

Hexatronic Group AB (publ)

Interim report January – June 2022

| Key ratio | 2022 | | | 2021 | | |
|---|--------|-------|------|---------|---------|---------|
| | MSEK | Q2 | Q2 | Δ % | Jan-Jun | Jan-Jun |
| Net sales | 1661.6 | 782.0 | 112% | 3,050.0 | 1,416.8 | 115% |
| EBITA | 278.3 | 101.6 | 174% | 462.6 | 165.4 | 180% |
| EBITA-margin | 16.8% | 13.0% | | 15.2% | 11.7% | |
| Operating result (EBIT) | 264.4 | 94.0 | 181% | 435.3 | 150.9 | 188% |
| Net earnings | 188.6 | 68.1 | 177% | 309.1 | 107.1 | 189% |
| Earnings per share after dilution, SEK ¹ | 0.93 | 0.36 | 160% | 1.52 | 0.56 | 171% |
| Cash flow from operating activities | 176.2 | 9.7 | n/a | 122.9 | -5.9 | n/a |
| Liquid assets | 316.6 | 181.2 | 75% | 316.6 | 181.2 | 75% |

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 executes share split, whereupon each share is divided into five shares (share split 5:1) of the same series.

Events since the end of the quarter

- Hexatronic signs a 3-year strategic partner agreement with Open Fiber USA, to a value of more than MUSD 40.

Continued strong performance!

The strong start to the year intensified during the second quarter. We achieved sales growth of 112 percent compared with the same quarter last year, of which 60 percent was organic growth. Profitability (EBITA) increased 174 percent equating to a margin of 16,8 percent, which exceeds our target of at least 12 percent by a good margin. The increase in profitability is primarily a result of strong performances in the USA and UK, a good product mix, as well as scale effects with most of our factories operating at high capacity.

The uncertainty regarding the development of raw material prices remains. After the end of the second quarter, further substantial price increases within certain product categories were announced. Efforts to pass on these price increases to customers are a high priority, but we estimate that the gross margin will continue to be negatively affected during the coming quarters.

Sales in our largest market, the USA, continued to develop well, at a growth rate of 129 percent. The growth is led by sales of our ducts, as well as sales of Fiber To The Home (FTTH) systems. Since the end of the quarter, we have signed a comprehensive agreement with Open Fiber USA for our FTTH system, another sign that our FTTH system is highly appreciated among our customers. We expect our new duct factory in Clinton, South Carolina, to begin production during the fourth quarter of this year. The factory will be a major contribution to continued organic sales growth.

Sales in Europe excluding Sweden also continue to develop strongly, primarily driven by strong performances in the UK and Germany. Sales in the region increased by 122 percent compared with the corresponding quarter last year. In Germany, the acquisition of REHAU's telecom business is contributing strongly to the increase in sales.

Sales in Sweden were very strong and increased by 64 percent compared with the corresponding quarter last year, primarily driven by a positive trend in sales of submarine cable.

Sales in the rest of the world grew by 115 percent, attributable to our two acquisitions in Australia in 2021.

The order book has continued to develop very positively. We ended the quarter with an order book that was 154 percent higher organically than at the same point in the previous year. The strong order book is well distributed across most of our companies, with those in the USA accounting for the largest increase.

Welcome to join us on our growth journey.

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



Net sales and earnings

The second quarter (April 1 – June 30 2022)

The Group's net sales for the second quarter increased 112 percent to MSEK 1,661.6 (782.0), as a result of organic and acquisition driven growth. The increase was 106 percent cleared for exchange-rate effects.

| Analysis of change in net sales (MSEK) | Q2 | | Q2 | |
|--|----------------|-------------|--------------|------------|
| | 2022 | (%) | 2021 | (%) |
| Year-earlier quarter | 782.0 | - | 509.3 | - |
| Organic growth | 465.6 | 60% | 191.2 | 38% |
| Acquisitions and structural changes | 365.1 | 46% | 100.3 | 20% |
| Exchange-rate effects | 48.9 | 6% | -18.8 | -4% |
| Current quarter | 1,661.6 | 112% | 782.0 | 54% |

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

| Geographical net sales (MSEK) | Q2 2022 | Allocation (%) | Growth (%) |
|-------------------------------|----------------|----------------|-------------|
| Sweden | 244.1 | 15% | 64% |
| Rest of Europe | 747.5 | 45% | 122% |
| North America | 524.2 | 32% | 129% |
| Rest of the world | 145.9 | 9% | 115% |
| Total | 1,661.6 | 100% | 112% |

EBITA increased 174 percent to MSEK 278.3 (101.6) in the quarter. The EBITA margin amounted to 16.8 percent (13.0).

