

Hexatronic Group AB (publ)

Interim report January – June 2021



Key ratio

	2021	2020		2021	2020	
MSEK	Q2	Q2	Δ %	Jan-Jun	Jan-Jun	Δ %
Net sales	782.0	509.3	54%	1,416.8	946.7	50%
EBITA	101.6	53.6	90%	165.4	75.8	118%
EBITA margin	13.0%	10.5%		11.7%	8.0%	
Operating result (EBIT)	94.0	46.6	102%	150.9	61.9	144%
Net earnings	68.1	33.1	106%	107.1	42.0	155%
Earnings per share after dilution, SEK	1.79	0.88	102%	2.81	1.12	151%
Cash flow from operating activities	9.7	12.2	-20%	-5.9	67.9	-109%
Liquid assets	181.2	74.9	142%	181.2	74.9	142%

Events during the quarter

- Hexatronic signed three agreements in Germany to a total value of MSEK 70.
- Hexatronic establish 5G training through the acquisition of Mpirical Ltd. in UK
- Hexatronic has issued a redundancy notice for the fiber optics assembly operation in Örebro, with the aim of relocating all production to Baltronic in Estonia and coordinating our warehouses in Sweden to Hudiksvall. The relocation is part of efforts to strengthen the company's competitiveness on a growing international market, while the Swedish market is expected to decrease in the coming years.

Events since the end of the period

- Hexatronic has signed a binding asset purchase agreement to acquire all the telecom activities of REHAU Group – one of the main players in the German microduct market.
- Hexatronic has acquired 100% of the shares in two Australian companies. Optical Solutions Australia Group is a national value-creating distributor of telecom solutions and The Fiber Optic Shop Pty Ltd designs and manufactures fiber optic products.
- Hexatronic acquires 100% of the shares of H. Weterings Galgeweg BV in the Netherlands. Weterings produces ducts and tubes for the telecommunication and agriculture market.
- Pernilla Lindén took office as CFO and member of the Group Management Team at Hexatronic Group as of August 9, 2021.

COMMENTS FROM THE CEO

Very strong growth and increased profitability

The strong development from the first quarter of the year was reinforced during the second, with excellent growth of 54% compared to the corresponding quarter last year, 38% of which was organic. The increase in profitability for the quarter was even stronger. EBITA increased by 90% and earnings per share rose by 102%. EBITA in the second quarter was positively affected with approximately MSEK 8 as a result of the US authorities' decision to forgive loans related to covid-19 raised through Blue Diamond Industries, Inc.

For the current rolling 12-month period, with 35% sales growth and 11,5% EBITA, we are exceeding our goals of at least 20% growth and an EBITA margin of at least 10%. We note continued high costs for transport and raw materials for the second quarter as a result of the ongoing pandemic. Effects that we assess will persist for the rest of the year.

Our internationalization journey continues at a high pace, exemplified by the fact that the USA passed Sweden during the quarter as Hexatronic's single largest market in terms of sales over the past twelve months. Sales in North America grew by 79 % during the quarter, primarily driven by a strong underlying infrastructure market for duct. Our system sales continue to develop strongly, and we see good opportunities for further dramatic expansion.

Sales in Europe excluding Sweden remained very strong, with growth of 100%. Most markets developed well, and particularly the UK. We are seeing continued strong growth particularly in the UK and Germany.

Sales in Sweden fell by 4%, which was roughly as expected. Our judgement is still that the Swedish market will remain at the same level as in 2020.

The order book has continued to develop very positively. We entered the third quarter with an order book that was 182% higher organically than at the same point last year. Excluding marine cable projects, the order book was 147% higher.

With the strong development we are seeing in most of our markets, we will continue to invest in more capacity for continued growth.

During the quarter, we acquired training company Mpirical. Mpirical focuses on online training in 5G and wireless communication. We can see excellent potential in their business within 5G, and in using their technique for our training companies in fiber optic networks.

Since the end of the quarter, we have made four strategic acquisitions: the telecom business of REHAU Group, primarily microducts, in Germany and Austria, duct and pipe manufacturer Weterings in the Netherlands, and the Australian telecom companies Optical Solutions Australia Group and The Fibre Optic Shop. These acquisitions have been high on the agenda for several years and will consolidate our position in Central Europe with regard to production capacity and market position, and afford us a strong national foothold on the Australian telecom market.

The acquisitions further bolster our offering, while rendering our business even more international. In addition to a strong strategic match with Hexatronic, the new companies add a combined total of MSEK 750 in sales and MSEK 130 in EBITA.

If the newly acquired companies had been part of Hexatronic for the past 12 months, sales and EBITA would have been in the region of MSEK 3,400 and MSEK 440 respectively. The international share would have been just over 80%.

Following completed acquisitions, we have continued a sound capital structure with a Net Debt / EBITDA that is expected to amount to approximately 2.4x, including the acquisition of REHAU Telecom which is expected to be completed during the fourth quarter of 2021. We will continue to be active with acquisitions going forward.

