Hexatronic acquires the German multimedia home network provider homeway GmbH.

Events since the end of the quarter

- Hexatronic completed the acquisition of Impact Data Solutions Ltd.
- Hexatronic has signed a binding asset purchase agreement to acquire all business activities of Rochester Cable from TE Connectivity, one of the main designers and manufacturers of harsh environment electro-optical cables in the USA.

COMMENTS FROM THE CEO

Strong development in profitability

The strong trend witnessed during the first half of the year continued during the third quarter. We achieved sales growth of 91 percent compared with the same quarter last year, of which 53 percent was organic growth. Profitability (EBITA) increased 200 percent, with a margin of 18.3 percent, which far exceeds our target of at least 12 percent. The improved profitability is primarily a result of continued strong development in the US and UK, as well as scale effects with most of our factories operating at high capacity.

We can see that most raw material prices and transport costs have stabilized during the quarter, while energy prices have risen. Some uncertainty regarding how raw material prices will develop remains, with increasing inflation and a general uncertainty.

Sales in our largest market, North America, developed very well, with a growth rate of 159 percent. The growth is led by sales in the US, with strong sales for our ducts, as well as sales of Fiber To The Home (FTTH) systems. Sales in Canada also developed strongly. Our new duct factory in Clinton, South Carolina, will begin production during the fourth quarter of this year. Production lines will be installed progressively. Full production will be reached towards the end of Q2 2023. The factory will represent a major contribution to an even stronger position in North America.

Sales in Europe excluding Sweden also continued to develop strongly, primarily thanks to the UK and Germany. Sales in the region increased by 83 percent compared with the corresponding quarter last year.

Sales in Sweden remained strong and increased by 45 percent compared with the corresponding quarter last year. The increase is mainly due to a weak comparison quarter in 2021.

Sales in the rest of the world grew by 22 percent, primarily as a result of our two acquisitions in Australia in 2021.

We made two acquisitions during the quarter. homeway GmbH strengthens our offering in buildings, primarily in Germany. The acquisition of IDS Ltd gives us a European platform for growing our business in data centres, alongside DCS in the US. Rochester Cable, for which we signed an agreement after the end of the quarter, strengthens our offering in fiber optic solutions for harsh environments.

Incoming orders continued to develop strongly. We ended the quarter with an order book that was 168 percent higher organically than at the same point in the previous year. We see no signs of incoming orders slowing down, or of the level of activity decreasing on the markets where we operate. In the event of a recession, we expect that we would see some negative impact.

Welcome to join us on our growth journey.

Henrik Larsson Lyon
President and CEO
Hexatronic Group AB (publ)



Net sales and earnings

The third quarter (July 1 – September 30, 2022)

The Group's net sales for the third quarter increased 91 percent to MSEK 1,728.5 (905.2), as a result of organic and acquisition driven growth. The increase was 83 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Q3		Q3	
	2022	(%)	2021	(%)
Previous year's quarter	905.2	-	534.3	-
Organic growth	480.9	53%	188.5	35%
Acquisitions and structural changes	269.2	30%	182.0	34%
Exchange-rate effects	73.2	8%	0.4	0%
Current quarter	1,728.5	91%	905.2	69%

The Group's net sales on its strategic growth markets the UK, Germany and North America continued to grow during the third quarter.

Geographical net sales (MSEK)	Q3 2022	Allocation (%)	Growth (%)
Sweden	193.2	11%	45%
Rest of Europe	751.7	43%	83%
North America	643.7	37%	159%
Rest of the world	139.9	8%	22%
Total	1,728.5	100%	91%

EBITA increased 200 percent to MSEK 316.8 (105.5) in the quarter. The EBITA margin amounted to 18.3 percent (11.7).

Net financial items during the quarter amounted to MSEK 31.3 (-4.5), whereof net interest amounted to MSEK -8.0 (-4.2), realised and unrealised foreign exchange differences to MSEK -1.0 (0.4) and other financial items to MSEK 40.2 (-0.7). The revaluation of contingent purchase considerations, attributable to acquisitions made in 2020 and 2021, amounted to 42.4 MSEK in other financial items.

Net earnings for the third quarter amounted to MSEK 266.3 (72.0) and earnings per share after dilution, increased by 251 percent and amounted to SEK 1.30 (0.37). Tax for the quarter was MSEK -66.6 (-19.0) which means the average effective tax rate for the Group was 20.0 percent (20.9) for the quarter.

The period (January 1 – September 30, 2022)

The Group's net sales for the period January-September 2022 increased 106 percent to MSEK 4,778.5 (2,322.1), as a result of organic and acquisition driven growth. The increase was 99 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Jan-Sept 2022		Jan-Sept 2021	
		(%)		(%)
Previous year	2,322.1	-	1,481.0	-
Organic growth	1,412.7	61%	518.7	35%
Acquisitions and structural changes	884.9	38%	372.6	25%
Exchange-rate effects	158.9	7%	-50.2	-3%
Current period	4,778.5	106%	2,322.1	57%

The Group's net sales on its strategic growth markets the UK, Germany and North America continued to grow during the period January to September.