Net financial items during the quarter amounted to MSEK -12.5 (-3.2), whereof net interest amounted to MSEK -6.8 (-3.0), unrealised foreign exchange differences to MSEK -1.0 (0.1) and other financial items to MSEK -4.7 (-0.3).

Net earnings for the second quarter amounted to MSEK 188.6 (68.1) and earnings per share after dilution, increased by 160 percent and amounted to SEK 0.93 (0.36). Tax for the quarter was MSEK -63.4 (-22.7) which means the average effective tax rate for the Group was 25.2 percent (24.9) for the quarter.

The period (January 1 – June 30 2022)

The Group's net sales for the period January-June 2022 increased 115 percent to MSEK 3,050.0 (1,416.8), as a result of organic and acquisition driven growth. The increase was 109 percent cleared for exchange-rate effects.

| Analysis of change in net sales (MSEK) | Jan-Jun 2022 | | Jan-Jun 2021 | |
|--|----------------|-------------|----------------|------------|
| | | (%) | | (%) |
| Year-earlier quarter | 1,416.8 | - | 946.7 | - |
| Organic growth | 931.7 | 66% | 325.7 | 34% |
| Acquisitions and structural changes | 615.7 | 43% | 190.6 | 20% |
| Exchange-rate effects | 85.8 | 6% | -46.2 | -5% |
| Current quarter | 3,050.0 | 115% | 1,416.8 | 50% |

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

| Geographical net sales (MSEK) | Jan-Jun 2022 | Allocation (%) | Growth (%) |
|-------------------------------|----------------|----------------|-------------|
| Sweden | 399.2 | 13% | 44% |
| Rest of Europe | 1,389.9 | 46% | 125% |
| North America | 959.4 | 31% | 151% |
| Rest of the world | 301.4 | 10% | 116% |
| Total | 3,050.0 | 100% | 115% |

EBITA increased 180 percent to MSEK 462.6 (165.4) during the period. The EBITA margin amounted to 15.2 percent (11.7).

Net financial items during the period amounted to MSEK -21.7 (-6.3), whereof net interest amounted to MSEK -13.0 (-5.6), unrealised foreign exchange differences to MSEK -0.6 (0.0) and other financial items to MSEK -8.1 (-0.6).

Net earnings for the period amounted to MSEK 309.1 (107.1) and earnings per share after dilution, increased by 171 percent and amounted to SEK 1.52 (0.56). Tax for the period was MSEK -104.5 (-37.5) which means the average effective tax rate for the Group was 25.3 percent (26.0) for the period.