We look forward to travelling with you on our ongoing journey towards further growth.

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



Net sales and earnings

The second quarter (1 april – 30 June 2021)

The Group's net sales for the second quarter of 2021 increased 54 percent to MSEK 782.0 (509.3), as a result of organic and acquisition driven growth. The increase was 57 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Q2		Q2	
	2021	(%)	2020	(%)
Year-earlier quarter	509.3	-	484.9	-
Organic growth	191.2	38%	24.1	5%
Acquisitions and structural changes	100.3	20%	2.3	0%
Exchange-rate effects	-18.8	-4%	-2.0	0%
Current quarter	782.0	54%	509.3	5%

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

Geographical net sales (MSEK)	Q2	Allocation	Growth
	2021	(%)	(%)
Sweden	148.8	19%	-4%
Rest of Europe	336.4	43%	100%
North America	228.8	29%	79%
Rest of the world	68.0	9%	14%
Total	782.0	100%	54%

EBITA increased 90 percent to MSEK 101.6 (53.6) in the quarter. The EBITA margin amounted to 13.0 percent (10.5) and has been positively affected by a forgiven covid-19 loan in Blue Diamond Industries of approximately MSEK 8.3. EBITA excluding forgiven loans amounted to MSEK 93.3, corresponding to an EBITA margin of 11.9 percent.

Net financial items during the quarter amounted to MSEK -3.2 (-3.2), whereof net interest amounted to MSEK -3.0 (-2.6), unrealised foreign exchange differences to MSEK 0.1 (-0.3) and other financial items to MSEK -0.3 (-0.4).

Net earnings for the quarter amounted to MSEK 68.1 (33.1) and earnings per share after dilution, increased by 102 percent and amounted to SEK 1.79 (0.88). Tax for the period was MSEK -22.7 (-10.3) which means the average effective tax rate for the Group was 24.9 percent (23.8) for the quarter.

The period (1 January – 30 June 2021)

The Group's net sales for the period January-June 2021 increased 50 percent to MSEK 1,416.8 (946.7), as a result of organic and acquisition driven growth. The increase was 55 percent cleared for exchange-rate effects.

Analysis of change in net sales (MSEK)	Jan-Jun 2021	(%)	Jan-Jun 2020	(%)
Year-earlier	946.7	-	906.0	-
Organic growth	325.7	35%	30.0	3%
Acquisitions and structural changes	190.6	20%	2.3	0%
Exchange-rate effects	-46.2	-5%	8.4	1%
Current period	1,416.8	50%	946.7	4%

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

Geographical net sales (MSEK)	Jan-Jun 2021	Allocation (%)	Growth (%)
Sweden	276.3	19%	1%
Rest of Europe	619.0	44%	94%
North America	381.8	27%	63%
Rest of the world	139.7	10%	15%
Total	1,416.8	100%	50%

EBITA increased 118 percent to MSEK 165.4 (75.8) during the period. The EBITA margin amounted to 11.7 percent (8.0) and has been positively affected by a forgiven covid-19 loan in Blue Diamond Industries of approximately MSEK 8.3. EBITA excluding remitted loans amounted to MSEK 157.1, corresponding to an EBITA margin of 11.1 percent.

Net financial items during the period amounted to MSEK -6.3 (-5.9), whereof net interest amounted to MSEK -5.6 (-5.0), unrealised foreign exchange differences to MSEK 0.0 (-0.1) and other financial items to MSEK -0.6 (-0.7).

Net earnings during the period amounted to MSEK 107.1 (42.0) and earnings per share after dilution, increased by 151 percent and amounted to SEK 2.81 SEK (1.12). Tax for the period was MSEK -37.5 (-14.0) which means the average effective tax rate for the Group was 26.0 percent (25.1) during the period.