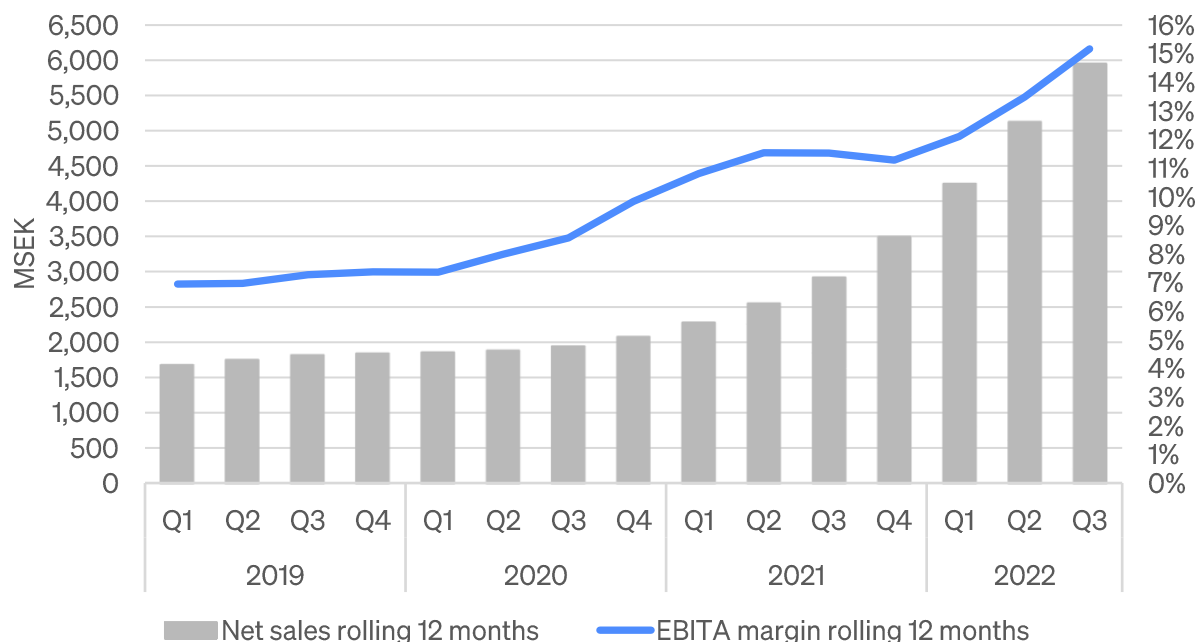
Geographical net sales (MSEK)	Jan-Sept 2022	Allocation (%)	Growth (%)
Sweden	592.4	12%	45%
Rest of Europe	2,141.6	45%	108%
North America	1,603.2	34%	154%
Rest of the world	441.4	9%	74%
Total	4,778.5	100%	106%

EBITA increased 188 percent to MSEK 779.4 (271.0) during the period. The EBITA margin amounted to 16.3 percent (11.7).

Net financial items during the period amounted to MSEK 9.6 (-10.6), whereof net interest amounted to MSEK -21.0 (-9.8), realised and unrealised foreign exchange differences to MSEK -1.5 (0.4) and other financial items to MSEK 32.1 (-1.3). The revaluation of contingent purchase considerations, attributable to acquisitions made in 2020 and 2021, amounted to 35.3 MSEK in other financial items.

Net earnings for the period amounted to MSEK 575.4 (179.1) and earnings per share after dilution, increased by 203 percent and amounted to SEK 2.83 (0.93). Tax for the period was MSEK -171.1 (-56.6) which means the average effective tax rate for the Group was 22.9 percent (24.0) for the period.

Net sales (MSEK) and EBITA margin (%) rolling 12 months



Cash flow and investments

Cash flow from operating activities during the quarter amounted to MSEK 254.8 (24.7), including a change in working capital of MSEK -121.0 (-87.8). Changes in working capital are mainly explained by increased capital tied up in inventories, accounts receivable, offset by increase in accounts payable.

Investments during the quarter amounted to MSEK -188.2 (-354.0). Investments of intangible and tangible assets amounted to MSEK -130.7 (-66.4). Acquisition of subsidiaries after deduction of acquired liquid assets amounted to MSEK -57.5 (-287.6).

Cash flow from financing activities amounted to MSEK 134.4 (374.4) and include borrowings, amortisation of lease liabilities and sale of shares. The cash flow for the period was MSEK 201.1 (45.0).

Cash flow from operating activities during the period January to September amounted to MSEK 377.8 (18.8), including a change in working capital of MSEK -478.1 (-288.2). Changes in working capital are mainly explained by increased capital tied up in inventories and accounts receivable, offset by increased in accounts payable and other current liabilities.

Investments during the period January to September amounted to MSEK -372.0 (-455.3). Investments of intangible and tangible assets amounted to MSEK -314.5 (-104.9) and are mainly related to new production lines in our facilities in the US, Austria and Sweden. Acquisition of subsidiaries after deduction of acquired liquid assets amounted to MSEK -57.5 (-350.8).

Cash flow from financing activities amounted to MSEK -181.2 (450.0) and include borrowings, amortisation of loans and lease liabilities as well as dividend, new share issue and sale of shares. The cash flow for the period was MSEK -175.5 (13.4).

Liquidity and financial position

The Group's net debt

Net debt totalled MSEK 864.2 at the end of the reporting period compared to MSEK 857.9 as per December 31, 2021.

Available funds

Available funds on September 30, 2022 including unutilized credit facilities, amounted to MSEK 1,343.9 (887.7).