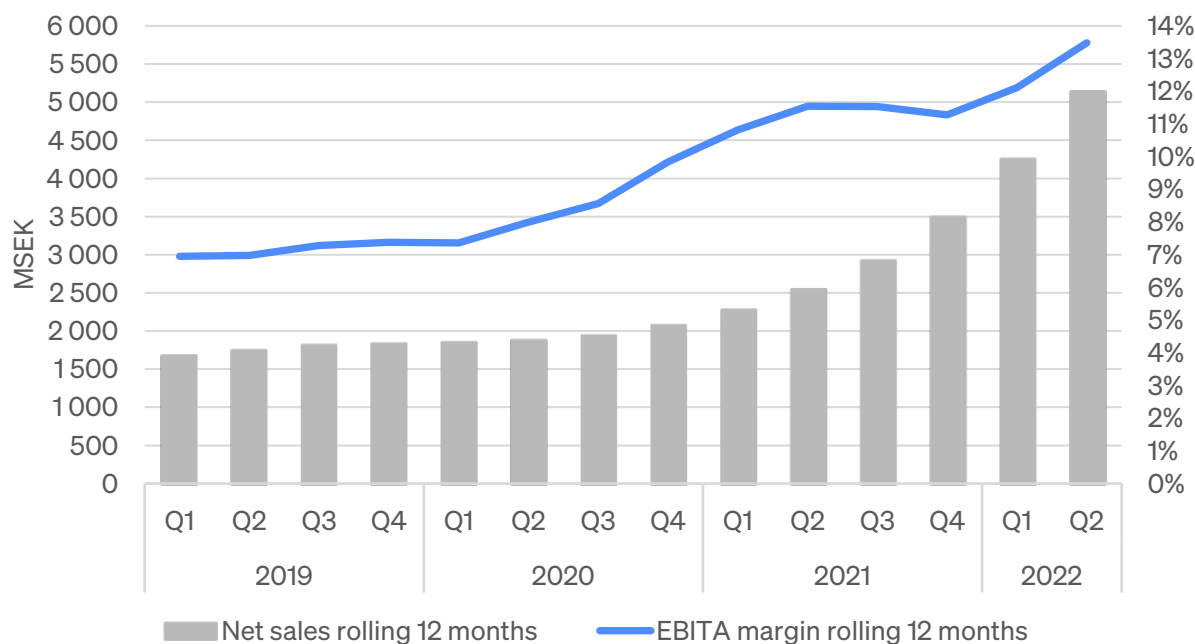
Cash flow and investments

Cash flow from operating activities during the quarter amounted to MSEK 176.2 (9.7), including a change in working capital of MSEK -122.1 (-87.7). Changes in working capital are mainly explained by increased capital tied up in inventories and accounts receivable, offset by increased in other current liabilities.

Cash flow from operating activities during the period January to June amounted to MSEK 122.9 (-5.9), including a change in working capital of MSEK -357.1 (-200.4). 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 June amounted to MSEK 183.8 (101.3). Investments of intangible and tangible assets amounted to MSEK 183.8 (38.4) and is 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 0.0 (63.1).

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



Liquidity and financial position

The Group's net debt

Net debt totalled MSEK 938.9 at the end of the reporting period compared to MSEK 857,9 as per 31 December 2021.

Available funds

Available funds on 30 June 2022, including unutilized credit facilities, amounted to MSEK 1,254.8 (887,7).

Equity

Equity amounted to MSEK 2,147.6 on 30 June 2022 (1,647.5), which equated to SEK 10.57 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 16.8 percent (13.0), and for the period January to June EBITA margin amounted to 15.2 percent (11.7)

The EBITA margin on a rolling 12-month basis on 30 June 2022 was 13.5 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 112 percent (54), and for the period January to June 115 percent (50).

The growth on a rolling 12-month basis was 101 percent (35).

Customers

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

Employees

There were 1,361 (914) employees in the Group on 30 June 2022. The increase is mainly related to production personnel in Sweden, the UK and North America and the acquisitions of Weterings, FOS and OSA, REHAU Telecom, and Data Center Systems. Number of employees in acquired companies amounted to 308 people.

Parent company

The Parent Company's main business consists of performing Group-wide services. Revenue for the period January to June amounted to MSEK 28.4 (9.7) and the result after financial items was MSEK 87.3 (-26,1). Change compared to previous year is explained by dividend from subsidiaries.

Ownership 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) of the same series. 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 203,476,650 (previously 40,695,330).

| Class of shares | Number of Shares | Number of votes | Percentage of capital | Percentage of votes |
|--|--------------------|--------------------|-----------------------|---------------------|
| Ordinary share, 1 vote per share | 199,826,650 | 199,826,650 | 98.2% | 99.8% |
| Class C share, 1/10 vote per share | 3,650,00 | 365,000 | 1.8% | 0.2% |
| Total number of shares before repurchases | 203,476,650 | 200,191,650 | 100% | 100% |
| Repurchased class C shares | -3,650,000 | | 1.8% | 0.2% |
| Total number of shares after repurchases | 199,826,650 | | | |

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 | 15 maj - 15 jun -23 |
| Warrant programme 2021/2024 | 393,500 | 1,967,500 | 1.0% | 37.93 | 15 maj - 15 jun -24 |
| Warrant programme 2022/2025 | 535,000 | 535,000 | 0.3% | 96.96 | 15 maj - 15 jun -25 |
| Total | 1,196,000 | 3,840,000 | | | |