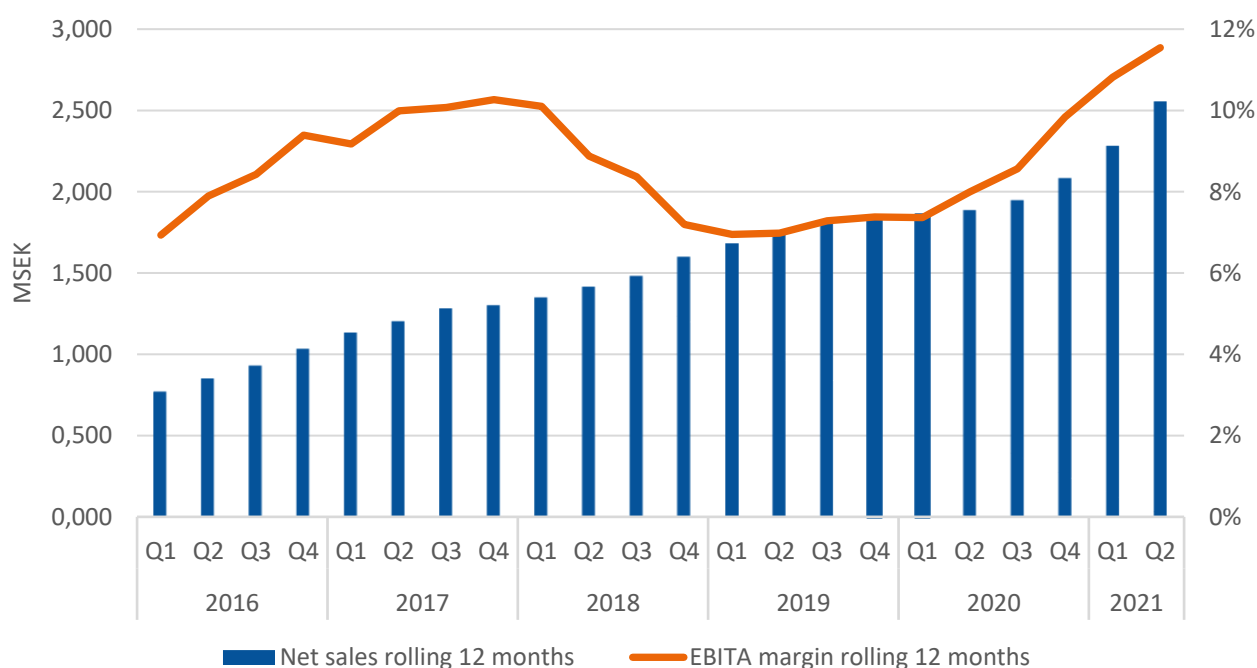
Cash flow and investments

Cash flow from operating activities in the quarter amounted to MSEK 9.7 (12.2), including a negative change in working capital of MSEK -87.7 (-22.1).

Cash flow from operating activities during the period January-June amounted to MSEK -5.9 (67.9), including a change in working capital of MSEK -200.4 (-26.9). Changes in working capital are mainly explained by increased capital tied up in inventories and accounts receivable.

Investments during the period January- June amounted to MSEK 101.3 (71.2). This is mainly related to an investment in a new production lines in our facilities in the US and Sweden (Hudiksvall), and acquisitions during the period.

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



Liquidity and financial position

The Group's net debt

Net debt totalled MSEK 454.7 at the end of the reporting period compared to MSEK 323.2 as per 31 December 2020.

Available funds

Available funds on 30 June 2021, including unutilised overdraft facilities of MSEK 105.4 (150.5), amounted to MSEK 286.6 (362.8).

Equity

Equity amounted to MSEK 814.0 on 30 June 2021 (649.5), which equated to SEK 21.56 per outstanding share before dilution at the end of the reporting period.

The Group's financial goals

EBITA margin

Earnings before amortisation of intangible assets (EBITA) should be at least 10 percent on a rolling 12-month basis. The EBITA margin on a rolling 12-month basis on 30 June 2021 was 11.5 percent (8.0).

Annual growth

The Group shall grow more than its market organically. Annual growth of at least 20 percent.

The growth will be both organic and acquisition driven. Growth during the quarter year was 54 percent.

Growth on a rolling 12-month basis was 35 percent (7).

Customers

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

Employees

There were 914 (665) employees in the Group on 30 June 2021. The increase is mainly related to production personnel in Sweden, the UK and North America and the acquisitions of The Light Brigade, Baltronic Group, Qubix, TK-KONTOR and Mpirical.

Parent Company

The Parent Company's main business consists of performing Group-wide services. Revenue for the period amounted to MSEK 9.7 (9.2) and the result after financial items was MSEK -26.1 (-25.0).

Ownership structure

The company's share is listed in the Mid cap segment on Nasdaq Stockholm. At the end of the period the share capital amounted to MSEK 1.9.

Class of shares	Number of shares	Number of votes	Percentage of capital	Percentage of votes
Ordinary share, 1 vote per share	37,764,417	37,764,417	98.3%	99.8%
Class C share, 1/10 vote per share	660,000	66,000	1.7%	0.2%
Total number of shares before repurchases	38,424,417	37,830,417	100%	100%
Repurchased class C shares	-660,000		1.7%	0.2%
Total number of shares after repurchases	37,764,417			

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 2019/2022	342,500	342,500	0.9%	66.73	15 May - 15 Jun -22
Warrant programme 2020/2023	285,000	285,000	0.7%	63.00	15 May - 15 Jun -23
Warrant programme 2021/2024	385,500	385,500	1.0%	189.66	15 May - 15 Jun -24
Total	1,013,000	1,013,000			

In addition to above warrant programmes, a decision was made in 2019 and 2021 to introduce two long-term, performance-based incentive plan (LTIP 2019 and 2021) for 13 senior executives and other key employees in the Group who are resident in Sweden. The participants have invested 49,710 savings shares in total.