Equity

Equity amounted to MSEK 2,620.8 on September 30, 2022 (1,647.5 as of December 31, 2021), which amounted to SEK 12.95 per outstanding share before dilution at the end of the reporting period.

The Group's financial targets

EBITA margin

Earnings before amortisation of intangible assets (EBITA) should be at least 12 percent over a business cycle. The EBITA margin for the quarter amounted to 18.3 percent (11.7), and for the period January to September EBITA margin amounted to 16.3 percent (11.7)

The EBITA margin on a rolling 12-month basis on 30 September 2022 was 15.2 percent (11.5).

Annual growth

The Group shall have an annual growth rate of at least 20 percent over a business cycle. Growth during the quarter year was 91 percent (69), and for the period January to September 106 percent (57).

The growth on a rolling 12-month basis was 104 percent (50).

Customers

The Group's customers are mainly wholesalers, telecom operators, network owners, telecom companies, installers, and system houses.

Employees

There were 1,480 (1,046) employees in the Group on September 30, 2022. The increase is mainly related to production personnel in Sweden, the UK and North America and the acquisitions of REHAU Telecom, Data Center Systems and homeway GmbH. Number of employees in acquired companies amounted to 236 people.

Parent company

The Parent Company's main business consists of performing Group-wide services. Revenue for the period January to September amounted to MSEK 43.5 (14.6) and the result after financial items was

MSEK 125.7 (-42.2). Change compared to previous year is explained by dividend from subsidiaries and currency effects on receivables from subsidiaries.

Share structure

The company's share is listed in the Large Cap segment on Nasdaq Stockholm. At the end of the period the share capital amounted to MSEK 2.0.

The number of shares and votes in Hexatronic Group AB (publ) have during June 2022 changed as a result of the decision taken by the annual general meeting held on May 5, 2022, to resolve on a share split of the Company's shares whereupon each share is divided into five shares (share split 5:1). Record date for the share split was June 3, 2022. The total number of registered and outstanding shares in the Company, post the share split, amounts to 204,974,150 (previously 40,994,830).

Class of shares	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Ordinary share, 1 vote per share	202,331,879	202,331,879	98.7%	99.9%
Class C share, 1/10 vote per share	2,642,271	264.227	1.3%	0.1%
Total number of shares before repurchases	204,974,150	202,596.106	100%	100%
Repurchased class C shares	-2,642,271		1.3%	0.1%
Total number of shares after repurchases	202,331,879			

Employee stock option programmes active at the time of this report's publication are:

Outstanding warrant Programme	Number of Warrants	Corresponding Number of shares	Proportion of total Shares	Exercise Price	Expiration period
Warrant programme 2020/2023	267,500	1,337,500	0.7%	12.60	May 15 - Jun 15 -23
Warrant programme 2021/2024	393,500	1,967,500	1.0%	37.93	May 15 - Jun 15 -24
Warrant programme 2022/2025	535,000	535,000	0.3%	96.96	May 15 - Jun 15 -25
Total	1,196,000	3,840,000			

In addition to above warrant programmes, there are three ongoing long-term, performance-based incentive plans (LTIP 2019, 2021 and 2022) for 34 senior executives and other key employees in the Group who are resident in Sweden. The participants have invested 323,008 savings shares in total.

Under the LTIP, for each acquired Hexatronic share (savings share), participants can receive 2–6 shares in Hexatronic (performance shares) free of charge, assuming achievement of certain performance targets. To qualify for performance shares, participants must acquire and retain a number of Hexatronic shares for the whole of the three-year vesting period and must, with some exceptions, remain in employment during the same period. In addition to the above conditions, performance shares also require certain performance targets to be met, linked to the development of the per-share earnings, the Group's growth and the growth in EBITA during the vesting period.

The targets relate to the 2019-2024 financial years. Hexatronic has judged that all the above conditions are non-market related conditions under IFRS 2

The company's market value at the end of the period was MSEK 21,306. Based on data from Euroclear and subsequent known changes the number of shareholders was 45,133 at period end. The shareholder structure of Hexatronic Group AB (publ) on September 30, 2022 is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
AMF Insurance & Funds	13,526,785	6.7%
Jonas Nordlund, privately and corporately	12,939,870	6.4%
Accendo Capital	12,713,945	6.3%
Handelsbanken Funds	12,667,084	6.3%
Swedbank Robur Funds	11,812,586	5.8%
Chirp AB	8,929,260	4.4%
Vanguard	6,480,833	3.2%
JP Morgan Asset Management	4,386,863	2.2%
Henrik Larsson Lyon	4,239,580	2.1%
Norges Bank	3,137,227	1.6%
Other shareholders	111,497,846	55.1%
Total outstanding shares	202,331,879	100.0%

Sustainability

As a global player in fiber expansion, we play an important part in realising Agenda 2030 and the UN Global Compact's ten principles for sustainable enterprise.

Working with our employees, customers and suppliers, we want to contribute to a more sustainable society. How we run our Group makes a difference. Within Hexatronic Group we have opted to focus on managing, developing and improving the following six areas of sustainability: Strong business ethics, Sustainable supply chain, Low climate impact, Diversity and gender equality, Social involvement, and Good health, safety and working environment. During 2021, a roadmap for the Group's sustainability work was launched with objectives for the short term (2–5 years) and long term (10 years) for each area of sustainability, including key activities to focus on.