In addition to above warrant programmes, there are three ongoing long-term, performance-based incentive plan (LTIP 2019, 2021 and 2022) for 35 senior executives and other key employees in the Group who are resident in Sweden. The participants have invested 372,713 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 15,227. Based on data from Euroclear and subsequent known changes the number of shareholders at period end, 42,207. The shareholder structure of Hexatronic Group AB (publ) on 30 June 2022 is shown in the table below.

| Shareholder | No. of ordinary shares | Votes % |
|---|------------------------|---------------|
| AMF Insurance & Funds | 14,926,785 | 7.5% |
| Handelsbanken Funds | 14,529,375 | 7.3% |
| Jonas Nordlund, privately and corporately | 12,932,870 | 6.5% |
| Accendo Capital | 12,713,945 | 6.4% |
| Swedbank Robur Funds | 11,639,008 | 5.8% |
| Martin Åberg and Erik Selin via Chirp AB | 8,929,360 | 4.5% |
| Vanguard | 6,352,700 | 3.2% |
| JP Morgan Asset Management | 4,261,875 | 2.1% |
| Henrik Larsson Lyon | 4,239,580 | 2.1% |
| Avanza Pension - Insurance Company | 3,013,024 | 1.5% |
| Other shareholders | 106,288,128 | 53.2% |
| Total outstanding shares | 199,826,650 | 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, sustainable society is continuing at an increasing rate, and this change 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 industry 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, 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 5.3 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 not been reviewed by the company's auditor.

Other information

Publication

This information comprises disclosures that Hexatronic Group AB (publ) must publish according to the EU Market Abuse Regulation and the Swedish Securities Market Act. The information was submitted for publication, under responsibility of the contact persons named below, on 11 August 2022 at 07:00 CET.

Financial calendar

Interim Report July-September 2022: 28 October 2022

Year-End Report 2022: 9 February 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

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, 11 August 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

Consolidated income statement

| (MSEK) | 2022 Q2 | 2021 Q2 | 2022 Jan-Jun | 2021 Jan-Jun | 2021 Full year |
|---|----------------|--------------|-----------------|-----------------|-------------------|
| Revenue | | | | | |
| Net sales | 1,661.6 | 782.0 | 3,050.0 | 1,416.8 | 3,491.6 |
| Other operating income | 16.7 | 14.5 | 28.4 | 18.9 | 33.2 |
| Total | 1,678.2 | 796.5 | 3,078.4 | 1,435.8 | 3,524.8 |
| Operating expenses | | | | | |
| Raw materials and goods for resale | -955.8 | -424.6 | -1,766.1 | -767.1 | -1,957.6 |
| Other external costs | -180.3 | -101.5 | -336.5 | -183.5 | -413.6 |
| Personnel costs | -228.3 | -148.7 | -444.5 | -279.9 | -661.3 |
| Other operating expenses | -0.8 | - | -0.8 | - | -2.9 |
| Depreciation of tangible assets | -34.8 | -20.1 | -67.9 | -39.8 | -95.6 |
| Earnings before amortisation of intangible assets (EBITA) | 278.3 | 101.6 | 462.6 | 165.4 | 393.8 |
| Amortisation of intangible assets | -13.9 | -7.6 | -27.3 | -14.5 | -38.7 |
| Operating result (EBIT) | 264.4 | 94.0 | 435.3 | 150.9 | 355.1 |
| Result from financial items | | | | | |
| Financial income | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 |
| Financial expenses | -12.6 | -3.2 | -21.8 | -6.3 | -23.1 |
| Result after financial items | 251.9 | 90.8 | 413.6 | 144.7 | 332.1 |
| Income taxes | -63.4 | -22.7 | -104.5 | -37.5 | -79.7 |
| Net result for the period | 188.6 | 68.1 | 309.1 | 107.1 | 252.4 |
| Attributable to: | | | | | |
| Parent Company shareholders | 188.8 | 68.3 | 309.7 | 107.6 | 253.1 |
| Non-controlling interest | -0.2 | -0.2 | -0.5 | -0.5 | -0.7 |
| Net result for the period | 188.6 | 68.1 | 309.1 | 107.1 | 252.4 |
| Earnings per share | | | | | |
| Earnings per share before dilution (SEK) | 0.94 | 0.36 | 1.55 | 0.57 | 1.32 |
| Earnings per share after dilution (SEK) | 0.93 | 0.36 | 1.52 | 0.56 | 1.29 |
| | 2022 | 2021 | 2022 | 2021 | 2021 |
| Consolidated statement of comprehensive income | Q2 | Q2 | Jan-Jun | Jan-Jun | Full year |
| Result for the period | 188.6 | 68.1 | 309.1 | 107.1 | 252.4 |
| Items which can later be recovered in the income statement | | | | | |
| Translation differences | 132.4 | -19.9 | 185.6 | 27.2 | 97.5 |
| Other comprehensive income for the period | 132.4 | -19.9 | 185.6 | 27.2 | 97.5 |
| Comprehensive income for the period | 321.0 | 48.2 | 494.8 | 134.3 | 349.9 |
| Attributable to: | | | | | |
| Parent Company shareholders | 321.0 | 48.4 | 495.0 | 134.8 | 350.6 |
| Non-controlling interest | 0.0 | -0.2 | -0.3 | -0.5 | -0.7 |
| Comprehensive income for the period | 321.0 | 48.2 | 494.8 | 134.3 | 349.9 |