Under the LTIP, for each acquired Hexatronic share (savings share), participants can receive 4–6 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 2019-2023 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 4,841. Based on data from Euroclear and subsequent known changes the number of shareholders at period end, 13,193. The shareholder structure of Hexatronic Group AB (publ) on 30 June 2021 is shown in the table below.

Shareholder	No. of ordinary shares	Votes %
Handelsbanken Funds	3,580,036	9,5%
Jonas Nordlund, privately and corporately	2,886,199	7,6%
Accendo Capital	2,727,985	7,2%
Martin Åberg and Erik Selin via Chirp AB	1,785,872	4,7%
AMF Insurance & Funds	1,678,437	4,4%
Länsförsäkringar Funds	1,539,516	4,1%
Nordnet Pension	1,312,898	3,5%
Swedbank Robur, West Fund	1,022,988	2,7%
Consensus Asset Management	1,017,122	2,7%
Avanza Pension - Insurance Company	991,057	2,6%
Other shareholders	19,222,307	51,9%
Total outstanding shares	37,764,417	100,0%

Sustainability

As a global player in fiber expansion, Hexatronic plays 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, Hexatronic is contributing to a more sustainable society, and striving to make 2020–2030 a decade of action.

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 2020, a roadmap for the Group's sustainability work was drafted 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.

We are delighted that Hexatronic Group has been ranked the Swedish stock exchange's fifth most sustainable company in 2020, in the capital goods category.

For further information on what Hexatronic has done and what sustainability work is planned by the Group, see Hexatronic's Annual and Sustainability Report 2020 on pages 26-37 and the website <https://group.hexatronic.com/haallbarhet/>.

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. This development is creating a demand for efficient installation solutions, trained personnel and new applications for fiber optics.

Market Panorama, an annual report from FTTH Council Europe, shows that the growth in number of users between September 2019 and September 2020 in the EU, including the UK, was 22%, 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 4.9% and 3.7% respectively, as compared to the EU average of 20.5% and Sweden with 62%.

Various reports and national forecasts indicate continued strong demand for FTTH on Hexatronic's strategic growth markets (the UK, North America and Germany) up to 2025–2030, and probably beyond as well.

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, 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 5.2 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.

On 1 January 2021, the customs union between the EU and UK came to an end. The new agreement between the EU and the UK entailed zero duty on all Hexatronic products. All trade to and from the UK is, however, now subject to the same kind of administration as deliveries to and from the rest of the world. Hexatronic's preparations for product flows and their administration have proceeded satisfactorily. Transport times have been extended somewhat, and transport capacity was affected early on in the year.

A more detailed description of the Group's risks and risk management is provided in the Hexatronic Group Annual Report for 2020 on page 44-47.

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 2020.

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 12 August 2021 at 07:00 CET.

Financial calendar

Interim Report July-September 2021: 2 November 2021

Year-End Report 2021: 24 February 2022

Interim Report January-March 2022: 29 April 2022

Annual General Meeting

The AGM for financial year 2021 will be held on 5 May 2022.

Please direct any questions to:

- Henrik Larsson Lyon, President and CEO, + 46 (0)70-650 34 00
- Pernilla Lindén, CFO, + 46 (0)70-984 22 33

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, 12 August 2021

Anders Persson
Chairman

Erik Selin
Board member

Jaakko Kivinen
Board member

Frida Westerberg
Board member

Helena Holmgren
Board member

Per Wassén
Board member

Henrik Larsson Lyon
President and CEO

Consolidated income statement

(MSEK)	2021	2020	2021	2020	2020
	Q2	Q2	Jan-Jun	Jan-Jun	Full year
Revenue					
Net sales	782.0	509.3	1,416.8	946.7	2,080.8
Other operating income	14.5	4.5	18.9	6.5	14.4
	796.5	513.9	1,435.8	953.1	2,095.1
Operating expenses					
Raw materials and goods for resale	-424.6	-279.7	-767.1	-522.9	-1,138.6
Other external costs	-101.5	-61.6	-183.5	-121.4	-258.3
Personnel costs	-148.7	-102.6	-279.9	-201.4	-420.5
Other operating expenses	-	-	-	-	-4.3
Depreciation of tangible assets	-20.1	-16.4	-39.8	-31.6	-68.7
Earnings before amortisation of intangible assets (EBITA)	101.6	53.6	165.4	75.8	204.8
Amortisation of intangible assets	-7.6	-6.9	-14.5	-13.9	-27.5
Operating result (EBIT)	94.0	46.6	150.9	61.9	177.3
Result from financial items					
Financial income	0.0	-	0.0	0.1	0.2
Financial expenses	-3.2	-3.2	-6.3	-6.0	-12.6
Resultat after financial items	90.8	43.4	144.7	56.0	164.9
Income taxes	-22.7	-10.3	-37.5	-14.0	-38.4
Net result for the period	68.1	33.1	107.1	42.0	126.5
Attributable to:					
Parent Company shareholders	68.3	33.1	107.6	42.0	126.5
Non-controlling interests	-0.2	-	-0.5	-	-
	68.1	33.1	107.1	42.0	126.5
Earnings per share					
Earnings per share before dilution (SEK)	1.81	0.88	2.85	1.12	3.38
Earnings per share after dilution (SEK)	1.79	0.88	2.81	1.12	3.37
Consolidated statement of comprehensive income	2021	2020	2021	2020	2020
	Q2	Q2	Jan-Jun	Jan-Jun	Full year
Result for the period	68.1	33.1	107.1	42.0	126.5
Items which can later be recovered in the income statement					
Translation differences	-19.9	-46.2	27.2	-10.9	-82.2
Other comprehensive income for the period	-19.9	-46.2	27.2	-10.9	-82.2
Comprehensive income for the period	48.2	-13.1	134.3	31.1	44.4
Attributable to:					
Parent Company shareholders	48.4	-13.1	134.8	31.1	44.4
Non-controlling interests	-0.2	-	-0.5	-	-
	48.2	-13.1	134.3	31.1	44.4