For further information on what Hexatronic has done and what sustainability work is planned by the Group, see Hexatronic's Annual and Sustainability Report 2021, pages 38–53, and our website.

<https://group.hexatronic.com/hubfs/sustainability/Hexatronic-Group-AB-Sustainability-Report-2021.pdf>

The market

The general transition to a more digital and sustainable society is continuing at an increasing rate, and this change that is extensively dependent on a fast, reliable infrastructure for digital communication. There are many factors driving this transition and the greater need for connection, from altered behaviours such as working from home more, online shopping, digital banking services, online gaming, HD TV, streaming services and VR/MR, to a higher degree of connectivity in industries and driverless vehicles. The common denominator for it all is reliable internet connection with increasing demands on capacity and short response times.

The world's fiber network consists of powerful international transport networks that link together national and regional networks, backbone networks, and finally access networks (FTTH, fiber-to-the-home) which reach out to individual households. Millions of homes around the world need to be connected to high-performance communication networks, which means that the international market for FTTH is continuing to develop positively. The market for transport networks, both on land and marine cable, is also affected by the heightened need, as new networks are established, and many existing ones need enhancing. The roll-out of 5G also drives investments in fiber networks as it is dependent on fiber connections. This development is creating a demand for efficient installation solutions, trained personnel and new applications for fiber optics.

Market Panorama, an annual report from the FTTH Council Europe, shows that the growth in the number of users between September 2020 and September 2021 in the EU27 including the UK, was 24 percent and that the Penetration rate (number of FTTH users/number of households in the country) in Germany and the UK remains at low levels with 5.9% and 6.3% respectively, compared to the EU average of 31.5 % and Sweden with 64.4%. Several reports and national forecasts show a continued strong demand for FTTH in Hexatronic's strategic growth markets (the UK, North America, and Germany) until 2025-2030, and likely beyond.

Other disclosures

Nature of operations

Hexatronic Group AB (publ) is an engineering group specialising in fibre communications. The Group delivers products and solutions for optical fibre networks and supplies a complete range of passive infrastructure for telecom companies, including related training.

The Group develops, designs, manufactures, and sells its own products and system solutions in combination with products from leading partners around the world. The Group conducts its own business through established companies in Sweden, Norway, Denmark, the UK, Germany, Netherlands, Belgium, Austria, Italy, Estonia, Latvia, Lithuania, China, New Zealand, Australia, USA and Canada.

All amounts are presented in million Swedish kronor (MSEK) unless otherwise stated. The figures in parentheses refer to the previous year.

Transactions with related parties

The Group rents premises from Fastighets AB Balder, in which the Group's board member Erik Selin has a significant influence. The rental contract has been entered under normal commercial conditions. The rent for the premises amounts to approximately MSEK 5.4 annually.

Significant risks and uncertainties

Like all business activities, Hexatronic's operation is associated with risks of various kinds. Continually identifying and assessing risks is a natural and integral part of the operation, enabling risks to be controlled, limited and managed proactively. The Group's ability to map and prevent risks minimises the likelihood of unpredictable events having an adverse impact on the business. The aim of risk management is not necessarily to eliminate the risk, but rather to safeguard set business goals with a balanced risk portfolio. Mapping, planning and management of identifiable risks supports the management in making strategic decisions. Risk assessment also aims to increase the entire organisation's risk awareness.

Several risk areas have been identified in Hexatronic's risk management process. Hexatronic has divided identified risks into operational and environmental risks, market risks and financial risks.

The Covid-19 pandemic will continue to affect us due to increased raw material prices and freight costs, as well as to certain extent lack of supply and transport. The Russian invasion of Ukraine has a very minor direct impact on Hexatronic, but it is expected to result in secondary effects similar to the Covid-19 pandemic. We are managing this through price increases to customers and by increasing our inventories to meet customers' needs. We believe these effects will continue to impact us during 2022.

A more detailed description of the Group's risks and risk management is provided in the Hexatronic Group Annual Report for 2021 on page 60-63.

Accounting policies

The consolidated financial statements for Hexatronic Group ("Hexatronic") have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, RFR 1 Supplementary Accounting Rules for Groups and the Swedish Annual Accounts Act. This interim report has been prepared in accordance with IAS 34 Interim Reporting, the Swedish Annual Accounts Act and RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The application of RFR 2 means that in its interim report for the legal entity, the Parent Company applies all IFRS and statements adopted by the EU as far as possible within the framework of the Swedish Annual Accounts Act and the Swedish Insurance Act and regarding the relationship between accounting and taxation.

For full accounting policies, see the Annual Report for 2021.

Review

This interim report has been reviewed by the company's auditor.

Other information

Publication

The information was submitted for publication, under responsibility of the contact persons named below, on 28 October 2022 at 07:00 CET.

Financial calendar

Year-End Report 2022: February 9, 2023

Interim Report January-March 2023: April 27, 2023

Interim Report April-June 2023: August 15, 2023

Annual General Meeting

The AGM for financial year 2022 will be held on May 9, 2023

Please direct any questions to:

- Henrik Larsson Lyon, President and CEO, + 46 (0)70-650 34 00
- Pernilla Lindén, CFO, + 46 (0)70-877 58 32

This is a translation of the Swedish version of the interim report. When in doubt, the Swedish wording prevails.