Consolidated balance sheet

| (MSEK) | 2022-06-30 | 2021-06-30 | 2021-12-31 |
|--|----------------|----------------|----------------|
| Assets | | | |
| Non-current assets | | | |
| Intangible assets | 1,458.7 | 678.0 | 1,385.2 |
| Tangible assets | 1,289.8 | 462.0 | 1,071.9 |
| Financial assets | 1.9 | 1.8 | 1.8 |
| Total non-current assets | 2,750.4 | 1,141.8 | 2,458.9 |
| Current assets | | | |
| Inventories | 1,185.6 | 535.6 | 928.8 |
| Account receivables | 1,039.9 | 498.1 | 597.3 |
| Other receivables | 14.6 | 7.5 | 19.0 |
| Prepaid expenses and accrued income | 38.3 | 26.7 | 36.1 |
| Liquid assets | 316.6 | 181.2 | 675.1 |
| Total current assets | 2,595.0 | 1,249.1 | 2,256.3 |
| TOTAL ASSETS | 5,345.4 | 2,390.9 | 4,715.2 |
| Equity | 2,147.6 | 814.0 | 1,647.5 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | 1,155.4 | 477.2 | 1,258.7 |
| Deferred tax | 110.8 | 82.9 | 104.8 |
| Non-current lease liabilities | 359.6 | 158.2 | 332.4 |
| Other non-current liabilities | 162.6 | 53.7 | 162.0 |
| Total non-current liabilities | 1,788.5 | 772.0 | 1,858.0 |
| Current liabilities | | | |
| Liabilities to credit institutions | 100.0 | 113.3 | 274.3 |
| Current lease liabilities | 64.9 | 45.0 | 61.4 |
| Overdraft facilities | - | 45.4 | - |
| Accounts payable | 613.0 | 330.6 | 505.1 |
| Provisions | 4.8 | 3.0 | 4.1 |
| Current tax liabilities | 103.0 | 30.1 | 29.7 |
| Other liabilities | 194.7 | 86.0 | 119.2 |
| Accrued expenses and deferred income | 328.9 | 151.5 | 215.9 |
| Total current liabilities | 1,409.3 | 804.8 | 1,209.7 |
| TOTAL EQUITY, PROVISION AND LIABILITIES | 5,345.4 | 2,390.9 | 4,715.2 |

Consolidated statement of changes in equity

| | Share Capital | Other capital contributions | Reserves | Result brought forward, including result for the period | Total | Non-controlling interests | Total equity |
|--|---------------|-----------------------------|--------------|---|----------------|---------------------------|----------------|
| (MSEK) | | | | | | | |
| 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 | - | - | - | 309.7 | 309.7 | -0.5 | 309.1 |
| Other comprehensive income | - | - | 185.4 | - | 185.4 | 0.3 | 185.6 |
| Total comprehensive income | 0.0 | 0.0 | 185.4 | 309.7 | 495.0 | -0.3 | 494.8 |
| Share issue in progress related to employee stock option programme | - | 20.0 | - | - | 20.0 | - | 20.0 |
| Employee stock option programme | - | 1.6 | - | - | 1.6 | - | 1.6 |
| Share-based remuneration | 0.0 | - | - | 3.6 | 3.7 | - | 3.7 |
| Dividend paid | - | - | - | -20.0 | -20.0 | - | -20.0 |
| Total transactions with shareholders, reported directly in equity | 0.0 | 21.6 | 0.0 | -16.3 | 5.3 | 0.0 | 5.3 |
| Balance carried forward as of 30 June 2022 | 2.0 | 926.0 | 218.6 | 995.9 | 2,142.6 | 5.0 | 2,147.6 |