Consolidated balance sheet

(MSEK)	30/6/2021	30/6/2020	31/12/2020
Assets			
Non-current assets			
Intangible assets	678.0	423.5	548.4
Tangible assets	462.0	391.4	441.1
Financial assets	1.8	1.6	2.1
Total non-current assets	1,141.8	816.4	991.5
Current assets			
Inventories	535.6	360.7	410.3
Accounts receivable	498.1	328.4	308.0
Other receivables	7.5	3.2	6.4
Prepaid expenses and accrued income	26.7	29.9	24.7
Liquid assets	181.2	74.9	212.3
Total current assets	1,249.1	797.1	961.7
TOTAL ASSETS	2,390.9	1,613.6	1,953.3
Equity	814.0	624.6	649.5
Non-current liabilities			
Liabilities to credit institutions	477.2	306.5	453.5
Deferred tax	82.9	56.6	74.0
Non-current lease liabilities	158.2	130.0	167.8
Total non-current liabilities	718.4	493.0	695.4
Current liabilities			
Liabilities to credit institutions	113.3	57.0	82.0
Current lease liabilities	45.0	35.3	41.3
Overdraft facilities	45.4	35.4	-
Accounts payable	330.6	211.7	252.5
Provisions	3.0	3.0	3.0
Current tax liabilities	30.1	19.6	16.9
Other liabilities	139.7	54.0	105.7
Accrued expenses and deferred income	151.5	80.0	107.0
Total current liabilities	858.5	496.0	608.4
TOTAL EQUITY, PROVISIONS AND LIABILITIES	2,390.9	1,613.6	1,953.3

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 2020	1.9	220.8	17.9	333.8	574.4	0.0	574.4
Result for the period	-	-	-	126.5	126.5	-	126.5
Other comprehensive income	-	-	-82.2	-	-82.2	-	-82.2
Total comprehensive income	0.0	0.0	-82.2	126.5	44.4	0.0	44.4
New shares related to employee stock option programme	0.0	15.9	-	-	15.9	-	15.9
Employee stock option programme	-	2.6	-	-	2.6	-	2.6
Share-based remuneration	-	-	-	2.4	2.4	-	2.4
New share issue related to business acquisitions	0.0	9.8	-	-	9.9	-	9.9
Total transactions with shareholders, reported directly in equity	0.0	28.3	0.0	2.4	30.7	0.0	30.7
Balance carried forward as of 31 December 2020	1.9	249.0	-64.2	462.8	649.5	0.0	649.5
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	-	-	-	107.6	107.6	-0.5	107.1
Other comprehensive income	-	-	27.2	-	27.2	-	27.2
Total comprehensive income	0.0	0.0	27.2	107.6	134.8	-0.5	134.3
Share issue in progress	-	29.7	-	-	29.7	-	29.7
Employee stock option programme	-	1.5	-	-	1.5	-	1.5
Share-based remuneration	0.0	-	-	1.8	1.8	-	1.8
New share issue related to business acquisitions	0.0	10.0	-	-	10.0	-	10.0
Dividend paid	-	-	-	-18.9	-18.9	-	-18.9
Non-controlling interests on acquisition of subsidiary	-	-	-	-	0.0	6.1	6.1
Total transactions with shareholders, reported directly in equity	0.0	41.2	0.0	-17.1	24.1	6.1	30.2
Balance carried forward as of 30 June 2021	1.9	290.3	-37.0	553.3	808.5	5.6	814.0