The Board of Directors and President hereby confirm that this interim report provides a true and fair overview of the business, financial position and results of the Parent Company and the Group and describes significant risks and uncertainty factors with which the Parent Company and the companies forming the Group are faced.

Gothenburg, October 28, 2022

Anders Persson
Chairman

Erik Selin
Board member

Helena Holmgren
Board member

Jaakko Kivinen
Board member

Per Wassén
Board member

Charlotta Sund
Board member

Henrik Larsson Lyon
President and CEO

Auditor's report

Hexatronic Group AB (publ) – org.nr 556168-6360

Introduction

We have reviewed the condensed interim financial information (interim report) of Hexatronic Group AB as of 30 September 2012 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish 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 Report 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 is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Gothenburg on the date of the electronic signature.

Öhrlings PricewaterhouseCoopers AB

Johan Malmqvist
Authorized Public Accountant

Consolidated income statement

(MSEK)	2022 Q3	2021 Q3	2022 Jan-Sept	2021 Jan-Sept	2021 Full year
Revenue					
Net sales	1,728.5	905.2	4,778.5	2,322.1	3,491.6
Other operating income	11.4	4.0	39.8	23.0	33.2
Total	1,739.9	909.3	4,818.3	2,345.1	3,524.8
Operating expenses					
Raw materials and goods for resale	-967.2	-512.3	-2,733.3	-1,279.4	-1,957.6
Other external costs	-204.3	-105.9	-540.8	-289.5	-413.6
Personnel costs	-215.1	-161.0	-659.6	-440.9	-661.3
Other operating expenses	0.0	-	-0.7	-	-2.9
Depreciation of tangible assets	-36.6	-24.5	-104.4	-64.3	-95.6
Earnings before amortisation of intangible assets (EBITA)	316.8	105.5	779.4	271.0	393.8
Amortisation of intangible assets	-15.2	-10.1	-42.5	-24.6	-38.7
Operating result (EBIT)	301.6	95.5	737.0	246.4	355.1
Result from financial items					
Financial income	53.2	0.0	52.6	0.1	0.1
Financial expenses	-22.0	-4.5	-43.1	-10.7	-23.1
Result after financial items	332.9	91.0	746.5	235.7	332.1
Income taxes	-66.6	-19.0	-171.1	-56.6	-79.7
Net result for the period	266.3	72.0	575.4	179.1	252.4
Attributable to:					
Parent Company shareholders	266.8	72.4	576.5	180.0	253.1
Non-controlling interest	-0.5	-0.4	-1.0	-0.9	-0.7
Net result for the period	266.3	72.0	575.4	179.1	252.4
Earnings per share					
Earnings per share before dilution (SEK)	1.32	0.38	2.87	0.95	1.32
Earnings per share after dilution (SEK)	1.30	0.37	2.83	0.93	1.29
	2022	2021	2022	2021	2021
Consolidated statement of comprehensive income	Q3	Q3	Jan-Sept	Jan-Sept	Full year
Result for the period	266.3	72.0	575.4	179.1	252.4
Items which can later be recovered in the income statement					
Translation differences	144.6	21.7	330.0	48.9	97.5
Other comprehensive income for the period	144.6	21.7	330.0	48.9	97.5
Comprehensive income for the period	410.9	93.7	905.4	228.0	349.9
Attributable to:					
Parent Company shareholders	410.7	94.1	905.5	228.9	350.6
Non-controlling interest	0.1	-0.4	-0.1	-0.9	-0.7
Comprehensive income for the period	410.9	93.7	905.4	228.0	349.9

Consolidated balance sheet

(MSEK)	2022-09-30	2021-09-30	2021-12-31
Assets			
Non-current assets			
Intangible assets	1,658.5	999.2	1,385.2
Tangible assets	1,465.6	696.9	1,071.9
Financial assets	1.9	1.8	1.8
Total non-current assets	3,125.9	1,697.9	2,458.9
Current assets			
Inventories	1,317.9	750.5	928.8
Account receivables	1,105.6	605.4	597.3
Other receivables	20.9	29.2	19.0
Prepaid expenses and accrued income	37.8	53.3	36.1
Liquid assets	541.3	227.1	675.1
Total current assets	3,023.4	1,665.6	2,256.3
TOTAL ASSETS	6,149.4	3,363.4	4,715.2
Equity	2,620.8	982.7	1,647.5
Non-current liabilities			
Liabilities to credit institutions	1,305.5	748.2	1,258.7
Deferred tax	125.1	103.5	104.8
Non-current lease liabilities	366.8	300.4	332.4
Other non-current liabilities	172.3	116.3	162.0
Total non-current liabilities	1,969.7	1,268.4	1,858.0
Current liabilities			
Liabilities to credit institutions	100.0	243.9	274.3
Current lease liabilities	66.6	54.5	61.4
Accounts payable	668.8	459.4	505.1
Provisions	20.2	3.2	4.1
Current tax liabilities	153.4	34.7	29.7
Other liabilities	195.0	244.6	119.2
Accrued expenses and deferred income	354.9	72.0	215.9
Total current liabilities	1,558.8	1,112.3	1,209.7
TOTAL EQUITY, PROVISION AND LIABILITIES	6,149.4	3,363.4	4,715.2