Consolidated statement of cash flow

| (MSEK) | 2022 Q2 | 2021 Q2 | 2022 Jan-Jun | 2021 Jan-Jun | 2021 Full year |
|--|---------------|--------------|-----------------|-----------------|-------------------|
| Operating result | 264.4 | 94.0 | 435.3 | 150.9 | 355.1 |
| Items not affecting cash flow | 60.8 | 26.3 | 106.3 | 75.4 | 201.2 |
| Interest received | 0.1 | 0.0 | 0.1 | 0.0 | 0.1 |
| Interest paid | -6.9 | -4.9 | -13.1 | -7.8 | -22.9 |
| Income tax paid | -20.1 | -18.0 | -48.5 | -24.1 | -70.0 |
| Cash flow from operating activities before changes in working capital | 298.3 | 97.4 | 480.1 | 194.5 | 463.4 |
| Increase (-)/decrease (+) in inventories | -52.4 | -68.4 | -208.6 | -125.3 | -372.6 |
| Increase (-)/decrease (+) in accounts receivable | -138.0 | -82.2 | -401.5 | -185.3 | -169.9 |
| Increase (-)/decrease (+) in operating receivables | 16.1 | 2.9 | 4.2 | -2.9 | -18.1 |
| Increase (+)/decrease (-) in accounts payable | -8.8 | 36.0 | 80.3 | 77.9 | 189.7 |
| Increase (+)/decrease (-) in operating liabilities | 60.9 | 24.0 | 168.5 | 35.1 | 12.3 |
| Cash flow from changes in working capital | -122.1 | -87.7 | -357.1 | -200.4 | -358.6 |
| Cash flow from operating activities | 176.2 | 9.7 | 122.9 | -5.9 | 104.7 |
| Investing activities | | | | | |
| Acquisition of tangible and intangible assets | -137.9 | -23.9 | -183.8 | -38.4 | -202.3 |
| Acquisition of subsidiaries after deduction of acquired liquid assets | 0.0 | -62.3 | 0.0 | -63.1 | -952.2 |
| Change in financial assets | 0.0 | 0.0 | 0.0 | 0.3 | 0.2 |
| Cash flow from investing activities | -137.9 | -86.2 | -183.8 | -101.3 | -1,154.3 |
| Financing activities | | | | | |
| Borrowings | 96.5 | 77.0 | 96.5 | 77.0 | 1,080.0 |
| Amortisation of loans | -50.0 | - | -376.5 | -20.5 | -83.3 |
| Amortisation of lease liabilities | -18.7 | -11.6 | -35.7 | -23.1 | -53.3 |
| Changes in overdraft facilities | -15.6 | 4.2 | - | 45.4 | - |
| New share issues for the period | 20.0 | 15.7 | 20.0 | 15.7 | 586.5 |
| Dividend paid | -20.0 | -18.9 | -20.0 | -18.9 | -18.9 |
| Cash flow from financing activities | 12.2 | 66.5 | -315.7 | 75.6 | 1,511.0 |
| Cash flow for the period | 50.4 | -10.0 | -376.5 | -31.6 | 461.4 |
| Liquid assets at the start of the period | 257.7 | 191.5 | 675.1 | 212.3 | 212.3 |
| Exchange rate difference in liquid assets | 8.3 | -0.3 | 17.9 | 0.4 | 1.3 |
| Liquid assets at the end of the period | 316.6 | 181.2 | 316.6 | 181.2 | 675.1 |