Consolidated statement of cash flows

(MSEK)	2021 Q2	2020 Q2	2021 Jan-Jun	2020 Jan-Jun	2020 Full year
Operating result	94.0	46.6	150.9	61.9	177.3
Items not affecting cash flow	26.3	1.8	75.4	39.0	59.6
Interest received	0.0	0.0	0.0	0.1	0.2
Interest paid	-4.9	-5.7	-7.8	-6.7	-12.3
Income tax paid	-18.0	-8.3	-24.1	0.5	-27.6
Cash flow from operating activities before changes in working capital	97.4	34.3	194.5	94.8	197.3
Increase (-)/decrease (+) in inventories	-68.4	-23.3	-125.3	-19.5	-32.2
Increase (-)/decrease (+) in accounts receivable	-82.2	-35.8	-185.3	-85.9	-9.5
Increase (-)/decrease (+) in operating receivables	2.9	5.3	-2.9	-8.7	12.0
Increase (+)/decrease (-) in accounts payable	36.0	12.7	77.9	48.2	51.5
Increase (+)/decrease (-) in operating liabilities	24.0	19.0	35.1	39.0	30.7
Cash flow from changes in working capital	-87.7	-22.1	-200.4	-26.9	52.6
Cash flow from operating activities	9.7	12.2	-5.9	67.9	249.8
Investing activities					
Acquisition of tangible and intangible assets	-23.9	-4.7	-38.4	-46.4	-65.0
Acquisition of subsidiaries after deduction of acquired liquid assets	-62.3	-14.6	-63.1	-25.0	-163.7
Change in financial assets	0.0	0.1	0.3	0.2	-0.3
Cash flow from investing activities	-86.2	-19.3	-101.3	-71.2	-229.0
Financing activities					
Borrowings	77.0	-	77.0	-	214.5
Amortisation of loans	-11.6	-9.2	-43.6	-32.8	-95.9
Changes in overdraft facilities	4.2	-8.8	45.4	-9.8	-45.3
New share issues for the period	15.7	0.3	15.7	16.1	16.1
Dividend paid	-18.9	-	-18.9	-	-
Cash flow from financing activities	66.5	-17.7	75.6	-26.5	89.5
Cash flow for the period	-10.0	-24.8	-31.6	-29.8	110.3
Liquid assets at the start of the period	191.5	97.0	212.3	103.8	103.8
Exchange rate difference in liquid assets	-0.3	2.7	0.4	1.0	-1.8
Liquid assets at the end of the period	181.2	74.9	181.2	74.9	212.3

Key metric for the group

	2021	2020	2021	2020	2020
	Q2	Q2	Jan-Jun	Jan-Jun	Full year
Growth in net sales	54%	5%	50%	4%	13%
EBITA margin	13.0%	10.5%	11.7%	8.0%	9.8%
EBITA margin, 12 months rolling	11.5%	8.0%	11.5%	8.0%	9.8%
Operating margin	12.0%	9.2%	10.7%	6.5%	8.5%
Equity asset ratio	34.0%	38.7%	34.0%	38.7%	33.3%
Earnings per share before dilution (SEK)	1.81	0.88	2.85	1.12	3.38
Earnings per share after dilution (SEK)	1.79	0.88	2.81	1.12	3.37
Net sales per employee (SEK thousand)	867	791	1,642	1,522	3,069
Result per employee (SEK thousand)	76	51	125	68	187
Quick asset ratio	83%	88%	83%	88%	91%
Average number of employees	902	644	863	622	678
Number of shares at period end before dilution	37,764,417	37,508,930	37,764,417	37,508,930	37,661,430
Average number of shares before dilution	37,764,417	37,508,930	37,727,983	37,400,562	37,480,163
Average number of shares after dilution	38,275,599	37,508,930	38,239,165	37,404,764	37,563,322

For definition of key metrics. 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)	2021 Jan-Jun	2020 Jan-Jun
Revenue		
Net sales	9.7	9.2
	9.7	9.2
Operating expenses		
Other external costs	-19.8	-18.5
Personnel costs	-15.7	-13.4
Depreciation of tangible assets	-0.1	-0.1
	-25.9	-22.7
Earnings before amortisation of intangible assets (EBITA)	-25.9	-22.7
Amortisation of intangible assets	-0.3	-
Operating result (EBIT)	-26.2	-22.7
Result from financial items		
Interest income	4.4	2.1
Interest expenses	-4.2	-4.4
	-26.1	-25.0
Result after financial items	-26.1	-25.0
Appropriations	-	-
	-26.1	-25.0
Result before tax	-26.1	-25.0
Tax on profit for the period	-0.5	-
	-26.5	-25.0
Net result for the period	-26.5	-25.0