Consolidated statement of changes in equity

(MSEK)	Share Capital	Other capital contributions	Reserves	Result brought forward, including result for the period	Total	Non-controlling interests	Total equity
Balance brought forward as of 1 January 2021	1.9	249.0	-64.2	462.8	649.5	0.0	649.5
Result for the period	-	-	-	253.1	253.1	-0.7	252.4
Other comprehensive income	-	-	97.5	-	97.5	-	97.5
Total comprehensive income	0.0	0.0	97.5	253.1	350.6	-0.7	349.9
New shares related to employee stock option programme	0.0	46.3	-	-	46.3	-	46.3
Employee stock option programme	-	3.1	-	-	3.1	-	3.1
Share-based remuneration	0.0	-	-	5.3	5.3	-	5.3
New shares issue related to business acquisitions	0.0	66.4	-	-	66.4	-	66.4
New share issue	0.1	539.7	-	-	539.8	-	539.8
Dividend paid	-	-	-	-18.9	-18.9	-	-18.9
Non-controlling interest on acquisition of subsidiary	-	-	-	-	0.0	6.1	6.1
Total transactions with shareholders, reported directly in equity	0.1	655.4	0.0	-13.6	642.0	6.1	648.1
Balance carried forward as of 31 December 2021	2.0	904.5	33.3	702.4	1,642.1	5.4	1,647.5
Balance brought forward as of 1 January 2022	2.0	904.5	33.3	702.4	1,642.1	5.4	1,647.5
Result for the period	-	-	-	576.5	576.5	-1.0	575.4
Other comprehensive income	-	-	329.1	-	329.1	0.9	330.0
Total comprehensive income	0.0	0.0	329.1	576.5	905.5	-0.1	905.4
Share issue in progress related to employee stock option programme	-	9.9	-	-	9.9	-	9.9
New shares related to employee stock option programme	0.0	20.0	-	-	20.0	-	20.0
Employee stock option programme	-	2.9	-	-	2.9	-	2.9
Share-based remuneration	0.0	-	-	6.1	6.1	-	6.1
Sale of shares linked to incentive program	-	-	-	17.4	17.4	-	17.4
Dividend paid	-	-	-	-20.0	-20.0	-	-20.0
Non-controlling interest on acquisition of subsidiary	-	-	-	-	0.0	31.6	31.6
Total transactions with shareholders, reported directly in equity	0.0	32.8	0.0	3.5	36.3	31.6	67.9
Balance carried forward as of 30 September 2022	2.0	937.2	362.3	1,282.5	2,584.1	36.7	2,620.8

Consolidated statement of cash flow

(MSEK)	2022 Q3	2021 Q3	2022 Jan- Sept	2021 Jan- Sept	2021 Full year
Operating result	301.6	95.5	737.0	246.4	355.1
Items not affecting cash flow	115.8	44.6	222.1	120.0	201.2
Interest received	0.2	0.0	0.3	0.1	0.1
Interest paid	-5.3	-6.3	-18.4	-14.1	-22.9
Income tax paid	-36.6	-21.3	-85.1	-45.4	-70.0
Cash flow from operating activities before changes in working capital	375.8	112.5	855.9	307.0	463.4
Increase (-)/decrease (+) in inventories	-115.0	-137.6	-323.6	-262.9	-372.6
Increase (-)/decrease (+) in accounts receivable	-30.7	-19.5	-432.3	-204.8	-169.9
Increase (-)/decrease (+) in operating receivables	-3.9	-30.5	0.3	-33.4	-18.1
Increase (+)/decrease (-) in accounts payable	39.1	74.0	119.4	151.9	189.7
Increase (+)/decrease (-) in operating liabilities	-10.4	25.7	158.0	60.9	12.3
Cash flow from changes in working capital	-121.0	-87.8	-478.1	-288.2	-358.6
Cash flow from operating activities	254.8	24.7	377.8	18.8	104.7
Investing activities					
Acquisition of tangible and intangible assets	-130.7	-66.4	-314.5	-104.9	-202.3
Acquisition of subsidiaries after deduction of acquired liquid assets	-57.5	-287.6	-57.5	-350.8	-952.2
Change in financial assets	0.1	0.0	0.0	0.3	0.2
Cash flow from investing activities	-188.2	-354.0	-372.0	-455.3	-1,154.3
Financing activities					
Borrowings	136.9	403.0	233.4	480.0	1,080.0
Amortisation of loans	-0.5	0.0	-377.0	-20.5	-83.3
Amortisation of lease liabilities	-19.3	-14.3	-55.0	-37.4	-53.3
Changes in overdraft facilities	-	-45.4	-	-	-
New share issues for the period	-	31.0	20.0	46.7	586.5
Sale of shares	17.4	-	17.4	-	-
Dividend paid	-	-	-20.0	-18.9	-18.9
Cash flow from financing activities	134.4	374.4	-181.2	450.0	1,511.0
Cash flow for the period	201.1	45.0	-175.5	13.4	461.4
Liquid assets at the start of the period	316.6	181.2	675.1	212.3	212.3
Exchange rate difference in liquid assets	23.7	0.9	41.7	1.4	1.3
Liquid assets at the end of the period	541.3	227.1	541.3	227.1	675.1