Key metric for the Group

| | 2022 | 2021 | 2022 | 2021 | 2021 |
|---|-------------|-------------|-------------|-------------|-------------|
| | Q2 | Q2 | Jan-Jun | Jan-Jun | Full year |
| Growth in net sales | 112% | 54% | 115% | 50% | 68% |
| EBITA margin | 16.8% | 13.0% | 15.2% | 11.7% | 11.3% |
| EBITA margin, 12 months rolling | 13.5% | 11.5% | 13.5% | 11.5% | 11.3% |
| Operating margin | 15.9% | 12.0% | 14.3% | 10.7% | 10.2% |
| Equity asset ratio | 40.2% | 34.0% | 40.2% | 34.0% | 34.9% |
| Earnings per share before dilution (SEK) ¹ | 0.94 | 0.36 | 1.55 | 0.57 | 1.32 |
| Earnings per share after dilution (SEK) ¹ | 0.93 | 0.36 | 1.52 | 0.56 | 1.29 |
| Net sales per employee (SEK thousand) | 1,243 | 867 | 2,248 | 1,642 | 3,467 |
| Result per employee (SEK thousand) | 141 | 76 | 228 | 125 | 251 |
| Quick asset ratio | 100% | 89% | 100% | 89% | 110% |
| Average number of employees | 1,337 | 902 | 1,357 | 863 | 1,007 |
| Number of shares at period end before dilution | 199,826,650 | 188,822,085 | 199,826,650 | 188,822,085 | 199,826,650 |
| Average number of shares before dilution | 199,826,650 | 188,822,085 | 199,826,650 | 188,639,915 | 191,749,640 |
| Average number of shares after dilution | 203,166,299 | 191,377,995 | 203,166,299 | 191,195,825 | 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-Jun | 2021 Jan-Jun |
|--|-----------------|-----------------|
| Revenue | | |
| Net sales | 28.4 | 9.7 |
| Total | 28.4 | 9.7 |
| Operating expenses | | |
| Other external costs | -43.1 | -19.8 |
| Personnel costs | -25.7 | -15.7 |
| Depreciation of tangible assets | 0.0 | -0.1 |
| Earnings before amortisation of intangible assets (EBITA) | -40.4 | -25.9 |
| Amortisation of intangible assets | -0.4 | -0.3 |
| Operating result (EBIT) | -40.8 | -26.2 |
| Result from financial items | | |
| Interest income | 139.1 | 4.4 |
| Interest expenses | -11.0 | -4.2 |
| Result after financial items | 87.3 | -26.1 |
| Appropriations | - | - |
| Result before tax | 87.3 | -26.1 |
| Income taxes | -3.1 | -0.5 |
| Net result for the period | 84.2 | -26.5 |

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) | 2022-06-30 | 2021-06-30 | 2021-12-31 |
|---|----------------|----------------|----------------|
| Assets | | | |
| Intangible assets | 10.7 | 3.3 | 3.5 |
| Tangible assets | 0.4 | 0.4 | 0.4 |
| Financial assets | 1,546.3 | 1,086.2 | 1,536.5 |
| Total non-current assets | 1,557.4 | 1,089.9 | 1,540.4 |
| Current receivables | | | |
| Receivables from Group companies | 1,171.6 | 338.7 | 1,048.5 |
| Other receivables | 0.5 | 3.3 | 0.1 |
| Prepaid expenses and accrued income | 18.5 | 4.1 | 2.8 |
| Total current receivables | 1,190.6 | 346.1 | 1,051.4 |
| Cash and bank balances | 54.8 | 0.0 | 375.0 |
| Total current assets | 1,245.4 | 346.1 | 1,426.4 |
| TOTAL ASSETS | 2,802.7 | 1,436.0 | 2,966.8 |
| Equity | 1,025.9 | 246.3 | 938.1 |
| Untaxed reserves | 23.7 | 17.2 | 23.7 |
| Non-current liabilities | | | |
| Liabilities to credit institutions | 1,155.4 | 477.2 | 1,258.7 |
| Deferred tax | - | 0.6 | - |
| Other non-current liabilities | 112.4 | 53.7 | 117.5 |
| Total non-current liabilities | 1,267.9 | 531.5 | 1,376.3 |
| Current liabilities | | | |
| Liabilities to credit institutions | 100.0 | 113.3 | 274.3 |
| Overdraft facilities | - | 45.4 | - |
| Accounts payable | 7.7 | 4.2 | 11.8 |
| Liabilities to Group companies | 305.4 | 451.8 | 281.5 |
| Current tax liabilities | 5.3 | - | 3.7 |
| Other liabilities | 29.9 | 16.5 | 33.5 |
| Accrued expenses and deferred income | 37.1 | 9.9 | 24.0 |
| Total current liabilities | 485.3 | 641.0 | 628.8 |
| TOTAL EQUITY, PROVISIONS AND LIABILITIES | 2,802.7 | 1,436.0 | 2,966.8 |