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)	30/6/2021	30/6/2020	31/12/2020
Assets			
Intangible assets	3.3	1.6	2.0
Tangible assets	0.4	0.4	0.3
Financial assets	1,086.2	637.8	936.6
Total non-current assets	1,089.9	639.8	938.9
Current receivables			
Receivables from Group companies	338.7	245.1	318.8
Current tax receivables	1.9	-	-
Other receivables	1.4	3.5	2.2
Prepaid expenses and accrued income	4.1	3.8	2.1
Total current receivables	346.1	252.4	323.1
Cash and bank balances	0.0	0.0	35.0
Total current assets	346.1	252.4	358.1
TOTAL ASSETS	1,436.0	892.1	1,296.9
Equity	246.3	203.7	250.3
Untaxed reserves	17.2	17.0	17.2
Non-current liabilities			
Liabilities to credit institutions	477.2	306.5	453.5
Deferred tax	0.6	-	0.1
Total non-current liabilities	477.8	306.5	453.6
Current liabilities			
Liabilities to credit institutions	113.3	57.0	82.0
Overdraft facilities	45.4	35.4	-
Accounts payable	4.2	4.4	4.8
Liabilities to Group companies	451.8	254.2	415.5
Current tax liabilities	-	-	0.1
Other liabilities	70.2	7.8	64.6
Accrued expenses and deferred income	9.9	6.2	8.9
Total current liabilities	694.6	365.0	575.8
TOTAL EQUITY, PROVISIONS AND LIABILITIES	1,436.0	892.1	1,296.9

Notes

Note 1 Revenue

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	1,351.4
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	1,351.4
Over time	21.1	33.5	10.9	-	65.5
Total	276.3	619.0	381.8	139.7	1,416.8

January to June 2020					
Geographical markets	Sweden	Rest of Europe	North America	Rest of the world	Total
Revenue from external customers	272.6	319.2	233.8	121.0	946.7
Category					
Goods	261.6	294.3	233.8	121.0	910.7
Services	11.0	25.0	-	-	36.0
Total	272.6	319.2	233.8	121.0	946.7
Time for revenue recognition					
At a given time	272.6	319.2	233.8	121.0	946.7
Over time	-	-	-	-	-
Total	272.6	319.2	233.8	121.0	946.7

Note 2 Pledged assets

Pledged assets	Group			Parent Company	
	30/6/2021	30/6/2020	31/12/2020	30/6/2021	30/6/2020
<i>Assets pledged for liabilities to credit institutions</i>					
Chattel mortgages	157.4	157.4	157.4	0.1	0.1
Shares in subsidiaries	372.3	312.1	313.4	83.1	83.0
Total	529.6	469.4	470.7	84.3	83.1

Note 3 Business acquisitions

TK-KONTOR-FREITAG GmbH. ("TK-KONTOR")

On 1 March 2021, the Group acquired 75% of the share capital in TK-KONTOR for MEUR 1.8.

The table below summarises the purchase price paid for TK-KONTOR and the fair value of acquired assets and assumed liabilities recognised on the acquisition date.

Purchase price as of 1 March 2021	
Liquid assets	8.1
Equity instruments (90,357 shares)	9.2
Not paid purchase price	1.0
Total purchase price	18.3
Recognised amounts for identifiable acquired assets and taken-over liabilities	
Liquid assets	7.3
Tangible assets	0.8
Accounts receivable	1.8
Other receivables	0.2
Other payables	-2.3
Total identifiable net assets	7.8
Non-controlling interests	-6.1
Goodwill	16.6

Acquisition-related costs of MSEK 0.7 are included in other external costs in the consolidated statement of comprehensive income for the 2021 financial year. Total cash flow, excluding acquisition related costs, attributable to the business acquisition amounted to MSEK -0.8. Goodwill is attributable to the added earning capacity the company is expected to bring.

The fair value of accounts receivable totals MSEK 1.8. No accounts receivable is deemed to be doubtful.

TK-KONTOR net sales have been included in the consolidated income statement since 1 March 2021 and amount to MSEK 1.8. On group level, TK-KONTOR also generated a net profit of MSEK -0.4 in the same period.

Had TK-KONTOR been consolidated from 1 January 2021, the consolidated income statement for the period 1 January 2021 to 30 June 2021 would have shown increased net sales amounting to MSEK 2.9 and a net profit of MSEK -0.2.

Mpirical Ltd. (“Mpirical”)

On 1 June 2021, the Group acquired 100% of the share capital in Mpirical for MGBP 7.6. There may be a possible additional purchase consideration of a maximum of MGBP 3 based on the EBITDA for the forthcoming three financial years.

The table below summarizes the purchase price paid for Mpirical and the fair value of acquired assets and assumed liabilities recognised on the acquisition date.

Purchase price as 1 June 2021	
Liquid assets	75.6
Equity instrument (98,615 shares)	14.4
Contingent purchase consideration (not paid)	35.3
Total purchase price	125.3
Recognised amounts for identifiable acquired assets and taken-over liabilities	
Liquid assets	21.1
Tangible assets	0.4
Customer contracts and customer relations	35.0
Other intangible assets	9.6
Accounts receivable	3.0
Other receivable	0.1
Other payables	-14.6
Total identifiable net assets	54.5
Goodwill	70.8

Acquisition-related costs of MSEK 0.8 are included in other external costs in the consolidated statement of comprehensive income for the 2021 financial year. Total cash flow, excluding acquisition related costs, attributable to the business acquisition amounted to MSEK -54.5. 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 35.3, up to a maximum of MSEK 11.7 based on EBITDA in the period 1 June 2021 – 31 May 2022, a maximum of MSEK 11.7 based on EBITDA in the period 1 June 2022 – 31 May 2023, and a maximum of MSEK 11.7 based on EBITDA in the period 1 June 2023 – 31 May 2024.