Key metric for the Group

	2022 Q3	2021 Q3	2022 Jan-Sept	2021 Jan-Sept	2021 Full year
Growth in net sales	91%	69%	106%	57%	68%
EBITA margin	18.3%	11.7%	16.3%	11.7%	11.3%
EBITA margin, 12 months rolling	15.2%	11.5%	15.2%	11.5%	11.3%
Operating margin	17.5%	10.5%	15.4%	10.6%	10.2%
Equity asset ratio	42.6%	29.2%	42.6%	29.2%	34.9%
Earnings per share before dilution (SEK)	1.32	0.38	2.87	0.95	1.32
Earnings per share after dilution (SEK)	1.30	0.37	2.83	0.93	1.29
Net sales per employee (SEK thousand)	1,195	881	3,479	2,529	3,467
Result per employee (SEK thousand)	184	71	420	196	251
Quick asset ratio	109%	82%	109%	82%	110%
Average number of employees	1,447	1,027	1,374	918	1,007
Number of shares at period end before dilution	202,331,879	193,564,370	202,331,879	193,564,370	199,826,650
Average number of shares before dilution	202,331,879	191,983,608	200,661,726	189,754,480	191,749,640
Average number of shares after dilution	204,810,463	195,055,484	203,895,708	192,956,455	195,491,130

¹During June 2022, a share split was executed (5:1). Historical information about shares has in this report been recalculated according to IAS 33.

For definition of key metric, see the section Definition alternative key metrics.

The key metrics presented are deemed essential to describing the Group's development as they both constitute the Group's financial objectives (growth in net sales and EBITA margin) and are the key metrics by which the Group is governed. Several key metrics are considered relevant to investors, such as earnings per share and the number of shares. Other key metrics are presented in order to provide different perspectives on how the Group is developing and are therefore deemed to be of benefit to the reader.

Parent Company income statement

(MSEK)	2022 Jan-Sept	2021 Jan-Sept
Revenue		
Net sales	43.5	14.6
	43.5	14.6
Operating expenses		
Other external costs	-47.7	-30.6
Personnel costs	-41.4	-26.7
Depreciation of tangible assets	-0.1	-0.2
	-45.7	-42.9
Earnings before amortisation of intangible assets (EBITA)		
Amortisation of intangible assets	-0.6	-0.5
	-46.3	-43.4
Result from financial items		
Interest income	190.7	8.5
Interest expenses	-18.7	-
	125.7	-42.2
Result after financial items		
Appropriations	-	-
	125.7	-42.2
Result before tax		
Income taxes	-13.1	0.1
	112.6	-42.1
Net result for the period		

Total comprehensive income is the same as net result for the period in the parent company since there is nothing accounted for as other comprehensive income.

Parent Company balance sheet

(MSEK)	2022-09-30	2021-09-30	2021-12-31
Assets			
Intangible assets	13.8	3.1	3.5
Tangible assets	0.4	0.4	0.4
Financial assets	2,700.7	1,630.8	2,220.7
Total non-current assets	2,714.8	1,634.4	2,224.6
Current receivables			
Receivables from Group companies	184.0	305.0	364.3
Other receivables	2.9	1.2	0.1
Prepaid expenses and accrued income	16.6	3.0	2.8
Total current receivables	203.5	309.3	367.2
Cash and bank balances	158.5	9.4	375.0
Total current assets	362.0	318.7	742.2
TOTAL ASSETS	3,076.8	1,953.1	2,966.8
Equity	1,086.1	308.2	938.1
Untaxed reserves	23.7	17.2	23.7
Non-current liabilities			
Liabilities to credit institutions	1,293.0	748.2	1,258.7
Other non-current liabilities	119.9	52.5	117.5
Total non-current liabilities	1,412.9	800.7	1,376.3
Current liabilities			
Liabilities to credit institutions	100.0	243.9	274.3
Accounts payable	11.7	4.7	11.8
Liabilities to Group companies	325.1	457.0	281.5
Current tax liabilities	10.2	0.0	3.7
Other liabilities	78.2	106.2	33.5
Accrued expenses and deferred income	29.0	15.2	24.0
Total current liabilities	554.2	827.0	628.8
TOTAL EQUITY, PROVISIONS AND LIABILITIES	3,076.8	1,953.1	2,966.8

Notes

Note 1 Revenue

January to September 2022					
Geographical markets	Sweden	Rest of Europe	North America	Rest of the world	Total
Revenue from external customers	592.4	2,141.6	1,603.2	441.4	4,778.5
Category					
Goods	564.5	2,073.1	1,566.2	417.7	4,621.4
Services	27.9	68.5	37.0	23.7	157.1
Total	592.4	2,141.6	1,603.2	441.4	4,778.5
Time for revenue recognition					
At a given time	564.5	2,073.1	1,566.2	417.7	4,621.4
Over time	27.9	68.5	37.0	23.7	157.1
Total	592.4	2,141.6	1,603.2	441.4	4,778.5
January to September 2021					
Geographical markets	Sweden	Rest of Europe	North America	Rest of the world	Total
Revenue from external customers	409.2	1,028.7	630.2	254.0	2,322.1
Category					
Goods	380.2	974.7	611.4	253.0	2,219.3
Services	29.0	54.0	18.8	1.0	102.8
Total	409.2	1,028.7	630.2	254.0	2,322.1
Time for revenue recognition					
At a given time	380.2	974.7	611.4	253.0	2,219.3
Over time	29.0	54.0	18.8	1.0	102.8
Total	409.2	1,028.7	630.2	254.0	2,322.1

Note 2 Business acquisitions

homeway GmbH ("homeway")

On September 1, 2022 the Group acquired 82% of the share capital in homeway for MEUR 13.4.