Notes

Note 1 Revenue

| January to June 2022 | | | | | |
|-------------------------------------|--------------|----------------|---------------|-------------------|----------------|
| Geographical markets | Sweden | Rest of Europe | North America | Rest of the world | Total |
| Revenue from external customers | 399.2 | 1,389.9 | 959.4 | 301.4 | 3,050.0 |
| Category | | | | | |
| Goods | 375.9 | 1,346.3 | 940.4 | 299.6 | 2,962.3 |
| Services | 23.3 | 43.6 | 19.0 | 1.8 | 87.8 |
| Total | 399.2 | 1,389.9 | 959.4 | 301.4 | 3,050.0 |
| Time for revenue recognition | | | | | |
| At a given time | 375.9 | 1,346.3 | 940.4 | 299.6 | 2,962.3 |
| Over time | 23.3 | 43.6 | 19.0 | 1.8 | 87.8 |
| Total | 399.2 | 1,389.9 | 959.4 | 301.4 | 3,050.0 |
| | | | | | |
| January to June 2021 | | | | | |
| Geographical markets | Sweden | Rest of Europe | North America | Rest of the world | Total |
| Revenue from external customers | 276.3 | 619.0 | 381.8 | 139.7 | 1,416.8 |
| Category | | | | | |
| Goods | 255.2 | 585.5 | 370.9 | 139.7 | 1,351.3 |
| Services | 21.1 | 33.5 | 10.9 | - | 65.5 |
| Total | 276.3 | 619.0 | 381.8 | 139.7 | 1,416.8 |
| Time for revenue recognition | | | | | |
| At a given time | 255.2 | 585.5 | 370.9 | 139.7 | 1,351.3 |
| Over time | 21.1 | 33.5 | 10.9 | - | 65.5 |
| Total | 276.3 | 619.0 | 381.8 | 139.7 | 1,416.8 |

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, % | Q2 2022 | Jan-Jun 2022 | |
|--|-------------------|-------------------|-------------------|
| Net sales 2022 | 1,661.6 | 3,050.0 | |
| Exchange-rate effects | -48.9 | -85.8 | |
| Aquisition driven | -365.1 | -615.7 | |
| Comparable net sales | 1,247.6 | 2,348.5 | |
| Net sales 2021 | 782.0 | 1,416.8 | |
| Net sales increase cleared of exchange-rate effects | 830.7 | 1,547.4 | |
| Net sales increase cleared of exchange-rate effects % | 106% | 109% | |
| Organic growth | 465.6 | 931.7 | |
| Organic growth % | 60% | 66% | |
| Annual growth, rolling 12 months, % | | 12 months | |
| Net sales January-June 2022 | | 3,050.0 | |
| Net sales July-December 2021 | | 2,074.8 | |
| <i>Net sales rolling 12 months</i> | | 5,124.8 | |
| Net sales January-June 2021 | | 1,416.8 | |
| Net sales July-December 2020 | | 1,134.1 | |
| <i>Net sales rolling 12 months</i> | | 2,550.9 | |
| Annual growth, rolling 12 months | | 101% | |
| Quick asset ratio, % | 2022-06-30 | 2021-06-30 | 2021-12-31 |
| Current assets | 2,595.0 | 1,249.1 | 2,256.3 |
| Inventories | -1,185.6 | -535.6 | -928.8 |
| <i>Current assets - inventories</i> | 1,409.4 | 713.5 | 1,327.5 |
| Current liabilities | 1,409.3 | 804.8 | 1,209.7 |
| Quick asset ratio | 100% | 89% | 110% |
| Core working capital, MSEK | 2022-06-30 | 2021-06-30 | 2021-12-31 |
| Inventories | 1,185.6 | 535.6 | 928.8 |
| Accounts receivable | 1,039.9 | 498.1 | 597.3 |
| Accounts payable | -613.0 | -330.6 | -505.1 |
| Core working capital | 1,612.5 | 703.1 | 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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