The fair value of the conditional purchase price of MSEK 35.3 was estimated by applying the return of value approach. The fair value estimates are based on a discount rate, which is based on a two-year government bond of approximately 0.2%, and an assumed EBITDA in Mpirical. The fair value of accounts receivable totals MSEK 3.0. No accounts receivable is deemed to be doubtful.

Mpirical’s net sales have been included in the consolidated income statement since 1 June 2021 and amount to MSEK 1.3. On group level, Mpirical also generated a net profit of MSEK 0.0 in the same period.

Had Mpirical been consolidated from 1 January 2021, the consolidated income statement for the period 1 January 2021 to 30 June 2021 would have shown increased net sales amounting to MSEK 16.8 and a net profit of MSEK 2.0.

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 2021	Jan-Jun 2021	
Net sales 2021	782.0	1,416.8	
Exchange-rate effects	18.8	46.2	
Acquisition driven	-100.3	-190.6	
Comparable net sales	700.5	1,272.4	
Net sales 2020	509.3	946.7	
Net sales increase cleared of exchange-rate effects	291.5	516.3	
%	57%	55%	
Organic growth	191.2	325.7	
%	38%	34%	
Annual growth. rolling 12 months. %	12 months		
Net sales January-June 2021	1,416.8		
Net sales July-December 2020	1,134.2		
<i>Net sales rolling 12 months</i>	2,551.0		
Net sales January-June 2020	946.7		
Net sales July-December 2019	936.2		
<i>Net sales rolling 12 months</i>	1,882.8		
Annual growth. rolling 12 months	35%		
Quick asset ratio. %	30/6/2021	30/6/2020	31/12/2020
Current assets	1,249.1	797.1	961.7
Inventories	-535.6	-360.7	-410.3
<i>Current assets-inventories</i>	713.5	436.4	551.4
Current liabilities	858.5	496.0	608.4
Quick asset ratio	83%	88%	91%
Core working capital. MSEK	30/6/2021	30/6/2020	31/12/2020
Inventories	535.6	360.7	410.3
Accounts receivable	498.1	328.4	308.0
Accounts payable	-330.6	-211.7	-252.5
Core working capital	703.1	477.4	465.8

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

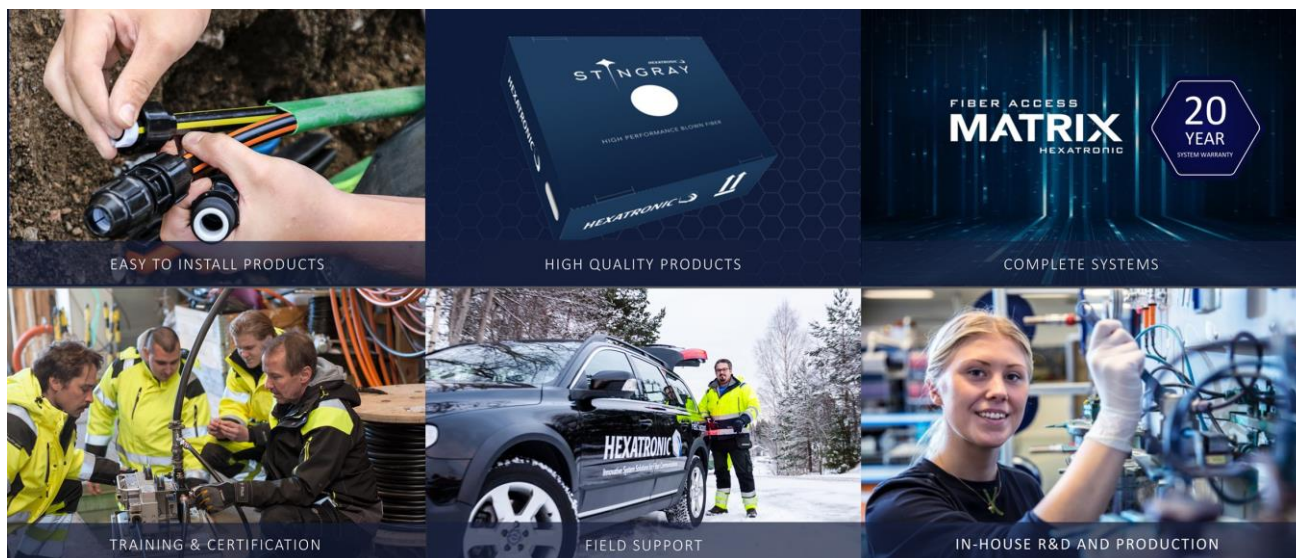
Earnings attributable to Parent Company shareholders as a percentage of average number of outstanding shares after dilution.

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.



This is Hexatronic

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