The preliminary table below summarises the purchase price paid for homeway and the fair value of the acquired assets and assumed liabilities recognized on acquisition date.

Purchase price as of September 1, 2022 (MSEK)	
Liquid assets	67.4
Equity instruments (88,429 shares)	9.9
Contingent purchase consideration (not paid)	66.6
Total purchase price	143.9

Recognised amounts for identifiable acquired assets and taken-over liabilities	
Liquid assets	10.1
Tangible assets	13.0
Trademark	37.4
Other intangible assets	4.7
Accounts receivable	6.3
Inventory	10.7
Other receivables	2.2
Other payables	-29.8
Total identifiable net assets	54.7
Non-controlling interests	-31.6
Goodwill	120.8

Acquisition-related costs of MSEK -1.3 are included in other external costs in the consolidated statement of comprehensive income for the 2022 financial year. Total cash flow, excluding acquisition related costs, attributable to the business acquisition amounted to MSEK 57.3. Goodwill is attributable to the added earning capacity the company is expected to bring.

Under the terms of the conditional purchase price, the Group will pay a maximum MSEK 79.1, based on gross profit in the period 2022 - 2025.

The fair value of accounts receivable totals MSEK 6.3. No accounts receivable is deemed to be doubtful.

homeway net sales have been included in the consolidated income statement since September 1, 2022 and amount to MSEK 4.6. On group level, homeway also generated a net profit of MSEK 0.2 in the same period.

Had homeway been consolidated from January 1, 2022 the consolidated income statement for the period January 1, 2022 to September 30, 2022 would have shown increased net sales amounting to MSEK 50.1 and a net profit of MSEK 5.5.

Reconciliation between IFRS and key metrics used

In this interim report, Hexatronic presents certain financial parameters that are not defined in IFRS, known as alternative key metrics. The Group believes that these parameters provide valuable supplementary information for investors, as they facilitate an evaluation of the company's results and position. Since not all companies calculate financial parameters in the same way these metrics are not always comparable with those used by other companies. Investors should see the financial parameters as a complement to, rather than a replacement for financial reporting in accordance with IFRS.

Organic growth, MSEK, %	Q3 2022	Jan-Sept 2022	
Net sales 2022	1,728.5	4,778.5	
Exchange-rate effects	-73.2	-158.9	
Acquisition driven	-269.2	-884.9	
Comparable net sales	1,386.2	3,734.7	
Net sales 2021	905.2	2 322.1	
Net sales increase cleared of exchange-rate effects	750.1	2,297.5	
Net sales increase cleared of exchange-rate effects %	83%	99%	
Organic growth	480.9	1,412.7	
Organic growth %	53%	61%	
Annual growth, rolling 12 months, %		12 months	
Net sales January-September 2022		4,778.5	
Net sales October-December 2021		1,169.5	
<i>Net sales rolling 12 months</i>		5,948.1	
Net sales January-September 2021		2,322.1	
Net sales October-December 2020		599.8	
<i>Net sales rolling 12 months</i>		2,921.9	
Annual growth, rolling 12 months		104%	
Quick asset ratio, %	2022-09-30	2021-09-30	2021-12-31
Current assets	3,023.4	1,665.6	2,256.3
Inventories	-1,317.9	-750.5	-928.8
<i>Current assets - inventories</i>	<i>1,705.6</i>	<i>915.0</i>	<i>1,327.5</i>
Current liabilities	1,558.8	1,112.3	1,209.7
Quick asset ratio	109%	82%	110%
Core working capital, MSEK	2022-09-30	2021-09-30	2021-12-31
Inventories	1,317.9	750.5	928.8
Accounts receivable	1,105.6	605.4	597.3
Accounts payable	-668.8	-459.4	-505.1
Core working capital	1,754.6	896.5	1,021.0

Definition alternative key metrics

EBITA

Earnings before amortisation of intangible assets.

EBITA margin

Earnings before amortisation of intangible assets as a percentage of net sales.

EBIT (operating result)

Earnings before interest and taxes.

Operating margin

Earnings before interest and taxes as a percentage of net sales.

Equity asset ratio

Total equity as a percentage of total assets.

Number of shares

Number of outstanding shares at the end of the period.

Organic growth

Changes in net sales excluding exchange-rate effects and acquisitions compared with the same period last year.

Annual growth

Average annual growth is calculated as the Group's total net sales during the period compared to the same period the year before.

Quick asset ratio

Quick asset ratio is calculated as current assets minus inventories divided by current liabilities.

Core-working capital

Core working capital is defined as inventories plus accounts receivable minus accounts payable.

Average number of outstanding shares

Weighted average of the number of outstanding shares during the period.

Average number of outstanding shares after dilution

Number of outstanding shares at the end of the period plus the number of shares that would be added if all dilutive potential shares were converted.

Earnings per share before dilution

Earnings attributable to Parent Company shareholders as a percentage of average number of outstanding shares before dilution.

Earnings per share after dilution

Earnings attributable to Parent Company shareholders as a percentage of average number of outstanding shares after dilution.

Equity per share

Total equity divided by the number of shares at the end of the period.

Number of employees

Number of employees at the end of the period.



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